

# THIRTIETH REPORT

PUBLIC ACCOUNTS COMMITTEE  
(2001-2002)

(THIRTEENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS  
AND  
CHARGED APPROPRIATIONS (1999-2000)



*Presented to Lok Sabha on : 21.03.2002*  
*Laid in Rajya Sabha on : 21.03.2002*

LOK SABHA SECRETARIAT  
NEW DELHI

*March 2002 / Phalguna 1923 (Saka)*

**CORRIGENDA TO THE THIRTIETH REPORT  
OF PAC (13<sup>TH</sup> LOK SABHA)**

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COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE  
(2001-2002)

#Shri N. Janardhana Reddy—*Chairman*

*Lok Sabha*

2. Shri Adhi Sankar
3. Shri M.O.H. Farooq
4. Dr. Madan Prasad Jaiswal
5. \*Shri Bhartruhari Mahtab
6. Shri M.V.V.S. Murthi
7. Shri Rupchand Pal
8. Shri Prakash Paranjpe
9. Shri Chandresh Patel
10. Vacant
11. Shri C. Sreenivaasan
12. Kunwar Akhilesh Singh
13. Shri Chhatrapal Singh
14. Shri Prabhunath Singh
15. \*Dr. Sahib Singh Verma

*Rajya Sabha*

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

SECRETARIAT

- |                        |   |                             |
|------------------------|---|-----------------------------|
| Shri P.D.T. Achary     | — | <i>Additional Secretary</i> |
| 2. Shri K.V. Rao       | — | <i>Joint Secretary</i>      |
| 3. Shri Devender Singh | — | <i>Deputy Secretary</i>     |
| 4. Shri R.C. Kakkar    | — | <i>Under Secretary</i>      |
| 5. Shri B.S. Dahiya    | — | <i>Under Secretary</i>      |

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\*Elected *w.e.f.* 29 November, 2001 *vice* Shri Vijay Goel and Shri Annasaheb M.K. Patil ceased to be Members of Committee consequent upon their becoming Ministers on 01.09.2001.

#Appointed as Chairman of the Committee *w.e.f.* 15.03.2002 *vice* Shri Narayan Datt Tiwari resigned from Chairmanship of the Committee consequent upon his appointment as Chief Minister.

## INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, do present this Thirtieth Report (Thirteenth Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (1999-2000)".

2. The Committee examined the cases of excess expenditure incurred by various Ministries/Departments of Union Government in 1999-2000 on the basis of relevant, Appropriation Accounts, observations of Audit as contained in the Reports of the C&AG for the year ended 31 March, 2000, the explanatory notes and other information furnished by the various Ministries/Departments concerned. The Committee considered and finalised this Report at their sitting held on 8 January, 2002. Minutes of the sitting form Part II of the Report.

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

4. The Committee during their sitting held on 8 January, 2002 authorised the then Chairman, PAC (Shri Narayan Datt Tiwari, MP), to present the said Report to Parliament. The Report which was slated for presentation on 1st March, 2002 (as appeared in the revised List of Business dated 1st March, 2002) could not be presented due to adjournment of the House. Subsequently, Shri Narayan Datt Tiwari, M.P. tendered his resignation from the Chairmanship of the Committee consequent upon his appointment as Chief Minister of Uttaranchal Pradesh.

5. The Committee would like to express their thanks to the Ministries/Departments concerned for the cooperation extended by them in furnishing information to the Committee.

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

NEW DELHI;  
19 March, 2002  
28 Phalgun, 1923 (Saka)

N. JANARDHANA REDDY,  
*Chairman,*  
*Public Accounts Committee.*

**REPORT**  
**EXCESS EXPENDITURE OVER VOTED GRANTS AND**  
**CHARGED APPROPRIATIONS (1999-2000)**

**1. Annual appropriation accounts of the Union Government**

1.1 The Appropriation Accounts of the Union Government are prepared every year showing the details of expenditure actually incurred on various specified services by Government in a financial year compared with the grants/appropriations authorised by Parliament for those particular services in that financial year as specified in the Schedules appended to the Appropriation Acts. This includes the grants voted by Parliament for particular services in terms of Articles 114 and 115 of 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, five Appropriation Accounts are presented to Parliament according to different sectors of activities of the Union Government. These Appropriation Accounts exhibit the total sanctioned grant/appropriation, actual disbursements and unspent provisions/excess for the grant/appropriation as a whole during the financial year. The five Appropriation Accounts presented to Parliament are as under:—

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 The Annual Appropriation Accounts of the Union Government and Audit Reports thereon on presentation to Parliament 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 In scrutinizing the Appropriation Accounts of the Government of India and the reports of the Comptroller and Auditor General of India thereon, it is the duty of the Committee to satisfy themselves:—

- (a) that the moneys shown in the accounts as having been disbursed were legally available for, and applicable to, the service or purpose to which have been applied or charged;
- (b) that the expenditure conforms to the authority which governs it; and
- (c) that every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent authority.

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

## 2. Union Government Appropriation Accounts for 1999-2000

2.1 The following table indicates the dates on which the five Appropriation Accounts of Union Government for the year 1999-2000 were laid on the Table of the House:—

Appropriation Accounts	Date on which laid on the Table of the House
Civil	10.08.2001
Defence Services	07.08.2001
Postal Services	03.08.2001
Telecommunication Services	03.08.2001
Railways	14.08.2001

2.2 The results of the examination by Audit of aforesaid Appropriation Accounts (1999-2000) are contained in the following Reports of the C&AG for the year ended 31 March, 2000:-

Sl. No.	Appropriation Accounts	Report in which audit findings are highlighted
	Civil	Chapter 10 & 11 of Audit Report No. 1 of 2001
2.	Defence Services	Chapter 1 of Audit Report No. 7 of 2001
3.	Postal Services	Chapter 7 of Audit Report No. 6 of 2001
4.	Telecommunication Services	Chapter 2 of Audit Report No. 6 of 2001
5.	Railways	Paragraph 1.8 of Audit Report No. 9 of 2001

2.3 In this Report, the Committee have examined the cases of those grants/appropriations where moneys have been spent in excess of the



amount authorised by parliament for specified services for the year 1999-2000 and which now require regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

2.4 The Committee in their sitting held on 28th November 2001, examined the excess expenditure incurred by the various Ministries/ Departments over sanctioned grants/appropriation during the financial year 1999-2000 in the light of the explanatory notes submitted by them and also taking into account the audit observations thereon as contained in C&AG Report Nos. 1, 7 & 9 of 2001.

### **3. Rules Laid Down for Control of Expenditure**

3.1 Article 114(3) of the Constitution stipulates that subject to the provisions of articles 115 and 116, no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law passed in accordance with the provisions of article 114. The Constitution also specifies under article 267(1) that Contingency Fund of India will be at the disposal of the executive to enable advances to be made for the purposes of meeting unforeseen expenditure pending authorisation of such expenditure by Parliament by law under articles 115 and 116.

3.2 Further, Rule 71 of General Financial Rules clearly enjoins that no expenditure shall be incurred which may have effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund.

3.3. Annexure "A" to Rules 66 and 75 of the General Financial Rules lays down the detailed procedure to be followed by the Pay and Accounts Offices (PAOs) regarding check against provision of funds. This procedure prescribes that where a payment would lead to excess over the provision under any "unit of appropriation", the payment may be made by PAO only on receipt of an assurance in writing from the Ministry/Head of Department controlling the grant that necessary funds to accommodate the expenditure will be provided for in time by issue of re-appropriation order etc. In cases of inevitable payments towards the close of the financial year where the grant as a whole is likely to get exceeded, the orders of the Financial Adviser on behalf of the Chief Accounting Authority would have to be sought.

3.4 Indian Railway Financial Code, Volume-I also addresses the issue of excesses over grants in so far as Railway finances are concerned. According to paragraphs 371 of this code, the Railway administration shall be responsible to ensure that no expenditure is incurred in excess of the Budget allotments made to them. Similar provisions also exist under paragraphs 782 and 783 of P&T Manual, Volume II which, *inter-alia* prescribe that control in relation to budget allotments must secure that expenditure is not incurred under any head in excess of the funds allotted to that head.

### Procedure for Regularisation of Excess Expenditure

4.1 Any expenditure incurred by the Union Government in excess of the authorised grants/appropriations in a financial year requires regularisation by Parliament in terms of Article 115(1)(b) of the Constitution which stipulates that if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.

4.2 According to the procedure laid down for the regularisation of excesses in expenditure, the Ministries and Departments of Government of India are required to furnish to the Public Accounts Committee explanatory notes containing the reasons for or circumstances leading to the excesses under each excess registering grant/appropriation by 31 May or immediately after the presentation of the relevant Appropriation Accounts, whichever may be later. Thereafter, the Public Accounts Committee proceed to examine, in the light of explanatory notes/evidence furnished by the Ministries, the circumstances leading to such excesses and present a report thereon to Parliament recommending regularisation of the excesses subject to such observations/recommendations as they may choose to make. Pursuant to the Report of the Committee, Government initiate necessary action to have the excesses regularised by Parliament, under Article 115(1)(b) of the Constitution, either in the same Session in which the Committee present their Report or in the following Session.

4.3 As it was observed that the delay in submission of explanatory notes on excess registering grants had been a recurring phenomenon in the past despite the Committee's oft-repeated suggestions to make concerted efforts by the administrative Ministries/Departments to collect and compile timely the requisite information so as to submit the explanatory note to the Committee by the prescribed time schedule. With a view to put in place a speedy information accounting system and bring better financial management, the Committee had in their 23rd Report (13th Lok Sabha) recommended that *from the financial year 2001-2002 onwards, the detailed explanatory notes in respect of each excess registering Grant/Appropriation be prepared by the concerned Ministries/Departments and forwarded to the Ministry of Finance within such a time limit that these explanatory notes are also made simultaneously available alongwith the Appropriation Accounts to the Public Accounts Committee.*

**5. Excess Expenditure over Voted Grants and Charged Appropriations during 1999-2000**

### 5.1 Details of excess registering Grants/Appropriations

5.1.1 A scrutiny of the Union Government Appropriation Accounts for the year 1999-2000 revealed the following position about the excess registering grants/appropriations and the break-up of excess expenditure during the year under review:

(in unit of Rs.)

Sl. No.	Appropriation Accounts	No. of excess registering Grants/ Appropriations	Amount of Excess (in Rupees)
1.	Civil	2	56,50,506
2.	Defence Services	1	68,658
3.	Postal Services		
4.	Telecommunication Services		
5.	Railways	8	58,22,87,203
	<b>Total</b>	<b>11</b>	

### 5.2 Excess disbursements in different Appropriation Accounts

5.2.1 The details of 11 voted Grants/ Appropriations under which the expenditure had exceeded the sanctioned provision during the year under review are given below:

(in Unit of Rs.)

Sl. No.	No. & Name of Grants/ Appropriation	Ministry/ Department	Final Grant	Actual Expenditure	Excess Expenditure
	2	3	4	5	6
<b>APPROPRIATION ACCOUNTS (CIVIL)</b>					
<b>REVENUE—CHARGED</b>					
1.	26—Currency, Coinage and Stamps	Finance (Economic Affairs)	22,47,00,000	22,98,58,496	51,58,496
<b>CAPITAL—VOTED</b>					
2.	100—Chandigarh	Home Affairs	97,94,00,000	97,98,92,010	4,92,010
<b>APPROPRIATION ACCOUNTS (DEFENCE SERVICES)</b>					
<b>REVENUE—CHARGED</b>					
3.	21—Defence Ordnance Factories	Defence	16,00,000	16,68,658	68,658

	2	3	4	5	6
<b>APPROPRIATION ACCOUNTS (RAILWAYS)</b>					
<b>VOTED GRANTS</b>					
4.	2—Miscellaneous Expenditure (General)	Railways	196,55,00,000	197,49,04,852	1,01,31,416*
5.	6—Repairs & Maintenance of Carriages and Wagons	do-	29,10,93,08,000	29,13,04,06,783	41,41,694*
6.	10—Operating Expenses —Fuel	do-	55,99,96,79,000	56,54,65,55,568	54,86,76,719*
<b>CHARGED APPROPRIATIONS</b>					
7.	3—Working Expenses — General Superintendence and Services	Railways	4,23,000	5,60,852	1,37,852
8.	4—Working Expenses — Repairs and Maintenance of Permanent Way & Works	do-	19,52,000	27,41,314	7,89,314
9.	6—Working Expenses — Repairs and Maintenance of Carriages & Wagons	do-	,38,000	2,38,552	
10.	7—Working Expenses — Repairs and Maintenance of Plant & Equipment	do-	0	72,277	
11.	9—Working Expenses — Operating Expenses Traffic	do-	10,00,000	48,07,005	38,07,005
<b>TOTAL</b>			<b>8828,37,00,000</b>	<b>8887,17,06,367</b>	<b>57,35,75,993</b>

\*There was an excess expenditure of Rs. 94,04,852 under this Grant. However, after taking into account the misclassification of expenditure of Rs. 7,26,564, the real excess expenditure under the Grant requiring regularisation worked out to Rs. 1,01,31,416.

\*\*There was an excess expenditure of Rs. 2,10,98,783 under this Grant. However, after taking into account the misclassification of expenditure of Rs. (-) 1, 69,57,089 the real excess expenditure under this Grant requiring regularisation worked out to Rs. 41,41,694.

\*\*\*There was an excess expenditure of Rs. 54,68,76,568 under this Grant. However, after taking into account the misclassification of expenditure of Rs. 18,00,151 the real excess expenditure under the Grant requiring regularisation worked out to Rs. 54,86,76,719.

5.2.2. It would be seen from the above table that the Railways had accounted for about 99% of the total excess expenditure incurred during 1999-2000. It would also be seen that Grant No. 10. operating expenses-Fuel operated by Ministry of Railways alone accounted for a huge excess expenditure of Rs. 54.87 crore followed by Grant No.2 Miscellaneous Expenditure (General) (Rs. 1.01 crore) operated by Ministry of Railways and Grant No. 26 Currency coinage and stamps (Rs. 0.52 crore) under civil Sector operated by Ministry of Finance (Department of Economic Affairs). It would also be seen that the expenditure of Rs. 72,277 has occurred without any budget provision under Appropriation No. 7. Working Expenses - Repairs and Maintenance of Plant and Equipment operated by the Ministry of Railways.

### 5.3 Excess Expenditure on account of misclassification

5.3.1 Scrutiny of the explanatory note furnished by the Ministry of Railways for regularisation of excess expenditure incurred by them over voted Grants/Charged Appropriations during 1999-2000 revealed that there were misclassification of expenditure under three excess registering Grants as under

(in unit of Rs.)

No. and Name of Grants	Final Grant	Actual Expenditure	Excess Expenditure	Amount of Mis-classification	Actual Excess Expenditure
2. Miscellaneous Expenditure (General)	196,55,00,000	197,49,04,852	94,04,852	7,26,564	1,01,31,416
6. Reparis & Maintenance of Carriage and Wagons	29,10,93,08,000	29,13,04,06,783	2,10,98,783	1,69,57,089	41,41,694
10. Operating Expenses - Fuel	55,99,96,79,000	56,54,65,55,568	54,68,76,568	18,00,151	54,86,76,719

### 5.4 Total excess expenditure requiring regularisation under Article 115 of the Constitution

5.4.1 Thus the amount of actual excess expenditure during 1999-2000 requiring regularisation by Parliament under Article 115(1)(b) of the Constitution is of the order of Rs. 57,35,75,993 incurred under 11 Grants/ Appropriations.

### 5.5 Excess expenditure despite obtaining supplementary Grants/ Appropriations

5.5.1 According to the prescribed financial rules, no expenditure should be incurred which might have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year except after obtaining a supplementary grant or appropriation or an advance from the Contingency Funds. A scrutiny of the relevant Appropriation Accounts, however, revealed that the excess expenditure during 1999-2000 had occurred even after obtaining supplementary grant of Rs. 478.11 crore in 7 out of 11 cases of excess registering Grants/Appropriations. The relevant details in this regard are tabulated below:

(Rs. in thousand)

Sl. No.	No. & Name of Grants/Appropriations	Amount of Supplementary Grant / Appropriation	Amount of Excess Expenditure
<b>Appropriation Accounts (Civil)</b>			
1.	26 — Currency, Coinage and Stamps	15,89,00	51,58
2.	100 — Chandigarh	10,14,00	4,92
<b>Appropriation Accounts (Railways)</b>			
3.	3 — General Superintendence and Services	2,73	1,38
4.	4 — Repairs & Maintenance of permanent Way & Works	13,62	7,89
5.	6 — Repairs & Maintenance of Carriages & Wagons	13	,01
6.	9 — Operating Expenses — Traffic	7,00	38,07
7.	10 — Operating Expenses — Fuel	451,84,68	54,68,77
<b>TOTAL</b>		<b>478,11,16</b>	<b>55,73,62</b>

5.5.2 It is seen from the above table that in the case of Appropriation Nos. 6 & 9 operated by Ministry of Railways, the quantum of excess expenditure incurred is even higher than the Supplementary Grant that had been sought.

### 5.6 Persistent excess expenditure

5.6.1 As per Article 114(3) of the Constitution, no money is to be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of this Article. Further, the GFR 71 stipulates that no disbursements should

be made which might have the effect of exceeding the total grant or appropriations authorized by Parliament by law for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund. It is, however, observed that various Ministries/Departments of the Union Government continue to indulge in excess expenditure year after year despite issuance of elaborate instructions at regular intervals by the Ministry of Finance in pursuance of the oft-repeated recommendations of Public Accounts Committee to contain the excess expenditure to the barest minimum.

5.6.2 The table given below indicates the number of excess registering Grants/Appropriations and also the aggregate excess expenditure incurred by various Ministries/Departments over the Voted Grants/Charged Appropriations during the last five years.

(Rs. in crore)

Year	No. of Excess registering Grants/ Appropriations	Excess Expenditure
1995-96	9	745.80
1996-97	21	706.72
1997-98	10	530.41
1998-99	55	12758.63
1999-2000	11	57.36

## 6. Examination of Select Cases of Excess Expenditure

In the succeeding Paragraphs, the Committee have dealt with some of the prominent cases of excess expenditure during 1999-2000, in the light of the facts brought out in the relevant Appropriation Accounts, audit observations thereon, and the explanatory notes furnished by the Ministreis/Departments concerned.

### A. Appropriation Accounts (Civil)

#### 6.1 Grant No. 26—(Revenue—Charged)—Currency, Coinage and Stamps—Ministry of Finance

6.1.1 In revenue Section (Charged) of Grant No. 26, Currency, Coinage and Stamps, the original provision was Rs. 658.00 lakh which was augmented by supplementary provision of Rs. 1, 589.00 lakh. Thus against the total provision of Rs. 2,247.00 lakh, the actual expenditure incurred was Rs. 2,298.58 lakh (Rs. 22,98,58,496) resulting in excess expenditure of Rs. 51.58 lakh (Rs. 51,58,496). According to the Ministry of Finance (Department of Economic Affairs), the excess of Rs. 51.58 lakh was the net result of total excess of Rs. 232.81 lakh and total unspent balances of Rs. 181.23 lakh under various sub-heads of the Appropriation.

6.1.2 The explanatory note furnished by the Ministry of Finance (Department of Economic Affairs) on this aspect is reproduced at *Appendix-I*. Scrutiny of the explanatory note revealed that the excess expenditure incurred as the directive of the Court was to be complied with and also advance taken from the Contingency Fund of India was to be recouped. It was also stated that all efforts were being made to minimise the excess.

6.1.3 The scrutiny of Appropriation Accounts of Grant No. 26 revealed that in the charged portion of revenue section of the Grant, supplementary appropriation of Rs. 1,589.00 lakh was obtained in March 2000. Although the actual expenditure exceeded the sanctioned appropriation by Rs. 51.58 lakh (actual excess was Rs. 51,58,496), Rs. 33.94 lakh was surrendered by the Ministry.

**6.2 Grant No. 100 (Capital Section—Voted)—Chandigarh—Ministry of Home Affairs**

6.2.1. During the year 1999-2000, the total provision under Capital Section (Voted) of Grant No. 100 was Rs. 8780.00 lakh which was augmented by the supplementary grant of Rs. 1014.00 lakh. Against the total Grant of Rs. 9794.00 lakh, the actual expenditure incurred was Rs. 9798.92 lakh which resulted in excess expenditure of Rs. 4.92 lakh. According to the Ministry of Home Affairs, the excess of Rs. 4.92 lakh was the net effect of total excess of Rs. 547.95 lakh and total unspent balances of Rs. 543.03 lakh.

6.2.2 The explanatory note furnished by the Ministry of Home Affairs on the excess expenditure under this Grant is enclosed as *Appendix-II*

6.2.3 A scrutiny of the explanatory note revealed that the actual expenditure exceeded the total sanctioned provisions mainly under the following sub-heads:

- (a) State Police—(excess of Rs. 14.68 lakh) due to construction of boundary wall and installation of fire fighting equipments.
- (b) Police Housing—(excess of Rs. 30.96 lakh) due to increase in the scope of maintenance work of Police Houses.
- (c) Transmission and Distribution of Power—(excess of Rs. 9.19 lakh) due to providing additional sub-station.
- (d) Other Constructions—(excess of Rs. 7.84 lakh) due to construction of boundary wall.
- (e) Construction of Link Roads—(excess of Rs. 12.77 lakh) due to construction of link roads.
- (f) Expansion and development of Bus Stands—(excess of Rs. 24.01 lakh) due to increase in the scope of maintenance.



- (g) Expansion and development of Work Shop—(excess of Rs. 11.72 lakh) due to construction of cycle/scooter shed.
- (h) Other buildings—Construction—(excess of Rs. 33.97 lakh) due to increase in the scope of maintenance work.
- (i) Secondary education—(excess of Rs. 132.99 lakh) due to urgent construction work of secondary schools.
- (j) Punjab Engineering College—(excess of Rs. 7.98 lakh) due to urgent construction of Computer Hall
- (k) Fine arts education—(excess of Rs. 6.00 lakh) due to increase in the scope of maintenance work
- (l) Medical and Public health—(excess of Rs. 39.58 lakh) due to urgent work of addition, alteration and upkeep of the General Hospital.
- (m) Other system—(excess of Rs. 10.99 lakh) due to early completion of work in dispensaries.
- (n) Urban water supply distribution system—(excess of Rs. 37.01 lakh) due to increase in the scope of work.
- (o) Accommodation for Government Employees—(excess of Rs. 24.99 lakh) due to increase in the scope of maintenance work.
- (p) Labour colonies—(excess of Rs. 20.0 lakh) due to increase in the number of beneficiaries.
- (q) Construction—(excess of Rs. 49.45 lakh) due to installation of Facade lighting in Capital Complex etc.
- (r) Machinery and equipment—(excess of Rs. 33.43 lakh) due to purchase of Hydraulic Excavator etc.
- (s) Horticulture development—(excess of Rs. 13.88 lakh) due to increase in scope of maintenance work.
- (t) Other expenditure—(excess of Rs. 21.21 lakh) due to increase in the scope of work.

### *6.3 Recurring Excess Expenditure in Civil Ministries*

6.3.1 The excess expenditure under Civil Ministries is also a recurring phenomenon. The following table indicates the position of excess expenditure over the sanction provision under Civil Ministries during 1990—2000.

(Rs. in crore)

Year	No. of Cases	Amount
1990-91	9	
1991-92	6	
1992-93	6	
1993-94	7	
1994-95	7	
1995-96	2	
1996-97	8	
1997-98	2	
1998-99	56	
1999-2000	2	

### B. Appropriation Accounts (Railways)

#### 6.4 General Analysis

6.4.1 The Committee's scrutiny of the Appropriation Accounts of Railways for the year 1999-2000 revealed that the actual expenditure under the grants/appropriations administered by the Ministry of Railways exceeded the sanctioned provision by Rs. 58.23 crore (actual Rs. 58,22,87,203) in three Grants (Nos. 2, 6, & 10) and five Appropriations (Nos. 3, 4, 6,7 & 9). Taking into account the effect of misclassifications in the accounts, the actual excess by the Railway requiring regularisation worked out to Rs. 56.79 crore (actual Rs. 56,78,56,829) as brought out earlier in this Report.

#### 6.5 Details of Excess registering Grants/ Appropriations in Railways

6.5.1 The following table indicates the particulars of the Grants/ Appropriations and the amount of the expenditure incurred in excess of the sanctioned provision during the year 1999-2000:

Sl. No.	Particulars of Grants/ Appropriations	Amount of Excess expenditure (in unit of Rs.)
1	2	3
1.	Grant No. 2—Miscellaneous Expenditure (General)	94,04,852
2.	Grant No. 6—Repairs and Maintenance of Carriages and Wagons	2,10,98,783
3.	Grant No. 10—Operating Expenses—Fuel	54,68,76,568
4.	Appropriation No. 3—General Superintendence and Services	1,37,852
5.	Appropriation No. 4—Repairs and Maintenance of Permanent Way and Works	7,89,314

1	2	3
6.	Appropriation No. 6—Repairs and Maintenance of Carriages and Wagons	1,00,552
7.	Appropriation No. 7—Repairs and Maintenance of Plant and Equipment	72,277
8.	Appropriation No. 9—Operating Expenses—Fuel	38,07,005
	<b>Total</b>	<b>58,22,87,203</b>
	<b>Amount of misclassification</b>	<b>(- )1,44,30,374</b>
	<b>Actual Excess Expenditure</b>	<b>56,78,56,829</b>

6.5.2 The explanatory notes furnished by the Ministry of Railways for regularisation of excess expenditure incurred during the year 1999-2000 are enclosed at Appendix-III.

**6.6 Excess Expenditure under Grant No. 10—Operating Expenses—Fuel**

6.6.1 A scrutiny of explanatory notes reveals that out of total excess expenditure of Rs. 56.79 crore incurred by Ministry of Railways during 1999-2000 the Grant No. 10—(Operating Expenses—Fuel) alone accounted for an excess expenditure of Rs. 54.87 crore against the sanctioned provision of Rs. 5599.97 crore. It is seen from the explanatory note that the excess expenditure had been incurred by the Railways mainly under the minor head 'Diesel Traction' of the Grant. The excess expenditure of Rs. 132.33 crore under this minor head was, according to the Ministry, due to increase in average rate of HSD oil, more drawal of stores from stock and also due to increase in rate of excise duty and sales tax. This excess was partly offset by savings of Rs. 77.64 crore under two minor heads namely 'Steam Traction (Rs. 4.57 crore)' and 'Electric Traction (Rs. 73.07 crore)'.

6.6.2 The Committee's scrutiny of this Grant also reveals that this Grant also registered excess expenditure during the year 1997-98. Expressing their displeasure over this the Committee in Paragraph 51 of their 6th Report (13th Lok Sabha) had *inter-alia* observed as follows:

"Under Grant No. 10—Operating Expenses—Fuel, the Ministry of Railways obtained supplementary provisions of the order of Rs.160.31 crore in March 1998 to meet the increase in cost of HSD oil and Electricity tariff and yet incurred an overall excess of Rs. 38.59 crore under this grant during 1997-98. The Committee however, find that while the minor head "Electric Traction" finally registered an excess expenditure of Rs. 105.16 crore mainly due to revision in tariff rates of electricity by the various State Electricity Boards etc. the minor head "Diesel Traction" recorded a saving of Rs. 56.38 crore mainly due to less consumption of HSD oil. This clearly shows that the Ministry have not been able to anticipate and

assess the precise requirement of funds under this grant even in the closing month of March 1998 when they sought supplementary provision. The Committee are of the view that unless some tangible and innovative steps are taken to ensure the realistic assessment of requirement of funds by the Zonal Railways, the position is not going to improve. The Committee would like to be apprised of the steps taken by the Ministry of Railways in this direction.”

6.6.3 The Ministry of Railways in their Action Taken Note have stated:

“The concern of the Hon'ble Committee has been noted. Fuel consumption is one of the primary areas of concern for the Ministry of Railways. This Ministry entirely agrees with the observations of the Hon'ble Committee that assessment of requirement of funds by the Zonal Railways, should be made on a realistic basis. Implementation of a new computer-based Financial Management Information System (FMIS) on different Zonal Railways which is expected to enable them to improve the assessment of fund requirement and use of an upgraded software for budget preparation is expected to help in this regard.”

*6.7 Excess expenditure despite obtaining supplementary provisions*

6.7.1 A scrutiny of the explanatory notes revealed that actual expenditure under four Appropriations (Nos. 3, 4, 6 & 9) and one Grant (No. 10) exceeded the sanctioned provisions despite obtaining the Supplementary provisions by the Railways. The details are given as under:

(Rs. in thousand)

Sl. No.	No. & Name of Grant/ Appropriation	Amount of Supplementary Grant/ Appropriation	Amount of Excess Expenditure
1.	3—General Superintendence and Services	2.73	1,38
2.	4—Repairs & Maintenance of permanent Way & Works	13,62	7,89
3.	6—Repairs & Maintenance of Carriages & Wagons	13	1,01
4.	9—Operating Expenses—Traffic	7,00	38,07
5.	10—Operating Expenses—Fuel	451,84,68	54,68,77

### 6.8 Persistent excess expenditure by the Ministry of Railways

6.8.1 The incurring of excess expenditure by the Ministry of Railways has been a recurring phenomenon and the comparative figures of excess expenditure incurred by Ministry of Railways during the last five years is detailed below:

(Rs. in crore)		
Year	No. of Cases	Amount
1995-96	4	603.27
1996-97	11	191.34
1997-98	7	160.34
1998-99	9	349.40
1999-2000	8	56.79

6.8.2 It would be seen from the above table that during the year 1999-2000, the Ministry of Railways have indicated reduction in the number of excess registering grants as well as in aggregate excess expenditure as compared to the earlier year.

6.8.3 The Committee's further scrutiny of Appropriation Accounts (Railways) has revealed that the Appropriation Nos. 3,4, & 9 had been showing recurring trend of excess expenditure during the last three years as indicated below:

		(in unit of Rs.)		
Sl. No.	No. & Name of Appropriation	Year		
		1997-98	1998-99	1999-2000
1.	3—General Superintendence and Services	17,943	25,520	1,37,852
2.	4—Repairs & Maintenance of Permanent Way & Works	3,91,493	7,25,436	7,89,314
3.	9—Operating Expenses—Traffic	69,81,968	36,60,589	38,07,005

6.8.4 It would be seen from the above table that the excess expenditure under Appropriation Nos. 3 & 4 had been progressively going up during the past three years.

6.8.5 The Public Accounts Committee in their 23rd Report (13th Lok Sabha) had observed/recommended as under:

“The Committee observe that the Ministry while submitting Action Taken Notes on the earlier Report of the Committee (6th Report—13th Lok Sabha) had informed that the Railways were in

the process of implementing a computer-based Financial Management Information Systems (FMIS), besides other measures, on different Zonal Railways and Software for Budget preparation was also being upgraded. The Committee had been assured that these measures would enable the field units and Zonal Railways to assess the fund requirements more realistically and also lead to better expenditure control. The Committee, however, find from the recurrence of huge excess expenditure during the year 1998-99 that the expenditure control measures stated to be initiated by the Railways have yet to show the desired improvement in the budgetary process in the Railways. What is more disturbing is the fact that the persistent trend in the incurring of excess expenditure by the Railways has remained unabated despite the measures stated to be adopted by the Railways. Obviously, the existing mechanism for control of expenditure has failed to effectively check the unabated trend of excess expenditure in different grants/appropriations. The Committee would, therefore, recommend that the Railways pinpoint the inadequacies and evolve an effective mechanism to bring continual and progressive systemic improvement in accurate estimation of budget requirements under various grants/appropriations."

#### *6.9 Erroneous Surrender of Funds by the Ministry of Railways*

6.9.1 The Committee's examination of Indian Railways Appropriation Accounts also revealed that the Ministry of Railways surrendered the funds in the following cases at the final modification stage despite the fact the there was an excess expenditure under these grants:

(Rs. in Thousands)

Particulars	Final Grant	Actual Expenditure	Excess	Amount Surrendered	Excess (After surrender)
Grant No. 2 —Miscellaneous Expenditure (General)	196,55,00	197,49,05	94,05	1,22,86	2,16,91
Grant No. 6—Repairs and Maintenance of Carriages and Wagons	2910,93,08	2913,04,07	2,10,99	7,74,16	9,85,15

#### *6.10 Misclassification of expenditure by the Ministry of Railways*

6.10.1 The scrutiny of Indian Railways Appropriation Accounts revealed that despite giving assurances on several occasions to minimize the incidence of misclassification by the Ministry of Railways the misclassification of expenditure had again occurred even during the year 1999-2000. The scrutiny by Committee revealed that out of eight excess registering Grants/Appropriations, the misclassification of expenditure occurred in three Grants (Nos. 2, 6 & 10).

6.10.2 The scrutiny by Committee revealed that out of 8 excess registering Grants/Appropriations in Railways, the mistakes of misclassification were committed in 3 Grants namely, Grant Nos. 2, 6 and 10. There were misclassification of Rs. 7,26,564 under Grant No. 2 ; Miscellaneous Expenditure—General, Rs. (-) 1,69,57,089 under Grant No. 6—Working Expenses—Repairs and Maintenance of Carriages and Wagons and Rs. 18,00,151 under Grant No. 10—Operating Expenses—Fuel. After taking into account the effect of this misclassification, the actual excess expenditure relating to Railways worked out to Rs. 56,78,56,829 instead of Rs. 58,22,87,203 as indicated in the relevant Appropriation Accounts.

6.10.3 The Committee in their 23rd Report (13th Lok Sabha) had taken a very serious view of the misclassification of expenditure by Railways and had observed/recommended as under:

“From the extent of scaling misclassifications during 1989-99, it is evident that no sincere efforts have been made by the Ministry to devise a mechanism to seriously address this issue and to bring down the cases of misclassifications. Obviously, such misclassifications indicate not only apparent inadequacies in the accounting system in the Railways but also glaring lapses on the part of accounting officials. Taking note of the recurring trend of misclassifications without any visible sign of improvement, the Committee strongly recommend the Railways to enquire into the reasons and circumstances for preparing such defective accounts, to identify the individual officers responsible for such mistakes and to initiate suitable corrective action. The Committee would like to be apprised of concrete action taken by the Ministry of Railways in this regard within a period of 3 months”.

## 7. Conclusions and Recommendations

7.1.1 The Committee are pleased to note that excess expenditure of Rs. 57.36 crore was incurred during 1999-2000 as compared to Rs. 12758.63 crore in 1998-99, Rs. 530.41 crore in 1997-98 and Rs. 706.72 crore in 1996-97. The Committee also view with some relief that the number of excess registering Grants/Appropriations has also come down from 55 in 1998-99 to 11 in 1999-2000 and that the “Postal Services” and “Telecommunication Services” have not registered any excess expenditure under the Grants/Appropriations operated by them during 1999-2000. While complimenting the Ministries and Departments for their endeavour to substantially arrest, and in some cases totally eliminate the growing tendency of excess expenditure, the Committee are optimistic that with effective monitoring of the flow of expenditure the Government would completely wipe out the practice of incurring excess expenditure rendering it a relic of the past.

7.1.2 The Committee’s scrutiny has revealed that Grants/Appropriations numbering two in Appropriation Accounts (Civil), one in Appropriation

Accounts (Defence Services) and eight in Appropriations Accounts (Railways) have registered excess expenditure of Rs. 58.80 crore during the year 1999-2000 which after taking into account the amount of misclassification of expenditure by Railways to the tune of Rs. (+) 0.25 crore and Rs. (-) 1.69 crore actually works out to Rs. 57.36 crore under all the 11 excess registering Grants/Appropriations. Distressingly, the bulk of the excess expenditures was recorded under the Grants/Appropriations operated by the Ministry of Railways which accounted for about 99% of the total excess expenditure incurred during 1999-2000. What has caused serious concern to the Committee is the fact that out of total excess expenditure of Rs. 58.23 crore in 1999-2000 by the Railways, excess expenditure of Rs. 54.87 crore was incurred under a lone Grant viz., "Grant No. 10—Operating Expenses—Fuel". The Committee would like to caution the Ministries specially the Railways that excess expenditure is 'unauthorised expenditure' and it betrays lack of financial discipline on the part of defaulter Ministry. The only contingency in which such expenditure is understandable is when a need for unavoidable expenditure had arisen suddenly which could not have been anticipated or foreseen and there was no time left for the Ministry to approach Parliament for a Supplementary Grant/Appropriation. The Committee would like the Ministry of Railways to undertake vigorous monitoring of outflow of funds under various Grants/Appropriations so that the chances of incurrence of excess expenditure are eliminated altogether in near future.

7.1.3 A disquieting aspect noticed by the Committee is that the excess expenditure in 7 Grants/Appropriations had occurred during 1999-2000 despite obtaining supplementary provisions of Rs. 478.11 crore by Ministries/Departments. The Committee further observe that the quantum of excess expenditure incurred by the Ministry of Railways under Appropriation Nos. 6 & 9 has been even higher than the Supplementary provisions sought by them. Moreover, the trend of excess expenditure of Rs. 706.72 crore in 21 Grants/Appropriations in 1996-97, Rs. 530.41 crore in 10 Grants/Appropriations in 1997-98, Rs. 12758.63 crore in 55 Grants/Appropriations in 1998-99 and again Rs. 57.36 crore in 11 Grants/Appropriations in 1999-2000 indicate that it has been a regular phenomenon in the Ministries/Departments. The Committee view with much more serious concern the cases of excess expenditure in those Grants/Appropriations where supplementary provisions had been obtained. This constitutes, in the considered opinion of the Committee, a telling reflection on the approach of the Ministries/Departments concerned and on their inability to assess the actual requirement of funds even at the fag end of the financial year.

7.2.1 The Committee find that against the total provision of Rs. 22.47 crore sanctioned under Grant No. 26—Currency, Coinage and stamps, the Ministry of Finance incurred expenditure of Rs. 22.99 crore resulting in excess expenditure of Rs. 0.52 crore inspite of the fact that a supplementary



grant of Rs. 15.89 crore was taken by the Ministry in March, 2000. In their explanatory note to the Committee, the Ministry submitted that excess expenditure was incurred as the directive of the Court was to be complied with and also advance taken from the Contingency Fund of India was to be recouped. Surprisingly, the Ministry also surrendered Rs. 33.94 lakh without availability of any balance with them as the actual expenditure had already exceeded the sanctioned provision by Rs. 51.58 lakh. The Committee observe that the manner in which the Grant No. 26 was operated reflect the sheer lack of foresightedness on the part of the Ministry of Finance as the Ministry not only failed to anticipate and make provisions for the liabilities at the budget formulation stage but also failed to monitor the flow of expenditure resulting in excess expenditure on one side and erroneous surrender of funds on the other. The Committee would also like to impress upon that the Contingency Fund is meant to cover only unforeseen expenditure and not to meet known liabilities that arise in the course of a year which have to be provided for by reappropriations or supplementary demands for grants.

The Committee, therefore, recommend that the progress of expenditure be closely monitored to ensure smooth flow of expenditure within the provisions sanctioned by Parliament and to ensure that liabilities are anticipated and taken into account at appropriate stages of budget formulation including Addl./Supplementary Demands.

**7.2.2 On close scrutiny of Grant No. 100 (Capital—Voted) — Chandigarh operated by the Ministry of Home Affairs during the year 1999-2000, the Committee observe that although the net excess expenditure of Rs. 4.92 lakh is not substantial but the management of the Grant leaves much to be desired. The Committee note that the excess of Rs. 4.92 lakh was the net effect of total excess of Rs. 547.95 lakh and total unspent balance of Rs. 543.03 lakh. The explanatory notes reveal that excess expenditure as incurred in 21 sub-heads of the Grant on construction of boundary wall, link roads, cycle/scooter shed, secondary schools, computer hall etc. and due to increase in the scope of maintenance work in a number of other heads besides similar petty reasons on the remaining sub-heads. The Committee are unable to accept the explanation of the Ministry as the items on which excess expenditure was incurred were not of such nature as could not be anticipated at the budget formulation stage or at least at the stage of supplementary demands. Taking note of the fact that there was not only wide spread diversion of funds but also unbridled flouting of financial disciplines in operation of this Grant, the Committee recommend that the matter be looked into to pinpoint the responsibility and to drive home the need for strictly adhering the principles of financial propriety and discipline.**

**7.2.3 Yet another disquieting aspect noticed by the Committee during their examination of Appropriation Accounts (Civil) is that excess expenditure under Civil Ministries has been a recurring phenomenon.**

Amazingly, the Committee have found that from 1992-93 onward the improvement shown in one year has deteriorated in the subsequent year as is evident from the fact that the excess of Rs. 6.72 crore in 1993-94 gone up to Rs. 47.05 crore in 1994-95. Similarly, excess of Rs. 8.44 crore in 1995-96 had gone up to Rs. 67.79 crore in 1996-97 and from Rs. 13.66 crore in 1997-98 to Rs. 1112.77 crore in 1999-2000. Apprehending continuation of such a tendency, the Committee recommend that sustained efforts for effective budgetary control should be made to achieve better results in the succeeding years.

7.3.1 The Committee note that the actual expenditure under the Grants/Appropriations administered by the Ministry of Railways exceeded the sanctioned provision by Rs. 56.79 crore in three Grants (Nos. 2, 6 and 10) and five Appropriations (Nos. 3, 4, 6, 7 and 9) constituting about 99% of the total excess expenditure incurred during 1999-2000. The excess expenditure under Grant No. 10 (Operating Expenses—Fuel) alone amounted to Rs. 54.87 crore. Another disquieting aspect observed by the Committee is that the excess expenditure in five Grants/Appropriations had occurred despite obtaining supplementary provisions of Rs. 452.08 crore. An analysis of the reasons for excess expenditure during 1999-2000 as disclosed in the Appropriation Accounts (Railways) clearly indicate that once again defective estimation of requirement of funds, lack of proper and timely review and monitoring of funds, failure to anticipate and provide fully for cost of material, more drawal of stores from stock have primarily contributed to most of the excesses. Taking note of the recurring trend of the excess expenditure, the Committee in their 23rd Report (13th Lok Sabha) had *inter-alia*, recommended that the Ministry of Railways to pinpoint the inadequacies and evolve an effective mechanism to bring continual and progressive systemic improvement in accurate estimation of budget requirements under various grants/appropriations. The Committee reiterate their earlier recommendation in the hope that Ministry of Railways would evolve an effective mechanism and take necessary steps to eliminate the possibility of excess expenditure.

7.3.2 The Committee are perturbed to note that out of the excess expenditure of Rs. 56.79 crore incurred by Ministry of Railways during 1999-2000, Grant No. 10 Operating Expenses—Fuel alone accounted for an excess expenditure of Rs. 54.87 crore against the sanctioned provision of Rs. 5599.97 crore. In their explanatory note, the Ministry of Railways stated that the excess expenditure of Rs. 132.33 crore under Minor Head “Diesel Traction” was mainly due to increase in average rate of HSD Oil, more drawal of stores from stock and also due to increase in rate of excise duty and sales tax. According to the Ministry, this excess was partly offset by savings of Rs. 77.64 crore under two Minor Heads i.e. Steam Traction (Rs. 4.57 crore) and Electric Traction (Rs. 73.07 crore). The Grant No. 10 had also registered excess expenditure during the year 1997-98. Expressing their concern over the excess expenditure under this Grant during 1997-98.

The Committee in their 6th Report (13th Lok Sabha) had desired the Ministry of Railways to take some tangible and innovative steps to ensure the realistic assessment of requirement of funds by the Zonal Railways. In response to this recommendation, the Ministry of Railways had informed the Committee that the implementation of a new computer based Financial Management Information System (FMIS) on different Zonal Railways was expected to enable them to improve the assessment of fund requirements more realistically. Despite the above assurance, the position of assessment of fund requirements under this Grant has not improved and it seems that implementation of new computer level FMIS have had no effect in improving the budgetary procedures and control in the Ministry. The Committee desire that the existing procedures should be critically re-examined and suitably revised on an urgent footing, so as to eliminate the recurring excess under this Grant. The Committee would like to be apprised of the steps taken in this direction.

7.3.3 The Committee are also distressed to find that excess expenditure has been a recurring phenomenon during the years 1997-98, 1999-2000 in respect of "Appropriation No. 3—General Superintendence and Services", "Appropriation No. 4 Repairs and Maintenance of Permanent Way and Works" and "Appropriation No. 9 Operating Expenses—Traffic". It is further disconcerting to find that the excess expenditure under Appropriation Nos. 3 & 4 had been progressively going up during the past three years. Obviously, no efforts seem to have been made by the Railways to take timely corrective action. The Committee observe that though there has been overall reduction of excess expenditure from Rs. 349.40 crore in 1998-99 to Rs. 56.79 crore in 1999-2000, still phenomenon of excess expenditure continues to persist in the Railways. What has worried more the Committee is the revelation during examination of the Appropriation Accounts that the Railways surrendered the funds to the tune of Rs. 122.86 lakh and Rs. 774.16 lakh under Grant Nos. 2 and 6 while there had already been excess expenditure of Rs. 94.05 lakh and Rs. 210.99 lakh respectively under these Grants. The Committee would, therefore, recommend the Ministry of Railways to carefully examine their existing system of preparation of Budget estimates and also the system of monitoring with a view to replace the same by new mechanism which could be pragmatic enough to ensure not only preparation of realistic and meaningful budget but also timely initiation of corrective steps in case of aberrations during the financial year.

7.3.4 Misclassification of expenditure by the Railways continues to be a matter of serious concern for the Committee in view of the persistent errors in booking of expenditure. In their 23rd Report (13th Lok Sabha), the Committee had recommended the Railways to enquire into the reasons and circumstances for preparing such defective accounts, to identify the individual officers responsible for such mistakes and to initiate suitable corrective action. Apparently, the Railways seem to have paid scant

attention as to the need for, and propriety of, booking the expenditure under correct head to avoid misclassification. Taking note of the fact that misclassification of expenditure has again occurred in as many as 3 Grants (Nos. 2, 6 and 10) out of total 8 excess registering Grants/Appropriations of the Railways during the year 1999-2000 the Committee reiterate their earlier recommendation of the Committee with a view to eliminate the chances of misclassification in the accounts and apprise the Committee of the measures initiated in this regard.

7.4.1 Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in Paragraph 5.4 of this Report be regularized in the manner prescribed in Article 115(1)(b) of the Constitution of India.

NEW DELHI;  
19 March, 2002  

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28 Phalguna, 1923 (Saka)

N. JANARDHANA REDDY,  
*Chairman,*  
*Public Accounts Committee.*

**APPENDIX I**  
**Government of India**  
**Ministry of Finance**  
**Department of Economic Affairs**  
**(Currency & Coinage Division)**

**Excess Note**

Note for Public Accounts Committee in respect of Excess under Revenue Section (Charged) of Grant No. 26 — Currency, Coinage and Stamps as disclosed in the Headwise Appropriation Accounts for 1999-2000.

**A. REVENUE SECTION (CHARGED)**

	(Rs. in Thousands)
Original Grant	6,58,00
Supplementary	15,89,00
<b>Total Grant</b>	<b>22,47,00</b>
Actual Expenditure	22,98,58
<b>Excess</b>	<b>51,58</b>

2. In Revenue Section (Charged) of Grant No. 26 — Currency, Coinage and Stamps for the year 1999-2000, the original grant was Rs. 6,58,00 thousands whereas supplementary grant was Rs. 15,89,00 thousands which resulted in Rs. 22,47,00 thousands as total grant against which the actual expenditure of Rs. 22,98,58 thousands was incurred resulting in excess of Rs. 51,58 thousands.

3. The excess of Rs. 51,58 thousands was the net result of total excess of Rs. 2,32,81 thousands and total savings of Rs. 1,81,23 thousands under various sub-heads of the Grant. The sub head under which excess occurred and reasons therefor is as under:—

**MAJOR HEAD “2046”**

**CURRENCY, COINAGE AND STAMPS:**

**(I) 00.103 — SECURITY PAPER MILL**  
**01 — MANAGEMENT**

	(Rs. in Lakhs)
Original Grant	4,72,00
Supplementary Grant	14,89,00
<b>Total Grant</b>	<b>19,61,00</b>
Actual Expenditure	21,93,81
<b>Excess</b>	<b>2,32,81</b>

Excess was inescapable as the directive of the Court in the pending case was to be complied with. The amount also includes an amount of Rs. 1,93 lakhs which was originally taken as an advance from the Contingency Fund of India which was supposed to be recouped to the said fund by providing for it in the final Supplementary Demand for Grants for 1998-99 and should have been adjusted in that year itself. However, due to dissolution of the Lok Sabha the adjustment was carried out in the year 1999-2000. It is stated that the excess was reduced by re-appropriation of funds to the tune of Rs. 37.05 lakhs.

**REMEDIAL/CORRECTIVE ACTION TAKEN**

All efforts are being made to minimise the excess. The Heads of Departments of all Mints & Presses under Currency & Coinage Division have been cautioned *vide* D.O. letter No. C&C/B&A/10/1999-2000 dated 9.9.1999 and letter of even No. dated 27-9-1999. (Copy enclosed) to ensure realistic projection of the budget.

Sd/-

(NAVIN KUMAR)

JOINT SECRETARY TO THE GOVERNMENT OF INDIA

F.No.C&C/Bgt.&Accts./20/2000-01 Dated 11-04-2001

This has been vetted by Audit *vide* U.O. No. RR/11-2/2000-01/06 dated 10.4.2001.



D.O. No. C&C/Bgt. & Accts./10/99-2000

भारत सरकार Government of India

वित्त मंत्रालय Ministry of Finance

आर्थिक कार्य विभाग Department of Economic Affairs

M.P. SINGH  
UNDER SECRETARY (COIN)  
TELE. 3015100.

नई दिल्ली/New Delhi. 9-9-1999

Dear Shri (By Name)

You are requested to prepare immediately and send us by 5-10-1999 your budgetary requirement in RE 1999-2000 and BE 2000-2001 in the following proforma:—

1. Actual for 1998-99 (2) BE for 1999-2000 (3) Actuals upto Sept. 1999 (4) RE for 1999-2000 (5) Estimated Expenditure upto March 2000 (6) BE for 2000-2001 (7) Reasons for variations between Cols. 2 & 4, 2 & 6 and 4 & 6. This exercise should include the receipts/Recoveries budget and loans & Advances to Govt. servants also.

2. The write up relevant to expenditure Vol. I and Vol. II may also be updated and all statements as appended in the Detailed Demands for Grants 1999-2000 be sent up-to-date with the RE & BE proposals.

3. For better appreciation it would be advisable to have each detailed head on a separate sheet of paper. You should be ready alongwith your FA & CAO/AO for discussions in the Ministry.

4. While working out the requirements, you are requested to keep in your mind the economy instructions issued by the Govt. from time to time. 10% mandatory cut on non-salary expenditure be applied please.

5. The expenditure budget is examined and approved keeping in view the *realisation of receipts and recoveries* and hence you must make all efforts for recovery of all outstanding dues.

6. Please ensure that *no funds are surrendered in any case at the end of financial year.*

With regards,

Yours sincerely,

Sd/-

(M.P. SINGH)

1. Sh. S.D. Swamy, GM, IGM, Mumbai.

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2. Sh. L.R. Prasad Rao, GM, IGM, Calcutta.
3. Sh. K.K. Parakalan, GM, IGM, Hyderabad.
4. Sh. S.D. Dadheech, GM, IGM, Noida.
- 5-6. Sh. V.K. Jain, GM, ISP/CNP, Nasik.
7. Sh. B.V. Rastogi, GM, SPP, Hyderabad.
8. Sh. M.D. Singh, GM, BNP, Dewas.
9. Sh. R.K. Mangwani, Dy. GM, SPM, Hoshangabad.



BUDGET MATTER

भारत सरकार Government of India  
वित्त मंत्रालय Ministry of Finance  
आर्थिक कार्य विभाग Department of Economic Affairs

M.P. SINGH  
UNDER SECRETARY (COIN)  
TELE. 3015100.

नई दिल्ली/New Delhi.

27-9-1999

D.O. No. C&C/Bgt. & Accts./10/99-2000

Dear Shri (By Name)

In continuation of our D.O. letter of even No. Dated 9.9.1999, copy of IF Branch's O.M. No. F5/10/1999 — IFA dated 20th Sept. 1999 is forwarded for information & necessary action.

2. Kindly send us complete RE 1999-2000 and BE 2000-2001 proposals by 5-10-1999 positively.

3. Please ensure that *no funds are surrendered in any case at the end of financial year.*

With regards,

Yours sincerely,  
Sd/-  
(M.P. SINGH)

Encl: As above.

1. General Manager, CNP, Nasik.
2. General Manager, BNP, Dewas.
3. Dy. General Manager, SPM, Hoshangabad.
4. General Manager, ISP, Nasik.
5. General Manager, SPP, Hyderabad.
6. General Manager, IGM, Mumbai.
7. General Manager, IGM, Calcutta.
8. General Manager, IGM, Hyderabad.
9. General Manager, IGM, Noida.



## APPENDIX II

No. 15013/7/2001-Bgt. II  
Government of India  
Ministry of Home Affairs  
Budget-II Section

### Excess Note

Note for Public Accounts Committee in respect of excess occurred under Capital Section (Voted) under Grant No. 100-Chandigarh as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1999-2000.

Capital Section (Voted)	(Rupees in Thousand)
Original Grant	878000
Supplementary Grant	101400
Total Grant	979400
Actual Expenditure	979892
Excess Expenditure	492

2. Under Capital Section (Voted)—Grant No. 100—Chandigarh for the year 1999-2000, the total provision was Rs. 878000 thousand. This was augmented to Rs. 979400 thousand by obtaining Supplementary Grant of Rs. 101400 thousand. Against this, the expenditure of Rs. 979892 thousand was incurred resulting in excess of Rs. 492 thousand.

3. The excess of Rs. 4.92 lakh was the net effect of total excess of Rs. 547.95 lakh and total saving of Rs. 543.03 lakh. The reasons for excess of Rs. 5.00 lakh and above under each sub-head are given below:—

	(Rupees in Lakh)
(i) Ministry of Home Affairs	
4055- Major Head	
Capital Outlay on Police	
00.207- State Police	
01 Other Allied Works	
Original Grant	45.00
Supplementary Grant	—
Total Grant	45.00
Actual Expenditure	59.68
Excess	14.68*

**Reasons:** \*The excess disbursement was due to construction of boundary wall around the police stations and Chandigarh Armed Police Complex and also for installing Fire Fighting equipment in Police line, Sector-29, Chandigarh.

00.211-	Police Housing	
	Original Grant	69.00
	Supplementary Grant	—
	Total Grant	69.00
	Actual Expenditure	99.96
	Excess	30.96*

**Reasons:** \*The excess disbursement was mainly due to increase in the scope of maintenance work of Police Houses.

(ii) Ministry of Power

4801-	Major Head	
	Capital Outlay on Power Projects	
05-	Transmission and distribution	
05.101	Transmission and distribution of Power in Chandigarh	
	Original Grant	1100.00
	Supplementary Grant	217.00
	Total Grant	1317.00
	Actual Expenditure	1326.19
	Excess	9.19*

**Reasons:** \*The excess disbursement was for providing additional Sub-Station in the Punjab and Haryana Secretariat, Chandigarh.

(iii) Ministry of Industry

4851-	Major Head	
	Capital Outlay on Village & Small Industries	
00.102	Small Scale Industries	
102.00.25	Other Constructions	
	Original Grant	7.00
	Supplementary Grant	—
	Total Grant	7.00
	Actual Expenditure	14.84
	Excess	7.84*

**Reasons:** \*The excess disbursement was for the construction of boundary wall around Exhibition Ground, Sector-31, Chandigarh.

(iv) Ministry of Surface Transport

5054-	Major Head	
	Capital Outlay on Roads and Bridges	

04-	District and Other Roads	
04 800-	Other Expenditure	
03-	Construction of Link Roads	
	Original Grant	60.00
	Supplementary Grant	—
	Total Grant	60.00
	Actual Expenditure	72.77
	Excess	12.77*

**Reasons:** \*The excess disbursement was for construction of link Roads in various places in Chandigarh.

5055-	Major Head	
	Capital Outlay on Road Transport	
00.201-	Chandigarh Transport Undertaking	
01	Expansion and Development of Bus Stands	
	Original Grant	125.00
	Supplementary Grant	66.00
	Total Grant	191.00
	Actual Expenditure	215.01
	Excess	24.01*

**Reasons:** \*The excess disbursement was mainly due to increase in the scope of maintenance and alteration work of bus stand.

02-	Expansion and Development of Workshop	
	Original Grant	10.00
	Supplementary Grant	—
	Total Grant	10.00
	Actual Expenditure	21.72
	Excess	11.72*

**Reasons:** \*The excess disbursement was for the construction of Cycle/Scooter shed in workshop No. 3, Sector-25, Chandigarh and for cement concrete paving in workshop No. 1, Industrial Area, Phase-I, Chandigarh.

(v) Ministry of Urban Development	
4059-	Major Head
	Capital Outlay on Public Works
60-	Other Buildings
60.051-	Construction
20-	Administration of Justice

Original Grant	186.00
Supplementary Grant	—
<b>Total Grant</b>	<b>186.00</b>
Actual Expenditure	219.97
Excess	33.97*

**Reasons:** \*The excess disbursement was mainly due to increase in the scope of maintenance work of High Courts.

4202-	Major Head	
	Capital Outlay on Education, Sports, Arts and Culture	
01.202-	Secondary Education	
	Original Grant	170.00
	Supplementary Grant	1.00
	<b>Total Grant</b>	<b>171.00</b>
	Actual Expenditure	303.99
	Excess	132.99*

**Reasons:** \*The excess disbursement was due to expenditure on urgent construction work of Secondary Schools before the start of the new academic session.

02.105-	Engineering/Technical College and Institutes	
02-	Punjab Engineering College, Chandigarh	
	Original Grant	33.00
	Supplementary Grant	—
	<b>Total Grant</b>	<b>33.00</b>
	Actual Expenditure	40.98
	Excess	7.98*

**Reasons:** \*The excess disbursement was mainly due to expenditure on urgent construction of Computer Hall for the College.

04-	Art and Culture	
04-101	Fine Arts Education	
	Original Grant	3.00
	Supplementary Grant	—
	<b>Total Grant</b>	<b>3.00</b>
	Actual Expenditure	9.00
	Excess	6.00*

**Reasons:** \*The excess disbursement was due to increase in the Scope of maintenance work.

4210-	Major Head	
	Capital Outlay on Medical and Public Health	
04-	Other Items.	

Original Grant	117.00
Supplementary Grant	—
<b>Total Grant</b>	<b>117.00</b>
Actual Expenditure	156.58
Excess	39.58*

**Reasons:** \* The excess disbursement was due to increase in urgent work of addition, alteration and up-keep of the General Hospital.

03.200-	Other Systems	
	Original Grant	6.00
	Supplementary Grant	—
	<b>Total Grant</b>	<b>6.00</b>
	Actual Expenditure	16.99
	Excess	10.99*

**Reasons:** \* The excess disbursement was mainly due to early Completion work being done in dispensaries.

	Major Head	
	Capital Outlay on Water Supply and Sanitation	
01-	Water Supply	
01.101	Urban Water Supply	
06-	Distribution System	
	Original Grant	200.00
	Supplementary Grant	—
	<b>Total Grant</b>	<b>200.00</b>
	Actual Expenditure	237.01
	Excess	37.01*

**Reasons:** \* The excess disbursement was mainly due to increase in the scope of work and increase in rates of materials.

4216-	Major Head	
	Capital Outlay on Housing	
01-	Government Residential Buildings	
01.106	General Pool Accommodation	
02-	Accommodation for Govt. Employees	
	Original Grant	370.00
	Supplementary Grant	30.00
	<b>Total Grant</b>	<b>400.00</b>
	Actual Expenditure	424.99
	Excess	24.99*

**Reasons:** \* The excess disbursement was mainly due to increase in the scope of maintenance work of Govt. Houses.

700- 12-	Other Housing Housing for shifting dwellers of Labour colonies.	
	Original Grant	160.00
	Supplementary Grant	—
	Total Grant	160.00
	Actual Expenditure	180.99
	Excess	20.00*

**Reasons: \*** The excess disbursement was mainly due to increase in number of beneficiaries.

4217- 01- 050- 051-	Major Head Capital Outlay on Urban Development State Capital Development Land Construction	
	Original Grant	775.15
	Supplementary Grant	—
	Total Grant	775.15
	Actual Expenditure	824.60
	Excess	49.45*

**Reasons: \*** The excess disbursement was for installation of Facade lighting in Capital Complex and for street lighting in Inner Market in West of Sector-38, Chandigarh, for the construction of Day Market, in Sector-43 & 28 and for installation of Water Proofing in Raj Bhawan.

052-	(i) Machinery and Equipment	
	Original Grant	65.00
	Supplementary Grant	—
	Total Grant	65.00
	Actual Expenditure	98.43
	Excess	33.43*

**Reasons: \*** The excess disbursement was for the purchase of Hydraulic Excavator, Eob-Cat and sewer cleaning Machine.

800-	Other Expenditure	
03-	Horticulture Development	
	Original Grant	65.00
	Supplementary Grant	—
	Total Grant	65.00
	Actual Expenditure	78.88
	Excess	13.88*

**Reasons: \*** The excess disbursement was mainly due to increase in the scope of maintenance work.

4235-	Major Head	
	Capital Outlay on Social Security and Welfare	
60-	Other Social Security and Welfare	
	Programme	
60.800-	Other Expenditure	
	Original Grant	20.00
	Supplementary Grant	—
	Total Grant	20.00
	Actual Expenditure	41.21
	Excess	21.21*

**Reasons: \*** The excess disbursement was mainly due to increase in the scope of work.

4. A Rough Cost Estimate for the construction of boundary wall around Exhibition Ground, Sector 31, Chandigarh was administratively approved for an amount of Rs. 6.09 lakh by Department of Industries, Chandigarh Administration on 24.12.1998 with the expenditure to be met from allocation under Plan head "4851-Capital Outlay on Village and Small Industries". Accordingly, a draft for Rs. 6.09 lakh was also forwarded to the Executive Engineer C.P. Division No. 1 but the same amount was not utilized by the Executive Engineer during the financial year. In turn, the said work was taken up and completed during the next financial year 1999-2000 and an expenditure of Rs. 7.42 lakh was incurred for allocation under Plan Head "4851 — Capital Outlay on Village and Small Industries".

This demand draft for Rs. 6.09 lakh from the General Manager, District Industries Centre, UT, Chandigarh was received by the concerned Executive Engineer on 31.3.1999 and credited into its deposit head. The amount however remained unutilized in view of the fact that expenditure was incurred out of the allocation under Plan Head "4851 — Capital Outlay on Village and Small Industries" during the financial year 1999-2000.

The Engineering Department neither intimated this matter to the Industries Department nor returned the draft in question but withdrew the amount of Rs. 7.42 lakh out of Plan allocation which resulted in an

overall excess expenditure during the year 1999-2000 under Capital Section (Voted).

The Executive Engineer, C.P, Division No. 1 have now issued a cheque amounting to Rs. 6.09 lakh being refund of payment deposited by the Industries Department for the construction of boundary wall around the Exhibition ground in Sector-31, Chandigarh, on 3.11.2000. Since the excess expenditure has been incurred out of Major Head - 4851 — Capital Outlay on Village and Small Industries, the necessary directions are being issued to the General Manager, District Industries Centre by the Chandigarh Administration to deposit this amount of refund in appropriate Receipt Head/Government account. Necessary directions have already been issued to all UT Administrations to avoid excess expenditure/disbursement to the departments over and above the budget allocation under the grants.

Sd/-

(N.A. VISWANATHAN)

Joint Secretary & Financial Advisor (Home)



**APPENDIX III**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF DEFENCE**  
**(FINANCE/BUDGET)**

**EXCESS NOTE**

**NOTE FOR THE PUBLIC ACCOUNTS COMMITTEE FOR  
REGULARISATION OF EXCESS EXPENDITURE IN RESPECT  
OF EXCESS OCCURRED UNDER REVENUE SECTION  
(CHARGED) OF GRANT NO. 21—DEFENCE ORDNANCE  
FACTORIES, AS DISCLOSED IN THE UNION GOVERNMENT  
APPROPRIATION ACCOUNTS (DEFENCE SERVICES) FOR  
1999-2000.**

**GRANT No. 21—Defence Ordnance Factories**

**REVENUE SECTION (CHARGED)**

	<i>(Rs. in lakhs)</i>
<b>Original Grant</b>	<b>Rs. 16.00</b>
<b>Supplementary Grant</b>	
<b>Total Grant</b>	<b>Rs. 16.00</b>
<b>Actual Expenditure</b>	<b>Rs.</b>
<b>Excess</b>	<b>Rs. 0.69</b>
	<b>(Rs. 68658)</b>
<b>Surrender during the year</b>	<b>NIL</b>

2. Under Revenue Section (Charged) of Grant No. 21—Defence Ordnance Factories, the total provision was Rs. 1600 thousands. Against this, the expenditure of Rs. 1669 thousands was incurred resulting in excess of Rs. 69 thousands (Rs. 68658).

3. The excess of Rs. 69 thousands was the net effect of total excesses of Rs. 869 thousands and total savings of Rs. 800 thousands under various

sub-heads of the Grant. The sub-heads under which excess of Rs. 5 lakhs and above occurred, the reasons therefor are explained below:—

MAJOR HEAD 2079

	<i>(Rs. in lakhs)</i>
(i) Minor Head-110	
Original Grant	Rs. 5
Supplementary Grant	NIL
Reappropriation	NIL
Total Grant	Rs. 5
Actual Expenditure	Rs. 13
Excess	Rs. 8

The excess of Rs. 8 lakhs was due to finalisation of more number of court cases than anticipated.

4. In order to avoid recurrence of any excess in future, the observations of the PAC have been circulated to all the estimating authorities for information and strict compliance *vide* MoD (Fin.) ID. No. 10(5)Bud.-I/2000 dated 20.11.2000. (copy enclosed)

5. In the circumstances explained above, the excess of Rs. 68658/- may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the constitution.

6. This note has been vetted by DGADS *vide* their UO. No. 27/AA-140/99-2000/BC/ATN dated 23.4.2001.

Sd/-  
(A.K. Chopra)  
Addl. FA & JS

File No. MoD (Fin.) 17(1)B-I/2001

**MINISTRY OF DEFENCE (FINANCE)  
(BUDGET-I)**

Subject:—Action Taken on the recommendations contained in Paras-45 &  
46 of the 6th Report of PAC (13th Lok Sabha)  
Explanatory notes on Excess expenditure—regarding.

\*\*\*\*\*

A copy each of Ministry of Finance (Deptt. of Expenditure) D.O.No. 12(2)E. Coord/2000 dt. 2/11/2000 from Secretary (Expenditure) to the Defence Secretary and Ministry of Finance (Deptt. of Expenditure) OM. No. 1.6.2000-MC dt. 11.10.2000, on the above subject, forwarding the recommendations contained in Paras-45 & 46 of the 6th Report of the PAC (13th Lok Sabha) are enclosed.

2. It has been intimated in the above said D.O. that the excess expenditure is “unauthorised” expenditure and the authority administering a grant/appropriation would be held personally responsible for the control of expenditure against the sanctioned provisions in terms of the various instructions issued by Department of Expenditure from time to time. Further, the explanatory notes on excess expenditure, wherever incurred during the year 2000-01 and onwards, should invariably be furnished to the Committee giving explicit details of the circumstances which led to overall excess indicating specific action taken to obtain additional funds or an advance from the Contingency Fund wherever the existing provisions were not found sufficient. It has also been mentioned that steps should be taken to deal sternly with cases where any slackness is noticed and action should also be taken to fix responsibility in case of default in observance of prescribed financial rules.

3. In this connection attention is also invited to MoD(Fin) ID. No. 10(3)B-I/2000 dated 22.3.2000 under which the latest instructions issued by Ministry of Finance, Deptt. of Expenditure *vide* their OM No. 12(1)E-Coord/99 dated 17.2.2000 on this subject were circulated to all concerned.

4. It is requested that the above mentioned recommendations contained in Paras 45 & 46 of the 6th Report of PAC (13th Lok Sabha) may be communicated to all concerned for information/strict compliance.

Sd/-  
(A.K. Chopra)  
Addl. FA(A)

**All Joint Secretaries/All Addl. FAs/IFAs.  
Addl. DGFP Army Hqrs., DNP Naval Hqrs. D. Fin. P. Air Hqrs.  
DGNCC, CCR&D (R), Dte of Std., ATVP, DGAQA; DGQA; DGOFF-  
CALCUTTA, DG Mily Farms.**

---

**MoD (Fin.) ID No. 10(5)B-I/2000 dated 20.11.2000.**

**Copy to: AS(M), AS(P), AS(DP&S).  
Copy also to: CGDA: for information and compliance.**



C.M. VASUDEV

D.O. No. 12(2)E. Coord./2000

सचिव  
व्यय विभाग  
वित्त मंत्रालय  
भारत सरकार

SECRETARY  
DEPARTMENT OF EXPENDITURE  
MINISTRY OF FINANCE  
GOVERNMENT OF INDIA  
नई दिल्ली/NEW DELHI

वित्तीय सलाहकार का कार्यालय  
FA(A)'s Office  
डायरी संख्या  
Dy. No. 4024  
तारीख  
Date 8.11.2000

Tel.: 3012929  
3011663  
Fax: 3017546

Dear Shri Prasad,

I am writing this in the context of the recommendations of the Public Accounts Committee contained in Para 45 of their 6th Report (13th Lok Sabha) relating to excess over voted grants and charged appropriations (1997-98).

2. In the past, a number of instructions have been issued by the Ministry of Finance in the context of the previous recommendations of the PAC regarding the need to avoid excess expenditure. In this connection, you may like to refer to my previous letter of 17.2.2000, issued in the context of the recommendations of the PAC in Para 48 of their First Report (12th Lok Sabha).

3. It is seen that in spite of the repeated instructions from this Department and the financial instructions contained in the General Financial Rules, the instances of excess expenditure has remained unabated.

4. I, therefore take this opportunity to draw your personal attention to bear in mind that excess expenditure is "unauthorised" expenditure and that the authority administering a grant/appropriation would be held personally responsible for the control of expenditure against the sanctioned provisions in terms of the instructions issued by Department of Expenditure on 17.10.94 in pursuance of the recommendation made by the Committee in paragraph 1.20 of their 60th Report (10th Lok Sabha). I also

request you to ensure that rigid enforcement of prescribed financial rules and procedures so as to contain the instances of excess expenditure only to genuine and inevitable payments. Steps should also be taken to deal sternly with cases where any slackness is noticed in observance of prescribed financial rules.

Yours sincerely

Sd/-  
(C.M. VASUDEV)

Shri T. Ramachandra Prasad,  
Secretary,  
Department of Defence,  
New Delhi.

No.1/6/2000-MC  
Government of India  
Ministry of Finance  
Department of Expenditure  
(Monitoring Cell)

\*\*\*

Room No. 29, Second Floor,  
Lok Nayak Bhavan, Khan Market,  
New Delhi, the 11th Oct., 2000.

**Office Memorandum**

**Subject:— Action taken on the recommendation contained in the 6th Report of PAC (13th Lok Sabha) explanatory notes on Excess expenditure — regarding:**

\*\*\*

The undersigned is directed to inform that the Public Accounts Committee *vide* para 46 of its 6th Report (13th Lok Sabha) desires that the explanatory notes on excess expenditure wherever incurred during the year 2000-2001 and onwards, should invariably be furnished to the Committee giving complete details of the circumstances which led to overall excess under a grant or appropriation together with specific action taken by the grant administering authority in the Ministry/Department concerned to obtain additional funds or an advance from the Contingency funds of India wherever the existing provisions were found in-sufficient and consequently the grant as a whole was exceeded and action taken to fix responsibility for non-observance of the prescribed financial rules.

All the Ministries/Departments are requested to note the directions of PAC and ensure strict compliance while preparing the explanatory notes on excess expenditure for the year 2000-2001 onwards. In this connection a copy of Recommendation No. 46 as referred to above is enclosed for reference and necessary action.

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

Sd/-

(Krishan Kumar)

Under Secretary to the Government of India.

Tele: 4626829

1. Financial Advisor-s/Joint Secretaries (Finance) of all the Ministries/Departments of the Government of India
2. Copy forwarded for information and necessary action to all the Ministries/Departments of the Government of India

**Extracts from 6th Report of PAC (13th Lok Sabha) on explanatory notes on Excess expenditure — Action taken on the Recommendation contained in Para 46**

46. In this context, the Committee further recommend that the Department of Expenditure should issue clear-cut instructions to all the Ministries/Departments laying down that the explanatory notes on excess expenditure wherever incurred during the year 2000-2001 and onwards, should invariably be furnished to the Committee giving explicit details of the circumstances which led to overall excess under a grant or appropriation; the specific action taken by the grant administering authority in the Ministry/Department concerned to obtain additional funds or an advance from the contingency Fund wherever the existing provisions were not found sufficient and consequently the grant as a whole got exceeded and action taken to fix responsibility in case of default in observance of prescribed financial rules.



#### APPENDIX IV

### EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS OVER VOTED/CHARGED PORTION OF GRANTS/APPROPRIATION DURING THE YEAR 1999-2000.

During the year 1999-2000, there was an overall net saving of Rs. 2019.36 crore over the total Grants and Appropriations, which constitutes 3.61 per cent of the total provision of Rs. 55875.57 crore.

The net saving was as a result of gross saving of Rs. 2077.59 crore under 13 Grants and 7 Charged Appropriations and an excess of Rs. 58.23 crore under 3 Grants and 5 Charged Appropriations. The gross saving amounting to Rs. 2066.91 crore under Grants and Rs. 10.68 crore under Charged Appropriations constituted 4.40 per cent of the total provision of Rs. 47167.77 crore. The gross excess amounting to Rs. 57.74 crore under Grants and Rs. 0.49 crore under Charged Appropriations constituted 0.67 per cent of the total provision of Rs. 8707.80 crore. (Reference Para 24 to 27—Excess/Saving over Voted Grants and Charged Appropriations of the Appropriation Accounts of Indian Railways for the year 1999-2000-Part-I Review).

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

#### 1.2 Excess under Charged Appropriation & Voted Grants

There is an excess under five Charged Appropriations ( 3, 4, 6, 7 and 9) and three Grants (2, 6 and 10), which are explained as under:—

##### (a) Charged Appropriations.

(i) Appropriation	No.	3—Working Expenses—General Superintendence and Services	Rupees
Original Appropriation			1,50,000
Supplementary Appropriation			2,73,000
Total Sanctioned Appropriation			4,23,000
Actual Expenditure			5,60,852
Excess			1,37,852
Misclassification			—
Excess requiring regularisation			1,37,852
Percentage of Excess			32.59

Charged Appropriation of Rs. 1.50 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 2.73 lakh was sanctioned for additional payments towards satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 1,37,852/- as more decretal payments materialised at the fag end of the year.

The excess requiring regularisation is Rs. 1,37,852/-, which is the same as disclosed in the Appropriation Accounts.

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

	Rupees
Original Appropriation	5,90,000
Supplementary Appropriation	13,62,000
Total Sanctioned Appropriation	19,52,000
Actual Expenditure	27,41,314
Excess	7,89,314
Misclassification	—
Excess requiring regularisation	7,89,314
Percentage of Excess	40.44

Charged Appropriation of Rs. 5.90 lakh was obtained at the Budget Estimate Stage. A Supplementary Appropriation of Rs. 13.62 lakh was sanctioned for additional payments towards satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate. The actual expenditure exceeded the provision by Rs. 7,89,314/- due to more decretal payments than anticipated.

The excess requiring regularisation is Rs. 7,89,314/-, which is the same as disclosed in the Appropriation Accounts.

**(iii) Appropriation No. 6—Working Expenses—Repairs & Maintenance of Carriages & Wagons**

	Rupees
Original Appropriation	1,25,000
Supplementary Appropriation	13,000
Total Sanctioned Appropriation	1,38,000
Actual Expenditure	2,38,552
Excess	1,00,552
Misclassification	—
Excess requiring regularisation	1,00,552
Percentage of Excess	72.86

Charged Appropriation of Rs. 1.25 lakh was obtained at the Budget Estimate Stage. A Supplementary Appropriation of Rs. 0.13 lakh was sanctioned for additional payments towards satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate. The actual expenditure having exceeded the provision by Rs. 1,00,552/- due to unanticipated decretal payments at the fag end of the year.

The excess requiring regularisation is Rs. 1,00,552/-, which is the same as disclosed in the Appropriation Accounts.

**(iv) Appropriation No. 7—Working Expenses—Repairs & Maintenance of Plant & Equipment**

	Rupees
Original Appropriation	
Supplementary Appropriation	
Total Sanctioned Appropriation	—
Actual Expenditure	72,277
Excess	72,277
Misclassification	—
Excess requiring regularisation	72,277
Percentage of Excess	

The actual expenditure of Rs. 72,277/- incurred without any budget provision was towards unanticipated decretal payments.

This excess of Rs. 72,277/- requiring regularisation, is the same as disclosed in the Appropriation Accounts.

**(v) Appropriation No. 9— Working Expenses      Operating Expenses  
Traffic**

	Rupees
Original Appropriation	3,00,000
Supplementary Appropriation	7,00,000
Total Sanctioned Appropriation	10,00,000
Actual Expenditure	48,07,005
Excess	38,07,005
Misclassification	
Excess requiring regularisation	38,07,005
Percentage of Excess	380.70

Charged Appropriation of Rs.3.00 lakhs was obtained at the Budget Estimate Stage. A Supplementary Appropriation of Rs. 7.00 lakh was sanctioned for additional payments towards satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate. The actual expenditure exceeded the provision by Rs. 38,07,005/- due to more payments on court orders at the fag end of the year.

The excess requiring regularisation is Rs. 38,07,005/-, which is the same as disclosed in the Appropriation Accounts.

**(b) Voted Grants.**

**(i) Grant No. 2— Miscellaneous Expenditure—General.**

	Rupees
Original Grant	196,55,00,000
Supplementary Grant	
Total Sanctioned Grant	196,55,00,000
Actual Expenditure	197,49,04,852
Excess	94,04,852
Misclassification	7,26,564
Excess requiring regularisation	1,01,31,416
Percentage of Excess	0.52

A Grant of Rs.196.55 crore was obtained at the Budget Estimate stage. The actual expenditure, however, exceeded the total sanctioned provision by Rs.0.94 crore for the Grant as a whole, which is 0.48% of the total sanctioned provision.

The excess occurred mainly under the following Minor heads:—

**(b) Research Designs & Standards Organisation (Rs.3.69 crore)**, mainly due to more expenditure under Research & trials, maintenance and other charges for health and sanitation, **(c) Miscellaneous Establishments (Rs.0.47 crore)**, mainly on account of conducting more number of examinations by the various Railway Recruitment Boards and printing of more books etc., **(d) Cost of Statutory Audit (Rs. 0.70 crore)**, mainly due to more expenditure towards staff cost, **(e) Payment to Worked Lines (Rs.0.04 crore)**, mainly due to more passenger traffic on C.P. Railway.

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

**(a) Surveys (Rs. 1.66 crore)** mainly due to delay in deciding the alignment of final location and slow progress of some survey works, **(f) Miscellaneous Charges (Rs. 2.30 crore)**, mainly on account of less expenditure under Publicity work for tourism both in India and abroad, five different studies by World Bank approved consultants on Mumbai Urban Transport Project-II etc.

There was a misclassification of Rs. 7,26,564/- on account of expenditure relating to Grant No.2 having been wrongly booked to Grant No. 16 (Capital) (Rs. 9,06,564/-) and expenditure of Grant No.12 wrongly booked to Grant No.2 (Rs. 1,80,000/-) Taking into account, this effect of misclassification, the real excess requiring regularisation from Parliament works out to Rs. 1,01,31,416/- (i.e. 0.52% of the total sanctioned provision).

## (ii) Grant No. 6— Working Expenses—Repairs and Maintenance of Carriages &amp; Wagons.

	Rupees
Original Grant	2910,93,08,000
Supplementary Grant	—
Total Sanctioned Grant	2910,93,08,000
Actual Expenditure	2913,04,06,783
Excess	2,10,98,783
Misclassification	—1,69,57,089
Excess requiring regularisation	41,41,694
Percentage of Excess	0.01

A Grant of Rs. 2910.93 crore was obtained at the Budget Estimate stage. The actual expenditure, however, exceeded the total sanctioned provision by Rs.2.11 crore for the Grant as a whole, which is 0.07% of the total sanctioned provision.

The excess occurred mainly under the following Minor heads:—

(b) Carriages (Rs. 42.08 crore), mainly due to more expenditure towards wages & material on POH due to increase in activities etc., (f) Miscellaneous Repairs & Maintenance Expenses (Rs.7.52 crore), mainly due to adjustment of less credit through Stock Adjustment Account, (g) DMU Coaches (Rs.2.63 crore) due to increase in holding of DMU coaches and more expenditure towards POH of DEMUs/DHMUs.

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

(a) Establishment in Offices (Rs. 6.12 crore), mainly under staff cost due to non filling up of vacancies, (c) Wagons (Rs. 35.04 crore), mainly due to less expenditure towards establishment charges, less drawal of stores from stock and less running repairs on sick lines etc. (d) Electric Multiple Unit Coaches (Rs. 3.98 crore) mainly on account of less expenditure towards wages and Material on POH and less direct purchase of materials etc. (e) Electrical General Services—Train Lighting, Fans & Air-conditioning (Rs. 4.98 crore), mainly due to less expenditure towards staff cost due to non filling up of vacancies and less drawal of Material from stock etc.

The Railway-wise excess/savings are as under:—

The excesses occurred on South Central Railway (Rs. 23.97 crore), N.F. Railway (Rs. 14.47 crore), Central Railway (Rs. 13.40 crore), South Eastern Railway (Rs. 11.26 crore), North Eastern Railway (Rs. 8.79 crore) and Metro Railway (Rs. 3.65 crore); partly offset by savings on Northern Railway (Rs. 30.40 crore), Western Railway (Rs. 26.97 crore), Southern Railway (Rs. 8.30 crore) and Eastern Railway (Rs. 7.76 crore)

There was a misclassification of Rs. (-) 1,69,57,089/- on account of expenditure relating to Grant No. 10, 16—Capital & Capital Fund having been wrongly booked to Grant No. 6. Taking into account, this effect of

misclassification, the real excess requiring regularisation from Parliament works out to Rs.41,41,694/- (i.e. 0.01% of the total sanctioned provision).

(iii) Grant No. 10— Operating Expenses—Fuel.

	Rupees
Original Grant	
Supplementary Grant	
Total Sanctioned Grant	
Actual Expenditure	
Excess	
Misclassification	
Excess requiring regularisation	
Percentage of Excess	

A Grant of Rs.5148.12 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs.451.85 crore was obtained mainly on account of increase in prices of HSD oil and electricity tariff.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the total sanctioned provision by Rs.54.69 crore for the Grant as a whole, which is 0.98% of the total sanctioned provision.

The excess mainly occurred under the following Minor heads:—

(b) Diesel Traction (Rs.132.33 crore), mainly due to increase in average rate of HSD oil, more drawal of stores from stock and also due to increase in rate of excise duty and sales tax.

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

(a) Steam Traction (Rs.4.57 crore), less expenditure occurred mainly on account of phasing out of more number of steam locos (c) Electric Traction (Rs.73.07 crore), mainly due to decrease in average rate of energy used for traction services as well as less incurrence of penalty charges through close monitoring of drawal of electric energy from State Electricity Boards.

The Railway-wise excess/savings are as under:—

The excesses occurred on South Eastern Railway (Rs.18.35 crore), Eastern Railway (Rs.16.57 crore), Northern Railway (Rs.14.19 crore), South Central Railway (Rs.14.11 crore), Southern Railway (Rs.10.40 crore) and N.E. Railway (Rs.3.39 crore); partly offset by savings on Central Railway (Rs.12.12 crore), N.F. Railway (Rs.9.24 crore), RE/ALD (Rs.0.54 crore) and Western Railway (Rs.0.42 crore).

There was a misclassification of Rs.18,00,151/- on account of expenditure relating to Grant No.10 having been wrongly booked to Grant No.5 (Rs.14,51,037/-) and Grant No.6 (Rs.3,49,114/-). Taking into account, this effect of misclassification, the real excess requiring regularisation from Parliament works out to Rs.54,86,76,719/- (i.e.0.98% of the total sanctioned provision).

2. The Grant-wise excess are relatively small, considering the total volume of transactions spread over the entire Railway system. As a result, on overall basis there is a net saving of Rs.2019.36 crore, consisting 3.61 percent of the total provision of Rs.55875.57 crore. It is submitted that every care has been taken (a) to assess the expenditure under various Appropriation/Grants as precisely as possible and (b) to obtain supplementary allotments where necessary so that excess is avoided to the maximum extent possible.

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

4. This has been seen by the Audit.

Sd/-  
(S. Murali)  
Addl. Member (Finance),  
Railway Board.

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