

EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS (2005-2006)

PUBLIC ACCOUNTS COMMITTEE
(2008-2009)

EIGHTY-FOURTH REPORT

FOURTEENTH LOK SABHA



LOK SABHA SECRETARIAT
NEW DELHI

EIGHTY-FOURTH REPORT

PUBLIC ACCOUNTS COMMITTEE

(2008-2009)

(FOURTEENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2005-2006)

[Action taken on the 54th Report of the Public Accounts Committee
(14th Lok Sabha)]



Presented to Lok Sabha on 26.02.2009

Laid in Rajya Sabha on 26.02.2009

LOK SABHA SECRETARIAT
NEW DELHI

February, 2009/Phalguna, 1930 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2008 – 2009)

****Shri Santosh Gangwar — *Chairman***
Lok Sabha

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3. Shri Vijay Bahuguna
4. Shri Khagen Das
5. Shri Sandeep Dikshit
6. Shri P.S. Gadhavi
7. Shri Shailendra Kumar
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- ***9. Vacant**
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- *11. Shri K.S. Rao**
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SECRETARIAT

1. Shri Ashok Sarin — *Joint Secretary*
2. Shri Gopal Singh — *Director*
3. Shri Sanjeev Sharma — *Deputy Secretary-II*

* Elected *w.e.f.* 17th December, 2008 *vice* Shri Brajesh Pathak ceased to be a Member of Committee consequent upon his election to Rajya Sabha.

** Elected *w.e.f.* 17th December, 2008 *vice* Shri Rajiv Ranjan "Lalan" Singh resigned his seat in Lok Sabha on 11th November, 2008.

*** Prof. Vijay Kumar Malhotra resigned his seat in Lok Sabha *w.e.f.* 18th December, 2008.

INTRODUCTION

I, the Chairman, Public Accounts Committee, as authorised by the Committee, do present this Eighty-fourth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Fifty-fourth Report (Fourteenth Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2005-2006)".

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 24th February, 2009. Minutes of the sitting form Part II of the Report.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

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

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

NEW DELHI;
24 February, 2009
5 Phalgun, 1930 (Saka)

SANTOSH GANGWAR,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Fifty-fourth Report (14th Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2005-06)".

2. The Fifty-fourth Report (14th Lok Sabha), which was presented to Lok Sabha on 24th August, 2007, contained nine Observations/Recommendations. The Action Taken Notes on all the Observations/Recommendations have been received from the Ministries/Departments concerned and are categorised as under:—

- (i) Observations/Recommendations that have been accepted by Government:
Recommendation Sl. Nos. 1, 2, 4, 5, 6 and 9
(Para Nos. 52, 53, 55, 56, 57 and 60)
- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from Government:
Recommendation Sl. No. 8
(Para No. 59)
- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
Recommendation Sl. Nos. 3 and 7
(Para Nos. 54 and 58)
- (iv) Observations/Recommendations in respect of which Government have furnished interim replies/no replies:

-Nil-

Excesses over Voted Grants and Charged Appropriations (2005-06)— a gist of the Committee's Observations/Recommendations in the Fifty-fourth Report

3. The Fifty-fourth Report (Fourteenth Lok Sabha) dealt with cases of those Grants/Appropriations where money had been spent in excess of the amount authorised by the Parliament for specified services/purposes in the year 2005-2006. The Committee's examination of the Appropriation Accounts of Union Government for 2005-06 revealed that an expenditure of unprecedented magnitude amounting to Rs. 99,527.64 crore was incurred by various Ministries/Departments of Union Government in excess of the provisions sanctioned under 26 cases of 22 Grants/

Appropriations and Rs. 93529.22 crore excess expenditure was recorded under the Appropriation No. 38 alone *i.e.* "Repayment of Debt" operated by the Ministry of Finance, which accounted for over 93 per cent of the total excess expenditure during the year under review. It was found that during the last six years, the excess expenditure of the Union Government steeply increased from Rs. 230.45 crore in 2000-01 to a staggering figure of Rs. 99,527.64 crore in 2005-06 except the year 2004-05, which registered a marginal decline. The Committee's examination also revealed lack of serious efforts to ensure financial discipline and non-observance of prescribed financial rules as well as lack of proper computerized accounting systems resulting in these infringements on financial discipline *viz.*, (i) Recurring phenomenon and increasing trend of excess expenditure; (ii) Excess expenditure despite having supplementary Grants/Appropriations; (iii) Persistent expenditure in the Ministry of Railways; and (iv) Misclassification of expenditure by Ministry of Railways. Besides, delay in furnishing Explanatory Notes was also noticed by the Committee.

4. In the original Report, the Committee recommended for a thorough review in the matter, while overhauling the existing computerized accounting systems for better monitoring of expenditure. With regard to delay in furnishing of Explanatory Notes, the Committee also recommended that a systematic 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.

5. General observations/recommendations of the Committee regarding furnishing of Action Taken Notes (ATNs) by the Ministries/Departments on their Report are as follows:—

6. The Committee regret to observe that the replies furnished by the various Ministries/Departments in response to Observations/Recommendations made by the Committee in their Original Report do not reflect the precise action taken by them as desired by the Committee and the reasons advanced for excesses are almost the same as were intimated earlier in their Explanatory Notes. The Committee would like to emphasise that recommendations of the Committee should be taken seriously and the action actually taken thereon should be made explicitly clear in the Action Taken Notes. Furnishing of the replies similar to those mentioned in the Explanatory Notes, clearly indicate that the Ministries/Departments do not give the seriousness to the recommendations of the Committee that they deserve. The Committee would urge upon the Ministry of Finance (Department of Expenditure) to issue appropriate express directions to all the Ministries/Departments so that they take note of this shortcoming and furnish proper replies in a time bound manner.

Delay in furnishing ATNs

7. In accordance with the time schedule prescribed by the Committee in their Fifth Report (Fourth Lok Sabha), Notes indicating the Action Taken by Government on the Observations/Recommendations contained in their Fifty-fourth Report (14th Lok Sabha) were required to be furnished by 25th February, 2008. An analysis

of the receipt of ATNs from the Ministries/Departments revealed that there has been a delay ranging between 20 days to more than 11 months in respect of submission of replies. The delay as occurred is quantified as under:—

(ATNs due on 25.02.2008)

Sl. No.	Ministries/ Departments	Date when complete ATNs were received	Delay
1.	Finance	03.02.2009	11 months 9 days
2.	Fertiliser	25.02.2008	—
3.	Posts	04.06.2008	3 months 10 days
4.	Defence	12.09.2008	6 months 18 days
5.	Railways	06.10.2008	7 months 12 days
6.	Home Affairs	14.03.2008	20 days
7.	Mines	20.08.2008	5 months 26 days
8.	Labour & Employment	25.02.2008	—

8. The Committee are constrained to point out that despite repeated assurances given by the various Ministries/Departments including the Ministry of Finance (Department of Expenditure) for timely submission of Action Taken Notes, most of the Ministries/Departments concerned, barring the Department of Fertilisers and Ministry of Labour & Employment, have not furnished the Action Taken Notes within the prescribed time limit of six months. The Ministry of Finance (Department of Expenditure), which is the nodal Ministry for monitoring the submission of timely Action Taken Notes have also delayed furnishing Action Taken Notes pertaining to them by more than 11 months. The Committee are surprised to note that no extension was sought by the Ministries of Finance, Defence, Mines and Department of Posts when they were not in a position to furnish replies within the stipulated time. The Committee regret to observe that delays in furnishing Action Taken Notes have become a recurring phenomenon. Further not seeking extension by the Ministries tantamount to under mining the Parliamentary authority. The Committee hope that in case of expected delays experienced by the Ministries/Departments due to genuine difficulties, they would promptly approach the Committee for extension of time explaining *inter-alia* the precise reasons therefor. The Committee also desire that the Ministry of Finance in consultation with Comptroller and Auditor General (C&AG) of India should also put in place a Centralized Computerized Monitoring System to check that status of the submission of Action Taken Notes on the lines of the one which is stated to be under operation for Explanatory Notes.

9. The Action Taken Notes furnished by the concerned Ministries/Departments have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the Fifty-fourth Report, which needs reiteration or merit comments.

Inoperational Centralized Computerized Monitoring System

(Recommendation Sl. No. 3, Para No. 54)

10. The Ministries/Departments were required to submit to the Committee explanatory notes in respect of the excess registering Grants/Appropriations immediately after the presentation of relevant Appropriation Accounts to Parliament. Accordingly, the explanatory notes in respect of excess registering Grants/Appropriations during 2005-2006 pertaining to Appropriation Accounts Civil, Defence Services, Postal Services and Railways became due for submission on 14th May, 2007. The Committee in their earlier Report on the subject (23rd Report—13th Lok Sabha) recommended that from the financial year 2001-2002 onwards, the details in respect of each excess registering Grant/Appropriation be prepared by the concerned Ministries/Departments and forwarded to the Ministry of Finance within such a time limit that these Explanatory Notes could be made simultaneously available along with the Appropriation Accounts to the Public Accounts Committee. The Committee also desired that a time schedule should be laid down for taking action at various stages involving finalisation/vetting of these Explanatory Notes, which would result in eliminating delay on this account. The Committee expected that the Ministry of Finance, being the nodal Ministry, to take proactive steps to ensure timely submission of Explanatory Notes by various Ministries/Departments. However, it had been noticed that Ministry of Finance (Department of Economic Affairs) itself unduly delayed the submission of their Explanatory Notes to the Committee. The Ministry of Finance (Department of Economic Affairs) should enquire into the reasons for the delay and apprise the Committee of the same. As it was 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. As a systemic check, the Ministry of Finance in consultation with Comptroller and Auditor General of India would 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 was effectively prevented.

11. In their Action Taken Note furnished to the Committee *vide* Monitoring Cell's letter No. 1/54/2007-MC dated 3rd February, 2009, the Ministry of Finance (Department of Expenditure) have stated as under:—

"Ministry of Finance have carried out a detailed examination of the delay in submission of explanatory notes and found the need to strengthen the monitoring system. In order to ensure that Explanatory Notes are made simultaneously available alongwith the Appropriation Accounts to the Committee, instructions have already been issued for preparation and submission of Explanatory Notes through an O.M. dated 4.4.2007. Through the above O.M. Ministries/Departments have been advised to finalise the Explanatory Note by 30th September of the corresponding year so that these could be laid in the Parliament with the Appropriation Accounts.

Appropriation Accounts Section of Controller General of Accounts have requested Ministries/Departments to take note of the revised time schedule for preparation of Explanatory Notes and strictly adhere to the time schedule in submitting the vetted Explanatory Notes to the PAC. The Monitoring Cell in the Department of Expenditure is regularly following up with the Ministries/Departments regarding submission of the Explanatory Notes well within the time schedule. Due to all these efforts, the pendency in submission of Explanatory Notes has come down significantly.

The PAC has recommended preparation of Centralised Computerised Monitoring System for checking the status of Explanatory Notes. Such a web based system has been devised and developed by National Informatics Centre (NIC) and would be operative within a time period of three months from October 15, 2008. The system so devised will help keep a watch by all Ministries/Departments on their pending Explanatory Notes. Once the Network system is tested it will be referred to the Office of the C&AG for their comments and its access to be made available to all Ministries/Departments so that they can check the status of their pending Explanatory Notes and upload/revised the same direct."

12. The Committee were also informed that in pursuance of the recommendations contained in 45th Report of PAC (14th Lok Sabha), the Ministry of Finance (Department of Expenditure) *vide* the Monitoring Cell's letter No. 1/45/2007-MC dated 23rd May, 2007 had issued instructions to all the Ministries/Departments as under:—

".....office of Controller General of Accounts (CGA) is also putting in place a Centralized Computerized Monitoring System to check the status of preparation of Explanatory Notes at every stage. Ministries/Departments would be informed of its modalities in due course of time and they would be required to upload the current status of the Explanatory Notes at regular interval."

13. In response to an earlier recommendation of the Committee, the Ministry of Finance (Department of Expenditure) had informed the Ministries/Departments in May 2007 that CGA was putting in place a Centralised Computerised Monitoring System to check the status of preparation of Explanatory Notes at every stage. It was further informed by the Ministry *vide* their Action Taken Notes furnished on 3rd February, 2009 that a Web-based Centralised Computerised Monitoring System had been devised and developed by the National Informatics Centre (NIC) and would be operative within a time period of three months from 15th October, 2008. From the Action Taken Note furnished now by the Ministry, the Committee note that the Centralised Computerised Monitoring System is yet to be operationalised. The Committee reiterate their earlier recommendation that the Ministry should take expeditious action to make Web-based Centralised Computerised Monitoring System fully operational in the Office of the Controller General of Accounts (CGA) and Monitoring Cell so that centralized monitoring of the status of submission of Explanatory Notes as well as timely submission of Action Taken Notes of all the Ministries/Departments (Civil Ministries, Defence, Railways and Posts) is ensured

by the Monitoring Cell. The Committee also desire that they should be apprised of the action taken by the Ministry in this regard within three months of the presentation of the Report.

Setting up of High-level Inter-Ministerial Group

(Recommendation Sl. No. 7, Para No. 58)

14. The instances of excess expenditure that have occurred under various appropriations particularly those relating to Ministry of Finance, Railways, Department of Posts and Department of Fertilisers only highlight the growing malaise of not learning lessons from past mistakes. It was seen that excess expenditure had been occurring even in cases where the expenditure could have been easily anticipated and incorporated in the budget estimates or the supplementary grants. In some cases, even routine types of expenditure were not taken into account, resulting in excess expenditure over voted grants. This showed that the Government, particularly the Ministry of Finance, as the nodal agency, had not been paying requisite attention to this issue. It was pointed out that as per extant Financial Rules, the Secretary to the Government of India, who heads the Department, should take responsibility for ensuring financial discipline in the concerned Ministry/Department with a view to restricting excess expenditure to the barest minimum. Considering the rising quantum of excess expenditure year after year, it was recommended the matter to be reviewed at the highest level. It was also recommended to constitute a high-level Inter-Ministerial Group under the Chairmanship of the Cabinet Secretary to examine this recurring issue and apprise the Committee about the steps taken to rectify the problems. The Reserve Bank of India also needed to be closely associated with this process as the largest amount of excess expenditure related to "Repayment of Debt".

15. The Ministry of Finance (Department of Expenditure) in their note have stated as under:—

"Various efforts are being made to control the expenditure within the sanctioned budget grant. The comparison of trends in excess expenditure over the Sanctioned Budget Grant (SBG) for year 2005-06 to 2007-08 indicate that substantial improvement has been noticed in respect of excess expenditure over budget provisions. For Civil Ministries, the number of grants where expenditure had exceeded the sanctioned budget reduced from 8 in the year 2005-06 to 4 in 2006-07. In 2007-08, according to the provisional estimates, only 3 grants have shown excess expenditure. Ministry of Finance undertakes various measures to check the instances of excess expenditure over sanctioned budget. This includes monthly monitoring of expenditure by the Ministry of Finance as well as the Secretaries of the respective Ministries. Apart from this, Ministry of Finance have been reiterating the need for strict expenditure control and close monitoring by the Financial Advisors of the Ministries/Departments in the quarterly meetings. The estimates of 'Repayment of Debt' are framed on the basis of inputs furnished by the Reserve Bank of India (RBI), the Debt Manager of the Government of India. Estimations made as accurately as possible, given

the nature of these items being charged expenditure, where non-payment to the claimant in the absence of a budgetary provision would amount to a sovereign default. In order to improve the quality of estimation of Repayment of Debt and Interest Payments, RBI was requested to constitute a Working Group (WG) with representation from the Budget Division and the Office of CCA.

The Report of the Working Group was received on 15/2/2008. The recommendations *inter alia* include:—

- Two alternative models for estimation of Repayment of 14-day ITBs.
- Dynamic updating of all the estimates during the year so as to seek supplementary demands for grants when required .
- Estimation of discount on auction treasury bills on the basis of quarterly average growth model.
- Web based connectivity and more frequent meetings between the Budget Division, RBI and CCA (F), MOF, for facilitating sharing of information.

The RBI furnished its estimates even for RE 2007-08 and BE 2008-09 in consonance with these recommendations and the result is that there has been no excess in respect of Repayment of Debt or Interest Payments in 2007-08. With the implementation of the major recommendations of the Working Group, it is expected that there will be no excess expenditure under these two Appropriations.

Apart from this the Department of Fertilizers, Posts, Defence, Home Affairs, Mines and Labour & Employment have sent separate replies to this para in respect of their Ministries.

In view of the replies furnished by other Ministries and since (a) incidence of excess is limited, (b) bulk of the excess pertains to repayment of debt and interest payments, and (c) this aspect has already been addressed through the measures out lined above, it is felt that there may be no need to set up a separate inter-Ministerial Group under the Cabinet Secretary for the purpose.

16. The Committee had observed in their original Report that excess expenditure in respect of all the Ministries/Departments was occurring even in cases where the expenditure could have been easily anticipated and incorporated in the budget estimates or the supplementary grants. However, despite the instructions issued by the Ministry of Finance in pursuance of the Committee's recommendations, a number of cases of excess expenditure have been reported every year. The Ministry of Finance (Department of Expenditure) in their reply have stated that various measures have been taken by them to check the instances of excess expenditure over sanctioned budget. This includes monthly monitoring of expenditure by the Ministry of Finance as well as the Secretaries of the respective

Ministries. Apart from this, Ministry of Finance have been reiterating the need for strict expenditure control and close monitoring by the Financial Advisors of the Ministries/Departments in the quarterly meetings. As a result of these measures for Civil Ministries, the number of grants showing excess expenditure reduced from 8 in the year 2005-06 to 4 in 2006-07. Similarly, in 2007-08, only 3 grants have shown excess expenditure. The Committee hope that Ministry of Finance will continue the monitoring of the aforesaid measures taken by them and, if necessary through some additional steps also to ensure that the excess expenditure in respect of the Ministries, relating to Civil, Defence, Railways and Posts is reduced to the Minimum level, if not completely eliminated.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation

The Committee's examination of the Appropriation Accounts of Union Government for 2005-2006 has revealed that during the year under review, an expenditure of unprecedented magnitude amounting to Rs. 99527.64 crore has been incurred by various Ministries/Departments of Union Government in excess of the provisions sanctioned under 26 cases involving 22 Grants/Appropriations as against Rs. 35978.56 crore during the last year *i.e.* 2004-05. The Committee are astonished to find that Rs. 93539.22 crore excess expenditure had been recorded under the Appropriation No. 38 along *i.e.* Repayment of Debt, operated by the Ministry of Finance, which accounted for over 93 per cent of the total excess expenditure incurred during year under review. The excess expenditure during the year is prominently noticeable in the Grants/Appropriations operated by the Department of Fertilizers, Ministry of Finance, Department of Posts, Ministry of Defence, and Ministry of Railways. During the last three years that is, 2003-2004, 2004-2005 and 2005-2006, the total excess expenditure recorded was Rs. 43364.62 crore, Rs. 35978.56 crore and Rs. 99527.64 crore respectively. The Committee are perturbed to note that during the last six years, the excess expenditure of the Union Government has not only become a regular phenomenon it has also steeply increased from Rs. 230.45 crore in 2000-2001 to a staggering Rs. 99527.64 crore in 2005-2006, except during the last year *i.e.* 2004-2005 when a marginal decline was registered. Instances of excess expenditure have been recurring and showing an increasing trend specially with regard to key Ministries like Finance, Defence and Railways. It is perplexing that such a situation persists despite issuance of elaborate instructions at regular intervals by the Government in pursuance of the oft-reiterated recommendations of the Public Accounts Committee to contain the excess expenditure to the barest minimum. From the fact that similar reasons persist year after year in the explanatory notes furnished by the Ministries/Departments, it is clear that the matter is being considered only in a routine manner and the Government is not making serious efforts to ensure financial discipline, which is all the more necessary now with the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 in operation. In view of the persistent trend of excess expenditure going unchecked, the Committee strongly recommend that the Government should undertake a thorough review in the matter, while overhauling the existing computerized accounting systems for better monitoring of expenditure.

[Sl. No. 1, Para 52 of Fifty-Fourth Report of the
Public Accounts Committee (Fourteenth Lok Sabha)]

Action Taken by the Ministry of Finance (Department of Economic Affairs)

Under Appropriation No. 38—Repayment of Debt, the original provision of Rs. 601477.12 crore was augmented to Rs. 1021680.84 crore by obtaining Supplementary Demands for Grant of Rs. 420203.72 crore. However, the expenditure of Rs. 1115210.06 crore was incurred, resulting in excess expenditure of Rs. 93529.22 crore. The excess expenditure was mainly under 91 Days Treasury Bills and 14 Days Intermediate Treasury Bills. Under 91 Days Treasury Bills excess expenditure was Rs. 9606.53 crore, and was due to more discharge of Treasury Bills than anticipated. Under 14 Days Intermediate Treasury Bills, an excess expenditure of Rs. 87219.24 crore occurred due to higher investment by State Governments on account of higher availability of short term surplus funds. However, the excess in both cases did not involve any cash outgo as it is netted against repayment of borrowings.

2. Estimates of expenditure in respect of repayment of 91 days Treasury Bills, particularly 14 days Intermediate Treasury Bills are difficult to project with a high degree of accuracy. 14 days Intermediate Treasury Bills are the main instruments used by the State Governments for parking their surplus short term cash balances and the Central Government has no option but to accept such investments through issue of 14 days intermediate Treasury bill. In the event of persistent of surplus cash balances, the investments are rolled over but accounted for a expenditure and then reinvestment. In essence, these are cash management instruments of State Governments. Since these expenditures are matched by receipts, they also do not involve any cash outgo.

3. The estimates of 'Repayment of Debt' are framed on the basis of inputs furnished by RBI, the Debt Manager of the Government of India. While every efforts is made to project estimates as accurately as possible, the need to further improve estimation techniques is acknowledged and RBI has been advised to review the same from time to time, so that the variations may be kept at the minimum given the fact that these estimates are difficult to assess accurately.

4. Steps have been taken to improve the quality and monitoring of expenditure pertaining to Repayment of Debt by setting up a Working Group comprising officers of Ministry of Finance, Chief Controller of Accounts and Reserve Bank of India to undertake study of the instances and reasons for inaccuracies in estimation of expenditure pertaining to Repayment of Debt and Interest payments and make recommendations for improving the quality of the estimates and its better monitoring. The report is in the final stages of preparation and is expected to be submitted shortly.

5. This has been vetted by Audit *vide* its U.O. No. RR/1-53/07-08/3844-45 dated 29.2.2008.

Sd/-

(L.M. Vas)

Additional Secretary (Budget)

[(Ministry of Finance, Department of Economic Affairs O.M. No. 9(8)-W&M/2007 dated 9.5.2008)]

Action Taken by Ministry of Chemicals and Fertilisers (Department of Fertilisers)

As far as the Department of Fertilizers is concerned it is mentioned that the excess expenditure of Rs. 1674404796/ had occurred "due to reversal of earlier year recoveries adjusted in reduction of expenditure and subsequent booking thereof under a distinct Minor Head '911-Deduct Recoveries of over payments' below the major head 2852-Fertilizer Industries". Although this has been observed as an erroneous procedure by the Audit and later rectified, it is submitted that barring this case the Department of Fertilizers, has been strictly observing and complying with the instructions of the Ministry of Finance with regard to financial discipline in respect of procedures and accounts. The expenditure is being monitored at various levels on a weekly basis.

Audit Comments

Action Taken Note has been vetted in Audit. Audit has no comments to offer.

Action Taken by the Ministry of Communications & IT (Department of Posts)

By computerization and networking of post offices, PAOs and linking them to National Data Centre through Central Server based software is being inducted in the Department in the current five year plan. This will definitely help the department in better monitoring and reviewing the expenditure as per the requirements of the Ministry of Finance. The Monthly review of expenditure is carried out by the Department. Economic measures, instructions/guidelines for Expenditure management and cash management received from Ministry of Finance are issued to circles/units from time to time to project the realistic demand so as to maintain the expenditure within the budgetary provision. All the cases of excess expenditure in respect of Department of Posts have since been got regularized from Parliament in due course of time.

Sd/-

DDG (PAF)

[DoP New Delhi No. 20-5/2007 BGT (PA) Dated Feb. 2008]

Action Taken by the Ministry of Defence

The above Para relates to excess expenditure incurred by various Ministries/ Departments of Union Government. In regard to Ministry of Defence, during the year 2005-2006 excess expenditure occurred in demand No. 23 and 25. In demand No. 23 (Army), excess of Rs. 2.0834 crore was in Charged expenditure while in demand No. 25 (Air Force), excess of Rs. 42.7564 crore was under voted. The excess expenditure under these two Grants has been addressed in detail in Para 13 of this Report.

The main thrust of the observation is regarding excess expenditure to the tune of Rs. 93529.22 crore recorded under the Appropriation No. 38 alone *i.e.* Repayment of Debt, operated by the Ministry of Finance, which accounted for over 93 per cent of the total excess expenditure incurred during the year under review.

In view of the persistent trend of excess expenditure going unchecked, the Committee has strongly recommended that the Government should undertake a thorough review in the matter, for better monitoring of expenditure. Hence the action in this regard is mainly to be taken by the Ministry of Finance.

However, all the budget estimating authorities of Defence Services have been advised to keep strict watch on the expenditure and ensure that expenditure should be as per the grant and in case any saving/excess in expenditure is visualized its provision should be made at RE stage. The concerned Services/Departments have also been advised to initiate thorough review in the matter of excesses and overhaul the existing computerized accounting system for better monitoring of expenditure.

Sd/-

(AMIT COWSHSISH)

Addl. FA(A) & JS

Action Taken by the Ministry of Railways (Railway Board)

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

(This has been seen and vetted by Audit *vide* their U.O. No. 71-RA-III/2-1/2007 dated 18th March, 2008.)

Sd/-

(SMT. P. BABBAR)

Adviser (AR)

Railway Board

[Ministry of Railways O.M. No. 2007-BC-PAC/XIV/54 dated 10-2008]

Action Taken by the Ministry of Home Affairs

Excess expenditure has occurred under two Grants of the Ministry *viz.* Rs. 0.28 crore under Grant No. 96 Chandigarh and Rs. 3.58 crore under Grant No. 99 Lakshadweep respectively during the year under review. It is unfortunate that this has happened despite repeated instructions issued by the Ministry to all concerned.

2. It is submitted that Ministry of Home Affairs is a vast Ministry and operates "10 Demands for Grants". There are a number of Budget Controlling Authorities in the Ministry, which frame the Budget Estimates under these Grants. The booking of expenditure is also carried out by a large number of Pay and Accounts Offices under the Administrative control of Principal Account Office (Ministry of Home Affairs), New Delhi in respect of four Grants *i.e.* Ministry of Home Affairs, Police, Other Expenditure of Ministry of Home Affairs, Transfers to UT Governments and the Pay and Accounts Office of Department of Personnel and Training in respect of the

Cabinet Grant. The booking of expenditure in respect of four Union Territories (without Legislature) *i.e.* Andaman and Nicobar Islands, Chandigarh, Daman and Diu and Lakshadweep is carried out by the concerned Pay and Accounts Offices of the above four UTs, and the Pay and Accounts in Ahmedabad/Rajkot in respect of the fifth UT *i.e.* Dadra and Nagar Haveli. Although every care is taken to avoid lapses on the part of the Ministry that lead to deficient budgeting, two cases of excess expenditure have occurred under two Sections of the Grant during the year 2005-06. The actual reasons for excess expenditure under these Grants have been explained in the "Explanatory Notes for Excesses", submitted by the Ministry to the Public Accounts Committee (copies enclosed). Notwithstanding the reasons responsible for excess expenditure, the Ministry fully agrees with the Committee that this should not have happened.

3. In view of the serious concern expressed by the PAC in its present Report on "Excesses Over Voting Grants and Charged Appropriations (2005-06)", all the Budget Controlling Authorities in the Ministry and Union Territories (without legislature) have been directed to take all necessary steps to avoid cases of excess expenditure at any cost (copy enclosed). The concerned officers have also been advised from time to time to take necessary steps against the erring officials to avoid such lapses in future (Copy enclosed).

(This "Action taken Note" has been vetted by Office of the DGACR *vide* their U.O. No. RR/6-21/07-08/3812, dated 25th February, 2008)

Sd/-

(VIVEK MEHROTRA)

Special Secretary & Financial Adviser (Home)

[M.H.A. U.O. No. 15014/05/07-Budget-II dated 29th February, 2008]

IMMEDIATE

F.NO.15022/02/2006-Budget-II
Ministry Of Home Affairs
Govt. Of India

1 Aug. 2007
New Delhi, the 31st July, 2007

OFFICE MEMORANDUM

SUBJECT: "Explanatory Note" in respect excess expenditure occurred under Capital Section (Voted) in respect of Grant No 96-Chandigarh during the year 2005-06.

The undersigned is directed to forward herewith 45 copies of English version and 5 copies of Hindi version of the above stated "Explanatory Note" for onward Transmission to Lok Sabha Sectt. (PAC Branch).

2. The "Explanatory Note" has been vetted by the Office of the DGACR *vide* their U.O. No RR-II/6-23/06-07/1051 dated 20th July 2007.

Sd/-

(POORAN CHAND)
UNDER SECY. TO THE GOVT. OF INDIA
TELE. 23094237

Enclosures As above.

To

Ministry of Finance,
Department of Expenditure
(Monitoring Cell),
(Shri N.K. Bhagat, Under Secretary)
Room No. 29, 'B' Wing 2nd floor,
Lok Nayak Bhawan,
New Delhi-110003.

Government of India
Ministry of Home Affairs

Explanatory Note for Excess

Note for Public Accounts Committee in respect of excess expenditure occurred under Capital Section (Voted) of Grant No. 96—Ministry of Home Affairs (Chandigarh) as disclosed in the Union Government Appropriation Accounts (Civil) for the year 2005-2006.

Capital Section (Voted)	(Rupees in thousand)
Original Grant	134,49,00
Supplementary Grant	17,34,00
Total Grant	151,83,00
Actual Expenditure	152,11,35
Excess	28,35

2. Under Capital Section (Voted) of Grant No. 96—Ministry of Home Affairs (Chandigarh) for the year 2005-2006, the total provision was Rs. 134,49,00 thousand. This was augmented to Rs. 151,83,00 thousand by obtaining Supplementary Grant of Rs. 17,34,00 thousand. Against this, an expenditure of Rs. 152,11,35 thousand was incurred resulting in excess of Rs. 2,835 thousand.

3. The excess of Rs. 2,835 thousand, was the net effect of total excess of Rs. 1902,52 thousand and total saving of Rs. 1874,17 thousand under various Sub-heads of the Grant. The Sub-head under which the excess of Rs. 500 thousand and above occurred and the reasons therefor are explained below:—

Sub-head:	(Rupees in lac)
(i) 4055 00 207 02-Other Allied Works	
Original Grant	50.00
Supplementary Grant	Nil
Actual Expenditure	79.88
Excess	29.88

The excess of Rs. 29.88 lac over and above the B.E. was mainly due to the renovation/up-gradation of Home Guards building in Sector 17, Police Station, Manimajra, Sector 29, 24 and 11. Further, the work of replacement of damaged floor of Police Station in Sec. 3, 34, 36, 39 & Manimajra etc. was also taken up. This excess has been met with valid re-appropriation of Rs. 29.89 lac, duly approved by the Competent Authority.

Sub-head:	(Rupees in lac)
(ii) 4055 00 211 02-Building	
Original Grant	100.00
Supplementary Grant	Nil
Actual Expenditure	256.94
Excess	156.94

The excess of Rs. 156.94 lac over and above the B.E. was mainly due to the completion of 156 houses, Types-II (Block-1, 2, 3, 11, & 12) in Sector 41, Chandigarh. The excess has been met with valid re-appropriation of Rs. 157.00 lac duly approved by the competent authority.

Sub-head:	(Rupees in lac)
(iii) 4059 60 051 20-Administration of Justice:—	
Original Grant	80.00
Supplementary Grant	Nil
Actual Expenditure	209.21
Excess	129.21

The excess of Rs. 129.21 lac over and above the B.E. was mainly due to Completion of various projects, such as, renovation of various Court rooms and Construction of addl. building for Judges Secretaries, providing furniture for furnishing of 9 Court rooms, providing A.C. in 4 Court rooms and net-working of Punjab & Haryana High court etc. Further, the work for the replacement of lift at Distt. Court S/17 was also taken up and is in progress. This excess has been met with valid re-appropriation of Rs. 129.50 lac. duly, approved by the competent Authority. Due to the celebration of 50th year of the formation of the Punjab & Haryana High Court on 10.12.05 which was to be inaugurated by the President of India and Union Law Minister, large scale upgradation/renovation etc. was required for which the administration was approached to provide additional funds at RE Stage.

Sub-head:	(Rupees in lac)
(iv) 4059 60 051 21-Jails:—	
Original Grant	25.00
Supplementary Grant	Nil
Actual Expenditure	82.50
Excess	57.50

The excess of Rs. 57.50 lac over and above the B.E. was mainly due to completion of high boundary wall around additional land. Further, the work of construction of jeep track, Women cell and providing moveable CCTV Camera with night vision in Model Jail has also been completed. Replacement of HPSV fittings of existing poles and providing HPSV lamp fittings on the barracks of Model Jail have also been completed. This excess has been met with valid re-appropriation of Rs. 57.50 lac duly approved by the Competent Authority.

Sub-head:	(Rupees in lac)
(v) 4801 05 799 01 Stock:—	
Original Grant	500.00
Supplementary Grant	100.00
Total Grant	600.00
Actual Expenditure	621.16
Excess	21.16

The excess of Rs. 21.16 lac. over and above the B.E. was mainly due to urgent requirement of electronic meters to be replaced with electromagnetic meters in order to achieve the targets fixed by Govt. of India and to procure 11 KV XLPE 150mm squared cable for the development of Sectors 47 to 49 etc. Chandigarh Admn. had launched a drive to reduce the Transmission & Distribution losses which were about 26% during the year 2003-2004. The Administration was committed to reduce losses to the tune of 3% per year. Keeping this in view, additional funds of Rs. 100.00 lac was asked by the Engg. Deptt. which was provided through a Supplementary Grant thereby raising the budget provision from Rs. 500.00 lac to Rs. 600.00 lac. It is, however unfortunate that the concerned officers could not restrict expenditure within the budgetary ceiling. It may however be mentioned that Transmission & Distribution losses have reduced from 26% to 18% till date.

Sub-head:	(Rupees in lac)
(vi) 4202 02 104 01 - Building:—	
Original Grant	125.00
Supplementary Grant	Nil
Actual Expenditure	152.41
Excess	27.41

The excess of Rs. 27.41 lac over and above the B.E. was mainly due to completion of the construction of Block-A of Chandigarh College of Engineering and Technology in Sector 26. Further, the work relating to electronic and communication block in Central Poly. Sector 26 has also been completed. This excess has been met with valid re-appropriation of Rs. 27.39 lac duly approved by the competent Authority.

Sub-head:	(Rupees in lac)
(vii) 4235 02 102 02-Building:—	
Original Grant	30.00
Supplementary Grant	Nil
Actual Expenditure	71.50.
Excess	41.50

The excess of Rs. 41.50 lac over and above the B.E. was mainly for taking up the work of construction of Juvenile Home in Sector 25. Further, the renovation work of kitchen and toilets of various crèches in Chandigarh have also been taken. This excess has been met with valid re-appropriation of Rs. 41.50 lac duly approved by the Competent Authority.

Sub-head:	(Rupees in lac)
(viii) 4202 03 800 05-Building:—	
Original Grant	87.00
Supplementary Grant	Nil
Actual Expenditure	394.00.
Excess	307.00

The excess of Rs. 307.00 lac over and above the B.E. was mainly for the completion of work relating to providing of flood lighting in Hockey Stadium Sector 42 at a cost of Rs. 167.00 lac. The work providing of additional seating capacity and 12 gun sprinklers for irrigation in Cricket Stadium, Sector 16 has been completed. Further, the work *i.e.* conversion of swimming pool into all weather swimming pool in Sector 23 at a cost of Rs. 32.25 lakh has also been taken up. This excess has been met with valid re-appropriation of Rs. 307.00 lac duly approved by the Competent Authority.

Sub-head:	(Rupees in lac)
(ix) 4250 00 203 01-Building:—	
Original Grant	11.00
Supplementary Grant	Nil
Actual Expenditure	18.15
Excess	7.15

The excess of Rs. 7.15 lac over and above the B.E. was mainly for the completion of campus lighting at Central Craft Institute (CCI) for women, providing Storm Water Drainage (SWD) arrangement in campus of residential houses in I.T.I. Sector 28. Further, the work for the . conversion of existing two rooms into multipurpose hall in ITI Sector 28 of the cost of Rs. 4.06 lac has also been taken up. This excess has been met with valid re-appropriation of Rs. 7.16 lac duly approved by the Competent Authority.

Sub-head:	(Rupees in lac)
(i) 5054 04 800 03-Construction of Link Roads:—	
Original Grant	1.00
Supplementary Grant	Nil
Actual Expenditure	20.00
Excess	19.00

The excess of Rs. 19.00 lac over and above the B.E. was mainly to deposit the consultation fee for executing the work of Mass Rapid Transport System. This excess has been met with valid re-appropriation of Rs. 19.00 lac duly approved by the Competent Authority.

Sub-head:	(Rupees in lac)
(xi) 5055 00 201 01-Expansion and Development of Bus Stands:—	
Original Grant	111.00
Supplementary Grant	Nil
Actual Expenditure	156.44
Excess	46.44

The excess of Rs. 46.44 lac over and above the B.E. was mainly due to executing the work for the construction of 2nd I.S.B.T. in Sector 43. This excess has been met with valid re-appropriation of Rs. 46.50 lac duly approved by the Competent Authority.

Sub-head: (Rupees in lac)

(xii) 5052 80 800 06-Expansion of UT Guest House:—

Original Grant	100.00
Supplementary Grant	Nil
Actual Expenditure	197.50
Excess	97.50

The excess of Rs. 97.50 lac over and above the B.E. complete the construction work of Additional block for VVIP in UT Guest House, Sector 6, and also providing furniture and furnishing at a cost of Rs. 56.22 lac. This excess has been met with valid re-appropriation of Rs. 97.60 lac duly approved by the Competent Authority.

The construction of U.T. Guest House was in an advanced stage at the start of the year 2005 and the Hon'ble Judges of the Punjab & Haryana High Court including the Chief Justice emphasized that in view of the 50th Year Celebrations of the High Court, most of the rooms in the U.T. State Guest House should be made available for their dignitaries including some foreign guests during the Celebrations. Hence the work of U.T. State Guest House was also completed.

Sub-head: (Rupees in lac)

(xiii) 4216 01 106 02-Accommodation of Govt. Employees:—

Original Grant	500.00
Supplementary Grant	Nil
Actual Expenditure	596.90
Excess	96.90

The variation of Rs. 96.90 lac over and above the B.E. is to complete the on-going works of 132 houses of various types in various Sectors at a cost of Rs. 3.34 crores and to execute the work of 156 houses (42 Type-III in Sector 43-A and 114 Type-I Houses in Sector 46-D). This excess has been met with valid re-appropriation of Rs. 97.00 lac duly approved by the Competent Authority.

Sub-head: (Rupees in lac)

(xiv) 4217 01 050 01-Acquisition:—

Original Grant	4550.00
Supplementary Grant	1634.00
Total Grant	6184.00
Actual Expenditure	7043.00
Excess	859.00

The excess of Rs. 859.00 lac over and above the B.E. was mainly due to acquisition of land in Village Mauli Jagran, Raipur Kalan and Raipur Khurd for the purpose of terminal fruit and vegetable market. This excess has been met with valid re-appropriation of Rs. 859.00 lac duly approved by the Competent Authority. The additional requirement of funds was projected in RE which was approved by the Ministry of Finance. The expenditure was however partly met from the savings

available in the budgetary section of the grant and partly by obtaining supplementary grant of Rs. 16.34 crore.

4. In regard to the circumstances under which Supplementary Demands were not taken before incurring excess expenditure, it is stated that most sub-heads have been covered under the valid re-appropriation approved by the competent authority as sufficient savings were available under the grant.

Remedial Action Taken

Instructions have already been issued to all the Budget Controlling Authorities that they should thoroughly review and scrutinize the budget estimates at the Supplementary Grant state itself so as to avoid instances of Excess Expenditure. Instructions issued by Ministry of Finance have been circulated by this Ministry *vide* letter No. 15(3)/2003/AFA(H) dated 15th May, 2006 (copy enclosed). The U.T. Administration of Chandigarh has also issued instructions (copy enclosed) to its Chief Engineer to look into the matter personally and take appropriate action against the defaulting officers, with a view to avoiding reoccurrence of such cases in future. Ministry of Home Affairs has conveyed its displeasure to the UT Administration regarding the excess expenditure incurred, and its failure to exercise effective expenditure control. Any future lapse in this regard will be viewed seriously by Ministry of Home Affairs.

(This excess note has been vetted by the office of the DG ACR *vide* their u.o. RR-II/6-23/06-07/1051 dated 20th July, 2007)

Sd/-

(Raghuvendra Singh Sirohi)

Additional Secretary & Financial Adviser (Home)

[M.H.A. F.N. 15022/02/2006-Budget-II, Dated 31st July, 2007]

IMMEDIATE

F.NO.15041/05/2007-Budget-II
Ministry Of Home Affairs
Govt. Of India

New Delhi, the 13th August, 2007

OFFICE MEMORANDUM

SUBJECT: "Explanatory Note" in respect excess expenditure occurred under Revenue Section (Voted) in respect of Grant No 99-Lakshadweep during the year 2005-06.

The undersigned is directed to forward herewith 45 copies of English version and 15 copies of Hindi version of the above stated "Explanatory Note" for onward transmission to Lok Sabha Sectt. (PAC Branch).

2. The "Explanatory Note" has been vetted by the Office of the DGACR *vide* their U.O. No RR/6-2/07/08/1164 dated 10th August 2007.

Sd/-

(POORAN CHAND)
UNDER SECY. TO THE GOVT. OF INDIA
TELE. 23094237

Enclosures As above.

To

Ministry of Finance,
Department of Expenditure
(Monitoring Cell),
(Shri N.K. Bhagat, Under Secretary)
Room No. 29, 'B' Wing 2nd floor,
Lok Nayak Bhawan,
New Delhi-110003.

Government of India
Ministry of Home Affairs

Explanatory Note for Excess

Note for Public Accounts Committee in respect of excess expenditure occurred under Revenue Section (Voted) of Grant No. 99-Ministry of Home Affairs (Lakshadweep) as disclosed in the Union Government Appropriation Accounts (Civil) for the year 2005-2006.

Revenue Section (Voted)	(Rupees in thousand)
Original Grant	220,60,00
Supplementary Grant	13,49,00
Total Grant	234,09,00
Actual Expenditure	237,67,58
Excess	3,58,58

2. Under Revenue Section (Voted) of Grants No. 99 Ministry of Home Affairs (Lakshadweep) for the year 2005-2006, the total provision was Rs. 220,60,00 thousand. This was augmented to Rs. 234,09,00 thousand by obtaining Supplementary Grant Rs. 13,49,00 thousand. Against this, an expenditure of Rs. 237,67,58 thousand was incurred resulting in excess of Rs. 3,58,58 thousand which may please be regularized..

3. The excess of Rs. 3,58,58 thousand, was the net effect of total excess of Rs. 1208.05 thousand and total saving of Rs. 8,49,47 thousand under various Sub-heads of the Grant. The Sub-head under which the excess of Rs. 500 thousand and above occurred and the reasons therefore and explained below:—

Sub-head:	(Rupees in lac)
(1) 2052 00 090 22 Lakshadweep	
Original Grant	327.00
Supplementary Grant	0.00
Actual Expenditure	352.50
Excess	25.50

Excess was due to the hike in air fares, visit of more VIPs and rise in cost of various office articles, etc. This excess has been met with valid re-appropriation of Rs. 27.96 lac, duly approved by the Competent Authority.

(2) 2055 00 109 12 Lakshadweep Police	
Original Grant	462.95
Supplementary Grant	18.00
Total Grant	480.95
Actual Expenditure	506.30
Excess	25.35

Excess was due to the hike in air fares, rise in the cost of various office articles and higher incidence of medical treatment cases. This excess has been met with valid re-appropriation of Rs. 11.39 lakh duly approved by the Competent Authority.

(3) 2401 00 001 01 Headquarter Establishment (Rupees in lac)

Original Grant	60.12
Supplementary Grant	0.00
Actual Expenditure	69.34
Excess	9.22

Excess was due to the hike in air fares, rise in the cost of various office articles, etc. This excess has been met with valid re-appropriation of Rs. 4.72 lakh duly approved by the Competent Authority.

(4) 2401 00 198 01 Panchayats

Original Grant	136.00
Supplementary Grant	0.00
Actual Expenditure	148.00
Excess	12.00

Excess was due to increase in wages of labourers and cost of other materials for the implementation of various schemes. This excess has been met with valid re-appropriation of Rs. 12.57 lakh duly approved by the Competent Authority.

(5) 2403 00 001 01 Headquarter Establishment

Original Grant	52.84
Supplementary Grant	0.00
Actual Expenditure	61.60
Excess	8.76

Excess was due to settlement of more TA claims and enhancement of land lease by the UT Administration. This excess has been met with valid re-appropriation of Rs. 5.01 lakh duly approved by the Competent Authority.

(6) 2403 00 102 02 District Dairy Farms

Original Grant	92.60
Supplementary Grant	9.00
Total Grant	101.60
Actual Expenditure	140.77
Excess	39.17

Excess was due to escalation of cost of feed and other articles. This excess has been met with valid re-appropriation of Rs. 15.61 lakh duly approved by the Competent Authority.

(7) 2403 00 103 02 Poultry Development Scheme

Original Grant	199.69
Supplementary Grant	0.00
Actual Expenditure	217.57
Excess	17.88

Excess was due to escalation of cost of feed and other articles. This excess has been met with valid re-appropriation of Rs. 28.86 lakh duly approved by the Competent Authority.

(8) 2405 00 103 01 Deep Sea Fisheries	(Rupees in lac)
Original Grant	265.05
Supplementary Grant	30.00
Total Grant	295.05
Actual Expenditure	304.03
Excess	8.98

Excess was due to escalation of cost of articles (Supplies and Material). This excess has been met with valid re-appropriation of Rs. 18.84 lakh duly approved by the Competent Authority.

(9) 2425 00 001 03 Co-operative Establishment	
Original Grant	57.20
Supplementary Grant	0.00
Actual Expenditure	63.89
Excess	6.69

Excess was due to settlement of more T.A. claims, hike in air fares and settlement of more medical claims. This excess has been met with valid re-appropriation of Rs. 6.72 lakh duly approved by the Competent Authority.

(10) 202900 102 04 Land Reforms	
Original Grant	97.00
Supplementary Grant	0.00
Actual Expenditure	109.26
Excess	12.26

Excess was due to settlement of more medical claims and under Professional Services. This excess has been met with valid re-appropriation of Rs. 12.08 lakh duly approved by the Competent Authority.

(11) 2801 04 104 01 Power Plant and Ancillary Works	
Original Grant	2962.00
Supplementary Grant	83.00
Total Grant	3045.00
Actual Expenditure	3493.72
Excess	448.72

The power generation in different Islands of the UT Administration is through Diesel Genrators and Solar Power Plants. Diesel Generating sets are very old and have outlived their lives and consume more diesel. As a result, cost of production per unit comes to Rs. 8.86/- (higher than National Standards). P&AO Kavaratti adjusted the previous years pending bills of High Speed Diesel oil received from Indian Oil Corporation, Chennai procured under DGS&D rate contract resulting in

the excess. This excess has been met with valid re-appropriation of Rs. 56.21 lakh duly approved by the Competent Authority.

(12) 2202 02 109 03 Secondary Schools	(Rupees in lac)
Original Grant	959.80
Supplementary Grant	180.00
Total Grant	1139.80
Actual Expenditure	1154.15
Excess	14.35

After obtaining supplementary grant of Rs. 180.00 lakh, an amount of Rs. 23.12 lakh was surrendered by the UT Administration because the study tour of XIth class students was postponed. The reasons given in the Appropriation Accounts by Pay and Accounts Officer are in respect of the above saving of Rs. 23.12 lakh and not in respect of excess under the sub-head. The reasons for excess of Rs. 14.35 lakh were that the amount provided was not sufficient to meet the expenditure under scholarships, due to revision of rates by the M/o Human Resource Development.

(13) 2202 03 103 07 Junior Colleges

Original Grant	3.60
Supplementary Grant	0.00
Actual Expenditure	104.56
Excess	100.96

Excess was due to establishment charges of three Calicut University Study Centres at Kavaratti, Androth and Kadmat based on MoU with Calicut University. This excess has been met with valid re-appropriation of Rs. 101.40 lakh duly approved by the Competent Authority.

(14) 2202 80 198 01 Panchayats

Original Grant	910.00
Supplementary Grant	0.00
Actual Expenditure	972.37
Excess	62.37

Excess was due to settlement of more tour/tansfer TA/medical claims of Primary School Teachers in all the Islands of Lakshadweep by District Panchayat, Karavatti under devolution of powers to Panchayati Raj Institutions (Transferred Schemes). UT Administration has accepted that the actual expenditure on tour/transfer entitlements etc. could not be assessed accurately at the budget formation stage. As regards settlement of medical claims, it may be mentioned that due to non-availability of proper medical facilities in different Islands, employees suffering from serious ailments were referred to specialized hospitals in the mainland, including private hospitals. The cases referred to hospitals in the mainland during 2005-06 were higher as compared to the previous years. Most of the claims were settled in relaxation of normal rules. The excess has been met with valid re-appropriation of Rs. 62.37 lakh duly approved by the Competent Authority.

(15) 2851 00 001 01 Headquarter Establishment (Rupees in lac)

Original Grant	24.88
Supplementary Grant	0.00
Actual Expenditure	30.51
Excess	5.63

Excess was due to more tours/transfers and settlement of medical claims UT Administration has accepted that the actual expenditure on tour/transfer entitlements etc. could not be assessed accurately at the budget formation stage. As regards settlement of medical claims, it may be mentioned that due to non-availability of proper medical facilities in different Islands, employees suffering from serious ailments were referred to specialized hospitals in the mainland, including private hospitals. The cases referred to hospitals in the mainland during 2005-06 were higher as compared to the previous years. Most of the claims were settled in relaxation of normal rules. The excess has been met with valid re-appropriation of Rs. 4224 lakh duly approved by the Competent Authority.

(16) 2851 00 106 04 Coir Development

Original Grant	196.75
Supplementary Grant	0.00
Actual Expenditure	262.72
Excess	65.97

Excess was due to escalation of cost of articles procured for Coir Development. This excess has been met with valid re-appropriation of Rs. 50.09 lakh duly approved by the Competent Authority.

(17) 2230 02 101 03 Employment Exchange

Original Grant	0.00
Supplementary Grant	0.00
Actual Expenditure	19.15
Excess	19.15

The POA while preparing the Appropriation Account had by oversight booked the expenditure under the above sub-head, for which there was no budget provision in the Detailed Demands for Grants 2005-06. The excess was due to misclassification which was subsequently rectified.

(18) 2230 02 101 06 Industrial Training Institute

Original Grant	0.00
Supplementary Grant	0.00
Actual Expenditure	20.21
Excess	20.21

As per the Details Demands for Grants 2005-06, there was a budget provision of Rs. 17.39 lakhs under sub-head 2230 03 101 03. The POA while preparing the Appropriation Accounts had by oversight booked the expenditure under the above

sub-head, for which there was no budget provision in the Detailed Demands for Grants 2005-06. The excess was due to misclassification which was subsequently rectified.

(19) 3055 00 001 03 Regional Transport Office (Rupees in lac)

Original Grant	0.00
Supplementary Grant	0.00
Actual Expenditure	10.73
Excess	10.73

There was a budget provision of Rs. 12.00 lakhs under sub-head 3055 00 001 02, in the Detailed Demand for grants 2005-06 out of which an amount of Rs. 10.73 lakhs only was incurred, hence there was no excess expenditure under the head. The POA has wrongly booked the expenditure under the above sub-head under which there was no budget provision in the Detailed Demands for Grants 2005-06. Excess was due to misclassification which was subsequently rectified.

(20) 3051 02 102 01 Port Establishment

Original Grant	87.00
Supplementary Grant	0.00
Actual Expenditure	98.71
Excess	11.71

Excess was due to settlement of claims of Contractors engaged for hauling up. Launching and winch operation of Departmental Craft. This excess has been met with valid re-appropriation of Rs. 11.03 lakh duly approved by the Competent Authority.

(21) 3051 02 800 01 Harbour Facilities

Original Grant	705.00
Supplementary Grant	0.00
Actual Expenditure	888.77
Excess	183.77

Excess was due to hike in the cost of materials, wages of labourers. etc. for the implementation of various schemes undertaken through Lakshadweep Harbour Works. This excess has been met with valid re-appropriation of Rs. 181.84 lakh duly approved by the competent authority.

(22) 2059 80 053 02 Non-residential Buildings

Original Grant	87.00
Supplementary Grant	0.00
Actual Expenditure	100.62
Excess	13.62

Excess was due to hike in prices of building materials utilized for maintenance and repairs of office buildings.

(23) 2215 01 001 01 Executive Establishment (Rupees in lac)

Original Grant	91.40
Supplementary Grant	0.00
Actual Expenditure	98.52
Excess	7.12

Excess was due to settlement of higher claims on tour/transfer and medical expenses. UT Administration has accepted that the actual expenditure on tour/transfer entitlements etc, could not be assessed accurately at the budget formation stage. As regards settlement of medical claims, it is submitted that due to non-availability of proper medical facilities in different Islands, employees suffering from serious ailments were referred to specialized hospitals in mainland including private hospitals. The cases referred to mainland during 2005-06 were more as compared to the previous years and most of the claims were settled in relaxation of normal rules. This excess has been met with valid re-appropriation of Rs. 6.55 lakh duly approved by the Competent Authority.

(24) 2216 01 106 02 Major Works

Original Grant	25.00
Supplementary Grant	0.00
Actual Expenditure	37.13
Excess	12.13

Excess was due to hike in prices of building materials utilized for maintenance and repairs of residential buildings.

(25) 3552 8080005 Building

Original Grant	50.00
Supplementary Grant	0.00
Actual Expenditure	63.97
Excess	13.97

Excess was due to additional construction of Floating Jetties for promoting Cruise-line tourism. This excess has been met with valid re-appropriation of Rs. 6.20 lakh duly approved by the Competent Authority.

(26) 2235 02 800 04 Grant to State Social Welfare Advisory Board

Original Grant	20.20
Supplementary Grant	0.0
Actual Expenditure	30.96
Excess	10.76

Excess was due to implementation of Border Area Projects in various Islands.

This excess has been met with valid re-appropriation of Rs 7.00 lakh duly approved by the Competent Authority.

(27) 2810 02 102 08 SPV Project	(Rupees in lac)
Original Grant	67.00
Supplementary Grant	0.00
Actual Expenditure	73.02
Excess	6.02

Excess was due to higher release of funds to electricity department for implementing schemes under Solar Photovoltaic Projects. This excess has been met with valid re-appropriation of Rs. 6.28 lakh duly approved by the competent authority.

4. As per UT administration of Lakshadweep, the anticipated expenditures in regard to settlement of TA claims, air fares, cost of feeds, various office articles etc. under different sub-heads were correctly estimated and projects in the Revised Estimates. However, Ministry of Finance while finalizing the Revised Estimates did not agree to the proposed additionality in view of low utilization funds uptill September, 2005 i.e. first six months of the financial year. UT Administration has stated that in spite of austerity measures adopted by them, there was some overlapping of excess expenditure in certain sub-heads.

5. Due to the Geographical disposition and inaccessibility of the far flung islands of Lakshadweep, various difficulties are faced by the UT administration every year. During monsoon season *i.e.* from June to September, these islands are virtually cut off from the mainland due to the frequent cancellation of ship schedules/air schedules and Govt./Private operated barges. All important activities temporarily suspended during the monsoon season are resumed only from the month of October/November onwards. Sometimes, there is an acute shortage of essential commodities during this season and the cost of various articles/materials, if available, becomes more than expected.

6. With regard to the circumstances under which supplementary grants were not taken before incurring excess expenditure, it is stated that most of sub-heads have been covered under valid re-appropriation approved by the Competent Authority as sufficient savings were available under the Grant. In so far as reasons for occurrence of excess expenditure despite obtaining supplementary grants under five sub-heads are concerned, UT Administration has accepted that this happened because of non-coordination and non-availability of sub-head wise/DDO-wise budgeting control mechanism in the Pay and Accounts Office, Kavaratti and in nine Field Pay Units scattered over various islands. For coordinating all budget related activities, a proposal for establishment of an Integrated Finance Department along with Budget Wing and for creation of consequential posts is under active consideration of the UT Administration.

Remedial Action Taken

Instructions have already been issued to all the Budget Controlling Authorities that they should thoroughly review and scrutinize the budget estimates at the Supplementary Grant stage itself so as to avoid instances of excess expenditure. Instructions issued by Ministry of Finance have been circulated by this Ministry

vide letter No. 15(3)/2003/AFA(H) dated 15th May, 2006 (copy enclosed). Ministry of Home Affairs has issued instructions to the U.T. Administration of Lakshadweep that they should ensure that such occurrences of excess expenditure over authorized allocation should not occur in future (copy enclosed). In turn, UT Administration of Lakshadweep has directed their staff (copy enclosed) that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by the Parliament by law except after obtaining a supplementary grant or appropriation or an advance from Contingency Fund.

2. In addition a Computerized Accounting package developed by Office of the Controller General of Accounts, Ministry of Finance has been recently introduced by the UT Administration of Lakshadweep in their Pay and Accounts Office with effect from 1st April, 2007. This package would help to ensure effective control over expenditure within the Grant thereby avoiding such lapses to occur in future.

(This excess note has been vetted by the office of the DG ACR *vide* their U.O No. RR/6-2/07-08/1164 dated 10.8.07).

Sd/-

(Raghuvendra Singh Sirohi)
Additional Secretary & Financial Adviser (Home)

[M.H.A. F. N. 15041/05/2007-Budget-II Dated 13th August, 2007]

No. 15(3) 2003/AFA (H)
Ministry of Home Affairs
(Integrated Finance Division)

New Delhi, Dated the 15th May 2006.

OFFICE MEMORANDUM

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

The undersigned is directed to enclose herewith a copy of Ministry of Finance, Deptt. of Economic Affairs (Budget Division) O.M. No. F.4 (12)-B(SD) 2004 dated the 8th May 2006 for information and compliance.

Sd/-

(D.N. KATARIA)
AFA (Home)

To

All Joint Secretaries in MHA including Office of RGI (as per list attached).

Copy for information to:— PS to AS & FA(Home)
Director (Fin/H)
Director (Fin/Pers)

Copy also for information and compliance to Ministry of DONER, Vigyan Bhavan Annexe, New Delhi.

Internal Distribution:—

AFA(Fin.I)/AFA(Fin.II)/AFA(Fin.III)/AFA (Fin.IV)

AFA (Pers)/SO/(Fin.V)/ US (Budget.I)/US (Budget.II)

O.M. No. F.4 (12)-B (SD) 2004
Ministry Of Finance
Department Of Economic Affairs
(Budget Division)

New Delhi, dated the 8th May, 2006

OFFICE MEMORANDUM

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

The Public Accounts Committee in their 22nd Report (14th Lok Sabha) on action taken recommendations contained in the 58th Report of the PAC (13th Lok Sabha) relating to 'Excess Expenditure over the Voted Grants and Charged Appropriation (2001-2002)' have taken a serious view of expenditure incurred in excess of the provisions authorised by the Parliament. The Committee has observed that the fact that the instructions have been issued time and again without achieving any concrete result warrants concerned Ministries/Departments to remedy the perennial problem of excess expenditure over voted Grants and Charged Appropriations. The Committee has expressed their serious displeasure over the Ineffective monitoring on the part of budget controlling authorities while preparing both budget estimates as well as Supplementary Demands for Grants. The Committee has once again underlined the sanctity of scrupulously following the provisions of General Financial Rules which stipulate that no expenditure should be incurred which might have the effect of exceeding the total grant or appropriations authorised by Parliament by law for a financial year except by way of obtaining a supplementary grant/appropriation or an advance from the Contingency Fund.

2. Therefore, the Committee has recommended in the larger interest of achieving a sound fiscal health that:

'In future, the concerned Ministries/Departments should scrupulously review/scrutinise the budget estimates at the Supplementary Grant stage itself by factoring in contingencies of unforeseen expenditure that may arise in future so that the excess expenditure is not incurred after obtaining Supplementary Grants.'

3. Keeping in view the observations of the Public Accounts Committee and the rules/Instructions quoted above, it is once again emphasised that strict watch should be kept over the flow of expenditure against the sanctioned grant by regular monitoring as provided in Rules 54, 58, 59, 60 and 61, Chapter 3 of General Financial Rules 2005 so that the expenditure does not exceed the amounts authorised by the Parliament. In case the amount of a Grant falls short of the requirement, a Supplementary Grant may be obtained before the expenditure is incurred. In this regard, Ministries and Departments may recall the instructions issued *vide* Department of Expenditure O.Ms. dated September 27, 2002, August 13, 2001, O.M. No. G-25018/CGA-AA/Excess/2000-01/629 dated September 5, 2001 and O.M. dated November 17, 2005. **While obtaining supplementary demands for grants, In future, budget-controlling authorities of the concerned Ministries/Departments should scrupulously review/scrutinise the budget estimates as per the directions of the Public Accounts Committee and the Instructions of Ministry of Finance as quoted above.**

Sd/-

(L.M.VAS)

JOINT SECRETARY

S.K. SANDHU, IAS



Finance Secretary,
Chandigarh Administration,
Union Territory, Chandigarh

D.O. No. F&PO(6)-2006/spl

26.9.2006

Dated.....

Telefax: 0172-2741105

Dear Mr. Bharadwaj,

SUBJECT: Appropriation Accounts for the year 2005-06 under
Grant No. 96- Chandigarh.

As per Article 114(3) of the Constitution, no money is to be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of this Article. Further, the GFR 71 stipulates that no disbursement should be made which might have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant.

During the financial year 2005-06, The Engineering Department has incurred excess expenditure amounting to Rs. 28.35 lac under the head." 4801-Capital Outlay on Power Projects," 4217-Capital Outlay on Urban Development." and "4402- Capital Outlay on soil and water conservation." This act of incurring excess expenditure by your department has violated the above provision and also put the Finance Department in a very embarrassing position.

You, are, therefore, advised to look into the matter personally and take appropriate action against the defaulting officers with a view to avoid reoccurrence of such cases in future, Any future lapse in this regard will however be viewed seriously.

With best Wishes.

Sd/-

Yours faithfully,
(S.K. Sandhu)

Sh. V.K. Bhardwaj
Chief Engineer,
U.T. Chandigarh

F.No. 4/1/2006-Finance
Administration of the
Union Territory of Lakshadweep
Finance and Accounts Secretariat

Kavaratti, dated 20th February, 2007

OFFICE MEMORANDUM

A scrutiny of the State-IV of the Appropriation Accounts (Civil) under Demand No. 99-Lakshadweep for 2005-2006 revealed that many Departments have exceeded the budget provision to the extent of Rs. 5 lakhs and more under various sub-heads of the grant without assigning satisfactory reasons. Therefore, all the Departments are requested to furnish satisfactory reasons for the excess expenditure incurred under various sub-heads of your major head of account.

As per Rule 52(3) of GFR 2005 no expenditure shall be incurred which may have the effect of exceeding the total grant or Appropriation authorised by the Parliament by law for financial year, except after obtaining a supplementary grant or appropriation or an advance from Contingency Fund.

You are once again advised to comply the guidelines and all your DDOs may be directed to restrict the expenditure to the budget provision to avoid further excess expenditure in future.

Sd/-

Accounts Officer

To

All Departmental Heads, Kavaratti.

BUDGET MATTER

BUDGET MATTER

File No. 15041/05/2007-Bgt-II
Government of India,
Ministry of Home Affairs

New Delhi, Dated the 26th June, 2007

OFFICE MEMORANDUM

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

The Public Accounts Committee in their Reports presented to the House from time to time relating to "Excess Expenditure over the Voted Grants and Charged Appropriation" have taken a serious view of expenditure incurred in excess of the provisions authorized by Parliament. The Committee has observed that even though instructions have been issued from time to time, the problem of excess expenditures over Voted Grants and Charged Appropriations continue to occur. The Committee has, therefore, expressed their serious displeasure over the ineffective monitoring of expenditure by the budget controlling authorities.

2. Instructions have been issued repeatedly by the Budget Wing of this Ministry to avoid excess expenditures. It however, appears that these instructions are not being followed in right earnest resulting in repeated excess of expenditures year after year. During the financial year 2005-06, UT Administration of Lakshadweep has incurred excess expenditures of Rs. 3.58 crore under Revenue Section (Voted).

3. The reply furnished by the UT Administration *vide* their letter dated 25th June, 2007 that "Exceeding the budgetary limit was a lack of co-ordination between PAO and Departments" is untenable. The excess expenditure could easily have been avoided through better co-ordination amongst the concerned departments.

4. UT Administration is, therefore, requested to issue strict instructions to the concerned Departments to abide by the codal provisions and restrict expenditures well within appropriations.

5. A Copy of this memo is being separately communicated to Audit, to explain the action taken by this Ministry as regards the excess expenditure of Rs. 3.58 crore over authorization under Revenue Section (Voted).

Sd/-

(M.J. Joseph)
Chief Controller of Accounts (Home)
Tele. No. 23093293

Shri B.V. Selvaraj,
Administrator,
UT Administration of Lakshadweep,
Kavaratti.

Copy to JS (UT) for information and necessary action.

IMPORTANT/URGENT

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

New Delhi, the 14th September, 2004

OFFICE MEMORANDUM

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

Budget Division of Department of Economic Affairs, Ministry of Finance *vide* O.M. No. 4 (12)-B (SD)/2004, dated 17th August, 2004 have conveyed that the Public Accounts Committee (PAC) in their 58th Report (13th Lok Sabha) has taken a very serious view of the instance of persistent excess expenditure over the voted grants and charged expenditure, particularly in those cases where the excess expenditure has been incurred in spite of taking Supplementary Grants.

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

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

3. The Budget Division of the Department of Economic Affairs, Minisatry of Finance while calling for the proposals for Supplementary Demands for Grants has regularly been reiterating the need for reviewing of estimates at the Supplementary Grant Stage and making a realistic assessment of the requirements.

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

"Recurrence of excess expenditure over sanctioned provision in certain grants has also been viewed very seriously by the Public Accounts Committee.

Needless to say, such expenditure is *unauthorized expenditure* and must be avoided at any cost. Therefore, not only the Supplementary Demands should be sought for the minimum necessary amount after a through review of savings (both under Plan and Non-plan) within the grant but it should be sufficient to cover any foreseeable excess. In order to ensure that this fine balance is met, (there is a need) to keep the expenditure under close watch on a daily basis after sending the proposals for Supplementary Grants and promptly inform us if there is a significant variation requiring correction in the proposals....."

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

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

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

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

Sd/-

(N.A. Viswanathan)

ADDITIONAL SECURITY & FINANCIAL ADVISOR (HOME)

To

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

Sd/-

(JAWAHAR THAKUR)

CHIEF CONTROLLER OF ACCOUNTS (HOME)

**IMPORTANT
PAC MATTER**

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

New Delhi the 6th June, 2005

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

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

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

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

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

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

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

Sd/-

(N.A. Viswanathan)

Additional Secretary & Financial Adviser (Home)

Enclosures: As above.

To

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

**IMPORTANT
PAC MATTERS**

No. 9/5/2007-Bgt.-II
Government of India
Ministry of Home Affairs

New Delhi, dated the 18th Sept., 2007

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

The Public Accounts Committee (14th Lok Sabha), in its 54th Report on "Excesses over Voted Grants and Charged Appropriations (2005-2006)" presented to the Lok Sabha on 24th August, 2007, have commented adversely on the persistent excess expenditures being incurred by Ministries/Departments over authorized budget allocations.

2. In this Report, PAC have pointed out that excess expenditures are being incurred by Ministries/Departments, year after year, despite its repeated observations and recommendations in previous Reports. A copy of the observations/recommendations made by PAC in this Report on the Grants operated by the Ministry of Home Affairs is enclosed (Para Nos. 52, 53, 54, 58 & 59 of the Report refers).

3. The recommendations/observations of PAC on excess expenditures have created embarrassing situations for the Ministry. The Committee has drawn attention of the Government that as per extant Financial Rules, the Secretary to the Government of India, who heads the Department should take responsibility for ensuring financial discipline in the concerned Ministry/Department.

4. All Divisional Heads/Budget Controlling Authorities in the Ministry of Home Affairs are once again requested to take utmost care in framing Budget and Revised Estimates and Supplementary Grants in respect of their activities, schemes and projects. Extra care should be taken to avoid incurring excess expenditures over budget allocation.

5. The above instructions alongwith the observations/recommendations of the Committee is brought to the notice of all Budget Controlling authorities in Ministry of Home Affairs.

Enclosures: As above

Sd/-

(Raghuvendra Singh Sirohi)

Additional Secretary & Financial Advisor (Home)

To

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

Action Taken by the Ministry of Mines

The efforts of the Ministry have been to ensure financial discipline and limit the expenditure within the budgetary provisions. An expenditure of Rs. 9.63 lakhs had been incurred for various legal compensation cases as decided by the Courts. After having submitted the revised estimates, and expenditure of Rs. 1.90 lakhs was incurred on 27.1.06 in order to comply with the Court orders for payment of compensation in Case.

No. 471/1997 of Airborne Mineral Survey and Exploration (AMSE) Wing of Geological Survey of India (GSI) relating to a jeep accident case. The excess expenditure made were for reasons beyond the control of the Ministry and unavoidable.

This has been vetted by Audit *vide* their U.O.No. AMG-I/V.V/anukari/2008-09/235-237/dt. 22nd July, 2008.

Sd/-

(Sanjiv Mittal)

Joint Secretary & Financial Advisor

[Ministry of Mines' F.No. 3(27)/05-IF]

Action Taken by the Ministry of Labour and Employment

Under Revenue Section (Voted) of Grant No. 61 Ministry of Labour and Employment for 2005-06 the total provision was Rs. 13,11,03,00 thousand. This was augmented to Rs.13,83,94,00 thousand by obtaining Supplementary Grant of Rs. 72,91,00 thousand. Against this, the expenditure of Rs. 14,01,20,98 thousand, was incurred resulting in excess of Rs. 17,26,98 thousand.

The excess of Rs. 17,26,98 thousand was the net effect of total excess of Rs. 82,14,16 thousand, and total savings of Rs. 64,87,18 thousand, under various sub-heads of the Grant.

However, the excess expenditure in the Grant No. 61 occurred due to the fact that supplementary of Rs. 50.00 crore was granted by the Ministry of Finance in the "Transfer From" figure of Beedi Workers Labour Welfare Scheme. However, the same was not augmented in the "Transfer To" figure at the supplementary stage. Though in the supplementary demand it had been justified that the expenditure was matched by collection of cess on manufactured beedies and this would not entail cash outgo. Since, the recovery portion of grant was raised from Rs. 118.96 crore to Rs. 160.26 crore at RE stage by the Ministry of Finance, the gross expenditure of the grant was raised to Rs. 1425.26 crore.

Thus, the excess was due to enhancement of provision owing to more collection of cess on account of revision of rates from Rs. 2/- to Rs. 4/- per thousand of manufactured beedies *w.e.f.* 01.4.2005. The excess amount was adjusted by way of augmentation of the recovery portion of grant at RE stage by the Ministry of Finance and this has the approval of Parliament.

As supplementary was approved on net basis, the total grant was Rs. 1383.94 crore (original grant of Rs. 1311.03 crore plus supplementary grant of Rs. 72.91 crore). As a result excess of Rs. 17,26,98,810/- occurred.

This Ministry will be careful while sending supplementary proposals to M/o Finance, where recovery of fund is involved, in order to avoid recurrence of such instance in future.

(Vetted by DGACR *vide* their UO No. RR/8-9/2007-08/3763, dated 11.02.08.)

Sd/-

(Rajesh Verma)

Joint Secretary & Financial Advisor

[Ministry/Department of Labour and Employment O.M. No. G-25018/1/2006-B&A

Dated 22.02.08]

Recommendation

Another disquieting aspect observed by the Committee is that out of 26 cases, the excess expenditure of Rs. 99497.36 crore in 23 cases of Grants/Appropriations had occurred despite obtaining supplementary provisions of Rs. 426053.60 crore, thereby revealing not only 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. It is also evident that under Appropriation No. 35-Interest Payments, Appropriation No.38-Repayment of Debt pertaining to the Ministry of Finance; and Appropriation No.16-Assets-Acquisition, Construction and Replacement — Capital pertaining to the Ministry of Railways, the excess expenditure incurred is much higher than the amount obtained as supplementary provision. The Committee observes that the excess expenditure in the same Appropriation (Repayment of Debt operated by the Ministry of Finance persisted during the years 2003-2004 and 2005-2006) while it had somewhat reduced in the year 2004-2005. In this regard, the Committee have repeatedly cautioned the Ministries/Departments in the past against incurring expenditure not authorized by Parliament. As the trend of incurring excess expenditure despite obtaining supplementary grants continues, the Committee are inclined to conclude that not only the Budget Estimates are not adequately made, even at the supplementary Demands stage, requirements projected are not realistic. 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 also recommend that the Ministries/Departments should evolve an effective mechanism through appropriate computerization and networking in coordination with the Comptroller and Auditor General of India, by which the progress of expenditure can be strictly monitored and timely action taken to ensure that expenditure does not overshoot the limit authorized by Parliament.

[Sl. No. 2 Para 53 of Fifty-Fourth Report of
Public Accounts Committee (Fourteenth Lok Sabha)]

Action Taken by the Ministry of Finance (Department of Economic Affairs)

Excess expenditure of Rs. 93529.22 crore, was mainly under 91 Days Treasury Bills and 14 Days Intermediate Treasury Bills. Under 91 Days Treasury Bills excess expenditure was Rs. 9606.53 crore, and was due to more discharge of treasury Bills than anticipated. Under 14 Days Intermediate Treasury Bills, an excess expenditure of Rs.87219.24 crore occurred due to higher investment by State Governments on account of higher availability of short term surplus funds. However, the excess in both cases did not involve any cash outgo as it is netted against repayment of borrowings.

2. Estimates of expenditure in respect of repayment of 91 days Treasury Bills, particularly 14 days Intermediate Treasury Bills are difficult to project with a high degree of accuracy. 14 days Intermediate Treasury Bills are the main instruments used by State Governments for parking their surplus short term cash balances and the Central Government has no option but to accept such investments through issue of 14 days intermediate Treasury bill. In the event of persistent of surplus cash balances, the investments are rolled over but accounted for as expenditure and then reinvestment. In essence, these are cash management instruments of State Governments. Since these expenditures are matched by receipts, they also do not involve any cash outgo.

3. The estimates of 'Repayment of Debt' are framed on the basis of inputs furnished by RBI, the Debt Manager of the Government of India. While every effort is made to project estimates and accurately as possible, the need to further improve estimation techniques is acknowledged. RBI has been advised to review the same from time to time, so that the variations may be kept at the minimum given the fact that these estimates are difficult to assess accurately.

4. Steps have been taken to improve the quality and monitoring of expenditure pertaining to Repayment of Debt by setting up a Working Group comprising officers of Ministry of Finance, Chief Controller of Accounts and Reserve Bank of India to look into the incidence of inaccuracies in estimation of expenditure pertaining to Repayment of Debt and Interest payments and make recommendations for improving the quality of these estimates and its better monitoring. The report of the Working Group has been finalized and is expected to be submitted shortly. Among the recommendations being considered by the Working Group is the establishment of web based connectivity between the concerned offices of the Ministry of Finance, and the Reserve Bank of India to facilitate sharing of information and data validation, in regard to Repayment of Debt and Interest Payments which would help in arriving at more accurate estimations.

5. This has been vetted by Audit *vide* its U.O.No. RR/1-53/2007-08/3941 dated 20.3.2008.

Sd/-

(L. M. Vas)

Additional Secretary (Budget)

[Ministry of Finance, Department of Economic Affairs O.M. No. (8)-W&M/2007 dated 31.3.2008]

Action Taken by the Ministry of Chemicals & Fertilisers (Department of Fertilisers)

Action Taken

In this regard it is mentioned that in the Department of Fertilizers a close watch is being kept on the trend of expenditure at various levels on a weekly basis and when any need for additional funds arises, Department assesses its requirement of funds realistically in advance and approaches the Ministry of Finance by presenting Supplementary Demands for Grants in time. The progress of expenditure is also monitored, and reconciled with Pay and Accounts Office of the Department to ensure that the expenditure does not exceed the limit authorised by the Parliament.

Audit Comments

Action Taken Note has been vetted in Audit. Audit has no comments to offer.

Action Taken by the Ministry of Communications & IT (Department of Posts)

Computerized accounting packages titles called e-Lekha and Compact packages developed by NIC for CGA are scheduled for induction in Department of Posts at national and circle level in the year 2008-09 in the Department so as to monitor the progress of the expenditure and take timely action to ensure that the expenditure does not exceed the limit authorized by the Parliament and the requirement of funds in supplementary of demands for grants are assessed realistically.

DDG (PAF)

DoP, New Delhi No. 20-5/2007 BGT (PA) Dated Feb, 2008

Action Taken by the Ministry of Defence

The above para relates to expenditure incurred by various Ministries/ Departments of Union Government despite obtaining supplementary grants. The main thrust of the observation of the Committee is regarding the excess expenditure of Rs. 99497.36 crores in 23 cases of Grants/Appropriations despite obtaining supplementary provisions of Rs. 426053.60 crores during the year 2005-06.

In regard to Ministry of Defence, during the year 2005-06 excess expenditure occurred in Demand No. 23 and 25. In demand No. 23 (Army), excess of Rs. 2.0834 crores was in charged expenditure while in Demand No. 25 (Air Force), excess of Rs. 42.7564 crores was under voted. The excess expenditure under these two grants has been addressed in detail in Para 13 of this Report.

In Grant No. 23 — Defence Services (Army) and excess of Rs.2.08 crore occurred in the Charged portion due to finalisation of higher number of Court Cases than anticipated, but no supplementary was obtained under this grant. In Grant No. 25 — Defence Services (Air Force), an excess of Rs. 42.76 crores occurred under voted portion where supplementary grant of Rs. 157.60 crore was obtained. It can, however, be observed from the Appropriation Accounts of the Defence Services for the year 2005-06 presented to the Lok Sabha on 14th May, 2007 that excess expenditure did not occur under those Minor Heads where supplementary grants were obtained.

However, all the budget estimating authorities of Defence Services have been advised to keep strict watch on the expenditure and ensure that expenditure should be as per the grant and in case any saving/excess in expenditure is visualized its provision should be made at RE stage. The concerned Services/Departments have also been advised to initiate thorough review in the matter of excesses and overhaul the existing computerized accounting system for better monitoring of expenditure.

Sd/-

(Amit Cowshish)

Addl.FA (A) & JS

Action Taken by the Ministry of Railways (Railway Board)

The above recommendation pertaining to Ministry of Railways is Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital, However, it is observed that in 2005-06 excess had occurred under Appropriation No. 16—Assets—Acquisition, Construction and Replacement under Railway Fund and not Capital. Though efforts are made by the Railways to project the requirement under Charged Expenditure and Ministry of Railways constantly follows up with the Railways to give proper projections for their Charged requirements. Still excess occur because of last minute awards from various courts. Besides cautioning the Railways on the issue, this Ministry have from 2006-07 started calling quarterly report on the trend of Charged Expenditure on the Railways with the intention of continuous monitoring of this expenditure both at Zonal Railways and the Board's level. With this it is expected that the incidence of excess expenditure under charged appropriations will come under control in due course.

This has been seen and vetted by Audit *vide* their U.O. No. 71-R.A.-III/2-1/2007 dated 18th March, 2008.

Sd/-

(Smt. P. Babbar)

Adviser (AR)

Railway Board

[Ministry of Railways O.M. No. 2007-BC-PAC/XIV/54 dated -10-2008]

Action Taken by the Ministry of Home Affairs

It is submitted that during the financial year 2005-06, out of ten Grants controlled by this Ministry, there were only two Sections of the two Grants (Grant No. 96—Chandigarh and Grant No. 99—Lakshadweep), in which excess expenditure was incurred inspite of obtaining Supplementary Grant. A Supplementary Grant amounting Rs. 17.34 crore under Grant No 96-Chandigarh and Rs. 13.49 crore under Grant No. 99—Lakshadweep was obtained. However, the actual expenditure under these Grants exceeded the Total Grant (Original Grant+Supplementary Grant) by Rs. 0.28 crore under Grant No. 96—Chandigarh and Rs. 3.58 crore under Grant No. 99—Lakshadweep respectively. "Explanatory Notes" explaining the reasons for these excesses, duly vetted by Audit have already been submitted by the Ministry to the Public Accounts Committee (PAC).

2. Notwithstanding the reasons stated for excess expenditure under the Grants and especially in the cases where excess expenditure was incurred despite obtaining Supplementary Grants, instructions were issued by the Ministry to all the Budget Controlling Authorities to frame realistic Budget Estimates and requirements of Supplementary Grants so that cases of excess expenditure are eliminated. In these instructions, emphasis was laid on a thorough examination of the proposals for additional funds and ensuring proper review and scrutiny of the requests for Supplementary Demands to avoid excess of expenditure (copy enclosed). These directions also stipulate suitable action against the erring officials. In compliance of these instructions, UT Administration of Chandigarh issued warning to one of their official in the Department of Electricity to be more careful in future while dealing with such vital issues. Similarly, Administration of Lakshadweep also issued memo/warning letter to all concerned officials and repatriated one of their Accounts Officer for not monitoring the monthly accounts properly.

3. In regard to evolving an effective mechanism through appropriate computerization, it is submitted that the office of the CGA, the nodal Union Government accounting agency, has stated that they are implementing the computerized accounting and payment system in central civil ministries. Under COMPACT, a computerised Expenditure Control Register (ECR) is maintained in Accounts Offices. In nearly, 95% PAOs, COMPACT is implemented. Even in PAOs where COMPACT is not implemented, ECR has to be maintained manually as per Civil Accounts Manual. In addition, "E-lekha" a web-based government accounting consolidation software which is under implementation, has a module for PrAO 2 e-lekha. This module provides for feeding of budgetary data in respect of all combinations of accounting heads, Spending will be automatically watched against provisions. The spending departments will be able to generate timely reports and take necessary corrective measures for avoiding any excesses. In addition, the instructions issued by Ministry of Finance from time to time, in regard to achieving the desired result of minimizing the incidences of excess expenditure are being followed strictly.

4. In view of the serious concern expressed by the PAC, in its present Report on "Excesses Over Voted Grants and Charged Appropriations (2005-06)", all the Budget Controlling Authorities in the Ministry/Union Territories (without legislature) have been directed to take all necessary steps to avoid cases of excess expenditure, (copy enclosed). They have also been directed to strictly comply with the observations and recommendation of the PAC.

Sd/-

(Vivek Mehrotra)
Special Secretary & Financial Adviser (Home)

M.H.A.U.O.No. 15014/05/07-Budget-II Dated 29th February, 2008
(This "Action taken Note" has been vetted by Office of the DGACR *vide* their U.O.No. RR/6-21/07-08/3812, dated 25th February, 2008)

Action Taken by the Ministry of Labour & Employment

Action Taken

It is mentioned that an effective computerized system is already in place in Pay & Accounts offices of the Ministry. The system is capable to monitor the progress of Headwise expenditure on daily basis. It is ensured through the system that expenditure does not exceed the provision made under a head of account. However, the excess expenditure in the Grant No. 61 occurred due to the fact that supplementary of Rs. 50.00 crore was granted by the Ministry of Finance in the "Transfer From" figure of Beedi Workers Labour Welfare Scheme. However, the same was not augmented in the "Transfer To" figure at the supplementary stage. Though in the supplementary demand it had been justified that the expenditure was matched by collection of cess on manufactured beedies and this would not entail cash outgo. Since, the recovery portion of grant was raised from Rs. 118.96 crore to Rs. 160.26 crore at RE stage by the Ministry of Finance, the gross expenditure of the grant was raised to Rs. 1425.26 crore.

As supplementary was approved on net basis, the total grant was Rs. 1383.94 crore (original grant of Rs. 1311.03 crore plus supplementary grant of Rs. 72.91 crore). As a result excess of Rs. 17,26,98,810/- occurred.

This Ministry will be careful while sending supplementary proposals to M/o Finance, where recovery of fund is involved, in order to avoid recurrence of such instance in future.

Vetted by DGACR *vide* their UO No.
RR/8-9/2007-08/3763 dated 11.02.08.

Sd/-

(Rajesh Verma)

Joint Secretary & Financial Advisor

[Ministry/Department of Labour & Employment O.M. No. G-25018/1/2006-B&A
Dated 22.02.08]

Recommendation

The Committee find from their scrutiny of select cases of excess registering Grants/Appropriations that under Appropriation No. 38—Repayment of Debt, the Ministry of Finance had incurred an expenditure of Rs. 93529.22 crore over and above the total sanctioned provision of Rs. 1021680.84 crore, which included supplementary provision of Rs. 420203.72 crore obtained in March 2006. The excess expenditure under this appropriation is the net effect of total excess of Rs. 200605.28 crore and total savings of Rs. 107076.05 crore under various sub-heads of this appropriation. The Committee are perturbed to note that but for the savings under various sub-heads, the overall excess expenditure under this appropriation would have been much larger. In their explanatory note to the Committee, the Ministry of Finance have stated that supplementary provision for lower amount was sought under the aforesaid item in view of expected savings under repayment of "Ways and Means Advances" to be taken into account for re-appropriation. The Committee do not agree with the

justification furnished by the Ministry, as the excess expenditure of such large magnitude had occurred inspite of a huge amount of supplementary Grants having been obtained in this case. Significantly, the Ministry of Finance had been persistently making appropriations in excess of the budgeted figures under this appropriation for the past three years with the same contributory reasons. Clearly, the Ministry of Finance have not drawn any lessons from their past experience and have once again failed to exercise adequate care in assessing their actual requirement of funds even while obtaining Supplementary Grant. The Committee view this situation with serious concern and would like to convey their unhappiness over such a lackadaisical attitude displayed by the Ministry of Finance while obtaining supplementary appropriations during the year 2005-06. The Committee consider it absolutely necessary that supplementary provisions should be obtained with more precision and the Ministry of Finance, being the nodal Ministry, should not be allowed to make indiscriminate use of this mechanism.

In this context, the Committee in their 21st Report (14th Lok Sabha) and 31st Report (14th Lok Sabha) had expressed their displeasure over the manner in which this particular appropriation (Repayment of Debt) was handled by the Ministry of Finance. While taking a serious view of the continuing excess expenditure under this head due to unrealistic budgetary projections, the Committee would like the Ministry of Finance to thoroughly examine the reasons for the recurrence of excess expenditure under this appropriation and if necessary, set up an Expert Group for this purpose. The Committee would await the outcome of the study.

[Sl. No. 4 para 55 of Fifty-Fourth Report of
Public Accounts Committee (Fourteenth Lok Sabha)]

Action Taken by the Ministry of Finance (Department of Economic Affairs)

Excess expenditure of Rs. 93529.22 crore, was mainly under 91 Days Treasury Bills and 14 Days Intermediate Treasury Bills. Under 91 Days Treasury Bills excess expenditure was Rs. 9606.53 crore, and was due to more discharge of treasury Bills than anticipated. Under 14 Days Intermediate Treasury Bills, an excess expenditure of Rs. 87219.24 crore occurred due to higher investment by State Governments on account of higher availability of short term surplus funds. However, the excess in both cases did not involve any cash outgo as it is netted against repayment of borrowings.

2. Estimates of expenditure in respect of repayment of 91 days Treasury Bills, Particularly 14 days Intermediate Treasury Bills are difficult to project with a high degree of accuracy. 14 days Intermediate Treasury Bills are the main instruments used by State Governments for parking their surplus short term cash balances and the Central Government has no option but to accept such investments through issue of 14 days intermediate Treasury bill. In the event of persistent of surplus cash balances, the investments are rolled over but accounted for as expenditure and then reinvestment. In essence, these are cash management instruments of State Governments. Since these expenditures are matched by receipts, they also do not involve any cash outgo.

3. The estimates of 'Repayment of Debt' are framed on the basis of inputs furnished by RBI, the Debt Manager of the Government of India. While every effort is made to project estimates as accurately as possible, the need to further improve estimation techniques is acknowledged. RBI has been advised to review the same from time to time, so that the variations may be kept at the minimum given the fact that these estimates are difficult to assess accurately.

4. Closer Coordination between RBI and the concerned divisions in Ministry of Finance including the office of Chief Controller of Accounts (Finance) for concurrent synchronization of budget Estimates with actuals is being worked out. Estimation methodology is also being reviewed by adopting more suitable/appropriate models for estimation purposes. This revision in methodology should enable more realistic forecast of the estimates, and reduce the incidence of inaccurate estimations leading to excess expenditure.

5. Besides regular reviews to improve the quality of estimates and monitoring of expenditure pertaining to Repayment of Debt, a Working Group comprising officers of Ministry of Finance, Chief Controller of Accounts and Reserve Bank of India has been constituted to study the present system for estimating expenditure pertaining to Repayment of Debt and Interest payments and make recommendations for improving the quality of the estimates and its better monitoring. The report of the Working Group has been finalized and is expected to be submitted shortly. Based on this report further improvements in the estimation of expenditure on account of Repayment of Debt and Interest Payment can be expected.

6. This has been vetted by Audit *vide* its U.O.No. RR/1-53/2007-08/3941 dated 20.3.2008

Sd/-

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

ANNEX

Grant No. 38-Repayment of Debt 2005-06

(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	276305000	0	276305000	276255579	-49421	
00.103.01-91 days Treasury Bills	330000000	7350000	337350000	433415300		96065300
00.108-182 days Treasury Bills	65000000	4790000	69790000	69785000	-5000	
00.110-364 days Treasury Bills	260450000	1060000	261510000	261514600		4600
00.112- 10% Relief Bonds, 1993	10000	10000	20000	3764	-16236	
00.114-Ways and Means Advances	950000000	0	950000000	11340000	-938660000	
00.115 - 14 days Treasury Bills	2660000000	4102516200	6762516200	8672491900		1909975700
00.117 - Marketable Securities issued in conversions of Special Securities	80000000	0	80000000	80000000	0	
00.122-Special Central Government Securities issued against share of net small savings collection from 1.4.1999.	8650000	0	8650000	4489440	-4160560	
00.123-Special Securities issued to RBI for MOV account in respect of Resurgent India Bonds	0	0	0	0	0	
00.124-Spl. Securities issued to RBI for MOV account in r/o India Millennium Deposits	0	279600	279600	279543	-57	
00.126-Market Stabilisation Bills/ Bonds (Face Value)					0	
01-91 Days Treasury bills	795000000	0	795000000	706327617	-88672383	
02.364 Days Treasury bills	219810000	0	219810000	199632779	-20177221	
03. Dated Securities	200000000	0	200000000	200000000	0	
04.182 Days Treasury bills	20000000	80780000	100780000	98153417	-2626583	
00.105.01-International Bank of Reconstruction and Development.	1000000	0	1000000	1000000	0	
00.105.02 International Monetary Fund	0	2205000	2205000	2205027		27
00.105.04-Asian Development Bank	92000	8600	100600	102000		1400
00.105.05 International Fund for Agril. Dev.	0	0	0	0	0	
00.105.06-African Dev. Fund	55800	149600	205400	55835	-149565	
00.105.07 African Dev. Bank	8400	0	8400	7769	-631	
00.105.08-Multilateral Investment Guarantee Agency	0	0	0	0	0	
00.106.05-Special Bearer Bonds	10000	0	10000	1456	-8544	
00.106.07-7 Years National Rural Dev. Bonds	2500	0	2500	98	-2402	
00.106.08-7% Capital Investment Bonds	5000	0	5000	1490	-3510	
00.106.09-National Rural Dev. Bonds- 2nd Issue.	2500	0	2500	0	-2500	
00.106. 14-Voluntary Disclosure of Income and Wealth 5¾% Bonds, 1985	5000	0	5000	3584	-1416	
00.106.15-9% Relief Bonds, 1987	10000	140000	150000	550	-149450	
00.106.22-8.5% Relief Bonds, 2001	4046300	2677700	6724000	744071	-5979929	
00.106.18 - 9% Relief Bonds, 1993	10000	70000	80000	2824	-77176	
00.106.19-10% Relief Bonds, 1995	470000	0	470000	284578		-185422
00.106.21-12.08% GOF Compensation						

1	2	3	4	5	6	7
(Project Exports to Iraq) Bonds, 2001	500	500	1000	1000	0	
00.106.23-9% Relief Bonds, 1999	68541800	0	68541800	64022249	-4519551	
00.106.26-11.40% GOI' Compensation					0	
(Project Exports to Iraq) Bonds, 2003	0	0	0	700		700
Total-Major Head 6001	5939484800	4202037200	10141522000	11082122170	-1065447557	2006047727
Major Head 6002						
00.207-Loans from European Economic Community (SAC)	66413	0	66413	64541	-1872	
00.208-Loans from Govt. of France	2289341	0	2289341	2015292	-274049	
00.209-Loans from Govt. of Germany	5087379	0	5087379	4469225	-618154	
00.213-Loans from the International Dev. Association	29090850	0	29090850	27656986	-1433864	
00.214-Loans from IFAD	413595	0	413595	388168	-25427	
00.216-Loans from the International Bank for Reconstruction and Development	6281406	0	6281406	5953431	-327975	
00.217-Loans from Govt. of Japan	24097100	0	24097100	21719399	-2377701	
00.221-Loans from OPEC Special Fund	166220	0	166220	105853	-60367	
00.223-Loans from Govt. of Switzerland & Swiss Bank	74085	0	74085	64662	-9423	
00.226-Loans from the Agency for International Dev. U3500479		0	3500479	3466965	-33514	
00.227-Loans from Govt. of USA under PI 480 939237		0	939237	944287		5050
Convertible Local Currency Credit		0				
00.228-Other Misc.Loans from Govt. of USA.105979		0	105979	102381	-3598	
00.230-Loans Govt. of Russian Federation 2022398		0	2022398	1906055	-116343	
00.250-Loans from ADB	1151918	0	1151918	1121227	-30691	
Total Major head 6002	75286400	0	75286400	69978472	5312978	5050
Total-Major Head 6001	5939484800	4202037200	10141522000	11082122170	-1065447557	2006047727
Total Appropriation	6014771200	4202037200	10216808400	11152100642	-1070760535	2006052777
Total Net Excess						935292242

Recommendation

The Ministry of Railways have also incurred a substantial excess expenditure of Rs. 2184.17 crore under Grant No. 16— Assets—Acquisition, Construction and Replacement—Capital (Voted). The Committee find that the Ministry of Railways had actually procured supplementary grants of Rs. 1554.45 crore under this 'Grant' and most of the items were of such nature that timely action to obtain additional funds could have been taken at the revised estimate stage/or at supplementary grant stage and excess expenditure clearly avoided. The Committee consider this as another instance of unrealistic assessment of the additional funds on the part of the Ministry of Railways. The huge gap between the estimates and the actuals only reveals the utter failure of the Ministry of Railways to anticipate and plan out expenditure on a systematic basis. The Committee would therefore, expect the Ministry to be more careful both in estimation and in spending so that such variations are avoided as far as practicable. The Ministry of Railway should also seize this opportunity to put in place an effective system for proper estimating and planning of Railway works.

[S.No. 5 Para No. 56 of 54th Report of
Public Accounts Committee (14th Lok Sabha)]

Action Taken by the Ministry of Railways (Railway Board)

While analyzing the excess incurred during 2005-06, under Demand No. 16—Assets—Acquisition, Construction and Replacement under Capital it is observed that the excess was reflected under New Lines, Gauge Conversion, Stores Suspense and Manufacture Suspense, especially, in the Zone Railways which had come in to existence after 01-04-2003. This excess occurred under Stores Suspense and Manufacture Suspense because of inadequate infrastructure (like absence of EDP Centre) and inexperience of staff in accounting and budgeting procedure in the initial stages of setting up new Zonal Railways. Later, the Railways were instructed to correctly account for the Stores Suspense in November 2006. Accordingly the accounts on hand, *i.e.* for financial year 2006-07, were correctly cast *vis-a-vis* the budget projections. In this context the opening of the accounts for the year 2005-06 were not considered necessary/feasible.

This has been seen and vetted by Audit *vide* U.O.No.88 RA-III/2-1/2007 dated 18th September, 2008.

Sd/-
(Smt. P. Babbar)
Adviser (AR)
Railway Board

Ministry of Railways O.M. No. 2007-BC-PAC/XIV/54 dated -10-2008

Recommendation

The Committee are perturbed to note that despite Committee's recommendations in the past on the issue of misclassification of expenditure, it has become a recurring feature in the case of Indian Railways Appropriation Accounts. A large number of cases of misclassification of expenditure had been occurring during the last three years *i.e.* 2002-2003, 2003-2004 and 2005-06. During the year under review, there were six cases of misclassification of expenditure reported under the 15 cases of excess registering Grants/Appropriations. Taking a serious view of the recurrence of misclassification, the Committee have asked for greater care to be exercised to avoid mistakes in upkeep and maintenance of books of accounts and for taking remedial measures to ensure that reconciliation of expenditure figures is conducted meticulously. Pursuant to the recommendations of the Committee, the Ministry of Railways in their Action Taken Notes have informed that the instruction for adhering to accounting procedures and correct interpretation of allocation rules have been reiterated to all accounting units and that action against staff responsible for misclassification is also being regularly taken. 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

formation should also be sensitized to this problem and officials made accountable for lapses of such recurring nature. The Committee would await follow-up action by the Ministry of Railways in the matter.

[S.No. 6 Para No. 57 of 54th Report of Public Accounts Committee (14th Lok Sabha)]

Action Taken by the Ministry of Railways (Railway Board)

Recommendation of the Public Accounts Committee regarding misclassification of expenditure have been noted. Detailed instructions already exist for correct allocation of expenditure and also for close and concurrent review at all levels. Suitable levels have been prescribed at which transactions are required to be approved before adjustments based on the monetary value thereof. Therefore the cases which arise as a result of lack of care, are viewed seriously and responsible officials are taken up for these lapses. As a result, overall No. cases of misclassification has decreased during 2005-06.

Every effort is being made to avoid the misclassification through concurrent reviews and progressive computerization of accounting activities.

Further the cases of misclassification have been reviewed and the Zonal Railways have further been instructed to scrupulously follow the existing guidelines to preclude instances of misclassifications in future. It is expected that the steps taken will show improvement in forthcoming years.

This has been seen and vetted by Audit *vide* their U.O. No. No. 71-RA-III/2-1/ 2007 dated 18th March, 2008.

Sd/-
(Smt. P. Babbar)
Adviser (AR)
Railway Board

[Ministry of Railways O.M.No.2007-BC-PAC/XIV/54 dated -10-2008]

Recommendation

Subject to the Observations made in the preceding Paragraphs, the Committee recommend that the expenditure referred to in Para 13 of this Report be regularised in the manner prescribed in article 115(1)(b) of the Constitution of India.

[S.No. 9, Appendix V, Paragraph 60 of Fifty-Fourth Report of PAC
(Fourteenth Lok Sabha)]

Action Taken by the Ministry of Finance (Department of Economic Affairs)

As recommended by the Public Accounts Committee, the Demands for Excess Grants for Expenditure of the Central Government (Excluding Railways) relating to 2005-06 were submitted to Parliament in the Winter Session, 2007. The Parliament

has passed the Excess Demands for Grants. Necessary Appropriation Bill for regularizing the money drawn in excess of the amounts authorized by the Parliament for the year 2005-06 has also been passed and the corresponding Act published in the Gazette of India (Extraordinary) Part II, Section I dated 13th December, 2007 as Act No. 47 of 2007, after obtaining assent of the President. In view of this, the excess amount drawn in 2005-06 stands regularized. Action taken in this regard is, therefore, completed.

This Note has been vetted by Audit *vide* their U.O. No. RR/1-50/07-08/3652 dated 23rd January, 2008.

Sd/-

(L.M. VAS)

Joint Secretary (Budget)

Ministry of Finance, Department of Economic Affairs
(Budget Division), New Delhi-110 001.



2005-2006 के संबंध में
केन्द्रीय सरकार के व्यय के लिए अतिरिक्त अनुदानों की मांगें
(रेलवे को छोड़कर)

DEMANDS FOR EXCESS GRANTS
for

EXPENDITURE OF THE CENTRAL GOVERNMENT
(Excluding Railways)

RELATING TO

2005-2006

संविधान के अनुच्छेद 115 के खण्ड (1) (ख) के अनुसरण में लोक सभा में प्रस्तुत
Presented to the Lok Sabha in pursuance of clause (1) (b) of Article 115 of the
Constitution

[राष्ट्रपति की सिफारिश, जो मांगों को प्रस्तुत करने के लिए संविधान के अनुच्छेद 115
के खण्ड (1) (ख) और (2) के साथ पठित अनुच्छेद 113 के खण्ड (3) के
अधीन आवश्यक है, प्राप्त कर ली गई है]

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

नवम्बर/November, 2007

परिचायक टिप्पणियां

इस खंड में निहित अनुदानों की अतिरिक्त मांगे कतिपय मांगों/विनियोगों के तहत जिनमें संसद द्वारा उस वर्ष के लिए अनुमोदित धनराशि से अधिक व्यय हुआ, वर्ष 2005-06 के दौरान वास्तविक व्यय को दर्शाती है।

2. वर्ष 2005-06 में 100 अनुदानों और 5 विनियोगों में से 9 अनुदानों और 2 विनियोगों के तहत जिनके लिए कुल 97,205.18 करोड़ रुपए की राशि प्रदान की गई थी, अधिक व्यय हुआ। इनमें से राजस्व भाग के तहत 3,675.67 करोड़ रुपए और पूंजी भाग के तहत 93,529.51 करोड़ रुपए का अधिक व्यय हुआ।

3. संबंधित मांगों/विनियोगों के अधिक व्यय के कारणों का ब्यौरा इस पुस्तिका में निहित अधिक व्यय के लिए मांग विवरणियों में दिया गया है।

4. उपर्युक्त अधिक व्यय की सरकारी लेखा समिति द्वारा जांच की गई है जिन्होंने अपनी चौवनवीं रिपोर्ट (चौदहवीं लोक सभा) के पैरा 13 के साथ पठित पैरा 60 में भारत के संविधान के अनुच्छेद 115(1) (ख) के अधीन इनका विनियमन किए जाने की सिफारिश की है।

INTRODUCTORY NOTES

The Demands for Excess Grants contained in this Volume represent the actual expenditure incurred during 2005-2006 under certain demands/Appropriations which are in excess of the amounts granted by the Parliament for that year.

2. Out of 100 Grants and 5 Appropriations in 2005&2006, the excess expenditure occurred in 9 Grants and 2 Appropriations amounting to a total of Rs. 97,205.18 crore. Out of this, the excess of Rs. 3,675.67 crore occurred under Revenue Section and Rs. 93,529.51 crore under Capital Section.

3. The reasons for excess expenditure in respective demands/appropriations have been explained in the Excess Demand Statements contained in this booklet.

4. The above excess have been scrutinised by the Public Accounts Committee, who *vide* paragraph 60 read with paragraph 13 of their Fifty-Fourth Report (Fourteenth Lok Sabha), have recommended their regularisation under Article 115(1) (B) of the Constitution of India.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

वर्ष 2005-2006 के दौरान संसद द्वारा स्वीकृत अनुदानों/विनियोगों से हुए अतिरिक्त व्यय को दर्शाने वाला विवरण

Statement showing the expenditure incurred in excess of the Grants Voted/
Appropriations made by Parliament during 2005-2006

क्रम अनुदान/विनियोग की सं. संख्या और शीर्षक		Sr. No. & Title of No. Grant/Appropriation		अंतिम अनुदान/ विनियोग Final Grant/ Appropriation रुपए/Rs.	वास्तविक व्यय Actual Expenditure रुपए/Rs.	अतिरिक्त व्यय Excess Expenditure रुपए/Rs.	पृष्ठों का संदर्भ Ref. to Pages
I. राजस्व से पूरा किया गया व्यय		I. EXPENDITURE FROM REVENUE					
8 उर्वरक विभाग	स्वीकृत	8 Department of Fertilisers	Voted	19248,11,00,000	19415,55,04,796	167,44,04,796	1
11 खान मंत्रालय	भारित	11 Ministry of Mines	Charged	10,00,000	11,53,227	1,53,227	2
14 डाक विभाग	स्वीकृत	14 Department of Posts	Voted	6331,46,00,000	6429,10,56,000	97,64,56,000	3
23 रक्षा सेवा-सेना	भारित	23 Defence Services-Army	Charged	14,33,00,000	16,41,43,112	2,08,34,112	4
25 रक्षा सेवा — वायु सेना	स्वीकृत	25 Defence Services-Air Force	Voted	9349,08,00,000	9391,83,63,997	42,75,63,997	5
33 करेंसी, सिक्का निर्माण और स्टैम्प	भारित	33 Currency, Coinage and Stamps	Charged	55,00,000	2,40,26,011	1,85,26,011	6
35 व्याज भुगतान	भारित	35 Interest Payments	Charged	138031,86,00,000	141374,88,27,172	3343,02,27,172	7
61 श्रम तथा रोजगार मंत्रालय	स्वीकृत	61 Ministry of Labour and Employment	Voted	1383,94,00,000	1401,20,98,810	17,26,98,810	9
99 लक्षद्वीप	स्वीकृत	99 Lakshadweep	Voted	234,09,00,000	237,67,58,028	3,58,58,028	11
जोड़-राजस्व से पूरा किया गया व्यय		Total-Expenditure met from Revenue		174593,52,00,000	178269,19,22,153	3675,67,22,153	
	भारित		Charged	138046,84,00,000	141393,81,40,522	3346,97,40,522	
	स्वीकृत		Voted	36546,68,00,000	36875,37,81,631	328,69,81,631	
II. पूंजी से पूरा किया गया व्यय		II. EXPENDITURE MET FROM CAPITAL					
38 ऋण का पुनर्भुगतान	भारित	38 Repayment of Debt	Charged	1021680,84,00,000	1115210,06,42,221	93529,22,42,221	8
96 चंडीगढ़	स्वीकृत	96 Chandigarh	Voted	151,83,00,000	152,11,34,562	28,34,562	10
जोड़-पूंजी से पूरा किया गया व्यय		Total-Expenditure met from Capital		1021832,67,00,000	1115362,17,76,783	93529,50,76,783	
	भारित		Charged	1021680,84,00,000	1115210,06,42,221	93529,22,42,221	8
	स्वीकृत		Voted	15,83,00,000	152,11,34,562	28,34,562	10
कुल जोड़		GRAND TOTAL		1196426,19,00,000	1293361,36,98,936	97205,17,98,936	
	भारित		Charged	1159727,68,00,000	1256603,87,82,743	96876,19,82,743	
	स्वीकृत		Voted	36698,51,00,000	37027,49,16,193	328,98,16,193	

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

मांग संख्या DEMAND NO. 8

उर्वरक विभाग

DEPARTMENT OF FERTILISERS

रसायन एवं उर्वरक मंत्रालय के अधीन उर्वरक विभाग के संबंध में 31 मार्च, 2006 को समाप्त हुए वर्ष के लिए अनुदानों से अधिक व्यय की गई धनराशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006, in respect of the **DEPARTMENT OF FERTILISERS under MINISTRY OF CHEMICALS AND FERTILISERS.**

स्वीकृत: एक सौ सड़सठ करोड़ चौवालीस लाख चार हजार सात सौ छियानवे रुपए।

Voted: One hundred sixty-seven crore forty-four lakh four thousand seven hundred ninety six rupees.

भाग Section	अन्तिम अनुदान Final Grant रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
राजस्व Revenue			
स्वीकृत Voted:	19248,11,00,000	19415,55,04,796	167,44,04,796

17048,11,00,000 रुपए की मूल अनुदान राशि को दिसम्बर, 2005 में 1000,00,00,000 रुपए और मार्च, 2006 में 1200,00,00,000 रुपए का पूरक अनुदान प्राप्त करके बढ़ा दिया गया। 19248,11,00,000 रुपए के अन्तिम अनुदान की तुलना में वास्तविक खर्च 19415,55,04,706 रुपए था जिसके परिणामस्वरूप 167,44,04,796 रुपए का अधिक खर्च किया गया जिसे विनियमित किए जाने की आवश्यकता है। यह अधिक व्यय पिछले वर्ष में गलत लेखा समायोजनों की वजह से हुआ जिसमें चालू वित्तीय वर्ष में सुधार किया गया।

The original grant of Rs. 17048,11,00,000 was augmented by a supplementary grant of Rs. 1000,00,00,000 obtained in Dcember, 2005 and Rs. 1200,00,00,000 obtained in March, 2006. Against the final grant of Rs. 19248,11,00,000, the actual expenditure was Rs. 19415,55,04,796, resulting in an excess expenditure of Rs. 167,44,04,796 which requires regularisation. The excess is due to erroneous accounting adjustments in the previous year which was corrected in the current financial year.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

मांग संख्या DEMAND NO. 11

खान मंत्रालय

MINISTRY OF MINES

खान मंत्रालय के अधीन खान मंत्रालय के संबंध में 31 मार्च, 2006 को समाप्त हुए वर्ष के लिए अनुदानों से अधिक व्यय की गई धनराशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006, in respect of the **MINISTRY OF MINES** under **MINISTRY OF MINES**.

भारित: एक लाख तिरपन हजार दो सौ सत्ताइस रुपए।

Charged: One lakh fifty-three thousand two hundred twenty seven rupees.

भाग Section	अन्तिम अनुदान Final Grant रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
राजस्व Revenue			
भारित Charged:	10,00,000	11,53,227	1,53,227

10,00,000 रुपए के मूल और अन्तिम अनुदान की तुलना में वास्तविक व्यय 11,53,227 रुपए था जिसके परिणामस्वरूप 1,53,227 रुपए का अधिक व्यय हुआ जिसे विनियमित किए जाने की आवश्यकता है। यह अधिक व्यय न्यायालयों द्वारा वित्तीय वर्ष के अन्त में लिए गए निर्णयों के कारण हुआ।

Against the original and final grant of Rs. 10,00,000 the actual expenditure was Rs. 11,53,227 resulting in an excess expenditure of Rs. 1,53,227 which requires regularisation. The excess expenditure was incurred due to court decrees which had arisen at the end of the financial year.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

मांग संख्या DEMAND NO. 14

डाक विभाग

DEPARTMENT OF POSTS

संचार एवं सूचना प्रौद्योगिकी मंत्रालय के अधीन डाक विभाग के संबंध में 31 मार्च, 2006 को समाप्त हुए वर्ष के लिए अनुदानों से अधिक व्यय की गई धनराशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006, in respect of the **DEPARTMENT OF POSTS** under **MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY**.

स्वीकृत: सत्तानवें करोड़ चौंसठ लाख छप्पन हजार रुपए।

Voted: Ninety-seven crore sixty-four lakh fifty six thousand rupees.

भाग Section	अन्तिम अनुदान Final Grant रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
राजस्व Revenue			
स्वीकृत Voted:	6331,46,00,000	6429,10,56,000	97,64,56,000

6279,84,00,000 रुपए की मूल अनुदान राशि को मार्च, 2006 में 51,62,00,000 रुपए का पूरक अनुदान प्राप्त करके बढ़ा दिया गया। 6331,46,00,000 रुपए के अन्तिम अनुदान की तुलना में वास्तविक व्यय 6429,10,56,000 रुपए था जिसके परिणामस्वरूप 97,64,56,00 रुपए का अधिक व्यय हुआ जिसे विनियमित किए जाने की आवश्यकता है। यह अधिक व्यय प्रत्याशा से अधिक सेवानिवृत्तियों और अधिक दावों के निपटान, अधिक पंचायत संचार केन्द्र खोलने, ग्रामीण डाक सेवा के समयबद्ध अनवरत भत्ते में 5 प्रतिशत वृद्धि और वेतन यात्रा खर्चों आदि के अन्तर्गत अधिक व्यय हाने के कारण हुआ।

The original grant of Rs. 6279,8400,000 was augmented by supplementary grant of Rs. 52,62,00,000 obtained in March, 2006. Against the final grant of Rs. 6331,46,00,000 the actual expenditure was Rs. 6429,10,56,000 resulting in an excess expenditure of Rs. 97,64,56,000 which requires regularisation. The excess expenditure was incurred due to settlement of more claims and more retirements than anticipated, opening of more Panchayat Sanchar Sewa Kendras, 5% increase in Time Related Continuity Allowance for Gramin Dak Sewak and excess expenditure under Wages, Travelling Expenses etc.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

मांग संख्या DEMAND NO. 23

रक्षा सेवा-सेना

DEFENCE SERVICES-ARMY

रक्षा मंत्रालय के अधीन रक्षा सेवा-सेना के संबंध में 31 मार्च, 2006 को समाप्त हुए वर्ष के लिए अनुदानों से अधिक व्यय की गई धनराशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006, in respect of the **DEFENCE SERVICES-ARMY** under **MINISTRY OF DEFENCE**.

भारित: दो करोड़ आठ लाख चौतीस हजार एक सौ बारह रुपये।

Charged: Two crore eight lakh thirty-four thousand one hundred twelve rupees.

भाग Section	अन्तिम अनुदान Final Grant रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
राजस्व Revenue			
भारित Charged:	14,3311,00,000	16,41,34,112	2,08,34,112

14,33,00,000 रुपये के मूल और अन्तिम भुगतान राशि की तुलना में वास्तविक व्यय 16,41,34,112 रुपये था जिसके परिणामस्वरूप 2,08,34,112 रुपये का अधिक व्यय हुआ जिसे विनियमित किए जाने की आवश्यकता है। यह अधिक व्यय प्रत्याशा से अधिक संख्या में अदालती मामलों का निपटान करने के कारण हुआ।

Against the original and final grant of Rs. 14,33,00,000 the actual expenditure was Rs. 16,41,34,112 resulting in an excess Expenditure of Rs. 2,08,34,112 which requires regularisation. The excess expenditure was incurred due to finalisation of higher number of court cases than anticipated.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

मांग संख्या DEMAND NO. 25

रक्षा सेवा-वायु सेना

DEFENCE SERVICE-AIR FORCE

रक्षा मंत्रालय के अधीन रक्षा सेवा-वायु सेना के संबंध में 31 मार्च, 2006 को समाप्त हुए वर्ष के लिए अनुदान से अधिक खर्च की गई धनराशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006 in respect of the **DEFENCE SERVICES—AIR FORCE** under **MINISTRY OF DEFENCE**.

स्वीकृत: बयालीस करोड़ पच्चतर लाख तिरसठ हजार नौ सौ सतानवें रुपए।

Voted: Forty-two crore seventy-five lakh sixty-three thousand nine hundred ninety seven rupees.

भाग Section	अन्तिम अनुदान Final Grant रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
राजस्व Revenue			
स्वीकृत Voted:	9349,08,00,000	9391,83,63,997	42,75,63,997

9191,48,00,000 रुपए की मूल अनुदान राशि को दिसम्बर, 2005 में 1,00,000 रुपए और मार्च, 2006 में 157,59,00,000 रुपए का पूरक अनुदान प्राप्त करके बढ़ाया गया। 9349,08,00,000 रुपए के अन्तिम अनुदान की तुलना में 9391,83,63,997 रुपए का वास्तविक व्यय हुआ जिसके परिणामस्वरूप 42,75,63,997 रुपए का अधिक व्यय हुआ जिसे विनियमित किए जाने की आवश्यकता है। यह अधिक व्यय वर्ष के अन्त में भारी मात्रा में व्यय किए जाने और संविदागत प्रतिबद्धता को अन्तिम रूप देने/भुगतान करने के कारण हुआ।

The original grant of Rs. 9191,48,00,000 was augmented by a supplementary grant of Rs. 1,00,000 obtained in December, 2005 and Rs. 157, 59,00,000 obtained in March, 2006. Against the final grant of Rs. 9349,08,00,000 the actual expenditure was Rs. 9391,83,63,997 resulting in an excess expenditure of Rs. 42,75,63,997 which requires regularisation. The excess expenditure was incurred due to heavy rush of expenditure and finalisation/ payment of contractual commitment towards the end of the year.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

मांग संख्या DEMAND NO. 33

मुद्रा, सिक्का और स्टैम्प

CURRENCY, COINAGE AND STAMPS

वित्त मंत्रालय के अधीन मुद्रा, सिक्का और स्टैम्प के संदर्भ में 31 मार्च, 2006 को समाप्त वर्ष के लिए अनुदान से अधिक व्यय की गई राशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006 in respect of the **CURRENCY, COINAGE AND STAMPS** under **MINISTRY OF FINANCE**.

भारत: एक करोड़ पचासी लाख छब्बीस हजार और ग्यारह रुपये।

Charged: One crore eighty-five lakh twenty-six thousand and eleven rupees.

भाग Section	अन्तिम अनुदान Final Grant रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
राजस्व Revenue			
भारत Charged:	55,00,000	2,40,26,011	1,85,26,011

55,00,000 रुपए की मूल और अन्तिम अनुदान राशि की तुलना में वास्तविक व्यय 2,40,26,011 रुपये हुआ जिसके फलस्वरूप 1,85,26,011 रुपये अतिरिक्त व्यय हुए जिसे विनियमित किए जाने की जरूरत है। यह अधिक व्यय न्यायालय के आदेश की अनुपालना में एक निर्धारित समय के अंदर अपेक्षित भुगतान करने के कारण हुआ।

Against the original and final grant of Rs. 55,00,000 the actual expenditure was Rs. 2,40,26,011 resulting in an excess expenditure of Rs. 1,85,26,011 which requires regularisation. The excess expenditure was incurred due to payment required to be made within the stipulated time, in compliance of court order.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

संख्या No. 35 (विनियोग) (APPROPRIATION)

ब्याज भुगतान

INTEREST PAYMENTS

वित्त मंत्रालय के अंतर्गत ब्याज भुगतान के संबंध में 31 मार्च, 2006 को समाप्त हुए वर्ष के लिए विनियोग से अधिक व्यय की गई राशि।

Amount expended in excess of the Appropriation for the year ended 31st March, 2006, in respect of the Appropriation — **INTEREST PAYMENTS** under the **MINISTRY OF FINANCE**.

भारित: तीन हजार तीन सौ तैतालीस करोड़ दो लाख सत्ताईस हजार एक सौ बहत्तर रुपये।

Charged: Three thousand three hundred forty three crore two lakh twenty-seven thousand one hundred and seventy two rupees.

भाग Section	अन्तिम विनियोग Final Appropriation रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
राजस्व Revenue			
भारित Charged:	138031,86,00,000	141374,88,27,172	334,02,27,172

137444,86,00,000 रुपये की मूल विनियोग की राशि को मार्च, 2006 में 587,00,00,000 रुपये का पूरक विनियोग प्राप्त कर बढ़ाया गया। 138031,86,00,000 रुपये के अन्तिम विनियोग की तुलना में 141374,88,27,172 रुपये का वास्तविक व्यय हुआ जिसके फलस्वरूप 334,02,27,172 रुपये का अतिरिक्त व्यय हुआ जिसे विनियमित किए जाने की जरूरत है। यह अधिक व्यय मार्च के महीने में विपणन योग्य दिनांकित प्रतिभूतियों के पुनर्निगम के कारण ब्याज राशि में बढ़ोतरी तथा उस पर देय कटौती 91 और 364 दिन के राजकोषीय बिलों पर गैर-प्रतिस्पर्धी बोलियों में वृद्धि होने और 182 दिन के राजकोषीय बिलों का और निर्गम तथा लाभ को सुनिश्चित करने में कटौती में वृद्धि करने के 14 दिवसीय राजकोषीय बिलों में राज्य सरकारों द्वारा अतिरिक्त निवेश करने के कारण ब्याज का भुगतान करने; वर्ष 2004-05 से 2005-06 तक की अवधि में विमोचन अनुसूची में परिवर्तन होने के कारण, वर्ष 1999-2000 से छोटी बचतों के सकल संग्रहण के लिए जारी भारत

The original appropriation of Rs. 137444,86,00,000 was augmented by a supplementary appropriation of Rs. 587,00,00,000 obtained in March, 2006. Against the final appropriation of Rs.138031,86,00,000 the actual expenditure was Rs. 141374,88,27,172 resulting in expenditure of Rs. 334,02,27,172 which requires regularisation. The excess expenditure was incurred due to increase in interest amount owing to re-issue of marketable dated securities in the month of March and discount allowed thereon; payment of discount due to increase in non-competitive bids on 91 and 364 Days Treasury Bills, more issue of 182 days Treasury bills as well as increase in discount on account of firming up of yields; payment of interest due to more investment by State Governments in 14 Days Treasury bills; payment of more interest on Special Government of India securities, issued against net collections of small savings from 1999-2000, due to

सरकार की विशेष प्रतिभूतियों पर अतिरिक्त ब्याज का भुगतान करने; बाजार स्थिरीकरण योजना के अंतर्गत गैर-प्रतिस्पर्धी बोलियों में उच्चतर निवेश पर ब्याज का भुगतान करने; मुआवजा और अन्य बांडों पर तथा पहले से परिपक्व बांडों की पिछली जमा भुगतानों पर भी ब्याज का भुगतान करने; अंतर्राष्ट्रीय पुनर्निर्माण और विकास बैंक (आईबी-आरडी) ऋणों में से अतिरिक्त निकासी पर ब्याज का और लिबोर आधारित ब्याज दर में हुई वृद्धि का भुगतान करने, सामान और भारी उपकरण खरीदने पर भुगतान करने के लिए “यूएसएस-आर सरकार से ऋण” के अंतर्गत उच्चतर निधियों की निकासी करने के फलस्वरूप अतिरिक्त ब्याज का भुगतान करने; एशियाई विकास बैंक लिबोर आधारित ऋणों पर परिवर्तनशील ब्याज दरों में वृद्धि का भुगतान करने; सामान्य भविष्य निधि, राज्य रेल भविष्य निधि, डाक बीमा और जीवन वार्षिकी कोष में उच्चतर जमाओं पर ब्याज का भुगतान; रेल अवमूल्यन आरक्षित कोष, रेल विकास कोष और रेल पेंशन निधि में उच्चतर वृद्धि पर अदा किया गया ब्याज का भुगतान; रेल पूंजी आरक्षित निधि, जो वर्ष 2002-03 से 2005-06 तक निष्क्रिय थी, इसको पुनर्जीवित करने पर ब्याज का भुगतान करने; राष्ट्रीय सुरक्षा कोष और कर्मचारी निक्षेपण सम्बद्ध बीमा योजना पर अतिरिक्त ब्याज का भुगतान करने; प्रशासित मूल्य तंत्र (एपीएम) को विघटित करने के कारण तेल कंपनियों को 5,762.85 करोड़ रुपये की राशि जुटाने के लिए 7% तेल कंपनियों के 2012 भारत सरकार विशेष बांडों पर ब्याज का भुगतान करने और रुपये की विनिमय दर में परिवर्तन होने और उच्चतर एसडीआर ब्याज/-शुल्क दर पर अंतर्राष्ट्रीय मुद्रा कोष को शुल्क का भुगतान करने के कारण अतिरिक्त व्यय हुआ।

उपरोक्त वर्णित अतिरिक्त व्यय विनियोग के विभिन्न उप-शीर्षों के अंतर्गत 4196,85,32 हजार रुपये के कुल अतिरिक्त और 853,83,05 हजार रुपये की कुल बचत का निवल परिणाम थी।

change in redemption schedule from the year 2004-05 to 2005-06; payment of interest on higher investment in non-competitive bids under Market Stabilisation Scheme; payment of interest on Compensation and other Bonds and also spill over payments of bonds already matured; payment of interest on more withdrawals in International Bank for Reconstruction and Development (IBRD) loans as well as increase in LIBOR based interest rate, higher withdrawal of funds under 'Loans from the Government of U.S.S.R.' for payments against purchase of materials and heavy equipments which resulted in more interest payment; increase in variable interest rate on Asian Development Bank LIBOR based loans; payment of interest on higher deposits in General Provident Fund, State Railway Provident Fund, Postal Insurance and Life Annuity Fund; interest paid on higher accretion in Railway Depreciation Reserve Fund, Railway Development Fund and Railway Pension Fund; payment of interest on Railway Capital Reserve Fund, which remained inoperative from 2002-03 to 2005-06, on its revival; payment of more interest on national Defence Fund and Employees Deposit Linked Insurance Scheme; payment of interest on 7% Oil Companies Government of India Special Bonds, 2012 amounting to Rs. 5,762.85 crore to Oil companies due to dismantling of Administered Price Mechanism (APM) and payment of charges to International Monetary Fund at higher SDRs rate of interest/charge as well as variation in the rupee exchange rate.

The above mentioned excess expenditure was the net result of total excess of Rs. 4196,85,32 thousand and total savings of Rs. 853,83,05 thousand under various sub-heads of the Appropriation.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

संख्या No. 38 (विनियोग) (APPROPRIATION)

ऋण का पुनर्भुगतान
REPAYMENT OF DEBT

वित्त मंत्रालय के अंतर्गत ऋण के पुनर्भुगतान के संबंध में 31 मार्च, 2006 को समाप्त हुए वर्ष के लिए अनुदान से अधिक व्यय की गई राशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006, in respect of the Appropriation - **REPAYMENT OF DEBT** under the **MINISTRY OF FINANCE**

भारित: तिरानबे हजार पांच सौ उनतीस करोड़ बाईस लाख बयालीस हजार दो सौ इक्कीस रुपये।
Charged: Ninety-three thousand five hundred twenty-nine crore twenty two lakh forty-two thousand two hundred twenty-one rupees.

भाग Section	अन्तिम विनियोग Final Appropriation	वास्तविक व्यय Actual Expenditure	अतिरिक्त व्यय Excess
	रुपए Rs.	रुपए Rs.	रुपए Rs.
पूंजी Capiatal			
भारित Charged: 1021680,84,00,000		1115210,06,42,221	93529,22,42,221

1021680,84,00,000 रुपये के अन्तिम विनियोग की तुलना में वास्तविक व्यय 1115210,06,42,221 रुपये हुआ जिसके फलस्वरूप 93529,22,42,221 रुपये अतिरिक्त व्यय हुआ जिसको विनियमित किए जाने की आवश्यकता है। यह अतिरिक्त व्यय विनियोग के विभिन्न उप-शीर्षों के अंतर्गत 200605.28 करोड़ रुपये की कुल अतिरिक्त व्यय और 107076.05 करोड़ रुपए की कुल बचत के निवल परिणाम की वजह से हुआ। यह अधिक व्यय मुख्यतः 91 दिवसीय राजकोषीय बिलों और 14- दिवसीय मध्यवर्ती राजकोषीय बिलों के अंतर्गत हुआ। 91 दिवसीय राजकोषीय बिलों के अंतर्गत संशोधित अनुमान और अन्तिम आवश्यकता बजट अनुमान 2005-2006 के 33000.00 करोड़ रुपये की तुलना में 33735.00 करोड़ रुपये थी। तथापि, वास्तविक व्यय 43341.53 करोड़ रुपये हुआ जिसमें 9606.53 करोड़ रुपए का अधिक व्यय हुआ। 91-दिवसीय राजकोषीय बिलों के अंतर्गत

Against the final appropriation of Rs. 1021680,84,00,000, the actual expenditure was Rs. 1115210,06,42,221 resulting in an excess expenditure of Rs. 93529,22,42,221 which requires regularization. This excess expenditure was on account of the net result of total excess of Rs.200605.28 crore and total savings of Rs.107076.05 crore under various sub-heads of the Apropriation. The excess expenditure was mainly under 91 Days Treasury Bills and 14 Days Intermediate Treasury Bills. Under 91 Days Treasury Bills the revised estimates and final requirement were taken as Rs. 33735.00 crore against BE 2005-2006 of Rs. 33000.00 crore. However, the actual expenditure was Rs.43341.53 crore resulting in an excess expenditure of Rs. 9606.53 crore. The excess expenditure under 91 Days Treasury Bills was due to more discharge of treasury Bills than anticipated. Under 14 Days Intermediate

पूर्वानुमान की अपेक्षा राजकोषीय बिलों का अधिक भुगतान करने के कारण अतिरिक्त व्यय हुआ। 14-दिवसीय मध्यवर्ती राजकोषीय बिलों के अंतर्गत संशोधित अनुमान और अन्तिम आवश्यकता में 266000.00 करोड़ रुपये के बजट अनुमान की तुलना में 780029.95 करोड़ रुपये गये। इसलिए 514029.95 करोड़ रुपये की शेष राशि में से [यानी 780029.95 करोड़ रुपये (-) 266000.00 करोड़ रुपये] लघु शीर्ष से 103778.73 करोड़ रुपये पुनर्विनियोग और 410251.62 करोड़ रुपये पूरक के रूप में लिये गये। तथापि 14-दिवसीय मध्यवर्ती राजकोषीय बिलों के अंतर्गत 780029.95 करोड़ रुपये की अन्तिम आवश्यकता की तुलना में 867249.19 करोड़ रुपये का वास्तविक व्यय हुआ जिसके फलस्वरूप अकेले 14-दिवसीय मध्यवर्ती राजकोषीय बिलों के अंतर्गत 87219.21 करोड़ रुपये का अतिरिक्त व्यय हुआ। 14 दिवसीय राजकोषीय बिलों के अंतर्गत अतिरिक्त व्यय अल्पावधि अधिशेष निधियों की उच्चतर उपलब्धता के कारण राज्य सरकारों द्वारा उच्चतर निवेश करने की वजह से हुआ। इस अतिरिक्त व्यय में कोई नकद व्यय शामिल नहीं था क्योंकि इसे उधारों की वापसी अदायगी में से घटाया गया था।

Treasury Bills the revised estimates and final requirement were taken as Rs. 780029.95 crore against Budget Estimates of Rs. 266000.00 crore. As such, out of balance amount of Rs. 514029.95 crore [*i.e.* Rs.780029.95 crore (-) Rs.266000.00 crore], Rs. 103778.33 crore was re-appropriated from the minor head and Rs. 410251.62 crore was taken as supplementary. However, the actual expenditure under 14 Days Intermediate Treasury Bills was Rs. 867249.19 crore against final requirement of Rs. 780029.95 crore, as a result of which an excess expenditure of Rs. 87219.24 crore occurred under 14 Days Intermediate Treasury Bills alone. The excess expenditure under 14 days Treasury Bills was due to higher investment by State Governments on account of higher availability of short term surplus funds. The excess did not involve any cash outgo as it is netted against repayment of borrowings.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

मांग संख्या DEMAND NO. 61

श्रम तथा रोजगार मंत्रालय

MINISTRY OF LABOUR AND EMPLOYMENT

श्रम तथा रोजगार मंत्रालय के अधीन श्रम तथा रोजगार मंत्रालय के संबंध में 31 मार्च, 2006 को समाप्त वर्ष के लिए अनुदान से अधिक व्यय की गई राशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006, in respect of the **MINISTRY OF LABOUR AND EMPLOYMENT** under **MINISTRY OF LABOUR AND EMPLOYMENT**.

स्वीकृत: सत्रह करोड़ छब्बीस लाख अठानवें हजार आठ सौ दस रुपए।

Voted: Seventeen crore Twenty-six lakh ninety-eight thousand eight hundred ten rupees.

भाग Section	अन्तिम अनुदान Final Grant रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
राजस्व Revenue			
स्वीकृत Voted:	1383,94,00,000	1401,20,98,810	17,26,98,810

1311,03,00,000 रुपए के मूल अनुदान को दिसम्बर, 2005 में 50,01,00,000 रुपए, और मार्च, 2006 में 22,90,00,000 रुपए का पूरक अनुदान प्राप्त कर बढ़ाया गया। 1383,94,00,000 रुपए के अंतिम अनुदान की तुलना में वास्तविक व्यय 1401,20,98,810 रुपए का अधिक व्यय हुआ जिस के फलस्वरूप 17,26,98,810 रुपए का अधिक व्यय हुआ जिसे विनियमित किए जाने की आवश्यकता है। अधिक व्यय अनुदान के विभिन्न उप-शीर्षों के अंतर्गत 82,14,16 हजार रुपए के कुल अधिक व्यय तथा 64,87,18 हजार रुपए के कुल बचत का निवल परिणाम था। यह अधिक व्यय मुख्यतः बीड़ी विनिर्माण पर दरों के संशोधन के कारण अपेक्षाकृत अधिक उपकर संग्रहण की वजह से प्रावधान में बढ़ोतरी के कारण हुआ।

The original grant of Rs. 1311,03,00,000 was augmented by supplementary grant of Rs. 50,01,00,000 obtained in December, 2005 and Rs. 22,90,00,000 obtained in March, 2006. Against the final grant of Rs. 1383,94,00,000, the actual expenditure was Rs. 1401,20,98,810 resulting in an excess expenditure of Rs. 17,26,98,810 which requires regularisation. The excess expenditure was incurred due to the net effect of total excess of Rs. 82,14,16 thousand and total savings of Rs. 64,87,18 thousand under various sub-heads of the Grants. The excess expenditure is primarily due to enhancement of provision owing to more collection of cess on account of revision of rates on manufacture of beedi.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

मांग संख्या DEMAND NO. 96

चंडीगढ़

CHANDIGARH

गृह मंत्रालय के अधीन चंडीगढ़ के संबंध में 31 मार्च, 2006 को समाप्त हुए वर्ष के लिए अनुदानों से अधिक व्यय की गई राशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006, in respect of the **CHANDIGARH** under **MINISTRY OF HOME AFFAIRS.**

स्वीकृत: अट्ठाईस लाख चौतीस हजार पांच सौ बासठ रुपए।

Voted: Twenty-eight lakh thirty-four thousand five hundred sixty two rupees.

भाग Section	अन्तिम अनुदान Final Grant रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
पूंजी Capital			
स्वीकृत Voted:	151,83,00,000	152,11,34,562	28,34,562

134,49,00,000 रुपए की मूल अनुदान राशि को मार्च, 2006 में 17,34,00,000 रुपए के पूरक अनुदान प्राप्त करके बढ़ा दिया गया। 151,83,00,000 रुपए के अंतिम अनुदान की तुलना में वास्तविक व्यय 152,11,34,562 रुपए हुआ जिसके परिणामस्वरूप 28,34,562 हजार अतिरिक्त व्यय हुआ जिसे विनियमित किए जाने की आवश्यकता है। यह अधिक व्यय मुख्यतः चालू निर्माण कार्यों को पूरा करने/उन्नयन/नवीकरण, भूमि अधिग्रहण, इलेक्ट्रॉनिक मीटरों की खरीद आदि के कारण हुआ था।

The original grant of Rs. 134,49,00,000 was augmented by supplementary grant of Rs. 17,34,00,000 obtained in March, 2006. Against the final grant of Rs. 151,83,00,000 the actual expenditure was Rs. 152,11,34,562 resulting in an excess expenditure of Rs. 28,34,562 which requires regularisation. The excess expenditure was incurred mainly due to completion/upgradation/renovation of ongoing construction works, acquisition of land, purchase of electronic meters, etc.

अतिरिक्त अनुदानों की मांगें, 2005-2006 DEMANDS FOR EXCESS GRANTS

मांग संख्या DEMAND NO. 99

लक्षद्वीप

LAKSHADWEEP

गृह मंत्रालय के अधीन लक्षद्वीप के संबंध में 31 मार्च, 2006 को समाप्त हुए वर्ष के लिए अनुदानों से अधिक व्यय की गई राशि।

Amount expended in excess of the Grant for the year ended 31st March, 2006, in respect of the **LAKSHADWEEP** under **MINISTRY OF HOME AFFAIRS**.

स्वीकृत: तीन करोड़ अठान्न लाख अठान्न हजार अठईस रुपए।

Voted: Three crore fifty-eight lakh fifty-eight thousand and twenty eight rupees.

भाग Section	अन्तिम अनुदान Final Grant रुपए Rs.	वास्तविक व्यय Actual Expenditure रुपए Rs.	अतिरिक्त व्यय Excess रुपए Rs.
राजस्व Revenue			
स्वीकृत Voted:	234,09,00,000	237,67,58,028	3,58,58,028

220,60,00,000 रुपए के मूल अनुदान राशि को अगस्त, 2005 में 1,27,000,000 रुपए, तथा मार्च, 2006 में 12,22,00,000 रुपए का पूरक अनुदान प्राप्त कर बढ़ा दिया गया। 234,09,00,000 रुपए के अंतिम अनुदान की तुलना में वास्तविक व्यय 237,67,58,028 रुपए था जिसके परिणामस्वरूप 3,58,58,028 रुपये का अधिक व्यय हुआ जिसे विनियमित किए जाने की आवश्यकता है। यह अधिक व्यय मुख्यतः तेल अधिप्राप्ति, लक्षद्वीप बन्दरगाह निर्माण कार्यों के तहत विभिन्न योजनाओं के कार्यान्वयन, कावरती, एन्ड्रोथ और काडमत में तीन कालीकट विश्वविद्यालय अध्ययन केन्द्रों का स्थापना व्यय, नारियल जट विकास के लिए विभिन्न वस्तुओं की अधिप्राप्ति आदि के कारण हुआ।

The original grant of Rs. 220,60,00,000 was augmented by supplementary grant of Rs. 1,27,00,000 obtained in August, 2005 and Rs. 12,22,00,000 obtained in March, 2006. Against the final grant of Rs. 234,09,00,000, the actual expenditure was Rs. 237,67,58,028 resulting in an excess expenditure of Rs. 3,58,58,028 which requires regularisation. The excess expenditure was incurred mainly due to procurement of oil, implementation of various schemes undertaken through Lakshadweep Harbour Works, establishment expenditure of three Calicut University Study Centres at Kavaratti, Androth and Kadmat, procurement of various articles for Coir Development, etc.

Action Taken by the Ministry of Railways (Railway Board)

The excess for the year 2005-06 will be got regularized in the forthcoming Budget Session of the Parliament.

This has been seen and vetted by Audit *vide* their U.O.No.71-RA-III/2-1/2007 dated 18th March, 2008.

Sd/-
(Smt. P. Babbar)
Adviser (AR)
Railway Board

[Ministry of Railways O.M. No. 2007-BC-PAC/XIV/54 dated 00-10-2008]

CHAPTER III

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

Recommendation

Considering the fact that the Committee have been asking the Government to take steps to minimize the excess expenditure year after year, they would like to be apprised about the corrective measures taken alongwith the specific results achieved during the last ten years as a follow up of PAC's recommendations in the matter. Non-implementation of recommendations, if any, should also be clearly indicated in the Action Taken Notes required to be furnished to the Committee.

[Sl. No.8 Appendix V Para No. 59 of 54th Report of PAC (14th Lok Sabha)]

Action Taken by the Ministry of Finance (Department of Expenditure)

On perusal of the last ten years data, it has been observed that the excess over Voted Grant/Charged Appropriation has occurred in respect of the Appropriation 'Interest Payments; and Repayment of Debt' during the years 2001-02, 02-03, 03-04, 04-05, and 05-06. Since estimates of Repayment of Debt and Interest Payments are framed on the basis of inputs furnished by RBI, the Debt Manager of the Government of India, and given the nature of these items of charged expenditure where non-payment of claimant in the absence of budgetary provision would amount to sovereign default, every effort is made to ensure that estimations are realistically projected and expenditure is contained within the sanctioned estimates. With a view to achieving better estimation/monitoring of expenditure in a way that budgetary allocations are not exceeded without obtaining additional provision by way of supplementary demands or re-appropriation as the case may be the estimating authorities are advised from time to time to have concurrent internal checks over discharge/interest payments and reconciliation of accounts with CCA(Finance) to minimize/avoid under/over provisioning.

The excess expenditure under the Appropriation 'Repayment of Debt' was primarily on account of the greater investments in the 14-day Intermediate Treasury Bills (ITBs) by the State Governments due to higher availability to short-term cash surpluses. As this is a mandated facility for parking of surplus cash balances of State Governments and the Central Government has no option but to accept such investments through issue of ITBs.

Notwithstanding the fact that estimates of expenditure in respect of repayment of 14 days Intermediate Treasury Bills are difficult to project with a high degree of

accuracy, the Working Group set up to recommend measures for improving the quality of estimation, made a focused attempt to address the problem relating to the estimation of expenditure on intermediate and auction Treasury Bills and after a thorough study of the behavioural aspects of investment in Treasury Bills and Rediscounting of the same by the State Governments, drew up models to make the estimation process more robust and near as possible to the actual, and implemented the same for providing revised estimates for 2007-08 and BE 2008-09.

The other measures being implemented to improve quality of estimation under these Appropriations, based on recommendations of the Working Group include developing web-based connectivity between RBI, Budget Division and CCA (Finance), Ministry of Finance, and dynamic updation of the estimates during the year so as to seek supplementary demands for grants when required. The estimates for the year 2007-08 were worked out in respect of Appropriation 'Repayment of Debt' or 'Interest Payments' on the basis of Working Group recommendations and no excess has been reflected in these Appropriations in 2007-08 as per Provisional Accounts.

Government has taken number of steps to minimize the excess expenditure year after year. Monitoring of expenditure is done regularly by Ministry of Finance and other Ministries on the monthly basis. Ministry of Finance by their various circulars have been exhorting Ministries/Departments to contain the excess expenditure from time to time. The Budget Division under Ministry of Finance also monitors expenditure on a monthly basis in respect of about 21 Ministries for cash and expenditure management purposes. The Cash Management System seeks even phasing of approved expenditure and budgeting of cash flows with a view to enable assessment of cash flow requirements of the Central Government and reduce rush of expenditure during the last quarter especially the last month of the financial year. List of 21 Ministries and relevant OM No. 21(1)-PD/2005 dated December 27, 2006 and list of 23 Demands for Grants (Annexure-I) are attached.

The recommendation made by PAC in matters of expenditure control is immediately brought to the notice of concerned Ministries/Departments for taking corrective measures. As a result of all the above measures there is progressive reduction in the expenditure from year 2005-06 to 2007-08, which indicate that substantial improvement has been noticed in respect of excess expenditure. For Civil Ministries the number of grants where expenditure had exceeded the sanctioned budget reduced from 8 in year 2005-06 to 4 in 2006-07.

Apart from this, the Department of Fertilizers, Posts, Defence, Home Affairs, Mines and Labour & Employment have sent separate replies to this para in respect of their Ministries.

This has been vetted by Audit *vide* their U.O.No. DGACR-RR/1-18/2008-09/2157 dated 14.11.2008.

Sd/-
JS & /FA

Sl. No.	Demand No.	Name of Demand (Ministry/Department)
1.	1	Department of Agriculture and Cooperation
2.	2	Department of Agricultural Research and Education
3.	10	Department of Commerce
4.	13	Department of Telecommunications
5.	16	Department of Food and Public Distribution
6.	31	Department of Economic Affairs
7.	33	Department of Financial Services
8.	40	Indian Audit and Accounts Department
9.	41	Department of Revenue
10.	42	Direct Taxes
11.	43	Indirect Taxes
12.	46	Department of Health and Family Welfare
13.	57	Department of School Education and Literacy
14.	58	Department of Higher Education
15.	69	Ministry of Panchayati Raj
16.	72	Ministry of Petroleum and Natural Gas
17.	74	Ministry of Power
18.	80	Department of Rural Development
19.	92	Ministry of Textiles
20.	100	Department of Urban Development
21.	104.	Ministry of Women & Child Development

F. No. 21(1)-PD/2005
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

Room No. 168A, North Block,
New Delhi dated December 27, 2006

SUBJECT:—Cash Management System in Central Government—modified exchequer control based expenditure management and restrictions on expenditure during the last quarter of the financial year.

OFFICE MEMORANDUM

The undersigned is directed to refer to Office Memorandum of even number dated January 10, 2006 regarding introduction of exchequer control based expenditure with effect from April 1, 2006.

2. Based on the working of the scheme, it has been decided to expand and modify the Scheme as detailed below.

3. The Modified Cash Management System seeks to achieve, *inter alia*, the following objectives—

- (i) Obtain greater evenness in the budgeted expenditure within the financial year, especially in respect of items entailing large sums of advance releases and transfers to corpus funds.
- (ii) Reduce rush of expenditure during the last quarter, especially the last month of the financial year.
- (iii) Reduce tendency of parking of funds.
- (iv) Effectively monitor the expenditure pattern.
- (v) Better planning of Indicative Market Borrowing Calendar of the Central Government.

4. The Scheme shall apply in respect of 23 Demand for Grants listed in Annex I, including 9 to which the Scheme is being extended with effect from financial year 2007-2008.

5. Financial Advisor would be responsible for the implementation of the modified expenditure management system. He/She may nominate a nodal officer for the purpose.

6. In respect of each Demand for Grant, Monthly Expenditure Plan (separately for Plan and Non-Plan Expenditure) (MEP) would be worked out and included as an annex to the Detailed Demand for Grant in respect of the said Demand for Grant. Suggested format is at Annex-II.

7. MEP would form the basis of Quarterly Expenditure Allocations [QEA]. The Department/Ministries concerned may not issue cheques beyond the Quarterly

Expenditure Allocation [which would be equal to the sum of provisions under Monthly Expenditure Plan], without prior consent of Ministry of Finance [Cash Management Cell, Budget Division].

8. The MEP may be finalized taking into account the following—

- (a) MEP for the month of March may not exceed 15 per cent of the budgeted provision [Budget Estimate];
- (b) MEP for the months of January-March may be so fixed that the QEA for the last quarter may not exceed 33 per cent of the budgeted provision; and
- (c) The extant guidelines of Ministry of Finance, Department of Expenditure including D.O. No. 7(3)/2006/E. Coord., dated December 21, 2006.

9. The exchequer control would apply cumulatively at the Demand for Grants level only, *i.e. inter se* variations between months within a quarter, between plan and non-plan and between schemes would be permissible, subject to statutory restrictions and extant guidelines.

10. Savings, if any, incurred under the Quarterly Expenditure Allocations would not be available for automatic carry forward to the next quarter. The Department/Ministry may, however, approach Ministry of Finance for revalidation of such savings through modification in the Monthly Expenditure Plan and thereby Quarterly Expenditure Allocation. **Spill over in respect of Monthly Expenditure Plan, not inconsistent with Quarterly Expenditure Allocation would not require prior revalidation from Ministry of Finance but may be included in the quarterly modification.**

11. Ministry of Finance would consider such requests for revalidation within a period of 15 days of receipt of such request, failing which the request for revalidation would be deemed to have granted.

12. The Monthly Expenditure Plan and Quarterly Expenditure Allocations pertaining to the 4th quarter of the financial year would be subsumed in the finalization of Revised Estimate for the financial year.

13. The Monthly Expenditure Plan and Quarterly Expenditure Allocations may be made in gross terms.

14. In addition to the above, it is advised that even in respect of Demand for Grants not covered by the modified exchequer management system, the expenditure in the last quarter of the financial year may not exceed 33 per cent of the Budget allocation for the Demand for Grants. However, in the event of Revised Estimates being fixed lower than the Budget Estimate, actual expenditure may be kept within the Revised Estimate.

It is clarified that the above provision shall apply in the current financial year as well.

(15) This Office Memorandum supersedes the Office Memorandum of even number dated January 10, 2006.

(16) Receipt of this Office Memorandum may kindly be acknowledged.

Sd/-
(V.S. Chauhan)
OSD (Budget)
E mail chauhan@nic.in

To

1. All Financial Advisors.
2. Principal Director, O/o Comptroller and Auditor General of India.
3. Joint Controller General of Accounts.
4. All Directors/OSD/ABO/US/DD/Section Officers in Budget Division.
5. NIC, Ministry of Finance.

Annexure-I

Sl. No.	Demand No	Name of the Ministry/Department
1.	1	Department of Agriculture and Cooperation
2.	2	Department of Agriculture Research and Education
3.	8	Department of Fertilisers
4.	11	Department of Commerce
5.	14	Department of Telecommunications
6.	18	Department of Food and Public Distribution
7.	31	Ministry of External Affairs
8.	32	Department of Economic Affairs
9.	41	Indian Audit and Accounts Department
10.	42	Department of Revenue
11.	43	Direct Taxes
12.	44	Indirect Taxes
13.	47	Department of Health & Family Welfare
14.	57	Department of School Education and Literacy
15.	58	Department of Higher Education
16.	68	Ministry of Panchayati Raj
17.	71	Ministry of Petroleum and Natural Gas
18.	73	Ministry of Power
19.	79	Department of Rural Development
20.	86	Department of Road Transport and Highways
21.	92	Ministry of Textiles
22.	100	Department of Urban Development
23.	104	Ministry of Women & Child Development

Action Taken by the Ministry of Chemicals & Fertilisers (Department of Fertilisers)

In this connection no action is required to be taken by the Department of Fertilisers.

Audit Comments:

Action Taken Note has been vetted in Audit. Audit has no comments to offer.

Action Taken by the Ministry of Communications & IT (Department of Posts)

The Department is very vast and providing a host of services as a part of USO as per policy of Govt. However the Department has been inducting technology in Postal Operation for improving the quality of service, creating opportunities to

introduce new value added e-enabled services for generating additional revenue. Better technology introduced by the Department to save establishment cost will certainly help in arresting revenue expenditure to some extent. The Department is also having tie up with other Ministries for schemes like new age and old age pension to expend its market base and earn more and more revenue. Further Department is pursuing with Ministry of Finance for charging Pensionary cost to common head of account *i.e.* 2071—Pensionary charges as are being done in case of other Ministries/ Departments. The expenditure is also monitored and reviewed as per the guidelines of Ministry of Finance. Economic measures, instructions/guidelines for Expenditure management and cash management received from Ministry of Finance are issued to circles/units from time to time to project the realistic demand so as to maintain the expenditure within the budgetary provision:

Year	Total Grant	Actual Exp.	Excess exp.	Remarks
1997-98	N/A	N/A	N/A	No excess
1998-99	N/A	N/A	N/A	No excess
1999-2000	N/A	N/A	N/A	No excess
2000-01	250*	964	714	Charged
2001-02	250*	345	95	Charged
2002-03	N/A	N/A	N/A	No excess
2003-04	N/A	N/A	N/A	No excess
2004-05	2300*	2799	499	Charged
2005-06	63314600	64291056	976456	voted
2006-07	N/A	N/A	N/A	No excess

*Amount relates to total grant under charged segment where excess expenditure occurred

As can be seen from the above table that the excess expenditure occurred during the year 2000-01, 2001-02 and 2004-05 are under the charged segment As recommended by the Committee the cases of excess expenditure have been examined in detail. It has been noticed that there was some delays in implementing the court judgment and as a result of which the concerned authorities though had to pay these charges but could not project their demands timely for obtaining the supplementary grants or advance from contingency Fund of India. Instructions have been issued to all concerned to follow the codified provisions strictly. Excess expenditure during the year 2005-06 under voted segment occurred due to settlement of more claims and more retirements than anticipated, opening of more PSSKs and 5% increase in TRCA to GDS. All the cases of excess expenditure has been got regularized from Parliament in due course of time.

Sd/-

Accounts officer (Budget)
Deptt. of Posts Postal Accounts Wing
New Delhi-110001

Action Taken by the Ministry of Defence

In this para the Committee have emphasized the Government to take steps to minimize the excess expenditure and apprise the Committee of the corrective measures taken along with the results achieved as a follow up of PAC's recommendations in the matter.

In the Ministry of Defence, timely follow up action on every recommendation of the PAC in the matter of excess expenditure is being taken.

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

Action Taken by the Ministry of Railways (Railway Board)

The position of recurring excess expenditure over the last 10 years on Ministry of Railways has been examined and the position is given below:

(Rs. in crore)

Year	Total Sanctioned Provision for Railways	Total Excess	% of excess to total Provision	No. of Grants/ Appropriations involved	
				Grants	Appropriations
1997-98	47720	160	0.34	4	3
1998-99	52770	349	0.66	4	5
1999-00	55876	57	0.10	3	5
2000-01	61826	0.14	0.0002	-	4
2001-02	69206	211	0.30	1	7
2002-03	73632	324	0.44	3	8
2003-04	77205	1137	1.47	3	7
2004-05	83543	2152	2.58	9	6
2005-06	98312	2322	2.36	4	11

It may be seen from the above table that Ministry of Railways have been controlling their excess expenditure which had reached barest minimum in 2000-01. However, as regards the excess incurred in later years it is mostly reflected against Demand No. 16—Assets, Acquisition and Construction. The reasons for the incurrence of excess in this regard has already been explained to in reply to Recommendation No. 56 of the Report. If the excess under Demand No. 16 is taken out, the same works out to Rs. 136 crore or 0.14 per cent excess.

The wrong practice of accounting under Stores Suspense has come to light in 2006 and the erring Railways have been suitably advised on the same. The excess

therefore reported in 2003-04, 2004-05 and 2005-06 would have been much lower for this reasons. Further, from 2006-07 a regular monitoring of *Charged* Expenditure being incurred on the Railways has also been started with a view to have a better assessment of the trend in this regard.

This has been seen and vetted by Audit *vide* their U.O. No. 88 RA-III/2-1/2007 dated 18th September, 2008.

Sd/-
(Smt. P. Babbar)
Adviser (AR)
Railway Board

Ministry of Railways O.M.No. 2007-BC-PAC/XIV/54 dated-10-2008

Action Taken by the Ministry of Home Affairs

It is submitted that in order to ensure that expenditure is contained within the sanctioned estimates, all Budget Controlling authorities have been advised from time to time to comply with the observation of the Committee. They have also been advised to apply greater care in projecting their requirement of funds. A copy each of the observations/recommendations made by the Public Accounts Committee in its 54th Report on Grants operated by this Ministry has been circulated to all Budget Controlling Authorities for follow up action. Quarterly Expenditure Review Meetings under the Chairmanship of Additional Secretary & Financial Advisor (Home) and Monthly Expenditure Meetings at the level of Divisional heads with the concerned Financial Advisors/Deputy Financial Advisors are being held regularly. In view of the serious concern expressed by the PAC, this Ministry has once again reiterated that the Divisional Heads should thoroughly scrutinize the Budget Estimates at the Supplementary Grant stage in order to avoid instances of excess expenditure (copy enclosed) (p.32-42). The Ministry hopes that with the increasing computerization of accounting systems in the Pay and Accounts Offices and the Drawing and Disbursing Offices, the incidence of incurring excess expenditure will get reduced and eventually be eliminated.

Vetting comments of Audit

"The reply of Ministry is not acceptable. In the last ten years, the excess expenditure occurred in seven years under the grants controlled by the Ministry of Home Affairs as under. Therefore, there is a persistent tendency of excess expenditure by the Ministry:

Report No. and year	Grant No.	Section
1	2	3
1 of 1999	47— Transfer to Union Territory Governments	Capital (Voted)
1 to 2000	43— Ministry of Home Affairs	Revenue (Voted)
	45— Police	-do-
	47— Transfers to Union Territory Governments	-do-

1	2	3
	99—Andaman & Nicobar	-do-
	100—Chandigarh	-do-
	101—Dadar & Nagar Haveli	-do-
	102—Daman & Diu	-do-
	103—Lakshadweep	-do-
	100—Chandigarh	Revenue (Charged)
	47—Transfers to Union territory Governments	Capital (Voted)
	101—Dadar&Nagar Haveli	-do-
	100—Chandigarh	Capital (Charged)
1 of 2001	100—Chandigarh	Capital (Voted)
1 of 2003	44— Other expenditure of Ministry of Home Affairs	Capital (Charged)
1 of 2004	45— Ministry of Home Affairs	Revenue (Charged)
	47— Police	-do-
	99— Chandigarh	-do-
	99— Chandigarh	Capital (Charged)
1 of 2005	52— Cabinet	Revenue (Charged)
1 of 2007	99— Lakshadweep	Revenue (Voted)
	96— Chandigarh	Capital (Voted)

Reply of the Ministry

Comments of Audit have been noted for compliance. Ministry has taken to excess expenditure with all its seriousness and made efforts to avoid its recurrence in future. Further, the results of the regular expenditure review meetings can also be seen in the previous year 2006-2007, in which there were no cases of excess expenditure in any of the ten Grants operated by the Ministry.

Sd/-

(Vivek Mehrotra)

Special Secretary & Financial Adviser (Home)

[M.H.A. U.O. No. 15014/05/07—Budget II Dated 29th February, 2008]

(This "Action Taken Note" has been vetted by Office of the DGACR *vide* their U.O. No. RR/6-21/-07-08/3812 dated 25th February, 2008)

No. 15(3)/2003/AFA(H)
Ministry of Home Affairs
(Integrated Finance Division)

New Delhi, Dated the 15th May, 2006.

OFFICE MEMORANDUM

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

The Undersigned is directed to enclose herewith a copy of Ministry of Finance, Deptt. of Economic Affairs (Budget Division) O.M. No. F.4(12)-B(SD) 2004 dated the 8th May 2006 for information and compliance.

Sd/-
(D.N. Kataria)
AFA (Home)

To

All Joint Secretaries in MHA including Office of RGI (as per list attached).

Copy for Information to:—

PS to AS & FA (Home)
Director (Fin./H)
Director (Fin./Pers.)

Copy also for information and compliance to: —Ministry of DONER, Vigyan Bhavan
Annexe, New Delhi.

Internal Distribution:—

AFA (Fin.I)/AFA (Fin. II)/AFA (Fin.III)/AFA(Fin. IV)/
AFA (Pers.)/SO(Fin. V)/US (Budget.I)/US(Budget.II)

O.M. No. F. 4 (12)-B (SD) 2004
Ministry Of Finance
Department Of Economic Affairs
(Budget Division)

New Delhi, dated the 8th May, 2006

OFFICE MEMORANDUM

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

The Public Accounts Committee in their 22nd Report (14th Lok Sabha) on action taken recommendations contained in the 58th Report of the PAC (13th Lok Sabha) relating to 'Excess Expenditure over the Voted Grants and Charged Appropriation (2001-2002)' have taken a serious view of expenditure incurred in excess of the provisions authorised by the Parliament. The Committee has observed that the fact that the instructions have been issued time and again without achieving any concrete result warrants concerned Ministries/Departments to remedy the perennial problem of excess expenditure over voted Grants and Charged Appropriations. The Committee has expressed their serious displeasure over the Ineffective monitoring on the part of budget controlling authorities while preparing both budget estimates as well as Supplementary Demands for Grants. The Committee has once again underlined the sanctity of scrupulously following the provisions of General Financial Rules which stipulate that no expenditure should be incurred which might have the effect of exceeding the total grant or appropriations authorised by Parliament by law for a financial year except by way of obtaining a supplementary grant/appropriation or an advance from the Contingency Fund.

2. Therefore the Committee has recommended in the larger interest of achieving a sound fiscal health that:

"In future, the concerned Ministries/Departments should scrupulously review/scrutinise the budget estimates at the Supplementary Grant stage itself by factoring in contingencies of unforeseen expenditure that may arise in future so that the excess expenditure is not incurred after obtaining Supplementary Grants."

3. Keeping in view the observations of the Public Accounts Committee and the rules/instructions quoted above, it is once again emphasised that strict watch should be kept over the flow of expenditure against the sanctioned grant by regular monitoring as provided in Rules 54, 58, 59, 60 and 61, Chapter 3 of General Financial Rules, 2005 so that the expenditure does not exceed the amount authorised by the Parliament. In case the amount of a Grant falls short of the requirement, a Supplementary Grant may be obtained before the expenditure is incurred. In this regard, Ministries and Departments may recall the instructions issued *vide* Department of Expenditure O.Ms. dated September 27, 2002, August 13, 2001, O.M. No G-25018/CGA-AA/Excess/2000-01/629 dated September 5, 2001 and O.M.

dated November 17, 2005. While obtaining supplementary demands for grants in future, budget controlling authorities of the concerned Ministries/Departments should scrupulously review/scrutinise the budget estimates as per the directions of the Public Accounts Committee and the instructions of Ministry of Finance as quoted above.

Sd/-
(L.M. VAS)
JOINT SECRETARY.

To

F.A.

M/o Home Affairs

S.K. SANDHU, IAS



Finance Secretary,
Chandigarh Administration,
Union Territory, Chandigarh
D.O. No. F&PO(6)-2006./spl
Dated 26.9.2006
Telefax: 0172-2741105

Dear Mr. Bhardwaj,

SUBJECT: Appropriation Accounts for the year 2005-06 under Grant No. 96-Chandigarh.

As per Article 114(3) of the constitution, no money is to be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of this Article. Further, the GFR 71 stipulates that no disbursement should be made which might have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant.

During the financial year 2005-06, The Engineering Department has incurred excess expenditure amounting to Rs. 28.35 lac under the head, "4801-Capital Outlay on Power Projects," "4217-Capital Outlay on Urban Development" and "4402-Capital Outlay on soil and water conservation". This act of incurring excess expenditure by your department has violated the above provision and also put the Finance Department in a very embarrassing position.

You are, therefore, advised to look into the matter personally and take appropriate action against the defaulting officers with a view to avoid re-occurrence of such cases in future. Any future lapse in this regard will however be viewed seriously.

With best wishes.

Yours faithfully,

Sd/-

(S.K. Sandhu)

Shri V.K. Bhardwaj
Chief Engineer,
U.T. Chandigarh.

<http://chandigarh.gov.in> email: Is@chdul.nic.in

F.No. 4/1/2006—Finance
Administration of the
Union Territory of Lakshadweep
Finance and Accounts
Secretariat

Kavaratti, Dated, 20th February, 2007

OFFICE MEMORANDUM

A scrutiny of the Stage-IV of the Appropriation Accounts (Civil) under Demand No. 99-Lakshadweep for 2005-2006 revealed that many Departments have exceeded the budget provision to the extent of Rs. 5 lakhs and more under various sub-heads of the grant without assigning satisfactory reasons. Therefore, all the Departments are requested to furnish satisfactory reasons for the excess expenditure incurred under various sub-heads of your major head of account.

As per Rule 52(3) of GFR 2005 no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorised by the Parliament by law for financial year, except after obtaining a supplementary grant or appropriation or an advance from Contingency Fund.

You are once again advised to comply the guidelines and all your DDOs may be directed to restrict the expenditure to the budget provision to avoid further excess expenditure in future.

Sd/-

Accounts Officer.

To

All Departmental Heads, Kavaratti.

BUDGET MATTER

File No. 15041/05/2007—Bgt.-II
Government of India
Ministry of Home Affairs

New Delhi, Dated the 26th June, 2007

OFFICE MEMORANDUM

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

The Public Accounts Committee in their Reports presented to the House from time to time relating to "Excess Expenditure over the Voted Grants and Charged Appropriation" have taken a serious view of expenditure incurred in excess of the provisions authorised by Parliament. The Committee has observed that even though instructions have been issued from time to time, the problem of excess expenditures over Voted Grants and Charged Appropriations continue to occur. The Committee has, therefore, expressed their serious displeasure over the ineffective monitoring of expenditure by budget controlling authorities.

2. Instructions have been issued repeatedly by the Budget Wing of this Ministry to avoid excess expenditures. It however, appears that these instructions are not being followed in right earnest resulting in repeated excess of expenditures year after year. During the financial year 2005-06, UT Administration of Lakshadweep has incurred excess expenditures of Rs. 3.58 crore under Revenue Section (Voted).

3. The reply furnished by the UT Administration *vide* their letter dated 25th June, 2007 that "Exceeding the budgetary limit was a lack of co-ordination between PAO and Departments" is untenable. The excess expenditure could easily have been avoided through better co-ordination amongst the concerned departments.

4. UT Administration is, therefore, requested to issued strict instructions to the concerned Departments to abide by the codal provisions and restrict expenditures well within appropriations.

5. A copy of this memo is being separately communicated to Audit, to explain the action taken by this Ministry as regards the excess expenditure of Rs. 3.58 crore over authorization under Revenue Section (Voted).

Sd/-

(M.J. Joseph),
Chief Controller of Accounts (Home),
Tele No. 23093293.

Shri B.V. Selvaraj,
Administrator,
UT Administration of Lakshadweep,
Kavaratti.

Copy to JS(UT) for information and necessasry action.

IMPORTANT/URGENT

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

New Delhi, the 14th September 2004

OFFICE MEMORANDUM

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

Budget Division of Department of Economic Affairs, Ministry of Finance *vide* O.M. No. 4(12)-B (SD)/2004, dated 17th August, 2004 have conveyed that the Public Accounts Committee (PAC) in their 58th Report (13th Lok Sabha) has taken a very serious view of the instance of persistent excess expenditure over the voted grants and charged expenditure, particularly in those cases where the excess expenditure has been incurred in spite of taking Supplementary Grants.

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

"The Committee are distressed to find that the excess expenditure during 2001-02 has occurred even after obtaining supplementary grant of Rs. 6429,59 crore in 12 out of 17 cases of excess registering grants/appropriations. Strangely, the Ministry of Railways obtained supplementary grants in eight cases of excess registering, grants/appropriations. There were also three instances in Civil Appropriation Accounts where excess expenditure had occurred despite having obtained supplementary grants. The scrutiny of the cases of excess expenditure incurred despite obtaining of supplementary grant reveals that in five cases, the amount of supplementary grants obtained had proved inadequate as the excess expenditure incurred in five cases was more than the supplementary grant obtained. The Committee are of the opinion that the Instrument of obtaining supplementary grants was not operated judiciously by certain Ministries/Departments during the year under review. The Committee view this situation with grave concern and express their displeasure over the irresponsible attitude displayed by various Ministries/Departments while obtaining supplementary grants during the year under review. They, therefore, desire the concerned Ministries/Departments to thoroughly review and scrutinize the budget estimates at the supplementary grant stage itself so as to obtain the supplementary demands not so casually but in rare and emergent cases only".

3. The Budget Division of the Department of Economic Affairs, Ministry of Finance, while calling for the proposals for supplementary Demands for Grants has regularly been reiterating the need for reviewing of estimates at the supplementary Grant Stage and making a realistic assessment of the requirements.

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

"Recurrence of excess expenditure over sanctioned provision in certain grants has also been viewed very seriously by the Public Accounts Committee. Needless to say, such expenditure is **unauthorized expenditure** and must be avoided at any cost. Therefore, not only the supplementary Demands should be sought for the minimum necessary amount after a thorough review of savings (both under plan and non-plan) within the grant but it should be sufficient to cover any foresable excess. In order to ensure that this fine balance is met, (there is a need) to keep the expenditure under close watch on a daily basis after sending the proposals for supplementary Grants and promptly inform us if there is a significant variation requiring correction in the proposals....."

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

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

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

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

Sd/-

(N.A. VISWANATHAN),
ADDITIONAL SECRETARY & FINANCIAL ADVISOR (HOME).

To

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

Sd/-

(JAWAHAR THAKUR),
CHIEF CONTROLLER OF ACCOUNT (HOME).

**IMPORTANT
PAC MATTER**

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

New Delhi, the 6th June 2005

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

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

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

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

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

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

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

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

Enclosures: As above.

To

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

**IMPORTANT
PAC MATTERS**

No. 9/5/2007-Bgt.II
Government of India
Ministry of Home Affairs

New Delhi, the 18th Sept., 2007

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

The Public Accounts Committee (14th Lok Sabha), in its 54th Report on "Excesses over Voted Grants and Charged Appropriations (2005-2006)", presented to the Lok Sabha on 24th August 2007, have commented adversely on persistent excess expenditures being incurred by the Ministries/Departments over the authorized budget allocations.

2. In this Report, PAC have pointed out that excess expenditures are being incurred by the Ministries/Departments, year after year, despite its repeated observations and recommendations in previous Reports. A copy of the observations/recommendations made by the PAC in this Report, on the Grants operated by the Ministry of Home Affairs, is enclosed (Para Nos. 52, 53, 54, 58 & 59 of the Report refers).

3. The recommendations/observations of PAC on excess expenditures have created embarrassing situation for the Ministry. The Committee has drawn attention of the Government that as per extant Financial Rules, the Secretary to the Government of India, who heads the Department should take responsibility for ensuring financial discipline in the concerned Ministry/Department,

4. All Divisional Heads/Budget Controlling Authorities in the Ministry of Home Affairs are once again requested to take utmost care in framing Budget and Revised Estimates and Supplementary Grants in respect of their activities, schemes and projects. Extra care should be taken to avoid incurring excess expenditures over budget allocation.

5. The above instructions alongwith the observations/recommendations of the Committee is brought to the notice of all Budget Controlling authorities in Ministry of Home Affairs.

Enclosures: As above

Sd/-
(Raghuvendra Singh Sirohi)
Additional Secretary & Financial Advisor (Home)

To

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

Action Taken by the Ministry of Mines

To keep the expenditure within the budgetary provision efforts are made at different stages round the year. Secretary (Mines) closely monitors the expenditure of all Organisations/PSUs under this Ministry in Quarterly Progress Review meetings. In addition, expenditure of all organisations/PSUs under this Ministry are monitored month-wise. In case of Ministry of Mines, the incidence has taken place for the first time due to the fact that it was a legal commitment which had happened at the end of financial year. Thus the situation was due to compelling circumstances which were beyond the control of Ministry of Mines. However, adequate care would be taken in future to foresee and avoid possibility of recurrence of such a situation.

This has been vetted by Audit *vide* their U.O. No. AMG-I/V.V/anukari/2008-09/ 235-237, dt. 22nd July, 2008.

Sd/-

(Sanjiv Mittal)

Joint Secretary & Financial Adviser

[Ministry of Mines' F.No. 3 (27)/05-IF]

Action Taken by the Ministry of Labour and Employment

Excess occurred in the Grant No. 61 for the year 2005-06 due to the fact that supplementary was approved on net basis, which was first such instance. Also this Ministry will be careful while sending supplementary proposals to M/o Finance, where recovery of fund is involved, in order to avoid recurrence of such instance in future.

Vetted by DGACR *vide* their UO

No. RR/8-9/2007-08/3763, dated 11.02.08

Sd/-

(Rajesh Verma)

Joint Secretary & Financial Advisor

[Ministry of Labour and Employment O.M. No. G-25018/12006-B&A
Dated 22.02.08]

CHAPTER IV

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

Recommendation

The Ministries/Departments are required to submit to the Committee explanatory notes in respect of the excess registering Grants/Appropriations immediately after the presentation of relevant Appropriation Accounts to Parliament. Accordingly, the explanatory notes in respect of excess registering Grants/Appropriation during 2005-06 pertaining to Appropriation Accounts Civil, Defence Services, Postal Services and Railways became due for submission on 14th May, 2007. The Committee in their earlier Report on the subject (23rd Report—13th Lok Sabha) had recommended that from the financial year 2001-02 onwards, the details in respect of each excess registering Grant/Appropriation be prepared by the concerned Ministries/Departments and forwarded to the Ministry of Finance within such a time limit that these explanatory notes could be made simultaneously available alongwith the Appropriation Accounts to the Public Accounts Committee. The Committee had also desired that a time schedule should be laid down for taking action at various stages involving finalisation/vetting of the explanatory notes, which would result in eliminating delay on account. The Committee had also expected that the Ministry of Finance, being the nodal Ministry, would take proactive steps to ensure timely submission of Explanatory Notes by various Ministries/ Departments. However, it has been noticed that Ministry of Finance (Department of Economic Affairs) itself unduly delayed the submission of their explanatory notes to the Committee. The Ministry of Finance (Department of Economic Affairs) should enquire into the reasons for the delay and apprise the Committee of the same. 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 will be strictly viewed. 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.

[Sl. No. 3 Appendix V Para No. 54 of 54th Report of PAC (14th Lok Sabha)]

Action taken by the Ministry of Finance (Department of Expenditure)

"Ministry of Finance have carried out a detailed examination of the delay in submission of explanatory notes and found the need to strengthen the monitoring system."

In order to ensure that the Explanatory Notes are made simultaneously available alongwith the Appropriation Accounts to the Committee, instructions have already been issued for preparation and submission of Explanatory Notes through an O.M. dated 4.4.2007 (copy attached).

Through the above O.M. Ministries/Departments have been advised to finalise the Explanatory Notes by 30th September of the corresponding year so that these could be laid in the Parliament with the Appropriation Accounts. Appropriation Accounts Section of Controller General of Accounts have requested Ministries/Departments to take note of the revised time schedule for preparation of Explanatory notes and strictly adhere to the time schedule in submitting the vetted Explanatory Notes to the PAC. The Monitoring Cell in the Department of Expenditure is regularly following up with the Ministries/Departments regarding submission of the Explanatory Notes well within the time schedule. Due to all these efforts, the pendency in submission of Explanatory Notes has come down significantly.

The PAC has recommended preparation of Centralised Computerised Monitoring System for checking the status of Explanatory Notes. Such a web based system has been devised and developed by National Informatics Centre (NIC) and **would be operative within a time period of three months from October 15, 2008.**

The system so devised will help keep a watch by all Ministries/Departments on their pending Explanatory Notes. Once the Network system is tested it will be referred to the office of the C&AG for their comments and its access to be made available to all Ministries/Departments so that they can check the status of their pending Explanatory Notes and upload/revise the same direct.

This has been vetted by Audit *vide* their U.O. No. DGACR-RR/118/2008-09/2157 dated 14th November 2008.

No. G-25018/CGA-AA/Time Schedule/2006-07/1

Government of India
Ministry of Finance
Department of Expenditure
Controller General of Accounts
4th Floor, Lok Nayak Bhawan
Khan Market, New Delhi-110 003

Dated the 4th April, 2007

OFFICE MEMORANDUM

SUBJECT: Preparation of Union Government Appropriation Accounts (Civil) for 2006-07—Revised Time Schedule for Submission, Audit and Finalisation.

In supersession to this office OM No. G-25018/CGA-AA/Time Schedule/2006-07/674 dated 14.2.2007, it has been decided by the CGA that the Union Government Appropriation Accounts (Civil) for the year 2006-07 are to be finalized by 30.09.2007 for their presentation to Parliament. To achieve this, revised 'Time Schedule' for submission of Appropriation Accounts in four stages has been drawn up and is enclosed. All Pr. Accounts Officers of the Ministries/Depts. Including those of UTs without legislature are requested to ensure that the 'Revised Time Schedule' appended as Annexure 'B' & 'C' to this O.M. is strictly adhered to.

In addition to instructions already issued to all Pr. CCAs/CCAs including those of UTs without Legislature may note that:

- **All functional Ministries/Depts. may include expenditure booked by agent Ministries on their behalf in Stage II itself. For this they may obtain expenditure figures promptly for inclusion in Stage-II.**
- **Under no circumstances will JE/corrigendum be accepted after due date, which is 29.06.2007.**

The dates for submission of all 4 stages of Headwise Appropriation Accounts are as under:—

- | | |
|---|--|
| (a) Stage-I—Grant Statement | 27th April 2007 |
| (b) Stage-II—Headwise Appropriation Accounts | 8th June & 15th June 2007 as per details in Annexure 'C' |
| (c) Stage-III—Audited Headwise Appropriation Accounts | Within ten days of issue of Audit's No. Comments/Comments on Stage-II alongwith documents/certificates as mentioned at (a), (b) & (c) in Annexure 'D' |
| (d) Stage-IV | After clearance of Condensed Accounts by C&AG of India and further communication from this office. |
| (e) Number of copies to be | As per Annexure 'D' |

sent at various stages

- (f) **Checklist of documents to As per Annexure'E', 'F', 'G'.
be enclosed with Stage I, II, III**
- (g) **Detailed Demands for Grants for the year 2007-08 (3 copies) may please
be sent to Appropriation Account Section**

2. It may be ensured that all the requisite certificates, statements and floppies as specified in Annexure 'A' are furnished alongwith Grant Statements/Headwise Appropriation Accounts at each stage.

3. After finalization of Stage-II, Pr. Accounts Office will intimate "excess in a grant/appropriation, savings of Rs. 100 crores or more in a segment and cases of New Service/New Instrument of Service" to the Grant Controlling Authority for **confirmation of excess/saving and initiating action for the preparation of Explanatory Note. Pr. CCAs/CCAs/CAs may ensure that Explanatory Notes for saving of Rs. 100 crores and more and for all excess are submitted with the Headwise Appropriation Accounts Stage-III to the Directorate General of Audit Central Revenues, New Delhi for vetting with a copy to CGA.**

4. Principal Accounts Officers should ensure that the reasons for variations are brief, lucid and analytical and mentioned in the order of their importance to avoid criticism of Public Accounts Committee and Audit.

In cases where it is noticed that reasons for variations like **"based on actual expenditure", "due to less expenditure", "due to more or less demands"** etc. are given in Reappropriation/Surrender Orders and for variation between total grant and expenditure (Col. 4), the Ministries may be requested to elucidate reasons for 'less' or 'more' expenditure/demands under an object head by **giving specific reasons thereof.** The reasons **'due to economy instructions'** is acceptable only in cases where the saving is duly supported by detailed and cogent reasons alongwith O.M./U.O. for economy cut.

5. As per M/o Finance, Deptt. of Economic Affairs (Budget Division) O.M. No. F.2(66)-B(CDN)/2001 dated 14.9.2005, breakup of the lump sum provision for development of North Eastern and Sikkim Region is to be shown upto object head level corresponding to different functional major/sub-major/minor heads, indicating the details and depict accordingly in the Detailed Demands for Grants under the Major Head "2252" and Major Head "4552" for eventual re-appropriation. After approval of the budget by the Parliament, the expenditure provision can be transferred to functional head for incurring expenditure through re-appropriation by exercise of powers delegated *vide* M/o Finance D.O. letter of even no. dated 12.6.2001. **No such expenditure should be booked directly under these Major Heads viz. 2552 and 4552.**

6. As per Ministry of Finance, Deptt. of Economic Affairs, Budget Division,

O.M. No. 71(26)-B(D)/2001 dated 15.5.2002, only those corrections which lead to the opening of Heads of Account and/or correction to expenditure provision made in the Detailed Demands for Grants require prior approval of the Budget Division of the Ministry of Finance. All other remaining corrections in the Detailed Demands for Grants may be made by the Administrative Ministry/Deptt. with the approval of Financial Advisor of the Ministry/Deptt. This may please be followed strictly to avoid unnecessary correspondence in this regard with Budget Division.

8. Hindi version follows.

9. Receipt of this O.M. may please be acknowledged.

Encl.: Annexures 'A', 'B', 'C'

Sd/-

(ARUN SHARMA)

Asstt. Controller General of Accounts

To

1. All FAs of Central Ministries/Depts.
2. All CCAs/CAs/Dy. CAs of Ministries/Depts.
3. Director of Budget & Accounts, A&N Admn., Port Blair.
4. Director of Accounts, Daman & Diu, Daman.
5. Secretary (Pay & Accounts), Admn. of U.T. Lakshadweep, Kavaratti-682 555.
6. Controller General of Defence Accounts.
7. PAO, Lok Sabha.
8. PAO, Rajya Sabha.
9. PAO, President's Sectt.
10. PAO, Election Commission.
11. Director (TA), Deptt. of Telecommunications, New Delhi.
12. Institute of Govt. Accounts and Finance, M/o Finance, O/o the CGA, Old JNU Campus, New Delhi.
13. ITD (for placing in Website).

Copy of the above OM is forwarded to undermentioned offices with the request to ensure that the copies of the Audit observations on Grant Statement and Headwise Appropriation Accounts are endorsed to this office:—

1. Director General of Audit, Central Revenues, New Delhi.
2. Pr. Director of Audit, Economic & Services Ministries, New Delhi.
3. Pr. Director of Audit, Scientific Depts., New Delhi.
4. Pr. Director of Audit, Defence Services, New Delhi.

5. Pr. Director of Audit, Central Calcutta.
6. Pr. Director of Audit, Central Bombay.
7. Pr. Director of Audit, Telecommunication, New Delhi.
8. A.G. (Audit), Kerala.

Copy of above O.M. is also forwarded to:—

1. A.G. (A&E), Punjab, Chandigarh.
2. A.G. (A&E), Gujarat, Ahmedabad.
3. A.G. (Audit), New Delhi.
4. C&AG of India.

Sd/-

(K.K. PANDEY)

Sr. Accounts Officer (AA)

NOTE: Annexure 'D', 'E' 'F', 'G' will remain the same as issued earlier.

1. Submission of Stage-I i.e. Grant Statement (including Statement of Recoveries Adjusted in Accounts in reduction of expenditure) signed by Pr. CCA/CCA/CA.

Due dates of Grants as per Annexure 'B'

1.1 As per existing instructions, the Headwise Appropriation Accounts is to be prepared according to the nomenclature etc. upto sub-head level, as printed in the Detailed Demands for Grants. Therefore, Computer Codes upto sub-head level are to be shown in the Headwise Appropriation Accounts. There will now be 11 digit codes (*i.e.* Major Head 4 digit, Sub-major Head 2 digit, Minor Head 3 digit and Sub-Head 2 digit). Where there is no Sub-Major head "00" may be shown for Sub-Major Head to follow the uniformity of the coding provisions. It must be ensured that complete 11 digit code is invariably shown in the Headwise Appropriation Accounts against each sub-head e.g. sub-head 'Department of Civil Aviation' subordinate to Minor Head 'Secretariat' under Major Head "3451" may be shown as under:—

Major Head "3451"

3451.00.090-Secretariat:

3451.00.090.27-Department of Civil Aviation

It has been observed that sub-heads are not depicted in the Headwise Appropriation Accounts in serial order. It may also be ensured that sub-heads are shown in serial order to facilitate correct checking of the account.

As per instructions contained in para 4.2 of General Directions to List of Major and Minor Heads of Account, the name of the Public Sector and Other Undertaking will appear as a sub-head below the concerned Minor Head. These instructions may be complied with. For this purpose the Detailed Demands for Grants may be reviewed and discrepancies taken up with the Budget Section of the Ministry for issue of corrigendum, if necessary.

1.2 The Appropriation Act assented to by the President is based on the totals shown in the Main Demands for Grants prepared by the Ministry of Finance and passed by Parliament. The major Headwise totals appearing in the Headwise Appropriation Accounts for Gross as well as Recoveries adjusted in reduction of expenditure should be in conformity with Major head totals shown in the Main Demands for Grants separately for Revenue and Capital and Charged and Voted portions.

Also amount of Surrender shown in the Grant Statement should always correspond with the Audit Order issued by the Ministry of Finance for acceptance of the surrender and in no case it should differ from the accepted amount even if the proposed amount by the Ministry was different from the actual accepted amount.

1.3 The variations (savings/excesses) in Col. 1, exceeding the financial limits given in Para 11.5.1 of CAM as amended from time to time are properly recorded.

1.4 Following statement/certificate should invariably be furnished with Grant Statement:—

- (i) Statement indicating the Nos., date & amount of reappropriation/Surrender Orders taken into account while preparing Grant statement.

Statements duly certified that:

- 1.
- 2.
3.
 - (a) the statement is complete and contains all the reappropriation and surrender orders issued in respect of particular grant/appropriation during the entire financial year 2006-07; and
 - (b) that all surrenders had been accepted by Ministry of Finance *vide* its Audit Order No.....dated.....
- (ii) Attested copies of all reappropriation and surrender orders issued during the financial year 2006-07 and taken into account for preparing Grant Statement.
- (iii) Statement of funds reappropriated "To" and "From" the different sub-heads (in form Annexure 'A' to Chapter 11 of CAM).
- (iv) Annexure-II *i.e.* statement of Recoveries adjusted in Accounts in reduction of expenditure.
- (v) Supplementary Demands for Grants provides provision upto Major Head Level. **Authenticated copy of distribution, both for Gross and Deduct Recoveries upto sub-head level of supplementary grant/appropriation obtained during 2006-07.**
- (vi) Certificate to the effect that "there is/are case(s)/no case which attracts the provisions of 'New Service' 'New Instrument of Service' in terms of M/o Finance, Department of Economic Affairs (Budget Division) O.M. No. F.1(23)-B(AC)/2005 dated 25.5.2006 and brought to the notice of grant controlling authority for confirmation and preparation of notes for its regularisation by Parliament. A detailed list of such cases may be furnished. Further, in case any of these cases has/have already been reported to the Parliament a list of the same may also be sent.
- (vii) Certificate to the effect that augmentation of budget provision by Rs. 5.00 crore or more under a sub-head has been done with the approval of Secretary (Expenditure).
- (viii) Certificate to the effect that "All savings/excess included in the appropriation Accounts are covered by valid re-appropriation/surrender orders issued by Competent Authority under delegated powers and no reappropriation are made subsequently to cover the actual expenditure".
- (ix) ***A certificate from the Budget Section of Ministry indicating the number and date of re-appropriation/surrender orders issued during the year.***

2. Audit of Grant Statements

Within one month of submission of Grant Statements.

The deficiencies pointed out by the Audit Offices and by this Office on the Grant Statements may be complied with within 15 days in all circumstances.

3. Date of intimation of expenditure figures included in the SCTs of Agent 31.5.2007 Ministries/Depts. to the Functional Ministries/Depts. for inclusion in latter's Headwise Appropriation Accounts (including Composite Grants) duly supported by copy of sanction etc. of functional Ministry.

4. Submission of Stage-II Headwise Appropriation Accounts

As per Annexure 'C' these dates are outer dates and not due dates. Efforts may be made to send the accounts well before these dates.

The Draft Condensed Appropriation Accounts shall be prepared by the Pr. Accounts Offices, Directorates of Accounts for UTs of Andaman & Nicobar Islands, Daman & Diu and Secretary (Pay & Accounts Office) of UT Lakshadweep. The same alongwith the requisite floppy in MS-WORD are to be furnished with Headwise Appropriation Accounts (Stage-II) to this office only.

In addition to Statements/Certificates enclosed with Stage-I, the following documents should invariably be furnished with Stage-II onwards:—

- (a) The following certificate is to be recorded at the end of the body of the Account itself:— "Certified to the best of my knowledge and belief that all expenditure included in the Headwise Appropriation Accounts Union Government (Civil) for the year 2006-07 has been sanctioned by the Competent Authority (except for losses mentioned in Appendix).
- (b) Statement indicating Major head-wise/Grant-wise totals of the Consolidated Fund of India (Disbursements) as appearing in SCT and with the certificate that "expenditure figures included in the SCTs of Agent Ministries/Depts. and intimated to the functional Ministries/Depts. for inclusion in the latter's Headwise Appropriation Accounts (including composite grants) has been reconciled and accepted by the Head of Ministry/Deptt.
- (c) Contingency Fund Statement in the following proforma:—

Sl. No.	Head of Account	Amount (Rs.)	Month of Sanction/ withdrawal	Amount recouped	Month in which if any recouped	Balance,
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- (d) Reconciliation Statements in Annexure-III duly certifying that 'figures appearing in Appropriation Accounts have been reconciled with SCT figures.

- (e) Detailed Reconciliation Statement upto Sub Head/Minor Head Level in the following proforma:—

Head	Figures as per Headwise App. A/cs	Difference SCT	Remarks*	
			Headwise A/C	SCT

*Differences in the Appropriation Accounts and SCT figures may be analysed.

- (f) The variations (savings/excess) in Col. 4 exceeding the financial limits given in para 11.5.1 of CAM as amended from time to time are recorded.
- (g) "All the expenditure incurred during 2006-07 relevant to Grant No..... has been included in the Appropriation Accounts for that year and no amount pertaining to it has been left unadjusted under any suspense head for want of paid vouchers etc."
- (h) Fund Account
- (i) "Certified that the earmarked funds included in the Union Government Appropriation Account (Civil) for the year 2006-07 are eligible for inclusion and have the prior concurrence of the C&AG of India.
- (or)
- (ii) "Certified that there is/are no fund(s) which is/are eligible for inclusion in the Union Govt. Appropriation Accounts (Civil) for the year 2006-07."
- (i) "Certified that action has been initiated for preparation of Explanatory Notes for Savings of Rs...../Excess of Rs.....in Capital/Revenue/Voted/Charged portion of the Grant."

Note:

1. Copies of Reappropriation/Surrender Orders need not be enclosed from this stage onwards.
2. All the relevant records/files of the Administrative Ministries/Depts. containing reasons for variations may be kept ready for production to Audit for their reference during the course of Audit of Stage-II.

The Figures of each grant in the following format may also be sent in a floppy alongwith Stage-II in MS Excel format

Head of account (upto subhead level)	Original provision (O)	Supple- mentary (S)	Re- appropriation (R)	Total provision	Expenditure
		+xxxxx*			
		-xxxxx			

*Please do not insert brackets before and after '+' & '-' sign.

5. Audit of Headwise Appropriation Accounts by Accredited Audit Offices

Within a month of submission of Stage-II of Headwise Appropriation Accounts Note.

- * Efforts are to be made by Pr. Accounts Office to get the Headwise Appropriation Accounts audited expeditiously by keeping close liaison with the concerned Accredited Audit Offices. This may be watched through a weekly report.
- * The Accredited Audit Offices are requested to ensure that copies of the observations on Appropriation Accounts are endorsed to this office.
- * The Pr. Accounts offices should ensure that observations of Audit/this office on Headwise Appropriation Accounts are complied with within **ten days** of their receipt and parawise replies are furnished with each stage of the account.

6. Submission of Audited Headwise Appropriation Accounts (Stage-III) duly approved by Chief Accounting Authority on file

The Audited Headwise Appropriation Accounts should be submitted within seven days of the receipt of Audit's 'No Comments' Certificate. If it is subject to some Audit observations, the audit observations must be attended to on **TOP PRIORITY** and accounts may be finalised without awaiting clear 'No Comments' Certificate from Audit mentioning the compliance of Audit observations in the forwarding letter. It has been observed that this is not being adhered to and there was abnormal delay in the submission of Stage-III of the Accounts in the past. Time at this stage is very crucial as this office can submit condensed Appropriation Accounts over the signatures of CGA to Audit for their clearance only on receipt of Audited copy of Accounts. Alongwith this stage, Explanatory Notes for excess/savings and cases of New Service/New Instrument of Service are also to be sent wherever applicable.

Note:—All the documents/certificates sent with Stage-II are to be sent alongwith this stage duly incorporating changes which have occurred after submission of Stage-II.

All the documents/certificates sent with Stage-III are to be sent alongwith Stage-IV duly incorporating changes which have occurred after submission of Stage-III.

ANNEXURE 'B'

Time Schedule for 2006-2007 (Stage I—Grant Statement)

Sl. No.	Name of Ministry/Deptt.	27-4-2007			Total
A—To Pr. Director of Audit, Economic & Service Ministries, New Delhi					
1.(A)	Agriculture	2	3	1	3
	(B) Food Processing Industries	45	-	-	1
2.	Chemicals & Ferts.	7	8	-	2
3.	Civil Aviation & Tourism	9	92	-	2
4.	Consumer Affairs & Food & Public	17	18	-	2
5.	Coal	-	10	-	1
6.	Commerce	11	-	-	1
7.	Textiles	-	91	-	1
8.	Heavy Ind., P.E.	4,49	12,86	48	5
9.	Mines	-	63	-	1
10.	Steel	90	-	-	1
11.	Petroleum & Natural Gas	70	-	-	1
12.	Power	-	72	-	1
13.	Rural Development (including Panchayati Raj)	80,67	79	78	4
14.	Surface Transport	84	-	85	2
15.	U.D. & Urban Emp. & P.A.	101	99 & 102	100	4
16.	Water Resources	-	103	-	1
	Total 'A'	14	14	5	33
B—To Pr. Director of Audit, Scientific Departments, New Delhi					
1.	Environment & Forests	-	29	-	1
2.	New & Renewable Energy	-	64	-	1
3.	Science & Technology	83	82	81	3
4.	Atomic Energy	-	6	5	2
5.	Information Technology	15	-	-	1
6.	Earth Sciences	66	-	-	1
7.	Space	-	88	-	1
	Total 'B'	3	5	2	10

Sl. No.	Name of Ministry/Deptt.	27-4-2007			Total
C—To Director General of Audit, Central Revenues, New Delhi					
1.	External Affairs	65	30	-	2
2.	Finance	31,32,33,38	36,37,41,44	34,35	10
3.	CPAO	-	-	39	1
4.	CBDT	-	42	-	1
5.	CBEC	-	43	-	1
6.	Health & Family Welfare	47	-	46	2
7.	Home Affairs	28,54	50,53	52	5
8.	Human Res. Development (Incl. Culture, Y.A. & Sports)	55,57	19,104	56	5
9.	Information & Broadcasting	58	-	-	1
10.	Labour	-	59	-	1
11.	Law & Justice				
	(a) Law & Justice	-	61	-	1
	(b) Supreme Court of India	62	-	-	1
	(c) Company Affairs	-	16	-	1
12.	Election Commission	60	-	-	1
13.	Personnel P.G. & Pension & Cabinet etc.	68,76,77	51	69	5
14.	Planning	71	-	-	1
15.	Statistics & Prog. Implementation	-	89	-	1
16.	Tribal Affairs, Social Justice & Empowerment, Minority Affairs	105	93	87	3
17.	Lok Sabha	74	-	-	1
18.	Rajya Sabha	75	-	-	1
19.	President's Secretariat	73	-	-	1
	Total 'C'	21	17	8	46
D—To Director of Audit, Defence Services, New Delhi					
	Defence	21	20	-	2
E—To Pr. Director of Audit, Central Calcutta					
	A & N Islands	-	-	94	1
F—To Pr. Director of Audit, Central Mumbai					
	Daman & Diu	-	-	97	1

Sl. No.	Name of Ministry/Deptt.	27-4-2007			Total
G—To A.G. (Audit), Kerala					
	Lakshadweep	-	-	98	1
H—To Pr. Director of Audit, Telecommunications					
	Telecommunications	14	-	-	1
	Total 'A' to 'H'	40	37	18	95
I—Non-Departmentalised Grants					
1.	Indian Audit & Accounts	-	-	40	1
2.	Chandigarh	-	-	95	1
3.	Dadra & Nagar Haveli	-	-	96	1
Grand Total		40	37	21	98

ANNEXURE 'C'

Time Schedule for Stage-II of Head-wise Appropriation Accounts for 2006-07

Sl. No.	Name of Ministry/Deptt.	08.6.07	15.06.07	Total
A—To Pr. Director of Audit, Economic & Service Ministries, New Delhi				
1. (A)	Agriculture	3,2	1	3
	(B) Food Processing Industries	-	45	1
2.	Chemicals & Fertilizers	7	8	2
3.	Civil Aviation & Tourism	9	92	2
4.	Consumer Affairs & Food & Public Distribution	17	18	2
5.	Coal	-	10	1
6.	Commerce	11	-	1
7.	Textiles	-	92	1
8.	Heavy Industries P.E.	4,49	12,48,86	5
9.	Mines	63	-	1
10.	Steel	90	-	1
11.	Petroleum & Natural Gas	70	-	1
12.	Power	-	72	1
13.	Rural Development (including Panchayati Raj)	67,70	78,79	4
14.	Surface Transport	84	85	2
15.	U.D. & Urban Emp. & P.A.	99&100	101,102	4
16.	Water Resources	-	103	1
	Total	16	17	33
B—To Pr. Director of Audit, Scientific Departments, New Delhi				
1.	Environment & Forests	-	29	1
2.	New & Renewable Energy	-	64	1
3.	Science & Technology	82,83	81	3
4.	Atomic Energy	-	5,6	2
5.	Information Technology	15	-	1
6.	Earth Sciences	66	-	1
7.	Space	-	88	1
	Total 'B'	4	6	10
C—To Director General of Audit, Central Revenues, New Delhi				
1.	External Affairs	65	30	2
2.	Finance	32,33,38,41	31,34,35, 36,37,44	10

Sl. No.	Name of Ministry/Deptt.	08.6.07	15.06.07	Total
3.	CPAO	-	39	1
4.	CBDT	-	42	1
5.	CBEC	-	43	1
6.	Health & Family Welfare	47	46	2
7.	Home Affairs	28,50,54	52,53	5
8.	Human Resource Development (Incl. Culture, Y.A. & Sports)	55,57	19,56,104	5
9.	Information & Broadcasting	-	58	1
10.	Labour	-	59	1
11.	Law & Justice			
	(a) Law & Justice	-	61	1
	(b) Supreme Court of India	62	-	1
	(c) Company Affairs	16	-	1
12.	Election Commission	60	-	1
13.	Personnel P.G. & Pension & Cabinet etc.	68,76,77	51,69	5
14.	Planning	71	-	1
15.	Statistics & Prog. Implementation	-	89	1
16.	Tribal Affairs, Social Justice & Empowerment, Minority Affairs	93,105	87	3
17.	Lok Sabha	74	-	1
18.	Rajya Sabha	75	-	1
19.	President's Secretariat	73	-	1
	Total 'C'	23	11	46
D—To Director of Audit, Defence Services, New Delhi				
	Defence	21	20	2
E—To Pr. Director of Audit, Central, Calcutta				
	A & N Islands	-	94	1
F—To Pr. Director of Audit, Central Mumbai				
	Daman & Diu	-	97	1
G—To A.G. (Audit), Kerala				
	Lakshadweep	-	98	1
H—To Pr. Director of Audit, Telecommunications				
	Telecommunications	-	14	1
	Total 'A' to 'H'	44	51	95

Sl. No.	Name of Ministry/Deptt.	08.6.07	15.06.07	Total
I—Non-Departmentalised Grants				
1.	Indian Audit & Accounts	-	40	1
2.	Chandigarh	-	95	1
3.	Dadra & Nagar Haveli	-	96	1
Grand Total		44	54	98

ANNEXURE 'D'

No. of copies required to be sent at various stages

	Pr. Audit Officer O/o the DG(A) CR	Accredited Audit Officer	CGA
1. Stage-I (Grant Statements) (Signed by Pr. CCA/CCA/CA)	1	3*	2
2. Stage-II (Head-wise Apprn. A/cs) (Signed by Pr. CCA/CCA/CA)	1	3*	2
3. State-III (Audited Head-wise Apprn.A/cs) Signed by Pr. Accounts Officer with a mention in the forwarding letter that:— (a) The Account has been approved by the CAA <i>i.e.</i> Secretary on file (b) Audit's 'No Comments' have been received/Audit's observations have been complied with. (c) Explanatory Note for savings of Rs. 100 crores or more/excess grants/ appropriations (wherever applicable) has been submitted to Audit for vetting Stage-IV—Final Head-wise Appropriation Accounts on hearing from this office	2	2*	2
	5. (including the Recovery Statement) one copy signed by the CAA <i>i.e.</i> Secretary and rest authenticated by Pr. CCA/CCA/CA/Dy. CA)		1 (including the Recovery Statement) signed by the CAA <i>i.e.</i> Secretary

respect of Grants of which Director General of Audit, Central Revenues,
New Delhi is Accredited Audit Officer these copies are to be sent to
DGACR, New Delhi.

**Checklist for submission for Grant statement i.e. Headwise Appropriation
Accounts (STAGE-I)**

1. Detailed Demands for Grants has been scrutinized and corrigendum to set right the discrepancies viz. description of heads, codes and specifically the variation in provisions between Main Demands for Grants and Detailed Demands for Grants has been got issued or copy of reference made in this regard is enclosed.
2. In all the re-appropriation/surrender orders, reasons for variation and also the complete 15 digit code has been indicated.
3. Authenticated copy of distribution of supplementary grant/appropriation (including deduct recoveries) indicating complete fifteen digit code is enclosed.
4. All the prescribed certificates as per time schedule viz. are enclosed.
 - (a) New Service/New Instrument of service.
 - (b) Augmentation of budget provision by 5.00 crore or more
 - (c) Savings/excess covered by valid re-appropriation order.
5. Statement of funds re-appropriated "To" & "From" between different sub-heads is enclosed.
6. Total of Major Heads/Revenue/Capital section as reflected in the grant statement tallies with those given in Main demand for grants.
7. Surrender order (audit order) is in thousands of rupees and the amount as shown in the grant statement correspond with the audit order issued by the Ministry of Finance for acceptance of surrender.
8. Provision for the development of NER & Sikkim has been shown upto object head level corresponding to different functional MH/SMH/Minor Head in the DDG under MH 2552 & MH 4552.
9. Lumpsum provisions for projects/scheme for North Eastern Region and Sikkim have been re-appropriated/surrendered to non-lapsable pool.
10. It is confirmed that Grant statement has been got vetted from the grant controlling authority.
11. Name and telephone numbers of the officials viz. Accounts officer, AAO and Accountant dealing with the Appropriation Accounts is enclosed.

**Sr. Accounts Officer
Principal Accounts Office**

ANNEXURE 'F'

Checklist for submission of Headwise Appropriation Accounts (STAGE-II)

1. All the prescribed certificates as per time schedule are enclosed.
 - (a) Contingency Fund Statement.
 - (b) Suspense Head certificate
 - (c) Fund Account certificate
2. Expenditure figures included in the SCTs of Agent Ministries/Deptts. have been intimated to Functional Ministries for inclusion in latter's Appropriation Accounts (copy enclosed).
3. Statement of Major Headwise/Grantwise totals of the Consolidated Fund of India (Disbursements) as appearing in SCT is enclosed.
4. Action has been initiated for confirmation of excess/saving and preparation of explanatory notes for saving of Rs. 100 crore or more and all excesses.
5. Draft condensed accounts alongwith key to condensed accounts is enclosed.
6. Parawise reply to observations of O/o CGA on Stage-I is enclosed.
7. It is confirmed that Stage-II has been got vetted from the Grant Controlling Authority.
8. All the pending points of checklist of Stage-I.

**Sr. Accounts Officer
Principal Accounts Office**

ANNEXURE 'G'

Checklist for submission of Headwise Appropriation Accounts (STAGE-III)

1. Explanatory notes for savings/excess furnished to audit is enclosed.
2. Audit observations on Stage II/No Comments Certificate issued by Audit.
3. Para-wise replies to Audit observations on Stage-II is enclosed.
4. Para-wise replies to O/o CGA's observations on Stage-II is enclosed.
5. Expenditure figures as appearing in SCT of the Agent Ministry/Functional Ministry have been incorporated in the Stage-III of the account after confirmation and communicated to the Functional Ministry.

**Sr. Accounts Officer
Principal Accounts Office**

No. 1/45/2007-MC
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
MONITORING CELL

Room No. 29, Second Floor, B-Wing,
Loknayak Bhavan, Khan Market,
New Delhi-110 003
23rd May 2007

OFFICE MEMORANDUM

SUBJECT: Action taken on the recommendations contained in 45th Report of the Public Accounts Committee (14th Lok Sabha) relating to Excesses Over Voted Grants and Charged Appropriations (2003-04)—delay in furnishing Explanatory Notes.

The PAC in its 45th Report (14th Lok Sabha) has observed that Ministries/ Departments are not adhering to timely submission of detailed Explanatory Notes. The PAC has expressed its displeasure on inordinate delay in the submission of the Explanatory Notes and has made following observations:

"...there is further scope for cutting down the time at various stages in regard to finalisation and submission of the Explanatory notes by them. The Committee expect that in future, the Ministry of Finance would show the requisite urgency in the matter and take all possible steps for timely submission of ATN."

"Ministry appears to have not discharged their role as the nodal coordinating agency in ensuring timely submission of Explanatory Notes by different Ministries/Departments."

"The Committee would now expect the Ministry of Finance to take proactive steps to ensure timely submission of Explanatory Notes by various Ministries/ Departments."

"Ministry of Finance in consultation with Comptroller and Auditor General of India should put in a place a centralized computerized monitoring system to check the status of the preparation of Explanatory Notes at every stage by various Ministries/Departments so that the delay in finalisation of ATRs by the PAC for regularization of excess expenditure could be avoided."

In view of the above it has been decided that from now onwards the Explanatory Notes would be required to be finalised by 30th September of the corresponding year so that the same could be laid in the Parliament with the Appropriation Accounts. In this regard attention is also drawn to O.M. No. G-25018/CGA-AA/Time Schedule/ 2006-07/dated 4th April 2007, whereby revised time schedule for preparation of Union Government Appropriation Accounts (Civil) has been circulated. As per above circular the Union Government Appropriation Accounts Civil for the year 2006-07 are to be finalised by 30.9.2007 for their presentation to Parliament.

As per recommendation of PAC, office of CGA is also putting in place a centralized computerized monitoring system to check the status of preparation of Explanatory Notes at every stage. Ministries/Departments would be informed of its modalities in due course of time and they would be required to up load the current status of the Explanatory Notes at regular intervals.

All Ministries/Departments are, therefore, requested to take note of revised schedule for preparation of Explanatory Notes and strictly adhere to the time schedule in submitting the vetted Explanatory Notes to the PAC. Further Ministries/Departments/Audit are also requested to inform the Monitoring Cell in the Department of Expenditure about the progress made in preparation/finalisation of Explanatory Notes. Further they are requested to make all out effort to clear outstanding Explanatory Notes.

Sd/-

(N.K. Bhagat)

Under Secretary to the Government of India

Tele No. 24626829

To

1. Secretaries of all Ministries/Departments
2. FAs of all Ministries/Departments
3. Pr. CCAs/CCAs/CAs/Dy. CAs of Ministries/Departments
4. JS (Budget), Budget Division, Ministry of Finance, (DEA), New Delhi
5. Office of the C&AG of India, New Delhi
6. Office of the DGA, CR, New Delhi

Action Taken by the Ministry of Chemicals & Fertilisers (Department of Fertilizers)

This is the first instance that the Department of Fertilizers had to prepare an explanatory note on excess expenditure during 2005-2006 under 54th Report of Public Accounts Committee and the time limit prescribed has been adhered to for submission of explanatory note.

Audit Comments:—

Action Taken Note has been vetted in Audit. Audit has no comments to offer.

Action Taken by the Ministry of Communications and Information and Technology (Department of Posts)

There has been an excess expenditure of Rs. 976456000 in the Department of Posts during the year 2005-06 and the detailed explanatory notes on excess expenditure under revenue (Voted) in respect of Demand No. 14 of Department of Posts duly vetted by the Audit under their U.O. No. Rep VI/1(b)/App.A/cs/05-06/261 dated 27-7-2007 has already been sent to Ministry of Finance *vide* Department of Posts letter No. 20-5/07 BGT(PA)/1555 to 1558 dated 2-8-2007 for its regularization.

The Department of Posts ensures to take suitable/necessary action for finalization/ vetting and timely submission of explanatory notes on excess expenditure, if any, in future.

Sd/-
DDG(PAF)

[Department of Posts, New Delhi No. 20-5/2006 BGT(PA) Dated Nov. 2007]

Action taken by the Ministry of Defence

This para mainly relates to timely submission of explanatory notes in respect of excess registering grants/appropriations immediately after presentation of relevant Appropriation Accounts to Parliament to enable the Committee to finalise their Report early for regularization of excess expenditure. The Committee has urged to the Ministry of Finance being the nodal Ministry, to ensure that explanatory notes are submitted to the Committee without and delay whatsoever.

So far as excess expenditure in Defence Services is concerned, the Ministry of Defence has noted the observation and recommendation of the Committee and all out efforts are made for timely submission of relevant explanatory notes after getting these vetted by Director General of Audit, Defence Services.

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

Action Taken by the Ministry of Railways (Railway Board)

Noted.

This has been seen and vetted by Audit *vide* their U.O. No.71-RA-III/2-1/2007 dated 18th March , 2008.

Sd/-
(Smt. P. Babbar)
Adviser (AR)
Railway Board

[Ministry of Railways O.M. No. 2007-BC-PAC/XIV/54 dated -10-2008]

Action Taken by the Ministry of Home Affairs

It is submitted that Ministry of Home Affairs is a vast Ministry and operates 10 "Demands for Grants". There are a number of Budget Controlling Authorities in the Ministry who frame the Budget Estimates under these Grants. The appropriation Accounts in respect of four Grants *i.e.* Ministry of Home Affairs, Police, Other Expenditure of Ministry of Home Affairs and Transfers to UT Government are prepared by Principal Accounts Office (Minsitry of Home Affairs) and signed by Union Home Secretary, whereas the Appropriation Account in respect of the fifth Grant *i.e.* Cabinet, is prepared by Pay and Accounts Office, Department of Personnel

and Training and signed by their Secretary. The Appropriation Accounts in respect of five Union Territories (without legislature) *i.e.* Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu and Lakshadweep are prepared by the respective Pay and Accounts Offices of the Union Territories, and signed by the concerned Chief Secretary/Administrator. The Appropriation Accounts after approval and signed by the concerned Competent Authorities are directly furnished to the Office of the Comptroller General of Accounts. The explanation in regard to delay in submission of explanatory notes is given below:—

- (i) An intimation about the excess expenditure of Rs. 0.28 crore under **Grant No. 96-Chandigarh** was received in the Ministry from UT Administration of Chandigarh on 29th November 2006 (copy enclosed). The Explanatory Note duly approved by the Competent Authority in respect of this Grant was sent to Office of the Director General of Audit, Central Revenues on 7th December 2006 for vetting (copy enclosed). However, on December 13th 2006 and April 3rd 2007 (copy enclosed), Office of the Director General of Audit, Central Revenues informed that "the Headwise Appropriation Accounts, though finalized, have not yet been received in this Office. The excess note will be vetted on receipt of the same". The Office of the Director General, Central Revenues *vide* their letter dated 2nd July 2007 (copy enclosed) sought certain clarifications/additional information. The same was further sought by this Ministry on 5th July 2007 (copy enclosed) from the UT Administration. The reply to the clarification was received from UT Administration on 9th July 2007. (copy enclosed). The revised Excess Note was sent to the DG Audit for necessary vetting on 17th July 2007 (copy enclosed). The final vetted version of the Explanatory Note of this Grant was received in the Ministry only on 20th July 2007 (copy enclosed) After getting the final "Explanatory Note for Excess" translated into Hindi the same was furnished to Ministry of Finance (Monitoring Cell) on 1st August 2007 alongwith the requisite number of copies in English and Hindi versions (copy enclosed).—
- (ii) In regard to delay in submission of explanatory note of excess expenditure of Rs 3.58 crore under **Grant No. 99 - Lakshadweep**, it is submitted that this Ministry came to know about the excess only in March 2007 through Office of Comptroller General of Accounts (copy enclosed). On receipt of this communication, the UT Administration of Lakshadweep was requested (copy enclosed) to furnish a detailed Explanatory Note alongwith reasons for excess under each sub-head of the Grant. Despite repeated reminders (copy enclosed) and telephonic conversations, complete information could only be received in the Ministry from UT Administration on 26th June 2007 (copy enclosed). The reply received from UT Administration was examined in detail and the draft Explanatory Note, duly approved and signed by the Competent Authority was sent to Office of the Director General of Audit, Central Revenues on 2nd July 2007 for vetting. The Office of the Director General of Audit, Central Revenues *vide* their letter dated 12th July 2007 (copy enclosed) sought

certain clarifications/additional information, which were received from the UT Administration on 20th July 2007 (copy enclosed) and a revised "Explanatory Note for Excess" was sent to Director General of Audit, Central Revenues on 3rd August 2007 for further vetting (copy enclosed). The "Explanatory Note for Excess", duly vetted by Office of the Director General of Audit, Central Revenues was received in the Ministry only on 10th August, 2007 (copy enclosed). After getting the final "Explanatory Note for Excess" translated into Hindi, the same was furnished to Ministry of Finance (Monitoring Cell) on 13th August 2007 alongwith the requisite number of copies in English and Hindi versions (copy enclosed)—

2. It may kindly be seen from above that although the Ministry had initiated action immediately on receipt of information about the excess expenditure to make available the PAC, the "Explanatory Note for Excess" in time, the same could only be finalized and furnished on 1st August 2007 in respect of Grant No. 96—Chandigarh and on 13th August 2007 in respect of Grant No. 99 Lakshadweep.

3. Notwithstanding the reasons stated for the belated submission of the "Explanatory Notes for Excess", the inconvenience caused to PAC is regretted. In future, special efforts will be made to adhere to the time limit prescribed.

(This "Action taken Note" has been vetted by Office of the DGACR *vide* their U.O. No RR/6-21/07-08/3812 dated 25th February, 2008)

Sd/-

(Vivek Mehrotra)

Special Secretary & Financial Adviser (Home)

[M.H.A. U.O. No 15014/05/07-Budget-II Dated 29th February, 2008]

IMMEDIATE

F.No.15022/02/2006-Budget-II
Ministry of Home Affairs
Govt. of India

1 AUGUST 2007
New Delhi, the 31st July, 2007

OFFICE MEMORANDUM

SUBJECT: "Explanatory Note" in respect of excess expenditure occurred under Capital Section (Voted) in respect of Grant No. 96—Chandigarh during the year 2005-06.

The undersigned is directed to forward herewith 45 copies of English version and 15 copies of Hindi version of the above stated "Explanatory Note" for onward transmission to Lok Sabha Sectt. (PAC Branch).

2. The "Explanatory Note" has been vetted by the Office of the DGACR *vide* their U.O. No. RR-II/6-23/06-07/1051 dated 20th July.

Sd/-
(Pooran Chand)
Under Secy. to the Govt. of India
Tele. 23094237

Enclosures: As above.

To

Ministry of Finance,
Department of Expenditure,
(Monitoring Cell),
(Shri N.K. Bhagat, Under Secretary)
Room No. 29, 'B' Wing, 2nd Floor,
Lok Nayak Bhawan,
New Delhi-110 003.

Government of India
Ministry of Home Affairs

Explanatory Note for Excess

Note for Public Accounts Committee in respect of excess expenditure occurred under Capital Section (Voted) of Grant No. 96—Ministry of Home Affairs (Chandigarh) as disclosed in the Union Government Appropriation Accounts (Civil) for the year 2005-2006.

Capital Section (voted)	(Rupees in thousand)
Original Grant	134, 49, 00
Supplementary Grant	17, 34, 00
Total Grant	151, 83, 00
Actual Expenditure	152, 11, 35
Excess	28, 35

2. Under Capital Section (Voted) of Grant No. 96—Ministry of Home Affairs (Chandigarh) for the year 2005-2006, the total provision was Rs. 134,49,00 thousand. This was augmented to Rs. 151,83,00 thousand by obtaining Supplementary Grant of Rs. 17,34,00 thousand. Against this, an expenditure of Rs. 152,11,35 thousand was incurred resulting in excess of Rs. 28,35 thousand.

3. The excess of Rs. 28,35 thousand, was the net effect of total excess of Rs. 1902,52 thousand and total saving of Rs. 1874,17 thousand under various sub-heads of the Grant. The Sub-head under which the excess of Rs. 500 thousand and above occurred and the reasons therefor are explained below:—

Sub-head:	(Rupees in lac)
(i) 4055 00 207 02—Other Allied Works	
Original Grant	50.00
Supplementary Grant	Nil
Actual Expenditure	79.88
Excess	29.88

The excess of Rs. 29.88 lac over and above the B.E. was mainly due to the renovation/upgradation of Home Guards building in Sector 17, Police Station, Manimajra, Sectors 29, 24 and 11. Further, the work of replacement of damaged floor of Police Station in Sectors 3, 34, 36, 39 and Manimajra etc. was also taken up. This excess has been met with valid re-appropriation of Rs. 29.89 lac, duly approved by the Competent Authority.

Sub-head:	(Rupees in lac)
(ii) 4055 00 211 01- Building	
Original Grant	100.00
Supplementary Grant	Nil
Actual Expenditure	256.94
Excess	156.94

The excess of Rs. 156.94 lac over and above the B.E. was mainly due to

completion of 156 houses, Type-II (Block-1, 2, 3, 11 & 12) in Sector 41, Chandigarh. This excess has been met with valid re-appropriation of Rs. 157.00 lac duly approved by the competent authority.

Sub-head: (Rupees in lac)

(iii) 4059 60 051 20- Administration of Justice:—

Original Grant	80.00
Supplementary Grant	Nil
Actual Expenditure	209.21
Excess	129.21

The excess of Rs. 129.21 lac over and above the B.E. was mainly due to completion of various projects, such as, renovation of various Court rooms, Construction of addl. building for Judges Secretaries, providing furniture for furnishing of 9 Court rooms, providing A.C. in 4 Court rooms and net-working of Punjab and Haryana High Court etc. Further, the work for the replacement of lift at Distt. Court S/17 was also taken up and is in progress. This excess has been met with valid re-appropriation of Rs. 129.50 lac duly approved by the Competent Authority.

Due to the celebration of 50th year of the formation of the Punjab and Haryana High Court on 10.12.05 which was to be inaugurated by the President of India and Union Law Minister, large scale upgradation/renovation etc. was required for which the administration was approached to provide additional funds at RE stage.

Sub-head: (Rupees in lac)

(iv) 4059 60 051 21-Jails:—

Original Grant	25.00
Supplementary Grant	Nil
Actual Expenditure	82.50
Excess	57.50

The excess of Rs. 57.50 lac over and above the B.E. was mainly due to completion of high boundary wall around additional land. Further, the work of construction of jeep track, Women cell and providing moveable CCTV Camera with night vision in Model Jail has also been completed. Replacement of HPSV fittings of existing poles and providing HPSV lamp fittings on the barracks of Model Jail have also been completed. This excess has been met with valid re-appropriation of Rs. 57.50 lac duly approved by the Competent Authority.

Sub-head: (Rupees in lac)

(v) 4801 05 799 01-Stock:—

Original Grant	500.00
Supplementary Grant	100.00
Total Grant	600.00
Actual Expenditure	621.16
Excess	21.16

The excess of Rs. 21.16 lac over and above the B.E. was mainly due to urgent

requirement of electronic meters to be replaced with electromagnetic meters in order to achieve the targets fixed by Govt. of India and to procure 11KV XLPE 150 mm squared cable for the development of Sectors 47 to 49 etc.

Chandigarh Admn. had launched a drive to reduce the Transmission and Distribution losses which were about 26% during the year 2003-04. The Administration was committed to reduce losses to the tune of 3% per year. Keeping this in view, additional funds of Rs. 100.00 lac was asked by the Engg. Deptt. which was provided through a Supplementary Grant thereby raising the budget provision from Rs. 500.00 lac to Rs. 600.00 lac. It is, however unfortunate that the concerned officers could not restrict expenditure within the budgetary ceiling. It may however be mentioned that Transmission and Distribution losses have reduced from 26% to 18% till date.

Sub-head:	(Rupees in lac)
(vi) 4202 02 104 01-Building:—	
Original Grant	125.00
Supplementary Grant	Nil
Actual Expenditure	152.41
Excess	27.41

The excess of Rs. 27.41 lac over and above the B.E. was mainly due to completion of the construction of Block-A of Chandigarh College of Engineering and Technology in Sector 26. Further, the work relating to electronic and communication block in Central Poly. Sector 26 has also been completed. This excess has been met with valid re-appropriation of Rs. 27.39 lac duly approved by the Competent Authority.

Sub-head:	(Rupees in lac)
(vii) 4235 02 102 02-Building:—	
Original Grant	30.00
Supplementary Grant	Nil
Actual Expenditure	71.50
Excess	41.50

The excess of Rs. 41.50 lac over and above the B.E. was mainly for taking up the work of construction of Juvenile Home in Sector 25. Further, the renovation work of kitchen and toilets of various creches in Chandigarh have also been taken. This excess has been met with valid re-appropriation of Rs. 41.50 lack duly approved by the Competent Authority.

Sub-head:	(Rupees in lac)
(viii) 4202 03 800 05-Building:—	
Original Grant	87.00
Supplementary Grant	Nil
Actual Expenditure	394.00
Excess	307.00

The excess of Rs. 307.00 lac over and above the B.E. was mainly for the completion of work relating to providing of flood lighting in Hockey Stadium Sector 42 at a cost of Rs. 167.00 lac. The work providing of additional seating capacity and 12 gun sprinklers for irrigation in Cricket Stadium, Sector 16 has been completed. Further, the work *i.e.* conversion of swimming pool into all weather swimming pool in Sector 23 at a cost of Rs. 32.25 lack has also been taken up. This excess has been met with valid re-appropriation of Rs. 307.00 lac duly approved by the Competent Authority.

Sub-head: (Rupees in lac)

(ix) 4250 00 203 01-Building:—

Original Grant	11.00
Supplementary Grant	Nil
Actual Expenditure	18.15
Excess	7.15

The excess of Rs. 7.15 lac over and above the B.E. was mainly for the completion of campus lighting at Central Craft Institute (CCI) for women, providing Storm Water Drainage (SWD) arrangement in campus of residential houses in I.T.I. Sector 28. Further, the work for the conversion of existing two rooms into multipurpose hall in ITI Sector 28 of the cost of Rs. 4.06 lac has also been taken up. This excess has been met with valid re-appropriation of Rs. 7.16 lac duly approved by the Competent Authority.

Sub-head: (Rupees in lac)

(x) 5054 04 800 03-Construction of Link Roads:—

Original Grant	1.00
Supplementary Grant	Nil
Actual Expenditure	20.00
Excess	19.00

The excess of Rs. 19.00 lac over and above the B.E. was mainly to deposit the consultation fee for executing the work of Mass Rapid Transport System. This excess has been met with valid re-appropriation of Rs. 19.00 lac duly approved by the Competent Authority.

Sub-head: (Rupees in lac)

(xi) 5055 00 201 01-Expansion and Development of Bus Stands:—

Original Grant	110.00
Supplementary Grant	Nil
Actual Expenditure	156.44
Excess	46.44

The excess of Rs. 46.44 lac over and above the B.E. was mainly due to executing the work for the construction of 2nd I.S.B.T. in Sector 43. This excess has been met with valid re-appropriation of Rs. 46.50 lac duly approved by the Competent Authority.

Sub-head: (Rupees in lac)

(xii) 5452 80 800 06-Expansion of UT Guest House:—

Original Grant	100.00
Supplementary Grant	Nil
Actual Expenditure	197.50
Excess	97.50

The excess of Rs. 97.50 lac over and above the B.E. is to complete the construction work of Additional block for VVIP in UT Guest House, Sector 6, and also providing furniture and furnishing at a cost of Rs. 56.22 lac. This excess has been met with valid re-appropriation of Rs. 97.60 lac duly approved by the Competent Authority.

The construction of U.T. Guest House was in an advanced stage at the start of the year 2005 and the Hon'ble Judges of the Punjab and Haryana High Court including the Chief Justice emphasized that in view of the 50th year Celebrations of the High Court, most of the rooms in the U.T. State Guest House should be made available for their dignitaries including some foreign guests during the Celebrations. Hence the work of U.T. State Guest House was also completed.

Sub-head: (Rupees in lac)

(xiii) 4216 01 106 02-Accommodation of Govt. Employees:—

Original Grant	500.00
Supplementary Grant	Nil
Actual Expenditure	596.90
Excess	96.90

The variation of Rs. 96.90 lac over and above the B.E. is to complete the ongoing works of 132 houses of various types in various Sectors at a cost of Rs. 3.34 crore and to execute the work of 156 houses (42 Type-III in Sector 43-A and 114 Type-I Houses in Sector 46-D). This excess has been met with valid re-appropriation of Rs. 97.00 lac duly approved by the Competent Authority.

Sub-head: (Rupees in lac)

(xiv) 4217 01 050 01-Acquisition:—

Original Grant	4550.00
Supplementary Grant	1634.00
Total Grant	6184.00
Actual Expenditure	7043.00
Excess	859.00

The excess of Rs. 859.00 lac over and above the B.E. was mainly due to acquisition of land in Village Mauli Jagran, Raipur Kalan and Raipur Khurd for the purpose of terminal fruit and vegetable market. This excess has been met with valid re-appropriation of Rs. 859.00 lac duly approved by the Competent Authority.

The additional requirement of funds was projected in RE which was approved by the Ministry of Finance. The expenditure was however partly met from the savings available in the budgetary section of the grant and partly by obtaining supplementary grant of Rs. 16.34 crore.

4. In regard to the circumstances under which Supplementary Demands were not taken before incurring excess expenditure, it is stated that most sub-heads have been covered under the valid re-appropriation approved by the competent authority as sufficient savings were available under the grant.

Remedial Action Taken

Institutions have already been issued to all the Budget Controlling Authorities that they should thoroughly review and scrutinize the budget estimates at the Supplementary Grant stage itself so as to avoid instances of Excess Expenditure. Instructions issued by Ministry of Finance have been circulated by this Ministry *vide* letter No. 15(3)/2003/AFA(H) dated 15th May, 2006 (copy enclosed). The U.T. Administration of Chandigarh has also issued instructions (copy enclosed) to its Chief Engineer to look into the matter personally and take appropriate action against the defaulting officers, with a view to avoiding recurrence of such cases in future. Ministry of Home Affairs has conveyed its displeasure to the UT Administration regarding the excess expenditure incurred, and its failure to exercise effective expenditure control. Any future lapse in this regard will be viewed seriously by Ministry of Home Affairs.

(This excess note has been vetted by the office of the DG ACR *vide* their U.O. RR-II/623/06-07/1051 dated 20th July, 2007)

Sd/-

(Reghuendra Singh Sirohi)

Additional Secretary & Financial Adviser (Home)

[M.H.A. F.N. 15022/02/2006-Budget-II Dated 31st July, 2007]

IMMEDIATE

F.no. 15041/05/2007-Budget-II
Ministry of Home Affairs
Govt. of India

New Delhi, the 13th August, 2007

OFFICE MEMORANDUM

SUBJECT: "Explanatory Note" in respect of excess expenditure occurred under Revenue Section (Voted) in respect of Grant No. 99 Lakshadweep during the year 2005-06.

The undersigned is directed to forward herewith 45 copies of English version and 15 copies of Hindi version of the above stated "Explanatory Note" for onward transmission to Lok Sabha Sectt. (PAC Branch).

2. The "Explanatory Note" has been vetted by the Office of the DGACR *vide* their U.O. No. RR/6-2/07-08/1164 dated 10th August 2007.

Sd/-
(Pooran Chand)
Under Secy. to the Govt. of India
Tele: 23094237

Enclosures As above:

To

Ministry of Finance,
Department of Expenditure
(Monitoring Cell),
(Shri N.K. Bhagat, Under Secretary)
Room No. 29, 'B' Wing 2nd Floor,
Lok Nayak Bhawan,
New Delhi-110 003.

Government of India
Ministry of Home Affairs

Explanatory Note for Excess

Note for Public Accounts Committee in respect of excess expenditure occurred under Revenue Section (Voted) of Grant No. 99-Ministry of Home Affairs (Lakshadweep) as disclosed in the Union Government Appropriation Accounts (Civil) for the year 2005-2006.

Revenue Section (Voted) (Rupees in thousand)

5452 80 800 06-Expansion of UT Guest House:—

Original Grant	220,60,00
Supplementary Grant	13,49,00
Total Grant	234,09,00
Actual Expenditure	237,67,58
Excess	3,58,58

2. Under Revenue Section (Voted) of Grant No. 99 Ministry of Home Affairs (Lakshadweep) for the year 2005-2006, the total provision was Rs. 220,60,00 thousand. This was augmented to Rs. 234,09,00 thousand by obtaining Supplementary Grant of Rs. 13,49,00 thousand, Against this an expenditure of Rs. 237,67,58 thousand was incurred, resulting in excess of Rs. 3,58,58 thousand which may please be regularized.

3. The excess of Rs. 3,58,58 thousand, was the net effect of total excess of Rs. 12,08,05 thousand and total saving of Rs. 8,49,47 thousand under various Sub-heads of the Grant. The Sub-head under which the excess of Rs. 500 thousand and above occurred and the reasons therefor are explained below:—

Sub-head: (Rupees in lac)

(1) 205200 090 22 Lakshadweep:—

Original Grant	327.00
Supplementary Grant	0.00
Actual Expenditure	352.50
Excess	25.50

Excess was due to the hike in air fares, visit of more VIPs and rise in cost of various office articles, etc. This excess has been met with valid re-appropriation of Rs. 27.96 lakh duly approved by the competent authority.

(2) 2055 00 109 12 Lakshadweep Police:—

Original Grant	462.95
Supplementary Grant	18.00
Total Grant	480.95
Actual Expenditure	506.30
Excess	25.35

Excess was due to the hike in air fares, rise in the cost of various office articles and higher incidence of medical treatment cases. This excess has been met with valid re-appropriation of Rs. 11.39 lakh duly approved by the competent authority.

(3) 2401 00 001 01 Headquarter Establishment	(Rupees in lac)
Original Grant	60.12
Supplementary Grant	0.00
Actual Expenditure	69.34
Excess	9.22

Excess was due to the hike in air fares, rise in the cost of various office articles, etc. This excess has been met with valid re-appropriation of Rs. 4.72 lakh duly approved by the competent authority

(4) 2401 00 198 01 Panchayats	
Original Grant	136.00
Supplementary Grant	0.00
Actual Expenditure	148.00
Excess	12.00

Excess was due to increase in wages of labourers and cost of other materials for the implementation of various schemes. This excess has been met with valid re-appropriation of Rs. 12. 57 lakh duly approved by the competent authority.

(5) 2403 00 001 01 Headquarter Establishment	
Original Grant	52.84
Supplementary Grant	0.00
Actual Expenditure	61.60
Excess	8.76

Excess was due to settlement of more TA claims and enhancement of land lease by the UT Administration. This excess has been met with valid re-appropriation of Rs. 5.01 lakh duly approved by the competent authority.

(6) 2403 00102 02 District Dairy Farms	
Original Grant	92.60
Supplementary Grant	9.00
Total	101.60
Actual Expenditure	140.77
Excess	39.17

Excess was due to escalation of cost of feed and other articles. This excess has been met with valid re-appropriation of Rs. 15.61 lakh duly approved by the competent authority.

(7) 2403 00103 02 Poultry Development Scheme	
Original Grant	199.69
Supplementary Grant	0.00
Actual Expenditure	217.57
Excess	17.88

Excess was due to escalation of cost of feed and other articles. This excess has been met with valid re-appropriation of Rs. 28.86 lakh duly approved by the competent authority.

(8) 2405 00103 01 Deep Sea Fisheries	(Rupees in lac)
Original Grant	265.05
Supplementary Grant	30.00
Total	295.05
Actual Expenditure	304.03
Excess	8.98

Excess was due to escalation of cost of articles (Supplies and Material). This excess has been met with valid re-appropriation of Rs 1884 lakh duly approved by the competent authority.

(9) 2425 00001 03 Co-operative Establishment

Original Grant	57.20
Supplementary Grant	0.00
Actual Expenditure	63.89
Excess	6.69

Excess was due to settlement of more T.A. claims, hike in air fares and settlement of more medical claims. This excess has been met with valid re-appropriation of Rs. 6.72 lakh duly approved by the competent authority.

(10) 2029 00 102 04 Land Reforms

Original Grant	97.00
Supplementary Grant	0.00
Actual Expenditure	109.26
Excess	12.26

Excess was due to settlement of more medical claims and other claims under Professional Services. This excess has been met with valid re-appropriation of Rs. 12.08 lakh duly approved by the competent authority.

(11) 2801 04 104 01 Power Plant and Ancillary Works

Original Grant	2962.00
Supplementary Grant	83.00
Total Grant	3045.00
Actual Expenditure	3493.72
Excess	448.72

The power generation in different Islands of the UT Administration is through Diesel Generators and Solar Power Plants. Diesel Generating sets are very old and have outlived their lives and consume more diesel. As a result, cost of production per unit comes to Rs. 8.86/- (higher than National Standards). P&AO Kavaratti adjusted the previous years pending bills of High Speed Diesel oil received from Indian Oil Corporation, Chennai procured under DGS&D rate contract resulting in

the excess. The excess has been met with valid re-appropriation of Rs. 56.21 lakh duly approved by the competent authority.

(12) 2202 02 109 03 Secondary Schools	(Rupees in lac)
Original Grant	959.80
Supplementary Grant	180.00
Total Grant	1139.80
Actual Expenditure	1154.15
Excess	14.35

After obtaining supplementary grant of Rs. 180.00 lakh, an amount of Rs. 23.12 lakh was surrendered by the UT Administration because the study tour of XIth Class students was postponed. The reasons given in the Appropriation Accounts by Pay and Account Office are in respect of the above saving of Rs. 23.12 lakh and not in respect of excess under the sub-head. The reasons for excess of Rs. 14.35 lakh were that the amount provided was not sufficient to meet the expenditures under scholarships, due to revision of rates by the M/o Human Resource Development.

(13) 2202 03 103 07 Junior Colleges

Original Grant	3.60
Supplementary Grant	0.00
Actual Expenditure	104.56
Excess	100.96

Excess was due to establishment charges of three Calicut University Study Centres at Kavaratti, Androth and Kadmat based on MOU with Calicut University. This excess has been met with valid re-appropriation of Rs. 101.40 lakh duly approved by the competent authority.

(14) 2202 80 198 01 Panchayats

Original Grant	910.00
Supplementary Grant	0.00
Actual Expenditure	972.37
Excess	62.37

Excess was due to settlement of more tour/transfer TA/medical claims of Primary School Teachers in all the Islands of Lakshadweep by District Panchayat, Karavatti under devolution of powers to Panchayati Raj Institutions (Transferred Schemes). UT Administration has accepted that the actual expenditure on tour/transfer entitlements etc. could not be assessed accurately at the budget formation stage. As regards settlement of medical claims, it may be mentioned that due to non-availability of proper medical facilities in different Islands, employees suffering from serious ailments were referred to specialized hospitals in the mainland, including private hospitals. The cases referred to hospitals in the mainland during 2005-06 were higher as compared to the previous years. Most of the claims were settled in relaxation of normal rules. The excess has been met with valid re-appropriation of Rs 62.37 lakh, duly approved by the competent authority.

(15) 2851 00 001 01 Headquarter Establishment

Original Grant	24.88
Supplementary Grant	0.00
Actual Expenditure	30.51
Excess	5.63

Excess was due to more tours/transfers and settlement of medical claims. UT Administration has accepted that the actual expenditure on tour/transfer entitlements etc. could not be assessed accurately at the budget formation stage. As regards settlement of medical claims, it may be mentioned that due to non-availability of proper medical facilities in different Islands, employees suffering from serious ailments were referred to specialized hospitals in the mainland, including private hospitals. The cases referred to hospitals in the mainland during 2005-06 were higher as compared to the previous years. Most of the claims were settled in relaxation of normal rules. The excess has been met with valid re-appropriation of Rs. 4.24 lakh, duly approved by the competent authority.

(16) 2851 00 106 04 Coir Development

Original Grant	196.75
Supplementary Grant	0.00
Actual Expenditure	262.72
Excess	65.97

Excess was due to escalation of cost of articles procured for Coir Development. This excess has been met with valid re-appropriation of Rs. 50.09 lakh duly approved by the competent authority.

(17) 2230 02 101 03 Employment Exchange

Original Grant	0.00
Supplementary Grant	0.00
Actual Expenditure	19.15
Excess	19.15

The PAO while preparing the Appropriation Account had by oversight booked the expenditure under the above sub-head, for which there was no budget provision in the Detailed Demands for Grants 2005-06. The excess was due to misclassification which was subsequently rectified.

(18) 2230 02 101 06 Industrial Training Institute

Original Grant	0.00
Supplementary Grant	0.00
Actual Expenditure	20.21
Excess	20.21

As per the Detailed Demand for Grants 2005-06, there was a budget provision of Rs. 17.39 lakhs under sub-head 2230 03 101 03. The PAO while preparing the

Appropriation Accounts had by oversight booked the expenditure under the above sub-head, for which there was no budget provision in the Detailed Demands for Grants 2005-06. The excess was due to misclassification which was subsequently rectified.

(19) 3055 00 101 03 Regional Transport Office

Original Grant	0.00
Supplementary Grant	0.00
Actual Expenditure	10.73
Excess	10.73

There was budget provision of Rs. 12.00 lakhs under sub-head 3055 00 01 02, in the Detailed Demands for Grants 2005-06 out of which an amount of Rs. 10.73 lakhs only was incurred, hence there was no excess expenditure under the head. The PAO has wrongly booked the expenditure under the above sub-head under which there was no budget provision in the Detailed Demands for Grants 2005-06. Excess was due to misclassification which was subsequently rectified.

(20) 3051 02 102 01 Port Establishment

Original Grant	87.00
Supplementary Grant	0.00
Actual Expenditure	98.71
Excess	11.71

Excess was due to settlement of claims of Contractors engaged for hauling up, launching and winch operation of Departmental Craft. This excess has been met with valid re-appropriation of Rs. 11.03 lakh duly approved by the competent authority.

(21) 3051 02 800 01 Harbour Facilities

Original Grant	705.00
Supplementary Grant	0.00
Actual Expenditure	888.77
Excess	183.77

Excess was due to hike in the cost of materials, wages of laboures etc. for the implementation of various schemes undertaken through Lakshadweep Harbour Works. This excess has been met with valid-reappropriation of Rs. 181.84 lakh duly approved by the competent authority.

(22) 2059 80 053 02 Non-residential Buildings

Original Grant	87.00
Supplementary Grant	0.00
Actual Expenditure	100.62
Excess	13.62

Excess was due to hike in prices of building materials utilized for maintenance and repairs of office buildings.

(23) 2215 01 001 01 Executive Establishment

Original Grant	91.00
Supplementary Grant	0.00
Actual Expenditure	98.52
Excess	7.12

Excess was due to settlement of higher claims on tour/transfer and medical expenses. UT Administration has accepted that the actual expenditure on tour/transfer entitlements etc. could not be assessed accurately at the budget formation stage. As regards settlement of medical claims, it is submitted that due to non-availability of proper medical facilities in different islands, employees suffering from serious ailments were referred to specialized hospitals in mainland including private hospitals. The cases referred to mainland during 2005-06 were more as compared to the previous years and most of the claims were settled in relaxation of normal rules. This excess has been met with valid re-appropriation of Rs. 6.55 lakh duly approved by the competent authority.

(24) 2216 01 106 02 Major Works

Original Grant	25.00
Supplementary Grant	0.00
Actual Expenditure	37.13
Excess	12.13

Excess was due to hike in prices of building materials utilized for maintenance and repairs of residential buildings.

(25) 3452 80 800 05 Building

Original Grant	50.00
Supplementary Grant	0.00
Actual Expenditure	63.97
Excess	13.97

Excess was due to additional construction of Floating Jetties for promoting Cruise-line tourism. This excess has been met with valid re-appropriation of Rs. 6.20 lakh duly approved by the competent authority.

(26) 2235 02 800 04 Grants to State Social Welfare Advisory Board

Original Grant	20.20
Supplementary Grant	0.00
Actual Expenditure	30.96
Excess	10.76

Excess was due to implementation of Border Area Projects in various islands. This excess has been met with valid re-appropriation of Rs. 7.00 lakh duly approved by the competent authority.

(27) 2810 02 102 08 SPV Project

Original Grant	67.00
Supplementary Grant	0.00
Actual Expenditure	73.02
Excess	6.02

Excess was due to higher release of funds to electricity department for implementing schemes under Solar Photovoltaic Projects. This excess has been met with valid re-appropriation of Rs. 6.28 lakh duly approved by the competent authority.

4. As per UT Administration of Lakshadweep, the anticipated expenditures in regard to settlement of TA claims, air fares, cost of feeds, various office articles etc. under different sub-heads were correctly estimated and projected in the Revised Estimates. However, Ministry of Finance while finalizing the Revised Estimates did not agree to the proposed additionality in view of low utilization of funds uptill September, 2005 *i.e.* first six months of the financial year. UT Administration has stated that in spite of austerity measures adopted by them, there was some overlapping of excess expenditure in certain sub-heads.

5. Due to the Geographical disposition and inaccessibility of the far flung islands of Lakshadweep, various difficulties are faced by the UT Administration every year. During monsoon season *i.e.* from June to September, these islands are virtually cut off from the mainland due to the frequent cancellation of ship schedules/air schedules and Govt./Private operated barges. All important activities temporarily suspended during the monsoon season are resumed only from the month of October/November onwards. Sometimes, there is an acute shortage of essential commodities during this season and the cost of various articles/materials, if available, becomes more than expected.

6. With regard to the circumstances under which supplementary grants were not taken before incurring excess expenditure, it is stated that most of sub-heads have been covered under valid re-appropriation approved by the Competent Authority as sufficient savings were available under the Grant. In so far as reasons for occurrence of excess expenditure despite obtaining supplementary grants under five sub-heads are concerned, UT Administration has accepted that this happened because of non-coordination and non-availability of sub-head wise/DDO wise budgeting control mechanism in the Pay and Accounts Office, Kavaratti and in nine Field Pay Units scattered over various islands. For coordinating all budget related activities, a proposal for establishment of an Integrated Finance Department along with Budget Wing and for creation of consequential posts, is under active consideration of the UT Administration.

Remedial Action Taken

Instructions have already been issued to all the Budget Controlling Authorities that they should thoroughly review and scrutinize the budget estimates at the Supplementary Grant stage itself so as to avoid instances of excess expenditure. Instructions issued by Ministry of Finance have been circulated by this Ministry

vide letter No. 15(3)/2003/AFA(H) dated 15th May, 2006 (copy enclosed). Ministry of Home Affairs has issued instructions to the U.T. Administration of Lakshadweep that they should ensure that such occurrences of excess expenditure over authorized allocation should not occur in future (copy enclosed). In turn, UT Administration of Lakshadweep has directed their staff (copy enclosed) that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by the Parliament by law except after obtaining a supplementary grant or appropriation or an advance from Contingency Fund.

2. In addition, a Computerized Accounting package developed by Office of the Controller General of Accounts, Ministry of Finance has been recently introduced by the UT Administration of Lakshadweep in their Pay and Accounts Office with effect from 1st April, 2007. This package would help to ensure effective control over expenditures within the Grant thereby avoiding such lapses to occur in future.

(This excess note has been vetted by the office of the DG ACR *vide* their U.O No. RR/6-2/07-08/1164 dated 10.08.07)

Sd/-

(Raghuvendra Singh Sirohi)
Additional Secretary & Financial Adviser (Home)

[M.H.A. F.N. 150 41/05/2007-Budget-II Dated 13th August, 2007]

S.No. 2 (Revised)

No. F&Po (2)-2006/1369
Chandigarh Administration
Finance Department
(Accounts Branch)

Chandigarh, dated the 29.11.06

Sh. Pooran Chand,
Under Secretary (Budget)
Ministry of Home Affairs,
New Delhi.

SUBJECT: Regarding notes showing detailed reasons of Excess Expenditure under the Grant No. 96-Chandigarh in the Appropriation Accounts for the year 2005-06.

Sir,

I am directed to refer you to this Administration letter No. F&PO(2)-2006/6743 dated 1.11.2006 on the subject noted above and to enclose herewith the **Revised Excess Note for regularization of** excess expenditure amounting to Rs. 28.35 lac incurred during the year 2005-06 in respect of Grant No. 96-Chandigarh as desired.

Yours faithfully,

Sd/-
Finance & Planning Officer,
For Finance Secretary,
Chandigarh Administration.

A copy is forwarded to the Deputy Accountant General, Office of the Accountant General (A&E), U.T. Chandigarh for information.

Sd/-
Finance & Planning Officer,
For Finance Secretary,
Chandigarh Administration.

Ministry Of Home Affairs
Govt. Of India

New Delhi, the 7th December, 2006

OFFICE MEMORANDUM

SUBJECT: Explanatory Note in respect of excess expenditure occurred under Capital Section (Voted) in respect of Grant No. 96—Chandigarh during the year 2005-06.

The undersigned is directed to forward herewith the above stated "Explanatory Note" (in triplicate), duly approved by Additional Secretary and Financial Advisor (Home), for Vetting.

2. It is requested that the "Explanatory Note" duly vetted, may kindly be returned to this Ministry at an early date.

Sd/-

(Pooran Chand)

Under Secy., To The Govt. Of India

TELE. 23094237

Enclosures: As above

The Office of the Director General of Audit,
(Central Revenues),
Shri Rajiv Kumar, Sr. Audit Office (RR),
AGCR Building, II nd Floor
New Delhi-110 002

**OFFICE OF THE DIRECTOR GENERAL OF AUDIT, CENTRAL REVENUES,
LP. ESTATE, NEW DELHI-2.**

The Ministry of Home Affairs may please refer to its O.M. no. 15022/02/2006-Budget-II dated 7.12.06 forwarding the Explanatory note in respect of excess that occurred under Capital Section (Voted) of Grant No. 96—Chandigarh for the year 2005-06 for vetting.

2. In this connection, it is stated that the savings/excess notes are vetted with reference to final Headwise Appropriation Accounts. Since, the Headwise Appropriation Accounts in respect of the above mentioned grant for the year 2005-06 has not been finalised yet, it is not possible to vet the excess note at present. Upon finalisation of the Headwise Appropriation Accounts, vetting of the note will be done.

Sd/-
(S.S. Dudhwal)
Sr. Audit Office (RR)

Ministry of Home Affairs, North Block, New Delhi.
(Kind attn.: Shri Pooran Chand, Under Secretary to the Govt. of India]
DGACR's U.O. no. RR-II/6-23/2006-07/2289 Dated:12.12.06

S.No. 7 (K)

**OFFICE OF THE DIRECTOR GENERAL OF AUDIT, CENTRAL REVENUES,
I.P. ESTATE, NEW DELHI**

Ministry of Home Affairs, Budget-II Section may kindly refer to their O.M. No. 15022/02/2006-Budget-II dated 14.03.07 and subsequent reminder of even number dated 26.03.07 regarding vetting of Explanatory Note in respect of excess expenditure occurred under Capital Section (Voted) of Grant No. 96—Chandigarh, for the year 2005-06.

2. As in intimated earlier *vide* this office's U.O. of even number dated 13.12.06, the saving/excess notes are vetted with reference to final Head-wise Appropriation Accounts. The Head-wise Appropriation Accounts, though finalized, have not yet been received in this office. The excess note will be vetted on receipt of the same

Sd/-

(Vinay Kumar)
Sr. Audit Officer/RR

Ministry of Home Affairs, Budget-II Section, North Block, New Delhi.
[Kind attn.; Shri Pooran Chand, Under Secretary (Budget)]
DGACR's U.O. No. RR-II/6-23/2006-07/1 Dated: 3 Apr. 2007

S.No. 10(R)

**OFFICE OF THE DIRECTOR GENERAL OF AUDIT
CENTRAL REVENUES, I.P. ESTATES, NEW DELHI**

The Ministry of Home Affairs may please refer to its O.M.No. 15022/02/2006-Bgt. II dated 14.3.2007 forwarding therewith Explanatory Note in respect of excess that occurred under Capital Section (Voted) of Grant No. 96— Chandigarh for the year 2005-06 for vetting.

2. The above mentioned Explanatory Note has been examined with reference to the 3rd stage of Head-wise Appropriation Accounts for the year 2005-06 and the following audit comments are offered thereon:—

- (i) What were the reasons for excess expenditure in the grant especially under the sub-heads of Building, Expansion of UT guest house and Administration of Justice, where excess ranged between 97 to 161 per cent? How were the expenditure on building expansion of UT guest house so urgent as could not wait for the next year may be explained?
- (ii) Why the Engineering Department could not foresee the requirement of budget for electronic meter under the sub-head 4801.05.799.01—stock and acquisition of land under the sub-head 4217.01.050.01—acquisition?
- (iii) Why did the Ministry fail to foresee the excess requirement?
- (iv) State the circumstances under which supplementary demands were not taken before incurring excess expenditure under the 12 sub-heads in which excess expenditure occurred?
- (v) Occurrence of excess expenditure despite obtained supplementary grants under the sub-heads 4801.05.799.01—Stock and 4217.01.050.01—Acquisition may be explained.

3. The Ministry is requested to prepare revised explanatory note after taking into account audit comments referred to in Para 2 above. Revised note duly signed by the Secretary/Joint Secretary of the Ministry may be forwarded to this office for final vetting Immediate action is requested with a view to finalizing the explanatory note without delay.

4. A copy of the Note is returned herewith.

Sd/-
(B.S. Sharma)
Sr. Audit Officer (RR)

The Ministry of Home Affairs, North Block, New Delhi.
(Kind atten.; Shri Pooran Chand, Under Secretary to the GoI)

DGACR's U.O. No. RR-II/6-23/06-07/747 Dated 2 July. 2007

S.No. 11 (Issue)

FAX
MOST IMMEDIATE/OUT TODAY
PAC MATTER

F.No. 15022/02/2006-Budget-II
Ministry Of Home Affairs
Govt. Of India

New Delhi, the 5th July, 2007

To,

Shri S.K. SANDHU
Secretary (Finance),
UT Administration Chandigarh,
CHANDIGARH

SUBJECT: Explanatory Note in respect of excess expenditure occurred under Capital Section (Voted) in respect of Grant No. 96—Chandigarh during the year 2005-06.

I am directed to refer to UT Administration's letter No. F&PO(2)- 2006/7369 dated 29th Nov. 2006 on the subject cited above and to say that the above mentioned Explanatory Note has been examined with reference to the third stage of head-wise Appropriation Accounts for the year 2005-06 by the Office of the DG(Audit) and the following Audit observations/comments are offered thereon:—

- (i) What were the reasons for excess expenditure in the grant especially under the sub-heads of Building, Expansion of UT State-guest house and Administration of Justice, where excess ranged between 97 to 161 per cent? How were the expenditure on building, expansion of UT State guest house so urgent as could not wait for the next year may be explained?
- (ii) Why the Engineering Department could not foresee the requirement of budget for electronic meter under the sub-head 4810.05.799.01—stock and acquisition of land under the sub-head 4217.01.0505.01—acquisition?
- (iii) Why did the UT Administration fail to foresee the excess requirement?
- (iv) State the circumstances under which supplementary demands were not taken before incurring excess expenditure under the 12 sub-heads in which excess expenditure occurred?
- (v) Occurrence of excess expenditure despite obtained supplementary grants under the sub-heads 4801.05.799.01—Stock and 4217.01.050.01—

Acquisition may be explained.

2. UT Administration is requested to send the above information immediately by return FAX so that a revised Explanatory Note may be sent to the Office of the DG(Audit) for vetting.

3. This may be done on priority.

Yours faithfully,

Enclosures: As above

Sd/-

(Pooran Chand)
Under Secy. To The Govt. Of India
Tele. 23094237

S.No. 13 (Receipt)

**MOST IMMEDIATE
OUT TODAY**

No. F&PO(6)-2007/4248
Chandigarh Administration
Finance Department
(Accounts Branch)

Chandigarh, dated the 6.07.2007

To

Shri Pooran Chand,
Under Secretary (Budget)
Ministry of Home Affairs,
New Delhi.

SUBJECT: Explanatory Note in respect of excess expenditure occurred under Capital Section (Voted) in respect of Grant No. 96—Chandigarh during the year 2005-06.

Sir,

I am directed to refer to your letter Ter No. 15022/02/2006—Budget-II dated 5.7.2007 on the subject noted above and to submit the requisite information as under:—

What were the reasons for excess expenditure in the grant especially under the sub-heads of Building Expansion of UT State-guest house and Administration of Justice, where Excess ranged between 97 to 161 per cent? How were the expenditure on building, expansion of UT State guest house so urgent as could not

wait for the next year may be explained?

There was a budget provision of Rs.80.00 lac under the Head "4059—Administration of Justice" during the year 2005-06. A meeting was held on 21.07.2005 between the Hon'ble Judges of Punjab & Haryana High Court including the Chief Justice with senior functionaries of the Chandigarh Admn., wherein it was projected by the High Court that 50th year of the formation of the High Court is to be celebrated on 10.12.05 which was to be inaugurated by the President of India and Union law Minister hence large scale upgradation/renovation viz. renovation of judges lounge, providing and fixing of 2 No. escalator in hall near gate No. 2, Addition and alteration in hall near gate No.2 and const. of facilitation-cum-public Enquiry Sector etc. of the High Court

campus is required.

In view of this development, the administration was approached to provide additional funds at RE stage. It is pertinent to mention that the total expenditure during the year 2005-06 was Rs. 209.21 lac, which was very much within the sanctioned grant.

The construction of UT State Guest House was at the advance stage during the start of the year 2005 and the Hon'ble Judges of the Punjab & Haryana High Court including the Chief Justice emphasized that in view of the 50th Year Celebrations of the High Court, most of the rooms in the UT State Guest House should be made available for their dignitaries including some foreign guests during the Celebrations. Hence the work of UT State Guest House was also completed. It is worth mentioning that the total expenditure of Rs. 197.50 lac was within acquisition?

the sanctioned grant

Why the Engineering Department could not foresee there requirement of budget for electronic meter under the sub-head 4801 05 799 01 - stock and acquisition of land under the sub-head 4217.01.050.01-

(a) Engineering Deptt. has foreseen the requirement for electronic meter as Chandigarh Admn. has launched a drive to reduce the T&D losses which were about 26% during the year 2003-04 and the administration was committed to reduce the losses to the tune of 3% per year. Keeping this in view, additional funds to the tune of Rs.100.00 lac was asked by the Engg. Deptt. which was provided through the Supplementary Grant thereby raising the budget provision from Rs. 500.00 lac to Rs. 600.00 lac. But it is unfortunate on the part of the department that the concerned officers could not maintain the budgetary ceiling. It is not a plea to justify the excess expenditure incurred by the divisional officers, but it is worthwhile to mention here that T&D losses have been reduced from 26% to 18% till date Further the realization of recovery which is shown in the budgetary books as reduction of expenditure have also been enhanced form

<p>crore was approved.</p> <p>Why did the UT Administration fail to foresee the excess requirement?</p> <p>State the circumstances under which supplementary demands were not taken before incurring excess expenditure under the 12 sub-heads in which excess expenditure occurred?</p> <p>Occurrence of excess expenditure despite obtained supplementary grants under the sub-head 4801.05.799.01— Stock and 4217.01.050.01— Acquisition may be explained.</p>	<p>the targeted amount of Rs.600.00 lac to Rs.678.00 lac. This budgetary irregularity is highly regretted. All the concerned Officers have been warned to be careful.</p> <p>(b) The department has also foreseen the requirement for acquisition of land for the development of the city. The additional requirement of funds was projected in RE which was approved by the Ministry of Finance. The expenditure was however partly met from the savings available in the budgetary section of the grant and for the balance, a supplementary grant of Rs. 16,34 As explained against point No. (i) & (ii) above</p> <p>Out of 12 sub-heads pointed out by the Director General of Audit all the cases were covered under the valid re-appropriation approved by the competent authority as sufficient savings were available under the grant.</p> <p>As explained against point No. (ii) above.</p>
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Yours faithfully,

Sd/-

Finance & Planning Officer,
For Finance Secretary,

Chandigarh Administration.

S.No. 21 (R)

**OFFICE OF THE DIRECTOR GENERAL OF AUDIT
CENTRAL REVENUES, I.P. ESTATES, NEW DELHI**

The Ministry of Home Affairs may please refer to its O.M.No. 15041/05/2007-Bgt-II dated 2.7.2007 forwarding therewith Explanatory Note in respect of excess that occurred under Revenue Section (Voted) of Grant No. 99—Lakshadweep for the year 2005-06 for vetting.

2. The above mentioned Explanatory Note has been examined with reference to the final stage of Headwise Appropriation Accounts for the year 2005-06 and the following audit comments are offered thereon:—

- (i) Why did the Ministry fail to foresee the excess requirement?
- (ii) State the circumstances under which supplementary demands were not taken before incurring excess expenditure under the 22 sub-heads in which excess expenditure occurred?
- (iii) Occurrence of excess expenditure despite obtaining supplementary grants under the five sub-heads 2055.00.109.12—Lakshadweep Police, 2403.00.102.02—District Dairy Farms, 2405.00.103.01—Deep Sea Fisheries, 2801.04.204.01—Power Plant and Ancillary Works and 2202.02.109.03—Secondary Schools may be explained.
- (iv) Under the sub-head 2202.02.109.03—Secondary Schools, the reason given for saving is different with the reason given in Headwise Appropriation Account. This may be reconciled and exact reason may be mentioned.
- (v) Under the sub-heads at Sl.No. 1,2,3, & 8. The reasons of excess expenditure stated were airfares, rise in cost of various office articles etc. are not sustainable as normal increase in fare is always expected in view of past experiences. Similar case is cost of office material. Why these could not have been assessed or controlled to avoid excess expenditure. It indicates the weakness of budgetary mechanism of the Ministry.
- (vi) Sub-heads at Sl.No. 4 to 10 & 21. The reasons of excess expenditure were stated as increase in wages of labourers and cost of materials, settlement of TA claims, cost of feed and other articles etc. are not tenable. Why were these could not be assessed easily at the revised estimate stage.
- (vii) Sub-heads at Sl. No. 14,15 & 23. Please state the reasons why the budgetary assumptions in respect of tour, transfer, settlement of medical claims went wrong. As these are regular features, their requirement

could have been assessed accurately.

- (viii) Sub-heads at Sl. Nos. 17,18, & 19. Please elaborate the details of misclassification & subsequent rectification.

General—In most of the sub-heads the reasons stated were not tenable as the budget provisions could have been assessed accurately at the budgeting stage. The Ministry has not stated why the recommendation of PAC and instructions issued by Ministry of Finance from time to time were not followed which ultimately led to excess expenditure.

3. The Ministry is requested to prepare revised explanatory note after taking into account audit comments referred to in para 2 above and some pencil corrections suggested on the body of the note. Revised note duly signed by the Secretary/Joint Secretary of the Ministry may be forwarded to this office for final vetting. Immediate action is requested with a view to finalizing the explanatory note without delay.

4. A copy of the Note is returned herewith.

Sd/-

(B.S. Sharma)
Sr. Audit Officer (RR)

The Ministry of Home Affairs, North Block, New Delhi.

(Kind Atten:— Shri Pooran Chand, Under Secretary to the GoI)
DGACR's U.O.No. RR-II/6-2/07-08/803 Dated 12 July, 2007

S.No. 15 (Issue)
F.No. 15022/02/2006-Budget-II
Ministry Of Home Affairs
Govt. of India

New Delhi, the 17th July, 2007

OFFICE MEMORANDUM

SUBJECT: Revised Explanatory Note in respect of excess expenditure occurred under Capital Section (Voted) in respect of Grant No. 96—Chandigarh during the year 2005-06.

The undersigned is directed to refer to the office of the Director General (Audit)'s U.O. No. RR-II/6-23/06-07/747 dated 2nd July, 2007 on the subject cited above and to send herewith three copies of the **Revised Explanatory Note**, duly approved by Additional Secretary & Financial Advisor (Home) for vetting.

It is requested that the 'Explanatory Note' duly vetted, may kindly be returned to this Ministry at an early date.

Enclosures: As above.

Sd/-
(Pooran Chand)
Under Secy. to the Govt. Of India
Tel. 23094237

The Office of the Director General of Audit,
(Central Revenues)
Shri B.S. Sharma,
Sr. Audit Officer (RR)
AGCR Building 2nd Floor

New Delhi

S.No. 16 (Receipt)

**OFFICE OF THE DIRECTOR GENERAL OF AUDIT
CENTRAL REVENUES, LP. ESTATES, NEW DELHI**

The Ministry of Home Affairs may please refer to its O.M. No. 15022/02/2006-Budget-II dated 17.7.2007 forwarding therewith revised Explanatory Note in respect of excess that occurred under Capital Section (Voted) of Grant No. 96—Chandigarh for the year 2005-06 for vetting.

2. The above mentioned Explanatory Note has been examined and this office has no comments to offer.

3. The Ministry is requested to prepare the final note as advised in paragraph 2 above and send it duly signed by the Secretary/Joint Secretary of the Ministry to the Monitoring Cell of the Ministry of Finance and PAC Branch of the Lok Sabha Secretariat. A copy may also be forwarded to this office and office of the C&AG of India for reference and record.

4. A copy of the Note is returned herewith.

Sd/-

(B.S. Sharma)
Sr. Audit Officer (RR)

The Ministry of Home Affairs, North Block, New Delhi
[Kind Atten:— Shri Pooran Chand, Under Secretary to the GoI]

DGACR's U.O. No. RR-II/6-23/06-07/1051 Dated 20.7.07

No. RR-II/6-23/06-07/1052 Dated 26.7.2007

- (i) Copy forwarded to Pr. Director (Report-Central) Section, O/O the C&AG of India for information please.

Sd/-

Sr. Audit Officer (RR)

Sr. Audit Officer(RR)
S.No.1(R)
No. 4/1/2007-MC
Government of India
Ministry of Finance
Department of Expenditure
Monitoring Cell

Room No. 29, B-Wing, 2nd Floor,
Lok Nayak Bhawan, Khan Market,
New Delhi, the 22 Feb.,2007

OFFICE MEMORANDUM

SUBJECT: Detailed Explanatory Notes from Ministries/Departments for saving of Rs. 100 crore and above and Excess Expenditure from the sanctioned Budget Grants for the year 2005-06.

The undersigned is directed to invite attention of PAC's earlier recommendations enjoining that detailed notes in respect of savings of Rs. 100 crore and above and Excess Expenditure in respect of a grant/appropriation be prepared by the concerned Ministry/Department and forward the same to Ministry of Finance, Department of Expenditure (Monitoring Cell) so that these explanatory notes are also made simultaneously available to PAC alongwith Appropriation Accounts.

A copy of the statement showing each Grant/Appropriation involving saving of Rs. 100 crores and above and Excess Expenditure during the year 2005-06 is enclosed. Ministries/Departments are accordingly requested to have the cases pursued with the Audit so that requisite number of copies (40 copies in English and 25 copies in Hindi version) of the vetted Explanatory Notes reach Monitoring Cell at the earliest for onward transmission to Lok Sabha Sectt.

Sd/-

(N.K. BHAGAT)

UNDER SECRETARY TO THE GOVT. OF INDIA

Tele. No. 24626829

F.A.'s (Fin) (by name) of the concerned Ministries/Department (Savings:— in r/o Gr. No. 52, 54&55, Excess— 96 & 99)

Ministry/Department (Shri P.K. Misra, FA) Ministry of Home Affairs, North Block, New Delhi.

D.G. Audit (CR), AGCR Building, New Delhi. It is requested that vetting comments he got expedited to facilitate Ministry/Departments to submit the vetted explanatory notes to Monitoring Cell for onward transmission to Lok Sabha Sectt.

Copy forwarded to Lok Sabha Secretariat (Shri M.K. Madhusudan, Under Secretary (PAC), Parliament House Annexe, New Delhi.

Sd/-

(N.K. BHAGAT)

GRANTS/APPROPRIATIONS INVOLVING EXCESS OVER AND ABOVE BUDGETED PROVISION DURING THE YEAR 2005-2006

(In thousands of rupees)

Grant No. and Name of Grant or Appropriation			Amount of Grant/ Appropriation		Expenditure		Excess	
			Revenue	Capital	Revenue	Capital	Revenue	Capital
8	Department of Fertilisers	Voted	19248,11,00		19415,55,05		167,44,05	
11	Ministry of Mines	<i>Charged</i>	10,00		11,53		1,53	
33	Currency, Coinage and Stamps	<i>Charged</i>	55,00		2,40,26		1,85,26	
35	Appropriation— Interest Payments	<i>Charged</i>	138031,86,00		141374,88,27		3343,02,27	
38	Appropriation— Repayment of Debt	<i>Charged</i>		1021680,84,00		1115210,06,42		93529,22,42
61	Ministry of Labour and Employment	Voted	1383,94,00		1401,20,98		17,26,98	
96	Chandigarh	Voted		151,83,00		152,11,35		28,35
99	Lakshadweep	Voted	234,09,00		237,67,58		3,58,58	

Under Secretary to the Government of India.

FAX

BUDGET MATTER

S.No. (2)—(Receipt)

File No. 15041/05/2007-Bgt-II

Government of India,
Ministry of Home Affairs

New Delhi, Dated the 15th March, 2007

To
Shri A.K. Wasnik
Secretary (Finance),
UT Admn. of Lakshadweep,
Kavaratti.

SUBJECT: Regarding Explanatory Note for Excess occurred under Revenue Section(Voted) in Grant No. 98—Lakshadweep as disclosed in the Union Government Appropriation Account for the year 2005-06.

Sir,

I am directed to forward herewith a copy of Ministry of Finance (Deptt. of Expenditure O.M. No. 4/1/2007-MC dated 22nd February, 2007 on the subject cited above and to say that Ministry of Finance have informed that there is an excess expenditure of Rs. 3,58,58 thousand over and above the Budget provision under Revenue Section(Voted) of the grant. The Monitoring Cell of the Ministry of Finance has requested to send a detailed explanatory note along with reasons of excess under each sub-head of the grant. The reasons of all excesses of Rs. 500 thousand and above under all sub-heads are required to be explained. In the end of the explanatory note remedial action taken to prevent such excesses in future may also be indicated. A proforma for explanatory note for excess is enclosed.

2. This may be accorded "Top Priority".

Yours faithfully,

Sd/-

(Pooran Chand)

Under Secretary to the Govt. of India

Tel. No. 3094237

FAX
BUDGET MATTER

File No. 15041/05/2007-Bgt.-II
Government of India,
Ministry of Home Affairs

New Delhi, Dated the 30th April, 2007

To
Shri A.K. Wasnik,
Secretary (Finance),
UT Admn. of Lakshadweep,
Kavaratti.

SUBJECT: Regarding Explanatory Note for Excess occurred under Revenue Section (Voted) in Grant No. 98—Lakshadweep as disclosed in the Union Government Appropriation Account for the year 2005-06.

Sir,

I am directed to refer to UT Administration's letter No. 7/1/2006-F&A dated 10th April, 2007 on the subject cited above and to say that the reasons given for excess expenditure under most of the sub-heads of the grant *i.e. "due to lack of budgetary control excess expenditure was incurred etc."* are not satisfactory. UT Administration is requested to furnish appropriate reasons justifying such excesses. A signed copy of the OM dated 20th February, 2007 issued by the Administration may also be sent to this Ministry urgently.

2. This may be accorded "Top Priority".

Yours faithfully,

Sd/-
(Pooran Chand),
Under Secretary to the Govt. of India,

Tel. No. 23094237.

File No. 15041/05/2007-Bgt. II
Government of India
Ministry of Home Affairs

New Delhi, Dated the 16th May, 2007

To
Shri A.K. Wasnik,
Secretary (Finance),
UT Admn. of Lakshadweep,
Kavaratti.

SUBJECT: Regarding Explanatory Note for Excess occurred under Revenue Section (Voted) in Grant No. 98-Lakshadweep as disclosed in the Union Government Appropriation Account for the year 2005-06—explanation.

Sir,

Kindly refer to UT Administration's letter No. 7/1/2006-F&A dated 7.5.2007 on the subject cited above and to say that the explanatory note furnished by the UT Administration has been gone through carefully and the following further information may please be provided in this regard:—

- (A) UT Administration has stated that the Pay and Accounts Office, Kavaratti has adjusted the previous years pending bills of HSD OIL received from Indian Oil Corporation, Chennai against Major Head 2801.04.104.01 Power Plant and Ancillary Works. In this context, the following may please be intimated to this Ministry:—
- (i) Year-wise break-up of the pending bills cleared along with the details of the amount paid/dates of payment to IOC, Chennai.
 - (ii) As the payments pertain to previous year, why the current/ subsequent payments could not be deferred/made during the next financial year *i.e.* 2006-07 to avoid excess?
 - (iii) Please explain the reasons why exceeding the budgetary limit was the only option left with the UT Administration?
 - (iv) When did the Pay and Accounts Office or UT Administration came to know about the above pending bills?
 - (v) Why Supplementary Grant was not obtained by UT Administration to meet this expenditure?
 - (vi) What was the action taken to arrange funds through re-appropriation?

(B) This Ministry may also be apprised of the level (Pay and Accounts Office or cheque DDO) at which the following excesses were incurred:—

Sl.No.	Sub-Head	Excess occurred at the level of PAO/CDDO (please specify office also)
1.	2055.00.109.12-Lakshadweep Police	
2.	2401.00.001.01-Headquarter Establishment	
3.	2403.00.001.01-Headquarter Establishment	
4.	2403.00.102.02-District Dairy Farm	
5.	2029.00.102.04-Land Reforms	
6.	2801.04.104.01-Power Plant and Ancillary Works	
7.	2202.02.109.03-Secondary Schools	
8.	2851.00.001.01-Headquarter Establishment	
9.	2851.00.106.04-Coir Development	
10.	2230.02.101.03-Employment Exchange	
11.	2230.02.101.06-Industrial Training Institute	
12.	3055.00.001.03-Regional Transport Office	
13.	3051.02.102.01-Port Establishment	
14.	3051.02.800.01-Harbour Facilities	
15.	2059.80.053.02-Non-Residential Buildings	
16.	2215.01.001.01-Executive Establishment	
17.	2216.01.106.02-Major Works	
18.	3452.80.800.05-Building	
19.	2235.02.800.04-Grants to State Social Welfare Advisory Board.	

- (i) In case of above excesses occurred at PAO level, please intimate the preventive action taken at each PAO. Whether all modules of COMPACT has been operationalised at PAOs. If not, then what is the time schedule for its implementation.
- (ii) In case the excess occurred at CDDO level, please intimate:—
 - (a) The reasons under which the concerned bank had allowed the CDDO to exceed the budget authorized through that bank.
 - (b) The preventive action taken to stop this type of excess at CDDO/bank level. Whether the COMPACT has also been implemented at CDDO level. If not, what is the time schedule for its implementation at CDDO level.

This issues with the approval of AS & FA, Ministry of Home Affairs, New Delhi.

Sd/-

(Taranjit Singh),
Controller of Accounts (Home),
Tel No. 23015913.

Copy for information to: Jt. Secretary (UT), Ministry of Home Affairs, Room No. 109-B, North Block, New Delhi.



M.J. Joseph

Chief Controller of Accounts

Sd/-
Controller of Accounts.

**BY FAX
PARLIAMENTARY MATTER**

MOST IMMEDIATE

D.O.NO. 5041/05/2007-Bgt.-II
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS
ROOM NO. 127-D, NORTH BLOCK
NEW DELHI-110001
PH. OFF.: 91-11-2309 3293
FAX: 91-11-2309 2629

Date: 25th June, 2007

Dear Shri Selvaraj,

Please refer to this Ministry's letter of even number dated 16th May, 2007 (copy enclosed) and subsequent reminder dated 11th June, 2007 regarding submission of Explanatory Note for Excess occurred under Revenue Section (Voted) in Grant No. 98—Lakshadweep as disclosed in the Union Government Appropriation Account for the year 2005-06.

2. The detailed Explanatory Note for the Excess of Rs. 3.58 crore is still awaited from your office. I shall be grateful if you could kindly look into the matter and expedite submission of the Explanatory note at the earliest as it has already been delayed.

With regards,

Yours sincerely,

Sd/-

(M.J. Joseph).

Shri B.V. Selvaraj,
Administrator,

Please visit our website at <http://imha.nic.in>

UT Admn. of Lakshadweep,
Kavaratti.

Fax No. 011-23092381
BUDGET MATTER
MOST URGENT

F.No. 7/1/2006-Finance
Administration of the
Union Territory of Lakshadweep
Finance and Accounts
Secretariat

Kavaratti, dated 26.06.2007

To

Shri Pooran Chand,
Under Secretary to the GoI (Bgt. II),
Ministry of Home Affairs,
North Block, New Delhi-110001

SUBJECT: Regarding Explanatory Note for Excess occurred under Revenue Section (Voted) in Grant No. 98—Lakshadweep as disclosed in the Union Accounts for the year 2005-06—Explanation forwarded.

Ref:- (1) This Administration's letter even number dated 07.05.2007.
(2) Ministry's letter No. 15041/05/2007-Bgt. II dated 16.05.2007.

Sir,

Kindly refer to Ministry's letter under reference 2nd cited above on the subject. Further information as called for are furnished herewith on the basis of details gathered from the Pay and Accounts Office and the Electricity Department, UT of Lakshadweep as follows:—

Para Nos.	Clarification sought by the Ministry	Reply
1	2	3
(A)(i)	Year-wise break-up of the pending bills cleared along with the details of the amount paid/date of payment of IOC, Chennai.	Booked expenditure on the DGS&D bills as given below during 2005-06 1. Rs. 7,13,21,375 dated 29.06.05 2. Rs. 26,12,750 dated 09.08.05 3. Rs. 2,52,61,072 dated 23.08.05 4. Rs. 3,44,00,077 dated 03.11.05 5. Rs. 3,93,82,407 dated 02.01.06 Total Rs. 17,29,80,501/- Expenditure booked in June, August

and November, 2005 is pertaining to 2004-05 and expenditure booked in January, 2006 is for the year 2005-06.

1	2	3
(ii)	As the payments pertain to previous years, why the current/subsequent payments could not be deferred/made during the next financial year <i>i.e.</i> 2006-07 to avoid excess?	This was needed to avoid further accumulation of DGS&D claims.
(iii)	Please explain the reasons why exceeding the budgetary limit was the only option left with the UT Administration.	Exceeding the budgetary limit was a lack of coordination in between PAO and department. Since introduction of COMPACT Accounting Package <i>w.e.f.</i> 01-04-2007 in Pr. PAO/PAO, Kavaratti and CDDO PAO & Field Pay Units (FPU) level (implementation in progress) Pr. PAO/PAO is hopeful for remedying and prevent the delay once for all in future.
(iv)	When did the Pay and Accounts office or UT Administration came to know above pending bills?	Principal Pay and Accounts Office has received the bills on 09/2005 and 10/2005.
(v)	Why Supplementary Grant was not obtained by UT Administration to meet this expenditure?	Department has not taken timely action. Hence, supplementary grant was not sought for.
(vi)	What was the action taken to arrange funds through re-appropriation?	Situation being so, as stated above, there was no scope for re-appropriation within the grant at the last movement.

(B):

Sl. No.	Sub-Head	Excess amount	Excess occurred at the level of PAO/CDDO (please specify also)
1	2	3	4
1.	2055.00.109.12-Lakshadweep Police	25.35	PAO level
2.	2401.00.001.01-Headquarter Establishment	9.22	PAO level
3.	2403.00.001.01-Headquarter Establishment	8.76	PAO level
4.	2403.00.102.02-District Diray Farm	39.17	PAO level
5.	2029.00.102.04-Land Reforms	12.26	PAO level
6.	2801.04.104.01-Power Plant and Ancillary Works	448.72	PAO/CDDO level
7.	2202.02.109.03-Secondary Schools	14.35	PAO level

1	2	3	4
8.	2851.00.001.01-Headquarter Establishment	5.63	PAO level
9.	2851.00.106.04-Coir Development	65.97	PAO level
10.	2230.02.101.03-Employment Exchange	19.15	PAO level
11.	2230.02.101.06-Industrial Training Institute	20.21	PAO level
12.	3055.00.001.03-Regional Transport Office	10.73	PAO level
13.	3051.02.102.01-Port Establishment	11.71	PAO level
14.	3051.02.800.01-Harbour Facilities	183.77	PAO level
15.	2059.80.053.02-Non-Residential Building	13.62	PAO/CDDO level
16.	2215.01.001.01-Executive Establishment	7.12	PAO/CDDO level
17.	2216.01,106.02-Major Works	12.13	PAO/CDDO level
18.	3452.80.800.05-Building	50.00	PAO/CDDO level
19.	2235.02.800.04-Grants to State Social Welfare Advisory Board.	10.76	PAO level
(i)	In case of above excess occurred at PAO level, please intimate the preventive action taken at each PAO. Whether all modules of COMPACT has been operationalized at PAOs., If not, then what is the time schedule for its implementation.	Since introduction of COMPACT Accounting Package <i>w.e.f.</i> 01.04.2007 in Pr. PAO /PAO, Kavaratti and CDD2 PAO in FPU level (implementation in progress) Pr.PAO/PAO is hopeful for remedying and prevent the delay once for all in future.	
(ii)	In case excess occurred at CDDO level, please intimate:—		
(a)	The reasons under which the concerned bank had allowed the CDDO to exceed the budget authorised through that bank.	For want of proper reconciliation by the department with PAO book created the pendency of the bills. Ultimately PAO has settled certain DGS&D bills resulted the excess.	
(b)	The preventive action taken to stop this type of excess at CDDO/bank level. Whether the COMPACT has also been implemented at CDDO level. If not, what is the time schedule for its implementation at CDDO level.	Since introduction of COMPACT Accounting Package <i>w.e.f.</i> 01.04.2007 in Pr. PAO/PAO, Kavaratti And CDD2 PAO in FPU level (implementation in progress) Pr. PAO/PAO is hopeful for remedying and prevent the delay once for all in future.	

In view of the above, it is requested to kindly regularize the excess expenditure.

Yours faithfully,

Sd/-

(K.A. Augustine)
Accounts Officer.

S.NO. 25 (Receipt by Speed Post)

Fax No.: 011-23092381

**BUDGET MATTER
MOST URGENT**

F.No. 7/1/2006-Finance
Administration of the
Union Territory of Lakshadweep
Finance and Accounts
Secretariat

Kavaratti, dated 20.07.2007

To

Shri Pooran Chand,
Under Secretary to the GoI (Bgt. II),
Ministry of Home Affairs
North Block, New Delhi-110001

SUBJECT: Explanatory Note in respect of Excess occurred under Revenue Section
(Voted) in Grant No. 98—Lakshadweep for the year 2005-06 furnished.
Ref:- F. No. 15041/05/2007—Bgt.-II dated 13th July, 2007.

Sir,

Please refer to your letter dated 13th July, 2007 on the subject cited. The following additional information are offered for consideration.

Sl. No.	Clarification sought	Reply
1	2	3
(i)	Why did the UT Administration fail to foresee the excess requirement?	With the existing budgetary mechanism UT Administration is not in a position to foresee actual expenditure. Budgetary mechanism is not upto the mark due to shortage of qualified staff well versed in budgeting and accounting. Efforts are on to streamline the system.
(ii)	State the circumstances under which supplementary demands were not taken before incurring excess expenditure under the 22 sub-heads in which excess expenditure occurred?	In anticipation of savings and subsequent re-appropriations, Supplementary Demand was not sought for. Savings did not materialise in the expected line. Certain savings occurred could not be re-appropriated due to the general restrictions contained in Rule 10(4) of Delegation of Financial Power Rules. For <i>eg.</i> savings in revenue could not be re-appropriated to Capital and <i>vice versa</i> . This has ultimately

1	2	3												
		resulted in excess under the 22 sub-heads of Revenue Section (Voted) as detailed in the Explanatory Note.												
(iii)	Occurrence of excesses expenditure despite obtaining supplementary grants under the five sub-heads 2055.00.109.12-Lakshadweep Police, 2403.00 102.02-District Dairy Farms, 2405.00.103.01-Deep Sea Fisheries, 2801.04.204.01-Power Plant and Ancillary Works and 2202.02.109.03. Secondary Schools may be explained.	<p>Details of supplementary grant obtained and the excess expenditure incurred under the following sub-heads are as shown below:</p> <p style="text-align: right;">(Rs in lakh)</p> <table> <tr> <th></th><th>Suppl. Grant</th><th>Excess.Expr.</th></tr> <tr> <td>2055,00,109,12-</td><td>18.00</td><td>-25.35</td></tr> <tr> <td>2403,00.1,102,02-</td><td>9.00</td><td>39.17</td></tr> <tr> <td>2405,00,103,01-</td><td>30.00</td><td>8.98</td></tr> </table> <p>Savings resulted under Revenue Section (Voted) was not sufficient to meet the requirement resulting in excess expenditure. Sub-head-wise/DDO-wise budgetary control mechanism was not available upto 31.03.2007 in Pay and Accounts Office, Kavaratti and in nine Field Pay Units scattered over various islands.</p> <p>In sub-head 2801.04.204.01 the excess was due to the adjustment of previous years pending bills of HSD Oil procured under DGS&D Rate Contract through Indian Oil Corporation, Chennai by the Pay and Accounts Office, Kavaratti. PAO has accepted this fact and this was communicated to MHA in para A(1) of this office letter dated 26.06.2007 (copy enclosed).</p> <p>2202.02.109.03 after obtaining Supplementary grant of Rs. 180 lakhs department surrendered 23.12 lakhs unnecessarily stating that the study tour of XI class students was postponed. In spite of that an excess expenditure of Rs. 37.47 lakhs was incurred. Savings resulted under other sub-heads was not sufficient to meet the requirement resulting in the excess expenditure.</p>		Suppl. Grant	Excess.Expr.	2055,00,109,12-	18.00	-25.35	2403,00.1,102,02-	9.00	39.17	2405,00,103,01-	30.00	8.98
	Suppl. Grant	Excess.Expr.												
2055,00,109,12-	18.00	-25.35												
2403,00.1,102,02-	9.00	39.17												
2405,00,103,01-	30.00	8.98												
(iv)	Under the sub-head 2202.02.109.03—Secondary Schools, the reason given for saving is different with the reason given in Head-wise Appropriation Accounts. This may be reconciled and exact reason may be mentioned.	<p>After obtaining supplementary grant of Rs. 180 lakhs, an amount of Rs. 23.12 lakh was surrendered unnecessarily by the department stating that the XI class study tour was postponed. PAO in page 18 of the Appropriation Accounts has given the reason for saving in respect of Col. 1 only and not for the sub-head (re-appropriation-23.12) copy of page 18 of Appropriation Accounts is enclosed</p>												

1	2	3
		for ready reference.
(v) Under the sub-heads at Sl.No. 1, 2, 3,, & 8, the reasons of excess expenditure stated were airfares, rise in cost of various office articles etc. are not sustainable as normal increase in fare is always expected in view of past experience, Similar case is cost of office material. Why these could not have been assessed or controlled to avoid excess expenditure. It indicates the weakness of budgetary mechanism of the UT Administration.		Budgetary mechanism of UT Administration is not upto the mark. There is an acute scarcity of staff well versed in Budgeting and Accounting. For coordinating budget related activities a Budget Wing is not functioning in Lakshadweep Secretariat, Kavaratti. A proposal establishment of an Integrated Finance Department along with Budget Wing and for creation of consequential posts will be taken up with the MHA (One Accounts Officer from the strength of PAO Wing is working as DDO of Secretariat, Kavaratti. He is also entrusted with the task of formulation of budget scrutiny of files having financial implications etc.)
(vi) Sub-heads at Sl. No. 4 to 10 & 21, the reasons of excess expenditure were stated as increase in wages of labourers and cost of materials, settlement of TA claims, cost of feed and other articles etc are not tenable. Why were these could not be assessed easily at the revised estimate state.		Anticipated expenditure for settlement of TA claims cost of feeds etc were correctly estimated and projected in the Revised Estimate submitted to MHA. But the Ministry of Finance has limited the additionality to Rs. 13.50 crores under Non-Plan. Therefore, inspite of severe austerity measures adopted there was some overlapping of expenditure in sub-certain heads.
(vii) Sub-heads at Sl. No. 14,15 & 23, Please state the reasons why the budgetary assumptions in respect of tour, transfer, settlement of medical claims went wrong. As these are regular features, their requirement could have been assessed accurately.		Expenditure on tour/transfer entitlements could not be assessed accurately at the budget formulation stage. The actual expenditure incurred during a financial year will depend on the incidence of the transfer, grade of employees transferred/sent on tour etc. Due to non availability of proper medical facilities in islands employees suffering from serious ailments were referred to specialized hospital in mainland including private hospitals. The cases referred to mainland during 2005-06 were more compared to previous years and most of the claims were settled in relaxation of normal rule as per provisions contained in Appendix-VIII of CS (MA) Rules. Savings resulted under certain sub-heads of revenue (voted) was not sufficient to meet the actual requirement resulting in excess.
(viii) Sub-heads at Sl.No. 17, 18 & 19, Please elaborate the details of		As per the Detailed Demand for Grant 2005-06 Vol. II of UTL page 437 and 438 there is only

1	2	3
	misclassification and subsequent rectification.	three sub-major heads 01-Labour, 03-Training and 06-Industrial Training Institute under the MH:2230-Labour and Employment and the expenditure was incurred under the respective heads. PAO while preparing the Appropriation Accounts by oversight booked expenditure under 2230.02.101.03 for which there is no budget provision in the DDG 2005-06 (Sl.No. 17). Similarly there is a budget provision of Rs. 1739 thousands under sub-major head 03-Training as per DDG 2005-06 page 438, but the PAO by oversight booked the expenditure under MH-2230.02.101.06 ITI (BE Rs. 1739 in thousands, actual expenditure Rs. 2021 in thousands (page 22 Appropriation Accounts) (Sl. No. 18).
		MH-3055.00.001.02-Regional Transport Office Original grant Rs. 12.00 lakh, actual expenditure Rs. 10.73 lakhs. In page 24 of the Appropriation Accounts PAO has wrongly booked the expenditure under 3055.00.001.03, As there is no excess expenditure, the explanation furnished in S.L. No. 19 of explanatory note will be deleted (page 441 of DDG 2005-06). copy of the Appropriation Accounts page 24 is enclosed.

The UT Administration has circulated the various recommendations of Public Accounts Committee and instructions of MHA/MoF issued from time to time relating to financial matters. In addition to this circulars are being issued regularly directing the departments to regulate the expenditure within the voted grant/Appropriation for avoiding excess expenditure. The COMPACT Accounting Package has introduced in PAO Wing from 1.4.2007 and the matter of establishing a separate Integrated Finance Department along with a full fledged Budget Wing will be taken up with MHA. In view of the above position it is requested to forward the Explanatory Notes in respect of excess expenditure occurred under Revenue Section (voted) of Grant No. 98-Lakshadweep for the year 2005-06 to the office of the DG (Audit) for vetting.

Yours faithfully,

Sd/-

(A.K. Wasnik , IAS)
Secretary (Finance).

BUDGET MATTER

S.No. 27 (Issue)

File No. 15041/05/2007-Bgt.-II
Government of India
Ministry of Home Affairs

New Delhi, Dated the 3rd August, 2007

OFFICE MEMORANDUM

SUBJECT: Revised "Explanatory Note" in respect of excess expenditure occurred under Revenue Section (Voted) under Grant No. 99—Lakshadweep during the year 2005-06-regarding.

The undersigned is directed to refer to Office of the DGACR's U.O. No. RR-II/6-2/07-08/803 dated 12th July, 2007 on the subject cited above and to forward herewith revised copies of the "Explanatory Note" (in triplicate), duly approved by Additional Secretary and Financial Adviser (Home), for vetting.

2. It is requested that the "Explanatory Note" duly vetted, may kindly be returned to this Ministry at an early date.

Enclosure: As above.

Sd/-

(Pooran Chand)
Under Secretary to the Govt. of India
Tel. No. 23094237

Office of the Director General of Audit,
(Central Revenues),
(Shri B.S. Sharma), Sr. Audit Officer (RR),
AGCR Building, IInd Floor,
New Delhi.

S. No. 28 (Receipt)

कार्यालय महानिदेशक लेखापरीक्षा, केन्द्रीय राजस्व, इन्द्रप्रस्थ स्टेट, नई दिल्ली-2

गृह मंत्रालय अपने अशासकीय पत्र सं. 15041/05/2007-Bgt. II दिनांक 3.P.206/cor.2007 3.8.2007 का कृपया अवलोकन करें जो कि वर्ष 2005-06 के लिए मांग संख्या-99 के अर्न्तगत राजस्व सैक्शन (दत्तमत) के अधिक व्यय नोट शीर्षक पर उपचारी कार्यवाही की संशोधित टिप्पणी से सम्बन्धित है।

2. संशोधित टिप्पणी की जांच कर ली गई है तथा उस पर लेखापरीक्षा की कोई टीका टिप्पणी नहीं है।

3. निवेदन है कि उपरोक्त पैरा 2 पर विचार करते हुये उपचारी कार्यवाही की अंतिम टिप्पणी तैयार की जाये तथा अंग्रेजी व हिन्दी में मंत्रालय के सचिव/संयुक्त सचिव द्वारा हस्ताक्षरित अपेक्षित संख्या में उसकी प्रतिलिपियां वित्त मंत्रालय (व्यय विभाग) के प्रबोधन कक्ष (मॉनिटरिंग सैल) को लोक सभा सचिवालय (लोक लेखा समिति शाखा) को प्रेषण हेतु भेजी जाये। कार्यवाही की अंतिम टिप्पणी के दोनों अनुवादों की एक-एक प्रतिलिपि भारत के नियंत्रक-महालेखापरीक्षक के कार्यालय को तथा इस कार्यालय को भी संदर्भ व अभिलेख के लिये भेजी जाए।

4. संशोधित टिप्पणी की एक प्रतिलिपि मंत्रालय को वापस की जाती है।

ह/-

(बलबीर सिंह शर्मा)

वरिष्ठ लेखापरीक्षा अधिकारी (आर०आर०)

संलग्नक: यथावर्णित।

गृह मंत्रालय, नार्थ ब्लॉक, नई दिल्ली
(ध्यानार्थ-श्री पूरन चन्द, अवर सचिव)

डीजीएसीआर अशा.सं. आर.आर./6-2/07-08/1164 दिनांक: 10.8.07

Action Taken by the Ministry of Mines

In Order to avoid delays, consistent efforts have been made to submit explanatory notes within the time schedule laid down for taking action at various stages involving finalization/vetting of the notes. The Ministry of Mines had taken necessary action for preparing Explanatory Notes immediately after finalisation of Appropriation Accounts and submitted the final duly vetted Explanatory Notes for excess expenditure of Rs. 1.53 lakh in charged portion of the Revenue Section in August, 2007 to the Monitoring Cell of the Ministry of Finance, PAC Section of the Lok Sabha Secretariat and all concerned in August, 2007. A copy of the same is at Annexure-I.

This has been vetted by Audit *vide* their U.O.No. AMG-I/V.V/anukari/2008-09/235-237 dt. 22nd July, 2008.

Sd/-

(Sanjiv Mittal)

Joint Secretary & Financial Adviser

Ministry of Mines' F.No. 3(27)/05-IF

Government Of India
Ministry Of Mines

Excess Note

Note for Public Accounts Committee in respect of excess occurred under Revenue Section (*Charged*) of Grant No. 11, Ministry of Mines as disclosed in the Union Government Appropriation Accounts (Civil) for 2005-2006.

Revenue Section (<i>Charged</i>)	(Rupees in Thousand)
Original Grant	10,00
Supplementary Grant	-
Total Grant	10,00
Actual Expenditure	11,53
Excess	1,53

2. Under Revenue Section (*Charged*) of Grant No. 11, Ministry of Mines for 2005-2006 the total provision was Rs. 10,00 thousand. This was augmented to Rs. nil by obtaining Supplementary Grant of Rs. nil. Against this, the Expenditure of Rs. 11,53 thousand, was incurred resulting in excess of Rs. 1,53 thousand.

3. The excess of Rs. 1,53 thousand was the net effect of total savings nil and total excesses of Rs. 1,53 thousand under the sub-head-Administrative Support under Minor Head Direction and Administration under sub-major head Geological Survey of India of the Grant. The sub-head under which excess of Rs. One lakh and fifty three thousands occurred and reasons, therefore, is explained as below:-

(1) Sub-Head-2853.01.001.01-Administrative Support	(Rs. in Lakh)
Original Grant	10.00
Supplementary Grant	nil
Total Grant	10.00
Actual Expenditure	11.53
Excess	1.53

Reasons for Excess

There was a budget provision of Rs. 10.00 lakh in 2005-06 and against which an expenditure of Rs. 9.63 lakh was already booked till 04.01.2006 for various legal compensation cases granted by different Courts. Furthermore the allotment of expenditure on payment of compensation of Rs. 1.90 lakhs against the Court Case No. 471/1997 of Airborne Mineral Survey and Exploration (AMSE) wing of Geological Survey of India relating to accident case filed by Smt. Kausalyabai Tapas against the Department related jeep accident was made on 27.01.2006 when Final Estimates of budget was already submitted. The expenditure has therefore, exceeded the approved budget provision due to fact that the excess amount had to be booked under Office Expenses (*Charged*) as a legal commitment which had arisen at the end of the financial year.

Remedial Action

The situation had occurred due to compelling circumstances which were beyond the control of the Ministry. However, care would be taken in future to foresee possible recurrence of such a situation while formulating the budget proposals.

This has been vetted by Audit *vide* DGACR's U.O.No.RR 11/23-3/06-07/1068 dated 30.7.2007.

Sd/-

(Sanjiv Mittal)

No. 3(27)/2005-IF

Joint Secretary & Financial Adviser,
Ministry of Mines.

Action Taken by the Ministry of Labour & Employment

Explanatory note, duly vetted by DGACR has already been submitted to the PAC branch of the Lok Sabha Secretariat on 26.07.2007 (copy enclosed).

Vetted by DGACR *vide* their UO No. RR/8-9/2007-08/3763 dated 11.02.08.

Sd/-

(Rajesh Verma)

Joint Secretary & Financial Advisor.

Ministry/Department of Labour & Employment O.M. No. G-25018/1/2006-B&A
Dated 22.02.08

F. No. G-25018/1/2006-B&A
Government of India/Bharat Sarkar
Ministry of Labour and Employment/Shram Aur Rozgar Mantralaya

New Delhi, Shram Shakti Bhawan

Dated the 26th July, 2007

To

The Ministry of Finance,
Department of Expenditure—(Monitoring Cell),
[Shri N.K. Bhagat—Under Secretary],
Government of India,
Lok Nayak Bhawan, Khan Market,
New Delhi.

SUBJECT: Forwarding of vetted Excess Note in respect of Grant No. 64—Ministry of Labour and Employment for the year 2005-2006-regarding.

Sir,

Reference Joint Controller General of Accounts' D.O. No. 4/1/2007-MC dated 29.6.2007 requesting to furnish vetted Explanatory Notes on the above subject and to state that as desired excess note, duly vetted by DGACR, incorporating the audit comments has been prepared both in English and Hindi and 40 copies in English and 25 copies in Hindi are enclosed herewith for necessary action.

Yours faithfully,

Sd/-

Encl:-As above

(S.D. Sarkar)
Section Officer
Auto: 2457

1. Copy along with five copies of excess note, duly vetted by DGACR, both in English and Hindi along with floppy forwarded to Shri. R.K. Suryanarayanan, Under Secretary, PAC Branch, Room No. 434, Parliament House Annexe, New Delhi, with reference to Lok Sabha Secretariat's O.M. No. 27/5/2/2007/PAC dated 22.6.2007 for necessary action. This is in continuation to this Ministry's endorsement letter of even number dated 28.06.2007.
2. Copy along with copy of excess note, duly vetted by DGACR, both in English and Hindi for information to Comptroller and Auditor General of India, 10, Bahadur Shah Zafar Marg, New Delhi-110002.
3. Copy along with copy of excess note, duly vetted by DGACR, both in English and Hindi to Shri B.S. Sharma, Senior Audit Officer (RR), Office of Director General of Audit, Central Revenues, AGCR Building, I.P. Estate, New Delhi-110002 reference DGACR's U.O. No. RR-II/8-9-/06-07/994, dated nil.

F. No. G-25018/1/2006-B&A
Government of India/Bharat Sarkar
Ministry of Labour and Employment/Shram Aur Rozgar Mantralaya

Excess Note

Note for Public Accounts Committee in respect of excess occurred under Revenue Section (Voted) of Grant No. 61, Ministry of Labour & Employment as disclosed in the Union Government Appropriation Accounts (Civil) for 2005-2006.

Revenue Section (Voted)		(Rupees in thousand)
Original Grant	:	13,11,03,00
Supplementary Grant	:	72,91,00
Total Grant	:	13,83,94,00
Actual Expenditure	:	14,01,20,98
Excess	:	17,26,98

2. Under Revenue Section (Voted) of Grant No. 61 Ministry of Labour & Employment for 2005-2006 the total provision was Rs. 13,11,03,00 thousand. This was augmented to Rs. 13,83,94,00 thousand by obtaining Supplementary Grant of Rs. 72,91,00 thousands. Against this, the expenditure of Rs. 14,01,20,98 thousand, was incurred resulting in excess of Rs. 17,26,98 thousand.

3. The excess of Rs. 17,26,98 thousand was the net effect of total excess of Rs. 82,14,16 thousand and total savings of Rs. 64,87,18 thousand, under various sub-heads of the Grant. The sub-heads under which excess expenditure of Rs. 5 lakh and above occurred and reasons, therefore, are explained as below:

Sub-head		(Rupees in lakh)
(i) 2230.01.101.05 — Other items		
Original Grant	:	1,52.00
Supplementary Grant	:	—
Total Grant	:	1,52.00
Actual Expenditure	:	199.84
Excess	:	47.84

Excess was due to filling up of vacant posts, payment of arrears on account of revision of pay scale and functioning of four new Central Govt. Industrial Tribunal-cum-Labour Court. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(ii) 2230.01.106.01—Administration		(Rupees in lakh)
Original Grant	:	139.76
Supplementary Grant	:	—
Total Grant	:	139.76
Actual Expenditure	:	155.79
Excess	:	16.03

Excess was due to receipt of more medical claims & committed payment made towards purchase of office equipments, office furniture etc. under the object head 'supplies & materials'. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(iii) 2230.01.107.04—Housing		(Rupees in lakh)
Original Grant	:	40.29
Supplementary Grant	:	—
Total Grant	:	40.29
Actual Expenditure	:	90.63
Excess	:	50.34

Excess was due to substantial progress in construction of Type-I/Type-II houses for Limestone and Dolomite Mines Labour Welfare Fund Mine Workers in Jabalpur region. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(iv) 2230.01.109.04—Health		(Rs. in lakh)
Original Grant	:	32,82.40
Supplementary Grant	:	—
Total Grant	:	32,82.40
Actual Expenditure	:	32,87.49
Excess	:	5.09

Excess was due to payment of arrears to Doctors and Para Medical Staff, Civil & Electrical construction work for three hospitals & transfer of two static-cum-mobile dispensaries of other funds to function under Beedi Workers Welfare Fund. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(v) 2230.01.110.03—Education		(Rs. in lakh)
Original Grant	:	26.08
Supplementary Grant	:	—
Total Grant	:	26.08
Actual Expenditure	:	43.67
Excess	:	17.59

Excess was due to receipt of more claims for scholarship and stipends for wards of Cine Workers under Cine Workers Labour Welfare Fund due to liberalization of various schemes and enhancement of amount paid in the schemes. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(vi) 2230.01.111.02—Employee's Pension Scheme, 1995		(Rs. in lakh)
Original Grant	:	700,00.00
Supplementary Grant	:	22,90.00
Total Grant	:	722,90.00
Actual Expenditure	:	750,00.00
Excess	:	27,10.00

Excess was due to payment of previous year and current year dues, budget provision for the scheme was not sufficient on the basis of wages of employees and the excess was agreed to at revised estimates stage. The excess amount was adjusted by way of re-appropriation of savings with the approval of Ministry of Finance.

(vii) 2230.01.111.03—Family Pension-cum-Life Assurance Scheme for the Plantation Workers in Assam.

(Rs. in lakh)

Original Grant	:	11,20.00
Supplementary Grant	:	—
Total Grant	:	11,20.00
Actual Expenditure	:	11,29.00
Excess	:	9.00

Excess was due to committed payments of Central Govt.'s share towards the scheme. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(viii) 2230.01.277.02—Grants to V.V.Giri National Labour Institute

(Rs. in lakh)

Original Grant	:	470.00
Supplementary Grant	:	—
Total Grant	:	470.00
Actual Expenditure	:	490.00
Excess	:	20.00

Excess was due to committed payments towards various research, education & training programmes conducted by the Institute under the Plan Scheme. This involves research projects, education programs, rural programs, IT, certificate courses with IGNOU. Also under Plan scheme, development of infrastructure have been done. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(ix) 2230.01.797.01—Transfer to Beedi Workers Welfare Fund

(Rs. in lakh)

Original Grant	:	86,50.00
Supplementary Grant	:	—
Total Grant	:	86,50.00
Actual Expenditure	:	125,00.00
Excess	:	38,50.00

Excess was due to enhancement of provision owing to more collection of cess on account of revision of rates from Rs.2/- to Rs. 4/- per thousand of manufactured beedies w.e.f. 01.04.2005. The excess amount was adjusted by way of augmentation of the recovery portion of grant at RE stage by the Ministry of Finance. This has the approval of Parliament.

(x) 2230.01.79.03—Transfer to Iron, Manganese Chrome Ore Labour Welfare Fund

(Rs. in lakh)

Original Grant	:	14,30.00
Supplementary Grant	:	—
Total Grant	:	14,30.00
Actual Expenditure	:	15,00.00
Excess	:	70.00

Excess was due to reporting of cess collection of February and March, 2005 in April, 2005, which was transferred to reserve fund during the year 2005-2006 and also due to reporting of more cess than anticipated during the year. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(xi) 2230.01.797.04—Transfer to Limestone and Dolomite Mines Labour Welfare Fund

(Rs. in lakh)

Original Grant	12,00.00
Supplementary Grant	—
Total Grant	12,00.00
Actual Expenditure	18,00.00
Excess	6,00.00

Excess was due to reporting of cess collection of February and March, 2005 in April, 2005, which was transferred to reserve fund during the year 2005-06 and also due to reporting of more cess than anticipated during the year. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(xii) 2230.01.797.05—Transfer to Cine Workers Welfare Fund

(Rs. in lakh)

Original Grant	90.00
Supplementary Grant	—
Total Grant	90.00
Actual Expenditure	105.00
Excess	15.00

Excess was due to reporting of more cess than anticipated during the year. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(xiii) 2230.02.01.01—Directorates General of Employment and Training

	(Rs. in lakh)
Original Grant	920.16
Supplementary Grant	—
Total Grant	920.16
Actual Expenditure	948.10
Excess	27.94

Excess was due to filling of vacant posts & Payment of arrears on account of revision of pay scales etc. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(xiv) 2230.03.102.04—Enhancement of Related Instruction Charges on Apprentices

	(Rs. in lakh)
Original Grant	38.00
Supplementary Grant	—
Total Grant	38.00
Actual Expenditure	43.51
Excess	5.51

Excess was due to committed payment of professional services which includes reimbursement of Related Instruction Charges, honorarium to guest lecturer, remuneration to the chairman, invigilators & examiners etc. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(xv) 2230.02.102.06—Regional Directorates of Apprenticeship Training

	(Rs. in lakh)
Original Grant	2,36.12
Supplementary Grant	—
Total Grant	2,36.12
Actual Expenditure	244.54
Excess	8.42

Excess was due to filling of vacant posts & payments of arrears on account of revision of pay scales & revision of Rents, Rates & Taxes. The excess amount was adjusted by way of re-appropriation of savings with the approval of competent authority.

(xvi) 3601.04.321.03—Other Scheme

	(Rs. in lakh)
Original Grant	25,40.00
Supplementary Grant	1.00
Total Grant	25,41.00
Actual Expenditure	32,96.65
Excess	755.65

Excess was due to re-appropriation of amount to functional heads from the Major Head "2552" earmarked for North Eastern States and Sikkim.

However, the excess expenditure in the Grant No. 61 occurred due to the fact that supplementary of Rs. 50.00 crore was granted by the Ministry of Finance in the "Transfer From" figure of Beedi Workers Labour Welfare Scheme. However, the same was not augmented in the "Transfer To" figure at the supplementary stage. Though in the supplementary demand it had been justified that the expenditure was matched by collection of cess on manufactured beedies and this would not entail cash outgo. Since, the recovery portion of grant was raised from Rs. 118.96 crore to Rs. 160.26 crore at RE stage by the Ministry of Finance, the gross expenditure of the grant was raised to Rs. 1425.26 crore. This has the approval of Parliament. As supplementary was approved on net basis, the total grant was Rs. 1383.94 crore (original grant of Rs. 1311.03 crore plus supplementary grant of Rs. 72.91 crore). As a result excess of Rs. 17,26,98,810/- occurred.

Sd/-

(Shambhu Singh)

JS&FA,

Ministry of Labour & Employment.

(File No. G-25018/1/2006-B&A)

Recommendation

The instances of excess expenditure that have occurred under various appropriations particularly those relating to Ministry of Finance, Railways, Department of Posts and Department of Fertilizers only highlight the growing malaise of not learning lessons from past mistake. It is further seen that excess expenditure is occurring even in cases where the expenditure could have been easily anticipated and incorporated in the budget estimates or the supplementary grants. In some cases, even routine types of expenditure were not taken into account, resulting in excess expenditure over voted grants. This clearly shows that the Government, particularly the Ministry of Finance, as the nodal agency, have not been paying the requisite attention to this issue. In this connection, the Committee would like to point out that as per extant Financial Rules, the Secretary to the Government of India, who heads the Department, should take responsibility for ensuring financial discipline in the concerned Ministry/Department with a view to restricting excess expenditure to the barest minimum. Considering the rising quantum of excess expenditure year after year the Committee would now like the matter to be reviewed at the highest level. The Committee, accordingly recommend that the Government should constitute a high-level Inter-Ministerial Group under the Chairmanship of the Cabinet Secretary to examine this recurring issue and apprise the Committee about the steps taken to rectify the problems. The Reserve Bank of India also needs to be closely associated with this process as the largest amount of excess expenditure relates to "Repayment of Debt".

[Sl. No 3 Appendix, V Para No. 58 of 54th Report of PAC (14th Lok Sabha)]

Action Taken by the Ministry of Finance (Department of Expenditure)

Various efforts are being made to control the expenditure within the sanctioned budget grant. The comparison of trends in excess expenditure over the Sanctioned

Budget Grant (SBG) for year 2005-06 to 2007-08 indicate that substantial improvement has been noticed in respect of excess expenditure over budget provisions. For Civil Ministries, the number of grants where expenditure had exceeded the sanctioned budget reduced from 8 in the year 2005-06 to 4 in 2006-07. In 2007-08, according to the provisional estimates, only 3 grants have shown excess expenditure.

Ministry of Finance undertakes various measures to check the instances of excess expenditure over sanctioned budget. This includes monthly monitoring of expenditure by the Ministry of Finance as well the Secretaries of the respective Ministries. Apart from this, Ministry of Finance have been reiterating the need for strict expenditure control and close monitoring by the Financial Advisors of the Ministries/Departments in the quarterly meetings. The estimates of 'Repayment of Debt' are framed on the basis of inputs furnished by the Reserve Bank of India (RBI), the Debt Manager of the Government of India. Estimations made as accurately as possible given the nature of these items being charged expenditure, where non-payment to the claimant in the absence of a budgetary provision would amount to a sovereign default.

In order to improve the quality of estimation of Repayment of Debt and Interest Payments, RBI was requested to constitute a Working Group (WG) with representation from the Budget Division and the Office of CCA.

The Report of the Working Group was received on 15.12.2008. The Recommendations *inter alia* include:—

- Two alternative models for estimation of Repayment of 14-days ITBs.
- Dynamic updating of all the estimates during the year so as to seek supplementary demands for grants when required
- Estimation of discount on auction treasury bills on the basis of quarterly average growth model.
- Web based connectivity and more frequent meetings between the Budget Division, RBI and CCA(F), MOF, for facilitating sharing of information.

The RBI furnished its estimates even for RE 2007-08 and BE 2008-09 in consonance with these recommendations and the result is that there has been no excess in respect of Repayment of Debt or Interest Payments in 2007-08. With the implementation of the major recommendations of the Working Groups, it is expected that there will be no excess expenditure under these two Appropriations.

Apart from this the Department of Fertilizers, Posts, Defence, Home Affairs, Mines and Labour & Employment have sent separate replies to this para in respect of their Ministries.

In view of the replies furnished by other Ministries and since (a) incidence of excess is limited, (b) bulk of the excess pertains to repayment of debt and interest payments, and (c) this aspect has already been addressed through the measures outlined above, it is felt that there may be no need to set up a separate inter-Ministerial Group under the Cabinet Secretary for the purpose.

This has been vetted by Audit *vide* their U.O. No. DGACR—RR/1-18/2008-09/2157 dated 14.11.2008.

Sd/-

JS&FA

Action Taken by the Ministry of Chemicals & Fertilisers (Department of Fertilizers)

As per the rules/procedure, the Department of Fertilizers have responsibility for financial discipline with a view to restricting expenditure within the permissible limit. In this regard it is stated that Department of Fertilizers are not concerned with the excess expenditure relating to "Repayment of Debt".

Audit Comments:—

Action Taken Note has been vetted in Audit. Audit has no comments to offer.

Action Taken by the Ministry of Communications & Information Technology (Department of Posts)

As has been stated above in the para (Recommendation) a high level Inter-Ministerial Group under the Chairmanship of the Cabinet Secretary is required to be constituted to examine the recurring issues of excess expenditure and to take action for rectifying the problems. The Reserve Bank of India also needs to be closely associated with this process. Hence Department of Posts, perhaps needs no action to take in this regard.

Action Taken by the Ministry of Defence

In this para the Committee's main observation pertains to the rising trend of excess expenditure year after year the Committee have desired the matter to be reviewed at the highest level and, therefore, recommended that the Government should constitute a high-level Inter-ministerial Group under the Chairmanship of the Cabinet Secretary to examine this recurring issue and apprise the Committee about the steps taken to rectify the problems. The action in this regard might be taken by the Ministry of Finance, being the nodal agency.

So far as Ministry of Defence is concerned, instructions already exist to exercise strict control on progress of Defence Expenditure in order to avoid any large scale savings or excess under any grant relating to Defence Services. Regular meeting of the Departmental Monitoring Groups are held to monitor the progress of expenditure effectively to achieve the objective and to ensure that the funds allocated are fully utilized. Efforts shall be made for better implementation of various instructions issued on monitoring of Defence Expenditure.

Sd/-

(Amit Cowshish)
Addl. FA (A) & JS

Action Taken by the Ministry of Railways (Railway Board)

The PAC has directed the Government of India to set-up a High Level Inter-Ministerial Group under the Chairmanship of Cabinet Secretary to examine all the recurring issue of excess expenditure. Necessary action in this regard is to be taken by Ministry of Finance.

This has been seen and vetted by Audit *vide* their U.O. 71-RA-III/2-1/2007 dated 18th March, 2008.

Sd/-

(Smt. P. Babbar)
Adviser (AR),
Railway Board.

Ministry of Railways O.M. No. 2007-BC-PAC/XIV/54 dated -10-2008

Action Taken by the Ministry of Home Affairs

The recommendations of the Public Accounts Committee have been noted for strict compliance. In order to ensure that no such excess is incurred in future, a system for regular monitoring progress of expenditure division-wise has been put in place and review meetings are being held regularly and suitable instructions are being issued from time to time. The instructions have been reiterated to avoid excess expenditure under any circumstances (copy enclosed).

2. All Divisional Heads have been directed to take personal interest in this matter, and ensure strict observance of the directions of Ministry of Finance. This Ministry has also reiterated instruction to all Spending Agencies to thoroughly scrutinize Budget Estimates at Supplementary Grant Stage and submit proposals for Supplementary Demands only in rare and emergent cases and also to ensure avoidance of excess expenditure. Suitable instructions have also been issued to all Budget Controlling Authorities to carry out periodic review of the progress of expenditures. They have been advised to take necessary steps to improve the financial and expenditure management by suitably adhering to various provisions of General Financial Rules through periodical monitoring (copy enclosed). Quarterly Expenditure Review meetings under the Chairmanship of Additional Secretary & Financial Advisor (Home) and monthly expenditure meetings at the level of Divisional Heads with the concerned Financial Advisors Deputy Financial Advisors are also being held regularly. The concerned officers have also been advised to take necessary steps against the erring officials to avoid such lapses in future (copy enclosed).

(This "Action Taken Note" has been vetted by Office of the DGACR *vide* their U.O. No. RR/6-21/07-08/3812 dated 25th February, 2008)

Sd/-

(Vivek Mehrotra)
Special Secretary & Financial Advisor (Home)

[M.H.A. U.O. No. 15014/05/07-Budget-II Dated 29th February, 2008]

No. 15(3)/2003/AFA(H)
Ministry of Home Affairs
(Integrated Finance Division)

New Delhi, Dated the 15th May, 2006.

OFFICE MEMORANDUM

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

The undersigned is directed to enclose herewith a copy of Ministry of Finance, Deptt. of Economic Affairs (Budget Division) O.M. No. F. 4(12)-B(SD) 2004 dated the 8th May 2006 for information and compliance.

Sd/-
(D.N. Kataria)
AFA (Home).

To

All Joint Secretaries in MHA including Office of RGI (as per list attached).

Copy for information to:— PS to AS & FA (Home)
Director (Fin./H)
Director (Fin./Pers)

Copy also for information and compliance to: Ministry of DONER, Vigyan Bhavan
Annexe, New Delhi.

Internal Distribution:—

AFA(Fin.1)/AFA(Fin.II)/AFA(Fin.III)/AFA(Fin.IV)/AFA(Pers.)/SO(Fin.V)/
US(Budget.1)/US(Budget.II)

O.M. No. F.4(12)-B(SD) 2004
Ministry of Finance
Department of Economic Affairs
(Budget Division)

New Delhi, dated the 8th May, 2006

OFFICE MEMORANDUM

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

The Public Accounts Committee in their 22nd Report (14th Lok Sabha) on Action Taken Recommendations contained in the 58th Report of the PAC (13th Lok Sabha) relating to Excess Expenditure over the Voted Grants and Charged Appropriation (2001-02)' have taken a serious view of expenditure incurred in excess of the provisions authorized by the Parliament. The Committee has observed that the fact that the instructions have been issued time and again without achieving any concrete result warrants concerned Ministries/Departments to remedy the perennial problem of excess expenditure over voted Grants and Charged Appropriations. The Committee has expressed their serious displeasure over the ineffective monitoring on the part of budget controlling authorities while preparing both budget estimates as well as Supplementary Demands for Grants. The Committee has once again underlined the sanctity of scrupulously following the provisions of General Financial Rules which stipulate that no expenditure should be incurred which might have the effect of exceeding the total grant or appropriations authorized by Parliament by law for a financial year except by way of obtaining a supplementary grant/appropriation or an advance from the Contingency Fund.

2. Therefore, the Committee has recommended in the largest interest of achieving a sound fiscal health that:

"In future, the concerned Ministries/Departments should scrupulously review/scrutinize the budget estimates at the Supplementary Grant stage itself by factoring in contingencies of unforeseen expenditure that may arise in future so that the excess expenditure is not incurred after obtaining Supplementary Grants."

3. Keeping in view the observations of the Public Accounts Committee and the rules/instructions quoted above, it is once again emphasized that strict watch should be kept over the flow of expenditure against the sanctioned grant by regular monitoring as provided in Rules 54, 58, 59, 60 and 61, Chapter 3 of General Financial Rules, 2005 so that the expenditure does not exceed the amounts authorized by the Parliament. In case the amount of a Grant falls short of the requirement, a Supplementary Grant may be obtained before the expenditure is incurred. In this regard, Ministries and Departments may recall the instructions issued *vide* Department of Expenditure O.Ms. dated September 27, 2002, August 13, 2001, O.M. No. G-25018/CGA-AA/Excess/2000-01/629 dated September 5, 2001

and O.M. dated November 17, 2005. While obtaining Supplementary Demands for Grants in. In future, budget-controlling authorities of the concerned Ministries/ Departments should scrupulously review/scrutinize the budget estimates as per the directions of the Public Accounts Committee and the instructions of Ministry of Finance as quoted above.

Sd/-
(L.M. VAS)
Joint Secretary.

F.A.
M/o Home Affairs

S.K. SANDHU, IAS



Finance Secretary,
Chandigarh Administration,
Union Territory, Chandigarh
D.O. No. F&PO (6)-2006/Spl.
Dated: 26.9.2006
Telefax: 0172-2741105

Dear Mr. Bhardwaj,

SUBJECT: Appropriation Accounts for the year 2005-06 under Grant No. 96—
Chandigarh.

As per Article 114(3) of the Constitution, no money is to be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of this Article. Further, the GFR 71 stipulates that no disbursement should be made which might have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant.

During the financial year 2005-06, The Engineering Department has incurred excess expenditure amounting to Rs. 28.35 lac under the head, "4801-Capital Outlay on Power Projects, 4217-Capital Outlay on Urban Development" and "4402-Capital Outlay on soil and water conservation. "This act of incurring excess expenditure by your department has violated the above provision and also put the finance Department in a very embarrassing position.

You are, therefore, advised to look into the matter personally and take appropriate action against the defaulting officers with a view to avoid recurrence of such cases in future. Any future lapse in this regard will however be viewed seriously.

With best wishes,

Yours faithfully,

Sd/-

(S.K. Sandhu)

Sh. V.K. Bhardwaj
Chief Engineer,
U.T. Chandigarh,

F.No. 4/1/2006-Finance
Administration of the
Union Territory of Lakshadweep
Finance and Accounts
Secretariat

Kavaratti, dated 20th February, 2007

OFFICE MEMORANDUM

A Scrutiny of the Stage-IV of the Appropriation Accounts (Civil) under Demand No. 99-Lakshadweep for 2005-06 revealed that many Departments have exceeded the budget provision to the extent of Rs. 5 lakhs and more under various sub-heads of the grant without assigning satisfactory reasons. Therefore, all the Departments are requested to furnish satisfactory reasons for the excess expenditure incurred under various sub-heads of your major head of account.

As per Rule 52(3) of GFR 2005 no expenditure shall be incurred which they have the effect of exceeding the total grant or appropriation authorised by the Parliament by law for financial year, except after obtaining a supplementary grant or appropriation or an advance from Contingency Fund.

You are once again advised to comply the guidelines and all your DDOs may be directed to restrict the expenditure to the budget provision to avoid further excess expenditure in future.

Sd/-

Accounts Officer

To

All Departmental Heads, Kavaratti.

BUDGET MATTER

File No. 15041/05/2007-Bgt.-II
Government of India
Ministry of Home Affairs

New Delhi, Dated the 26th June, 2007

OFFICE MEMORANDUM

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

The Public Accounts Committee in their Reports presented to the House from time to time relating to "Excess Expenditure over the Voted Grants and Charged Appropriation" have taken a serious view of expenditure incurred in excess of the provisions authorized by Parliament. The Committee has observed that even though instructions have been issued from time to time, the problem of excess expenditures over Voted Grants and Charged Appropriations continue to occur. The Committee has, therefore, expressed their serious displeasure over the ineffective monitoring of expenditure by budget controlling authorities.

2. Instructions have been issued repeatedly by the Budget Wing of this Ministry to avoid excess expenditures. It however, appears that these instructions are not being followed in right earnest resulting in repeated excess of expenditures year after year. During the financial year 2005-06, UT Administration of Lakshadweep has incurred excess expenditures of Rs. 3.58 crore under Revenue Section (Voted).

3. The reply furnished by the UT Administration *vide* their letter dated 25th June, 2007 that "Exceeding the budgetary limit was a lack of co-ordination between PAO and Departments" is untenable. The excess expenditure could easily have been avoided through better co-ordination amongst the concerned departments.

4. UT Administration is, therefore, requested to issue strict instructions to the concerned Departments to abide by the codal provisions and restrict expenditures well within appropriations.

5. A copy of this memo is being separately communicated to Audit, to explain the action taken by this Ministry as regards the excess-expenditure of Rs. 3.58 crore over authorization under Revenue Section (Voted).

Sd/-

(M.J. JOSEPH)
Chief Controller of Accounts (Home)
Tele No. 23093293

Shri B.V. Selvaraj,
Administrator,
UT Administration of Lakshadweep,
Kavaratti.
Copy to JS(UT) for information and necessary action.

IMPORTANT/URGENT

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

New Delhi, Dated the 14th September, 2004

OFFICE MEMORANDUM

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

Budget Division of Department of Economic Affairs, Ministry of Finance *vide* O.M. No. 4(12)-B (SD)/2004, dated 17th August, 2004 have conveyed that the Public Accounts Committee (PAC) in their 58th Report (13th Lok Sabha) has taken a very serious view of the instance of persistent excess expenditure over the voted grants and charged expenditure, particularly in those cases where the excess expenditure has been incurred in spite of taking Supplementary Grants.

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

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

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

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

"Recurrence of excess expenditure over sanctioned provision in certain grants has also been viewed very seriously by the Public Accounts Committee. Needless to say, such expenditure is *unauthorized expenditure* and must be avoided at any cost. Therefore, not only the Supplementary Demands should be sought for the minimum necessary amount after a thorough review of savings (both under Plan and Non-Plan) within the grant but it should be sufficient to cover any foreseeable excess. In order to ensure that this fine balance is met, there is a need to keep the expenditure under close watch on a daily basis after sending the proposals for Supplementary Grants and promptly inform us if there is a significant variation requiring correction in the proposals...."

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

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

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

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

Sd/-

(N.A. VISWANATHAN)

Additional Secretary & Financial Advisor (Home)

To

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

Sd/-

(JAWAHAR THAKUR)

Chief Controller Of Accounts (Home).

**IMPORTANT
PAC MATTER**

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

New Delhi, the 6th June, 2005

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

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

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

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

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

5. All the Divisional Heads/Budget Controlling Authorities in the Ministry of Home Affairs are once again requested to take utmost care in framing Budget Estimates and Supplementary Grants so that they do not run short of funds for their schemes/

projects. However, excess expenditure is to be avoided under any circumstances.

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

Sd/-

(N.A. VISWANATHAN)

Additional Secretary & Financial Adviser (Home).

Enclosures: As above

To

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

**IMPORTANT
PAC MATTERS**

No. 9/5/2007-Bgt.II
Government of India
Ministry of Home Affairs

New Delhi, dated the 18th Sept., 2007

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

The Public Accounts Committee (14th Lok Sabha), in its 54th Report on "Excesses over Voted Grants and Charged Appropriations (2005-2006)" presented to the Lok Sabha on 24th August, 2007, have commented adversely on the persistent excess expenditures being incurred by Ministries/Departments over authorized budget allocations.

2. In this Report, PAC have pointed out that excess expenditures are being incurred by Ministries/Departments, year after year, despite its repeated observations and recommendations in previous Reports. A copy of the observations/recommendations made by PAC in this Report on the Grants operated by the Ministry of Home Affairs is enclosed (Para Nos. 52, 53, 54, 58 & 59 of the Report refers).

3. The recommendations/observations of PAC on excess expenditures have created embarrassing situations for the Ministry. The Committee had drawn attention of the Government that as per extant Financial Rules, the Secretary to the Government of India, who heads the Department should take responsibility for ensuring financial discipline in the concerned Ministry/Department.

4. All Divisional Heads/Budget Controlling Authorities in the Ministry of Home Affairs are once again requested to take utmost care in framing Budget and Revised Estimates and Supplementary Grants in respect of their activities, schemes and projects. Extra care should be taken to avoid incurring excess expenditures over budget allocation.

5. The above instructions alongwith the observations/recommendations of the Committee is brought to the notice of all Budget Controlling authorities in Ministry of Home Affairs.

Enclosures: As above

Sd/-

(RAGHUVENDRA SINGH SIROHI)
Additional Secretary & Financial Advisor (Home).

To

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

Action Taken by the Ministry of Mines

In the Ministry of Mines during pre-budget exercise sufficient provisions are projected and proposed after assessment and anticipation of likely expenditure. The excess expenditure of Rs. 1,53,227/- over the sanctioned provision of Rs. 10,00,000/- has occurred under Office Expenses (Charged) in Revenue Section for the first time towards the end of the financial year in order to comply with the Court Order directing payment of compensation in the case No. 471/1997 of Airborne Mineral Survey and Exploration wing of Geological Survey of India. Thus the incidence of Court Order for payment of compensation could not be anticipated and provision for same could not be projected well in advance since the same had occurred at the end of the financial year.

This has been vetted by Audit vide their U.O.No.AMG.-I/V.V/anukari/2008-09/235-237 dt. 22nd July, 2008.

Sd/-

(SANJAY MITTAL)

Joint Secretary & financial Adviser.

Ministry of Mines' F.No. 3(27)/05-IF

Action Taken by the Ministry of Labour and Employment

Excess occurred in the grant No. 61 for the year 2005-06 due to the fact that supplementary was approved on net basis, which was first such instance. Ministry will be careful while submitting proposal for supplementary demands,

Vetted by DGACR *vide* their UO No. RR/8-9/2007-08/3763 dated 11.02.08

Sd/-

(RAJESH VERMA)

Joint Secretary & Financial Advisor.

[Ministry/Department of Labour & Employment O.M. No. G-25018/1/2006-B&A
Dated 22.02.08]

CHAPTER V

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

—NIL—

NEW DELHI;
24 February, 2009
05 Phalgunā, 1930 (Saka)

SANTOSH GANGWAR,
Chairman,
Public Accounts Committee.

PART-II

MINUTES OF THE SIXTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2008-2009) HELD ON 24th FEBRUARY, 2009

The Committee sat from 1500 hrs. to 1530 hrs. on 24th February, 2009 in Room No. "51" (Chairman's Chamber), Parliament House, New Delhi.

PRESENT

Shri Santosh Gangwar — *Chairman*

MEMBER

Lok Sabha

2. Shri Khagen Das
3. Shri P.S. Gadhavi
4. Shri Bhatruhari Mahtab
5. Prof. M. Ramadass
6. Shri K.S. Rao

Rajya Sabha

7. Shri Raashid Alvi
8. Shri Prasanta Chatterjee
9. Shri Shanta Kumar
10. Prof. P. J. Kurien
11. Dr. K. Malaisamy
12. Sardar Tarlochan Singh

SECRETARIAT

1. Shri Gopal Singh — *Director*
2. Shri M.K. Madhusudhan — *Deputy Secretary-II*
3. Shri Sanjeev Sharma — *Deputy Secretary-II*

Office of the Comptroller and Auditor General of India

Shri A.K. Thakur — *Director General of Audit (CR)*

2. At the outset, the Chairman, welcomed the Members of the Committee to the sitting. The Committee then took up for consideration and adoption the draft Report on Action Taken on 54th Report of PAC (14th Lok Sabha) relating to "**Excesses over Voted Grants and Charged Appropriations (2005-2006)**". After some deliberations, the Committee adopted the draft Report with some minor changes and authorized the Chairman to finalise and present the same to the Parliament in the light of factual verification done by Audit.

The Committee then adjourned.