

**32**

**Excesses Over Voted Grants and Charged  
Appropriations (2002-2003)**

**PUBLIC ACCOUNTS  
COMMITTEE  
2006-2007**

**Thirty-Second Report**

**Fourteenth Lok Sabha**



**LOK SABHA SECRETARIAT  
NEW DELHI**

THIRTY-SECOND REPORT  
PUBLIC ACCOUNTS COMMITTEE  
(2006-2007)

(FOURTEENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND  
CHARGED APPROPRIATIONS (2002-2003)

*[Action Taken on 10th Report of Public Accounts  
Committee (14th Lok Sabha)]*



*Presented to Lok Sabha on 23-08-06  
Laid in Rajya Sabha on 23-08-06*

LOK SABHA SECRETARIAT  
NEW DELHI

*August, 2006/Bhadrapada 1928 (Saka)*

PAC No. 1817

*Price:* Rs. 95.00

©2006 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eleventh Edition) and printed by the Manager, Govt. of India Press, Minto Road, New Delhi-110 002.

## CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2006-2007) .....	(iii)
INTRODUCTION .....	(v)
CHAPTER I Report .....	1
CHAPTER II Observations/Recommendations that have been accepted by Government .....	9
CHAPTER III Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from Government .....	74
CHAPTER IV Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration .....	75
CHAPTER V Observations/Recommendations in respect of which Government have furnished interim replies/no replies .....	79
PART II	
Minutes of the sitting of Public Accounts Committee (2006-07) held on 17.08.2006. ....	80
APPENDIX	
Statement of Observations and Recommendations .....	82

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2006-2007)

Prof. Vijay Kumar Malhotra — *Chairman*

*Lok Sabha*

2. Shri Khagen Das
3. Shri P.S. Gadhavi
4. Shri R.L. Jalappa
5. Shri Raghunath Jha
6. Shri Bhartruhari Mahtab
7. Shri Brajesh Pathak
8. Prof. M. Ramadass
9. Shri Magunta Sreenivasulu Reddy
10. Shri Madan Lal Sharma
11. Shri Mohan Singh
12. Shri Rajiv Ranjan 'Lalan' Singh
13. Shri Kharabela Swain
14. Shri K.V. Thangkabalu
15. Shri Tarit Baran Topdar

*Rajya Sabha*

16. Shri V. Narayanasamy
17. Shri R.K. Dhawan
18. Shri Janardhana Poojary
19. Shri Suresh Bhardwaj
20. Shri Prasanta Chatterjee
21. Dr. K. Malaisamy
22. Shri Ravula Chandra Sekar Reddy

SECRETARIAT

- |                             |   |                             |
|-----------------------------|---|-----------------------------|
| 1. Shri S.K. Sharma         | — | <i>Additional Secretary</i> |
| 2. Shri A. Mukhopadhyay     | — | <i>Joint Secretary</i>      |
| 3. Shri Ashok Sarin         | — | <i>Director</i>             |
| 4. Shri R.K. Suryanarayanan | — | <i>Assistant Director</i>   |

## INTRODUCTION

I, the Chairman, Public Accounts Committee, as authorised by the Committee, do present this 32nd Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 10th Report (14th Lok Sabha) on “Excesses over Voted Grants and Charged Appropriations (2002-2003)”.

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 17th August, 2006. 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;  
18 August, 2006  
27 Sravana, 1928 (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 the Public Accounts Committee contained in their Tenth Report (14 Lok Sabha) on “Excesses over Voted Grants and Charged Appropriations (2002-2003)”.

1.2 The Tenth Report (14th Lok Sabha) which was presented to Lok Sabha on 28th April, 2005 contained 15 Observations/Recommendations. The Action Taken Notes have been received in respect of all the Observations/Recommendations from the concerned Ministries/Departments and these have been broadly categorized as under:

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

**Paragraph Nos.** 65, 66, 67, 69, 70, 71, 72, 73, 74, 76, 77, 78, 79

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

-NIL-

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

**Paragraph Nos.** 68, 75

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

-NIL-

#### **Excess expenditure over Voted Grants and Charged Appropriations (2002-2003)— a gist of the Committee’s Observations/Recommendations in the Original Report**

1.3 The Committee’s examination of the Appropriation Accounts of Union Government for 2002-2003 had revealed that during the year under review, the excess expenditure of an unprecedented magnitude amounting to Rs. 2188.12 crore was incurred under 20 cases of 18 excess registering Grants/Appropriations as against Rs. 1089.54 crore during the last year *i.e.* 2001-2002. The Committee had noted that the bulk of the excess expenditure *i.e.* Rs. 1864.47 crore was on the Civil side which was mainly contributed by one Appropriation alone *viz.*, Appropriation No. 29-Interest Payments showing an excess of Rs. 1792.90 crore, registering 83 per cent of the total excess expenditure incurred by the various Ministries/Departments of the Union Government during 2002-2003. Further 10 Grants/Appropriations operated by the Ministry of Railways contributed to an excess expenditure of Rs. 323.65 crore. The Committee had, therefore, observed that defective estimation of requirement of funds, lack of a continuous watch over the flow of expenditure as well as timely review of financial requirements and failure to assess the additional fund requirement etc. largely

contributed to the excess expenditure. While noting that similar reasons persisted year after year, the Committee believed that the matter had not been viewed by the Ministries/Departments with due seriousness. The Committee had therefore, urged the Ministries/Departments of Government of India to chalk out a definite policy in order to observe greater financial discipline and ensure that expenditure does not overshoot its prescribed limits.

1.4 The Committee will now deal with the action taken by the Government on some of the Observations/Recommendations made by the Committee in their Original Report, which need reiteration or merit comments.

**Need to reduce the excess expenditure to the barest minimum Recommendation (Para 66)**

1.5 In paragraph 66 of the Original Report, the Committee had observed that despite the oft-repeated concerns expressed by the Committee on the lack of financial discipline by the Ministries/Departments and issue of necessary instructions from time to time by the Ministry of Finance to strengthen their procedure, the excess expenditure incurred by various Ministries/Departments as well as the number of excess registering Grants/Appropriations was constantly on the rise since the year 2000-2001. The Committee had, therefore, desired the Government to take this issue with utmost seriousness so that excess expenditure as well as the excess registering Grants/Appropriations were reduced to the barest minimum, if not altogether eliminated.

1.6 In their Action Taken Note, the Ministry of Finance (Department of Economic Affairs-Budget Division) have stated as follows:

“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 meetings with the Financial Adviser 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) Fertilizers, (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. It is expected that the above initiatives will result in improvement in the fiscal discipline on the part of the Ministries/Departments.”

**1.7 The Committee have been given to understand that the Ministry of Finance (Department of Economic Affairs) introduced a system of cash management on a pilot basis in 2003-2004 in respect of Demands pertaining to nine Ministries/Departments which is being extended with suitable modifications to select other Ministries/Departments. Instructions in this regard are stated to have been issued to all the Ministries/Departments to restrict the expenditure during the last quarter of the**



**financial year to 33 per cent of the budgeted amount. The Committee hope that the new system of cash management would bring about improvements in fiscal discipline by all the Ministries/Departments. The Committee would like the Ministry of Finance to ensure that the instructions issued by them in this regard are scrupulously followed by all the Ministries/Departments. The Committee would like to be apprised about the improvements brought about in the wake of introduction of the system of cash management.**

**Excess expenditure despite having Supplementary Grants Recommendation (Paragraph 67)**

1.8 The scrutiny of the relevant Appropriation Accounts for the year 2002-2003 had revealed that excess expenditure of Rs. 2188.12 crore was incurred during the year 2002-2003 despite having supplementary Grant of Rs. 1764.19 crore in 12 out of 20 cases of excess expenditure. In case of Appropriation Accounts (Civil), the excess expenditure of Rs. 1864.47 crore had occurred even after obtaining Supplementary Grant of Rs. 1613.17 crore in five out of nine excess registering Grants/Appropriations. The Committee had noted that under Grant No. 8—Department of Culture, the excess expenditure incurred was higher than the Supplementary Grant obtained. In case of Indian Railways Appropriation Accounts, the excess expenditure of Rs. 323.65 crore was incurred despite having Supplementary Grant of Rs. 151.02 crore in seven out of 11 such cases. The Committee has thus concluded that Supplementary Grants in most of these cases were obtained without proper assessment with the result that even the additional provisions proved inadequate to meet the actual requirements of funds of the concerned Ministries/Departments. The Committee had, therefore, desired the concerned Ministries/Departments to impress upon their budget controlling authorities to thoroughly examine their proposals for additional funds with due farsightedness and ensure proper review and scrutiny of the requests for Supplementary demands before presenting the same to Parliament for approval.

1.9 In their Action Taken Notes **the Ministry of Finance (Department of Expenditure)** have stated that instructions have been issued to all Ministries/Departments of Government of India.

1.10 **The Ministry of Culture** have also stated in their Action Taken Note that the general instructions to all attached/subordinate offices and autonomous organizations and Divisional Heads have been issued to observe due farsightedness while submitting proposals for the additional funds and also ensure proper planning and estimation and scrutiny of the proposals for budgets as well as for supplementary demands.

1.11 Similarly, **the Ministry of Home Affairs** have stated in their Action Taken Note that the instructions were issued to all the Budget controlling Authorities to frame realistic Budget Estimates and requirements for Supplementary Grants so that cases of excess expenditure are eliminated. In these instructions, emphasis was laid on thoroughly examining the proposals for additional funds and ensuring proper review and scrutiny of the requests for Supplementary Demands to avoid shortage of funds and excess of expenditure as a result thereof.

1.12 **Further, the Ministry of Railways** have replied that a letter to the Railways, on the need to assess the requirement of charged expenditure accurately, has been issued recently on 17.02.2005. The need for greater accuracy in budgeting has also been

emphasized in the FA & CAOs conferences held in March'05 and May'05 for taking corrective action by the Railways.

**1.13 While scrutinizing the cases of excess expenditure despite having Supplementary Grants in the Grants/Appropriations operated by the concerned Ministries/Deptts. and the Ministry of Railways (Railway Board), the Committee had asked the concerned Ministries/Departments to impress upon their budget controlling authorities to thoroughly examine their proposals for additional funds with due farsightedness and ensure proper review and scrutiny of the requests for Supplementary Demands before presenting the same to Parliament for approval. It has been observed from the Action Taken Notes furnished by the Ministry of Finance (Department of Expenditure), Ministry of Culture, Home Affairs and Railways that they all had issued instructions to their budget controlling authorities to frame realistic Budget Estimates and requirements for Supplementary Grants so as to eliminate excess expenditure. Such instructions are issued by various Ministries/Departments from time to time but it has often been observed that these are not being followed in letter and spirit. The Committee, therefore, would like to emphasise that issuance of instructions would not serve the purpose unless these instructions are strictly enforced and complied with. They therefore, desire that the Minsitries/Departments should take effective follow-up steps to ensure strict observance of the existing instructions apart from improving their accounting information system and tightening their expenditure control.**

**Delay in submission of explanatory notes**

**Recommendation (Paragraph 68)**

1.14 While taking serious view of the delay in furnishing of explanatory notes on excess expenditure incurred, by the concerned Ministries/Departments, the Committee in paragraph 68 of their original Report had observed as follows:

“The Ministries/Department are required to submit to the Committee explanatory notes in respect of the excess registering Grants/Appropriations immediately after the presentation of relevant Appropriation Accounts to the House. The Committee observe that while the explanatory note on Grant No. 13—Department of Telecommunications, Grant No. 99—Chandigarh and Grants/Appropriations operated by the Ministry of Railways were received within time, the delay in furnishing the explanatory notes in respect of remaining six Grants/Appropriations ranged from nine days to more than four months. The explanatory note on Appropriation No. 29—Interest Payments has not been received till the finalisation of the Report. The Committee owe an explanation from the Ministry regarding this inordinate delay. The Committee take a serious view of such delays on the part of the Ministries concerned in furnishing the explanatory notes and desire that responsibility be fixed for the laxity shwon in this regard. The Committee, however, would like the Ministry of Finance, who is the coordinating Ministry in this regard, to look into the matter and take suitable measures to ensure timely submission of explanatory notes in future.

The Committee would further like to point out that whenever the excess expenditure is noticed under any Grant/Appropriation, no time should be lost by the concerned Minsitry/Department in preparing and forwarding the explanatory

notes to Audit for vetting. The objections, if any, raised by Audit should be resolved on top priority basis. The Committee desire that a time schedule should be laid down for taking action at various stages involving finalisation/vetting of these explanatory notes, which would result in eliminating delay on this account. The Committee trust that necessary steps would be taken in this direction.”

1.15 Explaining the reasons for the delay in submission of explanatory notes on excess expenditure incurred under Appropriation No. 29—Interest Payments, the Ministry of Finance (Department of Economic Affairs—Budget Division) have stated in their Action taken Notes that:

“The explanatory note on excess expenditure occurred in the Appropriation was prepared on finalisation of Head-wise Appropriation Accounts and its receipt thereof from the Accounting Office. The said Appropriation Accounts was received in this Ministry on 1.1.2004. As this Ministry was preoccupied with the preparation and presentation of *interim* Budget for the year 2004-05 on 3.2.2004, the initial explanatory note was prepared and sent to Audit for vetting on 6.2.2004. Audit has sought detailed explanations for the excess expenditure. As the Appropriation—Interest Payments is a centralized one and the estimates thereof are furnished by various estimating authorities, the detailed reasons for excess expenditure were called for from them. The Ministry became, meanwhile, occupied with the preparation and presentation of Regular Budget for the year 2004-05 on 8.7.2004. After obtaining necessary information from the various estimating authorities, revised explanatory note was sent to Audit for vetting on 14.9.2004. Audit had called for further information on the revised explanatory note on 28.10.2004. After making good the information sought for by Audit, the revised explanatory note was sent to Audit on 18.1.2005. The vetted explanatory note was received from Audit on 23/25.2.2005. In the meantime, Budget Divisions, Ministry of Finance went into the preparation and presentation of Budget for the year 2005-06 on 28.02.2005 and processing of final batch of Supplementary Demands for Grants for the year 2004-05. Final explanatory note was sent to the Public Accounts Committee on 23.3.2005.

As may be seen from the above, the Ministry remained occupied with the preparation and presentation of two Regular Budgets and one *interim* Budget during the year 2004 and 2005, while processing the explanatory note through its various stages till the final note was sent on 23.3.2005. Thus, there was no laxity on the part of this Ministry in submission of explanatory notes to the Committee. However, efforts will continue to be made to submit the explanatory note to the Audit and finally to the Committee within the time schedule prescribed for the purpose in future.

As regards laying down the time schedule for taking action at various stages involving finalisation/vetting of explanatory notes, Ministry of Finance, Department of Expenditure has, *vide* O.M. No. 1/10/2005-MC dated 17.6.2005, reiterated the instructions to all Ministries/Departments for strict adherence to the time schedule in submitting the vetted explanatory note to the Committee.”

**1.16 The Committee in their Original Report had desired that a time schedule should be laid down for taking action at various stages involving finalisation/vetting of explanatory notes on excess expenditure, which would result in eliminating delay in their submission to the Committee. However, from the explanation given by the Ministry of Finance in their Action Taken Notes, the Committee find that there was avoidable delay at every stage on the part of Ministry of Finance in the finalisation of the explanatory notes. While other Ministries/Departments have acknowledged the delay on their part in the finalisation and submission of the explanatory notes, the Ministry of Finance have sought to justify the delay on their part by simply enumerating as to how they remained pre-occupied with the preparation and presentation of two regular and one interim Budget during the years 2004 and 2005. The Committee, find this reply of the Ministry of Finance evasive and unconvincing, particularly so, because additional responsibility rested in the Ministry of Finance as the nodal agency not only to expedite finalisation of their own explanatory notes but in respect of other Ministries/Departments also. The Committee feel that it should have been possible for the Ministry of Finance to furnish the requisite notes within the stipulated time. That the Ministry failed to do so is nothing but regrettable. The Committee would now expect the Ministry of Finance to show more responsibility in the timely finalisation and submission of explanatory notes to the Committee. They desire that the Ministry of Finance should evolve an effective procedure for taking action at various stages in finalisation/vetting of these explanatory notes for their timely submission to the Committee.**

**Excess expenditure incurred by the Ministry of Railways  
Recommendation (Para 75)**

1.17 The Committee in paragraph 75 of their Original Report had observed that there was an overall excess expenditure of Rs. 323.65 crore incurred under three Grants and eight Appropriations operated by the Ministry of Railways. Out of this excess expenditure, Grant No. 14—Appropriation to Funds—DRF, DF, Pension and CF was the main contributor having an excess of Rs. 211.15 crore, which is 65% of the total excess expenditure incurred by the Ministry of Railways. This was followed by Grant No. 16— Assets— Acquisition, Construction and Replacement—Special Railway Safety Fund having excess of Rs. 89.97 crore. An analysis of the reasons causing the excess expenditure indicates that the excess under Grant No.14 was mainly due to strengthening the fund balances in view of overall better financial performance of Indian Railways. Under Grant No. 16, it was mainly due to slow progress of works and lesser activities than anticipated. Furthermore, under Appropriation Nos. 3, 4, 6, 7, 8, 9, 11 and 16— Capital, the excess expenditure was due to unanticipated decretal payments at the fag end of the year. They had, therefore, emphasized that through proper control over expenditure and with more accurate estimation of liabilities, much of the excess expenditure can be avoided. They had desired that, if at all the requirement of more funds is felt after the budget estimates, additional provisions at the revised estimates should be made with more precision.

1.18 In their Action Taken Note, the Ministry of Railways (Railway Board) have stated that a letter to the Railways on the need to assess the requirement of charged expenditure accurately has been issued recently on 17.02.2005. This matter has also been raised in the FA & CAO's Conferences held in March, 05 and May, 05.

1.19 In the above mentioned letter issued to FA & CAOs of all Zonal Railways, the Ministry of Railways have *inter-alia* stated that:

“The Public Accounts Committee, over the last few years has commented adversely on misclassification and excess over expenditure on Railways and has desired a corrective mechanism to be put in place. In particular, the Committee has advised the Railways to review the exchequer control and monitoring system and ensure that expenditure does not exceed budget allocation. In this context, it has expressed concern over the slow implementation of computerized financial management information system, which was expected to correct the existing lacunae in the manual system.

In the light of these observations of the Public Accounts Committee it is reiterated that Railways must continuously monitor expenditure in every demand in relation to budget provision to ensure that allocation is not exceeded. The Finance and Accounts Codes provide detailed instructions on the subject and it is expected of every Accounts officer to follow them diligently and ensure that instances of misclassification and excess/savings over budget are avoided. The existing system may be streamlined through detailed analysis of various inputs like Audit reports, internal check and Accounts inspection. Besides, a realistic assessment of charged expenditure may be carried out to plug any loophole to avoid unexpected excess over budget towards the closing months of the financial year. The entire process of budgeting also required a careful reievw right from the PU stage to avoid differences between expenditure and estimate. A copy of the monthly PU-wise review may be enclosed with MCDO to FC.

The Board has been emphasizing the need to implement the FMIS scheme at the earliest. The necessary sanctions and directions have also been issued from time to time. But the progress of implementation so far leaves much to be desired. Despite formation of monitoring Committees, targets have not been met. The importance of computerized FMIS requires no emphasis and it is expected that Railways will adhere to the completion targets given by them. FA&CAOs should personally monitor the progress to ensure its timely completion by 31.3.2005.”

1.20 In this connection, it may be stated that in response to the recommendations made by the Committee in their earlier Reports *i.e.* 6th Report (13th Lok Sabha), 30th Report (13th Lok Sabha) and 4th Report (14th Lok Sabha) regarding implementation of Financial Management Information System, the Ministry of Railways in their Action Taken Notes have stated as follows:

- (i) The implementation of a new computer-based Financial Management Information System (FMIS) on different Zonal Railways was expected to enable them to improve the assessment of fund requirements more realistically.
- (ii) FMIS is still under the evolving stages and its fruitfulness in assessment, monitoring and expenditure control can be evaluated only after it is fully implemented.

- (iii) The implementation of FMIS has been planned in a phased manner in view of fund constraints and other related issues. In Phase-I, Headquarters and one/two divisions of 7 major Zonal Railways were taken up during 2002-03. In Phase-II, sanctioned in 2004-05, the remaining divisions/ remaining Railways have been covered. The implementation process is under progress. The remaining units have also been advised to submit their implementation plans and proposals. The need to expedite implementation process has already been emphasized to all the Zonal Railways as per enclosed letter. The entire implementation process is likely to be over by 2006-07.”

**1.21 The Ministry of Railways have conceded that they have not been able to achieve the targets with regard to the implementation of the new computer-based Financial Management Information System (FMIS) on different Zonal Railways, which according to them, is necessary to improve the assessment of fund requirements more realistically. The Committee, therefore, regret to observe that in spite of repeated exhortation by them in their earlier Reports, the implementation of the Financial Management Information System in the Railways has taken place at a snail’s pace, with the result that excess expenditure over authorized provisions in the Ministry of Railways has continued to occur year after year. Needless to say that the proper and timely implementation of the FMIS would result in regulating the flow of expenditure in the Railways. It is, therefore, imperative for streamlining the accounting procedures in a large and key Ministry like Railways with several field formations spread over the country, that the Ministry of Railways should closely monitor the implementation of the FMIS and its completion at least by the end of the current financial year, *i.e.*, 2006-07 and apprise the Committee of the progress made in this regard.**

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### **Recommendation**

The Committee's examination of the Appropriation Accounts of Union Government for 2002-03 has revealed that during the year under review, the excess expenditure of an unprecedented magnitude amounting Rs. 2188.12 crore was incurred under 20 cases of 18 excess registering Grants/Appropriations as against Rs. 1089.54 crore during the last year *i.e.* 2001-02. The excess during the year is prominently noticeable in the Grants administered by the Ministry of Finance, Ministry of Home Affairs, Department of Culture, Department of Telecommunications and Ministry of Railways. The Committee note that the bulk of the excess expenditure *i.e.* Rs. 1864.47 crore in on the Civil side as was the case last year also. This is mainly contributed by one Appropriation alone *viz.*, Appropriation No. 29—Interest Payments showing an excess of Rs. 1792.90 crore, which is 83 percent of the total excess expenditure incurred by the various Ministries/Departments of the Union Government during 2002-03. Further, 10 Grants/Appropriations operated by the Ministry of Railways contributed to an excess expenditure of Rs. 323.65 crore. The explanations tendered by the concerned Ministries/Departments has revealed that defective estimation of requirement of funds, lack of a continuous watch over the flow of expenditure as well as timely review of financial requirements and failure to assess the additional fund requirement etc. have largely contributed to the excess expenditure. The fact that similar reasons persist year after year leads the Committee to believe that the matter has not been viewed by the Ministries/Departments with ample seriousness. The Committee have been repeatedly pointing out in their reports that the system of estimation of and control over expenditure is faulty and year after year, Parliament is being presented with a *fait accompli* of unremitting excess phenomenon. From the foregoing, it is clear that the Committee's oft-repeated recommendations had little impact on the concerned Ministries. The Committee, therefore, once again urge the Ministries/Department of Government of India to chalk out a definite policy in order to observe greater financial discipline and ensure that expenditure does not exceed its prescribed limits.

[Sl. No. 1, Para No. 65 of Appendix-IV of 10th Report of the Public Accounts  
Committee (14th Lok Sabha)]

#### **Action Taken by the Ministry of Finance (Deptt. of Expenditure)**

In view of the recommendations made by the Public Accounts Committee, instructions have been issued to all Ministries/Departments of the Government of



India *vide* O.M. No. 12 (2)/E. Coord/2005 dated 17.11.2005.

This has been vetted by Audit *vide* their U.O. No. RR/1-42/2005-06/315 dated 7th November, 2005.

[Ministry of Finance, Department of Expenditure P&C Wing U.O. No. 12(2)/E.  
Coord/2005 dated 17.11.2005]

### **Action Taken by the Ministry of Home Affairs**

The Ministry have serious concern over the excess expenditure that has occurred under some Grants of the Ministry during the past few years. It is unfortunate that this has happened in spite of the repeated instructions issued by the Ministry to all concerned in this regard.

2. It is submitted here that Ministry of Home Affairs is a very vast Ministry and operate 10 'Demands for Grants'. There are a number of Budget Controlling Authorities in the Ministry, which frame the Budget Estimates under these Grants. The booking of expenditure is also carried out by a large number of Pay and Accounts Offices under the administrative control of Principal Accounts Office (MHA). Although every care is taken to avoid lapses on the part of the Ministry that lead to deficient budgeting, some cases of excess expenditure have occurred under some Sections of the Grants during the financial year 2002-03. The actual reasons for excess expenditure under these Grants have already been explained in the '**Explanatory Notes for Excesses**', submitted by the Ministry to the PAC.

3. It is also submitted here that excess expenditure has occurred during the past few years due to some lapses/cases of oversight at one place or the other. Notwithstanding the reasons responsible for excess expenditure, the Ministry fully agree with the Committee that this should not have happened.

4. Every time, the Committee's observations and recommendations are given prompt attention in the Ministry. The present observations/recommendations have also been noted with all seriousness in the Ministry and the same have been brought to the notice of all concerned for strict compliance in future. The concerned officers have also been advised to take necessary steps against the erring officials to avoid such lapses in future. (No. 28/2/2005-Bgt.I dated 6th June, 2005—copy enclosed)

(This '**Action Taken Note**' has been vetted by O/O DGACR *vide* their U.O. No. RR/6-2/2005-06/175 dated 4th July, 2005).

(Ministry of Home Affairs O.M. No. 28/2/2005-Bgt. I dated 13-7-05)



## IMPORTANT PAC MATTER

No. 28/2/2005-Bgt. I  
Government of India  
Ministry of Home Affairs

New Delhi, the 6th June, 2005

Subject: Excesses Over Voted Grants and Charged Appropriations—  
Observations/Recommendations of the Public Accounts Committee.

The Public Accounts Committee (2004-05) (14th Lok Sabha), in its 10th Report on 'Excesses Over Voted Grants and Charged Appropriations (2002-03)', presented to the Lok Sabha on 28th April, 2005, have commented adversely on the persistent excess expenditure being incurred by the Ministries/Departments over the authorized budget allocations.

2. In the above stated Report, PAC have pointed out that excess expenditure is being incurred by the Ministries/Departments year after year in spite of the repeated observations and recommendations made by the Committee in its previous Reports. It shows that the Committee's off-repeated recommendations had little impact on the concerned Ministries/Departments. The Committee's dissatisfaction is more so in the cases where excess expenditure has been incurred despite taking Supplementary Grants. The Committee have also pointed out that mere issue of instructions by the Ministries/Departments in this regard is not sufficient unless these instructions are strictly complied with the desired results are achieved. A copy of the observations/recommendations made by the PAC in the aforesaid Report, on the Grants being operated by Ministry of Home Affairs, is enclosed (Paragraphs Nos. 65, 67, 71 and 79 of the Report refer.)

3. Instructions have been issued repeatedly by the Budget Wing of the Ministry in the recent past to avoid excess expenditure at all costs. But it seems that these instructions are not being followed in right earnest resulting in incurring of excess expenditure year after year. During the financial year 2002-03, the excess expenditure has been incurred in four Sections of three Grants.

4. It is needless to say that repeated observations/recommendations of PAC on the excess expenditure have created embarrassing situation for the Ministry. The excess expenditure could have been avoided with a little more care taken in this regard. It has been repeatedly stated that expenditure should be restricted to the authorized budget allocations and if more funds are required during the financial year, Supplementary Grants can be obtained. The expenditure incurred in excess of the Budget Provision and Supplementary Grants, is an unauthorized expenditure and is viewed very seriously by the PAC.

5. All the Divisional Heads/Budget Controlling Authorities in the Ministry of Home Affairs are once against requested to take utmost care in framing Budget Estimates and Supplementary Grants so that they do not run short of funds for their schemes/projects. However, excess expenditure is to be avoided under any circumstances.

6. It is also requested to bring the above instructions alongwith the observations/recommendations of the PAC to the notice of all concerned under your charge. Necessary action may please be taken against the officials not complying with these instructions.

Sd/-  
(N.A. Viswanathan)  
Additional Secretary & Financial Adviser (Home)

**Enclosures:** As above.

To

1. All Joint Secretaries in Ministry of Home Affairs/Department of Official Language/Department of Justice/Registrar General of India/Department of Development of North-Eastern Region.
2. Others (As per attached Standard List).

**Copy also forwarded to:—**

Principal Accounts Office (Accounts), Ministry of Home Affairs, C-I, Hutments, Dalhousie Road, New Delhi-110 011—with the directions to bring it to the notice of all Pay and Accounts Officers that they will be personally held responsible for any excess booking of expenditure and punished accordingly.

Sd/-  
(Jawahar Thakur)  
Chief Controller of Accounts (Home)

**Standard List of Addresses**

1. Shri Daya Shankar Pandey, Asstt. Director (Budget), Central Translation Bureau, Department of Official Language, CGO Complex, Lodhi Road, New Delhi.
2. Shri Om Prakash, Fire Advisor, D.G.C.D., East Block VIII, Level VII, R.K. Puram (Main), New Delhi-66.
3. Shri V.K. Sharma, Deputy Director (Budget), O/O the Registrar General of India, Man Singh Road, New Delhi.
4. Shri S. Hariharan, Asstt. Director, Intelligence Bureau, New Delhi.
5. Shri K.M. Nandyal, Director, National Civil Defence College, Ministry of Home Affairs, Nagpur-440 001.
6. Shri P.B. Rajappan, Under Secretary, Inter-State Council Sectt., Vigyan Bhavan Annexe, New Delhi.
7. Shri Brij Mohan Negi, Director (Policy), Deptt. of Official Language, Lok Nayak Bhawan, New Delhi.
8. Shri R.A. Singh, Senior Accounts Officer, National Human Rights Commission, Sardar Patel Bhavan, New Delhi.

9. Shri Sudersan Kumar, Deputy Secretary, Zonal Council Sectt., Jam Nagar House, New Delhi.
10. Shri A. Mohanan, Under Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
11. Shri A. Manoharan, Under Secretary, O/O Principal Scientific Adviser to the Govt. of India, 310-A, Vigyan Bhavan Annexe, New Delhi.
12. Shri N.R. Das, Section Officer, National Security Council Sectt., East Block No. 10, Level-4, R.K. Puram, New Delhi.
13. Shri P.K. Roy, Under Secretary, Prime Minister's Office, South Block, New Delhi.
14. Shri Likhi Ram, Section Officer, President's Sectt., New Delhi.
15. Shri K.K. Bajaj, Under Secretary, M&G Section, MHA, North Block, New Delhi.
16. Shri J.L. Sharma, AIG (Accounts), Special Protection Group, SPG Complex, Dwarka, Sector-9, New Delhi.
17. Dr. K.C. Wadhwa, Director, National Fire Service College, Ministry of Home Affairs, Nagpur.
18. Shri Rajiv Walia, Dy. Director-General, Narcotics Control Bureau, West Block No. 1, Wing No. 5, R.K. Puram, New Delhi.
19. Shri P. Venugopal, Administrative Officer, Sardar Vallabhbhai Patel National Police Academy, Ministry of Home Affairs, Hyderabad-500 053.
20. Shri Pinaki Sengupta, Administrative Officer, LNJP National Institute of Criminology & Forensic Science, Ministry of Home Affairs, Sector-3, Outer Ring Road, Rohini, Delhi-110 085.
21. Shri Sarabjit Singh, Director-General, Central Forensic Science Laboratory (BPR&D), Block No. 4, 4th Floor, CGO Complex, Lodhi Road, New Delhi.
22. Shri R.P. Sharma, Supdt., Central Forensic Science Laboratory (CBI), Block No. 4, 4th Floor, CGO Complex, Lodhi Road, New Delhi.
23. Shri A.K. Sood, Asstt. Director (Admn.), Central Detective Training School, CGO Complex, Lodhi Road, New Delhi.
24. Shri A.K. Sood, Joint Asstt. Director, BPR&D, CGO Complex, Lodhi Road, New Delhi.
25. Shri Praveen Kumar, Deputy Financial Adviser, CRPF, CGO Complex, Lodhi Road, New Delhi.
26. Shri U.N. Majhi, Financial Adviser (AR), Directorate of Assam Rifles, Shillong.
27. Shri R.P. Joshi, Asstt. Commandant (Finance), Border Security Force, Block No. 1, CGO Complex, Lodhi Road, New Delhi.

28. Shri P.D. Sharma, Deputy Chief Accounts Officer, Indo-Tibetan Border Police, Block No. II, CGO Complex, Lodhi Road, New Delhi.
29. Shri O.P. Nimesh, Senior Accounts Officer, National Security Guard, CGO Complex, Lodhi Road, New Delhi.
30. Shri R.D. Sharma, Asstt. Director (Accounts), Central Industrial Security Force, 13, CGO Complex, Lodhi Road, New Delhi.
31. Shri B.S. Dhupia, Assistant Director, National Crime Records Bureau, East Block No. 7, R.K. Puram, New Delhi—110066.
32. Shri Rajan Kumar, FA to Commissioner of Police, Delhi Police, I.P. Estate, New Delhi.
33. Shri Hans Raj, Accounts Officer, Directorate of Co-ordination, Block No. 9, CGO Complex, New Delhi.
34. Shri J.S. Chambial, D.I.G., Special Service Bureau, Block No. V (East), R.K. Puram, New Delhi—110066.
35. Dr. M.S. Rao, Chief Forensic Scientist, Directorate of Forensic Science, Block No. 4, 4th floor, CGO Complex, New Delhi.
36. Shri Manmohan, Administrative Officer (FS), Directorate of Forensic Science, Block No. 4, 4th floor, CGO Complex, Lodhi Road, New Delhi.
37. Shri Rakesh Bhatnagar, Asstt. Financial Adviser (B-I), Ministry of Defence (Finance), South Block, New Delhi.
38. Secretary (Finance), U.T. Admn. of Daman & Diu, Moti Daman, DAMAN.
39. Secretary (Finance), U.T. Admn. of Dadra & Nagar Haveli, SILVASSA.
40. Secretary (Finance), U.T. Admn. of Lakshadweep, KAVARATTI.
41. Secretary (Finance), U.T. Admn. of Chandigarh, CHANDIGARH.
42. Secretary (Finance), U.T. Admn. of A & N Islands, PORTBLAIR.
43. Shri S.B. Doval, Under Secretary (Planning Cell), Ministry of Home Affairs, North Block, New Delhi.
44. Shri Pooran Chand, Under Secretary (Bgt.II), Ministry of Home Affairs, North Block, New Delhi.
45. Shri Anil Kumar, Sr. Accountant, O/O CCA (Home), MHA, North Block, New Delhi.
46. S.Shri P.S. Dravaria, Section Officer/Y. Srinivasulu, Assistant/Smt. Anitha. K.P., UDC, Budget-I Section, MHA.
47. Sr. Accounts Officer, Pay & Accounts Office (P & M), Jam Nagar House, New Delhi.
48. Sh. B.B. Sarkar, Deputy Controller of Accounts, Principal Accounts Office, Ministry of Personnel, Public Grievances and Pensions, 3rd Floor, 'B' wing, Lok Nayak Bhavan, Khan Market, New Delhi-110 003.
49. Shri Rajeev Singh, Director (Finance), National Technical Research Organisation, J-16, Hauz Khas, New Delhi-110 016.

#### **Action Taken by the Ministry of Culture**

With respect to Para 65 (page 34) in respect of Ministry of Culture, the general instructions to all attached/subordinate offices and autonomous organizations and Divisional Heads to observe greater financial discipline and also to strictly keep watch over flow of expenditure have been issued by the Ministry. Besides, the Ministry has been monitoring progress of expenditure, additional requirement of funds etc. regularly at the highest level.

This has been vetted by Audit *vide* their U.O. No. RR/3-20/2205-06/507 dated 15th February, 2006.

[Ministry of Culture O.M. No. 20-1/2005-P&B, dated 22nd February 2006]

#### **Action Taken by the Deptt. of Telecommunications**

The recommendations of the Committee have been noted. Every effort is being made to contain the expenditure within the allotment.

This issues with the approval of Member (Finance).

[Deptt. of Telecommunications File No. 1-4/2005-B, dated 05.08.2005]

This has been vetted by DG Audit (P&T) *vide* their U.O. No. Rept VI/4001(b) Appr. Accts./2002-03 984 dt. 30.4.05

#### **Action Taken by the Ministry of Railways**

The above recommendation is general in nature and takes into account the excess expenditure incurred by various Central Ministries as a whole. The observation of the Committee is, nonetheless, noted. The specific comments on excess incurred by Railways are being given on the other recommendations dealing particularly with the excess incurred under the Grants/Appropriations operated by the Railways.

Audit *vide* their U.O.No. 230 RA-III/2-1/2004 dated 21st December, 2005 have vetted the Action Taken Note.

[Ministry of Railways' O.M. No. 2005-BC-PAC-XIV/10 dated—24-01-2006.]

#### **Recommendation**

What is further disquieting to observe is that despite the oft-repeated concerns expressed by the Committee on the lack of financial discipline by the Ministries/ Departments and issue of necessary instructions from time to time by the Ministry of Finance to strengthen their procedure, the excess expenditure incurred by various Ministries/Departments as well as the number of excess registering Grants/ Appropriations is constantly on the rise since the year 2000-01. Expressing their concern over this state of affairs, the Committee in Paragraph 17.1 of their 58th Report (13th Lok Sabha) had desired that a detailed review of the existing system be undertaken, particularly by the Ministry of Finance and Railways, to devise suitable and effective measures targeting inherent defects in the existing system. The Committee would like the Government to take this issue with utmost seriousness so that excess expenditure as well as the excess registering Grants/Appropriations are reduced to the barest minimum, if not altogether eliminated.

[Sl. No. 2, Paragraph 66 of Appendix IV of Tenth Report of PAC (Fourteenth Lok Sabha)].

### **Action Taken by the Ministry of Railways**

As a result of rigorous monitoring, the incidence of excess expenditure on Railways has been reducing over the years. It was Rs. 57 cr. in 1999-2000 and Rs. 0.14, cr. in 2000-01. Though an excess of about Rs. 211 cr. was incurred in 2001-02, it was explained to the Committee that this was due to repayment of loan, which became possible within the year because the year-end operating surplus was better than budgeted. Early repayment of the loan also saved the Railways from payment of crores of rupees as interest. Barring this factor, the excess in 2001-02 worked out to just Rs. 1 cr.

In 2002-03 also, out of the overall excess of Rs. 323.65 cr., almost 65% i.e., Rs. 211.15 cr. was incurred under Demand No. 14 alone, i.e., under 'Appropriation to Railway Funds', which as submitted in ATN to Para-67 (of the Report under consideration) is technical in nature. Excluding this, the remaining excess was Rs. 112 cr. only. The Committee's concern on the rising trend of excess has however been noted, for bringing about improvement in the position.

Audit *vide* their U.O. No. 230 RA/III/2-1/2004 dated 21st December, 2005 have vetted the Action Taken Note.

[Ministry of Railways' O.M. No. 2005-BC-PAC-XIV/10 dated 24-01-2006]

### **Recommendation**

The Committee regret to observe that excess expenditure of Rs. 2188.12 crore was incurred during the year 2002-2003 despite having Supplementary Grant of Rs. 1764.19 crore in 12 out of 20 cases of excess expenditure. In case of Appropriation Accounts (Civil), the excess expenditure of Rs. 1864.47 crore has occurred even after obtaining Supplementary Grant of Rs. 1613.17 crore in five out of nine excess registering Grants/Appropriations.

[Sl. No. 3, para 67, of Appendix IV of 10th Report of the Public Accounts Committee (14th Lok Sabha) voted grants and charged appropriations (2002-2003)]

### **Action taken by the Ministry of Finance (Deptt. of Expenditure)**

In view of the recommendations made by the Public Accounts Committee, instructions have been issued to all Ministries/Departments of the Government of India *vide* O.M. No. 12(2)/E. Coord./2005 dated 17.11.2005.

This has been vetted by Audit *vide* their U.O. No: RR/1-42/2005-06/315 date 7th November 2005.

[Ministry of Finance Department of Expenditure P&C Wing U.O. No. 12(2)/E.Coord/2005 dated 17.11.2005]

### **Action Taken by the Ministry of Home Affairs**

It is submitted here that during the financial year 2002-2003, out of the four excess registering Sections of three Grants of this Ministry, there was only one Section in which excess expenditure was incurred in spite of obtaining Supplementary Grant. This Supplementary Grant, amounting to Rs. 1.47 crore, was obtained under Revenue Section (Charged) of Grant No. 99—Chandigarh. However, actual expenditure under this Section exceeded the Total Grant (Original Grant + Supplementary Grant) by

Rs. 38.83 lakh. An 'Excess Note', explaining the reasons for this excess expenditure, has already been submitted by the Ministry to the PAC, duly vetted by audit (copy enclosed).

2. Notwithstanding the reasons stated for excess expenditure under the Grants and especially in the cases where excess expenditure was incurred in spite of obtaining Supplementary Grants, instructions were issued by the Ministry to all the Budget Controlling Authorities to frame realistic Budget Estimates and requirements for Supplementary Grants so that cases of excess expenditure are eliminate (No. 10/34/2004-Bgt.I dated 14.9.2004— copy enclosed). In these instruction, imphasis was laid on thoroughly examining the proposals for additional funds and ensuring proper review and scrutiny of the requests for Supplementary Demands to avoid shortage of funds and excess of expediture as a result thereof.

3. In view of the serious concern expressed by the PAC, in its present Report on 'Excesses Over Voted Grants and Charged Appropriations (2002-2003), all the Budget Controlling Authorities in the Ministry have been directed to take all necessary steps to avoid cases of excess expenditure at any cost. These directions also stipulate suitable action against the erring officials (No. 28/2/2005-Bgt.I dated 6th June 2005— copy enclosed).

(This '**Action Taken Note**' has been vetted by O/O DGACR *vide* their U.O. No. RR/6-2/2005-06/175 dated 4th July, 2005).

Sd/-

(N.A. Viswanathan)

Additional Secretary & Financial Advisor (Home)

[Ministry of Home Affairs O.M. No. 28/2/2005-Big. I dated 13.7.05]

File No. 15013/6/004-Bgt.  
Government of India,  
Ministry of Home Affairs

New Delhi, 1 June, 2004

**Explanatory Note for Excess**

**Revenue Section (Charged)**

Note for Public Accounts in respect of excess occurs under Revenue Section (Charged) of Grant No. 99-Chandigarh as disclosed in the Union Government Appropriation Accounts (Civil for the year 2002-03).

<b>Revenue Section (Charged)</b>	<b>(Rupees in thousand)</b>
Original Grant	21,84,00
Supplementary Grants	1,47,00
Total Grant	23,31,00
Actual Expenditure	23,69,83
Excess	38,83

2. Under Revenue Section (Charged of Grant No. 99-Chandigarh for the year 2002-03, the total provision was Rs. 2,400 thousand. This was augmented to Rs. 233100 thousand by obtained Supplementary Grant Rs. 14700 thousand. Against this, the Expenditure fo Rs. 236983 thousand was incurred, resulting in excess of Rs. 3883 thousand.

3. The excess of Rs. 3883 thousand as the net effect of total excesses of Rs. 4084 thousand and total saving of Rs. 201 thousand.

The sub-head under which the excess expenditure of Rs. 5.00 lakh and above occurred and reasons therefore are explained below:—

<b>Sub-head</b>	<b>(Rupees in Lakh)</b>
<b>2014 00 102 02 - Establishment</b>	
Original Grant	2082.00
Supplementary Grants	27.00
Total Grant	2109.00
Actual Expenditure	2149.84
Excess	40.84

**Reasons:**—Under Revenue Section (Charged) the excess expenditure of Rs. 40.84 lakh was incurred for payment of salary to the High Court Staff. Though the savings were available under Revenue Section (Voted) but it was beyond the competence of the Administration to Re-appropriate it to 'Charged' side. Hence the excess expenditure of Rs. 40.84 lakh requires regularization.



**Remedial action taken to avoid saving in future:—**

- i. Instructions have been issued from time to time to restrict the expenditure upto 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.
- ii. Instructions have also been issued by the then Home Secretary to CCA(Home) that the provision of GFRs enabling PAOs to relase payment in excess of budgetary provision, based on the undertaking from Head of Department, be used very Sparingly and that both CCA and the 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 re-appropriation orders (copies enclosed). Director (Fin-Home) has also invited the attention of all Joint Secretaries in the Ministry of Home Affairs to the provisions contained in Rule 53, 54 & 55 of GFR emphasizing on the need for making realistic assessment of funds and proper scrutiny of exsimates not only at the BE stage, but also at Supplementary Grants so that the occurrence of excess could be fully avoided (copy enclosed).

The Explanatory Note for Excess Expenditure has been vetted by Office of the D.G.ACR *vide* their UO No. RR/6-36/2003-04/159 dated 4th June, 2004.

Sd/-  
(N.A. Viswanathan)  
Additional Secretary & Financial Advisor (Home)

20 Aug., 2002

Subject: Management of Budgetary provisions in MHA

### **Unspent Provisions**

1. Year after year, audit have been adversely commenting on the large savings occurring in different Grants of MHA. Even the recent reports of Audit have observed that there had been persistent unspent provision in various Grants of MHA. According to audit, unspent provisions in a Grant are indicative of poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the Grant was provided. There have also been instances where savings in a Grant were more than Rs. 100 Crore and PAC had taken a very serious view of such large savings. The question of large saving also came up during the evidence of the then Home Secretary before PAC in 1998.

2. Ideally speaking, Budgetary estimates should be made in such a manner that the provision is sufficient for all essential expenditure and that there are no savings at the end of the year. While minor savings/excess expenditure may be justified, large savings of Rs. 100 crore or above in a Grant is a highly unacceptable situation.

3. It is necessary that the administrative and financial authorities in MHA and PMFs take appropriate steps to ensure that budget estimates are prepared as accurately as possible, expenditure is contained within the authorized provision and the savings under various heads are intimated for surrender or re-appropriated as on as they are foreseen.

### **Peperation of Budget Estimates**

4. Large savings against the budgetary provisions raise doubts on the system of making Budget Estimates. Rule 54 of the General Financial Rules provides that the estimates of expenditure proposed by the estimating authorities should be scrutinized by the Heads of the Department concerned. While an elaborate system of preparing budget estimates exists in MHA and the CPMFs, occurrence of large savings indicates that there is a definite need and scope for improving the situation.

### **Provisions for New Schemes/Projects**

5. There have been many instances of seeking funds for activities in anticipation of required approvals for the scheme and, year after year, provisions for such schemes remain unutilized. General Financial Rules provide that no expenditure shall be incurred during a financial year on a 'new service' not contemplated in the annual budget for the year except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund during that year.

6. As the system of seeking supplementary Grant for a new service exists, it is safer not to provide funds in the Budget for a new project and to seek supplementary grant only after the scheme/ project has been approved. It is, therefore, necessary to ensure that no provision is made for new projects/schemes, while submitting Budget Estimates to the Ministry and suitable Supplementary Grant is obtained for new scheme/projects only after its due approval by the competent authority.

### **Surrender of Savings**

7. Rule 69 of the General Financial Rules provides that Departments of the Central Government shall surrender to the Finance Ministry, before the close of the financial year, all anticipated savings noticed in the grants or appropriation controlled by them. Note 1 to this Rule also provides that the savings should be surrendered immediately when they are foreseen without waiting till the end of the year, unless they are required to meet excesses under some other unit or units which are definitely foreseen at that time and no savings should be held in reserve for possible future excesses.

8. However, it has been observed in the past that the savings are reported only at the fag end of the year, that too after reminders are sent by the IFD. Such action on the part of the Competent Financial Authorities (administrative authorities) go against the provisions of General Financial Rules. If savings are reported, as and when they are observed, IFD can utilize such savings for other pressing/additional requirements by way of reappropriation.

9. Audit have also observed that the surrenders in certain Grants at the end of the year were much less than the savings in the Grants. It was due to non-reporting of savings by the concerned administrative authorities in time. Audit have also observed a very disturbing trend where surrenders in a particular Grant at the end of the year were more than savings finally occurring in that Grant.

10. It is, therefore, desirable that after periodical review of the budgetary provisions, requirement of funds and the progress of expenditure, if savings or excess under any head are likely to occur, the same should be immediately reported to IFD without waiting until the close of the year so that the available savings could be adjusted against the excess expenditure elsewhere through suitable re-appropriation.

### **Supplementary Grants**

11. There have also been instances where additional funds were sought by the administrative units but the actual expenditure was less than even the original provision. Thus, seeking of supplementary grant not only did not serve the desired purpose for such units, it also deprived other units who could not be provided more funds even for their more pressing requirements. Instances have also been brought to notice where supplementary grants sought for a particular object head were utilized in full but savings occurred in other object heads of the same sub-head resulting in net savings in the sub-head. Such instances also point to the bad financial management and attract adverse audit observations.

12. Therefore, before seeking additional funds by way of supplementary grants, the available funds in different object heads should be fully reviewed and if any savings

are possible in any of the object heads, such savings should be utilized to meet additional requirement through re-appropriating the funds and supplementary grants should be sought only for balance requirement. Further, to avoid situations where additional funds sought in the last batch of supplementaries result in savings, such additional funds, if required, should as far as possible be sought in the second batch of supplementaries (Winter Session of Parliament). In the final batch of supplementaries, funds should be sought only for those activities for which additional funds can be fully utilized before the close of the financial year.

#### **Rush of Expenditure**

13. Rule 69 of the General Financial Rules also provide that the Rush of expenditure particularly in the closing month of the financial year shall be regarded as a breach of financial regularity and should be avoided. Audit have also adversely commented upon the trend of disproportionately large expenditure in the month of March and the last quarter of the year.

14. Through circulars No. OM(12)2/Ecord/2001 dated 11th June, 2001 and No. 4(36)B(SD)/2000 dated 13th July, 2001, Department of Expenditure informed the Ministries/Departments about the adverse observations of Public Accounts Committee on the rush of expenditure in the month of March. Instructions have already been issued in this Ministry also, from time to time, to ensure that the rush of expenditure in the month of March and last quarter of the year should be avoided by close monitoring of the expenditure.

15. An analysis of monthly data of three main grants of MHA and also of various units in these grants reveals that there were only a few instances of disproportionately large expenditure in March or in the last quarter of the year. However, there is no need to be complacent on this aspect as audit again brought out in their latest report, a few instances where expenditure in the month of March was disproportionately large. Instances quoted by the audit primarily relate to expenditure/release of funds for loans and Advances to State Governments, transfers to UTs, other administrative services capital outlay on housing, schemes of North Eastern Council etc. Analysis of monthly data of CPMFs also reveal that major expenditure in 'provision' heads like Clothing and Tentage, Machinery and Equipment and motor vehicles have taken place in the last two quarters of the year.

16. There is, therefore, an urgent need to focus attention on items where expenditure trends to take place only in the later part of the year and to take administrative steps or procedural changes, wherever, required, so as to correct the imbalance. Appropriate steps may, therefore, be taken to evenly phase out the expenditure by suitably adjusting the indenting/procurement cycle, periodicity in releasing grants etc.

17. All Divisional Heads in MHA and Heads of CPMFs/CPOs should immediately take steps to improve the financial and expenditure management by suitably adhering to various provisions of General Financial Rules through periodical monitoring. All Divisional Heads in MHA should hold monthly meetings to review expenditure on each sub-head under their administrative control and a report of each should be submitted to the respective Special Secretary in the Ministry. A quarterly report of such reviews should be submitted to me, after the expiry of each quarter, by the 20th of the following month.

18. Heads of CPMFs/CPOs may decide their own periodicity for such meetings but a quarterly report of such reviews should positively be sent to the Ministry. Review of budgetary provisions and expenditure should also be included as one of the items of Agenda in the periodical IGs Conference held in the respective CPMFs.

Sd/-

(Kamal Pande)  
Home Secretary  
Dated: 19.08.2002

All Joint Secretaries in MHA(P)DOL/RGI

Copy to: SS(NE)SS(JKA)SS(FFR)AS(H)

DGs/Directors of all CPMFs/ CPOs

No. 10/27/2002-Bgt.I  
Ministry of Home Affairs

Subject: 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. IF 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 has 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/POs 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 provisions 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.

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 provisions 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 budgteary provisions in any object head, sub-head etc.

Sd/-  
(Kamal Pande)  
Home Secretary  
Dt. 7.09.2002

(H)/CCA(H)

प्रधान लेखा कार्यालय (लेखा)  
PRINCIPAL ACCOUNTS OFFICE (ACCOUNTS)

गृह मंत्रालय  
MINISTRY OF HOME AFFAIRS

सी-1, हटमेन्ट्स, डलहौजी रोड  
C-1, HUTMENTS, DALHOUSIE ROAD  
नई दिल्ली-110 001  
NEW DELHI-110001  
Ph. 3016148

सं./No.11-23/Pr.AO/Acs/MHA/ATN/2001-02/675 दिनांक/Dated 5/11/2002

Subject: 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 Consolidate Fund of India except under appropriation made by law. As per provisions of Annexure 'A' to note 8 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-fulfilment 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/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 incurring any excess expenditure under any sub-head , it is directed that aforesaid provision 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 Reserved Estimates.

(Jawahar Thakur)  
Chief Controller of Accounts

All Dy. CAs/PAOs/RPAOs



No 28/25/2003/Bgt. I  
Ministry of Home Affairs  
(I.F. Division)

5 JUN., 2003

Subject: 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 Rules 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 Advisor. 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)  
dated 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 Rules 53, 54 & 55 emphasize this cardinal principle in as much 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 state, 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

**IMPORTANT/URGENT**

F.No. 10/34/2004-Bgt.I  
Government of India/Bharat Sarkar  
Ministry of Home Affairs/Grih Mantralaya

New Delhi, the 14th September, 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.

Budget Division of Department of Economic Affairs, Ministry of Financial *vide* O.M. No. 4(12)-B (SD)/2004, dated 17th August, 2004 have conveyed that the Public Accounts Committee (PAC) in their 58th Report (13th Lok Sabha) has taken a very serious view of the instance 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.

2. The PAC in its report, *inter alia*, has observed:

**“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 grants reveals that in five cases, the amount of supplementary grants 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 thir 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 obtained the supplementary demands not so casually but in rare and emergent cases only.”**

3. The Buget 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.

4. In this connection, the Budget Division of Department of Economic Affairs while inviting proposals for the Supplementary Demands for Grants have specifically drawn attention to their earlier communication wherein it has been stated:

**“Recurrence of excess expenditure over sanctioned provision in certain grants has also been viewed very seriously by the Public Accounts Committee. Needless so say, such expenditure is *unauthorized expenditure* and must be avoided at any cost. Therefore, not only the Supplementary Demands 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 balance is met, (there is a need) 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...”**

5. 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 Finance rules for control of expenditure against the sanctioned grant/appropriation so that instances of expenditure in excess of sanctioned grant/appropriation are eliminated.

6. In view of the serious concern expressed by the PAC, the Ministry of Finance have once again reiterated that the Financial Advisor of the Ministries/Departments should thoroughly scrutinise the Budget Estimates at the Supplementary Grant Stage in order to avoid instances of excess expenditure. It is, therefore, necessary on the part of all Divisions to thoroughly scrutinise the Budget Estimates at the Supplementary Grant Stage to avoid instances of excess expenditure.

7. In this regard your attention is also invited to this Ministry's earlier OM No. 28/62/2002-Bgt.I dated 26th September, 2002 wherein the recommendations of PAC for keeping a strict control over expenditure was conveyed to you. (Copy enclosed for ready reference).

**8. All Divisional Heads are therefore requested to give personal attention to this matter and ensure strict observance of the directions of Ministry of Finance in regard to thorough scrutiny of Budget Estimates at Supplementary Grant Stage and submit proposals for Supplementary Demands not casually but only in rare and emergent cases and also ensure avoidance of excess expenditure. Action taken in this regard may please be intimated to the Budget Division of MHA immediately.**

Sd/-

(N.A. Viswanathan)

Additional Secretary & Financial Advisor (Home)

To

1. All Joint Secretaries of MHA.
2. Others as per Standard List.
3. Copy for kind information to AS (BM), AS (CS) and PPS to HS/PPS to Secretary (BM)

Sd/-

(Jawahar Thakur)

Chief Controller of Accounts (Home)

**Copy Forwarded Together with Enclosure:—**

1. Shri Daya Shankar Pandey, Asstt. Director (Budget), Central Translation Bureau, Deptt. of Official Language, CGO Complex, Lodhi Road, New Delhi.
2. Shri Om Prakash, Fire Advisor, D.G.C.D., East Block VIII, Level VII, R.K. Puram (Main), New Delhi-66.
3. Shri V.K. Sharma, Deputy Director (Budget), O/O the Registrar General of India, Man Singh Road, New Delhi.
4. Shri S. Hariharan, Asstt. Director, Intelligence Bureau, New Delhi.
5. Shri K.M. Nandyal, Director, National Civil Defence College, Ministry of Home Affairs, Nagpur-440001.
6. Shri P.B. Rajappan, Under Secretary, Inter-State Council Sectt., Vigyan Bhavan, Annexe, New Delhi.
7. Shri Brij Mohan Negi, Director (Policy), Deptt. of Official Language, Lok Nayak Bhavan, New Delhi.
8. Shri R.A. Singh, Senior Accounts Officer, National Human Rights Commission, Sardar Patel Bhavan, New Delhi.
9. Shri Sudersan Kumar, Deputy Secretary, Zonal Council Sectt., Jam Nagar House, New Delhi.
10. Shri A. Mohanan, Under Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
11. Shri M. Rai, Under Secretary, O/O Principal Scientific Advisor to the Govt. of India, 310-A, Vigyan Bhavan Annexe, New Delhi.
12. Shri C.A. Subrahmanian, Deputy Secretary, National Security Council Sectt., East Block No. 10, Level-4, R.K. Puram, New Delhi.
13. Shri P.K. Roy, Under Secretary, Prime Minister's Office, South Block, New Delhi.
14. Shri Likhi Ram, Section Officer, President's Sectt., New Delhi.
15. Shri K.K. Bajaj, Under Secretary, M&G Section, MHA, North Block, New Delhi.
16. Shri J.L. Sharma, AIG (Accounts), Special Protection Group, SPG Complex, Dwarka, Sector-9, New Delhi.
17. Dr. K.C. Wadhwa, Director, National Fire Service College, Ministry of Home Affairs, Nagpur-440001.
18. Shri Rajiv Walia, Dy. Director-General Narcotics Control Bureau, West Block No. I, Wing No. 5, R.K. Puram New Delhi.
19. Shri P. Venugopal, Administrative Officer, Sardar Vallabhbhai Patel National Police Academy, Ministry of Home Affairs, Hyderabad-500053.

20. Shri Pinaki Sengupta, Administrative Officer, LNJP National Institute of Criminology of Forensic Science, Ministry of Home Affairs, Sector-3, Outer Ring Road, Rohini, Delhi-110085.
21. Shri A.K. Sood, Joint Asstt. Director, Bureau of Police Research & Development, CGO Complex, Lodhi Road, New Delhi.
22. Shri Sarabjit Singh, Director-General Central Forensic Science Laboratory (BPR&D), Block No. 4, 4th Floor, C.G.O. Complex, Lodhi Road, New Delhi.
23. Shri R.P. Sharma Supdt. Central Forensic Science Laboratory (CBI), Block No. 4, 4th Floor, C.G.O. Complex Lodhi Road, New Delhi.
24. Shri Manmohan, Administrative Officer (FS) Directorate of Forensic Science, CGO Complex, New Delhi.
25. Shri A.K. Sood, Asstt. Director (Admn.), Central Detective Training School, CGO Complex, Lodhi Road, New Delhi.
26. Shri Praveen Kumar, Deputy Financial Adviser, Central Reserve Police Force, CGO Complex, Lodhi Road, New Delhi.
27. Shri P.K. Guta, Sr. Accounts Officer, Directorate of Assam Rifles, Shillong.
28. Shri R.P. Joshi Asstt. Commandant (Finance) Border Security Force, Block No. I, CGO Complex, Lodhi Road, New Delhi.
29. Shri P.D. Sharma, Deputy Chief Accounts Officer, Indo-Tibetan Border Police, Block No. II, CGO Complex. Lodhi Road, New Delhi.
30. Shri O.P. Nimesh Senior Accounts Officer, National Security Guard, CGO Complex, Lodhi Road, New Delhi.
31. Shri R.D. Sharma Asstt. Director (Accounts) Central Industrial Security Force, 13, CGO Complex, Lodhi Road, New Delhi.
32. Shri B.S. Dhupia, Assistant Director, National Crime Records Bureau, East Block No. 7, R.K. Puram, New Delhi- 110066.
33. Shri Rajan Kumar FA to Commissioner of Police Delhi Police, I.P., Estate, New Delhi.
34. Shri Hans Raj, Accounts Officer, Directorate of Coordination Block No. 9, CGO Complex, Lodhi Road, New Delhi.
35. Shri J.S. Chambial D.I.G. Special Service Bureau, Block No. V (East) R.K. Puram, New Delhi-110066.
36. Dr. M.S. Rao Chief Forensic Scientist, Directorate of Forensic Science, Block No. 4, 4th floor, CGO Complex, Lodhi Road, New Delhi.
37. Shri Rakesh Bhatnagar Asstt. Financial Adviser (B-1) Ministry of Defence (Finance), South Block, New Delhi.

38. The Sr. Account Officer, Pay & Account Office (P&M) Jam Nagar House, New Delhi.
39. Shri J.K. Dadu, Secretary (Finance), U.T. Admn. of Daman & Diu. Moti Daman, Daman.
40. Shri J.K. Dadu, Secretary (Finance), U.T. Admn. of Dadra & Nagar Haveli, Silvassa.
41. Shri Sandeep Kumar, Secretary (Finance), U.T. Admn. of Lakshadweep, Kavaratti.
42. Shri K. Avtar Singh, Secretary (Finance), U.T. Admn. of Chandigarh Chandigarh.
43. Shri P.K. Goel, Secretary (Finance), U.T. Admn. of A&N Island Portblair.
44. Shri S.B. Doval, Under Secretary (Planning Cell), Ministry of Home Affairs, North Block, New Delhi.
45. Shri Pooran Chand, Under Secretary (Bgt. II), Ministry of Home Affairs, North Block, New Delhi.
46. Shri Anil Kumar, Sr. Accountant, O/O CCA (Home), MHA, North Block, New Delhi.
47. S/Shri P.S. Dravaria, S.O./Srinivasulu, Asstt./Smt. Anitha K.P., UDC, Budget-I Section Ministry of Home Affairs, New Delhi.
48. Sr. Accounts Officer, PAO (A/cs), C-I Hutments, Dalhousie Road, New Delhi.

Copy also forwarded for information to:

P.S. to FA (Home)/P.S. to CCA (Home).

Sd/-

(M.P. Rao)  
Deputy Secretary to the Govt. of India  
Tel. No. 2309-2784



No. 28/62/2002-Bgt.-I  
Ministry of Home Affairs  
(Budget—I)

New Delhi.  
Dated: 26 September, 2002

**OFFICE MEMORANDUM**

Subject: Control of expenditure against the sanctioned grant/appropriation —  
Observations of the Public Accounts Committee

The Public Accounts Committee in their 30th Report (13th Lok Sabha) relating to Excess Expenditure over the Voted Grants and Charged Appropriation (1999-2000) have taken a serious view of expenditure incurred in excess of the provisions authorized by the Parliament. The Committee have particularly observed, with much more serious concern, the case of excess expenditure in those grants/appropriations where supplementary provisions have been obtained. The Committee have observed that such instances constituted a telling reflection on the approach of the Ministries/ departments concerned and on their inability to assess actual requirement of funds even at the fag end of the financial year

2. In this connection, attention is invited to clause (3) of Article 114 of the Constitution of India according to which no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law passed in accordance with the provisions of the said Article. Thus, expenditure incurred in excess of the grant/appropriation approved by the Parliament is unauthorized. Further, instructions for control of expenditure already exist in part VII of Chapter 5 of the General Financial Rules.

3. Keeping in view the observations of the Public Accounts Committee and the rules/instructions quoted above, it is once again emphasized that strict watch should be kept over the flow of expenditure against the sanctioned grant by regular monitoring as provided in Rule 71, Chapter 5 of GFRs so that the expenditure does not exceed the amounts authorized by the Parliament. In case the amount of a Grant falls short of the requirement, a Supplementary Grant may be obtained before the expenditure is incurred. While obtaining supplementary demands for grants, the amount of supplementary demand may be assessed realistically so that the amount of Supplementary Grant neither falls short of the actual requirement necessitating excess expenditure as pointed out by the Public Accounts Committee, nor the amount is drawn in excess of the requirement resulting finally in surrender of the amount of grant. While obtaining the supplementary grant, savings available within the grant may also be assessed so that additional funds could be provided through the “Token” or Technical Supplementary Demands for Grants without involving additional cash outgo from the Consolidated Fund of India.

4. All Budget Controlling Authorities are directed to scrupulously follow the above guidelines.

Sd/-

(N.A. Viswanathan)  
Joint Secretary & Financial Adviser

To

As per list attached.

OMNO.F.4 (10)-B (SD) 2002  
Ministry Of Finance & Company Affairs  
Department Of Economic Affairs  
(Budget Division)

New Delhi- 110001  
Dated: 26th August, 2002

**OFFICE MEMORANDUM**

Subject: Control of expenditure against the sanctioned grant/appropriation—  
Observations of the Public Accounts Committee.

The Public Accounts Committee in their 30th Report (13th Lok Sabha) relating to Excess Expenditure over the Voted Grants and Charged Appropriation (1999-2000) have taken a serious view of *expenditure incurred in excess of the provisions authorised by the Parliament*. The Committee have particularly observed, with much more serious concern, the case of excess expenditure in those grants/appropriations where supplementary provisions have been obtained. The Committee have observed that such instances constituted a telling reflection on the approach of the Ministries/ departments concerned and on their inability to assess actual requirement of funds even at the fag end of the financial year.

2. In this connection, attention is invited to clause (3) of Article 114 of the Constitution of India according to which no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law passed in accordance with the provisions of the said Article. Thus, expenditure incurred in excess of the grant/appropriation approved by the Parliament is unauthorised. Further, instructions for control of expenditure already exist in Part VII of Chapter 5 of the General Financial Rules.

3. Keeping in view the observations of the Public Accounts Committee and the rules/ instructions quoted above, it is once again emphasised that strict watch should be kept over the flow of expenditure against the sanctioned grant by regular monitoring as provided in *Rule 71, Chapter 5 of GFRs* so that the expenditure does not exceed the amounts authorised by the Parliament. In case the amount of a Grant falls short of the requirement, a Supplementary Grant may be obtained before the expenditure is incurred. While obtaining supplementary demands for grants, the amount of supplementary demand may be assessed realistically so that the amount of Supplementary Grant neither falls short of the actual requirement necessitating excess expenditure as pointed out by the Public Accounts Committee, nor the amount is drawn in excess of the requirement resulting finally in surrender of the amount of grant. While obtaining the supplementary grant, savings available within the grant may also be assessed so that additional funds could be provided through the 'Token' of 'Technical' Supplementary Demands for Grants without involving additional cash outgo from the Consolidated Fund of India.

Sd/-

(D. Swarup)  
Additional Secretary

To  
Shri N.A. Vishwanathan,  
F.A., Min. of Home Affairs, New Delhi.

## **IMPORTANT PAC MATTER**

No. 28/2/2005-Bgt.I  
Government of India  
Ministry of Home Affairs

New Delhi , the 6th June, 2005

Subject: Excesses over Voted Grants and Charged Appropriations—Observations/  
Recommendations of the Public Accounts Committee.

The Public Accounts Committee (2004-2005) (14th Lok Sabha), in its 10th Report on 'Excesses over Voted Grants and Charged Appropriations (2002-2003)' presented to the Lok Sabha on 28th April, 2005, have commented adversely on the persistent excess expenditure being incurred by the Ministries/Departments over the authorized budget allocations.

2. In the above stated Report, PAC have pointed out that excess expenditure is being incurred by the Ministries/Departments year after year in spite of the repeated observations and recommendations made by the Committee in its previous Reports. It shows that the Committee's off-repeated recommendations had little impact on the concerned Ministries/Departments. The Committee's dissatisfaction is more so in the cases where excess expenditure has been incurred despite taking Supplementary Grants. The Committee have also pointed out that mere issue of instructions by the Ministries/Departments in this regard is not sufficient unless these instructions are strictly complied with and desired results are achieved. A copy of the observations/recommendations made by the PAC in the aforesaid Report, on the Grants being operated by Ministry of Home Affairs, is enclosed (Paragraph Nos. 65, 67, 71 and 79 of the Report refer).

3. Instructions have been issued repeatedly by the Budget Wing of the Ministry in the recent past to avoid excess expenditure at all costs. But it seems that these instructions are not being followed in right earnest resulting in incurring of excess expenditure year after year. During the financial year 2002-2003, the excess expenditure has been incurred in four Sections of three Grants.

4. It is needless to say that repeated observations/recommendations of PAC on the excess expenditure have created embarrassing situation for the Ministry. The excess expenditure could have been avoided with a little more care taken in this regard. It has been repeatedly stated that expenditure should be restricted to the authorized budget allocations and if more funds are required during the financial year, Supplementary Grants can be obtained. The expenditure incurred in excess of the Budget Provision and Supplementary Grants, is an unauthorized expenditure and is viewed very seriously by the PAC.

5. All the Divisional Heads/Budget Controlling Authorities in the Ministry of Home Affairs are once again requested to take utmost care in framing Budget Estimates and Supplementary Grants so that they do not run short of funds for their schemes/projects. However, excess expenditure is to be avoided under any circumstances.

6. It is also requested to bring the above instructions alongwith the observations/ recommendations of the PAC to the notice of all concerned under your charge. Necessary action may please be taken against the officials not complying with these instructions.

Sd/-  
(N.A. Viswanathan)  
Additional Secretary & Financial Adviser (Home)

Enclosures: As above.

To

1. All Joint Secretaries in Ministry of Home Affairs/Department of Official Language/ Department of Justice/Registrar General of India/Department of Development of North-Eastern Region.

2. Others (As per attached Standard List).

**Copy also forwarded to:—**

Principal Accounts Office (Accounts), Ministry of Home Affairs, C-I Hutments, Dalhousie Road, New Delhi-110 0 11 with the directions to bring it to the notice of all Pay and Accounts Officers that they will be personally held responsible for any excess booking of expenditure and punished accordingly.

Sd/-  
(Jawahar Thakur)  
Chief Controller of Accounts (Home)

**Standard List of Addresses**

1. Shri Daya Shankar Pandey, Asstt. Director (Budget), Central Translation Bureau, Department of Official Language, CGO Complex, Lodhi Road, New Delhi.
2. Shri Om Prakash, Fire Advisor, D.G.C.D., East Block VIII, Level VII, R.K. Puram (Main), New Delhi-66.
3. Shri V.K. Sharma, Deputy Director (Budget), O/o the Registrar General of India, Man Singh Road, New Delhi.
4. Shri S. Hariharan, Asstt. Director, Intelligence Bureau, New Delhi.
5. Shri K.M. Nandyal, Director, National Civil Defence College, Ministry of Home Affairs, Nagpur- 440 001.
6. Shri P.B. Rajappan, Under Secretary, Inter-State Council Sectt., Vigyan Bhavan Annexe, New Delhi.
7. Shri Brij Mohan Negi, Director (Policy), Deptt. of Official Language, Lok Nayak Bhawan, New Delhi.
8. Shri R.A. Singh, Senior Accounts Officer, National Human Rights Commission. Sardar Patel Bhavan, New Delhi.

9. Shri Sudersan Kumar, Deputy Secretary, Zonal Council Sectt., Jam Nagar House, New Delhi.
10. Shri A. Mohanan, Under Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
11. Shri A. Manoharan, Under Secretary, O/o Principal Scientific Adviser to the Govt. of India, 310-A, Vigyan Bhavan Annexe, New Delhi.
12. Shri N.R. Das, Section Officer, National Security Council Sectt., East Block No. 10, Level-4, R.K. Puram, New Delhi.
13. Shri P.K. Roy, Under Secretary, Prime Minister's Office, South Block, New Delhi.
14. Shri Likhi Ram, Section Officer, President's Sectt., New Delhi.
15. Shri K.K. Bajaj, Under Secretary, M&G Section, MHA, North Block, New Delhi.
16. Shri J.L. Sharma, AIG (Accounts), Special Protection Group, SPG Complex, Dwarka, Sector-9, New Delhi.
17. Dr. K.C. Wadhwa, Director, National Fire Service College, Ministry of Home Affairs, Nagpur.
18. Shri Rajiv Walia, Dy. Director-General, Narcotics Control Bureau, West Block No. 1, Wing No. 5, R.K. Puram, New Delhi.
19. Shri P. Venugopal, Administrative Officer, Sardar Vallabhbhai Patel National Police Academy, Ministry of Home Affairs, Hyderabad-500053.
20. Shri Pinaki Sengupta, Administrative Officer, LNJP National Institute of Criminology & Forensic Science, Ministry of Home Affairs, Sector-3, Outer Ring Road, Rohini, Delhi-110085.
21. Shri Sarabjit Singh, Director-General, Central Forensic Science Laboratory (BPR&D), Block No.4, 4th Floor, C.G.O. Complex, Lodhi Road, New Delhi.
22. Shri R.P. Sharma, Suppdt., Central Forensic Science Laboratory (CBI), Block No. 4, 4th Floor, C.G.O. Complex, Lodhi Road, New Delhi.
23. Shri A.K. Sood, Asstt. Director (Admn.), Central Detective Training School, CGO Complex, Lodhi Road, New Delhi.
24. Shri A.K. Sood, Joint Asstt. Director, BPR&D, CGO Complex, Lodhi Road, New Delhi.
25. Shri Praveen Kumar, Deputy Financial Adviser, CRPF, CGO Complex, Lodhi Road, New Delhi.
26. Shri U.N. Majhi, Financial Adviser (AR), Directorate of Assam Rifles, Shillong.
27. Shri R.P. Joshi, Asstt. Commandant (Finance), Border Security Force, Block No. 1, CGO Complex, Lodhi Road, New Delhi.
28. Shri P.D. Sharma, Deputy Chief Accounts Officer, Indo-Tibetan Border Police, Block No.II, CGO Complex, Lodhi Road, New Delhi.

29. Shri O.P. Nimesh, Senior Accounts Officer, National Security Guard, CGO Complex, Lodhi Road, New Delhi.
30. Shri R.D. Sharma, Asstt. Director (Accounts), Central Industrial Security Force, 13, CGO Complex, Lodhi Road, New Delhi.
31. Shri B.S. Dhupia, Assistant Director, National Crime Records Bureau, East Block No.7, R.K. Puram, New Delhi-110066.
32. Shri Rajan Kumar, FA to Commissioner of Police, Delhi Police, I.P. Estate, New Delhi.
33. Shri Hans Raj, Accounts Officer, Directorate of Co-ordination, Block No. 9, CGO Complex, New Delhi.
34. Shri J.S. Chambial, D.I.G., Special Service Bureau, Block No. V (East), R.K. Puram, New Delhi.
35. Dr. M.S. Rao, Chief Forensic Scientist, Directorate of Forensic Science, Block No. 4, 4th Floor, CGO Complex, New Delhi.
36. Shri Manmohan, Administrative Officer (FS), Directorate of Forensic Science, Block No. 4, 4th Floor, CGO Complex, Lodhi Road, New Delhi.
37. Shri Rakesh Bhatnagar, Asstt. Financial Adviser (B-I), Ministry of Defence (Finance), South Block, New Delhi.
38. Secretary (Finance), U.T. Admn. of Daman & Diu, Moti Daman, DAMAN.
39. Secretary (Finance), U.T. Admn. of Dadra & Nagar Haveli, SILVASSA.
40. Secretary (Finance), U.T. Admn. of Lakshadweep, KAVARATTI.
41. Secretary (Finance), U.T. Admn. of Chandigarh, CHANDIGARH.
42. Secretary (Finance), U.T. Admn. of A & N Islands, PORTBLAIR.
43. Shri S.B. Doval, Under Secretary (Planning Cell), Ministry of Home Affairs, North Block, New Delhi.
44. Shri Pooran Chand, Under Secretary (Bgt.II), Ministry of Home Affairs, North Block, New Delhi.
45. Shri Anil Kumar, Sr. Accountant, O/o CCA (Home ), MHA, North Block, New Delhi.
46. S/Shri P.S. Dravaria, Section Officer/Y. Srinivasulu, Assistant/Smt. Anitha. K.P., UDC, Budget-I Section, MHA.
47. Sr. Accounts Officer, Pay & Accounts Office (P&M), Jam Nagar House, New Delhi.
48. Shri B.B. Sarkar, Deputy Controller of Accounts, Principal Accounts Office, Ministry of Personnel, Public Grievances and Pensions, 3rd Floor, 'B' Wing, Lok Nayak Bhavan, Khan Market, New Delhi - 110 003.
49. Shri Rajeev Singh, Director (Finance), National Technical Research Organisation, J-16, Hauz Khas, New Delhi -110 016.

**Action Taken by the Ministry of Culture**

With respect to Para 67 (Page 36) in respect of Ministry of Culture, the general instructions to all attached/subordinate offices and autonomous organizations and Divisional Heads have been issued to observe due farsightedness while submitting proposals for the additional funds and also ensure proper planning and estimation and scrutiny of the proposals for budgets as well as for supplementary demands.

This has been vetted by Audit *vide* their U.O. No. RR/3-22/2005-06/507 dated 15th February, 2006.

[Ministry of Culture O.M. No. 20-1/2005-P&B, dated 22nd February, 2006]

**Action Taken by the Deptt. of Telecommunications**

The recommendations of the Committee have been noted. Proposals for additional demands are reviewed and scrutinized before the same are proposed for inclusion in the Supplementary Demands for Grants.

The issues with the approval of Member (Finance).

This has been vetted by DG Audit (P&T) *vide* their U.O. No. Rep. VI/4001 (b) Apprn A/Cs/2002-03/984 dt.30.11.05.

[Deptt. of Telecommunications File No. 1-4/2005-B Dated 5.08.2005]

**Action Taken by the Ministry of Railways**

Out of the overall excess of Rs. 323.65 cr, almost 65% *i.e.*, Rs. 211.15 cr was incurred under Demand No. 14 alonge, *i.e.*, to 'Appropriation to Funds'. In 2002-03, the financial results showed better performance due to higher earnings and saving in overall revenue expenditure, resulting in higher generation of internal resources which were ultimately to be appropriated to the Railway Reserve Funds, *viz.*, DF, DRF or SRSF. As the appropriation of surplus resources is technically considered as a part of expenditure and forms part of Demand No. 14, the excess incurred hereunder can be deemed to be technical in nature, as no real expenditure is involved in this case.



Apart from above, an excess of Rs. 18.30 cr has been incurred under Demand No. 15, *i.e.*, 'Dividend to General Revenues etc.', mainly due to payment of deferred dividend on new Lines under moratorium not contemplated earlier. Normally, the clearance of deferred dividend on New Lines under moratorium has been very less. Whether a particular line will do well enough in a given year to move from a 'moratorium' status to a dividend paying line, is clear only after the accounts are finalized, hence it is difficult to budget for the same.

As regards the excess under Demand No. 16 in SRSF, despite an increased provision made through Supplementary Demands, the excess has resulted because of the thrust being given to complete these safety related targeted works under Track Renewal and Rolling Stock.

As far as charged appropriations are concerned, it is submitted that the amounts of excess incurred in all appropriations, except Demand No. 16, are very minor totaling to merely Rs. 84. lakhs in 7 cases.

As regards excess appropriation under Demand No. 16, there had been higher demand of funds under Capital at the fag end of the year which could not be anticipated by Central Railway, Eastern Railway, South Central Railway, South Eastern Railway, Western Railway, Integral Coach Factory and Central Organization for Railway Electrification. A letter to the Railways, on the need to assess the requirement of charged expenditure accurately, though the amounts involved are mostly nominal, has been issued recently on 17.02.2005. The need for greater accuracy in budgeting has also been emphasized in the FA&CAOs' conferences held in March'05 & May'05 for taking corrective action by the Railways.

Audit *vide* their U.O.No. 230 RA-III/2-1/2004 dated 21st December, 2005 have vetted the Action Taken Note.

[Ministry of Railways O.M. No. 2005-BC-PAC-XIV/10 dated 24-01-2006]

#### **Recommendation**

From the scrutiny of Appropriation Accounts (Civil) the Committee note that there was an excess disbursement of Rs. 1864.47 crore in 9 segments of 8 Grants/Appropriations in civil Ministries. The excess expenditure over Rs. One crore had occurred in four out of nine cases. The Committee find that Appropriation No. 29 — Interest Payments has shown the maximum excess expenditure aggregating Rs. 1792.90 crore followed by excess expenditure of Rs. 52.70 crore under Grant No. 80 — Department of Culture and Rs. 15.89 crore under Grant No. 13 — Department of Telecommunications. The excess expenditure under the Grants/Appropriations operated by Civil Ministries/Departments was mainly on account of provision of Grant- in-aid to States for Railway Safety Works, Special drive to restore, conserve and improve conditions of monuments, conversion of special securities, wrong booking of

expenditure, payments ordered by Court, clearance of unadjusted transactions etc. In the opinion of the Committee, these reasons could have been anticipated well in advance and provided at the budgetary or supplementary Grants stage. The fact that this was not done is regrettable. The Committee desire that in future adequate care may be taken by the concerned Ministries/Departments in this regard.

[Sl.No. 5, para 69, of the Appendix IV of 10th Report of the Public Accounts Committee (14th Lok Sabha) ]

#### **Action Taken by the Ministry of Finance (Deptt. of Expenditure)**

In view of the recommendations made by the Public Accounts Committee, instructions have been issued to all Ministries/Departments of the Government of India *vide* O.M. No. 12(2)/E. Coord/2005 dated 17.11.2005.

This has been vetted by Audit *vide* their U.O. No. RR/1-42/2005-06/315 dated 7th November, 2005.

Ministry of Finance Department of Expenditure P&C Wing U.O.No. 12(2)/E. Coord/2005 dated 17.11.2005]

#### **Action taken by the Ministry of Culture**

With respect to Para 69 (page 38) in respect of Ministry of Culture, the general instructions to all attached/subordinate offices and autonomous organizations and Divisional Heads to clearly anticipate the excess expenditure under the Grants/Appropriation well in advance with their reasons/justifications for excess/savings of budgetary proposals so that these could be included at Supplementary Grant stage for the approval of the Parliament.

This has been vetted by audit *vide* their U.O. No. RR/3-22/2005-06/507 dated 15th February, 2006.

[Ministry of Culture O.M. No. 20-1/2005-P&B, dated 22nd February, 2006]

#### **Action Taken by the Deptt. of Telecommunications**

The recommendations of the Committee have been noted.

This issues with the approval of Member (Finance).

This has been vetted by the DG Audit (P&T) their U.O. No. Ref. VI/4001 (b) Apprn. A/ACs/2002-03/984 dt. 30-11-05.

[Deptt. of Telecommunications File No. 1-4/2005-B Dated 05-08-2005]

#### **Recommendation**

The Committee are constrained to point out that excess expenditure under Grants/Appropriations operated by the Civil Ministries/Departments has become a somewhat recurring phenomenon. The comparative figures of the past five years, i.e from 1998-99

to 2002-03 (year under review) indicates that the excess expenditure under Civil Ministries/Departments had gone up to Rs. 1864.47 crore in sharp contrast to the years 1999-2000 and 2000-01 when the excess expenditure showed a nominal decline from Rs. 0.57 to Rs.0.44 crore respectively. The Grants showing excess expenditure have also increased from 5 in 2001-02 to 8 in 2002-03. Detailed analysis of the Appropriation Accounts (Civil) for the preceding two years i.e. 2001-02 and 2002-03 by the Committee has revealed that Grant No. 13—Department of Telecommunications and Appropriation No. 29 — Interest Payments recurringly registered excess expenditure during these years. It has further been observed that while the excess expenditure under Grant No. 13 — Department of Telecommunications is reduced during the year 2002-03 (from Rs.114.36 crore in 2001-02 to Rs. 15.89 crore in 2002-03), it has shown a steep rise in case of Appropriation No. 29 — Interest Payments (Rs. 28.39 crore in 2001-02 to Rs. 1792.90 crore in 2002-03). Apparently no efforts have been made by the concerned Ministries/Departments to examine the factors contributing to such a dismal state of affairs and take corrective action. The Committee desire that every Ministry/ Department, particularly those concerned with grants mentioned above, should carefully review their mechanism for framing of budget estimates and take corrective measures wherever required to make it more balanced and realistic.

[Sl. No. 6, para 70, of the Appendix IV of 10th Report of the Public Accounts Committee (14th Lok Sabha)]

**Action Taken by the Ministry of Finance (Deptt. of Expenditure)**

In view of the recommendations made by the Public Accounts Committee, instructions have been issued to all Ministries/Departments of the Government of India *vide* O.M. No. 12(2)/E.Coord/2005 dated 17-11-2005.

This has been vetted by Audit *vide* their U.O. No.: RR/1-42/2005-06/315 dated 7th November, 2005.

[Ministry of Finance, Department of Expenditure P&C wing U.O. No. 12(2)/E.Coord/2005 dated 17.11.2005]

**MOST IMMEDIATE  
PAC MATTER**

No. 12(2)/E.Coord./2005  
Government of India  
Ministry of Finance  
Department of Expenditure

New Delhi, the 17th November, 2005

**OFFICE MEMORANDUM**

Subject: Action taken on the recommendations contained in the 10th Report (14th Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2002-2003)"

The undersigned is directed to invite the attention to the recommendation made by the Public Accounts Committee in paras 65, 67, 69 and 70 of their 10th Report (14th Lok Sabha) where the Committee has viewed with serious concern the cases of excess expenditure even in those grants of appropriations where supplementary provisions had been obtained. The observations made by the Public Accounts Committee in the relevant paras are summarized as under:

**Para 65**

In the year 2002-03 an excess expenditure of Rs. 2188.12 crore was incurred. The excess expenditure was mainly on account of Appropriation No. 29 relating to interest payments which were exceeded by Rs. 1792.90 crore. The excess expenditure was on account of defective estimation of requirement of funds, lack of continuous watch over expenditure flow, timely review of financial requirements, failure to assess the additional fund requirements etc. The reasons are similar to the earlier years and it is apparent that Ministries/Departments are not viewing this matter with ample seriousness and the often repeated recommendations of Public Accounts Committees in the past have had little impact. All the Ministries/Departments are therefore urged to chalk out a definite policy in order to observe greater financial discipline and ensure that expenditure does not exceed its prescribed limit.

**Para 67**

Supplementary grants in most of the cases were obtained without proper assessment with the result that even the additional provisions proved inadequate the actual requirement of funds. Concerned Ministries/Departments should impress upon their budget controlling authorities to thoroughly examine their proposals for additional funds with due foresightedness and ensure proper review and scrutiny of the requests for Supplementary demands before the same are presented to the Parliament for approval.

**Para 69**

In a large number of cases, there was an excess expenditure of over Rs. 1 crore even after the Supplementary Grants stage. This was regrettable as a factors leading excess

expenditure should have been anticipated well in advance and provided for at budgetary or Supplementary Grants stage. Adequate care should be taken by the concerned Ministry/Department in this regard.

**Para 70**

Excess expenditure under Grants/Appropriations in Civil Ministries/Departments has become a recurring phenomenon. All the Ministries/Departments should therefore carefully review their mechanism for framing of Budget Estimates and take corrective measures to make it more balanced and realistic.

2. The instances brought out in the aforesaid Report of the Public Accounts Committee that Ministries/Departments have not been making the Budget Estimates after proper scrutiny leading to excess expenditure having to be incurred year after year with the Parliament being presented with a *fate-acompli*. It is therefore necessary for all the Ministries/Departments of Government of India to observe greater financial discipline with a view to ensure that expenditure does not exceed its prescribed limits.

3. One of the basic requirements of Budget formulation and estimation is realistic assessment of funds required for various expenditure at different stages in a financial year be made. In this connection, attention is invited to this Department's Office Memorandum No. 12(1)/E.Coord./2002 dated September 27, 2002. As per the provisions of this Office Memorandum, careful monitoring of expenditure in accordance with the provisions contained in the General Financial Rules and Ministry of Finance O.M. No. 12(3)/E.Coord./2000 dated August 13, 2001 was mandatory to avoid any excesses over Voted/Charged Appropriations. The provisions of new GFRs also referred to this issue. Specific attention is drawn to Rule 52(3) of the GFRs, 2005 as per which no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant or an appropriation or an advance from the contingency fund. Rules 54, 58, 59, 60 and 61 of GFRs, 2005 are also to be noted in this connection.

4. In view of the recommendations of the Public Accounts Committee as mentioned in para 1 above, Ministries/Departments are requested to ensure strict compliance with the relevant provisions of the GFRs, 2005 and the instructions issued *vide* this Department's Office Memorandums dated September 27, 2002; August 13, 2001 and O.M. No. G-25018/CGA-AA/Excess./2000-01/629 dated September 5, 2001.

Sd/-

(Dr. S.C. Pandey)

Officer on Special Duty (P&C)

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 by the Deptt. of Telecommunications**

All corrective measures are taken to ensure framing of a balanced and realistic Budget Estimate, and as a result the excess expenditure was reduced to a considerable extent in the year 2002-03 in comparison to the previous year. The excess expenditure was due to adjustment of amounts lying under Suspense and Remittance heads which was necessitated for transferring the reconciled balances to Bharat Sanchar Limited. This excess expenditure was merely a book adjustment without involving any cash outgo.

This issues with the approval of Member (Finance).

This has been vetted by DG Audit (P&T) *vide* their U.O. No. Rep. VI/4001(b) Appr. A/Cs 2002-03/984 dated 30-11-05.

[Deptt. of Telecommunications File No. 1-4/2005-B Dated 05.08.2005]

### **Recommendation**

“The Committee are distressed to find that during the year under review the Ministry of Home Affairs incurred the excess expenditure of Rs. 91.00 lakh under four sections of three Grants, *i.e.*, (i) Grant No. 45 - Ministry of Home Affairs (Revenue - Charged), 47 - Police (Revenue - Charged) and 99 - Chandigarh (Revenue - Charged and Capital - Charged). According to the Ministry of Home Affairs, this was mainly due to wrong booking of expenditure, payment of compensation as per court decrees, payment of MACT cases, salary and arrears of ‘Assured Career Progressive Scheme’ to High Court staff and payment deposited in Court on enhancement of various awards in land acquisition cases. The Committee are of the view that many of these could have been foreseen and provided for at least at the Supplementary Grant stage before the close of the year. This has happened despite the issuance of the instructions by the Ministry from time to time to restrict the expenditure as per the budgetary provisions. Director (Finance - Home) has also stated to invite the attention of all Joint Secretaries to the provisions contained in Rule 53, 54 and 55 of GFR emphasizing upon the need for making realistic assessment of funds and proper scrutiny of estimates not only at the Budget Estimate stage, but also at Supplementary Grants so that the occurrence of excess could be fully avoided. The Committee need hardly emphasize that mere issue of instructions is not sufficient unless these instructions are strictly complied with. They, however, desire the Ministry of Home Affairs to take suitable effective steps to ensure compliance of those instructions in their right earnest apart from tightening their control over expenditure.

Further scrutiny of the Grants operated by the Ministry of Home Affairs has revealed that there was wrong booking of expenditure of Rs. 2.13 lakh under Major Head “2052” - Secretariat - General Services of Grant No. 45 - Ministry of Home Affairs. The Committee would like to have the details of the said wrong booking of expenditure, which vitiated the estimated of final requirements of funds. The Committee would urge the Ministry to examine the matter for appropriate action in case any serious negligence on the part of supervisory officials is noticed.”

[Sl. No. 7, Para No. 71 of Appendix-IV of 10th Report of PAC (14th Lok Sabha)]

### **Action Taken by the Ministry of Home Affairs**

The Ministry agree with the Public Accounts Committee that during the financial year 2002-03, the excess expenditure in four Sections of three Grants of the Ministry was unfortunate and more so as it had happened despite the issuance of the instructions by the Ministry from time to time to restrict the expenditure as per the budgetary provisions. The Ministry agrees that mere issue of instructions is not sufficient unless these are strictly complied with and the desired goals are achieved.

2. It is submitted here that excess expenditure under various Grants of the Ministry during the financial year 2002-03 had occurred due to various reasons, as furnished in the 'Detailed Explanatory Notes for Excess Expenditures', already submitted by the Ministry to the PAC, duly vetted by audit.

3. The present observations and recommendations of the Committee have been noted with all seriousness in the Ministry and the same have been brought to the notice of all Budget Controlling Authorities in the Ministry for strict compliance in future. All the Divisional Heads have also been advised to take necessary action against the defaulting officials under their charge responsible for any excess expenditure in future (No. 28/2/2005-Bgt.I dated 6th June 2005 - copy enclosed).

4. As regards wrong booking of expenditure of Rs. 2.13 lakh under Major Head "2052"—Secretariat—General Services of Grant No. 45 - Ministry of Home Affairs, it is submitted here that there were three bills in which wrong accounting codes were mentioned. Out of these, two bills pertain to Cash Section of the Ministry and one to 'Committee of Parliament on Official Language'. In the first case, although the expenditure was booked by the Cash Section under the head 'Other Charges (Voted)', inadvertently code of 'Charged' expenditure was indicated in the 'Data Input Sheets' (covering letters of the bills). In the second case also, the error was somewhat similar. Office of the 'Committee of Parliament on Official Language' had inadvertently indicated in the 'Data Input Sheet', an expenditure of Rs. 12106/- to be booked under the head 'Other Charges (Charged) while it was to be booked under the head Office Expenses (Voted). This Mis-classification of expenditure could not be detected by PAO and the expenditure was booked by them under the 'Charged' portion of the Grant. This led to booking of an excess expenditure of Rs. 2.13 lakh under this portion. Copies of all the three 'Data Input Sheets' are enclosed. The 'Table' given below has the details of the aforesaid three bills:

Sl. No.	Bill No. and Date	Bill Amount	Expenditure Details
1.	CB-57/1145/OC/02-03 dated 25.3.2003	Rs. 1,50,000/-	For meeting expenses on boarding, lodging and other miscellaneous expenditure of the Chairman and Members of the 'Criminal Justice Systems Reforms Committee under the Chairmanship of Justice V. S. Malimath' for their meeting held in Bangalore from 23rd March, 2003 to 28th March, 2003.

Sl. No.	Bill No. and Date	Bill Amount	Expenditure Details
2.	Adjustment Bill No. CB-44/1091/Adj./02 03 dated 12.3.2003	Rs. 51,749/-	For making payment to Indira Gandhi Institute of Development Research, Mumbai for arranging the Seminar from 22nd March, 2002 to 24th March, 2002 for the 'Criminal Justice Systems Reforms Committee', constituted by the Government of India.
3.	226/CB-2002-03 dated 21.3.2003	Rs. 12,106/-	For making payment to Secretary, New Delhi Municipal Council for 'Electricity/ Water Charges' in respect of office of the 'Committee of Parliament on Official Language'.

5. In this context, it is submitted here that these errors were totally unintentional and perhaps occurred due to rush of work at the close of the financial year. No serious negligence, whatsoever, has been noticed on the part of the supervisory officials. As remedial measures, the concerned officials have been cautioned and instructed by the Joint Secretary concerned to take utmost care while preparing the bills and booking the expenditure under various heads to avoid recurrence of mis-classification in future. Besides this, one official has specifically been assigned the job of checking the bills in Cash Section, before they are sent to PAO for booking. Instructions have also been issued to all concerned in the Ministry for proper use of according code and classification of expenditure. It has been brought to their notice that recurrence of such instances will be viewed seriously (No. 12/1/2003-Bgt. I dated 24th May 2004—copy enclosed).

(This 'Action Taken Note' has been vetted by O/O DGACR *vide* their U.O. No. RR/6-2/2005-06/215 dated 2nd August, 2005).

[Ministry of Home Affairs O.M. No. 28/2/2005-Bgt.I dated 12.08.2005]



**IMPORTANT PAC MATTER**

No. 28/2/2005-Bgt. I  
Government of India  
Ministry of Home Affairs

New Delhi, the 6th June, 2005

Subject: Excesses over Voted Grants and Charged Appropriations—Observations/  
Recommendations of the Public Accounts Committee.

The Public Accounts Committee (2004-2005) (14th Lok Sabha), in its 10th Report on 'Excesses over Voted Grants and Charged Appropriations (2002-2003)', presented to the Lok Sabha on 28th April, 2005, have commented adversely on the persistent excess expenditure being incurred by the Ministries/Departments over the authorized budget allocations.

2. In the above stated Report, PAC have pointed out that excess expenditure is being incurred by the Ministries/Departments year after year in spite of the repeated observations and recommendations made by the Committee in its previous Reports. It shows that the Committee's off-repeated recommendations had little impact on the concerned Ministries/Departments. The Committee's dissatisfaction is more so in the cases where excess expenditure has been incurred despite taking Supplementary Grants. The Committee have also pointed out that mere issue of instructions by the Ministries/Departments in this regard is not sufficient unless these instructions are strictly complied with the desired results are achieved. A copy of the observations/recommendations made by the PAC in the aforesaid Report, on the Grants being operated by Ministry of Home Affairs, is enclosed (Paragraph Nos. 65, 67, 71 and 79 of the Report refer).

3. Instructions have been issued repeatedly by the Budget Wing of the Ministry in the recent past to avoid excess expenditure at all costs. But it seems that these instructions are not being followed in right earnest resulting in incurring of excess expenditure year after year. During the financial year 2002-2003, the excess expenditure has been incurred in four Sections of three Grants.

4. It is needless to say that repeated observations/recommendations of PAC on the excess expenditure have created embarrassing situation for the Ministry. The excess expenditure could have been avoided with a little more care taken in this regard. It has been repeatedly stated that expenditure should be restricted to the authorized budget allocations and if more funds are required during the financial year, Supplementary Grants can be obtained. The expenditure incurred in excess of the Budget Provision and Supplementary Grants, is an unauthorized expenditure and is viewed very seriously by the PAC.

5. All the Divisional Heads/Budget Controlling Authorities in the Ministry of Home Affairs are once again requested to take utmost care in framing Budget Estimates and Supplementary Grants so that they do not run short of funds for their schemes/projects. However, excess expenditure is to be avoided under any circumstances.

6. It is also requested to bring the above instructions alongwith the observations/

recommendations of the PAC to the notice of all concerned under your charge. Necessary action may please be taken against the officials not complying with these instructions.

Sd/-  
(N.A. Viswanathan)  
Additional Secretary & Financial Adviser (Home)

**Enclosures:** As above.

To

1. All Joint Secretaries in Ministry of Home Affairs/Department of Official Language/ Department of Justice/Registrar General of India/Department of Development of North-Eastern Region.

2. Others (As per attached Standard List).

**Copy also forwarded to:—**

Principal Accounts Office (Accounts), Ministry of Home Affairs, C-I, Hutments, Dalhousie Road, New Delhi-110 011—with the directions to bring it to the notice of all Pay and Accounts Officers that they will be personally held responsible for any excess booking of expenditure and punished accordingly.

Sd/-  
(Jawahar Thakur)  
Chief Controller of Accounts (Home)

**Standard List of Addresses**

1. Shri Daya Shankar Pandey, Asstt. Director (Budget), Central Translation Bureau, Department of Official Language, CGO Complex, Lodhi Road, New Delhi.
2. Shri Om Prakash, Fire Advisor, D.G.C.D., East Block Block VIII, Level VII, R.K. Puram (Main), New Delhi-66.
3. Shri V.K. Sharma, Deputy Director (Budget), O/O the Registrar General of India, Man Singh Road, New Delhi.
4. Shri S. Hariharan, Asstt. Director, Intelligence Bureau, New Delhi.
5. Shri K.M. Nandyal, Director, National Civil Defence College, Ministry of Home Affairs, Nagpur-440001.
6. Shri P.B. Rajappan, Under Secretary, Inter-State Council Sectt., Vigyan Bhavan, Annexe, New Delhi.
7. Shri Brij Mohan Negi, Director (Policy), Deptt. of Official Language, Lok Nayak Bhawan, New Delhi.
8. Shri R.A. Singh, Senior Accounts Officer, National Human Rights Commission, Sardar Patel Bhavan, New Delhi.
9. Shri Sudersan Kumar, Deputy Secretary, Zonal Council Sectt, Jam Nagar House, New Delhi.

10. Shri A. Mohanan, Under Secretary, Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
11. Shri A. Manoharan, Under Secretary, O/O Principal Scientific Adviser to the Govt. of India, 310-A, Vigyan Bhavan Annexe, New Delhi.
12. Shri N.R. Das, Section Officer, National Security Council Sectt, East Block No. 10, Level-4, R.K. Puram, New Delhi.
13. Shri P.K. Roy, Under Secretary, Prime Minister's Office, South Block, New Delhi.
14. Shri Likhi Ram, Section Officer, President's Sectt., New Delhi.
15. Shri K.K. Bajaj, Under Secretary, M&G Section, MHA, North Block, New Delhi.
16. Shri J.L. Sharma, AIG (Accounts), Special Protection Group, SPG Complex, Dwarka, Sector-9, New Delhi.
17. Dr. K.C. Wadhwa, Director, National Fire Service College, Ministry of Home Affairs, Nagpur.
18. Shri Rajiv Walia, Dy. Director-General, Narcotics Control Bureau, West Block No. 1, Wing No. 5, R.K. Puram, New Delhi.
19. Shri P. Venugopal, Administrative Officer, Sardar Vallabhbhai Patel National Police Academy, Ministry of Home Affairs, Hyderabad-500 053.
20. Shri Pinaki Sengupta, Administrative Officer, LNJP National Institute of Criminology & Forensic Science, Ministry of Home Affairs, Sector-3, Outer Ring Road, Rohini, Delhi-110085.
21. Shri Sarbjit Singh, Director-General, Central Forensic Science Laboratory (BPR&D), Block No. 4, 4th Floor, C.G.O. Complex, Lodhi Road, New Delhi.
22. Shri R.P. Sharma, Suppdt., Central Forensic Science Laboratory (CBI), Block No. 4, 4th Floor, C.G.O. Complex, Lodhi Road, New Delhi.
23. Shri A.K. Sood, Asstt. Director (Admn.) Central Detective Training School, CGO Complex, Lodhi Road, New Delhi.
24. Shri A.K. Sood, Joint Asstt. Director, BPR&D, CGO Complex, Lodhi Road, New Delhi.
25. Shri Praveen Kumar, Deputy Financial Adviser, CRPF, CGO Complex, Lodhi Road, New Delhi.
26. Shri U.N. Majhi, Financial Adviser (AR), Directorate of Assam Rifles, Shillong.
27. Shri R.P. Joshi, Asstt. Commandant (Finance), Border Security Force, Block No. 1, CGO Complex, Lodhi Road, New Delhi.
28. Shri P.D. Sharma, Deputy Chief Accounts Officer, Indo-Tibetan Border Police, Block No. II, CGO Complex, Lodhi Road, New Delhi.

29. Shri O.P. Nimesh, Senior Accounts Officer, National Security Guard, CGO Complex, Lodhi Road, New Delhi.
30. Shri R.D. Sharma, Asstt. Director (Accounts), Central Industrial Security Force, 13, CGO Complex, Lodhi Road, New Delhi.
31. Shri B.S. Dhupia, Assistant Director, National Crime Records Bureau, East Block No, 7, R.K. Puram, New Delhi-110066.
32. Shri Rajan Kumar, FA to Commissioner of Police, Delhi Police, I.P. Estate, New Delhi.
33. Shri Hans Raj, Accounts Officer, Directorate of Co-ordination, Block No. 9, CGO Complex, Lodhi Road, New Delhi.
34. Shri J.S. Chambial, D.I.G., Special Service Bureau, Block No. V (East), R.K. Puram, New Delhi-110066.
35. Dr. M.S. Rao, Chief Forensic Scientist, Directorate of Forensic Science, Block No. 4, 4th Floor, CGO Complex, Lodhi Road, New Delhi.
36. Shri Manmohan, Administrative Officer (FS), Directorate of Forensic Science, Block No. 4, 4th Floor, CGO Complex, Lodhi Road, New Delhi.
37. Shri Rakesh Bhatnagar, Asstt. Financial Adviser (B-I), Ministry of Defence (Finance) South Block, New Delhi.
38. Secretary (Finance) U.T. Admn. of Daman & Diu, Moti Daman, Daman.
39. Secretary (Finance) U.T. Admn. of Dadra & Nagar Haveli, Silvassa.
40. Secretary (Finance) U.T. Admn. of Lakshadweep, Kavaratti.
41. Secretary (Finance) U.T. Admn. of Chandigarh, Chandigarh.
42. Secretary (Finance) U.T. Admn. of A & N Islands, Portblair.
43. Shri S.B. Doval, Under Secretary (Planning Cell), Ministry of Home Affairs, North Block, New Delhi.
44. Shri Pooran Chand, Under Secretary (Bgt. II), Ministry of Home Affairs, North Block, New Delhi.
45. Shri Anil Kumar, Sr. Accountant, O/O CCA (Home), MHA, North Block, New Delhi.
46. S/Shri P.S. Dravaria, Section Officer/Y. Srinivasulu, Assistant/Smt. Anitha, K.P., UDC, Budget-I Section, MHA.
47. Sr. Accounts Officer, Pay & Accounts Office (P&M), Jam Nagar House, New Delhi.
48. Sh. B.B. Sarkar, Deputy Controller of Accounts, Principal Accounts Office, Ministry of Personnel, Public Grievances and Pensions, 3rd Floor, 'B' Wing, Lok Nayak Bhavan, Khan Market, New Delhi-110003.
49. Shri Rajeev Singh, Director (Finance), National Technical Research Organisation, J-16, Hauz Khas, New Delhi-110016.

### **Recommendation**

The Committee note that an excess expenditure of Rs. 15.89 crore occurred under Capital Section (Voted) of Grant No. 13—Department of Telecommunications. This was despite an augmentation of the Original provision of Rs. 1.00 crore by Rs. 754.16 crore through a Supplementary Grant of Rs. 753.16 crore for this purpose. The Committee feel that obtaining of Supplementary provisions of Rs. 753.16 crore as compared to original provision of Rs. 1 crore shows gross under-estimation of funds at the Supplementary Grant stage. Further they find that the Ministry have not explained in their note the precise reasons for their failure to make provisions at the time of preparing the original budget or at the time of seeking Supplementary Grants. Regarding excess, the Committee opine that the Ministry have furnished an oft-repeated explanation that this was on account of clearance of unadjusted transaction that had occurred over several previous years. The Committee have been informed that the excess did not involve any cash outgo but was merely a book adjustment whereby transactions/ expenditure from past year was passed on to Capital. Nevertheless, the Committee are inclined to conclude that the Ministry have woefully failed to take appropriate measures as they present the same *fait accompli* year after year. The Committee recall that only last year, they had desired in Paragraph 17.5 of their 58th Report (13th Lok Sabha), to watch the impact of the steps taken by the Department of Telecommunications in this regard, in future Appropriation Accounts. The Committee have now been informed that after corporation of the DTS/DTO, the budgeting system of Department of Telecommunications has been completely revamped and efforts are being made to contain the expenditure within the Budget Allocation. The Committee hope that the Department of Telecommunications will be consistent in their efforts so that no expenditure is incurred in excess of the authorized limits under this Grant in future.

Para No. 72 of Appendix IV of the 10th Report of the Public Accounts Committee  
(Fourteenth Lok Sabha)

### **Action Taken by the Deptt. of Telecommunications**

All possible measures are taken to contain the expenditure within the sanctioned budget. The impact of the steps taken was that there was no excess expenditure under Capital Section of the Grant during 2003-04.

This issues with the approval of Member (Finance).

This has been vetted by DG Audit (P&T *vide* their U.O. No. Rep. VI/4001 (b) Appro Accts. 20-02-03/984 dt. 30.11.05.

(Deptt. of Telecommunications File No. 1-4/2005-B Dated 5.8.2005)

Sd/-  
(Anuradha Mitra  
DDG (FEB))

### **Recommendation**

The Committee find that there was an overall excess expenditure of Rs.1792.90 crore under the Revenue Section (Charged) of Appropriation No. 29—Interest Payments. The excess was mainly due to conversion of Special Securities worth Rs. 400 crore, higher collections and investments of net small savings. The Committee would like to know the reasons as to why these factors could not be considered at the time of Supplementary Budget as no Supplementary provisions were obtained in this case. The Committee feel that the requirements for these factors could have been realistically assessed and forecast and timely additional provisions should have been made in the Revised Estimates. In the Committee's view this is not the first occasion when excess under this Appropriation has come to their notice. The Committee have further noted that an excess of Rs. 2882.39 crore and Rs. 28.39 crore was also reflected during the years 1998-99 and 2001-02 respectively. The Committee have been informed that pursuant to their earlier recommendations [1998-99 23rd Report (13th Lok Sabha)], 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 a sound data base to avoid excess expenditure. While dealing with the excess expenditure of Rs. 28.39 crore under this Appropriation during the year 2001-2002, the Committee had also expected the Ministry of Finance to display better sense of financial discipline in future. Recurrence of excess expenditure to the tune of Rs. 1792.90 crore during the year 2002-2003 under this appropriation clearly indicate that instructions issued in the past had hardly any effect in improving the budgetary procedures and controls in the Ministry. The Committee would like to express their displeasure over the fact that instructions pursuant to their recommendations remain effective for a very short span of time and the deficiencies surface again thereafter. The Committee emphasise that repeated issuance of instructions would not serve the purpose unless these instructions are strictly enforced and monitored timely and properly. They would, therefore, urge the Ministry to examine critically the specific steps taken towards implementation of the instructions issued by them in order to identify any further steps required to contain the recurring phenomenon of excess expenditure under this Appropriation.

[Paragraph 73 of Appendix IV of 10th Report of Public Accounts Committee  
(2004-2005) (14th Lok Sabha)]

#### **Action Taken by the Ministry of Finance (Deptt. of Economic Affairs)**

The Appropriation—Interest Payments is centralized appropriation which provides for interest charges on Central Government's debt obligation, 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. Provision 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.1792.90 crore occurred in Appropriation—Interest Payments during the year 2002-03 was mainly on account of payment of prepayment premium on high cost external loans, interest on conversion of marketable

securities issued in conversion of special securities, interest on special Government securities issued against net collections of small savings from 1999-2000, provident funds, special deposits and special bonds issued to oil companies. Prepayment of high cost external loans from Asian Development Bank, Government of France and International Bank for Reconstruction and Development was a post-budget development and was carried out in the month of February, 2003 resulting in unanticipated payment of prepayment premium. Upward movement of foreign exchange rates also contributed to unanticipated excess expenditure. Marketable securities worth Rs. 20,000 crore were converted into special securities in the month of January, 2003, payment of interest on which was not anticipated at the time to framing budget estimates. Collections under various small savings schemes, including the deposit scheme for retiring Government/Public Sector employees, largely depended on the investor behaviour/market situation. As a sequence, the resultant investment of such collections/deposits in Government securities and the interest payment thereon such securities/deposits also could not be estimated accurately. Similarly, estimates of interest payments on special deposits and provident funds are always susceptible to variation depending upon the accretions in the funds/deposits. Estimates of interest payment on special bonds issued to oil companies could not be included in the original estimates as the bonds were issued much after finalization of BE 2002-03.

3. Supplementary appropriations for the additional expenditure were also not sought with the anticipation that savings expected in certain subheads such as 'interest on securities issued to RBI in conversion of Treasury Bills', 'Compensation and other Bonds', 'interest on Special Deposits of Provident Superannuation Gratuity Fund' etc. could be utilized to meet the excess requirement through reappropriation of funds. However, as the anticipated savings did not materialize, the final expenditure resulted into excess expenditure over authorized appropriation.

4. The estimating authorities of interest payments of larger magnitude have been instructed to monitor the interest expenditure with reference to budget estimates on a timely basis. Several measures have been taken to avoid recurrence of excess expenditure in future. Reserve Bank of India has been asked, specifically, to have concurrent internal checks over discharge/interest payments and reconciliation of accounts with Government to minimize/avoid under/over provisioning. The estimating authority for payment of interest on external debt has assured for estimation of interest payments, close to the actual expenditure, with inclusion of element of variation while calculating rupee equivalent of foreign currency payment. The authority for payment of interest on 'small savings' has been asked to be precise in estimates of interests payments in future.

5. As regards estimating authorities for payment of interest on deposits/funds, it is proposed to reiterate the instructions issued earlier, through annual Budget Circular issued by this Ministry, for realistic and accurate estimates, as far as possible.

6. This has been vetted by Audit *vide* their U.O.No.RR/1-37/2005-06/289 dt. 5.10.2005.

[Ministry of Finance (Deptt. of Economic Affairs) F. No.F.6(6)-B(AC)/2005 dated 18.10.2005.]



### **Recommendation**

Under Revenue Section (voted) of grant No.80—Department of Culture, the Department incurred an overall excess expenditure of Rs. 52.70 crore against the total sanctioned provision of Rs. 487.46 crore during 2002-2003. The excess expenditure had mainly occurred under the sub-heads ‘Grants to other Cultural Institutions’ (Rs. 5.95), “Other Schemes” (Rs. 29.16 crore), “Grants to other Libraries” (Rs. 2.45 crore) “Conversation of Ancient Monuments” (Rs. 37.38 crore) and National Council of Science Museums, Kolkata (Rs. 3.20 crore) etc. According to the Department of Culture, this excess was due to the fact that an additionality of Rs. 63 crore which was obtained from Ministry of Finance, at the time of Revised Estimate 2002-2003 was not reflected in the 3rd Supplementary Demand for Grants during that year to get the approval as an additionality by the Parliament. The Committee view this as a case of avoidable excess expenditure showing lethargy on the part of dealing officers. Had the Departmental officers initiated timely action in this case, the additionalities could have been reflected in the 3rd Supplementary Demands for Grants. The Committee have been informed that instructions have been issued to all Attached / Subordinate Offices/ Autonomous Organizations and all the Divisional Heads of the Department of Culture to maintain strict financial discipline. The Committee trust that the extant instructions would be strictly observed.

[Sl. No.10 Para 74 of Appendix IV of Tenth Report of PAC, 14th Lok Sabha]

### **Action Taken by the Ministry of Culture**

With respect to para 74, (p.44), in respect of Ministry of Culture, the general instructions to all Attached / Subordinate Offices / Autonomous Organizations and Divisional Heads to observe strict financial discipline have been issued by the Ministry.

This has been vetted by Audit *vide* their U.O. No. RR/3-22/2005-06/507 dated 15th February, 2006.

[Ministry of Culture O.M. No.20-1/2005-P&B dated 22nd February, 2006.]

### **Recommendation**

Yet another area where inherent shortcomings were observed by the Committee related to the manner in which Supplementary Grants had been obtained by the Ministry of Railways. The Committee’s examination of the relevant Appropriation Accounts has revealed that supplementary provisions of Rs.151.02 crore were obtained in seven out of eleven cases of excess registering Grants/Appropriations as against the original provision of Rs. 2606.05 crore obtained in two out of seven such cases. The Committee’s scrutiny has also revealed that under Appropriation Nos. 3, 4, 7, 8 and 11, the original provisions were not available and only Supplementary Grants were obtained for this purpose. Under Appropriation No. 7, the Supplementary provisions of Rs. 1.32 lakh, as obtained, proved to be inadequate as the actual expenditure under this Appropriation exceeded the provision by Rs. 4.23 lakh, which is 320.51 percent of the Supplementary



provisions obtained. Further, under Grant No. 14, no Supplementary Grant was obtained although there was excess expenditure subsequently to the tune of Rs. 211.15 crore. In fact that Supplementary provision in all these cases were too meager as compared to excesses noticed subsequently which goes to prove that Supplementary Grants were ill conceived without conducting a proper and close scrutiny of the expenditure incurred or likely to be incurred by them during the financial year. The Committee are concerned over such a state of affairs and would like to express their unhappiness in this regard. They, therefore, recommend that the Ministry of Railways should evolve a mechanism to access and project realistic requirement of funds both at Budgetary and Supplementary stages so that timely action is taken to ensure that the excess expenditure could be avoided as far as possible.

[Sl. No. 12 Appendix IV Para No. 76 of 10th Report of PAC (14th Lok Sabha)]

#### **Action Taken by the Ministry of Railways**

In 2002-03, the financial results showed better performance due to higher earnings and saving in overall revenue expenditure resulting in higher generation of internal resources which were ultimately to be appropriated to one or the other Railway Reserve Funds under Demand No.14, *i.e.*, 'Appropriation to Funds', which in the present case were DRF & SRSF, resulting in an excess of Rs. 211.15 cr. under this Demand. But, as the appropriation of surplus resources is technically considered as a part of expenditure and forms part of Demand No.14, the excess incurred here under can be deemed only as technical in nature as no real expenditure is involved in this case.

As regards charged appropriations, it is submitted that the amounts of excess incurred in all appropriations, except Demand No. 16 where reasons have been explained in ATN on Para No. 67, are very minor totaling merely Rs. 84 lakhs in 7 cases.

Notwithstanding this, the concern of the Committee is noted. It may also be stated that the Railways have been addressed on the need to assess the requirement of charged expenditure accurately despite the amounts involved being nominal. A letter has been written to all Railway zones on 17.02.2005. This matter has also been raised in the FA&CAOs' conferences held in March 05 & May 05.

Audit *vide* their U.O.No.230 RA-III/2-1/2004 dated 21st December, 2005 have vetted the Action Taken Note.

[Ministry of Railways O.M. No. 2005-BC-PAC-XIV/10 dated 24-01-2006]

#### **Recommendation**

Whereas the excess expenditure incurred by the Ministry of Railways had shown decreasing trend during the year 1999-2000 (Rs. 56.79 crore) and 2000-01 (Rs. 0.14 crore), it has again started showing increasing trend subsequently, which is evident from the fact that during the years 2001-02 and 2002-03, the excess expenditure

was Rs. 210.71 crore and Rs. 323.65 crore respectively. The Committee are concerned to note that excess expenditure has become a recurring phenomenon in respect of Appropriation Nos. 3, 7 and 16. The Committee's detailed analysis of these Grants/Appropriations revealed that under Appropriation No. 3 — Working Expenses — General Superintendence and Services the excess expenditure has occurred recurrently for the past seven years *i.e.* from 1996-97 to 2002-03, under Appropriation No. 7 — Repairs and Maintenance of Plant and Equipments for the past four years *i.e.*, from 1999-2000 to 2002-03 and under Appropriation No. 16 — Assets — Acquisition, Construction and Replacement — Capital for the past three years *i.e.*, from 2000-01 to 2002-03. The excess expenditure under Appropriation No. 16 is also showing an increasing trend *i.e.* Rs. 0.13 crore in 2000-01 to Rs. 3.39 crore in 2002-03. While commenting on the recurrent excesses under Appropriation No. 3, the Committee, in their 58th Report, had desired the Ministry of Railways to critically re-examine and suitably revise the existing procedures. According to the Action Taken Note, the Ministry of Railways are stated to have issued instructions to the concerned Railways to arrest the trend of excess expenditure particularly in Appropriation No. 3 which however, has shown the excess expenditure this year also. Obviously these instructions have failed to yield desired results. The Committee would urge the Ministry to look into the matter and take suitable steps apart from monitoring the instructions issued with a view to tightening their budgetary control so as to leave little scope for excess expenditure being incurred under various Grants/Appropriations operated by them.

[Sl. No 13 Appendix IV Para No. 77 of 10th Report of PAC (14th Lok Sabha)]

#### **Action Taken by the Ministry of Railways**

The amounts of excess incurred under charged appropriations 3 & 7 over the years have been minor. However, noting the concern expressed by the Committee regarding recurring excess under Demand No. 3 in its 58th Report of 2003-04, this Ministry has issued instructions to the Railways concerned, to arrest the trend of excess expenditure, particularly under Appropriation No. 3 on 12.03.2004. The above observations however are on excess incurred in 2002-03, that is, the year previous to the issue of the instructions.

The issue of discrepancies in the budgeting of charged expenditure has also been discussed in the FA&CAOs' conference held in March'05 & May'05, for taking corrective action by the Railways.

#### **Further Audit Observations**

The PAC has observed that the instructions issued by the Ministry of Railways to the concerned Railways to arrest the trend of excess expenditure have failed to yield desired results. As recommended by the PAC the Ministry of Railways should take suitable steps, apart from monitoring the instructions issued, to tighten their budgetary control so as to leave little scope of excess expenditure being incurred under various Grants/Appropriations operated by them.

**Comments of Ministry of Railways**

As has already been submitted above, the instructions were issued on 12.03.2004 to the Railways to arrest the trend of excess expenditure. This issue was also taken up in the FA&CAOs' conferences held in March, 2005 and May, 2005. Further, consequent to similar observations in other recommendations, a letter has been written to the Railways on 17-02-2005 also. It may please be appreciated that the present recommendations deals with the excess expenditure for 2002-03, whereas the action on it has been taken in 2004 and later, thereby not being able to correct the position retrospectively. Instructions have further been issued to the Railways on 30-12-2005 for curbing the trend of excess expenditure particularly under charged appropriations, in light of the PAC's latest report on excess expenditure for 2003-04.

Audit *vide* their U.O.No. 66 RA-III/2-1/2004 dated 10th January, 2006 have vetted the Action Taken Note.

[Ministry of Railways O.M. No.2005-BC-PAC-XIV/10 dated 24.01.2006]

Government of India (Bharat Sarkar)  
Ministry of Railways (Rail Mantralaya)  
(Railway Board)

No. 2005-B-342

New Delhi, dated 30.12.2005

The General Managers,  
All Indian Railways.

Subject: Excess over Voted Grants/Charged Appropriations.

As you are aware, no expenditure over and above the sanctioned allotment can be incurred without proper authorization from Parliament. The Board has been emphasizing the need to contain the expenditure within the sanctioned allotment over and again. But, there have been recurrent incidences of excess expenditure over the years particularly under charged appropriations.

Public Accounts Committee has been commenting adversely on the incidences of excess expenditure, especially under charged appropriations, over the years. There have been instances where excess has occurred even after taking supplementary and instances where expenditure has occurred without any original or supplementary appropriation. While criticizing these excesses, that are mostly the decretal payments under charged appropriations and have occurred with the same contributory reasons, PAC, in its latest report, has desired 'that the recurrent lapses on this account may be carefully looked into, with a view to fixing responsibility at the appropriate level so that there is no recurrence of such excesses'.

Hence, the Railways are hereby urged to correctly assess the additional requirement under the charged appropriations for 2005-06 RE and 2006-07 BE. Those Railways, which have already submitted their estimates for RE0506/BE0607, may after carefully reassessing their requirement under charged appropriations, resubmit immediately if there is any change. The Railways are also urged to take all necessary steps to tighten the existing monitoring mechanism to avoid excess expenditure.

Kindly acknowledge receipt.

Sd/-  
(S. Balachandran)  
Additional Member (Budget)  
Railway Board

### **Recommendation**

The Committee are distressed to find that misclassification of expenditure in Railways has become almost a regular feature. During the year under review, there have been misclassification of expenditure in as many as three Grants/Appropriations which have recorded excess expenditure. The Ministry of Railways have attributed these cases of misclassifications to lack of adequate attention being given at the time of preparation of vouchers. The Committee feel that these reasons are not enough to justify the regular failure of misclassifications on the part of Ministry of Railways. Obviously the committee are led to the inescapable conclusion that the Ministry of Railways have not taken effective steps to tackle the problem of misclassification of expenditure between various Grants/Appropriations and to devise fool-proof measures to obviate recurrence of misclassification that vitiates sound budgetary control. The Committee would also like the Ministry to identify and fix responsibility for such patent errors, as soon as they occur.

[Sl. No. 14 Appendix IV Para No. 78 of 10th Report of PAC (14th Lok Sabha)]

### **Action Taken by the Ministry of Railways**

Recommendations of the Public Accounts Committee regarding misclassification of expenditure have been noted. Detailed instructions are repeatedly being issued to the Railways to effect improvement in working systems and restrict the factor that lead to misclassifications. Instructions issued to the Railways also provide for regular reporting on punitive action taken for errors detected on this account. As a result, a number of staff have been taken up by the Railways by fixing responsibility for the lapses.

The total elimination of instances of misclassification will be difficult to achieve in practice, mainly due to sheer volume of transactions and their varying nature. However, it shall always remain the endeavor of Ministry of Railways to avoid 'Misclassifications/ Mistakes' altogether.

Audit *vide* their U.O.No. 56 RA-III/2-1/2004 dated 9th September, 2005 have vetted the Action Taken Note.

[Ministry of Railways, O.M. No.2005-BC-PAC-XIV/10 dated 24-01-2006]

### **Recommendation**

Subject to the Observations made in the preceding Paragraphs, the Committee recommend that the expenditure referred to in Para 10 of this report be regularised in the manner prescribed in Article 115(1) (b) of the Constitution of India.

[(Sl. No. 15, Paragraph 79 of Appendix-IV of Tenth Report of PAC (14th Lok Sabha)]

### **Action Taken by the Ministry of Finance (Deptt. of Economic Affairs)**

As recommended by the Public Accounts Committee, the Demands for Excess Grants for Expenditure of the Central Government (excluding Railways) relating to 2002-2003 were submitted to Parliament in the Monsoon Session, 2005. The Parliament

has passed the Excess Demands for Grants. Necessary Appropriation Bill for regularising the money drawn in excess of the amounts authorised by the Parliament for the year 2002-2003, has also been passed and the corresponding Act published in the Gazette of India (Extra-Ordinary) Part II, Section I dated 25.08.2005, as Act No. 35 of 2005, after obtaining assent of the President. in view of this, the excess amount drawn in 2002-2003 stands regularised. Action taken in this regard is, therefore, completed.

This Note has been vetted by Audit *vide* their U.O.No.DGACR/RR/1-25/2005-06/292 dated 13th October, 2005.

[Ministry of Finance, Department of Economic Affairs (Budget Division), O.M. No. F.4.(16)-B (SD)/2005 dated 17th October, 2005.]

#### **Action Taken by the Deptt. of Telecommunications**

Action has already been taken for regularization of excess expenditure through Ministry of Finance in the Monsoon Session 2005-06 of Parliament.

This issue with the approval of Member (Finance).

Sd/-  
(Anuradha Mitra)  
DDG(FEB)

This has been vetted by DG Audit (P&T) *vide* their U.O. No. Rept VI/4001(b) Appr. A/c/2002-03) 984 dt. 30.4.05)

Department of Telecommunications File No. 1-4/2005-B Dated 5.8.2005.

#### **Action Taken by the Ministry of Culture**

With respect to Para 79 (Page 50) the excess expenditure referred to in para 10 of the report has been regularised by the Parliament, *vide* Ministry of Finance order No.F.4(16)-B(SD)/2005, dated 26-08-2005 (Copy annexed).

This has been vetted by Audit *vide* their U.O. No. RR/3-22/2005-06/507 dated 15th February 2006

[Ministry of Culture O.M. No. 20-1/2005-P&B, dated 22nd February 2006]

F.4(16)-B(SD)/2005  
Ministry of Finance  
Department of Economic Affairs  
(Budget Division)

New Delhi, the 26th August, 2005

Subject : Demands for Excess Grants relating to 2002-2003.

The undersigned is directed to state that the Demands for Excess Grants relating to 2002-2003 have been passed by the Lok Sabha. The connected Appropriation Bill (No. 4), 2005 has also been passed by Parliament and assented to by the President of India on 24th August, 2005 and the Act has been published in the Gazette of India (Extra-ordinary) Part II, Section I dated 25th August, 2005 as Act No. 35 of 2005.

Sd/-

(Anuradha Prasad)  
Director (Budget)

1. Shri A.K. Sawhney, Member (Finance), Ministry of Communications & Information Technology, Department of Telecommunications, Sanchar Bhawan, New Delhi.
2. Shri N. A. Vishwanathan, Financial Adviser, Ministry (then Department) of Development of North Eastern Region, New Delhi.
3. Shri M. Deena Dayalan, Financial Adviser, Ministry of Finance, Department of Economic Affairs (Interest Payments), New Delhi.
4. Shri M. Deena Dayalan, Financial Adviser, Ministry of Finance (Transfers to State & Union territory Governments), New Delhi.
5. Shri N.A. Vishwanathan, Financial Adviser, Ministry of Home Affairs, New Delhi.
6. Shri N.A. Vishwanathan, Financial Adviser, Ministry of Home Affairs (Police), New Delhi.
7. Smt. Deepa Jain Singh, Financial Adviser, Department of Culture, New Delhi.

8. Shri N.A. Vishwanathan, Financial Adviser, Ministry of Home Affairs (Chandigarh), New Delhi.
9. The Finance Library (Publication Section) with the request that copies of the Gazette of India (Extraordinary) Part II, Section I dated 25th August, 2005 as Act No. 35 of 2005 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).
10. The Parliament Library, Lok Sabha Secretariat, New Delhi (5 copies).
11. The Lok Sabha Secretariat (PAC Branch), Parliament Annexe, New Delhi-110 001 (5 Copies).
12. Director General of Audit, Central Revenues, AGCR Building, New Delhi-110 002 (10 Copies).
13. Director General of Audit, Posts & Telecommunications, Sham Nath Marg, Civil Lines, Delhi-110 054 (10 Copies).
14. The Director General of Audit, Central Revenues, AGCR Building, New Delhi-110 002 (5 Copies).
15. Comptroller and Auditor General of India, 10, Bahadur Shah Zafar Marg, New Delhi-110 002 (10 Copies).
16. Finance Library, North Block, New Delhi (5 Copies).
17. Joint Secretary (PF-I), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
18. Joint Secretary (PF-II), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
19. The Controller General of Accounts, Lok Nayak Bhawan, New Delhi (5 Copies).
20. Secretary (Economic Affairs)
21. Secretary (Expenditure)
22. Joint Secretary (Budget)
23. Joint Secretary (FRBM)
24. Director (AP) (2 Copies)
25. Director (DD) (2 Copies)
26. ABG (2 Copies)
27. DS VSC (2 Copies)
28. DD (Hindi) (5 Copies)



29. All US/Deputy Directors in Budget Division

30. All Sections (including PF Sections I & II) in Budget Division.

2002-2003 DEMANDS FOR EXCESS GRANTS

DEMAND NO. 80

DEPARTMENT OF CULTURE

Amount expended in excess of the Grant for the year ended 31st March, 2003, in respect of DEPARTMENT OF CULTURE under the MINISTRY OF TOURISM AND CULTURE.

Voted : Fifty two crore sixty nine lakh seventy seven thousand six hundred and twenty six rupees.

Section	Final Grant	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
Revenue			
Voted:	487,46,00,000	540,15,77,626	52,69,77,626

Against the financial grant of Rs. 487,46,00,000 the actual expenditure was Rs. 540,15,77,626 resulting in an excess expenditure of Rs. 52,69,77,626 which requires regularization. The excess expenditure was on account of the fact that Parliamentary approval through the Third Supplementary Demands for Grants for the year could not be obtained for an additionality of Rs. 63 crore provided in the Revised Estimates 2002-2003.

**Action Taken by the Ministry of Home Affairs**

To get the excess expenditure regularized that occurred under four Sections of three Grants of this Ministry during the financial year 2002-2003, 'Excess Demand Statements', duly filled in, as requisitioned by Ministry of Finance (Department of Economic Affairs) vide their D.O. Letter No. 4 (16)-B(SD)/2005 dated 10th June 2005 (copy enclosed), have been furnished to them on 15th/16th June 2005 (copies enclosed).

(This 'Action Taken Note' has been vetted by O/O DGACR vide their U.O. No. RR/6-2/2005-06/207 dated 27.7.2005).

[MHA O.M. No. 28/2/2005-Bgt. I dated 8/8/2005]

Ministry of Finance  
Department of Economic Affairs  
North Block  
New Delhi-110 001

June 10, 2005

L.M. VAS  
Joint Secretary (Budget)

D.O.F. No. 4(16)-B(SD)/2005

Dear Sir,

Excess expenditure had occurred in the Demands for Grants for 2002-2003 in Demand Nos. 13, 23, 29, 30, 45, 47, 80 and 99, which is proposed to be regularized in the Monsoon session of Lok Sabha, on the basis of the recommendations of the Public Accounts Committee in their Tenth report (Fourteenth Lok Sabha).

2. For seeking Parliamentary approval, necessary excess demand statements have been prepared from the Action Taken Notes earlier furnished by the Ministries/ Departments concerned to the PAC, in consideration of which the Committee recommended regularization of the excesses.

3. The excess demand statement with which you are concerned is forwarded herewith. This may please be returned, stating reasons for the excess therein, duly vetted by Audit not later than July 1, 2005.

With regards,

Yours sincerely,

Sd/-  
(L.M. Vas)

Shri N.A. Vishwanathan,  
Additional Secretary & Financial Adviser,  
Ministry of Home Affairs,  
New Delhi.

2002-2003 DEMANDS FOR EXCESS GRANTS

DEMAND NO. 45

MINISTRY OF HOME AFFAIRS

Amount expended in excess of the Grant for the year ended 31st March, 2003, in respect of the MINISTRY OF HOME AFFAIRS under the MINISTRY OF HOME AFFAIRS.

*Charged: Two lakh ninety one thousand nine hundred and seventy one rupees.*

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Revenue			
<i>Charged:</i>	<i>10,00,000</i>	<i>12,91,971</i>	<i>2,91,971</i>

Against the final grant of Rs. 10,00,000 the actual expenditure was Rs. 12,91,971 resulting in an excess expenditure of Rs. 2,91,971 which requires regularisation. The excess expenditure was on account of .....

#### 2002-2003 DEMANDS FOR EXCESS GRANTS

##### DEMAND NO. 47

##### POLICE

Amount expended in excess of the Grant for the year ended 31st March, 2003, in respect of the POLICE under the MINISTRY OF HOME AFFAIRS.

*Charged: Thirty one lakh thirty seven thousand five hundred and four rupees.*

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Revenue			
<i>Charged:</i>	<i>2,01,00,000</i>	<i>2,32,37,504</i>	<i>31,37,504</i>

Against the final grant of Rs. 2,01,00,000 the actual expenditure was Rs. 2,32,37,504 resulting in an excess expenditure of Rs. 31,37,504 which requires regularisation. The excess expenditure was on account of .....

#### 2002-2003 DEMANDS FOR EXCESS GRANTS

##### DEMAND NO. 99

##### CHANDIGARH

Amount expended in excess of the Grant for the year ended 31st March 2003, in respect of the CHANDIGARH under the MINISTRY OF HOME AFFAIRS, UNION TERRITORIES (WITHOUT LEGISLATURE).

*Charged: Fifty six lakh seventy one thousand one hundred and thirty nine rupees.*

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Revenue			
<i>Charged:</i>	23,31,00,000	23,69,82,732	38,82,732(a)
Capital			
<i>Charged:</i>	10,00,00,000	10,17,88,407	17,88,407(b)
Total	33,31,00,000	33,87,71,139	56,71,139

(a) In the Revenue Section, against the final grant of Rs. 23,31,00,000 the actual expenditure was Rs. 23,69,82,732 resulting in an excess expenditure of Rs. 38,82,732 which requires regularisation. The excess expenditure was on account of .....

.....  
 .....

(a) In the Capital Section, against the final grant of Rs. 10,00,00,000 the actual expenditure was Rs. 10,17,88,407 resulting in an excess expenditure of Rs. 17,88,407 which requires regularisation. The excess expenditure was on account of .....

.....  
 .....

**MOST IMMEDIATE**

No. 14/01/2003-Bgt.I  
Government of India/Bharat Sarkar  
Ministry of Home Affairs/Grih Mantralaya

New Delhi, the 16th June, 2005.

**OFFICE MEMORANDUM**

Subject: Regularisation of excess expenditure in Demands for Grant for the year 2002-2003 under Grant No.45—MHA and Grant No.47—Police.

The undersigned is directed to refer to Ministry of Finance, Deptt. of Economic Affairs D.O. 4(16)-B(SD)/2005 dated 10th June, 2005 on the above mentioned subject and to send herewith the excess demand statements indicating the reasons for the excess expenditure in respect of above mentioned Grants for further necessary action.

2. The reasons for excess expenditures indicated in the enclosed statements have already been got vetted by the office of the DGACR *vide* their U.O. No. 11-9/Pr.A.O. (A/cs)MHA/AA/Gr.51/2003-2004/410 dated 03.08.2004 (RR/6-31/2003-2004/446 dated 23.07.2004) and No. RR/6-32/2003-04/1281 dated 29th October, 2004 in respect of Grant No.45—MHA and Grant No. 47—Police respectively.

Sd/-  
(S.C. Saksena)  
Under Secretary to the Govt. of India  
Tel. No. 2309-2784

To

The Ministry of Finance,  
(Deptt. of Economic Affairs)  
(Shri R.C. Sharma, Under Secretary (SD),  
North Block, New Delhi.

Copy to File No. 12/1/2003-Bgt.I

2002-2003 DEMANDS FOR EXCESS GRANTS

DEMAND NO. 45

**MINISTRY OF HOME AFFAIRS**

Amount expended in excess of the Grant for the year ended 31st March 2003, in respect of the MINISTRY OF HOME AFFAIRS under the MINISTRY OF HOME AFFAIRS.

*Charged: Two lakh ninety one thousand nine hundred and seventy one rupees.*

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Revenue			
<i>Charged</i>	10,00,000	12,91,971	2,91,971

Against the Final Grant of Rs. 10,00,000 the actual expenditure was Rs. 12,91,971 resulting in an excess expenditure of Rs. 2,91,971 which requires regularization. The excess expenditure was on account of wrong booking of the expenditure under 'Charged' portion instead of 'Voted' portion due to indication of wrong Accounting code inadvertently by Cash Section and payment of compensation by Intelligence Bureau as directed by the High Court of Jodhpur.

2002-2003 DEMANDS FOR EXCESS GRANTS

DEMAND NO. 47

**POLICE**

Amount expended in excess of the Grant for the year ended 31st March 2003, in respect of the POLICE GRANT under the MINISTRY OF HOME AFFAIRS.

*Charged: Thirty one lakh thirty seven thousand five hundred and four rupees.*

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Revenue <i>Charged</i>	2,01,00,000	2,32,37,504	31,37,504

Against the Final Grant of Rs. 2,01,00,000 the actual expenditure was Rs. 2,32,37,504 resulting in an excess expenditure of Rs. 31,37,504 which requires regularization. The excess expenditure was on account of payment of compensations ordered by Courts in Motor Accident Compensation Tribunal cases pertaining to Central Reserve Police Force and Delhi Police.

F.No. U-15013/6/2004-Bgt.II

Government of India

Ministry of Home Affairs

New Delhi, Dated the 15th June, 2005

**OFFICE MEMORANDUM**

Subject: Regularization of excess expenditure occurred in Demands for Grant for the year 2002-03 under Grant No.99—Chandigarh.

The undersigned is directed to refer to Ministry of Finance's DO letter No.4(16)-B(SD)/2005 dated the 10th June, 2005 on the subject cited above and to send herewith the excess demand statement indicating the reasons for the excess expenditure for further action.

2. The reasons for excess expenditure indicated in the enclosed statement have already been got vetted by the office of the DG (Audit) vide their UO No. RR/6-36/2003-04/159 dated 4th June, 2004.

Sd/-

(Pooran Chand)

Under Secretary to the Govt. of India

Tel. No. 2309 4237

Shri R.C. Sharma,  
Under Secretary (SD).  
Budget Division,  
Ministry of Finance (Deptt. of Economic Affairs),  
North Block, New Delhi.

## DEMAND NO. 99

**CHANDIGARH**

Amount expended in excess of the Grant for the year ended 31st March, 2003, in respect of the CHANDIGARH under the MINISTRY OF HOME AFFAIRS, UNION TERRITORIES (WITHOUT LEGISLATURE).

*Charged: Fifty six lakh seventy one thousand one hundred and thirty nine rupees.*

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Revenue			
<i>Charged:</i>	23,31,00,000	23,69,82,732	38,82,732 (a)
Capital			
<i>Charged:</i>	10,00,00,000	10,17,88,407	17,88,407(b)
Total	33,31,00,000	33,87,71,139	56,71,139

(a) In the Revenue Section, against the final grant of Rs. 23,31,00,000 the actual expenditure was Rs. 23,69,82,732 resulting in an excess expenditure of Rs. 38,82,732 which requires regularisation. The excess expenditure was on account of payment of salary to the High-court Staff. Though the savings were available under Revenue Section (Voted) but it was beyond the competence of the U.T. Administration to Re-appropriate it to 'Charged' side. Hence the excess expenditure requires regularization.

(b) In the Capital Section, against the final grant of Rs. 10,00,00,000 the actual expenditure was Rs. 10,17,88,407 resulting in an excess expenditure of Rs. 17,88,407 which requires regularisation. The excess expenditure was on account of payments deposited in the Court on enhancement of awards in various land acquisition cases as per attachment order of the Court which was obligatory and time bound. Though the savings were available under Capital Section (Voted) but it was beyond the competence of the U.T. Administration to Re-appropriate it to 'Charged' side. Hence, the excess expenditure requires regularization.

**Action Taken by the Ministry of Railways**

The excess expenditure incurred during 2002-03 has been got regularized by Parliament in its monsoon session (2005).

Audit *vide* their U.O. No. 230 RA-III/2-1/2004 dated 21st December, 2005 have vetted the Action Taken Note.

[Ministry of Railways' O.M. No. 2005-BC-PAC-XIV/10 dated 24.01.2006]

**CHAPTER III**

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

-NIL-



## CHAPTER IV

### OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVT. HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION.

#### **Recommendation**

The Ministries/Departments are required to submit to the Committee explanatory notes in respect of the excess registering Grants/Appropriations immediately after the presentation of relevant Appropriation Accounts to the House. The Committee observe that while the explanatory note on Grant No. 13—Department of Telecommunications, Grant No. 99—Chandigarh and Grants/Appropriations operated by the Ministry of Railways were received within time, the delay in furnishing the explanatory notes in respect of remaining six Grants/Appropriations ranged from nine days to more than four months. The explanatory note on Appropriation No. 29—Interest Payments has not been received till the finalization of the Report. The Committee owe an explanation from the Ministry regarding this inordinate delay. The Committee take a serious view of such delays on the part of the Ministries concerned in furnishing the explanatory notes and desire that responsibility be fixed for the laxity shown in this regard. The Committee, however, would like the Ministry of Finance, who is the coordinating Ministry in this regard, to look into the matter and take suitable measures to ensure timely submission of explanatory notes in future.

The Committee would further like to point out that whenever the excess expenditure is noticed under any Grant/Appropriation, no time should be lost by the concerned Ministry/Department in preparing and forwarding the explanatory notes to Audit for vetting. The objections, if any, raised by Audit should be resolved on top priority basis. The Committee desire that a time schedule should be laid down for taking action at various stages involving finalization/vetting of these explanatory notes, which would result in eliminating delay on this account. The Committee trust that necessary steps would be taken in this direction.

[Paragraph 68 of Appendix-IV of 10th Report of Public Accounts Committee  
(2004-2005) (14th Lok Sabha)]

#### **Action Taken by the Ministry of Finance (Deptt. of Economic Affairs)**

The Appropriation—Interest Payments is centralized appropriation which provides for interest charges on Central Government's debt obligation, 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. Provision 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 explanatory note on excess expenditure occurred in the Appropriation was prepared on finalization of Head-wise Appropriation Accounts and its receipt thereof from the Accounting Office. The said Appropriation Accounts was received in this Ministry on 1.1.2004. As this Ministry was preoccupied with the preparation and presentation of *interim* Budget for the year 2004-05 on 3.3.2004, the initial explanatory note was prepared and sent to Audit for vetting on 6.2.2004. Audit had sought detailed explanations for the excess expenditure. As the Appropriation-Interest Payments is a centralized one and the estimates thereof are furnished by various estimating authorities, the detailed reasons for excess expenditure were called for from them. The Ministry became, meanwhile, occupied with the preparation and presentation of Regular Budget for the year 2004-05 on 8.7.2004. After obtaining necessary information from the various estimating authorities, revised explanatory note was sent to Audit for vetting on 14.9.2004. Audit had called for further information on the revised explanatory note on 28.10.2004. After making good the information sought for by Audit, the revised explanatory note was sent to Audit on 18.1.2005. The vetted explanatory note was received from Audit on 23/25.2.2005. In the meantime, Budget Division, Ministry of Finance went into the preparation and presentation of Budget for the year 2005-06 on 28.2.2005 and processing of final batch of Supplementary Demands for Grants for the year 2004-05. Final explanatory note was sent to the Public Accounts Committee on 23.3.2005.

3. As may be seen from the above, the Ministry remained occupied with the preparation and presentation of two Regular Budgets and one *interim* Budget during the years 2004 and 2005, while processing the explanatory note through its various stages till the final note was sent on 23.3.2005. Thus, there was no laxity on the part of this Ministry in submission of explanatory notes to the Committee. However, efforts will continue to be made to submit the explanatory note to the Audit and finally to the Committee within the time schedule prescribed for the purpose in future.

4. As regards laying down the time schedule for taking action at various stages involving finalization/vetting of explanatory notes, Ministry of Finance, Department of Expenditure has, *vide* O.M. No.1/10/2005-MC dated 17.6.2005, reiterated the instructions to all Ministries/Departments for strict adherence to the time schedule in submitting the vetted explanatory note to the Committee.

5. This has been vetted by Audit *vide* its U.O. No. RR/1-45/2005-06/313 dated 28.10.2005.

[Ministry of Finance (Deptt. of Economic Affairs, F.No. 6(6)-B(AC)/2005 dated 7.11.2005]

### **Recommendation**

The Committee's examination of Indian Railways Appropriation Accounts for the year 2002-03 revealed that there was an overall excess expenditure of Rs. 323.65 crore

incurred under three Grants and eight Appropriations. Out of this excess expenditure, Grant No. 14—Appropriation to Funds—DRF, DF, Pension and CF was the main contributor having an excess of Rs. 211.15 crore, which is 65% of the total excess expenditure incurred by the Ministry of Railways. This was followed by Grant No. 16—Assets—Acquisition, Construction and Replacement—Special Railway Safety Fund having excesses of Rs. 89.97 crore. An analysis of the reasons causing the excess expenditure indicates that the excess under Grant No. 14 was mainly due to strengthening the fund balances in view of overall better financial performance of Indian Railways. Under Grant No. 16, it was mainly due to slow progress of works and lesser activities than anticipated. Furthermore, under Appropriation Nos. 3, 4, 6, 7, 8, 9, 11 and 16—Capital, the excess expenditure was due to unanticipated decretal payments at the fag end of the year. Deploring this tendency, the Committee had, in Paragraph 17.9 of their 58th Report (13th Lok Sabha) expected the Ministry of Railways to ensure that in future, prompt action is taken to make the decretal payments and provide for it in the Original/Supplementary Budget. The fact that the Ministry has not taken due care despite the Committee's directive is regrettable. The Committee would, therefore, again like to emphasize that through proper control over expenditure and with more accurate estimation of liabilities, much of the excess expenditure can be avoided. If at all the requirement of more funds is felt after the budget estimates, additional provisions at the revised estimated should be made with more precision.

[S.No. 11 Appendix IV Para No. 75 of 10th Report of PAC (14th Lok Sabha)]

#### **Action Taken by the Ministry of Railways**

The concern of the Committee is noted. It may also be mentioned that a letter to the Railways, on the need to assess the requirement of charged expenditure accurately, though the amounts involved are mostly nominal, has been issued recently on 17.02.2005 (copy enclosed). This matter has also been raised in the FA&CAO's conferences held in March ' 05 & May ' 05.

Audit *vide* their U.O. No. 230 RA-III/2-1/2004 dated 21st December, 2005 have vetted the Action Taken Note.

[Ministry of Railways O.M. No. 2005-BC-PAC-XIV/10 dated 24.01.2006]

Government of India  
Ministry of Railways  
(Railway Board)

RBA 8/2005

No. 2005/ACII(CC)/37/2

Dated 17th February, 2005

FA&CAOs,  
All Zonal Railways

Sub: PAC's observations for streamlining of the system of classification/control over expenditure on railways.

The Public Accounts Committee, over the last few years has commented adversely on misclassification and excess over expenditure on Railways and has desired a corrective mechanism to be put in place. In particular, the Committee has advised the Railways to review the exchequer control and monitoring system and ensure that expenditure does not exceed budget allocation. In this context, it has expressed concern over the slow implementation of computerized financial management information system, which was expected to correct the existing lacunae in the manual system.

In the light of these observations of the Public Accounts Committee, it is reiterated that Railways must continuously monitor expenditure in every demand in relation to budget provision to ensure that allocation is not exceeded. The Finance and Accounts Codes provide detailed instructions on the subject and it is expected of every Accounts officer to follow them diligently and ensure that instances of misclassification and excess/savings over budget are avoided. The existing system may be streamlined through detailed analysis of various inputs like Audit reports, internal check and Accounts inspection. Besides, a realistic assessment of charged expenditure may be carried out to plug any loophole to avoid unexpected excess over budget towards the closing months of the financial year. The entire process of budgeting also required a careful review right from the PU stage to avoid differences between expenditure and estimate. A copy of the monthly PU wise review may be enclosed with MCDO to FC.

The Board has been emphasizing the need to implement the FMIS scheme at the earliest. The necessary sanctions and directions have also been issued from time to time. But the progress of implementation so far leaves much to be desired. Despite formation of monitoring committees, targets have not been met. The importance of computerized FMIS requires no emphasis and it is expected that Railways will adhere to the completion targets given by them. FA&CAOs should personally monitor the progress to ensure its timely completion by 31.3.2005.

Kindly acknowledge receipt and confirm appropriate action being taken.

Sd/-  
(R. Ashok)  
Adviser (AR)  
Railway Board

**CHAPTER V**

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH  
GOVERNMENT HAVE FURNISHED INTERIM REPLIES.

-NIL-

NEW DELHI:  
18 August, 2006  

---

27 Shrawana, 1928 (Saka)

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

## PART II

### MINUTES OF THE SEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2006-2007) HELD ON 17th AUGUST, 2006

The Committee sat from 1600 hrs. to 1630 hrs. on 17th August, 2006 in Room No. "51" (Chairman's Chamber), Parliament House, New Delhi.

#### PRESENT

Prof. Vijay Kumar Malhotra—*Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Shri Khagen Das
3. Shri P.S. Gadhavi
4. Shri Raghunath Jha
5. Shri Bhartruhari Mahtab
6. Shri Brajesh Pathak
7. Prof. M. Ramdass
8. Shri Mohan Singh
9. Shri Rajiv Ranjan 'Lalan' Singh
10. Shri Kharabela Swain
11. Shri K.V. Thangka Balu

##### *Rajya Sabha*

12. Shri V. Narayanasamy
13. Shri Prasanta Chatterjee
14. Dr. K. Malaisamy
15. Shri Ravula Chandra Sekar Reddy

#### SECRETARIAT

1. Shri A Mukhopadhyay — *Joint Secretary*
2. Shri Ashok Sarin — *Director*
3. Shri M. K. Madhusudhan — *Under Secretary*

**Officers of the office of the Comptroller and Auditor General of India**

1. Shri R.K. Ghose — Accountant General (Audit)
2. Shri A. N. Chatterjee — Director General (Reports Central)

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the following draft Reports and adopted the same with minor modifications:

- (i) **Draft Original Report on “Excesses over Voted Grants and Charged Appropriations (2004-2005)”**; and
- (ii) **Draft Report on Action Taken on the recommendations contained in the 10th Report of PAC (14th Lok Sabha) relating to “Excesses over Voted Grants and Charged Appropriations (2002-2003)”**.

3. The Committee authorised the Chairman to finalise these Reports in the light of verbal and consequential changes arising out of factual verification by Audit or otherwise and to present the same to Parliament.

4. The Committee decided to hold their next sitting on 5th and 6th September, 2006. They also decided to undertake an on-the-spot study visit to Jaipur, Udaipur and Mumbai from 16 to 22 September, 2006.

*The Committee then adjourned.*

## APPENDIX

### STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Department	Observations/Recommendations
1	2	3	4
1.	1.7	Finance (Department of Economic Affairs)	The Committee have been given to understand that the Ministry of Finance (Department of Economic Affairs) introduced a system of cash management on a pilot basis in 2003-04 in respect of Demands pertaining to nine Ministries/Departments which is being extended with suitable modifications to select other Ministries/Departments. Instructions in this regard are stated to have been issued to all the Ministries/Departments to restrict the expenditure during the last quarter of the financial year to 33 percent of the budgeted amount. The Committee hope that the new system of cash management would bring about improvements in fiscal discipline by all the Ministries/Departments. The Committee would like the Ministry of Finance to ensure that the instructions issued by them in this regard are scrupulously followed by all the Ministries/Departments. The Committee would like to be apprised about the improvements brought about in the wake of introduction of the system of cash management.
2.	1.13	Finance (Department of Expenditure), Culture, Home Affairs, Railways	While scrutinizing the cases of excess expenditure despite having Supplementary Grants in the Grants/ Appropriations operated by the concerned Ministries/Departments and Ministry of Railways (Railway Board), the Committee had asked the concerned Ministries/Departments to impress upon their budget controlling authorities to thoroughly examine their proposals for additional funds with due farsightedness and ensure proper review and scrutiny of the requests for Supplementary Demands before presenting the same to Parliament for approval. It has been observed from the Action Taken Notes furnished by the Ministry of Finance (Department of Expenditure), Ministry of Culture, Home Affairs and



1	2	3	4
			<p>Railways that they all had issued instructions to their budget controlling authorities to frame realistic Budget Estimates and requirements for Supplementary Grants so as to eliminate excess expenditure. Such instructions are issued by various Ministries/Departments from time to time but it has often been observed that these are not being followed in letter and spirit. The Committee, therefore, would like to emphasise that issuance of instructions would not serve the purpose unless these instructions are strictly enforced and complied with. They therefore, desire that the Ministries/Departments should take effective follow-up steps to ensure strict observance of the existing instructions apart from improving their accounting information system and tightening their expenditure control.</p>
3.	1.16	Finance (Department of Economic Affairs)	<p>The Committee in their Original Report had desired that a time schedule should be laid down for taking action at various stages involving finalisation/vetting of explanatory notes on excess expenditure, which would result in eliminating delay in their submission to the Committee. However, from the explanation given by the Ministry of Finance in their Action Taken Notes, the Committee find that there was avoidable delay at every stage on the part of Ministry of Finance in the finalisation of the explanatory notes. While other Ministries/Departments have acknowledged the delay on their part in the finalisation and submission of the explanatory notes, the Ministry of Finance have sought to justify the delay on their part by simply enumerating as to how they remained pre-occupied with the preparation and presentation of two regular and one interim Budget during the year 2004 and 2005. The Committee, find this reply of the Ministry of Finance evasive and unconvincing, particularly so, because additional responsibility rested in the Ministry of Finance as the nodal agency not only to expedite finalisation of their own explanatory notes but in respect of other Ministries/Departments also. The Committee feel that it should have been possible for the Ministry of finance to furnish the requisite notes within the stipulated time. That the Ministry failed to do so is nothing but regrettable. The Committee would now expect the</p>

1	2	3	4
			<p>Ministry of Finance to show more responsibility in the timely finalisation and submission of explanatory notes to the Committee. They desire that the Ministry of finance should evolve an effective procedure for taking action at various stages in finalisation/vetting of these explanatory notes for their timely submission to the Committee.</p>
4.	55	Railways	<p>The Ministry of Railways have conceded that they have not been able to achieve the targets with regard to the implementation of the new computer-based Financial Management Information System (FMIS) on different Zonal Railways, which according to them, is necessary to improve the assessment of fund requirements more realistically. The Committee, therefore, regret to observe that inspite of repeated exhortation by them in their earlier Reports, the implementation of the Financial Management Information System in the Railways has taken place at a snail's pace, with the result that excess expenditure over authorized provisions in the Ministry of Railways has continued to occur year after year. Needless to say that the proper and timely implementation of the FMIS would result in regulating the flow of expenditure in the Railways. It is, therefore, imperative for streamlining the accounting procedure in a large and key Ministry like Railways with several field formations spread over the country, that the Ministry of Railways should closely monitor the implementation of the FMIS and its completion at least by the end of the current financial year i.e., 2006-2007 and apprise the Committee of the progress made in this regard.</p>