

**EXCESSES OVER VOTED GRANTS
AND CHARGED APPROPRIATIONS
(2001-2002)**

**PUBLIC ACCOUNTS
COMMITTEE
(2005-2006)**

TWENTY-SECOND REPORT

FOURTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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PUBLIC ACCOUNTS COMMITTEE
(2005-2006)

(FOURTEENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS (2001-2002)

[Action Taken on the 58th Report of Public Accounts Committee
(13th Lok Sabha)]



Presented to Lok Sabha on 8 December 2005

Laid in Rajya Sabha on 8 December 2005

LOK SABHA SECRETARIAT
NEW DELHI

November, 2005/Kartika, 1927 (Saka)

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COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE
(2005-2006)

Prof. Vijay Kumar Malhotra — *Chairman*
Lok Sabha

2. Shri Ramesh Bais
3. Shri Khagen Das
4. Dr. M. Jagannath
5. Shri R.L. Jalappa
6. Shri Raghunath Jha
7. Shri Brajesh Pathak
8. Shri Magunta Sreenivasulu Reddy
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Rajya Sabha

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18. Dr. K. Malaisamy
19. Shri V. Narayanasamy
20. Shri C. Ramachandraiah
21. Shri Jairam Ramesh
22. Prof. R.B.S. Varma

LOK SABHA SECRETARIAT

1. Shri S.K. Sharma — *Additional Secretary*
2. Shri Ashok Sarin — *Director*
3. Shri M.K. Madhusudhan — *Under Secretary*

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to submit the Report on their behalf, do present this Twenty-second Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 58th Report (13th Lok Sabha) on "Excesses Over Voted Grants and Charged Appropriations (2001-2002)".

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 14th November, 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;
17 November, 2005
26 Kartika, 1927 (Saka)

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

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Fifty-eighth Report (13th Lok Sabha) on “Excesses over Voted Grants and Charged Appropriations (2001-02).

2. The Fifty-eighth Report (13th Lok Sabha), which was presented to Lok Sabha on 22nd December, 2003, contained thirteen Observations/Recommendations. The Action Taken Notes on all the Observations/Recommendations have been received from the Ministries/Departments concerned and are categorised as under:—

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

Paragraph Nos. 17.1, 17.3, 17.5, 17.6, 17.7, 17.8, 17.9, 17.10, 17.12 and 17.13

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

-NIL-

- (iii) Observations/Recommendations replies to which have not been accepted by the Committee and which require reiteration:

Paragraph Nos. 17.2, 17.4, 17.11

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies/no replies:

-NIL-

Excesses over Voted Grants and Charged Appropriations (2001-2002)

3. The Fifty-eighth Report (13th Lok Sabha) dealt with cases of those Grants/Appropriations where money had been spent in excess of the amount authorised by Parliament for specified services/purposes in the year 2001-2002. A scrutiny of Appropriation Accounts relating to Civil, Postal Services and Railways for the year 2001-02 had revealed an excess expenditure of Rs. 1,095.25 crore incurred under 17 cases of 14 excess registering Grants/Appropriations. Out of this, an excess expenditure of Rs. 878.67 crore was on Civil side, while 8 Grants/Appropriations operated by Ministry of Railways accounted for Rs. 216.41 crore. An excess expenditure of Rs. 0.17 crore was also recorded under Grant No. 11 Postal Services operated by Department of Posts (Revenue Voted – Rs. 45,000 and Capital Charged – Rs. 15,83,000). The Committee’s examination revealed lack of proper accounting information systems and non-

observance of prescribed financial rules resulting in following infringements on fiscal discipline:

- (i) Excess expenditure despite obtaining Supplementary Grants/Appropriations in various Ministries/Departments relating to Civil & Railways;
- (ii) Persistent excess expenditure incurred by various Ministries/Departments over the Voted Grants and Charged Appropriations;
- (iii) Delay in furnishing explanatory notes by the Ministries/Departments on the excess expenditure incurred by them;
- (iv) Recurring excess expenditure in civil and Railways Ministries/Departments; and
- (v) Misclassification of expenditure by the Ministry of Railways; etc.

4. In the original Report, the Committee had recommended for devising a suitable mechanism and initiating much needed specific measures for rectifying inherent systemic lapses, which were responsible for the aforesaid fiscal irregularities.

Delay in submission of Action Taken Notes

5. In accordance with the time schedule prescribed by the Committee in their 5th Report (4th Lok Sabha), Notes indicating the Action Taken by Government on the Observations/Recommendations contained in their 58th Report (13th Lok Sabha) were required to be furnished by 21 June 2004. An analysis of the receipt of action taken notes from the Ministries/Departments revealed that there has been a delay ranging between two months to one year in respect of submission of replies. The position is given as under:

(Action Taken Notes due on 21.06.04)

Sl. No.	Ministry/Department	Date when complete Action Taken Notes were furnished	Delay
1.	Finance	26.08.2005	1 Year 2 months 5 days
2.	Posts	30.12.2004	6 months 9 days
3	Telecommunications	15.09.2004	2 months 24 days
4.	Home Affairs	09.06.2004	-
5.	Railways	23.08.2004	2 months 2 days
6.	Urban Development	07.07.2005	1 year 17 days

6. The Committee are perturbed to note that despite repeated assurances given year after year by the Ministries/Departments especially the Ministry of Finance that their respective mechanisms would be overhauled for ensuring timely submission of action taken notes, none of the Ministries/Departments concerned, barring the Ministry of Home Affairs, had taken prompt action to furnish the action taken notes on the recommendations contained in their 58th Report (13th Lok Sabha) within the

prescribed time of six months from the date of presentation of the Report to Parliament. Belying all expectations, the Ministry of Finance, the nodal agency, which are supposed to act as a role model for maintaining fiscal discipline, submitted the action taken notes after an awful delay of more than 1 year and two months, which shows the casual manner in which the recommendations of the Committee are treated by the respective Ministries/Departments. The Committee express their serious concern over the inordinate delay in submission of Action Taken Notes by the concerned Ministries/Departments thereby resulting in delay in presentation of Action Taken Reports by the Public Accounts Committee and as a consequence of which many a time the relevance and topicality of the Report is lost. They, therefore, desire that Government should examine the causes for this recurring feature of inordinate delay in submission of Action Taken Notes by various Ministries/Departments and recommend that suitable remedial steps should be taken to ensure that action taken notes on the Committee's recommendations are finalized and submitted positively within the stipulated time limit.

7. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report, which need reiteration or merit comments.

Excess expenditure despite obtaining Supplementary Grants/ Appropriations

[Paragraph No. 17.2 of the 58th Report of PAC (13th Lok Sabha)]

8. In paragraph Number 17.2 of the Original report, the Committee were distressed to find that the instrument of obtaining Supplementary Grants/Appropriations was not operated judiciously by certain Ministries/ Departments during 2001-2002 in as much as 12 out of 17 cases of excess registering grants/appropriations, excess expenditure had occurred even after obtaining Supplementary Grant of Rs. 6429.59 crore. The scrutiny of the cases of excess expenditure incurred despite obtaining supplementary Grants reveals that in five cases, the amount of supplementary grant obtained had proved inadequate, as the excess expenditure incurred in five cases was more than the supplementary grant obtained. Expressing their displeasure over the irresponsible attitude displayed by various Ministries/Departments while obtaining Supplementary Demands for grants during 2001-02, the Committee had desired that concerned Ministries/Departments should thoroughly review and scrutinize the budget estimates at the Supplementary Grant stage itself so as to restrict the Supplementary Demands to rare and emergent cases only.

9. In their Action Taken reply, the Ministry of Finance (Department of Economic Affairs) have stated that while calling for the proposals for the supplementary demands for grants, they have been emphasizing the need for keeping a close watch on the budget allocations and expenditure incurred against such allocations and also for keeping the Supplementary Grants not only to the minimum but also sufficient to cover any foreseeable expenditure. Nevertheless keeping in view the serious concern expressed by the Public Accounts Committee on the recurrence of instances of excess expenditure, further instructions have been issued to all Financial Advisers of the Ministries/Departments *vide* O.M. No. F. 4(12)-B (SD)/2004 dated 17th August, 2004

reiterating the instructions already issued in the past. They further stated that the observations of the Public Accounts Committee on the recurrence of expenditure in excess of the voted grant and charged appropriations were brought to the notice of the Financial Advisers.

10. The Ministries of Communications (Department of Posts and Department of Telecommunications) and Railways in their Action Taken Notes have merely stated that they have noted the Committee's recommendations.

11. The Ministry of Urban Development in their Action Taken Notes have stated that out of 5 sub-heads, supplementary grant of Rs 32.68 lakh was taken under sub-head 4216.01.700.06—Finance (Revenue) where excess expenditure over and above original grant plus supplementary grant was Rs.178.59 lakh as the payments had to be made due to good progress in construction works under CE (NZ) III Jaipur and CE (EZ) II Patna and repayments of loan drawn from the Welfare Fund of CBEC for purchase of land at various places as they were pressing for the repayment of the loan during 2001-2002 itself. In other cases although the excess expenditure has been there but no supplementary grant was taken by the Department. Necessary instructions to all the Zonal Engineers of CPWD, requesting them not to incur expenditure beyond the budget allocation had been issued from time to time. CPWD who have incurred excess expenditure whether over original grant i.e. without taking any supplementary grant or over final grant i.e. by taking supplementary grant are being advised to separately review and scrutinize their estimated requirements of funds at the supplementary grant stage itself in future, so that excess expenditure do not recur. They are also being advised to ensure that the allocation made at BE stage are not exceeded without proper authorization of additional allocation either through re-appropriation or supplementary grant. A copy of the instructions is also being endorsed to other Divisions who are responsible for incurring expenditure with a copy to all PAOs.

12. From the Action Taken Notes submitted by the Ministries of Finance, Communications & Information Technology (Department of Posts and Department of Telecommunications), Railways and Urban Development, the Committee note that the concerned Ministries/Departments have not taken any concrete steps or proposed to initiate action on their recommendation except giving a hackneyed reply that the recommendation of the Committee have been noted and necessary instructions have been issued to all concerned. The fact that the instructions have been issued time and again without achieving any concrete result warrants that some bold and innovative measures were required to be taken by the Ministry of Finance and the concerned Ministries/Departments to remedy this perennial problem of excess expenditure over Voted Grants and Charged Appropriations. Surprisingly, a perusal of the Action Taken Notes submitted by the Ministries of Finance and Urban Development indicates that they were more inclined to justify such a tendency of violating Financial Rules than revamping their existing mechanisms with a view to achieving improvement in their budget estimation exercise. The Ministry of Railways which had indulged in excess expenditure despite obtaining Supplementary Grants in as many as eight Grants/Appropriations have merely stated that they have noted the recommendations for doing the needful. No mention has been made regarding measures taken or

proposed to be taken for reviewing/scrutinizing their budgetary process and overhauling the procedures regarding estimation of budgets at the supplementary grant stage. The Committee express their serious displeasure over the lackadaisical approach adopted by the concerned Ministries/Departments which smacks of slackness, inefficacious planning, lack of foresight and non/ineffective monitoring on the part of budget controlling authorities while preparing both budget estimates as well as Supplementary Demands for Grants. The Committee once again would like to remind the Ministry of Finance and the concerned Ministries/Departments about the sanctity of scrupulously following the provisions of General Financial Rules which stipulate that no expenditure should be incurred which might have the effect of exceeding the total grant or appropriations authorized by Parliament by law for a financial year except by way of obtaining a supplementary grants/ appropriation or an advance from the Contingency Fund. In the larger interest of achieving a sound fiscal health, the Committee recommend that in future, the concerned Ministries/Departments should scrupulously review/scrutinize the budget estimates at the Supplementary Grant stage itself by factoring in contingencies of unforeseen expenditure that may arise in future so that the excess expenditure is not incurred after obtaining Supplementary Grants.

Persistent trend of incurrence of excess expenditure by Ministries/ Departments

[Paragraph No. 17.4 of 58th Report of PAC (13th Lok Sabha)]

13. The scrutiny of Appropriation Accounts (Civil) for the past ten years by the Committee revealed that in the past two years i.e. 1999-2000 (Rs. 0.57 crore in two cases) and 2000-01 (Rs. 0.44 crore in one case) the number of cases as well as the excess expenditure incurred showed the declining trend while during the year under review the position is totally reversed wherein the excess expenditure incurred under Civil Ministries namely Ministry of Finance (Department of Economic Affairs) (two grants), Department of Telecommunications, Ministry of Home Affairs and Ministry of Urban Development (one grant each) has touched the high figure of Rs. 878.67 crore which is substantially higher than that incurred during the last two years. The contributory reasons attributed to the excess expenditure by the concerned Ministries/Departments indicate that there is a need on the part of these Ministries/Departments to review their budgetary assumptions or/and efficiency of their programme management. Expressing their concern that the position deteriorated so soon and to such an extent, the Committee urged the concerned Civil Ministries/Departments to once again analyse in depth the reasons for recurring phenomenon of excess expenditure with a view to initiating timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/contained within the funds authorized by Parliament for the purpose.

14. In their Action Taken Note, the Ministry of Finance (Department of Economic Affairs) have stated:—

“The Appropriation—Interest Payments in centralized appropriation which provides for interest charges on Central Government’s debt obligations, both internal and external. It also includes provisions for interest payable

on provident funds, special deposits with the Government besides depreciation and other reserve funds of commercial departments, like Railways. Provisions for management of debt and other liabilities of the Central Government are also included in this Appropriation. The entire expenditure included in this Appropriation is classified as 'charged' on the Consolidated Fund of India under article 112(3)(c) of the Constitution of India. The excess expenditure of Rs. 28.39 crore in Appropriation No. 26—Interest Payments during the year, has already been regularized through Demands for Excess Grants relating to 2001-02 *vide* Appropriation Bill (No. 2) of 2004 passed by Parliament and assented to by the President of India on 29.7.2004.

Ministries/Departments are being advised to put in place effective coordination between estimating and disbursing authorities with the help of sound database and other mechanism so that excess expenditure could be avoided.”

15. The Ministry of Communications and Information Technology (Department of Telecommunications) have stated in their Action Taken Note that an in-depth analysis of the expenditure incurred during the last three years shows that there was no excess during the years 1999-2000 and 2000-2001. The excess expenditure under Capital section during 2001-2002 was due to adjustment of amounts lying under Suspense & Remittance Head, which was necessitated for transferring the reconciled balance to Bharat Sanchar Nigam Limited. The excess expenditure incurred was merely a book adjustment without involving any cash outgo.

16. In their Action taken Note, the Ministry of Home Affairs have stated that they agree with the Committee that there should not be any expenditure in excess of the funds provided by the Parliament for the purpose. Instructions have been issued from time to time by the Ministry to the all concerned not to incur any expenditure in excess of the allotted funds. In their last year, Chief Controller of Accounts (Home) had also brought to the notice of all Divisional Heads/Heads of Departments and other concerned the provisions of GFR regarding expenditure in excess of the budget allotment. The Recommendations of the Committee were also brought to the notice of all concerned by the Ministry and that every sincere effort will be made in future to avoid cases of excess expenditure.

17. The Ministry of Urban Development have stated in their Action Taken Note that keeping in view the directions of Hon'ble Committee the Ministry of Urban Development have again issued directions to CPWD to ensure that cases of excess expenditure do not occur in future. Regular monitoring of expenditure is also being done at different levels including Secretary (UD).

18. The Committee note that barring Department of Telecommunications, none of the Ministries could furnish plausible reasons justifying incurring of the excess expenditure. The Ministry of Finance in their reply have merely stated that all the Ministries/Departments are being advised to put in place effective coordination between estimating and disbursing authorities with the help of sound database and other mechanism so that excess expenditure could be avoided. The Ministry of Home

Affairs have merely stated that the recommendations of the Committee were brought to the notice of all concerned and every sincere effort will be made in future to avoid cases of excess expenditure. The Committee are not satisfied with the routine replies furnished by these Ministries, as they do not explain the specific reasons for the sudden spurt in the excess expenditure during 2001-02 as compared to the previous two years (1999-2000 and 2000-01). The Committee, therefore, recommend that the concerned Civil Ministries should analyse thread bare the reasons for the persistence of the malady of excess expenditure with a view to take remedial steps whereby budget estimates are prepared as realistically and accurately as possible so that the expenditure is incurred/contained within the funds authorized by the Parliament for the purpose.

Recurrence of excess expenditure by the Ministry of Railways

[(Para No. 17.11 of the 58th Report of PAC (13th Lok Sabha)]

19. In the above para of the Report, the Committee had observed/recommended as under:

“The Committee observe that the Appropriation No. 3 – Working Expenses— General Superintendence and Services has been persistently recording excess expenditure from the year 1996-97 onwards. The Committee again observe that during the year under review the Appropriation No. 3 registered the highest excess expenditure (Rs. 6,55,479) during the past six years i.e. from 1996-97 to 2001-02. The scrutiny of this Grant for the year 2001-02 revealed that the excess expenditure under this appropriation was incurred even after obtaining supplementary Appropriation of Rs. 6,27,000 and constitute 96.82 per cent of the total sanctioned provisions. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. Recurrence of excess expenditure for the past six years under this Grant. The Committee desire that the existing procedures should be critically re-examined and suitably revised on an urgent footing so as to eliminate recurrent excesses under this Grant. The Committee would like to be apprised of the steps taken in this direction.”

20. In their Action Taken Reply, the Ministry of Railways have stated as under:—

“Though Appropriation No. 3 has been recording excess expenditure from the year 1996-97 onwards, the amounts of excess involved have really been very small like in 1997-98, it was Rs.18 thousand, in 1998-99 Rs. 26 thousand, in 1999-2000 Rs. 1.38 lakh, in 2000-01 Rs. 5 thousand and in 2001-02 it has been about Rs. 4 lakh. It is seen that the trend of excess expenditure during this period was followed on three or four Railways. As a remedial action, these Railways have been instructed to arrest the trend of excess expenditure particularly in Appropriation No. 3.”

21. The Committee are dismayed to note that in their Action Taken Reply, the Ministry of Railways have sought to justify the excess expenditure incurred by them from the year 1996-97 onwards on the ground that the amounts of excess involved were very small and that the trend of excess expenditure during the said period was

limited to three or four Railways. The Ministry have rather chosen not to take any measures for streamlining/critically examining their existing procedures and for their suitable revision so as to eliminate recurrent excess of expenditure under the grant (Appropriation No. 3) as recommended by the Committee. The Committee take a serious view of the casual and negligent approach adopted by the Ministry of Railways to this serious problem and recommend that irrespective of the quantum of excess expenditure incurred, whether big or small, the Ministry of Railways should take effective corrective measures including streamlining their existing procedure relating to budget estimation so that the excess expenditure could be kept to the minimum extent possible.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee find from the scrutiny of Appropriation Accounts relating to Civil, Postal Services and Railways for the year 2001-02 that there was an excess expenditure of Rs. 1,089.54 crore incurred under 17 cases of 14 excess registering grants/appropriations as against Rs. 57.36 crore and Rs. 230.45 crore respectively during the years 1999-2000 and 2000-2001. The Committee note that bulk of the excess expenditure was on Civil side viz., Rs. 878.67 crore out of which the Ministry of Finance (Department of Economic Affairs) under Grant No. 25—Payment to Financial institutions alone accounted for a highest excess expenditure of Rs. 731.36 crore. Eight Grants/Appropriations operated by Ministry of Railways contributed to an overall excess of Rs. 216.41 crore, while under Grant No. 11—Postal Services operated by Department of Posts, the excess expenditure of Rs. 0.17 crore was recorded under both the charged sections of the Grant i.e. Revenue Charged (Rs. 45,000) and Capital Charged (Rs. 15,83,000). It is further discerning to note that during the year 2001-2002 there was an increase in number of excess registering grants/appropriations as well as expenditure incurred during that period as compared to the earlier two years. That the excess over Voted Grants and Charged Appropriations administered by Ministry of Finance, Railways, Department of Posts and Telecommunications had persisted, only service to reinforce the Committee's oft repeated observations that adequate and serious attention was not being paid by Ministries/Departments to the implementation of the Committee's recommendations. Though the Ministry of Finance have been dutifully circulating the recommendations of the Committee to the Ministries/Departments of the Government for compliance, however financial discipline remains still a distant goal. The Committee are of the considered view that there appears a systematic defect requiring immediate rectification. The Committee, therefore, desire that a detailed review of the existing system be undertaken by the concerned Ministry/Department particularly by the Ministry of Finance and Railways to devise suitable and effective measures with a view to removing the inherent defects in te existing system. The Committee would like to be apprised of the outcome of the review and the steps taken thereon.

[Para 17.1 of Fifty-Eighth Report of the Public Accounts Committee
(13th Lok Sabha) on the excesses over voted grants and
charged appropriations (2001-2002)]

Action Taken (Ministry of Finance)

The reasons for excess expenditure of Rs. 1,089.54 crore occurred in the years 2001-2002 have been reviewed in this Ministry. It is found that of the total excess

expenditure of Rs. 1,089.54 crore, Civil Ministries registered excess expenditure for an amount of Rs. 878.67 crore, Department of Posts accounted for Rs. 0.16 crore and Ministry of Railways accounted for Rs. 210.71 crore (and not Rs. 216.41 crore as mentioned. Para 5.3 at page 5 of the Report refers, in this regard). The excess expenditure of Civil Ministries was mainly on account of excess expenditure occurred in Grant No. 25—Payment to Financial Institutions (Rs. 731.36 crore), 12—Department of Telecommunications (Rs. 114.36 crore) and Appropriations No. 26—Interest Payments (Rs. 28.40 crore). The excess expenditure under Grant No. 25—Payment to Financial Institutions occurred due to transfer of National Credit (Long Term Operations) Loan to Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI) and Small Industrial Development Bank of India (SIDBI). Government of India issued securities to Reserve Bank of India to set off the loans and advances made by it to these Development Financial Institutions which simultaneously issued 20 years' convertible debentures in favour of Government of India. This transaction did not entail any cash outgo. Similarly, in the case of Department of Telecommunications, excess expenditure of Rs. 114.36 crore was due to clearance of unadjusted transactions that occurred over previous years under suspense and remittance heads classified in the Public Account of India, which was finally transferred to 'Bharat Sanchar Nigam Limited' as assets and liabilities of the Corporation. Both the above transactions were in the nature of accounting adjustments and no cash outflow took place. In the case of interest payment, the excess expenditure occurred as a result of post-budget developments.

2. In the case of Railways, the excess expenditure of Rs. 210.71 crore was as a result of repayment of loan taken by the Railways from the General Revenues. Since the financial results of the Railways in 2001-02 were more favourable than expected, Railways prepaid the loan taken from the General Revenues which saved the Railways from payment of interest. This transaction was a flow of funds from Railway finances to General Revenues within Consolidated Fund of India.

3. From the perusal of the above, it is evident that the excess expenditure occurred were in the nature of technical payments. There was, thus no systemic deficiency in the system being followed. However, extant General Financial Rules do not permit Ministries/Department to spend beyond what has been authorised by Parliament, be it a cash payment or an accounting adjustment which is of technical nature. It is mentioned here that a system of continuous review of expenditure exists in the Ministry of Finance. However, these recommendations of the Committee have been noted by Ministry of Finance and Ministry of Railways for strict compliance in future.

4. Audit, while vetting the Action taken note has commented as follows:

Vetting Comments of the Audit

'PAC's recommendation is directed towards devising an effective mechanism for removing inherent defects in the existing system. However, as the remedial Action Taken, Ministry had given a mere assurance that the recommendations of the Committee have been noted for future compliance. That no action appears to have been taken by the Ministry is

also evident from the fact that number of excess registering grants/appropriations as well as expenditure incurred during the year 2002-03 has further increased and there was an excess disbursement of Rs. 2189.11 crore.'

5. Further Comments of the Ministry of Finance on the Vetting Comments of the Audit

As a part of the cash and expenditure management exercise, and with a view *inter-alia*, to ensure an even pace of expenditure *vis-a-vis* the allocations, instructions have been issued to all Ministries/Departments to restrict the expenditure during the last quarter of the financial year to 33 per cent of the budgeted amount. Further, periodical review of expenditure trend is being undertaken by the Ministry of Finance through quarterly meetings with the Financial Advisers of Ministries/Departments. A system of cash management was introduced on a pilot basis in 2003-04 in 9 Demands *viz.* (i) Agriculture and Cooperation, (ii) Fertilisers, (iii) Food and Public Distribution, (iv) Health, (v) Family Welfare, (vi) Elementary Education and Literacy, (vii) Secondary Education and Higher Education, (viii) Women and Child Development, and (ix) Rural Development. This pilot scheme has been reviewed and is being extended with suitable modifications to select other Ministries/Departments during the current financial year.

6. It is expected that the above initiatives will result in improvement in the fiscal discipline on the part of the Ministries/Departments.

7. This has been vetted by Audit *vide* their U.O. No RR/1/1-9/2004-05/180 dated 5.7.2005.

[Ministry of Finance, Department of Economic Affairs
(Budget Division), New Delhi-110 001
No. F. 4 (12)-B(SD)/2004 dated 13.7.2005]

Action Taken (Department of Posts)

A judgement was delivered in the arbitration case of construction of staff quarters at Balasore in Orissa on 9-1-2002 and amount was deposited in the court on 21-1-2002 in anticipation of allotment of funds as it was a pre-condition for challenging the award in the court. Executive Engineer sent requisition for funds to the circle on 28-1-2002 which was received in the circle office on 10-3-2002. Requirement of funds was placed to the Budget Branch of Directorate on 10-3-2002. This expenditure could not be included in the supplementary grant due to late receipt of demand from the circle. The concerned circle has been reprimanded for this lapse and instructions have been issued to all Heads of Postal Circles on 30-3-2003 by Budget section of Postal Directorate for booking expenditure only after getting allocation from Postal Directorate.

So far as Revenue section is concerned the case of excess expenditure has been examined in detail. It has been found that under Revenue Charged Segment the excess expenditure was incurred in compliance of the Judgement delivered by the Honorable Supreme Court in July, 2001, in respect of a Pension case. The copy of the Judgement was received in the office in February 2002. The case was processed and payment

could be made in March 2002. Final Grant for the year 2001-02 had already been formulated and submitted on 22-2-2002. Hence demand could not be projected in RE/FG 2001-02 of appropriate head of Account (3201.07.101.02-Arrears paid due to Supreme Court Judgement). This led to an excess expenditure of Rs. 45000/-.

Action Taken (Department of Telecommunications)

After Corporatisation of Department of Telecom Services/Department of Telecom Operation, the service heads "3225 - Telecommunication Services", "3230 - Dividends to General Revenues", "3231 - Appropriations from Telecommunications Surplus", ceased to operate in the Department of Telecom and no amount was booked under the said heads in the accounts of Department of Telecom. However, the service head "5225 —Capital Outlay on Telecom Services" remained operative in order to clear the outstanding balances lying under Suspense and Remittance heads for transferring the reconciled balances to Bharat Sanchar Nigam Limited and a technical grant was obtained for the purpose. This was merely a book adjustment without involving any cash outgo.

This issues with the approval of advisor (Finance).

*File No. 1-4/2004-B
Dated 30th July, 2004.*

This has been vetted by D.G. Audit (P&T) *vide* their U.O.No. III/400 App. A/Cs/ 2001-02/314 Dated 27-8-2004 with the remarks Seen Thanks.

Action Taken (Ministry of Railways)

As a result of rigorous monitoring, the incidence of excess expenditure on Railways has been reducing over the years. In 2001-02, however, the excess has increased to about Rs. 211 cr. (with effect of misclassification) as against Rs. 57 cr. in 1999-2000 and Rs. 0.14 cr. in 2000-01. It is submitted here that out of this excess, Rs. 210 cr. is attributable to excess in one Grant alone i.e., in Grant No. 15 - Payment to General Revenues. Since the final financial results of the Railways in 2001-02 were more favourable than expected, it was thought prudent to repay the loan of Rs. 249 cr. taken from General Revenues in 2000-01, at the earliest opportunity available. The Committee would appreciate this decision as it has saved the Railways from payment of crores of rupees as interest.

Apart from Grant No. 15, the excess on Railways works out to just Rs. 1 cr. which by any standard is minor.

This has been seen and vetted by Audit *vide* their U.O. No. 154 RA-III/2-1/2003 dated 12-05-2004.

[Ministry of Railways O.M. No. 2003-BC-PAC/XIII/58 dated 30-07-2004]

Recommendation

Although the observations of the Committee were brought to the notice of all the Ministries/Departments *vide* para 8.3 of their 23rd Report (13th Lok Sabha), the

Committee find that delay still continues to persist in the submission of explanatory notes on excesses over voted grants and charged appropriations. The Committee note that during the year under review while the explanatory notes on excess expenditure relating to Grants/Appropriations operated by Ministry of Railways, Department of Posts and Telecommunications were received within the stipulated period, the explanatory notes relating to grants operated by Ministry of Finance (Grant/Appropriation No. 25 and 26) were received with the delay of 2 ½ months and more than four months respectively. Surprisingly, the explanatory note pertaining to the Ministries of Home Affairs and Urban Development and Poverty Alleviation have not yet been received though the Appropriation Accounts (Civil) were laid in the House on 22.04.2003. The Committee take a serious view of the delay despite the recommendations of the Committee and desire fixation of responsibility for appropriate action. The Committee need hardly point out that time and again, it has been emphasized that any delay in the submission of these notes to the Committee thwart the process of expeditious finalization of the Report on Excesses over Voted Grants and Charged Appropriation, presentation thereof to Parliament and delaying the regularization of the excess expenditure. The Committee would once again like to stress the need for making all out efforts by all concerned to eliminate the avoidable delays in future by ensuring strict adherence to schedule prescribed in this regard so that the excesses are expeditiously brought before Parliament and regularized accordingly.

[Appendix-V (S.No. 3, Para 17.3)
58th Report of PAC
13th Lok Sabha]

Action Taken (Ministry of Finance)

In regard to the delay in submission of Explanatory Notes pertaining to excess expenditure in Grant No. 25-Payments to Financial Institutions and Appropriation No. 26-Interest Payments for the year 2001-02, it may be stated that the delay occurred on account of compliance of procedure involved in the preparation of such Explanatory Notes.

2. In so far as Grant No. 25 is concerned, the Explanatory Note for excess was sent for vetting to the O/o DG (Audit) *vide* our letter F.No. 2/2/2003-IFA dated 20.1.03. The O/o DG (Audit) returned the Explanatory Note with their queries *vide* their U.O.No. RR/1-1/2002-03/1560 dated 24.1.03, which was received in the Finance Division through the Principal Accounts Office of Ministry of Finance on 28.1.03. The queries of the Audit were forwarded by Finance Division to Banking Division's Under Secretary (AC) and Under Secretary (IF.I) *vide* reference F.No.2/12/2002-IFA dated 30.1.04. The comments of US (AC), Banking Division were received in Finance Division on 14.2.03 and the comments of US(IF.I), Banking Division were received on 21.2.03. Based on the comments of Banking Division, the case was further processed in Finance Division and a revised explanatory note was prepared and sent to O/o DG (Audit) on 22.4.03. The vetted copy of Explanatory Notes was received in Finance Division on 27.6.03 and the final Explanatory Note was forwarded to Monitoring Cell, Dept. of Expenditure *vide* letter F.No.2/12/2002-IFA dated 4/7th July, 2003.

3. As regards Appropriation No. 26—Interest Payments, it may be stated that Explanatory Note for excess expenditure was sent to Audit through Chief Controller of Accounts, Ministry of Finance on 17.1.03. As the vetted copy of Explanatory Note was not received from Audit till July, 2003, the O/o DG (Audit) was contacted and a copy of vetted note was procured on 19.8.03. The final Explanatory Note was thereafter prepared and sent to PAC on 28.8.03.

4. Thus, although a 'delay of 2 ½ months and more than 4 months' occurred in the submission of Explanatory Notes for Grant No. 25 and Appropriation No. 26, respectively, to the Lok Sabha Secretariat/PAC, the delay was on account of the procedure involved in the examination and preparation of the note, whereby it is *mandatory* to get such Explanatory Notes vetted by the Audit. The delay was not intentional but only procedural, for which suitable instructions to all Heads of Divisions in the Department have been issued to avoid recurrence of such delays in future *vide* F.No. 2/1/2004 - IFA dated 23rd August, 2004 (copys enclosed). It may also be stated that it is always the endeavour of this Ministry to treat Parliamentary matters on top priority/urgent basis.

5. Further, as stated *vide* this Department's F.No. 4(12)-B(SD)/2004 dated 2nd August, 2004 (copy enclosed, the Demands for Excess Grants relating to 2001-02 have already been passed by the Lok Sabha. The connected Appropriation Bill (No. 2) 2004 has also been passed by Parliament and assented to by the President of India on 29th July, 2004 and the Act has been published in the Gazette of India (Extra-ordinary) Part II, Section - I, dated 30th July, 2004 as Act No. 19 of 2004.

This has been vetted by Audit *vide* their U.O.No. RR/1-2/2004-05/331 dated 13.9.2004

(MOF/DEA/F.No.2/1/2004-IFA dated 16th September, 2004)

F.4(12)-B(SD)/2004
Ministry of Finance
Department of Economic Affairs
(Budget Division)

New Delhi, the 2nd August, 2004

Subject: Demands for Excess Grants relating to 2001-2002.

The undersigned is directed to state that the Demands for Excess Grants relating to 2001-2002 have been passed by the Lok Sabha. The connected Appropriation Bill (No. 2), 2004 has also been passed by Parliament and assented to by the President of India on 29th July, 2004 and the Act has been published in the Gazette of India (Extra-ordinary) Part II, Section I dated 30th July, 2004 as Act No. 19 of 2004.

Sd/-
(R.C. SHARMA)

Under Secretary to the Government of India

1. Smt. Rekha Gupta, Financial Adviser, Department of Posts, Ministry of Communications & IT, Dak Bhawan, New Delhi-110 001.
2. Shri J. Mishra, Member Production (Additional Charge of Member Finance), Ministry of Communications & IT, Department of Telecommunications, Sanchar Bhawan, New Delhi-110 001.
3. Shri M. Deena Dayalan, Financial Adviser, Department of Economic Affairs, Ministry of Finance, Payments to Financial Institutions, North Block, New Delhi.
4. SHRI M. Deena Dayalan, Financial Adviser, Department of Economic Affairs, Ministry of Finance, Interest Payments, North Block, New Delhi.
5. Shri N. A. Viswanathan, Financial Adviser, Ministry of Home Affairs (Other Expenditure of Ministry of Home Affairs), New Delhi.
6. Shri R.S. Prasad, Financial Adviser, Department of Urban Development, Ministry of Urban Development & Poverty Alleviation, New Delhi.
7. The Finance Library (Publication Section) with the request that copies of the Gazette of India (Extra-ordinary) Part II, Section I dated 30th July, 2004 as Act No. 19 of 2004 be obtained from the Manager of Publication and supplied to Comptroller & Auditor General of India, 10-Bahadur Shah Zafar Marg, New Delhi-110 002. 10 copies of the Demands for Excess Grants relating to 2001-2002 are enclosed herewith for record.
8. The Parliament Library, Lok Sabha Secretariat, New Delhi (5 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
9. Director General of Audit, Central Revenues, AGCR Building, New Delhi-110 002 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
10. Director General of Audit, Posts & Telecommunications, Sham Nath Marg, Civil Lines (Near Old Secretariat), Delhi-110 054 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).

11. The Principal Director of Audit, CW&M, New Delhi-110 002 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
12. Comptroller and Auditor General of India, 10-Bahadur Shah Zafar Marg, New Delhi-110 002 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
13. Finance Library, North Block, New Delhi (5 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
14. Joint Secretary (PF-I), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
15. Joint Secretary (PF-II), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
16. Controller General of Accounts, Lok Nayak Bhawan, New Delhi.
17. Lok Sabha Secretariat (PAC Branch), Parliament Annexe, New Delhi-110 001 (5 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
18. JS (Budget) (2 copies).
19. Director (AP) (2 copies).
20. ABO (PRD) (2 copies).
21. All US/DD/DS in Budget Division.
22. All Sections in Budget Division/Plan Finance-I/Plan Finance-II.
23. DD (Hindi) (5 copies).

Action Taken (Ministry of Home Affairs)

It is submitted here that 'Excess Note' for the excess expenditure, which occurred under Capital Section (Charged) in Grant No. 44—Other Expenditure of MHA for the year 2001-02, was furnished to O/O DGACR by the PAO of this Ministry on 27.12.2002 (copy enclosed).

2. The Ministry, after waiting for a long time, reminded O/O DGACR on 28th May, 2003 and requested them to return the vetted 'Excess Note' (copy enclosed). In June, 2003, O/O DGACR was again reminded for an early return of the 'Excess Note' (copy enclosed).

3. In July, 2003, O/O DGACR informed MHA that they had not received the 'Excess Note', sent by the Ministry for vetting (copy enclosed) and requested that it may be sent to their office at the earliest. Therefore, on 1.8.2003, another copy of the 'Excess Note' was made available to O/O DGACR for necessary action (copy enclosed). On 9th September 2003, O/O DGACR was again requested to return the vetted 'Excess Note' immediately (copy enclosed). The vetted 'Excess Note' was received in the Ministry on 23.9.2003 (copy enclosed). After getting the 'Excess Note' translated into Hindi, final 'Excess Note' was furnished to the Monitoring Cell of Ministry of Finance on 13.10.2003 (copy enclosed).

4. It may kindly be seen from above that the Ministry had prepared and furnished the 'Excess Note' to O/O DGACR well in advance in December 2002 in compliance of the directions of 'Public Accounts Committee'.

5. Unfortunately, the 'Excess Note' got lost in transit to O/O DGACR and it was brought to the notice of the Ministry very late in July, 2003. Had the 'Excess Note' not been lost in transit, the Ministry could have furnished the same before the crucial date, i.e., 22.4.2003, when the Appropriation Account of the Grant was laid on the 'Table' of the 'House'. The delay, therefore, was occasioned by reasons beyond the control of MHA.

6. Notwithstanding the reasons leading to delay in furnishing the 'Excess Note', the delay in submission of the 'Excess Note' is highly regretted. In future, every care will be taken to avoid such lapse.

[Ministry of Home Affairs O.M. No. 28/2/2004-Bgt.I dated 7th June, 2004]
(This '**Action Taken Note**' has been vetted by O/O DGACR *vide* their U.O.
No. RR/6-34/2003-04/156 dated 03.06.2004)

11-9/PrAO/A/Cs/MHA/AA/Gr.44/2001-02/809

27.12.2002

To

The Sr. Audit Officer (R-II)
O/o the DGACR,
AGCR Building,
New Delhi.

Subject:— Explanatory Note of excess under Capital Section (Charged) in respect of Grant No. 44-Other Expenditure of the Ministry of Home Affairs for the year 2001-02.

Sir,

I am to invite a reference to your office letter No. R-II/1-44/2002-2003/237 dated 10/12/2002 on the subject cited above, and to enclose herewith the requisite explanatory note of excess under Capital Section (Charged) in respect of Grant No. 44-Other Expenditure of the Ministry of Home Affairs for the year 2001-02.

Yours faithfully,

Encl. As above.

Sd/-
(A.K. Gupta)
Sr. Accounts Officer

11-9/PRAO/A/CS/MHA/AA/GR./2001-02/173
PRINCIPAL ACCOUNTS OFFICE (ACCOUNTS)
MINISTRY OF HOME AFFAIRS
C-1 HUTMENTS, DALHOUSIE ROAD
NEW DELHI-110011

To

Dated: 28.05.2003

The Sr. Audit Officer (R-11)
O/o The DG(A)CR
AGCR, Building
New Delhi-110002.

Subject: Saving Notes/Excess Notes in r/o Grant No. 41, 43 & 44 of MHA.

Sir,

I am to forward herewith a photocopy of letter No. 28/4/2003-bgt. 1 dt. 20-05-2003 on the subject cited above which is self explanatory.

In this connection, it is submitted that the detailed Explanatory Notes in r/o Grants Nos. 41-MHA (Revenue), 43-Police (Revenue & Capital), 44-Other Expenditure of MHA (Revenue & Capital) were sent to your office along with the 3rd stage of Appropriation Accounts for the financial year 2001-02. Although the Saving/Excess Notes in respect of 43 (Revenue) & 44 (Revenue-Voted) has already been received, the Saving/Excess Notes in r/o remaining Grants have not been received so far. Since the audit Notes duly vetted are to be sent to the M/o Finance by the Budget Section, it is requested that the Notes after vetting may please be sent to this office on priority basis under intimation to the Budget Section of the MHA.

This may please be treated as Most Urgent.

Yours faithfully

Encls. As above.

Sd/-
(A.K. Gupta)
Sr. Accounts Officer

Copy to Sh. M.P. Rao, Undersecretary (Bgt.1), MHA for information & necessary action w.r.t. his letter referred to above. He is also requested to take up the matter with the DG(A)CR to get the reply expedited.

Sd/-
Sr. Accounts Officer

IMMEDIATE

Jawahar Thakur
Chief Controller of Accounts
Tel.No. 23093293

D.O. NO. 28/4/2003-BGT. I
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS,
ROOM NO. 127-D, NORTH BLOCK,
NEW DELHI-110 001
TEL.: 3093293, FAX: 3092629
भारत सरकार, गृह मंत्रालय,
कमरा नं० 127-डी, नार्थ ब्लॉक,
नई दिल्ली-110 001
दूरभाष: 3093293, फैक्स: 3092629

दिनांक/Date: 27-06-2003

Dear Smt. Chaudhary

We had sent the 'Explanatory Notes for Savings/Excesses (as per details given in the 'Annexure') to O/O DGACR with Stage-III of the 'Head-wise Appropriation Accounts' for the financial year 2001-02.

2. The above stated Saving/Excess Notes are now required to be furnished as 'Action Taken Notes' to Ministry of Finance, Department of Expenditure (Monitoring Cell), duly vetted by your office, before 22nd August, 2003, in response to some Audit Paras appearing in the C&AG's Report No. 1 of 2003.

3. The Saving Notes mentioned at Sl. No. 2 and 5 of the Table given in the Annexure has since been received and are being revised as per the direction of O/O DGACR. The present status of other Saving/Excess Notes is not known. Our Pay and Accounts Office had sent a reminder in this regard to your office on 28.5.2003 (copy enclosed), but no reply has been received from your office.

4. I would, therefore, request you to look into the matter personally and arrange to send the duly vetted Saving/Excess Notes to this Ministry at the earliest so that ATNs could be furnished to Ministry of Finance in time.

An urgent action in the matter is requested.

With regards,

Yours sincerely

Sd/-
(Jawahar Thakur)

Smt. Poonam Chaudhary,
Deputy Director,
O/ODGACR,
AGCR Building,
I.P. Estate, New Delhi.

Copy to:—

1. File No. 16/2/2002-Bgt. I
2. File No. 28/61/2002-Bgt. I
3. File No. 28/59/2002-Bgt. I
4. File No. 10/26/2002-Bgt. I

ANNEXURE

Sl. No.	Grant No. & Name	Side	Portion	Saving Note/Excess Note
1.	41-MHA	Revenue	Voted	Saving Note
2.	43-Police	-do-	-do-	-do-
3.	-do-	Capital	-do-	-do-
4.	44-Other Exp. of MHA	-do-	Charged	Excess Note
5.	-do-	Revenue	Voted	Saving Note
6.	-do-	Capital	-do-	-do-

OFFICE OF THE DIRECTOR GENERAL OF AUDIT CENTRAL REVENUES,
NEW DELHI-110002

Ministry of Home Affairs may please refer to this D.O. letter No. 28/4/2003-Bgt. I dated 02-07-2003 regarding explanatory notes for savings/excesses for the financial year 2001-02.

2. The explanatory note in respect of savings occurred under Capital Section (Voted) of Grant No. 43-Police for the year 2001-02 has been examined and audit comments thereon are given in the Annexure.

3. The Ministry may revise the explanatory in view of the audit comments given in the Annexure and send five copies of the revised note duly signed by the Secretary/ Joint Secretary to this office for further necessary action.

4. Regarding saving note in respect of Revenue Section (Voted) under Grant No. 41-MHA excess note in respect of Capital Section (Charged) and saving note in respect of Capital Section (voted) under Grant No. 44-Other expenditure of MHA, the explanatory notes have not been received in this office. These may be sent to this office at the earliest.

Sd/-
(Manmohan Singh)
Sr. Audit Officer (RR)

Ministry of Home Affairs, North Block, New Delhi
(Kind Attn: Sh. Jawahar Thakur, Chief Controller of Accounts
DGACR's U.O.No. RR/6-50/2002-03/329 _____ Dated: 17 July, 2003.

FILE NO. 16/2/2002- BGT. I
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS
NEW DELHI, THE 25TH JULY, 2003

OFFICE MEMORANDUM

**Subject: Explanatory Note for excess expenditure under Capital Section (Charged)
for the year 2001-02 — Grant No. 44 — Other Expenditure of MHA.**

The undersigned is directed to refer to O/O DGACR U.O. No. RR/6-50/2002-03/329 dated 17th July, 2003, addressed to Chief Controller of Accounts (Home), on the subject mentioned above and to say that the above mentioned 'Explanatory Note ' was sent to O/O DGACR ON 27.12.2002 by Principal Accounts Office of this Ministry (copy enclosed for ready reference).

2. However, a copy of the aforesaid 'Explanatory Note', duly approved & signed by JS&FA (Home), is again sent herewith.

3. It is therefore, requested that the 'Explanatory Note' may please be vetted at the earliest and returned to this Ministry, so that it could be furnished to Ministry of Finance. It is also submitted here that O/O Controller General of Accounts, Ministry of Finance is pressing hard for immediate submission of the 'Explanatory Note'.

(M.P. RAO)
Under Secretary to the Govt. of India
Tel. No. 2309 2784

To

Office of the Director General of Audit,
[Shri Manmohan Singh, Senior Audit Officer (RR)],
AGCR Building,
I.P. Estate,
New Delhi- 110 002.

Copy to :- PAO (MHA) (For information)

FILE NO. 16/2/2002- BGT. I
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

New Delhi, the 8th September, 2003.

OFFICE MEMORANDUM

**Subject: Explanatory Note for excess expenditure under Capital Section (Charged)
for the year 2001-02 — Grant No. — Other Expenditure of MHA.**

The undersigned is directed to refer to this Ministry's O.M. of even No. Dated 1st August 2003 on the subject cited above.

2. O/O CGA is pressing hard for early submission of the aforesaid 'Explanatory Note'. It is, therefore, requested that the vetted 'Explanatory Note' may please be returned to this Ministry at the earliest, so that it could be furnished to Ministry of Finance.

Sd/-
(M.P. RAO)

Under Secretary to the Government of India
Tel. No. 2309 2784

To

Office of the Director General of Audit,
[Shri Manmohan Singh, Senior Audit Officer (RR)],
AGCR Building,
I.P. Estate,
New Delhi-110 002.

Most Immediate
Time Bound

NO. 16/2/2002-BGT. I
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

New Delhi, the October 13th, 2003.

OFFICE MEMORANDUM

Subject: Explanatory Note for Excess Expenditure, which occurred under Capital Section (Charged) in Grant No. 44—Other Expenditure of MHA in the financial year 2001-02 [Action taken Note on Audit Para No. 7.1 (Item No. 5 of Table No. 7.2) of C&AG's Report No. 1 of 2003].

The undersigned is directed to forward herewith 40 copies of English version and 25 copies of Hindi version of the above stated 'Explanatory Note for Excess Expenditure' for necessary action.

2. The above 'Explanatory Note for Excess Expenditure' has been vetted by Office of the DGACR *vide* their U.O. No. RR/6-10/2003-2004/686 dated 19th September, 2003.

3. With the furnishing of this 'Explanatory Note for Excess Expenditure', the above stated 'Audit Para' also stands disposed of.

Sd/-
(M.P. RAO)

Under Secretary to the Government of India.
Tel. No. 23092784

Enclosures: *As above.*

Ministry of Finance (Department of Expenditure),
(Monitoring Cell),
Room No. 29, IInd Floor,
Lok Nayak Bhawan,
New Delhi-110 003.

No. 16/2/2002-Bgt. I

New Delhi, the October 13th, 2003.

Copy with a copy of enclosures (both in English and Hindi versions) also forwarded to:—

1. Office of the Director General of Audit, Central Revenues (Shri Manmohan Singh), Senior Audit Officer (R-I), AGCR Building, I.P. Estate, New Delhi, *w.r.t.* their U.O. Note cited above.
2. The Comptroller and Auditor General of India, Bahadur Shah Jafar Marg, New Delhi.

3. Controller General of Accounts, Ministry of Finance, Lok Nayak Bhawan, New Delhi.
4. Budget-II Section, MHA, Room No. 204, North Block, New Delhi.
5. Guard File.

Spare copies: 10

Sd/-

(M.P. RAO)

Under Secretary to the Government of India.

ACTION TAKEN (Ministry of Urban Development)

In so far as Para 17.3, Sl. No. 3, Appendix V of 58th Report of PAC (13th Lok Sabha) is concerned, Ministry of Urban Development was required to submit ATN well before Appropriation Accounts (Civil) for 2001-02 which were laid in the House on 22.4.2003.

2. As regards delay in furnishing the ATN, this has been on account of the procedure involved in the examination and preparation of the note in consultation with the organisation (in this case CPWD) who have incurred the excess expenditure in Demand No. 80 during 2001-02. Thereafter it is mandatory to get the explanatory note vetted by Audit. The delay has not been intentional but only procedural. The delay is deeply regretted. However, instructions have again been issued (copy enclosed) to avoid recurrence of excess expenditure in future and so that the need for furnishing any explanatory note itself is avoided. The directions of hon'ble Committee have been noted to avoid delays in furnishing explanatory notes/ATN in future.

[No. G-25017/10/2002-Bt dt. 4.7.2005]

NO. G-25015/2/2004-BT.
GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT
(BUDGET SECTION)

New Delhi Dated the 27th April, 2005.

OFFICE MEMORANDUM

Sub:— Excess over voted grants and charged appropriations 2001-02.

Attention is invited to Para 17.2, 17.3 & 17.4 (Appendix—V of 58th Report of PAC 13th Lok Sabha). During the year 2001-02 in Demand No. 80 CPWD have incurred an excess expenditure of Rs. 4.49 crore in Major Head '4216' and sub-heads Urban Development (Construction), Finance (Revenue), Meteorology, Lok Sabha/Rajya Sabha and Personnel, Public Grievances & Pensions. Although the ATN/Explanatory Note has been furnished to PAC Branch on 14th October, 2003 but the submission has been delayed due to procedural delay *i.e.* furnishing of feed back by CPWD and vetting of the same by Audit etc. In fact the Explanatory Note was required to be furnished well before the Appropriation Accounts (Civil) were laid in the House on 22.4.2003. The directions of Hon'ble PAC *vide* the above cited Para numbers are enclosed herewith for information and guidance. Keeping in view of the directions of Hon'ble Committee all concerned are advised:—

- (i) To thoroughly review and scrutinize the budget estimates at the supplementary grant stage itself so as to obtain the supplementary demands not so casually but in rare and emergent cases only.
- (ii) To analyse in depth the reasons for recurring phenomenon of excess expenditure with a view to initiating timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/contained within the funds authorized by Parliament for the purpose.
- (iii) To make all out efforts by all concerned to eliminate the avoidable delays in future by ensuring strict adherence to schedule prescribed in this regard so that the excesses are expeditiously brought before Parliament and regularized accordingly.

2. The cases of excess expenditure without proper authorization either through re-appropriation or supplementary grant in future will be viewed seriously by Ministry of Urban Development, and accountability on such serious lapses, violating the Parliamentary control over public finances, should rest with the CPWD in general and violators in particular. A system may be devised, under intimation to JS & FA (within two weeks) to ensure that such instances are given due attention and responsibility is fixed.

Sd/-

(Neena Garg)

Joint Secretary & Financial Adviser

Tel: 23019792

To

1. DG (W), CPWD.
2. Copy to all Directors/Deputy Secretaries in Ministry of Urban Development and also the heads of the organizations like TCPO, Directorate of Printing etc.

Recommendation

The scrutiny of select cases of grants/appropriations under Appropriation Accounts (Civil), reveals that the Department of Telecommunications incurred an excess expenditure of Rs. 114.36 crore during 2001-2002 under Capital (Voted) Section of Grant No. 12-Department of Telecommunications which was the net effect of total excess of Rs. 580.56 crore and the total unspent provision of Rs. 466.19 crore under various sub-heads of the Grant. The Committee further note that in the capital section of the grant, although supplementary Grant of Rs. 500.00 crore was obtained in March, 2002 and Rs. 199 lakhs was surrendered, the expenditure exceeded the sanctioned provision by Rs. 114.36 crore. According to the Department of Telecommunications, the excess expenditure was due to the clearance of unadjusted transactions/balances of previous years from remittances/suspense head for transferring the reconciled assets/liabilities to Bharat Sanchar Nigam Limited. The Committee are not convinced with these reasons attributed to incurring of excess expenditure under this grant as none of the reasons mentioned by the Department of Telecom fall in the category of "unforeseen" or "unanticipated" expenditure. The Committee would like to know as to why the effect of the increase in the expenditure could not be anticipated at least at the time of preparation of revised estimates and adequate funds provided for in the Supplementary Budgets. In pursuance of their earlier recommendations, the Committee have been informed that the Department of Telecom took steps to frame the estimates more realistically and with the formation of Bharat Sanchar Nigam Ltd. the budgetary and accounting systems have now been completely revamped. The Committee would like to watch the impact of the steps taken by the Department of Telecom in this regard in future Appropriation Accounts.

Para 17.5 of the 58th Report of Public Accounts Committee (13th Lok Sabha)
on "Excess over Voted Grants and Charged Appropriations (2001-2002)"

Action Taken Note

The Department was going through massive structural changes with the formation of Bharat Sanchar Nigam Limited. After Corporatisation of the DTS/DTO the budgeting system of DOT has been completely revamped. Efforts are made to contain the expenditure within the Budget Allocation. It is also stated that the excess expenditure in 2001-02 was due to clearance of suspense only and there was no cash out go affecting the finances of the Government.

This issues with the approval of Member (Finance).

[File No. 1-4/2004-B, Dated 26th May 2004]

This has been vetted by D.G. Audit (P&T) *vide* their U.O. No. RR III/1(b) 400 App A/CS/2001-02/162 dated 17 June 2004 with the remarks:—

"The ATN is duly vetted".

Recommendation

The Committee note that under Capital (Voted) Section of Grant No. 25 Payments to Financial Institutions, the Ministry of Finance (Department of Economic Affairs) incurred excess expenditure of Rs. 731.36 crore. The excess expenditure under this Grant was incurred despite obtaining Supplementary grant of Rs. 5021.60 crore in August, 2001 and March, 2002. According to the Department of Economic Affairs, the excess expenditure was mainly due to more claims for reimbursement of external aided loans and more requirement for transferring National Industrial Credit (Long Term Operations) Loan as reported by the Reserve Bank of India. According to them the aforesaid excess in the Grant was purely unforeseen and beyond the control of the Department. In this regard, the Committee have been informed that the Head of the Banking Division has been requested to instruct the concerned functionaries to ensure that expenditure incurred is within the authorized limits so that such large scale excesses are avoided in future. The Committee are not convinced with the reasons put forth by the Department of Economic Affairs in this regard and would, therefore, like the Ministry of Finance (Department of Economic Affairs) to once again review the existing procedures in consultation with the Reserve Bank of India to ensure more accurate estimation and effective watch over the flow of expenditure, so that such variations are avoided as far as practicable.

[Appendix-V (S.No. 6, Para No. 17.6) 58th Report of PAC, 13th Lok Sabha]

Action Taken

The views of the Committee were conveyed by the Banking Division of the Department to the Reserve Bank of India, with advice to review the existing system of expenditure so that such instances of excess expenditure do not recur. The RBI has clarified that the transfer of National Industrial Credit (Long Term Operation) Loan was a part of the various initiatives taken by the Reserve Bank to divest its development financing functions to enable it to focus on its core central banking activities and to cleansing its balance sheet. The RBI has assured that "it was a one time transaction of a special nature and, therefore, such variations may not recur in future". A copy of the RBI's letter dated 23rd August, 2004 is enclosed for ready reference.

2. Further, it may be stated that the Demands for Excess Grants relating to 2001-02 have already been passed by the Lok Sabha. The connected Appropriation Bill (No. 2), 2004 has also been passed by Parliament and assented to by the President of India on 29th July, 2004 and the Act has been published in the Gazette of India (Extra-ordinary) Part II, Section-I, dated 30th July, 2004 as Act No. 19 of 2004.

This has been vetted by Audit *vide* their U.O. No. RR/1-5/2004-05/995 dated 17th September, 2004.

[MoF/DEA/F. No. 2/1/2004-IFA dated 20th September, 2004]

RESERVE BANK OF INDIA
CENTRAL OFFICE
DEPARTMENT OF GOVERNMENT
AND BANK ACCOUNTS
DIVISION OF BANK ACCOUNTS

DGBA Accts. (BAAS) No. 1265/63.01.004/2004-05

August 23, 2004

FOR: MS. MARGARET, UNDER SECRETARY TO THE GOVERNMENT
OF INDIA, MINISTRY OF FINANCE, BANKING DIVISION,
GOVERNMENT OF INDIA, NEW DELHI.

From CGM-IN-CHARGE, RBI, DGBA, CO, MUMBAI

**Re: 58th Report of PAC (13th Lok Sabha) on Excesses over Voted Grants
and Charged Appropriation 2001-02 ATN on recommendations reg.**

Please refer to you fax message F. No. 6(7) 2003IF-1 dated July 30, 2004 enclosing
extracts of para 73 on the observation of the 58th Report of PAC on the captioned
subject.

As regards the observation of PAC on claim for reimbursement of external aided
loans, it is submitted that Government of India receives aid in foreign currencies from
various international Institutions such as International Bank for Reconstruction and
Development (IBRD), International Development Association IDA. International Fund
for Agricultural Development (IFAD), Asian Development Bank (ADB) etc. and RBI
merely carries out the transactions/disburse the amount to their projects on the basis
of advices received from the Controller of Aid Audit and Accounts. It has no role in
budgeting/estimation and watch over the flow of expenditure.

In respect of NIC (LTO) loans, as a part of the various initiatives taken by the
Reserve Bank to divest its development financing functions to enable it to focus on its
core central banking activities and to cleansing its Balance Sheet, a proposal was made
to the Government to transfer the outstanding loan balance of the Development Financial
Institutions (DFIs) viz. IDBI, EXIM Bank, IIBI and SIDBI, out of the NIC (LTO), Fund
to Government of India in lieu of exchange of Government Securities. The proposal
was sanctioned by the Government *vide* their letter F. No. 18(9)/99-IF-I dated 30th
March, 2002. Accordingly, loans and advances amounting to Rs. 3,791.75 crore granted
to DFIs out of NIC(LTO) Fund was transferred to Government of India on March 30,
2002 and Reserve Bank subscribed to 10.25% Government Stock 2021 of the face value
of Rs. 3,213.30 crore. It was a one time transaction of a special nature, and therefore
such variations may not recur in future.

Sd/-

(Amarnath)
General Manager

Recommendation

The Committee note that against the final appropriation of Rs. 114144.35 crore sanctioned under Revenue section (*Charged*) of Appropriation No. 26—Interest Payments, the Department of Economic Affairs incurred expenditure of the order of Rs. 114172.74 crore resulting in an excess expenditure of Rs. 28.39 crore in spite of the fact that Rs. 450.55 crore was surrendered by the Department. The scrutiny of explanatory notes revealed that the excess expenditure under various heads of the Appropriations was incurred mainly due to higher market borrowing than anticipated, increased resources to Ways and Means Advances, actual requirement under various relief bonds schemes turning out to be more than anticipated at the time of initial provisioning, introduction of new loans where budget provision was not made and higher appropriation than withdrawal etc. According to Department of Economic Affairs, in a large number of items precise estimation is not possible, as the post-budget developments which have a direct bearing on the interest payments are numerous.

The Committee further note that in response to their recommendation made in 23rd Report (13th Lok Sabha) on excess expenditure incurred under this appropriation during the year 1998-99 the Department of Economic Affairs had issued instructions to the various estimating authorities to put in place effective coordination between estimating and disbursing authorities with the help of sound data-base and other IT facilities so that excess expenditure could be avoided altogether. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. It seems that the instructions issued in the parts have had little effect on the estimating and disbursing authorities. The Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to curb this tendency. The Committee are of the considered view that the anticipated expenditure on the above counts should have been ascertained more precisely. The Committee expect that in future the Ministry of Finance (Department of Economic Affairs) will display better sense of financial discipline.

[Paragraphs 17.7 and 17.8 of 58th Report of Public Accounts Committee (2003-2004) on Excess over voted Grants and charged Appropriations (2001-2002)].

Action Taken

The observations of the Public Accounts Committee have been noted.

2. This has been vetted by Audit *vide* their U.O. No. RR/1-13/2005-06/240 dated 24.8.2005.

[F. No. 6(5)-B(AC)/2005 dated 26.8.2005]

Recommendation

The Committee further note that in response to their recommendation made in 23rd Report (13th Lok Sabha) on excess expenditure incurred under the appropriation during the year 1998-99 the Department of Economic Affairs and issued instructions to the various estimating authorities to put in place effective coordination between

estimating and disbursing authorities with the help of sound data-base and other IT facilities so that excess expenditure could be avoided altogether. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. It seems that the instructions issued in the past have had little effect on the estimating and disbursing authorities. The Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to curb this tendency. The Committee are of the considered view that the anticipated expenditure on the above counts should have been ascertained more precisely. The Committee expect that in future the Ministry of Finance (Department of Economic Affairs) will display better sense of financial discipline.

[Para 17.8 of Fifty-Eighth Report of the Public Accounts Committee (13th Lok Sabha) on the excesses over voted grants and *charged* appropriations (2001-2002)].

Action Taken

In compliance to the recommendation made by the Committee in 23rd Report (13th Lok Sabha) on excess expenditure incurred under the appropriation during the year 1998-99, this Department had issued instructions, to the various estimating authorities to put in place effective coordination between estimating and disbursing authorities with the help of sound data-base and other IT facilities so that excess expenditure could be avoided altogether, by incorporating a separate paragraph in the Budget Circular for the year 2003-2004, issued on 24.9.2002. The excess expenditure of Rs. 28.39 crore in Appropriation No. 26—Interest Payments had occurred in the accounts for the year 2001-02 prior to issue of the instructions *ibid* by this Department.

2. The major portion of interest payments made by the Government is on 'internal debt' of the Union Government. The 'internal debt of the Union Government' consists of market loans, various kinds of treasury bills, compensation and other bonds, securities issued various financial institutions, etc. Payment of interest on 'internal debt' contracted by Union Government is estimated by Reserve Bank of India. Interest against such estimates is paid by Reserve Bank and the transactions thereof are reported to Government for accounting. Reserve Bank also oversees payment of interest on special deposits of superannuation gratuity fund. As such, Reserve Bank of India has been instructed to closely monitor the interest payment made by the Bank on behalf of Government so that variation between the estimates and actual expenditure is minimized. In response to this, Reserve Bank of India has informed that steps have already been taken by the Bank for streamlining the reporting mechanism so that the budgetary estimates and actual requirements are more precise. Reserve Bank of India has also stated that their Public Accounts Departments are instructed to report the details of interest payments on daily basis to Central Accounts Section, Nagpur. Reserve Bank of India has also added that a central database would be maintained at Central Accounts Section (RBI), Nagpur and they would report to Government of India and Department of Government and Bank Accounts (RBI) for better monitoring of the budgetary provisions.

3. This has been vetted by Audit *vide* their U.O. No. RR/1-6/04-05/977 dated 17.9.2004.

[No. F.6(6)-B (AC)/2004 dated 17.9.2004]

Recommendation

The Committee note that during the year 2001-02 the actual expenditure under the Grants/appropriations administered by the Ministry of Railways exceeded the sanctioned provision by Rs. 210.71 crore in two Grants (No. 12 and 15) and six appropriations (Nos. 3, 4, 7, 9, 11 and three segment of appropriation No. 16 i.e. Capital, RSF and SRSF) out of which Grant No. 15 Dividend to General Revenues—Repayment of loans taken from General Revenues and Amortisation of over-capitalisation alone accounted for higher excess expenditure of Rs. 209.59 crore which is 99.47 percent of the total excess expenditure incurred by the Ministry of Railways during 2001-02. The Committee observe that under Appropriation No. 16-Assets—Acquisition construction and Replacement—Railways Safety Fund and Special Railway Safety Fund neither original budget provision has been sanctioned nor the supplementary Appropriation obtained for this purpose. The excess expenditure of Rs. 210.71 crore was incurred by the Ministry of Railways during 2001-02 despite having supplementary provisions in eight out of ten cases of excess registering grant/appropriations during 2001-02 to more decretal payments than anticipated materialized at the fag end of the year. The Committee would like to know when exactly was the decretal payments made in all the cases and whether these payments could have been provided for at the time of revised budget allocation. It, however, appears that no attempt was made to provide for them in a supplementary appropriation for authorization by Parliament during the year itself. The Committee would, therefore, expect the Ministry of Railways to ensure that in future, prompt action is taken to make the decretal payments and provide for it in the budget/supplementary budget.

[S.No. 9, Appendix Para No. 17.9 of 58th Report of PAC
(13th Lok Sabha)]

Action Taken

The excess expenditure in 2001-02 was infact incurred in one Grant (No. 15) and seven Appropriations (Nos. 3, 4, 7, 8, 9, 11 and 16). Grant No. 8, which initially recorded an excess, ultimately registered savings, with adjustment of misclassification factor. Similarly, Appropriation No. 8 registered an excess with adjustment of the misclassification factor.

As a result of rigorous monitoring, the incidence of excess expenditure on Railways has been reducing over the years. In 2001-02, however, the excess has increased to about Rs. 211 cr. as against Rs. 57 cr. in 1999-2000 and Rs. 0.14 cr. in 2000-01. It is submitted here that out of this excess, Rs. 210 cr. is attributable to excess in one Grant alone *i.e.*, in Grant No. 15 — Payment to General Revenues. Since final financial

results of the Railways in 2001-02 were more favourable than expected, it was thought prudent to repay the loan of Rs. 249 cr. taken from General Revenues in 2000-01, at the earliest opportunity available. This has saved the Railways from payment of crores of rupees as interest.

Apart from Grant No. 15, the excess on Railways works out to just Rs. 1 cr., which by any standard is minor.

As regards the point raised on Appropriation No. 16, it is submitted that the Railway Safety Fund and the Special Railway Safety Fund were set up w.e.f. 01-04-2000 & 01.10.2001, respectively. These funds were to be utilized for specific purposes *viz.*, road related safety works in the case of Railway Safety Fund and renewal/replacement of safety related overaged assets (alongwith some other safety related works) in the case of Special Railway Safety Fund. These works were, till the creation of these funds, being done through Railway funds. Thus, provisions were made under Demand No. 14 for appropriation to these Funds as is being done for other Railway Funds.

However, at the time of examining the appropriation accounts for 2001-02, the Audit suggested that these Safety Funds be given a distinct identity, since both of them received funds from the General Exchequer, which were not being generated through the Railway's Revenues. Based on the advice of the Audit received in the year 2002-03, separate provisions for these two Safety Funds have been made from 2002-03 onwards.

An examination of the decretal payments made in 2001-02 under the charged appropriations, reveals that most of such payments were made at the fag end of the year and, hence, could not be projected for being included in the supplementary grants. A summarized position of major excess expenditure incurred in 2001-02 due to more decretal payments made at the fag end of the year, is enclosed along with.

Though the amount involved in decretal payments is very small in comparison to the Grants, the concern of the Committee is, nonetheless, noted for doing the needful.

This has been seen and vetted by Audit *vide* their U.O. No. 164 RA-III/2-1/99 dated 07-06-2004.

[Ministry of Railways O.M. No. 2003-BC-PAC/XIII/58 dated 30-7-2004)]

Details of excess incurred in 2001-02 due to decretal payments

(Rs. in Thousands)

Charged Appropriation No.	Total excess incurred	Railways under which most of the excess has been incurred	Reasons thereof
1	2	3	4
3	410	WR-(404)	Decretal payments were made in March, 02 i.e., after the submission of F.M. to Railway Board. Hence, it could not be projected at the time of sending F.M.
4	1310	SER-(1273)	A decretal payment of Rs. 195 thousands, not anticipated earlier, made at fag end of the year and Rs. 1078 thousands of Voted Expenditure inadvertently booked as Charged expenditure.
7	383	WR-(383)	Decretal payments were made in March, 02 i.e., after the submission of F.M. to Railway Board. Hence, it could not be projected at the time of sending F.M.
9	1997	SER-(1910)	Decretal payments were made at the fag end of the year not anticipated earlier.
11	814	SER-(836)	Decretal payments were made at the fag end of the year not anticipated earlier.
16-Capital	1662		The original appropriation was Rs. 5 cr. Based on the trend of higher expenditure, the appropriation was got enhanced to Rs. 15.36 cr through a supplementary grant. The actual expenditure, however, was slightly higher at Rs. 15.33 cr. The excess which works out to around 1% of the sanctioned appropriation, could not be anticipated during the year.
16-RSF	139		
16-SRSF	2953		As has already been explained, the RSF and SRSF have been given distinct identity in the actuals for 2001-02 at the instance of Audit. Since these two funds were part of the over-all 'Railway Funds' segment at the Budgetary stages, no provision for charged appropriation was made under them during the course of the year 2001-02 and, hence, the excess expenditure got incurred.

The above amounts are without the adjustment of misclassification.

Recommendation

The Committee further observe that the excess expenditure incurred by Ministry of Railways which witnessed significant decline during the year 2000-01 again showed sharp increase in excess expenditure as well as the number of excess registering grants/appropriations during the year 2001-02. Commenting on the significant decline in excess expenditure during 2000-01, the Committee in para 20.7 of their 40th Report (13th Lok Sabha) desired the need for more accuracy in estimation of monetary requirements and better budgetary control so as to avoid excess expenditure. In their Action Taken Notes, the Ministry of Railways stated that they will, continue their efforts to improve upon the estimations so as to minimize, if not eliminate, the incidences of excess. In the view of the Committee, the huge excess expenditure incurred by the Ministry of Railways during the year 2001-02 only shows that the various expenditure control measures initiated by the Ministry have not borne the desired fruit. The Committee hope that the Ministry of Railways will made concerted efforts which will have a meaningful and result oriented efforts in the fiscal managements.

[S.No. 10 Appendix Para No. 17.10 of 58th Report of PAC (13th Lok Sabha)]

Action Taken

As a result of rigorous monitoring, the incidence of excess expenditure on Railways has been reducing over the years. In 2001-02, however, the excess has increased to about Rs. 211 cr. as against Rs. 57 cr. in 1999-2000 Rs. 0.14 cr. in 2000-01. It is submitted here that out of this excess, Rs. 210 cr. is attributable to excess in one Grant alone i.e., in Grant No. 15—Payment to General Revenues. Since final financial results of the Railways in 2001-02 were more favourable then expected, it was thought prudent to repay the loan of Rs. 249 cr. taken from General Revenues in 2000-01, at the earliest opportunity available. The Committee would appreciate this decision as it has saved the Railways from payment of crores of rupees as interest.

Apart from Grant No. 15, the excess on Railways works out to just Rs. 1 cr. which by any standard is minor.

It is reiterated that the Ministry of Railways would make all out efforts to minimize the incidence of excess.

This has been seen and vetted by Audit *vide* their U.O. No. 154 RA-III/2-1/2003 dated 12-5-2004.

[Ministry of Railways O.M. No. 2003-BC-PAC/XIII/58 dated 30-07-2004]

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 2003-B-342

New Delhi, dated 12.03.2004

The FA & CAOs (F&B)
Southern Railway,
South Central Railway,
South Eastern Railway &
Western Railway.

Subject: 58th report of Public Accounts Committee (PAC) on Excess over Voted Grants and Charged Appropriations (2001-02).

PAC *vide* recommendation No. 78 of the subject report has expressed displeasure as reproduced below, over the persistent excess expenditure being incurred in charged appropriations pertaining to Demand No. 3 from 1996-97 onwards:

"Para No. 78—The Committee observe that the Appropriation No. 3 Working Expenses—General Superintendence and Services has been persistently recording excess expenditure from the year 1996-97 onwards. The Committee again observe that during the year under review the Appropriation No. 3 registered the highest excess expenditure (Rs. 6,55,479) during the past six years i.e. from 1996-97 to 2001-02. The scrutiny of this Grant for the year 2001-02 revealed that the excess expenditure under this appropriation was incurred even after obtaining supplementary Appropriation of Rs. 6,27,000 and constitute 96.82 per cent of the total sanctioned provisions. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. Recurrence of excess expenditure for the past six years under this Grant confirms the belief that there is some inherent defect in the estimation of expenditure which needs to be urgently remedied. The Committee desire that the existing procedures should be critically re-examined and suitably revised on an urgent footing so as to eliminate recurrent excesses under this Grant. The Committee would like to be apprised of the steps taken in this direction."

The scrutiny of records, as shown overleaf, reveals that mainly SR, SCR, SFR and WR have been involved in incurring this excess expenditure. It is urged upon the Railways to accurately assess the requirement of charged appropriations under all the Demands and particularly under Demand No. 3 so that the necessary provisions can be projected provided there under during the course of the year itself and thereby eliminating the incidence of excess altogether.

Sd/-
(Meena Agarwal)
Executive Director Finance (Budget)

Railway-wise details of appropriations under Demand No. 3

(Rs. in Thousands)

	1996-97					1997-98					1998-99				
	BE	FM	Act	Var		BE	FM	Act	Var		BE	FM	Act	Var	
	1	2	3	3-1	3-2	1	2	3	3-1	3-2	1	2	3	3-1	3-2
SR	0	0	0	0	0	0	0	3	3	3	0	0	7	7	7
SCR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SER	0	0	0	0	0	0	19	90	90	71	0	0	0	0	0
WR	73	188	0	-73	-188	0	123	66	66	-57	100	900	919	819	19
Total	73	188	0	-73	-188	0	142	159	159	17	100	900	926	826	26

	1999-2000					2000-01					2001-02				
	BE	FM	Act	Var		BE	FM	Act	Var		BE	FM	Act	Var	
	1	2	3	3-1	3-2	1	2	3	3-1	3-2	1	2	3	3-1	3-2
SR	0	167	167	167	0	0	0	44	44	44	0	432	432	432	0
SCR	0	0	0	0	0	0	0	8	8	8	0	202	202	202	0
SER	0	0	248	248	248	0	0	70	70	70	0	30	36	36	6
WR	150	150	41	-109	-109	100	100	39	-61	-61	50	13	416	366	403
Total	150	317	456	306	139	100	100	161	61	61	50	677	1086	1036	409

Recommendation

While examining the excess expenditure in the Grants/Appropriations operated by the Ministry of Railways during the year 2001-02, the Committee had noticed the cases of misclassification/wrong booking of expenditure. The scrutiny of explanatory notes submitted by the Ministry of Railways revealed that taking into account the factor of misclassification of expenditure, the unspent provisions under Appropriation No. 8 turned into excess expenditure and excess expenditure under Grant No. 12 turned into unspent provisions. The Committee take a serious note of such errors which could have been detected if adequate attention had been paid to prompt checking and reconciliation of the accounts figures. Only last year, while appreciating the efforts made by the Ministry of Railways to prevent misclassification of expenditure the Committee had hoped that with the strict implementation of the proposed measures the Ministry of Railways would be able to overcome the problem of misclassification of expenditure in future. Pursuant to the above recommendation of the Committee, the Ministry of Railways had issued further instructions/guidelines on the subject. It seems that the instructions issued have not had the desired results in the sense that

there has been further deterioration in the position as witnessed in the Appropriation Accounts for the year 2001-02. The Committee, therefore, desire that responsibility for the lapses, particularly at the supervisory level should be fixed for appropriate action against the erring officials urgently. The Committee also expect that greater care would be exercised in future to avoid serious mistakes in the proper upkeep and maintenance of books of accounts so that misclassification/wrong booking of expenditure, if any, were detected well in time and rectified.

[Sl. No. 12 Appendix 17.12 of 58th Report of PAC (13th Lok Sabha)]

Action Taken

Recommendations of the Public Accounts Committee regarding Misclassification of expenditure have been noted. It has always been the endeavour of Ministry of Railways to minimize the incidence of Misclassifications. This Ministry have already conveyed serious concern for the Misclassification of expenditure occurred during 2001-02 to the Zonal Railways concerned and have called for their Action Taken Report against the incidence of individual item. As a result of review of the Action Taken Reports received from the Zonal Railways, it has been noticed that the cases of misclassifications are resulting due to lack of adequate attention being given at the time of preparation of vouchers. This has been viewed seriously and the Zonal Railways have fixed responsibility and taken up the concerned staff for lapses.

The instructions to the various levels will once again be reiterated so that the rules are correctly understood and followed by all concerned. As desired by the Committee, Zonal Railways shall also be instructed to take up the staff at supervisory level more stringently. It is hoped, that, with the above measures, the incidence of misclassification will come down.

This has been seen and vetted by Audit *vide* their U.O. No. 183 RA-III/2-1/2003 dated 12.08.2004.

[Ministry of Railways O.M. No. 2003-BC-PAC/XIII/58 dated 23.08.2004]

Recommendation

Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in Paragraph 20 of this Report be regularized in the manner prescribed in Article 115(1)(b) of the Constitution of India.

[Paragraph 17.13 of Fifty-eighth Report of PAC (Thirteenth Lok Sabha),
Excesses over Voted Grants and Charged Appropriations (2001-2002)]

Action Taken (Ministry of Finance)

As recommended by the Public Accounts Committee, the Demands for Excess Grants for Expenditure of the Central Government (excluding Railways) relating to 2001-2002 were submitted to Parliament in the Budget Session, 2004. The Parliament has passed the Demands for Excess Grants. Necessary Appropriation Bill for regularizing the money drawn in excess of the amounts authorized by the Parliament for the

year 2001-2002, has also been passed and the corresponding Act published in the Gazette of India (Extra-ordinary) Part II, Section I, dated 30.7.2004 as Act No. 19 of 2004, after obtaining assent of the President. In view of this, the excess amount drawn in 2001-2002 stands regularized. Action taken in this regard is, therefore, completed.

[Ministry of Finance, Department of Economic Affairs (Budget Division),
New Delhi-110 001
O.M. No. F. 4 (12)-B (SD)/2004 dated.....25.08.2004]

Action Taken (Department of Posts)

As prescribed in Article 115 (1) (b) of the Constitution of India an amount of Rs. 45000 expended in excess under Revenue (Charged) and Rs. 15,83,000 under Capital (Charged) Total Rs. 16,28,000 in the year 2001-02 has since been regularised under Demand No. 11 as intimated *vide* Ministry of Finance, Department of Economic Affairs (Budget Division), New Delhi No. F. 4 (12)-B(SD)/2004 dated 2-8-2004.

DMANDS FOR EXCESS GRANTS
DEMAND NO. 11
DEPARTMENT OF POSTS

Amount expended in excess of the Grant for the year ended 31st March, 2002, in respect of DEPARTMENT OF POSTS under the MINISTRY OF COMMUNICATIONS.

Charged: Sixteen lakh and twenty eight thousand rupees.

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Revenue Charged:	3,00,000	3,45,000	45,000 (a)
Capital Charged:	5,85,00,000	6,00,83,000	15,83,000 (b)
Total	5,88,00,000	6,04,28,000	16,28,000

(a) In the Revenue Section against the final grant of Rs. 3,00,000 the actual expenditure was Rs. 3,45,000 resulting in an excess expenditure of Rs. 45,000 which requires regularisation. The excess expenditure was due to compliance with a judgement of the Hon'ble Supreme Court in a pension case, the copy of which was received in February, 2002. The case, was processed and the payment made in March, 2002. The final grant for 2001-2002 had already been formulated on 22.2.2002. Hence, the demand could not be projected.

(b) In the Capital Section, against 'nil' original grant, a Supplementary Grant of Rs. 5,85,00,000 was obtained in March, 2002. Against the final grant of Rs. 5,85,00,000 the actual expenditure was Rs. 6,00,83,000 resulting in an excess expenditure of Rs. 15,83,000 which requires regularisation. The excess expenditure was incurred to honour a judgement of the Hon'ble Court in an arbitration case. As the demand for additional funds under charged expenditure was received late for effecting the payment, it was not possible to obtain Supplementary Grant. There was no alternative but to incur the expenditure in order to honour the court judgement.

Demands for Excess Grants
for
Expenditure of the Central Government
(Excluding Railways)

Relating to

2001-2002

**Presented to the Lok Sabha in pursuance of clause (1) (b) of Article 115 of the
Constitution**

**[The recommendation of the President, required under clause (3) of Article 113
read with clauses (1) (b) and (2) of Article 115 of the Constitution for making the
Demands has been obtained]**

July, 2004

F. 4 (12)-B(SD)/2004
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)

New Delhi, the 2nd August, 2004

Subject: Demands for Excess Grants relating to 2001-2002

The undersigned is directed to state that the Demands for Excess Grants relating to 2001-2002 have been passed by the Lok Sabha. The connected Appropriation Bill (No. 2), 2004 has also been passed by Parliament and assented to by the President of India on 29th July, 2004 and the Act has been published in the Gazette of India (Extra-ordinary) Part II, Section I dated 30th July, 2004 as Act No. 19 of 2004.

Sd/-

(R.C. SHARMA)

Under Secretary to the Government of India.

1. Smt. Rekha Gupta, Financial Adviser, Department of Posts, Ministry of Communications & IT, Dak Bhawan, New Delhi-110 001.
2. Shri J. Mishra, Member Production (Additional Charge of Member Finance), Ministry of Communications & IT, Department of Telecommunications, Sanchar Bhawan, New Delhi- 110 001.
3. Shri M. Deena Dayalan, Financial Adviser, Department of Economic Affairs, Ministry of Finance, Payments to Financial Institutions, North Block, New Delhi.
4. Shri M. Deena Dayalan, Financial Adviser, Department of Economic Affairs, Ministry of Finance, Interest Payments, North Block, New Delhi.
5. Shri N. A. Viswanathan, Financial Adviser, Ministry of Home Affairs (Other Expenditure of Ministry of Home Affairs), New Delhi.
6. Shri R. S. Prasad, Financial Adviser, Department of Urban Development, Ministry of Urban Development & Poverty Alleviation, New Delhi.
7. The Finance Library (Publication Section) with the request that copies of the Gazette of India (Extraordinary) Part II, Section I dated 30th July, 2004 as Act No. 19 of 2004 be obtained from the Manager of Publication and supplied to Comptroller & Auditor General of India, 10-Bahadur Shah Zafar Marg, New Delhi-110 002. 10 copies of the Demands for Excess Grants relating to 2001-2002 are enclosed herewith for record.
8. The Parliament Library, Lok Sabha Secretariat, New Delhi (5 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
9. Director General of Audit, Central Revenues, AGCR Building, New Delhi-110 002 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).

10. Director General of Audit, Posts & Telecommunications, Sham Nath Marg, Civil Lines (Near Old Secretariat), Delhi-110 054 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
11. The Principal Director of audit, CW&M, New Delhi-110 002 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
12. Comptroller and Auditor General of India, 10-Bahadur Shah Zafar Marg, New Delhi-110 002 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
13. Finance Library, North Block, New Delhi (5 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
14. Joint Secretary (PF-I), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
15. Joint Secretary (PF-II), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
16. Controller General of Accounts, Lok Nayak Bhawan, New Delhi.
17. Lok Sabha Secretariat (PAC Branch), Parliament Annexe, New Delhi-110 001 (5 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
18. JS (Budget) (2 copies).
19. Director (AP) (2 copies).
20. ABO (PRD) (2 copies).
21. All US/DD/DS in Budget Division.
22. All Sections in Budget Division/Plan Finance-I/Plan Finance-II.
23. DD (Hindi) (5 copies).

Action Taken (Department of Telecommunications)

The Demands for Excess Grants relating to 2001-2002 have been passed by the Lok Sabha and the connected Appropriation Bill has been assented to by the President of India *vide* Ministry of Finance O.M. No. F. 4(12)-B(SD)/2004 dated 2nd August, 2004.

This issues with the approval of Member (Finance).

[File No. 1-4/2004-B Dated 13th September, 2005]

The ATN on Para No. 17.13 (2001-2002), duly vetted by the Audit *vide* his Ref. No.-VI/1(b) 400/Appr. A/cs/2001-2002/832 dated 27/09/2005 with the following remarks.

"Seen Thanks."

Action Taken (Ministry of Railways)

The excess expenditure during 2001-2002 has since been regularized.

This has been seen and vetted by Audit *vide* their U.O. No. 154 RA-III/2-1/2003 dated 12-05-2004.

[Ministry of Railways O.M. No. 2003-BC-PAC/XIII/58 dated 30-07-2004]

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 REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee are distressed to find that the excess expenditure during 2001-02 has occurred even after obtaining supplementary grant of Rs. 6429.59 crore in 12 out of 17 cases of excess registering grants/appropriations. Strangely, the Ministry of Railways obtained supplementary Grants in eight cases of excess registering grants/appropriations. There were also three instances in Civil Appropriation Accounts where excess expenditure had occurred despite having obtained supplementary grants. The scrutiny of the cases of excess expenditure incurred despite obtaining supplementary Grants reveals that in five cases, the amount of supplementary Grant obtained had proved inadequate as the excess expenditure incurred in five cases was more than the supplementary grant obtained. The Committee are of the opinion that the instrument of obtaining supplementary grants was not operated judiciously by certain Ministries/Departments during the year under review. The Committee view this situation with grave concern and express their displeasure over the irresponsible attitude displayed by various Ministries/Departments while obtaining supplementary grants during the year under review. They, therefore, desire the concerned Ministries/Departments to thoroughly review and scrutinize the budget estimates at the supplementary grant stage itself so as to obtain the supplementary demands not so casually but in rare and emergent cases only.

[Paragraph 17.2 of Fifty-eighth Report of PAC (Thirteenth Lok Sabha),
Excesses over Voted Grants and Charged Appropriations (2001-02)]

Action Taken (Ministry of Finance)

Out of the six Grants/Appropriations in which the excess has occurred during 2001-02 in respect of the Ministries/Departments other than the Ministry of Railways, it is observed that in Four cases the concerned Ministries/Departments had obtained supplementary grants. It is also stated in this connection that the Ministry of Finance, while calling for the proposals for the supplementary demands for grants, has been emphasizing the need for keep a close watch on the budget allocations and expenditure incurred against such allocations and also for keeping the Supplementary Grants not only to the minimum but also sufficient to cover any foreseeable expenditure. Nevertheless keeping in view the serious concern expressed by the Public Accounts Committee on the recurrence of instances of excess expenditure, further instructions have been issued to all Financial Advisers of the Ministries/Departments *vide* O.M. No. F. 4(12)-B(SD)/2004 dated 17th August, 2004 (copy enclosed) reiterating the instructions already issued in the past. The observations of the Public Accounts

Committee on the recurrence of expenditure in excess of the voted grant and charged appropriations have also been brought to the notice of the Financial Advisers.

This Note has been vetted by Audit *vide* their U.O. No. DGACR/RR/1-4-2004-05/993 dated 17.9.2004.

[Ministry of Finance, Department of Economic Affairs
(Budget Division), New Delhi-110 001
O.M. No. F. 4 (12)-B (SD)/2004 dated 20.9.2004]

NO. F. 4(12)-B(SD)/2004
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)

North Block, New Delhi-110001

Dated: 17 August 2004

OFFICE MEMORANDUM

Subject: Control of expenditure against the sanctioned grants/appropriations and proper assessment of requirements for Supplementary Demands for Grants/Appropriations—Observations of the Public Accounts Committee.

The Public Accounts Committee (PAC) in their 58th Report (13th Lok Sabha) has taken a very serious view of the instances of persistent excess expenditure over the voted grants and charged expenditure, particularly in those cases where the excess expenditure has been incurred in spite of taking Supplementary Grants. The observations of the PAC are reproduced below for information:

"The Committee are distressed to find that the excess expenditure during 2001-02 has occurred even after obtaining supplementary grant of Rs. 6429.59 crore in 12 out of 17 cases of excess registering grants/appropriations. Strangely, the Ministry of Railways obtained supplementary grants in eight cases of excess registering grants/appropriations. There were also three instances in Civil Appropriation Accounts where excess expenditure had occurred despite having obtained supplementary grants. The scrutiny of the cases of excess expenditure incurred despite obtaining of supplementary grant reveals that in five cases, the amount of supplementary grant obtained had proved inadequate as the excess expenditure incurred in five cases was more than the supplementary grant obtained. The Committee are of the opinion that the instrument of obtaining supplementary grants was not operated judiciously by certain Ministries/Departments during the year under review. The Committee view this situation with grave concern and express their displeasure over the irresponsible attitude displayed by various Ministries/Departments while obtaining supplementary grants during the year under review. They, therefore, desire the concerned Ministries/Departments to thoroughly review and scrutinize the budget estimates at the supplementary grant stage itself so as to obtain the supplementary demands not so casually but in rare and emergent cases only."

The Budget Division of the Department of Economic Affairs, Ministry of Finance, while calling for the proposals for Supplementary Demands for Grants has regularly been reiterating the need for reviewing of estimates at the Supplementary Grant stage and making a realistic assessment of the requirements. In this connection para 6 of the

circular d.o. letter, which is issued to the Financial Advisors for inviting proposals for the Supplementary Demands for Grants is reproduced below:

Para 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. ..."

Keeping in view the observations made by the PAC in their 30th Report (13th Lok Sabha), further instructions have already been issued by the Budget Division of the Ministry of Finance, *vide* memorandum No. 4 (10)-B (SD)/2002 dated 26th August, 2002 for keeping in view the provisions of Article 114(3) of the Constitution of India and meticulously following the instructions contained in the General Financial Rules for control of expenditure against the sanctioned grant/appropriation so that instances of expenditure in excess of sanctioned grant/appropriation are eliminated.

In view of the **serious concern expressed by the PAC**, *vide* paragraph 69 of their report reproduced above, it is once again reiterated that the Financial Advisors of the Ministries/Departments should thoroughly scrutinise the budget estimates at the Supplementary Grant Stage in order to avoid instances of excess expenditure.

Sd/-
(K.S. Menon)
Joint Secretary (Budget)

To

All Financial Advisors of the Ministries/Departments

Action Taken (Department of Posts)

In the Revenue Section though supplementary grant was not obtained there was actual expenditure of Rs. 3,45,000 against the final grant of Rs. 3,00,000. Excess expenditure of Rs. 45,000 has since been passed by Parliament and assented to by the President of India on 29th July 2004 and the Act has been published in the Gazette of India (Extra-ordinary) Part II, Section I dated 30th July 2004 as Act No. 19 of 2004 (Photocopy enclosed).

In the Capital Section against "NIL" original grant, a Supplementary Grant of Rs.5,85,00,000 was obtained in March 2002 and an amount of Rs.6,00,83,000 was incurred during the year 2001-02 resulting in excess of Rs.15,83,000 (only 2.63% of total Grant). The excess was incurred to honour a judgement of the Hon'ble Court in an arbitration case. As the demand for additional funds under charged expenditure was received very late for effecting payment, it was not possible to obtain further Supplementary Grant. Under the circumstances there was no alternative but to incur expenditure in order to honour the court judgement. The excess expenditure of Rs.15,83,000 has been passed by Parliament and assented to by the President of India on 29th July, 2004 and the Act has been published in the Gazette of India (Extra-ordinary) Part II, Section I dated 30th July,2004 as Act No. 19 of 2004 (Photocopy enclosed). However recommendation of the Committee has been noted for future guidance and all concerned have suitably been instructed to avoid recurrence of such event.

Demands for Excess Grants

for

**Expenditure of the Central Government
(Excluding Railways)**

Relating to

2001-02

**Presented to the Lok Sabha in pursuance of clause (1) (b) of Article 115 of the
Constitution**

**[The recommendation of the President, required under clause (3) of Article 113
read with clauses (1) (b) and (2) of Article 115 of the Constitution for making the
Demands has been obtained]**

July, 2004

F4(12)-B(SD)/2004
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)

New Delhi, the 2nd August, 2004

Subject: Demands for Excess Grants relating to 2001-2002.

The undersigned is directed to state that the Demands for Excess Grants relating to 2001-2002 have been passed by the Lok Sabha. The connected Appropriation Bill (No. 2), 2004 has also been passed by Parliament and assented to by the President of India on 29th July, 2004 and the Act has been published in the Gazette of India (Extra-ordinary) Part II, Section I dated 30th July, 2004 as Act No. 19 of 2004.

Sd/-

(R.C. SHARMA)

Under Secretary to the Government of India

1. Smt. Rekha Gupta, Financial Adviser, Department of Posts, Ministry of Communications & IT, Dak Bhawan, New Delhi-110001.
2. Shri J. Mishra, Member Production (Additional Charge of Member Finance), Ministry of Communications & IT, Department of Telecommunications, Sanchar Bhawan, New Delhi-110001.
3. Shri M. Deena Dayalan, Financial Adviser, Department of Economic Affairs, Ministry of Finance, Payments to Financial Institutions, North Block, New Delhi.
4. Shri M. Deena Dayalan, Financial Adviser, Department of Economic Affairs, Ministry of Finance, Interest Payments, North Block, New Delhi.
5. Shri N.A. Viswanathan, Financial Adviser, Ministry of Home Affairs (Other Expenditure of Ministry of Home Affairs), New Delhi.
6. Shri R.S. Prasad, Financial Adviser, Department of Urban Development, Ministry of Urban Development & Poverty Alleviation, New Delhi.
7. The Finance Library (Publication Section) with the request that copies of the Gazette of India (Extra-ordinary) Part II, Section I dated 30th July, 2004 as Act No. 19 of 2004 be obtained from the Manager of Publication and supplied to Comptroller & Auditor General of India, 10-Bahadur Shah Zafar Marg, New Delhi-110002. 10 copies of the Demands for Excess Grants relating to 2001-02 are enclosed herewith for record.
8. The Parliament Library, Lok Sabha Secretariat, New Delhi (5 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
9. Director General of Audit, Central Revenues, AGCR Building, New Delhi-110002 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).

10. Director General of Audit, Posts & Telecommunications, Sham Nath Marg, Civil Lines (Near Old Secretariat), Delhi-110 054 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
11. The Principal Director of Audit, CW&M, New Delhi-110 002 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
12. Comptroller and Auditor General of India, 10-Bahadur Shah Zafar Marg, New Delhi-110 002 (10 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
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14. Joint Secretary (PF-I), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
15. Joint Secretary (PF-II), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
16. Controller General of Accounts, Lok Nayak Bhawan, New Delhi.
17. Lok Sabha Secretariat (PAC Branch), Parliament Annexe, New Delhi-110001 (5 Copies of the Demands for Excess Grants relating to 2001-2002 are enclosed).
18. JS (Budget) (2 copies).
19. Director (AP) (2 copies).
20. ABO (PRD) (2 copies).
21. All US/DD/DS in Budget Division.
22. All Sections in Budget Division/Plan Finance-I/Plan Finance-II.
23. DD (Hindi) (5 copies).

DEMAND NO. II**DEPARTMENT OF POSTS**

Amount expended in excess of the Grant for the year ended 31st March, 2002 in respect of DEPARTMENT OF POSTS under the MINISTRY OF COMMUNICATIONS.

Charged: Sixteen lakh and twenty eight thousand rupees.

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Expenditure Rs.
Revenue Charged:	3,00,000	3,45,000	45,000(a)
Capital Charged:	5,85,00,000	6,00,83,000	15,83,000(b)
Total	5,88,00,000	6,04,28,000	16,28,000

- (a) In the Revenue Section, against the final grant of Rs. 3,00,000 the actual expenditure was Rs. 3,45,000 resulting in an excess expenditure of Rs. 45,000 which requires regularisation. The excess expenditure was due to compliance with a judgement of the Hon'ble Supreme Court in a pension case, the copy of which was received in February, 2002. The case was processed and the payment made in March, 2002. The final grant for 2001-2002 had already been formulated on 22.2.2002. Hence, the demand could not be projected.
- (b) In the Capital Section, against 'nil' original grant, a Supplementary Grant of Rs. 5,85,00,000 was obtained in March, 2002. Against the final grant of Rs. 5,85,00,000 the actual expenditure was Rs. 6,00,83,000 resulting in an excess expenditure of Rs. 15,83,000 which requires regularisation. The excess expenditure was incurred to honour a judgement of the Hon'ble Court in an arbitration case. As the demand for additional funds under charged expenditure was received late for effecting the payment, it was not possible to obtain Supplementary Grant. There was no alternative but to incur the expenditure in order to honour the court judgement.

Action Taken (Department of Telecommunications)

The recommendations of the Committee have been noted.

This issues with the approval of Member (Finance).

[File No. 1-4/2004-B Dated 26th May 2004]

This has been vetted by D.G. Audit (P&T) Vide their U.O. No. RRIII/1(b) 400 App A/CS/2001-2002/162 dated 17 June 2004 with the remarks:—

"The ATN is duly vetted".

Action Taken (Ministry of Railways)

The concern of the Committee is noted for doing the needful.

This has been seen and vetted by Audit *vide* their U.O. No. 154 RA-III/2-1/2003 dated 12-05-2004.

[Ministry of Railways O.M. No. 2003-BC-PAC/XIII/58 dated 30-07-2004]

Action Taken (Ministry of Urban Development)

In so far as Para 17.2, Sl. No. 2, Appendix V of 58th Report of PAC (13th Lok Sabha) presented to the Lok Sabha on 22nd December, 2003 is concerned

Lok Sabha Secretariat *vide* their OM dated 22.12.2003 (received in Budget Section on 20.1.2004) asked the Ministry of Urban Development to furnish ATN to them, duly vetted by Audit, by 21st June, 2004. ATN was sent already to Monitoring Cell with a copy to PAC Branch Lok Sabha Secretariat on 14th October, 2003. Although Explanatory Note for excess payment in Demand No. 80 during the year 2001-02 was sent to PAC Branch on 14.10.2003 but it could not be sent well before the Appropriation Accounts (Civil) were laid in the House on 22.4.2003 due to procedural delays. In so far as reasons for Excess expenditure of Rs. 4,49,75,952 over and above original grant of Rs. 434,39,00,000+Supplementary Grant of Rs. 85814,00,000 making thereby final grant of Rs. 1292,53,00,000 in Demand No. 80—Department of Urban Development during the year 2001-2002 are concerned a copy of ATN sent earlier is enclosed.

2. A Perusal of ATN reveals that the excess expenditure of Rs. 4,4975,952 is in different sub-heads of Major Head 4216, as under:—

(Rs. in lakh)

Major Head 4216—Capital Outlay on Housing

(i)	Sub-Head: 4216.01.106.03—Urban Development (Construction)	332.65
(ii)	Sub Head: 426.01.700.06—Finance (Revenue)	178.59
(iii)	Sub-Head: 4216.01.700.10—Meteorology	18.28
(iv)	Sub-Head: 4216.01.700.17—Lok Sabha/Rajya Sabha	362.62
(v)	Sub-Head: 4216.01.700.30—Personnel, Public Grievances & Pensions	206.28

However, net excess expenditure in Demand No. 80 during 2001-02 was Rs. 4.49 crore after regularization of excess expenditure through re-appropriations.

3. Out of 5 sub-heads, supplementary grant of Rs. 32.68 lakh was taken under sub-head 4216.01.700.06—Finance (Revenue) where excess expenditure over and above original grant plus supplementary grant was Rs. 178.59 lakh as the payments had to made due to good progress in construction works under CE (NZ) III Jaipur and CE (EZ) II Patna and repayments of loan drawn from the Welfare Fund of CBEC for purchase of land at various places as they were pressing for the repayment of the loan during 2001-2002 itself. In other cases although the excess expenditure has been there but in those cases no supplementary grant was taken by Department of Urban Development. Necessary instructions to all the Zonal Engineers of CPWD, requesting them not to incur expenditure beyond the budget allocation had been issued from time to time. A

copy of instruction dated 1.2.2002 issued by CPWD is enclosed. CPWD who have incurred excess expenditure whether over original grant i.e. without taking any supplementary grant or over final grant i.e. by taking supplementary grant also, are being advised to separately review and scrutinize their estimated requirements of funds at the supplementary grant stage itself in future, so that excess expenditure do not recur. They are also being advised to ensure that the allocation made at BE stage are not exceeded without proper authorization of additional allocation either through re-appropriation or supplementary grant. A copy of the instructions is also being endorsed to other Divisions who are responsible for incurring expenditure, with a copy to all PAOs (copy enclosed).

[No. G-25017/10/2002-Bt. dt. 4.7.2005]

GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT & POVERTY ALLEVIATION
(BUDGET SECTION)

2001-2002 DEMAND FOR EXCESS GRANTS
DEMAND NO. 80

DEPARTMENT OF URBAN DEVELOPMENT

Amount expended in excess of the Grant for the year ended 31st March 2002 in respect of the Department of Urban Development under the Ministry of Urban Development & Poverty Alleviation.

Voted: Four crore forty-nine lakh seventy five thousand nine hundred and fifty two rupees.

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Capital			
Voted	1292,53,00,000	1297,02,75,952	4,49,75,952

The original grant of Rs. 434,39,00,000 was augmented to Rs. 1292,53,00,000 by obtaining supplementary grant of Rs. 85814,00,000. Against the final grant of Rs. 1292,53,00,000 the actual expenditure was Rs. 1297,02,75,952 resulting in excess expenditure of Rs. 4,49,75,952 which requires regularization. The excess expenditures was due to the reasons as under:—

1. **Major Head: 4216—Capital Outlay on Housing**

Sub-Head: 4216.01.106.03—Urban Development (Construction)

	(Rs. in lakh)
Original/Total Grant	7950.00
Actual Expenditure	8282.65
Excess	332.65

This sub head is operated to book expenditure relating to construction of General Pool Accommodation. RE of Rs. 9980.00 lakh was received during February 2002 only. Consequently, the excess expenditure was incurred on the following works, which were in full swing, and the payment was due to be made to meet contractual obligations.

- (i) Construction of GPRA at Jaipur.
- (ii) Construction of GPRA at SM Plot and Navi Mumbai near completion.
- (iii) Construction of 252 number GPRA quarters at Nagpur which were progressing very fast.

2. Sub Head 4216.01.700.06—Finance (Revenue)

	(Rs. in lakh)
Original Grant	3732.00
Supplementary Grant	3268.00
Total Grant	7000.00
Actual Expenditure	7178.59
Excess	178.59

This sub-head is operated for booking of expenditure relating to construction of residential accommodation for various departments under the Ministry of Finance like the CBDT, CBEC and Narcotics. Excess under this head was due to good progress in construction works under CE (NZ) III Jaipur and CE (EZ) II Patna and repayments of loan drawn from the Welfare Fund of CBEC for purchase of land at various places and they were pressing for the repayment of the loan during 2001-2002.

3. Sub Head 4216.01.700.10-Meteorology

	(Rs. in lakh)
Original Grant	100.00
Actual Expenditure	118.28
Excess	18.28

This sub-head is operated for booking of expenditure relating to construction of residential accommodation for Meteorology Department. Excess under this sub-head was due to construction work of office-cum-residential building at Ajmer, which was in full swing.

4. Sub Head 4216.01.700.17—Lok Sabha/Rajya Sabha

	(Rs. in lakh)
Original Grant	275.00
Supplementary Grant	Nil
Total Grant	275.00
Actual Expenditure	637.62
Excess Expenditure	362.62

Excess was due to purchase of land measuring 5.547 acre in R.K. Puram, New Delhi for construction of residential Staff accommodation for Lok Sabha Secretariat. However, excess expenditure was regularized by re-appropriation from other Sub-heads under major Head "4216".

5. Sub Head 4216.01.700.30—Personnel, Public Grievances & Pensions

	(Rs. in lakh)
Original Grant	100.00
Supplementary Grant	Nil
Total Grant	100.0
Actual Expenditure	306.28
Excess	206.28

Excess was due to purchase of land from Lucknow Development Authority for construction of residential quarters for CBI Lucknow. However, excess expenditure was regularized by re-appropriation from other Sub-heads under Major Head "4216".

Sd/-

(R.S. Prasad)

Joint Secretary & Financial Adviser.

[No. G-25017/10/2002-Bt. Dated the 26th April 2004]

GOVERNMENT OF INDIA
DIRECTORATE GENERAL OF WORKS
CENTRAL PUBLIC WORKS DEPARTMENT
(BUDGET SECTION)

No. 1(1)/2001-Bt. DG(W)

Dated: 1-2-2002

Sub:— Actual requirement of fund for 2001-02 and surrender of 'saving'.

While reviewing the up to date Budget allotment and expenditure trend up to 12/2001 which are sent by your office under following Sub-Heads, it is seen that Expenditure as a percentage of allotment is very low. It is also feared that you may not be able to spend the existing Budget allotment provided to your Zone under the following sub-heads. Even the RE demand projected by you is also much higher than the existing Budget allotment.

(Rs. in thousand)

Sub-Head	Up to date allotment	Expenditure	RE Demand
4216-U.D. (Plan)	56600	31896	69300
4059-U.D. (Plan)	30000	16059	37200
2059-Minor Works (NP)	25000	13584	39500
2059-Stock (NP)	7500	3532	7500
2059-M.W.A. (N.P.)	5000	1997	5000
4059-U.D. (NP)	45800	24665	75500

You are therefore requested to review the actual requirement of funds so that any "saving" may be utilized by other needy Zones or Re-appropriated to other sub-heads.

2. The Finance Ministry has agreed to provide substantial amount in RE under MH:4059-Finance (NP), MH:4216-Finance (NP), MH:2216-Lease Charges and MH:2059 Lease Charges. Hence you are requested to review the position under these sub-heads and intimate the Directorate how much budget is required under these sub-heads so that all on going projects run smoothly, payments are made for which funds are issued from Welfare Funds, of the Client Department, and payments are made for which sanctions have been received, and amount due for local bodies are paid. It may also be ensured that no "saving" under these sub-heads occur, as the additional allotment now being made would be through Supplementary/Re-appropriation. Consequence of any "saving" under these sub-heads after allotment of RE funds made from the Directorate, will be the responsibility of concerned office.

3. Ministry of Finance has not agreed to provide any additional budget allotment under (Plan) office building in RE. Hence it is requested to review the budget allotment under all capital heads, specially MH:4059-Urban Development (P), MH:4059-Mines

(P) & MH:4202-Other Expenditure (P) and if any "saving" are there, it may be intimated to this Directorate so that this 'saving' may be re-appropriated to other needy sub-heads like MH:4210-Medical (P), MH:4250-Employment (P), MH:4885-Industries(P), MH:5052-Shipping(P), MH:5425-S.O.I. (P) & MH:5455-Meteorology(P) for further utilization of funds.

4. Under MH:2059-Public Works, Ministry of Finance has not agreed to provide any additional budget allotment in RE, but from the expenditure trend up to 12/2001, it is observed that we may have huge 'saving' under MH:2059-Salaries, Stock, M.W.A. & Minor Works. If these 'saving' are surrendered well in time, Directorate may be in position to divert these 'saving' to Maintenance, Lease Charges and other needy sub-heads by Re-appropriation. For this purpose you may review 'salary' heads as under:

- a. Anticipated expenditure for 1/2002 to 3/2002 will not be more than 1/5 of the expenditure already incurred up to 12/2001 as salary of ten months and bonus has already been paid and only two months salary (1/2002 & 2/2002) has to be paid in current financial year. (March salary has to be paid in the next financial year).
- b. If expenditure up to 1/2002 is available, anticipated expenditure under salary heads will not be more than 1/11th of the expenditure already incurred up to 1/2002 during current financial year.

In view of above you are again requested to review the position of budget allotment as well as expenditure and intimate the actual requirement of funds and surrender of funds in all sub-heads. So that the Directorate may be in position to consider these requirements in RE allotment which will be distributed shortly. It may be noted that any 'saving' which are not surrendered by concerned office in time and any excess expenditure will be viewed take seriously by the Directorate/Ministry, and the consequence will be borne by the concerned office.

Kindly make a realistic assessment of funds to avoid any Surrender/Excess.

All the above information may be sent to this Directorate by 5.2.2002 positively through FAX/SPEED POST.

Sd/-
(J.M. Raj)
Dy. Director General (W)

To
Shri K.N. AGGARWAL,
Chief Engineer (NDZ)I
C.P.W.D., New Delhi.

Copy to:-

The A.D.G. (S&P), C.P.W.D

Sd/-
Dy. Director General (W)

NO. G-25015/2/2004-BT.
GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT
(BUDGET SECTION)

New Delhi dated the 27th April, 2005

OFFICE MEMORANDUM

Sub:- Excess over voted grants and charged appropriations 2001-02

Attention is invited to Para 17.2, 17.3 & 17.4 (Appendix-V of 58th Report of PAC, 13th Lok Sabha). During the year 2001-02 in Demand No. 80 CPWD have incurred an excess expenditure of Rs. 4.49 crore in Major Head '4216' and sub-heads Urban Development (Construction), Finance (Revenue), Meteorology, Lok Sabha/Rajya Saba and Personnel, Public Grievances & Pensions. Although the ATN/Explanatory Note has been furnished to PAC Branch on 14th October, 2003 but the submission has been delayed due to procedural delay i.e. furnishing of feed back by CPWD and vetting of the same by Audit etc. In fact the Explanatory Note was required to be furnished well before the Appropriation Accounts (Civil) were laid in the House on 22.4.2003. The directions of Hon'ble PAC *vide* the above cited Para Numbers are enclosed herewith for information and guidance. Keeping in view of the directions of Hon'ble Committee all concerned are advised:-

- (i) To thoroughly review and scrutinize the budget estimates at the supplementary grant stage itself so as to obtain the supplementary demands not so casually but in rare and emergent cases only.
- (ii) To analyse in depth the reasons for recurring phenomenon of excess expenditure with a view to initiating timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/contained within the funds authorized by Parliament for the purpose.
- (iii) To make all out efforts by all concerned to eliminate the avoidable delays in future by ensuring strict adherence to schedule prescribed in this regard so that the excesses are expeditiously brought before Parliament and regularized accordingly.

2. The cases of excess expenditure without proper authorization either through re-appropriation or supplementary grant in future will be viewed seriously by Ministry of Urban Development, and accountability on such serious lapses, violating the Parliamentary control over public finances, should rest with the CPWD in general and violaters in particular. A system may be devised, under intimation to JS & FA (within two weeks) to ensure that such instances are given due attention and responsibility is fixed.

Sd/-

27.4.05

(Neena Garg)

Joint Secretary & Financial Adviser.

Tel: 23019792

To

1. DG (W), CPWD.
2. Copy to all Directors/Deputy Secretaries in Ministry of Urban Development and also the heads of the organizations like TCPO, Directorate of Printing etc.

Recommendation

The scrutiny of Appropriation Accounts (Civil) for the year 2001-02 reveals that there was excess expenditure of Rs. 878.67 crore incurred under five Grants/Appropriations operated by Ministry of Finance (Department of Economic Affairs) (two grants), Department of Telecommunications, Ministry of Home Affairs and Ministry of Urban Development (one grant each). The contributory reasons attributed to the excess expenditure by the concerned Ministries/Departments indicate that there is a need on the part of these Ministries/Departments to review their budgetary assumptions or/and efficiency of their programme management. The Committee's scrutiny of Appropriation Accounts (Civil) for the past ten years reveal that in the past two years i.e. year 1999-2000 (Rs. 0.57 crore in two cases) (Rs. 0.44 crore in one case) the no. of cases as well as the excess expenditure incurred showed the declining trend while during the year under review the position in totally reversed wherein the excess expenditure incurred under Civil Ministries has touched the high figure of Rs. 878.67 crore which is substantially higher than that incurred during the last two years. The Committee are, however, constrained to note that the position deteriorated so soon and to such an extent. The Committee would like the concerned Civil Ministries/Departments to once again analyse in depth the reasons for recurring phenomenon of excess expenditure with a view to initiating timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/contained within the funds authorized by Parliament for the purpose.

[Paragraph 17.4 of 58th Report of Public Accounts Committee (2003-2004) on
Excess over voted Grants and charged Appropriations (2001-2002)].

Action taken (Ministry of Finance)

The Appropriation - Interest Payments is centralized appropriation which provides for interest charges on Central Government's debt obligations, both internal and external. It also includes provisions for interest payable on provident funds, special deposits with the Government besides depreciation and other reserve funds of commercial departments, like Railways. Provisions for management of debt and other liabilities of the Central Government are also included in this Appropriation. The entire expenditure included in this Appropriation is classified as 'charged' on the Consolidated Fund of India under article 112(3)(c) of the Constitution of India.

2. The excess expenditure of Rs. 28.39 crore in Appropriation No. 26 — Interest Payments during the year, has already been regularized through Demands for Excess Grants relating to 2001-02 vide Appropriation Bill (No. 2) of 2004 passed by Parliament and assented to by the President of India on 29.7.2004.

3. Ministries/Departments are being advised to put in place effective coordination between estimating and disbursing authorities with the help of sound data-base and other mechanism so that excess expenditure could be avoided.

4. This has been vetted by Audit vide their U.O. No. RR/1-13/2005-06/240 dated 24.8.2005.

[F.No.6(5)-B(AC)/2005 dated 26.8.2005].

Action Taken (Department of Telecommunications)

In the Department of Telecommunications, as in- depth analysis of the expenditure for last three years have been made. There was no excess during the years 1999-2000 and 2000-2001. There was an excess expenditure under Capital section during 2001-2002 which was due to adjustment of amounts lying under Suspense & Remittance Head. The said adjustment was necessitated for transferring the reconciled balance to Bharat Sanchar Nigam Limited. This excess expenditure was merely a book adjustment without involving any cash outgo.

This issues with the approval of Advisor (Finance).

This has been vetted by D.G. Audit (P & T) vide their U.O. No. RR/III/1 (b) 400 App. A/CS/2001-02/314 dated 27.8.04 with the remarks.

"See thanks".

Action Taken (Ministry of Home Affairs)

It is submitted here that in the financial year 2001-02, there was an excess expenditure of Rs.5.74 lakh under Capital Section (Charged) in Grant No.44—other Expenditure of MHA.

2. An "Excess Note" for the aforesaid excess expenditure has already been furnished to Ministry of Finance (Monitoring Cell) on 13.10.2003, for onward submission to Lok Sabha Sectt. (PAC Branch) (copy enclosed). In this 'Excess Note', the remedial action taken by the Ministry to avoid recurring of such cases in future has also been mentioned.

3. The Ministry agree with the PAC that there should not be any expenditure in excess of the funds provided by the Parliament for the purpose. Instructions have been issued from time to time by the Ministry to the all concerned not to incur any expenditure in excess of the allotted funds. In the last year, Chief Controller of Accounts (Home) had also brought to the notice of all Divisional Heads/Heads of Departments and other concerned the provisions of GFR regarding expenditure in excess of the budget allotment (copy enclosed).

4. The Recommendations of PAC (40th Report) (13th Lok Sabha) on 'Excesses Over Voted Grants and Charged Appropriations (2000-2001)', circulated by Ministry of Finance vide its OM No. 12(1)E. Coord./2003 dated 19.5.2003 have also been brought to the notice of all concerned by this Ministry (copy enclosed).

5. Every sincere effort will be made in future to avoid cases of excess expenditure.

[Ministry of Home Affairs O.M. No. 28/2/2004-Bgt. I dated 27-04-2004]
(This '**Action Taken Note**' has been vetted by O/O DGACR vide their U.O. No. RR/
6-35/2003-04/23 dated 13.4.2004).

NO. 16/2/2002-BGT.I
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

New Delhi, the October 13th, 2003

OFFICE MEMORANDUM

Subject: Explanatory Note for Excess Expenditure, which occurred under Capital Section (Charged) in Grant No. 44—Other Expenditure of MHA in the Financial Year 2001-02 (Action Taken Note on Audit Para No. 7.1. (Item No. 5 of Table No. 7.2) of C&AG's Report No. 1 of 2003).

The undersigned is directed to forward herewith **40 copies of English version** and **25 copies of Hindi version** of the above stated '**Explanatory Note for Excess Expenditure**' for necessary action.

2. The above '**Explanatory Note for Excess Expenditure**' has been vetted by Office of the DGACR vide their U.O. No. RR/6-10/2003-2004/686 dated 19th September 2003.

3. With the furnishing of this '**Explanatory Note for Excess Expenditure**', the above stated 'Audit Para' also stands disposed of.

Sd/-

(M.P. RAO)

Under Secretary to the Government of India

Tel. No. 23092784

Enclosures: As above.

Ministry of Finance (Department of Expenditure),
(Monitoring Cell),
Room No. 29, II Floor,
Lok Nayak Bhawan,
New Delhi-110003.

No. 16/2/2002-Bgt.I

New Delhi, the October 13th, 2003

Copy with a copy of enclosures (both in English and Hindi versions) also forwarded to:—

1. Office of the Director General of Audit, Central Revenues (Shri Manmohan Singh, Senior Audit Officer (R-I), AGCR Building, I.P. Estate, New Delhi, w.r.t. their U.O. Note cited above.
2. The Comptroller and Auditor General of India, Bahadur Shah Jafar Marg, New Delhi.
3. Controller General of Accounts, Ministry of Finance, Lok Nayak Bhavan, New Delhi.
4. Budget-II Section, MHA, Room No. 204, North Block, New Delhi.
5. Guard File.

Spare Copies:10

Sd/-

Under Secretary to the Government of India

FILE NO. 16/2/2002-BGT.I
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

Explanatory Note for Excess

Explanatory note for Excess Expenditure under Capital Section (Charged) in respect of Grant No. 44—Other Expenditure of MHA for the year 2001-02.

Capital Section (Charged)

	(Rupees in thousands)
Original Grant	12,21,00
Supplementary Grant	Nil
Total Grant	12,21,00
Actual Expenditure	12,26,74
Excess	5,74

2. Under Capital Section (Charged), the total provision was Rs. 12,21,00 thousand. Against this the actual expenditure was Rs. 12,26,74 thousand, resulting in excess expenditure of Rs. 5,74 thousand.

3. The sub-head under which the excess expenditure of Rs. 5 lakh and above occurred and reasons therefor are explained below:

Major Head "7601"

Loans and Advances to State Governments

(Charged)

7601.05—Loans for Special Plan Schemes

7601.05.101—Schemes of North Eastern Council

7601.05.101.01—Special Development Project

	(Rupees in thousands)
Original Grant	12,21,00
Supplementary Grant	Nil
Total Grant	12,21,00
Actual Expenditure	12,26,74
Excess	5,74

The amount of Rs. 12,21,00 thousand as the 'Loan and Advances' portion was estimated cost for that year's expenditure. But on the pressure of the State Governments, the previous loan and advances lying as liabilities, to be paid to the State Governments, were paid by North Eastern Council Secretariat, thereby resulting in the excess payment of Rs. 5.74 lakh.

Remedial Action Taken

Instructions have been issued from time to time to restrict the expenditure upto the budget provision. The latest instructions have been issued in the month of August, 2002 by the then Home Secretary. A copy of these instructions is enclosed.

2. Instructions have also been issued by the then Home Secretary to CCA (Home) that the provision of GFRs enabling PAOs to release payment in excess of the budgetary provision, based on the undertaking from Head of Department, be used very sparingly and that both CCA and concerned PAO will be personally responsible for excess expenditure beyond budgetary provision. CCA (Home) has also directed the PAOs, not to make any payment without receipt of formal necessary re-appropriation orders. Copies of these instructions dated 7.9.2002 and 5.11.2002 are also enclosed.

Sd/-

(N.A. Viswanathan)

Joint Secretary and Financial Adviser (Home)

[This 'Excess Note' has been vetted by O/O DGACR vide their U.O. No. RR/6-10/2003-04/686 dated 19th September 2003]

NO. 10/27/2002-BGT.I
MINISTRY OF HOME AFFAIRS

Sub: Management of budgetary provisions in MHA

In continuation to the instructions of even number dated 20th August, 2002, following directions are issued for strict compliance by FA(H)/CCA(H):

1. FA (H) will monitor implementation of the guidelines mentioned in the above instructions by CPMFs/CPOs and will bring to the notice of the respective Special Secretaries if any of the CPMFs/CPOs is found to be not implementing the guidelines and failing in submission of quarterly reports of the reviews conducted by them in respect of financial and expenditure management as provided in General Financial Rules (GFR).
2. FA (H) will correspond with the Divisional Heads for receipt of budgetary requirements at both BE and RE stages and will process these proposals further for obtaining approval of Ministry of Finance after obtaining the views of the Divisional Heads on such funds requirements.
3. While finalizing the requirements for RE for the current year and BE for the next year, I.F. Division will take special care to firm up such estimates so that the possibility of savings is avoided as far as possible. Concerned Divisional Heads should also be intimated, well in advance, on the requirements for seeking second batch of supplementaries as in the Ministry we have already taken a view that seeking of funds in the third batch of supplementaries will have to be avoided unless it is absolutely necessary.
4. Before seeking any supplementary funds, FA(H) will ensure that the saving by way of re-appropriations in the same grants are not available.
5. All proposals for re-appropriations shall invariably be received through Divisional Heads along with their views and only thereafter will the proposal or re-appropriation be sent to Ministry of Finance.
6. Monthly review of progress of the expenditure with the officials of CPMFs/CPOs and Divisional Heads in MHA should be carried out by I.F. Division. At least quarterly review will also be carried out by FA(H) with the concerned officers of the Union Territories to ensure adherence to the provision of GFR.
7. In the last quarter of the year, considering the substantial budget outlay of the Ministry, regular monitoring will be carried out by FA(H) to ensure that savings which are not likely to be utilized for any approved activity are surrendered in time and as far as possible savings at the end of the year are surrendered in full to avoid any adverse observations by audit in future. In the last quarter of the year, FA(H) will also have fortnightly meetings with the IFAs/concerned IGs of the CPMFs/CPOs and Divisional Heads in MHA to ensure adherence to various facets of financial discipline.

8. Budget Branch under FA(H) will have a close interaction with the accounts officials of various CPMFs/CPOs and other spending organizations to see that all the required provisions of budgetary control provided in GFRs are strictly adhered to.
9. While GFRs provide that the PAOs can release funds on the undertaking from Head of Department controlling the Grant that necessary funds to accommodate the disbursements will be provided by issue of re-appropriation orders etc, it has been observed that this particular provision has resulted in excess expenditure in various grants of MHA and restraint has to be exercised on this power of PAOs for ensuring better financial discipline. It will, therefore, be the responsibility of CCA(H) that such provision of GFR is used very sparingly. CCA(H) and concerned PAO will be personally responsible for excess expenditure beyond budgetary provisions in any object head, sub-head etc.

Sd/-
(KAMAL PANDE)
Home Secretary
Dt. 07.09.2002

A(H)/CCA(H)

PRINCIPAL ACCOUNTS OFFICE (ACCOUNTS)
MINISTRY OF HOME AFFAIRS

सी-1, हटमेन्ट्स, डलहौजी रोड
C-1, HUTMENTS, DALHOUSIE ROAD
नई दिल्ली-110001
NEW DELHI-110001
Ph.: 23016148

सं./No. 11-23/Pr.AC/A/Cs/MHA/ATN/2001-02/678.

दिनांक/Dated 5.11.2002

Sub: Excess expenditure being incurred by various divisions/authorities without re-appropriation of fund.

As per Article 114(3) of the Constitution, no money can be withdrawn from the Consolidated Fund of India except under appropriation made by law. As per provisions of Annexure 'A' to note B under Rule 66 of GFR, no payment should be made in excess to budget allotment under any sub-head or primary unit of appropriation. All the PAOs are hereby directed not to make payment without receipt of formal necessary re-appropriation orders from Head of the Department, which is agreed to by Budget Division in writing. The excess of expenditure occurs due to the following reasons:—

- (i) downward revision of grant from the original budget provision at RE stage, and late/non-communication of Revised Estimates.
- (ii) non-fulfillment of assurances by the budget section.
- (iii) surrender of amount without taking into consideration actual expenditure at the time of surrendering the amount.
- (iv) incorrect re-appropriation orders at the close of the financial year.
- (v) irregular transfer/re-appropriation of funds from Capital to Revenue and vice-versa.
- (vi) non-maintenance/improper maintenance of Expenditure Control Register and non-reconciliation of expenditure with the departmental officers.

2. In order to eliminate the chance of recurring any excess expenditure under any sub-head, it is directed that aforesaid provisions of the GFR and other instructions of the Govt. issued from time to time, are strictly observed so that PAOs are also able to make payment only in such cases where budget provisions are made in advance and there is no excess in any of the unit of appropriation to avoid any adverse comment of the CAG in future.

FA (Home) has further directed that no Pay & Accounts Officer will allow payment beyond budgetary provision even against the undertaking from Head of the Department that the funds would be made available in Revised Estimates.

Sd/-

(JAWAHAR THAKUR)
Chief Controller of Accounts

All Dy. CAs/PAOs RPAOs

PRINCIPAL ACCOUNTS OFFICE(A/Cs)
MINISTRY OF HOME AFFAIRS,
NEW DELHI

No. 11-23/Pr. AO(A/Cs)/MHA/ATN/2003-04/72

Dated 21.04.2003

OFFICE MEMORANDUM

**Sub: Excess expenditure being incurred by various divisions/authorities
without re-appropriation of fund.**

As per Article 114(3) of the Constitution, no money can be withdrawn from the Consolidated Fund of India except under Appropriation made by law. As per provisions of Annexure-'A' to Note 3 under rule 66 of GFR, no payment should be made in excess to budget allotment under any sub-head or primary unit of appropriation. During the financial year 1999-2000, excess expenditure was incurred in respect of Grant No. 47-Police and Grant No. 49-Transfer to UTs without re-appropriation of funds and re-appropriation of funds without reconciling the expenditure figures with the Pay & Accounts Office resulting in excess of expenditure over the budget allotment. This has been adversely commented on by the C&AG office. The excess had mainly occurred due to non-reconciliation of expenditure by the department/Ministry with the concerned PAO. In order to monitor the expenditure and to avoid excess over the budget allotment, all the Head of the Department/Units are requested to issue instructions to the staff under their control to reconcile the expenditure on monthly basis and in the month of March on weekly basis. The PAO is also to send a monthly expenditure statement to the concerned DDO/Deptt. so that action can be taken by the Department either to surrender or to re-appropriate as the case may be.

Sd/-
(JAWAHAR THAKUR)
Chief Controller of Accounts

To,

All Jt. Secretaries/All HODs/Dy. CAs/PAOs
Under Secretary (Bgt. I)
MHA, North Block,
New Delhi-1

NO. 28/25/2003/BGT.I
MINISTRY OF HOME AFFAIRS
(I.F. DIVISION)

5 June, 2003

**Sub: Realistic and effective assessment of funds/Budget Estimates—
recommendations of the Public Accounts Committee-40th Report
(13th Lok Sabha)—Excess over Voted Grants and Charged Appropriations
(2000-01)**

A copy of the OM No. 12(1)/E. Coord/2003 dated 19th May, 2003 received from Ministry of Finance on the above subject is enclosed. Through this OM, Ministry of Finance have drawn attention of all the Ministries/Departments to the observations of Public Accounts Committee taking adverse note of the occurrence of excess expenditure over Voted Grant/Charged Appropriation and that the Committee has viewed such excesses as clear instances of lack of foresight and monitoring on the part of budget controlling authorities.

2. Ministry of Finance have also drawn attention to the provisions contained in Rule 53, 54 and 55 of GFR emphasizing on the need for making realistic assessment of funds and proper scrutiny of estimates by respective administrative authorities. Extracts of Rules 53, 54 and 55 of GFR are given below:—

Rule 53. Expenditure Estimates— *The detailed estimates of expenditure will be prepared by the estimating authorities by each unit of appropriation (sub/detailed head) under the prescribed Major and Minor Heads of Accounts separately for Plan and Non-Plan expenditure.*

Rule 54. Scrutiny by Heads of Departments— *The estimates of expenditure proposed by the estimating authorities shall, after due scrutiny by the Heads of Departments concerned, be forwarded to the Departments of the Central Government administratively concerned.*

Rule 55. *The estimates, on receipt from the Estimating Authorities, shall be scrutinized according to the procedure prescribed in this behalf and modified as necessary, in the Ministries/Departments administratively concerned and processed further as under—*

- (i) *The estimates of Plan expenditure for the ensuing year will be processed in consultation with the Planning Commission in accordance with the instructions issued by him.*
- (ii) *In other cases (i.e. Revised Estimates of both Plan and Non-Plan expenditure and Budget Estimates for Non-Plan expenditure), the estimates will be submitted to the Financial Adviser. The latter will, after such scrutiny and modifications as may be called for in his judgement in the context of economy and other considerations, get the estimates consolidated for each programme/organization to present a complete picture of their financial costs and obtain approval of Secretary (Expenditure) in the Ministry of Finance, wherever necessary.*

The estimates as finally approved will then be forwarded to the Budget Division in the Department of Economic Affairs of the Ministry of Finance in such manner and forms as may be prescribed by them from time to time.

3. Addressees are requested to take note of contents of the OM of Ministry of Finance and also relevant provisions made in the General Financial Rules for compliance.

Sd/-
(P.C. RASTOGI)
Director (Fin-Home)
04.03.2003

All Joint Secretaries in MHA (P)/DOJ/RGI/DOL/DONER & DOP&T

Copy to : FA (H)

Dy. FA (Pers.)

NO. 12(1)E. COORD./2003
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

New Delhi, the 19th May, 2003

OFFICE MEMORANDUM

**Subject: Realistic and effective assessment of funds Budget Estimates—
recommendations of the Public Accounts Committee-40th Report
(13th Lok Sabha) — Excesses over Voted Grants and Charged
Appropriations (2000-2001)**

The undersigned is directed to invite the attention to the observations made by the Public Accounts Committee in Para 20.2 of their 40th Report (13th Lok Sabha). While taking adverse note of the occurrence of excess expenditure over voted grants/charged appropriations, even after Supplementary Grants, the Committee has viewed such cases as clear instances of inefficacious planning, lack of foresight and monitoring on the part of budget controlling authorities.

2. Realistic assessment of funds with proper planning of Plans and Programmes to which these funds are to be appropriated is at the very core of budget making to ensure effective utilization of scarce resources. The General Financial Rules in Rule 53, 54 & 55 emphasize this cardinal principle inasmuch as these Rules provide for detailed procedure for making realistic assessment of funds and also for proper scrutiny of estimates made by the concerned authorities. If these procedures are followed properly and proper scrutiny made by the concerned authorities estimations made may neither fall short nor run into excess. However, as highlighted by the Public Accounts Committee occurrence of excesses in expenditure despite Supplementary Grants in certain cases, clearly establishes that proper care and attention was not paid by the authorities concerned for making realistic assessment of funds.

3. Accordingly, in view of the recommendations made by the Public Accounts Committee, all the Ministries/Departments are advised that due care and attention be paid to the existing instructions contained in the General Financial Rules to make realistic assessment of funds not only at the BE stage, but also at the stage of Supplementary Grants so that the occurrence of excess could be fully avoided.

Sd/-
(USHA MATHUR)

Joint Secretary to the Government of India

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

Action Taken (Ministry of Urban Development)

In so far as Para 17.4, Sl. No. 4, Appendix V of 58th Report of PAC (13th Lok Sabha) is concerned Ministry of Urban Development have furnished reasons for excess expenditure of Rs. 4.49 crore in Demand No. 80 during the year 2001-02 to PAC Branch through ATN dated 14.10.2003. However, keeping in view the directions of Hon'ble Committee the Ministry of Urban Development have again issued directions to CPWD (copy enclosed) to ensure that cases of excess expenditure do not occur in future. Regular monitoring of expenditure is also being done at different levels including Secretary (UD).

[No. G-25017/10/2002-Bt dt. 4.7.2005]

Recommendation

The Committee observe that the Appropriation No. 3—Working Expenses—General Superintendence and Services has been persistently recording excess expenditure from the year 1996-97 onwards. The Committee again observe that during the year under review the Appropriation No. 3 registered the highest excess expenditure (Rs. 6,55,479) during the past six years i.e. from 1996-97 to 2001-02. The scrutiny of this Grant for the year 2001-02 revealed that the excess expenditure under this appropriation was incurred even after obtaining supplementary Appropriation of Rs. 6,27,000 and constitute 96.82 per cent of the total sanctioned provisions. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. Recurrence of excess expenditure for the past six years under this Grant confirms the belief that there is some inherent defect in the estimation of expenditure which needs to be urgently remedied. The Committee desire that the existing procedures should be critically re-examined and suitably revised on an urgent footing so as to eliminate recurrent excesses under this Grant. The Committee would like to be apprised of the steps taken in this direction.

[S. No. 11 Appendix Para No. 17.11 of 58th Report of PAC (13th Lok Sabha)]

Action Taken

Though Appropriation No. 3 has been recording excess expenditure from the year 1996-97 onwards, the amounts of excess involved have really been very small like in 1997-98, it was Rs. 18 thousand, in 1998-99 Rs. 26 thousand, in 1999-2000 Rs. 1.38 lakh, in 2000-01 Rs. 5 thousand and in 2001-02 it has been about Rs. 4 lakh.

It is seen that the trend of excess expenditure during this period was followed on three or four Railways. As a remedial action, these Railways have been instructed to arrest the trend of excess expenditure particularly in Appropriation No. 3 (copy enclosed).

This has been seen and vetted by Audit *vide* their U.O. No. 154 RA-III/2-1/2003 dated 12-05-2004.

[Ministry of Railways O.M. No. 2003-BC-PAC/XIII/58 dated 30-07-2004]

NO. G-25015/2/2004-BT
GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT
(BUDGET SECTION)

New Delhi dated the 27th April, 2005

OFFICE MEMORANDUM

Subject: Excess over voted grants and charged appropriations 2001-02.

Attention is invited to Para 17.2, 17.3 & 17.4 (Appendix-V of 58th Report of PAC 13th Lok Sabha). During the year 2001-02 in Demand No. 80 CPWD have incurred an excess expenditure of Rs. 4.49 crore in Major Head '4216' and sub-heads Urban Development (Construction), Finance (Revenue), Meteorology, Lok Sabha/Rajya Sabha and Personnel, Public Grievances & Pensions. Although the ATN/Explanatory Note has been furnished to PAC Branch on 14th October, 2003 but the submission has been delayed due to procedural delay *i.e.* furnishing of feed back by CPWD and vetting of the same by Audit etc. In fact the Explanatory Note was required to be furnished well before the Appropriation Accounts (Civil) were laid in the House on 22.4.2003. The directions of Hon'ble PAC *vide* the above cited Para numbers are enclosed herewith for information and guidance. Keeping in view of the directions of Hon'ble Committee all concerned are advised:—

- (i) To thoroughly review and scrutinize the budget estimates at the supplementary grant stage itself so as to obtain the supplementary demands not so casually but in rare and emergent cases only.
- (ii) To analyse in depth the reasons for recurring phenomenon of excess expenditure with a view to initiating timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/contained within the funds authorized by Parliament for the purpose.
- (iii) To make all out efforts by all concerned to eliminate the avoidable delays in future by ensuring strict adherence to schedule prescribed in this regard so that the excesses are expeditiously brought before Parliament and regularized accordingly.

2. The cases of excess expenditure without proper authorization either through re-appropriation of supplementary grant in future will be viewed seriously by Ministry of Urban Development, and accountability on such serious lapses, violating the Parliamentary control over public finances, should rest with the CPWD in general and violators in particular. A system may be devised, under intimation to JS&FA (within two weeks) to ensure that such instances are given due attention and responsibility is fixed.

Sd/-
27.4.05
(Neena Garg)
Joint Secretary & Financial Adviser
Tel: 23019792

To

1. DG (W), CPWD
2. Copy to all Directors/Deputy Secretaries in Ministry of Urban Development and also the heads of the organizations like TCPO, Directorate of Printing etc.

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT
HAVE FURNISHED INTERIM/NO REPLIES

-NIL-

NEW DELHI;
17 November, 2005
26 Kartika, 1927 (Saka)

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

PART-II

Minutes of the Thirteenth Sitting of Public Accounts Committee (2005-2006) held on 14th November, 2005

The Committee sat from 1600 hrs. to 1630 hrs. on 14th November, 2005 in Committee Room 'C' Parliament House Annexe, New Delhi.

PRESENT

Prof. Vijay Kumar Malhotra — *Chairman*

MEMBER

LOK SABHA

2. Shri Khagen Das
3. Dr. M. Jagannath
4. Shri Tarit Baran Topdar

RAJYA SABHA

5. Shri R. K. Dhawan
6. Dr. K. Malaisamy
7. Shri V. Narayanasamy
8. Shri. C. Ramachandraiah
9. Shri Jairam Ramesh
10. Prof. R. B. S. Varma

LOK SABHA SECRETARIAT

1. Shri S.K. Sharma — *Additional Secretary*
2. Shri Ashok Sarin — *Director*
3. Smt. Anita B. Panda — *Under Secretary*
4. Shri M. K. Madhusudhan — *Under Secretary*

Representatives of the Office of the Comptroller and Auditor General of India

1. Shri U. Bhattacharya — *ADAI (RC)*
2. Dr. A. K. Banerjee — *DG of Audit*
3. Shri Roy Mathrani — *Pr. Director (AB)*
4. Shri R. K. Ghose — *AG (Audit), Delhi*

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2. At the outset, the Chairman, PAC welcomed the Members and Audit Officers to the sitting of the Committee.

3. The Committee observed silence for a minute in memory of Shri K. R. Narayanan, former President of India as a mark of respect to the departed soul.

4. Thereafter, the Committee took up for consideration the following Draft Reports:

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| (i) | ** | ** | ** |
| (ii) | ** | ** | ** |
| (iii) | ** | ** | ** |
| (iv) | ** | ** | ** |
- (v) Action Taken on 58th Report (13th Lok Sabha) relating to “Excesses Over Voted Grants and Charged Appropriations (2001-02)”.

5. Barring Report on “National AIDS Control Programme”, the Committee adopted all the Draft Reports without any changes. As regard, draft Report on “National AIDS Control Programme”, the Committee after some deliberation adopted the same subject to some minor additions. The Committee, then authorised the Chairman to finalise these Draft Reports in the light of changes suggested by Audit through factual verification, if any, or otherwise and to present the same to Parliament.

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| 6. | ** | ** | ** |
| 7. | ** | ** | ** |
| 8. | ** | ** | ** |

9. A copy of the verbatim proceedings of the sitting has been kept on record.

The Committee then adjourned.

APPENDIX

OBSERVATIONS / RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Department	Observations/Recommendations
1	2	3	4
1.	6	Finance, Communications & Information Technology (Deptts. of Posts & Telecommunications), Railways and Urban Development	The Committee are perturbed to note that despite repeated assurances given year after year by the Ministries/Departments especially the Ministry of Finance that their respective mechanisms would be overhauled for ensuring timely submission of action taken notes, none of the Ministries/Departments concerned, barring the Ministry of Home Affairs, had taken prompt action to furnish the action taken notes on the recommendations contained in their 58th Report (13th Lok Sabha) within the prescribed time of six months from the date of presentation of the Report to Parliament. Belying all expectations, the Ministry of Finance, the nodal agency, which are supposed to act as a role model for maintaining fiscal discipline submitted the action taken notes after an awful delay of more than 1 year and two months, which shows the casual manner in which the recommendations of the Committee are treated by the respective Ministries/Departments. The Committee express their serious concern over the inordinate delay in submission of Action Taken Notes by the Concerned Ministries/Departments thereby resulting in delay in presentation of Action Taken Reports by the Public Accounts Committee and as a consequence of which many a time the relevance and topicality of the Report is lost. They, therefore, desire that Government should examine the causes for this recurring feature of inordinate delay in submission of

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			Action Taken Notes by various Ministries/ Departments and recommend that suitable remedial steps should be taken to ensure that action taken notes on the Committee's recommendations are finalized and submitted positively within the stipulated time limit.
2.	12	Finance, Communications & Information Technology (Deptts. of Posts & Telecommunications), Railways and Urban Development	<p>From the Action Taken Notes submitted by the Ministries of Finance, Communications & Information Technology (Department of Posts and Department of Telecommunications, Railways and Urban Development, the Committee note that the concerned Ministries/ Departments have not taken any concrete steps or proposed to initiate action on their recommendation except giving a hackneyed reply that the recommendation of the Committee have been noted and necessary instructions have been issued to all concerned. The fact that the instructions have been issued time and again without achieving any concrete result warrants that some bold and innovative measures were required to be taken by the Ministry of Finance and the concerned Ministries/Departments to remedy this perennial problem of excess expenditure over Voted Grants and Charged Appropriations. Surprisingly, a perusal of the Action Taken Notes submitted by the Ministries of Finance and Urban Development indicates that they were more inclined to justify such a tendency of violating Financial Rules than revamping their existing mechanisms with a view to achieving improvement in their budget estimation exercise. The Ministry of Railways which had indulged in excess expenditure despite obtaining Supplementary Grants in as many as eight Grants/Appropriations have merely stated that they have noted the recommendations for doing the needful. No mention has been made regarding measures taken or proposed to be taken for reviewing/ scrutinizing their budgetary process and overhauling the procedures regarding estimation of budgets at the supplementary grant stage. The Committee express their</p>

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			serious displeasure over the lackadaisical approach adopted by the concerned Ministries/Departments which smacks of slackness, inefficacious planning, lack of foresight and non/ineffective monitoring on the part of budget controlling authorities while preparing both budget estimates as well as Supplementary Demands for Grants. The Committee once again would like to remind the Ministry of Finance and the concerned Ministries/Departments about the sanctity of scrupulously following the provisions of General Financial Rules which stipulate that no expenditure should be incurred which might have the effect of exceeding the total grant or appropriations authorized by Parliament by law for a financial year except by way of obtaining a supplementary grants/appropriation or an advance from the Contingency Fund. In the larger interest of achieving a sound fiscal health, the Committee recommend that in future, the concerned Ministries/Departments should scrupulously review/scrutinize the budget estimates at the Supplementary Grant stage itself by factoring in contingencies of unforeseen expenditure that may arise in future so that the excess expenditure is not incurred after obtaining Supplementary Grants.
3.	18	Finance, Communications and Information Technology (Deptt. of Telecommunications), Ministry of Finance and Home Affairs and Urban Development	The Committee note that barring Department of Telecommunications, none of the Ministries could furnish plausible reasons justifying incurring of the excess expenditure. The Ministry of Finance in their reply have merely stated that all the Ministries/Departments are being advised to put in place effective coordination between estimating and disbursing authorities with the help of sound database and other mechanism so that excess expenditure could be avoided. The Ministry of Home Affairs have merely stated that the recommendations of the Committee were brought to the notice of all concerned and every sincere effort will be made in future to avoid cases of excess expenditure. The Committee

1	2	3	4
			are not satisfied with the routine replies furnished by these Ministries, as they do not explain the specific reasons for the sudden spurt in the excess expenditure during 2001-02 as compared to the previous two years (1999-2000 and 2000-2001). The Committee, therefore, recommend that the concerned Civil Ministries should analyse thread bare the reasons for the persistence of the malady of excess expenditure with a view to take remedial steps whereby budget estimates are prepared as realistically and accurately as possible so that the expenditure is incurred/contained within the funds authorized by the Parliament for the purpose.
4.	21	Railways	The Committee are dismayed to note that in their Action Taken Reply, the Ministry of Railways have sought to justify the excess expenditure incurred by them from the year 1996-97 onwards on the ground that the amounts of excess involved were very small and that the trend of excess expenditure during the said period was limited to three or four Railways. The Ministry have rather chosen not to take any measures for streamlining/critically examining their existing procedures and for their suitable revision so as to eliminate recurrent excess of expenditure under the grant (Appropriation No. 3) as recommended by the Committee. The Committee take a serious view of the casual and negligent approach adopted by the Ministry of Railways to this serious problem expenditure incurred, whether big or small, the Ministry of Railways should take effective corrective measures including streamlining their existing procedure relating to budget estimation so that the excess expenditure could be kept to the minimum extent possible.