64

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2010-11)

PUBLIC ACCOUNTS COMMITTEE 2012-2013

SIXTY-FOURTH REPORT

FIFTEENTH LOK SABHA

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

SIXTY-FOURTH REPORT

PUBLIC ACCOUNTS COMMITTEE
(2012-2013)

(FIFTEENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2010-11)

Presented to Hon'ble Speaker on 16.01.2013
Presented to Lok Sabha on 26.02.2013
Laid in Rajya Sabha on 27.02.2013

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

January, 2013 / *Pausa,* 1934 *(Saka)*

PAC No. 1991

Price: ₹ 150 .00

© 2013 By Lok Sabha Secretariat

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

CONTENTS

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

(2012-13)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Dr. M. Thambidurai
6. Shri T.K.S. Elangovan
7. Shri Anant Kumar Hegde
8. Shri Bhartruhari Mahtab
9. Shri Sanjay Nirupam
10. Shri Shripad Yesso Naik
11. Shri Abhijit Mukherjee*
12. Shri Ashok Tanwar
13. Shri Takam Sanjoy**
14. Dr. Girija Vyas
15. Shri Dharmendra Yadav

Rajya Sabha

16. Shri Prasanta Chatterjee
17. Shri Prakash Javadekar
18. Shri Satish Chandra Misra
19. Shri Sukhendu Sekhar Roy
20. Shri J.D. Seelam
21. Shri N.K. Singh
22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri D.R. Mohanty — *Deputy Secretary*
3. Shri S.L. Singh — *Under Secretary*

* Elected *w.e.f* 6th December, 2012 *vice* Shri Sarvey Sathyanarayana appointed as Minister on 28th October, 2012.

**Elected *w.e.f* 6th December, 2012 *vice* Dr. Shashi Tharoor appointed as Minister on 28th October, 2012.

INTRODUCTION

I, the Chairman, Public Accounts Committee, having been authorised by the Committee, do present on their behalf this Sixty-fourth Report (Fifteenth Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2010-11)".

2. The Union Government Appropriation Accounts (Civil) 2010-11; the Union Government Appropriation Accounts (Postal Services) 2010-11; the Union Government Appropriation Accounts of the Defence Services 2010-11; and the Report of the Comptroller and Auditor General of India for the year ended March 2011, No. 1 for the year 2011-12, Union Government (Accounts of the Union Government) were laid on the Table of the House on 24th April, 2012. The Indian Railways Appropriation Accounts Part-I—Review, 2010-11; the Indian Railways Appropriation Accounts Part-II—Detailed Appropriation Accounts, 2010-11; the Indian Railways Appropriation Accounts Part-II—Detailed Appropriation Accounts (Annexure-G), 2010-11; and the Report of the Comptroller and Auditor General of India for the year ended March 2011, No. 3 of 2012-13, Union Government (Railways) Railways Finances were laid on the Table of the House on 15th May, 2012.

3. The Committee examined the cases of excess expenditure incurred by the Ministry of Commerce and Industry (Department of Commerce), the Ministry of Defence, the Ministry of External Affairs, the Ministry of Petroleum and Natural Gas, the Ministry of Road Transport and Highways, the Ministry of Urban Development, the Ministry of Communications and Information Technology (Department of Posts) and the Ministry of Railways of the Union Government in the 2010-11 fiscal on the basis of the Appropriation Accounts, observations of Audit as contained in the relevant Reports of the Comptroller and Auditor General of India and the Explanatory Notes furnished by the various Ministries/Departments concerned. The Committee considered and finalised this Report at their sitting held on 28th December, 2012. Minutes of the sitting are given at Appendix-I.

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

5. The Committee would like to express their thanks to the officers of the Ministry of Commerce and Industry (Department of Commerce), the Ministry of Defence, the Ministry of Petroleum and Natural Gas, the Ministry of Urban Development, 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.

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

NEW DELHI;
28 *December,* 2012
7 *Pausa,* 1934 *(Saka)*

DR. MURLI MANOHAR JOSHI
Chairman,
Public Accounts Committee.

REPORT

PART I

A. INTRODUCTORY

(a) Annual Appropriation Accounts of the Union Government

Appropriation Accounts are annual statements detailing Grant/Appropriation-wise sums spent 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 the Civil Sector are prepared by the Controller General of Accounts (CGA) in the Ministry of Finance. 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

(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 Parliament for that purpose, the Committee examine, with reference to the facts of each case, the circumstances leading to such an excess and make such recommendations as they may deem fit.

---

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

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

(b) Rules/Provisions for Controlling Excess Expenditure

6. The following Constitutional Provisions and Rules 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, Rule 52 (3) of the General Financial Rules (GFR), 2005 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 an advance from the Contingency Fund.

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

(iv) 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 Postal Manual, Volume II (Fourth Revised Edition) 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 regularization of the excess expenditure, the Ministries/Departments of the Government of India are required to furnish to the Public Accounts Committee, Explanatory Notes detailing the reasons for or the 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 the 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, the 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 Session following it.

(d) Union Government Appropriation Accounts (2010-11)

8. The details of the four Union Government Appropriation Accounts (2010-11) *viz.* the dates on which these Accounts were laid on the Table of the House, the 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 of the House	No. of Grants/ Appropriations highlighted	C&AG's Report in which audit findings are
1.	Civil	24.04.2012	98	Chapter 3 of C&AG's Report No. 1 for the year 2011-12, Union Government (Accounts of the Union Government).
2.	Defence Services	24.04.2012	6	Chapters 3 and 4 (Para 4.1.3) of C&AG's Report No. 1 for the year 2011-12, Union Government (Accounts of the Union Government).
3.	Postal Services	24.04.2012	1	Chapters 3 and 4 (Para 4.1.2) of C&AG's Report No. 1 for the year 2011-12, Union Government (Accounts of the Union Government).
4.	Railways	15.05.2012	16	Chapter 3 of C&AG's Report No. 1 for the year 2011-12, Union Government (Accounts of the Union Government). and Chapter 2 of C&AG's Report No. 3 of 2012-13, Union Government (Railways) Railways Finances.
Total No. of Grants/Appropriations:			121	

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 2010-11 and which require regularization by Parliament under Article 115(1)(b) of the Constitution of India.

B. EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2010-11)

10. Scrutiny of the four Union Government Appropriation Accounts (2010-11) revealed that there was an excess disbursement of ₹ 3,384,10,33,885 (₹ 3,384.10 crore) in nine segments of seven Grants/Appropriations in Civil Ministries/Departments; ₹ 4,239,34,42,172 (₹ 4,239.34 crore) in four segments of four Grants/Appropriations operated by the Ministry of Defence; ₹ 366,63,29,167 (₹ 366.63 crore) in one segment of one Grant operated by the Department of Posts; and ₹ 3,052,78,77,064 (₹ 3,052.79 crore) in fifteen segments of ten Grants/Appropriations of the Ministry of Railways. These are tabulated below:

(In unit of ₹)

Sl. No.	Name of Appropriation Accounts	No. of excess registering Grants/Appropriations	No. of cases involved	Amount of excess expenditure incurred
1.	Civil	7	9	3,384,10,33,885
2.	Defence Services	4	4	4,239,34,42,172
3.	Postal Services	1	1	366,63,29,167
4.	Railways	10	15	3,052,78,77,064
	Total	22	29	11,042,86,82,288

(a) Details of Excess Disbursement over Voted Grants/Charged Appropriations (2010-11)

11. The details of 22 Voted Grants/Charged Appropriations under which the actual expenditure had exceeded the sanctioned provision during the financial year 2010-11 as shown in the relevant Union Government Appropriation Accounts are given below:—

(In unit of ₹)

Sl. No.	No. & Name of Grant/Appropriation	Administrative Ministry/ Department	Total Grant/ Appropriation (Original Grant Appropriation)	Actual Expenditure	Excess Expenditure	Percentage of excess expenditure over Total Grant/Appropriation (Original Grant Appropriation)
1	2	3	4	5	6	7
I.	**Appropriation Accounts — Civil (Revenue Voted)**					
1.	21—Defence Pensions	Defence (Finance)	33999,75,00,000 (24999,75,00,000)	37336,05,72,983	3336,30,72,983	9.81 (13.35)
2.	31— Ministry of External Affairs	External Affairs	6247,97,00,000 (5621,57,00,000)	6254,29,33,514	6,32,33,514	0.10 (0.11)
3.	101— Public Works	Urban Development	1071,26,00,000 (1070,89,00,000)	1079,05,95,991	7,79,95,991	0.73 (0.73)
(Revenue Charged)						
4.	21— Defence Pensions	Defence (Finance)	25,00,000 (25,00,000)	35,74,960	10,74,960	43.00 (43.00)
5.	80 — Ministry of Road Transport & Highways	Road Transport & Highways	Nil (Nil)	15,000	15,000	00 (00)
(Capital Voted)						
6.	11— Department of Commerce	Commerce and Industry	682,99,00,000 (682,99,00,000)	689,55,75,990	6,56,75,990	0.96 (0.96)
7.	31— Ministry of External Affairs	External Affairs	872,00,00,000 (753,40,00,000)	898,97,65,506	26,97,65,506	3.09 (3.58)
8.	72- Ministry of Petroleum and Natural Gas	Petroleum and Natural Gas	101,53,00,000 (Nil)	101,53,14,000	14,000	0.0013 (00)

9.	102—Stationery and Printing	Urban Development	13,00,000 (13,00,000)	14,85,941	1,85,941	14.30 (14.30)
Total Civil			**42975,88,00,000 (33128,98,00,000)**	**46359,98,33,885**	**33841033885**	**7.87(10.21)**
II.	**Appropriation Accounts—Defence Services (Revenue Voted)**					
10.	22—Defence Services-Army	Defence	62137,94,00,000 (58978,16,00,000)	65001,95,52,379	2864,01,52,379	4.61 (4.86)
11.	23—Defence Services-Navy	Defence	10002,52,00,000 (9453,78,00,000)	10141,36,60,256	138,84,60,256	1.39 (1.47)
(Revenue Charged)						
12.	25—Defence-Ordnance Factories	Defence	3,65,00,000 (1,50,00,000)	4,81,34,961	1,16,34,961	31.88 (77.57)
(Capital Voted)						
13.	27—Capital Outlay on Defence Services	Defence	60776,21,00,000 (59963,20,00,000)	62011,52,94,576	1235,31,94,576	2.03 (2.06)
Total (Defence Services)			**132920,32,00,000 (128396,64,00,000)**	**137159,66,42,172**	**4239,34,42,172**	**3.19 (3.30)**
III.	**Appropriation Accounts — Postal Services (Revenue Voted)**					
14.	13—Postal Services	Communications and Information Technology	13426,63,00,000 (11328,68,00,000)	13793,26,29,167	366,63,29,167	2.73 (3.24)
IV.	**Appropriation Accounts—Railways (Revenue Voted)**					
15.	03—Working Expenses-General Superintendence and Services	Railways	4352,23,33,000 (4203,68,55,000)	4357,44,32,897	5,20,99,897*	0.12 (0.12)

1	2	3	4	5	6	7
16.	04—Working Expenses—Repairs and Maintenance of Permanent Way and Works	Railways	7378,80,65,000 (7156,50,99,000)	7386,56,17,784	7,75,52,784**	0.11 (0.11)
17.	05—Working Expenses—Repairs and Maintenance of Motive Powers	Railways	3348,53,53,000 (3348,53,53,000)	3423,60,13,832	75,06,60,832***	2.24 (2.24)
18.	06—Working Expenses—Repairs and Maintenance of Carriages and Wagons	Railways	7578,49,98,000 (7525,21,59,000)	7799,58,75,978	221,08,77,978[#]	2.92 (2.94)
19.	07—Working Expenses—Repairs and Maintenance of Plant and Equipment	Railways	4127,11,66,000 (4063,04,53,000)	4166,91,43,327	39,79,77,327[##]	0.96 (0.98)
20.	08—Working Expenses—Operating Expenses—Rolling Stock and Equipment	Railways	5966,93,07,000 (5604,50,52,000)	6156,81,96,127	189,88,89,127[###]	3.18(3.39)
21.	10—Working Expenses—Operating Expenses—Fuel	Railways	16372,95,79,000 (15778,12,15,000)	16771,04,34,127	398,08,55,127[@]	2.43 (2.52)
22.	11—Working Expenses—Staff Welfare and Amenities	Railways	3501,01,22,000 (3315,54,87,000)	3554,95,66,110	53,94,44,110[@@]	1.54 (1.63)
23.	12—Miscellaneous Working Expenses	Railways	3354,05,70,000 (3093,24,51,000)	4002,49,56,934	648,43,86,934[@@@]	19.33 (20.96)
24.	13—Working Expenses—Provident Fund, Pension and Other Retirement Benefits	Railways	14948,73,70,000 (14417,49,57,000)	16352,71,21,918	1403,97,51,918	9.39 (9.74)

(Revenue Charged)						
25.	03—Working Expenses—General Superintendence and Services	Railways	15,52,000 (5,30,000)	36,49,842	20,97,842	135.17 (395.82)
26.	06—Working Expenses—Repairs and Maintenance of Carriages and Wagons	Railways	9,69,000 (6,00,000)	14,25,116	4,56,116	47.07 (76.02)
27.	07—Working Expenses—Repairs and Maintenance of Plant and Equipment	Railways	3,15,000 (3,15,000)	4,64,045	1,49,045	47.32 (47.32)
28.	08—Working Expenses—Operating Expenses—Rolling Stock and Equipment	Railways	8,21,000 (Nil)	8,72,277	51,277	6.25 (00)
29.	12—Miscellaneous Working Expenses	Railways	291,94,60,000 (118,21,27,000)	301,20,86,750	9,26,26,750	3.17 (7.84)
Total (Railways)		**71221,19,80,000 (68624,26,53,000)**	**74273,98,57,064**	**3052,78,77,064**	**4.29 (4.45)**	
Grand Total		**260544,02,80,000 (241478,56,53,000)**	**271586,89,62,288**	**11042,86,82,288**	**4.24 (4.57)**	

* There was an excess expenditure of ₹ 5,20,99,897/-. However, taking into account the misclassification of ₹ (-) 7,76,119/-, the actual excess requiring regularization works out to `₹5,13,23,778/-

** There was an excess expenditure of ₹ 775,52,784/-. However, taking into account the misclassification of ₹ (-) 2,08,05,012/-, the actual excess requiring regularization works out to ₹ 567,47,772/-.

*** There was an excess expenditure of ₹ 75,06,60,832/-. However taking into account the misclassification of ₹ (-) 1,78,32,198/-, the actual excess requiring regularization works out to ₹ 73,28,28,634/-.

There was an excess expenditure of ₹ 221,08,77,978/-. However, taking into account the misclassification of ₹ (+)17,30,273/-, the actual excess requiring regularization works out to ₹ 221,26,08,251/-.

There was an excess expenditure of ₹ 39,79,77,327/-. However, taking into account the misclassification of ₹ (-) 7,40,043/-, the actual excess requiring regularization works out to ₹ 39,72,37,284/-.

There was an excess expenditure of ₹ 189,88,89,127/-. However, taking into account the misclassification of ₹ (-) 5,33,97,530/-, the actual excess requiring regularization works out to ₹ 184,54,91,597/-.

@ There was an excess expenditure of ₹ 398,08,55,127/-. However, taking into account the misclassification of ₹ (+) 16,71,49,932/-, the actual excess requiring regularization works out to ₹ 414,80,05,059/-.

@@ There was an excess expenditure of ₹ 53,94,44,110/-. However, taking into account the misclassification of ₹ (-) 55,63,698/-, the actual excess requiring regularization works out to ₹ 53,38,80,412/-.

@@@ There was an excess expenditure of ₹ 648,43,86,934/-. However, taking into account the misclassification of ₹ (-) 290,55,043/-, the actual excess requiring regularization works out to ₹ 645,53,31,891/-.

12. It is seen from the above that out of the total excess expenditure of ₹ 11,042.87 crore incurred in all the 29 cases during the 2010-11 fiscal, the Civil Sector accounted for about 30.65 per cent (₹ 3,384.10 crore) while Defence Services, Postal Services and Railways registered about 38.39 per cent (₹ 4,239.34 crore), 3.32 per cent (₹ 366.63 crore) and 27.64 per cent (₹ 3,052.79 crore) excess expenditure respectively. In the Civil Sector as much as ₹ 3,336.31 crore *i.e*. 98.59 per cent of the total excess expenditure was incurred under Grant No. 21 (Revenue Voted) — Defence Pensions alone while Grant No. 72 (Capital Voted)—Ministry of Petroleum and Natural Gas registered 0.00004 per cent (₹ 14,000). Seven other Grants/Appropriations— (i) Grant No. 31 (Revenue Voted)—Ministry of External Affairs; (ii) Grant No. 101 (Revenue Voted)—Public Works; (iii) Appropriation No. 21 (Revenue Charged)—Defence Pensions; (iv) Appropriation No. 80 (Revenue Charged)—Ministry of Road Transport and Highways; (v) Grant No. II (Capital Voted)— Department of Commerce; (vi) Grant No. 31 (Capital Voted)—Ministry of External Affairs; and (vii) Grant No. 102 (Capital Voted)—Stationery and Printing accounted for 0.19 per cent, 0.23 per cent, 0.003 per cent, 0.00004 per cent, 0.19 per cent, 0.80 per cent and 0.0005 per cent respectively. In the Defence Sector, Grant No. 22 (Revenue Voted)—Defence Services—Army accounted for 67.56 per cent of the total excess expenditure of ₹ 4,239.34 crore incurred in this Sector during the fiscal year under examination. Grant No. 23 (Revenue Voted)—Defence Services—Navy accounted for 3.28 percent while Appropriation No. 25 (Revenue Charged)—Defence Ordnance Factories and Grant No. 27 (Capital Voted)—Capital Outlay on Defence Services recorded 0.03 per cent and 29.14 per cent respectively. As regards excess expenditure incurred under Grants/Appropriations operated by the Railways, out of the total excess expenditure of ₹ 3,052.79 crore (before misclassification), about 93.73 per cent *i.e*. ₹ 2,861.48 crore was incurred under 5 Grants only i.e. (i) Grant No. 6 (Revenue Voted)—Working Expenses— Repairs and Maintenance of Carriages and Wagons; (ii) Grant No. 8 (Revenue Voted)— Working Expenses—Operating Expenses—Rolling Stock and Equipment; (iii) Grant No. 10—Working Expenses—Operating Expenses—Fuel; (iv) Grant No. 12— Miscellaneous Working Expenses; and (v) Grant No. 13—Working Expenses—Provident Fund, Pension and Other Retirement Benefits.

(b) Actual Excess Expenditure Incurred by the Ministry of Railways

13. A comparative scrutiny of the Union Government Appropriation Accounts (Railways) 2010-11 and the Explanatory Notes furnished by the Ministry of Railways indicating the detailed reasons for excess expenditure incurred by them over Voted Grants/Charged Appropriations during 2010-11 revealed that there were nine cases of misclassification of expenditure *i.e*. (i) ₹ (-) 7,76,119 under Grant No. 3 (Revenue Voted)—Working Expenses—General Superintendence and Services; (ii) ₹ (-) 2,08,05,012 under Grant No. 4 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Permanent Way and Works; (iii) ₹ (-) 1,78,32,198 under Grant No. 5 (Revenue Voted)—Working Expenses - Repairs and Maintenance of Motive Powers; (iv) ₹ (+) 17,30,273 under Grant No. 6 (Revenue Voted) - Working Expenses—Repairs and Maintenance of Carriages and Wagons; (v) ₹ (-) 7,40,043 under Grant No. 7 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Plant and Equipment; (vi) ₹ (-) 5,33,97,530 under Grant No. 8 (Revenue Voted)—Working Expenses-Operating Expenses-Rolling Stock and Equipment; (vii) ₹ (+) 16,71,49,932

under Grant No. 10 (Revenue Voted)—Working Expenses—Operating Expenses—Fuel; (viii) ₹ (-) 55,63,698 under Grant No. 11 (Revenue Voted)-Working Expenses—Staff Welfare and Amenities; and (iv) ₹ (-) 290,55,043 under Grant No. 12 (Revenue Voted)—Miscellaneous Working Expenses. Taking into account the effect of these nine cases of misclassification, the actual excess expenditure relating to the Ministry of Railways during the 2010-11 fiscal works out to ₹ 3056,85,87,626 instead of ₹ 3052,78,77,064 as indicated in Indian Railways Appropriation Accounts (2010-11).

(c) Total Actual Excess Expenditure for the financial year 2010-11 requiring regularisation under Article 115(1) (b) of the Constitution

14. Thus, the total amount of actual excess expenditure incurred during the financial year 2010-11, which requires regularization by Parliament under Article 115(1) (b) of the Constitution is of the order of ₹ 11046,93,92,850 involved in twenty-nine cases of twenty-two excess registering Grants/Appropriations.

(d) Excess Expenditure Despite Obtaining Supplementary Grants

15. During the financial year 2010-11, out of the twenty-nine cases of excess registering Grants/Appropriations, the excess occurred even after obtaining Supplementary Grants/ Appropriations is in the following twenty-three cases:—

(In unit of ₹)

Sl. No.	No. & Name of Grant/Appropriation	Amount of Supplementary Grant/ Appropriation obtained	Amount of excess expenditure incurred	Percentage of excess over Supplementary Grants/ Appropriation
1	2	3	4	**5**
I.	**Appropriation Accounts (Civil) (Revenue Voted)**			
1.	21—Defence Pensions	9000,00,00,000	3336,30,72,983	37.07
2.	31—Ministry of External Affairs	626,40,00,000	6,32,33,514	1.01
3.	10—Public Works	37,00,000	7,79,95,991	2108
(Capital Voted)				
4.	3—Ministry of External Affairs	118,60,00,000	26,97,65,506	22.75
5.	72—Ministry of Petroleum and Natural Gas	101,53,00,000	14,000	0.001
	Total (Civil)	9846,90,00,000	3377,40,81,994	34.30
II.	**Appropriation Accounts (Defence Services) (Revenue Voted)**			
6.	2—Defence Services-Army	3159,78,00,000	2864,01,52,379	90.64
7.	23—Defence Services-Navy	548,74,00,000	138,84,60,256	25.30
(Revenue Charged)				
8.	25—Defence Ordnance Factories	2,15,00,000	1,16,34,961	54.12

1	2	3	4	**5**
(Capital Voted)				
9.	27—Capital Outlay on Defence Services	813,01,00,000	1235,31,94,576	151.94
	Total (Defence Services)	4523,68,00,000	4239,34,42,172	93.71
III.	**Appropriation Accounts (Postal Services)**			
10.	13—Postal Services	2097,95,00,000	366,63,29,167	17.48
IV.	**Appropriation Accounts (Railways) (Revenue Voted)**			
11.	03—Working Expenses—General Superintendence and Services	148,54,78,000	5,13,23,778	03.46
12.	04—Working Expenses—Repairs and Maintenance of Permanent Way and Works	222,29,66,000	567,47,772	02.55
13.	06—Working Expenses—Repairs and Maintenance of Carriages and Wagons	5328,39,000	221,26,08,251	415.25
14.	07—Working Expenses—Repairs and Maintenance of Plant and Equipment	64,07,13,000	3972,37,284	62.00
15.	08—Working Expenses—Operating Expenses—Rolling Stock and Equipment	362,42,55,000	184,54,91,597	50.92
16.	10—Working Expenses—Operating Expenses—Fuel	594,83,64,000	414,80,05,059	69.73
17.	11—Working Expenses—Staff Welfare and Amenities	185,46,35,000	53,38,80,412	28.79
18.	12—Miscellaneous Working Expenses	260,81,19,000	645,53,31,891	247.51
19.	13—Working Expenses—Provident Fund, Pension and Other Retirement Benefits	531,24,13,000	1403,97,51,918	264.28
(Revenue Charged)				
20.	03—Working Expenses—General Superintendence and Services	10,22,000	20,97,842	205.27
21.	06—Working Expenses—Repairs and Maintenance of Carriages and Wagons	3,69,000	4,56,116	123.61
22.	08—Working Expenses—Operating Expenses—Rolling Stock and Equipment	8,21,000	51,277	6.25
23.	12—Miscellaneous Working Expenses	173,73,33,000	9,26,26,750	5.33
	Total (Railways)	2596,93,27,000	2983,56,09,947	114.89
	Grand Total	19065,46,27,000	10966,94,63,280	57.52

16. Scrutiny of the above Statement has revealed that in the fiscal year 2010-11, relatively huge amounts of excess expenditure were incurred even after obtaining large sums of Supplementary Grants. Supplementary Grants to the tune of ₹ 9,846.90 crore was allocated for the five excess registering Grants/Appropriations operated by the Civil Ministries/Departments but this fell short by ₹ 3,377.41 crore. In Defence Sector, Supplementary Grants to the tune of ₹ 4,523.68 crore was allocated for four excess registering Grants/Appropriations yet an excess expenditure of ₹ 4,239.34 crore was incurred. In the Postal Sector, a Supplementary Grant of ₹ 2,097.95 crore proved inadequate by ₹ 366.63 crore. In respect of the Railways, out of the total fifteen cases (in ten excess registering Grants/Appropriations) during the fiscal year, there were 13 cases where large sums of Supplementary Grants totalling about ₹ 2,596.93 crore proved quite inadequate to meet the actual expenditure for which ₹ 2,983.56 crore more were required.

(e) Recurring Excess Expenditure

17. The Committee's examination has revealed that incurring of excess expenditure by the Ministries/Departments over and above the Original Grants/ Appropriations sanctioned by Parliament has become a recurring phenomenon in the Government budgetary exercise over the years. The following table depicts a comparative statement of the number of excess registering Grants/Appropriations in each of the four Appropriation Accounts during the last ten financial years *i.e.* from 2001-02 to 2010-11:—

(₹ in crore)

Year	Appropriation Accounts —Civil		Appropriation Accounts —Defence Services		Appropriation Accounts —Postal Services		Appropriation Accounts —Railways		Total	
	No. of Excess registering Grants/ Appro-priations	Excess expenditure incurred	No. of Excess registering Grants/ Appro-priations	Excess Expen-diture incurred	No. of Excess registering Grants/ Appro-priations	Excess expenditure incurred	No. of Excess registering Grants/ Appro-priations	Excess expenditure incurred	Total of Columns 2, 4, 6, 8	Total of Columns 3, 5, 7, 9
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	4	100.14	1	71.19	1	0.02	8	51.22	14	222.57
2008-09	4	270.21	2	742.61	-	-	8	532.12	14	1544.94
2009-10	4	9218.89	2	2615.23	1	818.13	9	1922.84	16	14579.11
2010-11 (Year under review)	7	3384.10	4	4239.34	1	366.63	10	3056.86	22	11046.93

18. It is 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 fiscals. The quantum of excess expenditure incurred by various Ministries/Departments had grown manifold from ₹1089.54 crore in 2001-02 to ₹99527.64 crore in 2005-06, though there had been a brief declining trend during the financial years 2006-07 and 2007-08. However, the years 2008-09 and 2009-10 again saw sharp rise in the quantum of excess expenditure. It is further revealed that the Ministry of Railways had been incurring huge sums of expenditure in 50 per cent or more of the total Grants/Appropriations operated by them during the financial years 2001-02 to 2010-11. There had also been unabated excess expenditure by the Ministry of Defence during the last eight fiscals.

(f) Recurring Excess Expenditure by the Ministry of Defence

19. Scrutiny of Appropriation Accounts (Civil) and Appropriation Accounts (Defence Services) for the last eight financial years *i.e*. 2003-04 to 2010-11 indicates that the Ministry of Defence had been incurring recurring excess expenditure under the Grants/Appropriations operated by them as detailed below:-

(in unit of ₹)

Sl. No.	Year	No. & Name of Grant/ Appropriation	Amount of Excess Expenditure
1	2	3	4
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	22—Defence Services—Army (Revenue Voted)	71,18,78,075
6.	2008-09	19—Ministry of Defence (Revenue Voted)	27,49,86,122
		20—Defence Pensions (Revenue Voted)	13,32,985
		23—Defence Services—Air Force (Revenue Voted)	610,36,59,389
		24—Defence Ordnance Factories (Revenue Voted)	132,24,87,268

1	2	3	4
7.	2009-10	20—Ministry of Defence (Revenue Voted)	95,31,73,097
		2—Defence Pensions (Revenue Voted)	8999,54,01,305
		22—Defence Services—Army (Revenue Voted)	2464,11,11,895
		23—Defence Services—Navy (Revenue Voted)	150,51,03,457
		22—Defence Services—Army (Revenue Charged)	60,42,498
8.	2010-11 (Year under review)	2—Defence Pensions (Revenue Voted)	3336,30,72,983
		21—Defence Pensions (Revenue Charged)	10,74,960
		22—Defence Services—Army (Revenue Voted)	2864,01,52,379
		23—Defence Services—Navy (Revenue Voted)	138,84,60,256
		25—Defence Ordnance Factories (Revenue Charged)	1,16,34,961
		27—Capital Outlay on Defence Services	1235,31,94,576

C. DELAY IN FURNISHING EXPLANATORY NOTES

20. As per the Recommendation of the Public Accounts Committee *vide* Paragraph 8.3 of their 23rd Report (13th Lok Sabha), the Ministries/Departments concerned are 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 Ministries/Departments concerned of the Government of India are required to submit to the Public Accounts Committee, the Explanatory Notes in respect of excess registering Grants/Appropriations before or immediately after the presentation of the relevant Appropriation Accounts to Parliament. Since the Union Government Appropriation Accounts (Civil), the Union Government Appropriation Accounts (Defence Services) and the Union Government Appropriation Accounts (Postal Services) for the year 2010-11 were laid in the House on 24.04.2012, the Explanatory Notes in respect of the excess registering Grants/ Appropriations during 2010-11 as revealed in the aforesaid Appropriation Accounts became due for submission on or before 24.04.2012. Similarly, the Explanatory Notes pertaining to the excess registering Grants/Appropriations as highlighted in the

Appropriation Accounts (Railways) for the year 2010-11 were due for submission by 15.05.2012 *i.e.* the date of laying of this Appropriation Accounts in the House. However, it would be seen from the following table that some of the excess registering Ministries/ Departments during the fiscal 2010-11 failed to furnish their Explanatory Notes within the prescribed time:

Sl. No.	Grant/ Appropriation and the Ministry concerned	Due date for submission of Explanatory Notes (On or before)	Date of furnishing Explanatory Notes to the Committee	Period of delay
1.	21—Defence Pensions (Ministry of Defence)	24.04.2012	28.02.2012 (Revenue Voted) 08.11.2011 (Revenue Charged)	Nil
2.	31—Ministry of External Affairs (Ministry of External Affairs)	24.04.2012	12.12.2012	7 months 18 days
3.	101—Public Works (Ministry of Urban Development)	24.04.2012	06.02.2012	Nil
4.	80—Ministry of Road Transport and Highways (Ministry of Road Transport & Highways)	24.04.2012	Not furnished (As on 28.12.2012)	—
5.	11—Department of Commerce (Ministry of Commerce and Industry)	24.04.2012	29.11.2012	7 months 5 days
6.	72—Ministry of Petroleum and Natural Gas (Ministry of Petroleum and Natural Gas)	24.04.2012	21.08.2012	3 months 27 days
7.	102—Stationery and Printing (Ministry of Urban Development)	24.04.2012	01.03.2012	Nil
8.	22—Defence Services—Army (Ministry of Defence)	24.04.2012	08.05.2012	13 days
9.	23—Defence Services—Navy (Ministry of Defence)	24.04.2012	08.05.2012	13 days
10.	25—Defence Ordnance Factories (Ministry of Defence)	24.04.2012	08.05.2012	13 days
11.	27—Capital Outlay on Defence Services (Ministry of Defence)	24.04.2012	08.05.2012	13 days
12.	13—Postal Services (Ministry of Communications and Information Technology)	24.04.2012	15.03.2012	Nil
13.	Grant Nos. 03,04,05,06,07, 08,10,11,12 and 13 and Appropriation Nos. 03,06,07,08 and 12 (Ministry of Railways)	15.05.2012	15.05.2012	Nil

21. Thus, it may be seen that the Ministries of External Affairs, Commerce and Industry (Department of Commerce), Petroleum and Natural Gas and Defence furnished their Explanatory Notes after a delay of 7 months 18 days, 7 months 5 days, 3 months 27 days and 13 days respectively while the Ministry of Road Transport and Highways failed to furnish their Explanatory Notes even after a lapse of 8 months 4 days.

22. The Explanatory Notes as furnished by the Ministries/Departments concerned for regularization of the excess expenditure incurred during the financial year 2010-11 have been reproduced at Annexures I to XII to this Report.

D. EXAMINATION OF SELECT CASES OF EXCESS EXPENDITURE

23. In the succeeding paragraphs, the Committee have dealt with some of the prominent cases involving excess expenditure during the financial year 2010-11 in the light of the facts brought out in the relevant Appropriation Accounts, Audit observations thereon and the Explanatory Notes furnished by the Ministries/ Departments concerned.

(a) Appropriation Accounts—Civil (2010-11)

24. An excess disbursement of ₹ 3,384.10 crore was incurred in 9 cases of 7 Grants/Appropriations pertaining to the Civil Ministries/Departments during the financial year 2010-11. The Grant/Appropriation-wise details and the contributory reasons for the excess expenditure as stated by the Ministries/Departments concerned are as follows:—

Sl. No.	Grant/Appropriation and the Ministry/Deptt. concerned	Excess expenditure incurred (₹ in crore)	Contributory reasons as stated by the Ministry/Department
1	2	3	4
Revenue Voted			
1.	21—Defence Pensions (Ministry of Defence)	3336.31	Excess was due to implementation of one rank one pension scheme, more number of retirees, booking of pending pension scrolls received from banks to clear amount under suspense and encashment of Earned Leave at the credit of retirees.
2.	31—Ministry of External Affairs (Ministry of External Affairs)	6.32	Requirement of additional funds towards salaries, office expenses, renovation of old buildings, payment of enhanced insurance premium for officials posted in Afghanistan, revision of foreign allowance and pay of local staff in Missions, evacuation of Indians from Libya owing to civil disturbances, committed payments for Punatsangchhu and Mangdechhu Hydroelectric Power Projects in Bhutan, and requirement of additional funds towards committed payment of various ongoing projects in Nepal.

1	2	3	4
3.	101—Public Works (Ministry of Urban Development)	7.80	Requirement of additional funds for payment of enhanced salaries, Dearness Allowance, implementation of Modified Assured Career Progression Schemes (MACPS) and clearance of payment of local bodies towards electricity, Property Tax, etc.
Revenue Charged			
4.	21—Defence Pension (Ministry of Defence)	0.11	Implementation of one rank one pension scheme and payment of retirement dues to more number of retirees.
5.	80—Ministry of Road Transport & Highways (Ministry of Road Transport & Highways)	0.0015	Expenditure incurred to defray the cost of Writ Petition (Civil).
Capital Voted			
6.	11—Department of Commerce (Ministry of Commerce and Industry)	6.57	Re-appropriation of funds from the Major Head '4552' to functional heads for utilisation on projects/schemes for the benefit of North Eastern Region and Sikkim, booking of expenditure by the Ministry of Urban Development under the ongoing schemes and excessive expenditure incurred by some Cheque Drawing and Disbursing Officers.
7.	31—Ministry of External Affairs (Ministry of External Affairs)	26.98	Requirement of additional funds for purchase of Chancery building in Sydney, clearance of payments for Punatsangchhu-I and Mangdechhu Hydroelectric Power Projects in Bhutan.
8.	72—Ministry of Petroleum and Natural Gas (Ministry of Petroleum and Natural Gas)	0.0014	Requirement of additional equity investment in Engineers India Limited (EIL) on account of receipt of bonus shares from EIL.
9.	102—Stationery and Printing (Ministry of Urban Development)	0.019	Requirement of additional funds for clearing outstanding claims of the previous year.

25. The above Statement depicts that more than 98.59 per cent (₹ 3336.42 crore) of the total excess expenditure of ₹ 3,384.10 crore in the Civil Sector was incurred by the Ministry of Defence under Grant/Appropriation No. 21—Defence Pensions due to implementation of one rank one pension scheme, more number of retirees, booking of pending pension scrolls received from banks, to clear amount under suspense and due to encashment of Earned Leave at the credit of retirees. Of the remaining amount, ₹ 33.30 crore was incurred by the Ministry of External Affairs on various activities.

Grant No. 21 (Revenue Voted)—Defence Pensions

26. Under Revenue Section (Voted) of Grant No. 21— Defence Pensions, the original provision was ₹ 24,999.75 crore. This was augmented to ₹ 33,999.75 crore by

obtaining Supplementary Grant of ₹ 9,000.00 crore. Against this, an expenditure of ₹ 37,336.06 crore was incurred resulting in excess expenditure of ₹ 3336.31 crore. The Explanatory Note furnished by the Ministry of Defence in this regard has been reproduced in ***Annexure I*** to this Report.

27. Scrutiny of the Explanatory Note revealed that the excess expenditure under this Grant was the net effect of total excess of ₹ 3,357.20 crore and total savings of ₹ 20.89 crore under various Sub-Heads of this Grant. The Sub-Heads under which the excess expenditure incurred and reasons therefor are given below:—

Sl. No.	Sub- Head (Major Head - 2071)	Amount of Excess expenditure (₹ in crore)	Contributory reasons as stated by the Ministry
1	2071.02— Defence (SMH) 2071.02.101—Army (Minor Head) 2071.02.101.01 Pension and Other Retirement Benefits (Sub-Head)	3,189.51	Due to substantial improvement in pension in respect of Personnel Below Officer Rank (PBOR) discharged prior to 01.01.2006, more number of retirees than expected and booking of pending pension scrolls received from banks to clear amount under suspense.
2.	2071.02—Defence (SMH) 2071.02.102—Navy (Minor Head) 2071.02.102.01—Pension and Other Retirement Benefits (Sub-Head)	46.88	Due to substantial improvement in pension in respect of Personnel Below Officer Rank (PBOR) discharged prior to 01.01.2006, more number of retirees than expected and booking of pending pension scrolls received from banks to clear amount under suspense.
3.	2071.02—Defence (SMH) 2071.02.102—Navy (Minor Head) 2071.02.102.03—Leave encashment (Sub-Head)	18.11	Due to the more balances of EL at the credit of retirees and also the impact of the provision of encashment of 10 days EL during the LTC.
4.	2071.02—Defence (SMH) 2071.02.103—Air Force (Minor Head) 2071.02.103.01—Pension and Other Retirement Benefits (Sub-Head)	91.28	Due to booking of pension scrolls received from banks and consequent reduction in amount under suspense.
5.	2071.02—Defence (SMH) 2071.02.103 - Air Force (Minor Head) 2071.02.103.03—Leave encashment (Sub-Head)	11.42	Due to more leave at credit of retirees and also the impact of the provision of encashment of 10 days EL during the LTC.

28. As Remedial Action Taken in this regard, the Ministry of Defence stated in their Explanatory Note as under:—

> "Necessary instructions have been issued *vide* ID. No. 2(6)/MO/2010-11/911 dated 11/07/2011 and ID No. 2(6)/MO/2010-11/1617 dated 9/12/2011 (Copies enclosed) to all concerned to prepare their Budgetary Proposals on realistic basis taking into consideration all the related aspects such as commitments, trend of expenditure and the anticipated expenses and to an optimum level necessary remedial measures/corrective action should be taken promptly."

29. In this context, it may be pointed out that the Committee's examination of the Appropriation Accounts (Civil) for the years 2008-09 and 2009-10 had also revealed a similar situation under this Grant where the budgetary provisions were inadequate and unrealistic resulting in excess expenditure of ₹ 13.33 lakh and ₹ 8,999.54 crore respectively in the above said two fiscals.

(b) Appropriation Accounts — Defence Services (2010-11)

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

30. Under Revenue Section (Voted) of Grant No. 22 — Defence Services—Army, the Original Grant was ₹ 58,978.16 crore. This was augmented to ₹ 62,137.94 crore by obtaining a Supplementary Grant of ₹ 3,159.78 crore. Against this total provision, an expenditure of ₹ 65,001.96 crore was incurred resulting in an excess expenditure of ₹ 2,864.02 crore. The Explanatory Note furnished by the Ministry of Defence in this regard has been reproduced in ***Annexure VII*** to this Report.

31. Scrutiny of the Explanatory Note revealed that the excess expenditure under this Grant was the net effect of total excesses of ₹ 3,088.17 crore and total savings of ₹ 224.16 crore under various Sub-Heads of the Grant. The Sub-Heads under which excess expenditure of ₹ 5 lakh and above occurred and reasons therefor are explained below:—

Sl. No.	Sub- Head (Major Head - 2076)	Amount of Excess expenditure (₹ in crore)	Contributory reasons as stated by the Ministry
1.	Minor Head—101	2,260.33	Due to higher sanction of DA than anticipated.
2.	Minor Head—103	170.03	Due to higher sanction of DA than anticipated.
3.	Minor Head—104	175.08	Due to higher sanction of DA than anticipated.
4.	Minor Head—105	199.52	Mainly due to accretion of 2 New Formation. Moreover, a serious disaster (Cloud Burst) took place at Leh resulting in an additional expenditure towards movement of personnel, hiring of civilian labour and machinery.
5.	Minor Head—106	1.08	Mainly due to increase in purchase rate and increase in the demand of hay at Animal Transport Units in Northern Command.
6.	Minor Head—110	257.03	Mainly due to exchange rate variation, supply of stores ex DGOF more than budgeted amount, payment of 15 percent advance to FFV Sweden for procurement of 84 mm Rocket Launcher HEAT ammunition, payment to BEL for procurement of Passive Night Vision Devices including amortization cost of ToT which was not budgeted.
7.	Minor Head—112	25.11	Mainly due to contractual obligations.

32. Apprising the Committee of the Remedial Action Taken by them, the Ministry of Defence, in their Explanatory Note, have stated as under:—

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

In order to avoid recurrence of any excess, instructions have been issued **from time to time** to all concerned emphasizing the need to follow the instructions issued on the subject more scrupulously and to monitor the progress of expenditure in a stricter manner apart from projecting the demands on factual basis and to the barest minimum depending on the actual requirements/ obligations. To this end, Service HQrs./Deptt. have also been requested to issue necessary instructions to all budget controlling authorities in their lower formations to follow the instructions issued on the subject meticulously so as to avoid any saving/excess. **Copies of such instruction issued since 2009 are enclosed.** The Public Accounts Committee (2011-12) in their Fortieth Report has also impressed on Ministry of Defence to overhaul their budgetary mechanism drastically, introduce IT and e-governance in their financial administration and fix responsibility against the budget controlling authorities in case their estimation go awry leading to excess expenditure. Progress made will be intimated in due course of time.

In has also been emphasized in these instructions 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 to hold regular meetings so as to prevent occurrence of excess/ savings under various heads and bunching of expenditure towards the end of financial year and to ensure the progress of expenditure to the tune of 67 percent of the BE allocation by December as directed by Finance Ministry. It has also been advised that for Supplementary Demands (for grants), the requirement 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.

Moreover, in view of observations of PAC (15th Lok Sabha) in their 22nd Report and in Para 12 of their 36th Report in the context of excess expenditure over the voted grants and charged appropriations, detailed instructions were further issued to all concerned *vide* MoD (Fin.) ID No. 5(3)/Bud-I/2011 dated 31st May, 2011 and ID No.7(5)/Bud-I/2011 dated 29th November, 2011 to ensure even flow of expenditure and to avoid any excess expenditure/savings in any Grant."

33. It is pertinent to mention that the Committee's examination of the Appropriation Accounts of the Defence Services for the years 2005-06, 2006-07, 2007-08 and 2009-10

had also revealed a similar situation under this Grant where the budgetary provisions were inadequate and unrealistic resulting in large sums of excess expenditure as shown in paragraph 19 above.

(ii) Grant No. 23 (Revenue Voted) — Defence Services — Navy

34. Under Revenue Section (Voted) of Grant No. 23—Defence Services—Navy, the Original Grant was ₹ 9,453.78 crore during the year 2010-11. This was augmented to ₹ 10,002.52 crore by obtaining a Supplementary Grant of ₹ 548.74 crore. Against this, the actual expenditure incurred was ₹ 10,141.37 crore resulting in an excess expenditure of ₹ 138.85 crore. The Explanatory Note furnished by the Ministry of Defence in respect of the excess expenditure under this Grant has been reproduced at ***Annexure VIII*** to this Report.

35. The Committee's examination of the Explanatory Note revealed that the excess expenditure of ₹ 138.85 crore was the net effect of total excesses of ₹ 196.70 crore and total savings of ₹ 57.85 crore under various Sub-Heads of the Grant. The Sub-Heads under which excess expenditure of ₹ 5 lakh and above incurred and reasons therefor are explained below:—

Sl. No.	Sub-Head (Major Head—2077)	Amount of Excess expenditure (₹ in crore)	Contributory reasons as stated by the Ministry
1.	Minor Head—101	15.48	Due to certain unforeseen obligatory payments.
2.	Minor Head—105	31.36	Mainly due to increase in Temporary Duty, Permanent Duty, Contractual Foreign Travel of Service and Civilian personnel as per their entitlements.
3.	Minor Head—106	5.30	Mainly due to enhanced deployments for coastal security/anti-piracy and additional deployment of ships and aircraft to Libya at short notice.
4.	Minor Head—110	104.53	Mainly due to increased requirement for fuel/ordnance stores/machinery and weapon spares for operational/coastal security/anti-piracy commitments/deployment of ships and aircraft to Libya for National Commitments.
5.	Minor Head—111	4.93	Mainly due to payment of liabilities for maintenance dredging for operational requirements and additional expenditure on account of urgent repairs for operational marine assets/buildings.
6.	Minor Head—800	35.09	Mainly due to contractual payments for Pilots training in USA.

36. As Remedial Action Taken in this regard, the Ministry have furnished the same information/reply as stated in paragraph 32 above.

37. The Committee's examination has revealed that this Grant had registered an excess expenditure of ₹ 150.51 crore during the financial year 2009-10 also.

(iii) Grant No. 27 (Revenue Voted)—Capital Outlay on Defence Services

38. Under Revenue Section (Voted) of Grant No. 27—Capital Outlay on Defence Services, the Original Grant was ₹ 59,963.20 crore during the year under review. This was augmented to ₹ 60,776.21 crore by obtaining a Supplementary Grant of ₹ 813.01 crore. Against this, the actual expenditure incurred was ₹ 62,011.53 crore resulting in an excess expenditure of ₹ 1,235.32 crore. The Explanatory Note furnished by the Ministry of Defence in respect of excess expenditure under this Grant has been reproduced at ***Annexure X*** to this Report.

39. The Committee's examination of the Explanatory Note revealed that the excess expenditure of ₹ 1,235.32 crore was the net effect of total excesses of ₹ 1,640.82 crore and total savings of ₹ 402.87 crore under various Sub-Heads of the Grant as well as surrender of ₹ 2.63 crore. The Sub-Heads under which excess expenditure of ₹ 5 lakh and above incurred and reasons therefor are explained below:—

Sl. No.	Sub- Head (Major Head—4076)	Amount of Excess expenditure (₹ in crore)	Contributory reasons as stated by the Ministry
1	2	3	4
		Sub-Major Head 01—Army	
1.	Minor Head—050	25.25	Mainly due to more fructification of land acquisition cases than anticipated at MA stage.
2.	Minor Head—102	572.77	Mainly due to enhanced deliveries of Instant Fire Detection and Suppression System than anticipated at MA stage and initial advance for TATRA for mounting Mobile Mast.
3.	Minor Head—103	363.44	Mainly due to enhanced deliveries/payments in environmental control for BMP-II, modernization of safety and security in Ammunition Report and in other miscellaneous schemes like SHAKTI and SUJAV etc. and maturity of high value cases during this period.
4.	Minor Head—105	0.077	Mainly due to booking of expenditure with respect to committed liabilities.
5.	Minor Head—106	1.80	Mainly due to enhanced deliveries/payments in MBWT Wagons.
6.	Minor Head—112	0.21	Mainly due to booking of expenditure with respect to committed liabilities.
7.	Minor Head—202	9.39	Mainly due to higher progress and expenditure than anticipated under projects towards the close of financial year.
		Sub-Major Head 02—Navy	
8.	Minor Head—103	67.65	Due to exchange rate variation in respect of foreign payments and booking of letter of credit on account of foreign payments.
9.	Minor Head—202	9.35	Mainly duly to certain unforeseen payments including taxes.

1	2	3	4
10.	Minor Head—204	249.00	Mainly due to booking of expenditure with respect to committed shipyard payments.
		Sub-Major Head 03—Air Force	
11.	Minor Head—101	272.67	Due to revised requirement of funds towards schemes contracted with HAL and increased requirements due to committed liabilities and adjustments due to enhanced rate of exchange.
12.	Minor Head—202	9.09	Mainly due to greater progress under certain other works than anticipated.

40. As Remedial Action Taken in this regard, the Ministry have furnished the same information/reply as stated in paragraph 32 above.

(c) Appropriation Accounts—Postal Services (2010-11)

41. The Committee's examination of Appropriation Accounts (Postal Services) 2010-11 revealed that during the financial year 2010-11, the Ministry of Communications and Information Technology (Department of Posts) incurred an excess expenditure of ₹ 366.63 crore under the single Grant *i.e.,* Grant No. 13—Postal Services operated by them.

42. Under this Grant, the Original provision was ₹ 11,328.68 crore. This was augmented to ₹ 13,426.63 crore by obtaining a Supplementary Grant of ₹ 2,097.95 crore. Against this, the Department of Posts incurred an expenditure of ₹ 13,793.26 crore resulting in an excess expenditure of ₹ 366.63 crore. The Explanatory Note furnished by the Ministry of Communications and Information Technology (Department of Posts) in this regard has been reproduced at Annexure XI to this Report.

43. The Sub-Heads under which large sums of excess expenditure incurred and the reasons therefor are explained below:—

Sl. No.	Sub-Head (Major Head - 3201—Working Expenses)	Amount of Excess expenditure (₹ in crore)	Contributory reasons as stated by the Ministry
1	2	3	4
1.	3201-01-101-01 Circle Offices	6.14	Mainly due to normal increase in pay and DA hike and also implementation of GDS Committee Report (60 percent arrears for the Financial Year 2010-11).
2.	3201-01-101-03 Postal Divisions	11.15	Mainly due to normal increase in pay and DA hike and also implementation of GDS Committee Report (60 percent arrears for the Financial Year 2010-11).
3.	3201-02-101-01 Existing Post Offices	532.45	Mainly due to normal increase in pay and DA hike and also implementation of GDS Committee Report (60 percent arrears for the Financial Year 2010-11), MACP as per 6th Pay Commission.

1	2	3	4
4.	3201-02-102-01 Mail Sorting	24.91	Mainly due to MACP and normal increase in pay and DA hike and also implementation of GDS Committee Report (60 percent arrears for the Financial Year 2010-11).
5.	3201-02-103-04 Departmental MMS for Ordinary Services	8.29	Mainly due to MACP and normal increase in pay and DA hike and also implementation of GDS Committee Report (60 percent arrears for the Financial Year 2010-11), MACP as per 6th Pay Commission.
6.	3201-02-103-06 Others	5.80	Mainly due to normal increase in pay and DA hike and also implementation of GDS Committee Report (60 percent arrears for the Financial Year 2010-11), MACP as per 6th Pay Commission.
7.	3201-02-104-05 Other items	65.71	Mainly due to awaiting of clearance of expenditure on account of MGNREGA from the Ministry of Rural Development.
8.	3201-04-102-02 PAO	20.38	Mainly due to normal increase in pay and DA hike and also implementation of GDS Committee Report (60 percent arrears for the Financial Year 2010-11), MACP as per 6th Pay Commission.
9.	3201-07-101-01 Superannuation and Retirement Allowances	66.25	Mainly due to more retirement and DA hike.
10.	3201-07-107 Family Pension	164.37	Mainly due to excess payment than anticipated.

44. As Remedial Action Taken in this regard, the Ministry of Communications and Information Technology (Department of Posts) in their Explanatory Note stated as under:—

> "Instructions are issued to the circles/units to guard against such type of financial irregularities and keep the expenditure within the allotment and project the demand for fund realistically."

45. This Grant had registered an excess expenditure of ₹ 818.13 crore during the 2009-10 fiscal also.

(d) Appropriation Accounts—Railways (2010-11)

46. During the financial year 2010-11, the Ministry of Railways incurred an excess expenditure of ₹ 3056.86 crore (after misclassification) in fifteen cases of ten excess registering Grants/Appropriations. The details of these excess registering Grants/ Appropriations have already been given in Paragraph 11 of this Report. The Committee's examination has revealed that in ten Revenue Voted Grants, the actual expenditure of ₹ 73,972.14 crore exceeded the total approved provisions of ₹70,928.89 crore by ₹ 3,043.25 crore. In respect of five Revenue Charged Appropriations, the actual expenditure of ₹ 301.85 crore was ₹ 9.54 crore excess of the sanctioned provision of

₹ 292.31 crore. The Explanatory Note furnished by the Ministry of Railways in this regard has been reproduced in ***Annexure XII*** to this Report.

47. Scrutiny of the Explanatory Note revealed that out of the total excess expenditure of ₹ 3,056.86 crore, the bulk of the excess expenditure *i.e.* ₹ 2,870.12 crore constituting 93.89 per cent was incurred under five Grants only *i.e.* (i) Grant No. 6—Working Expenses — Repairs and Maintenance of Carriage and Wagons (₹ 221.26 crore); (ii) Grant No. 8—Working Expenses—Operating Expenses— Rolling Stock and Equipment (₹ 184.55 crore); (iii) Grant No. 10—Working Expenses— Operating Expenses —Fuel (₹ 414.80 crore); (iv) Grant No. 12—Miscellaneous Working Expenses (₹ 645.53 crore); and (v) Grant No. 13—Working Expenses—Provident Fund, Pension and Other Retirement Benefits (₹ 1,403.98 crore).

(i) Grant No. 6 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Carriages and Wagons

48. Under Grant No. 6 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Carriages and Wagons, the Ministry of Railways obtained an Original Grant of ₹ 7,525.22 crore at the Budget Estimate stage. Subsequently, a Supplementary Grant of ₹ 53.28 crore was obtained in March, 2011 mainly for higher payment of salary, dearness allowance and other staff cost including arrear on account of implementations of MACP. Against this total Grant of ₹ 7,578.50 crore, the actual expenditure incurred was ₹ 7,799.59 crore thereby registering an excess expenditure of ₹ 221.09 crore. However, as there was a net effect of ₹ (+) 0.17 crore on account of misclassification of expenditure, the excess expenditure worked out to ₹ 221.26 crore. (This amount is after deducting savings amounting to ₹ 64.67 crore registered under three Minor Heads of this Grant which partially offset the gross excess amount)

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

(a) Establishment in Offices (100) (₹ 36.95 crore), mainly due to incurrence of more expenditure towards staff cost due to implementation of 6th Pay Commission; (b) Carriages (200) (₹ 167.06 crore), mainly due to more drawal of stores from stock, more direct purchases and adjustments of more workshop debits and materialisation of more contractual payments than anticipated; (c) Electric Multiple Unit Coaches (400) (₹ 32.90 crore), mainly due to more adjustment on wages (POH) and material (POH) due to increase in POH activities, more drawal of stores from stock and more direct purchases than anticipated; (d) Electrical General Services—Train lighting, Fans and Air-conditioning (500) (₹ 48.85 crore), mainly towards staff cost due to implementation of 6th Pay Commission, more drawal of stores from stock, more direct purchases, adjustment of more debits (POH) and materialisation of more contractual obligations than anticipated.

50. The Committee's examination revealed that this Grant had continuously been registering huge sums of excess expenditure during the last 3 financial years as stated below:—

Sl.No.	Financial Year	Amount of excess expenditure incurred (₹ in crore)
1.	2008-09	157.25
2.	2009-10	161.20
3.	2010-11	221.26

(ii) Grant No. 8 (Revenue Voted)—Working Expenses—Operating Expenses—Rolling Stock and Equipment

51. Under Grant No. 8 (Revenue Voted)— Working Expenses— Rolling Stock and Equipment, an Original Grant of ₹5,604.50 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹362.43 crore was obtained in March, 2011 mainly for higher payment of salary, dearness allowance and other staff cost including arrear on account of implementation of MACP. Against this total sanctioned Grant of ₹5,966.93 crore, the actual expenditure incurred was ₹6,156.82 crore resulting in excess expenditure of ₹189.89 crore. However, taking into account a net effect of ₹(-) 5.34 crore on account of misclassification, the actual excess expenditure worked out to ₹184.55 crore. (This amount is after deducting savings amounting to ₹21.67 crore registered under 6 Sub-Heads of this Grant, which partially offset the gross excess amount).

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

(a) Diesel Locomotives (200) (₹48.04 crore), mainly due to more expenditure to wards staff cost than anticipated; (b) Electric Locomotives (300) (₹163.52 crore), mainly due to more expenditure towards staff cost and more contractual payments on account of outsourcing activities than anticipated."

53. The Committee's examination revealed that this Grant had registered an excess expenditure of ₹128.30 crore during the financial year 2008-09 also.

(iii) Grant No. 10 (Revenue Voted)—Working Expenses—Operating Expenses—Fuel

54. Under Grant No. 10 (Revenue Voted)— Working Expenses—Operating Expenses—Fuel, an Original Grant of ₹15,778.12 crore was obtained at the Budget Estimate stage. Subsequently, a Supplementary Grant of ₹594.84 crore was obtained in March, 2011 mainly for more expenditure on fuel due to increase in traffic/prices of fuel under Diesel Traction and Electric Traction. Against this total sanctioned Grant of ₹16,372.96 crore, the actual expenditure incurred was ₹16,771.04 crore resulting in an excess expenditure of ₹398.09 crore. However, taking into account a net effect of ₹(+) 16.71 crore on account of misclassification, the actual excess expenditure worked out to ₹414.80 crore. (This amount is after deducting savings amounting to ₹1.63 crore under a Minor Head of this Grant, which partially offset the gross excess amount).

55. Scrutiny of the Explanatory Note furnished by the Ministry revealed that the excess expenditure was mainly incurred under the following Minor Heads:—

(a) Diesel Traction (200) (₹250.07 crore), mainly due to more expenditure towards consumption of HSD oil for more activity of diesel locos, increase in average rate of HSD oil, adjustment of more debits and also more expenditure towards sales tax/excise duty and VAT than anticipated; (b) Electric Traction (300) (₹149.64 crore), mainly due to incurrence of more expenditure cost of electricity used for traction services and more adjustment of debits than anticipated.

(iv) Grant No. 12 (Revenue Voted)— Miscellaneous Working Expenses

56. Under Grant No. 12 (Revenue Voted)—Miscellaneous Working Expenses, the Ministry of Railways incurred an actual expenditure of ₹4,002.50 crore against the total sanctioned Grant of ₹3,354.06 crore which was augmented from an Original Grant of ₹3,093.25 crore (at the Budget Estimate stage) and through a Supplementary Grant of ₹260.81 crore obtained in March, 2011 mainly for higher payment of salary, dearness allowance, other staff cost including arrear on account of implementation of MACP and compensation claims. This resulted in an excess expenditure of ₹648.44 crore. As there was a net effect of ₹(-) 2.91 crore on account of misclassification of expenditure, the actual excess worked out to ₹645.53 crore. (This amount is after deducting savings amounting to ₹206.82 crore registered under 5 Minor Heads of this Grant which partially offset the gross excess amount).

57. Scrutiny of the Explanatory Note revealed that the excess expenditure was mainly incurred under the following Minor Heads:—

(a) Compensation Claims (200) (₹18.74 crore), mainly due to adjustment of more compensation debits and also materialisation of more number of compensation claims during the year than anticipated; (b) Catering (400) (₹26.48 crore), mainly due to more expenditure towards contractual payments to private caterers and clearance of outstanding bills of IRCTC than anticipated; (c) Suspense (800) (₹810.04 crore), mainly due to clearance of heavy outstanding liabilities and more materialisation of claims and adjustment of debits under MAR (others) than anticipated.

58. The Committee's examination revealed that this Grant had registered excess expenditure to the tune of ₹39.87 crore and ₹22.33 crore also during the financial years 2009-10 and 2007-08 respectively.

(v) Grant No. 13 (Revenue Voted) — Working Expenses— Provident Fund, Pension and Other Retirement Benefits

59. Under Grant No. 13 (Revenue Voted)— Working Expenses— Provident Fund, Pension and Other Retirement Benefits, an Original Grant of ₹14,417.50 crore was obtained at the Budget Estimate stage. Subsequently, a Supplementary Grant of ₹531.24 crore was obtained in March, 2011 mainly for meeting the increased pensionary charges arisen due to implementation of the 6th Pay Commission. Against this total sanctioned Grant of ₹14,948.74 crore, the actual expenditure incurred was ₹16,352.71 crore resulting in an excess expenditure of ₹1,403.98 crore. (This amount is after deducting savings amounting to ₹93.5 crore registered under 2 Minor Heads of this Grant, which partially offset the gross excess amount).

60. Scrutiny of the Explanatory Note revealed that the excess expenditure was incurred mainly under the following Minor Heads:—

(a) Superannuation and Retiring Pension (100) (₹889.05 crore), due to receipt of more debits from various pension disbursing authorities on account of disbursement of arrears on account of implementation of 6th Pay Commission; (b) Ex-gratia Pension (300) (₹4.60 crore), due to incurrence of more expenditure towards ex-gratia pension during the year; (c) Family Pension (400) (₹565.62 crore), due to receipt of more debits towards family pension from various pension disbursing authorities due to revision of family pension cases on account of implementation of 6th Pay Commission; (d) Death-cum-Retirement Gratuity (500) (₹0.96 crore), due to finalisation of more number of Death-cum-Retirement Gratuity cases during the year than anticipated; (e) Leave Encashment Benefits (700) (₹22.15 crore), due to incurrence of more expenditure towards leave encashment for pension optees during the year than anticipated; (f) Gratuities Special Contribution to Provident Fund and Contribution to Provident Fund (800) (₹15.09 crore), due to more expenditure towards gratuities/special contribution to Provident Fund and more Government contribution for newly defined contribution pension scheme than anticipated.

61. The Committee's examination revealed that this Grant had registered excess expenditure of ₹1,512.27 crore during the financial year 2009-10 also.

62. For containing the excess expenditure, the Ministry of Railways stated in their Explanatory Note as under:—

"...every care has been taken:

(a) to assess the expenditure under various Appropriations/Grants as precisely as possible; and

(b) to obtain supplementary allotments where necessary so that excess is avoided to the maximum extent possible."

E. PERSISTENT MISCLASSIFICATION OF EXPENDITURE UNDER EXCESS REGISTERING GRANTS/APPROPRIATIONS OPERATED BY THE MINISTRY OF RAILWAYS

63. 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 the 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 last ten financial years *i.e.,* from 2001-02 to 2010-11:—

Financial Year	No. of cases of Misclassification of expenditure under excess registering Grants/Appropriations	Amount involved in the Misclassification of expenditure (₹)
1	2	3
2001-02	5	28,09,932
2002-03	3	2,08,73,794

1	2	3
2003-04	5	48,94,12,752
2004-05	9	104,32,74,159
2005-06	6	26,89,31,649
2006-07	5	209,80,86,273
2007-08	3	1,12,71,617
2008-09	6	23,54,57,552
2009-10	7	30,92,58,533
2010-11	9	29,70,49,848
(Year under review)		

64. 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 due to 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 avoidable misclassification of expenditure, which arose as a result of lack of care, should be viewed seriously and responsibility thereof should be fixed for the lapses. Subsequently, observing 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 their Seventh Report (15th Lok Sabha) and Twenty-second Report (Fifteenth Lok Sabha), the Committee had even recommended that the existing budgetary mechanism in the Railways should be thoroughly reviewed so that necessary corrective action wherever warranted could be taken to overcome systemic lacunae/ loopholes and progressive dimensions of the perennial misclassification syndrome. Thus, it may be seen that the Committee have consistently been stressing the need for checking the recurring instances of misclassification of expenditure by the Ministry of Railways.

PART II

OBSERVATIONS AND RECOMMENDATIONS

1. The Committee's examination of the Appropriation Accounts of the Union Government relating to the Civil, Defence Services, Postal Services and Railways for the financial year 2010-11 has revealed that a total excess expenditure of ₹11,042.87 crore was incurred in twenty-nine cases under twenty-two Grants/ Appropriations. The Ministries/Departments which have incurred excess expenditure during the 2010-11 fiscal are the Ministry of Commerce and Industry (Grant No. 11—Department of Commerce); the Ministry of Communications and Information Technology (Grant No. 13— Postal Services); the Ministry of Defence (six cases under five Grants/Appropriations *i.e.* Grant Nos. 21, 22, 23, 27 and Appropriation No. 25); the Ministry of External Affairs (two cases under Grant No. 31); the Ministry of Petroleum and Natural Gas (Grant No. 72); the Ministry of Road Transport and Highways (Grant No. 80); the Ministry of Urban Development (two Grants *i.e.* Grant No. 101 and 102); and the Ministry of Railways (fifteen cases under ten Grants/Appropriations *i.e.* Grant Nos. 3, 4, 5, 6, 7, 8, 10, 11, 12 and 13 and Appropriation Nos. 3, 6, 7, 8 and 12). The Committee observe 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 fiscal wherein a total excess expenditure of ₹14,581.86 crore (before misclassification) was incurred in twenty cases under eighteen Grants/Appropriations. They, however, express their concern over the increase in the number of excess registering Ministries/ Departments. The incidence of excess expenditure of such a huge magnitude is far from justifiable given the provision for obtaining Supplementary Demands for Grants in the course of a financial year. The Committee desire that such an endemic failure arising out of want of essential alacrity in the budgetary estimations, sheer dereliction of duty on the part of budget controlling authorities to monitor the pace of expenditure and to invoke the provision of supplementary demands and failure on their part to ensure observance of strict fiscal discipline should be prudently addressed in the coming years.

2. The Committee find that out of the total excess expenditure of ₹11,042.87 crore (before misclassification) incurred during the 2010-11 fiscal, the Civil Sector, Defence Services, Postal Services and Railways accounted for 30.65 per cent (₹3,384.10 crore in nine cases under seven Grants/Appropriation), 38.39 per cent (₹4,239.34 crore in four cases under four Grants/Appropriations), 3.32 per cent (₹366.63 crore under a single Grant) and 27.64 per cent (₹3,052.79 crore in fifteen cases under ten Grants/Appropriations) respectively. Scrutiny of the cases of excess registering Grants/Appropriations for the financial year 2010-11 indicates huge variations in the quantum of excess expenditure incurred under twenty-two Grants/ Appropriations. In the Civil Sector, as much as 98.59 per cent (₹3,336.31 crore) of the total excess expenditure was incurred under Grant No. 21 (Revenue Voted)—

Defence Pensions alone while Grant No. 72 (Capital Voted) — Ministry of Petroleum and Natural Gas registered 0.00004 per cent (₹14,000). Seven other Grants/ Appropriations— (i) Grant No. 31 (Revenue Voted) — Ministry of External Affairs; (ii) Grant No. 101 (Revenue Voted) — Public Works; (iii) Appropriation No. 21 (Revenue Charged) — Defence Pensions, (iv) Appropriation No. 80 (Revenue Charged) — Ministry of Road Transport and Highways; (v) Grant No. 11 (Capital Voted) — Department of Commerce; (vi) Grant No. 31 (Capital Voted) — Ministry of External Affairs; and (vii) Grant No. 102 (Capital Voted)—Stationery and Printing accounted for 0.19 per cent, 0.23 per cent, 0.003 per cent, 0.00004 per cent, 0.19 per cent, 0.80 per cent and 0.0005 per cent respectively. In the Defence Sector, Grant No. 22 (Revenue Voted) — Defence Services-Army accounted for 67.56 per cent of the total excess expenditure of ₹4,239.34 crore incurred in this Sector during the fiscal year under examination. Grant No. 23 (Revenue Voted) — Defence Services — Navy accounted for 3.28 per cent while Appropriation No. 25 (Revenue Charged) — Defence Ordnance Factories and Grant No. 27 (Capital Voted) — Capital Outlay on Defence Services recorded 0.03 per cent and 29.14 per cent respectively. As regards excess expenditure incurred under Grants/Appropriations operated by the Railways, out of the total excess expenditure of ₹3,052.79 crore (before misclassification), about 93.73 per cent *i.e.* ₹2,861.48 crore was incurred under five Grants only *i.e.* (i) Grant No. 6 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Carriages and Wagons; (ii) Grant No. 8 (Revenue Voted)—Working Expenses—Operating Expenses—Rolling Stock and Equipment; (iii) Grant No. 10 - Working Expenses— Operating Expenses — Fuel; (iv) Grant No. 12—Miscellaneous Working Expenses; and (v) Grant No. 13—Working Expenses-Provident Fund, Pension and Other Retirement Benefits. The Committee wish to caution that expenditure over and above the budgetary provisions sanctioned by the Parliament at different stages of the budget does not augur well for fiscal prudence and fiscal consolidation besides undermining the Parliamentary financial control. The unabated large excess expenditure by these defaulting Ministries/Departments is axiomatic of the fact that they miserably failed to track the pace of expenditure *vis-à-vis* the grants approved by Parliament. Deplorably, such a trend also indicates that the defaulting Ministries/ Departments have not accorded due importance to the guiding principles of budgeting and abdicated their responsibilities. The Committee urge upon the defaulting Ministries/Departments to learn from the experience of the Ministries/Departments which did not incur excess expenditure. Taking note of the persisting trend of excess expenditure and considering the fact that the problem is not intractable with effective application of IT and e-governance, the Committee recommend that the Ministry of Finance make it incumbent upon the Financial Advisers and the Budget Controlling authorities by issuing suitable and periodic instructions to ensure that no excess expenditure takes place in future.

3. A comparative scrutiny of the Appropriation Accounts (Railways) 2010-11 and the Explanatory Notes furnished by the Ministry of Railways indicating the detailed reasons for excess expenditure incurred by them over Voted Grants/Charged Appropriations during 2010-11 revealed that there were nine cases of misclassification of expenditure *i.e.* (i) ₹(-) 7,76,119 under Grant No. 3 (Revenue Voted)—Working Expenses—General Superintendence and Services; (ii) ₹(-) 2,08,05,012 under Grant No. 4 (Revenue Voted) — Working Expenses— Repairs and Maintenance of Permanent Way and Works; (iii) ₹(-) 1,78,32,198 under Grant

No. 5 (Revenue Voted)— Working Expenses— Repairs and Maintenance of Motive Powers; (iv) ₹(+) 17,30,273 under Grant No. 6 (Revenue Voted) — Working Expenses —Repairs and Maintenance of Carriages and Wagons; (v) ₹(-) 7,40,043 under Grant No. 7 (Revenue Voted)— Working Expenses - Repairs and Maintenance of Plant and Equipment; (vi) ₹(-) 5,33,97,530 under Grant No. 8 (Revenue Voted)— Working Expenses—Operating Expenses—Rolling Stock and Equipment; (vii) ₹(+) 16,71,49,932 under Grant No. 10 (Revenue Voted) — Working Expenses --Operating Expenses-Fuel; (viii) ₹(-) 55,63,698 under Grant No. 11 (Revenue Voted)-Working Expenses-Staff Welfare and Amenities; and (ix) ₹(-) 290,55,043 under Grant No. 12 (Revenue Voted)—Miscellaneous Working Expenses. Taking into account the effect of these nine cases of misclassification, the actual excess expenditure by the Ministry of Railways during the 2010-11 fiscal works out to ₹3056,85,87,626 instead of ₹3052,78,77,064 as indicated in the Indian Railways Appropriation Accounts (2010-11). Accordingly, the total amount of actual excess expenditure incurred during the financial year 2010-11 which has to be regularized by Parliament under Article 115 (1) (b) of the Constitution is of the order of ₹11,046.94 crore.

4. An analysis of the four Appropriation Accounts and the Explanatory Notes furnished by the defaulting Ministries/Departments shows that in seven cases the percentage of excess expenditure over the Total Grant was exceedingly high. These are; 43.00 per cent in respect of Appropriation No. 21 (Revenue Charged)—Defence Pensions; 14.30 per cent in respect of Grant No. 102 (Capital Voted)— Stationary and Printing; 31.88 per cent in respect of Appropriation No. 25 (Revenue Charged)— Defence Ordnance Factories; 19.33 per cent in respect of Grant No. 12 (Revenue Voted)— Miscellaneous Working Expenses; 135.17 per cent in respect of Appropriation No. 3 (Revenue Charged)— Working Expenses- General Superintendence and Services; 47.07 per cent in respect of Appropriation No. 6 (Revenue Charged)—Working Expenses- Repairs and Maintenance of Carriages and Wagons; and 47.32 per cent in respect of Appropriation No. 7 (Revenue Charged)— Working Expenses—Repairs and Maintenance of Plant and Equipment. Obviously, such a huge percentage of excess expenditure shows beyond any manner of doubt that the entire budgetary process has gone awry in these defaulting Ministries/Departments and there has been abysmal failure on the part of the budget controlling authorities and Financial Advisers in budget formulation, monitoring and in submission of revised estimates in time. The Committee, therefore, recommend that the Ministry of Finance take a serious note of it and seek the explanation of the defaulting Ministries/Departments for the incidence of excess expenditure and report back to the Committee in due course.

5. The Committee note with profound concern that out of the total twenty-nine cases of excess registering Grants/Appropriations, an excess expenditure of ₹10,966.95 crore was incurred in as many as twenty-three cases even after obtaining Supplementary Grants/Appropriations to the tune of ₹19,065.46 crore. The percentage of excess expenditure over the Supplementary Grants in respect of these twenty-three Grants/Appropriations ranged from 0.001 per cent [Grant No. 72 (Capital Voted) —Ministry of Petroleum and Natural Gas] to 2,108 per cent [Grant No. 101 (Revenue Voted)— Public Works] and in thirteen cases this percentage was more than 50 per cent. To illustrate the sector-wise details, Supplementary Grants

to the tune of ₹9,846.90 crore, ₹4,523.68 crore, ₹2,097.95 crore and ₹2,596.93 crore pertaining to the Civil, Defence, Postal and Railway Sectors respectively fell short of the actual expenditure by ₹3,377.41 crore, ₹4,239.34 crore, ₹366.63 crore and ₹2,983.56 crore in that order. In respect of seven Grants/Appropriations, the quantum of excess expenditure incurred was even higher than the Supplementary Grants/Appropriations sought. The Committee deplore the tendency on the part of the defaulting Ministries/Departments in resorting to excess expenditure despite obtaining huge sums of Supplementary Grants in a routine manner. What is more perplexing is that these Ministries/Department could not realistically project their requirement of funds even after three stages of obtaining Supplementary Grants, the latest being February—March, 2011 *i.e.* the fag end of the financial year. This is a clear indication of bad budgeting as well as of the deeply pervading malaise in the extant budgeting method/mechanism, which has resulted in lack of proper assessment and accurate projection of the fund requirement despite ample opportunities for seeking Parliamentary approval. It also exposes the hollow claim of the Ministries/ Departments concerned that they monitor the flow of the excess expenditure. The Committee, therefore, recommend that the Ministries/Departments concerned probe into the causes of this chronic malaise and find effective ways and means to make the mechanism of estimating Supplementary Grants more realistic and the budget controlling officers responsible so that no excess expenditure is incurred and strict fiscal discipline is maintained. The Committee be apprised of the steps taken in this regard within three months of the presentation of the Report.

6. The Committee are constrained to observe that the Ministry of Railways had been persistently incurring huge excess expenditure during the financial years 2001-02 to 2010-11 while the Ministry of Defence had been spending much above the authorized expenditure during each of the financial years 2003-04 to 2010-11. To elucidate, the Ministry of Railways incurred excess expenditure of ₹210.71 crore in eight Grants/Appropriations in 2001-02, ₹323.65 crore in eleven Grants/ Appropriations in 2002-03, ₹1136.92 crore in nine Grants/Appropriations in 2003-04; ₹2,151.99 crore in ten Grants/Appropriations in 2004-05, ₹2,322.46 crore in eleven Grants/Appropriations in 2005-06, ₹365.16 crore in eight Grants/ Appropriations in 2006-07, ₹51.22 crore in eight Grants/Appropriations in 2007-08, ₹532.12 crore in eight Grants/Appropriations in 2008-09, ₹1,922.84 crore in nine Grants/Appropriations in 2009-10 and ₹3,056.86 crore in ten Grants/ Appropriations in 2010-11. The Committee also find that under Defence Services sector, the Ministry of Defence incurred an excess expenditure of ₹37.50 crore in a single Grant in 2003-04, ₹41.99 crore in two Grants in 2004-05, ₹44.84 crore in two Grants in 2005-06, ₹667.17 crore in a single Grant in 2006-07, ₹71.19 crore in a single Grant in 2007-08, ₹742.61 crore in two Grants in 2008-09, ₹2,615.23 in two Grants in 2009-10 and ₹4,239.34 crore in four Grants/Appropriations in 2010-11. This recurring phenomenon of wide variations between the budgetary provisions and the actual expenditure by these important Ministries over such long periods has led the Committee to arrive at the conclusion that the estimation of requirement of funds is still done in a haphazardly manner devoid of sound budgetary presumptions. Needless to say the existing budgeting mechanism in these Ministries still suffers from various loopholes and lacunae which are nullifying the attempts of the Government to enhance accuracy level of their budgetary projections to achieve

the desired improvements. The persistence of such a pernicious trend is bound to further deteriorate the fiscal discipline leading to financial *ad-hocism,* and maladministration. The Committee, therefore, impress upon the Ministries of Railways and Defence to overhaul their budgetary mechanism drastically, introduce and implement IT and e-governance in their financial administration and fix responsibility against the budget controlling authorities in case their estimation go awry leading to excess expenditure.

7. The Committee observe that the Explanatory Notes pertaining to the excess registering Grants/Appropriations as highlighted in the Union Government Appropriation Accounts (Civil) for the financial year 2010-11 were due for submission to the Committee on or before 24th April, 2012. However, the Ministries of External Affairs, Commerce and Industry (Department of Commerce), Petroleum and Natural Gas and Defence furnished their Explanatory Notes pertaining to the financial year 2010-11 after a delay of 7 months 18 days; 7 months 5 days; 3 months 27 days; and 13 days respectively. The Committee do not find any valid justification for inordinate delay in submission of the Explanatory Notes by these defaulting Ministries/ Departments as they had ample time to prepare and furnish the same to the Committee well before the stipulated time as has been done by other Ministries/Departments. Deploring the abysmal failure on the part of the Ministry of Road Transport and Highways to furnish Explanatory Notes to the Committee (as on 28.12.2012) even after repeated written and oral reminders, the Committee, being unable to endorse regularization of the excess expenditure, recommend that responsibility be fixed by the Ministry of Finance in consultation with the Ministry of Law & Justice for violation of constitutional provision and they be apprised accordingly.

8. The Committee find that the Ministry of Defence incurred an excess expenditure of ₹3,336.31 crore under Revenue Section (Voted) of Grant No. 21— Defence Pensions which alone accounted for 98.59 per cent of the total excess expenditure incurred in the Civil Sector. The Explanatory Note furnished by the Ministry of Defence *inter-alia* states that the excess was mainly due to implementation of one rank one pension scheme, substantial improvement in pension in respect of Personnel Below Officer Rank discharged prior to 01.01.2006, more number of retirees than expected, booking of pending pension scrolls received from banks to clear amount under suspense and encashment of Earned Leave at the credit of the retirees. The Committee's examination has revealed that this Grant had also registered an excess expenditure of ₹13.33 lakh and ₹8,999.54 crore during the financial years 2008-09 and 2009-10 respectively. Such repeated incurring of huge sums of excess expenditure during the last three financial years indicates lack of reliable data and comprehensive networking and coordination amongst pension account related offices across the country. This also suggests that the prevailing pension data management and accounting information systems are not in order. Surprisingly, however, as Remedial Action Taken in this regard, the Ministry of Defence stated in the Explanatory Note that necessary instructions have been issued to all concerned to prepare their Budgetary Proposals on realistic basis. The Committee find that the Ministry of Defence have been giving this same stock reply over the last three financial years without any positive outcome. This clearly shows

that the Ministry of Defence have not taken any concrete measures to revamp the system for correctly forecasting and factoring the pension liability into the budgetary estimations. Consequently, when the recommendations of the 6th Central Pay Commission were implemented, the flow of funds was thrown out of gear resulting in huge excess expenditure. The Committee desire that the Ministry of Defence should look into all aspects for taking necessary corrective action so that the existing deficiencies and shortcomings in the pension payment are rectified and recurrence of excess expenditure is either avoided or greatly minimized on this count. The Ministry should also adopt e-governance model and utilize the information technology services/tools to establish a centralized data base of pensioners and networking of all the banks so that the estimation of pension liability and expenditure in a particular year is correctly arrived at.

9. The Committee note with concern that huge quantum of excess expenditure to the tune of ₹2,864.02 crore, ₹138.85 crore and ₹1,235.32 crore had been incurred under Revenue Section (Voted) of Grant No. 22—Defence Services— Army and Grant No. 23 — Defence Services— Navy and Grant No. 27— Capital Outlay on Defence Services respectively during the financial year 2010-11. In respect of Grant No. 22, the main contributory reasons, according to the Ministry of Defence, were higher sanction of DA than anticipated, accretion of two new formations, additional expenditure on disaster relief operation, increase in purchase rate and demand of hay, exchange rate variation, supply of stores ex-DGOF more than budgeted amount, procurement of ammunition and devices and contractual obligations. As regards the Grant No. 23, the main contributory reasons adduced were certain unforeseen obligatory payments, increase in Temporary Duty, Permanent Duty, contractual Foreign travel of Service and Civilian personnel as per their entitlements, enhanced deployments for coastal security/anti-piracy and additional deployment of ships and aircraft to Libya at short notice, payment of liabilities for maintenance dredging for operational requirements and additional expenditure on account of urgent repairs for operational marine assets/buildings and contractual payments for pilots training in USA. With regard to the Grant No. 27, the main contributory reasons were more fructification of land acquisition cases than anticipated at MA stage, enhanced deliveries of Instant Fire Detection and Suppression System than anticipated at MA stage and initial advance for TATRA for mounting Mobile Mast, enhanced deliveries/payments in environmental control for BMP-II, modernization of safety and security in Ammunition Report and in other miscellaneous schemes like SHAKTI and SUJAV etc. and maturity of high value cases during this period, booking of expenditure with respect to committed liabilities, enhanced deliveries/ payments in MBWT wagons, higher progress and expenditure than anticipated under projects towards the close of financial year, exchange rate variation in respect of foreign payments and booking of letter of credit on account of foreign payments, certain unforeseen payments including taxes, booking of expenditure with respect to committed shipyard payments, revised requirement of funds towards schemes contracted with HAL and increased requirements due to committed liabilities and adjustments due to enhanced rate of exchange and greater progress under certain other works than anticipated. The Committee do not consider these reasons compelling for incurring excess expenditure as many of these could have been

anticipated well in advance and factored into at the time of finalization of the Grants through the three stages of Supplementary Grants. In this regard, the Committee's examination has revealed that the Ministry of Defence have continuously been incurring huge sums of excess expenditure under the Grant No. 22 (Revenue Voted)— Defence Services—Army since the 2006-07 fiscal. To elucidate, excess expenditure of ₹667.17 crore in 2006-07, ₹71.19 crore in 2007-08, ₹2,464.11 crore in 2009-10, ₹2,864.02 crore in 2010-11 were incurred under this Grant. Similarly, excess expenditure of ₹150.51 crore in 2009-10, and ₹138.85 crore in 2010-11 was incurred under the Grant No. 23 (Revenue Voted)—Defence Service—Navy. Surprisingly as a remedial measure, the Ministry have merely re-circulated their old instructions for containing excess expenditure which have proved inadequate over these years. The Committee wonder as to why a crucial Ministry like the Ministry of Defence responsible for the defence of the country would remain so insensitive for such a long period and would continuously be found wanting in their budgetary exercise. The Committee observe that the quantum of unauthorized excess expenditure could have been greatly reduced with proper care and attention to detail. However, this trend of recurring excess expenditure proves that the Ministry have no mechanism to check or minimize excess expenditure under the Grants operated by them. The Committee feel that to plug the loopholes and rectify the deficiencies causing excess expenditure, it is imperative for the Ministry of Defence to undergo serious introspection and devise concrete ways and means in consultation with the Ministry of Finance to overhaul and streamline their budgeting mechanism so that recurring excess expenditure is avoided altogether. The Committee would like to be apprised of the specific additional corrective measures taken by the Ministry in this direction.

10. During the financial year 2010-11, the Department of Posts incurred an excess expenditure of ₹366.63 crore under a single Grant operated by them, *i.e.* the Grant No. 13— Postal Services. Scrutiny of the Explanatory Note furnished by the Department shows that the excess expenditure was mainly due to pay and hike in Dearness Allowance, implementation of GDS Committee Report, Modified Assured Career Progression (MACP) Scheme due to implementation of the 6th Pay Commission Report and excess payment of superannuation and retirement benefits including payment of family pension more than anticipated. The Committee have been assured that instructions have been issued to the circles/units to project the demand for fund realistically and keep the expenditure within the allotment. The Committee are, however, worried to find that the same instruction was issued by the Department when they incurred an excess expenditure of ₹818.13 crore during the 2009-10 fiscal. Apparently, the instructions issued by the Department for containing their excess expenditure are far from effective. The Committee urge upon the Department to overhaul their prevailing expenditure review mechanism whereby a system is evolved and enforced to provide sufficient checks and balances against any possible wanton sanction and utilization of funds under this Grant so as to maintain the requisite transparency and accountability. The Committee, therefore, desire that precise action should be taken in this regard at the earliest.

11. The Committee's examination of the Appropriation Accounts (Railways) for the financial year 2010-11 and scrutiny of Explanatory Notes has revealed that the Ministry of Railways incurred a total excess expenditure of ₹3,056.86 crore (after

misclassification) in fifteen cases of ten excess registering Grants/Appropriations. This amount of excess expenditure was 158.98 per cent of the proceeding financial year's total of ₹1,922.84 crore incurred in ten cases of nine excess registering Grants/Appropriations. Out of the total excess expenditure of ₹3,056.86 crore, the bulk of the expenditure amounting to ₹2,870.12 crore constituting 93.89 per cent was incurred under 5 Grants only *i.e.* (i) Grant No. 6—Working Expenses—Repairs and Maintenance of Carriages and Wagons (₹221.26 crore); (ii) Grant No. 8—Working Expenses— Operating Expenses— Rolling Stock and Equipment (₹184.55 crore); (iii) Grant No. 10 —Working Expenses— Operating Expenses—Fuel (₹414.80 crore); (iv) Grant No. 12— Miscellaneous Working Expenses (₹645.53 crore); and (v) Grant No. 13- Working Expenses—Provident Fund, Pension and Other Retirement Benefits (₹1,403.98 crore). According to the Ministry, the reasons for excess expenditure were incurrence of more expenditure on staff cost due to implementation of the 6th Pay Commission Recommendations, materialization of more contractual payment than anticipated, more direct purchase due to increase in special repairs, more drawal of stores from stock, more adjustments of wages and material on POH, increase in POH activity, more expenditure towards consumption of HSD oil for more activity of diesel locos, increase in average rate of HSD oil, adjustment of more details, more expenditure towards sales tax/excise duty and VAT than anticipated, incurrence of more expenditure cost of electricity used for traction services, clearance of heavy outstanding liabilities and more materialization of claims and adjustment of details than anticipated, receipt of more details from various pension disbursing authorities on account of implementation of the 6th Pay Commission Report. The Committee's examination has revealed that the Grant No. 6 (Revenue Voted)— Working Expenses— Repairs and Maintenance of Carriages and Wagons had registered excess expenditure of ₹157.25 crore, ₹161.20 crore and ₹221.26 crore during the financial years 2008-09, 2009-10 and 2010-11 respectively while the Grant No. 8 (Revenue Voted)—Working Expenses— Operating Expenses— Rolling Stock and Equipment had registered an excess expenditure of ₹128.30 crore during the financial year 2008-09. Similarly, the Grant No. 12 (Revenue Voted) — Miscellaneous Working Expenses registered excess expenditure to the tune of ₹39.87 crore and ₹22.33 crore during the financial years 2009-10 and 2007-08 respectively. The Committee also find that the Grant No. 13 (Revenue Voted)—Working Expenses—Provident Fund, Pension and other Retirement Benefits had registered excess expenditure of ₹1,512.27 crore during the financial year 2009-10. Thus, incurring of excess expenditure under the Grants/ Appropriations operated by the Ministry of Railways is a recurring phenomenon indicating serious flaws in their budgetary exercise. As such, the Committee are not enthused by the Ministry's stock reply that every care has been taken to assess the expenditure under various Grants/Appropriations as precisely as possible and to obtain supplementary allotments where necessary so that excess is avoided to the maximum extent possible. The Committee observe that while anticipating the requirement of funds by the Railways, estimations for various Sub-Heads could have been projected more realistically by analysing properly the total monetary effect of salary hike, prevailing expenditure trail, upcoming demands/requirements, rising cost etc. which was possible by putting in a little more effort. The Committee cannot

but conclude that the indolent Ministry of Railways have not taken any timely corrective measures to improve their budgeting mechanism with a view to avoiding such a huge unauthorized expenditure. It is apparent that the Ministry have paid scant respect to enforcing fiscal discipline while incurring wantonly excess expenditure, which is anything but regrettable. Taking serious note of lack of concern and sustained efforts on the part of the Ministry in observing fiscal discipline, the Committee recommend that the Ministry of Railways strive earnestly for ensuring realistic estimation of their budgetary requirements under various sub-heads of the Grants/Appropriations operated by them so that the existing lapses/loopholes are identified and concrete remedial measures taken to obviate excess expenditure.

12. The Committee are concerned to note that despite their repeated exhortations, the Ministry of Railways have not been able to stop misclassification of expenditure in the accounts of the Ministry of Railways. During the last ten financial years, the Committee have come across fifty-eight cases of misclassification of expenditure, the details being five in 2001-02, three in 2002-03, five in 2003-04, nine in 2004-05, six in 2005-06, five in 2006-07, three in 2007-08, six in 2008-09, seven in 2009-10 and nine in 2010-11. The Committee deplore that this unabated trend of persistent misclassification of expenditure in the Railways has reached endemic proportion and they have repeatedly failed to address and eliminate such a fundamental flaw. Apparently, no tangible action has been taken by the Ministry either to fix responsibility for avoidable errors or for rectifying the terminological ambivalence leading to misclassification. The Committee take a serious view of such callous approach on the part of the Ministry of Railways, which if left unattended/unchecked, would derail the budgetary exercise. The Committee recommend that the existing budgetary mechanism in the Railways needs to be thoroughly reviewed and revamped so that necessary corrective action, wherever warranted, could be taken to overcome systemic lacunae/loopholes for progressive elimination of the misclassification syndrome. Further, responsibility be fixed for each patent misclassifications so that there is greater caution and due diligence in classification of expenditure in future.

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

New Delhi;	DR. MURLI MANOHAR JOSHI
28 *December,* 2012	*Chairman,*
7 *Pausa,* 1934 (*Saka*)	*Public Accounts Committee.*

ANNEXURE I

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE (FINANCE)
(Main Office)

Excess Note

Note for Public Accounts Committee for regularization of excess expenditure of ₹333630.73 lakh occurred in Revenue Section (voted) of Grant No. 21 Defence Pensions as disclosed in Appropriation Accounts (Defence Pensions) for 2010-11.

Revenue Section (Voted)	(₹ in thousand)
Original Grant	24999,75,00
Supplementary Grant	9000,00,00
Total Grant	33999,75,00
Actual Expenditure	37336,05,73
Excess	3336,30,73

2. Under Revenue Section (voted) of Grant No. 21 Defence Pensions for 2010-11 original provision was ₹ 24999,75,00 thousand. This was augmented to ₹ 33999,75,00 thousand by obtaining supplementary Grant of ₹ 9000,00,00 thousand. Against this the expenditure of ₹ 37336,05,73 thousand was incurred resulting an excess of ₹3336,30,73 thousand.

3. The excess of ₹ 3336,30,73 thousand was the net effect of total excess of ₹ 3357,19,97 thousand less total savings of ₹ 20,89,24 thousand under various sub heads of the Grant. The sub-heads below Major Head 2071 under which excess occurred and reasons thereof are explained below:—

(i) 2071.02 — Defence (SMH)

2071.02.101 — Army (Minor Head)

2071.02.101.01 — Pension and other Retirement Benefits (Sub Head)

	(₹ In thousand)
Original Grant	22062,03,72
Supplementary Grant	7748,65,08
Re-appropriation	(+) 37,37,35
Total Grant	29848,06,15
Actual Expenditure	33037,57,61
Excess	(+) 3189,51,46

The excess of ₹ 3189,51,46 thousand under this head is mainly due to Substantial improvement in pension in respect of Personnel Below Officer Rank (PBOR) discharged prior to 01.01.2006, more number of retirees than expected and booking of pending Pension scrolls received from banks to clear amount under suspense.

(ii) 2071.02 Defence (SMH)

2071.02.102 Navy (Minor Head)

2071.02.102.01 Pension and other Retirement Benefits (Sub Head)

(₹ in thousand)

Original Grant	786,78,27
Supplementary Grant	98,36,08
Re-appropriation	(+) 48,27,94
Total Grant	933,42,29
Actual Expenditure	980,29,87
Excess	(+) 46,87,58

The excess of ₹ 46,87,58 thousand under this head is mainly due to substantial improvement in pension in respect of personnel Below Officer Rank (PBOR) discharged prior to 01.01.2006, more number of retirees than expected and booking of pending Pension scrolls received from banks to clear amount under suspense.

(iii) 2071.02 Defence (SMH)

2071.02.102 NAVY (Minor Head)

2071.02.102.03 Leave encashment (Sub Head)

(₹ in thousand)

Original Grant	155,15,57
Re-appropriation	(-) 48,27,94
Total Grant	106,87,63
Actual Expenditure	124,98,83
Excess	(+) 18,11,20

The excess of ₹ 18,11,20 thousand under this head is mainly due to the more balances of EL at the credit of retirees and also the impact of the provision of encashment of 10 days EL during the LTC.

(iv) 2071.02 Defence (SMH)

2071.02.103 AIR FORCE (Minor Head)

2071.02.101.01 Pension and other Retirement Benefits (Sub Head)

(₹ in thousand)

Original Grant	1011,45,95
Supplementary Grant	1035,91,56
Re-appropriation	(-) 100,29,70
Total Grant	1947,07,81
Actual Expenditure	2038,35,68
Excess	(+) 91,27,87

The excess of ₹ 91,27,87 thousand under this head is mainly due to booking of Pension scrolls received from banks and consequent reduction in amounts under suspense.

(v)	2071.02	Defence (SMH)
	2071.02.103	Air Force (Minor Head)
	2071.02.103.03	Leave Encashment (Sub Head)

(₹ in thousand)

Original Grant	139,25,13
Supplementary Grant	1,42,66
Re-appropriation	(+) 100,20,76
Total Grant	240,88,55
Actual Expenditure	252,30,41
Excess	(+) 11,41,86

The excess of ₹ 11,41,86 thousand under this head is mainly due to more leave at credit of retirees and also the impact of the provision of encashment of 10 days EL during the LTC.

The total grant is ₹ 33999,75,00 thousand and excess amount of ₹ 3336,30,73 thousand has been incurred which is less than 10%. Moreover Defence Pensions is a obligatory type of expenditure and cannot be stopped for want of funds. In the circumstances explained above the total excess of ₹ 333630.73 lakh may kindly be recommended for regularization by the Parliament under Article 115(1) (b) of the constitution.

Remedial Action Taken

Necessary instructions have been issued *vide* ID No. -2(6)/MO/2010-11/911 dated 11/7/2011 and ID No. -2(6)/MO/2010-11/1617 dated 9/12/2011 (copies enclosed) to all concerned to prepare their budgetary proposals on realistic basis taking into consideration all the related aspects such as commitments, trend of expenditure and the anticipated expenses to an optimum level necessary remedial measures/corrective action should be taken promptly.

This has been vetted Audit *vide*- DGADS UO No. .269/AA-8/2010-11/Def. Pen. dt. 19/1/12

Sd/-

F. No. 2(6)/MO/2010-11.

(Ramesh Kumar)
Addl. FA & Joint Secretary.

No.2(6)/MO/2010/1617
GOVERNMENT OF INDIA
MINISTRY OF DEFENCE (FINANCE)
Main Office

New Delhi, dated 9th December, 2011

The undersigned is directed to refer to this Division ID No. 2(6)/MO/2010-11/911 dated 11/07/2011 wherein it has been requested for utmost caution and accuracy to be adopted while assessing Budget Estimates.

2. In the revised draft Head-wise Appropriation Account (Stage-III) in r/o Gr. No. 21, Defence Pensions, for 2010-11 it has been observed that there is an excess of ₹ 3336,30.73 lakhs in the voted portion of Revenue Section of the grant against the sanctioned provisions. Hence, it is requested to strictly adhere to the instructions issued in the above mentioned ID dated 11/7/2011 so that the Savings/Excess under the grant may be avoided in future.

3. Further, it is also requested to give comprehensive and specific reasons along with supporting documents for excess expenditure incurred under sub-heads mentioned below in r/o the Gr. No. 21, Defence Pensions for the year 2010-11 as observed in the revised draft Head-wise Appropriation Account (Stage-III) so that the same may be incorporated in the Explanatory Note which has to be submitted to the Monitoring Cell of Ministry of Finance for onward transmission to PAC. The excess incurred under Sub Heads are as follows:—

(₹ in thousands)

Sub-Head	Provisions	Actual Expenditure	Excess
2071.02.101.01	29848,06,15	33037,57,61	3189,51,46
2071.02.102.01	933,42,29	980,29,87	46,87,58
2071.02.102.03	106,87,63	124,98,83	18,11,20
2071.02.103.01	1947,07,81	2038,35,68	91,27,87
2071.02.103.03	240,88,55	252,30,41	11,41,86

4. It is requested to furnish the reasons for excess expenditure immediately/by return fax for incorporation of the same in the Explanatory Note.

5. This issues with the approval of JS & Addl. FA(R).

Sd/-

(T.H. Franklin)
Dy. Financial Adviser (E/MO)
Tele: 011-23012180/23012404

Shri Shharat Sharma, IDAS
Jt. CGDA/(A/Cs & Budget),
Office of the CGDA, Ulan Batar Road,
Delhi Cantt.

Copy to:
Pr. C.D.A.(P)
Allahabad.

MOST IMPORTANT
BUDGETARY MATTER

MINISTRY OF DEFENCE (FINANCE)

Main Office

Subject: Instructions/Cautions for preparation of Revised/Budget total allocations/ grant under each sub/detailed head.

It has been noticed by this Division that Excess expenditure of ₹ 10.75 lakhs occurred under charged portion of revenue section under Demand No. 21, Defence Pensions, against the sanctioned provision during the financial year 2010-11.

It is, therefore, stressed that utmost caution and accuracy be adopted while estimating requirement of funds for RE 2011-12, BE 2012-13 after taking in to account all the instructions issued by Ministry of Finance from time to time and adhere to the expenditure control during the current/ensuing financial year as well. In order to ensure that the budgetary projections are made after an accurate and realistic assessment of the requirements and visualization of the actual/anticipated expenditure, detailed reasons by giving the numerical impact in respect of each components of the respective detailed/sub-head should invariably be recorded where the estimations are increased or decreased by 10% or more w.r.t. the actual expenditure during the last financial year (*i.e.* 2010-11), etc.

These instructions may please be curculated to all concerned for avoiding savings or excess over the approved grant. Remedial measures/corrective action taken in this regard may kindly be intimated to this Division for apprising the positions to DGA, DS.

Sd/-

(T. Henry Franklin)
Dy. Financial Adviser (MO)
Tel: 23014890/2404

1. Jt. CGDA(A/Cs & Budget).
2. Pr. CDA (P) Allahabad.

MoD (Fin.) ID No. 2(6)/MO/2010-11/911
dt. 11/07/2011.

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE (FINANCE)

(Main Office)

Excess Note

Note for Public Accounts Committee for regularization of excess expenditure of ₹ 10.75 lakh occurred in Revenue Section (Charged) of Grant No. 21, Defence Pensions as disclosed in Appropriation Accounts:

Revenue Section (Charged)	(₹In thousand)
Original Grant	25,00
Total Grant	25,00
Actual Expenditure	35,75
Excess	10,75

2. Under Revenue Section (Charged) of Grant No. 21, Defence Pensions for 2010-11 original provision was ₹ 25,00 thousand. Against this the expenditure of ₹ 35,75 thousand was incurred resulting in an excess of ₹ 10,75 thousand.

3. The excess of ₹ 10,75 thousand was the net effect of total excess of ₹ 13,92 thousand less total savings ₹ 3,17 thousand under various sub-heads (charged) of the Grant. The Sub-heads (charged) below Major Head 2071 under which excess occurred and reasons thereof are explained below:

(i) 2071.02 Defence (SMH)

2071.02.101 Army (Minor Head)

2071.02.101.01 Pension and other Retirement Benefits (Sub Head)

(₹ in thousand)

Original Grant	20,00
Total Grant	20,00
Actual Expenditure	25,68
Excess	(+) 5,68

The excess of ₹ 5,68 thousand under this head is mainly due to the implementation of Court Decree which is an obligatory expenditure.

(ii) 2071.02 Defence (SMH)

2071.02.101 Army (Minor Head)

2071.02.101.03 Leave Encashment (Sub Head)

(₹ in thousand)

Original Grant	0
Actual Expenditure	8,24
Excess	(+) 8,24

The excess of ₹ 8,24 thousand under this head is mainly due to the implementation of Court Decree which is an obligatory expenditure.

The total grant under (Charged Portion) of Revenue Section in Grant No.21, Defence Pensions is ₹25,00 thousand and an excess amount of ₹ 10,75 thousand has been incurred. The excess is due to implementation of Court Decree which is an obligatory expenditure and cannot be predicted in advance. In the circumstances explained above the total excess of ₹10,75 lakhs under (Charged Portion) of Revenue Section may kindly be recommended for regularization by the Parliament under Article 115(I) (b) of the Constitution.

Remedial Action Taken

Necessary instructions have been issued *vide* ID No. 2(6)/MO/2010-11/911 dated 11/07/2011 (copy enclosed) to all concerned to prepare their Budgetary proposals on realistic basis taking into consideration all the related aspects such as commitments, trend of expenditure and the anticipated expenses.

This has been vetted by Audit *vide*- DGADS UO No. 133/AA-8/2010-11/Def.Pen. dated 21/9/2011.

Sd/-

F. No. 2(6)/MO/2010-11.

(Ramesh Kumar)
Addl. FA & & Joint Secretary.

MOST IMPORTANT
BUDGETARY MATTER

MINISTRY OF DEFENCE (FINANCE)

Main Office

Subject: Instructions/Cautions for preparation of Revised/Budget estimates on realistic basis to avoid savings or excess *w.r.t.* total allocations/grant under each sub/detailed head.

It has been noticed by this Division that Excess expenditure of ₹ 10.75 lakhs occurred under charged portion of revenue section under Demand No. 21, Defence Pensions, against the sanctioned provision during the financial year 2010-11.

It is, therefore, stressed that utmost caution and accuracy be adopted while estimating requirement of funds for RE 2011-12, BE 2012-13 after taking in to account all the instructions issued by Ministry of Finance from time to time and adhere to the expenditure control during the current/ensuing financial year as well. In order to ensure that the budgetary projections are made after an accurate and realistic assessment of the requirements and visualization of the actual/anticipated expenditure, detailed reasons by giving the numerical impact in respect of each components of the respective detailed/sub-head should invariably be recorded where the estimations are increased or decreased by 10% or more *w.r.t.* the actual expenditure during the last financial year (*i.e.* 2010-11), etc.

These instructions may please be curculated to all concerned for avoiding savings or excess over the approved grant. Remedial measures/corrective action taken in this regard may kindly be intimated to this Division for apprising the positions to DGA, DS.

Sd/-
(T. Henry Franklin)
Dy. Financial Adviser (MO)
Tel: 23014890/2404

1. Jt. CGDA(A/Cs & Budget).

2. Pr. CDA (P) Allahabad.

MoD (Fin.) ID No. 2(6)/MO/2010-11/911

dt. 11/07/2011.

ANNEXURE II

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

Excess Note

Note for Public Accounts Committee in respect of Excess occurred under Revenue Section (Voted) of **Grant No. 31 Ministry of External Affairs** as disclosed in the Union Government Appropriation Accounts (Civil) for 2010-2011.

Revenue Section (Voted)

	(Grant ₹ in thousand)
Original Grant	56,21,57,00
Supplementary Grant	6,26,40,00
Total Grant	62,47,97,00
Actual Expenditure	62,54,29,34
Excess	6,32,34

2. The total provision under Revenue Section (Voted) under Grant No. 31— Ministry of External Affairs for 2010-2011 was ₹ 56215700 thousand. This was augmented to ₹ 62479700 thousand by obtaining Supplementary Grant of ₹ 6264000 thousand. Against this the expenditure of Rs. 62542934 thousand was incurred, resulting an excess of ₹ 63234 thousand.

3. The Excess of ₹63234 thousand were the net effect of savings of ₹ 3213227 thousand and excesses of ₹3276461 thousand under various sub-heads of the Grant. The sub-heads under which Excess of ₹5 lakh and above occurred and the reasons thereof are given as below:—

(a) Sub-Head

2061.00.101 — Embassies and Missions
01 — Management and Establishment

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
130748.00	424.00	131172.00	138895.32	7723.32

Excess was due to requirement of additional funds towards Salaries, Office Expenses, renovation of old buildings, payment of enhanced Insurance Premium for officials posted in Afghanistan and revision of foreign allowance and pay of local staff in some Missions.

(b) Sub Head

2061.00.106.01 — Entertainment of Dignitaries

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
3000.00	0.00	3000.00	3052.24	52.24

Excess occurred due to more number of incoming foreign delegations and expenditure incurred on their hospitality.

(c) Sub Head

2061.00.800—Other Expenditure
800.03—Other Schemes

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
425.00	0.00	425.00	5705.00	5280.00

Excess was due to requirement of additional funds for evacuation of Indians from Libya owing to civil disturbances.

(d) Sub Head

2061.00.800.07 — Special Delegations

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
1730.00	0.00	1730.00	1780.00	50.80

Excess occurred due to payment to various agencies including Air India for visits undertaken by Vice President and expenditure on delegation of United Nations General Assembly.

(e) Sub Head

2061.00.800.09 — Expenditure relating to other pilgrimage abroad

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
70.00	0.00	70.00	93.23	23.23

Excess occurred due to additional payment to security agency necessitated by taking alternative route for Kailash Mansarovar pilgrimage.

(f) Sub Head

2061.00.800—Other Expenditure
800.11—Grants to Institutions

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
16402.00	0.00	16402.00	16526.66	124.66

Excess was due to grant required to be made to the Maison de I'lnde, Paris.

(g) Sub Head

Major Head 3605—Technical and Economic Cooperation with Other Countries 3605.00.101—Cooperation with Other Countries

101.10—Aid to Bhutan

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
91560.00	33540.00	125100.00	133055.44	7955.44

Excess was due to requirement of additional funds towards committed payments for Punatsangchhu-I and Mangdechhu Hydroelectric Power projects.

(h) Sub Head

Major Head 3605—Technical and Economic Cooperation with Other Countries 3605.00.101—Cooperation with Other Countries

101.11—Aid to Nepal

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
15100.00	0.00	15100.00	16786.03	1686.03

Excess was due to requirement of additional funds towards committed payments for various ongoing projects.

(i) Sub Head

3605.00.101.12—Sri Lanka—Other Aid Programmes

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
9000.00	0.00	9000.00	9075.34	75.34

Excess occurred due to payment of bills for training programme conducted by Deference Training Institutues which were of committed and obligatory nature.

(j) Sub Head

Major Head 3605—Technical and Economic Cooperation with Other Countries

3605.00.101—Cooperation with Other Countries

101.13.—Aid to Maldives.

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
300.00	0.00	300.00	3312.27	3012.27

Excess was due to requirement of additional funds assistance for implementing project on education capacity building and advance release of funds for hosting of South Asian Association for Regional Cooperation (SAARC) Summit, 2011.

(k) Sub Head

Major Head 3605—Technical and Economic Cooperation with Other Countries

00.101—Cooperation with Other Countries

15—Aid to Other Developing Countries.

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
3435.00	0.00	3435.00	4373.70	938.70

Excess was due to requirement of additional funds towards ongoing projects and contractual payment to M/s National Building Construction Corporation Ltd.

(l) Sub Head

Major Head 3605—Technical and Economic Cooperation with Other Countries

00.101—Cooperation with Other Countries

16—Aid for Disaster Relief.

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
4000.00	11500.00	15500.00	16183.33	683.33

Excess was due to requirement of additional funds for assistance to Pakistan for flood relief and disaster relief to Venezuela.

(m) Sub Head

Major Head 3605—Technical and Economic Cooperation with Other Countries

00.101—Cooperation with Other Countries

17—Indian Technical and Economic Cooperation (ITEC) Programme.

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
10000.00	500.00	10500.00	11586.07	1086.07

Excess was due to requirement of additional funds towards various activities undertaken under the schemes.

(n) Sub Head

3605.00.101.19—Special Commonwealth Assistance for Africa Programme (SCAAP) Programmes

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
1000.00	500.00	1500.00	1597.87	97.87

Excess was due to requirement of additional funds towards various activities/ programmes and projects undertaken under the schemes.

(o) Sub Head

Major Head 3605—Technical and Economic Cooperation with Other Countries

00.101—Cooperation with Other Countries

33—Aid to Afghanistan

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
29000.00	2000.00	31000.00	34974.88	3974.88

Excess was due to requirement of additional funds towards ongoing projects.

The amount booked under Major Head 3605—Technical and Economic Cooperation with Other Countries pertains to aid programmes, which are guided by political and diplomatic commitments. These projects and programmes are actually implemented in foreign countries. As a responsible nation with wide-ranging interests and commitments, India has been quick to respond to humanitarian challenges and has been at the forefront in providing urgently required disaster relief and rehabilitation support to the afflicted. This expenditure is also booked under this Major Head. It is often found that political and security developments in the recipient state influence the progress of the planned projects. This makes it imperative that there is consultation with the sovereign government on the other side to reach mutually acceptable agreement on project conception, design, implementation, monitoring, management, terms of financing/assistance, etc. Further due to late receipt of cash accounts from some Missions/Posts abroad, the expenditure of previous months also got clubbed along with the expenditure of March which resulted in excess expenditure.

Capital Section (Voted)

(Grant ₹ in thousands)

Original Grant	7534000
Supplementary Grant	1186000
Total Grant	8720000
Actual Expenditure	8989766
Excess	269766

2. The total provision under Capital Section (Voted) under Grant No. 31—Ministry of External Affairs for 2010-2011 was ₹ 7534000 thousand. This was augmented to ₹ 8720000 thousand by obtaining Supplementary Grant of ₹ 1186000 thousand. Against this the expenditure of ₹ 8989766 thousand was incurred, resulting in an excess of ₹ 269766 thousand.

3. The excess of ₹ 269766 thousand were the net effect of savings of ₹ 1635 thousand and excesses of ₹ 271401 thousand under various sub-heads of the Grant. The sub-heads under which excess of ₹ 5 lakh and above occurred and the reasons therefore are given as below:—

(a) Sub Head

Major Head 4059—Capital Outlay on Public Works 060—Other Buildings

051—Construction
17—External Affairs

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
27500.00	2500.00	30000.00	31508.09	1508.09

Excess was due to requirement of additional funds for purchase of chancery building in Sydney, which could not be postponed or partly paid.

(b) Sub Head

Major Head 7605—Advancess to Foreign Governments.
00.097.00—Loans to Govt. of Bhutan.

(₹ in Lakh)

Original Grant	Suppl. Grant	Total Grant	Actual Expenditure	Excess
37840.00	9360.00	47200.00	48405.02	1205.02

Excess was due to requirement of additional funds to clear paytments for Punatsangchhu-I and Mangdechhu Hydrolectric Power projects.

Instructions reiterating the need to adhere to budgetary discipline are issued to Heads of Divisions at Headquarters as well as Missions/Posts abroad from time to time. Moreover to avoid savings/excesses at the end of the financialy year, all HOCs of the Missions/Posts abroad have been instructed to maintain Expenditure Control Register which help concerned Divisions to reconcile their expenditure with the booking made by the Office of the Principal Chief Controller of Accounts, Ministry of External Affairs, New Delhi. At the time of inviting the proposal for Revised Estimates for the current year and Budget Estimates for the next year, all the spending units under Ministry of External Affairs are regularly being requested to ensure submission of realistic assessments of the expenditure. However fresh instructions in this regard have been issued recently *vide* Office Memorandum dated 07-05-2010 (copy enclosed)

The Ministry has been endeavouring towards designing software for the purpose of financial accounting of Missions/Posts abroad to reduce the time lag between incurring of expenditure and its timely booking so as to reduce clubbing of expenditure at the fag end of the financial year. The Integrated Mission Accounting Software (IMAS) has been developed towards this end. IMAS is standardized accounting software developed by NIC which is expected to ensure uniformity in accounting in Missions/Posts abroad and in meeting the timeliness in rendering cash accounts. It has several features including maintenance of Expendutre Control Register, capability of generating and transmitting electronically the monthly cash accounts on the first working day of the following month. IMAS would eventually replace all manual and existing accounting packages operating in our various Missions/Posts abroad. It has so far been installed in all the Missions/Posts abroad (except two). This has resulted in quick collation of data.

The Ministry has also developed a Management Information System (MIS). One of the modules under MIS has been developed to contain all information pertaining to the budget and expenditure incurred by the Ministry at Headquarters as well as various spending units under MEA's control, including the ICCR, the Central Passport Organization and various passport offices across the country and the Branch Secretariats. This has facilitated quicker reference to expenditure and budget by both MEA Headquarters and the spending units.

Sd/-

(Bimal Julka)
Additional Secretary and Financial Advisor
Ministry of External Affairs
New Delhi

File No. Q/Bud/731/07/2011

No. Q/Bud/731/03/2010

MINISTRY OF EXTERNAL AFFAIRS

Finance Division

(Budget Section)

Dated 03-05-2010

OFFICE MEMORANDUM

Subject: Preperation of Budget Estimates—reg.

Attention is invited to the Office Memorandum No. Q/Bud/17/2008 dated 20-01-2009 issued to all the spending units and DDOs wherein it was requested that at the time of preparing the Revised Estimates for the current financial year and Budget Estimates for the following financial year, they should prepare their Budget/Revised Estimates on realistic basis keeping in view the actual expenditure incurred during the year, current stage of implementation/anticipated expenditure on projects/schemes etc. so that the excess funds, if any, are immediately identified/surrendered at the RE stage itself.

2. Our past experience has shown that for the financial years 2004-05 to 2009-2010 there had been less expenditure in comparison to the Estimates projected, which has resulted in regular savings in all the above six financial years. Due to the above savings, the Ministry has received a large number of Audit observations from the Office of the DGACR, New Delhi.

3. It may be clarified here that as per rules, any saving intimated at the time of Revised/Final Estimates, is to be treated as Savings even though the amount so intimated has been adjusted at these stages. Whenever there is an overall saving of ₹ 100 crore or more, the Ministry has to provide the reasons in details to the Audit authorities in the form of a Saving Notes. To avoid such savings, it therefore becomes necessary that budget projections are made accurately and on realistic basis.

4. All the Heads of Divisions/DDOs under the Ministry of External Affairs are once again requested that while submitting the Budget proposals to the Budget Section they may ensure that the budget proposals are accurate and realistic and planned in the coming months as per the norms laid down by the Ministry of Finance.

Sd/-
(A.K. Chatterjee)
Director (Finance), MEA

All Heads of Divisions/DG, ICWA/DG, ICCR/RIS/Branch Secretariat, Kolkata, Hyderabad & Chennai.

All Heads of Missions/Posts abroad

G-23012/4/2011-Bt. (UD)

GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT
(Budget Section)

Explanatory Note for Excess

Explanatory Note in respect of Excess occurred under Revenue Section (Voted) of Grant No. 101—Public Works for the year 2010-11.

Revenue Section (Voted)	(₹ in thousand)
Original Grant	1070,89,00
Supplementary Grant	37,00
Total Grant	1071,26,00
Actual Expenditure	1079,05,96
Excess	7,79,96

2. The total provision under Revenue Section (Voted) in Demand No. 101—Public Works was ₹ 1070,89.00 thousand. This was augmented to ₹ 1071,26.00 thousand by obtaining Supplementary Grant of ₹ 37,00 thousand. Against this total expenditure incurred was ₹ 1079,05.96 thousand resulting in an Excess of ₹ 7,79.96 thousand. The excess is the net result of excess and saving among various sub-heads. The sub-heads in which the excesses have taken place are as follows:—

I. 2059.01.051.01—
Office Building
Construction Buildings

	(₹ in thousand)
Original Grant	15,00.00
Supplementary Grant	NIL
Final Grant	15,00,00
Actual Expenditure	15,03,97
Excess	3,97

Reasons for Excess—The excess is due to payment of Final Bills in the month of March itself. The excess is minor and amounts to 2.65% of the Original Provision. In this respect kindly refer to Para 11.5.1(b) (i) of the Civil Accounts Manual.

Remedial Action taken—Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure-I & II)

Vetted Comments Audit—No Comments.

II. 2059.01.053.03—
Maintenance and Repairs
Work Charged Establishment

(₹ in thousand)

Original Grant	82,25,00
Supplementary Grant	NIL
Final Grant	82,25,00
Actual Expenditure	84,04,02
Excess	1,79,02

Reasons for Excess—The excess expenditure under this head is the aggregate of small excesses accumulated in various CPWD Divisions due to payment of enhanced salary & allowances to work charged staff deployed for maintenance of Govt. Office Buildings, on account of MACP scheme & due to transfer policy of Work Charged staff within Zone. The excess is minor in comparison to the original demand and amounts to 2.19% of the original Grant. In this respect kindly refer to Para 11.5.1(b)(i) of the Civil Accounts Manual.

Remedial Action taken—Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure-I & II)

Vetted Comments of Audit—No Comments.

III. 2059.01.104.01—
Lease Charges
Payment of Rent Rates and Taxes to Local Bodies etc.

(₹ in thousand)

Original Grant	112,00,00
Supplementary Grant	NIL
Final Grant	112,00,00
Actual Expenditure	117,56,16
Excess	5,56,16

Reasons for Excess—The excess has occurred due to inevitable payments to local bodies for electricity bills, property tax etc. including rent of buildings, housing the Govt. offices at different places.

Remedial Action Taken—Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure-I & II)

Vetted Comments of Audit—No Comments.

IV. 2059.60.051.02—
Other Buildings
Construction
Buildings

(₹ in thousand)

Original Grant	2,50,00
Supplementary Grant	NIL
Final Grant	2,50,00
Actual Expenditure	3,65,70
Excess	1,15,70

Reasons for Excess—There is reconciliation difference in the figures of CPWD and the Principal Accounts Office. The actual expenditure reported by CPWD office is ₹ 2,.28,24 thousand which reflects a saving of ₹ 21,76 thousand.The saving as reported by CPWD is due to less receipt of sanctions from the client department for minor works in their office Buildings.

Remedial Action Taken—Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure-I & II)

Vetted Comments of Audit—Reasons verified from the Ministry's record. Ministry may please reconcile the figure with the PAO.

Ministry’s Comments—Figures have been reconciled and the PAO's figures are in order.

V. 2059.60.053.02—
Maintenance & Repairs
Work Charged Establishment

(₹ in thousand)

Original Grant	26,25,00
Supplementary Grant	NIL
Re-appropriation	4,95,00
Final Grant	31,20,00
Actual Expenditure	31,98,19
Excess	78,19

Reasons for Excess—B.E. provision of ₹ 26,25,00 thousand was augmented to ₹ 31,20,00 thousand by way of re-appropriation due to increased demand for payment of enhanced salary due to grant of MACP. The excess is the aggregate of small excesses accumulated in various CPWD divisions due to such payments to the work charge staff deployed for the Maintenance and Repairs of other Office Buildings on account of MACP and transfer policy of work charge staff.

Remedial Action Taken—Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure-I & II)

Vetted Comments of Audit—No Comments.

VI. 2059.60.053.03—
Maintenance and Repairs
Other Maintenance Expenditure

(₹ in thousand)

Original Grant	48,75,00
Final Grant	48,75,00
Actual Expenditure	52,31,55
Excess	3,56,55

Reasons for Excess—There is a reconciliation difference in the figures of CPWD and the Principal Accounts Office. While the Principal Accounts Office has reported excess of ₹ 3,56,55 thousand, the CPWD has reported the actual expenditure of ₹ 48,28,09 thousand. Thereby, a saving of ₹ 46.91 thousand which is the aggregate of small saving accumulated in various CPWD divisions due to non-finalization of maintenance bills for some of the completed works in March.

Remedial Action Taken — Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure - I and II)

Vetted Comments of Audit — Reasons verified from the Ministry's record. Ministry may please reconcile the figure with the PAO.

Ministry's Comments — Figures have been reconciled and the PAO's figures are in order.

VII. 2059.80.001.02—
Execution

(₹ in thousand)

Original Grant	373,00,57
Re-appropriation	(-) 7,19,01
Final Grant	365,81,56
Actual Expenditure	371,74,77
Excess	5,93,21

Reasons for Excess — The B.E. of ₹ 373,00,57 was reduced to ₹ 365,81,56 by way of re-appropriation to other sub-heads *viz.*-Direction, Structural Planning and Architectural Planning to arrange more funds for meeting additional requirement for payment of salary and arrears thereof. The excess under the sub-head is the aggregate of small excesses accumulated in various CPWD divisions due to payment of enhanced salary on account of promotion, up-gradation of posts, Implementation of MACPS, increase in Grade Pay of Asstts. and PAs, and transfer policy of work charged staff within the Zone.

Remedial Action Taken — Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure - I and II)

Vetted Comments of Audit — No Comments.

VIII. 2059.80.001.03—

Ordinary Establishment

(₹ in thousand)

Original Grant	8,21,60
Re-appropriation	1,00,00
Final Grant	9,21,60
Actual Expenditure	9,88,67
Excess	67,07

Reasons for Excess — The B.E. of ₹ 8,21,60 thousand was increased to ₹ 9,21,60 thousands by re-appropriation of ₹ 1,00,00 thousand due to requirement of more funds to meet the enhanced pay and Allowances owing to grant of MACPS and up-gradation of posts. The excess is the aggregate of small excesses accumulated in various CPWD divisions due to payment of enhanced salary on account of promotion, up-gradation of Posts, implementation of MACPS and the transfer policy in respect of W.C. Staff within the Zone.

Remedial Action Taken — Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure-I and II)

Vetted Comments of Audit — No Comments.

IX. 2059.80.001.04—
Structural Planning

(₹ in thousand)

Original Grant	64,27,50
Supplementary Grant	NIL
Re-appropriation	1,99,28
Final Grant	66,26,78
Actual Expenditure	66,90,49
Excess	63,71

Reasons for Excess — The B.E. of ₹ 64,27,50 thousand was increased to ₹ 66,26,78 thousand by re-appropriation of ₹1,99,28 thousand due to requirement of more funds to meet the enhanced Pay and Allowances owing to grant of MACPS and up-gradation of posts. The excess is the aggregate of small excesses accumulated in various CPWD divisions due to payment on such account.

Remedial Action Taken — Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure - I and II)

Vetted Comments of Audit — No Comments.

The contents of this Explanatory Note for Excess as included in the Explanatory Note sent by the Ministry to the Principal Director of Audit, Economic and Service Ministries *vide* letter No. G-23012/4/2011-Bt. (UD) dated 5th October, 2011 have been duly vetted by the Audit *vide* their U.O. Note No. AMG-1/VV/ATN/2011-12/ 544-546 dated 19th December, 2011.

Sd/-

(Sudha Krishnan)
Joint Secretary and Financial Adviser.

[Ministry of UD No. G-23012/4/2011 Bt. (UD) dated 2 January, 2012.]

GOVERNMENT OF INDIA

DEPARTMENT OF COMMERCE AND INDUSTRY

Department of Commerce

(B&A Section)

Excess Note

Note for Public Accounts Committee for Regularization of Excess Expenditure in Respect of Excess Occurred under Capital Section (Voted) of Grant No. 11—Department of Commerce, as Disclosed in the Union Government Appropriation of Accounts, Department of Commerce for the year 2010-11.

Grant No. 11—Department of Commerce

Capital Section (Voted)

(₹ in thousands)

Original Grant	:	682,99,00
Supplementary Grant	:	Nil
Total Grant	:	682,99,00
Actual Expenditure	:	689,55,76
Excess	:	6,56,76

2. Under Capital Section (Voted) of Grant No. 11—Department of Commerce for the year 2010-11 the total provision was ₹ 682,99,00 thousands. Against this, the Expenditure of ₹ 689,55,76 thousands was incurred resulting in excess of ₹ 6,56,76 thousands.

3. The excess of ₹ 6,56,76 thousands was the net effect of total excesses of ₹ 6,57,76 thousands and total savings of Rs. 100 thousands under Major Head—5465 (Investment in General Financial and Trading Institution). The reasons of excess expenditure are explained below.

4. Excess was due to more booking by Ministry of Urban Development under the Scheme and more expenditure incurred by some CDDO.

The ASIDE assistance for SEZs other than Noida SEZ are released through Regional Pay and Accounts Officers (RPAOs) while for others through CPAO. The quantum of funds to be released to SEZs during current financial year for both ongoing/new project are decided by empowered Committee in its meeting held in the Current Financial Year. A strict compliance for issue of sanction against the allocation is maintained; however sometimes release of funds through RPAOs against bill submitted by SEZs gets delayed for several reasons. Sometimes SEZs do not submit the bill for the whole amount for which sanction has been issued to them. Further, there are demands from SEZs for issue of sanction for timely completion of projects. It is pertinent to mention here that as per ASIDE guidelines, the project must be completed within a gestation period of two years. In view of above demands and for avoiding any large saving, care/caution is maintained at the last fortnight of the financial year and information is sought from all SEZs. However, due to pending bills with RPAOs, there remains information gap. This has lead to excess expenditure of ₹ 6.4323 cr. (*i.e.* 0.97% of total allocation) against the total provision of ₹ 662.98 cr. for FY 2010-11.

5. 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.

6. In order to avoid recurrence of any excess, instructions have been issued from time to time to all concerned emphasizing the need to follow the instructions used 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.

7. **Remedial Action Taken**

1. The expenditure against the budget is monitored on a monthly basis.
2. The Budget provisions are kept after detailed discussion with the Senior Officers of the Department, Ministry of Finance and Planning Commission.

8. Moreover, in view of observations of PAC (15th Lok Sabha) in their 22nd Report and in Para 12 of their 36th Report in the context of excess expenditure over the voted grants and charged appropriations, detailed instructions were further issued to all concerned *vide* Department of Commerce Circular No. G . 20008/B&A/DOC/2010-11 dated 27.1.2011 to ensure even flow of expenditure and to avoid any excess expenditure/savings in any Grant (copy enclosed).

9. In the circumstances, explained above, the excess of ₹ 6,56,76 thousands may kindly be recommended for regularization by the Parliament under Article 115(i)(b) of the Constitution.

Sd/-

(Anita Agnihotri)
Additional Secretary and F.A.

File No. G . 20008/10/2011-B&A

No. G. 20008/B&A/DOC/2010-11/1

MINISTRY OF COMMERCE AND INDUSTRY
Department of Commerce
Room No. 143, Udyog Bhawan
New Delhi-110 011

Dated: 27th January, 2011

Circular

Mission-wise and head-wise budget estimates are allocated by the Department of Commerce to all the Missions abroad on a regular basis with the instructions that no excess/unauthorized expenditure is incurred by the Trade Missions without the prior approval of the Department.

2. Some Missions have reportedly incurred expenditure over and above their allocated budget during the financial year 2009-10, and are now requesting the Department for its regularization after closing of the financial year. No charges against a grant or appropriation can be authorized after the expiry of the financial year under the budgetary rules of Government of India. Hence, the request of the Missions is unacceptable, and financially irregular.

3. To avoid such financial Irregularities, the following modalities may kindly be ensured henceforth.

(i) No excess/unauthorized expenditure should be incurred without the prior approval and allocation of appropriate budget by the Department of Commerce.

(ii) Mission heads shall submit object head-wise weekly expenditure details every Monday through email to the Chief Controller of Accounts (email address: *moc-budget@nic.in)* of the Department of Commerce.

(iii) Proposals for requirement of additional funds under different heads, if any, should be submitted for inclusion at Revised Estimates stage will in advance (1st week of August) every year through the Administrative Division of the Department.

(iv) List of Payment (LoP) should be submitted on a weekly basis to Pay and Accounts Office during the last quarter of each financial year.

(v) Government revenue realized on account of fees or other receipts of Government of India may not be utilized by Missions towards their establishment expenditure unless and until authorized to do so, under the specific orders of Government of India.

These instructions may be complied with strictly henceforth.

Sd/-
(Rajan Katoch)
Additional Secretary and Financial Adviser.

Embassy of India/Consulate General of India
As per list

Copy to:

1. Secretary, Ministry of External Affairs, for information.
2. Secretary (Expenditure), Ministry of Finance, for information.
3. Joint Secretary (TA/TC), Deptt. of Commerce for information and necessary action.
4. PS to CS.

GOVERNMENT OF INDIA

MINISTRY OF PETROLEUM AND NATURAL GAS

Explanatory Note for Excess

Note for the Public Accounts Committee for regularization of excess expenditure that occurred under Capital Section (Voted) for Grant No. 72—Investment in Public Sector and other Undertakings of Ministry of Petroleum and Natural Gas for the Financial year 2010-11, as disclosed in the Union Government Approvpriation Accounts (Civil) for the year 2010-11.

Capital Section (voted)

(₹ in thousand)

Original Grant	Nil
Supplementry Grant	101,53,00
Total Grant	101,53,00
Actual Expenditure	101,53,14
Excess	14

Reason for Excess

During the Year 2010-11, the Ministry had sought a technical supplementary of ₹ 1015314000.00 on account of additional equity investment in Engineers India Limited (EIL). This additional equity investment was necessitated on account of receipt of bonus shares from EIL. The President of India was having 90.401% equity in EIL as on 31.3.2010 and number of shares held by the President of India as on 31.3.2010 (Face value of ₹ 10 each) were 507,65,700. Subsequently, it was decided to split one equity share of face value of ₹ 10/- into two equity shares of face value of ₹ 5/- each and to issue bonus shares in the ratio of 2:1. As such for every one share two shares were issued. Accordingly, 203062800 bonus shares (Face value of ₹ 5/- each) worth ₹ 1015314000/- were issued in the name of President of India during 2010-11.

Accordingly, during third Supplementary Demand for Grants for the year 2010-11, we had requested Ministry of Finance to provide us technical supplementary to the tune of ₹ 1015314000 under Major Head—4802 (Capital Section). However, on account of rounding off the amount in lakh, Ministry of Finance could provide us only ₹ 101.53 crore and the balance amount was left out.

Remedial Action Taken

From the above, it could be seen that there was no excess expenditure from our side as we had raised the demand for the entire sum but Ministry of Finance could provide us ₹ 101.53 crore leaving ₹ 14,000 unadjusted.

Keeping in view the fact that there was no lapse on the part of this Ministry as far as excess expenditure under the Grant is concerned, the Public Accounts Committee may please regularize the excess expenditure.

(This 'Explanatory Note for Excess' has been vetted by Office of the DG (Audit), Economic and Services Ministries *vide* their U.O. No. AMG-1/VV/ATN/2011-12/483/486 dated 16th November, 2011).

Sd/-

(P.K. Sinha)
Special Secretary and Financial Adviser.

[P&NG F. No. G-24011/1/2010-Fin.I]

No. G-23012/1/2011/Bt. (UD)
GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT
(Budget Section)

Explanatory Note for Excess

Explanatory Note in respect of Excess occurred under Capital Section (Voted) of Grant No. 102—Stationery and Printing for the year 2010-11

Capital Section (Voted)

(₹ in thousand)

Original Grant	13,00
Supplementary Grant	Nil
Total Grant	13,00
Actual Expenditure	14,86
Excess	1,86

2. The total provision under Capital Section (Voted) in Demand No. 102—Stationery and Printing was ₹ 13,00 thousand. Against this total expenditure incurred was ₹14,86 thousand resulting in an Excess of ₹ 1.86 thousand. The excess has occurred under the following sub-head.

I. 4058.00.103.02—

Capital Outlay on Stationery and Printing Government Presses Printing Presses

(₹ in thousand)

Original Grant	₹ 13,00
Supplementary Grant	Nil
Final Grant	₹ 13,00
Actual Expenditure	₹ 14.86
Excess	₹ 1,86

Reasons for Excess — The B.E. Provision of ₹ 13,00 thousand was meant for Motor Vehicles (₹ 3,00 thousand) and for Machinery and Equipment (₹ 10,00 thousand). A sum of ₹ 8,05 thousand was incurred for procurement of machines and equipment for the Government of India Presses during the year 2010-11. Incidentally, the Directorate of Printing had placed supply order for different items of use in Government of India Presses amounting to ₹ 6,81 thousand on DGS&D rate contract during 2009-10. The CCA, Department of Supply raised the said debit of ₹ 6,81 thousand in the year 2010-11. Thus, the total expenditure during the year 2010-11 has resulted to ₹ 14,86 thousand. It may thus be seen that the excess expenditure has occurred due to delayed raise of debit by CCA, Supply. Had the CCA (Supply) raised the debit in the year 2009-10 for the supply order of 2009-10 there would not have been any excess in the grant.

Remedial Action Taken — Instructions have been issued to all concerned to strengthen the monitoring of expenditure to keep the expenditure within the budgeted allocation and no excess expenditure over the grant or appropriation is allowed to occur. (Annexure-I)

The contents of this Explanatory Note for Excess as included in the Explanatory Note sent by the Ministry to the Principal Director of Audit, Economic and Service Ministries *vide* letter No. G-23012/1/2011-Bt. (UD) dated 2nd September, 2011 have been duly vetted by the Audit *vide* their UO Note No. AMG-1/VV/ATN/ 2011-12/480-482 dated 16th November, 2011.

Sd/-

(Sudha Krishnan)
Joint Secretary and Financial Adviser.

[Ministry of UD No. G/23012/1/2011-Bt. (UD) dated 2nd February, 2012.]

ANNEXURE I

No. G-23012/6/2011-Bt. (UD)
GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT
(Budget Section)

Nirman Bhawan, New Delhi-11,
Dated the 17 August, 2011

Office Memorandum

Subject: Excess Expenditure over Grant/Appropriation.

The undersigned is directed to state that Appropriation Account for the year ended 31.03.2011 reveals excess expenditure over the Grant/appropriation in all the three demands of the Ministry (Annexure). Under Demand No. 101—Public Works and Demand No. 102—Stationery and Printing, the Excess Expenditure has taken place beyond the total Grant under the Revenue Section and Capital Section respectively. This is the glaring example of breach of financial propriety and violation of the provision of the General Financial Rules. There are instances where expenditure has exceeded the grant despite the fact that the division reported the savings.

2. Rule 52 of General Financial Rules states that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by Parliament by law for financial year. The mechanism for expenditure control which *inter-alia* involve Drawing & Disbursing Officer, Controlling Officer and the Pay & Accounts Officer to reconcile the expenditure on monthly basis. This Head of the Department and the Account Officer are jointly responsible for the monthly reconciliation of the accounts.

3. All concerned are requested to strengthen the monitoring of expenditure to keep the expenditure well within the budgeted allocations and no excess expenditure over the grant/appropriation is allowed to occur. It is also requested to furnish the detailed and convincing reasons for Savings and Excess of expenditure to the Budget Section immediately *i.e.* latest by 18th August, 2011.

Encl:Annexure

Sd/-

(Moti Lal)
Director (Budget)
Ph. 23062074

To:

1. Joint Secretary (Admn.)
2. Director (Works)
3. Director (UD)
4. Director (PSP)
5. Director (DD)
6. Director (WS/LSG/UCD)
7. Director (UT)
8. Director [NURM (I,II & III)]
9. Deputy Secretary (MRTS)
10. Director (Coord.)

CASES OF EXCESS EXPENDITURE OVER GRANT/APPROPRIATION

(i) Demand No. 100—Department of Urban Development—

(₹ in thousand)

Major Head	Total Grant/ Appropriation	Expenditure	Excess
Major Head 2216—Housing			
2216.05.053.06	89,25,00	90,72,67	1,47,67
2216.05.800.02	7,00,00	7,37,68	37,68
2216.07.053.05	41,00,00	45,67,87	4,67,87
2216.07.800.01	4,20,00	4,73,11	53,11
2217.80.004.01	20,70,00	21,50,66	**80,66
4216.01.700.04	10,00	13,75	**3,75
(ii) Demand No. 101—Public Works—			
2059.01.051.01	15,00,00	15,03,97	3,97
2059.01.053.03	82,25,00	84,04,02	1,79,02
2059.01.104.01	112,00,00	117,56,16	5,56,16
2059.60.051.02	2,50,00	3,65,70	1,15,70
2059.60.053.02	31,20,00	31,98,19	78,19
2059.60.053.03	47,75,00	52,31,55	3,56,55
2059.80.001.02	365,81,56	371,74,77	**5,93,21
2059.80.001.03	9,21,60	9,88,67	67,07
2059.80.001.04	66,26,78	66,90,49	63,71
4059.80.051.11	5,00,00	5,08,96	8,96
4059.80.051.23	15,00	30,19	15,19
4202.01.600.01	3,38,00	3,61,02	**23,02
(iii) Demand No.102—Stationery&Printing—			
2058.00.105.01	22,30,50	23,61,23	1,30,73
4058.00.103.02	13.00	14,86	1,86

** Denotes the cases where funds were re-appropriated from these sub-heads and the actual expenditure is in excess of the final grant.

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 the year 2010-2011.

Grant No. 22—Defence Services—Army

Revenue Section (Voted)	(₹ in thousands)
Original Grant	589781600
Supplementary Grant	31597800
Total Grant	621379400
Actual Expenditure	650019552
Excess	28640152
Surrender during the year	NIL

2. Under Revenue Section (Voted) Grant No. 22—Defence Services —Army for the year 2010-2011 the total provision was ₹ 621379400 thousands. Against this, the expenditure of ₹ 650019552 thousands was incurred resulting in excess of ₹ 28640152 thousands (₹ 28640152379).

3. The excess of ₹ 28640152 thousands was the net effect of total excesses of ₹ 30881706 thousands and total savings of ₹ 2241554 thousands under various sub-heads of the Grant as well as Surrender of ₹ Nil thousands. The sub-heads under which excess of ₹ Five Lakhs and above occurred and reasons therefore are explained as below:

MAJOR HEAD-2076

(i) **Minor Head - 101**	(₹ in thousands)
Original Grant	315986200
Supplementary Grant	8234000
Re-appropriation	(+) 4200
Total Grant	324224400
Actual Expenditure	346827702
Excess	22603302

The excess of ₹ 226033 lakh in the Final Grant was mainly due to higher sanction of DA than anticipated.

(ii) Minor Head-103 (₹ in thousands)

Original Grant	5929600
Supplementary Grant	Nil
Re-appropriation	(—) 3700
Total Grant	5925900
Actual Expenditure	7626167
Excess	1700267

The excess of ₹17003 lakh at the Final Grant was mainly due to higher rate of DA than anticipated.

(iii) Minor Head-104 (₹ in thousands)

Original Grant	27308100
Supplementary Grant	1455300
Re-appropriation	Nil
Total Grant	28763400
Actual Expenditure	30514161
Excess	1750761

The excess of ₹ 17508 lakh in the Final Grant was mainly due to payment of higher DA than anticipated.

(iv) Minor Head-105 (₹ in thousands)

Original Grant	14168500
Supplementary Grant	1140000
Re-appropriation	(+) 1406600
Total Grant	16715100
Actual Expenditure	18710280
Excess	1995180

The excess of ₹19952 lakh in the Final Grant was mainly due to accretion of 2 New Formations. Moreover, a serious disaster (Cloud Blast) took place at Leh resulting in an additional expenditure towards movement of personnel, hiring of civilian labour and machinery.

(v) Minor Head-106 (₹ in thousands)

Original Grant	2154000
Supplementary Grant	188000
Re-appropriation	(+) 202000
Total Grant	2544000
Actual Expenditure	2554754
Excess	10754

The excess of ₹ 108 lakh in the Final Grant was mainly due to increase in purchase rate and increase in the demand of hay at Animal Transport Units in Northern Command.

(vi) Minor Head-110 (₹ in thousands)

Original Grant	112285400
Supplementary Grant	6685600
Re-appropriation	(—) 96500
Total Grant	118874500
Actual expenditure	121444837
Excess	2570337

The excess of ₹ 25703 lakh in the Final Grant was mainly due to exchange rate variation, Supply of stores ex DG of more than budgeted amount, Payment of 15% advance to FFV, Sweden for procurement of 84 mm Rocket Launcher HEAT ammunition, Payment to BEL for procurement of Passive Night Vision Devices including amortization cost of ToT which was not budgeted.

(vii) Minor Head-112 (₹ in thousands)

Original Grant	29334000
Supplementary Grant	1504300
Re-appropriation	(—) 102300
Total Grant	30736000
Actual expenditure	30987105
Excess	251105

The excess of ₹ 2511 lakh in the Final Grant was mainly due to contractual obligations.

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 endure that there is neither any excess nor large scale savings over the sanctioned budgetary provisions.

5. In order to avoid recurrence of any excess, instructions have been issued **from time to time** 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/obligaitons. To achieve this objective, Service HQRs./ Departments 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. **Copies of such instructions issued since 2009 are enclosed.** The Public Accounts Committee (2011-12) in their Fortieth Report has also impressed on Ministry of Defence to overhaul their budgetary mechanism drastically, introduce IT and e-governance in

their financial administration and fix responsibility against the budget controlling authorities in case their estimation go awry leading to excess expenditure. Progress made will be intimated in due course of time.

6. It has also been emphasized in these instructions 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 FA (Acq.) in respect of Acquisition Heads and Addl. FAs in respect of other Heads have been requested 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 and to ensure the progress of expenditure to the tune of 67% of the BE allocation by December as directed by Finance Ministry. It has also been advised that for Supplementary Demands (for grants), the requirement 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.

7. Moreover, in view of observations of PAC (15th Lok Sabha) in their 22nd Report and in Para 12 of their 36th Report in the context of excess expenditure over the voted grants and charged appropriations, detailed instructions were further issued to all concerned *vide* MoD (Fin) ID No. 5(3)/Bud-I/2011 dated 31st May, 2011 and ID No.7 (5)/Bud-I/2011 dated 29th November, 2011 to ensure even flow of expenditure and to avoid any excess expenditure/savings in any Grant.

8. In the circumstances explained above, the excess of ₹ 28640152 thousand (₹ 28640152379) under Revenue Section (Voted) may kindly be recommended for regularization by the Parliament under Article 115 (i) (b) of the Constitution.

Sd/-

(VEENA PRASAD)
JS&ADDL. FA (VP)

File No. 6 (3)/Bud-I/2012

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. 23-defence services-Navy, as disclosed in the Union Government Appropriation accounts (Defence Services) for the year 2010-2011.

Grant No. 23 Defence Services—Navy

Revenue Section (Voted)	(₹ in thousands)
Original Grant	94537800
Supplementary Grant	5487400
Total Grant	100025200
Actual Expenditure	101413660
Excess	1388460
Surrender during the year	NIL

2. Under Revenue Section (Voted) of Grant No. 23—Defence Services—Navy for the year 2010-2011 the total provision was ₹ 100025200 thousands. Against this, the expenditure of ₹ 101413660 thousands was incurred resulting in excess of ₹ 1388460 thousands (₹1388460256).

3. The excess of ₹1388460 thousands was the net effect of total excesses of ₹ 1967004 thousands and total savings of ₹ 578544 thousands under various sub-heads of the Grant as well as surrender of ₹ Nil thousands. The sub-heads under which excess of ₹ Five lakhs and above occurred and reasons therefor are explained as below:—

MAJOR HEAD-2077

(i) Minor Head-101	(₹ in thousands)
Original Grant	24519000
Supplementary Grant	101000
Re-appropriation	(—) 330000
Total Grant	24290000
Actual Expenditure	24444826
Excess	154826

The excess of ₹ 1548 lakh in the Final Grant was due to certain unforeseen obligatory payments.

(iii) Minor Head-105	(₹. in thousands)
Original Grant	2400000
Supplementary Grant	234200
Re-appropriation	(—) 70000
Total Grant	2564200
Actual expenditure	2877805
Excess	313605

The excess of ₹ 3136 lakh at the Final Grant was mainly due to increase in Temporary Duty, Permanent Duty, Contractual Foreign Travel of Service and Civilian personnel as per their entitlements.

(iii) Minor head-106	(₹ in thousands)
Original Grant	6250000
Supplementary Grant	Nil
Re-appropriation	(—) 240000
Total Grant	6010000
Actual expenditure	6063020
Excess	53020

The excess of ₹ 530 lakh in the Final Grant was ainly due to enhanced deployments for coastal security/anti-piracy, and additional deployment of ships and aircraft to Libya at short notice.

(iv) Minor Head-110	(₹in thousands)
Original Grant	30799500
Supplementary Grant	2101600
Re-appropriation	(+) 420000
Total Grant	33321100
Actual expenditure	34366362
Excess	1045262

The excess of ₹ 10453 lakh in the Final Grant was mainly due to increased requirement for fuel/ordnance stores/machinery and weapon spares for operational/coastal security/anti-piracy commitments/deployment of ships and aircraft to Libya for National commitments.

(v) Minor Head-111	(₹ in thousands)
Original Grant	6699000
Supplementary Grant	328000
Re-appropriation	(—) 70000
Total Grant	6957000
Actual expenditure	7006343
Excess	49343

The excess of ₹ 493 lakh in the Final Grant was mainly due to payment of liabilities for maintenance dredging for operational requirements and additional expenditure on account of urgent repairs for operational marine assets/buildings.

(vi) Minor Head-800 (₹. in thousand)

Original Grant	2448000
Supplementary Grant	201600
Re-appropriation	(—) 40000
Total Grant	2609600
Actual expenditure	2960548
Excess	350948

The excess of ₹3509 lakh in the final Grant was mainly due to contractual payments for Pilots training in USA.

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

5. In order to avoid recurrence of any excess, instructions have been issued **from time to time** 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 this objective, Service HQrs/Departments 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. **Copies of such instructions issued since 2009 are enclosed.**

6. It has also been emphasized in these instructions 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 FA (Acq.) in respect of Acquisition Heads and Addl. FAs in respect of other Heads have been requested 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 and to ensure the progress of expenditure to the tune of 67% of the BE allocation by December as directed by Finance Ministry. It has also been advised that for Supplementary Demands (for grants), the requirement 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.

7. Moreover, in view of observations of PAC (15th Lok Sabha) in their 22nd Report and in Para 12 of their 36th Report in the context of excess expenditure over the voted

grants and charged appropriations, detailed instructions were further issued to all concerned *vide* MoD(Fin) ID No. 5(3)/Bud-I/2011 dated 31st May, 2011 and ID No. 7(5)/Bud-I/2011 dated 29th November, 2011 to ensure even flow of expenditure and to avoid any excess expenditure/savings in any Grant.

8. In the circumstances explained above, the excess of ₹, **1388460** thousand (₹ 1388460256) may kindly be recommended for regularization by the Parliament under Article 115 (i) (b) of the Constitution.

Sd/-

(VEENA PRASAD)
JS& Addl. FA (VP)

File No. 6(3)/Bud-I/2012

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 (Charge) of Grant No. 25—Defence Ordnance Factories, as disclosed in the Union Government Appropriation Accounts (Defence Services) for the year 2010-2011.

Grant No. 25—Defence Ordnance Factories

Revenue Section (Charged)	(₹ in thousands)
Original Grant	15000
Supplementary Grant	21500
Total Grant	36500
Actual expenditure	48135
Excess	(+) 11635
Surrender during the year	Nil

2. Under Revenue Section (Charged) of Grant No. 25—Defence Ordnance Factories for the year 2010-2011 the total provision was ₹ 36500 thousands. Against this, the expenditure of ₹ 48135 thousands was incurred resulting in excess of ₹ 11635 thousands (₹ 11634961).

3. The excess of ₹ 11635 thousands was the net effect of total excesses of ₹14630 thousands (Charged) and total savings of ₹ 2995 thousands (Charged) under various sub-heads of the Grant. The sub-heads under which excess of ₹ Five Lakhs and above occurred and reasons therefor are explained as below:—

Major Head-2079

(i) Minor Head-054	(₹ in thousands)
Original Grant	5000
Supplementary Grant	6500
Re-appropriation	(+) 2300
Total Grant	13800
Actual expenditure	28430
Excess	14630

The excess of ₹146 lakh in the Final Grant was due to finalization of large number of court cases than anticipated.

4. Instructions already exist to formulate the Budget estimates on most realistic basis and the necessity to keep the expenditure under constant review by monitoring

it regularly in an effective manner in order to conform to the allocations made and to ensure that there is neither any excess nor large scale savings over the sanctioned budgetary provisions.

5. In order to avoid recurrence of any excess, instructions have been issued **from time to time** 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 this objective, Service HQrs./Departments 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. **Copies of such instructions issued since 2009 are enclosed.** The PAC (2011-12) in their Fortieth Report has also impressed on Ministry of Defence to overhaul their budgetary mechanism drastically, introduce IT and e-governance in their financial administration and fix responsibility against the budget controlling authorities in case their estimation go awry leading to excess expenditure. Progress made will be intimated in due course of time.

6. It has also been emphasized in these instructions 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 FA (Acq.) in respect of Acquisiton Heads and Addl. FAs in respect of other Heads have been requested 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 and to ensure the progress of expenditure to the tune of 67% of the BE allocation by December as directed by Finance Ministry. It has also been advised that for Supplementary Demands (for grants), the requirement may be assessed realistically so that the amount of Supplementary Demand nither 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.

7. Moreover, in view of observations of PAC (15th Lok Sabha) in their 22nd Report and in Para 12 of their 36th Report in the context of excess expenditure over the voted grants and charged appropriations, detailed instructions were further issued to all concerned *vide* MoD(Fin.) ID No. 5(3)/Bud.-I/2011 dated 31st May, 2011 and ID No. 7(5)Bud.-I/2011 dated 29th November, 2011 to ensure even flow of expenditure and to avoid any excess expenditure/savings in any Grant.

8. In the circumstances explained above, the excess of **₹11635** thousand (₹11634961) Revenue (Charged) may kindly be recommended for regularization by the Parliament under Article 115 (i) (b) of the Constitution.

Sd/-

(VEENA PRASAD)
Addl. FA (VP) JS

File No. 6(3)/Bud.-I/2012

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. 27-Capital outlay on Defence Services, as disclosed in the Union Government Appropriation Accounts (Defence Services) for the year 2010-2011.

Grant No. 27—Capital Outlay on Defence Services

(₹ in thousands)

(Voted)	
Original Grant	599632000
Supplementary Grant	8130100
Total Grant	607762100
Actual expenditure	620115295
Excess	12353195
Surrender during the year	26300

2. Under Voted portion of Grant No. 27-Capital Outlay on Defence Services for the year 2010-2011 the total provision was ₹ 607762100 thousands. Against this, the expenditure of ₹ 620115295 thousands was incurred resulting in excess of ₹ 12353195 thousands (₹ 12353194576).

3. The excess of ₹12353195 thousands (voted) was the net effect of total excess of ₹ 16408226 thousands (voted) and total savings of ₹ 4028731 thousands (voted) under various sub-heads of the Grant as well as Surrender of ₹ 26300 thousands (voted). The sub-heads under which excess of ₹ Five Lakhs and above occurred and reasons therefor are explained as below:—

Major Head - 4076

Sub-Major Head 01-Army

(i) Minor Head-050 (₹ in thousands)

Original Grant	525400
Supplementary Grant	3000000
Re-appropriation	(-) 3330700
Total Grant	194700
Actual expenditure	447214
Excess	252514

The excess of ₹ 2525 lakh in the Final Grant was mainly due to more fructification of land acquisition cases than anticipated at MA stage.

(ii) Minor Head - 102 (₹ in thoiusands)

Original Grant	10746500
Supplementary Grant	2500000
Re-appropriation	(+) 121400
Total Grant	13367900
Actual expenditure	19095639
Excess	5727739

The excess of ₹ 57277 lakh at the Final Grant was mainly due to enhanced deliveries of Instant Fire Detection and Suppression System than anticipated at MA stage and initial advance for TATRA for mounting Mobile Mast.

(iii) Minor Head - 103 (₹ in thousands)

Original Grant	104635500
Supplementary	Nil
Re-appropriation	(—) 12393300
Total Grant	92242200
Actual expenditure	95876620
Excess	3634420

The excess of ₹ 36344 lakh in the Final Grant was mainly due to enhanced deliveries/ payments in environmental control for BMP-II, modernization of safety and security in Ammunition Depot and in other miscellaneous schemes like SHAKTI and SUJAV etc. and maturity of high value cases during this period.

(iv) Minor Head - 105 (₹ in thousands)

Original Grant	75000
Supplementary Grant	Nil
Re-appropriation	(—) 20000
Total Grant	55000
Actual expenditure	55768
Excess	768

The excess of ₹ 768 lakh in the Final Grant was mainly due booking of expenditure with respect to committed liabilities.

(v) Minor Head - 106 (₹ in thousands)

Original Grant	1169500
Supplementary Grant	Nil
Re-appropriation	(—) 251000
Total Grant	918500
Actual expenditure	936518
Excess	180189

The excess of ₹ 180 lakh in the Final Grant was mainly due to enhanced deliveries/ payments in MBWT Wagons.

(vi) Minor Head - 112 (₹ in thousands)

Original Grant	914100
Supplementary Grant	Nil
Re-appropriation	(—) 873800
Total Grant	40300
Actual expenditure	42424
Excess	2124

The excess of ₹ 21 lakh in the Final Grant was mainly due to booking of expenditure with respect to committed liabilities.

(vii) Minor Head - 202 (₹ in thousands)

Original Grant	47182000
Supplementary Grant	2630000
Re-appropriation	(—) 9159400
Total Grant	40652600
Actual expenditure	40746453
Excess	93853

The excess of ₹ 938 lakh in the Final Grant was mainly due to higher progess and expenditure than anticipated under projects towards the close of the financial year.

Major Head - 4076
Sub Major Head 02—Navy

(i) Minor Head - 103 (₹ in thousands)

Original Grant	14079100
Supplementary Grant	Nil
Re-appropriation	(+) 1031500
Total Grant	15110600
Actual expenditure	15787130
Excess	676530

The excess of ₹6765 lakh in the Final Grant was due to exchange rate variation in respect of foreign payments and booking of letter of credit on account of foreign payments.

(iv) Minor Head - 202 (₹ in thousands)

Original Grant	:	4492400
Supplementary Grant	:	Nil
Re-appropriation	:	(+) 1745300
Total Grant	:	6237700
Actual expenditure	:	6331167
Excess	:	93467

The excess of ₹935 lakh at the Final Grant was mainly due to certain unforeseen payments including taxes.

(iii) Minor Head-204 (₹ in thousands)

Original Grant	:	69498700
Supplementary Grant	:	Nil
Re-appropriation	:	(+) 34211200
Total Grant	:	103709900
Actual expenditure	:	106199884
Excess	:	2489984

The excess of ₹24900 lakh in the Final Grant was mainly due to booking of expenditure with respect to committed shipyard payments.

MAJOR HEAD- 4076
Sub Major Head 03—Air Force

(i) Minor Head - 101 (₹ in thousands)

Original Grant	:	152057000
Supplementary Grant	:	Nil
Re-appropriation	:	(+) 6161000
Total Grant	:	158218000
Actual expenditure	:	160944703
Excess	:	2726703

The excess of ₹ 27267 lakh in the Final Grant was due to revised requirement of funds towards schemes contracted with HAL and increased requirements due to committed liabilities and adjustments due to enhanced rate of exchange.

(ii) Minor Head-202 (₹ in thousands)

Original Grant	14255400
Supplementary Grant	Nil
Re-appropriation	(—) 2784300
Total Grant	11471100
Actual expenditure	11562006
Excess	90906

The excess of ₹ 909 lakh in the Final Grant was mainly due to greater progress under certain other works than anticipated.

MAJOR HEAD-4076
Sub-Major Head 08—Technology Development

(i) Minor Head-209 (₹ in thousands)

Original Grant	0
Supplementary Grant	100
Re-appropriation	(+) 218200
Total Grant	218300
Actual expenditure	819500
Excess	601200

The excess of ₹ 6012 lakh in the Final Grant was due to signing of Government Sanction Letter after finalization of MA and obligatory payment expenditure incurred.

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

5. In order to avoid recurrence of any excess, instructions have been issued **from time to time** 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 this objective, Service HQrs./Departments 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. **Copies of such instructions issued since 2009 are enclosed.** The PAC has also impressed on Ministry of Defence to overhaul their budgetary mechanism drastically, introduce IT and e-governance in their financial administration and fix responsibility against the budget controlling authorities in case their estimation go awry leading to excess expenditure. Progress made will be intimated in due course.

6. It has also been emphasized in these instructions 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 FA (Acq.) in respect of Acquisition Heads and Addl. FAs in respect of other Heads have been requested 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 and to ensure the progress of expenditure to the tune of 67% of the BE allocation by December as directed by Finance Ministry. It has also been advised that for Supplementary Demands (for grants), the requirement 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.

7. Moreover, in view of observations of PAC (15th Lok Sabha) in their 22nd Report and in Para 12 of their 36th Report in the context of excess expenditure over the voted grants and charged appropriations, detailed instructions were further issued to all concerned *vide* MoD (Fin.) ID No. 5(3)/Bud-I/2011 dated 31st May, 2011 and ID No. 7(5)/Bud-I/2011 dated 29th November, 2011 to ensure even flow of expenditure and to avoid any excess expenditure/savings in any Grant.

8. In the circumstances explained above, the excess of ₹12353195 thousand (₹12353194576) may kindly be recommended for regularization by the Parliament under Article 115 (i) (b) of the Constitution.

Sd/-

(Veena Prasad)
Addl. FA (VP) & JS

File No. 6(3)/Bud-I/2012

MINISTRY OF DEFENCE

(Finance / Budget)

Subject: Monitoring and Control of Defence Expenditure.

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 JS & 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 fag end of financial year.

2. As per the existing instructions, minutes of these meetings are required to be submitted to the Secretary (Defence Finance) 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 any such meetings. It is, therefore, requested that the meetings may be held regularly.

3. While reviewing progress of expenditure, it may be kept in view that:

(a) Funds are not parked with the PSUs and that there is proper jointness among the three Services.

(b) Rush of expenditure towards the end of the financial year continues to be an area of concern. As per extant instructions, as brought out in the economy instructions issued by Department. of Expenditure on 5th June, 2008, not more than one-third (33%) of the Budget Estimates may be spent in the last quarter of the financial year.

(c) As stipulated in the economy instructions issued by Department. of Expenditure on 5th June, 2008, all advance payments to implementing/ production agencies for any scheme/project/acquisition are limited to 10% of the approved financial outlay in the fiscal year. Subsequent payments must be strictly related to deliverables/milestones. This restriction may be applicable in the case where expenditure is effected through a contract.

(d) Prior approval of Department of Expenditure is required for re-appropriation under a sub-head by a sum of ₹5 crore or more and it must indicate matching savings under the relevant sub-head.

(e) Economic measures as per instructions issued by Department of Expenditure from time to time are observed. As there is need for further economy and rationalization of expenditure, the guidelines issued by Department of

Expenditure on 7th September, 2009 towards austerity measures especially towards 10% cut on Non-Plan expenditure under the following heads may be observed:

(i) Domestic and Foreign Travel expenses
(ii) Publications
(iii) Professional Services
(iv) Advertising and Publicity
(v) Office expenses
(vi) POL (except for security related requirement)
(vii) Other administrative expenses

4. It has been observed that instances of excesses/savings under different grants of the Defence Services are reported in the Report of C&AG of India highlighting improper management of Defence Expenditure. 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. It is, therefore, reiterated that regular meetings may please be held to monitor the progress of expenditure so as to prevent excess/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 submitted to Secretary (Defence Finance) regularly and copy endorsed to Director (Fin./Budget).

5. 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/savings. Office of the CGDA may also issue suitable instructions to all concerned to ensure that payments are authorized only against availability of funds.

Sd/-

(Amit Cowshish)

JS & ADDl. FA (A)

FA (Acq.)

All Joint Secretaries/JS & Addl. FAs/FMs
DG FP, PDNP, D Fin. P, DGOF
CCR&D, DGQA, DGNCC, DGMF, DGAQA, Dte. of Standardisation,
CGDA

MoD (Fin.) ID No. 17(4)/Cir./Bud-I/2006 dated 25th September, 2009

Copy for information to:-
1. Deptt. of Economic Affairs (Budget Division), Ministry of Finance.
2. DGADS.

MINISTRY OF DEFENCE (FINANCE)

(Budget Division)

South Block, New Delhi

Subject: Guidelines on expenditure in the last quarter of the current financial year.

Reference: Secretary, DOE, MoF DO No. 21(1)-B(PD)/2009 dated 05.01.2010

A copy of the DO letter cited under reference, reiterating that the expenditure in the last quarter of the current financial year should not exceed 33% of the budgeted amount and the expenditure during the month of March 2010 should be limited to 15% of Budget Estimates is enclosed for compliance. Where the RE for 2009-10 is lower than Budget Estimates, actual expenditure may be kept within the RE ceilings.

2. While complying with the above instructions of the Ministry of Finance, the instructions issued by this Division from time to time on Monitoring and Control of Defence Expenditure may also be adhered to.

Sd/-

(Amit Cowshish)
JS & Addl. FA(A)
Tel: 23012915

FA(Acq.)/DG(Acq.)/SS(DDP)/AS(M)/AS(A)

All Joint Secretaries/Addl. FAs&JS/FMs
DGFP Army HQ; ACIDS(PPFD); ACNS(P&P) Naval HQ; ACAS(D Fin. P); Air HQ; DGOF; DGBR; DGCG; CCR&D; DGQA; DGNCC; DGAQA; CGDA; Dte. of Standardisation

---

MoD(Fin.) ID N. 9(1)/Bud-I/2010 dated 22nd January 2010.

Copy to:—

JS&Addl. FA(R)

सचिव
व्यय विभाग
वित्त मंत्रालय
भारत सरकार
SECRETARY
DEPARTMENT OF EXPENDITURE
MINISTRY OF FINANCE
GOVERNMENT OF INDIA
नई दिल्ली/New Delhi
Tel. : 23092929
23092663
Fax : 23092546

सुषमा नाथ
Sushama Nath

January 05, 2010

Dear Smt. Liberhan,

Ministry of Finance has been repeatedly advising prudent expenditure management with a view to ensuring availability of adequate resources for meeting the needs of critical development and priority schemes. You would be aware of the guidelines for Expenditure Management — Economy Measures and Rationalisation of Expenditure issued by the Department of Expenditure from time-to-time in this regard. Moreover, cash management being an integral part of expenditure management policy, Ministry of Finance has been emphasizing upon the importance of achieving an even pace of expenditure throughout the year and necessity to curb rush of expenditure in the last quarter of the financial year, which in most cases result in parking of funds. This Ministry had also issued instructions reiterating strict adherence of instructions issued on Monthly Expenditure Plan/Quarterly Expenditure Allocation in respect of Demands for Grants which are covered by the Modified Cash Management System during the last quarter of the financial year.

2. Notwithstanding the above in the meeting of Hon'ble Finance Minister with the Financial Advisers held on 29.10.2009, FM has, *inter-alia*, reiterated that parking of funds and rush of expenditure has to be avoided.

3. It is, therefore, reiterated that the expenditure in the last quarter of the current financial year should not exceed 33% of the budgeted amount and the expenditure during the month of March 2010 should be limited to 15% of the Budget Estimate. Where the Revised Estimates for 2009-10 are lower than Budget Estimates, actual expenditure may be kept within the RE ceilings.

4. With best wishes for the New Year.

Yours sincerely,
Sd/-
(Sushama Nath)

Smt. Indu Liberhan,
Secretary (Defence Finance)
Ministry of Defence,
Room No. 140,
South Block,
New Delhi.

OFFICE OF THE CONTROLLER GENERAL OF DEFENCE ACCOUNTS
(ACCOUNTS AND BUDGET DIVISION)
ULAN BATAR ROAD, PALAM, DELHI CANTT.

No. A/B/II/1144/Mont./Vol-XVIII Dated: 09/02/2010

To,

All PCsDA/CsDA

Subject: Guidelines on expenditure in the last quarter of the current Financial Year.

Secretary, Department of Expenditure, Ministry of Finance *vide* DO letter No. 21(1)-B (PD)/2009 dated 5-01-2009 addressed to Secretary (Defence Finance), [Received under Ministry of Defence (Finance) ID No. 9(1)/Bud-I/2010 dated 22nd January 2010] (copy enclosed) has reiterated that <u>expenditure during the last quarter of the current financial year should not exceed 33% of the budget amount.</u> It has been mentioned that expenditure during the month of March 2010 should be limited to 15% of the Budget Estimate. Where the Revised Estimates for 2009-10 is lower than the Budget Estimates, actual expenditure may be kept within Revised Estimate ceilings.

Since DAD has an important role to play as the authority responsible for payment, accounting (booking of expenditure to the final head of account) and providing MIS on expenditure to the executive/budget controlling authorities, it is requested that necessary instructions may please be issued to all sub-offices/sections concerned under your jurisdiction to ensure timely and concurrent booking of expenditure. In addition, a close watch, to ensure timely booking, may also be kept on areas where expenditure is booked on receipt of (i) Cash Assignment Accounts, (ii) S&S Imprest Account, and (iii) Inter-service Adjustment Account as also the accounts received from outside agencies like DGS&D, MEA etc.

This HQrs earlier circulars bearing nos. A/B/II/11244/Mont-XLIX dated 18/08/2004 and A/B/II/11244/Mont-LIII dated 07/06/2005 may also kindly be referred to in this regard.

It is requested that necessary liaison in this regard may please be maintained with the authorities concerned to get the accounts/vouchers expedited so as to book the expenditure in time and to avoid rush of expenditure at the end of financial year.

Please acknowledge receipt

Sd/-
Jt. CGDA (Accounts & Budget)

Copy to:—
JS & Addl. FA(A)
Ministry of Defence (Finance)
(Budget Division), South Block,
New Delhi: For information w.r.t. their ID No. 9(1)/Bud-I/2010 dated 22-01-2010

Sd/-
Jt. CGDA (Accounts & Budget)

D.O. No. 21(1)-B(PD)/2009

सचिव
व्यय विभाग
वित्त मंत्रालय
भारत सरकार

सुषमा नाथ
Sushama Nath

SECRETARY
DEPARTMENT OF EXPENDITURE
MINISTRY OF FINANCE
GOVERNMENT OF INDIA
नई दिल्ली/New Delhi
Tel. : 23092929
23092663
Fax : 23092546

March: 03, 2010

Dear Smt. Liberhan,

Kindly refer to this Ministry's D.O. letter of even number dated January 05, 2010 regarding strict adherence of 33% expenditure of the budgeted amount in the last quarter of the financial year and 15% expenditure in the month of March, 2010 by Ministries/Departments.

2. You may kindly recall that in the meeting of the Hon'ble Finance Minister with Financial Advisers held on 29.10.2009, FM has, *inter-alia*, reiterated that parking of funds and rush of expenditure has to be avoided. As a sequel to FM's observations, it has already been brought to the notice of the all Ministries/ Departments to avoid rush of expenditure in the last quarter of the financial year, particularly in the month of March, which in most cases results in parking of funds. Even as the committed expenditure is met during the current financial year, it may be ensured that the release of funds during the month of March, 2010 do not result in parking of funds.

3. It is, therefore, reiterated that the expenditure in the month of March, 2010 should be limited to 15% of the Budget Estimate. Where the Revised Estimates for 2009-10 are lower than Budget Estimates, actual expenditure may be kept within the RE ceilings.

With kind regards

Yours sincerely,

Sd/-

(Sushama Nath)

Smt Indu Liberhan,
Secretary (Defence Finance)
Ministry of Defence,
Room No. 140,
South Block,
New Delhi.

MINISTRY OF DEFENCE (FINANCE)
(Budget Division)

Subject: Monitoring and Control of Defence Expenditure.

Ref: (i) MoD (Fin) ID No. 17 (4)/Cir/Bud-I/2006 dated 25th September, 2009

(ii) MoD (Fin) ID No. 10 (7)/Bud-I/2007 dated 9th September, 2009

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

(iv) MoD (Fin) ID No. 17 (3)/B-I/2004 dated 24.7.2006

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

Instructions have been issued from time to time *vide* above mentioned references; as well as the previous ones, 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 JS & Addl. FAs 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 excess/savings under various heads and bunching of expenditure towards and end of the financial year.

2. Public Accounts Committee as well as the C&AG of India have been commenting on recurring instances of excess expenditure in some Grants of Defence Services in their reports. Most recently an excess expenditure of ₹ 71.19 crore in the Grant No. 22 — Defence Services (Army) for the year 2007-08 has been pointed out in the 7th Report of the PAC (15th Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2007-2008)", which requires regularization by the Parliament under Article 115(1) (b) of the Constitution.

3. As per the existing instructions, a copy of the minutes of the meeting of the Monitoring Group is to be sent to the office of the Secretary (Defence Finance) for the information of the Secretary (Defence Finance). However, such copies are being received infrequently, which indicates that the Monitoring Groups for controlling Defence expenditure are not meeting regularly.

4. It is, therefore, again reiterated that in order to ensure even flow of expenditure and to avoid any excess expenditure/savings in any Grant, the instructions issued on 'Monitoring and Control of Defence Expenditure' should be followed strictly and meetings of the Monitoring Groups should be held regularly. The proceedings of such meetings should invariably be endorsed to the Secretary (Defence Finance).

Sd/-

(AMIT COWSHISH)
JS & Addl. FA (A)

FA (Acq.)
All Joint Secretaries/Addl. FAs & JS/FMs
DGFP, ACNS (P&P), ACAS (Fin P), DGOF
CCR&D (R&M), DGQA, DGNCC, DGMF, DGAQA, Dte. of Standardisation CGDA

MoD (Fin) ID No. 17(4) Cir/Bud-I/2006 dated 31st May, 2010

Copy for information to:— PS to Secretary (Def. Fin.)

MINISTRY OF DEFENCE (FINANCE)
(Budget Division)

Subject: Monitoring and Control of Defence Expenditure.

The compiled expenditure figures for March Supplementary 2011 reveal that there has been excess expenditure to the tune of 1962.81crore under the revenue segment and 1166.84 crore under the capital segment of the Defence Budget.

2. Attention is invited in this regard to the observations of the Public Accounts Committee (15th Lok Sabha) in their XXII Report, in the context of excess of expenditure over the voted grants and charged appropriations:—

> "The Committee feel that incurring such huge amounts of excess expenditures over and above the budgetary provisions sanctioned by the Parliament at different stages of budget do not augur well for ensuring proper and judicious utilization of public funds besides undermining the Parliamentary financial control. The unabated large excess expenditure by these Ministries is manifestation of the fact that they are still far from taking any noteworthy and suitable remedial measures to ensure proper budgeting and subsequent monitoring of the expenditure flow. This is deplorable considering the fact that the Committee have been emphasizing over the years for plugging the existing loopholes and deficiencies with a view to restricting the quantum of excess expenditure to the barest minimum in future." [Para1]

3. While the matter is being taken up with the respective FP Directorates and also the CGDA, it is felt that the monitoring being done by the Finance Division also needs to be streamlined and strengthened.

4. At the level of the Ministry, instructions have been issued from time to time regarding monitoring of progress of Defence expenditure. For this purpose, Departmental Groups headed by FA (Acq.) in respect of Acquisition heads and Addl. FAs in respect 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 the financial year. Minutes of the monthly meeting are required to be submitted to the SDF information and a copy is required to be sent to Budget Division.

5. Quarterly expenditure plans of the Services may be obtained at the beginning of the financial year and can be used as benchmarks for the monthly reviews. The following points should be brought out in the reviews:—

i. Progress of the expenditure on account of pay and allowances and whether the existing allocation is adequate keeping in mind the past trends, new raisings, if any, change in entitlements and deployment of units.

ii. Other obligatory expenditure — The progress of outgo *vis-a-vis* projected quarterly outgo.

iii. Procurement of stores, equipment and services — progress of expenditure on account of committed liabilities and progress of new schemes.

iv. Progress of works including maintenance/repairs and new works.

v. Progress of land acquisition cases.

vi. As far as the Capital Acquisition Budget is concerned, details of all the committed liabilities (contract-wise) may be obtained in advance from the respective services as also the proposed new schemes and the progress of expenditure may be reviewed with reference to these.

6. The reviews should take into account factors like status of committed liabilites, schemes in the pipeline, supply position against contracted schemes, actual drawal from LCs, progress of civil works etc. Expenditure on account of already contracted/ committed schemes as also the progress of fresh schemes needs to be closely monitored. It would be desirable to have a database of committed and new schemes from the respective Services in advance, on the formats at A & B which could be refined to suit the specific requirements. The feasibility of the exercise may be examined.

7. Instructions issued by the Finance Ministry regarding austerity measures and cash management, which are circulated by the Budget Division from time to time, should also be factored in.

8. The reviews may be carried on a monthly basis by the 10th of the following month and on a fortnightly basis for January & February. In the month of March, however, the reviews may be carried out on a weekly basis. Any significant deviations from the targeted expenditure and corrective measures if any, that are proposed to be adopted, should be clearly brought out.

Sd/-

(Veena Prasad)

JS. & Addl. FA(VP)

FA (Acq.) & AS
All Joint Secretaries/Addl. FAs & JS/FMs
DGFP, ACNS (P&P), ACAS (Fin. P), DGOF
CCR&D (R&M), DGQA, DGNCC, DGMF, DGAQA, Dte. of Standardisation

Mod (Fin.) ID No. 5(3) Bud-I/2011 dated 31st May, 2011

ANNEX. A

Monitoring of Committed Liabilites

Sl. No.	Contract/S.O. No and date	Item to be supplied	Total contracted value	PDC as per contract	Revised PDC if any	Payments already made during the previous year if any	Amount likely to be paid during the current year	Likely month of outgo	Whether the inspection/ acceptance testing etc. are on schedule

ANNEX. B

Monitoring of New Scheme

Sl No	Name of the scheme	Total value	Outgo planned during the year	Likely month of outgo	Stage of procurement process*					PDC
					Acceptance	RFP	TEC	PNC	CFA Approval	

* May be modified in line with the stages of procurement process on the Capital Acquisition side for review of Capital Acquisition.

MINISTRY OF DEFENCE

(Budget Division)

Subject: Expenditure Management .

Cash management being an integral part of expenditure management policy, Ministry of Finance has been emphasising the importance of achieving an even pace of expenditure throughout the year and the necessity to curb rush of expenditure in the last quarter of the financial year. Thus it has been stipulated that expenditure during the last quarter should not exceed 33% and that in the month of March should not be more than 15%.

2. Despite these standing instructions of the Ministry of Finance, it has been noticed on the basis of expenditure figures for March (Preliminary) 2011 that as far as the Revenue Grants are concerned. Air Force has breached 15% ceiling while R&D breached both the 33% and 15% ceiling. Under the Capital Grant it is seen that all the Services have breached these ceilings, leading to a situation where ₹ 6537 crore has been spent in excess of the 33% ceiling for the final quarter and ₹10296 crore has been spent in excess of the 15% ceiling for the month of March.

3. Such a trend of expenditure upsets the Government's cash management and has been noted with concern by the Ministry of Finance. Accordingly, it is requested that the contributory reasons for the above breach be intimated to this Division alongwith the steps proposed to be taken to ensure against a recurrence of this trend, by 30th May, 2011.

4. The standing instructions of Ministry of Finance may also be noted for strict compliance.

Sd/-

(Veena Prasad)

JS. & Addl. FA(VP)

DGFP (AHQ), ACAS.(Fin. P), ACNS. (P&P), ACIDS (F' P) CCR&D, (R&M), DGOF, DGQA

MoD (Fin.) 9(01)/Bud-I/2010 dated 19.05.2011

Copy to: All Joint Secretaries/Addl. FAs & JSs/FMs—with a request to ensure compliance of the above instructions.

MINISTRY OF DEFENCE (FINANCE)

(Budget-I)

Subject:—Monitoring and Control of Defence Expenditure.

Attention is invited to this Division's ID No. 5(3)/Bud-I/2011 dated 31st Mar., 2011 on the above cited subject *vide* which instructions were issued that steps may be taken by the FP Directorates, CGDA and at the level of the Ministry of Defence, Departmental Groups headed by FA(Acq) in respect of Acquisition heads and Addl. FAs in respect of other heads in order to prevent excesses/savings under various heads.

2. The Public Accounts Committee, in Para 12 of its 36th Report on action taken by the Government on their observations/recommendations contained in the 7th Report (15th Lok Sabha) on "Excess over voted Grants and Charged Appropriations (2007-08), has observed that **"no firm measures have been put in place as yet by the Ministries/Departments concerned to avoid excess expenditure by the defaulter Ministries. The Committee's scrutiny reveals that the Ministries which scrupulosuly adhere to the General Finacial Rules and have unwavering commitment of financial discipline and prosperity do succeed in avoiding excess expenditure. The Committee find no cogent reasons for the inevitability of excess expenditure when Government get opportunities to present the Supplementary Demands for Grants during the three sessions of Parliament in a year. In an age of e-governance made feasible by computerization and instant connectivity between field formations, Subordinate Offices and Head Quarters, irregularities like excess expenditure should not recur. The Committee express their displeasure over the tepid approach of the defaulter Ministries/Departments particularly for bad planning, lack of foresight and ineffective monitoring on the part of budget controlling authorities while preparing both budget estimates as well as Supplementary Demands for Grants. The Committee, therefore, reiterate the need for scrupulous scrutiny of the budget proposal both at the time of preparation of Demands for Grants, rigorous monitoring of the pace of expenditure and strict compliance of General Financial Rules to eliminate the possibility of excess expenditure, under spending, worngful appropriation etc."**

3. In the light of the observations of the PAC, all concerned authorities are once again requested to take all necessary measures, including use of electronic systems, to ensure proper planning and monitoring of expenditure *vis-a-vis* voted grants so that excess expenditure is avoided. Further, scrupulous scrutiny of the budget proposal, both at the time of preparation of Demands for Grants and Supplementary Demands for Grants, and compliance to provisions of the General Financial Rules may also be ensured to eliminate the possibility of excess expenditure, under-spending, wrongful appropriations etc.

4. It is, therefore, again reiterated that in order to ensure even flow of expenditure and to aovid any excess expenditure/savings in any Grant, the instructions issued on 'Monitoring and Control of Defence Expenditure' should be followed strictly and

meetings of the Monitoring Groups should be held regularly. The proceedings of such meetings should invariably be endorsed to the Secretary (Defence Finance).

5. While complying with the above instructions, the instructions issued earlier by this Divison on Monitoring and Control of Defence expenditure may also be adhered to.

Sd/-

(Veena Prasad)
JS. & Addl. FA (VP)

FA(Acq.) & AS
All Joint Secretaries/Addl. FAs & JS/FMs
DGFP, ACNS (P & P), ACAS (Fin. P), DGOF
CCR&D (R&M), DGQA, DGNCC, DGMF, DGAQA, Dte. of Str andardisation
MoD (Fin.) ID No. 7(5)/Bud-I/2011 dated 29th November, 2011

Copy for information to:
VCOAS, VCNS, VCAS, Chairman OFB,
SA to RM, CISC & CGDA, DG (Acq).

ANNEXURE XI

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF POSTS

Excess Note

Note for Public Accounts Committee in respect of excess occured under Renenue Section (Voted) of Grant No. 13, Ministry of Communications (Department of Posts) as disclosed in the Union Government Appropriation Accounts (Civil) for 2010-11.

1. Revenue Section (Voted)

	(Fig. in ₹)
Oringinal Grant	113286800000
Supplementary Grant	20979500000
Total	134266300000
Actual Expenditure	137932629167
Excess Expenditure	3666329167

2. Under Revenue (Voted) of Grant No. 13, Ministry of Communications &/IT, Department of Posts for 2010-11, the total provison was ₹113286800000. This was augmented to ₹ 134266300000 by obtaining Supplementary Grant of ₹ 20979500000. Against this, the expenditure of ₹ 137932629167 was incurred resulting in excess expenditure of ₹ 3666329167.

3. The excess of ₹ 3666329167 was under Revenue section (Voted) under various sub heads of the Grant. The sub heads under which the excess of ₹ one crore and above incurred and reasons thereof are explained below:—

Department of Posts

Demand No. 13

Major Head 3201—Working Expenses (Voted)	(₹in thousands)
Original Grant	113286800
Supplementary Grant	20979500
Re-appropriation	0
Total	134266300
Actual Expenditure	137932629
Excess	3666329

Summary of Excess Expenditure and reasons thereof

(i) Sub head 3201-01-001-03	(₹in thousands)
Philately Directorate	
Original Grant	51500
Supplementary Grant	1000
Total	52500
Actual Expenditure	75321
Excess	22821

Reason for variation

The excess of ₹ 22821 thousands under this head was mainly due to expected procurement not materialized before the end of the FY 2010-11

(ii) Sub head 3201-01-101-01	(₹in thousands)
Circle offices	
Original Grant	1767300
Supplementary Grant	0
Total	1767300
Actual Expenditure	1828656
Excess	61356

Reason for variation

The excess of ₹ 61356 thousands under the head was mainly due to normal increase in pay & DA hike and also implementation of GDS committee Report (60% arrears for the FY year 2010-11)

(iii) Sub head 3201-01-101-03	(₹in thousands)
Postal Divisions	
Original Grant	3369020
Supplementary Grant	50000
Total	3419020
Actual Expenditure	3530547
Excess	111527

Reason for variation

The excess of ₹111527 thousands under the head was mainly due to normal increase in pay & DA hike and also implementation of GDS committee Report (60% arrears for the FY year 2010-11)

(iv) Sub head 3201-02-003-01 Operational trainings	(₹in thousands)
Original Grant	178500
Supplementary Grant	0
Total	178500
Actual Expenditure	220650
Excess	42150

Reason for variation

The excess of ₹ 42150 thousands under the head was mainly due to induction training to PA's/SA's.

(v) Sub head 3201-02-003-02

Training institute learning	(₹in thousands)
Original Grant	63500
Supplementary Grant	0
Total	63500
Actual Expenditure	65136
Excess	1636

Reason for variation

The excess of ₹1636 thousands was due to Procurement of training programme materialized more than anticipated

(vi) Sub head 3201-02-003-03	(₹in thousands)
Work Place Learning	
Original Grant	8500
Supplementary Grant	0
Total	8500
Actual Expenditure	12277
Excess	3777

Reason for variation

The excess of ₹!3777 thousands was due to Procurement of training programme materialized more than anticipated

(vii) Sub head 3201-02-101-01 Existing Post Offices	(₹in thousands)
Original Grant	38371830
Supplementary Grant	3102400
Total	41474230
Actual Expenditure	46798760
Excess	5324530

Reason for variation

The excess of ₹5324530 thousands under the head was mainly due to normal increase in pay & DA hike and also implementation of GDS Committee Report (60% arrears for the FY year 2010-11). MACP as 6th Pay Commission.

(viii)	Sub head 3201-02-101-04 Premium product services	(₹in thousands)
	Original Grant	861100
	Supplementary Grant	150000
	Total	1011100
	Actual Expenditure	1039626
	Excess	28526

Reason for variation

The excess of ₹28526 thousands under the head was mainly due to MACP & normal increase in pay & DA hike and also implementation of GDS Committee Report (60% arrears for the FY year 2010-11)

(ix)	Sub head 3201-02-101-09 Mass Mailing Service	(₹in thousands)
	Original Grant	95400
	Supplementary Grant	0
	Total	95400
	Actual Expenditure	120640
	Excess	25240

Reason for variation

The exces for ₹25240 thousands under the head was mainly due to MACP & normal increase in pay & DA hike and also implementation of GDS Committee Report (60% arrears for the FY year 2010-11)

(x)	Sub head 3201-02-101-15 Work of CPI Rural data collection	(₹in thousands)
	Original Grant	0
	Supplementary Grant	0
	Total	0
	Actual Expenditure	2769
	Excess	2769

Reason for variation

Due to implementation of Government Scheme

(xi) Sub head 3201-02-102-01	(₹in thousands)
Mail Sorting	
Original Grant	7422500
Supplementary Grant	500000
Total	7922500
Actual Expenditure	8171623
Excess	249123

Reason for variation

The excess of ₹249123 thousands under the head was mainly due to MACP & normal increase in pay & DA hike and also implementation of GDS committee Report (60% arrears for the FY year 2010-11)

(xii) Sub head 3201-02-103-04 Departmental MMS for Ordinary Services	(₹in thousands)
Original Grant	641200
Supplementary Grant	80000
Total	721200
Actual Expenditure	804053
Excess	82853

Reason for variation

The excess of ₹ 82853 thousands under the head was mainly due to MACP & normal increase in pay & DA hike and also implementation of GDS commttee Report (60% arrears for the FY year 2010-11). MACP as per 6th Pay Commission.

(xiii) Sub head 3201-02-103-05 Departmental MMS for Premium product Services	(₹in thousands)
Original Grant	12870
Supplementary Grant	0
Total	12870
Actual Expenditure	14080
Excess	1210

Reason for variation

Due to more expenditure than anticipated

(xiv) Sub head 3201-02-103-07 (₹in thousands)
Logistics Post

Original Grant	28530
Supplementary Grant	0
Total	28530
Actual Expenditure	70183
Excess	41653

Reason for variation

The excess of ₹41653 thousands under the head was mainly due to more expenditure under other charges than anticipated

(xv) Sub head 3201-02-103-06 (₹in thousands)

Others	
Original Grant	1297400
Supplementary Grant	200000
Re-appropriation	0
Total	1497400
Actual Expenditure	1555404
Excess	58004

Reason for variation

The excess of ₹58004 thousands under the head was mainly due to normal increase in pay & DA hike and also implementation of GDS committee Report (60% arrears for the FY year 2010-11). MACP as per the 6th Pay Commission.

(xvi) Sub head 3201-02-104-05 (₹ in thousands)

Other Items	
Original Grant	0
Supplementary Grant	0
Re-appropriation	0
Total	0
Actual Expenditure	657077
Excess	657077

Reason for variation

The excess of ₹65702 thousands under the head was mainly due to awaiting of clearance of expenditure on account of MGNREGA from MoRD.

(xvii) Sub head 3201-02-104-09

Project Management Civil	(₹ in thousands)
Original Grant	30000
Supplementary Grant	0
Re-appropriation	0
Total	30000
Actual Expenditure	53529
Excess	23529

Reason for variation

The excess of ₹23529 thousands under the head was mainly due to hike in general prices of office items of IT automation etc.

(xviii) Sub head 3201-03-101-01

SBCO	(₹ in thousands)
Original Grant	971650
Supplementary Grant	90000
Re-appropriation	0
Total	1061650
Actual Expenditure	1099885
Excess	38235

Reason for variation

The excess expenditure of ₹38235 thousands was due to more expenditure than anticipated.

(xix) Sub head 3201-03-101-02

SBICO	(₹ in thousands)
Original Grant	61860
Supplementary Grant	0
Re-appropriation	0
Total	61860
Actual Expenditure	66438
Excess	4578

Reason for variation

The excess expenditure of ₹4578 thousands was due to more expenditure than anticipated.

(xx) Sub head 3201-03-101-10

Director PLI Kolkata	(₹ in thousands)
Original Grant	102440
Supplementary Grant	0
Re-appropriation	0
Total	102440
Actual Expenditure	102986
Excess	546

Reason for variation

The Excess expenditure of ₹546 thousands was due to more incentive and doctor fee to increase the PLI Business.

(xxi) Sub head 3201-04-101-03

Deduct amount transferred to AG

Audit Suspense	(₹ in thousands)
Original Grant	438000
Supplementary Grant	0
Total	438000
Actual Expenditure	477397
Excess	39397

Reason for variation

The excess of ₹39397 thousands under the head was due to based on actual expenditure.

(xxii) Sub head 3201-04-102-01

Directorate (PA Wing)	(₹ in thousands)
Original Grant	46555
Supplementary Grant	0
Total	46555
Actual Expenditure	48450
Excess	1895

Reason for variation

The expenditure of ₹1895 thousands was due to normal increase in Pay/DA and effect of MACP as per 6th pay commission.

(xxiii) Sub head 3201-04-102-02

PAO	(₹ in thousands)
Original Grant	2304945
Supplementary Grant	81500
Total	2386445
Actual Expenditure	2590290
Excess	203845

Reason for variation

The excess of ₹ 203845 thousands under the head was mainly due to normal increase in pay & DA hike and also implementation of GDS committee Report (60% arrears for the FY year 2010-11). MACP as 6th Pay Commission.

(xxiv) Sub head 3201-05-053-03

Building Establishment	(₹ in thousands)
Original Grant	335710
Supplementary Grant	0
Total	335710
Actual Expenditure	362705
Excess	26995

Reason for variation

The excess of ₹ 26995 thousands under the head was mainly due to normal increase in pay & DA hike. MACP as per 6th Pay Commission and hike in market price of consumable items.

(xxv) Sub head 3201-06-101-02

Departmental Canteen	(₹ in thousands)
Original Grant	113900
Supplementary Grant	0
Total	113900
Actual Expenditure	132655
Excess	18755

Reason for variation

The excess of ₹ 18755 thousands under the head was mainly due to normal increase in pay & DA hike. MACP as per 6th Pay Commission.

(xxvi) Sub head 3201-06-101-03

Dispensaries	(₹ in thousands)
Original Grant	359380
Supplementary Grant	0
Total	359380
Actual Expenditure	395207
Excess	35827

Reason for variation

The excess of ₹ 35827 thousands under the head was mainly due to normal increase in pay & DA hike. MACP as 6th Pay Commission and hike in market price of medicines, equipment etc.

(xxvii) Sub head 3201-07-101-01

Superannuation & Retirement Allowances	(₹ in thousands)
Original Grant	11000000
Supplementary Grant	3800000
Re-appropriation	0
Total	14800000
Actual Expenditure	15462488
Excess	662488

Reason for variation

The excess of ₹ 662488 thousands under this head was mainly due to more retirement and DA hike.

(xxviii) Sub head 3201-07-107

Family Pension	(₹ in thousands)
Original Grant	2000000
Supplementary Grant	3160000
Total	5160000
Actual Expenditure	6803718
Excess	1643718

Reason for variation

The excess of ₹1643718 thousands under this head was mainly due to excess payment than anticipated.

(xxix) Sub head 3201-07-108

Leave Encashment	(₹ in thousands)
Original Grant	1000000
Supplementary Grant	610000
Total	1610000
Actual Expenditure	1655535
Excess	45535

Reason for variation

The excess of ₹45535 thousands under this head was mainly due to increase in number of employees covered under the New Pension scheme.

(xxx) Sub head 3201-60-102-01

DLI	(₹ in thousands)
Original Grant	80000
Supplementary Grant	0
Total	80000
Actual Expenditure	101630
Excess	21630

Reason for variation

The excess of ₹ 21630 thousands under this head was mainly due to more claim than expected amount.

(xxxi) Sub head 3201-60-798-01

UPU	(₹ in thousands)
Original Grant	50000
Supplementary Grant	0
Total	50000
Actual Expenditure	99603
Excess	49603

Reason for variation

The excess of ₹ 49603 thousands under this head was mainly due to clearance of committed liabilities on revision of foreign exchange.

Remedial Action

Instructions are issued to the circles/units to guard against such type of financial irregularities and keep the expenditure within the allotment and project the demand for fund realistically.

Sd/-
(R. Magadevan)
ADG (BGT)

ANNEXURE XII

सत्यमेव जयते

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

(व्याख्यात्मक नोट)

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

(EXPLANATORY NOTE)

Explanatory Note for Public Accounts Committee

for

Regularisation of Excess over Voted/Charged Portion of Grants/Appropriation

2010-11

EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS OVER VOTED/CHARGED PORTION OF GRANTS/ APPROPRIATION DURING THE YEAR 2010-11.

During the year 2010-11, there was an overall net saving of ₹ 3469.46 crore under all Grants and Appropriations, which constitues 1.91 per cent of the total provision of ₹ 181975.25 crore.

The net saving was the result of gross saving of ₹ 6522.24 crore under 06 Voted Grants (*i.e.* 05 Revenue 1, 2, 9, 14, 15 and four segments of Works Grants No. 16 *i.e.* Capital, Railway Funds, OLWR and RSF) and 06 Charged Appropriations (*i.e.* 05 Revenue 4, 9, 10, 11 & 13 and four segments of Works Appropriation No. 16 *i.e.* Capital Railway Funds, OLWR and RSF) and gross excess of ₹ 3052.78 crore under 10 Voted Grants (3, 4, 5, 6, 7, 8, 10, 11, 12 & 13) and 05 Charged Appropriations (3, 6, 7, 8 & 12).

The gross excess of ₹3052.78 crore was made up of ₹3043.24 crore under Voted Grants and ₹9.54 crore under Charged Appropriations constituting 4.29 per cent of the total provision of ₹ 71221.20 crore under those Grants/Appropriations in which excess occurred.

The gross saving amounting to ₹ 6522.24 crore was made up of ₹6496.13 crore under Voted Grants and ₹26.11 crore under Charged Appropriations constituting 5.89 per cent of the total provision of ₹110754.05 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 2010-11-Part-I-Review).

All savings in involving ₹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 five Charged Appropriations (3, 6, 7, 8 and 12) and ten Grants (3, 4, 5, 6, 7, 8, 10, 11, 12 & 13). These Appropriations/Grants are explained as under:—

(a) Charged Appropriatons

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

In unit of ₹

Original Appropriation	5,30,000
Supplementary Appropriation	10,22,000
Total Sanctioned Appropriation	15,52,000
Actual Expenditure	36,49,842
Excess	20,97,842
Misclassification	—
Excess requiring regularisation	20,97,842
Percentage of Excess	135.17%

Charged Appropriation of ₹5.30 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of ₹10.22 lakh was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate. The actual payments exceeded the provision by ₹20,97,842 as more decretal payments materialized.

The excess requiring regularisation is ₹20,97,842 as disclosed in the Appropriation Accounts.

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

	In unit of ₹
Original Appropriation	6,00,000
Supplementary Appropriation	3,69,000
Total Sanctioned Appropriation	9,69,000
Actual Expenditure	14,25,116
Excess	4,56,116
Misclassification	—
Excess requiring regularisation	4,56,116
Percentage of Excess	47.07%

Charged Appropriation of ₹6.00 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of ₹3.69 lakh was sanctioned for additional payments towards satisfaction of court decrees, which proved to be inadequate. The actual payments exceeded the provision by ₹4,56,116 as more decretal payments materialized.

Thus, the excess requiring regularisation is ₹4,56,116 as disclosed in the Appropriation Accounts.

(iii) Appropriation No. 7: Working Expenses—Repairs & Maintenance of Plant & Equipment.

	In unit of ₹
Original Appropriation	3,15,000
Supplementary Appropriation	—
Total Sanctioned Appropriation	3,15,000
Actual Expenditure	4,64,045
Excess	1,49,045
Misclassification	—
Excess requiring regularisation	1,49,045
Percentage of Excess	47.32%

Charged Appropriation of ₹ 3.15 lakh was obtained at the Budget Estimate Stage, which proved to be inadequate. The actual payments exceeded the provision by ₹ 1,49,045 as more decretal payments materialized during the year.

Thus, the excess requiring regularisation is ₹ 1,49,045 as disclosed in the Appropriation Accounts.

(iv) Appropriation No. 8: Working Expenses—Operating Expenses—Rolling Stock and Equipment.

	In unit of ₹
Original Appropriation	—
Supplementary Appropriation	8,21,000
Total Sanctioned Appropriation	8,21,000
Actual Expenditure	8,72,277
Excess	51,277
Misclassification	—
Excess requiring regularisation	51,277
Percentage of Excess	6.25%

A Supplementary Charged Appropriation of ₹ 8.21 lakh was sanctioned for payments towards satisfaction of Court Decrees, which were not been anticipated earlier. The actual payments exceeded the provision by ₹ 51,277 as more decretal payments materialized.

Thus the excess requiring regularisation is ₹ 51,277 as disclosed in the Appropriation Accounts.

(v) Appropriation No. 12: Revenue—Miscellaneous Working Expenses.

	In unit of ₹
Original Appropriation	118,21,27,000
Supplementary Appropriation	173,73,33,000
Total Sanctioned Appropriation	291,94,60,000
Actual Expenditure	301,20,86,750
Excess	9,26,26,750
Misclassification	—
Excess requiring regularisation	9,26,26,750
Percentage of Excess	3.17%

Charged Appropriation of ₹ 11821.27 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of ₹ 17373.33 lakh was sanctioned for additional payments towards satisfaction of Court Decrees, which proved to be inadequate as more decretal payments materialized.

Thus the excess requiring regularisation is ₹ 9,26,26,750 as disclosed in the Appropriation Accounts.

(b) Voted Grants

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

	In unit of ₹
Original Grant	4203,68,55,000
Supplementary Grant	148,54,78,000
Total Sanctioned Grant	4352,23,33,000
Actual Expenditure	4357,44,32,897
Excess	5,20,99,897
Misclassification	(-)7,76,119
Excess requiring regularisation	5,13,23,778
Percentage of Excess	0.12%

A Grant of ₹ 4203.68 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹ 148.55 crore was obtained in March, 2011 for higher payment of salary, dearness allowance and other staff cost including arrear on account of implementation of MACP. The actual expenditue of ₹ 4357.44 crore was ₹ 5.21 crore more than the total sanctioned provision of ₹ 4352.23 crore. There was a net effect of ₹ (-)7,76,119 on account of misclassification of expenditure. The excess thus worked out to ₹ 5.13 crore.

The excess mainly occurred under the following Minor heads:—

(a) Financial Management (200) (₹ 40.80 crore), mainly due to incurrence of more expenditure towards staff cost including MACP arrear, than anticipated. (b) Way & Works Management (500) (₹ 25.25 crore), mainly due to incurrence of more expenditure towards staff cost including MACP arrear, than anticipated. (c) Electrical Management (700) (₹ 7.21 crore), mainly due to incurrence of more expenditure towards staff cost including MACP arrear, than anticipated. (d) Traffic Management (900) (₹ 14.61 crore), mainly due to incurrence of more expenditure towards staff cost including MACP arrear and more cost of materials from stock than anticipated.

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

(a) General Management including General Management Services (100) (₹ 6.26 crore), mainly due to less expenditure towards staff cost, contingencies and less receipt of legal bills, than anticipated. (b) Personnel Management (300) (₹ 37.80 crore), mainly due to less expenditure towards staff cost and decrease in activities under recruitment cell, than anticipated. (c) Materials Management (400) (₹ 23.85 crore), due to less expenditure towards contingencies and staff cost, than anticipated. (d) Rolling Stock Management (600) (₹ 12.11 crore) less expenditure towards contingencies and staff cost due to non-filling up of vacancies than anticipated. (e) Signal and Telecommunication Management (800) (₹ 2.64 crore), less expenditure towards contigencies and staff cost due to non-filling up of vacancies, than anticipated.

The excess, therefore, requiring regularisation from Parliament works out to ₹ 5, 13, 23, 778 (*i.e.* 0.12% of the total sanctioned provision).

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

	In unit of ₹
Original Grant	7156,50,99,000
Supplementary Grant	222,29,66,000
Total Sanctioned Grant	7378,80,65,000
Actual Expenditure	7386,56,17,784
Excess	775,52,784
Misclassification	(-)2,08,05,012
Excess requiring regularisation	567,47,772
Percentage of Excess	0.08%

A Grant of ₹ 7156.51 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹ 222.30 crore was obtained in March, 2011 for higher payment of salary, dearness allowance and other staff cost including arrear on account of implementation of MACP. The actual expenditure of ₹ 7386.56 crore was ₹ 7.75 crore more than the total sanctioned provision of ₹ 7378.81 crore. There was a net effect of ₹ (-)2,08,05,012 on account of misclassification of expenditure. The excess thus worked out to ₹ 5.67 crore.

The excess mainly occurred under the following Minor heads:—

(a) Establishment in Offices (100) (₹ 2.92 crore), mainly due to incurrence of more expenditure towards staff cost including MACP arrear, than anticipated. (b) Maintenance of Permanent Way (200) (₹ 112.86 crore), mainly due to incurrence of more expenditure towards staff cost including MACP arrear, materialisation of more contractual obligations and more direct purchases, than anticipated.

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

(a) Maintenance of Bridge Work and Tunnels including Road Over/Under Bridges (300) (₹ 30.10 crore), mainly due to less expenditure towards staff cost, less purchases of non-stock materials and materialisation of less contractual payments during the year, than anticipated. (b) Maintenace of Service Buildings (Other than Staff Quarters and Welfare Buildings) (400) (₹ 12.45 crore), mainly due to less expenditure towards staff cost and materialisation of less contractual payments during the year, than anticipated. (c) Water Supply, Sanitation and Roads (Other than Colonies, Staff Quarters and Welfare Buildings) (500) (₹ 4.99 crore), mainly due to less expenditure towards staff cost, less direct purchases and materialisation of less contractual payments during the year, than anticipated. (d) Other Repairs and Maintenance (600) (₹ 7.83 crore) miscellaneous expenses and materialisation of less contractual payments during the year, than anticipated. (e) Special Repairs pertaining to Breaches, Accidents etc. including Special Revenue Works (700) (₹ 52.66 crore), due to less drawal of stores from stock, less direct purchases and materialisation of less contractual payments, than anticipated.

The exces, therefore, requiring regularisation from Parliament works out to ₹ 567,47,772 (i.e. 0.08% of the total sanctioned provision).

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

	In unit of ₹
Original Grant	3348,53,53,000
Supplementary Grant	—
Total Sanctioned Grant	3348,53,53,000
Actual Expenditure	3423,60,13,832
Excess	75,06,60,832
Misclassification	(-)1,78,32,198
Excess requiring regularisation	73,28,28,634
Percentage of Excess	2.19%

A Grant of ₹ 3348.53 crore was obtained at the Budget Estimate stage. The actual expenditure of ₹ 3423.60 crore was ₹ 75.07 crore more than the total sanctioned provision of ₹ 3348.53 crore. There was a net effect of ₹ (-)1,78,32,198 on account of misclassification of expenditure. The excess thus worked out to ₹ 73.28 crore.

The excess mainly occurred under the following Minor heads:—

(a) Establishment in Offices (100) (₹ 20.11 crore), mainly due to incurrence of more expenditure towards staff cost including MACP arrear, than anticipated. (b) Diesel Locomotives (300) (₹ 55.41 crore), mainly due to incurrence of more expenditure towards staff cost including MACP arrear, more drawal of stores from stock, more contractual payments and adjustment of more debits, than anticipated. (c) Electric Locomotives (500) (₹ 12.78 crore), mainly due to more drawal of stores from stock, more direct purchases, adjustment of more wages and materials on POH debits and materialisation of more contractual payments, than anticipated.

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

(a) Steam Locomotives (200) (₹ 2.57 crore), mainly due to less drawal of stores from stock, less direct purchases and incurrence of less expenditure towards wages and material on POH, than anticipated. (b) Rail Cars, Ferry Steamers and Other Maintenance Expenses (600) (₹ 10.66 crore), mainly due to realisation of more credits and more adjustment under stock adjustment during the year, than anticipated.

The excess, therefore, requiring regularisation from Parliament works out to ₹ 73,28,28,634 (i.e. 2.19% of the total sanctioned provision).

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

	In unit of ₹
Original Grant	7525,21,59,000
Supplementary Grant	5328,39,000
Total Sanctioned Grant	7578,49,98,000
Actual Expenditure	7799,58,75,978
Excess	221,08,77,978
Misclassification	17,30,273
Excess requiring regularisation	221,26,08,251
Percentage of Excess	2.92%

A Grant of ₹ 7525.22 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹ 53.28 crore was obtained in March-2011 mainly for higher payment of salary, dearness allowance and other staff cost including arrear on account of implementation of MACP. The actual expenditure of ₹ 7799.59 crore was ₹ 221.09 crore more than the total sanctioned provision of ₹ 7578.50 crore. There was a net effect of ₹ 17,30,273 crore on account of misclassification of expenditure. The excess thus worked out to ₹ 221.26 crore.

The excess mainly occurred under the following Minor heads:—

(a) Establishment in Offices (100) (₹ 36.95 crore), mainly due to incurrence of more expenditure towards staff cost due to implementation of 6th Pay Commission. (b) Carriages (200) (₹ 167.06 crore), mainly due to more drawal of stores from stock, more direct purchases and adjustments of more workshop debits and materialisation of more contractual payments, than anticipated. (c) Electric Multiple Unit Coaches (400) (₹ 32.90 crore), mainly due to more adjustment on wages (POH) and material (POH) due to increase in POH activities, more drawal of stores from stock and more direct purchases, than anticipated. (d) Electrical General Services—Trainlighting, Fans and Air-conditioning (500) (₹ 48.85 crore), mainly towards staff cost due to implementation of 6th Pay Commission, more drawal of stores from stock, more direct purchases, adjustment of more debits (POH) and materialisation of more contractual obligations, than anticipated.

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

(a) Wagons (300) (₹ 49.20 crore), mainly due to incurrence of less expenditure towards staff cost, adjustment of less workshop debits, less direct purchases and less drawal of stores from stock during the year, than anticipated. (b) Miscellaneous Repairs and Maintenance Expenses (600) (₹ 1.26 crore), mainly due to adjustment of more credits, than anticipated. (c) DMU Coaches (700) (₹ 14.21 crore), mainly due to adjustment of less debits on account of POH (wages & materials) and less expenditure on account of less repairs carried out in sick lines during the year, than anticipated.

The excess, therefore, requiring regularisation from Parliament works out to ₹ 221,26,08,251 (*i.e.* 2.92% of the total sanctioned provision.)

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

	In unit of ₹
Original Grant	4063,04,53,000
Supplementary Grant	64,07,13,000
Total Sanctioned Grant	4127,11,66,000
Actual Expenditure	4166,91,43,327
Excess	3979,77,327
Misclassification	(-)7,40,043
Excess requiring regularisation	3972,37,284
Percentage of Excess	0.96%

A Grant of ₹ 4063.05 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹ 64.07 crore was obtained in March-2011 mainly for higher payment of salary, dearness allowance and other staff cost including arrear on account of implementation of MACP. The actual expenditure of ₹ 4166.91 crore was ₹ 39.79 crore more than the total sanctioned provision of ₹ 4127.12 crore. There was a net effect of ₹ (-) 7,40,043 on account of misclassification of expenditure. The excess thus worked out to ₹ 39.72 crore.

The excess mainly occurred under the following Minor heads:—

(a) Establishment in Offices (100) (₹ 61.47 crore), mainly due to incurrence of more expenditure towards staff cost due to implementation of 6th Pay Commission. (b) Plant and Equipment—Electrical (400) (₹ 35.05 crore), mainly due to incurrence of more expenditure towards staff cost due to implementation of MACP and payment of arrears, more direct purchases, more drawal of stores from stock, materialisation of more contractual payments, than anticipated. (c) Plant and Equipment—Signalling (500) (₹ 21.34 crore), mainly due to incurrence of more expenditure towards staff cost due to implementation of MACP and payment of arrears, more drawal of stores from stock, more direct purchases of non-stock items and adjustment of more debits, than anticipated. (d) Plant and Equipment—Telecommunication (600) (₹ 6.87 crore), mainly due to incurrence of more expenditure towards staff cost, more drawal of stores from stock, more direct purchases and adjustment of more debits, than anticipated. (e) Rental to P & T for Signalling and Telecommunication Circuits (700) (₹ 3.53 crore), mainly towards staff cost, more expenditure towards line wire, data circuit & telephone line and more expenditure towards VFT channel during the year, than anticipated.

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

(a) Plant and Equipment—Way & Works (200) (₹ 27.94 crore), mainly due to less expenditure towards staff cost, less drawal of stores from stock, less expenditure towards furniture and office equipments and materialisation of less contractual payments, than anticipated. **(b) Plant and Equipment—Mechanical (300) (₹ 52.62 crore),** mainly due to less drawal of stores from stock, less expenditure on repairing work in workshops, less direct purchases, less adjustment of debits and materialisation of less contractural payments, than anticipated. **(c) Other Plant and Equipment—General and Traffic Department (800) (₹ 7.91 crore),** mainly due to less expenditure towards staff cost, less direct purchases, adjustment of less debits and less expenditure incurred on staff car repairs during the year, than anticipated.

The excess, therefore, requiring regularisation from Parliament works out to ₹ 3972,37,284 (*i.e.* 0.96% of the total sanctioned provision).

(vi) Grant No. 8: Working Expenses—Operating Expenses—Rolling Stock and Equipment.

	In unit of ₹
Original Grant	5604,50,52,000
Supplementary Grant	362,42,55,000
Total Sanctioned Grant	5966,93,07,000
Actual Expenditure	6156,81,96,127
Excess	189,88,89,127
Misclassification	(-)5,33,97,530
Excess requiring regularisation	184,54,91,597
Percentage of Excess	3.09%

A Grant of ₹ 5604.50 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹ 362.43 crore was obtained in March—2011 mainly for higher payment of salary, dearness allowance and other staff cost including arrear on account of implementation of MACP. The actual expenditure of ₹ 6156.82 crore was ₹ 189.89 crore more than the total sanctioned provision of ₹ 5966.93 crore. There was a net effect of **₹ (-) 5,33,97,530** on account of misclassification of expenditure. The excess thus worked out to **₹ 184.55** crore.

The excess mainly occurred under the following Minor heads:—

(a) **Diesel Locomotives (200) (₹ 48.04 crore),** mainly due to more expenditure towards staff cost, than anticipated. (b) **Electric Locomotices (300) (₹ 163.52 crore),** mainly due to more expenditure towards staff cost and more contractual payments on account of outsourcing activities, than anticipated.

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

(a) **Steam Locomotives (100) (₹ 0.67 crore),** mainly due to less expenditure towards staff cost, than anticipated. (b) **Electric Multiple Unit Coaches (400) (₹ 7.50 crore),** mainly due to less expenditure towards staff cost, less drawal of stores from stock and less contractual payments during the year, than anticipated. **(c) Carriages and Wagons (500) (₹ 0.74 crore),** mainly due to less expenditure towards staff cost, less drawal of stores from stock, less direct purchases and adjustment of more credits during the year, than anticipated. **(d) Traction (Other than Rolling Stock) and General Electrical Services (600) (₹ 11.01 crore),** mainly due to less expenditure towards staff cost, adjustment of less debits, less consumption of electric energy and less materialisation of contractual obligations, than anticipated. **(e) Signalling and Telecommunication (700) (₹ 1.74 crore),** mainly due to incurrence of less expenditure towards salary & wages, less drawal of stores from stock and less adjustment of stores debits during the year, than anticipated. **(f) Ferry Services and Rail Cars (800) (₹ 0.01 crore),** Minor variation.

The excess, therefore, requiring regularisation from Parliament works out to ₹ 184,54,91,597 (*i.e.* 3.09% of the total sanctioned provision).

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

In unit of ₹

Original Grant	15778,12,15,000
Supplementary Grant	594,83,64,000
Total Sanctioned Grant	16372,95,79,000
Actual Expenditure	16771,04,34,127
Excess	398,08,55,127
Misclassification	16,71,49,932
Excess requiring regularisation	414,80,05,059
Percentage of Excess	2.53%

A Grant of ₹ 15778.12 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹ 594.84 crore was obtained in March - 2011 mainly for more expenditure on fuel due to increase in traffic/prices of fuel under Diesel Traction and Electric Traction. The actual expenditure of ₹ 16771.04 crore was ₹ 398.08 crore more than the total sanctioned provision of ₹ 16372.96 crore. There was a net effect of **₹ 16,71,49,932** on account of misclassification of expenditure. The excess thus worked out to ₹ 414.80 crore.

This excess occurred mainly under the following Minor heads:—

(a) **Diesel Traction (200) (₹ 250.07 crore),** mainly due to more expenditure towards consumption of HSD oil for more activity of diesel locos, increase in average rate of HSD oil, adjustment of more debits and also more expenditure towards sales tax/excise duty and VAT, than anticipated **(b) Electric Traction (300) (₹ 149.64 crore),** mainly due to incurrence of more expenditure cost of electricity used for traction services and more adjustment of debits, than anticipated.

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

(a) Steam Traction (100) (₹1.63 crore), mainly due to less expenditure towards direct purchases, less drawal of store from stock and materialisation of less contractual payments during the year, than anticipated.

The excess, therefore, requiring regularisation from Parliament works out to ₹414,80,05,059 (i.e. 2.53%) of the total sancntioned provision).

(viii) Grant No. 11: Working Expenses — Staff Welfare & Amenities

In unit of ₹

Original Grant	3315,54,87,000
Supplementary Grant	185,46,35,000
Total Sanctioned Grant	3501,01,22,000
Actual Expenditure	3554,95,66,110
Excess	53,94,44,110
Misclassification	(-) 55,63,698
Excess requiring regularisation	53,38,80,412
Percentage of Excess	1.52%

A Grant of ₹ 3315.55 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹ 185.46 crore was obtained in March-2011 mainly for higher payment of salary, dearness allowance and other staff cost including arrear on accounts of implementation of MACP. The actual expenditure of ₹ 3554.96 crore was ₹ 53.95 crore more than the total sanctioned provision of ₹ 3501.01crore. There was a net effect of ₹ (-) **55,63,698** on account of misclassification of expenditure. The excess thus worked out to ₹ 53.39 crore.

This excess occurred mainly under the following Minor heads:—

(a) Educational Facilities (100) (₹ 49.79 crore), mainly due to more claims for reimbursement of tution fees and more disbursement of educational assistance to Railway employees, than anticipated. **(b) Medical Services (200) (₹ 37.74 crore),** mainly due to incurrence of more expenditure towards staff cost due to implementation of 6th CPC more direct purchases and more expenditure towards purchase of medical equipments, than anticipated. **(c) Health and Welfare Services (300) (₹ 28.83 crore),** mainly due to incurrence of more expenditure towards staff cost due to implementation of MACP, more contribution to staff benefit fund and more expenditure on other welfare services, than anticipated. **(d) Miscellaneous Expenses (600) (₹ 0.03 crore),** mainly towards more miscellaneous exppenses during the year, than anticipated.

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

(a) Canteen and other Staff Amenities (400) (₹2.35 crore), mainly towards less staff cost, than anticipated. **(b) Residential and Welfare Building — Repairs and Maintenance (500) (₹60.09 crore),** mainly towards less expenditure on staff cost and less materialisation of contractual payments, than anticipated.

The excess therefore, requiring regularisation from Parliament works out to ₹ 53,38,80,412 (*i.e.* 1.52% of total sanctioned provision).

(ix) Grant No. 12: Miscellaneous Working Expenses.

In unit of ₹

Original Grant	3093,24,51,000
Supplementary Grant	260,81,19,000
Total Sanctioned Grant	3354,05,70,000
Actual Expenditure	4002,49,56,934
Excess	648,43,86,934
Misclassification	(-) 290,55,043
Excess requiring regularisation	645,53,31,891
Percentage of Excess	19.25%

A Grant of ₹ 3093.25 crore was obtained at the Budget Estimate stage and a Supplementatry Grant of ₹ 260.81 crore was obtained in March -2011 mainly for higher payment of salary, dearness allowance, other staff cost including arrear on account of implementation of MACP and Compensation Claims. The actual expenditure of ₹ 4002.50 crore was ₹ 648.44 crore more than the total sanctioned provision of ₹ 3354.06 crore. There was a net effect of **₹ (-) 290,55,043** on account of misclassification of expenditure. The excess thus worked out to ₹ 645.53 crore.

This excesses occurred mainly under the following Minor heads:—

(a) **Compensation Claims (200) (₹ 18.74 crore),** mainly due to adjustment of more compensation debits and also materialisation of more number of compensation claims during the year, than anticipated. **(b) Catering (400) (₹ 26.48 crore),** mainly due to more expenditure towards contractual payments to private caterers and clearance of outstanding bills of IRCTC, than anticipated. **(c) Suspense (800) (₹ 810.04 crore),** mainly due to clearance of heavy outstanding liabilities and more materialisation of claims and adjustment of debits under MAR (others), than anticipated.

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

(a) **Security (100) (₹ 148.88 crore),** mainly due to materialisation of less adjustment of debits relating to RPSF and less payment on account of GRP dues due to non/less receipt of bills, than anticipated. **(b) Workmen's and Other compensation Claims (300) (₹ 3.52 crore),** mainly due to less workmen's compensation claims settled during the year, than anticipated. **(c) Cost of Training of Staff (500) (₹ 30.37 crore),** mainly due to less expenditure on account of less recruitment of RPF constables and decrease in training activities during the year, than anticipated. **(d) Other expenses (600) (₹23.87 crore),** mainly due to incurrence of less adjustment of debits pertaining to territorial army, less procurement of stores and less incurrence of other miscellaneous expenditure during the year, than anticipated. **(e) Hospitality and Entertainment**

Expenses (700) (₹ 0.18 crore), mainly due to incurrence of less expenditure towards hospitality and entertainment during the year, than anticipated.

The excess, therefore, requiring regularisation from Parliament works out to ₹ 645,53,31,891 (*i.e.* 19.25% of the total sanctioned provision).

(x) Grant No. 13: Working Expensess—Provident Fund, Pension & Other Retirement benefits.

In unit of ₹

Original Grant	14417,49,57,000
Supplementary Grant	531,24,13,000
Total Sanctioned Grant	14948,73,70,000
Actual Expenditure	16352,71,21,918
Excess	1403,97,51,918
Misclassification	—
Excess requiring regularisation	1403,97,51,918
Percentage of Excess	9.39 %

A Grant of ₹ 14417.50 crore was obtained at the Budget Estimate Stage and a Supplementary Grant of ₹ 531.24 crore was obtained in March , 2011 mainly for meeting the increased pensionery charges arisen due to implementation of 6th Pay Commission. The actual expenditure of ₹ 16352.71 crore was ₹ 1403.97 crore more than the sanctioned provision of ₹ 14948.74 crore.

Excess occurred mainly under the following Minor heads:—

(a) Superannuation and Retiring Pension (100) (₹889.05 crore), due to receipt of more debits from various pension disbursing authorities on account of disbursement of arrears on account of implementation of 6th Pay Commission. **(b) *Ex-gratia* Pension (300) (₹ 4.60 crore),** due to incurrence of more expenditure towards *ex-gratia* pension dueing the year. **(c) Family Pension (400) (₹ 565.62 crore),** due to receipt of more debits towards family pension from various pension disbursing authorities due to revision of family pension cases on account of implementation of 6th Pay Commission. **(d) Death-cum-Retirement Gratuity (500) (₹ 0.96 crore),** due to finalisation of more number of Death-cum-Retirement Gratuity cases during the year, than anticipated. **(e) Leave Encashment Benefits (700) (₹ 22.15 crore),** due to incurrence of more expenditure towards leave encashment for pension optees during the year, than anticipated. **(f) Gratuities Special Contribution to Provident Fund and contribution to Provident Fund (800) (₹ 15.09 crore),** due to more expenditure towards gratuities/special contribution to Provident Fund and more Government contribution for newly defined contribution pension scheme, than anticipated.

This Excess was partly offset by saving under the following Minor heads:—

(a) **Commuted Pension (200) (₹ 78.70 crore),** due to incurrence of less expenditure towards commutation of pension during the year, than anticipated. **(b) Other Allowances, Other Pensions and Other Expenses (600) (₹14.80 crore),** due to less expenditure towards invalid pension and receipt of less number of cases of *Ex-gratia* payment to families to CPF retirees, than anticipated.

The excess, therefore, requiring regularisation from Parliament works out to ₹ 1403,97,51,918 (*i.e.* 9.39% of the total sanctioned provision).

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/Grants 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/-

(Dipali Khanna)
Addl. Member (Finance),
Railway Board.

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

APPENDIX I

MINUTES OF THE TWENTIETH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2012-13) HELD ON 28TH DECEMBER, 2012

The Committee sat on Friday, the 28th December, 2012 from 1500 hrs to 1610 hrs. in Room No. '62', Parliament House, New Delhi.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Bhartruhari Mahtab
5. Shri Shripad Yesso Naik
6. Shri Abhijit Mukherjee

Rajya Sabha

7. Shri Prasanta Chatterjee
8. Shri Satish Chandra Misra
9. Shri Sukhendu Sekhar Roy
10. Shri J.D. Seelam
11. Shri N.K. Singh
12. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Ms. Miranda Ingudam — *Under Secretary*
4. Shri A.K. Yadav — *Under Secretary*

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

1.	Shri P. Sesh Kumar	—	Director General (C)
2.	Shri Nand Keyolar S.	—	Director General
3.	Ms. R. Rajalakshmi	—	Director General
4.	Ms. Divya Malhotra	—	Director General
5.	Shri Jayant Sinha	—	Principal Director (RC)
6.	Ms. Geetali Tare	—	Principal Director
7.	Shri Maneesh Kumar	—	Principal Director

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the Comptroller and Auditor General of India to the sitting of the Committee. The Chairman, then, apprised that the meeting was convened to consider and adopt the six Draft Reports circulated to them by the Secretariat.

3. The Committee then took-up the following Draft Reports one by one for consideration:—

(i) Draft Report on "Excesses Over Voted Grants and Charged Appropriations (2010-11)";

(ii) *** *** *** ***

(iii) *** *** *** ***

(iv) *** *** *** ***

(v) *** *** *** ***

(vi) *** *** *** ***

4. While considering the Draft Report on "Excesses Over Voted Grants and Charged Appropriations (2010-11)", the Chairman pointed out that the Ministry of Road Transport and Highways were required to furnish their Excess Explanatory Note to the Committee by 24th April, 2012 but the same has not been furnished as on date despite repeated oral and written reminders. He informed that this serious lapse, which tantamounts to violation of the constitutional provision needs to be reflected in the Report in such a way that the Committee may recommend for fixation of responsibility of the defaulting Ministry. Fully concurring with the Chairman, the Members deprecated the Ministry of Road Transport and Highways for their blatant misconduct and desired that in the absence of the requisite Excess Explanatory Note, the Committee should not recommend for regularization of the excess expenditure incurred by this Ministry during 2010-11 fiscal.

5. During the further course of consideration, some Members suggested minor modifications in the draft Original Reports. After some discussions and deliberations, the Committee adopted all the Draft Reports and authorized the Chairman to finalise these Reports in light of the factual verifications received from the Audit, if any, and present the same to the Hon'ble Speaker on a date convenient to him.

6. The Chairman thanked the Members for their valuable suggestions on the Draft Reports and active participation in the consideration and adoption of the Reports.

The Committee, then, adjourned.

*** Matters not related to this Report.

APPENDIX II

STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl. No.	Para No. (Part II)	Ministry/Department concerned	Observations/Recommendations
1	2	3	4
1.	1	Commerce and Industry (Department of Commerce)/Defence/ External Affairs/ Petroleum and Natural Gas/Road Transport and Highways/ Urban Development/ Communications and Information Technology (Department of Posts)/Railways	The Committee's examination of the Appropriation Accounts of the Union Government relating to the Civil, Defence Services, Postal Services and Railways for the financial year 2010-11 has revealed that a total expenditure of ₹ 11,042.87 crore was incurred in twenty-nine cases under twenty-two Grants/Appropriations. The Ministries/ Departments which have incurred excess expenditure during the year 2010-11 fiscal are the Ministry of Commerce and Industry (Grant No. 11—Department of Commerce); the Ministry of Communications and Information Technology (Grant No. 13—Postal Services); the Ministry of Defence (six cases under five Grants/ Appropriation *i.e.* Grant Nos. 21, 22, 23, 27 and Appropriation No. 25); the Ministry of External Affairs (two cases under Grant No. 31); the Ministry of Pertroleum and Natural Gas (Grant No. 72); the Ministry of Road Transport and Highways (Grant No. 80); the Ministry of Urban Development (two Grants *i.e.* Grant No. 101 and 102); and the Ministry of Railways (fifteen cases under ten Grants/ Appropriations *i.e.* Grant Nos. 3,4,5,6,7,8, 10,11, 12 and 13 and Appropriation Nos. 3,6,7, 8 and12). The Committee observe 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 fiscal wherein a total excess expenditure of ₹14,581.86 crore (before misclassification) was incurred in twenty cases under eighteen

1	2	3	4
			Grants/Appropriations. They, however, express their concern over the increase in the number of excess registering Ministries/ Departments. The incidence of excess expenditure of such a huge magnitude is far from justifiable given the provision for obtaining Supplementary Demands for Grants in the course of a financial year. The Committee desire that such an endemic failure arising out of want of essential alacrity in the budgetary estimations, sheer dereliction of duty on the part of budget controlling authorities to monitor the pace of expenditure and to invoke the provision of supplementary demands and failure on their part to ensure observance of strict fiscal discipline should be prudently addressed in the coming years.
2.	2	Commerce and Industry (Department of Commerce)/Defence External Affairs/ Petroleum and Natural Gas/Road Transport and Highways/Urban Development/ Communications and Information Technology (Department of Posts)/Railways	The Committee find that out of the total excess expenditure of ₹ 11,042.87 crore (before misclassification) incurred during the year 2010-11 fiscal, the Civil Sector, Defence Services, Postal Services and Railways accounted for 30.65 per cent (₹ 3,384.10 crore in nine cases under seven Grants/ Appropriations), 38.39 per cent (₹ 4,239.34 crore in four cases under four Grants/ Appropriations), 3.32 per cnet (₹ 366.63 crore under a single Grant) and 27.64 per cent (₹3,052.79 crore in fifteen cases under ten Grants/ Appropriations) respectively. Scrutiny of the cases of excess registering Grants/ Appropriations for the financial year 2010-11 indicates huge variations in the quantum of excess expenditure incurred under twenty-two Grants/Appropriations. In the Civil Sector, as much as 98.59 per cent (₹3,336.31 crore) of the total excess expenditure was incurred under Grant No. 21 (Revenue Voted) — Defence Pensions alone while Grant No. 72 (Capital Voted)—Ministry of Petroleum and Natural Gas registered 0.00004 per cent (₹14,000). Seven other Grants/Appropriations—(i) Grant No. 31 (Revenue Voted)— Ministry of External Affairs; (ii) Grant No. 101 (Revenue Voted)—

1	2	3	4
			Public Works; (iii) Appropriation No. 21 (Revenue Charged)—Defence Pensions, (iv) Appropriation No. 80 (Revenue Charged)—Ministry of Road Transport and Highways; (v) Grant No. 11 (Capital Voted)— Department of Commerce; (vi) Grant No. 31 (Capital Voted)—Ministry of External Affairs; and (vii) Grant No. 102 (Capital Voted)—Stationery and Printing accounted for 0.19 per cent, 0.23 per cent, 0.003 per cent, 0.00004 per cent, 0.19 per cent, 0.80 per cent and 0.0005 per cent respectively. In the Defence Sector, Grant No. 22 (Revenue Voted)—Defence Services—Army accounted for 67.56 per cent of the total excess expenditure of ₹ 4,239.34 crore incurred in this Sector during the fiscal year under examination. Grant No. 23 (Revenue Voted)—Defence Services— Navy accounted for 3.28 per cent while Appropriation No. 25 (Revenue Charged)—Defence Ordnance Factories and Grant No. 27 (Capital Voted)—Capital Outlay on Defence Services recorded 0.03 per cent and 29.14 per cent respectively. As regards excess expenditure incurred under Grants/ Appropriations operated by the Railways, out of the total excess expenditure of ₹ 3,052.79 crore (before misclassification), about 93.73 per cent *i.e.* ₹ 2,861.48 core was incurred under five Grants only *i.e.* (i) Grant No. 6 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Carriages and Wagons; (ii) Grant No. 8 (Revenue Voted)—Working Expenses-Operating Expenses-Rolling Stock and Equipment; (iii) Grant No. 10—Working Expenses-Operating Expenses -Fuel; (iv) Grant No. 12—Miscellaneous Working Expenses; and (v) Grant No. 13—Working Expenses-Provident Fund, Pension and other Retirement Benefits. The Committee wish to caution that expenditure over and above the budgetary provisions sanctioned by the Parliament at different stages of the budget does not augur well for fiscal prudence and fiscal consolidation besides undermining the Parliamentary

1	2	3	4
			financial control. The unabated large excess expenditure by these defaulting Ministries/ Departments is axiomatic of the fact that they miserably failed to track the pace of expenditure *vis- a-vis* the grants approved by Parliament. Deplorably, such a trend also indicates that the defaulting Ministries/ Departments have not accorded due importance to the guiding principles of budgeting and abdicated their responsibilities. The Committee urge upon the defaulting Ministries/Departments to learn from the experience of the Ministries/Departments which did not incur excess expenditure. Taking note of the persisting trend of excess expenditure and considering the fact that the problem is not intractable with effective application of IT and e-governance, the Committee recommend that the Ministry of Finance make it incumbent upon the Financial Advisers and the Budget Controlling authorities by issuing suitable and periodic instructions to ensure that no excess expenditure takes place in future.
3.	3	Finance /Railways	A comparative scrutiny of the Appropriation Accounts (Railways) 2010-11 and the Explanatory Notes furnished by the Ministry of Railways indicating the detailed reasons for excess expenditure incurred by them over Voted Grants/Charged Appropriations during 2010-11 revealed that there were nine cases of misclassification of expenditure *i.e.* (i) ₹ (-) 7,76,119 under Grant No. 3 (revenue Voted)—Working Expenses—General Superintendence and Services; (ii) ₹(-) 2,08,05,012 under Grant No. 4 (Revenue Voted)—Working Expenses —Repairs and Maintenance of Permancnet Way and works; (iii) ₹(-) 1,78,32,198 under Grant No. 5 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Motive Powers; (iv) ₹ (+) 17,30,273 under Grant No. 6 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Carriages and Wagons;

1	2	3	4
			(v) ₹(-)7,40,043 under Grant No. 7 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Plant and Equipment; (vi) ₹(-) 5,33,97,530 under Grant No. 8 (Revenue Voted)—Working Expenses—Working Expenses—Operating Expenses-Rolling Stock and Equipment; (vii) ₹(+) 16,71,49,932 under Grant No. 10 (Revenue Voted)—Working Expenses—Operating Expenses—Fuel; (viii) ₹(-) 55,63,698 under Grant No. 11 (Revenue Voted)—Working Expenses—Staff Welfare and Amenities; and (ix) ₹(-) 290,55,043 under Grant No. 12 (Revenue Voted)—Miscellaneous working Expenses. Taking into account the effect of these nine cases of misclassification, the actual excess expenditure by the Ministry of Railways during the 2010-11 fiscal works out to ₹ 3056,85,87,626 instead of ₹ 3052,78,77,064 as indicated in the Indian Railways Appropriation Accounts (2010-11). Accordingly, the total amount of actual excess expenditure incurred during the financial year 2010-11 which has to be regularized by Parliament under Article 115(1) (b) of the Constitution is of the order of ₹ 11,046.94 crore.
4.	4	Finance/Defence/ Urban Development / Railways	An analysis of the four Appropriation Accounts and the Explanatory Notes furnished by the defaulting Ministries/Departments shows that in seven cases the percentage of excess expenditure over the Total Grant was exceedingly high. These are; 43.00 per cent in resepct of Appropriation No. 21 (Revenue Charged)—Defence Pensions; 14.30 per cent in respect to Grant No. 102 (Capital voted)—Stationery and Printing; 31.88 per cent in respect of Appropriation No. 25 (Revenue Charged)—Defence Ordnance Factories; 19.33 per cent in respect of Grant No. 12 (Revenue Voted)—Miscellaneous working Expenses; 135.17 per cent in respect of Appropriation No. 3 (Revenue Charged)—Working Expenses-General Superintendence and Services; 47.07 per cent in respect Appropriation No. 6

1	2	3	4
			(Revenue Charged)—Working Expenses—Repairs and Maintenance of Carriages and Wagons; and 47.32 per cent in respect of Appropriation No. 7 (Revenue Charged)—Working Expenses—Repairs and Maintenance of Plant and Equipment. Obviously, such a huge percentage of excess expenditure shows beyond any manner of doubt that the entire budgetary process has gone awry in these defaulting Ministries/Departments and there has been abysmal failure on the part of the budget controlling authorities and Financial Advisers in Budget formulation, monitoring and in submission of revised estimates in time. The Committee, therefore, recommend that the Ministry of Finance take a serious note of it and seek the explanation of the defaulting Ministries/Departments for the incidence of excess expenditure and report back to the Committee in due course.
5.	5	Defence/External Affairs/Petroleum and Natural Gas/Road Transport and Highways/Urban Development/ Communications and Information Technology (Department of Posts)/Railways	The Committee note with profound concern that out of the total twenty-nine cases of excess registering Grants/Appropriations, an excess ₹10,966.95 crore was incurred in as many as expenditure of twenty-three cases even after obtaining Supplementary Grants/Appropriations to the tune of ₹ 19,065.46 crore. The percentage of excess expenditure over the Supplementary Grants in respect of these twenty-three Grants/Appropriations ranged from 0.001 per cent [Grant No. 72 (Capital voted)—Ministry of Petroleum and Natural Gas] to 2,108 per cent [Grant No. 101 (Revenue Voted)-Public Works] and in thirteen cases this percentage was more than 50 per cent. To illustrate the sector-wise details, Supplementary Grants to the tune of ₹ 9,846.90 crore, ₹ 4,523.68 crore, ₹ 2,097.95 crore and ₹ 2,596.93 crore pertaining to the Civil, Defence, Postal and Railway Sectors respectively fell short of the actual expenditure by ₹ 3,377.41 crore, ₹ 4,239.34 crore, ₹ 366.63 crore and ₹ 2,983.56 crore in that order. In respect of seven Grants/ Appropriations, the quantum of excess

1	2	3	4
			expenditure incurred was even higher than the supplementary Grants/Appropriations sought. The Committee deplore the tendency on the part of the defaulting Ministries/Departments in resorting to excess expenditure despite obtaining huge sums of Supplementary Grants in a routine manner. What is more perplexing is that these Ministries/Department could not realistically project their requirement of funds even after three stages of obtaining Supplementary Grants, the latest being February-March 2011 *i.e*. the *fag* end of the financial year. This is a clear indication of bad budgeting as well as of the deeply pervading malaise in the extant budgeting method/ mechanism, which has resulted in lack of proper assessment and accurate projection of the fund requirement despite ample opportunities for seeking Parliamentary approval. It also exposes the hollow claim of the Ministries/ Departments concerned that they monitor the flow of the excess expenditure. The Committee, therefore recommend that the Ministries/ Departments concerned probe into the causes of this chronic malaise and find effective ways and means to make the mechanism of estimating Supplementary Grants more realistic and the budget controlling officers responsible so that no excess expenditure is incurred and strict fiscal discipline is maintained. The Committee be apprised of the steps taken in this regard within three months of the presentation of the Report.
6.	6	Defence/Railways	The Committee are constrained to observe that the Ministry of Railways had been persistently incurring huge excess expenditure during the financial years 2001-02 to 2010-11 while the Ministry of Defence had been spending much above the authorised expenditure during each of the financial years 2003-04 to 2010-11. To elucidate, the Ministry of Railways incurred excess expenditure of ₹ 210.71 crore in eight Grants/Appropriations in 2001-02, ₹ 323.65 crore in eleven Grants/Appropriation in

1	2	3	4
			2002-03, ₹ 1136.92 crore in nine Grants/Appropriations in 2003-04; ₹ 2,151.99 crore in ten Grants/Appropriations in 2004-05; ₹ 2,322.46 crore in eleven Grants/Appropriations in 2005-06; ₹ 365.16 crore in eight Grants/Appropriations in 2006-07; ₹ 51.22 crore in eight Grants/Appropriations in 2007-08; ₹ 532.12 crore in eight Grants/Appropriations in 2008-09; ₹ 1,922.84 crore in nine Grants/Appropriations in 2009-10; ₹ 3,056.86 crore in ten Grants/Appropriations in 2010-11. The Committee also find that under Defence Services sector, the Ministry of Defence incurred an excess expenditure of ₹ 37.50 crore in a single Grant in 2003-04, ₹ 41.99 crore in two Grants in 2004-05, ₹ 44.84 crore in two Grants in 2005-06, ₹ 667.17 crore in a single Grant in 2006-07, ₹ 71.19 crore in a single Grant in 2007-08, ₹ 742.61 crore in two Grants in 2008-09, ₹ 2,615.23 in two Grants in 2009-10 and ₹ 4,239.34 crore in four Grants/Appropriations in 2010-11. This recurring phenomenon of wide variations between the budgetary provisions and the actual expenditure by these important Ministries over such long periods has led the Committee to arrive at the conclusion that the estimation of requirement of funds is still donein a haphazardly manner devoid of sound budgetary presumptions. Needless to say the existing budgeting mechanism in these Ministries still suffers from various loopholes and lacunae which are nullifying the attempts of the Government to enhance accuracy level of their budgetary projections to achieve the desired improvements. The persistence of such a pernicious trend is bound to further deteriorate the fiscal discipline leading to financial *ad-hocism*, and maladministration. The Committee, therefore, impress upon the Ministries of Railways and Defence to overhaul their budgetary mechanism drastically, introduce and implement IT and e-governance in their financial administration and fix

1	2	3	4
			responsibility against the budget controlling authorities in case their estimation go awry leading to excess expenditure.
7.	7	Finance/Commerce and Industry (Department of Commerce)/Defence/ External Affairs/ Petroleum and Natural Gas/Road Transport and Highways	The Committee observe that the Explanatory Notes pertaining to the excess registering Grants/Appropriations as highlighted in the Union Government Appropriation Accounts (Civil) for the financial year 2010-11 were due for submission to the Committee on or before 24th April, 2012. However, Ministries of External Affairs, Commerce and Industry (Department of Commerce), Petroleum and Natural Gas and Defence furnished their Explanatory Notes pertaining to the financial year 2010-11 after a delay of 7 months 18 days; 7 months 5 days; 3 months 27 days; and 13 days respectively. The Committee do not find any valid justification for inordinate delay in submission of the Explanatory Notes by these defaulting Ministries/Departments as they had ample time to prepare and furnish the same to the Committee well before the stipulated time as has been done by other Ministries/ Departments. Deploring the abysmal failure on the part of the Ministry of Road Transport and Highways to furnish Explanatory Notes to the Committee (as on 28.12.2012) even after repeated written and oral reminders, the Committee, being unable to endorse regularization of the excess expenditure, recommend that responsibility be fixed by the Ministry of Finance in consultation with the Ministry of Law & Justice for violation of Constitutional provision and they be apprised accordingly.
8.	8	Defence	The Committee find that the Ministry of Defence incurred an excess expenditure of ₹ 3,336.31 crore under Revenue Section (Voted) of Grant No. 21—Defence Pensions which alone accounted for 98.59 per cent of the total excess expenditure incurred in the Civil Sector. The Explanatory Note furnished by the Ministry of Defence *inter-alia* states that the

1	2	3	4
			excess was mainly due to implementation of one rank one pension scheme, substantial improvement in pension in respect of Personnel Below Officer Rank discharged prior to 01.01.2006, more number of retirees than expected, booking of pending pension scrolls received from banks to clear amount under suspense and encashment of Earned Leave at the credit of the retirees. The Committee's examination has revealed that this Grant had also registered an excess expenditure of ₹ 13.33 lakh and ₹ 8,999.54 crore during the financial years 2008-09 and 2009-10 respectively. Such repeated incurring of huge sums of excess expenditure during the last three financial years indicates lack of reliable data and comprehensive net working and coordination amongst pension account related offices across the country. This also suggests that the prevailing pension data management and Accounting information systems are not in order. Surprisingly, however, as Remedial Action Taken in this regard, the Ministry of Defence stated in the Explanatory Note that necessary instructions have been issued to all concerned to prepare their Budgetary Proposals on realistic basis. The Committee find that the Ministry of Defence have been giving this same stock reply over the last three financial years without any positive outcome. This clearly shows that the Ministry of Defence have not taken any concrete measures to revamp the System for correctly forecasting and factoring the pension liability into the budgetary estimations. Consequently, when the recommendations of the 6th Central Pay Commission were implemented, the flow of funds was thrown out of gear resulting in huge excess expenditure. The Committee desire that the Ministry of Defence should look into all aspects for taking necessary corrective action so that the existing deficiencies and shortcomings in the pension payment are rectified and recurrence of excess expenditure

1	2	3	4
			is either avoided or greatly minimized on this count. The Ministry should also adopt e-governance model and utilize the information technology services/tools to establish a centralized data base of pensioners and networking of all the banks so that the estimation of pension liability and expenditure in a particular year is correctly arrived at.
9.	9	Defence	The Committee note with concern that huge quantum of excess expenditure to the tune of ₹ 2,864.02 crore, ₹ 138.85 crore and ₹ 1,235.32 crore had been incurred under Revenue Section (Voted) of Grant No. 22—Defence Services—Army and Grant No. 23—Defence Services-Navy and Grant No. 27—Capital Outlay on Defence Services respectively during the financial year 2010-11. In respect of Grant No. 22, the main contributory reasons, according to the Ministry of Defence, were higher sanction of DA than anticipated, accretion of two new formations, additional expenditure on Disaster relief operation, increase in purchase rate and demand of hay, exchange rate variation, supply of stores ex-DGOF more than budgeted amount, procurement of ammunition and devices and contractual obligations. As regards the Grant No. 23, the main contributory reasons adduced were certain unforeseen obligatory payments, increase in Temporary Duty, Permanent Duty, contractual Foreign travel of Service and Civilian personnel as per their entitlements, enhanced deployments for coastal security/ anti-piracy and additional deployment of ships and aircraft to Libya at short notice, payment of liabilities for maintenance dredging for operational requirements and additional expenditure on account of urgent repairs for operational marine assets/buildings and contractual payments for pilots training in USA. With regard to the Grant No. 27, the main contributory reasons were more frutification of land acquisition cases than anticipated at MA stage, enhanced deliveries of Instant Fire

1	2	3	4
			Detection and Suppression System than anticipated at MA stage and initial advance for TATRA for mounting Mobile Mast, enhanced deliveries/payments in environmental control for BMP-II, modernization of safety and security in Ammunition Report and in other miscellaneous schemes like SHAKTI and SUJAV etc. and maturity of high value cases during this period, booking of expenditure with respect to committed liabilities, enhanced deliveries/ payments in MBWT wagons, higher progress and expenditure than anticipated under projects towards the close of financial year, exchange rate variation in respect of foreign payments and booking of letter of credit on account of foreign payments, certain unforeseen payments including taxes, booking of expenditure with respect to committed shipyard payments, revised requirement of funds towards schemes contracted with HAL and increased requirements due to committed liabilities and adjustments due to enhanced rate of exchange and greater progress under certain other works than anticipated. The Committee do not consider these reasons compelling for incurring excess expenditure as many of these could have been anticipated well in advance and factored into at the time of finalization of the Grants through the three stages of Supplementary Grants. In this regard, the Committee's examination has revealed that the Ministry of Defence have continuously been incurring huge sums of excess expenditure under the Grant No. 22 (Revenue Voted)—Defence Services—Army since the 2006-07 fiscal. To elucidate, excess expenditure of ₹ 667.17 crore in 2006-07 ₹ 71.19 crore in 2007-08, 2,464.11 crore in 2009-10, ₹ 2,864.02 crore in 2010-11 were incurred under this Grant. Similarly, excess expenditure of ₹ 150.51 crore in 2009-10, and ₹ 138.85 crore in 2010-11 was incurred under the Grant No. 23 (Revenue voted)—Defence Services-Navy. Surprisingly

1	2	3	4
			as a remedial measure, the Ministry have merely re-circulated their old instructions for containing excess expenditure which have proved inadequate over these years. The Committee wonder as to why a crucial Ministry like the Ministry of Defence responsible for the defence of the country would remain so insensitive for such a long period and would continuously be found wanting in their budgetary exercise. The Committee observe that the quantum of unauthorized excess expenditure could have been greatly reduced with proper care and attention to detail. However, this trend of recurring excess expenditure proves that the Ministry have no mechanism to check or minimize excess expenditure under the Grants operated by them. The Committee feel that to plug the loopholes and rectify the deficiencies causing excess expenditure, it is imperative for the Ministry of Defence to undergo serious introspection and devise concrete ways and means in consultation with the Ministry of Finance to overhaul and streamline their budgeting mechanism so that recurring excess expenditure is avoided altogether. The Committee would like to be apprised of the specific additional corrective measures taken by the Ministry in this direction.
10.	10	Communications and Information Technology (Department of Posts)	During the financial year 2010-11, the Department of Posts incurred an excess expenditure of ₹ 366.63 crore under a single Grant operated by them, *i.e.* the Grant No. 13 Postal Services. Scrutiny of the Explanatory Note furnished by the Department shows that the excess expenditure was mainly due to pay and hike in Dearness Allowance, implementation of GDS Committee Report, Modified Assured Career Progress (MACP) Scheme due to implementation of the 6th Pay Commission Report and excess payment of superannuation and retirement benefits including payment of family pension more than anticipated. The Committee have been assured

1	2	3	4
			that instructions have been issued to the circles/units to project the demand for fund realistically and keep the expenditure within the allotment. The Committee are, however, worried to find that the same instruction was issued by the Department when they incurred an excess expenditure of ₹ 818.13 crore during the 2009-10 fiscal. Apparently, the instructions issued by the Department for containing their excess expenditure are far from effective. The Committee urge upon the Department to overhaul their prevailing expenditure review mechanism whereby a system is evolved and enforced to provide sufficient checks and balances against any possible wanton sanction and utilization of funds under this Grant so as to maintain the requisite transparency and accountability. The Committee, therefore, desire that precise action should be taken in this regard at the earliest.
11.	11	Railways	The Committee's examination of the Appropriation Accounts (Railways) for the financial year 2010-11 and scrutiny of Explanatory Notes has revealed that the Ministry of Railways incurred a total excess expenditure of ₹ 3,056.86 crore (after misclassification) in fifteen cases of ten excess registering Grants/Appropriations. This amount of excess expenditure was 158.98 per cent of the proceeding financial year's total of ₹ 1,922.84 crore incurred in ten cases of nine excess registering Grants/Appropriations. Out of the total excess expenditure of ₹ 3,056.86 crore, the bulk of the expenditure amounting to ₹ 2,870.12 crore constituting 93.89 per cent w as incurred under 5 Grants only *i.e.* (i) Grant No. 6—Working Expenses—Repairs and Maintenance of Carriages and Wagons (₹ 221.26 crore); (ii) Grant No. 8—Working Expenses—Operating Expenses—Rolling Stock and Equipment (₹ 184.55 crore); (iii) Grant No. 10—Working Expenses—Operating Expenses - Fuel (₹ 414.80 crore); (iv) Grant No. 12—Miscellaneious Working Expenses

1	2	3	4
			(₹ 645.53 crore); and (v) Grant No. 13—Working Expenses—Provident Fund, Pension and Other Retirement Benefits (₹ 1403.98 crore). According to the Ministry, the reasons for excess expenditure were incurrence of more expenditure on staff cost due to implementation of the 6th Pay Commission Recommendations, materialization of more contractual payment than anticipated, more direct purchase due to increase in special repairs, more drawal of stores from stock, more adjustments of wages and material on POH, increase in POH activity, more expenditure towards consumption of HSD oil for more activity of diesel locos, increase in average rate of HSD oil, adjustment of more details, more expenditure towards sales tax/excise duty and VAT than anticipated, incurrence of more expenditure cost of electricity used for traction services, clearance of heavy outstanding liabilities and more materialization of claims and adjustment of details than anticipated, receipt of more details from various pension disbursing authorities on account of implementation of the 6th Pay Commission Report. The Committee's examination has revealed that the Grant No. 6 (Revenue Voted)—Working Expenses—Repairs and Maintenance of Carriages and Wagons had registered excess expenditure of ₹ 157.25 crore, ₹ 161.20 crore and ₹ 221.26 crore during the financial years 2008-09, 2009-10 and 2010-11 respectively while the Grant No. 8 (Revenue Voted—Working Expenses—Operating Expenses—Rolling Stock and Equipment had registered an excess expenditure of ₹ 128.30 crore during the financial year 2008-09. Similary, the Grant No. 12 (Revenue Voted)—Miscellaneous Working Expenses registered excess expenditure to the tune of ₹ 39.87 crore and ₹ 22.33 crore during the financial years 2009-10 and 2007-08 respectively. The Committee also find that the Grant No. 13 (Revenue Voted)—Working Expenses—Provident Fund, Pension and other Retirement

1	2	3	4
			Benefits had registered excess expenditure of ₹ 1,512.27crore during the financial year 2009-10. Thus, incurring of excess expenditure under the Grants/Appropriations operated by the Ministry of Railways is a recurring phenomenon indicating serious flaws in the budgetary exercise. As such, the Committee are not enthused by the Ministry's stock reply that every care has been taken to assess the expenditure under various Grants/ Appropriations as precisely as possible and to obtain supplementary allotments where necessary so that excess is avoided to the maximum extent possible. The Committee observe that while anticipating the requirement of funds by the Railways, estimation for various Sub-Heads could have been projected more realistically by analysing properly the total monetary effect of salary hike, prevailing expenditure trail, upcoming demands/ requirements, rising cost etc. which was possible by putting in a little more effort. The Committee cannot but conclude that the indolent Ministry of Railways have not taken any timely corrective measures to improve their budgeting mechanism with a view to avoiding such a huge unauthorized expenditure. It is apparent that the Ministry have paid scant respect to enforcing fiscal discipline while incurring wantonly excess expenditure, which is anything but regrettable. Taking serious note of lack of concern and sustained efforts on the part of the Ministry in observing fiscal discipline, the Committee recommend that the Ministry of Railways strive earnestly for ensuring realistic estimation of the their budgetary requirements Under various sub-heads of the Grants/Appropriations operated by them so that the existing lapses/loopholes are identified and concrete remedial measures taken to obviate excess expenditure.
12.	12	Railways	The Committee are concerned to note that despite their repeated exhortations, the Ministry of Railways have not been able to stop misclassification in the accounts of the Ministry of Railways. During the last ten

1	2	3	4
			financial years, the Committee have come across fifty-eight cases of misclassification of expenditure, the details being five in 2001-02, three in 2002-03, five in 2003-04, nine in 2004-05, six in 2005-06, five in 2006-07, three in 2007-08, six in 2008-09, seven in 2009-10 and nine in 2010-11. The Committee deplore that this unabated trend of persistent misclassification of expenditure in the Railways has reached endemic proportion and they have repeatedly failed to address and eliminate such a fundamental flaw. Apparently, no tangible action has been taken by the Ministry either to fix responsibility for avoidable erros or for rectifying the terminological ambivalence leading to misclassification. The Committee take a serious view of such callous approach on the part of the Ministry of Railways, which if left unattended/unchecked, would derail the budgetary exercise. The Committee recommend that the existing budgetary mechanism in the Railways needs to be thoroughly reviewed and revamped so that necessary corrective action, wherever warranted, could be taken to overcome systemic lacunae/loopholes for progressive elimination of the misclassification syndrome. Further, responsibility be fixed for each patent misclassifications so that there is greater caution and due diligence in classification of expenditure in future.
13.	13	Finance/Commerce and Industry (Department of Commerce)/Defence/ External Affairs/ Petroleum and Natural Gas/Road Transport and Highways/Urban Development/ Communications and Information Technology (Department of Posts)/ Railways	Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in paragraph 14 of Part-I of this Report be regularized in the manner prescribed in Article 115(1)(b) of the Constitution of India

GMGIPMRND—4686LS—05-07-2013.