

**EXCESSES OVER VOTED  
GRANTS AND CHARGED  
APPROPRIATIONS (2011-12)**

**PUBLIC ACCOUNTS  
COMMITTEE  
2013-2014**

**NINETY-SECOND REPORT**

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FIFTEENTH LOK SABHA



**LOK SABHA SECRETARIAT  
NEW DELHI**

# NINETY-SECOND REPORT

## PUBLIC ACCOUNTS COMMITTEE (2013-2014)

(FIFTEENTH LOK SABHA)

### EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2011-12)

*Presented to Lok Sabha on 06.02.2014*

*Laid in Rajya Sabha on 06.02.2014*



LOK SABHA SECRETARIAT  
NEW DELHI

*February, 2014/Magha, 1935 (Saka)*

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2013-14)

Dr. Murli Manohar Joshi — *Chairman*

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4. Shri Ramen Deka
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- †18. Shri Ashwani Kumar
19. Shri Satish Chandra Misra
- ††20. Dr. V. Maitreyan
21. Shri N.K. Singh
22. Smt. Ambika Soni

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- |    |                     |   |                         |
|----|---------------------|---|-------------------------|
| 1. | Shri Devender Singh | — | <i>Joint Secretary</i>  |
| 2. | Shri D.R. Mohanty   | — | <i>Deputy Secretary</i> |
| 3. | Smt. Anju Kukreja   | — | <i>Under Secretary</i>  |

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\* Elected *w.e.f.* 14th August, 2013 *vice* Dr. Girija Vyas appointed as Minister of Housing, Urban Development & Poverty Alleviation *w.e.f.* 17th June, 2013.

† Elected *w.e.f.* 3rd September, 2013 *vice* Dr. V. Maitreyan ceased to be a Member upon his retirement as a Member of Rajya Sabha *w.e.f.* 24th July, 2013.

†† Elected *w.e.f.* 3rd September, 2013 *vice* Dr. E.M. Sudarsana Natchiappan appointed as Minister of State for Commerce and Industry *w.e.f.* 17th June, 2013.

## INTRODUCTION

I, the Chairman, Public Accounts Committee, having been authorised by the Committee, do present on their behalf this Ninety-second Report (Fifteenth Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2011-12)".

2. The Union Government Appropriation Accounts (Civil) 2011-12; the Union Government Appropriation Accounts (Postal Services) 2011-12; the Union Government Appropriation Accounts of the Defence Services 2011-12; and the Report of the Comptroller & Auditor General of India for the year ended March 2012, No. 1 of 2013 for the year 2011-12, Union Government (Accounts of the Union Government) were laid on the Table of the House on 13th August, 2013. 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 & 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 Ministries of Defence, External Affairs, Finance, Home Affairs, Communications and Information Technology (Department of Posts) and Railways of the Union Government in the 2011-12 fiscal on the basis of the Appropriation Accounts; observations of Audit as contained in the relevant Reports of the Comptroller & Auditor General of India; and the Explanatory Notes/Advance Information furnished by the Ministries/Departments concerned. The Committee considered and finalised this Report at their sitting held on 30th January, 2014. 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 representatives of the Ministries of Defence, External Affairs, Finance, Home Affairs, Communications and Information Technology (Department of Posts) and Railways for the cooperation extended by them in furnishing the requisite 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;  
31 January, 2014  
11 Magha, 1935 (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<sup>†</sup> 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

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

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



- (c) that every re-appropriation has been made in accordance with the provisions made in this behalf under Rules framed by the 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 the excesses and make such recommendations as they may deem fit.

**(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 Observations/Recommendations made in 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 (2011-12)**

8. The details of the four Union Government Appropriation Accounts (2011-12) viz. the dates of laying of these Accounts on the Table of the House, the number of Grants/Appropriations operated under each of the four Appropriation Accounts and the relevant Chapters/Paragraphs of the Audit Reports highlighting the Audit findings are given below:—

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 highlighted
1.	Civil	13.08.2013	99	Chapter 3 (Para 3.4) of C&AG's Report No. 1 for the year 2011-12, Union Government, Accounts of the Union Government, (Financial Audit)
2.	Defence Services	13.08.2013	6	Chapter 3 (Para 3.4) of C&AG's Report No. 1 for the year 2011-12, Union Government, Accounts of the Union Government, (Financial Audit)
3.	Postal Services	13.08.2013	1	Chapter 3 (Para 3.4) of C&AG's Report No. 1 for the year 2011-12, Union Government, Accounts of the Union Government, (Financial Audit)
4.	Railways	13.08.2013	16	Chapter 3 (Para 3.4) of C&AG's Report No. 1 for the year 2011-12, Union Government, Accounts of the Union Government, (Financial Audit) and Chapter 2 of C&AG's Report No. 12 of 2013, Union Government (Railways) Railway Finances
Total No. of Grants/Appropriations:			122	

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 2011-12 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 (2011-12)**

10. Scrutiny of the four Appropriation Accounts (2011-12) revealed that, there was an excess disbursement of ₹ 6545,33,40,727 (₹ 6,545.33 crore) in six segments of five Grants/Appropriations in Civil Ministries/Departments; ₹ 567,90,83,321 (₹ 567.91 crore) in one segment of one Grant of Defence Services; ₹ 400,04,06,659 (₹ 400.04 crore) in two segments of one Grant operated by the Department of Posts and ₹ 1048,14,00,392 (₹ 1,048.14 crore) in four segments of three Grants/Appropriations of the Ministry of Railways. These are illustrated below in a tabular form:—

(In unit of ₹)

Sl. No.	Name of Appropriation Account	No. of excess registering Grants/Appropriations	No. of cases involved	Amount of excess expenditure incurred
1.	Civil	5	6	6545,33,40,727
2.	Defence Services	1	1	567,90,83,321
3.	Postal Services	1	2	400,04,06,659
4.	Railways	3	4	1048,14,00,392
	Total	10	13	8561,42,31,099

11. The scrutiny of the Explanatory Note furnished by the Ministry of Railways, revealed that Charged Appropriation of ₹ 3,15,000 was obtained at the Budget Estimate stage under Appropriation No. 7—Working Expenses—Repairs and Maintenance of Plant and Equipment. As there was no expenditure incurred in this Appropriation, the original Appropriation of ₹ 3,15,000 remained unspent. However, there was a net effect of ₹ 9,81,281 on account of misclassification of expenditure due to wrong booking under Voted Grant instead of Charged Appropriation which resulted in excess expenditure of ₹ 6,66,281 under this Appropriation. Thus, considering the excess expenditure under Appropriation No. 7—Working Expenses—Repairs and Maintenance of Plant and Equipment, there was excess expenditure incurred under four Grants/Appropriations in five cases operated by Ministry of Railways, and the total excess expenditure during the year 2011-12 was incurred under 14 cases of 11 excess registering Grants/Appropriations instead of 13 cases of 10 excess registering Grants/Appropriations as mentioned above.

**(a) Details of Excess Disbursement over Voted Grants/Charged Appropriations (2011-12)**

12. The details of 11 Voted Grants/Charged Appropriations under which the actual expenditure had exceeded the sanctioned provision during the financial year

2011-12 as shown in the relevant Union Government Appropriation Accounts/ Explanatory Notes furnished by the Ministries/Departments concerned are given below:—

(In unit of ₹)

Sl. No.	No. & Name of Grant/ Appropriation	Administrative Ministry/ Department	Original Grant/Appropriation (O) Supplementary Grant/Appropriation (S) Total Grant/ Appropriation (T)	Actual Expenditure	Excess Expenditure	Percentage of excess expenditure over total Grant/ Appropriation
1	2	3	4	5	6	7
<b>I. APPROPRIATION ACCOUNTS (CIVIL)</b>						
<b>Revenue (Voted)</b>						
1.	21-Defence Pensions	Defence	O-33999,75,00,000 S- Nil T-33,999,75,00,000	37568,56,46,182	3568,81,46,182	10.50
2.	100-Lakshadweep	Home Affairs	O-598,92,00,000 S-10,50,00,000 T-609,42,00,000	610,85,67,211	1,43,67,211	0.24
<b>Revenue (Charged)</b>						
3.	21-Defence Pensions	Defence	O-25,00,000 S-29,00,000 T-54,00,000	82,54,467	28,54,467	52.86
4.	34-Interest Payments	Finance (Economic Affairs)	O-272330,28,00,000 S-11904,32,00,000 T-284234,60,00,000	287182,18,33,405	2947,58,33,405	1.04
5.	97-Chandigarh	Home Affairs	O-88,79,00,000 S-4,03,00,000 T-92,82,00,000	112,80,13,168	19,98,13,168	21.53
<b>Capital (Voted)</b>						
6.	31-Ministry of External Affairs	External Affairs	O-791,00,00,000 S-600,00,00,000 T-1391,00,00,000	1398,23,26,294	7,23,26,294	0.52
Total (Civil) —			320328,13,00,000	326873,46,40,727	6545,33,40,727	2.04
<b>II. APPROPRIATION ACCOUNTS — DEFENCE SERVICES</b>						
<b>Revenue (Voted)</b>						
7.	24-Defence Services—Air Force	Defence	O-16518,73,00,000 S-234,80,00,000 T-16753,53,00,000	17321,43,83,321	567,90,83,321	3.39
Total (Defence Services)			16753,53,00,000	17321,43,83,321	567,90,83,321	3.39
<b>III. APPROPRIATION ACCOUNTS — POSTAL SERVICES</b>						
<b>Revenue (Voted)</b>						
8.	13-Postal Services	Communications and Information Technology	O-13522,26,00,000 S-240,07,00,000 T-13762,33,00,000	14162,36,82,246	400,03,82,246	2.91

1	2	3	4	5	6	7
<b>Capital (Charged)</b>						
9.	13- Postal Services	Communications and Information Technology	O- Nil S-9,60,00,000 T-9,60,00,000	9,60,24,413	24,413	0.03
Total (Postal Services)			13771,93,00,000	14171,97,06,659	400,04,06,659	2.90
<b>IV. APPROPRIATION ACCOUNTS — RAILWAYS</b>						
<b>Revenue (Voted)</b>						
10.	12- Miscellaneous Working Expenses	Railways	O-3684,74,28,000 S-425,12,94,000 T-4109,87,22,000	4388,08,15,415	278,20,93,4157#	6.77
11.	13-Working Expenses— Provident Fund, Pension and Other Retirement Benefits	Railways	O-16479,74,14,000 S-1077,60,91,000 T-17557,35,05,000	18326,96,73,663	769,61,68,663	4.38
<b>Revenue (Charged)</b>						
12.	03-Working Expenses— General Superintendence and Services	Railways	O- Nil S-3,05,000 T-3,05,000	30,34,201	27,29,201	894.82
13.	07-Working Expenses— Repairs & Maintenance of Plant and Equipment	Railways	O-3,15,000 S- Nil T-3,15,000	0	0s	0
14.	13-Working Expenses— Provident Fund, Pension and other Retirement Benefits	Railways	O-49,51,000 S-9,07,000 T-58,58,000	62,67,113	4,09,113	6.98
Total (Railways)			*21667,83,90,000	22715,97,90,392	1048,14,00,392	4.84
Grand Total			372521,42,90,000	381082,85,21,099	8561,42,31,099	2.30

# There was an excess expenditure of ₹ 278,20,93,415 under this Grant. However, taking into account the misclassification of ₹ (+) 164,94,228/- the actual excess requiring regularization works out to ₹ 279,85,87,643/- .

§ There was savings of ₹ 3,15,000/- under this Appropriation. However, taking into account the misclassification of ₹ (+) 9,81,281/-, the actual excess requiring regularization works out to ₹ 6,66,281/- .

\* Excluding total provision of ₹ 3,15,000 sanctioned under Appropriation No. 07—Working Expenses—Repairs & Maintenance of Plant and Equipment.

13. The above statement reveals that out of six cases of excess expenditure incurred under the Grants/Appropriations operated by Civil Ministries/Departments, the Ministry of Defence under two sections of Grant No. 21—Defence Pensions incurred excess expenditure of ₹ 3569.10 crore which is 41.69% of total excess expenditure incurred during the year 2011-12. Further, the Ministry of Finance under Appropriation No. 34—Interest Payments, incurred excess expenditure of ₹ 2947.58 crore which is 34.43 percent of total excess expenditure incurred during the year 2011-12. In case of Defence Services, an excess of ₹ 567.91 crore was incurred under Grant No. 24—Defence Services—Air Force which is 6.63 percent of total excess expenditure incurred. Further, there was total excess expenditure of ₹ 400.04 crore incurred under two sections of Grant No. 13—Postal services which was about 4.67 % of the total excess expenditure incurred during 2011-12. In the case of Grants/Appropriations administered by the Ministry of Railways, an excess expenditure of ₹ 1048.14 crore (Before misclassification of expenditure) *i.e.* 12.24% of total excess expenditure was incurred in four cases. Out of which, an excess expenditure of more than ₹ 100 crore each was recorded in two cases *i.e.*, Grant No. 12—Miscellaneous Working Expenses and Grant No. 13—Working Expenses — Provident Fund, Pension & Other Retirement Benefits where excess expenditure of ₹ 278.21 crore and ₹ 769.62 crore was incurred respectively.

**(b) Actual Excess Expenditure incurred by the Ministry of Railways**

14. A comparative scrutiny of the Union Government Appropriation Accounts (Railways) for the year 2011-12 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 2011-12 revealed that there was a misclassification of expenditure of ₹ (+) 9,81,281/- under Appropriation No. 7—Working Expenses—Repairs and Maintenance of Plant and Equipment and ₹(+ ) 164,94,228 under Grant No.12—Miscellaneous Working Expenses. Taking into account the effect of these two cases of misclassification, the actual excess expenditure incurred by the Ministry of Railways during the year 2011-12 works out to ₹ 1049,85,60,901/- instead of ₹ 1048, 14,00,392 as indicated in Indian Railways Appropriation Accounts (2011-12).

**(c) Total Actual Excess Expenditure for the financial year 2011-12 requiring regularization under Article 115(1)(b) of the Constitution**

15. Thus, the total amount of actual excess expenditure incurred during the financial year 2011-12, which requires regularization by Parliament under Article 115(1)(b) of the Constitution is of the order of ₹ 8563,13,91,608/- incurred in 14 cases of 11 excess registering Grants/Appropriations.

**(d) Excess Expenditure Despite Obtaining Supplementary Grants**

16. A scrutiny of the relevant Appropriation Accounts and Explanatory Notes revealed that during the financial year 2011-12, out of 14 cases of excess registering Grants/Appropriations, the excess expenditure had been incurred even after obtaining

Supplementary Grants/Appropriations in the following 12 cases by the respective Ministries/Departments to meet their additional requirements:—

(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/Appropriations
1	2	3	4	5
<b>I. APPROPRIATION ACCOUNTS (CIVIL)</b>				
<b>Revenue (Voted)</b>				
1.	100-Lakshadweep	10,50,00,000	1,43,67,211	13.68
<b>Revenue (Charged)</b>				
2.	21-Defence Pensions	29,00,000	28,54,467	98.43
3.	34-Interest Payments	11904,32,00,000	2947,58,33,405	24.76
4.	97-Chandigarh	4,03,00,000	19,98,13,168	495.81
<b>Capital (Voted)</b>				
5.	31-Ministry of External Affairs	600,00,00,000	7,23,26,294	1.21
Total (Civil)		12519,14,00,000	2976,51,94,545	23.78
<b>II. APPROPRIATION ACCOUNTS — DEFENCE SERVICES</b>				
<b>Revenue (Voted)</b>				
6.	24-Defence Services—Air Force	234,80,00,000	567,90,83,321	241.87
Total (Defence Services)		234,80,00,000	567,90,83,321	241.87
<b>III. APPROPRIATION ACCOUNTS — POSTAL SERVICES</b>				
<b>Revenue (Voted)</b>				
7.	13-Postal Services	240,07,00,000	400,03,82,246	166.63
<b>Capital (Charged)</b>				
8.	13-Postal Services	9,60,00,000	24,413	0.025
Total (Postal Services)		249,67,00,000	400,04,06,659	160.23
<b>IV. APPROPRIATION ACCOUNTS — RAILWAYS</b>				
<b>Revenue (Voted)</b>				
9.	12-Miscellaneous Working Expenses	425,12,94,000	279,85,87,643	65.83
10.	13-Working Expenses—Provident Fund, Pension and other Retirement Benefits	1077,60,91,000	769,61,68,663	71.42

1	2	3	4	5
<b>Revenue (Charged)</b>				
11.	03- Working Expenses— General Superintendence and Services	3,05,000	27,29,201	894.82
12.	13- Working Expenses— Provident Fund, Pension and Other Retirement Benefits	9,07,000	4,09,113	45.11
Total (Railways)		1502,85,97,000	1049,78,94,620	69.85
Grand Total		14506,46,97,000	4994,25,79,145	34.43

17. Scrutiny of the above statement has revealed that in the fiscal year 2011-12, relatively huge amounts of excess expenditure were incurred even after obtaining large sums of Supplementary Grants. Supplementary Grants to the tune of ₹ 12519.14 crore was allocated for the five excess registering Grants/Appropriations operated by the Civil Ministries/Departments but this fell short by ₹ 2976.52 crore. In Defence Sector Supplementary Grants to the tune of ₹ 234.80 crore was allocated for one excess registering Grant, yet an excess expenditure of ₹ 567.91 crore was incurred. In the Postal Sector, a Supplementary Grant of ₹ 249.67 crore proved inadequate by ₹ 400.04 crore. In respect of Railways, out of five cases of four excess registering Grants/Appropriations, Supplementary Grants of ₹ 1502.86 crore were obtained, still an excess expenditure of ₹ 1049.86 crore was incurred.

18. It has been noticed from the above-cited cases that out of 14 cases of excess expenditure in FY 2011-12, in six cases the excess expenditure incurred was more than 5 percent of the total Grant/Appropriation.

19. When asked to furnish the reasons for the deviations from the earlier Recommendations of the PAC that under no circumstances the excess over Total Grants should exceed more than five percent, the Ministries/Departments concerned have furnished the following explanations: —

**(i) Explanation of the Ministry of External Affairs (Grant No. 31—Ministry of External Affairs)**

Out of the augmentation received of ₹ 600 crore in the Second and Third Batch of Supplementary Demands for Grants, ₹ 350 crore was for MH 7605-Advances to Foreign Governments—Loan to Government of Bhutan (Plan) and the remaining ₹ 250 crore was for Loan to Government of Maldives (Non Plan) under the same Major Head. No augmentation was sought/received for under the Major Heads 4059 (Capital Outlay on Public Works) and 4216 (Capital Outlay on Housing). The marginal excess expenditure under these heads was on account of ongoing construction projects abroad and Passport Offices in India.



**(ii) Explanation of the Ministry of Home Affairs (Grant No. 100—Lakshadweep)**

Supplementary Grant of ₹ 10.50 crore was obtained during 2011-12. This Supplementary Grant was utilized in other Heads of Accounts as no additional requirements of funds under 2059 was projected by the PWD.

**(iii) Explanation of the Ministry of Defence (Grant No. 21—Defence Pensions)**

An excess expenditure of ₹ 28.54 lakhs under Revenue (Charged) portion of the Grant has been occurred despite a Supplementary Grant of ₹ 29.00 lakh. The main reasons for excess expenditure under Charged portion of the grant was mainly due to implementation of Court Decrees which is an obligatory expenditure and cannot be predicted in advance and cannot be stopped for want of funds.

**(iv) Explanation of the Ministry of Defence (Grant No. 24—Defence Services—Air Force)**

The excess expenditure of ₹ 567.91 crore under Revenue Section of the Grant No. 24—Air Force was mainly due to grant of MACP to Service Personnel, payment of DA to Service Personnel and civilians at higher rate than anticipated, variations in strength and price escalation of ration commodities, upward revision in rate of excise duty, deduction of LD charges, materialization of supplies of certain unexpected critical items from Ordnance Factories and variations in exchange rate. It may be seen that actual trends of expenditure varied from estimations in respect of a host of items. Excess Expenditure of ₹ 381.03 crore occurred in respect of Pay and Allowances which could not be deferred and had to be paid being a mandatory charge. Given the size and complexity of the Defence budget and the fact that projections are consolidated from, and payments are made at, multiple locations all over the country, some variation in the budgetary projections is to be expected. Nevertheless instructions are repeatedly issued to emphasise the need to ensure accuracy in forecasting budget requirements to the maximum extent possible.

**(v) Explanation of the Ministry of Communications and Information Technology (Department of Posts) (Grant No. 13—Postal Services)**

The Department has deviated from the Final Grant by ₹ 400.04 crore which is only 2.91 % excess from Final Grant. Out of ₹ 400.04 crore of excess amount, ₹ 332.02 crore is related mainly to mandatory components, *i.e.* Salary and Pension payment which is 83 % of total excess amount. It is also pertinent to mention here that considering the spread of the Department's network, which has 1.55 lakh offices and 4.75 lakh employees, the estimates of budget has been by and large accurate.

Subordinate units of the Department of Posts are instructed regularly to project realistic demand for funds. Department places request for funds which is mainly based on the assessments and projections made by its

subordinate units. Ministry of Finance, during pre-budget discussions re-assesses the demand for funds, and based on this, the fund allocation was reduced, which is a reason for excess expenditure.

**(vi) Explanation of the Ministry of Railways (Grants/Appropriation Nos. 3, 7, 12 & 13)**

It is a fact that excess expenditure under Voted Grants 12 & 13 and Charged Appropriations 3 and 13 were unfortunately incurred in 2011-12 even after obtaining the Supplementary Grants. The Supplementary Demands under these cases were obtained on the projections made by the Zonal Railways. The assessment of the Railways went wrong to the extent of excess expenditure incurred. The Railways have been cautioned to avoid such instances in future by containing the expenditure within the sanctioned allotment and in no case excess expenditure should go 5% beyond the sanctioned allotment.

20. Asked to state the measures taken/proposed to rectify the faulty budgetary assumptions and revamp the weak accounting system, the Ministries/Departments concerned in their written submission explained as follows:—

**(i) Submission of the Ministry of Defence**

The Ministry has been monitoring the Defence expenditure on monthly basis to ensure that funds allocated are full utilized to achieve the planned objective and to avoid excess expenditure.

Further, in view of the observations of the PAC in their 64th Report, three Committees have been constituted comprising representatives from Defence Finance Division, Budget Holders/Financial Planning Directorates of the Services and other agencies under the Ministry and Controller General of Defence Accounts to examine existing budgeting procedures to minimise possibility of excess expenditure. As per the terms and references, these Committees would make an in-depth examination of the extant procedures to identify shortcomings in the budgetary control systems that may result in excess expenditure and recommend solutions to the same. The Reports of these Committees are expected shortly.

**(ii) Submission of the Ministry of External Affairs**

The expenditure incurred in the month of March poses special challenge, on account of the time lag between the forwarding of accounts and their compilation in the Ministry. On account of this time lag, the expenditure booked sometimes marginally exceeds the budgetary provision. This problem is now sought to be addressed by developing the next version of the IMAS system, which would facilitate real time expenditure control without any time lag. Till then, the budget utilization of the Ministry would be monitored closely and the spending units/Divisions of the Ministry have been sensitized about this on regular basis.

**(iii) Submission of the Ministry of Home Affairs**

The recruitment rule of the post of Divisional Accountants are under review to make eligible the trained Superintendents/AAO passed persons to be posted as Divisional Accountants.

**(iv) Submission of the Ministry of Communications and Information Technology (Department of Posts)**

Instructions on financial, budgetary discipline and austerity measures received from the Ministry of Finance are being circulated to field formations. The expenditures of Circles/Units are reviewed by the Secretary (Posts) on monthly basis through Video Conferencing. All Heads of Circles are also advised from time to time to limit their expenditure within the budgetary allocations. Further, Department is implementing IT project through which business processes of all activities of the Department is going to be computerized which will also enable it to make more accurate projection of demand for funds in future.

**(v) Submission of the Ministry of Railways**

Considering the vastness of the railway system both in size and the accounting/budgeting units involved as also the number of transactions taking place on the system, the incidence of excess expenditure in a few Grants cannot be ruled out. The Railways do have a well set mechanism of accounting and budgetary control in place, and is continuously strengthened. In view of the excess expenditure being incurred consistently in certain Grants, particularly the Demand No. 13, the concern is being regularly shared with the zonal railway officers and instruction issued to curb the trend. Stricter monitoring is being resorted to with a view to improving the position.

**(e) Recurring Excess Expenditure**

21. Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rule (GFR) 52(3) stipulates that no disbursement be made which might have the effect of exceeding the Total Grant or Appropriations authorized by Parliament for a financial year except after obtaining a Supplementary Grant or an advance from the CFI. Contrary to this, the incurrence of excess expenditure has been a recurring phenomenon in the past despite Recommendations of the Public Accounts Committee and subsequent issuance of

instructions by the Ministry of Finance from time to time. The comparative data given below indicates the position regarding excess expenditure incurred by various Ministries/Departments during the last ten years: —

(₹ in crore)

Year	Appropriation Accounts — Civil				Appropriation Accounts — Defence Services				Appropriation Accounts — Postal Services				Appropriation Accounts — Railways				Total					
	2	3	4	5	6	7	8	9	10	11	2	3	4	5	6	7	8	9	10	11	Total of Columns 2, 4, 6, 8	Total of Columns 3, 5, 7, 9
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	14575.08												
2010-11	7	3384.10	4	4239.34	1	366.63	10	3056.86	22	11046.93												
2011-12 (year under review)	5	6545.33	1	567.91	1	400.04	4	1049.86	11	8563.14												

22. 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. It is further revealed that though there had been decline in excess expenditure incurred by the Ministry of Defence and Railways, excess expenditure incurred by the Civil Ministries/Departments and Department of Posts have shown an increase during the year 2011-12.

**(f) Persistent excess in Grants/Appropriations**

23. A scrutiny of the Grants/Appropriations registering persistent excess for the five years period *i.e.* from 2007-08 to 2011-12 revealed that in 12 Grants/Appropriations persistent excesses occurred in at least three years out of five years period for which analysis was made. The Grant-wise and year-wise details of persistent excesses against allocations are given below:—

(Amount in ₹)						
Sl. No.	Grant No. and Name	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Civil Grants/Appropriations</b>						
<b>Revenue (Voted)</b>						
1.	21-Defence Pensions					
	Excess	—	13,32,985	8999,54,01,305	3336,30,72,983	3568,81,46,182
	Expenditure		20233,08,32,985	34999,29,01,305	37336,05,72,983	37568,56,46,182
	Grant		20232,95,00,000	25999,75,00,000	33999,75,00,000	33999,75,00,000
<b>Department of Posts</b>						
<b>Revenue (Voted)</b>						
2.	13-Postal Services					
	Excess	—	—	818,12,99,976	366,63,29,167	400,03,82,246
	Expenditure			13344,82,99,976	13793,26,29,167	14162,36,82,246
	Grant			12526,70,00,000	13426,63,00,000	13762,33,00,000
<b>Defence Services</b>						
<b>Revenue (Voted)</b>						
3.	22-Defence Services—Army					
	Excess	71,18,78,075	—	2464,11,11,895	2864,01,52,379	—
	Expenditure	35481,28,78,075		62716,64,11,895	65001,95,52,379	
	Grant	35410,10,00,000		60252,53,00,000	62137,94,00,000	
<b>Railways</b>						
<b>Revenue (Voted)</b>						
4.	04-Repairs and Maintenance of Permanent Ways and Works					
	Excess	—	104,05,87,825	55,50,24,359	7,75,52,784	—
	Expenditure		5944,26,92,825	7496,25,82,359	7386,56,17,784	
	Grant		5840,21,05,000	7440,75,58,000	7378,80,65,000	
5.	05- Repairs and Maintenance of Motive Power					
	Excess	—	95,24,56,565	90,87,30,288	75,06,60,832	—
	Expenditure		2924,36,28,565	3479,19,71,288	3423,60,13,832	
	Grant		2829,11,72,000	3388,32,41,000	3348,53,53,000	

(Amount in ₹)

Sl. No.	Grant No. and Name	2007-08	2008-09	2009-10	2010-11	2011-12
6.	06- Repairs and Maintenance of Carriages & Wagons					
	Excess Expenditure	—	149,69,22,039	164,57,39,230	221,08,77,978	—
	Grant		6430,23,89,039	7857,06,14,230	7799,58,75,978	
			6280,54,67,000	7692,48,75,000	7578,49,98,000	
7.	08-Operating Expenses Rolling Stock & Equipment					
	Excess Expenditure	—	131,05,69,735	36,30,60,599	189,88,89,127	—
	Grant		4711,59,77,735	5983,59,00,599	6156,81,96,127	
			4580,54,08,000	5947,28,40,000	5966,93,07,000	
8.	12-Misc. Working expenses					
	Excess Expenditure	23,40,02,612	—	19,58,54,173	648,43,86,934	278,20,93,415
	Grant	2078,37,78,612		3177,23,12,173	4002,49,56,934	4388,08,15,415
		2054,97,76,000		3157,64,58,000	3354,05,70,000	4109,87,22,000
9.	13-Provident Fund, Pension & other Retirement Benefits					
	Excess Expenditure	—	—	1512,38,96,979	1403,97,51,918	769,61,68,663
	Grant			16911,20,69,979	16352,71,21,918	18326,96,73,663
				15398,81,73,000	14948,73,70,000	17557,35,05,000
10.	15-Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation					
	Excess Expenditure	20,80,86,212	6,71,23,341	4,51,03,762	—	—
	Grant	4902,92,86,212	4717,67,23,341	5543,34,03,762		
		4882,12,00,000	4710,96,00,000	5538,83,00,000		
<b>Railways Revenue (Charged)</b>						
11.	03-General Superintendence and Services					
	Excess Expenditure	—	1,04,322	24,21,286	20,97,842	27,29,201
	Grant		9,52,322	34,79,286	36,49,842	30,34,201
			8,48,000	10,58,000	15,52,000	3,05,000
<b>Railways Capital (Charged)</b>						
12.	16-Assets— Acquisition, Construction and Replacement-Capital					
	Excess Expenditure	21,02,493	17,08,59,223	3,36,40,661	—	—
	Grant	21,36,13,493	39,28,59,223	64,38,40,661		
		21,15,11,000	22,20,00,000	61,02,00,000		

24. Scrutiny of the above statement has revealed that the Ministry of Defence under Grant No. 21—Defence Pensions, had incurred excess expenditure recurrently for the last four years *i.e.* from 2008-09 to 2011-12. Out of this, excess expenditure for the years 2009-10 to 2011-12 was more than ₹ 1000 crore. Similarly, the Department of Posts under Grant No. 13—Postal services had incurred excess expenditure of more than ₹ 100 crore recurrently for the last-three years *i.e.* from 2009-10 to 2011-12. Further, in case of Grants/Appropriations operated by the Ministry of Railways it has been observed that out of 16 Grants/Appropriations, nine Grants/Appropriations have witnessed excess expenditure consecutively for a period of three years or more.

25. Having observed that Defence Pensions Grant witnessed excess expenditure consecutively for a period of four years *i.e.* from 2008-09 to 2011-12, the Committee sought to know the reasons for failure of the Ministry of Defence in anticipating their precise requirement of funds under this Grant. In reply, the Ministry of Defence stated as follows:—

"In the Financial Year 2008-09, an excess expenditure of ₹ 13.33 lakhs was incurred under Grant No. 21—Defence Pensions, which is 0.0007% over final Grant (Voted Section) which is well within permissible limit of 5% as laid down by the Committee in Para -II, 6 of the seventieth Report of PAC.

The Grant No. 21—Defence Pensions has now been covered under Cash Management System from FY 2013-14 in accordance with instructions issued by MoF *vide* OM No. F. 21(1)/PD/2005-Vol-II dated 30.07.2012. As per the aforesaid OM, this Ministry has to prepare and send Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocations (QEA) to the cash Management Cell for better monitoring and compliance of the guidelines of the Ministry of Finance regarding the expenditure management. The same instructions have been circulated in user Department of Gr. No. 21-*vide* this division ID No. 2(6)/M/2012-13/702 dated 12.09.2012 for strict compliance and necessary action. The Monthly expenditure plan and Quarterly Expenditure allocations of Grant No. 21 in prescribed format has been incorporated in Detailed Demands for Grants for FY 2013-14.

In this regard, it is mentioned that time and again instructions have been issued to follow strictly the guidelines issued by Ministry of Finance while preparing Budget Estimates. Many important exercises has been undertaken by the user Department *i.e.* O/o CGDA and PCDA(P) Allahabad to create and up-to-date Pensions database in collaboration with PCDA(P), Allahabad and various pension disbursing agencies so that the recurrence of the excess expenditure may not happen in future. But this will be of more use if unrealistic cuts are not imposed in the projections."

26. While furnishing their comments on the recurring excess expenditure incurred under Grant No. 13—Postal Services, for the years 2009-10 to 2011-12 the Ministry of Communications and Information Technology (Department of Posts) stated as under:—

"The excess over the Grant is due to leave encashment on availing LTC, grant of MACP, increase in Pay and Allowances, more retirement, pension, Gratuities to

Extra Departmental Agents, etc. and inaccurate estimation on account of implementation of VIth Pay Commission and Gramin Dak Sewaks Committee Report.

It is further added that Department of Posts had received short funds from the Ministry of Finance in last three years as detailed below:—

Years	(₹ in crore)		
	2009-2010	2010-2011	2011-2012
Demand proposed by DoP	12472.93	13434.09	13792.00
Demand approved by MoF	12391.60	13235.50	13667.18

Department of Posts has been making concerted efforts and devising effective mechanism by conducting video conferencing with Head of the Circles/Units on monthly basis in order to avoid excess expenditure and maintaining financial discipline in future."

27. As regards measures initiated to strengthen the budgetary control mechanism in the Department of Posts so as to avoid excess expenditure under this Grant in future, the Department of Posts submitted as follows:—

"Department of Posts has been conducting Video conferencing with Heads of Circles as Budget control tool to avoid the excess expenditure in future.

The excess expenditure incurred under revenue (Voted) during the year 2011-12 was ₹ 400.04 crore over and above the Grant of ₹ 13762.33 crore which is less than 5% of the authorization of the Grant. However, Instructions on austerity measures received from the Ministry of Finance are being circulated to field formations and their expenditures are reviewed by the Secretary (Posts) on monthly basis through Video conferencing. All Heads of Circles are also advised from time to time to limit their expenditure within the budgetary allocations. Further, Department is implementing IT project through which business processes of each action of the Department is going to be computerized which will also enable to make more accurate projection of demand for funds in future."

28. Explaining the reasons for the recurring excess expenditure as well as the remedial measures taken to avoid the same in future, the Ministry of Railways stated as under:—

"Out of the 9 cases witnessing the persistent excess in the past, 6 cases (Grants 4, 5, 6, 8 & 15 and Appropriation 12) have ceased to show the excess expenditure. Only two Grants, namely, 12 & 13 continue to incur excess expenditure in 2011-12. Ministry of Railways would analyze the reasons for excess expenditure under these Grants with a view to avoid recurrence in 2013-14."

**(g) Recurring excess expenditure by the Ministry of Defence**

29. Scrutiny of Appropriation Accounts (Civil) and Appropriation Accounts (Defence Services) for the last nine financial years *i.e.* 2003-04 to 2011-12 indicated that



the Ministry of Defence had been incurring recurring excess expenditure under the Grants/Appropriations operated by them as detailed below:—

			<i>(In unit of ₹)</i>
Sl. No.	Year	No. & Name of Grant/ Appropriation	Amount of Excess Expenditure
1.	2003-04	24- Defence Ordnance Factories (Revenue-Voted)	37,50,27,533
2.	2004-05	26 - Defence Ordnance Factories (Revenue-Voted)	40,00,08,594
		27 - Defence Services Research and Development (Revenue-Voted)	1,99,23,373
3.	2005-06	23 - Defence Services - Army (Revenue-Charged)	2,08,34,112
		25 - Defence Services - Air Force (Revenue-Voted)	42,75,63,997
4.	2006-07	22 - Defence Services -Army (Revenue-Voted)	667,16,95,590
5.	2007-08	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
7.	2009-10	20 - Ministry of Defence (Revenue-Voted)	95,31,73,097
		21 - 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	21 -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
9.	2011-12	21 -Defence Pensions (Revenue-Voted)	3568,81,46,182
	(Year under review)	21 - Defence Pensions (Revenue-Charged)	28,54,467
		24 - Defence Services -Air Force (Revenue-Voted)	567,90,83,321

30. When asked to spell out the remedial measures taken/proposed by the Ministry of Defence to avoid persistent recurrence of excess expenditure, the Ministry submitted as follows:—

"In order to avoid any excess expenditure in future, the Ministry has constituted three Committees comprising representatives from Defence Finance Division, Budget Holders/Financial Planning Directorates of the Services and other agencies under the Ministry and Controller General of Defence Accounts. As per the terms and references, these Committees would make an in-depth examination of the issues to identify flaws in the budgetary control systems that allow repeated instances of excess expenditure and recommend solutions to the same. The Reports of these Committees are expected shortly."

#### C. DELAY IN FURNISHING EXPLANATORY NOTES

31. 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 along with 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 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 all the four Appropriation Accounts *viz.* Union Government Appropriation Accounts—Civil, Union Government Appropriation Accounts — Defence Services, Union Government Appropriation Accounts—Postal Services and Indian Railways Appropriation Accounts for the fiscal 2011-12 were laid in the House on 13.08.2013, the Explanatory Notes in respect of the excess registering Grants/Appropriations during 2011-12 became due for submission on or before 13.08.2013. However, it would be seen from the following data that some of the excess registering Ministries/Departments failed to furnish their Explanatory Notes within the prescribed time:—

Appropriation Accounts	Date on which laid on the Table of the House	No. & Name of excess registering Grant/ Appropriation and the Ministry/Department concerned	Due date for submission of explanatory Notes (on or before)	Date of furnishing explanatory Notes to the Committee	Period of delay
Civil	13.08.13	21-Defence Pensions	13.08.13	4.09.13	21 days
		31-Ministry of External Affairs	13.08.13	23.08.13	10 days
		34-Interest Payments	13.08.13	23.05.13	—
		97-Chandigarh	13.08.13	28.10.13	2½ Months
		100-Lakshadweep	13.08.13	21-10-13	2¼ Months
Defence Services	13.08.13	24-Defence Services— Air Force	13.08.13	13.08.13	—
Postal Services	13.08.13	13-Postal Services	13.08.13	25.02.13	—
Railways	13.08.13	Grant Nos. 12 & 13 Appropriation Nos. 3,7 &13	13.08.13	13.08.13	—

32. It may be seen from the above that the Ministry of Defence furnished their explanatory notes on excess expenditure incurred under Grant No. 21—Defence Pensions after a delay of 21 days, the Ministry of External Affairs furnished their explanatory notes after a lapse of 10 days, while the Ministry of Home Affairs took more than two months in furnishing their explanatory notes on the excess expenditure incurred under Grant No. 97—Chandigarh and 100—Lakshadweep.

33. The Explanatory Notes as furnished by the Ministries/Departments concerned for regularization of excess expenditure incurred during the financial year 2011-12 have been reproduced at Annexures I to VIII to this Report.

#### D. EXAMINATION OF SELECT CASES OF EXCESS EXPENDITURE

34. In the succeeding paragraphs, the Committee have dealt with some of the prominent cases involving excess expenditure during the financial year 2011-12 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 (2011-12)

35. An excess disbursement of ₹ 6545.33 crore was incurred in 6 cases of 5 Grants/Appropriations pertaining to the Civil Ministries/Departments during the financial year 2011-12. 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.	No. & Name of Grant/Appropriation	Excess expenditure incurred (₹ in crore)	Contributory reasons as stated by the Ministry/Department concerned
1	2	3	4
<b>Revenue (Voted)</b>			
1.	21-Defence Pension	3568.81	Due to receipt of more cases of Modified Assured Career Progression (MACP) Scheme, local discharge pre-release cases, death cases, booking of pending pension scrolls received from banks to clear suspense, more earned leave encashments.
2.	100-Lakshadweep	1.44	Due to non-accounting of payment made to Pay and Accounts Office, Director General of Supplies and Disposals in the monthly account of Public Works Department, Lakshadweep inadvertently.

1	2	3	4
<b>Revenue (Charged)</b>			
3.	21-Defence Pensions	0.29	Due to implementation of Court/Tribunal judgment, award of more gallantry awards than assessed.
4.	34-Interest Payments	2947.58	Due to enhanced borrowing and high rate of interest, inclusion of premium paid on issue of dated securities, shifting of investments from intermediate Treasury Bills to auction based Treasury Bills to auction based Treasury bills by the State Government etc.
5.	97-Chandigarh	19.98	Due to requirement of additional funds towards pay and allowances, publication work and receipt of more medical claims.
<b>Capital (Voted)</b>			
6.	31-Ministry of External Affairs	7.23	Due to requirement of additional funds towards ongoing construction work of Passport Office, Jawaharlal Nehru Bhawan and for ongoing construction projects in a number of countries
Total		6545.33	

36. The above statement depicts that more than 99.56 % (₹ 6516.68 crore) of the total excess expenditure (₹ 6545.33 crore) in the Civil Sector was incurred by the Ministries of Defence and Finance while the remaining amount of ₹ 28.65 crore was incurred by the Ministries of Home Affairs and External Affairs.

**(i) Grant No. 21—(Revenue-Voted) — Defence Pensions**

37. During the financial year 2011-12, the Ministry of Defence incurred an excess expenditure of ₹ 3569.10 crore under two sections (₹ 3568.81 crore under Revenue—Voted—Section and ₹ 0.29 crore under Revenue—Charged Section) of Grant No. 21—Defence Pensions.

38. Under Revenue Section (Voted) of Grant No. 21—Defence Pensions, the Original Provision was ₹ 33999.75 crore. Against this an expenditure of ₹ 37568.56 crore was incurred resulting in an excess expenditure of ₹ 3568.81 crore. The Explanatory Note furnished by the Ministry of Defence in this regard has been reproduced at **Annexure-I** to this Report.

39. Scrutiny of the Explanatory Note furnished by the Ministry of Defence revealed that the excess expenditure under this Section of the Grant was the net effect of total excess of ₹ 3571.19 crore less total savings of ₹ 2.38 crore under various

Sub-Heads of the Grant. The Sub-Heads under which the excess expenditure incurred and reasons thereon as attributed by the MoD are given below:—

Sl. No.	Minor Head/Sub-Head	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)	3252.82	Due to receipt of more cases of MACP, local discharge, pre-release cases and death cases and booking of pending Pension Scrolls received from banks to clear amount under suspense.
2.	2071.02—Defence (SMH) 2071.02.101—Army (Minor Head) 2071.02.101.03—Leave Encashment (Sub-Head)	15.25	Due to the more balances of Earned Leave at the credit of retirees and also the impact of the provision of encashment of 10 days EL during the LTC.
3.	2071.02—Defence (SMH) 2071.02.102—Navy (Minor Head) 2071.02.102.01—Pension and other Retirement Benefits (Sub-Head)	120.67	Due to more number of retirees than expected and booking of pending pension scrolls received from banks to clear amount under suspense.
4.	2071.02—Defence (SMH) 2071.02.102—Navy (Minor Head) 2071.02.102.03—Leave Encashment (Sub-Head)	8.86	Due to half pay leave encashment at the time of retirement where Earned Leave was falling short and the more balances of Earned Leave at the credit of retirees.
5.	2071.02—Defence (SMH) 2071.02.103—Air Force (Minor Head) 2071.02.103.01—Pension and other Retirement Benefits (Sub-Head)	173.58	Due to booking of pension scrolls received from banks to clear amount under suspense.
6.	2071.02—Defence (SMH) 2071.02.103—Air Force (Minor Head) 2071.02.103.02—Rewards (Sub-Head)	.01	Due to payment of Gallantry Awards more than assessed at the time of RE stage in respect of Air Force Pensioners.
Total		3571.19	

40. The Ministry of Defence further submitted that Defence Pensions was an obligatory type of expenditure and could not be stopped for want of funds. The Ministry further stated that, in view of the fact that expenditure, for which cash flow had already taken place in the books of RBI, was required to be brought to account, the pending pensions scrolls amounting to ₹ 356881.46 lakhs had to be booked under the Defence Pensions Head to clear the amount laying under RBI Suspense to reflect the true picture of cash flow from the Government Account.

41. In response to a query regarding the proposal of the Ministry of Defence to develop a rigid and robust financial mechanism to avoid excess expenditure under this Grant in future, the Ministry of Defence submitted as follows :—

"Due to financial constraint, the amount approved by Ministry of Finance was less than amount projected by this Ministry which resulted into excess expenditure. However, as a measure of control, the Government of India in the Ministry of Defence have been advising all the budget estimating authorities of Defence Pensions to prepare their budget proposals on realistic basis taking into consideration all the related aspects such as commitments, trend of expenditure and the anticipated expenditure. In this regard, this Office have issued instructions *vide* MoD (Fin.) ID No. 2(6)/MO/2009-10/721 dt. 29.06.2010, MoD(Fin.) ID NO. 2(6)/MO/2010-11/911 dt. 11/7/2011, MoD(Fin.) ID No. 2(6)/MO/2020/1617 dt. 9th December, 2011. In order to have strict control, the instructions for fiscal and expenditure management issued by the Ministry of Finance, Department of Economic Affairs, were also circulated *vide* this Division ID No. (s)(i) MoD (Fin.) ID No. 1(9)/Fin.(MO)/2011-12/708 dated 07.06.2011 & (ii) ID No. 1(9)/Fin.(MO)/2011-2012/933 dated 21.07.2011.

Subsequently, instructions were also issued to PCDA(P) Allahabad and O/o the CGDA, New Delhi *vide* ID No. 2(6)/MO/2011 dt. 12/7/2012 wherein it was advised to adopt e-governance model to utilize the Information Technology/tools so as to establish a centralized data base of Pensioners and networking of all the banks so as to arrive at all correct estimation of pension liability and expenditure in a particular year. Necessary monitoring and follow up action in this regard would be ensured. O/o the CGDA *vide* their letter No. A/B/I/0107/AA-DP/10-11 dt. 6/6/2012 have informed about various measures initiated to promote e-governance model and use of IT. The latest instructions were issued by MoD(Fin.) *vide* ID No.2(6)/MO/2013-14/656 dt. 30/9/13."

42. Asked to state the specific measures taken/proposed to rectify the faulty budgetary assumptions and revamp the weak accounting system, the Ministry of Defence submitted as follows:—

"As per the directions of Ministry of Finance, to review the existing arrangement of Reporting and Accounting of Defence Pensions, an Internal Audit was conducted by O/o the CGDA, and a brief report was furnished *vide* their letter No. A/B/I/9130-Study Report/2012 dt. 11/5/2012 wherein various measures to improve the system have been suggested by O/o the CGDA. The report was forwarded to Ministry of Finance *vide* this Office ID No. 2(8)/REBE/MO2009/187

dt. 19/06/2012. In accordance with the recommendations contained in the report, following measures/actions have been taken:—

- The issue of incorrect or invalid PPO Nos. missing details in the scrolls have been taken up with banks specifically with SBI, the largest PDA.
- PCDA(P), Allahabad has been asked to take into account pending scrolls of the previous years while estimating budget for the next years.
- An exercise named 'Project Sangam' has been undertaken in order to create an up-to-date Pensions database in collaboration with PCDA(P), Allahabad and various pension disbursing agencies.
- As per the latest development made under Project Sangam, it is mentioned that there are about 23 lakh pensioners enrolled under Defence Pensions and out of these details of about 15 lakh pensioners have been computerized and the remaining 8 lakh pensioners are in the process of computerization.
- Apart from 'Project Sangam', a new web based application for 'Pension Accounting System' has also been developed, which is under trial running process. The project once implemented will give a more accurate database for monitoring the pace of expenditure and will be very useful while predicting the future requirement of funds.
- PCDA(P) has taken up with Banks to provide Pension Payment scrolls on electronic format.
- The Grant No. 21—Defence Pensions has now been covered under Cash Management System from FY 2013-14 in accordance with instructions issued by MoF *vide* OM No. F.21(1)PD/2005-Vol-II dated 30.07.2012. As per the aforesaid OM, this Ministry has to prepare and send Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocations (QEA) to the Cash Management Cell for better monitoring and compliance of the guidelines of the Ministry of Finance regarding the expenditure management. The same instructions have been circulated in user department of Grant No. 21 *Vide* this division ID No. 2(6)/M/2012-13/702/ dt. 12.09.2012 for strict compliance and necessary action. The Monthly Expenditure Plan and Quarterly Expenditure Allocations of Grant No. 21 in prescribed format has been incorporated in Detailed Demands for Grants for FY 2013-14."

**(ii) Appropriation No. 34—Interest Payments**

43. Under Revenue Section (Charged) of Appropriation No. 34—Interest Payments for the year 2011-12, the original provision for the Ministry of Finance was ₹ 272330.28 crore which was augmented to ₹ 284234.60 crore by obtaining Supplementary Grant of ₹ 11904.32 crore. Against this, the actual expenditure was ₹ 287182.18 crore resulting in an excess expenditure of ₹ 2947.58 crore.

44. The Explanatory Note on the circumstances leading to excess expenditure under the Appropriation during the year 2011-12 as furnished by the Ministry of Finance (Department of Economic Affairs) is reproduced at **Annexure -III**.

45. Scrutiny of the Explanatory Note revealed that the excess expenditure under the Appropriation was the net effect of total excess of ₹ 10685.72 crore and total savings of ₹ 7738.14 crore under various sub-heads of the Appropriation. The heads under which the excess of ₹ 5 crore and above occurred and reasons thereon as stated by the MoF are as under:—

Sl. No.	Head	Amount of Excess Expenditure (₹ in crore)	Contributory reasons as stated by the Ministry
1.	2049.01.101—Interest on Market Loans	7126.15	Due to enhanced borrowings and higher rate of interest and inclusion of premium paid on issue of dated securities
2.	2049.01.103.01—Discount on Treasury Bills—91 Days Treasury Bills	1845.61	Due to shifting of investments from intermediate treasury bills to auction based treasury bills by the State Governments
3.	2049.01.110—Interest on 364 Days Treasury Bills	753.73	Due to higher volume of issuance at RE stage
4.	2049.01.115—Interest on Ways and Means Advances	13.62	Due to stressed cash position of the Government
5.	2049.01.122—Interest on Investment in special Government of India securities issued against net collections of small savings from 1999-2000	115.10	Due to more investment in Government securities
6.	2049.01.128—Discount on Cash Management Bills	10.90	Due to payment of higher volumes of issuances of Cash Management Bills to meet the short term mismatches in Government cash balances
7.	2049.02.207—Interest on Loans from the Government of Federal Republic of Germany	34.17	Due to exchange rate variation
8.	2049.02.213—Interest on Loans from International Development Association	37.43	Due to exchange rate variation
9.	2049.02.217—Interest on Loans from the Government of Japan	139.24	Due to exchange rate variation



Sl. No.	Head	Amount of Excess Expenditure (₹ in crore)	Contributory reasons as stated by the Ministry
10.	2049.02.230—Interest on loans from the Government of USSR	47.28	Due to exchange rate variation
11.	2049.03.104.02—Other State Provident Funds	350.90	Due to less withdrawals from the fund
12.	2049.03.104.02—State Railway Provident Fund	110.73	Due to more accretion to the Fund
13.	2049.03.109.12—Special Deposits of EPF/EDLI	30.15	Due to higher payment of interest
14.	2049.60.701.01—Charges payable to International Monetary Fund for utilization of Special Drawing Rights	35.59	Due to exchange rate variation and net cumulative allocation of special drawing
15.	2049.60.701.01—Interest on New Agreement to Borrow with International Monetary Fund	16.76	Due to payment of interest as per agreement.

46. Explaining the reasons for excess expenditure incurred under the Appropriation during 2011-12, the Ministry of Finance (Department of Economic Affairs) in their Explanatory Note submitted as follows:—

"The interest payment is a Charged expenditure in terms of 112(3)(c) of the Constitution of India. It is difficult to estimate precisely the interest payments, which are largely dependent on numerous factors such as market borrowings, variation in interest rates, foreign exchange rates, etc. The variation in exchange rate, interest rate, etc. cannot be pre-assessed. However, efforts are made to make the estimates precise and upto mark to avoid large scale savings or excess and also to keep the variation at the minimum."

47. While vetting the Explanatory Note of the Ministry, Audit made the following observations:—

"(a) The total excess expenditure of ₹ 2,947.58 crore occurred against the total allotted grants clearly indicative of faulty budget estimation and poor observance of financial rules by the Ministry. The Ministry could have enhanced the Budget provision by taking the options of the Supplementary Grants as provided in the article 115 of Constitution of India. However, the Ministry took only one Supplementary of ₹ 119.04 crore in August 2011. After that no Supplementary Grants were taken till the end of the Financial year for enhancement of the Budget provision. Whether any efforts were made by the Department to assess the actual requirements of the funds between August 2011 and 2012. The aspect may also be incorporated in the note for proper appreciation of the PAC.

- (b) 2049.60.701.01—Interest on New Arrangement to Borrow with International Monetary Fund: Detailed reasons as to why the interest amount could not be foreseen may be given for better appreciation.
- (c) Details of the efforts made to keep the variations to the minimum may please be incorporated in the Note for proper appreciation of the PAC. There is an imperative need for developing rigid financial control mechanism in the Ministry. Status of the financial control mechanism in the Ministry may also be incorporated in the Note for proper appreciation."

48. Responding to the above comments of the Audit, the MoF submitted as under:—

"(a) & (c) The supplementary obtained under Appropriation No. 34—Interest Payments for 2011-12 was ₹ 11,094.32 crore and not ₹ 119.04 crore as observed by Audit. The expenditure of ₹ 2,947.58 crore is 1.03% of the total appropriation authorized by the Parliament under Appropriation No. 34—Interest Payments for the year 2011-2012. Considering the huge appropriation required for interest payment in any financial year, the variation between the total appropriation and the actual expenditure cannot be expected to be eliminated completely. However, this Ministry has been making efforts to minimize this variation.

(b) The Note Purchase Agreement with IMF was entered into after presentation of Budget for 2011-2012 and, hence, the same could not be foreseen."

**(b) Appropriation Accounts —Defence Services (2011-12) Grant No. 24—Air Force**

49. Under Revenue Section (Voted) of Grant No. 24—Defence Services—Air Force, the Original Grant was ₹ 16518.73 crore. This was augmented to ₹ 16753.53 crore by obtaining a Supplementary Grant of ₹ 234.80 crore. Against this total provision, an expenditure of ₹ 17321.44 crore was incurred resulting in an excess expenditure of ₹ 567.91 crore. The Explanatory Note furnished by the Ministry of Defence in this regard has been reproduced at **Annexure-VI** to this Report.

50. Scrutiny of the Explanatory Note revealed that the excess expenditure under this Grant was the net effect of total excesses of ₹ 575.26 crore and total savings of ₹ 7.36 crore under various sub-heads of the Grant. The sub-heads under which excess of ₹ 10 crore and above occurred and reasons thereon as furnished by the MoD are as under:—

Sl. No.	Major Head - 2078	Amount of Excess Expenditure (₹ in crore)	Contributory reasons as stated by the Ministry
1.	Minor Head - 101	353.22	Due to grant of MACP to service personnel, sanction of higher rate of DA than anticipated and enhancement of other allowances due to DA rate exceeding 50%.

Sl. No.	Major Head - 2078	Amount of Excess Expenditure (₹ in crore)	Contributory reasons as stated by the Ministry
2.	Minor Head - 104	27.81	Due to sanction of higher DA than anticipated and also enhancement of allowances due to DA rate exceeding 50%.
3.	Minor Head-110	193.96	Due to variations in strength and price escalation of ration commodities change in rate of excise duty from 10.3% to 12.36% deduction of LD charges, materialization of supplies of certain unexpected critical items from DGOF and Exchange Rate Variations.

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

"Instructions already exist to formulate the Budget Estimates on realistic basis and the need to constantly review the expenditure 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 scrupulously and to monitor progress of expenditure in vigilant/stricter manner, apart from projecting demands on factual basis 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.

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 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 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.

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. Further, as instructed by Ministry of Finance, all the budgetholders and accounting authorities were repeatedly requested *vide* MoD (Fin.) ID No. 10(01)/Bud.-I/2012 (PC) dated 11th December, 2012, 06th February, 2013, 07th March, 2013, 14th March, 2013, 20th March, 2013 and 26th March, 2013 to undertake all steps to ensure that the expenditure in 2012-13 should not exceed the Revised Estimates and also to scrupulously follow the instructions regarding 33% and 15% ceilings for last quarter and last month respectively while incurring such expenditure within the Revised Estimates limits."

**(c) Appropriation Accounts — Postal Services (2011-12)**

52. The Committee's examination of the Appropriation Accounts (Postal Services) 2011-12 revealed that during the year 2011-12, the Ministry of Communications and Information Technology (Department of Posts) incurred an excess expenditure of ₹ 400.04 crore under Revenue (Voted) and Capital (Charged) Sections of Grant No. 13—Postal Services.

53. Under Revenue (Voted) section of this Grant, the original provision was ₹ 13522.26 crore. This was augmented to ₹ 13762.33 crore by obtaining Supplementary Grant of ₹ 240.07 crore. Against this, the Department of Posts incurred an expenditure of ₹ 14162.37 crore resulting in an excess expenditure of ₹ 400.04 crore.

54. The Explanatory Note furnished by the Ministry of Communications and Information Technology (Department of Posts) in this regard has been reproduced at **Annexure-VII** to this Report.

55. The Sub-Heads under which more than ₹ 10 crore expenditure incurred and the reasons thereon as furnished by the DoP are as under:—

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	17.04	Due to enhancement in DA&MACP, encashment of EL for LTC, increase in office running expenses, etc.

1	2	3	4
2.	3201.01.101.03—Postal Divisions	47.76	Due to enhancement in DA&MACP, encashment of EL for LTC, increase in office running expenses, etc.
3.	3201.02.101.01—Existing Post Offices	623.17	Due to enhanced DA rate, MACP Arrears encashment of EL for LTC, etc. outsourcing of work due to shortage of regular staff, increase in cost of stationery, electricity charges.
4.	3201.02.101.04—Premium Product Services	10.20	Due to more expenditure than anticipated due to MACP arrears, DA hike increase in electricity and telephone charges, outsourcing of work, professional charges, etc.
5.	3201.02.102.01—Mail Sorting	63.02	Due to MACP arrear payment, DA hike, outsourcing of staff in sorting units, increase in Rent and Tax by local bodies, increase in electricity & telephone charges, stationery, etc.
6.	3201.02.103.02—Conveyance of Mails by AIR	17.82	Due to receipt of more claims than anticipated.
7.	3201.02.103.04—Departmental MMS for Ordinary Services	11.16	Due to more expenditure under salaries than anticipated, due to payment of MACP arrears, outsourcing of work, increase in electricity, telephone charges, wages, etc.
8.	3201.04.102.02—Circle PAOs	17.80	Due to enhancement of DA & MACP, encashment of EL for LTC, increase in office running expenses, etc.
9.	3201.07.101.01—Superannuation and Retirement Allowances	137.91	Due to increase in number of Pensioners and hike in DA.
10.	3201.07.104—Gratuities to EDA	49.01	Due to more claims than anticipated.
11.	3201.07.107—Family Pension	108.46	Due to excess expenditure than anticipated.

1	2	3	4
12.	3201.07.110—New Pension Scheme	41.43	Due to increase in Government contribution due to new recruit PA/SA.
13.	3201.60.102.03—Service Discharge Benefit Scheme for GDS	23.64	Due to implementation of the New SDB Scheme effective from April, 2011 and the payment of the Government contribution for the year 2011-12 was mandatory.

56. As regards the Remedial Action Taken to curb excess expenditure, 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 strictly within the allotment and project the demand for fund realistically."

57. The Committee's examination further revealed that this Grant had registered an excess expenditure of ₹ 818.13 crore and ₹ 366.63 crore during the years 2009-10 and 2010-11 too for the same reasons.

**(d) Appropriation Accounts — Railways (2011-12)**

58. During the financial year 2011-12, the Ministry of Railways incurred an excess expenditure of ₹ 1049.86 crore (after misclassification) in 5 cases of 4 Grants/Appropriations. The details of these excess registering Grants/Appropriations have already been given in Paragraph 12 of this Report. The Explanatory Note furnished by the Ministry of Railways in this regard has been reproduced at **Annexure-VIII** to this Report.

59. Scrutiny of the Explanatory Note revealed that out of the total excess expenditure of ₹ 1049.86 crore incurred by the Ministry of Railways during the fiscal year 2011-12, the excess expenditure of more than ₹ 100 crore was incurred under two Grants *i.e.* ₹ 279.86 crore in Grant No. 12—Miscellaneous Working Expenses and ₹ 769.62 crore in Grant No. 13—Working Expenses— Provident Fund Pension & Other Retirement Benefits.

**(i) Grant No. 12 — Miscellaneous Working Expenses**

60. Under Grant No. 12—Miscellaneous Working Expenses, the Ministry of Railways obtained an Original Grant of ₹ 3684.74 crore. Subsequently a Supplementary Grant of ₹ 425.13 crore was obtained in March 2012 mainly for higher payment of staff cost and contractual payment, etc. Against this the actual expenditure was ₹ 4388.08 crore registering thereby an excess expenditure of ₹ 278.21 crore. However, as there was a net effect of ₹ 1.65 crore on account of misclassification of expenditure, the excess expenditure worked out to ₹ 279.86 crore. This amount is after deducting savings

amounting to ₹ 232.47 crore registered under 5 sub-heads of this Grant, which partially offset the gross excess amount.

61. Scrutiny of the Explanatory Note furnished by the Ministry of Railways revealed that the excess expenditure was mainly incurred under the following sub-heads:—

"(a) Compensation Claims (200) (₹ 20.54 crore), mainly due to adjustment of more compensation debits and also materialization of more number of compensation claims during the year, than anticipated, (b) Catering (400) (₹ 31.65 crore), mainly due to more expenditure towards contractual payments to private caterers and clearance of outstanding bills of IRCTC, than anticipated, and (c) Suspense (800) (₹ 458.49 crore), mainly due to clearance of heavy outstanding liabilities and more materialization of claims and adjustment of debits under MAR (others), than anticipated."

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

(₹ in crore)

Sl. No.	Financial Year	Amount of Excess Expenditure incurred
1.	2009-10	19.59
2.	2010-11	648.44
3.	2011-12 (year under review)	279.86

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

63. Under Grant No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits, an Original Grant of ₹ 16479.74 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹ 1077.61 crore was obtained in March 2012 mainly for meeting the increased pensionary charges. Against this total Sanctioned Grant of ₹ 17557.35 crore, the actual expenditure incurred was ₹ 18326.97 crore resulting in an excess expenditure of ₹ 769.62 crore (This amount is after deducting savings amounting to ₹ 232.56 crore registered under two minor-heads of this Grant, which partially offset the gross excess amount).

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

"(a) Superannuation and Retiring Pension". (100) (₹ 96.10 crore), due to receipt of more debits from various pension disbursing authorities on account of implementation of MACP and increase in DA, than anticipated, (b) *Ex-gratia* Pension (300) (₹ 15.48 crore) due to incurrence of more expenditure towards *ex-gratia* pension during the year, (c) Family Pension (400) (₹ 566.68 crore), due to implementation of MACP and increase in DA than anticipated, (d) Death-cum-Retirement Gratuity (500) (₹ 197.45 crore), due to finalization of more number

of Death-cum-Retirement Gratuity cases during the year, than anticipated, (e) Leave Encashment Benefits (700) (₹ 88.33 crore), due to incurrence of more expenditure towards leave encashment for pension optees during the year, than anticipated, and (f) Gratuities Special Contribution to Provident Fund and contribution to Provident Fund (800) (₹ 38.14 crore), due to more Government contribution for newly defined contributory pension scheme, than anticipated."

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

(₹ in crore)

Sl. No.	Financial Year	Amount of Excess Expenditure incurred
1.	2009-10	1,512.39
2.	2010-11	1,403.98
3.	2011-12 (year under review)	769.62

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

66. The scrutiny of Explanatory Note furnished by the Ministry of Railways revealed that during the year 2011-12, there were two cases of misclassification of expenditure reported under the five cases of four excess registering Grants/Appropriations. The comparative figure of misclassification for the last 10 years is as follows:—

(In unit of ₹)

Sl. No.	Financial Year	No. of cases of misclassification of expenditure under excess registering Grants/Appropriations	Amount involved in the misclassification of expenditure
1.	2002-03	3	2,08,73,794
2.	2003-04	5	48,94,12,752
3.	2004-05	9	104,32,74,159
4.	2005-06	6	26,89,31,649
5.	2006-07	5	209,80,86,273
6.	2007-08	3	1,12,71,617
7.	2008-09	6	23,54,57,552
8.	2009-10	7	30,92,58,533
9.	2010-11	9	29,70,49,848
10.	2011-12 (year under review)	2	174,75,509



67. 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 had earlier taken up the issue on several occasions and given their considered opinion on a number of times.

## PART II

### OBSERVATIONS AND RECOMMENDATIONS

The Committee's examination of the four Appropriation Accounts of the Union Government relating to Civil, Defence Services, Postal Services and Railways for the financial year 2011-12 has revealed that a total excess expenditure of ₹ 8563.14 crore was incurred in 14 cases of 11 Grants/Appropriations operated by various Ministries/Departments during the year 2011-12 (as against ₹ 11046.93 crore during the last year *i.e.* 2010-11). The defaulting Ministries are Ministry of External Affairs (Grant No. 31); Ministry of Finance (Appropriation No. 34—Interest Payments); Ministry of Home Affairs (Grant No. 97—Chandigarh and Grant No. 100—Lakshadweep); Ministry of Defence [2 Grants *i.e.* Grant No. 21—Defence Pensions (Civil) and Grant No. 24—Defence Services—Air Force]; Ministry of Communications and Information Technology (Department of Posts, Grant No. 13—Postal Services) and Ministry of Railways (5 cases under 4 Grants/Appropriations *i.e.* Grant No. 12—Miscellaneous Working Expenses, Grant No. 13—Working Expenses — Provident Fund, Pension and Other Retirement Benefits, Appropriation No. 3—Working Expenses—General Superintendence and Services and Appropriation No. 7—Working Expenses—Repairs & Maintenance of Plant and Equipment). The Committee are astonished to find that bulk of the excess expenditure had been recorded under two Grants *i.e.* Grant No. 21—Defence Pensions (₹ 3569.10 crore) operated by the Ministry of Defence and Appropriation No. 34 — Interest Payments (₹ 2947.58 crore) operated by the Ministry of Finance, which accounted for over 76.10 percent of the total excess expenditure incurred during the year under review. The excess expenditure during the year is prominently noticeable in the Grants/Appropriations operated by the Ministries of Defence and Finance, Department of Posts and Ministry of Railways. The Committee further find that during the year 2011-12 while a marginal decline of excess expenditure was registered under the Grants operated by the Defence Services and Ministry of Railways, it has shown an increasing trend with regard to Grants/Appropriations operated by the Civil Ministries /Departments and the Department of Posts. The Committee find it unconscionable that such a situation continues to persist unabated despite issuance of elaborate instructions at regular intervals by the Government in pursuance of the oft reiterated recommendations of the Public Accounts Committee for plugging the existing loopholes and deficiencies and containing the excess expenditure to the barest minimum. An analysis of the explanations given by the Ministries/Departments concerned has revealed that, as in the past, defective estimation of requirement of funds, absence of a continuous watch over the flow of expenditure, lack of timely review of financial requirements and failure to properly anticipate the requirement for additional funds continue to be the main reasons for excesses. The fact that the same causes for the excesses persist year after year is a pointer that the matter has not been accorded due import by the Ministries/

Departments concerned. Though the Committee have been repeatedly pointing out in their Reports that the system of estimation of and control over expenditure is faulty and year after year, Parliament is being presented with a *fait accompli* of unremitting excess phenomenon. The Committee would, therefore, once again urge the Ministries/ Departments to put in place a robust mechanism and embark upon definitive measures so as to ensure greater financial discipline and contain expenditure within the prescribed limits.

2. As mentioned above, out of the total excess expenditure of ₹ 8563.14 crore incurred during the 2011-12 fiscal, the bulk of the excess expenditure was incurred under the Grants/Appropriations operated by the Civil Ministries/ Departments and the Ministry of Railways which accounted for 76.44% (₹ 6545.33 crore) and 12.24 % (₹ 1048.14 crore before misclassification) respectively. The remaining excess expenditure was incurred by the Ministry of Defence and the Ministry of Communications and Information Technology (Department of Posts) *i.e.* 6.63% (₹ 567.91 crore) and 4.67 % (₹400.04 crore) respectively. The Committee's scrutiny of the issue has revealed that in the Civil Sector, as much as 41.68% (₹ 3569.10 crore) of the total excess expenditure was incurred under Grant No. 21—Defence Pensions followed by 34.42% (₹ 2947.58 crore) under Appropriation No. 34—Interest Payments. In the Defence Sector Grant No. 24—Defence Services—Air Force registered an excess expenditure of ₹ 567.91 crore which is 6.63% of the total excess expenditure incurred during the 2011-12 fiscal. As regards excess expenditure incurred under Grants/Appropriations operated by the Ministry of Railways, out of the total excess expenditure of ₹ 8561.42 crore (before misclassification) about 12.24% *i.e.* ₹ 1048.14 crore was incurred under four cases of three Grants/Appropriations operated by the Ministry of Railways during the year 2011-12. Further, in two cases there was misclassification of expenditure in the Grants/Appropriations operated by the Ministry of Railways. Taking into account the effect of these two cases of misclassification, the actual excess expenditure by the Ministry of Railways during 2011-12 fiscal works out to ₹ 1049.86 crore instead of ₹ 1048.14 crore as indicated in the Indian Railways Appropriation Accounts (2011-12). Accordingly, the total amount of actual excess expenditure incurred during the financial year 2011-12 which has to be regularized by Parliament under Article 115(1)(b) of the Constitution is of the order of ₹ 8563.14 crore.

3. Yet another disturbing trend noticed by the Committee is that during the fiscal 2011-12 the excess expenditure of over ₹ 1000 crore had occurred in as low as two cases (₹ 3569.10 crore under Grant No. 21—Defence Pensions and ₹ 2947.58 crore under Appropriation No. 34—Interest Payment). What is still worse is the fact that excess expenditure had exceeded ₹ 100 crore in four cases and more than ₹ one crore in three cases. An analysis of the reasons for excess expenditure during 2011-12, as pointed out above indicate that lack of proper monitoring of the progress of expenditure, inadequate review and analysis of the financial requirement and non-observance of the prescribed financial rules were the main contributory factors towards excess expenditure of such a high magnitude. Although General Financial Rules clearly provide that the Grant administering authorities shall be

fully accountable for control of expenditure and clear-cut instructions have also been laid down for the detailed procedures to be followed for check against wanton provisions of funds, the Committee deprecate to note that the authorities concerned in various defaulter Ministries/Departments continue to display sheer negligence and scant regard to financial rules. Viewing the inaction with grave concern, the Committee urge the Ministry of Finance to strongly impress upon all the Departmental Heads concerned to strictly observe the instructions issued under the financial rules so as to ensure that no expenditure is incurred in excess of the authorized limits. The Committee would also like the Ministry of Finance to devise suitable and foolproof mechanism for tightening the exchequer control and to deal sternly with those cases where any deviations and slackness in following the prescribed financial rules are noticed.

4. An analysis of the Appropriation Accounts and Explanatory Notes furnished by the defaulting Ministries shows that the percentage of excess expenditure over the Total Grant ranged between 0.03 percent (Grant No. 13—Postal Services) and 894.82 percent (Appropriation No. 03—Working Expenses—General Superintendence and Services). In six cases the percentage was more than five over the original Grants/Appropriations *viz.* 894.82 percent in Appropriation No. 3—Working Expenses—General Superintendence and Services; 52.86% in Revenue—charged section of the Grant No. 21—Defence Pensions; 21.53 percent in Grant No. 97—Chandigarh; 10.50 % in respect of Grant No. 21—Defence Pensions in Revenue—Voted section; 6.98 percent in Appropriation No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits and 6.77 percent in Grant No. 12—Miscellaneous Working Expenses. The Committee express serious displeasure over persistent excess expenditure despite obtaining Supplementary Grants/Appropriations. Apparently, no sincere efforts have been made by the Ministries/Departments concerned to contain the trend. The Committee, therefore, once again exhort the Ministries/Departments to be more careful both in estimation and in spending so as to bridge the variation between the allocations approved and the expenditure incurred.

The Ministry of Finance should initiate a study of the best International Practices on the modalities for ensuring greater conformity of expenditure to the budgetary provisions. The practice of the three supplementaries during the Fiscal Year in addition to the main Budget undercuts the sanctity of Budgetary provisions. In practice often even known expenditure outgoes are suppressed in the main Budget to be provided for any subsequent supplementaries. The Supplementary budget should normally be for unexpected items of expenditure or schemes taken up for compelling public interest. Eased on other fiscal federal models the Finance Ministry should evolve modalities and a framework which will enable the sanctity of budgetary provisions ensuring the reach and superintendence of Parliament on appropriation outgoes.

5. The Committee note with concern that out of 14 cases of excess registering Grants/Appropriations, an excess expenditure of ₹ 4994.26 crore was incurred in as many as 12 cases even after obtaining Supplementary Grants/Appropriations to the extent of ₹ 14506.47 crore. The percentage of excess expenditure over the Supplementary Grant in respect of these 12 cases ranged from 0.025

(Grant No. 13—Postal Services — Capital Charged) to 894.82 percent (Appropriation No. 3—Working Expenses—General Superintendence and Services) and in four cases, it was more than 100 percent. The Committee find from the Ministry-wise details that Supplementary Grant to the tune of ₹ 12519.14 crore, ₹ 234.80 crore, ₹ 249.67 crore and ₹ 1502.86 crore pertaining to the Civil, Defence, Postal Services and Railways respectively fell short of the actual expenditure by ₹ 2976.52 crore, ₹ 567.91 crore, ₹ 400.04 crore and ₹ 1049.79 crore in that order. The excess registering Grants/Appropriations operated by the Civil Ministries/ Departments *i.e.* Grant No. 21—Defence Pensions, Grant No. 31—Ministry of External Affairs, Appropriation No. 34—Interest payments, Grant No. 97—Chandigarh and Grant No. 100—Lakshadweep obtained a Supplementary Grant each to the tune of ₹ 0.29 crore, ₹ 600.00 crore, ₹ 11904.32 crore, ₹ 4.03 crore and ₹ 10.50 crore respectively. However, in all these cases, excess expenditure incurred was ₹ 0.29 crore, ₹ 7.23 crore, ₹ 2947.58 crore, ₹ 19.98 crore and ₹ 1.44 crore respectively. Similarly, the lone excess registering Grant pertaining to Defence Services *i.e.* Grant No. 24—Defence Services—Air Force obtained a Supplementary Grant of ₹ 234.80 crore, still then the actual expenditure exceeded the budgetary provision by ₹ 567.91 crore. In respect of Postal Services, Supplementary Grant of ₹ 249.67 crore under both the sections of Grant No. 13—Postal Services proved inadequate by ₹ 400.04 crore. Further, in respect of the Railways, out of five cases of excess registering Grants/Appropriations, Supplementary Grant was obtained in four cases. A Supplementary Grant each of the order of ₹ 425.13 crore, ₹ 1077.61 crore, ₹ 0.03 crore and ₹ 0.09 crore was allocated under Grant No. 12—Miscellaneous Working Expenses, Grant No. 13—Provident Fund, Pension and other Retirement Benefits, Appropriation No. 03—Working Expenses—General Superintendence and Services and Appropriation No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits respectively. In spite of having Supplementary Grant the aforesaid Grants/Appropriations registered excess expenditure amounting to ₹ 279.86 crore, ₹ 769.62 crore, ₹ 0.27 crore and ₹ 0.04 crore respectively. In this regard, the Committee have repeatedly cautioned the Ministries / Departments in the past against incurring excess expenditure despite obtaining Supplementary Grants. As the trend of incurring excess expenditure despite obtaining Supplementary Grants still persists, the Committee are inclined to conclude that the Budget Provisions are not made with requisite precision and the requirements projected at the Supplementary Grant stage are also unrealistic, indicating the deeply pervading malaise in the extent budgetary mechanism. The Committee, therefore, desire the Ministries/ Departments concerned to impress upon their budget controlling authorities to thoroughly examine the proposal for additional funds with due farsightedness and ensure proper review and scrutiny of the proposals for Supplementary demands before presenting the same to Parliament so that additional provisions are commensurable with the actual requirement of funds.

6. The Committee find that the incurring of excess expenditure is a recurring phenomenon in all the sectors of the economy *viz.* Civil, Defence Services, Postal Services and Railways. The scrutiny of excess expenditure incurred by various Ministries/Departments during the last ten years revealed that in all the sectors the excess expenditure which was reduced to a considerable extent during the

year 2007-08 has again showed an upward trend during the years 2008-09 to 2010-11. However, during the year under review, *i.e.* 2011-12, while the excess expenditure under Civil and Postal Services has increased, it has shown a downward trend in case of Defence Services and Railways. Similarly, overall excess expenditure has also been reduced from ₹ 11046.93 crore in 22 Grants/Appropriations during 2010-11 to ₹ 8563.14 crore in 11 Grants/Appropriations in the fiscal 2011-12. Further, from the scrutiny of excess registering Grants/Appropriations for the last five years period *i.e.* from 2007-08 to 2011-12 it has been found that in 12 Grants/Appropriations *i.e.*, Grant No. 21—Defence Pensions, Grant No. 13—Postal Services, Grant No. 22—Defence Services—Army and Grants/Appropriations No. 3,4,5,6,8,12,13,15 and 16 operated by the Ministry of Railways, persistent excesses occurred in at least three years out of the five years. It has further been observed that the Ministry of Defence under Revenue—Voted Section of Grant No. 21—Defence Pensions, had incurred excess expenditure recurringly for the last four years *i.e.* from 2008-09 to 2011-12. Out of this, excess expenditure for the years 2009-10 to 2011-12 was more than ₹ 1000 crore (₹ 8999.54 crore in 2009-10, ₹ 3336.31 crore in 2010-11 and ₹ 3568.81 crore in 2011-12). Similarly, the Department of Posts under Revenue Voted Section of Grant No.—13 had incurred excess expenditure of more than ₹ 300 crore recurringly for the last three years *i.e.* from 2009-10 to 2011-12 (₹ 818.13 crore in 2009-10, ₹ 366.63 crore in 2010-11 and ₹ 400.04 crore in 2011-12). Further, in case of Grants/Appropriations operated by the Ministry of Railways it is seen that out of 16 Grants/Appropriations nine Grants/Appropriations have witnessed excess expenditure consecutively for a period of three years or more. The persisting trend of excesses over Voted Grants and Charged Appropriations, reinforces the Committee's oft repeated observations that adequate and serious attention is not being paid by the Ministries/Departments concerned to the implementation of an effective mechanism to curb the phenomenon. The Committee, therefore, recommend that the Government should earnestly undertake case studies of the instances where expenditure had persistently exceeded the budgetary allocations during the last five years and streamline and strengthen the extant mechanism so as to tighten the financial and budgetary control to effectively check the unabated trend of excess expenditure.

7. The Committee further 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. Having noticed the recurring phenomenon of excess expenditure by the Ministry of Defence the Committee in Para 9 of their 64th Report (15th Lok Sabha) had recommended the Ministry to devise concrete ways and means in consultation with the Ministry of Finance to overhaul and streamline their budgeting mechanism so that excess expenditure is avoided altogether. In this regard, the Committee are informed that the Ministry of Defence have undertaken internal brainstorming to identify the possible reasons for repeated instances of excess expenditure in several areas. For the purpose the MoD have set up three Committees which would devise

alternate solutions for any weak internal controls that may exist. The Reports of these Committees are expected shortly. Appreciative of the efforts being made in the right direction, the Committee would like to be kept informed of the suggestions made by these Committees and the measures taken by the Ministry to tighten their financial control so as to avoid recurring excess expenditure in future.

8. The Ministries/Departments are required to submit to the Committee Explanatory Notes in respect of the excess registering Grants/Appropriations immediately after the presentation of relevant Appropriation Accounts to the House. The Committee find that the Explanatory Notes in respect of excess registering Grants/Appropriations pertaining to Civil Ministries/Departments were due for submission to the Committee on or before 13th August, 2013, but the same were received with a delay ranging from 10 days to more than two months. The Ministry of External Affairs and Defence have furnished their Explanatory Notes after a delay of 10 days, and 21 days respectively, while the Ministry of Home Affairs submitted their Explanatory Note pertaining to Grant No. 97—Chandigarh and Grant No. 100—Lakshadweep after a delay of more than two months. The Committee take a serious view of such delays on the part of the Ministries/Departments concerned in furnishing the Explanatory Notes and desire that responsibility be fixed for the laxity shown in this regard. The Committee, however, would like the Ministry of Finance (Department of Expenditure), the coordinating Ministry, to look into the matter and take suitable measures to ensure timely submission of explanatory notes in future. As a systemic check, the Ministry of Finance in consultation with the Comptroller and Auditor General of India should put in place a centralized computerized networking monitoring system to check the status of the preparation of Explanatory Note at every stage by various Ministries/Departments so that any delay on this count is avoided.

9. A scrutiny of select cases of excess registering Grants/Appropriations reveals that during the financial year 2011-12, the Ministry of Defence incurred an excess expenditure of ₹ 3569.10 crore under two sections (₹ 3568.81 crore under Revenue-Voted Section and ₹ 0.29 crore under Revenue—Charged Section) of Grant No. 21—Defence Pensions. Under Revenue—Voted Section of the Grant the excess expenditure of ₹ 3568.81 crore incurred was the net effect of total excess of ₹ 3571.19 crore and the total unspent provision of ₹ 2.38 crore under various sub-heads of the Grant. The excess expenditure under Revenue—Voted Section of this Grant was incurred without obtaining the Supplementary Grant. According to the Ministry of Defence, the excess expenditure was due to receipt of more cases of Modified Assured Career Progression (MACP) Scheme, local discharge, pre-release cases, death cases, more number of retirees than expected, more leave encashments etc. The Committee are not convinced with these reasons attributed for incurring of excess expenditure under this Grant as most of the reasons mentioned by the Ministry of Defence do not fall under the category of "Unforeseen" or "Unanticipated" expenditure. In this context, the Committee would like to point out that under this Grant the Ministry of Defence had been persistently registering excess expenditure of the magnitude of more than ₹ 1000 crore during the preceding four years. In pursuance of their earlier recommendations, the Committee have been informed that the Ministry of Defence had issued instructions to budget estimating authorities of Defence Pensions

to prepare their budget with utmost caution and accuracy while estimating requirements of funds. Subsequently, instructions were also issued to PCDA (P), Allahabad and O/o the CGDA, New Delhi to adopt e-governance model to utilize the information technology / tools so as to establish a centralized data base of Pensioners and networking of all the banks so as to arrive at a correct estimation of pension liability and expenditure in a particular year. The Committee are constrained to observe that though similar instructions are being issued year after year by the Ministry to contain the excess expenditure under this Grant, it apparently seems that the instructions issued have had little effect on the estimating and disbursing authorities. Going by the trend the Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to ensure effective implementation of the instructions issued. The Committee are also informed that as per the directions of Ministry of Finance, a review of the existing arrangement of Reporting and Accounting of Defence Pensions, an internal Audit was conducted by the O/o the CGDA and in accordance with the recommendations contained in the Report of the CGDA several measures have been initiated to improve budgeting and accounting of pension expenditure. Moreover, Grant No. 21—Defence Pensions has now been covered under Cash Management System from F.Y. 2013-14, therefore, monthly expenditure plan and Quarterly Expenditure allocations of Grant No. 21 has been incorporated in detailed Demands for Grants for F.Y. 2013-14. The Committee would like to be apprised of the outcome of these measures and further action taken by the Ministry as a result thereof to obviate excess expenditure under this Grant in future.

10. The Committee note that against the final appropriation of ₹ 284234.60 crore sanctioned under Revenue-Charged Section of Appropriation No. 34—Interest Payments during the fiscal 2011-12, the Department of Economic Affairs incurred expenditure of the order of ₹ 287182.18 crore resulting in an excess expenditure of ₹ 2947.58 crore despite obtaining Supplementary Grant of ₹ 11904.32 crore. The Scrutiny of Explanatory Notes revealed that the excess expenditure under this Appropriation was incurred mainly due to enhanced borrowing and high rate of interest, inclusion of premium paid on issue of dated securities, shifting of investments from intermediate Treasury Bills to auction based Treasury Bills by the State Government, exchange rate variation etc. The Committee further observe from the Explanatory Note furnished by the Department of Economic Affairs that the Department took only one Supplementary Grant of ₹ 11904.32 crore in August, 2011. After that no Supplementary Grants were taken till the end of the financial year for enhancement of the Budget Provision under this Appropriation. However, reply of the Ministry is completely silent about the reasons for not assessing their actual requirements of funds between August, 2011 and March, 2012. The Committee are of the view that a precise assessment of funds required to cover the impending excess expenditure could have been made and adequate Supplementary provisions sought from Parliament. Unfortunately, the Supplementary provision *i.e.* ₹ 11904.32 crore could not meet the additional requirements under this Appropriation leaving the balance for Parliament to regularize. Barring unforeseen circumstances, it is not expected of any Ministry to cross their financial limit even after making such a huge Supplementary provision



as has happened in this case. The Committee take a serious view of the casual approach of the Ministry of Finance which is supposed to be a role model for others to emulate in the matter of framing not only the original budget estimates but also revised budget estimates. The Committee desire that the reasons for failure to make realistic assessment of funds requirement be analysed so as to take timely action for ensuring adequate provisions for funds under this Appropriation and monitor the progress of expenditure and smooth flow of expenditure within the provisions sanctioned by Parliament.

11. The Committee find that the gap between the budget provision and the actual expenditure was to the tune of ₹ 567.91 crore during the fiscal 2011-12 in case of Revenue—Voted Section of Grant No. 24 —Defence Services—Air force. The Supplementary Grant of ₹ 234.80 crore obtained also proved inadequate to meet the actual needs of the Ministry of Defence under this Grant. According to the Ministry, this was mainly due to grant of MACP to service personnel, sanction of higher rate of Dearness Allowance, enhancement of other allowances due to DA rate exceeding 50%, variations in strength and price escalation of ration commodities, change in rate of excise duty from 10.3% to 12.36%, deduction of LD charges materialization of supplies of certain unexpected critical items from Ordnance Factories and exchange rate variations. The Committee feel that the requirements for these factors could have been realistically assessed and forecast at the time of seeking Supplementary Grant and timely additional provisions should have been made in the Revised Estimates. The Committee, therefore, urge that the Ministry of Defence take effective measures to precisely anticipate and assess the actual requirement of funds at various stages of budgeting process so as to bridge the gap between the budget provision and actual expenditure.

12. The Committee are displeased to note that this is not the first occasion when excesses under this Grant has come to their notice as an excess expenditure of ₹ 42.76 crore and ₹ 610.37 crore was also reflected during the fiscal 2005-06 and 2008-09 respectively. While, dealing with the excess expenditure of ₹ 610.37 crore under this Grant during the year 2008-09, the Committee had expected the Ministry of Defence to introspect the inadequacies of their extant arrangements for checking excess expenditure and devise some concrete ways and means in consultation with the Ministry of Finance to overhaul their budgeting mechanism. The Committee have been informed that pursuant to their earlier recommendations contained in the 22nd & 36th Reports (15th Lok Sabha) the Ministry of Defence had issued detailed instructions to all concerned to ensure even flow of expenditure so as to avoid any excess expenditure in this Grant. Recurrence of excess expenditure to the tune of ₹ 567.91 crore during the year 2011-12 under this Grant clearly indicate that the instructions issued in the past had hardly any effect in improving the budgetary procedures and financial controls within the Ministry. Mindful of the fact that repeated assurance of issuing instructions would not serve the desired purpose unless these instructions are strictly enforced and effectively monitored, the Committee urge the Ministry to examine critically the specific steps taken towards implementation of the instructions and identify additional measures to contain/curtail the recurring phenomenon of excess expenditure under this Grant.

13. During the financial year under review, the Department of Posts incurred an excess expenditure of ₹ 400.04 crore under Revenue (Voted) and Capital (Charged) sections of Grant No. 13—Postal Services. The Committee's examination of the matter has revealed that this excess expenditure of ₹ 400.04 crore under Revenue—Voted portion had occurred despite obtaining Supplementary provision of ₹ 240.07 crore. According to the Department of Posts, this excess expenditure had occurred mainly due to leave encashment on availing LTC, Grant of MACP, increase in Pay and Allowances, more retirement, Pension Gratuities to extra Departmental Agents, Pension and Family Pensions etc. According to the Committee, most of the reasons attributed for such excess expenditure could well have been anticipated by the Department at the Budget preparation stage and/or at the Revised/Supplementary Grant stage. The Committee are of the firm view that substantial part of the excess expenditure under this Grant could have been avoided by making adequate advance provisions to meet the anticipated liabilities. The Committee would, therefore, recommend the Department of Posts to accurately estimate their requirement of funds at Budget Estimate/Revised Estimate stage taking into account all probable expenditure that might crop up during the year so as to keep the expenditure within the limits of the amount sanctioned in the Grant by Parliament.

14. The Committee regret to find that excess expenditure has occurred recurrently under Grant No. 13—Postal Services for the past three years *i.e.* ₹ 818.13 crore in 2009-10, ₹ 366.63 crore in 2010-11 and ₹ 400.04 crore in 2011-12 for the same reasons. While explaining the reasons for this recurring expenditure, the Department of Posts submitted that they had received short funds from the Ministry of Finance in the last three years (₹ 81.33 crore short in 2009-10, ₹ 198.59 crore short in 2010-11 and ₹ 124.82 crore short in 2011-12). From a comparison of the excess expenditure incurred *vis-à-vis* the reduction in the proposed amount, the Committee conclude that the excess expenditure incurred during these years is far more than the reduction of proposed funds made by the Ministry of Finance. Clearly, the Department of Posts have not drawn any lessons from their past experience and have once again failed to exercise adequate care in assessing their actual requirement of funds even while obtaining Supplementary Grants. Although, the expenditure in the Department of Posts is reportedly monitored by conducting video conference by the Secretary (Posts) with the Head of Postal Circles each month so as to keep the expenditure within the limits, the Committee are constrained to observe that this exercise proved futile in containing the expenditure within the budgetary ceilings during the year 2011-12. Obviously, the present system for assessment of requirement of funds and monitoring of expenditure under this Grant leaves much to be desired. While commenting on the recurrent excesses under this Grant, the Committee in their 64th Report (15th Lok Sabha) had urged upon the Department of Posts to overhaul their prevailing expenditure review mechanism to provide sufficient checks and balances against any possible wanton sanction and utilization of funds under this Grant. However, the Action Taken Note furnished by the Department of Posts did not mention anything about the measure taken in this regard. While reiterating their earlier recommendation, the Committee would like to emphasize that the Department of Posts should henceforth unfailingly pinpoint the

inadequacies in the management of this Grant and evolve an effective mechanism to bring continual and progressive improvement in accurate estimation of budget requirements in future.

15. The Committee's examination of Indian Railways Appropriation Accounts for the Financial Year 2011-12 has revealed that the Ministry of Railways incurred a total excess expenditure of ₹ 1049.86 crore (after misclassification) under five cases of four excess registering Grants/Appropriations. The Committee note that there is some decrease in excess expenditure as well as excess registering Grants/Appropriations during the year 2011-12 as compared to the earlier year when an excess expenditure of ₹ 3056.86 crore was incurred under 10 Grants/Appropriations. Out of total excess expenditure of ₹ 1049.86 crore incurred during 2011-12, the bulk of the expenditure amounting to ₹ 1049.48 crore constituting 99.96% of the total excess expenditure was incurred under two Grants only *i.e.* (i) Grant No. 12—Miscellaneous Working Expenses (₹ 279.86 crore) and (ii) Grant No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits (₹ 769.62 crore). According to the Ministry, the reasons for excess expenditure were adjustment of more debits and more expenditure towards compensation claims, more expenditure towards accident insurance and compensation, more materialisation of claims and adjustment of debits, more payment towards *ex-gratia* pension, receipt of more debits towards family pension due to revision of family pension cases, finalization of more cases of death cum retirement gratuity, more expenditure on leave encashment for pension optees, etc. The Committee do not consider these reasons for incurring huge excess expenditure to be compelling as many of these issues could have been anticipated well in advance and factored into at the time of finalization of Grants through three stages of Supplementary Grants. What is still more disturbing is the fact that Supplementary Grants of ₹ 1502.86 crore were obtained in four out of five excess registering Grants/Appropriations. The expenditure under Appropriation No. 3—Working expenses—General Superintendence and Services was incurred without any original provisions. Further, there was no expenditure against the original provision under Appropriation No. 7—Working expenses—Repairs and Maintenance of Plant and Equipment, the excess expenditure of ₹ 0.07 crore was incurred due to net effect of ₹ 0.10 crore on account of misclassification of expenditure due to wrong booking under Voted instead of Charged Appropriations. The wide variations between the budgeted figures and the actual expenditure leads the Committee to an obvious conclusion that the Ministry of Railways have failed to precisely anticipate, assess and provide for the funds actually required by them and they have been incurring excess expenditure almost every year citing the same reasons. The Committee's examination of persistent excesses for the last five years *i.e.* 2007-08 to 2011-12 has revealed that out of 16 Grants/Appropriations operated by the Ministry of Railways persistent excesses occurred in 9 Grants/Appropriations in at least three years out of those five years. The Committee in Para 11 of their 64th Report (15th Lok Sabha) had recommended that the Ministry of Railways should strive earnestly for ensuring realistic estimation of their budgetary requirements under Grants/Appropriations operated by them so that the existing lapses/loopholes are identified and excess expenditure eliminated. Apparently, the Ministry of Railways have not made serious

efforts to bring about the desired results. While taking a serious view of such a laxity on the part of the Ministry of Railways, the Committee recommend that the Ministry should look into the recurrent lapses on this count, with a view to fixing responsibility at the appropriate level so that the existing deficiencies and shortcomings in the prevailing expenditure review system are rectified and recurrence of excess expenditure is either avoided altogether or minimized to a greater extent in future.

16. The Committee are distressed to find that a large number of cases of misclassification of expenditure under various Grants/Appropriations operated by the Ministry of Railways have turned out to be a recurring phenomenon. During the last 10 financial years, the Committee have come across 55 cases of misclassification of expenditure on the part of the Railways. During the year 2011-12, misclassification of expenditure of ₹ 1.75 crore has occurred under two Grants/Appropriations *i.e.* ₹ 1.65 crore under Grant No. 12—Miscellaneous Working Expenses and ₹ 0.10 crore under Appropriation No.—7—Working Expenses—Repairs and Maintenance of Plant and Equipment. Much to the consternation of the Committee, the unspent provisions under Appropriation No. 7 turned into excess expenditure due to misclassification. The Committee take a serious note of such errors which could have been detected had adequate attention been paid to promptly check and reconcile the account figures. Needless to say, such misclassifications indicate not only apparent inadequacies in the accounting system of the Ministry of Railways but also glaring lapses on the part of accounting officials. Only last year, while taking a serious view of such callous approach on the part of Ministry of Railways, the Committee had recommended that the existing budgetary mechanism in the Railways needs to be revamped to overcome systemic lacunae/loopholes and progressive elimination of the misclassification syndrome and responsibility fixed on the persons responsible for the apparent lapses. However, no action seems to have been taken by the Ministry in this regard. Taking note of the recurring and dangerous trend of misclassifications, the Committee exhort the Ministry of Railways to enquire into the reasons and circumstances for preparing such defective accounts, identify the individual officers responsible for such mistakes as also the ambiguity in the rules/instructions leading to misclassification and initiate suitable prophylactic and punitive measures to ensure proper upkeep and maintenance of books of accounts so that the propensity for misclassifications/wrong booking of expenditure are detected in time and rectified accordingly.

17. Subject to the Observations/Recommendations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in paragraph 15 of Part-I of this Report be regularized in the manner prescribed in Article 115 (1) (b) of the Constitution of India.

NEW DELHI;  
31 January, 2014  
11 Magha, 1935 (Saka)

DR. MURLI MANOHAR JOSHI  
*Chairman,*  
*Public Accounts Committee.*

ANNEXURE I

EXPLANATORY NOTES FURNISHED BY THE MINISTRIES/  
DEPARTMENTS CONCERNED

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE (FINANCE)  
(MAIN OFFICE)

**EXCESS NOTE**

Note for Public Accounts Committee for regularization of excess expenditure of Rs. 356881.46 lakh occurred in Revenue Section (Voted) of Grant No. 21 Defence Pensions as disclosed in Appropriation Accounts (Defence Pensions) for 2011-12.

<b>REVENUE SECTION (VOTED)</b>		<i>(Rs. in thousand)</i>
Original Grant	:	33999,75,00
Total Grant	:	33999,75,00
Actual Expenditure	:	37568,56,46
Excess	:	3568,81,46

2. Under Revenue Section (voted) of Grant No. 21 Defence Pensions for 2011-12 original provision was Rs. 33999,75,00 thousand. Against this the expenditure of Rs. 37568,56,46 thousand was incurred resulting an excess of Rs. 3568,81,46 thousand.

3. The Excess of Rs. 3568,81,46 thousand was the net effect of total excess of Rs. 3571,19,46 thousand less total savings of Rs. 2,38,00 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)	
		<i>(Rs. in thousand)</i>	
	Original Grant	:	29649,33,77
	Re-appropriation	:	(+) 27,28,87
	Total Grant	:	29676,62,64
	Actual Expenditure	:	32929,45,11
	Excess	:	(+) 3252,8247

The excess of Rs. 3252,82,47 thousand under this head is mainly due to receipt of more cases of MACP, local discharge, pre-release cases and death cases and booking of pending pension scrolls received from banks to clear amount under suspense.

(ii)	2071.02	Defence (SMH)
	2071.02.101	Army (Minor Head)
	2071.02.101.03	Leave Encashment (Sub-Head)
		<i>(Rs. in thousand)</i>
	Original Grant	: 1074,19,23
	Re-appropriation	: (-) 18,49,87
	Total Grant	: 1055,69,36
	Actual Expenditure	: 1070,94,30
	Excess	: (+) 15,24,94

The excess of Rs. 15,24,94 thousand under this head is mainly due to the more balances of Earned Leave at the credit of retirees and also the impact of the provision of encashment of 10 days EL during the LTC.

(iii)	2071.02	Defence (SMH)
	2071.02.102	Navy (Minor Head)
	2071.02.102.01	Pension and other Retirement Benefits (Sub-Head)
		<i>(Rs. in thousand)</i>
	Original Grant	: 964,80,76
	Re-appropriation	: (-) 35,73,96
	Total Grant	: 929,06,80
	Actual Expenditure	: 1049,73,81
	Excess	: (+) 120,67,01

The excess of Rs. 120,67,01 thousand under this head is mainly due to more number of retirees than expected and booking of pending Pension scrolls received from banks to clear amount under suspense.

(iv)	2071.02	Defence (SMH)
	2071.02.102	Navy (Minor Head)
	2071.02.102.03	Leave Encashment (Sub-Head)
		<i>(Rs. in thousand)</i>
	Original Grant	: 92,30,79
	Re-appropriation	: (+) 35,83,96
	Total Grant	: 128,14,75
	Actual Expenditure	: 137,00,85
	Excess	: (+) 8,86,10

The excess of Rs. 8,86,10 thousand under this head is mainly due to half pay leave encashment at the time of retirement where earned leave was falling short and the more balances of Earned Leave at the credit of retirees.

(v)	2071.02	Defence (SMH)
	2071.02.103	Air Force (Minor Head)
	2071.02.103.01	Pension and other Retirement Benefits (Sub-Head)
		<i>(Rs. in thousand)</i>
	Original Grant	: 2053,02,60
	Re-appropriation	: (-)44,54,83
	Total Grant	: 2008,47,77
	Actual Expenditure	: 2182,05,32
	Excess	: (+) 173,57,55

The excess of Rs. 173,57,55 thousand under this head is mainly due to booking of Pension scrolls received from banks to clear amount under suspense.

(vi)	2071.02	Defence (SMH)
	2071.02.103	Air Force (Minor Head)
	2071.02.103.02	Rewards
		<i>(Rs. in thousand)</i>
	Original Grant	: 4,00
	Total Grant	: 4,00
	Actual Expenditure	: 5,39
	Excess	: (+) 1,39

The excess of Rs.1,39 thousand under this head is mainly due to payment of Gallantry Awards more than assessed at the time of RE stage in respect of Air Force Pensioners.

The total grant under the voted portion of Revenue Section is Rs. 33999,75,00 thousand and excess amount of Rs. 3568,81,46 thousand has been incurred. Defence Pensions is an obligatory type of expenditure and cannot be stopped for want of funds. Further, in view of the fact that expenditure, for which cash flow has already taken place in the books of RBI, was required to be brought to account, the pending pensions scrolls amounting to Rs. 356881,46 lakhs had to be booked under the Defence Pensions Head to clear the amount laying under RBI Suspense to reflect the true picture of cash flow from the Government Account.

In the circumstances explained above the total excess of Rs. 356881.46 lakh 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/2011/51 dated 12/7/12 (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 to an optimum level Necessary remedial measures/corrective action should be taken promptly. It is also suggested to adopted e-governance model to utilize the information technology services/tools so as to establish a centralized data base of pensioners, and networking of all the banks so as to arrive at a correct estimation of pension liability and expenditure in the particular year.

This has been vetted Audit *vide*— DGADS UO NO.301/AA-8/2011-12/Defence Pension dt. 6/12/2012.

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

Sd/-  
(Rajnish Kumar)  
Addl. FA & Joint Secretary

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE (FINANCE)  
(MAIN OFFICE)

### EXCESS NOTE

Note for Public Accounts Committee for regularization of excess expenditure of Rs. 28.54 lakh occurred in Revenue Section (Charged) of Grant No. 21 Defence Pensions as disclosed in Appropriation Accounts (Defence Pensions) for 2011-12.

#### REVENUE SECTION (VOTED) (Rs. in thousand)

Original Grant	: 25,00
Supplementary	: 29,00
Total Grant	: 54,00
Actual Expenditure	: 82,54
Excess	: 28,54

2. Under Revenue Section (Charged) portion of Grant No. 21 Defence Pensions for 2011-12 original provision was Rs. 25,00 thousand. This was augmented to Rs. 54,00 thousand on obtaining Supplementary Grant of Rs. 29,00 thousand. Against this the expenditure of Rs. 82,54 thousand was incurred resulting an excess of Rs. 28,54 thousand.

3. The Excess of Rs. 28,54 thousand was the net effect of total excess of Rs. 33,54 thousand less total savings of Rs. 5,00 thousand under various sub heads of the Grant.

4. 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)



(Rs. in thousand)

Original Grant	: 20,00
Supplementary	: 20,50
Total Grant	: 40,50
Actual Expenditure	: 70,10
Excess	: (+) 29,60

The excess of Rs. 29,60 thousand under this head is mainly due to the implementation of Court Decree which is an obligatory expenditure:—

(ii) 2071.02	Defence (SMH)
2071.02.10	Army (Minor Head)
2071.02.101.03	Leave Encashment (Sub-Head)

(Rs. in thousand)

Original Grant	: 0
Supplementary	: 8,50
Total Grant	: 8,50
Actual Expenditure	: 12.44
Excess	: (+) 3,94

The excess of Rs. 3,94 thousand under this head is mainly due to the implementation of orders awarded by Armed Forces Tribunal which is an obligatory expenditure.

The Total grant under the Charge Portion of the Revenue Section of the Grant is Rs. 54,00 thousand and excess amount of Rs. 28,54 thousand has been incurred. The excess expenditure has been incurred due to the implementation of Court Decree which is an obligatory expenditure and it is difficult to forecast the exact budget provision under the Charged Portion in advance. In the circumstances explained about the total excess of Rs. 28,54 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. 23(2)/MO/2011/51 dated 12.7.2012 (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 and to an optimum level. Necessary remedial measures/corrective action should be taken promptly.

This has been vetted Audit *vide* DGADS UO No. 81/AA-8/2011-12/Defence Petitions dt. 14.9.2012.

F.No. 2(6)/MO/2011-12

Sd/-  
(Rajnish Kumar)  
Addl. FA & Joint Secretary.

MINISTRY OF DEFENCE (FINANCE)  
(MAIN OFFICE)

**Subject:** Instructions/Caution 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.

While going through the March Final Account (15/2012)/expenditure Statement in r/o Defence Pensions, it has been observed that during the financial year 2011-12 and excess expenditure of Rs. 3569.39 crore under Revenue Portion of the Grant has been incurred, against the sanctioned provision of Rs. 34,000 crore.

2. It is, therefore, stressed that utmost caution and accuracy be adopted while estimating requirement of funds for RE 2012-13 and BE 2013-14 after taking in to account the instructions issued by Ministry of Finance from time to time and adhere to the expenditure control during the current/ensuring 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.* 2011-12), etc.

3. It is also observed that, from the Financial year 2008-09 onwards there is a persistent excess expenditure being booked under the Pension Heads which clearly indicate systemic weakness in budgetary control. It is also observed that there has been wide gap between the Budget Estimate figures and the actual RBI Cash flow on account of Pension expenditure during the last few years which leads to accumulation of amount under Suspense Head. Due to this reason, a huge excess expenditure of Rs. 8999.54 crore has been incurred in the FY 2009-10 to clear pending pension vouchers/scrolls lying under Suspense head. This has been adversely commented by the PAC in its 40th Report. The Public Accounts Committee in its report pointed out that concrete measures need to be taken to revamp the system so that the pension liability can be correctly forecast and factored into the budgetary estimations. The Committee also stressed for the corrective action plan so that existing deficiencies and shortcomings in the pension payment system are rectified. It is also suggested to adopt e-governance model to utilize the information technology services/tools so as to establish a centralized data base of pensioners an networking of all the banks so as to arrive at a correct estimation of pension liability and expenditure in a particular year.

4. In this regard, kind attention is drawn towards various measures initiated by the O/o CGDA in consultation with various pension sanctioning authorities to promote e-governance model and use of IT as intimated by the O/o the CGDA *vide* their UO Letter No. A/B/I/0107/AA-DP/10-11 dt. 06.06.2012 (copy enclosed). It is requested to implement these measures as soon as possible so that PCDA(P) Allahabad can do correct and timely booking of pension expenditure by automating classification and accounting system.

5. These instructions may please be circulated 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 position to DGA, DS.

6. This issues with the approval of JS & Addl. FA(RK).

Sd/-  
(S.K. Jassal)  
Asst. Financial Adviser (MO)  
Tel: 23014890/2404

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

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[MoD (Fin.) ID No. 2(6)/MO/2011/51/FG- dt. 12.07.2012].

OFFICE OF THE CONTROLLER GENERAL OF DEFENCE ACCOUNTS  
(ACCOUNTS & BUDGET DIVISION)  
ULANBATAAR ROAD, PALAM, DELHI CANTT.

**Subject:** Action Taken on the observations/ recommendations contained in the 40th Report of the Public Accounts Committee (PAC) (15th Lok Sabha) on Excess Over Voted Grants and Appropriation (2009-10)—Defence Pensions.

Ministry of Defence (Fin./MO) may kindly refer to their DO Letter No. 26(7)/MO/2011/195 dated 23rd May, 2012 on the above subject.

The observations/recommendations contained in Paras 1, 2, 3, 4, 5, 6, 10 & 14 related to Appropriation Accounts of the Union Government including Civil Ministries, Defence Services, Postal Services and Railways for the year 2009-10.

Para 9 of the PAC report was specific to the Defence Pensions (Grant No. 21), therefore, 'Action Taken Note' was sent to Ministry of Defence (Fin./MO) *vide* this office UO of even number dated 15.05.2012. Comments on other paras of the PAC report are as under:—

*Paras 1 & 3*

In these paras, Public Accounts Committee has highlighted the total excess expenditure of Rs. 14581.86 crore in 20 cases pertaining to 18 Grants in the Appropriation Accounts of the Union Government for the financial year 2009-10, which includes excess booking of Rs. 8999.54 crore in respect of Grant No. 21—Defence Pensions. In this regard it is mentioned that since budget was not available for booking of pending pension scrolls, the amount was booked to suspense head by PCDA(P) Allahabad. The booking to Pension heads was however done at the closing of accounts for the year, at the instance of Ministry of Defence (Fin./MO) in order to

clear the amount lying under suspense. The same was appropriately explained in the Appropriation Accounts in respect of Defence Pensions for the year 2009-10.

In this regard, PCDA(P), Allahabad has been instructed to streamline budget estimation process *vide* this office letter dated 10.05.2012 (copy enclosed) so as to avoid recurrence of excess expenditure in future because of incorrect estimation of budget.

Further, in accordance with the observations of PAC, Pension disbursement agencies *viz.* Banks have been approached for transmission of pension payment data electronically so as to enable PCDA(P), Allahabad to ensure correct and timely booking of pension expenditure by automating classification & accounting system through computerized system.

*Para 2*

Para deals mainly with misclassification of expenditure in Grants/Appropriations in respect of Ministry of Railways, hence no comments.

*Para 4*

No comments. Ministry may reply.

*Paras 5, 6 & 9*

In order to ensure realistic estimation of budget for pension expenditure, necessary instructions have been issued to PCDA(P), Allahabad to streamline budget forecasting process and take into account previous year's liabilities while projecting expenditure for next year.

Further, to promote e-governance model and use of Information Technology, following measures have been initiated by this office in consultation with various Pension sanctioning authorities:

- New computer application for pension sanction is being developed to create pension data base at the time of issue of PPOs.
- In order to automate disbursement and accounting of pension payments made by departmental PDA *i.e.* DPDO, a web based online application has been implemented in all 61 DPDOs.
- Pension disbursement agencies *viz.* Banks have been approached for transmission of pension payment data electronically so as to enable PCDA(P) Allahabad to ensure correct and timely booking of pension expenditure by automating classification & accounting system.

*Para 10*

Monthly analysis of booking is carried out to find out variation between the expenditure booked to Defence pension heads and the cash flow as per as RBI books. Matter is pursued with PCDA(P) Allahabad and other pension disbursing offices to take necessary steps to bring down the gap between RBI cash flow and booking

made by them to pension heads. Further, PCDA(P) Allahabad has been requested to liaise with the Public Sector Banks concerned to get the pension scrolls expedited.

*Para 14*

No comments. This issues with the approval of CGDA.

Sd/-

Jt. CGDA (A/Cs & Budget)

DFA(E/MO)  
Ministry of Defence (Fin./MO)  
South Block, New Delhi  
UO No. A/B/I/0107/AA-DP/10-11  
Dated: 06.06.2012.

## ANNEXURE II

GOVERNMENT OF INDIA  
MINISTRY OF EXTERNAL AFFAIRS**Excess Note**

Note for Public Accounts Committee in respect of Excess occurred under Capital Section (Voted) of **Grant No. 31 Ministry of External Affairs** as disclosed in the Union Government Appropriation Accounts (Civil) for 2011-12:

**Capital Section (Voted)***(Grant in thousands of ₹)*

Original Grant	7910000
Supplementary Grant	6000000
Total Grant	13910000
Actual Expenditure	13982326
Excess	72326

2. The total provision under Capital Section (Voted) under Grant No. 31 Ministry of External Affairs for 2011-12 was ₹ 7910000 thousand. This was augmented to ₹13910000 thousand by obtaining Supplementary Grant of ₹ 6000000 thousand. Against this, the expenditure of ₹13982326 thousand was incurred, resulting in an excess of ₹ 72326 thousand.

3. The excess of ₹ 72326 thousand were the net effect of savings of ₹16947 thousand and excess of ₹ 89273 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 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 Expdr.	Excess
27500.00	0.00	27500.00	28130.68	630.68

Excess was due to requirement of additional funds for construction activities at Jawaharlal Nehru Bhawan building and various Passport Offices all over India.

(b) **Sub-Head**

Major Head 4216—Capital Outlay on Housing

01—Government Residential Buildings

700—Other Housing

18—External Affairs

*(₹ in lakh)*

Original Grant	Suppl. Grant	Total Grant	Actual Expdr.	Excess
7500.00	0.00	7500.00	7762.05	262.05

Excess was due to ongoing construction projects in Kabul, Dhaka, Kathmandu, Brasilia and Islamabad.

The actual expenditure in respect of each scheme is examined very closely at each stage of the budgetary exercise, and all spending Divisions are advised to ensure submission of realistic assessments of the expenditure. To avoid saving/excess at the end of the financial year, all Missions and concerned Division of the Ministry have been instructed to monitor closely the expenditure on ongoing construction projects using the Integrated Mission Accounting Software System effectively as well as to reconcile the expenditure with the bookings made by the Office of the Principal Chief Controller of Accounts. The challenges associated with monitoring expenditure in respect of projects being executed in India, which has been the main reason for variations in the recent past, have now been broadly addressed in consultation with the Office of Controller of Accounts, Ministry of Urban Development.

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 financial year, all the HOCs of the Missions have been instructed to maintain Expenditure Control Register which helps concerned Divisions to reconcile their expenditure with the booking made by the Office of the Principal Controller of Accounts. The IMAS software developed for the Missions/Posts abroad also contains an Expenditure Control module. At time of inviting the proposal for Revised Estimates for the Current Financial Year and Budget Estimates for the forthcoming financial year, all the spending units under the Ministry of External Affairs are regularly requested to ensure submission of realistic assessments of the expenditure.

Sd/-

(Dr. Asha Ram Sihag)

Additional Secretary & Financial Advisor,  
Ministry of External Affairs.

File No.Q/Bud/731/06/2012

## ANNEXURE III

MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
(BUDGET DIVISION)

Explanatory Note for Public Accounts Committee in respect of excess expenditure occurred under Revenue Section (Charged) of Appropriation No. 34—Interest Payments, as disclosed in the Union Government Appropriation Accounts for 2011-2012.

**Revenue Section (Charged)**

	<i>(₹ in thousands)</i>
Original Appropriation	272330,28,00
Supplementary Appropriation	11904,32,00
Total Appropriation	284234,60,00
Actual Expenditure	287182,18,33
Excess	2947,58,33

2. Under Revenue Section (Charged) of Appropriation No. 34—Interest Payments for 2011-2012, the total appropriation ₹284234,60,00 thousands included original appropriation of ₹ 272330,28,00 thousand and supplementary appropriation of ₹ 11904,32,00 thousand. Against this, the actual expenditure was ₹ 287182,18,33 thousand resulting in excess expenditure of ₹ 2947,58,33 thousand.

3. The above mentioned excess expenditure was the net result of total excess of ₹ 10685,72,27 thousand and total savings of ₹ 7738,13,94 thousand under various sub-heads of the Appropriation. Statement enclosed herewith indicates the excess and savings which occurred under various sub-heads of the Appropriation. The heads under which the excess of ₹ Five lakh and above occurred and reasons therefore are as under.

**(i) 2049.01.101—Interest on Market Loans**

	<i>(₹ in lakh)</i>
Original Provision	1792,90,19.00
Supplementary Provision	30,00,00.00
Total Provision	1822,90,19.00
Actual Expenditure	1894,16,34.10
Excess	71,26,15.10



Excess was due to enhanced borrowing and higher rate of interest and inclusion of premium paid on issue of dated securities.

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

	(₹ in lakh)
Original Provision	58,44,00.00
Supplementary Provision	15,00,00.00
Total Provision	73,44,00.00
Actual Expenditure	91,89,60.35
Excess	18,45,60.65

Excess was due to shifting of investments from intermediate treasury bills to auction based treasury bills by the State Governments.

**(iii) 2049.01.110—Interest on 364 Days Treasury Bills**

Original Provision	38,87,00.00
Supplementary Provision	23,08,59.00
Total Provision	61,95,59.00
Actual Expenditure	69,49,31.65
Excess	7,53,72.65

Excess was due to higher volume of issuance at RE stage.

**(iv) 2049.01.115—Interest on Ways and Means Advances**

Original Provision	5,00,00.00
Supplementary Provision	10,00,00.00
Total Provision	15,00,00.00
Actual Expenditure	15,13,62.05
Excess	13,62.05

Excess was due to stressed cash position of the Government.

**(v) 2049.01.122—Interest on Investment in special Government of India Securities issued against net collections of small savings from 1999-2000**

Original Provision	37,11,85.00
Supplementary Provision	—
Total Provision	37,11,85.00
Actual Expenditure	38,26,94.64
Excess	1,15,09.64

Excess was due to more investment in Government Securities.

(₹ in lakh)

**(vi) 2049.01.128—Discount on Cash Management Bills**

Original Provision	66,90.00
Supplementary Provision	10,00,00.00
Total Provision	10,66,90.00
Actual Expenditure	10,77,79.87
Excess	10,89.87

Excess was due to payment of higher volumes of issuances of Cash Management Bills to meet the short-term mismatches in Government cash balances.

**(vii) 2049.02.207—Interest on Loans from European Economic Community**

Original Provision	87.75
Supplementary Provision	—
Total Provision	87.75
Actual Expenditure	1,00.86
Excess	13.11

Excess was due to exchange rate variation.

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

Original Provision	33,25.99
Supplementary Provision	—
Total Provision	33,25.99
Actual Expenditure	37,21.46
Excess	3,95.47

Excess was due to exchange rate variation.

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

Original Provision	1,18,81.45
Supplementary Provision	—
Total Provision	1,81,18.45
Actual Expenditure	1,52,98.02
Excess	34,16.57

Excess was due to exchange rate variation.

(₹ in lakh)

<b>(x) 2049.02.213—Interest on Loans from International Development Association</b>	
Original Provision	9,26,41.23
Supplementary Provision	35,73.00
Total Provision	9,62,14.23
Actual Expenditure	9,99,56.89
Excess	37,42.66
Excess was due to exchange rate variation.	
<b>(xi) 2049.02.217—Interest on Loans from the Government of Japan</b>	
Original Provision	12,42,77.37
Supplementary Provision	—
Total Provision	12,42,77.37
Actual Expenditure	13,82,01.64
Excess	1,39,24.27
Excess was due to exchange rate variation.	
<b>(xii) 2049.02.223—Interest on Loans from the Government of Swiss Confederation and Swiss Banks</b>	
Original Provision	80.45
Supplementary Provision	—
Total Provision	80.45
Actual Expenditure	97.43
Excess	16.98
Excess was due to exchange rate variation.	
<b>(xiii) 2049.02.226.01—Interest on Loans from the Agency for International Development, U.S.A.: US Aid</b>	
Original Provision	37,75.30
Supplementary Provision	—
Total Provision	37,75.30
Actual Expenditure	40,10.96
Excess	2,35.66
Excess was due to exchange rate variation.	
<b>(xiv) 2049.02.227—Interest on Loans from the Government of USA under PL—480 Convertible Local Currency Credits</b>	
Original Provision	6,50.96
Supplementary Provision	—
Total Provision	6,50.96
Actual Expenditure	6,70.84
Excess	19.88
Excess was due to exchange rate variation.	

(₹ in lakh)

<b>(xv) 2049.02.230—Interest on Loans from the Government of U.S.S.R.</b>	
Original Provision	2,33,85.05
Supplementary Provision	—
Total Provision	2,33,85.05
Actual Expenditure	2,81,13.26
Excess	47,28.21
Excess was due to exchange rate variation.	
<b>(xvi) 2049.03.104.02—Other State Provident Funds</b>	
Original Provision	11,69,19.75
Supplementary Provision	4,00,00.00
Total Provision	15,69,19.75
Actual Expenditure	19,20,09.28
Excess	3,50,89.53
Excess was due to less withdrawals from the fund.	
<b>(xvii) 2049.03.104.02—State Railway Provident Fund</b>	
Original Provision	16,54,39.38
Supplementary Provision	—
Total Provision	16,54,39.38
Actual Expenditure	17,65,12.85
Excess	1,10,73.47
Excess was due to more accretion to the fund.	
<b>(xviii) 2049.03.109.10—Special Deposits of Provident Superannuation Gratuity Fund</b>	
Original Provision	90,77,95.00
Supplementary Provision	1,00,00.00
Total Provision	91,77,95.00
Actual Expenditure	91,79,82.00
Excess	1,87.00
Excess was due to higher payment of interest.	
<b>(xix) 2049.03.109.12—Special Deposits of EPF/EDLI</b>	
Original Provision	6,91,35.71
Supplementary Provision	—
Total Provision	6,91,35.71
Actual Expenditure	7,21,50.55
Excess	30,14.84
Excess was due to higher payment of interest.	

(₹ in lakh)

<b>(xx)</b>	<b>2049.05.105.02—Railway Staff Benefit Fund</b>	
	Original Provision	1,34.00
	Supplementary Provision	—
	Total Provision	1,34.00
	Actual Expenditure	1,74.13
	Excess	40.13
	Excess was due to more requirement than anticipated.	
<b>(xxi)</b>	<b>2049.05.105.07—Interest on National Fund for Drug Abuse</b>	
	Original Provision	—
	Supplementary Provision	—
	Total Provision	—
	Actual Expenditure	82.34
	Excess	82.34
	Excess was due to payment of interest on the fund deposits.	
<b>(xxii)</b>	<b>2049.60.101.02—National Defence Fund</b>	
	Original Provision	71,59.26
	Supplementary Provision	—
	Total Provision	71,59.26
	Actual Expenditure	73,05.75
	Excess	1,46.49
	Excess was due to higher accretion to the fund.	
<b>(xxiii)</b>	<b>2049.60.101.03—Interest under Section 18(5) of the Coal Mines (Nationalisation) Act, 1973</b>	
	Original Provision	24.84
	Supplementary Provision	—
	Total Provision	24.84
	Actual Expenditure	45.72
	Excess	20.88
	Excess was due to more requirement than anticipated.	
<b>(xxiv)</b>	<b>2049.60.111—Interest on Special Securities issued against securitization of balance under Postal Life Insurance</b>	
	Original Provision	—
	Supplementary Provision	5,60,00.00
	Total Provision	5,60,00.00
	Actual Expenditure	5,62,80.00
	Excess	2,80.00
	Excess was due to more payment of interest.	

(₹ in lakh)

**(xxv) 2049.60.701.01—Charges payable to International Monetary Fund for utilisation of Special Drawing Rights**

Original Provision	74,81.19
Supplementary Provision	—
Total Provision	74,81.19
Actual Expenditure	110,40.28
Excess	35,59.09

Excess was due to exchange rate variation and net cumulative allocation of special drawing rights.

**(xxvi) 2049.60.701.04—Interest on Note Purchase Agreement with International Monetary Fund**

Original Provision	—
Supplementary Provision	—
Total Provision	—
Actual Expenditure	3,95.56
Excess	3,95.56

Excess was due to payment of interest as per agreement.

**(xxvii) 2049.60.701.01—Interest on New Agreement to Borrow with International Monetary Fund**

Original Provision	—
Supplementary Provision	—
Total Provision	—
Actual Expenditure	16,75.68
Excess	16,75.68

Excess was due to payment of interest as per agreement.

4. The interest payment is a *Charged* expenditure in terms of 112(3)(c) of the Constitution of India. It is difficult to estimate precisely the interest payments, which are largely dependent on numerous factors such as market borrowings, variation in interest rates, foreign exchange rates, etc. The variation in exchange rate, interest rate etc. cannot be pre-assessed. However, efforts are made to make the estimates precise and upto mark to avoid scale savings or excess and also to keep the variation at the minimum.

### 5. Audit Comments:

While vetting the above Explanatory Note, Audit has made the following observations:—

- (a) The total excess expenditure of ₹ 2,947.58 crore occurred against the total allotted grants clearly indicative of faulty budget estimation and poor observance of financial rules by the Ministry could have enhanced the Budget by taking the options of the supplementary grants as provided in the Article 115 of Constitution of India. However the Ministry took only one supplementary of ₹ 119.04 crore in Aug., 2011. After that no supplementary grants were taken till the end of the Financial Year for enhancement of the Budget provision. Whether any efforts were made by the Department to assess the actual requirements of the funds between August, 2011 and 2012. This aspect may also be incorporated in the note for proper appreciation of the PAC.
- (b) 2049.60.701.01—Interest on New Arrangement to Borrow with International Monetary Fund: Detailed reasons as to why the interest amount could not be foreseen may be given for better appreciation.
- (c) Details of the efforts made to keep the variations to the minimum may please be incorporated in the Note for proper appreciation of the PAC. There is an Imperative need for developing rigid financial control mechanism in the Ministry. Status of the financial control mechanism in the Ministry may also be incorporated in the Note for proper appreciation.

#### Comments of Ministry of Finance on Audit Observations

- (a) & (c) The supplementary obtained under Appropriation No. 34—Interest Payments for 2011-12 was ₹ 11,094.32 crore and not ₹ 119.04 crore as observed by Audit. The expenditure of ₹ 2,947.58 crore is 1.03% of the total appropriation authorised by the Parliament under Appropriation No. 34—Interest Payments for the year 2011-12. Considering the huge appropriation required for interest payment in any financial year, the variation between the total appropriation and the actual expenditure cannot be expected to be eliminated completely. However, this Ministry has been making efforts to minimize this variation.
- (b) The Note Purchase Agreement with IMF was entered into after presentation of Budget for 2011-12 and, hence, the same could not be foreseen.

6. This has been vetted by the Audit *vide* their U.O. No AMG-I/Fin. & Appropriation/A.T.N./2012-13/405-407 dated 08.03.2013.

Sd/-  
(Rajat Bhargava)  
Joint Secretary (Budget).

**Statement showing Excess/Saving occurred in Appropriation No. 34 — Interest Payments for the year 2011-2012**

( ₹ in thousand )

Sl. No.	Head of Account	Original Provision	Supple- mentary	Total Provision	Total Expenditure	Actual Expenditure	Saving(-) Excess(+)
1	2	3	4	5	6	7	8
1.	2048.00.200.13—Payment of premium on buy back of Government Securities	1000000	0	1000000	0	1000000	0
	<b>Total Major Head "2048"</b>	<b>1000000</b>	<b>0</b>	<b>1000000</b>	<b>0</b>	<b>1000000</b>	<b>0</b>
2.	2049.01.01—Interest on Market Loans	1792901900	30000000	1822901900	1894163410	0	71261510
3.	2049.01.103.01—Discount on Treasury Bills — 91 Days Treasury Bills	58440000	15000000	73440000	91896035	0	18456035
4.	2049.01.108—Discount on Treasury Bills — Interest on 182 Days Treasury Bills	17650000	20000000	37650000	37625596	24404	0
5.	2049.01.110— Interest on 364 Days Treasury Bills	38870000	23085900	61955900	69493165	0	7537265
6.	2049.01.111—Interest on Gold Bonds 1998	—	0	0	430	430	0
7.	2049.01.115—Interest on Ways and Means Advances	5000000	10000000	11500000	15136205	0	136205
8.	2049.01.116—14 Days Treasury Bills	49000000	0	49000000	37955177	1104823	0
9.	2049.01.118—Interest on Marketable Securities issued in conversion of special securities	48555700	0	48555700	48555675	25	0
10.	2049.01.121—Interest on Investment in Special GoI securities issued against outstanding balances of small savings as on 1.4.1999	67797600	0	67797600	67797649	0	49



1	2	3	4	5	6	7	8
11.	2049.01.122—Interest on Investment in Special GoI securities issued against net Collections of small savings from 1999-2000	37118500	0	37118500	38269464	0	1150964
12.	2049.01.125—Special GoI securities issued to National Small Savings Fund (NSSF) against reinvestment of sums received on redemption of Special Central/State Govts. securities	96984900	0	96984900	74081258	22903642	0
13.	2049.01.126—Interest/discount paid on Market Stabilisation Scheme Deposit of Money in the Bank	9464800	0	9464800	0	9464800	0
14.	2049.01.128—Cash Management Bills	669000	10000000	10669000	10777987	0	108987
15.	2049.01.200.03—Compensation and other Bonds	42210400	0	42210400	36019319	6191081	0
16.	2049.01.305—Management of Debt	6102000	0	6102000	5915884	186116	0
17.	2049.02.2070—Interest on Loans from European Economic Community	8775	0	8775	10086	0	1311
18.	2049.02.208—Interest on Loans from the Govt. of France	332599	0	332599	372146	0	39547
19.	2049.02.209—Interest on Loans from the Government of Federal Republic of Germany	1188145	0	1188145	1529802		341657
20.	2049.02.213—Interest on Loans from International Development Association	9264123	357300	9621423	9995689	0	374266

21.	2049.02.214—Interest on Loans from International Fund for Agricultural Development	146265	0	146265	135327	10938	0
22.	2049.02.216—Interest on Loans from the International Bank for Reconstruction and Development (IBRD)	6009181	0	6009181	3500181	2509000	0
23.	2049.02.217—Interest on Loans from the Govt. of Japan	12427737	0	12427737	13820164	0	1392427
24.	2049.02.221—Interest on Loans from OPEC Special Fund	27588	0	27588	15029	12559	0
25.	2049.02.223—Interest on Loans from the Government of Swiss Confederation and Swiss Banks	8045	0	8045	9743	0	1698
26.	2049.02.226.01—Interest on Loans from the Agency for International Development, U.S.A.: US Aid	377530	0	377530	401096	0	23566
27.	2049.02.227—Interest on Loans from the Government of USA under PL—480 Convertible Local Currency Credits	65096	0	65096	67084	0	1988
28.	2049.02.228—Interest on other Miscellaneous loans from the Government of U.S.A.	317	0	317	316	1	0
29.	2049.02.230—Interest on loans from the Govt. of U.S.R.	2338505	0	2338505	2811326	0	472821
30.	2049.02.249—Interest on Loans from Asian Development Bank	3528327	0	3528327	2344952	1183375	0

1	2	3	4	5	6	7	8
31.	2049.03.104.01—General Provident Fund	51265187	0	51265187	48195784	3069403	0
32.	2049.03.104.02—Other State Provident Funds	11691975	4000000	15691975	19200928	0	3508953
33.	2049.03.104.04—State Railway Provident Fund	16543938	0	16543938	17651285		1107347
34.	2049.03.108.01—Bombay Family Pension Fund of Government Servants Life Assurance	1	0	1	0	1	0
35.	2049.03.108.02—Family Pension-cum-life Assurance Funds for Industrial Workers	49536478	0	49536478	45516000	4020478	0
36.	2049.03.108.03—Central Government Employees Group Insurance Scheme	3500000	0	3500000	3375668	124332	0
37.	2049.03.108.04—Union Territory Government Employees Group Insurance Scheme	179100	0	179100	162984	16116	0
38.	2049.03.108.05—Hindu Family Annuity Fund	1	0	1	0	1	
39.	2049.03.108.06—Postal Insurance and Life Annuity Fund	17425875	0	17425875	9899634	7526241	
40.	2049.03.109.09—Special Deposits of E.S.I.C.	6630052	0	6630052	6630052	0	0
41.	2049.03.109.10—Special Deposits of Provident Superannuation Gratuity Fund	90779500	1000000	91779500	91798200	0	18700
42.	2049.03.109.11—Special Securities issued to Unit Trust of India	110410	0	110410	110410	0	0
43.	2049.03.109.12—Special Deposits of EPF/EDLI	6913571	0	6913571	7215055	0	301484

44.	2049.03.109.16—11.5% Government of India (Industrial Investment Bank of India Limited) Special Security, 2021	115000	0	115000	115000	0	0
45.	2049.03.109.17—9.75% Govt. of India (Industrial Finance Corporation of India Limited) Special Security, 2021	390000	0	390000	390000	0	0
46.	2049.03.110.01—Bonus for undischursed Pay of India Ranks	2534480	0	2534480	837347	1697133	0
47.	2049.03.11.01—Interest on Deposits Scheme for retiring Government employees	10000	0	10000	4824	5167	0
48.	2049.03.11.1.02—Interest on Deposits Scheme for retiring employees of Public Sector Undertakings	10000	0	10000	0	10000	0
49.	2049.03.111.03—Other Expenses relating to Deposit Scheme for retiring employees	5	0	5	0	5	0
50.	2049.03.117—Interest on Defined Contribution Pension Scheme	100	0	100	61	39	0
51.	2049.05.101.01—Railway Depreciation Reserve Fund	43400	0	43400	0	43400	0
52.	2049.05.101.03—Opium and Alkaloid Factories Depreciation Reserve Fund	17500	0	17500	14194	3306	0
53.	2049.05.101.04—Lighthouse and Lightships Depreciation Reserve Fund	61000	0	61000	60536	464	0
54.	2049.05.103—Interest on Railway Development Fund	49200	0	49200	0	49200	0
55.	2049.05.105.01—Railway Pension Fund	133600	0	133600	2889	130711	0

1	2	3	4	5	6	7	8
56.	2049.05.105.02—Railway Staff Benefit Fund	13400	0	13400	17413	0	4013
57.	2049.05.105.04—Interest on Railway Capital Reserve Fund	308400	0	308400	0	308400	0
58.	2049.05.105.07—Interest on National fund for Control of Drug Abuse	0	0	0	8234	0	8234
59.	2049.05.105.08—Interest on Price Stabilisation Fund	585000	0	585000	583947	1053	0
60.	2049.60.101.02—National Defence Fund	715926	0	715926	730575		14649
61.	2049.60.101.03—Interest under Section 18(5) of the Coal Mines (Nationalisation) Act 1973	2484	0	4572	0	2088	0
62.	2049.60.101.09—Coal Mines Deposit Linked Insurance Fund	129896	0	129896	0	129896	0
63.	2049.60.101.12—Interest on Employees Deposit Linked Insurance Scheme	4607000	0	4607000	4607000	0	0
64.	2049.60.101.16—Interest on Deposits on NRI Bonds Scheme	5000	0	5000	0	5000	0
65.	2049.60.101.21—Interest on Deposits of Gratuity and Committed value of pension of employees absorbed in N.A.A.	15	0	15	0	15	0
66.	2049.60.101.26—Interest/Incentive of Mahila Samridhi Yojana	5	0	5	0	5	0
67.	2049.60.101.27—Interest on Swarnajayanti Fellowship deposits	70000	0	70000	70000	0	0

68.	2049.60.101.30—Interest under Section 9(2) & 18 (6) of Textile Undertakings (Nationalisation) Act, 1995	4567	0	4567	0	4567	0
69.	2049.60.106.03—7% Oil Companies' GoI Special Bonds, 2012	4033995	0	4033995	0	4033995	0
70.	2049.60.106.05—7.47% Oil Marketing Companies GoI Special Bonds, 2012	1494000	0	1494000	0	1494000	0
71.	2049.60.106.06—7.61% Oil Marketing Companies GoI Special Bonds, 2015	1331750	0	1331750	0	1331750	0
72.	2049.60.106.08—7.44% Oil Marketing Companies GoI Special Bonds, 2012	1488000	0	1488000	0	1488000	0
73.	2049.60.106.09—7.59% Oil Marketing Companies GoI Special Bonds, 2015	1328250	0	1328250	0	1328250	0
74.	2049.60.106.10—7.75% Oil Marketing Companies GoI Special Bonds, 2021	3875000	0	3875000	0	3875000	0
75.	2049.60.106.11—8.01% Oil Marketing Companies GoI Special Bonds, 2023	3324150	0	3324150	0	3324150	0
76.	2049.60.106.13—8.20% Oil Companies' GoI Special Bonds, 2024	12551191	0	12551191	0	12551191	0
77.	2049.60.106.14—8.40% Oil Marketing Companies GoI Special Bonds, 2026	4175640	0	4175640	0	4175640	0
78.	2049.60.106.15—7.95% Oil Marketing Companies Govt. of India Special Bonds, 2025	8949251	0	8949251	0	8949251	0
79.	2049.60.106.17—8.40 % Oil Companies' Government of India Special Bonds, 2025	7809413	0	7809413	0	7809413	0

1	2	3	4	5	6	7	8
80.	2049.60.106.18—8.20% Oil Companies' Government of India Special Bonds, 2023	18040000	0	18040000	18040000	0	0
81.	2049.60.106.19—6.35% Oil Companies' Government of India Special Bonds, 2024	13970000	0	13970000	13970000	0	0
82.	2049.60.106.20—6.90% Oil Companies' Government of India Special Bonds, 2026	15139980	0	15139980	15139980	0	0
83.	2049.60.106.21—8% Oil Companies' Government of India Special Bonds, 2026	8000000	0	8000000	8000000	0	0
84.	2049.60.107.01—8.15% Govt. of India Food Corporation of India Special Bonds, 2022	4075000	0	4075000	4075000	0	0
85.	2049.60.107.02—8.03% Govt. of India Food Corporation of India Special Bonds, 2024	4015000	0	4015000	4015000	0	0
86.	2049.60.107.04—8.23% Govt. of India Food Corporation of India Special Bonds, 2027	5102600	0	5102600	5102600	0	0
87.	2049.60.108.01—8.13% Oil Marketing Companies' GoI Special Bonds, 2027	4065000	0	4065000	4065000	0	0
88.	2049.60.109.01—8.30% Fertiliser Companies Govt. of India Special Bonds, 2023	3228700	0	3228700	3223051	5649	0
89.	2049.60.109.03—7.95% Fertiliser Companies Govt. of India Special Bonds, 2026	2869950	0	2869950	2837910	32040	0
90.	2049.60.109.04—7% Fertiliser Companies Govt. of India Special Bonds, 2022	7000000	0	7000000	5146993	1853007	0

91.	2049.60.109.05—6.20% Fertiliser Companies Govt. of India Special Bonds, 2022	2480000	789066	1690934	0
92.	2049.60.109.06—6.65% Fertiliser Companies Govt. of India Special Bonds, 2023	3990000	1866683	2123317	0
93.	2049.60.110—Interest on State Bank of India Rights Issue 8.35% Special Bonds, 2024	8346670	8346670	0	0
94.	2049.60.111—Interest on Special Securities issued against securitisation of balance under Postal Life Insurance	0	5628000	0	28000
95.	2049.60.701.01—Charges payable to IMF for utilisation of SDRs	748119	1104028	0	355909
96.	2049.60.701.03—Other Expenditure	2042	1301	741	
97.	2049.60.701.04—Interest on Note Purchase agreement with IMF	0	39556		39556
98.	2049.60.701.05—Interest on New Agreement to Borrow from IMF	0	167568	0	167568
Total Major Head "2049"		2723302800	2871821833	76381394	106857227
Grand Total		2723302800	2871821833	77381394	106857227

File No. F.6(4)-B(AC)/2012 dated 20.05.2013

Sd/-  
(Rajat Bhargava)  
Joint Secretary (Budget).



## ANNEXURE IV

GOVERNMENT OF INDIA  
MINISTRY OF HOME AFFAIRS

**Explanatory Note for Excess**

Note for Public Accounts Committee in respect of excess expenditure occurred under Revenue Section (Charged) of Grant No. 97—Chandigarh, Ministry of Home Affairs, as disclosed in the Union Government Appropriation Accounts (Civil) for the year 2011-12.

Revenue Section Charged	(₹ in thousand)
Original Grant	88,79,00
Supplementary Grant	4,03,00
Total Grant	92,82,00
Actual Expenditure	112,80,13
Excess	19,98,13

2. Under Revenue Section (Charged) of Grant No. 97—Ministry of Home Affairs for the year 2011-12, the total provision was Rs. 88,79,00 thousand. This was augmented to Rs. 92,82,00 thousand by obtaining Supplementary Grant of Rs. 4,03,00 thousand. Against this, an expenditure of Rs. 1,12,80,13 thousand incurred resulting in excess of Rs. 19,98,13 thousand.

3. The excess of Rs. 19,98, 13 thousand was the net effect of total excess and total savings under the same Sub-Head of the Grant. The Sub-Head under which the excess have occurred and the reasons are explained as below:—

Sub-Head	(₹ in lakh)
2014 00102 02— Establishment (Charged)	
Original Grant	8617.00
Supplementary Grant	403.00
Total Grant	9020.00
Actual Expenditure	11090.13
Excess	2070.13

4. Out of the Excess of Rs. 2070.13 lakh re-appropriation of Rs. 72.00 lakh was duly approved by the competent authority. Remaining excess of Rs. 19,98.13 over and above the total Grant under this Sub-Head was due to the payment of arrears on account of enhanced salary to the employees of Punjab and Haryana High Court w.e.f. 01.04.2003.

5. Punjab & Haryana High Court *vide* their letter No. 83—Spl. Budget/IAI/CH dated 04.02.2012 (**Annexure-I**) submitted their requirement of additional funds to UT Administration. Since the provision of additional funds was beyond the competence of Chandigarh Administration, a proposal for re-appropriation of funds from the Administration's savings was sent by the Chandigarh Administration to Ministry of Home Affairs *vide* its Letter No. F& PO(5)-2012/2604 dated 11.03.2012 (**Annexure-II**) along with three other proposals. The proposals of UT Administration for re-appropriation were examined in consultation with Department of Expenditure by Ministry of Home Affairs and were not agreed to on the ground that Rule 10(2) of Delegation of Financial Power Rules does not allow the funds to be re-appropriated by re-appropriation from Charged to Voted Expenditure and *vice-versa*. This was intimated to the Chandigarh Administration *vide* Ministry of Home Affairs Letter No. 15020/1/2012-Bgt. II dated 30.03.2012 (**Annexure-III**).

6. While the Chandigarh Administration stopped all the payments after its proposal for re-appropriation was not acceded to, the Punjab and Haryana High Court had already incurred aforesaid excess expenditure of Rs. 1998.13 lac. to implement the time bound directions of the High Court in CWP No. 15833 of 2009 after obtaining the approval of Ministry of Law & Justice *vide* their Letter No. L-16020/3/2010-Jus. dated 27.02.2012 (**Annexure-IV**) duly concurred by Ministry of Finance (Department of Expenditure).

7. Accordingly, it is requested that the excess expenditure of Rs. 1998.13 lac. under 'Salary' head (Charged) in respect of Punjab & Haryana High Court may be regularized as a special case keeping in view the fact that over all expenditure of the Chandigarh Administration during 2011-12 was well within the sanctioned Budget and there was no excess into it and UT Administration already had sufficient budget provision under Salary (Voted).

#### **Remedial Action Taken**

8. UT Administration has once again been advised by this Ministry *vide* D.O. Letter No. U-15020/09/2013-Plg. Cell dated 24.10.2013 (**Annexure-V**) to ensure that no such lapse(s) occur in future failing which serious action will be taken by this Ministry.

Sd/-

(I.S. Chahal)  
Joint Secretary (UT).

[MHA U.O. Note No. U. 13034/381/2013-CPD dated 28/10/2013]

*ANNEXURE I*

No. 83-Spl. Budget/IAI/CH

From

The Registrar General,  
Punjab & Haryana High Court,  
Chandigarh.

To,

The Finance Secretary,  
Chandigarh Administration,  
Chandigarh.

Chandigarh, dated the 04/02/2012

**Sub:** Review of expenditure in the current financial year 2011-12 on the basis of Ten Monthly Estimates—Surrender of Funds surplus to requirements.

Sir,

I am directed to refer to your Letter No. F & PO(5)-2012/689 dated 19.01.2012 on the subject cited above and to forward herewith Ten Monthly statements on the prescribed proforma.

Yours faithfully,

Sd/-

Assistant Registrar (Budget)  
for Registrar General.

Copy alongwith its enclosure forwarded to the Finance & Planning Officer, Finance Department, Chandigarh Administration, Chandigarh for information and necessary action.

Sd/-

Assistant Registrar (Budget)  
for Registrar General.

**Statement of Final Excess and Saving for 2011-12 in respect of Grant No. 97 Chandigarh**

(₹ in thousands)

Head of Account "2014-Admn. of Justice"	2	3	4	5	6	7	8	9	Detailed Reasons for variation
Salaries	Charged	74,34,00	78,37,00	71,32,67	27,03,55	98,36,22	(+) 19,99,22	Rs. 2,99,22	Pay/LTC/arrears of CPF holders
Salaries	Voted	13,60,00	13,60,00	8,45,93	1,12,67	9,58,60	(-) 4,01,40	Rs. 17,00,00	Arrears of Graduate Clerks Rs. 19,99,22
Medical	Charged	60,00	1,20,00	1,19,95	45,71	1,65,66	(+) 45,66		
Medical	Voted	20,00	55,00	34,15	66,56	1,00,71	(+) 45,71		Including Rs. 45,71 (already demanded under charged head)
Travel Exp.	Charged	10,00	10,00	10,00	4,00	14,00	(+) 4,00		
Travel Exp.	Voted	60,00	25,00	8,24	16,76	25,00			
Office Exp.	Charged	10,20,00	10,15,00	9,85,63	29,37	10,15,00			
Office Exp.	Voted	50,00	5,30,00	92,28	4,37,72	5,30,00			
Publication	Charged	90,00	90,00	78,64	11,36	90,00			
P.P.S.S.	Charged	3,00	8,00	7,47	53	8,00			
Others	Voted	1,00	1,00	45	1,00	1,00			
Mediation & Conciliation Centre	Charged	70,00	30,00	8,69	21,31	30,00			
Lok Adalat	Charged	20,00	—	—	—	—			
<b>Total</b>	<b>Ch. &amp; Voted</b>	<b>1,01,98,00</b>	<b>1,10,81,00</b>	<b>93,24,10</b>	<b>34,50,54</b>	<b>127,74,19</b>	<b>(+) 16,93,19</b>		

DATE BOUND  
BUDGET

NO. F&PO(5)-2012/2604  
CHANDIGARH ADMINISTRATION  
FINANCE DEPARTMENT  
(ACCOUNT BRANCH)

Chandigarh, dated the 11.03.2012

To,

Shri A.K. Bawalia,  
Under Secretary Budget,  
Government of India, Ministry of Home Affairs,  
New Delhi.

**Subject:** Proposal for re-appropriation of funds beyond the competency of the Administration — regarding.

Sir,

I am directed to refer you on the above subject mentioned above and to send herewith the statements showing the details of re-appropriation of funds which has the effect of increasing the budget provision by more than Rs. 5.00 crore under a Sub-Head within the overall ceiling fixed in the Revised Estimates 2011-12 because it is beyond the competency of the Administration as a result of review of expenditure under Grant No. 97-Chandigarh on the basis of Ten Monthly Estimates during the current financial year 2011-2012. The details of the re-appropriation order which required the approval of Government of India are as under:—

1. Re-appropriation from Non Plan Revenue to Plan Revenue.
2. Re-appropriation from Non Plan Revenue (Voted) to Non Plan Revenue. (Charged) under Object Head-Salary
3. Re-appropriation from Plan Revenue to Plan Revenue.
4. Re-appropriation from Plan Capital to Plan Capital.

The Necessary approval of your Ministry on the above mentioned statement may kindly be conveyed to this Administration at the earliest so that the final re-appropriation orders could be prepared and submitted to the Accountant General (A&E), U.T., Chandigarh before the close of the current financial year 2011-2012.

Yours faithfully,

Sd/-

Finance & Planning Officer,  
For Finance Secretary,  
Chandigarh Administration.

*ANNEXURE III*

BY FAX  
Most Immediate

NO. 15020/1/2012-Bgt. II  
GOVERNMENT OF INDIA  
MINISTRY OF HOME AFFAIRS

New Delhi, 30th March, 2012

To,

Shri V.K. Singh,  
Secretary (Finance),  
UT Administration of Chandigarh,  
Chandigarh.

**Subject:** Re-appropriation of funds during the year 2011-12 Grant  
No. 96—Chandigarh.

Sir,

I am directed to refer to your letter No. F&PO(5)-1212/2604 dated 11th March, 2012 on the subject cited above and to say that the proposal of the UT Administration for re-appropriation of Rs. 19.99 crore from Object Heads 'Salaries' in the Major Head 2801 and Major Head-2201 under Non-Plan/**Voted**/Revenue to the Object Head 'Salaries' in the Major Head-2014 under Non-Plan/**Charged**/Revenue was examined in this Ministry in consultation with M/o Finance but the same has not been agreed to by the M/o Finance on the grounds that Rule 10(2) of DFPRs does not allow the funds to be appropriated or re-appropriated from charged to voted expenditure and vice-versa.

Yours faithfully,

Sd/-

(A.K. Bawalia)  
Under Secretary (Budget-II)  
Tele No. 23094237.

ANNEXURE IV

NO.L-16020/3/2010-JUS.  
GOVERNMENT OF INDIA  
MINISTRY OF LAW AND JUSTICE  
DEPARTMENT OF JUSTICE

Jaisalmer House, Mansingh Road,  
New Delhi the 27th February, 2012.

To,

Shri R.P. Nagrath,  
Registrar General,  
Punjab & Haryana High Court,  
Chandigarh.

**Subject:** Grant of additional pay of 20% to the employees of Punjab and Haryana High Court—Regarding.

Sir,

I am directed to refer to Letter No. 41927/Exc. Cell, dated 06.12.2011 of the Registry of Punjab and Haryana High Court and in pursuance of the Hon'ble Punjab and Haryana High Court's Order dated 10th February, 2011 passed in CWP No. 15833 of 2009 (O&M)—Hari Mohan Dixit & Ors. Vs Punjab and Haryana High Court, Chandigarh & Ors. and Order dated 13.01.2012 in C.O.C.P. No. 1619/2011—Sanjeev Verma and others Vs Smt. Neela Gangadharan, Secretary Justice and to convey the approval of the competent authority to grant of additional pay@20% of pay drawn (*i.e.* pay in the Pay Band + Grade Pay) of the following employees of Punjab and Haryana High Court, Chandigarh (other than the clerical cadre) with effect from 01st January, 2006.

Sl. No.	Name of the Post	Corresponding Pay Band (in Rs.)	Grade Pay (in Rs.)
1	2	3	4
1.	Peon	4900-10680	1300
2.	Frash	4900-10680	1300
3.	Mali	4900-10680	1300
4.	Chowkidar	4900-10680	1300
5.	Safai Sewak	4900-10680	1300
6.	Usher	4900-10680	1400
7.	Daftaries	4900-10680	1650
8.	Restorer	5910-20200	1900
9.	Steno-typist	5910-20200	2000

1	2	3	4
10.	Driver	5910-20200	2000
11.	Supervisor of Drivers	5910-20200	2400
12.	Supervisor of Records	5910-20200	2400
13.	Book Binder	5910-20200	2400
14.	Junior Assistant	5910-20200	2800
15.	Assistant	10300-34800	3800
16.	Translator	10300-34800	3800
17.	Stenographer	10300-34800	3800
18.	Judgement Writer	10300-34800	4200
19.	Superintendent Grade-II	10300-34800	4200
20.	Revisor	10300-34800	4200

2. This issues with the concurrence of the Ministry of Finance (Department of Expenditure) *vide* their U.O. No. 131516/SE/2011 dated 27.02.2012.

Yours faithfully,

Sd/-

(Z.A. Khan)

Under Secretary to the Government of India.



ANNEXURE V

I.S. Chahal, I.A.S.  
संयुक्त सचिव  
Joint Secretary  
Tel.: 23092630  
Fax: 23092675  
E-mail : jsut@nic.in



भारत सरकार  
GOVERNMENT OF INDIA  
गृह मंत्रालय  
MINISTRY OF HOME AFFAIRS  
NORTH BLOCK  
NEW DELHI-110001

D.O. NO. U-15020/09/2013-Plg. Cell

New Delhi, October 24, 2013

Dear Sir,

It has been brought to the notice of the Ministry by Lok Sabha Secretariat (PAC Branch) that during the year 2011-12, the Union Territories of Chandigarh & Lakshadweep have incurred excess expenditure over voted grants & charged appropriation in spite of this Ministry's instructions in Letter No. 15041/11/2011-CPD dated 26.12.2011 (copy enclosed).

All the UT Administrations are once again advised to ensure that strict instructions are issued to the concerned Heads of the Departments to abide by the codal procedure & restrict expenditure well within appropriations.

Under any circumstances, the expenditure should not exceed the limits prescribed in this regard. Ministry of Home Affairs will take strict action in the event of violation/non-adherence of these instructions of this Ministry.

I shall be grateful if an urgent action is taken by the UT Administrations.

With warm regards.

Yours sincerely,

Sd/-

(I.S. Chahal)

(Shri K.K. Sharma)  
Adviser to the Administrator,  
Chandigarh Administration,  
UT Secretariat,  
Chandigarh.

## ANNEXURE V

GOVERNMENT OF INDIA  
MINISTRY OF HOME AFFAIRS**Explanatory note for excess**

Note for Public Accounts Committee in respect of excess expenditure occurred under Revenue Section (Voted) of Grant No. 100—Lakshadweep, Ministry of Home Affairs, as disclosed in the Union Government Appropriation Accounts (Civil) for the year 2011-12.

Revenue Section (Voted)	(₹ in thousands)
Original Grant	5989200
Supplementary Grant	105000
Total Grant	6094200
Actual Expenditure	6108567
Excess	14367

2. Under Revenue Section (Voted) of Grant No. 100 Lakshadweep for the year 2011-12, the total provision was Rs. 598,92,00 thousands. This was augmented to Rs. 609,42,00 thousands by obtaining supplementary grant of Rs. 10,50,00 thousands. Against this, an expenditure of Rs. 610,85,67 thousands incurred resulting in excess of Rs. 1,43,67 thousands.

3. The excess of Rs. 1,43,67 thousands was the net effect of total excess and total savings under various Major Heads of the Grant. The Major Heads under which the excess expenditure have been occurred and the reasons are explained as below:—

## 31 Grant-in-Aid General

Head	(₹ in thousands)		
	Total grant	Actual expenditure	Excess+/ Saving-
1	2	3	4
Revenue Section:			
2202.80.198.01.00.31			
Original	288000		
Supplementary	0		
Total	288,000	348756	60756
2204.001.02.07.00.31			
Original	500		
Supplementary	0		
Total	500	2000	1500

1		2	3	4
2210.06.198.01.00.31				
Original	17000			
Supplementary	500			
Total		17,500	18732	1232
2235.02.190.01.00.31				
Original	17640			
Supplementary	0			
Total		17,640	17968	328
2235.02.198.01.00.31				
Original	16210			
Supplementary	0			
Total		16,210	16748	538
2236.02.101.07.00.31				
Original	6000			
Supplementary	0			
Total		6,000	12700	6700
2402.00.198.01.00.31				
Original	8820			
Supplementary	0			
Total		8,820	9060	240
3435.60.198.01.00.31				
Original	6400			
Supplementary	0			
Total		6,400	8160	1760
Grand Total	361070	361070	434124	73054

The discrepancy in figures *i.e.* (Rs. 7.30 cr.) between the actual excess expenditure under Grant-in-Aid General and the excess pointed out by Audit in Para 4.6 of its report (Rs. 5.80 cr.) is because of taking the Supplementary Grant under **2202.80.198.01.00.31** *i.e.* Grant-in-Aid General (Rs. 1.50 cr.) erroneously by the Audit. No supplementary grant was received under **Grant-in-aid General under 2202. General Education** under 2202 the provision of **Salaries** was augmented by the allocation of supplementary grant.

#### 4. Reasons for the excess expenditure

4.1 Ministry of Home Affairs had conveyed a supplementary grant of Rs. 10.50 cr. (Non Plan) during the year 2011-12 to the UT of Lakshadweep. As intimated by UT of Lakshadweep Administration that the supplementary grant conveyed by this Ministry was further reallocated to various Object Heads under which Rs. 0.05 cr. was allocated under Health and Family Welfare (Major Head) 2210.06.198.01.00.31 GIA-General.

4.2 UT of Lakshadweep Administration had sent a proposal for re-appropriation of funds of Rs. 911.80 lakh within Non Plan Revenue *vide* their letter dt. 18.02.2012 (**Annexure-I**). This Ministry *vide* letter dt. 31.03.2012 (**Annexure-II**) conveyed the approval of the Government for the re-appropriation of funds of Rs. 302.53 lakhs out of Rs. 911.80 lakhs. This Ministry had informed the UT Administration that the re-appropriation proposal to augment the provisions under Grant-in-Aid General has not been agreed to by the Ministry of Finance (MoF) as it attracts the provisions of New Service.

4.3 In response to this Ministry's letter dt. 31.3.2012, UT of Lakshadweep Administration had forwarded a proposal to this Ministry to reconsider the case *vide* their letter dt. 31.3.2012. (**Annexure-III**)

4.4 As intimated by the UT Administration that during the year 2011-12 under Grant No. 11, the object head Grant-in-Aid Salaries was not opened. Thus the salary of the staff working under the Panchayat Raj Institutions including the salary of teachers, was drawn under the object head Grant-in-Aid General. The excess expenditure under Grant-in-Aid General was due to augmentation of provisions by re-appropriation of funds. The re-appropriation was proposed in the light of the definition of New Service as expenditure arising out of a new policy decision, not brought to Parliament earlier, including a new activity or a new form of investment. The requirement was for payment of salary for the month February 2012, which was not an expenditure arising out of a new policy decision. As the refusal from the Ministry received only on the last day of the financial year, in anticipation of the approval, the salary was disbursed by drawing the funds under Grant-in-Aid General.

5. From the facts pointed out above, although the excess expenditure incurred/ augmentation of provision under the object head Grant-in-Aid General during the year 2011-12 was for meeting the obligatory expenses like payment of salary to staff working under PRIs, the expenditure incurred by the UT Administration in anticipation of the approval for re-appropriation of their proposal is not desirable.

6. Accordingly, it is requested that the excess expenditure of Rs. 73054 thousands (instead of Rs. 5.80 crore.) under Grant-in-Aid General on account of making payment of salary to the staff working under the Panchayat Raj Institutions including the salary of teachers under the UT Administration may be regularized as a special case in view of the facts mentioned in the preceding paras.

#### **Remedial Action Taken**

7. UT Administration has been advised by this Ministry *vide* D.O. Letter No. U-15020/09/2013-Plg. Cell dated 24.10.2013 (**Annexure-IV**) to ensure that no such lapse(s) occur in future failing which serious action will be taken by the Ministry.

Accordingly, the Finance division of U.T. Administration has issued a Circular (**Annexure-V**) to all budget controlling officers directing them not to incur excess expenditure or augment the provision on the object head 31 Grant-in-Aid General without the approval of the Parliament which attracts the provisions of New Service.

Sd/-

(I.S. Chahal)  
Joint Secretary (UT).

[MHA U.O. Note No. U-15029/15/2012,ANL, dated 14.11.2013]

*ANNEXURE I*

**BUDGET MATTER**  
**MOST URGENT**

F. NO. 23/1/2011-FIN.  
ADMINISTRATION OF THE UNION TERRITORY OF LAKSHADWEEP  
FINANCE AND ACCOUNTS  
SECRETARIAT (KAVARATTI)

Dated 18th February, 2012

To,

Shri Bawalia,  
Under Secretary to the GoI (Bgt. II)  
Ministry of Home Affairs,  
North Block,  
New Delhi-110 001.

**Subject:** Re-appropriation of funds under Grant No. 100—Lakshadweep—Regarding.

Sir,

I am directed to forward two proposal for re-appropriation of funds from Non-Plan to Non-Plan for Rs. 91180 (thousands) and Plan to Non-Plan for Rs. 21143 (thousands) under Revenue Section (Voted) as per Rule 10 of the Delegation of Financial Power Rules, 1978 to meet the requirement of pay and allowances and drawal of arrears etc. for the period from 01.09.2008.

It is therefore requested to obtain the approval of Finance Ministry and conveyed at the earliest.

Yours faithfully,

Sd/-  
(A. Mohandas)  
Accounts Officer.

F.No.23/1/2011-FIN.

FORMAT FOR SUBMITTING RE-APPROPRIATION PROPOSALS  
GRANT NO. 100-LAKSHADWEEP 2011-12  
GRANT DESCRIPTION

FROM

A. Non-Plan Voted C. Revenue	6 Level Accounting classification	Description	BE (Rs. in thousands)	4	Actual Expenditure to date (Rs. in thousands)	5	RE (Rs. in thousands)	6	Amount Re-appropriated	7	Reason for savings	8
		Major Head (MH) 4 digit	3052-Shipping									
		Sub-Major Head (SMJ)-2-digit	01-Overseas Shipping									
		Minor Head (MIN) 3 digit	103-Shipping Service									
		Sub-Head(SH)-2 digit	01-Shipping Corporation of India									
		Detailed Head (DH)-2-digit	00									
		Object Head (DH)-2-digit	30-other Contractual Services	1620100	1250000		1528920		91180			
		Total							91180			

Allocation was made for running and maintenance of UTL ships. Payment due to Cochin Shipyard, IoC and directed expenses on the crew onboard upto Feb. 12 can be met with Rs. 27.89 cr. Bill relating to the expenses for March will be payable in April, 2012, Hence saving of Rs. 91180 (thousands).

TO							
A. Non-Plan Voted C. Revenue	6 Level Accounting classification	Description	BE (Rs. in thousands)	Actual Expenditure to date (Rs. in thousands)	RE (Rs. in thousands)	Amount Re-appropriated	Reason for savings
		Major Head (MH)- 2801-Power 4 digit					
		Sub-Major Head (SMJ)-2-digit 04-Diesel/Gas Power Generation					
		Minor Head (MIN)- 104-Supply of Electricity in Lakshadweep 3 digit					
		Sub-Head (SH)- 01-Power Plant and Ancillary Works 2 digit					
		Detailed Head (DH)-2 digit 00-					
		Object Head (DH)-2 digit 01-Salaries	100740	99461	108328	7588	Due to grant of 15% Hard Area Allowance vide MoF letter No. 12(4)/2008. E-II(B) dt. 09.11.2011, 7% DA, awarding of MACP and drawal of arrears for the period from 01.09.2008 etc. Hence the provision under BE 2011-12 is not sufficient to meet the requirement.
		Major Head (MH)-4 digit 2202-General Education					
		Sub-Major Head (SMJ)-2-digit 02-Secondary Education					
		Minor Head (MIN) 109-Government Secondary Schools 3 digit					
		Sub-Head (SH)- 03-Secondary Schools 2 digit					
		Detailed Head (DH)-2 digit 00-					
		Object Head (DH)-2 digit 01-Salaries	175000	191099	197665	22665	Due to grant of 15% Hard Area Allowance vide MoF letter No. 12(4)/2008-E-II(B) dt. 09.11.2011, 7% DA, awarding of MACP and drawal of arrears for the period from 01.09.2008 etc. Hence the provision under BE 2011-12 is not sufficient to meet the requirement.
		Sub Major Head (SMJ)-2 digit 03-University and Higher Education					



A. Non-Plan B. Voted C. Revenue	6 Level Accounting classification	Description	BE (Rs. in thousands)	Actual Expenditure to date (Rs. in thousands)	RE (Rs. in thousands)	Amount Re- appropriated	Reason for savings
		Minor Head (MIN) 103-Government Colleges and Institutes					
	3 digit	Sub-Head (SH)-2 07-Jnior Colleges					
	Detailed Head	00-					
	(DH)-2 digit	34-Scholarships and Stippend	45000	34741	51110	6110	To meet the requirement of scholarships for the students studying in the various institutions at mainland.
	Object Head	80-General					
	(DH)-2 digit						
	Sub-Major Head						
	(SMJ)-2 digit						
	Minor Head (MIN)	198-Assistance to Gram Panchayat					
	3 digit	01-Panchayat					
	Sub-Head (SH)-2						
	digit						
	Detailed Head	00-					
	(DH)-2 digit						
	Object Head	31-Grant in Aid	280000	291000	334817	54817	Due to grant of 15% Hard Area Allowance vide MoF letter No. 12(4)/2008-E-II(B) dtd. 09.11.2011. 7% DA, awarding of MACP and drawal of arrears for the period from 01.09.2008 etc. Hence the provision under BE.2011-12 is not sufficient to meet the requirement.
	(DH)-2 digit	General					
	Total					91180	

Sd/-  
Collector Cum Development Commissioner.

F. No. 23/1/2011-FIN.

FORMAT FOR SUBMITTING RE-APPROPRIATION PROPOSALS  
GRANT NO. 100—LAKSHADWEEP 2011-12  
GRANT DESCRIPTION

A. Non-Plan Voted C. Revenue	6 Level Accounting classification	Description	FROM			Reason for savings
			BE (Rs. in thousands)	Actual Expenditure to date (Rs. in thousands)	RE (Rs. in thousands) appropriated	
		Major Head (MH)- 3425-Other Scientific Research				
		4 digit				
		Sub-Major Head (SMJ)-2 digit				
		60-Others				
		Minor Head (MIN) 3 digit				
		001-Direction and Administration				
		Sub-Head (SH)-2 digit				
		01-Headquarters and Establishment				
		Detailed Head (DH)-2 digit				
		00				
		Object Head (DH)-2 digit				
		01-Salaries	32531	4228	11388	21143
		Total				21143

Provision made for payment of salary for all vacant posts could not be utilised due to delay in finalisation of recruitment procedure. Appoint orders now been issued.

TO							
A. Non-Plan Voted C. Revenue	6 Level Accounting classification	Description	BE (Rs. in thousands)	Actual Expenditure to date (Rs. in thousands)	RE (Rs. in thousands)	Amount Re-appropriated	Reason for savings
		Major Head (MH)- 2055-Police					
	4 digit						
	Sub-Major Head (SMJ)-2 digit	00					
	Minor Head (MIN)-3 digit	104-Special Police					
	Sub-Head (SH)-2 digit	03-India Reserve Battalion					
	Detailed Head (DH)-2 digit	00					
	Object Head (OH)-2 digit	01-Salaries	82753	92788	91177	8424	Due to grant of 15% Hard Area Allowance granted vide F. No. 12(4)/2008 E-II(B) dtd. 09.11.2011, 7% DA, awarding of MACP and drawal of arrears for the period from 01.09.2008. Hence the excess.
	Major Head (MH)-4 digit	3051-Port and Light Houses					
	Sub-Major Head (SMJ)-2 digit	02-Minor Ports					
	Minor Head (MIN)-3 digit	001-Direction and Administration					
	Sub-Head (SH)-2 digit	01-Management					
	Detailed Head (DH)-2 digit	00					
	Object Head (OH)-2 digit	01-Salaries	31900	42667	41467	9567	Due to grant of 15% Hard Area Allowance granted vide F. No. 12(4)/2008 E-II(B) dtd. 09.11.2011, 7% DA, awarding of MACP and drawal of arrears for the period from 01.09.2008. Hence the excess.

Major Head (MH)-4 digit	2801-Power			
Sub Major Head (SMJ)-2 digit	04-Diesel/Gas Power Generation			
Minor Head (MIN) 3 digit	104-Supply of Electricity in Lakshadweep			
Sub Head (SH)- 2 digit	01-Power Plant and Ancillary Works			
Detailed Head (DH)-2 digit	00			
Object Head (DH)-2 digit	01-Salaries	100740	99461	103892
				3152
				21143
				21143

93

Sd/-

Collector Cum Development Commissioner.

Due to Grant of 15% Hard Area Allowance granted *vide* F.No. 12(4)/2008 E.II(B) dtd. 09.11.2011, 7% DA, awarding of MACP and drawal of arrears for the period from 01.09.2008. Hence the excess.

## ANNEXURE II

No. 15013/1/2012-Bgt. II  
GOVERNMENT OF INDIA  
MINISTRY OF HOME AFFAIRS

New Delhi, 31st March, 2012

To,

(Fax No. 0172-2740054)

Dr. N. Vasantha Kumar,  
Secretary (Finance),  
UT Administration of Lakshadweep,  
Kavaratti.

**Subject:** Re-appropriation of funds Grant No. 100—Lakshadweep during the year 2011-12—regarding.

Sir,

I am directed to refer to your Letter No. 23/1/2011-Fin. dated 18th February, 2012 on the subject cited above and to say that the proposals of the UT Administration of Lakshadweep for re-appropriation of Rs. 911.80 lakh from Non-Plan/Voted/Revenue to Non-Plan/Voted/Revenue and Rs. 211.43 lakh from Plan/Voted/Revenue to Non-Plan/Voted/Revenue was examined in this Ministry in consultation with M/o Finance.

2. In this context, the undersigned is directed to convey the approval of the Government of India to the re-appropriation of funds of Rs. 302.53 lakh (*out of Rs. 911.80 lakh*) from Non-Plan/Voted/Revenue to Non-Plan/Voted/Revenue and Rs. 211.43 lakh from Plan/Voted/Revenue to Non-Plan/Voted/Revenue, subject to Rule 59(2) & (3) of GFR, 2005 and RE ceilings, as per the details given below:—

(₹ in thousands)

FROM		T O	
Proposal-1			
Non-Plan/Voted/Revenue	Amount	Non-Plan/Voted/Revenue	Amount
3052.01.103.01.00.30-Other Contractual Services	30253 (out of total amount of Rs. 91180)	2801.04.104.01.00.01-Salaries 2202.02.109.03.00.01-Salaries	7588 22665
Total	30253	Total	30253
Proposal-2			
Plan/Voted/Revenue	Amount	Non-Plan/Voted/Revenue	Amount
3425.60.001.01.00.01-Salaries	21143	2055.00.104.03.00.01-Salaries 3051.02.001.01.00.01-Salaries 2801.04.104.01.00.01-Salaries	8424 9567 3152
Total	21143	Total	21143

3. Further, it is also informed that the proposal for re-appropriation of funds of **Rs. 61.10 lakh** to Object Head 'Scholarships and Stipend' and **Rs. 548.17** to Object Head 'Grants-in-Aid-General' under Major Head-2202 under Non-Plan/Voted/Revenue has not been agreed to by the M/o Finance on the grounds that it attracts NS/NIS and no token supplementary has been obtained for the same.

4. This issues with the approval of Secretary (Expenditure) *vide* I.D. No.2(30)/E.II(A)/2012 dated 30.3.2012.

Yours faithfully,

Sd/-

(A.K. Bawalia)

Under Secretary (Budget-II)

Tele No. 23094237

[No. 15013/1/2012-Bgt. II, dated 31.3.2012]

ANNEXURE III

BUDGET MATTER  
MOST URGENT

F.NO. 23/1/2011-FIN.

ADMINISTRATION OF THE  
UNION TERRITORY OF LAKSHADWEEP  
FINANCE AND ACCOUNTS  
SECRETARIAT

Kavaratti, dated: 31.03.2012

To,

Shri Bawalia,  
Under Secretary to the GoI (Budget II),  
Ministry of Home Affairs,  
North Block,  
New Delhi-110001.

**Subject:** Re-appropriation proposal from Non-Plan to Non-Plan, Revenue Section under Grant No. 100—Lakshadweep for re-consideration—Regarding.

Sir,

I am directed to refer to UTL proposal for re-appropriation of funds under Non- Plan (Revenue) to Non-Plan (Revenue) of Rs. 911.80 lakh, sent *vide* letter of even no. dated 18.2.2012. Ministry of Home Affairs *vide* letter No. 15013/1/2012 Bgt. II dt. 31st March, 2012 has conveyed the approval of the Government of India to the re-appropriation of funds of Rs. 302.53 lakhs out of Rs. 911.80 lakh. Ministry has further informed that the re-appropriation of funds of Rs. 61.10 lakh to object head 'Scholarship and stipends', and Rs. 548.17 lakh to Object head "Grants-in-Aid-General" under Major head 2202 has not been agreed to by the Ministry of Finance on the ground that it attracts New Service/New Instrument of Service.

You may kindly recall that the New Service as appearing in Article 115(1) (a) of the Constitution of India has been defined as expenditure arising out of a new policy decision, not brought to the notice of the Parliament earlier, including a new activity or a new form of investment.

The re-appropriation of Rs. 548.17 lakh to the object head "Grant-in-Aid-General" was necessitated for the drawal of pay and allowances and arrears of pay on account of MACP of primary school teachers transferred to District/Village Dweep Panchayats. Similarly re-appropriation of Rs. 61.10 lakh to the object head "scholarships and stipends" was proposed to clear the pending scholarship bills of the Scheduled Tribe students studying in mainland. None of these two items of expenditure have arisen out of a new policy decision, or a new activity. Payment of salary to the teachers is the liability of the Government for which sufficient savings were available under Non-Plan Revenue. Payment of scholarship to the Scheduled Caste students were required to be disbursed in this financial year to avoid any resentment among the student community.

We had sent out proposal well in advance on 18.2.2012. Expenditure on these pending bills of Rs. 548.17 on salaries and Rs. 61.10 on scholarships have been incurred by the Administration in the last week of the financial year anticipating the approval of the Ministry. Unfortunately, the communication on partly disagreeing to our proposal was received by this Administration only in the Afternoon of 31.3.2012.

Looking to the purpose for which the additionality under Grant-in-Aid-General and Scholarships and Stipends were proposed for re-appropriation and considering the fact that these two items of expenditure do not fall under the definition of New Service/New Instrument of Service, the proposal may kindly be agreed to.

Yours faithfully,

Sd/-

(Dr. Vasantha Kumar)  
Secretary (Finance).



ANNEXURE IV

I.S. Chahal, I.A.S.  
संयुक्त सचिव  
Joint Secretary  
Tel.: 23092630  
Fax: 23092675  
E-mail : jsut@nic.in



भारत सरकार  
GOVERNMENT OF INDIA  
गृह मंत्रालय  
MINISTRY OF HOME AFFAIRS  
NORTH BLOCK  
NEW DELHI-110001

D.O. NO. U-15020/09/2013-Plg. Cell

New Delhi, October 24, 2013

Dear Shri Prasad,

It has been brought to the notice of the Ministry by Lok Sabha Secretariat (PAC Branch) that during the year 2011-12, the Union Territories of Chandigarh and Lakshadweep have incurred excess expenditure over voted grants and charged appropriation in spite of this Ministry's instructions in Letter No. 15041/11/2011-CPD dated 26.12.2011 (copy enclosed).

All the UT Administration are once again advised to ensure that strict instructions are issued to the concerned Heads of the Departments to abide by the codal procedure & restrict expenditure well within appropriations.

Under any circumstances, the expenditure should not exceed the limits prescribed in this regard. Ministry of Home Affairs will take strict action in the event of violation/non-adherence of these instructions of this Ministry.

I shall be grateful if an urgent action is taken by the UT Administrations.

With regards.

Yours sincerely,

Sd/-

(I.S. Chahal)

Shri H. Rajesh Prasad,  
Administrator,  
UT Admn. of Lakshadweep,  
Kavaratti.

ANNEXURE V

F. NO. 1/6/2012-FIN.

ADMINISTRATION OF THE  
UNION TERRITORY OF LAKSHADWEEP  
[DIRECTORATE OF FINANCE AND ACCOUNTS]  
SECRETARIAT

Kavaratti, 19th Sept., 2012

**CIRCULAR**

In accordance with the instructions issued by the Ministry of Finance *vide* Office Memorandum No. F.1 (23)-B(AC)/2005 dated 25th May 2006, (copy enclosed) augmentation of existing provision already voted by the Parliament under the object head 31—Grants-in-aid-General can only be made with the prior approval of Parliament.

Whereas scrutiny of appropriation accounts revealed that funds aggregating Rs. 5.80 crore were provided through re-appropriation by the UTL. Administration during the Financial Year 2011-12 and thereby augmented the provision under the object head 31—Grants-in-aid-General in violation of the extant provisions, without obtaining prior approval of the Parliament. As regards, the O/o Comptroller and Auditor General of India, New Delhi has noticed some irregularities and reported eight cases (listed in Annexure I) in certain Major Heads under the Grant No. 100—Lakshadweep. Since the above case attracts the limitation of the New Instrument of Service, the Ministry has sought explanation on time bound manner.

Therefore, the Budget Controlling Officers are hereby reminded to strictly comply with the rule provisions stipulated in the "Delegation of Financial Powers Rules, 1978" while incurring expenditure in future, and strict orders may be issued to the concerned to ensure that the expenditure should not be booked over and above the provision voted by the Parliament in any circumstances. This is for strict compliance and necessary action.

Sd/-

(A. Mohandas)  
Accounts Officer.

Encl.AA

To

All Budget Controlling Officers,  
Under U.T.L. Administration  
(As per list attached)

## ANNEXURE VI

F. NO. 6(1)/Bud.-I/2013  
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. 24—DEFENCE SERVICES—AIR FORCE, AS DISCLOSED IN—THE UNION GOVERNMENT APPROPRIATION ACCOUNTS (DEFENCE SERVICES) FOR THE YEAR 2011-2012.

**Grant No. 24—Defence Services—Air Force**

Revenue Section (Voted)	( ₹ in thousands)
Original Grant	165187300
Supplementary Grant	2348000
Total Grant	167535300
Actual Expenditure	173214383
Excess	5679083
Surrender during the year	NIL

2. Under Revenue Section (Voted) of Grant No. 24—Defence Services—Air Force for the year 2011-12 the total provision was ₹ 167535300 thousand. Against this, the expenditure of ₹ 173214383 thousand was incurred resulting in excess of ₹ 5679083 thousand (₹ 5679083321).

3. The excess of ₹ 5679083 thousand was the net effect of total excesses of ₹ 5752649 thousand and total savings of ₹ 73566 thousands under various sub-heads of the Grant as well as surrender of ₹ Nil thousand. The sub-heads under which excess of ₹ Five Lakh and above occurred and reasons there of are explained below:—

## MAJOR HEAD-2078

(i) Minor Head-101	( ₹ in thousands)
Original Grant	63440577
Supplementary Grant	0
Re-appropriation	(+ )434123
Total Grant	63874700
Actual Expenditure	67406895
Excess	3532195

The excess of ₹ 35322 lakh in the Final Grant was mainly due to grant of MACP to service personnel, sanction, of higher rate of DA than anticipated and enhancement of other allowances due to DA rate exceeding 50%.

<b>(ii) Minor Head-104</b>	<i>(₹ in thousands)</i>
Original Grant	7907959
Supplementary Grant	150000
Re-appropriation	(-) 424959
Total Grant	7633000
Actual Expenditure	7911131
Excess	278131

The excess of ₹ 2781 lakh in the Final Grant was mainly due to sanction of higher DA than anticipated and also enhancement of allowances due to DA rate exceedings 50%.

<b>(iii) Minor Head-110</b>	<i>(₹ in thousands)</i>
Original Grant	66964188
Supplementary Grant	0
Re-appropriation	(+) 403612
Total Grant	67367800
Actual Expenditure	69307367
Excess	1939567

The excess of ₹ 19396 lakh in the Final Grant was mainly due to variations in strength and price escalation of ration commodities, change in rate of excise duty from 10.3% to 12.36%, deduction of LD charges, materialization of supplies of certain unexpected critical item from DGOF and Exchange Rate Variations.

4. Instructions already exist to formulate the Budget Estimates on realistic basis and the need to constantly review the expenditure 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 scrupulously and to monitor progress of expenditure in vigilant/stricter manner, apart from projecting demands on factual basis depending on the actual requirements/obligations. To achieve this objective, Service Hqs., Department have also been requested to issued 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 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 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 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. Further, as instructed by Ministry of Finance, all the budget holders and accounting authorities were repeatedly requested *vide* MoD (Fin.) ID No. 10 (01)/Bud.-I/2012 (PC) dated 11th December, 2012, 06th February, 2013, 07th March, 2013, 14th March, 2013, 20th March, 2013 and 26th March, 2013 (Copies enclosed) to under take all steps to ensure that the expenditure in 2012-13 should not exceed the Revised Estimates and also to scrupulously follow the instructions regarding 33% and 15% ceilings for last quarter and last month respectively while incurring such expenditure within the Revised Estimates limits.

8. In the circumstances explained above, the excess of ₹ 5679083 thousand (₹ 5679083321) under Revenue Section (Voted) may kindly be recommended for regularization by the Parliament under Article 115(i)(b) of the Constitutions.

Sd/-

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

File No. 6(1)/Bud.-I/2013

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 ₹ 1962.81 crore 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 (XVth Lok Sabha) in their XXIIInd 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 expenditure 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 mani-festation 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." [Para 1]

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, Department Groups headed by FA (Acq.) in respect of Acquisition Heads and Addl. FAs in respect of other heads are required to hold regular meetings so as to prevent excesses/savings under various heads and bunching of expenditure towards the end of the financial year. Minutes of the monthly meeting are required to be submitted to the SDF for 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 liabilities, 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 requirement. 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 and 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, DGME, DGAQA, Dte. of Standardisation

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[MoD(Fin.) ID No. 5(3)/Bud. I/2011 dated 31st May, 2011]

## Monitoring of Committed Liabilities

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 <i>etc.</i> are on schedule



## Monitoring of New Schemes

Sl. No.	Name of the Scheme	Total Value	Outgo planned during the year	Likely month of outgo	Stage of procurement process*	PDC			
					Acceptance of Necessity	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 (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 May 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 scrupulously adhere to the General Financial Rules and have unwavering commitment to 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 Headquarters, 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, wrongful 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 system, 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 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/-

(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

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[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.)

MINISTRY OF DEFENCE (FINANCE)

(BUDGET-I SECTION)

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

**Reference:** Ministry of Finance (i) DO Letter No. F.2(31)-B(AC)/2012 dated 4th December, 2012 and (ii) OM No. 21(1)/PD/2005 dated 5th December, 2012.

Copies of above mentioned references received from Ministry of Finance on the subject cited above are enclosed herewith for information and strict compliance.

Sd/-

(Kanwaldeep Singh)

Director (Fin./Bud.)

Tel: 23012554

DGFP; ACNS(P&P); ACAS (Fin. P); ACIDS (FP); HQIDS; CCR&D (R&M) ; DGQA; DGNCC; DGOF

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[MoD (Fin.) ID No. 10(01)/Bud.-I/2012 (PC) dated 11th December, 2012]

Copy to :

AFA (MO)—for similar action in respect of MoD (Civil) Budget.

रामिन्द्र सिंह गुजराल  
वित्त सचिव  
R.S. GUJRAL  
FINANCE SECRETARY



भारत सरकार  
वित्त मंत्रालय  
व्यय विभाग  
नार्थ ब्लॉक, नई दिल्ली-110 001  
Government of India  
Ministry of Finance  
Department of Expenditure  
North Block, New Delhi-110 001  
Tel.: 011-23092929, 23092663  
Fax: 011-23092546  
E-mail: secyexp@nic.in  
Web: http://finmin.nic.in

D.O. No. F. 2(31)-B(AC)/2012

4th December, 2012

Dear Shashi Kant,

Attention is invited to Raksha Mantri's D.O. Letter No. 10(01)/Bud./2010(PC)/5671-F/RM/2012 dated 24.11.2012 addressed to Finance Minister regarding identifying possible savings under Capital Grant of Defence Services in the current year.

2. It is noted that the expenditure of the Defence Ministry in the last 4 months of the financial year has been abnormally high. In this regard, I may bring to your kind attention that there are stipulations on expenditure restriction in the last quarter of the financial year, and also in the month of March. The expenditure in the last quarter and in the month of March is required to be contained within 33% and 15% of the BE, respectively. While in the earlier years, some relaxations have been made in this regard; however, in the current financial year, due to the challenging fiscal situation, no relaxation would be made. This may kindly be kept in view.

With kind regards.

Yours sincerely,

Sd/-

(R.S. Gujral)

Shri Shashi Kant Sharma,  
Defence Secretary,  
M/o Defence,  
South Block,  
New Delhi.

F. No. 21(1)/PD/2005

MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
BUDGET DIVISION  
(CASH MANAGEMENT CELL)

North Block, New Delhi  
Dated December 5, 2012

OFFICE MEMORANDUM

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

The undersigned is directed to refer to the recently concluded pre-budget/RE meetings wherein Finance Secretary has emphasized on the need for prudent financial management/expenditure rationalization due to the tight resource position in the current financial year. The necessity to curb rush of expenditure in the last quarter of the year particularly in the month of March and restricting the expenditure in the last quarter of the current financial year to 33% and during the month of March, 2013 to 15% of the Budget Estimates, was reiterated.

2. It is, therefore, requested that the 33% and 15% expenditure ceilings in respect of each scheme, in the last quarter of the current financial year and during the month of March, 2013 respectively, should be strictly adhered to. Where the Revised Estimates for 2012-13 are lower than Budget Estimates, actual expenditure may be kept within RE ceilings. Compliance of the above instructions is being monitored at the highest level in the Ministry of Finance. All FAs are, therefore, requested to enforce compliance on the above instructions without any deviation.

3. This issues with the approval of Finance Secretary.

Sd/-

(Dr. Rajat Bhargava)  
Joint Secretary (Budget)

To,

All Financial Advisors

MINISTRY OF DEFENCE (FINANCE)

BUDGET-I SECTION

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

**Reference:** MoD (Fin.) ID No. 10(01)/Bud.-I/2012 dated 11th December, 2012.

In continuation of this Division's ID under reference, it is stated that Ministry of Finance, Dept. of Expenditure *vide* their O.M. No. 23(9) E. Coord./2012 dated 28th January, 2013 has further clarified that expenditure in the last quarter of the current financial year may be restricted to 33% and during the month of March, 2013 to 15% of the Budget Estimates in respect of each scheme. Further, it may be ensured that the total actual expenditure is kept within the communicated RE ceilings.

2. All concerned are requested that the above instructions be strictly complied with.

Sd/-

(Kanwaldeep Singh)  
Director (Fin./Budget)  
Tel.: 23012554

DG FP; ACNS (P&P); ACAS (Fin. P); ACIDS (FP), HQ IDS; CCR&D (R&M); DGQA;  
DGNCC; DGOF; CGDA.

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[MoD (Fin.) ID No. 10(01)/Bud.-I/2012 dated 06th February, 2013]

Copy to:—

AFA (MO)—For similar action in respect of MoD (Civil) Budget.

MINISTRY OF DEFENCE (FINANCE)

BUDGET-I SECTION

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

**Reference:** MoD(Fin.) ID No. 10 (01)/Bud.-I/2012 dated 06th February, 2012.

This is in continuation to this Division's ID cited above *vide* which it was intimated that Ministry of Finance, Deptt. of Expenditure have emphasized that expenditure in the last quarter of the current financial year may be restricted to 33% and 15% during the month of March, 2013 in respect of each scheme and total actual expenditure is to be kept within the communicated RE ceilings. In case the Revised Estimates for 2012-2013 are lower than Budget Estimates actual expenditure may be kept with RE ceilings.

2 It is once again reiterated that instructions may please be issued to all the budget holders under your jurisdiction for strictly follow the instructions issued by Finance Ministry and to ensure that no excess expenditure over and above RE 2012-13 ceilings occurs.

Sd/-

(Kanwaldeep Singh)  
Director (Fin./Budget)  
Tel.: 23012554

DG FP; ACNS (P&P); ACAS (Fin. P); ACIDS (FP), HQ IDS; CCR&D (R&M); DGQA;  
DGNCC; DGO, CGDA

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[MoD (Fin.) ID No. 10 (01)/Bud.-I/2013 (PC) dated 7th March, 2013]



MINISTRY OF DEFENCE (FINANCE)

BUDGET-I SECTION

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

**Reference:** MoD(Fin.) ID No. 10 (01)/Bud.-I/2012 dated 06th February, 2012.

This is in continuation to this Division's ID cited above *vide* which it was intimated that Ministry of Finance, Deptt. of Expenditure have emphasized that expenditure in the last quarter of the current financial year may be restricted to 33% and 15% during the month of March, 2013 in respect of each scheme and total actual expenditure is to be kept within the communicated RE ceilings. In case the Revised Estimates for 2012-2013 are lower than Budget Estimates actual expenditure may be kept with RE ceilings.

2 It is once again reiterated that instructions may please be issued to all the PCsDA/CsDA to strictly follow the instructions issued by Finance Ministry and to ensure that no excess expenditure over and above RE 2012-13 ceilings occurs.

Sd/-

(Kanwaldeep Singh)  
Director (Fin./Budget)  
Tel.: 23012554

CGDA

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[MoD (Fin.) ID No. 10(01)/Bud.-I/2013(PC) dated 07th March, 2013]

MINISTRY OF DEFENCE (FINANCE)

BUDGET-I SECTION

**Subject:** Control over Defence Expenditure: RE 2012-13.

**Reference:** In continuation of this Division's ID No. 10(01)/Bud.-I/2012(PC)  
dt. 07th March 2013.

A copy of DO Letter No. 21(1)-PD/2005 Vol. II dt. 8th March 2013 from Finance Secretary to FA (DS) is forwarded for your information and strict compliance.

Sd/-

(Kanwaldeep Singh)

Dir (Fin./Bud.)

Tel.: 011-23012554

CGDA,

DG FP, ACNS (P&P), ACAS (Fin. P), ACIDS (FP), CCR&D (R&M), DGOFF, DGQA,  
DGNCC, DG AQA, DG ATVP, Director (Standardisation), MoD(Fin./MO)

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[MoD(Fin.) ID No. 10(01)/Bud.-I/2012(PC) dated 14.03.2013]

रामिन्द्र सिंह गुजराल  
वित्त सचिव  
R.S. GUJRAL  
FINANCE SECRETARY



IMMEDIATE/TOP PRIORITY

भारत सरकार  
वित्त मंत्रालय  
व्यय विभाग  
नार्थ ब्लॉक, नई दिल्ली-110 001  
Government of India  
Ministry of Finance  
Department of Expenditure  
North Block, New Delhi-110 001  
Tel.: 011-23092929, 23092663  
Fax: 011-23092546  
E-mail: secyexp@nic.in  
Web: http://finmin.nic.in

File No. 21(1)-PD/2005 Vol. II

8th March, 2013

Dear Smt. Priti,

You may kindly refer to instructions issued by Budget Division on December 5, 2012. It was requested that expenditure ceilings of 33% in the last quarter and 15% of BE in the last month should be strictly adhered to. It was further requested that Actual expenditure must be kept within the RE ceiling conveyed by Ministry of Finance.

2. As we draw to the closure of FY 2012-13, it is once again reiterated that RE ceiling should not be breached under any circumstance. You may kindly instruct all the officials including those in the Finance and Accounts Wings of your Department to strictly abide by the Revised Estimates of Expenditure. Adherence to expenditure ceiling is being monitored at the highest level and any deviation will be viewed very seriously.

With kind regards.

Yours sincerely,

Sd/-  
(R.S. Gujral)

Smt. Priti Mohanti,  
Financial Adviser (Defence Services),  
M/o Defence,  
Room No. 140,  
South Block,  
New Delhi -110011.

MOST IMMEDIATE

MINISTRY OF DEFENCE (FINANCE)  
(BUDGET-I)

**Subject:** Restricting Defence Expenditure within RE 2012-13.

Reference is invited to this office ID Note of even No. dated 6.2.2013, 7.3.2013 and 14.03.2013 emphasising that total expenditure is to be kept within the RE 2012-13 communicated by this Division.

2. It is reiterated that the expenditure under both Revenue (except salary) and Capital must be kept within RE taking into account the re-appropriations made within the RE under different Minor Heads of Revenue budget and between the Services under Capital Budget. The position may be monitored on daily basis and instructions as required be issued to concerned PCsDA/CsDA.

3. MA is under approval and will be conveyed shortly.

Sd/-

(Kanwaldeep Singh)  
Dir. (Fin./Bud.)  
Tel.: 011-23012554

Jt. CGDA (Accounts & Budget), O/o the CGDA

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[MoD ID No. 10(01)/Bud.- I/2012 (PC) dated 20.03.2013]

MOST URGENT  
BUDGET MATTER

MINISTRY OF DEFENCE (FINANCE)  
(BUDGET-I)

**Subject:** Estimates of Expenditure in respect of RE 2012-13.

Ministry of Finance, Department of Economic Affairs (Budget Division) *vide* their F.No. 2(70)-B (CDN)/2012 dated 25th March, 2013 have again reiterated that all steps should be undertaken to ensure that the expenditure in 2012-13 should not exceed the Revised Estimates and while incurring such expenditure within the RE limits, the instructions regarding 33% and 15% ceilings for last quarter and last month respectively are also scrupulously followed.

2. It is requested to ensure that the above instructions are strictly complied with.

Sd/-

(Kanwaldeep Singh)  
Dir. (Fin./Bud.)  
Tel.: 011-23012554

Jt. CGDA (Accounts & Budget),

DG FP, ACNS (P&P), ACAS (Fin. P), ACIDS (FP), CCR&D (R&M), DGO, DGQA,  
DG NCC, DG AQA, DG ATVP, Director (Standardisation), MoD (Fin./MO)

[MoD (Fin.) ID No. 10(01)/Bud.-I/2012 (PC) dated 26.03.2013]

GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS & IT  
DEPARTMENT OF POSTS

**Excess Note**

Note for Public Accounts Committee in respect of excess occurred under Revenue Section (Voted) of Grant No. 13, Ministry of Communications & IT (Department of Posts) as disclosed in the Union Government Appropriation Accounts (Civil) for the year 2011-12:—

1. Revenue Section (Voted)	<i>(Fig. in ₹)</i>
Original Grant	13522,26,00,000
Supplementary Grant	2,40,07,00,000
Total	137,62,33,00,000
Actual Expenditure	1416,23,68,2246
Excess Expenditure	400,03,82,246

2. Under Revenue (Voted) of Grant No. 13, Ministry of Communications & IT, Department of Posts for 2011-12, the total provision was ₹135222600000. This was augmented to ₹137623300000 by obtaining Supplementary Grant of ₹2400700000. Against this, the expenditure of ₹141623682246 was incurred resulting in excess expenditure of ₹4000382246.

3. The excess expenditure of ₹4000382246 under Revenue Section (Voted) under was incurred under various sub-heads of the Grant. The sub-heads under which the excess expenditure of ₹ one crore and above was incurred and reasons therefor are explained below:—

**Department of Posts**

Demand No.13

<b>Major Head 3201—Working Expenses (Voted)</b>	<i>(₹ in thousands)</i>
Original Grant	135222600
Supplementary Grant	2400700
Total	137623300
Actual Expenditure	141623682
Excess	4000382

**Summary of Excess Expenditure and reasons thereof**

(i) Sub-Head 3201-01-101-01

**Circle Offices** *(₹ in thousands)*

Original Grant	1767705
Supplementary Grant	100000
Total	1867705
Actual Expenditure	2038093
Excess	170388

**Reason for variation**

The excess of ₹170388 thousands under the head was mainly due to enhancement in DA & MACP, encashment of EL for LTC, increase in office running expenses etc.

(ii) Sub-Head 3201-01-101-03

**Postal Divisions** *(₹ in thousands)*

Original Grant	3394245
Supplementary Grant	0
Total	3394245
Actual Expenditure	3871812
Excess	477567

**Reason for variation**

The excess of ₹477567 thousands under the head was mainly due to enhancement in DA & MACP, encashment of EL for LTC, increase in office running expenses etc.

(iii) Sub-Head 3201-02-003-01

**Operational Trainings** *(₹ in thousands)*

Original Grant	187560
Supplementary Grant	0
Total	187560
Actual Expenditure	223125
Excess	35565

**Reason for variation**

The excess of ₹35565 thousands under the head was mainly due to expenditure than anticipated in r/o OE, TE and PPSS, for induction training to PAs/SAs.

(iv) Sub-Head 3201-02-101-01

**Existing Post Offices** (₹ in thousands)

Original Grant	43414020
Supplementary Grant	1100500
Total	44514520
Actual Expenditure	50746216
Excess	6231696

**Reason for variation**

The excess of ₹6231696 thousands under the head was mainly due to more expenditure than anticipated due to enhanced DA rate, MACP arrears, encashment of EL for LTC etc., outsourcing of work due to shortage of regular staff, increase in cost of stationery, electricity charges.

(v) Sub-Head 3201-02-101-04

**Premium product services** (₹ in thousands)

Original Grant	1019200
Supplementary Grant	0
Total	1019200
Actual Expenditure	1121157
Excess	101957

**Reason for variation**

The excess of ₹101957 thousands under the head was mainly due to more expenditure than anticipated due to MACP arrears, DA hike, increase in electricity and telephone charges, Out-sourcing of work, professional charges etc.

(vi) Sub-Head 3201-02-101-09

**Mass Mailing Service** (₹ in thousands)

Original Grant	101265
Supplementary Grant	0
Total	101265
Actual Expenditure	135035
Excess	33770

**Reason for variation**

The excess of ₹33770 thousands under the head was mainly due to more expenditure than anticipated due to MACP arrears payment, increased in the rate of wages, increase in electricity charges etc.



(vii) Sub-Head 3201-02-102-01

**Mail Sorting** (₹ in thousands)

Original Grant	8132160
Supplementary Grant	180000
Total	8312160
Actual Expenditure	8942370
Excess	630210

**Reason for variation**

The excess of ₹630210 thousands under the head was mainly due to MACP arrear payment, DA hike, out-sourcing of staff in sorting units, increase in Rent and Tax by local bodies, increase in electricity and telephone charges, stationary etc.

(viii) Sub-Head 3201-02-103-02

**Conveyance of Mails by AIR** (₹ in thousands)

Original Grant	900000
Supplementary Grant	0
Total	900000
Actual Expenditure	1078232
Excess	178232

**Reason for variation**

The excess of ₹178232 thousands under the head was mainly due to receipt of more claims than anticipated.

(ix) Sub-Head 3201-02-103-04

**Departmental MMS for Ordinary Services** (₹ in thousands)

Original Grant	800850
Supplementary Grant	0
Total	800850
Actual Expenditure	912476
Excess	111626

**Reason for variation**

The excess of ₹111626 thousands under the head was mainly due to more expenditure under salaries than anticipated due to payment of MACP arrears, out-sourcing of work, increase in electricity, telephone charges, wages etc.

(x) Sub-Head 3201-02-103-05

**Departmental MMS for Premium product Services** (*₹ in thousands*)

Original Grant	14110
Supplementary Grant	0
Total	14110
Actual Expenditure	39575
Excess	25465

**Reason for variation**

The excess of ₹ 25465 thousands under the head was mainly due to more expenditure under salaries than anticipated.

(xi) Sub-Head 3201-02-103-06

**Others** (*₹ in thousands*)

Original Grant	1570960
Supplementary Grant	0
Total	1570960
Actual Expenditure	1639085
Excess	68125

**Reason for variation**

The excess of ₹68125 thousands under the head was mainly due to more expenditure under salaries than anticipated.

(xii) Sub-Head 3201-02-103-07

**Logistics Post** (*₹ in thousands*)

Original Grant	38900
Supplementary Grant	0
Total	38900
Actual Expenditure	66771
Excess	27871

**Reason for variation**

The excess of ₹27871 thousands under the head was mainly due to more expenditure under wages and O.C. than anticipated.

(xiii) Sub-Head 3201-02-104-08

**Annual Maintenance** (*₹ in thousands*)

Original Grant	0
Supplementary Grant	100
Total	100
Actual Expenditure	96511
Excess	96411

**Reason for variation**

The excess of ₹ 96411 thousands under the head was mainly due to more payment on account of AMC than anticipated.

(xiv) Sub-Head 3201-03-101-01

**SBCO** (₹ in thousands)

Original Grant	1070695
Supplementary Grant	0
Total	1070695
Actual Expenditure	1151038
Excess	80343

**Reason for variation**

The excess expenditure of ₹80343 thousands was due to more expenditure due to encashment of EL for LTC, increase in DA, MACP and excess in wages due to clearance of suspense.

(xv) Sub-Head 3201-03-101-02

**SBICO** (₹ in thousands)

Original Grant	65790
Supplementary Grant	0
Total	65790
Actual Expenditure	77418
Excess	11628

**Reason for variation**

The excess expenditure of ₹11628 thousands was due to more expenditure due to encashment of EL for LTC, increase in DA, MACP and excess in wages due to clearance of suspense.

(xvi) Sub-Head 3201-03-101-07

**PLI Directorate** (₹ in thousands)

Original Grant	66320
Supplementary Grant	0
Total	66320
Actual Expenditure	84404
Excess	18084

**Reason for variation**

The Excess expenditure of ₹18084 thousands was due to more expenditure on publicity of insurance products than anticipated.

(xvii) Sub-Head 3201-04-102-02

<b>Circle PAOs</b>	<i>(₹ in thousands)</i>
Original Grant	2503265
Supplementary Grant	0
Total	2503265
Actual Expenditure	2681281
Excess	178014

**Reason for variation**

The excess of ₹178014 thousands under the head was mainly due to enhancement in DA & MACP, Encashment of EL for LTC, increase in office running expenses etc.

(xviii) Sub-Head 3201-05-053-03

<b>Building Establishment</b>	<i>(₹ in thousands)</i>
Original Grant	352700
Supplementary Grant	0
Total	352700
Actual Expenditure	391082
Excess	38382

**Reason for variation**

The excess of ₹38382 thousands under the head was mainly due to normal increase in DA, increment, MACP and encashment of EL for LTC.

(xix) Sub-Head 3201-06-101-02

<b>Departmental Canteen</b>	<i>(₹ in thousands)</i>
Original Grant	125100
Supplementary Grant	0
Total	125100
Actual Expenditure	136792
Excess	11692

**Reason for variation**

The excess of ₹11692 thousands under the head was mainly due to more expenditure than anticipated.

(xx) Sub-Head 3201-06-101-03

<b>Dispensaries</b>	<i>(₹ in thousands)</i>
Original Grant	376400
Supplementary Grant	0
Total	376400
Actual Expenditure	415701
Excess	39301

**Reason for variation**

The excess of ₹39301 thousands under the head was mainly due to more expenditure than anticipated.

(xxi) Sub-Head 3201-07-101-01

<b>Superannuation &amp; Retirement Allowances</b>	<i>(₹ in thousands)</i>
Original Grant	15200000
Supplementary Grant	400000
Total	15600000
Actual Expenditure	16979127
Excess	1379127

**Reason for variation**

The excess of ₹ 1379127 thousands under this head was mainly due to increase in number of pensioners and hike in DA.

(xxii) Sub-Head 3201-07-104

<b>Gratuities to EDA</b>	<i>(₹ in thousands)</i>
Original Grant	0
Supplementary Grant	0
Total	0
Actual Expenditure	490142
Excess	490142

**Reason for variation**

The excess of ₹ 490142 thousands under this head was due to more claims than anticipated.

(xxiii) Sub-Head 3201-07-107

<b>Family Pension</b>	<i>(₹ in thousands)</i>
Original Grant	5661000
Supplementary Grant	620000
Total	6281000
Actual Expenditure	7365587
Excess	1084587

**Reason for variation**

The excess of ₹ 1084587 thousands under this head was mainly due to excess expenditure than anticipated.

(xxiv) Sub-Head 3201-07-104

<b>New Pension Scheme</b>	<i>(₹ in thousands)</i>
Original Grant	448930
Supplementary Grant	0
Total	448930
Actual Expenditure	863270
Excess	414340

**Reason for variation**

The excess of ₹ 414340 thousands under this head was mainly due to increase in Govt. contribution due to new recruit PA/SA.

(xxv) Sub-Head 3201-08-101-01

<b>Payment of charges to Reserve Stamps Office Kolkata</b>	<i>(₹ in thousands)</i>
Original Grant	2
Supplementary Grant	0
Total	2
Actual Expenditure	66129
Excess	66127

**Reason for variation**

The excess of ₹ 66127 thousands under this head was mainly due to wrong booking of expenditure under the head.

(xxvi) Sub-Head 3201-08-101-02

**Cost of Printing of Postage Stamps** *(₹ in thousands)*

Original Grant	60001
Supplementary Grant	0
Total	60001
Actual Expenditure	125937
Excess	65936

**Reason for variation**

The excess expenditure of ₹ 65936 thousands under this head was mainly due to clearance of unexpected bills.

(xxvii) Sub-Head 3201-60-102-02

**EDGIS** *(₹ in thousands)*

Original Grant	80000
Supplementary Grant	0
Total	80000
Actual Expenditure	91023
Excess	11023

**Reason for variation**

The excess expenditure of ₹11023 thousands under this head was mainly due to more expenditure than expected.

(xxviii) Sub-Head 3201-60-102-03

**Service Discharge Benefit Scheme for GDS** *(₹ in thousands)*

Original Grant	0
Supplementary Grant	0
Total	0
Actual Expenditure	236351
Excess	236351

**Reason for variation**

The excess of ₹ 236351 thousands under this head was due to implementation of the New SDB Scheme effective from April, 2011 and the payment of the Government contribution for the year 2011-12 was mandatory. Provision for funds was made in RE 2011-12.

(xxix) Sub-Head 3201-60-798-01

<b>International Co-operation</b>	<i>(₹ in thousands)</i>
Original Grant	55000
Supplementary Grant	0
Total	55000
Actual Expenditure	71959
Excess	16959

**Reason for variation**

The excess of ₹ 16959 thousands under this head was mainly due to inflation in currency.

**Remedial Action**

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

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



GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS & IT  
DEPARTMENT OF POSTS

**Excess Note**

Note for Public Accounts Committee in respect of excess occurred under 5201-Capital Section (Charged) of Grant No. 13, Ministry of Communications & IT (Department of Posts) as disclosed in the Union Government Appropriation Accounts (Civil) for the year 2011-12.

1. 5201 Capital Section (Charged)

	<i>(Fig. in ₹)</i>
Original Grant	0
Supplementary Grant	96000000
Total	96000000
Actual Expenditure	96024413
Excess Expenditure	24413

2. Under Capital (Charged) of Grant No. 13, Ministry of Communications & IT, Department of Posts for 2011-12, the total provision was Rs. 0. This was augmented to ₹ 96000000 by obtaining Supplementary Grant of ₹ 96000000. Against this, the expenditure of ₹ 96024413 was incurred resulting in excess expenditure of ₹ 24413.

3. The excess expenditure of ₹ 24413 was incurred under Capital section (Charged) of the Grant. The excess expenditure involved is less than ₹ one crore. However, the excess over the sanctioned grant was due to more payment towards Court Decree than anticipated.

**Remedial Action**

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

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

M/o RAILWAYS  
EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR  
REGULARISATION OF EXCESS OVER VOTED/CHARGED  
PORTION OF GRANTS/APPROPRIATION  
DURING THE YEAR 2011-12

During the year 2011-12, there was an overall net saving of ₹ 10215.90 crore under all Grants and Appropriations, which constitutes 4.98 per cent of the total provision of ₹ 205212.98 crore.

The net saving was the result of gross saving of ₹ 11264.04 crore under fourteen Voted Grants (*i.e.* thirteen Revenue *viz.* 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14 & 15 and four segments of Works Grant No. 16 *viz.* Capital, Railway Fund, OLWR & RSF) and nine Charged Appropriations (*i.e.* eight Revenue 4, 6, 7, 8, 9, 10, 11 & 12 and four segments of Works Appropriation No. 16 *viz.* Capital, Railway Funds, OLWR & RSF) and gross excess of ₹ 1048.14 crore under two Voted Grants (12 & 13) and two Charged Appropriations (3 & 13).

The gross excess of ₹ 1048.14 crore was made up of ₹ 1047.83 crore under Voted Grants and ₹ 0.31 crore under Charged Appropriations constituting 4.84% of the total provision of ₹ 21667.84 crore under those Grants/Appropriations in which excess occurred.

The gross saving amounting to ₹ 11264.04 crore was made up of ₹ 11232.45 crore under Voted Grants and ₹ 31.59 crore under Charged Appropriations constituting 6.14% of the total provision of ₹ 183545.14 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 2011-12-Part-I-Review).

All saving 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 two Charged Appropriations (3 and 13) and two Grants (12 & 13). However, taking into account the factor of misclassification of expenditure, the saving under Charged Appropriation No. 7 have also turned into excess. These Appropriations/Grants are explained as under:—

**(a) Charged Appropriations**

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

	<i>In unit of ₹</i>
Original Appropriation	0
Supplementary Appropriation	3,05,000
Total Sanctioned Appropriation	3,05,000
Actual Expenditure	30,34,201
Excess	27,29,201
Misclassification	-

Excess requiring regularisation	27,29,201
Percentage of Excess	894.82%

A Supplementary Charged Appropriation of ₹ 3.05 lakh was sanctioned for payments towards satisfaction of court decrees, which proved to be inadequate. The actual payments exceeded the provision by ₹ 27,29,201 as more decretal payments materialized.

**The excess requiring regularisation is ₹ 27,29,201 as disclosed in the Appropriation Accounts.**

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

	<i>In unit of ₹</i>
Original Appropriation	3,15,000
Supplementary Appropriation	0
Total Sanctioned Appropriation	3,15,000
Actual Expenditure	0
Savings	(-) 3,15,000
Misclassification	9,81,281
Excess requiring regularisation	6,66,281
Percentage of Excess	211.52%

Charged Appropriation of ₹ 3.15 lakh was obtained at the Budget Estimate Stage for payments towards satisfaction of court decrees. There was a net effect of ₹ 9,81,281 on account of misclassification of expenditure due to wrong booking under Voted instead of Charged Appropriation.

**Thus the excess requiring regularization is ₹ 6,66,281 (i.e. 211.52% of the total sanctioned provision in this appropriation.**

(iii) Appropriation No. 13:— Working Expenses—Provident Fund, Pension & Other Retirement benefits.

	<i>In unit of ₹</i>
Original Appropriation	49,51,000
Supplementary Appropriation	9,07,000
Total Sanctioned Appropriation	58,58,000
Actual Expenditure	62,67,113
Excess	4,09,113
Misclassification	—
Excess requiring regularisation	4,09,113
Percentage of Excess	6.98%

Charged Appropriation ₹49.51 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of ₹9.07 lakh was sanctioned for additional

payments towards satisfaction of court decrees, which proved be inadequate. The actual payments exceeded the provision by ₹ 4,09,113 as more decretal payments materialized.

**Thus, the excess requiring regularisation is ₹ 4,09,113 as disclosed in the Appropriation Accounts.**

**(b) Voted Grants**

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

	<i>In unit of ₹</i>
Original Grant	3684,74,28,000
Supplementary Grant	425,12,94,000
Total Sanctioned Grant	4109,87,22,000
Actual Expenditure	4388,08,15,415
Excess	278,20,93,415
Misclassification	164,94,228
Excess requiring regularisation	279,858,76,43
Percentage of Excess	6.81%

A Grant of ₹ 3684.74 crore was obtained at the Budget Estimate stage and a Supplementary Grant of ₹425.13 crore was obtained in March - 2012 mainly for higher payment of staff cost and Contractual Payment etc. The actual expenditure of ₹ 4388.08 crore was ₹ 278.21 crore more than the total sanctioned provision of ₹ 4109.87 crore. There was a net effect of ₹ 164,94,228 on account of misclassification of expenditure. The excess thus worked out to ₹ 279.86 crore.

This excess occurred mainly under the following Sub heads:—

(a) Compensation Claims (200) (₹ 20.54 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) (₹ 31.65 crore), mainly due to more expenditure towards contractual payments to private caterers and clearance of outstanding bills of IRCTC, than anticipated. (c) Suspense (800) (₹ 458.49 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 Sub-heads:—

(a) Security (110) (₹121.43 crore), mainly due to materialisation of less payment on account of GRP dues due to non/less receipt of bills and incurrence of less expenditure on salary and wages, dearness allowances and less direct purchases during the year, than anticipated. (b) Workmen's and Other Compensation Claims (300) (₹16.22 crore), mainly due to less workmen's compensation claims and *ex-gratia* cases settled during the year, than anticipated. (c) Cost of Training of Staff (500) (₹ 51.35 crore), mainly due to less expenditure on staff cost, less direct purchases and decrease in training activities during the year, than anticipated. (d) Other expenses (600) (₹43.17 crore), mainly due to incurrence of less adjustment of debits pertaining to civil defence, less procurement of stores and less incurrence of other miscellaneous expenditure during the year, than anticipated (e) Hospitality and Entertainment

Expenses (700) (₹ 0.30 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 ₹ 279,85,87,643 (i.e. 6.81% of the total sanctioned provision).**

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

	<i>In unit of ₹</i>
Original Grant	16479,74,14,000
Supplementary Grant	1077,60,91,000
Total Sanctioned Grant	17557,35,05,000
Actual Expenditure	18326,96,73,663
Excess	769,61,68,663
Misclassification	—
Excess requiring regularisation	769,61,68,663
Percentage of Excess	4.38%

A Grant of ₹ 16479.74 crore was obtained at the Budget Estimate Stage and a Supplementary Grant of ₹ 1077.61 crore was obtained in March-2012 mainly for meeting the increased pensionary charges. The actual expenditure of ₹ 18326.97 crore was ₹ 769.62 crore more than the sanctioned provision of ₹ 17557.35 crore.

Excess occurred mainly under the following Sub heads:—

(a) Superannuation and Retiring Pension (100) (₹ 96.10 crore), due to receipt of more debits from various pension disbursing authorities on account of implementation of MACP and increase in DA, than anticipated. (b) *Ex-gratia* Pension (300) (₹ 15.48 crore), due to incurrence of more expenditure towards *ex-gratia* pension during the year. (c) Family Pension (400) (₹ 566.68 crore), due to implementation of MACP and increase in DA than anticipated. (d) Death-cum-Retirement Gratuity (500) (₹ 197.45 crore), due to finalisation of more number of Death-cum-Retirement Gratuity cases during the year, than anticipated. (e) Leave Encashment Benefits (700) (₹ 88.33 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) (₹ 38.14 crore), due to more Government contribution for newly defined contributory pension scheme, than anticipated.

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

(a) Commuted pension (200) (₹ 151.63 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) (₹ 80.93 crore), due to receipt of less number of cases of *Ex-gratia* payment, than anticipated.

**The excess, therefore, requiring regularisation from Parliament works out to ₹ 769,61,68,663 (i.e. 4.38% of the total sanctioned provision).**

## APPENDIX I

### MINUTES OF THE SIXTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2013-14) HELD ON 30TH JANUARY, 2014

The Public Accounts Committee sat on Thursday, the 30th January, 2014 from 1130 hrs. to 1400 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

#### PRESENT

Dr. Murli Manohar Joshi — *Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Shri Anandrao Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Dr. M. Thambidurai
6. Shri Bhartruhari Mahtab

##### *Rajya Sabha*

7. Shri Prasanta Chatterjee
8. Shri Prakash Javadekar
9. Dr. V. Maitreyan
10. Shri N.K. Singh
11. Smt. Ambika Soni

#### SECRETARIAT

- |                        |   |                            |
|------------------------|---|----------------------------|
| 1. Shri Devender Singh | — | <i>Joint Secretary</i>     |
| 2. Shri Jaya Kumar T.  | — | <i>Additional Director</i> |
| 3. Shri D.R. Mohanty   | — | <i>Deputy Secretary</i>    |
| 4. Smt. A. Jyothirmayi | — | <i>Deputy Secretary</i>    |
| 5. Ms. Miranda Ingudam | — | <i>Under Secretary</i>     |
| 6. Shri A.K. Yadav     | — | <i>Under Secretary</i>     |
| 7. Smt. Anju Kukreja   | — | <i>Under Secretary</i>     |

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

- |                            |   |                           |
|----------------------------|---|---------------------------|
| 1. Shri A.K. Singh         | — | Dy C&AG                   |
| 2. Smt. Usha Sankar        | — | Dy C&AG                   |
| 3. Shri Gautam Guha        | — | Director General of Audit |
| 4. Smt. Ila Singh          | — | Director General of Audit |
| 5. Shri C. Gopinathan      | — | Director General of Audit |
| 6. Shri Jayant Sinha       | — | Pr. Director of Audit     |
| 7. Shri Purushottam Tiwari | — | Pr. Director of Audit     |
| 8. Shri A.M. Bajaj         | — | Pr. Director of Audit     |

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of C&AG to the sitting of the Committee. The Chairman, then, apprised that the meeting was convened to consider and adopt nine Draft Reports (five Original and four Action Taken Reports) of the Committee. Thereafter, the Committee took up the following draft Reports one by one for consideration:—

- (i) Draft Report on 'Excesses over Voted Grants and Charged Appropriations (2011-12)';
- |        |     |     |     |     |
|--------|-----|-----|-----|-----|
| (ii)   | *** | *** | *** | *** |
| (iii)  | *** | *** | *** | *** |
| (iv)   | *** | *** | *** | *** |
| (v)    | *** | *** | *** | *** |
| (vi)   | *** | *** | *** | *** |
| (vii)  | *** | *** | *** | *** |
| (viii) | *** | *** | *** | *** |
| (ix)   | *** | *** | *** | *** |

3. After detailed deliberations, the draft Reports at Sl. Nos. (i), (ii) and (iii) were adopted with some modifications/amendments that are given at Annexure and the rest were adopted without any changes. The Committee also authorized the Chairman to finalise these Reports, in light of their suggestions and the factual verifications received from the Audit and present the same to the House on a date convenient to him.

4. The Chairman thanked the Members for their valuable suggestions on the consideration of the Draft Reports.

*The Committee, then, adjourned.*

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\*\*\*Matter does not pertain to this Report.

**Modifications/Amendments made by the PAC in the Draft Reports**

Sl. No.	Page No.	Recommendation Para/Line No.	For	Read
1.	Draft Report on 'Excesses over Voted Grants and Charged Appropriations (2011-12)'			
	38	4	<b>Add at the end of Para 4</b>	
			The Ministry of Finance should initiate a study of the best International Practices on the modalities for ensuring greater conformity of expenditure to the budgetary provisions. The practice of the three supplementaries during the Fiscal Year in addition to the main Budget undercuts the sanctity of Budgetary provisions. In practice often even known expenditure outgoes are suppressed in the main Budget to be provided for any subsequent supplementaries. The Supplementary budget should normally be for unexpected items of expenditure or schemes taken up for compelling public interest. Eased on other fiscal federal models the Finance Ministry should evolve modalities and a framework which will enable the sanctity of budgetary provisions ensuring the reach and superintendence of Parliament on appropriation outgoes.	
2.	***	***	***	***
	***	***	***	***
3.	***	***	***	***
	(i) ***	***	***	***
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\*\*\*Matter does not pertain to this Report.



**APPENDIX II**

STATEMENT OF OBSERVATIONS/RECOMMENDATIONS

Sl. No.	Para No. (Part - II)	Ministry/Department	Observations/Recommendations
1	2	3	4
1.	1	Finance, External Affairs, Home Affairs, Defence, Communications and Information Technology (Department of Posts) and Railways	The Committee's examination of the four Appropriation Accounts of the Union Government relating to Civil, Defence Services, Postal Services and Railways for the financial year 2011-12 has revealed that a total excess expenditure of ₹ 8563.14 crore was incurred in 14 cases of 11 Grants/Appropriations operated by various Ministries/Departments during the year 2011-12 (as against ₹ 11046.93 crore during the last year <i>i.e.</i> 2010-11). The defaulting Ministries are Ministry of External Affairs (Grant No. 31); Ministry of Finance (Appropriation No. 34—Interest Payments); Ministry of Home Affairs (Grant No. 97—Chandigarh and Grant No. 100—Lakshadweep); Ministry of Defence [2 Grants <i>i.e.</i> Grant No. 21—Defence Pensions (Civil) and Grant No. 24—Defence Services—Air Force]; Ministry of Communications and Information Technology, Department of Posts (Grant No. 13—Postal Services) and Ministry of Railways (5 cases under 4 Grants/Appropriations <i>i.e.</i> Grant No. 12—Miscellaneous Working Expenses, Grant No. 13—Working Expenses—Provident Fund, Pension and Other Retirement Benefits, Appropriation No. 3—Working Expenses—General Superintendence and Services and Appropriation No. 7—Working Expenses—Repairs & Maintenance of Plant and Equipment). The Committee are astonished to find that bulk of the excess expenditure had been recorded under two Grants <i>i.e.</i> Grant No. 21—Defence Pensions (₹ 3569.10 crore) operated by

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			<p>the Ministry of Defence and Appropriation No. 34—Interest Payments (₹ 2947.58 crore) operated by the Ministry of Finance, which accounted for over 76.10 per cent of the total excess expenditure incurred during the year under review. The excess expenditure during the year is prominently noticeable in the Grants/Appropriations operated by the Ministries of Defence and Finance, Department of Posts and Ministry of Railways. The Committee further find that during the year 2011-12 while a marginal decline of excess expenditure was registered under the Grants operated by the Defence Services and Ministry of Railways, it has shown an increasing trend with regard to Grants/Appropriations operated by the Civil Ministries/Departments and the Department of Posts. The Committee find it unconscionable that such a situation continues to persist unabated despite issuance of elaborate instructions at regular intervals by the Government in pursuance of the oft reiterated recommendations of the Public Accounts Committee for plugging the existing loopholes and deficiencies and containing the excess expenditure to the barest minimum. An analysis of the explanations given by the Ministries/Departments concerned has revealed that, as in the past, defective estimation of requirement of funds, absence of a continuous watch over the flow of expenditure, lack of timely review of financial requirements and failure to properly anticipate the requirement for additional funds continue to be the main reasons for excesses. The fact that the same causes for the excesses persist year after year is a pointer that the matter has not been accorded due importance by the</p>

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			<p>Ministries/Departments concerned. Though the Committee have been repeatedly pointing out in their Reports that the system of estimation of and control over expenditure is faulty and year after year, Parliament is being presented with a <i>fait accompli</i> of unremitting excess phenomenon. The Committee would, therefore, once again urge the Ministries/Departments to put in place a robust mechanism and embark upon definitive measures so as to ensure greater financial discipline and contain expenditure within the prescribed limits.</p>
2.	2	<p>Finance, External Affairs, Home Affairs, Defence, Communications and Information Technology (Department of Posts) and Railways</p>	<p>As mentioned above, out of the total excess expenditure of ₹ 8563.14 crore incurred during the 2011-12 fiscal, the bulk of the excess expenditure was incurred under the Grants/Appropriations operated by the Civil Ministries/Departments and the Ministry of Railways which accounted for 76.44% (₹ 6545.33 crore) and 12.24 % (₹ 1048.14 crore before misclassification) respectively. The remaining excess expenditure was incurred by the Ministry of Defence and the Ministry of Communications and Information Technology (Department of Posts) <i>i.e.</i> 6.63% (₹ 567.91 crore) and 4.67 % (₹ 400.04 crore) respectively. The Committee's scrutiny of the issue has revealed that in the Civil sector, as much as 41.68% (₹ 3569.10 crore) of the total excess expenditure was incurred under Grant No. 21—Defence Pensions followed by 34.42 % (₹ 2947.58 crore) under Appropriation No. 34—Interest Payments. In the Defence Sector Grant No. 24—Defence Services-Air Force registered an excess expenditure of ₹ 567.91 crore which is 6.63 % of the total excess expenditure incurred during</p>

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			<p>the 2011-12 fiscal. As regards excess expenditure incurred under Grants/Appropriations operated by the Ministry of Railways, out of the total excess expenditure of ₹ 8561.42 crore (before misclassification) about 12.24% i.e. ₹ 1048.14 crore was incurred under four cases of three Grants/Appropriations operated by the Ministry of Railways during the year 2011-12. Further, in two cases there was misclassification of expenditure in the Grants/Appropriations operated by the Ministry of Railways. Taking into account the effect of these two cases of misclassification, the actual excess expenditure by the Ministry of Railways during 2011-12 fiscal works out to ₹ 1049.86 crore instead of ₹ 1048.14 crore as indicated in the Indian Railways Appropriation Accounts (2011-12). Accordingly, the total amount of actual excess expenditure incurred during the financial year 2011-12 which has to be regularized by Parliament under Article 115(1)(b) of the Constitution is of the order of ₹ 8563.14 crore.</p>
3.	3	Finance (Department of Expenditure)	<p>Yet another disturbing trend noticed by the Committee is that during the fiscal 2011-12 the excess expenditure of over ₹ 1000 crore had occurred in as low as two cases (₹ 3569.10 crore under Grant No. 21—Defence Pensions and ₹ 2947.58 crore under Appropriation No. 34—Interest Payment). What is still worse is the fact that excess expenditure had exceeded ₹ 100 crore in four cases and more than ₹ one crore in three cases. An analysis of the reasons for excess expenditure during 2011-12, as pointed out above indicate that lack of proper monitoring of the progress of expenditure, inadequate review and analysis of the financial requirement and non-observance of the prescribed financial rules were the main contributory factors towards excess</p>

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			<p>expenditure of such a high magnitude. Although General Financial Rules clearly provide that the Grant administering authorities shall be fully accountable for control of expenditure and clear-cut instructions have also been laid down for the detailed procedures to be followed for check against wanton provisions of funds, the Committee deprecate to note that the authorities concerned in various defaulting Ministries/Departments continue to display sheer negligence and scant regard to financial rules. Viewing the inaction with grave concern, the Committee urge the Ministry of Finance to strongly impress upon all the Departmental Heads concerned to strictly observe the instructions issued under the financial rules so as to ensure that no expenditure is incurred in excess of the authorized limits. The Committee would also like the Ministry of Finance to devise suitable and foolproof mechanism for tightening the exchequer control and to deal sternly with those cases where any deviations and slackness in following the prescribed financial rules are noticed.</p>
4.	4	<p>Finance, External Affairs, Home Affairs, Defence, Communications and Information Technology (Department of Posts) and Railways</p>	<p>An analysis of the Appropriation Accounts and Explanatory Notes furnished by the defaulting Ministries shows that the percentage of excess expenditure over the total Grant ranged between 0.03 per cent (Grant No. 13—Postal Services) and 894.82 percent (Appropriation No. 03—Working Expenses—General Superintendence and Services). In six cases the percentage was more than five over the original Grants/Appropriations viz. 894.82 percent in Appropriation No. 3—Working Expenses—General Superintendence and Services; 52.86% in Revenue— charged section of the Grant No. 21—Defence</p>

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			<p>Pensions; 21.53 per cent in Grant No. 97—Chandigarh; 10.50% in respect of Grant No. 21—Defence Pensions in Revenue—Voted Section; 6.98 per cent in Appropriation No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits and 6.77 per cent in Grant No. 12—Miscellaneous Working Expenses. The Committee express serious displeasure over persistent excess expenditure despite obtaining Supplementary Grants/Appropriations. Apparently, no sincere efforts have been made by the Ministries/Departments concerned to contain the trend. The Committee, therefore, once again exhort the Ministries/Departments to be more careful both in estimation and in spending so as to bridge the variation between the allocations approved and the expenditure incurred.</p>
			<p>The Ministry of Finance should initiate a study of the best International Practices on the modalities for ensuring greater conformity of expenditure to the budgetary provisions. The practice of the three supplementaries during the Fiscal Year in addition to the main Budget undercuts the sanctity of Budgetary provisions. In practice often even known expenditure outgoes are suppressed in the main Budget to be provided for any subsequent supplementaries. The Supplementary Budget should normally be for unexpected items of expenditure or schemes taken up for compelling public interest. Eased on other fiscal federal models the Finance Ministry should evolve modalities and a framework which will enable the sanctity of budgetary provisions ensuring the reach and superintendence of Parliament on appropriation outgoes.</p>

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5.	5	Finance, External Affairs, Home Affair, Defence, Communications and Information Technology (Department of Posts) and Railways	<p>The Committee note with concern that out of 14 cases of excess registering Grants/Appropriations, an excess expenditure of ₹ 4994.26 crore was incurred in as many as 12 cases even after obtaining Supplementary Grants Appropriations to the extent of ₹ 14506.47crore. The percentage of excess expenditure over the Supplementary Grant in respect of these 12 cases ranged from 0.025 (Grant No. 13—Postal Services—Capital Charged) to 894.82 per cent (Appropriation No. 3—Working Expenses—General Superintendence and Services) and in four cases, it was more than 100 per cent. The Committee find from the Ministry-wise details that Supplementary Grant to the tune of ₹ 12519.14 crore, ₹ 234.80 crore, ₹ 249.67 crore and ₹ 1502.86 crore pertaining to the Civil, Defence, Postal Services and Railways respectively fell short of the actual expenditure by ₹ 2976.52 crore, ₹ 567.91 crore, ₹ 400.04 crore and 1049.79 crore in that order. The excess registering Grants/Appropriations operated by the Civil Ministries/ Departments <i>i.e.</i> Grant No. 21—Defence Pensions, Grant No. 31—Ministry of External Affairs, Appropriation No. 34—Interest Payments, Grant No. 97—Chandigarh and Grant No. 100—Lakshadweep obtained a Supplementary Grant each to the tune of ₹ 0.29 crore, ₹ 600.00 crore, ₹ 11904.32 crore, ₹ 4.03 crore and ₹ 10.50 crore respectively. However, in all these cases, excess expenditure incurred was ₹ 0.29 crore, ₹ 7.23 crore, ₹ 2947.58 crore, ₹ 19.98 crore and ₹ 1.44 crore respectively. Similarly, the lone excess registering Grant pertaining to Defence Services <i>i.e.</i> Grant No. 24—Defence Services—Air Force obtained a Supplementary Grant of ₹ 234.80 crore, still then the actual</p>

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			<p>expenditure exceeded the budgetary provision by ₹ 567.91 crore. In respect of Postal Services, Supplementary Grant of ₹ 249.67 crore under both the sections of Grant No. 13—Postal Services proved inadequate by ₹ 400.04 crore. Further, in respect of the Railways, out of five cases of excess registering Grants/Appropriations, Supplementary Grant was obtained in four cases. A Supplementary Grant each of the order of ₹ 425.13 crore, ₹ 1077.61 crore, ₹ 0.03 crore and ₹ 0.09 crore was allocated under Grant No. 12—Miscellaneous Working Expenses, Grant No. 13—Provident Fund, Pension and other Retirement Benefits, Appropriation No. 03—Working Expenses—General Superintendence and Services and Appropriation No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits respectively. In spite of having Supplementary Grant the aforesaid Grants/Appropriations registered excess expenditure amounting to ₹ 279.86 crore, ₹ 769.62 crore, ₹ 0.27 crore and ₹ 0.04 crore respectively. In this regard, the Committee have repeatedly cautioned the Ministries/Departments in the past against incurring excess expenditure despite obtaining Supplementary Grants. As the trend of incurring excess expenditure despite obtaining Supplementary Grants still persists, the Committee are inclined to conclude that the Budget Provisions are not made with requisite precision and the requirements projected at the Supplementary Grant stage are also unrealistic, indicating the deeply pervading malaise in the extent budgetary mechanism. The Committee, therefore, desire the Ministries/Departments concerned to impress upon their budget controlling authorities to</p>



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6.	6	Finance, Defence, Communications and Information Technology (Department of Posts) Railways	<p>thoroughly examine the proposal for additional funds with due farsightedness and ensure proper review and scrutiny of the proposals for Supplementary demands before presenting the same to Parliament so that additional provisions are commensurable with the actual requirement of funds.</p> <p>The Committee find that the incurring of excess expenditure is a recurring phenomenon in all the sectors of the economy <i>viz.</i> Civil, Defence Services, Postal Services and Railways. The scrutiny of excess expenditure incurred by various Ministries/Departments during the last ten years revealed that in all the sectors the excess expenditure which was reduced to a considerable extent during the year 2007-08 has again showed an upward trend during the years 2008-09 to 2010-11. However, during the year under review, <i>i.e.</i> 2011-12, while the excess expenditure under Civil and Postal services has increased, it has shown a downward trend in case of Defence Services and Railways. Similarly, overall excess expenditure has also been reduced from ₹ 11046.93 crore in 22 Grants/Appropriations during 2010-11 to ₹ 8563.14 crore in 11 Grants/Appropriations in the fiscal 2011-12. Further, from the scrutiny of excess registering Grants/Appropriations for the last five years period <i>i.e.</i> from 2007-08 to 2011-12 it has been found that in 12 Grants/Appropriations (Grant No. 21—Defence Pensions, Grant No. 13—Postal Services, Grant No. 22—Defence Services—Army and Grants/Appropriations Nos. 3,4,5,6,8,12,13,15 and 16 operated by the Ministry of Railways, persistent excesses occurred in at least three years out of the five years.</p>

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7.	7	Defence	<p>It has further been observed that the Ministry of Defence under Revenue—Voted Section of Grant No. 21—Defence Pensions, had incurred excess expenditure recurringly for the last four years <i>i.e.</i> from 2008-09 to 2011-12. Out of this, excess expenditure for the years 2009-10 to 2011-12 was more than ₹ 1000 crore (₹ 8999.54 crore in 2009-10, ₹ 3336.31 crore in 2010-11 and ₹ 3568.81 crore in 2011-12). Similarly, the Department of Posts under Revenue Voted Section of Grant No. 13 had incurred excess expenditure of more than ₹ 300 crore recurringly for the last three years <i>i.e.</i> from 2009-10 to 2011-12 (₹ 818.13 crore in 2009-10, ₹ 366.63 crore in 2010-11 and ₹ 400.04 crore in 2011-12). Further, in case of Grants/Appropriations operated by the Ministry of Railways it is seen that out of 16 Grants/Appropriations nine Grants/Appropriations have witnessed excess expenditure consecutively for a period of three years or more. The persisting trend of excesses over Voted Grants and Charged Appropriations, reinforces the Committee's of repeated observations that adequate and serious attention is not being paid by the Ministries/Departments concerned to the implementation of an effective mechanism to curb the phenomenon. The Committee, therefore, recommend that the Government should earnestly undertake case studies of the instances where expenditure had persistently exceeded the budgetary allocations during the last five years and streamline and strengthen the extant mechanism so as to tighten the financial and budgetary control to effectively check the unabated trend of excess expenditure.</p> <p>The Committee further find that under Defence Services Sector, the Ministry of Defence incurred an excess expenditure</p>

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8.	8	Defence, External Affairs, Home Affairs, Finance (Expenditure)	<p>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 crore in two Grants in 2009-10 and ₹ 4,239.34 crore in four Grants/Appropriations in 2010-11. Having noticed the recurring phenomenon of excess expenditure by the Ministry of Defence the Committee in Para 9 of their 64th Report (15th Lok Sabha) had recommended the Ministry to devise concrete ways and means in consultation with the Ministry of Finance to overhaul and streamline their budgeting mechanism so that excess expenditure is avoided altogether. In this regard, the Committee are informed that the Ministry of Defence have undertaken internal brainstorming to identify the possible reasons for repeated instances of excess expenditure in several areas. For the purpose the MoD have set up three Committees which would devise alternate solutions for any weak internal controls that may exist. The Reports of these Committees are expected shortly. Appreciative of the efforts being made in the right direction, the Committee would like to be kept informed of the suggestions made by these Committees and the measures taken by the Ministry to tighten their financial control so as to avoid recurring excess expenditure in future.</p> <p>The Ministries/Departments are required to submit to the Committee Explanatory Notes in respect of the excess registering Grants/Appropriations immediately after the presentation of relevant Appropriation Accounts to the House. The Committee find that the Explanatory</p>

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			<p>Notes in respect of excess registering Grants/Appropriations pertaining to Civil Ministries/Departments were due for submission to the Committee on or before 13th August, 2013, but the same were received with a delay ranging from 10 days to more than two months. The Ministry of External Affairs and Defence have furnished their Explanatory Notes after a delay of 10 days, and 21 days respectively, while the Ministry of Home Affairs submitted their Explanatory Note pertaining to Grant No. 97—Chandigarh and Grant No.100—Lakshadweep after a delay of more than two months. The Committee take a serious view of such delays on the part of the Ministries/Departments concerned in furnishing the Explanatory Notes and desire that responsibility be fixed for the laxity shown in this regard. The Committee, however, would like the Ministry of Finance (Department of Expenditure), the coordinating Ministry, to look into the matter and take suitable measures to ensure timely submission of explanatory notes in future. As a systemic check, the Ministry of Finance in consultation with the Comptroller and Auditor General of India should put in place a centralized computerized networking monitoring system to check the status of the preparation of Explanatory Note at every stage by various Ministries/Departments so that any delay on this count is avoided.</p>
9.	9	Defence	<p>A scrutiny of select cases of excess registering Grants/Appropriations reveals that during the financial year 2011-12, the Ministry of Defence incurred an excess expenditure of ₹ 3569.10 crore under two sections (₹ 3568.81 crore under Revenue—Voted section and ₹ 0.29 crore under Revenue—Charged section) of</p>

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			<p>Grant No. 21—Defence Pensions. Under Revenue-Voted section of the Grant the excess expenditure of ₹ 3568.81 crore incurred was the net effect of total excess of ₹ 3571.19 crore and the total unspent provision of ₹ 2.38 crore under various sub-heads of the Grant. The excess expenditure under Revenue—Voted Section of this Grant was incurred without obtaining the Supplementary Grant. According to the Ministry of Defence, the excess expenditure was due to receipt of more cases of Modified Assured Career Progression (MACP) Scheme, local discharge, pre-release cases, death cases, more number of retirees than expected, more leave encashments etc. The Committee are not convinced with these reasons attributed for incurring of excess expenditure under this Grant as most of the reasons mentioned by the Ministry of Defence do not fall under the category of "Unforeseen" or "Unanticipated" expenditure. In this context, the Committee would like to point out that under this Grant the Ministry of Defence had been persistently registering excess expenditure of the magnitude of more than ₹ 1000 crore during the preceding four years. In pursuance of their earlier recommendations, the Committee have been informed that the Ministry of Defence had issued instructions to budget estimating authorities of Defence Pensions to prepare their budget with utmost caution and accuracy while estimating requirements of funds. Subsequently, instructions were also issued to PCDA (P) Allahabad and O/o the CGDA, New Delhi to adopt e-governance model to utilize the information technology/tools so as to establish a centralized data base of</p>

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10.	10	Finance (Economic Affairs)	<p>Pensioners and networking of all the banks so as to arrive at a correct estimation of pension liability and expenditure in a particular year. The Committee are constrained to observe that though similar instructions are being issued year after year by the Ministry to contain the excess expenditure under this Grant, it apparently seems that the instructions issued have had little effect on the estimating and disbursing authorities. Going by the trend the Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to ensure effective implementation of the instructions issued. The Committee are also informed that as per the directions of Ministry of Finance, a review of the existing arrangement of Reporting and Accounting of Defence Pensions, an internal Audit was conducted by the O/o the CGDA and in accordance with the recommendations contained in the Report of the CGDA several measures have been initiated to improve budgeting and accounting of pension expenditure. Moreover, Grant No. 21—Defence Pensions has now been covered under Cash Management System from F.Y. 2013-14, therefore, monthly expenditure plan and Quarterly Expenditure allocations of Grant No. 21 has been incorporated in Detailed Demands for Grants for F.Y. 2013-14. The Committee would like to be apprised of the outcome of these measures and further action taken by the Ministry as a result thereof to obviate excess expenditure under this Grant in future.</p> <p>The Committee note that against the final appropriation of ₹ 284234.60 crore sanctioned under Revenue—Charged</p>

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			<p>Section of Appropriation No. 34—Interest Payments during the fiscal 2011-12, the Department of Economic Affairs incurred expenditure of the order of ₹ 287182.18 crore resulting in an excess expenditure of ₹ 2947.58 crore despite obtaining Supplementary Grant of ₹ 11904.32 crore. The Scrutiny of Explanatory Notes revealed that the excess expenditure under this Appropriation was incurred mainly due to enhanced borrowing and high rate of interest, inclusion of premium paid on issue of dated securities, shifting of investments from intermediate Treasury Bills to auction based Treasury Bills by the State Govt., exchange rate variation etc. The Committee further observe from the Explanatory Note furnished by the Department of Economic Affairs that the Department took only one Supplementary Grant of ₹ 11904.32 crore in August, 2011. After that no Supplementary Grants were taken till the end of the financial year for enhancement of the Budget Provision under this Appropriation. However, reply of the Ministry is completely silent about the reasons for not assessing their actual requirements of funds between August, 2011 and March, 2012. The Committee are of the view that a precise assessment of funds required to cover the impending excess expenditure could have been made and adequate Supplementary provisions sought from Parliament. Unfortunately, the Supplementary provision <i>i.e.</i> ₹ 11904.32 crore could not meet the additional requirements under this Appropriation leaving the balance for Parliament to regularize. Barring unforeseen circumstances, it is not expected of any Ministry to cross their financial limit even after making such a huge Supplementary provision as has</p>

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			<p>happened in this case. The Committee take a serious view of the casual approach of the Ministry of Finance which is supposed to be a role model for others to emulate in the matter of framing not only the original budget estimates but also revised budget estimates. The Committee desire that the reasons for failure to make realistic assessment of funds requirement be analysed so as to take timely action for ensuring adequate provisions for funds under this Appropriation and monitor the progress of expenditure and smooth flow of expenditure within the provisions sanctioned by Parliament.</p>
11.	11	Defence	<p>The Committee find that the gap between the budget provision and the actual expenditure was to the tune of ₹ 567.91 crore during the fiscal 2011-12 in case of Revenue-Voted Section of Grant No. 24—Defence Services—Air force. The Supplementary Grant of ₹ 234.80 crore obtained also proved inadequate to meet the actual needs of the Ministry of Defence under this Grant. According to the Ministry, this was mainly due to grant of MACP to service personnel, sanction of higher rate of Dearness Allowance, enhancement of other allowances due to DA rate exceeding 50%, variations in strength and price escalation of ration commodities, change in rate of excise duty from 10.3% to 12.36%, deduction of LD charges materialization of supplies of certain unexpected critical items from Ordnance Factories and exchange rate variations. The Committee feel that the requirements for these factors could have been realistically assessed and forecast at the time of seeking Supplementary Grant and timely additional provisions should have been made in the Revised</p>



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			Estimates. The Committee, therefore, urge that the Ministry of Defence take effective measures to precisely anticipate and assess the actual requirement of funds at various stages of budgeting process so as to bridge the gap between the budget provision and actual expenditure.
12.	12	Defence	The Committee are displeased to note that this is not the first occasion when excesses under this Grant has come to their notice as an excess expenditure of ₹ 42.76 crore and ₹ 610.37 crore was also reflected during the fiscal 2005-06 and 2008-09 respectively. While, dealing with the excess expenditure of ₹ 610.37 crore under this Grant during the year 2008-09, the Committee had expected the Ministry of Defence to introspect the inadequacies of their extant arrangements for checking excess expenditure and devise some concrete ways and means in consultation with the Ministry of Finance to overhaul their budgeting mechanism. The Committee have been informed that pursuant to their earlier recommendations contained in the 22nd & 36th Reports (15th Lok Sabha) the Ministry of Defence had issued detailed instructions to all concerned to ensure even flow of expenditure so as to avoid any excess expenditure in this Grant. Recurrence of excess expenditure to the tune of ₹ 567.91 crore during the year 2011-12 under this Grant clearly indicate that the instructions issued in the past had hardly any effect in improving the budgetary procedures and financial controls within the Ministry. Mindful of the fact that repeated assurance of issuing instructions would not serve the desired purpose unless these instructions are strictly enforced and effectively monitored, the Committee

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			<p>urge the Ministry to examine critically the specific steps taken towards implementation of the instructions and identify additional measures to contain/curtail the recurring phenomenon of excess expenditure under this Grant.</p>
13.	13	<p>Communications and Information Technology (Department of Posts)</p>	<p>During the financial year under review, the Department of Posts incurred an excess expenditure of ₹ 400.04 crore under Revenue (Voted) and Capital (Charged) Sections of Grant No. 13 — Postal Services. The Committee's examination of the matter has revealed that this excess expenditure of ₹ 400.04 crore under Revenue—Voted portion had occurred despite obtaining Supplementary provision of ₹ 240.07 crore. According to the Department of Posts, this excess expenditure had occurred mainly due to leave encashment on availing LTC, Grant of MACP, increase in Pay and Allowances, more retirement, Pension Gratuities to extra Departmental Agents, Pension and Family Pensions etc. According to the Committee, most of the reasons attributed for such excess expenditure could well have been anticipated by the Department at the Budget preparation stage and/or at the Revised/Supplementary Grant stage. The Committee are of the firm view that substantial part of the excess expenditure under this Grant could have been avoided by making adequate advance provisions to meet the anticipated liabilities. The Committee would, therefore, recommend the Department of Posts to accurately estimate their requirement of funds at Budget Estimate/Revised Estimate stage taking into account all probable expenditure that might crop up during the year so as to keep the expenditure within the limits of the amount sanctioned in the Grant by Parliament.</p>

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14.	14	Communications and Information Technology (Department of Posts)	<p>The Committee regret to find that excess expenditure has occurred recurrently under Grant No. 13—Postal Services for the past three years <i>i.e.</i> ₹ 818.13 crore in 2009-10, ₹ 366.63 crore in 2010-11 and ₹ 400.04 crore in 2011-12 for the same reasons. While explaining the reasons for this recurring expenditure, the Department of Posts submitted that they had received short funds from the Ministry of Finance in the last three years (₹ 81.33 crore short in 2009-10, ₹ 198.59 crore short in 2010-11 and ₹ 124.82 crore short in 2011-12). From a comparison of the excess expenditure incurred <i>vis-à-vis</i> the reduction in the proposed amount, the Committee conclude that the excess expenditure incurred during these years is far more than the reduction of proposed funds made by the Ministry of Finance. Clearly, the Department of Posts have not drawn any lessons from their past experience and have once again failed to exercise adequate care in assessing their actual requirement of funds even while obtaining Supplementary Grants. Although, the expenditure in the Department of Posts is reportedly monitored by conducting video conference by the Secretary (Posts) with the Head of Postal Circles each month so as to keep the expenditure within the limits, the Committee are constrained to observe that this exercise proved futile in containing the expenditure within the budgetary ceilings during the year 2011-12. Obviously, the present system for assessment of requirement of funds and monitoring of expenditure under this Grant leaves much to be desired. While commenting on the recurrent excesses under this Grant, the Committee in their 64th Report (15th Lok Sabha) had urged upon the Department of Posts to overhaul</p>

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			<p>their prevailing expenditure review mechanism to provide sufficient checks and balances against any possible wanton sanction and utilization of funds under this Grant. However, the Action Taken Note furnished by the Department of Posts did not mention anything about the measure taken in this regard. While reiterating their earlier recommendation, the Committee would like to emphasize that the Department of Posts should henceforth unfailingly pinpoint the inadequacies in the management of this Grant and evolve an effective mechanism to bring continual and progressive improvement in accurate estimation of budget requirements in future.</p>
15.	15	Railways	<p>The Committee's examination of Indian Railways Appropriation Accounts for the Financial Year 2011-12 has revealed that the Ministry of Railways incurred a total excess expenditure of ₹ 1049.86 crore (after misclassification) under five cases of four excess registering Grants/Appropriations. The Committee note that there is some decrease in excess expenditure as well as excess registering Grants/Appropriations during the year 2011-12 as compared to the earlier year when an excess expenditure of ₹ 3056.86 crore was incurred under 10 Grants/Appropriations. Out of total excess expenditure of ₹ 1049.86 crore incurred during 2011-12, the bulk of the expenditure amounting to ₹ 1049.48 crore constituting 99.96% of the total excess expenditure was incurred under two Grants only <i>i.e.</i> (i) Grant No.12—Miscellaneous Working Expenses (₹ 279.86 crore) and (ii) Grant No. 13—Working Expenses - Provident Fund, Pension and other Retirement Benefits (₹ 769.62 crore). According to</p>

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			<p>the Ministry, the reasons for excess expenditure were adjustment of more debits and more expenditure towards compensation claims, more expenditure towards accident insurance and compensation, more materialisation of claims and adjustment of debits, more payment towards <i>ex-gratia</i> pension, receipt of more debits towards family pension due to revision of family pension cases, finalization of more cases of death-cum-retirement gratuity, more expenditure on leave encashment for pension optees, etc. The Committee do not consider these reasons for incurring huge excess expenditure to be compelling as many of these issues could have been anticipated well in advance and factored into at the time of finalization of Grants through three stages of Supplementary Grants. What is still more disturbing is the fact that Supplementary Grants of ₹ 1502.86 crore were obtained in four out of five excess registering Grants/Appropriations. The expenditure under Appropriation No. 3—Working expenses-General Superintendence and Services was incurred without any original provisions. Further, there was no expenditure against the original provision under Appropriation No. 7—Working expenses — Repairs &amp; Maintenance of Plant and Equipment, the excess expenditure of ₹ 0.07 crore was incurred due to net effect of ₹ 0.10 crore on account of misclassification of expenditure due to wrong booking under Voted instead of Charged Appropriations. The wide variations between the budgeted figures and the actual expenditure leads the Committee to an obvious conclusion that the Ministry of Railways have failed to precisely anticipate, assess and provide for the</p>

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			<p>funds actually required by them and they have been incurring excess expenditure almost every year citing the same reasons. The Committee's examination of persistent excesses for the last five years <i>i.e.</i> 2007-08 to 2011-12 has revealed that out of 16 Grants/Appropriations operated by the Ministry of Railways persistent excesses occurred in 9 Grants/Appropriations in at least three years out of those five years. The Committee in Para 11 of their 64th Report (15th Lok Sabha) had recommended that the Ministry of Railways should strive earnestly for ensuring realistic estimation of their budgetary requirements under Grants/Appropriations operated by them so that the existing lapses/loopholes are identified and excess expenditure eliminated. Apparently, the Ministry of Railways have not made serious efforts to bring about the desired results. While taking a serious view of such a laxity on the part of the Ministry of Railways, the Committee recommend that the Ministry should look into the recurrent lapses on this count, with a view to fixing responsibility at the appropriate level so that the existing deficiencies and shortcomings in the prevailing expenditure review system are rectified and recurrence of excess expenditure is either avoided altogether or minimized to a greater extent in future.</p>
16.	16	Railways	<p>The Committee are distressed to find that a large number of cases of misclassification of expenditure under various Grants/Appropriations operated by the Ministry of Railways have turned out to be a recurring phenomenon. During the last 10 financial years, the Committee have come across 55 cases of misclassification of expenditure on the</p>

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			<p>part of the Railways. During the year 2011-12, misclassification of expenditure of ₹ 1.75 crore has occurred under two Grants/Appropriations <i>i.e.</i> ₹ 1.65 crore under Grant No. 12—Miscellaneous Working Expenses and ₹ 0.10 crore under Appropriation No.7—Working Expenses—Repairs and Maintenance of Plant and Equipment. Much to the consternation of the Committee, the unspent provisions under Appropriation No. 7 turned into excess expenditure due to misclassification. The Committee take a serious note of such errors which could have been detected had adequate attention been paid to promptly check and reconcile the account figures. Needless to say, such misclassifications indicate not only apparent inadequacies in the accounting system of the Ministry of Railways but also glaring lapses on the part of accounting officials. Only last year, while taking a serious view of such callous approach on the part of Ministry of Railways, the Committee had recommended that the existing budgetary mechanism in the Railways needs to be revamped to overcome systemic lacunae/ loopholes and progressive elimination of the misclassification syndrome and responsibility fixed on the persons responsible for the apparent lapses. However, no action seems to have been taken by the Ministry in this regard. Taking note of the recurring and dangerous trend of misclassifications, the Committee exhort the Ministry of Railways to enquire into the reasons and circumstances for preparing such defective accounts, identify the individual officers responsible for such mistakes as also the ambiguity in the rules/instructions leading to misclassification and initiate suitable</p>

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17.	17	Finance, External Affairs, Home Affairs, Defence, Communications and Information Technology (Department of Posts) and Railways	<p>prophylactic and punitive measures to ensure proper upkeep and maintenance of books of accounts so that the propensity for misclassifications/wrong booking of expenditure are detected in time and rectified accordingly.</p> <p>Subject to the Observations/ Recommendations made in the preceding Paragraphs, the Committee recommend that the expenditure referred to in Paragraph 15 of Part - I of this Report be regularized in the manner prescribed in Article 115 (1) (b) of the Constitution of India.</p>