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EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2006-07)

PUBLIC ACCOUNTS COMMITTEE (2008-2009)

EIGHTIETH REPORT

FOURTEENTH LOK SABHA

LOK SABHA SECRETARIAT
NEW DELHI

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Presented to Lok Sabha on 17 *December.* 2008

Laid in Rajya Sabha on 17 *December* 2008

LOK SABHA SECRETARIAT
NEW DELHI

December, 2008 / *Agrahayana,* 1930 *(Saka)*

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* Ceased to be Member of Lok Sabha w.e.f. 14th November, 2008, consequent upon his election to Rajya Sabha.

\# Resigned from membership of Lok Sabha w.e.f. 11th November, 2008.

INTRODUCTION

I, the Chairman, Public Accounts Committee, as authorised by the Committee, do present this Eightieth Report relating to "Excesses over Voted Grants and Charged Appropriations (2006-2007)".

2. The Union Government Appropriation Accounts (Civil), 2006-2007, Union Government Appropriation Accounts (Postal Services), 2006-2007, Union Government Appropriation Accounts of the Defence Services for the year 2006-2007; and the Report of the Comptroller and Auditor General of India for the year ended March, 2007, No. 13 of 2007, Union Government (Accounts of the Union Government) were laid on the Table of the House on 7th December, 2007. The Indian Railways Appropriation Accounts Part-I — Review, 2006-2007; Indian Railways Appropriation Accounts Part - II—Detailed Appropriation Accounts, 2006-2007; Indian Railways Appropriation Accounts Part -II— Detailed Appropriation Accounts (Annexure-G), 2006-2007 and the Report of the Comptroller and Auditor General of India for the year ended March, 2007, No. CA 6 of 2008, Union Government (Railways) (Compliance Audit) were laid on the Table of the House on 24th October, 2008.

3. The Committee examined the cases of excess expenditure incurred by various Ministries/Departments of Union Government in 2006-07 on the basis of relevant Appropriation Accounts, observations of Audit as contained in the Reports of the Comptroller and Auditor General of India for the year ended 31 March, 2007, and the explanatory notes furnished by the various Ministries/Departments concerned. The Committee considered and finalised the Report at their sitting held on 8th December, 2008, Minutes of the sitting have been enclosed as *Annexure* to the Report.

4. 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-V* to the Report.

5. The Committee would like to express their thanks to the officers of the Ministry of Finance (Department of Economic Affairs), Ministry of Company Affairs (now Ministry of Corporate Affairs), Ministry of Mines, Ministry of Defence and Ministry of Railways for the cooperation extended by them in furnishing information to the Committee.

6. 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.

7. The Committee also place on record their appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

NEW DELHI;
11 *December,* 2008
20 *Agrahayana*, 1930 *(Saka)*

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

REPORT

EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2006-2007)

PART-I

BACKGROUND ANALYSIS

A. INTRODUCTORY

(i) Annual Appropriation Accounts of the Union Government

Appropriation Accounts are annual statements detailing grant-wise sums expended by the Government in the reporting year compared with the several sums specified in the schedule appended to the Appropriation Acts passed under Articles 114 and 115 of the Constitution of India and also indicate unspent provisions/ excess expenditure under each Voted Grant and Charged Appropriation as a whole during that financial year.

2. Every year, four Appropriation Accounts are presented to Parliament *viz*. Civil, Defence Services, Postal Services and Railways. The Appropriation Accounts in respect of Grants/Appropriations* covered under Civil Sector are prepared by the Controller General of Accounts (CGA) in the Ministry of Finance and the Non-Civil Ministries/ Departments of Defence, Posts, and Railways prepare their own annual Appropriation Accounts. These Appropriation Accounts are audited and certified by the Comptroller and Auditor General (C&AG) of India who also submits separate Audit Reports thereon to the President who, in turn, causes them to be laid before each House of Parliament in terms of Article 151 of the Constitution of India.

3. After their presentation to Parliament, these annual Appropriation Accounts and Audit Reports thereon stand referred to the Public Accounts Committee for examination under the provisions of Rule 308** of Rules of Procedure and Conduct of Business in Lok Sabha.

4. In scrutinizing the Appropriation Accounts of the Government of India and the Reports of the Comptroller and Auditor General of India thereon, it is the duty of the Committee to satisfy themselves:—

(a) that the money shown in the accounts as having been disbursed were legally available for, and applicable to, the service or purpose to which they have been applied or charged;

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*In a Demand for Grants provision for the charged expenditure is called an appropriation and that for voted is called a grant.

**This Rule defines the functions of the Public Accounts Committee.

(b) that the expenditure conforms to the authority which governs it; and

(c) that every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent authority.

5. If any money has been spent on any service during a financial year in excess of the amount granted by the Parliament for that purpose, the Committee examines, with reference to the facts of each case, the circumstances leading to such an excess and make such recommendations as it may deem fit.

(ii) Union Government Appropriation Accounts (2006-2007)

6. The table given below indicates the results of the examination of the relevant Appropriation Accounts for the year 2006-2007 by audit brought out in the following Audit Reports:—

Sl. No.	Appropriation Accounts	Report in which audit findings are highlighted
1.	Civil	Chapters 6 & 7 of C&AG's Report No. 13 of 2007 Union Government (Accounts of the Union Government)
2.	Defence Services	-do-
3.	Postal Services	-do-
4.	Railways	Chapter I, Para 1.9 of C&AG's Report No. CA 6 of 2008, Union Government (Railways) Compliance Audit)

7. The table given below indicates the number of Demands for Grants/ Appropriations obtained by various Ministries/Departments during 2006-2007:—

Sector of activity	Number of Demands for Grants/Appropriations
Civil	98
Defence Services	6
Postal Services	1
Railways	16
Total	121

8. In this Report, the Committee have examined the cases of those Grants/ Appropriations where moneys have been spent in excess of the amount authorized by Parliament for specified services for the 2006-2007 and which required regularization by Parliament under Article 115(1)(b) of the Constitution of India.

(iii) Rules laid down for control of expenditure

9. (i) Article 114(3) of the Constitution provides that subject to the provisions of Articles 115 and 116, no money shall be withdrawn from the Consolidated

Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article

(ii) Further, General Financial Rules (GFR) 71 stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriation authorized by Parliament for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund.

(iii) Article 115(1)(b) of the Constitution stipulates that if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.

(iv) Annexure "A" to Rules 66 and 75 of the General Financial Rules lays down the detailed procedure to be followed by the Pay and Accounts Offices (PAOs) regarding check against provision of funds. This procedure prescribes that where a payment would lead to excess over the provision under any "unit of appropriation", the payment may be made by PAO only on receipt of an assurance in writing from the Ministry/Head of Department controlling the grant that necessary funds to accommodate the expenditure will be provided for in time by issue of re-appropriation order etc. In cases of inevitable payments towards the close of the financial year where the grant as a whole is likely to get exceeded, the orders of the Financial Advisor on behalf of the Chief Accounting Authority would have to be sought.

(v) Indian Railway Financial Code, Volume-1 also addresses the issue of excesses over grants in so far as Railway finances are concerned. According to paragraph 371 of this code, the Railway administration shall be responsible to ensure that no expenditure is incurred in excess of the Budget allotments made to them. Similar provisions also exist under paragraphs 782 and 783 of P&T Manual, Volume II which, *inter-alia* prescribe that control in relation to budget allotments must secure that expenditure is not incurred under any head in excess of the funds allotted to that head.

(iv) Procedure for regularisation of excess expenditure

10. According to the procedure laid down for the regularization of excess expenditure, the Ministries and Departments of Government of India are required to furnish to the Public Accounts Committee explanatory notes containing the reasons for or circumstances leading to the excesses under each excess registering Grant/ Appropriation along with the relevant Appropriation Accounts. Thereafter, the Public Accounts Committee proceed to examine, in the light of explanatory notes/evidence furnished by the Ministries, the circumstances leading to such excesses and present a Report thereon to Parliament recommending regularization of the excesses subject to such Observations/Recommendations as they may choose to make. Pursuant to the Report of the Committee, Government initiate necessary action to have the excesses regularized by Parliament, under Article 115(1)(b) of the Constitution, either in the same Session in which the Committee present their Report or in the following Session.

B. EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2006-2007)

(i) Summary of excess disbursement over Grants/Appropriations

11. During 2006-2007, there was an excess disbursement of Rs. 36637.20 crore in four segments of four Grants/Appropriations pertaining to Civil Ministries/ Departments, Rs. 667.17 crore in one segment of one Grant operated by the Ministry of Defence and Rs. 365.16 crore in 13 segments of 08 Grants/Appropriations operated by the Ministry of Railways. However, there was no excess pertaining to the Department of Posts. These are detailed below:—

(In Unit of Rupees)

Sl. No.	Name of Appropriation Accounts	No. of excess registering Grants/ Appropriations	No. of cases involved	Amount of excess expenditure incurred
1.	Civil	4	4	3,66,37,19,71,375
2.	Defence Services	1	1	6,67,16,95,590
3.	Postal Services	-	-	-Nil-
4.	Railways	8	13	3,65,15,86,319*
	Total	13	18	3,76,69,52,53,284

(ii) Excess disbursements under Indian Railways Appropriation Accounts

12. Scrutiny of the explanatory notes furnished by the Ministry of Railways for explaining the reasons for excess expenditure incurred by them over Voted Grants/ Charged Appropriations during 2006-2007 has revealed that there was a misclassification of Rs.5,09,169 under Appropriation No. 12—Working Expenses—Miscellaneous Working Expenses; Rs.5,63,92,016 under Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital; Rs.6,00,841 under Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Railways Funds; Rs.9,22,160 under Grant No. 10—Working Expenses—Operating Expenses—Fuel; (-) Rs.203,96,62,087 under Grant No. 16—Assets—Acquisition, Construction and Replacement—Railway Funds.

Taking into account the effect of these cases of misclassification, the actual excess expenditure relating to Railways worked out to Rs.1,67,03,48,418 instead of Rs.3,65,15,86,319 as indicated in the relevant Appropriation Accounts.

(iii) Total excess expenditure requiring regularization under Article 115(1)(b) of the Constitution

13. Thus, the amount of actual excess expenditure incurred during the year 2006-2007 which requires regularization by the Parliament under Article 115(1)(b) of the

*This figure is a sum total of Excess under Grant Summary of Appropriation Accounts 2006-2007 as given in Appendix-I (Ref. Para No. 1.9) in Chapter 1 of the C&AG's Report No. CA 6 of 2008, Union Government (Railways) (Compliance Audit).

Constitution is of the order of Rs.3,74,71,40,15,383/- incurred in 18 cases of 13 excess registering Grants/Appropriations.

(iv) Details of excess disbursement over Grants/Appropriations (2006-2007)

14. Details of excess disbursement over Grants/Appropriations for the years 2006-2007 are as follows:—

Sl. No.	No. & Name of Grant/ Appropriation	Administrative Ministry/Department	Final Grant	Actual Expenditure	Excess Expenditure
1	2	3	4	5	6
I.	**APPROPRIATION ACCOUNTS—CIVIL**				
	Revenue (Charged)				
1.	34-Interest Payments	Finance	15,06,91,85,00,000	15,42,79,73,97,248	35,87,88,97,248
2.	63-Ministry of Mines	Mines	4,75,00,000	4,78,16,785	3,16,785
	Capital (Voted)				
3.	16-Ministry of Company Affairs	Company Affairs	36,80,00,000	36,80,40,000	40,000
	Capital (Charged)				
4.	37-Appropriation-Repayment of Debt	Finance	1,44,78,89,10,00,000	1,48,09,38,37,17,342	3,30,49,27,17,342
II.	**APPROPRIATION ACCOUNTS—DEFENCE SERVICES**				
	Revenue (Voted)				
5.	22-Defence Services—Army	Defence	3,31,91,04,00,000	3,38,58,20,95,590	6,67,16,95,590
III.	**APPROPRIATION ACCOUNTS—POSTAL SERVICES**			-NIL-	
IV.	**APPROPRIATION ACCOUNTS—RAILWAYS**				
	Voted Grants				
6.	1-Revenue Railway Board	Railways	87,30,40,000	87,31,74,075	1,34,075
7.	10-Working Expenses—Operating Expenses—Fuel	-do-	11327,55,45,000	11350,94,19,182	23,38,74,182*[1]
8.	15-Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation	-do-	4242,26,00,000	4246,80,77,535	4,54,77,535
9.	16-Assets—Acquisition, Construction and Replacement—Railway Funds	-do-	12304,96,82,000	12630,26,33,095	325,29,51,095*[2]

*[1]There was an excess expenditure of Rs.23,38,74,182/- under this Grant. However, after taking into account the misclassification of expenditure of Rs.9,22,160/- the real excess expenditure under this Grant requiring regularization worked out to Rs.23,47,96,342/-.

*[2]There was an excess expenditure of Rs.325,29,51,095/- under this Grant. However, after taking into account the misclassification of expenditure of (-) Rs.203,96,62,087/- the real excess expenditure under this Grant requiring regularization worked out to Rs.121,32,89,008/-.

1	2	3	4	5	6
	Charged Appropriations				
10.	3-Working Expenses—General Superintendence and Services	Railways	4,94,000	5,95,667	1,01,667
11.	4-Working Expenses—Repairs & Maintenance of Permanent Way & Works	-do-	1,83,68,000	2,24,17,124	40,49,124
12.	5-Working Expenses—Repairs & Maintenance of Motive Powers	-do-	19,69,000	22,19,314	2,50,314
13.	12-Working Expenses—Miscellaneous Working Expenses	-do-	39,97,15,000	43,11,65,588	3,14,50,588*[3]
14.	16-Assets—Acquisition, Construction and Replacement—Capital	-do-	14,63,17,000	17,38,67,990	2,75,50,990*[4]
15.	16-Assets—Acquisition, Construction and Replacement—Railways Funds	-do-	7,43,18,000	12,84,70,933	5,41,52,933*[5]
16.	16-Assets—Acquisition, Construction and Replacement—O.L.W.R.	-do-	--	11,84,393	11,84,393
17.	16-Assets—Acquisition, Construction and Replacement—Railway Safety Fund	-do-	11,72,000	11,77,105	5,105
18.	16-Assets—Acquisition, Construction and Replacement—Special Railway Safety Fund	-do-	3,00,000	7,04,318	4,04,318
	Total		1,65,98,39,89,20,000	1,69,75,09,41,73,284	3,76,69,52,53,284

*[3]There was an excess expenditure of Rs.314,50,588/- under this Appropriation. However, after taking into account the misclassification of expenditure of Rs.5,09,169/-, the real excess expenditure under this Appropriation requiring regularization worked out to Rs.3,19,59,757/-.

*[4]There was an excess expenditure of Rs.2,75,50,990/- under this Appropriation. However, after taking into account the misclassification of expenditure of Rs.5,63,92,016/-, the real excess expenditure under this Appropriation requiring regularization worked out to Rs.8,39,43,006/-.

*[5]There was an excess expenditure of Rs.5,41,52,933/- under this Appropriation. However, after taking into account the misclassification of expenditure of Rs.6,00,841/-, the real excess expenditure under this Appropriation requiring regularization worked out to Rs.5,47,53,774/-.

15. The above statement reveals that out of 18 cases of excess over Voted Grants/ Charged Appropriations, the excess expenditure in five cases, (i) Appropriation No. 37 Capital (Charged)—Repayment of Debt, (ii) Appropriation No. 34 Revenue (Charged)—Interest Payments, (iii) Grant No. 22 Revenue (voted)—Defence Services—Army, (iv) Grant No. 16-Assets—Acquisition, Construction and Replacement—Railway Funds, and (v) Grant No. 10-Working Expenses—Operating Expenses—Fuel was found more

than Rs.30,000 crore, Rs.3,000 crore, Rs.600 crore, Rs.300 crore, Rs.20 crore respectively which is a matter of serious concern. It would also reveal from the above table that the Ministry of Finance alone has incurred excess expenditure of Rs.36637.16 crore in two Grants/Appropriations *i.e.* under Revenue (Charged) section of Appropriation No. 34—Interest Payments and under Capital (Charged) section of Appropriation No. 37—Repayment of Debt, which was more than 97 per cent of the total excess expenditure incurred during the year 2006-2007 and which needs resolute attention of the Ministry of Finance.

(v) Excess expenditure despite having Supplementary Grants

16. It would be evident from the following table that the excess expenditure during the year 2006-2007 occurred even after obtaining Supplementary Grants/ Appropriations in the following 15 cases:—

(Rs. in crore)

Sl. No.	No. & Name of Grant/Appropriation	Amount of Supplementary Grant/Appropriation obtained	Amount of excess expenditure incurred
1	2	3	4
(a)	**APPROPRIATION ACCOUNTS — CIVIL Revenue (Charged)**		
1.	34 - Interest Payments	4869.25	3587.89
2.	63 - Ministry of Mines	4.65	0.03
	Capital (Voted)		
3.	16-Ministry of Company Affairs	26.80	0.004
	Capital (Charged)		
4.	37 - Repayment of Debt	349581.44	33049.27
(b)	**APPROPRIATION ACCOUNTS — RAILWAYS Voted Grants**		
5.	1 - Revenue Railway Board	2.30	0.01
6.	10 - Working Expenses — Operating Expenses — Fuel	451.97	23.39
7.	15 - Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation	371.53	4.55
8.	16-Assets— Acquisition, Construction and Replacement — Railway Funds	1276.57	325.29

1	2	3	4
	Charged Appropriations		
9.	3-Working Expenses — General Superintendence and Services	0.05	0.01
10.	4-Working Expenses—Repairs & Maintenance of Permanent Way & Works	1.82	0.41
11.	5-Working Expenses—Repairs & Maintenance of Motive Powers	0.19	0.03
12.	12-Working Expenses—Miscellaneous Working Expenses	0.44	3.15
13.	16 - Assets— Acquisition, Construction and Replacement — Capital	7.93	2.76
14.	16 - Assets —Acquisition, Construction and Replacement - Railways Funds	4.25	5.42
15.	16 - Assets— Acquisition, Construction and Replacement - Railway Safety Fund	0.08	0.0005
	Total	356599.27	37002.22

(vi) Recurring phenomenon and increasing trend of excess expenditure

17. It was also observed that occurrence of excess expenditure has been a recurring phenomenon in the past and despite recommendations of the successive Public Accounts Committee and issuance of instructions by the Ministry of Finance (Department of Expenditure) in pursuance thereof, some Ministries/Departments of the Union Government to indulge in excess expenditure year after year. The table given below indicates the position regarding excess expenditure incurred by various Ministries/Departments during the years from 2000-2001 to 2006-2007 (year under review):—

(Rs. in Crore)

Year	Appropriation Accounts—Civil		Appropriation Accounts—Defence Services		Appropriation Accounts— postal Services		Appropriation Accounts — Railways		Union Government Appropriation Accounts (Civil, Defence Services, Postal Services and Railways)	
	No. of excess regis-tering Grants| Approp-riations	Excess expen-diture incurred	No. of excess regis-tering Grants| Approp-riations	Excess expen-diture incurred	No. of excess regis-tering Grants| Approp-riations	Excess expen-diture incurred	No. of excess regis-tering Grants| Approp-riations	Excess expen-diture incurred	Total of Columns 2, 4, 6, 8	Total of Columns 3, 5, 7, 9
1	2	3	4	5	6	7	8	9	10	11
2000-2001	1	0.44	1	229.70	1	0.17	5	0.14	08	230.45
2001-2002	5	878.67	-	-	1	0.16	8	210.71	14	1089.54

1	2	3	4	5	6	7	8	9	10	11
2002-2003	8	1864.47	-	-	-	-	11	323.65	19	2188.12
2003-2004	7	42190.20	1	37.50	-	-	9	1136.92	17	43364.62
2004-2005	3	33784.53	2	41.99	1	0.04	10	2151.99	16	35978.56
2005-2006	8	97062.69	2	44.84	1	97.65	11	2322.46	22	99527.64
2006-2007 (Year under review)	4	36637.20	1	667.17	-	-	8	365.16	13	37669.53

18. It would be seen from the above table that during the past seven years *i.e.* from 2000-2001 to 2006-2007, the excess expenditure incurred by various Ministries/ Departments had grown up from Rs. 230.45 crore in 2000-2001 to Rs. 99527.64 crore in 2005-2006. However, it is reduced to some extent in the year under review *i.e.* 2006-2007, nevertheless it is more than Rs. 35000 crore, a substantial amount which needs to be addressed.

(a) Recurring and increasing trend of excess expenditure in Civil Ministries/ Departments

It may be seen from the above table that though the excess expenditure incurred by the Civil Ministries/Departments is reduced during the year under review in comparison to that occurred in the previous year *i.e.* 2005-2006, but it is still more than Rs. 35000 crore and is in fact to the tune of Rs. 36637.20 crore which is registered under four Grants/Appropriations against eight in the year 2005-2006.

(b) Recurring and increasing trend of excess expenditure by the Defence Ministry

It would be seen from the above table that during the past three years *i.e.* from 2003-2004 to 2005- 2006 the excess expenditure incurred by the Defence Ministry had been increasing and it had grown up from Rs. 37.50 crore in 2003-2004 to Rs. 667.17 crore in 2006-2007 under one Grant/Appropriation.

(c) Recurring and increasing trend of excess expenditure by the Railway Ministry

It may also be seen from the table that though the excess expenditure incurred by Railway Ministry has reduced during the year under review, but it is still more than Rs. 300 crore. The number of excess registering Grants/Appropriations also showed marginal decline from the previous year *i.e.* 2005-2006.

C. DELAY IN PRESENTATION OF APPROPRIATION ACCOUNTS — RAILWAYS (2006-2007)

19. The Appropriation Accounts — Railways (2006 -2007) have been presented to Parliament on 24.10.2008. However, the Appropriation Accounts relating to Civil, Defence Services and Postal Services for the year (2006-2007) were presented to Parliament during Winter Session on 7.12.2007. It was found that the presentation of Appropriation Accounts — Railways (2006-2007) was delayed more than ten months which in turn resulted into delay in finalisation of this report and regularization of excess expenditure of the Ministries/Departments.

D. DELAY IN FURNISHING EXPLANATORY NOTES

20. The following table indicates the dates on which four Appropriation Accounts of the Union Government for the year 2006-2007 were laid on the Table of the House:—

Sl. No.	Appropriation Accounts	Date on which laid on the Table of the House
1.	Civil	07.12.2007
2.	Defence Services	07.12.2007
3.	Postal Services	07.12.2007
4.	Railways	24.10.2008

21. It may be seen from the above table that as per the prescribed time schedule, the Ministries/Departments of Government of India are required to submit to Public Accounts Committee the explanatory notes in respect of excess registering Grants/ Appropriations immediately after the presentation of relevant Appropriation Accounts to Parliament. Accordingly, the explanatory notes in respect of excess registering Grants/Appropriations during 2006-2007 pertaining to Appropriation Accounts Civil, Defence Services became due for submission on 07.12.2007 and pertaining to Railways were due on 24.10.2008. The explanatory notes regarding Appropriation Accounts Civil, Defence Services and Railways were in fact received by the Committee on the following dates:—

Grant/ Appropriation	Ministry/ Department	Date of furnishing Explanatory Notes to Monitoring Cell by the concerned Ministry/ Department	Date of furnishing Explanatory Notes to the Committee by the Monitoring Cell	Remarks
34—Interest Payments	Finance	28-1-2008	1-5-2008	More than 4 months.
37—Appropriation— Repayament of Debt	Finance	7-3-2008	1-5-2008	More than 4 months.
63—Ministry of Mines	Mines	25-4-2008	6-5-2008	More than 5 months, Revised Explanatory notes awaited, Adv. copy Received.
16—Ministry of Company Affairs	Company Affairs	22-7-2008	22-7-2008	More than 7 months.
22—Defence Services—Army	Defence	3-9-2008	15-9-2008	More than 9 months.
Grants/ Appropriations	Railways	24-10-2008	—	Explanatory Notes sent directly.

It may be seen from the above table that the Ministries of Defence, Company Affairs, Mines including the nodal Ministry *i.e.* Ministry of Finance have not submitted the explanatory notes to the Committee in time *i.e*. same day of the presentation of the relevant Appropriation Accounts. The Ministries of Finance, Mines, Company Affairs and Defence delayed their submission of explanatory notes by more than four, five, seven and nine months respectively. In addition, it may also be seen from the above table that in some cases, the Monitoring Cell in the Ministry of Finance (Department of Expenditure) caused unnecessary delay in forwarding these explanatory notes to the Committee. It is appalling to note that the Explanatory Notes from Ministry of Finance (Department of Economic Affairs) in respect of Appropriation No. 34— Interest Payments were sent to the Monitoring Cell on 28-1-2008 for onward submission to the Committee. Similarly Explanatory Notes in respect of Appropriation No. 37—Repayment of Debt were sent to the Monitoring Cell on 7-3-2008. However, in the case of former, they were sent by the Monitoring Cell to the Committee on 1-5-2008 and in the case of latter also they were sent to the Committee on 1-5-2008. The delay of more than three months in the first case and almost two months in the second demands proper justification from the Monitoring Cell (Ministry of Finance—Department of Expenditure) to the Committee. In respect of Appropriation Accounts — Railways (2006-2007). The Ministry of Railways submitted their explanatory notes on 24-10-2008.

22. Taking a serious view of the delay in furnishing explanatory notes, the Committee in their Fifty-fourth Report (14th Lok Sabha) had desired that as it is incumbent upon all the Ministries to furnish the explanatory notes alongwith the Appropriation Accounts to enable the Committee to finalise their Report early for regularization of excess expenditure, the Ministry of Finance should ensure that the explanatory notes are submitted to the Committee without any delay whatsoever. Any deviation in this regard would be strictly viewed. The Committee had also recommended that as a systemic check, the Ministry of Finance in consultation with Comptroller and Auditor General of India should put in place a centralized computerized networking monitoring system to check the status of the preparation of Explanatory Notes at every stage by various Ministries/Departments so that any delay on this count is effectively prevented.

E. EXAMINATION OF SELECT CASES OF EXCESS EXPENDITURE

23. In the succeeding Paragraphs, the Committee have dealt with some of the prominent cases involving excess expenditure during 2006-2007 in the light of the facts brought out in the relevant Appropriation Accounts and Audit observations thereon and the explanatory notes furnished by the concerned Ministries/ Departments.

I. Appropriation Accounts — Civil (2006-2007)

24. According to Audit, there was an excess disbursement of Rs. 36637.20 crore in four Grants/Appropriations in Civil Ministries/Departments during 2006-2007. The following table indicates their details and the contributory reasons therefor as stated by Government—

Sl. No.	No. & Name of Grant/Appropriation	Excess expenditure incurred (Rs. in crore)	Contributory reasons as stated by Government
Revenue (Charged)			
1.	34—Interest Payments	3,587.89	Due to payment of more interest/higher rate of interest on securities, issue of more treasury bills, dated securities, higher investment of surplus funds by the State Governments, issue of Special Bonds to Oil Marketing Companies.
2.	63—Ministry of Mines	0.03	Due to compliance of Court's order to make interim payments to employees of Bharat Gold Mines Limited.
Capital (Voted)			
3.	16—Ministry of Company Affairs	0.004	Reasons awaited from the concerned department.
Capital (Charged)			
4.	37—Appropriation—Repayment of Debt	33,049.27	Reasons awaited from the concerned department.

25. It may be seen from the above table that the excess expenditure of Rs. 36637.16 crore was incurred by the Ministry of Finance (*i.e.* 3587.89 crore under Charged portion of Revenue Section of Appropriation No. 34 — Interest Payments; and Rs. 33049.27 crore under Charged portion of Capital section of Appropriation No. 37 — Repayment of Debt) which was 99.999 per cent of the total excess expenditure incurred by the Civil Ministries/Departments during 2006-07. While, the Appropriation No. 37— Repayment of Debt alone recorded the highest excess expenditure among the excess registering Grants/Appropriations in Civil Ministries/Departments which was more than 90 per cent of the total excess expenditure incurred by the Civil Ministries/Departments and more than 87 per cent of the overall excess expenditure incurred by the Union Government during the year under review *i.e.* 2006-2007. It may also be seen from the above table that Ministry of Company Affairs (now Ministry of Corporate Affairs) in respect of Grant No. 16—Ministry of Company Affairs and Ministry of Finance (Department of Economic Affairs) in respect of Appropriation No. 37—Repayment of Debt have not furnished reasons therefor to the Audit for incurring excess expenditure as mentioned in Para 7.1 of the Report of the Comptroller and Auditor General of India, No. 13 of 2007, Union Government (Accounts of the Union Government).

(i) Appropriation No. 34 (Revenue—Charged) — Interest Payments

26. Under Revenue Section (Charged) of Appropriation No. 34 — Interest Payments for 2006-2007, the Ministry of Finance (Department of Economic Affairs)

incurred an expenditure of Rs. 154279.74 crore against the total sanctioned provision of Rs. 150691.85 crore resulting in an excess expenditure of Rs. 3587.89 crore although supplementary appropriation of Rs. 4869.25 crore was obtained in March, 2007.

27. It is seen from the explanatory note furnished by the Ministry of Finance (Department of Economic Affairs) that the excess expenditure under this appropriation is net effect of total excess of Rs. 5874.03 crore and total savings of Rs. 2286.14 crore under various sub-heads of this appropriation. Some of the prominent sub-heads under which the excess expenditure occurred and reasons therefore are stated below:—

Sl. No.	Major/Minor Head	Amount of Excess expenditure (Rs. in crore)	Contributory reasons as stated by the Ministry
1	2	3	4
1.	2049.01.101— Interest on Market Loans	797.70	Due to payment of more interest/ discount on securities selected through reissue mechanism due to spill over payment than anticipated.
2.	2049.01.103.01 — Discount on Treasury Bills — 91 Days Treasury Bills	312.81	Due to higher issuance of treasury bills and rate on average discount rate than anticipated.
3.	2049.01.108 — Discount on Treasury Bills — Interest on 182 days Treasury Bills	239.69	Due to higher issuance of treasury bills and rate on average discount rate than anticipated.
4.	2049.01.110—Interest on 364 days Treasury Bills	573.88	Due to higher issuance of treasury bills and rate on average discount rate than anticipated.
5.	2049.01.116—14 Days Treasury Bills	671.79	Due to greater investment of surplus funds by State Governments than anticipated.
6.	2049.01.126 — Interest paid on Market Stabilization Scheme Deposit of Money in the Bank	959.50	Due to issue of more dated securities than anticipated.
7.	2049.01.200.03— Compensation and other Bonds	508.44	Due to more repayment of interest under cumulative portions than anticipated.

1	2	3	4
8.	2049.03.108.06—Postal Insurance and Life Annuity Fund	272.59	Due to more accretion to the Fund than anticipated.

28. In their remedial action taken note, the Ministry of Finance have reiterated in their explanatory notes furnished in respect of excess expenditure occurred under Revenue section (Charged) of Appropriation No. 35 — Interest Payments (Union Government Appropriation Accounts — Civil) for 2005-2006 of the previous year as under:—

> "However, based on the recommendations of the Public Accounts Committee, in its 23rd Report (13th Lok Sabha) on the excesses over voted grant and charged appropriation (1998-1999), instructions have been issued to all Ministries/ Departments, as part of the annual budget circular, to put in place sound data base and other IT facilities for better monitoring of expenditure."

(ii) Appropriation No. 37 (Capital—Charged) — Repayment of Debt

29. Under Capital Section (Charged) of Appropriation No. 37 — Repayment of Debt for 2006-2007, the Ministry of Finance (Department of Economic Affairs) incurred an expenditure of Rs. 1480938.37 crore against the total sanctioned provision of Rs. 1447889.10 crore resulting in an excess expenditure of Rs. 33049.27 crore although supplementary appropriation of Rs. 349581.44 crore was obtained in March, 2007.

30. It is seen from the explanatory note furnished by the Ministry of Finance (Department of Economic Affairs) that the excess expenditure under this appropriation is net effect of total excess of Rs. 126066.08 crore and total savings of Rs. 93016.80 crore under various sub-heads of this appropriation. Some of the prominent sub-heads under which the excess expenditure occurred and reasons therefore are stated below:—

Sl. No.	Major/Minor Head	Amount of Excess expenditure (Rs. in crore)	Contributory reasons as stated by the Ministry
Major Head 6001 — Internal Debt of the Central Government			
1.	00.110.364 Days Treasury Bills	999.33	Due to more discharge of 364 Days treasury Bills than anticipated.
2.	00.115—14 Days Treasury Bills	124945.80	Due to higher investments and redemption of 14 days Intermediate Treasury Bills by State Governments than anticipated. This was due to large surplus cash balance position of States.

31. It has further been observed that excess expenditure has been incurring under Capital (Charged) portion of this appropriation (Repayment of Debt) continuously

during the past four years *i.e.* 2003-2004, 2004-2005, 2005-2006 and 2006-2007. The situation in which this particular appropriation (Repayment of Debt) was handled by the Ministry of Finance had been viewed with serious concern by the successive Public Accounts Committees in the past. While taking a serious view of the continuing excess expenditure under this head due to unrealistic budgetary projections, the Committee in their Fifty-Fourth Report (14th Lok Sabha) had also reiterated that the Ministry of Finance should thoroughly examine the reasons for the recurrance of excess expenditure under this appropriation and recommended that if necessary, set up an Expert Group for this purpose.

32. In their explanatory notes, the Ministry of Finance (Department of Economic Affairs) submitted as under:—

> "The excess expenditure under 'Appropriation — Repayment of Debt' was mainly due to higher investment and hence discharge in 14 days Intermediate Treasury Bills by State Governments, more discharge of 364 days Treasury Bills, more expenditure in connection with encashment of securities and other related expenditure in respect of Asian Development Bank, preference of more claims by bond holders for redemption relating to Special Bearer Bonds and redemption of bonds under 6.5% Saving Bonds (non Taxable), 2003 by the bond holders by exercising the option of premature encashment available in the scheme than anticipated. Excess under 'External Debt' was due to exchange rate variation. Repayment of loan of Japan Bank of International Co-operation and more repayment of certain loans which could not be anticipated at the time of estimation. The Budget Estimates under 14 days Treasury Bills was Rs. 780000.00 crore and a provision of Rs. 1166000.00 crore was made at RE stage. The final requirement was estimated at Rs. 1169311.00 crore. However, supplementary provision for a lower amount of Rs. 305803.46 crore was sought in view of likely savings under repayment of Ways and Means Advances to be taken into account for reappropriation. The actual expenditure, however, was Rs. 1210749.26 crore against RE of Rs. 1166000.00 crore, resulting an excess expenditure of Rs. 44749.26 crore under the aforesaid item.
>
> It is stated that the estimates of 'Repayment of Debt' are framed on the basis of inputs furnished by RBI, the Debt Manager of the Government of India, the same cannot be assessed with sufficient degree of accuracy, as they depend upon a number of factors which affect the cash balance of Central Government on a day-to-day basis. Hence, the actual expenditure under Repayment of Debt in respect of 14 Days Treasury Bills and 364 Days Intermediate Treasury Bills are subject to variation from the estimate proposed by RBI, which beyond the control of the Authority administering the grant/appropriation. Notwithstanding the various factors which affect the cash balance of Government on a day to day basis, Government has been impressing upon Reserve Bank of India (RBI), the Debt Manager of the Central Government at different times and various levels to take such necessary steps as may be required to improve the quality of estimates for Internal Debt. RBI has set up a 'Working Group' to undertake study of the instances and reasons for inaccuracies in estimation of expenditure pertaining to Repayment of Debt and Interest Payments over last five years and to make

recommendations to improve the quality of the estimates and its better monitoring during the financial year. The report is expected to submitted shortly."

(iii) Recurring and increasing trend in excess expenditure incurred by the Ministry of Finance

33. The security of Appropriation Accounts (Civil) for the year 2001-2002 to 2006-07 indicates that the Ministry of Finance incurred the excess expenditure under the following Grants/Appropriations recurringly for the past six years:—

(Rs. in crore)

Sl. No.	Year	No. & Name of Grant/ Appropriation	Amount of Excess Expenditure	Total amount of Excess Expenditure during the year
1.	2001-02	25—Payments to Financial Institutions **(Capital—Voted)**	731.36	759.75
		26—Interest Payments **(Revenue—Charged)**	28.39	
2.	2002-03	29—Interest Payments **(Revenue-Charged)**	1792.90	1793.26
		30—Transfers to State and Union Territory Governments, **(Revenue—Voted)**	0.36	
3.	2003-04	37—Repayment of Debt **(Capital—Charged)**	42182.74	42184.73
		39—Pensions **(Revenue—Charged)**	1.99	
4.	2004-05	38—Repayment of Debt **(Capital—Charged)**	33783.55	33783.55
5.	2005-06	33—Currency, Coinage & Stamps **(Revenue—Charged)**	1.85	96874.09
		35—Appropriation-Interest Payments **(Revenue—Charged)**	3343.02	
		38—Repayment of Debt **(Capital—Charged)**	93529.22	
6.	2006-07 (Year under review)	34—Appropriation-Interest payments **(Revenue-Charged)**	3587.89	36637.16
		37—Repayment of Debt **(Capital—Charged)**	33049.27	

34. It is seen from the above table that under Capital—Charged section of Appropriation—"Repayment of Debt", the Ministry of Finance incurred excess expenditure of more than Rs.40,000 crore (in 2003-04), Rs.30,000 crore (in 2004-05), Rs.90,000 crore (in 2005-06) and Rs.30,000 crore (in 2006-07) respectively. This trend has been continuing from the past four years. It has also been found that under

Revenue—Charged section of Appropriation-"Interest Payments", the excess expenditure steeply increased from Rs. 28.39 crore in 2001-2002 to Rs. 3343.02 crore in 2005-2006 and it also registered an increase to Rs. 3587.89 crore in 2006-2007.

II. Appropriation Accounts—Defence Services (2006-2007)

Grant No. 22 (Revenue Voted)—Defence Services—Army

35. Under Revenue Section (Voted) of Grant No. 22-Defence Services—Army, the Ministry of Defence incurred an expenditure of Rs. 33858.21 crore against the total sanctioned provision of Rs. 33191.04 crore resulting in an excess expenditure of Rs. 667.17 crore. In this regard, the Ministry of Defence have not furnished reasons therefore to the Audit for incurring excess expenditure as mentioned in Para 7.1 of the Report of the Comptroller and Auditor General of India, No. 13 of 2007, Union Government (Accounts of the Union Government).

36. It is seen from the explanatory note furnished by the Ministry of Defence that the excess expenditure under this grant is net effect of total excess of Rs. 739.61 crore and total savings of Rs. 37.47 crore under various sub-heads of the Grant. Some of the prominent sub-heads under which the excess expenditure occurred and reasons therefore are stated below:—

Sl. No.	Major/Minor Head	Amount of Excess expenditure (Rs. in crore)	Contributory reasons as stated by the Ministry
1.	Major Head-2076 Minor Head-101	465.03	excess was mainly on account of sanction of higher DA *vis-à-vis* anticipated DA.
2.	Major Head-2076 Minor Head-110	90.47	excess was mainly due to reduced allocation of funds and more than anticipated materialization of stores, as also, excess booking due to last minute billing by the suppliers and DGS&D Rate Contract items.

37. In their remedial action taken, the Ministry have stated as under:—

"Instructions already exist to formulate the Budget estimates on most realistic basis and the necessity to keep the expenditure under constant review by monitoring it regularly in an effective manner in order to conform to the allocations made and to ensure that there is neither any excess nor large scale savings over the sanctioned budgetary provisions.

In order to avoid recurrence of any savings/excess in future instruction have been issued to all concerned emphasizing the need to follow the instruction issued on the subject more scrupulously and to monitor the progress of expenditure in more vigilant/stricter manner apart from projecting the demands on factual basis and to the barest minimum depending on the actual requirements/ obligations. To achieve the objective, Service HQrs./Deptt. Have also been requested to issue necessary instructions to all budget controlling authorities under their lower formations to follow the instructions issued on the subject more scrupulously so as to avoid any saving/excess. In addition, inter-Departmental Monitoring Groups have also been requested *vide* ID No. 17(1)/B-I/1999 Dated 13.12.2005 and 27.1.2006 (copy enclosed) to hold regular meetings in the last quarters of the financial year so as to prevent occurrence of excesses/ savings under various heads, duly taking in to account all factors like status of contracted and uncontracted schemes, supply position in respect of contracts, progress of civil works and actual drawl from LCs etc.

F.A.(Acq.) and all Addl. F.As. besides services Hqrs. have also been requested *vide* Min. of Def. (Fin.) ID No. 17(3)/B-I/2004 Dated 24.7.2006 (copy enclosed) to ensure the progress of expenditure to the tune of 67% of the BE allocation by December as directed by finance Minister in the meeting with Financial Advisers and reiterated by Hon'ble RM and Secretary Defence Finance in the meeting specially convened for the purpose, so that the rush of expenditure at the fag of the year may be avoided."

III. Appropriation Accounts—Railways (2006-2007)

38. During 2006-07, the Ministry of Railways incurred a net excess expenditure of Rs. 365.16 crore under 13 cases of 8 excess registering Grants/Appropriations. The details of these excess registering Grants/Appropriations have already been given in paragraph-14 of this Report.

39. After gleaning through the explanatory notes furnished by the Ministry of Railways, it is seen that under Charged Appropriation, the amount of excess expenditure under "Appropriation No. 12-Working Expenses-Miscellaneous Working Expenses" is more than Rs. 3 crore; under "Appropriation No. 16-Assets—Acquisition, Construction and Replacement-Capital" is more than Rs.2 crore; and under 'Appropriation No. 16-Assets—Acquisition, Construction and Replacement-Railway Funds" is more than Rs.5 crore. Under Voted Grants, the amount of excess expenditure under "Grant No. 10-Working Expenses-Operating Expenses-Fuel" is more than Rs.20 crore; under Grant No. 15-Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation" is more than Rs. 4 crore; and under "Grant No. 16-Assets Acquisition, Construction and Replacement-Railway Funds" is more than Rs.325 crore.

(i) Grant No. 16-Assets—Acquisition, Construction and Replacement—Railway Funds

40. The scrutiny of the Grant No. 16-Assets—Acquisition, Construction and Replacement-Railway Funds has revealed that there was an overall excess expenditure of Rs. 325.29 crore during the year 2006-2007 over and above the sanctioned provision of Rs.12304.97 crore.

41. It has been noted that a Grant of Rs.11028.40 crore was obtained at the Budget Estimate stage during the year under review *i.e.* 2006-2007. A Supplementary Grant of Rs.1276.57 crore was obtained during 2006-07 for accelerating the progress of various on going works and for taking up certain 'Out of turn' works which are regarded as “New Service/New Instruments of Services”. The actual expenditure of

Rs.12630.26 crore was Rs.325.29 crore more than the sanctioned provision of Rs.12304.97 crore. There was a net effect of Rs.(-) 203,96,62,087/- on accounts of misclassification of expenditure between Grant No. 16-Railway Funds and Revenue Grants/Works Grant. The excess thus worked out to Rs.121.33 crore.

42. It is also seen from the explanatory note that actual expenditure exceeded the total sanctioned provisions under the following Minor heads due to better progress of works:—

> "New Lines (Rs.0.02 crore), (b) Gauge Conversion (Rs.461.22 crore), (c) Doubling (Rs.77.88 crore), (d) Track Renewals (Rs.421.38 crore), (e) Other Electrical Works (Rs.6.59 crore), (f) Passenger Amenities and other railway users amenities (Rs.18.03 crore) and (g) Investment in Govt. Commercial Undertakings (Rs. 135.00 crore)".

43. This excess was partly offset by savings under the following Plan heads (Minor heads) due to slow progress of works:—

> "(a) Traffic Facilities-Yard Remodelling and Others (Rs.70.13 crore), (b) Computerisation (Rs.85.48 crore), (c) Railway Research (Rs.28.27 crore), (d) Rolling Stock (Rs.308.66 crore), (e) bridge Works (Rs.29.23 crore), (f) Signalling & Telecommunication Works (Rs.152.15 crore), (g) Electrification Projects (Rs.24.57 crore), (h) Machinery and Plant (Rs.37.25 crore), (i) Workshops incld. Production Units (Rs.15.12 crore), (i) Staff Quarters (Rs.13.10 crore), (k) Amenities for staff (Rs.12.76 crore) and (l) Other Specified Works (Rs.18.11 crore)."

(ii) Persistent excess expenditure in Ministry of Railways

44. Incidentally, it may be pointed out that the Ministry of Railways had been persistently making excessive appropriation than the budgeted figures as per the details given below:—

(Rs. in crore)

Financial Year	No. of excess registering Grants/ Appropriations	Actual excess expenditure incurred
2001-2002	8	210.71
2002-2003	11	323.65
2003-2004	9	1136.92
2004-2005	10	2151.99
2005-2006	11	2322.46
2006-2007 (Year under review)	8	365.16

45. It may be seen from the above table that excess expenditure incurred by the Ministry of Railways increased during the years 2001-2002 to 2005-2006. However, it is reduced to some extent in the year review *i.e.* 2006-2007, nevertheless it is more than Rs.300 crore which needs the attention of the Ministry of Railways to be drawn. In addition, excess expenditure has been incurring in half or more than half of the total

number of Grants/Appropriations pertaining to Railways, during the year 2002-2003 to the year under review *i.e.* 2006-2007. While expressing their displeasure over incurring excess expenditure, the Committee, in their Fifty-Fourth Report (14th Lok Sabha) had desired the Ministry to be more careful both in estimation and in spending so that such variations are avoided as far as practicable. The Committee had recommended that the Ministry of Railways should also seize this opportunity to put in place an effective system for proper estimating and planning of railway works.

(iii) Misclassification of expenditure under excess registering Grants/Appropriations

46. The scrutiny of the relevant Appropriation Accounts reveals that the misclassification of expenditure has become a recurring feature in the case of Railway Accounts and a large number of cases of misclassification of expenditure had again occurred during the year 2006-2007. During the year under review, there were five cases of misclassification of expenditure reported under the 13 cases of excess registering Grants/Appropriations.

47. The Committee in their First Report (12th Lok Sabha) had observed that cases of misclassification of expenditure, broadly fall under two categories *viz.*, those arising out of differences of opinion regarding to the interpretation of allocation rules and those resulting from lack of adequate care at the time of preparation of vouchers. The cases which arise as a result of lack of care and which, could therefore, have been avoided have been viewed seriously. Responsibility of concerned staff/officers has been fixed and they have been taken up for the lapses. In regards to the action taken by the Ministry of Railways pursuant to the recommendations of the Committee, it was observed by the Public Accounts Committee in their Fifty-Fourth Report of (14th Lok Sabha) that it is strange that even with increasing computerization of accounting systems, the incidence of misclassification in Railways has not been reduced. The Committee would like the Ministry of Railways to review this matter at the highest level and initiate credible action that will yield visible results in the forthcoming years. The field formations should also be sensitized to this problem and officials made accountable for lapses of such recurring nature.

F. DELAY IN PRESENTATION OF EXCESS DEMANDS FOR GRANTS RAILWAYS (2005-2006) FOR REGULARISATION

48. The Ministry of Railways incurred excess expenditure aggregating to Rs.2317 crore 'Voted' portion of Grant Nos. 4, 6, 10 & 16 (Capital) and Rs. 5.29 crore under Charged Appropriation Nos. 3, 4, 5, 6, 7, 8, 9, 10, 11, 13 & 16 (Railways Funds) during 2005-06. The Public Accounts Committee (2007-2008), *vide* para 60 in their 54th Report (14th Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2005-2006)", which was presented to Lok Sabha and laid in Rajya Sabha on 24.8.2007 (Monsoon Session) had recommended its regularization. As per the extent procedures the Demands for Excess Grants (Railways) for 2005-2006 should have been taken up in the House in the Session which the Public Accounts Committee presents its report or in the following Session. However, the Demands for Excess Grants (Railways) for 2005-2006 have been presented to Lok Sabha in the Budget Session on 5.3.2008. Hence, the present Excess Demands are not in conformity with the procedure laid down by the Public Accounts Committee.

G. NON-FURNISHING OF CONTRIBUTORY REASONS FOR INCURRING EXCESS EXPENDITURE TO THE AUDIT

49. According to Audit, some of the Ministries/Departments have not furnished contributory reasons for incurring excess expenditure over Voted Grants/Charged appropriations during 2006-2007 to them as mentioned in table 7.2 of Chapter 7 of the Report of the Comptroller and Auditor General of India, No. 13 of 2007 Union Government (Accounts of the Union Governments). The Committee is aware of the fact that the Ministry of Company Affairs in respect of Grant No. 16—Ministry of Company Affairs, the Ministry of Defence in respect of Grant No. 22—Defence Services—Army and the Ministry of Finance (Department of Economic Affairs) in respect of Appropriation No. 37—Repayment of Debt have not furnished the contributory reasons for incurring excess expenditure to the Audit.

PART II

OBSERVATIONS AND RECOMMENDATIONS

50. The scrutiny of the Appropriation Accounts of Union Government for 2006-2007 by the Public Accounts Committee has revealed that during the year under review an expenditure of Rs. 37669.53 crore has been incurred by five Ministries/Departments of Union Government in excess of the provisions sanctioned under 18 cases entailing 13 Grants/Appropriations during the year 2006-2007. The Committee are particularly distressed to observe that as was the case in the preceding year also, the bulk of the excess expenditure *i.e.* Rs. 36637.16 crore had occurred in two Appropriations *i.e.* Appropriation No. 34—Interest Payments (Rs. 3587.89 crore) and Appropriation No. 37—Repayment of Debt (Rs. 33049.27 crore), operated by the Ministry of Finance, which alone accounted for over 97 per cent of the total excess expenditure incurred during the year under review *i.e.* 2006-2007. The excess expenditure during the year pertains to the Grants/Appropriations operated by the Ministries/Departments of Finance, Defence, Railways, Company Affairs and Mines. Whilst scrutinizing the Appropriation Accounts, the Committee have noted that there is a surge in regard to the excess expenditure involving Ministry of Defence and there is also a registered excess in the remaining two Ministries under scrutiny *viz.* Ministry of Finance and Ministry of Railways. Notwithstanding the fact that the excess expenditure of the latter two Ministries mentioned above are proportionately not as high as the preceding year *i.e.* 2005-2006, yet the Committee view any excess expenditure as serious and they have been recommending in this regard for past several years through their Reports. The Committee are constrained to display indifferent attitude towards rules laid down for containing the expenditure within the authorized limits. While viewing this state of affairs with grave concern, the Committee would like to emphasise and reiterate from their past Reports that the Secretary, Department of Expenditure in the Ministry of Finance should strongly and effectively draw the personal attention of the concerned Secretaries in the Ministries/ Departments of the Union Government depicting excess expenditures to ensure financial discipline, which is all the more necessary now with the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 in operation. The Committee also desire the Ministry of Finance, being a nodal Ministry to control the exchequer of the Government of India to impress upon all the Ministries to ensure rigid enforcement of prescribed financial rules and procedure so as to contain the instances of excess expenditure to the bare minimum. It is also recommended that action should also be taken to deal sternly with cases where any slackness is noticed in observance of prescribed financial rules.

[Recommendation Sl. No. 1]

51. The Committee note with grave concern that out of 18 cases, the excess expenditure of Rs. 37002.22 crore in 15 cases of Grants/Appropriations had occurred despite obtaining supplementary provisions of Rs. 356599.27 crore. This proves the

failure of the Ministries/Departments to assess requirement of additional funds but also the inadequacies in the institutional arrangements in the Ministries/Departments in monitoring the flow and trend of expenditure under various Grants/Appropriations. The Committee are also perturbed to note that under Appropriation No. 34—Interest payments and Appropriation No. 37—-Repayent of Debt pertaining to the Ministry of Finance and Grant No. 16—Assetss—Acquisition, Construction and Replacement—Railway Funds pertaining to the Ministry of Railways, the amount obtained as supplementary provision was higher than the excess expenditure incurred. The Committee further note that the excess expenditure in the two appropriations operated by the Ministry of Finance *i.e.* in the "Appropriation—Interest Payments" persisted during the years 2005-2006 to 2006-2007 and in the Appropriation—Repayment of Debt" persisted during the past four years *i.e.* from 2003-2004 to 2006-2007. It is onerous duty of the Committee to point in this Report that it is evident from the Appropriation Accounts under scrutiny that the excess expenditure have been incurred despite the fact that supplementary grants were obtained. The Committee therefore come to an inescapable conclusion that the concerned Ministries have failed not only in making realistic and pragmatic Budget Estimates but even the Supplementary Demands as projected could not bail them out from making excess expenditure. The Committee expect that in future the Ministries/Departments would make all out efforts in arresting the surging trend of excess expenditure by making the required and pragmatic figures during the stage of Supplementary Demands for Grants. The Committee do not expect the Ministries/Departments to fall into excess expenditure even after obtaining Supplementary Grants which is seen to have been repeatedly happening in many cases. It is, therefore imperative that the Ministries/Departments should keep close watch over the trend of expenditure and when any need for additional funds arises they should assess realistically their requirement of funds in advance and approach Parliament by presenting Supplementary Demands for Grants in time. It is not expected of any Ministry/Department to cross their financial limits after obtaining Supplementary Grants as has happened in many cases. The Committee further reiterate from their earlier Reports that the Ministries/Departments should review the existing mechanism and upgrade the computerization and networking system so that the progress of expenditure can be strictly monitored and timely action can be taken to ensure that expenditure does not arise beyond the limits sanctioned by Parliament.

[Recommendation Sl. No. 2]

52. As per the extant procedure it is imperative that explanatory notes in respect of the excess registering Grants/Appropriations are submitted to the Committee by the concerned Ministries/Departments immediately after the presentation of relevant Appropriation Accounts to Parliament. The Committee note that explanatory notes in respect of excess registering Grants/Appropriations during 2006-2007 pertaining to Appropriation Accounts Civil and Defence Services were due for submission on 7th December, 2007. However, to the utter dismay of the Committee the explanatory notes regarding Appropriation Accounts—Civil in respect of Ministries of Finance, Mines, Company Affairs were delayed by more than four, five and seven months respectively. The explanatory notes pertaining to Appropriation Accounts—Defence Services were received after a delay of more than nine months. The Committee take

a very serious view of the inordinate delay in furnishing the explanatory notes to the Committee after they were received by them from the Department of Economic Affairs (Ministry of Finance). These two specific cases are in regard to Appropriation No. 34—Interest Payments and Appropriation No. 37—Repayment of Debt where a delay of more than three months and almost two months was caused by Monitoring Cell (Ministry of Finance—Department of Expenditure) and this delayed information was actually received by the Committee on 6th May, 2008 and 1st May, 2008. The Committee would like to know the specific reasons in these two cases. The Committee in their earlier Report on the subject (54th Report—14th Lok Sabha) had reiterated that as it is incumbent upon all the Ministries to furnish the explanatory notes alongwith the Appropriation Accounts to enable the Committee to finalise their Report early for regularization of excess expenditure, the Ministry of Finance should ensure that the explanatory notes are submitted to the Committee without any delay whatsoever. Any deviation in this regard would be strictly viewed. The Committee also recommended that as a systemic check, the Ministry of Finance in consultation with Comptroller and Auditor General of India should put in place a centralized computerized networking monitoring system to check the status of the preparation of Explanatory Notes at every stage by various Ministries/Departments so that any delay on this count is effectively prevented. However, it has been noticed that the Ministry of Finance itself unduly delayed the submission of their explanatory notes to the Committee. The Committee therefore recommend that the Ministry of Finance, which also has fully operative Monitoring Cell in the Department of Expenditure for coordinating with concerned Ministries/Departments, should enquire into the reasons for the delay of submission of explanatory notes by concerned Ministries/Departments and apprise the Committee of the same. The Committee, in unequivocal terms recommend that, in future, if any delay occurs in furnishing Explanatory Notes, the reasons for the same should be clearly mentioned alongwith the notes.

[Recommendation Sl. No. 3]

53. Scrutiny of select cases of excess registering Grants/Appropriations reveals that under Appropriation No. 37—Repayment of Debt, the Ministry of Finance had incurred an expenditure of Rs. 1480938.37 crore over and above the total sanctioned provision of Rs. 1447889.10 crore, which included supplementary provisions of Rs. 349581.44 crore obtained in March, 2007. The excess expenditure under this appropriation is the net effect of total excess of Rs. 126066.08 crore and total savings of Rs. 93016.80 crore under various sub-heads of this appropriation. The Committee note with concern that given the savings under various sub-heads, the overall excess expenditure under this appropriation would have been evidently higher than the present figures. The Committee further note that Appropriation No. 37—Repayment of Debt alone recorded the highest excess expenditure amont the excess registering Grants/ Appropriations during the year 2006-2007, which accounted for more than 90 per cent of the total excess expenditure incurred by the Civil Ministries/ Departments and over 87 per cent of the total excess expenditure incurred during the year. The explanatory note furnished by the Ministry of Finance have stated that 'supplementary provision for lower amount of Rs. 30583.46 crore was sought in view of likely savings under repayment of Ways and Means Advances to be taken into

account for re-appropriation.' The above assertion of the Ministry is unacceptable as the excess expenditure of such large magnitude had occurred inspite of a huge amount of Supplementary Grants having been obtained in this case. The Committee is not oblivious of the fact that the Ministry of Finance had been making appropriations in excess of the budgeted figures under this appropriation repeatedly for the past four years now. The Committee are dismayed that this has become a repetitive phenomenon and the Ministry of Finance are unable to check its recurrence. The Ministry of Finance are expected to display itself as role model for other Ministries as it is the nodal Ministry for adhering to the established financial prodecure and enforcing system of checks and balances. The Committee recommend that regularization of excess in future would be used only exceptionally when the compelling circumstances so desire. This is possible only when realistic projections are made by the Ministries in the appropriation Accounts as well as during the Supplementary stage. The Committee have been informed through the Explanatory Notes furnished by the Ministry of Finance that Reserve Bank of India (RBI) has set up a Working Group to undertake study of the instances and reasons for inaccuracies in estimation of expenditure pertaining to Repayment of Debt and Interest Payments over last five years and to make recommendations to improve the quality of the estimates and its better monitoring during the financial year. The Ministry have also stated that the report in this regard is expected to be submitted shortly. While taking note of this development, the Committee would like to be intimated about the recommendations of the Working Group set up by RBI at the earliest.

[Recommendation Sl. No. 4]

54. It is disconcerting to note that the Ministry of Railways have incurred a substantial excess expenditure of Rs. 325.29 crore under Grant No. 16—Assets—Acquisition, Construction and Replacement—Railway Funds. The Committee find that the Ministry of Railways had actually procured supplementary grants of Rs. 1276.57 crore under this 'Grant'. Scrutiny of the explanatory notes clearly reveals that the items under excess accounts for should have been planned for in a better manner as it relates mainly to the ongoing projects of the Railways such as New lines, Gauge Conversion, Track Renewal and others. Had the Ministry of Railways done due diligence effectively and ensured timely implementation of projects, this excess, as the Committee can see, could have been avoided. The Committee therefore recommend that Ministry of Railways, in future should do their due diligence before making budgetary projections, as well as Supplementary projections in all Grants/ Appropriations so that this stage of seeking approval for excess is obviated and established financial practices of not exceeding the Parliamentary approval is projected.

[Recommendation Sl. No. 5]

55. It is also disconcerting to note that the instances of misclassification of expenditure continue to recur unabatedly in Indian Railways Appropriation Accounts. This is an oft-repeated concern expressed by the Committee. A large number of cases of misclassification of expenditure had been noticed continuously over the years. During the year under review, there were five cases of misclassification of expenditure reported under the 13 cases of excess registering Grants/Appropriations. Recurrence of misclassification is unacceptable to the Committee and the Committee strongly

recommend to avoid such mistakes and desires that perfection in the operation of accounting system is displayed by Ministry of Railways so that misclassification should not be repeated every year. Here the Committee would also like to draw attention of Ministry of Railways that in their Fifty-fourth Report (14th Lok Sabha) had categorically recommended for a thorough review of the system in order to eliminate chances of misclassification. Notwithstanding the earlier recommendations, the Committee note that misclassification has taken place in the current year also. The needful is yet to be done to check the recurrence of misclassification, the Committee would like to know the measures taken hitherto to address the problem so that Committee's recommendation gets due weightage and it helps Railways not only as a corrective measure in obviating misclassification but also act as preventive measure too. The Committee also recommend to fix responsibility for the negligence in the duties of care.

[Recommendation Sl. No. 6]

56. The Ministry of Railways have incurred excess expenditure aggregating to Rs. 2317 crore under 'Voted' portion of Grant No. 4,6,10 & 16 (Capital) and Rs. 5.29 crore under Charged Appropriation No. 3,4,5,6,7,8,9,10,11,13, & 16 (Railways Funds) during 2005-06. The Public Accounts Committee (2007-2008), *vide* para 60 in their Fifty-fourth Report (14th Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2005-2006)" which was presented to Lok Sabha and laid in Rajya Sabha on 24.8.2007 (Monsoon Session) had recommended its regularization. As per the extant procedures the Demands for Excess Grants (Railways) for 2005-2006 should be taken up in the House in the Session in which the Public Accounts Committee presents its report or in the following Session. However, the Demands for Excess Grants (Railways) for 2005-2006 have been presented to Lok Sabha in the subsequent Session *i.e.* Budget Session on 5.3.2008. Consequently, the present Excess Demands were not in conformity with the procedure laid down by the Public Accounts Committee. The Committee desire the Ministry of Railways to examine into the circumstances leading to this delay and inform the Committee thereof. They also recommend that necessary action should also be taken to avoid such recurrence in future.

[Recommendation Sl. No. 7]

57. It was found that the Appropriation Accounts—Railways (2006-2007) have been presented to Parliament on 24.10.2008 (Monsoon Session). However, the Appropriation Accounts relating to Civil, Defence Services and Postal Services for the year (2006-2007) were presented to Parliament on 07.12.2007 (Winter Session). As per the procedure, the Public Accounts Committee examines the explanatory notes furnished by the Ministries/Departments after the presentation of the Appropriation Accounts and presents a Report thereon to Parliament recommending regularisation of the excesses under Article 115(1)(b) of the Constitution. It was found that the presentation of Indian Railways Appropriation Accounts for the year 2006-2007 was delayed by more that ten months after 07.12.2007 which in turn resulted into delay in regularization of excess expenditure of the Ministries of Finance, Defence, Railways, Company Affairs and Mines. The Committee hope that the Ministry of Railways should examine the reasons for such delay and intimate the same to the Committee. It is needless to point out at this stage that such a delay would not take

place in future and the eventual delay in fulfilling Constitutional obligation is not repeated.

[Recommendation Sl. No. 8]

58. According to Audit, some of the Ministries/Departments have not furnished contributory reasons for incurring excess expenditure over Voted Grants/Charged Appropriations during 2006-2007 to them as mentioned in Paras 24 and 35 of this Report. Specifically, the Ministry of Company Affairs, in Grant No. 16— Ministry of Company Affairs, the Ministry of Defence in Grant No. 22—Defence Services—Army and the Ministry of Finance (Department of Economic Affairs) in Appropriation No. 37—Repayment of Debt have not furnished the contributory reasons to the Audit for incurring excess expenditure. It is astonishing to note for the Committee that the Ministries/Departments have not furnished the information to the Audit for inclusion in their Report. The Committee desire that the concerned Ministries should, atleast now take necessary action and furnish the reasons to the Audit under intimation to the Committee.

[Recommendation Sl. No. 9]

59. Summarily, the Committee note that excess expenditure has become a repetitive occurrence inspite of the Committee's intervention through their past Reports. The cases of Ministries/Departments of Finance, Defence, Railways, Company Affairs and Mines have evidently failed to address these unhealthy practices and the scenario has no change for better from that of last year. These Ministries should have done their financial due diligence at the time of initiating budgetary process as well as during the stage of supplementary projections. In the case of Ministry of Railways, the excess could have been avoided as most of the heads and sub-heads under which excess has occurred pertains to the ongoing projects. The role of Ministry of Finance as the nodal agency in ensuring financial discipline also projects a dismal scenario. The Committee will deal more specifically on the recommendation of their earlier Reports on the subject mainly the Fifty-fourth Report (14th Lok Sabha) whilst considering their action taken Report. At this stage the Committee would only reiterate that the instances of incurring excess expenditure are not repeated again except for addressing rare and exceptional circumstances.

[Recommendation Sl. No. 10]

60. Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in paragraph-13 of this Report be regularised in the manner prescribed in Article 115 (1)(b) of the Constitution of India.

[Recommendation Sl. No. 11]

NEW DELHI;
11 *December*, 2008
20 *Agrahayana,* 1930 *(Saka)*

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

ANNEXURE

MINUTES OF THE ELEVENTH SITTING OF PUBLIC ACCOUNTS COMMITTEE (2008-2009) HELD ON 8TH DECEMBER, 2008

The Committee sat from 1130 hrs. to 1300 hrs. on 8th December, 2008 in Committee Room 'C' Parliament House Annexe, New Delhi.

PRESENT

Sardar Tarlochan Singh — *In the Chair*

MEMBERS

Lok Sabha

2. Shri Khagen Das
3. Shri Shailendra Kumar
4. Shri Bhartruhari Mahtab
5. Shri Kharabela Swain
6. Shri Tarit Baran Topdar

Rajya Sabha

7. Shri Raashid Alvi
8. Shri Prasanta Chatterjee
9. Shri B.K. Hariprasad
10. Dr. K. Malaisamy

SECRETARIAT

1. Shri A. Mukhopadhyay — *Joint Secretary (AM)*
2. Shri Gopal Singh — *Director (SP&C)*
3. Shri M.K. Madhusudhan — *Deputy Secretary-II*
4. Shri Sanjeev Sharma — *Deputy Secretary-II*

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

1. Shri Anupam Kulshreshtha — ADAI (RA)
2. Shri R.G. Viswanathan — Pr. Director (Addl. Charge of Dir. General of Audit, CR)
3. Shri Jayanti Prasad — Pr. Director (INDT)
4. Shri P.S. Das — Director (Customs)

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2. In the absence of Chairman, PAC the Members who were present in the sitting asked Sardar Tarlochan Singh, Member, PAC to preside over the sitting. At the outset, the acting Chairman welcomed the Members and Audit Officers to the sitting of the Committee. Thereafter, the Committee took up for adoption of the Draft Report on **"Excesses Over Voted Grants and Charged Appropriations (2006-2007)".** After some deliberation, the Committee regularised the excesses and adopted the report and authorized the Chairman, PAC to finalise and present this Report in the light of factual verification done by the Audit. In the light of deliberation, however, the Committee unanimously resolved that in future, the various Ministries/Departments of the Union Government which incur excess expenditure should be specifically identified and the Secretary, Ministry of Finance (Department of Expenditure) being the nodal agency for ensuring financial discipline, be summoned to depose before adoption of the Reports of C&AG on Voted Grants and Charged Appropriations every year, starting with the next Committee *i.e.* 2009-2010.

3. *** *** ***

4. *** *** ***

5. *** *** ***

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

The Committee then adjourned.

APPENDIX I

Ministry of Finance
Department of Economic Affairs
(Budget Division)

Explanatory Note for Public Accounts Committee in respect of excess expenditure occurred under Revenue Section (Charged) of Appropriation No. 34—Interest Payments, as disclosed in the Union Government Appropriation Accounts for 2006-2007.

Revenue Section (Charged)	(Rupees in thousands)
Original Appropriation	145822,60.00
Supplementary Appropriation	4869,25.00
Total Appropriation	150691,85.00
Actual Expenditure	154279,73.97
Excess Expenditure	3587,88.97

2. Under Revenue Section (Charged) of Appropriation No. 34—Interest Payments for 2006-2007 the total appropriation Rs. 150691,85,00 thousand included original appropriation of Rs. 145822,60,00 thousand and supplementary appropriation of Rs 4869,25,00 thousand. Against this, the actual expenditure was Rs. 154279,73,97 thousand resulting in excess expenditure of Rs. 3587,88,97 thousand.

3. The above mentioned excess expenditure was the net result of total excess of Rs. 5874,02,85 thousand and total savings of Rs. 2286,13,88 thousand under various sub-heads of the Appropriation Statement enclosed herewith indicates the excess and savings which occurred under various sub-heads of the Appropriation. The heads under which the excess of Rs. Five lakh and above ocurred and reasons therefore are as under:—

(i) 2049.01.101—Interest of Market Loans	(Rs. in lakh)
Original Provision	83348,79.00
Supplementary Provision	...
Total Provision	83348,79.00
Actual Expenditure	84446,49.04
Excess	797,70.04

The excess was due to payment of more interest/discount on securities selected through reissue mechanism due to spill over payments than anticipated.

(ii) 2049.01.103.01—Discount on Treasury Bills—91 Days Treasury Bills

Original Provision	510,00.00
Supplementary Provision	566,00.00

(Rs. in lakh)

Total Provision	1076,00.00
Actual Expenditure	1388,80.82
Excess	312,80.82

The excess was due to higher issuance of treasury bills and rate on average discount rate than anticipated.

(iii) 2049.01.108—Discount onTreasury Bills—Interest on 182 Days Treasury Bills

Original Provision	44000,.00
Supplementary Provision	...
Total Provision	440,00.00
Actual Expenditure	679,68.87
Excess	239,68.87

The excess was due to higher issuance of treasury bills and rate on average discount rate than anticipated.

(iv) 2049.01.110—Interest on 364 days Treasury Bills

Original Provision	605,00.00
Supplementary Provision	...
Total Provision	605,00.00
Actual Expenditure	2178,87.99
Excess	573,87.99

The excess was due to higher issuance of treasury bills and rate on average discount rate than anticipated.

(v) 2049.01.116—14 Days Treasury Bills

Original Provision	1500,00.00
Supplementary Provision	...
Total Provision	1500,00.00
Actual Expenditure	2171,78.98
Excess	671,78.98

Excess was due to greater investment of surplus funds by State Governments than anticipated.

(vi) 2049.01.126— Interest paid on Market Stabilization Scheme Deposit of Money in the Bank

Original Provision	1434,75.00
Supplementary Provision	547,47.00

	(Rs. in lakh)
Total Provision	1982,22.00
Actual Expenditure	2941,72.11
Excess	959,50.11

Excess was due to issue of more dated securities than anticipated.

(vii) 2049.01.200.03—Compensation and other Bonds

Original Provision	3406,50.00
Supplementary Provision	3755,78.00
Total Provision	7162,28.00
Actual Expenditure	7670,72.07
Excess	508,44.07

Excess was due to more repayment of interest under cumulative portions than anticipated.

(viii) 2049.02.208—Interest on Loans from the Government of France

Original Provision	58,41.74
Supplementary Provision	...
Total Provision	58,41.74
Actual Expenditure	61,52.24
Excess	3,10.50

Excess was due to exchange rate variation.

(ix) 2049.02.209—Interest on Loans from the Government of Federal Republic of Germany

Original Provision	83,15.31
Supplementary Provision	...
Total Provision	83,15.31
Actual Expenditure	85,78.49
Excess	2,63.18

Excess was due to exchange rate variation.

(x) 2049.02.216—Inerest on Loans from the IBRD

Original Provision	952,83.51
Supplementary Provision	...
Total Provision	952,83.51
Actual Expenditure	1135,70.10

	(Rs. in lakh)
Excess	182,86.59

Excess was due to increase in rate of interest and more drawals than anticipated.

(xi) 2049.02.230—Interest on Loans from the Government of U.S.S.R.

Original Provision	147,41.60
Supplementary Provision	...
Total Provision	147,41.60
Actual Expenditure	159,31.32
Excess	11,89.72

Excess was due to more drawals than anticipated in Kundakulam Nuclear Power Project.

(xii) 2049.02.249—Interest on Loans from Asian Development Bank

Original Provision	436,20.93
Supplementary Provision	...
Total Provision	436,20.93
Actual Expenditure	522,28.62
Excess	86,07.69

Excess was due to increase in rate of interest.

(xiii) 2049.03.104.02—Other State Provident Fund

Original Provision	1154,71.00
Supplementary Provision	...
Total Provision	1154,71.00
Actual Expenditure	1330,24.60
Excess	175,53.60

Excess was due to more payment owing to more deposits than anticipated.

(xiv) 2049.03.108.02—Family Pension-Cum-Life Assurance Funds for Industrial Workers

Original Provision	2850,16.20
Supplementary Provision	...
Total Provision	2850,16.20
Actual Expenditure	2871,06.54
Excess	20,90.34

Excess was due to more contribution by employer towards Pension Fund than anticipated.

(xv) 2049.03.108.03—Central Government Employees Group Insurance Scheme

	(Rs. in lakh)
Original Provision	289,00.00
Supplementary Provision	...
Total Provision	289,00.00
Actual Expenditure	305,09.75
Excess	16,09.75

Excess was due to less withdrawals from the fund than anticipated.

(xvi) 2049.03.108.06—Postal Insurance and Life Annuity Fund

Original Provision	585,50.00
Supplementary Provision	...
Total Provision	585,50.00
Actual Expenditure	858,08.62
Excess	272,58.62

Excess was due to more accretion to the Fund than anticipated.

(xvii) 2049.03.111.01—Interest on Deposits Scheme for retiring Government Employees

Original Provision	40,00.00
Supplementary Provision	...
Total Provision	40,00.00
Actual Expenditure	44,01.73
Excess	4,01.73

Excess was due to more deposits in the scheme than anticipated.

(xviii) 2049.03.111.03—Other Expenses relating to Deposit Scheme for retiring Employees

Original Provision	2.30
Supplementary Provision	...
Total Provision	2.30
Actual Expenditure	28.74
Excess	26.44

Excess was due to payment of past claims of commission to agents.

(xix) 2049.05.101.03—Opium and Alkaloid Factories Depreciation Reserve Fund

	(Rs. in lakh)
Original Provision	100.00
Supplementary Provision	...
Total Provision	100.00
Actual Expenditure	145.42
Excess	45.42

Excess was due to more expenditure than anticipated. The expenditure is a notional amount calculated at the time of preparing Budget Estimates on Depreciation Reserve Fund.

(xx) 2049.05.103—Interest on Railway Development fund

Original Provision	187,23.45
Supplementary Provision	...
Total Provision	187,23.45
Actual Expenditure	248,53.21
Excess	61,29.76

Excess was due to higher net accretion to the fund than anticipated.

(xxi) 2049.05.105.01—Railway Pension Fund

Original Provision	91,28.02
Supplementary Provision	...
Total Provision	91,28.02
Actual Expenditure	107,54.96
Excess	16,26.94

Excess was due to higher opening balance at the beginning of the year than anticipated.

(xxii) 2049.05.105.04—Interest on Railway Capital Reserve Fund

Original Provision	162,14.10
Supplementary Provision	...
Total Provision	162,14.10
Actual Expenditure	214,82.45
Excess	52,68.35

Excess was due to higher net accretion to the fund than anticipated.

(xxiii) 2049.60.101.02—National Defence Fund

	(Rs. in lakh)
Original Provision	53,00.64
Supplementary Provision	...
Total Provision	53,00.64
Actual Expenditure	53,57.99
Excess	57.35

Excess was due to more payment than anticipated

(xxiv) 2049.60.106.04—7.33% Oil Marketing Companies Government of India Special Bonds, 2009

Original Provision	...
Supplementary Provision	...
Total Provision	...
Actual Expenditure	146,60.00
Excess	146,60.00

Excess was due to issue of Special bonds to Oil Marketing Companies during the course of year.

(xxv) 2049.60.106.05—7.47% Oil Marketing Companies Government of India Special Bonds, 2012

Original Provision	...
Supplementary Provision	...
Total Provision	...
Actual Expenditure	149,40.00
Excess	149,40.00

Excess was due to issue of Special bonds to Oil Marketing Companies during the course of year.

(xxvi) 2049.60.106.06—7.61% Oil Marketing Companies Government of India Special Bonds, 2015

Original Provision	...
Supplementary Provision	...
Total Provision	...
Actual Expenditure	133,17.50
Excess	133,17.50

Excess was due to issue of Special bonds to Oil Marketing Companies during the course of year.

(xxvii) 2049.60.106.07—7.07% Oil Marketing Companies Government of India Special Bonds, 2009

(Rs. in lakh)

Original Provision	...
Supplementary Provision	...
Total Provision	...
Actual Expenditure	141,40.00
Excess	141,40.00

Excess was due to issue of Special bonds to Oil Marketing Companies during the course of year.

(xxviii) 2049.60.08—7.44% Oil Marketing Companies Government of India Special Bonds, 2012

Original Provision	...
Supplementary Provision	...
Total Provision	...
Actual Expenditure	148,80.00
Excess	148,80.00

Excess was due to issue of Special bonds to Oil Marketing Companies during the course of year.

(xxix) 2049.60.106.09—7.59% Oil Marketing Companies Government of India Special Bonds, 2015

Original Provision	...
Supplementary Provision	...
Total Provision	...
Actual Expenditure	132,82.50
Excess	132,82.50

Excess was due to issue of Special bonds to Oil Marketing Companies during the course of year.

(xxx) 2049.60.701.01—Charges payable to IMF for utilization of SDRs

Original Provision	121,23.00
Supplementary Provision	...
Total Provision	121,23.00

	(Rs. in lakh)
Actual Expenditure	171,91.62
Excess	50,68.62

Excess was due to exchange rate variation.

4. However, based on the recommendations of the Public Accounts Committee, in its 23rd Report (13th Lok Sabha) on the excesses over voted grant and charged appropriation (1998-1999), instructions have been issued to all Ministries/Departments, as part of the annual budget circular, to put in place sound data base and other IT facilities for better monitoring of expenditure.

5. This has been vetted by the Audit *vide* their U.O.No. RR/1-32/07-08/3603 dated 14.1.2008.

Sd/-
(L.M. Vas)
Joint Secretary (Budget)

No. F.6 (2)-B (AC)/2007 dated 28.01.2008

Statement showing Excess/Saving occurred in Appropriation No. 34—Interest Payments for the year 2006-2007

(in thousands of Rupees)

Sl. No.	Head of Account	Original Provision	Supple-mentary	Total Provision	Actual Expenditure	Excess(+)	Saving(-)
1	2	3	4	5	6	7	8
1.	2049.01.101—Interest on Market Loans	833487900	...	833487900	841464904	7977004	
2.	2049.01.103.01—Discount on Treasury Bills-91 Days Treasury Bills	5100000	5660000	10760000	3888082	3128082	
3.	2049.01.108—Discount on Treasury Bills—Interest on 182 Days Treasury Bills	4400000	...	4400000	6796887	2396887	
4.	2049.01.110—Interest on 364 Days Treasury Bills	16050000	...	16050000	21788799	5738799	
5.	2049.01.111—Interest on Gold Bonds 1998	...		0	492	492	
6.	2049.01.115—Interest Ways and Means Advances	500000	...	500000	262439		237561
7.	2049.01.116—14 Days Treasury Bills	15000000	...	15000000	21717898	6717898	
8.	2049.01.118—Interest on marketable securities issued in conversion of special securities	66089000	...	66089000	57150000		8939000
9.	2049.01.121—Interest on Investment in Special GOI securities issued against outstanding balances of Small savings as on 01.04.1999	87747600	...	87747600	87747649	49	
10.	2049.01.122—Interest on Investment in Special GOI Securities issued against net collections of Small savings from 1999-2000	31540700	...	31540700	31540744	44	
11.	2049.01.125—Special GOI Securities issued to NSSF against reinvestment of sums received on redemption of Special Central/State Govts. securities	62014500		62014500	61765373		249127
12.	2049.01.126—Interest/discount paid on Market Stabilisation Scheme Deposit of Money in the Bank	14347500	5474700	19822200	29417211	9595011	
13.	2049.01.200.03—Compensation and other Bonds	34065000	37557800	71622800	76707207	5084407	
14.	2049.01.200.04—Bonds against Iraq Exports	179100	...	179100	179079		21
15.	2049.01.305—Management of Debt	4232400	...	4232400	3570319	...	662081
16.	2049.02.207—Interest on Loans from European Economic Community	11245	...	11245	11202		43

1	2	3	4	5	6	7	8
17.	2049.02.208—Interest of Loans from the Govt. of France	584174	...	584174	615224	31050	
18.	2049.02.209—Interest of Loans from the Government of Federal Republic of Germany	831531	...	831531	857849	26318	
19.	2049.02.213—Interest on Loans from International Development Association	8534287	...	8534287	8514689		19598
20.	2049.02.214—Interest on Loans from International Fund for Agricultural Development	127752	...	127752	113885		13867
21.	2049.02.216—Interest on Loans from the IBRD	9528351	...	9528351	11357010	1828659	
22.	2049.01.217—Interest on Loans from the Govt. of Japan	9937482	...	9937482	9465494		471988
23.	2049.02.221—Interest on Loans from OPEC Special Fund	8922	...	8922	8785		137
24.	2049.02.223—Interest on Loans from the Government of Swiss Confederation and Swiss Banks	11945	...	11945	12062	117	
25.	2049.02.226.01—Interest on Loans from the Agency for International Development, U.S.A. : US Aid	710240	...	710240	698721		11519
26.	2049.02.227—Interest on Loans from the Government of USA under PL—480 Convertible local currency Credits	192394	...	192394	190687		1707
27.	2049.02.228—Interest on other Miscellaneous loans from the Government of U.S.A.	6924	...	6924	6824		100
28.	2049.02.230—Interest on Loans from the Govt. U.S.S.R.	1474160	...	1474160	1593132	118972	
29.	2049.02.249—Interest on Loans from Asian Development Bank	4362093	...	4362093	5222862	860769	
30.	2049.03.104.01—General Provident Fund	29814224	...	29814224	28125008		1689216
31.	2049.03.104.02—Other State Provident Funds	11547100	...	11547100	13302460	1755360	
32.	2049.03.104.04—State Railway Provident Fund	9143409	...	9143409	9008422		134987
33.	2049.03.108.01—Bombay Family Pension Fund of Government Servants Life Assurance	1	...	1	0		1
34.	2049.03.108.02—Family Pension-cum-Life Assurance Funds for Industrial Workers	28501620	...	28501620	28710654	209034	
35.	2049.03.108.03—Central Government Employees Group Insurance Scheme	2890000	...	2890000	3050975	160975	
36.	2049.03.108.04—Union Territory Government Employees Group Insurance Scheme	168111	...	168111	143665		24446
37.	2049.03.108.05—Hindu Family Annuity Fund	1	...	1	0		1
38.	2049.03.108.06—Postal Insurance and Life Annuity Fund	5855000	...	5855000	8580862	2725862	
39.	2049.03.109.02—Special Securities issued to Nationalised Banks	19507000	...	19507000	18909451		597549

40.	2049.03.109.09—Special Deposits of E.S.I.C.	4512302	...	4512302	4512302		0
41.	2049.03.109.10-Special Deposits of Provident Superannuation Gratuity Fund	95000000	...	95000000	94881866		118134
42.	2049.03.109.11—Special Securities issued to UTI	2962500	...	2962500	2962520	20	
43.	2049.03.109.12—Special Deposits of EPF/EDLI	2975704	...	2975704	2704062		271642
44.	2049.03.109.16—11.5% Government of India Industrial Investment Bank of India Limited Special Security, 2021	115000	...	115000	115000		0
45.	2049.03.109.17—9.75% Govt. of India (Industrial Finance Corporation of India Limited) Special Security, 2021	390000	...	390000	390000		0
46.	2049.03.110.01—Bonus for undisbursed Pay of India Ranks	828130	...	828130	827795		335
47.	2049.03.111.01—Interest on Deposits Scheme for retiring Government Employees	400000	...	400000	440173	40173	
48.	2049.03.111.02—Interest on Deposits Scheme for retiring employees of Public Sector Undertakings	100000	...	100000	98457		1543
49.	2049.03.111.03—Other Expenses relating to Deposit Scheme for retiring Employees	230	...	230	2874	2644	
50.	2049.03.117—Interest on Defined Contribution Pension Scheme	235000	...	235000	23069		211931
51.	2049.05.101.01—Railway Depreciation Reserve Fund	2895035	...	2895035	2477296		417739
52.	2049.05.101.03—Opium and Alkaloid Factories Depreciation Reserve Fund	10000	...	10000	14542	4542	
53.	2049.05.101.04—Lighthouse and Lightships Depreciation Reserve Fund	80000	...	80000	43811		36189
54.	2049.05.101.06—Badarpur Thermal Power Station Depreciation Reserve Fund	1092147	...	1092147	184904		907243
55.	2049.05.103—Interest on Railway Development Fund	1872345	...	1872345	2485321	612976	
56.	2049.05.105.01—Railway Pension Fund	912802	...	912802	1075496	162694	
57.	2049.05.105.02—Railway Staff Benefit Fund	6530	...	6530	3421		3109
58.	2049.05.105.04—Interest on Railway Capital Reserve Fund	1621410	...	1621410	2148245	526835	
59.	2049.05.105.06—Interest on Price Stabilisation Fund	438937	...	438937	400356	38581	
60.	2049.60.101.02—National Defence Fund	530064	...	530064	535799	5735	
61.	2049.60.101.03—Interest under Section 18(5) of the Coal Mines (Nationalisation) Act, 1973	2500	...	2500	2136		364

1	2	3	4	5	6	7	8
62.	2049.60.101.09—Coal Mines Deposit Linked Insurance Fund	83257	...	83257	83257	0	0
63.	2049.60.101.12—Interest on Employees Deposit Linked Insurance Scheme	3063800	...	3063800	3059300		4500
64.	2049.60.101.16—Interest on Deposits on NRI Bonds Scheme	7000	...	7000	6282		718
65.	2049.60.101.18—Interest on Exim. Bank of Japan Loan to I.R.F.C.	23236	...	23236	21160		2076
66.	2049.60.101.21—Interest on Deposits of Gratuity and Commuted value of pension of employees absorbed in N.A.A.	1000	...	1000	359		641
67.	2049.60.101.25—Interest on deposits of Gratuity and Commuted value of Pension DAE deputationists absorbed in NPCIL	900	...	900	455		445
68.	2049.60.101.26—Interest/Incentive on Mahila Samridhi Yojana	1500	...	1500	226		1274
69.	2049.60.101.27—Interest on Swarnajayanti Fellowship deposits	112500	...	112500	72007		40493
70.	2049.60.101.30—Interest under Section 9(2) & 18(6) of (Nationalisation) Act, 1995 Textile Undertakings	253198	...	253198	0		253198
71.	2049.60.106.01—Interest on 6.98% Oil Companies GOI Special Bonds, 2009	13764000	...	13764000	6276876		7487124
72.	2049.60.106.02—Interest on 5% Oil Companies GOI Special Bonds, 2009	174300	...	174300	174315	15	
73.	2049.60.106.03—7% Oil Companies GOI Special Bonds, 2012	4034000	...	4034000	4033995		5
74.	2049.60.106.04—7.33% Oil Marketing Companies GOI Special Bonds, 2009	...	...	0	1466000	1466000	
75.	2049.60.106.05—7.47% Oil Marketing Companies GOI Special Bonds, 2012	...	...	0	1494000	1494000	
76.	2049.60.106.06—7.61% Oil Marketing Companies GOI Special Bonds, 2015	...	...	0	1331750	1331750	
77.	2049.60.106.07—7.07% Oil Marketing Companies GOI Special Bonds, 2009	...	...	0	1414000	1414000	
78.	2049.60.106.08—7.44% Oil Marketing Companies GOI Special Bonds, 2012	...	...	0	1488000	1488000	
79.	2049.60.106.09—7.59% Oil Marketing Companies GOI Special Bonds, 2015	...	...	0	1328250	1328250	

80.	2049.60.701.01—Charges payable to IMF for utilisation of SDRs	1212300	...	1212300	1719162	506862	
81.	2049.60.701.03—Other Expenditure	12707	...	12707	1552		11155
	Total	1458226000	48692500	1506918500	1542797397	58740285	22861388

Sd/-

(L. M. Vas)
Joint Secretary (Budget)

File No.F.6(2)-B(AC)/2007 dated 28.01.2008

APPENDIX II

Government of India

Ministry of Finance

Department of Economic Affairs

(Budget Devision)

Explanatory Note for Public Accounts Committee in respect of excess expenditure occurred under Capital Section (Charged) of Appropriation No. 37—Repayment of Debt, Ministry of Finance for the year 2006-2007

(Rupees in thousand)

Capital Section (Charged)	
Original Appropriation	10983076600
Supplementary Appropriation	3495814400
Total Appropriation	14478891000
Actual Expenditure	14809383717
Excess Expenditure	330492717

2. Under Capital Section (Charged) of Appropriation No. 37—Repayment of Debt, Ministry of Finance. Department of Economic Affairs for 2006-07, the total provision was **Rs.** 1098307,66,00 **thousand.** This was augmented to Rs. 1447889,10,00 **Thousand** by obtaining supplementary grant of **Rs.** 349581,44,00 **thousand.** Against this, the expenditure of **Rs.** 1480938,37,17 thousand was incurred resulting in Excess expenditure of **Rs.** 33049,27,17 **thousand.**

3. The above mentioned excess expenditure was the net result of total excess of Rs. 126066,07,61 thousand and total savings of Rs. 93016,80,44 thousand under various sub-heads of the Appropriation. An Annex indicating total provision, actual expenditure *vis-a-vis* savings/excesses under the various sub-heads of the Appropriation is enclosed. The heads under which the excess of Rs. Five Lakh and above occurred and reasons therefore are:

(Rs. in lakh)

Major Head 6001 - Internal Debt of the Central Government		
(i)	00.105.04-Asian Development Bank	
	Original Provision	962.00
	Supplementary Provision	00.00
	Total Provision	962.00
	Actual Expenditure	1084.00
	Excess	122.00

Excess was due to more encashment of securities and other related expenditure than anticipated.

(ii) 00.106.05-Special Bearer Bonds

Original Provision	100.00
Supplementary Provision	00.00
Total Provision	100.00
Actual Expenditure	374.05
Excess	274.05

Excess was due to more preference of claims by the holders than anticipated.

(iii) 00.106.31— 6.5% Savings Bonds (Non Taxable), 2003

Original Provision	0.00
Supplementary Provision	0.00
Total Provision	0.00
Actual Expenditure	9753.74
Excess	9753.74

Excess was due to greater redemption of bonds by the bond holders by exercising the option of premature encashment available in the scheme than anticipated.

(iv) 00.110 — 364 Days Treasury Bills

Original Provision	2686000.00
Supplementary Provision	115900.00
Total Provision	2801900.00
Actual Expenditure	2901832.50
Excess	99932.50

Excess was due to more discharge of 364 Days treasury Bills than anticipated.

(v) 00.115 — 14 Days Treasury Bills

Original Provision	78000000.00
Supplementary Provision	30580346.00
Total Provision	108580346.00
Actual Expenditure	121074926.00
Excess	12494580.00

Excess was due to higher investments and redemption of 14 days Intermediate Treasury Bills by State Governments than anticipated. This was due to large surplus cash balance position of States.

Major Head 6002-External Debt

(vi) 00.208— Loans from the Government of France

Original Provision	20978.30
Supplementary Provision	795.34
Total Provision	21773.64
Actual Expenditure	21916.06
Excess	142.42

Excess was due to exchange rate variation.

(vii) 00.217— Loans from the Government of Japan

Original Provision	234361.89
Supplementary Provision	16505.75
Total Provision	250867.64
Actual Expenditure	251637.40
Excess	769.76

Excess was due to prepayment of Japan Bank of International Co-operation Loan in Pipavav project

(viii) 00.250— Loans from ADB

Original Provision	19960.83
Supplementary Provision	243.41
Total Provision	20204.24
Actual Expenditure	21236.81
Excess	1032.57

Excess was due to more repayment of certain loans where repayment has already started.

4. As may be seen from the above the excess expenditure under "Appropriation — Repayment of Debt" was mainly due to higher investment and hence discharge in 14 days Intermediate Treasury Bills by State Governments, more discharge of 364 days Treasury Bills, more expenditure in connection with encashment of securities and other related expenditure in respect of Asian Development Bank, preference of more claims by bond holders for redemption relating to Special Bearer Bonds and redemption of bonds under 6.5% Savings Bonds (Non-Taxable) 2003 by the bond holders by exercising the option of premature encashment available in the scheme than anticipated.

Excess under 'External Debt' was due to exchange rate variation, prepayment of loan of Japan Bank of International Co-operation and more repayment of certain loans which could not be anticipated at the time of estimation.

5. The Budget Estimates under 14 days Treasury Bills was Rs.780000.00 crore and a provision of Rs. 1166000.00 crore was made at RE stage. The final requirement was estimated at Rs. 1169311.00 crore. However, supplementary provision for a lower amount of Rs. 305803.46 crore was sought in view of likely savings under repayment of Ways and Means Advances to be taken into account for re-appropriation. The actual expenditure, however, was Rs. 1210749.26 crore against RE of Rs. 1166000.00 crore, resulting an excess expenditure of Rs. 44749.26 crore under the aforesaid item.

6. It is stated that the estimates of 'Repayment of debt' are framed on the basis of inputs furnished by RBI, the Debt Manager of the Government of India, the same cannot be assessed with sufficient degree of accuracy, as they depend upon a number

of factors which affect the cash balance of Central Government on a day-to-day basis. Hence, the actual expenditure under Repayment of Debt in respect of 14 Days Treasury Bills and 364 Days Intermediate Treasury Bills are subject to variation from the estimate proposed by RBI, which is beyond the control of the Authority administering the grant/appropriation. Notwithstanding the various factors which affect the cash balance of Government on a day to day basis, Government has been impressing upon Reserve Bank of India (RBI), the debt manager of the Central Government at different times and various levels to take such necessary steps as may be required to improve the quality of estimates for Internal Debt. RBI has set up a 'Working Group' to undertake study of the instances and reasons for inaccuracies in estimation of expenditure pertaining to Repayment of Debt and Interest Payment over last five years and to make recommendations to improve the quality of estimates and its better monitoring during the financial year. The report is expected to be submitted shortly.

7. This has been vetted by the audit *vide* their U.O. No. RR/1-27/007-08/3803 Dated 22.2.2008.

Sd/-
(L.M. Vas)
Additional Secretary (Budget)

Lok Sabha Secretariat (PAC Branch)
Parliament House Annexe, New Delhi.
F.No. 7 (3)-W&M/2007 dated 7-3-2008

Grant No. 37—Repayment of Debt 2006-07 (*Rs. in thousands*)

	Original Provision	Supple-mentary	Total Provision	Actual Expenditure	Saving(-)	Excess(+)
1	2	3	4	5	6	7
Major Head 6001						
00.101-Market Loans	355788400	0	355788400	355722556	65844	
00.103.01.91 days Treasury Bills	340000000	369150000	709150000	689172325	19977675	
00.108-182 days Treasury Bills	151100000	41920000	193020000	183029300	9990700	
00.110-364 days Treasury Bills	268600000	11590000	280190000	290183250		9993250
00.112-10% Relief Bonds, 1993	10000	1200	11200	6240	4960	
00.114-Ways and Means Advances	500000000	0	500000000	252260000	247740000	
00.115-14 days Treasury Bills	7800000000	3058034600	10858034600	12107492600		1249458000
00.117-Marketable Securities issued in conv. of Spl. Securities	35000000	0	35000000	35000000	0	
00.122-Spl-Central Govt. Securities issued against share of net small savings collection from 1.4.1999	8650000	0	8650000	8647570	2430	
00.126-Market Stabilisation Bills/ Bonds (Face Value)						
01.91 Days Treasury Bills	780000000	0	780000000	332257731	447742269	
02.364 Days Treasury Bills	160000000	0	160000000	151449613	8550387	
03.Dated Securities	50000000	0	50000000	50000000	0	
04.182 Days Treasury Bills	290000000	0	290000000	108348619	181651381	
00.105.01-International Bank of Reconstruction and Dev.	1000000	0	1000000	1000000	0	
00.105.02-International Monetary Fund	0	7959700	7959700	6353735	1605965	
00.105.04-Asian Development Bank	96200	0	96200	108400		12200
00.105.06-African Dev. Fund	175200	14600	189800	55563	134237	
00.105.07-African Dev. Bank	8400	0	8400	7769	631	
00.106.05-Special Bearer Bonds	10000	0	10000	37405	0	27405
00.106.07-7 Years National Rural Dev. Bonds	2500	0	2500	620	1880	
00.106.08-7% Capital Investment Bonds	5000	0	5000	320	4680	
00.106.09-National Rural Dev. Bonds-2nd Issue	2500	0	2500	0	2500	
00.106.14-Voluntary Disclosure of Income and Wealth 5 $^{3}/_{4}$% Bonds, 1985	5000	0	5000	3176	1824	
00.106.15-9% Relief Bonds, 1987	30000	0	30000	2120	27880	
00.106.22-8.5% Relief Bonds, 2001	149577800	5339300	154917100	151231709	3685391	
00.106.18-9% Relief Bonds, 1993	10000	0	10000	1895	8105	
00.106.19-10% Relief Bonds, 1995	50000	0	50000	41207	8793	
00.106.21-12.08% GOI Compensation (Project Exports to Iraq) Bonds, 2001	500	0	500	0	500	
00.106.23-9% Relief Bonds, 1999	11712600	0	11712600	6002923	5709677	
00.106.24-8% Relief Bonds, 2002	3834200	0	3834200	1135390	2698810	
00.106.31-6.5% Savings Bonds, 2003 (Non-taxable)	0	0	0	975374		975374
Total—Major Head 6001	10905668300	3494009400	14399677700	14730527410	929616519	1260466229
Major Head 6002						
00.207-Loans from European Economics Community(SAC)	63037	1351	64388	64376	12	
00.208-Loans from the Govt. of France	2097830	79534	2177364	2191606	0	14242
00.209-Loans from the Govt. of Germany	4256607	0	4256607	4197399	59208	
00.213-Loans from the International Dev. Association	30043982	0	30043982	29896770	147212	
00.214-Loans from IFAD	407357	0	407357	397693	9664	
00.216-Loans from International Bank for Recons. & Dev.	9128325	0	9128325	8871259	257066	

1	2	3	4	5	6	7
00.217-Loans from Govt. of Japan	23436189	1650575	25086764	25163740		76976
00.221-Loans from OPEC Special Fund	38357	0	38357	37731	626	
00.223-Loans from Govt. of Switzerland & Swiss Banks	29725	797	30522	30579		57
00.226-Loans from the Agency for Internat. Dev. USA	3220855	0	3220855	3175959	44896	
00.227-Loans from Govt. of USA under PL 480	967562	0	967562	954199	13363	
Convertible Local Currency Credit		0		0		
00.228-Other Misc. Loans from Govt. of USA	69408	0	69408	68428	980	
00.230-Loans from Govt. of Russian Federation	1652983	48402	1701385	1682887	18498	
00.250-Loans from ADB	1996083	24341	2020424	2123681		103257
Total—Major Head 6002	77408300	1805000	79213300	78856307	551525	194532
Total—Major Head 6001	5939484800	4202037200	10141522000	157712614	929616519	1260466229
Total Appropriation	10983076600	3495814400	14478891000	14809383717	930168044	1260660761
Total Net Excess						330492717

APPENDIX III

Government Of India

Ministry Of Defence

(Finance/Budget)

EXCESS NOTE

NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARIZATION OF EXCESS EXPENDITURE IN RESPECT OF EXCESS OCCURRED UNDER REVENUE SECTION (VOTED) OF GRANT NO. 22—DEFENCE SERVICES—ARMY, AS DISCLOSED IN THE UNION GOVERNMENT APPROPRIATION ACCOUNTS (DEFENCE SERVICES) FOR 2006-2007

GRANT NO. 22—DEFENCE SERVICES—ARMY

(Rs. in lakhs)

Revenue Section (Voted)

Original Grant	:	Rs. 3319104
Supplementary Grant	:	NIL
Total Grant	:	Rs. 3319104
Actual Expenditure	:	Rs. 3385821
Excess	:	Rs. 66717
		(Rs. 66717,95,590)
Surrender during the year	:	Rs. 3497

2. Under Revenue Section (Voted) of Grant No. 22—Defence Services—Army for 2006-2007 the total provision was Rs. 33191,04,00 thousands. Against this, the expenditure of Rs. 3,38,58,20,95 thousands was incurred resulting in excess of Rs. 667,16,95 thousands.

3. The excess of Rs. 667,16,95 thousands was the net effect of total excesses of Rs. 739,60,95 thousands, surrender of Rs. 34,97,00 thousands and total saving of Rs. 37,47,00 thousands under various sub-heads of the Grant. The sub-heads under which excess of Rs. five lakhs and above occurred and reasons therefor are explained as below:—

MAJOR HEAD 2076

(i) Minor Head — 101 (Rs. in lakhs)

Original Grant	:	Rs. 1358780
Supplementary Grant	:	NIL
Re-appropriation	:	(-) Rs. 18359

(Rs. in lakhs)

Total Grant	:	Rs. 1340421
Actual expenditure	:	Rs. 1386924
Excess	:	Rs. 46503

The excess of Rs. 46503 lakh in the Final Grant was mainly on account of sanction of higher DA *vis-a-vis* anticipated DA.

(ii) Minor Head — 103

Original Grant	:	Rs. 25032
Supplementary Grant	:	NIL
Re-appropriation	:	(+) Rs. 137
Total Grant	:	Rs. 25169
Actual expenditure	:	Rs. 25806
Excess	:	Rs. 637

The excess of Rs. 637 lakh in the Final Grant was mainly due to raising of two Eco Units and four Home and Hearth Units.

(iii) Minor Head — 104

Original Grant	:	Rs. 145241
Supplementary Grant	:	NIL
Re-appropriation	:	(+) Rs. 696
Total Grant	:	Rs. 145937
Actual expenditure	:	Rs. 148212
Excess	:	Rs. 2275

The excess of Rs. 2275 lakh in the Final Grant was mainly on account of sanction of higher DA *vis-a-vis* anticipated DA.

(iv) Minor Head — 105

Original Grant	:	Rs. 123998
Supplementary Grant	:	NIL
Re-appropriation	:	(+) Rs. 3500
Total Grant	:	Rs. 127498
Actual expenditure	:	Rs. 129857
Excess	:	Rs. 2359

The excess of Rs. 2359 lakh in the Final Grant was mainly due to increased movement of troops, Joint Exercises with Foreign armies and increase in frequency of courses/ temp duty of officers at Army HQ.

(v) Minor Head — 106		(Rs. in lakhs)
Original Grant	:	Rs. 17665
Supplementary Grant	:	NIL
Re-appropriation	:	(+) Rs. 9
Total Grant	:	Rs. 17674
Actual expenditure	:	Rs. 17878
Excess	:	Rs. 204

The excess of Rs. 204 lakh in the Final Grant was mainly due to increase in expenditure under production charges and increase in market rate of purchase of stores *i.e.* Grants/ Concentrates at higher rates for Army Animals. Also due to purchase of milk to meet the shortfall from NCDFI at higher rates as per Govt. Policy.

(vi) Minor Head—110

Original Grant	:	Rs. 969815
Supplementary Grant	:	NIL
Re-appropriation	:	(+) Rs. 14372
Total Grant	:	Rs. 984187
Actual expenditure	:	Rs. 993234
Excess	:	Rs. 9047

The excess of Rs. 9047 lakh in the Final Grant was mainly due to reduced allocation of funds and more than anticipated materialization of stores, as also, excess booking due to last minute billing by the suppliers and DGS&D Rate Contract items.

(vii) Minor Head — 111

Original Grant	:	Rs. 321557
Supplementary Grant	:	NIL
Re-appropriation	:	(+) Rs. 10
Total Grant	:	Rs. 321567
Actual expenditure	:	Rs. 325419
Excess	:	Rs. 3852

The excess of Rs. 3852 lakh in the Final Grant was mainly due to requirement of additional funds for payment for hired and leased buildings and rentals for land.

(viii) Minor Head — 112

Original Grant	:	Rs. 141423
Supplementary Grant	:	NIL

		(Rs. in lakhs)
Re-appropriation	:	(+) Rs. 3312
Total Grant	:	Rs. 144735
Actual expenditure	:	Rs. 151424
Excess	:	Rs. 6689

The excess of Rs. 6689 lakh in the Final Grant was mainly due to on account of higher DA, Pay and Allowances and revised requirement of Vehicles.

(ix) Minor Head — 113

Original Grant	:	Rs. 38769
Supplementary Grant	:	NIL
Re-appropriation	:	NIL
Total Grant	:	Rs. 38769
Actual expenditure	:	Rs. 41165
Excess	:	Rs. 2396

The excess of Rs. 2369 lakh in the Final Grant was mainly due to non monitoring of expenditure on fresh appointment of 64 Whole Time Lady Officers by HQ NCC and payment of previous year supply orders in the year 2006-07.

4. Instructions already exist to formulate the Budget Estimates on most realistic basis and the necessity to keep the expenditure under constant review by monitoring it regularly in an effective manner in order to conform to the allocations made and to ensure that there is neither any excess nor large scale savings over the sanctioned budgetary provisions.

5. In order to avoid recurrence of any savings/excess in future, instructions have been issued to all concerned emphasizing the need to follow the instructions issued on the subject more scrupulously and to monitor the progress of expenditure in more vigilant/stricter manner apart from projecting the demands on factual basis and to the ballest minimum depending on the actual requirements/obligations. To achieve the objective, Service Hqrs./Deptt. have also been requested to issue necessary instructions to all budget controlling authorities under their lower formulations to follow the instructions issued on the subject more scrupulously so as to avoid any saving/excess.

6. In addition, Inter Departmental Monitoring Groups have also been requested *vide* ID No. 17(1)B-I/1999 Dated 13-12-2005 and 27-1-2006 (copy enclosed) to hold regular meetings in the last quarter of the financial year so as to prevent occurrence of excesses/savings under various heads, duly taking into account all factors like status of contracted and uncontracted schemes, supply position in respect of contracts, progress of civil works and actual drawl from LCs etc.

7. F.A. (A cq) and all Addl. F.As besides services Hqrs. have also been requested *vide* Min. of Def. (Fin.) ID No. 17(3)/B-I/2004 Dated 24-7-2006 (copy enclosed) to ensure the progress of expenditure to the tune of 67% of the BE allocation by December as directed by Finance Minister in the meeting with Financial Advisers and reiterated by Hon'ble RM and Secretary, Defence Finance in the meeting specially convened for the purpose, so that the rush of expenditure at the fag of the year may be avoided.

8. In the circumstances explained above, the excess of Rs. 667,16,95/- thousand may kindly be recommended for regularization by the Parliament under Article 115(i)(b) of the Constitution.

Sd/-

(AMIT COWSHISH)
ADDL. FA & JS

File No. 17(1)B-I/2008

Ministry of Defence (Finance)
(Budget I)

Sub. : Monitoring And Control Of Defence Expenditure 2005-2006

As per the instructions issued *vide* MoD ID No. 8737-S/Def.Secy/91 dated 27/12/91, (copy enclosed), Inter Departmental Monitoring Groups were constituted in the year 1991-92 to closely monitor the progress of expenditure and pending liabilities to ensure optimal use of resources. The Departmental Monitoring Groups would now consist of FA (Acq)/the concerned Addl. FA as convener, concerned Joint Secretary, FMs concerned, Flag rank officer from Service HQrs. and representatives of CGDA/CDA.

2. The Standing Committee on Defence while examining the Demands for Grants for the year 2002-2003 and 2003-2004 had taken a serious view of the unspent funds and had recommended that the amounts allotted should be fully utilized for the purchase of new weapon system, modernization and upgradation of the existing systems so as to ensure that no surrender of funds is made. Further, the C&AG has also commented adversely in the past on the overall unspent provisions *vis-à-vis* the budgetary outlays. In this regard, necessary instructions were issued *vide* MOD ID No. 10(1)/B-1/2002 dated 8/10/2002 to all concerned to monitor the progress of expenditure constantly in a more vigilant manner. Services HQrs./Departments had also been requested to issue instructions in this regard to all the Budget Controlling Authorities under their administrative control to eliminate instances of large scale savings/excess.

3. During a recent meeting with Financial Advisors of various Ministries of Govt. of India, Finance Minister reviewed the implementation of his directions issued last year regarding, expenditure of minimum 67% of BE allocation by December and emphasized that no Ministry/Department would be permitted to spend more than 1/3rd of their Budgetary allocation after December. Finance Minister has directed that in 2005-06, no explanation will be accepted for exceeding 33% in the last quarter. All concerned must plan right from now to ensure proper pace of expenditure. He has also directed that in case any Ministry/Deptt. is not able to spend 67% by December end, it will not be allowed to spend more that 33% in the last quarter. In this regard, a letter No. 11(23)/B-1/2004, dated 24-5-2005 may please be referred to.

4. The trend of expenditure during the current financial year indicates that unless effective monitoring and control is exercised, savings may result under various revenue and capital heads. With a view to ensuring a constant and uniform pace of expenditure *vis-à-vis* the sanctioned provisions it is essential that the progress of expenditure is monitored at all levels and contained within the sanctioned allocations in order to avoid any large scale savings or excesses.

5. The Monitoring Groups headed by FA(Acq.) (in respect of acquisition heads) and Addl. FAs (in respect of rest of the heads) are therefore, requested to hold regular meetings on a fortnightly basis during December 2005 and January, 2006 and on weekly

basis in February and March 2006 so as to prevent excesses/savings under various Heads and bunching of expenditure towards the year end, duly taking into account all factors like actual drawl from LCs status of contracted and uncontracted schemes, supply position in respect of contracts, progress of civil works etc. It is pertinent to mention that CGDA now provides weekly compilation of expenditure from August, 2005 to this Ministry to enable us to monitor the progress of expenditure effectively.

6. The minutes of the meetings, examining, *inter alia* the position regarding budgetary targets/deviations, if any, and corrective measures adopted, may please be put up to FA(DS) regularly and copy endorsed to Director (Fin/Budget).

Sd/-
(Amit Cowshish)
Addl.FA(A)

FA (Acq)	For Acquisition cases of three Services & HQ IDS
Addl. FA(M)	for Air Force, Army (Q.AG&GS)
Addl. FA(H)	for DGOF
Addl. FA(AM)	for DGQA, Army (Land & Works)
Addl. FA(J)	R&D [including ATVP, Date of Std., DTD&P (Air)]
Addl. FA(A)	for Ordnance/Navy (other than Acquisition Heads)
IFA, CIDS &SFC	

MoD Fin. ID No. 17(1)/B-1/1999 dated 13-12-2005

Copy to:

DG (Acq)	AS (I)	AS (DP)
JS&AM (MS)	JS&AM (LS)	JS&AM (Air)
JS (O/N)	JS (G/Air)	JS (C&W)
JS (PIC)	CCR&DR	All FMs
IFA (Navy)	IFA (AF),	IFAs (ARMY)
Director (Fin./Acq)	Director(Fin/Navy)	
Director (Fin./AF/Acq)	Dir. (Fin/O)	
Dir. (Fin/AF/Org)		
DFA (Navy)		

MOST IMMEDIATE

Ministry of Defence (Finance)
Budget I

Subject: Monitoring and Control of Defence Expenditure 2005-2006.

Reference: MoD (Fin.) I.D. No. 17(1)/B-1/1999 dated 13.12.2005.

It may be recalled that the above referred note was issued with the request that the Monitoring Groups headed by FA (Acquisition) (in respect of Acquisition Heads) and Additional FAs (in respect of rest of the Heads) may hold regular meetings on a fortnightly basis during December, 2005 and January, 2006 and on weekly basis in Feb. and March 2006 so as to prevent excesses/savings under various Heads and bunching of expenditure towards the year and duly taking into account all factors like actual drawl form LCs, status of contracted and uncontracted schemes, supply position in respect of contracts progress of civil works etc.

2. It is observed from the CGDA's compilation for the month of December 2005 that the progress of expenditure is very slow particularly in Capital Heads. Keeping this in view the Defence Secretary had taken a meeting on 20th January 2006 reiterating that the real challenge before us is to ensure that the allocation made is fully expended. It is therefore, requested that all efforts be made to meet the expenditure target against budgetary allocation and to ensure that no surrenders are made at any stage.

Sd/-
(Amit Cowshish)
Addl.FA(A) & J.S.

FA (Acq)	For Acquisition cases of three Services & HQ IDS
Addl. FA (M)	for Air Force, Army (Q.AG&GS)
Addl. FA (H)	for DGOF
Addl. FA (AM)	for DGQA, Army (Land & Works)
Addl FA (J)	R&D [including ATVP, Date of Std., DTD&P (Air)]
Addl. FA (A)	for Ordnance/Navy (other than Acquisition Heads)
IFA, CIDS & SFC	

MoD (Fin.) ID No. 17(1)/B-1/1999 dated 27-01-2006

Copy to:

DG (Acq)	AS (I)	AS (DP)
JS&AM (MS)	JS&AM (LS)	JS&AM (Air)
JS (O/N)	JS (G/Air)	JS (C&W)
JS (PIC)	CCR&D(R)	All FMs
Director (Fin./Acq)	Director (Fin/Navy)	Director (Fin./AF/Og)
Dir. (Fin./AF/Acq)	Dir. (Fin/O)	DFA (Navy)

Ministry of Defence (Finance)

(Budget I)

Sub: Monitoring and Control of Defence Expenditure 2006-2007 Meeting held by R M.

Ref: MoD ID No. 34(4)/2006/D (O&M), dated 11-07-06.

Instructions have been issued from time-to-time to monitor the progress of Defence expenditure at all levels to avoid any large-scale savings or excesses. For this purpose Departmental Monitoring Groups headed by F-A (Acq) in r/o Acquisition heads and Addl. FAs in r/o other heads have been constituted and requested to hold regular meetings so as to prevent excess/savings under various heads and bunching of expenditure towards the end of financial year.

2. In this connection R.M. also took a meeting of the senior officers and gave some directions about important issues including meeting the expenditure targets. He also observed that the progress of expenditure in the current year so far was poor and therefore desired that the short fall should be made up in the 2nd and 3rd quarter so that the stipulated 67% expenditure can be achieved by 31st Dec., 2006. The deadline has to be followed and targets fulfilled. He also indicated that if the expenditure progresses speedily, he could even propose for more funds for Defence in Supplementary Demands during the winter session of Parliament and even demand higher allocation for the next year.

3. The Defence Secretary in the same meeting also observed that two-third of budgetary provision should be spent by the end of calendar year. If this is not done expeditiously and cases languish, it will be difficult to resolve the matter at the end of the year resulting in surrender of funds. The existing procedure of decision making by a collegiums of officer can be expanded by including experienced officers from Forces and complemented by Defence Finance/CGDA and other Senior officials. There should be a thorough review every month on the progress made.

4. The above observations of the R.M. and the Defence Secretary are mainly based on the fact that the CGDAs All India Compilation for the month of June, 2006 shows a very slow progress of expenditure particularly under capital heads.

5. It is therefore, requested that all efforts be made at all levels to meet the expenditure target against budgetary allocation and ensure that no surrenders are made at any stage.

Sd/-

(Amit Cowshish)
Addl.FA(A)

FA(Acq.)	For Acquisition cases of three Services & HQ IDS
Addl.FA(M)	for Air Force, Army (Q,AG&CG)
Addl.FA(H)	for DGOF
Addl.FA(AM)	for DGQA, Army (Land & Works)

Addl. FA(J) for R&D (including ATVP, Date of Std., DGAQA)

Addl .FA(A) for Ordnance/Navy (other than Acquisition Heads)

IFA, CIDS &SFC

MoD(FIN) ID No. 17(3)/B-1/2004 dated 24-07-2006

Copy to:

DG(Acq.)	AS(J)	AS(B) As (DP)	
JS&AM(MS)	JS&AM(LS)	JS&AM(Air)	
JS(G/Air)	JS(C&W),	JS(PIC)	J.S. (O/N)
CCR+DR	ALL FMs	Dir. (Fin/Acq)	
Director(Fin/Navy)	Director(Fin./AF/Og)		
Dir(Fin/AF/Acq.)	Dir.(Fin/O)	DFA(Navy)	

Copy also to for similar action:—

ADGFP, Army HQ

ACNS (PLP), Naval HQ

ACAS(Fin.) AIR HQ

DG of, ATVP, DGQA

Ste. of Standardisation, DGAQA

APPENDIX IV

सत्यमेव जयते

भारत सरकार Government of India
रेल मंत्रालय Ministry of Railways
(रेलवे बोर्ड Railway Board)

(व्याख्यात्मक नोट)

अनुदानों/विनियोगों के स्वीकृत/प्रभृत भाग के आधिक्य के विनियमन के लिए लोक लेखा समिति हेतु व्याख्यात्मक नोट

(EXPLANATORY NOTE)

Explanatory Note for Public Accounts Committee for Regularisation of Excess over Voted/ Charged portion of Grants/ Appropriation 2006-2007

EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS OVER VOTED/CHARGED PORTION OF GRANTS/ APPROPRIATIONS DURING THE YEAR 2006-2007

During the year 2006-07, there was an overall net saving of Rs.3157.09 crore under all Grants and Appropriations, which constitutes 2.75 percent of the total provision of Rs.114929.79 crore.

The net saving was the result of gross saving of Rs.3522.25 crore under 13 Voted Grants (*i.e.* 12 Revenue and four segments of Works Grant No. 16 *i.e.* Capital, OLWR, RSF and SRSF) and 07 Charged Appropriations and gross excess of Rs.365.16 crore under 04 Voted Grants (*i.e.* 3 Revenue and one segment of Works Grant No. 16 *i.e.* Railway Funds) and 05 Charged Appropriations (*i.e.* 4 Revenue and 5 segments of Works Appropriation No. 16 *i.e.* Capital, Railway Funds OLWR, RSF and SRSF).

The Gross excess of Rs. 365.16 crore was made up of Rs. 353.24 crore under Voted Grants and Rs.11.92 crore under Charged Appropriations constituting 1.30 per cent of the total provision of Rs.28026.36 crore under those Grants/Appropriations where excess occurred.

The gross saving amounting to Rs.3522.25 crore was made up of Rs.3521.34 crore under Voted Grants and Rs.0.91 crore under Charged Appropriations constituting 4.05 per cent of the total provision of Rs.86903.43 crore under the saving registering Grants/Appropriations. (Reference Para 26 to 29 — Excess/Saving over Voted Grants and Charged Appropriations of the Appropriation Accounts of Indian Railways for the year 2006-07-Part-I-Review)

All savings involving Rs.100 crore and above under each Grant and all excesses grant-wise, are being explained in detail in the ensuring paras.

Excess under Charged Appropriation & Voted Grants

There is an excess under five Charged Appropriations (3, 4, 5, 12 and five segments of Appropriation No. 16 Capital, Railway Funds, OLWR, RSF and SRSF) and four Grants (1, 10, 15 and one segment of Grant No. 16 *i.e.* Railway Funds). These Appropriations/Grants are explained as under:—

(a) Charged Appropriations.

(i) Appropriation No.3—Working Expenses—General Superintendence and Services

	Rupees
Original Appropriation	-
Supplementary Appropriation	4,94,000
Total Sanctioned Appropriation	4,94,000
Actual Expenditure	5,95,667
Excess	1,01,667
Misclassification	-

Excess requiring regularization	1,01,667
Percentage of Excess	20.58

A Supplementary Charged Appropriation of Rs.4.94 lakhs as obtained for payments towards satisfaction of court, proved to be inadequate. The actual payments exceeded the provision by Rs.1,01,667/- to satisfy the court decree.

The excess requiring regularization is Rs.1,01,667/- which is the same as disclosed in the Appropriation Accounts.

(ii) Appropriation No. 4—Working Expenses— Repairs & Maintenance of Permanent Way & Works

	Rupees
Original Appropriation	1,39,000
Supplementary Appropriation	1,82,29,000
Total Sanctioned Appropriation	1,83,68,000
Actual Expenditure	2,24,17,124
Excess	40,49,124
Misclassification	-
Excess requiring regularization	40,49,124
Percentage of Excess	22.04

Charged Appropriation of Rs. 1.39 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs.182.29 lakhs was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate. The actual payments exceeded the provision as more decretal payments were made, which could not be anticipated earlier.

The excess requiring regularization is Rs.40,49,124/- which is the same as disclosed in the Appropriation Accounts.

(iii) Appropriation No.5:— Working Expenses—Repairs & Maintenance of Motive Powers

	Rupees
Original Appropriation	50,000
Supplementary Appropriation	19,19,000
Total Sanctioned Appropriation	19,69,000
Actual Expenditure	22,19,314
Excess	2,50,314
Misclassification	-

Excess require regularization	2,50,314
Percentage of Excess	12.71

Charged Appropriation of Rs.0.50 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs.19.19 lakhs was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate. The actual payments exceeded the provision by Rs.2,50,314/- due to more decretal payments, which could not be anticipated earlier.

The excess requiring regularization is Rs.2,50,314/- which is the same as disclosed in the Appropriation Accounts.

(iv) Appropriation No. 12:—Working Expenses—Miscellaneous Working Expenses

	Rupees
Original Appropriation	39,53,45,000
Supplementary Appropriation	43,70,000
Total Sanctioned Appropriation	39,97,15,000
Actual Expenditure	43,11,65,588
Excess	3,14,50,588
Misclassification	5,09,169
Excess require regularization	3,19,59,757
Percentage of Excess	8.00

Charged Appropriation of Rs.3953.45 lakhs was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 4370 lakhs was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate. The actual expenditure exceeded the provision by Rs.3,14,50,588/- as more decretal payments materialized.

There was a misclassification of Rs.5,09,169/- on account of expenditure relating to Charged Appropriation having been wrongly booked as Voted. Thus taking into account the effect of misclassification the real excess requiring regularization works out to Rs. 3,19,59,757/-

(v) Appropriation No. 16:—Assets—Acquisition, Construction and Replacement—Capital

	Rupees
Original Appropriation	6,70,00,000
Supplementary Appropriation	7,93,17,000
Total Sanctioned Appropriation	14,63,17,000
Actual Expenditure	17,38,67,990

	Rupees
Excess	2,75,50,990
Misclassification	5,63,92,016
Excess requiring regularization	8,39,43,006
Percentage of Excess	57.37

Charged Appropriation of Rs.670.00 lakhs was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs.793.17 lakhs was sanctioned for additional payments towards satisfaction of court, decrees, which proved to be inadequate and the actual expenditure exceeded the provision by Rs.2,75,50,990/- as more decretal payments were made, which could not be anticipated earlier.

There was a misclassification of Rs.5,63,92,016/- on account of expenditure relating to Charged Appropriation having been wrongly booked as Voted. Thus taking into account the effect of misclassification the real excess requiring regularization works out to Rs.8,39,43,006/-

(vi) Appropriation No. 16:—Assets— Acquisition, Construction and Replacement Railway Funds

	Rupees
Original Appropriation	3,18,00,000
Supplementary Appropriation	4,25,18,000
Total Sanctioned Appropriation	7,43,18,000
Actual Expenditure	12,84,70,933
Excess	5,41,52,933
Misclassification	6,00,841
Excess requiring regularization	5,47,53,774
Percentage of Excess	73.67

Charged Appropriation of Rs.318.00 lakhs was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs.425.18 lakhs was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate and the actual expenditure exceeded the provision by Rs.5,41,52,933/- as more decretal payments materialized, than anticipated.

There was a misclassification of Rs.6,00,841/- on account of expenditure relating to Charged Appropriation having been wrongly booked as Voted. Thus taking into account the effect of misclassification the real excess requiring regularization works out to Rs.5,47,53,774/-

(vii) Appropriation No. 16:— Assets—Acquisition, Construction & Replacement— O.L.W.R.

	Rupees
Original Appropriation	-
Supplementary Appropriation	-

	Rupees
Total Sanctioned Appropriation	-
Actual Expenditure	11,84,393
Excess	11,84,393
Misclassification	-
Excess requiring regularization	11,84,393
Percentage of Excess	

The actual expenditure of Rs.11,84,393/- incurred without any budget provision towards unanticipated decretal payments arising out of court decree.

This excess of Rs. 11,84,393/- requiring regularization, is the same as disclosed in the Appropriation Accounts.

(viii) Appropriation No. 16:—Assets— Acquisition, Construction & Replacement—Railway Safety Fund

	Rupees
Original Appropriation	4,00,000
Supplementary Appropriation	7,72,000
Total Sanctioned Appropriation	11,72,000
Actual Expenditure	11,77,105
Excess	5,105
Misclassification	-
Excess require regularization	5,105
Percentage of Excess	0.44

Charged Appropriation of Rs. 4.00 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 7.72 lakh was sanctioned for additional payments towards satisfaction of court decrees which proved to be inadequate and the actual expenditure exceeded the provision by Rs. 5,105/- as more decretal payments materialised, than anticipated.

The excess requiring regularisation is Rs. 5,105/-, which is the same as disclosed in the Appropriation Accounts.

(ix) Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Special Railway Safety Fund

	Rupees
Original Appropriation	3,00,000
Supplementary Appropriation	—
Total Sanctioned Appropriation	3,00,000
Actual Expenditure	7,04,318

Excess	4,04,318
Misclassification	—
Excess requiring regularisation	4,04,318
Percentage of Excess	134.77

Charged Appropriation of Rs. 3.00 lakh was obtained at the Budget Estimate Stage, which proved to be inadequate and the actual expenditure having exceeded the provision as more decretal payments materialised, than anticipated.

The excess requiring regularisation is Rs. 4,04,318/-, which is the same as disclosed in the Appropriation Accounts.

(b) Voted Grants

(i) Grant No. 1— Revenue-Railway Board

	Rupees
Original Grant	85,00,40,000
Supplementary Grant	2,30,00,000
Total Sanctioned Grant	87,30,40,000
Actual Expenditure	87,31,74,075
Excess	1,34,075
Misclassification	—
Excess requiring regularisation	1,34,075
Percentage of Excess	0.02

A Grant of Rs. 85.00 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs. 2.30 crore was obtained in March 2007 on account of higher payments mainly under contingent expenses. The actual expenditure of Rs. 87.32 crore was Rs. 0.02 crore more than the total sanctioned provision of Rs. 87.30 crore. This minor excess mainly occurred under the head 'Pay of officers' due to increase in number of posts on account of restructuring in the cadre of group A & B of RBSS.

The excess, therefore, requiring regularisation from Parliament works out to Rs. 1, 34, 075-. (*i.e.* 0.02% of the total sanctioned provision.)

(ii) Grant No. 10—Working Expenses—Operating Expenses-Fuel

	Rupees
Original Grant	10875,58,21,000
Supplementary Grant	451,97,24,000
Total Sanctioned Grant	11327,55,45,000
Excess	23,38,74,182
Misclassification	9,22,160

	Rupees
Excess requiring regularisation	23,47,96,342
Percentage of Excess	0.21

A Grant of Rs. 10875.58 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs. 451.97 crore was obtained in March 2007 mainly on account of more expenditure on fuel under Diesel Traction due to increase in prices of fuel and higher traffic loading. The actual expenditure of Rs. 11350.94 crore was Rs. 23.39 crore more than the total sanctioned provision of Rs. 11327.55 crore. There was a net effect of Rs. 9,22,160/- on account of misclassification of expenditure. The excess thus worked out to Rs. 23.48 crore.

The **excess** mainly occurred under the following Minor heads:—

(a) Diesel Traction (200) (Rs. 183.31 crore), mainly due to increase in average rate, more consumption of HSD oil for more activities of diesel locos and more expenditure under sales tax/excise duty on account of increase in consumption and increase in average rate of HSD oil etc.

The **excess** was partly offset by **savings** under the following Minor heads:—

(a) Steam Traction (100) (Rs.1.39 crore), mainly due to incurrence of less expenditure towards cost of materials from stock and contractual payments, and (b) Electric Traction (300) (Rs. 158.53 crore), mainly towards cost of electric energy used for traction services and also due to less adjustment of debits during the year.

The excess, therefore requiring regularisation from Parliament works out to Rs. **23,47,96,342/-.** (*i.e.* 0.21% of the total sanctioned provision).

(iii) Grant No. 15—Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortisation of Over-Capitalisation

	Rupees
Original Grant	3870,73,00,000
Supplementary Grant	371,53,00,000
Total Sanctioned Grant	4242,26,00,000
Actual Expenditure	4246,80,77,535
Excess	4,54,77,535
Misclassification	—
Excess requiring regularisation	4,54,77,535
Percentage of Excess	0.11

A Grant of Rs. 3870.73 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs. 371.53 crore was obtained in March, 2007 for marking higher payment of dividend to general revenues due to higher capital qualifying for dividend and transfer of operating losses on strategic lines. The actual expenditure of Rs. 4246.81 crore was Rs. 4.55 crore more than the total sanctioned provision of

Rs. 4242.26 crore. The **excess** occurred under the minor head 'Dividend to General Revenues' was mainly due to payment of deferred dividend on 'New Lines under moratorium', not budgeted for in 2006-07.

The excess, therefore, requiring regularisation from Parliament works out to Rs. **4,54,77,535/-** (*i.e.* 0.11% of the total sanctioned provision).

(iv) Grant No. 16—Assets—Acquisition, Construction and Replacement—Railway Funds

	Rupees
Original Grant	11028,40,00,000
Supplementary Grant	1276,56,82,000
Total Sanctioned Grant	12304,96,82,000
Actual Expenditure	12630,26,33,095
Excess	325,29,51,095
Misclassification	(-) 203,96,62,087
Excess requiring regularisation	121,32,89,008
Percentage of Excess	0.99

A Grant of Rs. 11028.40 crore was obtained at the Budget Estimate stage. A Supplementary Grant of Rs. 1276.57 crore was obtained during 2006-07, for accelerating the progress of various on going works and for taking up certain 'Out of turn' works which are regarded as 'New Services/New Instruments of Service'. The actual expenditure of Rs. 12630.26 crore was Rs. 325.29 crore more than the sanctioned provision of Rs. 12304.97 crore. There was a net effect of Rs.(-) 203,96,62,087/- on account of misclassification of expenditure between Grant No. 16—Railway Funds and Revenue Grants/Works Grant. The **excess** thus worked out to Rs. 121.33 crore.

This **excess** was mainly under the following Plan heads (Minor heads) due to better progress of works:—

(a) New Lines (Rs. 0.02 crore), (b) Gauge Conversion (Rs. 461.22 crore), (c) Doubling (Rs. 77.88 crore), (d) Track Renewals (Rs. 421.38 crore), (e) Other Electrical Works (Rs. 6.59 crore), (f) Passenger Amenities and other railway users Amenities (Rs. 18.03 crore), and (g) Investment in Govt. Commercial Undertakings (Rs. 135.00 crore);

This **excess** was partly offset by savings under the following Plan heads (Minor heads) due to slow progress of works:—

(a) Traffic Facilities-Yard Remodelling and Others (Rs. 70.13 crore), (b) Computerisation (Rs. 85.48 crore). (c) Railway Research (Rs. 28.27 crore), (d) Rolling Stock (Rs. 308.66 crore), (e) Bridge Works (Rs. 29.23 crore), (f) Signalling & Telecommunication Works (Rs. 152.15 crore), (g) Electrification Projects (Rs. 24.57 crore), (h) Machinery and Plant (Rs. 37.25 crore), (i) Workshops incld. Production Units (Rs. 15.12 core), (j) Staff Quarters (Rs. 13.10 crore), (k) Amenities for staff Rs. 12.76 crore), and (l) Other Specified Works (Rs. 18.11 crore).

The excess, therefore, requiring regularisation from Parliament works out to Rs. **121,32,89,008/-** (*i.e.* 0.99% of the total sanctioned provision).

Savings over Rs. 100 crore.

Savings over Rs. 100 crore occurred under Grant Nos. 4, 5, 7, 9, 13, 14 and three segments of Grant No. 16 —(*i.e* Capital, Railway Safety Fund and Special Railway Safety Fund), which are explained as under:—

(i) Grant No. 4—Working Expenses—Repairs & Maintenance of Parmanent Way & Works

	Rupees
Original Grant	3958,33,26,000
Supplementary Grant	—
Total Sanctioned Grant	3958,33,26,000
Actual Expenditure	3846,43,06,322
Saving	111,90,19.678
Misclassification	19,47,34,362
Total Saving	92,42,85,316
Percentage of Saving	2.34%

A Grant of Rs. 3958.33 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 3846.43 crore was Rs. 111.90 crore less than the sanctioned provision of Rs. 3958.33 crore. There was a net effect of Rs. 19,47,34,362/ on account of misclassification of expenditure. The saving thus worked out to Rs. 92.43 crore, which is 2.34% of the total sanctioned provision.

Saving occurred mainly under the following Minor heads:—

(a) Maintenance of Permanent Way (200) (Rs. 65.88 crore), mainly due to less drawal of stores from stock, less direct purchases, less adjustment of debits and less contractual obligations, **(b) Maintenance of Bridge Work and Tunnels including Road Over/Under Bridges (300) (Rs. 8.75 crore),** mainly due to less expenditure under staff cost, less drawal of stores from stock and less contractual payments, **(c) Water Supply, Sanitation and Roads (Other than Colonies, Staff Quarters and Welfare Buildings) (500) (Rs. 25.50 crore),** less staff cost and less contractual payment and less expenditure on water supply, than anticipated, **(d) Special Repairs pertaining to Breaches, Accidents etc. including Special Revenue works (700) (Rs 27.89 crore),** less procurement of stock and non-stock material less expenditure towards staff cost, less direct purchases and less materialisation of contractual obligations, than anticipated.

This saving was partly offset by an excess under the following **Minor heads:—**

(a) Establishment in Offices (100) (Rs. 12.05 crore), due to more expenditure towards staff cost, contingencies and direct purchases, than anticipated. **(b) Maintenance of Service Buildings (Other than staff quarters and Welfare Buildings) (400) (Rs. 2.01 crore),** mainly due to more expenditure towards staff cost and more payment towards contractual obligations, than anticipated, **(c) Other Repairs and Maintenance (600) (Rs. 2.06 crore)** mainly due to more expenditure towards miscellaneous expenses and more contractual payments, than anticipated.

(ii) Grant No. 5— Working Expenses—Repairs & Maintenance of Motive Powers

	Rupees
Original Grant	2135,64,44,000
Supplementary Grant	—
Total Sanctioned Grant	2135,64,44,000
Actual Expenditure	1988,59,96,840
Saving	147,04,47,160
Misclassification	(-) 11,52,16,859
Total Saving	158,56,64,019
Percentage of Saving	7.42

A Grant of Rs. 2135.64 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 1988.60 crore was Rs. 147.04 crore less than the sanctioned provision. There was a net effect of Rs. (-) 11,52,16,859/- on account of misclassification of expenditure. The saving thus worked out to Rs. 158.57 crore, which is 7.42% of the total sanctioned provision.

Saving occurred mainly under the following Minor heads:—

(a) Establishment in Offices (100) (Rs. 7.09 crore), mainly due to less expenditure under staff cost on account of non- filling up of vacancies and also under contingencies, **(b) Diesel Locomotives (300) (Rs. 81.68 crore),** mainly due to less drawal of stores from stock, less direct purchases, less contractual payments and less adjustment of wages and materials on POH, **(c) Electric Locomotives (500) (Rs. 48.94 crore)**, mainly due to less drawal of stores from stock, less direct purchases, less staff cost and also due to less contractual payments, than anticipated, **(d) Rail Cars, Ferry Steamers and Other Maintenance Expenses (600) (Rs. 10.14 crore),** mainly due to realisation of more credits and incurrence of less other miscellaneous expenses, than anticipated.

This saving was partly offset by an excess under the following **Minor heads**:—

(a) Steam Locomotives (200) (Rs. 0.81 crore), due to more adjustment towards wages and material on POH, than anticipated.

(iii) Grant No. 7—Working Expenses—Repairs and Maintenance of Plant & Equipment

	Rupees
Original Grant	2316,92,48,000
Supplementary Grant	—

	Rupees
Total Sanctioned Grant	2316,92,48,000
Actual Expenditure	2120,12,79,502
Saving	196,79,68,498
Misclassification	(-)1,88,52,486
Total Saving	198,68,20,984
Percentage of Saving	8.58

A Grant of Rs. 2316.93 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 2120.13 crore was Rs. 196.80 crore less than the sanctioned provision. There was a net effect of Rs. (-) 1,88,52,486/- on account of misclassification of expenditure. The saving thus worked out to Rs. 198.68 crore, which is 8.58% of the total sanctioned provision.

Saving occurred mainly under the following Minor heads:—

(a) Plant & Equipment—Way & Works (200) (Rs. 26.35 crore), mainly due to less drawal of stores from stock, less direct purchases and adjustment of less debits for maintenance of track machines, **(b) Plant & Equipment - Mechanical (300) (Rs. 44.45 crore),** mainly due to less direct purchases, less staff costs, less adjustment of debits and less consumption of stock & non-stock materials due to decrease in activities **(c) Plant & Equipment—Electrical (400) (Rs. 42.38 crore)**, mainly on account of less expenditure towards staff cost, less contractual obligations and less direct purchases, than anticipated, **(d) Plant & Equipment—Signalling (500) (Rs. 22.79 crore)**, mainly due to less drawal of stores from stock, less procurement of stores due to decrease in activities, less direct purchases, adjustment of less debits and materialisation of less contractual obligations, than anticipated, **(e) Plant & Equipment —Telecommunication (600) (Rs. 37.99 crore)**, mainly towards staff cost, less drawal of materials from stock, less materialisation of contractual obligations and less direct purchases etc, **(f) Rental to P & T for Signalling and Telecommunication circuits (700) (Rs. 10.81 crore),** mainly due to incurrence of less line wire expenditure in Data circuit & Telephone line and less receipt of rental bills from telecom authorities etc. **(g) Other Plant & Equipment— General and Traffic Departments (800) (Rs. 13.55 crore),** mainly due to less drawal of stores from stock, less direct purchases, incurrence of less establishment charges and less miscellaneous expenses, than anticipated.

This **saving** was partly offset by an **excess** under the following **Minor heads:—**

(a) Establishment in Offices (100) (Rs. 1.52 crore), mainly due to incurrence of more expenditure under salary & wages and D.A., than anticipated.

(iv) Grant No. 9— Working Expenses —Operating Expenses—Traffic

	Rupees
Original Grant	6271,48,50,000
Supplementary Grant	—
Total Sanctioned Grant	6271,48,50,000

	Rupees
Actual Expenditure	6107,43,34,186
Saving	164,05,15,814
Misclassification	(-)52,27,684
Total Saving	164,57,43,498
Percentage of Saving	2.62

A Grant of Rs. 6271.48 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 6107.43 crore was Rs. 164.05 crore less than the sanctioned provision Rs.6271.48. There was a net effect of Rs. (-) 52,27,684/- on account of misclassification of expenditure. The saving thus worked out to Rs. 164.57 crore, which is 2.62% of the total sanctioned provision.

This **saving** occurred mainly under the following Minor heads:—

(a) Station Operations (200) (Rs. 68.24 crore), mainly due to less expenditure towards staff cost, Printing & Stationery charges, less drawal of stores from stock, less payment under contractual obligations and less direct purchases, than anticipated, **(b) Yard Operations (300) (Rs. 15.88 crore)**, due to less expenditure towards staff cost for non filling up of vacancies, **(c) Transhipment and Repacking Operations (400) (Rs. 1.36 crore),** mainly under staff cost and less contractual obligations, than anticipated, **(d) Safety (600) (Rs. 5.72 crore)**, mainly due to less expenditure towards publicity, training courses, miscellaneous expenses, direct purchases and materialisation of less contractual obligations, than anticipated, **(e) Other Miscellaneous Expenses (700) (Rs. 78.23 crore)** mainly due to less adjustment for payment of leasing charges other than IRFC and less expenditure towards miscellaneous expenses etc., than anticipated.

The **saving** was partly offset by an **excess** under the following Minior heads:—

(a) Establishment in Office (100) (Rs. 4.75 crore), mainly due to more expenditure under Staff cost, **(b) Trains Operations (500) (Rs. 0.64 crore**), more expenditure incurred towards staff cost.

(v) Grant No. 13:-Working Expenses—Provident Fund, Pension & Other Retirement benefits

	Rupees
Original Grant	7955,81,85,000
Supplementary Grant	—
Total Sanctioned Grant	7955,81,85,000
Actual Expenditure	7513,33,08,140
Saving	442,48,76,860
Misclassification	9,35,560
Total Saving	442,39,41,300
Percentage of Saving	5.56%

A Grant of Rs. 7955.82 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 7513.33 crore was Rs. 442.49 crore less than the sanctioned provision. of Rs. 7955.82 crore. There was a net effect of Rs. 9,35,560/- on account of misclassification of expenditure. The saving thus worked out to Rs. 442.39 crore, which is 5.56% of the total sanctioned provision.

Saving occurred mainly under the following Minor heads:—

(a) Commuted Pension (200) (Rs. 245.32 crore), due to receipt and finalisation of less number of retirement cases, **(b) Family Pension (400) (Rs. 72.66 crore)**, due to less number of family pension cases dealt with, than anticipated, **(c) Death-cum-Retirement Gratuity (500) (Rs. 150.16 crore)**, due to less finalisation of Death-cum-Retiement Gratuity cases, than anticipated, **(d) Other Allowances, Other Pensions and Other Expenses (600) (Rs. 53.12 crore)**, due to receipt of less number of cases of ex-gratia payment to families of CPF retirees, than anticipated, **(e) Leave Encashment Benefits (700) (Rs. 22.45 crore)**, due to less expenditure towards leave encashment for pension optees, than anticipated.

This saving was partly off set by an excess under the following Minor heads:—

(a) Superannuation and Retiring Pension (100) (Rs. 92.88 crore), due to more receipt of debits from various pension disbursing authorities and more expenditure in view of finalisation of more number of Pension cases during the year, **(b) Ex-gratia Pension (300) (Rs. 0.87 crore)**, due to more payment towards ex-gratia pension cases, than anticipated, **(c) Gratuities Special Contribution to Provident Fund and contribution to Provident Fund (800) (Rs. 7.56 crore)**, due to more expenditure towards other gratuities and more Government contribution for newly defined pension scheme, than anticipated.

(vi) Grant No. 14—Working Expenses—Appropriation to Funds	Rupees
Original Grant	19249,94,00,000
Supplementary Grant	3954,58,65,000
Total Sanctioned Grant	23204,52,65,000
Actual (Expenditure) Appropriation	22647,98,34,558
Saving	556,54,30,442
Misclassification	—
Total Saving	556,54,30,422
Percentage of Saving	2.40

This Grant deals with appropriation to all Reserve Funds. A Grant of Rs. 19249.94 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs. 3954.59 crore was obtained in March' 2007. The actual (expenditure) appropriation of Rs. 22647.90 crore was Rs. 556.54 crore less than the sanctioned provision of Rs. 23204.53 crore. The saving thus worked out to Rs. 556.54 crore, which is 2.40% of the total sanctioned provision.

Saving occurred mainly under the following funds:—

(a) Appropriation to Depreciation Reserve Fund (Rs. 109.00 crore), mainly due to less requirement from the fund to finance plan expenditure than projected in the budget estimate, **(b) Appropriation to Pension Fund (Rs. 374.00 crore)** mainly due to decreased pension requirements than projected in the budget estimate, **(c) Appropriation to Special Railway Safety Fund (Rs. 32.34 crore)**, mainly due to less appropriation to the fund from Railway Revenue in view of lesser collection of safety surcharge during 2006-07, **(d) Appropriation to Capital Fund (Rs. 41.20 crore)**, the actual contribution to the Fund of Rs. 8326.32 crore was Rs. 41.20 crore less than the total sanctioned provision of Rs. 8367.52 crore occurred as the "Excess" left after appropriation to DF reduced from Rs. 8367.52 crore in sanctioned budget to Rs. 8326.32 crore in Actuals — 2006-07.

(vii) Grant No. 16— Assets—Acquisition, Construction and Replacement—Capital

	Rupees
Original Grant	23556,45,41,000*
Supplementary Grant	2191,91,42,000
Total Sanctioned Grant	25748,36,83,000*
Actual Expenditure	24750,36,51,487*
Saving	998,00,31,513
Misclassification	190,92,96,185
Total Saving	8,07,07,35,328
Percentage of Saving	3.13%

*(The Budget Allotment and Actual Expenditure includes Rs. 1365 crore which were transferred to Special Railway Safety Fund.

A Grant of Rs. 23556.45 crore was obtained at the Budget Estimate stage, out of which Rs. 1365 crore was obtained as a budgetary support from Ministry of Finance for Special Railway Safety Fund. A Supplementary Grant of Rs. 2191.91 crore was obtained during 2006-07, out of which Rs. 1050.00 crore is for funding the national projects of Udhampur-Srinagar-Baramullah New Line Project, Kumarghat-Agartala New Line and Lunding-Silchar-Jiribam-Gauge Conversion Project and the remaining supplementary grant is for accelerating the progress of various on going works and for taking up certain 'Out of Turn' works during the year. The actual expenditure of Rs. 24750.37 crore was Rs. 998.00 crore less than the sanctioned provision of Rs. 25748.37 crore. There was a net effect of Rs. 190,92,96,185/- on account of misclassification of expenditure between Grant No. 16 — Capital and Revenue Grants/ Works Grant. The net saving under Capital thus worked out to Rs. 807.07 crore, which is 3.13% of the total sanctioned provision.

This **saving** occurred mainly under the following Plan Heads (Minor Heads) due to slow progress of works:—

(a) New Lines (Construction) (1100) (Rs. 415.05 crore), (b) Restoration of Dismantled Lines (1300) (Rs. 0.78 crore), (c) Doubling (1500) (Rs. 0.14 crore), (d) Traffic Facilities-Yeard Remodelling and Others (1600) (Rs. 63.03 crore), (e) Computerisation (1700) (Rs. 81.15 crore), (f) Rolling Stock (2100) (Rs. 82.93 crore), (g) Bridge Works (3200) (Rs. 2.39 crore), (h) Signalling & Telecommunication Works (3300) (Rs. 119.55 crore), (i) Other Electrical Works (3600) (Rs. 48.94 crore), (j) Machinery & Plant (4100) (Rs. 34.99 crore), (k) Workshops including Production Units (4200) (Rs. 80.04 crore), (l) Staff Quarters (5100) (Rs. 21.45 crore), (m) Amenities for Staff (5200) (Rs. 6.90 crore), (n) Investment in Government Commercial Undertakings — Public Undertakings (6200) (Rs. 393.00 crore), (o) Manufacture Suspense (7200) (Rs. 71.78 crore) and (p) Metropolitan Transport Projects (8100) (Rs. 49.81 crore).

This saving was partly offset by an excess under the following Plan Heads (Minor Heads) due to better progress of works:—

(a) Gauge Conversion (1400) (Rs. 145.95 crore), (b) Electrification Projects (3500) (Rs. 33.91 crore), (c) Other Specified Works (6400) (Rs. 11.18 crore), (d) Stores Suspense (7100) (Rs. 203.97 crore) and (e) Miscellaneous Advance (7300) (Rs. 5.92 crore).

(viii) Grant No. 16—Assets—Acquisition, Construction and Replacement—Railway Safety Fund

	Rupees
Original Grant	710,82,00,000
Supplementary Grant	20,000
Total Sanctioned Grant	710,82,20,000
Actual Expenditure	360,15,70,514
Saving	350,66,49,486
Misclassification	14,18,383
Total Saving	350,52,31,103
Percentage of Saving	49.31

A Grant of Rs. 710.82 crore was obtained at the Budget Estimate stage. A Supplementary Grant of Rs. 20 thousand was obtained for certain 'Out of Turn' works which are regarded as "New Services/New Instruments of Service." The actual expenditure of Rs. 360.16 crore was Rs. 350.66 crore less than the sanctioned provision of Rs. 710.82 crore. There was a net effect of Rs. 14,18,383/- on account of misclassification of expenditure between Grant No. 16 - RSF and SRSF. The net saving under Railway Safety Fund thus worked out to Rs. 350.52 crore, which is 49.31% of the total sanctioned provision.

The **saving** occurred mainly under the following Plan Heads (Minor Heads):—

(a) Road Safety Works—Conversion of Unmanned Level Crossings into Manned Level Crossings (2900) (Rs. 129.87 crore), mainly due to slow progress under some of the works, materialisation of less contractual payments and non/less finalisation of tenders/proposals over various Zonal Railways, than anticipated, **(b) Road Safety Works—Conversion of Level Crossings into Road Over Bridges/Road Under Bridges (93000) (Rs. 220.79 crore),** due to non sanction of plans and estimates of some ROBs, Non approval of General Arrangement & drawings (GADs) and slow progress of some works over various Zonal Railways and also due to materialisation of less contractual payments and adjustment of less debits, than anticipated.

(ix) Grant No. 16—Assets—Acquisition, Construction and Replacement—Special Railway Safety Fund

	Rupees
Original Grant	2349,97,00,000*
Supplementary Grant	—
Total Sanctioned Grant	2349,97,00,000*
Actual Expenditure	2084,02,51,347*
Saving	265,94,48,653
Misclassification	(-) 4,07,00,620
Total Saving	270,01,49,273
Percentage of Saving	11.49

*(The Sanctioned Budget and Actual Expenditure includes Rs. 1365 crores which has been transferred from Capital to Special Railway Safety Fund)

A Grant of Rs. 2349.97 crore (includes Rs. 1365.00 crore transferred from Capital) was obtained at the Budget Estimate stage. The actual expenditure of Rs. 2084.03 crore (includes Rs. 1365.00 crore transferred from Capital) was Rs. 265.94 crore less than the total sanctioned provision of Rs. 2349.97 crore. There was a net effect of Rs. (-) 4,07,00,620/- on account of misclassification of expenditure between Grant No. 16 - SRSF and Revenue Grants/Works Grant. The total saving under Special Railway Safety Fund thus worked out to Rs. 270.01 crore, which is 11.49% of the total sanctioned provision.

This **saving** was mainly under the following Plan Heads (Minor Heads) due to slow progress of works and lesser activities:—

(a) Rolling Stock (Rs. 104.44 crore), (b) Bridge Works (Rs. 156.26 crore, (c) Signalling and Telecommunication Works (Rs. 155.98 crore), (d) Other Electrical works (Rs. 1.98 crore), (e) Machinery and Plant (Rs. 9.49 crore), and (f) Other Specified Works (Rs. 28.56 crore).

This **saving** was partly offset by an **excess** under the following Plan Heads (Minor Heads) due to better progress of works and more activities:—

(a) Track Renewals (Rs. 190.77 crore).

2. The Grant-wise excesses are relatively small, considering the total volume of transaction spread over the entire Railway System. However, every care has been taken (a) to assess the expenditure under various Appropriation/Grants as precisely as possible , and (b) to obtain supplementary allotments where necessary so that excess is avoided to the maximum extent possible.

3. The excess over the Appropriation/Grant as brought out in Para 1.2 (a) & (b) may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution of India.

4. This has been seen by the Audit.

Sd/-

(Pompa Babbar)
Adviser (Finance)
Railway Board.

The Chairman & Members of the
Public Accounts Committee,
New Delhi.

APPENDIX V

STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Department	Observations/Recommendations
1	2	3	4
1.	50	Finance (Deptts. of Economic Affairs and Expenditure), Company Affairs, Mines, Defence, Railways	The scrutiny of the Appropriation Accounts of Union Government for 2006-2007 by the Public Accounts Committee has revealed that during the year under review an expenditure of Rs. 37669.53 crore has been incurred by five Ministries/Departments of Union Government in excess of the provisions sanctioned under 18 cases entailing 13 Grants/Appropriations during the year 2006-07. The Committee are particularly distressed to observe that as was the case in the preceding year also, the bulk of the excess expenditure *i.e.* Rs. 36637.16 crore had occurred in two Appropriations *i.e.* Appropriation No. 34 — Interest Payments (Rs. 3587.89 crore) and Appropriation No. 37 — Repayment of Debt (Rs. 33049.27 crore), operated by the Ministry of Finance, which alone accounted for over 97 per cent of the total excess expenditure incurred during the year under review *i.e.* 2006-2007. The excess expenditure during the year pertains to the Grants/Appropriations operated by the Ministries/Departments of Finance, Defence, Railways, Company Affairs and Mines. Whilst scrutinizing the Appropriation Accounts, the Committee have noted that there is a surge in regard to the excess expenditure involving Ministry of Defence and there is also a registered excess in the remaining two Ministries under scrutiny *viz.* Ministry of Finance and Ministry of Railways. Notwithstanding the fact that the excess expenditure of the latter two Ministries mentioned above are proportionately not as high as the preceding year *i.e.* 2005-2006, yet the Committee view any excess expenditure as serious and they have been recommending in this regard for past several years through their Reports. The Committee are constrained to observe that some Ministries/Departments of Union Government continue to display in different attitude towards rules laid down for containing the expenditure within the authorized limits. While viewing this state of affairs with grave concern, the Committee would like to emphasize and reiterate from their past Reports that the Secretary, Department of expenditure in the

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			Ministry of Finance should strongly and effectively draw the personal attention of the concerned Secretaries in the Ministries/Departments of the Union Government depicting excess expenditures to ensure financial discipline, which is all the more necessary now with the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 in operation. The Committee also desire the Ministry of Finance, being a nodal Ministry to control the exchequer of the Government of India to impress upon all the Ministries to ensure rigid enforcement of prescribed financial rules and procedure so as to contain the instances of excess expenditure to the bare minimum. It is also recommended that action should also be taken to deal sternly with cases where any slackness is noticed in observance of prescribed financial rules.
2.	51	Finance (Deptt. of Economic Affairs), Company Affairs, Mines, Railways	The Committee note with grave concern that out of 18 cases, the excess expenditure of Rs. 37002.22 crore in 15 cases of Grants/Appropriations had occurred despite obtaining supplementary provisions of Rs. 356599.27 crore. This proves the failure of the Ministries/Departments to assess requirement of additional funds but also the inadequacies in the institutional arrangements in the Ministries/ Departments in monitoring the flow and trend of expenditure under various Grants/Appropriations. The Committee are also perturbed to note that under Appropriation No. 34—Interest Payments and Appropriation No. 37 — Repayment of Debt pertaining to the Ministry of Finance and Grant No 16—Assets—Acquisition, Construction and Replacement-Railway Funds pertaining to the Ministry of Railways, the amount obtained as supplementary provision was higher than the excess expenditure incurred. The Committee further note that the excess expenditure in the two appropriations operated by the Ministry of Finance *i.e.* in the "Appropriation—Interest Payments" persisted during the years 2005-2006 to 2006-2007 and in the "Appropriation—Repayment of Debt" persisted during the past four years *i.e.* from 2003-2004 to 2006-2007. It is onerous duty of the Committee to point out in this Report that it is evident from the Appropriation Accounts under scrutiny that the excess expenditure have been incurred despite the fact that supplementary grants were obtained. The Committee therefore come to an inescapable conclusion that the concerned Ministries have failed not only in

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			making realistic and pragmatic Budget Estimates but even the Supplementary Demands as projected could not bail them out from making excess expenditure. The Committee expect that in future the Ministries/ Departments would make all out efforts in arresting the surging trend of excess expenditure by making the required and pragmatic figures during the stage of Supplementary Demands for Grants. The Committee do not expect the Ministries/Departments to fall into excess expenditure even after obtaining Supplementary Grants which is seen to have been repeatedly happening in many cases. It is, therefore imperative that the Ministries/Departments should keep close watch over the trend of expenditure and when any need for additional funds arises they should assess realistically their requirement of funds in advance and approach Parliament by presenting Supplementary Demands for Grants in time. It is not expected of any Ministry/ Department to cross their financial limits after obtaining Supplementary Grants as has happened in many cases. The Committee further reiterate from their earlier Reports that the Ministries/Departments should review the existing mechanism and upgrade the computerization and networking system so that the progress of expenditure can be strictly monitored and timely action can be taken to ensure that expenditure does not arise beyond the limits sanctioned by Parliament.
3.	52	Finance (Deptts. of Economic Affairs and Expenditure), Company Affairs, Mines, Defence	As per the extant procedure it is imperative that explanatory notes in respect of the excess registering Grants/Appropriations are submitted to the Committee by the concerned Ministries/ Departments immediately after the presentation of relevant Appropriation Accounts to Parliament. The Committee note that explanatory notes in respect of excess registering Grants/Appropriations during 2006-2007 pertaining to Appropriation Accounts Civil and Defence Services were due for submission on 7th December, 2007. However, to the utter dismay of the Committee the explanatory notes regarding Appropriation Accounts — Civil in respect of Ministries of Finance, Mines, Company Affairs were delayed by more than four, five and seven months respectively. The explanatory notes pertaining to Appropriation Accounts — Defence Services were received after a delay of more than nine months. The Committee take a very serious view of the inordinate delay in furnishing the explanatory notes to the

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			Committee after they were received by them from the Department of Economic Affairs (Ministry of Finance). These two specific cases are in regard to Appropriation No. 34—Interest Payments and Appropriation No. 37—Repayment of Debt where a delay of more than three months and almost two months was caused by Monitoring Cell (Ministry of Finance — Department of Expenditure) and this delayed information was actually received by the Committee on 6th May, 2008 and 1st May, 2008. The Committee would like to know the specific reasons in these two cases. The Committee in their earlier Report on the subject (54th Report—14th Lok Sabha) had reiterated that as it is incumbent upon all the Ministries to furnish the explanatory notes alongwith the Appropriation Accounts to enable the Committee to finalise their Report early for regularization of excess expenditure, the Ministry of Finance should ensure that the explanatory notes are submitted to the Committee without any delay whatsoever. Any deviation in this regard would be strictly viewed. The Committee also recommended that as a systemic check, the Ministry of Finance in consultation with Comptroller and Auditor-General of India should put in place a centralized computerized networking monitoring system to check the status of the preparation of Explanatory Notes at every stage by various Ministries/Departments so that any delay on this count is effectively prevented. However, it has been noticed that the Ministry of Finance, itself unduly delayed the submission of their explanatory notes to the Committee. The Committee therefore recommend that the Ministry of Finance, which also has fully operative Monitoring Cell in the Department of Expenditure for coordinating with concerned Ministries/Departments, should enquire into the reasons for the delay of submission of explanatory notes by concerned Ministries/Departments and apprise the Committee of the same. The Committee, in unequivocal terms recommend that, in future, if any delay occurs in furnishing Explanatory Notes, the reasons for the same should be clearly mentioned alongwith the notes.
4.	53	Finance (Deptt. of Economic Affairs)	Scrutiny of select cases of excess registering Grants/Appropriations reveal that under Appropriation No. 37—Repayment of Debt, the Ministry of Finance had incurred an expenditure of Rs. 1480938.37 crore over and above the total sanctioned provision of Rs. 1447889.10 crore,

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			which included supplementary provisions of Rs. 349581.44 crore obtained in March, 2007. The excess expenditure under this appropriation is the net effect of total excess of Rs. 126066.08 crore and total savings of Rs. 93016.80 crore under various sub-heads of this appropriation. The Committee note with concern that given the savings under various sub-heads, the overall excess expenditure under this appropriation would have been evidently higher than the present figures. The Committee further note that Appropriation No. 37— Repayment of Debt alone recorded the highest excess expenditure among the excess registering Grants/ Appropriations during the year 2006-2007, which accounted for more than 90 per cent of the total excess expenditure incurred by the Civil Ministries/ Departments and over 87 per cent of the total excess expenditure incurred during the year. The explanatory note furnished by the Ministry of Finance have stated that 'supplementary provision for lower amount of Rs. 30583.46 crore was sought in view of likely savings under repayment of Ways and Means Advances to be taken into account for re-appropriation.' The above assertion of the Ministry is unacceptable as the excess expenditure of such large magnitude had occurred inspite of a huge amount of Supplementary Grants having been obtained in this case. The Committee is not oblivious of the fact that the Ministry of Finance had been making appropriations in excess of the budgeted figures under this appropriation repeatedly for the past four years now. The Committee are dismayed that this has become a repetitive phenomenon and the Ministry of Finance are unable to check its recurrence. The Ministry of Finance are expected to display itself as role model for other Ministries as it is the nodal Ministry for adhering to the established financial procedure and enforcing system of checks and balances. The Committee recommend that regularization of excess in future would be used only exceptionally when the compelling circumstances so desire. This is possible only when realistic projections are made by the Ministries in the Appropriation Accounts as well as during the Supplementary stage. The Committee have been informed through the Explanatory Notes furnished by the Ministry of Finance that Reserve Bank of India (RBI) has set up a Working Group to undertake study of the instances and reasons for inaccuracies in estimation of expenditure pertaining to Repayment of Debt and Interest Payments over last five years and to make recommendations to improve the quality of the

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			estimates and its better monitoring during the financial year. The Ministry have also stated that the report in this regard is expected to be submitted shortly. While taking note of this development, the Committee would like to be intimated about the recommendations of the Working Group set up by RBI at the earliest.
5.	54	Railways	It is disconcerting to note that the Ministry of Railways have incurred a substantial excess expenditure of Rs. 325.29 crore under Grant No. 16 — Assets — Acquisition, Construction and Replacement—Railway Funds. The Committee find that the Ministry of Railways had actually procured supplementary grants of Rs. 1276.57 crore under this 'Grant'. Scrutiny of the explanatory notes clearly reveals that the items under excess accounts for should have been planned for in a better manner as it relates mainly to the ongoing projects of the Railways such as New lines, Gauge Conversion, Track Renewal and others. Had the Ministry of Railways done due diligence effectively and ensured timely implementation of projects, this excess, as the Committee can see, could have been avoided. The Committee therefore recommend that Ministry of Railways, in future should do their due diligence before making budgetary projections, as well as Supplementary projections in all Grants/ Appropriations so that this stage of seeking approval for excess is obviated and established financial practices of not exceeding the Parliamentary approval is projected.
6.	55	-do-	It is also disconcerting to note that the instances of misclassification of expenditure continue to recur unabatedly in Indian Railways Appropriation Accounts. This is an oft-repeated concern expressed by the Committee. A large number of cases of misclassification of expenditure has been noticed continuously over the years. During the year under review, there were five cases of misclassification of expenditure reported under the 13 cases of excess registering Grants/Appropriations. Recurrence of misclassification is unacceptable to the Committee and the Committee strongly recommend to avoid such mistakes and desires that perfection in the operation of accounting system is displayed by Ministry of Railways so that misclassification should not be repeated every year. Here the Committee would also like to draw attention of Ministry of Railways that in their Fifty-fourth Report (14th Lok Sabha) has categorically recommended for a thorough review of the system in

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			order to eliminate chances of misclassification. Notwithstanding the earlier recommendations, the Committee note that misclassification has taken place in the current year also. The needful is yet to be done to check the recurrence of misclassification, the Committee would like to know the measures taken hitherto to address the problem so that Committee's recommendation gets due weightage and it helps Railways not only as a corrective measures in obviating misclassification but also act as preventive measure too. The Committee also recommend to fix responsibility for the negligence in the duties of care.
7.	56	Railways	The Ministry of Railways have incurred excess expenditure aggregating to Rs. 2317 crore under 'Voted' portion of Grant No. 4,6,10 & 16 (Capital) and Rs. 5.29 crore under Charged Appropriation No. 3,4,5,6,7,8,9,10,11,13 & 16 (Railways Funds) during 2005-06). The Public Accounts Committee (2007-2008), *vide para* 60 in their Fifty-fourth Report (14th Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2005-2006)", which was presented to Lok Sabha and laid in Rajya Sabha on 24.8.2007 (Monsoon Session) had recommended its regularization. As per the extant procedures the Demands for Excess Grants (Railways) for 2005-2006 should be taken up in the House in the Session in which the Public Accounts Committee presents its report or in the following Session. However, the Demands for Excess Grants (Railways) for 2005-2006 have been presented to Lok Sabha in the subsequent Session *i.e.* Budget Session on 5.3.2008. Consequently, the present Excess Demands were not in conformity with the procedure laid down by the Public Accounts Committee. The Committee desire the Ministry of Railways to examine into the circumstances leading to this delay and inform the Committee thereof. They also recommend that necessary action should be taken to avoid such recurrence in future.
8.	57	-do-	It was found that the Appropriation Accounts—Railways (2006-2007) have been presented to Parliament on 24.10.2008 (Monsoon Session). However, the Appropriation Accounts relating to Civil, Defence Services and Postal Services for the year (2006-2007) were presented to Parliament on 07.12.2007 (Winter Session). As per the procedure, the Public Accounts Committee examines the explanatory notes furnished by the Ministries/ Departments after the presentation of the

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			Appropriation Accounts and presents a Report thereon to Parliament recommending regularisation of the excesses under Article 115(1)(b) of the Constitution. It was found that the presentation of Indian Railways Appropriation Accounts for the year 2006-2007 was delayed by more than ten months after 07.12.2007 which in turn resulted into delay in regularization of excess expenditure of the Ministries of Finance, Defence, Railways, Company Affairs and Mines. The Committee hope that the Ministry of Railways should examine the reasons for such delay and intimate the same to the Committee. It is needless to point out at this stage that such a delay would not take place in future and the eventual delay in fulfilling Constitutional obligation is not repeated.
9.	58	Finance (Deptt. of Economic Affairs), Company Affairs, Defence	According to Audit, some of the Ministries/Departments have not furnished contributory reasons for incurring excess expenditure over Voted Grants/Charged Appropriations during 2006-2007 to them as mentioned in Paras 24 and 35 of this Report. Specifically, the Ministry of Company Affairs, in Grant No. 16—Ministry of Company Affairs, the Ministry of Defence in Grant No. 22-Defence Services—Army and the Ministry of Finance (Department of Economic Affairs) in Appropriation No. 37—Repayment of Debt have not furnished the contributory reasons to the Audit for incurring excess expenditure. It is astonishing to note for the Committee that the Ministries/Departments have not furnished the information to the Audit for inclusion in their Report. The Committee desire that the concerned Ministries should, atleast now take necessary action and furnish the reasons to the Audit under intimation to the Committee.
10.	59	Finance (Deptts. of Economic Affairs and Expenditure), Company Affairs, Mines, Defence, Railways	Summarily, the Committee note that excess expenditure has become a repetitive occurrence inspite of the Committee's intervention through their past Reports. The cases of Ministries/Departments Finance, Defence, Railways, Company Affairs and Mines have evidently failed to address these unhealthy practices and the scenario has no changed for better from that of last year. These Ministries should have done their financial due diligence at the time of initiating budgetary process as well as during the stage of supplementary projections. In the case of Ministry of Railways, the excess could have been avoided as most of the heads and sub-heads under which excess has occurred pertains to the ongoing projects.

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			The role of Ministry of Finance as the nodal agency in ensuring financial discipline also projects a dismal scenario. The Committee will deal more specifically on the recommendation of their earlier Reports on the subject mainly the Fifty-fourth Report (14th Lok Sabha) whilst considering their action taken Report. As this stage the Committee would only reiterate that the instances of incurring excess expenditure are not repeated again except for addressing rare and exceptional circumstances.
11.	60	Finance (Deptts. of Economic Affairs and Expenditure), Company Affairs, Mines, Defence, Railways	Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in paragraph-13 of this Report be regularised in the manner prescribed in Article 115(1)(b) of th e Constitution of India

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