

**ESTIMATES COMMITTEE**  
**(1978-79)**

**(SIXTH LOK SABHA)**

**TWENTY-FIFTH REPORT**

**MINISTRY OF FINANCE**

**Action taken by Government on the Recommendations contained in the Twenty-second Report of the Estimates Committee (Sixth Lok Sabha) on the Ministry of Finance—Demands for Grants (General)—Revision of Works Schedules**



*Presented in Lok Sabha on 22 DEC 1978*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*December, 1978/Agrahayana, 1900 (Saka)*

*Price: Rs. 0.90 P.*

CORRIGENDA  
TO

Twentyfifth Report of Estimates Committee  
on the Ministry of Finance - Demands for  
Grants (General)-Revision of Works Schedules

Page   Para.   Line   For   Read

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| (vii) | 2 | from below | SINDY<br>Ugarsen<br>out of 2<br>recommendations<br>made in the<br>Report, both | STUDY<br>Ugrasen<br>both the recommen-<br>dations made in<br>the Report    |
| 8     | 9 |            | (b) While making<br>financial ; c<br>serutiny of and<br>according dminis       | (c) All works<br>which are<br>originally<br>estimated to cost<br>less than |

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(1978-79)

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23. Shri N. K. Shejwalkar
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26. Shri Ugarsen
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(iv)

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Shri K. S. Bhalla—*Chief Financial Committee Officer.*

Shri H. C. Bahl—*Senior Financial Committee Officer.*

**STUDY GROUP 'J'**  
**ESTIMATES COMMITTEE**  
**(1978-79)**

1. Shri Satyendra Narayan Sinha—*Chairman*
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3. Shri Yashwant Borole
4. Shri Dilip Chakravarty
5. Shri Amrit Nahata
6. Shri M. N. Govindan Nair
7. Dr. Saradish Roy
8. Shri N. K. Shejwalkar
9. Shri Annasaheb P. Shinde
10. Shri K. P. Unnikrishnan.

## INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Twenty-fifth Report on action taken by Government on the recommendations contained in the Twenty-second Report of the Estimates Committee (Sixth Lok Sabha) on the Ministry of Finance—Demands for Grants (General)—Revision of Works Schedules.

2. The Twenty-second Report was presented to Lok Sabha on 29th August, 1978. Government furnished their replies indicating action taken on the recommendation contained in that Report on 18th September, 1978. The replies were examined by the Study Group 'J' of Estimates Committee (1978-79) at their sitting held on 15th December, 1978. The draft Report was adopted by the Estimates Committee (1978-79) on 18th, December, 1978.

3. The Report has been divided into the following Chapters:—

- I. Report
- II. Recommendations which have been accepted by Government.
- III. Recommendations which the Committee do not desire to pursue in view of Government's replies.
- IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.
- V. Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of action taken by Government on the recommendations contained in the 22nd Report of the Estimates Committee is given in Appendix II. It would be observed therefrom that out of 2 recommendations made in the Report, both, i.e. 100 per cent have been accepted by Government.

NEW DELHI;  
December 19, 1978.

Agrahayāna 28, 1900 (S).

SATYENDRA NARAYAN SINHA,  
Chairman,  
Estimates Committee.

## **CHAPTER I**

### **REPORT**

1.1. This Report of the Estimates Committee deals with action taken by Government on the recommendations contained in their 22nd Report (Sixth Lok Sabha) on the Ministry of Finance—Demands for Grants (General)—Revision of Works Schedules, which was presented to Lok Sabha on the 29th August, 1978.

1.2. Action taken notes have been received from the Ministry in respect of the 2 recommendations contained in the Report. The Committee are glad to note that both their recommendations have been accepted by Government and necessary instructions issued to all the Ministries Departments of the Central Government "for strict compliance". The Committee have decided that the action taken notes may be categorised as "Recommendations/observations that have been accepted by Government" and included in Chapter II.



## CHAPTER II

### RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation No. 1 and 2. (Para 13 to 15)

The Committee note that details of works individually costing Rs. 5 lakhs or more are being exhibited in a schedule to the Detailed Demands for Grants of the Ministries concerned. This practice has been followed since 1963-64. They have been informed that there has been considerable escalation of costs of works and increase in their number since 1963-64 and the work which cost Rs. 5 lakhs then would now cost roughly Rs. 15 lakhs. As an illustration they have been informed that the number of works, in case of Posts and Telegraphs alone—costing Rs. 5 lakhs or more has increased from 472 in 1963-64 (including 185 below Rs. 10 lakhs) to 2347 in 1977-78 including 729 works costing between 5 and 10 lakhs. They have further been informed that in the year 1977-78, out of a total number of 4610 works in respect of the P & T and the Ministries of Works and Housing, Shipping and Transport and Energy, listed in the Budget, as many as 1839 (nearly 40 per cent) were such as cost between Rs. 5 and 10 lakhs. In the context of the cost escalation of projects during the last 14 years, progressive increase in the number of works undertaken by the Government and the need to avoid meticulous details for relatively small works so as to facilitate more effective parliamentary control over major and essential proposals of government expenditure, the Ministry of Finance have proposed that henceforth the works schedule in the Detailed Demands for Grants may exhibit details of those works only which are estimated to cost Rs. 10 lakhs or more individually, others (costing below Rs. 10 lakhs individually) being lumped together.

The Committee note that if this proposal is accepted as many as 40 per cent of the works presently listed in the Budget would be taken out of the Schedule annexed to the Detailed Demands for Grants and these would not come to the specific notice of Parliament. But in view of the approximately 300 per cent escalation in the cost of works since 1963-64 when the existing practice was started, the Committee feel that the relatively small works which are now proposed to be taken out of the Detailed Demands for Grants will be more or less similar in nature and dimension to those which were

then kept out of the Demands and in actual practice the major works involving high expenditure (then more than Rs. 5 lakhs and now more than Rs. 10 lakhs) would continue to receive the specific attention of Parliament at the time of discussion on Budget as before. The Committee therefore accept the proposal made by the Ministry of Finance that details of only such works as cost Rs. 10 lakhs or more individually may henceforth be exhibited in the works schedule annexed to the Detailed Demands for Grants and other works (costing less than Rs. 10 lakhs) may be lumped together.

The Committee would like that the following safeguards should be taken to ensure effective parliamentary control over works expenditure:

- (a) In case of works which are originally estimated to cost less than Rs. 10 lakhs individually, but expenditure on which exceeds this limit during the course of execution, it should be ensured that the details thereof are included in the works schedule to the Detailed Demands for Grants for the next financial year. In respect of such works as are completed during the same financial year, the necessary details may be given in an Annexure to the last batch of Supplementary Demands for Grants for that financial year.
- (b) While making financial scrutiny of and according administrative approval to works, it should be ensured that works are not split up in parts so as to keep expenditure on each item below the prescribed monetary limit of Rs. 10 lakhs in order to avoid its exhibition in the Detailed Demands, wittingly or unwittingly.
- (c) All works which are originally estimated to cost less than Rs. 10 lakhs individually and are lumped together in the Detailed Demands, but which are dropped during the course of the financial year should be brought to the notice of Parliament alongwith the last batch of Supplementary Demands for Grants stating the reasons for dropping such works.

### Reply of Government

The recommendations|observations of the Committee have been accepted and necessary instructions issued to all Ministries|Departments of the Central Government in this Ministry's O.M. No. F3 (94)-B (D)|77, dated 7-9-1978, a copy of which is enclosed (Appendix I).

[Ministry of Finance (D.E.A.) No. F8 (97)-B (R&A) |78,  
dated 18-9-1978]

**CHAPTER III**

**RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY**

—

—NIL—

—

**CHAPTER IV**

**RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF  
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE  
COMMITTEE**

—

—NIL—

—

**CHAPTER V**

**RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES  
OF GOVERNMENT ARE STILL AWAITED**

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—NIL—

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NEW DELHI;  
December 19, 1978.  
Agrahayana 28, 1900 (S).

SATYENDRA NARAYAN SINHA,  
Chairman,  
Estimates Committee.

## APPENDIX—I

(vide reply to recommendations 1 and 2)

F3 (84)-B(D) | 77

Government of India

MINISTRY OF FINANCE

(Department of Economic Affairs)

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New Delhi, the 7th September, 1978.

### OFFICE MEMORANDUM

SUBJECT.—Works Annexure—raising of limit for purposes of exhibition in the Detailed Demands for Grants.

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The undersigned is directed to state that at present all works individually costing Rs. 5 lakhs and above are being exhibited in Works Annexures included in the Detailed Demands for Grants. In the context of escalations of project costs during the past 14 years, the progressive increase in the number of works undertaken by Government and the need to avoid meticulous details of relatively small cost works, so as to facilitate more effective Parliamentary control over major and essential proposals of Government expenditure, a proposal was submitted to the Estimates Committee that the Works Annexure in Detailed Demands for Grants may exhibit details of such works only as are estimated to cost Rs. 10 lakhs or more individually, others costing below Rs. 10 lakhs individually being lumped together.

2. In their Twenty-second Report (Sixth Lok Sabha), the Estimates Committee have accepted the above proposals and recommended that the following safeguards should be taken to ensure effective Parliamentary control over works expenditure:—

- “(a) In case of works which are originally estimated to cost less than Rs. 10 lakhs individually, but expenditure on which exceeds this limit during the course of execution, it should be ensured that the details thereof are included in the Works Schedule to the Detailed Demands for Grants for the next financial year. In respect of such works as are completed during the same financial year, the necessary

details may be given in an Annexure to the last batch of Supplementary Demands for Grants for that financial year.

- (b) While making financial scrutiny of and according administrative approval to works, it should be ensured that works are not split up in parts so as to keep expenditure on each item below the prescribed monetary limit of Rs. 10 lakhs in order to avoid its exhibition in the Detailed Demands, wittingly or unwittingly.
- (b) While making financial scrutiny of and according administrative approval to works costing Rs. 10 lakhs individually and are lumped together in the Detailed Demands, but which are dropped during the course of the financial year, should be brought to the notice of Parliament alongwith the last batch of Supplementary Demands for Grants stating the reasons for dropping such works."

3. The Ministries|Departments concerned with the execution of works are requested to note the above recommendations of the Estimates Committee for strict compliance. The Works Annexures to be appended to their Detailed Demands for Grants for 1979-80 will show details of all works costing Rs. 10 lakhs individually or more and the provisions relating to works costing less than Rs. 10 lakhs individually will be shown in lump so that totals agree with the provisions included in the Demands for Major Works.

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

Sd/-

(U. BHATTACHARYA)

*Under Secretary to the Govt. of India.*

To

All Ministries|Departments of the Government of India  
including the Ministry of Railways.

Copy forwarded for information to:—

1. The Comptroller and Auditor General of India, New Delhi with reference to his U.O. No. 70-AC (Impl) /1-75, dated 12-1-1978.
2. The Controller General of Accounts, New Delhi.
3. All Accountants General, Pay and Accounts Officers and Controllers of Accounts.
4. The Director General, Posts and Telegraphs, New Delhi.

5. The Financial Commissioner, Ministry of Railways (Railway Boards).

Copy also forwarded for information to Shri K. S. Bhatta, Chief Financial Committee Officer. Lok Sabha Secretariat.

.Sd/-

(U. BHATTACHARYA)

*Under Secretary to the Govt. of India.*



## APPENDIX-II

(Vide Introduction to Report)

Analysis of the action taken by Government on the recommendations contained in the 22nd Report of the Estimates Committee (Sixth Lok Sabha).

|   |      |
|---|------|
| I. Total number of recommendations                            | 2    |
| II. Recommendations which have been accepted<br>by Government | 2    |
| Percentage  | 100% |