

SEVENTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2009-2010)

(FIFTEENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS (2007-08)

Presented to Lok Sabha on 18.12.2009

Laid in Rajya Sabha on 18.12.2009



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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2009-10)**

Shri Jaswant Singh — *Chairman*

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Khagen Das
5. Shri Naveen Jindal
6. Shri Satpal Maharaj
7. Shri Bhartruhari Mahtab
8. Shri Gopinath Munde
9. Dr. K. Sambasiva Rao
10. Shri Jitendra Singh (Alwar)
11. Kunwar Rewati Raman Singh
12. Shri Yashwant Sinha
13. Shri K. Sudhakaran
14. Dr. M. Thambidurai
15. Shri Aruna Kumar Vundavalli

Rajya Sabha

16. Shri Prasanta Chatterjee
17. Shri Sharad Anantrao Joshi
18. Shri Ashwani Kumar
19. Shri Shanta Kumar
20. Dr. K. Malaisamy
21. Shri N.K. Singh
22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Ashok Sarin — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*

INTRODUCTION

I, the Chairman, Public Accounts Committee, having been authorised by the Committee, do present on their behalf this Seventh Report (Fifteenth Lok Sabha) on “Excesses over Voted Grants and Charged Appropriations (2007-08)”.

2. The Union Government Appropriation Accounts (Civil), 2007-08; Union Government Appropriation Accounts (Postal Services), 2007-08; Union Government Appropriation Accounts of the Defence Services for the year 2007-08; and the Report of the Comptroller & Auditor General of India for the year ended March, 2008, No. CA 13 of 2007-08, Union Government (Accounts of the Union Government) were laid on the Table of the House on 20th February, 2009. The Indian Railways Appropriation Accounts Part-I—Review, 2007-08; Indian Railway Appropriation Accounts Part-II—Detailed Appropriation Accounts, 2007-08; Indian Railways Appropriation Accounts Part-II—Detailed Appropriation Accounts (Annexure-G), 2007-08 and the Report of the Comptroller & Auditor General of India for the year ended March, 2008, No. CA 19 of 2008-09, Union Government (Railways) were laid on the Table of the House on 24th July, 2009.

3. The Committee examined the cases of excess expenditure incurred by various Ministries/Departments of Union Government in 2007-08 on the basis of relevant Appropriation Accounts, observations of Audit as contained in the Reports of the Comptroller & Auditor General of India for the year ended 31 March, 2008 and the Explanatory Notes furnished by the various Ministries/Departments concerned. The Committee considered and finalised the Seventh Report at their sitting held on 16th December, 2009. Minutes of the sitting are given at *Appendix-I*.

4. The Committee would like to express their thanks to the officers of the Ministry of Finance, the Ministry of Labour and Employment, the Ministry of Home Affairs, the Ministry of Urban Development, the Ministry of Defence, the Ministry of Communications and Information Technology (Department of Posts) and the Ministry of Railways for the cooperation extended by them in furnishing information to the Committee.

5. 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.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in *Appendix-II*.

NEW DELHI;
16 December, 2009

25 Agra Hayana, 1931 (Saka)

JASWANT SINGH,
Chairman,
Public Accounts Committee.

REPORT
EXCESSES OVER VOTED GRANTS AND CHARGED
APPROPRIATIONS (2007-08)

PART- I
BACKGROUND ANALYSIS

A. INTRODUCTORY

(a) Annual Appropriation Accounts of the Union Government

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

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

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

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

- (a) that the moneys shown in the accounts as having been disbursed were legally available for, and applicable to, the service or purpose to which they have been applied or charged;
- (b) that the expenditure conforms to the authority which governs it; and

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

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

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

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

(b) Rules/Provisions for controlling excess expenditure

6. The following Rules/Provisions are laid down for control of excess expenditure by the Government:

- (i) Article 114(3) of the Constitution provides that subject to the provisions of Articles 115 and 116, no money shall be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article.
- (ii) Further, General Financial Rule (GFR) 71 stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament for a financial year except after obtaining a supplementary grant or on advance from the Contingency Fund.
- (iii) Article 115(1)(b) of the Constitution stipulates that if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.
- (iv) Annexure "A" to Rules 66 and 75 of the General Financial Rules lays down the detailed procedure to be followed by the Pay and Accounts Offices (PAOs) regarding check against provision of funds. This procedure prescribes that where a payment would lead to excess over the provision under any "unit of appropriation", the payment may be made by PAO only on receipt of an assurance in writing from the Ministry/Head of Department controlling the grant that necessary funds to accommodate the expenditure will be provided for in time by issue of re-appropriation order etc. In cases of inevitable payments towards the close of the financial year where the grant as a whole is likely to get exceeded, the orders of the Financial Adviser on behalf of the Chief Accounting Authority would have to be sought.
- (v) Indian Railway Financial Code, Volume-I also addresses the issue of excesses over grants in so far as Railway Finances are concerned. According to paragraph 371 of this code, the Railway administration shall be responsible to ensure that no expenditure is incurred in excess of the Budget allotments made to them. Similar provisions also exist under paragraphs 782 and 783 of P&T Manual, Volume-II which *inter-alia* prescribe that control in relation to budget allotments must secure that expenditure is not incurred under any head in excess of the funds allotted to that head.

(c) Procedure for regularization of excess expenditure

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

(d) Union Government Appropriation Accounts (2007-08)

8. The details of the four Union Government Appropriation Accounts (2007-08) viz. the dates on which these Accounts were laid on the Table of the House, number of Grants/Appropriations operated under each of the four Appropriation Accounts and the Chapters/Paragraphs of Audit Reports in which the relevant audit findings are highlighted are given in the following table:—

Sl. No.	Appropriation Accounts	Date of laying on the Table	No. of Grants/Appropriations of the House	Report in which audit findings are highlighted
1.	Civil	20.02.2009	97	Chapters 7 & 8 of C&AG's Report No. CA13 of 2007-08, Union Government (Accounts of the Union Government)
2.	Defence Services	20.02.2009	6	-do-
3.	Postal Services	20.02.2009	1	-do-
4.	Railways	24.07.2009	16	Chapter I, Para 1.9 of C&AG's Report No. CA 19 of 2008-09, Union Government (Railways)
Total No. of Grants/Appropriations:			120	

9. In this Report, the Committee have examined the cases of those Grants/Appropriations where money has been spent in excess of the amount authorized by Parliament for specified services for the year 2007-08 and which required regularization by Parliament under Article 115(1)(b) of the Constitution of India.

B. EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2007-08)

10. Scrutiny of the four Union Government Appropriation Accounts (2007-08) revealed that there was an excess disbursement of Rs. 100,13,54,327 (Rs. 100.14 crore) in four segments of four Grants/Appropriations pertaining to Civil Ministries/Departments, Rs. 71,18,78,075 (Rs. 71.19 crore) in one segment of a Grant operated by the Ministry of Defence, Rs. 2,76,000 (Rs. 2.76 lakh) in one segment of a Grant operated by the Ministry of Communications & IT (Department of Posts) and Rs. 52,23,24,856 (Rs. 52.23 crore) in 10 segments of 8 Grants/Appropriations operated by the Ministry of Railways. These are tabulated below:—

(in unit of Rupees)

Sl. No.	Name of Appropriation Accounts	No. of excess registering Grants/Appropriations	No. of cases involved	Amount of excess expenditure incurred
1.	Civil	4	4	100,13,54,327
2.	Defence Services	1	1	71,18,78,075
3.	Postal Services	1	1	2,76,127
4.	Railways	8	10	52,23,24,856
	Total	14	16	223,58,33,385

(a) Details of excess disbursement over Voted Grants/Charged Appropriations (2007-08)

11. The details of 16 Voted Grants/Charged Appropriations under which the actual expenditure had exceeded the sanctioned provision during the financial year 2007-08 are given below:—

(in unit of Rupees)

Sl. No.	No. & Name of Grant/ Appropriation	Administrative Ministry/ Department	Final Grant	Actual Expenditure	Excess Expenditure
1	2	3	4	5	6
I. Appropriation Accounts—Civil					
Revenue (Voted)					
1.	39-Pensions	Finance	85,94,54,00,000	86,92,77,60,536	98,23,60,536
2.	95-Chandigarh Capital (Voted)	Home Affairs	12,83,92,00,000	12,83,96,77,412	4,77,412
3.	59-Ministry of Labour and Employment Capital (Charged)	Labour and Employment	7,56,98,00,000	7,58,77,64,968	1,79,64,968
4.	99-Department of Urban Development	Urban Development	40,20,00,000	40,25,51,411	5,51,411

1	2	3	4	5	6
II. Appropriation Accounts — Defence Services					
Revenue (Voted)					
5.	22-Defence Services—Army	Defence	3,54,10,10,00,000	3,54,81,28,78,075	71,18,78,075
III. Appropriation Accounts—Postal Services					
Capital (Charged)					
			17,00,000	19,76,127	2,76,127
6.	13-Department of Posts	Communications & IT			
IV. Appropriations Accounts — Railways					
Voted Grants					
7.	12-Miscellaneous Working Expenses	Railways	20,54,97,76,000	20,78,37,78,612	22,32,94,567*
8.	15-Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation	-do-	48,82,12,00,000	49,02,92,86,212	20,80,86,212
Charged Appropriations					
9.	5-Working Railways Expenses—Repairs & Maintenance of Motive Power		1,21,000	4,25,000	3,04,000
10.	6-Working Expenses—Repairs & Maintenance of Carriages & Wagons	-do-	5,00,000	7,79,469	2,79,469
11.	8-Working Expenses—Operating Expenses Rolling Stock & Equipment	-do-	8,38,000	21,31,043	12,93,043
12.	10-Working Expenses—Operating Expenses-Fuel	-do-	4,75,67,000	11,74,15,342	6,98,48,342
13.	13-Working Expenses—Provident Fund, Pension and other Retirement Benefits	-do-	76,03,000	82,44,764	9,66,805**
14.	16-Assets—Acquisition, Construction and Replacement-Capital	-do-	21,15,11,000	21,36,13,493	21,02,493
15.	16-Assets—Acquisition, Construction and Replacement-Railway Funds	-do-	7,91,84,000	8,19,79,545	30,34,076***

1	2	3	4	5	6
16.	16-Assets— Acquisition, Construction and Replacement- Railway Safety Fund	Railways	7,00,000	36,71,376	29,71,376
Total			53057,81,00,000	53281,39,33,385	222,56,88,912

*There was an excess expenditure of Rs. 23,40,02,612. However taking into account the misclassification of expenditure of Rs. (-) 1,07,08,045. The real excess requiring regularization works out to Rs. 22,32,94,567.

** There was an excess expenditure of Rs. 6,41,764. However taking into account the misclassification of Rs. 3,25,041, the real excess requiring regularization works out to Rs. 9,66,805.

*** There was an excess expenditure of Rs. 27,95,545. However taking into account the misclassification of Rs. 2,38,531, the real excess requiring regularization works out to Rs. 30,34,076.

12. It would be seen from the above that an excess amount of Rs. 223.58 crore was incurred over Voted Grants/Charged Appropriations in 16 cases. Out of that, Rs. 172.35 crore i.e. 77 per cent of the total excess expenditure was incurred in three cases i.e. (i) Grant No. 39 (Revenue Voted)—Pensions; (ii) 59 (Capital Voted)—Ministry of Labour and Employment; and (iii) Grant No. 22 (Revenue Voted)—Defence Services—Army. As regards Grants/Appropriations operated by the Ministry of Railways, excess expenditure in 'Grant No. 12—Miscellaneous Working Expenses' and 'Grant No. 15—Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation' and 'Appropriation No. 10—Working—Expenses-Operating Expenses-Fuel' accounted for about 98 per cent of the total excess expenditure of Rs. 51,21,80,383 incurred under eight Grants/Appropriations operated by them.

(b) Actual excess expenditure incurred by the Ministry of Railways

13. A scrutiny of the Explanatory Note furnished by the Ministry of Railways indicating the reasons for excess expenditure incurred by them over Voted Grants/Charged Appropriations during 2007-08 revealed that there was a misclassification of Rs (+) 3,25,041 under Appropriation No. 13—Working Expenses—Provident Funds, Pension and Retirement Benefits; Rs. (+) 2,38,531 under Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Railway Funds; and Rs. (-) 1,07,08,045 under Grant No. 12—Miscellaneous Working Expenses. Taking into account the effect of these three cases of misclassification, the actual excess expenditure relating to the Ministry of Railways worked out to Rs. 51,21,80,383 instead of Rs. 52,23,24,856 as indicated in the Indian Railways Appropriation Accounts (2007-08).

(c) Total excess expenditure for the financial year 2007-08 requiring regularization under Article 115(1)(b) of the Constitution

14. Thus, the amount of actual excess expenditure incurred during the financial year 2007-08, which requires regularization by the Parliament under Article 115(1)(b) of the Constitution is of the order of Rs. 222,56,88,912 involved in 16 cases of 14 excess registering Grants/Appropriations during the financial year 2007-08.

(d) Excess expenditure despite obtaining Supplementary Grants

15. During the financial year 2007-08 excess expenditure occurred even after obtaining Supplementary Grants/Appropriations in the following 12 cases:—

(Rs. in thousands)

Sl. No.	No. & Name of Grant/Appropriation	Amount of Supplementary Grant/Appropriation obtained	Amount of excess expenditure incurred
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(i) APPROPRIATION ACCOUNTS—CIVIL

Revenue (Voted)

1.	39—Pensions	1287,00,00	98,23,61
2.	95—Chandigarh, Ministry of Home Affairs	93,57,00	4,77

Capital (Voted)

3.	59—Ministry of Labour & Employment	750,01,00	1,79,64
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(ii) APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

Revenue (Voted)

4.	22—Defence Services—Army	232,22,00	71,18,78
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(iii) APPROPRIATION ACCOUNTS—RAILWAYS

Voted Grants

5.	12—Miscellaneous Working Expenses	43,57,58	22,32,95
6.	15—Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation	309,58,00	20,80,86

Sl. No. & Name of No. Grant/Appropriation	Amount of Supplementary Grant/Appropriation obtained	Amount of excess expenditure incurred
Charged Appropriations		
7. 5—Working Expenses—Repairs & Maintenance of Motive Power	96	3,04
8. 8—Working Expenses—Operating Expenses—Rolling Stock and Equipment	6,33	12,93
9. 10—Working Expenses—Operating Expenses—Fuel	2,25,67	6,98,48
10. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits	6,55	9,67
11. 16—Assets—Acquisition, Construction and Replacement—Capital	10,17,11	21,02
12. 16—Assets—Acquisition, Construction and Replacement—Railway Fund	96,84	30,34
TOTAL AMOUNT	Rs. 2729,49,04	Rs. 222,16,09

16. A scrutiny of the above statement has revealed that relatively huge amounts of excess expenditure were incurred even after obtaining Supplementary Grants in respect of Grant No. 39—Pensions; Grant No. 59—Ministry of Labour & Employment; Grant No. 22—Defence Services—Army; Grant No. 12—Miscellaneous Working Expenses, Appropriation No. 5—Working Expenses—Repairs & Maintenance of Motive Powers; Appropriation No. 8—Working Expenses—Operating Expenses—Rolling Stock and Equipment; Appropriation No. 10—Working Expenses—Operating Expenses—Fuel; Appropriation No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits.

(e) Recurring excess expenditure

17. The Committee's examination has also revealed that incurring of excess expenditure by the various Ministries/Departments over and above the Original Grants/

Appropriations sanctioned by the Parliament has become a recurring phenomenon in the Government budgetary exercise over the years. The following table shows the number of excess registering Grants/Appropriations in each of the four Appropriation Accounts during the preceding ten financial years (from 1998-99 to 2007-08)—

(Rs. in crore)

Year	Appropriation Accounts— Civil		Appropriation Accounts— Defence Services		Appropriation Accounts— Postal Services		Appropriation Accounts— Railways		Total	
	No. of Excess registering Grants/ Appropriations	Excess expenditure incurred	No. of Excess registering Grants/ Appropriations	Excess Expenditure incurred	No. of Excess registering Grants/ Appropriations	Excess expenditure incurred	No. of Excess registering Grants/ Appropriations	Excess Expenditure incurred	Total of Columns 2,4,6,8	Total of Columns 3,5,7,9
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1998-99	42	11824.46	3	283.91	—	—	9	349.40	54	12755.98
1999-2000	2	0.57	1	0.007	—	—	8	56.79	11	57.38
2000-01	1	0.44	1	229.70	1	0.17	5	0.14	08	230.45
2001-02	5	878.67	—	—	1	0.16	8	210.71	14	1089.54
2002-03	8	1864.47	—	—	—	—	11	323.65	19	2188.12
2003-04	7	42190.20	1	37.50	—	—	9	1136.92	17	43364.62
2004-05	3	33784.53	2	41.99	1	0.04	10	2151.99	16	35978.56
2005-06	8	97062.69	2	44.84	1	97.65	11	2322.46	22	99527.64
2006-07	4	36637.20	1	667.17	—	—	8	365.16	13	37669.53
2007-08 (Year under review)	4	100.14	1	71.19	1	0.03	8	51.22	14	222.58

18. It may be seen from above that the various Civil Ministries/Departments and the Ministry of Railways have been incurring large amount of excess expenditure continuously during the last ten years. The quantum of excess expenditure incurred by various Civil Ministries/Departments had grown manifold from Rs. 230.45 crore in 2000-01 to Rs. 99527.64 crore in 2005-06, though there had been a declining trend during the financial years 2006-07 and 2007-08. Further, it is revealed that huge sums of expenditure have been incurred by the Ministry of Railways in 50 per cent or more of the total Grants/Appropriations operated by them during the financial years 2001-02 to 2007-08. There has also been unabated excess expenditure by the Ministry of Defence during the last five fiscals.

(f) Recurring excess expenditure incurred by the Ministry of Finance

19. The Appropriation Accounts (Civil) for the financial years 2001-02 to 2007-08 *inter-alia* indicates that the Ministry of Finance had been persistently incurring excess expenditure under that Grants/Appropriations operated by them for the past seven financial years as detailed below:—

(Rs. in crore)

Sl. No.	Year	No. & Name of Grant/ Appropriation	Amount of Excess Expenditure	Total amount of Excess Expenditure incurred by the Ministry during the year
1.	2001-02	25—Payments to financial Institutions (Capital-Voted)	731.36	759.75
		26—Interest Payments (Revenue-Charged)	28.39	
2.	2002-03	29—Interest Payments (Revenue-Charged)	1792.90	
		30—Transfers to State and Union Territory Government (Revenue-Voted)	0.36	1793.26
3.	2003-04	37—Repayment of Debt (Capital-Charged)	42182.74	42184.73
		39—Pensions (Revenue-Charged)	1.99	
4.	2004-05	38—Repayment of Debt (Capital-Charged)	33783.55	33783.55
5.	2005-06	33—Currency, Coinage & Stamps (Revenue-Charged)	1.85	
		35—Appropriation-Interest payments (Revenue-Charged)	3343.02	96874.09
		38—Repayment of Debt (Capital-Charged)	93529.22	
6.	2006-07	34—Appropriation— Interest payments (Revenue-Charged)	3587.89	36637.16
		37—Repayment of Debt (Capital-Charged)	33049.27	
7.	2007-08 (year under review)	39—Pensions (Revenue-Voted)	98.24	98.24

(g) Recurring excess expenditure by the Ministry of Defence

20. A scrutiny of Appropriation Accounts (Civil) for the last five financial years *i.e.* 2003-04 to 2007-08 indicates that the Ministry of Defence had also been incurring regular excess expenditure under the Grants/Appropriations operated by them as detailed below:—

(In unit of Rs.)

Sl. No. Year	No. and Name of Grant/ Appropriation	Amount of Excess Expenditure
1. 2003-04	24—Defence Ordnance Factories (Revenue-Voted)	37,50,27,533
2. 2004-05	26—Defence Ordnance Factories (Revenue-Voted)	40,00,08,594
	27—Defence Services Research and Development (Revenue-Voted)	1,99,23,373
3. 2005-06	23—Defence Services Army (Revenue-Charged)	2,08,34,112
	25—Defence Services Air Force (Revenue-Voted)	42,75,63,997
4. 2006-07	22—Defence Services—Army (Revenue-Voted)	667,16,95,590
5. 2007-08 (year under review)	22—Defence Services—Army (Revenue-Voted)	71,18,78,075

(h) Recurring excess expenditure by the Ministry of Railways

21. The incurring of excess expenditure by the Ministry of Railways also has become a recurring phenomenon in the Railways' budgetary exercise. The information given below indicates the position of excess expenditure incurred by the Ministry during the last ten financial years:

(Rs. in crore)

Financial Year	No. of excess registering Grants/Appropriations	Actual excess expenditure incurred
1998-99	9	349.40
1999-2000	8	56.79
2000-01	5	0.14
2001-02	8	210.71

Financial Year	No. of excess registering Grants/Appropriations	Actual excess expenditure incurred
2002-03	11	323.65
2003-04	9	1136.92
2004-05	10	2151.99
2005-06	11	2322.46
2006-07	8	365.16
2007-08	8	52.22
(Year under review)		

The details of excess expenditure incurred by the Ministry of Railways during the last ten financial years are given in *Annexure-I* to this Report.

22. A scrutiny of the Annexure has revealed that excess expenditure was registered in fifty per cent or more of the total number of Grants/Appropriations operated by the Railways during each of the financial years from 2001-02 to the year under review *i.e.* 2007-08. The quantum of excess expenditure increased during the years 2001-02 to 2005-06, though it subsequently declined during the years 2006-07 and 2007-08. A comparative analysis of the excess registering Grants/Appropriations of the Railways revealed that huge amounts of excess expenditure had been incurred by the Railways beyond the total provision sanctioned by Parliament during the last ten financial years. It has also been found that most of the entire excess expenditure during this period was incurred on various Sub-Heads of 'Working expenses' and 'Assets'.

C. DELAY IN PRESENTATION OF APPROPRIATION ACCOUNTS—RAILWAYS (2007-08)

23. The Appropriation Accounts relating to Civil, Defence Services and Postal Services for the financial year 2007-08 were presented to Parliament on 20.02.2009. However, the Appropriation Accounts-Railways (2007-08) could be presented to Parliament only on 24.07.2009, after delay of about five months. In the preceding year also, the Appropriation Accounts-Railways (2006-07) was presented to Parliament after a delay of more than ten months which resulted in delay in the finalization of the Public Accounts Committee's Eightieth Report on Excesses over Voted Grants and Charged Appropriation (2006-07) (14th Lok Sabha), which in turn had delayed the regularization of excess expenditure incurred during that financial year. In paragraph 57 of the aforesaid Report, although the Committee had urged upon the Ministry of Railways and the Ministry of Finance to take necessary remedial measures to ensure timely presentation of the Appropriation Accounts especially the Appropriation Accounts-Railways, the delay in the presentation of Appropriation Accounts (Railways) again happened in the year 2007-08.

D. DELAY IN FURNISHING EXPLANATORY NOTES

24. As per the Recommendation of the Public Accounts Committee *vide* paragraph 8.3 of their 23rd Report (13th Lok Sabha), the concerned Ministries/ Departments were required to forward the Explanatory Notes on excess expenditure incurred by them to the Ministry of Finance starting from the financial year 2001-02 onwards, within such a time limit that these Explanatory Notes could be made simultaneously available alongwith the Appropriation Accounts to the Public Accounts Committee. Pursuant to this prescribed procedure/time schedule, the concerned Ministries/Departments of Government of India are required to submit to the Public Accounts Committee the Explanatory Notes in respect of excess registering Grants/Appropriations immediately after the presentation of the relevant Appropriation Accounts to the Parliament. Since the Appropriation Accounts (Civil), the Appropriation Accounts (Defence Services) and the Appropriation Accounts (Postal Services) were laid on the Table of the House on 20.02.2009, the Explanatory Notes in respect of excess registering Grants/Appropriations during 2007-08 as revealed in these Appropriation Accounts became due for submission on or before 20.02.2009. Similarly, the Explanatory Notes pertaining to the excess registering Grants as highlighted in the Appropriation Accounts (Railways) were due for submission by 24.07.2009 *i.e.* the date of laying of the Appropriation Accounts. However, it is seen from the following data that none of the excess registering Ministries/Departments furnished their Explanatory Notes during the financial year 2007-08 to the Committee within the prescribed time:—

Sl. No.	Grant/ Appropriation and the Ministry/Deptt. concerned	Due date for submission of Explanatory Notes	Date of furnishing Explanatory Notes to Monitoring Cell by the concerned Ministry/ Department	Date of furnishing Explanatory Notes to the Committee by the Monitoring Cell	Period of delay
1	2	3	4	5	6
1.	Grant No. 39- Pensions (M/o Finance)	20.02.2009	08.09.2009	24.09.2009	7 months 4 days
2.	Grant No. 59- Ministry of Labour and Employment	20.02.2009	10.11.2009	11.11.2009	8 months 22 days
3.	Grant No. 95- Chandigarh (M/o Home Affairs)	20.02.2009	23.03.2009	26.03.2009	1 month 6 days

1	2	3	4	5	6
4.	Grant No. 99- Department of Urban Development	20.02.2009	10.12.2009	10.12.2009	10 months 10 days
5.	Grant No. 13- Postal Services (M/o Communications & IT)	20.02.2009	21.04.2009	15.05.2009	2 months 26 days
6.	Grant No. 22- Defence Services- Army	20.02.2009	23.04.2009	05.06.2009	3 months 16 days
7.	Grant Nos. 12 and 15 and Appropriation Nos. 5, 6, 8, 10, 13 and 16 (M/o Railways)	24.07.2009	24.07.2009	24.07.2009	—

25. Thus, it may be seen that the Ministries of Finance, Labour and Employment, Home Affairs, Communications & IT (Department of Posts) and Defence furnished their Explanatory Notes after a delay of more than seven, eight, one, two, three months respectively while the Ministry of Urban Development failed to furnish their Explanatory Note till the last stage of the preparation of this Report. In respect of Grant No. 39- Pension, Grant No. 13-Postal Services, Grant No. 22- Defence Services-Army, the Monitoring Cell in the Ministry of Finance (Department of Expenditure) took longer time in forwarding the Explanatory Notes of the concerned Ministries/Departments to the Committee which further delayed the matter.

26. The Explanatory Notes as furnished by the Ministries/Department concerned for regularization of the excess expenditure incurred during the financial year 2007-08 have been reproduced at *Annexures II to VIII* to this Report.

E. EXAMINATION OF SELECT CASES OF EXCESS EXPENDITURE

27. In the succeeding paragraphs, the Committee have dealt with some of the prominent cases involving excess expenditure during the financial year 2007-08 in the light of the facts brought out in the relevant Appropriation Accounts, Audit observation thereon and the Explanatory Notes furnished by the concerned Ministries/Departments.

(a) Appropriation Accounts—Civil (2007-08)

28. An excess disbursement of Rs. 100.14 crore was incurred in four Grants/Appropriations pertaining to Civil Ministries/Departments during the financial year 2007-08. The Grant/Appropriation-wise details and the contributory reasons as stated by the Ministry/Department concerned are as follows:—

Sl. No.	Grant/Appropriation and the Ministry/Deptt. concerned	Excess expenditure incurred (Rs. in lakh)	Contributory reasons as stated by the Government
Revenue (Voted)			
1.	Grant No. 39-Pensions (M/o Finance)	9823.60	Due to receipt of more claims than anticipated.
2.	Grant No. 95-Chandigarh (M/o Home Affairs)	04.77	Payment of arrears on account of D.A. instalment, medical treatment bills of indoor patients, electricity and water bills.
Capital (Voted)			
3.	Grant No. 59-Ministry of Labour and Employment	179.65	Due to reversion of the re-appropriation
Capital (Charged)			
4.	Grant No. 99-Department of Urban Development	05.51	Excess was due to committed liability owing to orders of Arbitrators which were interest bearing.

29. The above statement depicts that more than ninety-nine per cent (Rs. 9823.60 lakh under Grant No. 39-Pensions) of the total excess expenditure in the civil sector was incurred by the Ministry of Finance to entertain more claims for pension than anticipated and by the Ministry of Labour & Employment (Rs. 179.65 lakh under Grant No. 59- Ministry of Labour and Employment) due to budgeting errors. Though not considered a large amount in the budgetary exercises, the Ministry of Home Affairs incurred excess expenditure to the tune of Rs. 4.77 lakh on payment of arrears on account of D.A. instalment, medical treatment bills of indoor patients, electricity and water bills which were foreseeable.

(b) Grant No. 39 (Revenue-Voted)—Pensions

30. Under Revenue Section (Voted) of Grant No. 39—Pensions, Ministry of Finance (Department of Expenditure) for 2007-08, the original provision was

Rs. 7307.54 crore. This was augmented to Rs. 8594.54 crore by obtaining Supplementary Grant of Rs. 1287 crore. Against this, an expenditure of Rs. 8692.78 crore was incurred resulting in excess of Rs. 98.24 crore. The Explanatory Note furnished by the Ministry of Finance in this regard has been reproduced in *Annexure-II* to this Report.

31. Scrutiny of the Explanatory Note furnished by the Ministry of Finance (Department of Expenditure) revealed that the excess expenditure under this appropriation was the net effect of total excess of Rs. 216.14 crore and total savings of Rs. 117.90 crore under various sub-heads of this appropriation. Some of the prominent sub-heads under which the excess expenditure occurred and reasons therefor were reportedly as under:—

Sl. No.	Sub-Head	Amount of Excess expenditure (Rs. in lakh)	Contributory reasons as stated by the Ministry
1.	2071.01.101-Superannuation and Retirement Allowances 2071.01.101.01-Ordinary Pension	131,79.99	due to receipt of more claims than anticipated
2.	2071.01.02- Commuted Value Pension 2071.01.102.01-Ordinary Pension	5,44.51	due to receipt of more claims than anticipated
3.	2071.01.104-Gratuities 2071.01.104.01-Ordinary Pension	30,90.51	due to receipt of more claims than anticipated
4.	2071.01.115-Leave Encashment 2071.01.115.01-Ordinary Pension	2,371.24	due to receipt of more claims than anticipated
5.	2071.01.117-Government Contribution for Defined Contribution Pension Scheme 071.01.117.0-Government Contribution	21,56.18	due to the inclusion of previous period Government Contributions in 2007-08 and due to the transfer of accumulated balance of NPS legacy amount in Excess of estimates
6.	2235.60.102.02-Old Age Pension in Chandigarh	13.56	due to receipt of more claims
7.	2235.60.104.01-Deposit Linked Insurance Revised Scheme of General Provident Fund	2,42.50	due to receipt of more claims

Sl. No.	Sub-Head	Amount of Excess expenditure (Rs. in lakh)	Contributory reasons as stated by the Ministry
8.	2235.60.200.10 Ex-gratia payments to Government servants dying in harness	14.72	due to receipt of more claims as death of officials cannot be predicted.

32. Explaining the reasons for the excess expenditure under this Grant, the Ministry of Finance (Department of Expenditure) in their Explanatory Note have stated as follows:

"The Grant for Pension is a Composite Grant and estimates are framed on the basis of (i) information supplied by 63 Accounting Circles who make the payment and book the expenditure directly to the Pension Grant, (ii) Trend of Expenditure booked in CPAO from Debit scrolls received from 248 Nodal Branches. Payment is made by Treasuries and reimbursement sought from CPAO and there is time lag of three months as the Treasuries are administratively not under CPAO but State AGs.

Despite constant and all out efforts, it is not always possible for CPAO to plan in time reallocation of funds from one unit of appropriation to another since the payment is not made directly by CPAO but by the various Accounting Circles, Authorized Banks and State Treasuries and the accountal of pension payment are *ex-post facto* through debit scrolls received from various Nodal Branches of authorized banks. Further, in Voluntary Retirement cases and in contingencies due to sudden demise of Government Servants, it is not possible to forecast the Budget Estimates *viz-a-viz* expenditure accurately.

Moreover, the number of voluntary retirement cases, invalid cases and cases of contingency of sudden demise of Government servants cannot be predicted hence the budget also cannot be estimated accurately leading to a possibility of variation between the budget provision and expenditure incurred. Since pension and other retirement benefits is a committed liability of the Government and of inevitable nature these payments cannot be withheld resulting in excess/savings. The excess that has presently arisen against the sub-heads is mainly due to the fact that there were more claims than anticipated. It is also a fact that most of the payments arose at the fag end of the financial year when the budget could not be augmented/reallocated leading to excess. In the absence of budget control mechanism, delayed receipt of payment scrolls and payments by other accounting circles excess payment had to be recorded. Besides the cash balances of GoI has already been reduced by all these payments and the recording of final expenditure in this grant releases contra suspense booking."

(c) Grant No. 59 (Capital Voted)—Ministry of Labour and Employment

33. Under Capital Section (Voted) of Grant No. 59, Ministry of Labour and Employment for 2007-08 the total provision was Rs. 69700.00 thousand. This was

augmented to Rs. 756.98 crore by obtaining Supplementary Grant of Rs. 750.01 crore against this, the expenditure of Rs. 758.78 crore was incurred resulting in excess of Rs. 1.80 crore. The Explanatory Note furnished by the Ministries of Labour and Employment in this regard has been reproduced in *Annexure-III* to this Report.

34. Scrutiny of the Explanatory Note furnished by the Ministry of Labour and Employment revealed that the excess of Rs. 1.80 crore was the net effect of total excess of Rs. 28.56 crore and total saving of Rs. 26.76 crore, under various sub-heads of the Grant. The sub-heads under which excess expenditure of Rs. 5.00 lakh and above occurred and reasons, therefor, are explained as below:

Sl. No.	Sub-Head	Amount of Excess expenditure (Rs. in lakh)	Contributory reasons as stated by the Ministry
1.	4250.00.201.09— Research & Statistics	355.58	Due to the reason that a token supplementary was obtained under Capital Section inadvertently instead of technical supplementary.
2.	6250.60.202.01— Upgradation of 1396 Govt. ITIs through Public Private Partnership	25.00	Due to the reason that an amount of Rs. 25.00 crore was reappropriated from the non-functional Head of account <i>i.e.</i> M.H. "6552" to the functional head Major Head "6250" for incurring expenditure in respect of North Eastern regions which is an approved procedure.

35. As remedial steps to avoid recurrence of such lapses, the Ministry of Labour & Employment informed in their Explanatory Note that the instructions of Ministry of Finance on Supplementary Grants would be taken care of in future and all administrative divisions have been advised to make budget provision under proper/relevant head of account to avoid re-appropriation etc.

(d) Appropriation Accounts—Defence Services (2007-08)

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

36. Under Revenue Section (Voted) of Grant No. 22-Defence Services—Army, an expenditure of Rs. 35481.29 crore was incurred against the total sanctioned provision of Rs. 35410.10 crore (which was augmented from Original Grant of Rs. 35177.88 crore through a Supplementary Grant of Rs. 23.22 crore) resulting in an excess expenditure of Rs. 71.19 crore. The contributory reasons according to the Ministry of Defence, were higher payment of DA and allowances, increase in prices of fodder, major works, lease rentals and procurement from ordnance depot and payments of previous year's liability. The Explanatory Note furnished by the Ministry of Defence in this regard has been reproduced in *Annexure-VII* to this Report. The Committee's examination

revealed that the amount of excess expenditure incurred under this single Grant had jumped from Rs. 37.50 crore in 2003-04 to Rs. 667.17 crore in 2006-07 before declining to Rs. 71.19 crore during the financial year under review.

37. Scrutiny of the Explanatory Note furnished by the Ministry of Defence revealed that the excess expenditure under this Grant was the net effect of total excesses of Rs. 512.96 crore and total savings of Rs. 441.77 crore under various sub-heads of the Grant. The Sub-Heads under which excess of Rs. 5 lakh and above occurred and reasons therefore are explained as below:

Sl. No.	Sub-Head (Major Head-2076)	Amount of Excess expenditure (Rs. in crore)	Contributory reasons as stated by the Ministry
1.	Minor Head-101	332.70	Due to sanction of higher DA <i>vis-a-vis</i> anticipated DA and special allowances for the personnel serving in the High Altitude areas.
2.	Minor Head-103	14.41	Due to sanction of higher DA <i>vis-a-vis</i> anticipated DA.
3.	Minor Head-104	32.88	Due to sanction of higher DA <i>vis-a-vis</i> anticipated DA.
4.	Minor Head-106	3.48	Due to hike in fodder price and miscellaneous charges.
5.	Minor Head-111	28.28	Due to increase in rates than anticipated in major works, maintenance of hired and leased buildings and rentals for land.
6.	Minor Head-112	38.36	Due to sanction of higher DA <i>vis-a-vis</i> anticipated DA and slight over expenditure under Transportation and Miscellaneous expenditure due to minor slippages.
7.	Minor Head-113	62.84	Due to higher pricing of Self Loading Rifle (Refurbished) procured from Ordnance Depot than the rate approved by the Government and booking of carry forward liabilities of previous years in this year by DGS&D pertaining to the stores procured under DGS&D rate contract.

38. Apprising the Committee of the remedial action taken by them, the Ministry of Defence stated in their Explanatory Note as under:—

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

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

Earlier instructions had been issued *vide* MoD (Fin.) ID No. 17(1)/B-I/1999 Dated 13.12.2005 and 27.1.2006 (copy enclosed) to monitor the progress of Defence Expenditure at all levels to avoid any large scale savings of excesses. In addition, Inter Departmental Monitoring Groups headed by FA (Acq.) in respect of Acquisition Heads and Addl. FAs in respect of other heads have been requested *vide* MoD (Fin.) ID No. 17(3)/B-I/2004 Dated 01.08.2007 (copy enclosed) to hold regular meetings so as to prevent occurrence of excesses/savings under various Heads and bunching of expenditure towards the end of financial year.

FA (Acq.) and all Addl. FAs. besides services HQrs. have also been requested *vide* Min. of Def. (Fin.) ID No. 17(3)/B-I/2004 Dated 24.07.2006 and ID No. 10(7)/Bud.-I/2007 Dated 09.09.2008 (copy enclosed) to ensure the progress of expenditure to the tune of 67% of the BE allocation by December as directed by Finance Minister. It has also been advised that for Supplementary Demands (for grants), the amount of supplementary demand may be assessed realistically so that the amount of Supplementary Demand neither falls short of the actual requirement resulting in excess expenditure, nor the amount is drawn in excess of the requirement resulting finally in surrender of the amount of supplementary."

(e) Appropriation Accounts-Railways (2007-08)

39. During the financial year 2007-08, the Ministry of Railways incurred a net excess expenditure of Rs. 52.23 crore under 10 cases of 8 excess registering Grants/Appropriations. The details of these excess registering Grants/Appropriations have already been given in paragraph 11 of this Report. The Explanatory Note furnished by the Ministries of Railways in this regard has been reproduced in *Annexure—VIII* to this Report.

40. Scrutiny of the Explanatory Note furnished by the Ministry of Railways, revealed that the bulk of the excess expenditure was incurred under 'Grant No. 12—Miscellaneous Working Expenses' (Rs. 22.33 crore), 'Grant No. 15—Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over Capitalisation' (Rs. 20.81 crores), 'Appropriation No. 10—Working Expenses—Operating Expenses—Fuel' (Rs. 6.98 crore), 'Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Railway Funds' (Rs. 30.34 lakh), 'Appropriation No. 16—Assets Acquisition, Construction and Replacement—Railway Safety Fund' (Rs. 29.71 lakh) and 'Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital' (Rs. 21.02 lakh).

(i) Grant No. 12—Miscellaneous Working Expenditure

41. Under 'Grant No. 12—Miscellaneous Working Expenditure' the Ministry of Railways obtained an original Grant of Rs. 2011.40 crore (at the Budget Estimate state). Subsequently, a Supplementary Grant of Rs. 43.58 crore was obtained in March 2008 mainly on account of more expenditure on Miscellaneous Advance Revenue, Compensation Claims etc. Against this total Grant of Rs. 2054.98 crore, the actual expenditure was Rs. 2078.38 crore registering an excess expenditure of Rs. 23.40 crore. However, as there was a net effect of Rs (-) 1.07 crore on account of misclassification of expenditure, the excess expenditure thus worked out to Rs. 22.33 crore.

42. Scrutiny of the Explanatory Note furnished by the Ministry of Railways revealed that the excess expenditure mainly occurred under the following Minor Heads:—

(a) **Workmen's and Other Compensation Claims** (300) (Rs. 6.60 crore), mainly due to incurrence of more expenditure towards workmen's compensation and liquidation of more claims of other compensation, than anticipated.

(b) **Catering** (400) (Rs. 26.46 crore), mainly due to more expenditure towards staff cost and contractual payments to private caterers due to increased rate of materials and clearance of outstanding bills of IRCTC, than anticipated.

(c) **Other expenses** (600) (Rs. 25.83 crore), more expenditure incurred mainly towards Rent, Taxes and Bills and other expenses towards cash awards, than anticipated.

(d) **Hospitality and Entertainment Expenses** (700) (Rs. 0.10 crore), mainly due to incurrence of more expenditure towards hospitality and entertainment during the year, than anticipated.

(e) **Suspense** (800) (Rs. 145.54 crore), mainly due to more booking for unallocated items under MAR (Others) and more expenditure relating to IRCTC & RRC dues, more clearance of old outstanding revenue liabilities and also due to unanticipated payments on account of Own Your Wagon scheme during the year, than anticipated.

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

43. Under 'Grant No. 15—Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortisation of Over-Capitalisation' an original Grant of Rs. 4572.54 crore was obtained at the Budget Estimate Stage and a Supplementary

Grant of Rs. 309.58 crore was obtained in March 2008 for making higher payment of dividend to general revenues due to increase in rate of dividend from 6.5 per cent to 7 per cent, as per recommendations of the Railway Convention Committee (2004). Against this total provision of Rs. 4882.12 crore, the actual expenditure incurred was Rs. 4902.93 crore thereby registering an excess expenditure of Rs. 20.81 crore during the financial year 2007-08. The Ministry of Railways informed in their Explanatory Note that the Supplementary Grant proved to be inadequate and the actual expenditure exceeded the sanctioned provision by Rs. 20.81 crore due to increase in rate of dividend.

(iii) Appropriation No. 10—Working Expenses—Operating Expenses—Fuel

44. Under 'Appropriation No. 10—Working Expenses—Operating Expenses—Fuel' the Ministry of Railways incurred an actual expenditure of Rs. 11.74 crore against the total Appropriation of Rs. 4.76 crore which was augmented from an original Charged Appropriation of Rs. 2.50 crore (at the Budget Estimate Stage) through a Supplementary Charged Appropriation of Rs. 2.26 crore for additional payments towards satisfaction of court decrees. The Ministry of Railways stated in their Explanatory Note that the excess expenditure of Rs. 6.98 crore was due to more decretal payments, which could not be anticipated earlier.

(iv) Persistent misclassification of expenditure under excess registering Grants/ Appropriations operated by the Ministry of Railways

45. Scrutiny of the Appropriation Accounts (Railways) over the years revealed that the misclassification of expenditure under excess registering Grants/ Appropriations has become a recurring feature in budgetary exercise of the Ministry of Railways as can be gauged from the following table which depicts the number of cases of misclassification of expenditure during the years 1998-99 to 2007-08:—

Financial Year	No. of cases of Misclassification of expenditure under excess registering Grants/ Appropriations	Amount involved in the Misclassification of expenditure (Rs.)
1998-99	5	36799434
1999-2000	3	19483804
2000-01	1	310410
2001-02	5	2809932
2002-03	3	20873794
2003-04	5	489412752
2004-05	9	1043274159
2005-06	6	268931649
2006-07	5	2098086273
2007-08	3	11271617
(Year under review)		

The details of the misclassification of expenditure by the Ministry of Railways under their excess registering Grants/Appropriation during the last ten financial years are given in the *Annexure-IX* to this Report.

46. The cases of misclassification of expenditure broadly fall under two categories *viz.*, those arising out of differences of opinion regarding the interpretation of allocation rules and those resulting from lack of adequate care at the time of preparation of vouchers. Taking a serious view of the recurring nature of misclassification of expenditure, the Committee in their First Report (12th Lok Sabha) had observed that cases of misclassification of expenditure arose as a result of lack of care and could, therefore, have been avoided should be viewed seriously and responsibility thereof should be fixed for the lapses. Subsequently, considering that the persistent misclassification of expenditure by the Ministry of Railways even after computerization of accounting systems was a matter of serious concern, the Committee in their Fifty-fourth Report (14th Lok Sabha) had urged the Ministry of Railways to review this matter at the highest level and initiate credible action that would yield visible results in the forthcoming years. In fact, the Committee have consistently been explaining the need for checking the instances of misclassification of expenditure by the Ministry of Railways. However, the instances of misclassification of expenditure continued unabated in the Railways' budgeting and accounting.

PART II

Observations and Recommendations

47. The Committee's examination of the four Appropriation Accounts of the Union Government relating to the Civil, Defence, Postal Services and Railways for the financial year 2007-08 has revealed that an excess expenditure of Rs. 223.58 crore was incurred under 16 cases of 14 excess registering Grants/Appropriations as compared to Rs. 37669.53 crore in 18 cases under 13 Grants/Appropriations in the 2006-07 fiscal. The defaulting Ministries/Departments during the financial year under review are the Ministry of Finance (Grant No. 39—Pensions), the Ministry of Labour & Employment (Grant No. 59—Ministry of Labour & Employment), the Ministry of Home Affairs (Grant No. 95—Chandigarh), the Ministry of Urban Development (Grant No. 99—Department of Urban Development), the Ministry of Defence (Grant No. 22—Defence Services—Army), the Ministry of Communications & Information Technology (Grant No. 13—Department of Posts) and the Ministry of Railways (Grant No. 12—Miscellaneous Working Expenses, Grant No. 15—Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over Capitalisation, Appropriation No. 5—Working Expenses—Repairs & Maintenance of Motive Power, Appropriation No. 6—Working Expenses—Repairs & Maintenance of Carriages & Wagons, Appropriation No. 8—Working Expenses—Operating Expenses—Rolling Stock & Equipment, Appropriation No. 10—Working Expenses—Operating Expenses—Fuel, Appropriation No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits, Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital, Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Railway Funds and Appropriation No. 16 Assets—Acquisition, Construction and Replacement—Railway Safety Fund). The Committee while acknowledging an improved performance of the Government in containing the quantum of excess expenditure during the financial year under review as compared to that of the last one still express their concern over the continuing cases of excess expenditure by various Ministries/Departments. The Committee, therefore, desire that the Government should remain more vigilant in their budgeting exercise and monitor the expenditure flow/pattern with utmost care and alacrity so that instances and quantum of excess expenditure are pruned down to the barest minimum in the coming years.

48. Out of the total excess expenditure of Rs. 223.58 crore incurred during the financial year 2007-08, the bulk of the excess expenditure was on the Civil sector with an excess disbursement of Rs. 100.14 crore incurred in four segments of as many Grants/Appropriation viz. Rs 98.24 crore under Grant No. 39—Pensions (Ministry of Finance), Rs. 1.80 crore under Grant No. 59—Ministry of Labour, Rs. 4.77 lakh under Grant No. 95—Chandigarh (Ministry of Home Affairs) and Rs. 5.51 lakh under Grant No. 99—Department of Urban Development. Of the remaining excess amount, Rs. 71.19 crore was recorded in one segment of a Grant operated by the Ministry of Defence, Rs. 2.76 lakh in one segment of a Grant operated

by the Ministry of Communications & information Technology (Department of Posts) and Rs. 52.23 crore in 10 segments of 8 Grants/Appropriations operated by the Ministry of Railways. The Committee's scrutiny has revealed that three cases of misclassification of expenditure were registered in the Grants/Appropriations operated by the Ministry of Railways *viz.*, Rs. (+) 3,25,041 under Appropriation No. 13—Working Expenses—Provident Funds, Pension and Retirement Benefits; Rs. (+) 2,38,531 under Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Railway Funds; and Rs. (-) 1,07,08,045 under Grant No. 12—Miscellaneous Working Expenses. Taking into account the effect of these three cases of misclassification, the actual excess expenditure relating to the Ministry of Railways worked out to Rs. 51,21,80,383 instead of Rs. 52,23,24,856 as indicated in the Indian Railways Appropriation Accounts (2007-08). Accordingly, the amount of actual excess expenditure incurred during the financial year 2007-08 which requires regularization by the Parliament under Article 115 (1) (b) of the Constitution is of the order of Rs. 222.57 crore incurred in 16 cases of 14 excess registering Grants/Appropriations.

49. The Committee find that there are huge variations in the Grant/Appropriation-wise quantum of excess expenditure incurred in 16 cases during the financial year 2007-08 with the bulk of the excess expenditure registering in three Grants—(i) Grant No. 39 (Revenue Voted)—Pensions; (ii) Grant No. 59 (Capital Voted)—Ministry of Labour and Employment; and (iii) Grant No. 22 (Revenue Voted)—Defence Services—Army which combinedly accounted for Rs. 172.35 crore *i.e.* more than Seventy-Seven per cent of the total excess expenditure of Rs. 222.57 crore. The Committee also find that about 98 per cent of the total excess expenditure of Rs. 51.22 crore incurred under eight Grants/Appropriations operated by the Ministry of Railways has been recorded in three cases—(i) 'Grant No. 12—Miscellaneous Working Expenses; (ii) 'Grant No. 15—Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation'; and (iii) 'Appropriation No. 10—Working Expenses—Operating Expenses—Fuel'. The contributory reasons furnished by the Civil Ministries/Departments ranged for incurring excess expenditure *inter-alia* include—'receipt of more claims than anticipated'; 'reversion of the re-appropriation'; 'requirement of additional funds for construction of ongoing construction works, link roads, bus stands etc.' and 'committed liability owing to orders of Arbitrators which were interest bearing'. Similarly, the major reason advanced by the Ministry of Defence and Department of Posts is 'sanction of higher DA' whereas the Ministry of Railways attributed their excess expenditure to 'more expenditure on Miscellaneous Advance Revenue, Compensation Claims' *i.e.* 'liquidation of more claims of other compensation than anticipated', 'more booking for unallocated items and more expenditure relating to IRCTC & RRC dues', 'more clearance of old outstanding revenue liabilities' etc. The Committee appreciate the need for this validation of incurring excess expenditure which generally occur due to the exigencies arising out of unforeseen circumstances. But simultaneously, it should be kept in mind that budgeting has to ensure equitable distribution of financial resources under prescribed Rules/Provisions with a view to achieving all round growth of different sectors for which proper observance of fiscal

discipline should be accorded paramount importance. However, much to the consternation of the Committee some of the Ministries/Departments of the Union Government still fail to overhaul their budgeting mechanism besides giving scant regard to the Rules/Provisions put in place for containing the expenditure within the authorized limits. As it is imperative to observe proper adherence to the prescribed procedure of budgeting, the requisite tenets of financial transaction and the General Financial Rules etc. in order to contain excess expenditure, the Committee again stress the need for having practicable and result oriented Financial Rules and urge upon the Ministry of Finance to take further innovative steps necessary for ushering in the next level of budgeting and financial management in the country whereby the exercise is made more accurate and logical so that the scarce financial resources are appropriately, judiciously and productively utilized on the intended targets thus facilitating economy, efficiency and efficacy in the financial transactions.

50. The Committee note with grave concern that out of 16 cases of excess expenditure, Rs. 222.16 crore in 12 cases of Grants/Appropriations were incurred despite obtaining Supplementary Grants of Rs. 2729.49 crore. In this regard, relatively huge amounts of excess expenditure were incurred even after obtaining Supplementary Grants in respect of Grant No. 39—Pensions; Grant No. 59—Ministry of Labour & Employment; Grant No. 22—Defence Services—Army; Grant No. 12—Miscellaneous Working Expenses; Grant No. 15—Dividend to General Revenues, Repayment of loans taken from General Revenues and Amorisation of over-capitalisation; Appropriation No. 5—Working Expenses—Repairs & Maintenance of Motive Powers; Appropriation No. 8—Working Expenses—Operating Expenses—Rolling Stock and Equipment; Appropriation No. 10—Working Expenses—Operating Expenses—Fund; Appropriation No. 13—Working Expenses—Providend Fund, Pension and other Retirement Benefits. In most of these cases, the amount obtained as supplementary provision was higher than the excess expenditure incurred. The Committee feel that incurring of excess expenditure despite obtaining Supplementary Grants, is yet another indication of the fallibility of the extant budgeting method and mechanism evolved to ensure proper assessment and accurate projection of the fund requirement even at the revised estimate stage. It reinforces the inadequacies in the institutional arrangements made by various Ministries/Departments to monitor the flow and trend of expenditure under various Grants/Appropriations. The Committee, therefore, recommend that the concerned Ministries/Departments particularly the Ministry of Finance have to delve further towards making the mechanism of estimating Supplementary Grants more realistic and pragmatic to ensure accurate projection and utilization of the Supplementary Grants so that no subsequent excess expenditure is incurred and fiscal discipline is maintained.

51. The Committee observe that the Ministry of Finance and the Ministry of Railways had been persistently incurring huge sums of excess expenditure during the financial years 2001-02 to 2007-08 while the Ministry of Defence had been spending much above the authorized expenditure during each of the financial years 2003-04 to 2007-08. To elucidate, the Ministry of Finance had incurred an excess expenditure of Rs. 759.75 crore in 2001-02, Rs. 1793.26 crore in 2002-03

Rs. 42184.73 crore in 2003-04, Rs. 33783.55 crore in 2004-05, Rs. 96784.09 crore in 2005-06, Rs. 36637.16 crore in 2006-07 and Rs. 98.24 crore in 2007-08. Similarly, the Ministry of Railways had incurred excess expenditure in 9 cases in 1998-99, 8 cases in 1999-2000, 5 cases in 2000-01, 10 cases in 2001-02, 11 cases in 2002-03, 13 cases in 2003-04, 15 cases in 2004-05, 15 cases in 2005-06, 13 cases in 2006-07 and 10 cases in 2007-08. The Committee also find that the Ministry of Defence had incurred an excess expenditure of Rs. 37.50 crore in 2003-04, Rs. 41.99 crore in 2004-05, Rs. 44.84 crore in 2005-06, Rs. 667.17 crore in 2006-07 and Rs. 71.19 crore in 2007-08. The continuous wide variations between the budgetary provisions and the actual expenditure by these important Ministries leads the Committee to a conclusion that the various remedial measures reported to have been implemented by them for overhauling their budgetary mechanism, financial transaction etc. with the central motive of enhancing accuracy level of their budgetary projections and performance are yet to generate the desired improvements. This also gives an impression that the Ministry of Finance entrusted with the responsibility of preparing the Union Budget, have not yet overhauled their budgeting and accounting system for which the estimation of requirement of funds is still done apparently on guess work leading to variations between the budgetary provisions projected and the actual expenditure incurred under various Grants/Appropriations. Moreover, the Committee find surprising that the Ministry of Finance, which ought to be a role model for other Ministries, have once again been found wanting in fiscal discipline and the prescribed financial rules besides failing to act upon the Committee's considered suggestions for avoiding or at least minimizing the persistent excess expenditure. Needless to say the existing budgeting mechanism still suffers from various loopholes and lacunae which require urgent and proper attention and corrective action especially from the Ministry of Finance. The Committee, therefore, impress upon the Ministry of Finance to overhaul their budgeting mechanism in such an impressive manner that other Ministries/Departments take a cue from it and effectively replicate the same in their respective sphere of action to avoid recurrence of the malady of excess expenditure. While urging the Government to shed their tendency of leaving things to take their own course towards incurring excess expenditure in various forms, the Committee would appreciate a proactive role in monitoring the expenditure flow *vis-a-vis* the physical and financial progress of various schemes/projects in order to arrive at precise and accurate estimation of requirement of funds at various stages of budgeting exercise.

52. The Committee find that the Appropriation Accounts relating to Civil, Defence Services and Postal Services for the financial year 2007-08 were presented to the Parliament on 20.02.2009. However, the Appropriation Accounts—Railways (2007-08) was presented to the Parliament only on 24.07.2009, after a delay of about five months. It may be pointed out that during the preceding year also, the Appropriation Accounts—Railways (2006-07) was also presented to the Parliament after a delay of more than ten months resulting in delay in finalisation of the Committee's Report *i.e.* 80th Report (14th Lok Sabha) on Excesses Over Voted Grants and Charged Appropriations (2006-07) which in turn delayed the regularization of excess

expenditure incurred during that financial year under Article 115(1) (b) of the Constitution. In Paragraph No. 57 of the aforesaid Report, the Committee had urged upon the Ministry of Railways and the Ministry of Finance to take necessary remedial measures for ensuring timely presentation of the Appropriation Accounts—Railways in future. However despite the recommendation of the Committee in no uncertain terms, it is deplorable to find that the delay in presentation of Appropriation Accounts—Railways happened again in the financial year under review. Taking a serious view of the callous attitude on the part of the Ministry of Railways on such an important matter, the Committee would strongly recommend the Ministry to take urgent necessary and corrective action to timely present the Appropriation Accounts to Parliament so that regularization of excess expenditure incurred during a particular financial year can be done promptly.

53. The Committee find that the Explanatory Notes pertaining to the excess registering Grants as highlighted in the Appropriation Accounts (Civil), the Appropriation Accounts (Defence Services) and the Appropriation Accounts (Postal Services) were due on 20.02.2009. However, none of the excess registering Ministries / Departments furnished their Explanatory Notes within the prescribed time during the financial year 2007-08. To be specific, these Notes were furnished to the Committee by the Ministries of Finance, Labour and Employment, Home Affairs, Communications & Information Technology and Defence furnished their Explanatory Notes after a delay of more than seven, eight, one, two and three months respectively. What concerns the Committee more is the fact that the Ministry of Urban Development furnished Explanatory Notes on excess expenditure incurred by them under Grant No. 99—Department of Urban Development when the preparation of this Report was in its last stage. The Committee also observe that in respect of Grant No. 39—Pension, Grant No. 13—Postal Services, Grant No. 22—Defence Services—Army, the Monitoring Cell in the Ministry of Finance (Department of Expenditure) took a longer time in forwarding the Explanatory Notes to the Committee which further delayed the matter. While the Committee do not find any valid justification for the delay in submission of Explanatory Notes by various Ministries/Departments, they are equally surprised to find that even the Ministry of Finance, despite being the nodal Ministry in the matter, delayed forwarding of the Explanatory Notes to the Committee. At the cost of sounding repetitive, the Committee would like to point out that delay in submission of Explanatory Notes impedes the Committee's examination of excess expenditure which consequently delays the regularization of the unauthorized expenditure by the Parliament. The Committee are pained to observe that despite their oft-repeated suggestions for the Ministries/Departments to make concerted efforts to ensure timely collection and compilation of the requisite information for facilitation of submission of the Explanatory Notes to the Committee by the prescribed time schedule, the Ministries/Departments are paying little heed towards it. The Committee would therefore like the Ministry of Finance to evolve a proper procedure in this regard and put in place a centralized monitoring network to check the status of the preparation and submission of Explanatory Notes at every stage by various Ministries/Departments so that any delay on this count is averted.

The Committee strongly recommend that from the current financial year onwards, the contributory reasons for delay in submission of Explanatory Notes should invariably be mentioned in the relevant Explanatory Notes submitted for the purpose.

54. Scrutiny of select cases of excess registering Grants/Appropriations reveals that under Revenue Section (Voted) of Grant No. 39—Pensions, the Ministry of Finance (Department of Expenditure) incurred an excess expenditure of Rs. 98.24 crore which was the net effect of total excess of Rs. 216.14 crore and total savings of Rs. 117.90 crore under various sub-heads of this appropriation. The Committee find that Grant No. 39—Pensions alone recorded the highest excess expenditure among the excess registering Grants/Appropriations during the financial year 2007-08, which accounted for more than 90 per cent of the total excess expenditure incurred by the Civil Ministries/Departments and over 83 per cent of the total excess expenditure incurred during the year. The Explanatory Note furnished by the Ministry of Finance *inter-alia* states that the excess was mainly due to receipt of more claims for pensions than anticipated. The Ministry have further stated that estimates are framed on the basis of (i) information supplied by 63 Accounting Circles who make the payment and book the expenditure directly to the Pension Grant, (ii) Trend of Expenditure booked in CPAO from Debit scrolls received from 248 Nodal Branches and despite constant and all out efforts, it is not always possible for CPAO to plan in time reallocation of funds from one unit of appropriation to another since the payment is not made directly by CPAO but by the various Accounting Circles, Authorized Banks and State Treasuries which takes time. The Committee feel that contributory reasons for excess expenditure in the instant case like long duration of processing, transaction reporting, accounts adjustment etc. on account of the multiplicity of estimating and disbursing agencies can be minimized or restricted in today's information technology scenario by toning up the accounting information system as well as by having a comprehensive network of pension account related offices across the country. The Committee desire that the Ministry of Finance should look into this aspect for taking necessary corrective action so that recurrence of excess expenditure is either avoided or greatly minimized in future. To keep the expenditure within the limits of the amount sanctioned in the Grant by Parliament, the Committee would urge the Ministry to take some concrete measures for ensuring accurate estimation of their requirements of funds at different budgeting stages after taking into account all possible fluctuations in the utilisation of funds which may arise during the budgeting year.

55. The Committee find that out of the excess expenditure of Rs. 51.22 crore incurred by the Ministry of Railways during the financial year 2007-08, the bulk of the excess expenditure (Rs. 22.33 crore) were incurred under 'Grant No. 12—Miscellaneous Working Expenses'. The Committee further note that the excess expenditure had occurred mainly due to more expenditure (than anticipated) towards workmen's compensation and liquidation of more claims of other compensation, staff cost and contractual payments to private caterers, Rent, Taxes and Bills and other expenses towards cash awards, than anticipated, hospitality and entertainment

during the year, more booking for unallocated items under MAR (Others) and more expenditure relating to IRCTC & RRC dues, more clearance of old outstanding revenue liabilities etc. The Committee observe that while anticipating the requirement of funds under this Grant, estimations for various sub-heads could have been projected more realistically by analysing properly the prevailing expenditure trail, upcoming demands/requirements, rising cost etc. But it seems that the Ministry of Railways have not taken any corrective measures to improve their budgeting mechanism with a view to avoiding such huge unauthorised expenditure. Rather, they have taken recourse to an unaccepted plea that the excess expenditure of Rs. 22.33 crore requiring regularisation from Parliament works out to only 1.09 per cent of the total sanctioned provision of Rs. 2054.98 crore. The Committee are not happy with such lack of concern on the part of the Ministry for observing fiscal discipline and they therefore desire the Ministry of Railways to strive earnestly for ensuring realistic estimation of their budgetary requirements under various sub-heads of the Grants/Appropriations operated by them so that money irrespective of quantum are not spent without prior authorisation.

56. The Committee are concerned to note that despite their repeated exhortations there is no let up in the instances of misclassification of expenditure in the accounts of the Ministry of Railways. During the last ten financial years, the number of such misclassification of expenditure was 45, the details being 5 in 1998-99, 3 in 1999-2000, 1 in 2000-01, 5 in 2001-02, 3 in 2002-03, 5 in 2003-04, 9 in 2004-05, 6 in 2005-06, 5 in 2006-07 and 3 in 2007-08. This unabated trend of persistent misclassification of expenditure is an indication of the Ministry's failure to eliminate basic mistakes like misclassification of expenditure as well as their inability to revamp the budgetary mechanism to check the recurring problem of misclassification of expenditure. Moreover, it appears that no action has been taken by the Ministry either to fix responsibility for avoidable errors leading to misclassification or to remove any ambiguity in defining and classifying different forms of expenditure under a particular heading or sub-heading. The Committee, therefore, strongly recommend that the existing budgetary mechanism in the railways needs to be thoroughly reviewed so that necessary corrective action wherever warranted could be taken to overcome systemic lacunae/loopholes and progressive elimination of the perennial misclassification syndrome failing which responsibility be fixed.

57. Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in paragraph-14 of this Report be regularised in the manner prescribed in Article 115(1) (b) of the Constitution of India.

NEW DELHI;
16 December, 2009

25 Agraphayana, 1931 (Saka)

JASWANT SINGH,
Chairman,
Public Accounts Committee.

ANNEXURE I

The details of excess expenditure incurred by the Ministry of Railways during the financial years 1998-99 to 2007-08

[Refers to paragraph 21 of this Report]

(in unit of Rs.)

Sl. No.	Year	No. & Name of Grant/Appropriation	Amount of Excess Expenditure
1.	1998-99	5—Working Expenses—Repairs and Maintenance of Motive Power (Revenue Voted)	8,39,12,168
		6—Working Expenses—Repairs and Maintenance of Carriages and Wagons (Revenue Voted)	23,91,08,557
		8—Working Expenses—Rolling Stock and Equipment (Revenue Voted)	1,00,27,165
		13—Working Expenses—Provident Fund, Pension and other Retirement Benefits (Revenue Voted)	315,39,64,774
		3—Working Expenses—General Superintendence and Services (Revenue Charged)	25,520
		4—Working Expenses—Repairs and Maintenance of Permanent Way and works (Revenue Charged)	7,25,436
		9—Working Expenses—Operating Expenses—Traffic (Revenue Charged)	36,60,589
		11—Working Expenses—Staff Welfare and Amenities (Revenue Charged)	17,83,195
		16—Assets—Acquisition, Construction and Replacement—Other Expenditure—Capital (Charged Section)	8,38,589
2.	1999-2000	2—Miscellaneous Expenditure (General) (Revenue Voted)	1,01,31,416
		6—Repairs and Maintenance of Carriages and Wagons (Revenue Voted)	41,41,694
		10—Operating Expenses—Fuel (Revenue Voted)	54,86,76,719
		3—Working Expenses—General Superintendence and Services (Charged Appropriation)	1,37,852
		4—Working Expenses—Repairs and Maintenance of Permanent Way and Works (Charged Appropriation)	7,89,314
		6—Working Expenses—Repairs and Maintenance of Carriages and Wagons (Charged Appropriation)	1,00,552
		7—Working Expenses—Repairs and Maintenance of Plant and Equipment (Charged Appropriation)	72,277

Sl. No.	Year	No.	Name of Grant/Appropriation	Amount of Excess Expenditure
			9—Working Expenses—Operating Expenses—Traffic (Charged Appropriation)	38,07,005
3.	2000-01	3—	General Supdt. and Services (Revenue Charged)	4,942
		6—	Repairs & Maintenance of Carriages & Wagons (Revenue Charged)	41,204
		7—	Repairs & Maintenance of Plants & Equipments (Revenue Charged)	33,182
		16—	Assets—Acquisition, Construction and Replacement—OLWR (Capital Charged)	28,664
		16—	Assets—Acquisition, Construction and Replacement—Capital (Capital Charged)	13,27,548
4.	2001-02	15—	Dividend to General Revenues—Repayment of Loans taken from General Revenues and Amortisation of Capitalisation (Revenue Voted)	209,58,57,115
		3—	Working Expenses—General Superintendence and Services (Revenue Charged)	6,55,479
		4—	Working Expenses—Repairs & Maintenance of Permanent Way & Works (Revenue Charged)	7,07,849
		7—	Working Expenses—Repairs & Maintenance of Plant & Equipment (Revenue Charged)	3,83,181
		8—	Operating Expenses—Rolling Stock & Equipment (Revenue Charged)	89,081
		9—	Working Expenses—Operating Expenses—Traffic (Revenue Charged)	20,67,315
		11—	Working Expenses—Staff Welfare & Amenities (Revenue Charged)	8,13,804
		16—	Assets—Acquisition, Construction & Replacement—Capital (Revenue Charged)	33,84,815
		16—	Assets—Acquisition, Construction & Replacement—Railway Safety Fund (Revenue Charged)	1,39,186
		16—	Assets—Acquisition, Construction & Replacement—SRSF (Revenue Charged)	29,53,000
5.	2002-03	14—	Working Expenses—Appropriation to Funds—DRF, DF, Pension and CF (Revenue Voted)	211,15,37,616
		15—	Dividend to General Revenues (Revenue Voted)	18,29,78,566
		3—	Working Expenses—General Superintendence and Services (Revenue Charged)	42,583
		4—	Working Expenses—Repairs and Maintenance of Permanent Way and Works (Revenue Charged)	56,91,681
		6—	Working Expenses—Repairs & Maintenance of Carriages & Wagons (Revenue Charged)	4,87,252
		7—	Working Expenses—Repairs and Maintenance of Plant & Equipment (Revenue Charged)	4,23,077
		8—	Working Expenses—Operating Expenses—Rolling Stock and Equipment (Revenue Charged)	2,07,459

Sl. No.	Year	No.	Name of Grant/Appropriation	Amount of Excess Expenditure
		9	Working Expenses—Operating Expenses—Traffic (Revenue Charged)	15,00,827
		11	Working Expenses—Staff Welfare and Amenities (Revenue Charged)	14,231
		16	Assets—Acquisition, Construction and Replacement—Special Railway Safety Fund (Capital Voted)	89,96,61,642
		16	Assets—Acquisition, Construction and Replacement—Capital (Capital Charged)	3,39,49,633
6.	2003-04	14	Working Expenses—Appropriation to Funds—DRF, DF, Pension and CF (Revenue Voted)	681,61,81,059
		15	Dividend to General Revenues (Revenue Voted)	71,66,71,479
		3	Working Expenses—General Superintendence and Services (Revenue Charged)	18,35,750
		7	Working Expenses—Repairs and Maintenance of Plant & Equipment (Revenue Charged)	21,996
		8	Working Expenses—Operating Expenses—Rolling Stock and Equipment (Revenue Charged)	1,22,059
		9	Working Expenses—Operating Expenses—Traffic (Revenue Charged)	4,85,568
		10	Working Expenses—Operating Expenses—Fuel (Revenue Charged)	761,37,047
		11	Working Expenses—Staff Welfare and Amenities (Revenue Charged)	17,74,451
		16	Assets—Acquisition, Construction and Replacement—Special Railway Safety Fund (Capital Voted)	132,53,79,722
		16	Assets—Acquisition, Construction and Replacement—Capital (Capital Charged)	239,45,64,76
		16	Assets—Acquisition, Construction and Replacement—Capital (Capital Charged)	290,42,372
		16	Assets—Acquisition, Construction and Replacement—Railways Funds (Capital Charged)	70,18,381
		16	Assets—Acquisition, Construction and Replacement—OLWR (Capital Charged)	491
7.	2004-05	3	Working Expenses—General Superintendence & Services (Revenue Voted)	6,00,07,173
		4	Working Expenses—Repairs & Maintenance of Permanent Way and Works (Revenue Voted)	22,63,70,163
		5	Working Expenses—Repairs & Maintenance of Motive Powers (Revenue Voted)	13,73,45,243
		6	Working Expenses—Repairs & Maintenance of Carriages and Wagons (Revenue Voted)	53,93,22,859
		9	Working Expenses—Operating Expenses—Traffic (Revenue Voted)	48,14,51,313
		10	Working Expenses—Operating Expenses—Fuel (Revenue Voted)	60,20,84,638
		11	Working Expenses—Staff Welfare & Amenities (Revenue Voted)	7,27,14,952

Sl. No.	Year	No.	Name of Grant/Appropriation	Amount of Excess Expenditure
			1—Working Expenses Appropriation to Funds (Revenue Voted)	479,09,54,060
			16—Assets—Acquisition, Construction and Replacement—Capital (Capital Voted)	1458,97,03,159
			4—Working Expenses—Repairs & Maintenance of Permanent Way and Works (Revenue Charged)	6,02,713
			5—Working Expenses—Repairs & Maintenance of Motive Power (Revenue Charged)	41,522
			6—Working Expenses—Repairs & Maintenance of Carriages & Wagons (Revenue Charged)	14,763
			10—Working Expenses—Operating Expenses—Fuel (Revenue Charged)	50,00,000
			13—Working Expenses—Provident Fund, Pension and Other Retirement Benefits (Revenue Charged)	7,75,814
			16—Assets—Acquisition, Construction and Replacement—Capital (Capital Charged)	1,34,78,328
8.	2005-06		4—Working Expenses—Repairs & Maintenance of Permanent Way and Works (Revenue Voted)	10,12,01,942
			6—Working Expenses—Repairs & Maintenance of Carriages & Wagons (Revenue Voted)	27,74,14,978
			10—Working Expenses—Operating Expenses—Fuel (Revenue Voted)	95,14,29,679
			16—Assets—Acquisition, Construction and Replacement—Capital (Capital Voted)	2184,17,21,520
			3—Working Expenses—General Superintendence & Services (Revenue Charged)	10,850
			4—Working Expenses—Repairs & Maintenance of Permanent Way and Works (Revenue Charged)	46,13,542
			5—Working Expenses—Repairs & Maintenance of Motive Powers (Revenue Charged)	2,05,171
			6—Working Expenses—Repairs & Maintenance of Carriages & Wagons (Revenue Charged)	10,51,162
			7—Working Expenses—Repairs & Maintenance of Plant and Equipment (Revenue Charged)	1,45,184
			8—Working Expenses—Operating Expenses—Rolling Stock and Equipment (Revenue Charged)	6,59,312
			9—Working Expenses—Operating Expenses—Traffic (Revenue Charged)	5,16,678
			10—Working Expenses—Operating Expenses—Fuel (Revenue Charged)	1,61,00,000
			11—Working Expenses—Staff Welfare and Amenities (Revenue Charged)	17,16,156
			13—Working Expenses—Provident Fund, Pension and Other Retirement Benefits (Revenue Charged)	15,07,610
			16—Assets—Acquisition, Construction and Replacement—Railway Funds (Capital Charged)	2,63,50,000

Sl. No.	Year	No.	Name of Grant/Appropriation	Amount of Excess Expenditure
9.	2006-07	1	Revenue—Railway Board (Revenue Voted)	1,34,075*
		10	Working Expenses—Operating Expenses—Fuel (Revenue Voted)	23,38,79,182*
		15	Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation (Revenue Voted)	4,54,77,535*
		16	Assets—Acquisition, Construction and Replacement—Railway Funds (Revenue Voted)	325,29,51,095*
		3	Working Expenses—General Superintendence and Services (Charged Appropriations)	1,01,667*
		4	Working Expenses—Repairs & Maintenance of Permanent Way & Works (Charged Appropriations)	40,49,124*
		5	Working Expenses—Repairs & Maintenance of Motive Powers (Charged Appropriations)	2,50,314*
		12	Working Expenses—Miscellaneous Working Expenses (Charged Appropriations)	3,14,50,588*
		16	Assets—Acquisition, Construction and Replacement—Capital (Charged Appropriations)	2,75,50,990*
		16	Assets—Acquisition, Construction and Replacement—Railways Funds (Charged Appropriations)	5,41,52,933*
		16	Assets—Acquisition, Construction and Replacement—OLWR	11,84,393*
		16	Assets—Acquisition, Construction and Replacement—Railway Safety Fund	5,105*
		16	Assets—Acquisition, Construction and Replacement—Special Railway Safety Fund (Charged Appropriations)	4,04,318*
		10.	2007-08 (year under review)	12
15	Dividend to General Revenues Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation (Revenue Voted)			20,80,86,212
5	Working Expenses—Repairs & Maintenance of Motive Powers (Charged Appropriation)			3,04,000
6	Working Expenses—Repairs & Maintenance of Carriages & Wagons (Charged Appropriation)			2,79,469
8	Working Expenses—Operating Expenses—Rolling Stock & Equipment (Charged Appropriation)			12,93,043
10	Working Expenses—Operating Expenses—Fuel (Charged Appropriation)			6,98,48,342
13	Working Expenses—Provident Fund, Pension and other Retirement Benefits (Charged Appropriation)			9,66,805
16	Assets—Acquisition, Construction and Replacement—Capital (Charged Appropriation)			21,02,493
16	Assets—Acquisition, Construction and Replacement—Railway Funds (Charged Appropriation)			30,34,076
16	Assets—Acquisition, Construction and Replacement—Railway Safety Fund (Charged Appropriation)			29,71,376

*Excluding amount of misclassification

ANNEXURE II

Government of India
Ministry of Finance
Department of Expenditure
CENTRAL PENSION ACCOUNTING OFFICE
Trikoote-II, Bhikaji Cama Place,
R.K. Puram, New Delhi-110 066.

EXCESS NOTE

Note for Public Accounts Committee for regularization of excess expenditure in respect of excess occurred under Revenue Section (Voted) of Grant No. 39—Pensions, Ministry of Finance, Deptt. of Expenditure as disclosed in the Union Government Appropriation Accounts (Civil) for 2007-08.

Revenue Section (Voted)	(Rupees in thousands)
Original Grant	7307,54,00
Supplementary Grant	1287,00,00
Total Grant	8594,54,00
Actual Expenditure	8692,77,61
Excess	98,23,61

2. Under Revenue Section (Voted) of Grant No. 39—Pensions, Ministry of Finance, Deptt. of Expenditure for 2007-08, the total provision was Rs. 7307,54,00 (thousand) which was augmented to Rs. 8594,54,00 (thousand) by obtaining Supplementary Grant of Rs. 1287,00,00 (thousand). Against this, the expenditure of Rs. 8692,77,61 (thousand) was incurred resulting in excess of Rs. 98,23,61 (thousand).

3. The excess of Rs. 98,23,61 (thousand) was the net effect of total excess of Rs. 216,13,84 (thousand) and total savings of Rs. 117,90,23 (thousand) under various sub-heads. The sub-heads under which excess of Rupees Five Lakh & above occurred and reasons therefore are explained as below:

(Voted)	
Sub-Head	(Rupees in Lakh)
1	2
1. 2071.01.101	
Superannuation and Retirement Allowances	
2071.01.101.01 Ordinary Pensions	
Original	3856,99.50
Supplementary	
Total Grant	3856,99.50
Actual Expenditure	3988,79.49
Excess	131,79.99
Excess was due to receipt of more claims than anticipated.	

1	2
2. 2071.01.102—Commutated Value of Pension	
2071.01.102.01—Ordinary Pension	
Original	736,00.00
Supplementary	
Total Grant	736,00.00
Actual Expenditure	741,44.51
Excess	5,44.51
Excess was due to receipt of more claims than anticipated.	
3. 2071.01.104—Gratuities	
2071.01.104.01—Ordinary Pension	
Original	811,00.00
Supplementary	
Total Grant	811,00.00
Actual Expenditure	841,90.51
Excess	30,90.51
Excess was due to receipt of more claims than anticipated	
4. 2071.01.115—Leave Encashment	
2071.01.115.01—Ordinary Pension	
Original	396,00.00
Re-Appropriation	15,50.00
Total Grant	411,50.00
Actual Expenditure	419,71.24
Excess	8,21.24
Excess was due to receipt of more claims than anticipated.	
5. 2071.01.117—Government Contribution for Defined Contribution Pension Scheme	
2071.01.117.01—Government Contribution	
Original	149,85.00
Supplementary	1186,99.00
Total Grant	1336,84.00
Actual Expenditure	1358,40.18
Excess	21,56.18
Excess was due to the inclusion of previous period Government Contributions in 2007-08 and due to the transfer of accumulated balance of NPS legacy amount in Excess of estimates.	

1	2
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6. 2235.60.102.02—Old Age Pension in Chandigarh	
Original	63.00
Supplementary	
Total Grant	63.00
Actual Expenditure	76.56
Excess	13.56
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Excess was due to receipt of more claims.	
<hr/>	
7. 2235.60.104.01—Deposit Linked Insurance Revised Scheme of General Provident Fund	
Original	
Supplementary	32,98.00
Total Grant	
Actual Expenditure	32,98.00
Excess	35,40.50
	2,42.50
<hr/>	
Excess was due to receipt of more claims.	
<hr/>	
8. 2235.60.200.10—Ex-gratia payments to Government servants dying in harness.	
Original	5.00
Supplementary	
Total Grant	5.00
Actual Expenditure	19.72
Excess	14.72
<hr/>	
Excess was due to receipt of more claims as death of officials cannot be predicted.	
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The Grant for Pension is a Composite Grant and estimates are framed on the basis of (i) information supplied by 63 Accounting Circles who make the payment and book the expenditure directly to the Pension Grant, (ii) Trend of Expenditure booked in CPAO from Debit scrolls received from 248 Nodal Branches. Payment is issued by Treasuries and reimbursement sought from CPAO and there is a time lag of three months as the Treasuries are administratively not under CPAO but State AGs.

Despite constant and all out efforts it is not always possible for CPAO to plan in time reallocation of funds from one unit of appropriation to another since the payment is not made directly by CPAO but by the various Accounting circles, Authorized Banks and State Treasuries and the account of pension payments are *ex-post facto* through debit scrolls received from various Nodal Branches of authorized banks.

Further, in Voluntary Retirement cases and in contingencies due to sudden demise of Govt. Servants, it is not possible to forecast the Budget Estimates *viz-a-viz* expenditure accurately.

Moreover, the number of voluntary retirement cases, invalid cases and cases of contingency of sudden demise of Govt. servants cannot be predicted hence the budget also cannot be estimated accurately leading to a possibility of variation between the budget provision and expenditure incurred. Since pension and other retirement benefits is a committed liability of the Government and of inevitable nature these payments cannot be withheld resulting in excess/savings. The excess that has presently arisen against the sub-heads is mainly due to the fact that there were more claims than anticipated. It is also a fact that most of the payments arose at the fag end of the financial year when the budget could not be augmented/reallocated leading to excess. In the absence of budget control mechanism, delayed receipt of payment scrolls and payments by other accounting circles excess payment had to be recorded. Besides the cash balances of GOI has already been reduced by all these payments and the recording of final expenditure in this grant releases contra suspense booking.

This has been vetted by audit *vide* U.O. No. RR/1-30/08-09/539 dated 21.08.2009. As intimated in Annexure A, all but one suggested change have been incorporated and DGCR has been kept informed.

Sd/-

(Jt. Secretary & Financial Adviser)
Government of India.

ANNEXURE A

Office of the Director General of Audit *vide* their UO No. RR/1-30/08-09/539 dated 21.8.2009 has suggested that the amount Rs. 15,50,00 (in lakhs) of Re-appropriation under Major Head 2071.01.115—Leave Encashment Ordinary Pension may be deleted.

In this connection it is stated that the said amount was reappropriated with the approval of the Secretary (Expenditure), Ministry of Finance. The approval has been obtained on file under the voted portion of Major Head "2071" Sub-heads 2071.01.115—Leave Encashment *vide* file No. CPAO/A&B/App.A/cs/2007-08. The information of the same was sent to Director General of Audit, Central Revenue, Office of the DGACR, ACGR Building, IP Estate, New Delhi *vide* this office order No. CPAO/A&B/App.A/cs/2007-08/1084-86 dated 31.3.2008 and duly incorporated in Appropriation Accounts in the financial year 2007-08. Hence, the same is being retained.

ANNEXURE III

No. G-25018/1/2008-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 Capital Section (Voted) of Grant No. 59, Ministry of Labour and Employment as disclosed in the Union Government Appropriation Accounts (Civil) for 2007-08.

Capital Section (Voted)	Rupees in thousand
Original Grant	69700.00
Supplementary Grant	7500100.00
Total Grant	7569800.00
Actual Expenditure	7587764.00
Excess	17964.00

2. Under Capital Section (Voted) of Grant No. 59, Ministry of Labour and Employment for 2007-08 the total provision was Rs. 69700.00 thousand. This was augmented to Rs. 7569800.00 thousand by obtaining Supplementary Grant of Rs. 7500100.00 thousand. Against this, the expenditure of Rs. 7587764.00 thousand was incurred resulting in excess of Rs. 17964.00 thousand.

3. The excess of Rs. 17964.00 thousand was the net effect of total excess of Rs. 285568.00 thousand and total saving of Rs. 267604.00 thousand, under various sub-heads of the Grant. The sub-heads under which excess expenditure of Rs. 5.00 Lakh and above occurred and reasons, therefore, are explained as below:

(i) Sub-Head: 4250.00.201.09—Research & Statistics	Rupees in lakh
Original Grant	17.00
Supplementary Grant	01.00
Total Grant	18.00
Actual Expenditure	373.58
Excess	355.58

The excess occurred under the sub-head due to the reason that a token supplementary was obtained under Capital Section inadvertently instead of technical supplementary. The savings of Rs. 3.71 crore under the Revenue Section of the Grant was re-appropriated to the Capital Section against the taken supplementary obtained

for Capital Section. The savings available in the Revenue Section were re-appropriated with the approval of Ministry of Finance. However, the re-appropriation order was reversed, with the approval of Ministry of Finance, at Appropriation Account stage after the closure of the financial year.

(ii) Sub-Head: 6250.60.202.01— Upgradation of 1396 Govt. ITIs through Public Private Partnership	Rupees in lakh
Original Grant	Nil
Supplementary Grant	725.00
Total Grant	725.00
Actual Expenditure	750.00
Excess	25.00

The excess occurred under the sub-head due to the reason that an amount of Rs. 25.00 crore was reappropriated from the non-functional Head of Account *i.e.* M.H. "6552" to the functional head Major Head "6250" for incurring expenditure in respect of North Eastern regions which is an approved procedure.

4. The remedial steps taken for avoiding such lapses is that the instructions of Ministry of Finance on Supplementary Grants will be taken care of in future to avoid recurrence. All administrative divisions have been advised to make budget provision under proper/relevant head of account to avoid re-appropriation etc. However, there is no excess under the Grant as a whole and there is saving of Rs. 45,66.20 lakh under the revenue section of the grant.

Sd/-
(RAKESH JAIN)
Joint Secretary & Financial Adviser
Ministry of Labour and Employment.

(File No. G-25018/1/2008-B&A)

ANNEXURE IV

Government of India
Ministry of Home Affairs
U.T. of Chandigarh

EXCESS NOTE

Note for Public Accounts Committee in respect of excess expenditure occurred under Revenue Section (Voted) of Grant No. 95—Chandigarh (Ministry of Home Affairs) as disclosed in the Union Government Appropriation Accounts (Civil) for the year 2007-08.

Revenue Section—Voted	Rupees in thousand
Original Grant	1190,35,00
Supplementary Grant	93,57,00
Total Grant	1283,92,00
Actual Expenditure	1283,96,77
Excess	4,77

2. Under Revenue Section (Voted) of Grant No. 95—Chandigarh, Ministry of Home Affairs for the year 2007-08, the total provision was Rs. 1190,35,00 thousand. This was augmented to Rs. 1283,92,00 thousand by obtaining Supplementary Grant of Rs. 9357,00 thousand. Against this, an expenditure of Rs. 1283,96,77 thousand was incurred resulting in excess of Rs. 4,77 thousand.

3. The excess of Rs. 4,77 thousand was the net effect of total excess of Rs. 1428,51 thousand and total savings of Rs. 1423,74 thousand under various sub-heads of the Grant. The Sub-heads under which the excess is Rs. 500 thousand and above occurred and reasons therefore are explained as below:

(i) Sub-Head	Rupees in lac
2030.02.101.01—Stamps	
Original Grant	25.00
Supplementary	21.00
Total Grant	46.00
Actual Expenditure	77.70
Excess	31.70

The excess of Rs. 31.70 lac over and above the B.E. was mainly for clearing the pending bills of stamps supplied by Government Press, Nasik. This excess has been met with valid re-appropriation of Rs. 31.70 lac duly approved by the competent authority.

(ii) Sub-Head	Rupees in lac
2052.00.090.24—Chandigarh	
Original Grant	343.00
Supplementary	60.00
Total Grant	403.00
Actual Expenditure	416.48
Excess	13.48

The excess of Rs. 13.48 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, medical treatment bills of indoor patients and preparation of Memorandum of Chandigarh Administration through SBI Cap. Ltd. This excess has been met with valid re-appropriation duly approved by the competent authority.

(iii) Sub-Head	Rupees in lac
2055.00.109.11—Chandigarh	
Original Grant	6981.96
Supplementary	1119.00
Total Grant	8100.96
Actual Expenditure	8152.75
Excess	51.79

The excess of Rs. 51.79 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, medical treatment bills of indoor patients and grant of more rewards by the Police Departments. This excess has been partially met with valid re-appropriation of Rs. 34.35 lacs duly approved by the competent authority. Therefore, there is a final excess of Rs. 17.44 lac which is due to the reason that during the year 2007-08, an amount of Rs. 4.17 lac was kept unutilised by the Police Department for the purpose of adjustment of railway warrants to be received from A.G., U.T., Chandigarh. The amount was kept unspent specifically in view of the fact that Railway Warrants of Rs. 21.42 lac has been received on or before end of March 2008 *i.e.* well before the closing of the financial year and Railway Warrant was also received and adjusted in A.G. Office account. An amount of Rs. 17.44 lac shown as excess in variation is due to the reason that old Railway Warrants (previous years 2005-06, 2006-07 & 2007-08) have also been adjusted in the financial year 2007-08 at A.G. Office, due to late receipt from the Office of Accounts Officer, Northern Railway.

It is evident that the variations is due to procedural delay of adjustment of Railway Warrant between Accounts Officer, Northern Railway and Accountant General (A&E), U.T., Chandigarh.

(iv) Sub-Head	Rupees in lac
2056.00.001.01—Jail Establishment	
Original Grant	302.00
Supplementary	38.00
Total Grant	340.00
Actual Expenditure	359.02
Excess	19.02

The excess of Rs. 19.02 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, medical treatment bills of indoor patients and payment of wages to the contractual staff. This excess has been met with valid re-appropriation duly approved by the competent authority.

(v) Sub-Head	Rupees in lac
2225.01.277.10—Incentive to Children of Vulnerable Groups among Scheduled Caste	
Original Grant	16.50
Actual Expenditure	31.85
Excess	15.35

The excess of Rs. 15.35 lac over and above the B.E. was mainly due to the increase in the number of beneficiaries. This excess has been met with valid re-appropriation duly approved by the competent authority.

(vi) Sub-Head	Rupees in lac
2029.00.103.01—Land Revenue and Land Records Staff	
Original Grant	14.00
Actual Expenditure	20.89
Excess	6.89

The excess of Rs. 6.89 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and payment of pending bills of telephone and electricity charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(vii) Sub-Head	Rupees in lac
2515.00.001.03—Establishment	
Original Grant	19.46
Actual Expenditure	24.71
Excess	5.25

The excess of Rs. 5.25 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and payment of pending bills of telephone

and electricity charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(viii) Sub-Head	Rupees in lac
2515.00.800.08—Rural Works Programme	
Original Grant	98.00
Supplementary	248.00
Total Grant	346.00
Actual Expenditure	396.57
Excess	50.57

The excess of Rs. 50.57 lac over and above the B.E. was mainly for providing modern facilities for the upgradation and development of villages. This excess has been met with valid re-appropriation duly approved by the competent authority.

(ix) Sub-Head	Rupees in lac
2810.05.101.01—Distribution of Power	
Original Grant	33373.00
Supplementary	2213.00
Total Grant	35586.00
Actual Expenditure	35675.42
Excess	89.42

The excess of Rs. 89.42 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, increase in the rates of daily wages and payment of pending bills of purchase of power to NTPC. This excess has been met with valid re-appropriation duly approved by the competent authority.

(x) Sub-Head	Rupees in lac
2810.60.800.01—Administrative Setup	
Original Grant	3.00
Actual Expenditure	9.00
Excess	6.00

The excess of Rs. 6.00 lac over and above the B.E. was mainly due to the payment of pending bills of water and electricity charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xi) Sub-Head	Rupees in lac
2406.01.102.01—Plantation Scheme	
Original Grant	146.40
Actual Expenditure	176.40
Excess	30.00

The excess of Rs. 30.00 lac over and above the B.E. was mainly due to earth filling in Cactus and Japanese Garden and sacred grove. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xii) Sub-Head	Rupees in lac
2210.01.110.15—General Hospital, Chandigarh	
Original Grant	1621.70
Supplementary	127.00
Total Grant	1748.70
Actual Expenditure	1865.63
Excess	116.93

The excess of Rs. 116.93 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and payment of pending bills of water and electricity charges and purchase of more medicines as per the requirement of General Hospital. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xiii) Sub-Head	Rupees in lac
2202.01.001.01—Primary Schools	
Original Grant	4760.63
Supplementary	331.00
Total Grant	5091.63
Actual Expenditure	5186.77
Excess	95.14

The excess of Rs. 95.14 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and purchase of uniforms and books. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xiv) Sub-Head	Rupees in lac
2202.02.101.01—Establishment	
Original Grant	67.75
Supplementary	27.00
Total Grant	94.75
Actual Expenditure	110.66
Excess	15.91

The excess of Rs. 15.91 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and payment of pending bills of water and electricity charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xv) Sub-Head	Rupees in lac
2202.02.109.03—Secondary Schools	
Original Grant	3506.00
Supplementary	115.00
Total Grant	3621.00
Actual Expenditure	3682.30
Excess	61.30

The excess of Rs. 61.30 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xvi) Sub-Head	Rupees in lac
2202.02.800.32—Vocational Courses	
Original Grant	154.00
Supplementary	4.00
Total Grant	158.00
Actual Expenditure	183.00
Excess	25.00

The excess of Rs. 25.00 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and payment of pending medical treatment bills of indoor patients and increase in the number of beneficiaries. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xvii) Sub-Head	Rupees in lac
2202.03.103.02—Arts & Science Colleges	
Original Grant	2085.58
Supplementary	45.00
Total Grant	2130.58
Actual Expenditure	2251.38
Excess	120.80

The excess of Rs. 1120.80 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and computerization of colleges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xviii) Sub-Head	Rupees in lac
2202.80.001.01—Departmental Examination Cell	
Original Grant	31.30
Actual Expenditure	36.54
Excess	5.24

The excess of Rs. 5.24 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and payment of pending bills of water and electricity charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xix) Sub-Head	Rupees in lac
2202.80.001.02—DPI Office	
Original Grant	114.40
Supplementary	30.00
Total Grant	144.40
Actual Expenditure	154.42
Excess	10.02

The excess of Rs. 10.02 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and payment of pending bills of water and electricity charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xx) Sub-Head	Rupees in lac
2203.00.001.01—Directorate of Technical Education	
Original Grant	50.62
Actual Expenditure	57.52
Excess	6.90

The excess of Rs. 6.90 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, clearance of medical treatment bills of indoor patients and payment of pending bills of water and electricity charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxi) Sub-Head	Rupees in lac
2203.00.105.01—Central Polytechnic/ Chandigarh College of Engineering & Technology	
Original Grant	330.00
Supplementary	34.00
Total Grant	364.00
Actual Expenditure	388.15
Excess	24.15

The excess of Rs. 24.15 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, clearance of medical treatment bills of indoor patients and payment of pending bills of advertisement.

(xxii) Sub-Head	Rupees in lac
2203.00.105.03—Govt. Polytechnic for Women	
Original Grant	161.38
Supplementary	23.00
Total Grant	184.38
Actual Expenditure	197.55
Excess	13.17

The excess of Rs. 13.17 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, clearance of medical treatment bills of indoor patients and payment of pending bills of publication and advertisement. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxiii) Sub-Head	Rupees in lac
2235.02.102.10—Children in Need of Care and Protection	
Original Grant	76.00
Actual Expenditure	146.56
Excess	70.56

The excess of Rs. 70.56 lac over and above the B.E. was mainly due to the increase in the number of beneficiaries. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxiv) Sub-Head	Rupees in lac
2235.02.103.18—Opening of Creches for Children of Working Mothers	
Original Grant	84.45
Actual Expenditure	98.40
Excess	13.95

The excess of Rs. 13.95 lac over and above the B.E. was mainly due to the increase in the number of beneficiaries. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxv) Sub-Head	Rupees in lac
2205.00.800.04—Picture and Art Gallery	
Original Grant	154.00
Supplementary	8.00
Total Grant	162.00
Actual Expenditure	172.00
Excess	10.00

The Excess of Rs. 10.00 lac over and above the B.E. was mainly due to the purchase of material for the maintenance of Museum & Art Gallery. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxvi) Sub-Head	Rupees in lac
2851.00.800.06—Fair and Exhibition	
Original Grant	45.00
Actual Expenditure	52.91
Excess	7.91

The excess of Rs. 7.91 lac over and above the B.E. was mainly due to the holding of more fairs and exhibitions by the Industries Department. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxvii) Sub-Head	Rupees in lac
2220.60.101.03—Establishment	
Original Grant	35.30
Actual Expenditure	47.36
Excess	12.06

The excess of Rs. 12.06 lac over and above the B.E. due to the clearance of advertisement bills relating to the Public Relations Department. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxviii) Sub-Head	Rupees in lac
2210.01.102.01—Employees State Insurance Dispensary	
Original Grant	274.00
Supplementary	50.00
Total Grant	324.00
Actual Expenditure	336.20
Excess	12.20

The excess of Rs. 12.20 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxix) Sub-Head	Rupees in lac
2030.03.001.08—Government Central Craft Institution of Women	
Original Grant	100.11
Supplementary	14.00
Total Grant	114.11
Actual Expenditure	120.06
Excess	5.95

The excess of Rs. 5.95 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, clearance of medical treatment bills of indoor

patients and payment of pending bills of publication and advertisement. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxx) Sub-Head	Rupees in lac
2041.00.101.01—Establishment	
Original Grant	161.00
Actual Expenditure	169.30
Excess	8.30

The excess of Rs. 8.30 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, and payment of water and electricity charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxxi) Sub-Head	Rupees in lac
3054.04.800.03—Maintenance of Link Roads	
Original Grant	69.00
Actual Expenditure	74.01
Excess	5.01

The excess of Rs. 5.01 lac over and above the B.E. was mainly due to the payment of arrears to the daily wage workers. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxxii) Sub-Head	Rupees in lac
3055.00.201.02—Operation	
Original Grant	7448.66
Supplementary	499.00
Total Grant	7947.66
Actual Expenditure	7999.80
Excess	52.14

The excess of Rs. 52.14 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, clearance of medical treatment bills, to clear the pending liability of Over-time Allowance and enhancement in the rates of rent in other States. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxxiii) Sub-Head	Rupees in lac
3452.80.104.10—Tourism Facilities	
Original Grant	70.00
Supplementary	91.00
Total Grant	161.00
Actual Expenditure	169.96
Excess	8.96

The excess of Rs. 8.96 lac over and above the B.E. was mainly due to the promotion of Cinematic, Rural, Medical, Tourism activities in the city. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxxiv) Sub-Head	Rupees in lac
2058.00.101.02—Stationery Stores	
Original Grant	235.55
Supplementary	25.00
Total Grant	260.55
Actual Expenditure	284.14
Excess	23.59

The excess of Rs. 23.59 lac over and above the B.E. was mainly due to the purchase of more paper and other materials as per the requirement of Departments of the Administration. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxxv) Sub-Head	Rupees in lac
2058.00.103.05—Govt. Press, Chd.	
Original Grant	741.00
Supplementary	63.00
Total Grant	804.00
Actual Expenditure	812.59
Excess	8.59

The excess of Rs. 8.59 lac over and above the B.E. was mainly due to the clearance of medical treatment of indoor patients and to clear the pending bills of electricity charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxxvi) Sub-Head	Rupees in lac
2059.80.001.08—Executive Establishment	
Original Grant	1101.47
Supplementary	83.00
Total Grant	1184.47
Actual Expenditure	1241.85
Excess	57.38

The excess of Rs. 57.38 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, clearance of medical treatment bills of indoor patients and clearance of publication bills. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxxvii) Sub-Head	Rupees in lac
2059.80.053.01—Repairs and Maintenance of Buildings	
Original Grant	1378.15
Supplementary	104.00
Total Grant	1482.15
Actual Expenditure	1487.81
Excess	5.66

The excess of Rs. 5.66 lac over and above the B.E. was mainly due to the payment of wages to the daily wages workers on enhanced rates. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxxviii) Sub-Head	Rupees in lac
2059.80.053.02—Establishment	
Original Grant	2039.60
Supplementary	195.00
Total Grant	2234.60
Actual Expenditure	2305.67
Excess	71.07

The excess of Rs. 71.07 lac over and above the B.E. was mainly due to the payment of wages to the daily wage workers on enhanced rates. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xxxix) Sub-Head	Rupees in lac
2059.80.799.01—Stock	
Original Grant	1579.00
Supplementary	15.00
Total Grant	1594.00
Actual Expenditure	1657.71
Excess	63.71

The excess of Rs. 63.71 lac over and above the B.E. was mainly due to the payment of electricity bills pertaining to Deluxe and Additional Deluxe Building, Sector-9 Chandigarh. The department has to make payment of these bills to avoid the disconnection of electricity supplies to these buildings. The incurring of excess expenditure is justified because its recovery is likely to be affected during the year 2008-09 from the concerned departments. This excess has partly been met with valid re-appropriation of Rs. 3.17 lac duly approved by the competent authority. Therefore, the excess of Rs. 60.54 lac may please be regularized.

(xl) Sub-Head	Rupees in lac
2215.01.101.02—Work Charged Establishment	
Original Grant	728.15
Supplementary	36.00
Total Grant	764.15
Actual Expenditure	787.79
Excess	23.64

The excess of Rs. 23.64 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment and clearance of medical treatment bills of indoor patients. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xli) Sub-Head	Rupees in lac
2215.01.102.15—Other Scheme	
Original Grant	295.00
Supplementary	53.00
Total Grant	348.00
Actual Expenditure	356.97
Excess	8.97

The excess of Rs. 8.97 lac over and above the B.E. was mainly due to the payment of wages to the daily wage workers on enhanced rates. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xlii) Sub-Head	Rupees in lac
2216.01.106.01—Maintenance and Repairs	
Original Grant	877.23
Supplementary	145.00
Total Grant	1022.23
Actual Expenditure	1048.56
Excess	26.33

The excess of Rs. 26.33 lac over and above the B.E. was mainly due to the payment of wages to the daily wage workers on enhanced rates and increase in the scope of maintenance work. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xliii) Sub-Head	Rupees in lac
2217.80.001.03—Estate Office	
Original Grant	384.06
Supplementary	60.00
Total Grant	444.06
Actual Expenditure	453.52
Excess	9.46

The excess of Rs. 9.46 lac over and above the B.E. was mainly due to the payment of electricity and water charges. This excess has been met with valid re-appropriation duly approved by the competent authority.

(xlv) Sub-Head	Rupees in lac
2217.80.800.07—Horticulture Establishment	
Original Grant	70.00
Supplementary	7.00
Total Grant	77.00
Actual Expenditure	85.55
Excess	8.55

The excess of Rs. 8.55 lac over and above the B.E. was mainly due to the payment of arrears on account of D.A. instalment, clearance of medical treatment bills and payment of electricity and water charges. This excess has been met with valid fsre-appropriation duly approved by the competent authority.

(xlv) Sub-Head	Rupees in lac
2235.02.107.01—Grant in Aid contribution etc.	
Original Grant	15.00
Actual Expenditure	20.34
Excess	5.34

The excess of Rs. 5.34 lac over and above the B.E. was mainly due to the increase in the number of beneficiaries. This excess has been met with valid re-appropriation duly approved by the competent authority.

Remedial Action Taken

1. Instructions have already been issued to the Secretary (Finance), UT Administration of Chandigarh (copy enclosed) stating that they should thoroughly review and scrutinize the budget estimates at Supplementary Grant stage itself so as to avoid instance of excess expenditure.
2. The Administration has also issued instructions to all the Heads of Departments from time to time (copy enclosed) that the expenditure in no case exceed the sanctioned budget grant of the financial year. The excess expenditure over and above the sanctioned budget grant will be viewed seriously by the Administration. The Head of the Department will be asked to fix the responsibility of the concerned Drawing & Disbursing Officer in due course.

This excess/explanatory note has been vetted by the Office DG, ACR *vide* their U.O. Note No. RR/6-56/2008-09/3695 dated 20.02.2009.

Sd/-

(B. BHAMATHI)
JOINT SECRETARY (UT)

MHA U.O. Note No. U.15041/3/2008-CHD dated 23/03/2009.

DATE BOUND/BUDGET

No. F&PO(5)-2008/1955
CHANDIGARH ADMINISTRATION
FINANCE DEPARTMENT
(ACCOUNTS BRANCH)

Chandigarh, dated the 14.3.2008

To

All Heads of Departments/Offices,
Chandigarh Administration.

Subject—Intimation of Budget Estimates 2008-09 (Plan and Non-Plan)

Sir,

I am directed to refer to the subject noted above and to inform you that the Budget Estimates for the next financial year 2008-09 (Plan and Non-Plan) in respect of your department/office has been finalized by the Finance Department, Chandigarh Administration. You are, therefore, requested to depute the concerned officer/official of your department/office to collect the computerized copy of sanctioned budget grant 2007-08 (Plan and Non-Plan) of your department personally from the Finance Department (in Accounts Branch).

2. It is also emphasized that as per instructions of "Vote on Account" issued by the Government of India, all efforts may be made by the Drawing and Disbursing Officers as well As Heads of Departments that the expenditure for the first two months of the financial year 2008-09, should not exceed the 1/6th of the total sanctioned budget grant for the whole year. However, the expenditure should be incurred on proportionate basis except salary.

3. The expenditure both under Plan as well as Non-Plan must be reviewed with reference to the targets fixed by the Government of India, Ministry of Finance on quarterly basis. The expenditure in the last quarter of the financial year should be strictly restricted to the 33% of the annual budget provision.

4. All efforts should be made to keep a close watch on the pace of expenditure from the commencement of a financial year. The guidelines as well as responsibilities of Drawing and Disbursing Officer, Controlling Officers and Heads of Departments for

the control of expenditure against the sanctioned grant/budget have already been detailed in Rules 52 to 64 of General Financial Rules, 2005.

Yours faithfully,

Sd/-

Finance and Planning Officer,
Chandigarh Administration.

Endst. No. F&PO(5)-08/1956

Dated, Chandigarh the 14.3.2008

A copy is forwarded to the District, Treasury Officer, Central Treasury, Chandigarh for information and necessary action. It is pointed out that as per instructions of "Vote on Account", the expenditure in respect of each department/office for the first two months should not exceed 1/6th of the total sanctioned budget grant for the whole year. Thereafter, it may be ensured that the expenditure in respect of each department is incurred on proportionate basis except salary.

Sd/-

Finance & Planning Officer,
Chandigarh Administration.

MOST IMMEDIATE/BUDGET
FOR STRICT COMPLIANCE

No. F&PO(5)-2007/8091
CHANDIGARH ADMINISTRATION
FINANCE DEPARTMENT
(ACCOUNTS BRANCH)

Chandigarh, dated the 31.12.2007

To

All the Heads of Departments/Offices,
Chandigarh Administration.

Subject—Intimation of Revised Estimates for the current financial year 2007-08
(Plan and Non-Plan)

Sir,

I am directed to refer you on the subject noted above and to send herewith the Revised Estimates for the current financial year 2007-08 (Plan and Non-Plan) provisionally.

2. Each Drawing and Disbursing Officer/Spending Authority must comply with the economy and other instructions/guidelines conveyed by the Finance Department from time to time, so that the expenditure, **in no case, exceeds the sanctioned budget grant of the financial year.**

3. It is further submitted that funds may be utilized for the purposes these have been provided in Revised Estimates 2007-08. The outstanding liabilities, for which the funds have been provided, must be cleared before 31st March, 2008. Any surrender or unutilisation of funds after taking additionality in Revised Estimates 2007-08 will be viewed seriously and concerned Head of Department will be held responsible for the budgetary lapse.

Your faithfully,

Sd/-

Finance & Planning Officer,
Chandigarh Administration.

Endst. No. F&PO (5)-2007/ 8092

Chandigarh, dated the 31.12.07

A copy, with a copy of its enclosure, is forwarded to all the Administrative Branches in the Chandigarh Administration for information and necessary action.

2. They are requested to watch the flow of expenditure being incurred by the departments under their administrative control and to ensure that there is no excess of expenditure over and above this sanctioned budget allotment of the year.

Sd/-

Finance & Planning Officer,
Chandigarh Administration.

Endst. No. F&PO (5)-2007/8093

Chandigarh, dated the 31.12.07

A copy, with a copy of its enclosures, is forwarded to the District Treasury Officer, Central Treasury, Chandigarh, for information and necessary action.

2. He is also requested to monitor the expenditure being incurred by the Drawing and Disbursing Officers of all the Heads of Departments/Offices of the Chandigarh Administration. If any shortfall/excess is noticed, the same may be intimated to the Finance Department (in Accounts Branch), immediately.

Sd/-

Finance & Planning Officer,
Chandigarh Administration.

S. No. 2 (I)

BUDGET MATTER

File No. U. 15041/3/2008-CHD
Government of India,
Ministry of Home Affairs

North Block, New Delhi,
Dated 16th January, 2009

To

The Secretary (Finance),
UT Administration of Chandigarh,
Chandigarh

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

Sir,

I am directed to refer to Chandigarh Administration's letter No. F&PO(6)-2008/6300 dated 17.09.2008 on the subject mentioned above and to say that the Public Accounts Committee in their different Reports presented to the House from time to time relating to "Excess Expenditure over the Voted Grants and Charged Appropriatio" 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 Ministry of Finance 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. It is pointed out that during the financial year 2007-08, UT Administration of Chandigarh has incurred excess expenditures of Rs. 4.77 lakh under Revenue Section (Voted).

3. 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. The heads of all the budget controlling authorities may be

directed to thoroughly review and scrutinize the budget estimates at Supplementary Grant stage itself so as to avoid instances of excess expenditure in future.

4. An action taken report in this regard may also be furnished to this Ministry.

Yours faithfully,

Sd/-

(V. Subramanian)

Under Secretary to the Govt. of India

Tel.: 2309 3575

Copy for information to—

(1) US (Planning Cell), UT Division, MHA, North Block, New Delhi.

(2) US (Budget), (Sh. Puran Chand), MHA, North Block, New Delhi.

MOST IMMEDIATE/BUDGET
FOR STRICT COMPLIANCE

No. F&PO(5)- 2008/1929
CHANDIGARH ADMINISTRATION
FINANCE DEPARTMENT
(ACCOUNTS BRANCH)

Chandigarh, dated the 13.3.08

To

All the Heads of Departments/Offices,
Chandigarh Administration.

Subject:— Review of expenditure in the current financial year 2007-08 on the basis of
Ten Monthly Estimates—Re-appropriation thereof. Intimation of Final
Grant.

Sir,

I am directed to inform you that the detailed Appropriation Account/Final Grant-Major, Minor and Object head of account-wise, in respect of your department/office, has been finalized by the Finance Department.

2. You are, therefore, requested to depute the concerned officer/official of your department/office to collect the computerized copy of the Final Grant/Detailed Appropriation Account of your department personally from the Finance Department (in Accounts Branch). The consolidated detailed Appropriation Account/Final Grant is also being supplied to the District Treasury Officer, Central Treasury, Chandigarh and as such figures of budget utilization of your department/office may be reconciled with figures of Central Treasury, immediately.

3. As already emphasized *vide* instructions issued by the Finance Department from time to time, all efforts may be made by the Drawing and Disbursing Officers as well as Heads of Departments to keep the expenditure within the sanctioned budget. The excess expenditure over and above the sanctioned budget/grant will be viewed seriously by the Administration. The default for this irregularity, if any, will entirely rest with the concerned Drawing and Disbursing Officer and Head of Department.

Yours faithfully,

Sd/-

Finance & Planning Officer,
Chandigarh Administration.

Endst. No. F&PO(5)- 2008/1930

Chandigarh, dated the 13.3.08

A copy, with a copy of its enclosures, is forwarded to the District Treasury Officer, Central Treasury, Chandigarh for information and necessary action. He is requested to keep a watch on incurring expenditure by all the Drawing and Disbursing Officers in accordance with the final Grant as indicated in the enclosed statement.

Finance & Planning Officer,
Chandigarh Administration.

ANNEXURE V

No. G-20017/7/2008/Bt. (UD)
GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT
(BUDGET SECTION)

Explanatory Note for Excess

Explanatory Note for Public Accounts Committee in respect of Excesses occurred under Revenue Section (Voted)/ (Charged) of Grant No 99— Ministry of Urban Development for the year 2007-08:

Revenue Section	<i>(Rs. in thousand)</i>
Original Grant	1000,62,00
Supplementary Grant	2,00
Total Grant	1000,64,00
Actual Expenditure	882,53,13
Savings	118,10,87

2. The total provision under Revenue Section (Voted) under Demand No. 99— Ministry of Urban Development was Rs. 1000,62,00 thousand. This was augmented to Rs. 1000, 64,00 thousand by obtaining Supplementary Grant of Rs. 200 thousand. Against this total expenditure incurred was Rs. 882,53,13 thousand resulting in a saving of Rs. 118,10,87 thousand and excess expenditure of Rs. 12,165 thousand under various sub-heads.

(Rs. in Lakhs)

I 2216.05.053.03
General Pool Accommodation
Repair and Maintenance
Furnishing

Original Grant	NIL
Supplementary Grant	Rs. 700.00
Final Grant	Rs. 700.00
Actual Expenditure	Rs. 715.86
Excess	Rs. 15.86

Reasons for Excess	—	The minor excess was due to urgent V.I.P Work.
Remedial Action Taken	—	The excess over the Budget allotment is within permissible limit of 5% hence no remedial action is required.
Audit Note	—	Department's reasons for savings/remedial action to prevent savings/excess etc. cited in para has been admitted in audit and no comments have been offered

thereon.

(Rs. in lakhs)

**II. 2216.07.053.01
Maintenance and Repairs
Construction (Charged)**

Original Grant	Rs. 40.00
Re-appropriation	(-) Rs. 14.00
Final Grant	Rs. 26.00
Actual Expenditure	Rs. 26.10
Excess	Rs. 0.10

Reason for Excess	—	Excess of Rs. 0.10 Lakh is minor and is 0.25% of the Original Grant.
Remedial Action Taken	—	The excess is within permissible limit of 5%, hence no remedial action is required.
Audit Note	—	Department's reasons for savings/remedial action to prevent savings/excess etc. cited in para has been admitted in audit and no comments have been offered thereon.

(Rs. in Lakhs)

**III. 2216.07.053.02
Maintenance and Repairs (Voted)**

Original Grant	Rs. 5750.00
Re-appropriation	(-) Rs. 55.00
Final Grant	Rs. 5695.00
Actual Expenditure	Rs. 5765.16
Excess	Rs. 70.16

Reason for Excess	—	Excess was due to finalization of bills of Annual contracts of maintenance in the month of March which could not be anticipated at Final Stage.
Remedial Action Taken	—	Efforts are being made to finalize the bills of Annual contracts of maintenance before the close of the financial year.
Further Audit Observation	—	AMC bills should be cleared before the end of the year.
Audit Note	—	Department's reasons for savings/remedial action to prevent savings/Excess etc. cited in para has been admitted in audit and no comments have been offered

thereon.

IV. 2217.80.003.01 (Rs in Lakhs)
Training
Training Centre for Municipal Employees

Original Grant	Rs. 425.00
Re-appropriation	(-) Rs. 64.41
Final Grant	Rs. 360.59
Actual Expenditure	Rs. 372.84
Excess	Rs. 12.25

Reason for Excess	—	Excess in minor and is 2.88% of the Original Grant.
Remedial Action Taken	—	The centres would be advised suitably to avoid excess expenditure.
Audit Note	—	Department's reasons for savings/remedial action to prevent savings/excess etc. cited in para has been admitted in audit and no comment have been offered thereon.

V. 2217.80.001.01 (Rs. in Lakhs)
Town & Country Planning Organisation

Original Grant	Rs. 424.00
Re-appropriation	(-) Rs. 86.00
Final Grant	Rs. 338.00
Actual Expenditure	Rs. 361.28
Excess	Rs. 23.28

Reason for Excess	—	Excess in minor and is 5.49% of the Original Grant.
Remedial Action Taken	—	The organization would be advised suitably to avoid expenditure.
Audit Note	—	Department's reasons for savings/remedial action to prevent savings/excess etc. cited in para has been admitted in audit and no comment have been offered thereon.

The contents of this Explanatory Note for Excesses as included in the Saving/ Explanatory Note sent by the Ministry to the Principal Director of Audit. Economic and Service Ministries has been duly vetted by the Audit *vide* their UO Note No. AMG01/VV/ATN/2009-10/279-281 dated 01.10.2009 and the final savings/excess Action Taken Note sent to Monitoring Cell *vide* this office letter of even No. dated 30th October, 2009.

Sd/-

(SUDHA KRISHNAN)
Joint Secretary and Financial Adviser.

ANNEXURE VI

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF POSTS

Excess Note:

Note for Public Accounts Committee for Regularisation of excess expenditure in respect of excess occurred under Revenue/(Voted) of Grant No. 13 Ministry of Communications & IT as disclosed in the Appropriation Accounts Postal services for 2007-08.

Revenue-(Voted)	(Rs in thousands)
Original Grant.....	72372900
Supplementary Grant	542200
Total Grant.....	72915100
Actual Expenditure...	72725530
Savings.....	-189570
Surrendered funds....	338100
Excess.....	148530
Capital outlay(charged)	(Rs. in thousands)
Original Grant.....	0
Supplementary Grant	1700
Total Grant.....	1700
Actual Expenditure.....	1976
Excess.....	276

2. Under Revenue Section (voted) of Grant No. 13 Ministry of Communications & IT/Department of Posts for 2007-08 the total provision was Rs. 72915100 thousands. Against this, an expenditure of Rs. 72725530 thousands was incurred resulting a savings of Rs. 189570 thousands before taking into consideration the funds surrendered to MoF and an excess of Rs. 148530 thousands after surrendering of funds to the tune of Rs. 338100 thousands.

3. The excess of Rs. 148530 thousands under revenue (voted) and Rs. 276 thousands under Capital outlay (charged) was the net effect of total excesses under various Sub-heads of the Grant. The Sub-heads under which excess expenditure occurred and reasons therefore are explained in the Annexure-I.

Remedial Action:

Instructions have been issued to the circles/units to guard against such type of financial irregularities and keep the expenditure within the allotment.

The issues with the approval of Secretary (Post).

Sd/-

(B.B. SINGH)
DDG (PAF)

ANNEXURE 'A'

Reasons for variations between Original Grants, supplementary grants, re-appropriation/surrenders and actual expenditure during the year 2007-08

IN RESPECT OF DEMAND NO. 13

POSTAL SERVICES									
Major Head and Sub-Heads		(Thousands of Rupees)							
Revenue Section	1	2	3	4	5	6	7	8	Total (Final)
	Original	Supply	Re-app.	Grants	Actual	Variation	Reasons for	variations	
					Expr.	Excess(+)	Savings(-)		
Major Head "3201"									
Postal Services									
01—General Administration									
001—Direction & Administration									
01—Postal Directorate									
02—Business Development DTE									

1	2	3	4	5	6	7	8
03—Philately Directorate							
Total DTE/BD Phi/DTE							
101—Control and Supervision							
01—Circle Offices	905832	0	88168	994000	998656	4656	Excess is due to normal increase and DA hike and more medical claims than anticipation
06—Postal Stores Depots	381775	0	-43575	338200	339735	1535	Due to more settlement of carried over liabilities
07—Circle Stamp Depots							
02—Operation				0			
03—Working Place Learning	109800	0	-79800	30000	36263	6263	More training than anticipation
Total Training							
101—Postal Network				0			
01—Existing Post Offices	26505950	0	-1296485	25209465	25618821	409356	More expenditure than anticipated due to normal increase and DA hike
01—02 Gramin Dak Sevak							
02—Opening & Upgrading of Post Offices	22400	0	-21110	1290	3142	1852	Excess expenditure under salaries

03—Postal Seals Office Aligarh																					
04—Premium Product Services	470000	40400	42600	553000	556567	3567	556567	26667	21200	26667	5467	5467	Excess expenditure under salaries								
07—Other Schemes for Expansion of running	10000	0	11200	21200									Due to expenses for of existing PSSKs								
103—Conveyance of Mails																					
01—Rail																					
02—Air																					
03—Road																					
04—Departmental Mail Motor Services for ordinary services	490400	0	20600	511000	517832	6832	517832		511000				More expenditure under salaries								
Charged	1000	1200	-1100	1100	1101	1	1101		1100				Marginal								
06—Others	1682000	0	-606798	1075202	1079552	4350	1079552		1075202				Negligible								
07—Logistic Post	5600	0	-9480	15080	15355	275	15355		15080				Negligible								
104—MECHANISATION AND MODERNISATION				0					0												
01—Research and Development																					
03—Improving Economics of Post Offices	77000	0	-77000	0	109	109	109		0				Expenditure on Account of Annual Maintenance was met								
05—Other items		0	0	0	2	2	2		0				Negligible								
03—AGENCY SERVICES				0					0												
03—101—Banking and Life Insurance				0					0												

1	2	3	4	5	6	7	8
01—Saving Bank Control Organisation	655125	0	-6350	648775	653431	4656	Due to normal increase and DA hike
05—Refreshers course for SB/SC staff	14750	0	-1693	13057	13895	838	Negligible
06—Other Schemes	65000	0	-51800	13200	30930	17730	Excess payment under BCTT. Efforts are being made to recover the excess
200—OTHER SERVICES							
01—Mahila Samridhi Yojana	150	0	-50	100	206	106	Negligible
04—ACCOUNTS AND AUDIT							
04—10—Audit							
01—Cost of Pay & Allowances of Audit Staff	345000	0	4500	349500	376901	27401	Due to normal increase in basic pay and DA hike
02—Cost of Pensionary Charges of Audit	0	0	0	0	0	0	
04—DED.—Amt. TRFD. to M.H. 3451—Sectt.	0	0	0	0	9535	9535	Based on actual Inter Branch adjustment
04—DED.—Amt. TRFD. to PAO, AG (Audit) Delhi					280343	280343	Based on actual Inter Branch adjustment
02—Postal Accounts Offices Circles	1348500	0	132900	1481400	1490623	9223	Due to less adjustment of LTC and MRC claims than anticipation

1	2	3	4	5	6	7	8
07—103 Compassionate Allowance	100	0	-70	30	31	1	Negligible
07—104—Gratuities	2399900	0	-243430	2156470	2219630	63160	More payment under gratuity than anticipated
07—107—Family Pension	3100000	0	-53500	3046500	3328998	282498	Due to normal increase and DA hike
07—108—Leave Encashment Benefits	950000	0	-197500	752500	933633	181133	Due to normal increase and DA hike
07—200—Other Pension				0		0	
07—110 Govt. Contribution for Defined Contribution Pension Scheme	100000	0	-30200	69800	128234	58434	Due to more employees covered under new Scheme
M.H. “5201”—Capital Outlay on Postal Service				0		0	
003—Training				0		0	
101—Postal Network Voted							
101—Postal Network Charged	0	0	0	0	318	318	Due to amount attached with the court order

2007-08 DEMANDS FOR EXCESS GRANTS

DEMAND NO. 13

Department of Posts

Amount expended in excess of the Grant for the year ended 31st March 2008, in respect of the DEPARTMENT OF POSTS under MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY.

Section	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
Revenue Voted	72577000000	72725530364	148530364
Capital Outlay Charged	1700000	1976127	276127

The original grant of Rs. 72372900000 was augmented by supplementary grant of Rs. 542200000 obtained in March, 2008 under Revenue voted segment. Against the final grant of Rs. 72577000000, the actual expenditure was Rs. 72725530364 resulting in an excess expenditure of Rs. 148530364. Against the supplementary grants under capital (Charged) obtained during the year, actual expenditure was incurred for Rs. 1976127 resulting in an excess expenditure of Rs. 276127 which requires regularization.

The excess expenditure was incurred due to settlement of more claims and normal increase in dearness allowance.

Sd/-

Accounts Officer (Bgt.)
Department of Posts.

ANNEXURE VII

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

(FINANCE/BUDGET)

EXCESS NOTE

Note for Public Accounts Committee for Regularization of Excess Expenditure in Respect of Excess Occurred Under Revenue Section (Voted) of Grant No. 22—Defence Services—Army, as disclosed in the Union Government Appropriation Accounts (Defence Services) for 2007-08.

GRANT NO. 22 DEFENCE SERVICES—ARMY

REVENUE SECTION (VOTED)

		<i>(Rs. in lakhs)</i>
Original Grant	:	Rs. 3517788
Supplementary Grant	:	Rs. 23222
Total Grant	:	Rs. 3541010
Actual Expenditure	:	Rs. 3548129
Excess	:	Rs. 7119
	:	(Rs. 711878075)
Surrender during the year	:	Nil

2. Under Revenue Section (Voted) of Grant No. 22—Defence Services—Army for 2007-08 the total provision was Rs. 35410,10,00 thousands. Against this, the Expenditure of Rs. 35481,28,78 thousands was incurred resulting in excess of Rs. 71,18,78 thousands.

3. The excess of Rs. 71,18,78 thousands was the net effect of total excesses of Rs. 512,95,62 thousands and total savings of Rs. 441,76,84 thousands under various sub-heads of the Grant. The sub-heads under which excess of Rs. 5 lakhs and above occurred and reasons therefor are explained as below:—

MAJOR HEADS—2076

(i) Minor Head—101		<i>(Rs. in lakhs)</i>
Original Grant	:	Rs. 1413652
Supplementary Grant	:	Rs. 23222
Re-appropriation	:	(+ Rs. 15430)
Total Grant	:	Rs. 1452304
Actual Expenditure	:	Rs. 1485574
Excess	:	Rs. 33270

The excess of Rs. 33270 lakh in the Final Grant was mainly due to sanction of higher DA *vis-a-vis* anticipated DA and special allowances for the personnel serving in the High Altitude areas.

(ii) Minor Head—103		<i>(Rs. in lakhs)</i>
Original Grant	:	Rs. 26556
Supplementary Grant	:	Nil
Re-appropriation	:	(+) Rs. 1143
Total Grant	:	Rs. 27699
Actual Expenditure	:	Rs. 29140
Excess	:	Rs. 1441

The excess of Rs. 1441 lakh in the Final Grant was mainly due to sanction of higher DA *vis-a-vis* anticipated DA.

(iii) Minor Head—104		<i>(Rs. in lakhs)</i>
Original Grant	:	Rs. 153943
Supplementary Grant	:	Nil
Re-appropriation	:	(+) Rs. 3223
Total Grant	:	Rs. 157166
Actual Expenditure	:	Rs. 160454
Excess	:	Rs. 3288

The excess of Rs. 3288 lakh in the Final Grant was mainly due to sanction of higher DA *vis-a-vis* anticipated DA.

(iv) Minor Head—106		<i>(Rs. in lakhs)</i>
Original Grant	:	Rs. 18130
Supplementary Grant	:	Nil
Re-appropriation	:	(+) Rs. 1500
Total Grant	:	Rs. 19630
Actual Expenditure	:	Rs. 19978
Excess	:	Rs. 348

The excess of Rs. 348 lakh in the Final Grant was mainly due to hike in fodder price and miscellaneous charges.

(v) Minor Head—111		<i>(Rs. in lakhs)</i>
Original Grant	:	Rs. 334016
Supplementary Grant	:	Nil
Re-appropriation	:	(+) Rs. 27980
Total Grant	:	Rs. 361996
Actual Expenditure	:	Rs. 364824
Excess	:	Rs. 2828

The excess of Rs. 2828 lakh in the Final Grant was mainly due to increase in rates than anticipated in major works, maintenance of hired & leased buildings and rentals for land.

(vi) Minor Head—112		<i>(Rs. in lakhs)</i>
Original Grant	:	Rs. 144999
Supplementary Grant	:	Nil
Re-appropriation	:	(+)Rs. 11490
Total Grant	:	Rs. 156489
Actual Expenditure	:	Rs. 160325
Excess	:	Rs. 3836

The excess of Rs. 3876 lakh in the Final Grant was mainly due to sanction of higher DA *vis-a-vis* anticipated DA and slight over expenditure under Transportation and Miscellaneous expenditure due to minor slippages.

(vii) Minor Head—113		<i>(Rs. in lakhs)</i>
Original Grant	:	Rs. 41098
Supplementary Grant	:	Nil
Re-appropriation	:	(+) Rs. 2180
Total Grant	:	Rs. 43278
Actual Expenditure	:	Rs. 49562
Excess	:	Rs. 6284

The excess of Rs. 6284 lakh in the Final Grant was mainly due to higher pricing of Self Loading Rifle (Refurbished) procured from Ordnance Depot than the rate approved by the Govt. and booking of carry forward liabilities of previous years in this year by DGS&D pertaining to the stores procured under DGS&D rate contract.

4. Instructions already exist to formulate the Budget Estimates on most realistic basis and the necessity to keep the expenditure under constant review by monitoring it regularly in an effective manner in order to conform to the allocations made and to ensure that there is neither any excess no large scale savings over the sanctioned budgetary provisions.

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

6. Earlier, instructions had been issued *vide* MoD (Fin.) ID No. 17(1)/B-I/1999 Dated 13.12.2005 and 27.1.2006 (copy enclosed) to monitor the progress of Defence Expenditure at all levels to avoid any large scale savings or excesses. In addition, Inter-Departmental Monitoring Groups headed by FA (Acq.) in respect of Acquisition Heads and Addl. FAs in respect of other Heads have been requested *vide* MoD (Fin.) ID No. 17(3)B-I/2004 Dated 01.08.2007 (copy enclosed) to hold regular meetings so as to prevent occurrence of excesses/savings under various Heads and bunching of expenditure towards the end of financial year.

7. F.A. (Acq.) and all Addl. F.As besides Services HQrs. have also been requested *vide* Min. of Def. (Fin.) ID No. 17(3)/B-I/2004 Dated 24.07.2006 and ID No. 10(7)/Bud.-I/2007 Dated 09.09.2008 (copy enclosed) to ensure the progress of expenditure to the tune of 67% of the BE allocation by December as directed by Finance Minister. It has also been advised that for Supplementary Demands (for grants), the amount of supplementary demand may be assessed realistically so that the amount of Supplementary Demand neither falls short of the actual requirement resulting in excess expenditure, nor the amount is drawn in excess of the requirement resulting finally in surrender of the amount of supplementary.

8. In the circumstances explained above, the excess of Rs. 71,18,78 thousand may kindly be recommended for regularization by the Parliament under Article 115(i) (b) of the Constitution.

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

File No. 17(2)/B-I/2009

Most Immediate

MINISTRY OF DEFENCE (FINANCE)

(BUDGET-I)

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

As per the instructions issued *vide* MoD ID No. 8737-S/Def. Secy./91 dated 27.12.91 (copy enclosed). Inter-Departmental Monitoring Groups were constituted in the year 1991-92 to closely monitor the progress of expenditure and pending liabilities to ensure optimal use of resources. The Departmental Monitoring Groups would now consist of FA (Acq.)/the concerned Addl. FA as convenor, concerned Joint Secretary, FMs concerned Flag rank officer from Service HQrs. and representatives of CGDA/CDA.

2. The Standing Committee on Defence while examining the Demands for Grants for the year 2002-2003 and 2003-2004 had taken a serious view of the unspent funds and had recommended that the amounts allotted should be fully utilised for the purchase of new weapon systems, modernisation and upgradation of the existing systems so as to ensure that no surrender of funds is made. Further, the C&AG has also commented adversely in the past on the overall unspent provisions *vis-a-vis* the budgetary outlays. In this regard, necessary instructions were issued *vide* MOD ID No. 10(1)/B-I/2002 dated 8.10.2002 to all concerned to monitor the progress of expenditure constantly in a more vigilant manner. Services HQrs./Departments had also been requested to issue instructions in this regard to all the Budget Controlling Authorities under their administrative control to eliminate instances of large scale savings/excesses.

3. During a recent meeting with Financial Advisors of various Ministries of Government of India, Finance Minister reviewed the implementation of his directions issued last year regarding expenditure of minimum 67% of BE allocation by December and emphasized that no Ministry/Department would be permitted to spend more than 1/3rd of their Budgetary allocation after December. Finance Minister has directed that in 2005-2006, no explanation will be accepted for exceeding 33% in the last quarter. All concerned must plan right from now to ensure proper pace of expenditure. He has also directed that in case any Ministry/Deptt. is not able to spend 67% by December end, it will not be allowed to spend more than 33% in the last quarter. In this regard, a letter No. 11(23)/B-I/2004, dated 24.5.2005 may please be referred to.

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

5. The Monitoring Groups headed by FA(Acq.) (in respect of acquisition heads) and Addl. FAs. (in respect of rest of the heads) are therefore, requested to hold regular meetings on a fortnightly basis during December 2005 and January, 2006 and on weekly basis in February and March 2006 so as to prevent excesses/savings under various Heads and bunching of expenditure towards the year end, duly taking into account all factors like actual drawal from LCs status of contracted and uncontracted schemes, supply position in respect of contracts, progress of civil works, etc. It is pertinent to mention that CGDA now provides weekly compilation of expenditure from August, 2005 to this Ministry to enable us to monitor the progress of expenditure effectively.

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

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

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

MoD(Fin.) ID No. 17(1)/B-I/1999 dated 13.12.2005.

<i>Copy to:</i>	DG(Acq.),	As(I),	VS(DP),
	JS&AM(MS),	JS&AM(LS),	JS&AM(Air.),
	JS(O/N),	JS(G/Air.),	JS(C&W),
	JS(PIC),	CCR&D(R),	All FMs,
	IFA (Navy),	IFA(AF),	IFAs (ARMY),
	Director (Fin./Acq.), Director (Fin/Navy),		
	Director (Fin./AF/Acq.),	Dir. (Fin./O),	
	Dir. (Fin./AF/Org.),		
	DFA (Navy)		

Most Immediate

MINISTRY OF DEFENCE (FINANCE)

BUDGET - I

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

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

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

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

(Amit Cowshish)
Addl.FA(A)&J.S.

FA (Acq) for Acquisition cases of three services & HQ IDS.

Addl.FA (M) for Air Force, Army (Q, AG & CG)

Addl.FA(H) for DGOF

Addl.FA(AM) for DGQA, Army (Land & Works)

Addl.FA(J) for R&D (including ATVP, Dte. of Std., DTD&P (Air)

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

IFA, CIDS & SFC

MOD (Fin) ID No. 17(1)/B-I/1999 dated 27.01.2006.

Copy to :

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

MINISTRY OF DEFENCE
(FINANCE/BUDGET)

Subject: Monitoring and Control of Defence Expenditure.

Ref: (i) Ministry of Defence ID No. 34(4)/2006/D(O&M) dt. 11.07.2006.
(ii) Ministry of Defence (Fin) ID No. 17(3)/B.I/2004 dt. 24.07.2006.

Instructions have been issued from time to time regarding monitoring of progress of Defence expenditure. For this purpose Departmental Monitoring Groups headed by FA(Acq) in respect of Acquisition heads and Addl. FAs in respect of other heads are required to hold regular meetings so as to prevent excesses/savings under various Heads and bunching of expenditure towards the end of financial year.

2. As per the existing instructions, minutes of the monthly meeting are required to be submitted to the FA(DS) for information and a copy of the minutes is also required to be sent to the Budget Section. However, during the current financial year, Budget Section has not received copies of the minutes of such meetings.

3. In the meetings taken by the R.M. on 4th April 2007 and 7th May 2007, he had, *inter alia*, given the following directions:—

- (a) Funds should not be parked with the PSUs in desperation and that there should be proper jointness among the three Services.
- (b) The targets including procurement targets to be achieved in a phased manner. January should be the deadline and efforts should begin with first quarter only.

This may please be kept in view while reviewing progress of expenditure.

4. It is, therefore, reiterated that regular meetings may please be held to monitor the progress of expenditure so as to prevent excesses/savings under various Heads and bunching of expenditure towards the end of financial year. The minutes of the meeting explaining, *inter alia*, the position regarding budgetary targets/deviations, if any, and corrective measures adopted may please be put up to FA(DS) regularly and copy endorsed to Director (Fin/Budget).

Sd/-

(Mukesh Kumar Sinha)
Director (Fin/Budget)

FA(Acq) & Addl. Secy.	for Acquisition cases of three Services & HQ IDS.
Addl. FA(M) & JS	for Air force, Army (Q, AG & CG).
Addl. FA(H) & JS	for DGOF.
Addl. FA(AM) & JS	for DGQA, Army (Land & works).

Addl. FA(J) & JS for R&D (including ATVP, Dte. of STD, DGAQA, etc.)
Addl. FA(A) & JS for Ord.Navy (Other than Acquisition Heads), Coast Guard
& HQIDS

MOD (Fin.) ID No. 17(3)/B-I/2004 dated 1.8.2007.

Copy to:

JS(G/Air),	JS(C&W),	JS(PIC), JS(O/N)
JS&AM(MS),	JS&AM(LS)	JS&AM(Air)
CCR&D (R&M),	All FMs,	Dir. (Fin/Acq.)
Dir. (Fin/Navy Acq.),	Dir. (Fin/AF/Org.)	
Dir. (Fin/AF/Acq.),	Dir. (Fin/O),	Dir. (Fin/Navy)
PPS to FA (DS)		

(BUDGET-I)

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

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

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

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

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

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

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

(Amit Cowshish)
Addl. FA(A)

FA (Acq.)	for Acquisition cases of three Services & HQ IDS
Addl. FA(M)	for Air Force, Army (Q, AG&CG)
Addl. FA(H)	for DGOF
Addl. FA (AM)	for DGQA, Army (Land & Works)
Addl. FA (J)	for R&D (including ATVP, Dte. of Std, DGAQA)

Addl. FA (A) for Ordnance/Navy (Other than Acquisition Heads)
 IFA (CIDS & SFC)

MOD (Fin.) ID No. 17(3)/B-I/2004 dated 24-7-2006.

Copy to:

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

Copy also to for similar action:—

ADGFP, Army HQ,
 ACNS (P&P), Naval HQ,
 ACAS (Fin. P) Air HQ.
 DGOE, ATVP, DGQA,
 Dte. of standardisation, DGAQA.

MINISTRY OF DEFENCE (FINANCE)
(BUDGET DIVISION)

South Block, New Delhi.

Subject: Monitoring and Control of Defence Expenditure against the sanctioned Grant/Appropriation.

Instructions have been issued from time to time to monitor the progress of defence expenditure at all levels to avoid any large scale savings or excesses. For this purpose Departmental Monitoring Groups headed by FA(Acq.) in respect of Acquisition heads and Addl. FAs & JS in respect of other heads are required to hold regular meetings to review the progress and trends of expenditure and to identify steps to be taken to prevent excesses/savings under various Heads and bunching of expenditure towards the end of the financial year.

2. While examining the 'Excess over Voted Grants and Charged Appropriation (2005-2006)' the Public Accounts Committee (14th Lok Sabha) in their 54th Report have observed that "the trend of incurring excess expenditure despite obtaining supplementary grants continues indicating that not only the Budget Estimates are not adequately made, even at the Supplementary Demand Stage requirements projected are not realistic."

3. Keeping in view the above observations of the Public Accounts Committee, it is once again emphasized that strict and regular watch should be kept over the pace of expenditure to avoid excessive rush of expenditure, particularly towards the end of the financial year, and also limiting the expenditure to the allocation authorized by Ministry of Finance and the Parliament. In case the amount of a Grant falls short of the requirement, a supplementary grant may be obtained before the expenditure is incurred. While obtaining supplementary demands for grants, the amount of supplementary demand may be assessed realistically so that the amount of Supplementary Grant neither falls short of the actual requirement resulting in excess expenditure as pointed out by the Public Accounts Committee, nor the amount is drawn in excess of the requirement resulting finally in surrender of the amount of grant.

4. The above instructions as well as the earlier instructions issued on the subject should be followed scrupulously in order to avoid any excess expenditure against any Grants. Service Hqrs./Departments are also requested to issue necessary instructions in this regard to all the budget controlling authorities under their administrative control to eliminate the instances of excess expenditure. Office of the CGDA may also issue suitable instructions to all concerned to ensure that payments are authorized only against availability of funds.

(Mukesh Kumar Sinha)
Director (Fin/Budget)

FA (Acq.)

All Joint Secretaries/Addl. FAs & JS/FMs

Addl. DGFP, PDNP, D Fin P, DGOF

CCR&D, DGQA, DGNCC, DGME, DGAQA

CGDA, Dte. of Standardisation

MOD (Fin) ID No. 10(7)/Bud-I/2007 dated 9th September, 2008

Copy to:—

1. Deptt. of Economic Affairs(Budget Division), Ministry of Finance.
2. DGADS.



Government of India
Ministry of
Railways
(Railway Board)

(EXPLANATORY NOTE)
Explanatory Note for Public Accounts Committee
for
Regularisation of Excess over Voted/
Charged portion of Grants/
Appropriation

2007-2008

**EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR
REGULARISATION OF EXCESS OVER VOTED/CHARGED PORTION OF
GRANTS/APPROPRIATION DURING THE YEAR 2007-08.**

During the year 2007-08, there was an overall net saving of Rs. 5694.55 crore under all Grants and Appropriations, which constitutes 4.29 percent of the total provision of Rs. 132873.66 crore.

The net saving was the result of gross saving of Rs. 5746.78 crore under 14 Voted Grants (*i.e.* 13 Revenue and five segments of Works Grant No. 16 *i.e.* Capital, Railway Funds, OL WR, RSF and SRSF) and 07 Charged Appropriations and gross excess of Rs. 52.23 crore under 02 voted Grants and 06 Charged Appropriations (*i.e.* 5 Revenue and three segments of Works Appropriation No. 16 *i.e.* Capital, Railway Funds and RSF).

The gross excess of Rs. 52.23 crore was made up of Rs. 44.21 crore under Voted Grants and Rs. 8.02 crore under Charged Appropriations constituting 0.75 per cent of the total provision of Rs. 6971.90 crore under those Grants/Appropriations where excess occurred.

The gross saving amounting to Rs. 5746.78 crore was made up of Rs. 5740.56 crore under Voted Grants and Rs. 6.22 crore under Charged Appropriations constituting 4.56 per cent of the total provision of Rs. 125901.76 crore under the saving registering Grants/appropriations. (Reference Para. 26 to 29 — Excess/Saving over voted Grants and Charged Appropriations of the Appropriation Accounts of Indian Railways for the year 2007-08 — Part - I—Review).

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

1.2 Excess under Charged Appropriation & Voted Grants.

There is an excess under six Charged Appropriations (5,6,8,10,13 and three segments of Appropriation No. 16 *i.e.* Capital, Railway Funds and RSF) and two Grants (12 and 15). These Appropriations/Grants are explained as under:—

(a) Charged Appropriations.

(i) Appropriation No. 5:—Working Expenses—Repairs & Maintenance of Motive Power.

	Rupees
Original Appropriation	25,000
Supplementary Appropriation	96,000
Total Sanctioned Appropriation	1,21,000
Actual Expenditure	4,25,000
Excess	3,04,000
Misclassification	-
Excess requiring regularization	3,04,000
Percentage of Excess	251.24

Charged Appropriation of Rs. 0.25 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 0.96 lakh was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate. The actual payments exceeded the provision by Rs. 3,04,000/- due to more decretal payments, which could not be anticipated earlier.

The excess requiring regularisation is Rs. 3,04,000/-, which is the same as disclosed in the Appropriation Accounts.

(ii) Appropriation No. 6 :—Working Expenses—Repairs & Maintenance of Carriages & Wagons

	Rupees
Original Appropriation	5,00,000
Supplementary Appropriation	-
Total Sanctioned Appropriation	5,00,000
Actual Expenditure	7,79,469
Excess	2,79,469
Misclassification	-
Excess requiring regularisation	2,79,469
Percentage of Excess	55.89

Charged Appropriation of Rs. 5.00 lakh was obtained at the Budget Estimate Stage, which proved to be inadequate and the actual expenditure exceeded the provision as more decretal payments materialised, than anticipated.

The excess requiring regularisation is Rs. 2,79,469/-, which is the same as disclosed in the Appropriation Accounts.

(iii) Appropriation No. 8 :—Working Expenses—Rolling Stock & Equipment

	Rupees
Original Appropriation	2,05,000
Supplementary Appropriation	6,33,000
Total Sanctioned Appropriation	8,38,000
Actual Expenditure	21,31,043
Excess	12,93,043
Misclassification	-
Excess requiring regularisation	12,93,043
Percentage of Excess	154.30

Charged Appropriation of Rs. 2.05 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 6.33 lakhs was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate. The actual payments exceeded the provision by Rs. 12,93,043/- due to more decretal payments which could not be anticipated earlier.

The excess requiring regularisation is Rs. 12,93,043/-, which is the same as disclosed in the Appropriation Accounts.

(iv) Appropriation No. 10 :—Working Expenses—Operating Expenses-Fuel

	Rupees
Original Appropriation	2,50,00,000
Supplementary Appropriation	2,25,67,000
Total Sanctioned Appropriation	4,75,67,000
Actual Expenditure	11,74,15,342
Excess	6,98,48,342
Misclassification	-
Excess requiring regularisation	6,98,48,342
Percentage of Excess	146.84

Charged Appropriation of Rs. 250.00 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 225.67 lakhs was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate. The actual payments exceeded the provision by Rs. 6,98,48,342/- due to more decretal payments, which could not be anticipated earlier.

The excess requiring regularization is Rs. 6,98,48,342/-, which is the same as disclosed in the Appropriation Accounts.

(v) Appropriation No. 13 :—Working Expenses—Provident Fund, Pension and other Retirement Benefits

	Rupees
Original Appropriation	69,48,000
Supplementary Appropriation	6,55,000
Total Sanctioned Appropriation	76,03,000
Actual Expenditure	82,44,764
Excess	6,41,764
Misclassification	3,25,041
Excess requiring regularisation	9,66,805
Percentage of Excess	12.72

Charged Appropriation of Rs. 69.48 lakhs was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 6.55 lakhs was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate. The actual expenditure exceeded the provision by Rs. 6,41,764/- as more decretal payments materialised.

There was a misclassification of Rs. 3,25,041/-, on account of expenditure relating to Charged Appropriation having been wrongly booked as Voted. Thus taking into account the effect of misclassification the real excess requiring regularisation works out to Rs. 9,66,805/-.

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

	Rupees
Original Appropriation	10,98,00,000
Supplementary Appropriation	10,17,11,000
Total Sanctioned Appropriation	21,15,11,000
Actual Expenditure	21,36,13,493
Excess	21,02,493
Misclassification	-
Excess requiring regularisation	21,02,493
Percentage of Excess	0.99

Charged Appropriation of Rs. 1098.00 lakhs was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 1017.11 lakhs was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate and the actual expenditure exceeded the provision by Rs. 21,02,493/- as more decretal payments were made, which could not be anticipated earlier.

The excess requiring regularisation is Rs. 21,02,493/-, which is the same as disclosed in the Appropriation Accounts.

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

	Rupees
Original Appropriation	6,95,00,000
Supplementary Appropriation	96,84,000
Total Sanctioned Appropriation	7,91,84,000
Actual Expenditure	8,19,79,545
Excess	27,95,545
Misclassification	2,38,531
Excess requiring regularisation	30,34,076
Percentage of Excess	3.83

Charged Appropriation of Rs. 695.00 lakhs was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 96.84 lakhs was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate and the actual expenditure exceeded the provision by Rs. 27,95,545/- as more decretal payments materialised, than anticipated.

There was a misclassification of Rs. 2,38,531/- on account of expenditure relating to Charged Appropriation having been wrongly booked as Voted. Thus taking into account the effect of misclassification the real excess requiring regularisation works out to Rs. 30,34,076/-.

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

	Rupees
Original Appropriation	7,00,000
Supplementary Appropriation	-
Total Sanctioned Appropriation	7,00,000
Actual Expenditure	36,71,376
Excess	29,71,376
Misclassification	-
Excess requiring regularisation	29,71,376
Percentage of Excess	424.48

Charged Appropriation of Rs. 7.00 lakh was obtained at the Budget Estimate Stage which proved to be inadequate and the actual expenditure exceeded the provision as more decretal payments materialized, than anticipated.

The excess requiring regularization is Rs. 29,71,376/-, which is the same as disclosed in the Appropriation Accounts.

(b) Voted Grants

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

	Rupees
Original Grant	2011,40,18,000
Supplementary Grant	43,57,58,000
Total Sanctioned Grant	2054,97,76,000
Actual Expenditure	2078,37,78,612
Excess	23,40,02,612
Misclassification	(-) 1,07,08,045
Excess requiring regularisation	22,32,94,567
Percentage of Excess	1.09

A Grant of Rs. 2011.40 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs. 43.58 crore was obtained in March, 2008 mainly on account

of more expenditure on Miscellaneous Advance Revenue, Compensation Claims etc. The actual expenditure of Rs. 2078.38 crore was Rs. 23.40 crore more than the total sanctioned provision of Rs. 2054.98 crore. There was a net effect of Rs. (-) 1,07,08,045/- on account of misclassification of expenditure. The excess thus worked out to Rs. 22.33 crore.

The excess mainly occurred under the following Minor heads:—

(a) Workmen's and Other Compensation claims (300) (Rs. 6.60 crore), mainly due to incurrance of more expenditure towards workmen's compensation and liquidation of more claims of other compensation, than anticipated. (b) Catering (400) (Rs. 26.46 crore), mainly due to more expenditure towards staff cost and contractual payments to private caterers due to increased rate of materials and clearance of outstanding bills of IRCTC, than anticipated. (c) Other expenses (600) (Rs. 25.83 crore), more expenditure incurred mainly towards Rent, Taxes and Bills and other expenses towards cash awards, than anticipated. (d) Hospitality and Entertainment Expenses (700) (Rs. 0.10 crore), mainly due to incurrance of more expenditure towards hospitality and entertainment during the year, than anticipated. (e) Suspense (800) (Rs. 145.54 crore), mainly due to more booking for unallocated items under MAR (Others) and more expenditure relating to IRCTC & RRC dues, more clearance of old outstanding revenue liabilities and also due to unanticipated payments on account of Own Your Wagon Scheme during the year, than anticipated.

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

(a) Security (100) (Rs. 128.33 crore), mainly due to incurrance of less expenditure towards staff cost due to non filling up of vacancies, less adjustment of debits relating to RPSF and materialisation of less payment on account of GRP dues due to non/less receipt of bills, than anticipated. (b) Compensation Claims (200) (Rs. 27.56 crore), mainly due to incurrance of less expenditure towards staff costs, adjustment of less compensation debits and also materialisation of less number of compensation claims during the year, then anticipated. (c) cost of Training of Staff (500) (Rs. 25.24 crore), mainly towards staff cost due to less recruitment of RPF constables and decrease in training activities during the year, than anticipated.

The excess, therefore, requiring regularisation from Parliament works out to Rs. 22,32,94,567/- (*i.e.* 1.09% of the total sanctioned provision).

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

	Rupees
Original Grant	4572,54,00,000
Supplementary Grant	309,58,00,000
Total Sanctioned Grant	4882,12,00,000
Actual Expenditure	4902,92,86,212
Excess	20,80,86,212
Misclassification	-
Excess requiring regularisation	20,80,86,212
Percentage of Excess	0.43

A Grant of Rs. 4572.54 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs. 309.58 crore was obtained in March, 2008 for making higher payment of dividend to general revenues due to increase in rate of dividend from 6.5% to 7%, as per recommendations of the Railway Convention Committee (2004). However, this supplementary grant proved to be inadequate and the actual expenditure exceeded the sanctioned provision by Rs. 20.81 crore due to increase in rate of dividend.

The excess, therefore, requiring regularisation from Parliament works out to Rs. 20,80,86,212/- (*i.e.* 0.43% of the total sanctioned provision).

1.3 Savings over Rs. 100 crore.

Saving over Rs. 100 crore occurred under Grant Nos. 3, 4, 5, 6, 7, 9, 10, 13, 14 and four segments of Grant No. 16 — (*i.e.* Capital, Railway Funds, Railway Safety Fund and Special Railway Safety Fund), which are explained as under:—

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

	Rupees
Original Grant	2502,08,48,000
Supplementary Grant	-
Total Sanctioned Grant	2502,08,48,000
Actual Expenditure	2322,08,54,153
Saving	179,99,93,847
Misclassification	33,36,336
Total Saving	179,66,57,511
Percentage of Saving	7.18%

A Grant of Rs. 2502.09 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 2322.09 crore was Rs. 180.00 crore less than the sanctioned provision of Rs. 2502.09 crore. There was a net effect of Rs. 33,36,336/- on account of misclassification of expenditure. The saving thus worked out to Rs. 179.67 crore, which is 7.18% of the total sanctioned provision.

Saving occurred mainly under the following **Minor heads**:—

(a) General management including General Management Services (100) (Rs. 7.94 crore), mainly due to less expenditure towards staff costs, contingencies and less receipt of advertisement bills and legal bills, than anticipated. (b) Financial Management (200) (Rs. 58.06 crore), mainly towards staff cost, contingencies and also under computerisation due to materialisation of less computer indents, than anticipated. (c) Personnel Management (300) (Rs. 59.55 crore), incurrance of less expenditure towards various staff costs, than anticipated. (d) Material Management (400) (Rs. 28.37 crore), less expenditure towards contingencies and staff cost due to non filling up of vacancies. (e) Rolling Stock Management (600) (Rs. 8.48 crore), less expenditure towards staff cost and office establishment, than anticipated, (f) Electrical Management (700) (Rs. 0.48 crore), less expenditure towards Salary & Wages and D.A. and office contingencies etc., than anticipated. (g) Signal and Telecommunication Management (800) (Rs. 06.21 crore), less expenditure towards

staff cost, than anticipated, (h) Traffic Management (900) (Rs. 11.99 crore), less expenditure towards staff cost due to non filling up of vacancies.

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

(a) Way & Works Management (500) (Rs. 1.08 crore), more expenditure towards staff cost and office contingencies, than anticipated.

(ii) Grant No. 4:—Working Expenses— Repairs and Maintenance of Permanent-Way and Works

	Rupees
Original Grant	4494,18,11,000
Supplementary Grant	—
Total Sanctioned Grant	4494,18,11,000
Actual Expenditure	4196,92,72,077
Saving	297,25,38,923
Misclassification	2,03,23,117
Total Saving	295,22,15,806
Percentage of Excess	6.57%

A Grant of Rs. 4494.18 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 4196.93 crore was Rs. 297.25 crore less than the sanctioned provision of Rs. 4494.18 crore. There was a net effect of Rs. 2,03,23,117/- on account of misclassification of expenditure. The saving thus worked out to Rs. 295.22 crore, which is 6.57% of the total sanctioned provision.

Saving occurred mainly under the following Minor heads:—

(a) Establishment in Offices (100) (Rs. 19.90 crore), due to less expenditure towards staff cost, than anticipated. (b) Maintenance of Permanent Way (200) (Rs. 192.91 crore), mainly due to less drawal of stores from stock, less staff cost, less direct purchases and less contractual obligations, than anticipated. (c) Maintenance of Bridge Work and Tunnels including Road Over/Under Bridges (300) (Rs. 20.53 crore) mainly due to less expenditure under staff cost and materialisation of less contractual payments, than anticipated. (d) Water Supply, Sanitation and Roads (Other than Colonies, Staff Quarters and Welfare Buildings) (500) (Rs. 29.13 crore), less expenditure towards establishment charges, less staff cost and less contractual payments, than anticipated. (e) Other Repairs and Maintenance (600) (Rs. 8.26 crore) mainly due to less expenditure towards staff cost and contractual payments, than anticipated. (f) Special Repairs pertaining to Breaches, Accidents etc. including Special Revenue Works (700) (Rs. 27.31 crore), less procurement of stock and non-stock material less direct purchases and less materialisation of contractual obligations, than anticipated.

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

(a) Maintenance of Service Buildings (Other than staff quarters and Welfare Buildings) (400) (Rs. 0.79 crore), mainly due to more staff cost, more drawal of stores from stock and materialisation of more contractual payments, than anticipated.

(iii) Grant No. 5:—Working Expenses—Repairs and Maintenance of Motive Powers

	Rupees.
Original Grant	2414,84,67,000
Supplementary Grant	—
Total Sanctioned Grant	2414,84,67,000
Actual Expenditure	2148,70,74,710
Saving	266,13,92,290
Misclassification	26,82,78,114
Total Saving	239,31,14,176
Percentage of Saving	9.91%

A Grant of Rs. 2414.85 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 2148.71 crore was Rs. 266.14 crore less than the sanctioned provision. There was a net effect of Rs. 26,82,78,114/- on account of misclassification of expenditure. The saving thus worked out to Rs. 239.31 crore, which is 9.91% of the total sanctioned provision.

Saving occurred mainly under the following **Minor heads**:—

(a) Establishment in Office (100) (Rs. 19.58 crore), mainly due to less expenditure towards staff cost and also under contingencies, than anticipated. (b) Steam Locomotives (200) (Rs. 0.65 crore), due to less adjustment towards wages and material on POH, than anticipated. (c) Diesel Locomotives (300) (Rs. 131.51 crore), mainly due to less drawal of stores from stock, less direct purchases, less contractual payments and adjustment of less debits. (d) electric Locomotives (500) (Rs. 106.50 crore), mainly due to less drawal of stores from stock, less direct purchases and also due to materialisation of less contractual payments, than anticipated, (e) Rail Cars, Ferry Steamers and Other Maintenance Expenses (600) (Rs. 7.90 crore), mainly due to realization of more credits and incurrance of less other miscellaneous expenses, than anticipated.

(iv) Grant No. 6:—Working Expenses—Repairs and Maintenance of Carriages and Wagons

	Rupees
Original Grant	4904,24,26,000
Supplementary Grant	—

Total Sanctioned Grant	4904,24,26,000
Actual Expenditure	4562,29,65,306
Saving	341,94,60,694
Misclassification	(-)67,61,019
Total Saving	342,62,21,713
Percentage of Saving	6.99%

A Grant of Rs. 4904.24 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 4562.30 crore was Rs. 341.95 crore less than the sanctioned provision. There was a net effect of Rs. (-)67,61,019/- on account of misclassification of expenditure. The saving thus worked out to Rs. 342.62 crore, which is 6.99% of the total sanctioned provision.

Saving occurred mainly under the following **Minor heads**:—

(a) Establishment in Offices (100) (Rs. 38.49 crore), mainly due to incurrence of less expenditure under salary & wages and D.A., than anticipated. (b) Carriages (200) (Rs. 39.75 crore), mainly due to less drawal of stores from stock, less direct purchases and adjustment of less debits, than anticipated. (c) Wagons (300) (Rs. 80.92 crore), mainly due to less direct purchases, less staff costs, less adjustment of debits and less consumption of stock and non-stock materials due to decrease in activities. (d) Electric Multiple Unit Coaches (400) (Rs. 47.35 crore), mainly on account of less expenditure towards staff cost, less contractual obligations and less direct purchases, than anticipated. (e) Electrical General Services—Train lighting, Fans and Air-conditioning (500) (Rs. 27.18 crore), mainly due to less drawal of stores from stock, less procurement of stores due to decrease in activities, less direct purchases, adjustment of less debits and materialization of less contractual obligations, than anticipated. (f) Miscellaneous Repairs and Maintenance Expenses (600) (Rs. 83.26 crore), mainly due to realization of more credits through Stock Adjustment Account and less adjustment of overcharges, than anticipated. (g) DMU Coaches (700) (Rs. 25.00 crore), mainly due to less drawal of stores from stock, less direct purchases, less contractual payments and adjustment of less wages and materials on POH, than anticipated.

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

	Rupees
Original Grant	2516,71,07,000
Supplementary Grant	—
Total Sanctioned Grant	2516,71,07,000
Actual Expenditure	2341,97,78,685
Saving	174,73,28,315
Misclassification	3,11,19,358
Total Saving	171,62,08,957
Percentage of Saving	6.82%

A Grant of Rs. 2516.71 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 2341.98 crore was Rs. 174.73 crore less than the sanctioned provision. There was a net effect of Rs. 3,11,19,358/- on account of misclassification of expenditure. The saving thus worked out to Rs. 171.62 crore, which is 6.82% of the total sanctioned provision.

Saving occurred mainly under the following **Minor heads**:—

(a) Establishment in Offices (100) (Rs. 0.63 crore), mainly due to incurrence of less expenditure under salary and wages and D.A., than anticipated. (b) Plant and Equipment—Way and Works (200) (Rs. 15.27 crore), mainly due to less drawal of stores from stock, less direct purchases and materialization of less contractual payments. (c) Plant & Equipment—Mechanical (300) (Rs. 22.75 crore), mainly due to less direct purchases, less staff costs, less adjustment of debits and less consumption of stock and non-stock materials due to decrease in activities. (d) Plant & Equipment—Electrical (400) (Rs. 40.26 crore), mainly on account of less expenditure towards staff cost, less contractual obligations and less direct purchases, than anticipated. (e) Plant & Equipment—Signalling (500) (Rs. 27.34 crore), mainly due to less drawal of stores from stock, less procurement of stores due to decrease in activities less direct purchases, adjustment of less debits and less materialisation of contractual obligations, than anticipated. (f) Plant & Equipment—Telecommunication (600) (Rs. 35.64 crore), mainly towards staff cost, less drawal of materials from stock, less materialisation of contractual obligations and less direct purchases etc. (g) Rental to P&T for Signalling and Telecommunication circuits (700) (Rs. 16.70 crore), mainly on account of non/less settlement of bills and incurrence of less miscellaneous expenses, than anticipated. (h) Other Plant & Equipment—General and Traffic Departments (800) (Rs. 16.14 crore), mainly due to less drawal of stores from stock, less direct purchases, incurrence of less establishment charges and less miscellaneous expenses, than anticipated.

(vi) Grant No. 9—Working expenses—Operating Expenses—Traffic

	Rupees
Original Grant	6962,20,00,000
Supplementary Grant	—
Total Sanctioned Grant	6962,20,00,000
Actual Expenditure	6696,31,13,875
Saving	265,88,86,125
Misclassification	(-)10,56,815
Total Saving	265,99,42,940
Percentage of Saving	3.82

A Grant of Rs. 6962.20 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 6696.31 crore was Rs. 265.89 crore less than the sanctioned provision of Rs. 6962.20 crore. There was a net effect of Rs. (-)10,56,815/- on account of

misclassification of expenditure. The saving thus worked out to Rs. 265.99 crore, which is 3.82% of the total sanctioned provision.

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

(a) Station Operations (200) (Rs. 138.26 crore), mainly towards staff cost due to non filling up of vacancies, less expenditure under Printing & Stationery charges, less drawal of stores from stock, less payment under contractual obligations and less direct purchases, than anticipated. (b) Yard Operations (300) (Rs. 13.81 crore), due to less expenditure towards staff cost for non filling up of vacancies. (c) Transshipment and Repacking Operations (400) (Rs. 0.86 crore), mainly under staff cost and less contractual obligations, than anticipated. (d) Safety (600) (Rs. 7.19 crore), mainly due to less expenditure towards publicity, training courses, miscellaneous expenses, direct purchases and less materialisation of contractual obligations. (e) Other Miscellaneous Expenses (700) (Rs. 123.47 crore), mainly due to incurrence of less expenditure towards Port trusts and other miscellaneous charges and less adjustment for payment of leasing charges other than IRFC etc., than anticipated.

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

(a) Establishment in Offices (100) (Rs. 14.27 crore), mainly due to more expenditure towards staff cost and contingencies, than anticipated (b) Trains Operations (500) (Rs. 3.43 crore), more expenditure incurred towards staff cost.

(vii) Grant No. 10—Working Expenses—Operating Expenses—Fuel

	Rupees
Original Grant	1,22,89,21,37,000
Supplementary Grant	1,0,59,75,000
Total Sanctioned Grant	1,22,99,81,12,000
Actual Expenditure	1,21,97,61,74,130
Saving	1,02,19,37,870
Misclassification	(-) 2,48,944
Total Saving	1,02,21,86,814
Percentage of Saving	0.83

A Grant of Rs. 12289.21 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs. 10.60 crore was obtained in March, 2008. The actual expenditure of Rs. 12197.62 crore was Rs. 102.19 crore less than the sanctioned provision of Rs. 12299.81 crore. There was a net effect of Rs. (—) 2,48,944 on account of misclassification of expenditure. The saving thus worked out to Rs. 102.22 crore, which is 0.83% of the total sanctioned provision.

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

- (a) Steam Traction (100) (Rs. 0.91 crore), mainly due to less expenditure towards coal, cost of materials from stock and contractual payments, than anticipated.
 (b) Diesel Traction (200) (Rs. 37.42 crore), due to decrease in average rate of HSD oil, less consumption of HSD oil for less activity of diesel locos and adjustment of less debits and also less expenditure towards freight and handling charges, than anticipated.
 (c) Electric Traction (300) (Rs. 63.86 crore), mainly towards cost of electric energy used for traction services and less adjustment of debits, than anticipated.

(viii) Grant No. 13 :—Working Expenses—Provident Fund, Pension and Other Retirement Benefits

	Rupees
Original Grant	8,22,8,66,60,000
Supplementary Grant	—
Total Sanctioned Grant	8,22,8,66,60,000
Actual Expenditure	8,06,7,09,75,083
Saving	161,56,84,917
Misclassification	29,28,349
Total Saving	161,27,56,468
Percentage of Saving	1.96

A Grant of Rs. 8228.67 crore was obtained at the Budget Estimate stage. The actual expenditure of Rs. 8067.10 crore was Rs. 161.57 crore less than the sanctioned provision of Rs. 8228.67 crore. There was a net effect of Rs. 29,28,349 on account of misclassification of expenditure. The saving thus worked out to Rs. 161.28 crore, which is 1.96% of the total sanctioned provision.

Saving occurred mainly under the following **Minor heads**:

- (a) Commuted Pension (200) (Rs. 157.05 crore) due to receipt and finalisation of less number of retirement cases. (b) Death-cum-Retirement Gratuity (500) (Rs. 45.17 crore), due to less finalisation of Death-cum-Retirement Gratuity cases, than anticipated. (c) Other Allowances, Other Pensions and Other Expenses (600) (Rs. 14.88 crore), due to receipt of less number of cases of ex-gratia payment to families of CPF retirees, than anticipated. (d) Leave Encashment Benefits (700) (Rs. 18.79 crore), due to less expenditure towards leave encashment for pension optees for less settlement of cases, than anticipated.

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

- (a) Superannuation and Retiring Pension (100) (Rs. 25.75 crore), due to receipt of more debits from various pension disbursing authorities and more expenditure in view of finalisation of more number of Pension cases during the year, (b) Ex-gratia Pension (300) (Rs. 2.68 crore), due to more payment towards ex-gratia pension cases, than anticipated, (c) Family Pension (400) (Rs. 0.17 crore), due to receipt of more debits towards family pension from various pension disbursing authorities, than anticipated, (d) Gratuities Special Contribution to Provident Fund and contribution to Provident Fund (800) (Rs. 45.72 crore), due to more expenditure towards other gratuities and more Government contribution for newly defined pension scheme, than anticipated.

(ix) Grant No. 14 :—Working Expenses—Appropriation to Funds

	Rupees
Original Grant	25637,92,46,000
Supplementary Grant	1606,15,54,000
Total Sanctioned Grant	27244,08,00,000
Actual (Expenditure Appropriation)	26870,08,87,916
Saving	373,99,12,084
Misclassification	—
Total Saving	373,99,12,084
Percentage of Saving	1.37

This Grant deals with appropriation to all Reserve Funds. A Grant of Rs. 25,637.92 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs. 16,06.16 crore was obtained in March, 2008. The actual (expenditure) appropriation of Rs. 26870.09 crore was Rs. 373.99 crore less than the sanctioned provision of Rs. 27,244.08 crore. The saving thus worked out to Rs. 373.99 crore, which is 1.37% of the total sanctioned provision.

Saving occurred mainly under the following **funds**:—

(a) Appropriation to Depreciation Reserve Fund (Rs. 46.45 crore), mainly due to exclusion of interest element from Appropriation in the Final Grant and the actuals, resulting in net saving with reference to the original grant in the Appropriation made, (b) Appropriation to Pension Fund (Rs. 703.02 crore) mainly due to decreased pension requirements than projected in the budget estimate and also excluding the element of interest which in the budget estimate was included in the Appropriation, (c) Appropriation to Special Railway Safety Fund (Rs. 52.52 crore). An appropriation from Railway revenue as proposed at budget estimate stage to the fund was not made in the Final Allotment/Actuals as the fund was to be expired in 2007-08, hence saving, (d) Appropriation to Railway Development Fund (Rs. 287.75 crore), Interest element as shown in the budget estimate stage got excluded at Final Allotment stage from the total appropriation as per accounting changes, hence saving.

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

(e) Appropriation to Capital Fund (Rs. 715.75 crore), Capital Fund being the end fund, the entire internal resource left after making the appropriation to various funds in put into this fund. The net excess occurred as higher resultant internal resource became available to be put into this fund.

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

	Rupees
Original Grant	27121,68,77,000*
Supplementary Grant	1235,00,20,000
Total Sanctioned Grant	28356,68,97,000*
Actual Expenditure	27567,22,54,464*
Saving	789,46,42,536
Misclassification	(-) 12,83,88,955
Total Saving	802,30,31,491
Percentage of Saving	2.83

* (The Budget Allotment and Actual Expenditure includes Rs. 1165 crore which were transferred to Special Railway Safety Fund)

A Grant of Rs. 27121.69 crore was obtained at the Budget Estimate stage out of which Rs. 1165 crore was obtained as a budgetary support from Ministry of Finance for Special Railway Safety Fund. A Supplementary Grant of Rs. 1235.00 crore was obtained during 2007-08, which is for funding the national projects of Udampur-Srinagar-Baramullah New line Project, Kumarghat-Agartala New Line and Lumding-Silchar-Jiribam Gauge Conversion project during the year. The actual expenditure of Rs. 27567.23 crore was Rs. 789.46 crore less than the sanctioned provision of Rs. 28356.69 crore. There was a net effect of Rs. (-)12,83,88,955 on account of misclassification of expenditure between Grant No. 16—Capital and Revenue Grants/ Works Grant. The net saving under Capital thus worked out to Rs. 802.30 crore, which is 2.83% of the total sanctioned provision.

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

(a) New lines Construction (1100) (Rs. 15.65 crore), (b) Traffic Facilities - Yard Remodelling and Others (1600) (Rs. 0.81 crore), (c) Computerisation (1700)(Rs. 65.68 crore), (d) Rolling Stock (2100) (Rs. 19.14 crore), (e) Signalling & Telecommunication Works (3300) (Rs. 36.03 crore), (f) Other Electrical Works (3600) (Rs. 38.67 crore), (g) Machinery & Plant (4100) (Rs. 1.35 crore), (h) Workshops including Production Units (4200) (Rs. 47.35 crore), (i) Amenities for Staff (5200) (Rs. 4.48 crore), (j) Stores Suspense (7100) (Rs. 776.98 crore), (k) Metropolitan Transport Projects (8100) (Rs. 321.38 crore), and (l) Dividend free projects (8300) (Rs. 3.61 crore).

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

(a) Restoration of Dismantled Lines (1300) (Rs. 5.69 crore), (b) Gauge Conversion (1400) (Rs. 56.53 crore), (c) Doubling (1500) (Rs.4.19 crore), (d) Electrification Projects (3500) (Rs. 161.06 crore), (e) Staff Quarters (5100) (Rs.26.05 crore), (f) Investment in

Government Commercial Undertakings—Public Undertakings (6200) (Rs. 121.97 crore), (g) Other Specified Works (6400) (Rs. 2.38 crore), (h) Manufacture Suspense (7200) (Rs. 156.37 crore), and (i) Miscellaneous Advance (7300) (Rs. 8.43 crore).

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

	Rupees
Original Grant	18137,35,00,000
Supplementary Grant	40,000
Total Sanctioned Grant	18137,35,40,000
Actual Expenditure	16503,00,14,807
Saving	1634,35,25,193
Misclassification	(-) 44,98,04,000
Total Saving	1679,33,29,193
Percentage of Saving	9.26

A Grant of Rs. 18137.35 crore was obtained at the Budget Estimate stage. A Supplementary Grant of Rs. 0.40 lakh was obtained during 2007-08 for taking up certain 'Out of turn' works which are regarded as 'New Services/New Instruments of Service'. The actual expenditure of Rs. 16503.00 crore was Rs. 1634.35 crore less than the sanctioned provision of Rs. 18137.35 crore. There was a net effect of Rs. (-) 44,98,04,000 on account of misclassification of expenditure between Grant No. 16—Railway Funds and Revenue Grants/Works Grant. The net saving under Railway Funds thus worked out to Rs. 1679.33 crore, which is 9.26% of the total sanctioned provision.

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

(a) Doubling (1500) (Rs. 323.06 crore), (b) Computerisation (1700) (Rs. 138.32 crore), (c) Railway Research (1800) (Rs. 40.20 crore), (d) Rolling Stock (2100) (Rs. 196.22 crore), (e) Signalling & Telecommunication Works (3300) (Rs. 221.10 crore), (f) Machinery and Plant (4100) (Rs. 82.50 crore), (g) Workshops including Production Units (4200) (Rs. 100.71 crore), (h) Staff Quarters (5100) (Rs. 15.98 crore), (i) Amenities for staff (5200) (Rs. 19.22 crore), (g) Investment in Govt. Commercial Undertakings (6200) (Rs. 1230.23 crore, and (h) Other Specified Works (6400) (Rs. 9.80 crore).

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

(a) Gauge Conversion (1400) (Rs. 336.10 crore), (b) Traffic Facilities—Yard Remodelling and Others (1600) (Rs. 29.65 crore), (c) Track Renewals (3100) (Rs. 80.62 crore), (d) Bridge Works (3200) (Rs. 65.82 crore), (e) Electrification Projects (3500)

(Rs. 3.66 crore), (f) Other Electrical Works (3600) (Rs. 51.77 crore), (g) Passenger Amenities and other railway users Amenities (5300) (Rs. 175.37 crore).

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

	Rupees
Original Grant	1050,62,00,000
Supplementary Grant	10,000
Total Sanctioned Grant	1050,62,10,000
Actual Expenditure	533,18,03,659
Saving	517,44,06,341
Misclassification	(-) 42,88,164
Total Saving	517,86,94,505
Percentage of Saving	49.29

A Grant of Rs. 1050.62 crore was obtained at the Budget Estimate stage. A Supplementary Grant of Rs. 10 thousand was obtained for certain 'Out of turn' works which are regarded as "New Services/New Instruments of Service". The actual expenditure of Rs. 533.18 crore was Rs. 517.44 crore less than the sanctioned provision of Rs. 1050.62 crore. There was a net effect of Rs. (-) 42,88,164/- on account of misclassification of expenditure between Grant No. 16—RSF and Capital Fund. The net saving under Railway Safety Fund thus worked out to Rs. 517.87 crore, which is 49.29% of the total sanctioned provision.

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

(a) Road Safety Works—Conversion of Unmanned Level Crossings into Manned Level Crossings (2900) (Rs. 314.15 crore), mainly due to slow progress under some of the works, materialisation of less contractual payments and non/less finalisation of tenders/proposals over various zonal Railways, than anticipated. (b) Road Safety Works—Conversion of Level Crossings into Road Over Bridges/Road Under Bridges (3000) (Rs. 203.29 crore), due to non-sanction of plans and estimates of some ROBs, non-approval of general arrangement & drawings (GADs) and slow progress of some works over various Zonal Railways and also due to materialisation of less contractual payments and adjustment of less debits, than anticipated.

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

	Rupees
Original Grant	1930,50,00,000*
Supplementary Grant	—
Total Sanctioned Grant	1930,50,00,000*
Actual Expenditure	1539,78,39,669*
Saving	390,71,60,331
Misclassification	(-) 6,65,83,211
Total Saving	397,37,43,542
Percentage of Saving	20.58

*(The Sanctioned Budget and Actual Expenditure includes Rs. 1165 crore which has been transferred from Capital to Special Railway Safety Fund).

A Grant of Rs. 1930.50 crore (includes Rs. 1165.00 crore transferred from Capital) was obtained at the Budget Estimate stage. The actual expenditure of Rs. 1539.78 crore (includes Rs. 1165.00 crore transferred from Capital) was Rs. 390.72 crore less than the total sanctioned provision of Rs. 1930.50 crore. There was a net effect of Rs. (-) 6,65,83,211 on account of misclassification of expenditure between Grant No. 16—SRSF and Revenue Grants/Works Grant. The total saving under Special Railways Safety Fund thus worked out to Rs. 397.37 crore, which is 20.58% of the total sanctioned provision.

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

(a) Rolling Stock (2100) (Rs. 190.87 crore), (b) Bridge Works (3200) (Rs. 193.68 crore), (c) Signalling and Telecommunication Works (3300) (Rs. 3.44 crore), (d) Machinery and Plant (4100) (Rs. 17.20 crore), and (f) Other Specified Works (6400) (Rs. 23.57 crore).

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

(a) Track Renewals (3100) (Rs. 38.02 crore), and (b) Other Electrical Works (3600) (Rs. 0.02 crore).

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

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

4. This has been seen by the Audit.

Sd/-

(M.S. Khan)
Addl. Member (Budget),
Railway Board.

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

ANNEXURE-IX

The details of misclassification of expenditure by the Ministry of Railways under their excess registering Grants/Appropriation during the financial years 1998-99 to 2007-08

[Refers to paragraph 45 of this Report]

(in Unit of Rs.)

Sl. No.	Year	No.&Name of Grant/ Appropriation	Amount of Excess Expenditure	Amount of Mis-classification	Amount of Excess requiring regularization
1	2	3	4	5	6
1.	1998-99	5- Working Expenses-Repairs and Maintenance of Motive Power (Revenue Voted)	8,90,27,027	(-) 51,14,859	8,39,12,168
		6-Working Expenses-Repairs and Maintenance of Carriages and Wagons (Revenue Voted)	21,49,24,450	2,41,84,107	23,91,08,557
		8-Working Expenses-Rolling Stock and Equipment (Revenue Voted)	31,58,645	68,68,520	1,00,27,165
		11- Working Expenses-Staff Welfare and Amenities (Revenue Charged)	13,08,509	4,74,686	17,83,195
		16-Assets-Acquisition, Construction and Replacement other Expenditure Capital (Charged Section)	6,81,327	1,57,262	8,38,589
2.	1999-2000	2-Miscellaneous Expenditure-General (Revenue Voted)	94,04,852	7,26,564	1,01,31,416
		6-Working Expenses-Repairs and Maintenance of Carriages and Wagons (Revenue Voted)	2,10,98,783	(-) 1,69,57,089	41,41,694
		10-Operating Expenses-Fuel (Revenue Voted)	54,68,76,568	18,00,151	54,86,76,719
3.	2000-01	16-Assets-Acquisition, Construction and Replacement Capital (Charged Section)	10,17,138	310,410	13,27,548
4.	2001-02	3- Working Expenses-General Superintendence and Services (Revenue Charged)	4,10,031	2,45,448	6,55,479
		4-Working Expenses-Repairs and Maintenance of Permanent Way & Works (Revenue Charged)	13,09,800	(-) 6,01,951	7,07,849
		8-Operating Expenses-Rolling Stock & Equipment (Revenue Charged)	(-)79,674	1,68,755	89,081
		9-Working Expenses-Operating Expenses-Traffic (Revenue Charged)	19,96,760	70,555	20,67,315
		16-Assets-Acquisition, Construction & Replacement-Capital (Charged Section)	16,61,592	17,23,223	33,84,815

1	2	3	4	5	6
5.	2002-03	9-Working Expenses-Operating Expenses-Traffic (Revenue Charged)	14,80,779	20,048	15,00,827
		16-Assets-Acquisition, Construction and Replacement-Capital (Charged Section)	2,85,42,193	54,07,440	339,49,633
		16-Assets-Acquisition, Construction and Replacement-Special Railway Safety Fund (Capital Voted)	91,51,07,948	(-)1,54,46,306	89,96,61,642
6.	2003-04	3-Working Expenses-General Superintendence and Services (Revenue Charged)	14,24,035	4,11,715	18,35,750
		11-Working Expenses-Staff Welfare and Amenities (Revenue Charged)	12,17,518	5,56,933	17,74,451
		16-Assets-Acquisition, Construction and Replacement-Special Railway Safety Fund (Capital Voted)	128,61,36,856	3,92,42,866	132,53,79,722
		16-Assets-Acquisition, Construction and Replacement-Capital (Capital Voted)	283,10,69,383	(-)43,65,04,707	239,45,64,676
		16-Assets-Acquisition, Construction and Replacement-Capital (Capital Charged)	163,45,841	126,96,531	290,42,372
7.	2004-05	3-Working Expenses-General Superintendence & Services (Revenue Voted)	9,64,39,447	(-)3,64,32,274	6,00,07,173
		4-Working Expenses-Repairs & Maintenance of Permanent Way and Works (Revenue Voted)	23,65,20,623	(-) 1,01,50,460	22,63,70,163
		5-Working Expenses-Repairs & Maintenance of Motive Powers (Revenue Voted)	35,39,32,816	(-)21,65,87,573	13,73,45,243
		6-Working Expenses-Repairs & Maintenance of Carriages and Wagons (Revenue Voted)	55,96,61,544	(-)2,03,38,685	53,93,22,859
		9-Working Expenses-Operating Expenses-Traffic (Revenue Voted)	46,64,71,007	1,49,80,306	48,14,51,313
		10-Working Expenses-Operating Expenses-Fuel (Revenue Voted)	60,33,30,886	(-)12,46,248	60,20,84,638
		11-Working Expenses-Staff Welfare & Amenities (Revenue Voted)	3,82,76,567	3,44,38,385	7,27,14,952
		16-Assets-Acquisition, Construction and Replacement-Capital (Capital Voted)	1389,09,00,134	69,88,03,025	1458,97,03,159
		16-Assets-Acquisition, Construction and Replacement-Capital (Capital Charged)	31,81,125	1,02,97,203	1,34,78,328
8.	2005-06	4-Working Expenses-Repairs & Maintenance of Permanent Way & Works (Revenue Voted)	10,16,36,633	(-)4,34,691	10,12,01,942
		6-Working Expenses-Repairs & Maintenance of Carriages & Wagons (Revenue Voted)	27,00,62,503	73,52,475	27,74,14,978
		10-Working Expenses Operating Expenses-Fuel (Revenue Voted)	95,37,69,503	(-)23,39,824	95,14,29,679

1	2	3	4	5	6
		16-Assets-Acquisition, Construction and Replacement-Capital (Capital Voted)	21,58,51,64, 145	25,65,57,375	21,84,17,21,520
		6-Working Expenses-Repairs & Maintenance of Carriages & Wagons (Revenue Charged)		4,518	10,46,644
		13-Working Expenses-Provident Fund Pension and Other Retirement Benefits (Revenue Charged)	3,06,970	12,00,640	15,07,610
9.	2006-07	10-Working Expenses-Operating Expenses-Fuel (Revenue Voted)	23,38,74,182	9,22,160	23,47,96,342
		16-Assets-Acquisition, Construction and Replacement-Railway Funds (Revenue Voted)	3,25,29,51,095	(-)2,03,96,62,087	1,21,32,89,008
		12-Working Expenses-Miscellaneous Working Expenses (Revenue Charged)	3,14,50,588	5,09,169	3,19,59,757
		16-Assets-Acquisition, Construction and Replacement-Capital (Charged Section)	2,75,50,990	5,63,92,016	8,39,43,006
		16-Assets-Acquisition, Construction and Replacement-Railway Funds (Capital Charged)	5,41,52,933	6,00,841	5,47,53,774
10.	2007-08 (year under review)	12-Miscellaneous Working Expenses (Revenue Voted)	23,40,02,612	(-)1,07,08,045	22,32,94,567
		13-Working Expenses-Provident Fund, Pension and other Retirement Benefits (Charged Appropriation)	6,41,764	3,25,041	9,66,805
		16-Assets-Acquisition, Construction and Replacement-Railway Fund (Charged Appropriation)	27,95,545	2,38,531	30,34,076

APPENDIX I

MINUTES OF THE SIXTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2009-10) HELD ON 16TH DECEMBER, 2009

The Committee sat on 16th December, 2009 from 1500 hrs. to 1530 hrs. in Room No. '51' (Chairman's Chamber), First Floor, Parliament House, New Delhi.

PRESENT

Shri Jaswant Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Khagen Das
3. Shri Naveen Jindal
4. Shri Satpal Maharaj
5. Dr. K. Sambasiva Rao
6. Kunwar Rewati Raman Singh
7. Shri K. Sudhakaran
8. Shri Aruna Kumar Vundavalli

Rajya Sabha

9. Shri Prasanta Chatterjee
10. Shri Sharad Anantrao Joshi
11. Shri Ashwani Kumar
12. Dr. K. Malaisamy
13. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Ashok Sarin — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Director*

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

1. Shri P.K. Kataria - Pr. Director of Audit, Report Central (RC)
2. Ms. Divya Malhotra - Pr. Director of Audit, (Railway Board Audit)
2. At the outset, the Chairman, PAC welcomed the Members and Audit Officers to

the sitting of the Committee. Thereafter, the Committee took up the Draft Report on "Excesses Over Voted Grants and Charged Appropriations (2007-08)" for consideration and adoption.

3. After some deliberations, the Committee adopted the Draft Report and authorized the Chairman, to finalise the Report in the light of the discussions and consequential changes arising out of the factual verification by Audit or otherwise and present the same to Parliament on a date convenient to him.

The Committee then adjourned.

APPENDIX II

STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/Department	Observations/Recommendations
1.	47	Finance (Deptt. of Expenditure)/Home Affairs/Labour and Employment/Urban Development/Defence / Communications & IT(Deptt. of Posts)/ Railways	The Committee's examination of the four Appropriation Accounts of the Union Government relating to the Civil, Defence, Postal Services and Railways for the financial year 2007-08 has revealed that an excess expenditure of Rs. 223.58 crore was incurred under 16 cases of 14 excess registering Grants/Appropriations as compared to Rs. 37669.53 crore in 18 cases under 13 Grants/Appropriations in the 2006-07 fiscal. The defaulting Ministries/Departments during the financial year under review are the Ministry of Finance (Grant No. 39—Pensions), the Ministry of Labour & Employment (Grant No. 59—Ministry of Labour & Employment), the Ministry of Home Affairs (Grant No. 95—Chandigarh), the Ministry of Urban Development (Grant No. 99—Department of Urban Development), the Ministry of Defence (Grant No. 22—Defence Services—Army), the Ministry of Communications & Information Technology (Grant No. 13—Department of Posts) and the Ministry of Railways (Grants No. 12—Miscellaneous Working Expenses, Grant No. 15—Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over—Capitalisation. Appropriation No. 5—Working Expenses—Repairs & Maintenance of Motive Power, Appropriation No. 6—Working Expenses—Repairs & Maintenance of Carriages & Wagons, Appropriation No. 8—Working Expenses—Operating Expenses —Rolling Stock & Equipment, Appropriation No. 10—Working Expense — Operating Expenses—Fuel, Operating Expenses Appropriation No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits, Appropriation

Sl. No.	Para Ministry/Department	Observations/Recommendations
2. 48	Finance (Deptt. of Expenditure)/Home Affairs/Labour and Employment/Urban Development/Defence/Communications & IT (Deptt. of Posts)/Railways	<p data-bbox="730 479 1254 1081">No.16—Assets—Acquisition, Construction and Replacement—Capital, Appropriation No. 16—Assets—Acquisition, Construction and Replacement— Railway Funds and Appropriation No. 16—Assets—Acquisition, Construction and Replacement — Railway Safety Fund). The Committee while acknowledging an improved performance of the Government in containing the quantum of excess expenditure during the financial year under review as compared to that of the last one still express their concern over the continuing cases of excess expenditure by various Ministries/ Departments. The Committee, therefore, desire that the Government should remain more vigilant in their budgeting exercise and monitor the expenditure flow/pattern with utmost care and alacrity so that instances and quantum of excess expenditure are pruned down to the barest minimum in the coming years.</p> <p data-bbox="730 1099 1254 1850">Out of the total excess expenditure of Rs. 223.58 crore incurred during the financial year 2007-08, the bulk of the excess expenditure was on the Civil Sector with an excess disbursement of Rs. 100.14 crore incurred in four segments of as many Grants/Appropriations viz. Rs. 98.24 crore under Grant No. 39—Pensions (Ministry of Finance), Rs. 1.80 crore under Grant No. 59—Ministry of Labour, Rs. 4.77 lakh under Grant No. 95—Chandigarh (Ministry of Home Affairs) and Rs. 5.51 lakh under Grant No. 99—Department of Urban Development. Of the remaining excess amount, Rs. 71.19 crore was recorded in one segment of a Grant operated by the Ministry of Defence, Rs. 2.76 lakh in one segment of a Grant operated by the Ministry of Communications & Information Technology (Department of Posts) and Rs. 52.23 crore in 10 segments of 8 Grants/Appropriations operated by the Ministry of Railways. The Committee's scrutiny has revealed that three cases of misclassification of expenditure were registered in the Grants/Appropriations operated by the Ministry of Railways viz. Rs. (+) 3,25,041 under Appropriation</p>

Sl. No.	Para Ministry/Department	Observations/Recommendations
3. 49	Finance (Deptt. of Expenditure)/Home Affairs/Labour and Employment/Urban Development/Defence/Communications & IT (Deptt. of Posts)/Railways	<p data-bbox="730 479 1254 1055">No. 13—Working Expenses—Provident Funds, Pension and Retirement Benefits; Rs. (+) 2,38,531 under Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Railway Funds; and Rs. (-) 1,07,08,045 under Grant No. 12—Miscellaneous Working Expenses. Taking into account the effect of these three cases of misclassification, the actual excess expenditure relating to the Ministry of Railways worked out to Rs. 51,21,89,383 instead of Rs. 52,23,24,856 as indicated in the Indian Railways Appropriation Accounts (2007-08). Accordingly, the amount of actual excess expenditure incurred during the financial year 2007-08 which requires regularization by the Parliament under <i>Article</i> 115(1) (b) of the Constitution is of the order of Rs. 222.54 crore incurred in 16 cases of 14 excess registering Grants/Appropriations.</p> <p data-bbox="730 1070 1254 1848">The Committee find that there are huge variations in the Grant/Appropriation-wise quantum of excess expenditure incurred in 16 cases during the financial year 2007-08 with the bulk of the excess expenditure registering in three Grants—(i) Grant No. 39 (Revenue Voted)—Pensions; (ii) Grant No. 59 (Capital Voted)—Ministry of Labour and Employment; and (iii) Grant No. 22 (Revenue Voted)—Defence Services—Army which combinedly accounted for Rs. 172.35 crore <i>i.e.</i> more than seventy-seven percent of the total excess expenditure of Rs. 222.57 crore. The Committee also find that about 98 per cent of the total excess expenditure of Rs. 51.22 crore incurred under eight Grants/Appropriations operated by the Ministry of Railways has been recorded in three cases—(i) 'Grant No. 12—Miscellaneous Working Expenses', (ii) 'Grant No. 15—Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation', and (iii) 'Appropriation No. 10—Working Expenses—Operating Expenses—Fuel'. It is pertinent to mention here that these three Grants and Appropriations had registered huge</p>

Sl. Para No. No.	Ministry/Department	Observations/Recommendations
		<p>excess expenditure also during the financial year 2006-07. The contributory reasons furnished by the Civil Ministries/Departments ranged for incurring excess expenditure <i>inter-alia</i> include— 'receipt of more claims than anticipated'; 'reversion of the re-appropriation'; 'requirement of additional funds for construction of ongoing construction works, link roads, bus stands etc.' and 'committed liability owing to orders of Arbitrators which were interest bearing'. Similarly, the major reason advanced by the Ministry of Defence and Department of Posts is 'sanction of higher DA' whereas the Ministry of Railways attributed their excess expenditure to 'more expenditure on Miscellaneous Advance Revenue, Compensation Claims' <i>i.e.</i> 'liquidation of more claims of other compensation than anticipated', 'more booking for unallocated items and more expenditure relating to IRCTC & RRC dues', 'more clearance of old outstanding revenue liabilities' etc. The Committee appreciate the need for this violation of incurring excess expenditure which generally occur due to the exigencies arising out of unforeseen circumstances. But simultaneously, it should be kept in mind that budgeting has to ensure equitable distribution of financial resources under prescribed Rules/Provisions with a view to achieving all round growth of different sectors for which proper observance of fiscal discipline should be accorded paramount importance. However, much to the consternation of the Committee some of the Ministries/Departments of the Union Government still fail to overhaul their budgeting mechanism besides giving scant regard to the Rules/Provisions put in place for containing the expenditure within the authorized limits. As it is imperative to observe proper adherence to the prescribed procedure of budgeting, the requisite tenets of financial transaction and the General Financial Rules etc. in order to contain excess expenditure, the Committee again stress the need for having practicable and result-oriented</p>

Sl. No.	Para Ministry/Department	Observations/Recommendations
4. 50	Finance (Department of Expenditure) Home Affairs/Labour and Employment/Defence/Railways.	<p>Financial Rules and urge upon the Ministry of Finance to take further innovative steps necessary for ushering in the next level of budgeting and financial management in the country whereby the exercise is made more accurate and logical so that the scarce financial resources are appropriately, judiciously and productively utilized on the intended targets thus facilitating economy, efficiency and efficacy in the financial transactions.</p> <p>The Committee note with grave concern that out of 16 cases of excess expenditure, Rs. 222.16 crore in 12 cases of Grants/Appropriations were incurred despite obtaining Supplementary Grants of Rs. 2729.49 crore. In this regard, relatively huge amounts of excess expenditure were incurred even after obtaining Supplementary Grants in respect of Grant No. 39-Pensions; Grant No. 59-Ministry of Labour & Employment; Grant No. 22-Defence Services—Army; Grant No. 12-Miscellaneous Working Expenses; Grant No. 15-Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortisation of over-Capitalisation; Appropriation No. 5-Working Expenses—Repairs & Maintenance of Motive Powers; Appropriation No. 8—Working Expenses—Operating Expenses Rolling Stock and Equipment; Appropriation No. 10-Working Expenses—Operating Expenses-Fund; Appropriation No. 13—Working Expenses-Provident Fund, Pension and other Retirement Benefits. In most of these cases, the amount obtained as supplementary provision was higher than the excess expenditure incurred. The Committee feel that incurring of excess expenditure despite obtaining Supplementary Grants, is yet another indication of the fallibility of the extant budgeting method and mechanism evolved to ensure proper assessment and accurate projection of the fund requirement even at the revised estimate stage. It reinforces the inadequacies in the institutional arrangements</p>

Sl. No.	Para Ministry/Department	Observations/Recommendations
5.	51 Finance (Deptt. of Economic Affairs and Deptt. of Expenditure)/ Defence/Railways	<p data-bbox="730 479 1254 824">made by various Ministries/Departments to monitor the flow and trend of expenditure under various Grant/Appropriations. The Committee, therefore, desire that the concerned Ministries/Departments particularly the Ministry of Finance have to delve further towards making the mechanism of estimating Supplementary Grants more realistic and pragmatic to ensure accurate projection and utilization of the Supplementary Grants so that no subsequent excess expenditure is incurred and fiscal discipline is maintained.</p> <p data-bbox="730 846 1254 1848">The Committee observe that the Ministry of Finance and the Ministry of Railways had been persistently incurring huge sums of excess expenditure during the financial years 2001-02 to 2007-08 while the Ministry of Defence had been spending much above the authorized expenditure during each of the financial year 2003-04 to 2007-08. To elucidate, the Ministry of Finance had incurred an excess expenditure of Rs. 759.75 crore in 2001-02, Rs. 1793.26 crore in 2002-03; Rs. 42184.73 crore in 2003-04, Rs. 33783.55 crore in 2004-05, Rs. 96784.09 crore in 2005-06, Rs. 36637.16 crore in 2006-07 and Rs. 98.24 crore in 2007-08, Similarly, the Ministry of Railways had incurred excess expenditure in 9 cases in 1998-99, 8 cases in 1999-2000, 5 cases in 2000-01, 10 cases in 2001-02, 11 cases in 2002-03, 13 cases in 2003-04, 15 cases in 2004-05, 15 cases in 2005-06, 13 cases in 2006-07 and 10 cases in 2007-08. The Committee also find that the Ministry of Defence had incurred an excess expenditure of Rs. 37.50 crore in 2003-04, Rs. 41.99 crore in 2004-05, Rs. 44.84 crore in 2005-06, Rs. 667.17 crore in 2006-07 and Rs. 71.19 crore in 2007-08. The continuous wide variations between the budgetary provisions and the actual expenditure by these important Ministries leads the Committee to a conclusion that the various remedial measures reported to have been implemented by them for overhauling their budgetary mechanism, financial transaction etc. with the central motive of enhancing accuracy level of their budgetary</p>

Sl. No.	Para Ministry/Department No.	Observations/Recommendations
6. 52	Finance (Deptt. of Economic Affairs and Deptt. of Expenditure)/ Railways.	<p>projections and performance are yet to generate the desired improvements. This also gives an impression that the Ministry of Finance entrusted with the responsibility of preparing the Union Budget, have not yet overhauled their budgeting and accounting system for which the estimation of requirement of funds is still done apparently on guess work leading to variations between the budgetary provisions projected and the actual expenditure incurred under various Grants/Appropriations. Moreover, the Committee find surprising that the Ministry of Finance, which ought to be a role model for other Ministries, have once again been found wanting in fiscal discipline and the prescribed financial rules besides failing to act upon the Committee's considered suggestions for avoiding or at least minimizing the persistent excess expenditure. Needless to say the existing budgeting mechanism still suffers from various loopholes and lacunae which require urgent and proper attention and corrective action especially from the Ministry of Finance. The Committee, therefore impress upon the Ministry of Finance to overhaul their budgeting mechanism in such an impressive manner that other Ministries/Departments take a cue from it and effectively replicate the same in their respective sphere of action to avoid recurrence of the malady of excess expenditure. While urging the Government to shed their tendency of leaving things to take their own course towards incurring excess expenditure in various forms, the Committee would appreciate a proactive role in monitoring the expenditure flow <i>vis-a-vis</i> the physical and financial progress of various schemes/projects in order to arrive at precise and accurate estimation of requirement of funds at various stages of budgeting exercise.</p> <p>The Committee find that the Appropriation Accounts relating to Civil, Defence Services and Postal Services for the financial year 2007-08 were presented to the Parliament on 20.02.2009. However, the Appropriation Accounts—</p>

Sl. No.	Para Ministry/Department	Observations/Recommendations
7. 53	Finance (Deptt. of Expenditure)/ Home Affairs/ Labour and Employment/ Urban Development/ Defence Communications & IT (Deptt. of Posts)/Railways.	<p>Railways (2007-08) was presented to the Parliament only on 24.07.2009, after a delay of about five months. It may be pointed out that during the preceding year also, the Appropriation Accounts—Railways (2006-07) was also presented to the Parliament after a delay of more than ten months resulting in delay in finalisation of the Committee's Report <i>i.e.</i> 80th Report (14th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations (2006-07) which in turn delayed the regularization of excess expenditure incurred during that financial year under Article 115(1) (b) of the Constitution. In Paragraph No. 57 of the aforesaid Report, the Committee had urged upon the Ministry of Railways and the Ministry of Finance to take necessary remedial measures for ensuring timely presentation of the Appropriation Accounts—Railways in future. However despite the recommendation of the Committee in no uncertain terms, it is deplorable to find that the delay in presentation of Appropriation Accounts—(Railways) happened again in the financial year under review. Taking a serious view of the callous attitude on the part of the Ministry of Railways on such an important matter, the Committee would like to once again impress upon the Ministry to take urgent necessary and corrective action to timely present the Appropriation Accounts to Parliament so that regularization of excess expenditure incurred during a particular financial year can be done promptly.</p> <p>The Committee find that the Explanatory Notes pertaining to the excess registering Grants as highlighted in the Appropriation Accounts (Civil), the Appropriation Accounts (Defence Services) and the Appropriation Accounts (Postal Services) were due on 20.02.2009. However, none of the excess registering Ministries/Departments furnished their Explanatory Notes within the prescribed time during the financial year 2007-08. To be specific, these Notes were furnished to the Committee by the Ministries of Finance, Labour</p>

Sl. No.	Para Ministry/Department	Observations/Recommendations
		<p>and Employment, Home Affairs, Communications & Information Technology and Defence furnished their Explanatory Notes after a delay of more than seven, eight, one, two and three months respectively. What concerns the Committee more is the fact that the Ministry of Urban Development furnished Explanatory Notes on excess expenditure incurred by them by under Grant No. 99—Department of Urban Development when the preparation of this Report in its last stage. The Committee also observe that in respect of Grant No. 39—Pension, Grant No. 13—Postal Services, Grant No. 22—Defence Services—Army, the Monitoring Cell in the Ministry of Finance (Department of Expenditure) took a longer time in forwarding the Explanatory Notes to the Committee which further delayed the matter. While the Committee do not find any valid justification for the delay in submission of Explanatory Notes by various Ministries/Departments, they are equally surprised to find that even the Ministry of Finance, despite being the nodal Ministry in the matter, delayed forwarding of the Explanatory Notes to the Committee. At the cost of sounding repetitive, the Committee would like to point out that delay in submission of Explanatory Notes impedes the Committee's examination of excess expenditure which consequently delays the regularization of the unauthorized expenditure by the Parliament. The Committee are pained to observe that despite their oft-repeated suggestions for the Ministries/Departments to make concerted efforts to ensure timely collection and compilation of the requisite information for facilitation of submission of the Explanatory Notes to the Committee by the prescribed time schedule, the Ministries/Departments are paying little heed towards it. The Committee would therefore like the Ministry of Finance to evolve a proper procedure in this regard and put in place a centralized monitoring network to check the status of the preparation and submission of Explanatory Notes at every</p>

Sl. No.	Para Ministry/Department	Observations/Recommendations
8.	54 Finance (Deptt. of Expenditure)	<p>stage by various Ministries/Departments so that any delay on this count is averted. The Committee further desire that from the current financial year onwards, the contributory reasons for delay in submission of Explanatory Notes should invariably be mentioned in the relevant Explanatory Notes submitted for the purpose.</p> <p>Scrutiny of select cases of excess registering Grants/Appropriations reveals that under Revenue Section (Voted) of Grant No. 39—Pensions, the Ministry of Finance (Department of Expenditure) incurred an excess expenditure of Rs. 98.24 crore which was the net effect of total excess of Rs. 216.14 crore and total savings of Rs. 117.90 crore under various sub-heads of this appropriation. The Committee find that Grant No. 39—Pensions alone recorded the highest excess expenditure among the excess registering Grants/Appropriations during the financial year 2007-08, which accounted for more than 90 per cent of the total excess expenditure incurred by the Civil Ministries/Department and over 83 per cent of the total excess expenditure incurred during the year. The Explanatory Note furnished by the Ministry of Finance <i>inter-alia</i> states that the excess was mainly due to receipt of more claims for pensions than anticipated. The Ministry have further stated that estimates are framed on the basis of (i) information supplied by 63 Accounting Circles who make the payment and book the expenditure directly to the Pension Grant, (ii) Trend of Expenditure booked in CPAO from Debit scrolls received from 248 Nodal Branches and despite constant and all out efforts, it is not always possible for CPAO to plan in time reallocation of funds from one unit of appropriation to another since the payment is not made directly by CPAO but by the various Accounting Circles, Authorized Banks and State Treasuries which takes time. The Committee feel that the contributory reasons for excess expenditure in the instant case like long duration</p>

Sl. No.	Para Ministry/Department	Observations/Recommendations
9.	55 Railways	<p>of file processing, transaction reporting, accounts adjustment etc. on account of the multiplicity of estimating and disbursing agencies can be minimised or restricted in today's information technology scenario by toning up the accounting information system as well as by having a comprehensive network of pension account related offices across the country. The Committee desire that the Ministry of Finance should look into this aspect for taking necessary corrective action so that recurrence of excess expenditure is either avoided or greatly minimized in future. To keep the expenditure within the limits of the amount sanctioned in the Grant by Parliament, the Committee would urge the Ministry to take some concrete measures for ensuring accurate estimation of their requirements of funds at different budgeting stages after taking into account all possible fluctuations in the utilisation of funds which may arise during the budgeting year.</p> <p>The Committee find that out of the excess expenditure of Rs. 51.22 crore incurred by the Ministry of Railways during the financial year 2007-08, the bulk of the excess expenditure (Rs. 22.33 crore) were incurred under 'Grant No. 12-Miscellaneous Working Expenses'. The Committee further note that the excess expenditure had occurred mainly due to more expenditure (than anticipated) towards workmen's compensation and liquidation of more claims of other compensation, staff cost and contractual payments to private caterers, Rent, Taxes and Bills and other expenses towards cash awards than anticipated, hospitality and entertainment during the year, more booking for unallocated items under MAR (Others) and more expenditure relating to IRCTC & RRC dues, more clearance of old outstanding revenue liabilities etc. The Committee observe that while anticipating the requirement of funds under this Grant, estimations for various Sub-Heads could have</p>

Sl. No.	Para Ministry/Department	Observations/Recommendations
10. 56	Railways	<p>been projected more realistically by analysing properly the prevailing expenditure trail, upcoming demands/requirements, rising cost etc. But it seems that the Ministry of Railways have not taken any corrective measures to improve their budgeting mechanism with a view to avoiding such huge unauthorised expenditure. Rather, they have taken recourse to an unaccepted plea that the excess expenditure of Rs. 22.33 crore requiring regularisation from Parliament works out to only 1.09 per cent of the total sanctioned provision of Rs. 2054.98 crore. The Committee are not happy with such lack of concern on the part of the Ministry for observing fiscal discipline and they therefore desire the Ministry or Railways to strive earnestly for ensuring realistic estimation of their budgetary requirements under various sub-heads of the Grants/Appropriations operated by them so that money irrespective of quantum are not spent without prior authorisation.</p> <p>The Committee are concerned to note that despite their repeated exhortations there is no let up in the instances of misclassification of expenditure in the accounts of the Ministry of Railways. During the last ten financial years, the number of such misclassification of expenditure was 44, the details being 5 in 1998-99, 1 each in 1999-2000 and 2000-01, 5 in 2001-02, 3 in 2002-03, 5 in 2003-04, 9 in 2004-05, 6 in 2005-06, 5 in 2006-07 and 3 in 2007-08. This unabated trend of persistent misclassification of expenditure is an indication of the Ministry's failure to eliminate basic mistakes like misclassification of expenditure as well as their inability to revamp the budgetary mechanism to check the recurring problem of misclassification of expenditure. Moreover, it appears that no action has been taken by the Ministry either to fix responsibility for avoidable errors leading to misclassification or to remove any ambiguity in defining and classifying different forms of expenditure under a particular</p>

Sl. No.	Para Ministry/Department	Observations/Recommendations
11. 57	Finance (Deptt. of Economic Affairs and Deptt. of Expenditure)/ Home Affairs/Labour and Employment/ Urban Development/ Defence/ Communications & IT (Deptt. of Posts)/ Railways.	<p>heading or sub-heading. The Committee, therefore, recommend that the existing budgetary mechanism in the Railways needs to be thoroughly reviewed so that necessary corrective action wherever warranted could be taken to overcome systemic lacunae/loopholes and progressive elimination of the perennial misclassification syndrome.</p> <p>Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in paragraph-14 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India.</p>