

SEVENTEENTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1985-86)

(EIGHTH LOK SABHA)

**EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS (1983-84)**

And

**[Action Taken on Two Hundred and Twenty
Second Report (Seventh Lok Sabha)]**

Presented in Lok Sabha on

Laid in Rajya Sabha on

**LOK SABHA SECRETARIAT
NEW DELHI**

October, 1985/Asvina, 1907 (Saka)

Price : Rs. 4.60

CORRIGENDA TO SEVENTEENTH REPORT OF THE PUBLIC
ACCOUNTS COMMITTEE (EIGHTH LOK SABHA)

<u>Page</u>	<u>Para</u>	<u>Line(s)</u>	<u>For</u>	<u>Read</u>
4	2.2	Sl.No.10	trraffic	traffic
-do-	-do-	Sl.No.11	O-Operating Expenses- Fuel	10-Operating Expenses- Fuel
			188,36,77,000	848,36,77,000
5	2.3	Table Col.3	No. of Charged Appropriations	No. of Charged Appropriations
7	2.7	Col.5 line 10	1.05	1.04
-do-	-do-	Col.3 Line 12	10098.13	10089.13
-do-	-do-	Col.5 Line 1 from bottom	0.330	0.230
8	-do-	Col.1 Line 1	<u>Delete</u> Civil	
-do-	-do-	Col. 1	<u>Insert</u> Civil below 1983-84	
		Col. 3 Line 6	983.46	998.46
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36	3.8	10	processes	processed
41	-	6	1.05	1.04
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PUBLIC ACCOUNTS COMMITTEE

(1985-86)

CHAIRMAN

Shri E. Ayyapu Reddy

MEMBERS

Lok Sabha

2. Shri J. Chokka Rao
3. Shri Amal Datta
4. Shri Ranjit Singh Gaekwad
5. Shrimati Prabhawati Gupta
6. Shri Harpal Singh
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14. Shri Simon Tigga
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Rajya Sabha

16. Shrimati Amarjit Kaur
17. Shri Nirmal Chatterjee
18. Miss Jayalalitha
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21. Shri K. L. N. Prasad
22. Shri Ramanand Yadav

SECRETARIAT

1. Shri N. N. Mehra—*Joint Secretary.*
2. Shri K. H. Chhaya—*Chief Financial Committee Officer.*
3. Shri R. C. Anand—*Senior Financial Committee Officer.*
4. Shri Brahmanand—*Senior Financial Committee Officer.*

INTRODUCTION

1, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Seventeenth Report on Excesses Over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts & Telegraphs) and (Railways) for the year 1983-84, and on the action taken by Government on the recommendations of the Public Accounts Committee contained in their 222nd Report (7th Lok Sabha) on Excesses Over Voted Grants and Charged Appropriations for the year 1982-83. The Report also includes final replies in respect of those recommendations contained in 166th Report (7th Lok Sabha) in respect of which interim replies had been furnished by Government earlier.

2. The Appropriation Accounts (Posts and Telegraphs), (Defence Services), (Civil) and (Railways) were laid on the Table of the House on 12 April, 1985, 14 May, 1985, 16 May, 1985 and 26 July, 1985, respectively.

3. During the year 1983-84, excess expenditure was incurred under 12 Voted Grants aggregating Rs. 115.62 crores. There was no excess expenditure under charged portion during the year. The Ministry of Defence have incurred the maximum excess expenditure (Rs. 59.20 crores) followed by the Ministry of Railways (Rs. 34.67 crores). It was however noticed that as compared to previous years 1979-80 to 1982-83, there was significant reduction in the aggregate amount of excess expenditure as well as in the number of grants which registered excess expenditure during the year 1983-84.

4. On the other hand, there were large scale savings of the order of Rs. 7209.05 crores against the sanctioned provision of Voted and Charged amounts of Rs. 161576.41 crores during 1983-84. The Appropriation Accounts (Civil) disclosed savings in some of the vital sectors of the economy e.g. Agriculture (Rs. 254.54 crores), Animal Husbandry and Dairy Development (Rs. 73.58 crores), Chemical and Fertilizers (Rs. 41.57 crores), Foreign Trade and Export Production (Rs. 249.90 crores), Petroleum (Rs. 99.21 crores), Power (Rs. 58.29 crores), Coal (Rs. 88.90 crores), Irrigation (Rs. 19.99 crores), Public Works (Rs. 26.81 crores), Mines (Rs. 30.41 crores) and Labour and Employment (Rs. 19.07 crores). The Committee have taken a serious

note of these savings and have desired the Government to analyse the reasons for the recurring phenomenon of savings.

5. The Committee examined the Excesses in the light of the Explanatory Notes furnished by the Ministries/Departments concerned (Appendices I to IX) at their sitting held on 28 October, 1985. The minutes of the sitting form Part II of the Report.

6. The Committee's 222nd Report (Seventh Lok Sabha) on Excesses Over Voted Grants and Charged Appropriations for the year 1982-83 was presented to the House on 22 August, 1984. The action taken notes furnished by Government in pursuance of the recommendations contained in this Report were also considered by the Committee at the aforesaid sitting and have been discussed in Chapter III of the Report.

7. For facility of reference, the conclusions and/or recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions and/or recommendations have also been reproduced in a consolidated form in Appendix XII to the Report.

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

NEW DELHI;
November 7, 1985
Kartika 16, 1907 (Saka)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

REPORT

PART I

CHAPTER I

GENERAL OBSERVATIONS

1.1 This Report of the Committee deals with excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1983-84. The Report also deals with the action taken by Government pursuant to the Committee's recommendations contained in their 222nd Report (7th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1982-83. The Report also includes final replies in respect of those recommendations contained in the 166th Report (Seventh Lok Sabha) on which interim replies had been furnished by Government earlier (Appendix XI). .

1.2 The Appropriation Accounts (Posts and Telegraphs), (Defence), (Civil) and (Railways) were laid on the Table of the House on 12 April, 1985, 14 May, 1985; 16 May; 1985 and 26 July; 1985, respectively.

1.3 In the succeeding paragraphs of this Report, the Committee have examined the excess expenditure disclosed in the relevant Appropriation Accounts in the light of explanations furnished by the Ministry and/or Departments concerned. The Explanatory notes furnished by the Ministries concerned in this regard are reproduced in Appendices I to IX of this Report.

CHAPTER II
EXCESS GRANTS/APPROPRIATIONS

2.1 During the year ended 31 March, 1984, excess expenditure occurred under the following Voted grants:

Appropriation Accounts	No. and name of Grant	Ministry/Deptt.	Excess Expenditure (Rs. in lakhs)
Civil	34 - Customs	Finance	72.71
	40 - Pensions	Finance	351.02
	57 - Chandigarh	Home Affairs	1,235.66*
	78 - Roads	Shipping and Transport	33.37
			1,692.76
Defence Services	20 - Defence Services-Navy	Defence	1,587.57
	22 - Defence Services-Pensions	Defence	1,526.45
	23 - Capital Outlay on Defence Services	Defence	2,806.91
		5,920.93	
Posts and Telegraphs	17 - Capital outlay on Posts and Telegraphs	Communications (P&T)	481.29
			481.29
Railways	4 - Repairs and maintenance of permanent way and work	Railways	76.82
	9 - Operating Expenses - Traffic	,	186.87
	10 - Operating Expenses Fuel	,,	2,635.69
	13 - Provident Fund Pension and other retirements benefits	,,	567.22
			3,466.60
GRAND TOTAL:			*11,561.58

*Excess in Revenue Section was Rs. 7,01,44,453 and in Capital Section Rs. 5,34,21,491.

2.2 Details of voted grants/charged appropriation under which the actual expenditure exceeded the budgetary provision during the year under review are given below:—

Sl. No.	No. and name of grant	Ministry or Department	Final grant Rs.	Actual Expenditure Rs.	Excess Expenditure Rs.	Date of receipt of Explanatory Note
1	2	3	4	5	6	7

I APPROPRIATION ACCOUNTS (Civil) 1983-84

A. Voted Grants

1	34 - Customs.	Finance	22,82,62,000	23,55,32,828	72,70,828	31-5-85
2	40 Pension.	Finance	123,68,26,000	127,19,27,906	3,51,01,906	31-5-85
3	57 - Chandigarh	Home Affairs	76,06,74,000	88,42,39,944	12,35,65,944*	30-5-85
4	78 - Roads	Shipping & Transport	180,05,75,000	180,39,11,832	33,36,832	31-5-85

B. Charged Appropriations

--NIL--

*Excess in Revenue Section Rs. 7,01,44,453 and in Capital Section Rs. 5,34,21,491.

Sl. No	No and name of Grant	Final grant	Actual Expenditure	Excess Expenditure	Date of receipt of Explanatory Note
II. APPROPRIATION ACCOUNTS (Defence Services)					
<i>A. Voted Grants</i>					
5	20--Defence Services--Navy	499,11,87,000	514,99,44,204	15,87,57,104	31-5-85
6	22 - Defence Services--Pension	457,03,45,000	472,29,89,781	15,26,44,781	31-5-85
7	23 - Capital Outlay on Defence Service	603,54,00,000	631,60,91,426	28,06,91,426	31-5-85
<i>B. Charged Appropriations</i>					
NIL--					
III. APPROPRIATION ACCOUNTS (Posts & Telegraphs)					
<i>A. Voted Grants</i>					
8	17--Capital Outlay on Posts and Telegraphs	739,33,80,000	744,15,08,839	4,81,28,839	16-4-85
<i>B. Charged Appropriations</i>					
--NIL--					
IV. APPROPRIATION ACCOUNTS (Railways)					
<i>A. Voted Grants</i>					
9	4 - Repair & Maintenance of permanent way & Work	431,14,65,000	431,91,47,023	76,82,023	21-8-85
10	9 - Operating Expenses traffic	433,07,00,000	434,93,86,993	1,86,85,993	21-8-1985
11	0 - Operating Expenses- Fuel	188,36,77,000	874,72,46,139	26,35,69,139	21-8-1985
12	13-Provident Fund, Pension and other Retirement Benefits	218,70,04,000	224,46,25,700	5,67,21,700	21-8-1985
<i>B. Charged Appropriations</i>					
- NIL -					

2.2 The above statement indicates that out of 12 cases of excesses over voted grants, excess expenditure over a crore of rupees had occurred in 9 cases. Defence Services take a lead in excess expenditure aggregating to Rs. 59.20 crores. On one Grant alone (No. 23—capital outlay on defence services) the excess was as high as Rs. 28.07 crores. In the case of civil accounts, Grant No. 57—Chandigarh operated by the Ministry of Home Affairs recorded an excess of Rs. 12.36 crores, while in Posts and Telegraphs, the excess under Grant No. 17—Capital outlay of Posts and Telegraph amounted to Rs. 4.81 crores. In the case of 4 Grants administered by the Ministry of Railways (Railway Board), the excess expenditure was Rs. 34.67 crores. Grant No. 10—Operating expenses—fuel, alone accounted for an excess of Rs. 26.35 crores.

2.3 The following table indicates the aggregate excess expenditure under various Grants and Charged Appropriations during the last five years:

Year	No. of voted Grants	No. of charged Appropriations	Total	Excess Expenditure (Rs. in crores)
1	2	3	4	5
1979-80	13	6	19	140.86
1980-81	26	1	27	359.16
1981-82	16	4	20	462.69
1982-83	18	3	21	364.94
1983-84	12	0	12	115.62

2.4 According to the time schedule, the Explanatory Notes on excesses over Voted Grants and Charged Appropriations are required to be furnished to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts, whichever is later. It is observed that while the Explanatory Notes relating to 8 Grants operated by the various Ministries (other than the Ministry of Railways) were received within the stipulated period; the Explanatory Note (s) relating to 4 Grants administered by the Ministry of Railways were received on 21 August, 1985, although the Appropriation Accounts were laid on the Table of the House on 26 July, 1985. Since the Appropriation Accounts (Railways) for the year 1983-84 were

certified on 18 June, 1985, the Explanatory Note could have been furnished to the Committee immediately after the presentation of Appropriation Accounts on 26 July, 1985. The Committee take serious view of delayed submission of Explanatory Notes. The delayed submission of these notes leads to the delay in finalisation of the Report by the Committee. The Committee desire the Ministry of Railways to ensure strict adherence to the prescribed time schedule in future.

2.5 The Committee are satisfied to find that as compared to previous years i.e. 1979-80 to 1982-83, there was significant reduction in the aggregate amount of excess expenditure as well as in the number of grants that registered excess expenditure during the year 1983-84. The excess expenditure incurred during the years 1979-80 to 1982-83 ranged between Rs. 140.86 crores to Rs. 462.69 crores while the excess expenditure incurred during the 1983-84 was Rs. 115.62 crores. Further, the total number of grants which contributed to the excess expenditure were 12 during the year 1983-84 as against 19; 27; 20 and 21 during the years 1979-80, 1980-81, 1981-82 and 1982-83, respectively. The Committee hope that the Ministries and Departments of Government of India would make every endeavour to sustain this declining trend, in future as well.

2.6 During the course of scrutiny of the Appropriation Accounts (Civil), (Defence Services), (Posts & Telegraphs) and (Railways) for the year 1983-84, the Committee have noticed large scale savings under both Voted and Charged portions.

2.7 The following table indicates the extent of savings out of the Voted Grants and Charged appropriations during the last four years i.e. 1980-81 to 1983-84:

(Rs. in Crores)

Appropriation Accounts	Total amount of Grants	Savings	Total amount of appropriation	Savings
1	2	3	4	5
1980-81				
CIVIL	<i>Voted</i>		<i>Charged</i>	
Revenue	8746.09	486.03	5867.86	68.10
Capital	7066.48	441.00	46209.40	164.85

1	2	3	4	5
DEFENCE SERVICES:				
	<i>Voted</i>		<i>Charged</i>	
Revenue	3707.00	..	1.04	0.09
Capital	326.47	1.21	2.60	0.11
POSTS & TELEGRAPHS:				
Revenue }	} 1537.40	231.82	0.02	0.02
Capital }				
RAILWAYS:				
Revenue }	} 5036.80	247.76	4.64	1.64
Capital }				
Grand Total:	26,420.24	1406.82	52,085.56	234.81
1981-82				
Civil				
	<i>Voted</i>		<i>Charged</i>	
Revenue }	} 8899.07	490.76	6899.58	6.46
Capital }				
<i>Defence</i>				
Revenue	4365.57	42.17	1.07	0.66
Capital	460.57	..	4.00	1.00
<i>Posts and Telegraphs</i>				
Revenue }	} 181020.94	8843.67	8.55	1.05
Capital }				
<i>Railway</i>				
Revenue }	} 2554.12	41.16	6.82	3.19
Capital }				
Grand Total :	204809.21	10098.13	65391.81	1749.52
1982-83				
Civil				
Revenue	10865.66	539.51	8057.579	88.332
Capital	9061.85	1114.04	73013.268	117.861
<i>Defence Services</i>				
Revenue	5087.55	55.08	0.580	0.330

1	2	3	4	5
Civil	Voted		Charged	
Capital	540.59	15.57	3.600	1.927
<i>Post and Telegraphs</i>				
Revenue }	2056.21	120.90	0.020	0.017
Capital }				
<i>Railway</i>				
Revenue }	5306.99	68.17	6.455	2.263
Capital }				
Grand Total	32918.85	1913.27	81081.532	270.630
<hr/>				
1983-84				
Revenue	13119.00	988.46	9782.49	316.40
Capital	9818.52	770.92	112468.67	4416.26
<i>Defence Services</i>				
Revenue	6021.47	89.71	50.84	37.86
Capital	603.54	—	13.25	2.14
<i>Post and Telegraphs</i>				
Revenue }	2443.04	124.73	7.02	3.09
Capital }				
<i>Railways</i>				
Revenue }	7210.23	426.13	38.34	23.30
Capital }				
Grand Total	39215.80	2410.00	122360.61	4799.05

2.8 While there was declining trend in the excess expenditure, it was the other way round in the case of savings. The aggregate amount of savings as disclosed in the Appropriation Accounts for 1983-84 was Rs. 7,209.05 crores as against the savings of Rs. 2,183.90 crores during the year 1982-83. The Appropriation Accounts (Civil) alone disclosed savings of Rs. 1,769.38 crores against voted grant of Rs. 22,937.52 crores and savings of Rs. 4732.66 crores against charged amount of Rs. 1,22,251.16 crores. Thus, the total savings during the year 1983-84 as disclosed by the Appropriation Accounts (Civil) was of the order of Rs. 6502.04 crores which constituted 4.48% of the total sanctioned provision of voted and charged amounts of Rs. 1,45,188.68

crores. Some of the vital sectors of the economy in which large scale savings have been reported are Agriculture (Rs. 254.54 crores), Animal Husbandry and Dairy Development (Rs. 73.58 crores), Chemical and Fertilizers (Rs. 41.57 crores), Foreign Trade and Export Production (Rs. 249.90 crores), Petroleum (Rs. 99.21 crores), Power (Rs. 58.29 crores), Coal (Rs. 88.90 crores), Irrigation (Rs. 19.99 crores), Public Works (Rs. 26.81 crores), Mines (Rs. 30.41 crores), Labour and Employment (Rs. 19.07 crores). The Committee had, in their earlier Reports viz. 57th and 121st Report (7th Lok Sabha), deprecated the tendency of under-utilisation of funds earmarked for some of the vital sectors of the economy, thereby not only slowing down development in those sectors but also depriving other important sectors of the much needed resources. The Committee were then informed that the scheme of Integrated Financial Advisers had been introduced to ensure realistic budget estimates. From the extent of savings reported during 1982-83 and 1983-84, it is quite evident that the position instead of improving has deteriorated. The Committee once again like the Government to analyse the reasons for the recurring phenomenon of savings and take timely remedial measures to ensure that budget estimates are framed more precisely. The Committee would like to be apprised of the measures proposed to be taken in the matter.

2.9 The Committee will now proceed to deal with some individual cases of excess expenditure.

APPROPRIATION ACCOUNTS (CIVIL)

1983-84

MINISTRY OF FINANCE

2.10 Grant No. 34—Customs

Capital Section

	Voted Expenditure	Rupees
1.	Original Grant	22,82,62,000
2.	Supplementary Grant . . . . .	..
3.	Total Grant	22,82,62,000
4.	Actual Expenditure	23,55,32,828
5.	Excess	72,70,828

2.11 In the explanatory notes, the Ministry of Finance have stated:

“Against the original grant of Rs. 22,82,62,000 the actual expenditure during the year was Rs. 23,55,32,828. This has resulted in an excess of Rs. 72,70,828 over the sanctioned grant.

The excess occurred mainly under the sub-head “AA.1(2)—Acquisition of Ships and Vessels”. The sanctioned provision under the sub-head AA.1(2)—Acquisition of Ships and Vessels was Rs. 2182.62 lakhs against which the actual expenditure was Rs. 2344.57 lakhs. The increase was partly offset by savings of Rs. 89.24 lakhs under the head “AA.1(1)(1)—Major Works” of the Coast Guard Organisation, resulting in a net excess of Rs. 72,70,828.

In the initial years of the Coast Guard Plan period 1979—84, the progress of construction of the vessels ordered by the Coast Guard has been unsatisfactory resulting in savings/surrender of funds from the same sub-head during the period from 1979-80. The figures for 1982-83 are shown below:

(Rs. in crores)		
B.E.	R.E.	Actual-
30.00	30.00	25.21

Provision in R.E. 1983-84 was made taking into account past experience. However, the shipyards were able to gear up their resources and the trend of expenditure increased considerably especially in the last two months of the year which resulted in the excess expenditure.

The remedial measures taken to avoid recurrence of such excesses are indicated below:

- (a) A Financial Planning Cell has been created within the Coast Guard Headquarters for close monitoring of expenditure.
- (b) Controller of Defence Accounts (Navy) has been requested to forward monthly booking statement within 10 days of the following month.

- (c) Coast Guard Overseeing Cells at Garden Reach Shipbuilders Engineers and Mazagon Dock Ltd. have been constituted to effectively watch and monitor the work on the ships under construction and for certifying the availability of funds on every bill preferred on Controller of Defence Accounts (Navy) by the Shipyards.
- (d) Shipyards are being now informed of the funds allocation made to them year-wise and they are being asked to approach the Coast Guard Headquarters well in advance whenever they feel the necessity for additional funds or surrender of funds; and
- (e) Controller of Defence Accounts (Navy) has been instructed not to honour any payments in excess of the budget provisions initiated to him without specific instructions from the Coast Guard Headquarters.

In the circumstances explained above, the excess of Rs. 72,70,828 which constitutes 3.18 per cent of the total sanctioned provision of Rs. 22,82,62,000 under Capital Section (Voted) of the Grant may kindly be recommended for regularisation by Parliament under Article 115(i) (b) of the Constitution.

This Note has been voted by Audit."

2.12 The Committee note that the Capital Section (Voted) of Grant No. 34—Customs, recorded an excess of Rs. 72,70,828 during the year 1983-84. The excess expenditure occurred mainly under the sub-head "AA.1(2)—Acquisition of Ships and Vessels", which was of the order of Rs. 161.95 lakhs. This excess got reduced to Rs. 72,70,828 because of savings available under the head "AA.1(1)(1)—Major Works' of the Coast Guard Organisation. The Committee have been informed that in order to avoid excess expenditure in future (i) a Financial Planning Cell has been created within the Coast Guard Headquarters for close Monitoring of Expenditure; (ii) the Controller of Defence Accounts (Navy) has been requested to forward monthly booking statements within 10 days of the following month; and (iii) Coast Guard Over-seeing Cells at Garden Ship Builders Engineers and Mazagon Dock Ltd. have been constituted to effectively watch and monitor the work on the ship under construction and for certifying the availability of funds on every bill preferred on Controller of Defence Accounts (Navy) by the Shipyards". Tb-

Committee hope that with the implementation of the proposed measures, the Ministry would be able to make more realistic estimates in future so as to contain excess expenditure.

MINISTRY OF SHIPPING AND TRANSPORT

2.13 GRANT NO. 78—Roads
Revenue Section

Voted Expenditure		Rupies
1.	Original Grant	170,56,32,000
2.	Supplementary Grant	9,49,43,000
3.	Final Grant	180,05,75,000
4.	Actual Expenditure	180,39,11,832
5.	Excess	33,36,832

2.14 In a note, the Ministry of Shipping and Transport have explained the reasons for excess expenditure as follows:

“The Original Grant of Rs. 170,56,32,000 was augmented by obtaining a supplementary grant of Rs. 9,49,43,000 in March, 1984. Against the final grant of Rs. 180,05,75,000, the actual expenditure amounted to Rs. 180,39,11,832 leaving an uncovered excess of Rs. 33,36,832. This excess of Rs. 33,36,832 was the net result of excesses and savings under various heads in the Revenue Section under voted portion of the grant.

The excess has occurred under the following heads:

A.2(1) (1) —	Maintenance by Roads Wing	8,17,35,097
A.2(1) (3) —	Machinery	4,76,659
A.3(1) —	Cost of collection of Fees payable to State/U.T. Governments	41,14,000
A.5(1) (1) —	Roads in Union Territories	4,23,839
B.2(1) (1) —	Works under Roads Wing	50,21,285
B.2(3) (1) —	District and Other Roads	49,09,000
C.2(1) (1) —	Road Communication in sensitive Border Areas	3,000
	Total Excess	9,67,72,680

The excess is mainly attributable to the gross excess of Rs. 817, 35,097 under the head A.2(1)(1)—Maintenance by Roads Wing. The Original Budget provision of Rs. 55,00,00,000 for this item was augmented by a Supplementary Grant of Rs. 5,00,00,000. Against the Final Grant of Rs. 60,00,00,000 actual expenditure amounted to Rs. 68,17,35,097 leading to an excess of Rs. 8,17,35,097. The excess was mainly due to extensive repairs of the National Highways necessitated as a result of severe damage by floods/rains in various parts of the country and increase in the cost of road building material. The maintenance and repair works were essential keep the vital lines of Communication intact and were undertaken by the various State Governments who are the executive agencies of the Central Government for the development and maintenance of National Highways. The expenditure in this regard is initially met by the State Governments from their funds and their claims are subsequently reimbursed to them by this Ministry. Prior to 1981, these reimbursements were restricted to the sanctioned budget allocation. However, as advised by the Controller General of Accounts this procedure was later on relaxed with a view to avoid withholding the claims of the State Governments. In order to avoid recurrence of the excess expenditure, this Ministry is reconsidering the question of revising the existing accounting procedure in consultation with the Controller General of Accounts.

The gross excess of Rs. 9,67,72,880 was partially met from savings available under other heads leaving a net excess of Rs. 33,36,832 which is required to be regularised.

In view of the position explained above, the excess amount of Rs. 33,36,832 under Revenue Section (voted) may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This note has been seen by Audit."

2.15 The Committee note that excess expenditure incurred by the Ministry of Shipping and Transport in respect of Grant No. 78—Roads, under Revenue Section (Voted), amounted to Rs. 33,36,832 during the year 1983-84. It is significant that but for the savings under various other heads, the real excess expenditure would have

been as high as Rs. 9,67,72,880. Of all the heads, the most conspicuous excess had occurred under the head "A.2(1)(1)—Maintenance by Roads Wing", which was of the order of Rs. 8,17,35,097. This was in spite of the supplementary grant of Rs. 5 crores having been obtained, under that head, by the Ministry. The Ministry have explained that excess was mainly due to excessive repairs of the National Highways necessitated as a result of severe damage by flood-rains in various parts of the country and increase in the cost of road building material. While the Committee agree that accurate forecasting of the extent of damage likely to be caused to the roads by the unpredictable floods cannot be made, the escalation in the cost of road building materials could well be foreseen and sufficient provision made therefor.

2.16 The Ministry have also informed the Committee that prior to 1981, the reimbursements of expenditure incurred by the State Governments for the maintenance of the National Highways were restricted to the sanctioned budget allocation. This procedure had been relaxed with a view to avoiding withholding of the claims of the State Governments. The Ministry are considering revision of existing accounting procedure in consultation with the Controller General of Accounts. The Committee be apprised of the decision taken in the matter.

APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

1983-84

MINISTRY OF DEFENCE

2.17 GRANT NO. 20—DEFENCE SERVICES—NAVY

Revenue Section (Voted)	Rupees
1. Original Grant	451,71,47,000
2. Supplementary Grant	47,40,40,000
3. Total Sanctioned Grant	499,11,87,000
4. Actual Expenditure	514,99,44,204
5. Excess Expenditure	15,87,57,204

2.18 In their explanatory note, the Ministry of Defence have explained as follows:

"The original grant of Rs. 451,71,47,000 under Voted portion was augmented to Rs. 499,11,87,000 by obtaining a Supplementary Grant of Rs. 47,40,40,000 in March 1984. The

actual expenditure during the year 1983-84, however, amounted to Rs. 514,99,44,204 resulting in an uncovered excess of Rs. 15,87,57,204.

The excess was mainly attributable to the excess of Rs. 60 lakhs under the Sub-head A.1-Pay and Allowances, Rs. 21 lakhs under the Sub-Head A.4—Transportation, Rs. 1271 lakhs under the Sub-Head A.5—Stores, Rs. 117 lakhs under Sub-Head A.6—Works and Rs. 106 lakhs under the Sub-Head A.7—Other Expenditure.

A.1—Pay and Allowances of Navy (Rs. 60 lakhs)

The original grant under this head was Rs. 5590 lakhs which was augmented to Rs. 6420 lakhs by obtaining a Supplementary Grant of Rs. 830 lakhs. This was, however, reduced to Rs. 6270 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 6330 lakhs leading to an excess of Rs. 60 lakhs. The increased expenditure was due to more expenditure on Pay and Allowances than anticipated.

A.4—Transportation (Rs. 21 lakhs)

The original grant under this Head was Rs. 1019 lakhs which was augmented to Rs. 1968 lakhs by obtaining a Supplementary Grant of Rs. 949 lakhs in March, 1984. This was, however, reduced to Rs. 1780 lakhs by re-appropriation. The actual expenditure amounted to Rs. 1801 lakhs resulting in an excess of Rs. 21 lakhs. The excess was due to increased expenditure (i) on Training and Outstation Allowances due to growth in manpower and increase in certain allowances and (ii) on Hired Transport due to President's Review of the fleet.

A. 5—Stores (Rs. 1271 lakhs)

The original grant under this Head was Rs. 27851 lakhs which was augmented to Rs. 29243 lakhs by obtaining a Supplementary Grant of Rs. 1392 lakhs in March, 1984. This was further increased to Rs. 29865 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs 31136 lakhs resulting in excess of Rs. 1271 lakhs. The excess was due to price escalation and more materialisation of store supply than anticipated.

A. 6—Works (Rs. 117 lakhs)

The original grant under this Head was Rs. 3150 lakhs which was reduced to Rs. 2946 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 3063 lakhs, resulting in excess of

Rs. 117 lakhs. The excess was due to (i) increased cost on maintenance and operation of Installations, (ii) Departmental charges on Works services by Military Engineer Services and (iii) Higher expenditure on general charges than anticipated.

A. 7—Other Expenditure (Rs. 106 lakhs)

The original grant under this Head was Rs. 3060 lakhs which was augmented to Rs. 4013 lakhs by obtaining a Supplementary Grant of Rs. 953 lakhs but was reduced to Rs. 3691 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 3797 lakhs resulting in excess of Rs. 106 lakhs. The excess was due to payment of (i) pending bills under Unit Allowances and Miscellaneous Expenses, (ii) bills not anticipated under Repairs and Refits and (iii) adjustment of pending bills under Telephone Charges.

Instructions already exist for framing the Defence Budget estimates on realistic basis depending on the requirement and to exercise inclose and constant watch on the tend of expenditure with reference to sanctioned grant. The progress of Defence expenditure is analysed periodically and instructions are issued to the Services/HQrs. etc. to contain the expenditure within the allocated budget. Further, as per the recommendations contained in para 2.8 of the 166th Report of PAC, 1983-84, (7th Lok Sabh) on excess over Voted Grants and Charged Appropriations 1981-82 and action taken on 121st Report of PAC (7th Lok Sabha), a team of high level official headed by Controller General of Accounts was constituted to review the financial systems in the Defence, Railways and P&T Sectors. The Report of the Committee has since been received recently and the observations' recommendations made by the Committee are being examined in consultation with Service HQrs. etc. and necessary remedial action being taken.

In view of the circumstances explained above, the excess of Rs. 15,87,57,204 may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution.

DADS has seen."

2.19 GRANT NO. 22—Defence Services—Pensions

	Revenue Section (Voted)	Rupees
1.	Original Grant	440,26,00,000
2.	Supplementary Grant	16,77,45,000
3.	Total Sanctioned Grant	457,03,45,000
4.	Actual Expenditure	472,29,89,781
5.	Excess Expenditure	15,26,44,781

2.20 In a note, explaining the reasons for excess in the Revenue Section (Voted) of the Grant, the Ministry of Defence have stated as follows:

“The original grant of Rs. 440,26,00,000 under Voted portion was augmented to Rs.457,03,45,000 by obtaining a Supplementary Grant of Rs. 16,77,45,000 in March 1984. The actual expenditure during the year, however, amounted to Rs. 472,29,89,781 resulting in an uncovered excess of Rs. 15,26,44,781.

The excess of Rs. 15,26,44,781 was the net result of excesses/savings under the various sub-head in the Grant. It was attributable to the excess of Rs. 1786 lakhs under Sub-Head A.1(1)—Pensions and Other Retirement Benefits of Army and Rs. 276 lakhs under the Sub-Head A.3(1)—Pensions and other Retirement Benefits of Air Force.

A.1(1)—Pensions and Other Retirement Benefits of Army (Rs. 1786 lakhs) and Sub-Head A.3(1)—Pensions and Other Retirement Benefits of Air Force (Rs. 276 lakhs).

The excess was due to heavy adjustments made in the accounts during the close of the year by clearing all pending vouchers.

The above excesses were partly offset by savings under other Sub-Heads leaving a net excess of Rs. 1526 lakhs which requires regularisation.

Instructions already exist for framing the Defence budget estimates on realistic basis depending on the requirement and to exercise a close and constant watch on the trend of expenditure with

reference to the sanctioned grant. The progress of Defence expenditure is analysed periodically and instructions are issued to the Services Headquarters etc. to contain the expenditure within the allocated budget. Further, as per the recommendations contained in para 2.8 of the 166th Report of PAC, 1983-84 (7th Lok Sabha) on excess over Voted Grants and Charged Appropriations 1981-82 and action taken by Government on 121st Report of PAC (7th Lok Sabha), a team of high level and officials is headed by Controller General of Accounts was constituted to review the financial systems in the Defence, Railways and P&T sectors. The report of the Committee has since been received recently and the observations/recommendations made by the Committee are being examined in Consultation with Service Headquarters etc. and necessary remedial action being taken.

In view of the circumstances explained above the excess of Rs. 15,26,44,731 may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution.

DADS has seen.”

2.21 GRANT NO. 23—Capital Outlay on Defence Services

	Capital Section (Voted)	Rs
1.	Original Grant	603,54,00,000
2.	Supplementary Grant	..
3.	Total Sanctioned Grant	603,54,00,000
4.	Actual Expenditure	631,60,91,426
5.	Excess Expenditure	28,06,91,426

2.22 In a note furnished to the Committee, the Ministry of Defence have explained the reasons for the excess expenditure as under:

“Against the original Grant of Rs. 603,54,00,000 the actual expenditure during the year amounted to Rs. 631,60,91,426 resulting in an uncovered excess of Rs. 28,06,91,426.

The excess of Rs. 28,06,91,426 was the net result of the excesses/savings under the various Sub-Heads in this Grant. It was mainly attributable to excesses of Rs. 14.88 lakhs under Sub-Head A.1 (1)—Army (Land) Rs. 250 lakhs under sub-Head A.1(2)—Army (Construction Works), 492 lakhs under Sub-Head A.2(2)—Navy (Construction Works), Rs. 1455 lakhs under Sub-Head A.2(3) —Naval Fleet

Rs. 138 lakhs under Sub-Head A.2(4) Naval Dockyards and excess of Rs. 1317 lakhs under Sub-Head (A.4(2) Ordnance Factories Machinery and Equipment.

A.1(1)—Army—Land (Rs. 1488 lakhs)

The original grant under this head was Rs. 2440 lakhs which was reduced to Rs. 1950 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 3438 lakhs leading to an excess of Rs. 1488 lakhs. The increase in expenditure was due to adjustment of certain payment to a State Government pertaining to the year 1982-83.

A.1(2)—Army Construction Works (Rs. 250 lakhs)

The original Grant under this head was Rs. 15850 lakhs which was augmented to Rs. 18000 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 18250 lakhs leading to an excess of Rs. 250 lakhs. The increase in Expenditure was due to more expenditure on works on account of increased liabilities and abnormal increase in prices of construction material.

A.2(2)—Navy—Construction Works (Rs. 492 lakhs)

The original grant under this head was Rs. 4595 lakhs which was increased to Rs. 5245 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 5245 lakhs leading to an excess of Rs. 492 lakh. The increase was mainly due to more expenditure on certain projects and other works already under execution.

A.2(3)—Naval Fleet (Rs.1455 lakhs)

The original grant under this head was Rs. 16542 lakhs which was reduced to Rs. 15040 lakhs by reappropriation. The actual expenditure, however, amounted to Rs. 16495 lakhs leading to an excess of Rs. 1455 lakhs. The excess was due to contractual obligatory payments made for procurement of equipment|material for completion of various stages of works and additional expenditure on Ship Construction because of slippage|delay in delivery in the past which materialised this year.

A.2(4)—Naval Dockyards (Rs. 138 lakhs)

The original grant under this head was Rs. 2767 lakhs which was reduced to Rs. 2590 lakhs by reappropriation. The actual expenditure, however, amounted to Rs. 2728 lakhs leading to an excess of Rs. 138 lakhs. The increase in expenditure was due to modernisation of Naval Dockyards and heavy payments at the close of the year

which were not anticipated and better implementation of certain project in the post monsoon period than anticipated.

A.4(2)—*Ordnance Factories—Machinery and Equipment—Rs. 1317 lakhs*)

The original grant under this head was Rs. 7000 lakhs which was reduced to Rs. 3950 lakhs by surrender/reappropriation. The actual expenditure, however, amounted to Rs. 5267 lakhs leading to an excess of Rs. 1317 lakhs. The excess was due to unexpected materialisation of supplies of certain costly plant and machinery.

The above excesses were partly offset by savings under other sub-heads leaving a net excess of Rs. 28,06,91,426 which requires regularisation.

Instructions already exist for framing the Defence budget estimates on realistic basis depending on the requirement and to exercise a close and constant watch on the trend of expenditure with reference to sanctioned provisions. The progress of Defence expenditure is analysed periodically and instructions are issued to the Services Headquarters, etc. to contain the expenditure within the allocated budget. Further, as per the recommendations contained in para 2.8 of the 166th Report of PAC, 1983-84, 7th Lok Sabha on excess over Voted Grants and Charged Appropriations 1981-82 and action taken on 121st Report of PAC (7th Lok Sabha), a team of high level officials headed by Controller General of Accounts was constituted to review the financial systems in the Defence, Railways and P&T sectors. The report of the Committee has since been received recently and the observations/recommendations made by the Committee are being examined in consultation with Services Headquarters, etc. and necessary remedial action being taken.

In view of the circumstances explained above, the excess of Rs. 28,06,91,426 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

D. A. D. S has seen."

2.23. The aggregate excess expenditure of Rs. 59.2 crores was incurred by the Ministry of Defence under three Grants viz., Grant No. 20 (Revenue Section)—Defence Services (Navy). (Rs. 15.87 crores), Grant No. 22 (Revenue Section)—Defence Services (Pensions) (Rs. 15.26 crores) and Grant No. 23 (Capital Section)—Capital outlay on Defence Services (Rs. 28.07 crores). The excess of Rs. 15.87

crores under Grant No. 20—Defence Services (Navy) was mainly attributable to the excess of Rs. 0.60 crore under the Sub-Head A.1-Pay & Allowance Rs. 0.21 crores under the Sub-Head A.4-Transportation, Rs. 12.71 crores under the Sub-Head A.5-Stores, Rs. 1.17 crores under the Sub-Head A.6-Works and Rs. 1.06 crores under the Sub-Head A.7-other expenditure. Similarly, under Grant No. 22 Defence Services (Pensions) the excess of Rs. 15.26 crores was attributable to the excess of Rs. 17.86 crores under Sub-Head A.1(1)-Pensions and other retirement benefits of Army and Rs. 2.76 crores under the Sub-Head A.3(1)-Pensions and other retirement benefits of Air Force. The excess of Rs. 28.07 crores under Grant No. 23-Capital Outlay on Defence Services was mainly attributable to excesses of Rs. 14.88 crores under Sub-Head A.1(1)-Army (land), Rs. 2.59 crores under Sub-Head A.1(2)-Army (Construction Works), Rs. 4.92 crores under Sub-Head A.2(2)-Navy (Construction Works), Rs. 14.55 crores under Sub-Head A.2(3)-Navy Fleet, Rs. 1.38 crores under Sub-Head A.2(4)-Naval Dockyards and excess of Rs. 13.17 crores under Sub-Head A.4(2)-Ordnance Factories machinery and equipment.

2.24. While no Supplementary Grant was obtained in the case of Grant No. 23-Capital Outlay on Defence Services, Supplementary Grants of Rs. 47.4 crores and Rs. 16.77 crores were obtained under the other two Grants No. 20-Defence Services (Navy), and 22-Defence Services (Pensions), respectively. The excess expenditure which occurred under Grant Nos. 20 and 22 constitutes 33.50 per cent and 90.99 per cent of the Supplementary Grants, respectively. This has happened in spite of the reappropriation under some heads. This shows how unrealistic the revised estimates of these two Grants were. The Ministry have informed the Committee that the High Level Official Committee set up under the Chairmanship of the Controller General of Accounts to review the financial systems in three Departments, namely, Defence, Railways and Posts and Telegraphs has since submitted its Report.

2.25. In its Report the High Level Official Committee has expressed the opinion that for a proper budgetary control it is necessary to provide a system under which reliable data may become available with utmost promptitude for periodical, meaningful and purposeful financial reviews at all levels. Keeping in view the large number of spending units scattered all over the country, that Committee has rightly recommended that recording of expenditure and preparation of connected compilations should be computerised at the earliest.

The Committee would like to be apprised of the action taken by Government to implement the above recommendation of the High Level Committee and results achieved thereby.

APPROPRIATION ACCOUNTS (RAILWAYS)

1983-84

2.26 During the 1983-84, the actual expenditure under the Grants administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allocation in four grants (Voted). The excess expenditure during the year 1983-84 aggregating Rs. 34.67 crores occurred under four grants No. 4, 9, 10 and 13 as under:

(Rs. in Crores)			
Number and name of the Grant	Final grant	Actuals (expenditure)	Excess
4—Repairs, etc. M. Inter. Sec. of permanent way and work	431.15	431.92	0.77
9—Operating Expenses—Traffic	433.07	434.94	1.87
10—Operating Expenses—Fuel	818.37	874.73	26.36
13—Provident Fund, Pension and other Retirement Benefits	218.79	224.46	5.67

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

“During the year 1983-84, there was an over all saving of Rupees 414.80 crores over the final grants and Appropriations resulting from an aggregate savings of Rs. 449.47 crores under 12 Grants (1, 2, 3, 5, 6, 7, 8, 11, 12, 14, 15 and 16) and 12 Appropriations (No. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 16) and aggregate excess of Rs. 34.67 crores under 4 Grants (4, 9, 10 and 13). (Reference para 6.4 of the Report of Comptroller and Auditor General of India for the year 1983-84, Union Government (Railways) para 25—Excess over voted Grants—para 26 saving under

voted Grants—para 27—saving under charged Appropriations of the Appropriation Accounts of the Railways in India for the year 1983-84—Pt. I Review).

The excess under 4 Grants are explained as under:—

(i) Grant No.4 - Working expenses - Repairs and Maintenance of Permanent Way & Works	
Original Grant	399,73,63,000
Supplementary Grant	31,41,02,000
Total Sanctioned Grant	431,14,65,000
Actual Expenditure	431,91,47,023
Excess	76,82,023
Misclassification	Nil
Excess requiring regularisation	76,82,023
Percentage of excess over full Grant	0.18%

A grant of Rs. 399.74 crores was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 31.41 crores was obtained in March 1984 on account of post budgetary impact of additional dearness allowance, Interim Relief, restructuring cadre, restoration of breaches and other miscellaneous causes; partly off set by saving due to economy measures.

The excess of Rs. 0.77 crore occurred mainly under sub-head "Special Repairs pertaining to breaches, accidents including special revenue works (Rs. 3.31 crores) offset by savings under sub-head "Maintenance of Permanent Way" (Rs. 1.27 crores) and aggregate of savings under other sub-heads.

Primary unitwise, the excess was under other expenses (Rs. 3.22 crores), cost of material from stock and direct purchases (Rs. 1.30 crores), travelling expenses (Rs. 0.10 crore) partly offset by less contractual payments (Rs. 1.70 crores) less payment of salary and wages (Rs. 1.43 crores), less payment of dearness allowance (Rs. 0.59 crore) and aggregate of minor variations under other heads (Rs. 0.13 crores). Of the total excess, the highest excess occurred on South Eastern Railway (Rs. 3.19 crores), offset by savings on Eastern (Rs. 1.02 crores) and

Northeast Frontier (Rs. 0.81 crore) Railways and aggregate of savings under other Railways (Rs. 0.59 crores).

The excess requiring regularisation by Parliament is Rupees 76,82,023 (0.18 per cent) i.e. the same as disclosed in the Appropriation Accounts.

(ii) Grant No. 9- Operating Expenses- Traffic

Original Grant	399,40,84,000
Supplementary Grant	33,66,16,000
Total sanctioned grant	433,07,00,000
Actual Expenditure	434,93,86,993
Excess	186,86,993
Misclassification	Nil
Excess requiring regularisation	1,86,86,993
Percent ge of Excess over the final Grant	0.43%

A Grant of Rs. 399.41 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 33.66 crores was obtained in March 1984 on account of post budgetary impact of additional dearness allowance, interim relief, restructuring of cadres, increase in running allowance and other miscellaneous causes; partly offset by saving due to economy measures, fall in traffic etc.

The excess occurred mainly under sub-head (g) other Miscellaneous Expenses (Rs. 3.48 crores) relating to more adjustments of conference hire and penalty charges on interchanged stock offset by savings under station operations (Rs. 1.18 crores) and other sub-heads of the grant (Rs. 0.43 crore).

Under Miscellaneous expenses largest excess occurred on Eastern Railway (Rs. 8.37 crores) followed by North Eastern Railway (Rs. 3.16 crores) offset by savings under South Eastern (Rs. 6.84 crores and Western (Rs. 2.05 crores) Railways.

Primary Unitwise excesses were recorded under other expenses such as more debits under conference Hire and Penalty Charges (Rs. 4.00 crores), more expenditure

under contingent expenses (Rs. 0.23 crore), Travelling expenses (Rs. 0.11 crore), Kilometerage allowance (Rs. 0.07 crore) and aggregate (excess) of minor variations under other heads (Rs. 0.09 crore); partly offset by less payment of dearness allowance (Rs. 1.22 crores) less expenditure under cost of material (Rs. 0.49 crore), salary and wages (Rs. 0.49 crore), over time allowance (Rs. 0.23 crore), night duty allowance (Rs. 0.17 crore) and aggregate of minor (savings) variations under other heads (Rs. 0.03 crore).

The excess requiring regularisation by Parliament is Rs. 1,86,86,993 (0.43 per cent) i.e. the same as disclosed in the Appropriation Accounts.

(iii) Grant No. 10 - Operating Expenses - Fuel	
Original Grant	810,45,32,000
Supplementary Grant	37,91,45,000
Total sanctioned grant	848,36,77,000
Actual Expenditure	874,72,46,139
Excess	26,35,69,139
Misclassification	Nil
Excess requiring regularisation	26,35,69,139
Percentage of Excess over the final Grant	3.11%

A Grant of Rs. 810.45 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 37.92 crores was obtained in March 1984 on account of post budgetary impact of additional dearness allowance, Interim Relief, revision in the price of Coal, Electricity Tariff, H.S.D. oil etc.

The excess of Rs. 26.36 crores was under (a) Diesel Traction (Rs. 13.79 crores) (b) Steam Traction (Rs. 10.46 crores) and Electric Traction (Rs. 2.12 crores).

Under Diesel Traction, the largest excess occurred on Central Railway (Rs. 4.91 crores) followed by Western Railway (Rs. 3.07 crores), South Central Railway (Rs. 2.64 crores), and Southern Railway (Rs. 1.91 crores). Under Steam Traction also same Railways accounted for bulk of the excess expenditure (Rs. 10.37 crores). The excess is mainly due to increased consumption of fuel both coal

and diesel oil and adjustment of their cost at higher average rates.

The primary unitwise excesses were recorded under other expenses (Rs. 19.76 crores), cost of material (Rs. 5.09 crores) contractual payments (Rs. 1.64 crores), partly offset by aggregate (savings) of minor variations (Rs. 0.13 crore).

The excess requiring regularisation by Parliament is Rs. 26,35,69,139 (3.11 per cent) i.e. the same as disclosed in the Appropriation Accounts.

(iv) Grant No. 13 - Provident Fund, Pension and other Retirement Benefits.

Original Grant	85,62,71,000
Supplementary Grant	33,16,33,000
Total sanctioned Grant	2,18,79,04,000
Actual Expenditure	224,46,25,760
Excess	5,67,21,760
Misclassification	Nil
Excess requiring regularisation	5,67,21,760
Percentage of excess	2.59%

A Grant of Rs. 185.63 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 33.16 crores was obtained in March 1984 on account of more payment of superannuation/Retiring pension, Commuted pension, D.C.R.G. Invalid pension, Social Security payment, Deposit linked Insurance etc. and also taking into account post budgetary increase on account of additional instalment of dearness allowance, Interim Relief sanctioned to pensioners during the course of the year.

The excess occurred mainly under the sub-head Superannuation and retiring pension (Rs. 5.50 crores), Commuted Pension (Rs. 2.67 crores), offset by saving under gratuity and special contributions to Provident Fund (Rs. 1.85 crores) and under other heads (Rs. 0.61 crores).

The highest excess under Superannuation pension and retiring pension occurred on Northern Railway (Rs. 2.73 crores) and followed by Southern Railway (Rs. 2.05 crores).

The excess requiring regularisation by Parliament is Rs. 5,67,21,760 (2.59 per cent) i.e. the same as disclosed in the Appropriation Accounts.

In the circumstances explained above the excess in the above grants may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

It may be submitted that every care is taken (a) to assess the expenditure under various Grants/Appropriations as precisely as possible and (b) to obtain Supplementary Allotments where necessary so that excesses are avoided to the maximum extent possible.

This has been seen by Audit."

2.28. The Public Accounts Committee while expressing concern over the persistent phenomenon of excess expenditure, recommended, *inter alia*, in paragraph 2.8 of their 166th Report (7th Lok Sabha) as under:—

"The Committee would accordingly recommend an indepth review of the financial systems in Railways, Defence and P&T by a team of high level officials. They would suggest that representatives of the C&AG of India and the Ministry of Finance must also be associated with it. The Committee would await the outcome of the review and steps taken on the basis thereof."

2.29. The Ministry of Railways in their action taken note have stated as under:

"The Report of the Committee appointed in March 1984 under the chairmanship of Controller General of Accounts to make an indepth review of the financial systems in Railways, Defence and Posts and Telegraphs has been received in this Ministry in February 1985. The Committee have observed that it is not any particular fault in the existing system of financial control, but the lack of proper implementation thereof, that causes excess over the voted Grants/Charged Appropriations. In the light of this observation of the Committee, the existing instructions on budgeting and control over expenditure in the different areas of spending identified by the Committee are being reiterated to the concerned authorities.

The Committee's recommendation on early computerisation of data for prompt and purposeful financial reviews at all levels has been noted. Such reviews based on computerised data is undertaken even now on some Railways. Its extension to cover all Railways at appropriate levels is already envisaged for which purpose computer software is being developed to suit the new computers replacing the existing outdated machines.

The Committee have also recommended that where a department has already entered into firm commitments in pursuance of plans approved by the Planning Commission and cannot manage with reduced allocation of funds even by slowing down/curtailing some of the on-going schemes, the request for provision of funds should be favourably considered by the Planning Commission and the Finance Ministry. This has been noted and will be taken up with the Planning Commission and the Finance Ministry whenever need arises."

2.30. The Committee note that four Grants (Nos. 4, 9, 10 & 13) administered by the Ministry of Railways recorded an excess expenditure aggregating Rs. 34.67 crores during the year 1983-84. While the excess expenditure under Grant No. 4—Working expenses—repairs and maintenance of permanent way and works (Rs. 0.77 crores) and Grant No. 9—operating expenses—traffic (Rs. 1.86 crores) constituted 0.18 per cent and 0.43 per cent of the total sanctioned provision of Rs. 431.14 crores and Rs. 433.07 crores, respectively, the excess expenditure under the other two Grants viz., Grant No. 10 Operating expenses—fuel (Rs. 26.36 crores) and Grant No. 13 Provident Fund, pension and other retirement benefits (Rs. 5.67 crores) constituted 3.11 per cent and 2.59 per cent of the total sanctioned Grants of Rs. 848.37 crores and Rs. 218.79 crores, respectively. The Committee find that even supplementary grants obtained by the Ministry of Railways proved to be inadequate. The most glaring example of unrealistic estimates by the Ministry before obtaining Supplementary Grants in March 1984, was that of Grant No. 10—Operating Expenses—fuel. Under this Grant the excess expenditure (Rs. 26.36 crores) constituted 69.5 per cent of the supplementary grant (Rs. 37.91 crores). The Committee find that there is still need for improvement in the mechanism of framing of the budget estimates/revised estimates on rational basis. The Committee, however, note that a High Level Official Committee set up by Government under the Chairmanship of Controller General of

Accounts to review the financial systems of three Departments, namely, Railway, Defence and Posts and Telegraphs inter alia recommended computerisation of data for periodical, meaningful and purposeful financial reviews at all levels and also for preparation of connected compilation. The Ministry of Railways have informed that "such reviews based on computerised data is undertaken even now on some Railways. Its extension to cover all railways at appropriate levels is already envisaged for which purpose computer software is being developed to suit the new computers replacing the existing outdated machines". The Committee hope that with the implementation of the proposed measures the Ministry of Railways would be able to overcome the problem of excess expenditure.

2.31. Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in Paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India.

CHAPTER III

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 222ND REPORT (7TH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1982-83 AND ACTION TAKEN ON 166TH REPORT (7TH LOK SABHA)

3.1 222nd Report (7th Lok Sabha) of the Public Accounts Committee (1984-85) on Excesses over Voted Grants and Charged Appropriations for the year 1982-83 was presented to Lok Sabha on 22nd August 1984. The Report contains 12 recommendations/observations. Of these 2 recommendations (Sl. Nos. 2 and 11) pertaining to more than one Ministry.

Action Taken Notes on all the recommendations have been received from the Ministries concerned and are reproduced at Appendix X. The recommendations have been categorised as follows:

- (i) Recommendations or observations that have been accepted by Government:
Sl. Nos. 1, 2, 3, 4, 5, 7, 8, 9, 10, and 11
- (ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government:
Sl. No. 6
- (iii) Recommendations or observations replies to which have not been accepted by the Committee and which require re-iteration:
NIL
- (iv) Recommendations or observation in respect of which Government have furnished interim replies/no replies:
Sl. No. 12

3.2. The Committee hope that final reply in regard to the recommendation to which only interim reply has been furnished will be furnished to them after getting the same vetted by Audit.

3.3 In accordance with the time schedule prescribed by the Committee in their 5th Report (4th Lok Sabha) notes on the action taken by Government on the recommendations contained in their 222nd Report were required to be furnished by 21 February, 1985. An analysis of the receipt of action taken notes from the Ministries however, discloses the following position:

Name of the Ministry/Department	
(i) Number of notes received by due date i.e. 21-2-1985	6
(ii) Number of notes received by extended time	
(i) upto 30-3-1985	4
(ii) upto 30-4-1985	2
(iii) Number of notes received after the extended date	3
	Railways (Sl. No. 8)
	Communication (Sl. No. 11)
	Home Affairs (Sl. No. 12)

3.4. Despite the Committee's repeated exhortations made from time to time in their various earlier reports for timely submission of action taken notes, the Ministries/Departments of Government of India are yet to show improvement in this regard. Out of 15 action taken notes required to be furnished by the Ministries on the recommendations contained in 222nd Report of Public Accounts Committee (7th Lok Sabha), only 6 action taken notes were furnished within the prescribed time i.e., within six months after the presentation of the Report to the House. Six action taken notes were furnished within the extended period and three action taken notes i.e. one each by the Ministry of Railways, Ministry of Communications and Ministry of Home Affairs, were furnished after the expiry of the extended period. The Committee once again like to emphasise the need for finalisation of the action taken notes by the Ministries and Departments of Government of India with utmost expedition and furnishing the same within the prescribed period. The Committee hope that the Ministry would take necessary steps in this regard.

High Level Official Committee to review the financial systems of Railways, Defence and Posts and Telegraphs.

3.5 Expressing concern over persistent phenomenon of excess expenditure, the Public Accounts Committee in para 2.8 of their 166th Report (7th Lok Sabha) had desired the Government to appoint a

team of high level officials for making an indepth review of the financial systems in three sectors—Railways, Defence and Posts and Telegraphs. On being informed of such a Committee having been set up under the Chairmanship of Controller General of Accounts, the Committee in para 2.6 of their 222nd Report (7th Lok Sabha) further recommended:

“In pursuance of a recommendation made by the Committee, Government have set up a Committee under the chairmanship of Controller General of Accounts to make an indepth review of the financial systems in Railways, Defence and P&T Sectors to make steps to obviate large scale excess expenditure. The Committee desire that the review should be conducted expeditiously and the steps proposed to be taken on the basis of the review intimated to the Committee.”

3.6 In their action taken notes dated 21st February, 1985, 21 February, 1985, 26 April, 1985 and 2 May, 1985, the Ministries of Finance, Communications, Defence and Railways have, respectively, intimated:

Ministry of Finance

“A copy of the report submitted by the Committee headed by Controller General of Accounts has been supplied to the authorities concerned with the request that the steps proposed to be taken on the basis of the review made by the Committee may be intimated to the Public Accounts Committee.”

Ministry of Communications

“The recommendations of the Committee to examine the financial system of the P&T, Defence and Railways are awaited. Further action will be taken in the light of the recommendations.”

Ministry of Defence

“The relevant recommendations of the Committee set up under the Chairmanship of Controller General of Accounts to go indepth into the financial systems of the three sectors viz. Railways, Defence and P&T have been noted. Instructions have been issued to all concerned for compliance.”

Ministry of Railways

"The Report of the Committee appointed in March 1984 under the Chairmanship of Controller General of Accounts to make an in-depth review of the financial systems in Railways, Defence and Posts and Telegraphs has been received in this Ministry in February 1985. The Committee have observed that it is not any particular fault in the existing system of financial control, but the lack of proper implementation thereof, that causes excess over the Voted Grants/Charged Appropriations. In the light of this observations of the Committee, the existing instructions on budgeting and control over expenditure in the different areas of spending identified by the Committee are being reiterated to the concerned authorities.

The Committee's recommendation on early computerisation of data for prompt and purposeful financial reviews at all levels has been noted. Such reviews based on computerised data is undertaken even now on some Railways. Its extension to cover all Railways at appropriate levels is already envisaged for which purpose computer software is being developed to suit the new computers replacing the existing outdated machines.

The Committee have also recommended that where a department has already entered into firm commitments in pursuance of plans approved by the Planning Commission and cannot manage with reduced allocation of funds even by slowing down/curtailing some of the on-going schemes, the request for provision of funds should be favourably considered by the Planning Commission and the Finance Ministry. This has been noted and will be taken up with the Planning Commission and the Finance Ministry whenever need arises."

3.7. Reproduced below is para 19 (summary of observations/recommendations) of the Report of the High Level Official Committee on financial systems of Railways, Defence and Posts and Telegraphs.

"19. Summary of observations/recommendations:

- (i) It is not necessary that separate budget heads should be provided for each estimating authority with a view to monitoring the progress of expenditure from the data called out from the accounts as seems to be the view of the Ministry of Defence (Para 8).

- (ii) With a view to providing a system under which reliable data may become available with sufficient promptness, for periodical, meaningful and purposeful financial reviews at all levels, and considering the large number of spending units scattered all over the country, which each of the three Departments has, recording of expenditure and preparation of connected compilations should be computerised at the earliest (Para 8).
- (iii) In regard to expenditure on transportation effective steps should be taken by the Defence Department to reduce the time-lag in the adjustment of the charges (Para 9).
- (iv) As regards the excess on account of pay and allowances, including additional instalments of D.A. sanctioned by the Government retrospectively, and revision of pay scales, there is no reason why the departments cannot correctly assess the additional requirement of funds with all the requisite data regarding the categories of employees, their number etc. which is normally expected to be available with them. As for the additional instalments of D.A., usually, sufficient time is available to the Ministries/Departments of the Government, to provide additional funds in the budget through R.E. Supplementary Grants, and there is no reason why there should be any excess on this account (Para 10).
- (v) As regards excess under stores, there is no reason why the Departments cannot regulate the budgetary provision and why there should be any excess on account of factors, like over-materialisation of supplies, receipt of stores earlier than anticipated, or receipt of reimbursement claims at the fag end of the year when possibly there is no scope for providing additional funds by obtaining Supplementary Grants, if liability registers in Form GFR. 6/6-A as prescribed in the General Financial Rules of Government are maintained properly and updated from time to time, and the progress of supplies/payments periodically monitored (Para 11).
- (vi) Handling of defence purchases from India instead of through ISM, London earlier is expected to lead to better control over expenditure (Para 12).

- (vii) Accelerated progress of works should also not result in larger payments than those budgeted for, if the progress of execution of works is reviewed periodically, as required; the budget provision can always be modified suitably, taking into account the quantum of work already executed during the year and that expected during the rest of the year (Para 13).
- (viii) Retrospective revision of the cost of the inputs like cement, steel, coal, diesel etc., were notified on dates which, by and large, left sufficient time for the Departments to work out the extra liability and to provide for it in the R.E. of the respective years. There should, therefore, be no reasons why these revisions should be the cause for excesses beyond the control of the Department (Para 14).
- (ix) If revision of rail tariff has been notified at a time when the possibility of making additional provision of funds by Supplementary Grants is ruled out, the Department will be well within its rights to postpone discharging its liability to the Railways, to the next year, after ensuring proper budget provision, and there is no justification for any excess to be allowed to occur by making payment in the same financial year, if the provisions of funds in that year is not adequate to cover the charge (Para 15).
- (x) The Committee deprecate the tendency of the spending authorities to assume that additional funds to take care of some of the more important post-budgetary factors will be provided at the R.E. stage (Para 16).
- (xi) Where a Department cannot manage with the reduced allocation of funds even by slowing down or curtailing some of the on-going projects schemes, due to firm commitments having already been made for purchase of equipment in pursuance of plans earlier approved by the Planning Commission, the request for provision of funds should be favourably considered by the Planning Commission and the Finance Ministry, since curtailment of proposed outlay, or approving a lower one, in fact, does not serve any purpose (Para 17).
- (xii) Subject to what has been recommended by the Committee as above, in conclusion, it is not only a particular fault in the existing systems of financial control in these cases, as such, that causes excess over the voted grants charged

appropriations, but the lack of proper implementation of the existing systems (Para 17).'

3.8. The High Level Official Committee has, after making an indepth study of the financial systems of 3 sectors—Railways, Defence and Posts and Telegraphs, made valuable recommendations, the implementation of which should go a long way in over-coming the problem of excess expenditure. The Ministries of Railways and Defence have initiated action for implementation of the recommendations of that Committee. The Ministry of Communications have not yet intimated the action taken by them on those recommendations. The Committee hope that the Ministry of Communications should have by now processes the recommendations made in the Report of the High Level Official Committee. The Committee would like to know the action taken proposed to be taken by the Ministry of Communications on the recommendation of that Committee.

NEW DELHI;

28 October, 1985.

6 *Kattika*, 1907 (*Saka*).

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee

PART II

**Minutes of the sitting of the Public Accounts Committee held on
28th October, 1985.**

MINUTES OF THE TWENTY-SECOND SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON 28TH OCTOBER, 1985.

The Public Accounts Committee sat from 1500 hrs. to 1620 hrs. on 28th October, 1985 in Committee Room 'A', Parliament House Annexe, New Delhi. The following were present:

MEMBERS

Shri Girdhari Lal Vyas—*In the Chair*

2. Shri J. Chokka Rao
3. Shri Amal Datta
4. Shri Ranjit Singh Gaekwad
5. Shrimati Prabhawati Gupta
6. Shri Vilas Muttemwar
7. Shri Rajmangal Pande
8. Shrimati Jayanti Patnaik
9. Shri Simon Tigga
10. Shri Nirmal Chatterjee
11. Shri K. L. N. Prasad
12. Shri Ramanand Yadav

REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA

1. Shri C. Shankar Menon—*Addl. Deputy Comptroller & Auditor General of India (R).*
2. Shri P. C. Asthana—*Addl. Deputy Comptroller & Auditor General of India (Railways).*
3. Shri D. K. Chakravarty—*Director of Audit, Central Revenues I.*
4. Shri O. P. Goel—*Director of Audit, P&T.*
5. Shri A. K. Jain—*Director of Audit, Central Revenues II.*
6. Shri M. Parthasarthy—*Director of Audit, Defence Services.*
7. Shri C. V. Srinivasan—*Director of Audit, Defence Services (N & AF)*

Page	Para	Line	Modifications/Amendments			
1980-81						
Civil			Voted		Charged	
Revenue			8746.09	486.03	5867.86	68.10
Capital			7066.48	411.00	46209.40	164.85
<i>Defence Services</i>						
Revenue			3707.00		1.04	0.09
Capital			326.47	1.21	2.60	0.11
<i>Posts and Telegraphs</i>						
Revenue	}		1537.40	231.82	0.02	0.02
Capital						
<i>Railways</i>						
Revenue	}		5036.80	247.76	4.64	1.64
Capital						
Grand Total			26,420.24	1406.82	52,085.56	234.81
1981-82						
Civil			Voted		Charged	
Revenue			8899.07	490.76	6899.58	6.46
Capital			7500.94	671.37	58471.79	1737.17
<i>Defence</i>						
Revenue			4365.57	12.17	1.07	0.66
Capital			460.57		4.00	1.00
<i>Post and Telegraphs</i>						
Revenue	}		181020.94	8843.67	8.55	1.05
Capital						
<i>Railways</i>						
Revenue	}		2554.12	41.16	6.82	3.19
Capital						
Grand Total			204809.21	10089.13	65391.81	1749.52

19	2·16	2-12	<p><i>For</i> 'The Ministry are reconsidering in consultation with the Controller General of Accounts, the question of reverting back to the procedure existing prior to 1981 in order to avoid recurrence of excess expenditure on that account. The Committee feel that by reverting back to the procedure existing prior to 1981, would not be a correct measure as it will lead to under statement of the actual expenditure incurred during the year. The Committee, therefore, like the Ministry to give serious thought to this matter and devise alternative measures to avert such a situation.'</p> <p><i>Read</i> 'The Ministry are considering revision of existing accounting procedure in consultation with the Controller General of Accounts. The Committee be apprised of the decision taken in the matter.'</p>
27	2·24	9	<p><i>Invert</i> 'This has happened in spite of the reappropriations under some heads'. <i>after</i> 'respectively.'</p>
44	3·8	5	<p><i>For</i> 'would' <i>Read</i> 'should'.</p>
44	3·8	13	<p><i>For</i> 'must' <i>Read</i> 'should'.</p>

APPENDICES

APPENDIX I TO IX

(Vide Paragraph 1.3 of the Report)

Explanatory Notes received from various Ministries Departments on the excesses over Voted Grants/Charged Appropriations disclosed in the Appropriation Accounts for the year 1980-81.

APPENDIX I

Ministry of Communications

Grant No. 17—Capital Outlay on P&T

The final accounts for the year 1983-84 revealed an excess of Rs. 4,81,28,839 over voted Grant No. 17 Capital Outlay on Posts and Telegraphs as detailed below :—

	Rupees
Original Grant	609,33,80,000
Supplementary Grant	130,00,00,000
Total Sanctioned Grant	739,33,80,000
Actual Expenditure	744,15,08,839
Excess	4,81,28,839

2. The grant provides for meeting the expenditure on Capital Outlay on P&T Department covering expenditure on (i) construction of post office buildings, administrative offices and staff quarters, (ii) telegraph and telephone systems (iii) long distance switching system (iv) long distance transmission system including remote area telecommunication services through satellite and (v) support systems of telecommunication factories, stores organisation, telecommunication research and development, training centres and P & T Civil Wing.

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

Head of Account	In crores of rupees)	
	Excess	Saving
1	2	3
A-1 Administrative Offices		2.16
A-2 Postal Net Work	3.17	
A-3 Staff Quarters	2.04	
A-4 Training	0.90	

	1	2	3
A-5	Machinsation & Modernisation/Other expenditure	0.02	
A-6	R.M.S. Vans		0.90
B-1	Telegraph Systems	9.66	
B-2	Local Telephone Systems	53.64	
B-3	Long Distance Switching Systems	9.76	
B-4	Transmission Systems		31.84
B-5	Ancillary Systems		12.28
B-6	Other Laad & Buildings	7.67	
B-7	General		34.93
	Total	86.86	82.05

The net excess of Rs. 4.81 crores (less than 1 per cent of the total grant) was mainly due to rapid progress in construction of buildings for operative offices and staff quarters.

The provision made for construction of buildings out of the sanctioned grant turned out to be inadequate and as the construction works were carried out by private contractors and their payments could not be withheld due to contractual obligations, the excess had occurred.

In the circumstances explained above, the net excess of Rs. 4,81,28,839 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution of India.

This has been vetted by Audit.

APPENDIX II

Ministry of Defence

GRANT No. 20—DEFENCE SERVICES—NAVY		Rs.
1.	Original Grant	451,71,47,000
2.	Supplementary Grant	47,40,40,000
3.	Total Sanctioned Grant	499,11,87,000
4.	Actual Expenditure	514,99,44,204
5.	Excess Expenditure	15,87,57,204

2. The original Grant of Rs. 451,71,47,000 under Voted portion was augmented to Rs. 499,11,87,000 by obtaining a Supplementary Grant of Rs. 47,40,40,000 in March, 1984. The actual expenditure during the year 1983-84, however, amounted to Rs. 514,99,44,204 resulting in an uncovered excess of Rs. 15,87,57,204.

3. The excess was mainly attributable to the excess of Rs. 60 lakhs under the Sub-Head A.1-Pay and Allowances, Rs. 21 lakhs under the Sub-Head A.4-Transportation, Rs. 1271 lakhs under the Sub-Head A. 5-Stores, Rs. 117 lakhs under Sub-Head A. 6-Works and Rs. 106 lakhs under the Sub-Head A.7-Other Expenditure.

3.1 A.1-Pay and Allowances of Navy (Rs. 60 lakhs)

The original grant under this head was Rs. 5590 lakhs which was augmented to Rs. 6420 lakhs by obtaining a Supplementary Grant of Rs. 830 lakhs. This was, however, reduced to Rs. 6270 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 6330 lakhs leading to an excess of Rs. 60 lakhs. The increased expenditure was due to more expenditure on Pay and Allowances than anticipated.

3.2 A.4-Transportation (Rs. 21 lakhs)

The original grant under this Head was Rs. 1019 lakhs which was augmented to Rs. 1968 lakhs by obtaining a Supplementary Grant of Rs. 949 lakhs in March, 1984. This was, however, reduced to Rs. 1780 lakhs by re-appropriation. The actual expenditure amounted to Rs. 1801 lakhs resulting in an excess of Rs. 21 lakhs. The excess was due to increased expenditure (i) On Training and Out-station Allowances due to growth in manpower and increase in certain allowances and (ii) on Hired Transport due to President's Review of the fleet.

3.3. A.5-Stores (Rs. 1271 lakhs)

The original grant under this Head was Rs. 27851 lakhs which was augmented to Rs. 29243 lakhs by obtaining a Supplementary Grant of Rs. 1392 lakhs in March, 1984. This was further increased

to Rs. 29865 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 31136 lakhs resulting in excess of Rs.1271 lakhs. The excess was due to price escalation and more materialisation of store supply than anticipated.

3.4 A.6-Works -(Rs. 117 lakhs)

The original grant under this Head was Rs. 3150 lakhs which was reduced to Rs. 2946 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs.3063 (3063) lakhs, resulting in excess of Rs. 117 lakhs. The excess was due to (i) increased cost on maintenance and operation of Installations, (ii) Departmental charges on works services by Military Engineer Services and (iii) Higher expenditure on general charges than anticipated.

3.5 A.7-Other Expenditure (Rs. 106 lakhs)

The original grant under this Head was Rs 3060 lakhs which was augmented to Rs. 4013 lakhs by obtaining a Supplementary Grant of Rs. 953 lakhs but was reduced to Rs. 3691 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 3797 lakhs resulting in excess of Rs. 106 lakhs. The excess was due to payment of (i) pending bills under Unit Allowances and Miscellaneous Expenses, (ii) bills not anticipated under Repairs and Refits and (iii) adjustment of pending bills under Telephone Charges.

4. Instructions already exist for framing the Defence Budget estimates in realistic basis depending on the requirement and to exercise a close and constant watch on the trend of expenditure with reference to sanctioned grant. The progress of Defence expenditure is analysed periodically and instructions are issued to the Services HQrs. etc. to contain the expenditure within the allocated budget. Further, as per the recommendations contained in para 2.8 of the 166th Report of PAC, 1983-84, (7th Lok Sabha), on excess over Voted Grants and Charged Appropriations 1981-82 and action taken on 121st Report of PAC (7th Lok Sabha), a team of high level official headed by Controller General of Accounts was constituted to review the financial systems in the Defence, Railways and P&T Sectors. The Report of the Committee has since been received recently and the observations/recommendations made by the Committee are being examined in consultation with Service HQrs. etc. and necessary remedial action being taken.

5. In view of the circumstances explained above, the excess of Rs. 15,87,57,204 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

6. DADS has seen.

APPENDIX III

Ministry of Defence

Grant No. 22	Defence Services—Pensions	Rs.
1.	Original Grant	440,26,00,000
2.	Supplementary Grant	16,77,45,000
3.	Total Sanctioned Grant	457,03,45,000
4.	Actual Expenditure	472,29,89,781
5.	Excess Expenditure	15,26,44,781

2. The original grant of Rs. 440,26,000 under Voted portion was augmented to Rs. 4,57,03,45,000 by obtaining a Supplementary Grant of Rs. 16,77,45,000 in March 1984. The actual expenditure during the year, however, amounted to Rs. 4,72,29,89,781 resulting in an uncovered excess of Rs. 15,26,44,781.

3. The excess of Rs. 15,26,44,781 was the net result of excesses/savings under the various sub-head in the Grant. It was attributable to the excess of Rs. 1786 lakhs under Sub-Head A. 1(1)-Pensions and Other Retirement Benefits of Army and Rs. 276 lakhs under the Sub-Head A.3(1)-Pensions and Other Retirement Benefits of Air Force.

3.1 A.1(1)-Pensions and Other Retirement Benefits of Army (Rs. 1786 lakhs) and Sub-Head A.3(1)-Pensions and Other Retirement Benefits of Air Force (Rs. 276 Lakhs).

The excess was due to heavy adjustments made in the accounts during the close of the year by clearing all pending vouchers.

4. The above excess were partly offset by savings under other Sub-Heads leaving a net excess of Rs. 1526 lakhs which requires regularisation.

5. Instructions already exist for framing the Defence budget estimates on realistic basis depending on the requirement and to exercise a close and constant watch on the trend of expenditure with reference to the sanctioned grant. The progress of Defence expenditure is analysed periodically and instructions are issued to the Services Headquarters etc. to contain the expenditure within the allocated budget. Further, as per the recommendations contained in para 2.8 of the 166th Report of PAC, 1983-84, 7th Lok Sabha, on excess over Voted Grants and Charged Appropriations 1981-82 and action taken by Government on 121st Report of PAC (7th Lok Sabha), a team of high level officials headed by Controller General of Accounts was constituted to review the financial systems in the Defence, Railways and P&T sectors. The report of the Committee has since been received recently and the observations/recommendations made by the Committee are being examined in Consultation with Service Headquarters etc. and necessary remedial action being taken.

6. In view of the circumstances explained above, the excess of Rs. 15,26,44,781 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

7. DADS has seen.

APPENDIX IV

Ministry of Defence

Grant No. 23—Capital Outlay on Defence Services

1.	Original Grant	.	.	.	.	603,54,00,000
2.	Supplementary Grant	.	.	.	.	—
3.	Total Sanctioned Grant	.	.	.	.	603,54,04,000
4.	Actual Expenditure	.	.	.	.	631,60,91,426
5.	Excess Expenditure	.	.	.	.	28,06,91,436

2. Against the original Grant of Rs. 603,54,00,000 the actual expenditure during the year amounted to Rs. 631,60,91,426 resulting in an uncovered excess of Rs. 28,06,91,426.

3. The excess of Rs. 28,06,91,426 was the net result of the excesses/savings under the various Sub-Heads in this Grant. It was mainly attributable to excesses of Rs. 1488 lakhs under Sub-Head A.1(1)—Army (Land), Rs. 250 lakhs under Sub-Head A.1(2)—Army (Construction Works), Rs. 492 lakhs under Sub-Head A.2(2)—Navy (Construction Works), Rs. 1455 lakhs under Sub-Head A.2(3)—Naval Fleet, Rs. 138 lakhs under Sub-Head A.2(4) Naval Dockyards and excess of Rs. 1317 lakhs under Sub-Head A.4(2)—Ordnance Factories Machinery and Equipment.

4.1 A.1(1)—Army—Land (Rs. 1488 lakhs)

The original grant under this head was Rs. 2440 lakhs which was reduced to Rs. 1950 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 3438 lakhs leading to an excess of Rs. 1488 lakhs. The increase in expenditure was due to adjustment of certain payment to a State Government pertaining to the year 1982-83.

3.2 A.1(2)—Army Construction Works (Rs. 250 lakhs)

The original Grant under this head was Rs. 15850 lakhs which was augmented to Rs. 18000 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 18250 lakhs leading to an excess of

Rs. 250 lakhs. The increase in Expenditure was due to more expenditure on works on account of increased liabilities and abnormal increase in prices of construction material.

3.3 A.2(2)—Navy—Construction Works (Rs. 492 lakhs)

The original grant under this head was Rs. 4595 lakhs which was increased to Rs. 4753 lakhs by re-appropriation. The actual expenditure, however, amounted to Rs. 5245 lakhs leading to an excess of Rs. 492 lakhs. The increase was mainly due to more expenditure on certain projects and other Works already under execution.

3.4 A.2(3)—Naval Fleet (Rs. 1455 lakhs)

The original grant under this head was Rs. 16542 lakhs which was reduced to Rs. 15040 lakhs by reappropriation. The actual expenditure, however, amounted to Rs. 16495 lakhs leading to an excess of Rs. 1455 lakhs. The excess was due to contractual obligatory payments made for procurement of equipment/material for completion of various stages of works and additional expenditure on Ship Construction because of slip-page|delay in delivery in the past which materialised this year.

3.5 A.2(4)—Naval Dockyards (Rs. 138 lakhs)

The original grant under this head was Rs. 2767 lakhs which was reduced to Rs. 2590 lakhs by reappropriation. The actual expenditure, however, amounted to Rs. 2728 lakhs leading to an excess of Rs. 138 lakhs. The increase in expenditure was due to modernisation of Naval Dockyards and heavy payments at the close of the year which were not anticipated and better implementation of certain project in the post monsoon period than anticipated.

3.6 A.4(2)—Ordnance Factories—Machinery & Equipment—(Rs. 1317 lakhs)

The original grant under this head was Rs. 7000 lakhs which was reduced to Rs. 3950 lakhs by surrender/reappropriation. The actual expenditure, however, amounted to Rs. 5267 lakhs leading to an excess of Rs. 1317 lakhs. The excess was due to unexpected materialisation of supplies of certain costly plant and machinery.

4. The above excesses were partly offset by savings under other sub-heads leaving a net excess of Rs. 28,0691,426 which requires regularisation.

5. Instructions already exist for framing the Defence budget estimates on realistic basis depending on the requirement and to exercise a close and constant watch on the trend of expenditure with reference to sanctioned provisions. The progress of Defence expenditure is analysed periodically and instructions are issued to the Services Headquarters, etc. to contain the expenditure within the allocated budget. Further, as per the recommendations contained in para 2.8 of the 166th Report of PAC, 1983-84, 7th Lok Sabha, on excess over Voted Grants and Charged Appropriations 1981-82 and action taken on 121st Report of PAC (7th Lok Sabha), a team of high level officials headed by Controller General of Accounts was constituted to review the financial systems in the Defence, Railways and P&T sectors. The report of the Committee has since been received recently and the observations/recommendations made by the Committee are being examined in consultation with Services Headquarters, etc. and necessary remedial action being taken.

6. In view of the circumstances explained above, the excess of Rs. 28,06,91,426 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

7. D.A.D.S. has seen.

APPENDIX V

Ministry of Finance

(Deptt. of Revenue)

Grant No. 34—Customs

Capital Section (Voted)	Rupees
Original Grant	22,82,62,000
Supplementary Grant . . . . .	..
Total Grant	22,82,62,000
Actual Expenditure	23,55,32,828
Excess	72,70,828

Against the original grant of Rs. 22,82,62,000 the actual expenditure during the year was Rs. 23,55,32,828. This has resulted in an excess of Rs. 72,70,828 over the sanctioned grant.

2. The excess occurred mainly under the sub-head "AA.1(2)—Acquisition of Ships and Vessels". The sanctioned provision under the sub-head AA.1(2)—Acquisition of Ships and Vessels was Rs. 2182.62 lakhs against which the actual expenditure was Rs. 2344.57 lakhs. The increase was partly offset by savings of Rs. 89.24 lakhs under the head "AA.1(1)(1)—Major Works" of the Coast Guard Organisation resulting in a net excess of Rs. 72.70,828.

3. In the initial years of the Coast Guard Plan period 1979-84, the progress of construction of the vessels ordered by the Coast Guard had been unsatisfactory resulting in savings surrender of funds from the same sub-head during the period from 1979-80. The figures for 1982-83 are shown below:

(Rs in crores)

B.E.	R.F.	Actuals
90.00	30.00	25.21

4. Provision in R.E. 1983-84 was made taking into account past experience. However, the shipyards were able to gear up their resources and the trend of expenditure increased considerably especially in the last two months of the year which resulted in the excess expenditure.

5. The remedial measures taken to avoid recurrence of such excesses are indicated below:

- (a) A Financial Planning Cell has been created within the Coast Guard Headquarters for close monitoring of expenditure.
- (b) Controller of Defence Accounts (Navy) has been requested to forward monthly booking statement within 10 days of the following month.
- (c) Coast Guard Overseeing Cells at Garden Reach Shipbuilders Engineers and Mazagon Dock Ltd. have been constituted to effectively watch and monitor the work on the ships under construction and for certifying the availability of funds on every bill preferred on Controller of Defence Accounts (Navy) by the Shipyards.
- (d) Shipyards are being now informed of the funds allocation made to them yearwise and they are being asked to approach the Coast Guard Headquarters well in advance whenever they feel the necessity for additional funds or surrender of funds; and
- (e) Controller of Defence Accounts (Navy) has been instructed not to honour any payments in excess of the budget provisions intimated to him without specific instructions from the Coast Guard Headquarters.

6. In the circumstances explained above, the excess of Rs. 72,70,828 which constitutes 3.18 per cent of the total sanctioned provision of Rs. 22,82,62,000 under Capital Section (Voted) of the Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

7. This Note has been vetted by Audit.

APPENDIX VI
 Ministry of Finance
 (Budget Division)

Grant No. 40—Pensions

Revenue Section (voted)	Rs.
Original Grant	109,15,42,000
Supplementary Grant	14,52,84,000
Total Grant	123,68,26,000
Actual Expenditure	127,19,27,000
Excess	+3,51,01,906

2. The original provision of Rs. 109,15.42,000 was enhanced to Rs. 123,68.26.000 by a Supplementary Grant of Rs. 14,52,84,000 obtained in March, 1984. As against this, the actual expenditure amounted to Rs. 127,19.27.906 resulting in an excess of Rs. 3.51.01.906.

3. At the outset, it may be reiterated that while the Grant is controlled by the Ministry of Finance, pension payments are made through a large number of treasuries spread all over the country (rendering account to the Accountants General), the public sector banks and the Pay and Accounts Offices under the departmentalised accounting set-up. It is not possible to make a precise estimate of the amount of pensions that would be actually drawn by pensioners not only in view of their very large number, the wide dispersal of points of payment and accounting but also as it depends on the time the pensioners choose to take to draw their entitlements. For instance in 1982-83 against the sanctioned Budget of Rs. 124.12 crores the actuals amounted to Rs. 112.04 crores only, leaving a saving of Rs. 12.08 crores. The estimates presented by this Ministry are based on those furnished by the Accountants General/Directors of Audit and the Pay and Accounts Offices taking into account the past trends also.

4. The excess expenditure of Rs. 3.51 crores in 1983-84 which is about 2.8 per cent of the sanctioned grant is reported to be mainly due to larger payment of arrears of relief to pensioners and lump-sum

reimbursements taken by public sector banks through Reserve Bank of India, larger payments on account of Deposit Linked Insurance Scheme—Government Provident Funds, Gratuities and authorisation of Family Pension in more number of cases which were not anticipated. The excess were partly offset by savings under certain other heads.

5. Pursuant to the observations of the Public Accounts Committee contained in para 2.17 of their 57th Report and also para 2.30 to 2.32 of 121st report (Seventh Lok Sabha), instructions were issued in October—December, 1981 and also in January 1983 to all Controllers of accounts, Directors of Audit/Accountants General to frame the estimates in respect of pension payments, in a more precise and realistic manner, to avoid such excesses. These instructions are being brought to their notice again for compliance.

6. In view of the circumstances explained above, the excess of Rs. 3,51,01,906 may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution of India.

7. This 'Note' has been seen by the Audit.

APPENDIX VII

Government of India
Ministry of Home Affairs

Grant No. 57—Chandigarh

Revenue Section (Voted)

	Rs.
Original Grant	49,34,58,000
Supplementary Grant	3,65,90,000
Final Grant	53,00,48,000
Actual Expenditure	60,01,92,453
Excess	7,01,44,453

Capital Section (Voted)

Original Grant	23,06,26,000
Supplementary Grant	—
Final Grant	23,06,26,000
Actual Expenditure	28,40,47,491
Excess	5,34,21,491

Under the Revenue and Capital Sections of the Grant No. 57—Chandigarh for the year 1983-84, against the final Grant of Rs. 53,00,48,000 and Rs. 23,06,26,000 the actual expenditure amount to Rs. 60,01,92,453 and Rs. 28,40,47,491 resulting in an excess of Rs. 7,01,44,453 and Rs. 5,34,21,491 respectively.

The above excesses which were the net result of excesses and savings under various sub-heads in the Revenue Section and Capital Section of the Grant occurred mainly under the following sub-heads:

Revenue Section

Major Head '259'

A.17—Public Works

A.17(5)-Suspense (Rs. 9,24,13,540).

Capital Section

Major Head '534'

CC.7-Capital Outlay on Power Projects.

CC. 7(1)—Transmission & Distribution Schemes.

CC. 7(1) (1)—Suspense (Rs. 6,18,11,091).

The Chandigarh Administration has stated that under the above sub-heads net budgeting procedure was being followed by the Admn. and the expenditure was also continued to be compiled on this basis upto the year 1982-83. However as per Rule 47 of GFRs, the provisions in the Demand for Grants presented to the Parliament are to be made for gross amounts of expenditure to be incurred and recoveries are to be taken in deduction of expenditure separately by foot notes. The practice of net budgeting being followed by the Chandigarh Admn. was therefore not in conformity with the provision of GFRs and the booking of expenditure on gross basis from the 1983-84 onwards as against the provisions made on net basis resulted in excess of expenditure. On the basis of net expenditure, there is no excess over the sanction grant. As the excesses are only as a result of depicting the figures of debits and credits on gross basis, there is no net cash out go from the Consolidated Fund of India. From 1985-86, the provision and expenditure will be made on gross budgeting basis and there will be no excess on this account under the grant, in future.

In view of the circumstances explained above, the excesses of Rs. 7,01,44,453 in Revenue Section and Rs. 5,34,21,491 in Capital Section may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

The 'Note' has been seen by the Audit.

APPENDIX VIII

Ministry of Shipping & Transport (Roads Wing)

GRANT NO. 78-ROADS

<i>Revenue Section (Voted)</i>	<i>(Figures in Rupees)</i>
Original Grant	170,56,32,000
Supplementary Grant	9,49,43,000
Final Grant	180,95,75,000
Actual Expenditure	180,39,11,832
Excess	33,36,832

The Original Grant of Rs. 170,56,32,000 was augmented by obtaining a supplementary grant of Rs. 9,49,43,000 in March, 1984. Against the final grant of Rs. 180,95,75,000, the actual expenditure amounted to Rs. 180,39,11,832 leaving an uncovered excess of Rs. 33,36,832. This excess of Rs. 33,36,832 was the net result of excesses and savings under various heads in the Revenue Section under voted portion of the grant.

2. The excess has occurred under the following heads:—

A.2(1) (1) — Maintenance by Roads Wing	8,17,35,097
A.2(1) (3) — Machinery	4,76,659
A.3(1) — Cost of Collection of Fees payable to State/U.T. Governments	41,14,000
A.5(1) (1) — Roads in Union Territories	4,23,839
B.2(1) (1) — Works under Roads Wing	50,21,285
B.2(3) (1) — District and Other Roads	49,99,000
G.2(1) (1) — Road Communication in Sensitive Border Areas	3,000
Total Excess	9,67,72,880

3. The excess is mainly attributable to the gross excess of Rs. 817,35,097 under the head A.2(1) (1)—Maintenance by Roads Wing. The Original Budget provision of Rs. 55,00,00,000 for this item was

augmented by a Supplementary Grant of Rs. 5,00,00,000. Against the Final Grant of Rs. 60,00,00,000 actual expenditure amounted to Rs. 68,17,35,097 leading to an excess of Rs. 8,17,35,097. The excess was mainly due to extensive repairs of the National Highways necessitated as a result of severe damage by floods/rains in various parts of the country and increase in the cost of road building material. The maintenance and repair works were essential to keep the vital lines of Communication intact and were undertaken by the various State Governments who are the executive agencies of the Central Government for the development and maintenance of National Highways. The expenditure in this regard is initiately met by the State Governments from their funds and their claims are subsequently reimbursed to them by this Ministry. Prior to 1981, these reimbursements were restricted to the sanctioned budget allocation. However, as advised by the Controller General of Accounts this procedure was later on relaxed with a view to avoid withholding the claims of the State Governments. In order to avoid recurrence of the excess expenditure, this Ministry is reconsidering the question of revising the existing accounting procedure in consultation with the Controller General of Accounts.

4. The gross excess of Rs. 9,67,72,880 was partially met from savings available under other heads leaving a net excess of Rs. 33,36,832 which is required to be regularised.

5. In view of the position explained above, the excess amount of Rs. 33,36,832 under Revenue Section (voted) may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

6. This note has been seen by Audit.

APPENDIX IX

MINISTRY OF RAILWAYS (RAIL MANTRALAYA) (RAILWAY BOARD)

During the year 1983-84, there was an over saving of Rupees 414.80 crores over the final grants and Appropriations resulting from an aggregate savings of Rs. 449.47 crores under 12 Grants (1,2,3,5,6, 7,8,11,12,14, 15 and 16) and 12 Appropriations (No. 3,4,5,6,7,8,9,10,11, 12,13 and 16) and aggregate excess of Rs. 34.67 crores under 4 Grants (4,9,10 and 13). (Reference para 6.4 of the Report of Comptroller and Auditor General of India for the years 1983-84 Union Government (Railways) para 25—Excess over voted Grants—para 26 saving under voted Grants—para 27—saving under charged Appropriations of the Appropriation Accounts of the Railways in India for the year 1983-84—Pt. 1-Review.

1.2. The excess under 4 Grants are explained as under:—

• Grant No. 4.—Working expenses—Repairs and Maintenance of Permanent Way & Works.

Original Grant	399,73,63,000
Supplementary Grant	31,41,02,000
Total Sanctioned Grant	431,14,65,000
Actual Expenditure	431,91,47,023
Excess	76,82,023
Misclassification	Nil
Excess requiring regulation	76,82,023
Percentage of excess over final Grant	0.18%

A Grant of Rs. 399.74 crores was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 31.41 crores was obtained in March, 1984 on account of post budgetary impact of additional dearness allowance, Interim Relief, restructuring cadre, restoration of breaches and other miscellaneous causes; partly off set by saving due to economy measures.

The excess of Rs. 0.77 crore occurred mainly under subhead "Special Repairs pertaining to breaches, accidents including special

revenue works (Rs. 3.31 crores) offset by savings under sub head "Maintenance of Permanent Way" (Rs. 1.27 crores) and aggregate of savings under other sub-heads.

Primary unitwise, the excess was under "other expenses" (Rs. 3.22 crores), cost of material from stock and direct purchases (Rs. 1.30 crores), travelling expenses (Rs. 0.10 crores) partly offset by less contractual payments (Rs. 1.70 crores) less payment of salary and wages (Rs. 1.43 crores), less payment of dearness allowance (Rs. 0.59 crore) and aggregate of minor variations under other heads (Rs. 0.13 crore). Of the total excess, the highest excess occurred on South Eastern Railway (Rs. 3.19 crores), offset by savings on Eastern (Rs. 1.02 crores) and Northeast Frontier (Rs. 0.81 crore) Railways and aggregate of savings under other Railways (Rs. 0.59 crores).

The excess requiring regularisation by Parliament is Rupees 76,82,023 (0.18%) i.e. the same as disclosed in the Appropriation Accounts.

(ii) Grant No. 9—Operating Expenses—Traffic.

Original Grant	399,40,84,000
Supplementary Grant	33,66,16,000
Total Sanctioned Grant	433,07,00,000
Actual Expenditure	434,93,86,993
Excess	1,86,86,993
Misclassification	Nil
Excess requiring regularisation	1,86,86,993
Percentage of Excess over the final Grant	0.43%

A Grant of Rs. 399.41 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 33.66 crores was obtained in March, 1984 on account of post budgetary impact of additional dearness allowance, Interim Relief, restructuring of cadres, increase in running allowance and other miscellaneous causes; partly offset by saving due to economy measures, fall in traffic etc.

The excess occurred mainly under sub-head (g) other Miscellaneous Expenses (Rs. 3.48 crores) relating to more adjustments of conference hire and penalty charges on interchanged stock offset by savings under station operations (Rs. 1.18 crores) and other sub-heads of the grant (Rs. 0.43 crore).

Under miscellaneous expenses largest excess occurred on Eastern Railway (Rs. 8.37 crores) followed by North Eastern Railway (Rs. 3.16 crores) offset by savings under South Eastern (Rs. 6.84 crores) and Western (Rs. 2.05 crores) Railway.

Primary Unitwise excesses were recorded under other expenses such as more debits under conference Hire and Penalty Charges (Rs. 4.00 crores), more expenditure under contingent expenses (Rs. 0.23 crore) Travelling expenses (Rs. 0.11 crore), kilometrage allowance (Rs. 0.07 crore) and aggregate (excess) of minor variations under other heads (Rs. 0.09 crore); partly offset by less payment of dearness allowance (Rs. 1.22 crores), less expenditure under cost of material (Rs. 0.49 crore), salary and wages (Rs. 0.49 crore), over time allowance (Rs. 0.23 crore), night duty allowance (Rs. 0.17 crore) and aggregate of minor (savings) variations under other heads (Rs. 0.03 crore).

The excess requiring regularisation by Parliament is Rs. 1,86,86,993 (0.43 per cent) i.e. the same as disclosed in the Appropriation Accounts.

(iii) Grant No. 10- Operating Expenses- Fuel

Original Grant	810,45,32,000
Supplementary Grant	37,91,45,000
Total sanctioned Grant	848,36,77,000
Actual Expenditure	874,72,46,139
Excess	26,35,69,139
Misclassification	Nil
Excess requiring regularisation	26,35,69,139
Percentage of Excess over the final Grant.	3.11%

A Grant of Rs. 810.45 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 37.92 crores was obtained in March, 1984 on account of post budgetary impact of additional dearness allowance, Interim Relief, revision in the price of Coal, Electricity Tariff, H.S.D. oil etc.

The excess of Rs. 26.36 crores was under (a) Diesel Traction (Rs. 13.79 crores) (b) Steam Traction (Rs. 10.45 crores) and Electric Traction (Rs. 2.12 crores).

Under Diesel Traction, the Largest excess occurred on Central Railway (Rs. 4.91 crores) followed by Western Railway (Rs. 3.07

crores), South Central Railway (Rs. 2.64 crores), and Southern Railway (Rs. 1.91 crores). Under Steam Traction also same Railways accounted for bulk of the excess expenditure (Rs. 10.37 crores). The excess was mainly due to increased consumption of fuel both coal and diesel oil and adjustment of their cost at higher average rates.

The primary unitwise excesses were recorded under other expenses (Rs. 19.76 crores), cost of material (Rs. 5.09 crores), contractual payments (Rs. 1.64 crores) partly offset by aggregate (savings) of minor variations (Rs. 0.13 crores).

The excess requiring regularisation by Parliament is Rs. 26,35,69,139 (3.11 per cent) i.e. the same as disclosed in the Appropriation Accounts.

(iv) Grant No. 13—Provident Fund, Pension and other Retirement Benefits.

Original Grant	185,62,71,000
Supplementary Grant	33,16,33,000
Total Sanctioned Grant	218,79,04,000
Actual Expenditure	224,46,25,760
Excess	5,67,21,760
Misclassification	Nil
Excess requiring regularisation	5,67,21,760
Percentage of excess	2.59%

A Grant of Rs. 185.63 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 33.16 crores was obtained in March, 1984 on account of more payment of superannuation/Retiring pension, Commuted pension, D.C.R.G. Invalid pension, Social Security payment, Deposit linked Insurance etc. and also taking into account post budgetary increase on account of additional instalment of dearness allowance, Interim Relief sanctioned to pensioners during the course of the year.

The excess occurred mainly under the subhead Superannuation and retiring pension (Rs. 5.50 crores), Commuted Pension (Rs. 2.67 crores), offset by saving under gratuity and special contributions to Provident Fund (Rs. 1.85 crores) and under other heads (Rs. 0.61 crore).

The highest excess under Superannuation pension and retiring pension occurred on Northern Railway (Rs. 2.73 crores) and followed by Southern Railway (Rs. 2.05 crores).

The excess requiring regularisation by Parliament is Rs. 5,67,21,760 (2.59 per cent) i.e. the same as disclosed in the Appropriation Accounts.

In the circumstances explained above the excess in the above grants may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution of India.

It may be submitted that every care is taken (a) to assess the expenditure under various Grants/Appropriations as precisely as possible and (b) to obtain Supplementary Allotments where necessary so that excesses are avoided to the maximum extent possible.

This has been seen by Audit.

APPENDIX X

I. Recommendations/Observations that have been accepted by Government.

Recommendations

During the year under review viz., 1982-83, excess expenditure had occurred under 21 Voted Grants|Charged Appropriations and aggregated to Rs. 365.15 crores as against Rs. 359.16 crores and Rs. 462.69 crores during the years 1980-81 and 1981-82 respectively. The Committee find that as in the last year, the bulk of the excess expenditure on the Civil side i.e., 88.63 crores was contributed by one Grant alone viz., Grant No. 12—Foreign Trade and Export Production. Two Grants operated by the Ministry of Defence witnessed an overall excess expenditure of Rs. 117.36 crores, while in respect of one of the Grants administered by the Ministry of Communications, there was an excess of Rs. 91.30 crores. Six Grants administered by the Ministry of Railways contributed to an overall excess of Rs. 65.05 crores.

2. The Committee have been repeatedly expressing concern over the phenomenon of excess expenditure. Yet, year after year, Parliament is being presented with a *fait accompli* of unremitting excess expenditure. The Committee have impressed upon the Ministries|Departments to bear in mind that excess expenditure is "Unauthorised expenditure" and it betrays lack of financial discipline. The Committee, however, regret to observe that there is no improvement in position. An analysis of the explanations given by the Ministries|Departments shows that as in past, defective estimation of requirements of funds absence of a continuous watch over the flow of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto and absence of adequate provision for adjustment of past liabilities continue to be the main reasons for excesses. The conclusion is therefore inescapable that the Ministries|Departments concerned have not made any serious attempt to remedy the situation. The Committee are constrained to emphasise once again the need for a more accurate estimation of monetary requirements and better budgetary control

so as to minimise excesses over Voted Grants and Charged Appropriations, if not to eliminate them altogether.

[Sl. No. 1—Appendix XIX—Para 2.5 of the 222nd Report of the Public Accounts Committee (Seventh Lok Sabha)]

Action Taken

The observations made by the Public Accounts Committee have again been circulated amongst the Ministries/Departments/Financial Advisers for compliance so as to ensure that there is no unforeseen excesses in expenditure vide this Ministry's O.M. No. 12(3)-E(Coord)/84 dated 1st January, 1985 (copy enclosed).

2. Financial Adviser (Commerce) has been specifically requested vide D.O. letter No. 12(3)-E(Coord)/84 dated 1-1-1985 (copy enclosed) to furnish his comments with regard to the bulk of excess expenditure during 1982-83 in respect of Grant No. 12—Foreign Trade and Export Production.

[Ministry of Finance (Department of Expenditure) F. No. 12(3)-E(Coord)/84 dated 2-2-1985].

Copy of O.M. No. 12(3)-E(Coord)/84 dated 1st January, 1985 from the Ministry of Finance (Deptt. of Expenditure) to all Ministries/Deptts, of the Government.

SUBJECT.—222nd Report of the Public Accounts Committee (7th Lok Sabha)—excess over voted grants and charged appropriations 1982-83.

The undersigned is directed to say that in their 222nd Report (Seventh Lok Sabha), the Public Accounts Committee have expressed concern over the increase in the amount of excess expenditure aggregated to Rs. 366.15 crores during the year 1982-83 as against Rs. 359.15 crores and Rs. 462.69 crores during the years 1980-81 and 1981-82 respectively. The Committee have urged Government to tighten their financial control with a view to ensure that the excesses are reduced to the barest minimum if not altogether eliminated. In this connection an extract of para 2.5 of their recommendation contained in the above report is enclosed.*

2. With the introduction of the scheme of integrated Financial Advisers, the responsibility of framing Budget Estimates on a realistic basis as also post-budget vigilance to ensure that there is no unforeseen excesses devolves on the Financial Advisers. For achieving

*Reproduced on preceding page.

this objective the Financial Advisers may ensure that the prescribed rules and procedures and such other procedures as may be considered necessary are followed by the Ministries/Departments with which they are concerned.

3. Ministries|Departments|Financial Advisers are requested to note the observations made by the Public Accounts Committee for compliance. Financial Advisers are also requested to send Action Taken Note to the Public Accounts Committee explaining the reasons for excess expenditure in the sector with which they are concerned under intimation to this Ministry.

Hindi version of this O.M. will follow.

Recommendation

In pursuance of a recommendation made by the Committee, Government have set up a Committee under the chairmanship of Controller General of Accounts to make an indepth review of the financial systems in Railways, Defence and P&T Sectors to take steps to obviate large scale excess expenditure. The Committee desire that the review should be conducted expeditiously and the steps proposed to be taken on the basis of the review intimated to the Committee.

[S No. 2--Appendix XIX—Para 2.6 of the 222nd Report of the Public Accounts Committee (Seventh Lok Sabha)].

Action Taken

Ministry of Finance

A copy of the report submitted by the Committee headed by Controller General of Accounts has been supplied to the authorities concerned with the request that the steps proposed to be taken on the basis of the review made by the Committee may be intimated to the Public Accounts Committee *vide* this Ministry's O.M. No. 12(2)-E(Coord.)/84 dated the 7th February, 1985 (copy enclosed).

[Ministry of Finance (Department of Expenditure) F. No. 12(2)-E(Coord.)/84 dated the 21st February, 1985]

Copy of O.M. No. F. 12(2)-(Coord.)/84 dated 7 February 1985 from the Ministry of Finance (Deptt. of Expenditure) to Ministries of Railways, Defence and Communications.

SUBJECT.—166th Report of Public Accounts Committee (Seventh Lok Sabha) on excess over voted grants/charged appropriations 1981-82 and action taken by Government on 121st Report (Seventh Lok Sabha).

The undersigned is directed to say that in pursuance of the recommendation of the Public Accounts Committee in its 166th Report on excess over voted grants/charged appropriation 1981-82 in Railways, Defence and Post and Telegraph Departments, a Committee was appointed in March, 1984 under the Chairmanship of Controller General of Accounts to make an indepth review of the financial system in these three sectors, viz., Railways, Defence and P&T. The Committee submitted its report on 30th October, 1984. A copy of the report is sent herewith to the Ministries of Railways, Defence and P&T Board. The steps proposed to be taken on the basis of the review made by the Committee may be intimated to the Public Accounts Committee as desired in paragraph 2.6 of the 222nd Report of P.A.C. (Seventh Lok Sabha). A copy of the Action Taken Note sent to P.A.C. may be endorsed to this Ministry.

Ministry of Communications

The recommendations of the Committee appointed to examine the financial system of the P&T, Defence and Railways are awaited. Further action will be taken in the light of the recommendations.

[Ministry of Communications (P&T Board) O.M. No. 6-1/82-CB
Dated 21 Feb. 85]

Ministry of Defence

The relevant recommendations of the Committee set up under the chairmanship of Controller General of Accounts to go indepth into the financial systems of the three sectors viz. Railways, Defence & P&T have been noted. Instructions have been issued to all concerned for compliance.

[Ministry of Defence O.M. No. 11(13)/84(1)D (Budget)
dated 26-4-1985]

Ministry of Railways

The Report of the Committee appointed in March 1984 under the chairmanship of Controller General of Accounts to make an in-depth

review of the financial systems in Railways, Defence and Posts & Telegraphs has been received in this Ministry in February 1985. The Committee have observed that it is not any particular fault in the existing system of financial control, but the lack of proper implementation thereof, that causes excess over the voted Grants|Charged Appropriations. In the light of this observation of the Committee, the existing instructions on budgeting and control over expenditure in the different areas of spending identified by the Committee are being reiterated to the concerned authorities.

2. The Committee's recommendation on early computerisation of data for prompt and purposeful financial reviews at all levels has been noted. Such reviews based on computerised data is undertaken even now on some Railways. Its extension to cover all Railways at appropriate levels is already envisaged for which purpose computer software is being developed to suit the new computers replacing the existing outdated machines.

3. The Committee have also recommended that where a department has already entered into firm commitments in pursuance of plans approved by the Planning Commission and cannot manage with reduced allocation of funds even by slowing down|curtailing some of the on-going schemes the request for provision of funds should be favourably considered by the Planning Commission and the Finance Ministry. This has been noted and will be taken up with the Planning Commission and the Finance Ministry whenever need arises.

This has been seen by Audit.

[Ministry of Railways (Railway Board)'s O.M. No. 84-BC/
PAC/VII/222 dated 2-5-1985].

Recommendation

The Capital Section of "Grant No. 12—Foreign Trade and Export Production" as a whole recorded an excess of Rs. 88.64 crores on account of extra expenditure of the order of Rs. 88.69 crores under Technical Credits incorporated in Trade Agreements. This extra expenditure was in spite of the augmentation of the original provision of Rs. 80 crores by Rs. 1200 crores (15 times) for this purpose. This shows how inadequate was the original provision. As in the past, the excess was on account of unanticipated drawal of technical credits by foreign countries under rupee trade agreements. It has been urged that the estimation or forecast of drawals under the technical credit arrangements by the foreign Governments is a complex and difficult exercise and that it is not always possible to estimate precisely the timing of contracting, the flow of deliveries and pay-

ments for the various commodities involved as these are imponderable factors. Nevertheless the Committee do not like to be presented with a *fait accompli* year after year. They had last year desired in paragraph 2.7 of their 166th Report (7th Lok Sabha) the Ministry to review the existing procedure and take steps to ensure more accurate estimation and effective catch over flow of drawals of Technical Credits by foreign countries. The Committee have now been informed that it has since been decided in consultation with the Comptroller and Auditor General of India to switch over to net budgeting to mitigate the problem and ensure presentation of a more realistic picture in future. The Committee would watch the outcome.

[S. No. 3, Appendix XIX para 2.12 of 222nd Report of PAC
(Seventh Lok Sabha)]

Action Taken

the Ministry of Finance (Deptt. of Expenditure) to Ministries of

The observations of the PAC made in para 2.12 of its 222nd Report have been noted. The RE 1984-85 and BE 1985-86 on a/c of requirement of funds for Technical Credits have been provided on "Net Budgeting" basis and it is hoped that the arrangement devised will reduce the dimension of the problems and ensure presentation of a more realistic picture in future.

This Action Taken Note has been vetted by Audit.

[Ministry of Commerce & Supply (Deptt. of Commerce) O. M. No.
92/7/83-FP(EE) dated the 27th March, 1985]

Recommendation

There was an overall excess of Rs. 1.30 crores under Capital Section of Grant No. 18-Capital outlay on Posts and Telegraphs. Against the final Grant of Rs. 547.34 crores, the actual expenditure amounted to Rs. 638.64 crores. The net excess is the highest since 1971-72. The excess expenditure was largely due to the fact that the value of stores supplied to the units to meet the requirements of work-in-progress and for new works, was far higher than that provided for in the Budget. The actual value of such stores was Rs. 203.48 crores as against the allocation of Rs. 114 crores. The Committee fail to understand why it should not have been possible for the Ministry to find out well before the close of the financial year that the expenditure on this account was going to be far in excess of the original allocation. This points to a serious deficiency in the existing system of monitoring and expenditure control in the Ministry. The Committee note that the Ministry have issued instructions

to all concerned to keep the expenditure within the sanctioned grant by reviewing the pending purchase orders and, if necessary, by "resheduling" them. The Committee trust that the Ministry will ensure that the instructions issued by them in this regard are complied with by the lower formations in letter and spirit. The Committee will also like the Ministry to take all other necessary steps to tighten up the existing system of monitoring and expenditure control in the Ministry.

[S. No. 4 (Appendix XIX) Para 2.16 of 222nd Report of P.A.C. (Seventh Lok Sabha)]

Action Taken

Progress of expenditure on stores is reviewed regularly. In 1982-83 the expenditure upto Jan. 83 was Rs. 76.33 crores against the allotment of Rs. 114 crores. Bulk of the stores supplies materialised during the closed months of the year and the expenditure for the whole year was Rs. 203.48 crores. The availability of supplies at the close of the year could not be anticipated.

Action has been taken to ensure that instructions issued are complied with by the spending units in letter and spirit. Expenditure is also continuously being monitored. As a result, during 1983-84 the store expenditure remained well within the allotment and over all excess has been Rs. 4.81 crores only against the sanctioned grant of Rs. 739.34 crores. This excess has been due to more expenditure on custom duty etc. on imported equipment than provided for in the budget and also due to more expenditure on Postal Buildings.

This has been vetted by Audit vide their U.O. No. PR-III 662'1 (G) 406|Ch-II 82-83 Dated 12-2-85.

[Ministry of Communication (P & T Board) O.M. No. 6-1 83-CB dated 21 Feb. 85]

Recommendation

The Committee find that bulk of the net excess of Rs. 115.83 crores under Grant No. 20—Defence Services—Army, is contributed by Sub-heads A.9—Stores (Rs. 94.49 crores) and A. 10—Works (Rs. 22.30 crores). But for savings under other sub-heads the excess under this Grant would have been much more i.e., Rs. 143.90 crores. As in the past, more materialisation of stores than anticipated, price escalation of stores including petrol, oil and lubricants, increased tariff rates of water and electricity charges and accelerated progress of works have been stated to be the main reasons for excess expenditure. The Committee are concerned to note that the excess under

this Grant has become an almost recurring phenomenon and the position has been deteriorating, instead of improving. The very fact that year after year, the excess is attributed to the same causes indicates that **no serious efforts have been made** by the Ministry to go deep into the malady and to apply effective correctives. However, the **Committee would await the outcome of the indepth review of the financial system in Defence Sector referred to earlier in this Report.**

[Sl. No. 5 (Appendix XIX) Para 2.19 of 222nd Report of PAC,
(7th Lok Sabha)]

Action Taken

The **relevant recommendations** of the Committee set up under the **Chairmanship of Controller General of Accounts** to go indepth into the financial systems of the three sectors viz. Railways, Defence & P&T have been noted. Instructions have been issued to all concerned **for compliance.**

[The Ministry of Defence O.M. No. 11(13) 84 A/D
(Budget), dated 26-4-1985]

Recommendation

The Committee note that the excess expenditure of Rs. 53.66,306 recorded under the charged portion of the Revenue Section of Grant No. 67, Ministry of Law, Justice and Company Affairs as a result of erroneous classification of a 'Voted' item of expenditure as a 'Charged' item does not require regularisation in terms of paragraph 7 of the Committee's 16th Report (First Lok Sabha). Even so, the Committee are surprised how this expenditure initially correctly classified as 'Voted' expenditure came to be viewed as 'Charged' expenditure and how only belatedly Law Ministry's clarification was obtained in February, 1984 resulting in its remaining recorded in the books of accounts relating to the Department of Company Affairs as 'Charged' expenditure. The Committee hope that the Department of Company Affairs will be more alert in future and avoid such misclassification in the final accounts.

[S. No. 7 (Appendix XIX) Para 2.25 of 222nd Report of P.A.C.
(7th Lok Sabha)]

Action Taken

Originally, as pointed out by the Public Accounts Committee, the expenditure was booked as 'Voted'. During the Audit of the Appropriation Accounts of Grant No. 67 it was pointed out by the Director

of Audit, Central Revenues, that the payment of arrears of rent having been made as a result of the award of the High Court, should be classified as 'Charged'. Hence, classification was changed from 'Voted' to 'Charged'. Appropriation accounts for 1982-83 had been finalised before the advice of the Ministry of Law was obtained by the Ministry of Finance and as such as no reverse adjustment could be carried out. The decision and the recommendation of the Public Accounts Committee is however noted for future guidance.

[Department of Company Affairs, O.M. No. G-23015/1/83-BGT dated 7th October, 1984].

Recommendation

The aggregate amount of excess expenditure under six Grants/Appropriations administered by the Ministry of Railways (Railway Board) during the year 1982-83 was Rs. 65.05 crores, even after obtaining supplementary Grants amounting to Rs. 134.24 crores. An analysis of the reasons for excess expenditure over authorised allocations indicates that, as in the past, defective estimation of requirement of funds, lack of proper and timely review and monitoring of funds, failure to anticipate properly and provide fully for cost of materials for periodical overhauls and special repairs to wagons etc., have mainly contributed to the excess expenditure. The Committee have no doubt that by a better control over expenditure and more accurate estimation of liabilities, much of the excess expenditure could have been avoided. The Committee also note that a sizeable part of the excess expenditure was on account of pay and allowances/retirement benefits. The Committee have repeatedly emphasised that there should be no excess expenditure on account of pay and allowances as there is no element of uncertainty on this account.

The Committee had been informed only last year that soon after the excess expenditure over Voted Grants for the year 1980-81 came to light a number of measures were initiated by the Railway Administration to tighten up their control machinery. The expenditure control machinery was revamped and put under the direct charge of an Additional General Manager (Expenditure Control) on each Zonal Railway headquarter and an Additional Divisional Railway Manager (Expenditure Control) on each Division. The Committee had been assured that the measures initiated for expenditure control were being kept up without any let up and the Ministry of Railways expected that the actuals for 1982-83 would show better results. That there have been huge excesses during the year 1982-83 also only

shows that the various expenditure control measures initiated by the Ministry have not yet led to the desired improvement. The Committee hope that the Ministry will continue their efforts to further improve the position.

[S. No. 8 (Appendix XIX) para 2.28 of 222nd Report of P.A.C. 1983-84 (7th Lok Sabha)].

Action Taken

The Committee's observations are noted.

In respect of Grant No. 13—Provident Fund, Pension and other retirement benefits, wherein the most conspicuous excess over expenditure had occurred, detailed instructions were issued to the Railways in May 1983 for correct estimation of expenditure, and for ensuring an even flow of debits. But meanwhile excess expenditure under this Grant had occurred on most of the Railways in the year 1982-83. It was due chiefly to more adjustment of debits from Accountants General and Public Sector banks on account of the merger of a portion of Additional Dearness Allowance as pay for the purpose of pension, more cases of commutation and family pension than anticipated during the year, and more debits for adjustment received during the fag end of the year. The position improved significantly in the year 1983-84 in which there was, on the whole, a marginal savings with respect to the Final Grant excess expenditure did occur on some of the Railways, but the extent of variation was greatly reduced. Further in the year 1983-84, there have been savings both in working expenses as a whole and in works expenditure, showing a distinct improvement over the results of 1982-83.

The observations of the Committee in their 222nd Report have been brought to the notice of all the Railways and they have once again been exhorted to ensure correct budgeting and effective control over expenditure within the sanctioned allotment. The Railway Ministry would like to assure the Committee once again that no efforts will be spared to further improve the position.

This has been seen by Audit.

[Ministry of Railways (Railway Board)'s O.M. No. 84-BC-PAC/VII/222, dated 15-5-1985].

Recommendation

The Committee find that misclassification of expenditure in Railways has become almost a regular feature. During the year under review, there have been misclassifications of expenditure in as many as four Grants out of the six Grants which have recorded excess expenditure. The Committee are led to the inescapable conclusion that Ministry of Railways have failed to effectively tackle the problem of misclassifications of expenditure between various grants. The Committee would again urge the Ministry of Railways to undertake a thorough scrutiny of the reasons for large scale misclassifications, and to devise fool proof measures to obviate recurrence of misclassifications, which only vitiate sound budgetary control. The Committee would also like the Ministry to fix responsibility for such patent errors as soon as they occur.

[S. No. 9 (Appendix XIX) para 2.29 of 222nd Report of PAC—
1983-84 (7th Lok Sabha)]

Action Taken

The recommendations of the Public Accounts Committee have been noted. Review of the misclassifications of expenditure which occurred during 1982-83 revealed that Northern, Northeast Frontier and Southern Railways accounted for major portion of the same. The Chief Executives of these Railways have been instructed demiofficially vide No. 83 App'7-2 82-83 Para 2.29 dated 6th Feb., 1985 to (a) have a closer review of expenditure meticulously and concurrently from month to month, (b) fix staff responsibility for the misclassifications particularly at supervisory level and (c) conduct test check of allocation of expenditure on the initial vouchers at the gazetted level both in Executive and Accounts Departments. Copies of these instructions have been endorsed to the Zonal Railways/ Units also for guidance and similar action.

This has been seen by Audit.

[Ministry of Railways (Railway Board)'s C. M. No. 84-BC-PAC/
VII/227, dated 23-3-1985].

Copy of D.O. No. 83 App. 7-2 82-83 Para 2.29 dated 6-2-1985 from Director (Accounts) Ministry of Railways to the Chief Executive of Northern, N.E. Frontier, and Southern Railways.

SUB.—Appropriation Accounts of the Railways in India for the year 1982-83.

The Public Accounts Committee (1984-85)—Seventh Lok Sabha which dealing with the excesses over “Voted Grants” and “Charged Appropriations” relating to the year 1982-83 have made the following observations in para 2.29 of their 22nd Report on the misclassifications of expenditure which occurred during the year 1982-83:

“Para 2.29—The Committee find that misclassification of expenditure in Railways has become almost a regular feature. During the year under review, there have been misclassifications of expenditure in as many as four Grants out of the six Grants which have recorded excess expenditure. The Committee are led to the inescapable conclusion that Ministry of Railways have failed to effectively tackle the problem of misclassifications of expenditure between various grants. The Committee would again urge the Ministry of Railways to undertake a thorough scrutiny of the reasons for large scale misclassifications, and to devise fool proof measures of obviate recurrence of misclassifications, which only vitiate sound budgetary control. The Committee would also like the Ministry to fix responsibility for such patent errors as soon as they occur”.

2. (i) An analysis of the amount of misclassifications which occurred under Revenue Grants during the year 1982-83 revealed marked deterioration when compared to the position during the year 1981-82, in as much as the percentage of the amount of misclassifications to actual expenditure under Revenue Grants was 0.03 per cent against 0.002 per cent in 1981-82. Northern, Southern and North Frontier Railways account for major quantum of misclassifications during 1982-83 *vide* Annexure A. Performance of other Railways has been satisfactory.

(ii) Apart from the adverse comments of the Public Accounts Committee, the subject of frequent misclassifications proper classifications of expenditure also specifically figured in the debates in Parliament through “Notice of Motions for Reductions” in Supplementary Grants in January 1985. The Board, cannot but take a very serious view of the unabated continuance of misclassifications of expenditure in spite of reiteration of importance of proper classification of expenditure from time to time.

3. The following instructions have been issued from the Railway Board:—

Year to which the accounts relate	Particulars of PAC Report	Railway Board's letter
1979-80	para 2.7 of 57th Report 1981-82	80 App/7-2/79-80/ para 2.7 dated 21-10-1981.
1980-81	Para 2.65 and para 2.66 of 121st Report 1982-83.	81 App/7-2/80-81/ paras 2.65 & 2.66

While the above instructions have been fully adhered to and misclassification of expenditure for the year 1981-82 was all-time low of .002 per cent, it has considerably deteriorated in 1982-83 in that it touched a record figure of .03 per cent. This is supported by the figures given below:

Year	Quantum of misclassifications as per Memorandum on excess requiring regularisation by Parliament	Actual expenditure under Revenue Grants	Percentage
1980-81	62,82,993	2899,63,33,360	0.02
1981-82	9,67,085	3860,13,89,844	0.02
1982-83	128,99,193	4785,73,19,226	

4. In view of the above, Board desire that instructions already issued on the subject should be scrupulously adhered to with a view to (a) have a closer review of expenditure meticulously and concurrently from month to month (b) fix staff responsibility for the misclassifications particularly, at supervisory levels and (c) conduct test check of allocation of expenditure on the initial vouchers at the gazetted level both in Executive and Accounts departments. Further, a thorough review of misclassifications which may figure in the Appropriation Accounts for the year 1983-84 should be undertaken and the areas of failure identified and remedial measures taken by you. **A report in the matter should also be sent to the Board as soon as the Audit of these accounts by your Director of Audit is completed but not later than by the end of February 1985 inter alia bringing out the staff officers responsible for the misclassification and action taken against them.** In addition, the month's account to which the misclassifications relate and reasons as to why these could not

be detected, before close of the year's account should also please be advised.

5. In view of the importance attached to the subject Board desire that reply to this letter may be personally approved by you.

6. Please acknowledge receipt.

ANNEXURE I

Rs. in lakhs

Statement showing quantum of misclassifications under Revenue Grants
1982-83.

Grant No.	Amount	Railway
4. Repairs and maintenance of Permanent Way & Works	54.08	Northern (- 50.00) Central (- 11.89) Southern (+ 7.91)
5. Repairs and maintenance of Motive Power	30.38	Southern (+ 52.61) Northern (+ 10.54) Northern (- 16.53) N.F. (- 16.24)
6. Repairs and maintenance of Carriages and Wagons	13.53	Western (- 0.45) Northern (+ 16.04) Northern (- 0.60) S.C. (- 1.46)
10. Operating Expenses Fuel	31.00	Northern (+ 31.00) Frontier
	128.99	

Recommendation

Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115(1) (b) of the Constitution of India.

[Serial No. 10 Appendix XIX para 2.30 of 22nd Report of the Public Accounts Committee (Seventh Lok Sabha)]

Action Taken

The Demands for Excess Grants (excluding Railways) for 1982-83 were passed by the Lok Sabha on 24th January, 1985. The connected Appropriation Bill, as passed by the Lok Sabha on 24th January, 1985

and returned by the Rajya Sabha on 30th January, 1985, was assented to by the President on 9th February, 1985.

[Ministry of Finance (DEA)2 O.M. No. F.7(68)-B (RA)/84,
dated 12-2-1985]

Recommendation

The Committee have been commenting upon avoidable delay in submission of action taken notes, as also stressing that the notes should invariably be furnished to them within the stipulated time limit of 6 months. While 9 notes were received by the due date viz. 17-5-1984, 3 notes; one from the Ministry of Defence and 2 notes from the Ministry of Home Affairs were received by the extended period. One note from the Ministry of Communications has been received on 21-7-84. One note from the Ministry of Railways (Railway Board) has not yet been received. The Committee would once again like to stress on the Ministries/Departments concerned i.e. the Ministry of Communications (P&T Board) and the Ministry of Railways (Railway Board) the need to ensure strict adherence to the prescribed time schedule.

[S. No. 11 (Appendix XIX) Para 3.3 of 222nd Report of the P.A.C.
(Seventh Lok Sabha)]

Action Taken

MINISTRY OF RAILWAYS

The observations of the Committee have been noted.

It may be submitted that the 166th Report of the Committee was presented to the Lok Sabha on 18-11-83 and the target date for submission of action taken notes was 17-5-84. Out of the 5 recommendations pertaining to this Ministry, action taken notes on 2 were furnished to the P.A.C. within the prescribed time limit and action taken note on one recommendation was sent within the extended dated of 30-6-1984. The action taken notes on the other two recommendations were furnished on 5-7-1984 and 10-8-1984 respectively which was within the further extended date of 31-8-1984.

The Ministry invariably have to call for information from the Zonal Railways and Production Units as also from other agencies in view of the fact that the recommendations made in the reports cover various aspects of Railway working. Some of the recommendations call for coordinated and concerted action with other Ministries and

Departments as well. This entails some delay. All out efforts are, however, made for speedy finalisation of the action taken notes.

This has been seen by Audit.

[Ministry of Railways (Railway Board's) O.M. No. 84-BC-PAC/
VII|222 dated 22-3-1985]

MINISTRY OF COMMUNICATIONS

Instructions are noted.

[Ministry of Communication O.M. No. 27-15,84-B dt. 15-4-1985]

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

Recommendation

There has been an erroneous adjustment of Rs. 3,54,070 in the Capital Section of Grant No. 57-Lakshadweep instead of Revenue Section of the Grant which shows that timely reconciliation of departmental figures of expenditure is not undertaken. Since erroneous adjustments vitiate sound budgetary control, the Committee hope that in future fool proof measures would be devised to obviate recurrence of misclassifications. Mere issue of instructions to the Administration, as has been done, may not serve the desired objective unless responsibility for such lapses is fixed invariably at the supervisory level for appropriate action.

[S. No. 6 Appendix XIX Para 2.22 of 222nd Report of Public Accounts Committee (Seventh Lok Sabha)]

Action Taken or proposed to be taken

The **circumstances leading to the misclassification** in booking of expenditure during 1982-83 have been carefully examined by the Administrator Lakshadweep Administration. It is found that misclassification was not due to wilful negligence on the part of anyone. The peculiar **circumstances** pertaining to the islands like remoteness of the locality, inadequate facilities for surface communication, shortage of staff particularly SAS Accountants, absence of a finance Wing etc., **have lead to the misclassification** in the accounts. Steps are being **taken to remedy** the situation as far as practicable. However instructions have been given *vide* letters No. 7|1|83-F&A (A) dated 20th June, 5th July and 13th October 1984 and letter No. 1|15|

84-F&A (A) dated 2nd February 1985 (copies enclosed to all departmental officers to ensure correct and timely reconciliation of accounts with the figures booked by the Accountant General, Kerala, to avoid such misclassifications etc., in future. Ministry of Home Affairs have also issued instructions *vide* Wireless Message No. 7|6|84-AC. III dated 1-2-1985 (copy enclosed) to the U.T. Administration to send quarterly reconciliation certificate in order to ensure timely reconciliation of departmental figures.

[Ministry of Home Affairs U.O. No. 7|6|84-AC. III Dated
15th March, 1985.]

(COPY)

MOST IMMEDIATE

Administration of the Union Territory
of Lakshadweep

F. No. 7|8|83-F&A (A)

Kavaratti, Dated 20-6-1984.

To

All Departmental Officers.

SUB: *Reconciliation of expenditure booked by A.G. Kerala with departmental figures—Regarding.*

During the financial year 1982-83 certain departmental officers had accepted the expenditure booked by A.G. Kerala without proper reconciliation with the departmental figures with the result excess booking of huge amount of expenditure was reflected in the appropriate on accounts for 1982-83 without actually incurring the expenditure. The above misclassified expenditure and wrong debit could be detected only after the finalisation of appropriation accounts for 1982-83 by the Accountant General Kerala. As observed by the Director of Audit, the erroneous adjustments could have been brought to the notice of the Accountant General Kerala before finalisation of appropriation accounts had the departmental officers paid more attention to reconciliation works. As the figures booked by audit are ultimately adopted in appropriation accounts, it is of vital importance that any item of expenditure misclassified and wrongly debited to a head or grant should be picked up and charged to the appropriate head|grant as otherwise elaborate explanation have to be given for excess or savings resulting from such wrong debits which are both cumbersome and avoidable.

In the circumstances explained above all the departmental officers are directed to take up reconciliation of departmental figures of expenditure periodically on priority basis so as to nullify the possibility of erroneous adjustments in future. Any deviation on this instruction if noticed, responsibility will be fixed upon the officers concerned for such instances.

All are requested to acknowledge the receipt of this letter.

Yours faithfully,

Sd/-

OMESH SAIGAL,

Administrator.

Copy to: All Drawing and Disbursing Officers under the Administration for information and necessary action.

(COPY)

F. No. 7/1/83-F&A (A)

Important

Administration of the
Union Territory of Lakshadweep
Kavaratti dated 5.7.1984.

To

All Departmental Officers.

SUBJECT:—*Appropriation accounts in respect of grant No. 57-Lakshadweep for 1982-83—Regarding.*

Sir,

A copy of Note for regularisation of excess expenditure incurred by this Administration during the financial year 1982-83 submitted to the P.A.C. by the Ministry of Home Affairs and a copy of D.O. letter No. U-15026,283-AC.II dated 24-5-1984 received from Ministry of Home Affairs are enclosed. The instruction contained in the D.O. letter dated 24-5-1984 mentioned above and this Secretariat letter of even No. dated 20-6-1984 may please be followed strictly and ensure correct and timely reconciliation of expenditure to avoid erroneous adjustments and also misclassification in booking expenditure.

Yours faithfully,

Sd/-

(M. SIVASUBRAMANIAM)

Settlement Officer.

(COPY)

F. No. 7/1/83-F&A(A)

Administration of the
Union Territory of Lakshadweep
Kavaratti dated 13-10-1984.

To

The Superintending Engineer,
Lakshadweep, Kavaratti.

REFERENCE:—*This Administration's D. O. letter of even No. dated 1-4-1984.*

Sir,

Please refer to the D.O. letter addressed to Shri A. Banerjee, Financial Adviser and copied to Executive Engineer, PWD, Kavaratti regarding adjustment of erroneous debit of Rs. 3,54,070/- under Major Head 537—CC5 Capital Outlay on Roads and Bridges—CC5(1) (1) Other Roads. As the misclassifications in booking of Expenditure could be detected by the PWD only after finalisation of Appropriation Accounts for 1982-83, the Public Accounts Committee in para 2.22 of their 222nd Report (7th Lok Sabha) has commented on the erroneous booking and the inadequacy of timely reconciliation.

A copy of D.O. letter No. 7/6/84-AC.III dated 14-9-1984 of Shri A. Banerjee, Financial Adviser is enclosed alongwith a copy of para 2.22 of 222nd Report of PAC for ready reference.

Responsibility at supervisory level for the lapse on the part of the officer may be fixed and action taken against the officer found responsible as directed in the PACs report and fact intimated early for furnishing the details to the Ministry.

Yours faithfully,

Sd/-

OMESH SAIGAL,
Administrator.

Copy with copy of enclosures communicated to all departmental officers. They should ensure correct and timely reconciliation of departmental expenditure figures with those booked by Accountant

the each quarter regularly so as to enable us to furnish the consolidated certificate to the Ministry.

Yours faithfully,

Sd/-

(M. SIVASUBRAMANIAM)

Settlement Officer, for Administrator.

(COPY)

IMMEDIATE

3/3/84-AC. III

Government of India/Bharat Sarkar
Ministry of Home Affairs/Grih Mantralaya

New Delhi—110001, the 4/9/84

To

The Administrator,
U. T. of Lakshadweep,
Kavaratti.

SUB: *Control of Expenditure—Submission of Quarterly Reconciliation Certificate of expenditure.*

Sir,

I am directed to refer to this Ministry's letter No. 3/1/77-AC. III dated the 5th May, 1979 on the subject noted above and to state that the quarterly certificates of reconciliation of expenditure is not being received in this Ministry regularly. You are, therefore, requested to issue necessary instructions to the concerned authorities to keep the reconciliation of expenditure work upto date and furnish the quarterly certificate as required in para 2(5) thereof to the principal Accounts Officer positively by the 15th of the second following month after the end of quarters April—June, July—September, October—December and January—March. A copy of the same may also be sent to this Ministry for information.

Yours faithfully,

Sd/-

S. S. SHARMA,
Section Officer,
Tel. No. 374237

No. 3/3/84-AC. III dated 4-9-1984.

(COPY)

WIRELESS MESSAGE

CRASH/UNCLASSIFIED

FROM : HOME NEW DELHI.
TO : ADMILAC KAVARATTI.
No. : 7/6/84-AC. III

DATED 1-2-1985

FOR SHRI OMESH SAIGAL FROM BANERJEE(.) REFER YOUR DEMI-OFFICIAL LETTER NO. 7/1/83-F & A(A) DATED 4TH JANUARY REGARDING 222ND P.A.C. REPORT ON MISCLASSIFICATIONS OF EXPENDITURE(.) PLEASE FURNISH QUARTERLY RECONCILIATION CERTIFICATE TO THIS MINISTRY REGARDING CORRECTNESS OF DEPARTMENTAL FIGURES WITH THOSE OF THE ACCOUNTS FIGURES BOOKED BY THE ACCOUNTANT GENERAL(.) THIS IS NECESSARY TO AVOID ANY MISCLASSIFICATIONS IN FUTURE(.) THE CERTIFICATE MAY BE SENT BY THE 10TH OF THE MONTH FOLLOWING THE QUARTERS ENDING ON 31ST MARCH, 30TH JUNE, 30TH SEPTEMBER AND 31ST DECEMBER(.) GRATEFUL SEND COPY OF INSTRUCTIONS ISSUED BY YOU TO THE DEPARTMENTAL OFFICERS TO ENSURE TIMELY RECONCILIATION OF ACCOUNTS(.) THIS IS URGENTLY REQUIRED FOR PREPARATION OF ACTION TAKEN NOTES FOR PUBLIC ACCOUNTS COMMITTEE(.) INFORMATION MAY BE FURNISHED BY RETURN SIGNAL POSITIVELY(.)

Sd/-

VIMLA BAKSHI
Section Officer

III. *Recommendations/Observations replies to which have not been Accepted by the Committee and which require reiteration.*

— NIL —

IV. *Recommendations|Observations in respect of which Government have furnished interim replies.*

Recommendation

In Paragraph 2.26 of their 166th Report (7th Lok Sabha), the Public Accounts Committee (1983-84) had desired that the D.D.A. should in future strictly follow the prescribed accounting procedure in regard to remittance to the Revolving Fund. In their Action Taken Note, the Ministry of Home Affairs have stated that according to the accounting procedure relating to the scheme of 'Large Scale Acquisition, Development and Disposal of Land' in Delhi prescribed in 1961, all receipts are to be credited to the Revolving Fund and the expenditure is to be met out of it exclusively by drawal of cheques. This procedure remained in force till January 1966, when, due to some financial difficulties of the D.D.A., it was decided by then Financial Adviser, Delhi Administration that as a temporary measure, the D.D.A. may be allowed to utilise receipts raised on behalf of Delhi Administration towards expenditure on the clear understanding that it would remit surplus of receipts over expenditure regularly. The Government of India were approached by the Delhi Administration in 1976 for regularisation of the above relaxation, but the Ministry of Works and Housing did not agree. However, the D.D.A. did not discontinue the practice of utilising the receipts directly, nor did it regularly remit the surplus of receipts to the Revolving Fund. In the circumstances, the Administration was left with no option but to show the withheld funds as advance to the D.D.A., resulting in excess expenditure. The matter was examined in consultation with the Controller of Accounts, Delhi Administration and it was suggested to the D.D.A. that surplus of receipts over budgeted figure may be deposited in the Revolving Fund after restricting the advances to their Development Divisions to the extent of budgeted allotment. Finance Member, D.D.A., however, expressed some practical difficulties in adopting this procedure and suggested that there should be a quarterly reconciliation of figures and the final overall cash settlement may take place in June each year. The Ministry of Home Affairs have stated that the Delhi Administration is being requested to hold a meeting with the representatives of the Ministry of Works and Housing and the D.D.A. to take a final decision on the point whether the prescribed procedure should be enforced or some relaxation has to be made. While the Committee desire that a final decision on the point may be taken without any further loss of time, they cannot help observing with regret that a subordinate statutory authority like the D.D.A. should

have been allowed to become a law unto itself and allowed to continue to contravene the prescribed accounting procedure with impunity for 18 long years and both the Delhi Administration and the Union Government should have acted only as helpless spectators all along.

(Sl. No. 12 (Appendix XIX) para 3.8 of 222nd Report of P.A.C.
(7th Lok Sabha)

Action taken

A meeting was arranged by the Ministry of Works and Housing with the senior officers of the Land and Building Department, Delhi Administration, Delhi Development Authority and Ministry of Finance including the representative of the Controller General of Accounts. A view was taken in this meeting that D.D.A. should be able to revert to the prescribed procedure of June, 1961 prospectively at some reasonable time, if not immediately. The Ministry of Works and Housing has now intimated that according to Vice-Chairman's report, he does not consider it possible for the D.D.A. to revert to the prescribed procedure. He has suggested that it could be possible for the D.D.A. to have quarterly reconciliation of their accounts, to work out the total receipts and advances (expenditure) from time to time as also at the end of the financial year. The difference between the total receipts and the advances can be settled by cash payments by D.D.A. before the financial year closes. A copy of the D.O. letter No. FE14(27)81-Pt.IV, dated 18th April, 1985 from the Vice-Chairman, D.D.A. is enclosed for perusal.

The procedure suggested by the Vice-Chairman, D.D.A. is acceptable to Delhi Administration and the Ministry of Works and Housing for being adopted immediately. That Ministry have requested Secretary (Expenditure) with the approval of their Financial Adviser to agree to the modified procedure now suggested by the D.D.A. The P.A.C. will be informed as soon as the Secretary (Expenditure) accords his approval in the matter.

This Note has been seen by the Audit.

[Ministry of Home Affairs U.O. No. 15030/2/83-Ac.II, dated
25-7-1985].

Copy of D.O. No. FF. 14(27)/81-Pt. IV dated 18 April, 1985 from Vice-Chairman, DDA to the Joint Secretary, Ministry of Works and Housing.

The Chief Accounts Officer, DDA who had attended the meeting called for by you on 12th April, 1985 to discuss the question of deviation in the accounting procedure of the Revolving Fund, has apprised me of the concensus of opinion with regard to the accounting procedure to be followed by the DDA in respect of the scheme of Large Scale Acquisition, Development & Disposal of land in Delhi.

2. As per the decision in the meeting, DDA has to revert to the accounting procedure prescribed in the Govt. of India, Ministry of Finance (Deptt. of Economic Affairs) letter No. F.1(24)B/61 dated 30th June, 1961 according to which all receipts realisable from the disposal of land are to be credited directly to the Revolving Fund, and for meeting the requirement of development Works, funds are to be obtained from the Delhi Administration. The main argument put forth against the system of utilisation of receipts towards expenditure was that the utilisation of receipts directly towards expenditure by DDA has enabled it to have free hand in incurring expenditure without Parliamentary control and it has also enabled DDA to hold back the receipts payable to Revolving Fund. We do not subscribe to the above view. If the DDA were not to have freedom & flexibility in this regard it could be unnecessarily handicapped in the development function, thus putting in jeopardy the very functions for which it has been set up. Besides, under the existing system budget estimates of the next year and the revised estimates of the current year relating to Nazul Account II i.e. the scheme of development and disposal of land are forwarded to the Secretary, L&B Department on or before 15th July every year. The approval of the BEs and REs is communicated by Delhi Admn. after getting them approved from the Government of India.

3. Under the accounting procedure in vogue receipts realisable under the scheme are shown as "Deduct receipts and recoveries on the Capital Account". The expenditure incurred on a development and receipts realised by the Authority on account of sale proceeds of land are, in the same year, incorporated in the account of the Central Government under the capital major and minor heads prescribed by the Government.

4. A separate set of account namely "Nazul Account II" is maintained by DDA in respect of the transactions pertaining to the scheme. The receipts creditable to Capital Heads are kept distinct from those creditable to the Revenue heads. As required a copy of the monthly account of the transactions pertaining to Nazul Account II is sent to Delhi Administration every month after the close of accounts of the month. After the accounts of the year are closed a statement showing the expenditure incurred on each scheme during and up to the end of the year and also a statement showing the scheme-wise details of the receipts realised on account of premium ground rent etc. is forwarded to Delhi Administration who in turn apprises the Pay & Account Officer, under the C.G.A. There is no intention on terms of DDA whatsoever to circumvent the accounting procedure for any gains. It is only through the device of utilisation of receipts towards expenditure DDA could accelerate the pace of development of land.

5. No doubt DDA has not set off the receipts payable to Revolving Fund, but it will be seen from the statement enclosed, that Rs 79.19 crores were deposited in the Revolving Fund up to 1983-84. At the close of 1983-84, a sum of Rs. 26 crores was payable to Revolving Fund as per DDA's books which are under reconciliation with the books of the L&B Department, Delhi Administration.

6. The accounting system in vogue has been a subject of discussion at various levels for the last several years. Recently as a result of discussions with the Authorities of Delhi Administration including Controller of Accounts, Delhi Admn. it was agreed that a quarterly reconciliation of receipts and expenditure adjustable under the Revolving Fund will be carried out with the books of Land & Building Department, Delhi Admn. The reconciliation up to Dec., each year will be completed by 15th February of the next two months will be made. On that basis an overall cash settlement with Delhi Admn. will be made before the close of each financial year. The proposed system would enable Delhi Admn. to square up the accounts with DDA at the close of each financial year and the situation arisen before P.A.C. in respect of 1982-83 accounts would not arise.

7. We still hold the view that if all the receipts are directly deposited into the Revolving Fund and we have to wait for funds against it for meeting the expenditure of land development, the pace of development of land would be adversely affected besides

causing many other problems in implementation of the scheme. It will mean that purchase and disposal of land will be entirely controlled by the Delhi Admn. while DDA will set as a development agency for and on behalf of the Delhi Admn. This may not be practicable keeping in view the autonomous status of DDA and responsibility bestowed on it for planned development of the city. We are sure that it will be an onerous task for Delhi Admn. even to sanction individual expenditure on each and every scheme for which advances are to be released. We may not be out of place to mention that at present there are about 792 development schemes which are being executed by 90 Division of the DDA. It is not feasible to centralise these in few divisions keeping in view the requirement of Administration and technical control on the progress of works.

8. We, therefore, suggest that the procedure outlined in para 6 above, as already agreed to by the Delhi Admn. may be given a fair trial before reverting to the procedure of June, 1961. We can assure you that once the funds of DDA blocked in Asian Games Village Complex and Resettlement Colonies are realised there will be no occasion for withholding the amount payable to Revolving Fund. I may also mention that even at present we are trying hard to release funds for the acquisition of land in spite of financial crises at our end.

With regards,

Statement showing the position of Receipts and Expenditure and the amount paid under Revolving Fund

Receipts from Disposal of Land Under Nazul Account II
Figures in lacs of Rupees

Year	Other than Ground Rent other Miscs. Receipts.	Ground Rent and other Misc. Receipts.	Expenditure	Amount paid to Revolving Fund
1	2	3	4	5
1961-62 . . .	3.47	280.16	200.34	..
1962-63 . . .	.56	2.29	251.24	(-) 78.00
1963-64 . . .	87.41	2.10	156.88	(-) 89.00
1964-65 . . .	174.77	1.75	153.05	(-) 230.69
1965-66 . . .	218.79	1.23	174.69	174.14

1	2	3	4	5
1966-67 . . .	350.54	2.87	222.29	115.00
1967-68 . . .	234.89	6.73	206.83	100.00
1968-69 . . .	402.50	11.77	250.79	215.00
1969-70 . . .	511.00	13.81	399.23	675.85
1970-71 . . .	682.12	27.97	400.93	313.78
1971-72 . . .	694.34	40.17	423.24	300.00
1972-73 . . .	706.77	57.67	415.47	350.00
1973-74 . . .	867.97	57.58	468.50	264.62
1974-75 . . .	570.00	77.41	417.01	185.62
1975-76 . . .	1553.49	112.50	875.91	544.50
1976-77 . . .	982.13	117.85	1059.81	390.00
1977-78 . . .	608.69	06.38	461.02	—
1978-79 . . .	068.67	165.71	1062.27	235.00
1979-80 . . .	1422.06	235.93	718.73	426.07
1980-81 . . .	2254.59	304.80	1294.44	135.520
1981-82 . . .	4192.39	377.00	3139.02	875.19
1982-83 . . .	6506.57	557.42	3772.42	1221.68
1983-84 . . .	3758.12	606.37	4076.61	1131.57
Total . . .	27952.12	3157.17	20610.72	7919.13

APPENDIX XI

(Vide paragraph 1.1 of the Report)

Statement showing action taken by Government on the recommendations contained in Chapter III (Appendix XVII) wherein interim replies or no replies were furnished earlier in respect of 166th Report (Seventh Lok Sabha)

Recommendation

The Committee take a serious view of the persistent misclassification of expenditure in Railways. During the year under review, there have been misclassifications of expenditure in 3 Grants, involving an aggregate amount of Rs. 9.94 lakhs. In reply to earlier recommendations of the Committee in regard to specific steps taken to avoid recurrence of such patent errors, the Ministry have stated (June 1983) that besides ensuring effective reconciliation of subsidiary books with general books, the Railway Administrations including Production Units etc. have been directed to ensure correctness of allocation at the initial stage i.e. while recording on the initial vouchers. The Committee hope that in future foolproof measures would be devised to obviate the recurrence of misclassifications or erroneous adjustments, as these vitiate sound budgetary control.

[S. No. 10 (Para 2.41) of Appendix XVII Report of PAC—
1983-84 (Seventh Lok Sabha)]

Action Taken

The recommendations of the Public Accounts Committee have been noted.

The effect of the instructions issued in May 1983, by the Railway Board to GMs in bringing down the cases of misclassifications is kept under watch. The GMs. have been asked to advise action taken against the officers and staff responsible for misclassifications/erroneous adjustments.

This has been seen by Audit.

[Ministry of Railways (Railway Board's) O.M. No. 83—BC—PAC/
VII/166 dated 30-6-1984.]

APPENDIX XII

(Vide Introduction)

Statement of Conclusions and Recommendations

Sl. No.	Para No.	Ministry/Department	Conclusion/Recommendation
1	2	3	4
1	2.4	Railways	According to the time schedule, the Explanatory Notes on excesses over Voted Grants and Charged Appropriations are required to be furnished to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts, whichever is latter. It is observed that while the Explanatory Notes relating to 8 Grants operated by the various Ministries (other than the Ministry of Railways) were received within the stipulated period; the Explanatory Note(s) relating to 4 Grants administered by the Ministry of Railways were received on 21 August, 1985, although the Appropriation Accounts were laid on the Table of the House on 26 July, 1985. Since the Appropriation Accounts (Railways) for the year 1983-84 were certified on 18 June, 1985, the Explanatory Note could have been furnished to the Committee immediately after the presentation of Appropriation Accounts on 26 July, 1985. The Committee take serious view of delayed submission of Explanatory Notes. The delayed submission of these notes leads to the delay in

1	2	3	4
			<p>finalisation of the Report by the Committee. The Committee desire the Ministry of Railways to ensure strict adherence to the prescribed time schedule in future.</p>
2	2.5	Finance (Revenue)	<p>The Committee are satisfied to find that as compared to previous years i.e. 1979-80 to 1982-83, there was significant reduction in the aggregate amount of excess expenditure as well as in the number of grants that registered excess expenditure during the year 1983-84. The excess expenditure incurred during the years 1979-80 to 1982-83 ranged between Rs. 140.86 crores to Rs. 462.69 crores while the excess expenditure incurred during 1983-84 was Rs. 115.62 crores. Further, the total number of grants which contributed to the excess expenditure were 12 during the year 1983-84 as against 19, 27, 20 and 21 during the years 1979-80, 1980-81, 1981-82 and 1982-83, respectively. The Committee hope that the Ministries and Departments of Government of India would make every endeavour to sustain this declining trend in future as well.</p>
3	2.8	--do--	<p>While there was declining trend in the excess expenditure, it was the other way round in the case of savings. The aggregate amount of savings as disclosed in the Appropriation Accounts for 1983-84 was Rs. 7,209.05 crores as against the savings of Rs. 2,183.90 crores during the year 1982-83. The Appropriation Accounts (Civil) alone disclosed savings of Rs. 1,769.38 crores against grant of Rs. 22,937.52 crores and savings of Rs. 4732.66 crores against charged amount of Rs. 1,22,251.16 crores. Thus, the total savings</p>

during the year 1983-84 as disclosed by the Appropriation Accounts (Civil) was of the order of Rs. 6502.04 crores which constituted 4.43 per cent of the total sanctioned provision of voted and charged amounts of Rs. 1,45,188.68 crores. Some of the vital sectors of the economy in which large scale savings have been reported are Agriculture (Rs. 254.54 crores), Animal Husbandry and Dairy Development (Rs. 73.58 crores), Chemical and Fertilizers (Rs. 41.57 crores) Foreign Trade and Export Production (Rs. 249.90 crores), Petroleum (Rs. 99.21 crores), Power (Rs. 58.29 crores), Coal (Rs. 88.90 crores), Irrigation (Rs. 19.99 crores). Public Works (Rs. 26.81 crores), Mines (Rs. 30.41 crores), Labour and Employment (Rs. 19.07 crores). The Committee had, in their earlier Reports viz. 57th and 121st Report (7th Lok Sabha), deprecated the tendency of under-utilisation of funds earmarked for some of the vital sectors of the economy, thereby not only slowing down development in those sectors but also depriving other important sectors of the much needed resources. The Committee were then informed that the scheme of Integrated Financial Advisers had been introduced to ensure realistic budget estimates. From the extent of savings reported during 1982-83 and 1983-84, it is quite evident that the position instead of improving has deteriorated. The Committee once again like the Government to analyse the reasons for the recurring phenomenon of savings and take timely remedial measures to en-

sure that budget estimates, are framed more precisely. The Committee would like to be apprised of the measures proposed to be taken in the matter.

4

2.12

Finance (Revenue)

The Committee note that the Capital Section (Voted) of Grant No. 34—Customs, recorded an excess of Rs. 72,70,828 during the year 1983-84. The excess expenditure occurred mainly under the sub-head “AA. 1(2)—Acquisition of Ships and Vessels”, which was of the order of Rs. 161.95 lakhs. This excess got reduced to Rs. 72,70,828 because of savings available under the head “AA. 1(1)(1)—“Major Works” of the Coast Guard Organisation. The Committee have been informed that in order to avoid excess expenditure in future (i) a Financial Planning Cell has been created within the Coast Guard Headquarters for close Monitoring of Expenditure; (ii) the Controller of Defence Accounts (Navy) has been requested to forward monthly booking statements within 10 days of the following month, and (iii) Coast Guard Over-seeing Cells at Garden Reach Ship Builders Engineers and Mazagon Dock Ltd. have been constituted to effectively watch and monitor the work on the ships under construction and for certifying the availability of funds on every bill preferred on Controller of Defence Accounts (Navy) by the Ship-yards”. The Committee hope that with the implementation of the proposed measures, the Ministry would be able to make more realistic estimates in future so as to contain excess expenditure.

Shipping & Transport

The Committee note that excess expenditure incurred by the Ministry of Shipping and Transport in respect of Grant No. 78—Roads, under Revenue Section (Voted), amounted to Rs. 33,36,832 during the year 1983-84. It is significant that but for the savings under various other heads, the real excess expenditure would have been as high as Rs. 9,67,72,880. Of all the heads, the most conspicuous excess had occurred under the head "A.2(1) (1)—Maintenance by Roads Wing", which was of the order of Rs. 8,17,35,097. This was in spite of the supplementary grant of Rs. 5 crores having been obtained, under that head, by the Ministry. The Ministry have explained that excess was mainly due to excessive repairs of the National Highways necessitated as a result of severe damage by floods/rains in various parts of the country and increase in the cost of road building material. While the Committee agree that accurate forecasting of the extent of damage likely to be caused to the roads by the unpredictable floods cannot be made, the escalation in the cost of road building materials could well be foreseen and sufficient provision made therefor.

1	2	3	4
6	2.16	Shipping Transport	<p>The Ministry have also informed the Committee that prior to 1981, the reimbursements of expenditure incurred by the State Governments for the maintenance of the National Highways were restricted to the sanctioned budget allocations. This procedure had been relaxed with a view to avoiding withholding of the claims of the State Governments. The Ministry are considering revision of existing accounting procedure in consultation with the Controller General of Accounts. The Committee be apprised of the decision taken in the matter.</p>
7	2.23	Defence	<p>The aggregate excess expenditure of Rs. 59.2 crores was incurred by the Ministry of Defence under three Grants viz., Grant No. 20 (Revenue Section)—Defence Services (Navy) (Rs. 15.87 crores), Grant No. 22 (Revenue Section)—Defence Services (Pensions) (Rs. 15.26 crores) and Grant No. 23 (Capital Section)—Capital outlay on Defence Services (Rs. 28.07 crores). The excess of Rs. 15.87 crores under Grant No. 20—Defence Services (Navy) was mainly attributable to the excess of Rs. 0.60 crore under the Sub-Head A. 1-Pay & Allowance Rs. 0.21 crore under the Sub-Head A.4—Transportation, Rs. 12.71 crores under the Sub-Head A. 5-Stores, Rs. 1.17 crores under the Sub-Head A.6-Works and Rs. 1.06 crores under the Sub-Head A. 7-other expenditure. Similarly, under Grant No. 22 Defence Services (Pensions) the excess of Rs. 15.26 crores was attributable to the excess of Rs. 17.86 crores under Sub-Head A. 1(1)-Pensions and other retirement benefits of Army and Rs.</p>

1	2	3	4
			<p>2.76 crores under the Sub-Head A.3(1)—Pensions and other retirement benefits of Air Force. The excess of Rs. 28.07 crores under Grant No. 23—Capital Outlay on Defence Services was mainly attributable to excesses of Rs. 14.88 crores under Sub-Head A.1(1)—Army (Land), Rs. 2.50 crores under Sub-Head A. 1(2)—Army (Construction Works), Rs. 4.92 crores under Sub-Head Rs. 2(2)—Navy (Construction Works), Rs. 14.55 crores under Sub-Head A. 2(3) Naval Fleet, Rs. 1.38 crores under Sub-Head A. 2(4)—Naval Dockyards and excess of Rs. 13.17 crores under Sub-Head A. 4(2)—Ordnance Factories machinery and equipment.</p>

8 2.24 Defence

While no Supplementary Grant was obtained in the case of Grant No. 23—Capital Outlay on Defence Services, Supplementary Grants of Rs. 47.4 crores and Rs. 16.77 crores were obtained under the other two Grants No. 20—Defence Services (Navy) and 22—Defence Services (Pensions), respectively. The excess expenditure which occurred under Grant Nos. 20 and 22 constitutes 33.50 per cent and 90.99 per cent of the Supplementary Grants, respectively. This has happened in spite of the reappropriations under some heads. This shows how unrealistic the revised estimates of these two Grants were. The Ministry have informed the Committee that the High Level Official Committee set up under the Chairmanship of the Controller General of Accounts to review the financial systems in three Departments, namely, Defence, Railways and Posts and Telegraphs has since submitted its Report.

1	2	3	4
9	2.25	Defence	<p>In its Report the High Level Official Committee has expressed the opinion that for a proper budgetary control it is necessary to provide a system under which reliable data may become available with utmost promptitude for periodical, meaningful and purposeful financial reviews at all levels. Keeping in view the large number of spending units scattered all over the country, that Committee has rightly recommended that recording of expenditure and preparation of connected compilations should be computerised at the earliest. The Committee would like to be apprised of the action taken by Government to implement the above recommendation of the High Level Committee and results achieved thereby.</p>
10	2.30	Railways	<p>The Committee note that four Grants (Nos. 4, 9, 10 and 13) administered by the Ministry of Railways recorded an excess expenditure aggregating Rs. 34.67 crores during the year 1983-84. While the excess expenditure under Grant No. 4—Working expenses—repairs and maintenance of permanent way and works (Rs. 0.77 crores) and Grant No. 9—operating expenses—traffic (Rs. 1.86 crores) constituted 0.18% and 0.43% of the total sanctioned provision of Rs. 431.14 crores and Rs. 433.07 crores, respectively, the excess expenditure under the other two Grants viz., Grant No. 10 Operating expenses—fuel (Rs. 26.36 crores) and Grant No. 13 Provident fund, pension and other retirement benefits (Rs. 5.67 crores) constituted 3.11% and 2.59% of the total sanctioned Grants of Rs. 848.37 crores and Rs. 218.79 crores, respectively. The Committee find that even sup-</p>

plementary grants obtained by the Ministry of Railways proved to be inadequate. The most glaring example of unrealistic estimates by the Ministry before obtaining Supplementary Grants in March 1984, was that of Grant No. 10—Operating Expenses—fuel. Under this Grant the excess expenditure (Rs. 26.36 crores) constituted 69.5% of the supplementary grant (Rs. 37.91 crores). The Committee find that there is still need for improvement in the mechanism of framing of the budget estimates/revised estimates on rational basis. The Committee, however, note that a High Level Official Committee set up by Government under the Chairmanship of Controller General of Accounts to review the financial systems of three Departments, namely, Railways, Defence and Posts and Telegraphs *inter alia* recommended computerisation of data for periodical, meaningful and purposeful financial reviews at all levels and also for preparation of connected compilation. The Ministry of Railways have informed that “such reviews based on computerised data is undertaken even now on some Railways. Its extension to cover all railways at appropriate levels is already envisaged for which purpose computer software is being developed to suit the new computers replacing the existing outdated machines”. The Committee hope that with the implementation of the proposed measures the Ministry of Railways would be able to overcome the problem of excess expenditure.

Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure

1	2	3	4
12	3.2	Home Affairs	referred to in Paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India. The Committee hope that final reply in regard to the recommendation to which only interim reply has been furnished will be furnished to them after getting the same vetted by Audit.
13	3.4	Finance (Expenditure) Railways, Communications (P&T), Home Affairs	Despite the Committee's repeated exhortations made from time to time in their various earlier reports for timely submission of action taken notes, the Ministries/Departments of Government of India are yet to show improvement in this regard. Out of 15 action taken notes required to be furnished by the Ministries on the recommendations contained in 222nd Report of Public Accounts Committee (7th Lok Sabha), only 6 action taken notes were furnished within the prescribed time i.e., within six months after the presentation of the Report to the House. Six action taken notes were furnished within the extended period and three action taken notes i.e. one each by the Ministry of Railways, Ministry of Communications and Ministry of Home Affairs, were furnished after the expiry of the extended period. The Committee once again like to emphasise the need for finalisation of the action taken notes by the Ministries and Departments of Government of India with utmost expedition and furnishing the same within the prescribed period. The Committee hope that the Ministry would take necessary steps in this regard.

1	2	3
14	3.8	Communications

4

The High Level Official Committee has, after making an indepth study of the financial systems of 3 sectors—Railways, Defence and Posts and Telegraphs, made valuable recommendations, the implementation of which should go a long way in over-coming the problem of excess expenditure. The Ministries of Railways and Defence have initiated action for implementation of the recommendations of that Committee. The Ministry of Communications have not yet intimated the action taken by them on those recommendations. The Committee hope that the Ministry of Communications should have by now processed the recommendations made in the Report of the High Level Official Committee. The Committee would like to know the action taken|proposed to be taken by the Ministry of Communi- cations on the recommendations of that Committee.
