

**PUBLIC ACCOUNTS COMMITTEE**  
**(1978-79)**

**(SIXTH LOK SABHA)**

**EIGHTY-SEVENTH REPORT**

**EXCESSES OVER VOTED GRANTS AND  
CHARGED APPROPRIATIONS**

**[Excess Expenditure over Voted Grants and  
Charged Appropriations disclosed in the Appropria-  
tion Accounts (Railways), (Posts and Telegraphs) and  
(Defence Services), for the year 1976-77**

**AND**

**Action taken by Government on the recommend-  
ations of the Public Accounts Committee contained in  
their 38th Report (Sixth Lok Sabha) relating to  
Excesses over Voted Grants and Charged Appropria-  
tions as disclosed in the Appropriation Accounts  
(Railways), (Posts and Telegraphs) and (Defence  
Services) for the year 1975-76.]**



*Presented in Lok Sabha on 30-8-1978*  
*Laid in Rajya Sabha on 30-8-1978*

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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(1978-79)**

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**Shri P. V. Narasimha Rao**

**MEMBERS**

*Lok Sabha*

2. Shri Halimuddin Ahmed
3. Shri Balak Ram
4. Shri Brij Raj Singh
5. Shri C. K. Chandrappan
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*Rajya Sabha*

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18. Shri Sita Ram Kesri
19. Dr. Bhai Mahavir
20. Smt. Leela Damodara Menon
21. Shri B. Satyanarayan Reddy
22. Shri Gian Chand Totu.

**SECRETARIAT**

1. Shri H. G. Paranjpe—*Joint Secretary.*
2. Shri T. R. Ghai—*Senior Financial Committee Officer.*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this 87th Report of the Public Accounts Committee (Sixth Lok Sabha) on 'Excesses over Voted Grants and Charged Appropriations' disclosed in the Appropriation Accounts (Railways), (Posts and Telegraphs) and (Defence Services) for the year 1976-77 and on the action taken by Government on the recommendations of the Public Accounts Committee contained in their 38th Report (Sixth Lok Sabha) relating to Excesses over Voted Grants and Charged Appropriations, as disclosed in the Appropriation Accounts (Railways), (Posts and Telegraphs) and (Defence Services) for the year 1975-76.

2. The Appropriation Accounts (Railways), (Posts and Telegraphs) and (Defence Services) for the year 1976-77 were laid on the Table of the House on 4 April, 1978. The Committee examined the excess expenditure in the light of the Explanatory Notes furnished by the Ministries/Departments concerned (Appendices I to IV) at their sitting held on the 17th August, 1978 (AN). The Minutes of the sitting form Part II\* of the Report.

3. The Committee's 38th Report (Sixth Lok Sabha) on Excesses over Voted Grants/Charged Appropriations disclosed in the Appropriation Accounts for the year 1975-76 was presented to the House on 15 November, 1977. The Action Taken notes furnished by Government pursuant to the recommendations contained in this Report were also considered by the Committee at their sitting held on 17 August, 1978 and have been discussed in Chapter III of the Report.

4. For facility of reference, the conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. For the Committee at their sitting held on 17 August, 1978 and have been reproduced in a consolidated form, in Appendix VI to the Report.

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

**P. V. NARASIMHA RAO,**  
*Chairman,*  
*Public Accounts Committee.*

**NEW DELHI;**

**August 21, 1978.**

**Sravana 30, 1900 (Saka).**

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

## CHAPTER I

### GENERAL OBSERVATIONS

1.1. This 87th Report of the Committee deals with the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Railways), (Posts & Telegraphs) and (Defence Services) for the year 1976-77 and the Action Taken by Government pursuant to the Committee's recommendations|observations contained in their 38th Report (Sixth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations relating thereto for the year 1975-76. The Committee would present a separate Report on the Excess expenditure over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil) for the year 1976-77.

1.2. The Appropriation Accounts (Railways), (Posts & Telegraphs) and (Defence Services) for the year 1976-77 were laid on the Table of the House on 4 April, 1978.

1.3. In the succeeding paragraphs of this Report, the Committee have examined the excess expenditure disclosed in the different Appropriation Accounts in the light of explanations furnished by the Ministry of Railways (Railway Board), Ministry of Communications (P & T Board) and Ministry of Defence. The explanatory notes furnished in this regard by the Ministries concerned are reproduced in Appendices I to IV.

1.4. During the year ended 31 March, 1977, excess expenditure occurred under 6 Voted Grants and one Charged Appropriation in the case of Railways, 1 Voted Grant in the case of Posts & Telegraphs and 2 Voted Grants and 1 Charged Appropriation in the case of Ministry of Defence.

1.5. Excluding an amount of Rs. 78,456, which does not require regularisation by Parliament, having been erroneously shown under 'Excess', the excess expenditure during the year 1976-77 in the case of Railways aggregated to Rs. 67.67 crores, as against Rs. 85.79 crores during the year 1975-76 and Rs. 17.96 crores during the year 1974-75. The excess expenditure in the case of Posts & Telegraphs during the year 1976-77 aggregated to Rs. 16.20 crores, as against Rs. 11.95 crores during the year 1975-76 and Rs. 9.04 crores during the year 1974-75. The excess expenditure in the case of Defence Services during the year 1976-77 aggregated to Rs. 6.66 crores as against Rs. 68.68 crores during the year 1975-76 and Rs. 9.2 crores during the year 1974-75.

1.6. Only a year ago, emphasising the paramount need for a more accurate estimation of monetary requirements and better budgetary control so as to minimise excesses over voted grants and charged appropriations, the Public Accounts Committee (1977-78), in paragraph 1.8 of their 38th Report (Sixth Lok Sabha), had observed as under:

“The aggregate amount of excess expenditure over Voted Grants and Charged Appropriations during the past decade ranged between Rs. 3.78 crores in 1968-69 to Rs. 266.52 crores in 1974-75. The Committee had only a year ago expressed the view that the extent of deterioration under some of the Grants during 1974-75 cannot be taken lightly and should cause concern to Government. The Committee find that during the year 1975-76 excess expenditure had occurred under 45 Voted Grants and 7 Charged Appropriations which shows that the phenomenon of excess expenditure was more widely spread than in any previous year. The excess during the year is more prominently noticeable in the grants administered by the Ministry of Home Affairs, Ministry of Railways, Ministry of Defence and P&T Board. The Committee would like the Ministries concerned to take appropriate and concrete remedial measures to curb down the tendency of excess expenditure under advice to the Committee.”

1.7. In their Action Taken Note dated 23 May, 1978 in respect of the above recommendation, the Ministry of Railways (Railway Board) have stated:

“So far as Railways are concerned, instructions have again been issued to the Railways in Ministry of Railways letter No. 76-App/7-2/75-76 dated 6.3.78 emphasizing the need for framing their requirements of funds more realistically. They have been instructed to (i) analyse the reasons for the excesses and make concerted efforts to exercise greater care in estimating the requirements and framing budget proposals more realistically. (ii) Re-examine the existing procedure of estimation of expenditure and of framing budget proposals with a view to further streamlining so as to avoid excesses in future. The Ministry of Railways would like to assure the Committee that the need to eliminate excesses over Voted grants/charged Appropriations has been and will continue to receive their special consideration.”

**1.8. The amount of expenditure over Voted Grants and Charged Appropriations in case of Railways occurring under six Voted Grants and one**

**Charged Appropriation during the year under review aggregated to Rs. 67.67 crores; in the case of Posts and Telegraphs the excess expenditure occurred under one grant during the year under review and aggregated to Rs. 16.20 crores and in the case of Defence Services the excess expenditure occurred under two voted Grants and one Charged Appropriation during the year aggregating to Rs. 6.66 crores. The Committee note with satisfaction that there has been some reduction in the excesses, though not very prominent in the case of Railways and Defence. In the case of P&T, however, an upward trend is noticeable. The Committee, trust that every endeavour would be made by the Ministries concerned to ensure that the position is not allowed to deteriorate and that the excess over Voted Grants and Charged Appropriations would be kept to the barest minimum in future, if not altogether eliminated.**



## CHAPTER II

### EXCESS GRANTS|APPROPRIATIONS

2.1. During the year ended 31 March, 1977, the actual expenditure exceeded Voted Grants and Charged Appropriations in the following grants:

Sl. No.	No. and Name of Grant	Ministry/ Department	Final Grant/ Appropriation	Actual Expenditure	Excess Expenditure	Date of receipt of Explanatory Note
1	2	3	4	5	6	7
<b>I. APPROPRIATION ACCOUNTS (RAILWAYS), 1976-77</b>						
<b>A. VOTED GRANTS</b>						
<i>Revenue Section</i>						
1.	7—Revenue Operation Fuel . . . . .	Railways	2,97,35,72,000	303,89,93,264	* 6,54,14,831	13-4-1978
2.	9—Revenue—Miscellaneous Expenses . . . . .	Railways	59,86,35,000	66,59,95,612	@ 6,74,32,635	13-4-1978
3.	16—Pensionary Charge—Pension Fund . . . . .	Railways	37,83,14,000	40,55,90,881	2,72,76,881	13-4-1978
4.	18—Revenue—Appropriation to Development Fund . . . . .	Railways	24,69,28,000	25,85,63,983	1,16,35,983	13-4-1978
5.	19—Revenue—Appropriation to Revenue Reserve Fund . . . . .	Railways	10,97,70,000	61,38,82,954	50,41,12,954	13-4-1978

\*An excess expenditure of Rs. 6,54,21,264 had been reflected in the relevant Appropriation Accounts after taking into account the misclassification between grants, the real excess to be regularised works out to Rs. 6,54,14,831.

@An excess expenditure of Rs. 6,73,60,612 had been reflected in the relevant Appropriation Accounts after taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 6,74,32,635.

1	2	3	4	5	6	7
6.	21—Revenue—Appropriation to Accident Compensation, Safety and Passenger Amenities Fund . . . . .	Railways	8,89,35,000	8,97,73,838	8,38,878	13-4-1978
<i>B. CHARGED APPROPRIATION</i>						
7.	2—Revenue—Miscellaneous Expenditure . . . . .	Railways	3,00,000	3,13,500	13,500	13-4-978
<i>II. APPROPRIATION ACCOUNTS (POSTS AND TELEGRAPHS)</i>						
<i>A. Voted Grants</i>						
8.	19—Capital Outlay on P & T . . . . .	Communications (P&T Board)	2,33,04,00,000	2,49,24,25,885	16,20,25,885	31-5-1978
<i>B. Charged Appropriation</i>						
<i>III. APPROPRIATION ACCOUNTS (DEFENCE SERVICES) 1976-77</i>						
<i>A. Voted Grants</i>						
9.	21—Defence Services—Army . . . . .	Defence	17,38,85,12,000	17,43,78,42,113	4,93,30,113	*13-6-1978
10.	24—Defence Services—Pensions . . . . .	Defence	117,45,17,000	119,16,18,397	1,71,01,397	2-5-1978
<i>B. Charged Appropriation</i>						
11.	21—Defence Services—Army . . . . .	Defence	12,85,000	14,07,351	1,22,351	14-6-1978

\*Date of receipt of vetted reply.

2.2. According to the revised time schedule agreed to by the Committee in April, 1974, explanatory notes on Excesses over Voted Grants and Charged Appropriations are required to be submitted to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later. The Committee are happy to note that explanatory notes relating to 9 Grants/Appropriations administered by various Ministries were received within the period prescribed in the revised time schedule\*, i.e. by 31 May 1978 and only two notes relating to Grants/Appropriations administered by the Ministry of Defence were received on 14 June, 1978, i.e. 14 days after the expiry of the prescribed period. The Committee trust that every endeavour would be made by all concerned to ensure scrupulous adherence to the schedule in this regard.

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

#### APPROPRIATION ACCOUNTS (RAILWAYS) 1976-77

2.4. During the year 1976-77, actual expenditure under the grants and appropriations administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allotment in six Grants and one Charged Appropriation. The excess expenditure aggregated to Rs. 67.67 crores as against Rs. 85.79 crores in 1975-76 and Rs. 17.96 crores in 1974-75 and occurred under the following Voted Grants and Charged Appropriations:—

Sl. No.	Grant/Appropriation	Excess Expenditure	Percentage of final grant
VOTED EXPENDITURE			
1	Grant No. 7—Revenue—Operation Fuel . . . . .	6,54,14,831	2.20
2	Grant No. 9—Revenue—Miscellaneous Expenses . . . . .	6,74,32,635	11.26
3	Grant No. 16—Pensionary charge—Pension Fund . . . . .	2,72,76,181	7.21
4	Grant No. 18—Revenue—Appropriation to Development Fund . . . . .	1,16,35,983	4.71
5	Grant No. 19—Revenue Appropriation to Revenue Reserve Fund . . . . .	50,41,12,954	459.24
6	Grant No. 21—Revenue—Appropriation to Accident Compensation, Safety and Passenger Amenities Fund . . . . .	8,38,878	0.94
CHARGED EXPENDITURE			
7	Appropriation No. 2— Revenue—Miscellaneous Expenditure . . . . .	13,500	4.50

\* Appropriations Accounts (Railways), Posts and Telegraphs and Defence Services were laid on the Table of the House on 4 April, 1978.

2.5. The following table indicates the excesses recorded under various Voted Grants|Charged Appropriations during the years 1967-68 to 1976-77:—

Year	No. of Grants and Appropriation wherein excesses occurred.	Amount of Expenditure
1967-68	5	1'71
1968-69	3	0'11
1969-70	6	2'35
1970-71	4	0'22
1971-72	10	46'21
1972-73	5	10'21
1973-74	..	..
1974-75	6	17'96
1975-76	13	85'79
1976-77	7	67'67

2.6. In a note furnished to the Committee, explaining the reasons for the excesses, the Ministry of Railways (Railway Board) have stated:

“During the year 1976-77 there was an overall saving of Rs. 17.18 crores over the total grants and appropriations, resulting from an aggregate saving of Rs. 84.85 crores under 15 Voted grants and 12 charged appropriations offset by an aggregate excess of Rs. 67.67 crores under 6 voted grants and one charged appropriation. Under two voted grants, there was no variation.

The particulars of the 6 voted grants and one charged appropriation, under which excesses occurred during the year, are indicated in Annexure 'A'.\*

The amount of excess in each of the seven cases has been shown in Para 6 of the Report of the Comptroller and Auditor General of India for the year 1976-77 Union Government (Railways) as also in paras 33(a) and 33(b) of the Appropriation Accounts of the Railways in India for 1976-77 Part I — Review. The excesses to be regularised by Parliament are, however, to take into account the erroneous adjustments as between grants|

appropriations. Annexure 'A'\* shows the figures of excesses, as given in the above mentioned publications, as also the real excesses after taking into account the misclassifications, which also require regularisation.

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

It is requested that the Public Accounts Committee may be pleased to recommend the regularisation of these excesses by the Parliament in the manner prescribed under Article 115 of the Constitution of India. This has been seen by the Audit.

*Voted Granted No. 7—Revenue—Ordinary Working Expenses—Operation (Fuel)*

This grant deals with the expenditure of Ordinary Working Expenses—Operation (Fuel). The excess of Rs. 6.54 crores amounts to 2.20 per cent of the final grant of Rs. 297.36 crores.

A supplementary grant of Rs. 2.88 crores was obtained in March 77, to cover the increased consumption of diesel oil and electricity for moving additional traffic (Rs. 15.31 crores) and increased provision required towards revision in electricity tariff by State Electricity Board on electricity purchased for traction purposes (Rs. 3.12 crores), partly offset by saving in fuel under steam traction (Rs. 15.33 crores) and saving on account of modification in the rates of Dearness Allowance from 1,10.76 (Rs. 0.02 crores). The excess of Rs. 6.54 crores under this grant occurred due to less credit on account of subsidy in respect of freight on sea-borne coal and throw-forward debits for sea freights (Rs. 3.65 crores) more consumption of high speed diesel oil (Rs. 2.82 crores), includes Rs. 0.11 crore due to inadequate provision made by N.E. Railway Administration, more payment of handling and freight charges on fuel (Rs. 0.30 crore), increase in statutory prices and average rate of coal (Rs. 0.26 crores), fluctuations in adjustment of losses on fuel (Rs. 0.15 crores), partly offset by less consumption of coal consequent upon substitution of steam traction by electric traction (Rs. 0.43 crore) and aggregate of minor variations (Rs. 0.21 crore).

After taking into account the amount of misclassification *i.e.* Rs. 6,433 Annexures A & B to Appendix I the excess requiring regularisation by the Parliament works out to

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\*Reproduced as Annexure 'A' to appendix I

Rs. 6,54,14,831 in relation to the final grant of Rs. 2,97,35,72,000.

*Voted Grant No. 9—Revenue—Ordinary Working Expenses—Miscellaneous Expenses.*

This grant deals with the Miscellaneous items of expenditure like Government contribution to Provident Fund, Contribution and grants, compensation under Workmen's Compensation Act, Departmental Catering and other expenses such as law charges and revenue expenditure on civil defence etc. It also includes certain revenue transactions under Suspense. The excess of Rs. 6.74 crores work out to 11.25 per cent of the final grant of Rs. 59.86 crores.

A supplementary grant of Rs. 2.01 crores was obtained in March, 1977 for adjustment of arrear debits from State Governments towards security measures (Rs. 0.81 crore), more expenditure on catering stores due to increase in sales (Rs. 0.93 crore), more provision required for payment of compensation under Workmen's Compensation Act (Rs. 0.32 crore), rent, rates and taxes (Rs. 0.30 crore) and aggregate effect of various other heads (Rs. 0.27 crore), partly offset by saving on account of less provision required for removal of anomalies arising out of the implementation of the Third Pay Commission and Cadre review (Rs. 0.58 crore) and saving on account of modifications in the rates of Dearness Allowance from 1.10.76 (Rs. 0.04 crore). The excess of Rs. 6.74 crores occurred mainly under Suspense head "Miscellaneous Advance (Revenue)" (Rs. 4.51 crores) mainly because of transferring certain debits from Reserve Bank Suspense to this head at the end of the year and under Demands Payable (Rs. 1.55 crores) due to less adjustment of revenue liabilities. There was also increase due to more expenses in catering department (Rs. 0.16 crores) and more payment for Deposit Linked Insurance Scheme (Rs. 0.12 crore). The excess under "Miscellaneous Advance (Revenue)" was mainly on Central, Eastern, N.E. and N.F. Railways and necessary instructions have been issued to them to ensure clearance of the balances under Reserve Bank Suspense to final heads during the course of the year instead of transferring the same to the Miscellaneous Advance (Revenue) at the close of the year.

After taking the account the amount of misclassification i.e. Rs. 72,023.....the excess requiring regularisation by the Parliament works out to Rs. 6,74,32,635 in relation to the final grant of Rs. 59,86,35,000.

**Grant No. 16—Pensionary Charges Pension Fund**

This grant deals with the pensionary charges to railway staff covered by Pensionary form of retirement benefits. The excess of Rs. 2.73 crores works out to 7.21 per cent of the final grant of Rs. 37.83 crores.

A supplementary grant of Rs. 12.64 crores was obtained in March 1977 for meeting the increased payments expected to be made to staff who retired from Railway services under the Pensionary form of retirement benefits and also the increase in the rates of pension and relief to pensioners—on account of Third Pay Commission's recommendations. The excess of Rs. 2.73 crores under this grant occurred due to receipt of more debits from Civil Accounts Offices (Rs. 1.75 crores), settlement of more cases of death-cum-retirement gratuity (Rs. 0.47 crore) and superannuation pensions (Rs. 0.42 crore) and aggregate of minor variations (Rs. 0.09 crore).

**Grant No. 18—Revenue—Appropriation to Development Fund**

This grant deals with the Appropriation to Development Fund, out of the revenue surplus. The excess of Rs. 1.16 crores works out to 4.71 per cent of the final grant of Rs. 24.69 crores.

In March '77 a supplementary grant of Rs. 15.71 crores was obtained out of the anticipated revenue surplus, for meeting the expenditure on the works financed from the Fund and for discharging interest liabilities on outstanding loans. The excess of Rs. 1.16 crores occurred mainly due to surplus exceeding the anticipation, as a result of the improvement in the Railways' gross traffic receipts.

There is no misclassification under this grant.

**Grant No. 19—Revenue—Appropriation to Revenue Reserve Fund**

This grant deals with the Appropriation to Revenue Reserve Fund, out of the revenue surplus. The excess of Rs. 50.41 crores works out to 459.24 per cent of the final grant of Rs. 10.98 crores.

No provision was made at the stage of Budget Estimate as whole of the surplus, anticipated at that stage, was appropriated to Development Fund. A supplementary grant of Rs. 10.98 crores was obtained in March '77 out of the surplus anticipated at the stage of Revised Estimates. The excess of Rs. 50.41

crores, occurred due to surplus at the close of the financial year, exceeding the anticipated surplus, as a result of the improvement in the Railways' gross traffic receipts. It may be mentioned that as against the surplus of Rs. 35.67 crores anticipated at the Revised Estimates stage, the actual surplus was Rs. 87.25 crores.

There is no misclassification under this grant.

*Grant No. 21—Revenue—Appropriation to Accident Compensation, Safety and Passenger Amenity Fund*

This grant deals with the Appropriation to Accident Compensation, Safety and Passenger Amenity Fund, which is financed from the receipts from surcharge levied on passenger traffic. The excess of Rs. 0.08 crore works out to 0.94 per cent of the final grant of Rs. 8.89 crores.

A supplementary grant of Rs. 0.83 crore was obtained in March/77 due to anticipated increase in receipts from surcharge on passengers during the year. The excess of Rs. 0.08 crore occurred due to increase in the number of passengers than anticipated.

*Charged Appropriation No. 2—Revenue—Miscellaneous Expenditure—*

This appropriation represents the cost of Railway Wing of the office of the Comptroller and Auditor General of India, decretal payments relating to land, survey's cost of Research and Design and Standards Organisation and other Miscellaneous Establishments etc. The excess of Rs. 14 thousand works out to 4.50 per cent over the final grant of Rs. 3 lakhs.

No supplementary allotment was taken under this appropriation. The excess of Rs. 13,500,00 occurred due to more decretal payments than anticipated.

There is no misclassification under this appropriation."

2.7. It is seen that bulk of the excess expenditure of Rs. 50.41 crores for the year 1976-77 relates to Grant No. 19—Revenue—Appropriation to Revenue Reserve. Commenting on an excess expenditure under Grant No. 15—Open Line Works Capital, Depreciation Reserve Fund and Development Fund, disclosed in the Appropriation Accounts for the year



1975-76, the Public Accounts Committee (1977-78) in paragraph 2.74 of their 38th Report (Sixth Lok Sabha) had observed:—

“The Committee note that the excess expenditure under Grant No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund, has almost become recurring feature. In 1975-76, the excess expenditure was Rs. 46.04 crores against Rs. 16.79 crores incurred during 1974-75. There was also considerable excess of Rs. 9.24 crores under this grant in 1972-73. The excess during 1975-76 occurred on all the Railways and except Central Railway and on the Chittaranjan Locomotive Works. The Committee find from the note dated 15-3-1977 that the Railway Administration had brought the Committee’s recommendations contained in paragraph 2.45 and 2.46 of their 227th Report (Fifth Lok Sabha) to the notice of the General Managers of the Zonal Railways and Production Units, for a thorough scrutiny of the reasons for the deterioration in the position of excesses during the year 1974-75 and for exercising greater care in future in estimating their requirements and for framing their budget proposals realistically. The Committee trust that the improvements effected would be reflected in the future Appropriation Accounts.”

2.8. In their Action Taken Note dated 13 April, 1978 furnished to the Committee in response to the above recommendation of the Committee, the Ministry of Railways (Railway Board) have *inter alia* stated:

“While noting that excesses have taken place under 12 Voted Grants and one Charged appropriation, the Committee have adversely commented upon the excesses under Grant No. 8 (Rs. 9.50 crores), Grant No. 16 (Rs. 4.22 crores) and Grant No. 15 (Rs. 46.04 crores). The above recommendations of the P.A.C. have been noted and brought to the notice of the General Managers of the Zonal Railways and the Production Units for an analysis and thorough scrutiny of the reasons for the deterioration in the position of excesses during the year and for making concerted efforts in exercising greater care in future in estimating their requirements and for framing their Budget Proposals more realistically. The Railways have also been asked to examine the existing procedure of estimation and of budgeting and to further streamline them so as to avoid recurrence of such excesses in future.”

2.9. It is seen from the explanatory note that there was an excess expenditure of Rs. 6.74 crores in Grant No. 9—Revenue—Ordinary Working Expenses Miscellaneous Expenses, which works out to 11.25 per cent

of the final grant of Rs. 59.86 crores. There was an excess of Rs. 3.10 crores under this Grant during the year 1975-76 also. During the year 1976-77, a supplementary grant of Rs. 2.01 crores was obtained in March, 1977, to provide for more expenditure on catering stores due to increase in sales, which aggregated Rs. 0.93 crore. In spite of obtaining the supplementary grant, there was an excess expenditure of Rs. 0.16 crores attributable to increase in the expenses under Catering Department'. Only last year there was an excess expenditure of Rs. 0.21 crores due to more expenditure on catering as a result of more purchases.

2.10. It is further seen that the excess occurred mainly under Suspense head 'Miscellaneous Advance (Revenue)' mainly because of transferring certain debits from Reserve Bank Suspense to this head at the close of the year. This was contributed mainly by Central, Eastern, N. E. and N. F. Railways.

2.11 It is seen from the Explanatory Note furnished by the Ministry of Railways that out of 7 Grants/Appropriations administered by them, in which excess expenditure had occurred during the year 1976-77, there were misclassifications in respect of 2 Grants No. 7—Revenue—Operation (Fuel) and No. 9—Revenue Miscellaneous Expenses.

2.12 Such misclassifications had been noticed in the Appropriation Accounts for the years 1974-75 and 1975-76. Commenting on such misclassifications, the Public Accounts Committee (1977-78) in paragraphs 2.11 and 2.12 of their 38th Report (Sixth Lok Sabha) had observed in this connection:

"The Committee are concerned to note that during the year 1975-76, there have been misclassifications of expenditure under eight grants administered by Ministry of Railways on a fairly large scale. In spite of the instructions repeated in D.O. letter No. F.11(8)/N&M/75 dated the 25th April, 1975, by the Ministry of Finance (Department of Economic Affairs), that 'reconciliation work has to be attended to promptly every month so that rectification of errors, misclassifications, if any, is effected in time, resulting in better control over expenditure *vis-a-vis* the budgetary provision' the Committee are constrained to observe that the important work of reconciliation of departmental figures with those accounted for in the Accounts Offices in-effective.

Taking a serious view of the matter, the Public Accounts Committee (1975-76) in paragraph 24 of their 180th Report (Fifth Lok Sabha) had observed as follows:—

mittee emphasising the need for prompt reconciliation of ac-

That this should be so despite earlier recommendations of the Committee emphasising the need for prompt reconciliation of ac-

counts would indicate that adequate attention is not being paid by the concerned Ministries to this important aspect of accounting and that the instructions issued from time to time in this regard have failed to produce the desired effect. As such mis-classifications vitiate sound budgetary control, the Committee desire that necessary remedial measures should be taken to eliminate the default.'

"The Committee deplore such recurrent lapses and desire that positive instructions should be issued by the Ministry of Finance and the Ministry of Railways to eliminate such mis-classifications in future. The Committee would also like to have a categorical statement from the Ministry of Finance whether a certificate to the effect that the reconciliation work has been completed by the due date is invariably furnished by the Internal Financial Adviser concerned to their Budget Division, as per instructions issued by them on the 25th April, 1975."

2.13. In their Action Taken Note dated 18th March, 1978 furnished to the Committee in response to the above observations, the Ministry of Railways (Railway Board) stated:

"While recommending the regularisation of excesses occurred during the year 1975-76, the Committee have adversely commented upon the misclassifications of expenditure under eight grants and have desired that positive instructions should be issued to eliminate such misclassifications in future.

The above recommendations of the P.A.C. have been noted and brought to the notice of the General Managers of the Zonal Railways, Production Units and Metropolitan Transport Projects (Railways), for a thorough scrutiny of the reasons for the deterioration in the position and for exercising an effective reconciliation of the subsidiary books with the General Books from time to time in order to eliminate the chances of any misclassification remaining undetected and unadjusted at the close of accounts for the year. They have also been instructed to make a thorough probe into the circumstances leading to misclassifications and mistakes of high magnitude viz., Rs. 50,000/- and above remaining unadjusted during 1975-76 for deterrent action in order to avoid such instances in future."

**2.14. The Committee note that there was no original provision under Grant No. 19—Revenue—Appropriation to Revenue Reserve Fund, as the whole of the surplus anticipated at the budget stage was appropriated**

to the Development Fund. A supplementary Grant of Rs. 10.98 crores was obtained in March, 1977 to be appropriated from the anticipated revenue surplus of Rs. 35.67 crores. The actual revenue surplus was Rs. 87.24 crores on account of increase in gross traffic receipts. Out of this Rs. 61.39 crores were credited to the Revenue Reserve Fund. Taking into account the final provision of Rs. 10.98 crores, the net excess aggregated to Rs. 50.41 crores. This excess of Rs. 50.41 crores works out to 459.24 per cent of the final grant of Rs. 10.98 crores. Similarly, there was an excess of Rs. 1.16 crores under Grant No. 18—Revenue Appropriation to Development Fund, arising out of the revenue surplus. In March, 1977, a supplementary Grant of Rs. 15.71 crores was obtained out of the anticipated revenue surplus, bringing the final grant at Rs. 24.69 crores. The excess occurred mainly due to surplus exceeding the anticipation, as a result of the improvement in the Railways' gross traffic receipts.

2.15. While appreciating that the excess under Revenue Appropriation to Revenue Reserve Fund out of the surplus earnings cannot be treated on par with excess expenditure in the normal sense, the Committee feel that a more precise quantification of the revenue surplus was possible at the time of framing the Revised Estimates in March, 1977, thereby curbing to some extent the excess under this head. This was possible particularly in view of the fact that the Railway Administration is required to review continuously the ways and means and resources position of the Railways, which includes estimation of the gross traffic receipts. The Committee would like to know the basis adopted for making original/revised estimates to ascertain where the things have gone wrong resulting in such a large variation.

2.16. It is seen from the Action Taken Note furnished to the Committee in April, 1978 on the recommendations contained in their 38th Report (Sixth Lok Sabha) that the Zonal Railways have been asked to examine the existing procedure of estimation and the budgeting and to further stream-line them so as to avoid recurrence of such inadequate estimation in future. The Committee are of the view that the system of budgeting adopted by Zonal Railways needs a closer examination with a view to bring about the desired improvement through future Appropriation Accounts. A copy of the instructions issued in this behalf to the General Managers of the Railways may also be furnished to the Committee.

2.17. Sub-item 'Catering Department' has recorded an excess of Rs. 0.93 crores. There was a similar excess of Rs. 0.21 crore during the year 1975-76 also. It is significant that the excess occurred in spite of obtaining a supplementary grant of Rs. 2.01 crores which included a provision of Rs. 0.93 crore for more expenditure on catering stores. The Committee are concerned to note that it would have been possible to fully assess and

provide for the additional requirement on this account at least at the revised estimates stage. That this was not done is regrettable. The Committee would like to be informed of the precise reasons which resulted in excess on catering stores.

2.18. The Committee are concerned to note that during the year 1976-77, there have been misclassifications under Grant No. 7—Revenue—Ordinary Working Expenses—Operation (Fuel). In the case of Grant No. 9, the gross amount involved, exceeded rupees one lakh. The Committee have been informed by the Ministry in March, 1978 that the earlier recommendations of the P.A.C. contained in their 38th Report (Sixth Lok Sabha) have been brought to the notice of the General Managers of the Zonal Railways, Production Units and Metropolitan Transport Projects (Railways), for a thorough scrutiny of the reasons for the deterioration in the position and for exercising an effective reconciliation of the subsidiary books with the general books from time to time in order to eliminate the chances of any misclassification remaining undetected and unadjusted at the close of accounts for the year.

2.19. As such misclassifications vitiate sound budgetary control, the Committee take a serious view of the recurrence of misclassifications, and desire that positive instructions should be issued by the Railway Administration to the effect the effective reconciliation of subsidiary books with general books should be attended to promptly, every month, so that rectification of erroneous adjustments and/or misclassifications, if any, detected is effected in time, thereby eliminating altogether chances of such misclassifications.

APPROPRIATION ACCOUNTS (POSTS AND TELEGRAPHS) 1976-77  
MINISTRY OF COMMUNICATIONS (P&T BOARD)

2.20. Grant No. 19—Capital Outlay on Posts and Telegraphs

*Capital Section*

Voted Expenditure	Rupees
Original Grant . . . . .	2,12,08,00,000
Supplementary Grant . . . . .	20,96,00,000
<b>Total Grant . . . . .</b>	<b>2,33,04,00,000</b>
Actual Expenditure . . . . .	2,49,24,25,885
<b>Excess . . . . .</b>	<b>16,20,25,885</b>

2.21. In a note furnished to the Committee, the Ministry of Communications (P & T Board) have explained the excess expenditure as follows:

"This Grant provides for meeting the expenditure on Capital Outlay of the P&T Department and is made up of two parts (i) Works Portion and (ii) Stores & Manufacture Suspense. The former accommodates expenditure on capital assets and is accounted for as "Plan" expenditure. The latter provides for expenditure on procurement of stores required by the Department and for manufacturing operations of the Telecommunication Factories. The value of the stores consumed by the capital works enters the "Works Portion". The total expenditure on procurement of stores is reduced by such value of stores debited to Works and for the balance only, provision is made in the Grant as "Non-Plan" expenditure.

The original budget provision of Rs. 2,12,08 lakhs was made up of Rs. 1,93,57.50 lakhs under "Works Portion" (Plan) and Rs. 18,50.50 lakhs under "Stores & Manufacture Suspense Account" (Non-Plan). A Supplementary Grant of Rs. 20.96 lakhs was obtained in March, 1977 to meet additional anticipated expenditure of (a) Rs. 0.96 crores on on-going works of construction of post offices and R.M.S. Buildings; and (b) Rs. 20 crores on telecommunications for increasing switching capacity, underground cables, trunk automatic exchange lines, etc.

The total voted Grant stood at Rs. 2,33,04,00,000 against which the actual expenditure was Rs. 2,49,24,25,885 resulting in an excess of Rs. 16,20,25,885 as under:—

	Sanctioned Grant	Actual Expenditure	(In Rupees)
			Excess (+) Savings (—)
Works Portion.	2,14,53,50,000	2,08,10,15,823	(—) 6,43,34,177
Stores and Manufacture Suspense	18,50,50,000	41,14,10,062	(+) 22,63,60,062
Total	2,33,04,00,000	2,49,24,25,885	(+) 16,20,25,885

The savings of Rs. 6.43 lakhs under "Works Portion" of the Grant comprises:—

- (i) Saving of Rs. 15.58 lakhs under "556.B.4—Transmission Systems" due to less expenditure on purchase of microwave and lines and wires equipment.

- (ii) Excess of (a) Rs. 3.54 lakhs under "B.2—Local Telephone Systems" due to increase in prices and quantity of telephone equipment not anticipated earlier; (b) Rs. 3.29 lakhs under "B.3—Long Distance Switching Systems" due to more procurement of equipment for Trunk Exchanges (both auto and manual); (c) Rs. 1.94 lakhs under "B.1—Telegraph Systems" due to heavy procurement of apparatus and plant not anticipated earlier under telex system, and (d) Rs. 38 lakhs being the cumulative effect of savings and excesses under various components of postal and telecommunication services.

The excess expenditure of Rs. 22.64 lakhs under Stores and Manufacture Suspense comprises:—

- (i) Excess of Rs. 27.69 lakhs under General Stores mainly due to (a) larger procurement including receipt of I.T.I. debit of previous years (Rs. 17.73 lakhs); (b) more imports (Rs. 47 lakhs); (c) more receipt of manufactured articles from Telecom. Factories (Rs. 2.21 lakhs) and material recovered from works (Rs. 8.01 lakhs); and (d) less issues to factory stores (rupees 1 lakh) partly reduced by more issues to capital works (Rs. 74 lakhs).
- (ii) Excess under Misc. Civil Engg. Works Advances (Rs. 1.06 lakhs) due to more advances paid to the contractors for the purchase of steel remaining unadjusted.
- (iii) Saving under Factory Stores (Rs. 2.49 lakhs) mainly on account of (a) less procurement (Rs. 1.90 lakhs); (b) less receipts from General Stores (Rs. 1 lakh); and (c) more issues (Rs. 3.21 lakhs) partly set off by more receipts from Manufacture Suspense (Rs. 2.63 lakhs).
- (iv) Saving under Civil Engg. Stores (Rs. 1.83 lakhs) and Purchases (Rs. 1.26 lakhs) due to correspondingly larger issues to capital works and less payments/adjustments made for stores received, respectively.
- (v) Saving under Manufactured Suspense (Rs. 53 lakhs) due to more issues of manufactured articles (Rs. 4.84 lakhs) partly set off by more drawal of raw material and incidence of on-cost (Rs. 4.31 lakhs).

The note has been vetted by Audit."

2.22. It would be seen from the above that the bulk of the excess expenditure after setting off saving comes to Rs. 16,20 lakhs and occurred under the portion Stores and Manufacture Suspense of the Grant. The excess was mainly due to:

- (a) large procurement including receipt of I.T.I. debit of previous years (Rs. 17,73 lakhs);
- (b) more imports (Rs. 47 lakhs);
- (c) more receipt of manufactured articles from Telecommunication Factories (Rs. 2,21 lakhs) and material recovered from works (Rs. 8,01 lakhs); and
- (d) less issues to factory stores (Rs. 1 lakh) partly reduced by more issues to capital works (Rs. 74 lakhs);
- (e) excess under Misc. Civil Engineering Works Advances (Rs. 1,06 lakhs) due to more advances paid to the contractors for the purchase of steel remaining unadjusted.

2.23. But for savings aggregating Rs. 25,39 lakhs, the real excess would have been much more.

2.24. In the past also actual expenditure exceeded this grant. Commenting on these excesses, the Public Accounts Committee (1975-76) had, in paragraph 2.64 of their 180th Report (5th Lok Sabha) observed:

“The Committee are concerned to note that the actual expenditure of Rs. 26.18 crores under the ‘Stores Suspense Account’ of ‘Grant No. 18—Capital Outlay on Posts and Telegraphs’ exceeded the sanctioned grant of Rs. 6.64 crores by as much as 294 per cent. Out of the excess expenditure of Rs. 19.54 crores under this head of account, Rs. 5.16 crores represent the payments made to the Director General of Supplies and Disposals for supply of indigenous material made in 1972-73. The Committee are unable to understand why the undischarged liabilities relating to 1972-73 could not have been foreseen and provided for during 1973-74. That this was not done indicates that adequate attention is not being paid by the indenting authorities to the planned procurement of and payment for materials. The Committee would, therefore, like the Ministry to examine whether there are any inherent defects in the existing systems and to take suitable remedial measures for ensuring that adequate provision is made in the Budget Estimates itself for meeting past liabilities.”



2.25 In their Action Taken Note dated the 7 February, 1976. the Ministry of Communications (P&T Board) informed the Public Accounts Committee as under:

“The Budget Estimates for 1973-74 were framed in January, 1973. At that time it was expected there would be no throw forward bills of 1972-73 towards purchases through DGS&D. However, a number of claims in respect of supplies received in 1972-73 were received late and could not be accounted for in 1972-73. During the course of 1973-74 it came to notice that DGS&D Bills to the extent of Rs. 5.16 crores were raised and payments would have to be made in 1973-74. The Final Grant for DGS&D payments therefore was raised from Rs. 7.65 crores (provided in the Budget) to Rs. 12.93 Crores against which the actual expenditure stood at Rs. 12.81 crores, though coordination is maintained with the Pay and Accounts Officers and the DGS&D for planning the procurement and payments therefor, supplies which are expected during a year at times spilled over the next year or payments therefor after inspection and verification can be made only during the year following the year of supply and the overall position in this respect emerges only after March. A decision has now been taken to purchase articles required solely for the P&T Department directly and not through the agency of DGS&D. This is expected to improve the Budgetary Control.”

2.26. Commenting on a net excess of Rs. 11.95 crores that occurred under this Grant during 1975-76, the Public Accounts Committee (1977-78) had, in paragraph 2.69 of their 38th Report (Sixth Lok Sabha) observed:

“The Committee note that an excess of Rs. 11.95 crores occurred under Grant No. 17 ‘Capital Outlay on Posts and Telegraphs’ during the year 1975-76. There was an excess expenditure of Rs. 9.04 crores under this grant during the year 1974-75 also. The Committee would like to know why the increase in costs and quantities of telephone equipments, and increase in procurement of general stores could not be anticipated and provided for. The Committee were informed by the P & T Board in February, 1976 that a decision had been taken to purchase articles required solely for the P & T Department directly and not through the agency of D.G.S. & D., which was expected to improve the Budgetary control. The Committee would like to observe through the next year’s Appropriation Accounts how far direct purchases have improved the budgetary control.”

2.27. In their Action Taken note dated 1 May, 1978 furnished in response to the above observation of the Committee, the Ministry of Communication (P & T Board) have stated as follows:—

“Although probable increase in costs and quantities of telephone equipments was provided for to the extent of Rs. 8.93 crores in the Supplementary Budget, the provision fell short of the actual requirements by Rs. 13.45 crores due to unanticipated further increases in costs and quantities actually required for use. The increase in procurement of general stores was not so much due to procurement of more stores as mainly due to less issues to capital works. Instructions have been issued to the field units to estimate their requirements more accurately in future.

The decision for direct purchases of stores instead of through DGS&D has helped in the quicker procurement of stores and payments being made during the same year without the necessity of carry forward.”

2.28. The Committee find that during 1976-77, excess expenditure of Rs. 16.20 crores had been incurred under Grant No. 19—Capital Outlay on P & T. The Excess has occurred successively for the fourth year. There was excess expenditure of Rs. 11.95 crores in 1975-76, Rs. 9.04 crores in 1974-75 and Rs. 2.58 crores under this grant during the year 1973-74 also. But for savings, the actual excess in one part of the Grant viz., Stores and Manufacture Suspense, during 1976-77, would have been Rs. 22.64 crores. It is significant that but for the savings, the real excess would have been much more and it only shows the extent to which estimates were over-pitched in so far as ‘work portion’ of the Grant is concerned. The Committee are concerned over the fact that excess over authorised expenditure under this grant has become a recurring phenomenon. Since the Ministry of Communications (P&T Board) have issued instructions to the field units to estimate their requirements more accurately in future, the Committee trust that these would be scrupulously followed so as to reflect improvement in the budgeting control in the future Appropriation Accounts. The Committee would also like to reiterate their earlier observation contained in paragraph 2.64 of their 180th Report (Fifth Lok Sabha) and would like the Ministry to examine whether there are any inherent defects in the existing system and to take suitable remedial measures for ensuring that adequate provision is made in the Budget Estimates itself for meeting past liabilities.

2.29. The Committee realise that the decision for direct purchases of stores instead of being routed through the agency of DGS&D may have

helped in the quicker procurement of stores and payments being made during the same year without the necessity of carry forward, but at the same time feel that its impact is yet to be watched. The Committee would welcome a specific report on how far the move of direct purchases has improved the budgetary control in so far as expenditure exceeding the budgetary provision is concerned.

### APPROPRIATION ACCOUNTS (DEFENCE SERVICES)—1976-77

(Defence Services.)

#### 2.30. Grant No. 21—Defence Services—Army.

Expenditure	Voted	Charged
	(figures in Rupees)	
Original Grant/Appropriation . . . . .	16,49,75,74,000	9,00,000
Supplementary Grant/Appropriation . . . . .	89,09,38,000	3,85,000
Total Grant/Appropriation . . . . .	17,38,85,12,000	12,85,000
Actual Expenditure . . . . .	17,43,78,42,113	14,07,351
Excess . . . . .	4,93,30,113	1,22,351

2.31. In a note furnished to the Committee, the Ministry of Defence have stated:

“The original grant of Rs. 1649.76 crores under ‘Voted’ portion was augmented by obtaining a supplementary grant of Rs. 89.09 crores in March, 1977. Actual expenditure, however, amounted to Rs. 1743.78 crores against the total sanctioned grant (Voted) of Rs. 1738.85 crores leaving thereby an uncovered excess of Rs. 4.93 crores, which is only 0.28 per cent of the sanctioned grant.

The above-mentioned excess is the net result of excesses/savings under the various minor heads as indicated below:—

(In lakhs of Rupees)

Min. or Head.	Original Grant	Supplementary Grant	B.E. plus Supplementary grant, if any	Actual Expenditure 1976-77	Excess (+) Saving (—)
A-1 P&A of Army . . . . .	58,573.96	452.23	59,026.19	59,383.76	(+ )357.57
A-2 P&A and Misc. Expenses of Aux. Forces . . . . .	733.59	—	733.59	711.75	(—)21.84
A—3 P&A of Civilians . . . . .	10,276.71	..	10,276.71	10,059.33	(—)217.38

Min. or Head.	Original Grant	Supplementary Grant if any	B.E. plus Supplementary Grant, if any	Actual Expenditure	Excess(+) Saving(-)
A-4 Transportation . . .	4342.35	154.85	4497.20	5165.67	(+)668.47
A-5 Military Farms . . .	1262.30	..	1262.30	1321.79	(+)59.49
A-6 Ord. Factories . . .	35438.77	6516.98	41955.75	41878.15	(-)77.60
A-7 R &D Orgn. . . .	4826.60	..	4826.60	4641.03	(-)185.57
A-8 Inspn. Orgn. . . .	2899.50	..	2899.50	2934.88	(+)35.38
A-9 Stores . . . . .	36297.09	1221.21	37518.30	36679.65	(.)838.65
A-10 Works . . . . .	7024.00	401.10	7425.10	7859.06	(+)433.96
A-11 Other Expenditure . .	3300.87	163.01	3463.88	3743.35	(+)279.47
TOTAL . . . . .	164975.74	8909.38	173885.12	174378.42	(+)493.30

It would be observed that the excess occurred mainly under (i) A-1 Pay & Allowance of Army—Rs. 3.58 crores, (ii) A-4 Transportation—Rs. 6.68 crores, (iii) A-10 Works—Rs. 4.34 crores and (iv) A-11 Other Expenditure—Rs. 2.79 crores, partly off set by savings under certain other heads resulting in overall excess of Rs. 4.93 crores. The main reasons for these excesses are explained below seriatim:

- (i) *A-1 Pay and Allowances (Rs. 3.58 crores)*:—Due to increase in the rates of compensation in lieu of quarter and ration allowance of Other Ranks and per capita rates of Junior Commissioned Officers and Other Ranks adopted in the final estimates proving inadequate.
- (ii) *A-4 Transportation (Rs. 6.68 crores)*:—Due to increase under rail charges as a result of increase in military tariff rates for movement of personnel and stores and adjustment of certain debits not anticipated.
- (iii) *A-10 Works (Rs. 4.34 crores)*:— Due to more expenditure than anticipated on maintenance and operation of installations because of increase in tariffs for water and electricity, pay and allowances of operating staff, cost of stores, certain

urgent special repairs to installations, rates and taxes of Defence properties and on rail sidings and platforms and maintenance of buildings.

- (iv) *A-11 Other Expenditure (Rs. 2.79 crores)*:—Due to certain payments (Rs. 3.15 crores approximately) made against advices wrongly received from the Controller of Accounts, Ministry of External Affairs and adjusted under this head in the absence of details. Necessary refund has already been received from that Ministry and adjusted in the Defence Accounts for 1977-78. Remedial measures have been taken to avoid such errors in future.

As regard 'Charged' Appropriation, the position is that provision for Charged expenditure is made for meeting payments in satisfaction of court decrees etc. Such payments, by their nature, cannot be foreseen with any amount of exactitude, and hence it is often not possible to make a precise estimate of expenditure. As such, provision for the Charged Expenditure is made on *ad hoc* basis. A provision of Rs. 9,00,000 was made in the Budget Estimates for 1976-77, which was increased to Rs. 12,85,000 through a Supplementary Appropriation of Rs. 3,85,000 obtained in March, 1977. The actual expenditure during the year, however, amounted to Rs. 14,07,351 resulting in an uncovered excess of Rs. 1,22,351 (9.52 per cent). Instructions have been issued (Copy enclosed)\* to the Administrative authorities to make every effort to ensure that such excesses do not occur in future.

In the circumstances explained above, the excess of Rs. 4,93,30,113 (Voted Portion) and Rs. 1,22,351 (Charged Appropriation) over the sanctioned Budget may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

DADS has been."

**2.32. The Committee observe that the excess expenditure of Rs. 493.30 lakhs occurred under Grant No. 21—Defence Services—Army (Voted) and Rs. 1.22 lakhs under the same Appropriation No. 21—Defence Services—Army (Charged). It is significant that but for savings, aggregating Rs. 1341.04 lakhs, the excess would have been much more. Bulk of the excess under the Grant is attributed to pay and allowances (Rs. 3.58 crores) transportation (Rs. 6.68 crores), works (Rs. 4.34 crores) and other expenditure (Rs. 2.79 crores). After carefully considering the explanation offered by the Ministry of Defence, the Committee are**

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\*Not reproduced

firmly of the view that much of the excess expenditure could have been foreseen and adequately provided for at least at the time of obtaining supplementary grant in March, 1977. Since there was usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, the excess could have been avoided to a great extent by estimating compensation in lieu of quarters and per capita rates more precisely. Similarly, the Committee are unable to appreciate why the increase in the tariff rates for movement of personnel and stores and tariffs for water and electricity as also adjustment of certain debts could not have been foreseen and estimated more realistically and provided for fully.

2.33. The Committee find that there was similar excess in the Appropriation Accounts for the year 1975-76 also. The Committee desire that a detailed review of the existing arrangements should be undertaken to devise suitable and effective measures with a view to remove the inherent defects in the existing systems, under intimation to them.

2.34. Grant No. 24—Defence Services—Pensions.

Voted Expenditure	Rs.
Original Grant . . . . .	114,56,24,000
Supplementary Grant . . . . .	2,88,93,000
Total Grant . . . . .	117,45,17,000
Actual Expenditure . . . . .	119,16,18,397
Excess . . . . .	1,71,01,397

2.35. In a note furnished to the Committee, the Ministry of Defence have explained the excess as under:

"A break-up of the excess expenditure of Rs. 1,17,01,397 is given below:

(In thousands of Rupees)					
Sub-Head	Original Grant	Supplementary Grant	Total Sanctioned Grant	Actual Expenditure	Excess Expenditure as compared to Total sanctioned Grant
A-1 Army . . . . .	106,42,60	1,34,21	107,76,82	108,90,03	(—) 11,13,22
A-2 Navy . . . . .	2,80,35	74,30	3,54,65	3,51,55	— 3,10
A-3 Air-Force . . . . .	5,33,29	80,42	6,13,71	6,74,60	— 60,89
<b>TOTAL</b> . . . . .	<b>114,56,24</b>	<b>2,88,93</b>	<b>117,45,17</b>	<b>119,16,18</b>	<b>(—) 1,71,01</b>

Thus, the excess of Rs. 171.01 lakhs over the sanctioned grant was net result of excess of Rs. 113.22 lakhs and Rs. 60.89 lakhs under Army and Air Force respectively, counter-balanced by a saving of Rs. 3.10 lakhs under Navy.

The excess under Army and Air Force occurred on account of drawal of pension by a larger number of pensioners and larger payments of Commuted Value of Pensions than anticipated. Keeping in view the trend of expenditure during the year, the original provision of Rs. 748 lakhs for Commuted Value of Pensions in the Grants as a whole was increased to Rs. 1027 lakhs at the Revised Estimates stage as such a Supplementary Grant of 288.93 lakhs for the Grant as a whole, was obtained from Parliament in March 1977, to cover mainly payment of commuted value of pensions. A further increase of Rs. 303 lakhs was made on this account at the Final Estimates stage by re-appropriating the savings anticipated under other heads of expenditure. However, even the increased provision proved to be inadequate, resulting in the excess over the sanctioned Grant.

As the magnitude of payments on account of Commuted Value of Pensions depends upon the needs of individual pensioners, there is an inherent difficulty in preparing accurate estimates of such expenditure. As a result of revision of pay scales on the basis of Third Pay Commission's recommendations, pension entitlements had gone up with a consequential increase in the amount of Commuted Value of Pensions payable to pensioners, the impact of which could not be foreseen accurately. Besides, a larger number of pensioners than anticipated applied for commutation of pensions. All these factors account for the excess over the budget provision. The table below will indicate that the payments on account of Commuted Value of Pensions during 1976-77 were almost double the payments made in 1975-76:

Year	Original Budget provision	Payment on account of Commuted value of Pensions
1974-75	545	637
1975-76	690	775
1976-77	748	1540

In the circumstances explained above, it is requested that the excess of Rs. 1,71,01,397 over the sanctioned Grant, which is less than  $1\frac{1}{2}$  per cent of the sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution."

2.36. Viewing with seriousness the excess expenditure on what should be a comparatively easily ascertainable account, the Public Accounts Committee (1975-76), in paragraph 2.60 of their 180th Report (Fifth Lok Sabha) had observed:

"The Committee note that an excess of Rs. 1.16 crores had occurred under the sub-head 'A.1—Army' of 'Grant No. 23-Defence Services-Pensions'. The Committee are not convinced by the plea offered by the Ministry of Defence that on account of a number of uncertain factors, it is not possible to make a precise estimate of the magnitude of the non-effective charges. Even assuming that some pensioners might or might not draw their pensions during the month of March, the Committee are doubtful whether this by itself could account for the large excess. The Committee, therefore, view with seriousness the excess expenditure on what should be a comparatively easily ascertainable account and desire that the Ministry of Defence, in consultation with the Ministry of Finance, should evolve a system of expeditiously reported the debits to the concerned authorities so that proper revised estimates could be framed in time and excesses avoided."

2.37. In their Action Taken Note dated 11th December, 1975, furnished in response to the above observation of the Committee, the Ministry had stated:

"The observations of the Public Accounts Committee have been noted. Action has been taken to ensure that stricter watch is kept by the Accounts authorities concerned on receipt of accounts from the pension disbursing officers and in cases of delay, matter is vigorously pursued to call for the wanting accounts. Necessary instructions have also been issued by the Controller of Defence Accounts (Pension) *vide* his letter No. A/II/3892, dated 9th October, 1975 addressed to Treasury Officers/Post Masters asking them to render the pension payment accounts promptly in future."

2.38. The Committee observe that a net excess of Rs. 171.01 lakhs had occurred under Grant No. 24—Defence Services—Pensions. According to the Ministry, the excess under sub-heads A-1 Army and A 3 Air



Force occurred on account of drawal of pension by a larger number of pensioners and larger payments of commuted value of pensions than anticipated. In this connection, the Committee had, in paragraph 2.60 of their 180th Report (Fifth Lok Sabha) observed :

"The Committee note that an excess of Rs. 1.26 crores had occurred under the sub-head 'A. 1—Army' of 'Grant No. 23-Defence Services—Pensions'. The Committee are not convinced by the plea offered by the Ministry of Defence that on account of a number of uncertain factors, it is not possible to make a precise estimate of the magnitude of the non-effective charges. Even assuming that some pensioners might or might not draw their pensions during the month of March, the Committee are doubtful whether this by itself could account for the large excess. The Committee, therefore, view with seriousness the excess expenditure on what should be a comparatively easily ascertainable account and desire that the Ministry of Defence, in consultation with the Ministry of Finance, should evolve a system of expeditiously reporting the debits to the concerned authorities so that proper revised estimates could be framed in time and excesses avoided."

2.39. The Committee realise that the magnitude of payments on account of commuted value of pensions depends upon the needs of individual pensioners but they are unable to contribute to the plea advanced that the impact of consequential increase in the entitlements on the basis of Third Pay Commission's recommendations could be foreseen accurately. The Committee also realise that some variations on this account are understandable but in view of the fact that there should always be some time lag between the finalisation of applications for commutation and the drawal of commuted value of pension by pensioners, the magnitude of entitlements is comparatively easily ascertainable with some precision. The Committee, therefore, like the Ministry of Defence to examine in consultation with the Ministry of Finance, whether there are any inherent defects in the existing systems, with a view to taking suitable remedial measures for ensuring that adequate provision is made at least at the Revised Estimates stage during February/March for meeting the pensionary charges.

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

## CHAPTER II

### REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 38TH REPORT (SIXTH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1975-76.

3.1. The 38th Report (Sixth Lok Sabha) of the Public Accounts Committee (1977-78) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1975-76 was presented to the Lok Sabha on 15 November, 1977. Out of a total number of 34 recommendations, 2 recommendations pertained to the Ministry of Railways (Paragraph 2.73 and 2.74), 3 recommendations related to Ministry of Defence (Paragraphs 2.62, 2.65 and 2.66) and one recommendation concerned the Ministry of Communications (P & T Board) (c.f. paragraph 2.69). Action Taken Notes on the above recommendations have been received from the Ministries concerned and are reproduced in Appendix V. Committee's observations on Action Taken notes on recommendations contained in their 38th Report in so far as they relate to Excess expenditure over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil) for the year 1975-76 are being included in a separate Report which would be presented separately on Excess expenditure over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil) for the year 1976-77.

3.2. The Action Taken Notes received from the Ministries referred to in para 3.1 above have been broadly categorised as follows:—

(i) *Recommendations/observations that have been accepted by Government.—Sl. Nos. 23—28 (Total 6)*

(ii) *Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Government.*

Nil

(iii) *Recommendations/Observations which the Committee do accepted by the Committee and which require reiteration.*

Nil

(iv) *Recommendations/observations in respect of which Government have furnished interim replies.*

Nil

3.3. In accordance with the schedule prescribed by the Committee in their 5th Report (Fourth Lok Sabha), notes on the Action Taken by Government on the recommendations/observations contained in the Committee's 38th Report were required to be furnished by the concerned Ministries latest by 14th May, 1978. An analysis of the receipt of Action Taken Notes, however, discloses the following position:

Total Number of Notes	..	6
Number of Notes received by due date	..	4
Number of Notes received by the end of May, 1978	..	2

3.4. The Committee find that while 4 Action Taken Notes were received by the due date i.e., 14th May, 1978, two notes relating to the Ministry of Defence were received after the due date. The Committee would like to stress the need for making all out efforts by the Ministries concerned to eliminate avoidable delays in future by ensuring strict adherence to schedule.

*Lack of sounder budgetary control and Inadequate estimation expenditure.*

3.5. Dealing with an excess expenditure of Rs. 61.26 crores under Grant No. 19—Defence Services—Army, the Public Accounts Committee (1977-78) in paragraph 2.62 of their 38th Report (Sixth Lok Sabha) had observed:

“The Committee note that bulk of the excess of Rs. 61.26 crores under Grant No. 19—Defence Services—Army’ is attributed to Pay and Allowances of Army (Rs. 19.78 crores) due to upward revision of ration allowance of Other Ranks, arrears of pay and allowances etc. and Ordnance Factories (Rs. 34.78 crores) due to more materialisation of supplies and increased requirements and adjustment of debits for customs duty. The Committee are of the view that since there was usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account. The Committee find that an excess of Rs. 8.93 crores was attributable to increased tariff rates of water and electricity supply and the cost of works services and special repairs etc. They also feel that the factors of higher materialisation of supplies than anticipated and adjustment of debits, could have been anticipated more precisely at least at the

time of obtaining supplementary grant in January and March 1976 and by a more effective coordination and liaison with the suppliers and the Accounts Organisations. That this was not done is regrettable. The Committee trust that sounder budgetary control will be exercised by the Ministry in future to avoid recurrence of excesses of this nature."

3.6. In their Action Taken Note dated the 12th May, 1978 the Ministry of Defence have stated:

*Excess relating to Pay and Allowances of the Army*

Out of the excess of Rs. 19.78 crores over the sanctioned grant in 1975-76 under Sub Head A-1—Pay and Allowances of Army of Grant No.19—DS—Army an additional expenditure of Rs. 18.04 crores was foreseen and provided in the RE 1975-76. The amount actually reappropriated from the anticipated savings under other Sub Heads of the Grant was Rs. 17.48 crores in the Final estimates. The savings anticipated under other Sub Heads did not materialise, resulting in a total excess of Rs. 61.26 crores under Grant No. 19. Greater scrutiny is being exercised to ensure that Revised/Final estimates under the Sub Heads are reasonably accurate and that re-appropriations do not go awry.

*Excess relating to Ordnance Factories*

The excess expenditure of Rs. 34.78 crores relating to ordnance Factories in the year 1975-76 over the total sanctioned Grant was mainly under the sub-heads 'Purchase of Materials' and 'Customs Duty' as per details given below:

	R.E. 75-76	Actuals 75-76 (In crores of Rupees)	Excess
Purchase of Materials	184.84	210.44	25.60
Customs Duty	20.05	32.90	12.85
			38.54

The excess expenditure of Rs. 38.54 crores in the above heads was partly offset by less expenditure under other heads, resulting in a net excess of Rs. 34.78 crores.

The excess expenditure was mainly due to more materialisation of supplies and increased requirement of materials, which was necessitated in certain cases to meet production requirements, and on account of adjustment of arrear debits of Customs duty pertaining to preceding years.

The reason why additional requirements of funds for purchase of materials could not be assessed more precisely and supplementary grants obtained at the Revised Estimates stage, is mainly the inherent delay in monitoring the actual expenditure under the existing accounting system in respect of Central purchases, including foreign supplies. Along with effective coordination and liaison with suppliers regarding delivery schedules and prospects of actual supplies against contracts already placed and expected to be placed, the trend of actual bookings is an important guiding factor in the realistic assessment of the requirements of funds and framing of periodical estimates. The erratic pattern of such bookings at the Preliminary Revised Estimates stage (October) and Actual (Sept./Oct. of the following year) has proved a great handicap in arriving at accurate estimates at the Revised Estimates stage and obtaining the correct amount of additional funds through supplementary grants. For example, the expenditure under Central Purchase in the first seven months of the year upto October for which actuals are available at Revised Estimates stage and the remaining five months of the year including March Supplementary Corrections, was as follows over the year:

Year	Purchase of Materials (Rs. in crores)	
	Ist 7 months	last 5 months
1971-72	19	53
1972-73	36	56
1973-74	28	51
1974-75	18	59
1975-76	25	72

The same was more true in the case of Customs Duty. The erratic pattern of bookings *vis-a-vis* the value of imported materials will be evident from the following figures:

Year	(Rs. in crores)	
	Value of imported materials	Customs Duty
1971-72	17	7
1972-73	23	10
1973-74	33	14
1974-75	22	10
1975-76	26	33 (Arrears 12)

The observations made by the Public Accounts Committee that the excess expenditure could have been anticipated more precisely by a more effective co-ordination and liaison with the suppliers and Accounts Organisation and the need for sounder budgetary control, have been noted.

In order to minimise variations between the sanctioned budget and actual expenditure, DGOF has issued suitable instructions (a copy enclosed) not reproduced to all the factories to make constant review of payment liabilities vis-a-vis the budget provision and to take suitable corrective action, wherever necessary to ensure that the budget provision is not exceeded. Steps have also been taken to liaise with and obtain periodically up to date expenditure statements from the various Central Purchase agencies like Chief Accounting Officer to the High Commission of India, London, DGS&D, New Delhi, etc., with a view to avoid recurrence of excess expenditure of this nature. The question of revising suitably the existing procedures is also being considered, in consultation with all concerned.

Consequent on the departmentalisation of accounts with effect from 1st October 1976, the adjustment of Customs Duty transactions is now being done by issue of Defence cheque in favour of the Collector of Customs concerned by the various paying authorities viz. Accounts Officers attached to Embarkation Headquarters at Ports, CDA(Fys), etc. In view of this revised system of payment of Customs Duty, it is hoped that it would be possible to monitor the actual expenditure more precisely to ensure that the voted grants are not exceeded.

#### *Excess relating to works*

The observations of the Committee in regard to the excess of Rs. 8.93 crores in the expenditure under Minor Head 10—Works have been noted. Necessary instructions have been issued by the E-in-C's Branch to all Chief Engineers, on 20th March, 1978, that they should personally scrutinise and investigate the exact causes that may lead to excess expenditure and take effective steps in time to ensure that expenditure does not in

any case exceed the budget grant. A copy of the instructions in enclosed, not reproduced.\*

3.7. The Committee note that out of the excess of Rs. 19.78 crores over the sanctioned grant in 1975-76 under sub-head A-1—Pay and Allowances of Army of Grant No. 19—Defence Services—Army, an additional expenditure of Rs. 18.04 crores was foreseen at the time of formulating revised estimates. The amount of Rs. 17.48 crores actually sought to be reappropriated from anticipated savings under other sub-heads of the Grant, was not available as the savings anticipated under other sub-heads did not materialise, resulting in a total excess of Rs. 61.26 crores under the Grant. The Committee have been informed that greater scrutiny is being exercised to ensure that Revised/Final Estimates under the sub-heads are reasonably accurate and that re-appropriations do not go away. In regard to excess expenditure of Rs. 34.78 crores relating to Ordnance Factories mainly under the sub-heads 'Purchase of Materials' and 'Customs Duty', the Ministry have informed the Committee that the reason why additional requirements of funds for purchase of materials could not be assessed more precisely and supplementary grants obtained at the Revised Estimates stage, is mainly the inherent delay in monitoring the actual expenditure under the existing accounting system in respect of central purchases, including foreign supplies. The Committee have further been informed that suitable instructions have been issued to all the factories to make constant review of payment liabilities vis-a-vis the budget provision and to take suitable corrective action. With a view to avoid recurrence of excess expenditure of this nature in future, the question of revising suitably the existing procedures is also being considered. In so far as the excess of Rs. 8.93 crores relating to works is concerned, the Committee have been informed that instructions have been issued by the E-in-C's Branch to all Chief Engineers on 20th March, 1978, that they may personally scrutinise and investigate the exact causes that may lead to excess expenditure for corrective action.

3.8. The Committee observe that a part of the excess of Rs. 19.78 crores under Sub-head 'A-J—Pay and Allowances of Army' occurred as savings anticipated under other sub-heads did not materialise. In the case of additional requirements of funds for purchase of materials, the Ministry have attributed it mainly to the inherent delay in monitoring the actual expenditure under the existing accounting system. It is further seen that the question of revising suitably the existing procedures is being considered. That there is recurrence of excess expenditure under the sub-heads 'Pay and Allowances of Army' stores, and works, as may be seen from the Appropriation Accounts for the year 1976-77, confirms the belief that there is some inherent defect in the estimation of expenditure. The Committee

\*Not reproduced.

**desire that the existing procedures should be critically re-examined and suitably revised on an urgent footing, so as to minimise if not altogether eliminate, recurrent excesses under these sub-heads of the Grant. The Committee would also like to be apprised of the steps taken in this direction.**

NEW DELHI;  
August 21, 1978.  

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Shrawana 30, 1900 (Saka).

P. V. NARASIMHA RAO,  
Chairman,  
Public Accounts Committee.



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## APPENDICES

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EXPLANATORY NOTES RECEIVED FROM THE MINISTRY OF RAILWAYS (RAILWAY BOARD), MINISTRY OF COMMUNICATIONS (P&T BOARD), AND MINISTRY OF DEFENCE.

APPENDIX I

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

Part-I—Review.

1.1. During the year 1976-77 there was an overall saving of Rs. 17.18 crores over the total grants and appropriations, resulting from an aggregate saving of Rs. 84.85 crores under 15 Voted grants and 12 charged appropriations offset by an aggregate excess of Rs. 67.67 crores under 6 voted grants and one charged appropriation. Under two voted grants, there was no variation.

1.2. The particulars of the 6 voted grants and one charged appropriation, under which excesses occurred during the year, are indicated in Annexure 'A'.

1.3. The amount of excess in each of the seven cases has been shown in Para 6 of the Report of the Comptroller and Auditor General of India for the year 1976-77 Union Government (Railways) as also in paras 33(a) and 33(b) of the Appropriation Accounts of the Railways in India for 1976-77 Part I—Review. The excesses to be regularised by Parliament are, however, to take into account the erroneous adjustments as between grants/appropriations. Annexure 'A' of this note shows the figures of excesses, as given in the above mentioned publications, as also the real excesses after taking into account the misclassifications, which also require regularisation.

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

1.5. It is requested that the Public Accounts Committee may be pleased to recommend the regularisation of these excesses by the Parliament in the manner prescribed under Article 115 of the Constitution of India.

1.6. This has been seen by the Audit.

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

Voted Grant No. 7—Revenue—Ordinary Working Expenses Operation (Fuel) Excess of Rs. 6,54,21,264 over Rs. 2,97,35,72,000.

2.1 This grant deals with the expenditure of Ordinary Working Expenses—Operation (Fuel). The excess of Rs. 6.54 crores amounts to 2.20 per cent of the final grant of Rs. 297.36 crores:

2.2. A supplementary grant of Rs. 2.88 crores was obtained in March/77, to cover the increased consumption of diesel oil and electricity for moving additional traffic (Rs. 15.31 crores) and increased provision required towards revision in electricity tariff by State Electricity Boards on electricity purchased for traction purposes (Rs. 3.12 crores), partly offset by saving in fuel under steam traction (Rs. 15.33 crores) and saving on account of modification in the rates of Dearness Allowance from 1-10-1976 (Rs. 0.02 crore). The excess of Rs. 6.54 crores under this grant occurred due to less credit on account of subsidy in respect of freight on sea-borne coal and throw-forward debits for sea freights (Rs. 3.65 crores) more consumption of high speed diesel oil (Rs. 2.82 crores), includes Rs. 0.11 crore due to inadequate provision made by N.E. Railway Administration more payment of handling and freight charges on fuel (Rs. 0.30 crore), increase in statutory prices and average rate of coal (Rs. 0.26 crore), fluctuations in adjustment of losses on fuel (Rs. 0.15 crore), partly offset by less consumption of coal consequent upon substitution of steam traction by electric traction (Rs. 0.43 crore) and aggregate of minor variations (Rs. 0.21 crore).

2.3. After taking into account the amount of misclassifications i.e. Rs. 6.433 (c.f. Annexures 'A & B') the excess requiring regularisation by the Parliament works out to Rs. 6,54,14,831 in relation to the final grant of Rs. 2,97,35,72,000.

Voted grant No. 9—Rev. Ordinary Working Expenses-Misc. Expenses—excess of Rs. 6,73,60,612 over the final grant of Rs. 59,86,35,000.

3.1. This grant deals with the Misc. items of expenditure like Government contribution to Provident Fund, Contribution and grants, compensation under Workmen's Compensation Act, Departmental Catering and other expenses such as law charges and revenue expenditure on civil defence etc. It also includes certain revenue transactions under Suspense. The excess of Rs. 6.74 crores works out to 11.25 per cent of the final grant of Rs. 59.86 crores.

3.2. A supplementary grant of Rs. 2.01 crores was obtained in March/1977 for adjustment of arrear debits from State Governments towards security measures (Rs. 0.81 crores), more expenditure on catering stores due to increase in sales (Rs. 0.93 crore), more provision required for payment of compensation under Workmen's Compensation Act (Rs. 0.32 crore), rent, rates and taxes (Rs. 0.30 crore) and aggregate effect of various other heads (Rs. 0.27 crore), partly offset by saving on account of less provision required for removal anomalies arising out of the implementa-

tion of the Third Pay Commission and Cadre review (Rs. 0.58 crore) and saving on account of modifications in the rates of Dearness Allowance from 1-10-1976 (Rs. 0.04 crore). The excess of Rs. 6.74 crores occurred mainly under Suspense head "Misc. Advance (Revenue)" (Rs. 4.51 crores) mainly because of transferring certain debits from Reserve Bank Suspense to this head at the end of the year and under Demands Payable (Rs. 1.55 crores) due to less adjustment of revenue liabilities. There was also increase due to more expenses in catering department (Rs. 0.16 crore) and more payment for Deposit Linked Insurance Scheme (Rs. 0.12 crore). The excess under "Misc. Advance (Revenue)" was mainly on Central, Eastern, N.E. and N.F. Railways and necessary instructions have been issued to them to ensure clearance of the balances under Reserve Bank Suspense to final heads during the course of the year instead of transferring the same to the Misc. Advance (Revenue) at the close of the year.

3.3. After taking into account the amount of misclassification i.e. Rs. 72023 (Annexures A & B) the excess requiring regularisation by the Parliament works out to Rs. 6,74,32,635 in relation to the final grant of Rs. 59,86,35,000.

**Grant No. 16—Pensionary Charges Pension Fund—Excess of Rs. 2,72,76,881 over the final grant of Rs. 37,83,14,000**

4.1. This grant deals with the pensionary charges, to railway staff covered by Pensionary form of retirement benefits. The excess of Rs. 2.73 crores works out to 7.21 per cent of the final grant of Rs. 37.83 crores.

4.2. A supplementary grant of Rs. 12.64 crores was obtained in March/1977 for meeting the increased payments expected to be made to staff who retired from Railway services under the Pensionary form of retirement benefits and also the increase in the rates of pension and relief to pensioners—on account of Third Pay Commission's Recommendations. The excess of Rs. 2.73 crores under this grant occurred due to receipt of more debits from Civil Accounts Offices (Rs. 1.75 crores), settlement of more cases of death-cum-retirement gratuity (Rs. 0.47 crore) and superannuation pensions (Rs. 0.42 crore) and aggregate of minor variations (Rs. 0.09 crore).

4.3. There is no misclassification under this grant.

**Grant No. 18—Revenue Appropriation to Development Fund—Excess of Rs. 1,16,35,983 over final grant of Rs. 24,69,28,000**

5.1. This grant deals with the Appropriation to Development Fund, out of the revenue surplus. The excess of Rs. 1.16 crores works out to 4.71 per cent of the final grant of Rs. 24.69 crores.

5.2. In March/1977 a supplementary grant of Rs. 15.71 crores was obtained out of the anticipated revenue surplus, for meeting the expenditure on the works financed from the Fund and for discharging interest liabilities on outstanding loans. The excess of Rs. 1.16 crores occurred mainly due to surplus exceeding the anticipation, as a result of the improvement in the Railways' gross traffic receipts.

5.3. There is no misclassification under this grant.

**Grant No. 19—Revenue Appropriation to Revenue Reserve Fund—Excess of Rs. 50.41,12,954 over final grant of Rs. 10,97,70,000.**

6.1. This grant deals with the Appropriation to Revenue Reserve Fund, out of the revenue surplus. The excess of Rs. 50.41 crores works out to 459.24 per cent of the final grant of Rs. 10.98 crores.

6.2. No provision was made at the stage of Budget Estimate as would of the surplus, anticipated at that stage, was appropriated to Development Fund. A supplementary grant of Rs. 10.98 crores was obtained in March/1977 out of the surplus anticipated at the stage of Revised Estimates. The excess of Rs. 50.41 crores, occurred due to surplus at the close of the financial year, exceeding the anticipated surplus, as a result of the improvement in the Railways' gross traffic receipts. It may be mentioned that as against the surplus of Rs. 35.67 crores anticipated at the Revised Estimates stage, the actual surplus was Rs. 87.24 crores.

6.3. There is no misclassification under this grant.

**Grant No. 21—Revenue Appropriation to Accident Compensation, Safety and Passenger Amenity Fund—Excess of Rs. 8,38,878 over final grant of Rs. 8,89,35,000**

7.1. This grant deals with the Appropriation to Accident Compensation, Safety and Passenger Amenity Fund, which is financed from the receipts from surcharge levied on passenger traffic. The excess of Rs. 0.08 crore works out to 0.94 per cent of the final grant of Rs. 8.89 crores.

7.2. A supplementary grant of Rs. 0.83 crore was obtained in March/1977 due to anticipated increase in receipts from surcharge on passengers during the year. The excess of Rs. 0.08 crore occurred due to increase in the number of passengers than anticipated.

7.3. There is no misclassification under this grant.

**Charged Appropriation No. 2—Revenue Misclassification expenditure,  
Excess of Rs. 13500 over final appropriation of Rs. 3,00,000**

8.1. This appropriation represents the cost of Railway Wing of the office of the Comptroller and Auditor General of India, decretal payments relating to land, surveys, cost of Research and Design and Standards Organisation and other Misc. Establishments etc. etc. The excess of Rs. 14 thousand works out to 4.50 per cent over the final grant of Rs. 3 lakhs.

8.2. No supplementary allotment was taken under this appropriation. The excess of Rs. 13,50,000 occurred due to more decretal payments than anticipated.

8.3. There is no misclassification under this appropriation.

**ANNEXURE 'A'**

*Statement showing excesses over voted grants and charged appropriations as shown in para 6 of Report of the Comptroller and Auditor General of India, for the year 1976-77 and also the excesses worked out after taking into account the items of misclassification*

(Figures in Units of Rs.)

S. No.	No. and name of the grant and Appropriation	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess (Column 6-5)	Real excess after taking into account, misclassifications as listed in Annexure-B	Percentage of excess (Column 7 to Column 5)	Percentage of excess (Column 8 to Column 5)
1	2	3	4	5	6	7	8	9	10
<i>A—Voted Grants</i>									
1	Grant No. 7—Revenue— Operation Fuel . . .	294,46,26,000	288,46,000	297,35,72,000	303,89,93,264	6,54,21,264	6,54,14,831	2.20	2.20
2	Grant No. 9—Revenue— Miscellaneous Expenses .	57,85,48,000	2,00,87,000	59,86,35,000	66,59,95,612	6,73,60,612	6,74,32,635	11.25	11.26
3	Grant No. 16—Pensionary Charge—Pension Fund .	25,19,29,000	12,63,85,000	37,83,14,000	40,55,00,881	2,72,76,881	2,72,76,881	7.21	7.21
4	Grant No. 18—Revenue— Appropriation to Develop- ment Fund . . .	8,98,48,000	15,70,80,000	24,69,28,000	25,85,63,983	1,16,35,983	1,16,35,983	4.71	4.71
5	Grant No. 19—Revenue —Appropriation to Re- venue Reserve Fund .	Nil	10,97,70,000	10,97,70,000	61,38,82,954	50,41,12,954	50,41,12,954	459.24	459.2





**ANNEXURE 'B'**

*Statement showing working of the real excess under various grants*

S. No.	Particulars	Amount
<i>I. Grant No. 7—Revenue—operation (Fuel)</i>		
1	Excess shown in Appropriation Accounts . . . . .	6,54,21,264
2(a)	<i>Deduct:—</i>	
	Expenditure relating to other grants booked under Grant No. 7 . . . . .	6,433
2(b)	<i>Add.—</i>	
	Expenditure relating to Grant No. 7 booked under other grants . . . . .	..
	<sup>*</sup> Real excess to be regularised by Parliament 1—2(a)+2(b)	6,54,14,831
<i>II. Grant No. 9—Revenue—Miscellaneous Expenses</i>		
1	Excess shown in Appropriation Accounts . . . . .	6,73,60,612
2(a)	<i>Deduct:—</i>	
	Expenditure relating to other grants booked under Grant No. 9 . . . . .	33,000
2(b)	<i>Add.—</i>	
	Expenditure relating to Grant No. 9 booked under other Grants . . . . .	1,06,023
	Real excess to be regularised by Parliament 1—2(a)+2(b)	6,74,32,635

## APPENDIX II

### MINISTRY OF COMMUNICATIONS

(P & T BOARD)

#### *Grant No. 19—Capital Outlay on Posts and Telegraphs*

The Final Accounts for the year 1967-77 revealed an excess of Rs. 16,20,25,885 over the Voted Grant No. 19—Capital Outlay on Posts and Telegraphs as detailed below:—

	Voted Expenditure	Rs.
Original Grant . . . . .		2,12,08,00,000
Supplementary Grant . . . . .		20,96,00,000
Total . . . . .		2,33,04,00,000
Actual Expenditure . . . . .		2,49,24,25,885
Excess . . . . .		16,20,25,885

2. This Grant provides for meeting the expenditure on Capital Outlay of the P & T Department and is made up of two parts (i) Works Portion and (ii) Stores and Manufacture Suspense. The former accommodates expenditure on capital assets and is accounted for as "Plan" expenditure. The latter provides for expenditure on procurement of stores required by the Department and for manufacturing operations of the Telecommunication Factories. The value of the stores consumed by the capital works enters the "Works Portion". The total expenditure on procurement of stores is reduced by such value of stores debited to Works and for the balance only, provision is made in the Grant as "Non-Plan" expenditure.

3. The original budget provision of Rs. 2,12.08 lakhs was made up of Rs. 1,93,57.50 lakhs under "Works Portion" (Plan) and Rs. 18,50.50 lakhs under "Stores and Manufacture Suspense Account" (Non-Plan). A Supplementary Grant of Rs. 20,96 lakhs was obtained in March, 1977 to meet additional anticipated expenditure of (a) Rs. 0.96 crores on on-going works of construction of post offices and R.M.S. Buildings; and (b) Rs. 20 crores on telecommunications for increasing switching capacity, underground cables, trunk automatic exchange lines, etc.

4. The total voted Grant stood at Rs. 2,33,04,00,000 against which the actual expenditure was Rs. 2,49,24,25,885 resulting in an excess of Rs. 16,20,25,885 as under:—

(In Rupees)			
	Sanctioned Grant	Actual Expenditure	Excess(+) Savings(=)
Works portion	2,14,53,50,000	2,08,10,15,823(—)	6,43,34,177
Stores and Manufacture Suspense	18,50,50,000	41,14,10,062	(+ )22,63,60,062
<b>TOTAL</b>	<b>2,33,04,00,000</b>	<b>2,49,24,25,885</b>	<b>(+)16,20,25,885</b>

5. The saving of Rs. 6.43 lakhs under "Works Portion" of the Grant comprises:—

- (i) Saving of Rs. 15.58 lakhs under "556, B.4—Transmission Systems" due to less expenditure on purchase of microwave and lines and wires equipment.
- (ii) Excess of (a) Rs. 3.54 lakhs under "B. 2. Local Telephone Systems" due to increase in prices and quantity of telephone equipment not anticipated earlier; (b) Rs. 3.29 lakhs under "B. 3 Long Distance Switching Systems" due to more procurement of equipment for Trunk Exchanges (both auto and manual); (c) Rs. 1.94 lakhs under "B.1 Telegraph Systems" due to heavy procurement of apparatus and plant not anticipated earlier under telex system; and (d) Rs. 38 lakhs being the cumulative effect of savings and excesses under various components of postal and telecommunication services.

6. The excess expenditure of Rs. 22.64 lakhs under Stores and Manufacture Suspense comprises:—

- (i) Excess of Rs. 27.69 lakhs under General Stores mainly due to (a) larger procurement including receipt of I.T.I. debit of previous years (Rs. 17.73 lakhs); (b) more imports (Rs. 47 lakhs); (c) more receipt of manufactured articles from Telecom Factories (Rs. 2.21 lakhs) and material recovered from works (Rs. 8.01 lakhs); and (d) less issues to factory stores (Rs. 1 lakh) partly reduced by more issues to capital works (Rs. 74 lakhs).
- (ii) Excess under Miscel. Civil Engg. Works Advances (Rs. 1.06 lakhs) due to more advances paid to the contractors for the purchase of steel remaining unadjusted.

- (iii) Saving under Factory Stores (Rs. 2,49 lakhs) mainly on account of (a) less procurement (Rs. 1,90 lakhs); (b) less receipts from General Stores (Rs. 1 lakh); and (c) more issues (Rs. 3,21 lakhs) partly set off by more receipts from Manufacture Suspense (Rs. 2,63 lakhs).
  - (iv) Savings under Civil Engg. Stores (Rs. 1,83 lakhs) and Purchases (Rs. 1,26 lakhs) due to correspondingly larger issues to capital works and less payments|adjustments made for stores received, respectively.
  - (v) Saving under Manufacture Suspense (Rs. 53 lakhs) due to more issues of manufactured articles (Rs. 4,84 lakhs) partly set off by more drawal of raw material and incidence of on-cost (Rs. 4.31 lakhs).
7. The note has been vetted by Audit.
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**APPENDIX III**  
**MINISTRY OF DEFENCE**

*Grant No. 21—Defence Services—Army*

(Figures in Rupees)

	Voted	Charged
Original Grant . . . . .	1649.75.74,000	9.00,000
Supplementary Grant . . . . .	89.09.38,000	13.85,000
Total Sanctioned Grant . . . . .	1738.85.12,000	12.85,000
Actual Expenditure . . . . .	1743.78.42,113	14.07.351
Excess . . . . .	4.93.30,113	1.22.351

2. The original grant of Rs. 1649.76 crores under 'Voted' portion was augmented by obtaining a supplementary grant of Rs. 89.09 crores in March, 1977. Actual expenditure, however, amounted to Rs. 1743.78 crores against the total sanctioned grant (Voted) of Rs. 1738.85 crores leaving thereby an uncovered excess of Rs. 4.93 crores, which is only 0.28 per cent of the sanctioned grant.

3. The above-mentioned excess is the result of excesses/savings under the various minor heads as indicated below:—

(In lakhs of Rupees)

Minor Head	Original Grant	Supplemen- tary Grant	B. E. Plus sup- plementary Grant, if any	Actual Expendi- ture	Excess (-) Saving (+)
1	2	3	4	5	6
A-1 P & A of Army . . . . .	58573.96	452.23	59026.19	59383.76	(+ ) 357.57
A-2 P & A Misc. Expenses of Aux. Forces . . . . .	733.59	..	733.59	711.75	(+ ) 21.84
A-3 P & A of Civilians . . . . .	10276.71	..	10276.71	10669.33	(- ) 392.62

	1	2	3	4	5	6
A-4 Transportation	4342.35	154.85	4497.20	5195.97	(-)	668.47
A-5 Military Farms	1252.30	—	1252.30	1321.79	(+)	59.49
A-5 Ord. Factories	35438.77	6516.98	41955.75	41878.15	(-)	77.60
A-7 R&D Orgn.	426.60	—	426.60	4641.03	(-)	185.57
A-8 Inspn.Orgn.	2891.50	—	2899.50	2934.88	(-)	35.38
A-9 Stores	39297.09	1221.21	37518.30	36679.65	(-)	838.65
A-10 Works	7024.00	40.10	7425.10	7859.06	(-)	433.96
A-11 Other Expenditure	3300.87	163.01	3463.88	3743.35	(-)	279.47
<b>TOTAL</b>	<b>164975.74</b>	<b>8909.38</b>	<b>173885.12</b>	<b>174378.42</b>	<b>(+)</b>	<b>493.30</b>

4. It would be observed that the excess occurred mainly under (i) A-1 Pay and Allowances of Army—Rs. 3.58 crores, (ii) A-4 Transportation—Rs. 6.68 crores, (iii) A-10 Works—Rs. 4.34 crores, and (vi) A-11 Other Expenditure Rs. 2.79 crores, partly offset by savings under certain other heads resulting in overall excess of Rs. 4.93 crores. The Main reasons for these excesses are explained below seriatim:—

- (i) *A-1 Pay and Allowances (Rs. 3.58 crores)*:—Due to increase in the rates of compensation in lieu of quarter and ration allowance of other Ranks and per capita rates of Junior Commissioned Officers and Other Ranks adopted in the final estimates proving inadequate.
- (ii) *A-4 Transportation (Rs. 6.68 crores)*:—Due to increase under rail charges as a result of increase in military tariff rates for movement of personnel and stores and adjustment of certain debits not anticipated.

(iii) *A-10 Works (Rs. 4.34 crores)*:—Due to more expenditure than anticipated on maintenance and operation of installations because of increase in tariffs for water and electricity, pay and allowances of operating staff, cost of stores, certain urgent special repairs to installations, rates and taxes of Defence properties and on rail sidings and platforms and maintenance of buildings.

(iv) *A-11 Other Expenditure (Rs. 2.79 crores)*: Due to certain payments (Rs. 3.13 crores approximately) made against advices wrongly received from the Controller of Accounts, Ministry of External Affairs and adjusted under this head in the absence of details. Necessary refund has already been received from that Ministry and adjusted in the Defence Accounts for 1977-78. Remedial measures have been taken to avoid such errors in future.

5. As regards 'Charged' Appropriation, the position is that provision for Charged expenditure is made for meeting payments in satisfaction of court decrees etc. Such payments, by their nature, cannot be foreseen with any amount of exactitude, and hence it is often not possible to make a precise estimate of expenditure. As such, provision for the Charged Expenditure is made on *ad hoc* basis. A provision of Rs. 9,00,000 was made in the Budget Estimates for 1976-77, which was increased to Rs. 12,85,000 through a Supplementary Appropriation of Rs. 3,85,000 obtained in March, 1977. The actual expenditure during the year, however, amounted to Rs. 14,07,351 resulting in an uncovered excess of Rs. 1,22,351 (9.52 per cent). Instructions have been issued (Copy enclosed)\* to the Administrative authorities to make every effort to ensure that such excesses do not occur in future.

6. In the circumstances explained above, the excess of Rs. 4,93,30,113 (Voted Portion) and Rs. 1,22,351 (Charged Appropriation) over the sanctioned Budget may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

DADS has seen.

**APPENDIX IV**  
**MINISTRY OF DEFENCE**

*Grant No. 24—Defence Services—Pensions*

Voted Expenditure	Rupees
Original Grant . . . . .	114,56,24,000
Supplementary Grant	2,88,93,000
Total sanctioned Grant . . . . .	117,45,17,000
Actual expenditure . . . . .	119,16,18,397
Excess . . . . .	1,71,01,397

A break-up of the excess expenditure of Rs. 1,71,01,397 is given below:

(In thousands of Rupees)

Sub-head	Original Grant	Supplementary Grant	Total sanctioned Grant	Actual Expenditure	Excess Expenditure as compared to Total sanctioned Grant
1	2	3	4	5	6
A-1 Army . . . . .	106,42,60	1,34,21	107,76,821	108,66,03	9,11,13,22
A-2 Navy . . . . .	2,80,35	74,30	3,54,65	3,51,55	3,10
A-3 Air Force . . . . .	5,33,29	80,42	6,13,71	6,74,60	6,06,89
TOTAL . . . . .	114,56,24	2,88,93	117,45,17	119,16,18	(+)1,71,01

Thus, the excess of Rs. 171.01 lakhs over the sanctioned grant was the net result of excess of Rs. 113.22 lakhs and Rs. 60.89 lakhs under Army and Air Force respectively, counter-balanced by a saving of Rs. 3.10 lakhs under Navy.

2. The excess under Army and Air Force occurred on account of drawal of pension by a larger number of pensioners and larger payments of Commuted Value of Pensions than anticipated. Keeping in view the trend of expenditure during the year, the original provision of Rs. 748 lakhs for Commuted Value of Pensions in the Grant as a whole was increased to Rs. 1027 lakhs at the Revised Estimates stage; as such a Supplementary Grant of Rs. 288.93 lakhs for the Grant as a whole, was obtained from Parliament in March, 1977, to cover mainly payment of commuted value of pensions. A further increase of Rs. 303 lakhs was made on this



account at the Final Estimates stage by re-appropriating the savings anticipated under other heads of expenditure. However, even the increased provision proved to be inadequate, resulting in the excess over the sanctioned Grant.

3. As the magnitude of payments on account of Commuted Value of Pensions depends upon the needs of individual pensioners, there is an inherent difficulty in preparing accurate estimates of such expenditure. As a result of revision of pay scale on the basis of Third Pay Commission's recommendations, pension entitlements had gone up with a consequential increase in the amount of Commuted Value of Pensions payable to pensioners, the impact of which could not be foreseen accurately. Besides, a larger number of pensioners than anticipated applied for commutation of pensions. All these factors account for the excess over the budget provision. The table below will indicate that the payments on account of Commuted Value of Pensions during 1976-77 were almost double the payments made in 1975-76:—

In lakhs of Rupees

Year	Original Budget provision	Payment on Account of Commuted Value of Pensions.
1	2	3
1974-75 . . . . .	545	637
1975-76 . . . . .	690	775
1976-77 . . . . .	748	1540

4. In the circumstances explained above, it is requested that the excess of Rs. 1,71,01,397 over the sanctioned Grant, which is less than 1½ per cent of the Sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

5. D.A.D.S. has seen.

## APPENDIX V

### 1. RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation

The Committee note that bulk of the excess of Rs. 61.26 crores under Grant No. 19-'Defence Service-Army' is attributed to pay and Allowances of Army (Rs. 19.78 crores) due to upward revision of ration allowance of other Ranks, arrears of pay and allowances etc., and Ordnance Factories (Rs. 34.78 crores) due to more materialisation of supplies and increased requirements and adjustment of debits for customs duty. The committee are of the view that since there was usually no element of uncertainty of unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account. The Committee find that an excess of Rs. 8.93 crores was attributable to increased tariff rates of water and electricity supply and the cost of works service and special repairs etc. They also feel that the factors of higher materialisation of supplies than anticipated and adjustment of debits, could have been anticipated more precisely at least at the time of obtaining supplementary grant in January and March, 1976 and by a more effective coordination and liaison with the supplies and Accounts Organisation. That this was not done is regrettable. The Committee trust that sounder budgetary control will be exercised by the Ministry in future to avoid recurrence of excess of this nature.

[Sl. No. 23 (Para 2.62) of Appx. xxxvii to 38th Report of the PAC (6th Lok Sabha)]

..

#### Action Taken

##### *Excess relating to Pay and Allowances of the Army*

Out of the excess of Rs. 19.78 crores over the sanctioned grant in 1975-76 under Sub Head A-1 Pay and Allowances of Army of Grant No. 19-DS-Army an additional expenditure of Rs. 18.04 crores was foreseen and provided in the RE 1975-76. The amount actually reappropriated from the anticipated savings under other Sub Heads of the grant was Rs. 17.48 crores in the Final estimates. The savings anticipated under other Sub Heads did not materialise, resulting in a total excess of Rs. 61.26 crores under Grant No. 19. Greater scrutiny is being exercised

to ensure that Revised/Final Estimates under the Sub Heads are reasonably accurate and that re-appropriations do not go away.

*Excess relating to Ordnance Factories*

The excess expenditure of Rs. 34.78 crores relating to Ordnance Factories in the year 1975-76 over the total sanctioned Grant was mainly under the sub-heads 'Purchase of Materials' and 'Customs Duty' as per details given below:—

	Revised Estimate 1974-75	Actuals 1975-76	Excess
			(In crores of Rupees)
Purchase of Materials	184.84	210.44	+ 25.60
Customs duty	20.05	32.99	+ 12.94
			+ 38.54

The excess expenditure of Rs. 38.54 crores in the above heads was partly offset by less expenditure under other heads, resulting in a net excess of Rs. 34.78 crores.

2. The excess expenditure was mainly due to more materialisation of supplies and increased requirements of materials, which was necessitated in certain cases to meet production requirements, and on account of adjustment of arrear debits of Customs duty pertaining to preceding years.

3. The reason why additional requirements of funds for purchase of materials could not be assessed more precisely and supplementary grants obtained at the Revised Estimates stage, is mainly the inherent delay in monitoring the actual expenditure under the existing accounting system in respect of Central purchases, including foreign supplies. Along with effective coordination and liaison with suppliers regarding delivery schedules and prospects of actual supplies against contracts already placed and expected to be placed, the trend of actual bookings is an important guiding factor in the realistic assessment of the requirements of funds and framing of periodical estimates. The erratic pattern of such bookings at the Preliminary Revised Estimates stage (October) and Actuals (Sept./Oct. of the following year) has proved a great handicap in arriving at accurate estimates at the Revised Estimates stage and obtaining the correct amount of additional funds through supplementary grants. For example, the expenditure under Central Purchase in the first seven months of the year upto October for which actuals are available at Revised Estimates stage and the remaining five months of the year including March Supplementary Corrections, was as follows over the year:

## Purchase of Materials (Rs. in crores)

Year	1st 7 months	last 5 months
1971-72	19	53
1972-73	36	56
1973-74	28	51
1974-75	18	59
1975-76	25	74

The same was more true in the case of Customs Duty. The erratic pattern of bookings *vis-a-vis* the value of imported materials will be evident from the following figures:

	Rs. in Crores	
	Value of imported materials	Customs Duty
1971-72	17	7
1972-73	23	10
1973-74	33	14
1974-75	22	10
1975-76	26	13

(Appears 12)

4. The observations made by the Public Accounts Committee that the excess expenditure could have been anticipated more precisely by a more effective co-ordination and liaison with the suppliers and Accounts Organisation and the need for sounder budgetary control, have been noted.

5. In order to minimise variations between the sanctioned budget and actual expenditure, DGOF has issued suitable instructions (a copy enclosed)\* to all the factories to make constant review of payment liabilities *vis-a-vis* the budget provision and to take suitable corrective action, where-

\*Not reproduced

ever necessary to ensure that the budget provisions is not exceeded. Steps have also been taken to liaise with and obtain periodically up-to-date expenditure statements from the various Central Purchase agencies like Chief Accounting Officer to the High Commission of India, London, DGS&D, New Delhi, etc., with a view to avoid recurrence of excess expenditure of this nature in future, the question of revising suitably the existing procedures is also being considered, in consultation with all concerned.

6. Consequent on the departmentalisation of accounts with effect from 1st October 1976, the adjustment of Customs Duty transactions, is now being done by issue of Defence cheque in favour of the Collector of Customs concerned by the various paying authorities, viz., Accounts officers attached to Embarkation Headquarters at Ports, CDA (Fys), etc. In view of this revised system of payment of Customs Duty, it is hoped that it would be possible to monitor the actual expenditure more precisely to ensure that the voted grants are not exceeded.

*Excess relating to works*

The observations of the Committee in regard to the excess of Rs. 8.93 crores in the expenditure under Minor Head 10-Works have been noted. Necessary instructions have been issued by the E-in-C's Branch to all Chief Engineers, on 20th March, 1978, that they should personally scrutinise and investigate the exact causes that may lead to excess expenditure and take effective steps in time to ensure that expenditure does not in any case exceed the budget grant. A copy of the instructions is enclosed.\*

DADS has seen.

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\*Not reproduced.

### Recommendation

The Committee observe that an excess expenditure of Rs. 7.42 crores under Grant No. 21-Defence Services—Air Force has been attributed to increase in rates of Pay and Allowances, higher trend of expenditure than anticipated on transportation charges and increased expenditure on POL, rise in prices, delay in payment for supplies and in execution of repair works on Air Frances and engines. Only last year, the Committee (1976-77) had, in paragraph 2.36 of their 227th Report (5th Lok Sabha) observed:

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

[Sl. No. 24 (Para 2.65) of Appendix XXXVII to 38th Report of the PAC (Sixth Lok Sabha) ]

“The Committee are surprised to note from the explanatory note offered for the excess in 1975-76 that even though the excess expenditure under Pay and Allowances (Rs. 3.35 crores) and transportation on charges (Rs. 2.13 crores) was anticipated to a certain extent even at the time of finalisation of the Revis-

ed Estimates, this could not be done more accurately, resulting in a net excess of Rs. 7.42 crores under Grant No. 21—Defence Services—Air Force. The Committee would like to know the reasons therefor as also the steps taken for more accurate estimation of expenditure in future.”

[SI. No. 25 (Para 2.66) of Appendix XXXVII to 38th Report of the PAC.  
(Sixth Lok Sabha) ]

### *Action Taken*

There was an excess expenditure of Rs. 3.35 crores under Pay and Allowances and of Rs. 2.13 crores under Transportation Charges in respect of Grant No. 21—Defence Services—Air Force during 1975-76. The reasons for these variations are given below:

#### *(a) Pay and Allowances*

The fund requirements for the Pay and Allowances are based on the per capita rates and the strength of the respective categories. The per capita rates are derived from the past expenditure and in case any new element of expenditure is anticipated during the year for which the estimates are being formulated, only an assessment to cover this element can be made. During 1975-76, Government sanction was accorded in September 1975 for five additional instalments of Dearness Allowance. Funds to meet this commitment were required not only to cover the year 1975-76 but to provide for arrears accruing from 1st October 1974. A supplementary grant was asked for in January 1976 to cover this expenditure. The assessment made for this requirement was comparatively less than the actual expenditure incidental to this factor.

Besides, an appreciable portion of the provision under Pay and Allowances caters for payment of local allowances to airmen. Any change in the rates of these allowances some times introduces an element of uncertainty. During 1975-76, there was an appreciable upward revision of Ration Allowances for airmen. It now appears that the estimates of the Air HQs for additional requirement for this enhancement might also not have covered the full impact.

The actual expenditure under this 'Head' was Rs. 9785.87 lakhs against the sanctioned grant (voted) of Rs. 9450.50 lakhs leading to an excess of Rs. 335.37 lakhs. However, the excess would be only Rs. 185.87 lakhs if Revised Estimates of Rs. 9600.00 lakhs were taken into account. It may be mentioned that at the time of finalisation of R.E., additional requirement to the extent of Rs.149.50 lakhs under this Sub-Head was foreseen and this was intended to be met by reappropriation of savings anticipated under another Sub-Head within the same Grant.

**(b) Transportation**

The fund requirements for transportation are assessed on the trend of expenditure. During 1975-76, there was an upward revision of daily allowance, baggage charges and LT/PTO concessions. Though every effort was made to make a close assessment of the requirement of funds in consequence of this revision, the full impact could not be accurately assessed and this led to the variation between the estimated and the actual expenditure. Besides, an expenditure of Rs. 25 lakhs was incurred for chartering of aircraft for President's visit to Egypt and cancellation of chartered flight to Indonesia. This requirement was not known at the time of finalisation of the Revised Estimates by the Air HQrs.

The actual expenditure under this 'Head' was Rs. 845.21 lakhs against the sanctioned grant (Voted) of Rs. 632.18 lakhs leading to an excess of Rs. 213.03 lakhs. However, the excess would be only Rs. 144.21 lakhs if R.E. of Rs. 701.00 lakhs were taken into account. At the time of finalisation of R.E. additional requirement to the extent of Rs. 68.82 lakhs under this Sub-Head was foreseen and this was intended to be met by reappropriation of savings anticipated under another Sub-Head within the same Grant.

2. Regarding remedial steps taken for more accurate estimation of expenditure in future, the whole process of budgetary assessment and control is continuously under review with a view to removing any flaws that come to notice. Suitable instructions have also been issued by Air HQrs to all concerned to be more careful in preparing the Budget Estimates in future to avoid excesses/savings in expenditure over the sanctioned estimates. In this connection copies of the following documents are enclosed\*.

- (i) Note No. Air HQ/95307/264/III Fin P/B&C-I dated the 17th November 1976 (Appendix I);
- (ii) Note No. Air HQ/95307/264/III/Fin P/B&C-I dated the 21st January 1977 (Appendix II); and
- (iii) Extract from Note on Air HQ/95309/44/Fin P/B&C-I dated the 31st March, 1978 (Appendix III).

However, under certain heads like 'Transportation' and 'Pay and Allowances' where assessment is based on the trend of expenditure, certain amount of uncertainty and consequent possibility of variation between the estimates and the actual expenditure cannot altogether be ruled out. It is also to be noted that the factors which led to the excess expenditure under 'Transportation' during 1975-76, as explained in the preceding para, were peculiar to that year and these may not be repeated in future.

3. DADS has seen.

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\*Not reproduced.



### Recommendation

The Committee note that an excess of Rs. 11.95 crores occurred under Grant No. 17—Capital Outlay on Posts and Telegraphs during the year 1975-76. There was an excess expenditure of Rs. 9.04 crores under this Grant during year 1974-75 also. The Committee would like to know why the increase in costs and quantities of telephone equipments and increase in procurement of general stores could not be anticipated and provided for. The Committee were informed by the P&T Board in February, 1976 that a decision had been taken to purchase articles required solely for the P&T Department directly and not through the agency of DGS&D, which was expected to improve the Budgetary control. The Committee would like to observe through the next years Appropriation Accounts how far direct purchases have improved the Budgetary control.

(Sl. No. 26 Appendix XXXVII Para 2.69 of 38th Report of PAC  
(6th Lok Sabha)

### Action Taken

Although probable increase in costs and quantities of telephone equipments was provided for to the extent of Rs. 8.93 crores in the Supplementary Budget, the provision fell short of the actual requirements by Rs. 13.45 crores due to unanticipated further increases in costs and quantities actually required for use. The increase in procurement of general stores was not so much due to procurement of more stores as mainly due to less issues to capital works. Instructions have been issued to the field units to estimate their requirements more accurately in future.

The decision for direct purchases of stores instead of through DGS&D has helped in the quicker procurement of stores and payments being made during the same year without the necessity of carry forward.

This has been seen by the Chief Auditor P&T.

[Ministry of Communications (P&T Board) OM No 1-32/77-B  
dated 29-4-78]

### Recommendations

2.73. The Committee find that excess expenditure occurred under 12 Voted grants out of a total of 23 Voted grants and under one Charged appropriation out of a total of 12 appropriations, administered by the Ministry of Railways aggregating Rs. 85.79 crores. The percentage of real excess works out to 10.76 under Grant No. 8 and 16.18 under Grant

No. 16. That the position should deteriorate to this extent after the year 1973-74 which did not witness any excesses, calls for concerted effort to identify the reasons for deterioration with a view to adopting appropriate remedial measures.

2.74. The Committee note that the excess expenditure under Grant No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund, has almost become a recurring feature. In 1975-76, the excess expenditure was Rs. 46.04 crores against Rs. 16.79 crores incurred during 1974-75. There was also considerable excess of Rs. 9.24 crores under this grant in 1972-73. The excess during 1975-76 occurred on all the Railways and except Central Railway and on the Chittaranjan Locomotive Works. The Committee find from the note dated 15-3-1977 that the Railway Administration had brought the Committee's recommendations contained in paragraph 2.45 and 2.46 of their 227th Report (5th Lok Sabha) to the notice of the General Managers of the Zonal Railways and Production Units for a thorough scrutiny of the reasons for the deterioration in the position of excesses during the year 1974-75 and for exercising greater care in future in estimating their requirements and for framing their budget proposals realistically. The Committee trust that the improvements effected would be reflected in the future Appropriation Accounts.

[Sl. No. 27 & 28, Paras 2.73 and 2.74 of 38th Report of PAC (1977-78) (Sixth Lok Sabha)]

#### **Action Taken**

While noting that excesses have taken place under 12 Voted Grants and one Charged appropriation, the Committee have adversely commented upon the excesses under Grant No. 8 (Rs. 9.50 crores), Grant No. 16 (Rs. 4.22 crores) and Grant No. 15 (Rs. 46.04 crores). The above recommendations of the P.A.C. have been noted and brought to the notice of General Managers of the Zonal Railways and the Production Units for an analysis and thorough scrutiny of the reasons for the deterioration in the position of excesses during the year and for making concerted efforts in exercising greater care in future in estimating their requirements and for framing their Budget Proposals more realistically. The Railways have also been asked to examine the existing procedure of estimation and of budgeting and to further streamline them so as to avoid recurrence of such excesses in future.

It may be worthwhile mentioning in this context, that during the year 1976-77, the position had sufficiently improved. The excess had occurred only under 6 Voted grants and one Charged appropriation during 1976-77.

There is, however, no excess under Grant No. 15 this year. Under two other grants i.e. 18—Appropriation to Development Fund and 19—Appropriation to Revenue Reserve Fund, the aggregate excess of Rs. 5157.49 lakhs occurred due to more surplus, having become available at the close of the year than anticipated, out of the total aggregate excess of Rs. 6766.47 lakhs).

This has been seen by the Audit.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/  
dated 13-4-1978/23 Chaitra, 1900].

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

**— N I L —**

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

**— N I L —**

IV. RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIME REPLIES.

— N I E —

## APPENDIX VI

### Conclusions/Recommendations

Sl No.	Para No.	Ministry	Conclusions/Recommendations
1	2	3	4
1	1.8	Finance (Eco. Affairs) Railways, P. & T. & Defence	<p>The amount of expenditure over Voted Grants and Charged Appropriations in case of Railways occurring under six Voted Grants and one Charged Appropriation during the year under review aggregated to Rs. 87.67 crores; in the case of Posts and Telegraphs the excess expenditure occurred under one grant during the year under review and aggregated to Rs. 16.20 crores and in the case of Defence Services the excess expenditure occurred under two voted Grants and one Charged Appropriation during the year aggregating to Rs. 6.66 crores. The Committee note with satisfaction that there has been some reduction in the excesses, though not very prominent in the case of Railways and Defence. In the case of P&amp;T, however, an upward trend is noticeable. The Committee, trust that every endeavour would be made by the Ministries concerned to ensure that the position is not allowed to deteriorate and that the excess over Voted Grants and Charged Appropriations would be kept to the barest minimum in future, if not altogether eliminated.</p>

2      2.2      Finance (Economic  
Affairs) Defence

According to the revised time schedule agreed to by the Committee in April, 1974, explanatory notes on Excesses over Voted Grants and Charged Appropriations are required to be submitted to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later. The Committee are happy to note that explanatory notes relating to 9 Grants/Appropriations administered by various Ministries were received within the period prescribed in the revised time schedule i.e. by 31 May, 1978 and only two notes relating to Grants/Appropriations administered by the Ministry of Defence were received on 14 June, 1978, i.e. 14 days after the expiry of the prescribed period. The Committee trust that every endeavour would be made by all concerned to ensure scrupulous adherence to the schedule in this regard.

3      2.14      Railways

The Committee note that there was no original provision under Grant No. 19—Revenue—Appropriation to Revenue Reserve Fund, as the whole of the surplus anticipated at the budget stage was appropriated to the Development Fund. A supplementary Grant of Rs. 10.98 crores was obtained in March, 1977 to be appropriated from the anticipated revenue surplus of Rs. 35.67 crores. The actual revenue surplus was Rs. 87.24 crores on account of increase in gross traffic receipts. Out of this Rs. 61.39 crores were credited to the Revenue Reserve Fund. Taking into account the final provision of Rs. 10.98 crores, the net excess aggregate to Rs. 50.41 crores. This excess of Rs. 50.41 crores works out to 459.24 per cent of the final grant of Rs. 10.98 crores. Similarly, there was an excess of Rs. 1.16 crores under Grant No. 18—Revenue Appropriation to Development Fund, arising out of the revenue surplus. In March, 1977, a supple-

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1	2	3	4
			mentary Grant of Rs. 15.71 crores was obtained out of the anticipated revenue surplus, bringing the final grant at Rs. 24.69 crores. The excess occurred mainly due to surplus exceeding the anticipation, as the result of the improvement in the Railways' gross traffic receipts.
4	2.15	Railways	<p data-bbox="761 494 1680 891">While appreciating that the excess under Revenue Appropriation to Revenue Reserve Fund out of the surplus earnings cannot be treated on par with excess expenditure in the normal sense, the Committee feel that a more precise quantification of the revenue surplus was possible at the time of framing the Revised Estimates in March, 1977, thereby curbing to some extent the excess under this head. This was possible particularly in view of the fact that the Railway Administration is required to review continuously the ways and means and resources position of the Railways, which includes estimation of the gross traffic receipts. The Committee would like to know the basis adopted for making original/revised estimates to ascertain where the things have gone wrong resulting in such a large variation.</p>
5	2.16	-do-	<p data-bbox="761 915 1680 1145">It is seen from the Action Taken Note furnished to the Committee in April, 1978 on the recommendations contained in their 38th Report (Sixth Lok Sabha) that the Zonal Railways have been asked to examine the existing procedure of estimation and the budgeting and to further stream-line them so as to avoid recurrence of such inadequate estimation in future. The Committee are of the view that the system of budgeting adopted by Zonal Railways needs a closer examination with a view to bring about the</p>

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desired improvement through future Appropriation Accounts. A copy of the instructions issued in this behalf to the General Managers of the Railways may also be furnished to the Committee.

6      2·17      do.

Sub-item 'Catering Department' has recorded an excess of Rs. 0.93 crore. There was a similar excess of Rs. 0.21 crore during the year 1975-76 also. It is significant that the excess occurred inspite of obtaining a supplementary grant of Rs. 2.01 crores which included a provision of Rs. 0.93 crore for more expenditure on catering stores. The Committee are concerned to note that it would have been possible to fully assess and provide for the additional requirement on this account at least at the revised estimates stage. That this was not done is regrettable. The Committee would like to be informed of the precise reasons which resulted in excess on catering stores.

7      2·18      -do-

The Committee are concerned to note that during the year 1976-77, there have been misclassifications under Grant No. 7—Revenue—Ordinary Working Expenses Operation (Fuel). In the case of Grant No. 9, the gross amount involved, exceeded rupees one lakh. The Committee have been informed by the Ministry in March, 1978 that the earlier recommendations of the P.A.C. contained in their 38th Report (Sixth Lok Sabha) have been brought to the notice of the General Managers of the Zonal Railways, Production Units and Metropolitan Transport Projects (Railways), for a thorough scrutiny of the reasons for the deterioration in the position and for exercising an effective reconciliation of the subsidiary books with the general books from time to time in order to eliminate the chances of any

1	2	3	4
			misclassification remaining undetected and unadjusted at the close of accounts for the year.
8	2-19	Railways	As such misclassifications vitiate sound budgetary control, the Committee take a serious view of the recurrence of misclassifications, and desire that positive instructions should be issued by the Railway Administration to the effect that effective reconciliation of subsidiary books with general books should be attended to promptly, every month, so that rectification of erroneous adjustments and/or misclassifications, if any, detected is effected in time, thereby eliminating altogether chances of such misclassifications.
9	2-28	Communications (P & T Board)	The Committee find that during 1976-77, excess expenditure of Rs. 16.20 crores had been incurred under Grant No. 19—Capital Outlay on P & T. The Excess has occurred successively for the fourth year. There was excess expenditure of Rs. 11.95 crores in 1975-76, Rs. 9.04 crores in 1974-75 and Rs. 2.58 crores under this grant during the year 1973-74 also. But for savings, the actual excess in one part of the Grant viz., Stores and Manufacture Suspense, during 1976-77, would have been Rs. 22.64 crores. It is significant that but for the savings, the real excess would have been much more and it only shows the extent to which estimates were over-pitched in so far as 'works portion' of the Grant is concerned. The Committee are concerned over the fact that excess over authorised expenditure under this grant has become a recurring phenomenon. Since the Ministry of Communications (P&T Board) have issued

instructions to the field units to estimate their requirements more accurately in future, the Committee trust that these would be scrupulously followed so as to reflect improvement in the budgeting control in the future Appropriation Accounts. The Committee would also like to reiterate their earlier observation contained in paragraph 2.64 of their 180th Report (Fifth Lok Sabha) and would like the Ministry to examine whether there are any inherent defects in the existing system and to take suitable remedial measures for ensuring that adequate provision is made in the Budget Estimates itself for meeting past liabilities.

10      2-29      Communication (P & T Board)

The Committee realise that the decision for direct purchases of stores instead of being routed through the agency of DGS&D may have helped in the quicker procurement of stores and payments being made during the same year without the necessity of carry forward, but at the same time feel that its impact is yet to be watched. The Committee would welcome a specific report on how far the move of direct purchases has improved the budgetary control in so far as expenditure exceeding the budgetary provision is concerned.

11      2-32      Defence

The Committee observe that the excess expenditure of Rs. 493.30 lakhs occurred under Grant No. 21—Defence Services—Army (Voted) and Rs. 1.22 lakhs under the same Appropriation No. 21—Defence Services—Army (Charged). It is significant that but for savings, aggregating Rs. 1341.04 lakhs, the excess would have been much more. Bulk of the excess under the Grant is attributed to pay and allowances (Rs. 3.58 crores), transportation (Rs. 6.68 crores), works (Rs. 4.34 crores) and other expenditure (Rs. 2.79 crores). After carefully considering the explanation offered

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by the Ministry of Defence, the Committee are firmly of the view that much of the excess expenditure could have been foreseen and adequately provided for at least at the time of obtaining supplementary grant in March, 1977. Since there was usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, the excess could have been avoided to a great extent by estimating compensation in lieu of quarters and *per capita* rates more precisely. Similarly, the Committee are unable to appreciate why the increase in the tariff rates for movement of personnel and stores and tariffs for water and electricity as also adjustment of certain debits could not have been foreseen and estimated more realistically and provided for fully.

12 2-33

Defence

The Committee find that there was similar excess in the Appropriation Accounts for the year 1975-76 also. The Committee desire that a detailed review of the existing arrangements should be undertaken to devise suitable and effective measures with a view to remove the inherent defects in the existing systems, under intimation to them.

13 2-38

Do.

The Committee observe that a net excess of Rs. 171.01 lakhs, had occurred under Grant No. 24—Defence Services—Pensions. According to the Ministry, the excess under sub-heads A-1 Army and A-3 Air Force occurred on account of drawal of pension by a larger number of pensioners and larger payments of commuted value of pensions than anticipated. In

this connection, the Committee had, in paragraph 2.60 of their 180th Report (Fifth Lok Sabha) observed:

“The Committee note that an excess of Rs. 1.16 crores had occurred under the sub-head ‘A. 1—Army’ of ‘Grant No. 23—Defence Services—Pensions’. The Committee are not convinced by the plea offered by the Ministry of Defence that on account of a number of uncertain factors, it is not possible to make a precise estimate of the magnitude of the non-effective charges. Even assuming that some pensioners might or might not draw their pensions during the month of March, the Committee are doubtful whether this by itself could account for the large excess. The Committee, therefore, view with seriousness the excess expenditure on what should be a comparatively easily ascertainable account and desire that the Ministry of Defence, in consultation with the Ministry of Defence, in consultation with the Ministry of Finance, should evolve a system of expeditiously reporting the debits to the concerned authorities so that proper revised estimates could be framed in time and excesses avoided.”

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The Committee realise that the magnitude of payments on account of commuted value of pension depends upon the needs of individual pensioners but they are unable to contribute to the plea advanced that the impact of consequential increase in the entitlements on the basis of Third Pay Commission's recommendations could not be foreseen accurately. The

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Committee also realise that some variations on this account are understandable, but in view of the fact that there should always be some time—lag between the finalisation of applications for commutation and the drawal of commuted value of pension by pensioners, the magnitude of entitlements is comparatively easily ascertainable with some precision. The Committee, therefore, like the Ministry of Defence to examine in consultation with the Ministry of Finance, whether there are any inherent defects in the existing systems, with a view to taking suitable remedial measures for ensuring that adequate provision is made at least at the Revised Estimates stage during February/March for meeting the pensionary charges.

15      2·40      Finance (Economic Affairs)

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

16      3·4      Finance/Defence

The Committee find that while 4 Action Taken Notes were received by the due date i.e., 14th May, 1978, two notes relating to the Ministry of Defence were received after the due date. The Committee would like to stress the need for making all out efforts by the Ministries concerned to eliminate avoidable delays in future by ensuring strict adherence to schedule.

17      3·7      Defence

The Committee note that out of the excess of Rs. 19.78 crores over the sanctioned grant in 1975-76 under sub-head A-1 Pay and Allowances of

Army of Grant No. 19 Defence Services—Army, an additional expenditure of Rs. 18.04 crores was foreseen at the time of formulating revised estimates. The amount of Rs. 17.48 crores actually sought to be reappropriated from anticipated savings under other sub-heads of the Grant, was not available as the savings anticipated under other sub-heads did not materialise, resulting in a total excess of Rs. 61.26 crores under the Grant. The Committee have been informed that greater scrutiny is being exercised to ensure that Revised/Final Estimates under the sub-heads are reasonably accurate and that re-appropriations do not go awry. In regard to excess expenditure of Rs. 34.78 crores relating to Ordnance Factories mainly under the sub-heads 'Purchase of Materials' and 'Customs Duty', the Ministry have informed the Committee that the reason why additional requirements of funds for purchase of materials could not be assessed more precisely and supplementary grants obtained at the Revised Estimates stage, is mainly the inherent delay in monitoring the actual expenditure under the existing accounting system in respect of central purchases, including foreign supplies. The Committee have further been informed that suitable instructions have been issued to all the factories to make constant review of payment liabilities *vis-a-vis* the budget provision and take suitable corrective action. With a view to avoid recurrence of excess expenditure of this nature in future, the question of revising suitably the existing procedures is also being considered. In so far as the excess of Rs. 8.93 crores relating to works is concerned, the Committee have been informed that instructions have been issued by the E-in-C's Branch to all Chief Engineers on 20th March, 1978, that they may personally scrutinise and investigate the exact causes that may lead to excess expenditure for corrective action.



1	2	3	4
18	3.8	Defence	<p>The Committee observe that a part of the excess of Rs. 19.78 crores under Sub-head 'A-1 Pay and Allowances of Army' occurred as savings anticipated under other sub-heads did not materialise. In the case of additional requirements of funds for purchase of materials, the Ministry have attributed it mainly to the inherent delay in monitoring the actual expenditure under the existing accounting system. It is further seen that the question of revising suitably the existing procedures is being considered. That there is recurrence of excess expenditure under the sub-heads 'Pay and Allowances of Army' stores, and works, as may be seen from the Appropriation Accounts for the year 1976-77 confirms the belief that there is some inherent defect in the estimation of expenditure. The Committee desire that the existing procedures should be critically re-examined and suitably revised on an urgent footing, so as to minimise if not altogether eliminate recurrent excesses under these sub-heads of the Grant. The Committee would also like to be apprised of the steps taken in this direction.</p>

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