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PUBLIC ACCOUNTS COMMITTEE

1956 - 57

TWENTY-FIRST REPORT

[Excess over Voted Grants and Charged Appropriations
included in the Appropriation Accounts (Civil), 1952-53]

Vol. 1 - Reports



LOK SABHA SECRETARIAT

NEW DELHI

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PUBLIC ACCOUNTS COMMITTEE

1956-57

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I N T R O D U C T O R Y

I, the Chairman of the Public Accounts Committee, having been authorised by the Committee to present the Report on their behalf, present this Twenty-first Report on the Excess over Grants/Appropriations pointed out in paragraphs 10 and 11 of the Audit Report of 1954, Part II on the Appropriation Accounts (Civil), 1952-53.

2. Under Article 115(1)(b) of the Constitution, if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of the People a demand for such excess.

3. The procedure that is followed in this regard is as follows:-

In his Audit Report on the Appropriation Accounts of the Government for any particular year, the Comptroller and Auditor General reports on cases of expenditure incurred by Government in excess of the sums authorised by Parliament for that year. As in the U.K., the Public Accounts Committee first examine with reference to the facts of each case the circumstances leading to the excess and present a report to Parliament making their recommendations on these excesses. Rule 241(4) of the Rules of Procedure and Conduct of Business enjoins on the Committee to examine the circumstances leading to these excesses and make to Parliament such recommendations as they may deem fit. The Government then proceed to take necessary action to have the excesses regularised by Parliament as laid down in Article 115 of the Constitution.

4. Since partition, the work relating to the compilation of the Appropriation Accounts and the presentation by the Comptroller and Auditor General of the Audit Reports thereon, got delayed. Consequently there was delay in the consideration of these Accounts and the excesses by the Committee. Further, the recommendations of the Committee on the excesses were incorporated in their ^{own} Reports to Parliament on the Audit Reports of the Comptroller and Auditor General. In other words the Committee's recommendations on the excesses were not presented to Parliament until the Committee had completed scrutiny of the entire Audit Report with reference to all the Ministries and finalised their Report. And Government had necessarily to await the recommendations of the Committee before they could take action for approaching Parliament for regularisation of the excesses. All this meant delay.

5. In the 13th Session of the Lok Sabha (July to September, 1956) when Government approached Parliament for regularising excesses relating to the year 1951-52, attention was drawn pointedly to the delay and the consensus of opinion was that procedure should be devised for the expeditious regularisation of such excesses so as to ensure that the time lag between the detection of the excesses and their regularisation by Parliament is reduced to the inevitable minimum.

6. The Committee share the opinion expressed above. They understand that in U.K. the Committee on Public Accounts consider the cases of excesses in advance of the rest of the Appropriation Accounts and Audit Report and submit a separate report to Parliament containing their recommendations on the excesses ahead of their Report on the main Appropriation Accounts and Audit Report. The Committee feel that a similar procedure if

adopted, will accelerate the presentation of the excesses to Parliament for regularisation.

7. As the Committee had observed earlier, the excesses relating to a year are brought to notice at present by the Comptroller and Auditor General, through the Audit Report on the Appropriation Accounts relating to that year and the interval between the detection of the excesses soon after the accounts of that year are closed and the presentation of the Audit Report in question is fairly long. To obviate this element of delay and to facilitate the Committee to consider the excesses as quickly as possible, the Comptroller and Auditor General suggested that he would arrange to present advance Appropriation Accounts relating to the excesses exclusively. The Committee welcome this suggestion. They understand that such advance Reports will be only a temporary expedient till the work of the preparation of Appropriation Accounts relating to previous years becomes current. The Comptroller and Auditor General assured the Committee that as a result of special steps taken, the presentation of Appropriation Reports is likely to be made current in the near future. The Accounts of both 1953-54 and 1954-55 will be presented ^{shortly} and 1955-56 accounts by May, 1957.

8. The Committee, therefore, recommend that as soon as excesses in accounts relating to a year which had just closed came to notice, the Comptroller and Auditor General will, in advance of his main Report on the Appropriation Accounts, report these excesses to Parliament in the prescribed manner. The Committee will proceed to examine with reference to the facts of each case the circumstances leading to the excess and present a separate report to ~~the~~ Parliament making their recommendations on

these excesses. Thereafter, Government will proceed to take necessary action to have the excesses regularised by Parliament in the same or the following session. The Committee trust that this new procedure will substantially meet the object in view.

9. The Committee trust that the Ministries of the Government on their part would furnish to the Lok Sabha Secretariat after scrutiny by Audit in the shortest time possible, but at any rate not exceeding four weeks from the presentation of the Report of the Comptroller and Auditor General on these excesses, the reasons or the circumstances that led to the excesses under each grant or appropriation for being placed before the Committee.

10. In conformity with the new procedure suggested above, the Committee felt that a separate report should be presented to Parliament by them during the current session relating to the excesses in the Appropriation Accounts for 1952-53 (already placed before Parliament) ahead of their main Report so that Government could proceed to take necessary action to get the excesses regularised during this session itself, if possible.

11. The Committee now proceed to examine the excesses in the Appropriation Accounts for 1952-53.

EXCESS GRANTS/APPROPRIATIONS

12. During the year ended 31.3.53, in the following cases the actual expenditure exceeded the 'Voted' Grants.

S No.	No. and Name of Grant	Final Grant Rs	Actual ex- penditure Rs	Excess Rs
1.	39-Misc. Adjustments between the Union and State Governments	1,65,000	2,35,084	70,084
2	67-Civil Defence	1,24,000	1,26,855	2,855
3	75-Multi-purpose River Schemes	41,08,000	51,45,177	10,37,177
4	95-Ministry of Works, Production and Supply	17,36,000	17,79,179	43,179
5	99-Other Civil Works	12,70,55,000	15,03,69,376	2,33,14,376
6	101-Misc. Departments and Expenditure under the Ministry of Works, Production & Supply	1,07,32,000	1,07,57,005	25,005
7	103-Misc. Expenditure under the Parliament Secretariat	29,000	29,110	110
8	114-Other Capital outlay of the Ministry of Finance	26,57,40,000	26,53,58,032	6,18,032
9	119-Capital outlay of the Ministry of Health	1,76,10,000	2,09,49,509	33,39,509

The Statement below shows the excesses over
individual "Charged" Appropriation

S.No.	No. and Name of Appropriation	Final Appro- priation Rs	Actual ex- penditure. Rs.	Excess Rs.
1.	33--Currency.	3,52,000	3,74,307	22,307
2.	37--Misc. Departments & Expenditure under Ministry of Finance.		23,890	23,890
3.	38--Grants and Aid to States.	8,20,00,000	8,93,95,500	73,95,500
4.	Interest on Debt and other obligations and Reduction or Avoidance of Debt.	74,58,93,000	77,79,73,312	3,20,80,312
5.	99--Other Civil Works	20,40,000	20,74,345	34,345
6.	118 --Other Capital Outlay of the Minis- try of Food and Agriculture.	28,49,000	39,27,754	10,78,754

13. The Committee considered the* notes furnished by the Ministries concerned explaining the reasons for the above excesses. In their examination of the reasons for the excesses, the Committee had generally directed themselves to the question whether the excess could have been avoided either by better financial control or accounting procedure or by curtailing or postponing services. It was explained to the Committee by the Comptroller and Auditor General that the present structure of the accounting machinery is such that it is not always possible to place at the disposal of

*Printed separately

the Government an up to date picture of what the disbursements have been. There is now a move towards a system where the procedure of raising debits and credits in respect of inter governmental or inter departmental transactions will progressively be eliminated and replaced by cheque payments. Accounts Officers will, under this changed system, refuse to honour any demand beyond what has already been granted.

14 The Committee are glad to note this. The cardinal principle of Parliamentary control of expenditure is that Government should not incur expenditure in any year more than the sums authorised by Parliament for that year. It is, therefore, for Government to devise better methods of expenditure control and to introduce new techniques in budgeting so as to ensure that the expenditure does not exceed the sum authorised by Parliament and any excess over allotment gets prior rather than *ex post facto* approval of Parliament. The Committee trust that Government and the Ministry of Finance in particular will address themselves to this matter and lay down a procedure.

15 The Committee now proceed to deal with a few individual cases of excesses.

**GRANT NO. 39—MISCELLANEOUS ADJUSTMENTS
BETWEEN THE UNION AND STATE GOVERNMENTS
EXCESS RS 70 084**

16 Provision under this Grant represented payments to State Governments on account of administration of Petroleum and Explosives Act and the Indian Arms Act. These Acts are administered by the State Governments on behalf of the Union Government and fees realised by the State Governments under these Acts are

credited to the Central revenues. But an amount equivalent to the fees realised is paid to the State Governments as charges for administering the Acts. It was urged by Government that as the payment to the State Governments is on the basis of actual receipts during a year, there is always a difference between the actual payments and the estimates (which are based on past trends) resulting either in a saving or in an excess. The Committee understand that with a view to avoid such a situation in future, Government proposed to limit the payments to the State Governments to the provision made in the revised estimates leaving the excess, if any, to be paid in the following year. This procedure would prevent excesses over amounts voted by Parliament. The Committee regard this procedure as satisfactory.

**GRANT NO 99-OTHER CIVIL WORKS - EXCESS
RS 2,33,14,376 VOTED AND RS 34,345 - CHARGED.**

17. The excesses under the voted and charged sections have been attributed to larger purchases of building material, etc. It was observed by the Ministry that the stores were indented in bulk and it was not possible for the Ministry to anticipate precisely the actual quantities of stores that would be received and the funds required therefor during the financial year 1952-53. The Committee found it rather difficult to accept this explanation. In their opinion, the Ministry as the indenter should have had close liaison with the supplying departments and should have taken action sufficiently in advance to ascertain from the supplying departments the supply of goods that was likely to materialise during the financial year and should have taken necessary action to provide additional funds. The Committee desire that due attention be paid to this important aspect in future.

*GRANT NO.118-OTHER CAPITAL OUTLAY OF THE
MINISTRY OF FOOD AND AGRICULTURE LAND
RECLAMATION SCHEME - EXCESS RS.10,78,754 -
CHARGED:*

18. The Committee observe from the note submitted by the Ministry that originally a provision of Rs.21 lakhs for payment of interest charges was included in the voted section. As interest charges are to be charged on the Consolidated Fund as provided in the Constitution the provision made in the voted section to meet this expenditure could not be utilised. In the meantime, the interest calculations were revised and when the amount was finally determined in March, 1953 as Rs.5,27,000 it was too late to make ~~provision~~ provision by a supplementary appropriation and the excess had, therefore, to be left uncovered.

19. The Committee accept that the provision was made erroneously in the voted section in the Budget of that year. But they are unable to understand why such a patent error was not discovered till March when the Ministry was out of time for presenting a Supplementary Estimate. Another feature in this case on which the Committee feel concerned is the intention of the Ministry to utilise the provision of Rs.21 lakhs in the voted section for other purposes, by reappropriation. They think it right to call attention to the fact that a large amount has been sought to be diverted by the Ministry to other purposes. And if this practice extends expenditure not specially provided for in the Estimates presented to Parliament can be incurred without check. The Committee feel that it is an important duty of the Ministry of Finance in the field of financial control to ensure that no re-appropriation is resorted to which either tends to vitiate or anticipate the approval of Parliament.

20. Subject to these observations the Committee recommend that the excesses referred to above be regularised in the manner prescribed under Article 115 of the Constitution.

21. The Committee would like to place on record the assistance rendered to them by the Comptroller and Auditor General.

NEW DELHI

27th November, 1956.

V. E. GANDHI,

Chairman,

Public Accounts Committee.

