1

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1994-95)

FIRST REPORT

ELEVENTH LOK SABHA

LOK SABHA SECRETARIAT
NEW DELHI

FIRST REPORT

PUBLIC ACCOUNTS COMMITTEE
(1996-97)

(ELEVENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1994-95)

सत्यमेव जयते

Presented to Lok Sabha on : *20-12-1996*
Laid in Rajya Sabha on : *20-12-1996*

LOK SABHA SECRETARIAT
NEW DELHI

December, 1996/Agrahayana, 1918 (Saka)

PAC No. 1598

Price: Rs. 56.00

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eighth Edition) and Printed by the Manager, Photo Litho Unit, Govt. of India Press, Minto Road, New Delhi.

CORRIGENDA TO FIRST REPORT OF PUBLIC ACCOUNTS COMMITTEE (11TH LOK SABHA)

Page	Para	Line	For	Read
5	Table	1	2720,76,00,000	2720,75,00,000
5.	-do-	2	917,23,19,760	917,23,79,760
6.	-do-	2	1465,19,00,000	1465,79,00,000
6.	-do-	4	14,88,00,000	74,88,00,000
6.	-do-	-do-	76,95,82,81	76,95,82,817
6.	-do-	7	1266,21,26,000	1265,21,26,000
6.	-do-	4th from bottom	1.57,81,789	1,57,81,798
6.	-do-	last	great	grant
12	24	20	excesss	excess
19	45	11	48.9	43.9
20.	73	4	awy	awry
134	73	10	requring	requiring
135	73	9	away	awry

CONTENTS

APPENDICES

PART II*

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

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1996-97)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Shri Nirmal Kanti Chatterjee
4. Shri Ramesh Chennithala
5. Shri Prithiviraj D. Chavan
6. Smt. Meira Kumar
7. Smt. Sumitra Mahajan
8. Prof. Ajit Kumar Mehta
9. Shri Suresh Prabhu
10. Shri P.V. Rajendran
11. Shri Ganga Charan Rajput
12. Shri V.V. Raghavan
13. Dr. T. Subbarami Reddy
14. Shri B.L. Shankar
15. Shri Ishwar Dayal Swami

Rajya Sabha

16. Shri Ramdas Agarwal
17. Smt. Margaret Alva
18. Shri Rahasbihari Barik
19. Shri Ajit P.K. Jogi
20. Shri R.K. Kumar
21. Shri N. Giri Prasad
22. Shri Rajubhai A. Parmar

SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri J.P. Ratnesh — *Joint Secretary*
3. Smt. P.K. Sandhu *Director*
4. Shri P. Sreedharan — *Under Secretary*
5. Shri Rajeev Sharma — *Assistant Director*

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, do present this First Report (Eleventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations(1994-95).

2. The Committee examined the cases of excess expenditure incurred by various Ministries/Departments of Union Government in 1994-95 on the basis of relevant Appropriation Accounts, observations of Audit as contained in the Reports of the C&AG for the year ended 31 March, 1995, the explanatory notes and other information furnished by the various Ministries/Departments concerned. They also took oral evidence of the Ministries of Finance (Department of Expenditure), Petroleum & Natural Gas, Defence, Railways and Communications (Department of Posts) at their sittings held on 15,16,28, 29 October, 1996 and 3 December, 1996 respectively on the subject matter. The Committee considered and finalised this Report at their sitting held on 17 December, 1996. Minutes of the sitting form Part-II* of the Report.

3. For facility of reference and convenience, the recommendations of the Committee have been printed in thick type in the body of the report and have also been reproduced in a consolidated form in Appendix-XI to the Report.

4. The Committee would like to express their thanks to the Ministries/ Departments concerned for the cooperation extended by them in giving information to the Committee.

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

NEW DELHI;
18 December, 1996
27 Agrahayana, 1918 (Saka)

DR. MURLI MANOHAR JOSHI,
Chairman,
Public Accounts Committee.

---

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

REPORT

EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1994-95)

I. INTRODUCTORY

A. Annual Appropriation Accounts of the Union Government

The Appropriation Accounts of the Union Government are prepared every year indicating the details of amounts actually spent on various specified services by Government in a financial year compared with the grants/appropriations authorised for those particular services in a financial year as specified in the schedule appended to the Appropriation Acts. This includes the expenditure voted by Parliament on various grants in terms of Articles 114 and 115 of the Constitution and also the expenditure required to be charged on the Consolidated Fund of India in terms of Articles 112(3) and 293(2) of the Constitution.

2. Presently, the following five Appropriation Accounts are presented to Parliament according to the different sectors of the activities of the Union Government :

1. Civil
2. Defence Services
3. Postal Services
4. Telecommunieation Services
5. Railways

3. The Appropriation Accounts in respect of grants/appropriations* covered under civil sector are prepared by the Controller General of Accounts in Ministry of Finance and those pertaining to grants/appropriations for Defence Services, Postal Services, Telecommunication Services and Railways are prepared by the respective Ministries. These Appropriation Accounts are audited and certified by the Comptroller and Auditor General of India who also submits separate Audit Report thereon to the President who, in turn, causes them to be laid before each House of Parliament in terms of Article 151 of the Constitution of India.

4. After their presentation to Parliament, these annual Appropriation Accounts of the Union Government and Audit Reports thereon stand referred to the Public Accounts Committee for examination under the

---

* In a Demand for Grants, provision for the charged expenditure is called an appropriation and that for voted is called a grant.

provisions of Rule 308* of Rules of Procedure and Conduct of Business in Lok Sabha.

B. Union Government Appropriation Accounts for 1994-95

5. The following table indicates the dates on which the five Appropriation Accounts of the Union Government for the year 1994-95 were laid on the Table of the House and also the number of demands for grants/appropriations obtained by the various Ministries/Departments during that year under relevant sectors of activities:—

Appropriation Accounts	Date on which laid on the Table of the House	No. of demands for grants or appropriations
Civil	17.7.1996	91
Defence Services	08.3.1996	5
Postal Services	17.7.1996	1
Telecommunication Services	17.7.1996	1
Railways	26.7.1996	16
	Total	114

6. The results of the examination by Audit of the aforesaid Appropriation Accounts (1994-95) have been brought out in the following audit paragraphs:—

Sl. No.	Name of Appropriation Account	Paragraph in which audit findings are highlighted
1.	Civil	Chapter - II of Audit Report No. 1 of 1996
2.	Defence Services	Chapter - I of Audit Report No. 8 of 1996
3.	Postal Services	Chapter 2 of Audit Report No. 7 of 1996
4.	Telecommunication Services	Chapter 6 of Audit Report No. 7 of 1996
5.	Railways	Paragraph 1.8 of Audit Report No. 10 of 1996

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

7. The scrutiny of the Union Government Appropriation Accounts for the year 1994-95 and the audit observations thereon have revealed that a large number of Ministries/Departments have defaulted, in one area or the other, in observing the prescribed financial rules. The Committee will be presenting their Reports to Parliament Separately on each Appropriation Accounts, is due course, covering the various aspects of exchequer control and administration of financial rules and regulations in the various Ministries/Departments of the Union Government.

8. In this Report, the Committee will deal with the cases of those Grants/Appropriations where moneys have been spent in excess of the amount granted for that service for the year 1994-95 and which require regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

C. Procedure for Regularisation of Excess Expenditure

9. Any expenditure incurred by the Union Government in excess of the authorised grants/appropriations in a financial year requires regularisation by Parliament in terms of Article 115(1)(b) of the Constitution which stipulates that if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.

10. According to the procedure laid down for the regularisation of excesses in expenditure, the Ministries and Departments of Government of India are required to furnish to the Public Accounts Committee explanatory notes containing the reasons for or circumstances leading to the excesses under each excess registering grant or appropriation by 31 May or immediately after the presentation of the relevant Appropriation Accounts, whichever may be later. Thereafter, the Public Accounts Committee proceed to examine, in the light of explanatory notes furnished by the Ministries, the circumstances leading to excesses and present a report thereon to Parliament recommending regularisation of the excesses subject to such observations/recommendations as they may choose to make. In pursuant to the Report of the Committee, Government initiate necessary action to have the excesses regularised by Parliament, under Article 115 of the Constitution, either in the same Session in which the Committee present their Report or in the following Session.

D. Rules Prescribed for Control of Expenditure

11. Under Rule 65(1) of the General Financial Rules, the Department of the Central Government administratively concerned or the authority on whose behalf a grant or appropriation is authorised by Parliament shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at its disposal and shall exercise its control

through the Heads of Departments and other Controlling Officers, if any, and disbursing officers subordinate to them.

12. Annexure "A" to Rule 66 and Rule 75 of the General Financial Rules lays down the detailed procedure to be followed by the Pay and Accounts Offices (PAOs) regarding check against provision of funds. In terms of this rule where a payment would lead to excess over the provision under any "unit of appropriation", the payment is to be made by the PAO only on receipt of an assurance in writing from the Ministry/Head of the Department controlling the grant that necessary funds to accommodate the expenditure will be provided for by issue of a re-appropriation order. In cases of inevitable payments towards the close of the financial year, where the grant as a whole is likely to get exceeded, the orders of the Financial Adviser have to be sought by the PAO.

II. EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS DURING 1994-95

13. A scrutiny of the Union Government Appropriation Accounts for the year 1994-95 has revealed the following position about the number of cases of excess registering grants/appropriations and the break-up of excess expenditure during the year under review:—

Sl. No.	Appropriation Accounts	No. of cases of excess registering grants/ appropriations	Amount of excess expenditure (in Rs.)
1.	Civil	7	47,02,70,254
2.	Defence Services	1	6,30,17,484
3.	Postal Services	2	35,66,86,000
4.	Telecommunication Services	—	—
5.	Railways	5	3,91,13,41,095
	Total	15	4,80,13,14,833

* In the Appropriation Accounts, the expenditure incurred by the various Ministries/ Departments is exhibited under two distinct sections *viz.*, Revenue and Capital which is further classified into grant or appropriation portions. Under Note of Rule 71 of General Financial Rules, since voted and charged portions as also the Revenue and Capital sections of a Grant/Appropriation are distinct and re-appropriation *inter-se* is not permissible, an excess in any one section or portion is treated as an excess in the Grant or Appropriation.

** Excess expenditure incurred under voted portion of both Revenue and Capital Sections of Grant No. 14 — Postal Services.

14. However, the explanatory note furnished by the Ministry of Communications (Department of Posts) for regularisation of excess expenditure has revealed that the precise amount of excess expenditure incurred by them during 1994-95 was Rs. 35,66,86,196. Further, the explanatory note furnished by the Ministry of Railways for regularisation of excess expenditure incurred by them in 1994-95 revealed that two cases of misclassification of expenditure of Rs. (—) 23,73,000 under Grant No. 8 and Rs. 1,20,05,548 under Grant No. 16 (Capital) were also noticed in the Appropriation Accounts. After taking into account the effect of these cases of misclassification, the actual excess expenditure relating to Railways worked out to Rs. 392,09,73,643 instead of Rs. 391,13,41,095 as indicated in the relevant Appropriation Accounts. Thus, the amount of actual excess expenditure during the year 1994-95 which requires regularisation by Parliament under Article 115(1)(b) of the Constitution is of the order of Rs. 4,81,09,47,577 incurred in 15 cases under excess registering grants/ appropriations.

15. The details of these 15 cases where moneys have been spent in excess of the amounts authorised for the services during the year 1994-95 are given below:—

THE DETAILS OF THE VOTED GRANTS/CHARGED APPROPRIATIONS UNDER WHICH THE EXPENDITURE HAD EXCEEDED THE SANCTIONED PROVISIONS DURING THE YEAR UNDER REVIEW ARE GIVEN BELOW:—

Sl. No.	NO. & NAME OF GRANT/ APPROPRIATION	MINISTRY/ DEPARTMENT	FINAL GRANT	ACTUAL EXPENDI-TURE	EXCESS EXPENDI-TURE
1	2	3	4	5	6
		(in Units of Rupees)			
		I. APPROPRIATION ACCOUNTS (CIVIL)			
		VOTED GRANTS			
REVENUE SECTION					
1.	17-Defence Pensions	Defence	2720,76,00,000	2730,69,02,120	9,94,02,120
2.	24-Ministry of External Affairs	External Affairs	881,73,00,000	917,23,19,760	35,50,79,760
3.	64-Ministry of Petroleum and Natural Gas	Petroleum and Natural Gas	2,75,00,000	2,76,87,386	1,87,386
4.	77-Ports, Light Houses and Shipping	Surface Transport	319,90,00,000	321,03,87,819	1,13,87,819
5.	90-Rajya Sabha	Rajya Sabha Secretariat	20,28,00,000	20,29,25,759	1,25,759
CAPITAL SECTION					
6.	98-Daman and Diu	Home Affairs	19,34,00,000	19,37,49,410	3,49,410

1	2	3	4	5	6
		CHARGED APPROPRIATIONS			
CAPITAL SECTION					
7.	76-Roads	Surface Transport	520,00,000	5,57,38,000	37,38,000
		II. APPROPRIATION ACCOUNTS (DEFENCE SERVICES)			
		VOTED GRANT			
REVENUE SECTION					
8.	19-Defence Services Navy	Defence	1465,19,00,000	1472,09,17,484	6,30,17,484
		III. APPROPRIATION ACCOUNTS (POSTAL SERVICES)			
		VOTED GRANTS			
REVENUE SECTION					
9.	14-Postal Services	Communications (Deptt. of Posts)	20,96,11,00,000	21,29,70,03,379	33,59,03,379
CAPITAL SECTION					
10.	14-Postal Services	-do-	14,88,00,000	76,95,82,81	16,95,82,817
		IV. APPROPRIATION ACCOUNTS (RAILWAYS)			
		VOTED GRANTS			
11.	8-Operating Expenses Rolling Stock and Equipment	Railways	1220,10,95,000	1221,92,49,798	1,57,81,798*
12.	14-Appropriation to funds-Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund	Railways	5980,00,00,000	6346,39,46,659	366,39,46,659
CAPITAL SECTION					
13.	16-Assets Acquisition, Construction and Replacement—Other Expenditure	Railways	1266,21,26,000	1287,54,48,188	23,53,27,736**

* There was an excess expenditure of Rs. 1,81,54,789 under this Grant. However after taking into account the misclassification of expenditure of Rs. (—23,73,000), the real excess expenditure under this grant requiring regularisation worked out to Rs. 1,57,81,789.

** There was an Excess Expenditure of Rs. 22,33,22,188 under this Grant. However after taking into account the misclassification of expenditure of Rs. 1,20,05,548 the real excess expenditure under this great requiring regularisation worked out to Rs. 23,53,27,736.

1	2	3	4	5	6
		CHARGED APPROPRIATIONS			
REVENUE SECTION					
14.	4-Repairs and maintenance of Permanent Way & Works	Railways	6,15,000	13,13,782	6,98,782
CAPITAL SECTION					
15.	16-Assets—Acquisition, Construction & Replacement	Railways	8,31,71,000	8,83,89,668	52,18,668
		Total			4,81,09,47,517

16. The above statement reveals that out of 15 cases of excess over voted grants/charged appropriations, the excess expenditure in nine cases was over rupees one crore each. In the case of Civil Accounts, the excess expenditure of over rupees one crore had occurred in three cases *i.e.,* Grant No. 17—Défence Pensions (Rs. 9.94 crores); Grant No. 24-External Affairs (Rs. 35.51 crores); and Grant No. 77—Ports, Lighthouses and Shipping (Rs. 1.14 crores). In the case of Defence Services, one Grant *i.e.,* No. 19-Defence Services—Navy accounted for excess expenditure of Rs. 6.30 crores. The Department of Posts incurred excess expenditure of Rs. 33.59 crores and Rs. 2.08 crores under voted portion of both Revenue and Capital Sections respectively under the lone grant operated by them *i.e.,* No. 14-Postal Services. In the case of grants/appropriations administered by the Ministry of Railways, an excess expenditure amounting to Rs. 392.10 crores was incurred in five cases out of which an excess of over rupees one crore each was recorded in three cases with their Grant No. 14 taking a lead with huge excess of Rs. 366.40 crores followed by excesses of Rs. 23.53 crores (Capital—Voted) under Grant No. 16 and Rs. 1.58 crores under Grant No. 8.

17. According to the prescribed financial rules, no expenditure should be incurred which might have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund. A scrutiny of the relevant Appropriation Accounts, however, revealed that excess expenditure during 1994-95 had occurred even after obtaining supplementary grant of Rs. 546.00 crores in 12 out of

15 cases where excess expenditure had been incurred. However, in three cases, no supplementaries were obtained. The relevant details in this regard are tabulated below:—

Sl. No.	No. & Name of Grant/ Appropriation	Administrative Ministry/Department	Amount of Supplementary Grant/ Appropriation	Amount of excess expenditure
1	2	3	4	5
				(Rs. in crores)
	Civil Accounts			
1.	17—Defence Pensions	Defence	14.84	9.94
2.	24—Ministry of External Affairs	External Affairs	80.74	35.51
3.	64—Ministry of Petroleum and Natural Gas	Petroleum and Natural Gas	Nil	.02
4.	76—Roads	Surface Transport	Nil	.37
5.	77—Ports, Light-houses and Shipping	-do-	77.74	1.14
6.	90—Rajya Sabha	Parliament Secretariats of the President, Vice-President and Union Public Service Commission	3.83	.01
7.	98—Daman and Diu	Home Affairs	3.09	.03
	Defence Services			
8.	19—Defence Services—Navy	Defence	77.87	6.30
	Postal Services			
9.	14—Postal Services (Revenue)	Communications	120.98	33.59
10.	14-Postal Services (Capital)	-do-	18.02	2.08
	Railways			
11.	4—Working Expenses-Repairs and Maintenance of Permanent Way & Works	Railways	.06	.07

1	2	3	4	5
12.	8—Working Expenses—Operating Expenses—Rolling Stock and Equipment	-do-	29.09	1.58
13.	14—Appropriation to Funds—Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund	-do-	Nil	366.40
14.	16—Assets-Acquisition, Construction and Replacement-"Other Expenditure"—Capital (Charged Appropriation)	-do-	.71	0.52
15.	16—Assets-Aquisition, Construction and Replacement—"Other Expenditure"—Capital (Voted Grants)	-do-	119.03	23.53
	Total		546.00	481.09

18. The table given below indicates the position regarding excess expenditure incurred by various Ministries/Departments over the voted grants/charged appropriations during the preceding five years:—

(Rs. in crores)

Year	No. of registering grant/appropriation	Excess Expenditure
1988-89	20	976.82
1989-90	19	900.24
1990-91	12	398.28
1991-92	13	689.06
1992-93	16	1240.35

III. DELAY IN FURNISHING EXPLANATORY NOTES

19. As per the prescribed time schedule, the explanatory notes in respect of excess registering grants during 1994-95 became due for submission to Public Accounts Committee on 31 May, 1996 in the case of Defence Services; 17 July, 1996 in the case of Ministries covered under Civil Sector and Postal Services; and 26 July, 1996 in the case of Accounts relating to Telecommunication Services and Railways. However, the explanatory notes in respect of the following grants/appropriation were not furnished to the Committee in time as would be seen from the following statement:—

Sl. No.	No. and Name of Grant	Date of Presentation of relevant Appropriation Accounts	Date of sending of Explanatory Notes	Delay
1.	17-Defence Pensions	17.7.1996	16.8.1996	One month
2.	24-Ministry of External Affairs	-do-	26.11.1996	Over four months
3.	64-Ministry of Petroleum and Natural Gas	-do-	18.10.1996	Three months
4.	76-Roads	-do-	7.8.1996	20 days
5.	77-Ports, Lighthouses and Shipping	-do-	4.12.1996	Over four months
6.	90-Rajya Sabha	-do-	20.9.1996	Over two months

20. The explanatory notes furnished by the Ministry/Department concerned for the regularisation of excess expenditure incurred under various grants/appropriation operated by them during the year 1994-95 are reproduced in Appendices-I to X of this Report.

IV. EXAMINATION OF SELECT CASES OF EXCESS EXPENDITURE

21. In the succeeding paragraphs, the Committee have dealt with some of the prominent cases of excess expenditure during 1994-95 in the light of the facts brought out in the relevant Appropriation Accounts, audit observations thereon, the explanatory notes furnished by the Ministries Departments concerned and the oral evidence tendered by the representatives of the selected Ministries/Departments.

• Unvetted notes *i.e.*, without getting factually verified from the Office of the C&AG

(A) Appropriation Accounts (Civil)

22. During 1994-95, the actual expenditure incurred by various Ministries/Departments covered under Civil sector exceeded the sanctioned provisions by Rs. 46,61,82,844 in five grants in the revenue section. Excesses in Capital Section amounted to Rs. 3,49,410 in one grant and Rs. 37,38,000 in one appropriation. Details of all these excess registering grants/appropriations have already been given in Paragraph 15 of this Report. Some of these cases are discussed below:—

(a) Revenue Section (Voted) of Grant No. 17—Defence Pensions

23. Under Revenue Section (Voted) of Grant No. 17—Defence Pensions, original provision was Rs, 2705.91 crores which was augmented to Rs. 2720.75 crores through a supplementary grant of Rs. 14.84 crores obtained in March, 1995. As against this, the Ministry of Defence incurred an actual expenditure of Rs. 27,30,69,02,120 resulting in an excess expenditure of Rs. 9,94,02,120 during 1994-95.

24. The complete text of the reasons for excess expenditure incurred under various sub-heads of this Grant, as furnished by the Ministry of Defence, is reproduced in Appendix-I. According to this explanatory note, the excess expenditure was the net result of excesses of Rs. 89.72 crores under six sub-heads and savings of Rs. 79.78 crores under 17 sub-heads of this Grant. A scrutiny of these sub-heads reveals that the bulk of the excess expenditure was incurred under four sub-heads, namely, Payments made to officers etc., who retired on or after 15.8.1947; Family Pensions; Commuted value of Pensions; and one time increase in pension to pre 1.1.1986 retirees. Explaining the reasons for the excess expenditure under the aforesaid sub-heads, the Ministry of Defence in their note *inter-alia* stated as follow:—

> "The excess expenditure under Heads enumerated above was due to the payment of pension etc., made to the Pensioners at Nepal by the Ministry of External Affairs through the Indian Embassy, Kathmandu, who is provided with the requisite funds to meet these obligatory payments. A revised system for the payment of pensions was introduced from 1.4.1994 whereunder the Agent Ministry (*i.e.*, Ministry of External Affairs) used to compile the expenditure in their books and an expenditure Statement was being rendered to the Executive Ministry *i.e.*, Ministry of Defence. Prior to the introduction of the revised system of booking of expenditure by the Agent Ministry/Department, the Ministry of External Affairs used to send the paid up vouchers to the Chief Controller of Defence Accounts (Pensions), Allahabad, who used to reimburse the same to the Ministry of External Affairs after due audit.
>
> The said excess occurred because the accounting organisation was

not fully geared up for accurate estimation while implementing the newly introduced system. Expenditure Statements upto January, 1995 received in March, 95 indicated progressive expenditure of Rs. 45.85 crores against the budget allocation of Rs. 68.12 crores which was within control. The excess was known only in the month of June, 95 *i.e.* when the financial year had already ended, on receipt of Expenditure Statements for the month of March, 95. At that belated stage, there was no mechanism to provide additional funds at the disposal of Ministry of External Affairs. The delay in rendition of Expenditure Statements was inevitable as the Defence Pensioners are scattered in Nepal and Pension Payment teams are required to visit various remote and far-flung places at Kathmandu, Pokhra and Dharan for disbursement at the Pension Payment Camps.

Thus the excess occurred owing to the newly introduced system which would have taken time to get used to and stabilize. However, this system has been dispensed with *vide* the Ministry of Finance Department of Expenditure, CGA No. 18(9)/92/TA/210 dated 21.3.1996 resorting back to the old system. This will avoid occurence of such excesss in future."

25. During evidence, the Committee pointed out that the Ministry should have calculated the exact amount of pension payable to pensioners in Nepal as they had complete records both on the pension rates and number of pensioners and desired to know whether the expenditure estimates of the Ministry on this account went away due to any system defect. In his reply, the representative of the Ministry of Defence stated:—

"The problem of excess is mainly because of the estimation of pension by the Embassy at Nepal....By the time, the estimates for additional amount came to the Defence Accounts Office, it was too late to be incorporated in the final appropriation to be sought from Parliament. This is how the excess problem came. This problem has been solved as the CGA has decided to scrap this new accounting scheme from the Ist of April, 1996.

As regards the other problem of estimation or the inaccuracies because of the compounding of the civil pensioners there is one method that we have thought, that is, to computerise the entire pension roll for the Nepal pensioners. There are a large number of pensioners in Nepal. This computerisation will enable us to segregate the Defence pensioners from the Civil pensioners who are paid by the Military Attache in a very distinct manner so that the information available would be more accurate for estimation of the Budget."

In reply to another related question whether the Ministry possessed records showing number of Defence Pensioners in Nepal on the basis of which allocations were obtained in the instant case, the Secretary, Ministry of Defence stated during evidence:—

"We will give that".

(b) Revenue Section (Voted) of Grant No. 24—Ministry of External Affairs

26. During 1994-95, the original provision under Revenue Section (Voted) of Grant No. 24—Ministry of External Affairs was Rs. 800.99 crores which was augmented to Rs. 881.73 crores through a supplementary grant of Rs. 80.74 crores obtained in March, 1995. As against this, the Ministry of External Affairs incurred an actual expenditure of Rs. 917,23,79,760 resulting in an excess expenditure of Rs. 35,50,79,760.

27. The reasons for excess expenditure incurred under various sub-heads of this Grant as contained in the draft and unvetted note furnished by the Ministry of External Affairs on 26.11.1996 are reproduced at Appendix. II. A scrutiny of this explanatory note reveals that the overall excess expenditure under this Grant was the net result of excess of Rs. 96.42 crores under 16 sub-heads and savings of Rs. 60.92 crores under 18 sub-heads in Revenue Section (Voted).

28. Some of the prominent cases of excesses under various sub-heads/minor heads has been *inter alia* explained by the Ministry in their note as follows:—

(Rupees in thousands)

(i) A.1 Secretariat

Original/Total Grant	50,28,00
Actual Expenditure	52,79,78
Excess	2,51,78

The excess expenditure was mainly on account of increase under Salaries, on account of payment of additional instalment of Dearness Allowance. Increase in travel Expenses and Office Expenses was on account of increasing inflation and rise in fares of Air India by 6% and due to the opening of new Missions.

(ii) B.1 Embassies and Missions

Original Grant	339,99,85
Supplementary Grant	43,51,00
Total Grant	383,50,85
Actual Expenditure	409,83,85
Excess	26,33,00

Under this Minor head, the excess under the object head Salaries alone was to the tune of Rs. 18.68 crores approx. and was mainly on account of loss by exchange. Exeess expenditure of Rs. 4.08 crores and Rs. 2.71 crores was under Offices Expenses and Travel Expenses respectively. Five new Missions/Posts (Pretoria w.e.f. 2.5.94, Istanbul w.e.f. 20.4.94, Bishkek w.e.f. 23.5.94 Durban w.e.f. 16.5.94 and Dushambe w.e.f. 23.5.94) were opened in addition to the reopening of one

Mission in Bogota w.e.f. 3.10.94 resulting thereby in enhanced expenditure.

(iii) B.2 Discretionary Expenditure

Original/Total Grant	129,47,00
Actual Expenditure	175,26,54
Excess	45,79,54

The excess was due to increase in special diplomatic expenditure which is of classified nature. No supplementary grant was taken.

(iv) B.5(1) Entertainment of Dignitaries

Original/Total Grant	5,00,00
Actual Expenditure	8,59,89
Excess	3,59,89

The excess expenditure was due to the settlement of Airlift bills.

(v) B.8(4) Delegations to United Nations etc.

Original/Total Grant	6,00,49
Actual Expenditure	15,34,02
Excess	9,33,53

The excess expenditure was mainly due to settlement of arrear bills chartering aircrafts for Vice President's visits abroad which are borne under Ministry of External Affairs' budget. Under this particular head, many items of expenditure viz. Vice President's visit abroad, Haj goodwill delegation, other special delegations to UN etc. were clubbed together.

29. The Ministry of External Affairs also stated in their note that the following factors are peculiar to them and have a bearing on the expenditure pattern:

(a) It would be seen that major excess (74%) is under the head "2061" Embassies and Missions which is mainly on account of loss by exchange on Salaries paid to India based personnel in our Missions/posts abroad. Due to fluctuation of the bank rate of exchange our official rate is revised on a monthly basis, thereby resulting in a change in the loss by exchange occurring on salaries from month to month. Thus accurate estimation of this figure by our missions/posts abroad is always not possible.

(b) Moreover inflation in Missions/posts abroad which are about 150 in number, also leads to some inaccuracy in estimated expenditure since the inflation in all these countries has to be taken into account while formulating the estimates.

(c) Capital Section (Voted) of Grant No. 98—Daman & Diu.

30. Under Capital Section (Voted) of this Grant, the original provision of Rs. 16.25 crores was augmented to Rs. 19.34 crores by obtaining a supplementary grant of Rs. 3.09 crores in March, 1995. However, the

actual expenditure under this Section was Rs. 19,37,49,410 which resulted in an excess expenditure of Rs. 3,49,410 during the year 1994-95. This excess expenditure was the net result of excesses (Rs. 108.63 lakhs) and savings
(Rs. 105.14 lakhs) under various sub-heads in Capital Section (Voted) of the Grant. The reasons for excess expenditure as explained by the Ministry of Home Affairs in their explanatory note on this Grant are reproduced in Appendix-VI. A scrutiny of this explanatory note reveals that the excess expenditure under the following two cases had occurred due to wrong classification of budget provision and misclassification in the booking of expenditure:—

(i) MH-4225 AA.2(1) (1)(1)—Share Capital Contribution to the SC/ST Corporation Ltd. (Rs. 11.99 lakhs)

The excess expenditure was due to a wrong classification of Budget provision in Budget Estimates 1994-95. Initially the provision was kept under the loan head of account (Major Head 6225) for SC/ST Financial Development Corporation Ltd. at Daman and Diu set up in July 1993. It was subsequently realised that the amount was to be invested as shares in the said Corporation. As there was no appropriate Capital head of account, a new head of account under the Major head 4225 was opened after obtaining a token supplementary grant of Rs. 1 lakh. The total expenditure of
Rs. 12.99 lakhs was met by diverting an amount of Rs. 11.99 lakh from the loan head of account (Major Head 6225) to the new head of account to enable the investment in shares in the said Corporation.

(ii) MH-6405 BB-4(2) — Loans for fisheries (Rs. 6.99 lakhs)

The excess expenditure was due to a misclassification in the booking of an expenditure amounting to Rs. 7,19,832/-. While copying from classified abstract, the expenditure of Rs. 7,19,832 pertaining to the Head BB.4(1) Mechanisation of Fishing Crafts (Major Head 6405) was booked against the sub-head BB.4(2)—Other Loans (Major Head 6405). The misclassification remained unnoticed and no further action could be taken to rectify the misclassification after finalisation of March (Supplementary) accounts.

(d) Capital Section (Charged) of Grant No. 76—Roads

31. The Book of detailed Demand for Grants (Part-III) is prepared by the Ministry concerned on the basis of which the book of Demand for Grant (Part-II) in respect of all the grants is prepared by Ministry of Finance (Department of Economic Affairs—Budget Division) which is laid on the floor of Parliament and after discussion on the Appropriation Bill in the House, the Appropriation Act is passed. A scrutiny of the relevant Appropriation Accounts for 1994-95 and audit observations thereon, however, reveals that while the Ministry of Surface Transport made provisions of Rs. 8.01 crores in Grant No. 76—Roads under Major Head 7601—Loans and Advances to State Governments (Charged) in the book of detailed Demand for Grants (Part-III), Ministry of Finance (Department

of Economic Affairs—Budget Division) had shown the above referred provision in the book of Demand for Grants (Part-II) as Rs. 5 crores under charged and Rs. 3.01 crores under voted which was at variance with the provision of Article 293 which provides that any sums required for the purpose of making loans and advances to State Governments shall be "Charged" on Consolidated Fund of India. According to audit Ministry of Finance had also subsequently replied that no corrigendum to the Book of Demand for Grants (Part-II) could be issued as that would have led to divergence between the two documents *viz.*, Appropriation Act and book of Demand for Grants (Part-II).

32. In view of the erroneous depiction of figures, the amount of total appropriation under the Capital Section (Charged) of this Grant was taken as Rs. 5.20 crores in the Appropriation Accounts to avoid any variation with the Appropriation Act. As against this, the actual expenditure was of Rs. 557.38 lakhs which exceeded the sanctioned provision by Rs. 37.38 lakhs in the instant case.

33. The explanatory note furnished by the Ministry of Surface Transport for regularisation of excess expenditure in this case has been reproduced at Appendix-VII of this Report. According to this explanatory note, the excess which had occurred due to an unintentional and inadvertent discrepancy between the Demands for Grants and the detailed Demand for Grants for 1994-95, may be recommended for regularisation by Parliament under Article 115 (1 b) of the Constitution.

34. While vetting the explanatory note of the Ministry, the Audit made the following comments:—

> "Appropriation Accounts/Condensed Accounts are required to be prepared with reference to detail Demands for Grants but in this case there is difference in the provision in Detailed Demands for Grants. Appropriation Act is prepared on the basis of Demands for Grants and assented by Parliament. Therefore, condensed Accounts was prepared as per provision shown in the Demands for Grants to avoid any variation with Appropriation Act in which "Charged" provision have been shown Rs. 5.20 crore in place of Rs. 8.21 crore as stated above. Thus, expenditure of Rs. 37.38 lakhs exceeded the sanctioned provision as per the Demands for Grants due to lack of coordination and reconciliation between the Ministries of Surface Transport and Finance."

(B) Appropriation Accounts (Defence Services)

35. During 1994-95, the actual expenditure under the Grants/Appropriations covered in the Appropriation Accounts of Defence Services exceeded the sanctioned provision by Rs. 6,30,17,484 in the

Revenue Section (Voted) of Grant No. 19—Navy under which the original grant of Rs. 1387.92 crores was augmented to Rs. 1465.79 crores by obtaining a Supplementary Grant of Rs. 77.87 crores.

36. The explanatory note furnished by the Ministry of Defence on this aspect on 15 April, 1996 is reproduced at Appendix-VIII.

37. It is seen from the explanatory note furnished by the Ministry that an excess of over Rs. 6.09 crores over the final grant had occurred under the minor Head 101—Pay and Allowances of Navy and was due to "Higher Bookings of the pay and allowances of MES which was first time introduced in the Navy during 1994-95."

38. Explaining further the reasons for excess expenditure under the aforesaid minor Head, the representative of the Ministry of Defence stated during evidence ".....this was partly due to a new system which came into operation this year for the garison engineers dealing with the Navy and Air Force being dedicated and pay and allowances of the supporting staff was booked to the Navy Head as opposed to certain other Heads".

39. On being enquired about the date from which MES was introduced in the Navy, the representative of the Ministry of Defence deposed.:—

> "The orders for switching over the new system had been issued but, I think, in the field it took some time for the people to understand and implement it."

40. In the light of the fact that the Ministry knew about the introduction of the new system, the Committee desired to know whether the Ministry could not have gone to obtain Supplementary Budget in the instant case. In his reply the representative of the Ministry of Defence stated:—

> "It is true that it could have been done. But in the field they had booked it under the old Act."

41. The explanatory note also reveals that an excess expenditure of Rs. 10.43 crores was also incurred under minor Head 110—Stores and the same was attributed to certain letter of credit demand which required to be paid before 31 March, 1995. Elaborating on this excess expenditure, the representative of the Ministry of Defence stated during evidence:—

> ".....under stores, the amount was Rs. 10.43 crores for non-materialisation of certain equipments which were on letter of credit and which materialised leading to this expenditure."

42. It is also seen from the explanatory note that an excess of Rs. 5.92 crores over the final Grant had also occurred under the minor Head 111—Works due to transfer of booking of pay and allowance of MES establishment to this Head and overall increase in electricity tariff rate.

(C) Appropriation Accounts (Postal Services)

43. The Appropriation Accounts (Postal Services) reveals that the Department of Posts had incurred excess expenditure under voted portion of both Revenue and Capital Sections of this Grant No. 14—Postal Services during 1994-95 as would be seen from the following table:—

(Rs. in crores)

	Revenue Section	Captial Section
Original Grant	1975.13	56.86
Supplementary Provisions	120.98	18.02
Total Grant	2096.11	74.88
Actual Expenditure	2129.70	76.96
Excess	33.59	2.08

44. A copy of the explanatory note furnished by the Department of Posts on 11 July, 1996 on the excess expenditure under this Grant is enclosed at Appendix-IX. A scrutiny of this note reveals that the excess expenditure of Rs. 33.59 crores under Revenue Section in 1994-95 was due to (i) increase in payment of Dearness Allowance, (ii) payment of interim relief and payment of arrear of Productivity Linked Bonus due to ceiling revision, (iii) more LTC claims due to extension of grace period of LTC Block year 1990-93 upto June 1995 and (iv) more claims from the Indian Airlines for conveyance of mails than anticipated. Similarly, the excess expenditure of Rs. 2.08 crores under Capital Section of this Grant was due to escalation in the cost of construction work and ongoing works to be completed in wake of award of work which could not be stopped due to contractual obligations.

45. Explaining the reasons for excess expenditure incurred during 1994-95, the Secretary of Department of Posts stated during evidence:—

> "We did not get the money which we had asked for. What we got was the ceiling and—the ceiling was Rs. 2096.11 crores under Revenue and Rs. 74.88 under Capital and that left an uncovered gap of Rs. 98.99 crores. This is the background which I want to present just by way of an explanation as to why excess expenditure had to be incurred.
>
> When I tell you the head under which we exceeded this limit, it will be clear that these were unavoidable. For instance, under the head salaries the allocation was Rs. 1437.77 crores and we incurred Rs. 1490.92 crores.....This was mainly due to hike in DA to extent of 17 per cent which involved additional payment of Rs. 36 crores.

Then comes interim relief and extension of LTC admissibility period which involved an additional payment of Rs. 15 crores and payment of bonus which involved additional payment of Rs. 2 crores. So that explains the excess expenditure of Rs. 53.35 crores that we incured on salary, over and above what was given to us.

Similarly, under the head-over time, the allocation was Rs. 43.11 crores and we spent Rs. 47.31 crores. So, there was an excess expenditure of Rs. 4.20 crores....Since higher DA was given to the staff, they were entitled to OTA at a higher rate.

Then, excess expenditure was under office expenditure, Allocation was about Rs. 48.9 crores.....This expenditure was in excess to what was given to us and it was mainly due to increase in electricity rates in various States to the extent of 50 per cent....

On maintenance, we incurred an excess expenditure this was for unavoidable urgent repair which we had to carry out in our departmental buildings..... We have been asking for additional funds for maintenance of our buildings and staff quarters. But we have not been getting the requisite funds as we have asked for. There was an uncovered gap. But the Ministry of Finance put a ceiling. That is why we had to incur this expenditure.

Another head was about payment to air carrier. The additional expenditure was only to the extent of Rs. 64 lakh. It was on account of clearance of the arrear bills because the airlines did not prefer the bill. They never prefer a bill always on time. Whenever they prefer the bill, we have to clear it. That is why we had asked for additional money from the Ministry of Finance. They did not give that...."

In the light of the fact that the Department of Posts had also got supplementary grant in 1994-95, the Committee desired to know whether the Department got the funds asked for by them subsequently. In his reply, the representative of the Department of. Posts stated during evidence:

"We had asked for Rs. 240 crores but we got only Rs. 140 crore. So, what we got was given to us not in the form of supplementary grant. The ceiling was fixed with reference to the BE. We had to recast the items under which we needed extra money absorbing the shortage..."

46. On being asked whether the Department considered their incurrence of excess expenditure beyond prescribed ceiling as justified, the Secretary of Department of Posts deposed:

"Sir, payment of salary to the employees is mandatory. If there is a hike in the DA and interim relief for the employees, I cannot stop payment of salary, DA and interim relief to the employees."

47. In reply to a related question whether the Department of Posts informed the Government about requirement of the additional funds on account of the expenditure being incurred on certain increases like DA and interim relief, the Secretary of Department of Posts stated during evidence.

"We have been bringing it to the notice of the Government."

48. On the basis of the depositions made by the representatives of the Department of Posts, the Committee desired the Department to furnish a detailed note indicating their proposals for seeking funds from the Government at the BE and RE stages for the year 1994-95 alongwith the copies of relevant notes and correspondence made by them with the Ministry of Finance in this regard.

49. Subsequently, the Department of Posts furnished the requisite note with copies of relevant note etc., on 10 December, 1996 and the relevant extracts therefrom are reproduced below:—

> "Department of Posts obtained Original Allotment in BE 1994-95 to the tune of Rs. 1975.13 crores under Revenue and Rs. 56.86 crores under Captial Heads of Expenditure. During the course of Budgetary Exercise, the BE 1994-95 was fixed by Ministry of Finance by a marginal enhancement across the board of 6% over RE 1993-94. Therefore the excess requirements under various heads mostly salaries were projected in RE 1994-95 during Oct/Nov which was to the tune of Rs. 185.00 crores and Rs. 111.86 crores under Revenue and Capital head respectively. Initially Secretary (Expenditure) did not agree to raise the Budgetary support beyond BE 1994-95 stage unless some Tariff revision is done by Department of Posts. The matter was taken up at Ministers level. Finally Ministry of Finance agreed during January, 1995 for Rs. 121.98 crores under Revenue (including Rs. 1.00 crore under "charged" expenditure) and Rs. 18.02 crores under Capital Heads. The budget support granted by Ministry of Finance was inadequate resulting in excess expenditure".

50. An extract from the note recorded on 27.10.1994 by the JS & FA in the Department of Posts on the preliminary discussion beld by him with Secretary (Expenditure) on 26 October, 1994 is also reproduced below:—

> "Secretary (Expenditure) indicated that the Ministry of Finance will not be able to increase the budgetary support beyond what has been indicated in the BE, i.e. Rs. 125 crores. He said that the Department of Posts should finanalise the budget after keeping this budgetary support in view. I pointed out that it would be difficult in view of the post-budget increases on account of Dearness Allowance, Dearness relief on pension, Increase in the emolument of Bonus ceiling etc. Secreatry (Expenditure) pointed out that

Department of Posts should devise the budget in such a way that the increase in the non-plan expenditure in the post-budget period is absorbed suitably by increase of receipts.

D. Appropriation Accounts (Railways)

51. During 1994-95 the actual expenditure under the grants/appropriations administered by the Ministry of Railways exceeded the sanctioned provisions in five cases of grants/appropriations. The details of this excess registering grants/appropriations have already been given in Paragraph 15 of this Report.

52. In fact, incurrence of excess expenditure by the Ministry of Railways has been a recurring phenomenon as would be seen from the following Table:

(Rs. in crores)

Year	No. of cases of Grants/ Appropriations which recorded excesses	Amount of excess expenditure
1989-90	9	196.42
1990-91	8	272.51
1991-92	9	294.01
1992-93	3	539.28
1993-94	8	1216.83
1994-95	5	391.13

53. The complete text of the explanatory notes furnished by the Ministry of Railways for regularisation of excess expenditure incurred during 1994-95 is enclosed at Appendix-X.

54. A scrutiny of this explanatory note reveals that out of excess expenditure of Rs. 392.10 crores, "Grant No. 14-Appropriation to Funds, Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund" alone accounted for an excess expenditure of Rs. 366.39 crores. According to the Ministry of Railways, this excess expenditure was due to more appropriations under Capital Fund mainly keeping in view the funds required to finance plan expenditure envisaged from time to time.

55. Explaining the excess expenditure under Grant No. 14, the representatives of the Ministry of Railways informed the Committee during evidence:—

"...........Rs. 366 crores under Demand No. 14 is an Appropriation to various funds. It is not an expenditure because during the year we saved in working expenses and we reduced contributions to certain funds. So, the crediting to the capital fund increased.....".

56. On being enquired about the source of funds for credit to Capital Fund, the witness deposed:—

"There is a revenue which is from passengers and other goods and coaches. So, during the year 1994-95, we could not move the budgeted level of traffic because the demand was not there. So, the earnings were less and the expenditure was also less. So, in this way, we are able to save Rs. 300 or Rs. 400 crores, which after meeting the other appropriation was credited to Capital Fund.........".

57. In reply to another related question as to why the Ministry of Railways transferred the surplus to Capital Fund instead of using the same for other projects, the witness clarified:—

"It is the Capital Fund through which we finance lot of projects."

He also added:—

"A part of the Capital Fund is used for capital assets and a part for other activities. I cannot increase the expenditute funded from the budgetary support".

58. A scrutiny of the explanatory note further revealed that the Ministry of Railways had also incurred an excess expenditure of Rs 48.96 crores under "Grant No. 16-Assets Acquisition, Construction and Replacement Other Expenditure Capital". This excess expenditure had occurred despite obtaining a supplementary grant of the order of Rs. 119.03 crores in March, 1995. The Ministry have also stated that no time was left for seeking further supplementary grant since the excess expenditure was incurred in March, 1995 itself. Explaining the reasons for this excess expenditure, the representatives of the Ministry of Railways stated during evidence:—

"This excess expenditure is consisting of two elements. One is Rs. 22.33 crores under various Plan head........The other element is, what is known as "misclassification". There is a further mistake in this. The actual amount is only Rs. 26 lakh."

59. Elaborating on the aforesaid misclassification, the witness stated:—

"The actual amount was only Rs. 26 lakhs. But when the final calculation was made, it was shown as Rs. 26 crores".

60. Subsequent to the oral evidence on this subject, the Ministry of Railways issued a corrigendum to their earlier explanatory note furnished to the Committee revising the figure of misclassification to Rs. 1,20,05,548 from the earlier intimated figure of Rs. 26,62,37,548. A copy of the corrigendum is also reproduced in Appendix-X alongwith the relevant explanatory notes. According to this note, the excess expenditute requiring regularisation under Capital Section of Grant No. 16 works out to Rs. 23.53 crores as against Rs. 48.96 crores as intimated earlier.

61. To sum up, the Committee find that an expenditure of over Rs. 481.09 crores has been incurred by various Ministries/Departments of the Union Government in excess of the amounts authorised by Parliament in 15 cases of Voted Grants/Charged Appropriations during the year 1994-95. What is more disconcerting is the fact that this excess expenditure had occurred despite obtaining supplementary provisions of the order of Rs. 546.00 crores in 12 out of 15 cases of excess registering Grants/ Appropriations. Considering the fact that supplementary provisions in most of these cases were obtained in March 1995, the Committee are convinced that the Budget wings of the Ministries/Departments concerned have once again displayed their failure in assessing their actual requirement of funds even at the fag-end of the year when they had adequate data on the trend of expenditure and their committed liabilities. Evidently, the supplementary grants in these cases were obtained without proper assessment with the result that even the additional provisions proved inadequate to meet the actual requirement of funds of the concerned Ministries.

62. Yet another disturbing feature noticed by the Committee is that excess expenditure of over Rs. one crore each had occurred in as many as nine cases out of total 15 excess registering Grants/Appropriations. What is still worse is the fact that excess expenditure had exceeded Rs. one crore each under voted portion of both Revenue and Capital Sections of the lone Grant operated by the Department of Posts. Significantly, the Ministry of Railways had also incurred excess expenditure of over Rs. one crore in three out of five cases where excess expenditure had been incurred. An analysis of the reasons for excess expenditure during 1994-95, which have been discussed in some detail in the succeeding paragraphs of this Report, indicate that the lack of proper monitoring of the progress of expenditure, inadequate review and analysis of the financial requirement in terms of committed liabilities and non-observance of the prescribed financial rules were the main contributory factors in the incurrence of excess expenditure of such a high magnitude. Although General Financial Rules clearly provide that the grant administering authorities shall be fully accountable for control of expenditure and clear-cut instructions have also been laid down for the detailed procedures to be followed for checks against provision of funds, the Committee cannot help observing from the facts brought to their notice during examination of this subject that the concerned authorities in the various Ministries/Departments continue to display their negligence and callous attitude towards rules prescribed for containing the expenditure within the sanctioned provisions. The Committee view this situation with grave concern and emphasise that the Ministry of Finance should strongly impress upon all the Departmental Heads concerned to strictly observe the instructions issued under the financial rules so as to ensure that no expenditure is incurred in excess of the authorised limits. The Committee would also like the Ministry of Finance to devise suitable mechanism for tightening the exchequer control and to deal sternly with cases where any slackness in following the prescribed financial rules is noticed.

63. Emphasising the need for exercising effective control over expenditure, the Committee in Paragraph 80 of their 110th Report (Tenth Lok Sabha) presented to Lok Sabha on 6 December, 1995 had recommended that the Ministry of Finance should consider the feasibility of introducing a system of letter of credit. The Committee are constrained to express their dissatisfaction over the delay of over a year in taking any concrete action in this direction and they desire the Ministry of Finance to take appropriate steps in the matter and inform the Committee of the precise action taken in this regard within a period of three months.

64. According to the time schedule prescribed, the Ministries are required to submit to the Committee the explanatory notes in respect of excess registering Grants/Appropriations by 31 May or immediately after the presentation of the Appropriation Accounts to the House, whichever is later. The Committee, however, find that while the explanatory notes in respect of nine Grants/Appropriations were furnished in time, there were delays ranging from 20 days to five months in the submission of explanatory notes by the Ministries of Defence; External Affairs; Petroleum & Natural Gas and Surface Transport; and Rajya Sabha Secretariat in respect of six Grants/Appropriations those registered excess expenditure in Civil Sector during the year 1994-95. In fact, there was an inordinate delay of three months in the case of Ministry of Petroleum and Natural Gas who submitted the note only after being pointed out by the Committee during evidence. The Ministries of External Affairs and Surface Transport made an inexcusable delay of over four months in furnishing the notes which were not even got factually verified from Audit. The Committee take a serious view of these defaults especially when the Ministry of Finance have laid down a clear-cut time schedule for completing action at various stages involved in the finalisation/vetting of explanatory notes with a view to avoiding delays for submission thereof to the Committee. They desire that responsibility be fixed in the Ministries concerned for laxity shown in this regard.

65. Presently, the task of coordination and submission of corrective remedial action taken notes on the paragraphs from the Reports of the C&AG not examined by the Committee, is assigned to the Monitoring Cell in the Department of Expenditure. The Committee desire that in future the Monitoring Cell should be entrusted with the task of coordination, collection and timely submission to the Committee of the relevant explanatory notes, duly vetted by Audit, on excess expenditure/savings of Rs. 100 crores and above made in respect of all the Annual Appropriation Accounts of the Union Government for the year 1995-96 onwards. Further, the Secretaries of the administrative Ministries/Departments concerned should be held personally responsible for any delay in submission of the requisite explanatory notes. They would like the Ministry of Finance to take necessary action in the matter.

66. The Committee find from their examination of select cases of excess registering Grants/Appropriations that under Revenue Section (Voted) of Grant No. 17 — Defence Pensions administered by the Ministry of Defence, while the overall excess expenditure under this Grant during 1994-95 was Rs. 9.94 crores, the aggregate excess expenditure under various sub-heads of the Grant worked out to Rs. 89.72 crores. Certainly, the huge savings of Rs. 79.78 crores under various other sub-heads helped to a great extent in reducing the otherwise high excess expenditure. Significantly, the excess expenditure under this Grant had occurred despite obtaining supplementary funds of Rs. 14.84 crores at the fag end of the financial year in March, 1995. In the opinion of the Committee, this state of affairs present a very dismal picture of the manner in which expenditure estimates are prepared in respect of this Grant by the Ministry of Defence especially when they admittedly possessed complete data of the number and categories of pensioners and could work out accurately the precise requirement of funds under different sub-heads of this Grant.

67. The Committee further observe that the overall excess of Rs. 9.94 crores had occurred under Revenue Section (Voted) of Grant No. 17—Defence Pensions mainly due to adoption of a new procedure for payment of pensions etc., to the pensioners at Nepal. The Committee were informed that a revised system for payment of such pensions was introduced from 1 April 1994. Under the new system, pension payments were to be made by the Ministry of External Affairs through the Indian Embassy at Kathmandu. The Ministry of External Affairs as agent Ministry were to compile expenditure in their books and render expenditure statements to the Ministry of Defence which were the Executive Ministry in this case. According to the Ministry of Defence, they came to know of the excess in the instant case only in the month of June, 1995 on receipt of expenditure statement for the month of March 1995 and there was no mechanism available to provide additional funds at the disposal of Ministry of External Affairs at that belated stage. The Ministry of Defence also stated that the delay in rendition of Expenditure statement was inevitable since the Defence Pensioners were scattered in Nepal and the pension Payment Teams were required to visit various remote and far-flung areas for disbursement. The Committee are not at all inclined to accept this plea put forth by the Ministry of Defence and they consider that these factors in no manner came in the way where the rendition of monthly expenditure statements could be delayed for as long as three months as had happened in this case. The Ministry also submitted that the revised system of payment of pensions had since been dispensed with w.e.f. 1 April 1996. However, from the facts enumerated above, the Committee can only conclude that neither the Ministry of Defence could accurately estimate their requirement of funds under appropriate sub-heads of this Grant despite having precise data of the pensioners nor the Ministry of External Affairs could ensure timely inflow of expenditure statements to the Ministry of Defence to enable them to seek additional funds to meet their requirements for pension

payments at Nepal. The Committee also feel surprised that despite assurance made during evidence, the Ministry of Defence were unable to apprise the Committee of the exact number of Defence pensioners in Nepal. At this stage, the Committee can only hope that the concerted efforts would now be made by the Ministry of Defence to collect and compile the requisite data on scientific lines so that their expenditure estimates under this Grant do not go awry as had happened in 1994-95. In this connection, the Committee would like the Ministry of Defence to explore the possibility of computerising the pension roll of all defence pensioners with a view to administering this Grant effectively.

68. In another instance of over-spending, the Committee find that despite the supplementary grant of Rs. 80.74 crores having been obtained in March 1995, the Ministry of External Affairs incurred an excess expenditure to the tune of Rs. 35.51 crores under the Revenue Section (Voted) of Grant No. 24 during 1994-95. But for the savings of Rs. 60.92 crores which occurred under various sub-heads, the excess expenditure under this Grant would have been substantially higher. The Ministry of External Affairs attributed the excess expenditure *inter alia* to increase under salaries, travel expenses and office expenses under the minor heads "Secretariat" and "Missions and Embassies"; increase in special diplomatic expenditure under minor head-"Discretionary Expenditure"; settlement of airlift bills and arrear bills for chartering aircraft under the sub-heads "Entertainment of Dignitaries" and "Delegations to United Nations etc". The Ministry have also added that the factors of loss by exchange on account of salaries paid to India based personnel in Missions abroad and the world wide inflation are peculiar to them and have a bearing on their expenditure pattern. The Committee are not convinced with these reasons adduced for occurrence of excess expenditure as none of the reasons mentioned by the Ministry fall in the category of "unforeseen" or "unanticipated" expenditure. In their opinion, faulty estimation of the requirement of funds and absence of proper and timely monitoring of expenditure were the obvious reasons for occurrence of excess expenditure by the Ministry of External Affairs during 1994-95. They, therefore, feel that the Budget division and the accounting formations of the Ministry needs to be revamped thoroughly and some mechanism evolved so as to ensure regular flow of requisite information from the various wings of the Ministry in India and abroad for the purposes of framing expenditure estimates on a realistic basis as well as for making subsequent revisions in the estimates, if necessary, with precision.

69. The Committee's examination also revealed cases of excess expenditure due to accounting lapses like misclassification/erroneous booking of expenditure etc. The Committee find that Capital Section (Voted) of Grant No. 98—Daman and Diu administered by the Ministry of Home Affairs registered a net excess expenditure of Rs. 3.49 lakhs requiring regularisation. The Committee's scrutiny of this grant revealed that an excess expenditure of Rs. 11.99 lakhs was incurred in a sub-head due to

wrong classification of budget provision. Further, in another sub-head, an excess expenditure of Rs. 6.99 lakhs was also incurred due to an error in the booking of an expenditure against wrong sub-head while copying the same from classified abstract. What is more regrettable is that the Ministry of Home Affairs and the Daman and Diu Administration failed to detect this error before finalisation of the relevant accounts. The Committee take a serious view of these lapses and they stress that misclassification/erroneous booking of expenditure should in no case be allowed to result in excess expenditure. They are also of the strong view that enquiries should invariably be made in all such cases and responsibility fixed for the lapse.

70. The Committee are surprised to observe in another case, an excess expenditure of Rs. 37.38 lakhs was incurred in the Capital Section (Charged) of Grant No. 76—Roads due to erroneous depiction of the provision of Rs. 8.01 crores in the book of Demand for Grants (Part-II) under Major Head "7601-Loans and Advances to State Governments (Charged)". A scrutiny of the explanatory note furnished by the Ministry of Surface Transport in this regard revealed that while the Ministry had sought provisions of Rs. 8.01 crores under "Charged" in the Major Head "7601" in the book of detailed Demands for Grants (Part HI), Ministry of Finance (Department of Economic Affairs—Budget Division) had shown the said provision in the book of Demand for Grants (Part-II) as Rs. 5 crores under "Charged" and Rs. 3.01 crores under "Voted". This was not in conformity with the provision of Article 293 which stipulated that any sum required for the purpose of making Loans and Advances to State Governments shall be "Charged" on Consolidated Fund of India. Since the Appropriation Act is passed on the basis of book of Demands for Grants (Part-II) prepared by the Ministry of Finance (Department of Economic Affairs—Budget Division) and the relevant Act could not be corrected subsequently, the actual expenditure of Rs. 557.38 lakhs incurred under charged portion of Major Head "7601" against the erroneous provision of Rs. 500 lakhs resulted in excess expenditure under this Grant. While considering it to be an obvious case of sheer negligence on the part of Budget Division in the Department of Economic Affairs, the Committee also express their dissatisfaction over the lack of coordination and reconciliation between the Ministries of Surface Transport and Finance who failed to take appropriate remedial steps before Parliament passed the relevant Appropriation Act in this case. They would therefore, like responsibility to be fixed for the lapses. The Committee would also like the Department of Economic Affairs to be extra cautious besides taking necessary steps to ensure that such lapses do not recur in future.

71. During the course of their examination of the cases of excess expenditure, the Committee found that an excess expenditure of Rs. 6.30 crores had occurred during 1994-95 in Revenue section (Voted) under grant No. 19 Defence Services—Navy. They also found that this excess expenditure had occurred despite obtaining a Supplementary Grant of

Rs. 77.87 crores under this Grant. From the explanations given by the Ministry of Defence, the Committee note that this excess expenditure was partly due to "higher bookings of the pay and allowances of MES which was first time introduced in the Navy during 1994-95". The Committee are not inclined to appreciate the plea put forth by the representative of the Ministry of Defence in this regard that it took some time for the people to understand and implement the orders for switching over to the new system of MES in the Navy. Curiously enough, the original provision in the "Minor Head-Pay and allowances of Navy" amounting to Rs. 293 crores was reduced to 284.99 crores by reappropriation whereas the actual expenditure under this Head was Rs. 291.08 crores which ultimately led to an excess of Rs. 6.09 crores under this head. Similarly, an excess of Rs. 10.43 crores had occurred under "Minor Head-Stores" due to certain letter of credit payments required to be paid before close of financial year 1994-95. Here again, the original provision amounting to Rs. 540 crores was enhanced to Rs. 600 crores by obtaining a Supplementary Grant and subsequently reduced to Rs. 598.02 crores by reappropriation. In the opinion of the Committee the facts enumerated above are a sad commentary on the manner in which this Grant was administered by the Ministry of Defence which miserably failed not only in precisely estimating their requirement of funds even at the fag-end of the year but also in providing fully for requirement of funds under various sub-Heads of this Grant. As in the past, the Ministry have again informed that instructions have already been issued to all the estimating authorities for framing the budget estimates on very realistic basis to eliminate instances of excess/savings in the budget. The Committee need hardly emphasise that repeated issuance of instructions would not serve the purpose unless these instructions are strictly enforced and complied with. They therefore, desire the Ministry of Defence to take effective steps to ensure strict observance of the existing instructions apart from improving their accounting information system and tightening their expenditure control.

72. Under Voted portion of both Revenue and Capital Sections of Grant No. 14—Postal Services, Department of Posts had incurred an excess expenditure of Rs. 33.59 crores and Rs. 2.08 crores over and above the sanctioned provision of Rs. 2096.11 crores and Rs. 74.88 crores respectively during 1994-95. The Committee have been informed during evidence by the representative of Department of Posts that this excess expenditure was mainly on account of the mandatory and unavoidable payments required to be made by the Department on salaries, overtime, office expenses, maintenance etc., and that they did not get the money which they had asked for from the Ministry of Finance during 1994-95. According to the Secretary of Department of Posts, the Ministry of Finance had put a ceiling of Rs. 2096.11 crores and Rs. 74.88 crores under Revenue and Capital Sections of the Grant respectively during 1994-95 which left an uncovered gap of substantial magnitude. In a subsequent note, the Department of Posts

informed that the BE 1994-95 for the Department "was fixed by Ministry of Finance by a marginal enhancement across the board of 6% over RE 1993-94" and therefore, the excess requirements under various heads mostly salaries were projected in RE 1994-95 which was to the tune of Rs. 185 crores and Rs. 111.86 crores under Revenue and Capital Heads respectively. The Committee's examination of the information made available to them also reveals that initially, Secretary (Expenditure) did not agree to raise the budgetary support beyond BE 1994-95 and pointed out that "Department of Posts should devise the budget in such a way that the increase in the non-plan expenditure in the post-budget period is absorbed suitably by increase in receipts". However, Ministry of Finance finally agreed for additional funds of Rs. 121.98 crores and Rs. 18.02 crores under Revenue and Capital Heads respectively which, according to the Department of Posts, were inadequate resulting in excess expenditure.

From the facts enumerated above, the Committee are neither able to comprehend the principles adopted by the Ministry of Finance for putting a ceiling on the budgetary allocations to the Department of Posts nor the circumstances under which they finally agreed to allocate part of additional provisions sought by the Department of Posts at RE 1994-95 stage for meeting mandatory payments during 1994-95 on account of salaries to their employees. The Committee are of the view that the Ministry of Finance should have informed the Department of Posts well in advance before the commencement of the financial year 1994-95 if they wanted the Department of Posts to devise their budget in a manner where the increase in the non-plan expenditure in the post-budget period was to be absorbed suitably by increase in receipts. They also feel that the entire manner in which the Grant was managed by the Department of Posts left much to be desired. In the opinion of the Committee, the circumstances leading to excess expenditure under Grant No. 14—Postal Services during the year 1994-95 need a thorough examination both by the Ministry of Finance and the Department of Posts with a view to avoiding excess expenditure and violation of budgetary ceilings of this nature in future. They would also like to know the outcome of such examination.

73. The Committee note from the Appropriation Accounts of the Railways for the year 1994-95 that an expenditure aggregating Rs. 391.13 crores had been incurred over and above the sanctioned provision in five cases of grants/appropriations operated by the Ministry of Railways. After taking into account the effect of misclassification, the actual excess expenditure requiring regularisation worked out to Rs. 392.10 crores instead of Rs. 391.13 crores as indicated in the relevant Appropriation Accounts. Out of this excess expenditure, Grant No. 14—"Appopriation to Funds" alone recorded a huge excess of Rs. 366.39 crores which, according to the Ministry, is attributable to more appropriations under Capital Fund mainly keeping in view the funds required to finance plan expenditure envisaged from time to time. During his deposition before the Committee, the

representative of the Ministry of Railways informed the Committee that increased appropriation to Capital Fund was credited during the year 1994-95 as Railways were able to save more in that year. Yet the fact remained that the expenditure authorisations in the instant case went awy a large scale resulting in vitiating budgetary process of Railways. A scrutiny of the explanatory note has further revealed that the Ministry of Railways had also incurred an excess expenditure of Rs. 23.53 crores under "Grant No. 16—Assets—Acquisition, construction and Replacement Other expenditure—Capital" despite obtaining a supplementary grant of the order of Rs. 119.03 crores in March 1995. Surprisingly, the Ministry have also stated that no time was left for seeking further suppementary funds under this Grant since the excess expenditure was incurred only in March 1995 itself. The Ministry of Railways have attributed this excess expenditure *inter alia* to New Lines, Gauge Conversion, Electrification, Other Electrical Works, Staff Quarters, Investments in Public Undertakings etc. Apparently, most of these items were of anticipatory nature for which the Railways should have planned much in advance. However, the Ministry of Railways were unable to apprise the Committee of the specific reasons for their failure to make provisions for these items at the stage of either original budget or at the time of seeking supplementary demands.

74. Although the Committee have repeatedly cautioned the Ministry of Railways in the past against incurring excess expenditure, the Ministry seem to have taken no appropriate steps in this direction. The Committee would once again like to stress that excess expenditure is "unauthorised expenditure" betraying lack of financial discipline and the only situation in which such an expenditure is understandable is when a need for "unforeseen" or "unavoidable" expenditure has arisen suddenly which could neither be anticipated nor any time left to approach Parliament for a supplementary grant. In view of the persistent trend in the incurrence of excess expenditure by the Ministry of Railways year after year, the Committee recommend that the Ministry of Railways should evolve a sound mechanism through which the progress of expenditure under various sub-heads in the Zonal Railways could be regularly monitored with a view to taking timely action to ensure that their expenditure does not over-shoot its limits.

75. What has further concerned the Committee is the repeated instances of misclassification of expenditure unabatedly occurring in the accounts of the Ministry of Railways. Even the Appropriation Accounts of the year under review revealed two such cases of misclassification of expenditure which effected the quantum of excess expenditure. Distressingly, an error in one of these cases of misclassification was further brought to the notice of the Committee only during oral deposition of the representatives of the Ministry of Railways when they informed that a figure of Rs. 26 lakhs was inadvertently taken as Rs. 26 crores at the time of compilation of accounts. The Committee take a serious view of the perfunctory manner in which the

accounts are being maintained by the Railway Authorities revealing lapses at all levels including the scrutiny of accounts. They therefore, desire that stringent measures be taken for avoiding such misclassifications in future and responsibility fixed for the lapses in all such cases.

76. Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in Para 14 of this Report be regularised in the manner prescribed in Articles 115(1)(b) of the Constitution of India.

NEW DELHI;
18 December, 1996
27 Agrahayana, 1918 (Saka)

DR. MURLI MANOHAR JOSHI,
Chairman–
Public Accounts Committee.

APPENDIX-I

MINISTRY OF DEFENCE (FINANCE)

(MAIN OFFICE)

Note for the Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 17—Defence Pensions, as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1994-95.

GRANT NO. 17—DEFENCE PENSIONS
REVENUE SECTION (VOTED)

	(Amount in Rupees)
Original Grant	2705,91,00,000
Supplementary Grant	14,84,00,000
Total Grant	2720,75,00,000
Actual Expenditure	2730,69,02,120
Excess Expenditure	9,94,02,120

2. Under Revenue Section (Voted) of Grant No. 17—Defence Pensions, the original provision was Rs. 2705,91,00,000 which was augmented to Rs. 2720,75,00,000 by obtaining a Supplementary Grant of Rs. 14,84,00,000. Against this, the actual expenditure incurred during the year was to the tune of Rs. 2730,69,02,120 resulting in an excess expenditure of Rs. 9,94,02,120.

3. The above mentioned excess expenditure was the net result of the excesses and savings under various sub-heads of the grant. Statement-I and Statement-II are enclosed showing the excess expenditure and savings respectively under various sub-heads of the Grant. The sub-heads under which the excess expenditure of Rs. 5 lakhs and above occurred and reasons therefore are as under:—

(i) *A.1 (1) (1) (4)—Payments made to officers etc. who retired on or after 15.8.1947.*

	(Rupees in Thousands)
Original Grant	1694,27,20
Supplementary Grant	10,29,00
Total Grant	1704,56,20
Actual Expenditure	1789,90,34
Excess	85,34,14

The excess expenditure was due to sanction of relief with effect from 1.1.1994 and 1.7.1994 and more number of personnel becoming eligible for pension that anticipated.

(ii) *A.1(1)(3)—Family Pensions*

Original Grant	260,10,84
Supplementary Grant	1,03,00
Total Grant	261,13,84
Actual Expenditure	261,47,14
Excess	33,30

The excess expenditure was due to finalisation of more numbers of claims.

(iii) *A.1(2)(2)—Commuted Value of Pensions*

Original Grant	6,13,50
Supplementary Grant	66,00
Total Grant	6,79,50
Actual Expenditure	9,79,50
Excess	3,00,00

The excess expenditure was due to more number of personnel opting for commutation of pension than anticipated.

(iv) *A.1(2)(6)—One time increase in pension to pre 1.1.1986 retires*

Original Grant	1,50,00
Supplementary Grant	Nil
Total Grant	1,50,00
Actual Expenditure	2,52,99
Excess	1,02,99

The excess was due to finalisation of more number of 'one time increase claims owing to implementation of anomalies.

4. The excess expenditure under Heads enumerated above was due to the payment of pension etc., made to the Pensioners at Nepal by the Ministry of External Affairs through the Indian Embassy, Kathmandu, who is provided with the requisite funds to meet these obligatory payments. A revised system for the payment of pensions was introduced from 1.4.1994 whereunder the Agent Ministry (i.e., Ministry of External Affairs) used to compile the expenditure in their books and an Expenditure Statement was being rendered to the Executive Ministry i.e., Ministry of Defence (a copy of the order enclosed as Annexure-I). Prior to the introduction of the revised system of booking of expenditure by the Agent Ministry/Department, the Ministry of External Affairs used to send the paid up vouchers to the Chief Controller of Defence Accounts (Pensions), Allahabad, who used to reimburse the same to the Ministry of External Affairs after due audit.

5. The said excess occurred because the accounting organisation was not fully geared up for accurate estimation while implementing the newly introduced system. Expenditure Statements upto January, 1995 received in March, 95 indicated progressive expenditure of Rs. 45.85 crores against the budget allocation of Rs. 68.12 crores which was within control. The excess was known only in the month of June, 95 i.e., when the financial year had already ended, on receipt of Expenditure Statements for the month of March, 95. At that belated stage, there was no mechanism to provide additional funds at the disposal of the Ministry of External Affairs. The delay in rendition of Expenditure Statements was inevitable as the Defence pensioners are scattered in Nepal and Pension Payment teams are required to visit various remote and farflung places at Kathmandu, Pokhra and Dharan for disbursement at the Pension Payment Camps.

Thus the excess occurred owing to the newly introduced system which would have taken time to get used to and stabilize. However, this system has been dispensed with *vide* the Ministry of Finance, Deptt. of Expdr, CGA OM No. 18(9)/92/TA/210 dated 21.3.1996 (Annexure II) restoring back the old system. This will avoid occurrence of such excess in future.

6. Further, to avoid recurrence of excess bookings in respect of payment of pensions at Nepal, a team was constituted by the Ministry of Defence and deputed to Nepal during February, 1996 for making study and recommending improvements in the system of estimating the Defence Pensions budgetary requirements at Nepal and computerisation of payments (copy enclosed as Annexure-IV).

7. In view of the position explained in the preceding paragraphs, the excess expenditure of Rs. 9,94,02,120 incurred under Revenue Section (Voted) of Grant No. 17—Defence Pension, for the year 1994-95 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

This has been vetted by Audit *vide* their UO No. RR/11-7/96-97/269 dated 28.6.1996.

sd/-
(D. LAHIRI)
Addl. Financial Adviser & Jt. Secretary

STATEMENT-I

Position of excess expenditure incurred under Revenue Section (Voted) of Grant No. 17—Defence Pensions for 1994-95

(Rupees in thousands)

Sl. No.	Sub-head	Total Grant (Original Grant + Supple-mentary Grant)	Actual Expenditure	Excess Expenditure
1.	A. 1(1) (1) (4)—Payments made to Officers etc. who retired on or after 15-8-1947.	1704,56,20	1789,90,34	85,34,14
2.	A.1 (1) (3)—Family Pensions	261,13,84	261,47,14	33,30
3.	A.1 (1) (5)—Rewards	1,00,00	1,01,00	1,00
4.	A. 1(2) (2)—Computed value of Pensions	6,79,50	9,79,50	3,00,00
5.	A.1 (2) (6) — One time increase in pensions to pre 1.1.1986 retirees.	1,50,00	2,52,99	1,02,99
6.	A. 1 (3) (2)—Commuted value of Pensions	21,06,50	21,07,02	0,52
	Total	1996,06,04	2085,77,99	89,71,95

sd/-

(D. LAHIRI)

Addl. FA & Jt. Secretary

STATEMENT II

Position of savings occurred under Revenue Section (Voted) of Grant No. 17 — Defence Pensions for 1994-95

(Rupees in thousands)

Sl. No.	Sub-head	Total Grant (Original Grant + Supple-mentary Grant)	Actual Expenditure	Savings
1	2	3	4	5
1.	A.1 (1) (1) (1)—Payments made to Officers etc. who retired on or before 1-4-1937	45,00	42,02	2,98
2.	A.1(1) (1) (2)—Payments made to Officers etc. as a result of the war 1939—45	5,00,00	4,03,04	96,96
3.	A.1 (1) (1) (3) — Payments made to Officers etc. who retired after 1-4-1937 but before 15-8-1947 excluding pensions sanctioned as a result of the war 1939—45	9,00,00	7,45,11	1,54,89
4.	A.1 (1) (1) (5) — Gratuities	155,75,00	149,14,38	6,60,62
5.	A.1 (1)(2)—Commuted value of Pensions	315,78,00	283,23,57	32,54,43
6.	A.1 (1) (4) — Contribution to Provident Fund	40,00	6,44	33,56
7.	A.1 (1) (6)—One Time Increase in Pension to pre 1.1.1986 retirees	94,00,00	69,25,50	24,74,50
8.	A.1 (2) (1) (2)—Payments made to Officers etc. as a result of the war 1939—45	0,20	0,05	0,15
9.	A.1 (2) (1) (4) — Payments made to Officers etc. who retired on or after 15-8-1947	27,36,55	24,71,15	2,65,40

1	2	3	4	5
10.	A.1 (2) (1) (5)— Gratuities	7,25,00	6,32,00	93,00
11.	A.1 (2) (3)— Family Pensions	3,98,85	3,98,81	0,04
12.	A.1 (2) (4)— Contributions to Provident Fund	2,60	0,53	2,07
13.	A.1 (3)(1) (4)— Payments made to Officers etc. who retired on or after 15-8-1947	79,61,36	75,26,99	4,34,37
14.	A.1(3) (1) (5)— Gratuities	12,55,00	10,78,27	1,76,73
15.	A.1 (3) (3)— Family Pensions	8,96,00	7,21,72	1,74,28
16.	A.1(3)(4)— Contribution to Provident Fund	2,00	1,05	0,95
17.	A.1(3)(6)— One Time Increase in Pension to Pre. 1.1.1986 retires	4,50,00	2,97,00	1,53,00
	Total	724,65,56	644,87,63	79,77,93

sd/-
(D. LAHIRI)
Addl. FA & Jt. Secretary

ANNEXURE I

No. 18(3)/92/TA/90
Government of India
Ministry of Finance
Department of Expenditure
Controller General of Accounts
8th Floor Lok Nayak Bhawan
Khan Market, New Delhi-110003.

Date, the 27th Jan., 1993

OFFICE MEMORANDUM

Subject: Dispensing with monetary settlement in Inter-departmental transactions—recommendations of the Committee headed by Controller General of Accounts to Improve the Control over Receipts and Expenditure Transactions of the Union Government.

Reference is invited to this office O.M. No. 1(8)/(7)/86/TA/1099 dated 30-10-1986 and O.M. No. 1(8)(7)/89/TA/677 dated 19-7-1989 (copies enclosed) laying down procedure for inter-departmental settlement in respect of activities of certain nature.

2. The Committee, appointed to recommend Improvements in the Existing System of Control over Receipt and Expenditure Transactions of the Union Government, has recommended that the operation of 'PAO Suspense' and 'Cash Settlement Suspense Account (CSSA)' should be eliminated to the maximum extent possible in cases of all categories of inter-departmental transactions which are appropriated/voted in a particular budget year so that adjustment in the consolidated Fund of India is effected in the same budget year.

3. To give effect to the above, it has been decided that the procedure outlined in this office O.M. dated 30.10.1986 and 19.7.1989 will stand modified to the extent delinated in the following paragraphs:—

(i) The PAO of the executing/agent Department incurring the expenditure is not only to book the expenditure to the budget head of the functional/service Department but must also directly communicate the monthly and progressive figures of expenditure to the Accounts Officer of the concerned service Department under advice to his own Principal Accounts Officer [para 2(d) of O.M. dated 19.7.1989 refers].

(ii) The Financial Adviser/Chief Controller of Accounts or the Controller of Accounts of the functional/service Ministry/ Department is required to issue annual budget allocation letter (indicating the amount approved in the budget for the year for the programme/activity assigned to the agent/executing Derpartment) after obtaining necessary financial Sanctions (????????MATTER NOT READABLE????????) This will constitute authorisation for the executing Ministry/Department to incur expenditure upto the limits specified. No further concurrence of the Financial Adivsers of the respective Ministries is necessary. The expenditure by the executing Ministry/Department should however be incurred subject to observance of normal procedure of financial sanctions.

(iii) The amount so allocated/earmarked will not be available for re-appropriation by the functional Ministry/Department except with the concurrence of agent Ministry/Department.

(iv) The other provisions of this office O.M. dated 30.10.86 and 19.7.89 remain unchanged.

(v) The Principal Accounts Office of the Functional Ministry/ Department will communicate the computer Code Nos. relating to the head(s) concerned to the PAO of the Agency Department.

4. In the case of construction activity under Non-Plan, where funds are provided under the Grants of the functional/Service Ministry/Department, the concerned Divison of the CPWD should operate the Budget head of the functional/service Ministry/Department and not debit the expenditure to Cash Settlement Suspense Account. Thus, in such cases the procedure as outlined in Para 3 (ii) above will be followed *mutatis mutandis.*

5. Where for any reason it is not possible to follow the above procedure, the expenditure incurred on behalf of other service Department will be debited initially to the budget grant of the executing Department under a new minor head 'Expenditure Awaiting Transfer to other Heads/ Departments' under the functional major/sub-major head proposed to be operated with zero budget provision. The Pay & Accounts Officer of the agent Department who initially debits the expenditure under 'EAT' would simultaneously, write to the Financial Adviser/Controller of the Ministry/ Department concerned through his Controller of Accounts, seeking authorisation to book the expenditure under the relevant functional head of account of the concerned Ministry/Department, in his own accounts.

6. After 1.4.93, prior approval of Controller General of Accounts will be obtained for the operation of debit side of the minor head 'PAO Suspense/ Cash Settlement Suspense Accounts' giving reasons for the need to operate these heads in cases of inter-departmental settlement.

7. The above procedure would be applicable to all Ministries/ Departments of the Union of India (Civil), Defence, Railways, Posts and Telecommunications and Union Territories without Legislature where accounts have been departmentalised. However, the provisions of this O.M. will not apply to the transactions relating to supply of stores or execution of works or services rendered by one Division to another. As regards the DGS&D payments on behalf of other Ministries/Departments separate orders will be issue.

8. The operation of 'PAO Suspense' would continue in cases of inter-Government settlement with the State Governments as heretofore.

9. All Financial Advisers/Chief Controllers of Accounts/Controllers of Accounts are requested to take necessary action to implement the above procedure with effect from 1.4.1993 in all cases of inter-departmental transactions.

Sd/-
(C. ANDREWS)
Dy. Controller General of Accounts.

To.

1. All Financial Advisers/Chief Controllers of Accounts/Controllers of Accounts/Dy. Controllers of Accounts.
2. All Ministries/Departments of Govt. of India.
3. Union Territory Administrations of Delhi, Andaman & Nicobar Island.
4. Comptroller & Auditor General of India.
5. All Accountants General.
6. Controller General of Defence Accounts.
7. Director (Fin), Ministry of Railways, Railway Board, N.D.
8. Director General, Department of Posts.
9. Dy. Director General (PAF), Department of Telecommunications.
10. All sections of the office of CGA.
11. Staff Training Institute, O/o CGA, Ministry of Finance, Department of Expenditure, old JNU Campus, New Delhi.

ANNEXURE-I(A)

No. 18(3)/92/TA/675
Government of India
Ministry of Finance
Department of Expenditure
Controller General of Accounts

New Delhi the 4th August, 1993.

OFFICE MEMORANDUM

Subject: Dispensing with monetary settlement in Inter-department transactions—Recommendation of the Committee headed by Controller General of Accounts to Improve the Control over Receipts and Expenditure Transactions of the Union Government.

Reference is invited to this office O.M.No. 18(3)/92/TA/90 dated 27-1-1993 laying down the revised procedure for settlement of inter-departmental transactions.

2. The Ministry of Defence have reported that the implementation of the revised procedure set out in the said O.M. is not feasible during the current financial year 1993-94, in view of the magnitude and complexity of the transactions. The Controller General of Defence Accounts have accordingly requested for postponement of the implementation of the O.M. dated 27-1-1993 to next financial year 1994-95. The matter has been examined and after careful consideration it has been decided, as a special case, *that in respect of transactions involving the Ministry of Defence on one side and other* Ministries/Departments including Railways, Department of Posts and Department of Telecommunication on the other *the existing system of cash settlement may be continued during the year 1993-94 only.*

3. However, in cases where clear cut Budget provisions are available in the Demands for Grants of the functional Ministries e.g. Border Roads Organisation and Coast Guard Organisations etc, and where the operation of the provisions of O.M. dated 27-1-1993 are in vogue, the same may be continued.

All Financial Advisers/Chief Controller of Accounts/Controller of Accounts are requested to take further necessary action on the above lines.

sd/-

(P.P.S. Brar)

Deputy Controller General of Accounts.

ANNEXURE-A

A. Transactions *A. Areas where Ministry of Defence acts as executing/Agent Deptt.*	*Approx. Amount Involved (in lakhs of Rupees)*
I. Payment of Pay & Allowances of Defence Personnel with NSG and Stores supplied & Services rendered to NSG.	
II. The entire expenditure on TA Departmental Units for Railways (Railway Engineering Units).	
III. Entire expenditure on TA Departmental Units for Department of Environment (Ecological Units).	425.00
IV. Entire expenditure on TA Departmental Units for Tele Communications Department.	96.00
V. Entire expenditure on TA Departmental Units with Department of Posts.	
VI. Pay & Allowances and entire expenditure of 652 ASC Company (G.T.) (employed in Bhutan) to be debited to Min. of External Affairs.	
VII. Stores supplied to Royal Bhutan Army/Royal Bhutan Government (to be debited to Min. of External Affairs.)	440.00
VIII. Stores supplied to Nepal, Maldives, Indonesia, UAR, Sri Lanka, Tanzania etc. to be debited to Ministry of External Affairs.	1507.00
IX. Stores supplied to BSF, CRPF, ITBP and other Para Military Organisations under Ministry of Home Affairs.	
X. Payment of APS personnel debit to be advised to P&T.	1079.00
XI. Air Crafts/Helicopters/Spares etc. supplied to Aviation Research Centre Debit to be raised against Min. of Home Affairs (Cabinet Secretariat).	800.00
XII. Entire expenditure on Estt. No. 22 to be raised against Cabinet Secretariat.	1489.00

XIII.	Entire expenditure on JKLI to be raised against Min. of Home Affairs.	2200.00
XIV.	Expenditure on JCB to be shared by Railways & Min. of Home Affairs.	83.49 Home Afrs.
XV.	Pay & Allowances (where chargeable) and other expenditure incurred on Aid to Civil Power, where debit is to be borne by Civil Ministries.	.34 Rlys.
XVI.	Training Charges of Foreign Personnel in Cat. 'A' Military Establishments—Debit to be raised against MEA.	
XVII.	Advances paid to Indian Naval Ships/ Establishments by Foreign Embassies to MEA for Training Charges.	15.00
XVIII.	Air lifts provided to Personnel & of Material—debit to be raised against Civil Ministries.	6222.00
XIX.	Recoveries for loss of Stores to be raised against Railways.	
XX.	Recoveries for treatment of Civil Employees in Military Hospitals.	
XXI.	Aerial Survey etc. done for Civil Ministries.	
XXII.	Consultancy Services rendered for Civil Ministries by R&D Organisation.	
XXIII.	DGOF Supplies to Civil Ministries.	21737.00
XXIV.	NCC Camp Expenditure Grant from Min. of Human Resources & Development (Central School).	
XXV.	Projects on "Development of Technology for Titanium Sponge Production on in 4 Ton Batches," Funded by Deptt. of Atomic Energy (DAE).	

B. *Areas where other Ministries act as Executing/ Agent Department for Ministry of Defence.*

I.	Ministry of External Affairs incurring expenditure on Military Attaches at Embassies & Missions and expenditure on Hotel Bills & Cash Allowance for delegations & dignitaries from India.	590.00 (For Army only)

II.	Ministry of External Affairs incurring expenditure on Pension Payment to Pensioners in Nepal.	7548.00
III.	Ministry of Urban Development (CPWD) carrying out construction and Maintenance of buildings used by Defence.	
IV.	Railways rendering services for movement of Defence Personnel and Stores procurement and maintenance of Rolling Stock, Military siding etc.	17498.00
V.	Pension payment to U.K. pensioners settled in U.K. paid by High Commission India, London and debit raised through Min. of External Affairs.	7.00
VI.	Costs of Telegrams issued without pre-payment, Payment to P&T and Railways.	360.00
VII.	Postal Concessions, purchase of Postal Equipments and Miscellaneous expenses of Army Post Office.	265.00
VIII.	Publicity Charges payable to DAVP etc.	
IX.	Printing & Stationery payable to Deptt. of Printing & Stationery.	1135.00
X.	Renting of Circuits payable to P&T.	2164.00
XI.	Recoveries for CGHS Scheme.	48.00
XII.	Supply of Maps etc. to Survey of India.	115.00

Sd/-
(I.G. Wilson)
A.C.G.D.A. (Budget)

Smt. S. Narendra
AFA (Budget)
Ministry of Defence (Finance)
U.O. No. A/I/12273/PAO/AG/Susp/Gen dated 26-5-1993.

ANNEXURE-II

No. 18(9)/92/TA/210
Govt. of India
Ministry of Finance
Department of Expenditure
Controller General of Accounts

7th Floor, Lok Nayak Bhawan,
Khan Market, New Delhi-110003.

27 March, 1996

OFFICE MEMORANDUM

Subject: Dispensing with monetary settlement in inter-departmental transactions—Relaxation—Regarding.

Reference is invited to this office O.M. No. 18(3)/92-TA/90 dated 27-1-93 regarding dispensing with system of monetary settlement of certain inter-departmental transactions, and its replacement by a system of direct booking of expenditure against the final heads of accounts of the functional Departments/Ministries. The new procedure envisaged that adequate funds will be placed at the disposal of the executing Department/Ministry through budgetary allocation letters and the revised procedure would apply to all Government departments including non-civil departments (*viz.* Railways, Defence, Posts and Telecom).

However, subsequent to the issue of above mentioned O.M. dated 27th January, 1993, several representations were received from different Departments/Ministries pointing out numerous difficulties experienced by them in the implementation of revised procedure. After careful consideration of the difficulties pointed out by the different Ministries, it has been decided that with effect from Ist April, 1996 following transactions would be exempted from the purview of this office O.M. dated 27th January, 1993. These are:

1. Transactions amongst non-civil deptts.
2. Transactions between civil and non-civil departments.
3. Transactions relating to expenditure on foreign travel (*viz.* TA/DA/ Hotel expenses, etc.), for which payments are initially made by the Missions/Embassies abroad and booked by the Ministry

of External Affairs against the final heads of accounts of the respective Departments/Ministries.

In respect of above mentioned categories, the procedure in vogue prior to the issue of this office OM No. 8(3)/92/TA/90 dated 27th January 1993 would continue to adopted *i.e.* raising of the debits against the functional Department/Ministry through 'PAO-suspense'.

Receipt of this OM may please be acknowledged.

Sd/-
(SHOVANA NARAYAN)
JT. CONTROLLER GENERAL
OF ACCOUNTS.

To

1. All Financial Advisers/Chief Controllers of Accounts/Controllers of Accounts/Dy. Controllers of Accounts.

2. All Ministries/Departments of Govt. of India.

3. Union Territory Administrations of Delhi, Andaman &Nicobar Island.

4. Comptroller & Auditor General of India.

5. All Accountants General.

6. Controller General of Defence Accounts.

7. Director (Fin.), Ministry of Railways, Railway Board, New Delhi.

8. Director General, Deptt. of Posts.

9. Dy. Director General (PAF), Deptt. of Telecoms.

10. Institute of Govt. Accounts & Finance, Office of Controller General of Accounts, Min. of Finance Old J.N.U. Campus, New Delhi.

11. All Sections of the office of C.G.A.

ANNEXURE-III

OFFICE OF THE C.G.D.A., NEW DELHI-66

Subject: Flash figures for and upto 12/94.

Reference: CCA, MEA No. CCA/MEA/BK/Gr. No. 18, 19 & 20/94-95/1090-1093 dt. 12.2.95 and CCA/MEA/BK/Gr. 17/94-95/1087 dated 10.2.95.

A statement showing the budget Allocations for 1994-95 and the actual expenditure upto and for 12/94 as intimated by them in their above cited communication in r/o the Areas/activities indicated therein, is enclosed for the perusal of the CCA, MEA.

It may be seen from the above statement that the figures marked* have exceeded the Budget allocations exhibited against each activities. CCA, MEA is therefore requested that bookings under these transactions may please be reviewed and correctness ensured. In case the bookings have been made correctly the reasons for exceeding the allocations may be examined and intimated. Necessary additional Budget allocations may also kindly be called for from the D.F.A. (Budget-I), Min. of Def. (Fin/B-I) under advice to us.

Incidentally, it is pointed out that MER is not being sent by CCA, MEA in the format as per budget allocation letters issued by the DFA(B) AFA(B), Min. of Def. (F/B-I which has resulted in monitoring of expenditure Sub-Headwise/unit of Appropriation-wise under a specific Major/Minor heads impossible. This may please be looked into and necessary action for amplifying the format be taken to accommodate exhibition of expenditure figures as per the prescribed proforma.

As regards vouchers, it is intimated that the vouchers relating to expenditure being incurred by MEA on behalf of Min. of Def. may be continued to be rendered to the concerned Controllers as hither to fore for post Audit, verification and reconciliation etc.

A.C.G.D.A (B/Acs)

C.C.A.
Min. of External Affairs
Chanakyapuri, Akbar Bhawan,
New Delhi.

---

*U.O. No: A/I/12273/MEA/94-95 dt. 23.2.95.

Copy to:—The AFA(B-I)
Min. of Def.
(Fin./B-I) New Delhi.

together with a copy of the above mentioned statement for information and necessary action.

A.C.G.D. A/B/A/Cs.

Statement showing Position of Budget Allocation intimated to MEA by the AFA(Budget) Min. of Def. (F/B-I) and compiled actuals of Expenditure incurred by them in r/o the Areas/Activities intimated to us through Monthly Expenditure Returns:

MEA Areas/Activities	Accounting Head	Budget Allocation for 94-95 (Rs. in Lakhs)	Actual Expedr. as intimated by MEA upto 12/94
1. *Pension and Other Retirement Benefits—Army*			
(a) Pension payments made to officers etc. who retired on or after 15.8.47	207102101	4763.00	51,67,39,404
(b) Gratuities			
(c) Commuted value of pensions		412.00	
		900.00	
(d) Family Pensions		668.00	
(e) OTI in Pension to Pre-1.1.86 Retirees		69.00	
		Total 6812.00	
2. *Pay and Allowances A.—Army*			
(i) P & A (Officers)	2076101-A	200.00	
(ii) P & A (ORs)	2076101-B	275.00	4,06,21,827
		Total 475.00	
B. Navy			
(i) Pay and Allowances (Officers)	2077101	225.00	
	2077104-A	12.75	1,78,50,450
(ii) Pay and Allowances (Civilians)		5.15	12,19,325
C. Air Force			
(i) P & A (Officers)	2078101-A	100.73	
(ii) P & A (Airmen)	2078101-C	40.81	
(iii) P & A [NCS(E)]	2078101-D	0.15	
		Total 141.69	1,74,53,497*
(iv) P & A (Civilians)	2078104-B	23.23	14,91,816

ANNEXURE-IV

No. 18(12)/C/96
Government of India
Ministry of Defence
(Finance Division)

New Delhi, the 23rd January, 1996

The CGDA,
West Block-V,
R.K. Puram,
New Delhi-110 066

Subject:—Visit of Internal Audit Team from CGDA to Nepal during February/March, 1996.

Sir,

I am directed to convey the sanction of the President to the deputation of the following officers to Nepal:

(i) Shri A.K. Lal, CDA (Pension)—*Head of Team* Allahabad.

(ii) Shri O.P. Sharma, Dy. CGDA (Audit)

(iii) Shri Dibakar Sinha, ACGDA (Pensions)

(iv) Smt. Shashibala Srivastava, ACGDA

2. The team will scrutinize the following aspects and thereafter render their report to the Ministry of Defence:—

(a) Audit of expenditure of the Military Wing including pension expenditure records at Kathmandu, Pokhra and Dharan.

(b) Improving the system of estimating of Defence Pension Budgetary requirements in Nepal.

(c) Computerisation of Pension payments.

3. Sanction of the President is also accorded to the grant of following terms and conditions:—

(a) *Period of Deputation:* The deputation will be for a period of 10 working days (excluding holidays and journey time).

(b) *Pay and Allowance:* The pay and allowances of officers will be drawn as usual in rupees in India. No portion of pay and allowances will be drawn in foreign currency.

(c) *Daily Allowance:*

(i) Daily Allowance shall be admissible at the rates and under conditions prescribed *vide* OM No. 2/FD/695/27/79 dated 19.5.1982 as amended from time to time. The daily allowance will be drawn either in India or from the Indian Embassy at Nepal, as the case may be.

(ii) However, if treated as a State Guest by the Foreign Government, they will be entitled to 25% of all inclusive rate of daily allowance admissible in that country.

(d) *Baggage:* Sanction is accorded for conveyance by air as accompained baggage to extent of five kgs. each in addition to the free luggage allowance authorised by the airlines. In addition, official records not exceeding 20 kgs. for the party as a whole may be conveyed by air as accompanied baggage.

(e) *Passage:* The officers will travel both ways at Government expenses by arrangement with Air India/Indian Airlines in the entitled class. Both onward and return passage will be arranged through payment in rupees in India.

(f) *Enforced halts:* Entitlement in the case of enforced halts is to be regulated in accordance with the orders of the Ministry of External Affairs.

(g) *Incidentals:* Incidental expenses such as transport charges, air-rail and road, wreaths, airport duties, porterage and other contingent expenses, if any, incurred by the delegation in the discharge of official duties will be regulated in accordance with the orders issued by the Ministry of Finance and the Ministry of External Affairs from time to time. Necessary advance in this connection will be drawn from the Indian Embassy. On return, the officers shall produce necessary certificate to the concerned CDA.

(h) *Hotel accommodation:* The hotel accommodation at Kathmandu, Pokhra and Dharan and air passage from Kathmandu to Pokhra/ Dharan and back will be arranged by the Embassy of India, Kathmandu.

(i) *Personal Incidental:* The officers are also authorised to draw personal incidental in accordance with the provisions of Ministry of Finance, Deptt. of Economic Affairs OM No. F. 1/13/EC/94 dated 22nd March, 1994 (i.e. @ US $ 50 per day, subject to the minimum of US $ 500 and the maximum of US $ 1500). Foreign exchange for this purpose is to be arranged by the deputationists out of their own resources only. However, this facility is optional.

(j) *Medical Expenses:* Medical assistance will be admissible in accordance with the orders issued by the Ministry of External Affairs.

(k) *Contingencies:* Sanction is accorded for contingency as per O.M of Ministry of Finance *vide* F. No. 19036/1/92-E. IV dated 11.3.1992 at the rate of Rs. 100/- (Rupees One Hundred only) per day for the entire delegation as a whole. The amount may be drawn from the Indian Embassy in Nepal or from CDA(HQs).

4. The expenditure involved will be debitable under MH 2052A Secretariat General Services A2(1)/4—Travel Expenses, CGDA.

5. This issues with the concurrence of the Ministry of Defence [Fin./IFA(DAD)] vide their U.O. No. 96/Addl. FA(K)/96 dated 23.1.1996.

Yours faithfully,

Sd/-
(Rajinder Mohan)
Asstt. Financial Adviser

Copy to:

CGDA, New Delhi—U.O. No. 5637/AT-P/IE-Nepal, dated 15.1.96 refers.

DADS, New Delhi

Ministry of External Affairs, New Delhi.

Ministry of Defence, GS-III, vide ID No. 1063/I/D(GS-III) dated 13.11.1995.

Ministry of Defence (Finance/Coord.)—2 copies

JS(ES), Min. of Def.

AFA(AG)—2 copies

Shri A.K. Lal, CDA(Pens.), Allahabad.

Shri O.P. Sharma, Dy. CGDA(AT).

Shri Dibakar Sinha, ACGDA(Pensions)

Smt. Shashibala Srivastava, ACGDA.

Copy signed in ink to:

Embassy of India, Nepal (Kind attn. Shri Atish Sinha, DGM) Diplomatic
Mily. Attache, Embassy of India, Nepal Bag

CDA (HQrs.), New Delhi—2 copies

Under Secretary (Protocal), Ministry of Defence—2 copies

APPENDIX II

Government of India
Ministry of External Affairs
(Finance Division)

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 24—Ministry of External Affairs, as disclosed in the Union Government Appropriation Accounts (civil) for the year 1994-95

Revenue Section (Voted)	Amount in Rupees
Original Grant	800,99,00,000
Supplementary Grant	80,74,00,000
Total Grant	881,73,00,000
Actual Expenditure	917,23,79,760
Excess	35,50,79,760

(2) Under Revenue Section (Voted) of Grant No. 24—Ministry of External Affairs for 1994-95, the original grant was Rs. 800,99,00,000. This was augmented to Rs. 881,73,00,000 through a Supplementary Grant of Rs. 80,74,000. Against this, there was an actual expenditure of Rs. 917,23,79,760 resulting in an excess expenditure of Rs. 35,50,79,760. The excess expenditure was the net result of excesses (Rs. 96,42,68 thousands) and savings (Rs. 60,91,88 thousands) under various sub-heads in Revenue Section (Voted) of the Grant. Statement I and Statement II enclosed herewith showing the excess expenditure and savings respectively occurred under various sub-heads of the Grant. The following sub-heads under which the excess expenditure of Rs. 5 lakhs and above occurred and reasons therefor are given below:—

(Rupees in thousands)

(i) A. 1 Secretariat

Original/Total Grant	50,28,00
Actual Expenditure	52,79,78
Excess	2,51,78

The excess expenditure was mainly on account of increase under Salaries, travel expenses and office expenses. The increase in Salaries was on account of payment of additional instalment of Dearness Allowance.

Increase in travel Expenses and Office Expenses was on account of increasing inflation and rise in fares of Air India by 6%. Due to the opening of new Missions (Five new missions/posts were opened and one re-opened), air fare had to be provided to the personnel for manning of the Missions/posts abroad which included expenditure on Transfer passages, provision for transportation of personal effects. Moreover there were some VVIP visits abroad during the financial year on account of which some personnels had to be deputed from Headquarters to strengthen the manpower in the respective Missions/posts. This also contributed to the increase in travel expenditure.

(ii) **B. 1 Embassies and Missions**

Original Grant	339,99,85
Supplementary Grant	43,51,00
Total Grant	383,50,85
Actual Expenditure	409,83,85
Excess	26,33,00

Under this Minor head, the excess under the object head Salaries alone was to the tune of Rs. 18.68 crores approx. and was mainly on account of loss by exchange. This loss by exchange arises due to the fact that a different conversion rate is applicable for payment of emoluments to the India based staff in our Missions/posts abroad which is usually less than the official rate of exchange. This difference in conversion rate is what constitutes loss by exchange. Moreover the official rate of exchange is also changed from time to time so as to keep it almost at the same level as the prevailing bank rate. This is the reason why the loss by exchange figures are difficult to estimate accurately.

Excess expenditure of Rs. 4.08 crores and Rs. 2.71 crores was under office Expenses and Travel Expenses respectively. Five new Missions/posts (Pretoria w.e.f. 2.5.94, Istanbul w.e.f. 20.4.94, Bishkek w.e.f. 23.5.94, Durban w.e.f. 16.5.94 and Dushanbe w.e.f. 23.5.94) were opened in addition to the reopening of one Mission in Bogota w.e.f. 3.10.94, resulting thereby in enhanced expenditure. The enhancement in expenditure on account of opening of new Missions was unanticipated. It may be mentioned that the expenditure in a new mission is more than the functional missions since the former is in the process of establishing itself.

Under Travel Expenses, the expenditure is incurred on providing air-fare on transfer of personnels for manning of the Missions/posts abroad, Home leave passages, Children Holiday passages and Local tours by the officers of the Missions/posts abroad catering to the functional requirement of the

Missions/posts. In addition, expenditure increase was also a function of international inflation which led to increase in costs both under the travel budget and under office expenses.

Every effort is made to keep the inflation factor in mind while preparing the estimates but since the Missions/posts involved are approximately 150 in number, it is difficult at times to make estimation accurately since the inflation in all the countries have to be taken into account besides the inflation in India. It is also pertinent to indicate at this stage that due to budgetary constraints, we had been forced to restrict allocations of Indian Missions/posts below what we realise now were justified requests of the Missions/posts.

(iii) B. 2(1) **Discretionary Expenditure**

Original/Total Grant	129,47,00
Actual Expenditure	175,26,54
Excess	45,79,54

The excess was due to increase in special diplomatic expenditure which is of classified nature. No supplementary grant was taken.

(iv) B. 3(1) **International Conferences/Meetings**

Original/Total Grant	2,00,00
Actual Expenditure	2,12,29
Excess	12,29

The excess was due to expenditure on preparatory work for the SAARC Summit held in New Delhi in April, 1995. The decision to hold this SAARC Summit was taken during SAARC Council of Ministers' Meeting held in Dhaka in July, 1994. The excess was due to payment made to Ordnance Factory, Medak as advance payment for bullet proofing of the cars for the forthcoming SAARC Summit.

(v) B. 5(1) **Entertainment of Dignitaries**

Original/Total Grant	5,00,00
Actual Expenditure	8,59,89
Excess	3,59,89

The excess expenditure was due to the settlement of Airlift bills. Prior to April, 1994 the bills for Airlifts provided to Head of State/Government for travel within India were debited to the Ministry of Defence. Committee of Secretaries decided in the month of January, 1994 that from April, 1994 onwards, the expenditure on Airlifts would be borne by Ministry of External Affairs. BE 94-95 provision was augmented to Rs. 7.50 crores at RE 94-95 stage. But no supplementary grant was sought.

(vi) **B. 6(3) Contribution to SAARC Secretariat**

Original Grant	65,00
Supplementary Grant	6,00
Total Grant	71,00
Actual Expenditure	85,26
Excess	14,26

The expenditure of the SAARC Secretariat is managed by contributions from the member countries. This contribution comes under this budgetary head.

The excess was due to more expenditure than anticipated on mandatory contribution to SAARC Secretariat. Contribution to the Secretariat is decided in the yearly Session of Council of Ministers and is fixed in US dollars payable in two instalments first instalment in January and Second in June every year. Thus contribution fixed for a calendar year is spilled over two financial years. Hence it is a bit difficult to anticipate the exact quantum of contribution as the same is considered in yearly Council of Ministers' Session keeping in view various factors such as gradual expansion of cooperation among SAARC countries, inflation, loss by exchange etc.

(vii) **B. 7(1) Foreign Service Institute**

Original/Total Grant	20,00
Actual Expenditure	25,30
Excess	5,30

Foreign Service Institute functions within the overall purview of the Ministry of External Affairs and is headed by a Dean who is of the rank of Secretary to the Government of India. The basic objective of this institute is to impart training to the Indian and foreign diplomats. FSI also maintains a language laboratory and also computer laboratory. Moreover expenditure is also incurred on various training tour programmes organised for diplomats both Indian and foreign, by the FSI.

Excess expenditure was due to increased number of activities undertaken by FSI.

(viii) **B. 8(4) Delegations to United Nations etc.**

Original/Total Grant	6,00,49
Actual Expenditure	15,34,02
Excess	9,33,53

The excess expenditure was mainly due to settlement of arrear bills for charterimg aircrafts for Vice President's visits abroad which are borne under Ministry of External Affairs' budget. Under this particular head, many items of expenditure *viz.* Vice Presidents visit abroad, Haj Goodwill delegation, other special delegations to UN etc. were clubbed together.

The Vice President's visits are not contemplated much in advance and thus it is difficult to estimate the expenditure on this account for e.g. VP's visit to China from 21.10.94 to 29.10.94 was reported after the RE 94-95 proposals were finalised. Similarly at times arrears bill like the one pertaining to VP's visit to Vietnam during the period 22.9.93 to 28.9.93 were settled in the financial year 1994-95 only. Although expenditure on other item is anticipated in advance but it is difficult to estimate the quantum of expenditure as regards the Vice Presidents visits. But owing to some obligatory compulsions, the settlement of the bills is made despite the fact that no provision exists in the budget and in such an eventuality funds are procured through re-appropriation from other heads. Since expenditure was not anticipated, no supplementary grant was sought.

(ix) B 8(5) Other Schemes

Original Grant	3,64,49
Supplementary Grant	15,37,00
Total Grant	19,01,49
Actual Expenditure	19,12,72
Excess	11,23

The excess expenditure was mainly due to evacuation of stranded Indian Nationals in Yemen due to Civil War.

(x) C-Miscellaneous General Services loss by Exchange

Original/Total Grant	1,00
Actual Expenditure	3,98,22
Excess	3,97,22

Remittances to Indian Missions/posts abroad are sent by the Reserve Bank of India at the prevailing bank rate of exchange on the day of remitting the money. Whereas it is reflected in the Cash Accounts of the Mission at the official rate of exchange prevailing during a particular month. As the bank rate of exchange is normally higher than the official rate of exchange, the difference in the bank rate and the official rate of exchange constitutes loss by exchange. Further, the remittances from India are sent to Missions in hard currencies and Missions convert this money into local currency according to their requirements of local currency. The conversion of hard currency into local currency is effected by local bank at the local bank rate of exchange. The difference could result in loss or gain in exchange depending upon the prevailing bank rate. The loss/gain in exchange also occurs on cash holding of Mission's accounts every month as official rate of exchange are revised on a monthly basis.

Net loss is booked under this budgetary head.

Till the month of February 1995, there was a trend of net gain in accounts. Due to sudden devaluation of Iraqi Dinar there was heavy booking under this budgetary head during the month of March, 1995 which finally resulted into net loss of about Rs. 3.98 crores during 1994-95.

(xi) **E.1 (1) Payment of Indian Airlines for charter operations between Madras-Port Blair.**

Original/Total Grant	4,30,00
Actual Expenditure	8,16,64
Excess	3,86,64

During the Haj period the ship plying between Andaman-Nicobar and mainland sector was withdrawn for transportation of the pilgrims to Mecca for Haj. In lieu of this withdrawal the Ministry of External Affairs had to bear the expenses for providing air services at subsidised rate to the Islanders for commuting on this sector. This expenditure was booked under this particular head. As of now, this practice has been done away with starting from the year 1995.

The excess expenditure was mainly due to increased expenditure on providing air services to Andaman and Nicobar Islanders on account of withdrawal of ship for Haj Services.

(xii) **F.1(6)—Aid to Other Developing Countries**

Original/Total Grant	8,15,00
Actual Expenditure	8,37,07
Excess	22,07

The expenditure under the head includes Aid to Afghanistan, Aid for Disaster Relief, Aid for friendly countries etc.

The excess expenditure was mainly due to unforeseen disaster in foreign countries. The countries which suffered disaster and for which relief supplies were sent are Japan (Earthquake in Kobe), Tanzania, Mozambique, Airlift from Baghdad, Afghanistan. Eithiopia, Grenada, Djibouti, Madagascar, Zanzibar, Rwanda (relief to refugees), Liberia, Georgia, Papua New Guinea, and Columbia.

(xiii) **F. 1(7) (2)—Other Programmes**

Original/Total Grant	4,50,00
Actual Expenditure	4,82,81
Excess	32,81

Under this budgetary head, aid is given to Sri Lanka in the form of training programmes for Sri Lankans and other required assistance.

Excess was due to supply of red split lentils, on request, to Sri Lanka on subsidized rates. This request was received in later part of the financial year. No supplementary was sought since savings were anticipated barring the above mentioned expenditure.

3. Steps taken by the Ministry to avoid such excesses in future

(i) Ministry has taken note of this exccss and every effort was made subsequently to monitor the expenditure being incurred by various spending units at Headquarters and Embassies and Missions spread all over the world. Various Circulars have been issued by Additional Secretary (Financial Advisor)/Director (Finance) time and again to restrict the expenditure within the allocated budget and priortise the expenditure pattern with a view to deferring the less important expenditure to the later financial year. A copy of one such circular is enclosed.

(ii) The budgetary head "Delegation to United Nations etc." has been segregated starting from the year 1995-96 into the following heads.

(a) High Level Visits abroad (Hon'ble Vice President's visits abroad)

(b) Other Special delegations (Various delegations going to attend UN meetings etc.)

(c) Haj Goodwill Delegation

(d) Other Expenditure on Haj

As a result of this segregation, it would be now easy for the Ministry to control expenditure under these items.

(iii) Progressive Expenditure statements are collected from the Missions on a monthly basis so as to keep the expenditure under check and see that the Missions/posts abroad do not over shoot the allocated amount. All the Heads of Divisions at headquarter have been advised to get their expenditure figures reconciled on a monthly basis with the Book Section of the Office of Chief Controller of Accounts with a view to keeping the expenditure within the allocated budget. A copy of the circular in this regard is enclosed. To expedite the reconciliation of expenditure figures with the figure booked by O/o CCA, we also propose to invite Progressive Expenditure statements from the spending units at Headquarters.

4. In view of the circumstances explained above, the excess expenditure of Rs. 35,50,79,760 under Revenue Section (Voted) of grant no.

24—Ministry of External Afairs for 1994-95 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

5. This has been vetted by Audit vide their No. RR/11-1/96-97/957 dated 4-12-96

sd/-
B.N. Jha
Additional Secretary Financial Adviser

STATEMENT-I

Position of excess expenditure incurred under Revenue Section (Voted) of Grant No. 24—Ministry of External Affairs for 1994-95

(Rupees in Thousands)

S.No.	Sub Heads	Total Grant (Original Grant & Supplementary Grant)	Actual Expenditure	Excess Expenditure
1.	A.1—Secretariat	50,28,00	52,79,78	2,51,78
2.	B.1—Embassies and Missions	383,50,85	409,83,85	26,33,00
3.	B.2(1)—Discretionary Expenditure	129,47,00	175,26,54	45,79,54
4.	B.3(1)—International Conferences/ Meetings	2,00,00	2,12,29	12,29
5.	B.5(1)—Entertainment of Dignitaries	5,00,00	8,59,89	3,59,89
6.	B.6(2)(1)—Commonwealth Secretariat	1,50,00	1,51,94	1,94
7.	B.6(2)(2)—Commonwealth Foundation	46,66	47,79	1,13
8.	B.6(3)—Contribution to SAARC Secretariat	71,00	85,26	14,26
9.	B.7(1)—Foreign Service Institute	20,00	25,30	5,30
10.	B.8(2)—Indian Council for Cultural Relations	21,00,00	21,00,05	0,05
11.	B.8(4)—Delegations to United Nations etc.	6,00,49	15,34,02	9,33;53
12.	B.8(5)—Other Schemes	19,01,49	19,12,72	11,23
13.	C—Miscellaneous General Services loss by exchange	1,00	3,98,22	3,97,22
14.	E.1(1)—Payment to Indian Airlines for Charter operations between Madras Port Blair	4,30,00	8,16,64	3,86,64
15.	F.1(6)—Aid to other developing countries	8,15,00	8,37,07	22,07
16.	F.1(7)(2)—Other Programmes	4.50.00	4,82,81	32,81
	TOTAL:	636,11,49,	732,54,17,	96,42,68

(B.N. Jha)
Additional Secretary of
Financial Adviser

STATEMENT—II

Position of savings incurred under Revenue Section (Voted) of Grant No. 24—Ministry of External Affairs for 1994-95

(Rupees in Thousands)

S. No.	Sub Heads	Total Grant (Original Grant & Supplementary Grant)	Actual Expenditure	Savings
1.	A.2(1)—Departmental Canteens	18,00	14,58	3,42
2.	B.4(1)—Central Passport Emigration Organisation	54,35,00	34,47,84	19,87,16
3.	B.6(1)—Contribution to United Nations Organisation	31,92,22	30,12,34	1,79,88
4.	B.6(4)—Contribution to other International Organisations	2,77,69	1,98,81	78,88
5.	B.8(1)—Demarcation of Boundaries	1,49,60	1,36,12	13,48
6.	B.8(3)—Propagation of Hindi through Indian Missions Abroad	43,00	20,02	22,98
7.	D.1(1)—Payment to Shipping Corporation of India for Charter operations between Madras Port Blair Sector	1,00	0	1,00
8.	F.1(1)—Aid to Bangladesh	1,70,00	16,61	1,53,39
9.	F.1(2)—Aid to Bhutan	92,00,00	70,97,57	21,02,43
10.	F.1(3)—Aid to Nepal	22,83,00	22,65,14	17,86
11.	F.1(4)(1)—ITEC Programme	15,00,00	13,41,61	1,58,39
12.	F.1(4)(2)—SAARC Programme	2,87,00	52,58	2,34,42
13.	F.1(4)(3)—SCAAP Programme	2,50,00	1,48,26	1,01,74
14.	F.1(4)(4)—Special Volunteer Programme	2,00,00	0	2,00,00
15.	F.1(5)—Aid under AFRICA Fund	2,80,00	1,28,71	1,51,29
16.	F.1(7)(1)—Rehabilitation Grant	25,00	0	25,00
17.	F.1(8)—Aid to Maldives	12,49,00	5,89,44	6,59,56
18.	F.1(9)—Aid to Cambodia	1,00	0	1,00
	TOTAL:	245,61,51	184,69,63	60,91,88

(B.N. Jha)
Additional Secretary of
Financial Adviser

Q/BUD/731/3/95

Ministry of External Affairs
(Budget Section)

New Delhi 21st July, 1995

My dear Head of Division,

Subject: **Reconciliation of Expenditure**

The approved B.E. 1995-96 figures have already been conveyed to you. I am writing to you personally on a matter which requires constant monitoring and 'joint efforts'. We have noticed that most of spending units do not reconcile thier expenditure on a regular basis with actual bookings done by the office of the Chief Controller of Accounts. Deficiencies may arise due to misclassification or due to committed expenditure not having yet been incurred although sanction may have been accorded.

While issuing sanction mumerical codes may also be indicated in the sanction because in the Accounts office expenditure is now booked as per the numerical codes given in the bill/sanction. This will reduce chances of misclasification at the time of preparation of bill and classifying the expenditure in CCA's office. The numerical codes are available in the booklet of Detailed Demands for Grant 1995-96.

3. All Divisions, therefore, should take action for regular reconciliation of their expenditure with that of the office of the CCA. Without such reconciliations an accurate picture of the expenditure position would not be available. All spending units will also have to actively pursue with various agencies involved so that bills can be settled, actual payments made and booking take place with the office of CCA.

4. Could I request you to depute a representative of your Division to reconcile their expenditure every month with the office of CCA? For this purpose Book Section (Room No. 327, Akbar Bhavan) of CCA office may please be contacted. The representative so deputed should go prepared with all relevant information and data. The booking of a month is available in Book Section by 18th of following month.

5. From the month of August onward, I will convene meetings with the principal spending units of the Ministry.

6. I shall be grateful if a status position is sent to me regularly.

(Amit Dasgupta)
Director (Finance)

To

All Heads of Division

Copy for information to: AS(FA), CCA

अपर सचिव

विदेश मंत्रालय, नई दिल्ली

K.M. LAL
301 3261

ADDITIONAL SECRETARY (FA)
MINISTRY OF EXTERNAL AFFAIRS
NEW DELHI

No. Q/BUD/731/6/95

Dated: August 17, 1995

My dear Head of Mission,

You would have received by now the communication from the Finance Division requesting for your Mission's RE 1995-96 and BE 1996-97 proposals. I am taking this opportunity of writing to you to request that all proposals should be sent to us only after the Mission makes a candid and realistic assessment of its requirements and prioritise the same, keeping in mind the strict instructions of the Ministry of Finance regarding budgetary constraints and ensuing economoc austerity. We have assessed the situation and do not feel that the Ministry of Finance would agreeable to providing us with additional funds at the RE stage. All inescapable items of expenditure would, therefore, need to be met within allocated funds. This would naturally put considerable pressure on our resources.

2. It is, therefore, strongly recommended for your consideration that any items of expenditure which can be deferred or frozen for the time being should be identified quickly. The RE proposals should, therefore, reflect only such items which are either mandatory payments or which cannot be frozen without crippling the functioning of the Mission. I can assure you that we will naturally take into consideration your considered assessment of the immediate requirement of funds while making RF allocations and while communicating the BE for your Mission for 1996-97. Once these are communicated, I would urge that the Mission makes every effort possible to ensure that they live within the allocated funds.

3. I also fund that reports regarding the progressive monthly expenditure are being received by the Office of the Chief Controller of Accounts with gaps at time of at least two months. This makes it very difficult for us to monitor our expenditure. During discussions with the Ministry of Finance we require the latest statistics which justifies the proposed increase. I would, therefore request that the Head of Chancery be instructed to ensure that the progressive monthly expenditure is sent by fax to the Office of the CCA with a copy to the Finance Division by the first week of every month.

4. Please communicate this to the Heads of Post under your jurisdiction.

5. I look forward to your continued support in this regard.

Yours sincerely

(K.M. LAL)

All Heads of Missions.

अपर सचिव

विदेश मंत्रालय, नई दिल्ली

ADDITIONAL SECRETARY (FA)
MINISTRY OF EXTERNAL AFFAIRS
NEW DELHI

No. 2318/AS(FA)/95

October 6, 1995

My dear Head of Mission,

The Finance Minister recently took a meeting with all Financial Advisers to review the expenditure trends. He re-emphasised the need to exercise maximum vigilance jin clearance of expenditure proposals with a view to cutting down wasteful expenditure. The Finance Minister was also disappointed that the performance and Zero Based Budgeting which was introduced several years ago had still not take off.

2. I though I should write to your personally to share my concerns and to request you to fully participate in identifying avenues to reduce wasteful expenditure and to enable to budget to go a longer way. I may also add that the forthcoming budget discussions with the Ministry of Finance are not likely to result in enhanced allocations and as such when we communicate the RE and BE figures they may be considerably tighter than you anticipate.

3. It would useful, therefore, to quickly prioritise all the activities of the Mission to identify those items of expenditure which may either be dispensed with or deferred.

Yours sincerely,

(K.M. LAL)

All Heads of Mission/Posts
Copy to AS(AD)

विदेश मंत्रालय, नई दिल्ली

Amit Dasgupta
Director (Fin)

MINISTRY OF EXTERNAL AFFAIRS
NEW DELHI-110011

No. 2/BUD/742/1/95

January 1, 1996

My dear Head of Chancery,

You would already have seen communications from AS(FA) as also from the Finance Division reiterating the need for special efforts by all concerned to reduce the expenditure within allocated funds. This also presupposes prioritising expenditure and the elimination of wasteful expenditure.

2. It is noted with concern that very often Missions have been sending long messages by fax on matters related to Admn., Estt. and Finance, which are repeated to a number of people. This results in considerable avoidable expenditure as most of the messages could easily have been sent by diplomatic bag. I may mention that repeating messages does not necessarily expedite sanctions. I can assure you that all your proposals are examined by us in the least possible time and within the constraints prescribed by financial rules/norms and the budget.

3. I will be grateful, therefore if suitable instructions could issue to all officers within the Mission so that due care is taken when sending message to headquarters.

With regards and best wishes for the New Year.

Yours sincerely,

(Amit Dasgupta)

APPENDIX-III

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 64 — Ministry of Petroleum and Natural Gas, as disclosed in the Union Government Appropriation Accounts (Civil) for 1994-95.

REVENUE SECTION (VOTED)	(Amount in Rupees)
Original Grant	2,75,00,000
Supplementary Grant	Nil
Total Grant	2,75,00,000
Actual expenditure	2,76,87,386
Excess	1,87,386

2. Under Revenue Section (Voted) of Grant No. 64—Ministry of Petroleum and Natural Gas for 1994-95, the original as well as the total Grant was Rs. 2,75,00,000. Against this, there was an actual expenditure of Rs. 2,76,87,386 resulting in an excess expenditure of Rs. 1,87,386. This excess expenditure was the net result of excess of Rs. 2.19 thousands and saving of Rs. 32 thousands under sub-heads: A.1—Secretariat and A.2(1)—Departmental canteen respectively of Revenue Section (Voted) of the Grant.

3. The above mentioned excess expenditure was due to travelling allowance claims of the officers of this Ministry in respect of their foreign visits. In accordance with the relevant instructions of Department of Expenditure contained in their O.M. No. 1(B)(7)/86/TA/1099 dated 30.10.1986, amended by O.M. No. 1(38)(7)/89/TA/677 dated 19.07.1989 and No. 18(3)97/TA/90 dated 27.01.1993, the matter is covered under inter-departmental settlements. The High Commissions and Embassies of India under the Ministry of External Affairs, act as agent Departments of the Central Ministries. They incur the expenditure on behalf of the Ministries. However, budget provision is made in the demand-for-grants of the functional Ministry.

These instructions provide as under:—

(i) Where one Department utilises the services of another Department, the former is the functional Department and the latter is agent Department. In case of foreign travel, paid by the Ministry of External Affairs and the same has also to be paid by the Ministry of Petroleum to Ministry of External Affairs. However, since the amount booked by the Ministry of External Affairs was not immediately available for reconciliation, the excess could not be avoided in the pre-check system.

Comments of Ministry of External Affairs were, however, sought by the Pay and Accounts Office of this Ministry. Ministry of External Affairs, vide their letter No. CCA/MEA/BK/Gr. 64/Petro/94-95/1819 dated 10.11.95 (copy enclosed), has stated that since the Indian Missions/Posts Abroad are not intimated budget allocation by the functional Ministry/ Department, it is not possible for the Missions to have control of expenditure over the allocation of budget and Ministry of External Affairs has no option but to book the expenditure so incurred by the Missions against the grant of functional Ministry/Department.

5. The practice of direct booking of expenditure by Ministry of External Affairs against the Ministry of Petroleum and Natural Gas has since been dispensed with vide Ministry of Finance, Department of Expenditure's O.M. No. 18(9)/92/TA/210 dated 27th March, 1996 (copy enclosed) and in future expenditure will be booked by Ministry of Petroleum and Natural Gas only if necessary budget provision is available in a financial year.

6. In view of the circumstances explained above, the excess expenditure of Rs. 1,87,386 under Revenue Section (Voted) of Grant No. 64—Ministry of Petroleum and Natural Gas for 1994-95 may kindly be recommended for regularisation by the Parliament under Article 115(1)(6) of the Constitution of India.

7. This has been vetted by Office of the Director General of Audit Central Revenues, New Delhi, vide their U.O. No. RR/11-2/96-97/750 dated 28.10.1996.

Sd/-
(S.K. NAIK)
ADDITIONAL SECRETARY & FINANCIAL ADVISER
TELE: 3383775.

(Ministry's File No. G-25015/3/95-Fin.I. dated 29.10.1996).

NO. 18(9)/92/TA/210
GOVT. OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
CONTROLLER GENERAL OF ACCOUNTS

7TH FLOOR, LOK NAYAK BHAWAN
KHAN MARKET, NEW DELHI-110003.

27 March, 1996

OFFICE MEMORANDUM

Subject: Dispensing with monetary settlement in inter-departmental transactions—Relaxation—Regarding.

Reference is invited to this office O.M. No. 18(3)/92/TA/90 dated 27-1-93 regarding dispensing with system of monetary settlement of certain inter-departmental transactions, and its replacement by a system of direct booking of expenditure against the final heads of accounts of the functional Departments/Ministries. The new procedure envisaged that adequate funds will be placed at the disposal of the executing Department/Ministry through budgetary allocation letters and the revised procedure would apply to all Government departments including non-civil departments (viz. Railways, Defence, Posts and Telecom).

However, subsequent to the issue of above mentioned O.M. dated 27th January 1993, several representations were received from different Departments/Ministries pointing out numerous difficulties experienced by them in the implementation of revised procedure. After careful consideration of the difficulties pointed out by the different Ministries, it has been decided that with effect from Ist April, 1996 following transactions would be exempted from the purview of this office OM dated 27th January, 93. These are:

1. Transactions amongst non-civil deptts.

2. Transactions between civil and non-civil departments.

3. Transactions relating to expenditure on foreign travel (viz. TA/DA/ hotel expenses, etc.), for which payments are initially made by the Missions/Embassies abroad and booked by the Ministry of External Affairs against the final heads of accounts of the respective Departments/Ministries.

In respect of above mentioned categories, the procedure in vogue prior to the issue of this office OM No. 18(3)/92/TA/90 dated 27th January 1993 would continue to be adopted i.e. raising of the debits against the functional Department/Ministry through 'PAO—suspense.'

Receipt of this OM may please be acknowledged.

Sd/-
(SHOVANA NARAYAN)
JT. CONTROLLER GENERAL OF ACCOUNTS.

To

1. All Financial Advisers/Chief Controllers of Accounts/Controllers of Accounts/Dy. Controllers Accounts.
2. All Ministries/Departments of Govt. of India.
3. Union Territory Administrations of Delhi, Andaman & Nicobar Island.
4. Comptroller & Auditor General of India.
5. All Accountants General.
6. Controller General of Defence Accounts.
7. Director (Fin.) Ministry of Railways, Railway Board, New Delhi.
8. Director General, Deptt. of Posts.
9. Dy. Director General (PAF), Deptt. of Telecoms.
10. Institute of Govt. Accounts & Finance, Office of Controller General of Accounts, Min. of Finance Old J.N.U Campus, New Delhi.
11. All Sections of the Office of C.G.A.

मुख्य लेखा नियन्त्रक का कार्यालय

OFFICE OF THE CHIEF CONTROLLER OF ACCOUNTS

विदेश मंत्रालय

MINISTRY OF EXTERNAL AFFAIRS

अकबर भवन, चाणक्य पुरी

AKBAR BHAVAN, CHANAKYA PURI

Ref. No. CCA/MEA/BK/Gr. 64/Petro/94-95/1819 — 10 Nov. 1995

नई दिल्ली-110021

New Delhi-110021

To

The Pay & Accounts Officer,
M/o Petroleum & Natural Gas,
New Delhi

Subject: Reasons for excess expenditure incurred by M/o External Affairs on behalf of M/o Petroleum & Natural Gas

Sir,

I am to invite a reference to your letter No. PAO/P&Y/AIP/A/94-95/542 dt. 11.10-95 on the subject cited above and to state that the expenditure on behalf of functional Ministry/Deptt. in this Ministry is incurred by the Indian Mission/Posts abroad on the basis of sanctions issued by the Administrative Ministry/Deptt. Since the Indian Missions/Posts abroad are not intimated budget allocations by the functional Ministry/Deptt., it is not possible for the Missions to have control of expenditure over the allocation of budget and this office has no option but to book the expenditure so incurred by the Missions against the grant of the functional Ministry/Deptt. This fact had been brought to the notice of your office while reporting the monthly progressive expenditure. Further, it is the responsibility of the functional Ministry/Deptt. to allocate adequate budget provisions at the disposal of this Ministry after making correct assessment of their liabilities.

Since, the whole expenditure on travel expenses on behalf of your Ministry has been incurred by the Indian Missions on the basis of

Administrative sanctions issued by the M/o Petroleum and Natural Gas, the reasons for excess expenditure may be obtained from the Administrative Ministry.

Yours faithfully,

Sd/-
(K.P. GUPTA)
SR. ACCOUNTS OFFICER

No. 18(3)/92/TA/90
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
CONTROLLER GENERAL OF ACCOUNTS
8TH FLOOR LOK NAYAK BHAWAN
KHAN MARKET NEW DELHI-110003.

Dated, the 27th Jan., 1993.

OFFICE MEMORANDUM

Subject: Dispensing with monetary settlement in inter-departmental transactions—recommendations of the Committee headed by Controller General of Accounts to Improve the Control over Receipts and Expenditure Transactions of the Union Government.

Reference is invited to this office O.M. No. 1(8)(7)/86/TA/1099 dated 30.10.1986 and O.M. No. 1(8)(7)/89/TA/677 dated 19.7.1989 (copies enclosed) laying down procedure for inter-departmental settlement in respect of activities of certain nature.

2. The Committee, appointed to recommend Improvements in the Existing System of Control over Receipt and Expenditure Transactions of the Union Government, has recommended that the operation of 'PAO Suspense' and 'Cash Settlement Suspense Account (CSSA)' should be eliminated to the maximum extent possible in cases of all categories of inter-departmental transactions which are appropriated/voted in a particular budget year so that adjustment in the Consolidated Fund of India is effected in the same budget year.

3. To give effect to the above, it has been decided that the procedure outlined in this office O.M. dated 30.10.86 and 19.7.89 will stand modified to the extend delinated in the following paragraphs:—

(i) The PAO of the executing/agent Department incurring the expenditure is not only to book the expenditure to *the budget head of the functional/service Department* but must also directly communicate the monthly and progressive figures of expenditure to the Accounts Officer of the concerned Service Department under advice to his own Principal Accounts Officer [Para 2(d) of O.M. dated 19.7.89 refers].

(ii) The Financial Adviser/Chief Controller of Accounts or the Controller of Accounts of the functional/service Ministry/ Department is required to issue annual budget allocation letter (indicating the amount approved in the budget for the year for the programme/activity assigned to the agent/executing Department) after obtaining necessary financial sanctions. This will constitute authorisation for the executing Ministry/Department to incur expenditure upto the limits specified. No further concurrence of the Financial Advisers of the respective Ministries is necessary. The expenditure by the executing Ministry/Department should however be incurred subject to observance of normal procedure of financial sanctions.

(iii) The amount so allocated/earmarked will not be available for re-appropriation by the functional Ministry/Department except with the concurrence of agent Ministry/Department.

(iv) The other provisions of this office O.M. dated 30.10.86 and 19.7.89 remain unchanged.

(v) The Principal Accounts Office of the Functional Ministry/Department will communicate the computer Code Nos. relating to the head(s) concerned to the PAO of the Agency Department.

4. In the case of construction activity under Non-Plan, where funds are provided under the Grants of the functional/service Ministry/Department, the concerned Division of the CPWD should operate the Budget head of the functional/service Ministry/Department and not debit the expenditure to Cash Settlement Suspense Account. Thus, in such cases the procedure as outlined in Para 3(ii) above will be followed *mutatis mutandis.*

5. Where for any reason it is not possible to follow the above procedure, the expenditure incurred on behalf of other service Department will be debited initially to the budget grant of the executing Department, under a new minor head *'Expenditure Awaiting Transfer to other Heads/Departments' under the functional major/sub-major head proposed to be operated with zero budget provision.* The Pay & Accounts Officer of the agent Department who initially debits the expenditure under 'EAT' would simultaneously write to the Financial Adviser/Controller of the Ministry/Department concerned through his Controller of Accounts, seeking authorisation to book the expenditure under the relevant functional head of account of the concerned Ministry/Department, in his own accounts.

6. After 1.4.93 prior approval of Controller General of Accounts will be obtained for the operation of debit side of the minor head 'PAO Suspense/Cash Settlement Suspense Account' giving reasons for the head to operate these heads in cases of inter-departmental settlement.

7. The above procedure would be applicable to all Ministries/ Departments of the Union of India (Civil), Defence, Railways, Posts and Telecommunications and Union Territories without Legislature where accounts have been departmentalised. However, the provisions of this O.M. will not apply to the transactions relating to supply of stores or execution of works or services rendered by one Division to another. As regards the D.G.S.& D, payments on behalf of other Ministries/ Departments separate orders will be issued.

8. The operation of 'PAO Suspense' would continue in cases of inter-Government settlement with the State Governments as heretofore.

9. All Financial Advisers/Chief Controllers of Accounts/Controllers of Accounts are requested to take necessary action to implement the above procedure with effect from 1.4.1993 in all cases of inter-departmental transactions.

Sd/-
(C. ANDREWS)
DY. CONTROLLER GENERAL OF ACCOUNTS.

To

1. All Financial Advisers/Chief Controllers of Accounts/Controllers of Accounts/Dy. Controllers of Accounts.
2. All Ministries/Departments of Govt. of India.
3. Union Territory Administrations of Delhi, Andaman & Nicobar Island.
4. Comptroller & Auditor General of India.
5. All Accountants General.
6. Controller General of Defence Accounts.
7. Director (Fin.) Ministry of Railway, Railway Board, New Delhi.
8. Director General, Deptt. of Posts.
9. Dy. Director General (PAF), Deptt. of Telecommunications.
10. All Sections of the Office of C.G.A.
11. Staff Training Institute, O/O.C.G.A., Min. of Finance, Department of Expenditure, Old J.N.U Campus, New Delhi.

No. 1(8) (7)/89/TA/677
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
CONTROLLER GENERAL OF ACCOUNTS
8TH FLOOR, LOK NAYAK BHAWAN
KHAN MARKET NEW DELHI-110003.

DATED, THE 19th JULY, 1989.

OFFICE MEMORANDUM

Subject: Dispensing of Inter-departmental settlement in respect of certain identified activities.

As a sequal to the recommendations of the Geethakrishnan Committee, instructions were issued in this Ministry's O.M.No. 1(8) (7)/86/TA/1099, dated *the 30th October, 1986* for dispensing with the system of inter-departmental settlement by issue of cheques in respect of certain identified schemes/activites undertaken by one Department/Ministry of Union of India on behalf of another Deptt. Ministry of the Central Government. *Para(3) of the OM ibid laid down the detailed procedure that was instead to be followed in booking expenditure in such cases. It has, however, come to the notice of the Controller General of Accounts, that the prescribed procedure is not being followed by many Ministries/Departments, which has led to avoidable delay in the matter of reconciliation of figures of Appropriation Accounts with the Statement of Central Transactions.*

2. *Generally, the defects noticed are all remediable and* inter-alia *include communication of expenditure figures by the agent Department/Ministry to the Functional Department/Ministry without any reference to the sanction according to which the work was undertaken/executed.* In one case, the executing PAO was unable to give the particulars while in a few cases even the sanction was not forthcoming. In many cases figures of expenditure were not intimated to the functional Department regularly. In some cases, the agent department exceeded the budgetary limits as shown in the sanction. As all these remediable actions lead to unnecessary correspondence and delay in the finalisation of Government Accounts at the final stages, it is reiterated that *instructions contained in the O.M. dated 30.10.86 should be followed scrupulously. Action as listed below may be taken to enable strict adherence to the instructions:*

(a) Principal Accounts Office of the agent Department should maintain a register as per the proforma enclosed. This register should be reviewed every month by the Principal Accounts Office of the concerned Ministry/ Department to ensure that action is being taken regularly by the concerned PAO. This register should also be submitted for review to the CCAs/CAs/Dy.CAs at quarterly intervals.

(b) The functional Department would issue an administrative sanction in favour of the agent department clearly indicating therein the budget provision available during the financial year and the head of account to which the expenditure is debitable. A copy of this sanction (with two spare copies) shall also be endorsed to the CCAs/CAs/DY.CAs of the Ministries/Department of the agent Department/Ministry in addition to the *CCA/CA/Dy. CA* of the functional department.

(c) On receipt of three copies of the sanction, the CCA/CA/DYCA of the agent department will paste one of the spare copies of the sanction in the register referred to above and send the second copy to the PAO who is responsible to account for the expenditure. Before, pasting the copy of the sanction in the Register, the Pr. Accounts Office will fill up the basic particulars at the top of the next page of the register.

(d) The PAO of the agent department would furnish monthly and progressive expenditure figures to the Pr.A.O. of the functional department under intimation to his own CCA/CA/DyCA to enable them to monitor the monthly flow of expenditure on the programme/activity. These figures shall be provided to the functional department latest by the *20th. of the month following the month of account.*

(e) On receipt of the monthly progressive expenditure figures, the concerned section of Pr.A.O. of agent department would post these figures in the Register.

(f) At the close of financial year, the Pr.A.O of the agent department would record a certificate to the effect that the progressive figures of expenditure, as shown in the statement of expenditure for the month of March under the respective unit of appropriation, have been duly reconciled with the Statement of Central Transactions.

(g) The PAO of the functional department while preparing annual appropriation account of its Ministry/Department would take into account the progressive figures of expenditure as reported to him by the PAO of the agent department for the month of March/March supplementary. Simultaneously, he would carry out the necessary reconciliation of expenditure *through the statement of Central Transactions in consultation with the PAO of agent department.*

(h) This register should also be checked by the Internal Audit Party of the CGA/Ministry at the time of the Inspection of the agent department.

(i) At no stage the agent department shall exceed the budget allocations indicated by the functional Ministry/Department. If an excess is anticipated the agent Department shall immediately bring the matter to the notice of the functional Ministry/Department and request them for more allocation or further instructions. Copies of such letters shall be endorsed to the CCA/CA of the agent department, who shall ensure that no excess drawls are made.

Kindly acknowledge receipt.

sd/-

(H. PRABHAKAR RAO)
JOINT CONTROLLER GENERAL OF ACCOUNTS

Shri/Smt.______________
Chief Controller/Controller
Dy. Controller of Accounts
Ministry/Department of ______________
____
______________New Delhi.

All Ministries/Departments including Union
Territory Governments/Administrations.

No. 1(8) (7)/86/TA/1099
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
CONTROLLER GENERAL OF ACCOUNTS
8TH FLOOR, LOK NAYAK BHAWAN
KHAN MARKET, NEW DELHI-110003.

****

DATED, THE 30TH OCTOBER, 1986.

OFFICE MEMORANDUM

Subject: Inter-departmental settlements.

The Committee appointed under the Chairmanship of Shri K.P. Geethakrishnan, Addl. Secretary (Deptt. of Expenditure), to review the existing General Financial Rules, Treasury Rules and Account Code Vol-I and to make conceptual suggestions for the revision so as to simplify and rationalise these rules, has in Chapter-3 of its First Report gone into the existing system of inter-departmental settlement between Central Civil departments wereunder transactions arising in the books of one Accounts Officer which are finally adjustable in the books of another Accounts Officer even of the same Government are settled by issue of cheques. Under this procedure, such transactions are initially adjusted by the PAO in whose books the transactions originate under the suspense head *'8658-Suspense Accounts—PAO Suspense-etc.'* which is relieved on receipt *of cheque from the PAO of the department* in whose books the transactions are to be eventually reflected. This involves multiplicity of cash transactions and makes the work of bank reconciliation cumbersome. The Committee has examined this matter in depth and made specific recommendations with regard to areas where monetary settlement can be dispensed with.

2. Based on the recommendations of the Committee and in consultation with Financial Advisors of Ministries/Departments it has since been decided that in the following types of cases, the existing system of monetary settlement through cheques be replaced by the procedure detailed in paragraph-3.

(i) (a) In respect of programme/activity for which one Central Ministry/ Department utilises the services of another Central Ministry/Department as its agent for executing the whole or a part of that activity; this would also cover execution of works by the CPWD on behalf of other Central Ministries/Departments for which provision exists in the Demand for grants of the administrative ministry concerned; and

(i) (b) in the Demand for Grant of functional Ministry/Department there is a clearly earmarked provision under sub-head/detailed head for that programme/activity.

(ii) In the case of Centrally sponsored plan schemes and Central Plan Schemes, provision for which is made in the relevant functional major heads in the Demands for Grants of the Central Ministry/Department but meant for actual utilisation in the UT Administration. For examples, provision for Special Central Assistance to Special Component Plan for Schedule Castes made for Delhi Administration under major head '288 Social Security and Welfare' in the Demand for Grants of Ministry of Welfare for 1986-87.

3. Based on the budget provision made and resources earmarked, *the functional department concerned would issue an administrative sanction in favour of the agent department clearly, indicating the budget provisions* for such earmaked funds available for the financial year and the Head of Account to which the expenditure is debitable. A copy of such sanction would be endorsed to the Accounts Officer of the functional department to enable him to keep a note of this in the *Expenditure Control Register maintained by him*. He will then authorise the Accounts Officer of the agent department to incur the expenditure within the limits specified in the sanction and to book the same finally in his books by operating the Head of Accounts specified in the Authority. Accounts Officers of the agent department would furnish monthly and progressive figures of expenditure to the Accounts Officer of the functional department to enable the latter to monitor the flow of expenditure on the programme/activity. The Accounts Officer of Agent Department will *in no case* honour any claim which would result in excess over the amount authorised by functional department. Annual reconciliation of expenditure will be conducted by the two Accounts Officers through the Statement of Central Transactions as per the normal procedure.

4. The procedure detailed in paragraphs 3 above would also apply in the case of para 2(ii).

5. The programme/activities already indentified wherein the above procedure will apply with effect from 1.4.87 are given in the enclosed annexure. Specified approval of Controller General of Accounts would be necessary for extending it to any other programme/activity.

6. This issues in consultation with the Comptroller and Auditor General of India *vide* his U.O.NO. 1190. ACI/195-86 dated 23.10.86.

sd/-
(P. V. DESAI)
JT. CGA

To

1. All Ministries/Departments including Union Territory Govts./ Administrations.
2. All CCAs/CAs of Central Ministries.
3. Comptroller and Auditor General of India.
4. All Accountants General.
5. E.II(A) Branch, Department of Expenditure, Min. of Finance, North Block, New Delhi.

APPENDIX - IV

MINISTRY OF SURFACE TRANSPORT

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Charged) of Grant No. 76—Roads, as disclosed in the Union Government Appropriation Accounts (Civil) for 1994-95.

Capital Section (Charged)	(Rupees)
Original Appropriation	5,20,00,000
Total Appropriation	5,20,00,000
Actual Expenditure	5,57,38,000
Excess	37,38,000

In the Demand for Grant No. 76—Roads, the intended provision for 'Charged' portion was Rs. 8.21 crore on account of loan to State Governments. Inadvertently, it was exhibited as Rs. 5.20 crore under 'Charged' portion and Rs. 3.01 crore under 'Voted' portion. In the Detailed Demands, however, the intended provision of Rs. 8.21 crore was correctly exhibited under 'Charged' portion.

2. As against the 'Charged' provision of Rs. 5.20 crore in the Demands for Grant (which in the Detailed Demands was shown as Rs. 8.21 crore and was intended to be Rs. 8.21 crore), the actual disbursement was of the order of Rs. 557.38 lakh. This exceeded the sanctioned provision in the Demands for Grants by Rs. 37.38 lakh.

3. The excess which has, thus, occurred due to an unintentional, inadvertent discrepancy between the Demands for Grants and the Detailed Demands for Grants for 1994-95, may kindly be recommanded for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

4. This note has been vetted by Audit, *vide* NO. RR/11—5/96-97/253 dated 25.6.1996 with the following comments:—

"Appropriation Accounts/Condensed Accounts are required to be prepared with reference to detail Demands for Grants but in this case there is difference in the provision in Detailed Demands for Grants and Demand for Grants. Appropriation Act is prepared on the basis of Demands for Grants and assented by Parliament. Therefore, condensed Accounts was prepared as per provision shown in the Demands for Grants to avoid any variation with Appropriation Act in which "charged" provision have been shown Rs. 5.20 crore in place of Rs. 8.21 crore as stated above. Thus, expenditure of Rs. 37.38 lakhs exceeded the sanctioned provision as per the Demands for Grants due to lack of coordination and reconciliation between the Ministries of Surface Transport and Finance."

Sd/-
(S.N. KAKAR)
Addl. Secretary & Financial Adviser

APPENDIX V

GOVERNMENT OF INDIA
MINISTRY OF SURFACE TRANSPORT

Notes for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section Voted of Grant No. 77—Ports, Lighthouses & Shipping, as disclosed in the Union Government appropriation Account (Civil) for 1994-95.

Revenue Section (Voted)	Rupees
Original Grant	242,16,00,000
Supplementary Grant	77,74,00,000
Total Grant	319,90,00,000
Actual Expenditure	321,03,87,819
Excess	1,13,87,819

2. Under Revenue Section (Voted) of Grant No. 77—Ports, Lighthouses and Shipping, the original provision for the year 1994-95 was Rs. 242,16,00,000. This was augmented to Rs. 319,90,00,000 through a Supplementary Grant of Rs. 77,74,00,000. As against this, the actual expenditure was Rs. 321,03,87,819 resulting in an excess expenditure of Rs. 1,13,87,819.

3. The above mentioned excess expenditure was the net result of excess (Rs. 14,61,16 thousands) and savings (Rs. 13,47,28 thousands) under various sub-heads of the Grant, Statement-I and Statement-II are showing the excess expenditure and savings respectively under various sub-heads of the Grant. The sub-heads under which the excess expenditure of Rs. 5 lakhs and above occurred and reasons therefor are as under:—

(I) *B. 3 (2) (1) — Management*	(Rupees in thousands)
Original/Total Grant	3,97,12
Actual Expenditure	4,08,64
Excess Expenditure	11,52

Excess was due to increase in lease rent and engagement of Casual labour in the absence of regular employees.

(II) *B. 3 (2) (2) — Operation and Maintenance*

Original/Total Grant	5,06,14
Actual Expenditure	8,61,71
Excess Expenditure	3,55,57

The excess expenditure was due to advance payment made to Shipping Corporation of India as per agreement for manning and operation of the departmental vessels *viz.* M.V. Sagardeep and M.V. Paradeep and increase in the cost of material. The copies of relevant documents are enclosed.

(III) *B. 3 (2) (5) — General Reserve Fund*

Original/Total Grant	18,05,74
Actual Expenditure	27,51,74
Excess Expenditure	9,46,00

The excess expenditure was due to increase in the rate of lightdues and other receipts. This excess expenditure is actually owing to the fact that this Department has realised excess revenue on account of collection of lightdues during 1994-95. Since this Department is initially booking revenue receipts under the Major Head 1051-B, Ports & Lighthouse, and then at the close of account, the same revenue is transferred to the General Reserve Fund, after deducting the Plan & Non-Plan expenditure of this Department. Since this Department is a commercial department of the Govt. and is self supporting, its revenues being derived from Lightdues levied on ships entering and leaving Indian waters, and is therefore having zero budgetary provision.

(IV) C. 1 (2) (1) — Marine Engineering Training

Original/Total Grant	1,43,49
Actual Expenditure	1,55,11
Excess Expenditure	11,62

Excess was due to payment to various institutions/organisations on account of new pattern of training of DMET candidates.

(V) C. 1 (2) (3) — Nautical Engineering College

Original/Total Grant	72,53
Actual Expenditure	94,96
Excess Expenditure	22,33

Excess was due to award of maintenance contract of Radar Simulator and Airconditioning plant.

(VI) *C. 1 (3) (1) (2) — Shipping Offices.*

Original/Total Grant	60,04
Actual Expenditure	70,53
Excess Expenditure	10,49

Excess was due to unavoidable domestic tours and payment to Seafarer Welfare Fund Society.

(VII) *C. 1 (5) (1) (3) - Andaman Services*

Original/Total Grant	9,35,90
Actual Expenditure	9,42,99
Excess Expenditure	7,09

Excess was due to meet the operation loss to SCI.

(VIII) *C. 1 (7) (1) - Contribution to I.M.O.*

Original/Total Grant	1,25,00
Actual Expenditure	2,18,58
Excess Expenditure	93,58

Excess was due to making the contribution for the year 1995.

4. As regards steps taken to avoid excess expenditure in future it is stressed that the Department is taking all possible steps to avoid excess expenditure and as a result there is no overall excess in the year 1995-96 in any section of the grant.

5. Excess under the sub-head "General Reserve Fund" can not be precisely assesed as its depends on receipts from the incoming/outgoing of ships entering/leaving Indian Waters. however, taking into consideration various re-appropriations which are also within the delegated powers to the Executives, it would be seen that there is overall savings. So far as Revenue section is concerened but for the excess expenditure under General Reserve Fund which is not an actual cash out go, the Ministry has spent less than budgeted for. In the Revenue Section an excess of Rs. 1,13,88 th. is primarily due to increase in realisation of lightdues effecting contra entry under Major Head-3051-B.3(2)(5), General Reserve Fund which has been to the extent of Rs. 27,51,74 th. against the total provision of Rs. 14,47,74 th. Moreover the grant as a whole has not also exceeded and projecting a saving of Rs. 76,33,95 th.

6. In the circumstances explained above, the excess expenditure of Rs. 1,13,87,819 under Revenue Section (Voted) of Grant No. 77-Ports, Lighthouse & Shipping may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the constitution of India.

This has been vetted by Audit vide No.
dated.

Jain Secretary (shipping)

STATEMENT — I

Position of excess expenditure incurred under Revenue Section (Voted) of Grant No. 77—Ports, Lighthouses and Shipping for 1994-95

(Rupees in thousands)

Sl. No.	Sub-heads	Total Grant (Original and Suppl. Grant)	Actual Expenditure	Excess Expenditure
1.	B.3(2)(1)- Management	3,97,12	4,08,64	11,52
2.	B.3(2)(2)— Operation and Maintenance	5,06,14	8,61,71	3,55,57
3.	B.3(2)(5)— General Reserve Fund	18,05,74	27,51,74	9,46,00
4.	C.1(2)(1)— Marine Engineering Training	1,43,49	1,55,11	11,62
5.	C.1(2)(3)— Nautical Engineering Collage	72,53	94,86	22,33
6.	C.1(3)(1)(2)— Shipping Offices	60,04	70,53	10,49
7.	C.1(4)(2)— Other Organisation	7,80	10,58	2,78
8.	C.1(5)(1)(3)— Andaman Services	9,35,90	9,42,99	7,09
9.	C.1(6)(2)- Canteen Mercantile Marine Department	1,77	1,95	18
10.	C.1(7)(1)— Contribution to I.M.O.	1,25,00	2,18,58	93,58
	Total	40,55,53	55,16,69	14,61,16

Joint Secretary (Shipping)

STATEMENT II

Position of saving occurred under Revenue Section (Voted) of Grant No. 77—Ports, Lighthouses and Shipping for 1994-95

(Rupees in thousands)

Sl. No.	Sub-heads	Total Grant (Original and Suppl. Grant)	Actual Expenditure	Saving
1	2	3	4	5
1.	A.1(1)(2)(1) — Ship-building subsidy	4,46,00	4,45,91	0,09
2.	A.1(1)(3) — Development of Ancillaries Shipbuilding	40,00	Nil	40,00
3.	A.1(1)(4) — Grants-in-aid for Research and Development Scheme (Shipbuilding)	10,00	44	9,56
4.	A.1(1)(5) — Basic Design and Research facilities at Vizag/NSDRC	1,84,00	1,79,17	4,83
5.	A.1(1)(8) — Fishing Trawler building subsidy	50,00	10,99	39,01
6.	A.1(1)(11) — Grants for Implementation of Voluntary Retirement Scheme Hindustan Shipyard Ltd.	6,00,00	Nil	6,00,00
7.	B.1(1)(1)—River Dredging and maintenance of river Hooghly and Haldia Channel by Calcutta Port Trust	40,00,00	37,14,73	2,85,27
8.	B.2(1)(1)—Dredging and Surveying Organisation	1,33,00	1,06,10	26,90
9.	B.2(2)(1)—Establishment charges in respect of C.E. cum-Administrator office at Port Blair & E.E. & Laison office at New Delhi	2,50,00	2,16,58	33,42
10.	B.3(1)(1)—Directorate General	3,52,00	3,12,87	39,13
11.	B.3(2)(3)—Pension	15,00	10,17	4,83
12.	B.3(3)(1)—Management	3,00	0,10	2,90
13.	B.4(1)(2)—Other items (Research & Development scheme)	10,00	8,14	1,86
14.	C.1(1)(1)—Director General of Shipping	3,41,34	1,57,58	1,83,76

1	2	3	4	5
15.	C.1(2)(2)— Training Ship	1,37,65	1,21,07	16,58
16.	C.1(3)(1)(1) — Principal Officers and their Establishment	1,21,83	1,16,56	5,27
17.	C.1(3)(1)(3) — Other Schemes	37,10	34,40	2,70
18.	C.1(4)(1) — Employment Offices	63,45	59,37	4,08
19.	C.1(5)(1)(4)— Lakshadweep Services	10,10	3,01	7,09
20.	C.1(6)(3)— Other items	40,00,00	39,85,00	15,00
21.	D.1(1)(1)(1) —Subsidy to sailing vessels Industry	10,00	Nil	10,00
	Total	108,14,47	94,82,19	13,32,38

Joint Secretary (Shipping)

APPENDIX VI

RAJYA SABHA SECRETARIAT

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 90—Rajya Sabha, as disclosed in the Union Government Appropriation Accounts (Civil) for 1994-95.

Revenue Section (Voted)	(Amount in Rupees)
Original Grant	16,45,00,000
Supplementary Grant	3,83,00,000
Total Grant	20,28,00,000
Actual Expenditure	20,29,25,759
Excess	1,25,759

2. Under Revenue Section (Voted) of Grant No.90—Rajya Sabha, the original provision was Rs. 16,45,00,000 which was augmented to Rs. 20,28,00,000 by obtaining a supplementary grant of Rs. 3,83,00,000. Against this, the actual expenditure was Rs. 20,29,25,759 resulting in an excess expenditure of Rs. 1,25,759.

3. The above mentioned excess expenditure was the net result of the excess of Rs. 1,80,96,000 and savings of Rs. 1,79,70,000 within the Grant. The excess expenditure was only under the sub-head "A.1(1)(4)—Members", the details of which are as follows:—

(In thousand of Rupees)

Head	Total Grant	Actual Expenditure	Excess Expenditure
Major Head "2011" A.—Parliament/State/Union Territory/Legislatures A.1(1)(4)—Members O. 9,63,00 S. 2,09,00	11,72,00	13,52,96	1,80,96

The reasons for the above mentioned excess expenditure are as follows:—

(i) During the year 1993, six new Department Related Parliamentary Standing Committees were formed. Due to the introduction of these Committees more expenditure than anticipated was incurred on

Travelling Allowance/Daily Allowance of Members who were required to attend the various meetings of these Committees in Delhi as well as their tours outside Delhi.

Although Standing Committees were formed in April, 1993, but the effect of more meetings was realised lately. The Committee tours, however, started only in November, 1994, i.e. after the budget proposal for 1994-95 was sent to the Ministry of Finance, hence adequate provision could not be made at that time. Moreover, the work relating to Parliamentary Committees are of such a nature that it is sometimes difficult to ascertain the anticipated expenditure.

(ii) In the meeting of General Purposes Committee held on the 14th February, 1995, it was decided to provide computers to Members of Parliament, Rajya Sabha, in the pilot phase (55 computers) to the Ministers, Chief Whips of the Parties, Leader of the Parties, Chairman of the Committees, Hon'ble Chairman, Deputy Chairman, Secretary-General and Additional Secretary. Accordingly, Ministry of Finance was requested to provide funds to the extent of Rs. 1.72 crores in the sub-head "A.1.(1)(4)(6)(2)—Other Items" in Revised Estimate 1994-95.

However, funds for purchase of computers were inadvertently provided by the Ministry of Finance in sub-head "A.1(2)—Rajya Sabha Secretariat" instead of "A.1(1)(4)—Members."

An amount of Rs. 712.32 lakhs was proposed under the sub-head "A.1(2)—Rajya Sabha Secretariat" but the Ministry of Finance provided Rs. 805.39 lakhs under the sub-head. Similarly under sub-head "A1(1)(4)—Members" this Secretariat proposed Rs. 1407.10 lakhs, while Rs. 1172.00 lakhs was provided by the Ministry of Finance in Revised Estimates 1994-95.

(iii) The Railway Debit claim pertaining to the year 1993-94 and 1994-95 for an amount of Rs. 65.91 lakhs and 69.86 lakhs were cleared, as more journeys were performed by the Members for attending committee meetings etc. A number of Indian Airlines invoices were also cleared during the year 1994-95.

(iv) The Budget Grant under sub-head "A.1(1)(4)(6)(1)—Indian Parliamentary Delegation Going Abroad" was Rs. 25,00,000/ (including Supplementary Grant) during the financial year 1994-95. Ministry of External Affairs at their own level booked a sum of Rs. 14.08 lakhs against this sub-head. Expenditure of Rs. 17,62,000 was also incurred by Rajya Sabha Secretariat on meeting expenses under this sub-head.

4. Since the beginning of the financial year 1994-95 this Secretariat had repeatedly requested Ministry of External Affairs to send the details of expenditure incurred on behalf of Rajya Sabha, as without getting full details it was not possible for this Secretariat to accept the expenditure only on the basis of flash figures, particularly since the Members of Parliament of Rajya Sabha were sponsored by various Governmental

agencies, Ministries/Departments besides the Rajya Sabha, for going abroad and it was found earlier that most of the expenditure booked against Rajya Sabha did not pertain to this Secretariat. However, as a special gesture, it was decided that the debit may be accepted in the financial year 1995-96 if the documents are provided by the Ministry of External Affairs, since this Secretariat had already surrendered Rs. 11.86 lakhs on 31st March, 1995. This fact was brought to the notice of Controller General of Accounts *vide* D.O No. P&AO/(RS)/5(2)/1994-95 dated 4.10.1995 (copy enclosed).

5. As even after several requests, the Ministry of External Affairs did not supply the necessary vouchers alongwith their debit claims, this Secretariat was facing difficulty in maintaing the budget properly under the sub-head "A.1(1)(4)(6)(1)—Indian Parliamentary Delegation Going Abroad". Thus, a reference was made to the Joint Controller General of Accounts, Office of the Controller General of Accounts, Department of Expenditure, Ministry of Finance, *vide* D.O.No. R.S.5(iii)/95-Estt. (G) dated 8th February, 1996, wherein it was requested to advise the Ministry of External Affairs to revert to the old practice of raising debit supported by vouchers called Pay & Accounts Office, Suspense System, for all transactions relating to Rajya Sabha (copy enclosed). Controller General of Accounts, Department of Expenditure, Ministry of Finance *vide* their O.M. dated 27.3.1996, (copy enclosed) have since agreed to the revival of the old practice of raising debit supported by vouchers called Pay & Accounts Office, Suspense System w.e.f. 1.4.1996 onwards.

6. There were total savings of Rs. 12.82 lakhs under Grant No. 90—Rajya Sabha, including Rs. 11.86 lakhs which had already been surrendered. After inclusion of the sum of Rs. 14.08 lakhs on the directions of Controller General of Accounts, under the sub-head "A.1(1)(4)(6)(1)—Indian Parliamentary Delegation Going Abroad", the net excess of Rs. 1.26 lakhs occurred under Grant No. 90—Rajya Sabha (copy enclosed).

6.1 As explained in para 5 above, the Controller General of Accounts have already agreed to the revival of old practice of raising debit supported by vouchers called Pay & Accounts Office Suspense System w.e.f. April 1, 1996, onwards. Therefore, this situation where the accounts could not be reconciled as the Ministry of External Affairs submitted only flash figures, would not arise again in view of the revival of the old practice of raising debit duly supported by vouchers.

7. Furthermore, this Secretariat has also taken necessary measures to monitor the expenditure so as to keep the same within the sanctioned Budget grant.

8. In view of the above, the excess expenditure of Rs. 1,25,759

under Revenue Section (Voted) of Grant No.90—Rajya Sabha for 1994-95 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

9. This has been vetted by Audit *vide* their U.O. No.RR/11-3/96-97/523, dated 30.8.1996.

Sd/-
(SATISH KUMAR)
JOINT SECRETARY
RAJYA SABHA SECRETARIAT

[Rajya Sabha Secretariat File No.RS./5(iii)/-95-Estt.(G)]

D.O. No. PAO/RS/5(2)/94-95
PAY AND ACCOUNTS OFFICE
RAJYA SABHA
PARLIAMENT HOUSE ANNEXE,
NEW DELHI-110001

Dated the 4th October, 1995

K.K. PARASHAR

PAY & ACCOUNTS OFFICER
RAJYA SABHA
Phone: 3034201

Dear Shri Jagdish Prasad,

I am to invite your attention to the letter No. G-25018/1/AA/9495/ Gr.No.90/482 dated 11.9.95, regarding Headwise Appropriation Accounts in respect of Rajya Sabha for the year 1994-95 in which you have asked this office to include the expenditure figure of Rs. 14.08 lakhs incurred by the Ministry of External Affairs on behalf of Rajya Sabha on Parliamentary Delegation Going Abroad.

In this connection, I am to state that Rajya Sabha Secretariat had kept a budget provision of Rs. 20 lakhs to meet the expenditure on such account for the year 1994-95, out of which Rs. 17.62 lakhs was spent by the Secretariat and the balance has already been surrendered to the Ministry of Finance, on 31.3.95. There is, therefore, no question of adjusting the debit during the last financial year, 1994-95.

In view of the above, it has been decided that incomplete details of the expenditure/debit claims sent by Ministry of External Affairs may be accepted *as a special gesture* during the current financial year 1995-96.

You are, accordingly, requested to take necessary action in the matter and ask the Ministry of External Affairs to supply full details of the debit claims. In future, this office will not be able to book or include the expenditure on the basis of flash figures sent by the Ministry of External Affairs, unless these figures are accompanied by supporting documents/ debit claims giving the break up of expenditure. It may be noted that only the debit claims relating to the Parliamentary Delegations sponsored by the Rajya Sabha Secretariat or the claims relating to the medical expenses incurred on Officers as well as Members of Rajya Sabha will be accepted for settlement thereof.

Sd/-
(K.K. PARASHAR)

Shri Jagdish Prasad,
Asstt. Controller General of Accounts,
O/o the Controller General of Accounts,
Ministry of Finance, Department of Expenditure,
7th Floor, Lok Nayak Bhavan
Khan Market, New Delhi.

VANAJA N. SARNA
DIRECTOR

सत्यमेव जयते

D.O. No. RS/5(iii)/95-Estt(G)
RAJYA SABHA SECRETARIAT
PARLIAMENT HOUSE ANNEXE
NEW DELHI

Dated the 8th February, 1996

Dear Mr. Sehgal,

Please refer to your D.O. No.18(3)92/TA/53 dated 22.11.1995 regarding placement of funds by this Secretariat for covering the expenditure booked by the Ministry of External Affairs on account of particulars of Members of Parliament, Rajya Sabha in Parliamentary delegations going abroad.

This Secretariat is not in a position to place funds at the disposal of the Ministry of External Affairs against flash figures for the expenditure incurred by them directly for the following reasons:—

(i) that the expenditure is not supported by vouchers which would facilitate verification;

(ii) that the expenditure is to be booked under various sub-heads of Main Head Rajya Sabha 02-Members (voted) as the expenditure relates to delegations as well as medical reimbursement charges;

(iii) that the verification of figures is most essential because the tours undertaken by Members of Parliament are at the instance of Ministry of External Affairs when the Members accompany the President, Vice-President, Prime Minister and other Ministries/ Departments. In that eventuality, the expenditure is to be booked under the Sub-Head of the Ministry of External Affairs/sponsoring Ministry and *not* of this Secretariat.

(iv) That from the statement given by your Department based on the figures supplied by the Ministry of External Affairs, an expenditure of Rs. 58 lakhs has been incurred till September, 1995 on behalf of this Secretariat whereas in the case of Lok Sabha it is only 14.67 lakhs though the strength of the Rajya Sabha Members is just half of that of Lok Sabha; and

(v) That this Secretariat had been pursuing since long with the Ministry of External Affairs for reverting to the old system of raising the debit duly supported by the vouchers but they are not doing so and insisting on direct booking i.e. acceptance of expenditure on the basis of flash figures.

You are, therefore, requested to kindly direct the Ministry of External Affairs to revert to the old practice of raising debit supported by vouchers called 'PAO Suspense System' for all transactions relating to Rajya Sabha.

With Regards

Yours faithfully,

Sd/-
(VANAJA N. SARNA)

Shri A.M. Sehgal,
Joint Controller of Accounts,
Office of the Controller General of Accounts,
Department of Expenditure, Ministry of Finance,
7th Floor, Lok Nayak Bhavan, New Delhi.

भारत सरकार
GOVERNMENT OF INDIA
वित्त मंत्रालय
MINISTRY OF FINANCE
व्यय विभाग
DEPARTMENT OF EXPENDITURE
7वां तल, लोकनायक भवन, खान मार्किट, नई दिल्ली-110003
7th Floor, Lok Nayak Bhawan, Khan Market,
New Delhi-110003

दिनांक
Dated: 11.10.95

महालेखा-नियंत्रक
Asstt. Controller General of
Accounts

Dear Shri Parashar,

I am to invite your attention to the correspondence resting with your letter No. PAO/RS/5(2)/94-95 Dt. 4.10.95 regarding inclusion of expenditure figures booked by Min. of External Affairs on your behalf for inclusion in Appropriation Accounts of Grant No. 90—Rajya Sabha for 1994-95.

2. In this regard it is intimated that Sr. AO, Min. of External Affairs stated in his letter Dt. 17.8.95 addressed to you and copy to that Rs. 20.00 lakh was placed at the disposal of Min. of External Affairs against which they have incurred a sum of Rs. 14,07,877/- on your behalf and they have accordingly included this expenditure in their SCT whereas as per para 2 of your letter under reference you have incurred an expenditure of Rs. 17.62 lakhs and the rest surrendered against the same fund of Rs. 20.00 lakhs. The position is, therefore, embarrassing.

3. I shall, therefore, request you to discuss and settle this issue with the CCA, Min. of External Affairs in person.

4. If expenditure of Rs. 14.08 lakhs is included in your Appropriation Accounts Grant No. 90 for 1994-95, the Grant will be in excess by Rs. 1.41 lakhs which will be explained to Parliament.

5. Top priority is to be accorded in settling this case as Stage III of Appropriation Accounts is due.

This issues with the approval of Jt. C.G.A.

With regards

Yours sincerely,

Sd/-

(JAGDISH PRASAD)

Shri K.K. Parashar,
P&AO,
Rajya Sabha Sectt.,
Parliament House Annex,
New Delhi.

Appendix VII

Government of India
Ministry of Home Affairs

****

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Voted) of Grant No. 98—Daman and Diu, as disclosed in the Union Government Appropriation Accounts (Civil) for 1994-95.

Capital Section (Voted)	*Amount in Rupees*
Original Grant	16,25,00,000
Supplementary Grant	3,09,00,000
Total Grant	19,34,00,000
Actual Expenditure	19,37,49,410
Excess	3,49,410

2. Under Capital Section (Voted) of Grant No. 98—Daman and Diu for 1994-95, the original grant was Rs. 16,25,00,000 which was augmented to Rs. 19,34,00,000 by obtaining a supplementary grant of Rs. 3,09,00,000. Against the total provision, the actual expenditure was Rs. 19,37,49,410 resulting in an excess expenditure of Rs. 3,49,410 which requires regularisation by the Parliament under Article 115(1)(b) of the Constitution of India. This excess expenditure was the net result of excesses (Rs. 108.63 thousands) and savings (Rs. 105.14 thousands) under various sub-heads in Capital Section (Voted) of the Grant. The following sub-heads under which the excess expenditure of Rs. 5 lakhs and above occurred and reasons therefor are given below:—

(Rupees in lakhs)

(i) *Major Head "4225"*

AA.2—Capital Outlay on Welfare of SC/ST and other Backward Classes

AA.2(1)—General

AA.2(1)(1)—Investment in Public Sector and other Undertakings

AA.2(1)(1)(1)—Share Capital Contribution to the SC/ST Financial Development Corporation Ltd. *11.99*

The excess expenditure was due to a wrong classification of Budget provision in Budget Estimates 1994-95. Initially the provision was kept under the loan head of account (Major Head 6225) for SC/ST Financial Development Corporation Ltd. at Daman and Diu set up in July 1993. It was subsequently realised that the amount was to be invested as shares in the said Corporation. As there was no appropriate Capital head of account, a new head of account under the Major Head 4225 was opened after obtaining a token supplementary grant of Rs. 1 lakh. The total expenditure of Rs. 12.99 lakhs was met by diverting an amount of Rs. 11.99 lakh from the loan head of account (Major Head 6225) to the new head of account to enable the investment in shares in the said Corporation. In view of this, funds to the tune of Rs. 11.99 lakh were provided by reappropriation from Major Head '6225' and Major Head '6216'. There was no need for obtaining Supplementary Grant for the total expenditure, as savings were available to meet the expenditure.

(Rupees in lakhs)

(ii) *Major Head "6405"*

BB.4—Loans for Fisheries

BB.4 (1)—Mechanisation of

Fishing Crafts 6.02

The excess expenditure was due to meeting the heavy demand from fishermen for loan-cum-subsidy for purchase of boats, engine and nets. Union Territory of Daman and Diu is a coastal area, whereabout 30% of the local population is fishermen, out of which 15000 are active fishermen depending totally on Marine fishing. The annual turnover is above Rs. 30 to 40 crores in fisheries sector. The Budget Estimates 1994-95 was projected based on the normal activities in this sector. However, during the year 1994-95 the demand from the fishermen increased significantly to provide them loan-cum-subsidy for purchase of boats, engines and nets as per their requirements. The demand of the fishermen to provide loan-cum-subsidy for the boats, engines and nets during the year 1993-94 and 94-95 was Rs. 6,82,000 and Rs. 10,52,435 respectively. Though the increased projection could not be anticipated, this being an identified priority sector for development of fishermen, the expenditure could not be deferred. Savings were anticipated to meet the expenditure. Therefore, funds were provided by reappropriation without obtaining supplementary grant.

(iii) *Major Head "6405"* *(Rupees in lakhs)*

BB.4—Loans for fisheries

BB.4 (2)—Other Loans 6.99

The excess expenditure was due to a misclassification in the booking of an expenditure amounting to Rs. 7,19,832/-. While copying from classified abstract, the expenditure of Rs. 7,19,832 pertaining to the Head BB.4(1)—Mechanisation of Fishing Crafts (Major Head 6405) was booked against the sub-head B.4 (2)—Other Loans (Major Head 6405). The misclassification remained unnoticed and no further action could be taken to rectify the misclassification after finalisation of March (Supplementary) accounts. Necessary instructions, *vide* letter No. DA/DMA/34-9/95-96/4073 dated 26.2.96 (copy enclosed), have, however, been issued to the concerned offices in Daman and Diu for proper and regular reconciliation of expenditure and timely detection of errors to avoid such misclassification in future.

(Rupees in lakhs)

(iv) *Major Head "5054"*

00.2—Capital Outlay on Roads and Bridges

00.2 (1)—District and Other Roads

00.2 (1) (1)—Other Expenditure 10.00

The excess expenditure was mainly due to execution of major works carried out in the coastal highway in Daman. It involved land acquisition of 10.2 K.Ms. for which land acquisition awards were declared on 30.12.94 and 09.03.95. The payment of Rs. 27.76 lakhs towards land acquisition had to be made to avoid interest payment. Further, the work relating to missing link of the coastal highway on both ends of Daman had to be carried out on a priority basis. Owing to rapid industrialisation of Daman, to provide smooth industrial vehicular traffic, the work could not be deferred. One of the award was declared on 09.03.95 leaving no time for obtaining supplementary grant. However, efforts were made to locate saving to meet the expenditure and funds were provided by re-appropriation.

(Rupees in lakhs)

(v) *Major Head "4210"*

QQ.3—Capital Outlay on Medical and Public Health

QQ.3 (1)—Medical Education Training and Research

QQ.3 (1) (1)—Allopathy 13.06

The excess expenditure was due to more expenditure on providing basic medical facilities to the people living far from the main island in Diu district. The work of Primary Health Centre and Sub-Centre was taken on priority basis. In Daman also, as the bed capacity of Marwar Hospital was increased, new toilet blocks to the male and female wards were to be provided resulting in more expenditure. In order to make the Hospital fully operational the work could not be deferred.

(Rupees in lakhs)

(vi) *Major Head "4215"*
QQ.4—Capital Outlay on Water Supply and Sanitation
QQ.4 (1)—Water Supply
QQ.4 (1) (2)—Other Expenditure 21.61

The excess expenditure was due to execution of the works pertaining to rural water supply. For the water supply to Daman district from Damanganga Irrigation Project, expenditure had to be incurred for land acquisition for High Ground level reservoir besides setting up of water treatment plant at Dabhel village. The land acquisition awards were declared on 30.5.91 and 21.1.93. As rural water supply is a priority sector completing the project could not be postponed. As the land owners were pressing for payment no further postponment was possible. Savings were located within the grant to meet the expenditure by re-appropriation without obtaining supplementary grant.

(Rupees in lakhs)

(vii) *Major Head "4216"*
QQ.5—Capital Outlay on Housing
QQ.5 (1)—Government Residential Buildings
QQ.5 (1) (1)—General Pool Accommodation 30.00

The excess expenditure was due to the execution and completion of major works to ease the pressure on demand for accommodation. Union Territory of Daman and Diu was delinked from Goa in the year 1987. There were a number of employees posted in Daman who felt the shortage of accommodation. The necessity/requirement of accommodation for the Government employees was long pending which could not be further postponed and the Union Territory Administration had to contain the expenditure within the overall expenditure ceiling for 1994-95 fixed by the Government of India. Funds to meet the additional expenditure under the sub-head were provided by re-appropriation after locating savings within the grant without going for supplementary grant.

3. It may be observed that against the sanctioned budget of Rs. 19,34,00,000 in Capital Section (Voted), the actual expenditure exceeded the grant by Rs. 3,49,410 which works out to 0.18% of the sanctioned budget. In spite of the efforts of the UT Administration to meet the excess expenditure under the above head by locating savings within the grant, an overall excess could not be avoided.

4. In view of the position explained above, excess expenditure of Rs. 3,49,410 under Capital Section (Voted) of Grant No. 98—Daman and Diu for 1994-95 may kindly be recommended for regularisation by the Parliament under Article 115 (1) (b) of the Constitution of India.

5. This has been vetted by Audit *vide* their U.O.No.RR/11-4/96-97/212 dated 17.06.96.

Sd/-
(Pranab Ray)
Joint Secretary and Financial Advisor.

F.No. U-15027/1/95-Bgt. II

C:/E-PMT/CIR-RE-E-1

IMPORTANT

No. DA/DMN/34-9/95-96/4073
Admn. of Daman & Diu,
Directorate of Accounts,
Daman.

Date: 26/02/96

CIRCULAR

Sub: Reconciliation of Expenditure/Receipts.

As per Rules all Govt. offices are required to reconcile their expenditure with the books of accounts (Classified Abstract of Expenditure) maintained by this Directorate and issue requisite certificate every month to this office.

It has been noticed that only few Departments are reconciling their expenditure/Receipts with the Classified Abstract of this office. Non-reconciliation of Expenditure/receipts with the records of this office is likely to result in misclassification etc. in the final accounts. All the Heads of Offices/Drawing and Disbursing Officers are therefore requested to carry out the monthly reconciliation of expenditure/receipts regularly and also issue certificate for the same, failing which the responsibility for mis-classification/excess, if any, in final accounts in the books of this office shall rest on the office/Department concerned.

The reconciliation for the period ending 31.3.1996 should be completed by 30.4.1996. On account of failure to reconcile and issue of requisite certificate or non-indication of other errors in the expenditure/Receipts accounts maintained by this Directorate for the year 1995-96, resulting in misclassification, saving/excess-over allotment etc. if any, detected at a later stage, the responsibility for excess/saving over sanctioned grant shall rest with the officer concerned.

The Heads of Offices at Daman responsible for consolidation of Budget Estimates for Daman & Diu and having their subordinate office/counter part Heads of Offices at Daman/Diu, will also be responsible to reconcile expenditure for Daman & Diu as a whole with consolidated Account of the U.T. maintained in this Directorate at Daman and to point-out to the Directorate of Accounts, Daman any misclassification/excess against final allotment for the U.T. as a whole.

Sd/-
(D. M. Joshi)
Director of Accounts

To
1. All Heads of Offices in Daman.
2. All Heads of Offices in Diu (through Asstt. Accounts Officer, Diu).

Sd/-
(M.C. PATEL)
Asstt. Accounts Officer
Daman.

APPENDIX VIII

MINISTRY OF DEFENCE (FINANCE)
BUDGET-I

NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS OVER VOTED PORTION OF GRANT NO. 19— DEFENCE SERVICES—NAVY, AS DISCLOSED IN THE APPROPRIATION ACCOUNTS (DEFENCE SERVICES) FOR THE YEAR 1994-95

GRANT NO. 19— DEFENCE SERVICES—NAVY

Original Grant	Rs. 1387,92,00,000
Supplementary Grant	Rs. 77,87,00,000
Total Sanctioned Grant	Rs. 1465,79,00,000
Actual Expenditure	Rs. 1472,09,17,484
Excess Expenditure	Rs. 6,30,17,484
Surrender during the year	Rs. 2,62,00,000

2. Against the Original Grant of Rs. 1387,92,00,000, augmented to Rs. 1465,79,00,000 by obtaining a supplementary grant of Rs. 77,87,00,000, an expenditure of Rs. 1472,09,17,484 has been incurred during 1994-95 resulting in an uncovered excess of Rs. 6,30,17,484.

3. The excess of Rs. 6,30,17,484 under this grant was under the following Minor Heads:—

(a) MINOR HEAD 101— PAY AND ALLOWANCES OF NAVY

The original provision made under this Minor Head amounting to Rs. 293,00,00,000 was reduced to Rs. 284,99,00,000 by minus reappropriation of Rs. 8,01,00,000. The actual expenditure, however, was Rs. 291,08,20,125 resulting in an excess of Rs. 6,09,20,125.

The excess of Rs. 609 lakhs in the Final Grant was due to higher bookings of the Pay and Allowances of MES, which was first time introduced in the Navy during 1994-95.

(b) MINOR HEAD 105—TRANSPORTATION

The original provision made under this Minor Head amounting to Rs. 38,00,00,000 was enhanced to Rs, 45,00,00,000 by obtaining a supplementary grant of Rs. 4,00,00,000 and by reappropriation of Rs. 3,00,00,000. The actual expenditure, however, was Rs. 45,54,39,958 resulting in an excess of Rs. 54,39,958.

The Excess of Rs. 54 lakhs in the Final Grant was due to materialisation of Supplies under the some OEM (Original Equipment Manufacturers) contracts than anticipated.

(c) MINOR HEAD 110—STORES

The original provision made under this Minor Head amounting to Rs. 540,00,000 was enhanced to Rs. 600,00,00,000 by obtaining a supplementary grant of Rs. 60,00,00,000. The provision was subsequently reduced to Rs. 598,02,00,000 by minus reappropriation of Rs. 1,98,00,000. The actual expenditure, however, was Rs. 608,45,08,068 resulting in an excess of Rs. 10,43,08,068.

The excess of Rs. 1043 lakh in the Final Grant was due to certain letter of Credit (LC) payments required to be paid before 31st March, 1995.

(d) MINOR HEAD 111—WORKS

The original provision made under this Minor Head amounting to Rs. 135,99,00,000 was enhanced to Rs. 142,00,00,000 by reappropriation of Rs. 6,01,00,000. The actual expenditure, however, was Rs, 147,92,20,622 resulting in an excess of Rs. 5,92,20,622.

The excess of Rs. 592 lakhs in the Final Grant was due to transfer of bookings of Pay and Allowances of MES establishment to this head and overall increase in electricity tariff rates.

4. The excess under the above minor heads was partly offset by saving under other minor heads leaving a net excess of Rs. 6,30,17,484.

5. Instructions have already been issued to all the estimating authorities for framing the budget estimates on very realistic basis to eliminate instances of excess/savings in the budget. Internal Financial Advisers (IFAs) have been further stressed upon to be more cautious and accurate while projecting their demands. Additional demands, if any, should be factual and barest minimum depending upon the actual requirement/ obligations in rare and emergent cases. (copy of MOD ID No. 2584/B-I/ 95 dated 22.9.95 is enclosed).

6. Further, Naval Headquarters have also issued instructions to subordinate authorities to intimate payment plan under Letter of Credit System to the suppliers well before close of financial year and to establish better liaison with the State Government authorities so that the increase in tariff rates may be projected at the appropriate budgetary formulation stage to avoid huge payments resulting in excess expenditure over the above the allocation. Copies of Naval Hqrs. letters No. PL/4013 and PL/ 3103/95-96, both dated 12.2.96, are enclosed.

7. DGADS has seen.

Sd/-
(D. LAHIRI)
Addl. F.A. (D) & JS

File No. 17 (2)/B-I/95

MINISTRY OF DEFENCE (FIN/BUDGET)

Subject : Formulation of budgetary estimates and monitoring of Defence expenditure.

Instructions have been issued from time to time on the importance of formulating the budgetary estimates on the most realistic basis and to keep constant review and control on expenditure to conform it to the allocations made.

In spite of repeated instruction, instances of unrealistic estimation of requirement at initial stage as well as at supplementary demand/re-appropriation have occurred and adversely commented upon by the C & AG of India. It has also been adversely commented upon by the PAC. In some cases the supplementary demands were wholly or partially surplus to the requirement.

There has been certain refinement in the projections of requirement and actual expenditure *vis-a-vis* allocations but gaps still exist which are to be plugged to the maximum possible. It is, therefore, once again emphasized that further remedial steps are required to be taken to eliminate instances of excess/savings in the budget.

It is further stressed that the Services/Departments and IFAs need to be more cautious and accurate while projecting their supplementay demands, if any, to avoid saving/excess. The Additional demand should be factual, barest minimum depending upon the actual requirements/obligations in rare and emergent cases.

Sd/-
(D. LAHIRI)
ADDL. F.A. (D) & J. S.
Tel. 3012915

All Joint Secretaries/Addl. F. As., IFAs,
Addl. DGFP, DNP, D Fin P, DGNCC, DGOF,
DPR&M, DGQA.

M of D (Fin) I.D. No. 2584/B-I/95 dated 22.9.95.

PL/3103/95-96 12 Feb., 1996

STAFF BRANCH—I

(Directorate of Naval Plans)

PAYMENTS ON ACCOUNT OF LCs VALID UPTO 31 MAR., 1996 & BEYOND

1. Payments on account of LCs opened with various Banks remain uncertain till the last moment. This hampers the process of proper assessment of expenditure and thereby the monitoring and control of budget. Last minute payment or non-payments from LCs may result either in excess booking of shortfall in expenditure. To avoid such a situation, it is requested that the position of payments under LCs be ascertained from the suppliers by 10 March of the concerned financial year.

2. This procedure has become imperative in view of the excess booking of Rs. 1043 lakhs during 1994-95.

3. It is further requested that liaison be established with the Banks to obtain the position/expenditure of various LCs as on 31 Mar., 1996. The bookings on account of LCs together with the total expenditure in 95-96 be intimated to this Date by 08 Apr., 1996.

Sd/-
(J.S. Bedi)
Commodore
DNP

DPA	DPS	DCP
DW	DNO	DLS
DCV	DONA	DMS(N)
DTP	DOS(W)	DNAM
DODY	DFM	DNT

Tele. : 3011894
PL/4013 12 Feb. 96

STAFF BRANCH—I

(Directorate of Naval Plans)

BETTER ESTIMATION OF INCREASE IN ELECTRICITY AND TARIFF RATES

1. An excess booking of Rs. 592 lakhs has taken place during 1994-95 under Minor Head-111, Major Head-2077. This has presumably been on account of the electricity and tariff charges which have been increased by various State Governments.

2. In view of the above it is requested that concerned authorities be directed to establish a better liaison with the State Government authorities so that the increase in electricity & tariff rates be projected at the appropriate budgetary stages.

3. This would avoid excess booking or expenditure being carried forward to the next financial year 1995-96.

DW

Sd/-

(J.S. Bedi)
Commodore
DNP

APPENDIX IX

DEPARTMENT OF POST

(POSTAL ACCOUNTS WING)

BUDGET SECTION

NOTE FOR THE PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS OVER VOTED GRANT AS DETAILED IN THE APPROPRIATION ACCOUNTS OF THE GRANT NO 14—POSTAL SERVICES FOR THE YEAR 1994-95.

There was an excess expenditure to the tune of Rs. 33,59,03,379 and Rs. 2,07,82,817 constituting 1.6% and 2.78% of the total sanction provision under the Revenue and Capital segments of the Grant as shown below:

	Revenue	Capital
Original Grant	19,75,13,00,000	56,86,00,000
Supplementary Grant	1,20,98,00,000	18,02,00,000
Total Sanctioned Grant	20,96,11,00,000	74,88,00,000
Actual Expenditure	21,29,70,03,379	76,95,82,817
Excess Expenditure	33,59,03,379	2,07,82,817

II. Original Grant of Rs. 19,75,13,00,000 and 56,86,00,000 was augmented to Rs. 20,96,11,00,000 and Rs. 74,88,00,000 by obtaining supplementary Grant of Rs. 1,20,98,00,000 and Rs. 18,02,00,000 under the Major Head 3201 Postal Services and 5201 Capital Outlay respectively. Expenditure of Rs. 21,29,70,03,379 and Rs. 76,95,82,817 was incurred during the financial year 1994-95 which resulted an excess expenditure of Rs. 33,59,03,379 and Rs. 2,07,82,817 under the Revenue and Capital segments respectively.

The following factors contributed towards excess expenditure.

3201 POSTAL SERVICES

1. Excess expenditure was due to increase in payments of Dearness allowance.

2. Excess expenditure was due to payment of Interim Relief and payment of arrear of Productivity Linked Bonus due to ceiling revision.

3. Excess expenditure was due to more claims from the Indian Airlines for conveyance of mails than anticipated.

4. Excess expenditure was due to more LTC claims due to extension of grace period of LTC block year 1990-93 upto June 1995.

5201 CAPITAL OUTLAY

Excess expenditure was due to escalation in the cost of construction work and ongoing works to be completed in wake of award of work which could not be stopped due to contractual obligations.

II. The excess of Rs. 33,5903,379 and 2,0782,817 may be recommended for regularisation by the Parliament under the Article A115(1)b of the Constitution of India.

III. This has been vetted by the DG.Audit *vide* their U.O. No. DGA P&T NO. RRC/1(b)4061/CH.II/94-95/106 Dated 2/5/96.

IV. This has the approval of Secretary (POST).

Sd/-
(M.S.S. SUBRAHMANYAN)
DIRECTOR (PA-1)

APPENDIX X

EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS OVER VOTED/CHARGED PORTION OF GRANTS/APPROPRIATIONS AND SAVINGS INVOLVING Rs: 100 CRORE AND ABOVE FROM A GRANT OR APPROPRIATION DURING THE YEAR 1994-95.

During the year 1994-95, there was an overall net saving of Rs. 1004.71 crore over the total Grants and Appropriations resulting from aggregate savings of Rs. 1395.84 crore under 14 Grants (1,2,3,4,5,6,7,9,10,11,12,13,15 and 16—Railway Funds and O.L.W.R.) and 11 Charged Appropriations (3,5,6,7,8,9,10,11,12,13 and 16—Railway funds) and excess of Rs. 391.13 crore under three Grants (8,14 and 16—Capital) and two Charged Appropriations (4 and 16—Capital). (Reference Para 24 to 27—Excess/Saving over Voted Grants and Charged Appropriations of the Appropriation Accounts of Railways in India for the year 1994-95 (Part-I Review).

1.2 Excess under Charged Appropriations & Voted Grants.

(a) Excess under two Charged Appropriations and three Grants as well as savings involving Rs. 100 crore and above under two Grants are explained as under:—

(i) Appropriation No. 4—Working Expenses—Repairs and Maintenance of Permanent Way & Works.

	Rupees.
Original Approprition	65,000
Supplementary Appropriation	5,50,000
Total Sanctioned Appropriation	6,15,000
Actual Expenditure	13,13,782
Excess	6,98,782
Misclassification	——
Excess requiring regularisation	6,98,782
Percentage of Excess	113.62

Charged Appropriation of Rs. 65 thousand was obtained at the Budget Estimate Stage. A supplementary Appropriation of Rs. 5,50 thousand was sanctioned anticipating additional payments in satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 6,98,782 due to more materialisation of decretal payments at the fag end of the year, than anticipated.

The excess requiring regularisation is Rs. 6,98,782 which is the same as disclosed in the Appropriation Accounts.

(ii) Appropriation No. 16—Assets—Acquisition construction and Replacement—Other Expenditure Capital.

	Rupees
Original Appropriition	7,60,00,000
Supplementary Appropriation	71,71,000
Total Sanctioned Appropriation	8,31,71,000
Actual Expenditure	8,83,89,668
Excess	52,18,668
Misclassification	—
Excess requiring regularisation	52,18,668
Percentage of Excess	6.27

Charged Appropriation of Rs. 7,60,00 thousand was obtained at the Budget Estimate Stage. A supplementary Appropriation of Rs. 71,71 thousand was sanctioned in March '95 anticipating additional payments in satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 52,18,668 due to more materialisation of decretal payments at the fag end of the year, than anticipated.

The excess requiring regularisation is Rs. 52,18,668 which is the same as disclosed in the Appropriation Accounts.

(b) Voted Grants

(i) Grant No. 8—Working Expenses—Operating Expenses—Rolling Stock and Equipment.

	Rupees
Original Grant	1191,02,40,000
Supplementary Grant	29,08,55,000
Total Sanctioned Grant	1220,10,95,000
Actual Expenditure	1221,92,49,798
Excess	1,81,54,798
Misclassification	-23,73,000
Excess requiring regularisation	1,57,81,798
Percentage of Excess	0.13

A Grant of Rs. 1191.02 crore was obtained at the Budget Estimate Stage and a Supplementary Grant of Rs. 29.09 crore was obtained in March'95 to meet increase in expenditure for payments mainly under Overtime Allowance, Night Duty Allowance, cost of materials from Stock, Direct Purchase, fuel Other than Traction, Contractual Payments, Transfer of Debits/Credits from other Units; partly offset by less payments under Salaries and Wages, Dearness Allowance, Kilometrage Allowance, Travelling Expenses, Contingent Expenses and Adjustment of Wages and Materials on P.O.H.

The Grant, however, proved to be inadequate the actual expenditure having exceeded the total sanctioned provision by Rs. 1.82 crore, which is just 0.15% of the total sanctioned provision. Since excess expenditure was incurred in March'95, no time was left for seeking supplemantary Grant. The excess was mainly under Minor Heads (b) Diesel Locomotives (Rs. 60.07 crore) due to redeployment of staff from Steam Traction to Diesel Traction, (c) Electric Locomotives (Rs. 14.74 crore) due to increase in activity and additional provision made to accommodate the effect of 30% of Running Allowance, (f) Traction (other than Rolling Stock) and General (Rs. 16.32 crore) mainly on account of revision of Electricity tariff rates; partly offset by savings under Minor Heads (a) Steam Locomotives (Rs. 78.88 crore) owing to closure of Steam Traction and surrendering of Posts on the Steam Locos side, (d) Electric Multiplec Unit—Coaches (Rs. 1.18 crore) as a result of economy measures, (e) Carriages & Wagons (Rs. 4.85 crore) resulting from stringent measures of economy, (g) Signalling and Telecommunications (Rs. 4.55 crore) as a result of fewer vacancies being filled up after reassessment of requirement.

Of the total excess the highest occurred on South Eastern Railway (Rs. 3.09 crore), followed by Eastern Railway (Rs. 2.98 crore), South Central Railway (Rs. 0.97 crore), North Eastern Railway (Rs. 0.47 crore) and Southern Railway (Rs. 0.38 crore), partly offset by saving on Western Railway (Rs. 7.00 crore), Northern Railway (Rs. 3.22 crore), N.F. Railway (Rs. 2.86 crore), Central Railway (Rs. 1.70 crore) and Metro Railway, Calcutta (Rs. 1.30 crore).

There was a misclassification of (—) Rs. 23,73,000 on account of wrong booking of expenditure to Grant No. 6 instead of Grant No. 8 (Rs. 35,55,000) and to this Grant instead of Grant No. 4 (Rs. 59,28,000). Taking into account the effect of misclassification also the real excess requiring regularisation by Parliament works out to Rs. 1,57,81,798.

(ii) Grant No. 14—Appropriation to Funds—Depreciation Reserve Fund, Development Fund, Pension Fund, Capital fund.

	Rupees
Original Grant	5980,00,00,000
Supplementary Grant	—
Total Sanctioned Grant	5980,00,00,000
Actual Expenditure	6346,39,46,659
Excess	366,39,46,659
Misclassification	—
Excess requiring regularisation	366,39,46,659
Percentage of Excess	6.13

At the Budget Estimate stage Appropriation to the Funds was sanctioned for Rs. 5980.00 crore. The excess of Rs. 366.39 crore was due to more Appropriation under Capital fund (Rs. 508.77 crore) mainly keeping in view the funds required to finance plan expenditure envisaged from time to time, made possible by more materialisation of excess in financial results, larger appropriation to Pension Fund (Rs. 305.00 crore) keeping in view the anticipated expenditure to be met out of the Fund; partly offset by less appropriations to Depreciation Reserve Fund (Rs. 415.00 crore) and Development Fund (Rs. 32.38 crore) keeping in view the lower appropriation needed for meeting the plan requirement. A sum of Rs. 210.00 crore was also surrendered during the year.

The excess requiring regularisation is Rs. 366,39,46,659 which is the same as disclosed in the Appropriation Accounts.

(iii) Grant No. 16—Assets—Acquisition, Construction and Replacement—'Other Expenditure—CAPITAL.

	Rupees
Original Grant	1146,18,45,000
Supplementary Grant	119,02,81,000
Total Sanctioned Grant	1265,21,26,000
Actual Expenditure	1287,54,48,188
Excess(+) Saving (—)	22,33,22,188
Misclassification	26,62,37,548
Excess requiring regularisation	48,95,59,736
Percentage of Excess	3.87

A Grant of Rs. 1146.18 crore was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 119.03 crore was obtained in March, 1995 for increased expenditure, mainly under New Lines, Gauge Conversion, Electrification, Other Electrical Works, Staff Quarters, Investment in Public undertakings, MTPs; partly offset by reduction in requirement under Plan Heads—Doubling, Traffic Facilities, Rolling Stock, Signalling and Telecommunications and workshops. The Grant under 'Capital', however, proved inadequate and actual expenditure exceeded the provision by Rs. 22.23 crore, which is just 1.8% of the total sanctioned provision. Since excess expenditure was incurred in March'95, no time was left for seeking supplementary Grant. There was misclassification of expenditure to the extent of Rs. 26,62,37,548. The real excess, requiring regularisation by Parliament thus works out to Rs. 48,95,59,736.

CORRIGENDUM

EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS OVER VOTED/CHARGED PORTION OF GRANTS/APPROPRIATIONS AND SAVINGS INVOLVING Rs. 100 CRORE AND ABOVE FROM A GRANT OR APROPRIATION DURING THE YEAR 1994-95

Please refer to the item at Para 1.2(b) (iii) and 1.3(ii) regarding Grant No. 16—Assets—Acquisition, Construction and Replacement—'Other Expenditure—CAPITAL' and 'RAILWAY FUNDS' appearing at page 4 and 5 of the Explanatory Note *ibid* as revised may please be read as under:—

1.2 (b) (iii) Grant No. 16—Assets—Acquisition, Construction and Replacement—'Other Expenditure—CAPITAL'.

	Rupees
Original Grant	1146,18,45,000
Supplementary Grant	119,02,81,000
Total Sanctioned Grant	1265,21,26,000
Actual Expenditure	1287,54,48,188
Excess(+) Saving (−)	22,33,22,188
Misclassification	1,20,05,548
Excess requiring regularisation	23,53,27,736
Percentage of Excess	1.86

A Grant of Rs. 1146.18 crore was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 119.03 crore was obtained in March, 1995 for increased expenditure, mainly under New Lines, Gauge Conversion, Electrification, Other Electrical Works, Staff Quarters, investment in Public undertakings, MTPs; partly offset by reduction in requirement under Plan Heads—Doubling, Traffic Facilities, Rolling Stock, Signalling and Telecommunications and workshops. The Grant under 'Capital', however,. proved inadequate and actual expenditure exceeded the provision by Rs. 22.23 crore, which is just 1.8% of the total sanctioned provision. Since excess expenditure was incurred in March'95, no time was left for seeking supplementary Grant. There was misclassification of expenditure to the extent of Rs. 1,20,05,548. The real excess, requiring regularisation by Parliament thus works out to Rs. 23,53,27,736.

1.3 (ii) Grant No. 16—Assets—Acquisition, Construction and Replacement—'Railway Funds' (D.R.F., D.F. and Capital Fund).

	Railway Funds		In Rupees
	D.R.F.	D.F.	CAPITAL FUND
Original Grant	2794,19,25,000	291,26,80,000	7704,58,92,000
Supplementary Grant	8,000	3,000	12,000
Total Sanctioned Grant	27,94,19,33,000	291,26,83,000	7704,59,04,000
Actual Expenditure	2647,00,93,584	257,84,44,092	7163,96,33,811
Excess (+)/Saving(−)	(−147,18,39,416	−33,42,38,908	−540,62,70,189)
		−721,23,48,513	
Misclassification	(+1,20,42,659	+14,000	+97,160)
Net Saving		+1,21,53,819	
Percentage		−720,01,94,694	
		6.67	

A Grant of Rs. 10790.05 crore was obtained at the Budget Estimate stage. A Supplementary Grant of Rs. 23 thousand was obtained (Rs. 8 thousand under D.R.F.), (Rs. 3 thousand under D.F.) and (Rs. 12 thousand under Capital Fund) for "out of turn" work, which are regarded as 'New service/New instrument of service.'

The actual expenditure of Rs. 10068.82 crore was Rs. 721.23 crore less than the Budget Grant of Rs. 10790.05 crore. There was a misclassification of (+) 1.21 crore. The real saving under Railway Funds worked out to Rs. 720.02 crore.

The saving was mainly under Plan Heads (Minor Heads of Accounts) Manufacturing Suspense (Rs. 379.45 crore). Stores Suspense (Rs. 309.76 crore), Rolling Stock (Rs. 260.25 crore), Miscellaneous Advance (Rs. 88.09 crore), Signalling and Telecommunication (Rs. 53.39 crore), Computerisation (Rs. 49.26 crore), Machinery and Plant (Rs. 39.51 crore), Workshops including Production Units (Rs. 28.09 crore), Staff Quarters (Rs. 23.29 crore), Bridge Works (Rs. 17.98 crore), Other Specified Works (Rs. 14.81 crore), Railway Research (Rs. 1.46 crore), and New Lines (Construction) (Rs. 0.63 crore) mainly due to slow progress of work and lesser activities than anticipated. This was partly offset by excess under Plan Heads (Minor Heads) Gauge Conversion (Rs. 250.79 crore), Track Renewals (Rs. 178.05 crore), Doubling (Rs. 62.83 crore), Traffic facilities—Yard Remodelling and Others (Rs. 32.09 crore), Passenger Amenities (Rs. 13.92 crore), Other Electric Works (Rs. 4.92 crore), Restoration of dismantled Lines (Rs. 1.88 crore) and Amenities for staff (Rs. 0.25 crore), due to speedier progress of work and because of fulfillment of commitments connected with additional rakes and due to escalation charges of PSC sleepers etc. A sum of Rs. 531.47 crore was surrendered during the year.

CORRIGENDUM

Sub:—Appropriation Accounts of Railways in India for the year 1994-95.

Please refer to Printed Appropriation Accounts of Railways—1994-95, the item of Northern Railway appearing at Page 129 of Annexure 'J' of Detailed Appropriation Accounts—Part II may please be read as under:—

(Rs. in thousands)

		Amount as Shown	Amount should be
N. Rly. 16 (D.F, Cap., Dep. Misc.)	Payment of BG Rail Bus has debited to D.F. III, Deposit Misc. instead of Capital.	25,68,00	25,68

APPENDIX XI

Statement of Conclusions and Recommendations

Sl. No.	Para No.	Ministry/ Deptt. concerned	Conclusions and Recommendations
1	2	3	4
1.	61	Finance (Expenditure and Economic Affairs), Defence, Communications (Posts) & Railways	To sum up, the Committee find that an expenditure of over Rs. 481.09 crores has been incurred by various Ministries/ Departments of the Union Government in excess of the amounts authorised by Parliament in 15 cases of Voted Grants/ Charged Appropriations during the year 1994-95. What is more disconcerting is the fact that this excess expenditure had occurred despite obtaining supplementary provisions of the order of Rs. 546.00 crores in 12 out of 15 cases of excess registering Grants/Appropriations. Considering the fact that supplementary provisions in most of these cases were obtained in March 1995, the Committee are convinced that the Budget wings of the Ministries/Departments concerned have once again displayed their failure in assesssing their actual requirement of funds even at the fag-end of the year when they had adequate date on the trend of expenditure and their committed liabilities. Evidently the supplementary grants in these cases were obtained without proper assessment with the result that even the additional provisions proved inadequate to meet the actual requirement of funds of the concerned Ministries.

1	2	3	4
2.	62	Finance (Expenditure and Economic Affairs)	Yet another disturbing feature noticed by the Committee is that excess expenditure of over Rs. one crore each had occurred in as many as nine cases out of total 15 excess registering Grants/Appropriations. What is still worse is the fact that excess expenditure had exceeded Rs. one crore each under Voted portion of both Revenue and Capital Sections of the lone Grant operated by the Department of Posts. Significantly, the Ministry of Railways had also incurred excess expenditure of over Rs. One crore in three out of five cases where excess expenditure had been incurred. An analysis of the reasons for excess expenditure during 1994-95, which have been discussed in some detail in the succeeding paragraphs of this Report, indicate that the lack of proper monitoring of the progress of expenditure, inadequate review and analysis of the financial requirement in terms of committed liabilities and non-observance of the prescribed financial rules were the main contributory factors in the incurrence of excess expenditure of such a high magnitude. Although General Financial Rules clearly provide that the grant administering authorities shall be fully acountable for control of expenditure and clear-cut instructions have also been laid down for the detailed procedures to be followed for checks against provisions of funds, the Committee cannot help observing from the facts brought to their notice during examination of this subject that the concerned authorities in the various Ministries/Departments continue to display their negligence and callous attitude towards rules prescribed for containing the expenditure within the sanctioned provisions. The Committee view this situation with grave concern and emphasise that the Ministry of Finance should strongly impress upon all the

1	2	3	4
			Departmental Heads concerned to strictly observe the instructions issued under the financial rules so as to ensure that no expenditure is incurred in excess of the authorised limits. The Committee would also like the Ministry of Finance to devise suitable mechanism for tightening the exchequer control and to deal sternly with cases where any slackness in following the prescribed financial rules is noticed.
3.	63	Finance (Expenditure)	Emphasising the need for exercising effective control over expenditure, the Committee in Paragraph 80 of their 110th Report (Tenth Lok Sabha) presented to Lok Sabha on 6 December, 1995 had recommended that the Ministry of Finance should consider the feasibility of introducing as system of letter of credit. The Committee are constrained to express their dissatisfation over the delay of over a year in taking any concrete action in this direction and they desire the Ministry of Finance to take appropriate steps in the matter and inform the Committee of the precise action taken in this regard within a period of three months.
4.	64	Finance (Expenditure), Defence, External Affairs, Petroleum & Natural Gas, Surface Transport and Rajya Sabha Secretariat	According to the time schedule prescribed, the Ministries are required to submit to the Committee the explanatory notes in respect of excess registering Grants/Appropriations by 31 May or immediately after the presentation of the Appropriation Accounts to the House, whichever is later. The Committee, however, find that while the explanatory notes in respect of nine Grants/Appropriations were furnished in time, there were delays ranging from 20 days to five months in the submission of explanatory notes by the Ministries of Defence; External Affairs;

1	2	3	4
			Petroleum & Natural Gas and Surface Transport; and Rajya Sabha Secretariat in respect of six Grants/Appropriations those registered excess expenditure in Civil Sector during the year 1994-95. In fact there was an inordinate delay of three months in the case of Ministry of Petroleum and Natural Gas who subjected the note only after being pointed out by the Committee during evidence. The Ministries of External Affairs and Surface Transport made an inexcusable delay of over four months in furnishing the notes which were not even got factually verified from Audit. The Committee take a serious view of these defaults especially when the Ministry of Finance have laid down a clear-cut time schedule for completing action at various stages involved in the finalisation/vetting of explanatory notes with a view to avoiding delays for submission thereof to the Committee. They desire that responsibility be fixed in the Ministries concerned for laxity shown in this regard.
5.	65	Finance (Expenditure)	Presently, the task of coordination and submission of corrective/remedial action taken notes on the paragraphs from the Reports of the C&AG not examined by the Committee, is assigned to the Monitoring Cell in the Department of Expenditure. The Committee desire that in future the Monitoring cell should be entrusted with the task of coordination, collection and timely submission to the Committee of the relevant explanatory notes, duly vetted by Audit, on excess expenditure/savings of Rs. 100 crores and above made in respect of all the Annual Appropriation Accounts of the Union Government for the year 1995-96 onwards. Further, the Secretaries of the administrative Ministries/Departments

1	2	3	4
			concerned should be held personally responsible for any delay in submission of the requisite explanatory notes. They would like the Ministry of Finance to take necessary action in the matter.
6.	66	Defence	The Committee find from their examination of select cases of excess registering Grants/Appropriations that under Revenue Section (Voted) of Grant No. 17 Defence Pensions administered by the Ministry of Defence, while the overall excess expenditure under this Grant during 1994-95 was Rs. 9.94 crores, the aggregate excess expenditure under various sub-heads of the Grant worked out to Rs. 89.72 crores. Certainly, the huge savings of Rs. 79.78 crores under various other sub-heads helped to a great extent in reducing the otherwise high excess expenditure. Significantly, the excess expenditure under this Grant had occurred despite obtaining supplementary funds of Rs. 14.84 crores at the fag end of the financial year in March, 1995. In the opinion of the Committee, this state of affairs present a very dismal picture of the manner in which expenditure estimates are prepared in respect of this Grant by the Ministry of Defence especially when they admittedly possessed complete data of the number and categories of pensioners and could work out accurately the precise requirement of funds under different sub-heads of this Grant.
7.	67	-do-	The Committee further observe that the overall excess of Rs. 9.94 crores had occurred under Revenue Section (Voted) of Grant No. 17—Defence Pensions mainly due to adoption of a new procedure for payment of pensions etc., to the pensioners at Nepal. The Committee

1	2	3	4
			were informed that a revised system for payment of such pensions was introduced from 1 April 1994. Under the new system, pension payments were to be made by the Ministry of External Affairs through the Indian Embassy at Kathmandu. The Ministry of External Affairs as agent Ministry were to compile expenditure in their books and render expenditure statements to the Ministry of Defence which were the Executive Ministry in this case. According to the Ministry of Defence, they came to know of the excess in the instant case only in the month of June, 1995 on receipt of expenditure statement for the month of March, 1995 and there was no mechanism available to provide additional funds at the disposal of Ministry of External Affairs at that belated stage. The Ministry of Defence also stated that the delay in rendetion of Expenditure statement was inevitable since the Defence Pensioners were scattered in Nepal and the Pension Payment Teams were required to visit various remote and far-flung areas for disbursement. The Committee are not at all inclined to accept this plea put forth by the Ministry of defence and they consider that these factors in no manner came in the way where the rendition of monthly expenditure statements could be delayed for as long as three months as had happened in this case. The Ministry also submitted that the revised system of payment of pensions had since been dispensed with w.e.f. 1 April, 1996. However, from the facts enumerated above, the Committee can only conclude that neither the Ministry of Defence could accurately estimate their requirement of funds under appropriate sub-heads of this Grant despite having precise data of the pensioners nor the Ministry of External

1	2	3	4
			Affairs could ensure timely inflow of expenditure statements to the Ministry of Defence to enable them to seek additional funds to meet their requirements for pension payments at Nepal. The Committee also feel surprised that despite assurance made during evidence, the Ministry of Defence were unable to apprise the Committee of the exact number of Defence pensioners in Nepal. At this stage, the Committee can only hope that the concerted efforts would now be made by the Ministry of Defence to collect and compile the requisite data on scientific lines so that their expenditure estimates under this Grant do not go awry as had happened in 1994-95. In this connection, the Committee would like the Ministry of Defence to explore the possibility of computerising the pension roll of all defence pensioners with a view to administering this Grant effectively.
8.	68	External Affairs	In another instance of over-spending, the Committee find that despite the supplementary grant of Rs. 80.74 crores having been obtained in March, 1995, the Ministry of External Affairs incurred an excess expenditure to the tune of Rs. 35.51 crores under the Revenue Section (Voted) of Grant No. 24 during 1994-95. But for the savings of Rs. 60.92 crores which occurred under various sub-heads, the excess expenditure under this Grant would have been substantially higher. The Ministry of External Affairs attributed the excess expenditure *inter-alia* to increase under salaries, travel expenses and office expenses under the minor heads "Secretariat" and "Missions and Embassies"; increase in special diplomatic expenditure under minor head—"Discretionary Expenditure"; settlement

1	2	3	4
			of airlift bills and arrear bills for chartering aircraft under the sub-heads "Entertainment of dignitaries" and "Delegations to United Nations etc". The Ministry have also added that the factors of loss by exchange on account of salaries paid to India based personnel in Missions abroad and the world wide inflation are peculiar to them and have a bearing on their expenditure pattern. The Committee are not convinced with these reasons adduced for occurrence of excess expenditure as none of the reasons mentioned by the Ministry fall in the category of "unforeseen" or "unanticipated" expenditure. In their opinion, faulty estimation of the requirement of funds and absence of proper and timely monitoring of expenditure were the obvious reasons for occurrence of excess expenditure by the Ministry of External Affairs during 1994-95. They, therefore, feel that the Budget division and the accounting formations of the Ministry needs to be revamped thoroughly and some mechanism evolved so as to ensure regular flow of requisite information from the various wings of the Ministry in India and abroad for the purposes of framing expenditure estimates on a realistic basis as well as for making subsequent revisions in the estimates, if necessary, with precision.
9.	69	Home Affairs	The Committee's examination also revealed cases of excess expenditure due to accounting lapses like misclassification/ erroneous booking of expenditure etc. The Committee find that Capital Section (Voted) of Grant No. 98—Daman and Diu administered by the Ministry of Home Affairs registered a net excess expenditure of Rs. 3.49 lakhs requiring regularisation.

1	2	3	4
			The Committee's scrutiny of this Grant revealed that an excess expenditure of Rs. 11.99 lakhs was incurred in a sub-head due to wrong classification of budget provision. Further, in another sub-head, an excess expenditure of Rs. 6.99 lakhs was also incurred due to an error in the booking of an expenditure against wrong sub-head while copying the same from classified abstract. What is more regrettable is that the Ministry of Home Affairs and the Daman and Diu Administration failed to detect this error before finalisation of the relevant accounts. The Committee take a serious view of these lapses and they stress that misclassification/erroneous booking of expenditure should in no case be allowed to result in excess expenditure. They are also of the strong view that enquiries should invariably be made in all such cases and responsibility fixed for the lapse.
10.	70	Finance (Economic Affairs) and Surface Transport	The Committee are surprised to observe in another case, an excess expenditure of Rs. 37.38 lakhs was incurred in the Capital Section (Charged) of Grant No. 76—Roads due to erroneous depiction of the provision of Rs. 8.01 crores in the book of Demand for Grants (Part-II) under Major Head 7601—Loans and advances to State Government "(Charged)." A scrutiny of the explanatory note furnished by the Ministry of Surface Transport in this regard revealed that while the Ministry had sought provisions of Rs. 8.01 crores under "Charged" in the Major Head "7601" in the book of detailed Demands for Grants (Part III), Ministry of Finance (Department of Economic Affairs—Budget Division) had shown the said provision in the book of Demand for Grants (Part-II) as Rs. 5 crores under "Charged" and Rs. 3.01 crores under

1	2	3	4
			"Voted". This was not in conformity with the provision of Article 293 which stipulated that any sum required for the purpose of making Loans and Advances to State Governments shall be "Charged" on Consolidated Fund of India. Since the Appropriation Act is passed on the basis of book of Demands for Grants (Part-II) prepared by the Ministry of Finance (Department of Economic Affairs—Budget Division) and the relevant Act could not be corrected subsequently, the actual expenditure of Rs. 557.38 lakhs incurred under charged portion of Major Head "7601" against the erroneous provision of Rs. 500 lakhs resulted in excess expenditure under this Grant. While considering it to be an obvious case of sheer negligence on the part of Budget Division in the Department of Economic Affairs, the Committee also express their dissatisfaction over the lack of coordination and reconciliation between the Ministries of Surface Transport and Finance who failed to take appropriate remedial steps before Parliament passed the relevant Appropriation Act in this case. They would therefore, like responsibility to be fixed for the lapses. The Committee would also like the Department of Economic Affairs to be extra cautious besides taking necessary steps to ensure that such lapses do not recur in future.
11.	71	Defence	During the course of their examination of the cases of excess expenditure, the Committee found that an excess expenditure of Rs. 6.30 crores had occurred during 1994-95 in Revenue section (Voted) under Grant No. 19 Defence Services-Navy. They also found that this excess expenditure had occurred

1	2	3	4
			despite obtaining a Supplementary Grant of Rs. 77.87 crores under this Grant. From the explanations given by the Ministry of Defence, the Committee note that this excess expenditure was partly due to "higher bookings of the pay and allowances of MES which was first time introduced in the Navy during 1994-95". The Committee are not inclined to appreciate the plea put forth by the representative of the Ministry of Defence in this regard that it took some time for the people to understand and implement the orders for switching over to the new system of MES in the Navy. Curiously enough, the original provision in the "Minor Head-Pay and allowances of Navy" amounting to Rs. 293 crores was reduced to 284.99 crores by reappropriation whereas the actual expenditure under this head was Rs. 291.08 crores which ultimately led to an excess of Rs. 6.09 crores under this head. Similarly, an excess of Rs. 10.43 crores had occurred under "Minor Head-Stores" due to certain letter of credit payments required to be paid before close of financial year 1994-95. Here again, the original provision amounting to Rs. 540 crores was enhanced to Rs. 600 crores by obtaining a Supplementary Grant and subsequently reduced to Rs. 598.02 crores by reappropriation. In the opinion of the Committee the facts enumerated above are a sad commentary on the manner in which this Grant was administered by the Ministry of Defence which miserably failed not only in precisely estimating their requirement of funds even at the fag-end of the year but also in providing fully for requirement of funds under various sub-Heads of this Grant. As in the past, the

1	2	3	4
			Ministry have again informed that instructions have already been issued to all the estimating authorities for framing the budget estimates on very realisitic basis to eliminate instances of excess/savings in the budget. The Committee need hardly emphasise that repeated issuance of instructions would not serve the purpose unless these instructions are strictly enforced and complied with. They therefore, desire the Ministry of Defence to take effective steps to ensure strict observance of the existing instructions apart from improving their accounting information system and tightening their expenditure control.
12.	72	Communications (Department of Posts) and Finance (Expenditure & Economic Affairs)	Under Voted portion of both Revenue and Capital Sections of Grant No. 14—Postal Services, Department of Posts had incurred an excess expenditure of Rs. 33.59 crores and Rs. 2.08 crores over and above the sanctioned provisions of Rs. 2096.11 crores and Rs. 74.88 crores respectively during 1994-95. The Committee have been informed during evidence by the representatives of the Department of Posts that this excess expenditure was mainly on account of the mandatory and unavoidable payments required to be made by the Department on salaries, overtime, office expenses, maintenance etc., and that they did not get the money which they had asked for from the Ministry of Finance during 1994-95. According to the Secretary of Department of Posts, the Ministry of Finance had put a ceiling of Rs. 2096.11 crores and Rs. 74.88 crores under Revenue and Capital Sections of the Grant respectively during 1994-95 which left an uncovered gap of substantial magnitude.

1	2	3	4
			In a subsequent note, the Department of Posts informed that the RE 1994-95 for the Department "was fixed by Ministry of Finance by a marginal enhancement across the board of 6% over RE 1993-94" and therefore, the excess requirements under the various heads mostly salaries were projected in RE 1994-95 which was to the tune of Rs. 185 crores and Rs. 111.86 crores under Revenue and Capital Heads respectively. The Committee's examination of the information made available to them also reveals that initially, Secretary (Expenditure) did not agree to raise the budgetary support beyond BE 1994-95 and pointed out that "Department of Posts should devise the budget in such a way that the increase in the non-plan expenditure in the post-budget period is absorbed suitably by increase in receipts". However, Ministry of Finance finally agreed for additional funds of Rs. 121.98 crores and Rs. 18.02 crores under Revenue and Capital Heads respectively which according to the Department of Posts, were inadequate resulting in excess expenditure.
			From the facts enumerated above, the Committee are neither able to comprehend the principles adopted by the Ministry of Finance for putting a ceiling on the budgetary allocations to the Department of Posts nor the circumstances under which they finally agreed to allocate part of additional provisions sought by the Department of Posts at RE 1994-95 stage for meeting mandatory payments during 1994-95 on account of salaries to their employees. The Committee are of the view that the Minsitry of Finance should have informed the Department of Posts

1	2	3	4
			well in advance before the commencement of the financial year 1994-95 if they wanted the Department of Posts to devise their budget in a manner where the increase in the non-plan expenditure in the post-budget period was to be absorbed suitably by increase in receipts. They also feel that the entire manner in which the Grant was managed by the Department of Posts left much to be desired. In the opinion of the Committee, the circumstances leading to excess expenditure under Grant No. 14—Postal Services during the year 1994-95 need a thorough examination both by the Ministry of Finance and the Department of Posts with a view to avoiding excess expenditure and violation of budgetary ceilings of this nature in future. They would also like to know the outcome of such examination.
13.	73	Railways	The Committee note from the Appropriation Accounts of the Railways for the year 1994-95 that an expenditure aggregating Rs. 391.13 crores had been incurred over and above the sanctioned provision in five cases of grants/appropriations operated by the Ministry of Railways. After taking into account the effect of misclassification, the actual excess expenditure requring regularisation worked out to Rs. 392.10 crores instead of Rs. 391.13 crores as indicated in the relevant Appropriation Accounts. Out of this excess expenditure, Grant No. 14 —"Appropriation to Funds" alone recorded a huge excess of Rs. 366.39 crores which, according to the Ministry, is attributable to more appropriations under Capital Fund mainly keeping in view the funds required to finance plan expenditure envisaged from time to time. During his

1	2	3	4
			deposition before the Committee, the representative of the Ministry of Railways informed the Committee that increased appropriation to Capital Fund was credited during the year 1994-95 as Railways were able to save more in that year. Yet the fact remained that the expenditure authorisations in the instant case went away to a large scale resulting in vitiating budgetary process of Railways. A scrutiny of the explanatory note has further revealed that the Ministry of Railways had also incurred an excess expenditure of Rs. 23.53 crores under "Grant No. 16—Assets—Acquisition, Construction and Replacement. Other expenditure—Capital" despite obtaining a supplementary grant of the order of Rs. 119.03 crores in March, 1995. Surprisingly, the Ministry have also stated that no time was left for seeking further supplementary funds under this Grant since the excess expenditure was incurred only in March 1995 itself. The Ministry of Railways have attributed this excess expenditure *inter alia* to New Lines, Gauge Conversion, Eelectrification, Other Electrical Works, Staff Quarters, Investments in Public Undertakings etc. Apparently, most of these items were of anticipatory nature for which the Railways should have planned much in advance. However, the Ministry of Railways were unable to apprise the Committee of the specific reasons for their failure to make provisions for these items at the stage of either original budget or at the time of seeking supplementary demands.
14.	74	Railways	Although the Committee have repeatedly cautioned the Ministry of Railways in the past against incurring excess expenditure, the Ministry seem to have taken no

1	2	3	4
			appropriate steps in this direction. The Committee would once again like to stress that excess expenditure is "unauthorised expenditure" betraying lack of financial discipline and the only situation in which such an expenditure is understandable is when a need for "unforeseen" or "unavoidable" expenditure has arisen suddenly which could neither be anticipated nor any time left to approach Parliament for a supplementary grant. In view of the persistent trend in the incurrence of excess expenditure by the Ministry of Railways year after year, the Committee recommend that the Ministry of Railways should evovle a sound mechanism through which the progress of expenditure under various sub-heads in the Zonal Railways could be regularly monitored with a view to taking timely action to ensure that their expenditure does not over-shoot its limits.
15.	75	Railways	What has further concerned the Committee is the repeated instances of misclassification of expenditure unabatedly occurring in the accounts of the Ministry of Railways. Even the Appropriation Accounts of the year under review revealed two such cases of misclassification of expenditure which effected the quantum of excess expenditure. Distressingly, an error in one of these cases of misclassification was further brought to the notice of the Committee only during oral deposition of the representatives of the Ministry of Railways when they informed that a figure of Rs. 26 lakhs was inadvertently taken as Rs. 26 crores at the time of compilation of accounts. The Committee take a serious view of the perfunctory manner in which the accounts

1	2	3	4
			are being maintained by the Railway Authorities revealing lapses at all levels including the scrutiny of accounts. They therefore, desire that stringent measures be taken for avoiding such misclassifications in future and responsibility fixed for the lapses in all such cases.
16.	76	Finance (Expenditure and Economic Affairs), Defence, Communications (Posts) and Railways	Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in Para 14 of this Report be regularised in the manner prescribed in Articles 115(1)(b) of the Constitution of India.

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARI. PUBLICATION

Sl. No.	Name of Agent

ANDHRA PRADESH

1. M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500 306.

BIHAR

2. M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).

GUJARAT

3. The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T.No. 79065)

MADHYA PRADESH

4. Modern Book House, Shiv Vilas Place, Indore City. (T.No. 35289)

MAHARASHTRA

5. M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.
6. The International Book Service, Deccan Gymkhana, Poona-4.
7. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.
8. M/s. Usha Book Depot, Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400 002.
9. M & J Services, Publishers, Representative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fule Road Nalgaum, Dadar, Bombay-400 014.
10. Subscribers Subscription Service India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.

TAMIL NADU

11. M/s. M.M. Subscription Agencies, 14th Murali Street, (1st Floor), Mahalingapuram, Nungambakkam, Madras-600 034. (T. No. 476558)

UTTAR PRADESH

12. Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.

WEST BENGAL

13. M/s. Madimala, Buys & Sells, 123, Bow, Bazar Street, Calcutta-1.

DELHI

14. M/s. Jain Book Agency, C-9, Connaught Place, New Delhi, (T.No. 351663 & 350806)
15. M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006 (T.No. 2915064 & 230936)
16. M/s. Oxford Book & Stationery Co. Scindia House, Connaught Place, New Delhi-110 001. (T.No. 3315308 & 45896)
17. M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T.No. 7112309).
18. M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar, Old Double Storey, New Delhi-110 024 (T.No. 6412362 & 6412131).
19. M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110 033.
20. M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
21. M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110 001. (T.No. 344448. 322705, 344478 & 344508).
22. M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
23. M/s. Books India Corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052. (T.No. 269631 & 714465).
24. M/s. Sangam Book Depot, 4378/4B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi-110 002.