

SIXTEENTH REPORT

**PUBLIC ACCOUNTS COMMITTEE
(2000-2001)**

THIRTEENTH LOK SABHA

**UNION GOVERNMENT APPROPRIATION
ACCOUNTS (CIVIL)—1996-97**



Presented to Lok Sabha on 20 December, 2000

Laid in Rajya Sabha on 20 December, 2000

**LOK SABHA SECRETARIAT
NEW DELHI**

December 2000 / Agrahayana 1922 (Saka)

**Corrigenda to the Sixteenth Report of Public Accounts Committee (13th L.S.)
on Union Government Appropriation Accounts (Civil) – 1996-97.**

Page	Para	Line	For	Read
2	2.5	6	They	The Committee
9	6.2.2	4	(iv)	(v)
9	6.2.2	6	(v)	(vi)
9	6.2.3	4	00.07-01.09	00.107-01.09
9	6.2.4	3	provision	provisions
13	6.6.1	3	490.02	492.02
16	6.7.8	12	dispensaires	dispensaries
19	6.8.3	Statement Sl.No.6 line 3	Devieopment	Development
19	6.8.3	Statement Sl.No.9 (ii) line 2	mesure	measure
22	6.9.5	Statement Sl.No.3 1 st line	3.01	3.10
23	6.9.6	12	Government	Government
26	6.9.15	5	Eigth	Eighth
27	6.10.2	Statement Line 4	293.31	239.31
28	6.10.5	Statement Sl.No.3 1st line	Non-sectioning	Non-sanctionin
54	13.1	11	329565.06	32965.06
58	13.9	40	a	of
59	13.11	5	is	in
60	13.11	2	Castes Education	Castes
64	13.20	4	aobserve	observe
82	13.15	18	Sactions	Sections

CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2000-2001)..	(v)
INTRODUCTION.....	(vii)
PART-I	
1. Annual Appropriation Accounts of the Union Government	1
2. Union Government Appropriation Accounts (Civil) for 1996-97.....	2
3. Financial allocation and utilisation	3
4. Savings in Voted Grants/Charged Appropriations	
4.1 General.....	4
4.2 Savings of Rs. 100 crore and more in a Grant/ Appropriation.....	4
5. Delay in submission of Explanatory Notes.....	6
6. Examination of select cases of savings	8
6.2 Grant No. 1—Agriculture.....	8
6.3 Grant No. 44—Police (Ministry of Home Affairs)	9
6.4 Grant No. 5 (Revenue Voted)—Department of Chemicals and Petro-Chemicals—Ministry of Chemicals and Fertilisers.....	12
6.5 Grant No. 6 (Capital-Voted) Department of Fertiliser—Ministry of Chemicals and Fertilisers	13
6.6 Grant No. 51 (Revenue-Voted) Department of Industrial Development—Ministry of Industry	13
6.7 Grant No. 57 (Revenue-Voted)—Ministry of Labour ...	14
6.8 Grant No. 82—Department of Urban Development, Urban Employment and Poverty Alleviation (Ministry of Urban Affairs and Employment).....	18
6.9 Grant No. 86—Ministry of Social Justice and Empowerment.....	20
(i) Non-utilisation of the provisions sanctioned for imparting education in the field of prohibition and prevention of drug abuse.....	26
(ii) Non-implementation of welfare schemes.....	26
6.10 Grant No. 78, 79 & 80—Ministry of Surface Transport.....	27
(i) Grant No. 78—Surface Transport	28
(ii) Grant No. 79—Roads.....	29
(iii) Grant No. 80—Ports, Lighthouses and Shipping ...	30

(ii)

	PAGE
6.11 Grants/Appropriations operated by the Ministry of Finance (Departments of Expenditure, Economic Affairs and Revenue).....	32
(i) Grants No. 25—Currency, Coinage and Stamps—(Capital Section (Voted) Department of Economic Affairs).....	33
(ii) Grant No. 26—Payments to Financial Institutions (Department of Economic Affairs)...	36
(iii) Appropriation No. 27—Interest Payments (Departments of Economic Affairs)	37
(iv) Grant No. 28—Transfers to State and Union Territory Governments	37
(v) Grant No. 29—Loans to Government Servants etc.	38
(vi) Appropriation No. 30—Repayment of Debt.....	38
(vii) Grant No. 31—Department of Expenditure	38
(viii) Grant No. 35—Direct Taxes (Department of Revenue).....	39
(ix) Grant No. 36—Indirect Taxes (Department of Revenue)	39
7. Surrender of savings.....	41
8. Utilisation of Supplementary Grants/ Appropriations.....	43
9. Re-appropriation of Funds	45
(A) Injudicious Re-appropriation of Funds	45
(a) Injudicious Re-appropriation to sub-head.....	45
(b) Injudicious Re-appropriation from sub-head.....	46
(B) Irregular Re-appropriation of funds	46
(C) Re-appropriation without prior approval of Ministry of Finance	47
10. Expenditure on “New Service/New Instrument of Service.”.....	47
(a) Ministry of Finance, Department of Economic Affairs (Grant No. 26—Payments to Financial Institutions)	48
(b) Grant No. 47—Department of Education	49
(c) Grant No. 49—Department of Culture	49
(d) Ministry of Home Affairs—Urban Territories (without Legislature) Chandigarh	49
(e) Grant No. 57—Ministry of Labour	49
(f) Grant No. 82—Ministry of Urban Affairs and Employment.....	49

(iii)

	PAGE
11. March Rush of Expenditure	50
(a) Ministry of Home Affairs	50
(b) Ministry of Urban Affairs and Employment	50
(c) Ministry of Social Justice and Empowerment	51
(d) Ministry of Labour	52
(e) Ministry of Finance	53
12. Pendency of Utilisation Certificate	53
13. Conclusions and Recommendations	54
APPENDIX	
Statement of Conclusions and Recommendations	66
PART-II	
Minutes of the sitting of the Public Accounts Committee held on 12.12.2000	90

COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE
(2000-2001)

Shri Narayan Datt Tiwari—*Chairman*

Lok Sabha

2. Shri Vijay Goel
3. Dr. Madan Prasad Jaiswal
4. Shri C. Kuppusami
5. Shri M.V.V.S. Murthy
6. Shri S. Murugesan
7. Shri Rupchand Pal
8. Shri Prakash Paranjpe
9. Shri Chandresh Patel
10. Shri Annasaheb M.K. Patil
- 11.* Shri M.O.H. Farook
12. Shri N. Janardhana Reddy
13. Shri Chhatrapal Singh
14. Shri Prabhunath Singh
15. Shri Balram Singh Yadav

Rajya Sabha

16. Shri P.N. Siva
17. Dr. Y. Radhakrishna Murty
18. Shri K. Rahman Khan
- 19.** Shri Onward L. Nongtdu
20. Prof. Ram Gopal Yadav
21. Shri Anantray Devshanker Dave
22. Shri S.R. Bommai

SECRETARIAT

- | | | |
|------------------------|---|-----------------------------|
| 1. Dr. A.K. Pandey | — | <i>Additional Secretary</i> |
| 2. Shri P.D.T. Achary | — | <i>Joint Secretary</i> |
| 3. Shri Devender Singh | — | <i>Deputy Secretary</i> |

*Elected w.e.f. 2 August, 2000 *vice* Shri Rajesh Pilot expired.

**Elected w.e.f. 25 August, 2000 *vice* Shri Vayalar Ravi—Ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 1 July, 2000.

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee, do present on their behalf, this Sixteenth Report (13th Lok Sabha) on "Union Government Appropriation Accounts (Civil)—1996-97."

2. The Union Government Appropriation Accounts (Civil) for the year 1996-97 were laid on the Table of the House on 5 June, 1998.

3. The Committee examined the Union Government Appropriation Accounts (Civil) for the year 1996-97 on the basis of the observations of Audit as contained in Chapters-XI to XX of the Report of C&AG of India for the year ended 31 March, 1997, Union Government (Civil), No. 1 of 1998, explanatory notes and other information furnished by the various Ministries/Departments concerned. The Committee also took oral evidence of the Ministry of Home Affairs on 31.08.1998, Ministry of Urban Affairs and Employment on 27.10.1998, Ministry of Surface Transport on 28.10.1998, Ministry of Finance on 28.10.1998, Ministry of Labour on 29.10.1998 and the Ministry of Social Justice and Empowerment (erstwhile Ministry of Welfare) on 27.11.1998 on the subject matter. The Committee (2000-2001) considered, finalised and adopted this Report at their sitting held on 12 December, 2000. Minutes of the sitting form Part-II of the Report.

4. For Facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

5. The Committee would like to express their thanks to the Public Accounts Committee (1998-99) for taking evidence on the subject and obtaining information thereon.

6. The Committee would like to express their thanks to the Ministries/Departments concerned for the cooperation extended by them in furnishing information and tendering evidence before the Committee.

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

NEW DELHI;
12 December, 2000

21 Agrahayana, 1922 (Saka)

NARAYAN DATT TIWARI,
Chairman,
Public Accounts Committee.

1	2	3	4	5
13.	80-Ports, Lighthouses and Shipping	2.70	-do-	66.82
14.	101-Lakshadweep Capital Voted	0.22	-do-	1.26
15.	56-Broadcasting Services	11.73	-do-	13.63

8.6 From the above table, it is clear that most of the supplementary provisions were obtained in the 2nd Batch of Supplementary Grants in March, 1997 i.e. at the fag-end of the year.

8.7 In this context, the Expenditure Secretary, Ministry of Finance deposited during evidence:—

“There are two types of lapses here. One is the Supplementary Grants which are not fully utilized. Even though they had asked for Supplementary Grants, they did not utilise it fully. The second is that they asked for Supplementary Grant and the entire amount remained unutilisednormally, at the time of the Supplementary stage, it has to be assessed accurately whether they will be in a position to spend the amount or not. Anyway, both the Ministry of Finance and the Administrative Ministry should have estimated the amount correctly depending on the amount that can be absorbed by the Ministry. To this extent, I concede the point that there was an inaccurate assessment in the budgeting exercise. In order to avoid this, probably we will have to look at the month-wise details. In fact, one of the instructions issued by the Finance Ministry is that budgeting should be done on a monthly basis. One has to look at what is the cash flow every month and then do the planning. Even though the instructions were issued in 1996-97, somehow this procedure is not being followed.”

9. Reappropriation of funds

A. Injudicious Reappropriation of Funds

9.1 A Grant or Appropriation for expenditure is distributed by sub-heads or standard objects (called primary units) under which it is accounted. Reappropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of financial year to which such grant or appropriation relates. Reappropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilized in full or that savings can be effected in the unit of appropriation.

(a) Injudicious Reappropriation to sub-head

9.2 It is seen from the audit observations on Appropriation Accounts (Civil) for the year 1996-97 that it was found in the test check of accounts that in the case of 44 sub-heads in 27 Grants/Appropriations,

**UNION GOVERNMENT APPROPRIATION ACCOUNTS
(CIVIL)—1996-97**

Annual Appropriation Accounts of the Union Government

1.1 The Appropriation Accounts of the Union Government are prepared every year indicating the details of amounts actually spent on various specified services by Government as compared to the grants/appropriations authorised by Parliament for those particular services in a financial year. This includes the expenditure voted by Parliament under various grants in terms of Articles 114 and 115 of the Constitution and also the expenditure required to be charged on the Consolidated Fund of India in terms of Articles 112(3) and 293(2) of the Constitution.

1.2 Presently, the following five Appropriation Accounts are presented to Parliament according to the different sectors of activities of the Union Government:

1. Civil
2. Defence Services
3. Postal Services
4. Telecommunication Services
5. Railways.

1.3 The Appropriation Accounts in respect of Grants/Appropriations covered under civil sector are prepared by the Controller General of Accounts in the Ministry of Finance and those pertaining to grants/appropriations for Defence Services, Postal Services, Telecommunication Services and Railways are prepared by the respective Ministries. All these Appropriation Accounts are audited and certified by the Comptroller and Auditor General 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.

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

1.5 The Public Accounts Committee have separately examined the Union Government Appropriation Accounts (Telecommunications) and

Union Government Appropriation Accounts (Railways) for the year 1996-97 and have presented their Reports on 8 December, 1998 (2nd Report of PAC—12th Lok Sabha) and on 22 December, 1998 (3rd Report of PAC—12th Lok Sabha) respectively.

2. Union Government Appropriation Accounts (Civil) for 1996-97

2.1 The Union Government Appropriation Accounts (Civil) for the year 1996-97 were laid on the table of the House on 5 June, 1998.

2.2 The results of examination by Audit of the aforesaid Appropriation Accounts (Civil) have been brought out in Chapters-XI to XX of the Report of the Comptroller and Auditor General of India for the year ended 31 March, 1997, Union Government (Civil), No. 1 of 1998.

2.3 The scrutiny of the Appropriation Accounts of Union Government (Civil) for the year 1996-97 and of the C&AG's Report thereon have *inter-alia* revealed the following:—

- (i) Excess expenditure under various grants/appropriations,
- (ii) Large scale savings under various grants/appropriations,
- (iii) Improprieties/irregularities in the surrender of savings,
- (iv) Unutilisation of Supplementary Grants/Appropriations,
- (v) Irregularities/Improprieties regarding reappropriation of funds,
- (vi) Expenditure on "New Service/New Instrument of Service" without requisite approval etc.
- (vii) Avoidable March-rush of expenditure,
- (viii) Pendency of utilisation certificates.

2.4 After examining the explanatory notes furnished and oral evidence tendered by the representatives of various Ministries/Departments, as to the reasons for and the circumstances leading to excess expenditure of Rs. 706, 72, 42, 812 under 14 Grants and 7 Appropriations for the year 1996-97, the Committee have presented their Report on the subject (1st Report of PAC—12th Lok Sabha) to Parliament on 8 December, 1998 recommending regularisation of the excess expenditure under Article 115 (1)(b) of the Constitution subject to certain observations/recommendations.

2.5 In the succeeding parts of this Report, the Committee have examined the issues concerning points (ii) to (viii) above of the Appropriation Accounts of the Union Government (Civil) for the year 1996-97 and audit observations thereon in the light of written information made available to the Committee by Ministries/Departments concerned and the oral evidence tendered before the Committee. They

took oral evidence of the representatives of the following Ministries on the above mentioned issues of the Union Government Appropriation Accounts (Civil) for the year 1996-97 on the dates shown against them:—

(a) Ministry of Home Affairs	—	31.08.1998
(b) Ministry of Urban Affairs and Employment	—	27.10.1998
(c) Ministry of Surface Transport	—	28.10.1998
(d) Ministry of Finance	—	28.10.1998
(e) Ministry of Labour	—	29.10.1998
(f) Ministry of Social Justice and Empowerment (erstwhile Ministry of Welfare)	—	27.11.1998

3. Financial allocation and utilisation

3.1 A summary of Appropriation Accounts (Civil) of gross sums expended during the year ended 31 March, 1997 compared with the several sums authorised in the schedules appended to the various Appropriation Acts passed by Parliament during the year 1996-97 under Articles 114 and 115 of the Constitution of India, is given below:—

(Rs. in crore)						
	Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriations	Total	Actual Expenditure	Savings
Voted	I. Revenue	86187.12	4377.80	90564.92	81398.69	9166.23
	II. Capital	9042.27	767.16	9809.43	8920.03	889.40
	III. Loans and Advances	6790.26	417.89	7208.15	5997.62	1210.53
Total Voted		102019.65	5562.85	107582.50	96316.34	11266.16
	IV. Revenue					
	V. Capital					
	VI. Public Debt					
	VII. Loans and Advances	22202.01	1698.18	23900.19	23106.65	793.54
Total Charged		311556.20	1764.01	313320.21	280355.15	32965.06
Total		413575.85	7326.86	420902.71	376671.49	44231.22

3.2 It has been pointed out in the Audit Report that out of the over all savings of Rs. 44231.22 crore in the grants pertaining to civil Ministries/Departments, Rs. 29466.03 crore was on account of less than the budgeted drawal of 91 days Treasury bills resulting in less than the budgeted repayments. Excluding this, the effective saving was Rs. 14765.13 crore which was more than two times the supplementary

grants of Rs. 7326.86 crore and 3.5 percent of total provision of Rs. 420902.71 crore. Out of the effective saving of Rs. 14765.19 crore, Rs. 20.76 crore was attributable to less interest payment on 91 days Treasury bills for the reason stated above.

4. Savings in Voted Grants/Charged Appropriations

4.1 General

4.1.1 Savings in Grant or Appropriation indicate that the expenditure could not be incurred as estimated, anticipated and planned. They are indicative of poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. Savings in each grant are worked out separately for voted and charged sections for both the Revenue and Capital expenditure. The overall saving as mentioned above was the net result of savings in 204 cases and excess in eight cases as shown below:

(Rs. in crore)

Grants and Appropriations affected	Savings		Excess		Net Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Voted (amount)	9177.37		11.14		9166.23	
No. of grants	84		3		—	
Charged (amount)	702.39		1.57		700.82	32264.24
No. of appropriations	40	17	2			

4.1.2 During the course of examination of Appropriation accounts (Civil) for the year 1996-97, the Committee noticed that there was net savings of Rs. 11266.16 crore in the Voted Portion (both under Revenue and Capital sections) and Rs. 32965.06 crore in the Charged Portion (both under Revenue and Capital sections).

4.2 Savings of Rs. 100 crore and more in a Grant/Appropriation

4.2.1 The scrutiny of Appropriation Accounts (Civil) by the Committee has revealed that there were as many as 27 Voted Grants/Charged

Appropriations under which savings of Rs. 100 crore and more had occurred during the year 1996-97. The details of the grants/appropriations under which such savings occurred are given below:—

Sl. No.	No. and Name of Grant/ Appropriation	Ministry/ Department	Amount of total Savings (Rs. in Crore)	Percentage to the total provision
Revenue-Voted				
1.	1- Agriculture	Agriculture	630.62	19.85
2.	5- Department of Chemicals & Petro Chemicals	Chemicals & Fertilisers	328.61	79.98
3.	11- Department of Commerce	Commerce	141.63	16.65
4.	28- Transfers to State & Union Territory Governments	Finance	415.93	3.83
5.	31- Department of Expenditure	Finance	4000.36	99.65
6.	39- Department of Health	Health & Family Welfare	121.96	9.51
7.	47- Department of Education	Human Resource Development	792.12	17.69
8.	51- Department of Industrial Development and Industrial Policy & Promotion	Industry	183.45	37.28
9.	54- Department of Small Scale Industries and Agro & Rural Industries	Industry	101.84	15.44
10.	58- Law & Justice	Law, Justice & Comp. Affairs	203.47	37.36
11.	71- Department of Rural Development	Rural Areas & Employment	398.08	17.97
12.	73- Department of Rural Employment & Poverty Alleviation	-do-	439.16	6.82
13.	82- Department of Urban Development, Urban Employment and Poverty Alleviation	Urban Affairs & Employment	110.85	19.73
Revenue-Charged				
	27- Interest Payments	Finance	521.59	0.87
15.	28- Transfers to State & Union Territory Governments	Finance	109.51	0.41
Capital-Voted				
16.	6- Department of Fertilisers	Chemicals & Fertilisers	112.80	14.03
17.	10- Ministry of Coal	Coal	183.15	51.59
18.	25- Currency, Coinage and Stamps	Finance	125.76	32.64
19.	26- Payments to Financial Institutions	Finance	230.35	7.31

Sl. No.	No. and Name of Grant/ Appropriation	Ministry/ Department	Amount of total Savings (Rs. in Crore)	Percentage to the total provision
20.	28- Transfers to State & Union Territory Governments	Finance	378.71	32.23
21.	29- Loans to Government Servants etc.	Finance	133.97	45.18
22.	35- Direct Taxes	Finance	105.57	59.99
23.	36- Indirect Taxes	Finance	104.72	38.77
24.	44- Police	Home Affairs	117.52	24.02
Capital Charged				
25.	28- Transfers to State & Union Territory Governments	Finance	371.47	1.63
26.	30- Repayment of Debt	Finance	31465.62	15.58
27.	85- Ministry of Water Resources	Water Resources	401.79	44.30

5. Delay in submission of Explanatory Notes

5.1 Taking into account the growing tendency of savings occurring in the different grants/appropriations operated by the various Ministries, the Public Accounts Committee in Para 1.24 of their 60th Report (10th LS) presented in February, 1994 had desired the Ministry of Finance to take the issue seriously with appropriate measures to overcome the unfortunate situation of large savings and had also desired that detailed notes in respect of savings of Rs. 100 crore and above from a grant or appropriation during each year be furnished to the Committee alongwith the explanatory notes on excess expenditure incurred. In pursuance of this recommendation of the Committee, the Ministry of Finance issued instructions to all the Ministries/Departments of the Government on 19 December, 1994. As per the time schedule prescribed, such notes are to be furnished to the Committee by 31st May of the year or immediately after the presentation of the relevant Appropriation Accounts to the House whichever is later.

5.2 In the past, the successive Public Accounts Committee have taken a very serious view of any delay in submission of these notes by the Ministries/Departments of Union Government and even recommended fixation of responsibility for any laxity shown in this regard. The Secretary, Department of Expenditure had brought the observations of the Committee to the notice of all Secretaries of Government of India vide his D.O. letter dated 25.01.1997.

5.3 Since the Union Government Appropriation Accounts (Civil) for the year 1996-97 were presented to Parliament on 05.06.1998, the explanatory notes for saving exceeding Rs. 100 crores in a grant or Appropriation in

the Civil Sector during the year 1996-97 were required to be furnished to the Committee by 06.06.1998. The Ministry/Department-wise details of grants/appropriations which registered savings exceeding Rs.100 crores in the Civil Sector in 1996-97 and the date on which relevant explanatory notes were furnished to the Committee by the Ministry/Department concerned are given below:

Name of Ministry/Department	No. & Name of Grant/Appropriation having savings of Rs.100 crores & above	Date on which explanatory note furnished	Delay (w.r.t. the due date on 06.06.98)	
			Months	Days
Agriculture	1- Agriculture (Revenue Voted)	01.06.1998		
Chemicals and Fertilisers	5- Department of Chemical and Petro Chemicals (Revenue Voted)	11.08.1998		
-do-	6- Department of Fertilisers (Capital Voted)	02.09.1998	2	26
Coal	10- Ministry of Coal (Capital Voted)	31.07.1998	1	25
Commerce	11- Department of Commerce (Revenue Voted)	15.06.1998		09
Finance (Department of Economic Affairs)	25- Currency, Coinage and Stamps (Capital Voted)	21.08.1998	2	15
-do-	26- Payments of Financial Institutions (Capital Voted)	17.08.1998	2	11
-do-	27- Appropriations—Interest Payments (Revenue Charged)	28.08.1998	2	22
-do-	28- Transfers to State and Union Territory Governments (Revenue Voted, Capital Voted, Revenue Charged, Capital Charged)	31.08.1998	2	25
-do-	29- Loans to Government Servants etc. (Capital Voted)	31.08.1998	2	25
-do-	30- Appropriation—Repayment of Debt (Capital Charged)	28.08.1998	2	22
Finance (Department of Expenditure)	31- Department of Expenditure (Revenue Voted)	10.06.1998		04
Finance (Department of Revenue)	35- Direct Taxes (Capital Voted)	17.08.1998	2	11
Finance (Department of Revenue)	36- Indirect Taxes (Capital Voted)	05.08.1998		29
Health and Family Welfare	39- Department of Health (Revenue Voted)	27.08.1998	2	18

Name of Ministry/ Department	No. & Name of Grant/Appropriation having savings of Rs.100 crores & above	Date on which explanatory note furnished	Delay (w.r.t. the due date on 06.06.98)	
			Months	Days
Home Affairs	44- Police (Capital Voted)	27.08.1998	2	21
Human Resource Development	47- Department of Education (Revenue Voted)	09.07.1998	1	3
Industry	51- Industrial Development and Insutrial Policy and Promotion (Revenue Voted)	02.11.1998	4	26
-do-	54- Department of Small Scale and Agro and Rural Industries (Revenue Voted)	04.06.1999	12	
Law, Justice and Company Affairs	58- Law & Justice (Revenue Voted)	07.10.1998	4	1
Rural Areas and Employment	71- Department of Rural Development (Revenue Voted)	20.01.1999	7	14
-do-	73- Department of Rural Employment and Poverty Alleviation (Revenue Voted)	20.01.1999	7	14
Urban Affairs and Employment	82- Urban Development, Urban Employment and Poverty Alleviation (Revenue Voted)	28.09.1998	3	12
Water Resources	85- Ministry of Water Resources (Capital Charged)	30.07.1998	1	24

From the above table, it is clear that the detailed note for savings of over Rs. 100 crores was received in time only from the Ministry of Agriculture.

6. Examination of select cases of savings

6.1 The Scrutiny of Appropriation Accounts (Civil) by the Committee revealed that large scale savings had occurred 1996-97 under various grants/appropriations. The Committee have examined the following grants/appropriations as test cases to find out the nature of savings made under these Grants and also the reasons responsible for the same.

6.2 Grant No. 1 — Agriculture

6.2.1 During 1996-97, the total provision under Revenue Section (Voted) of Grant No. 1 — Agriculture was Rs. 3177.72 crore. Against this, the expenditure incurred was Rs. 2547.10 crore resulting in saving of Rs. 630.62 crores.

6.2.2 A Scrutiny of the explanatory note reveals that the overall saving of Rs. 630.62 crore was the net effect of savings registered under 32 sub-heads. Savings were registered in (i) 2 sub-heads because of less demand

from the implementing Agencies/Institutions; (ii) 2 sub-heads because of non-filling of vacant posts; (iii) 1 sub-head because of lack of creation of new post; (iv) 1 sub-head because of release of funds directly by the Donor Agency to the Implementing Agencies; (iv) 1 sub-head due to delay in announcement of continuance of the concession scheme; and (v) 19 sub-heads because of unspent balances of the previous year. Savings occurred in other sub-heads due to variety of reasons.

6.2.3 A scrutiny of the explanatory note has also revealed that the entire provision under the following four sub-heads had remained unutilised during 1996-97:—

- (a) 00.07-01.09—Strengthening and Management of integrated Pest Management in India UNDP Project—due to the fact that funds were released directly to the implementing Agencies by Donor Agency.
- (b) 00.112-03—Research and Development in Post Harvest Technology in Pulses—due to the availability of last year's unspent balance with the implementing agencies.
- (c) 800-11—Setting up of Small Farmers Agri-Business Consortium (SFABC)—due to non-receipt of proposals from implementing agencies.
- (d) 03.436-04—Efficient of Farm Water Management System and uses of organics for improving availability and productivity of crops—due to non-approval of scheme by Expenditure Finance Committee and Cabinet Committee on Economic Affairs.

6.2.4 Enumerating the remedial/corrective action taken, the Ministry of Agriculture in their explanatory note stated as follows:—

“While it is our endeavour to utilise the provision in budget, there are certain constraints beyond our control, such as delay in announcement of continuance of the scheme, non-approval of the scheme/component(s) of the scheme by the Competent Authority viz. Expenditure Finance Committee/Departmental Sanction Committee (EFC/DSC), less demand/no demand from the implementing agencies owing to availability of unspent balances with them. While releasing funds to States, their requirements are kept in view which mainly depend on the anticipated expenditure during the year as intimated by them. The unspent balances available with them, are also taken into consideration.”

6.3 Grant No. 44 — Police (Ministry of Home Affairs)

6.3.1 The original provision under Capital Section (Voted) of Grant No. 44 — Police for 1996-97 was Rs. 489.19 crore. This was augmented to Rs. 489.20 crore by obtaining supplementary grant of Rs. 0.01 crore. Against this, an expenditure of Rs. 371.68 crore was incurred resulting

in saving of Rs. 117.52 crore which amounted to 24.02 percent of the total provisions.

6.3.2 The Committee's examination of Grant No. 44 revealed that overall saving of Rs. 117.52 crore in the Capital (Voted) section of the Grant was the net effect of savings and excesses under various sub-heads of the Grant. The sub-heads under which savings of over Rs. 1 crore occurred and the contributory reasons therefore as submitted by the Ministry are given below:—

(Rs. in crore)

Sub-Heads		Savings	Contributory Reasons advanced by Ministry of Home Affairs
BSF	-Border Out Posts	6.93	Delay in sanction of works
BSF	-Office Building	12.00	Slow progress of work by the CPWD owing to militancy/disturbed civic conditions
	-Residential Building	1.68	
	-Office Building	6.15	Non-finalisation of the project for construction of Hospital Building
ISF	-Office Building	4.82	Non-materialisation of purchase of land
Delhi Police	-Office Building	8.31	Delay on the part of CPWD in execution of the fifteen Building Projects.
	-Residential Building	5.49	
	-Office Building	1.84	Non-finalisation of the proposal for purchase of land and construction of Office-cum-Residential Complex due to consideration of reorganisation of CFSL.
Indo-Bangladesh Border Works	-Erection of barbed wire fencing	42.41	(i) Due to delay in acquisition of land in West Bengal Sector (ii) Delay in release of funds by the Assam Government to the State PWD
	-Construction of Roads on Indo-Bangladesh Border	3.11	Due to slow progress in construction works by the PWD as the funds were not released by State Government in time.
Indo-Pak Border Works	-Erection of Barbed Wire Fencing and Wire-Obstacles on Indo-Pak Border	27.38	(i) Due to non-finalisation of works in Jammu Sector (ii) Due to suspension of works owing to firing from Pakistan side
	-Flood lighting on Indo-Pak Border	19.57	

6.3.3 On being asked to elaborate the reasons for savings, the representative of the Ministry of Home Affairs stated as under:—

“The reasons are several. It is not as if the saving has just taken place from one Expenditure Head. The first one is Border Security Force. In the Border Out-post, there was saving of Rs. 6.93 crore. Then there was Border Security Force Office buildings savings and residential buildings savings. These two savings took place entirely due to the reason that the CPWD was unable to utilise the funds meant for them..... Then, we have the National Security Guards. They are making a big complex at Maneswar. There also, savings were there. There also, the CPWD could not utilise the full amount that was earmarked for them.”

6.3.4 On being enquired about large savings in the construction of fencing along the Indo-Bangladesh Border, the representative of the Ministry of Home Affairs stated during evidence as follows:—

“There was a delay in acquisition of land in the West Bengal Sector. The saving on that account alone was Rs. 12.68 crore..... Even in the BE itself, for the Border fencing, the amount was Rs. 54 crore. During RE stage itself, we came to know that it was going to come down. So, we brought it down to Rs. 20 crore. So, we already reduced Rs. 34 crore even at RE stage which was in October-November. So, we had taken these things into account and brought it down.”

6.3.5 In reply to a question on the savings incurred on Indo-Pakistan Border Fencing, another representative of the Ministry deposed during evidence:—

“.....as far as the Indo-Pak border is concerned, out of the total border the length of which is around 3101 kilometres, the total border fenced in Punjab and Rajasthan has been 1317 kilometres. The total border floodlit is 1325 kilometres. The total cost so far has been Rs. 496.38 crore. The work-in-progress at present is to cover about 180 kilometers.

Regarding the position in 1996-97, the Budget Estimates for fencing in the Rajasthan and Jammu sector was Rs. 53.99 crore out of which we were able to spend Rs. 26.61 crore as against Rs. 28.84 crore for the Rajasthan Sector. However,⁹ in the Jammu Sector we were not able to spend anything because you may be aware that in March, 1995—there was a Cabinet approval for starting fencing on the Jammu border and the work was started on the 2nd July, 1995 but it had to be stopped due to firing from the Pakistan side..... A meeting was held and a certain approach has been suggested on which we are working. However, we realised that this expenditure would not be possible in the Jammu sector. Therefore, in the Revised Estimates, this amount was surrendered and given as savings.

Similarly, for flood lighting, we had a Budget Estimate of Rs. 49.85 crore of which the Jammu Sector was allocated Rs. 12.42 crore. We could not utilise it for the same reasons I had mentioned earlier. On the Rajasthan sector, against a Budget Estimate of Rs. 37.43 crore, we could spend Rs. 30.28 crore. Thus, there was a saving of Rs. 7.15 crore. This was because the progress made by the Rajasthan State Electricity Board was slow and despite all efforts the shortfall could not be made up."

6.4 Grant No. 5—(Revenue Voted)—Department of Chemicals and Petrochemicals—Ministry of Chemicals and Fertilisers

6.4.1 The Committee's scrutiny of this Grant revealed that the Ministry of Chemicals and Fertilisers had obtained Rs. 410.85 crore at the budget estimate but they incurred the actual expenditure of only Rs. 82.24 crore resulting in savings of Rs. 328.61 crore which is 79.98% of the total provision under the Grant.

6.4.2 The saving of Rs. 328.61 crore was the net effect of aggregate savings of Rs. 348.07 crore and total excesses of Rs. 19.46 crore under various sub-heads of the Grant. The sub-heads under which savings of over Rs. 1 crore occurred and the contributory reasons advanced by the Ministry are given below:—

Sub-Heads	Savings (Rs. in crore)	Contributory reasons advanced by the Ministry
Central Institute of Plastic Engineering and Technology (CIPET)	2.00	Non-Cooperation by the State Governments viz. West Bengal and Bihar—in land allotment and contributing their share.
Subsidy to Assam Gas Cracker Complex	75.00	Due to non-investment by the private party and the State Government in the project.
Establishment of the Welfare Commissioner	4.33	Due to non-posting of Judicial officers and non-appointment of other subordinate staff sanctioned for these courts.
Expenditure on account of Exchange Rates variation for settlement amount	261.34	(i) Disposal of less-number of claim resulting in shortfall in the award and disbursement of claims. (ii) Higher interest earning due to non-withdrawal of principal amount from RBI.
IDPL	3.00	Failure of the revival package of IDPL

6.5 Grant No. 6—(Capital-Voted) Department of Fertiliser—Ministry of Chemicals and Fertilisers

6.5.1 The Committee's scrutiny further revealed that the Ministry registered savings of over Rs. 100 crore in Grant No. 6 (Capital—Voted) also. The original allocation was Rs. 803.85 crore while actual expenditure was Rs. 691.05 crore. Thus saving of Rs. 112.80 crore was registered which was 14.03 per cent of the total provision under the Grant.

6.5.2 The saving of Rs. 112.80 crore was the net effect of savings and excesses under various sub-heads of the Grant. The sub-heads under which savings of over Rs. 1 crore occurred alongwith the contributory reasons given by the Ministry are given below:—

Sub-Heads	Savings (Rs. in crore)	Contributory reasons advanced by the Ministry
Externally aided projects / schemes	116.00	Due to inordinate delay in the supply of critical equipments from its vendors
Paradeep Phosphates Limited	16.00	Re-appropriated to the equity sub-head

6.6 Grant No. 51—(Revenue-Voted) Department of Industrial Development, Ministry of Industry

6.6.1 The Committee's scrutiny revealed that under the Grant No. 51, the Ministry of Industry registered savings over Rs. 100 crore. Under this Grant, the Ministry had obtained Rs. 490.02 crore and had spent only Rs. 308.57 crore thus registering saving of Rs. 183.45 crore which was 37.28 per cent of the total provision under the Grant.

6.6.2 The total saving of Rs. 183.45 crore was the net effect of savings and excesses under various sub-heads. The sub-heads under which savings of over Rs. 1 crore occurred alongwith the contributory reasons furnished by the Ministry are given as under:—

Sub-Heads	Savings (Rs. in crore)	Contributory reasons advanced by the Ministry
	2	3
Growth Centres	21.04	(i) Non-release of their shares by the Financial Institutions (ii) Non-approval of growth-centres as originally envisaged
Indian Leather Development Programme	1.40	Anticipation of non-approval of the scheme by the Government by 31 March, 1997
Automotive Research Association of India (ARAI)	2.84	Slow progress of the scheme by the Institute
National Institute of Design	1.00	For want of approval

	2	3
Transfers to National Renewal Fund	100.00	Due to less transfer of funds
Unallocated provision for implementation of VRS	25.00	Allocation was reduced at the revised estimate stage
Workers compensation packages and implementation of Voluntary Retirement Scheme in State PSUs	1.00	Approval of the authority was not available
Counselling, retraining and area regeneration schemes	20.52	Non-booking of expenditure on account of Area Regeneration scheme due to non-approval of the scheme for closed textile Mills of Ahmedabad
Mass Communication Productivity Promotion	1.00	Deferment of the proposal on Mass Communication
Controller General of Patents, Design and Trade Marks	2.26	Due to non-filing of vacant posts, non-settlement of bills of rent owing to court cases etc.

6.7 Grant No. 57—(Revenue-Voted) Ministry of Labour

6.7.1 The following table indicates the overall position of the Grant No. 57 operated by the Ministry of Labour during the year 1996-97:

(Rs. in crore)

Total provision	—	690.87
Actual Expenditure	—	601.83
Savings	—	89.04
Amount surrendered	—	65.44

6.7.2 Under Revenue Section (Voted) of Grant No. 57, there was gross savings of Rs. 107.31 crore which was offset by excess expenditure of Rs. 18.74 crore under other heads resulting in net saving of Rs. 88.57 crore in this Section.

6.7.3 A scrutiny of the explanatory note furnished by the Ministry of Labour revealed that the saving of over Rs. one crore and above had occurred in as many as 11 sub-heads under the Revenue Section (Voted) of this Grant. The details of these sub-heads and the contributory reasons given by the Ministry are given as under:—

Sl. No.	Sub-Head	Savings (Rs. in crore)	Contributory reasons advanced by the Ministry
	2	3	4
	Transfer to Limestone and Dolomite Mines Labour Welfare Fund	1.24	Collection of less cess than anticipated
	Iron Manganese Chrome Ore Mines Labour Welfare	4.79	Non-appointment of Medical Officers and Para-Medical Staff and non-undertaking of the repair work of hospital building and staff quarters.

2	3	4
Housing for Limestone and Dolomite Mines Labour	1.44	Non-receipt of certificate regarding construction of houses upto roof level.
4. Health for Beedi Workers	2.91	Non-materialisation of the proposals for opening up 51 new dispensaries, Non-filling up of vacant posts
Child Labour Cell	22.16	Due to non-clearance of the scheme by Expenditure Finance Committee
6. Training of Craftsmen	1.61	Non-payment of scholarship/stipend to absent workers
7. World Bank Assisted Vocational Training Project	27.12	Non-filling up of vacant posts in various institutes and dropping of proposal for procurement of vehicles
8. Housing Scheme for Economically Weaker Section of Beedi Workers	6.69	Non-receipt of certificate for completion of works from State Government
9. Compensation to Families of Heavy Duty Inter-State Vehicle Drivers killed in Accident	5.00	Non-receipt of any reimbursement claim from State-Governments
10. Providing Homes for Hamalis	1.68	Late approval of the scheme
11. World Bank Scheme for States	21.24	Less claims received from States.

6.7.4. Commenting on the overall savings occurred under Revenue Section (Voted) of this Grant, the Secretary (Labour) stated during evidence:

“We have plans and programmes which are made through the domestic budget and we have plans and programmes which are implemented through the externally-funded projects like the World Bank-assisted programme. They have unique characteristics.”

6.7.5 On being asked as to why they could not spend the amount sanctioned under Transfers to Limestone and Dolomite Mines Labour Welfare Fund, the representative of the Ministry of Labour stated during evidence.

“.... Budget projection of Rs. 6.80 crore was under the Transfer to Limestone and Dolomite Mines Labour Welfare Fund. But this amount of Rs. 5.56 crore which is shown as expenditure is actually the amount transferred. Let me explain the mechanism. All the amount that goes into the welfare fund is collected as cess and then it goes into the Consolidated Fund of India... and out of this Consolidated Fund, it is transferred to an accounting head. So, Rs. 5.56 crore is shown as expenditure, which is actually transferred from the Consolidated Fund of India into the Major Head of account, which is in the Reserve Fund. It is actually a book transaction.”

6.7.6 The witness further stated:

“The amount collected as cess was Rs. 6.00 crore and it was credited to the Consolidated Fund of India and from the Consolidated Fund, an amount of Rs. 5.56 crore was credited to the Reserve Fund. It was an accounting transaction”

6.7.7 Clarifying further, the Secretary, Ministry of Labour stated during evidence:

“...in effect there is no saving. It is only a paper transaction. The money has not been taken anywhere. The money remains in the Consolidated Fund of India. Out of this, Rs. 5.56 crore was in relation to our actual requirement.”

6.7.8 In their note on the savings in the case of Beedi Workers Welfare Fund, the Ministry of Labour stated:

“Saving under the scheme was due to non-materialisation of the proposals for opening of 51 new dispensaries, non-filling up of vacant posts of doctors and non-completion of civil works by Central Public Work Department for Welfare Commissioner, Allahabad and at Dhuliyani Hospital (Distt. Murshidabad) in Calcutta.

Saving was also due to non-purchase of surgical equipments and ambulance vans for Dhuliyani Hospital and non-purchase of ambulance vans for Bangalore, Bhubaneswar and Jabalpur regions which were meant for new dispensaries.”

6.7.9 Explaining the reasons for savings under the sub-head Child Labour Cell, the Secretary, Ministry of Labour stated during evidence:

“We had a Budget provision of Rs. 56 crore and this provision was made after the Budget was presented in June, 1996. However, it was reduced subsequently to Rs. 40 crore. Now, we are not authorised to incur any expenditure without approval of a project which exceeds a particular scale, let us say Rs. 20 crore by the Expenditure Finance Committee....but the Planning Commission representatives raised the objection that total outlay for the Ninth Plan has not been finalised and, therefore, they would not be able to make any commitment in regard to National Child Labour Projects...”

6.7.10 He further added:—

“By no stretch of imagination I can say that we have done any justice to the work of elimination of child labour. The magnitude of the problem is stupendous. Two million children were in hazardous work and out of them barely one lakh children have been released from work and have been enrolled in the special schools.”

6.7.11 On being enquired about the failure to utilise the money sanctioned under the sub-head "World Bank Assisted Vocational Training Project", another representative of the Ministry of Labour stated during evidence:—

"The timeframe originally envisaged was from the year 1989 to 1996. The estimated cost of the project as given by the EFC was Rs. 441 crore. We asked for one year's extension and got the extension up to December, 1997. But eventually we have ended up spending Rs. 427 crore which is a fairly high percentage of the total budget."

6.7.12 Replying to another related question, he also stated:

"When we extended the project by one year, the World Bank suggested to us that we should take on a few more components viz., like MIS, and supply of modern equipments to the various States. It was an eminently good suggestion but it came at the end of the project. It is in these components that we seem to have failed to make progress...."

6.7.13 The Committee's scrutiny also revealed that savings under this Grant is a recurring phenomenon since 1992-93 to 1996-97. The following Table indicates the savings recorded under this Grant during the period from 1992 to 1997:

Year	Savings (Rs. in crore)
1992-93	73.71
1993-94	5.20
1994-95	116.34
1995-96	49.22
1996-97	89.04

6.7.14 It is also seen that under "Grants to State Government for Centrally Sponsored Plan Schemes" in the following sub-heads/schemes, persistent saving had occurred from 1992 to 1997:

Sl. No.	Sub-heads/Schemes	(Rs. in crore)				
		Amount of Saving (% of saving)				
		1992-93	1993-94	1994-95	1995-96	1996-97
1.	Rehabilitation of Bonded Labour	1.50 (79%)	0.81 (23%)	1.37 (62%)	1.57 (64%)	0.70 (89%)
2.	Employment Services	2.07 (100%)	1.11 (100%)	1.11 (100%)	1.12 (100%)	0.59 (100%)
3.	Training of Craftsmen and Supervisors —World Bank Scheme for States	35.30 (66%)	62.61 (74%)	40.21 (64%)	19.28 (53%)	21.24 (39%)

6.7.15 The Ministry was also unable to spend the allocated funds ranging from 10 to 87 per cent of the sanctioned budget during 1994-95 to 1996-97 under the following sub-heads:—

(Rs. in crore)

Sl. No.	Sub-heads/Schemes	Amount of Saving (% of saving)		
		1994-95	1995-96	1996-97
	Iron Maganese Chrome Ore Mines Labour Welfare	2.90 (41%)	1.07 (15%)	4.79 (48%)
	Limestone and Dolomite Mines Labour Welfare	1.90 (41%)	1.81 (37%)	3.76 (53%)
	Improvement in Working Condition in Child/Women Labour	2.09 (64%)	0.40 (1%)	22.18 (40%)
	Training of Craftsmen and Supervisors	2.90 (15%)	7.85 (36%)	1.50 (10%)
	World Bank Assisted Vocational Training Project	13.14 (88%)	6.66 (61%)	27.12 (87%)

6.8 Grant No. 82—Department of Urban Development, Urban Employment and Poverty Alleviation (Ministry of Urban Affairs and Employment)

6.8.1 Under Revenue Section (Voted) of Grant No. 82 operated by the Ministry of Urban Affairs and Employment, the total provision was Rs. 561.76 crore. Against this, the expenditure of Rs. 450.91 crore was incurred resulting in savings of Rs. 110.85 crore which was 19.73 per cent of the total provision.

6.8.2 The scrutiny of Appropriation Accounts has revealed that there were large scale savings under various sub-heads under Grant No. 82. The savings of Rs. 110.85 crore was the net effect of savings and excess under various sub-heads. The details of sub-heads under which savings of over Rs. one crore occurred are given below:—

(Rs. in crore)

Sl. No.	Name of Sub-head	Total	Actual	Saving
		Provision	expenditure	
		3	4	5
	Department of Urban Development	8.13	6.93	1.20
2.	Low cost sanitation for liberation of scavengers	27.80		27.80
3.	Maintenance and repairs	110.34	100.08	10.26

1	2	3	4	5
4.	Urban Transport Planning	6.85	4.85	2.00
5.	Research in Urban and Regional Planning	2.70	1.50	1.20
6.	mega City Scheme Infrastructure Development	83.50	60.50	23.00
7.	Central Assistance for Integrated Development of small and medium towns	26.00	19.92	6.08
8.	Prime Minister's Integrated Urban Poverty Eradication Programme	99.00	70.00	29.00
9.	Housing and Shelter Upgradation Scheme	14.20	1.96	12.24
10.	Urban Micro Enterprises Scheme	30.24	23.75	6.49
11.	Urban Wage Employment Scheme	24.92	23.81	1.11

6.8.3 The following table indicates the contributory reasons advanced by the Ministry for savings of over Rs. 1 crore in the following sub-heads:

Sl. No.	Sub-Heads	Savings (Rs. in crore)	Contributory reasons advanced by the Ministry
1.	Department of Urban Development	1.20	(i) Due to non-filling of vacant posts (ii) Non-implementation of the Fifth Pay Commission
2.	Low cost sanitation for liberation of scavengers	27.80	Due to some procedural lapse i.e. non-presentation of the bill in time
3.	Maintenance and repairs	10.26	Due to non-completion of some of the work in time
4.	Urban Transport Planning	2.00	The B.E. provision was reduced at R.E. stage at the instance of the Ministry of Finance
5.	Research in Urban and Regional Planning	1.20	-do-
6.	Mega City Scheme (Infrastructure Development)	23.00	The original provision was reduced at R.E. Stage as an economy measure
7.	Central Assistance for Integrated Development of small and medium towns	6.08	-do-
8.	Prime Minister's Integrated Urban Poverty Eradication Programme	29.00	The B.E. provision was reduced at R.E. stage at the instance of the Minister of Finance
9.	Housing and Shelter Upgradation Scheme	12.24	(i) Reduction of provision at R.E. stage. (ii) Lesser requirement of funds as a result of economy measure
10.	Urban Micro Enterprises Scheme	6.49	Lesser utilisation of funds on account of economy cut at the instance of Ministry of Finance
11.	Urban Wage Employment Scheme	1.11	-do-

6.8.4 Elaborating on these savings, the representative of the Ministry of Urban Affairs and Employment deposed during evidence:—

“During the course of the year the Finance Ministry indicated to us that we would have to cut down because of the constraint of resources and we should effect reduction in our expenditure. So, we did take stock of the total position about the funds available with us and the funds already distributed to the State Government. In consultation with Finance Department, it was agreed to reduce the R.E. So, if you see, R.E. and B.E. reduction has been made at the time of R.E.”

6.8.5 On being asked about the savings in Low Cost Sanitation, the representative of the Ministry deposed during evidence:—

“.....for low cost sanitation, an amount of Rs. 27.80 crore was available. In the Revised Estimate it was brought down to Rs. 13.80 crore consequent on the advice of the Ministry of Finance. But I regret very much and apologise to this august Committee that the concerned bill for this amount also could not be prepared and this amount lapsed. This is a genuine mistake and we apologize for that.”

6.9 Grant No. 86—Ministry of Social Justice and Empowerment

6.9.1 The Ministry operated Grant No. 86 during the year 1996-97. The following table gives a summary of the expenditure incurred by the Ministry under Grant No. 86 during 1996-97 compared with the provisions authorised for that year:—

(Rs. in crore)

	Section	Total provi- sion	Actual ex- penditure	Saving	Surrender
Voted	Revenue	686.60	677.48	9.12	1.07
	Capital	187.67	187.66	0.01	0.01
Charged	Revenue	466.74	466.73	0.01	0.01

6.9.2 A detailed analysis of the Appropriation Accounts reveals that there were substantial variations between the sanctioned provisions *vis-a-vis* actual expenditure incurred by the Ministry under various sub-heads during 1996-97. The scrutiny of the relevant Appropriation Accounts reveals that in the voted portion of Revenue Section, there were gross saving of Rs. 144.61 crore under some heads which were offset by excess expenditure of Rs. 135.49 crore under other heads resulting in net saving

of Rs. 9.12 crore. Similarly, there were several instances of substantial variations between sanctioned provisions and actual expenditure under various sub-heads in the charged portion of Revenue Section and voted portion of Capital Section of this Grant.

6.9.3 On being asked about the large scale variations between sanctioned provisions and actual expenditure under several sub-heads, the Secretary, Ministry of Social Justice & Empowerment explained during evidence:—

“Under the scheme of release of funds in this Ministry, we release funds directly to the State Governments for various schemes which are directly implemented by the State Governments.....In many of our schemes, what lacuna we find is that the money which is placed at the disposal on the general pool of the State Government is not timely released to the concerned Department, and there is a delay in implementation.”

6.9.4 It is seen from the Appropriation Accounts of the Ministry and the Audit observations thereon that the Ministry registered total savings of Rs. 144.61 crore under some heads in the voted portion of Revenue Section of the Grant during the year under review. A detailed scrutiny of the Appropriation Accounts reveals that provisions of Rs. 99.80 crore remained wholly unutilised under 28 heads of which Rs. 95 crore accounted for as under:—

Sl. No.	Major / Sub-Heads	Provision remaining wholly unutilised (Rs. in crore)	Reasons for saving
1.	2225—Welfare of Scheduled Castes-Interest Subsidy for National Scheduled Castes/Tribes Finance Corporation	4.25	Due to deferment of the proposal for open borrowing.
2.	2235—Social Welfare—National Trust for mentally retarded and cerebral palsy	1.25	Due to non-finalisation of the schemes.
	2235—Social Welfare National Rehabilitation Programme for the Handicapped	1.50	-do-
4.	3601—Grants for Centrally Sponsored Schemes—Liberation and Rehabilitation of Scavengers	88.00	Due to release of the grants through Scheduled Castes Development Corporation under the Scheme.

6.9.5 A detailed scrutiny of the relevant Appropriation Accounts further reveals that major savings were also registered in the following sub-heads:—

(Rs. in crore)

Sl. No.	Name of Sub-Heads	Total Expenditure	Actual Expenditure	Saving	Reasons for saving
	2	3	4	5	6
	Assistance of Voluntary Organisations for Scheduled Castes	17.33	10.00	7.33	Due to non-receipt of recommendations from State/UT Governments for grants-in-aid to Voluntary Organisations owing to incomplete proposals
2.	Scheme for pre-examination Coaching for Weaker Sections based on economic criteria	2.00	0.28	1.72	Due to non-receipt of proposals for aids from Voluntary Organisations
3.	Scholarship to students of Scheduled Castes, Scheduled Tribes and other categories for studies abroad	4.90	1.80	3.01	Due to receipt of less reimbursable claims from Ministry of External Affairs
	Aids and Appliances for the Handicapped	12.85	6.85	6.00	Due to a post budget decision to fix the lower limit of assistance to voluntary organisations/ implementing agency
5.	Education work for prohibition and drug abuse	14.66	9.64	5.02	Due to non-receipt of recommendations for grants-in-aid to voluntary organisations from the State Governments
6.	Assistance to Voluntary Organisation for Old Age Homes etc.	5.00	1.30	3.70	Due to non-receipt of adequate and complete proposals for grants-in-aid from Voluntary Organisations.
	Book Banks	2.93	1.77	1.16	Due to receipt of less than anticipated proposals for grants from the State Governments

1	2	3	4	5	6
8.	Machinery for implementations of protection of Civil Rights Act 1995 and Prevention of Atrocities Act 1989				
9.	Welfare of SC-Education—Other Schemes	4.11	0.45	3.66	Due to receipt of less than anticipated demands from UT Administration

6.9.6 On being asked about the reasons of savings under the head, "Assistance to Voluntary Organisations for Scheduled Castes", the Secretary of the Ministry deposed during evidence:—

"The first one is, assistance to voluntary organisations for SCs. This is basically for organizing, assisting the voluntary organisation for running of schools wherever there is no school which will be run through the voluntary organization, giving them support for giving training to Scheduled Castes children, youth, for upgrading the skills so that they will be able to earn their livelihood through self-employment programmes. Now this all depends upon the applications they received.....Under the scheme, unless and until we get information from the State Government it is not possible to release the grant.....As a matter of fact, this particular year under report, we could not spend the money because of a lesser number of applicants and also not getting the sufficient recommendations from the State Government."

6.9.7 About large scale savings under the head "Subsidy for National Scheduled Castes and Scheduled Tribes Finance and Development Corporation", the witness deposed:—

"....regarding subsidy for National Scheduled Castes and Scheduled Tribes Finance and Development Corporation, this was basically a scheme which was thought about for augmenting the total funds available with the Finance Corporation. We had envisaged to raise funds from the open market. We give the money to the beneficiary at the rate of 4 to 5 per cent but when we raise money from the market, we have to give an interest rate of at least 11 to 12 per cent. So, we wanted to have a subsidy element kept. This subsidy element was 4.25 per cent which was not at all utilised. In the subsequent year when we made a survey, we found that the economic condition was not suitable to raise this money. So, we abandoned the scheme. This scheme is not existing."

6.9.8 Regarding savings under the head, "National Trust for Mentally Retarded and Cerebral Palsy," the witness stated as under:—

"When it comes to the National Trust for the Disabled, item No 8, that is an item in which we envisaged bringing a legislation. This

legislation could not be pushed through. We had kept a very token provision of Rs. 1.25 crore for running the Trust. Now this particular thing has been cleared recently by the Cabinet and we will be placing it before the Parliament. Once it becomes an Act, we will be able to use this money. That is why repeatedly this was not utilised.”

6.9.9 In regard to 100% unutilisation of the provisions under the head, “Grants for Centrally Sponsored Schemes Liberation and Rehabilitation of Scavengers,” the Secretary deposed during evidence as under:

“As far as the Safai Karmacharis Programme is concerned, it is a time-bound programme. We wanted to complete it in the Eighth Plan period, but now it has been extended to the Ninth Plan period. We made a ten per cent evaluation study. Now this programme is not at all practicably applied in the field. So, we have taken a new approach and have made a new approach-oriented programme. This programme is now in the Planning Commission and the Finance Ministry for giving a new restructuring to it. So, we evaluated it and we found that a mode correction is required. Accordingly the whole scheme has been restructured and it is with the Finance Ministry now. Once it is cleared, we will be bringing it in the new mode.”

6.9.10 Regarding the performance of NGOs, the witness deposed as under:

“For the NGOs releases and the national institute, it is true that we are directly responsible. Wherever there is any lapse on the NGOs side and the money is not spent, we are responsible for this. That we agree on it.”

6.9.11 While replying to a question on Monitoring System, the witness deposed:

“Our officers are visiting the States on a periodical basis. We make an evaluation through independent body, for example, National Institute of Rural Development, and Tribunal Development Institute. We take national level Institutes. We take even Tata Institute of Social Sciences. We tell them to make an evaluation and give us reports because the Planning Commission and the Ministry of Finance always insist upon getting evaluation reports when they go for the next stage of clearing the scheme. So, we make the study. Wherever a corrective method is required, we inform the State Governments accordingly.”

6.9.12 Audit scrutiny of the relevant Appropriation Accounts also reveals that the Ministry registered persistent savings in the following sub-

heads/schemes during the period from 1994-95 to 1996-97 as has been shown in the following table:

Sl. No.	Years	Amount of savings (Rs. in crore)	Percentage of total provision	Contributory reasons stated by the Ministry
Welfare of Scheduled Castes—Education				
	1994-95	2.56	80%	Non-receipt of adequate proposals from Union Territory Administrations/ Voluntary Organisation Release of funds through Scheduled Castes Development Corporation instead of State/ Union Territory Governments
	1995-96	1.24	99%	
	1996-97	2.07	92%	
2. Assistance to Voluntary Organisations for Scheduled Castes (for imparting training in technical and skill development)				
	1995-96	9.49	47%	(i) Recast of the schemes (ii) Less receipt of proposals from Voluntary Organisations (iii) Non-receipt of recommendations from State/Union Territory Governments
	1996-97	7.33	42%	
3. Welfare of Scheduled Tribes—Education				
	1994-95	0.69	13%	Non-receipt of adequate proposals from Union Territory Administration Less expenditure from Ministry of External Affairs
	1995-96	0.53	71%	
	1996-97	0.53	96%	
4. Scheme for pre-examination coaching for weaker sections based on economic criteria				
	1994-95	1.50	50%	Non/less receipt of proposals from Voluntary Organisations.
	1995-96	0.68	34%	
	1996-97	1.72	86%	
5. Scheme for Street Children				
	1994-95	2.00	40%	Non/less receipt of recommendations from State Government Non-receipt of adequate proposals from Voluntary Organisations
	1995-96	2.18	44%	
	1996-97	0.60	13%	
6. Grants-in-aid to Union Territory Governments for other Schemes of Scheduled Castes—Education				
	1994-95	3.54	81%	Receipt of less demands from Union Territory Governments
	1995-96	3.38	82%	
	1996-97	3.66	89%	

6.9.13 It would be seen from the above table that persistent savings ranging from 13 to 99 percent of total provisions had occurred in various

sub-heads during the period from 1994 to 1997. These schemes were meant for imparting education, providing skill development and for enabling the weaker sections of the Society.

(i) Non-utilisation of the provisions sanctioned for imparting education in the field of prohibition and prevention of drug abuse

6.9.14 It is also observed that the Ministry made budget provisions under Revenue Section of the grant for imparting education in the field of prohibition and prevention of drug-abuse. Under this scheme, voluntary organisations/institutions are assisted for maintenance/setting up of de-addiction and counselling centres for treatment, follow-up and rehabilitation of drug addicts. During 1995-96, out of the provisions of Rs. 15.16 crore, the Ministry spent only Rs. 11.09 crore resulting in a saving of Rs. 4.07 crore constituting 27 percent of the provision. In 1996-97 also, against the provision of Rs. 14.66 crore, only Rs. 9.64 crore could be utilised resulting in a saving of Rs. 5.02 crore constituting 34 percent of the sanctioned provision. In their reply to Audit, the Ministry stated in November 1997 that it was not possible to fix physical targets and their correlation with the financial targets. It was further stated that no authentic data was available with the Ministry as no comprehensive study at All India level had been conducted so far. Under utilisation of funds under the scheme was attributed to non-receipt of complete proposals from the Non-Governmental Organisations (NGOs) as well as recommendations from the State Governments.

(ii) Non-implementation of welfare schemes

6.9.15 The scrutiny by Committee has further revealed that the Planning Commission had approved plan outlay of Rs. 47.55 crore under the scheme "National Rehabilitation Programme for the Handicapped" and Rs. 1.25 crore under the scheme "National Trust for the Mentally Retarded and Cerebral Palsy" respectively for the Eighth Five Year Plan (1992—97).

The entire budget provision under these schemes during the years 1994-95 to 1996-97 remained unutilised as detailed below:

(Rs. in crore)

Sl. No.	Scheme	1994-95	1995-96	1996-97	
1.	National Rehabilitation programme for the Handicapped	12.75	1.50	1.50	Poor response from State/ UT Governments
2.	National Trust for the Mentally Retarded and Cerebral Palsy	1.25	1.25	1.25	Administrative delay in getting the necessary legislation passed

6.10 Grant Nos. 78, 79 & 80—Ministry of Surface Transport

6.10.1 The Ministry of Surface Transport operated three Grants during the year 1996-97. These were Grant No. 78—Surface Transport, Grant No. 79—Roads and Grant No. 80—Ports, Light Houses and Shipping.

6.10.2 The following Table indicates the summarised position of expenditure against sanctioned provisions under the relevant Grants/Appropriations operated by the Ministry of Surface Transport during 1996-97:

(Rs. in crore)

No. & Name of Grant	Original Grant	Supple-mentary Grant	Total Grant/ Appropriation	Actual Expenditure	Total Savings (-)
Revenue (Voted)					
78—Surface Transport	61.36	2.22	63.58	43.25	(-)20.33
79—Roads	756.62	61.93	818.55	783.96	(-)34.59
80—Ports, Light Houses & Shipping	236.61	2.70	293.31	172.49	(-)66.82
Revenue (Charged)					
79—Roads			0.40	0.12	(-)0.28
80—Ports, Light Houses & Shipping		22.00	22.00	22.00	
Capital (Voted)					
78—Surface Transport			89.60	54.05	(-)35.55
79—Roads	1202.92	58.56	1261.48	1238.03	(-)23.45
80—Ports, Light Houses & Shipping	263.97	0.02	263.99	196.76	(-)67.23
Capital (Charged)					
78—Surface Transport			0.75	0.24	(-)0.51
79—Roads	21.57	4.73	26.30	15.58	(-)10.72

6.10.3 During the year 1996-97, there were cases of savings of substantial magnitude, unrealistic assessment of trend of expenditure leading to unnecessary procurement of supplementary funds, savings not surrendered in certain cases and injudicious re-appropriations.

Grant No. 78—Surface Transport

6.10.4 A scrutiny of Appropriation Accounts of this Grant has revealed that in the voted portion of Revenue Section of this Grant, the overall saving of Rs. 20.33 crore exceeded the supplementary grant of Rs. 2.22 crore obtained in March, 1997 and constituted 32 percent of the total sanctioned provision. A detailed scrutiny of Appropriation Accounts revealed that there were substantial savings in the following heads under Revenue Section (Voted):

(Rs. in crore)

Sl.No.	Major Head/Sub-Head	Amount of Savings
	MH—3055	10.00
	— Research—Grants for implementation of Voluntary Retirement Schemes for DTC	
2.	MH—3056	5.16
	— Assistance to Public Sector and Other Undertakings	
	— Grants to Inland Waterways Authority of India	
3.	Three Sub-heads where savings exceeded Rs. 50.00 lakh each	2.41

6.10.5 In the Capital Section (Voted), there have been savings of Rs. 35.55 crore, which is 39.68 percent of the total provision. Substantial savings occurred under the following heads under Capital Section (Voted):

(Rs. in crore)

Sl.No.	Major Head/Sub-Head	Amount of Savings	Reasons for saving
1.	MH—5056	4.28	Non-receipt of approval for acquisition of vessels from Public Investment Board
	— Investment in Public Sector and other Undertakings—Investment in Central Inland Water Transport Corporation Limited		
2.	MH—7055	28.00	Transfer of Delhi Transport Corporation to Government of National Capital Territory of Delhi
	— Loans to Public Sector and other Undertakings		
	— Delhi Transport Corporation		
	MH—7056	3.28	Non-sectioning of the 7th Plan vessel acquisition scheme and modernisation of Raja Bagan Dockyard
	— Central Inland Water Transport Corporation		

Grant No. 79—Roads

6.10.6 The following statement indicates the position of the Grant during the year 1996-97 under both the Revenue (Voted) and Capital (Voted) Sections:

(Rs. in crore)		
	Revenue (Voted)	Capital (Voted)
Original Grant	756.62	
Supplementary provisions	61.93	
Total Grant	818.55	
Actual Expenditure	783.96	
Savings	34.59	
Amount surrendered during the year	5.62	

6.10.7 The overall saving of Rs. 34.59 crore in Revenue (Voted) Section constituted 56 per cent of the supplementary Grant of Rs. 61.93 crore obtained in March 1997. Similarly, in the Capital (Voted) Section of the Grant, the overall saving of Rs. 23.45 crore constituted 40 per cent of the supplementary Grant of Rs. 58.56 crore obtained in March 1997.

6.10.8 A detailed scrutiny of the Capital Section of the Grant revealed that substantial savings had occurred under the following heads due to non-receipt of proposals from State Governments:—

(Rs. in crore)	
Sub-head	Amount of saving
(a) Loans-construction of Second Hoogly Bridge	9.36
(b) Road Works-Externally aided Schemes	5.76
(c) National Highways-Permanent Bridges—Work financed from the National Highway Permanent Bridges Fees Fund	17.36

6.10.9 While replying to a question on non-receipt of proposals from State Governments, the witness deposed:—

“As regards the non receipt of proposals from the State Government is concerned, all the States are not at par in their working The problem is with certain other States. They are not so prompt although the works are provided for in the plan and we make provision in the Demand for Grants also in anticipation that the work will be sanctioned. But all the works are not sanctioned.”

Grant No. 80—Ports, Lighthouses and Shipping

6.10.10 The following statement indicates the position of the Revenue Voted) and Capital (Voted) Sections of the Grant during 1996-97:—

(Rs. in crore)

	Revenue (voted)	Capital (voted)
Original Grant	236.61	263.97
Supplementary Grant	2.70	0.02
Total Grant	239.31	263.99
Actual Expenditure	172.49	196.76
Savings	66.82	67.23
Amount Surrendered during the year	74.10	68.40

6.10.11 On being asked about the reasons for huge savings of Rs. 66.82 crore under Revenue (Voted) Section of the Grant, the Secretary, Ministry of Surface Transport deposed during evidence:—

“The main item on which there has been saving is Rs. 43.20 crore. The reason given is that the contract for dredging and maintenance of river Hugli which is with Calcutta Port Trust was not finalised. Therefore, the provision was subsequently reduced to Rs. 18.17 crore which was the actual expenditure.”

6.10.12 A detailed scrutiny of Appropriation Accounts revealed that there were substantial savings under the following heads under Revenue (Voted) Section:—

(Rs. in crore)

Sl. No.	Major-Head/Sub-Head	Amount of Savings	Reasons for savings
1	2		4
1.	MH-2852-Engineering Industries		
	(a) Cochin Shipyard	8.00	Non-reaching of the stage of construction eligible for claiming subsidy
	(b) Basic Design and Research facilities at Vizag/NSDRC	3.50	Non-sanctioning of the scheme owing to frequent changes of scheme by National Ship Design Research Centre

1	2	3	4
	(c) Interest subsidy to HSL		Non-finalisation of contract owing to failure of the buyer to arrange finance for ship acquisition
	(d) Hindustan Shipyard	1.62	Release of subsidy only for one vessel owing to non-achieving of construction stage in other vessels linked with subsidy
2.	MH-3051—Major Ports—Assistance to Port Trusts—Maintenance and Dredging in Haldia Channel by Calcutta Port Trust	43.20	Less expenditure incurred than anticipated owing to non-finalisation of contract for dredging
3.	MH-3052—Coastal Shipping—Other Expenditure—Other items	10.45	Non-receipt of commodity assistance intended for updating maritime training facilities owing to non-approval of projects by the Government of Japan
4.	MH-3606—Assistance from Government of Japan	10.45	

6.10.13 Further scrutiny of Appropriation Accounts revealed that there were also substantial savings under the following heads under Capital (voted) Section:—

(Rs. in crore)

Sl. No.	Major-Head/Sub-Head	Amount of Savings	Reasons for savings
1	2	3	4
1.	MH-4858—Ship-building Industries—Investment in Public Sector and other Undertakings—Hindustan Shipyard Limited	7.50	Non-receipt of proposals of investment by the Company
2.	MH-6858—Transport Equipment Industry—Loans to Public Sector and other Undertakings—Hindustan Shipyard Limited—Plan Schemes	7.50	Non-location of another floating dock for which funds were provisioned

1	2	3	4
3	MH-5051	3.61	Less expenditure incurred on construction work facing working season owing to prolonged monsoon and non-availability of sand owing to ban by Andaman & Nicobar Administration
	(a) Minor Ports—Other small Ports—Construction of landing facilities and Jetties—Major Works		
	(b) Lighthouses and Lightships		
	(i) Construction and Development of Lighthouses	3.90	Non-receipt of equipment and environment clearance certificate and land for project
	(ii) Construction and Development of other Navigational Aids	8.55	Slow progress of construction work at Sagardeep
	MH-5052—General—Other expenditure — Training and Welfare-Schemes to the benefit of seamen of Merchant Navy Training	3.22	Less expenditure incurred on the scheme owing to less proposal accepted by the Ministry
5.	MH-6858—Bombay Port Trust — Externally Aided Scheme	1.37	Delay in sanction of Revised Cost Estimates by the Expenditure Finance Committee
6.	MH-7051—Major Ports-Paradeep Port — Externally Aided Schemes	52.21	Less claims received than anticipated under the scheme

6.11 Grants/Appropriations operated by the Ministry of Finance (Departments of Expenditure, Economic Affairs and Revenue)

6.11.1 A Scrutiny of the relevant Appropriation Accounts revealed that the Ministry of Finance operated thirteen Grants/Appropriations during the year 1996-97. Out of these thirteen Grants, savings of over Rs. 100 crore were registered in the following nine grants/appropriations.

(Rs. in crore)

Sl. No.	No. & Name of Grant/Appropriation	Amount of savings
1	2	3
1.	25—Currency, Coinage and Stamps	125.76 (Capital—voted)
2.	26—Payments to Financial Institutions	230.35 (Capital—voted)

		3
	27—Appropriation-Interest Payments	521.59 (Revenue-Charged)
4.	28—Transfers to State and Union Territory Governments	109.51 (Revenue-Charged)
		371.47 (Capital—Charged)
		415.93 (Revenue-voted)
		378.71 (Capital voted)
5.	29—Loans to Government Servants etc.	133.97 (Capital—voted)
6.	30—Appropriation-Repayment of Debt	31465.62 (Capital—Charged)
7.	31—Department of Expenditure	4000.36 (Revenue-voted)
8.	35—Direct Taxes	105.57 (Capital—voted)
9.	36—Indirect Taxes	164.72 (Capital—voted)

6.11.2 Further, savings from Rs. 20 to 100 crores were also noticed the following Grants:

(Rs. in crore)

Sl. No.	No. & Name of Grant/Appropriation	Amount of saving
1.	24—Department of Economic Affairs	94.44 (Capital-Voted)
2.	25—Currency, Coinage and Stamps	22.87 (Revenue-Voted)
3.	26—Payments to Financial Institutions	48.79 (Revenue-Voted)

6.11.3 It has also been noticed that large scale savings exceeding Rs. 100 crore had been a recurring feature under the grants/appropriations relating to Transfers to State and Union Territory Governments, Interest Payments, Payment to Financial Institutions and Repayment of Debt.

**Grant No. 25—Currency, Coinage and Stamps—Capital Section (Voted)
Department of Economic Affairs**

6.11.4 In the Capital Section (Voted) of Grant No. 25, the total provision was Rs. 385.32 crore against which the actual expenditure incurred was Rs. 259.56 crore resulting in net saving of Rs. 125.76 crore. The sub-heads under which the savings of Rs. 1 crore and above occurred

and the contributory reasons advanced by the Ministry of Finance (Department of Economic Affairs) are given below:—

(Rs. in crore)

Sub-head	Amount of saving	Contributory reasons advanced by the Ministry
1	2	3
Currency Note Press		Late start of modernisation work because of late signing of contract
— Buildings		
— Plant and Machinery	5.82	Non-receipt of treasure wagons from Bharat Earth Movers Ltd., Bangalore
Bank Note Press	6.38	(i) Delay in taking up of various construction works by CPWD
— Buildings		(ii) Project for augmentation of water-supply was not approved by MP State
Plant and Machinery	7.94	(i) Non-supply of treasure wagons by the Bharat Earth Movers Ltd.
		(ii) Non-approval of the proposal for replacement of two line of machines
Security Paper Mill	1.57	Delay in execution of certain construction works by CPWD
— Building		
— Plant and Machinery	3.24	Non-procurement of certain machinery and equipments such as (1) Electronic Twin Head Folding Endurance Tester (2) Water Treatment Plant Thickner (3) Motor/Agitator (4) Caflin Refiner (5) Pressure Filter for ETP.
Purchase of Metal	9.90	Less receipt of metal/coin blanks
Metal value of uncurrent and confiscated coins destroyed	6.86	Less receipt of uncurrent and withdrawn coins from Banks/Treasuries
Mints	53.08	(i) Non-finalisation of some tenders floated for procurement of various equipments—Mumbai, Calcutta, Hyderabad and Noida Mints
— Machinery and Equipments		(ii) Non-receipt of equipments for which purchase orders were finalised
Buildings	1.85	(i) Slow progress of construction works
		(ii) Non-commencement of construction of new building works by CPWD

1	2	3
India Security Press, Nasik	1.92	(i) Slow progress of work by CPWD
Buildings		(ii) Late receipt of administrative approval
Plant and Machinery	9.99	Non-finalisation of procurement proposal for Automated passport manufacturing machine
Security Printing Press, Hyderabad		
— Plant and Machinery		Delay in procurement of six colour offset printing machine

6.11.5 Explaining the reasons for savings under these heads, the Finance Secretary stated during evidence:—

“What we propose to do is to get an exhaustive study done of the entire working of the presses, look at whether we can use new organisational modes and new organisational forms in order to improve the efficiency of the system. Most of the failures are due to two reasons. One is from the supplying agency of the public sector themselves. As has been mentioned, import possibility even for equipment is not very large and the suppliers are very few. Any failure on their part completely disrupts our process. What I propose to do is that to get an exhaustive study done by a reputed management consultant of the working of this organisation and get a programme of action from them by which we can improve the efficiency of the organisation.”

6.11.6 Another representative of the Ministry added:—

“The Coin and Currency Division runs nine industrial units, five in the paper sector including the security presses and the currency note presses and four Government of India mints. The problems is that, even though these are industrial establishments we are bound by the regulations which we have to follow as a Government Department. These are departmentally run organisations and we have to follow the procedures which sometimes cause immense delays..... We are basically dealing with other public sector undertakings and construction companies in the public sector who themselves are not known for their efficiency. So our dependence on the public sector and on the Central Public Works Department because of being a Government Department has cause these delays.”

6.11.7 The Revenue (Voted) Section of this Grant also registered a saving of Rs. 22.87 crore. The Schemes/Projects affected by these savings were Operation and Maintenance of Security Paper Mill, Currency Note Press and Security Printing Press.

Grant No. 26 Payment to Financial Institutions (Department of Economic Affairs)

6.11.8 The scrutiny by the Committee has revealed that under Capital (Voted) Section of Grant No. 26, the total provision was Rs. 3153.00 crore against which the actual expenditure was Rs. 2922.65 crore resulting in net savings of Rs. 230.35 crore. The scrutiny of explanatory note submitted by the Ministry of Finance, Department of Economic Affairs reveals that there are seven sub-heads under which the savings of Rupees one crore and above had occurred.

6.11.9 The contributory reasons furnished by the Department of Economic Affairs (Ministry of Finance) for these savings are less actual requirement raised by International Bank for Reconstruction and Development (IBRD), less actual requirement by International Monetary Fund (IMF) due to less exchange rate variation, non-receipt of any demand from International Development Association (IDA), less requirement in respect of Asian Development Bank (ADB), less actual demand raised by African Development Fund (ADF), non-receipt of any demand from Multilateral Investment Guarantee Agency (MIGA), less disbursement of funds in respect of National Bank for Agricultural and Rural Development (NABARD) and non-disposal of the case pending in the Supreme Court in respect of Regional Rural Banks (RRBs).

6.11.10 The scrutiny of the Appropriation Accounts also revealed that the saving of Rs. 48.79 crore under Revenue (Voted) Section of this Grant had exceeded the supplementary grant of Rs. 18.94 crore obtained in March 1997.

6.11.11 Adducing justification for taking supplementary grant, the representative of the Ministry of Finance deposed as follows:

“The Supplementary Grant was taken to route certain external assistance received by us to be given to the ICICI. If we do not do this, we will not become eligible for the external assistance. Suppose we reappropriate within the grant without taking the Supplementary, we will not be eligible for the external assistance.

So, although we have savings within the Grant, we had to take a Supplementary to be eligible for receiving the external aid. Otherwise, we would have lost that assistance. So, we had taken it and routed it through although we had savings within the Grant. It is a requirement for receiving the external aid.”

6.11.12 A scrutiny of Appropriation Accounts reveals that there has been recurring trend of savings of more than Rs. 100 crore under this Grant since 1992-93 as the following table indicates:

(Rs. in crore)	
Year	Amount of savings
1992-93	755.77
1994-95	1819.69
1995-96	283.87
1996-97	230.35

Appropriation No. 27 — Interest Payments (Department of Economic Affairs)

6.11.13 The Revenue (Charged) Section of this Appropriation registered a saving of Rs. 521.59 crore during the year under review. The savings of more than Rs. 100 crore under this Appropriation has been a recurring feature since 1992-93.

6.11.14 A further scrutiny of this Appropriation also revealed that in 18 sub-heads of this appropriation, savings of over Rs. 1 crore were registered.

Grant No. 28 — Transfers to State and Union Territory Government

6.11.15 It is seen from the Appropriation Accounts and the Audit observations thereon that the Department of Economic Affairs (DEA) registered savings of more than Rs. 100 crore in both the Revenue (Voted and Charged) and Capital (Voted and Charged) sections of this Grant.

6.11.16 Under Revenue Section (Voted) of Grant No. 28, the total grant was Rs. 10858.23 crore and the actual expenditure was Rs. 10442.30 crore resulting in net savings of Rs. 415.93 crore. As per the explanatory note furnished by the Department, savings of over Rs. 1 crore occurred in 3 sub-heads.

6.11.17 Under Revenue Section (Charged), the original appropriation was Rs. 26776.02 crore while the actual expenditure was Rs. 26666.51 crore resulting in net savings of Rs. 109.51 crore. As per the explanatory note, savings of over Rs. 1 crore had occurred in 2 sub-heads.

6.11.18 Under Capital Section (Voted), the total provision was Rs. 1175.00 crore while the actual expenditure was Rs. 796.29 crore resulting in net saving of Rs. 378.71 crore. In the explanatory note, the Ministry informed that the savings of over Rs. 1 crore had occurred in 2 sub-heads.

6.11.19 Under Capital Section (Charged), the total appropriation was Rs. 22782.50 crore and the actual expenditure was Rs. 22411.03 crore resulting in net savings of Rs. 371.47 crore. As per the explanatory note,

the savings of over Rs. 1 crore had occurred in 3 sub-heads. It has been stated by the Ministry in their explanatory note that none of the reasons responsible for savings could have been anticipated earlier.

Grant No. 29 — Loans to Government Servants etc.

6.11.20 The total provision under the Capital Section (Voted) of this Grant was Rs. 296.50 crore against which actual expenditure was Rs. 162.53 crore thus registering savings of Rs. 133.97 crore. As per the explanatory note furnished by the Ministry, savings of over Rs. 1 crore occurred in 4 sub-heads. The reasons cited by the Ministry for this saving are "less than anticipated receipt of applications for loans from Government Servants".

Appropriation No. 30 — Repayment of Debt

6.11.21 A scrutiny of the Appropriation Accounts revealed that under the Capital Section (Charged) of Appropriation No. 30, the total appropriation was Rs. 201913.74 crore while actual expenditure was Rs. 1704481.16 crore thus registering savings of Rs. 31465.62 crore. The scrutiny further revealed that savings of significantly high magnitude under this Appropriation have become a recurring phenomenon in the recent past as would be seen from the following table:

(Rs. in crore)	
Year	Quantum of savings under Capital Section of Appropriation-Repayment of Debt
1990-91	38147.52
1991-92	17287.09
1992-93	4569.87
1993-94	12289.46
1994-95	35542.69
1995-96	45682.33
1996-97	31465.62

6.11.22 The explanatory note furnished by the Ministry indicate that savings of over Rs. 1 crore occurred in as many as 21 sub-heads. Some of the main contributory reasons for the savings of such high magnitudes under this Appropriation has been stated to be "lesser discharge and cancellation of 91 days Treasury Bills than anticipated", and "Variation in exchange rate".

Grant No. 31 — Department of Expenditure

6.11.23 Under Revenue Section (Voted) of Grant No. 31, the total allocation was Rs. 4014.29 crore while the actual expenditure was only Rs. 13.93 crore thus resulting in net savings of Rs. 4000.36 crore. Almost the entire savings occurred in only one sub-head because of non-

implementation of the recommendations of the Fifth Central Pay Commission.

Grant No. 35 — Direct Taxes (Department of Revenue)

6.11.24 The scrutiny of this Grant by the Committee revealed that under Capital Section (Voted), the total provision was of Rs. 176.00 crore against which the actual expenditure was Rs. 70.43 crore thus registering savings of Rs. 105.57 crore. The explanatory note submitted by the Ministry indicate that the savings were registered under two major Heads “4075-Acquisition of immovable Property under Chapter XX (C) of Income Tax Act, 1961” and “4216-Residential Buildings for Income Tax Employees”.

6.11.25 Explaining the reasons for the savings, the representative of the Ministry of Finance deposed during evidence:

“The savings under this Head was of Rs. 105.57 crore. There are various factors which contributed to this. A large amount had been provided in the Budget for acquisition of immovable property under Chapter XX(C) of the Income Tax Act. The savings under that was Rs. 107 crore because in August 1995, the limit was of Rs. 10 lakh which was also the threshold for acquiring property. This limit was revised in all the cities from August 1995 to Rs. 75 lakhs for Mumbai, Rs. 50 lakhs for Delhi and Rs. 25 lakhs for Calcutta, Chennai, Bangalore and Pune and Rs. 20 lakhs for other cities. While raising the threshold limit, the number of cases of acquisition got reduced very greatly and that is how the savings could not be anticipated.”

Grant No. 36 — Indirect Taxes, Department of Revenue

6.11.26 Under Capital Section (Voted) of this Grant, the total provision was Rs. 270.07 crore. The actual expenditure during the year was Rs. 165.35 crore thus resulting in net savings of Rs. 104.72 crore. The sub-heads under which savings of over Rs. 1 crore occurred and the contributory reasons therefor as submitted by the Ministry in their explanatory notes are given as under:—

(Rs. in crore)

Sub Head	Amount of saving	Contributory reasons advanced by the Ministry
1	2	3
Acquisition of Ships and Fleets	57.55	(i) Non-finalisation of the process of import of Hover Craft.

1	2	3
		(ii) Delay in delivery of boats.
		(iii) Decision taken by the Coast Guard Organisation for indigenous purchase of certain guns instead of importing them.
Land Acquisition	7.24	(i) Slow progress of works by MES.
		(ii) Non-finalisation of purchase of Nafeez Chambers at Mumbai due to certain legal issues.
Acquisition of Aircrafts	13.95	(i) Non-finalisation of case relating to procurement of Medium Range Surveillance Aircraft.
		(ii) Delay in supply of spares for Dorniers and Helicopters.
Acquisition of Ready Built Flats	29.55	(i) Delay in construction schedule of housing board/builders.
		(ii) Rejection of one project by the Committee on Non-Plan Expenditure.

6.11.27 During evidence, the representative of the Ministry of Finance furnished reasons for the savings as under:—

“Savings as indicated are mainly on account of acquisition of ships and aircraft which did not materialise—the process of technical evaluation, technical negotiation, specially on equipments which are to be imported from outside. The hovercraft is one such example. Initially in 1996, the proposal to acquire hovercraft from abroad was initiated. Unfortunately, we received only one offer which could meet the requirements at that time. We were asked to prepare a CCPA paper for final approval but later on, a decision was taken that hovercraft must be manufactured in the country. Thereafter, the entire process had to be restarted. Only last week, we have completed the price negotiations for acquisition of hovercraft which will be produced within the country by a public sector undertaking. Now, this is a very lengthy process. After the price negotiation, CNE approval will have to be obtained because for us, following CNE route is mandatory. If we do not get the approval within the next four to five months, again there will be slippage to the next year’s Budget. We are hoping that we will be

able to meet this deadline. Similarly, as regards every major expenditure which was for acquisition of aircraft, the MRSA aircraft, that is, for medium range surveillance which has a high cost investment, final selection depends on other factors like as to which basic aircraft will be finalised to meet the requirements of other agencies also. Unless that decision is finalised by the Government of India, we will not be able to proceed.”

7. Surrender of savings

7.1 Surrender is a budgetary device by which the portion of grant or appropriation not utilized by the spending department gets communicated to the Ministry of Finance and accepted by the latter, which can be reallocated to any other sector. According to the provisions of the General Financial Rule 69, savings in a grant or appropriation are to be surrendered to Government as soon as these are foreseen without waiting for the last day of the year. Savings should also not be held in reserve for possible future excesses.

7.2 The following table indicate the position of the surrender of savings during the year 1996-97:

	(Rs. in crore)		
	Voted	Charged	Total
Final Savings	11266.16		
Amount Surrendered	10566.52		
Amount not Surrendered	699.64		

7.3 It has been pointed out by Audit in para 13.4 of Report No. 1 of 1998 that in the Accounts for the year 1996-97, out of the final savings aggregating to Rs. 44231.22 crore, the final savings in Charged appropriations were Rs. 32965.06 crore (including savings of Rs. 29466.03 crore due to lesser discharge and cancellation of 91 days treasury bills) against which the amount surrendered was Rs. 14220.83 crore only. 99.98 per cent of this (Rs. 14218.17 crore) was surrendered on the last day of the financial year.

7.4 In the Voted Grants, the final savings under the Revenue and Capital Sections were Rs. 9166.23 crore and Rs. 2099.93 crore respectively against which, the amount surrendered were Rs. 8612.72 crore and Rs. 1953.80 crore respectively. Out of the amounts surrendered, Rs. 8611.54 crore was surrendered in Revenue Section on the last day of the financial year, whereas the entire amount of surrender under Capital Section was made on the last day of the financial year.

7.5 The C&AG's Report further pointed out that in 20 Voted Grants and 21 Appropriations, the entire savings amounting to Rs. 19.55 crore and Rs. 3.29 crore respectively were not surrendered. The Audit Report

has also brought out 55 cases where more than 20 per cent of the savings or Rs. 1.00 crore were not surrendered to the Government.

7.6 A scrutiny of these cases reveals that the percentage of savings not surrendered to the total savings available under a grant/appropriation varied between 21 and 100 per cent. Rs. 19443.87 crore constituting 43.96 per cent of the total savings were not surrendered at all by different ministries/departments.

7.7 The Ministry of Surface Transport under two grants viz. 78 and 79 did not surrender 29.91% and 83.75% respectively of the savings available under these Grants.

7.8 Explaining the reasons for such phenomenon, the representative of the Ministry deposed during evidence:—

“I would not like to surrender the money as long as I can afford to show that by pressing the field officers we get the proposals, get the approval of the finance wing of the Ministry, and get the approval of the Finance Ministry wherever it is required and try to spend the money during that particular financial year. That is why sometimes when the schemes are not approved at the final stage we go before the Finance Ministry and surrender the money as late as February or March.”

7.9 The Ministry of Home Affairs registered total saving of Rs. 7.02 crore under Revenue Section (Voted) of Grant No. 42 but it was not surrendered at all. Similarly under Grant No. 44 — Police, 96.41% of the available saving was not surrendered.

7.10 On being asked about the lapses in surrender of these savings the Secretary, Ministry of Home Affairs deposed during evidence:

“We would give you the exact figure of amount surrendered or lapsed, and also both the dates. It is not with us right now.”

7.11 In Grant No. 57, the Ministry of Labour surrendered only a part of available savings and the percentage of savings not surrendered during the year was 26.60.

7.12 When asked about the reasons or the failure in making complete surrender of available savings, the representative of the Ministry of Labour stated:

“Funds are released only on the basis of audit of accounts, submission of utilisation certificates and inspection reports which verifies that the project is on the ground, that the schools are on the ground and functioning. We have been pursuing it with the State Governments and district administration. We anticipated that these details may be made available to us. So, we did not surrender this amount.....In regard to World Bank assisted schemes, we had certain expectations. For example, we anticipated the supply of equipments for which orders were placed by the

end of the financial year. Similarly, under National Renewal Fund, those workers who are being retrenched after 1991-92 are being provided training, career counselling and redeployment for rehabilitation. It is a continuing programme which is implemented through nine nodal agencies through a number of centres. There, large number of bills have to be paid. These bills have to emanate from the ground. It was anticipated that in the last month, bills may be raised and we may have to meet the obligation. So, these funds could not be surrendered.

Similarly, under labour welfare schemes, this money is spent for running of dispensaries, hospitals, grant-in-aid to schools, scholarships for education to children of beedi workers etc. Now, all these proposals have to emanate from the field. This work takes a considerable amount of time and then scrutiny of those proposals also take considerable time. Our Welfare Commissioners look after this work whether it is a case of a child of beedi worker or an educational institution."

7.13 He also stated:

"Since the funds are limited, we have all the anxiety and concern that we should be able to spend them. This is how we did not surrender funds."

7.14 On another related question, the Secretary (Labour) replied:

"It was purely on the basis of this anticipation that proposals would be forthcoming and there would be the possibility of incurring expenditure."

8. *Utilisation of supplementary Grants/Appropriations*

8.1 If the amount provided for in the sanctioned budget for any service in a financial year is found to be insufficient for the purpose in that year or when a need has arisen during that year for supplementary or additional expenditure upon some "New Service" not contemplated in the original budget for that year, the Ministry/Department concerned is to obtain supplementary grants or appropriations in accordance with the provisions of Article 115(1) of the Constitution.

8.2 While obtaining the supplementary grant, Ministry has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds and seeking supplementary provisions. Resort to supplementary demands should only be in exceptional and urgent cases.

8.3 The Public Accounts Committee of 10th Lok Sabha in its 88th Report (Para 1.39) had commented on obtaining the supplementary grant/appropriation in an ill-conceived manner without conducting a proper and close scrutiny of expenditure incurred or likely to be incurred by them during the financial year.

8.4 The Ministry of Finance had also issued instructions to all Ministries/ Departments on 27 March, 1986 stipulating that supplementary demands should be severely restricted to genuine unforeseen expenditure.

8.5 The Committee's examination of Chapter XVI of C&AG's Report No.1 of 1998 has however revealed that supplementary provision of Rs. 236.20 crore obtained in 15 cases by the concerned Ministries/ Departments proved unnecessary as the final expenditure was less than even the original grants. The details of these cases are as under:—

(Rs. in crore)

Sl. No.	No. & Name of Grant/Appropriation	Supplementary Provisions obtained	Batch Supplementary Grant	Final savings
1	2	3	4	5
Revenue Voted				
1.	4-Deptt. of Animal Husbandary and Dairying	7.39	II (March, 97)	20.80
2.	9-Ministry of Civil Supplies, Consumer Affairs and Public Distribution	31.30	-do-	48.72
3.	26-Payments to Financial Institutions	18.94	-do-	48.79
4.	34-Deptt. of Revenue	11.36	-do-	13.00
5.	39-Deptt. of Health	31.00	-do-	121.96
6.	41-Deptt. of Family Welfare	71.11	I (Dec., 96) II (March, 97)	77.82
	43-Cabinet	219	II (March, 97)	22.10
8.	49-Deptt. of Culture	3.02	-do-	4.72
9.	62-Ministry of Mines	8.73	-do-	17.32
10.	63-Ministry of Non-Conventional Energy Sources	34.12	I(Dec., 96)	87.04
11.	66-Ministry of Petroleum & Natural Gas	0.17	II (March, 97)	0.26
12.	78-Surface Transport	2.22	-do-	20.33

1	2	3	4	5
13.	80-Ports, Lighthouses and Shipping	2.70	-do-	66.82
14.	101-Lakshadweep Capital Voted	0.22	-do-	1.26
15.	56-Broadcasting Services	11.73	-do-	13.63

8.6 From the above table, it is clear that most of the supplementary provisions were obtained in the 2nd Batch of Supplementary Grants in March, 1997 i.e. at the fag-end of the year.

8.7 In this context, the Expenditure Secretary, Ministry of Finance deposed during evidence:—

“There are two types of lapses here. One is the Supplementary Grants which are not fully utilized. Even though they had asked for Supplementary Grants, they did not utilise it fully. The second is that they asked for Supplementary Grant and the entire amount remained unutilisednormally, at the time of the Supplementary stage, it has to be assessed accurately whether they will be in a position to spend the amount or not. Anyway, both the Ministry of Finance and the Administrative Ministry should have estimated the amount correctly depending on the amount that can be absorbed by the Ministry. To this extent, I concede the point that there was an inaccurate assessment in the budgeting exercise. In order to avoid this, probably we will have to look at the month-wise details. In fact, one of the instructions issued by the Finance Ministry is that budgeting should be done on a monthly basis. One has to look at what is the cash flow every month and then do the planning. Even though the instructions were issued in 1996-97, somehow this procedure is not being followed.”

9. Reappropriation of funds

A. Injudicious Reappropriation of Funds

9.1 A Grant or Appropriation for expenditure is distributed by sub-heads or standard objects (called primary units) under which it is accounted. Reappropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of financial year to which such grant or appropriation relates. Reappropriation of funds should be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilized in full or that savings can be effected in the unit of appropriation.

(a) Injudicious Reappropriation to sub-head

9.2 It is seen from the audit observations on Appropriation Accounts (Civil) for the year 1996-97 that it was found in the test check of accounts that in the case of 44 sub-heads in 27 Grants/Appropriations,

reappropriations aggregating Rs. 85.13 crore were injudicious as the original provision under the sub-head to which funds were transferred by reappropriation was more than adequate and consequently the final saving under the sub-heads were more than the amount re appropriated to these sub-heads.

(b) Injudicious Reappropriation from sub-head

9.3 The Committee also found that there was injudicious reappropriation aggregating to Rs. 8.09 crore in 11 sub-heads in 8 grants/appropriations wherein the final expenditure under each of them was more than the original provision before reappropriation from them. In each of them, the excess over the final provision after reappropriation from these heads was more than the amounts reappropriated.

B. Irregular Reappropriation of funds

9.4 As per the instructions issued by the Ministry of Finance, any order for reappropriation which has the effect of increasing the budget provision under a sub-head by more than 25 per cent of the budget provision or rupees one crore whichever is more, should be reported to Parliament alongwith the last batch of supplementary demands for the financial year and if such reappropriation is made after the last batch of supplementary demands, prior approval of the Secretary (Expenditure) in the Ministry of Finance should be obtained by the Department.

9.5 Scrutiny of headwise Appropriation Accounts pertaining to Grant No. 49—Department of Culture for the year 1996-97 revealed that against the original provision of Rs. 0.22 crore, the Department reappropriated Rs. 1.94 crore to the sub-head "Secretariat for Commemoration of 50th Anniversary of India's Independence" under Major Head "2205". Neither the reappropriation was reported to Parliament nor prior approval of Secretary (Expenditure) obtained.

9.6 Further, in the context of the efforts for keeping the deficit under control, Ministry of Finance had prescribed that all reappropriations which would have the effect of increasing the budget provision by more than rupees one crore under a sub-head should be made only with the prior approval of the Secretary (Expenditure). It is seen that in the following cases, the re-appropriation during 1996-97 exceeded the limit of Rupees one crore for which approval of Secretary (Expenditure) was not obtained.

(Rs. in crore)					
Sl. No.	No. & Name of Grant	Major Head	Sub-head	Amount	
		2055-Police	District Police	Original	76.73
				Supplementary	8.98
				Reappropriation	1.24
	49-Department of Culture	2205-Art & Culture	Conservation of Ancient Monuments	Original	40.91
				Reappropriation	6.48

C. Reappropriation without prior approval of Ministry of Finance

9.7 As per Government of India decision No. 3 (ii) below Rule 10 of Delegation of Financial Power Rules, reappropriation of funds from direct heads of expenditure to grants-in-aid to State/Union Territory Governments in the Revenue Section and *vice versa* are to be made only with the prior approval of Ministry of Finance.

9.8 Test check of the Appropriation Account in respect of Grant No. 11—Ministry of Commerce for the year 1996-97 disclosed that the Ministry augmented provisions under the sub head “Critical Infrastructure Balance” below major head “3601” by reappropriating Rs. one crore from sub-head “Critical Infrastructure Balance” below major head “3453” in the Revenue Section without the prior approval of Ministry of Finance. However, the Ministry obtained only *ex-post facto* approval of Ministry of Finance.

9.9 As per Government of India decision No. 7 below Rule 10 of Delegation of Financial Power Rules, reappropriation of funds from the head “Salaries” to other heads of expenditure can not be made without the prior approval of Ministry of Finance.

9.10 Test check of head-wise appropriation account of grant No. 77—Ministry of Steel revealed that the Ministry reappropriated Rs. 12 lakh from the head “Salaries” to “Rent, Rates and Taxes” under the major head “2852” *vide* reappropriation Order No. BGT-2(2)/96 dated 31 March, 1997 which is contrary to the extent orders of the Ministry of Finance. The reappropriation of funds without prior approval of Ministry of Finance was irregular. The Ministry of Steel obtained *ex-post facto* approval of Ministry of Finance, Department of Expenditure for the above reappropriation of funds only at the instance of audit.

9.11 A case involving reappropriation of Rs. 4 crore from Plan to Non-Plan without the prior approval of Ministry of Finance in respect of grant pertaining to Department of Atomic Energy has been pointed out by Audit in their Report.

10. Expenditure on “New Service/New Instrument of Service”

10.1 The Government has prescribed certain financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires prior approval of Parliament.

10.2 As per the limit prescribed in Rule 10 of the Delegation of Financial Power Rules, 1978 for determining the “New Service/New Instrument of Service” grants-in-aid to statutory and other public institutions, additional expenditure of Rs. 10 lakh over the approved provision for institutions in receipt of grants-in-aid upto Rs. one crore; and 10 per cent of the budget provision of Rs. two crore whichever is less in respect of institution in receipt of grants-in-aid of more than Rs. one crore will require prior approval of Parliament.

10.3 The Committee's scrutiny of Chapter XV of C&AG's Report No. 1 of 1998 has, however, revealed that in as many as six Grants, the prescribed limit has exceeded the Budget provisions but the Ministries did not obtain prior approval of Parliament. The details of these cases are given below:

(a) Ministry of Finance, Department of Economic Affairs
(Grant No. 26—Payments to Financial Institutions)

10.4 Under the Grant No. 26—Payments to Financial Institutions, the limit prescribed *vide* Government of India Decision (1) below Rule 10 of Delegation of Financial Power Rules had exceeded the budget provisions in the following three cases. The re-appropriations made to these heads attracted the provisions of "New Service/New Instrument of Service" yet the Ministry did not obtain the prior approval of Parliament:

(Rs. in lakh)

Sl. No.	Sub-head/Name of Institutions	Budget Provision	Actual Expenditure	Excess	Remarks
	Grants to Export-Import Bank of India (External Aided Component) (M.H. 2885)	200.00	262.25	62.25	The additional expenditure exceeded the limit of 10 per cent of the budget provision, for which prior approval of Parliament was required to be obtained (<i>vide</i> item II (F) (ii) of GOI D.E.C.(1) below Rule 10 of DFPRs)
2.	Grants to Nationalised Banks (External Aided Component) (M.H. 3465)	225.00	341.00	116.0	Exceeded the limit of Rs. 1500 lakh beyond which prior approval of Parliament was required to be obtained (<i>vide</i> item I(B) (ii) (b) of GOI Dec. (1) below Rule 10 of DFPRs)
3.	Loans to Industrial Credit and Investment Corporation of India (External Aided Component) (M.H. 6885)	10869.00	13000.00	2131.00	

10.5 On being enquired about the case relating to the Department of Economic Affairs, the witness stated during evidence:

".....This was essentially done because the money was coming from the external agencies and we are disbursing it through the financial institutions. Had it not been done, this country would have lost that much resources. That is the reason that I was mentioning, whether we can have somewhat different definition for externally aided projects which will be helpful for future. I apologise for this lapse. We can reduce this problem in future by having a different kind of definition. I just want to make this request for the hon. Committee whether they could consider it and put it as a recommendation. It will be helpful for the future cases whether such cases will occur."

(b) Grant No. 47—Department of Education

10.6 Under Grant No. 47, the Department of Education paid Rs. 308.20 lakh to Bal Bhawan National Children's Museum (Bal Bhawan Society) against the sanctioned provision of Rs. 273 lakh. Thus the excess payment of Rs. 35.20 lakh exceeded the prescribed limit of 10 per cent of the budget provision *vide* item II(F) (ii) of Government of India Decision (1) below Rule 10 of DFPRs, for which prior approval of Parliament was required, but the Department did not obtain such approval.

(c) Grant No. 49—Department of Culture

10.7 Under Grant No. 49, the Department of Culture released Rs. 168.50 lakh to Kalakshetra, Madras against the original provision of Rs. 119 lakh. Payment of Rs. 49.50 lakh in excess of the budget provision attracted the provisions laid down in Government of India Decision (1) below Rule 10 of DFPRs for which prior approval of Parliament was required but the Department did not obtain such approval.

(d) Ministry of Home Affairs—Union Territories (without Legislature) — Chandigarh

10.8 Grants-in-aid of Rs. 35 lakh was released to the Food Craft Institute against the original provision of Rs. 10 lakh. Release of excess amount of Rs. 25 lakh exceeded the prescribed limit for which prior approval of Parliament was required, but no such approval was obtained.

(e) Grant No. 57—Ministry of Labour

10.9 It has been found in the test-check by audit that the Ministry incurred expenditure of Rs. 1.85 crore towards grant to V.G. Giri National Labour Institute against the sanctioned provision of Rs. 1.61 crore. Payment of excess amount of Rs. 0.24 crore over the provision exceeded the prescribed limit and therefore prior approval of Parliament was required. But the Ministry did not obtain any such approval.

(f) Grant No. 82—Ministry of Urban Affairs and Employment

10.10 In the following two cases pertaining to Grant No. 82—Urban Development, Urban Employment and Poverty Alleviation, the excess expenditure attracted the limitations of "New Service/New Instrument of Service":—

- (i) The Department of Urban Development incurred an expenditure of Rs. 0.83 crore against the sanctioned provision of Rs. 0.31 crore. The additional expenditure to the extent of Rs. 0.52 crore met by reappropriation of fund exceeded the prescribed limit for which prior approval of Parliament was required, but no such approval was obtained by the Department.
- (ii) The Ministry incurred an expenditure of Rs. 1.79 crore towards grants-in-aid to National Institute of Urban Affairs against the provision of Rs. 0.60 crore. An excess expenditure of

Rs. 1.19 crore being more than Rs. 10 lakh attracted the limitation of "New Service/New Instrument of Service" for which approval of the Parliament was required but no such approval was obtained.

11. *March Rush of Expenditure*

11.1 Under Note 3 of Rule 69 of General Financial Rules, rush of expenditure particularly in the closing month of a financial year is to be regarded as a breach of financial regularity and should be avoided. The test check by Audit of Appropriation Accounts (Civil) has revealed that more than 50 per cent of the total expenditure was incurred in the month of March, 1997 in a number of cases. It is observed from the cases detected during test check by Audit that the expenditure incurred in March, 1997 in respect of 19 Major Heads pertaining to 11 grants/appropriations constituted 61.22 per cent of the total expenditure in these grants/appropriations.

(a) Ministry of Home Affairs

11.2 The scrutiny of the cases given in the Audit Report reveals that there were as many as 7 cases under the Grants controlled by the Ministry of Home Affairs where expenditure in the last month of the financial year was between 33 and 99 per cent.

11.3 About March rush of expenditure, the Home Secretary deposed during evidence as under:—

".....this March mania which grips the system is one of the things that we have to dismantle alongwith couple of other things which are quite important. I have noted down all these points."

11.4 The witness further stated:—

"This is totally an unacceptable position. This is something which nobody could defend and there should be an effort to dismantle this approach.

So, I will try my best, I will take the help of my colleagues and we will monitor this every quarter so that the rush which takes place in March could be avoided and see why can it not take place during January itself so that atleast we will have the period from January to March. This is something on which I would take the guidance and support from the August Committee; and an admonition from you would help improve the system."

(b) Ministry of Urban Affairs and Employment

11.5 The Committee's scrutiny of C&AG's Report No. 1 of 1998 has revealed the following cases where the expenditure ranging from 51 to 97

per cent of the total expenditure in 4 out of 13 major heads under Grant No. 82 was incurred in the month of March, 1997 by the Ministry:—

(Rs. in crore)				
Sl. No.	Major Head	Total Expenditure	Expenditure Incurred in March 1997	% of Expenditure in March 1997
1.	2215 — Water Supply & Sanitation	2085.38	2028.10	97
2.	3475 — Other General Economic Services	36.37	18.72	51
3.	4217 — Capital Outlay on Urban Development	9500.00	5100.00	54
4.	7601 — Loans and Advances to State Governments (Charged)	600.00	419.10	70

11.6 Taking note of the fact that in most of the cases of Grant No. 82 there was a rush of expenditure in the month of March ranging from 51 to 97 per cent of the total grants, the Committee desired to know during evidence the reasons for the same. The representative of the Ministry of Urban Affairs & Employment in his deposition stated:

“Sir, we are really concerned that we have to somehow release money by March, but that is not to avoid any surrenders. If you take, for example, urban water supply scheme, which is one of our very good schemes, what is happening is that we invite proposals from the State Governments and they are scrutinised after they are received. But many State Governments do not send their proposals in time. They are reminded time and again. Ultimately, when March comes, there is a rush of such proposals. This explains why this money had to be sanctioned only in March and not before it.”

(c) Ministry of Social Justice and Empowerment

11.7 Test check revealed that in the following cases more than 50 per cent of the total expenditure was incurred in the last quarter of January to March of 1996-97.

(Rs. in lakh)				
1	2	3	4	5
	Name of the Scheme	Total expenditure during 1996-97	Expenditure incurred in last quarter of 1996-97 (%age of expenditure)	
	2225.800.07 Assistance to Voluntary Organisation for Scheduled Castes			Late receipt of recommendations of the State Governments.

1	2	3	4	5
2.	2225.800.25—Grant-in-aid to State Scheduled Caste Development Corporation for implementation of scheme of Liberation and Rehabilitation of scavengers and their dependents	9001.00	9001.00 (100%)	Due to release of funds directly to the SCDC's instead of through State Governments budget provision and budget head could be obtained only in January, 1997.
3.	2235.101.10.01 Assistance to Voluntary Organisations for the Handicapped	1670.71	1081.17 (65%)	
4.	2235.101.1001—Aids and Appliances for the Handicapped	685.47	471.00 (69%)	Late receipt of recommendations from the State Governments
5.	2235.105.01—Education work for prohibition and drug abuse	963.51	575.48 (60%)	
6.	3601.341.03—Machinery for implementation of protection of Civil Rights Act, 1955 and Provention of Atrocities Act, 1989	1220.60	922.47 (76%)	Delay in receipt of proposals and information from State Government

(d) Ministry of Labour

11.8 A scrutiny has revealed that in the following cases, large portion of the total expenditure was incurred in the month of March during the last three years *i.e.* 1994-95 to 1996-97.

(Rs. in lakh)

Name of Scheme	March Expenditure (% of total Expenditure)		
	1994-95	1995-96	1996-97
M.H. 2230			
1. Beedi Workers Welfare	769.12 (53%)	899.26 (47%)	1078.15 (49%)
2. Cine Workers Welfare	4.43 (86%)	6.36 (87%)	8.11 (62%)
3. Improvement in working conditions of child/women labour	156.80 (95%)	1051.31 (30%)	2613.44 (77%)
M.H. 3601			
4. Housing Scheme for Economically Weaker Section of Beedi Workers	538.15 (100%)	402.68 (76%)	38.32 (46%)
5. Providing homes for hamalis	—	—	332.37 (100%)

11.9 Explaining the procedure responsible for March rush of expenditure in respect of "Cine Workers Welfare Fund." The Ministry of Labour in their post evidence note stated as under:—

"The reasons for incurring this expenditure during the month of March is that under the procedure, applications for scholarships and other benefits are received upto 15 September and got scrutinised by the Welfare Commissioners by 30 November of the previous year.....Thus the expenditure towards the scholarship is booked only towards the closure of financial year."

11.10 In respect of rush of expenditure in the Head 'Providing homes for hamalis', the Ministry furnished in their post-evidence note the chronological events relating to implementation of housing scheme for hamalis which indicate that the amount could not be spent earlier because of procedural problems.

(e) Ministry of Finance

11.11 During evidence the Secretary, Ministry of Finance assured the Committee as under:—

"I assure the Committee that we will give new instructions to follow the procedure of improved monitoring."

12. Pendency of Utilisation Certificates

12.1 The certificate of utilisation of grants are required to be submitted by the sanctioning authorities in the respective Ministry/Department to the Controller of Accounts. The purpose of furnishing the certificate is to ensure that grants had been properly utilized for the purpose for which they were sanctioned and where the grants released were conditional, the prescribed conditions had been fulfilled.

12.2 It has been brought out in C&AG's Report No. 1 of 1998 that 30072 utilisation certificates relating to 3605.35 crore in respect of grants released upto September, 1995 from 28 Ministries/Departments were outstanding some for upto 20 years, at the end of March, 1997. The Ministries/Departments of Information and Broadcasting, Chemicals and Petrochemicals, Social Justice & Empowerment (Welfare), Law & Justice, the Supreme Court of India, Science and Technology, Civil Aviation and Tourism, Civil Supplies and Union Territory, Chandigarh did not furnish the information about outstanding utilisation certificates.

12.3 On being asked about the mechanism by which the Ministry of Finance control other Ministries in utilisation of the sanctioned allocations, the Expenditure Secretary deposed during evidence as under:—

“I wish to assure the Public Accounts Committee that it is not as if there is no monitoring mechanism at all. We do monitor”.

12.4 He further elaborated:—

“As a result of combined monitoring by the Ministry of Finance and various Ministries the position on utilisation certificates has also improved. I will give one example. I can give you a note on the remaining Ministries. In the case of Ministry of Human Resource Development, the percentage of utilisation certificates received was around 50 to 56 per cent in 1996-97. Now, the percentage has increased to 65 per cent as a result of monitoring. So, this monitoring mechanism is in place, and we and the administrative Ministries concerned are monitoring the receipt of utilisation certificates so that the fund flow can take place.”

13. Conclusions and Recommendations

13.1 The Committee observe that out of the whopping savings of Rs. 44231.22 crore in the grants pertaining to Civil Ministries/Departments for the year 1996-97, Rs. 29466.03 crore was on account of less drawal of 31 days Treasury bills. Excluding these Treasury bills, the effective saving of Rs. 14765.13 crore constituted more than two times the supplementary grants of Rs. 7326.86 crore and 3.5 percent of total provision of Rs. 420902.71 crore. The Committee find that the overall saving was a net result of saving in 204 cases and excess expenditure in eight cases. The Committee have also noticed that there was aggregate saving of Rs. 11266.16 crore in the Voted portion (both under Revenue and Capital Sections) and Rs. 329565.06 crore in the Charged portion (both under Revenue and Capital Sections). The Committee are of the considered view that such savings, described as “unspent balances” could have been significantly reduced, if not avoided altogether, by making realistic budgetary projections by the concerned Ministries/Departments. Since that budget proposals are scrutinised by the Ministry of Finance, the Committee would like the Ministry of Finance to ponder over this recurring malady and find suitable measures so that such “unspent balances” are kept to the barest minimum.

13.2 What has caused serious concern to the Committee is the fact that there were as many as 27 Voted Grants/Charged Appropriations under which savings of Rs. 100 crore and more had occurred during the year 1996-97. the Committee find that such large scale savings had occurred in a number of developmental areas like Agriculture (Rs. 630.92 crore), Chemicals and Fertilizers (Rs. 441.41 crore), Health and Family Welfare (Rs. 121.96 crore), Education (Rs. 792.12 crore), Industry (Rs. 285.29 crore), Rural Areas and Employment (Rs. 837.24 crore), Urban Affairs and Employment (Rs. 110.85 crore) and Water Resources (Rs. 401.79 crore). This speaks volumes for the lack of earnestness of the Ministries

concerned and reflects on their ability or otherwise to deliver even in the developmental fields despite availability of funds. Taking note of the huge unspent balances in key developmental areas in various Ministries/ Departments, the Committee are inclined to believe that either the schemes and programmes were ill-conceived or there was lack of sustained and vigorous monitoring. The Committee therefore, recommend that before funds are earmarked, the developmental schemes ought to be tailored having regard to ground realities and the achievability of targets within stipulated time so that scarce resources are not tied to schemes which do not take off or do not show progress commensurate with the funds allocated in a given financial year.

13.3 The Committee find that in respect of savings of 100 crore and above which occurred in 27 grants/appropriations during the year 1996-97, only Ministry of Agriculture furnished the requisite notes in time notwithstanding the instructions dated 19 December, 1994 issued by the Ministry of Finance in pursuance of the recommendation of PAC (60th Report — 10th Lok Sabha) stipulating that such notes be furnished to the Committee by 31st May of the year or immediately after the presentation of the relevant Appropriation Accounts to the House whichever is later. Taking note of such instances of flouting the instructions of the Ministry of Finance recurring year after year and underlining the need for securing greater financial propriety and discipline, the Committee recommend that from the financial year 2000-2001 onwards, the detailed notes in respect of savings of Rs. 100 crore and above in respect of a Grant/Appropriation be prepared by the concerned Ministries/Departments and forwarded to the Ministry of Finance so that these explanatory notes are also made simultaneously available to the PAC alongwith the Appropriation Accounts. The Committee would like the Ministry of Finance to evolve a proper procedure in this regard and keep the Committee informed.

13.4 The Committee during the course of examination have found that the Revenue Section (Voted) of Grant No. 1 operated by Ministry of Agriculture during 1996-97 registered total savings of Rs. 630.62 crore which were the net effect of savings registered under 32 sub-heads. These savings have occurred for various reasons such as less demands from implementing agencies, non-filling/creation of posts, unspent balances of the previous year etc. The Committee's scrutiny has also revealed that the entire provision under four sub-heads remained unutilised during the year 1996-97. The Committee observe that such huge unspent balances to the extent of Rs. 630.62 crore indicate not only the faulty estimation process in the Ministry but also lack of serious initiative in implementation of programmes/schemes which suffered badly. The Committee, therefore, recommend that the Ministry of Agriculture should not only revamp their existing budgetary mechanism to ensure proper and correct estimation of the budgetary requirements but also to streamline the procedure for full and timely utilisation of the sanctioned provisions.

13.5 The Committee's examination of Grant No.44—Police has revealed that out of the total budgetary allocations of Rs. 489.20 crore, the Ministry of Home Affairs spent only Rs. 371.68 crore thus leaving a huge amount of Rs. 117.52 crore as "unspent balances" during the year 1996-97. The Committee has found that there were as many as 12 sub-heads under which saving of over Rs. 1 crore had been registered under each sub-head. The Committee's scrutiny of the explanatory notes submitted by the Ministry has revealed that the sanctioned amounts for different scheduled projects could not be spent fully either because of procedural delays or because of delay on the part of CPWD in execution of different projects. While the Committee do acknowledge that the factors such as militancy/disturbed civic conditions and external factors were beyond that control of the Ministry which could not have been anticipated, but the Committee are of the firm opinion that the other reasons like "delay in sanction of works" in respect of 'BSF— Border out post' resulting in saving of Rs. 6.93 crore; "non finalisation of the project for construction of hospital building" in respect of "ISF—Office building" resulting in saving of Rs. 4.82 crore; "delay on the part of CPWD" in respect of "Delhi Police—Office building and residential building" resulting in saving of Rs. 13.80 crore could have been anticipated well in advance, similarly, the saving of Rs. 45.56 crore registered under the sub-head "Indo-Bangladesh Border works" could have been avoided if the Ministry had effectively taken up the matter with the State Governments to release the fund in time. The Committee would, therefore, like the Ministry of Home Affairs to have the entire requirements of funds under different heads of the Grant pragmatically assessed taking into account all relevant and attendant factors after collecting the critical inputs available to them and anticipating, so that such gap between the demand and actual expenditure are avoided in future.

13.6 The examination of Grant No. 5 (Revenue-Voted) reveals that the Ministry of Chemicals and Fertilizers registered saving of Rs. 328.61 crore which is 79.98 percent of the total provision under the grant. The scrutiny of the Explanatory Notes submitted by the Ministry reveals that the huge amount of saving of Rs. 261.33 crores occurred in a single sub-head expenditure on account of exchange rate variation for settlement amount. The Committee observe that saving of over Rs. 1 crore occurred in as many as 5 sub-heads. From the contributory reasons advanced by the Ministry, the Committee observe that while "Non-cooperation by the State Governments viz. West Bengal and Bihar in land allotment and contributing their share' resulted in saving of Rs. 2.00 crore in "CIPET"; 'Non-investment by the private party and the State Government in the project' resulted in saving of Rs. 75.00 crore in "subsidy to Assam Gas Crackers Complex". The Committee deplore the lack of foresight on the part of the Ministry leading to large savings amounting to almost 80% of the total sanctioned provisions under the grant. The Committee recommend that the Ministry should reorient and revamp their extant budget formulation process so that such exceptionally high "unspent balances" become a thing of past.

13.7 The Committee's scrutiny of Grant No. 6 (Capital-Voted) reveals that the Ministry of Chemicals and Fertilizers registered savings in this grant also. The total savings of Rs. 112.80 crore would have been much higher but for the excess expenditure in the various sub-heads of the grant. The examination by the Committee of the explanatory notes submitted by the Ministry reveals that savings of Rs. 116.00 crores occurred under a single sub-head "Externally aided projects/schemes" for which the reasons responsible are stated to be inordinate delay in the supply of critical equipments from its vendors. Another sub-head where savings of Rs. 16.00 crore occurred is "Paradeep Phosphates Ltd." for the reasons that it was re-appropriated to the equity sub-head. The Committee are of the opinion that the reasons attributed to the savings under the above sub-heads were not such as could not have been anticipated at the budget formulation stage. The Committee recommend that the Ministry devise and put in place a suitable mechanism which could take into account all the inputs having their impact on the trend of expenditure in various sub-heads of the grant before projecting the needs of funds under different heads of grant. The Committee also recommend that the Ministry introduce the system of individual accountability so that the budget formulation process is well coordinated and receives best of attention at every stage before it is finalised.

13.8 An examination of Grant No. 51 (Revenue-Voted) of the Department of Industrial Development, Ministry of Industry has revealed that under this grant, the Ministry had obtained Rs. 492.02 crore and had spent only Rs. 308.57 crore thus registering saving of Rs. 183.45 crore which was 37.28 percent of the total provisions. The total saving of Rs. 183.45 crore was net effect of savings and excess under various sub-heads. The scrutiny of explanatory note submitted by the Ministry reveals that there were as many as 10 sub-heads under which savings of over Rs. 1 crore occurred under each of the sub-heads. The major areas of the savings are Growth Centres (Rs. 21.04 crore), Transfer to National Renewal Fund (Rs. 100 crore), Unallocated Provisions for Implementation of VRS (Rs. 25 crore) and Counselling, Retraining and Area Regeneration Schemes (Rs. 20.52 crore). The reasons for savings under these sub-heads are stated to be non-release of their shares by Financial Institutions, non-approval of growth centres as originally envisaged, less transfer of funds, reduction of allocation at RE stages, non-booking of expenditure due to non-approval of the scheme for closed Textile Mills of Ahmedabad etc. In other sub-heads also, saving were registered due to procedural problems such as non-approval of the schemes/projects. In the opinion of the Committee, the reasons stated to be responsible for occurrence of savings could have been anticipated well in advance. After giving their consideration to the apparently ill-conceived projects and badly monitored schemes, the Committee conclude that there is something wrong with the functioning of the Ministry. The Committee would like to know what tangible action is initiated by the Ministry to bring systematic improvements.

13.9 The Committee's examination of Grant No. 57 (Revenue-Voted) Section operated by the Ministry of Labour during the year 1996-97 reveals that against the total provisions of Rs. 690.87 crore, the Ministry could actually spent only Rs. 601.83 crore thus registering saving of Rs. 89.04 crore. But for the excess expenditure incurred under other heads, the savings would have been much more. The Committee's scrutiny of the explanatory notes furnished by the Ministry reveals that there are as many as 11 sub-heads where savings of over Rs. 1 crore had occurred under the (Revenue-Voted) Section of the grant. The major areas where substantial savings occurred are Child Labour Cell (Rs. 22.16 crore) due to non-clearance of the scheme by Expenditure Finance Committee; World Bank Assisted Vocational Training Project (Rs. 27.12 crore) due to non-filling up of vacant post in various institutes and dropping of proposals for procurement of vehicles; World Bank Scheme for State (Rs. 21.24 crore) due to less claims received from State. Savings were also registered in other areas including Labour Welfare Schemes/Projects. In regard to savings under the sub-heads "Child Labour Cell", the Secretary, Ministry of Labour admitted that justice had not been done to the work of elimination of Child Labour. The Committee note that savings under Revenue Section of Grant No. 57 had been a recurring phenomenon for the last so many years. Also persistent savings have been noticed under the head "Grants to State Government for Centrally Sponsored Plan Scheme" relating to Rehabilitation of Bonded Labour—ranging from 23 percent in 1993-94 to 89 percent in 1996-97; Employment Services—100 percent; Training of Craftsman and Supervisor—39 percent to 66 percent during the last so many years. Similarly, persistent savings ranging from 10 to 87 percent of the sanctioned budget have been registered in various other labour welfare schemes during the last so many years. It is disturbing to find that the sanctioned provisions could not be spent fully on most of the schemes like rehabilitation of bonded labour and child labour for reasons not acceptable to the Committee. Obviously, the Ministry have not learnt any lesson from their past experiences as some of these socially vital schemes registered savings even upto 100 percent. This is a sad commentary on the flawed budgetary projections to say the least. The Committee therefore recommend the Ministry to review their entire budgetary process keeping in view the trend of expenditure during the last 5 years, the actual sectoral need for the funds, the obstacles in full utilisation of the sanctioned provisions and devise a new methodology so that the labour welfare schemes are not affected due to procedural embargoes. The Committee also desire that the Ministry should introduce a system a accountability so that individual responsibility could be pin-pointed in implementation of the schemes.

13.10 The examination of Grant No. 82 Revenue (Voted) Section operated by the Ministry of Urban Affairs and Employment during the year 1996-97 has revealed that against the total sanctioned provision of Rs. 561.76 crore, the Ministry could spent only Rs. 450.91 crore. The scrutiny of Appropriation Accounts has revealed that there were large scale savings under various sub-heads under the grant. The saving of Rs. 110.85 crore

was the net effect of savings and excess under various sub-heads. The analysis of the explanatory notes submitted by the Ministry indicate that there were as many as 11 sub-heads in each of which the savings of over Rs. 1 crore occurred. The Committee are pained to note that the Ministry failed to utilise the sanctioned provisions under some priority areas like "Low Cost Sanitation for Liberation of Scavengers" (Rs. 27.80 crore) due to some procedural lapse i.e. non-presentation of the bill in time; "Prime Minister's Integrated Urban Poverty Eradication Programme" (Rs. 29 crore) due to reduction of BE provision at RE stage; and Housing and Shelter Upgradation Scheme" (Rs. 12.24 crore) due to lesser requirement of funds as a result of economy measures and also due to reduction of provision at RE stage. The representative of the Ministry admitted during evidence that in regard to low cost sanitation, the concerned bill for the amount could not be prepared and the amount lapsed. The Committee observe that the reasons advanced by the Ministry for savings under different sub-heads indicate that savings even in the major areas occurred due to procedural problems which could, and should, have been sorted out and resolved but for lack of proper will. It is very unfortunate that the sanctioned provisions for a welfare scheme like low cost sanitation for liberation of scavengers remained 100 percent unutilised during the year and that also admittedly due to a clerical problem. The Committee would like the Ministry to enquire into the reasons for such a large scale savings under various sub-heads of the grant so as to avoid such huge "unspent balances" at the end of the year.

13.11 The Committee's scrutiny of Grant No. 86 operated by the Ministry of Social Justice and Empowerment (erstwhile Ministry of Welfare) during the year 1996-97 has revealed that there were substantial variations between the sanctioned provisions *vis-a-vis* actual expenditure incurred by the Ministry under various sub-heads. The Committee find that in the revenue (voted) Section of the grant, there were gross savings of Rs. 144.61 crore under some heads which were offset by excess expenditure of Rs. 135.49 crore under other heads resulting in net savings of Rs. 9.12 crores. The Committee's scrutiny has also revealed that provision of Rs. 99.80 crore remained wholly unutilised under 28 heads. It has been found that the entire budgetary allocation of Rs. 88 crore for "Liberation and Rehabilitation of Scavengers" remained wholly unutilised. Substantial savings occurred under the heads "Assistance to Voluntary Organisation for Scheduled Castes (Rs. 7.33 crore); "Scholarship to students of Scheduled Castes, Scheduled Tribes and other categories" (Rs. 3.10 crore); "Aids and Appliances for the handicapped" (Rs. 6.00 crore); Education work for prohibition and drug abuse (Rs. 5.02 crore) etc. The Committee's examination had further revealed that there have been persistent savings in various welfare schemes *viz.* Welfare of Scheduled Castes — Education, Assistance to Voluntary Organisation for Scheduled Castes, Welfare of Scheduled Tribes — Education, Scheme for pre-examination coaching for

weaker sections, Scheme for street children, Grants in aid to Union Territory Government's on Other Schemes of Scheduled Castes Education. The Committee observe that saving in these schemes during the period from 1994-95 onwards ranged from 13 percent to 99 percent. The Committee are surprised to find that the Ministry failed to utilise the sanctioned provisions even in the schemes meant for imparting education to Scheduled Castes and Tribes aiming at skill development and enablement of the weaker sections of the society. In regard to the scheme of prevention of drug abuse also, the Ministry registered savings to the extent of 34 percent of the sanctioned provision. The Committee are constrained to observe that in view of the entire budget provision under the "National Rehabilitation Programme for the Handicapped" and "National Trust for the Mentally Retarded and Cerebral Palsy" remaining wholly unutilised during the years 1994-95 to 1996-97, the nomenclature of "social justice and empowerment" hardly inspires confidence. While outright rejecting the reasons adduced by the Ministry for non-utilisation of funds, the Committee are rather of the firm opinion that had the Ministry made concerted and well coordinated efforts, the position as to funds utilisation would have been substantially otherwise. What appears all the more surprising is that the Ministry have been seeking budgetary allocations for certain heads year after year despite these allocations having remained entirely unutilised in the preceding years. The Committee cannot but express their anguish over the lackadaisical approach of the Ministry as very well meaning and laudable schemes aiming at empowerment of disadvantaged and disabled sections of the society could not take off or make proper progress and the scarce resources remained idly parked year after year which would have been gainfully utilised for other fund-starved developmental schemes. The Committee would keenly watch at the Action taken stage as to what lessons have been drawn and improvement effected by the Ministry in the matter of utilisation of funds for such socially vital sectors.

13.12 The Committee's examination of the reasons for less utilisation of funds under grant Nos. 78, 79 and 80 operated by the Ministry of Surface Transport during the years 1996-97 clearly indicate a shortfall in the performance of the Ministry. It also discloses that budgetary requirements seem to be projected by the Ministry more on the basis of theoretical anticipation rather than on the trend of expenditure and actual requirement. The Committee hardly need to emphasise that existing system of budget formulation, follow-up, monitoring of projects and financial management leave much to be desired and calls for comprehensive review and reappraisal so that budget allocations are gainfully utilised for the intended purposes. The Committee would like to be apprised of the corrective action taken in this behalf by the Ministry for avoidance of such lapses in future.

13.13 The examination of the 11 Grants and 2 Appropriations operated by the Ministry of Finance (Departments of Expenditure, Economic Affairs and Revenue) has revealed that there were savings of Over Rs. 100 crore in

nine Grants/Appropriations. The scrutiny of Grant No. 25 [Currency, Coinage and Stamps —Capital (Voted) Section — Department of Economic Affairs] reveals that against the budgetary allocation of Rs. 385.32 crore, actual expenditure incurred was Rs. 259.56 crore resulting in net saving of Rs. 125.76 crore. There were as many as 13 sub-heads in which savings of over Rs. 1 crore were recorded. Large scale savings were recorded under the heads "Mints (Rs. 54.93 crore) due to non-finalisation of tenders, non-receipt of equipments, non-commencement of slow progress of work. Other areas where savings were recorded under this Section of the Grant are Currency Note Press (Rs. 13.26 crore), Bank Note Press (Rs. 14.32 crore), Security Paper Mill (Rs. 4.81 crore), Purchase of Metal (Rs. 9.90 crore), India Security Press, Nasik (Rs. 11.91 crore) and Security Printing Press, Hyderabad (Rs. 8.97 crore). The reasons adduced by the Ministry for such large scale savings are delay in start of the work, non supply of materials, less or non receipt of materials etc. The Committee has also found that Revenue (Voted) Section of this Grant also registered a saving of Rs. 22.87 crore. While deploring the inability of the Ministry to spend the budget sought under the Capital section, the Committee desire that the Ministry of Finance should examine critically the reasons responsible therefor and evolve realistic parameters to avoid such wide variations between the sanctioned provisions and actual expenditure in future.

13.14 The Committee's scrutiny of Grant No. 26 [Payments to Financial Institutions—Department of Economic Affairs] has revealed that net saving of Rs. 230.35 crore was registered under Capital (Voted) Section of the Grant. There were seven sub-heads under which savings of over Rs. 1 crore had occurred. The Committee's analysis of the contributory reasons furnished by the Ministry of Finance indicate that these savings occurred due to less actual requirement raised by IBRD, less actual requirement by IMF due to less exchange rate variation, non-receipt of any demand from IDA, less requirement in respect of ADB, less actual demand raised by ADF, non-receipt of any demand from MIGA (Multilateral Investment Guarantee Agency), less disbursement of funds in respect of NABARD external aided component; and non-disposal of the case pending in Supreme Court in respect of loans to RRB. The Committee note with disbelief the recurring savings of more than Rs. 100 crore under this Grant since 1992-93. The Committee therefore conclude that the entire system of assessment of requirement of funds under various sub-heads of this Grant needs to be critically reviewed to find out systemic defects and to devise suitable measure to remedy the situation.

13.15 The scrutiny of Appropriation No. 27 [Interest Payments — Department of Economic Affairs] has revealed that Revenue Section of this Appropriation registered a saving of Rs. 521.59 crore during the

Year 1996-97. There were as many as 18 sub-heads under which savings registered over Rs. 1 crore. The Committee also find that savings of more than Rs. 100 crore under this Appropriation has been a recurring feature since 1992-93. Similarly, under Grant No. 28 Transfer to State and Union Territory Governments, the savings of more than Rs. 100 crore were recorded in both the Revenue (Voted and Charged) and Capital (Voted and Charged) Sections of this Grant. Savings of Rs. 415.93 crore, Rs. 109.51 crore Rs. 378.71 crore and Rs. 371.47 crore were recorded under Revenue (Voted), Revenue (Charged), Capital (Voted) and Capital (Charged) Sections respectively. There were as many as 10 sub-heads under Grant No. 28 in which savings of over Rs. 1 crore had occurred. Further, under Grant No. 29 loans to Government Servants etc., savings of Rs. 133.97 crore were registered. Under Appropriation No. 30 Repayment of Debts, savings of substantial magnitude of Rs. 31465.62 crore were recorded. Savings of significantly high magnitude under Appropriation No. 30 have become a recurring phenomenon since 1990-91. The revelations arising out of examination of Grant Nos. 35 and 36 operated by the Department of Revenue are no more happier either. The contributory reasons adduced by the Department for savings do not stand up to scrutiny as the Committee feel that these savings are culmination of defective budgetary assumptions and ineffectual monitoring. The Committee are deeply concerned to note that despite huge savings recurring under these Grants/Appropriations year after year, the Ministry of Finance have, apparently not done any thoughtful cleansing to correct their budgetary assumptions. The Ministry have little to commend if they cannot keep their own budgetary projections to the realistic level.

13.16 The Committee are astonished to note that against final savings of Rs. 44231.22 crores in the Appropriation Accounts (Civil), the amount surrendered was Rs. 24787.35 crores out of which 99 percent (Rs. 24783.51 crore) was surrendered on the last day of the financial year. What is more disturbing is the fact that in 20 Voted Grants and 21 Appropriations, the entire savings amounting to Rs. 19.55 crore and Rs. 3.27 crore respectively were not surrendered at all. To the astonishment of the Committee, in 55 cases, the amounts greater than 20 percent of the savings or Rs. 1 crore were not surrendered at all. The percentage of savings available under a grant/appropriation not surrendered varied between 21 and 100 percent. The Grant-wise analysis by the Committee has revealed that the Ministry of Surface Transport did not surrender 29.91 percent and 83.75 percent of the savings available under the Grant Nos. 78 and 79 respectively. The Ministry of Home Affairs did not surrender at all the entire savings of Rs. 7.02 crore under Revenue (Voted) section of Grant No. 42. Similarly, under Grant No. 44 Police, the Ministry did not surrender 96.41 percent of the available savings. The Committee also noticed that the Ministry of Labour did not surrender 26.60 percent of the available savings under Grant No. 57. The Committee take a serious view of the perfunctory manner in which the

surrenders were made by the concerned Ministries/Departments at the close of the financial year. The Committee deplore that some of the Departments even did not care to surrender the unspent provisions at all. Despite the Committee's repeated exhortations made from time to time in their earlier reports for timely surrender of savings, the Committee observe that the Ministries/Departments are yet to show improvements in this regard. The Committee desire that the Financial Advisors and the Heads of Ministries/Departments be made jointly accountable for unusual savings and delay in the timely surrender of savings.

13.17 The Committee's examination has revealed that supplementary Provision of Rs. 236.20 crore obtained in 15 cases by the concerned Ministries/Departments proved unnecessary as the final expenditure was less than the original grant. The Committee also observed that in most of these cases, the supplementary provisions were obtained in March, 1997 *i.e.* at the fag end of the year. The Committee are all the more concerned deeply that some Ministries/Departments were even unable to assess their actual requirement of funds even on the last day of the financial year. The Committee therefore, recommend that the procurement of supplementary grants by the Ministries/Departments be thoroughly assessed objectively to ward off unwarranted surrender of savings later. The Committee feel that it would go a long way in streamlining of budgetary process if the Heads of Programme Divisions are made accountable in this behalf.

13.18 Wrongful re-appropriation of funds has been a matter of constant concern to the Committee. The scrutiny of Audit Report has revealed that during test check, in as many as 44 sub-heads in 27 grants/appropriations, re-appropriation aggregating to Rs. 85.13 crore was found to be injudicious as the original provisions under the sub-head to which funds were transferred by re-appropriation were more than adequate and consequently the final savings under the sub-head were more than the amount re-appropriated to these sub-heads. The Committee also found that there was injudicious re-appropriation aggregating to Rs. 8.09 crore in 11 sub-heads in 8 Grants/Appropriation wherein final expenditure under each of them were more than the original provisions before re-appropriation from them. The Committee also noticed that the Department of Culture in 2 heads under Grant No. 49 and the Ministry of Home Affairs under Grant No. 44, resorted to irregular re-appropriation of funds by violating the instructions on the subject. Further, the Ministry of Commerce under Grant No. 11 and the Ministry of Steel under Grant No. 77 re-appropriated funds without obtaining prior approval of the Ministry of Finance. Obviously, such rampant reappropriations in utter disregard to codal provisions, standing instructions and canons of financial propriety only betray inability/inefficacy of the Financial Advisors attached to the Ministries. The Committee therefore recommend that the powers and functions of the Financial Advisors may be reviewed appropriately to prevent wrongful/injudicious reappropriations.

13.19 Another disquieting aspect of Committee's scrutiny of Audit Report No.1 of 1998 shows that in as many as six Grants, the prescribed limits, which if crossed would constitute New Service/New instrument of Service requiring approval of Parliament, were exceeded but the Ministries did not obtain prior approval of Parliament. The Ministry of Finance in 3 cases under Grant No. 26, the Department of Education in 1 case under Grant No. 47, the Department of Culture in 1 case under Grant No. 49, the Ministry of Home Affairs in 1 case under Grant No. 46, the Ministry of Labour in one case under Grant No. 57 and Ministry of Urban Affairs and Employment in 2 cases under Grant No. 82 incurred expenditure attracting the limitation of "New Service/New Instrument of Service" but the requisite prior approval of Parliament was not obtained. The Committee find it as yet another blatant instance of violation of financial rules and a sad commentary on the efficacy of Financial Advisors. The Committee therefore recommend that it may be enjoined upon all the Financial Advisors that it is their duty to ensure observance of financial propriety and to assert their authority and where advice is overlooked/disregarded, the matter should immediately be brought by them to the notice of Finance Ministry without fail.

13.20 Rule 69 of General Financial Rules provides that rush of expenditure particularly in the closing month of a financial year is to be regarded as a breach of financial propriety and therefore, it should be avoided. The Committee observe that the test check by Audit has revealed that more than 50% of the expenditure during the year 1996-97 was incurred in the month of March, 1997 in a number of cases. The cases detected during test check indicate that the expenditure incurred in March 1997 in respect of 19 major heads pertaining to 11 Grants/Appropriations constituted 61.22 percent of the total expenditure in these grants/appropriations. The Committee observe that there were as many as 7 cases under the Grants controlled by the Ministry of Home Affairs where expenditure in the last month of the financial year was between 33 and 99 per cent. The Secretary, Ministry of Home Affairs admitted during evidence that the March rush of expenditure was totally an unacceptable position and there should be an effort to dismantle this approach. The Secretary, Ministry of Finance taking note of the concern of the Committee, assured to issue new instructions to follow the procedure for improved monitoring. Such large scale rush of expenditure in the closing month of the financial year, in the opinion of the Committee smacks of lack of financial discipline and accountability. The Committee, therefore, consider it desirable that the Ministry of Finance devise a procedure making it mandatory for the Departmental Heads to hold monthly review meetings to monitor and so far as practicable, to ensure the even flow of expenditure to avoid March rush for effective fiscal discipline and better results.

13.21 In order to ensure that grants were utilised for the purpose for which they were sanctioned and where the grants released were conditional, the prescribed conditions had been fulfilled, the certificate of utilisation of grants are required to be submitted by the sanctioning authorities in the respective Ministry/Department to the Controller of Accounts. The Committee's scrutiny has revealed that 30072 utilisation certificates relating to Rs. 3605.35 crore in respect of grants released upto September, 1995 from 28 Ministries/Departments were outstanding at the end of March, 1997. The Committee also observe that utilisation certificates were outstanding even for upto 20 years in some cases. Surprisingly, the Ministries/Departments of Information and Broadcasting, Chemicals and Petrochemicals, Social Justice & Empowerment, Law & Justice, the Supreme Court of India, Science and Technology, Civil Aviation and Tourism, Civil Supplies and Union Territory (Chandigarh) did not furnish the information to the Audit on outstanding utilisation certificates. While expressing their serious concern over such a huge pendency of utilisation certificates and non-submission of information by the Ministries/Departments to the Audit, the Committee recommend that all the Ministries/Departments/Wings of Government furnish invariably correct and full figures to the Audit in time about the pending utilisation certificates and that sincere efforts be made to clear within a year the backlog of the pendency atleast upto 1995-96. The Committee would also like the Ministry of Finance to devise a suitable policy of procuring utilisation certificates within a time bound frame from the Ministries/Departments and to keep and Committee apprised.

NEW DELHI;
12 December, 2000

21 Agrahayana, 1922 (Saka)

NARAYAN DATT TIWARI,
Chairman,
Public Accounts Committee.