17

UNION GOVERNMENT APPROPRIATION ACCOUNTS (CIVIL) — 1996-97

PUBLIC ACCOUNTS COMMITTEE

2005-2006

SEVENTEENTH REPORT

FOURTEENTH LOK SABHA

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

SEVENTEENTH REPORT

PUBLIC ACCOUNTS COMMITTEE

(2005-2006)

(FOURTEENTH LOK SABHA)

UNION GOVERNMENT APPROPRIATION ACCOUNTS (CIVIL) — 1996-97

Action Taken on 16th Report of Public Accounts Committee (13th Lok Sabha)

सत्यमेव जयते

Presented to Lok Sabha on: 12.8.2005.

Laid in Rajya Sabha on: 12.8.2005.

LOK SABHA SECRETARIAT
NEW DELHI

19 *July*, 2005/28 *Asadha*, 1927*(Saka)*

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INTRODUCTION

I, the Chairman of Public Accounts Committee having been authorised by the Committee to submit the Report on their behalf, do present this Seventeenth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 16th Report (13th Lok Sabha) on "Union Government Appropriation Accounts (Civil)—1996-97".

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 15th July, 2005. Minutes of the sitting form Part-II of the Report.

3. For facility of reference and convenience, the observations and recommendations of the committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

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

NEW DELHI;
19 *July*, 2005
28 *Asadha* 1927 (*Saka*)

PROF. VIJAY KUMAR MALHOTRA,
Chairman,
Public Accounts Committee.

CHAPTER-I

REPORT

1. This Report of the Committee deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their 16th Report (Thirteenth Lok Sabha) on Union Government— " Appropriation Accounts (1996-97)-Civil". The 16th Report contained 21 Observations/Recommendations. Of these, eight Recommendations related to more than one Ministry/Department.

2. The action taken notes have been received from the concerned Ministries/ Departments in respect of all the 21 Observations/Recommendations and these have been broadly categorised as follows:—

(i) Observations/Recommendations which have been accepted by Government:

Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20&21 (Paragraph Nos. 13.1 to 13.21)

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from Government:

-Nil-

(iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration:

-Nil-

(iv) Observations/Recommendations in respect of which Government have furnished interim replies:

-Nil-

3. In their Original Report, the Committee had examined the following issues which arose during the examination of Union Government Appropriation Accounts (Civil) for the year 1996-97—

(i) Large scale unspent balances under various Grants/Appropriations,

(ii) Improprieties/irregularities in the surrender of savings,

(iii) Non-utilisation of Supplementary Grants/Appropriations,

(iv) Irregularities/Improprieties regarding reappropriation of funds,

(v) Expenditure on "New Service/New Instrument of Service" without requisite approval etc.,

(vi) Avoidable March-rush of expenditure,

(vii) Pendency of Utilisation Certificates.

4. While examining the above issues, the Committee had observed that lack of sustained and vigorous monitoring, non-observance of prescribed financial rules, inability to assess the actual requirement of funds, disregard to Codal provisions and standing instructions and lack of financial discipline and accountability on the part of concerned Ministries/Departments were the main contributory reasons for these irregularities.

5. In the light of these shortcomings, the Committee had made certain recommendations which, *inter-alia* included, — asking the Ministries/Departments to make realistic budgetary projections so as to keep "unspent balances" to the barest minimum, revamping the existing budgetary mechanism so as to ensure proper and correct estimation of the budgetary requirements, evolving realistic parameters to avoid wide variations between the sanctioned provisions and actual expenditure, assessing objectively the procurement of supplementary grants so as to prevent unwarranted surrender of savings later and reviewing the powers and functions of the Financial Advisors in order to check wrongful/injudicious re-appropriations, to ensure even flow of expenditure to avoid March-rush etc.

6. The action taken notes have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the action taken by the various Ministries/ Departments in respect of some of their Observations/Recommendations.

A. Unspent provisions in Voted Grants/Charged Appropriations (Paragraph 13.1)

7. The Committee, in paragraph 13.1 of the Original Report, had observed that the Civil Ministries/Departments failed to make a realistic assessment of their requirement of funds under a large number of Grants/appropriations during the year 1996-97. There were large scale provisions that remained unspent during that period by the Civil Ministries/Departments. During the course of their examination of Appropriation Accounts (Civil) for the year 1996-97, the Committee had noticed that there was net unspent provision of Rs. 11266.16 crore under 147 cases in the Voted portion (both under Revenue and Capital Sections) and Rs. 32965.06 crore under 57 cases in the charged portion (both under Revenue and Capital Sections) of the Grants/Appropriations operated by the concerned Ministries/Departments. While expressing their serious concern over this malady, the Committee had recommended as follows:

> "The Committee observe that out of the whopping savings of Rs. 44231.22 crore in the grants pertaining to Civil Ministries/Departments for the year 1996-97, Rs. 29466.03 crore was on account of less drawal of 31 days Treasury bills. The Committee had found that the overall saving was a net result of saving in 204 cases and excess expenditure in eight cases. Therefore, the Committee were of the view that such savings, described as 'unspent balances' could have been significantly reduced, if realistic budgetary projections were made by the concerned Ministries/Departments. Since budget proposals were scrutinized by the Ministry of Finance, the Committee want the Ministry of Finance to ponder over this recurring malady and find suitable measures so as to keep these 'unspent balances' to the barest minimum."

8. The Ministry of Finance (Department of Economic Affairs—Budget Division), in their Action Taken Note have stated:

> "The observations/recommendations of the Committee have been noted and all the Ministries/Departments have been asked to formulate Budget estimates on realistic basis and to surrender savings well in time so that available resources are put to best possible use.
>
> Further they have stated that the pace of expenditure was periodically reviewed in the Ministry of Finance and the major spending Ministries were instructed to prepare quarterly cash flow statements and to keep a close watch over utilization of allocated funds. It has been mentioned that the Fiscal Responsibility and Budget Management Bill, 2000 also provided for quarterly review of receipts and expenditure."

Unspent provisions of Rs. 100 crore or more
(Paragraph 13.2)

9. The Committee in paragraph 13.2 of the Original Report had also observed that there were as many as 27 Voted Grants/Charged Appropriations operated by the Civil Ministries/Departments under which unspent provisions of Rs. 100 crore or more had occurred during the year 1996-97. Large unspent provisions were identified in areas like Agriculture, Chemicals and Fertilizers, Health and Family Welfare, Education, Industry, Rural Areas and Employment, Urban Affairs and Employment and Water Resources. These unspent provisions were attributed by the concerned Ministries/ Departments to some of the schemes failing to take off.

10. While examining such cases, the Committee had recommended:

> "What has caused serious concern to the Committee is the fact that there were as many as 27 Voted Grants/Charged Appropriations under which savings of Rs. 100 crores and more has occurred during the year 1996-97. The Committee find that such large scale savings had occurred in a number of developmental areas like Agriculture (Rs. 630.62 crore), Chemicals and Fertilizers (Rs. 441.41 crore), Health and Family Welfare (Rs. 121.96 crore), Education (Rs. 792.12 crore), Industry (Rs. 285.29 crore), Rural Areas and Employment (Rs. 837.24 crore), Urban Affairs and Employment (Rs. 110.85 crore) and Water Resources (Rs. 401.79 crore). This speaks volumes for the lack of earnestness of the Ministries concerned and reflects on their ability or otherwise to deliver even in the developmental fields despite availability of funds. Taking note of the huge unspent balances in key developmental areas in various Ministries/Departments, the Committee are inclined to believe that either the schemes and programmes were ill-conceived or there was lack of sustained and vigorous monitoring. The Committee, therefore, recommend that before funds are earmarked, the developmental schemes ought to be tailored having regard to ground realities and the achievability of targets within stipulated time so that scarce resources are not tied to schemes which do not take off or do not show progress commensurate with the funds allocated in a given financial year."

11. The Ministry of Finance, in their Action Taken Note, have stated as follows:

> "The Ministry has noted with concern the observations and findings of the Public Accounts Committee that large scale savings have occurred in a number of developmental areas. The existing procedure laid down in the General Financial Rules, 1963, is fairly adequate to take care of occurrence of both excess and savings in Voted Grants/Charged Appropriations and the fact that the savings have occurred despite these instructions, shows that the Ministries/Departments are not scrupulously following these procedures.
>
> In pursuance of the recommendations of the Public Accounts Committee, this Ministry has issued fresh instructions to all the Ministries/Departments advising them to gear up the existing mechanism under their budgetary exercise so as to make careful formulation of developmental plans/schemes and also to make realistic assessment of funds required for such developmental schemes. They have also been advised that the monitoring mechanism to oversee flow of expenditure under such developmental schemes should also be tightened in such a way as to keep a monthly watch over the implementation and all procedures prescribed under General Financial Rules should also scrupulously be followed."

12. However, the scrutiny of Union Government Appropriation Accounts (Civil) for the succeeding six years i.e. from 1997-98 to 2002-03 has revealed that the unspent provisions under the Grants/Appropriations operated by the Civil Ministries/ Departments is a recurring phenomenon. The year-wise details in this regard are tabulated below:—

Year	No. of cases of unspent provisions	Amount involved (Rs. In crore)	No. of cases of unspent provisions of Rs. 100 crore or more
1997-1998	216	47179.76	27
1998-1999	167	46845.86	25
1999-2000	215	68017.65	32
2000-2001	206	138165.33	34
2001-2002	206	25169.52	37
2002-03	199	61713.78	42

13. From the above table, it is seen that there has been a continuous increase in the amount of unspent provisions during the years 1997-98 to 2000-01 [from Rs. 47179.76 crore during 1997-98 to Rs. 138165.33 crore during 2000-01]. The amount of unspent balances, which showed a drastic decrease during the year 2001-02

(Rs. 25169.52 crore,) again showed an increase during 2002-03 (Rs. 61713.78 crore) which is nearly 150% of the unspent provisions that had occurred in 2000-2001. Similarly, the number of cases of unspent provisions of Rs. 100 crores or more has also shown an increasing trend during the last six years i.e. from 25 cases in 1998 -99 to 42 cases in 2002-2003.

14. Taking into consideration the large scale unspent provisions of Rs. 44231.22 crore under various Grants/Appropriations operated by the Civil Ministries/ Departments during the year 1996-97, the Committee in their Original Report, had desired the Ministry of Finance to look into this recurring malady and find suitable measures so that such unspent balances are kept to the barest minimum. The Committee has observed that unspent provisions was recurring feature and the amount involved ran into thousands of crores. The Committee has also observed that there were as many as 27 voted Grants/Charged Appropriations operated by the Civil Ministries/Departments under which unspent provisions of Rs. 100 crore or more had occurred during the year 1996-97 and large unspent provisions were identified in areas like Agriculture, Chemicals and Fertilizers, Health and Family Welfare, Education, Industry, Rural Areas and Employment, Urban Affairs and Employment and Water Resources. Consequently, the Committee had recommended that before funds are earmarked, the developmental schemes should be assessed realistically in the light of ground realities as well as the achievability of targets within the stipulated time. The Action Taken Note furnished by the Ministry of Finance in response to the specific recommendation of the Committee , however, reveals that the Ministry have once again issued routine instructions to all the Ministries/Departments urging them to carefully formulate developmental plans/ schemes and also to make realistic assessment of funds required for such developmental schemes.

The Committee would further like to point out that the scrutiny of Appropriation Accounts (Civil) for the six years i.e. from 1997-98 to 2002-2003, reveals that large scale unspent provisions under the Grants/Appropriations operated by the civil Ministries/Departments has become an almost recurring feature and the position is still to be improved. The Committee are inclined to conclude that the concerned Ministries/Departments have not made any serious attempt to apply effective corrective measures in accordance with the Committee's recommendations. Mere repeating of instructions by the Ministry of Finance to concerned Ministries/ Departments carry no meaning unless the reasons for extraordinarily large unspent provisions are investigated and suitable remedial steps taken as a result thereof to ensure that the budgetary projections are made on the basis of realistic assessment. It is also imperative to ensure that available funds are utilized timely and appropriately so that unspent funds are kept to the barest minimum. The Committee, therefore, recommend that the Ministry of Finance, being the nodal Ministry, should impress upon all the concerned Ministries/Departments to make a thorough study of the cases where large scale unspent provisions have occurred and lay down appropriate guidelines for being followed by them in the regard. The Committee would like to be apprised of the efforts made in this direction.

B. Other irregularities—Surrender of unspent provisions, unutilisation of Supplementary provision, Wrongful re-appropriation of funds. Expenditure on "New Service/New Instrument of Service" without requisite approval and avoidable March-rush of expenditure.

[Paragraph Nos. 13.16-13.20]

15. Apart from the large scale unspent balances that had taken place during the year 1996-97 by the Civil Ministries/Departments, the Committee had also observed various other irregularities such as irregularities in surrender of unspent balances, unutilisation of supplementary grants, injudicious re-appropriation of funds, rush of expenditure in the month of March etc. Some of them are illustrated below:

(i) Surrender of unspent provisions
(Paragraph 13.16)

16. The Committee in paragraph 13.16 of their Original Report had observed that the scrutiny of Appropriation Accounts (Civil) for the year 1996-97 had revealed that against final savings of Rs. 44231.22 crore, the amount surrendered was Rs. 24787.35 crore. Out of this an amount of Rs. 24783.51 crore, which amounted to 99 per cent, was surrendered on the last day of the financial year. In 20 Grants and 21 Appropriations, the entire unspent provisions amounting to Rs. 19.55 crore and Rs. 3.29 crore respectively, were not surrendered. Further, in 55 cases, more than 20 per cent of the unspent provisions of Rs. 1.00 crore was not surrendered to the Government. While deploring the cases of irregular surrender of unspent provisions, the Committee had observed that despite their repeated exhortations for timely surrender of savings, the Ministries/Departments were yet to show improvements. The Committee had desired that the Financial Advisors and the Heads of Ministries/ Departments be made jointly accountable for delay in the timely surrender of unspent provisions.

17. The Ministry of Finance, in their Action Taken Note, have stated as under:—

> "The Ministry has noted the observations and findings of the Public Accounts Committee that various Ministries/Departments have either considerably delayed the surrender of savings or have even failed to surrender the savings. The existing procedure laid down in the General Financial Rules, 1963 is fairly adequate to take care of both savings and their surrender under Voted Grants/ Charged Appropriations and the fact that some Ministries/Departments have been lax in timely surrender of savings despite these instructions, shows that the Ministries/Departments are not scrupulously following these procedures. In pursuance of the recommendations of the Public Accounts Committee, this Ministry has issued fresh instructions to all the Ministries/Departments, advising them to gear up the internal mechanism of budgetary control so as to ensure timely and realistic assessment of fund requirement/utilization. They have also been advised that the monitoring mechanism to oversee utilization of funds and calculation of possible savings should also be tightened to keep a regular watch over the utilization of funds/surrender of savings and all procedures prescribed under General Financial Rules should also be scrupulously followed."

(ii) Unutilisation of Supplementary Provision
(Paragraph 13.17)

18. While examining the utilization of supplementary provisions, the Committee, in Paragraph 13.17 of their Report, had noted that Rs. 236.20 crores which were obtained in 15 cases by the concerned Ministries/Departments proved to be unnecessary as the final expenditure was less than the original grant. It was desired that the procurement of supplementary grants by the Ministries/Departments be assessed objectively so that unwarranted surrender of unspent provisions could be avoided. The Committee had felt that if Heads of Programme Divisions were made accountable in this behalf then it would go a long way in streamlining the budgetary process.

19. The Ministry of Finance in their Action Taken Note have stated that:

> "The observations made by the Public Accounts Committee have also been brought to the notice of all the Ministries/Departments for guidance and compliance.
>
> In regard to the recommendation regarding making Heads of Programme Divisions accountable for proper assessment of expenditure requirements before procuring supplementary grants, we have requested the Department of Expenditure to examine it with a view to incorporating the same in General Financial Rules."

(iii) Wrongful re-appropriation of funds
(Paragraph 13.18)

20. The scrutiny of Appropriation Accounts (for the year 1996-97) of Civil Ministries/Departments had also revealed that in nearly 44 sub-Heads in 27 grants/ appropriation, re-appropriation of Rs. 85.13 crore was found to be injudicious as the original provisions under the sub-head, to which funds were transferred by re-appropriation, were more than adequate and consequently the final savings under the sub-head were more than the amount re-appropriated to these sub-heads. The Committee were of the opinion that such rampant re-appropriations were in utter disregard to codal provisions, standing instructions and canons of financial propriety and thus show inability/inefficiency of the Financial Advisor attached to the Ministries. The Committee, in Paragraph 13.18 of their Original Report had, thereof, recommended that the powers and functions of the Financial Advisor be reviewed appropriately to prevent wrongful/injudicious re-appropriation of funds.

(iv) Expenditure on "New Service/New Instrument of Service"
without requisite approval
(Paragraph 13.19)

21. The committee had, in paragraph 13.19, noted that in as many as six Grants, the prescribed limits, which, if crossed, would constitute New Service/New Instrument of Service requiring approval of Parliament, were exceeded but the Ministries did not

obtain prior approval of Parliament. The Committee had viewed this as a blatant violation of Financial Rules as well as a sad commentary on the efficacy of Financial Advisors. Hence, the Committee recommended that it may be enjoined upon all the Financial Advisors that it was their duty to ensure observance of financial propriety and to assert their authority and where advice was overlooked/disregarded, the matter was to be brought to the notice of Finance Ministry immediately.

22. In response to Paragraphs 13.18 an 13.19, the Ministry of Finance, in their Action Taken Note, have stated that "Various safeguards are already available. However, instructions are proposed to be issued to all the Ministries/Departments and the FAs to follow the instructions on the subject matter scrupulously."

(v) Avoidable March-rush of expenditure
(Paragraph 13.20)

23. The Committee had pointed out in paragraph 13.20 that more than 50% of the expenditure incurred by the Civil Ministries/Departments during the year 1996-97 was in the month of March, 1997. The Ministry of Finance were therefore, asked to devise a procedure to make it mandatory for the Departmental Heads to hold monthly review meetings to monitor and so far as practicable, to ensure the even flow of expenditure to avoid March rush for effective fiscal discipline and better results.

24. In the Action Taken Note, the Ministry of Finance have stated as follows:

"This Ministry has noted the observations and recommendations of the Public Accounts Committee and in order to ensure that flow of expenditure is monitored by every Ministry/Department on a monthly basis to ensure, as far as possible, even flow of expenditure and not rush of expenditure during closing month of the financial year, instructions have been issued to them to devise a mechanism with steps envisaged therein."

25. The Committee had taken a serious view of the irregularities such as irregular surrender of long unspent balances, unutilisation of supplementary grants, injudicious re-appropriation of funds, rush of expenditure in the month of March etc. made by the Civil Ministries/Departments during 1996-97. The Government were asked to ensure that the Financial Advisors and the Heads of Ministries/Departments are made jointly accountable for delay in timely surrender of unspent provisions, the powers and functions of the Financial Advisors be reviewed appropriately to prevent wrongful/injudicious re-appropriation of funds and to hold monthly review meetings to monitor even flow of expenditure to avoid rush of expenditure in March etc. The Committee are constrained to point out that instead of taking the action as desired by them, the Ministry of Finance have furnished routine replies. The replies contain similar details that the Committee's observations and recommendations have been noted, fresh instructions have been issued to all the Ministries/Departments and Financial Advisors have been instructed to follow them scrupulously. Further, it has been contended that the existing procedure laid down in the General Financial Rules is fairly adequate to take care of both savings and their surrender under the Voted Grants/Charged Appropriations. If these measures are considered adequate, the Committee find it difficult to comprehend

as to why the irregularities continue to exist. The Committee feel that mere issuing of instructions is not enough and they would like to know from the Ministry of Finance whether any concrete measures have been contemplated in this regard so that the aforesaid irregularities do not recur. The Committee also desire that the powers and functions of the Financial Advisors of the concerned Ministries may be reviewed appropriately to prevent wrongful/injudicious re-appropriations. At the same time it may also be ensured that a procedure is devised so as to avoid rush of expenditure in March and thereby bringing about fiscal discipline. The Committee hope that the Ministry would at least now take cognizance of the Committee's recommendations with seriousness and urgency that they deserve. The Committee would like to be apprised of the concrete steps taken in this regard and the impact thereof on the existing set up.

CHAPTER-II

OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

The Committee observe that out of the whopping savings of Rs. 44231.22 crore in the grants pertaining to Civil Ministries/Departments for the year 1996-97, Rs. 29466.03 crore was on account of less drawal of 31 days Treasury bills. Excluding these Treasury bills, the effective savings of Rs. 14765.13 crore constituted more than two times the supplementary grants of Rs. 7326.86 crore and 3.5 percent of total provision of Rs. 420902.71 crore. The Committee find that the overall saving was a net result of saving in 204 cases and excess expenditure in eight cases. The Committee have also noticed that there was aggregate saving of Rs. 11266.16 crore in the Voted portion (both under Revenue and Capital Sections) and Rs. 32965.06 crore in the Charged portion (both under Revenue and Capital Sections) The Committee are of the considered view that such savings, described as "unspent balances" could have been significantly reduced, if not avoided altogether, by making realistic budgetary projections by the concerned Ministries/Departments. Since the budget proposals are scrutinised by the Ministry of Finance, the Committee would like the Ministry of Finance to ponder over this recurring malady and find suitable measures so that such "unspent balances' are kept to the barest minimum.

(Para 13.1 of the sixteenth Report of Public Accounts Committee (Thirteenth Lok Sabha)

Action Taken

The observations/recommendation of the Committee have been noted and all the Ministries/Departments have been asked *vide* O.M. No. 7(6)-B(R)/2001 dated 20th July, 2001 (copy enclosed) to formulate Budget estimates on realistic basis and to surrender savings well in time so that available resources are put to best possible use.

2. Besides issue of the above mentioned instructions, the pace of expenditure is periodically reviewed in the Ministry of Finance. Instructions have also been issued to major spending Ministries to prepare quarterly cash flow statements and to keep a close watch over utilization of allocated funds. The Fiscal Responsibility and Budget Management Bill, 2000, also provides for quarterly reivew of receipts and expenditure.

This has been vetted by Audit *vide* their U.O. No. RR/1-32/2000-01/331 dated 27.6.2001.

Sd/-

(D Swarup)
Joint Secretary to the Government of India

No. F.7(6)-B(R)/2001.

No. F.7(6)-B(R)/2001.
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

...

Dated 20th July, 2001

OFFICE MEMORANDUM

Subject: Sixteenth Report of the Public Accounts Committee (13th Lok Sabha) Union Government Appropriation Accounts (Civil) - 1996-97 — Measures for minimising "unspent balances".

The undersigned is directed to invite a reference to the observations and recommendations made by the Public Accounts Committee in para 13.1 of their above mentioned Report and to say that the Public Accounts Committee while taking adverse note of the whopping saving of Rs. 44231.22 crore in the grants pertaining to civil Ministries/Departments for the year 1996-97 has noted that out of the above saving. Rs. 29466.03 crore was on account of less drawal of 31 days Treasury Bills. Excluding these Treasury Bills savings, the effective saving of Rs. 14765.13 crore constituted more than two times the supplementary grants of Rs. 7326.86 crore and 3.5 per cent of the total provision of Rs. 420902.71 crore. The Committee has further observed that there was aggregate savings (both Revenue and Capital Sections) amounting to Rs. 11266.16 crore in the Voted portion and Rs. 32965.06 crore in the Charged portion.

2. Taking serious view of this state of affairs, the Public Accounts Committee has observed that this indicates the lack of earnestness on the part of Ministries/ Departments concerned reflecting on the injudicious formulation of budget estimates/ utilisation of funds, where such savings could have been significantly reduced, if not avoided altogether, by making realistic budgetary projections by the concerned Ministries/Departments.

3. In order, therefore, to avoid this recurring malady, all Ministries/Departments are advised that existing mechanism of review, monitoring and control should be so geared as to make a more careful formulation of plan/schemes having regard to ground realities and achievable targets and also to make realistic assessment of funds. The monitoring mechanism to oversee flow of expenditure under various schemes should also be tightened in such a way as to keep a montly watch over flow of expenditure. In case there is likelihood of any savings, corrective action should be taken immediately to surrender the savings well in advance as required under Rule 69 of General Financial Rules.

Sd/-

(D. Swarup)
Joint Secretary to the Government of India

1. All Ministries/Department as per standard mailing list.
2. All Secretaries to the Government of India.
3. All Financial Advisers Ministries/Departments.

Ministry of Finance
Department of Expenditure
E. Coord. Branch

Recommendation of the Public Accounts Committee

What has caused serious concern to the Committee is the fact that there were as many as 27 Voted Grants/Charged Appropriations under which savings of Rs. 100 crore and more had occurred during the year 1996-97. The Committee find that such large scale savings had occurred in a number of developmental areas like Agriculture (Rs. 630.92 crore), Chemicals and Fertilizers (Rs. 441.41 crore), Health and Family Welfare (Rs. 121.96 crore), Education (Rs.792.12 crore), Industry (Rs. 285.29 crore), Rural Areas and Employment (Rs. 837.24 crore), Urban Affairs and Employment (Rs. 110.85 crore) and Water Resources (Rs. 401.79 crore). This speaks volumes for the lack of earnestness of the Ministries concerned and reflects on their ability or otherwise to deliver even in the developmental fields despite availability of funds. Taking note of the huge unspent balances in key developmental areas in various Ministries/Departments, the Committee are inclined to believe that either the schemes and programmes were illconceived or there was lack of sustained and vigorous monitoring. The Committee therefore, recommend that before funds are earmarked, the developmental schemes ought to be tailored having regard to ground realities and the achievability of targets within stipulated time so that scarce resources are not tied to schemes which do not take off or do not show progress commensurate with the funds allocated in a given financial year.

{Sl. No. 2 Para 13.2 Appendix, 16th Report of Public Accounts Committee (13th Lok Sabha) on action taken on Union Government Appropriations Accounts (Civil)-1996-97}

Action taken

This Ministry has noted with concern the observations and findings of the Public Accounts Committee that large scale savings have occurred in a number of developmental areas. The existing procedure laid down in the General Financial Rules, 1963, is fairly adequate to take care of occurrence of both excess and savings in voted grants/charges appropriations and the fact that the savings have occurred despite these instructions, shows that the Ministries/Departments are not scrupulously following these procedures.

In pursuance of the recommendations of the Public Accounts Committee, this Ministry has issued fresh instructions to all the Ministries/Departments *vide* O.M. No. 12(2)/E. Coord./2001 dated 1.6.01 (copy enclosed) advising them to gear up the existing mechanism under their budgetary exercise so as to make careful formulation of developmental plans/schemes, and also to make realistic assessment of funds required for such developmental schemes. They have also been advised that the monitoring mechanism to oversee flow of expenditure under such developmental schemes should also be tightened in such a way as to keep a monthly watch over the implementation and all procedures prescribed under General Financial Rules should also scrupulously be followed.

This has been vetted by Audit vide their U.O. Note No. RR/1-33/2000-01/233 dated 16.5.2001.

Sd/-

(USHA MATHUR)

Joint Secretary

Ministry of Finance
Department of Expenditure
E.Coord. Branch U.O. No. 12(2) E. Coord./2000 dated: 1.6.2001

No. 12(2)/E.Coord./2001
Government of India
Ministry of Finance
Department of Expenditure
E. Coord. Branch

New Delhi, the 1st June, 2001.

OFFICE MEMORANDUM

Subject: Sixteenth Report of the Public Accounts Committee (13th Lok Sabha)— Union Government Appropriations Accounts (Civil) — (196-97) — Large Scale Savings.

The undersigned is directed to invite a reference to the observations and recommendations made by the Public Accounts Committee in Para 13.2 of their above mentioned Report and to say that the Public Accounts Committee, while taking adverse note of occurrence of savings of Rs. 100 crore and more, in as many as 27 voted grants/appropriations under various Ministries/Departments, has noted with concern that large scale savings occurred during the year 1996-97 in a number of developmental areas, *viz.*, Agriculture, Chemicals & Fertilizers, Health & Family Welfare, Education, Industry, Rural Areas and Employment, Urban Affairs & Employment and Water Resources.

2. Taking serious note of this state of affairs, the Committee has observed that this speaks volumes for the lack of earnestness of the Ministries concerned, reflecting on their ability to deliver even in the developmental fields despite availability of funds and that either the schemes or programmes were illconceived or there was lack of sustained and vigorius monitoring.

3. The fact that large scale savings have occurred in voted/charged appropriations specially in the area of developmental schemes, clearly establishes that the exercise was not undertaken in a realistic fashion, nor was periodical monitoring performed as required under the General Financial Rules, specially the Rules from 66 to 69, and various Government of India decisions thereunder, where detailed procedures have been outlined to exercise careful watch over flow of expenditure to avoid savings as well as excess. This is highly irregular, as occurrence of savings in respect of development oriented schemes amounts to non-judicious use of scarce resources. This is because in case a developmental scheme is not implementable within the financial year, the relevant funds could have been made better use of elsewhere.

4. In order, therefore, that the available resources are put to best possible use, all Ministries/Departments are advised that the existing mechanism of review, monitoring and control should be so geared as to make careful formulation of developmental plans/schemes having regard to ground realities and achievable targets with the time stipulated and also to make realistic assessment of funds required for such developmental schemes. The monitoring mechanism to oversee flow of expenditure

under such developmental scheme should also be tightened in such a way as to keep a monthly watch over the implementation. Needless to say procedures prescribed under General Financial rules should also be scrupulously followed. In case there is likelihood of any savings, corrective action should be taken immediately to surrender such funds well in advance and before the end of the concerned financial year, as prescribed under Rule 69 of the General Financial Rules. It should also be ensured that flow of expenditure under a developmental scheme should be so organised as to avoid rush of expenditure particularly in the closing months of the financial year, as prescribed under Note. 3 below Rules 69 of the General Financial Rules.

Sd/-

(USHA MATHUR)

Joint Secretary (Per)

1. All Ministries/Departments as per standard mailing list.
2. All Secretaries to the Government of India.
3. All Financial Advisers.

Ministry of Finance
Department of Expenditure
(Monitoring Cell)

Recommendation

The Committee find that in respect of savings of 100 crores and above which occurred in 27 grants/appropriations during the year 1996-97, only Ministry of Agriculture furnished the requisite notes in time notwithstanding the instructions dated 19th December, 1994 issued by the Ministry of Finance in pursuance of the recommendation of PAC (60th Report—10th Lok Sabha) stipulating that such notes be furnished to the Committee by 31st May of the year or immediately after the presentation of the relevant Appropriation Accounts to the House whichever is later. Taking note of such instance of flouting the instructions of the Ministry of Finance recurring year after year and underlining the need for securing greater financial propriety and discipline, the Committee recommend that from the financial year 2000-2001 onwards, the detailed notes in respect of savings of Rs. 100 crores and above in respect of Grant/Appropriation be prepared by the concerned Ministries/Departments and forwarded to the Ministry of Finance so that these explanatory notes are also made simultaneously available to the PAC alongwith the Appropriation Accounts. The Committee would like the Ministry of Finance to evolve a proper procedure in this regard and keep the Committee informed.

(S.No. 3— Appendix Para 13.3 of 16th Report of PAC (13th Lok Sabha)

Action Taken

In pursuance of the recommendation contained in Para 13.3 of the 16th Report of the Public Accounts Committee (13th Lok Sabha), the Office of Controller General of Accounts has prescribed the procedure for implementation by the Prinicipal Account Offices of the departmentalised accounts organisation and Grant controlling authorities of Civil Ministries for timely submission of Explanatory Notes on Saving of Rs. 100 crores and above from the Financial Year 2000-2001 and the same has been circulated to all Ministries/Departments *vide* O.M.No. G. 25018/CGA-AA/Polcy—Savings/2000-01/1 dated 9.4.2001 (copy enclosed as Annexure-I). Instructions have also been issued to Ministries of Railways, Defence, Communications *vide* O.M. No. F./1/16/2001-MC dated 10.4.2001 (copy enclosed as Annexure-II) to evolve similar procedure concerning their Ministries.

This has been vetted by Audit *vide* their U.O. No. RR/1-34/2000-01/297 dt. 1-6-2001.

Sd/-

(S.R. Shivrain)

Additional Controller General of Accounts

Ministry of Finance (Expenditure) O.M. No. F.1/16/2001-MC Dated 6-6-2001.

ANNEXURE-I

F.No.G-25018/CGA-AA/Policy-Saving/2000-01/1
Ministry of Finance
Department of Expenditure
Controller General Accounts
Lok Nayak Bhawan, New Delhi 110003

Dated 9th April 2001

OFFICE MEMORANDUM

Subject: Procedure for submission of Explanatory Notes on saving of Rs. 100 crores and above in respect of a Grant/Appropriation simultaneouly with the Appropriation Accounts.

The undersigned is directed to invite attention to the Deptt. of Expenditure (Monitoring Cell)'s O.M. No. 1/16/2001/MC dated 4th January 2001 regarding furnishing of Explanatory Notes on savings of Rs. 100 crores and above. The Public Accounts Committee (PAC) *vide* its recommendation No. 13.3 of 16th Report (13th Lok Sabha) recommended that from the financial year 2000-2001 onwards, detailed notes in respect of savings of Rs. 100 crores and above in respect of a Grant/ Appropriation be prepared by the concerned Ministries/Deptts. and forwarded to CGA's office, so that these Explanatory Notes are made available to the PAC simultaneously alongwith the Appropriation Accounts.

2. In pursuance of the above recommendation, following procedure is being laid down for implementation by the Pr. Accounts Offices of departmentalized accounts organization and Grant controlling authorities for ensuring timely submission of Explanatory Notes.

(a) Before submission of State-II of the Headwise Appropriation Accounts to audit and CGA's office, if a segment of a Grant or Appropriation is found to involve savings of Rs. 100 crores or more, the Pr. Accounts Office will bring it to the notice of the Grant controlling authority to prepare an Explanatory Note for obtaining approval of Secretary through Financial Adviser of the Deptt./Ministry.

(b) On receipt of intimation from the Principal Accounts Office, the Grant controlling authority would take immediate action to prepare an Explanatory Note and ensure that it gets finalized within one month, but not later than completion of audit of Stage-II of the Headwise Appropriation Accounts of the concerned Grant. After finalization of Explanatory Notes, five copies duly approved and signed by the competent authority should be sent to audit for their vetting and two copies sent to the concerned Pr. CCAs/CCAs/CAs.

(c) The concerned Pr. CCAs/CCAs/CAs will forward one copy of the Explanatory Note alongwith Headwise Appropriation Accounts (Stage-III) to CGA's office. A confirmation that Explanatory Notes have been sent to audit for vetting should be included in the forwarding letter (quoting the letter No. and date through which it has been forwarded to Audit).

(d) After submission of Stage-III of Appropriation Accounts, effect of transfer entries/corrections (if any) in the Headwise Appropriation Accounts due to reconciliation, issue of corrigendum etc. should also be incorporated in the Explanatory Notes and revised Explanatory Notes submitted to Audit by the concerned Ministry, under intimation to CGA's office.

(e) After Audit has vetted the Explanatory Note, one copy will be returned to the concerned Deptt./Ministry to enable them to furnish adequate number of copies of the Explanatory Notes (40 copies in English and 25 in Hindi) to the 'Monitoring Cell' (Deptt. of Expenditure) for onward transmission to Lok Sabha Sectt.

Sd/-

[Sandesh Kumar]

Dy. Controller General of Accounts

To

1. Office of the C&AG of India, New Delhi
2. Office of the DGACR, New Delhi
3. All Administrative Secretaries of the Ministries/Deptts.
4. All FAs of Ministries/Deptts.
5. J.S. (Budget), Budget Division, Ministry of Finance (DEA), New Delhi
6. All Pr. CCAs/CCAs/CAs/Dy. CAs of Ministries/Deptts.
7. U.S., Monitoring Cell, Min. of Finance, Deptt. of Expenditure.

ANNEXURE II

MOST IMMEDIATE
PAC RECOMMENDATION

No. 1/16/2001-MC
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
MONITORING CELL

Room No. 29, B-Wing, Second Floor,
Loknayak Bhavan, Khan Market,
New Delhi-110003 the 10th April, 2001

OFFICE MEMORANDUM

Subject: Action taken on the recommendations contained in the Sixteenth Report of the Public Accounts Committee (Thirteenth Lok Sabha) – Furnishing of Explanatory Notes on Savings of Rs. 100 crores and above in respect of a Grant/Appropriation – reg.

The undersigned is directed to invite attention to the O.M. of even No. dated 1.4.2001 forwarding therewith a copy of PAC's recommendation No. 13.3 of 16th Report (13th Lok Sabha) to the effect that from the financial year 2000-2001 onwards, the detailed notes in respect of savings of Rs. 100 crores and above in respect of Grant/ Appropriation be prepared by the concerned Ministry/Department and forwarded to the Ministry of Finance so that these Explanatory Notes are also made simultaneously available to the PAC alongwith the Appropriation Accounts. The Committee also desired that proper procedure in this regard be evolved and Committee kept informed.

So far as the Civil Ministries are concerned, the office of the Controller General of Accounts has devised the procedure (copy enclosed). Ministries of Railways, Defence and Communications are requested to evolve the procedure in conformity with the recommendation. They are also requested to prepare Action Taken Note (ATN) on this recommendation and forward the requisite number of copies (40 copies in English version and 25 copies in Hindi version) of the ATN duly vetted by Audit to Lok Sabha Secretariat by 20.6.2001 under intimation to the 'Monitoring Cell'.

Sd/-

(T.S. NEGI)
UNDER SECRETARY TO THE GOVERNMENT OF INDIA
TELE: 4626829

1. Ministry of Railways (Railway Board) New Delhi

2. Ministry of Defence, New Delhi

3. Ministry of Communications (i) Deptt. of Post (ii) Deptt. of Telecommunications

Dated 10th April, 2001

O.M.No. 1/16/2001-MC

Copy fowarded for information and necessary action to:—

1. FA (Defence) Shri P.R. Sivasubramanian) South Block, New Delhi.

2. Financial Commissioner (Railway Board) (Shri P. Rajagopalan) Rail Bhavan, New Delhi.

3. FA (Post) (Shri K.S. Menon) Department of Post, Dak Bhavan, New Delhi.

4. Member (Finance) (Shri A. Prasad).
Department of Telecommunications, Sanchar Bhavan, New Delhi.

5. Shri Devender Singh, DS (PAC) Lok Sabha Secretariat, New Delhi.

6. Office of the C&AG of India, 10, BZ Marg, New Delhi.

Sd/-

(T.S. NEGI)
Under Secretary (MC)

No. 1/16/2001-MC
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
MONITORING CELL

Room No. 29, B-Wing, Second Floor,
Loknayak Bhavan, Khan Market,
New Delhi-110003 the 29th May, 2001

OFFICE MEMORANDUM

Subject: Action taken on the recommendation contained in the Sixteenth Report of the Public Accounts Committee (Thirteenth Lok Sabha) – Furnishing of Explanatory Notes on Savings of Rs. 100 crores and above in respect of a Grant/Appropriation – reg.

The undersigned is directed to invite attention to this Department's earlier O.M. of even No. dated 10.04.2001 advising Ministries of Railways, Defence and Communications to prepare ATN on recommendation No. 13.3 of the Report in question and to clarify that since the report in question is on Appropriation Accounts (Civil), it would not be necessary for these Ministries to Submit ATNs on the aforesaid recommendation.

(T.S. NEGI)
UNDER SECRETARY TO THE GOVERNMENT OF INDIA
TELE: 4626829

1. Ministry of Railways (Railway Board) New Delhi
2. Ministry of Defence, New Delhi
3. Ministry of Communications (i) Deptt. of Post (ii) Deptt. of Telecommunications.

Copy forswarded for information and necessary action to:—

1. FA (Defence) (Shri P.R. Sivasubramanian) South Block, New Delhi
2. Financial Commissioner (Railway Board) (Shri P. Rajagopalan) Rail Bhavan, New Delhi.
3. FA (Post) (Smt. Rekha Gupta) Department of Post, Dak Bhavan, New Delhi
4. Member (Finance) (Shri A. Prasad) Department of Telecommunications, Sanchar Bhavan, New Delhi
5. Shri Devender Singh, DS (PAC) Lok Sabha Secretariat, New Delhi
6. Office of the C&AG, 10, BZ Marg, New Delhi

Sd/-

(T.S. NEGI)
Under Secretary (MC)

DEPARTMENT OF AGRICULTURE & COOPERATION

Recommendation

"The committee during the course of examination have found that the Revenue Section (voted) of grant No.1 operated by Ministry of Agriculture during 1996-97 registered total saving of Rs.630.62 crores which were the net effect of saving registered under 32 sub heads. These savings have occurred for various reasons such as less demands from implementing agencies, non filling/creation of posts, unspent balances of previous year etc. The committee's scruntiny has also revealed that the entire provison under four sub heads remained unutilize during the year 1996-97. The committee observe that such huge unspent balances to the extent of Rs.630.62 crores indicate not only the faulty estimation of programmes/schemes which suffered badly. The Committee, therefore, recommend that the Ministry of agriculture should not only revamp their existing budgetary mechanism to ensure proper and correct estimation of the budgetary requirments but also to streamline the procedure for full and timely utilization of the sanctioned provision. "

(Para13.4 of 16th Report of PAC(13th Lok Sabha)

Action Taken

This department had already submitted the duly vetted Saving Note to PAC for the period 1996-97. It may not be out of place to mention here that out of the total savings of Rs.630.62 crores registered under revenue section (Voted), the major saving of Rs.552.4 crore was under a single Non-Plan scheme viz. 'Payment to Manufacturers/ Agencies for concessional sale of decontrolled fertilizers' due to delay in announcement of continuance of the concession scheme for 1996-97. However, under this scheme there was no savings in the years subsequent to 1996-97. This scheme has since been transferred to the Department of fertilizers.

As for the other schemes it may be mentioned that Agriculture is a State subject. To address the specific problems of unspent balances, non-receipt of demands from State Governments in time etc., a Plan scheme on Macro Managment has been approved during 2000-01 for implementation. The main objective of the scheme is to impart necessary freedom and flexibility to the state Governments in the implementation of various programmes which will remove many impediments in the smooth flow of resources to States/ Impementing agencies. 27 ongoing schemes have been subsumed under this scheme. The scheme is intended to Supplement/ Complement State Efforts for development of agriculture. Under the scheme, Workplans tailor made to the requirement of states are formulated by concerned states themselves according to their priorities. Hence it is expected that this will lead to maximum and most effective use of central assistance. It is hoped that this experiment will yield positive results in achieving and full timely utilization of sanctioned provisions. Further, periodical review of on goings schemes is undertaken at the level of Divisional/Area Officers in the Department for removing the impediments in the smooth flow of funds. In short, the department is keen on avoiding any huge savings in the grant.

Vetted comments of Audit :

'The Ministry has not mentioned any specific measures already taken or proposed to be taken with reference to the PAC's recommendation that budgetary mechanism should be revamped in such a manner that there could be proper and correct estimation of budgetary and timely utilization of the sanctioned provision'. Also state specification how the plan scheme in Macro management would change the budgetary mechanism for proper Assessment and Utilisation of Funds.

Reply of the Department :

From the year 2000-01, 27 Centrally Sponsored Schemes have been subsumed under Macro Management Mode with an outlay of Rs. 760.50 crore and Rs. 850.00 crore for the year 2000-01 and 2001-02 respectively. Under the Macro Management Scheme, Ministry of Finance has formulated new guidelines for releasing the funds to States /UTs which will streamline the procedure and ensure optimum utilization of funds. The broad features of guidelines are as under:

(i) 50% of annual allocation would be released as first installment of a financial year;

(ii) Permissible carry over of unspent balance in the first year would be 25% of the annual allocation which would be reduced by 5% every year and is brought down to 10% over a period of 4 years;

(iii) The second installment would be made on graded basis depending on the time of reporting of utilization as also the receipt of complete proposal for second installment etc.

For schemes other than Macro Management Scheme, concerted efforts will continued to be made through periodical review of schemes, at the Divisional/Area Officers' level, Progress Reports, Field Visits etc. to ensure smooth flow of funds and its speedy utilization.

This has been vetted by audit *vide* their UO No. RR/2-3/2001-02/346 dt. 2.7.2001

Sd/-

(T.K.DAS)
Joint Secretary & Financial Adviser

Ministry of Agriculture (Department of Agriculture & Cooperation)

F. No. 1-14/2000 Budget Dated 9th July, 2001

PROFORMA

Name of the Ministry: Ministry of Home Affairs

Recommendations

"The Committee's examination of Grant No. 44—Police has revealed that out of the total budgetary allocations of Rs. 489.20 crore, the Ministry of Home Affairs spent only Rs. 371.68 crore thus leaving a huge amount of Rs. 117.52 crore as 'unspent balances' during the year 1996-97. The Committee has found that there were as many as 12 sub-heads under which saving of over Rs. 1 crore had been registered under each sub-head. The Committee's scrutiny of the explanatory notes submitted by the Ministry has revealed that the sanctioned amounts for different scheduled projects could not be spent fully either because of, procedural delays or because of delay on the part of CPWD in execution of different projects. While the Committee do acknowledge that the factors such as militancy/disturbed civic conditions and external factors were beyond the control of the Ministry which could not have been anticipated, but the Committee are of the firm opinion that the other reasons like 'delay in sanction of works' in respect of 'BSF-border out post' resulting in saving of Rs. 6.93 crore; 'non-finalisation of the project for construction of hospital building' in respect of 'ISF/Office building' resulting in saving of Rs. 4.82 crore; 'delay on the part of CPWD' in respect of 'Delhi Police-Office building and residential building' resulting in saving of Rs. 13.80 crore could have been anticipated well in advance. Similarly, the saving of Rs. 45.56 crore registered under the sub-head 'Indo-Bangladesh Border Works' could have been avoided if the Ministry had effectively taken up the matter with the State Governments to release the fund in time. The Committee would, therefore, like the Ministry of Home Affairs to have the entire requirements of funds under different heads of the Grant pragmatically assessed taking into account all relevant and attendant factors after collecting the critical inputs available to them and anticipating, so that such gap between the demand and actual expenditure are avoided in future."

[Sl. No. 5 Appendix Para 13.5 of 16th Report of PAC(13th Lok Sabha)]

Action Taken

The recommendation made is noted for compliance. In respect of Ministry of Home Affairs, savings of Rs. 117.52 crore occurred in Grant No. 44 — Police.

The major items of savings and reasons thereof are indicated below:—

Sl. No.	Sub-Head	Organisation	Amount (Rs. in crore)	Reasons for Savings
1.	00.203	Border Security Force	6.93	Due to delay in sanction of works relating to Border Out Posts located in far-flung areas of North East owing to

Sl. No.	Sub-Head	Organisation	Amount (Rs. in crore)	Reasons for Savings
				complications in completing administrative and codal formalities.
2.	00.203	Border Security Force	12.00	Owing to militancy/disturbed civic conditions, non-availability of contractors and labour, In the North East the progress of work was also slow due to heavy rainfall in that region.
3.	00.204	National Security Guard	6.16	Non-finalisation of the project for construction of Hospital Building as MCD delayed approval of drawings.
4.	00.212	Delhi Police		The CPWD is responsible for all the Building Projects of Delhi Police right from its inception till its execution including obtaining of various approvals from the local bodies as well as from Delhi Urban Arts Commission. The saving was mainly due to delay in execution of the fifteen Building Projects of Delhi Police on account of various reasons ranging from delay in obtaining the approval to the execution of the projects.
	01	Office Buildings	8.31	
	02	Residential Buildings	5.49	
5.	00.800.03	Indo-Bangladesh Border Works	42.40	Due to the delay in acquisition of land in West Bengal Sector owing to local as well as bilateral problems as part of land is in actual possession of Bangladeshis even though the land is in the Indian Territory. The entire expenditure in respect of the Indo-Bangladesh Border Works is being met by the Central Government. The funds are

Sl. No.	Sub-Head	Organisation	Amount (Rs. in crore)	Reasons for Savings
				released to the Govt. of Assam as the State PWD is the Implementing Agency in the Assam Sector. However, there were delays in release of funds by the Assam PWD, which in turn resulted in the savings. A Technical Committee headed by the Director General, CPWD and a High Level Empowered Committee (HLEC) constituted under the Chairmanship of Union Home Secretary, periodically reviewed the progress of the works jointly with the representative of the Govt. of Assam and consequently the Govt. of Assam had been persuaded to release the funds to the Assam PWD for the smooth progress of works. As a result, the Govt. of Assam had released all the unspent balance to the State PWD by 30th June, 98. Further funds to the Govt. of Assam will be released on receipt of work-wise demand from them.

The detailed reasons for savings in the various schemes were furnished to the PAC in September' 1998. The recommendation of the committee has been noted for compliance. The same has also been circulated to all concerned for guidance, *vide* O.M. No. 28/3/2001-Bgt.-I dated 1st June, 2001.

(N.A. VISWANATHAN)
Joint Secretary & Financial Advisor (Home)

Ministry of Home Affairs O.M. No. 28/3/2001-Bgt.-I Dated: 7th September, 2001.

(This has been vetted by audit *vide* their U.O.No.RR/6-37/2K-2KI/499 dated 22nd August, 2001.)

MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF CHEMICALS & PETROCHEMICALS

Recommendation

The examination of Grant No. 5 (Revenue-Voted) reveals that the Ministry of Chemicals and Fertilizers registered saving of Rs. 328.61 crore which is 79.98 percent of the total provision under the grant. The scrutiny of the Explanatory Notes submitted by the Ministry reveals that the huge amount of saving of Rs. 261.33 crore occurred in a single sub-head expenditure on account of exchange rate variation for settlement amount. The Committee observe that saving of over Rs. 1 crore occurred in as many as 5 sub-heads. From the contributory reasons advanced by the Ministry, the Commtitee observe that while 'Non-cooperation by the State Government *viz*., West Bengal and Bihar in land allotment and contributing their share' resulted in saving of Rs. 2.00 crore in 'CIPET', 'Non-investment by the private party and the State Government in the Project' resulted in saving of Rs. 75.00 crore in "subsidy to Assam Gas Crackers Complex". The Committee deplore the lack of foresight on the part of the Ministry leading to large saving amounting to almost 80% of the total sanctioned provisions under the grant. The Committee recommend that the Ministry should reorient and revamp their extent budget formulation process so that such exceptionally high "unspent balances" become a thing of past.

[Para 13.6 of sixteenth Report of PAC
(13th Lok Sabha)]

Action Taken

(i) Expenditure on account of Exchange Rate Variation for settlement amount

The recommendation of the Committee has been noted for compliance. The estimates for the exchange rate variations are made in the beginning of the year based on the number of claim cases, which are likely to be decided later in the year. However, due to rejection of some claim cases, additional savings did take place in earlier years. Now the Department is making more realistic estimates of exchange rate variation in consultation with the Office of the Welfare Commissioner, which has been set up to decide the claim cases of Bhopal gas victims.

(ii) Central Institute of Plastic Engineering and Technology (CIPET)

In so far as saving of Rs. 2.00 crore in the Budget of CIPET is concerned the same could not be utilized by the CIPET, in spite of the best efforts put in by the Government of India due to non-payment of the matching contribution by the State Government of West Bengal and Bihar for setting up of extension centres at Haldia and Patna respectively. The share of the project cost at both the places referred to above was on 50:50 basis between the Government of India and the concerned State Governments.

The Government of India could not release its full share as matching contribution from State Governments was not forthcoming. This resulted in saving of Rs. 2.00 crore in the budget earmarked for the CIPET by the Government. However, the recommendation of the Committee regarding budget formualtion has been noted for future compliance to ensure making necessary provisions in the budget, as far as possible. Only after taking into account the likely contribution of Shares of the State Governments.

(iii) Subsidy to Assam Gas Cracker Complex

Government of India has decided that the one time capital subsidy of Rs. 37700 lakh for the setting up of the Assam Gas Cracker Project would be given to the project authorities in a phased manner gradually and sequentially with the investment by the private party and State Government. Keeping in view the estimated year-wise phasing of expenditure, a provision of Rs. 7500 lakh was made in the BE 1996-97. As the private party and the State Government could not make any investment during the year, the entire amount has been surrendered.

Considering the fact that during 1996-97, 1997-98 an amount of Rs. 7500 lakh each was provided for capital subsidy and the same had to be surrendered, budget provision for this project was reduced to Rs. 2500 lakh each during 1998-99 and 1999-2000 and Rs. 1 crore for the year 2000-2001. In pursuance of the Cabinet decision of 1997 regarding payment of Rs. 7200 lakh to Oil India Ltd. as infrastructure subsidy, a token provision of Rs. 100 lakh under Plan was also kept in the budget for 1999-2000 and an amount of Rs. 1 lakh has been retained during 2000-2001.

3. With a view to resolve the critical issues relating to the implementation of the project *viz*. feedstook and the acquisition of land, a meeting was taken by Secretary (C&PC) on 8th January, 2001. In the meeting it has been decided that acquisition and handing over of land (except shifting/rehabilitation of affected families) be completed by 31st March, 2001. For Gas Supply Agreement, Ministry of P&NG has indicated that the signing of the agreement between ONGC and RAPL would be completed by 15th March, 2001. The Gas Supply Agreement between OIL and RAPL has already been signed on October 19, 2000.

4. It has been decided that the zero date of project should be April, 2001 and the actual project implementation should commence by June, 2001.

(iv) Reorientation and revamping the Budget formulation

As may be seen from the position explained in preceeding paras, following specific steps were taken to reorient and revamp the budget formulation process so that such exceptionally high "Unspent balances" become a thing of past :—

(a) The Department is now making more realistic estimates on account of "Exchange Rate Variation" in consultation with the Office of the Welfare Commissioner. For this purpose the following mechanism has been evolved:

(i) Due to decreasing number of pending cases, now it is easier to assess the disposal amount of awards and the consequent possibility of encashment of US dollar for payments for these awards. This gives a more realistic assessment of requirement of funds under the Exchange Rate Variation.

(ii) A more realistic and achievable target is being given to the Deputy Commissioner for disposal of the cases. This results into a more realistic assessment of the Exchange Rate Variation and accordingly the funds are demanded in the budget.

(iii) On account of lesser outgo of funds for the payment of compensation to gas victims, earning of interest on the rupee deposits with the RBI goes up. Thus, making it possible to make more realistic provisions under the head Exchange Rate Variation.

(b) The budget provision of CIPET is being made, as far as possible after taking into account the likely contribution of shares of the States Governments.

(c) The Department is constantly monitoring the flow of expenditure and the budget provisions are made considering the trend of expenditure to avoid huge savings like "Subsidy to Assam Gas Cracker Complex".

Sd/-

(Suresh Chandra)
Joint Secretary & Financial Adviser

Ministry of Chemicals and Fertilizers

Department of Chemicals and Petrochemicals

O. M. No.16(14)/2000-Fin

Date 24th April, 2002.

MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

Recommendation

The Committee's scrutiny of Grant No. 6 (Capital-Voted) reveals that the Ministry of Chemicals and Fertilizers registered savings in this grant also. The total savings of Rs.112.80 crore would have been much higher but for the excess expenditure in the various sub-heads of the grant. The examination by the Committee of the explanatory note submitted by the Ministry reveals that savings of Rs.116.00 crores occurred under a single sub-head "externally aided projects/ schemes" for which the reasons responsible are stated to be inordinate delay in the supply of critical equipments from its vendors. Another sub-head where savings of Rs. 16.00 crore occurred is "Paradeep Phosphates Ltd." for the reasons that it was re-appropriated to the equity sub-head. The Committee are of the opinion that the reasons attributed to the savings under the above sub-heads were not such as could not have been anticipated at the budget formulation stage. The Committee recommend that the Ministry devise and put in place a suitable mechanism which could take into account all the inputs having their impact on the trend of expenditure in various sub-heads of the grant before projecting the needs of funds under different heads of the grant. The Committee also recommend that the Ministry introduce the system of individual accountability so that the budget formulation process is well co-ordinated and receives best of attention at every stage before it is finalised.

(Sl. No. 7 Appendix-Para 13.7 of 16th Report of PAC)
(13th Lok Sabha)

Action Taken

During 1996-97, a budgetary provision of Rs. 240 crore was made for Fertilizer & Chemicals Travancore Ltd. (FACT) for the new ammonia project under OECF funding. This provision was made on the basis of assumption that the new ammonia project of FACT would be commissioned by March, 1997. Due to delay in supply and erection of steam boilers by Bharat Heavy Plates & Vessels Ltd. (BHPV) and major heat exchangers by Bharat Heavy Electricals Ltd. (BHEL), FACT had brought the provision reduced to Rs. 166.69 crore at the time of finalisation of revised estimates for the year 1996-97. Against this revised figure, FACT could draw only an amount of Rs. 124 crore due to delay in other activities, such as piping, chemical cleaning, insulation, etc. Thus, taking into account the allocation at BE stage, there was a saving of Rs. 240-Rs. 124=Rs. 116 crore. However, considering the revised estimates figure of Rs. 166.69 crore, there was actual saving of Rs. 42.69 crore, which was subsequently surrendered.

2. As regards savings of Rs. 16.00 crore relating to Paradeep Phosphates Ltd. (PPL), subsequent to conversion into a joint venture company between Government of India (GOI) and Government of Nauru (GON), GOI purchased 5,88,000 equity share of the company from GON. Against this, GOI was requested to pay to GON in 10 half yearly instalments starting from June, 1993. After payment of seventh instalment upto June, 1996, eighth instalment was due for payment by 10.12.1996. As PPL was having budget constraints, for meeting this obligation, a provision of Rs. 70 crore was made in favour of PPL as plan funds during 1996-97, which was utilised for making payments for seventh instalment in June, 1996. Due to non-availability of fund for meeting requirement of eighth instalment due on 10.12.1996, a request was made to Planning Commission for provision of additional fund. However, Planning Commission did not agree to the request due to acute constraints of resources and advised Department of Fertilizers to manage the funds by re-appropriation. PPL was also having a budgetary provision of Rs. 16 crore during 1996-97 for incurring capital expenditure. Since no request was received from PPL till November, 1996, the amount of Rs. 16 crore earmarked to PPL for incurring capital expenditure, was reappropriated from plan loan to investment sub-head for meeting the obligation of paying the eighth instalment to GON.

3. The budget formulation of this Department is a part of Union Finance Budget with the involvement of other Ministries/Departments such as Ministry of Finance, Planning Commission, Department of Agriculture & Cooperation, etc. Before finalisation of budget, the proposal passes through various stages of discussions and examination by the Members of these Ministries/Departments. However, the recommendations of the Committee will be kept in mind before allocating funds to the PSUs in future.

4. With a view to ensuring that funds/grants earmarked for the particular schemes of PSUs are utilised by them during the prescribed period, in future, the Department of Fertilizers has issued instructions to all the Chief Executives of Public Sector Undertaking/Cooperative Societies under its administrative control *vide* letter No. 19056/8/2001-FCA-II dated 16th October, 2002. A copy of these instructions is enclosed.

Vetting by Audit

It has been vetted by the Office of the Director General of Audit Central Revenues (DGACR) *vide* their U.O. No. RR/25-4A/2001-02 dated 9.1.2003.

Sd/-

Signature of Joint Secretary

(Ministry of Chemicals & Fertilizers (Department of Fertilizers) O.M. No. 8/3/2000-Fin-II dated 3.2.2003)

No. 19056/8/2001-FCA-II
Government of India
Ministry of Chemicals & Fertilizers
Department of Fertilizers

Shastri Bhawan, New Delhi,
Dated: 16th October, 2002

To

The Chief Executives
of all PSUs/Cooperative Societies

Subject: Implementation of the recommendations contained in Para 13.2 & 13.7 of the 16th Report of the Public Accounts Committee (2000-01) — Union Government. Appropriation Accounts (Civil) 1996-97—Instructions regarding.

Sirs,

I am directed to forward herewith the text of the aforesaid recommendations of the 16th Report of Public Accounts Committee on the subject noted above and to say that the Committee has expressed its serious concern over the issue of non-utilization of funds/grants earmarked for the particular schemes of PSUs during the particular financial year. With a view to ensure strict compliance of the recommendations of the PAC, you are requested to take following steps to avoid such recurrence in future:

(i) The development schemes posed for budgetary assistance should be tailored having regard to ground realities and the achievability of the targets within stipulated time so that scarce resources are not tied to schemes which do not take off or do not show progress commensurate with the funds allocated in a particular financial year.

(ii) Physical/financial progress of the schemes be monitored/reviewed regularly at the level of Chief Executive of the PSU on monthly basis with reference to the set targets.

(iii) A monthly report on the physical/financial progress with regard to the implementation of such schemes be sent to the Ministry/Department by 10th of succeeding month.

(iv) Failure on the part of a particular team who has been assigned with the implementation of the scheme should be dealt with seriously and the head of the team be held accountable for such failure.

(v) Other internal mechanism may be devised as may be deemed appropriate to achieve the desired result.

Yours faithfully,
Sd/-
(Hari Pal)
Under Secretary to the Govt of India
Tel. # 3389364

MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

Recommendation

13.8 An examination of Grant No. 51 (Revenue-Voted) of the Department of Industrial Development, Ministry of Industry has revealed that under this grant, the Ministry had obtained Rs. 492.02 crore and had spent only Rs. 308.57 crore thus registering saving of Rs. 183.45 crore which was 37.28 percent of the total provisions. The total saving of Rs. 183.45 crore was net effect of savings and excess under various sub-heads. The scrutiny of explanatory note submitted by the Ministry reveals that there were as many as 10 sub-heads under which saving of over Rs. 1 crore occurred under each of the sub-heads. The major areas of the savings are Growth Centres (Rs. 21.04 crore), Transfer to National Renewal Fund (Rs. 100 crore), Unallocated Provisions for implementation of VRS (Rs. 25 crore) and Counselling, Retraining and Area Regeneration Scheme (Rs. 20.52 crore). The reasons for savings under these sub-heads are stated to be non-release of their shares by Financial Institutions, non-approval of growth centres as originally envisaged, less transfer of funds, reduction of allocation at RE stages, non-booking of expenditure due to non-approval of the scheme for closed textile mills of Ahmedabad, etc. In other sub-heads also, savings were registered due to procedural problems such as non-approval of the schemes/projects. In the opinion of the Committee, the reasons stated to be responsible for occurrence of savings could have been anticipated well in advance: After giving their consideration to the apparently ill-conceived projects and badly monitored schemes, the Committee conclude that there is something wrong with the functioning of the Ministry. The Committee would like to know that tangible action is initiated by the Ministry to bring systemic improvements.

[Para 13.8 of 16th Report of PAC (13 Lok Sabha)]

Action Taken

Transfer to NRF

The decision to transfer only Rs. 15000 lakhs to the NRF Public Account against our request for transfer of entire allocated funds of Rs. 25000 lakhs was taken on the advice of Ministry of Finance. As savings were available, Ministry of Finance advised to transfer only Rs. 15000 lakhs to the NRF Public Account.

Remedial Action Taken

It was ensured that funds for NRF was properly utilised in 1997-98 and the entire provision made in the budget was transferred to NRF.

Unallocated provision for Implementation of VRS etc.

This Department, while sending Budget Estimates, kept an unallocated provision for implementation of Voluntary Retirement Scheme etc., so that at the Revised Estimate stage this amount could be allocated to various user Ministries on the basis of their actual requirements. However, the allocation was reduced at Revised Estimate 1996-97 stage in consultation with the advice of Ministry of Finance.

Remedial Action Taken

In the light of experience of 1996-97, no such provision was provided in 1997-98.

Workers Compensation Packages and Implementation of Voluntary Retirement Scheme in State PSUs

The scheme of worker compensation packages and implementation of Voluntary Retirement Scheme in State PSUs was recommended by the Empowered Authority of NRF but requisite Government approval to the scheme was not available. Against the demands of Rs. 41386 lakhs, received from different States, this Department made the provisions of Rs.15005 lakhs and Rs. 15000 lakhs in 1993-94 and 1994-95, respectively. No provision was made in 1995-96. In 1996-97, a provision of Rs. 100 lakhs was made in the expectation of approval of the scheme. Saving occurred as approval of appropriate authority was not available.

Remedial Action Taken

During 1997-98, a token provision was kept due to non finalisation of Workers Compensation packages and implementation of Voluntary Retirement Schemes in state Public sector Undertakings and only a token provision was kept in the Revised Estimates 1997-98. However, in the absence of requisite Govt. approval, no such provision was made against this Scheme in subsequent years. National Renewal Fund has since been abolished *vide* Government of India Gazette Notification dated 12th July, 2000 (Annexure-I).

Counselling, Retraining and Area Regeneration Schemes

After establishment of the National Renewal Fund in 1992-93, it took one year for planning and execution of the scheme. The scheme became operational in 1993-94. Provisions for Area Regeneration scheme were made from 1993-94 in anticipation of approvals. The Scheme was however not approved. Against the pending demand of over Rs. 16837 lakhs from Government of Gujarat for Area Regeneration Scheme (ARS) for closed textile mills of Ahmedabad, this Department made the provisions for phased funding of the demand in anticipation of approval of the Scheme. During 1993-94, a provision of Rs. 4630 lakhs was made for the aforesaid two schemes, in 1994-95 a provision of Rs. 4790 lakhs and in 1995-96, a provision of Rs. 2500 lakhs were made. While the scheme of counselling and retraining accounted for the expenditure of Rs. 12 lakhs, Rs. 100 lakhs and Rs. 365 lakhs, respectively, during these years, no expenditure on account of Area Regeneration Scheme was booked due to non-approval of the scheme.

In 1996-97, against the total provision of Rs. 2480 lakhs, an expenditure of Rs. 428 lakhs took place on the scheme of counselling and retraining but no expenditure could be booked on account of Area Regeneration Scheme due to non-approval of the Scheme.

Remedial Action Taken

Budget provision for counselling, retraining scheme was brought down in subsequent years in view of the reduced expenditure by the Nodal Agencies. In 1997-98, the budget provision for counselling, retraining scheme was made considering the Annual Action Plans and expenditure incurred in the past by the Nodal Agencies. In 1997-98, only a token provision of Rs. 1 lakh was kept for Area Regeneration Scheme.

However, in the absence of requisite Government approvals, no provision was kept in under the Area Regeneration Scheme. National Renewal Fund has since been abolished *vide* Government of India Gazette Notification dated 12th July, 2000 (Annexure-I)

Growth Centre

The budget provision of Rs. 50 crores provided in the year 1996-97 under the Growth Centre Scheme was reduced to Rs.28.96 crores at RE stage. During 1996-97, 13 Growth Centres were approved. Initially booking of expenditure under the Growth Centres Scheme was a bit slow as land acquisition etc. is necessarily a time consuming process.

Since 1996 various corrective measures have been subsequently taken for expediting progress under this Scheme.

To monitor the implementation of the Growth Centre Scheme, an institutionalised monitoring mechanism has been put in place. A State Level Committee have been constituted in each state to oversee and reviews the progress of Growth Centres and furnish quarterly reports to the Ministry on the financial and physical progress along with utilisation certificate in respect of the Central releases. The progress of each Growth Centre is reviewed in the Ministry on the basis of quarterly progress reports. Interaction with the state Governments is organised from time to time and appropriate guidelines issued to expedite the progress under this Scheme. The field visits by the officers of the Ministry were made.

Based upon the feed-back received, the following measures have been taken for expeditious implementation of the Scheme:—

1. The share of Central assistance for Growth Centres in North East State has been increased from Rs. 10 crore to Rs. 15 crore.

2. The Central funds are being directly placed at the disposals of implementing agencies in North East States and J&K. This facility is now being extended to all other States also.

3. On request of state Govts., change of location of Growth Centres to improve the viability of the project has been permitted. Split locations of Growth Centres within the same district, has also been allowed.

Performance of the Scheme has improved since 1996-97. From 1997-98 to 2000-2001, the entire budget provision of each year has been fully utilised. The details are as given below:

Year	Budget provision (Rs. In crore)	Amount released (Rs. In crore)
1997-98	25.00	25.00
1998-99	20.00	20.00
1999-2000	24.96	24.96
2000-2001	32.05	32.05

Budget provision of Rs. 40 crore has been made for the Annual Plan 2001-2002.

The last review meeting was held on 6.6.2001 under the Chairmanship of Dr. Raman Singh, MOS (C&I) of review the progress of the Growth Centre Scheme at length, in the light of the ensuring 10th Five Year Plan.

Sd/-

(K.K. JASWAL)

AS&FA

MINISTRY OF LABOUR

Recommendation

The Committee's examination of Grant No. 57 (Revenue-Voted) Section operated by the Ministry of Labour during the year 1996-97 reveals that against the total provisions of Rs. 690.87 crore, the Ministry could actually spend only Rs. 601.83 crore thus registering saving of Rs. 89.04 crore. But for the excess expenditure incurred under other heads, the savings would have been much more. The Committee's scrutiny of the explanatory notes furnished by the Ministry reveals that there are as many as 11 sub-heads where savings of over Rs. 1 crore had occurred under the Revenue (Voted) Section of the Grant. The major areas where substantial savings occurred are Child Labour Cell (Rs. 22.16 crore) due to non-clearance of the scheme by Expenditure Finance Committee; World Bank Assisted Vocational Training Project (Rs. 27.12 crore) due to non-filling up of vacant post in various institutes and dropping of proposals for procurement of vehicles; World Bank scheme for State (Rs. 21.24 crore) due to less claims received from State. Savings were also registered in other areas including Labour Welfare schemes/Projects. In regard to savings under the sub-heads "Child Labour Cell", the Secretary, Ministry of Labour admitted that justice had not been done to the work of elimination of Child Labour. The Committee noted that savings under Revenue Section of grant No. 57 had been a recurring phenomenon for the last so many years. Also persistent savings had been noticed under the head "Grant to State Government for Centrally Sponsored Plan Scheme" relating to Rehabilitation of Bonded Labour-ranging from 23 percent in 1993-94 to 89 percent in 1996-97; Employment Services-100 percent; Training of Craftsmen and Supervisor-39 percent to 66 percent during the last so many years. Similarly, persistent savings ranging from 10 to 87 percent of the sanctioned budget have been registered in various other labour welfare schemes during the last so many years. It is disturbing to find that the sanctioned provisions could not be spent fully on most of the schemes like rehabilitation of bonded labour and child labour for reasons not acceptable to the Committee. Obviously, the Ministry had not learnt any lesson from their past experiences as some of these socially vital schemes registered savings even upto 100 percent. This is a sad commentary on the flawed budgetary projections to say the least. The Committee therefore recommend that ministry to review their entire budgetary process keeping in view the trend of expenditure during the last 5 years, the actual sector need for the funds, the obstacles in full utilisation of the sanctioned provisions and devise a new methodology so that labour welfare schemes are not affected due to procedural embargoes. The Committee also desired that the Ministry should introduce a system of accountability so that individual responsibility could be pin-pointed in implementation of the Schemes.

Para 13.9 of 16th Report of PAC
(13th Lok Sabha)

Action Taken

1. The main reason for low utilisation of fund was the low eligibility ceiling limit for mine workers due to which large number of mine workers were not eligible to avail of various welfare benefits. The eligibility ceiling for mine workers has since been revised upward w.e.f. 17.11.1999 and then again w.e.f. 26.2.2001 from Rs. 3,500/- to Rs. 10,000/- per month. This will bring the maximum number of mine workers within the ambit of eligibility criteria enabling them to get the benefits of various welfare schemes meant for them. The proposals for introduction of new welfare schemes as well as enhancement of scales of benefit under the existing schemes has been considered and approved by the Central Advisory Committee of the concerned Labour Welfare Funds. Due to certain administrative & procedural reasons, the meetings of the Central Advisory Committees could not be held for the last few years. As such, the expenditure didn't show much increase and savings appeared. The meetings of the Central Advisory Committees for the concerned welfare Funds have since been held on 2.5.2000. In these meetings, decisions were taken to introduce a number of new schemes as well as enhance the benefits under the existing schemes substantially. It also has already been approved by the Finance Divisions and introduced from this year. It is expected that a large number of workers will be able to avail of the enhanced benefits of these schemes which will result in utilisation of large amount of the Welfare Funds and minimize the savings.

2. To avoid the procedural delay in releasing subsidy to State Govt. under Economically Weaker Section Housing Scheme a new housing scheme namely Integrated Housing Scheme in place of Economically Weaker Section Housing Scheme for the workers engaged in Beedi Industry has been introduced w.e.f. 14.6.1999.

3. Steps have also been taken to prepare the realistic budget to minimize the savings of Rs. 1 crore and above in a sub-head under the Revenue Section (voted) under Labour Welfare Fund. Various corrective measures have been taken to avoid the shortfall in cess collection and maximize utilisation of funds. Cess receipts *viz-a-viz* target is reviewed regularly.

4. In the year 1998-99 a sum of Rs. 1.00 crore was provided in the Budget Estimates and Revised Estimates for Hamal Schemes. However, Ministry of Finance observed that since it was pilot scheme, its feasibility may be studied first and its extension to other States may be considered depending upon the outcome of the study. In view of this, no financial expenditure could be incurred during 1998-99. During the year 1999-2000, an allocation of Rs. 1.00 crores had been made from Plan outlay of Ministry of Labour. However this has since been reduced to Rs. 51 lakhs. A feasibility study on the scheme as advised by Ministry of Finance and Planning Commission has been got done. The report regarding implementation of the scheme in both the State of Karnataka and Madhya Pradesh has been received. The Planning Commission, to whom copies of these were furnished have not yet given their approval for including this scheme as a regular one in the Ninth Five Year Plan and its extension to other States. The matter is being pursued with them regularly.

5. Thus, various steps have been taken to utilize the maximum allocated fund for the workers. Non-utilisation of funds in percentage terms have decreased despite physical outlay increase over the years. The following statements show the amount and percentage of savings under some of sub-heads for the last three years:—

(Rs. in crores)

Sl.No.	Funds	Amount of Saving (% of savings)		
		1997-98	1998-99	1999-2000
1.	Lime Stone Dolomite	2.40 (36%)	2.90 (38%)	2.25 (30.77%)
2.	Iron Ore Manganese Chrome Ore	4.29 (43.27%)	3.34 (29%)	3.42 (30%)
3.	Beedi	3.94 (13.09 %)	No Saving	0.81 (2.08%)

6. It would be seen that there has been improvement in subsequent years i.e. lowering down of share of funds utilised in March as a percentage of full years expenditure. This was despite the increase in physical outlay. The scheme for providing homes for Hamals is pilot scheme being executed through State Govt. It required working out modalities and implementation by State Govt. and delay was on this account. Welfare Commissioners under Labour Welfare Organisations have been advised to process various proposals for payment of bills, sanction/ authorization for various items, grants-in-aid etc. well in advance right from the very beginning of the financial year duly completed in all respect to avoid at the eleventh hour March Rush. The progress of expenditure is monitored very closely at regular intervals at various levels. Applications for scholarships, stipend, incentives, etc. are received in lakhs. These applications are now being processed for payment on computerized basis instead of manual basis, which took a lot of time earlier. All Welfare Commissioners have been advised to procure more and more computers in their field offices for expeditious process of the applications. Managements have been directed to submit the proposals in the beginning of the financial year to avoid the rush at the fag end of the year.

7. In order to assist the State Government in their task of rehabilitation of released bonded labourers, the Ministry of Labour launched a Centrally Sponsored Scheme. The scheme has been reviewed/modified from time to time and has been progressively liberalized. The expenditure under the scheme is shared by the Central and State Government on 50:50 basis. The Central contribution under the scheme is released in advance after knowing the firm requirements of the state concerned for the financial year. Funds to the State Government under this scheme are released on receipt of complete proposals along with utilization certificates for the grants released during the previous years.

8. The Ministry of Labour has issued various guidelines on the methodology of identification/release of bonded labour and their subsequent rehabilitation. The implementation of the scheme is periodically reviewed at the highest level as indicated below:—

(a) In August 1996 Union Labour Minister wrote to the Chief Ministers of 12 States stressing upon the needs of implementing the provision of the Bonded Labour System (Abolition) Act, 1976 and the Centrally Sponsored Scheme for the rehabilitation of the bonded labour more seriously.

(b) The matter was followed up in a meeting held on 15.1.1996 by the Labour Minister with the senior officers from the State Governments responsible for implementation of the scheme.

(c) On 20.02.1997, the Union Labour Minister wrote to the Chief Ministers of all the States reiterating what he had written to the Chief Ministers of 12 States in August 1996 requesting that appropriate action may be taken to constitute/re-constitute the Vigilance Committees, survey on bonded labour in systematic and methodical manner and to take timely steps for release and rehabilitation of bonded labour.

(d) The matter was again reviewed in a meeting taken by Secretary (Labour) on 3.5.1997 with the representatives of the State Government.

(e) In the context of changing needs of individual bonded labour and those of community, certain limitations were observed in the scheme, which necessitated its modification. After detailed deliberation with the State Governments, the scheme was modified in May 2000 in order to include the following components:

(i) **Survey of Bonded Labour—**It has been proposed to conduct surveys in each sensitive district once in three years. In order to cover the cost in conducting such surveys, an amount of Rs. 2 lakh per district may be provided to the concerned State Government.

(ii) **Awareness Generation Activities—**In order to bring conceptual clarity to various issues related to bonded Labour and also to increase the awareness of general public in this regard, certain time bound programmes and activities are required at the district and sub-regional levels. In order to cover the cost on these activities an annual grant of Rs. 10 lakhs per State Government can be sanctioned for this purpose.

(iii) **Evaluatory Studies—**Evaluatory studies/surveys may be undertaken at district and State levels to study the impact of existing land-debt related issues affecting bonded labourers and the impact of poverty alleviation programmes and financial assistance provided under various government programmes. Each State Government is required to conduct five evaluatory studies every year through institutes of social science organisation or NGOs having professional experience in conducting evaluatory studies. An allocation of Rs. 5 lakh to each State Government can be provided for conducting such evaluatory studies every year.

(iv) **Increase in Rehabilitation Grant**—Originally the scheme provided for rehabilitation assistance upto a ceiling of Rs. 4,000/- per bonded labour. This ceiling has been revised from time to time-Rs. 6250 *w.e.f.* 1.2.1986 and Rs. 10,000/- *w.e.f.* 1.4.1995. Under the modified scheme (May 2000) the ceiling of rehabilitation grant has further been increased from Rs. 10,000/- to Rs. 20,000/- per rehabilitated bonded labour.

9. Five Centrally Sponsored Schemes namely (i) strengthening of EMI programme, (ii) Scheme to strengthen Vocational Guidance Programme, (iii) Grants to States for setting up of VRCs for Handicapped (iv) Computerization of Employment Exchanges and (v) strengthening of Employment Exchanges for promotion of self-employment are included in the eighth plan for implemenation. These Centrally Sponsored Schemes could not be implemened earlier due to the following reasons resulting in 100% savings of the amount allocated for these schemes.

(i) In respect of the Scheme for Strengthening of EMI Programme, it may be, submitted that the funds earmarked for the scheme were surrendered as the Planning Commission did not approve the Scheme and the State Government also did not favour the scheme due to possible financial commitments on their part.

(ii) The Scheme to strengthen Vocational Guidance Programme also did not find favour from the Planning Commission.

(iii) The third Scheme relating to Grants to State for Setting up of VRCs for Handicapped was also dropped due to the State Governments inability to share the expenditure due to their financial constraints.

(iv) The remaining two schemes were transferred from Central Sector to the State Sector as per the recommendations of the National Development Council. Hence for these two schemes no allocation of funds was made beyond 1992-93.

10. Being an externally aided project the major focus had been on availing maximum possible external assistance before original date of closure of the project *i.e*. Dec. 96. With this in view, the Planning Commission enhanced the budget. However, for reasons explained before the Committee (non-filling up of vacant posts in various institutes and dropping of proposals for procurement of vehicles and less claims received from States in respect of World Bank Scheme for States), there had been savings.

11. The following steps are being taken for maximum utilization of budget provisions.

(i) The expenditure position is being constantly monitored by Central Project Implementation Unit (CPIU) and reviewed regularly at the level of Joint Secretary.

(ii) As regards State Sector Schemes, no advance funds are being released to the States. Matching central grant for raw material etc. is released to the states only after the expenditure has been incurred by the states.

12. The budget provision for the various schemes under child labour during the 1996-97 was of the order of Rs. 56.00 crores. The allocation under the scheme of

National Child Labour Project forms the bulk provision. As against budget provision of Rs. 54.30 crores made under the Scheme, the expenditure was of the order of Rs. 33.03 crores. Therefore major part of the saving under child labour was contributed by this scheme where the saving was of the order of Rs. 21.27 crores (95.98% of the saving under Child labour). The sequence of events resulting in savings under this sub-head is given in the following paragraphs:—

(i) The Ministry of Labour had prepared a detailed scheme for elimination of child labour in hazardous occupation during 1996-97 to 2000-2001 for approval of the Expenditure Finance Committee (EFC). The proposal was circulated to all concerned on 14.06.96. In the Scheme it was, *inter-alia*, proposed that besides about 1.00 lakh children who were already enrolled in the special schools through the then on-going 76 projects, additional 5 lakh children would be enrolled in special schools, either by increasing the coverage in the on-going projects or by sanctioning NCLP in additional districts. This would have involved an additional expenditure of Rs. 160.00 crores during 1996-97. The scheme was considered in the meeting of the Expenditure Finance Committee meeting held on 25.6.1996. In the meeting it was mentioned on behalf of the Planning Commission that since the contours of the 9th Five Year Plan were not yet known, it would be difficult to make firm commitment outlay for the 9th Plan period.

(ii) Subsequently, a meeting was held on 30.7.1996 in Planning Commission under the Chairmanship of Special Secretary, Planning Commission to discuss the proposal for the elimination of child labour in hazardous occupations. The Special Secretary, Planning Commission suggested that the outlay for the existing scheme for 1996-97 should be frozen at the level of 1995-96. In view of this, while the Budget Estimates under the scheme for the year 1995-96 was Rs. 54.30 crores, the actual availability of fund for utilization under the scheme was Rs. 33.91 crores.

(iii) As per the suggestion of Planning Commission a separate proposal was formulated for consideration of EFC for incurring expenditure in connection with the continuation of 76 existing projects and opening of additional schools as per the existing norms of expenditure under NCLP. The proposal which was circulated to all concerned on 24.9.96 was considered in the meeting of the Expenditure Finance Committee on 2.12.96. The Committee, *inter-alia,* decided that:—

(a) No new schools should be opened and no new children should be enrolled until a decision is taken by Cabinet for the continuance of the scheme during Ninth Plan period.

(b) The on-going project under the scheme should be got evaluated through independent evaluation agency within a period of three months, and

(c) Ministry of Labour will seek the approval of Finance Ministry for funding the on-going schools covering the children already enrolled through the existing 76 project societies for the current financial year since the total expenditure during the 8th plan period exceeds Rs. 50 crores.

(iv) It would thus be seen that in case the EFC had approved the scheme in June, 1996 itself it would have been possible for the Ministry to incur an expenditure much above the level of Rs. 54.30 crore as provided for in the Budget estimates for 1996-97. Delay in approval of scheme by EFC, the rider put by the Planning Commission and the ban of opening of new special schools resulted in substantially lower availability and utilization of funds despite higher allocation of funds in the Budget.

(v) Release of funds under child labour scheme are contingent upon the receipt of some requisite documents. *viz*. Quarterly Progress Report, Audited Statement of Accounts containing Income & Expenditure A/c, Receipt and Payment, Balance Sheet and the Utilization Certificate for the year as a whole and not installment-wise. Besides this Inspection Report of the Project is also required to be received from the State Government to monitor the actual functioning of the project. During the processing of the case for release, discrepancies noticed such as low/excess expenditure under any particular head are also brought to the notice of the Project Society for their comments and for rectification if there is any lapse in the implementation of the Project. All these result in delay in release of funds. It is observed that various proposals mature by the end of financial year resulting in comparatively higher expenditure in the month of March.

However, persistent efforts are being made to ensure full utilization of the allocated budget.

Sd/-

(PRAVIN TRIPATHI)
Joint Secretary/Financial Advisor
(Labour)

(Ministry of Labour O.M. No. G-25015/1/2001/B&A dated the 7th Sep., 2001)

MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION

Recommendation

Para No. 13.10—Ministry of Urban Affairs & Poverty Alleviation

The examination of Grant No. 82 Revenue (Voted) Section operated by the Ministry of Urban Affairs and Employment during the year 1996-97 has revealed that against the total sanctioned provision of Rs. 561.76 crore, the Ministry could spend only Rs. 450.91 crore. The scrutiny of Appropriation Accounts has revealed that there were large scale savings under various sub-heads under the grant. The saving of Rs. 110.85 crore was the net effect of savings and excess under various sub-heads. The analysis of the explanatory notes submitted by the Ministry indicate that there were as many as 11 sub-heads in each of which the savings of over Rs. 1 crore occurred. The Committee are pained to note that the Ministry failed to utilise the sanctioned provisions under some priority areas like "Low Cost Sanitation for Liberation of Scavengers" (Rs. 27.80 crore) due to some procedural lapse i.e. non presentation of the bill in time; "Prime Minister's Integrated Urban Poverty Eradication Programme" (Rs. 29 crore) due to reduction of BE provision at RE stage; and "Housing and Shelter Upgradation Scheme" (Rs. 12.24 crore) due to lesser requirement of funds as a result of economy measures and also due to reduction of provision at RE state. The representative of the Ministry admitted during evidence that in regard to low cost sanitation, the concerned bill for the amount could not be prepared and the amount lapsed. The Committee observe that the reasons advanced by the Ministry for savings under different sub-heads indicate that savings even in the major areas occurred due to procedural problems which could, and should, have been sorted out and resolved but for lack of proper will. It is very unfortunate that the sanctioned provisions for a welfare scheme like low cost sanitation for liberation of scavengers remained 100 percent unutilised during the year and that also admittedly due to a clerical problem. The Committee would like the Ministry to enquire into the reasons for such a large scale savings under various sub-heads of the grant so as to avoid such huge "Unspent balances'" at the end of the year.

Para No. 13.10 of Sixteenth Report (13th Lok Sabha) of PAC (2000-01)

Action Taken

The areas of savings are as under:—

(Rs. in crores)

Sl. No.	Scheme/Activity	Savings	B.E.	R.E.
1.	Secretariat General Services	1.19	8.13	8.13
2.	Urban Transport Planning	2.00	6.85	4.85

Sl. No.	Scheme/Activity	Savings	B.E.	R.E.
3.	Research in Urban and Regional Planning	1.19	2.70	1.70
4.	Low Cost Sanitation for Liberation of Scavengers	27.80	27.80	13.80
5.	Mega City Scheme	23.00	83.50	60.50
6.	IDSMT	6.08	26.00	19.92
7.	Prime Minister's Integrated Urban Poverty Eradication Programme (PMI UPEP)	29.00	99.00	70.00
8.	Nehru Rozgar Yojana-Housing and Shelter Upgradation Scheme	12.24	14.20	10.00
9.	Nehru Rozgar Yojana-Urban Micro Enterprises Scheme	6.49	30.24	20.00
10.	Nehru Rozgar Yojana-Urban Wage Employment Scheme	1.11	24.92	18.51
11.	Maintenance and Repairs	10.25	110.34	110.34

2. As may kindly be seen from the note at Annexure-A, the savings were largely due to reduction of BE provision at the RE stage.

3. In so far as the Scheme of Low Cost Sanitation for Liberation of Scavengers is concerned, even the RE provision of Rs. 13.80 crores remained unutilised. The matter was looked into detail immediately and after taking into account all the facts and circumstances of the case, the concerned official of the Ministry was issued a warning.

4. It may be added that in no other case, the savings could be attributed entirely to any inaction on the part of this Ministry. Every effort will be made to ensure maximum utilisation of allocations in future.

5. This has been vetted by Audit *vide* DGACR's U.O. No. RR/8-5/2000-01/371 dated 6.7.2001.

Sd/-

(R.S. PRASAD)
JS & FA (UD & PA)

File No. G-25017/2/2001-Bt. Ministry of Urban Development & Poverty Alleviation
Dated 20th July, 2001

MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT

Recommendation

The Committee's scrutiny of Grant No. 86 operated by the Ministry of Social Justice and Empowerment (erstwhile Ministry of Welfare) during the year 1996-97 has revealed that there were substantial variations between the sanctioned provisions *vis-à-vis* actual expenditure incurred by the Ministry under various sub-heads. The Committee find that in the Revenue (Voted) Section of the Grant, there were gross saving of Rs.144.61 crore under some heads which were offset by excess expenditure of Rs.135.49 crore under other heads resulting in net savings of Rs.9.12 crore. The Committee's scrutiny has also revealed that provision of Rs.99.80 crore remained wholly unutilized under 28 heads. It has been found that the entire budgetary allocation of Rs.88.00 crore for Liberation and Rehabilitation of Scavengers remained wholly unutilized. Substantial savings occurred under the heads "Assistance to Voluntary Organizations for Scheduled Castes (Rs.7.33 crore); "Scholarship to students of Scheduled Castes, Scheduled Tribes and other categories" (Rs.3.10 crore); "Aids and Appliances for the Handicapped" (Rs.6.00 crore); Education work for prohibition and Drug abuse (Rs.5.02 crore) etc. The Committee's examination had further revealed that there have been persistent savings in various welfare schemes *viz*. Welfare of Scheduled Castes-Education, Assistance to Voluntary Organizations for Scheduled Tribes-Education, Scheme for pre-examination coaching for weaker sections, scheme for street children, Grants in aid to Union Territory Governments on other Schemes of Scheduled Castes-Education. The Committee observe that saving in these schemes during the period from 1994-95 onwards ranged from 13 percent to 99 per cent. The Committee are surprised to find that the Ministry failed to utilize sanctioned provisions even in the schemes meant for imparting education to Scheduled Castes and Tribes aiming at skill development and enablement of the weaker sections of the society. In regard to the scheme of prevention of drug abuse also, the Ministry registered savings to the extent of 34 percent of the sanctioned provision. The Committee are constrained to observe that in view of the entire budget provision under the "National Rehabilitation Programme for the Handicapped" and "National Trust for the Mentally Retareded and Cerebral Palsy" remaining wholly unutilized during the years 1994-95 to 1996-97, nomenclature of "social justice and empowerment" hardly inspires confidence. While outright rejecting the reasons adduced by the Ministry for non-utilisation of funds, the Committee are rather of the firm opinion that had the Ministry made concerted and well coordinated efforts, the position as to funds utilization would have been substantially otherwise. What appears all the more surprising is that the Ministry have been seeking budgetary allocations for certain heads year after year despite these allocations having remained entirely unutilized in the preceding years. The Committee cannot but express their anguish over the lackadaisical approach of the Ministry as very well meaning and laudable schemes aiming at empowerment of disadvantaged and disabled sections of the society could not take off or make proper progress and the scarce resources remained idly parked year after year which would have been gainfully utilized for other fund-starved developmental schemes. The Committee would keenly watch at the Action taken stage as to what lessons have been drawn and improvement effected by the Ministry in the matter of utilization of funds for such socially vital sectors.

Sl. No. 11 of Appendix
Para No. 13.11 of Report No. 16 of PAC
of 13th Lok Sabha

Action Taken

In pursuance of the recommendation of the Public Accounts Committee the Ministry has taken various steps to improve utilization of funds under various programmes/schemes. Some of the steps taken are as under:—

(i) The recommendations of the Committee have been circulated to all concerned in the Ministry for strict compliance to avoid such recurrence in future. (Annexure-I).

(ii) The expenditure is being monitored on regular intervals (in the first 3 quarters monthly basis and fortnightly in the last quarter of the financial year) by Secretary (SJ&E) with all Joint Secretaries of the Programme Divisions so as to ensure that there is even flow of expenditure under various schemes and there is no rush at the last quarter of financial year and also the funds are utilized fully for the purpose for which these are provided in the budget.

(iii) With a view to ensure timely disbursement of grants in aid to the State Governments and NGOs the Programme Divisions of the Ministry are reminding State Governments/NGOs for sending proposals in the beginning of the financial year so that there is sufficient time to process the proposals and savings are minimized. (Annexure-II).

(iv) At the time of preparation of the budget proposals the Programme Divisions, are asked to take the note of the past performance/the stage of formulation/implementation of various schemes, the institutional capacities of the implementing agencies, the constraints on spending by the spending agencies etc. with a view to minimizing the scope for surrender of funds at later stages as advised by the Public Accounts Committee (Annexure-III).

(v) The Ministry has compiled a Compendium of guidelines for various programmes/schemes to facilitate NGOs for speedy submission of proposals.

(vi) The Ministry has also launched a website incorporating information on release of grants in aid to the NGOs assisted by the Ministry. The website gives procedure for application for grants along with downloadable applications forms for grants.

(vii) With a view to step up the monitoring of the projects assisted by this Ministry the officers are undertaking inspections of various projects. An Inspectorate has been created from the present staff of the Ministry whose prime task is to carry out inspections of various projects of the assisted NGOs.

(viii) To interact with the NGOs and State Governments, the Ministry is holding meetings with the representatives of the State Governments and NGOs for timely submission of the proposals to the Ministry.

Due to the above action taken the utilization of funds under various schemes have been improved considerably. The utilization of funds during 2000-01 and 2001-02 was about 96% of the approved R.E.

As per report of the Committee, under 28 sub-heads (involving an amount Rs.99.80 crore during 1996-97) no amount was released. Now the position has improved considerably and in most of the schemes the expenditure has been improved. In this connection a statement showing the progress of expenditure in respect of these 28 sub-heads where the entire provision remained unutilized during 1996-97 may kindly be seen at Annexure-IV.

As per the Committee, substantial savings under some of the schemes had occurred during 1996-97. The position has now been improved considerably and in most of the schemes the entire allocation has been utilized during 2000-01 and 2001-02. In this connection a Statement indicating BE and actual expenditure and savings during 1996-97 onwards on these schemes may kindly be seen at Annexure-V.

As per the Committee, there had been persistent saving in some schemes. The position has since been improved considerably in the last two years. A Statement showing reduction in savings in these schemes where persistent saving occurred in 1995-96 and 1996-97 may kindly be seen at Annexure-VI.

As per the Committee the entire allocation under (i) National Rehabilitation Programme for the Handicapped and (ii) National Trust for the Mentally Retarded and Cerebral Palsy remained wholly unutilized during the year 1996-97. In this connection it is stated that:

The setting up of the National Trust for Mentally Retarded and Cerebral Palsy was under process of the Government since 1992-93 and after detailed examination the final shape could be given in 1995. The Ministry, therefore, with the approval of Cabinet introduced the Bill namely "National Trust for Welfare of Persons with Mental Retardation and Cerebral Palsy Bill, 1995" in Lok Sabha on 6.12.95. The Bill could not come up for consideration in the 10th Lok Sabha due to dissolution of the House and therefore lapsed. The Bill was again introduced on 8.3.99 in the Lok Sabha with some modifications made after extensive consultation with parents' organizations, experts and non-Govt. organizations as the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple disabilities. The Bill however, could not come up for consideration due to dissolution of the Lok Sabha and therefore lapsed this time also. The Bill was again introduced in the Lok Sabha on 9.12.99 and was passed by it on 15.12.99. The Rajya Sabha also passed it on 23.12.99. The President gave his assent on 30.12.99. It has now taken up of the shape of an Act.

After the passes of Bill by the Parliament, there was need for funds for setting up of the Trust. Thus, an amount of Rs.4.00 crore was released to the Trust in March, 2000. As the Central Government has to make contribution of Rs.100.00 crore in the Corpus Fund of the Trust, the entire allocation of Rs. 44.00 crore was released to the Trust during 2000-01. During 2001-02 the allocation of Rs. 37.80 crore was augmented and funds to the extent of Rs. 51.00 crore was released to the Trust augmenting the Corpus Fund Rs.99.00 crore.

The scheme of National Programme for the Rehabilitation of Disabled had been launched with a view to create service delivery structure at districts level for providing service to the people with disabilities. It was approved by EFC as a Centrally Sponsored Scheme under which consent of State Govt./UT Admns. was required as they were supposed to contribute the matching share. The response from State Governments/UTs was poor and therefore the scheme could not be placed before the Planning Commission. Subsequently, a new programme *viz*. National Programme for Rehabilitation of Persons with Disability (NPRPD) which was very comprehensive in nature was decided to be implemented as a Centrally Sponsored Scheme with 100% funding by Central Government. The Planning Commission did not approve the scheme on various grounds like proliferation of institutions and that it did not favour launching of it as Centrally Sponsored Scheme. Even a pilot project to test the NPRPD was not approved by the Planning Commission. Subsequently in January 1999 the Planning Commission and Min. of SJ&E, decided to transfer NPRPD schemes to State Governments as a social sector scheme. It was also suggested that models for implementation of the scheme at various levels *i.e.* State, District, Block and Gram Panchayat levels be prepared. Accordingly the models were prepared and sent along with guidelines to the Planning Commission for circulation to the States.

In view of above it is clear that due to non-approval of the scheme by the Planning Commission the funds could not be utilised upto 1998-99. However, in 1999-2000 after approval of the Planning Commission of the scheme the entire allocation of Rs. 5.00 crore was released to the States/UTs. During 2000-2001 against the allocation of Rs.50.00 crore Rs. 55.99 crore was relased to various State Governments. During 2001-02 against an allocation of Rs. 39.25 crore, Rs. 43.61 crore was released under the scheme.

Sd/-

(Mrityunjay Sahoo)
Joint Secretary & Financial Adviser

(Ministry of Social Justice & Empowerment OM No. 25018/1/97-B&C Dated the 23-5-2003.)

ANNEXURE-I

No. 25012/1/97-B&C
Government of India
Ministry of Social Justice & Empowerment

Shastri Bhavan,
New Delhi, 110001
Dated the 13th June, 2001

OFFICE MEMORANDUM

Sub: Action Taken Note on the recommendations contained in the 16th Report of the Public Accounts Committee (13th Lok Sabha) on Union Government Appropriation Accounts (Civil)-1996-97

The undersigned is directed to refer to the Lok Sabha Secretariat O.M. No. 20/5/2000/PAC dated 14th May, 2001 on the above subject and to enclose copy of the observations and conclusion/recommendations of the Public Accounts Committee pertaining to this Ministry for period 1996-97.

2. It is requested that the observations of the Committee may kindly be adhered to for strict compliance to avoid such recurrence in future and strictures of the Public Accounts Committee. The recommendations of the PAC pertaining to other Ministries are also enclosed as these are also indicated below as these are useful for guidance.

(a) The Committee are of the considered view that savings, described as 'unspent balances' could have been significanlty reduced if not avoided altogether by making realistic budgetary projections by the concerned Ministry/Departments.

(b) The Committee recommended that before funds are earmarked the developmental schemes ought to be tailored having regard to ground realities and the achievability of targets within stipulated time so that scarce resources are not tied to schemes which do not take off or do not show progress commensurate with the funds allocated in a given financial year.

(c) The Ministry should not only revamp their existing budgetary mechanism to ensure proper and correct estimations of the budgetary requirements but also streamline the procedure for full and timely utilisations of the sanctioned provisions.

(d) The Committee recommended that the Ministry devise and put in place of suitable mechanism which could take into account all the imputs having their impact on the trend of expenditure in various sub-heads of the grant before projecting the need of funds under different heads of grants. The Committee also recommend that the Ministry introduce the system of individual accountability so that the budget formulation process is well coordinated and receives best of attention at every stage, before it is finalised.

(e) The Committee deplore that some of the Departments even did not care to surrender the unspent provisions at all. Despite the Committee's repeated exhortations made from time to time in their earlier report for timely surrender of saving, the Committee observed that the Ministry/Departments are yet to show improvement in this regard.

(f) The Committee desired that the Financial Advisers and Head of the Ministries should be made jointly accountable for un-usual savings and delay in timely surrender of savings.

(g) The Committee are all the more concerned deeply that some Ministries were even unable to assess their actual requirements of funds even on the last day of the financial year. The Committee, therefore recommended that the procurement of Supplementary Grant by the Ministry be thoroughly assessed objectively toward off unwarranted savings later. The Committee feel that it would go a long way in streamlining of budgetary process, if the Heads of the Programme Divisions are made accountable in this behalf.

(h) The Committee recommend that it may enjoined upon all the Financial Advisers that it is their duty to ensure observance of financial proprity and to assert their authority and where advice is overlooked/disregarded, the matter should immediately be brought by them to the notice of Finance Ministry, without fail.

(i) Large scale rush of expenditure in the closing month of financial Year in the opinion of the Committee smacks of lack of financial discipline and accountability. The Committee, therefore, consider it desirable that the Ministry of Finance devise a procedure making it mandatory for the Departmental Heads to hold monthly meeting to monitor and so far as practicable, to ensure the even flow of expenditure to avoid March-rush for effective physical discipline and better results.

Sd-

(Mahendra Sharma)
Under Secretary to Govt. of India.

To,

All Joint Secretaries
All Directors/DSs.
All Under Secretaries/Desk Officers/SOs

Pay & Accounts Office, M/o SJ&E—with a copy of Recommendation of PAC Para No. 13.21 regarding utilisation certificates. It is requested that the backlog of the pending Utilization Certificates at least upto 1995-96 may be cleared and a report may be sent to the DG(Audit).

Copy to PPS to Secretary (SJ&E)/PS to AS(SJ&E)/PS to JS&FA.

ANNEXURE-II

No. 14011/1/2002-SCD-V
Ministry of Social Justice and Empowerment
SCD Division

Shastri Bhavan, New Delhi-110001.
Dated 10/4/2002.

To,

Secretary in charge of Scheduled Caste Development,
All States/UTs.

Subject: Centrally Sponsored Scheme of Post Matric Scholarship for students belonging to Scheduled Castes and Scheduled Tribes—Calling proposals for seeking due Central assistance for Scheduled Castes during 2002-03.

Sir,

1. The Centrally Sponsored Scheme of Post Matric Scholarship for students belonging to Scheduled Castes and Scheduled Tribes is perhaps the most important Scheme of the Government of India to promote educational development at post-matriculation stages. In order to ensure that this scheme is implemented as efficiently as possible to reach the benefits to the SC students, it is requested that your State Govt. may kindly take early action to accomplish the goal. You may therefore, kindly like to take advance action regarding the following items:—

1.1 Every financial year this Ministry invities proposals in the prescribed proforma from States/UTs for release of Central Assistance under the Centrally Sponsored Scheme of Post Matric Scholarship to SC students. A copy of prescribed proforma for furnishing proposal for the year 2002-2003 is enclosed. This may be duly filled as per the instructions contained in this letter, and returned at the earliest for the year 2001-2002 may please be directly sent to that Ministry.

1.2 From the year 1997-98, onwards, the State Govt./UT Admn. are required to furnish separate statistical information pertaining to coverage of disabled students under the Scheme. This may also be kindly furnished.

1.3 The anticipated expenditure projections for 2002-2003 may, however, be worked out keeping in view the trend of awards *vis-a-vis* the expenditure thereon in the past. Generally the trend is for the expenditure to increase between 8 to10% over the previous year's figures. If however, any State Govt. proposes any abnormal growth and in all cases where, more than 20% growth in expenditure/coverage is proposed the same should be supported by valid reasons, otherwise this Ministry will not be able to process the proposal.

1.4 The year 2001-02 was since the last year of the 9th Five year Plan, the total expenditure incurred (State source+Central assistance) during 2001-02 would become the Committed Liability of the State/UT for each year of the 10th Five Year Plan, which the States/UTs are required to provide from their State Budget each year. For determination of committed liability any arrears arising due to any abnormal reason, for the previous year(s) paid during 2001-02 may be deducted from the expenditure of 2001-02 and such outstanding claims which are to be paid during 2002-03 for the year 2001-02 may be added to the expenditure of 2001-02 for the purpose of calculation of committed liability, while clearly giving specific reasons for the occurrence of extraordinary arrears. It is also very important and essential to ensure that while furnishing the proposal, the requried State Budget Provision towards Committed Liability requirement is fully confirmed failing which it may be difficult to release the due Central assistance.

1.5 It is experience of the Ministry that when the proposals are furnished by States/UTs, information with regard to expenditure on beneficiaries is found to be inconsistent with the information in other parts of the proposal. This leads to a lot of avoidable correspondence for seeking clarification which results in delay in release of Central assistance. It is, therefore, requested that due care be taken while preparing proposals to avoid such inconsistencies.

1.6 The Ministry is presently confronted with disagreement over figure relating to unspent balance with States/UTs in this Ministry we take special effort to ensure that this figure is as accurate as possible and do the exercise of reconciling the statement in the beginning of the financial year. If this could be done in the States/UTs also, we may be able to reconcile the difference in figures was in advance so that the lack of accurate figures of unspent balance do not delay the release of funds.

1.7 Urgent necessary steps may be taken to update the audit of expenditure under the scheme. Where audit under the scheme is pending for many years, special drive needs to be undertaken in co-ordination with the concerned Accountant General.

1.8 Timely payment of scholarship to all eligible students under the scheme and that the availability of application forms freely and in time to all the eligible students are very important from the point of view of the beneficiaries. In this regard this Ministry had also issued comprehensive guidelines for streamlining sanction and disbursement procedures under this scheme *vide* this Ministry's circular No.11017/8/93-Sch. Cell, dated 4.4.1995. Timely payment of scholarship must be ensured to all eligible students covered under the Scheme.

1.19 It is requested that complete proposal in the prescribed format may please be furnished as early as possible so that due Central assistance may be provided to your State/UT well in time and timely sanctioned disbursement of scholarship to poor SC students can be ensured.

Yours faithfully,

Sd/-

(Bipul Pathak)
Deputy Secretary to the Government of India
Telefax: 3387430

Copy forwarded for necessary action to the Directors in Charge of Welfare of SCs. All States/UTs

Sd/-

(Bipul Pathak)

Deputy Secretary to the Government of India.

Room No. 022A wing.
Shastri Bhavan, New Delhi-110001
Dated the 1st April, 2002

The President/Secretary,
(of all NGOs)

Subject: Assistance to voluntary Organizations under the Scheme to Promote Voluntary Action for Persons with Disabilities.

Sir/Madam,

I am directed to request that the proposal(s) for grant in aid under the above mentioned Scheme for first installment for the year 2002-03 may please be sent to this Ministry before 30th April, 2002 positively to enable the Ministry to process the case for grant in aid. The proposal should have the following documents:

1. Budget Estimates (Item-wise/Post-wise) for the year 2002-03.
2. List of staff with qualification, designation and date of appointment.
3. Number and List of beneficiaries for the year 2002-03 with details on age, address, type and severity of disability, etc.
4. Copy of Registration Certificate.
5. Annual Report for the year 2001-02.
6. Unaudited Accounts for the year 2001-02 comprising income and expenditure statement of account, receipt and payment account, balance sheet, etc.
7. Item-wise/post-wise expenditure made out of the grant in aid for the year 2001-02.
8. Unaudited Utilization Certificate for the year 2001-02.
9. Copy of the rent agreement.

Yours faithfully,

Sd/-

(B.K. Pandey)
Director.

Government of India
Ministry of Social Justice and Empowerment
New Delhi, the 5th April 2002

To

The Secretary
(In charge of Prevention of Alcoholism and Drugs Abuse)
All State Governments/UT Administrations

Subject: Grant-in-aid to NGOs and States/UTs under the Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse.

Sir/Madam,

Social Defence Division in the Ministry of Social Justice and Empowerment, Government of India, is dealing with matters relating to neglected, destitute and abandoned children, juvenile justice system, welfare of elder persons, and programme relating to treatment and rehabilitation of drug addicts and victims of substance abuse.

2. A number of NGOs are in receipt of financial assistance under the Scheme for prevention of Alcoholism and Substance (Drugs) Abuse. A list of the NGOs, which were funded by this Ministry under the Scheme during the year 2001-02, is enclosed herewith for your information.

3. As you are aware, financial assistance is released to the grantee NGOs on annual basis ordinarily in two installments, based on the evaluation of their performance through the recommendation and inspection report of the State Government/UT Administration concerned, or the nodal agency of this Ministry. While the first instalment of grant-in-aid equivalent to 50% of the grant due for the year is released at the beginning of the financial year, after taking into account the recommendation of the State Government for the previous year, the second instalment for the year is released on receipt of the State Government's recommendation and inspection report for the current financial year. The experience of the Ministry has been that the recommendations/inspection reports from the State Governments/UT Administrations are received at the fag end of the financial year. This causes avoidable delay in release of grants to the organization, and adversely affects performance of the projects. We, therefore, seek your cooperation in not only monitoring and evaluation of the projects but also in ensuring that your recommendations along with the inspection reports reach this Ministry well within time, preferably before 31st December each year.

4. This Ministry is in the process of further revising the inspection proformae to be used for inspection of various projects. Copies thereof will be sent to you in due course. Besides, the Ministry has laid down guidelines to be followed by the grantee NGOs for running the projects. A manual has also been prepared on minimum standards of services for the projects under the Scheme for Prevention of Alcoholism and Substance Abuse (copy enclosed).

5. We expect the State Governments/UT Government's active participation in effective implementation of the Programme, and would welcome feedback from them in this regard.

Your faithfully,

Sd/-

(JAYATI CHANDRA)
Joint Secretary to the Government of India.

Government of India
Ministry of Social Justice and Empowerment

New Delhi, the 5th April 2002

To

The President/Secretary
(All grantee NGOs in Drug Abuse Prevention sector)

Subject: Grant-in-aid to NGOs under the Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse.

Sir/Madam,

Social Defence Division in the Ministry of Social Justice and Empowerment, Government of India, is dealing with matters relating to neglected, destitute and abandoned children, juvenile justice system, welfare of elder persons, and programme relating to treatment and rehabilitation of drug addicts and victims of substance abuse. The Ministry is providing financial assistance to NGOs under various Schemes run in this sector. Your organization is one of the recipients of financial assistance under the Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse.

2. As you are aware all grantee organizations are required to submit their applications for grant-in-aid in the prescribed proforma for release of first installment alongwith all the relevant documents as mentioned in the scheme so as to reach this Ministry by 15th May. Proposals for the first installment must be accompanied by the half-yearly progress reports for the period ended on 31st March. The NGOs are expected to scrupulously follow the guidelines laid down from time to time, like the manual on minimum standards of services for the projects under the scheme recently circulated by this Ministry Separately, the Ministry has also been requesting the State Governments/UT Administrations to recommend proposals from the organizations for grant-in-aid in time.

3. However instances have come to the notice of this Ministry where the NGOs do not submit their proposals along with the requisite documents in time. This not only causes delay in release of grant, but at times it is not possible to release the grant to the organization as it becomes time barred under the provisions of the General Financial Rules. All grantee NGOs are, therefore requested to please ensure that their proposals for grant-in-aid are submitted complete in all respects as per the requirements and time schedule mentioned above so that the grant could be released to them in time.

Yours faithfully,

Sd/-

(A.K. JOSHI)
Deputy Secretary to the Government of India.

No11014/18/97-SCD-II
Government of India
Ministry of Social Justice & Empowerment
(SCD Division)

Shastri Bhavan,
New Delhi-110001
Dated 9th April, 2002.

To

Secretary
Social Welfare Deptt.
(27 States/UTs)
As per list

Subject: Submission of Annual Progress Report on utilisation of Special Central Assistance (SCA) for release of SCA during the year 2002-03

Sir,

I am directed to refer to this Ministry's communication dated 6th October, 1998 circulating guidelines on utilisation of Special Central Assistance and subsequent communications advising formulation of project proposals by dovetailing subsidy under SCA and balance as loan from NSFDC/Bank. Model Project Proposals prepared by Government of Andhra Pradesh were circulated in April 2001 and subsequently, project proposals prepared by Government of Karnataka were circulated in December 2001 for your reference in this regard.

2. In order to process release of 1st installment of SCA during year 2002-03, you are requested to send Annual Progress Report, Physical and Financial achievements, and utilisation certificate for the year ending on 31st March 2002 as per proforma enclosed to this Ministry latest by 20th April, 2002.

Your faithfully,

Sd/-

(R. Radhakrishnan)
Deputy Secretary to the Government of India.

ANNEXURE-III

No.g. 21015/1/2000-B&C
Government of India
Ministry of Social Justice & Empowerment
(B&C Section)

New Delhi,

Dated the 30th August, 2000

Subject: Pre-budget Discussion of Secretary (Expenditure) with JS&FA regarding RE 2000-2001 (Plan & Non-Plan) and BE 2001-2002 (Non-Plan) in respect of Demand No. 89-Min. of SJ&E.

Estimates of expenditure in respect of a Ministry/Department are required to be finalised after Secretary (Expenditure) has held discussion(s) with the Financial Adviser of that Ministry/Department.

2. For finalization of RE 2000-2001 (Plan and Non-Plan) and BE 2001-2002 (Non-Plan) of schemes/programmes being operated in this Ministry, Secretary (Expenditure) is likely to hold pre-budget discussion(s) with Financial Adviser some time in October, 2000. Exact date and time of discussion(s) will be intimated in due course.

3. For pre-budget discussion, the following aspects may please be kept in view while formulating proposals for RE 2000-2001 (Plan and Non-Plan) and BE 2001-2002 (Non-Plan):—

(a) the existing expenditure budget is to be reviewed to prioritize the activities and schemes, both Plan and non-plan side and those activities and schemes are to be identified which can be eliminated or reduced in size.

(b) Due note is to be taken of the past performance, the stage of formulation/implementation of the various schemes, the institutional capacity of the implementing agencies to implement the schemes as scheduled, the constraints on spending by the spending agencies, etc. with a view to minimizing the scope for available surrenders as a later stage.

The Parliamentary Committee has been repeatedly expressing concern over incidence of large saving in the Grant. The Public Accounts Committee have repeatedly amount of Rs. 100.00 crores and above of all scheme of the Ministry has to be explained to the Committee along with Action taken to avoid savings in future.

(c) The annual budget is prepared and allocation made taking into account the availability of resources and other relevant factors. An additional demand at the Supplementary stage only adds to the deficit and is an indicator of the budget not being framed carefully. Once the budget is framed, the provision in the budget whether Plan and Non-Plan should be regarded as the maximum amount of resources available and accordingly efforts should be made to manage the affairs with these limits. The programmes and the contents of their activities are therefore, required to be examined carefully reordering the priorities to manage within the allocation rather than come up with proposals for supplementary demands. Supplementary Demand are to be severely restricted and should only be for genuine unforeseen expenditure which could not be envisaged at the time of preparation of annual budget or to meet the requirements of a decision or development which have taken place after the approval of the budget i.e. post-budget decision and not for continuing schemes and programmes.

(d) Economy instructions issued from time to time by the Ministry of Finance, including the need to bring down subsidies through improvement or operational efficiency and effective direction of flow of subsidies to targeted groups are also to be taken into account.

(e) No provision is to be made in the establishment budget for posts, which are lying vacant for one year or more. Even otherwise provisioning for vacant post should be made with circumspection so as to avoid changes of eventual savings due to these not being filled up.

(f) Autonomous bodies should generate their own resources of income to meet additional expenditure over BE 2000-2001 because it may not be possible for the Government to go on meeting increases in expenditure every year.

4. In view of position explained above, detailed justification may kindly be given where additional funds are required. Detailed justification is also needed in cases where savings are anticipated. In cases where the amount actually spent is less than the amount budgeted for during the current year, corresponding savings under some other scheme/programme may invariably be located so that additional funds could be provided to them at Revised Estimates 2000-2001 stage.

5. It may also be added here that in accordance with the instructions issued by the Planning Commission, prior approval of the Commission is necessary in cases **where outlay for any scheme is sought to be changed by more than 10% of the budget estimate.** Also that Zero-based budget analysis is required for all schemes.

6. Due to instructions of the Ministry of Finance, 10% of Central Plan allocation i.e. Rs. 135.00 crores has been provided in a separate budget head entitled "Lump-sum Provision for North-east and Sikkim" for releasing funds under various schemes/ programmes of the Ministry. It is, therefore, requested that the requirement of funds in RE 2000-2001 for Plan schemes for Northeast and Sikkim may also be furnished separately along with the requirements in the schemes other than Northeast and Sikkim.

7. The proposal for RE 2000-2001 (Plan & Non-Plan) and 2001-2002 (Non-Plan) may please be furnished accordingly in consolidated form for the Bureaus latest by **20th September, 2000 positively in the enclosed proforma.**

8. All the Bureau Heads are requested to kindly ensure that the above information is given on time as the pre-budget discussion will be the basis for determining the ceiling for Revised Estimates 2000-2001 (Plan and Non-Plan) and Budget Estimates 2001-2002 (Non-Plan).

Sd/-

(B.C. Pant)
Under Secretary to Govt. of India.

To,

JS(SD)/JS(DD)/JS(NGO)/JS(SCD,M&BC)

Copy to:—

1. All Divisional/Branch Heads/Desks and Sections

2. All Subordinate and attached office

3. JD (PREM)

Annexure-IV Statement showing progress of expenditure where the entire provision remained unutilised during 96-97.

	Name of scheme Expen.	BE 96-97	Actual Expen.	BE 97-98	Actual Expen.	BE 98-99	Actual Expen.	BE 99-2000	Actual Expen.	BE 2000-01	Actual Expen.	BE 2001-02	Actual Expen.
2225													
01.277.04	Coaching & allied scheme	0.01	0.00	0.10	0.00	0.10	0.00	0.05	0.00	0.03	0.00	0.10	0.00
01.277.08	Book Banks	0.07	0.00										
01.277.02	Boys hostels	0.15	0.00	1.00	0.00	1.00	1.15	1.10	0.80	0.80	0.35	5.00	4.45
01.277.11	Prematric scholarship for SCs	0.01	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.01	0.00
01.277.12	Liberation & Rehabiln. Of Scavengers	0.20	0.00					The allocation and expenditure has been indicated in New head of Account					
01.800.25	Grants in aid to National Scheme of Liberation & Rehabilitation of Scavengers	0/00	90.01	120.00	90.00	90.00	5.90	70.00	70.00	67.50	60.92	74.00	8.21
01.277.14	Girls hotels for SCs	1.00	1.00	0.01	0.00	1.00	1.00	0.02	0.87	0.60	0.60	5.00	4.45
01.800.24	Interest Subsidy for NSPDC	4.25	0.00										
02.001.01	National Commission for STs	0.93	0.00	0.65	0.00	0.65	0.00	Scheme transferred to Ministry of Tribal Affairs					
02.794	SCA to TSP	1.45	0.00	2.00	1.47	2.00	1.33	Scheme transferred to Ministry of Tribal Affairs					
02.277.04	Girls hostels for STs	0.25	0.00	0.40	0.00	0.40	0.00	Scheme transferred to Ministry of Tribal Affairs					
02.277.03	Boys hostels STs	0.25	0.00	0.40	0.00	0.40	0.00	Scheme transferred to Ministry of Tribal Affairs					
02.300.08	Establishment of Ashtram School	0.20	0.00	0.40	0.00	0.40	0.00	Scheme transferred to Ministry of Tribal Affairs					
02.800.11	Vocational training in tribal areas	0.15	0.00	0.25	0.00	0.25	0.20	Scheme transferred to Ministry of Tribal Affairs					
80.800.08	Maulana Azad Education Foundation	0.01	0.00	40.00	40.00	30.00	3.75	5.00	3.15	2.85	2.85	21.00	3.00
2235													
02.001.06	O/O Chief Commissioner for handi.	0.10	0.00	1.00	0.00	0.00	0.12	0.50	0.33	1.00	0.27	0.90	0.73
02.101.10	Employment of handicapped	0.01	0.00	0.01	0.00	0.01	0.00	0.02	0.03	0.10	0.02	0.08	0.05
02.101.10.12	National Trust for Mentally Retarded and Cerebral Palsy	1.25	0.00	1.25	0.00	1.25	0.00	10.00	4.00	44.00	44.00	37.80	51.00
02.101.10.13	National Rehabilitation Programmes	1.50	0.00	0.05	0.00	15.00	0.00	5.00	5.00	43.00	55.52	39.25	43.61
02.101.10.14	Indian Spinal Injury Centre	0.05	0.00	2.00	1.96	3.00	3.30	7.00	5.43	2.25	2.30	2.02	2.07
02.101.10.15	Scheme for implementation of Persons with Disability Act	0.05	0.00	15.00	0.00	2.98	0.00	3.50	3.50	11.75	4.01	12.37	8.70

	Name of scheme Expen.	BE 96-97	Actual Expen.	BE 97-98	Actual Expen.	BE 98-99	Actual Expen.	BE 99-2000	Actual Expen.	BE 2000-01	Actual Expen.	BE 2001-02	Actual Expen.
02.102.22	Services for Children in Need of Care & Protection in Assam	0.05	0.00	The scheme has been dropped									
02.106.02	Prevention & Control of Juvenile Maladjustment	0.01	0.00	0.01	0.00	0.05	0.00	0.05	0.01	0.05	0.01	0.04	0.00
02.798.03	Contribution to Funds of UN Decade for Disable Persons	0.02	0.00	0.02	0.00	0.01	0.00	0.01	0.00	Scheme dropped			
02.200.08	Scheme for Beggary Prevention	0.01	0.00	Scheme dropped									
02.200.09.01	Indo foreign cultural exch. Programe	0.02	0.00	0.02	0.00	0.02	0.00	0.01	0.00	Scheme dropped			
3601													
04.341.09	Liberation & rehabilitation of Scavengers												
		38.00	0.00	Funds released under new head of account to release grants directly to State Sch. Castes Dev. Corporations									
3602													
4.341.04	Girls hostels for SCs	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00	0.20	0.00	0.50	0.00
04.359.01	Employment of handicapped	0.01	0.00	0.01	0.00	0.01	0.00	0.02	0.22	0.10	0.09	0.08	0.08

ANNEXURE-V

Statement showing procress of expenditure in schemes where substantial savings occurred in 1996-97

Scheme	BE 96-97	Actual Exp.	Saving	BE 97-98	Actual Exp.	Saving	BE 98-99	Actual Exp.	Saving	BE 99-2000	Actual Exp.	Saving	BE 2000-01	Actual Exp.	Saving	BE 2001-02	Actual Exp.	Saving
Secretariat	7.60	6.56	1.04	7.61	7.69	-0.08	8.62	9.40	-0.78	9.66	10.29	-0.63	8.38	8.92	-0.54	10.38	10.35	0.03
Girls Hostels																		
UT Without Legislature	1.00	0.00	1.00	1.00	0.00	1.00	1.00	1.00	0.00	0.02	0.87	-085	0.60	0.60	0.00	5.00	4.96	0.04
Assistance to Voluntary Organisation for SCs	17.33	10.00	7.33	20.00	10.03	9.97	18.00	18.01	-0.01	21.00	25.61	-4.61	26.00	22.47	3.53	30.00	29.00	1.00
Interest Subsidy for NSFDC	4.25	0.00	425 Scheme dropped from 97-98															
Scheme for Pre-exam coaching for weaker Section	2.00	0.28	1.72	2.50	0.82	1.68	2.00	2.24	-0.24	2.50	2.46	0.04	2.50	2.73	-0.23	2.50	3.04	-0.54
Scholarship to students of SC/ ST & OBCs for studies abroad	4.90	1.90	3.00	4.90	2.33	2.57	3.90	1.23	2.67	1.72	0.80	0.92	1.13	0.53	0.60	1.13	0.47	0.66
Aids & Appliances	12.85	6.85	6.00	15.00	8.94	6.06	25.00	23.99	1.01	30.00	28.42	1.58	28.70	29.01	-0.31	42.41	43.44	-1.03
National Trust for Mentally Retarded and Cerebral Pasy	1.25	0.00	1.25	1.25	0.00	1.25	1.25	0.00	1.25	10.00	4.00	6.00	44.00	44.00	0.00	37.80	51.00	-13.20
National Rehabilitation Programme for Handicapped	1.50	0.00	.50	0.05	0.00	0.05	15.00	0.00	15.00	5.00	5.00	0.00	43.00	55.52	-12.52	39.25	43.61	-4.63
Education work for prohibition & Drug abuse	14.66	9.64	5.02	17.50	11.52	5.98	16.00	15.13	0.87	20.00	19.03	0.97	18.50	20.64	-2.14	20.25	22.50	-2.25
Assistance to Voluntary Organisation for Old age homes			2.00	12.50	6.14	6.36	15.00	7.75	7.25	15.00	10.80	4.20	9.00	12.36	-3.36	13.50	14.61	-1.11
Book banks	2.93	1.77	1.16	2.60	1.42	1.18	2.60	1.12	1.48	2.35	2.35	0.00	2.35	2.42	-0.07	1.85	2.87	-1.02
Machinery for PCR Act	15.18	12.21	2.97	15.14	16.13	-0.99	15.14	15.14	0.00	-24.20	24.20	0.00	26.00	26.53	-0.53	28.50	29.49	-0.99
Liberation & rehabilitation of Scavengers	88.00	0.00	88.00	120.00	90.00	30.00	90.00	5.90	84.10	70.00	70.00	0.00	67.50	60.92	6.58	74.00	8.21	65.79

Annexure-VI—Statement indicating reduction in saving in some of the schemes where persistent Saving occurred in 1995-96 and 1996-97

Persistent Savings	Year	Saving (Crores)	%age
1. Welfare of Scheduled Castes—Education	1995-96	1.24	99%
	1996-97	2.07	92%
	1997-98	6.39	100%
	1998-99	2.77	50%
	1999-2000	3.96	62%
	2000-2001	2.51	70%
	2001-2002	0.63	6%
2. Assistance, to Vol. Orgns. for Sch. Castes	1995-96	9.49	47%
	1996-97	7.33	42%
	1997-98	9.97	50%
	1998-99	NIL	NIL
	1999-2000	4.39	14%
	2000-2001	3.52	14%
	2001-2002	1.00	3.33%
3. Welfare of Scheduled Tribes—Education	1995-96	0.53	71%
	1996-97	0.53	96%
	(Transferred to Mn. Of Tribal Affairs		
4. Scheme for Pre-exam. Coaching for Weaker Sections based on Economic Criteria	1995-96	0.68	34%
	1996-97	1.72	96%
	1997-98	1.78	71%
	1998-99	+0.24	Excess
	1999-2000	NIL	NIL
	2000-2001	+0.23	Excess
	2001-2002	0.54	Excess
5. Scheme for Street Children	1995-96	2.18	44%
	1996-97	0.60	13%
	1997-98	2.52	42%
	1998-99	2.84	47%
	1999-2000	1.16	13%
	2000-2001	2.26	24%
	2001-2002	2.74	5%
6. Grants in aid to UT Govts. for Other schemes of Scheduled Castes—Education	1995-96	3.38	82%
	1996-97	3.66	89%
	1997-98	3.28	90%
	1998-99	2.09	81%
	1999-2000	0.10	11%
	2000-01	0.96	58%
	2001-02	1.35	62%

MINISTRY OF ROAD TRANSPORT & HIGHWAYS
AND MINISTRY OF SHIPPING

Recommendation

The Committee's examination of the reasons for less utilisation of funds under grant Nos. 78, 79 and 80 operated by the Ministry of Surface Transport during the years 1996-97 clearly indicate a shortfall in the performance of the Ministry. It also discloses that budgetary requirements seem to be projected by the Ministry more on the basis of theoretical anticipation rather than on the trend of expenditure and actual requirement. The Committee hardly need to emphasise that existing system of budget formulation, follow-up, monitoring of projects and financial management leave much to be desired and calls for comprehensive review and reappraisal so that budget allocations are gainfully utilised for the intended purposes. The Committee would like to be apprised of the corrective action taken in this behalf by the Ministry for avoidance of such lapses in future.

(Sl. No. 13.12 Appendix — 16th Report of PAC 13th Lok Sabha)

Action Taken

GENERAL

During the year 1996-97, there were cases of savings of substantial magnitude, unrealistic assessment of trend of expenditure leading to unnecessary procurement of supplementary funds, savings not surrendered in certain cases and injudicious re-appropriations.

GRANT NO. 78 — SURFACE TRANSPORT

OBSERVATIONS:

A scrutiny of Appropriation Accounts of this Grant has revealed that in the voted portion of Revenue Section of this Grant, the overall saving of Rs. 20.33 crore exceeded the supplementary grant of Rs. 2.22 crore obtained in March, 1997 and constituted 32 per cent of the total sanctioned provision. A detailed scrutiny of Appropriation Accounts revealed that there were substantial SAVING in the following heads under Revenue Section (Voted):

(Rs.in crore)

Sl.No.	Major Head/Sub-Head	Amount of Savings
1.	M.H.—3055 -Research — Grants for implementation of Voluntary Retirement Schemes for DTC	10.00
2.	M.H.—3056 -Assistance to Public Sector and Other Undertakings -Grants to Island Waterways Authority of India	5.16
3.	Three Sub-heads where savings exceeded Rs. 50.00 lakh each	2.41

In the Capital Section (Voted), there have been savings of Rs. 35.55 crore, which is 39.68 per cent of the total provision. Substantial savings occurred under the following heads under Capital Section (Voted):

(Rs.in crore)

Sl.No.	Major Head/Sub-Head	Amount of Saving	Reasons of saving
1.	M.H.—5056 -Investment in Public Sector and other Undertakings - Investment in Public Central Inland Water Transport Corporation Limited.	4.28	Non-receipt of approval for acquisition of vessels from Investment Board.
2.	M.H.—7055 -Loans to Public Sector and other -Undertakings -Delhi Transport Corporation.	28.00	Transfer of Delhi Transport Corporation to Government of National Capital Territory of Delhi.
3.	M.H.—7056 -Central Inland Water Transport Corporation	3.28	Non-sanctioning of the 7th Plan Vessel acquisition Scheme and modernistation of Raja Bagan Dockyard.

Action Taken

It is a fact that savings of Rs. 10 crores in respect of the scheme pertaining to DTC were of very high magnitude. This was, however, not due to unrealistic assessment of trend of expenditure. In fact, the Union Cabinet in its meeting held on 31.7.1996 directed that the DTC be trasferred to Govt. of NCT of Delhi immediately and the transfer was given effect to on 5.8.1996. This was unforeseen at the time of budget formulation and hence provision in the budget was made in a regular manner. However, the unspent balance at the time of transfer was immediately surrendered at RE stage. No. provision in the budget for DTC was made during 1997-98 and onwards.

Saving of Rs. 5.16 crores under M.H. 3056-00.190.01 — Grants for Inland Waterways Authority of India was due to delay in conceptualisation, processing and implementation of the scheme of Capital dredging in West Coast Canal, Training Scheme and finalisation of the design by Central Public Works Department for Patna Terminal. The proposal for setting up of National Inland Navigation Institute (NINI) in Patna could be given final shape only on 18.3.1997. Examination and evaluation of such big project could not be completed by 31.3.1997. Hence fund could not be released. Against the provision of Rs. 400.00 lakhs for implementation of this scheme for Capital Dredging in West Coast Canal, a sum of Rs. 272.60 lakhs was released during the year. EFC in its meeting held on 27.3.97 directed to revise the scheme by including land acquisition for capital dredging also. Therefore, this scheme could not be finalised and as such saving existed in this year.

There was a budget provision of Rs. 150.00 lakhs for the construction of terminal at Gaighat, Patna. Against this allocation, a sum of Rs. 100.00 lakhs were released for the scheme. This amount could not be utilised due to non-finalisation of the design for this terminal.

Against the provision of Rs. 75.00 lakhs, an expenditure of Rs. 23.93 lakhs was incurred resulting in a saving of Rs. 51.07 lakhs. The saving was mainly due to non-receipt of complete proposals from the State Governments.

Saving of Rs. 100 lakhs under MH 3055.08- National Institute of Road Safety was due to non-finalisation of proposal for setting up of the National Institute of Road Safety. Since the proposal was not likely to be finalised during the year 1996-97, it was decided to keep a token provision of Rs. 1.00 lakh only, and the balance amount was surrendered at RE stage itself.

Saving of Rs. 100 lakhs under M.H. 3056.00.190.03-Grants for implementation of Voluntary Retirement Schme of CIWTC was due to poor response from the employees of corporation seeking voluntary retirement. Application for voluntary retirement scheme which were received during the period 1996-97 was within the fund received in previous financial year 1995-96. There was a budget provision of Rs. 100.00 lakhs in the financial year 1996-97 on account of voluntary retirement scheme. As the report of Vth Pay Commission was expected in the year 1996-97, the employees of CIWTC were not found interested in VRS with the hope to get more benefits after implementation of Vth Pay Commission Report. Therefore, due to poor response of employees in the year 1996-97, the budget provision of Rs. 100.00 lakhs made for the scheme could not be utilised.

Saving of Rs. 2.41 crore against three sub—heads of the Revenue Section of the Grant No. 78 was under the following heads:—

Sub-head 3055.00.004.03—Publicity on Road Safety

	(Rs. in lakh)
Original Grant	150.00
Supplementary Grant	—
Total Grant	150.00
Actual Expenditure	86.78
Saving	63.22

Saving of Rs. 63.22 lakhs under this head was due to non approval of certain publicity programmes and non-receipt of claim/bills from some parties for carrying out Road Safety Publicity programme during previous year. Moreover, the plan allocation was reduced by Rs. 25 lakhs by Finance at RE stage.

Sub-Head 3055.00.004.04-Grant-in-aid to Road Safety agencies for administering Road Safety Programmes including inspection equipment for physical fitness of vehicles

	(Rs. in lakh)
Original Grant	100.00
Supplementary Grant	—
Total Grant	100.00
Actual Expenditure	8.07
Savings	91.93

Saving of Rs. 91.73 lakhs under this head was due to the reason that a number of proposals sent by voluntary organisations were not conforming to the prescribed guidelines and non-recommendation of State Govts. as required by the Ministry. Therefore the number of proposals approved for sanction of Grants-in-aid during the 1996-97 was very limited limited. Moreover, the BE was reduced to Rs. 50. lakhs by Finance Wing at RE stage.

Sub-Head 3601.02 Pollution Testing Equipment

	(Rs. in lakh)
Original Grant	250.00
Supplementary grant	—
Total Grant	250.00
Actual Expenditure	164.25
Savings	85.75

Saving of Rs. 85.75 lakhs, under this head was due to non-receipt of proposals from the State Governments/UT Administrations.

Savings of Rs. 427.50 lakhs under sub-head 5056 Investment in Central Inland Water Transport Corporation Limited was mainly due to non release of fund for modernisation of Raja Bagan Dockyard, non-receipt of Public Investment Baord's approval for the seventh plan vessel acquisition.

Saving of Rs. 2800 lakhs under sub-head 7055 Loans to Delhi Transport Corporation was due to the reason that the Union Cabinet in its meeting held on 31.7.1996 directed that the DTC be transferred to Govt. of NCT of Delhi immediately and the transfer was given effect to on 5.8.1996. This was unforeseen at the time of budget formulation and hence provision in the budget was made in a regular manner. However, the unspent balance at the time of transfer was immediately surrendered at RE stage. No provision in the budget for DTC was made during 1997-98 and onwards. The saving was not due to unrealistic assessment of trend of expenditure.

Saving of Rs. 327.50 lakhs under M.H. 7056—Loans for Inland Water Transport Corporations was due to non-sanctioning of the 7th Plan vessel acquisition scheme and modernisation of Raja Bagan Dockyard. Hence the original provision of Rs. 1430 lakhs was reduced to 1150 lakhs at RE stage by the Ministry of Finance keeping in view the pace of expenditure.

Most of the schemes under Road Transport Sector are implemented either by State Governments or by the NGOs. Action is initiated right in the month of April/May to call for proposals from these agencies on the basis of funds allocated. However, by the time, the proposals are received and these are processed for sanction, there is a review of budget estimates and the past experience has shown that invariably, there are considerable cuts in the allocation. This results in a fresh exercise in formulating the proposals within the revised estimates and hence the delay in implementing the schemes. The response of the State Governments is also sometimes not prompt and the proposals are received only at the fag end of the financial year. As regards the schemes required to be implemented by State Govts.NGOs, it is seen that the saving was basically due to non receipt of proposals from States Govts./NGOs in time, proposals not conforming to the prescribed guidelines and hence rejected, non-receipt of claim/bills etc. It may, therefore, be appreciated that savings in respect of the schemes being pursued in RT Division are due to the very nature of the schemes. State Governments have been requested to furnish thier proposals at the earliest possible so that by the time of review of budget estimates, considerable commitments are made.

Judicious review of budget provision from time to time led to timely surrender of funds, not likely to be spent during the financial year, at RE stage itself. It is evident from this fact that while the total savings during 1996-97 with reference to BE was Rs. 42.52 crores, it was lowered down to Rs. 2 crores only with reference to RE.

However the observations of the Public Accounts Committee have been carefully noted for strict compliance in future.

GRANT NO. 79 — ROADS

OBSERVATIONS:

The following statement indicates the position of the Grant during the year 1996-97 under both the Revenue (Voted) and Capital (Voted) Sections:

(Rs. in crore)

	Revenue (Voted)	Capital (Voted)
Original Grant	756.62	1202.92
Supplementary provision	61.93	58.56
Total Grant	818.55	1261.48
Actual Expenditure	783.96	1238.03
Savings	34.59	23.45
Amount surrendered during the year	5.62	17.13

The overall savings of Rs.34.59 crore in Revenue (Voted) Section constituted 56 per cent of suplementary Grant of Rs. 61.93 crore obtained in March 1997. Similarly, in the Capital (Voted) Section of the Grant, the overall saving of Rs. 23.45 crore constituted 40 per cent of the supplementary Grant of Rs. 58.56 crore obtained in March 1997.

A detailed scrutiny of the Capital Section of the Grant revealed that substantial savings had occurred under the following heads due to non-receipt of proposals from State Governments:—

(Rs. in crore)

Sub-Head	Amount of saving
(a) Loans-construction of Second Hooghly Bridge	9.36
(b) Road Works-Externally aided Schemes	5.76
(c) National Highways-Permanent Bridges-Works financed from the National Permanent Bridges Fees Fund	17.36

Action Taken

REVENUE SECTION:

The overall assessment of Revenue Section (Voted) reveals that out of Rs. 61.93 crore which was taken as supplementary grant, Rs. 50 crore was taken under MH — 3054 — Maintenance & Repair which was utilised in full during the year 1996-97. The overall saving of Rs.34.59 crore was mainly due to saving of Rs.25.55 crore under MH 3606. Assistance from Govt. of Japan was unforeseen at the time of procurement of supplementary grant.

There was a provision of Rs.53 crore under the Major Head 3606 for assistance from Govt. of Japan during 1996-97 for construction of 2nd Nizamuddin Bridge across River Yamuna on NH-24 in New Delhi. However, only Rs.2745.40 lakh were released resulting in a saving of Rs.2554.60 lakh.

In this regard, it may be stated that as per contract agreement, the Japanese contractor was to be paid after completion of various stages. Due to certain problems, the contractor sought extension of completion time of intermediate stages which was approved by the Ministry and JICA (Japan International Co-operation Agencey). As such, the amount provided under this head could not be utilized fully during 96-97. The amendment to agreement in this regard was signed on 27.3.1997. So there was no time left to surrender the amount in time.

However, it is relevant to mention that as per Delegation of Financial Power Rules, (DFPR) funds under Externally Aided Projects (EAPs) cannot be re-appropriated for non EAPs purpose. As such, it does not seem to be in order to say that procurement of supplementary funds during 1996-97 was unnecessary.

Savings of Rs.208.18 lakhs under M.H. 3054-80.004.01.01-Development and Planning was due to less demands/proposals received from the Research Organisations during 1996-97. It may be stated that a provision of Rs.300 lakhs under R & D was made during 1996-97 for ongoing Research Schemes as well as new schemes proposed to be sanctioned during the year. However during year 1996-97, less research schemes were approved as a result of non receipt of proper proposals from Research Organisations. Hence there was a saving of Rs.208.18 lakhs.

Saving of Rs.225.20 lakhs under MH 3601.05-Air Lift Charges occurred mainly due to the fact that the Border Road Organisation is maintaining the forces in ladakh at various places. As the road is cut off during winters due to snow fall, lot of things are required to be air lifted. The Indian Air Force is engaged for this purpose. They lift the provisions from Chandigarh Airport to Leh. After rendering the air lift services, the Air HQ sends the bills to Director General Border Roads claiming the expenditure.The Air HQ sent the bills amounting to Rs.280 lakhs only resulting in a saving of Rs.225 lakhs.

Saving of Rs.186.54 lakhs under M.H. 3601-Sensitive Border Areas was due to non sanctioning of the revised cost estimates. In this regard, it may be stated that against the provision of Rs.200 lakhs at BE stage, DG(BR) had requested to release only 56.54 lakhs. However, while examining the case, a sum of Rs.13.46 lakhs only was released towards arbitration and the balance Rs.43 lakhs was not released by DG(BR) because of the pending sanction of Revised Cost Estimate.

CAPITAL SECTION:

The overall assessment of Capital Section (Voted) reveals that supplementary grant of Rs.58.56 crore was taken under MH—5054 — EAP. It may be stated that the entire amount of Rs.376 crore (including the sum of Rs.58.56 crore taken as supplementary grant and Rs. 44 lakhs taken by way of re-appropriation) was fully allocated to various States. The overall saving of Rs.23.45 crore was mainly due to saving of Rs. 17.36 crore under MH—5054—Permanent Bridge Fee Fund which could not be re-appropriated fully under MH— 5054— Externally Aided Project.

In this regard, it may by stated that provision under this head was made in anticipation of the recovery of toll fees likely to be received on Permanent Bridges on National Highways on the basis of last year's collection. During 1995-96, there was a provision of Rs.72 crore and Rs. 4.2 crore was obtained as supplementary Grant and the entire money was released to State Govts. On the basis of that, the Ministry had anticipated high collection and projected the demand of Rs.83 crore at BE stage during 1996-97. As such it may not be correct to say that the procurement of supplementary grant was unnecessary and the re-appropriation was injudicious.

As per procedure, funds under MH—5054—Permanent Bridges Fee Fund are allocated to respective States depending upon and corresponding to the Permanent Bridge funds collected in the previous year. Collection on this count of various States during 1995-96 was of the order of Rs. 54 crore and apart from this, there were arrears of last year also. Taking this into account, the amount of Rs. 83 crore was allocated to various States and out of that Rs .65.64 crore was actually incurred/booked by them. Hence, there was a saving of Rs. 17.36 crore.

The saving of Rs.575.93 lakhs under MH—5054—EAP was due to less utilisation of funds mainly in Kerala, U.P., Punjab and Bihar because of delays encountered in shifting of utilities, cutting of trees, environmental clearance and delay in issue of LOC by the State Govts.

GRANT NO. 80 — PORTS, LIGHTHOUSES & SHIPPING

OBSERVATIONS :

The following statement indicates the position of the Revenue (Voted) and Capital (Voted) Section of the Grant during 1996-97 :—

(Rs. in crore)

	Revenue (Voted)	Capital (Voted)
Original Grant	236.61	263.97
Supplementary Provisions	2.70	0.02
Total Grant	239.31	263.99
Actual Expenditure	172.49	196.76
Savings	66.82	67.23
Amount surrendered during the year	74.10	68.40

A detailed scrutiny of Appropriation Accounts revealed that there were substantial savings under the following heads under Revenue (Voted) Section:—

Sl. No.	Major Head/Sub-Head	Amount of Saving	Reasons for saving
1.	MH—2852—engineering Industries		
	(a) Cochin Shipyard	8.00	Non-reaching of the stage of construction eligible for claiming subsidy.
	(b) Basic Design and Research facilities at Vizag/NSDRC	3.50	Non-sanctioning of the scheme owing to frequent changes of scheme by National Ship Design Research Centre.
	(c) Interest subsidy to HSL	2.00	Non-finalising of contract owing to failure of the buyer to arrange finance for ship acquisition.
	(d) Hindustan Shipyard	1.62	Release of subsidy only for one vessel owing to non-achieving of construction stage in other vessels linked with subsidy.
2.	MH — 3051 — Major Ports — Assistance to Port Trusts — Maintenance and Dredging in Haldia Channel by Calcutta Port Trust	43.20	Less expenditure incurred than anticipated. owing to non-finalisation of contract for dredging.
3.	MH—3052—Coastal Shipping — Other Expenditure — Other items	10.45	Non-receipt of commodity assistance intended for up-dating maritime training facilities owing to non-approval of projects by the Government of Japan.
4.	MH—3606—Assistance from Government of Japan	10.45	

Further scrutiny of Appropriation Accounts revealed that there were also substantial savings under the following heads under Capital (Voted) Section :—

Sl. No.	Major Head/Sub-Head	Amount of Saving	Reasons for saving
1.	MH—4858—Ship—Building Industries —Investment in Public Sector and	7.50	Non-receipt of proposals of Investment by the Company

Sl.. No.	Major Head/Sub-Head	Amount of Saving	Reasons for saving
	other Undertakings — Hindustan Shipyard Limited		.
2.	MH—6858—Transport equipment Industry — Loans to Public Sector and other Undertakings — Hindustan Shiyard Limited — Plan Schemes	7.50	Non-location of another floating dock for which funds were provisioned.
3.	MH-5051	3.61	Less expenditure incurred on construction work facing working season owing to prolonged monsoon and non-availability of sand owing to ban by Andaman & Nicobar Administration.
	(a) Minor Ports—Other small Ports — Construction of landing facilities and jetties—Major Works		
	(b) Lighthouses and Lightships		
	(i) Construction and Development of Lighthouses	3.90	Non-receipt of equipment and environment clearance certificate and land for project.
	(ii) Construction and Development of other Navigational Aids	8.55	Slow progress of construction work at Sagardeep.
4.	MH—5052—General—Other expenditure—Training and Welfare-Schemes to the benefit of seamen Merchant Navy Training	3.22	Less expenditure incurred on the scheme owing to less proposal accepted by the Ministry
5.	MH—6858—Bombay Port Trust—Externally Aided Scheme	1.37	Delay in sanction of Revised Cost Estimates by the Expenditure Finance Committee.
6.	MH—7051—Major Ports-Paradeep Por—Externally Aided Schemes	52.21	Less claims received than anticipated under the scheme.

Major Head-wise/Sub-Headwise reasons for saving and remedial action taken

Sub Head—2852—Industries 06—Engineering Industries
06.102—Transport Equipment Industries
10—Ship Building Subsidy
02—Cochin Shipyard

As per the pricing policy for ocean going ships built at Indian Public Sector Yards, total subsidy admissible to Cochin Shipyard Limited on account of ship 009 is Rs. 29.73 crores *i.e*. 20% of the basic price of Rs. 148.63 crores. Release of subsidy is linked to the achievement of the following events:—

(i)	On the contract becoming effective	:	15% (Rs. 4.459 crores)
(ii)	On keel laying (Already released)	:	35% (Rs. 10.41 crore)
(iii)	On launching (Expected to be in March, 1998)	:	35% (Rs. 10.41 crores)
(iv)	On delivery (Expected to be in March, 1999)	:	15% (Rs. 4.459 crores)
	Total	:	Rs. 29.728 crores

The third installment of Rs. 10.41 crores was to be released to Cochin Shipyard Limited on the launching of the Ship 009. Since, launching was not expected to be done in 1996-97, the earmarked amount of Rs. 8 crores provided in the demands for grants was not utilised. In the year 1997-98 it was ensured that Rs. 10.41 crores required for release to CSL were asked for and the same amount was released.

05—Basic Design and Reasearch facilities
at Vizag/NSDRC

The saving of Rs. 3.50 crore under this head was due to frequent changes in schemes by National Ship Design Research Centre. Hence the saving.

13—Interest Subsidy to Hindustran Shipyard Ltd.

In terms of pricing policy enunciated in this Ministry's Letter No. SY-17017/2/89-HSL dated 8.9.93 (copy enclosed), interest differential subsidy is payable by the Government to Shipping companies placing order on Indian Shipyards on raising loan above the rate of interest of 9% to the extent of 80% of the cost of the ship. Interest differential subsidy is to be reimbursed on quarterly basis. M/s Mid East Steel (India) Company Ltd. (MESCO) placed order for construction of a 42,750 DWT Bulk Carrier (Hull No. 1135) with HSL in 1994. The contract was signed on 16.5.94 and the contractual price of the vessel was fixed at US $ 22.0 million. While Hindustan Shipyard Ltd. had been progressing with the construction of the said vessel and M/s MESCO had also made payments for two stages of construction *i.e*. 10% on effectiveness of the contract on 14.12.94 and 10% on ordering for main engine on 6.4.95, further construction was hampered due to inability of the Owner (M/s MESCO) to release the further stage payments as they could not finalise the funding arrangements with their financers *i.e.* Shipping Credit & Investment Company of

India Ltd. (SCICI) and Industrial Development Bank of India (IDBI). M/s MESCO had defaulted in repayment of loan extended to it by SIDBI *i.e.* Subsidiary of SCICI. Thus, the financial arrangements of M/s MESCO with SCICI as also IDBI did not materialise. A provision of Rs. 2.00 cr. was kept in the year 1996-97 towards interest differential subsidy in respect of said vessel but the said amount could not be released due to non-finalisation of contract for financing Ship's acquisition *i.e*. financial arrangements by M/s MESCO with their financers *i.e.* SCICI and IDBI and, therefore, the event qualifying for interest subsidy did not reach. Hence no release of interest subsidy was made in the year 1996-97 and the amount Rs. 2.00 crore had to be surrendered. It may not be out of place to mention that contract for acquisition of the said vessels was later on entered into between Hindustan Shipyard Ltd. and Shipping Corporation of India on 21.10.97 and there was total change in the schedule of the events. The vessel was constructed by Hindustan Shipyard Ltd. and finally delivered to Shipping Corporation of India on 15.9.2000.

01—Hindustan Shipyard

		(Rs. in lakh)
Original Grant	:	300.00
Supplementary Grant	:	–
Total Grant	:	300.00
Actual Expenditure	:	137.60
Savings	:	162.40

Reasons for savings

In terms of pricing policy enunciated in this Ministry's letter No. SY-17017/2/98-HSL dated 8.9.93, Shipbuilding subsidy @ 20% extra price over the determined price of the ocean going vessel is payable by the Government along with the payments received by the Shipyards as per stages of construction and as per prevailing market determined rate of exchange. It is released in the following manners:

Sl. No.	Event description	% of Ship-building subsidy
(i)	Contract becoming effective	10%
(ii)	On ordering of main engine	10%
(iii)	On receipt of steel	10%
(iv)	On 50% steel block completion	10%
(v)	On Floating	20%
(vi)	On Generator Starting	15%
(vii)	On Dock trials	15%
(viii)	Upon Delivery	10%

During the year 1996-97, there was a provision of Rs. 3.00 crore for shipbuilding subsidy to Hindustan Shipyard Ltd. Out of Rs. 3.00 cr., Rs. 1.38 cr. was released for achieving the fourth stage of construction of Hull No. 1135. Another vessel *viz*. 1200 Passenger-cum-Cargo Vessel for Andaman & Nicobar Administration was also under construction during 1996-97. It has been observed that subsidy was provisioned for release in 1996-97 in respect of the said vessel for achieving the event *viz*. "satisfactory completion of dock trial stage", fixed for 30.11.96 but subsidy could not be released during that year as Hindustan Shipyard Ltd. failed to achieve the said event. Subsequently, that event *i.e*. "completion of dock trial" was achieved by HSL on 26.9.98 (instead of scheduled date of 30.11.96) and subsidy was accordingly released on 14.10.98. There has been delay in achieving the said event due to delays in receipt of critical components from vendors aboard, substantial delays in receipt of design and documentation, steel, unfinished stern castings and AC system etc. These delays were on account of force majeure clauses, which could not be foreseen and were beyond the control of Hindustan Shipyard Ltd. Andaman & Nicobar Administration had taken into consideration these delays and had waived off the LD Clause in respect of the said vessel. The vessel which was scheduled to be delivered on 10.1.97 as per contract, was finally delivered on 9.12.99 to Andaman & Nicobar Administration.

There was a saving of Rs. 43.20 crores under Major head '3051-Ports and Lighthouses 01-Maintenance and Dredging in Haldia Channel by Calcutta Port Trust during the year 1996-97. The main reason for the saving of Rs. 43.20 crore during 1996-97 was that the Ministry of Finance had directed Calcutta Port Trust to explore the possibility of entrusting the work of dredging on the basis of competitive bidding by breaking the monoploy of the Dredging Corporation of India. The Calcutta Port Trust accordingly initiated necessary action in the matter but could not finalise Global Tender in time. Dredging Corporation of India also could not provide adequate dredgers as their dredgers were engaged elsewhere. Consequently the actual expenditure in the activity was less and hence the saving.

There was a saving of Rs. 10.45 crore under M.H. 3052—Shipping—800—Other expenditure—other item. It is submitted that a budget provision of Rs. 11.00 crores was kept under this head for acquisition of Simulators (Phase-III) under grant-in-aid Govt. of Japan. Since the agreement could not materialize with the Govt. of Japan, no expenditure could be incurred. However, an amount of Rs. 00.55 crores was spent towards the annual maintenance of simulators already procured during the 8th Plan period and installed in LBS College of Advanced Maritime Studies & Research Mumbai.

There was a saving of Rs. 10.45 crores under Major Head 3606—Aid Material and Equipment 217—Assistance from Govt. of Japan also. The saving was due to the reason this is receipt head for receipt of the Grant-in-aid from Govt. of Japan to acquire simulators. As necessary agreement could not be materialized with Govt. of Japan, no recoveries have been made under this head except Rs. 54.80 lakhs which has been spent towards annual maintenance of the simulators already procured from Govt. of Japan during 8th Plan period and installed in LBS College af Advance Maritime Studies & Research, Mumbai, hence the saving.

However, keeping in view that no progress could be made in finalizing the agreement with Govt. of Japan to acquire the simulators under grant-in-aid no provision was made in BE 2000-01 and also no provision has been sought in BE 2001-02 under this head.

There was a saving of Rs. 15 crore—Rs. 7.50 crore under M.H. 4858 Investment and Rs. 7.50 crore under M.H. 6858—Loans in respect of payments to Hindustan shipyard Ltd.

In 1996-97 (8th Plan), as per HSL's request, a provision of Rs. 15.00 cr. was made under Plan Head for proposed acquisition of second-hand Floating dock by HSL for ship repair Division at a cost of Rs. 15.00 crore approximately. The said amount was proposed to be released as equity and loan to HSL in the ratio 50:50. On opening the bids, it was found by HSL that no suitable offer from the parties for out-right sale met the requirement of HSL. There were also offers for new construction of floating dock at HSL but the time frame quoted was between 12-21 months and the price ranged between Rs. 19.40 cr., which was much above the estimated price of Rs. 15.00 crore. In March 1997, HSL proposed to this Ministry to permit them to construct the floating dock in their yard. The request of HSL was duly examind in the Ministry. As that proposal was considered to be a new proposal in place of a second hand floating dock which required fresh approval of EFC, it was decided on 18th March, 1997 not to go through the proposal at that stage and the provisioned amount (*i.e*. Rs. 15.00 cr.) was surrendered.

There was a saving of Rs. 3.61 crores under M.H. 5051—Capital Outlay on Ports & Lighthouses—02—Minor Ports 02-200-01 Construction of landing facilities and jetties. The saving was due to less expenditure incurred on construction work facing working season due to prolonged monsoon and non-availability of sand due to ban by Andaman and Nicobar Administration.

A saving of Rs. 3.91 crore occurred under sub-head construction and Development of Lighthouses under M.H. 5051—Minor Ports. The saving was due to the reason that out of the total outlay of Rs. 5.83 crore, a provision of Rs. 4.00 crore was for the scheme of Differential Global Positioning System (DGPS) and the entire saving is in respect of DGPS. Out of the budget allocation of Rs. 5.83 crore, an expenditure of only Rs. 1.92 crore was incurred on other schemes under this sub-head such as lighthouses of Kodikkarai Mungra Reef, Tilangchang, Kabra, South Sentinel and other minor miscellaneous works, hence the saving occurred due to slow progress of construction works at Sagardeep due to the non-receipt of equipment and non-receipt of environmental clearance certificate and land for project and also due to procedural delays.

A saving of Rs. 8.55 crore occurred under the Minor Head 03—103—Construction and Development of other Navigational Aids. Under this head, the scheme covered is replacement of Lighthouse Tender Vessel. Only an expenditure of Rs.12,000 was incurred on account of payment of consultancy charges to SCI. Earlier it was anticipated that the Revised Cost Estimate (RCE) would be approved by the Expenditure Finance Committee [under the Chairmanship of Secretary (Expdr.)] in its meeting held on 18.10.1996. The EFC, however, directed to constitute a Committee to review the R.C.E.

On 11.11.1996, the minutes of the Expenditure Finance Committee meeting were issued. The Secretary (Expdr.) had directed that an expert committee might include a Cost Accountant from the Cost Accounts Branch, Ministry of Finance. This Committee was to look into 6 aspects.

On 14.11.1996, orders were issued constituting a Committee under the Chairmanship of the Development Adviser (SBR), MOST. On 9.12.1996, extension of time up to 23.12.1996 was granted to the above Committee. The specially constituted Committee submitted its report on 24.12.1996.

Thereafter, a fresh Note for the EFC was processed and circulated on 23.4.1997. The proposal for the Revised Cost Estimate of Rs. 49.95 crore was finally approved by the EFC in its meeting held on 6.5.1997. The Government sanction was issued on 9.9.1997 with the approval of the Finance Minister.

It would be seen that at the time of finalising Revised Estimates in September/ early October, 1996, the EFC meeting was yet to be held to consider the proposal. In the circumstances, it could not be anticipated at that stage that the EFC approval/ Govt. sanction would not be available, before the end of the financial year. Thus, the unanticipated saving was attributable to the delay in the proceedings of the EFC for approving the Revised Cost Estimate.

A saving of Rs. 3.22 crore occurred under Sub-Head 5052-General Other Expenditure-06-Training & Welfare Schemes to the benefit of seamen of Merchant Navy Training.

In order to keep pace with advancement of technology and engineering and also to meet the requirement of International Maritime Organisation (IMO) and Standard of Training for Certification and Watchkeeping-95 (STCW), it was felt essential that the Government run Maritime Training Institution may be upgraded with modern teaching aids on a regular basis so that trainees of the Maritime Institutes can become competitive in the international shipping. Hence, a budget provision of Rs. 6.00 crore for the year 1996-97 was made under this Head.

Against the budget provision of Rs. 6.00 crore, Directorate General of Shipping, Mumbai had forwarded a proposal on 31st October, 1996 amounting to Rs. 5.96 crores for purchase of various training equipments for the training institutes like LBS College of Advanced Maritime Studies & Research, Mumbai, T.S. Chanakya, New Mumbai and Marine Engineering and Research Institute, Mumbai/Calcutta which was examined and recommended to Internal Finance Wing of the Ministry for their concurrence on 14th November, 1996. Ministry had agreed to for Rs. 3.77 crore only for certain equipment on 26th March, 1997. Accordingly, necessary sanction for Rs. 3.77 crore was issued by the Ministry on 27th March, 1997. Against this sanction, an expenditure for Rs. 2.78 crore only was incurred as certain equipment for Marine Engineering & Research Institute (MERI), Calcutta could not be purchased due to shortage of time availability for processing the purchase.

To avoid the above situtation and to take early action by the ministry for approval on the proposal. Directorate General of Shipping, Mumbai forwards only one consolidated proposal. During the period 1997-98, 1998-99 and 1999-2000, the Director General of Shipping had forwarded the consolidated proposal which were received in the ministry as per following details.

Year	Date of receipt of the proposal in Ministry
1997-98	20.05.1997
1998-99	22.05.1998
1999-2000	17.06.1999

A saving of Rs. 1.37 crore occurred under Sub-Head 6858-Bombay Port Trust—Externally Aided Scheme due to delay in sanctioning of revised cost estimates by Expenditure Finance Committee.

A saving of Rs. 52.21 crore occurred under Sub—Head 7051-Major Ports—Paradeep Port Externally Aided Scheme due to receipt of less claims then anticipated.

Remedial Measures:

To obviate recurrence of such savings and specific failure of individuals/systems, following remedial measures are being taken:—

A consolidated proposal is now sent by the Directorate General of Shiping, Mumbai in the month of May-June for early action to be taken by the Ministry for approval so that sufficient time could be available for completing procedural formalities for purchase.

All the concerned authorities are being specially told to monitor the flow of expenditure with utmost prudence and keeping in view the progress of work of each projects/schemes and taking up the matter with various authorities associated with the job and Ministry of Finance so that optimum use of budget provision is made.

In order to ensure more realistic provision in budget, it is proposed to include only those new schemes, which are sanctioned and contract awarded by the first quarter of the financial year for which budget provisions are being made. In respect of ongoing projects, the provisions will be related to stage payments as per Contract Agreement and pre-set milestones.

Authorities have been advised to send complete proposals to the Ministry in order to avoid savings in future. The authorities have also been advised to keep a close watch on the physical and financial performance of the schemes included in the Annual Budget Plan.

A close monitoring of physical and financial progress of the schemes is being done so that the situation of funds remaining unutilised does not arise. Additionally Senior Officers of the Ministry as also the State Govts. have started making on the spot review of improtant projects. The accounting and reimbursement procedure has also been strengthened to work within the time frames.

Physical check of financial progress of various schemes projected in the annual budget is monitored by holding review meetings thereon.

Steps for more realistic assessment have been taken/will be taken in future. The ministry has *vide* their letter No. RW/G-25011/5/2000-IWA dt.13.09.2000 (copy enclosed) requested all chief engineers of State PWDs/NHAI to furnish the estimated toll collection on permanent bridge. The budget provision under above head will be made based on this information to be received from the State PWDs/NHAI in future. It may also be stated that a close look will be taken at RE stage and provision restricted to the realistic figures corresponding to the actual collection.

In order to avoid such savings, the Port authorities have been advised to project their fund requirements in the budget strictly keeping in view the progess that is likely to be made in execution of the project and take all necessary steps to avoid delays by close monitoring of the project and taking timely advance action in the areas, where problems are anticipated and having close interaction with all agencies concerned with the project execution.

Care is taken in all further demands for NSDRC to examine them fully accommodate their projections keeping in view their justifications etc. After 1996-97 Budgetary proposals for NSDRC were examined after fully satisfying that there are full justification before making the provisions therefor.

During 1997-98, non-plan support was provided to the NSDRC for meeting their recurring expenditure as approved by the Planning Commission, M/o Finance as NSDRC was unable to meet the expenditure on salary, wages etc. During 1998-99, one time plan assistance of Rs. 2.35 crore was provided to NSDRC for upgradation of their computer system which was urgently required by them as their computer system installed in 1989 had become obsolete and they had many urgent projects under execution.

Now since NSDRC has become self reliant and no further funds are required by them from Govt. However, steps would be taken to avoid such savings in future.

All the concerned authorities *viz.* Major Ports. Dredging Corporation of India, Chief Engineer & Administrator Port Blair and MPSO have *vide* letter No. PD/11013/1/2001-US(I) dt. 24.01.2001 (copy enclosed) issued by the Ministry of Shipping have been instructed that in future budgetary requirement may be accurately estimated to the extent possible and the projects should be closely monitored in such a way that the progress is as per schedule so as to utilise the budget kept for the project/scheme. They have been told that henceforth substantial savings in the budgetary support sought would be viewed seriously.

Keeping in view that no progress could be made in finalising the agreement with Govt. of Japan to acquire the simulators under grant-in-aid, no provision was made in BE-2000-01 and also no provision has been sought in BE 2001-02 under M.H. 3606-Air Material and equipment-Assistance from Govt. of Japan.

This has been vetted by Audit *vide* their U.O. No. RR/22-10/2001-02/335 dt. 27.6.2001.

Sd-

CHIEF CONTROLLER OF ACCOUNTS

DEPARTMENT OF ROAD TRANSPORT & HIGHWAYS

No. RW/G-25011/5/2000-INA Dated 13th September, 2000

To,

1. The Chief Engineers (NH),
   State/UTs PWD (as per list attached).

2. The Chairman,
   NHAI,
   1, Eastern Avenue, Maharani Bagh,
   New Delhi.

Sub: Estimated Toll Collection on Permanent Bridges on National Highways during 2000-2001.

Sir,

I am directed to say that as you are aware toll is collected on the Permanent Bridges in accordance with the existing rules issued by the Central Government. According to the rules, amount can be collected either departmentally or on contract basis. The amount so collected is to be deposited at regular intervals with the Pay & Accounts Officers, Office of Chief Controller of Accounts, Ministry of Surface Transport, New Delhi.

2. The question of preparing receipt budget for the financial year 2001-2002 and making corresponding provision for allocation to the States as Permanent Bridge Fee Fund is under consideration. It is requested that estimated collection during the year 2000-2001 (which constitutes base for the next year *i.e.* 2001) may be furnished in the following format:—

(i) Total amount likely to be collected as toll/fee on permanent bridges during 2000-2001.

(ii) Likely expenditure towards the cost of collection of above fee/toll.

The above information may kindly be furnished immediately and in any case 30th September, 2000. It may be specifically noted that information should be furnished in repect of the State as a whole and not on division/circle-wise.

Yours faithfully,

Sd-

(Devki Nandan Gupta)
Deputy Secretary to the Govt. of India.
Tel. 3710450

Copy to:—

(P-1 to 10), Since the time available for making provision for the receipt budget 2001- 2002 is limited, it will be appreciated if counter part Chief Engineers of the states are impressed upon to furnish the above information within the time frame *i.e.* 30th September, 2000.

Sd-

(Devki Nandan Gupta)
Deputy Secretary to the Govt. of India.

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RECOMMENDATION

13. 13 The examination of the 11 Grants and 2 Appropriations operated by the Ministry of Finance (Departments of Expenditure, Economic Affairs and Revenue) has revealed that there was savings of over Rs. 100 crore in nine Grants/ Appropriations. The Scrutiny of Grant No. 25 (Currency, Coinage and Stamps—Capital (Voted) Section-Department of Economic Affairs) reveals that against the budgetary allocation of Rs. 385.32 crore, actual expenditure incurred was Rs. 259.56 crores resulting in net saving of **Rs. 125.76 crore.** There were as many as 13 sub-heads in which savings of over Rs. 1 crore were recorded. Large scale savings were recorded under the heads "Mints (Rs. 54.93 crore) due to non-finalisation of tenders, non-receipt of equipments, non-commencement or slow progress of work. Other areas where savings were recorded under this Section of the Grant are Currency Note Press (Rs. 13.26 crore), Bank Note Press (Rs. 14.32 crore), Security Paper Mill (Rs. 4.81 crore), Purchase of Metal (Rs. 9.90 crore), India Security Press, Nasik (Rs. 11.91 crore) and Security Printing Press, Hyderbad (8.97 crore). The reasons adduced by the Ministry for such large scale savings are delay in start of the work, non-supply of materials, less or non-receipt of materials etc. The Committee has also found that Revenue (Voted) Section of this Grant also registered a saving of Rs. 22.87 crore. While deploring the inability of the Ministry to spend the budget sought under the Capital Section, the Committee desire that the Ministry of Finance should examine critically the reasons responsible therefor and evolve realistic parameters to avoid such wide variations between the sanctioned provisions and actual expenditure in future.

Para 13.13 of 16th Report of PAC (13th Lok Sabha)

Action Taken

The reasons resulting in savings have been examined again by Mints and Presses as well as in Deptt. of Economic Affairs and it is found that the savings were due to factors beyond the control of Mints and Presses. The procurement process is a complex multiple level task and involves comprehensive technical/commercial scrutiny. Invariably several clarifications are required from the tenderer before finalisation and therefore the proposals take a lot of time to fructify. Moreover, proposals initiated during the middle of the year could not be finalised during the financial year resulting in stated savings. The specific reasons which caused savings are described below:—

Revenue Section (Voted): Savings of Rs. 22.87 crore

Savings of Rs. 17.72 crore in SPM, Hoshangabad, resulted because certain modifications had to be carried out in the Paper Making Machines for incorporating additional security features needed for New Family Notes. This consumed a lot of time, and as a result the targeted production of 4000 MTs could not be achieved. The actual finished production achieved was 3170 MTs resulting in corresponding savings on material procurement. Consequent to the shortfall in production, the despatches also fell by 1070 MTs which resulted in corresponding savings on Excise Duty and Freight payments.

Further, savings of Rs. 7.12 crore in CNP was on account of (a) lowere expenditure on electricity and water charges and (b) receipt of less than originally planned quantity of imported water marked paper from M/s Portals Ltd. Thus, the net saving of Rs. 71.2 crore was due to factors beyond the control of CNP.

Capital Section (Voted): Savings of Rs. 125.76 crore

Sub-head: Bulidings

Saving of Rs. 7.44 crore in CNP under the sub-head was due to delay in Commencement of modernisation works owing to non-finalisation of agreement with M/s NBCC Ltd.

Saving of Rs. 6.38 crore in BNP under the sub-head was due to the fact that CPWD could not complete construction of quarters, extension of Printing Section etc. during 1996-97. In additon savings were caused as Govt. of M.P. did not approve the Project for augmentation of Water Supply in time.

Saving of Rs. 1.57 crores in SPM, Rs. 1.93 crores in ISP and Rs. 1.86 crores in Mints was due to the fact that CPWD could not undertake and complete construction works as per requirements projected by them. The matter regarding under utilisation was taken up with the Chief Engg. of CPWD and he, in turn, has issued suitable instructions to the concerned authorities for effective remedial measures in future.

Sub-head: Plant & Machinery

Procurement orders for 30 Treasury Wagons had been placed on M/s Bharat Earth Motors Ltd., Bangalore. There was delay in supply of these wagons on account of extensive testing trails as this was a special type of wagon manufactured for the first time for the transportation of Bank Note Consignments. This led to a saving of Rs. 5.82 crore in CNP and Rs. 7.95 crores in BNP. A part of the savings in BNP was also due to non approval of the proposal for replacement of two lines of printing machines.

Saving of Rs. 3.25 crore in SPM under the sub-head was on account of factors such as lack of response to the tender notice leading to re-tendering; non receipt of despatch documents in time for arranging payment, prolonged correspondence with manufacturers for supply of turn-key items etc.

Saving of Rs. 8.97 crore in SPP, Hyderabad under the sub-head was due to the fact that budget provision of Rs. 9 crore which was made for the procurement of Six Colour off set Printing Machine could not be utilised as the Global Tenders for the same had to be scrapped.

As regards savings of Rs. 9.99 crore in ISP, Nasik under the sub-head, it is stated that budget provision was made for procurement of an Automated Passport Manufacturing Machine. As the machine had to be custom made in view of high security product requirement, its manufacturer took an unexpectedly long time and the machine could not be delivered during the year resulting in savings.

MINTS:—Saving of Rs. 53.09 crore under the sub-head resulted largely due to non-finalisation of tenders and non-receipt of equipments in time though the purchase order had been placed in time. Further, some of the tenders were required to be re-floated for one reason or the other which caused delays resulting in savings.

Sub-head: Purchase of Metal

MINTS:—As regards savings of Rs. 9.91 crore under the sub-head it is stated that the provisions for purchase for major metals like Nickle and Copper are made on the basis of prices at LME and some extra provision is also kept for fluctuations. Actual expenditure varies according to supply, shipment schedule, LME prices ruling at the time of despatch, etc. Factors such as time taken to finalise contracts, delays in inspection etc. also contributed to savings.

Sub-head: Metal value of uncurrent and confiscated coins destroyed

MINTS:—As regards savings of Rs. 6.87 crore under the sub-head it is stated that this was largely due to less receipt of withdrawn coins from the various Commercial Banks/RBI.

In order to avoid recurrence of a huge savings, the following steps have been taken:

(i) For timely and expeditious disposal of the proposal from Mints and Presses, a Committee has been constituted in the Ministry to regularly monitor the Progress of procurement, Progress of production in each unit *vis-a-vis* targets and the Stock position of various raw materials and spares.

(ii) Efforts are being made to initiate well in time the procurement process of all items pertaining to current financial year for which provisions have been made. Sections under Mints/Presses have been advised to provide the indent at a time. Purchase sections have been directed to expedite the procurement proposals.

(iii) Mints have started regular meetings with CPWD officials to monitor the progress of civil work. CPWD has also been requested to submit realistic estimates after taking into account the time limit and utilisation of funds before authorising the funds.

(iv) All out efforts are being made to minimise the savings at BE/RE stage. The Heads of Departments of all Mints and Presses under Currency & Coinage Division have been cautioned vide D.O. Letter No. C&C/Bgt. & Acctts/18/2000-01 dt. 17.8.2000 (Copy enclosed) to ensure realistic projection of the budget. This will ensure full utilisation of allocated funds well in time.

3. The recommendations and observations made by the Hon'ble Public Accounts Committee have been brought to the notice of all Mints and Presses for strict compliance. These have been noted and steps are being taken to speed up the procurement by reviewing the position at various levels to avoid savings in future, as stated above.

Sd/-
(NAVIN KUMAR)
JOINT SECRETARY (C&C)

F.No.C&C/Bgt.&Acctts/37/2000-01
Dated 13-7-2001.

This has been vetted by Audit *vide* U.O. No. RR/1-35/2000-01/365
dt. 05-7-2001.

M.P. SINGH
UNDER SECRETARY COIN
TELE: 3015100.

भारत सरकार/Government of India
वित्त मंत्रालय/Ministry of Finance
आर्थिक कार्य विभाग/Department of Economic Affairs
17-08-2000.
नई दिल्ली/New Delhi.

Dear Shri (By Name)

You are requested to prepare immediately and send us by 3-10-2000 your budgetary requirement in RE 2000-2001 and BE-2002 in the following proforma:—

1. Actual for 1999-2000 (2) BE for 2000-2001 (3) Actuals upto Sept. 2000 (4) RE for 2000-2001 (5) Estimated Expenditure upto March 2001 (6) BE for 2001-2002 (7) reasons for variations between Col. 2 & 4, 2 & 6 and 4 & 6. This exercise should include the receipts/Recoveries budget and Loans & Advances to Govt. servants also.

2. The write up relevant to expenditure vol. I and vol. II may also be updated and all statements as appended in the Detailed Demands for Grants 2000-2001 be sent uptodate with the RE & BE proposals.

3. For better appreciation it would be advisable to have each detailed head on a separate sheet of paper. You should be ready alongwith your FA & CAO/AO for discussions in Ministry.

4. While working out the requirements, you are requested to keep in mind the economy instructions issued by the Govt. from time to time. 10% mandatory cut on non-salary expenditure be applied please.

5. The expenditure budget is examined and approved keeping in view the realisation of receipts and recoveries and hence you must make all efforts for recovery of all outstanding dues.

6. Please ensure that no funds are surrendered in any case at the end of financial year."

With regards,

Yours sincerely,

Sd/-
(M.P. SINGH)

1. Sh. S.D. Swamy Rao, GM, IGM, Mumbai.
2. Sh. L.R. Prasada Rao, GM, IGM, Calcutta.
3. Sh. K.K. Parakalan, GM, IGM, Hyderabad.
4. Sh. S.D. Dadheech, GM, IGM, Noida.
5.-6. Sh. V.K. Jain, GM, ISP/CNP, Nasik.
7. Sh. B.V. Rastogi, GM, SPP, Hyderabad.
8. Sh. M.D. Singh, GM, BNP, Dewas.
9. Sh. Gurmit Singh, DGM/HOD, SPM, Hoshangabad.

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

Recommendation:

The Committee's scrutiny of Grant No. 26 (Payments of Financial Institutions-Department of Economic Affairs) has revealed that net saving of Rs. 230.35 crore was registered under Capital (Voted) Section of the Grant. There were seven sub-heads under which saving of over Rs. 1 Crore had occurred. The Committee's analysis of the contributory reasons furnished by the Ministry of Finance indicate that these savings occurred due to less actual requirement raised by IBRD, less actual requirement by IMF due to less exchange rate variation, non-receipt of any demand from IDA, less requirement in respect of ADB, less actual demand raised by ADF, non-receipt of any demand from Multilateral Investment Guarantee Agency (MIGA), less disbursal of funds in respect of NABARD—external aided component, and non-disposal of the case pending in Supreme Court in respect of loans to RRB. The Committee note with disbelief the recurring savings of more than Rs. 100 crore under this Grant since 1992-93. The Committee, therefore, concludes that the entire system of assessment of requirement of funds under various sub-heads of this Grant needs to be critically reviewed to find out systematic defects and to devise suitable measure to remedy the situation.

Sl.No. 14 of Appendix Para 13.14 of 16th Reprt of PAC 13th Lok Sabha

Action Taken

Out of the total net saving of Rs. 230.35 crore registered under Capital Section (Voted) in Grant No. 26—Payments of Financial Institutions, saving of Rs. 187.86 crore occurred only in the case of subscription to International Monetary Fund (in securities) on account of exchange rate variation, and in the case of International Development Association and Multinational Investment Guarantee Agency, no demand was received from these institutions for payment of contribution (Rs 3.80 crore+ Rs. 10 crore). The provision could not be surrendered at RE stage because it was not anticipated that these international financial institutions would not be raising their demands for obligatory contributions. It may be observed that savings were largely due to reasons beyond the control of the Government and the exact requirement of funds could not be assessed. Still, the concerned Divisional Heads in the Department have already been requested to ensure that such large scale savings do not recur vide our reference F.No. 2/2/96- IFA dated 24th April, 1997 (copy enclosed).

This has been vetted by Audit *vide* their U.O.No. RR/1-36/2000-01/361 dated 5th July, 2001.

Sd/-

(N. R. RAYALU)
Financial Adviser (Finance)

(MOF/DEA's F.No.2/30/2000-IFA dated 11th July, 2001)

Immediate

F.No. 2/2/96—IFA
Government of India
Ministry of Finance
Department of Economic Affairs

Sub: Need to curb large scale savings/excess expenditure.

The undersigned is directed to enclose a copy of Secretary (Exp.)'s D.O. letter No. 12(1)E-Coord/97, dt. April 01,1997, regarding the comments of PAC on large scale savings/excess expenditure, for information/strict compliance.

2. It may be pointed out that the Finance Division have already requested all Heads of Divisions vide note F.No. 2/2/95-IFA, dt. 18th/30th December, 1996, that the budget estimates be prepared in a realistic manner so that instances of large scale savings do not occur in any Grant. It has, however, been brought to our notice by the CGA that savings of over Rs. 100 crore or more have occurred in atleast six Grants of the Finance Ministry for the year 1995-96. A copy of the statement furnished by them is enclosed herewith.

3. The continued recurrence of such large scale savings is not in consonance with the existing rules under the GFR and, indeed, serves to reinforce the contention of the PAC that the estimates are not being prepared realistically. All Heads of Divisions are, therefore, requested to periodically monitor the progress of expenditure on items falling under their charge and to see that expenditure is not only incurred within the authorised limits but large scale savings are also avoided. Any slackness in following the prescribed financial rules may please be sternly dealt with.

Sd/-

(N.R. Rayalu)
Financial Adviser (Fin.)
24.4.97

All Heads of Divisions in DEA

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

Recommendation

The scrutiny of Appropriation No.27 [Interest Payments—Department of Economic Affairs] has revealed that Revenue Section of this Appropriation registered a saving of Rs.521.59 crore during the year 1996-97. There were as many as 18 sub-heads under which savings registered over Rs.1 crore. The Committee also find that savings of more than Rs.100 crore under this Appropriation has been a recurring feature since 1992-93. Similarly, under Grant No.28—Transfer to State and Union Territory Governments, the savings of more than Rs.100 crore were recorded in both the Revenue (Voted and Charged) and Capital (Voted and Charged) Sections of this Grant. Savings of Rs .415.93 crore, Rs.109.51 crore, Rs.378.71 crore and Rs.371.47 crore were recorded under Revenue (Voted), Revenue (Charged), Capital (Voted) and Capital (Charged) Sections respectively. There were as many as 10 sub-heads under Grant No.28 in which savings of over Rs.1 crore had occurred. Further, under Grant No.29—Loans to Government Servants etc., savings of Rs.133.97 crore were registered. Under Appropriation No.30—Repayment of Debts, savings of substantial magnitude of Rs.31465.62 crore were recorded. Savings of significantly high magnitude under Appropriation No.30 have become a recurring phenomenon since 1990-91. The revelations arising out of examination of Grant Nos. 35 and 36 operated by the Department of Revenue are no more happier either. The contributory reasons adduced by the Department for savings do not stand up to scrutiny as the Committee feel that these savings are culmination of defective budgetary assumptions and ineffectual monitoring. The Committee are deeply concerned to note that despite huge savings recurring under these Grants/Appropriations year after year, the Ministry of Finance have, apparently not done any thoughtful cleansing to correct their budgetary assumptions. The Ministry have little to commend if they cannot keep their own budgetary projections to the realistic level.

[Para 13.15 of Sixteenth Report of the Public Accounts Committee (13th Lok Sabha) on "Union Government Appropriation Accounts (Civil)—1996-97]".

Action Taken

Appropriation No. 27 [Interest Payment—Department of Economic Affairs]

The saving of Rs. 521.59 crore in the Appropriation 27—Interest Payments during the year was mainly on account of 'interest on market loans', 'discount on Treasury Bills', 'interest on external debt', 'interest on saving deposit' and 'interest on special deposit and accounts'.

2. The expenditure of the Government of India on account of payment of interest is mainly dependent on the amount of borrowings it undertakes (both internal and external) for financing its expenditure. Government has to take recourse to market

borrowing during the year to bridge the gap between non-debt receipts and expenditure. Among the factors responsible for the fluctuations between the estimated and actual interest payments of the Government, the most significant one is the interest on market borrowing. From the year 1992-93, the Government has been borrowing from the market at the market related rates. These rates are determined by the auctions conducted by the Reserve Bank of India. Since these interest rates depend on the liquidity in the market and other related factors, it is very difficult to precisely estimate interest payments on the internal borrowing of the Government during the year.

3. The second factor, which is responsible for variation between the estimates and the actual expenditure, is the exchange rate fluctuation of Rupee *vis-a-vis* foreign currencies. While payment of interest on foreign loans raised is made in respective currencies, it is accounted for in rupee terms. Since it is difficult to precisely estimate the exchange rate fluctuations, it becomes difficult to estimate the quantum of interest required to be paid during the year on external debt. Saving was largely due to favourable fluctuation in the exchange rate.

4. As regards interest payment on small savings, it was difficult to estimate accurately the incremental investment in various small saving instruments and withdrawals therefrom. Similarly, savings under 'interest on special deposits and accounts' was mainly due to a post-budget decision to reduce the percentage of fresh accretion from 30% to 20% with effect from 1.10.1996.

5. The observations of the Committee have been noted and steps are being taken to ensure that the variations between interest estimate and actual payments of the Government in the year are kept to the minimum.

Grant No. 28—Transfer to State and Union Territory Government

"Savings Note" explaining the reasons for savings in respect of individual sub heads where savings of more than Rs.1 crore occurred has been sent to Public Accounts Committee, vide this Ministry's letter No.2(59)-B(S)/97 dated 31st August, 1998, a copy of which is annexed at **Annexure-II.**

The matter of timely submission of anticipated expenditure for the year, departmental actuals for the previous year(s) and audited figures of expenditure for earlier years for State Plans are taken up with the State Governments whenever they are not received on time. Besides, with a view to encouraging the State Governments to submit audited figures of expenditure, a system of withholding 1% of the central assistance (Normal) to be released on receipt of audited figures of expenditure has been started from the year 1994-95.

A number of steps have been initiated for bringing accuracy in budgetary proposals and utilization of available funds by the States. States are advised to send expenditure details in time. Meetings with concerned Ministries/States to assess the requirements more accurately are being held. In spite of close monitoring, some States fail to utilize funds, thus resulting in savings".

Grant No.29—Loans to Government Servants etc. for 1996-97

Capital Section (Voted)	(Rs. in crore)
Original/Total grant	296.50
Actual Expenditure	162.53
Saving	133.97

2. Under Capital Section (Voted) of Grant No. 29—Loans to Government Servants etc. for 1996-97, the original as well as the total provision was Rs. 296,50,00,000. Against this, the actual expenditure was Rs. 162,53,00,000 resulting in saving of Rs. 133,97,00,000. This saving was the net result of total savings of Rs. 136,04,26,000 and excess of Rs. 2,07,49,000 under Capital Section (Voted) of the Grant. The sub-head under which savings of Rs. one crore and above occurred and reasons therefor are as under:—

Sl.No.		(Rs. in Thousands)
(i)	00.201—House Building Advances	
	01.00.55—Loans and Advances Union Territory Administrations	
	Original/Total Grant:—	179,00
	Actual Expenditure:—	100,32
	Savings:—	78,68
	Saving was due to less receipt of applications than anticipated.	
(ii)	02—Ministries etc.	
	Original/Total Grant:—	223,21,00
	Actual Expenditure:—	104,04,53
	Saving:—	119,16,47
	Saving was due to less receipt of applications than anticipated.	
(iii)	01.00.55—Loans and Advances	
	00.202—Advances for purchase of Motor Conveyances	
	01—Advance for purchase of Motor cars	
	Original/Total Grant:—	26,78,00
	Actual Expenditure:—	19,35,13
	Saving:—	7,42,87
	Saving was due to less receipt of applications than anticipated.	

(iv)	Advances for purchase of Motor Conveyances 01.00.55—Advances for purchase of other Motor Conveyances	
	Original/Total Grant:—	30,17,00
	Actual Expenditure:—	27,90,90
	Saving:—	2,26,10
	Saving was due to less receipt of applications than anticipated.	
(v)	02.00.55—Loans and Advances 00.203—Advances for purchase of other Conveyances	
	Original/Total Grant:—	13,05,00
	Actual Expenditure:—	6,64,86
	Saving:—	6,40,14
	Saving was due to less receipt of applications than anticipated.	
(vi)	00.800—Other Advances	
	Original/Total Grant:—	1,50,00
	Actual Expenditure:—	3,57,49
	Excess:—	(-)2,07,49

3. Loans to Government Servants etc. is a composite Grant in which provisions are made for all Central Ministries/Departments, Offices under them and Union Territory Administrations for disbursement of loans and advances to their employees for house building advance, conveyance advance, advances for purchase of computers, fans and warm clothing. It also includes provision for advances to Members of Parliament for purchase of motor conveyances.

4. The saving had occurred mainly under House Building Advance. This item in the Grant was centrally monitored and controlled by Ministry of Urban Affairs and Employment. The main reason for under-utilization of the various advances is less receipt of applications for loans than anticipated.

5. The following steps have been initiated in compliance with the comments of audit and PAC to work out a more effective mechanism to monitor expenditure under the grant:—

(i) All Ministries/Departments have been requested to review the requirement of loans to Government servants on periodic basis so that savings, if any, are negligible and excesses do not occur under any circumstances.

(ii) Ministries/Departments have also been asked to intimate well in advance the anticipated savings so that this could be re-allocated to certain Ministries/ Departments, which are in need of additional funds for this purpose.

(iii) Further a format has been devised in consultation with CGA through which Department-wise expenditure is monitored month-wise so as to avoid repetition of large savings/excesses as have occurred in the past.

Copies of the two letters dated 6.7.2001 are enclosed **(Annexure-III & Annexure-IV)**

Grant No. 30—Repayment of Debt—1996-97

There was a saving of Rs. 31465.62 crore under Appropriation No. 30—Repayment of Debt during 1996-97 under Capital Section (Charged) under Appropriation No. 30—Repayment of Debt during 1996-97. The position with regard to original appropriation, actual expenditure and saving are as under:—

	(Rs. in Crore)
Original Appropriation	201913.74
Supplementary Appropriation	NIL
Total Appropriation	201913.74
Actual Expenditure	170448.12
Saving	31465.62

A saving note explaining the reasons for savings was forwarded to Lok Sabha Secretariat (PAC Branch) on 28.8.1998. The Saving Note was vetted by O/o the Director General of Audit, Central Revenues *vide* their U.O. No. RR/1-28/97-98/585 dated 27.8.1998. A copy thereof is enclosed for ready reference. **(Annexure-I)**

It may be appreciated that the estimates under this Appropriation is made on the basis of maturity profile of various loans (internal and external). The provisions are necessitated owing to the fact that the Government should not be defaulter at any point of time. In several cases although the Government made estimates on the basis of maturity profile, the savings occurred mainly due to non-preference/non-settlement of claims by the holders and variation in the exchange rates.

It may be explained that the net expenditure in respect of Appropriation 'Repayment of Debt' is nil in as much as repayment is made only by borrowing. As such the savings under this Appropriation should not be treated as saving in normal sense, which would have been available for other areas of expenditure.

Grant No. 35 (Direct Taxes)

Explanatory Note for Public Accounts Committee in respect of saving under Capital Section (Voted) of Grant No. 35-Direct Taxes as disclosed in the Union Government Appropriation Accounts (Civil) for 1996-97.

Capital Section (Voted)	(Rupees in thousands)
Original Grant	176,00,000
Actual Expenditure	70,4262
Saving	105,57,36

The savings can be explained under two broad categories, *i.e.* (A) under Capital outlay for acquisition of Office and Residential buildings and (B) under Acquisition of Immovable Property (Section XX-C):

(A) *Savings under Capital outlay on public works (office buildings and residential buildings)*

The allocation of funds under these heads is shown in the table below:—

(Rupees in thousands)

	4059, Capital outlay on Public Works Office Buildings	4216, Capital outlay on Housing. Govt. Residential Buildings	Total
Original Grant	160,00,00	40,00,00	200,00,00
Actual Exp.	28,07,16	29,37,78	57,44,94
Savings	131,92,81	10,62,22	142,55,03

The savings under the above heads was on account of non-finalization of proposals for purchase of ready built accommodation (office & residential). The purchase of ready built accommodation is long lead in nature and involves the followings steps:

(i) Justification of proposal in terms of the prescribed norms

(ii) Administrative approval to the proposal

(iii) Calling of tenders

(iv) Scrutiny of tenders including adherence to the CVC guidelines.

(v) CPWD certification of cost reasonableness and other statutory Certifications like structural soundness etc.

(vi) Formation of price negotiation committee.

(vii) Obtaining approval of competent authority, namely, CNE/Finance Minister/ Cabinet depending upon the value of proposal.

At the time of framing of Budget Estimates for the following year the proposals on hand at that stage are taken into consideration. However, numbers of such proposals fail on account of one or more procedural requirements resulting in under-utilisation of funds. It may also be mentioned that majority of such proposals that have fructified are in the metro and big cities as the number for bids available from smaller places is quite limited. This also contributes to non-utilisation of funds included for such smaller places in the Budget.

(B) *Saving in respect of acquisition of immovable property under chapter XXC:*

The position of utilization of funds under this head is under:

(Rupees in thousands)

	4075, Capital outlay on Misc. Outstanding.
Original Grant	120,00,00
Actual Exp.	12,97,65
Saving	107,02,35

At the outset, it may be mentioned that the number of properties that may be required to be purchased under this head is difficult to predict. Moreover, the entire process involved in the pre-emptive purchase of property is complex. The number of properties purchased during the year under consideration was less than expected in view of the sluggishness in the real estate market. Another contributory fact was enhancement of threshold limits in Aug. 1995 because of which the number of cases got reduced substantially. All these factors combine together resulted in the savings of Rs. 107.02 crores.

Grant No. 36 (Indirect Taxes)

The saving of Rs. 104.72 crores occurred in the Capital Section of Grant No. 36 – Indirect Taxes, Department of Revenue for the year 1996-97. The break-up of which is as follows:

Coast Guard Organisation - 75.17 crores;

Custom and Central Excise Department - Rs. 29.55 crores.

The savings of provisions made for Coast Guard Organisation were mainly on account of non-acquisition of ships and aircrafts within the year due to various un-avoidable reasons. The Coast Guard Organisation have completed the formalities and purchases were effected in 1998-99. Since the purchase/procurement by the Coast Guard Organisation have to depend on international markets/supplies, it is sometimes not possible to adhere to time schedules with the inevitable result that provisions made in the budget cannot be utilized.

In so far as the savings under the provision for purchase of ready built accommodation is concerned, in order to avoid repeated downward utilisation of the budgetary allocation, the Department has decided to bring in an objective assessment in the whole exercise by ensuring that the estimates are reviewed thoroughly before the BE and RE stages every year. Besides, as recommended by the Standing Committee on Finance on Demand for Grants, the Deptt. has also decided to explore the possibility of attaining ready built non-residential buildings for office purpose. In order to prepare realistic estimates as well as to avoid hiring of premises, the Department has taken steps in liaison with the field formations.

This note has been vetted by DGACR, New Delhi vide their UO No. RR/1-37/01-02/86 Dated 24.4.2002 and the following comments have been made by them:

"The audit is of the opinion that the Ministry is unwilling to initiate concrete steps to correct their budgetary assumptions. Ministry's statements such as observations of the PAC have been noted, steps are being taken or number of steps have been initiated for bringing accuracy in budgetary proposals, are enough indicators of their half hearted action. In fact Ministry of Finance have not done any thing concrete except under the Grant No. 29. Loans to Government Servants etc. & which would go on to improve their system of budgeting."

The DGACR has also suggested that Ministry may insert the above comments as "vetted comments of Audit" in the ATN and also give their reply to these comments, if they consider so.

Accordingly, this Ministry furnish the following reply on the Audit comments:

Appropriation No. 27 [Interest Payment-Department of Economic Affairs]

The Appropriation relating to Interest Payments is worked out mainly on the basis of anticipated interest rates/coupon on borrowings from the market through auction conducted by the Reserve Bank of India. The results of these auctions depend on the market forces which vary from time to time and cannot be estimated with precision. With the liberalization and opening up of the market including financial markets, it is imperative that Government provides the milieu for unfettered operations of the market forces, which in the instant case was to the benefit of the Government. Similarly, interest on foreign loans were affected by exchange rate fluctuations, which were not within the control of the Government.

It may be mentioned that savings of Rs. 521.59 crore in the Appropriation were only 0.87% of Budget Estimates *viz.* Rs. 60,000 crores. It may also be added that Ministry while making estimates has been careful to ensure that the estimates have not resulted in any excess over the Appropriations.

Grant No. 28-Transfer to State and Union Territory Government

The fact of savings in the Demand – Transfer to States and Union Territory Government has arisen in view of the fact that actual expenditure figures/utilization certificates of expenditure are not made available in time by the State Governments. It is with a view to conforming with the General Financial Rules that the Ministry of Finance does not make releases to State Governments without the receipt of particulars of utilization etc. States have been advised to send expenditure details in time. In fact, non-release of funds by the Centre is an indication of budgetary control being exercised rather than the contrary.

Grant No. 30-Repayment of Debt

While there were savings in the Appropriation, the net expenditure was 'nil' in so far as appropriation – Repayment of Debt is concerned. It is, therefore, reiterated that savings under the Appropriation should not be treated as savings in the normal sense.

Grant No. 35 (Direct Taxes)

The position has already been explained. The steps involved in purchase of Ready Built Accommodation have already been outlined in the earlier reply to the ATN. Since the outcome of various steps outlined earlier involved in purchase of Ready Built Accommodation, is difficult to predict, savings may take place. As regards acquisition of properties under chapter XXC of the Income Tax Act 1961, the number of properties that are likely to be acquired is in somewhat indeterminate at the time of preparation of budget. Therefore, the saving may occur. In view of the foregoing, the reply furnished earlier is reiterated.

Grant No. 36 (Indirect Taxes)

It is not correct to say that the action taken by the Ministry on the observations of the PAC is half hearted action. Although all the field formations have been directed to form realistic estimates for Budget Estimates and Revised Estimates for the year, some deviation is unavoidable. The proposals for ready built accommodation have to be scrutinized before they are finally approved, especially so in cases where the proposal is for purchase from private parties. Sometimes the entire procedure takes a very long time. The field formations have to be in the continuous process of acquiring accommodation with the expansion of the Department. The projections are made keeping in view the anticipated acquisition of buildings. The actual acquisition is sometimes delayed due to reasons not directly under the control of the department. Since the cost of each project is large, huge deviation is observed even when one or two projects do not get through. The field formations are from time to time directed to review their requirements and projections of Budget provisions in order to avoid variations from actual allocations.

The Ministry of Defence have submitted that the savings in the Capital provisions of the Coast Guard Organisation cannot be attributed to any delay on the part of the Ministry. Acquisition/procurement of Capital items is governed by a set procedure prescribed by the Ministry. Although provision is made for procurement, procedural delays occur. It is however assured that all out efforts are made to utilize the funds and to avoid savings.

Sd/-

(P.J. Vincent)
Joint Secretary & Financial Adviser

ANNEXURE-I

Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

SAVING NOTE

Note for Public Accounts Committee in respect of savings occurred under Capital Section (Charged) of Appropriation No. 30-Repayment of Debt, as disclosed in the Union Government Appropriation Accounts (Civil) for 1996-97.

(Rupees in thousands)

CAPITAL SECTION (CHARGED)

Original Appropriation	2019137400
Supplementary Appropriation	—
Total Appropriation	2019137400
Actual Expenditure	1704481158
Saving	314656242

2. Under Capital Section (Charged) of Appropriation No. 30-Repayment of Debt, the original as well as the total provision was Rs. 201913,74,00 thousands. Against this, the actual expenditure was Rs. 170448,11,58 thousands resulting in saving of Rs. 31465,62,42 thousands.

This saving was net result of total savings of Rs. 31509,08,31 thousands and total excess of Rs. 43,45,89 thousands under various sub-heads within the Appropriation. The sub-heads under which savings of Rs. one crore and above occurred and reasons therefor are as under:—

(Rupees in lakhs)

(i) 00-101-Market Loans

Original Provision	792131.00
Supplementary Provision	Nil
Total Provision	792131.00
Actual Expenditure	790463.19
Saving	1667.81

Saving could be attributed to non-preference/non-settlement of claims for repayment. There could be many reasons for non-preference of claims by holder of Government securities, like death of the holder, etc. In any case, the repayment is made in subsequent years as and when claims are received. Non-settlement of claims could be due to faulty nomination, disputes with regard to the successor, etc. No interest is payable on market loans after the date of maturity. The saving works out to 0.2% of the Original Provision.

(Rupees in lakhs)

(ii) 00.103-01-91 Days Treasury Bills

Original Provision	18000000.00
Supplementary Provision	Nil
Total Provision	18000000.00
Actual Expenditure	15053397.00
Saving	2946603.00

Saving was due to lesser discharge and cancellation of Treasury Bills than anticipated. The estimate for discharge of 91 day Treasury Bills was framed in consultation with the Reserve Bank of India. There can be no one to one correspondence between Central Government receipts and expenditure at any point of time during the course of the year. Because of this mismatch, Government borrowed through issue of 91 day Treasury Bills for meeting day-to-day expenditure as and when the daily cash balance position warranted it. However, when receipts flowed in, the 91 day Treasury Bills were cancelled/discharged. Thus the utilisation of amount provided against 91 day Treasury Bills was directly dependent on the flow of receipts to Government account.

A gross budget provision of Rs. 1,80,00,000 lakhs for discharge of 91 day Treasury Bills in BE 1996-97 was provided. On the receipts side, the provision for issue of 91 day Treasury Bills was kept at Rs. 1,86,57,787 lakhs taking into account a budget deficit of Rs. 6,57,800 lakhs. The actual amount for which 91 day Treasury Bills were issued was only Rs. 1,63,26,223 lakhs resulting in a shortfall of Rs. 23,31,564 lakhs. Further, the 91 day Treasury Bills, specially the auctioned treasury bills, issued in the last quarter become liable for discharge only in the first quarter of the next financial year. These were the main factors leading to less discharge of 91 day Treasury Bills in 1996-97.

(iii) 00.110—364 Day Treasury Bills

Original Provision	260000.00
Supplementary Provision	Nil
Total Provision	260000.00
Actual Expenditure	187474.00
Saving	72526.00

The Budget provision for the discharge of 364 day Treasury Bills was kept at Rs. 2600 crore assuming that the borrowing in 1995-96 would be of that order. The actuals, however, turned out to be only Rs. 187474 lakhs. The provision in RE 1996-97 was in fact kept at Rs. 187493 lakhs. Thus the saving was due to less discharge of Treasury Bills than anticipated.

(iv) 00.105.01—International Bank for Reconstruction and Development

Original Provision	5000.00
Supplementary Provision	Nil
Total Provision	5000.00
Actual Expenditure	2433.48
Saving	2566.52

Saving was due to lesser demand for encashment of securities than anticipated.

(Rupees in lakhs)

(v) 00.105.06—African Development Fund

Original Provision	931.00
Supplementary Provision	Nil
Total Provision	931.00
Actual Expenditure	515.62
Saving	415.38

Saving was due to revision of the encashment schedule by the Fund in March 1996 much after finalisation of the Budget Estimates for 1996-97.

(vi) 00.105.02—International Monetary Fund

Original Provision	352708.00
Supplementary Provision	Nil
Total Provision	352708.00
Actual Expenditure	318800.00
Saving	33908.00

Saving was due to variation in Rupee SDR exchange rate at the time of encashment. The Rupee SDR exchange rate at the time of framing the budget estimate for 1996-97 was Re. 1=SDR 0.0202522 whereas at the time of encashment in June 1996 it was Re. 1=SDR 0.0199777.

(vii) 00.201—Loans from Abu Dhabi

Original Provision	448.31
Supplementary Provision	Nil
Total Provision	448.31
Actual Expenditure	Nil
Saving	448.31

Saving was due to repayment due on 1.4.96 was made in March, 1996 itself.

(viii) 00.203—Loans from the Government of Belgium

Original Provision	2704.47
Supplementary Provision	Nil
Total Provision	2704.47
Actual Expenditure	2493.12
Saving	211.35

Saving was due to variation in exchange rate.

(Rupees in lakhs)

(ix) 00.206—Loans from the Government of Denmark

Original Provision	2604.41
Supplementary Provision	Nil
Total Provision	2604.41
Actual Expenditure	2459.92
Saving	144.49

Saving was due to variation in exchange rate.

(x) 00.209—Loans from the Government of Germany

Original Provision	55799.47
Supplementary Provision	Nil
Total Provision	55799.47
Actual Expenditure	54914.46
Saving	885.01

Saving was due to variation in exchange rate.

(xi) 00.208—Loans from the Government of France

Original Provision	30742.25
Supplementary Provision	Nil
Total Provision	30742.25
Actual Expenditure	29062.53
Saving	1679.72

Saving was due to variation in exchange rate.

(xii) 00.217—Loans from the Government of Japan

Original Provision	78840.83
Supplementary Provision	Nil
Total Provision	78840.83
Actual Expenditure	73123.81
Saving	5717.02

Saving was due to variation in exchange rate.

(xiii) 00.218—Loans from Kuwait

Original Provision	5262.86
Supplementary Provision	Nil
Total Provision	5262.86
Actual Expenditure	5139.72
Saving	123.14

Saving was due to variation in exchange rate.

(Rupees in lakhs)

(xiv) 00.220—Loans from the Government of Netherlands

Original Provision	20003.10
Supplementary Provision	Nil
Total Provision	20003.10
Actual Expenditure	19360.15
Saving	642.95

Saving was due to variation in exchange rate.

(xv) 00.223—Loans from the Government of Switzerland and Swiss Banks

Original Provision	3258.86
Supplementary Provision	Nil
Total Provision	3258.86
Actual Expenditure	2718.06
Saving	540.80

Saving was due to variation in exchange rate and revised amortisation schedule.

(xvi) 00.228—Other Miscellaneous Loans from the Government of USA

Original Provision	1592.23
Supplementary Provision	Nil
Total Provision	1592.23
Actual Expenditure	1046.44
Saving	545.79

Saving was due to variation in exchange rate.

(xvii) 00.216—Loans from the International Bank for Reconstruction and Development

Original Provision	344753.67
Supplementary Provision	Nil
Total Provision	344753.67
Actual Expenditure	264876.97
Saving	79876.70

Saving was due to variation in exchange rate.

(xviii) 00.213—Loans from the International Development Association

Original Provision	84446.60
Supplementary Provision	Nil
Total Provision	84446.60
Actual Expenditure	83404.06
Saving	1042.54

Saving was due to variation in exchange rate and revised amortisation schedule.

(Rupees in lakhs)

(xix) 00.221—Loans from OPEC Special Fund

Original Provision	4483.04
Supplementary Provision	Nil
Total Provision	4483.04
Actual Expenditure	4351.21
Saving	131.83

Saving was due to variation in exchange rate.

(xx) 00.214—Loans from IFAD

Original Provision	1905.06
Supplementary Provision	Nil
Total Provision	1905.06
Actual Expenditure	1680.43
Saving	224.63

Saving was due to variation in exchange rate.

(xxi) 00.250—Loans from ADB

Original Provision	21436.00
Supplementary Provision	Nil
Total Provision	21436.00
Actual Expenditure	20934.00
Saving	502.00

Saving was due to variation in exchange rate and revised repayment schedule on account of cancellation of certain loans.

3. The net expenditure in respect of the Appropriation "Repayment of Debt" is nil. As such, the savings under this appropriation should not be treated as savings in the normal sense which would otherwise have been available for other areas of real expenditure.

4. This has been vetted by the Audit *vide* their U.O. No. RR/1-28/97-98/585 dated 27.8.1998.

Sd/-
(J. S. MATHUR)
Additional Secretary (Budget)

Lok Sabha Secretariat (PAC Branch)
P H Annexe,
New Delhi.
Dt. 28.8.1998
F.No. 7(1)-W&M/96.

ANNEXURE-II

NO.-F.2 (59)-B(S)/97
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

New Delhi, the 31st August, 1998

OFFICE MEMORANDUM

Subject: Action Taken Note on saving of Rs. 100 crore or more under Revenue Section (Voted and Charged) and Capital Section (Voted and Charged) under Grant No. 28- Transfers to State and Union Territory Governments as disclosed in the Union Government Appropriation Accounts (Civil) for 1996-97.

The undersigned is directed to forward herewith Action Taken Note on saving of Rs. 100 crores or more under Revenue Section (Voted and Charged) and Capital Section (Voted and Charged) under Grand No. 28-Transfers to Staet and Union Territory Governments as disclosed in the Union Government Appropriation Accounts (Civil) for 1996-97 in Hindi and English (40 copies each) duly vetted by Audit for placing the same before PAC.

Sd/-
(L.R. Shahdadpuri)
Under Secretary to the Government of India.

Lok Sabha Secretariat,
(PAC) Branch
Parliament House Annexe,
New Delhi.

Copy alongwith a copy of Action Taken Note on saving of Rs. 100 crore or more under Revenue Section (Voted and Charged) and Capital Section (Voted and Charged) under Grant No. 28-Transfers to State and Union Territory Government as disclosed in the Union Government Appropriation Accounts (Civil) for 1996-97, to:—

(i) The C&AG of India, 10-Bahadur Shah Zafar Marg, New Delhi.

(ii) The Sr. Audit Officer, O/o The Director General of Audit Central Revenue DGACR Building New Delhi, w.r.t. their U.O. No. RR/1-35/97-98/583 dated 27.8.98.

(iii) Shri S.D. Paul, Under Secretary, Report Section, Budget

(iv) Monitoring Cell Department of Expenditure, Lok Nayak Bhawan New Delhi.

Sd/-
(L.R. Shahdadpuri)
Under Secretary to the Government of India.

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)

SAVING NOTE

Note for the Public Accounts Committee in respect of savings occurred under Revenue Section (Voted and Charged) and Capital Section (Voted and Charged) of Grant No. 28—Transfers to State and Union Territory Governments as disclosed in the Union Government Appropriation Accounts (Civil) for 1996-97.

(Rupees in lakhs)

Revenue Section (Voted)

Original Grant	9824,68.00
Supplementary Grant	1033,55.00
Total Grant	10858,23.00
Actual Expenditure	10442,30.46
Savings	415,92.54

2. Under Revenue Section (Voted) of Grant No. 28—Transfers to State and Union Territory Governments for 1996-97, the original grant was Rs. 9824,68.00 lakhs which was augmented to Rs. 10858,23.00 lakhs by obtaining a supplementary grant of Rs. 1033,55.00 lakhs. Against this the actual expenditure was Rs. 10442,30.46 lakhs resulting in saving of Rs. 415,92.54 lakhs.

3. The sub-heads under which the savings of Rs. one crore and above occurred and reasons therefor are as under:—

(i) M.H. 2075:

109. Loans to State Governments written off in terms of the recommedations of the Tenth Finance Commission:

Sub-head:00.00.64-write off/losses:

(Rupees in lakhs)

Original Grant	330,00.00
Actual Expenditure	200,79.84
Savings	129,20.16

Saving is based on the actual loans written-off on the basis of recommendations of the Tenth Finance Commission and is mainly due to loans of Rs. 10000 lakhs to Arunachal Pradesh for purchase of Helicopters not written-off during 1996-97 as anticipated and also due to fiscal improvement in States. Hence, formalities of write-off of loan could not be completed during the financial year.

(ii) M.H. 3601

Sub-head 01.822. General (Roads & Bridges)
Railway Safety Works

(Rupees in Lakhs)

Original Grant	6,00.00
Actual Expenditure	1,06.23
Savings	4,93.77

The savings was due to non-preferment of claims by State Governments than anticipated and is based on the information furnished by the Ministry of Railways on the basis of the requirements as furnished by the Zonal Railways. As indicated by Ministry of Railways "The extant instructions envisage the State Governments giving estimate of likely reimbursement for the safety works by 31st October of every year to the co-ordinating FA&CAO of the nominated Railway for compiling and forwarding to this Ministry for onward transmision to the Ministry of Finance. Unfortunately, these estimates never come from most of the State Governments. In the absence of the estimates from the State Governments, the Zonal Railway assess the requirements based on the claims on hand for reimbursement. However, often the State Governments do not come forward to claim reimbursements in time which leads to surrender. " However, the Ministry of Railways is being requested to issue necessary instructions guidelines to the State Governments for submitting the claims for reimbursement well in time in future so as to avoid savings.

(iii) M.H. 3601:
sub-head:C.2(1)-Block Grants:

(Rupees in Lakhs)

Original Grant	9106,21.00
Supplementary Grant	1033,55.00
Total Grant	10139,76.00
Actual Expenditure	9855,18.37
Savings	284,57.63

The saving of Rs. 284,57.63 lakhs was due to (i) cuts in Central Assistance on account of shortfall in achievement of the plan by the State Governments, cut of 1% Central Asistance for 1996-97 withheld for non-submission of audited figures of expenditure by the State Governments for the period ending 1991-92 (iii) amounts withheld for non-submission of anticipated expenditure for 1996-97/ actual expenditure for the previous year, (iv) non-receipt of expenditure details of transferred Centrally Sponsored Schemes from 19 States and (v) lesser claims for Sardar Sarovar Project.

The provision for Central Assistance to States for their State Plans is made by this Ministry on the basis of approved plan Outlay and the releases are made on the basis of anticipated/acutal expenditure reported by the States against their approved Plan Outlays. If there is any shortfall in Plan expenditure against earmarked outlays, Minimum Needs Programme Scheme or total approved outlays, a proportionate cut in central assistance is imposed. The normal Central Assistance is also withheld due to non-supply of departmental actuals for previous years, anticipated expenditure for the current year etc. The saving was mainly due to shortfall in performance of the State Governments in their Annual Plans and due to withholding of 1% Normal Central Assistance for want of audited figures of expenditure for Annual Plans for the period ending 1991-92.

The anticipated expenditure for the year, departmental actuals for the previous year(s) and audited figures of expenditure for the earlier years for State Plans are furnished by the State Governments upto 31st March of the year and as such it is not possible to anticipate shortfall in performance and consequent cut in central assistance. As the central assistance is a commitment to the States, it is also not possible to under provide for it.

Revenue Section (Charged)

	(Rupees in lakhs)
Original Appropriation	26776,02.00
Acutal Expenditure	26666,51.13
Savings	109,50.87

4. Under Revenue Section (Charged) of Grant No. 28-Transfers to State and Union Territory Governments for 1996-97, the original grant was Rs. 26776,02.00 lakhs Against this, the actual expenditure was Rs. 26666,51.13 lakhs resulting in savings of Rs. 109,50.87 lakhs.

5. The sub-heads under which the savings of Rs. one crore and above occurred and reasons therefor are as under:—

(i) M.H. 3601

C:1. Grants for upgradation of services and special problems:

C1.00.31-Grants-in-aid

	(Rupees in lakhs)
Original Appropriation	521,70.00
Actual Expenditure	225,82.13
Savings	295,87.87

The Tenth Finance Commission recommended grants amounting to Rs. 260850 lakhs during 1996-2000 to States for upgradation of services and special problems. For 1996- 97 the grant recommended is Rs. 52170 lakhs. Accordingly, Budget provision was made for Rs. 52170 lakhs.

As recommended by the Tenth Finance Commission as Inter-Ministerial Empowered Committee has been constituted under the chairmanship of Additional Secretary (Expenditure) with Joint Secretaries of the concerned Central Ministries as Members and Joint Secretary (FCD) as Member Secretary for monitoring the progress of utilisation of these grants.

The guidelines on utilisation of the provisions recommended by the Tenth Finance Commission for upgradations of standards of administration and tackling the special problems, as approved by Inter-Ministerial Empowered Committee, been forwarded to all the State Governments.

As stipulated in the guidelines, the State Governments are required to submit the plans of action, duly approved by their State level Empowered Committee, for utilisation of these grants for approval of Inter-Ministerial Empowered Committee. The plans of action received from the States are forwarded to the concerned Central Ministries for their comments and thereafter, these are placed in the Meeting of the Inter-Ministerial Empowered Committee for approval. After the action plans are approved by the Inter-Ministerial Empowered Committee, the approval is conveyed and 'on account' grant released to the States. Further grant is released on receipt of utilisation certificates from the States.

During 1996-97 against the recommended amount of Rs. 260850 lakhs action plan for Rs. 143900 lakhs were approved by Inter-Ministerial Empowered Committee. In view of the fact that action plans for all the schemes were not received from the States during the year as such the budgeted provision could not be utilised. Hence, there was a saving of Rs. 29588 lakh.

(ii) M.H. 3601
03. Contribution to Calamity Relief Fund:
03.00.32 Contributions

	(Rupees in lakhs)
Original Appropriation	865,67.00
Actual Expenditure	844,90.00
Savings	20,77.00

Subsequent to the finalisation of Budget Estimates 1996-97, two instalments of Calamity Relief Fund for 1996-97 amounting to Rs. 2077 lakhs was released to the Government of Kerala in advance during 1995-96.

Capital Section (Voted)

	(Rupees in lakhs)
Original Grant	1175,00.00
Actual Expenditure	796,29.00
Savings	378,71.00

6. Under Capital Section (Voted) of Grant No. 28-Transfers to State and Union Territory Governments for 1996-97, the original grant was Rs. 1175,00.00 lakhs Against this, the actual expenditure was Rs. 796,29.00 lakhs resulting in savings of Rs. 378,71.00 lakhs.

7. The sub-heads under which the savings of Rs. one crore and above occurred and reasons therefor are as under:—

(i) M.H. 6801:
04.01-Loans to Rural Electrification Corporation
for State Plan Schemes:

Sub-head: 04.01.55 Loans and Advances

	(Rupees in lakhs)
Original Grant	175,00.00
Actual Expenditure	120,00.00
Savings	55,00.00

The loan portion equivalent to the Minimum Need Programme outlay for Rural Electrification, out of the total loan assistance releasable to States for annual Plans is being routed through Rural Electrification Corporation on the basis of States' achievements. Since the achievement of the State Governments was less than the approved outlay (Minimum Need Programme), the Rural Electrification Corporation could not claim the entire outlay and hence the saving.

(ii) M.H. 7602
01.102. Share of Small Savings Collections

	(Rupees in lakhs)
Original Grant	1000,00.00
Actual Expenditure	676,29.00
Savings	323,71.00

The collections under small savings scheme of the Government of India are mobilised through 1,52,783 Post Offices and a large number of branches of Public Sector Banks all over the country. Over fifty million small investors deposit and withdraw money in various schemes every year. 75% of the net collections (i.e. gross deposits less withdrawals) in the Union Territory are disbursed as loans to that Union Territory. It can be seen, therefore, that the amount of loan is not an allocation fixed on the basis of other criteria but directly depends on the resources mobilised in that Union Territory in that period. There is a time lag between the collections and loans of three months—the loan against January collections is disbursed in April that year.

The Budget Estimates 1996-97 for loans to Union Territories was formulated in October, 1995 based on the trends of the collections. The actual collections in the period corresponding to releases in 1996-97 was slightly lower, therefore, resulting in lower loans.

Capital Section (Charged)

	(Rupees in lakhs)
Original Appropriation	21085,90.00
Supplementary Appropriation	1696,60.00
Total Appropriation	22782,50.00
Actual Expenditure	22411,02.51
Savings	371,47.49

8. Under Capital Section (Charged) of Grant No. 28-Transfers to State and Union Territory Governments for 1996-97, the original appropriation was Rs. 21085,90.00

lakhs which was augmented to Rs. 22782,50.00 lakhs by obtaining a supplementary grant of Rs. 1696,60.00 lakhs. Against this, the actual expenditure was Rs. 22411,02.51 lakhs resulting in savings of Rs. 371,47.49 lakhs.

9. The sub-heads under which the savings of Rs. one crore and above occurred and reasons therefor are as under:—

(ii) M.H. 7601
01.102. Share of Small Savings Collections

	(Rupees in lakhs)
Original Appropriation	10000,00.00
Actual Expenditure	9994,76.00
Savings	5,24.00

The collections under small savings scheme of the Government of India are mobilised through 1,52,783 Post Offices and a large number of branches of Public Sector Banks all over the country. Over fifty million small investors deposits and withdraw money in various schemes every year. 75% of the net collections (i.e. gross deposits less withdrawals) in a State are disbursed as loans to that State. It can be seen, therefore, that the amount of loan is not an allocation fixed on the basis of other criteria but directly depends on the resources mobilised in that State in that period. There is a time lag between the collections and loans of three months—the loan against January collections is disbursed in April that year.

The Budget Estimates 1996-97 for loans to States was formulated in October, 1995 based on the trends of the collection. The actual collections in the period corresponding to releases in 1996-97 was slightly lower, therefore, resulting in lower loans.

(ii) M.H. 7601
02.101. Block Loans

Original Appropriation	10085,90.00
Supplementary Appropriation	1696,60.00
Total Appropriation	11782,50.00
Actual Expenditure	11585,60.01
Savings	196,89.99

The saving of Rs. 19690 lakh was due to (i) cuts in Central Assistance on account of shortfall in achievement of the plan by the State Governments, cut of 1% Central Assistance for 1996-97 withheld for non-submission of audited figures of expenditure by the State Governments for the period ending 1991-92 (iii) amounts withheld for non-submission of anticipated expenditure for 1996-97 actual expenditure for the previous year, (iv) non-receipt of expenditure details of transferred Centrally Sponsored Schemes from 19 States and (v) lesser claims for Sardar Sarovar Project.

The provision for Central Assistance to States for their State Plans is made by this Ministry on the basis of approved Plan Outlay and the releases are made on the basis of anticipated/actual expenditure reported by the States against their approved Plan Outlays. If there is any shortfall in Plan expenditure against earmarked outlays, Minimum Needs Programme Scheme or total approved outlays, a proportionate cut in Central Assistance is imposed. The Normal Central Assistance is also withheld due to non-supply of departmental actuals for previous years, anticipated expenditure for the current year etc. The saving was mainly due to shortfall in performance of the State Governments in their Annual Plans and due to withholding of 1% Normal Central Assistance for want of audited figures of expenditure for Annual Plans for the period ending 1991-92.

The anticipated expenditure for the year, departmental actuals for the previous year(s) and audited figures of expenditure for the earlier years for State Plans are furnished by the State Governments upto 31st March of the year and as such it is not possible to anticipate shortfall in performance and consequent cut in Central Assistance. As the Central Assistance is a commitment to the States, it is also not possible to under provide for it.

(iii) M.H. 7601:
06.299. Other Ways & Means Advances

Original Appropriation	1000,00.00
Actual Expenditure	830,66.50
Savings	169,33.50

The saving was due to less Ways & Means Advances to the States than anticipated. The Ways & Means Advances are short term Loans given to States on the basis of requests made by them to tide over their financial problems. These Ways & Means Advances are generally recoverable within the same financial year. The saving was due to lesser requirement and consequent lesser release of Ways & Means Advances to States than anticipated at the time of Budget.

As is evident, none of the reasons stated above could have been anticipated earlier.

Remedial steps taken/proposed to be taken by Government

The matter of timely submission of anticipated expenditure for the year, departmental actuals for the previous year(s) and audited figures of expenditure for earlier years for State Plans has been taken up with the State Governments whenever they are not received on time. Besides with a view to encouraging the State Govts. to submit audited figures of expenditure, a system of with-holding 1% of the Central Assistance (Normal) to be released on receipt of audited figures of expenditure has been started from the year 1994-95.

This has been vetted by Audit *vide* their U.O. No. RR/1-35/97-98/583 dated 27.8.98.

Sd/-
(J.S. Mathur)
Additional Secretary (Budget)

F.No. 2(59)-B(S)/97 dated 27.8.98.

To

The Chairman and the Members of the Public Accounts

ANNEXURE-III

D. Swarup
Joint Secretary (Budget)

Tel: Off.: 301-2804
Res.: 614 0164
Fax: 301 7052
E-mail: asb@finance.delhi.nic.in

D.O. No. F.2(32)-(CDN)/2001
Ministry of Finance
Department of Economic Affairs
North Block

New Delhi the, July 6, 2001

Dear

As you may be aware, the demand "Loans to Government Servants etc." is dealt with in the Ministry of Finance. Allocation for HBA and other advances for the year 2001-02 has already been conveyed to all Ministries/Departments in April, 2001.

2. On a review of allocations and actual expenditure, it has been observed that there is wide variation between the actuals and even the revised estimates. The consequential savings and excesses has been attracting adverse comments from audit and the Public Accounts Committee. The table below gives a quantum of excess/ savings over a four years period:

(Rs. in crores)

Year	BE	RE	Actuals	Excess(+)/ Savings(-)#
1996-97	296.50	266.50	162.53	(-) 103.97
1997-98	298.65	298.65	267.50	(-) 31.15
1998-99	332-49	432.49	489.30	(+) 56.81
1999-2000	500.00	700.00	684.65 (provisional)	(-) 15.35

Excess/Savings vis-a-vis RE.

As is evident, there have been large saving in this demand. During the year 1998-99 there has been a substantial excess.

3. With a view to monitor loans to Government servants department-wise, I would suggest that management information in the format enclosed may kindly be provided to Budget division so that we can avoid repetition of large savings/excesses as have occurred in the past. It will be appreciated if these monthly abstracts are furnished to Budget Division for and upto the month of June 2001 and onwards. The actual allocation made is indicated for all Departments and we shall intimate to you changes in allocation, mid-stream, as they occur.

With regards,

Yours sincerely,

Sd/-
(D. Swarup)

Shri A.M. Sehgal,
Controller General of Accounts,
Lok Nayak Bhawan,
New Delhi.

ANNEXURE-IV

D. Swarup
Joint Secretary (Budget)
Tel.: Off.:-301 2804
Res.: 614 0164
Fax: 301 7052
E-mail: asb@finance.delhi.nic.in

D.O. No. F.2(32)-(CDN)/2001
Ministry of Finance
Department of Economic Affairs
North Block

New Delhi the, July 6, 2001

As you may be aware, the demand "Loans to Government Servants etc." is dealt with in the Ministry of Finance. Allocation for HBA and other advances for the year 2001-02 has already been conveyed to all Ministries/Departments in April, 2001.

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1998-99	332.49	432.49	489.30	(+)56.81
1999-2000	500.00	700.00	684.65 (provisional)	(-)15.35

#Excess/Savings *vis-a-vis* RE.

As is evident there have been large saving in this demand. During the year 1998-99 there has been a substantial excess.

3. With a view to ensuring that such large savings/excesses do not recur, it is requested that you may at your level review the requirement of loans to Government servants on periodic basis so that savings, if any, are negligible and excesses do not occur under any circumstances. Further, in case of anticipated savings, these should be intimated well in advance so that the Departments which may require these funds can benefit from re-allocation.

4. I am separately writing to Controller General of Accounts also so that monthly expenditure trends are available with regard to Loans to Government Servants department-wise. I am sure, with your cooperation, savings/excesses of the magnitude that has been occurring in the past will not recur.

With kind regards,

Yours sincerely,

Sd/-
(D. Swarup)

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)

Recommendation

The Committee are astonished to note that against final savings of Rs. 44231.22 crore in the Appropriation Accounts (Civil), the amount surrendered was Rs. 24787.35 crore out of which 99 percent (Rs. 24783.51 crore) was surrendered on the last day of the financial year. What is more disturbing is the fact that in 20 Voted Grants and 21 Appropriations, the entire savings amounting to Rs. 19.55 crore and Rs. 3.27 crore respectively were not surrendered at all. To the astonishment of the Committee, in 55 cases, the amounts greater than 20 percent of the savings of Rs. 1 crore were not surrendered at all. The percentage of savings available under a grant/appropriation not surrendered varied between 21 and 100 percent. The Grant-wise analysis by the Committee has revealed that the Ministry of Surface Transport did not surrender 29.91 percent and 83.75 percent of the savings available under the Grant No. 78 and 79 respectively. The Ministry of Home Affairs did not surrender at all the entire savings of Rs. 7.02 crore under Revenue(Voted) section of Grant No. 42. Similarly, under Grant No. 44—Police, the Ministry did not surrender 96.41 percent of the available savings. The Committee also noticed that the Ministry of Labour did not surrender 26.60 percent of the available savings under Grant No. 57. The Committee take a serious view of the perfunctory manner in which the surrenders were made by the concerned Ministries/Departments at the close of the financial year. The Committee deplore that some of the Departments even did not care to surrender the unspent provisions at all. Despite the Committee's repeated exhortations made from time to time in their earlier Reports for timely surrender of savings, the Committee observe that the Ministries/Departments are yet to show improvements in this regard. The Committee desire that the Financial Advisors and the Heads of Ministries/Departments be made jointly accountable for unusual savings and delay in the timely surrender of savings.

[Para 13.16 of the Sixteenth Report of Public Accounts Committee (Thirteenth Lok Sabha)]

Action Taken

The Ministry has noted the observations and findings of the Public Accounts Committee that various Ministries/Departments have either considerably delayed the surrender of savings or have even failed to surrender the savings. The existing procedure laid down in the General Financial Rules, 1963 is fairly adequate to take care of both savings and their surrender under the voted grants/charged appropriations and the fact that some Ministries/Departments have been lax in timely surrender of savings despite these instructions, shows that the Ministries/ Departments are not scrupulously following these procedures. In pursuance of the recommendations of the Public Accounts Committee, this Ministry has issued fresh instructions to all the Ministries/Departments *vide* O.M. No. 7(6)-B(R)/2001 dated 20th July, 2001 (copy enclosed) advising them to gear up the internal mechanism of budgetary control so as to ensure timely and realistic assessment of fund requirement/utilisation. They have also been advised that the monitoring mechanism to oversee utilisation of funds and calculation of possible savings should also be tightened to keep a regular watch over the utilisation of funds/surrender of savings and all procedures prescribed under General Financial Rules should also be scrupulously followed.

This has been vetted by Audit *vide* their U.O.No. RR/1-38/2000-01/367 dated 6.7.2001.

Sd/-
(D. Swarup)
Joint Secretary to the Government of India

No. F.7(6)-B(R)/2001.

No. F.7(6)-B(R)/2001
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

Dated 20th July, 2001

OFFICE MEMORANDUM

Subject: Sixteenth Report of the Public Accounts Committee (13th Lok Sabha) — Union Government Appropriation Accounts (Civil) — (1996-97) — Surrender of savings on the last day.

The undersigned is directed to invite a reference on the observations and recommendations made by the Public Accounts Committee in para 13.16 of their above mentioned Report and to say that the Committee while showing their serious concern on the large scale surrender of savings on the last day of the financial year, has noted that in 20 Voted Grants and 21 Appropriations, the entire savings amounting to Rs. 19.55 crore and Rs. 3.27 crore respectively were not surrendered at all. In 55 cases the amounts greater than 20 per cent of the savings of Rs. 1 crore were not surrendered at all. The percentage of savings available under a grant/appropriation were not surrendered varied from 21 per cent to 100 per cent. The Committee has noted with distress that some of the Ministries/Departments have not surrendered the unspent provision at all. The Committee has desired that the Financial Advisers and the Heads of Ministries/Departments be made jointly accountable for unusual savings and delay in the timely surrender of these savings.

2. Taking a serious view of the perfunctory manner in which the surrenders were made, at the very close of the financial year despite Committee's repeated exhortations made from time to time in their earlier Reports for timely surrender of savings, the Public Accounts Committee has observed that the Ministries/Departments have not yet been able to show any improvement in this regard. The fact that the savings were not surrendered in time indicates that the review, monitoring and control of expenditure, as required under General Financial Rules and various Government of India decisions thereunder, was largely ineffective.

3. In order, therefore, to ensure that such delayed surrenders/failure to make surrender of savings do not occur in future, all Ministries/Departments are advised that savings which are likely to occur may be surrendered well in time so that available resources are put to best possible use. Careful formulation of budget estimates on a realistic basis will avoid large scale saving/surrender. Formulation of Budget Estimates should be made having regard to absorptive capacity and achievable targets. Needless to say procedures prescribed under General Financial Rules should also be scrupulously followed. In case there is any likelihood of savings, action should

be taken immediately to surrender such funds well in advance and before the end of the financial year, as prescribed in the General Financial Rules.

Sd/-
(D. Swarup)
Joint Secretary to the Govt. of India

1. All Ministries/Departments as per standard mailing list.
2. All Secretaries to the Government of India.
3. All Financial Advisers.

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)

Recommendation

"The Committee's examination has revealed that supplementary provision of Rs. 236.20 crore obtained in 15 cases by the concerned Ministries/Departments proved unnecessary as the final expenditure was less than the original grant. The Committee also observed that in most of these cases, the supplementary provisions were obtained in March, 1997, *i.e.* at the fag end of the year. The Committee are all the more concerned deeply that some Ministries/Departments were even unable to assess their actual requirement of funds even on the last day of the financial year. The Committee, therefore, recommend that the procurement of supplementary grants by the Ministries/Departments be thoroughly assessed objectively to ward off unwarranted surrender of savings later. The Committee feel that it would go a long way in streamlining of budgetary process if the Heads of Programme Divisions are made accountable in this behalf."

[Para 13.17 of Sixteenth Report of PAC (13th Lok Sabha)]

Action Taken

Responses in this regard were elicited from all the Ministries/Departments mentioned in the para.

It may be seen from details below that the supplementary grants were utilised by most of the Ministries. In seven cases, the token supplementary grants of Rs. 0.01 crore each were necessitated as the proposed expenditure attracted New Service and New Instrument of Service and the Ministries could not reappropriate the sums required from the existing provisions in the approved grants, inspite of the savings available, without obtaining Parliament's prior approval. Nine cases, involving an amount of Rs.112.68 crore, were similarly of technical nature, in which also the re-appropriation was not permissible under the existing rules. In these cases, supplementary grants were obtained against the equal amount of saving/receipts to be surrendered (Annex-A).

It is, however, seen that even when the above was true, in view of available savings in the other approved provisions within either the Revenue Section or the Capital Section of the grant, token or technical supplementary grants not involving additional allocation, could have been sought so as to absorb the savings available within the grant. This aspect has now specifically been emphasised while processing the supplementary grants in the final batch this year, *vide* the D.O. letter No. 4(1)-B(SD)/2002 dated 25.01.2002, a copy of which is enclosed. The observations made by the Public Acconts Committee have also been brought to the notice of all the Ministries/Departments in para 5 of the said D.O. letter dated 25.1.2002 (Annex-B) for guidance and compliance.

While regretting the savings that occurred inspite of obtaining a supplementary grant, almost all the Ministries have indicated that remedial action was being taken to ensure a more realistic estimate. Many Ministries have independently sent Action

Taken Notes in this regard. The Budget Division, Department of Economic Affairs, Ministry of Finance has issued instructions to all Ministries to note the directions of the Public Accounts Committee for strict compliance *vide* OM No. F4(36)B(SD)/2000 dated 13th July, 2001 (Annex-C). This is also being underlined in the circular issued by the Budget Division for inviting proposals for supplementary grants, as would be clear from the letter dated 25.01.2002 (Annex-B) referred to above. According to the provisions of Rule 66, read with Rule 69 of the General Financial Rules, the Heads of the Departments and Controlling Officers are required to keep strict watch over the expenditure against the grants, and report the savings if any, without waiting for the close of the financial year.

In regard to the recommendation regarding making Heads of Programme Divisions accountable for proper assessment of expenditure requirements before procuring supplementary grants, we have requested the Department of Expenditure to examine with a view to incorporating the same in General Financial Rules.

The delay in submission of this Action Taken Note is deeply regretted. Responses had to be obtained from different Ministries and took some time. The same was examined and in some cases further details had to be sought.

Revenue Section

1. Demand No. 4 — Department of Animal Husbandry and Dairying, Ministry of Agriculture

The Department has stated that Supplementary Grant of Rs. 7.39 crore was obtained for augmentation of gross revenue expenditure of the Delhi Milk Scheme for meeting establishment-related expenditure and the amount was fully utilised.

However, savings of Rs. 20.80 crore in other schemes was due to a number of reasons, *inter alia*, non finalisation of proposals for setting up of an apex body under the scheme of National Poultry Development Agency, less adjustment of foreign aid owing to delay in fulfilment of global tender requirements, non-receipt of foreign aid, less demand from State Governments owing to availability of unspent balance of previous years with them, and less demands for funds owing to slow progress of work.

The Department has stated that it is taking care that such lapse does not recur in future and Heads of Programme divisions are being made accountable in this behalf.

2. Demand No. 9 — Ministry of Civil Supplies, Consumer Affairs & Public Distribution

The Department has stated that a supplementary grant of Rs. 30 crore was obtained for providing one time assistance to State Governments and Union Territory Governments for building infrastructural facilities in the District Fora. An amount of Rs. 23.23 crore was released to the State Governments/Union Territory Governments who fulfilled the eligibility criteria based on achievement of targets by the State Commissions/District Fora. However, as some State/District Fora could not achieve the desired targets, Rs. 6.77 crore was not released to the concerned State Governments/Union Territory Governments.

Due to poor response to the VRS schemes in Hindustan Vegetable Oil Corporation, a supplementary grant of Rs. 1.30 crore had to be surrendered.

Of the total saving in the grant of Rs. 48.72 crore, Rs. 37.51 crore were surrendered at the time of formulation of the Revised Estimates (RE) in November, 1996.

The Department proposes to bring about improvement in the internal controls by reviewing the savings available within the sanctioned grant before seeking supplementary grants. Monthly review of expenditure has been introduced to have stringent controls.

3. Demand No. 26 — Payments to Financial Institutions, Ministry of Finance

The Department has stated that the supplementary grants of Rs. 18.94 crore obtained in the first batch was utilised for the purpose for which it was taken.

It is further stated that savings occurred mainly due to variation in SDR interest rate while making payment to International Monetary Fund (IMF), non-raising of demand for contribution by the International Fund for Agricultural Development (IFAD) and non-submission of claims by Industrial Development Bank of India (IDBI) for reimbursement of external aid, which could not be anticipated at the time of framing the budget estimates.

4. Demand No. 34 — Department of Revenue, Ministry of Finance

The Department has stated that the savings under the supplementary grant obtained was of Rs. 1.91 crore, mainly on account of delayed constitution of new Regional units of other Narcotics Control Bureau.

Savings in the total grant occurred mainly due to an anticipated quantity of Codeine Phosphate not being received (Rs. 7.15 crore) and less procurement of Opium.

5. Demand No. 39—Department of Health, Ministry of Health and Family Welfare

The Department has stated that savings against the supplementary grant occurred mainly due to non-filling up of vacant posts, economy measures adopted, review of schemes resulting in weeding out of schemes and grant of exemption in Customs Duty on imported machinery, equipment and construction material (Rs. 4.48 crore).

6. Demand No. 41 — Family Welfare, Department of Family Welfare, Ministry of Health and Family Welfare

The Department has stated that the savings identified under the grant could not be reappropriated for other schemes due to restrictions under Delegation of Financial Power rules and other technical reasons.

The Department has also stated that all concerned have been instructed to thoroughly scrutinise proposals for supplementary grants and that Divisional Heads would be responsible for any lapses in future.

7. Demand No. 43 — Cabinet, Ministry of Home Affairs

The Ministry has stated that the supplementary grant of Rs. 2.19 crore was utilised.

However, savings occurred in the total grant mainly due to rationalisation of the foreign travel plans by the Ministers in the light of directions from Prime Minister.

The recommendation of the Public Accounts Committee has been noted for compliance in future.

8. Demand No. 49 — Department of Culture — Ministry of Human Resource Development

The Department has stated that the supplementary grant was obtained, *inter alia*, for creating the National Culture Fund and for providing grants to the Centre for Cultural Resources and training. The same was fully utilised.

However, savings occurred due to non-payment of some bills owing to non-receipt of pre-stamped receipts.

9. Demand No. 62 — Ministry of Mines

The Ministry has stated that the supplementary grant of Rs. 8.73 crore was fully utilised.

The savings in the total grant occurred mainly due to non-receipt of invoices from Controller and Aid against external aid received from France.

10. Demand No. 63 — Ministry of Non-Conventional Energy Sources

The Ministry has stated that the entire supplementary grant of Rs. 34.12 crore obtained for Wind Power Generation was fully utilised.

However, savings occurred, *inter alia*, due to economy measures and this was reflected in the Revised Estimates (RE). Savings of Rs. 87. 04 crore occurred under other Heads of Accounts.

11. Demand No. 66 — Ministry of Petroleum and Natural Gas

The Ministry has stated that savings occurred mainly due to non-filling of vacant posts, reduced travel expenses and economy measures adopted by the Ministry.

The Ministry has stated that the recommendation of the Committee would be kept in view to avoid such a situation in future to the extent possible.

12. Demand No. 78 — Surface Transport, Ministry of Surface Transport

12.1 Most of the supplementary grant of Rs. 2.22 crore was utilised.

12.2 The Ministry has stated that savings in the total grant occurred mainly due to the transfer of Delhi Transport Corporation (DTC) to Government of NCT of Delhi in August, 1996 resulting in non-utilisation of VRS provision (Rs. 10 crore); delay in implementation of scheme of Capital Dredging in West Coast Canal, delay in finalisation of design by CPWD for Patna Terminal, delay in setting up of National Institute of Road Safety and non-implementation of voluntary retirement scheme of CIWTC.

12.3 The Ministry has stated that improvement in system and procedures including controls have been taken as remedial measures.

13. Demand No. 80 — Ports, Lighthouses and Shipping, Ministry of Surface Transport

The supplementary grant of Rs. 2.22 crore was fully utilised for the purpose for which it was obtained.

The Ministry has stated that savings occurred mainly due to non-finalisation of contract for dredging for Haldia channel by Calcutta Port Trust, non-receipt of commodity assistance from Japan for updating maritime training facilities owing to non-approval of projects by Government of Japan and less subsidy claimed by Cochin Shipyard.

The Ministry has further stated that, as remedial measure, all the concerned authorities have been specially told to monitor the flow of expenditure with utmost prudence keeping in view the progress of work of each project/scheme and taking up the matter with various authorities associated with the job and Ministry of Finance so that optimum use of budget provision was made. Steps for more realistic assessment would be taken. A closer look would be taken at RE stage and provision restricted to the realistic figures.

14. Demand No. 101 — Lakshadeep, Ministry of Home Affairs

The Ministry has stated that the Supplementary Grant was fully utilised for the purpose for which it was obtained.

However, savings occurred in the total grant mainly due to non-acquisition of land due to litigation, less procurement of High Speed Diesel oil owing to rough sea conditions, non-receipt of bills from DGS&D and lower operational cost due to non-delivery of a barge.

Capital Section

15. Demand No. 56—Broadcasting Services, Ministry of Information and Broadcasting

The Ministry has stated that the Supplementary Grant of Rs. 11.73 crore was fully utilised for the purpose for which it was obtained.

However, savings occurred in the total grant mainly due to non-receipt or delay in receipt of equipment, slow progress of construction and electrical works, non-reception of Microwave links and play back equipment for DD3 channel, dis-continuation of scheme for linking all Vividh Bharti Centres on computer, rejection of proposal for purchasing a hard disc base system and cancellation of tender for purchase of Console Tape Recorder.

This note has been vetted by Audit, *vide* their U.O. No. DGACR-RR-1-39/2000-01 dated 17.04.2002.

Sd/-
(D. Swarup)
Additional Secretary (Budget)

[Ministry of Finance, Department of Economic Affairs (Budget Division)
O.M. No. F. 4 (36) - B(SD)/2000 dated 17.04.2002.]

ANNEXURE-A

Statement showing the details of the Supplementary Demands for Grants as shown in para 13.17 of the 16th P.A.C. Report of 13th Lok Sabha

(Rupees in crore)

Demand No.	Name of Ministry/Department	Amount of Supplementary Demand for Grants				Amount of Saving Surrendered as per the P.A.C. Report
		Total	Cash Outgo	Tech Nical	Token	
	REVENUE SECTION					
4.	Department of Animal Husbandry and Dairying	7.39	-	7.39	-	20.80
9	Ministry of Civil Supplies Consumer Affairs and Public Distribution	31.30	30.00	1.30	--	48.72
26	Payments to Financial Institutions	18.94	18.93	--	0.01	48.79
34	Department of Revenue	11.36	--	11.36	--	13.00
39	Department of Health	31.00	19.99	10.99	0.02	121.96
41	Department of Family Welfare	71.10*	31.99	39.10	0.01	77.82
43	Cabinet	2.19	2.19	--	--	22.10
49	Department of Culture	3.02	3.00	--	0.02	4.72
62	Ministry of Mines	8.73	3.23	5.50	--	17.32
63	Ministry of Non Conventional Energy Sources	34.12	--	34.12	--	87.04
66	Ministry of Petroleum and Natural Gas	0.17	0.17	--	--	0.26
78	Surface Transport	2.22	2.21	--	0.01	20.33
80	Ports, Light Houses and Shipping	2.70	--	2.70	--	66.82
101	Lakshdweep	0.22	--	0.22	--	1.26
	CAPITAL SECTION					
56	Broadcasting Services	11.73	11.73	--	--	13.63
	TOTAL	**236.19**	**123.44**	**112.68**	**0.07**	

*Rs. 71.10 crore as per the Supplementary Demand for Grants.
Rs. 71.11 crore as per the PAC Report.

ANNEXURE-B

D. Swarup
Additional Secretary (Budget)

D.O. No. F. 4(1)-B (SD)/2002
Ministry of Finance
Department of Economic Affairs
North Block
New Delhi-110 001

January 25, 2002

Dear Shri

The third and final batch of Supplementary Demands for Grants for 2001-2002 is proposed to be presented to Parliament in the forthcoming Budget Session. The Supplementary Demands proposed to be included in this batch may be decided taking into account the provisions for both plan and Non-Plan expenditure in the relevant Grant.

2. The Supplementary Demands may be proposed in the following cases:

(a) For authorisation of the expenditure out of the advances sanctioned from the Contingency Fund of India, which have not yet been recouped.

(b) In cases where the approved Revised Estimates would result in excess over the sanctioned provision in the Grant. The excess must be separately assessed for the Revenue expenditure, the Capital expenditure, the Voted expenditure and the *Charged* expenditure included in the grant. Thus, the Supplementary Demands will be required in cases where the additional provision is required over and above the original budget provision plus the additional provisions granted in the first and second batches of Supplementary Grants plus the advances sanctioned from the Contingency Fund of India, if any.

(c) In cases where savings are available within the Grant to meet any excess requirement but the savings cannot be re-appropriated such as from the Revenue Section to the Capital Section and *vice versa* or from 'Voted expenditure' to '*Charged* expenditure' and *vice versa.* The items already included as per (a) above need not be included again.

(d) In cases where the expenditure is to be incurred on a New Service or New Instrument of Service and hence prior approval of Parliament is necessary even though the expenditure can be met from the savings available within the Grant. In such cases, a Supplementary Demand of a token amount will be required. The items already included as per (a) above need not be included again.

(e) In cases where payment is to be made in satisfaction of court decrees or upon invocation of a Government guarantee etc., which are not covered under category (a) above and, which, if left uncovered, may result in '*Charged*' provision in the Grant, if any, being exceeded.

(f) In cases where we have specifically agreed to the inclusion of the item in the final batch of Supplementary Demands for Grants.

3. In cases where savings are available within the Grant, which can be re-appropriated, it may please be noted that no Supplementary Grant (even for a token amount) is required for additional establishment related expenditure of existing Government offices. This may be met by re-appropriation of savings after obtaining the approval of the competent authority.

4. As recommended by the Public Accounts Committee, any order for re-appropriation, issued during a financial year, which has the effect of increasing the budget provision under a sub-head or standard object head by more than 25% of Budget Estimates or Rs. one crore. whichever is more, is required to be reported to Parliament along with the last batch of the Supplementary Demands of the financial year. The information in respect of such cases may also be furnished for being appended to this batch of Supplementary Demands (para 7 below) and may also be promptly sent to us for possible inclusion in the Supplementary Demands booklet.

5. While processing proposals for Supplementary Grants, the Grant controlling authority must invariably identify savings available within the Grant so that the infructuous or inflated Supplementary Demands are weeded out and the eventuality of a surrender after obtaining Supplementary Grant is avoided. The Public Accounts Committee has been very critical of cases where Ministries/Departments procured Supplementary Grants in earlier years but the final expenditure was less than the approved grant. The proposal for Supplementary Demand for Grants may be projected after a thorough and objective assessment of additional requirement of funds. *The Supplementary Demand should be sought for the minimum necessary amount after a thorough review of savings (both under plan and Non-Plan) within the Grant.*

6. Recurrence of excess expenditure over sanctioned provision in certain Grants has also been viewed very seriously by the Public Accounts Committee. Needless to say, such expenditure is *unauthorised expenditure* and must be avoided at any cost, Therefore, not only the *Supplementary Demand should be sought for the minimum necessary amount after a thorough review of savings (both under plan and Non-Plan) within the Grant but it should be sufficient to cover any* foreseeable excess. In order to ensure that this fine balance is met, I would urge you to keep the expenditure under close watch on a daily basis after sending the proposals for Supplementary Grants and promptly inform us if there is a significant variation requiring correction in the proposals. We will try our best to accommodate requests for changes keeping in view the tight schedule of printing of Supplementary Demands, which happens to overlap with the work of preparation of annual Budget documents. I seek your kind cooperation in this regard.

7. I, therefore, request you to send us the proposals for Supplementary Demands conforming to the above guidelines along with 8 copies of detailed brief thereon (for use of the Finance Minister) latest by February 15, 2002. In case there is no proposal for Supplementary Demands, you are requested to send an intimation to this effect by the due date.

With warm regards,

Yours sincerely,
Sd/-
(D. Swarup)

<u>Most Immediate</u>

No. F. 4(36) B (SD)/2000
Ministry of Finance
Department of Economic Affairs
(Budget Division)

New Delhi, the 13th July, 2001

OFFICE MEMORANDUM

Subject : Action taken note (ATN) on recommendations contained in the sixteenth Report of the Public Accounts Committee (13th Lok Sabha) on Union Government Appropriation Accounts (Civil)-1996-97, paragraph 13.17 thereof.

The undersigned is directed to inform that Public Accounts Committee (PAC) *vide* paragraph 13.17 of its sixteenth Report (13th Lok Sabha) commented that supplementary Provision of Rs. 236.20 crore obtained in 15 cases by the concerned Ministries/Departments proved unnecessary as the final expenditure was less than the original grant (copy enclosed). In most of the cases, the supplementary provisions were obtained in March, 1997 *i.e.* at the fag end of the year. The Committee was deeply concerned that some Ministries/Departments were unable to assess their actual requirement of funds even on the last day of the financial year. The Committee, therefore, recommended that the procurement of supplementary grants by the Ministries/Departments be thoroughly assessed objectively to ward off unwarranted surrender of savings later. The Committee felt that it would go a long way in streamlining of budgetary process if the Heads of Programme Divisions are made accountable in this behalf.

2. All the Ministries/Departments are requested to note the directions of PAC for strict compliance. While obtaining Supplementary Demands for Grants in future, the Ministries/Departments should thoroughly assess objectively their requirement of funds to ward off unwarranted surrender of savings later.

3. Receipt of this O.M. may please be acknowledged.

Encl. As above

Sd/-
(M.P. SINGH)
Under Secretary to the Govt. of India
Tel : 3015100

To

1. Financial Advisors/Joint Secretaries (Finance) of all the Mnistries/Departments of the Government of India.
2. All the Ministries/Departments of the Government of India.
3. Shri Devender Singh, Deputy Secretary (PAC Branch), Lok Sabha Secretariat, Parliament House Annexe, New Delhi-110001.
4. Office of the Comptroller and Auditor General of India, 10 Bahadurshah Zafar Marg, New Delhi-110002.
5. Financial Commissioner, Ministry of Railways (Railway Board).
6. All Sections and Officers in Budget Division.

Recommendation

Wrongful re-appropriation of funds has been a matter of constant concern to the Committee. The scrutiny of Audit Report has revealed that during test check, in as many as 44 sub-heads in 27 grants/appropriations, re-appropriation aggregating to Rs. 85.13 crores was found to be injudicious as the original provisions under the sub-head to which funds were transferred by re-appropriation were more than adequate and consequently the final savings under the sub-head were more than the amount re-appropriated to these sub-heads. The Committee also found that there was injudicious re-appropriation aggregating to Rs. 8.09 crores in 11 sub-heads in 8 Grants/Appropriations wherein final expenditure under each of them were more than the original provisions before re-appropriation from them. The Committee also noticed that the Department of Culture in 2 heads under Grant No. 49 and the Ministry of Home Affairs under Grant No. 44, resorted to irregular re-appropriation of funds by violating the instructions on the subject. Further, the Ministry of Commerce under Grant No. 11 and the Ministry of Steel under Grant No. 77 re-appropriated funds without obtaining prior approval of the Ministry of Finance. Obviously, such rampant re-appropriations in utter disregard to codal provision, standing instructions and Cannons of financial propriety only betray inability/inefficacy of the Financial Advisers attached to the Ministries. The Committee therefore, recommend that the powers and functions of the Financial Advisers may be reviewed appropriately to prevent wrongful/injudicious re-appropriations.

(para 13.18 of 16th Report of PAC, 13th Lok Sabha)

Action Taken

The re-appropriation of Rs. 1.00 crore was issued from the Sub-head "Critical Infrastructure Balance" below the Major Head "3453" to the sub-head "Critical Infrastructure Balance" below the Major Head "3601" on the grounds that the re-appropriation is from the same scheme for the same scheme. However, when it was noticed that it was wrong to re-appropriate *vide* Government of India's decision No. 3(ii) below Rule 10 of the Delegation of Financial power Rules, the ex-post-facto approval of the Ministry of Finance was obtained (Copy of the approval enclosed).

The instructions issued by the Finance Ministry *vide* O.M. No. 12(2)/E.Coord/ 2001 dated 29.8.2001 (copy enclosed) on the powers/functions of Financial Advisers will be kept in view and will be followed strictly.

The budget division of the Department has also been strengthened by providing trained manpower.

It has been vetted by D.G.A.C.R.U.O. No. RQ/26-7/2001-021579 dated 22/2/2002.

Sd/-

(S.N. MENON)
Additional Secretary & Financial Adviser

No. 12(2)E-Coord./2001
Government of India
Ministry of Finance
Department of Expenditure

New Delhi the 29th August, 2001

OFFICE MEMORANDUM

Subject: Action taken on the recommendations contained in the Sixteenth Report of the Public Accounts Committee (13th Lok Sabha) on Union Government Accounts (Civil) (1996-97).

The Public Accounts Committee has adversely commented in para 13.18 and 13.19 of the Sixteenth report, regarding injudicious re-appropriations and expenditure on New Service/New Instruments of Service. Necessary extracts of the observations made by the Public Accounts Committee in para 13.18 and 13.19 are enclosed.

2. In this regard it may be mentioned that under the IFA scheme, the Financial Advisers are required to assist in the budget formulations, scrutiny of projects and programmes for approval by the Ministry of Finance and post budget vigilance to ensure that there are neither considerable shortfalls in the expenditure, nor unforeseen excesses for which Budget provision has been made either in the original Budget or in the revised Budget Estimates. FAs are also responsible for preparation of the Ministry's performance Budget and the monitoring of the programmes and schemes against the Budget.

Rule 10 of Delegation of Financial Power Rules and Govt. of India decisions thereunder define general instructions of appropriation and reappropriation. Under Govt. of India decision (6) under Rule 10 of DFPR, any order of reappropriation issued during the financial year which has the effect of increasing the Budget provision under a sub head or standard object by more than 25% of the Budget estimates or to Rs. 1 crore or more is required to be reported to the Parliament, alongwith the last batch of Supplementary Demands for the financial year. However, if such an order is issued after the last batch of Supplementary Demands, prior approval of the Addl. Secretary/Secretary of the Department of Expenditure shall be obtained by the FA concerned. All proposals for augmentation of funds for establishment related expenditure (Salaries, Office Expenses, Travel Expenses, OTA etc.) would require approval of the Ministry of Finance. All other cases which have the effect of increasing the Budget provision under the sub-Head by Rs. 1 crore or more continue to be referred to the Budget Division. Instructions have also been issued that funds from 'Salaries not to be reappropriated to other heads.

Under GOI decision No. (1) under Rule 10 of DFPR, limits have been laid down for deciding whether a case relate to New Service/New Instrument of Service and for determining whether prior approval of Parliament is required or it is to be reported to Parliament, alongwith the Supplementary Demands.

3. The Public Accounts Committee has observed that these instructions are being flouted by various Ministries/Departments.

4. FAs are requested to see that the instructions in regard to reappropriation of funds and expenditure on New Service/New Instrument of Service are scrupulously followed.

Sd/-
(Usha Mathur)
Joint Secretary to the Government of India.

All Ministries/Deptts. of the Government of India All FAs.

[Extracts of Para 13.18 and 13.19 of the 16th Report of the PAC (13th Lok Sabha)]

Para 13.18

Wrongful re-appropriation of funds has been a matter of constant concern to the Committee. The Scrutiny of Audit Report has revealed that during test check, in as many as 44 sub-heads in 27 grants/appropriations, re-appropriation aggregating to Rs. 85.13 crore was found to be injudicious as the original provisions under the sub-head to which funds were tranferred by re-appropriation were more than adequate and consequently the final savings under the sub-head were more than the amount re-appropriated to these sub-heads. The Committee also found that there was injudicious re-appropriation aggregating to Rs. 8.09 crore in 11 sub-heads in 8 Grants/ Appropriations wherein final expenditure under each of them were more than the original provisions before re-appropriation from them. The Committee also noticed that the Department of Culture in 2 heads under Grant No. 49 and the Ministry of Home Affairs under Grant No. 44, resorted to irregular re-appropriation of funds by violating the instructions on the subject. Further, the Ministry of Commerce under Grant No. 11 and the Ministry of Steel under Grant No. 77 re-appropriated funds without obtaining prior approval of the Ministry of Finance. Obviously, such rampant re-appropriations in utter disregard to codal provision, standing instructions and canons of financial propriety only betray inability/inefficacy of the Financial Advisers attached to the Ministries. The Committee therefore, recommend that the powers and functions of the Financial Advisors may be reviewed appropriately to prevent wrongful/injudicious re-appropriations.

Para 13.19

Another disquieting aspect of Committee's scrutiny of Audit Report No. 1 of 1998 shows that in as many as six Grants, the prescribed limits, which if crossed would constitute New Service/New Instrument of Service requiring approval of Parliament, were exceeded but the Ministries did not obtain prior approval of Parliament. The Ministry of Finance in 3 cases under Grant No. 26, the Department of Education in 1 case under Grant No. 47, the Department of Culture in 1 case under Grant No. 49, the Ministry of Home Affairs in 1 case under Grant No. 46, the Ministry of Labour in one case under Grant No. 57 and Ministry of Urban Affairs and Employment in 2 cases under Grant No. 82 incurred expenditure attracting the limitation of "New Service/New Instrument of Service" but the requisite prior approval of Parliament was not obtained. The Committee find it as yet another blatant instance of violation of financial rules and a sad commontary on the efficacy of Financial Advisers. The Committee therefore recommend that it may be enjoined upon all the Financial Advisers that it is the duty to ensure observance of financial propriety and to assert their authority and where advice is overlooked/disregarded, the matter should immediately be brought by them to the notice of Finance Ministry without fail.

PRINCIPAL ACCOUNTS OFFICE
MINISTRY OF COMMERCE
UDYOG BHAWAN
NEW DELHI

During the year 1996-97, Ministry of commerce had issued a re-appropriation order for Rs. 1.00 crore from the Major Head "3453"-Foreign Trade and Export Promotion Critical Infrastructure Balance (PLAN) to the Major Head "3601" - Grant-in-aid to State Grants-Critical Infrastructure Balance (PLAN).

The Office of the Director General of Audit, Central Revenue, New Delhi had objected the above order in terms of Govt. of India's order No. 3(ii) below Rule of Delegation of financial Power Rules. As per the orders the Ministries/Deptts have no powers to re-appropriate without the prior approval of Finance Ministry as regards the re-appropriation of funds between direct expenditure in the Revenue Section to grant-in-aid to States in the same section and *vice versa* are concerned.

We may refer the matter to Ministry of Finance for the ex-post-facto approval.

Sd/-
(RAMESH CHANDER)
Asstt. Accounts Officer

Ministry of Finance
Budget Division

This is one more instance in which basic ground rule in regard to re-appropriation of sanctioned provision in a Grant, as laid down in the DFP Rules, has not been observed by the Ministry.

2. It is an unfortunate reality in our system that it is left to Audit to point out such omissions. This may be because the role and responsibility of the integrated accounting unit in a Ministry in this matter are not very well defined.

3. We have already written to CGA in the matter in early July; CGA's comments are awaited. The present case has been routed through the CCA who has, however, not indicated as to why the requirement specified in the GFR in this regard could not be complied with. This should have been done to prevent its recurrence in future. We may await the corrective action which CGA may suggest so that it is not always for Audit to fork out such acts of omission and commission after the close of the year.

4. In the meanwhile, ex post facto approval may be accorded for the re-appropriation of Rs. 1 crore effected in 1996-97 vide 'A' pre-page.

Sd/-
(P.N. BHATTACHARYYA)
ABO/26.9.97

MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

E. COORD. BRANCH

Recommendation

Rule 69 of General Financial Rules provides that rush of expenditure particularly in the closing month of a financial year is to be regarded as a breach of financial propriety and therefore, it should be avoided. The Committee observe that the test check by Audit has revealed that more than 50% of the expenditure during the year 1996-97 was incurred in the month of March, 1997 in a number of cases. The cases detected during test check indicate that the expenditure incurred in March, 1997 in respect of 19 major heads pertaining to 11 Grants/Appropriations constituted 61.22 percent of the total expenditure in these grants/appropriations. The Committee observe that there were as many as 7 cases under the Grants controlled by the Ministry of Home Affairs where expenditure in the last month of the financial year was between 33 and 99 per cent. The Secretary, Ministry of Home Affairs admitted during evidence that the March rush of expenditure was totally an unacceptable position and there should be an effort to dismantle this approach. The Secretary, Ministry of Finance taking note of the concern of the Committee, assured to issue new instructions to follow the procedure for improved monitoring. Such large scale rush of expenditure in the closing month of the financial year, in the opinion of the Committee smacks of lack of financial discipline and accountability. The Committee, therefore consider it desirable that the Ministry of Finance devise a procedure making it mandatory for the Departmental Heads to hold monthly review meetings to monitor and so far as practicable, to ensure the even flow of expenditure to avoid March rush for effective fiscal discipline and better results.

[Sl. No. 20, para 13.20 Appendix, 16th Report of Public Accounts Committee (13th Lok Sabha) on action taken on Union Government Approrpations Accounts (Civil)-1996-97]

Action Taken

This Ministry has noted the observations and recommendations of the Public Account Committee and in order to ensure that flow of expenditure is monitored by every Ministry/Department on a monthly basis to ensure, as far as possible, even flow of expenditure and not rush of expenditure during closing month of the financial year, instructions have been issued to them to devise a mechanism with steps envisaged therein. A copy of these instructions vide O.M. No. 12(2)/E.Coord./2001 dated 11.06.2001 is enclosed.

This has been vetted by Audit vide their U.O. Note No. RR/1-42/2000-01/363 dated 5.7.2001

Sd/-

(USHA MATHUR)
Joint Secretary

Ministry of Finance
Department of Expenditure
E.Coord. Branch U.O. No. 12(2)/E.Coord./2000 dated: 12.07.2001

No. 12(2)/E. Coord./2001
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, 11th June, 2001

OFFICE MEMORANDUM

Subject: Action on the recommendations contained in the Sixteenth Report of the Public Accounts Committee (13th Lok Sabha) on "Union Government Appropriations Accounts (Civil) —1996-97"— recommendations contained in Para 13.20

The undersigned is directed to invite a reference to the observations made by the Public Accounts Committee in Para 13.20 of the above mentioned Report where the Public Accounts Committee has taken adverse note of rush of expenditure in the month of March and has drawn attention to the provisions contained in Rule 69 of the General Financial Rules, 1963, which under Note 3 thereof, provides that rush of expenditure particularly in the closing months of the financial year shall be regarded as a breach of financial regularity and should be avoided. The Public Accounts Committee has desired that a procedure may be devised whereby the Departmental Heads would hold monthly review meetings to monitor and, as far as practicable, to ensure the even flow of expenditure to avoid March rush for effective fiscal discipline and better result.

2. Instructions have already been issued *vide* Secretary (E)'s D.O. letter No. 12(1)/E.Coord./99 dated 17.2.2000 in the context of the recommendations made by the Public Accounts Committee in Para 48 of their First Report (12th Lok Sabha), advising all Ministries/Departments to put in place a mechanism in consultation with the concerned Financial Advisers to exercise a monthly check on the flow of expenditure in every grant. The necessary follow up action would no doubt have been taken by all the Ministries/Departments by now.

3. The occurrence of rush of expenditure during the closing month of the financial year reflects badly on the overall financial management, implying lack of effective monitoring to ensure regular flow of expenditure under a particular grant. The occurence of this phenomenon, therefore, needs to be avoided and to ensure that a monthly monitoring on flow of expenditure is exercised so that, as far as possible, even flow of expenditure takes place, all the Ministries/Departments need to strengthen the existing mechanism by way of following measures:

(i) All Controlling Officers in respect of a Demand for grant would have a monthly statement furnished to them from the concerned PAO showing details of expenditure under each head and periodic meetings will also be taken by the Controlling Officers with subordinate Controlling Officers and DDO's (including Cheque drawing DDOs) to whom budgetary allocations may have been distributed, with a view to monitoring flow of expenditure and to gauge the trend of expenditure so that even flow of expenditure is ensured.

(ii) All Controlling Officers/Chief Controller of Accounts/Principal Chief Controller of Accounts should also furnish monthly statement of expenditure-object-head-wise to the concerned Financial Advisers so that even flow of expenditure is ensured, monitored on a continuing basis and corrective action taken concurrently.

4. All the Ministries/Departments are advised that necessary mechanism containing the points mentioned above is put in place immediately and is also followed properly.

Sd/-
(USHA MATHUR)
Joint Secretary to the Government of India.

1. All Ministries/Departments of the Government of India, as far standard mailing list.
2. All Secretaries to the Government of India.
3. All Financial Advisers.

MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
MONITORING CELL

Recommendation

In order to ensure that grants were utilised for the purpose for which they were sanctioned and where the grants released were conditional, the prescribed conditions had been fulfilled, the certificate of utilisation of grants are required to be submitted by the sanctioning authorities in the respective Ministry/Department to the Controller of Accounts. The Committee's Scrutiny has revealed that 300072 utilisation certificates relating to Rs. 3605.35 crores in respect of grants released upto September 1995 from 28 Ministries/Departments were outstanding at the end of March 1997. The Committee also observe that utilisation certificates were outstanding even for upto 20 years in some cases. Surprisingly the Ministries/Departments of Information and Broadcasting, Chemicals and Petrochemicals, Social Justice & Empowerment, Law & Justice, the Supreme Court of India, Science and Technology, Civil Aviation and Tourism, Civil Supplies and Union Territory (Chandigarh) did not furnish the information to the Audit on outstanding utilisation certifcates. While expressing their serious concern over such a huge pendency of utilisation certificates and non-submission of information by the Ministries/Departments to the Audit, the Committee recommend that all the Ministries/Department Wings of Government furnish invariably correct and full figures to the Audit in time about the pending utilisation certificates and that sincere efforts be made to clear within a year the backlog of the pendency atleast upto 1995-96. The Committee would also like the Ministry of Finance to devise a suitable policy of procuring utilisation certificates within a time bound frame from the Ministries/Departments and to keep the Committee apprised.

[(Sl. No. 21 Appendix Para 13.21 of 16th Report of PAC (13th Lok Sabha)]

Action Taken Note

Pursuant thereto, the observations/recommendations of the Public Accounts Committee have been communicated to all Ministries/Departments for ensuring strict compliance *vide* O.M. No. 1/16/2001-MC dated 5.1.2001. The pendency of Utilisation Certificates is being monitored on regular basis. A number of communications have been issued at the level of Secretary (Expenditure) and Controller General of Accounts emphasizing on the need to devise a time bound action plan to obtain outstanding Utilisation Certificates from the recipient institutions. Instructions have also been issued to Ministries/Departments *vide* Department of Expenditure O.M. No. 5/35/2000-MC dated 19.3.2001 not to release fresh grants unless Utilisation Certificates for the previous grant/grants are furnished. A copy of these instructions is enclosed as Annexure. As a result of these efforts towards greater emphasis on compliance of provisions of GFR 151(1) in letter and spirit, 12025 Utilisation Certificates have since been obtained. With the issue of these clear directions prohibiting release of fresh grants in the event of Utilisation Certificates for the previous grant/grants not being received, a sharp reduction in the pendency of Utilisation certificates is expected to be achieved in the near future.

This has been vetted by Audit *vide* their U.O. No. RR/1-42/2000-01/319 dt. 20.06.2001

Sd/-
(S.R. SHIVRAIN)
Additional Controller General of Accounts.

Min. Finance (Expenditure) O.M. No. 1/16/2001-MC dated 20.06.2001

ANNEXURE

NO. 5/35/2000-MC
Government of India
Ministry of Finance
Department of Expenditure
Monitoring Cell

Room No. 29, Second Floor, B-Wing,
Loknayak Bhavan, Khan Market,
New Delhi-10003 the 19th March, 2001

OFFICE MEMORANDUM

Subject: **Non-furnishing of Utilisation Certificates by sanctioning authorities in the Ministries/Departments to Controller of Accounts in respect of grants released upto September 1997 becoming due upto March 1999.**

Attention of Ministries/Departments is invited to Para 4.8 of C&AG's Report No. 1 of 2000 for the year ended 31.3.1999 wherein C&AG had adversely commented upon the tendency of Ministries/Departments releasing fresh grants to statutory bodies, NGOs, etc. without ensuring that previous grants were utilised for the purpose for which they were sanctioned. A number of communications have been issued at the level of Secretary (Expenditure), Controller General of Accounts emphasising on the need for devising a time bound action plan to obtain outstanding UCs, from the recipient institutions. In those communications it had also been pointed out that non-recipient of UCs before releasing fresh grants was now a subject matter of PIL (CWP No. 6413 of 2000) before the Hon'ble High Court Delhi. Interim directions of the Hon'ble High Court in the aforesaid PIL have also been conveyed demi-officially. these interim directions dated 24.10.2000 and 18.12.2000 respectively are being reiterated, as under:

"Considering the submission made we feel it would be appropriate if no fresh grants are released unless Utilisation Certificates for the previous grant/grants are furnished."

"It is stated by learned Additional Solicitor General that our direction regarding non-release of grants without utilisation certificates is being given effect to. We feel that considering the quantum of funds involved and the possibility of non-utilisation of funds for the purposes they are granted, it would be appropriate if the concerned Ministries make periodical checks to be satisfied about genuineness of the organisations to whom such grants are being made. That would be in addition to the utilisation certificates to be submitted by the organisations. The concerned Ministries shall also examine if further checks could be made in this regard and the modalities to be adopted for such purpose. This would ensure that the funds are utilised for the purpose for which they are released."

The Audit para coupled with the PIL makes it imperative that concerted effiorts are made to obtain UCs and no fresh grant is released unless UCs in respect of the earlier grants released have been obtained. Since the matter is now before the Hon'ble High Court Delhi it is expedient to have the latest position of outstanding UCs so that Hon'ble Court could be apprised of the progress made in that regard. Accordingly Ministries/Departments are requested to furnish the information in the following proforma *as on 1st of every month beginning from 1.4.2001 so as to reach the undersigned by 7th of the month positively.*

No. of UCs Outstanding at the end of March 1999 (In respect of grants released upto Sept. 1997)	Amount involved (Rs. in crores)	No. of UCs Received (out of those in Col. 1)	Amount involved in respect of Col. 3 (Rs. in crores)	No. of UCs Outstanding as on 1st---2001	Amount involved in respect of Col. 5 (Rs. in crores)
1	2	3	4	5	6

Name of officer/Section with telephone number, to be contacted for any clarification be intimated while sending the information.

Sd/-
(T.S. NEGI)
UNDER SECRETARY TO THE GOVERNMENT OF INDIA

To

1. Financial Advisers/Joint Secretaries (Finance) of all the Ministries/Departments of the GOI.
2. CCA, Atomic Energy, Mumbai
3. CCA, Department of Space, Bangalore
4. Director General of Audit, AGCR Building, New Delhi
5. Financial Commissioner, Ministry of Railways (Railway Board), New Delhi
6. Member (Finance) Deptt. of Post/Telecom, Dak.Sanchar Bhavan, New Delhi

Copy forwarded for similar action to all the Ministries/Departments of the GOI.

CHAPTER—III

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

-NIL-

CHAPTER—IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION.

-NIL-

CHAPTER—V

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

-NIL-

NEW DELHI;	PROF. VIJAY KUMAR MALHOTRA,
19 *July*, 2005	*Chairman*,
28 *Asadha* 1927*(Saka)*	*Public Accounts Committee.*

APPENDIX

STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Department	Conclusions & Recommendations/ Observations
1.	14	Finance	Taking into consideration the large scale unspent provisions of Rs. 44231.22 crore under various Grants/Appropriations operated by the Civil Ministries/Departments during the year 1996-97, the Committee in their Original Report, had desired the Ministry of Finance to look into this recurring malady and find suitable measures so that such unspent balances are kept to the barest minimum. The Committee had observed that unspent provisions was a recurring feature and the amount involved ran into thousands of crores. The Committee had also observed that there were as many as 27 voted Grants/Charged Appropriations operated by the Civil Ministries/Departments under which unspent provisions of Rs. 100 crore or more had occurred during the year 1996-97 and large unspent provisions were identified in areas like Agriculture, Chemicals and Fertilizers, Health and Family Welfare, Education, Industry, Rural Areas and Employment, Urban Affairs and Employment and Water Resources. Consequently, the Committee had recommended that before funds are earmarked, the developmental schemes should be assessed realistically in the light of ground realities as well as the achievability of targets within the stipulated time. The Action Taken Note furnished by the Ministry of Finance in response to the specific recommendation of the Committee however, reveals that the Ministry have once again issued routine instructions to all the Ministries/Departments urging them to carefully formulate developmental plans/ schemes and also to make realistic assessment of funds required for such developmental schemes.

Sl. No.	Para No.	Ministry/ Department	Observations & Recommendations/ Observations
			The Committee would further like to point out that the scrutiny of Appropriation Accounts (Civil) for the six years *i.e.* from 1997-98 to 2002-2003, reveals that large scale unspent provisions under the Grants/ Appropriations operated by the Civil Ministries/Departments has become an almost recurring feature and the position is still to be improved. The Committe are inclined to conclude that the concerned Ministries/ Departments have not made any serious attempt to apply effective corrective measures in accordance with the Committee's recommendations. Mere repeating of instructions by the Ministry of Finance to concerned Ministries/Departments carry no meaning unless the reasons for extraordinarily large unspent provisions are investigated and suitable remedial steps taken as a result thereof to ensure that the budgetary projections are made on the basis of realistic assessment. It is also imperative to ensure that available funds are utilised timely and appropriately so that unspent funds are kept to the barest minimum. The Committee, therefore, recommend that the Ministry of Finance, being the nodal Ministry, should impress upon all the concerned Ministries/ Departments to make a thorough study of the cases where large scale unspent provisions have occurred and lay down appropriate guidelines for being followed by them in this regard. The Committee would like to be apprised of the efforts made in this direction.
2.	25	Finance	The Committee had taken a serious view of the irregularities such as irregular surrender of long unspent balances, unutilisation of supplementary grants, injudicious re-appropriation of funds, rush of expenditure in the month of March etc. made by the Civil Ministries/Departments during 1996-97. The Government were asked to ensure that the

Sl. No.	Para No.	Ministry/ Department	Observations & Recommendations/ Observations
			Financial Advisors and the Heads of Ministries/Departments are made jointly accountable for delay in timely surrender of unspent provisions, the powers and functions of the Financial Advisors be reviewed appropriately to prevent wrongful/injudicious re-appropriation of funds and to hold monthly review meetings to monitor even flow of expenditure to avoid rush of expenditure in March etc. The Committee are constrained to point out that instead of taking the action as desired by them, the Ministry of Finance have furnished routine replies. The replies contain similar details that the Committee's observations and recommendations have been noted, fresh instructions have been issued to all the Ministries/Departments and Financial Advisors have been instructed to follow them scrupulously. Further, it has been contended that the existing procedure laid down in the General Financial Rules is fairly adequate to take care of both savings and their surrender under the Voted Grants/ Charged Appropriations. If these measures are considered adequate, the Committee find it difficult to comprehend as to why the irregularities continue to exist. The Committee feel that mere issuing of instructions is not enough and they would like to know from the Ministry of Finance whether any concrete measures have been contemplated in this regard so that the aforesaid irregularities do not recur. The Committee also desire that the powers and functions of the Financial Advisors of the concerned Ministries may be reviewed appropriately to prevent wrongful/ injudicious re-appropriations. At the same time it may also be ensured that a procedure is devised so as to avoid rush of expenditure in March and thereby bringing about fiscal discipline. The Committee hope that the Ministry would at least now take cognizance

Sl. No.	Para No.	Ministry/ Department	Observations & Recommendations/ Observations
			of the Committee's recommendations with seriousness and urgency that they deserve. The Committee would like to be apprised of the concrete steps taken in this regard and the impact thereof on the existing set up.

MINUTES OF THE SEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2005-2006) HELD ON 15 JULY, 2005

The Committee sat from 1100 hrs. to 1250 hrs. on 15 July, 2005 in Room No. "139", Parliament House Annexe, New Delhi.

PRESENT

Prof. Vijay Kumar Malhotra — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ramesh Bais
3. Dr. M. Jagannath
4. Shri Brajesh Pathak
5. Shri Madan Lal Sharma
6. Shri Brijbhushan Sharan Singh
7. Dr. Ramlakhan Singh
8. Kunwar Rewati Raman Singh
9. Shri Tarit Baran Topdar

Rajya Sabha

10. Shri Prasanta Chatterjee
11. Shri R.K. Dhawan
12. Dr. K. Malaisamy
13. Shri C. Ramachandraiah
14. Prof. R.B.S. Verma

SECRETARIAT

1. Shri Ashok Sarin — *Director*
2. Smt. Anita B. Panda — *Under Secretary*

Officers of the office of the Comptroller and Auditor General of India

1. Shri V.N. Kaul — Comptroller and Auditor-General
2. Ms. Mohua Chatterjee — ADAI
3. Smt. Sudha Krishnan — Pr. Director (Direct Taxes)
4. Shri P. Sesh Kumar — Pr. Director (RC)

Representatives of the Ministry of Finance (Department of Revenue)

1.	Shri K.M. Chandrasekhar	—	Secretary (Revenue)
2.	Shri Berjinder Singh	—	Chairman (CBDT)
3.	Shri Sudhakar Mishra	—	Member (A&J)
4.	Shri M.S. Darda	—	Member (P)
5.	Shri J.G. Pendse	—	Member (Investigation)
6.	Shri K. Rangabhashyam	—	Member (R)
7.	Shri Shibaji Dash	—	Member (IT)
8.	Smt. M.H. Kherawala	—	Member (L)

2. At the outset, the Chairman, Public Accounts Committee welcomed the members of the Committee and Audit Officials. The Committee then took up for consideration the following two draft reports:—

(i) ***

(ii) Draft Report on Action taken on the recommendations contained in 16th Report of Public Accounts Committee (13th Lok Sabha) relating to "Union Government Appropriation Accounts (Civil)—1996-97".

3. The Committee adopted the draft reports without any modifications/amendments.

4. The Committee authorised the Chairman to finalise the draft reports in the light of changes, if any arising out of the factual verification by Audit and present the same to Parliament.

5. ***

6. ***

The Committee then adjourned.

MGIPMRND—1694LS—30.8.2005

Annexure-IV Statement showing progress of expenditure where the entire provision remained unutilised during 96-97.

	Name of scheme	BE 96-97	Actual Expen.	BE 97-98 Expen.	Actual	BE 98-99 Expen.	Actual	BE 99-2000 Expen.	Actual	BE 2000-01 Expen.	Actual Expen.	BE 2001-02	Actual Expen.
2225													
01.277.04	Coaching & allied scheme	0.01	0.00	0.10	0.00	0.10	0.00	0.05	0.00	0.03	0.00	0.10	0.00
01.277.08	Book Banks	0.07	0.00										
01.277.02	Boys hostels	0.15	0.00	1.00	0.00	1.00	1.15	1.10	0.80	0.80	0.35	5.00	4.45
01.277.11	Prematric scholarship for SCs	0.01	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.01	0.00
01.277.12	Liberatin & Rehabiln. Of Scavengers	0.20	0.00					The allocation and expenditure has been indicated in New headl of Account					
01.800.25	Grants in aid to National Scheme of Liberatin & Rehabilitation of scavengers	0/00	90.01	120.00	90.00	90.00	5.90	70.00	70.00	67.50	60.92	74.00	8.21
01.277.14	Girls hotels for SCs	1.00	1.00	0.01	0.00	1.00	1.00	0.02	0.87	0.60	0.60	5.00	4.45
01.800.24	Interest Subsidy for NSPDC	4.25	0.00										
02.001.01	National Commission for STs	0.93	0.00	0.65	0.00	0.65	0.00	Scheme transferred to Ministry of Tribal Affairs					
02.794	SCA to TSP	1.45	0.00	2.00	1.47	2.00	1.33	Scheme transferred to Ministry of Tribal Affairs					
02.277.04	Girls hostels for STs	0.25	0.00	0.40	0.00	0.40	0.00	Scheme transferred to Ministry of Tribal Affairs					
02.277.03	Boys hostels STs	0.25	0.00	0.40	0.00	0.40	0.00	Scheme transferred to Ministry of Tribal Affairs					
02.300.08	Establishment of Ashtram School	0.20	0.00	0.40	0.00	0.40	0.00	Scheme transferred to Ministry of Tribal Affairs					
02.800.11	Vocational training in tribal areas	0.15	0.00	0.25	0.00	0.25	0.20	Scheme transferred to Ministry of Tribal Affairs					
80.800.08	Maulana Azad education Foundation	0.01	0.00	40.00	40.00	30.00	3.75	5.00	3.15	2.85	2.85	21.00	3.00
2235													
02.001.06	O/O Chief Commissioner for handi	0.10	0.00	1.00	0.00	0.00 0.12	0.50	0.33	1.00	0.27	0.90	0.73	
02.101.10	Employment of handicapped	0.01	0.00	0.01	0.00	0.01	0.00	0.02	0.03	0.10	0.02	0.08	0.05
02.101.10.12	National Trust for Mentally Retarded and Cerebral Paisy	1.25	0.00	1.25	0.00	1.25	0.00	10.00	4.00	44.00	44.00	37.80	51.00
02.101.10.13	National Rehabilitation Programmes	1.50	0.00	0.05	0.00	15.00	0.00	5.00	5.00	43.00	55.52	39.25	43.61
02.101.10.14	Indian Spinal Injury Centre	0.05	0.00	2.00	1.96	3.00	3.30	7.00	5.43	2.25	2.30	2.02	2.07
02.101.10.15	Scheme for implementation of Persons with Disability Act	0.05	0.00	15.00	0.00	2.98	0.00	3.50	3.50	11.75	4.01	12.37	8.70

	Name of scheme	BE 96-97	Actual Expen.	BE 97-98 Expen.	Actual	BE 98-99 Expen.	Actual	BE 99-2000 Expen.	Actual	BE 2000-01 Expen.	Actual Expen.	BE 2001-02	Actual Expen.
02.102.22	Services for Children in Need of Care & Protection in Assam	0.05	0.00	The scheme has been dropped									
02.106.02	Prevention & Control of Juvenile Maladjustment	0.01	0.00	0.01	0.00	0.05	0.00	0.05	0.01	0.05	0.01	0.04	0.00
02.798.03	Contribution to Funds of UN Decade for Disable Persons	0.02	0.00	0.02	0.00	0.01	0.00	0.01	0.00	Scheme dropped			
02.200.08	Scheme for Beggary Prevention	0.01	0.00	Scheme dropped									
02.200.09.01	Indo forein cultural exch. Programe	0.02	0.00	0.02	0.00	0.02	0.00	0.01	0.00	Scheme dropped			
3601													
	Liberation & rehabilitation of Scavengers												
04.341.09	Scavengers	38.00	0.00	Funds released under new head of account to release grants to State Sch. Castes Dev. Corporations									
3602													
4.341.04	Girls hostels for SCs	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00	0.20	0.00	0.50	0.00
04.359.01	Employment of handicapped	0.01	0.00	0.01	0.00	0.01	0.00	0.02	0.22	0.10	0.09	0.08	0.08

Annexure-V

Statement showing proress of expenditure in schemes where substantial savings occurred in 1996-97

Scheme	BE96-97	Actual Exp.	Saving	BE 97-98	Actual Exp.	Saving	BE 98-99	Actual Exp.	Saving	BE 99-2000	Actual Exp.	Saving	BE 2000-01	Actual Exp.	Saving	BE 2000-02	Actual Exp.	Saving
Secretarat	7.60	6.56	-34	7.61	7.69	-0.08	8.62	9.40	-0.78	9.66	10.29	-0.63	8.38	8.92	-0.54	10.38	10.35	0.03
Girls Hostels																		
UT Without Legislature	1.00	0.00	0.00	1.00	0.00	1.00	1.00	1.00	0.00	0.02	0.87	-085	0.60	0.60	0.00	5.00	4.96	0.04
Assistance to Voluntary																		
Organisation for SCs	17.33	10.00	7.33	20.00	10.03	9.97	18.00	18.01	-0.01	21.00	25.61	-4.61	26.00	22.47	3.53	30.00	29.00	1.00
Interest Subsidy for NSFDC	4.25	0.00	425	Scheme dropped from 97-98														
Scheme for Pre-exam coaching																		
for weaker Section	2.00	0.23	.72	2.50	0.82	1.68	2.00	2.24	-0.24	2.50	2.46	0.04	2.50	2.73	-0.23	2.50	3.04	-0.54
Scholarship to students of SC/																		
ST & OBCs for studies abroad	4.90	1.90	3.00	4.90	2.33	2.57	3.90	1.23	2.67	1.72	0.80	0.92	1.13	0.53	0.60	1.13	0.47	0.66
Aids & Appliances	12.85	6.85	5.001	15.00	8.94	6.06	25.00	23.99	1.01	30.00	28.42	1.58	28.70	29.01	-0.31	42.41	43.44	-1.03
National Trust for Mentally																		
Retarded and Cerebral Paisy	1.25	0.00	225	1.25	0.00	1.25	1.25	0.00	1.25	10.00	4.00	6.00	44.00	44.00	0.00	37.80	51.00	-13.20
National Rehabilitation																		
Programme for Handicapped	1.50	0.00	.50	0.05	0.00	0.05	15.00	0.00	15.00	5.00	5.00	0.00	43.00	55.52	-12.52	39.25	43.61	-4.63
Education work for																		
prohibition & Drug abuse	14.66	9.64	5.02	17.50	11.52	5.98	16.00	15.13	0.87	20.00	19.03	0.97	18.50	20.64	-2.14	20.25	22.50	-2.25
Assistance to Voluntary																		
Organisation for Old age homes	2.00	12.50	6.14	6.36	15.00	7.75	7.25	15.00	10.80	4.20	9.00	12.36	-3.36	13.50	14.61	-1.11		
Book banks	2.93	1.77	161	2.60	1.42	1.18	2.60	1.12	1.48	2.35	2.35	0.00	2.35	2.42	-0.07	1.85	2.87	-1.02
Machinery for PCR Act	15.16	12.21	2.97	15.14	16.13	-0.99	15.14	15.14	0.00	-24.20	24.20	0.00	26.00	26.53	-0.53	28.50	29.49	-0.99
Liberation & rehabilitation of																		
Scavengers	88.00	0.00	53.00	120.00	30.00	90.00	5.90	84.10	70.00	0.00	67.50	60.92	6.58	74.00	8.21	65.79		