

**EXCESSES OVER VOTED GRANTS
AND CHARGED APPROPRIATIONS
(1992-93) AND ACTION TAKEN ON
60TH REPORT OF PUBLIC
ACCOUNTS COMMITTEE
(10TH LOK SABHA)**

**PUBLIC ACCOUNTS
COMMITTEE
1997-98**

ELEVENTH LOK SABHA

NINETEENTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1997-98)

(ELEVENTH LOK SABHA)

**EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS (1992-93) AND
ACTION TAKEN ON 60TH REPORT OF PUBLIC
ACCOUNTS COMMITTEE (10TH LOK SABHA)**

*Action Taken on 88th Report of Public
Accounts Committee (10th Lok Sabha)*



Presented to Lok Sabha on 20.11.1997

Laid in Rajya Sabha on **30 MAR 1998**

**LOK SABHA SECRETARIAT
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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(1997-98)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Shri Nirmal Kanti Chatterjee
4. Shri Ramesh Chennithala
5. Shri Prithviraj D. Chavan
6. Shri N.S.V. Chitthan
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Rajya Sabha

16. Shri Ramdas Agarwal
17. Shri R.K. Kumar
- *18. Shri N. Giri Prasad
- **19. Smt. Kamla Sinha
20. Smt. Margaret Alva
21. Shri Surinder Kumar Singla
22. Shri Vayalar Ravi

SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri P.D.T. Achary — *Joint Secretary*
3. Shri P. Sreedharan — *Deputy Secretary*
4. Shri Rajeev Sharma — *Under Secretary*

*Expired on 24 May, 1997.

**Ceased to be member of the Committee on her appointment as Minister of State w.e.f. 3.6.1997.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, having been authorised by the Committee, do present on their behalf, this Nineteenth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Eighty-eighth Report (Tenth Lok Sabha) on Excesses Over Voted Grants and Charged Appropriations (1992-93) and Action Taken on 60th Report of Public Accounts Committee (Tenth Lok Sabha).

2. This Report was considered and finalised by the Public Accounts Committee at their sitting held on 23 October, 1997. 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 to the Report.

4. 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;
2 November, 1997

11 Kartika, 1919 (Saka)

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

CHAPTER I

REPORT

The Eighty-Eighth Report (10th Lok Sabha) of the Public Accounts Committee on excesses over voted grants and charged appropriations (1992-93) and Action Taken on 60th Report of the Public Accounts Committee (10th Lok Sabha) was presented to Lok Sabha on 30 March, 1995. This Report contained 21 recommendations. Of these, seven recommendations related to more than one Ministry/Department.

2. Action Taken notes have been received from Government in respect of 20 out of the 21 recommendations/observations. The recommendations/observations of the Committee have been categorised as follows:

- (i) Recommendations or observations which have been accepted by Government:

Sl. Nos. 1—4, 6-7, 9—19 & 21

- (ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government:

Sl. No. 5

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

Sl. No. 8

- (iv) Recommendations or observations in respect of which Government have furnished interim replies/no replies:

Sl. No. 20

Delay in submission of action taken notes

3. The Ministries/Departments concerned were required to furnish action taken notes on the recommendations contained in the Eighty-Eighth Report by 30 September, 1995. However, the action taken notes by all Ministries/Departments excepting Ministry of Home Affairs were furnished to the Committee beyond the stipulated date and the latest being made available by the Ministry of Finance (Department of Expenditure) only on 5 February, 1997. Replies were furnished by the Ministries/Departments on 13 recommendations/observations after a period of one year from the date of presentation of the Original Report. Action taken note in respect of paragraph 2.12 (Sl. No. 20) is still awaited from the Ministry of Finance (Department of Expenditure). The Ministries of Food Processing Industries and Petroleum & Natural Gas fur-

nished only unvetted action taken notes on the recommendation contained in para 1.38.

4. The Committee regret to note that there had been inordinate delay in the submission of action taken notes by various Ministries/Departments. The Committee take a strong note of this and desire that the Ministries/Departments should streamline their procedure and take effective steps for submission of action taken notes by the stipulated time to the Committee. The Committee are extremely unhappy that despite being the prime agency in the subject matter, the Ministry of Finance have failed in the submission of the requisite action taken note in one case. The Committee desire that the same be furnished after getting vetted by Audit within a month from the presentation of the Report.

Case study of persistent trend of excess expenditure (Sl. No. 2, Para 1.35)

5. While examining the Appropriation Accounts by Union Government for the year 1992-93 the Committee in Paragraph 1.35 of their 88th Report (10th Lok Sabha) had observed that an expenditure of the order of Rs. 689.06 crores had been incurred by various Ministries/Departments in excess of the aggregate sanctioned provision of Rs. 30811.51 crores under 13 grants/appropriations during the year 1992-93. The year 1992-93 had witnessed excess expenditure in all the sectors of the Union Government namely, Civil, Defence, Postal, Telecommunications and Railways. The Committee had also found that excess expenditure over rupees one crore had been incurred in as many as 10 out of total 13 grants/appropriations which registered excess expenditure. Further, this excess expenditure had occurred despite obtaining supplementary provisions amounting to Rs. 1008.72 crores under 11 grants/appropriations out of 13 excess registering grants/appropriations during the year. In view of the persistent trend in the incurrence of excess expenditure going unchecked the Committee had recommended that Government should undertake a case study of the instances where expenditure had exceeded the budgetary allocations during the last five years with a view to looking into the reasons as to why the existing mechanism for control of expenditure had failed to effectively check the unabated trend of excess expenditure. They had also desired that steps should be taken to streamline the mechanism in this regard so as to tighten the financial and budgetary control.

6. In response to the recommendations of the Committee, the Ministry of Finance (Department of Expenditure) stated that they have issued instructions to the various Ministries/Departments emphasising the need to form their budget estimates after careful and indepth requirements of their funds so that it does not lead to excess expenditure. The Ministry also furnished copies of those instructions.

7. As regards undertaking of case study, the Ministry in their note stated as follows:—

“The Budget Division of the Department of Economic Affairs, Ministry of Finance has been requested to undertake a case study of the instances where expenditure exceeded the budgetary allocations with a view to improving the existing system”.

8. The Ministries/Departments concerned in respect of the Appropriation Accounts relating to Defence, Railways, Post and Telecommunications in their action taken notes furnished to the Committee have indicated the analysis undertaken by them of the trend of expenditure, and have also mentioned the corrective/remedial steps taken or proposed to be taken by them to tighten the financial and budgetary control.

9. The number of demands for grants/appropriations obtained by the various Ministries/Departments during 1992-93 under different sectors of activities are given below:—

Sectors of activity	No. of demands for grants or charged appropriations
Civil	91
Defence	5
Postal Services	1
Telecommunication Services	1
Railways	16
Total:	114

10. The Committee take note of the instructions issued by the Ministries/Departments in the matter of control of expenditure. They are, however, unhappy to point out that even though a period of over two years has lapsed since presentation of the original Report and a year after the submission of the action taken note, the Ministry of Finance are yet to intimate the results of the study undertaken by them of the instances where expenditure exceeded the budgetary allocations with a view to improving the existing system. The Committee wish to emphasise that it is the primary responsibility of the Ministry of Finance as the nodal agency of the Governmental apparatus to exercise adequate supervision and control over the public exchequer. They, therefore, desire that the case study be expeditiously completed and the findings of the study alongwith the action taken thereon be intimated to them within a period of three months.

Expenditure on "New Service/New Instrument of Service"
(Sl. No. 8, Para 1.41)

11. In Paragraph 1.41 of their 88th Report, the Committee had recommended as follows:—

"On the recommendations of the Public Accounts Committee, the Ministry of Finance have prescribed financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires either prior approval of or report to Parliament, however, one case from the Ministry of Textiles and four cases from the Ministry of Surface Transport have been brought to the notice of the Committee where expenditure incurred by them during the year 1992-93 qualified as New Service/New Instrument of Service in which prior approval of Parliament was not obtained nor the expenditure was reported to Parliament. The Committee view with concern these cases of serious breach of financial propriety committed by the Ministry of Surface Transport and Ministry of Textiles. The Committee wish to strongly emphasise that they cannot remain silent spectator to this sad state of affairs. They, therefore, desire that the circumstances leading to these defaults, in obtaining prior approval of Parliament or reporting the expenditure to them, may be thoroughly investigated and the responsibility fixed. Steps should also be taken to ensure that instances of such cases do not recur. The Committee would also like the Government to apprise them about the precise action taken in this regard."

12. The Ministry of Finance (Department of Expenditure) in their action taken note while noting the recommendations made by the Committee stated that detailed instructions have been issued to all the Ministries/Departments directing them to observe the guidelines of New Service/New Instrument of Service in letter and spirit. The Ministry in their note also stated that the action taken in regard to the investigations and fixing responsibility for not taking prior approval in the matter would be taken by the Ministries/Departments and reported to the Committee.

13. The Ministry of Surface Transport in their action taken note stated as under:—

"In all the four cases which qualified for New Service/New Instrument of Service, releases were made in the month of March 1993 after the last batch of Supplementary in accordance with the Government's orders. These releases were based on Government's decisions for reimbursement of losses for operating the ferry services, Haj Services and dredging. While subsidy for Haj Services has already been stopped and ferry services terminated, instructions have been issued to subordinate authorities to project the requirement for dredging subsidy in advance to avoid recurrence of such incidents.

Moreover, the matter has been reported to Parliament in the subsequent year at the first opportunity. Now, a watch is also kept on such appropriation and reappropriations only through Detailed Demand for Grants, and reporting is done with each batch of Supplementary Demand. However, the lapse is deeply regretted. There was no deliberate intention of not informing the Parliament or ignoring the Parliamentary procedure. All actions were taken in good faith in the interest of Government work and in accordance with the existing instructions”.

14. The Ministry of Textiles in their note stated:—

“Against the original Budget of Rs. 6.00 crores, Rs. 32.00 crores were utilised. The additional amount of Rs. 26.00 crores was utilised within the grant. The excess expenditure was incurred as the proposals were received from the Jute Corporation of India for the Price Support Operation and the amount was released to the Jute Corporation of India since the operation of procurement of jute during the period was in full swing. It was reported to Parliament for the reappropriation to the extent of Rs. 21.00 crores during 1992-93. Due to oversight, the Ministry could not obtain the prior approval of Parliament for Rs. 5.00 crores. However, it was reported to the Parliament during 1994-95 (March, 1995).

The necessary precautionary steps to avoid such recurrence in future are being taken by way of detailed examination of each case while according expenditure sanctions.”

15. The Committee are not satisfied with the action taken notes furnished by the Ministries of Surface Transport and Textiles. The Ministries concerned have neither offered any convincing explanation for the defaults nor indicated the action taken to fix responsibility for the breach of financial propriety committed in the matter of obtaining prior approval of Parliament or reporting cases of expenditure which constituted New Service/New Instrument of Service. The Committee, therefore, cannot but reiterate their earlier recommendation and would like to be apprised of the precise action taken in the matter.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee find that while the Appropriation Accounts of Civil and those of Defence Services and Railways for the year 1992-93 were laid on the Table of the House on 10th May and 14 June, 1994 respectively the laying of the Appropriation Accounts of Postal and Telecommunication Services for the same year on the Table of the House was delayed till 13 December, 1994. The Committee desire that earnest efforts would be made in future by all concerned towards timely finalisation of the Appropriation Accounts so as to lay them on the Table of the House in the Budget Session of Parliament.

[Sl. No. 1 (Para 1.5) of Appendix XIV to 88th Report of Public
Accounts Committee (10th Lok Sabha)]

Action Taken by the Government

The recommendations of the Public Accounts Committee have been brought to the notice of all the Ministries/Departments of the Government of India and they have been advised to finalise the appropriation accounts within the prescribed time schedule. A copy of O.M. No. 12(1)E-Coord./95(Pt.) dated 4.12.1996 is enclosed.

(This has been vetted by Audit *vide* their U.O. No. RR/1-3/95-96/998
dated 12.12.1996)

Sd.
(D. Swarup)

Joint Secretary to the Government of India

[Ministry of Finance (Deptt. of Expenditure) O.M. No. 12(1)E-Coord./95
dated 5.2.1997]

No. 12(1)E-Coord./95(Pt.)

Government of India

Ministry of Finance

Department of Expenditure

NEW DELHI, the 4th December, 1996

OFFICE MEMORANDUM

SUBJECT: *Action taken on the recommendations contained in the 88th Report of the Public Accounts Committee (10th Lok Sabha) on 'Excesses over Voted Grants/Charged Appropriations (1992-93)'*

The Public Accounts Committee in Para 1.5 (extracts enclosed) in its above Report has desired that every effort should be made to the timely finalisation of the appropriation accounts so that the same are laid on the Table of the House in the Budget Session of the Parliament. All the Ministries/Departments are advised to ensure that the observations made by the Public Accounts Committee in the above Para are strictly adhered to.

2. Hindi version will follow.

(S.K. Chopra)

Desk Officer

All Ministries/Departments of the Govt. of India.

All FAS (By name)

Ministry of Defence

Action Taken

The recommendation of the Committee has been noted.

Eight Printed copies each of English and Hindi version of the Appropriation Accounts (Defence Services) for the year 1992-93, duly signed by Financial Adviser (DS)/Defence Secretary, were sent to DGADS on 29th April, 1994 for obtaining signature of Comptroller and Auditor General of India. After obtaining confirmation from DGADS that C&AG signed these copies on 4th May, 1994, Ministry of Defence (Finance) sent 10 additional copies each of English and Hindi version of these Accounts to the Ministry of Finance (Department of Economic Affairs) on

6th May, 1994 requesting them to intimate the date of placing of these Accounts in Parliament. The Budget Session continued up to 13th May, 1994. However, Budget Division of Ministry of Finance (Department of Economic Affairs) *vide* their O.M. No. 6(15)/B(R)/94 dated 30th May, 1994 requested Lok Sabha and Rajya Sabha Secretariats for making arrangements for laying these Accounts on the Table of both the Houses of the Parliament simultaneously on 14th June, 1994. Subsequently these copies were actually laid on the table of both the Houses of Parliament simultaneously on 14th June, 1994.

Appropriation Accounts (Defence Services) and related Audit Reports are placed on both the Houses of Parliament on the same day. Appropriation Accounts (Defence Services) for the year 1993-94 and for the year 1994-95, along with the related Audit Reports, were placed on the table of the both the Houses of Parliament during the Budget Session on 9th May, 1995 and 8th March, 1996 respectively.

Sd.
(D. Lahiri)
Addl. Fa(D) & Js

[Ministry of Defence OM No. 213(6)/96-B-II dated 5.12.1996]

Action Taken by the Ministry of Railways

Recommendations of P.A.C. regarding timely finalisation of the Appropriation Accounts and to lay the same on the Table of the House in the Budget Session of Parliament are noted for compliance.

The Audit have seen and vetted the above ATN *vide* their U.O.I. No. 160/RA-III/RR/12-2-94 dated 20.04.95.

Sd/-
(P. Rajagopalan)
Executive Director Accounts
Railway Board

[Ministry of Railways (Rly Board)'s O.M. No. 94-BC-PAC/X/88
dated 18.06.96]

Action Taken by the Ministry of Communications (Deptt. of Telecommunications)

The accounts for the year 1992-93 took longer to finalise than usual because a new computerised system was introduced at that time and this system gave initial teething troubles & this resulted in delay at all the subsequent stages.

Action was taken subsequently to expedite the process. This has already resulted in improvement in as much as the Appropriation Accounts for 1993-94 were laid on the table of the House in the Budget Session of Parliament. Thus, through concerted effort there has been substantial

This has the approval of Member (F).

This has been vetted by the Director General of Audit (P&T) *vide* his No. RR. III/1(b)400/92-93/App. Accounts/DOT/Vol.I/166 dated 28.7.1995.

Sd.

(A. Biswas)

Director (TA-I)

Department of Telecommunications

[Ministry of Communications (Deptt. of Telecommunications)]

[F.No. 46-33/95-TA-II dated 20.10.1995]

Action Taken by the Ministry of Communications (Deptt. of Post)

Appropriation Accounts for 1993-94 was finalised in time and was laid on the Table of the Rajya Sabha/Lok Sabha on 27th April 1995 and 28th April 1995 respectively (during the Budget Session of Parliament).

Sd.

Signature of Dy. Director General

[Ministry of Communications: Department of Post OM No.13-1/95-BGT(PA) dated 20.10.95]

Recommendation

The Committee note that an expenditure of the order of Rs. 689.06 crores had been incurred by various Ministries/Departments in excess of the aggregate sanctioned provision of Rs. 30,811.51 crores under 13 grants/appropriations during the year 1992-93. Surprisingly, the year 1992-93 had witnessed excess expenditure in all the sectors of the Union Government *viz.*, Civil, Defence, Postal, Telecommunications and Railways. The Committee are also constrained to find that excess expenditure of over Rs. 1 crore had been incurred in as many as 10 out of the total 13 grants/appropriations which registered excess expenditure. What is still more distressing is the fact that this excess expenditure had occurred despite obtaining supplementary provisions amounting to Rs. 1008.72 crores under 11 grants/appropriations out of 13 excess registering grants/appropriations during the year under review. Evidently, the Budget controlling authorities in various Ministries/Departments of Government repeatedly failed not only in keeping the required vigil over the trend of expenditure but also in assessing properly their actual requirements of funds while seeking supplementary provisions at the fag end of the year when they had adequate data for estimating their funds requirements. This has resulted in the recurrence of an excess expenditure of substantial magnitude in 1992-93 also as in the past year. The fact that the excess expenditure should persist year after year despite repeated exhortations of the Committee and issuance of instructions by the Ministry of Finance etc.,

from time to time only leads the Committee to conclude that the matter has not been viewed by the Ministries/Departments with the seriousness it deserves. The Committee would like the Ministries to bear in mind that excess expenditure is 'unauthorised expenditure' betraying lack of financial discipline. The only situation in which the excess expenditure is understandable is when a need for unforeseen or unavoidable expenditure has arisen suddenly which could not have been anticipated and with no time left for the Ministry/Department to approach Parliament for a supplementary grant or appropriation. In view of the persistent trend in the incurring of excess expenditure going unchecked, the Committee recommend that Government should undertake a case study of the instances where expenditure had exceeded the budgetary allocations during the last five years with a view to looking into the reasons as to why the existing mechanism for control of expenditure has failed to effectively check the unabated trend of excess expenditure. Steps should also be taken to streamline the mechanism in this regard so as to tighten the financial and budgetary control.

[Sl. No. 2 (Para 1.35) of Appendix XIV to 88th Report of Public Accounts Committee (10th Lok Sabha)]

A scrutiny of the Appropriation Accounts of Civil, Defence, Postal, Telecommunications and Railways has revealed that large scale savings aggregating Rs. 13,165.20 crores had also occurred during the year 1992-93. Out of these, bulk of the savings amounting to Rs. 12,139.58 crores were in the grants/appropriations operated under Civil sector followed by saving of Rs. 810.58 crores under grants/appropriations operated by the Ministry of Railways. An analysis of the relevant Appropriation account has also disclosed that while 61 grants/appropriations had registered savings varying between Rs. 10 crores and Rs. 100 crores each, saving of the order of over Rs. 100 crores each had occurred in as many as 19 grants/appropriations during the year 1992-93. Curiously enough, savings of over Rs. 100 crores each has been persistently occurring from 1990-91 onwards under the Civil grants/appropriations relating to Interest payments, Transfer to State Governments, Repayment of debt, Department of Expenditure and Ministry of Textiles. In the opinion of the Committee, the savings of such high magnitude are indicative of both faulty budget estimation and also undesirable tendency of various Ministries towards excess budgeting which not only leads to inefficient utilisation of funds but also deprives other important sectors of the economy of such needed resources. The Committee would like the Government to address themselves to this issue seriously so as to gear up their budgetary control mechanism to ensure that the estimation of requirement of funds in all sectors of Governmental activities is carried out meaningfully and

realistically. They would also like the Government to impress upon the Budget controlling authorities in all the Ministries/Departments to exercise due caution and farsightedness while forecasting their requirements of funds.

[Sl. No. 3 (Para 1.36) of Appendix XIV to 88th Report of Public Accounts Committee (10th Lok Sabha)]

Action Taken by the Government

The observations made by the Committee have been noted. All Ministries/Departments of the Government of India have been instructed *vide* O.M. No. 1(14)E.II(A)/94 dated 17.10.1994 and O.M. No. 12(1)E-Coord./95 dated 23rd August, 1995(*Copies enclosed*) to form their budget estimates after careful and in depth examination of the requirements of funds so that it does not lead either to excess in expenditure or savings. The Ministries/Departments have also been asked to make detailed examination of the circumstances leading to excess expenditure/savings including action taken to fix responsibility. The Ministries/Departments have been requested to bring the reasons for shortfalls or excess expenditures in their explanatory notes submitted to the Lok Sabha Sectt.

The Budget Division of the Department of Economic Affairs, Ministry of Finance has been requested to undertake a case study of the instances where expenditure exceeded the budgetary allocations with a view to improving the existing system.

(This has been vetted by Audit *vide* their U.O. No. RR/1—4/95-96/372 dated 24.7.1996.)

Sd.

(D. Swarup)

Joint Secretary to the Government of India

[Ministry of Finance (Deptt. of Expenditure) U.O.No. 12(1)
E-Coord./95 dated 13.9.1996]

No.F.1(14)-E.II(A)/94
Government of India
Ministry of Finance
(Department of Expenditure)

New Delhi, the 17th October, 1994

25th Asvina, 1916(Saka)

OFFICE MEMORANDUM

SUBJECT:— *Action taken on the recommendations of the Public Accounts Committee (10th Lok Sabha) made in its 60th Report and 74th Report on Excesses over Voted Grants / Charged Appropriations.*

The undersigned is directed to say that the Public Accounts Committee (10th Lok Sabha) in its 60th Report (1990-91) and its 74th Report (1991-92) have observed that excess expenditure had occurred under various Grants / Appropriations despite obtaining supplementary provisions. Since the bulk of the supplementary provisions are made at the fag end of the year when the Ministries have sufficient data for estimating their actual requirements, the Committee have found no plausible explanation for incurring substantially high expenditure. The Committee have expressed grave concern at the continued inability of Ministries / Departments to check the expenditure beyond the sanctioned estimates.

2. The Committee have also observed with concern the large-scale savings under various Grants / Appropriations. In certain cases, substantial savings had occurred due to procurement of supplementary provisions far in excess of actual requirements. The Committee have desired that in future detailed notes in respect of the savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to them alongwith the explanatory notes regarding excess expenditure incurred.

3. Instructions have been issued *vide* this Ministry's O.M.No.F.1(9)-E.II(A)/92, dated 3.11.1992, urging upon Ministries / Departments to observe strict financial discipline by regulating expenditure in such a way that budgetary allocations are not exceeded. In view of the above observations of the Public Accounts Committee, it is again emphasized that estimates should be framed accurately after a careful and indepth

examination of the requirement of funds. Ministries/Departments should also devise an effective mechanism for proper and continuous monitoring over the progress of expenditure so as to avoid either excess expenditure or savings. In exceptional cases, where supplementary Grants become necessary, an accurate estimate of the likely savings should be made so that the supplementary estimates are kept to the minimum, if they cannot be avoided altogether. It may also be noted that the authorities administering a grant/allocation shall be fully accountable for the control of expenditure against sanctioned estimates and any slackness will be viewed seriously.

4. All the Ministries/Departments are requested to keep the above instructions in view for strict compliance.

5. Hindi version of this O.M. is enclosed.

Sd/-

(D. Swarup)

Joint Secretary to the Govt. of India

To

All the Ministries/Departments of the Governments of India,
etc.

No.F.1(14)-E.II(A)/94

Copy forwarded to the Comptroller & Auditor General of India, UPSC,
etc. as per standard endorsement list.

Sd/-

(D. Swarup)

Joint Secretary to the Govt. of India.

IMMEDIATE
PAC MATTER

No.12(1) E-Coord/95
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 23rd Aug., 1995.

OFFICE MEMORANDUM

SUBJECT: *Action taken on the recommendations contained in the 88th Report of the Public Accounts Committee (10th Lok Sabha) on Excesses over Voted Grants/Charged Appropriation (1992-93) and action taken on 60th Report (10th Lok Sabha) on Excesses over Voted Grants/Charged Appropriations (1990-91).*

The undersigned is directed to invite the attention of all Ministries/Departments to the instructions issued vide this Ministry's O.M.No.F.1(14)-E.II(A)/94 dated 17th October, 1994 pursuant to the recommendation of the PAC made in its 60th Report (1990-91) and 74th Report (1991-92) on Excesses over Voted Grants/Charged Appropriations. It was emphasized *vide* these instructions that the Ministries/Departments should frame their estimates accurately after a careful and indepth examination of the requirement of funds. It was also, *inter-alia*, stated that the authorities administering a grant/allocation shall be fully accountable for the control of expenditure against sanctioned estimates.

2. The committee in its 88th Report (1992-93) has noted the above-mentioned instructions and has made the following further recommendations:

(i) Ministries/Departments should observe the prescribed instructions regarding re-appropriation of funds from one unit of grant/appropriation to another and also ensure adherence to financial discipline.

(ii) Complete details of circumstances leading to overall excess expenditure under a grant or appropriation together with action taken to fix responsibility therefor, may invariably be made available to the committee through the explanatory notes, at least from the accounting year 1994-95 onwards.

(iii) The Committee's recommendation in its 60th Report regarding furnishing of detailed notes about savings of Rs. 100 crores and above, should be adhered to and the time schedule prescribed for this purpose should be scrupulously followed by all Ministries/Departments concerned while forwarding their explanatory notes to the Committee on the accounts for 1993-94 and onwards.

3. In this connection, attention is also invited to the instructions on re-appropriation of funds, issued *vide* this Ministry's O.M.No.F1(14)-E.II(A)/89 dated 22nd February, 1990 and O.M.No.F. 1(17)-E.II(A)/91 dated 10th October, 1991. As per these instructions, any re-appropriation which has the effect of increasing the budget provision by more than 25% or Rs.1 crore whichever is more, under a sub-head, should be reported to Parliament alongwith the last batch of supplementary demands. A re-appropriation order which has the effect of increasing the budget provision by more than Rs.1 crore under a sub-head should also have the prior approval of Secretary (Expenditure). Moreover, any re-appropriation order issued after the presentation of the last batch of supplementary demands and exceeding the limit of 25% should have the prior approval of Secretary/Additional Secretary (Expenditure).

4. In view of the recommendations of the Public Accounts Committee, as mentioned in para 2 above Ministries/Departments are requested to ensure strict compliance with the instructions issued *vide* this Ministry's O.M. dated 22.2.1990 and 10.10.1991 regarding reappropriation of funds. As the basic responsibility for furnishing of explanatory notes on excess expenditure/savings under a grant or appropriation to the Committee, rests with the administrative Ministries, they may ensure that the details of circumstances leading to the excess expenditure/savings including the action taken to fix responsibility for the excess expenditure are brought out in the explanatory notes. The explanatory notes may be got vetted by the Budget Division in this Ministry.

5. The time schedule prescribed for furnishing of the explanatory notes to the PAC should also be scrupulously followed. For this purpose, Ministries/Departments may institute a system of monthly monitoring by the Secretary of the Ministry/Department with the FA and the concerned A.S./Joint Secretaries, Monthly Progress Reports in this regard may also be sent to the Monitoring Cell under this Department. Secretary (Expenditure) would also review the outstanding cases every quarter. Cases of inordinate delays in sending Action Taken Reports/Explanatory Notes by the Ministries would be considered for taking up with the Committee of Secretaries.

6. All the Ministries/Departments are requested to keep the above instructions in view for strict compliance.

7. Hindi version of this O.M. is enclosed.

Sd/-
(D. Swarup)

Joint Secretary to the Government of India.

To

All the Ministries/Departments of the Government of India,
etc.

No. 12(1)E-Coord./95

Copy forwarded to the comptroller and Auditor General of India, UPSC, etc. as per standard endorsement list.

Sd/-

(D. Swarup)

**Joint Secretary to the Government of India.
Action Taken by the Ministry of Defence on Para 1.35**

The recommendation of the Committee has been noted.

As desired by the Committee the instances where expenditure had exceeded the budgetary allocation during the last five years with a view to looking into the reasons as to why the existing mechanism for control of expenditure has failed to effectively check the unabated trend of excess expenditure, were scrutinised.

2. On a close view of the reasons, it has been observed that the following were the main reasons which directly pushed the expenditure on higher side resulting in jumping the budgetary allocation and existing mechanism failed to check the excess expenditure.

1. Increase in Transportation/Rail charges, cost of Fuel/Lubrication, Electricity and Water charges than anticipated.
2. Variation in Foreign Exchange rates due to Government policies.
3. Increase in rate of DA/Bonus than anticipated.
4. More bookings of Pay and Allowances of Service/Civilians Officers and Staff.
5. Committed liabilities.
6. Faster progress in land acquisition, construction work and supply of stores/services than anticipated.
7. Higher drawal of funds/adjustment of bills by Railways, DGS&D & HAL etc. at the fag end of the year than anticipated.
8. Incorrect classification of the expenditure.

3. To overcome the above aspects, necessary instructions have been issued from time to time to budget estimating and controlling authorities to be more realistic in budget formulation and controlling the expenditure. Inter-Departmental Monitoring Group were constituted to take steps to remove the lacunae to improve the formulation and control of budget. Further, to strengthen the system the Integrated Financial Advice System has also been introduced in the Service Headquarters. It is one of their duties to monitor the expenditure against allotment. IFAs are actively involved in all aspects of budget management. [Copy of this Ministry I.D. No. 11(3)94B-I dated 14.9.94 and 10(2)&3B-I dated 12.7.93 are enclosed]. CGDA who is centrally controlling authority for compilation of the expenditure has also been advised to issue necessary

instructions to Cs. D.A. to take necessary steps to avoid wrong classification (Copy of this Ministry I.D. No. 2166/B-194 dated 12.9.94 is enclosed).

Besides above further necessary instructions have been issued by the Army HQrs. *vide* their letter No. 88952/GS/FP2 dated 9.3.95 highlighting the shortcomings and the remedial measures to be adopted by budget controlling authorities to avoid savings/excess over voted grants.

Sd/-

(D. Lahiri)

Addl. FA (D) & JS

[Ministry of Defence File No. 10(4)B-IPC-I dated 16.10.1995]

Action Taken by the Ministry of Defence on Para 1.36

The recommendations of the Committee have been noted.

For improving accuracy in estimation and utilisation of allocation, Inter-Departmental Monitoring Groups consisting of Senior Officers from Ministry of Defence, Ministry of Defence (Finance), Service Headquarters and Controller of Defence Accounts concerned, have been constituted to monitor the progress of expenditure with a view to have full utilisation of the funds available. These groups review the projections of requirements and actual expenditure details to pin point any defect in the present system of estimation and control. Necessary instructions in this regard have also been issued *vide* MOD I.B. No. 2191/B/95 dated 16.8.95 (copy enclosed).

In addition to above, the following measures have been adopted by the DGOF to avoid large scale savings.

1. Projection of requirement in different formats by the factories.
2. Preparation of purchase budget.
3. Statistical analysis of data available.
4. Table discussion with Factory's representative for requirement of funds.

Sd/-

(D. Lahiri)

Addl. FA (D) & JS

[Ministry of Defence File No. 10(4)B-IPC-I dated 16.10.1995]

**MINISTRY OF DEFENCE
(FINANCE / BUDGET)**

SUB: *Monitoring and control of Defence expenditure.*

Instructions have been issued from time to time highlighting the importance of formulating the budget estimation of realistic basis and the necessity to keep a vigil on expenditure to conform to the allocation.

2. In spite of due cautions for exercising better budgetary formulation and control, instances of unrealistic estimation of requirement at the initial stage as well as re-appropriation stage and inadequate control over expenditure still continue. These inadequacies in budget formulation/control on expenditure lead to excess over voted grant or saving in a grant.

3. Public Accounts Committee in their 88th Report (1992-93) have severely commented upon and emphasized the need for exercising due caution and farsightedness while forecasting the requirements of funds.

4. In view of the above, inter-Departmental Monitoring Groups are requested to review the projection of requirement and monitoring of the expenditure with utmost care and farsightedness to avoid large scale saving or excess over the voted grant. Such review will help to eliminate instances of defective budgeting and budgetary control.

Sd/-
(D. Lahiri)
Addl. F.A.(D)

All Joint Secys/Addl. FAs
Addl. DGFP, DNP, D Fin P, DGNOC
DDPR&M, DGQA

MOD(Fin) ID No. 2191/Bud. 195 dt. 16.8.95.

Action Taken by the Ministry of Railways on Para 1.35

A statement carrying out the Railway-wise/Grant-wise comparison of expenditure on Railways in the years from 1988-89 to 1992-93 is enclosed at Annexure 'A' (not enclosed), an examination of which reveals the following:

- (i) (a) Though, there has been incidence of excess expenditure in one or the other grant of the Railways, the same cannot be said to be persisting in a particular grant.

- (b) Also the percentage of excess occurred in most of these grants come under the category of 'Minor'.
- (c) Further, the overall excess for the Indian Railways as a whole has generally been of a very small size, even a trend of savings has become visible in the recent years.
- (ii) The number of Railway Grants ending up with excess has been reducing year after year. In 1989-90, the grants involved were seven which by and by have come down to only two in 1992-93.
- (iii) The main reason contributing to excess in 1992-93, has been the non-availability of Final Modification Estimates in time in the Board. Instructions have been reiterated to bring improvement.
- (iv) (1) Another important reason contributing to excess in Capital (Budgetary Support) in the recent years has been the setting up of 'Capital Fund'. This fund has to be credited with all the excess/surplus left after appropriation to Development Fund. The works of Capital nature which hitherto used to be financed exclusively through the budgetary support from the General Exchequer are now to be financed also from the Capital Fund. Capital Fund had to be set up because the budgetary support from the General Exchequer has been steeply declining. It has come down to about 19% in VIII Five Year Plan from 75% in V Plan. The availability of fund in Capital Fund is directly related to the financial performance of the Railways in a particular year. Railways have a well established system of reviewing the financial performance every month. Whenever it is noticed that adequate funds are not likely to be generated, the appropriation to capital fund *vis-a-vis* the Budget Grant is reduced. Thus the fund available for Plan expenditure from out of Capital Fund stand reduced but the requirement for Railways' network development continues to be at the budgeted level. Thus, there is no alternative except to incur the budgeted expenditure from the budgetary support. This results in excess expenditure in Capital (Budgetary Support) and a saving in the Capital Fund as compared to the authorised Grant. The problem of excess expenditure hereunder is more due to non-stabilisation of the operational aspect relating the Capital Fund, the recourse to which is being sought separately in consultation with Audit. Further, as the Capital Fund is the last charge on the excess/surplus left after appropriation to Development Fund, excess expenditure under Capital Fund cannot be finally ruled out. To avoid excess in future we have in

our recent Memorandum requested Railway Convention Committee for making Capital Fund the first charge on Net Revenue.

(2) Whenever excess/surplus is exceeded over the budgeted target as a result of better financial performance, the extra funds become available for appropriation to Railway funds. Hence, excess is incurred in Demand No. 14. As this does not result in excess expenditure, this is termed as of technical nature.

(v) Occurrence of excess is nonetheless a case for great concern and steps no doubt will be taken to further strengthen the mechanism of budgetary and expenditure control prevailing on the Indian Railways. Hence, a caution letter has been issued to the spending units.

The Audit to whom this ATN was submitted for vetting have made the following observations *vide* their U.O.I. No. 14-RAIII-RR2-1/94 dated 22.05.96.

Inordinate delay on the part of the Ministry in finalising the modalities for the operation of Capital Fund has also been commented upon by the Public Accounts Committee in their 110th report. Ministry of Railways (Railway Board) are therefore requested to indicate in the Action Taken Note on paragraph 1.35 the date by which the modalities for the operation of Capital Fund would be finalised".

With reference to the above observations of Audit it is stated that the Ministry of Railways expect to finalise the modalities for the operation of Capital Fund by 30.06.96.

Sd/-

(T. Rajagopalan)

Executive Director Accounts,
Railway Board.

[Ministry of Rlys (Rly Bd's) O.M. No. 94-BC-PACX/88 dated 18.06.1996]

Action Taken by the Ministry of Railways on Para 1.36

The observations of the Committee have been noted. Railways have already been taken up regarding the excess expenditure in 1992-93 under Demand No. 16. Further instructions are also being issued to the Railways.

The Audit have seen and vetted the above ATN *vide* their U.O.I. No. 14-RA-III/RR2-1/94 dated 22.05.96.

Sd/-

(P. Rajagopalan)

Executive Director Accounts,
Railway Board.

[Ministry of Rlys (Rly Bd's) O.M. No. 94-BC-PACX/88 dated 18.06.1996]

Action Taken by the Department of Telecommunications on Para 1.35

1. The observations of the Committee have been noted for guidance.

2. The reason for the excess expenditure under 5225 Capital Outlay during 3 of the 1st 5 years is mainly the purchase of more materials viz., Cables, etc. than anticipated. The Department has already taken steps for improving the mechanism for keeping the actual expenditure within the sanctioned grant. Every month a review is conducted comparing the actual expenditures of the Circles with their proportionate budget allotment and the concerned Heads of Circles are cautioned in case of any excess over the proportionate budget allotment. Further the limit for the Circle's drawings from bank is fixed in advance and actual drawings are watched monthly. By this exercise excess expenditure (which was Rs. 25.54 Crores during 1992-93 i.e., the period of observation by the PAC) was avoided during 1993-94. Hence the monitoring mechanism put in place is proving effective. A table showing the sanctioned grant, actual expenditure, excess/savings yearwise from 1989-90 to 1993-94 is enclosed.

This has got the approval of Member (F)

This has been vetted by the Director General of Audit (P&T) vide U.O. No. RR-III/1 (b) 400App. A/c92-93/289 dated 09-10-95.

Sd/-
(Anita Soni)
DDG (B&A)

[Ministry of Communications (Deptt. of Telecommunications) File No. 6-195-CB dated 20.10.1995]

**Statement Showing Sanctioned Grant, Actual Expenditure, Variations etc.
under 5225—Capital Outlay (Plan)**
(Figures in Crores of Rs.)

Year	Sanctioned Grant	Actuals	Variations	
			Excess	Savings
1989-90	2130.00	2071.26	—	58.74
1990-91	2173.00	2214.22	41.22	—
1991-92	2857.99	2923.03	65.04	—
1992-93	4019.01	4044.55	25.54	—
1993-94	4769.01	4743.61	—	25.40

Action Taken by Department of Telecommunications on Para 1.36

Under Revenue Section the saving of Rs. 141.60 crores constitutes 2.7% of the total sanctioned provision in that segment of the Grant. The saving

of more than Rs. 100 crores was under Major Head 3231—Appropriation from Telecom surplus where the saving was Rs. 202.01 crores. This Major Head provides for appropriation of the surplus from the working of the Department after payment of Dividend to General Revenues for transfer to Capital Reserve Fund and Revenue Reserve Fund. During the year 1992-93 mainly due to the revenue collected being less than anticipated, the surplus available for appropriation got reduced and an amount of Rs. 1937.99 crores being the surplus from the working of the Department was only appropriated to Reserve Funds against the sanctioned grant of Rs. 2140.00 crores.

This has been vetted by Director General of Audit (P&T), Delhi-54 vide his U.O. No. RR III/1 (b) 400/92-93/App. A/cs/92-93/DOT/Vol./250 dt. 1.9.95.

Sd/-

(C.K. Joseph)

Member (Finance)

File No. 1-10/95-B

Dated 27.9.95.

[Ministry of Communications (Deptt. of Telecommunications)
File No. 1-10/95-B dated 20.10.1995]

Action Taken by Department of Post on Para No. 1.35

The Department is having a tight mechanism to control the expenditure over allotment. The Heads of the Circle are given experts assistance in the level of CAO in managing the finance and accounts. Various statements like the quarterly statements from the IFAs of the Circles and ceiling items statements are being received in the Head Quarters to monitor the expenditure. Further, quarterly review of the overall expenditure of the Department is carried out. The mechanism has yielded results and from the following position, it may be seen that the Department had not exceeded the allocations from 1988-89 to 1991-92.

(Rs. in crores)

Year	BE & Supplementary	Expenditure
1988-89	1091.15+NIL	1090.73
1989-90	1228.80	1223.80
1990-91	1309.40	1308.26
1991-92	1525.10+NIL	1506.75
1992-93	1558.73+6900	1649.18

As can be seen, the expenditure has exceeded the allotment only during the year 1992-93. During this year, the excess has mainly occurred due to

the implementation of Second Time Bound Promotion, expansion of Postal Network in rural areas, increase in number of pension cases and transfer of less charges to the Department of Telecommunications than anticipated as a result of change in Accounting Procedure.

This has the approval of JS & FA.

Sd/-

(O.P. Veer)
DDG (PAF)

[Ministry of Communications (Department of Post) OM No. 13-1/95-BGT (PA)/.....dated 20.10.1995]

Action Taken by Department of Post on Para No. 1.36

Saving to the tune of Rs. 15.10 crores has occurred under Capital Section of the grant of the Department. It was partly due to the non installation of Integrated Mail processing system and other mechanical devices and partly due to the non execution of modification work of RMS Vans. Due care is being taken henceforth to utilise the funds properly and purposefully. Due to the thrust of modernisation and to cater the need of the hour, Corporate Planning Cell has been designated in the Department to ensure proper estimation of funds required and utilisation of the allocation.

This has the approval of JS & FA.

Sd/-

(O.P. Veer)
DDG(PAF)

[Ministry of Communications (Department of Post) OM No. 13-1/95-BGT (PA)/.....dated 20.10.1995]

Recommendation

What has further concerned the Committee is the non-adherence to the procedures prescribed for surrendering the savings. According to the prescribed procedure, savings, in a grant or appropriation are required to be surrendered by the departments concerned to the Government as soon as these are foreseen without waiting till the end of the year. The Committee note with concern that as against the gross savings of Rs. 12139.58 crores in the accounts of Civil Sector for 1992-93, the amount surrendered was merely Rs. 4845.97 crores out of which Rs. 4571.97 crores i.e. 94.35 per cent were surrendered only on the last day of the financial

year. In the opinion of the Committee, this poor spectacle of negligence on the part of different Ministries speaks volumes about the scant regard being displayed by them towards prescribed financial procedure.

[Sl. No. 4 (Para 1.37) of Appendix XIV to 88th Report of Public Accounts Committee (10th Lok Sabha)]

Action Taken by the Government

The above observation in regard to surrender of savings by various Ministries/Departments of the Government of India has been noted. All the Ministries/Departments and all the Financial Advisers have been intimated *vide* O.M. No. 12(1) E-Coord./95 dated 17.10.1995 (copy enclosed) that they should ensure that the savings are surrendered as soon as these are foreseen without waiting till the end of financial year.

This has been vetted by the Audit *vide* their U.O. No. RR/1-6/95-96/708 dated 1.11.1995.

Sd/-
(D. Swarup)
Joint Secretary

[Ministry of Finance (Deptt. of Expenditure) OM
No. 12(1)E(Coord.)/95 dated 5.12.1995]

F. No. 12(1)/E(Coord.)/95

Government of India

Ministry of Finance

Department of Expenditure

New Delhi, the 17th Oct., 1995

OFFICE MEMORANDUM

SUBJECT: *Action taken on the recommendations contained in the 88th Report of the Public Accounts Committee (10th Lok Sabha) on 'Excesses over Voted Grants/Charged Appropriations (1992-93) and action taken on 60th Report (10th Lok Sabha) on Excesses over Voted Grants/Charged Appropriations (1990-91).*

The Public Accounts Committee in Para 1.37 of the above Report has observed that the Ministries/Departments of the Government of India are not following the prescribed procedure for surrender of savings. According to the procedure, the savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting till the end of the year. The Committee has taken a very serious view of this.

2. All the Ministries/Departments of the Government are requested to take note of the above observations for strict compliance.

3. All the Financial Advisers are requested to take suitable action in the matter to ensure that the savings are surrendered as soon as these are foreseen without waiting till the end of the year

Sd/-

(D. Swarup)

Joint Secy. to the Govt. of India.

To

All the Ministries/Departments of Govt. of India.

All Financial Advisers (By name).

Recommendation

What has further concerned the Committee is the non adherence to the procedures prescribed for surrendering the savings. According to the prescribed procedure savings in a grant or appropriation are required to be surrendered by the Departments concerned to the Government as soon as these are foreseen without waiting till the end of the year. The Committee note with concern that as against the gross savings of Rs. 12139.58 crores

in the accounts of Civil Sector for 1992-93, the amount surrendered was merely Rs. 4845.97 crores. Out of which Rs. 4571.97 crores i.e. 94.35% were surrendered only on the last day of the financial year. In the opinion of the Committee this poor spectacle of negligence on the part of different Ministries speaks volumes about the scant regard being displayed by them towards prescribed financial procedure.

[Sl. No.4 (Para 1.37) of 88th Report of P.A.C. (10th Lok Sabha)]

Action Taken by Department of Telecommunication

In their O.M. dated 19.2.93 the Ministry of Finance (DEA) fixed 15th March, 1993 as the due date for surrender of savings of 1992-93. There was however delay in surrendering the funds due to the following reasons:

In the Department of Telecommunications final requirement of funds are received from the field units spread all over India during second week of March, after the accounts of January are closed and after reappropriating funds from one head to the other head within their powers. These requirements are compiled, reappropriations made within the powers of Department and final requirements under various objects are assessed. This exercise takes some time and hence funds in excess of requirements were surrendered during the last week of March.

However, all efforts will be made to surrender the savings before the due date prescribed by the Ministry of Finance in future by suitably preponing the date of receipt of estimates from the Units.

This has been vetted by Director General of Audit (P&T) Delhi-54 vide his U.O. No. RR III/1(b) 400/92-93/App.A/cs/92-93/DOT/Vol./250 dt. 1.9.95.

Sd/-

(C.K. Joseph)

Member (Finance)

File No. 1-10/95-B

dated 27.9.95

[Ministry of Communications (Deptt. of Telecommunications) File No. 1-10/95-B (PA) dated 20.10.1995]

Recommendation

Yet another area where shortcomings were observed by the Committee related to the manner in which supplementary demands had been obtained by the Ministries/Departments. The Ministry of Finance had in their instructions issued to all the Ministries/Departments concerned on 27 March, 1986 directed that supplementary demands should be severely

restricted to genuine unforeseen expenditure which could not be envisaged at the time of preparing the annual budget or to meet the requirements or decisions or developments taking place after the approval of the budget and not for continuing schemes and programmes. The Committee's examination of the relevant Appropriation Accounts has revealed that despite those instructions, supplementary grants/appropriations to the extent of Rs. 13261.98 crores were obtained by the various Ministries/Departments during the year 1992-93. The Committee's scrutiny has also revealed that the instrument of obtaining supplementary demands was not operated judiciously by certain Ministries/Departments during the year under review. They are surprised to find that in the case of Civil sector, the extent of overall savings of Rs. 12139.58 crores was even more than the supplementary provisions of Rs. 11450.80 crores obtained by the various Ministries/Departments. Strangely, the final savings in 23 grants/appropriations operated under civil sector were far in excess of the supplementary provisions of Rs. 2364.64 crores obtained in these cases and registered a substantial increase both in terms of number of cases and the amount involved as compared to the previous year 1991-92 when there were only 13 such instances involving supplementary provisions of Rs. 26.18 crores. Moreover, three cases under Defence Services and eight cases under Railways have also come to the notice of the Committee where final savings had exceeded the supplementary provisions obtained under a grant/appropriation during the year 1992-93. There were also 11 instances where excess expenditure of Rs. 689.03 crores had occurred despite obtaining supplementary provisions of Rs. 1008.72 crores in these cases during the year under review. From these facts, the Committee are inclined to conclude that the aforementioned instructions of the Ministry of Finance issued on 27 March, 1986 have not been observed in their true spirit. Evidently, the various Ministries/Departments have been resorting to obtaining of supplementary grants or appropriations in an ill-conceived manner without conducting a proper and close scrutiny of the expenditure incurred or likely to be incurred by them during the financial year. The Committee view this situation with grave concern and express their unhappiness over the irresponsible attitude displayed by the various Ministries while obtaining supplementary grants/appropriations during the year 1992-93. The Committee consider it necessary that supplementary provisions are obtained only in cases where it is really and genuinely required and the Ministries/Departments are not allowed to make indiscriminate use of this mechanism. They, therefore, desire the Government to impress upon the Budget Cells of all the Ministries to frame their Budget estimates most accurately and resort to supplementary demands only in rare and emergent cases.

Action Taken by the Government

The observations made by the Committee have been noted. All Ministries/Departments have been again instructed *vide* O.M. No. 12(1)/E-Coord/96 dated 1st August, 1996 (copy enclosed) that supplementary provisions are obtained only in cases where it is really and genuinely required.

This has been vetted by Audit *vide* their U.O. No. RR/1-8-95-96/31 dated 10th July, 1996.

Sd/-

(D. Swarup)

Joint Secretary to the Government of India.

[Ministry of Finance (Deptt. of Expenditure) U.O No. 12(1)E-Coord/
95 dated 7.8.1996]

F.No. 12(1)/E (Coord)/95
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 1st August, 1996.

OFFICE MEMORANDUM

SUBJECT: *Action taken on the recommendations contained in the 88th Report of the Public Accounts Committee (10th Lok Sabha) on 'Excesses over Voted Grants/Charged Appropriations (1992-93), and action taken on 60th Report (10th Lok Sabha) on Excesses over Voted Grants/Charged Appropriations (1990-91).*

The undersigned is directed to say that the Public Accounts Committee of 10th Lok Sabha in its 88th Report in para 1.39 (Extracts enclosed) has observed that various Ministries/Departments are resorting to obtaining supplementary grants or appropriations in an ill-conceived manner without conducting a proper and close scrutiny of the expenditure incurred or likely to be incurred by them during the financial year. The Committee had viewed this situation with grave concern and had desired that supplementary provisions are obtained in emergent cases only. In this connection this Department's relevant instructions contained in O.M. No. 10(4)E-Coord./85, dated 27.3.1986 is reproduced below for information and compliance.

"The annual budget is prepared and allocations made taking into account the availability of resources and other relevant factors. The additional demands at the supplementary stage add to the deficit and is an indicator of the budget not being framed carefully. Once the Budget is framed, the Ministries/Departments should regard the provision in the budget whether plan or non-plan, as the maximum amount of resources available to them and manage their affairs within these limits. The Ministries/Departments should carefully examine their programmes and the content of their activities and reorder the priorities to manage within the allocations rather than to come up with proposals for supplementary demand. The supplementary demands should be severely restricted and confined to genuine unforeseen expenditure which could not be envisaged at the time of preparation of annual budget or to meet the requirements of a

decision or developments which have taken place after the approval of the budget i.e. post budget decisions and not for continuing schemes and programmes."

Sd/-
(D.P. Roy)
Director

All Ministries/Departments of the Govt. of India

All FAs (by name)

Action Taken Note by Ministry of Defence on para 1.39

Keeping in view the trend of expenditure upto October, the committed liabilities for the year and likely expenditure to be incurred during the remaining part of the year, the requirement of funds are assessed and supplementary demands are placed, if needed.

These factors are also taken note to the extent possible at the time of estimation of requirements. All estimating authorities have been advised to eliminate the instances of inaccurate assessment of requirements by removing lacunae, if any, in the present system of estimation and control. A copy of this Ministry I.D. No. 11 (3) /94/B-I, dated 14.9.94 is enclosed.

For better budgetary control Integrated Financial Advice System has been introduced at Service Headquarters *vide* letter No. AN-I/1179/1/PC-XXV, dated 17.8.94. (Copy enclosed).

It has been further stressed *vide* Ministry of Defence (Finance) I.D. No.2584/B-I/95 dated 22.9.95 that the Services/Departments and IFAs should be more cautious and accurate while finalising the demands for additional funds. Supplementary demands should be restricted to barest minimum and based on factual requirements/obligations in rare and emergent cases.

Sd/-
(D. Lahiri)

Addl. FA(D) & JS

[Ministry of Defence File No. 10(4)/B-I/95/PC-III, dated 16.10.1995]

Action Taken by the Ministry of Railways on Para 1.39

The observations of the Committee have been noted. Railways have already been taken up regarding the excess expenditure in 1992-93 under Demand No. 16. Further instructions are also being issued to the Railways.

The Audit have been and vetted the above ATN *vide* their U.O.I. No. 14-RA-III/RR/2-1/94, dated 22.05.96.

Sd/-

(P. Rajagopalan)

Executive Director Accounts

Railway Board

[Ministry of Rlys. (Rly. Bd.)'s O.M. No. 94-BC-PAC/X/88,
dated 18.06.96]

Action Taken by Department of Post on Para No. 1.39

Due regard is being given to the instructions of the Ministry of Finance in obtaining the supplementary grant. The review of the preceding five years' budgetary position reveal, that the supplementary grant has been obtained during 1992-93 only. The supplementary grant was requisitioned to meet out the post-budgetary developments during the year under reference. The liabilities arisen out of announcement of DA has to be met out. The Department being labour intensive has heavy financial impact which could not be met out of the original grant.

This has the approval of JS & FA.

Sd/-

(O.P. Veer)

DDF (PAF)

[Ministry of Communications : Department of post: O.M. No. 13-1/95-
Bgt(PA)/dated 20.10.95]

Recommendation

The Committees' examination further revealed that the re-appropriation of funds effected by the Ministries from one unit of grant/appropriation to another left a lot to be desired. In pursuance of the recommendations of the Public Accounts Committee, Government had earlier prescribed that any re-appropriation order having effect of increasing budget provision under a sub-head by more than 25 per cent of the budget provision or Rs. one crore, whichever is more, should be reported to Parliament, alongwith the last batch of supplementary demands for the financial year. In case such re-appropriation is made after the last batch of supplementary demands has been presented to Parliament, prior approval of the Ministry of Finance (Department of Expenditure) is required to be obtained by the Financial Adviser of the Department concerned. However, Committee's scrutiny of the Accounts of civil sector for the year 1992-93 and the relevant Audit Report revealed that certain Ministries/Departments neither reported the augmentation of funds to Parliament nor obtained the prior approval of the Department of Expenditure in 10 cases under four voted grants where the re-appropriation exceeded the twin limit of

Rs. 1 crore and 25 per cent of the sanctioned provision. Similarly, 11 cases under four grants have also come to the notice of the Committee where re-appropriation of funds of over Rs. one crore under a sub-head were made without the approval of the Ministry of Finance (Department of Expenditure) in contravention of the instructions in force. In the opinion of the Committee, these cases are illustrative of the utter disregard for financial discipline. The Committee, therefore, recommend that the Government should take effective steps to ensure observance of the prescribed instructions on the issue and strict adherence to the financial discipline.

[Sl. No. 7 (Para 1.40) of Appendix XIV to 88th Report of Public Accounts Committee (10th Lok Sabha)]

In Paragraph 1.20 of their 60th Report (10th Lok Sabha) the Committee had, *inter-alia* recommended that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provisions and any slackness in following the established financial discipline should be sternly dealt with. The Committee note that this recommendation has been brought to the notice of all Ministries/Departments of Government by the Ministry of Finance (Department of Expenditure) vide their Office Memorandum dated 17.10.1994. In the light of persistent occurrences of excess expenditure year after year, the Committee would like the Ministry of Finance to take suitable steps to ensure that complete details of circumstances leading to overall excess expenditure under a grant or appropriation, together with action taken to fix responsibility therefor, are invariably made available to the Committee through the explanatory notes furnished for regularisation of expenditure atleast from the accounting year 1994-95 and onwards.

[Sl. No. 18 (Para 2.6) of Appendix XIV to 88th Report of Public Accounts Committee (10th Lok Sabha)]

In Paragraph 1.24 of their 60th Report, the Committee had recommended that in future detailed notes in respect of the savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to them alongwith the explanatory notes regarding excess expenditure incurred. A perusal of the action taken note furnished by the Ministry of Finance in pursuance of the aforesaid recommendation reveals that the Ministry had brought this recommendation to the notice of all the Ministries/Departments of Government on 17 October, 1994 and also subsequently issued instructions on 19 December, 1994 stipulating in future such notes on savings may be furnished to the Committee alongwith the explanatory notes. While appreciating the issuance of instructions on furnishing of detailed notes on savings of Rs. 100 crores and above, the Committee would like to be reassured that this recommendation of the Committee receives prompt attention and the time schedule prescribed for

this purpose is scrupulously followed by all Ministries/Departments concerned while forwarding their explanatory notes to the Committee on the Accounts for 1993-94 and onwards.

[Sl. No. 21 (Para 2.13) of Appendix XIV to 88th Report of Public Accounts Committee (10th Lok Sabha)]

Action taken by the Government

Detailed instructions to the Ministries/Departments of the Government of India have been issued *vide* O.M. No. 12(1)E- Coord./95 dated 23.8.1995 (Copy enclosed). The Ministries/Departments have been instructed to follow the procedure prescribed strictly in regard to re-appropriation of funds from one grant/appropriation to another. The basic responsibility for furnishing the explanatory notes on excess expenditure/savings rests with the Ministries/Departments. They have been instructed to ensure that the details of the circumstances leading to the excess expenditure/savings including action taken to fix responsibility and the facts be brought out in the explanatory notes. Ministries/Departments have also been advised to follow the time schedule scrupulously for furnishing explanatory notes. They have been advised to evolve a system of monthly monitoring by the Secretary of the Ministry with Financial Adviser and concerned Additional Secretary/Joint Secretary and progress report sent to the Monitoring Cell. Cases of inordinate delays in sending Action Taken Notes/Explanatory Notes would be consolidated for taking up with the COS (Committee of Secretaries) and the progress in this regard will be intimated to PAC shortly.

This has been vetted by Audit *vide* their U.O. No. RR/1-9/94-95/773, dated 14.11.1995.

Sd/-

(D. Swarup)
Joint Secretary

[Ministry of Finance (Deptt. of Expenditure) O.M. No. 12(1)E-Coord./95,
dated 5.12.1995]

No. 12(1)E-Coord/95
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 23rd Aug., 1995.

OFFICE MEMORANDUM

SUBJECT: *Action taken on the recommendations contained in the 88th Report of the Public Accounts Committee (10th Lok Sabha) on 'Excesses over Voted Grants/Charged Appropriations, (1992-93) and action taken on 60th Report (10th Lok Sabha) on Excesses over Voted Grants/Charged Appropriations (1990-91),*

.....

The undersigned is directed to invite the attention of all Ministries/Departments to the instructions issued *vide* this Ministry's O.M. No. F-1(14)-E-II(A)/94, dated 17th October, 1994 pursuant to the recommendations of the PAC made in its 60th Report (1990-91) and 74th Report (1991-92) on Excesses over Voted Grants/Charged Appropriations. It was emphasized *vide* these instructions that the Ministries/Departments should frame their estimates accurately after a careful and indepth examination of the requirement of funds. It was also, *inter-alia*, stated that the authorities administering a grant/allocation shall be fully accountable for the control of expenditure against sanctioned estimates.

2. The Committee in its 88th Report (1992-93) has noted the above mentioned instructions and has made the following further recommendations:

(i) Ministries/Departments should observe the prescribed instructions regarding re-appropriation of funds from one unit of grant/appropriation to another and also ensure adherence to financial discipline.

(ii) Complete details of circumstances leading to overall excess expenditure under a grant or appropriation together with action taken to fix responsibility therefor, may invariably be made available to the Committee through the explanatory notes, at least from the accounting year 1994-95 onwards.

(iii) The Committee's recommendation in its 60th Report regarding furnishing of detailed notes about savings of Rs. 100 crores and above, should be adhered to and the time schedule prescribed for this purpose should be scrupulously followed by all Ministries/Departments concerned while forwarding their explanatory notes to the Committee on the accounts for 1993-94 and onwards.

3. In this connection, attention is also invited to the instructions on re-appropriation of funds, issued *vide* this Ministry's O.M. No.F-1(14)-E-II(A)/89, dated 22nd February, 1990 and O.M. No. F-1(17)-E-II(A)/91, dated 10th October, 1991. As per these instructions, any re-appropriation which has the effect of increasing the budget provision by more than 25% or Rs. 1 crore, whichever is more, under a sub-head, should be reported to Parliament alongwith the last batch of supplementary demands. A re-appropriation order which has the effect of increasing the budget provision by more than Rs. 1 crore under a sub-head, should also have the prior approval of Secretary (Expenditure). Moreover, any re-appropriation order issued after the presentation of the last batch of supplementary demands and exceeding the limit of 25% should have the prior approval of Secretary/Additional Secretary (Expenditure).

4. In view of the recommendations of the Public Accounts Committee, as mentioned in para 2 above, Ministries/Departments are requested to ensure strict compliance with the instructions issued *vide* this Ministry's O.M. dated 22.2.1990 and 10.10.1991 regarding reappropriation of funds. As the basic responsibility for furnishing of explanatory notes on excess expenditure/savings under a grant or appropriation to the Committee, rests with the administrative Ministries, they may ensure that the details of circumstances leading to the excess expenditure/savings including the action taken to fix responsibility for the excess expenditure are brought out in the explanatory notes. The explanatory notes may be got vetted by the Budget Division in this Ministry.

5. The time schedule prescribed for furnishing of the explanatory notes to the PAC should also be scrupulously followed. For this purpose, Ministries/Departments may institute a system of monthly monitoring by the Secretary of the Ministry/Department with the FA and the concerned A.S./Joint Secretaries. Monthly Progress Reports in this regard may also be sent to the Monitoring Cell under this Department. Secretary (Expenditure) would also review the outstanding cases every quarter. Cases of inordinate delays in sending Action Taken Reports/Explanatory Notes by the Ministries would be considered for taking up with the Committee of Secretaries.

6. All the Ministries/Departments are requested to keep the above instructions in view for strict compliance.

7. Hindi version of this O.M. is enclosed.

Sd/-

(D. Swarup)

Joint Secretary to the Government of India.

To

All the Ministries/Departments of the Government of India, etc.

No. 12(1)E-Coord./95

Copy forwarded to the Comptroller and Auditor General of India, UPSC, etc. as per standard endorsement list.

Sd/-

(D. Swarup)

Joint Secretary to the Government of India.

Recommendation

Under Revenue Section (Voted) of Grant No. 33-Pensions, the Central Pension Accounting Office in the Department of Expenditure incurred an expenditure of Rs. 15.88 crores over and above the sanctioned provision of Rs. 682.80 crores during 1992-93 although a supplementary grant of Rs. 82.65 crores had been obtained in March, 1993. A perusal of the explanatory note furnished by the department would reveal that but for the saving of over Rs. 23.01 crores that occurred under certain sub-heads of the grant, the excess expenditure would have been as high as Rs. 38.89 crores. As in the previous year, bulk of the excess expenditure during the year 1992-93 had been registered under the two sub-heads 'Superannuation and Retirement Allowances Ordinary Pensions' and 'Family Pensions'. The Department have attributed the excess expenditure under these two sub-heads to "addition of more pensioners and increase in the rate of Dearness Relief". Explaining the factors responsible for under estimation of requirement of funds for 1992-93, the Department have *inter-alia* stated that Grant No. 33-Pensions was a composite grant based on estimates of 61 agencies and that despite making every possible effort the Department could not obtain the requirements of funds from most of the offices both at the Budget Estimates and the Revised Estimates Stage. The Department is also stated to have prepared the Budget Estimates 1992-93 in respect of defaulting offices by increasing 30 per cent over the Revised Estimates of the preceding year 1991-92. Similarly, the Budget Estimates 1992-93 figures were taken in toto as Revised Estimates 1992-93 for such offices which had not furnished their final requirements of funds at the revised Estimates 1992-93 stage. The fact that the requirements of funds during the year 1992-93 under the Grant—Pensions were estimated without obtaining

complete and reliable data only leads the Committee to conclude that the Central Pension Accounting Office had failed to develop procedures and systems for regular and timely inflow of requisite data from the various offices with the result that large variations between the sanctioned budgetary provision and the actual expenditure under various sub-heads of this composite grant continue to persist despite the recommendations of the Committee made in the past for taking the appropriate remedial action. In the opinion of the Committee most of the liabilities on account of pensionery benefits can be assessed with more precision by maintaining close liaison with the concerned agencies and obtaining timely information from them. The Committee hope that special efforts would now be made by the Central Pension Accounting Office to collect and compile requisite data in time so that the budget estimates are made as accurately as possible estimate little scope for excess expenditure. Non-submission of data in time should be seriously viewed with and strict action taken against the defaulting officers.

[Sl. No. 9 (Para 1.47) of Appendix XIV to 88th Report of Public Accounts Committee (10th Lok Sabha)]

Action taken by the Government

Every effort is made to obtain complete data from various offices and based on the scrolls received from the banks by maintaining close liaison and follow-up to consolidate and project estimates as actual as possible. Based on such estimates in October, 1992 we had estimated additional expenditure of Rs. 82.65 crores and, accordingly, projected a demand for Supplementary Grant. The Supplementary Grant was allocated in March, 1993. During intervening Six months several factors contributed to the expenditure over-shooting by Rs. 15.88 crores. One of the reasons was general increase in the number of cases processed by this office, both new cases of retirees and other cases of family pension, revision, switch-over from treasury to bank etc. thus, in 1992-93, more than 47,300 cases were processed as against about 40,900 in 1991-92. In addition, there were also relief to pensioners enhanced on 1.4.92 and on 30.9.92. We are, however constantly endeavouring to obtain accurate and timely estimates from all the 62 offices as also the scrolls on time from over 460 reimbursing banks all over the country. Several checks and follow up measures have been initiated to make better estimation of expenditure on pensions. All the accounting circles have been asked to furnish their estimates more realistically to avoid expenditure in excess of budgeted provision. The accounting circles have also been asked *vide* CPAO letter No. MF/CPAO A&B/8/93-94/306, dated 29.10.93 (copy enclosed) to furnish the information with regard to the number of pensioners so that reasonable estimates of pension expenditure could be worked out. The accounting circles have also been asked to furnish the excesses/savings statement and reasons thereof while furnishing their annual expenditure figures *vis-a-vis* the Budget provision so that the reasons for excesses could be determined

As a result of the constant efforts being made by this office in collecting and compiling the data from different offices and banks, it may be seen from the following that there has been continuous improvement in the variation between actual and budget estimates and excess over the budgeted expenditure has been on the decline.

Grant No. 33—Pension Revenue Section (Voted)

Year	Budget Estimates	Revised Estimates	Actuals	Excess over Revised Estimates	% of varia- tions over Revised Estimates Excess (+) Saving (-)
1991-92	548.84	548.84	581.35	31.47	5.72%
1992-93	600.15	682.80	698.68	15.88	2.32%
1993-94	742.64	809.27	815.68	6.41	0.79%

The Central Pension Accounting Office is also now monitoring the expenditure through Monthly Compiled accounts, on the basis of actual expenditure figures booked by different Ministries/Departments received from the Pay and Account Officers, through the bank scrolls received from the reimbursing banks and through watch on the expenditure incurred by Accountants General as per their monthly inward claims received in this office. In addition, the excess/savings statement introduced since October-1993 as per specimen enclosed would also help in monitoring the expenditure to take corrective action by end of February every year. With such monitoring and follow-up action, it is hoped that Central Pension Accounting Office would be able to consolidate all the data and compile the budgetary estimates as accurately as possible on time.

This has been vetted by the Audit *vide* their U.O. No. RR/1-11/95-96/1236 dated 19.3.96.

Sd/-

(D. Swarup)

Joint Secretary to the Government of India.

[Ministry of Finance (Deptt. of Expenditure) O.M. No. 12(1)E-Coord./95 dated 27.5.96]

Government of India
Ministry of Finance
Department of Expenditure
Central Pension Accounting Office

No. MF/CPAO/A&B/93-94/306

Date 29.10.1993

To

Spare Copy

SUB: *Regularisation of Funds under Grant No. 33—Pensions for 1993-94.*

Sir,

Reference is invited to your letter *vide* which proposal for Revised Estimates for 1993-94 and Budget Estimates for 1994-95 in respect of Grant No. 33—Pensions was submitted to this office.

2. As may be seen, there are some excess/savings under each sub-head of Grant No. 33. This needs to be regularised promptly. Therefore, you are requested to send detailed statement showing the excess/savings under the above grant in the enclosed proforma along with reasons for variations *urgently by 31.12.93* as we have to compile and consolidate all statements for submission to Budget Division for regularisation. The information should be upto the level of detailed head as given in the Demand for Grant for the year 1993-94.

3. *Important Additional Information*—As may be seen in the enclosed proforma, a new column calling for information on the number of pensions has been added. This information has been called for by the Main Finance in order to determine the final figures/amounts for final R.E. 1993-94 and B.E.

Yours faithfully,

Sd/-

(I.K. Nayar)

Dy. Controller of Accounts.

Encl. As above.

STATEMENT OF FINAL REQUIREMENTS UNDER DEMAND NO. 33—PENSIONS FOR THE YEAR 1994-95

Heads	Original Grant 1994-95	Total No. of Pensioners anticipated in each year	Total Exp. from April 94 to Dec. 94	Further requirement for 3 months from 1/95 to 3/95	Final estimated No. of pensioners for 94-95	Final requirement for the year 94-95 (4+5)	Excess(+) Saving (-) (7-2)	Reasons for excess/ Saving	Estimated No. of officials likely to retire in the year 1995-96 and Amount	Number	Amount
1	2	3	4	5	6	7	8	9	10	11	12
							Number (3-6)	Amount (7-2)			

H 2071
H 2235

Recommendation

Under the Capital Section (Voted) of Grant No. 75 Roads, the Ministry of Surface Transport incurred an overall excess expenditure of over Rs. 6.46 crores against the total sanctioned provision of Rs. 542.39 crores during 1992-93. The Committee's examination of the explanatory note furnished by the Ministry revealed that this excess expenditure was the net result of excesses and savings that had occurred under various sub-heads under the grant. However, the main constituent of the excess expenditure was sub-head "5054-AA. 2 (1) (1)—Strategic and Border Roads-Road Works-Works under BRDB" which alone accounted for an excess expenditure of Rs. 7.34 crores. According to the Ministry, the excess expenditure under this sub-head was "mainly due to receipt of debit vouchers pertaining to the previous years just before the close of the financial year 1992-93." The Committee have also been informed that effective measures have been taken to prevent excess expenditure under this sub-head by asking the Controller General of Defence Accounts' Office on 7.10.1993 not to accept any punching medium for the month 14th and 15th accounts which are raised by other. Controllers without the consent of controller of Defence Accounts (Border Roads). The Committee's perusal of these instructions dated 7.10.1993 revealed that similar instructions were already in existence and any booking of expenditure made to this head required the approval of Controller of Defence Accounts. (Border Roads). Evidently, these instructions were not followed in the instant case with the result that excess expenditure of substantial magnitude under this sub-head was incurred during 1992-93. The Committee need hardly point out that the instructions have meaning only if they are complied with both in letter and spirit. The Committee trust that the Ministry of Surface Transport will, therefore, take effective steps to ensure that all financial instructions are scrupulously followed by their budget controlling authorities so as to exercise adequate control on expenditure.

[Sl. No. 10 (Para 1.51) of Appendix—XIV to 88th Report of PAC
10th Lok Sabha]

Action Taken

The observation of the Committee have been communicated *vide* ID No. F. 208(B)/BRDB/BWA/PAC/95-96 dated 19.6.1995 (Copy enclosed) to Director General Border Roads, Controller of Defence Accounts (Border Roads) and also the Controller General of Defence Accounts for ensuring strict compliance with the existing instructions on budgetary control.

2. In addition, monitoring meetings are being held in the last quarter of each financial year at the Secretary BRDB level. Consequently no

instances of excess expenditure have come to notice in recent years i.e. 1994-95.

3. This has been vetted by Audit *vide* their UD No. RR/22-1/95-96/604 dated 3.10.1996.

Sd./-

(Dr. Sundeep Khanna)
Secretary, BRDB

[Ministry of Surface Transport, File No. G-25012/6/95-Budget dated 11.12.1996]

Border Roads Development Board

SUBJECT:—88th Report of the Public Accounts Committee 1994-95: Excess over Voted Grants and Charged Appropriation 1992-93.

A copy of D.O. letter No. G-25012/6/95-Budget dated 12th June, 1995 from Shri S. Biswas, Chief Controller of Accounts, Ministry of Surface Transport alongwith relevant extracts from the 88th Report of the Public Accounts Committee 1994-95 is forwarded herewith.

2. The contents are self explanatory. It is requested that immediate follow up as well as remedial action be taken to avoid recurrence in future.

Sd./-

(Dr. Sundeep Khanna)
Secretary, BRDB

Encl.: As above.

Lt. Gen. Vimal Shinghal, DGBR

BRDB, I.D. No. F. 208(8)(B)/BRDB/BWA/PAC/95-96 dated 19.6.95.

Copy to :—Smt. VK. Gupta, IDAS

IFA (BR.)

For necessary action

Kashmir House, New Delhi.

Recommendation

The Committee note that an overall excess of Rs. 1.12 crores had occurred during 1992-93 under revenue Section (Voted) of Grant No. 97-Chandigarh administered by the Ministry of Home Affairs. The Committee also find that this excess expenditure had occurred despite obtaining a supplementary grant of Rs. 22.25 crores in March, 1993. Surprisingly enough, a perusal of the explanatory note furnished by the Ministry for regularisation of this excess expenditure has revealed that there were as many as 20 sub-heads under this grant which had exceeded the budgetary allocations by Rs. 5 lakhs or more during the year under review. What is still worse is the fact that excess expenditure under this grant has been a recurring feature from the year 1984-85 onwards. Clearly, the Ministry of

Home Affairs have not drawn any lessons from their past experience and have once again failed to exercise adequate care in assessing their actual requirement of funds even while obtaining supplementary grants at the end of the year. In the opinion of the Committee, the endemic tendency on the part of the Chandigarh Administration to exceed the budgetary ceilings year after year is a sad commentary on the manner in which this grant is being administered by the Ministry of Home Affairs which have miserably failed to enforce strict budgetary discipline over the spending units in Chandigarh Administration. The Committee trust that the Ministry of Home Affairs would at least now act by taking concrete measures to effect improvements in the management of this grant. The Committee would like to be apprised of the steps taken in this regard.

[Sl. No. 11 (Para 1.55) of Appendix XIV to 88th Report of the Public Accounts Committee (10th Lok Sabha)]

Action Taken

It is true that there had been excess expenditure from 1984-85 to 1992-93. The Matter was thoroughly looked into by the Ministry of Home Affairs as well as the Chandigarh Administration and the following measures have been adopted to ensure that in future there is no excess expenditure over the sanctioned budget grant:—

- (i) Suitable instructions have been issued to all the concerned spending units for keeping the expenditure within the sanctioned budget grant.
- (ii) Officials responsible for incurring the excess expenditure have also been cautioned and warned to be more careful in future.
- (iii) Revised Letter of Credit (LOC) System in Engineering Department, which is the main defaulting unit, has been introduced with effect from the financial year 1994-95.
- (iv) Accounts of the treasury has also been computerised and a Budgetary Management Information System and Treasury Management Information System for monitoring the budgetary provision has been introduced.
- (v) A time bound schedule for prompt and systematic reconciliation of Departmental figures with those booked with the Accountant General has been prepared.

As a result of the effect of the above mentioned measures there was no excess expenditure during the year 1993-94, rather there was a saving of about Rs. 2.19 crores. The Chandigarh Administration has reported that during 1994-95 also there is no excess expenditure. The Chandigarh Administration vide letter No. U-15030/2/95-Bgt. II dated 7-7-1995 (copy enclosed) has been strictly advised to ensure that in future there is no excess expenditure in their grant.

This has been vetted by the Office of the Director General of Audit,
Central revenues vide their letter No. RR/7-1/95-96/259 dated 30-6-95.

Sd./-

(G. Ganesh)

Joint Secretary and Financial Adviser to the Government of India.

[F. No. U-15030/2/95-BGT. II Dated the 4th August, 1995]

[Ministry of Home Affairs OM No. U.—15030/2/95-Bgt.II dated 9.8.1995]

MOST IMMEDIATE

No. U-15030/2/95-Bgt. II
Government of India
Ministry of Home Affairs

New Delhi, the 7th July, 1995

To

The Adviser to the Administrator,
Chandigarh Administration,
CHANDIGARH

SUBJECT: *Regularisation of Excess expenditure disclosed in the Union Appropriation Accounts—Control over expenditure.*

Sir,

I am directed to say that the Chandigarh Administration had been incurring excess expenditure over the sanctioned budget grant/appropriation year after year from 1984-85 to 1992-93 without any interruption, leading to scrutiny and criticism by the Public Accounts Committee. The Public Accounts Committee in para 1.30 of their 74th Report (10th Lok Sabha) and para 1.55 of 88th Report (10th Lok Sabha) *inter-alia* observed that the explanatory notes furnished by the Ministry for regularisation of excess expenditure revealed that faulty budgetary estimation was the main factor responsible for excess expenditure and excess expenditure had occurred despite obtaining supplementary grant. The Committee also expressed its dissatisfaction in the manner in which the grant was being administered and recommended that concrete measures should be taken to enforce strict budgetary discipline over the spending units in the Chandigarh Administration to effect improvements in the management of this grant.

2. The circumstances leading to excess expenditure in the grant, successively, in the past, have been thoroughly examined in consultation with the Chandigarh Administration. With a view to exercise strict control over expenditure various measures (e.g. issue of instructions to spending units for keeping the expenditure within sanctioned budget grant, cautioning and warning to the officials responsible for incurring of excess expenditure, introduction of letter of credit system in the engineering Department, computerisation of treasury accounts and budgetary management information system, prompt and systematic reconciliation of expenditure) have been introduced by the Union Territory Administration. As a result of these measures there was no excess expenditure in the grant during the year 1993-94. The administration have also reported that there

is no excess expenditure during the year 1994-95. The facts are being communicated to the Public Accounts Committee through Action Taken Note on para 1.55 of the 88th Report of the Committee (10th Lok Sabha). However, the UT Administration is advised to strictly enforce the measures adopted for keeping control on expenditure and ensure that in future there is no excess expenditure in the grant under any circumstances.

Yours faithfully,

Sd/-

(Nawal Kishore)
Director (Finance)

Recommendation

The Committee note that an excess expenditure of Rs. 53.23 crores and Rs. 21.29 crores had been incurred by the Ministry of Defence under Grant No. 18—Army (Revenue) and Grant No. 22—Capital Outlay on Defence services respectively during the year 1992-93. This huge excess expenditure had occurred in spite of the Ministry obtaining supplementary provisions of the order of Rs. 444.99 crores under these two grants. Significantly, this excess expenditure incurred by the Ministry of Defence during the year under review had registered an increase both in terms of quantum and the number of grant as compared to figures of preceding three years. Although the Ministry of Defence is stated to have constituted Inter-Departmental Monitoring Groups since 1991-92 to continuously review the progress of expenditure, the Committee are constrained to observe that these Inter-Departmental Groups could not do anything to contain the expenditure within budgetary ceilings during the year 1992-93. Obviously, the present system for assessment of requirement of funds and monitoring of expenditure under grants/appropriations operated by the Ministry of Defence leaves much to be desired. The Committee have also been informed that the Inter-Departmental Monitoring Groups have been asked on 21 July, 1993 to review projected requirements and the actual expenditure details of 1992-93 to pinpoint and eliminate the defects, if any, in the process of estimations to bring in refinement in budgetary estimation and control. The Committee would like to be apprised of the outcome of such review and the further measures taken by the Ministry as a result thereof to tighten their financial control.

[Sl. No. 12 (Para 1.62) of 88th Report of PAC (10th Lok Sabha)]

Action Taken

To obviate the lacunae in the present system of budgetary control, Inter-Departmental Monitoring Groups were constituted in the Ministry during 1991-92. In 1992-93 these groups were advised to gear up their activities to achieve the target i.e. accuracy in budget formation and control of

expenditure. As a result of continuous efforts made by the Ministry and these groups during 1993-94, the expenditure has not exceeded the budgetary allocation in any of the Grant of Defence Services.

With a view to bring in more refinement in budget estimation and control, the Integrated Financial Advice System has been introduced in the Service Headquarters in 1994. It is one of the charter of duties of the Integrated Financial Adviser to monitor the expenditure against allotment.

Sd./-

(D. Lahiri)

Addl. FA(D) & JS

[Ministry of Defence File No. 10(4)/B-L/95 PC-IV dated 16.10.1995]

-Recommendation

The Committee also note that there were two cases of erroneous bookings of expenditure which resulted in excess expenditure to the tune of Rs. 7.41 crores under Grant No. 22—Capital Outlay on Defence Services. The Committee take a serious view on such patent accounting errors as these result in misleading and incorrect presentation of accounts. They believe that such errors could have been detected and avoided if adequate attention had been paid particularly at the supervisory level. The Committee trust that effective measures would be taken in the future to obviate instances of mis-classification of expenditure.

[Sl. No 13 (Para 1.63) of 88th Report of PAC (10th Lok Sabha)]

Action taken by the Ministry

The observation of the Committee has been noted.

To prevent erroneous classification of expenditure in future, the centrally controlling authority i.e., CGDA has already been advised to issue suitable guidelines to all Controllers of Defence Accounts, so that errors in compilation do not take place in future *vide* Ministry of Defence (Fin.) I.D. No. 2166/B-L/94 dated 12.9.94 (Copy enclosed). The CGDA has also issued necessary instructions in this regard to all the Controllers of Defence Accounts *vide* his circular No. A/B/11/11244/Mont./XII dated 26.9.94.

Sd./-

(D. Lahiri)

Addl. FA(D) & JS

[Ministry of Defence File No. 10(4)/B-L/95/PC-V dated 16.10.1995]

Recommendation

The Committee note that an excess expenditure of over Rs. 21.45 crores was incurred under Grant No. 14—Postal Services (Revenue Section Voted despite obtaining a supplementary provision of Rs. 69.00 crores during the year under review. The excess occurred mainly due to settlement of more pensionary cases; more claims of air carriers due to increase in traffic besides enhancement of rates; and increase in expenditure of pay and allowances due to biennial cadre review and time bound promotions and settlement of more LTC claims than anticipated. In the opinion of the Committee, these reasons for excess expenditure over authorised allocations clearly indicate that lack of proper and timely review of anticipated expenditure and failure to provide fully for requirement of funds had contributed to the excess under this grant. The Committee are unable to appreciate why liabilities on account of settlement of pensionary cases as also expenditure on pay and allowances due to biennial cadre review could not be assessed realistically by the Department of Post since there is usually no element of uncertainty in the expenditure on pensions or pay and allowances. The Committee hope that Department of Post would take sufficient care in future while projecting their requirements of funds so as to contain excess expenditure.

[Serial No. 14 (Para 1.66) of Appendix-XIV to 88th Report of PAC
(10th Lok Sabha)]

Action taken Note on Para No. 1.66

The opinion of the Committee is given due concern. However, it is to state that the scheme of Biennial Cadre Review was introduced in October, 1991 (is in the later part of financial year 1991-92 and hence the financial impact of the scheme in 1992-93 could not be assessed properly. The cadre review's financial impact on pension cases and transfer of less charges to the Telecom Department than anticipated as a result of change in Accounting procedure has also resulted in excess expenditure. The Department is taking proper care hence forth in estimating its requirements. The subordinate units of the Department i.e. the Heads of Postal Circles have also been directed for the projection of their estimates more meaningfully and realistically and control the expenditure within the Allotment (copy enclosed for reference).

Secretary (P) has also issued directives to the Heads of the Postal Circles to strictly adhere the principles of budgeting and accede to the fair degree of financial discipline (copy enclosed).

With these instructions, coupled with the tight budgetary control mechanism already existing with the Department, it is sincerely hoped that

the Department will properly project their estimates, utilise the funds purposefully and control the expenditure within the Budgetary allocation.

This has the approval of JS & FA.

(O.P. Veer)
DDG(PAF)

[Ministry of Communications (Department of Post) (O.M. No. 13-195-
BGT(PA) dated 20.10.1995]

S.C. MAHALIK



डाक विभाग
संचार मंत्रालय, डाक भवन, संसद मार्ग,
नई दिल्ली-110 001

Department of Posts
Ministry of Communications
Dak Bhawan, Sansad Marg,
New Delhi-110 001
March 27, 1995

Dear Shri

Officers of the Indian Postal Services like all other civil servants under the Government of India learn elementary principles of budgeting, budgetary procedure and procedure for incurring of expenditure as a part of the grooming in the service. One of the elementary principles of budgetary control is that expenditure is not incurred (a) in the absence of allocation, (b) when the allocation is likely to be exhausted, and (c) when the allocation has been exhausted. Expenditure is not incurred in anticipation of additional allocation in the Revised Estimates or in the Final Grant. There are occasions when payments have to be made in spite of the fact that the allocation in the budget has been exhausted. But in all such cases, the approval of the competent authority is obtained in regard to "assurance of additional funds" in the Revised Estimates or Final Grant before expenditure is incurred.

2. Of late, I have been finding either total innocence of these elementary principles of financial management or deliberate flouting of these principles which has led to a fair degree of financial indiscipline. The culpability of senior officers in this state of affairs is difficult to condone. In fact, it is expected that they will set a standard and tone in the lower echelons of administration which unfortunately is not a fact today.

3. Normally, responsibility is coupled with accountability. The wide powers given to the Chief Postmasters General and Postmasters General in their respective areas of responsibility need to be exercised in accordance with the procedure laid down in law. If this cannot be exercised in the manner expected, there is no option but to withdraw these powers or to

set road blocks which are normally unpalatable. I would be watching the performance of all senior officers in this regard for a little more time before such unpalatable measures are taken.

Yours sincerely,

Sd/-

(S.C. Mahalik)

All CPMsG/PMsG/Director (PSC)

Copy to:—

1. Members, Postal Services Board
2. All Deputy Directors General

Sd/-

(S.C. Mahalik)

Secretary (Post)

MOST IMMEDIATE



भारतीय डाक विभाग
(संचार मंत्रालय),
डाक भवन, संसद मार्ग,
नई दिल्ली-110 001

G.S. RAJAMANI
Joint Secretary of the
Govt. of India and
Financial Adviser

Department of Posts
Ministry of Communications,
Dak Bhawan, Sansad Marg,
New Delhi-110 001

D.O. No. 13-1/95-BCT(PA)/948 to 966

Dated 14-7-95

Dear Shri

Public Accounts Committee (1994-95) Tenth Lok Sabha in it's 88th report has adversely commented on the excess/savings over the sanctioned grant occurred in the Budgetary process of Department of Post during 1992-93. The expenditure incurred by the department is exhibited under two distinct sections viz. Revenue and Capital which is further classified into grant or appropriation portions. Since the voted and charged portions as also the Revenue & 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. Similarly, a saving in any one section or portion is treated as a saving in that grant or appropriation. Thus, there could be either excess or saving in any section or portion of a grant/appropriation.

During the year 1992-93 Postal Services have registered a net excess of Rs. 21.46 crores over the total sanctioned provision in Revenue Section and a net saving of Rs. 15.00 crores in Capital Section. The level of excess or savings over the admissible percentage is a very highly objectionable feature and has to be ruthlessly curbed to ensure a proper standard of financial propriety.

During the year 1992-93 excess expenditure/saving have occurred as mentioned below:—

(a) Working Expenses

(i) The circles who have exceeded allotments and who have shown savings by more than 10% are indicated below:—

(Rs. in crores)

S. No.	Name of the Circle	Final Grant Rs.	Actual Exp. Rs.	Excess (+) Savings (—)	% of excess/ Savings
1.	West Bengal	118.33	97.33	21.00(—)	17.7
2.	North East	13.34	15.56	2.22(+)	16.6
3.	Orissa	57.44	51.42	6.01(—)	10.5
4.	J & K	10.92	9.43	1.49(—)	13.6

(ii) The following circles have incurred more than one crore rupees in excess of final grant allotted to them:—

(Rs. in crores)

S. No.	Name of the Circle	AFC 92-93 Rs.	Exp. 92-93 Rs.	Expenses (—) Rs.
1.	Andhra Pradesh	109.99	111.65	1.66
2.	Delhi	101.13	103.91	2.78
3.	Gujarat	86.16	89.84	3.68
4.	Karnataka	78.08	80.11	2.04
5.	Kerala	68.61	70.19	1.58
6.	Maharashtra	180.23	187.98	7.75
7.	North East	13.34	15.56	2.22
8.	U.P.	167.32	174.47	7.15

The above table does not include Pensionary Charges.

(b) *Capital Outlay*

These circles have either exceeded the allotment or shown savings to the tune of 20% and above.

(Rs. in crores)

S. No.	Name of the Circle	Final Grant Rs.	Actual Rs.	Excess (+) Rs.	%age
1.	Assam	0.86	0.59	0.27(—)	30.6
2.	Bihar	2.24	2.84	0.60(+)	26.8
3.	Delhi	10.38	6.98	3.40(—)	32.8
4.	J & K	0.31	0.24	0.07(—)	22.6
5.	Himachal Pradesh	1.21	2.54	1.33(+)	109.9
6.	Karnataka	2.18	2.63	0.45(+)	20.6
7.	N.E.	0.80	0.58	0.22(—)	27.5
8.	Orissa	2.16	2.79	0.63(+)	29.2
9.	Punjab	0.94	0.37	0.57(—)	60.6
10.	Rajasthan	1.57	2.03	0.46(+)	29.3
11.	Tamil Nadu	2.26	0.19	2.45(—)	108.4
12.	West Bengal	3.11	4.20	1.09(+)	35.0

PAC has observed that excess expenditure is unauthorised expenditure portraying lack of financial discipline. The excess expenditure on the part of some circles inspite of instructions has been viewed seriously and besides seeking the explanation of concerned Chief Postmaster General, the circles are cautioned not to repeat such instances in future. PAC has further observed that savings of such high magnitude are indicative of both faulty budget estimate and also undesirable tendency towards excess budgeting which not only leads to inefficient utilisation of funds but also deprives other important sectors of the economy of much needed resources. PAC has further exphasized to gear up budgetary mechanism to ensure that estimates of requirements of funds in all sectors of Governmental activities is carried out meaningfully and realistically.

The circles/units shown savings are required to exercise due caution and farsightedness while forecasting requirement of funds.

You are therefore, requested to conduct thread-bare scrutiny of the areas where such irregularities are occurred and furnish Action Taken Notes to the DDG(PAF) within a month's time without fail.

This issues with the approval of Secretary.

Yours sincerely,
Sd/-
(G.S. Rajamani)

Copy to all Internal Financial Advisers.

Recommendation

Under Capital Section (Voted) of Grant No. 15 — Telecommunication Services, the Ministry of Communications had incurred an expenditure of Rs. 25.54 crores over and above the sanctioned provision of Rs. 4019.01 crores during the year 1992-93. As in the previous year 1991-92, the excess expenditure during the year under review had occurred mainly under the plan scheme "Local Telephone Systems" on account of more purchase of materials like cables, apparatus and plants than anticipated. Explaining their difficulties, the Ministry of Communications in their explanatory note stated that over 12000 individual projects are executed in the Department of Telecommunications through field level formations. While bulk of the expenditure on these projects is generally incurred through centralised procurement of materials, the field units also incur expenditure towards purchase of equipment in small quantities. According to the Ministry, it is therefore not practicable at this stage to exactly correlate the process of procurement of materials when such a large number of projects are under execution simultaneously all over the country. The Committee have been informed that notwithstanding the practical difficulties, all attempts were being made by the department by means of strict enforcement of rules to ensure that field units remain within the budget allotment. While appreciating the practical difficulties being experienced by the Department in implementing the Plan scheme relating to 'Local Telephone Systems', the Committee would like to emphasise that proper measures are required to be taken to impress upon the field units to regulate their expenditure within budgetary ceilings. They therefore desire that the Ministry should evolve a sound mechanism for keeping a proper watch over the expenditure incurred by various field units *vis-a-vis* their budgetary allocation so as to contain the excess expenditure in future.

[Sl. No. 15 [(Para 1.70) of Appendix XIV to 88th Report of PAC (10th Lok Sabha)]

Action taken by the Department

1. The observations of the Committee have been noted for guidance.
2. As far as Grant No. 15-5225—Capital Outlay (including non-plan) in concerned, against the sanctioned grant of Rs. 4019.01 crores the actual

expenditure stood at Rs. 4044.55 crores resulting in an excess of Rs. 25.54 crores which constitutes 0.6% of the sanctioned grant.

3. In the Department of Telecommunications for keeping a proper watch over the expenditure incurred by various field units and their budgetary allocations so as to control the expenditure, every month a review is conducted comparing the actual expenditures of the Circles with their proportionate budget allotment and the concerned Heads of Circles are cautioned in case of any excess over the proportionate budget allotment. Further a limit on the circle's drawings from bank is fixed in advance and actual drawings are watched monthly. By this exercise the actual expenditure is kept within the sanctioned grant. This can be seen from the fact that there is no excess expenditure under 5225 — Capital Outlay (Plan) for the year 1993-94. It is also expected that there will be no excess expenditure under 5225 Capital Outlay during 1994-95.

This has got the approval of member (F).

This has been vetted by the Director General of Audit (P&T) *vide* U.O.No. RR III/1(b)400App. A/c/92-93/289 dated 09/10/95.

Sd/-

(Anita Soni)
DDG (B&A)

[Ministry of Communications (Deptt. of Telecommunications)
File No. 6-1/95-CB dated 20.10.1995]

Recommendation

It is rather distressing that inspite of repeated exhortations by the Committee for ensuring stricter observance of financial principles with a view to contain the excess expenditure to the barest minimum, the Ministry of Railways continue to display their callous attitude towards the need for framing the budget estimates on a realistic basis and exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grants. To the utter dismay of the Committee, the excess expenditure incurred by the Ministry of Railways during 1992-93 has assumed a new dimension by touching an astronomically high figure of Rs. 539.28 crores which is not only more than the aggregate excess expenditure incurred by all excess registering Ministries/Departments of Government during the year under review but also highest as compared to the excess expenditure registered by the Ministry of Railways in the preceding five years. The Committee's examination has revealed that the major contributor to the excess expenditure incurred during 1992-93 was 'Grant No. 16—Acquisition, Construction and Replacement—other expenditure—Capital' which alone recorded an excess of over Rs. 521.70 crores inspite of the fact that the Ministry of Railways had obtained supplementary provisions amounting to Rs. 228.66 crores during March, 1993 to meet the increased expenditure under this grant mainly under plan

heads inventories, doubling new lines, rolling stock, gauge conversion etc. The Committee are extremely unhappy that the Ministry in their explanatory note have neither indicated the reasons for incurring of excess expenditure of such a high order nor for their failure to estimate the expenditure with more precision particularly when supplementary grants amounting to Rs. 228.66 crores were obtained under the same head at the very fag end of the year. The Committee take a serious view of this situation and strongly urge the Ministry to exercise greater care in assessing realistically their requirements of funds in future. Efforts should also be made to keep a close and constant watch over the trend of expenditure with a view to containing the same within the budgetary allocations.

[S. No. 16 (Para 1.74) of Appendix No. XIV to 88th Report of PAC
(10th Lok Sabha)]

Action Taken by the Ministry of Railways

The observations of the Committee have been noted. Railways have already been taken up regarding the excess expenditure in 1992-93 under Demand No. 16. Further instructions are also being issued to the Railways.

The Audit have seen and vetted the above ATN *vide* their U.O.I. No. 14-RA-III/RR/2-1/94 dated 22.05.96.

Sd/-
(P. Rajagopalan)
Executive Director Accounts
Railway Board

[Min. of Rlys. (Railway Board's) O.M. No. 94—BC—PAC/X/88,
Dated 18.06.96]

Recommendation

Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in para 1.8 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India.

[Sl.No.11(Para 1.75) of Appendix-XIV to 88th Report of Public Accounts
Committee (10th Lok Sabha)]

Action Taken

The Demands for Excess Grants (excluding Railways) for 1992-93 were passed by the Lok Sabha on 25.8.1995. The connected Appropriation Bill as passed by Lok Sabha was returned by Rajya Sabha on 26.8.1995 and was assented to by the President of India on 30.8.1995.

This has been vetted by *Audit* vide their U.O. No. RR/1—1295-96/523, dated 28.9.1995.

Sd/-
(N.P. Bagchee),
Additional Secretary (Budget).

[Ministry of Finance, Department of Economic Affairs (Budget Division)
O.M. No. F.4(2)—B(SD)/95, dated 11.10.1995.]

Action Taken by the Ministry of Defence

The details of the excess expenditure of Rs. 74,52,51,774 occurred during 1992-93 was Rs. 53,23,42,445 under Grant No. 18—Defence Services Army and Rs. 21,29,09,329 under Grant No. 22—Capital Outlay on Defence Service. As desired by the Committee necessary explanatory Notes for PAC, duly vetted by Audit, for regularisation of this excess have already been forwarded to the Ministry of Finance (Department of Economic Affairs) under this Ministry O.M. No. 17(1)/93/B-I dated 26.5.94 and O.M. No. 17(2) / 93/B-I dated 26.5.94, copies enclosed.

Sd/
(D. LAHIRI)
Addl. FA(D) & JS.

[Ministry of Defence, O.M. No. 10(4)/B-L/95/PC-VI dated 13.12.1996]

—————

MOST IMMEDIATE

No. F. 17(1)/93/B—I
Government of India
Ministry of Defence
(Finance Budget)

New Delhi, dated 26 May, 1994.

OFFICE MEMORANDUM

SUBJECT : *Note for Public Accounts Committee for regularisation of excesses over voted portion of Grant No. 18—Defence Services —Army during the year 1992-93.*

The undersigned is directed to forward herewith seventy five (75) copies of English version of Action Taken Notes for P.A.C. for regularisation of excess over voted portion of Grant No. 18 — Defence Services — Army for 1992-93 duly vetted by D.G.A.D.S.

2. Hindi version of this ATN will follow.

Sd/-
(S. Narendra)

Under Secretary, (Budget),
Ministry of Finance, ;
Deptt. of Economic Affairs,
North Block, New Delhi.

Copy with enclosures to :—

- | | | | |
|----|-----------|---|----------|
| 1. | DADS | — | 2 copies |
| 2. | C&AG | — | 2 copies |
| 3. | CGDA | — | 2 copies |
| 4. | Budget—II | — | 2 copies |

MINISTRY OF DEFENCE (FINANCE) BUDGET - I

Note for Public Accounts Committee for Regularisation of Excess over voted Portion of Grant No. 18—Defence Services—Army as disclosed in the Appropriation Account (Defence Services) for the Year 1992-93.

GRANT NO. 18 — DEFENCE SERVICES — ARMY

Original Grant	Rs. 8937,23,00,000
Supplementary Grant	Rs. 336,42,00,000
Total Sanctioned Grant	Rs. 9273,65,00,000
Actual Expenditure	Rs. 9326,88,42,445
Excess Expenditure	Rs. 53,23,42,445

2. Against the Original Grant of Rs. 8937,23,00,000 augmented to Rs. 9273,65,00,000 by obtaining a Supplementary Grant of Rs. 336,42,00,000, an expenditure of Rs. 9326,88,42,445 has been incurred during 1992-93 resulting in an uncovered excess of Rs. 53,23,42,445.

3. The excess of Rs. 53,23,42,445 under this Grant was under the following Minor Heads :—

(a) MINOR HEAD 104 — PAY AND ALLOWANCES OF CIVILIANS (Rs. 1,82,61,305)

The original provision made under this Minor Head amounting to Rs. 517,87,00,000 was enhanced to Rs. 533,26,00,000 by obtaining a supplementary grant of Rs. 15,45,00,000 and by minas reappropriation of Rs. 6,00,000. The actual expenditure, however, was Rs. 535,08,61,305 resulting in an excess of Rs. 1,82,61,305.

The excess of Rs. 182 lakhs over the Final Grant was due to marginally higher bookings under pay and allowances due to payment of Dearness Allowance and arrears than anticipated.

(b) MINOR HEAD 105 — TRANSPORTATION (Rs. 8,74,60,735)

The original provision made under this Minor Head was Rs. 224,17,00,000 which was reduced to Rs. 210,16,00,000 by minas reappropriation of Rs. 14,01,00,000. The actual expenditure, however, was Rs. 218,90,60,735 resulting in an excess of Rs. 8,74,60,735.

The excess of Rs. 875 lakhs over the Final Grant was mainly due to enhancement of fares under Rail.....

(c) MINOR HEAD 106 — MILITARY FARMS (Rs. 6,56,22,744)

The original provision made under this Minor Head was Rs. 61,21,00,000 which was enhanced to Rs. 65,11,40,000 by reappropriation of Rs. 4,50,00,000. The actual expenditure however, was Rs. 78,57,82,744 Rs. 6,56,22,744.

The excess of Rs. 856 lakhs over the Final Grant was due to bonus being declared at higher rates than catered for and higher production costs

because of increased cost of farm products.

(d) MINOR HEAD 108 — RESEARCH & DEVELOPMENT ORGANISATION (Rs. 9,39,72,877)

The original provision under this Minor Head was Rs. 518,53,00,000 which was enhanced to Rs. 563,51,00,000 by supplementary grant of Rs. 44,95,00,000 and by reappropriation Rs. 8,00,000. The actual expenditure, however, was Rs. 572,90,72,877 resulting in an excess of Rs. 9,39,72,877.

The excess of Rs. 940 lakhs over the Final Grant was due to carry over liabilities of the previous year, exchange rate variation, shortfall in custom duty refund, payment of bonus and steep hike in tariff rates for water and electricity.

(e) MINOR HEAD 109 — INSPECTION ORGANISATION (Rs. 2,67,21,564)

The original provision under this Minor head was Rs. 109,23,00,000. The actual expenditure, however, was Rs. 111,90,21,564 resulting in an excess of Rs. 2,67,21,564.

The excess of Rs. 267 lakhs over the Final Grant was due to higher expenditure under pay and allowances than anticipated and debit of expenditure to this head on account of proofing by other organisations.

(f) MINOR HEAD 110 — STORES (Rs. 1,79,13,057)

The original provision made under this Minor Head was Rs. 3188,79,00,000 which was enhanced to Rs. 3190, 31,00,000 by reappropriation of Rs. 1,52,00,000. The actual expenditure, however, was Rs. 3192,10,13,057 resulting in an excess of Rs. 1,79,13,057.

The excess of Rs. 179 lakhs over the Final Grant was mainly due to increase in rates of Fuel, Oil and Lubricants and increase in prices of provisions.

(g) MINOR HEAD 111 — WORKS (Rs. 17,01,43,277)

The original provision made under this Minor Head was Rs. 538,03,00,000 which was enhanced to Rs. 583,00,146,000 to obtaining a supplementary grant of Rs. 14,02,00,000 and by reappropriation of Rs. 31,03,00,000. The actual expenditure, however, was Rs. 600,09,43,277 resulting in an excess of Rs. 17,01,43,277.

The excess of Rs. 1701 lakhs over the Final Grant was mainly due to higher increase in tariff rates of electricity and water than anticipated and higher expenditure on maintenance of buildings and special repairs than anticipated.

(h) MINOR HEAD — 113 NATIONAL CADET CORPS (Rs. 8,30,28,685)

The original provision made under this Minor Head was Rs. 75,68,00,000 which was enhanced to Rs. 80,32,00,000 by reappropriation of Rs. 4,64,00,000. The actual expenditure however, was Rs. 88,62,28,685 resulting in an excess of Rs. 8,30,28,685.

The excess of Rs. 830 lakhs over the Final Grant was mainly under 'Stores' on account of payment of bills of Directorate General of Supply and Disposal at the fag end of the year and under 'Expenditure on Training' due to payments to States on account of delayed claims for camp expenditure at the end of year.

(i) MINOR HEAD 800 — OTHER EXPENDITURE (Rs. 10,03,48,344)

The original provision made under this Minor Head amounting to Rs. 174,11,00,000 was enhanced to Rs. 177,40,00,000 by reappropriation of Rs. 3,29,00,000. The actual expenditure, however, was Rs. 187,43,48,344 resulting in an excess of Rs. 10,03,48,344.

The excess of Rs. 1003 lakhs over the Final Grant was due to higher expenditure on pay and allowances than anticipated under conservancy charges and on account of payment of pending bills for printing and stationery and provision of liveries.

4. The above excess was partly offset by savings under other minor heads leaving a net excess of Rs. 53,23,42,445.

5. Instructions have already been issued to all the estimating authorities for framing the budget estimates on the most realistic basis. Constant monitoring of the expenditure has also been emphasised with a view to scrupulously conforming to the allocations. The Inter-departmental Monitoring Groups constituted since 1991-92 have been asked to review projected requirements for 1992-93 and the actual expenditure details of 1992-93 to pinpoint and eliminate the defects, if any, in the process of estimation to bring in further refinement in estimation and control. A copy of Ministry of I.D. No. 10(2)/93/B. I dated 21-7-93 is enclosed.

Army Headquarters have also issued Administrative instructions to all concerned to exercise utmost accuracy while projecting estimates and utilise judiciously to avoid recurrence of excess expenditure avoid Army Headquarters note no. 88896/GS/FP2 dated 29-7-93 is enclosed.

6. In the circumstances explained above, the excess of Rs. 53,23,42,445 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

7. DGADS has seen.

Sd/-
(P.R. Sivasubramanian)
ADDL. FA(P) & J.S.

F. 17(1)/93/BI

Date : 9-5-94

Tele : 301 8065
88896/GS/FP2

29 July, 1993.

GENERAL STAFF SHAKHA/GENERAL STAFF BRANCH

(Addl. Dte. Gen of Fin Plg)

**FORMULATION OF BUDGETARY ESTIMATES AND
MONITORING OF DEFENCE EXPENDITURE**

1. It is essential to formulate the budget estimates on the most realistic basis and to keep the expenditure under constant review and to scrupulously conform to the allocations eventually made.

2. Instructions emphasising the need for realistic budget estimates have been issued from time to time. However, instances of inflated estimation of requirements at the initial stage as well as to re-appropriation/supplementary demand stage — and inadequate control over expenditure continue to occur. Such inadequacies are commented upon by the Comptroller and Auditor General of India in his reports and excesses over voted grants requires regularisation by Parliament.

3. Public Accounts Committee, in their 51st Report on Excesses over voted grants and charged appropriations (1989-90), have taken a serious view of the persistent occurrences of excess expenditure and emphasized the need for more accurate estimation of requirements and better budgetary control. The Committee have also pointed out that savings are as bad as excessed expenditure in that these deprive certain deserving vital sectors of economy of the much needed resources. They have, accordingly, stressed that budget estimates should be made keeping in view the resources available or likely be available during the year and all concerned should undertake a realistic exercise while forecasting the monetary requirements to ensure best efficient utilisation of funds.

4. In view of the foregoing, all the Estimating Authorities are requested to exercise utmost prudence and accuracy while costing estimations and reappropriation, utilise allocations made judiciously and avoid excesses or savings.

Sd/—
(MS Bhinder)
Brig
DDG FP 2

GS Branch — Mo(10 & GSGS), MI (13,19,21 & FD (OA), F&F Sea, WE—1, MT(1,8,15B & MT/AAC), SD(1B & 6B), AC(1,5 & MIC—5), Arty 1, ADG PP, Sigs (Adm, 1 &

2C), DDG Mgt Studies, ADG Systems, SI(10 & 11), Project SURAJ, PMO Plan AREN, Army Aviation Cell and DG Rashtriya Rifles.

AGF's Branch— AG (Budget).

MINISTRY OF DEFENCE (FINANCE Division)

SUBJECT : *Formulation of budgetary estimates and monitoring of Defence expenditure.*

Instructions have been issued from time to time highlight the importance of formulating the budget estimates on the most realistic basis and the necessity to keep the expenditure under constant review and to scrupulously conform to the allocations eventually made.

2. Despite these exhortations for exercising better budgetary formulation and control, instances of unrealistic estimation of requirements — at the initial stage as well as at re-appropriation Supplementary Demand stage — and inadequate control over expenditure continue to occur. Many of these instances are commented upon by the Comptroller and Auditor General of India in his Reports. In some cases, these inadequacies in budget formulation/control lead to excess over voted grants, requiring regularisation by Parliament.

3. Public Accounts Committee, in their 51st Report on Excesses over voted grants and charged appropriations (1989-90), have taken a serious view of the persistent occurrences of excess expenditure and emphasized the need for more accurate estimation of requirements and better budgetary control. The Committee have also pointed out that savings are as bad as excess expenditure in that these deprive certain deserving vital sectors of economy of the much needed resources. They have, accordingly, stressed that budget estimates should be made keeping in view the resources available or likely be available during the year and all concerned should undertake a realistic exercise while forecasting the monetary requirements to ensure best and efficient utilisation of funds.

4. The relevance of the foregoing recommendations in the context of the prevailing resource position in respect of Defence budget needs no further emphasis. Inter-Departmental Monitoring Groups have been constituted since 1991-92 to provide an institutional forum to identify and to take steps to remove the grey areas or lacunae in the realistic assessment of requirements and budgetary control. These Groups may please review the projection of requirements and the actual expenditure details of 1992-93 to pinpoint any defects in the present system of

estimation and control. Such a review would help in taking further remedial steps required to eliminate instance of inaccurate estimation, injudicious re-appropriations, non-utilisation of allocation, persistent excesses or savings and other similar cases of defective budgeting and budgetary control.

Sd/—

(P.R. Sivasubramanian)

ADDL FA (P)

All Joint Secretaries/Addl FAs

Addl LGFP, DNP, D Fin P, DGNCC,

DGOF, DPR&M, DGQA.

MOD (FIN) ID No. 10(2)/93/BI dated 21-7.93.

MOST IMMEDIATE

No. F. 17(2)/93/B-I
Government of India
Ministry of Defence
(Finance Budget)

New Delhi, dated 26 May 1994.

OFFICE MEMORANDUM

SUBJECT: *Note for Public Accounts Committee for regularisation of excesses over voted portion of Grant No. 22 — Capital Outlay on Defence Services during the year 92-93.*

The undersigned is directed to forward herewith seventy five (75) copies of English version of Action Taken Notes for P.A.C. for regularisation of excess over voted portion of Grant No. 22 Capital Outlay on Defence Services for 1992-93 duly vetted by D.G.A.D.S.

2. Hindi version of this ATN will follow.

Sd/-
(S. Narendra),
A.F.A. (BUDGET).

Under Secretary (Budget),
Ministry of Finance,
Deptt. of Economic Affairs,
North Block, New Delhi.

Copy with enclosures to:

- | | |
|--------------|------------|
| 1. DADS | — 2 copies |
| 2. C&AG | — 2 copies |
| 3. CGDA | — 2 copies |
| 4. Budget-II | — 2 copies |

MINISTRY OF DEFENCE (FINANCE) BUDGET—I

Note for Public Accounts Committee for Regularisation of Excess over voted Portion of Grant No. 22—Capital Outlay on Defence Services as disclosed in the Appropriation Accounts (Defence Services) for the year 1992-93

GRANT NO. 22 — CAPITAL OUTLAY ON DEFENCE SERVICES

Original Grant	Rs. 5340,89,00,000
Supplementary Grant	Rs. 108,57,00,000
Total Sanctioned Grant	Rs. 5449,46,00,000
Actual Expenditure	Rs. 5470,75,09,329
Excess Expenditure	Rs. 21,29,09,329

2. Against the Original Grant of Rs. 5340,89,00,000 augmented to Rs. 5449,46,00,000 by obtaining a Supplementary Grant of Rs. 108,57,00,000, an expenditure of Rs. 5470,75,09,329 has been incurred during 1992-93 resulting in an uncovered excess of Rs. 21,29,09,329.

3. The excess of Rs. 21,29,09,329 under this Grant was under the following Sub Major Heads/Minor Heads :—

(a) SUB MAJOR HEAD 01 — ARMY

(a.1) MINOR HEAD 050—LAND (Rs. 2,16,77,506)

The original provision made under this Minor Head was Rs. 30,00,00,000 which was reduced to Rs. 20,00,00,000 by minus reappropriation of Rs. 10,00,00,000. The actual expenditure, however, was Rs. 22,16,77,506 resulting in an excess of Rs. 2,16,77,506.

The excess of Rs. 217 lakhs over the Final Grant was due to finalisation of more land acquisition cases than anticipated.

(a.2) MINOR HEAD 101 — AIRCRAFT AND AERO-ENGINES (Rs. 2,00,02,190)

The original provision under this Minor Head was Rs. 54,91,00,000. The actual expenditure, however, was Rs. 56,91,02,190 resulting in an excess of Rs. 2,00,02,190.

The excess of Rs. 200 lakhs over the Final Grant was due to booking of certain expenditure to this head instead of Revenue head.

(a.3) MINOR HEAD 102—HEAVY AND MEDIUM VEHICLES (Rs. 4,94,01,827)

The original provision made under this Minor Head was Rs. 41,40,00,000 which was enhanced to Rs. 44,86,00,000 by reappropriation of Rs. 3,20,00,000. The actual expenditure

however, was Rs. 49,60,01,827 resulting in an excess of Rs. 4,94,01,827.

The excess of Rs. 494 lakhs over the Final Grant was due to certain committed contractual liabilities.

(a.4) MINOR HEAD 202 — CONSTRUCTION WORKS (Rs. 9,84,04,636)

The original provision under this Minor Head was Rs. 205,78,00,000 which was reduced to Rs. 190,78,00,000 by minus reappropriation of Rs. 15,00,00,000. The actual expenditure however, was Rs. 200,62,04,636 resulting in an excess of Rs. 9,84,04,636.

The excess of Rs. 984 lakhs over the Final Grant was due to good progress of work and consequent higher cash outgo than anticipated.

(b) SUB MAJOR HEAD 02—NAVY

(b.1) MINOR HEAD 101—AIRCRAFT AND AERO-ENGINES (Rs. 12,33,36,381)

The original provision made under this Minor Head was Rs. 312,31,00,000 which was reduced to Rs. 149,55,00,000 by minus reappropriation of Rs. 162,76,00,000. The actual expenditure, however, was Rs. 161,88,36,381 resulting in an excess of Rs. 12,33,36,381.

The excess of Rs. 1233 lakhs over the Final Grant was due to payments on account of revised Government decision in respect of certain projects.

(b.2) MINOR HEAD 103—OTHER EQUIPMENT (Rs. 2,98,56,000)

The original provision made under this Minor Head was Rs. 16,77,00,000 which was enhanced to Rs. 29,52,00,000 by reappropriation of Rs. 12,75,00,000. The actual expenditure, however, was Rs. 32,50,56,000 resulting in an excess of Rs. 2,98,56,000.

The excess of Rs. 299 lakhs over the Final Grant was due to exchange rate variation on account of new Government policy in respect of Foreign Exchange as well as contractual payments for imported equipments.

(b.3) MINOR HEAD 202—CONSTRUCTION WORKS (Rs. 85,76,395)

The original provision made under this Minor Head amounting to Rs. 65,93,00,000 was reduced to Rs. 61,42,00,000 by minus reappropriation of Rs. 4,51,00,000. The actual expenditure, however, was Rs. 62,27,76,395 resulting in an excess of Rs. 85,76,395.

The excess of Rs. 86 lakhs over the Final Grant was due to spreading up of progress of carry over works by Military Engineer Service at the end of the year.

(b.4) MINOR HEAD 205—NAVAL DOCKYARDS
(Rs. 1,13,64,273)

The original provision made under this Minor Head amounting to Rs. 55,44,00,000 was reduced to Rs. 32,25,00,000 by minus appropriation of Rs. 23,19,00,000. The actual expenditure, however, was Rs. 33,38,64,273 resulting in an excess of Rs. 1,13,64,273.

The excess of Rs. 114 lakhs over the Final Grant was due to payments to Directorate General Border Roads for certain projects.

(c) SUB MAJOR HEAD 03—AIR FORCE

(c.1) MINOR HEAD 050—LAND (Rs. 89,45,124)

The original provision under this head was Rs. 5,79,00,000 which was reduced to Rs. 2,94,00,000 by minus reappropriation of Rs. 2,85,00,000. The actual expenditure, however, was Rs. 3,83,45,124 resulting in an excess of Rs. 89,45,124.

The excess of Rs. 89 lakhs over the Final Grant was due to higher payments for acquisition of land than anticipated.

(c.2) MINOR HEAD 103—OTHER EQUIPMENT
(Rs. 1,46,01,926)

The original provision under this head was Rs. 230,21,00,000 which was reduced to Rs. 217,30,00,000 by reappropriation of Rs. 12,91,00,000. The actual expenditure, however, was Rs. 218,76,01,926 resulting in an excess of Rs. 1,46,01,926.

The excess of Rs. 146 lakhs over the Final Grant was due to an outstanding payment of earlier year in respect of an equipment which could not be catered for at the time of reappropriation.

(c.3) MINOR HEAD 206—SPECIAL PROJECTS (Rs. 1,43,40,073)

The original provision under this head was Rs. 39,56,00,000 which was reduced to Rs. 34,14,00,000 by minus reappropriation of Rs. 5,42,00,000. The actual expenditure, however was Rs. 35,57,40,000 resulting in excess of Rs. 1,43,40,073.

The excess of Rs. 147 lakhs over the Final Grant was due to higher materialisation of sanction that anticipated.

(d) SUB MAJOR HEAD 04—ORDNANCE FACTORIES

(d.1) MINOR HEAD 052—MACHINERY AND EQUIPMENT
(Rs. 5,41,21,209)

The original provision under this head was Rs. 174,00,00,000 which was reduced to Rs. 114,00,00,000 by minus reappropriation of Rs. 60,00,00,000. The actual expenditure, however, was Rs. 119,41,21,209 resulting in an excess of Rs. 5,41,21,209.

The excess of Rs. 541 lakhs over the Final Grant was due to booking of some expenditure on account of 'Renewal and Replacements' to this head.

**(e) SUB MAJOR HEAD 05—RESEARCH AND DEVELOPMENT
ORGANISATION MINOR HEAD 111—WORKS (Rs. 3,48,98,455)**

The original provision made under this Major and Minor Head amounting to Rs. 206,61,00,000 was enhanced to Rs. 215,68,00,000 by reappropriation of Rs. 9,07,00,000. The actual expenditure, however, was Rs. 219,08,98,455 resulting in an excess of Rs. 3,40,98,455.

The excess of Rs. 341 lakhs over the Final Grant under this Head was due to non-reimbursement of expenditure on a project by Ordnance Factory Board.

4. The above excess of expenditure was partly offset by savings under other minor heads leaving a net excess of Rs. 21,29,09,329.

5. Instructions have already been issued to all the estimating authorities for framing the budget estimates on the most realistic basis. Constant monitoring of the expenditure has also been emphasised with a view to scrupulously conforming to the allocations. The inter-departmental Monitoring Groups constituted since 1991-92 have been asked to review projected requirements for 1992-93 and the actual expenditure details of 1992-93 to pinpoint and eliminate the periods, if any, in the process of estimation to bring in further refinement in budgetary estimation and control. A copy of Ministry of Defence (Finance) I.D. No. 10(2)93B.I. dated 21.7.93 is enclosed.

In addition, the progress of Defence expenditure is analysed periodically and instructions issued to Service Headquarters, where the trend of expenditure appears to be abnormally high or unusually low with a view to contain the expenditure within the sanctioned Budget.

6. In the circumstance explained above, the excess of Rs. 21,29,09,329 may kindly be recommended for regulation by the Parliament under Article 115(1) (b) of the Constitution.

7. DIADS has seen.

Sd/-
(P.R. Sivasubramanian)
Addl. FA(P) & J.S.

F.17(2)/93/B1 dated: 24.5.1994

MINISTRY OF DEFENCE
(FINANCE DIVISION)

SUBJECT:— *Formulation of budgetary estimates and monitoring of Defence expenditure.*

Instructions have been issued from time to time highlighting the importance of formulating the budget estimates on the most realistic basis and the necessity to keep the expenditure under constant review and to scrupulously conform to the allocations eventually made.

2. Despite these exhortations for exercising better budgetary formulation and control, instances of unrealistic estimation of requirements—at the initial stage as well as at re-appropriation supplementary Demand stage—and inadequate control over expenditure continue to occur. Many of these instances are commented upon by the Comptroller and Auditor General of India in his Reports. In some cases, these inadequacies in budget formulation/control lead to excess over voted grants, requiring regularisation by Parliament.

3. Public Accounts Committee, in their 51st Report on Excesses over voted grants and charged appropriations (1989-90), have taken a serious view of the persistent occurrences of excess expenditure and emphasized the need for more accurate estimation of requirements and better budgetary control. The Committee have also pointed out that savings are as bad as excess expenditure in that these deprive certain deserving vital sectors of economy of the much needed resources. They have, accordingly, stressed that budget estimates should be made keeping in view the resources available or likely be available during the year and all concerned should undertake a realistic exercise while forecasting the monetary requirements to ensure best and efficient utilisation of funds.

4. The relevance of the foregoing recommendations in the context of the prevailing resource position in respect of Defence budget needs no further emphasis. Inter-Departmental Monitoring Groups have been constituted since 1991-92 to provide an institutional forum to identify and to take steps to remove the grey areas or lacunae in the realistic assessment of requirements and budgetary control. These Groups may please review the projection of requirements and the actual expenditure details of 1992-93 to pinpoint any defects in the present system of estimation and control. Such a review would help in taking further remedial steps required to eliminate

instances of inaccurate estimation, injudicious re-appropriations, non-utilisation of allocation, persisted-excesses or savings and other similar cases of defective budgeting and budgetary control.

Sd/-
(P.R. Sivasubramanian)
Addl. FA(P).

All Joint Secretaries/Addl. FAs, Addl. DGFP,

DNP, D Fin. P, DGNCC, DGO, DPR&M, DGQA.

MOD (Fin.) ID No. 10(2)/93/B.I dated 21-7-1993.

Action taken by the Department of Telecommunications on Para 1.75

Proposals for regularising the excess expenditure of Rs. 25.54 crores over the sanctioned grant of Rs. 4019.01 crores during the year 1992-93 have been submitted to the Ministry of Finance *vide* letter No. 1-51/93-CB dated 21.11.94.

This has got the approval of Member (F).

This has been vetted by the Director General of Audit (P&T) *vide* U.O. No. RR-III/1(b)400App. AC92-93/289 dated 9.10.95.

Sd/-
(Anita Soni)
DDG (B&A).

[Ministry of Communications (Deptt. of Telecommunications) File No. 6-1/95-CB dated 20.10.1995]

Action Taken by the Ministry of Railways on Para 1.75

In view of the above, the Excess expenditure for 1992-93 has been got regularised in the Budget Session of the Parliament in 1995. A copy of Demands for Excess Grants for 1992-93 as presented to Parliament is enclosed as Annexure 'C'.

The Audit have seen and vetted the above ATN *vide* their U.O.I. No. 14-RA-III/RR/2-194 dated 22.05.96.

Sd/-
(P. Rajagopalan)
Executive Director (Accounts),
Railway Board.

[Ministry of Railways (Railway Board's) O.M. No. 94-BC PACX/88
dated 18.06.88]



1992-93

में

रेलवे पर केन्द्रीय सरकार के खर्च
के लिए

अनुदान की अतिरिक्त मांगें

DEMANDS FOR EXCESS GRANTS

FOR

EXPENDITURE OF THE CENTRAL
GOVERNMENT ON RAILWAYS

संविधान के अनुच्छेद 115 की धारा (1) (ख) के अनुसार लोक सभा के समक्ष प्रस्तुत

Presented to the Lok Sabha In pursuance of Clause (1) (b) of Article 115 of the Constitution

[इन मांगों को पूरा करने के लिए भारतीय संविधान के अनुच्छेद 115 की धारा (1) (ख) और (2) के साथ पठित अनुच्छेद 113 की धारा (3) के अधीन राष्ट्रपति की अपेक्षित सिफारिश प्राप्त कर ली गई है]

[The recommendation of the President required under clause (3) of Article 113 read with clauses (1) (b) and (2) of article 115 of the Constitution for making the Demands, has been obtained]

अप्रैल / April, 1995

प्रस्ताव

INTRODUCTORY

इस पुस्तिका में सम्मिलित अनुदान की अतिरिक्त मांगें, 1992-93 में संसद द्वारा स्वीकृत राशि से अधिक किए गए खर्च से संबंधित हैं और ये भारत के संविधान के अनुच्छेद 115 (1) (ख) के अन्तर्गत नियमित किये जाने के लिये प्रस्तुत की जा रही हैं।

The Demands for Excess Grants, included in this booklet, relates to the expenditure during 1992-93 in excess of amount granted by Parliament and are being presented for regularisation under Article 115 (1) (b) of the Constitution of India.

अनुदान सं० 8 तथा 16 के स्वीकृत भाग के अन्तर्गत कुल 539.27 करोड़ रुपये का अधिक खर्च हुआ है। इसके अलावा 0.31 लाख रुपये का अधिक खर्च अनुदान सं० 10 के प्रभूत विनियोग के अन्तर्गत हुआ है।

The excess expenditure aggregating to Rs. 539.27 crores, occurred under 'Voted' portion of Grant Nos. 8 & 16. In addition, excess expenditure of Rs. 0.31 lakh occurred under 'Charged' appropriation under Grant No. 10.

अतिरिक्त खर्च के कारण नीचे दिए गए हैं:

The reasons for the excess are:

अनुदान सं० 8: परिचालन व्यय — चल स्टॉक और उपस्कर (17,57,08,720 रु०):— मुख्यतः संविदात्मक दायित्वायों के अन्तर्गत अधिक खर्च, सामग्री की लागत, नामे/जमा के अन्तरण के अन्तर्गत समायोजन में घटा-बढ़ी, आदि।

Grant No. 8: Operating Expenses — Rolling Stock & Equipment (Rs. 17,57,08,720):—Mainly due to more expenditure under contractual obligations, cost of material, fluctuation in adjustment under transfer of Debits/Credits, etc.

अनुदान सं० 16: परिसंपत्तियाँ—खरीद निर्माण और बदलाव (521,70,28,992 रु०):—

अन्य खर्च—पूंजी (521,70,28,992 रु०): मुख्यतः वस्तु सूची, आमान परिवर्तन, दोहराकरण, नई लाइनें, चल स्टॉक, आदि के अन्तर्गत अधिक खर्च के कारण।

Grant No. 16: Assets—Acquisition, Construction and Replacement (Rs. 521,70,28,992):—

Other Expenditure — Capital (Rs. 521,70,28,992):—
Mainly due to more expenditure under Inventories,
Gauge Conversion, Doubling, New Lines, Rolling
Stock, etc.

प्रभृत विनियोग

Charged Appropriations

अनुदान सं० 10: परिचालन व्यय—ईंधन (30,972 रु०):— मुख्यतः अदालती डिगिरियों का प्रत्याशा से अधिक भुगतान के कारण।

Grant No. 10: Operating Expenses—Fuel (Rs. 30,972):—Due to more decretal payments than anticipated.

लोक लेखा समिति ने अधिक खर्च की जांच करने के बाद स्वीकृत अनुदानों तथा प्रभृत विनियोगों (1992-93) से अधिक खर्च से संबंधित अपनी 88वीं रिपोर्ट (1994-95)—दसवीं लोक सभा, के पैरा 1.75 में इस अधिक खर्च के विनियमन की सिफारिश की है।

The Public Accounts Committee after examining the excess have recommended its regularisation *vide* para 1.75 of their 88th Report (1994-95)—Tenth Lok Sabha, on Excess over Voted Grant and Charged Appropriations (1992-93).

अतिरिक्त खर्च की अनुदान-वार स्थिति संक्षेप में नीचे दी गई है:—

The Grant-Wise position of the excess is summarised below:—

अनुदान सं- No. of Grant	अनुदान Grant	3	4	5	6	7	इस पुस्तिका के पृष्ठ का संदर्भ Reference to page of this booklet
1	2	3	4	5	6	7	
8.	परिचालन खर्च — चल सौंपित खर्च और उपकरण Operating Expenses—Rolling Stock & Equipment	सौंपित Voted	1000,99,72,000	1018,56,80,720	17,57,08,720	1	
10.	परिचालन खर्च — ईंधन Operating expenses — Fuel	प्रभुता Charged	2,20,000	2,50,972	30,972	2	
16.	परिसेपरिवर्त — खरीद, निर्माण और बदलाव Assets — Acquisition, Construction and Replacement अन्य खर्च Other Expenditure पूंजी Capital	सौंपित Voted	7045,47,95,000	7567,18,23,992	521,70,28,992		
	जोड़ Total	सौंपित Voted प्रभुता Charged	8046,47,67,000 2,20,000	8585,75,04,712 2,50,972	539,27,37,712 30,972		

मांग सं० — 8 रेलवे
Demand No. 8 — RAILWAYS

उपखर्च

REVENUE

परिचालन—व्यय चल स्टॉक तथा उपकरण

Operating Expenses — Rolling Stock and Equipment

31 मार्च, 1993 को समाप्त वर्ष में परिचालन व्यय — चल स्टॉक तथा उपकरण के संबंध में अनुदान से अधिक खर्च की गई राशि।

Amount expended in excess of the Grant for the year ended 31st March, 1993 in respect of Operating Expenses—Rolling Stock and Equipment.

स्वीकृत: सत्रह करोड़, सत्तावन लाख, आठ हजार सात सौ बीस रुपये।

Voted: Rupees seventeen crores, fifty seven lakhs, eight thousand, seven hundred and twenty.

अंतिम अनुदान Final Grant	वास्तविक खर्च Actual Expenditure	अधिक खर्च Excess	अधिक खर्च का प्रतिशत Percentage of Excess
₹ Rs.	₹ Rs.	₹ Rs.	
1000,99,72,000	1018,56,80,720	17,57,08,720	1.76

यह मांग परिचालन व्यय—चल स्टॉक तथा उपकरण पर खर्च के लिये है।

This Demand deal with the expenditure on Operating Expenses—Rolling Stock and Equipment.

2. अधिक खर्च 1001 करोड़ ₹ के अंतिम अनुदान का 1.76 प्रतिशत बनता है और यह मुख्यतः स्टॉक से सामग्री की लागत (3.82 करोड़ ₹) नामे/जमा के अन्तरण के अन्तर्गत समायेजन में कमी-बेशी (3.39 करोड़ ₹) महंगाई भत्ते (2.89 करोड़ ₹) किलोमीटर दूरी भत्ता (2.70 करोड़ ₹) संविदात्मक भुगतान के अन्तर्गत अधिक खर्च (2.45 करोड़ ₹) अन्य खर्च (1.63 करोड़ ₹) समयोपरि भत्ते (0.70 करोड़ ₹) आदि के कारण हुआ।

2. The excess works out to 1.76 per cent of Final Grant of Rs. 1001 cr. and has occurred mainly due to more expenditure under Cost of material from stock (Rs. 3.82 cr.) transfer of debit/credit (Rs. 3.39 cr.) Dearness, Allowance (Rs. 2.89 cr.) Kilometrage Allowance (Rs. 2.70 cr.) contractual payment (Rs. 2.45 cr.), other expenses (1.63 cr.) Over-time allowance (Rs. 0.70 cr.) etc.

मांग सं० 10 — रेलवे
Demand No. 10 — RAILWAYS

राजस्व
REVENUE
परिचालन व्यय — ईंधन
Operating Expenses — Fuel

31 मार्च, 1993 को समाप्त वर्ष में परिचालन व्यय — ईंधन के संबंध में अनुदान से अधिक खर्च की गई राशि।

Amount expended in excess of the Grant for the year ended 31st March, 1993 in respect of Operating Expenses—Fuel

प्रभूत: तीस हजार, नौ सौ बाहतर रुपये।

Charged: Rupees thirty thousand, nine hundred and seventy two.

अंतिम अनुदान Final Grant	वास्तविक खर्च Actual Expenditure	अधिक खर्च Excess	अधिक खर्च का प्रतिशत Percentage of Excess
₹ Rs. 2,20,000	₹ Rs. 2,50,972	₹ Rs. 30,972	14.08

यह मांग परिचालन व्यय—ईंधन पर खर्च के लिये है।

This Demand deal with the expenditure on Operating Expenses—Fuel.

2. प्रभूत विनियोग के अन्तर्गत 0.31 लाख ₹० का अधिक खर्च जो 2.20 लाख रुपये के अंतिम विनियोग का प्रतिशत बनता है, अदालती डिगिरियों के प्रत्याशा से अधिक भुगतान के कारण है।

2. The excess of Rs. 0.31 lakh under Charged appropriation, which works out to 14.08 percent of Final Approp of Rs. 2.20 lakhs, is due to more decretal payments than anticipated.

मांग सं० 16 — रेलवे

Demand No. 16 — RAILWAYS

परिसंपत्तियां—खरीद, निर्माण और बदलाव

ASSETS—ACQUISITION, CONSTRUCTION AND REPLACEMENT

31 मार्च, 1993 को समाप्त वर्ष में परिसंपत्तियां खरीद और बदलाव के संबंध में अनुदान से अधिक खर्च की गई राशि।

Amount expended in excess of the Grant for the year ended 31st March, 1993 in respect of Assets — Acquisition, Construction and Replacement.

अन्य खर्च

Other Expenditure

पूंजी स्वीकृत : पांच सौ इक्कीस करोड़, सत्तर लाख, अठाईस हजार, नौ सौ बानवे रुपये।

Capital Voted: Rupees Five hundred, twenty one crores, seventy lakhs, twenty eight thousand, nine hundred and ninety two.

विवरण Particulars	अंतिम अनुदान Final Grant	वास्तविक खर्च Actual Expenditure	अधिक खर्च Excess	अधिक खर्च का प्रतिशत Percentage of Excess
	₹ Rs.	₹ Rs.	₹ Rs.	
अन्य खर्च Other Expenditure	7045,47,95,000	7567,18,23,992	521,70,28,992	7.40
पूंजी (स्वीकृत) Capital (Voted)				
रेलवे निधियां (स्वीकृत) Railway Funds (Voted)	31,30,08,09,000	2882,74,07, 611	24,734,01,389	

यह मांग परिसंपत्तियां—खरीद, निर्माण और बदलाव पर खर्च के लिये है।

This Demand is for expenditure on Assets—Acquisition, Construction and Replacement.

2. अन्य खर्च के अन्तर्गत 274.36 करोड़ ₹ की समग्र वृद्धि हुई है और पूंजी के अन्तर्गत 521.70 करोड़ रुपये की वृद्धि और रेलवे निधियों के अन्तर्गत 247.34 करोड़ रुपये की बचत हुई है। पूंजी और रेलवे निधियों के बीच कोई पुनर्विनियोग अनुमेय नहीं है। पूंजी में 521.70 करोड़ रुपये का अधिक खर्च वस्तु सूची, दोहरीकरण, नई लाइनें, चल स्टाक, आमान परिवर्तन, महानगर परिवहन परियोजनाएं एवं मशीन और संयंत्र आदि पर अधिक खर्च के कारण है।

2. There is an overall excess of Rs. 274.36 cr. under Other Expenditure made up of an increase of Rs. 521.70 cr. under Capital and a saving of Rs. 247.34 cr. under Railway Funds. No reappropriation is permissible between Capital and Railway Funds. The excess of

Rs. 521.70 cr. under Capital is due to more expenditure on Inventories, Doubling, New Lines, Rolling Stock, Gauge Conversion, Metropolitan Transport projects and Machinery & Plant etc.

Recommendation

Taking a serious view of the delay on the part of various Ministries in furnishing the explanatory notes, the Committee had in their 60th Report (10th Lok Sabha) desired the Ministry of Finance to analyse and apprise them of the precise reasons for persisting delays in submission of explanatory notes besides taking corrective measures to ensure timely submission of the same in future. The Action Taken Note furnished by the Ministry of Finance reveals that the Ministry have once again issued instructions to all the Ministries/Departments emphasising that the time schedule for the presentation of explanatory notes to the Committee may be strictly adhered to. The Action Taken Note is however, completely silent as to whether the Ministry of Finance have made any attempt to analyse the reasons for the delays that had occurred in the past in furnishing the explanatory notes to the Committee. Going by the past record of delays that had been taking place in the submission of explanatory notes, the Committee are of firm opinion that such an analysis of the reasons for delay in furnishing the explanatory notes is necessary so that the appropriate remedial measures may be taken to effect improvement in future. The Committee would like to be informed of the progress achieved in this regard in due course.

[Sl. No. 19. (Para 2.9) of the 88th Report of Public Accounts Committee (10th Lok Sabha)]

Action Taken

The information was called for from the defaulting Ministries/Departments to analyse the delay in submission of explanatory notes. It is observed that the delay was not intentional but due to various reasons such as resolution of points raised by the Audit, shortage of staff and the matter being complex, which took time in settling the issue at the appropriate level. The Ministries/Departments have since taken remedial action by issuing suitable instructions to their field formations so that delay in submission of explanatory notes is avoided in future.

(This has been vetted by the Audit *vide* their U.O.No. RR/1-14/95-96/dated 1.11.1995.)

Sd/-

(D.Swarup)

JOINT SECRETARY TO THE GOVERNMENT OF INDIA.

[Ministry of Finance (Deptt. of Expenditure) OM No. 12(1) E-Coord./95 dated 27.11.1995]

CHAPTER III

RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

The Committee have further observed that in four voted grants viz; 63—Ministry of Petroleum and Natural Gas (Revenue); 74—Surface Transport (Revenue); 76—Ports, Light Houses and Shipping (Revenue) and 39—Ministry of Food Processing Industries (Capital), the amount surrendered in 1992-93 exceeded overall savings available in these grants. To the utmost dismay of the Committee, there were three voted grants Nos. 25—Department of Economic Affairs (Revenue); 33—Pensions (Revenue) and 75—Roads (Capital) where surrenders were made despite the fact that expenditure exceeded in these grants and no savings were thus available for surrender which shows that there was inadequate accounting, control and monitoring of expenditure. The Committee takes a very serious view of these lapses on the part of the officials concerned and desire that responsibility be fixed for the laxity shown in this regard. The Committee also desires that Government to devise foolproof measures to obviate recurrence of erroneous surrender of funds in future as it vitiates proper budgetary control.

[Sl. No. 5 (Para 1.38) of Appendix XIV to 88th Report of Public Accounts Committee (10th Lok Sabha)]

Action taken by the Government

Pension is composite grant. The budget estimate, re-appropriation and surrender is based on the information given by 62 offices and on the bank scrolls. In the year 1992-93, the final requirement was arrived at in March, 1993 after taking figures as projected by 42 offices. No projections were received from 20 offices and, therefore, the figures given by them for the Revised Estimates 1992-93 were taken as final. Thus figures as per Revised Estimates for these 20 circles was Rs. 4920.68 lakhs, whereas the actual expenditure was Rs. 5322.54 lakhs, resulting in an excess of Rs. 401.86 lakhs in respect of these 20 offices. The remaining 42 offices projected a final figure of Rs. 63199.73 lakhs and their actual expenditure was Rs. 64733.34 lakhs. About 56% of the total pension disbursed during 1992-93 was disbursed by Public Sector Banks through over 32,000 Paying Branches all over the country. The expenditure estimates are based on the paid scrolls received from over 460 Re-imbursing Banks and compiled in Central Pension Accounting Office. These scrolls are received almost 3 months after the disbursement. The rest of the pension (38%) was

disbursed through Pay and Accounts Offices and Drawing & Disbursing Officers and (0.6%) by Treasuries during 1992-93.

During 1992-93, surrender of Rs. 61.08 lakhs was made only under two Sub-heads, namely—Ex-gratia pension to Indian Pensioners of Portuguese Colonies (Rs. 26.39 lakhs) and Ex-gratia Adhoc Allowances to Burma/Pakistan Civil Pensioners/Family Pensioners (Rs. 34.69 lakhs). These payments are made by Director of Account, Goa for Portuguese Colonies and by Public Sector Banks respectively. The consolidation and compilation of accounts is done by the Central Pension Accounting Office based on the accounts and scrolls received from the Director of Accounts, Goa and Public Sector banks. The surrender was based on estimates and expenditure figures available till around February, 1993. Thus in respect of ex-gratia payment to Indian pensioners of Portuguese Colonies, the expenditure booked by Director of Accounts, Goa till February, 1993 was NIL and therefore we proposed a surrender of Rs. 26.39 lakhs based on the actual expenditure of 1991-92. However, claims of Rs. 23.60 lakhs were received from Director of Accounts, Goa and adjusted in March 1993 Account. In respect of ex-gratia Adhoc Allowance to Burma/Pakistan Civil Pensioners/Family Pensioners the actual expenditure booked upto February, 1993, based on bank scrolls, was Rs. 32.37 lakhs and since only one month was left it was felt that Rs. 34.69 lakhs could be surrendered. However, due to bulk receipt of scrolls and accounting thereof during March 1993 (and supplementary March, 1993) the actual expenditure was Rs. 43.61 against total provision of Rs. 35.31 lakhs resulting in an excess of Rs. 8.30 lakhs. It is, therefore, clarified that the expenditure under these two sub-heads had exceeded the grant after the surrender made in March, 1993 because of reasons explained above although it has not exceeded Budget Estimates 1992-93 as is evident from the following statement:

(Rs. in lakhs)

Sub-heads	Excess	Budget Estimates 1992-93	Surrender on 24.3.93	Final Grant	Actual Expendi- ture	Excess
Ex-gratia Pension to Indian Pensioners of Portuguese Colonies		36.39	—26.39	10.00	23.60	+13.60
Ex-gratia Adhoc Allowances to Burma/ Pakistan Civil Pensioners/Family Pensioners		70.00	—34.69	35.31	43.61	+ 8.30

Every effort is made to obtain figures from various offices and based on the scrolls received from the banks and project estimates as far as possible. Accordingly, we had estimated additional expenditure of Rs. 82.65 crores in October, 1992. During intervening six months several factors contributed to the expenditure exceeding by Rs. 15.88 crores. One of the reasons was increase in the number of cases processed by this office, new cases of retirees and other cases of family pension, revision, switch-over from treasury to bank etc. which were over 47,300 cases as against about 40,900 in 1991-92. In addition, there were also relief to pensioners enhanced on 1.4.92 and on 30.9.92. We are, however, constantly endeavouring to obtain accurate and timely estimates from all the 62 offices as also the scrolls on time from over 460 reimbursing banks all over the country. Several checks and follow up measures have been initiated to make better estimation of expenditure on pensions. All the accounting circles have been asked to furnish their estimates more realistically to avoid expenditure in excess of budgeted provision. The accounting circles have also been asked vide Central Pension Accounting Office letter No. MF/CPAO/A&B/8/93-94/306 dated 29.10.93 (copy enclosed) to furnish the information with regard to the number of pensioners so that reasonable estimates of pension expenditure could be worked out. The accounting circles have also been asked to furnish the excesses/saving statement and reasons thereof while furnishing their annual expenditure figures vis-a-vis the Budget provision so that the reasons for excesses could be determined.

As a result of constant efforts made by Central Pension Accounting Office in collecting and compiling the data from different offices and banks, it may be seen from the following that there has been continuous decline in the variation between actual and budget.

GRANT NO. 33—PENSION REVENUE SECTION (VOTED)

(Rs. in crores)

Year	Budget Estimates	Revised Estimates	Actuals	Excess over Revised Estimates	% of variations of Revised Estimates Excess(+) Savings(-)
1991-92	548.84	548.84	581.35	32.51	+5.92%
1992-93	600.15	682.80	698.68	15.88	+2.32%
1993-94	742.64	809.27	815.68	6.41	+0.79%
1994-95	906.96	931.62	931.57	-0.05	-0.005%

The Central Pension Accounting Office is also monitoring the expenditure through Monthly Compiled accounts, on the basis of actual expenditure figures booked by different Ministries/Departments received from the Pay and Account Officers, through the bank scrolls received from the reimbursing banks and through watch on the expenditure incurred by Accountants General as per their monthly inward claims received in this office. In addition, the performa for offices introduced since October—1993 as per specimen enclosed would also help in monitoring the expenditure and to take corrective action by end of February every year. With such monitoring and follow-up action it is hoped that Central Pension Accounting Office would be able to consolidate the data and compile the budgetary estimates more accurately. However, inspite of the best efforts, it must be appreciated that the pension expenditure is such where 100% correct, precise and foolproof estimation is not always feasible because of factors already explained above and uncertainties like voluntary retirements, death while in service, death after retirement, revision of pension, changes in the entitlement due to death of pensioner/family, deletion of old pensioners and addition of new-ones as pensioners etc. It is also very difficult to precisely estimate the expenditure on account of Relief to the pensioners twice a year based on cost of living Index and its impact because of the gap between the announcement of DA increase and its actual disbursement by over 32,000 paying bank branches. Moreover, Central Pension Accounting Office was established on 1.1.90. We do not have the Data-bank of complete civil pensioners, family pensioners etc. for the cases prior to 1.1.90. Therefore, keeping in view the above, it will not be feasible to fix the responsibility of a particular official at this stage. Therefore, we submit and request that the variation between Budget and Actual expenditure may kindly be viewed in a totality *vis-a-vis* the percentage of variation against the estimates. However, with the special efforts as advised by the Committee, we are constantly endeavouring to compile timely Budget Estimates as accurately as possible and reduce variations between actual expenditure and budget estimates.

All the Ministries/Departments of the Government of India have been instructed *vide* this Department's O.M. No. 12(1)E-Coord./95 dated 17.10.1995 (Copy enclosed) that suitable action should be taken to ensure that the savings are surrendered as soon as these are foreseen without waiting till the end of the year.

This has been vetted by the Audi: *vide* their U.O. No. RR/1-7/95-96/11 dated 3rd April, 1996.

Sd/-
(D. Swarup)

Joint Secretary to the Government of India.

[Ministry of Finance (Deptt. of Expenditure) OM No. 12(4)E-Coord./95 dated 27.5.1996]

Government of India
Ministry of Finance
Department of Expenditure
Central Pension Accounting Office

No. MF/CPAO/A&B/93-94/306

Date 29.10.1993

To

Spare Copy

SUB: Regularisation of Funds under Grant No. 33—Pensions for 1993-94.
Sir,

Reference is invited to your letter *vide* which proposal for Revised Estimates for 1993-94 and Budget Estimates for 1994-95 in respect of Grant No. 33—Pensions was submitted to this office.

2. As may be seen, there are some excess/savings under each sub-head of Grant No. 33. This needs to be regularised promptly. Therefore, you are requested to send detailed statement showing the excess/savings under the above grant in the enclosed proforma along with reasons for variations *urgently* by 31.12.93 as we have to compile and consolidate all statements for submission to Budget Division for regularisation. The information should be upto the level of detailed head as given in the Demand for Grant for the year 1993-94.

3. *Important Additional Information*—As may be seen in the enclosed proforma, a new column calling for information on the number of pensions has been added. This information has been called for by the Main Finance in order to determine the final figures/amounts for final R.E. 1993-94 and B.E.

Yours faithfully,

Sd/-

(I.K. Nayar)

Dy. Controller of Accounts

Encl. As above.

F. No. 12(1)/E (Coord.)/95
Government of India
Ministry of Finance
Department of Expenditure
New Delhi, the 17th Oct., 1995

OFFICE MEMORANDUM

SUBJECT: *Action taken on the recommendations contained in the 88th Report of the Public Accounts Committee (10th Lok Sabha) on 'Excesses over Voted Grants/Charged Appropriations' (1992-93) and action taken on 60th Report (10th Lok Sabha) on Excesses over Voted Grants/Charged Appropriations (1990-91).*

The Public Accounts Committee in Para 1.37 of the above Report has observed that the Ministries/Departments of the Government of India are not following the prescribed procedure, for surrender of savings. According to the procedure the savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting till the end of the year. The Committee has taken a very serious view of this.

2. All the Ministries/Departments of the Government are requested to take note of the above observations for strict compliance.

3. All the Financial Advisers are requested to take suitable action in the matter to ensure that the savings are surrendered as soon as these are foreseen without waiting till the end of the year.

Sd/-

(D.Swarup)

Joint Secretary to the Government of India.

To

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

All Financial Advisers (By name).

Action Taken by the Ministry of Surface Transport

Grant No. 74

(In thousands of Rupees)

Revenue Section (Voted)

Original Grant	31,85,00
Supplementary Grant	31,61,00
Total Grant	63,46,00
Total Expenditure	62,79,92
Savings	66,08
Surrender	73,69

(i) Under Major Head 3451—Secretariat Economic Services—Against a surrender of Rs. 19.72 lakhs an excess of Rs. 12.43 lakhs occurred under sub-head A.1(3)—Border Road Wing due to adjustment of previous year claims received just before the close of financial year.

(ii) Under sub-head B.2 (4)—Road Safety Cell below Major Head 3055—Road Transport, against a surrender of Rs. 10.40 lakhs a marginal excess of Rs. 2.30 lakhs occurred due to more funds required on Publicity and T.A. Bills of non-official who attended the National Road Safety Council Meeting.

(iii) Under sub-head B.2 (6)—“Grants-in-aid to agencies administering—Road Safety Programme including inspection equipment for Physical fitness of Vehicles” below Major Head “3055”—Surrender of Rs. 5.00 lakhs and excess of Rs. 3.41 lakhs was due to committed grants-in-aid to Voluntary Organisation.

Excess of Rs. 18.14 lakhs under the above three sub-heads was off-set by savings of Rs. 10.53 lakhs under 8 sub-heads, resulting in net excess of Rs. 7.61 lakhs against a total surrender of Rs. 73.69 lakhs, reducing the level of overall savings to Rs. 66.08 lakhs.

During the last few days of March, in a few exceptional and rare cases unavoidable payments such as payment of DGS&D bills, adjustment of inward claims relating to SAO claims received from Ministry of Defence (copy enclosed) and court degree payments etc. arise and in order to accommodate such payments, small excess occurs. This happens despite taking utmost vigilance during the month of March. Surrender amounts also cannot be precisely assessed. However, it is regretted that this small excess has occurred. As such, it is not proposed to fix responsibility on any officer/official in this regard, DDOs/Controlling Officers/PAOs have been asked to take steps to tighten the internal arrangement and the control system so that expenditure is kept at the final grant level. Extensive instructions to Drawing & Disbursing Officers and Controlling Officers to follow the financial discipline have also been issued. (copy enclosed)

This has been vetted by Audit *vide* their U.O. No. RR/1-7/95-96/444 dated 6.8.96.

Sd/-

28.11.1996

Addl. Secretary & Financial Adviser

Grant No. 76—Ports, Lighthouses and Shipping

(In thousands of Rupees)

Revenue Section (Voted)

Original Grant	130,91,00
Supplementary Grant	20,90,00
Total Grant	151,81,00
Total Expenditure	127,18,35
Savings	24,62,65
Surrender	25,99,71

The major excess of Rs. 3.24 crores was on account of annual adjustment carried out under the sub-head B.3 (2)(5) General Reserve Fund. The excess of revenue receipts over revenue expenditure is transferred to fund account in the Public Account at the time of final closing i.e. in the month of June every year. The excess is technical in nature and as such does not involve any extra expenditure involving cash outgo.

Besides, an excess expenditure of Rs. 37.49 lakhs against the surrendered amount of Rs. 69.48 lakhs occurred under sub-head B.3 (2) (1)—Management. The excess was due to the annual accounting adjustment required for transferring amounts booked under suspense head “BB.2(3)—Suspense” to the final head mentioned above. This also does not involve any cash outgo as corresponding minus entry also appears in the grant as below the line recovery.

This is a common feature in a commercial Department. i.e. Department of Light Houses and Light Ship.

Excess of Rs. 5.84 lakhs also occurred under three sub-heads A 1(1) (10)—Grants to Hooghly Dock and Ports Engineers Ltd. for implementation of Voluntary Retirement Scheme—0.50 lakhs C1 (4) (2) (2) Seamen's Welfare Organisation Abroad—Rs. 4.54 lakhs C1 (6) (1)—Interest, differentials on loans for acquisition of Ships and Interest on Bank loans granted to SCI—Rs. 11.55.80 th. Though in two cases marginal excess was due to rounding off of payment but in one case excess of Rs. 4.54 lakhs was due to contribution to an international organisation where prestige of the country was involved. This was due to late submission of the claim by the international body.

As such, total excess of Rs. 3,67,72 lakhs was neutralized to the extent of savings of Rs. 2,30,66 lakhs (under 25 sub-heads) resulting in net excess of Rs. 137,06 lakhs.

During the last few days of March, in a few exceptional and rare cases unavoidable payments arise and in order to accommodate such payments, small excess occurs. This happens despite taking utmost vigilance during

the month of March. Surrender amounts also cannot be precisely assessed. However, it is regretted that this small excess has occurred. As such, while it is not proposed to fix responsibility on any officer/official in this regard, in order to avoid recurrence of such events steps are being taken to tighten the internal arrangement and the control system so that expenditure is kept at the final grant level.

This has been vetted by Audit *vide* their U.O. No. RR/1-7/95-96/444 dated 6.8.96.

Sd/-

Addl. Secretary & Financial Adviser

[(Ministry of Surface Transport O.M. No. G. 25018/6/95—Budget
dated 11.12.1996)]

**Office of the Chief Controller of Accounts
Ministry of Surface Transport
I.D.A. Building, Jamnagar House, New Delhi**

No. G. 25018/PPAO/Recon/96-97/1114

Dated 01.10.96

OFFICE MEMORANDUM

SUBJECT: *Control Over Expenditure.*

Of late, it has been observed that non-adherence to the codal provisions, results into excess over the budget allotment which attracts adverse comments from Audit as well as PAC.

In order to overcome such situation in future, it is stressed upon all the controlling officers, cheque drawing DDOs, Disbursing officers and the PAO to follow the following drill to ensure that the expenditure is kept at the level of budget allotment at the primary units of Appropriation.

1. Controlling Offices/head of Deptt. shall watch the flow of expenditure against the sanctioned grant and appropriation for which it is accountable to Parliament. Accordingly, the return in form GFR 12, should be obtained by the 15th of the month following the month to which the returns relate from the offices under them. The information so received shall be posted in the register in the above form. The figures of the Accounts Offices and the Changes, if any due to reconciliation should also suitably be posted in the register to facilitate an effective review of proposal of expenditure. In any case, if the Accounts Office figures are higher than the departmental figures the formal should be assumed to be correct figures as Appropriation Accounts are prepared on the basis of the figures booked in accounts.

2. A broadsheet as in GFR 13 should be maintained by Controlling officers/Heads of Deptt. and other authorities directly to watch prompt receipt of return from month to month and take necessary measures for rectifying any case or defaults noticed.

3. In case where expenditure especially against those portions of grants or appropriation which are particularly liable to fluctuations, every disbursing officer, and in respect of his own expenditure from portions of grant or appropriation retained in his own hands, every controlling officers and Head of Deptt. shall maintain a separate register in form GFR 9, for each minor or sub-head of account with which he is concerned. In respect of bills presented to and paid by PAO i.e. payment of DGS&D claims etc. the voucher number Communicated by the PAO is to be indicated in

GFR 9. In case of bills passed by DDO having cheque drawing powers, the relevant Sl. No. given in the bill register will, however, be indicated.

4. In order to watch the receipt of the returns, the controlling officer shall maintain a broadsheet in GFR 10, in which a Sl. No. will be allotted to each individual disbursing officer. It shall be carefully watched and reminder sent if any return is not received by 7th of the month.

5. On receipt of the returns from disbursing officer, the controlling officer shall examine them as per procedure laid down in GFR 66(2) (iv). If any adjustment communicated by the Account officers affects the appropriation at the disposal of a subordinate disbursing officer, the facts that it has been made shall be communicated by the controlling officer to the Disbursing officer concerned.

6. The Head of the Department and the Accounts Officer shall be jointly responsible for the reconciliation of the figure given in the accounts maintained by the Head of Department with those appearing in the account officer's books. The reconciliation should be made monthly, such return should be accompanied by a statement showing the departmental figures, the reconciled figures, the prescribed date of reconciliation, the date on which reconciliation was completed and arrears, if any with remarks indicating steps taken to clear the arrears. The Ministry in its turn should watch that the returns are received by it regularly by maintaining a broadsheet in form GFR 13 for each head of department and take necessary measures promptly to complete reconciliation where delay occurs.

7. In order to maintain proper control over expenditure controlling officer should obtain from the spending authorities liability statement in GFR 6A, monthly from the month of October in each financial year which should be progressive and give the position of outstanding liability upto the month to which the statement relates. This liability statement will be obtained in addition to the prescribed monthly statement in GFR 12, which is only a statement of actual expenditure incurred. Further, controlling officer should maintain liability register in form GFR 6 in which the particulars furnished in the monthly statement should be consolidated. This will not only facilitate the exercise of effective exchequer control and the preparation of correct budget estimates but will also help in the elimination of case of excess over grant/appropriation and of non-surrender of savings. The practice of incurring or committing expenditure in a particular year and postponing the actual payment of bills to the subsequent financial year is improper and should be stopped forthwith.

It may, therefore, be ensured that the above instructions are strictly followed in future by all concerned.

Sd/-
(S. Biswas)

Chief Controller of Accounts

To,
All DDOs
All Controlling Officers
All Head of Departments
All Pay & Accounts Officers

Action Taken by Ministry of Food Processing Industries

The observations made by PAC have been noted. In order to avoid recurrence of such instances, all officers in this Ministry and their attached and subordinate officers have been asked to keep a close watch on budgetary grants and carefully scrutinise proposals for surrender/supplementary grants. A copy of instructions issued is attached. The reasons for variation are also annexed.

Reasons for variation

4405-Capital Outlay on Fisheries

1. (i) There was saving of Rs. 1.37 lakhs under Sub-Head Deep Sea Fishery Station due to non-receipt of the bills for machinery/equipment from DGS&D/CPWD.
- (ii) There was excess expenditure of Rs. 4.16 lakhs under Sub-Head—Off-Shore Fishery Stations, due to receipt of past bills from DGS&D/CPWD.
2. Under Major Head 4408—Capital Outlays on Food Storage and Warehousing, a variation of Rs. 6.50 lakhs has been reported. The reasons for variation are as under:—

An expenditure sanction for Rs. 15 lakhs was issued under Sub-Head—Capital Outlay on Food Storage and Warehousing. When it was reported that an over draft amounting to Rs. 6.50 lakhs had been incurred, the Demand Draft issued against the sanction of Rs. 15 lakhs was sent back to PAO for depositing back into Government account.

[Ministry of Food Processing Industries O.M. No. G-12011/1/95-F(Admn.) dated 6.3.1996]

MOST IMMEDIATE

No. G-12011/1/95-Fy(Admn.)
Government of India
Ministry of Food Processing Industries
Panchsheel Bhavan, Khel Gaon Marg
New Delhi-110 049

February 26, 1996

OFFICE MEMORANDUM

SUBJECT: *88th Report of PAC (1994-95) 10th Lok Sabha, excess over voted grants and charged appropriations (1992-93) and action taken on the 60th Report of Public Accounts Committee (10th Lok Sabha).*

The undersigned is directed to say that PAC, in its 88th Report, has observed as under:—

(i) PARA-1.19: Amount surrendered exceeded the overall savings.

(ii) PARA-1.25: Supplementary provisions obtained by the concerned Ministry/Deptt. proved unnecessary as the final savings in these cases exceeded the supplementary provisions.

2. It is necessary that a strict control is kept on the grants and proposals for surrender/supplementary provisions are carefully examined. Proposals for surrender of funds should be taken well in time. Similarly, in case of supplementary provisions, only minimum funds required should be asked for and it should be ensured that no saving takes place in a particular Head where supplementary provisions have been obtained.

3. These instructions may be noted for strict compliance.

Sd/-
(A.K. Goyal)
Deputy Secretary to the Government of India.

ALL OFFICERS IN MFPI

Copy to:

1. The Director General, FSI, Bombay (FAX: 022-2617101)
2. The Director, Finance, IF Wing, Krishi Bhawan. (FAX: 3762213)

Sd/-
(A.K. Goyal)

Deputy Secretary to the Government of India.

Action Taken Note

Observation of the Committee with reference to Ministry of Petroleum & Natural Gas

It is seen from the CAC's aforesaid Report that in the following four voted grants, the amount surrendered exceeded the overall savings:

(Rs. In crores)

Sl. No.	Grant	Amount of Saving	Amount Surrendered
<i>Revenue-Voted</i>			
1.	63-Ministry of Petroleum and Natural Gas	45.94	49.57
2.	74-Surface Transport	0.66	0.74
3.	76-Ports, Lighthouses and Shipping	24.63	26.00

The Committee have further observed that in four voted grants viz; 63-Ministry of Petroleum & Natural Gas (Revenue); 74-Surface Transport (Revenue); 76-Ports, Light Houses and Shipping (Revenue); and 39-Ministry of Food Processing Industries (Capital); the amount surrendered in 1992-93 exceeded overall savings available in these grants.

[Sl. No. 5, Appendix XIV, Para 1.19 & 1.38 of 88th Report of PAC
(10th Lok Sabha)]

Reply to the above observation

An amount of about Rs. 49.57 crores was surrendered by the Ministry of Petroleum & Natural Gas (Expending Division) vide letter No. G-22011/1/92-Fin.I dated 31.3.93 which reflected savings correctly from the appropriate heads of accounts from the budget of the Ministry. However, in the appropriation accounts (1992-93) submitted on 11.2.94 savings of about Rs. 45.93 crores only were shown. The reason for reduction in savings shown in the appropriation accounts of 1992-93 is that an expenditure of about Rs. 3.64 crores was incurred by the Ministry of Defence on behalf of the Ministry of Petroleum & Natural Gas for purchase of defence equipment required for oil installation of ONGC at Bombay offshore despite the fact that they were informed there was neither budget provision nor sanction available for incurring such expenditure.

These Appropriation Accounts were prepared strictly as per the guidelines issued by the office of the Controller General of Accounts and were duly vetted by the Principal Director of Audit, Economic & Service Ministries.

In view of the above it is submitted that the Accounting Control & Monitoring of expenditure in this Ministry was adequate as per Govt. instructions. The Ministry of Defence was informed immediately in 1993-94 that Ministry of Defence must not make any payment on behalf of Ministry of Petroleum & Natural Gas without its specific approval and if they do so, such debits will not be accepted by this Ministry.

Sd/-

Joint Secretary

[Min./Deptt. of Petroleum & Natural Gas O.M. No. G-25015/1/95-Fin.
II/204-206 dt. 27.9.95]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

On the recommendations of the Public Accounts Committee, the Ministry of Finance have prescribed financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires either prior approval of or report to Parliament. However, one case from the Ministry of Textiles and four cases from the Ministry of Surface Transport have been brought to the notice of the Committee where expenditure incurred by them during the year 1992-93 qualified as New Service/New Instrument of Service in which prior approval of Parliament was not obtained nor the expenditure was reported to Parliament. The Committee view with concern these cases of serious breach of financial propriety committed by the Ministry of Surface Transport and Ministry of Textiles. The Committee wish to strongly emphasise that they cannot remain silent spectator to this sad state of affairs. They, therefore, desire that the circumstances leading to these defaults, in obtaining prior approval of Parliament or reporting the expenditure to them, may be thoroughly investigated and the responsibility fixed. Steps should also be taken to ensure that instances of such cases do not recur. The Committee would also like the Government to apprise them about the precise action taken in this regard.

[S.No. 8, Para 1.41, Appendix XIV to 88th Report of Public Accounts Committee (10th Lok Sabha)]

Action taken by the Government

The recommendations made by the Public Accounts Committee in the above Report have been noted. Detailed instructions to all the Ministries/Departments of the Government of India have been issued *vide* O.M. No. 12(1) E-Coord./96 dated 13th August, 1996. The Ministries/Departments have been asked to observe the guidelines on New Service/New Instrument of Service in letter and spirit. The action in regard to investigation and fixing responsibility for not taking prior approval in the matter would be taken by the concerned Ministries/Departments and reported to Public Accounts Committee.

[This has been vetted by Audit *vide* their U.O. No. RR/1-10/95-96/386
dated 26th July, 1996]

Sd/-
(D. Swarup)
Joint Secretary to the Government of India.

[Ministry of Finance (Deptt. of Expenditure) U.O. No. 12(1)E-Coord./95
dated 22.8.1996]

No. 12(1) E-Coord./96
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, dated the 13 August, 1996

OFFICE MEMORANDUM

SUBJECT—*Guidelines on 'New Service'/'New Instrument of Service'.*

This Ministry *vide* its O.M.No. 1(11)E.II(A) dated 28.4.88 (copy enclosed) prescribed financial limits for different categories of expenditure beyond which the expenditure constitute New Service/New Instrument of Service which require prior approval of the Parliament or report to the Parliament. It has been observed that various Ministries/Departments are not following the prescribed procedure for incurring expenditure on New Service or New Instrument of Service. The PAC has adversely commented in this regard in para 1.41 of its 88th Report (10th Lok Sabha) (Copy of para 1.41 enclosed). The Ministries/Departments are requested to follow these guidelines strictly and ensure that such instances do not recur.

Sd/-
(D.P. Roy)
Director

All Ministries/Departments
All F (By name)

No. F-1(4)E-II(A)/88
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 28th April, 1988

OFFICE MEMORANDUM

SUBJECT:— *Revised limits in respect of 'New Service'/'New Instrument of Service'—Amendment to Government of India's Decision (1) below rule 10 of the Delegation of Financial Power Rules, 1978.*

The undersigned is directed to say that the Government of India's decision (1) below rule 10 of the Delegation of Financial Powers Rules, 1978 contains the financial limits to be observed in determining cases relating to 'New Services'/'New Instrument of service' for reporting to Parliament or obtaining prior approval of Parliament. The existing limits in the Govt. of India's decision (1) *ibid* are based on the Department of Economic Affairs' O.M. No. F-8(60)-B/69 dated 27.7.70. These limits have since been revised *vide* Department of Economic Affairs O.M. No. F-7(15)-B(RA)/82, dated 13.4.82. In view of the revised limits, the said decision is required to be amended. Accordingly, the Government of India's decision (1) below rule 10 *ibid* is amended as enclosed herewith.

2. Hindi version of this O.M. is enclosed.

Sd/-

(D.Thyagcswaran)

Under Secretary to the Govt. of India.

To

All Ministries/Departments of the Govt. of India etc.
No. F-1(4)-E.II(A)/88 dated 28.4.1988.

Copy forwarded to Comptroller & Auditor General of India, Union Public Service Commission, etc. as per standard endorsement.

Sd/-

(D.Thyageswaran)

Under Secretary to the Govt. of India.

Amendment in the Delegation of Financial Powers Rules, 1978

Rule-10

Govt. of India's decision (1)

The following may be substituted for the existing Govt. of India's decision (1) below Rule 10 of the Delegation of Financial Powers Rules, 1978:—

“Government of India's decision-(1):— For deciding whether a case relates to 'New Service'/'New Instrument of Service' and for determining whether prior approval of Parliament is required or it is required to be

reported to Parliament, along with the next batch of Supplementary demands, the following limits may be observed by the Departments of the Central Government:—

Nature of transaction	Limits upto which expenditure can be met by reappropriation of savings in a Grant subject to report to Parliament	Limits beyond which prior approval of Parliament is required for expenditure from the Consolidated Fund
1	2	3
I. CAPITAL EXPENDITURE		
A. Departmental Undertakings ...		All cases.
(i) Setting up a new undertaking or taking up a new activity by an existing undertaking.		
(ii) Additional investment in an existing undertaking	Above Rs. 50 lakhs but not exceeding Rs. 1 crore.	Above Rs. 1 crore.
B. Public Sector Companies/Corporations		
(i) Setting up of a new company or splitting up of an existing company, or amalgamation of two or more companies or taking up a new activity by an existing company.	—	All cases.
(ii) Additional investment in/ loans to an existing company.		

1	2	3
(a) Where there is no Budget provision.	Above Rs. 10 lakhs but not exceeding Rs. 20 lakhs.	Above Rs. 20 lakhs.
(b) Where Budget Provision exists for investment and/or loans.		
Paid up Capital of the Company		
Upto Rs. 1 crore.	Above Rs. 10 lakhs but not exceeding Rs. 20 lakhs.	Above Rs. 20 lakhs.
Above Rs. 1 crore and upto Rs. 25 crores.	Above Rs. 1 crore but not exceeding Rs. 2 crores.	Above Rs. 2 crores.
Above Rs. 25 crore and upto Rs. 100 crores.	Above Rs. 5 crores but not exceeding Rs. 10 crores.	Above Rs. 10 crores.
Above Rs. 100 crores.	Above Rs. 7.5 crores but not exceeding Rs. 15 crores.	Above Rs. 15 crores.

Note 1: In computing additional requirements for applying the above limits, loan and capital investments, over and above the budget provisions therefore, should be taken together.

Note 2: For additional fund requirements of term lending institutions which are under the audit of the Comptroller and Auditor General of India, the limits will be twice those specified above. Where an institution does not have paid up capital, the limits will be applied with reference to Central loans outstanding against it at the end of the previous financial year.

Note 3: For financing projects under construction, within the approved cost estimates already brought to the notice of Parliament, augmentation of budget provisions beyond the monetary limits prescribed above will be permissible subject to availability of savings in the Grant. A report of such cases to Parliament will, however, be necessary.

Note 4: Short term (working capital) loans, repayable within five years, will not be treated as 'New Instrument of Service' but will require to be reported to Parliament.

1	2	3
<p>C. <i>Port Trust, Delhi Municipal Corporation, Khadi and Village Industries Commission, Tea Board and Coffee Board.</i></p>		
Loans		<p>The limits prescribed for public sector companies will apply with reference to central loans outstanding against them at the end of the previous financial year.</p>
D. <i>Private Sector Companies/Private Institutions:</i>		
(i) Investments to be made for the first time except in Units coming under Government Management with the approval of Parliament.		All cases.
(ii) Additional investments in or loans to an existing company/institution including private sector units coming under Government management with the approval of Parliament.	Above Rs. 50 lakhs but not exceeding Rs. 1 crore.	Above Rs. 1 crore.

- Note 1: While applying these limits loans and capital investments are to be taken together.
- Note 2: In the case of loans to statutory and other public institutions (other than those mentioned under item C above) substantially financed by grants-in-aid from Government e.g. University Grants Commission, Indian Institute of Technology and joint sector enterprises, limits as applicable to private sector companies/institutions should be applied.
- Note 3: Where there is no Budget provision for investment/loans to a company institution, prior approval of Parliament will be necessary for investment/loans exceeding Rs. 10 lakhs except in the case of units brought under Government Management.

E: Expenditure on Above Rs. 10 lakhs	Above Rs. 50 lakhs.
new Works (Land, but not exceeding Rs.	
Building and/or 50 lakhs.	
Machinery)	

1

2

3

II. REVENUE EXPENDITURE

F. Grants-in-aid to ...
statutory and other
public institutions

(i) Institutions in ... Rs. 10 lakhs.
receipt of grants-
in-aid upto Rs. 1
crore.

(ii) Institutions in receipt... 10% of the Budget
of grant-in-aid of provision or Rs. 2
more than Rs. 1 crores whichever is
crore. less.

-
- Note 1: These limits will apply with reference to moneys disbursed by an individual Ministry/Department and not by the Government as a whole.
- Note 2: The above limits will also apply to institutions which are substantially financed by grants-in-aid from Government and to public sector undertakings in receipt of grants-in-aid.
- Note 3: Where a lumpsum provision is made for providing grant-in-aid under a particular scheme in the absence of institution-wise break up at the time the provision is made, the aforesaid limits will not apply to release to such institutions within the budget provision. The details will however, be reported to Parliament.

G. Grants-in-aid to Private Institutions other than for export promotion schemes.

1	2	3
(i) Recurring	...	Above Rs. 5 lakhs
(ii) Non-recurring	...	Above Rs. 10 lakhs

Note 1: In the case of *recurring* grants exceeding Rs. 5 lakhs per annum the financial implications should be reported to Parliament where the grant is to be made for 2 years or more.

Note 2: The limits for *non-recurring* and *recurring* grants-in-aid will apply with reference to moneys disbursed by an individual Ministry/Department and *not* Government as a whole.

Note 3: Where a lumpsum provision is made for providing grant-in-aid under a particular scheme in the absence of institution-wise break up at the time the provision is made, the aforesaid limits will not apply to releases to such institutions within the budgeted provisions. The details will, however, be reported to Parliament.

**H. Subsidies and The budget provision
Grants under should be split up as
Import Promotion under:—
Schemes.**

- (i) Product Promotion and Commodity Development (this sub-head will accommodate payments of cash compensatory support on all items of exports including textiles).
- (ii) Grants-in-aid to Export Promotion and Market Development Organisations (this sub-head would accommodate grants to Export Promotion Councils and other organisations like Trade Development Authority, Indian Institute of Foreign Trade, etc. for their establishment expenditure as well as developmental activities and also to recognised export houses for specified export promotion activities).
- (iii) Export Credit Development (this sub-head will cover payments made to commercial banks towards interest subsidy under the Export Credit Subsidy Scheme).
Limits for augmentation of total provision under the Export Promotion Schemes.

1	2	3
	Above Rs. 50 lakhs but not exceeding Rs. 2 crores.	Above Rs. 2 crores.
I: Food Subsidy	Above Rs. 50 lakhs but not exceeding Rs. 2 crores.	Above Rs. 2 crores.
J: Other subsidies	...	Above Rs. 10 lakhs.

	1	2	3
K:	<i>Payments against cess collections</i>	Limits as applicable to grants-in-aid to statutory of public institutions will apply.	
L:	<i>New Commissions or Committees of Enquiry</i>	...	Above Rs. 4 lakhs. (total expenditure)
M:	<i>Write off of Government loans</i>	Above Rs. 50,000 but not exceeding Rs. 1 lakh (individual cases).	Above Rs. 1 lakh. (individual cases)
Note:	This limit will also apply where it is decided to sanction grant to a private institution/individual for repayment of loan.		
N:	<i>Other cases of Government expenditure</i>	Each case to be considered on merits.	
O:	P&T Railways Defence	The aforesaid limits, including those relating to works expenditure, will also apply to these Departments subject to considerations of security in the case of Defence.	

Note 1: For investment in Ordnance Factories, the limit of Rs. 1 crore mentioned in item A(ii) will be applicable with reference to investment in all the factories as a whole.

Note 2: Civil works, which do not form part of any project of the departmental undertakings (Ordnance Factories) should be treated as ordinary Defence works. As such, prior approval of Parliament will be necessary if the cost of individual works exceeds Rs. 50 lakhs and in cases where the individual works cost Rs. 10 lakhs or more but not exceeding Rs. 50 lakhs, a report to Parliament will be required. A list of such works should, however, be supplied to Director of Audit, Defence Services.

[Min. of Fin. (Dep't. of Economic Affairs) O.M. No. 7(15)-B(RA)/82, dated 13.4.1982, and Dep't. of Expenditure O.M. No. F. 1(4)E.II(A)/88 dated 28.4.1988]

Action taken by Ministry of Surface Transport

The Public Accounts Committee has arrived at the conclusion that in so far as the Ministry of Surface Transport is concerned, in respect of four cases expenditure has been incurred in 1992-93 which qualified as New

Service/New Instrument of Service for which prior approval of Parliament was not obtained nor was the expenditure reported to Parliament. PAC has, therefore, opined that Ministry of Surface Transport have erred in not following the prescribed instructions relating to New Service/New Instrument of Service.

2. The position in respect of these cases is explained below in the succeeding paragraphs.

2.1 Subsidy to Central Inland Water Transport Corporation

(Rs. in lakhs)

	Original Grant	Actual release	Excess
1. Central Inland Water Transport Corporation Subsidy for River Conservancy	14.00	149.86	135.86

2.1.1 The excess has mainly occurred due to reimbursement of losses to Inland Water Transport for operating ferry services. This ferry was run by the erstwhile Inland Water Transport Directorate on experimental-cum-promotional basis till 1983. The services were operated with 7 vessels and 75 personnel. The Government decided to transfer the ferry service from the erstwhile Inland Water Transport Directorate to the Centre Inland Water Transport Corporation. Accordingly, all vessels and staff were transferred to Centre Inland Water Transport Corporation on 19.8.1983. It was also decided that the cash loss arising out of the operations would be reimbursed to Centre Inland Water Transport Corporation till March, 1985. Since then the ferry service was being operated by the Centre Inland Water Transport Corporation. Centre Inland Water Transport Corporation was not operating any other passenger or ferry services prior to this. This is the only ferry service which was being operated till its closure on 1.6.1992.

2.1.2 It may be pointed out that the Centre Inland Water Transport Corporation has been incurring losses since its inception. The amount of cash loss suffered by the Company has been around Rs. 7-8 crores per year in the last three years. Copies of the Balance Sheet for the last five years enclosed (Encl. 1). The Ministry was also not in a position to provide non-plan budgetary support to the Centre Inland Water Transport Corporation to meet the cash losses fully. On this ferry alone, the Centre Inland Water Transport Corporation had been incurring a loss of about Rs. 25-30 lakhs per year. Finally the accumulated cash loss of Rs. 1.31 crores on the ferry upto 1990-91 was released to the CIWTC on 31.3.93, having regard to the fact that the ferry had been closed down w.e.f. 1.6.1992.

2.2 Subsidy for River Dredging and Maintenance of River Hooghly and Haldia Channel by Calcutta Port Trust

(Rs. in lakhs)

	Original Grant	Actual release	Excess
2. Subsidy for River Dredging and Maintenance of River Hooghly and Haldia Channel by Calcutta Port Trust	2100.00	2134.00	34.00

2.2.1 The original provision for the year 1992-93 under the sub-head subsidy for dredging and maintenance of River Hooghly and Haldia Channel by Calcutta Port Trust was Rs. 21 crores. The actual expenditure against this sub-head was Rs. 21.34 crores, resulting in excess expenditure of Rs. 34 lakhs which was met by re-appropriation within the grant as the saving was available. The excess expenditure was mainly due to the fact that subsidy to Calcutta Port Trust is based on the actual quantity dredged in the riverine and estuary areas of the Port and is required to be certified on the basis of prevailing rates by the Audit. As such, the amount of reimbursement could not be foreseen in advance.

2.3 Subsidy for Maintenance and Dredging in Haldia Channel by Calcutta Port Trust

(Rs. in lakhs)

	Original Grant	Actual release	Excess
3. Subsidy for Maintenance and Dredging in Haldia Channel by Calcutta Port Trust	1600.00	2816.00	1216.00

2.3.1 The original provision under the sub-head Subsidy for Maintenance and Dredging in the Haldia Channel by Calcutta Port Trust was Rs. 16 crores, against an expenditure of Rs. 28.16 crores. The excess expenditure was met by re-appropriation within the grant as savings were available. The re-appropriation was made after the submission of the last batch of Supplementary Grants and was done with the prior approval of Secretary (Expenditure).

2.3.2 Subsidy for River Dredging and Maintenance of River Hooghly in Haldia Channel as also Subsidy for Maintenance and Dredging in Haldia

Channel is payable to Calcutta Port Trust for which there is a Government decision to provide the subsidy for both these activities.

2.4 Subsidy for Shipping Corporation of India for meeting operational loss for running Shipping Services—Haj Services

(Rs. in lakhs)

	Original Grant	Actual release	Excess
4. Subsidy for Shipping Corporation of India for meeting operational loss for running Shipping Services—Haj Services	255.00	522.00	267.00

2.4.1 Subsidy was given to Shipping Corporation of India for meeting the operational loss for running Shipping Services—Haj Services and Government orders in this regard were being issued on year to year basis, copies of such order for the year 1993 and 1994 are enclosed (Encl. 2). An amount of Rs. 267.00 lakhs has been paid as additional, compared to BE provision for the purpose. In this regard it is mentioned that for operating Haj Services by Shipping Corporation of India on year to year basis, a decision was taken by the Government to reimburse the cash losses for this service. However, this subsidy to SCI has since been stopped.

3. In all these cases, the funds were made available in March end by reappropriation with the approval of Secretary (Expenditure), out of the savings available as per instructions contained in the Ministry of Finance (Dep't. of Expenditure) O.M. F.1(10) E. II/92 dated 14.9.92.

4. As regards prior approval of the Parliament, this could not possibly be obtained as the last batch of Supplementary Grants was over and therefore, reporting to Parliament could only be done as prescribed in Department of Economic O.M. No. F.7(15)-Budget/82 dated 13.4.82. This O.M. *inter alia* prescribed that report to Parliament should ordinarily be made through the ensuing batch of Supplementary Demands and failing this, by adding Annexure in the Detailed Demand of Ministry for the ensuing year. This reappropriation was done on 31st March i.e. after the last batch of Supplementary. It could also not be reported to Parliament during the ensuing Budget of 1993-94 through Detailed Demands for Grants of this Ministry as the same had already been submitted to Parliament. Therefore, the reporting to Parliament was done by incorporating a suitable Annexure in the Demands for Grants for the year 1994-95 i.e. at the first available opportunity.

5. In all the four cases which qualified for New Service/New Instrument of Service, releases were made in the month of March 1993 after the last

batch of Supplementary in accordance with the Government's orders. These releases were based on Government's decisions for reimbursement of losses for operating the ferry services, Haj Services and dredging. While subsidy for Haj Services has already been stopped and ferry services terminated, instructions have been issued to subordinates authorities to project the requirement for dredging subsidy in advance to avoid recurrence of such incidents. Moreover, the matter has been reported to Parliament in the subsequent year at the first opportunity. Now, a watch is also kept on such appropriation and reappropriations only through Detailed Demand for Grants, and reporting is done with each batch of Supplementary demand. However, the lapse is deeply regretted. There was no deliberate intention of not informing the Parliament or ignoring the Parliamentary procedure. All actions were taken in good faith in the interest of Government work and in accordance with the existing instructions.

This has been vetted by Audit *vide* their U.O. No. RR/1-10/95-96/848
dated 6.11.96

Sd/-

(S. Biswas)

Chief Controller of Accounts

[Ministry of Surface Transport O.M. No. G-25012/6/95-Budget
dated 13/14.11.1996]

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1991

	Schedule No.	1990-91 Rs.	1989-90 Rs.
Income			
Earnings (Operational)	XIV	11,33,35,290	15,48,12,234
Earnings (Others)	XV	2,96,82,746	2,53,47,767
		<u>14,30,18,036</u>	<u>18,01,60,001</u>
Expenditure			
Materials and Stores consumed	XVI	3,69,34,053	4,21,46,881
Decrease/(Increase) in Work-in-Progress & Finished Stock	XVII	(4,19,93,883)	(1,97,57,951)
Employees, Remuneration and Benefits	XVIII	17,65,85,900	15,25,20,783
Repairs and Maintenance	XIX	2,77,36,763	2,95,77,521
Power and Fuel		1,57,64,326	1,39,53,791
Other Expenses	XX	2,41,72,730	2,34,08,325
Interest	XXI	11,22,66,778	8,09,13,083
Depreciation		2,02,87,781	1,76,48,012
Provisions	XXII	25,20,275	7,55,900
		<u>37,42,74,723</u>	<u>34,11,66,345</u>
Less: Transfer to Other Heads of Accounts	XXIII	2,25,58,973	2,10,83,418
		<u>35,17,15,750</u>	<u>32,00,82,927</u>
Loss for the year before adjustment		20,86,97,714	13,99,22,926
Adjustments:			
Adjustments relating to prior years (Net)	XXIV	3,05,40,142	92,90,159
Net loss		23,92,37,856	14,92,13,085
Loss for earlier years		166,43,08,743	151,50,95,658
Balance carried to Balance Sheet		<u>190,35,46,599</u>	<u>166,43,08,743</u>
Schedules XIV to XXV and Accounting Policies form part of Accounts.		Signature to the Profit and Loss Account and Schedules XIV to XXV and Accounting Policies.	

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1991

Signed in terms of our Report of even date annexed.

For BASU BANERJEE & CO. <i>Chartered Accountants</i>	For S. GHOSE & CO. <i>Chartered Accountants</i>	Sd/- (B. K. Paik) <i>Chief Manager (Finance)</i>	Sd/- (H. C. Sethi) <i>Chairman-cum-Managing Director</i>
Sd/- (N. C. Bandyopadhyay) <i>Partner</i>	Sd/- (B. K. Dutt) <i>Partner</i>	Sd/- (N. C. Mukherjee) <i>Company Secretary</i>	Sd/- (D. Rudra) <i>Director</i>

Dated, 20th November, 1991.

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1992

	Schedule No.	1991-92 Rs.	1990-91 Rs.
Income			
Earnings (Operational)	XIV	13,58,61,108	11,33,35,290
Earnings (Others)	XV	3,05,18,430	2,96,82,746
		<u>16,63,79,538</u>	<u>14,30,18,036</u>
Expenditure			
Materials and Stores consumed	XVI	3,11,44,109	3,69,34,053
Decrease/(Increase) in Work-in-Progress & Finished Stock	XVII	(1,87,39,750)	(4,19,93,883)
Employees, Remuneration and Benefits	XVIII	18,63,71,687	17,65,85,900
Repairs and Maintenance	XIX	2,54,28,686	2,77,36,763
Power and Fuel		1,25,76,825	1,57,64,326
Other Expenses	XX	2,08,24,580	2,41,72,730
Interest	XXI	12,57,66,165	11,22,66,778
Depreciation		2,64,07,585	2,02,87,781
Provisions	XXII	50,03,605	25,20,275
		<u>41,47,83,492</u>	<u>37,42,74,723</u>
Less: Transfer to Other Heads of Accounts	XXIII	2,30,23,863	2,25,58,973
		<u>39,17,59,629</u>	<u>35,17,15,750</u>
Loss for the year before adjustment		22,53,80,091	20,86,97,714

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1992

Adjustments:

Adjustments relating to prior years XXIV (Net)	93,00,948	3,05,40,142
Net Loss	23,46,81,039	23,92,37,856
Loss for earlier years	190,35,46,599	166,43,08,743
Balance carried to Balance Sheet	213,82,27,638	190,35,46,599

Schedules XIV to XXV and Accounting Policies form part of Accounts.

Signature to the Profit and Loss Account and Schedules XIV to XXV and Accounting Policies.

Signed in terms of our Report of even date annexed.

For MITRA GHOSH & For SHAHA & CO.

RAY

Sd/-

(B. K. Paik)

Sd/-

(H. C. Sethi)

Chartered Accountants

Chartered Accountants

Chief Manager (Finance)

Chairman-cum-Managing
Director

Sd/-

(S.K. Roy)

Partner

Sd/-

(Manas Ghosh)

Partner

Sd/-

(R. K. Ghosal)

Company Secretary

Sd/-

(V. Balachandran)

Director

Dated, 30th January, 1993.

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1993

	Schedule No.	1992-93 Rs.	1991-92 Rs.
Income			
Earnings (Operational)	XIV	13,42,09,668	13,58,61,108
Earnings (Others)	XV	2,03,67,360	3,05,18,430
		<u>15,45,77,028</u>	<u>16,63,79,538</u>
Expenditure			
Materials and Stores consumed	XVI	2,74,10,346	3,11,44,109
Decrease/(Increase) in Work-in-Progress	XVII	(4,22,94,872)	(1,87,39,750)
Employees Remuneration and Benefits	XVIII	20,65,46,175	18,63,71,687
Repairs and Maintenance	XIX	2,39,10,556	2,54,28,686
Power and Fuel		1,86,35,499	1,25,76,825
Other Expenses	XX	2,26,78,321	2,08,24,580

PROFIT AND LOSS ACCOUNT for the year ended 31st, March, 1993

Interest	XXI	13,97,19,822	12,57,66,165
Depreciation		2,92,26,637	2,64,07,585
Provisions	XXII	4,26,130	50,03,605
		<u>42,62,58,614</u>	<u>41,47,83,492</u>
Less: Transfer to Other Heads of Accounts	XXIII	2,28,70,822	2,30,23,863
		<u>40,33,87,792</u>	<u>39,17,59,629</u>
Loss for the year before adjustment		24,88,10,764	22,53,80,091
Adjustments:			
Adjustments relating to prior years (Net)	XXIV	70,48,011	93,00,948
NET LOSS		25,58,58,775	23,46,81,039
Loss for earlier years		213,82,27,638	190,35,46,599
Balance carried to Balance Sheet		<u>239,40,86,413</u>	<u>213,82,27,638</u>

Schedules XIV to XXV and Accounting Policies form part of Accounts.

Signature to the Profit and Loss Account and Schedules XIV to XXV and Accounting Policies.

Signed in terms of our Report of even date annexed.

For MITRA GHOSH & For SHAHA & CO.

Sd/-

Sd/-

RAY

(B. K. Paik)

(H. C. Sethi)

Chartered Accountants

Chartered Accountants

Chief Manager (Finance)

Chairman-cum-Managing Director

Sd/-

Sd/-

Sd/-

Sd/-

(S.K. Roy)

(Manas Ghosh)

(R. K. Ghosal)

(S. Chandra)

Partner

Partner

Company Secretary

Director

Dated, 5th November, 1993.

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1994

	Schedule No.	1993-94 Rs.	1992-93 Rs.
Income			
Earnings (Operational)	XIV	19,38,90,636	13,42,09,668
Earnings (Others)	XV	3,09,72,085	2,03,67,360
		<u>22,48,62,721</u>	<u>15,45,77,028</u>

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1993

Expenditure

Materials and Stores consumed	XVI	2,62,20,714	2,74,10,346
Decrease/(Increase) in Work-in-Progress	XVII	(4,89,49,642)	(4,22,94,872)
Employees, Remuneration and Benefits	XVIII	19,84,00,798	20,65,46,175
Repairs and Maintenance	XIX	2,25,72,888	2,39,10,556
Power and Fuel		1,84,01,866	1,86,35,499
Other Expenses	XX	2,81,83,859	2,26,78,321
Interest	XXI	16,68,89,370	13,97,19,822
Depreciation		3,08,54,388	2,92,26,637
Provisions	XXII	1,36,37,131	4,26,130
		<hr/>	<hr/>
		55,41,10,656	42,62,58,614

Less: Transfer to Other Heads of Accounts XXIII

<hr/>	<hr/>
2,35,38,650	2,28,70,822
<hr/>	<hr/>
53,05,72,006	40,33,87,792

Loss for the year before adjustment	30,57,09,285	24,88,10,764
-------------------------------------	--------------	--------------

Adjustments:

Adjustments relating to prior years (Net)	XXIV	3,13,01,866	70,48,011
---	------	-------------	-----------

NET LOSS	<hr/>	<hr/>
Loss for earlier years	33,70,11,151	25,58,58,775
	<hr/>	<hr/>
	239,40,86,413	213,82,27,638
	<hr/>	<hr/>
Balance carried to Balance Sheet	273,10,97,564	239,40,86,413
	<hr/>	<hr/>

Schedules XIV to XXV and Accounting Policies form part of Accounts.

Signature to the Profit and Loss Account and Schedules XIV to XXV and Accounting Policies.

Signed in terms of our Report of even date annexed. -

For MITRA GHOSH & RAY

Chartered Accountants

For SHAHA & CO.

Chartered Accountants

Sd/-

(B. K. Paul)

Chief Manager (Finance)

Sd/-

(C. S. Khairwal)

Chairman-cum-Managing Director

Sd/-

(S.K. Roy)
Partner

Sd/-

(Manas Ghosh)
Partner

Sd/-

(R. K. Ghosal)
Company Secretary

Sd/-

(S. Biswas)
Director

Dated, 2nd January, 1995.

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 1995

	Schedule No.	1994-95 Rs.	1993-94 Rs.
Income			
Earnings (Operational)	XIV	17,78,53,742	19,38,90,636
Earnings (Others)	XV	2,00,96,988	3,09,72,085
		<u>19,79,50,730</u>	<u>22,48,62,721</u>
Expenditure			
Materials and Stores consumed	XVI	1,40,68,323	2,62,20,714
Decrease/(Increase) in Work-in-Progress	XVII	(5,74,58,843)	(4,89,49,642)
Employees Remuneration and Benefits	XVIII	20,02,17,972	19,84,00,798
Repairs and Maintenance	XIX	1,76,37,398	2,25,72,888
Power and Fuel		1,84,91,356	1,84,01,866
Other Expenses	XX	2,46,23,111	2,81,83,859
Interest	XXI	19,17,96,739	16,68,89,370
Depreciation		3,17,61,753	3,08,54,388
Provisions	XXII	43,83,009	1,36,37,131
		<u>56,04,38,504</u>	<u>55,41,10,656</u>
Less: Transfer to Other Heads of Accounts	XXIII	2,74,66,364	2,35,38,650
		<u>53,29,72,140</u>	<u>53,05,72,006</u>
Loss for the year before adjustment		33,50,21,410	30,57,09,285
Adjustments:			
Adjustments relating to prior years (Net)	XXIV	23,97,776	3,13,01,866
NET LOSS		33,74,19,186	33,70,11,151
Loss for earlier years		273,10,97,564	239,40,86,413
Balance carried to Balance Sheet		<u>306,85,16,750</u>	<u>273,10,97,564</u>

Schedules XIV to XXV and Accounting Policies form part of Accounts.

Signature to the Profit and Loss Account and Schedules XIV to XXV and Accounting Policies.

Signed in terms of our Report of even date annexed.

		Sd/-	Sd/-
For S. JAYKISHAN	For S.S. SEN & CO.	(B. K. Paik)	(R. P. Sinha)
<i>Chartered Accountants</i>	<i>Chartered Accountants</i>	<i>Chief Manager (Finance)</i>	<i>Chairman-cum-Managing Director</i>

Sd/-	Sd/-	Sd/-	Sd/-
(T.B. Hazra)	(G. S. Basu)	(R. K. Ghosal)	(S. Biswas)
<i>Partner</i>	<i>Partner</i>	<i>Company Secretary</i>	<i>Director</i>

Dated, 22nd March, 1996.

**Government of India
Ministry of Surface Transport
(Shipping Wing)**

No : SS-110 18/5/92-SY11

New Delhi, the 22nd April, 1993

To

**The Chairman & Managing Director,
Shipping Corporation of India Ltd.,
245, Madame Cama Road,
Bombay-400 021.**

SUB: *Shipping Corporation of India Ltd.,—Fixation of fares for Haj 1993 and reimbursement of losses on account of fixation of Haj fares below break-even level.*

Sir,

I am directed to refer to your letter No. CPS-14/Haj/03-01 dated 19-11-92 and this Ministry's telex No. SS/110 18/5/93-SYII dated 26-3-93 on the above mentioned subject and to convey the approval relating to the following proposals relating to the operation of Haj shipping services 1993:

(A) Fixation of pilgrim fares and excess baggage charges including charges for certain specific items for Haj 1993 at the same level as for Haj 1992. Accordingly, the pilgrim fares and excess baggage charges for Haj 1993 will be as follows:

(a) Pilgrim Fares

Cabin Class	Rs.
-------------	-----

(i) Two-berth Deluxe Cabins with attached toilet.	8750
---	------

(ii) Fourth-berth First Class Cabins with attached toilet.	8500
--	------

(iii) Six-berth Second Class Cabins with common toilet.	8250
---	------

Bunk Class	3750
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(b) Excess baggage charges: Rs. 20 per kg or Rs. 80 per cft. for baggage over the free allowance of 70 kg/15 cft. However, the following items will not be treated as personal effects and specific charges for these items will be as follows:

Almirah	1000.00
Refrigerator (165 literes/0.892	1000.00
CBM (minimum) and <i>pro-rata</i> for higher capacity)	
Washing machine/Sewing machine	1000.00
Scooter/Motor cycle/Moped	1500.00
Bicycle	500.00
T.V.	600.00
VCR/VCP	300.00

(B) Full reimbursement to shipping Corporation of India Ltd., of losses on operation of Haj 1993 currently estimated at Rs. 532.56 lakhs approximately.

2. Reimbursement of losses on operation of Haj 1993 would be made on the basis of audit certificate to be furnished by you from the Principal Director of Commercial Audit and *Ex-officio* Member, Audit Board, Bombay.

Yours Faithfully,

Sd/-
(P.V. Sivaraman)
Desk Officer(SU)

Copy to:—

- (i) Ministry of External Affairs (Shri J.C. Sharma, Joint Secretary), South Block, New Delhi.
- (ii) Ministry of Home Affairs (Shri R.R. Shah, Joint Secretary), North Block, New Delhi.
- (iii) Ministry of Civil Aviation (Shri P.K. Banerji, Joint Secretary), Sardar Patel Bhavan, New Delhi.
- (iv) Chief Secretary, A&N Administration, Port Blair.
- (v) Finance Wing (TF-1 Section).
- (vi) Principal Director of Commercial Audit and *Ex-officio* Member, Audit Board-1, 9, Mathew Road, Bombay-400 004.
- (vii) Guard File.

Sd/-
(P.V. Sivaraman)
Desk Officer(SU)

**Government of India
Ministry of Surface Transport
(Shipping Wing)**

No : SS-110 18/5/93-SY11

New Delhi, the 18th May. 1994.

To

**The Chairman & Managing Director,
Shipping Corporation of India Ltd.,
245, Madame Cama Road,
Bombay-400 021.**

SUB: *Shipping Corporation of India Ltd.—Fixation of fares for Haj 1994 and reimbursement of losses on account of fixation of Haj fares below break-even level.*

Sir,

I am directed to refer to your letter No. CFS-14/Haj/03-01 dated 17-11-93 and this Ministry's telex No. SS/110 18/5/93-SYII dated 15-3-94 on the above mentioned subject and to convey the approval of the Central Government to the following proposals relating to the operation of Haj shipping services 1994:—

(A) The pilgrim fares and excess baggage charges including charges for certain specific items for Haj 1994 will be at the same level as for Haj 1993. Accordingly, the pilgrim fares and excess baggage charges for Haj 1994 will be as follows:—

(a) Pilgrim Fares

Cabin Class	Rs.
(i) Two-berth Deluxe Cabins with attached toilet.	8750
(ii) Fourth-berth First Class Cabins with attached toilet.	8500
(iii) Six-berth Second Class Cabins with common toilet.	8250
Bunk Class	3750

- (b) Excess baggage charges: Rs. 20 per kg or Rs. 80 per cft. for baggage over the free allowance of 70 kg/15 cft. However, the following items will not be treated as personal effects and specific charges for these items will be as follows:—

Almirah	
Refrigerator (165 litres/0.892 CBM (minimum) and <i>pro-rata</i> for higher capacity)	1000.00-each
Washing machine/Sewing machine	1000.00-each
Scooter/Motor cycle/Moped	1500.00-each
Bicycle	500.00-each
T.V.	600.00-each
VCR/VCP	300.00-each

- (B) Full reimbursement to Shipping Corporation of India Ltd., of losses on operation of Haj 1994 currently estimated at Rs. 594.89 lakhs approximately.

2. Reimbursement of losses on the operation of Haj 1994 would be made on the basis of audit certificate to be furnished by you from the Principal Director of Commercial Audit and *Ex-officio* Member, Audit Board, Bombay.

Sd/-
Yours Faithfully,

(P.V. Sivaraman)
Desk Officer(SU)

Copy to:—

- (i) Ministry of External Affairs (Haj Cell), South Block, New Delhi.
- (ii) Ministry of Home Affairs (ANL Desk), North Block, New Delhi.
- (iii) Ministry of Civil Aviation, Rajiv Gandhi Bhavan, New Delhi.
- (iv) Principal Director of Commercial Audit and *Ex-officio* Member, Audit Board-1, Engineering Centre, 6th floor, 9, Mathew Road, Bombay-400 004.
- (v) Finance Wing (TF-1).
- (vi) Guard File.

Sd/-
(P.V. Sivaraman)
Desk Officer(SU)

Action Taken by Ministry of Textiles

Against the original Budget of Rs. 6.00 crores, Rs. 32.00 crores were utilised. The additional amount of Rs. 26.00 crores was utilised within the grant. The excess expenditure was incurred as the proposals were received from the Jute Corporation of India for the Price Support Operation and the amount was released to the Jute Corporation of India since the procurement of jute during the period was in full swing. It was reported to Parliament for the reappropriation to the extent of Rs. 21.00 crores during 1992-93. Due to oversight, the Ministry could not obtain the prior approval of Parliament for Rs. 5.00 crores. However, it was reported to the Parliament during 1994-95 [March, 1995] (Copy enclosed).

The necessary precautionary steps to avoid such recurrence in future are being taken by way of detailed examination of each case while according expenditure sanctions.

Sd/-

(D.P. Bagchi)

Addl. Secretary & Financial Adviser.

[Ministry of Textiles O.M. No. 25013/195-B&A dated 17.4.1996]

अनुदानों की पूरक मांगें—1994-95
SUPPLEMENTARY DEMANDS FOR GRANTS—1994-95

अनुबंध

ANNEXURE III

लोक लेखा समिति द्वारा उनकी सत्तरवीं रिपोर्ट (सातवीं लोक सभा) में निहित सिफारिशों के अनुसरण में सूचित किए गए सरकारी क्षेत्र के उपक्रमों और अन्य संस्थानों में अतिरिक्त निवेश और उन्हें दिए गए ऋण दरानि वाला विवरण

Statement showing additional investments in and loans to Public Sector Undertakings and other institutions reported in pursuance of the recommendations made by the Public Accounts Committee contained in their Seventieth Report (Seventh Lok Sabha).

क्रम S. No.	मंत्रालय/ विभाग Ministry/ Department	उद्यम/कम्पनी/ संस्थान का नाम Name of the Under taking/ Company/ Institution	बजट अनुमान Budget Estimates 1993-94	अतिरिक्त निवेश/ऋण Additional Investment/ Loans 1993-94	अध्युक्ति Remarks
1	2	3	4	5	6
(करोड़ रुपये In crores of Rupees)					
1.	महिला और बाल-विकास विभाग Department of Women and Child Development	कामकाजी महिलाओं के लिए होस्टलों हेतु सौचिक संगठन Voluntary Organisation for Hostels for Working women	6.00	1.18	6 करोड़ रुपये की बजट व्यवस्था की तुलना में, योजना के विस्तार हेतु 1.18 करोड़ रुपये की अतिरिक्त निधि मुहैया कराई गई थी। Against the Budget provision of Rs. 6 crore, additional funds of Rs. 1.18 crores were provided for expansion of the Scheme.
2.	पुलत परिवहन मंत्रालय Ministry of Surface Transport	दिल्ली परिवहन निगम Delhi Transport Corporation	15.00	13.88	15.00 करोड़ की बजट व्यवस्था की तुलना में निगम के अर्धोपार्जनों में सुधार लाने के लिए 13.88 करोड़ रुपये की अतिरिक्त राशि की आवश्यकता थी। Against the Budget provision of Rs. 15.00 crore, additional funds of Rs. 13.88 crore were required for improving ways and means of the Corporation.

1	2	3	4	5	6
3.	भूतल मंत्रालय	परिवहनभारतीय नौवहन निगम	4.91	2.00	4.91 करोड़ रुपए की बजट व्यवस्था की तुलना में, दो जहाजों के संचालन और प्रचालन हेतु व्यावसायिक और विशेष सेवाओं की अद्वयनी के लिए अतिरिक्त निधि मुहैया कराई गई। Against the Budget provision of Rs. 4.91 crore, additional funds were provided for payment of professional and special services for manning and operation of two vessels.
	Ministry of Surface Transport	Shipping Corporation of India			
4.	कपड़ा मंत्रालय	भारतीय जूट निगम	6.00	26.00	1992-93 में 6.00 करोड़ रुपए की बजट व्यवस्था की तुलना में, न्यूनतम मूल्य समर्थन संबंधी कार्यों की बजट से हुई हानियों की प्रतिपूर्ति के लिए 26.00 करोड़ रुपए की अतिरिक्त निधि मुहैया कराई गई। Against the Budget provision of Rs. 6.00 crore in 1992-93 additional funds of Rs. 26.00 crore were provided for reimbursement of losses on account of Minimum Price Support Operation.
	Ministry of Textiles	Jute Corporation of India			
5.	कपड़ा मंत्रालय	राष्ट्रीय जूट विनिर्माण निगम	2.00	8.00	1993-94 में 2.00 करोड़ रुपए की बजट व्यवस्था की तुलना में स्वेच्छिक सेवानिवृत्ति योजना के कार्यान्वयन हेतु अतिरिक्त निधि मुहैया कराई गई। Against the Budget provision of Rs. 2.00 crore in 1993-94 additional funds were provided for implementation of Voluntary Retirement Scheme.
	Ministry of Textiles	National Jute Manufacturing Corporation			

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES/NO REPLIES

Recommendation

Noticing the large scale savings under various grants/appropriations, the Committee had in paragraph 1.22 of their 60th Report (10th Lok Sabha) desired the Ministry of Finance to investigate the circumstances which led to savings of the order of Rs. 100 crores or above in a grant or appropriation during 1990-91 and take suitable remedial steps. From the action taken notes furnished by the Ministry of Finance (Department of Expenditure), the Committee are distressed to find that the Ministry have not initiated any concrete measures in this regard except issuing routine instructions emphasising that the Ministries/Departments should prepare their budget estimates carefully and accurately so that the large scale savings do not occur. The Committee feel that mere issuance of such instructions carry no meaning unless the reasons for extraordinary large scale savings in a grant or appropriation are investigated and suitable remedial steps taken as a result thereof to ensure optimum utilisation of scarce resources. The Committee therefore, desire that the Ministry of Finance should immediately investigate the circumstances which resulted in savings of Rs. 100 crores or above in a grant or appropriation during 1990-91 and apprise the Committee of the concrete steps taken by them to overcome the tendency of excess budgeting.

[Sl. No. 20 (Para 2.12) of 88th Report of PAC (10LS)]

NEW DELHI;
2 November, 1997

11 Kartika, 1919 (Saka)

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

APPENDIX

CONCLUSIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/Deptt.	Conclusion/Recommendation
1	2	3	4
1.	4	Finance (Expenditure), Food Processing Industries and Petroleum & Natural Gas	The Committee regret to note that there had been inordinate delay in the submission of action taken notes by various Ministries/Departments. The Committee take a strong note of this and desire that the Ministries/Departments should streamline their procedure and take effective steps for submission of action taken notes by the stipulated time to the Committee. The Committee are extremely unhappy that despite being the prime agency in the subject matter, the Ministry of Finance have failed in the submission of the requisite action taken note in one case. The Committee desire that the same be furnished after getting vetted by Audit within a month from the presentation of the Report.
2.	10	Finance (Expenditure), Defence, Railways and Communications	The Committee take note of the instructions issued by the Ministries/Departments in the matter of control of expenditure. They are, however, unhappy to point out that even though a period of over two years has lapsed since presentation of the original Report and a year after the submission of the action taken note, the Ministry of Finance are yet to intimate the results of the

1	2	3	4
			<p>study undertaken by them of the instances where expenditure exceeded the budgetary allocations with a view to improving the existing system. The Committee wish to emphasise that it is the primary responsibility of the Ministry of Finance as the nodal agency of the Governmental apparatus to exercise adequate supervision and control over the public exchequer. They, therefore, desire that the case study be expeditiously completed and the findings of the study alongwith the action taken thereon be intimated to them within a period of three months.</p>
3.	15	Finance (Expenditure), Surface Transport and Textiles	<p>The Committee are not satisfied with the action taken notes furnished by the Ministries of Surface Transport and Textiles. The Ministries concerned have neither offered any convincing explanation for the defaults nor indicated the action taken to fix responsibility for the breach of financial propriety committed in the matter of obtaining prior approval of Parliament or reporting cases of expenditure which constituted New Service/New Instrument of Service. The Committee, therefore, cannot but reiterate their earlier recommendation and would like to be apprised of the precise action taken in the matter.</p>

PART II

MINUTES OF THE SIXTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1997-98) HELD ON 23 OCTOBER 1997

The Committee sat from 11.00 hrs. to 11.45 hrs. on 23 October, 1997 in Committee Room 'C', Parliament House Annexe.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. **Shri Nirmal Kanti Chatterjee**
3. **Prof. Ajit Kumar Mehta**
4. **Shri Suresh Prabhu**
5. **Shri Ganga Charan Rajput**
6. **Shri V.V. Raghavan**
7. **Dr. T. Subbarami Reddy**
8. **Shri Ishwar Dayal Swami**

Rajya Sabha

9. **Shri Ramdas Agarwal**
10. **Shri R.K. Kumar**
11. **Shri Surinder Kumar Singla**

LOK SABHA SECRETARIAT

Shri P. Sreedharan — *Deputy Secretary*

OFFICERS OF THE OFFICE OF C&AG OF INDIA

Shri A.K. Thakur

Pr. Director of Audit
(Reports—Central)

2. The Committee took up for consideration the following draft Reports on:—

- (i) Paragraphs 3.1 & 3.3 of Audit Report No. 2 of 1996 (Civil) on Premature procurement of equipment and delay in construction.

- (ii) Paragraph 7 of Audit Report No. 3 of 1996 (Other Autonomous Bodies) on Heavy loss arising from joint venture operation.
- (iii) Action Taken on 101st Report of PAC (10th LS) on Avoidable or Wasteful Imports.
- (iv) Action on 88th Report of PAC (10th LS) Excesses over voted grants & Charged Appropriations (1992-93).

3. The Committee adopted the above mentioned draft Reports with certain modifications and amendments as shown in Annexures* I to IV respectively. The members of the Committee appreciated the quality of the draft Reports.

4. The Committee authorised the Chairman to finalise these draft Reports in the light of verbal and consequential changes arising out of factual verification by Audit and present the same to Parliament.

The Committee then adjourned.

*Annexures I to III not appended.

ANNEXURE IV

AMENDMENTS/MODIFICATIONS MADE BY THE PUBLIC ACCOUNTS COMMITTEE IN THE DRAFT ACTION TAKEN REPORT RELATING TO EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1992-93) AND ACTION TAKEN ON 60TH REPORT OF PUBLIC ACCOUNTS COMMITTEE (10TH LOK SABHA)

Page	Para	Line	Amendments/Modifications
2	3	last	Add: "The Ministries of Food Processing Industries and Petroleum & Natural Gas furnished only unvetted action taken notes on the recommendation contained in para 1.38" after "Department of Expenditure".

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATION

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH		UTTAR PRADESH	
1.	M/s. Vijay Book Agency, 11-1-477, Mviargadda, Secunderabad-500 306.	12.	Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.
BIHAR		WEST BENGAL	
2.	M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).	13.	M/s. Madimala, Buys & sells, 123, Bow, Bazar Street, Calcutta-1.
GUJARAT		DELHI	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T.No. 79065)	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi, (T.No. 351663 & 350806)
MADHYA PRADESH		15.	M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006. (T.No. 2915064 & 230936)
4.	Modern Book House, Shiv Vilas Place, Indore City. (T.No. 35289)	16.	M/s. Oxford Book & Stationery Co., acindia House, Connaught Place, New Delhi-110 001. (T.No. 3315308 & 45896)
MAHARASHTRA		17.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T.No. 7112309).
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.	18.	M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar, Old Dobule Storey, New Delhi-110 024. (T.No. 6412362 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110 033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.	20.	M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
8.	M/s. Usha Book Depot, Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khian House, Bombay-400 002.	21.	M/s. Central News Agency Pvt. Ltd. 23/90, connaught Circus, New Delhi-110 001. (T.No. 344448, 322705, 344478 & 344508).
9.	M & J Services, Publishers, Representative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fuele road Nalgaum, Dadar, Bombay-400 014.	22.	M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Service India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.	23.	M/s. Books India corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052. (T.No. 269631 & 714465).
TAMIL NADU		24.	M/s. Sangam Book Depot, 437B/4B, Murari LaL Street, ansari Road, Darya Ganj, New Delhi-110 002.
11.	M/s. M.M. subscription Agencies, 14th Murali Street, (1st Floor), Mahalingapuram, Nungambakkam, Madras-600 034. (T. No. 476558)		

