

PUBLIC ACCOUNTS COMMITTEE
(1969-70)

(FOURTH LOK SABHA)

EIGHTY-THIRD REPORT

[Excesses over Voted Grants and Charged Appropriations
as disclosed in the Appropriation Accounts (Civil)
(Posts & Telegraphs) (Railways) and (Defence
Services) for the year 1967-68

and

Action taken by Government on the recommendations
of the Public Accounts Committee contained in
their Thirty-First Report (Fourth Lok Sabha)
relating to Excesses over Voted Grants
and Charged Appropriations.]



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NEW DELHI

July, 1969/Asadha, 1891 (Saka)

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Minutes of the sitting of the Public Accounts Committee held on 16th July, 1969

*Not printed. One cyclostyled copy laid down on the table of the house and five copies placed in the Parliamentary Library.

INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Eighty-third Report on Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), (Posts & Telegraphs), (Defence Services) and (Civil) for the year 1967-68. These accounts were laid on the Table of the House on the 21st February, 12th March, 31st March and 18th April, 1969 respectively.

2. The Committee examined the Excesses in the light of the explanations furnished by the Ministries/Departments concerned (Appendices I to XXII) at their sitting held on 16-7-1969.

3. Action Taken Notes furnished by Government pursuant to the recommendations contained in the 31st Report of the Public Accounts Committee (1968-69) on Excesses over Voted Grants/Charged Appropriations disclosed in the Accounts for the year 1966-67 were considered by the Action Taken Sub-Committee at their sitting held on the 15th July, 1969. The Report of the Sub-Committee was approved by the Committee on the 16th July, 1969 and forms Chapter III of this Report.

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

ATAL BIHARI VAJPAYEE,
Chairman,
Public Accounts Committee.

New Delhi;

July 16, 1969

Asadha 25, 1891 (S).

CHAPTER I

GENERAL OBSERVATIONS

This Eighty-third Report deals with Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), (Posts & Telegraphs), (Defence Services) and (Civil) for the year 1967-68. These Accounts were laid on the Table of the House on the 21st February, 12th March, 31st March and 18th April, 1969 respectively.

1.2. The Committee have examined the Excesses in the light of the explanations furnished by the Ministries/Departments concerned (Appendices I to XXII).

1.3. Commenting upon the Excesses for the year 1966-67, the Public Accounts Committee (1968-69) in paragraph 1.4 of their 31st Report (Fourth Lok Sabha), had desired that the Ministry of Finance should take suitable measures to ensure that excesses over expenditure were reduced to the bare minimum.

1.4. In a note furnished to the Committee pursuant to the above recommendation, the Ministry of Finance (Department of Expenditure) have stated:

1.5. "The task of framing budget estimates realistically and exercising proper control over expenditure devolves primarily on the administrative Ministries/Departments. Various procedures have been laid down by this Ministry in this connection in the General Financial Rules which *inter alia* include maintenance of expenditure control registers, liability register, reconciliation of departmental figures of expenditure with the Accounts Office figures etc. The Administrative Ministries/Departments are required to conduct a periodical review of the progress of expenditure against sanctioned grants so that Supplementary Demands can be presented to Parliament, where excesses are anticipated. Further instructions have been issued recently (on 5th February, 1969) for the proper maintenance of Control Register, reconciliation of departmental figures of expenditure with the Accounts Office figures etc. Financial Advisers in the Department of Expenditure are also required to undertake a review of the progress of expenditure under the Grants controlled by their associated Ministries/Departments early in January every year with a view to making a realistic assessment of likely excesses/savings under each grant."

CHAPTER II

EXCESS GRANTS/APPROPRIATIONS

2.1 During the year ended 31st March, 1968, the actual expenditure exceeded the Voted Grants/ Charged Appropriations in the following cases :

S. No.	No. and Name of Grant	Ministry/ Department concerned	Final Grant/ Appropriation	Actual Expenditure	Excess	Date of receipt of note
1	2	3	4	5	6	7
Appropriation Accounts (Civil), 1967-68						
due date 18-4-1969)						
			VOTED GRANTS			
1	1-Ministry of Commerce	Foreign Trade and Supply	49,26,000	50,25,592	99,592	19-4-69
2	4-Ministry of Defence	Defence	81,21,000	81,39,448	18,448	26-4-69
3	21-Stamps	Finance	4,27,58,000	4,41,62,444	14,04,444	19-4-69
4	26-Pensions and other Retirement Benefits	Finance	6,78,84,000	7,00,10,534	21,26,534	19-4-69
5	38-Ministry of Health & Family Planning	Health & Family Planning	36,26,000	36,33,973	7,973	26-4-69
6	51-Andaman and Nicobar Islands	Home Affairs	6,79,36,000	7,43,86,698	64,50,698	26-4-69

1	2	3	4	5	6	7
7	52-Tribal Areas	Home Affairs	22,49,96,000	23,43,71,374	93,75,374	14-5-69
8	60-Ministry of Information & Broadcasting	Information & Broadcasting	20,70,000	21,00,414*	30,414*	26-4-69
9	71-Ministry of Law	Law	62,34,000	63,26,584	92,584	3-5-69
10	83-Roads	Transport & Shipping	14,60,51,000	14,76,30,994*	15,79,994*	16-5-69
11	100-Department of Parliamentary Affairs.	Parliamentary Affairs.	6,00,000	14,74,31,637 6,02,052	7,86,130 2,052	19-4-69
12	117-Commuted Value of Pensions	Finance	4,16,49,000	4,29,67,710	13,18,710	19-4-69
13	125-Other Capital Outlay of the Ministry of Home Affairs.	Home Affairs	71,61,000	78,80,365	7,19,365	26,4-69
14	127-Capital Outlay of the Ministry of Information & Broadcasting	Information & Broadcasting	7,47,55,000	**	**	26-4-69
15	128-Capital Outlay on Multi-purpose River Schemes	Irrigation and Power	24,50,18,000	24,97,63,330*	47,45,330*	19-4-69
CHARGED APPROPRIATIONS						
16	120-Loans & Advances by the Central Government	Finance	8,77,50,50,000	8,79,91,58,243	2,41,08,243	26-4-69
17	49-Delhi	Home Affairs	12,29,000	14,67,106	2,38,106	3-5-69
18	Staff, Household and Allowances of the President	President's Secretariat	32,99,000	33,07,059	8,059	19-4-69

*These figures represent the finally verified actuals and vary somewhat from those published in the Audit Report due to mis-classifications subsequently detected.

**This does not require regularisation in terms of para 7 of the 16th Report of the P.A.C. (First Lok Sabha).

	APPROPRIATION ACCOUNTS (DEFENCE SERVICES), 1967-68					(Due Date : 10-4-69)
19	5-Defence Services—Effective—Army Defence	6,91,95,99,000	7,10,81,14,570			18,85,15,570 14-5-69
20	8-Defence Services, Non-effective. Defence	26,25,00,000	27,00,03,436			75,03,436 26-4-69

	APPROPRIATION ACCOUNTS (POSTS & TELEGRAPHS)					(10-4-1969)
21	95-Posts and Telegraphs—Working Expenses	1,87,80,76,000	1,80,05,00,596			1,24,24,596 16-5-69

	APPROPRIATION ACCOUNTS (RAILWAYS), 1967-68					(Due Date : 10-4-69)
22	5-Revenue-Ordinary Working Expenses—Repairs and Maintenance	2,15,26,02,000	2,15,52,29,531*			26,27,331* 8-4-69

23	7-Revenue Working Expenses—Operation (Fuel)	1,40,27,04,000	1,41,24,93,494			97,89,494 8-4-69
24	8-Revenue Working Expenses—Operation other than staff and fuel	40,63,90,000	41,01,22,622			37,32,622 8-4-69

25	16-Pensionary charges—Pension Fund	5,30,47,000	5,40,30,349*			9,83,349* 8-4-69
26	20-Withdrawals from Reserve Fund	2,15,63,000	2,15,63,273			273 8-4-69

*These figures represent the finally verified actuals and vary somewhat from those published in the Audit Report due to mis-classification subsequently detected.

2.2. The Committee will now proceed to deal with some individual cases of excesses.

Appropriation Accounts (Civil), 1967-68

MINISTRY OF FINANCE

(a) Grant No. 21—Stamps (Excess Rs. 14,04,444)

2.3. In a note furnished to the Committee, the Ministry of Finance have stated:

“The actual expenditure against the Grant ‘No. 21—Stamps’ exceeded the sanctioned grant by Rs. 14,04,444 as indicated in the Table below:

(In Rupees)		
Total Grant	Actual Expenditure 1967-68	Excess (+)
4 27,58,000	4,41,62,444	4.04 444

The excess occurred mainly under the group head ‘B.1(1)—Press Charges’—Rs. 15.17 lakhs. This was chiefly due to the provisional assessment of duty by the Customs authorities in respect of imported stores in the absence of invoices. The provision in the Budget Estimates was, however, correctly made on the cost of the goods, as known at the time of framing the estimates. These estimates were not revised, as the bills in respect of the duty assessed were received with the vouchers for debits raised by the Accountant General Maharashtra in March, 1968—I and II Supplementary Accounts, i.e., after 31st March, 1968 when no provision could be made for additional funds.

The Customs authorities charged duty amounting to Rs. 31.77 lakhs, as against the correct assessment of Rs. 16.37 lakhs. Immediately after the adjustments in respect of assessed customs duty were carried out in the cash accounts, claims were preferred for the refund of the excess duty. Out of a total of 16 items, 14 claims to the extent of Rs. 14.31 lakhs have since been settled and only two claims involving Rs. 1.09 lakhs are pending.

But for the excess adjustment of Rs. 15.40 lakhs during 1967-68 referred to above, there would have been actually a minor saving of about Rs. 0.23 lakh under this group head. Taking into account minor excesses and savings under other group heads, the net excess under this Grant, however, works out to Rs. 14,04,444.....”

2.4. The Committee note that the excess in this Grant was Chiefly due to over-assessment of customs duty on imported stores in the absence of invoices. During the year 1965-66 also, there was an excess of Rs. 26 lakhs under this Grant for the same reason. Commenting upon that excess, the Public Accounts Committee (1967-68) had in paras 2.16 and 2.17 of their Twelfth Report (Fourth Lok Sabha), expressed surprise that there was an over-assessment of duty to the extent of Rs. 42.48 lakhs on imported paper, which was not a new item. Elsewhere in this Report the Committee have drawn attention to an over-charge of customs duty on certain ordnance and MT stores which resulted in an excess of Rs. 4.33 crores under Grant No. 5—Defence Services, Effective—Army. The Committee trust that the Ministry of Finance will examine how best the system of provisional assessments could be streamlined to avoid gross over-assessments of this kind. In particular, it might be worthwhile examining whether in the interests of accuracy of assessment, it would be possible to base provisional assessments on the value of imported stores as evidenced by contracts or other form of collateral documents available with Government Departments.

MINISTRY OF HOME AFFAIRS

2.5. (b) Grant No. 51—Andaman & Nicobar Islands.

Original Grant	. . . .	Rs. 6,32,49,000
Supplementary Grant	. . . .	Rs. 46,87,000
Final Grant	. . . .	Rs. 6,79,36,000
Actual expenditure	. . . .	Rs. 7,43,86,698
Excess	. . . .	Rs. 64,50,698

2.6. In a note furnished to the Committee, the Ministry of Home Affairs have, *inter alia*, given the following reasons for the Excess:

	“Fi al Grant Rs	Expenditure Rs.	Excess Rs.
C Social & Developmental Services :			
C. 2—Medical—C—2 (2—Hospitals and Dispensaries :			
Rs.			
O. 14,57,700			
R. (+) 1,300	14,53,000	18,60,121	4,07,121

The excess was due to drawal of arrears of pay and allowances of certain officers, filling up of vacant posts, enhancement in the rates of Dearness Allowance, adjustment of recovery claims relating to previous years, payment made towards construction of bodies of three Ambulance Cars and payment towards the cost of medicines indents for which were placed during the previous years.”

***E. 1(5)—Suspense:**

E. 1(5) (1)—Stocks:

E. 1(5) (1) (i)—Charges:

O. Rs. 60,00,000

R. (+) Rs. 7,00,000 Rs. 67,00,000 Rs. 92,49,669 Rs. 25,49,009

The cost of stores actually received during the year is initially adjusted under the 'Suspense' head and subsequently recovered from the works to which the stores are actually issued. Against the original budget of Rs. 60,00,000, an additional amount of Rs. 7,00,000 was provided by reappropriation to accommodate more adjustment under this head than anticipated earlier. However, the actual amount booked under this head exceeded the final grant by Rs. 25,49,669 due to the following reasons:

- (i) Receipt of more stores than anticipated during the closing stages of the year for which indents had been placed during 1963 onwards;
- (ii) More inter-divisional movement of stores at the end of the year than anticipated;
- (iii) Taking over of Stores viz. Petrol, H.S.D. Oil, Cement and other building material etc. from Army by Andaman P.W.D. in March, 1968 consequent upon winding up of work services by M.E.S. at Car Nicobar. The liability on this account (about Rs. 10 lakhs) was not known when the final requirements of funds were assessed owing to slow means of communication with Car Nicobar."

***E. 1(5) (2)—Other Suspense Accounts:**

E. 1(5) (2) (i)—Charges:

O. Rs. 65,00,000

R. (—) Rs. 26,61,000 Rs. 38,39,000 Rs. 60,88,455 Rs. 22,49,455

This is also a suspense head through which transactions are passed on to other final heads of expenditure. At the time of final review of the grant during March, 1968, on the basis of actual adjustments upto the end of January, 1968 and anticipated adjustments during the remaining months, the total expenditure under this head was estimated at Rs. 38,39,000. An amount of Rs. 26,61,000 was, therefore, reappropriated from this head bringing down the final grant to Rs. 38,39,000. But due to adjustment of old A.G.'s Memos and clearance of cash settlement suspense accounts representing issue of stores and truck hire charges, etc., the actual expenditure

booked under this head exceeded the final grant by Rs. 22,49,455."

"E. 2—Capital Outlay on Public Works:

E. 2(1)—Original Works—Buildings:

O. Rs. 27,00,000

R. (—) Rs. 5,56,200 Rs. 21,43,800, Rs. 24,49,778, Rs. 3,05,978

Out of the original grant of Rs. 27,00,000, an amount of Rs. 5,56,200 was withdrawn on account of non-execution of certain plan works pending selection of sites. However, the actual expenditure amounted to Rs. 24,49,778 resulting in an excess of Rs. 3,05,978. Excess of Rs. 2.00 lakhs (approx.) was due to the assumption of slow progress of works made in the final grant proving partly incorrect. Balance was due to adjustment of unforeseen old hire charges, bills of trucks etc. used in the works."

**"F. Transport & Communications: (Other than Roads F 1—
Ports & Pilotage:**

SO. Rs. 28,07,000

Rs. 4,76,900

R. (+) Rs. 5,63,400 Rs. 38,47,300 Rs. 42,47,889, Rs. 4,00,589

The original budget grant was enhanced by obtaining a Supplementary Grant of Rs. 476,900 under this head to meet additional expenditure on the purchase of stores as well as for meeting the cost of stores received during the year in respect of the indents placed during past years. At the time of final review of the grant during March, 1968, the existing grant was found insufficient and an additional amount of Rs. 5,63,400 was provided by reappropriation due to increase in the rates of Dearness Allowance and payment of Overtime Allowance to more staff than originally anticipated, adjustment of more works vouchers relating to past years and increase in the cost of fuel and other stores. The actual expenditure, however, exceeded the final grant by Rs. 4,00,589 under this head mainly due to adjustment of old debit vouchers towards the close of the year in respect of purchase of H.S.D. Oil and Motor spirit for which indents were placed during 1965-66 and 1966-67."

"G. 3—Forests:

G. 3(1)—Conservancy & Works:

**G. 3(1)(1)—Timber and other produce removed from the forest by
Govt. Agency:**

O. Rs. 91,42,000 Rs. 91,42,000, Rs. 98,82,582, Rs. 7,42,582

A provision of Rs. 91,40,000, was made to meet the cost of departmental extraction of timber. The expenditure under this head, however, exceeded the sanctioned grant partly due to increase in the rates and adjustment of arrears of freight charges for carriage of timber (Rs. 2.45 lakhs) which had been enhanced with effect from 1.2.67 and partly due to adjustment of expenditure relating to past year during 1967-68 (Rs. 4.98 lakhs)."

2.7. The Ministry have further stated: "The excesses under the above heads were counter-balanced to some extent by savings under other group-heads, bringing down the net excess under the Grant as a whole to Rs. 64,50,698."

2.8. The Committee are concerned over the lack of control over expenditure revealed in this case. The allotment under the head 'E.1 (5)(2)(1)—Other Suspense Accounts—Charges' was reduced by Rs. 26.61 lakhs by re-appropriation, but eventually there was an excess of Rs. 22.49 lakhs under this head. Likewise, the allotment under the head 'E.2(1)—Capital Outlay on Public Works—Original Works—Buildings' was reduced by Rs. 5.56 lakhs; and there was an excess of Rs. 3.06 lakhs.

In the opinion of the Committee, the bulk of the excess of Rs. 64.51 lakhs—which comes to nearly 10 per cent of the final grant—was due to failure to anticipate properly the receipt of stores and debits relating thereto and to make adequate provision for adjustment of past liabilities. A proper watch over the progress of works was also not kept. The Committee trust that necessary steps for strict enforcement of the rules and instructions relating to control over expenditure will be taken by the Ministry of Home Affairs and proper liaison maintained with the Accounts Officers so that it may have correct advance information about the debits that are likely to materialise and could take steps to provide for them. Particular attention will have to be paid to the proper maintenance of Liability Register to keep a watch on adjustment of past liabilities.

2.9. The Committee also find that a part of the excess was due to increased expenditure on account of pay and allowances. As observed by the Public Accounts Committee in para 2.73 of their 31st Report (Fourth Lok Sabha), there is usually no element of uncertainty or unforeseeability in expenditure on pay and allowances. There should normally, therefore, be no excess on this account. The Committee trust that necessary steps will be taken by the Ministry of Home Affairs/Andamans Administration to prevent excesses on this account.

(c) Grant No. 52—Tribal Areas

Original Grant	Rs. 21,73,23,000
Supplementary Grant	Rs. 76,73,000
Final Grant	Rs. 22,49,96,000
Actual Expenditure	Rs. 23,43,71,374
Excess	Rs. 93,75,374

2.11. In a note furnished to the Committee, the Ministry have given the following reasons for the Excess:

(Figures in lakhs of Rs.)

"Major Head '23"	Final Grant	Expenditure	Excess
A. 2—Police			
A. 2 (1)—Frontier Constabulary & Militia			
A. 2(1)(1)—Assam Rifles			
O. 1001.56	1032.19	1042.57	(+) 10.38
S. 30.56			
R. 0.07			

The excess was due to certain adjustments in March, 1968 (Supplementary) accounts on account of cost of supplies received through Army sources at the flag end of the year as also in the earlier years. The adjustments were unexpected and hence necessary provision could not be made in time."

(Figures in lakhs of Rupees)

"A. 2(3)—Miscellaneous	Final Grant	Expenditure	Excess
O. 95.00	121.43	166.36	(+) 44.93
S. 30.00			
R. (—) 3.57			

An amount of Rs. 3.57 lakhs was reappropriated from this Group sub-head due to non-implementation of the Scheme for Civil Police. The excess, however, occurred mainly due to adjustment of book debits of over Rs. 41.00 lakhs on account of past years' liabilities after the close of the financial year when no Supplementary Grant or advance from the Contingency Fund of India could be taken to cover the excess expenditure."

(Figures in lakhs of Rs.)

"Major Head '28"	Final Grant	Expenditure	Excess
B. 1—Education			
B. 1 (1)—General			
B. 1 (1) (1)—Miscellaneous			
52.68	58.35	63.62	(+) 5.27
(+) 5.67			

The excess was mainly due to grant of Dearness Allowance at increased rates which could not be anticipated earlier and also due

to grant of advance increments to some graduate teachers, who completed B.T. training."

(Figures in lakhs of Rs.)

"Major Head '29'	Final Grant	Expenditure	Excess
B. 2—Medical			
B. 2(1)—Miscellaneous			
O. 48.07			
R. (+) 2.02	50.09	62.75	(+) 266

The excess was mainly due to discharge of certain liabilities of the previous year, drawal of arrears of pay by certain personnel in the revised scales, payment of Dearness Allowance at enhanced rates and increased expenditure under travelling allowance owing to extensive touring by the National Smallpox Eradication Programme staff."

(Figures in lakh of Rs.)

"Major Head '50'	Final Grant	Expenditure	Excess
D. 1—Public Works			
D. 1(2)—Repairs			
D. 1(2)(1)—Buildings			
O. 19.78			
R. (±) 03.2	20.10	33.37	(+) 13.27

The excess is mainly due to urgent repairs having been undertaken to avoid collapse of ordinary Basha type buildings during the monsoon."

Figures in lakhs of Rs.)

"Major Head '50'	Final Grant	Expenditure	Excess
D. 1—Public Works			
D. 1(2)—Repairs			
D. (2)(2)—Other Communications			
O. 27.00			
R. (+) 3.00	30.00	36.91	(+) 6.91

The excess was mainly due to unanticipated increased expenditure on clearance of landslips and renewal of log bridges that had been washed away during the rains. Such works had to be undertaken to avoid dislocation in communications in politically important Areas."

(Figure: in lakh of Rs.)

"Major Head '50'	Final Grant	Expenditure	Excess
D. 1—Public Works			
D. 1(4)—Tools and Plant			
O. 20.00			
R. (+) 5.00	25.00	29.42	(+) 14.42

The excess was mainly due to unanticipated receipt of one T.M.B. Truck and purchase of more tools and plants than anticipated for proper maintenance of Road works in NEFA."

(Figure in lakhs of Rs.)

		Fi. l Grant	Expenditure	Excess
<i>"D. 1—Public Works</i>				
<i>D. 1. (6)—Suspense</i>				
R.	78.00			
O.	8.20	86.20	120.03	(+)33.83

The excess was due partly to receipt of some indented materials which were not anticipated earlier (Rs. 20.89 lakhs) and partly to unanticipated adjustment of advance payments for materials supplied (Rs. 12.94 lakhs)."

2.12. The Ministry have further stated:

"Extra expenditure was anticipated under some group heads in the grant [including the group-heads B.2(1), D.1(2)(1) and D.1(2)(2)] at the time of the ten-monthly review of the Grant. However, it was noticed that against the total final Grant of Rs. 2,249.96 lakhs, NEFA Administration had been able to spend Rs. 1,338.52 lakhs only during the first ten months of the year leaving a balance of Rs. 911.44 lakhs which was considered sufficient to meet the expenditure during the remaining two months of the year including the anticipated excess expenditure under these heads. This expectation, however, did not materialise.

The above excesses amounting to Rs. 131.67 lakhs as well as minor excesses under some other heads were partly counter-balanced by savings under some heads of the Grant, bringing down the net excess in the Grant as a whole to Rs. 93,75,374."

2.13. The Committee observe that the bulk of the excess under this Grant also was due to failure to anticipate properly the receipt of stores and debits relating thereto and to make adequate provision for the adjustment of past liabilities. There was also a failure to exercise proper control over expenditure. The Committee desire that the Ministry of Home Affairs should impress upon the NEFA Administration the imperative need for strict compliance with the rules and instructions regarding control over expenditure and proper maintenance of Liability Register. The Administration should also have a closer liaison with the Purchase Organisations/suppliers in respect of indented stores and with the Accounts Officer, from whom debits for cost of stores are awaited, so that liabilities can be accurately anticipated in time and budget provision made therefor.

**Ministry of Shipping & Transport
(Roads Wing)**

2.14. (d) Grant No. 83—Roads

2.14. Total Grant Rs.	Actual Expenditure Rs.	Excess Rs.
14,60,51,000	14,78,99,544	(+) 18,48,544
Amount surrendered during the year Rs. 17,37,000		

2.15. According to the Ministry of Shipping and Transport, the excess of Rs. 18,48,544, which was the net result of excesses and savings under the various sub-heads in the Grant, occurred mainly under Group-Head 'D.I-Maintenance of National Highways'.

2.16. The Ministry have furnished the following details regarding this excess:

"A provision of Rs. 700 lakhs was made under this Group-head in the Budget Estimates and the allotments to the States were restricted to this amount. The expenditure booked under the Grant, however, amounted to Rs. 7,35,80,583, revealing an excess of Rs. 35,80,583 under this Group-head. There was excess expenditure totalling Rs. 39,23,155 in certain States, as shown below:

Andhra Pradesh (Rs. 1,44,738), Assam (Rs. 8,09,571), Nagaland (Rs. 67,514), Manipur (Rs. 5,56,635), C.P.W.D. (Rs. 2,940), Bihar (Rs. 39,051), Gujarat (Rs. 1,37,355), Maharashtra (Rs. 1,13,515), Madhya Pradesh (Rs. 12,48,586), Mysore (Rs. 40,696), Orissa (Rs. 2,97,326), Rajasthan (Rs. 39,145), U.P. (Rs. 3,88,480), West Bengal (Rs. 37,012) and Delhi (Rs. 591).

As a result of savings amounting to Rs. 3,42,572 in other States, net excess under this Group-head was reduced to Rs. 35,80,583. Expenditure to the tune of Rs. 1,33,246* correctly adjustable under Grant No. 135—Capital Outlay on Roads (voted) in which there is an overall saving of Rs. 2,94,93,718 as per the Appropriation Accounts, was misclassified and wrongly adjusted under this Grant in Assam and Nagal and (Manipur) Circle of Account. Likewise an expenditure of Rs. 17,212 was wrongly adjusted under this Grant in the Mysore Circle of Account. This expenditure was correctly adjustable under Grant No. 15—External Affairs in which also there is a saving of Rs. 16,52,615 as per the Appropriation Accounts. In conformity with the recommendation contained in paragraph 7 of Sixteenth Report of the Public Accounts Committee (First Lok Sabha), these amounts may be excluded from the scope of regularisation by Parliament.

* The actual amount mis-classified is Rs. 2,51,338 in the following paragraph.

This position has also been accepted by the Accountant General, Central Revenues, New Delhi. The remaining excess of Rs. 34,30,125 was mainly due to the fact that the States had to incur extra expenditure on unavoidable repairs in order to keep the lines of communications in tact."

2.17. The Ministry however informed subsequently.

"The Accountant General, Assam and Nagaland, Shillong, has... intimated that, in all, a sum of Rs. 2,51,338 was mis-classified and wrongly adjusted under this Grant in his Circle of Account. The misclassified amount was correctly adjustable under Grant No. '135—Capital Outlay on Roads' (Voted) in which there is an overall saving of Rs. 2,94,93,718 as per the Appropriation Accounts.

In conformity with the recommendations contained in paragraph 7 of Sixteenth Report of the Public Accounts Committee (First Lok Sabha), the amounts of Rs. 17,212 and Rs. 2,51,338 wrongly adjusted under this Grant in Mysore and Assam and Nagaland (Manipur) Circles of Account, respectively, may be excluded from the scope of regularisation by Parliament. The net overall excess under this Grant requiring regularisation, therefore, works out to Rs. 15,79,994* which may kindly be recommended by the Committee for regularisation under Article 115 of the Constitution."

2.18. The Ministry have added:

"The road works under the administrative control of this Ministry are executed through the agencies of the State Public Works Departments and the Central Public Works Department. Provision in the budget is made on the basis of estimates received from the various executing agencies. The Government of India invariably impress

* It is understood from Audit that the following wrong/double adjustments were carried out in this grant by the Department :

(i) A sum of Rs. 1, 62, 561 was adjusted by unit Accountant 32 M. T. F. in the accounts for March, 1968 on account of rations received from unit Accountant 35 MTF under instructions from Task Force authorities in anticipation of receipt of debit from the latter. On receipt of debit, the adjustment already carried out was not linked and the same amount was again adjusted in March 1968 (Final) accounts resulting in double adjustment of Rs. 1, 62, 561.

(ii) A proforma adjustment of Rs. 37, 000 was erroneously adjusted as "cash and adjustment expenditure" when no adjustment in Project accounts was necessary.

In terms of paragraph 7 of 16th Report of PAC (1st Lok Sabha) this amount

**Ministry of Shipping & Transport
(Roads Wing)**

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(ii) A proforma adjustment of Rs. 37, 000 was erroneously adjusted as "cash and adjustment expenditure" when no adjustment in Project accounts was necessary.

In terms of paragraph 7 of 16th Report of PAC (1st Lok Sabha) this amount will also be excluded from the amount to be regularised.

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2.17. The Ministry however informed subsequently.

"The Accountant General, Assam and Nagaland, Shillong, has... intimated that, in all, a sum of Rs. 2,51,338 was mis-classified and wrongly adjusted under this Grant in his Circle of Account. The misclassified amount was correctly adjustable under Grant No. '135—Capital Outlay on Roads' (Voted) in which there is an overall saving of Rs. 2,94,93,718 as per the Appropriation Accounts.

In conformity with the recommendations contained in paragraph 7 of Sixteenth Report of the Public Accounts Committee (First Lok Sabha), the amounts of Rs. 17,212 and Rs. 2,51,338 wrongly adjusted under this Grant in Mysore and Assam and Nagaland (Manipur) Circles of Account, respectively, may be excluded from the scope of regularisation by Parliament. The net overall excess under this Grant requiring regularisation, therefore, works out to Rs. 15,79,994 which may kindly be recommended by the Committee for regularisation under Article 115 of the Constitution."

2.18. The Ministry have added:

"The road works under the administrative control of this Ministry are executed through the agencies of the State Public Works Departments and the Central Public Works Department. Provision in the budget is made on the basis of estimates received from the various executing agencies. The Government of India invariably impress upon the States the need for restricting the expenditure to the amount of the allotment and this stipulation is also made in letters sanctioning the allotment of funds. In view of these instructions, it was not expected that the grant would be exceeded. In the absence of any firm indication from the States about the likelihood of additional expenditure being incurred by them upto the end of January, 1968 no steps could be taken to obtain Supplementary Grant. For the same reason, an advance from the Contingency Fund of India could also not be obtained. Some of the States, however, failed to restrict the expenditure to the allotment made to them."

2.19. In regard to remedial measures taken to avoid excesses, the Ministry have stated:

"In accordance with the existing instructions, the State Governments are required to furnish monthly returns of expenditure against

the grants sanctioned by the Government of India. These returns are scheduled to be received by the 20th of the month following the one to which they relate. Experience has, however, shown that the submission of these returns by the States is not very regular. In pursuance of the recommendations of the Public Accounts Committee in para 2.35 of their Twelfth Report (Fourth Lok Sabha) necessary follow-up instructions were issued to the States in April, 1968, and the imperative need for the prompt submission of monthly returns of expenditure against the allotment was once again impressed upon them. A further attempt to restrict expenditure to the amount of the sanctioned grant is also being made through the Regional Offices set up in the various regions and it is hoped that the position would improve in future. In the light of the observations made by the Public Accounts Committee (Fourth Lok Sabha) in their Thirty-first Report, certain additional measures to tighten the control further are also under the active consideration of the Government of India."

2.20. Excesses in the grants relating to 'Communications' and 'Roads' have become an annual phenomenon. The Committee had in paragraph 2.35 of their Twelfth Report (Fourth Lok Sabha), while commenting on excess under Grant No. 91—'Communications' that occurred in 1965-66 stressed the need for better co-ordination between the Ministry of Transport on the one hand and the State Governments on the other, so that such excesses could be avoided. In para 2.27 of their Thirty-First Report (Fourth Lok Sabha), the Committee again drew attention to this matter when an excess under this Grant during 1966-67 came to their notice. Mostly the excesses are due to the failure of the Government of India to obtain monthly returns of expenditure from the State Governments. The Committee would like Government to take effective steps to ensure that expenditure figures under this and other connected Grants are collected from the State Governments in time and that the expenditure is limited strictly to the amounts voted by Parliament. The Committee hope that the establishment of Regional Officers of the Ministry of Transport would help to realise these objectives. The Committee also note that Government are contemplating "certain additional measures" to tighten control over expenditure under these grants. The Committee would like a decision on this point to be speedily taken.

Ministry of Home Affairs

(e) Demand No. 125—'Other Capital Outlay of the Ministry of Home Affairs'.

2.21. Final Grant	Actual Expenditure	Excess
Original Grant		
Rs. 36,61,000		
Supplementary Grant	Rs. 78,80,365	Rs. (+) 7,19,365
Rs. 35,00,000		

2.22. In a note furnished to the Committee, the Ministry have stated:

"The excess which is the net result of excesses and savings under the various sub-heads in the Grant occurred mainly under the sub-head 'C.1(1)—Purchase and Distribution of Tear Smoke Material'. The actual excess under this sub-head was Rs. 12,90,475 and was due to adjustment in March, 1968 (Supplementary) Accounts of debits for tear smoke material raised by the Chief Accounts Officer, India Supply Mission, Washington, in his accounts for May-August, 1966. The funds for meeting bulk of this expenditure were provided in the year 1966-67 but remained largely unutilised, as indicated below, owing to non-adjustment of the debits in that year:

	1966-67 Final Provision	Expenditure	Variation (Unutilised provision)
	Rs.	Rs.	Rs.
Original	5,00,000		
Re-appropriation	11,37,000	8,58,167	(—) 7,78,839

"Efforts were made to locate the missing debits in the office of the Accounts Officer concerned after ascertaining the particulars thereof from the India Supply Mission, Washington and the Pay and Accounts Officer, Department of Supply. As a result of these enquiries it transpired in March, 1968 that the debits in question were pending with the Accounts Officer concerned since August—November, 1966. Meanwhile these had been referred by the Accounts Officer to the Ministry in December, 1967 for classification and acceptance of the adjustment in the accounts for 1967-68. The classification was communicated to the Accounts Officer in January, 1968 but the adjustments were not carried out by him till the end of March, 1968. As the debits were pending with the Accounts Officer since 1966, the Ministry of Home Affairs were under the impression that these might not be

adjusted during the remaining few months of the year and thus no provision was made for the purpose. The Accounts Officer was, however, requested on the 3rd April, 1968 to carry out the adjustments to the extent of funds available in the Grant and intimate the remaining amount required to be adjusted in the accounts for 1968-69 for arranging necessary funds in that year. The adjustments were carried out by the Accounts Officer for the full amount of debits in March, 1968 (Supplementary) Accounts. It was in these circumstances that the excess occurred and could not be covered by provision of additional funds in time by the Ministry."

2.23. The Ministry have further stated:

"The excess of Rs. 12,90,475 under the sub-head 'C.1(1)' was offset to the extent of Rs. 5,71,110 by the savings under other Sub-heads of the Grant leaving a net excess of Rs. 7,19,365."

2.24. The Committee observe from the explanation given for the excess that the debits, the adjustment of which caused an excess, were referred by the Accounts Officer to the Ministry of Home Affairs in December, 1967 for acceptance of the adjustment in the Accounts for 1967-68. This was duly communicated by the Ministry to the Accounts Officer in January, 1968 but at that stage the Ministry did not make a provision for the adjustment of the debits. The Committee are hardly convinced by the Ministry's explanation that the debits were pending with the Accounts Officer since 1966 and that, therefore, they were under the impression that these might not be adjusted during the remaining few months of the year. The Committee trust that the Ministry will maintain a closer liaison with the Accounts Officer in future and make due provision for all debits accepted by them.

Ministry of Finance

(f) Grant No. 120—Loans and Advances by the Central Government

2.25. Original Appropriation (Charged)	..	Rs. 8,27,50,50,000
Supplementary Appropriation (Charged)	..	Rs. 50,00,00,000
Final Appropriation (Charged)	..	Rs. 8,77,50,50,000
Actual Expenditure (Charged)	—	Rs. 8,79,91,58,243
Excess (Charged)	..	Rs. 2,41,08,243

226. In a note furnished to the Committee, the Ministry have stated:

"The Grant 'Loans and Advances by the Central Government' is a composite Grant covering the requirements of all Administrative Ministries and Union Territory Administrations for giving loans and advances, whether to State and Union Territory Governments with Legislatures or to other parties. While the loans to State Governments are 'Charged' on the Consolidated Fund of India under Article 293(2) of the Constitution, the other loans and advances are subject to the Vote of the Lok Sabha in terms of Article 113(2) *ibid.* Further, though the Demand is presented on behalf of the Ministry of Finance, provisions for inclusion therein are proposed by almost all the Administrative Ministries and other authorities who operate on and control the respective allotments placed at their disposal, subject to reappropriations, where necessary, being made by Finance Ministry."

"The excess occurred under the Sub-head 'A.2—Other Ways and Means advances' because the ways and means advances made to two States (*viz.* Maharashtra and Rajasthan) during the year for Plan Schemes exceeded the amounts formally sanctioned by the Ministries/Departments by way of Loans/Grants to those States for Plan Schemes as explained below:—

Central assistance for State Plan and Centrally-sponsored schemes (excluding assistance for Irrigation & Power Projects and assistance released through the National Co-operative Development Corporation) is released in the form of monthly ways and means advances to the State Governments on the basis of the ceilings of assistance communicated to them at the commencement of each year. These advances are initially debited entirely to the Loan Head but are written back before the close of the year to the relevant Heads (Loans or Grants-in-aid as the case may be) on the basis of formal sanctions issued by the Ministries/Departments concerned. To the extent the Plan Ways and Means advances remain uncleared, those are treated as loans to the State Governments and recovered as in the case of other overpayments."

"The allocations of Central assistance to States are determined on the basis of the outlays approved for the various sectors

in the State Plans and for the Centrally-sponsored Schemes. If the approved outlays materialise, the entire Central assistance allocated to the States has to be paid to them. It was on this basis that Plan advances were released to the State Governments with reference to the ceilings of Central assistance communicated to them. However, due to shortfalls in performance in two States under certain sectors, e.g., Agricultural Production, Medical and Public Health, Housing, etc., ways and means advances to the extent of Rs. 5,01,65,698 sanctioned to them remained uncleared after adjustments on the basis of formal sanctions issued by the administrative Ministries/Departments had been carried out by the Accounts Officer. Immediate action was, however, initiated in the following year to effect the recovery of uncleared advances and interest thereon, as soon as these were brought to the notice of the Ministry of Finance by the State Accountants General and the Governments of Maharashtra and Rajasthan repaid the uncleared advances together with interest thereon during the year 1968-69."

"The total excess of Rs. 5,01,65,698 was partly counter-balanced by saving of Rs. 2,60,57,455 under other provisions for loans to States leaving an uncovered excess of Rs. 2,41,08,243. The excess came to light after the close of the year when it was not possible to provide additional funds."

2.27. The Ministry have further stated:

"The payments of Central assistance to States for implementing the schemes included in the State Plans will, with effect from 1969-70, be in the form of block grants and loans and will not be tied to individual Heads of Development. Moreover, formal sanctions except in the case of assistance released through the National Cooperative Development Corporation will be issued only by the Ministry of Finance and not by other Ministries. This would enable the Ministry of Finance to keep a better watch over the releases to the State Governments and would help in minimising the chances of ways and means advances remaining uncleared at the end of the year."

2.28. The Committee note that there has been an excess of Rs. 2,41,08,243 under this grant and this is the third year in succession

where such excesses have occurred. This is indicative of a regrettable lack of co-ordination between the Ministry of Finance and the Administrative Ministries.

2.29. The Committee note that with effect from 1969-70, payments of Central assistance to the States for implementing the schemes included in the State Plans will be in the form of block grants and loans and will not be tied to individual Heads of Development. Also, formal sanctions except in the case of assistance released through the National Co-operative Development Corporation will be issued only by the Ministry of Finance and not by the other Ministries. The Committee trust that the proposed changes will enable the Ministry of Finance to keep a better watch over the releases to the State Governments and help in minimising the chances of ways and means advances remaining uncleared at the end of the year. The Committee would like to watch the results through future Appropriation Accounts.

Ministry of Communications

(P. & T. Board)

(g) Grant No. 95—Posts & Telegraphs—Working Expenses.

2.30. In a note furnished to the Committee, the Ministry of Communications (P & T Board) have stated as follows:

"The final accounts for the year 1967-68 disclosed an excess of Rs. 1,24,24,596 over the Voted Grant No. 95—Posts and Telegraphs—Working Expenses" as detailed below:

Amount of Voted Grant	.. ..	Rs. 1,87,80,76,000
Actual Expenditure	.. ..	Rs. 1,89,05,00,596
Excess over the grant	.. ..	Rs. 1,24,24,596

The budget grant for 1967-68 was Rs. 1,75,64,51,000. A supplementary grant of Rs. 12,16,25,000 was obtained in the February, 1968 Session of Parliament to meet additional expenditure due mainly to (i) increase in the rates of dearness allowance, sanctioned after the framing of budget estimates, to whole-time employees with effect from 1st February, 1967, 1st June, 1967 and 1st November, 1967 and consequential increases in the rates of consolidated allowances to extra Departmental Postal employees (ii) anticipated larger expenditure on Maintenance of Assets and Petty and other works and (iii) larger transfer of collections of advance Rentals under OYT and other schemes.

At the time of fixing the Final Grant, the actuals for the first 10 months were available and those compared with the actuals for the

previous two years as given below:

Year	Actuals first 10 months	Actuals last 2 months	Total Expendi- ture
(Figures in Crores of Rupees)			
1965-66	97.44	46.38	143.82
1966-67	113.05	49.23	162.28
1967-68	130.30		

Against the sanctioned grant of Rs. 187.81 crores, the expenditure upto January, 1968 amounted to Rs. 130.30 crores leaving a balance of Rs. 57.51 crores which on the trend of actuals of the previous years was considered sufficient to meet the expenditure for the last two months of 1967-68. The actual expenditure during the last two months, however, amounted to Rs. 58.75 crores resulting in an excess of Rs. 1.24 crores (i.e. 0.66 per cent of the sanctioned grant).

The above excess of Rs. 1.24 crores over the voted grant was the net result of excesses and savings as indicated below:

Head	Excess	Saving
(Figures in lakhs of Rs.)		
Petty and other works	2.36	
Contribution to Telephone Development Fund		1.61
Other heads	49	
	2.85	1.61
Net Excess	1.24	

The reasons for the excesses and savings are explained below:

(A) Petty and other works.

This head accommodates expenditure on petty works of a Capital nature met from Revenue. The actual expenditure under this head upto January, 1968 amounted to Rs. 12.26 crores. This com-

pared with the corresponding expenditure of the previous years as under:

Year	Actual first 10 months	Actuals last 2 months	Total Expenditure
(Figures in Crores of Rs.)			
1965-66	8.07	4.34	12.41
1966-67	8.72	5.74	14.46
1967-68	12.26		

The sanctioned grant under this head (including the supplementary grant of Rs. 1.35 crores) was Rs. 16.50 crores. Actual expenditure for the first 10 months amounted to Rs. 12.26 crores. The expenditure of the last two months of 1966-67 was Rs. 5.74 crores but this was rather high. It was estimated that the expenditure in the last two months of 1967-68 would be Rs. 4.63 crores. The Final Estimate was, therefore, raised to Rs. 16.89 crores by reappropriating to this head savings of Rs. 39 lakhs from other heads. Instructions were also issued to the Heads of Circles etc. to exercise economy in expenditure and to keep the expenditure within the grant. The actual expenditure in the last 2 months of 1967-68, however, was Rs. 6.99 crores involving a net excess of Rs. 2.36 lakhs.

This excess of Rs. 2.36 lakhs was the result of the excesses and savings under the following units of petty and other works.

Unit	Excess	Savings
(Figures in lakhs of Rs.)		
II—A—Expenditure on Annual open Estimates and petty works.		
Apparatus & Plant	5	
II—B—Expenditure on other Revenue works.		
Land		4
Telegraph & Telephone Lines & Radio Communications	144	
Apparatus & Plant	100	
Net other units		9
	249	13
Net Excess	236	

The excess under 'Expenditure on other Revenue Works—Telegraph and Telephone, Lines and Radio communication and Apparatus & Plant' was mainly due to (i) increase in issue price of Telecommunication line stores and apparatus and plant received for works and (ii) carrying out of more urgent revenue earning works such as meeting demands for providing telephone facilities and teleprinter and telex connections. The cumulative effect of these was known after the close of the year when the final accounts were closed, by which time it was too late to make reappropriation or obtain supplementary grant or apply for an advance from the Contingency Fund of India.

(B) Other heads

The excess of Rs. 49 lakhs was made up of the following excesses and savings:

Sub-heads and units		Excess	Savings
(In lakhs of Rs.)			
CIA	—Establishment and other charges paid to other Government Departments etc.	13	
CCII B	—Contingencies	6	
CC IV	—Misc. stores and Workshop Expenditure	14	
I	—Maintenance of Assets		
	1. Repairs of Buildings	8	
	2. Repairs of Telegraph and Telephone Lines and Radio Communications	67	
J-II	—Post Offices	30	
CC IA	—General Store Depot		
	(E) Freight on Depot Transfers and issues of stores		14
H-II	—Stationery & Printing		22
	Net other heads		53
		1,38	89
		89	
	Net Excess	49	

The excess under maintenance of assets was mainly due to increase in cost of labour and materials, and undertaking of more maintenance and repair works. The excess under J-II-Post Offices was mainly due to increase in rates of dearness allowance. Increase in the charges payable to the Central Bureau of Investigation

resulted in the increase under CIA—Establishment and Other charges paid to other Government/Departments etc. Larger adjustments for unserviceable stores and for rate revision increased the expenditure under CC-IV-Misc. Stores and Workshop Expenditure. The small excess of Rs. 6 lakhs under CCII-B-Contingencies was due to more labour charges and overtime payments.

(C) Savings

(i) There was a saving of Rs. 1.61 lakhs under 'Contribution to Telephone Development Fund'. This head provides for transfer of an amount equivalent to the receipts of Advance Rentals under Q.Y.T. and other Schemes to the Telephone Development Fund. The savings were due to lesser receipts of these advance Rentals than anticipated.

(ii) CCIA—General Store Depot—

(E) Freight on Depot transfers and issue of stores.

The savings of Rs. 14 lakhs were due to non-adjustment of Railway credit notes.

(iii) H III—Stationery and printing.

The saving of Rs. 22 lakhs was due to less printing work done at Government and Private Presses than anticipated.

(iv) The balance of other savings was made up of small amounts under various other units."

231. The Committee are not convinced by the explanation given by the Department for the excess under this Grant. The Department have stated that increase in the issue price of tele-communication line stores, apparatus and plant received for works and execution of "more urgent revenue earning works" were mainly responsible for the excess. Both these factors should have come to the notice of the Department well before the close of the financial year. The issue price of stores is fixed by the Department and the repercussions of such increased issue price on the cost of works could have been anticipated by the Department and budget provisions made therefor. Likewise, the Department should have realistically worked out financial implications while sanctioning additional urgent revenue works and covered them by supplementary grants, as necessary. The Committee trust that the P & T Board will take steps to ensure that budgeting for their works expenditure is streamlined and made accurate.

reduced purchase of dairy produced and non-receipt of debits from P.A.O. Ministry of Food & Agriculture for supplies etc. (—) Rs. 90 lakhs

Rs. 568 lakhs"

"Sub-Head 'F' (+) Rs. 962.65 lakhs

The excess of Rs. 963 lakhs over the final grant is mainly due to the following factors :

(i) Larger expenditure on provision due to materialisation of more supplies than anticipated and arrear payments pertaining to the previous year. During 1967-68, the anticipation of supplies, especially rice which was based on the then existing drought conditions was substantially upset by the large releases of rice quota etc. by Food Ministry on account of bumper crop. Most of these supplies actually materialised in March, 1968 and to some extent in February, 1968. Even in respect of these supplies it was not anticipated that the entire amount would be paid before the end of the year. Since the supplies and adjustments came to light subsequent to the finalisation of modified appropriations additional funds could not be provided Rs. 776 lakhs

(ii) Larger materialisation of POL during the last two months than anticipated Rs. 142 lakhs

(iii) Ordnance stores due mainly to larger payments on customs duty than anticipated. The correctness of the incidence of customs duty is under detailed investigation Rs. 254 lakhs

Rs. 1,172 lakhs

(iv) This was partly offset by savings under 'Engineering Stores' due mainly to delay in adjustment in respect of supplies actually imported (—) Rs. 153 lakhs

Under MT Vehicles and connected stores (—) Rs. 56 lakhs

(—) Rs. 209 lakhs

Net Excess Rs. 963 lakhs"

"Sub-Head 'G' (+) Rs. 157.21 lakhs

The excess of Rs. 157 lakhs over the final grant is mainly due to larger expenditure on the following

(i) Works not forming Capital assets due to increased expenditure on Operational works Rs. 25 lakhs

(ii) Works forming Capital assets but not chargeable to Capital Rs. 90 lakhs

- (ii) Rent of buildings due to payment of arrears of rent by MLC Dte and adjustment of rental charges on account of debits raised by the Director of Estate in respect of CPWD buildings occupied by the Defence Services, towards the end of the year too late for making a provision of funds in 1967-68 Rs. 63 lakhs
- (iv) Stores-due to larger materialisation of stores for engineer parks and divisional stock than anticipated and adjustment of vouchers pertaining to previous years Rs. 35 lakhs
Partly offset by less expenditure on minor works (Rs. 11 lakhs) and maintenance of roads (Rs. 5 lakhs). (—)Rs. 16 lakhs)
- 2.34 The Ministry have further stated : Rs. 157 lakhs

"It will thus be seen that most part of the excess arose out of causes beyond control and could not be anticipated accurately for reasons stated above. The two major factors for the excess are materialisation of stores and adjustment of customs duty. Though every effort is made to assess and anticipate accurately the stores that would be paid for in the year, unforeseen factors upset the anticipation to some extent. In the case of customs duty, there has been some over-charge in the sense that certain stores ordinarily non-dutiable have been assessed and had to be paid for provisionally. Taking into account the levy of customs on Ordnance and MT stores alone, the total over-charge has been estimated at Rs. 433 crores. The question of obtaining refunds where due and of tying up the procedure to ensure avoidance of such payments in future and other related issues is under the active consideration of the Government."

2.35. The Committee observe that out of a total excess of Rs. 18.85 crores under this Grant, excess to the tune of about Rs. 12 crores* was caused by supplies of stores materialising on a larger scale than anticipated and arrear payments pertaining to the previous year. The Ministry of Defence have stated that their anticipation of supplies especially of rice "was substantially upset by the large releases of rice quota etc. by Food Ministry on account of bumper crop." These releases are made by the Department after prior notice and inspection by the Defence Authorities and it is not clear to the Committee why the Ministry of Defence failed to provide for the increased liability arising out of larger releases of quota on the basis of intimations received from the Department of Food. In any case, mono-

*Rs.3.90 crores under Sub-Head 'E'

Rs.7.76 crores under Sub-Head 'F'

Rs.0.35 crore under Sub-Head 'G'

tary settlement for supplies is made by the Pay & Accounts Officers attached to the Department of Food before the close of the financial year and a proper watch over the pace of settlement in February and March would have helped the Ministry to anticipate the excess and provide for it.

2.36. Another factor which contributed to the excess was over-charge of customs duty on provisional assessment. Taking Ordnance and MT stores alone, the over-charge according to the Ministry's estimate amounted to Rs. 4.33 crores. In an earlier part of this Report, the Committee have emphasised the need for utmost care on the part of customs authorities in making provisional assessment. The Committee note that the question of obtaining refunds and tying up the procedure to ensure avoidance of such over-payments of customs duty in future is under the active consideration of Government. The Committee would like to be informed of the remedial measures taken by Government to avoid recurrence of excess levy of customs duty on defence stores.

2.37. The Committee note that an excess to the tune of Rs. 1.95 crores was on account of payment of pay and allowance of the Army, the staff in Manufacturing and Research establishments and Military Farms. That there should have been such a substantial excess in respect of an item, the expenditure on which is capable of a reasonably accurate assessment, does not speak well of the standards of budgeting in the Ministry. The Committee would like the Ministry to take steps to see that budgeting is toned up.

2.38. An excess of Rs. 63 lakhs has been attributed to payment of arrears of rent by the Military Lands & Cantonment Directorate and adjustment of rental charges on account of debits raised by the Director of Estates in respect of C.P.W.D. buildings occupied by the Defence Services towards the close of the financial year when the above debits could not be covered. The Committee are unable to accept this explanation. They feel that as the rent in respect of C.P.W.D. buildings under the occupation of the Defence Forces was a known factor, payments on account thereof could have been anticipated and provided for. The Committee also desire that the Director of Estates should avoid rush of debits towards the fag end of the year.

2.39. Subject to the above observations, the Committee recommend that the Excesses referred to in para 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.

CHAPTER III

ACTION TAKEN ON OUTSTANDING RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 31ST REPORT (FOURTH LOK SABHA).

3.1. The 31st Report (Fourth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Posts & Telegraphs), (Railways) and (Defence Services) for the year 1966-67 was presented to the House on the 11th November, 1968. Out of 32 recommendations contained in the Report, replies of Government have been received in respect of 26 recommendations. These are reproduced in the Appendix XXIII. Replies are still awaited in respect of recommendations at S. Nos. 5, 6, 7, 11, 12 and 13.

3.2. Replies of Government have been categorised under the following heads:—

- (i) *Recommendations/Observations that have been accepted by Government.*—S. Nos. 1, 2, 3, 8, 10, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31 and 32.
- (ii) *Recommendations/Observations which the Committee do not desire to pursue in view of replies of Government.*—S. No. 4, 14 & 15.
- (iii) *Recommendations/Observations in respect of which Government have furnished interim replies*—S. No. 9.

3.3. The Committee hope that the replies in respect of the outstanding recommendations will be furnished to them expeditiously.

NEW DELHI,
July 16, 1969.
Asadha 25, 1891 (S)

ATAL BIHARI VAJPAYEE,
Chairman,
Public Accounts Committee.

APPENDICES

APPENDIX I

MINISTRY OF FOREIGN TRADE AND SUPPLY

(DEPARTMENT OF FOREIGN TRADE)

Note for the Public Accounts Committee for regularisation of excess over Voted Grant in respect of Grant No. 1—Ministry of Commerce as disclosed in the Appropriation Accounts (Civil) 1967-68.

Original Grant	Rs. 44,15,000
Supplementary Grant	Rs. 5,11,000
Final Grant	Rs. 49,26,000
Actual Expenditure	Rs. 50,25,592
Excess	Rs. 99,592
Percentage of excess over Final Grant	2.02%

The original provision of Rs. 44,15,000 under the Grant was augmented by Rs. 5,11,000 by obtaining a supplementary Grant in the February, 1968 session of Parliament. The details of the final grant and actual expenditure under different sub-heads under Grant No. 1, which relates to the Secretariat of the erstwhile Ministry of Commerce, are as follows:—

Sub-heads	Final Grant	Actual Expenditure	Excess (+) Saving (=)
	Rs.	Rs.	Rs.
(i) Pay of Officers	12,90,200	12,92,472	(+)2,272
(ii) Pay of Establishments	12,59,400	12,59,303	(=)97
(iii) Allow., Hon. etc.	14,07,400	14,36,201	(+)28,801
(iv) Other Charges	7,69,000	7,91,281	(+)22,281
(v) Delegations going abroad	2,00,000	2,46,335	(+)46,335

2. The excess expenditure of Rs. 2,272 under the sub-head 'Pay of Officers' is not significant. Under the sub-head 'Pay of Establishment', there is a negligible saving. Reasons for excess under the other three sub-heads are given below:—

Allow, Honoraria etc.: The excess of Rs. 28,801 is mainly due to:

- (a) Increase in expenditure under Travelling Allowance due to payment of arrear bills of the Indian Airlines Corporation and general increase in T.A. claims on account of more tours undertaken by Officers during the last few months of the year, and
- (b) Increased expenditure under overtime allowance during the closing months of the year.

Other Charges: The excess of Rs. 22,281 is due to increased expenditure under Postage and Telegrams and other items of office contingencies such as Furniture, Typewriters, Stationery and Refreshments during the last few months of the year than anticipated. The expenditure on Postage and Telegrams is of an inevitable character. Actual expenditure on other items could not be foreseen precisely in spite of best of efforts and excess expenditure had to be incurred to meet unavoidable requirements.

Delegations going abroad: It is generally not found possible to anticipate expenditure under this sub-head with a reasonable degree of accuracy as details of Delegations including their composition are decided at a very late stage. Even at the time of the finalisation of the Revised Estimates, details of delegations to be sent during the later months of the year are not completely available. The requirement of funds is, therefore, decided with reference to past actuals and future foreseeable expenditure. The provision of Rs. 3.00 lakhs in the Budget Grant was reduced to Rs. 2.00 lakhs in the Revised Estimates, on the basis of actual expenditure during the previous two years (Rs. 1,55,902 during 1965-66 and Rs. 2,04,555 during 1966-67). The expenditure booked up to February, 1968 being only Rs. 1,84,540, it was felt that the provision of Rs. 2.00 lakhs would be sufficient. But after taking into account the expenditure in March, 1968 and adjustments amounting to Rs. 31,936 made in March, 1968 Final and Supplementary accounts on account of Daily Allowance and Hotel Accommodation charges paid by Missions abroad, the total expenditure came to Rs. 2,46,335, resulting in an excess of Rs. 46,335 over Final Grant.

3. The excess expenditure of Rs. 99,592 in the Grant as a whole could not, in the circumstances explained above, be anticipated. It is requested that the same may be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution.

4. This note has been vetted by Audit.

Dated New Delhi,
the 5th April, 1969.
(F. No. 2/12/68-E.III)

APPENDIX II

GOVERNMENT OF INDIA MINISTRY OF DEFENCE

Note for regularisation of Excess over Grant No. '4—Ministry of Defence', as disclosed in the Appropriation Accounts (Civil) for the year 1967-68.

The amount expended in excess of voted Grant 'No. 4—Ministry of Defence' for 1967-68 was Rs. 18,448- as shown below:—

<u>Final Grant</u>	<u>Expenditure</u>	<u>Excess</u>
Rs.	Rs.	Rs.
81,21,000	81,39,448	18,448

The Appropriation Accounts reveal an excess of Rs. 5,13,450 under the Group-head 'A-1—Department of Defence', which is partly counterbalanced by savings of Rs. 4,13,238, Rs. 81,670 and Rs. .94 under the heads 'A.2—Department of Defence Production', 'A. 3—Department of Defence Supplies' and 'Charges in England' respectively leaving an uncovered excess of Rs. 18,448 which requires to be regularised by Parliament.

The following factors account for the excess of Rs. 5,13,450 under the head 'A. 1—Department of Defence' and also for the savings under the heads 'A.2' and 'A.3'.

The following factors account for the excess of Rs. 5,13,450 under allowances of officers and staff adjustable under the heads 'A-2' and 'A-3' respectively were by and large classified and accounted for under the head 'A.1'. The expenditure could not be classified correctly owing to frequent transfers of officers and staff from one Department to another within the Ministry, on promotion, etc. The excess of Rs. 3,64,934 on this account was, however, offset by savings to the extent of Rs. 65,759 within the head itself, mainly due to non-receipt of debits for leave salary contribution payable on behalf of officers and staff on deputation to the Ministry, non-drawal of pay and allowances by some officers within the financial year and vacancies.

(ii) Adjustment under the head 'A-1' of expenditure on certain common items of contingencies like liveries for Class IV staff, general stores, furniture, typewriters, etc., which could not be split up department-wise as bulk indents were placed, resulted in an excess of Rs. 1,29,974 under this head with corresponding savings of Rs. 1,16,371 and Rs. 13,603 under the heads 'A-2' and 'A-3' respectively.

(iii) Unanticipated increase in telephone charges and payment, late in the year, of certain bills relating to past years (Rs. 84,301).

The excess expenditure of Rs. 18,448 in the Grant as a whole constitutes only 0.23 per cent of the Final Grant. It is requested that the same may be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution.

(Audit has seen).

APPENDIX III

MINISTRY OF DEFENCE

D (BUDGET)

Note for regularisation of excess over Voted Grant No. 5—Defence Services Effective—Army as disclosed in the Appropriation Accounts of Defence Services for the year 1967-68.

Grant No. 5—Defence Services Effective—Army.

		Rs.	Rs.
Voted Grant	O	673,91,00,000	} 691,95,99,000
	S	18,04,99,000	
Actual Expenditure			710,81,14,570
Net Excess			18,85,15,570

The details of the excess by various Sub-heads of the Grant are indicated below:—

(In thousands of Rupees)

Sub-heads			Final Grant	Actual Expenditure	Excess (+) / Saving (—)
1	2	3	4	5	6
Major Head 79					
<i>Voted</i>					
A—Pay & Allowances of the Army	O S R	1,93,77.30 12,85.62 — 12.69	2,06,50.23	2,07,66.37	+ 1.16.14
<i>Voted</i>					
B—Pay & Allowances and Misc. expenses of Territorial Army etc.	C R	4,46.03 — 32.06	4,13.97	3,89.75	— 24.22
<i>Voted</i>					
C—Pay & Allowances of Civilians employed with (or for) the Army.	O S R	53,50.85 4,19.37 26.89	57,97.11	58,09.09	+ 11.98

(In thousands of Rs.)

1	2	3	4	5	6
<i>Voted</i>					
D—Transportation and Miscellaneous.	O R	42,32,94 (—) 59,52	41,73,42	42,67,13	(+)93,71
<i>Voted</i>					
E—Expenditure on Manufacturing & Research Estts.	O S R	1,41,95,38 1,00,000 1,43,96	1,44,40,34	1,50,07,80	(+)5,67,46
<i>Voted</i>					
F—Expenditure on Stores (other than for Manufacturing & Research Estts. and Military Engineer Services (excluding Engineer Store Depots.))	O R (—)	1,97,79,60 2,10,66	1,95,68,94	2,05,31,59	(+)9,62,65
<i>Voted</i>					
G—Expenditure on Works (Chargeable to Revenue), Maintenance, etc.	O R	33,29,20 78,38	34,07,58	35,64,79	(+)1,57,21
<i>Voted</i>					
H—Charges in England.	O R	6,78,70 62,09	7,40,79	7,40,91	(+)12
<i>Voted</i>					
I—Loss or Gain by Exchange.	R	3,61	3,61	3,71	(+)10
TOTAL :	Voted		6,91,95,99	7,10,81,14	(+)18,85,15

3. It would be noticed from the above statement that the net excess of Rs. 18.85 crores which is 2.7 per cent of the final Grant, is mainly under Sub-heads 'E' and 'F' due to larger materialisation of supplies and to some extent due to larger payments on customs duty. The main factors responsible for the excess under the various Sub-heads are briefly indicated below:—

SUB HEAD 'A'—(+) Rs. 116.14 lakhs

The excess of Rs. 116 lakhs over the final grant is mainly due to the per capita rates for 'Pay & Allowances' of officers and other ranks adopted at the final estimates stage having proved inadequate. The variation is only 0.5 per cent in this case.

SUB HEAD 'B'—(—) Rs. 24.22 lakhs

The saving of Rs. 24 lakhs compared with the final grant is due to less expenditure of Rs. 44 lakhs on National Cadet Corps due mainly to non-acceptance of debit for Camp expenditure raised by State Governments for want of certain audit requirements partly offset by excess expenditure of Rs. 20 lakhs on Territorial Army due mainly to larger number of trainees having turned up for training than anticipated.

SUB HEAD 'C'—(—) Rs. 11.98 lakhs

The excess under this Head is 2 per cent and is negligible.

SUB HEAD 'D'—(+) Rs. 93.71 lakhs

The excess of Rs. 94 lakhs over the final grant is due to larger expenditure on movement of personnel by rail (Rs. 186 lakhs) partly counter-balanced by minor savings under movement of stores (Rs. 21 lakhs), hired transport due to non-submission/non-payment of bills (Rs. 41 lakhs), printing of stationery due to less materialisation of supplies (Rs. 14 lakhs) and telephone trunk calls (Rs. 16 lakhs).

SUBHEAD 'E' (+) Rs. 567.46 lakhs.

The excess of Rs. 568 lakhs over the final grant was mainly due to larger expenditure than anticipated on—

- (i) Pay & Allowances of the Staff. Rs. 69 lakhs.

- (ii) Purchase of raw material and consumable stores due to larger materialisation than anticipated. Rs. 390 lakhs.
- (iii) Customs duty due to erratic adjustment of past carry-over and delays in the final adjustment which could not be properly gauged. Rs. 189 lakhs.
- (iv) Pay of staff of Military Farms. Rs. 10 lakhs.†
Partly counter-balanced by less expenditure on Production charges of Military Farms due to reduced purchase of dairy produced and non-receipt of debits from P.A.O. Ministry of Food & Agriculture for Supplies, etc. (—)90 lakhs.

Rs. 568 lakhs.

Sub-Head 'F' (+) Rs. 962.65 lakhs.

The excess of Rs. 963 lakhs over the final grant is mainly due to the following factors: --

- (i) Larger expenditure on provision due to materialisation of more supplies than anticipated and arrear payments pertaining to the previous year. During 1967-68, the anticipation of supplies especially rice which was based on the then existing draught conditions was substantially upset by the large releases of rice quota etc. by Food Ministry on account of bumper crop. "Most of these supplies actually materialised in March 1968 and to some extent in February 1968. Even in respect of these supplies it was not anticipated that the entire amount would be paid before the end of the year. Since the supplies and adjustment came to light subsequent to the finalisation of Modified Appropriations, additional funds could not be provided." Rs. 776 lakhs.
- (ii) Larger materialisation of POL during the last two months than anticipated. Rs. 142 lakhs.
- (iii) Ordnance stores due mainly to larger payments on customs duty than anticipated. The correctness of the incidence of customs duty is under detailed investigation. Rs. 254 lakhs.

Rs. 1172 lakhs.

(iv) This was partly offset by savings under 'Engineering Stores' due mainly to delay in adjustment in respect of supplies actually imported.	(—) Rs. 153 lakhs.
Under MT Vehicles and connected stores.	(—)Rs. 56 lakhs.
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	(—) Rs. 209 lakhs.
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NET EXCESS	Rs. 963 lakhs.
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SUB-HEAD 'G' (+) Rs. 157.21 lakhs

The excess of Rs. 157 lakhs over the final grant is mainly due to larger expenditure on the following:—

(i) Works not forming Capital assets due to increased expenditure on Operational works.	Rs. 25 lakhs.
(ii) Works forming Capital assets but not chargeable to Capital.	Rs. 50 lakhs.
(iii) Rent of buildings due to payment of arrears of rent by MIC Dte and adjustment of rental charges on account of debits raised by the Director of Estate in respect of CPWD buildings occupied by the Defence Services, towards the end of the year too late for making a provision of funds in 1967-68	Rs. 63 lakhs.
(iv) Stores-due to larger materialisation of stores for engineer parks and divisional stock than anticipated and adjustment of vouchers pertaining to previous years.	Rs. 35 lakhs.
Partly offset by less expenditure on minor works (Rs. 11 lakhs) and Maintenance of roads (Rs. 5 lakhs).	(—)Rs. 16 lakhs.
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	Rs. 157 lakhs.
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4. It will thus be seen that most part of the excess arose out of causes beyond control and could not be anticipated accurately for reasons stated above. The two major factors for the excess are materialisation of stores and adjustment of customs duty. Though

every effort is made to assess and anticipate accurately the stores that would be paid for in the year, unforeseen factors upset the anticipation to some extent. In the case of customs duty, there has been some over-charge in the sense that certain stores ordinarily non-dutiable have been assessed and had to be paid for provisionally. "Taking into account the levy of customs on Ordnance and MT stores alone, the total over charged has been estimated at Rs. 4.33 crores." The question of obtaining refunds where due and of tying up the procedure to ensure avoidance of such payments in future and other related issues is under the active consideration of Government.

5. The excess of Rs. 18,85,15,570 in the final grant works out to 2.7 per cent. In the circumstances explained above, it is requested that the excess may be recommended for regularisation by the Parliament under Article 115 of the Constitution.

6. DADS has seen.

APPENDIX IV
MINISTRY OF DEFENCE
D (Budget)

SUBJECT:—Regularisation of excess over Voted Grant No. 8—Defence Services, Non-Effective—for 1967-68.

Grant No. 8	Defence Services Non-Effective.
	Rs
Voted Grant Original	25,50,00,000
Supplementary	75,00,000
TOTAL	26,25,00,000
Actual Expenditure.	27,00,03,436
Excess.	75,03,436

As the above figures would show, the actual expenditure on Non-Effective charges during the year 1967-68 was in excess of the sanctioned budget, by Rs. 75,03,436.

2. The requirement of funds was reviewed during the course of the year and as the pace of expenditure was higher than that originally estimated a supplementary Grant of Rs. 75 lakhs was obtained in the February, 1968 session of Parliament. In the anxiety not to obtain additional funds which might ultimately prove to be superfluous, the amount of the Supplementary Demand was restricted to the minimum possible. However, it transpired that the sanctioned grant fell short of actual requirements by about Rs. 75 lakhs.

3. In explaining the excess, it may be mentioned that due to the following factors it is not possible to make a precise estimate of the magnitude of the Non-effective charges in advance. The actual payment of pensions etc. is effected by numerous offices like Pension Disbursing Officers, Post Offices, Treasuries, etc. spread all over the country and it takes time before the debits for the actual expenditure reach the accounts authorities who are concerned with preparing the estimates, with the result that they are not aware of the latest data about the actual expenditure which is an important basis for estimating the requirement of funds. The estimates may also be upset if the number of pensioners drawing their pensions in the closing months of the year is significantly different from that anticipated on the basis of the figures for the preceding period. Some pensioners depending upon their convenience may or may not draw pension during March. Another contributory factor is the issue of orders during the year liberalising the rules or quantum of pension and gratuity etc. to specified categories of pensioners. It is difficult to precisely estimate the financial effect of such orders. All these factors contributed to the excess over the provision made for 1967-68. A list of orders liberalising the pensionary entitlements which had their effect on the estimates for 1967-68, is enclosed. It is also seen that the adjustments in March, 1968 and the subsequent months till the closing of the account for 1967-68 were much more as compared with those for the corresponding period in the preceding years. A statement showing the adjustments made towards the close of the accounts during the three years 1965-66 to 1967-68 in respect of CDA (Pension) is enclosed. Having regard to the nature of the expenditure, the expenditure for the preceding years has to be taken as a guide for estimating the requirement. It was found that the actual expenditure in 1967-68 as compared with actuals for the preceding year showed a much larger increase than the average annual increase for some preceding years. An excess of about Rs. 7 lakhs was caused by devaluation of the rupee which was omitted to be taken into account at the time of framing budget estimates.

4. In the circumstances explained above, the excess of Rs. 75,03,436 which is 2.86 per cent of the sanctioned budget may be recommended for regularisation by Parliament under Article 115 of the Constitution.

5. The Director of Audit, Defence Services has seen.

List of orders liberalising the pensionary entitlements affecting the estimates for 1967-68.

Serial No.	No. & date of Army Instruction or Government letter etc.	Brief Particulars
1	Army Instruction 68/67 Air Force Instruction 70-67.	Grant of colour pension to Other Ranks Reservists recalled to colours during emergency and re-transferred to reserve after completion of maximum qualifying service.
2	Army Instruction 6/S/67 Air Force Instruction 2/S/67 Navy Instruction 2/S/67.	Benefit of Paid Acting rank for assessment of Service/Invalid Gratuity in respect of Junior Commissioned Officers/Other Ranks, etc. and corresponding ranks of Navy and Air Force.
3	Government of India, Ministry of Defence No. A/15266 AG/PS4 (a)/4227 D (Pens/Services) dt. 15-6-1966.	Grant of increased pension to certain Naib Subedars recalled to colours during the recent operations against 'PAKISTAN'
4	Government of India, Ministry of Defence letter No. A/15774 AG/PS4(a)/493 (Pens Services) dated 18-4-67.	Extending the benefits of Army Instruction 12/S/64 to Low Medical Category personnel of ARMY.
5	Government of India, Ministry of Defence letter No. PN/0830/4294 D (Pens/Services) dated 7-6-1967.	Extending the benefits of Navy Instruction 6/S/64 to Low Medical Category personnel of NAVY.
6	Government of India, Ministry of Defence letter No. AIR HQ 24227/44/PP&R/4232 D (Pensions/Services) dated 6-6-1967	Extending the benefits of Air Force Instruction 6 S 64 to Low Medical Category personnel of AIR FORCE
7	Army Instruction 90/67 Navy Instruction 55/67 Air Force Instruction 44/67.	Revision of the rates of disability element of disability pension.
8	Government of India, Ministry of Defence letter No. 92528/AG/PS4(a)/4402/D (Pensions Services) dated 6-6-67.	Grant of temporary increase and <i>ad hoc</i> increase in pension to State Forces pensioners at Indian Army rates.
9	Government of India, Ministry of Defence letter No. 81026 CB/AG/PS4(a)/2157 D (Pensions/Services) dated 21-3-1967	Payment of temporary increase and <i>ad hoc</i> increase in pension to Ex-State Forces pensioners of COOCH-BEHAR State.

Statement showing the adjustments made in March, March (Final) and March (Supplementary) Accounts during 1965-66, 1966-67 and 1967-68.

	March	March (Final)	March (Supple- mentary)	Total
	Rs.	Rs.	Rs.	Rs.
(1965-66)				
Army	4,69,37,228	1,56,01,137	1,64,427	6,27,02,792
Navy	10,54,349	1,54,750	2,050	12,11,149
Air Force	1,80,192	1,13,381	4,065	2,97,638
TOTAL	4,81,71,769	1,58,69,268	1,70,542	6,42,11,579
(1966-67)				
Army	4,92,79,858	2,13,80,607	72,800	7,07,33,265
Navy	11,39,664	13,56,206	1,353	14,97,223
Air Force	1,98,225	1,83,972	1,831	3,84,028
TOTAL	5,06,17,747	2,19,20,785	75,984	7,26,14,516
(1967-68)				
Army	5,23,40,763	2,63,81,675	3,11,999	7,90,34,437
Navy	11,34,573	4,20,124	12,595	15,57,292
Air Force	4,89,989	3,56,617	729	8,47,335
TOTAL	5,39,65,325	2,71,58,416	3,15,323	8,14,39,064

APPENDIX V

Note for regularisation of Excess expenditure over Grant No. "21—Stamps" as disclosed in the Appropriation Accounts (Civil), 1967-68.

The actual expenditure against the Grant "No. 21—Stamps" exceeded the sanctioned grant by Rs. 14,04,444 as indicated in the Table below:—

(In Rupees)		
Total Grants	Actual Expenditure 1967-68	Excess (+)
4,27,58,000	4,41,62,444	14,04,444

The excess occurred mainly under the group head 'B.1(1)-Press Charges'—Rs. 15.17 lakhs. This was chiefly due to the provisional assessment of duty by the Customs authorities in respect of imported stores in the absence of invoices. The provision in the Budget Estimates was, however, correctly made on the cost of the goods, as known at the time of framing the estimates. These estimates were not revised, as the bills in respect of the duty assessed were received with the vouchers for debits raised by the Accountant General, Maharashtra in March, 1968—I and II Supplementary Accounts, i.e. after 31st March, 1968 when no provision could be made for additional funds.

The Customs authorities charged duty amounting to Rs. 31.77 lakhs, as against the correct assessment of Rs. 16.37 lakhs. Immediately after the adjustments in respect of assessed customs duty were carried out in the cash accounts, claims were preferred for the refund of the excess duty. Out of a total of 16 items, 14 claims to the extent of Rs. 14.31 lakhs have since been settled and only two claims involving Rs. 1.09 lakhs are pending.

But for the excess adjustment of Rs. 15.40 lakhs during 1967-68 referred to above, there would have been actually a minor saving of about Rs. 0.23 lakh under this group head. Taking into account

minor excesses and savings under other group heads, the net excess under this Grant, however, works out to Rs. 14,04,444.

It is requested that this uncovered excess of Rs. 14,04,444 under the Grant be now recommended for regularisation under Article 115 of the Constitution of India.

This note has been vetted by Audit.

APPENDIX VI

No. F.7(9)-B/68

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

SUBJECT:—*Note for Regulation of Excess in Voted portion of Grant No. 26-Pensions and Other Retirement Benefits in Appropriation Accounts (Civil) 1967-68.*

	Rs.
Original Grant (Voted)	6,15,20,000
Supplementary Grant	63,64,000
	<hr/>
Final Grant	6,78,84,000
Actual Expenditure	7,00,10,534
Excess	21,26,534

The excess which is the net result of excesses and savings under the various sub-heads of the grant occurred mainly under the 'Voted' portion of the sub-heads 'A.—Superannuation and Retired Allowances' (Rs. 19.81 lakhs) and 'G.—Family Pensions' (Rs. 5.11 lakhs) counter-balanced by savings chiefly under the sub-heads 'D.—Gratuities' 'F.—Contribution for Pensions and Gratuities', 'I.—Pensions, etc. under War Risk Compensation Scheme' and 'J.—Donations to Provident Funds' leaving an overall excess of Rs. 21.26.534 in the grant.

2. The expenditure under this grant is somewhat of an unpredictable nature since it is not possible to anticipate precisely the payments of pensions and family pensions to be made during the year. The estimates and final grant are fixed generally on the basis of the information furnished by the various Accounts Officers who in turn base them on the trend of past and current actuals and such other information as may be available with them. The excess has been caused by more drawal of pensions, family pensions, etc. than anticipated. In the circumstances, the excess may kindly be recommended for regularisation under Article 115 of the Constitution.

3. This has been seen by Audit.

APPENDIX VII

GOVERNMENT OF INDIA

MINISTRY OF HEALTH AND FAMILY PLANNING

Note for regularisation of excess over Grant No. '38—Ministry of Health & Family Planning', as disclosed in the Appropriation Accounts (Civil) for 1967-68.

The amount expended in excess of the Grant was Rs. 7,973 as shown below:—

		Rs.
Voted Grant	O.	34,41,000
	S.	1,85,000
	TOTAL	36,26,000
	Expenditure	36,33,973
	Excess	7,973

The details of the excess by groups-heads are indicated below:—

<i>Group-heads</i>	<i>Final Grant</i>	<i>Expenditure</i>	<i>Excess (+) Saving(—)</i>
	Rs.	Rs.	
A. 1.—Department of Health	28,12,300	28,31,400 (+)	19,100
A.2.—Department of Family Planning	8,01,000	8,02,573 (+)	1,573
A. 3.—Grants-in-aid, Contributions etc.	12,700		(—) 12,700
TOTAL			(+) 7,973

The reasons for the excess under the group-heads 'A.1—Department of Health' and 'A.2—Department of Family Planning' are given below:—

Group-head 'A.1—Department of Health'

The excess expenditure is mainly attributable to receipt late in the year, of arrear telephone bills from Delhi Telephone authorities. The expenditure was not anticipated earlier.

Group-head 'A.2—Department of Family Planning'

The excess is mainly due to the payment of additional Dearness Allowance sanctioned during the year. No supplementary grant was asked for that purpose, as it was anticipated that this would be met from within the sanctioned budget provision.

The total excess of Rs. 20,673 under the group-heads 'A.1—Department of Health' and 'A.2—Department of Family Planning' was partly counterbalanced by a saving of Rs. 12,700 under the head 'A.3—Grant-in-aid etc. leaving a net excess of Rs. 7,973 which requires to be regularised.

It is requested that the overall excess of Rs. 7,973 which is only 0.22 per cent of Final Grant, may be recommended for regularisation under article 115 of the Constitution.

This note has been vetted by the Audit.

APPENDIX VIII
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

Note showing the amount expended in excess of the Grant for the year ended 31st March, 1968 in respect of Grant No. 49—Delhi for 1967-68 in the "Charged Section".

	Rs.
Original Grant	9,56,000
Supplementary Grant	2,73,000
Final Grant (Charged)	12,29,000
Actual Expenditure (Charged)	14,67,106
Excess (Charged)	2,38,106
Amount surrendered during the year	9,200

The excess occurred mainly under the following heads :—

	<u>Final Grant</u>	<u>Expenditure</u>	<u>Excess (+)</u>
	Rs.	Rs.	Rs.
MAJOR-HEAD "21"			
B. 2.—Administration of Justice :			
B. 2(1).—High Courts			
B. 2(1)(1).—High Courts and Chief Courts			
B. 2(1)(1)(1).—Delhi High Court			
B. 2(1)(1)(1)(1).—Pay of Officers			
O.	Rs. 28,600		
S.	Rs. 42,000		
R.	Rs. 26,400	97,000	1,57,700
			60,700

		Final Grant	Expenditure	Excess (+)
		Rs.	Rs.	Rs.
B. 2(1)(1)(1)(3).—Allowances, Hon. etc.:				
O.	3,34,400			
S.	84,800			
R.	14,900	4,34,100	4,91,900	57,800
B. 2(1)(1)(1)(4).—Other Charges :				
O.	1,00,000			
S.	86,000			
R.	21,000	2,07,000	3,51,088	1,44,088
O.	4,63,000			
S.	2,12,800			
R.	62,300	7,38,100	10,00,688	2,62,588

2. The above excesses are attributable to the following:—

(i) The Delhi High Court came into existence on the 31st October, 1966 and its jurisdiction was extended to Himachal Pradesh with effect from 1-5-1967, resulting in the abolition of the Court of Judicial Commissioner at Simla from that date.

To start the functioning of a Circuit Bench of the Delhi High Court at Simla with effect from 1-5-1967, the staff of the Judicial Commissioner's Court was taken over by the High Court. However, the provision for these posts which was made in the revised estimates for 1967-68 on an *ad-hoc* basis proved inadequate due to the incumbents drawing higher rates of pay than assumed. The inadequacy of the provision came to notice after the close of the financial year when no action to augment the provision could be taken. Further, certain posts were converted into gazetted ones, leading to larger expenditure under 'Pay of Officers', off-set by a corresponding saving (Rs. 11,300) under 'Pay of Establishment'. The expenditure under 'Pay of Officers' exceeded the sanctioned grant by Rs. 60,700 and under 'Allowances, Hon. etc.' by Rs. 57,800.

(ii) In July, 1967 sanction was accorded to the Delhi High Court incurring expenditure on Contingencies amounting to Rs. 2,07,000. Under some mis-apprehension, this sanction was construed as authorising an additional allotment of funds amounting to Rs. 2,07,000

over the original budget grant of Rs. 1,00,000, that is to say, a total allotment of Rs. 3.07 lakhs, and contingent expenditure to this extent was incurred without asking for additional funds, thus resulting in an excess expenditure of Rs. 1 lakh under 'Other Charges'. The balance excess of Rs. 44,088 under this sub-head was mainly due to the following:—

(a) Adjustment of past liabilities viz, payment of Rs. 36,080 to the Hindustan Housing Factory; and

(b) Unanticipated book adjustments relating to the purchase of bicycles, steel cup-boards and electrical fittings during 1966-67 (Rs. 7,780).

3. The aforesaid excesses of Rs. 2,62,588 were set off to the extent of Rs. 24,482 by savings under other sub-heads of the Grant leaving a net excess of Rs. 2,38,106.

4. It is requested that the excess of Rs. 2,38,106 may be recommended for regularization under Article 115 of the Constitution.

5. Audit has vetted this note.

APPENDIX IX
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

Note regarding the amount expended in excess of the Grant for the year ended March, 1968 in respect of Grant No. 51—Andaman and Nicobar Islands (Voted).

	Rs.
Original Grant	6,32,49,000
Supplementary Grant	46,87,000
Final Grant	6,79,36,000
Actual expenditure	7,43,86,697
Excess	64,50,697

The excess occurred under the following heads and for the reasons given below:—

	Final Grant	Expenditure	Excess
	Rs.	Rs.	Rs.
<i>C. Social and Developmental Services :</i>			
<i>C. 2.—Medical—</i>			
<i>C. 2(2).—Hospitals and Dispensaries :</i>			
	Rs.		
O.	14,51,700		
R. (+)	1,300	14,53,000	18,60,121
			4,07,121

The excess was due to drawal of arrears of pay and allowances of certain officers, filling up of vacant posts, enhancement in the rates of Dearness Allowance, adjustment of recovery claims relating to previous years, payment made towards construction of bodies

of three Ambulance Cars and payment towards the cost of medicines indents for which were placed during the previous years.

E. Public Works (Including Roads) and Schemes of Misc. Public Improvements :

E. 1.—Public Works :

E. 1(2).—Repairs :

E. 1(2)(1).—Buildings :

	Rs.			
O.	8,00,000			
R. (+)	3,00,000	11,00,000	12,89,015	1,89,015

The original provision of Rs. 8,00,000 under the above head was enhanced to Rs. 11,00,000 by reappropriation due to more expenditure anticipated on repairs to buildings. The actual expenditure, however, amounted to Rs. 12,89,015 resulting in an excess of Rs. 1,89,015 over the final grant of Rs. 11,00,000. This excess was mainly due to extensive repairs to buildings caused by unprecedented heavy rains during the year 1967.

E. 1(2)(2).—Communications :

	Rs.			
O.	4,50,000			
R. (+)	4,50,000	9,00,000	10,97,947	1,97,947

In the original budget for 1967-68, a provision of Rs. 4,50,000 was made for expenditure on repairs to roads in the Islands. At the time of final review of the grant, the sanctioned budget was found insufficient and an additional amount of Rs. 4,50,000 was provided by reappropriation due to more expenditure anticipated on repairs to the roads. The actual expenditure, however, exceeded the the final grant by Rs. 1,97,947 due to unprecedented heavy rains and frequent land-slips necessitating essential repairs so as to keep the roads fit for vehicular traffic. Had these repairs been postponed to next year, there would have been further deterioration in the condition of the already damaged roads thus making the roads risky for vehicular traffic and entailing even more expenditure on the repairs.

E. 1(5).—*Suspense* :

E. 1(5)(1).—*Stock* :

E. 1(5)(1)(1).—*Charges* :

	Rs.	Rs.	Rs.	Rs.
O.	60,00,000			
R. (+)	7,00,000	67,00,000	92,49,669	25,49,669

The cost of Stores actually received during the year is initially adjusted under the 'Suspense' head and subsequently recovered from the works to which the stores are actually issued. Against the original budget of Rs. 60,00,000, an additional amount of Rs. 7,00,000 was provided by reappropriation to accommodate more adjustment under this head than anticipated earlier. However, the actual amount booked under this head exceeded the final grant by Rs. 25,49,669 due to the following reasons:

- (i) Receipt of more stores than anticipated during the closing stages of the year for which indents had been placed during 1963 onwards;
- (ii) More inter-divisional movement of stores at the end of the year than anticipated;
- (iii) Taking over of Stores viz. Petrol, H.S.D. Oil, Cement and other building material etc. from Army by Andaman P.W.D. in March, 1968 consequent upon winding up of work services by M.E.S. at Car Nicobar. The liability on this account (about Rs. 10 lakhs) was not known when the final requirements of funds were assessed owing to slow means of communication with Car Nicobar.

E. 1(5)(2)—*Other Suspense Accounts*:

E. 1(5)(2)(1)—*Charges*:

O.	65,00,000			
R.(—)	26,61,000	38,39,000	60,88,455	22,49,455

This is also a suspense head through which transactions are passed on to other final heads of expenditure. At the time of final review of the grant during March, 1968, on the basis of actual adjustments upto the end of January, 1968 and anticipated adjustments during the remaining months, the total expenditure under this head was estimated at Rs. 38,39,000. An amount of Rs. 26,61,000 was, there-

fore, reappropriated from this head bringing down the final grant of Rs. 38,39,000. But due to adjustment of old A.G's Memos and clearance of cash settlement suspense accounts representing issue of stores and truck hire charges, etc., the actual expenditure booked under this head exceeded the final grant by Rs. 22,49,455.

E. 2-Capital Outlay on Public Works:

E. 2(1)-Original Works—Buildings:

Rs				
O	27,00,000			
R. (—)	5,56,200	2,43,800	24,49,778	3,05,978

Out of the original grant of Rs. 27,00,000, an amount of Rs. 5,56,200 was withdrawn on account of non-execution of certain plan works pending selection of sites. However, the actual expenditure amounted to Rs. 24,49,778 resulting in an excess of Rs. 3,05,978. Excess of Rs. 2.00 lakhs (approx.) was due to the assumption of slow progress of works made in the final grant proving part'y incorrect. Balance was due to adjustment of unforeseen old hire charges bills of trucks etc. used in the works.

F. Transport & Communications: (Other than Roads)

F. 1—Ports & Pilotage:

F. 1(2)-Misc. Shore Establishment:

Rs				
O	28,07,000			
S	4,76,900			
R	5,63,400	38,47,300	42,47,889	4,00,589

The original budget grant was enhanced by obtaining a Supplementary Grant of Rs. 4,76,900 under this head to meet additional expenditure on the purchase of stores as well as for meeting the cost of stores received during the year in respect of the indents placed during past years. As the time of final review of the grant during March, 1968, the existing grant was found insufficient and an additional amount of Rs. 5,63,400 was provided by reappropriation due to increase in the rates of Dearness Allowance and payment of Over-time Allowance to more staff than originally anticipated, adjustment of more works vouchers relating to past years and increase in the cost of fuel and other stores. The actual expenditure, however, exceeded the final grant by Rs. 4,00,589 under this head mainly due to adjustment of old debit vouchers towards the close of the year in respect of purchase of H.S.D. Oil and Motor spirit for which indents were placed during 1965-66 and 1966-67.

F. 2-Road & Water Transport Schemes:

F. 2(1)-Motor Transport Organisation:

O	8,72,500			
R. (+)	16,003	8,88,800	9,91,122	1,02,323

An amount of Rs. 16,300 was provided by reappropriation on account of increase in the rates of Dearness Allowance and more expenditure anticipated on overtime allowance to the staff. However, the actual expenditure exceeded the final grant by Rs. 1,02,322. The excess expenditure was mainly due to adjustment of recovery claims pertaining to 1966-67 during March, 1968.

G. 3—Forests:

G. 3(1)—Conservancy & Works:

G. 3(1) (1)—Timber and other produce removed from the forest by Govt. Agency:

O	91,40,000	91,40,000	98,82,582	7,42,582
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A provision of Rs. 91,40,000 was made to meet the cost of departmental extraction of timber. The expenditure under this head, however, exceeded the sanctioned grant partly due to increase in the rates of adjustment of arrears of freight charges for carriage of timber (Rs. 2.45 lakhs) which had been enhanced with effect from 1st February, 1967 and partly due to adjustment of expenditure relating to past year during 1967-68 (Rs. 4.98 lakhs).

The excesses under the above heads were counter-balanced to some extent by savings under other group-heads, bringing down the net excess under the Grant as a whole to Rs. 64,50,698 which may kindly be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution.

The note has been vetted by Audit.

APPENDIX X

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

*Note for regularisation of the excess in respect of Grant No. '52--
Tribal Areas' (Voted) for 1967-68.*

The amount expended in excess of the Voted Grant was Rs. 93,75,374 as shown below:—

	Rs.
Original Grant	21,73,23,000
Supplementary Grant	76,73,000
Final Grant	22,49,96,000
Actual Expenditure	23,43,71,374
Excess	93,75,374

The excess of Rs. 93,75,374 is the net result of excesses and savings under the various heads of the Grant. The excesses occurred mainly under the following heads for the reasons given below:—

Major Head "23"	Final Grant	Expenditure	Excess
(Figures in lakhs of Rupees)			

A. 2.—*Police*

A. 2(1).—*Frontier Constabulary & Militia.*

A 2(1)(1).—*Assam Rifle*

O.	1001.56	}	1032.19	1042.57	(+)	10.38
S.	30.56					
R.	0.07					

The excess was due to certain adjustments in March 1968 (Supplementary) accounts on account of cost of supplies received

through Army sources at the fag end of the year as also in the earlier years. The adjustments were unexpected and hence necessary provision could not be made in time.

(Figures in lakhs of rupees)

A. 2(3).—*Miscellaneous*

		Final Grant	Expenditure	Excess
O.	95·00			
S.	30·00	121·43	166·36	(+) 44·93
R.	(—) 3·57			

An amount of Rs. 3.57 lakhs was reappropriated from this Group sub-head due to non-implementation of the Scheme for Civil Police. The excess, however, occurred mainly due to adjustment of book debits of over Rs. 41.00 lakhs on account of past years liabilities after the close of the financial year when no Supplementary Grant or advance from the Contingency Fund of India could be taken to cover the excess expenditure.

(Figures in lakhs of Rupees)

Major Head "28"	Final Grant	Expenditure	Excess	
<i>B. 1.—Education</i>				
<i>B. 1(1).—General :</i>				
<i>B. 1(1)(1).—Miscellaneous :</i>				
O.	52·68	58·35	63·62	(—) 5·27
R.	(+) 5·67			

The excess was mainly due to grant of Dearness Allowance at increased rates which could not be anticipated earlier and also due to grant of advance increments to some graduate teachers, who completed B.T. training.

(Figures in lakhs of Rupees)

Major Head "29"	Final Grant	Expenditure	Excess	
<i>B. 2.—Medical</i>				
<i>B. 2(1).—Miscellaneous</i>				
O.	48·07			
R.	(—) 2·02	50·09	62·75	(+) 12·66

The excess was mainly due to discharge of certain liabilities of the previous year, drawal of arrears of pay by certain personnel in the revised scales, payment of Dearness Allowance at enhanced rates and increased expenditure under travelling allowance owing to extensive touring by the National Smallpox Eradication Programme staff.

(Figures in lakhs of Rupees)

Major Head "50"	Final Grant	Expenditure	Excess
D. 1.— <i>Public Works</i> :			
D. 1(2).— <i>Repairs</i> :			
D. 1(2)(1).— <i>Buildings</i> :			
O.	19.78	20.10	33.37 (+) 13.27
R.	(+) 0.32		

The excess is mainly due to urgent repairs having been undertaken to avoid collapse of ordinary Basha type buildings during the monsoon.

(Figures in lakhs of Rupees)

	Final Grant	Expenditure	Excess
D. 1.— <i>Public Works</i> :			
D. 1(2).— <i>Repairs</i> :			
D. 1(2)(2)(2).— <i>Other Communications</i> :			
O.	27.00	30.00	36.91 (+) 6.91
R.	() 3.00		

The excess was mainly due to unanticipated increased expenditure on clearance of land-slips and renewal of log bridges that had been washed away during the rains. Such works had to be undertaken to avoid dislocation in communications in politically important Areas.

Final Grant	Expenditure	Excess
(Figures in Lakhs of Rs.)		
D. 1.— <i>Public Works</i>		
D. 1(4)— <i>Tools & Plant</i>		
O. 20.00		
(+) 5.00	25.00	29.42 (+) 4.42

The excess was mainly due to unanticipated receipt of one T.M.B. Truck and purchase of more tools and plants than anticipated for proper maintenance of Road works in NEFA.

Final Grant	Expenditure	Excess
	(Figures in Lakhs of Rs.)	
D. 1— <i>Public Works</i>		
D. 1(6)— <i>Suspense</i>		
O. 78.20 } R. 8.20 } 86.20	120.03	33.83

The excess was due partly to receipt of some indented materials which were not anticipated earlier (Rs. 20.89 lakhs) and partly to unanticipated adjustment of advance payments for materials supplied (Rs. 12.94 lakhs).

Extra expenditure was anticipated under some group heads in the grant (including the group-heads B.2(1), D.1(2)(1) and D.1(2)(2) at the time of the ten-monthly review of the Grant. However it was noticed that against the total final Grant of Rs. 2249.96 lakhs, NEFA Administration had been able to spend Rs. 1338.52 lakhs only during the first ten months of the year leaving a balance of Rs. 911.44 lakhs which was considered sufficient to meet the expenditure during the remaining two months of the year including the anticipated excess expenditure under these heads. This expectation, however, did not materialise.

The above excesses amounting to Rs. 131.67 lakhs as well as minor excesses under some other heads were partly counter balanced by savings under some heads of the Grant, bringing down the net excess in the Grant as a whole to Rs. 93.75,374.

It is requested that this excess expenditure may be recommended for regularization by Parliament under Article 115 of the Constitution.

This note has been seen by Audit.

APPENDIX XI

GOVERNMENT OF INDIA

MINISTRY OF INFORMATION AND BROADCASTING

Note for regularisation of excess over voted Grant No. '60—Ministry of Information and Broadcasting' for the year 1967-68.

The actual expenditure against the Grant No. '60—Ministry of Information and Broadcasting' exceeded the grant by Rs. 31,658, as indicated in the Table below:—

Original Grant	Supplementary Grant	Total Grant	Actual Expenditure	Excess
Rs.	Rs.	Rs.	Rs.	Rs.
8 22,000	2 48,000	20,70,000	21,01,658	(+ 31,658

The details of actual expenditure are as follows:—

Sub-head	Final Grant	Actual Expenditure	Excess (+) Savings (—)
	Rs.	Rs.	Rs.
<i>A—Secretariat.</i>			
A—1 Pay of Officers.	5,23,500	5,27,840	(+ 4,340
A—2 Pay of Estt.	5,95,100	5,94,134	(—) 966
A—3 Allowances, Hon. etc.	6,42,500	6,68,250	(+ 25 750
A—4 Other Charge.	3,08,900	3,11,434	(+ 2,534
Total	<u>20,70,000</u>	<u>21,01,658</u>	<u>(+) 31,658</u>

2. The reasons for the excess under the various sub-heads are explained hereunder:—

(i) *Pay of Officer (+) Rs. 4,340*

Out of the excess of Rs. 4,340 under this sub-head, an amount of Rs. 1,244 is due to a wrong adjustment of the pay and allowances for the period from 12th February to 29th February, 1968 of an officer who did not belong to this Ministry. The amount was adjustable under Grant No. '62—Other Revenue Expenditure of the Ministry of

Information and Broadcasting under which there is a saving of Rs. 16, 18, 386 as per Appropriation Accounts 1967-68. In conformity with the recommendations contained in para 7 of Sixteenth Report of the Public Accounts Committee (First Lok Sabha) this amount may be excluded from the scope of regularisation by Parliament. This position has also been accepted by the A.G.C.R., New Delhi. Excluding this amount, the excess under this sub-head is Rs. 3, 096 only which is mainly due to the adjustment in March 1968 Final accounts of the pay and allowances of an officer transferred to the Ministry of Information and Broadcasting from the Directorate of Advertising and Visual Publicity in December, 1967. As the debits were adjusted after the close of the year, no action to provide additional funds could be taken.

(ii) Allowances, Hon. etc. (+) Rs. 25, 750

The excess is mainly due to larger expenditure than anticipated on travelling allowance and overtime allowance towards the close of the year. More frequent tours, mostly by air, had to be undertaken in public interest by certain officers and personal staff of Ministers, etc.

(iii) Other Charges (-) Rs. 2, 534

The excess is mainly due to non-inclusion of a liability of Rs. 2, 084 in the departmental figure due to oversight. As the amount was adjusted by the Accounts Officer in March, 1968 (Supplementary) accounts after the close of the financial year, it was too late to arrange for funds to cover the excess.

After excluding the amount of Rs. 1, 244 representing the wrong adjustment referred to above, the net excess requiring regularisation works out to Rs. 30, 414 which is only 1.47% of the Final Grant. It is requested that this excess may be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution of India.

This note has been vetted by audit.

APPENDIX XII

GOVERNMENT OF INDIA

MINISTRY OF LAW

Note for regularisation of excess expenditure over voted Grant No. '71—Ministry of Law' as disclosed in the Appropriation Accounts (Civil), 1967-68.

The Appropriation Accounts of Grant No. '71—Ministry of Law' disclose an excess of Rs. 92,584 as shown below:—

<i>Final Grant</i>	<i>Actual Expenditure</i>	<i>Excess</i>
Rs.	Rs.	Rs.
32,34,900	63,26,584	92,584

2. The excess which is the net result of excesses and savings under the various sub-heads in the grant occurred mainly under the group head 'A.3—Law Commission'. The factors which led to the excess expenditure of Rs. 1.18 lakhs under the above group head are explained below:—

- (i) The excess is mainly due to T.A. and D.A. amounting to Rs. 1.24 lakhs in respect of Secretary, Department of Legal Affairs, and his personal staff on account of tours abroad undertaken by them in connection with the work of the Kutch Tribunal. Though the Secretary and his personal staff were on the strength of the Department of Legal Affairs, Ministry of Law, they were exclusively employed on the work relating to the Kutch Tribunal which was under the administrative control of the Ministry of External Affairs. The work of the Kutch Tribunal with its headquarters at Geneva was of such a nature that its course as well as the number of tours to be undertaken by the officers and staff connected therewith could not be foreseen. No provision was, therefore, made in the budget of the Ministry of Law for the expenditure on

T.A. and D.A. of the officers and staff of this Ministry who worked on the Kutch Tribunal. The excess is also partly due to T.A. (Rs. 2,000) of the staff on the Gandhi Murder Commission which was set up by the Ministry of Home Affairs with Shri J. L. Kapur, Chairman, Law Commission, as its Chairman. The staff for the Gandhi Murder Commission was also provided by the Law Commission. No provision was made in the Law Ministry's Grant for the expenditure on T.A. and D.A. of the staff of this Commission. It was anticipated that the Gandhi Murder Commission may not have to undertake tours but would work at the Headquarters only namely, Delhi. However, a few tours had to be undertaken by them.

- (ii) Secretary, Department of Legal Affairs, was transferred as Member, Law Commission, on the 2nd January, 1967; but he continued to perform the duties connected with the work of the Kutch Tribunal and was away from India. The Law Commission could not anticipate the receipt of air passage bills in regard to his foreign tours, except for one bill for Rs. 8,579 received in May, 1967. Most of the debits on account of his T.A. and D.A. and those of his personal staff in connection with the work of the Kutch Tribunal were raised by the Accounts Officer in March, 1968—Preliminary and March 1968—Supplementary, Accounts when it was not possible to arrange for additional funds. As the Law Commission were not in possession of information relating to the air passage bills, they actually surrendered a sum of Rs. 16,500 at the time of finalisation of the Grant.
- (iii) As has been pointed out above, the Law Commission could not anticipate that heavy debits on account of T.A. and D.A. of the officers and staff connected with the work of the Kutch Tribunal would be raised at the end of the financial year; otherwise the Commission would not have surrendered the saving of Rs. 16,500 at the time of review of the grant and this Ministry would have taken steps to arrange for an advance from the Contingency Fund of India. The work relating to the 'Kutch Tribunal' was of a 'top-secret' nature and no information relating to the tours of the officers and staff connected therewith was available from the Ministry of External Affairs. That Ministry did not also request this Ministry to make any

provision for the T.A. and D.A. of the Secretary, Department of Legal Affairs, and his staff, in the Law Ministry's grant. By the time information became available from Audit. It was too late to take an advance from the Contingency Fund either. It is regretted that such a situation arose. Every effort will be made to avoid such situations in future.

3. The amount of the excess works out only to 1.48 per cent of the total budget provision of Rs. 62,34,000. It is requested that the excess of Rs. 92,584 over the sanctioned grant may kindly be recommended for regularisation under Article 115 of the Constitution.

4. This note has been vetted by Audit.

APPENDIX XIII

MINISTRY OF SHIPPING AND TRANSPORT (ROADS WING)

Note for submission to Public Accounts Committee regarding the regularisation of Excess over Voted Grant No. '83—Roads' as disclosed in the Appropriation Accounts (Civil) 1967-68.

Total Grant	Actual Expenditure	Excess
Rs.	Rs.	Rs.
14,60,51,000	14,78,99,544	(+)18,48,544
Amount surrendered during the year	17,37,000	

The excess of Rs. 18,48,544, which is the net result of excesses and savings under the various sub-heads in the Grant, occurred mainly under the Group-Heads 'D.1—Maintenance of National Highways' (Rs. 35,80,583) and 'D.3—Maintenance of Border Roads' (Rs. 4,32,923). There was also a small excess of Rs. 30,223 under the Group-Head 'C.1—Construction of Border Roads'. The reasons for the excess are explained hereunder:—

(i) *Sub-head 'C.1—Construction of Border Roads'*

The excess of Rs. 30,223 was mainly due to additional expenditure having been incurred on restoration of damages caused to roads in the border areas by heavy rains.

(ii) *Group Head 'D.1—Maintenance of National Highways'*

A provision of Rs. 700 lakhs was made under this Group-head in the Budget Estimates and the allotments to the States were restricted to this amount. The expenditure booked under the Grant, however, amounted to Rs. 7,35,80,583, revealing an excess of Rs. 35,80,583 under this Group-head. There was excess expenditure totalling Rs. 39,23,155 in certain States, as shown below:—

Andhra Pradesh (Rs. 1,44,738), Assam (Rs. 8,09,571), Nagaland (Rs. 67,514), Manipur (Rs. 5,56,635), CPWD (Rs. 2,940)

Bihar (Rs. 39,051), Gujarat (Rs. 1,37,355), Maharashtra (Rs. 1,13,515), Madhya Pradesh (Rs. 12,48,586), Mysore (Rs. 40,696), Orissa (Rs. 2,97,326), Rajasthan (Rs. 39,145), U.P. (Rs. 3,88,480), W. Bengal (Rs. 37,012) & Delhi (Rs. 591).

As a result of savings amounting to Rs. 3,42,572 in other States, the net excess under this Group-head was reduced to Rs. 35,80,583. Expenditure to the tune of Rs. 1,33,246 correctly adjustable under Grant No. 135.—Capital Outlay on Roads (voted) in which there is an overall saving of Rs. 2,94,93,718 as per the Appropriation Accounts, was misclassified and wrongly adjusted under this Grant in Assam and Nagaland (Manipur) Circle of Account. Likewise, an expenditure of Rs. 17,212 was wrongly adjusted under this Grant in Mysore Circle of Account. This expenditure was correctly adjustable under Grant No. 15.—External Affairs in which also there is a saving of Rs. 16,52,615 as per the Appropriation Accounts. In conformity with the recommendations contained in paragraph 7 of Sixteenth Report of the Public Accounts Committee (First Lok Sabha), these amounts may be excluded from the scope of regularisation by Parliament. This position has also been accepted by the A.G.C.R., New Delhi. The remaining excess of Rs. 34,30,125 was mainly due to the fact that the States had to incur extra expenditure on unavoidable repairs in order to keep the lines of communications in tact.

Further misclassifications to the extent of Rs. 2,28,556 have been pointed out by Audit in the Assam and Nagaland Circle of account under Group-head D.1. However, these are still under verification by the A.G., Assam & Nagaland who is awaiting full details of the expenditure from the Government of Manipur. The amount, if any, which is finally established as misclassified may also require exclusion from the excess of Rs. 34,30,125 referred to above. A further submission will be made to the Public Accounts Committee in this regard as soon as the position is intimated by Audit finally.

(iii) *Group-Head 'D.3--Maintenance of Border Roads'*

The original provision under this Group-head was Rs. 2,18,88,000. An amount of Rs. 27,89,000 was surrendered/reappropriated from this head due to transfer of certain border roads for maintenance from Scale I to Scale II and reduction in the allocation for maintenance, leaving the final provision as Rs. 1,90,99,000. The actual expenditure, however, exceeded this amount by Rs. 4,32,923. The excess was mainly due to restoration of damages caused to roads in the border areas by the unprecedented rains and snowfall during 1967-68.

2. The road works under the administrative control of this Ministry are executed through the agencies of the State Public Works Departments and the Central Public Works Department. Provision in the budget is made on the basis of estimates received from the various executing agencies. The Government of India invariably impress upon the States the need for restricting the expenditure to the amount of the allotment and this stipulation is also made in letters sanctioning the allotment of funds. In view of these instructions, it was not expected that the grant would be exceeded. In the absence of any firm indication from the States about the likelihood of additional expenditure being incurred by them upto the end of January, 1968, no steps could be taken to obtain Supplementary Grant. For the same reason, an advance from the Contingency Fund of India could also not be obtained. Some of the States, however, failed to restrict the expenditure to the allotment made to them.

3. In accordance with the existing instructions, the State Governments are required to furnish monthly returns of expenditure against the grants sanctioned by the Government of India. These returns are scheduled to be received by the 20th of the month following the one to which they relate. Experience has, however, shown that the submission of these returns by the States is not very regular. In pursuance of the recommendations of the Public Accounts Committee in para 2.35 of their Twelfth Report (Fourth Lok Sabha) necessary follow-up instructions were issued to the States in April, 1968 and the imperative need for the prompt submission of monthly returns of expenditure against the allotments was once again impressed upon them. A further attempt to restrict expenditure to the amount of the sanctioned grant is also being made through the Regional Offices set up in the various regions and it is hoped that the position would improve in future. In the light of the observations made by the Public Accounts Committee (Fourth Lok Sabha) in their Thirty-first Report, certain additional measures to tighten the control further are also under the active consideration of the Government of India.

4. After excluding the amount of Rs. 1,50,458 representing the misclassifications referred to above, the net overall excess under this Grant requiring regularisation works out to Rs. 16,98,086. It is requested that this excess, which occurred due to the reasons explained above, may be recommended for regularisation under Article 115 of the Constitution.

5. This note has been vetted by Audit.

No. B-29(3)/69

MINISTRY OF SHIPPING AND TRANSPORT
(ROADS WING)

Dated New Delhi, the 12th June, 1969

SUBJECT:—Regularisation of Excess over voted Grant No. '83-Roads as disclosed in the Appropriation Accounts (Civil) for 1967-68.

Reference is invited to this Ministry's 'Note' regarding the regularisation of Excess in Grant No. '83-Roads' for 1967-68, forwarded to the Lok Sabha Secretariat under Ministry of Finance, Budget Division's Office Memorandum No. F. 5(1)-B.69, dated the 15th May, 1969. In this 'Note', while explaining the excess of Rs. 35,80,583 under the Group Head 'D-1-Maintenance of National Highways', it was stated that the excess was partly due to misclassification of expenditure and that, whereas misclassifications to the tune of Rs. 1,33,246 and Rs. 17,212 under this Grant had been verified by Audit in Assam and Nagaland (Manipur) and Mysore Circles of Account, respectively, further misclassifications to the extent of Rs. 2,28,556 in the former circle of Account were still under verification by Audit. The Committee were informed that a further submission in this regard would be made to them as soon as the position was intimated finally by Audit.

2. The Accountant General, Assam and Nagaland, Shillong, has now intimated that, in all, a sum of Rs. 2,51,338 was misclassified and wrongly adjusted under this Grant in his Circle of Account. The misclassified amount was correctly adjustable under Grant No. '135-Capital Outlay on Roads' (Voted) in which there is an overall saving of Rs. 2,94,93,718 as per the Appropriation Accounts.

3. In conformity with the recommendations contained in paragraph 7 of Sixteenth Report of the Public Accounts Committee (First Lok Sabha), the amounts of Rs. 17,212 and Rs. 2,51,338 wrongly adjusted under this Grant in Mysore and Assam and Nagaland (Manipur) Circles of Accounts, respectively, may be excluded from the scope of regularisation by Parliament. The net overall excess under this Grant requiring regularisation, therefore, works out to Rs. 15,79,994 which may kindly be recommended by the Committee for regularisation under Art. 115 of the Constitution.

4 This note has been vetted by Audit.

APPENDIX XIV

No. 1-23/69-B

GOVERNMENT OF INDIA

DEPARTMENT OF COMMUNICATIONS

P. & T. BOARD

Dated, at New Delhi-1, the 15th May, 1969.

Note for regularisation of excess over voted "Grant No. 95—P.&T. Working Expenses" as disclosed in the Appropriation Accounts for the year 1967-68.

The final accounts for the year 1967-68 disclosed an excess of Rs. 1,24,24,596 over the Voted Grant No. 95—Posts and Telegraphs—'Workin Expenses' as detailed below:—

Amount of Voted Grant	Rs. 1,87,80,76,000
Actual Expenditure	Rs. 1,89,05,00,596
Excess over the grant	Rs. 1,24,24,596

2. The budget grant for 1967-68 was Rs. 1,75,64,51,000.

A supplementary grant of Rs. 12,16,25,000 was obtained in the February, 1968 Session of Parliament to meet additional expenditure due mainly to (1) increase in the rates of dearness allowance, sanctioned after the framing of budget estimates, to whole-time employees with effect from 1-2-1967, 1-6-1967 and 1-11-1967 and consequential increases in the rates of consolidated allowances to extra Departmental Postal employees (ii) anticipated larger expenditure on Maintenance of Assets and Petty and other works and (iii) larger transfer of collections of advance Rentals under OYT and other Schemes.

3. At the time of fixing the Final Grant, the actuals for the first

10 months were available and those compared with the actuals for the previous two years as given below:—

(Figures in Crores of Rs.)

Year	Actuals first 10 months	Actuals last 2 months	Total Expendi- ture
1965-66	97.44	46.38	143.82
1966-67	113.05	49.23	162.28
1967-68	130.30		

Against the sanctioned grant of Rs. 187.81 crores, the expenditure upto January, 1968 amounted to Rs. 130.30 crores leaving a balance of Rs. 57.51 crores which on the trend of actuals of the previous years was considered sufficient to meet the expenditure for the last two months of 1967-68. The actual expenditure during the last two months, however, amounted to Rs. 58.75 crores resulting in an excess of Rs. 1.24 crores (i.e. 0.66 per cent of the sanctioned grant).

4. The above excess of Rs. 1.24 crores over the voted grant was the net result of excesses and savings as indicated below:—

(Figures in lakhs of Rs.)

Head	Excess	Saving
Petty and other works	2.36	
Contribution to Telephone Development Fund		1.61
(Other heads)	49	
	<u>2.85</u>	<u>1.61</u>
Net Excess	1.24	

5. The reasons for the excesses and Savings are explained below:—

(A) *Petty and other works*

This head accommodates expenditure on Petty Works of a Capital nature met from Revenue. The actual expenditure under this head

upto January, 1968 amounted to Rs. 12.26 crores. This compared with the corresponding expenditure of the previous years as under:—

(Figures in Crores of Rs.)

Year	Actuals first 10 months	Actuals last 2 months	Total Expenditure
1965-66	8.07	4.34	12.41
1966-67	8.72	5.74	14.46
1967-68	12.26	..	..

The sanctioned grant under this head (including the supplementary grant of Rs. 1.35 crores) was Rs. 16.50 crores. Actual expenditure for the first 10 months amounted to Rs. 12.26 crores. The expenditure of the last two months of 1966-67 was Rs. 5.74 crores but this was rather high. It was estimated that the expenditure in the last two months of 1967-68 would be Rs. 4.63 crores. The Final Estimate was, therefore, raised to Rs. 16.89 crores by reappropriating to this head savings of Rs. 39 lakhs from other heads. Instructions were also issued to the Heads of Circles etc. to exercise economy in expenditure and to keep the expenditure within the grant. The actual expenditure in the last 2 months of 1967-68, however was Rs. 6.99 crores involving a net excess of Rs. 2.36 lakhs.

This excess of Rs. 2.36 lakhs was the result of the excesses and savings under the following units of Petty and other works.

(Figures in lakhs of Rs.)

Unit	Excess	Savings
I	2	3
II-A—Expenditure on Annual open Estimates and Petty works.		
Apparatus & Plant	5	
II-B—Expenditure on other Revenue works.		
Land		4

1	2	3
Telegraph & Telephone Lines & Radio Commu- nications	144	
Apparatus & Plant	100	
Net other units		9
	249	13
Net Excess	236	

The excess under "Expenditure on other Revenue Works—Telegraphs and Telephone Lines & Radio communication and Apparatus & Plant" was mainly due to (i) increase in issue price of Telecommunication line stores and apparatus and plant received for works and (ii) carrying out of more urgent revenue earning works such as meeting demands for providing telephone facilities and teleprinter and telex connections. The cumulative effect of these was known after the close of the year when the final accounts were closed, by which time it was too late to make reappropriation or obtain supplementary grant or apply for an advance from the Contingency Fund of India.

(B) *Other heads*

The excess of Rs. 49 lakhs was made up of the following excesses and savings.

Sub heads and units	Excess	Savings
1	2	3
CIA—Establishment and other charges paid to other Government, Department, etc.	13	
CCIB—Contingencies	6	
CC IV—Misc. stores and Workshop Expenditure	14	
I—Maintenance of Assets		
1. Repairs of Buildings	8	
2. Repairs of Telegraph and Telephone Lines and Radio Communications	67	
J-II—Post Offices	30	

1	2	3
CC-IA—General Store Depot		
(E) Freight on Depot Transfers and issues of stores		14
H-II—Stationery & Printing		22
Net other heads		53
	1,38 89	89
Net excess	49	

The excess under maintenance of assets was mainly due to increase in cost of labour and materials, and undertaking of more maintenance and repair works. The excess under J-II-Post Offices was mainly due to increase in rates of dearness allowance. Increase in the charges payable to the Central Bureau of Investigation resulted in the increase under CIA-Establishment and other charges paid to other Government. Departments etc. Larger adjustments for un-serviceable stores and for rate revision increased the expenditure under CC-IV-Misc. Stores and Workshop Expenditure. The small excess of Rs. 6 lakhs under CCII-B-Contingencies was due to more labour charges and overtime payments.

(C) *Savings*

(i) There was a saving of Rs. 1.61 lakhs under "Contribution to Telephone Development Fund". This head provides for transfer of an amount equivalent to the receipts of Advance Rentals under O.Y.T. and other Schemes to the Telephone Development Fund. The savings were due to lesser receipts of these advance Rentals than anticipated.

(ii) CCIA-General Store Depot—

(E) *Freight on Depot transfers and issue of stores.*

The savings of Rs. 14 lakhs were due to non-adjustment of Rail-way credit notes.

(iii) H III-Stationery and Printing.

The saving of Rs. 22 lakhs was due to less printing work done at Government and Private Presses than anticipated.

(iv) The balance of other savings was made up of small amounts under various other units.

6. It is requested that the net excess of Rs. 1,24,24,596 may be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

7. This has been seen by the Accountant General, Posts & Telegraphs.

APPENDIX XV

GOVERNMENT OF INDIA

DEPARTMENT OF PARLIAMENTARY AFFAIRS

Note for regularisation of excess over grant disclosed in the Appropriation Accounts (Civil) 1967-68 under Grant No. 100-Department of Parliamentary Affairs.

(All voted) 1967-68.

<i>Total Grant</i>	<i>Actual expenditure</i>	<i>Excess</i>
Rs. 6,00,000	Rs. 6,02,052	(+)Rs. 2,052

The excess is under the Sub-head 'Other Charges'. This minor excess occurred due to adjustment of debit of Rs. 2,483 on account of three typewriters purchased in March, 1968 for which no provision was made during the year 1967-68.

The excess is nominal ; it works out to 0.34 per cent. It may kindly be recommended for regularisation under Article 115 of the Constitution.

This note has been vetted by Audit.

APPENDIX XVI

No. F. 7(26)-B/68

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

New Delhi, the 16th April, 1969.

SUBJECT:—Regularisation of Excess in the Voted portion of Grant No. 117-Commuted Value of Pensions in the Appropriation Account for the year 1967-68.

	Rs.
Original Grant	3,57,98,000
Supplementary Grant	58,51,000
Final Grant	4,16,49,000
Actual Expenditure	4,29,67,710
Excess (—)	13,18,710

The Excess of Rs. 13,18,710 which is the net result of excesses and savings under the various sub-heads of the Grant occurred mainly under the sub-heads 'A.1(1)—Ordinary Pensions' (Rs. 3,16,301) and 'A.2.-Defence Services Pensions' (Rs. 10,82,913).

The estimates and the final grant under sub-head 'A.1(1)-Ordinary Pensions' are fixed on the basis of information furnished by the Accountant General, Central Revenues. Originally a provision of Rs. 10,00,000 was made, which, on the basis of the requirements intimated by the Accountant General, Central Revenues, was subsequently raised, by reappropriation of funds, to Rs. Rs. 11,00,000. However, the actual expenditure under this sub-head was Rs. 14,16,301 and exceeded the anticipated requirement by Rs. 3,16,301.

The estimates and the final grant under the sub-head 'A.2.-Defence Services Pensions' are fixed on the basis of the requirements inti-

mated by the Defence Accounts Officers. Originally a sum of Rs. 3,41,05,000 was provided under this sub-head; but at the time of finalising the Revised Estimates the requirements were placed at Rs. 3,99,05,000, which exceeded the original provision by Rs. 58,00,000, and this excess was duly covered by obtaining a Supplementary Grant. At the time of review of the Grant the expenditure was expected to go up further and a sum of Rs. 54,000 being the amount of savings available under other Sub-heads was reappropriated to this sub-head, thus fixing the final provision at Rs. 3,99,59,000. However, the actual expenditure was Rs. 4,10,41,913, thus resulting in an excess of Rs. 10,82,913 over the final provision.

The expenditure under this Grant is of an unpredictable nature, as it is not possible to anticipate precisely the commutation cases which would be received and finalised and also the bills which would be received and paid during the year. In the circumstances the excess may kindly be recommended for regularisation under Article 115 of the Constitution.

This has been seen by Audit.

APPENDIX XVII

No. F. 6(8)-B/69

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

New Delhi, the 21st April, 1969.

Memorandum

SUBJECT:—Excesses in the Appropriations as reported in the Appropriation Accounts for 1967-68 relating to the Ministry of Finance.

Grant No. 120—Loans and Advances by the Central Government.

	Rs.
Original Appropriation (Charged)	8,27,50,50,000
Supplementary Appropriation (Charged)	50,00,00,000
Final Appropriation (Charged)	8,77,50,50,000
Actual Expenditure (Charged)	8,79,81,58,243
Excess (Charged)	2,41,08,243

The Grant 'Loans and Advances by the Central Government' is a composite Grant covering the requirements of all Administrative Ministries and Union Territory Administrations for giving loans and advances, whether to State and Union Territory Governments with legislatures or to other parties. While the loans to State Governments are 'Charged' on the Consolidated Fund of India under Article 293 (2) of the Constitution, the other loans and advances are subject to the Vote of the Lok Sabha in terms of Article 113 (2) *ibid.* Further, though the Demand is presented on behalf of the Ministry of Finance, provisions for inclusion therein are proposed by almost all the Administrative Ministries and other authorities who operate on and control the respective allotments placed at their disposal, subject to reappropriations, where necessary, being made by Finance Ministry.

2. The excess occurred under the Sub-head 'A. 2 Other Ways and Means Advances' because the ways and means advances made to two States (*viz.* Maharashtra and Rajasthan) during the year for Plan Schemes exceeded the amounts formally sanctioned by the Ministries/Departments by way of Loans/Grants to those States for Plan Schemes, as explained below:—

Central assistance for State Plan and Centrally Sponsored schemes (excluding assistance for Irrigation and Power Projects and assistance released through the National Cooperative Development Corporation) is released in the form of monthly ways and means advances to the State Governments on the basis of the ceilings of assistance communicated to them at the commencement of each year. These advances are initially debited entirely to the Loan Head but are written back before the close of the year to the relevant Heads (Loans or Grants-in-aid as the case may be) on the basis of formal sanctions issued by the Ministries/Departments concerned. To the extent the Plan Ways and Means advances remain uncleared, those are treated as loans to the State Governments and recovered as in the case of other over-payments.

The allocations of Central assistance to States are determined on the basis of the outlays approved for the various sectors in the State Plans and for the Centrally Sponsored Schemes. If the approved outlays materialise, the entire Central assistance allocated to the States has to be paid to them. It was on this basis that Plan advances were released to the State Governments with reference to the ceilings of Central assistance communicated to them. However, due to short-falls in performance in two States under certain sectors *e.g.* Agricultural Production, Medical and Public Health, Housing, etc. ways and means advances to the extent of Rs. 5,01,65,698 sanctioned to them remained uncleared after adjustments on the basis of formal sanctions issued by the administrative Ministries/Departments had been carried out by the Accounts Officers. Immediate action was, however, initiated in the following year to effect the recovery of uncleared advances and interest thereon, as soon as these were brought to the notice of the Ministry of Finance by the State Accountants General and the Governments of Maharashtra and Rajasthan repaid the uncleared advances together with interest thereon during the year 1968-69.

3. The total excess of Rs. 5,01,65,698 was partly counter-balanced by saving of Rs. 2,60,57,455 under other provisions for loans to States leaving an uncovered excess of Rs. 2,41,08,243. The excess came to

light after the close of the year when it was not possible to provide additional funds.

4. The payments of Central assistance to States for implementing the schemes included in the State Plans will, with effect from 1969-70, be in the form of block grants and loans and will not be tied to individual Heads of Development. Moreover, formal sanctions except in the case of assistance released through the N.C.D.C., will be issued only by the Ministry of Finance and not by other Ministries. This would enable the Ministry of Finance to keep a better watch over the releases to the State Governments and would help in minimising the chances of ways and means advances remaining uncleared at the end of the year.

5. In view of the position explained above, it is requested that the excess of Rs. 2,41,08,243 over the sanctioned Appropriation may kindly be recommended for regularisation under Article 115 of the Constitution.

6. This Memorandum has been seen by Audit.

APPENDIX XVIII

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

Note for regularisation of excess over Voted Grant disclosed in the Appropriation Accounts (Civil) 1967-68 under Demand "No. 125- Other Capital Outlay of the Ministry of Home Affairs".

Amount expended in excess of the Grant for the year ended 31st March, 1968.

Voted : Seven lakhs, nineteen thousand, three hundred and sixty five.

Rs. Final Grant	Rs. Actual Expenditure	Rs. Excess
Original Grant Rs. 36,61,000		
Supplementary Grant Rs. 35,00,000	78,80,365	(+)7,19,365

2. The original provision of Rs. 36,61,000 under this Grant was augmented by Rs. 35,00,000 under the sub-head 'B.1(2)(2)-Construction of Buildings and other Works' subordinate to the Group-head 'B.1(2)-Border Security Force', by obtaining a Supplementary Grant in the November, 1967 Session of Parliament. Against the final grant of Rs. 71,61,000 the actual expenditure amounted to Rs. 78,80,365 leaving an uncovered excess of Rs. 7,19,365 which required to be regularised.

3. The excess which is the net result of excesses and savings under the various sub-heads in the Grant occurred mainly under the sub-head 'C.1(1)-Purchase and Distribution of Tear Smoke Material'. The actual excess under this sub-head was Rs. 12,90,475 and was due to adjustment in March 1968 (Supplementary) Accounts of debits for tear smoke material raised by the Chief Accounts Officer, India Supply Mission, Washington, in his accounts for May-August 1966. The funds for meeting bulk of this expenditure were provided in the year 1966-67 but remained largely unutilised, as

indicated below, owing to non-adjustment of the debits in that year.

	1966-67		Expendiure	Variation
	Final Provision			(Unutilised provision)
	Rs.		Rs.	Rs.
Original	5,00,000			
Re-appropriation	11,37,000		8,58,161	(—)7,78,839

4. Efforts were made to locate the missing debits in the office of the Accounts Officer concerned after ascertaining the particulars thereof from the India Supply Mission, Washington and the Pay and Accounts Officer, Department of Supply. As a result of these enquiries it transpired in March, 1968 that the debits in question were pending with the Accounts Officer concerned since August-November, 1966. Meanwhile these had been referred by the Accounts Officer to the Ministry in December, 1967 for classification and acceptance of the adjustment in the accounts for 1967-68. The classification was communicated to the Accounts Officer in January, 1968 but the adjustments were not carried out by him till the end of March, 1968. As the debits were pending with the Accounts Officer since 1966, the Ministry of Home Affairs were under the impression that these might not be adjusted during the remaining few months of the year and thus no provision was made for the purpose. The Accounts Officer was, however, requested on the 3rd April, 1968 to carry out the adjustments to the extent of funds available in the Grant and intimate the remaining amount required to be adjusted in the accounts for 1968-69 for arranging necessary funds in that year. The adjustments were carried out by the Accounts Officer for the full amount of debits in March, 1968 (Supplementary) Accounts. It was in these circumstances that the excess occurred and could not be covered by provision of additional funds in time by the Ministry.

5. The excess of Rs. 12,90,475 under the sub-head 'CI(1)' was off set to the extent of Rs. 5,71,110 by the savings under Other Sub-heads of the Grant leaving a net excess of Rs. 7,19,365.

6. It is requested that the uncovered excess of Rs. 7,19,365 may be recommended for regularisation under Article 115 of the Constitution.

7. This note has been vetted by audit.

APPENDIX XIX

MINISTRY OF INFORMATION AND BROADCASTING

Note for regularisation of excess expenditure over Grant No. '127 Capital Outlay of the Ministry of Information and Broadcasting', as disclosed in the Appropriation Accounts (Civil), 1967-68.

The Appropriation Accounts (Civil), 1967-68, have disclosed an overall excess of Rs. 5.673 in Grant No. '127-Capital Outlay of the Ministry of Information and Broadcasting'. The excess has arisen as a consequence of the adjustment in March, 1968 (Supplementary) accounts of the full amount of a debit of Rs. 6.42,834.60 p. under the head 'A-2 Equipment' of this Grant, although the debit included an amount of Rs. 97.365 pertaining to the then Maintenance Department now redesignated as Station Engineer, Central Stores, All India Radio, New Delhi, and adjustable under the major head '36-Broadcasting' (Grant No. '61-Broadcasting', subhead 'A.2(7)-Central Stores for Broadcasting Stations'). The debit containing a single voucher represented 10 per cent advance payment made by the Accounts Officer, High Commission of India in U.K., London in respect of 2 x 250 KW SW. Transmitter and spare parts and was incorrectly classified by this Ministry to the capital head indicated above instead of partly to the capital head (Rs. 5.45,469.60) and partly to the revenue head (Rs. 97,365). However, the debit of Rs. 97.365 was passed on to the Station Engineer, Central Stores, All India Radio, New Delhi, in the accounts for February, 1969 and has been finally settled by cash payment in the accounts for 1968-69. If the debit of Rs. 6.42,834.60 p. could be correctly allocated to the two Grants namely Grant No. '61-Broadcasting' and Grant No. '127-Capital Outlay of the Ministry of Information and Broadcasting', there would have been a saving of Rs. 91.692 under Grant No. '127-Capital Outlay of the Ministry of Information and Broadcasting' instead of the excess of Rs. 5.673, as disclosed in the Appropriation Accounts. The Public Accounts Committee, in para 7 of their 16th Report (First Lok Sabha), enunciated the principle that any established misclassification in the Appropriation Accounts, which avoids the necessity for regularisation of any excess by Parliament would be taken into account in making their recommendations to Parliament. In consonance with this principle, the excess in this Grant, which is due to a misclassification, may not be

considered as requiring a fresh vote of Parliament for regularisation under Article 115 of the Constitution.

It may also be mentioned that as per the Appropriation Accounts, 1967-68, there is a saving of Rs. 1,98,049 in Grant No. '61-Broadcasting'. Even after adjusting the amount of Rs. 97,365 referred to above, under that Grant, there will still be a saving of Rs. 1,00,684 under that Grant.

This note has been vetted by Audit.

APPENDIX XX

MINISTRY OF IRRIGATION & POWER

SUBJECT:—Regularisation of excess in Grant No. 128.—Capital Outlay on Multipurpose River Schemes disclosed in Voted Grant in the Appropriation Accounts (Civil), 1967-68.

Total Grant	Actual expenditure	Excess
Rs.	Rs.	Rs.
24,50,18,000	25,37,43,352	87,25,352

The Appropriation Accounts (Civil), 1967-68, have disclosed an excess of Rs. 87,25,352 in Grant No. 128-Capital Outlay on Multipurpose River Schemes. From the enclosed statement (Annexure) showing the final grant, actual expenditure and the excesses/savings under various group-heads in this Grant, it will be seen that the excess is under sub-head A.2-Damodar Valley Corporation amounting to Rs. 93.39 lakhs, and A.5-Farakka Barrage Project amounting to Rs. 18.48 lakhs. This excess is counterbalanced to some extent by the saving of Rs. 24,61,822 under other heads in the grant, reducing the net excess to Rs. 87,25,352.

2. The excess has arisen as a consequence of the adjustment in the accounts for 1967-68 on the 11th December, 1968, *vide* D.O. letter No. WM(C)-98-CO 408, dated 11th December, 1968 from Shri K. N. Rao, Senior Deputy Accountant General, Central, Calcutta (copy enclosed for ready reference), of a debit of Rs. 93.39 lakhs which could not be adjusted in the accounts for 1966-67 in the Books of the Accountant General, Central, Calcutta. The circumstances under which the debit could not be adjusted have already been placed before the Public Accounts Committee in reply to Lok Sabha Secretariat's Office Memorandum No. 2 1 16 2 68-PAC, dated the 9th August, 1968 (copy enclosed). The adjustment attracts the recommendation of the Public Accounts Committee contained in para 4.26 of the 45th Report of the Committee (S. No. 14 of Appendix XXIII thereto) and has been treated as rectification of an accounting omission.

3. There was a saving of Rs. 39,80,022 in Grant No. 132-Capital Outlay on Multipurpose River Schemes, *vide* page 143 of the Appropriation Accounts (Civil), 1966-67, which was partly due to the non-adjustment in the accounts of that year of the debits representing payment of Rs. 93.39 lakhs sanctioned to the Damodar Valley Corporation. This adjustment has been carried out in the year 1967-68 and has resulted in a net excess of Rs. 87,25,352 in Grant No. 128 as explained in paragraph 1 above. After taking into account the saving of Rs. 39,80,022 the net excess which requires regularisation, under Article 115 of the Constitution of India, in the accounts of the year 1967-68 is Rs. 47,45,330 (Rs. 87,25,352 minus Rs. 39,80,022). This may kindly be recommended for regularisation.

4. This note has been vetted by Audit.

ANNEXURE

Grant No. 128—Capital Outlay on Multipurpose River Schemes (All Voted)

Major Head and Group Head	Final Grant	Actual Expenditure	Excess(+) Saving (—)
(1)	(2)	(3)	(4)
	Rs.	Rs.	Rs.
Major Head '98'			
A.—Capital Outlay on Multipurpose River Schemes.			
A. 1.—Central Water and Power Research Station			
O	23,86,000		
R	1,77,000	25,63,000	24,77,946 (—) 85,054
A. 2.—Damodar Valley Corporation.			
O	89,00,000	60,00,000	1,53,39,000 (+) 93,39,000
R	—29,00,000		
A. 3.—Power Research Institute.			
O	6,00,000		
R	—5,67,000	33,000	30,628 (—) 2,372
A. 4.—Technical Training Centres.			
O	7,25,000		
R	—4,45,300	2,79,700	1,62,297 (—) 1,17,403
A. 5.—Farakka Barrage Project.			
O	22,94,09,000		
R	36,88,700	23,30,97,700	23,49,45,874 (+) 18,48,174
A. 6.—Switchgear Testing and Development Laboratory.			
O	13,00,000		
R	—5,15,500	7,84,500	7,73,380 (—) 11,120

(1)	(2)	(3)	(4)
	Rs.	Rs.	Rs.
A. 7.—Engineering Museum.			
O 10,00,000			
R —9,95,000	5,000	504	(—) 4,408
A. 8.—Neyveli Training Institute.			
O 1,00,000			
R —77,400	22,600	13,723	(—) 926
A. 9.—Training Institute.			
O 1,00,000			
R —1,00,000	..	..	..
A. 10.—Load Despatching Training Institute.			
O 4,98,000			
R —4,98,000	..	..	..
Surrenders or withdrawals			
R 22,32,500	22,32,500	..	(—) 22,32,507
TOTAL	24,50,18,000	25,37,43,352	(—) 87,25,357

Copy of D.O. letter No. WM(C) 98-CO/408, dated the 11th December, 1968, from Shri K. N. Rao, Sr. Dy. Accountant General (Central), Calcutta, to Shri G. C. Mitree, Dy. Financial Adviser, Govt. of India, Ministry of Irrigation and Power, New Delhi.

Please refer to your D.O. letter No. Bud. 4(7)/67-AC-Vol. II dated 23rd November, 1968 and subsequent D.O. reminder No. Bud(AC)-4(7)/67-Vol. II, dated 3rd December, 1968 regarding the Appropriation Account of Grant No. 132-Capital Outlay on Multipurpose River Schemes for the year 1966-67. The adjustment of Rs. 93.39 lakhs has since been carried out in the accounts for 1967-68.

Copy of Office Memorandum No. 2/1/16/2/68/PAC, dated the 9th August, 1968 from Shri K. Seshadri, Under Secretary, Lok Sabha Secretariat, New Delhi to the Ministry of Irrigation and Power (Shri G. C. Mitroo, Deputy Financial Adviser), New Delhi.

SUBJECT:— P.A.C.—Consideration of Audit Report (Civil), 1968 and Appropriation Accounts (Civil), 1966-67.

The undersigned is directed to forward herewith 5 copies of the list of points arising out of the evidence given before the Public Accounts Committee at their sittings held on 3rd July, 1968.

It is requested that 40 copies each of the notes containing the requisite information duly vetted by Audit may kindly be forwarded to this Secretariat by 24th August, 1968 at the latest.

If any delay is anticipated in getting the notes vetted by Audit 5 advance copies thereof may kindly be forwarded to this Secretariat in the first instance.

The receipt of this O.M. may kindly be acknowledged.

Sd/-

Under Secretary.

List of Points on which further information was desired by the Public Accounts Committee during their sitting held on 3-7-1968 (F. N.).

MINISTRY OF IRRIGATION & POWER

Appropriation Accounts (Civil), 1966-67.

Page No. 143—Grant No. 132—Capital Outlay on Multipurpose River Schemes

* * * * *

(b) A-2—Damodar Valley Corporation

6. Please state the reasons for the saving of Rs. 93.39 lakhs under this head.

Please also indicate why the reasons for the savings were not intimated to Audit in time for incorporation in the Appropriation Accounts.

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

SUBJECT:—*Consideration of Audit Report (Civil) 1968 and Appropriation Accounts (Civil) 1966-67.*

Reference: Lok Sabha Secretariat's O.M. No. 2|1|16|2|68-PAC, dated the 9th August, 1968.

Point No. 6—Please state the reasons for the saving of Rs. 93.39 lakhs under the Head 'A-2—Damodar Valley Corporation'.

Please also indicate why the reasons for the saving were not intimated to Audit in time for incorporation in the Appropriation Accounts.

Reply—The matter has been examined in consultation with Audit. The saving of Rs. 93.39 lakhs occurred due to non-adjustment by the A.G., Central Calcutta, of an advance drawn by the Damodar Valley Corporation in the accounts for the year 1966-67 as the debit vouchers in question received from the Reserve Bank of India, Calcutta, were misplaced in the Accountant General's Office. The Audit authorities have stated that detailed investigations are being carried out with a view to fix responsibility for the vouchers being misplaced.

APPENDIX XXI

GOVERNMENT OF INDIA

PRESIDENT'S SECRETARIAT

Rashtrapati Bhavan, New Delhi-4.

Note for regularisation of Excess expenditure over sanctioned Appropriation 'Staff, Household and Allowances of the President' as disclosed in the Appropriation Accounts (Civil), 1967-68.

CHARGED

Original Appropriation.	Supplementary Appropriation.	Final Appropriation.	Actual Expenditure	Excess(+) Saving(-)
Rs.	Rs.	Rs.	Rs.	Rs.
32,37,000	62,000	32,99,000	33,07,059	(*) 8,059

The original appropriation of Rs. 32,37,000 was augmented by Rs. 62,000 by taking a supplementary appropriation under the sub-head 'B. 1-President's Secretariat' in the February, 1968, Session of Parliament. Against the final appropriation of Rs. 32,99,000, the actual expenditure amounted to Rs. 33,07,059, leaving an uncovered excess of Rs. 8,059 which required to be regularised. The excess occurred mainly under the Group Head 'A-President's Salary and Allowances'—Sub-head 'A. 2-Tour Expenses' (Rs. 5,759) and sub-head 'B. 2-Military Secretary's Office & Establishment' (Rs. 6,184) and was partly counterbalanced by savings to the extent of Rs. 3,884 under other sub-heads.

The circumstances leading to the excess are explained here under:

- (i) Excess of Rs. 5,759 under the Group-head 'A-President's Salary & Allowances'—Sub-head 'A. 2-Tour Expenses'.

The excess was due to adjustment in March (Supplementary) 1968 accounts of a debit of Rs. 34,508 raised by the Accounts Officer, Southern Railway, on account of journey undertaking by the Ex-President from New Delhi to Madras in April, 1967. The debit was received direct by the A.G.C.R., New Delhi and came to notice only after the close of the year when no action was possible to provide additional funds to cover the expenditure.

(ii) Excess of Rs. 6,184 under the Sub-head 'B. 2—Military Secretary's Office and Establishment'.

The excess was mainly due to the fact that an amount of Rs. 4,992 representing telephone charges recoverable from a few offices situated in Rashtrapati Bhavan for the use of the PBX telephones installed therein was received after the close of the year 1967-68 and could not, therefore, be utilised towards payment of telephone bills, as anticipated, and was, instead, accounted for under the receipt head only in the year 1968-69. A part of the excess is also due to adjustment late in the year of a larger amount than anticipated in respect of medical supplies received from Medical Stores Depot, Karnal.

It is requested that the overall excess of Rs. 8,059 which works out to 0.24 per cent of the final appropriation, may be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution of India.

APPENDIX XXII

Explanatory Notes on excesses over Voted Grants and Charged Appropriations during 1967-68 vide Para 8 (Pages 7 & 8) of Audit Report, Railways, 1969 and Para 28 (pages 10 & 11) of Appropriation Accounts of Railways in India for 1967-68, Part I—Review.

Five voted grants out of twenty, namely, Grants No. 5, 7, 8, 16 and 20 were exceeded during the year 1967-68. There was no excess under any of the ten 'charged' appropriations.

1.1. The excess was only 0.1 % in grant 5, 0.7% in grant 7, 0.9% in grant 8 and 1.8% under grant 16. The excess of only Rs. 273 under grant No. 20 was insignificant (*vide* sub-para V below) and occurred owing to the provision being rounded off to thousands of rupees and such excesses will be avoided in future by fixing the provision at the next higher instead of the nearest thousand. Every care is taken to assess the expenditure under each Grant as precisely as possible and to take supplementary grants, where necessary, so that excesses are obviated as far as possible.

1.2. Detailed explanations, grant by grant, are furnished below, and the position of the original and the supplementary grants *vis-a-vis* the actual expenditure in each case is shown in the statement at Annexure 'A' to these notes.

1.3. As the excesses to be regularised by Parliament have to take into account any erroneous adjustments as between grants, the figures listed in Annexure 'A' to this memorandum are of the excesses as shown in para 28 at page 10—11 of the Appropriation accounts for 1967-68—Part I—Review (and also Para 8 at page 7-8 of the Audit Report, Railways, 1969) as well as the effect of the items of mis-classification of expenditure.

1.4. It is requested that the P.A.C. may be pleased to recommend that the aforesaid excesses be regularised by Parliament in the manner prescribed under Article 115 of the Constitution.

1.5. This memorandum has been seen by Audit.

I. Excess of Rs. 17,44,809 under Grant No. 5—Revenue—Ordinary Working Expenses—Repairs and Maintenance (in relation to the voted final grant of Rs. 2,15,26,02,000)—0.1%

This grant is for expenditure on the Repairs and Maintenance of Railway Assets, like Track, Buildings, Rolling Stock, Ferries Electrical and Signal equipment and installations Machinery etc.

The excess under this grant occurred chiefly on the N.F. (77 lakhs) and N.E. (38 lakhs) Railways, with comparatively the small excesses on the Northern (8 lakhs) and the Western (5 lakhs) Railways. These were partly offset by savings chiefly on the South Eastern (43 lakhs), the Central (29 lakhs), the Southern (20 lakhs) and the Eastern (18 lakhs) Railways.

The excess was mainly due to higher expenditure on shed and shop repairs to rolling stock, owing to heavier repairs and greater replacement of parts found necessary towards the close of the year, increase in prices of materials etc. (53 lakhs) and the adjustment of certain arrear debits in respect of stores (36 lakhs), and some minor variations (3 lakhs). These excesses were partly offset by savings, chiefly under 'Way and Works', resulting from less expenditure on repairs to and maintenance of bridges, track, residential and service buildings etc. due, *inter alia*, to measures of economy like leaving certain posts unfilled and engaging less labour, non-receipt of ballast and other materials and debits relating to them to the extent expected etc. (44 lakhs) and the aggregate of fluctuations in expenditure on electrical and signal and tele-communication services and other expenses etc. (31 lakhs).

After including the amount of misclassifications viz., Rs. 8,82,522 (c.f. Annexures A and B) mainly on the Northern Railway, the excess actually requiring regularisation by Parliament works upto Rs. 26,27,331 in relation to Voted Grant of Rs. 2,15,26,02,000 i.e. about 0.1%.

II. Excess of Rs. 97,89,494 under Grant No. 7—Revenue Working Expenses—Operation (Fuel) (in relation to voted final grant of Rs. 1,40,27,04,000)—0.7%

This grant deals with expenditure on coal and other fuel, freight and handling charges, sales tax, excise duty and cess on coal and electric current for traction purposes.

The excess of 97.89 lakhs is only 0.7% of the final grant of Rs. 140.27 crores voted by Parliament. Though the originating

tonnage of goods traffic as anticipated in the Budget was not likely to materialise and a saving of about 1½ crores was anticipated due to lower level of traffic, a supplementary grant amounting to Rs. 9.06 crores was obtained in February/March, 1968 mainly to cover post budget increases in prices of coal, diesel oil, electricity etc. (Rs. 6.90 crores) and increase in fuel consumption due to detention to trains (Rs. 1.60 crores). This additional provision, however, proved insufficient resulting in the excess. The excess occurred chiefly on the Northeast Frontier (due mainly to inadequate provision) (40 lakhs), the Western due *inter-alia* to provision not made for certain arrear payments (38 lakhs), Central (34 lakhs) and the Northern (15 lakhs) Railways and was partly reduced by savings, mainly on the South Eastern (18 lakhs) and the North Eastern (15 lakhs) Railways the balance of the excess being shared by the Southern and the Eastern Railways on which excesses of minor magnitude occurred.

The excess was chiefly under "Cost of other Fuel" and resulted from consumption of more diesel oil consequent on the increase in dieselisation and the increase in the average rate of diesel oil (66 lakhs), adjustment of heavier debits for Excise Duty and Sales Tax on Oil towards the close of the year (19 lakhs), heavier adjustment of "Losses on Fuel" towards the fag end of the year (32 lakhs), heavier expenditure on account of increase in the sales tax, excise duty, etc. on coal including arrears (18 lakhs) and aggregate of minor variations (1 lakh).

The above excesses were partly offset by savings on the consumption of coal owing partly to greater dieselisation and the lower level of traffic and partly to fluctuations in the average issue rate of coal (32 lakhs) and in the adjustments of freight and handling charges on fuel (6 lakhs).

III. *Excess of Rs. 37.32,622 under Grant No. 8—Working Expenses—Operation other than staff and Fuel (in relation to the voted final grant of Rs. 40.63,90,000)—0.9%.*

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

The excess of Rs. 37.33 lakhs was 0.9% of the total grant of Rs. 40.64 crores. This was made up of 28 lakhs under final heads and 9 lakhs under Suspense. The excess under final heads occurred

chiefly on the South Eastern (43 lakhs), the Central (27 lakhs) and the Northeast Frontier (6 lakhs) Railways and was partly reduced by savings on the Eastern (25 lakhs), the Southern (13 lakhs) and the North Eastern (9 lakhs) Railways.

The excess under the final heads was mainly due to heavier payment of terminal charges to Port Trust Railways on the South Eastern Railway (36 lakhs); these payments used to be taken as a reduction in earnings but were treated as working expenses according to a decision taken in the course of the year. The other variations of magnitude resulted from the adjustment of more freight charges on railway materials, mostly on the Central Railway (13 lakhs), more payments of compensation for goods lost or damaged (12 lakhs), mainly on the Central and the Western Railways; partly offset by sundry net savings due chiefly to fluctuations in adjustments under the stock adjustment account (8 lakhs) chiefly on the Western Railway and less expenditure under stationery, forms and tickets and clothing etc. on account of non-receipt of debits to the extent expected (15 lakhs) chiefly on the South Eastern, Central and Southern Railways and other minor variations (10 lakhs).

The excess of 9 lakhs under Suspense was due to adjustment of more debits for compensation for goods lost or damaged under this head pending fixation of inter-Railway liabilities.

**IV. Excess of Rs. 9,77,620 under Grant No. 16—Pensionary Charges—
Pension Fund (in relation to the voted final grant of
Rs. 5,30,47,000)—1.8%.**

This Grant deals with expenditure on the payment of pensionary charges to railway employees governed by the pensionary form of retirement benefits.

The excess of Rs. 9.78 lakhs was 1.8% of the total grant of Rs. 5.30 crores voted by Parliament. The excess occurred mainly on the Central due to under estimation of funds (9 lakhs), the South Central (7 lakhs) and the Southern (4 lakhs) Railways and was partly reduced by savings mainly on the Eastern (7 lakhs) and the Western (5 lakhs) Railways, the balance being shared by the other Railways etc.

The excess was due to heavier debits from the Civil Accounts Officers who, under the extant arrangements, are disbursing pension to the ex-employees of Railways (5 lakhs) and the transfer of debits

by certain Railways to the recently formed South Central Railway in the accounts for March 1968, i.e. after the fixation of the final requirement (6 lakhs). This was partly offset by savings resulting chiefly from the aggregate of minor fluctuations, the more important of which was in payments on account of ex-gratia pensions to railway staff who had retired under the scheme of Contributory Provident Fund, prior to 1-4-1957 (the date with effect from which pension scheme was introduced on the Railways) (1 lakh).

After including the amount of mis-classifications viz., Rs. 5,720 (c.f. Annexures A & B), the excess actually requiring regularisation by Parliament works upto Rs. 9,83,349 in relation to the voted grant of Rs. 5,30,47,000 i.e. 1.8 per cent.

V. *Excess of Rs. 273 under Grant No. 20— Withdrawal from Revenue Reserve Fund (in relation to the voted final grant of Rs. 2,15,63,000).*

One of the recommendations of the Railway Convention Committee 1965 approved by Parliament provides for the amortisation of the unproductive capital in the Railway undertaking commencing from 1966-67 by utilising the annual interest accruing to the Railway Revenue Reserve Fund (which may be supplemented by such appropriations from Railway revenues from time to time as may be possible). In the original budget for 1967-68 presented to Parliament in May 1967 a provision of 205.49 lakhs was made for the amortisation of the element of over-capitalisation from the interest expected to be available. On the final closing of the accounts for 1966-67, however, it was observed that the amount of interest available for the purpose was found to be 215.63 lakhs i.e. 10.14 lakhs more than the original anticipation. Accordingly, a supplementary grant amounting to Rs. 10.14 lakhs was obtained from Parliament in March 1968. The actual adjustment in units, however, amounted to Rs. 2,15,63,273, creating a small excess of Rs. 273 over the total voted grant which had been rounded off to the nearest thousand of rupees. This explains the minor excess of Rs. 273. Such excesses will be avoided in future by fixing the provision at the next higher thousand instead of the nearest thousand.

ANNEXURE A

Statement showing Excesses over Grants as shown in Para 8 of the Railway Audit Report 1969 as well as excesses worked out after taking into Account items of Misclassification.

(Figures in units of rupees)

S. No.	Number and Name of Grant	Original Grant	Supplementary Grant	Final Grant	Expenditure	Excess	Real excess after taking into account Misclassification	%age of excess (Col. 7 to Col. 5)	%age of real Excess (Col. 8 to col. 5)
1	2	3	4	5	6	7	8	9	10
1	5-Revenue—Working Expenses—Repairs and Maintenance	2,09,31,07,000	5,94,95,000	2,15,26,02,000	2,15,43,46,809	17,44,809	26,27,331	·08	·12
2	7-Revenue—Working Expenses—Operation—Fuel	1,31,20,91,000	9,06,13,000	1,40,27,04,000	1,41,24,93,494	97,89,494	97,89,494	·70	·70
3	8-Revenue—Working Expenses—Operation other than Staff and Fuel	37,77,20,000	2,86,70,000	40,63,90,000	41,01,22,622	37,32,622	37,32,622	092	·92
4	16-Pensionary Charges—Pension Fund	4,13,07,000	1,17,40,000	5,30,47,000	5,40,24,620	9,77,620	9,83,349	1·84	1·85
5	20-Withdrawals from Revenue Reserve Fund	2,05,49,000	10,11,000	2,15,63,000	2,15,53,273	273	273	..	..

ANNEXURE B

Grant No. 5—Revenue—Working Expenses, Repairs and Maintenance.

S. No.	Particulars	Amount
		Rs.
1	Excess shown in the Appropriation Accounts	17,44,809
2	(a) <i>Deduct</i> :—	
	(i) Expenditure relating to Charged Appropriation (Rs. 761) Grant No. 13 (Rs. 8,849 booked under Grant No. 5	9,610
	(ii) Erroneous adjustment of periodical overhaul to Pak. Railways Wagons adjustable with Government of Pakistan under this grant instead of under 'Accounts with Government of Pakistan'	3,92,865
	(iii) Expenditure erroneously booked twice under Grant No. 5	14,179
	(iv) Certain expenditure erroneously charged to grant No. 5 instead of grant No. 13	11,628
		4,28,282
	(b) <i>Add</i> :—	
	(i) Expenditure relating to grant 5 booked under grant 6 (Rs. 799) and 'Deposit Works' (Rs. 2,48,805)	2,49,604
	(ii) Expenditure relating to grant 5 erroneously booked under grant 14	10,44,000
	(iii) Interest charges received from P & T Department relating to Grant 13 booked under Grant 5	17,200
		13,10,804
		26,27,331
	Real Excess to be regularised	1
	†2(b).	
	Grant No. 16—Pensionary charges—Pension fund	
1	Excess shown in the Appropriation Accounts	
2	<i>Add</i> :—	
	Erroneous treatment of recoveries on account of Service Contribution from other departments as a reduction of expenditure within the grant instead of under credits and recoveries	5,729
	Real Excess to be regularised by Parliament	9,83,349

APPENDIX XXIII

ACTION TAKEN ON OUTSTANDING RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 31ST REPORT (4TH LOK SABHA)

1. RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee in their successive Reports on Excesses over Voted Grant/Charged Appropriations have been commenting upon the delays on the part of Ministries/Departments in furnishing notes stating the reasons for or circumstances leading to such excesses and emphasising the need for submission of these notes within the prescribed time-limit of two months from the date of presentation of the Accounts to the House. They had also urged the Ministry of Finance in para 1.5 of their 45th Report (Third Lok Sabha) to devise ways and means to avoid such chronic delays on the part of Ministries. They regret to observe that this year also there was no improvement. Not a single note relating to Excesses disclosed in the Appropriation Accounts (Civil) was received within the stipulated time-limit of two months. It is hardly necessary to point out that such delays not only disturb the programme of work of the Committee but also result in avoidable delay in the regularisation of excesses by Parliament.

(S. No. 1 of Appendix XXXIV to the 31st Report of the Public Accounts Committee—4th Lok Sabha).

Action taken

A revised procedure has since been adopted for the submission of notes on excesses (effective from excesses for the year 1967-68), as recommended by the Committee *vide* S. No. 31—Para 3.9 of their above Report. It is hoped that as a result there will not be any undue delays in the submission of notes in future.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 8
(52)-B/68 dt. 13-6-69].

Recommendation

"The Committee would also like to observe that although they have been repeatedly urging upon Ministries|Departments to make every effort to avoid excesses, there has been no improvement in the matter. During the year under report, Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil) aggregated Rs. 5.09 crores and Rs. 4.34 crores respectively as against Rs. 2.95 crores and Rs. 1.99 crores respectively during the preceding year. The Committee would like Ministries not to lose sight of the fact that an excess over the amount Voted by the Legislature represents an unauthorised expenditure which vitiates Parliamentary control. The Committee would like the Ministry of Finance to take suitable measures to ensure that such excesses over expenditure are reduced to the bare minimum."

"The Committee find from the notes furnished by the Ministries that defective estimation at the time of framing the Budget and revised estimates and that failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of past liabilities, erroneous adjustments and lack of proper control over expenditure continued to be the main causes for excesses during the year under report. Another factor which contributed to heavy excesses this year was lack of coordination between the Central Ministries of Finance and Irrigation and Power and between the Central Ministries of Finance and Transport on the one hand and the State Governments on the other".

[Recommendations No. 2 (Para 1.4) and No. 3 (Para 2.2) of Appendix XXXIV to the 31st Report (4th Lok Sabha)]

Action taken

The task of framing budget estimates realistically and exercising proper control over expenditure devolves primarily on the administrative Ministries|Departments. Various procedures have been laid down by this Ministry in this connection in the G.F.Rs. which *inter-alia* include maintenance of expenditure control registers, liability register, reconciliation of departmental figures of expenditure with the Accounts Office figures etc. The administrative Ministries|Departments are required to conduct a periodical review of the progress of expenditure against sanctioned grants so that Supplementary Demands can be presented to Parliament, where excesses are anticipated. Further instructions have been issued recently (on 5th February, 1969) for the proper maintenance of Control Register,

reconciliation of departmental figures of expenditure with the Accounts Office figures etc. Financial Advisers in the Department of Expenditure are also required to undertake a review of the progress of expenditure under the grants controlled by their associated Ministries/Departments early in January every year with a view to making a realistic assessment of likely excesses/savings under each grant.

2. In order to assist the administrative Ministries in the task of framing budget estimates realistically and exercising effective control over expenditure, instructions have recently been issued by this Ministry (on 18th October, 1968) making it obligatory for each Ministry to have an internal financial adviser who will be in charge of the Budget and Accounts Cells in addition to the Internal Finance Cell. The need for organising these cells with suitably trained and qualified staff has again been urged in these instructions.

3. It may be mentioned that as against an excess of Rs. 8.45 crores during the year 1966-67 relating to 26 grants included in the Appropriation Accounts (Civil) the excess during the year 1967-68 amounted to Rs. 5.66 crores involving 18 grants, thereby showing improvement in the position. It is hoped that as a result of the measures referred to above, the position will improve still further. Nevertheless suitable instructions have again been issued to the Ministries with reference to the observations of the Committee vide O.M. No. F. 12(44)-E(Coord) 68 dated 29.4.69 (copy enclosed).

[Min. of Fin. (Deptt. of Expenditure) O. M. No. F. 12(44)-E(Coord) 68, dt 3.7.1969].

ANNEXURE

No. F. 12(44)-E(Coord) 68

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 29th April, 1969.

OFFICE MEMORANDUM

SUBJECT:—31st Report of the P.A.C. (4th Lok Sabha)—Recommendation Nos. 2 and 3 regarding control over expenditure.

The Public Accounts Committee in their 31st Report (4th Lok Sabha) dealing with cases of "Excesses" over voted grants/charged appropriations relating to the year 1966-67 have observed in paras 1.4 and 2.2 thereof as under:—

"The Committee would also like to observe that although they have been repeatedly urging upon Ministries| Departments to make every effort to avoid excesses, there has been no improvement in the matter. During the year under report, Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil) aggregated Rs. 5.09 crores and Rs. 4.34 crores respectively as against Rs. 2.95 crores and Rs. 1.99 crores respectively during the preceding year. The Committee would like Ministries not to lose sight of the fact that an excess over the amount Voted by the Legislature represents an unauthorised expenditure which vitiates Parliamentary control. The Committee would like the Ministry of Finance to take suitable measures to ensure that such excesses over expenditure are reduced to the bare minimum." (Para 1.4).

"The Committee find from the notes furnished by the Ministries that defective estimation at the time of framing the Budget and revised estimates and that failure to anticipate properly the receipt of stores and debits relating thereto,

absence of adequate provision for the adjustment of past liabilities, erroneous adjustments and lack of proper control over expenditure continued to be the main causes for excesses during the year under report. Another factor which contributed to heavy excesses this year was lack of coordination between the Central Ministries of Finance and Irrigation and Power and between the Central Ministries of Finance and Transport on the one hand and State Governments on the other." (Para 2.2).

2. The Ministry of Finance have laid down detailed procedures for achieving effective control over expenditure (*vide* Rules 65 to 69 of G.F.Rs. and the various Government of India's decisions thereunder) which *inter alia*, include proper maintenance of expenditure control registers and liability register, prompt adjustment of debits, systematic reconciliation of departmental figures with the books of accounts offices etc. Under this Department O.M. No. F.10(3)-E (Coord) 67, dated 18th October, 1968, Ministries have also been urged to strengthen their Finance, Budget and Accounts cells and to place them under the charge of Internal Financial Advisers. This should go a long way in overcoming the defects pointed out by the Committee. Attention is also invited to the instructions issued in this Department O.M. No. F. 15(1)-E (Coord) 69, dated 5th February, 1969, regarding control of expenditure.

3. The need for realistic budgeting and effective control over expenditure with reference to sanctioned grants and appropriations has been stressed time and again by the P.A.C. The Committee had commented on the cases of excesses in their reports for 1964-65 and 1965-66 also. The observations of the Committee have been brought to the notice of the Ministries Departments.

4. The Ministry of Home Affairs etc. are once again requested to pay special attention to this task of exercising effective control over the progress of expenditure and taking timely action for provision of requisite funds to cover anticipated commitments during a financial year thereby avoiding the occurrence of excesses over sanctioned grants. Suitable instructions may also kindly be issued to all subordinate authorities concerned under them.

Sd./-

Deputy Secretary to the Govt. of India.

To

All Ministries|Depts. of the Govt. of India.

No. F. 12(44)-E(Coord)/68.

Copy forwarded to all F. As. and Expenditure Branches for information. It is requested that the observations of the Committee may be borne in mind while conducting the reviews regarding progress of expenditure against sanctioned grants to be undertaken by F. As. early in January each year [vide this Deptt. Memo. No. F. 15(2)-E(Coord)/66, dated 30.12.66] so as to ensure that all anticipated commitments are taken into account and necessary provision of funds made therefor, thereby obviating excesses over sanctioned grants.

Copy also forwarded to:—

- (i) C. & A. G. of India.
- (ii) Supreme Court.
- (iii) Election Commission.
- (iv) Lok Sabha Secretariat (P.A.C. Branch).
- (v) A.G.C.R., New Delhi.
- (vi) E.A. Department (Budget Division).

Sd./-

Deputy Secretary to the Govt. of India.

Copy for necessary action in so far as they are administratively concerned to:—

- (i) Defence Division.
- (ii) A. & B. Branch.
- (iii) E.G.I. Branch.

Sd./-

Deputy Secretary to the Govt. of India.

Recommendation

The Ministry have further stated that most of the items of expenditure on account of which the excess resulted could not be anticipated and were of unavoidable nature. At that time of the year, it was too late to restrict the expenditure to the desired extent. It was also not possible to make an application for advance from the Contingency Fund of India as the exact picture of the excess

expenditure particularly due to adjustment of bills, was not available.

The Committee are not impressed by most of the reasons given by the Ministry for the excess. It is not clear why the Ministry failed to provide for payment of bills relating to the previous year, as it would have been hardly reasonable to suppose that debits would remain unadjusted for two years. Not is it clear whether the increase in printing charges occurred so unpredictably as to make provision for it impracticable. As regards the purchase of staff cars, the Committee find from the explanation of the Ministry that the orders were placed in the previous year. In the circumstances, it is not clear how the necessity for a provision on this account escaped the notice of the Ministry. Mention has been made in the explanation of the increase in the price of stores due to devaluation and increase in customs duty. Devaluation occurred in June, 1966 and no increases in customs duty also were made towards the close of the financial year. The explanation of the Ministry in this regard can, therefore, be hardly regarded as tenable.

[S. No. 8 Appendix XXXIV Para No. of Report 2.16 and 2.17]

Action taken

Though the liability on the items resulting in excess was not unforeseen at the time of framing the revised estimates, it was felt that adjustments of payments in respect of certain items outstanding from previous years might not materialise before the close of the financial year. But towards the close of the year unexpectedly some pending debits were adjusted and expenditure on certain items could not be avoided. The excess can, therefore, to a great extent, be said to be on account of error of judgement on the scale of likely payments or adjustments. In future greater care will be taken to assess the extent of such liabilities as accurately as possible to ensure that expenditure does not exceed the funds voted by Parliament.

[Ministry of Information & Broadcasting O.M. No. 9(9)68-B(B)
Dt. 20-5-1969.]

Recommendation

The Committee observe that during the previous year also, there was an excess under this Grant to the tune of Rs. 43 lakhs. Commenting upon the excess, the Public Accounts Committee (1967-68) had desired the Ministry to tighten the procedure of control over expenditure so that such excesses did not recur.

In a note furnished by the Ministry pursuant to the above recommendation of the Public Accounts Committee (1967-68), it has been stated as follows:

“In order to tighten up the procedure of control over expenditure, the Directorate General, All India Radio have issued instructions to the various Units of the All India Radio that no vacant posts for which no provision exist in the sanctioned budget should be filled in; that all tours should be restricted to the absolute minimum; that all avoidable purchases should be given up and the strictest control exercised over the purchase of stationery, furniture, musical instruments etc.; that trunk calls should be eliminated unless absolutely essential; that even local calls should be restricted; that strictest economy in the use of electricity, and power should be observed; that strict economy in the consumption of petrol and other motor oil should be achieved by reducing the number of trips of vehicles to the minimum; that hiring of taxis should be discontinued except in unavoidable circumstances and that programmes should be repeated on tape to the maximum extent possible”.

The Committee feel that these instructions have value only if the field organisations in fact act on them in letter and spirit and ensure that the sanctioned budget allotment is not exceeded. The Committee would like to watch this through the future Appropriation Accounts relating to this grant of the Ministry of Information & Broadcasting.

[S. No. 10—Appendix XXXIV Para No. 2.19, 2.20 and 2.21 of 31st Report (Fourth Lok Sabha)].

Action Taken

The attention of the Field Organisations have been drawn to the comments of the P.A.C. and they have been asked to make all efforts not to exceed the sanctioned Budget Grant.

[Ministry of Information and Broadcasting O.M. No. 9(a) 68-B(B) of 20-5-1969.]

Recommendation

The Committee are surprised to learn that the Ministry of Finance who are expected to give a lead to other Ministries in the matter of financial discipline, should have advised the Ministry to

Issue telegraphic instructions to field offices to defer the expenditure to the next financial year which was not only in contravention of Rule 75 of the General Financial Rules, but also against the repeated observations made by the Public Accounts Committee in their successive Reports on Excesses. The Committee take a serious view of this.

[Sr. No. 16 Appendix XXXIV, Para No. 2.36 of Thirty-first Report (Fourth Lok Sabha).]

The P.A.C. (1966-67), in para 3.8 of their 69th Report (3rd Lok Sabha), had expressed surprise that instructions to postpone payments to avoid the excess should have been issued. Pursuant to the above recommendation, the Committee have been informed by the Ministry of Finance that, to obviate such cases, necessary instructions had already been issued by them on 10th August, 1966. The Committee regret to observe that the advice given by the Ministry of Finance to the Department of Company Affairs in this case was in direct contravention of their own earlier instructions. The Committee trust that such contravention of the Financial Rules by Ministries will not occur in future.

[Sr. No. 17 Appendix XXXIV, Para No. 2.37 of Thirty-first Report (Fourth Lok Sabha).]

Action taken

These paragraphs pertain to an excess expenditure of Rs. 80,344 - incurred by the Department of Company Affairs under Demand No. 77—Other Revenue Expenditure of the Ministry of Law for 1966-67. In this connection it is submitted that there was a budget provision of Rs. 42.35 lakhs in B.E. 1966-67 for all the field offices of the Department of Company Affairs. The Department of Company Affairs estimated the total requirement at Rs. 46.63 lakhs, when the case was processed for Supplementary Grant in February, 1967. In other words an increase of Rs. 4.28 lakhs was asked for on the Budget Estimates. After setting off against the savings of Rs. 75,000 - under the Demand, the net requirement amounted to Rs. 3.53 lakhs. The increase asked for was due to such factors as enhanced Dearness Allowance payable to the staff; reorganisation of the office of the Official Liquidator, Bombay and Madras and payment of arrears of rent relating to certain offices in Madras. After a detailed review, which generally took into account likely economies due, *inter-alia* to the directives for economy and also due to the late receipt and finalisation of bills etc. it was considered that a sum of Rs. 2,19,000 would suffice. As a saving of Rs. 75,000 was available

in Demand No. 77, the net additional requirement was estimated at Rs. 1.44 lakhs and accordingly a Supplementary Demand for that amount was sought for.

A further review of expenditure for these field offices was undertaken by the Ministry of Law (Deptt. of Company Affairs) on the 16th March, 1967 in the basis of the actual expenditure incurred in the previous eleven months. This still revealed a further additional requirement of Rs. 1.19 lakhs which could not be met by reappropriation within the Demand in question *viz.* No. 77. (The actual excess, however, eventually turned out to be of Rs. 80,344/- only.) As at that stage the Supplementary Grant had already been finalised, deferment of the expenditure to the following year was considered desirable. The telegraphic instructions to the field offices to defer the expenditure to the next financial year were issued on 20th March, 1967 since the time left for the closing of the year was very little. The correct approach would have been to apply for an advance from the Contingency Fund of India, to cover all incurred and committed expenditure in excess of the budget provision. This was unfortunately overlooked. The P.A.C.'s observation in the matter have been noted and are being reiterated for strict compliance.

This note has been vetted by the Accountant General, Central Revenue, New Delhi *vide* his U.O. No. RRI-3|69-70|189, dated the 3rd June, 1969.

[Ministry of Finance (Deptt. of Expenditure) Letter No. 13(a)|68|FI dt. 15-6-69.]

Recommendation

The Committee observe from the note furnished by the Ministry of Finance that the adjustment of the equipment loan under the A.I.D. programme is done by Accounts Officers on the strength of advice issued by the Ministry of Finance. Out of the total excess of Rs. 3,68,87,917, the adjustment of the equipment loan (Rs. 1,17,22,081) accounts for the bulk. It is not clear to the Committee why the Ministry of Finance, having issued the advice for adjustment, failed to ask the Ministry of Irrigation and Power to provide the requisite funds.

[S. No. 18 of Appendix XXXIV to the 31st Report of the Public Accounts Committee—4th Lok Sabha.]

Action taken

Under the extent accounting procedure, the cost of equipment received under the A.I.D. programme was treated as a loan to the D.E.S.U. [composite Punjab Government and, while necessary adjust-

Haryana Government

ments were carried out by the Accounts Officer on the advice of this Ministry, it was the responsibility of the Ministry of Irrigation & Power, to whom copies of the advices issued by this Ministry were endorsed, to make necessary budget provision for accommodating the debits. Although the Ministry of Irrigation and Power made provision to accommodate the share of the D.E.S.U. on account of debits relating to the materials received under the loan, unfortunately, through oversight, they failed to provide for the requisite funds in respect of the share thereof of the composite State of Punjab. There was thus no failure on the part of the Ministry of Finance.

However, as Central assistance for State Plan Schemes will, from the current year 1969-70, be released by the Ministry of Finance themselves in the form of block loans and block grants, sanction to loans for individual State Plan schemes by the administrative Ministries will no longer be necessary. The accounting procedure referred to in the foregoing paragraph is therefore being modified so that both the DESU and the Government of Haryana pay for the cost of the equipment received for the Thermal Power Station in cash. As a result, there will be no further occasion for lapses of the type that occurred in 1966-67.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(52)-B/68 dated 13-6-69.]

Recommendation

The Committee also observe from the note furnished by the Ministry of Finance that there was delay on the part of Government in recovering ways & means advances given to certain States. They desire that the Central Government should invariably initiate immediate steps for the recovery of uncleared advances, together with interest, after these come to notice.

[S. No. 19 of Appendix XXXIV to the 31st Report of the Public Accounts Committee—4th Lok Sabha].

Action Taken

The observations of the Committee have been noted.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(52) B/68 dated 13th June, 1969].

Recommendation

The Committee observe that the excess in this Grant during the year 1966-67 was caused by the same factors which were responsible for the excess during the preceding year. This indicates that even after the initial error had come to notice, no remedial steps were taken and the lack of coordination between the Ministries of Finance and Irrigation & Power persisted. This the Committee consider highly regrettable. They would therefore desire that the present procedure may be reviewed and lacuna, if any, removed, so that requisite funds, if necessary, are provided in time.

[S. No. 20 of Appendix XXXIV to the 31st Report of the Public Accounts Committee—4th Lok Sabha].

Action taken

As already submitted to the Committee in reply to S. No. 16 of Appendix XXIX to their 12th Report (4th Lok Sabha), there is no lacuna in the extant procedure. Moreover, from the year 1969-70, assistance to State Governments for State Plan schemes including arrear assistance would be released and also provided for in the Budget by the Ministry of Finance themselves. The responsibility of the administrative Ministries would be confined to the release of assistance and providing necessary funds for Centrally-sponsored, Central Plan and non-Plan Schemes, and the question of issue of sanctions by Finance Ministry on their behalf would not arise. Thus under the revised arrangement there would be no scope for excess in the Grant due to procedural lapses on the part of the administrative Ministries of the type that occurred in 1966-67.

[Min. of Finance (Deptt. of Econ. Affairs) O.M. No. 8(52)-B/68 dated 13-6-1969].

Recommendation

The Committee observed that while there was an excess of Rs. 3,56,539 on account of receipt of more debits than anticipated in respect of equipment under Suspense, there was at the same time a saving of Rs. 2,75,047 on account of delay in receipt of debits from

and acceptance of debits by other Departments|Offices concerned under the same Group-Head. This indicates the need for closer liaison between the purchase and budget wings. The Committee trust that necessary remedial steps will be taken in the matter.

[S. No. 21 Appendix XXXIV, Para Nos. 2.48 and 2.49 of the PAC's Thirty-first Report (Fourth Lok Sabha)].

Action taken

The following steps are being taken to ensure close liaison between the purchase and the budget wings:—

- (i) All major purchases of equipment are arranged through the DG S&D on whom indents are placed after ensuring the availability of funds in the budget;
- (ii) After the orders are placed by DG S&D on the suppliers on the basis of tenders received, close liaison is kept with them by personal contacts and furnishing clarifications required, if any, by personal discussion at every stage;
- (iii) A close watch is kept on all the indents placed on the DG S&D and the orders placed by them on the suppliers. The position is reviewed periodically and bottlenecks, if any, are again sorted out by personal contacts;
- (iv) All cases in which the suppliers are not in a position to supply the materials by the due dates and consequently the dates of delivery of materials are required to be amended perforce, are taken into account for assessing the requirement of funds for the financial year concerned at the time of preparation of Revised Estimates depending upon the information received from DG S&D by a close liaison with them. In cases where the final settlement of certain issues like price finalisation, delivery date regularisation etc. in respect of materials supplied after the stipulated dates of delivery, the matter is pursued with the DG S&D to ensure proper utilisation of the provision made in the budget; and
- (v) Cases involving major payments to suppliers are pursued with the concerned Pay and Accounts Officer and the concerned Accountant General to obtain debits.

2. In spite of the steps indicated above, some variations between the sanctioned grant and the actual expenditure under various heads do occur due to circumstances beyond A.I.R.'s control as a number of

Agencies are concerned in the process. However, the recommendation of the Committee has been noted for guidance and all possible steps are being taken to avoid variations.

3. This has been vetted by Audit.

[Min. of Infor. & Broadcasting O.M. 4/14/68-B(D), dated 16-6-1969].

Recommendation

The Committee concur in the views of the Ministry of Finance and the C.&A.G. that the excess in the present case should be treated as a misclassification. They, accordingly, recommend that, in consonance with the principle enunciated in para 7 of their 16th Report (First Lok Sabha), the excess in this case should not be considered as requiring a fresh vote of Parliament for regularisation under Article 115 of the Constitution.

[S. No. 22 of Appendix XXXIV to 31st Report of the Public Accounts Committee—4th Lok Sabha].

Action taken

The observations of the Committee have been noted.

[Min. of Finance (Deptt. of Econ. Affairs) O.M. No. 8(52-B/68, dated 13-6-1969)].

Recommendation

The Committee feel that the variations between the final estimates approved by the Department's Liaison Officer in Montreal and the actual payments made by the Export Credit and Insurance Corporation of Canada on account of Machinery and equipment (Rs. 68.80 lakhs) and Consultancy charges (Rs. 21.08 lakhs) are too wide even after making due allowance for the time lag between the presentation of invoices and their final settlement by the ECIC. The Committee would like to know whether the Department maintains close liaison for purposes of budgeting with its Liaison Officer in Montreal and whether the latter furnishes periodical reports to the Department about the progress of payments by the ECIC.

[Sl. No. 23 of Appendix XXXIV to the Thirty-first Report—Para 2.58—4th Lok Sabha].

Action taken

Arrangements have been made under which the Department's Liaison Officer at Montreal reports to the Project Authority by the 5th of every month progressive total of payments effected by the

ECIC to the end of the previous month during the financial year and the payments expected to be made during the remaining part of the financial year on the basis of the commitments already entered into as well as new commitments expected to be entered into before the close of the financial year. During March, the closing month of the financial year, such information is furnished by him weekly and the final estimates are based on such information.

[(Deptt. of Atomic Energy) O.M. No. 23/5/68-Budget, dt. 11-4-1969].

Recommendation

The Committee feel that the Department could have, after receiving the bills of lading, provided for their liability on account of customs duty.

[Sl. No. 24 of Appendix XXXIV to the Thirty-first Report, Para 8.61—4th Lok Sabha].

Action taken

The comments of the Committee have been noted. In this connection, it may however be stated that as already explained in this Department's note on the Excess disclosed in the Appropriation Accounts (Civil) 1966-67 under Grant No. 144—Capital Outlay of the Department of Atomic Energy, no provision to cover this liability was made in the final grant, since, based on past experience, it was anticipated that there would be adequate savings in the Voted Grant to cover this liability. This expectation, however, did not materialise owing to receipt of larger book debits on account of payments made by ECIC.

[(Deptt. of Atomic Energy, O.M. No. 23/5/68-Budget, dt. 11-4-1969].

Recommendation

The Committee would like the Ministry of Works, Housing and Supply and the Department of Atomic Energy to look into the matter and resolve it at an earlier date. They would also like Government to issue suitable instructions to prevent the recurrence of such cases.

[Sl. No. 25 of Appendix XXXIV to the Thirty-first Report—Para 2.64—4th Lok Sabha].

Action taken

The matter has since been resolved and in accordance with the instructions of the Ministry of Supply & Technical Development (De-

partment of Supply) in their letter No. P II-15(31)68, dated 10th July, 1968 (copy enclosed), the debit wrongly raised against the Department of Atomic Energy has been withdrawn.

[Deptt. of Atomic Energy, O.M. No. 23/5/68-Budget, dated 11-4-1969].

MINISTRY OF SUPPLY & TECHNICAL DEVELOPMENT
(DEPARTMENT OF SUPPLY)

Dated 10th July, 1968.

No. P II-15(31)68.

To,

The Pay & Accounts Officer,
Ministry of W. H. & S.,
New Delhi

SUBJECT: *Levy of d.c. on disbursement made against AID Loan 091 for Tarapur Nuclear Power Project.*

Sir,

I am directed to refer to your letter No. OPI 1(73) Vol. I 1167-68, dated 4th April, 1968, on the above-mentioned subject, and in the circumstances mentioned therein, as no Bank Commission charges etc., were incurred by the Mission in the transactions under consideration the levy of 0.1 per cent made by you on the disbursements made for meeting such expenditure, may be treated as withdrawn under intimation to all concerned.

Yours faithfully,

Sd./-

*Officer-on-Special Duty,
(Fertilizer).*

Copy to:—

1. The Accounts Officer, Tarapur Atomic Power Project, Chhatrapati Shivaji Maharaj Marg, Bombay-1 with reference to his letter No. APS/Accts/26/02, dated 5.12.1967.

2. Chief Accounts Officer, India Supply Mission, Washington, with reference to his letter No. Acct.-1/L-091/Stt. dated nil to the Pay & Accounts Officer, New Delhi.

Sd/-
Officer-on-Special Duty
(Fertilizer)

Recommendation

The Committee understand from Audit that according to the orders contained in the Ministry of WH&S letter No. PII-21 (2) /58 (i), dated 17th February, 1968, the departmental charges at 0.1 per cent of the contract value of stores are leviable from non-commercial civil Departments of Central Government meant to cover expenditure in connection with bank charges. Since no bank charges have been incurred by the ISM in the present case departmental charges do not appear to be leviable.

The Committee would like the Ministry of Works, Housing and Supply and the Department of Atomic Energy to look into the matter and resolve it at an early date. They would also like Govt. to issue suitable instructions to prevent the recurrence of such cases.

[S. No. 25 (Paras 2.63 & 2.64) of Appendix XXXIV to the 31st Report (Fourth Lok Sabha)]

Action taken

On a representation received from the Tarapur Atomic Power Project in December, 1967, that departmental charges had erroneously been levied on that Project by the Pay & Accounts Officer, WH&S this Ministry had investigated the complaint of the Project and found that the charges had in fact been recovered incorrectly from the Project. Accordingly suitable instructions were issued to the P&AO, WH&S, New Delhi who withdrew the amounts wrongly debited, in July, 1968. Further necessary instructions have also been issued to all concerned through an Office Order circulated by the P&AO to ensure that departmental charges in doubtful cases are not levied without prior consultation with the Overseas Purchase Missions who render the requisite service on behalf of the Identor. A copy of the instructions circulated in this regard is also enclosed.

[Ministry of Foreign Trade and Supply (Deptt. of Supply) O.M. No. PII-8(2)/69, dated 16-6-1969].

OFFICE OF THE PAY & ACCOUNTS OFFICER MINISTRY OF
WORKS, HOUSING & SUPPLY, AKBAR ROAD, NEW DELHI.

O.O. No. SG-7

Dated 14-4-1969.

SUBJECT:—*Departmental Charges levied by the ISM., Washington/
London.*

The Ministry of Economic and Defence Coordination (Deptt. of Supply), New Delhi O.M. No. PII-15(1)/62 dated 7th December, 1962 provides that Departmental charges @0.1 per cent should be recovered from non-commercial Civil Departments of the Central Govt. (who are normally exempted from payment of departmental charges) to cover bank charges etc. incurred by ISM, Washington.

2. In a recent case pertaining to the purchases made by the Tarapur Nuclear Project direct from the General Electric of USA, this office had levied the usual departmental charges on the assumption that the ISM, Washington must have incurred the bank charges etc. A subsequent perusal of the Agreement, however, revealed that the Bank charges in connection with the opening of the letter of credit etc. were not to be borne by the ISM, but were to be financed from the Loan. This position was also confirmed by the ISM, Washington and the Department of Supply. Departmental charges already levied had then to be withdrawn.

3. It is, therefore, enjoined upon all concerned that, in future such departmental charges should not be levied in cases where it is clear from the particular Loan Agreement or other relevant documents that the bank charges etc. are not to be incurred by the ISM, but are to be financed from the Loan or to be borne by the Contractors. In cases of doubt, ISM, Washington should be consulted before the levy of departmental charges as it is likely to affect the budgetary position in a particular Financial Year.

Sd./-

Pay & Accounts Officer.

Authority: CP&AO's orders dated 3rd April, 1969 in file No. SM/
G.1(99) XIII].

Recommendation

"The Committee feel that at the time of making a review of their requirements for additional funds under the head 'Stores and Manu-
cture Suspense' the Department had not been realistic in their
essment".

[No. 26 of Appendix XXXIV and para 2.67 of 31st Report (Fourth
Lok Sabha)].

Action taken

The original grant of Rs. 1,352 lakhs under this head was aug-
mented by obtaining a supplementary grant of Rs. 82 lakhs. The

final requirements were thus estimated at Rs. 14.34 lakhs. Against this the actuals stood at Rs. 1626.64 lakhs resulting in an excess of Rs. 186.64 lakhs.

The excess was mainly on account of procurement of zinc and Russian sheets for the workshop; payment of escalation charges to Indian Telephone Industries and devaluation of the Indian Rupee during June, 1966 exceeding our anticipations. The observations of the committee have been noted.

This has been seen by Accountant General Posts and Telegraphs.

Deptt. of Communications (P&T) (O.M. No. 7-7/68-B dated the 9th May, 1969).

Recommendation

The Committee note from the explanation for the excess that one of the contributory factors was the supply of stores by organisations like the "Indian Telephone Industries" in excess of the original anticipations of the Department. However, the Department have simultaneously explained savings under the grant as *inter-alia* to non-receipt of stores from the Indian Telephone Industries and other sources. This would appear to suggest that the existing procedure for watching receipt of stores ordered by the Department and assessing the requirements of funds for such purchase needs to be improved.

(Sl. No. 27 Appendix XXXIV Para 2.69 of 31st P.A.C. Report).

Action taken

The Budget Estimates for capital outlay for any year are framed much in advance, i.e. in the month of February of the previous year. For this purpose, a forecast of the likely supplies from the State owned factories, M/s. Indian Telephone Industries, Hindustan Cables Ltd., Hindustan Teleprinters Ltd., and Departmental Stores and Workshops organisations are obtained. A forecast of likely expenditure for each major work costing Rs. one lakh and above and for lump sums for minor works costing less than Rs. 1 lakh each is also obtained from the subordinate Executive authorities. The Capital works programme is framed in the Directorate on the basis of these forecasts and other relevant factors available, i.e. any local purchase of stores, purchase of foreign equipments etc. The forecast given by the factories are scrutinised with reference to their past performance, any development in the manufacture of a new type of equipment in the factory or any expansion in the production of the existing type of equipment and the likely supplies are

assessed as accurately as possible and taken into account in formulating the works programme.

2. The same exercise is repeated while framing the subsequent estimates when more accurate forecasts of the supplies from the supplying agencies are again obtained. Final grants for the year are fixed and excess funds if any surrendered/additional requirements met either through a Supplementary Grant or advance from the Contingency Fund of India. This in short, is the procedure adopted for the framing of estimates under Capital Outlay.

3. During 1966-67, there was an excess of Rs. 460.45 lakhs under 134-A-IV Telephones—A—General projects, mainly on accounts of increased supplies from M/s. Indian Telephone Industries, payment of escalation charges due to devaluation, adjustment of customs duty on imported equipment and increased supplies from the stores organisation. At the same time certain stores for Microwave equipment were not supplied, by the I.T.I. to the extent anticipated earlier. If the supply of this equipment had also been received in full, the excess would have been higher. These modifications were known to the Department while framing the Revised estimates. A supplementary Grant was therefore, obtained to meet a portion of the additional requirements and the balance was met by reappropriation of the savings within the grant including transfer of expenditure under "Railway Electrification Scheme" mentioned in para 2.71. For technical reasons the re-appropriation orders could not be given effect to. The result was that the actual expenditure under several heads showed variations compared to the original grant under those heads. The observations of the Public Accounts Committee, however, have been noted.

This has been seen by Accountant General, Posts and Telegraphs. [Deptt. of Communications (P&T) O.M. No. 10-5/68-P(BC), dated 29th April, 1969].

Recommendation

The Committee are surprised to note that the Department passed a re-appropriation order under the Head for a sum in excess of the provision made in the Budget.

(Sl. No. 28 Appendix XXXIV para 2.71 of the 31st Report Fourth Lok Sabha).

Action taken

The observations of the Committee are noted and such reappropriations will be avoided in future.

This has been seen by Accountant General, Posts and Telegraphs, Deptt. of Communications (P&T) (O.M. No. 7-7/68-B-I dated, the 9th May, 1969).

Recommendation

“The Committee would like to observe that, as there is usually no element of uncertainty or unforeseeability in expenditure on pay and allowances, there should normally be no excess on this account.” [S. No. 29 (Para 2.73) of Appendix XXXIV to the 31st Report (4th Lok Sabha)].

Action taken

Suitable instructions have been issued to the Ministries/Departments *vide* O.M. No. F. 12(44)-E(Coord.)/68-I, dated 17th December, 1968 (copy enclosed). [Min. of Fin. O.M. No. F.12(44)-E(Coord.)/68, dated 3rd July 1969].

ANNEXURE

No. 12(44)-E(Coord)/68-I.

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, dated the 17th December, 1968.

OFFICE MEMORANDUM

SUBJECT:—31st Report of the P.A.C. (4th Lok Sabha)—

The Public Accounts Committee, while commenting on certain cases of excesses under the heads relating to pay and allowances of staff in the grants/appropriations of some Ministries/Departments, have observed as follows in paras 2.72 and 2.73 of their 31st Report (4th Lok Sabha) dealing with the cases of excesses over voted grants and charged appropriations disclosed in Appropriation Accounts for 1966-67:—

“During the course of their examination of excesses, the Committee came across a number of cases in which more expenditure on account of pay and allowances to the staff was adduced as one of the main reasons for excesses. In one such case (Grant No. 13—Botanical Survey of India), wages paid to the labour force in the Indian Botanic Garden, Calcutta, which had been in employment even before

the Garden had been taken over by the Central Government, was stated to be principal reason for excess in that Grant. In another case Grant No. 21—Taxes on Income (including Corporation tax, etc.) a part of the excess was stated to have been caused by payment of arrears of pay and allowances to the probationary I.T.Os, in a particular circle for which no provision was made. Additional expenditure on account of filling up of vacant posts was also stated to have contributed to the excess. In yet another case relating to Department of Company Affairs (Grant No. 77—Other Revenue Expenditure of Ministry of Law) payment of arrears of pay to officers in Company Law Board Services and filling up of certain vacant posts in the Office of the Official Liquidator, were cited *inter alia* as reasons for excess.”

“The Committee would in this connection like to observe that, as there is usually no element of uncertainty or unforeseeability in expenditure on pay and allowances, there should normally be no excess on this account.”

The Ministry of Home Affairs etc. are requested to note the above observations of the Committee and also issue suitable instructions to all concerned for ensuring that the budgetary requirements are correctly estimated and provided for in time so as to avoid such excesses over the sanctioned grants/appropriations.

Sd./-

Deputy Secy. to the Govt. of India.

To

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

Recommendation

Subject to the above observations, the Committee recommended that the excess referred to in para 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution.

(S. No. 30 of Appendix XXXIV to 31st Report of the Public Accounts Committee—4th Lok Sabha).

Action taken

The Excess Demands for 1966-67 were laid before the Lok Sabha in its November-December, 1968, session and were passed in the

Budget Session 1969. The connected Appropriation Bill received the assent of the President on 26th March, 1969.

[Min. of Fin. (Deptt. of E. Aff.) 8(52)-B/68 dated 13th June, 1969].

Recommendation

The Committee are in broad agreement with the suggestion of the Ministry of Finance contained in paras 3.7 and 3.8 above. In regard to the suggestion contained in sub-para 3.7 (iv), however, they would like to observe that their experience of the receipt of direct Notes on Excesses from the individual Ministries has not been very happy. They, therefore, desire that the submission of Notes on Excesses, duly vetted by Audit, should be centralised in the Budget Division of the Ministry of Finance, who should be responsible for furnishing them to the Committee immediately after the presentation of the Appropriation Accounts to Parliament or by the 10th of April, whichever is later. Subject to this modification, the Committee desire that the procedure suggested by the Ministry of Finance in paras 3.7 and 3.8 above may be introduced with effect from the Excesses relating to the year 1967-68.

(S. No. 31 of Appendix XXXIV of 31st Report of the Public Accounts Committee—4th Lok Sabha).

Action taken

The revised procedure for submission of notes has been given effect to from the excesses relating to the year 1967-68.

[Min. of Fin. (Deptt. of E. Aff.) O.M. No. 8(52)/68 dated 13th June, 1969].

Recommendation

The Committee also desire that the new procedure, as set forth in Paras 3.7—3.8 of this Chapter, should also be followed with necessary modifications by the Ministry of Railways in respect of Grants relating to that Ministry.

(S. No. 32 Appendix XXXIV Para No. 3.10 of 31st Report of the P.A.C. 1968-69).

Action taken

The recommendation has been noted in the Ministry of Railways. This has been seen by Audit.

[Min. of Rly. (Rly. Bd.) O.M. No. 68-B(C)-PAC/IV/31 doted 31st May, 1969/Jyaistha 10, 1891].

2. RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF REPLIES OF GOVERNMENT.

Recommendation

“The Committee note that excess occurred under the sub-head “A. 3. Tour Expenses” where the actual expenditure amounted to Rs. 14,07,629 against original provision of Rs. 9,25,000 and the finally revised provision of Rs. 12,30,500. They are not convinced by the argument that the debits in respect of tours from the other Ministries could not have been anticipated. As the Committee understand the position, the debits are periodically raised by the Railway and Defence Departments. Since these debits arise out of requisitions issued by the Ministry of Home Affairs for railway accommodation and security arrangements for tours undertaken by Ministers, it is not clear why it was not possible for the Ministry of Home Affairs before they came up with a Demand for Supplementary Grant in March 1967, to review the position of outstanding requisitions on which debits had not been received and to make suitable provision for the expenditure on that account.”

(Para 2.8 S. No. 4 Appendix XXXIV to the 31st Report of the P.A.C. 4th Lok Sabha).

Action taken

The above observations of the Public Accounts Committee are based on the presumption that the debits raised by the Railway and Defence Departments in respect of tours of Ministers/Deputy Ministers arise out of requisitions issued by the Ministry of Home Affairs. The correct position in this regard, however, is that requisitions for railway and air accommodation are issued by the P.As/PSs to the Ministers/Deputy Ministers concerned and not by the Ministry of Home Affairs. The Railway/Defence authorities send the bills arising out of these requisitions to the Ministries concerned who accept and pass the same on to the A.G.C.R. for adjustment. The Ministry of Home Affairs came to know of the tours undertaken by a Minister/Deputy Minister, and the expenditure incurred thereon, only when such expenditure is shown by the Ministry concerned in their monthly statements sent to the Ministry of Home Affairs. These statements do not give any indication of the requisitions in respect of which bills are pending. In the circumstances, it was not possible

for the Ministry of Home Affairs to anticipate the expenditure on requisitions for railway/air accommodation for which debits had not been received upto the close of the financial year, 1966-67. However, in order to avoid similar excess in future, instructions have now been issued to the Ministries to forward monthly statements showing the expenditure involved on account of *anticipated debits* arising out of the requisitions issued on the Railway/Defence authorities. They have also been requested to ensure that the ten-monthly estimates furnished by them to the Ministry of Home Affairs invariably include the anticipated debits on account of tours undertaken/likely to be undertaken by the Ministers/Deputy Ministers. A copy of the instructions is enclosed.

[Min. of Home Affairs O.M. No. 53/7/69-ACI dated 8th May, 1969].

Recommendation

The Committee are not convinced by the explanation given by the Department of Company Affairs for the excess in Grant No. 77. It is clear from the facts of the case that had the Department of Company Affairs exercised a close watch over the progress of expenditure during the course of the year, it would have been possible for them to cover the excess and that sufficient care was not taken while making a review of their requirements for additional funds.

[S. No. 14 Appendix XXXIV—Para No. 2.34 of Thirty-first Report—Fourth Lok Sabha.]

Action taken

In this connection it is submitted that the instructions contained in the General Financial Rules are being followed in all respects at the Headquarters as well as in the Field Offices in respect of the maintenance of Control Over Expenditure registers. Standing instructions have been issued to all the Field Offices that the progress of expenditure against each detailed head in the sanctioned grant should be carefully noted in the Accounts Books and the day to day transactions and figures thus compiled for the calendar month should be reported to the Department in the first week of the following month with explanations for important variations against the monthly average. This report is not held over pending reconciliation of the Field Office figures with those of the A.G.'s Office but such reconciliation is got done in the first fortnight of every month. The Field Officers first report the figures of expenditure as they appear in their books and thereafter send the reconciled figures.

These monthly statements of expenditure when received from the Field Offices are scrutinised and posted in the Control Over Expenditure register maintained officewise for the purpose. This Control Over Expenditure register indicates Departmental as well as reconciled figures of actual expenditure for every month separately and also the progressive expenditure upto the end of each month. On the basis of these monthly statements of expenditure the position of the grant is reviewed quarterly in order to watch the trend of expenditure.

2. With a view to determining the quantum of the Supplementary Grant, the position of the grant as a whole was reviewed in January 1967 on the basis of the actual expenditure incurred during the first nine months and the expenditure likely to be incurred during the remaining three months of the financial year 1966-67. The review revealed that additional funds to the extent of Rs. 3,53,100 might be required to meet the excess expenditure. Against the probable total requirements of Rs. 3,53,100 only Rs. 2,19,000 were provided; Rs. 1,44,000/- by way of Supplementary grant and utilisation of a saving of Rs. 75,000 under Demand No. 77, thus leaving a deficit of Rs. 1,34,000/-. Accordingly, further efforts were made to effect as much economy as possible to cover this deficit but the scope for substantial economy being very limited in an Establishment budget, it could not be achieved to the full extent needed to cover the deficit. Review of the grant as a whole was again made on the basis of eleven months actual which revealed that the gap had been narrowed down from Rs. 1,34,000/- to only Rs. 1,19,000/- and finally the actual gap was only Rs. 80,344/-.

3. On the basis of the above facts it will be observed that a close watch over the progress of expenditure had been maintained throughout and all possible efforts were made to restrict the expenditure to the sanctioned budget grant.

4. This 'Note' has been vetted by the Accountant General, Central Revenues, New Delhi, vide his office D.O. letter No. RR18-1 69-70 190 dated the 5th June, 1969.

[Ministry of Industrial Development, Internal Trade & Company Affairs (Deptt. of Company Affairs) O.M. No. F.8(6) BGT 68 dated 10th June, 1969].

Recommendation

The Committee also notice that out of the total excess of Rs. 80,344 a little over one-fourth (Rs. 29,277) was due to payment

of Dearness Allowance at enhanced rates to employees at Kanpur, Calcutta, Delhi, Bombay, Madras and Ernakulam. The Committee find that the orders for enhancement of Dearness Allowance with retrospective effect were issued by the Ministry of Finance well before the close of the financial year, i.e. on the 19th October, 1966. It is not, therefore, clear why the Department of Company Affairs had any difficulty in estimating their expenditure for Dearness Allowance and in making provision therefor. The Committee would like to know whether the Department did estimate their requirements and, if this was done, why the excess occurred.

[S. No. 15 Appendix XXXIV Para No. 2.35 of Thirty-first Report. Fourth Lok Sabha.]

Action taken

Kind attention of Public Accounts Committee is invited to para 2(iv) of Appendix XV at pages 81—83 of their 31st Report which reads as follows:—

“The other significant factor which disturbed the Revised Estimates for 1966-67 was the order issued on 19-10-1966 for the slightly upward revision of the Dearness Allowance with retrospective effect from 1-12-1965 and the grant of further increased rates of Dearness Allowance with effect from 1-8-1966 to the Central Government Employees. The financial effect of this item was Rs. 1,11,300 -”.

2. The above liability of Rs. 1,11,300- on account of D.A. rates enhanced with effect from 1-8-1966 was not included in the Revised Estimates for 1966-67 since by 19-10-1966, when the order was issued, the Estimating authorities had already submitted their proposals. This was, however, included in both the reviews made on the basis of actual expenditure incurred in the first nine months and eleven months of the year. The Supplementary Grant proposal for Rs. 3,53,100;- was made on the basis of the first review, and included the above liability. Against the proposal of Rs. 3,53,100 -, a Supplementary Grant of Rs. 1,44,000 - was agreed to, which included Rs. 1,37,200- on account of arrear of rent of office premises occupied by the Regional Director and the Registrar of Companies, Madras. The explanation given below Demand No. 77 in the Supplementary Demand for Grants 1966-67 presented to Parliament in March, 1967 had, therefore, to be amended accordingly.

3. In this connection, a statement showing the budgetary position of the Field Offices; Post Budget additional requirement; Revised Estimates as proposed and accepted; review of expenditure based on nine months and eleven months actuals is enclosed.

4. Against the requirements of Rs. 3.53 lakhs, based on 9 months review, additional funds to the extent of Rs. 1.44 lakhs only were provided by way of Supplementary Grant. The subsequent review in March, 1967, emerging on the basis of eleven months expenditure, also showed the inadequacy of the Supplementary Grant of Rs. 1.44 lakhs. The correct approach, at that time, would have been to get an advance from the Contingency Fund of India, which unfortunately, was overlooked.

5. This 'Note' has been vetted by the Accountant General, Central Revenues, New Delhi *vide* his office D.O. letter No. RR18-1/69-70/190 dated the 5th June, 1969.

[Ministry of Industrial Development, Internal Trade and Company Affairs (Deptt. of Company Affairs) O.M. No. F. 8(6)/BGT/68: dated 10th June, 1969].

ANNEXURE

Statement showing the Budgetary Position of the Field Offices under the Department of Company Affairs during the year 1966-67

Group-Heads Sub-Heads	Budget Estimates 1966-67	Post Budget Additional Requirements			Total Requirements	Revised Estimates		Total Requirements of funds based on	
		Dearness Allowance	Reorgani- sation of the O.L. Bombay	Rent of Office pre- mises of ROC/RD Madras		As originally proposed	As finally accepted	9 months Review	11 months Review
A-1—Registrar, Joint Stock Com- panies	25,11,300 (-)	66,200			25,77,500	25,81,700	25,20,200	26,76,800	26,18,200
A-2—Official Liquidator under Companies Act	6,90,300 (-)	33,500 (-)	1,40,000		8,64,100	7,91,300	7,32,300	7,85,200	7,72,800
A.3(1)—Regional Offices (Regional Directors)	6,81,900 (-)	44,800		(-)	1,41,800	8,70,500	9,18,500	9,00,500	9,17,500
A.4—Public Trustee	83,500 (-)	3,000			80,500	57,100	43,000	32,500	29,500
B. 1(1)—Companies Tribunal	2,66,000 (+)	2,600			2,68,600	2,58,000	2,58,000	2,51,100	2,50,300
	42,35,000 (-)	1,44,100 (-)	1,40,000 (-)	1,41,800	46,61,200	46,06,600	44,54,600	46,63,100	45,73,300*

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* This includes the liability of Rs. 1,11,300/- on account of D.A. rates enhanced with effect from 1-8-1966 which was not included in the Revised Estimates for 1966-67 both by the Department and the Ministry of Finance, as by 19-10-1966 when the orders were issued, the Estimating authorities had already submitted their proposals.

Dearness Allowance only

Budget Estimates 1966-67	—	6,04,000
Revised Estimates 1966-67	—	7,48,400
Total Requirements 1966-67	—	8,59,700
Difference between Revised Estimates 1966-67 and Total Requirements	—	1,11,300

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

NIL

(See Chapter I)

**4. RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT
HAVE FURNISHED INTERIM REPLIES.**

Recommendation

The Committee also notice that the excess under the Television Centre is substantial. Here even the liability for payment of arrears of fees to staff artistes seems to have been ignored while provision of funds was made. The bulk of the excess was due to purchase of film which accounts for more than two-thirds of the excess under this head. The Committee would like the Ministry to examine, in consultation with the Ministry of Finance, whether adequate and satisfactory arrangements for control of expenditure on the Television Centre exist, as the excess amounts to as much as 14 per cent of the original grant.

[S. No. 9—Appendix XXXIV Para No. of the Report—2.18.]

Action taken

The accounts of the Television Centre are being examined and the result will be intimated in due course.

[Deptt. of Inf. & Broadcasting O.M. No. 9(9)/68-(B) dt. 20-5-69.]

APPENDIX XXIV

Summary of Main Conclusions/Recommendations

Sr. No.	Para No. of the Report	Ministry/ Department concerned	Recommendations
1	2	3	4
1	1.6	Ministry of Finance All Ministries	<p>The Committee have been repeatedly urging Ministries/Departments to make every effort to avoid excesses. They, however, regret that the position has deteriorated instead of improving. During the year under report, Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Civil), (Defence Services) and (Posts and Telegraphs) aggregated Rs. 26.07 crores (18 per cent of the total grants) as against Rs. 12.50 crores (9 per cent of the total grants) during the preceding year. Likewise, excesses disclosed in the Appropriation Accounts (Railways) during the year under report aggregated Rs. 171.33 lakhs (11 per cent of the grant) as against Rs. 7.69 lakhs (0.05 per cent of the grant) during the preceding year. The Committee would like concerted steps to be taken to improve budgeting procedures so as to minimise excesses over Grants. The Committee hope that with the appointment of Internal Financial Advisers in each Ministry/Department the position in this respect may improve.</p>

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2.4

Ministry of Finance

The Committee note that the excess in this Grant was chiefly due to over-assessment of customs duty on imported stores in the absence of invoices. During the year 1965-66 also, there was an excess of Rs. 26 lakhs under this Grant for the same reason. Commenting upon that excess, the Public Accounts Committee (1967-68) had in paras 2.16 and 2.17 of their Twelfth Report (Fourth Lok Sabha), expressed surprise that there was an over-assessment of duty to the extent of Rs. 42.48 lakhs on imported paper, which was not a new item. Elsewhere in this Report the Committee have drawn attention to an over-charge of customs duty on certain ordnance and MT stores which resulted in an excess of Rs. 4.33 crores under Grant No. 5—Defence Services, Effective—Army. The Committee trust that the Ministry of Finance will examine how best the system of provisional assessments could be streamlined to avoid gross over-assessments of this kind. In particular, it might be worthwhile examining whether in the interests of accuracy of assessment, it would be possible to base provisional assessments on the value of imported stores as evidenced by contracts or other form of collateral documents available with Government Departments.

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2.8

Ministry of Home
Affairs

(i) The Committee are concerned over the lack of control over expenditure revealed in this case. The allotment under the head "E.1 (5) (2) (1)—Other Suspense Accounts—Charges" was reduced by

Rs. 26.61 lakhs by re-appropriation, but eventually there was an excess of Rs. 22.49 lakhs under this head. Likewise, the allotment under the head 'E.2(1)—Capital Outlay on Public Works—Original Works—Buildings' was reduced by Rs. 5.56 lakhs; and there was an excess of Rs. 3.06 lakhs.

(ii) In the opinion of the Committee, bulk of the excess of Rs. 64.51 lakhs—which comes to nearly 10 per cent of the final grant—was due to failure to anticipate properly the receipt of stores and debits relating thereto and to make adequate provision for adjustment of past liabilities. A proper watch over the progress of works was also not kept. The Committee trust that necessary steps for strict enforcement of the rules and instructions relating to control over expenditure will be taken by the Ministry of Home Affairs and proper liaison maintained with the Accounts Officers so that it may have correct advance information about the debits that are likely to materialise and could take steps to provide for them. Particular attention will have to be paid to the proper maintenance of Liability Register to keep a watch on adjustment of past liabilities.

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—Do—

The Committee also find that a part of the excess was due to increased expenditure on account of pay and allowances. As observed by the Public Accounts Committee in para 2.73 of their 31st Report (Fourth Lok Sabha), there is usually no element of uncertainty or unforeseeability in expenditure on pay and allowances. There should normally, therefore, be no excess on this account. The

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Committee trust that necessary steps will be taken by the Ministry of Home Affairs/Andamans Administration to prevent excesses on this account.

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2.13

—Do—

The Committee observe that the bulk of the excess under this Grant also was due to failure to anticipate properly the receipt of stores and debits relating thereto and to make adequate provision for the adjustment of past liabilities. There was also a failure to exercise proper control over expenditure. The Committee desire that the Ministry of Home Affairs should impress upon the NEFA Administration the imperative need for strict compliance with the rules and instructions regarding control over expenditure and proper maintenance of Liability Register. The Administration should also have a closer liaison with the Purchase Organisations/suppliers in respect of indented stores and with the Accounts Officer, from whom debits for cost of stores are awaited, so that liabilities can be accurately anticipated in time and budget provision made therefor.

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2.25

Ministry of Shipping;
& Transport

Excesses in the grants relating to 'Communications' and 'Roads' have become an annual phenomenon. The Committee had in para. 2.35 of their Twelfth Report (Fourth Lok Sabha), while commenting on excess under Grant No. 91—'Communications' that occurred in 1965-66 stressed the need for better co-ordination between the Ministry of Transport on the one hand and the State Governments on

the other, so that such excesses could be avoided. In para 2.27 of their Thirty-First Report (Fourth Lok Sabha), the Committee again drew attention to this matter when an excess under this Grant during 1966-67 came to their notice. Most of India to obtain monthly returns of expenditure from the State by the excesses are due to the failure of the Government of India to obtain monthly returns of expenditure from the State Governments. The Committee would like Government to take effective steps to ensure that expenditure figures under this and other connected Grants are collected from the State Governments in time and that the expenditure is limited strictly to the amounts voted by Parliament. The Committee hope that the establishment of Regional Offices of the Ministry of Transport would help to realise these objectives. The Committee also note that Government are contemplating "certain additional measures" to tighten control over expenditure under these grants. The Committee would like a decision on this point to be speedily taken.

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72.24

Ministry of Home
Affairs

The Committee observe from the explanation given for the excess that the debits, the adjustment of which caused an excess, were referred by the Accounts Officer to the Ministry of Home Affairs in December, 1967 for acceptance of the adjustment in the Accounts for 1967-68. This was duly communicated by the Ministry to the Accounts Officer in January, 1968 but at that stage the Ministry did not make a provision for the adjustment of the debits. The Committee are hardly convinced by the Ministry's explanation that the debits were pending with the Accounts Officer since 1966 and that, there-

1	2	3	4
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fore, they were under the impression that these might not be adjusted during the remaining few months of the year. The Committee trust that the Ministry will maintain a closer liaison with the Accounts Officer in future and make due provision for all debits accepted by them.

8 2.28 Ministry of Finance

The Committee note that there has been an excess of Rs. 2,41,08,243 under this grant and this is the third year in succession where such excesses have occurred. This is indicative of a regrettable lack of co-ordination between the Ministry of Finance and the Administrative Ministries.

9 2.29 — Do —

The Committee note that with effect from 1969-70, payments of Central assistance to the States for implementing the schemes included in the State Plans will be in the form of block grants and loans and will not be tied to individual Heads of Development. Also, formal sanctions except in the case of assistance released through the National Co-operative Development Corporation will be issued only by the Ministry of Finance and not by the other Ministries. The Committee trust that the proposed changes will enable the Ministry of Finance to keep a better watch over the releases to the State Governments and help in minimising the chances of ways and means advances remaining uncleared at the end of the year. The Committee would like to watch the results through future Appropriation Accounts.

of 1

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2-31

Department of
Communications
(P. & T. Board)

The Committee are not convinced by the explanation given by the Department for the excess under this Grant. The Department have stated that increase in the issue price of tele-communication line stores, apparatus and plant received for works and execution of "more urgent revenue earning works" were mainly responsible for the excess. Both these factors should have come to the notice of the Department well before the close of the financial year. The issue price of stores is fixed by the Department and the repercussions of such increased issue price on the cost of works could have been anticipated by the Department and budget provision made therefor. Likewise, the Department should have realistically worked out financial implications while sanctioning additional urgent revenue works and covered them by supplementary grants, as necessary. The Committee trust that the P. & T. Board will take steps to ensure that budgeting for their works expenditure is streamlined and made accurate.

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2-35

Ministry of Defence

The Committee observe that out of a total excess of Rs. 18.85 crores under this Grant, excess to the tune of about Rs. 12 crores was caused by supplies of stores materialising on a larger scale than anticipated and arrear payments pertaining to the previous year. The Ministry of Defence have stated that their anticipation of supplies especially of rice "was substantially upset by the large releases of rice quota etc. by Food Ministry on account of bumper crop."

These releases are made by the Department after prior notice and inspection by the Defence Authorities and it is not clear to the Committee why the Ministry of Defence failed to provide for the increased liability arising out of larger releases of quota on the basis of intimations received from the Department of Food. In any case, monetary settlement for supplies is made by the Pay & Accounts Officers attached to the Department of Food before the close of the financial year and a proper watch over the pace of settlement in February and March would have helped the Ministry to anticipate the excess and provide for it.

Another factor which contributed to the excess was over-charge of customs duty on a provisional assessment. Taking Ordnance and MFF stores alone, the over-charge according to the Ministry's estimate amounted to Rs. 1.33 crores. In an earlier part of this Report, the Committee have emphasised the need for utmost care on the part of customs authorities in making provisional assessment. The Committee note that the question of obtaining refunds and tying up the procedure to ensure avoidance of such over-payments of customs duty in future is under the active consideration of Government. The Committee would like to be informed of the remedial measures taken by Government to avoid recurrence of excess levy of customs duty on defence stores.

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|-----|------|---|--|
| 13 | 2-37 | Ministry of
Defence | The Committee note that an excess to the tune of Rs. 1.95 crores was on account of payment of pay and allowance of the Army, the staff in Manufacturing and Research establishments and Military Farms. That there should have been such a substantial excess in respect of an item, the expenditure on which in capable of a reasonably accurate assessment, does not speak well of the standards of budgeting in the Ministry. The Committee would like the Ministry to take steps to see that budgeting is toned up. |
| —D— | | | |
| 14 | 2-38 | Department of
Works, Housing
& Urban
Development | An excess of Rs. 63 lakhs has been attributed to payment of arrears of rent by the Military Lands & Cantonment Directorate and adjustment of rental charges on account of debits raised by the Director of Estates in respect of C.P.W.D. buildings occupied by the Defence Services towards the close of the financial year when the above debits could not be covered. The Committee are unable to accept this explanation. They feel that as the rent in respect of C.P.W.D. buildings under the occupation of the Defence Forces was a known factor, payments on account thereof could have been anticipated and provided for. The Committee also desire that the Director of Estates should avoid rush of debits towards the fag end of the year. |
| 15 | 2-39 | Ministry of Finance | Subject to the above observations, the Committee recommend that the Excesses referred to in para 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India. |

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Ministry of Information
& Broadcasting
Ministry of Shipping
& Transport

The Committee hope that the replies in respect of the outstanding recommendations will be furnished to them expeditiously.

Sl. No.	Name of Agency	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI					
24.	Jain Book Agency, Connaught Place, New Delhi.		33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.		34.	People's Publishing House, Ram Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmir Gate, Delhi-6.		35.	The United Book Agency, 48, Anand Kaur Market, Bahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.		36.	Bind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/99, Connaught Place, New Delhi.		37.	Bookwell, 4, Sant Narain-kam Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.		MANIPUR		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.		38.	Sri N. Chandra Singh, News Agent, Ramia Pad High School Annex, Imphal.	77
31.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.		AGENTS IN FOREIGN COUNTRIES		
32.	Jayana Book Depot, Chapparwah Kuan, Karol Bagh, New Delhi.		39.	The Secretary, Establishment Department, The High Commissioner of India, St. James' House, Akwtych, LONDON W.C.—2.	79

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