

PUBLIC ACCOUNTS COMMITTEE
(1973-74)

(FIFTH LOK SABHA)

NINETY-SIXTH REPORT

[Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Posts and Telegraphs), (Railways) and (Defence Services) for the year 1971-72

and

Action taken by Government on the recommendations of the Public Accounts Committee contained in their 49th Report (Fifth Lok Sabha) relating to Excesses over Voted Grants and Charged Appropriations for the year 1970-71]



LOK SABHA SECRETARIAT
NEW DELHI

September, 1973 | Bhadra, 1895 (SAKA)

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Minutes of the Sitting of Public Accounts Committee held on the 1st September, 1973 (A.N.)

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PUBLIC ACCOUNTS COMMITTEE

(1973-74)

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Shri Avtar Singh Rikhy—*Joint Secretary*

Shri T. R. Krishnamachari—*Under Secretary*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Ninety-Sixth Report on Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), (Posts and Telegraphs), (Defence Services) and (Civil) for the year 1971-72. These Accounts were laid on the Table of the House on the 6th March, 16th March, 29th March and 18th April, 1973 respectively.

2. The Committee examined the Excesses in the light of the explanations furnished by the Ministries/Departments concerned (Appendices I to XXVI) at their sitting held on the 1st September, 1973 (AN). The Minutes of the sitting form Part II of this Report.

3. Action Taken Notes furnished by Government pursuant to the recommendations contained in the 49th Report of the Committee (1972-73) on Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts for the year 1970-71, were considered by the Action Taken Sub-Committee at their sitting held on the 30th August, 1973 (FN). The Report of the Sub-Committee was approved by the Committee on the 1st September, 1973 and forms Chapter III of the Report.

4. A statement containing summary of the main conclusions/recommendations of the Committee is appended to this Report (Appendix XXVIII). For facility of reference, these have been printed in thick type in the body of the Report.

5. The Committee would like to place on record their appreciation of the assistance rendered to them by the Comptroller & Auditor General of India.

NEW DELHI;
3rd September, 1973.

12th Bhadra, 1895 (S)

JYOTIRMÓY BOSU,
Chairman,
Public Accounts Committee.

CHAPTER I

GENERAL OBSERVATIONS

1.1. This 96th Report deals with the Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), (Posts and Telegraphs), (Defence Services) and (Civil) for the year 1971-72. These Accounts were laid on the Table of the House on the 6th March, 16th March, 29th March and 18th April, 1973 respectively.

1.2. The Committee have examined the Excesses in the light of the explanations furnished by the Ministries/Departments concerned (Appendices I to XXVI).

1.3. During the year under Report (1971-72), Excesses occurred over 29 Grants and 7 Charged Appropriations. These aggregated Rs. 223.81 crores as against Rs. 17.10 crores and Rs. 55.76 crores during the years, 1969-70 and 1970-71 respectively.

1.4. Commenting on the excess during 1970-71 the Committee, in paragraph 1.3 of their 49th Report (Fifth Lok Sabha) observed as follows:—

“The extent of deterioration in the position during the year 1970-71 causes grave concern to the Committee. They hope that the Ministry of Finance would take the initiative in investigating the causes that have led to this unprecedented increase. Unless the basic reasons are identified and drastic steps taken to arrest the tendency to exceed the budget provisions by Government as a whole, sound budgetary control would be a far cry despite repeated suggestions by this Committee year after year to improve the position.”

1.5. In their reply dated 20th February, 1973, the Ministry of Finance (Department of Economic Affairs) have stated as follows:—

“A Task Force consisting of an officer each from the Department of Expenditure, Department of Economic Affairs (Budget Division) and the office of the Comptroller & Auditor General of India has been constituted to have a detailed analysis made of the effectiveness of the various

procedures for expenditure control *vis-a-vis* the functioning of the system of internal financial control and to suggest to Government remedial measures to improve the budgetary system. The Committee are still on their job. Necessary action will be taken by the Finance Ministry as soon as the Report of the Committee is received."

1.6. The aggregate amount of excesses recorded under various voted grants and charged appropriations ranged from Rs. 3.78 crores to Rs. 55.76 crores during the period 1965-66 to 1970-71. In paragraph 1.3 of the 49th Report (Fifth Lok Sabha), the Committee had expressed their concern over the extent of deterioration in the position during the year 1970-71. The position has now become really alarming in as much as the amount of excesses that occurred during 1971-72 was as high as Rs. 223.81 crores. The Committee have thus reasons to believe that something is basically wrong with the system of estimation of expenditure. Year after year Parliament is being presented with a fait accompli which to say the least is highly undesirable. The situation needs to be remedied without further loss of time. The Committee find that in response to their observations a Task Force consisting of an Officer, each from the Department of Expenditure, Department of Economic Affairs (Budget Division) and the Office of the Comptroller and Auditor General of India, has been constituted to have a detailed analysis made of the effectiveness of the various procedures for expenditure control *vis-a-vis* the functioning of the system of internal financial control and to suggest to Government remedial measures to improve the budgetary system. The Committee desire that the matter should be examined expeditiously and remedial measures taken/proposed to be taken intimated to them. The Committee further desire that there should be an inbuilt system which would serve as a self-regulatory apparatus in the various Ministries to analyse the reasons for the excesses as and when they occur and take timely remedial measures to obviate them.

CHAPTER II

EXCESS GRANTS/APPROPRIATIONS

2.1. During the year ended 31st March 1972, the actual expenditure exceeded the Voted Grants/Charged Appropriations in the following cases.

Serial No.	No. & Name of Grants	Ministry/Department concerned	Final Grants/ appropriation	Actual Expenditure	Excess	Date of Receipt of Note
1	2	3	4	5	6	7
<i>Appropriation Accounts (Civil) 1971-72</i>						
		<i>(Voted Grants)</i>	Rs.	Rs.	Rs.	(Due Date 18-4-1973)
1	20—Mint	Finance	4,96,56,000	4,99,46,412	2,90,412	20-7-1973
2	24—Other Revenue expenditure of the Ministry of Finance	Finance	51,29,82,000	52,50,08,693	1,20,26,693	11-6-1973
3	125—Other capital outlay of the Ministry of Health and Family Planning	Health & Family Planning	21,87,54,000	25,06,74,592	3,19,20,592	26-6-1973
4	41—Police	Home	91,89,03,000	93,78,07,053	1,89,04,053	11-6-1973
5	46—Delhi	Home	63,69,52,000	62,66,27,441	96,75,441	20-7-1973
6	49—Tribal Areas	Home	29,80,39,000	32,15,77,976	2,35,38,976	20-7-1973
7	51A—Mizoram	Home	1,49,43,000	1,59,03,162	18,60,162	26-6-1973
8	126—Capital Outlay in Union Territories and Tribal Areas	Home	28,29,21,000	29,86,46,472	1,57,25,472	8-8-1973
9	64—Director-General Mines Safety	Labour and Rehabilitation (Department of Labour & Employment).	62,83,000	64,03,885	1,20,885	4-7-1973

			Re.	Re.	Re.	
10	66—Expenditure on displaced persons	Labour & Rehabilitation	1,21,57,45,000	1,52,86,45,198	31,29,00,198	20-7-1973
11	74—Roads	Shipping and Transport	24,40,15,000	26,69,90,935	2,29,75,935	20-7-1973
12	78—Ministry of Steel and Mines	Steel and Mines	60,32,000	60,44,930	12,930	26-6-1973
13	36—Public Works	Works and Housing	59,59,06,000	53,89,47,247	3,30,41,247	21-6-1973
14	107—Other Revenue expenditure of the Department of Supply	Supply	46,51,000	46,91,825	40,825	9-7-1973
<i>Charged Appropriations</i>						
15	37—Medical and Public Health	Health & Family Planning		1,2,277	1,2,277	26-6-1973
16	126—Capital outlay in Union Territories and Tribal Areas	Home Affairs	3,59,10,000	3,59,26,799	16,799	8-8-1973
17	132—Capital outlay of the Ministry of Labour and Rehabilitation	Labour and Rehabilitation	14,000	6,292	2,292	20-7-1973
18	74—Roads	Shipping and Transport	10,000	63,824	53,824	20-7-1973
19	135—Capital outlay on Ports	Shipping and Transport	5,00,000	7,91,762	2,91,762	21-6-1973
20	80—Other Revenue Expenditure of the Ministry of Steel and Mines	Steel and Mines	30,000	1,88,058	**	20-7-1973
21	141—Delhi Capital outlay	Works and Housing	30,00,000	30,73,248	1,73,248	4-7-1973
<i>Appropriation Accounts (Defence Services)— (Voted Grants)</i>						
22	2—Defence Services Effective—Army	Defence	958,79,50,000	1043,74,86,194	84,95,36,194	20-7-1973

(Due date 29-3-1973)

23	3—Defence Services Effective—Navy	Defence	67,43,90,000	69,53,09,266	2,09,19,266	11-6-1973
24	4—Defence Services Effective—Air Force	Defence	265,38,00,000	276,36,88,770	11,48,88,770	20-7-1973
25	5—Defence Services Non-effective	Defence	50,69,00,000	51,20,34,251	51,34,251	4-7-1973
26	111—Defence Capital Outlay	Defence	163,28,00,000	179,04,38,941	15,76,38,941	20-7-1973
<i>Appropriation Accounts (Railways)—Voted Grants</i>						
<i>(Due date 6-3-1973)</i>						
27	A—Grants	Railways	87,63,74,000	87,90,27,698*	26,53,698*	5-5-1973
4—Working Expenses Administration						
28	5—Ordinary Working expenses—Repairs and Maintenance	Railways	292,69,60,000	298,30,35,387*	5,60,75,387*	5-5-1973
29	6—Ordinary Working expenses—Operating Staff	Railways	1,86,93,75,000	1,87,54,43,570*	60,68,570*	5-5-1973
30	9—Ordinary Working expenses—Misc. expenses	Railways	39,66,15,000	40,88,70,710	1,22,55,710*	5-5-1973
31	10—Ordinary Working expenses—Staff Welfare	Railways	28,64,52,000	28,80,37,172*	15,85,172*	5-5-1973
32	15—Open Line Works—Capital Depreciation Reserve Fund and Development Fund	Railways	6,10,48,89,000	6,39,86,01,152*	29,37,12,152*	5-5-1973
33	16—Pensionary charges Pension Fund	Railways	10,38,60,000	10,54,34,131	15,74,131	5-5-1973
34	18—Appropriation to Development Fund	Railways	44,78,000	9,29,85,799	8,76,07,799	5-5-1973
35	19—Appropriation to Revenue Reserve Fund	Railways	8,63,07,000	8,63,14,711	7,711	5-5-1973

**The excess under this grant in the Audit Report does not require regularisation in terms of paragraph 4·26 of the 45th Report of P.A.C. (3rd Lo Sabha).

*These figures represent the finally verified Actuals and vary somewhat from the figures mentioned in the Audit Report due to misclassifications subsequently detected.

1	2	3	4	5	6	7
36	6—Appropriations—Ordinary Working Expenses—Operating Staff	. . . Railways	Rs. 4,99,000	Rs. 5,06,842	Rs. 7,842	5-5-1973
37	93—Posts and Telegraphs Dividend to General Revenues, Appropriation to Reserve Funds and Repayment of Loan from General Revenues	Appropriation Accounts (P & T) 1971-72	Rs. 35,66,30,000	50,16,33,512	14,50,03,512	21-6-1973
		Communication (P. & T. Board)				

(Due date 16-3-1973)

2.2. In terms of paragraph 3.9 of the 31st Report (Fourth Lok Sabha) of the Committee, the notes on excesses duly vetted by Audit should be furnished to the Committee immediately after the presentation of the Appropriation Accounts to Parliament or by 10th April, whichever is later. Accordingly, the notes explaining the excesses disclosed in the Appropriation Accounts for the year 1971-72 were due on 10th April, 1973 from the Ministries of Railways, Defence and Communications and on 18th April, 1973 from the other Ministries. However, it is regrettable that none of the notes was sent upto 5th May, 1973. As many as 11 out of 34 notes were delayed for a period of over 3 months. The note in relation to Grant No. 126—"Capital outlay in Union Territories and Tribal Areas" was sent as late as on 8th August, 1973, with the result that this Report could not be finalised by the Committee earlier to ensure regularisation of the excesses without delay. Such serious delays as have occurred despite instructions from the Ministry of Finance in May 1972, in pursuance of an earlier recommendation of the Committee vide para 2.2 of the 29th Report (1971-72), (Fifth Lok Sabha) cannot but be deprecated. The Committee would like the Ministry of Finance to take urgent steps to ensure prompt and timely submission of the notes on excesses to the Committee in future.

APPROPRIATION ACCOUNTS (CIVIL), 1971-72

MINISTRY OF FINANCE

(Department of Economic Affairs)

2.3. Grant No. 24.—Other Revenue Expenditure of the Ministry of Finance.

Original Grant	—	Rs.	32,26,34,000
Supplementary Grant	—	Rs.	19,03,48,000
Final Grant	—	Rs.	51,29,82,000
Actual Expenditure	—	Rs.	52,50,08,693
Excess	—	Rs.	1,20,26,693

2.4. Excess occurred mainly under the sub-heads "B. 6—Loss or Gain by Exchange" (Rs. 1,81,43,584) and "B. 14—Net Loss by exchange on remittance transactions (Rs. 3,00,33,704).

In a note furnished to the Committee, the Ministry of Finance (Department of Economic Affairs) have *inter-alia* stated as follows:—

2.5. The original grant of Rs. 32,26,34,000 was augmented by Rs. 19,03,48,000 by obtaining Supplementary Grants during the year 1971-72. Against the final Grant of Rs. 51,29,82,000 the actual expenditure, however, amounted to Rs. 52,50,08,693 leaving an uncovered excess of Rs. 1,20,26,693.

The excess is the net result of excesses and savings under the various sub-heads of the Grant and occurred mainly under the sub-heads B-6 Loss or Gain by Exchange (Rs. 1,81,43,584), B-7(4)—Corporation Tax Scheme (Rs. 1,27,16,747), and B-14 net loss by exchange on Remittance Transactions (Rs. 3,00,33,704), partly counter-balanced by savings chiefly under “B-3(1) (3)—Development Assistance to Qatar and other Trucial States”, “B.5(7) (3) (1)—Payment towards Risks (Marine Hulls) Reinsurance Fund”, “B.5(7) (6)—Interest payments on Central Loans undrawn for 10 years”, “B.7(3)—Excise Duty Scheme”, and “C-1—Compensation to Insurance under section 6 of the General Insurance (Emergency Provisions) Act, 1971.”

2.6. As regards excess which occurred under “B.6—Loss or Gain by Exchange (Rs. 181.44 lakhs) and “B.14—Net Loss by Exchange on Remittance Transactions” (Rs. 300.34 lakhs) the Ministry have stated:

“According to the prescribed procedure, the rupee equivalent of the Government transactions outside India are booked in the accounts at the parity rate of exchange; the difference between the parity rates and the actual rates paid on remitting the moneys from India are debited or credited to the Head “Loss or Gain by Exchange”, as the case may be. A part of the loss or gain relating to the transactions of State Governments, commercial and other paying departments and Capital Heads, is transferred to the Heads concerned whereas the rest of the amount, representing the net gain or loss, remains finally a receipt or expenditure on revenue account under the Miscellaneous Head. By their very nature such losses or gains are apt to vary from time to time and cannot be estimated precisely in advance. The provision is normally regulated on the basis of past and current trends. Accordingly, the provision on loss of exchange in respect of receipt and expenditure of civil departments (other than commercial and Capital Heads) was adopted on the available information, while for net loss by ex-

change on remittance transactions, no provision was made as no trend was discernible from the actuals of the previous years. As a result, however, of the adjustment made by the Accounts Officer after the close of the year, but in the accounts of the year, 1974-75, there were losses which could not be anticipated.

The procedure for the adjustments of these losses has been reviewed in consultation with the Comptroller & Auditor General and a revised procedure for adjustments of such losses which will facilitate better budgeting is proposed to be introduced with effect from 1974-75."

2.7. A sum of Rs. 300.34 lakhs was adjusted under the Head "B.14—Net Loss by Exchange on Remittance Transactions" without any budget provision. The explanation that no provision was made as no trend was discernible from the actuals of the previous years is not satisfactory. The Committee, however, find that a revised procedure of adjustment of such losses which will facilitate better budgeting is proposed to be introduced with effect from 1974-75. They would await the action taken in this regard.

2.8. The Committee further desire that the reason for the loss by exchange should be gone into and reported to them within three months.

MINISTRY OF HEALTH AND FAMILY PLANNING (Department of Health)

2.9. Grant No. 125.—Other Capital Outlay of the Ministry of Health & Family Planning.

Final Grant	—	Rs. 21,87,54,000
Actual Expenditure	—	Rs. 25,06,74,592
		Rs. 3,19,20,592
Excess	—	Rs. 3,19,20,592

2.10. Excess under the Grant occurred mainly under the Sub-heads "A. 1(1).—Depots" (Rs. 378.91 lakhs), and "A. 6.—Material and Equipment under USAID Programme" (Rs. 166.36 lakhs).

1922 LS-2

2.11. In a note furnished to the Committee, the Ministry of Health and Family Planning (Department of Health) have stated as follows:

"The actual expenditure under the Grant amounted to Rs. 25,06,74,592 against the final grant of Rs. 21,87,54,000 thereby causing an excess of Rs. 3,19,20,592 which needs to be regularised .

The excess occurred under the sub-heads "A. 1(1)—Depots' (Rs. 3,78,91,015), 'A. 1(4)—Clearance and handling of International Stores' (Rs. 51,056), 'A. 2—Material and equipment under TCA Programme' (Rs. 1,136) and 'A. 6—Material and equipment under USAID Programme' (Rs. 1,66,36,056). The details thereof and the reasons therefor are explained below:

A. 1(1)—Depots (+) Rs. 3,78,91,015.—The excess occurred mainly under Material Purchases (Rs. 3,62,15,139). 1971-72 was a very unusual year for the Medical Store Depots which had to additionally cater to the needs to 10 million refugees who poured into India from Bangladesh. For distribution of stores in the Eastern region where the refugees had concentrated, apart from the two regular depots at Calcutta and Gauhati, four sub-depots were opened at Duberi, Tura, Karamanj and Agartala. In the wake of the deterioration of relations with Pakistan and the threat of a conflict, two emergency sub-depots were opened at Delhi and Udhampur. The situation called for procurement of supplies on a massive scale for Civil Defence purposes and for building up of emergency reserves. Besides, the various State Governments having provided additional funds to the Primary Health Centres to buy their requirements, matching inventories had to be built up at the depots to improve the percentage of compliance of the demands. There was also unusual huge booking of expenditure towards the close of the year. All these factors resulted in the excess under 'Material Purchases.'

A small excess of Rs. 17,77,106 under 'Miscellaneous expenses' was mainly due to emergency supplies to Bangladesh refugees, more fees paid to laboratories for testing, more transportation and handling expenses for movement of stores to the sub-depots at Agaratala, Duberi, etc. and more expenditure incurred by the Central Public Works Department on maintenance of buildings at Bombay.

The additional funds to meet the above requirements could not be provided by seeking a supplementary grant as the quantification of the requirements was not possible at that stage. Besides, some

savings were anticipated under other sub-heads within the Grant which did not materialise fully.

A. 1(4)—Clearance and handling of International stores (+) Rs. 51.056: The small excess was due to move expenditure on clearance and handling of international stores as more consignments from international sources were received than anticipated.

A. 2—Material and equipment under TCA Programme (-|-) 1.136:—No provision had be made for expenditure under this sub-head and the excess is due to an unanticipated adjustment made by the Accounts Officer.

A. 6—Material and equipment under USAID Programme (+) Rs. 1,66,36,056:—The excess was due to adjustment of customs duty paid on import of DDT (Rs. 90.33 lakhs). No provision had been made in the final grant for payment of customs duty as the question of obtaining exemption for payment of customs duty was under consideration in consultation with the Ministry of Finance. The Ministry of Finance, however, agreed to exempt import of DDT 75 per cent from the levy of customs duty with effect from 25th March, 1972 only and not retrospectively. A further excess of Rs. 76.03 lakhs was due to import of DDT under USAID Loan Agreement and from USSR through the State Trading Corporation which could not be provided for in the budget.

The above excesses of Rs. 5,45,79,263 were off set by saving to the extent of Rs. 2,29,58,671 mainly under sub-heads 'A. 4—Bulk purchase of material and equipment for the intensification of Malaria Eradication Programme' (Rs. 106.62 lakhs), 'A. 8—Bulk Purchase of Contraceptives and equipment for intensification of Family Planning Programme' (Rs. 50.57 lakhs)' 'A. 12—Bulk purchase of material and Equipment for National Small Pox Eradication Programme' (Rs. 35 lakhs), 'A. 10—Cost of equipment supplied by UNICEF' (Rs. 7 lakhs) and 'A. 11—Bulk purchase of material and equipment for National Trachoma Programme' (Rs. 4 lakhs) leaving a net excess of Rs. 3,19,20,592 under the Grant which needs to be regularised.

2.12. An excess expenditure of Rs. 1.66 crores was incurred under the head "A.6—Material and Equipment under USAID Programme". A part of this excess (Rs. 76.03 lakhs) was due to import of DDT under USAID loan agreement and from USSR through the State

Trading Corporation which was not provided for in the Budget. The circumstances under which this expenditure could not be anticipated may be reported to the Committee. Further, the Committee desire that there should be effective coordination with the importing agencies.

2.13. The Committee would like to know the basis for the settlement of price of DDT under USAID loan agreement and whether it was competitive.

Ministry of Home Affairs

Grant No. 51. A—Mizoram

2.14 Original Grant	Rs. 1,40,43,000
Supplementary Grant	—
Final Grant	<u>Rs. 1,40,43,000</u>
Actual Expenditure	Rs. 1,59,03,162
Excess	<u>Rs. 18,60,162</u>

2.15. Excess occurred mainly under the sub-heads "C. 3.—Public Health" (Rs. 8.72 lakhs), "D. 1.—Public Works" (Rs. 4.09 lakhs) and "E. 1.—Famine Relief" (Rs. 28.76 lakhs).

2.16. In a note furnished to the Committee, the Ministry of Home Affairs have explained the reasons for the excess as follows:—

"Mizo District, formerly a part of Assam, became a Union Territory with the name "Mizoram" with effect from 21st January, 1972 under Section 6 of the North-Eastern Areas (Re-organisation) Act, 1971. A Presidential order had been issued under Section 44(5) of the said Act authorising an expenditure not exceeding Rs. 234.89 lakhs (For Revenue, Capital and Loans and Advances) from the Consolidated Fund of India for the period from 21st January to 31st March, 1972 for administration of the affairs of Mizoram pending sanction of the expenditure by Parliament. This included Rs. 157.62 lakhs on Revenue Account. It was later estimated that a provision of Rs. 140.43 lakhs would be required to meet the expenditure during the above period and a supplementary grant of Rs. 140.43 lakhs was accordingly obtained under the new Grant "51-A-Mizoram" in March, 1972. The actual expenditure, however, amounted to Rs. 1,59,03,162, thereby causing an excess of Rs. 18,60,162 which needs to be regularised.

2. The estimates furnished by the Union Territory Administration were based, by and large, on the Mizo District Budget of the previous year which had been approved by the Government of Assam. These did not project the actual requirements of the Administration and the provision could thus be made on an *ad-hoc* basis.

3. The excesses occurred under sub-heads "C. 3-Public Health" (Rs. 8.72 lakhs), "D. 1-Public Works" (Rs. 4.09 lakhs) and "E. 1-Famine Relief" (Rs. 28.76 lakhs) and the reasons therefor are explained below:

(i) *C. 3-Public Health* (+Rs. 8,72,524)

The excess had occurred because of a confusion about the head of account to which expenditure on the establishment of the Executive Engineer, Public Health and Engineering and Emergency Water Supply Scheme was to be booked, as the latter scheme was actually being implemented by the Public Works Department. In the meanwhile, the life of the town depended upon the continued execution of the Emergency Water Supply Scheme and making running payments to the contracted carriers of water. By the time the confusion was sorted out, the financial year had run out and the expenditure had already been incurred. In the special circumstances, the excess could not be foreseen earlier and provided for.

(ii) *D. 1-Public Works* (+ Rs. 4,09,210)

The excess was due to the inability of the new Union Territory to correctly estimate the requirement of funds as they were dependent on the Heads of Departments in Shillong for such matters before the formation of the Union Territory.

(iii) *E. 1-Famine Relief* (+ Rs. 28,76,000)

Following the famine of 1961, dislocation of agricultural economy since disturbances of 1966 and subsequent regrouping of Mizo villages, relief was provided in various forms by the erstwhile Govt. of Assam. Due to the cyclone in October, 1971, people failed to harvest their crop and the situation deteriorated further. The relief measures had, therefore, to be increased after the constitution of the Union Territory by providing test relief and gratuitous relief to thousands of people covering about 2/3 of Mizoram. A total amount of Rs. 30.76 lakhs had to be sanctioned against an *ad-hoc* budget provision of Rs. 2 lakhs only. The excess expenditure was inevitable and the magnitude of the relief measures could not be estimated accurately by the new Union Territory.

4. The above excesses and minor excesses under other sub-heads in the Grant were partly off-set by savings under other sub-heads, leaving a net excess of Rs. 18,60,162 which requires to be regularised.

2.17. An excess of Rs. 8.73 lakhs occurred under the head "C.3—Public Health" against the budget provision of Rs. 9.42 lakhs. It is indeed surprising that this was due to a confusion about the head of account to which expenditure on the establishment of Executive Engineer, Public Health Engineering and Emergency Water Supply Scheme was to be booked, which could not be sorted out during the year. The Committee trust that such doubts will be resolved promptly in future and effective budgetary control ensured.

Ministry of Home Affairs

2.18. Grant No. 126.—Capital Outlay in Union Territories and Tribal Areas.

Charged

Original Grant	Rs.	2,09,00,000
Supplementary Grant	Rs.	1,50,10,000
Final Grant	Rs.	3,59,10,000
Actual Expenditure	Rs.	3,59,26,799

Excess Rs. 16,799

Voted

Original Grant	Rs.	25,79,28,000
Supplementary Grant	Rs.	2,49,93,000
Final Grant	Rs.	28,29,21,000
Actual Expenditure	Rs.	29,86,46,472

Excess Rs. 1,57,25,472

2.19. In a note furnished to the Committee, the Ministry of Home Affairs have stated as follows:

"There were excesses both under the 'Voted' and 'Charged' sections of the Grant. The original provisions of Rs. 2579.28 lakhs under the 'Voted' and Rs. 209 lakhs under the 'charged' sections were augmented by obtaining supplementary grant/appropriation of Rs. 249.93 lakhs and Rs. 150.10 lakhs respectively in March, 1972. The actual expenditure, however, amounted to Rs. 29,86,46,472 under the 'voted and Rs. 3,59,26,799 under the 'charged' sections against the

final grant| appropriation of Rs. 28,29,21,000 and Rs. 3,59,10,000 respectively, leaving unconvered excesses of Rs. 1,57,25,472 and Rs. 16,799 under the respective sections which need to be regularised.

The overall excesses of Rs. 1,57,25,472 and Rs. 16,799 were the net result of excesses and savings under various sub-heads in the Grant and occurred mainly under sub-heads 'E. 1—Navigation, Embankment and Drainage Works, E. 1—(1)—Works' (Rs. 2,86,018) under the 'charged' section and sub-heads 'C. 2—(1) Contribution to the share capital of cooperative Societies' (Rs. 5,99,814); 'E. 1(1)—Works' (Rs. 3,68,711); 'F. 1-Electricity Schemes' (Rs. 4,22,677); 'G. 1 (1)-Housing' (Rs. 2,83,960); 'G. 1(2)—Other Civil Buildings' (Rs. 2,40,586); 'G. 2(1)—Construction of other Roads' (Rs. 99,19,422); 'H. 1(2)—Other Civil Buildings' (Rs. 35,55,393); 'H. 1(3)—Large Scale Acquisition and Development of Land' (Rs. 3,83,526); 'J. 2—Landing facilities for construction of jetties—J. 2(6) Suspense' (Rs. 70,26,414); 'J. 3—Landing and Berthing facilities for Fisheries Craft' (Rs. 4,75,44); 'L 2—Ships for Inter-Island Service.—L. 2(2).—U.T. Plan' (Rs. 4,58,950); and 'No. 2—Procurement of Food-stuffs and other Commodities' (Rs. 12,00,769) under the 'voted' section for the reasons explained below:—

'Charged Section'

E. 1(1)-Works (Rs. 2,86,018)—Additional land compensation awarded by the Court which could not be anticipated and provided for.

'Voted Section'

C. 2(1)—Contribution to the share capital of Cooperative Societies (Rs. 5,99,814)

Working adjustment under this sub-head of expenditure debitable to sub-head 'C. 2(2)' resulting in corresponding savings under that sub-head.

E. 1(1)-Works (Rs. 3,68,711)

Accelerated progress of works.

F. 1-Electricity Schemes (Rs. 4,22,677)

Taking up of over-head transmission lines and accelerated progress of Micro-hydel schemes in Arunchal Pradesh which could not be anticipated earlier (Rs. 5,57,351) partly counterbalanced by savings in the provision for expenditure in other Territories.

G. 1(1)—Housing (Rs. 2,83,960)

Acceleration of the building works in Andaman and Nicobar Islands to bring those to the desired level with a view to prevent the whole works being spoiled during the rainy season (Rs. 11,74,480) partly counter-balanced by savings in the provision for expenditure in other Territories.

G. 1(2)—Other Civil Buildings (Rs. 2,40,586)

Unanticipated accelerated progress on buildings for the various Development Departments in Arunachal Pradesh (Rs. 4,26,837) partly counterbalanced by the shortfall in expenditure in other Territories.

G. 2(1)—Construction of other Roads (Rs. 99,19,422)

Unanticipated accelerated progress on important road works in Arunachal Pradesh and on the Great Andaman Trunk Road including the construction of embankments, cross-drainage and bridges thereon which had to be completed before the onset of the rains.

H. 1(2)—Other Civil Buildings (Rs. 35,55,393)

Unanticipated payment of the cost of land for building works in Delhi (Rs. 27.45 lakhs); wrong adjustment of expenditure on the construction of Residential schools for blind children and Home for infirm and aged baggars in Delhi (Rs. 7.73 lakhs); and payment for the extra steel obtained from the Central Stores Division for the Delhi High Court Building (Rs. 0.37 lakhs).

H. 1(3)—Large Scale Acquisition and Development of land (Rs. 3,83,526)

Accelerated progress of acquisition of land and its development.

J. 2(6)—Suspense (Rs. 70,26,414)

Mis-classification of expenditure.

J. 3—Landing and Berthing facilities for Fisheries Crafts (Rs. 4,74,044)

Increased tempo in works.

I. 2(2)—U.T. Plan (Rs. 4,58,950)

Balance payment towards the cost of the touring vessel M. V. Tarmugli which was anticipated to be made during 1970-71.

N. 2—Procurement of food stuffs and other commodities (Rs. 12,00,769)

Insufficient provision of funds for adjustment of establishment charges through oversight.

The above excesses aggregating Rs. 2,49,35,266 under the 'voted' section and Rs. 2,86,018 under the 'charged' section and minor excesses under other sub-heads were partly counterbalanced by savings under the remaining sub-heads in the Grant leaving net excess of Rs. 1,57,25,472 under the 'voted' and Rs. 16,799 under the 'charged' sections of the Grant which need to be regularised.

2.20. The Committee are somewhat concerned to find mis-classification of expenditure of the order of Rs. 70.26 lakhs under "J.2(6)—Suspense" and insufficient provision of funds to the extent of Rs. 12 lakhs for adjustment of establishment charges through oversight under "N.2—Procurement of Foodstuffs and other commodities". The Committee desire that the responsibility for the lapses will be fixed and suitable action taken against the officials concerned.

Ministry of Labour and Rehabilitation

2.21. Grant No. 66—Expenditure on Displaced Persons.

Original Grant	Rs. 41,57,45,000
Supplementary Grant	Rs. 80,00,00,000
Final Grant	Rs. 111,57,45,000
Actual Expenditure	Rs. 152,86,45,198
Excess	Rs. 31,29,00,198

2.22. Excess occurred mainly under the Group head "C—Relief and Resettlement of Exacuees from Bangla Desh" (Rs. 46,45,48,111). The percentage of excess under this grant as a whole works out to be 25.7.

2.23. In a note furnished to the Committee, the Ministry of Labour and Rehabilitation (Department of Rehabilitation) have *inter-alia* stated as follows:—

"The Original Grant of Rs. 4157.45 lakhs was augmented by obtaining a supplementary grant of Rs. 80 crores in August, 1971 for meeting the additional direct expenditure. On 'Relief and resettlement of evacuees from Bangla Desh'. The actual expenditure, however, amounted to Rs. 152,86,45,198 leaving an excess of Rs. 31,29,00,198 over the sanctioned provision which needs to be regularised. The excess was mainly due to the following reasons:—

- (i) Adjustment of foreign aid gift articles of the value of Rs. 16,95,20,283 which would otherwise have been supplied directly to the State Governments but had to be routed through the Central Government accounts due to administrative difficulties in arranging direct supplies to the State Governments. There is a corresponding credit of Rs. 16,15,94,000 under "Recoveries".

(Unanticipated debits of Rs. 7,65,31,824 raised by Civil and Defence Accounts Officers on account of value of medical stores, etc.

- (iii) **Post-budget decision to treat the tents and tarpaulins** which were supplied to the State Governments (including the Union Territory (now State of Tripura) of the value of Rs. 6,67,98,583 as property of the Government of India and adjust the cost thereof as direct expenditure of the Government of India instead of grants-in-aid to the State Governments.

Having regard to the vast magnitude of the problems created by the influx of the evacuees, the number of unpredictable factors involved in the expenditure incurred by a number of departments and the considerable time lag in the receipt of expenditure figures from those departments, the excess expenditure could not be foreseen and provided for

2.24. The Committee are concerned to find that the final grant under the group-head "C—Relief and Resettlement of evacuees from Bangla Desh" was exceeded by Rs. 46.45 crores. This was partly due to adjustment of foreign-aid gift articles of the value of Rs. 16.95 crores which had to be routed through the Central Government accounts and due to the post-budget decision to treat tents and tarpaulins of the value of Rs. 6.68 crores which were supplied to the State Governments as property of the Government of India and adjust the cost thereof as direct expenditure. The Committee would very much like to know why the effect of these could not be anticipated at least at the time of preparation of the revised estimate and adequate funds provided for in the Supplementary Budget. They hope that in future revised estimates will be prepared with care so that there may not be any appreciable excess over voted grants.

2.25. The Committee would also like to know whether any case of corrupt practice or pilferage or wasteful expenditure has come to notice in the above transaction and if so, the action taken against the delinquent officials.

Ministry of Shipping and Transport (Roads Wing)

2.26. Grant No. 74—Roads.

Charged

Original Appropriation	Rs.	10,000
Actual Expenditure	Rs.	63,824
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Excess	Rs.	53,824
		<hr/>

Voted

Original Grant	Rs.	24,40,15,000
Actual Expenditure	Rs.	25,69,90,935
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Excess	Rs.	2,29,75,935
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2.27. In charged section the excess occurred under "A2 (4) Grants-in-aid, Contributions" (Rs. 53,824).

2.28. In the voted portions of the Grant the excess occurred mainly under the sub-head "A. 4(1)—Maintenance of National Highways" (Rs. 2,58,03,297).

2.29. For the past several years the expenditure exceeded the grant continuously. Excesses occurred during 1971-72 also as in the past over a decade, mainly under "Maintenance of National Highways".

2.30. The excesses that occurred under this head continuously from 1959-60 to 1970-71 are as indicated below:

Year	Amount of Excess in lakhs
1959-60	13.97
1960-61	16.29
1961-62	11.15
1962-63	36.26
1963-64	15.99
1964-65	32.63
1965-66	39.17
1966-67	63.12
1967-68	35.80
1968-69	35.20
1969-70	84.60
1970-71	154.97
1971-72	258.03

2.31. In a note furnished to the Committee, the Ministry of Shipping and Transport (Road Wing) have stated as follows:

"There was an excess both in the 'Voted' and 'Charged' sections of the Grant. The actual expenditure was Rs. 26,69,90,935 against the final grant of Rs. 24,40.15 lakhs in the 'voted' section and Rs. 65,824 against the final appropriation of Rs. 10,000 in the 'charged' section thereby causing excesses of Rs. 2,29,75,935 and Rs. 53,824 under the two sections respectively which needs to be regularised.

2. The overall excess of Rs. 2,29,75,935 in the 'voted' section was the net result of excesses and savings under the various sub-heads in the Grant. The excesses occurred under the sub-heads 'A. 4(1)—maintenance of National Highways' (Rs. 2,58,03,297), 'A. 4(3)—Maintenance of Border Roads' (Rs. 91,313), 'A.5(1)—Repairs' (Rs. 1,24,622),

'A. 6—Payment of Capital expenditure on Grants for Development' (Rs. 76,812) and 'B. 4—Original Works' (Rs. 13,709) as explained below:

A. 4(1)—Maintenance of National Highways (Rs. 2,58,03,297)

A provision of Rs. 1350 lakhs had been made in the Budget for 1971-72 for maintenance of National Highways. A further amount of Rs. 52.84 lakhs was re-appropriated to the sub-head out of savings under other sub-heads in the Grant. Thus allotments aggregating Rs. 1,402.84 lakhs were made to the States for maintenance of National Highways during 1971-72. The actual expenditure, however, amounted to Rs. 16,60,87,297 revealing excesses aggregating Rs. 2,76,90,625 in certain States as shown below:

Andhra Pradesh (Rs. 6,17,893), Assam (Rs. 92,52,503), Gujarat (Rs. 4,34,570), Haryana (Rs. 1,45,362), Himachal Pradesh (Rs. 7,51,664), Madhya Pradesh (Rs. 9,63,785), Maharashtra (Rs. 1,29,128), Kerala (Rs. 1,11,842), Meghalaya (Rs. 16,424), Mysore (Rs. 60,419), Nagaland (Rs. 9,90,931), Manipur (Rs. 1,79,389), Punjab (Rs. 4,96,723), Uttar Pradesh (Rs. 3,17,236), West Bengal (Rs. 52,86,188), Delhi (Rs. 5,260) and on account of Maintenance charges of Brahmaputra Bridge at Pandu (Rs. 79,31,308).

As a result of savings amounting to Rs. 18,87,328 in other States and in the provision for maintenance charges of Ferry Vessels at Pandu, the net excess was reduced to Rs. 2,58,03,297. This excess was mainly due to the fact that every heavy rains in some of the States like Himachal Pradesh, Madhya Pradesh and Nagaland had caused extensive damage to the National Highways which consequently required immediate attention. Heavy floods causing damage and requiring immediate action to keep the lines of communication open were one of the major contributory causes of the excess in West Bengal. The excess in case of Assam was due to the unprecedented movement of troops necessitated during the last Indo-Pak. conflict. In addition, there was also movement of large quantities of food to Baghmara requiring additional maintenance works. The heavy rains and floods had also been a contributing factor. Since the excess in the case of Assam is unusually high, the matter is being investigated separately and on knowing the results of that investigation the causes which led to the excess will be looked into in greater detail to ensure that such situations do not recur in future. In States like Uttar Pradesh, Meghalaya, Mysore, etc. the total excess was a sum total of petty excesses spread over various Divisions of the State Public Works Departments.

A. 4(3)—Maintenance of Border Roads (Rs. 91,313)

The small excess of Rs. 91,313 against the final grant of Rs. 219.88 lakhs is petty and was mainly due to more expenditure on maintenance of Border Roads in West Bengal with a view to keep the roads through and save these from the monsoon damages.

A. 5(1)—Repairs (Rs. 1,24,622)

The excess was due to adjustment of expenditure on Defence Accounts Department establishment under this sub-head instead of "A. 4(3)".

A. 6—Payment of Capital expenditure on Grants for Development, (Rs. 76,812)

The excess was due to wrong adjustment(s) by an Accounts Officer.

B. 1—Original Works (Rs. 13,709)

The excess was due to readjustment of expenditure previously booked under Major Head "103".

The above excesses of Rs. 2,61,09,753 were off set by savings of Rs. 31,33,818 under other sub-heads leaving a net excess of Rs. 2,29,75,935 in the 'voted' section of the Grant which needs to be regularised.

The actual expenditure in the 'charged' section was Rs. 63,824 against the final Appropriation of Rs. 10,000 thereby resulting in an excess of Rs. 53,824. The excess had occurred under sub-head "A.2 (4)—Grants-in-aid, Contributions, etc." because of larger payment of compensations than anticipated in satisfaction of various awards in land acquisition cases. The expenditure on the payment of awards is 'charged' on the Consolidated Fund of India under Article 112 (3) (f) of the Constitution. The correct procedure in regard to the incurring of 'charged' expenditure over and above the sanctioned appropriation has been brought to the notice of all concerned to ensure that no expenditure in excess of the sanctioned appropriation is incurred in future. A copy of the communication issued is enclosed.

The sub-head 'Maintenance of National Highways' has been showing excesses over the years. The reasons therefore are explained hereafter. The road works under the administrative control of this Ministry are executed through the agency of the State Public Works

Departments and the Central Public Works Department. Provision in the budget is made on the basis of estimates received from the various executing agencies. They in turn are guided by their subsidiary establishments such as the Chief Engineers, Superintending Engineers, Divisional Engineers, etc., who are incharge of actual execution of the works. The Government of India invariably impress upon the States the need for restricting the expenditure to the amounts of allotments and this stipulation is also made in the letters sanctioning the allotments of funds. Several instructions have been issued to the States from time to time to discipline their expenses. Some of the States have, however, failed to restrict the expenditure to the allotments made to them, which as explained in para 2 above, became unavoidable. The extra expenditure had to incurred on inescapable repairs in order to keep the lines of communications intact especially in view of un-anticipated movement of troops in certain sectors and unprecedented floods/rains during the financial year.

As already explained above, the existing arrangements for execution of National Highway Works, including their maintenance, through the agency of the State Governments are the major factor responsible for the absence of an effective control over expenditure against authorised grants. Since the executing staff is responsible to the State Governments and direct answerability to the Central Government is not there, the financial control, to whatever extent possible, can only be exercised through the State Governments. The responsibility for the National Highways resting with the Central Government under the constitution, the expenditure thereon is a Central responsibility and the unauthorised/excess expenditure can not be made a direct responsibility of the State Governments.

In pursuance of the various recommendations of the Public Accounts Committee in regard to the need for controlling the excesses in the expenditure on the maintenance and repairs of National Highways, the Central Government have taken a number of measures for a rigid control on the distribution of funds to the States and their utilisation by them for the construction, development, maintenance and repairs of National Highways as well as enforcing rigid regulatory control over it. The various measures taken and the guidelines prescribed to streamline the procedure for execution of the works on the National Highways are indicated below:

(i) Close watch over the pace of expenditure

(i) In accordance with the existing instructions, the State Governments are required to furnish monthly returns of expenditure

against the allotments sanctioned by the Government of India. These returns are scheduled to be received by the 20th of the month following the one to which these relate. On receipt of the returns, these are examined in the Ministry and any tendency to exceed the sanctioned allotments is invariably brought to the notice of the State Governments so as to check the probability of excess over the allotments made. In addition, the States are also requested to locate the precise reasons for the excesses fix responsibility for the defaults and take action against the defaulters, to prevent any recurrence. (b) In case of States found to be irregular in the submission of the returns, the matter is followed by the issue of regular reminders impressing upon them the imperative need for the prompt submission of the monthly statements of expenditure.

(ii) *Allocation of funds*

In order to restrict the scope for excesses, funds are allocated not in lump sum but sub-head-wise (e.g. ordinary repairs, renewals, special repairs, special crust repairs and flood damage repairs) and a watch is kept over the expenditure according to these sub-head-wise allotments.

(iii) *Use of Regional Offices of the Ministry for exercising control in the matter*

The Ministry has at present six regional offices in the country and Engineer Liaison Officers in all the States. An attempt is being made to also use them, to the extent feasible, for keeping a watch over the pace of expenditure and to check tendencies of unnecessary increase in the expenditure beyond sanctioned allotments;

(iv) The States have been requested to ensure intimation of the Division-wise allotments and sub-head-wise and National Highway-wise expenditure against those allotments to the Regional Officers/Engineers Liaison Officers and to the Ministry to enable them also to keep a watch on the progress of the expenditure and to take action in time, wherever necessary.

(v) The State Accountants General have been requested to consider the possibility of keeping a watch over the expenditure sub-head-wise and to reflect it division-wise in the quarterly expenditure returns sent by them to the Ministry so that it could provide a

further check to detect any tendency towards exceeding the sanctioned allotments and to facilitate suitable action being taken in the matter by the Ministry.

(vi) *Additional Measures*

Following the recommendations of a Technical Group comprising the representatives of five States and headed by the Director General (Road Development) specific norms have been laid down for the provision of maintenance grants under specified sub-heads (ordinary repairs, periodic renewals, restoration of flood repairs, special repairs etc.) and grants are now allocated according to these sub-heads on the basis of the norms laid down by the Technical Group within the available funds and progress of expenditure is also watched for each sub-head separately. This facilitates a much tighter control over the expenditure and checks any tendency to exceed the sanctioned allotments to a great extent. The question of modifying these norms due to general increase in prices all round is under consideration at present.

(vii) Instructions have been issued to States to make arrangements for a constant vigil by the State Chief Engineers to see that the monthly expenditure returns sub-head-wise and National Highway-wise, received by them from each Division are subjected to close scrutiny at the Chief Engineer's level so that prompt and timely action could be taken on the basis of the monthly returns to arrest any likely-head or tendency towards excesses over sanctioned allotments.

(viii) The States have been advised to approach the Central Government well in time and, in any case, by December at the latest, for more funds if rendered necessary and unavoidable after submission of the revised estimates for works like flood damage repairs or any other unforeseen requirement duly supported by complete justification indicating the progress of expenditure till the stage of demand, the likely expenditure during the remaining period of the year and explaining why the demand could not be included in the revised estimates, so that the demand could be examined by the Government of India to secure, if admissible, a supplementary grant/advance from the Contingency Fund of India to avoid unnecessary excesses. No expenditure is, however, to be incurred in any case unless sanctioned by the Government of India.

(ix) The Chief Secretaries of State Governments have also been addressed in the matter with the indication that if the tendency towards continued excesses over sanctioned grants is not

checked, the Government of India may be driven to the painful necessity of considering measures for restricting the expenditure to actual expenditure only as may be warranted on the merits of each case. As a result, further instructions have been issued by the State Governments to all concerned in the State Public Works Departments to tighten up the financial control to see that the expenditure does not exceed the sanctioned allotments.

It is hoped that as a result of all these measures the position would improve in the years to come. The question of evolving a revised budgetary procedure to check the consistent excesses is also under consideration in consultation with the Comptroller and Auditor General."

2.32. The Committee take a very serious view of the consistent excesses recorded under the head "A.1(4)—Maintenance of National Highways". The excesses which ranged from Rs. 11.15 lakhs to Rs. 154.97 lakhs during the period 1959-60 to 1970-71 have touched an all time high of Rs. 258.03 lakhs during 1971-72. States of Assam and West Bengal accounted for a major portion of the excess during 1971-72. The Committee were informed that the excess in the case of Assam was due mainly to the unprecedented movement of troops necessitated by the Indo-Pak conflict; heavy floods causing damage and requiring immediate action to keep the lines of communication open were one of the major causes of excess in West Bengal. They would, however, await the outcome of the investigation of the unusually large excess of Rs. 92.53 lakhs in Assam. The excess of Rs. 79.31 lakhs under "Maintenance of Brahmaputra Bridge "should also be investigated with a view to taking suitable action and fixing responsibility.

2.33. A number of measures have either been taken or proposed to be taken in pursuance of the earlier recommendations of the Committee to control the excesses in the expenditure on the maintenance and repairs of National Highways. The Committee note that specific norms have now been laid down for the provision of maintenance grants under specified sub-heads and grants are allocated according to these sub-heads on the basis of the norms laid down and progress of expenditure is also watched for each sub-head separately. The question of modifying these norms due to general increase in prices all round is stated to be under consideration. Further, the State Governments have been advised that no expenditure should be incurred in any case unless sanctioned by the Government of India. According to the Ministry the position would improve in the years to come, which the Committee would

like to watch. The Committee would urge that the question of evolving a revised budgetary procedure to check consistent excesses should be decided expeditiously in consultation with the Ministry of Finance and the Comptroller and Auditor General of India.

MINISTRY OF WORKS AND HOUSING

2.34. Grant No. 86.—Public Works.

Original Grant	Rs. 45,59,06,000
Supplementary Grant	Rs. 5,00,00,000
Final Grant	Rs. 50,59,06,000
Actual Expenditure	Rs. 53,89,47,247
Excess	Rs. 3,30,41,247

2.35. Excess occurred mainly under the sub-heads "A. 1—Original Works", "A. 1(1) (1)—Major Works" (Rs. 3.39 lakhs), "A. 3(2)—Executive Establishments (Rs. 32.11 lakhs) and "A. 7(2)—Other Suspense Accounts, A.7(2) (1)—Charges" (Rs. 179.73 lakhs).

2.36. In a note furnished to the Committee, the Ministry of Works and Housing have stated as follows:—

The Original Grant of Rs. 4559.06 lakhs was augmented by obtaining a supplementary grant of Rs. 5 crores in March, 1972. The actual expenditure, however, amounted to Rs. 53,89,47,247 against the final grant of Rs. 50,59,06,000 leaving an uncovered excess of Rs. 3,30,41,247 which needs to be regularised.

2. The overall excess of Rs. 3,30,41,247 was the net result of excesses and savings under various sub-heads of the Grant and occurred mainly under the following sub-heads:—

Sub-head	Final Grant	Actual Expenditure	Excess
(In lakhs of Rupees)			
A. Public Works:			
A. 1 Original Works:			
A. 1 (1) Buildings			
A. 1(1) (1) Major Works (voted)	0·6·38 R+0·51	6·89	10·28 + 3·39
A. 3—Establishment :			
A. 3(2) Executive Establishment	0 566·56 R—22·40	544·16	576·27 + 32·11
A. 7(2)—Other Suspense Accounts:	0 1650·00	1836·76	2016·49 + 179·73
A. 7 (2)(1) Charges	R+186·76		

The reasons for the excess under the above sub-heads are briefly explained below:

A. 1(1) (1) Major Works (+3.39 lakhs)

The excess was mainly due to:

- (i) adjustment of an expenditure of Rs. 1.17 lakhs representing storage charges, which will ultimately be brought to nil, at the time of adjustment of the Profit and Loss Account of stock;
- (ii) incorrect booking of an expenditure of Rs. 2.43 lakhs which was required to be booked under 'A. 5 Furniture' under which there had been a saving of Rs. 1.65 lakhs.

The wrong booking of expenditure came to notice when the accounts were finally closed in the Accounts Office.

A. 3(2)—Executive Establishment (+32.11 lakhs).

The excess was mainly due to errors in classification of expenditure within the group head 'A. 3 Establishment'. As a result of mis-classification under this sub-head, there was corresponding saving under 'A. 3(1)—Direction' (Rs. 3.81 lakhs), 'A. 3(3) (1) Ordinary Establishment' (Rs. 4.60 lakhs) and 'A.3(3) (2) Work-charged staff converted to regular Establishment' (+Rs. 24.77 lakhs), which covered the entire excess of Rs. 32.11 lakhs under this sub-head. Such cases of mis-classification are, however, likely to be eliminated in future due to revision of the Forms and contents of the Demands for Grants.

A. 7 Suspense

The Original Budget include a provision of Rs. 2699.99 lakhs under group head "A.7 Suspense" against which the Engineer-in-Chief had proposed revised estimates of Rs. 3588.64 lakhs. The increase was due to rise in the cost of building materials, including freight charges, and increase in the work load of the Central Public Works Department. In view of the urgent need for economy in expenditure, an additional provision of Rs. 5 crores only was made under the group head "A. 7 Suspense" and the Chief Engineers were advised to restrict the expenditure to the extent of the budget grant plus the additional amount. The expenditure under the group head, however, exceeded the final grant by Rs. 179.73 lakhs under sub-head "A 7(2)-Other Suspense Accounts".

A.7(2) Other Suspense Accounts:

A. 7(2) (1) *Charges (+179.73 lakhs)*

The excess was mainly due to the following:

- (i) Non-receipt of deposit (Rs. 6.81 lakhs) in time from the Food Corporation of India. The Superintending Engineers, etc. have been advised to ensure that excess due to non-receipt of deposits in time do not recur in future.
- (ii) Receipt of more Accountant General's Memoes than anticipated.
- (iii) Non-adjustment of outstanding suspense accounts under "Purchases" and "Miscellaneous Advances".
- (iv) 100 per cent advance payments made to the firms for purchase of steel.
- (v) Deposit of Rs. 6.64 lakhs with Delhi Electric Supply Undertaking which will be refunded to the Central Public Works Department on completion of the Works.

The excesses under the above sub-heads and minor excesses under certain other sub-heads were partly counter-balanced by savings under other sub-heads of the Grant, leaving a net excess of Rs. 3,30,41,247 in the Grant as a whole.

2.37. The Committee find that although the Engineer-in-Chief had proposed a revised estimate of Rs. 3588.64 lakhs against the budget estimate of Rs. 2699.99 lakhs under the group-head "A.7—Suspense", only an additional provision of Rs. 500 lakhs was made by Government in view of the urgent need of economy in expenditure and the Chief Engineers were advised to restrict the expenditure to the extent of the budget grant increased by this additional amount. However, strangely enough, the expenditure under the sub-head "A.7(2)—Other Suspense Account" exceeded the final grant of Rs. 1836.76 lakhs by Rs. 179.73 lakhs. The Committee take a serious view of the laxity shown in the financial control exercised by the Chief Engineers concerned despite instructions from Government. They would accordingly suggest that the matter should be examined and appropriate action taken against those concerned.

2.38. An excess of Rs. 32.11 lakhs under the head "A.3(2)—Executive Establishment" has been explained as mainly due to errors in classification of expenditure within the group-head "A.3—Establishment". As such mis-classifications vitiate budgetary control, the Committee desire that responsibility should be fixed and suitable action taken against the persons concerned.

APPROPRIATION ACCOUNTS (DEFENCE SERVICES)
1971-72

2.39. Grant No. 2.—Defence Services. Effective Army.

Original Grant	Rs. 8,13,76,00,000
Supplementary Grant	Rs. 1,45,03,50,000
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Final Grant	Rs. 9,58,79,50,000
Actual Expenditure	Rs. 10,43,74,86,194
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Excess	Rs. 84,95,36,194

2.40. Excess occurred mainly under the sub-heads "A.-Pay and Allowances of the Army" (Rs. 133.41 lakhs), "D. Transportation" (Rs. 1187.61 lakhs), "F. i-Military Farms" (Rs. 67.11 lakhs), "F. 2.-Ordnance and Clothing Factories" (Rs. 4184.81 lakhs), "F. 3-Research and Development Organisations" (Rs. 147.64 lakhs), "F. 4.-Inspection Organisations" (Rs. 161 lakhs), "G.-Expenditure on Stores (Rs. 2354.32 lakhs) and "H.-Expenditure on Works" (Rs. 397.37 lakhs).

2.41. In a note furnished to the Committee, the Ministry of Defence have stated as follows:

"The Original Grant of Rs. 81376 lakhs was augmented by obtaining a supplementary grant of Rs. 14503.50 lakhs in March, 1972. The actual expenditure, however, amounted to Rs. 10,43,74,86,194 leaving an uncovered excess of Rs. 84,95,36,194 which needs to be regularized by Parliament in accordance with Article 115 of the Constitution. The excess was the net result of excesses and savings under various sub-heads of the Grant and occurred mainly under the sub-heads indicated below:—

Sub-Head	Final Grant	Actual Expenditure	Excess
(In lakhs of Rupees)			
A. Pay and Allowances of the Army	28418.00	28551.41	133.41
D. Transportation	3951.00	5138.61	1187.61
F. <i>Manufacturing and Research Establishments</i> :			
F. 1—Military Farms	748.50	815.61	67.11

	1	2	3	4
F. 2—Ordnance and Clothing Factories		15298·15	19482·96	4184·81
F. 3—Research and Development Organisation		1727·25	1874·89	147·64
F. 4—Inspection Organisation		1525·10	1686·10	161·00
G.—Expenditure on Stores (Other than for manufacturing and Research Establishments and Military Engineering Services (excluding Engineer Stores Depots)		30231·40	32585·72	2354·32
H.—Expenditure on Works (Chargeable to Revenue), Maintenance, etc.		4685·00	5082·37	397·37

The reasons for the excesses are explained below:—

“A—Pay and Allowances of the Army” (Rs. 133.41 lakhs).

More expenditure on field service concessions to Other Ranks than anticipated.

“D—Transportation”—(Rs. 1187.61 lakhs)

Large scale movement of personnel and stores in connection with the Indo-Pak conflict.

“F. MANUFACTURING AND RESEARCH ESTABLISHMENTS”

‘F. 1—Military Farms’—(Rs. 67.11 lakhs)

(i) Additional purchase of milk to meet requirements of the ‘Prisoners of War Camps’ and increase in the rate of skimmed milk powder and other dairy products—(Rs. 54.51 lakhs); (ii) increase in transportation charges due to engagement of hired transport for movement of fodder in Rajasthan necessitated by the Indo-Pak conflict—(Rs. 11.65 lakhs); and (iii) Pay and Allowances (Rs. 2.51 lakhs) and Miscellaneous expenses (Rs. 1.37 lakhs) due to opening of new depots, partly offset by lesser expenditure on purchase of fodder because of shortfall in supply from contractors (Rs. 2.93 lakhs).

‘F. 2—Ordnance and Clothing Factories’—(Rs. 4184.81 lakhs).

(i) Additional expenditure on purchase of materials (Rs. 3562 lakhs) due to unexpected/unprecedented heavy flow of supplies during the last 3 months of the year against indents|special indents on the Central Purchase Organisation. Prompt payments on account of these supplies resulted in excess expenditure. In the wake

of emergency, vigorous action had been taken to ensure prompt supply of materials required for meeting the increased targets of production and in many cases the delivery dates on ATS were also advanced. The General Managers of the Factories had been invested with special powers for procurement of materials so that production did not suffer for want of the same. The overall effect of all these measures could not, however, be assessed fully resulting in an excess;

(ii) Customs Duty (Rs. 206 lakhs) and Transportation and Miscellaneous expenses (Rs. 80 lakhs). These charges being directly related to purchase of materials, heavier expenditure on the purchase of materials resulted in excesses under these items also;

(iii) Pay and Allowances (Rs. 267 lakhs) due to overtime working in factories with a view to step up production to the optimum in the wake of the emergency;

(iv) Works (chargeable to Revenue) (Rs. 66 lakhs) due to heavy repairs to factory buildings carried out to cope with the accelerated production necessitated by the emergency. The contractual obligations undertaken prior to launching of the economy drives also contributed to the additional expenditure; and

(v) Consequential increase in the headquarters expenditure of the Director General, Ordnance Factories (Rs. 7 lakhs).

'F. 3—Research and Development Organisation' (Rs. 148 lakhs).

(i) Purchase of materials (Rs. 109 lakhs): Materialisation of supply materials procured through the Central Purchase Organisation in excess of anticipation. Irregular adjustment of debits for such purchases made it difficult to correctly assess the total requirements, on this account;

(ii) Pay and allowances (Rs. 20 lakhs): Rapid filling up of vacant scientific|technical posts and creation of new *ad hoc* posts for certain projects;

(iii) Transportation and miscellaneous charges (Rs. 12 lakhs): Increased tempo in research activities;

(iv) Minor Works (Rs. 7 lakhs): Excess electric and water consumption and refrigeration/air conditioning.

'F. 4—Inspection Organisation' (Rs. 161 lakhs)

(i) Pay and Allowances (Rs. 70 lakhs) due to filling up of more vacancies; increase in the number of establishments; payment of additional interim relief; re-categorisation of certain grades result-

ing in refixation of pay at higher rates; and extra expenditure on overtime allowance in order to cope with the additional work load of inspection arising out of increased production in Ordnance Factories during the emergency;

(ii) Purchase of Materials (Rs. 82 lakhs): Larger materialisation of stores, than anticipated, particularly in respect of vehicles and Weighing and Gauging Machines, etc.

(iii) Transportation and Miscellaneous Expenses (Rs. 7 lakhs): Detailment of more staff on inspection duties; raising of new establishments; increase in postage rates and more expenditure on telephones.

(iv) Works (Rs. 2 lakhs): More expenditure than anticipated.

“G—Expenditure on Stores (other than for Manufactured and Research Establishments and Military Engineering Services (Excluding Engineer Stores Depots)”— (Rs. 2354.32 lakhs).

(i) Army Supply Corps Stores (Rs. 12.56 crores): Excess expenditure of Rs. 8.90 crores under ‘Provisions’ due to uncertainty regarding the number of personnel to be fed created by the Indo-Pak conflict and feeding of the prisoners of war at short notice; Rs. 6.16 crores under ‘Petrol, Oil and Lubricants’ due to abnormal purchases in the wake of the Indo-Pak Conflict—local drawings from the Indian Oil Corporation authorised during the period could not be fully anticipated and provided for—partly counter-balanced by savings under Grain and Salt for animals (Rs. 152 lakhs), Coal and Firewood (Rs. 33 lakhs) and other Stores (Rs. 65 lakhs) due to lesser materialisation than anticipated.

(ii) Army Ordnance Corps Stores (Rs. 8.47 crores): Rs. 3.84 crores under ‘Clothing Stores’ due to raising of new units, provision of clothing items to be prisoners of war, materialisation of larger supplies consequent to expedition of suppliers for meeting the existing demands and for replenishment of stocks; Rs. 6.03 crores under ‘Motor Transport Vehicles and connected Stores’ because of accelerated supplies and unexpected heavy payments during the last two months, partly counter-balanced by savings of Rs. 1.40 crores under ‘Ordnance Stores’ because of unanticipated large adjustments under the “Deduct head”.

(iii) Medical Stores (Rs. 1.03 crores): Heavier payments than anticipated during the closing months of the year for local purchases; and quick deliveries and streamlining of inspection procedure to

ensure expeditious clearance of central purchases for effectively meeting the increased demands for functioning as well as newly raised units.

(iv) Engineering Stores (Rs. 1.50 crores): Expeditious materialisation of supplies; more adjustments at the close of the year than anticipated; and lesser recoveries in respect of payment issues as most of the units were deployed in operational areas and bulk of the issues were made against their authorisations.

“H—Expenditure on Works (Chargeable to Revenue), Maintenance Etc.” (Rs. 397.37 lakhs).

Execution of emergency works ordered by the Local Commanders under delegated powers; good progress achieved on other works; increased expenditure on maintenance of buildings, roads, furniture and chowkidaring a large number of vacant buildings; payment of rental of hired accommodation; procurement of more stores for consumption on major works chargeable to Revenue and maintenance of buildings in the Prisoner of War Camps; unanticipated payments to contractors, etc. adjustable under “M.E.S. Advances”, partly offset by lesser expenditure on ‘Works’ and ‘Tools, Plant and Machinery’.

The above excesses and minor excess (Rs. 10 lakhs) under sub-head “I—Charges in England” were partly counterbalanced by savings under sub-heads “B. Pay and Allowances and Miscellaneous expenses of Territorial Army, etc.” (Rs. 79.57 lakhs); “C—Pay and Allowances of Civilians employed with (or for) the Army” (Rs. 49.75 lakhs); and “E—Miscellaneous” (Rs. 8.69 lakhs) leaving a net excess of Rs. 84,95,36,194 which needs to be regularised.

It would be seen from the above that the excess occurred mainly because of the uncertain conditions created by the emergency leading to the Indo-Pak conflict and the aftermath thereof. On the one hand, the expenditure went up substantially and on the other the unsettled conditions made it difficult to correctly anticipate the total requirements during the year.”

2.42. The original provision of Rs. 813.76 crores under Grant No. “2—Defence Services, Effective-Army” was augmented by obtaining a supplementary grant of Rs. 145.04 crores which proved to be inadequate. There was an excess of Rs. 84.95 crores under the Grant. The Committee were informed that the excess occurred

mainly because of the uncertain conditions created by the emergency leading to Indo-Pak conflict and the aftermath thereof. They, however, feel that the excesses of this magnitude which was about 59 per cent of the supplementary grant obtained should not be taken lightly. While the Committee concede that it was somewhat difficult to correctly anticipate the total requirements during such a year, here should not have been such a wide gap between the actual additional requirement and the supplementary grant obtained towards the end of the year. They desire that the budgetary procedures should be rationalised in a manner that will facilitate closer estimation of the additional requirements even during an emergency.

2.43. Grant No. 111—Defence Capital Outlay.

Original and Final Grant	Rs.	1,63,28,00,000
Actual Expenditure	Rs.	1,79,04,38,941
Excess	.. Rs.	15,76,38,941

2.44. During 1969-70 and 1970-71 also, the expenditure under this grant had exceeded the final allotment by Rs. 545.41 lakhs and 487.26 lakhs respectively.

2.45. In 1971-72, excess occurred mainly under the Sub-heads "A—Army" (Rs. 381.18 lakhs); "C—Air Force" (Rs. 486.80 lakhs) and "D—Manufacturing and Research Establishments" (Rs. 713.21 lakhs).

2.46. In a note furnished to the Committee, the Ministry of Defence have stated as follows:—

"The actual expenditure under the Grant amounted to Rs. 1,79,04,38,941 against the sanctioned provision of Rs. 1,63,28,00,000 resulting in an excess of Rs. 15,76,38,941 which needs to be regularised. The overall excess of Rs. 15,76,38,941 was the net result of

excesses and savings under various sub-heads of Grant and occurred mainly under the sub-heads indicated below:

Sub-Head			Final Grant	Actual Expenditure	Excess
(In lakhs of Rupees)					
A—Army	O	6257·00	6685·00	7066·18	381·18
	R(+)	428·00			
C—Air Force	O	2000·00	1952·00	2438·80	486·80
	R(—)	48·00			
D—Manufacturing and Research Establishments	O	3359·00	3198·00	3911·21	713·21
	R(—)	161·00			

The reasons for the excesses are explained hereunder:

A. Army—Rs. 381.18 lakhs

The excess occurred mainly under Army Works (Rs. 4.65 crores) and was due to large scale works ordered and executed under para 11 of the Revised Works procedure necessitated by the Indo-Pak conflict; expenditure on Prisoners of War Camps and accelerated progress on other Capital Works. The above excess and a minor excess under 'Farms' was partly counterbalanced by savings under 'Acquisition of land' and less expenditure on 'Purchase of Materials for stock' on account of the extremely tight position in regard to supply of steel.

C. Air Force—Rs. 486.80 lakhs

The excess occurred under 'Works' (Rs. 426.55 lakhs) and 'Land Acquisition' (Rs. 60.25 lakhs). The excess under 'Works' was due to inescapable expenditure on urgent operational works necessitated by the Indo-Pak conflict and sanctioned under para 11 of the Revised Works procedure. The execution of the works could not be postponed without jeopardising the defence effort. It was also not possible to fully assess and provide for the additional requirements on this account due to very late issue of the regularisation sanctions (containing financial sanctions) in a majority of cases because of the local Commanders' anxiety to give precedence to completion of operational urgent works over procedural requirements. The excess under 'Land Acquisition' was on account of increased cost of acquisition of some lands which could not be provided for due to late issue of the revised sanction.

D. Manufacturing and Research Establishments—Rs. 713.21 lakhs

The excess occurred under 'Plant and Machinery' (Rs. 691.04 lakhs), 'Factories Works' (Rs. 27.43 lakhs) and 'Purchase of material for stock' (Rs. 15.33 lakhs) partly counterbalanced by savings under Research and Development Works (Rs. 5.30 lakhs) and Inspection Organisation Works (Rs. 15.29 lakhs). The excess under 'Plant and Machinery' was due to the following reasons:

(i) Excess materialisation of normal renewal, replacement, new capital and rehabilitation programme due to all-round efforts to acceleratesupplies in the wake of the emergency. The requirements on this account could not be assessed fully (Rs. 419.12 lakhs);

(ii) Adjustment of expenditure relating to previous years on certain stores and projects (Rs. 154.08 lakhs); and

(iii) Adjustment of more customs duty. It is not possible to estimate the requirements on this account accurately as the pace of adjustments is not uniform and there are invariably carry in from previous years and carry over to succeeding year (Rs. 121.32 lakhs).

The above excesses of Rs. 694.52 lakhs were partly set off by savings of Rs. 351 lakhs under Heavy Vehicles Factory due to less materialisation of stores.

The excess under 'Factories Works' was on account of un-anticipated payment for land acquired for a factory and accelerated progress on both departmental and M. E. S. works.

The excess under 'Stockpile' was due to non-inclusion of provision for certain items because of the uncertain supply prospects.

The total excess of Rs. 1581.19 lakhs under 'Army', 'Air Force' and 'Manufacturing and Research Establishments' was partly counterbalanced by savings of Rs. 4.80 lakhs under 'Navy', leaving a net excess of Rs. 15,76,38,941 which needs to be regularised."

2.47. Sub-head 'c'—“Air Force” has recorded an excess of Rs. 487 lakhs. Major portion of this excess (Rs. 427 lakhs) occurred under “Works”. This excess has been explained as due to inescapable expenditure on urgent operational works necessitated by the Indo-Pak conflict. No additional funds had, however, been provided for at the revised estimate stage. On the contrary a sum of Rs. 48 lakhs had been surrendered. This indicates defective budgeting. The Committee are informed that it was not possible to fully assess and provide for the additional requirement on this account due to very late issue of regularisation sanctions in a majority of cases because

of the local Commander's anxiety to give precedence to completion of operational/urgent works over procedural requirements, which except in very special circumstances appears to the Committee to be unwarranted. They desire that there should be effective co-ordination between the field units and the Headquarters so that the extra commitments could be quantified as precisely as possible before the close of the financial year. They further desire that the issue of financial sanctions should be expedited in order to secure effective financial control.

2.48. Sub-Head 'D'—"Manufacturing and Research Establishments" has also recorded an excess of Rs. 713 lakhs. Here again no supplementary grant was obtained but a sum of Rs. 161 lakhs was surrendered. . . . The excess largely occurred under "Plant and Machinery" (Rs. 691 lakhs). The excess under this head has been explained as partly due to excess materialisation of normal renewal replacement, new capital and rehabilitation programme due to all round efforts to accelerate supplies in the wake of emergency. Further, adjustment of expenditure relating to previous years on certain stores and projects accounted for an excess of Rs. 154 lakhs. This, in the opinion of the Committee, could have been anticipated. They, therefore, suggest that the Ministry should effectively tighten up their budgetary procedures so as to assess the additional requirements in time and cover them by obtaining supplementary allotments to keep the excesses to the minimum.

APPROPRIATION ACCOUNTS, 1971-72

(RAILWAYS)

2.49. In 1971-72, the actual expenditure exceeded the sanctioned allotment in ten cases (9 voted grants and 1 charged appropriations) as against four in the previous year. The excesses under the above cases aggregated Rs. 46.15 crores as against 0.22 crores during 1970-71.

2.50. The number of grants and charged appropriations wherein excesses occurred and the total amount of excess occurred during

the past five years, are as follows:—

Year	No. of grants and appropriations wherein excess occurred	Total amount of Excess (in crores).
1967-68	5	1.71
1968-69	3	0.11
1969-70	6	2.35
1970-71	4	0.22
1971-72	10	46.15

2.51. During 1971-72, the excess occurred mainly under the Grant No. 15 "Open Line Works—Capital. Depreciation Reserve Fund and Development Fund" (Rs. 2937.12 lakhs).

2.52. In a note furnished to the Committee, the Ministry of Railways (Railway Board) have explained the reasons for the excess as follows:—

"This grant deals with the expenditure on (i) additions to Railway assets like rolling stock, machinery and works and on transactions under stores, manufacture and miscellaneous Advances (Suspense) charged to Capital and on replacement of such assets charged to Depreciation Reserve Fund and (ii) Development Fund expenditure on amenities for passengers and other railway users, staff welfare works including cost of quarter of class III and Class IV staff costing above Rs. 25,000 each and unremunerative operating improvement works costing more than rupees three lakhs each.

The excess of 29.58 crores was 4.84 per cent of the 610.49 crores. A supplementary grant of 0.30 crores was taken in December, 1971 and 17.96 crores in March, 1972, to cover the expenditure on certain new services in connection with the conversion of Metre Gauge lines to Broad Gauge, more purchases of Stores for works, general purposes stores, fuel oil etc. and increase in the prices thereof (Stores suspense), more outturn of coaches in railway workshops, (Manufacture Suspense), more imported steel and raw material for fabrication etc. (Misc. Advances), payment of

proportionate share of capital contribution expected to be made by the Central Government in State Road Transport Corporations. The excess was shared by all Railways, 3 Production Units and Railway Board and it occurred under:—

- (a) Stores Suspense (17.15 lakhs) mainly on account of receipt of more stores through purchases for general purposes, works, coal, H.S.D. oil (14.90 lakhs) [includes inadequate provision made by Southern Railway (2.50 lakhs), South Central Railway (17 lakhs) and Chittaranjan Locomotive Works (1.21 lakhs)] more debits for imported stores and custom duty (4.70 lakhs) more returned stores (46 lakhs), more receipt of stores from manufacture (45 lakhs) and fluctuations in adjustment through stock adjustment account etc. (1.67 lakhs); partly offset by more issues to manufacture and works etc. (4.95 lakhs) and aggregate of minor variations (8 lakhs).
- (b) Manufacture suspense (7.50 lakhs) (mainly on account of drawal of more material from stock and adjustment of debits therefor, owing to better out turn (6.81 lakhs), [includes under-estimation of provision by Central Railway (46 lakhs) and Integral Coach Factory (65 lakhs)] less issue of manufacture stores to works (81 lakhs) and less returned material to stock (15 lakhs) and minor variations (11 lakhs); partly offset by saving on account of more issue of manufactured stores to Stock (38 lakhs).
- (c) Work (2.90 lakhs) (mainly on account of more receipt of permanent way material, other stores and debits therefor (2.24 lakhs), more debits for custom duty (42 lakhs), credits for released material being less than anticipated (25 lakhs); partly offset by aggregate of minor variations (1 lakh).
- (d) Miscellaneous Advances—'Capital' (2.53 lakhs) mainly on account of adjustment of more expenditure on coaches, wheel sets and component parts (98 lakhs), custom duty, freight insurance and incidental charges (21 lakhs), adjustment of advance payment of imported stores (70 lakhs), drawal of more stores for fabrication (4 lakhs) and aggregate of minor variations (20 lakhs); and
- (e) Development Fund (88 lakhs) mainly on account of more progress of certain works owing to better availability of material.

Against the excesses explained above, savings occurred under:—

- (a) 'Rolling Stock' (1.02 lakhs) [mainly on account of less production of rolling stock (1.45 lakhs), non-materialisation of certain supplies and adjustment of escalation claims etc. (72 lakhs); partly offset by more debits for custom duty and freight charges etc. (82 lakhs) and aggregate of other minor variations (33 lakhs)].
- (b) 'Investment in Road Services' (29 lakhs) was on account of delay in payment to State Road Transport Corporations mainly owing to delay in settlement of accounts.
- (c) 'Taking over of Open Line Wires' from P & T Department (7 lakhs) was on account of non-receipt of debits from P & T Department.

After excluding the amount of misclassification of Rs. 20,46, 511 the excess actually requiring regularisation by Parliament, works to Rs. 29,37,12,152 in relation to voted grant of Rs. 6,10,48,89,00 i.e. 4.81 per cent".

2.53. The Appropriation Accounts (Railways) for the year 1971-72 disclosed excesses over nine Voted Grants and one Charged Appropriation and the excesses aggregated Rs. 46.15 crores which was the highest figure during the recent years. The aggregate amount of excesses ranged from Rs. 0.11 crore to Rs. 2.35 crores during 1967-68 to 1970-71. The Committee desire that the reasons for the sudden deterioration in the position during the year 1971-72 should be investigated so as to take appropriate action to keep the excesses to the minimum in future.

2.54. During the year 1971-72, excess occurred mainly under the Grant "15.—Open Line Works-Capital-Depreciation Reserve Fund and Development Fund" (Rs. 29.37 crores). The Supplementary Grants obtained in December, 1971 and March, 1972 totalling Rs. 18.26 crores proved to be inadequate and these worked out to only about 38 per cent of the additional requirement. The Committee are unhappy to note that certain Railways and Production Units have grossly under-estimated their requirements. The Committee desire that the system of estimation of expenditure on Railways should be improved.

2.55. Subject to the above observations, the Committee recommend that excess referred to in paragraph 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.

CHAPTER III

ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 49TH REPORT (FIFTH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1970-71.

3.1. The 49th Report of the Public Accounts Committee (Fifth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil), (Defence Services), (Railways) and (Posts and Telegraphs) was presented to the Lok Sabha on the 30th August, 1972. Action Taken Notes in respect of all the 43 recommendations contained in the Report have been received and are reproduced at Appendix XXVII.

3.2. Replies of Government have been categorised under the following heads:—

I. Recommendations|observations that have been accepted by Government.

Sr. Nos. 1—4, 6, 10—14, 16—27, 29, 31—43.

II. Recommendations|observations which the Committee do not desire to pursue in view of the replies of Government.

Sr. Nos. 5, 7, 8-9, 15, 28 and 30.

III. Recommendations|observations replies to which have not been accepted by the Committee and which require reiteration.

NIL

IV. Recommendations|observations in respect of which Government have furnished only interim replies.

NIL

3.3. The Committee had in paragraph 3.3 of their 49th Report (Fifth Lok Sabha) commented on the delays in the receipt of Action Taken Notes and stressed that the Notes should invariably be furnished to them within the stipulated time limit of six months. Despite the fact that in December, 1972 the Ministry of Finance

have brought these observations to the notice of all Ministries/ Departments for strict compliance, delays continue to occur. 23 out of 43 Action Taken Notes in respect of recommendations contained in the 49th Report were received after the due date viz. 28th February, 1973. The delay was more than 3 months in 9 cases and 3 Notes were received only in August, 1973 with the result that the finalisation of this Report was delayed. The Committee take a serious view of the position and desire that immediate steps should be taken to investigate the delays and to streamline the procedures so as to ensure submission of Action Taken Notes within the time-limit prescribed.

NEW DELHI;

3rd September, 1973.

12th Bhadra, 1895 (Saka).

JYOTIRMOY BOSU,

Chairman,

Public Accounts Committee.

APPENDIX I
GOVERNMENT OF INDIA
MINISTRY OF FINANCE

(Department of Economic Affairs)

Note for the Public Accounts Committee for regularisation of excess under Grant "No. 20-Mint" as disclosed in the Appropriation Accounts (Civil) for the year 1971-72.

<i>Grant No. 20-Mint</i>	Rs.
Original Grant	4,56,05,000
Supplementary Grant	40,51,000
TOTAL	4,96,56,000
Actual Expenditure	4,99,46,412
Excess	2,90,412

The original Grant of Rs. 456.05 lakhs was augmented by obtaining a supplementary grant of Rs. 40.51 lakhs in March, 1972. The actual expenditure, however, amounted to Rs. 4,99,46,412 leaving an uncovered excess of Rs. 2,90,412 which needs to be regularised. The excess was net the result of excesses and savings under various sub-heads of the Grant and occurred mainly under group sub-heads 'A.-Mint and Assay Establishment (Rs. 41,222); 'C-Purchase of Local Stores' (Rs. 2,61,435); and 'D-Works' (Rs. 60,963). The reasons for the excesses are explained below:—

"A.-Mint and Assay Establishment (Rs. 41,222)

The excess was due to (i) enhanced rates of electricity charges and more electricity consumption following increased working hours from 54 to 60 hours a week;

(ii) increased cost of canteen items in the Hyderabad Mint;

(iii) larger re-imbusement of medical claims than anticipated;

(iv) more tours by officers and payment of more leave travel concessions to both industrial and classified staff than anticipated; and

- (v) larger consumption of gas and electricity and more contingent expenditure on modal cases, etc. consequent on the sudden increase in modal work at the Alipore Mint.

"C. Purchase of Local Stores" (Rs. 2,61,435)

The excess was due to (i) larger purchase of consumable stores in line with the tempo of work at the Hyderabad Mint; (ii) larger purchases of miscellaneous stores, gunny bags, etc. to cope with the increased production of coins and modals at the Alipore Mint; and (iii) belated adjustment of a debit of Rs. 65,279 on account of freight and insurance charges, etc. payable on purchases made in the United Kingdom on foreign indents.

"D-Works" (Rs. 60,963)

The excess was due to execution of more civil works, than anticipated, by the Central Public Works Department at the Alipore and Hyderabad Mints and laying of foundations for certain plants and machinery at the Hyderabad Mint.

2. The above excesses and minor excesses under sub-heads "E-Suspense" (Rs. 4,923) and 'G-Miscellaneous' (Rs. 2,137) were partly counterbalanced by savings under group sub-heads 'B-Silver Refinery' (Rs. 64,225), "F-Grants-in-aid, Contributions, etc." (Rs. 43) and "H-Charges in England" (Rs. 16,000), leaving a net excess of Rs. 2,90,412 which needs to be regularised.

3. The final requirements intimated by the Mint Masters in March, 1972 exceeded the sanctioned provision by Rs. 9,41,100. They were accordingly advised by telegram to restrict the expenditure to the amount of the Revised estimates and avoid the excess. The expenditure of the Alipore and Hyderabad Mints, however, exceeded the final grants for those Mints. The desirability of invariably restricting the expenditure to the amount of the sanctioned provision is again being impressed on the Mint Masters.

4. In view of the explanation above, the excess of Rs. 2,90,412 which constitutes only 0.58 per cent of the final grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

5. The Note has been vetted by Audit.

APPENDIX II

MINISTRY OF FINANCE (VITTA MANTRALAYA)

Department of Economic Affairs (Arthik Karya Vibhag)

Note for regularisation of excess in respect of Grant No. "24-Other Revenue Expenditure of the Ministry of Finance" (Voted) as disclosed in the Appropriation Accounts (Civil) for 1971-72.

Original Grant :	Rs.	32,26,34,000
Supplementary Grant :	Rs.	19,03,48,000
Final Grant :	Rs.	51,29,82,000
Actual Expenditure :	Rs.	52,50,08,693
Excess (+)	Rs.	1,20,26,693

The original grant of Rs. 32,26,34,000 was augmented by Rs. 19,03,48,000 by obtaining Supplementary Grants during the year 1971-72. Against the final Grant of Rs. 51,29,82,000, the actual expenditure, however, amounted to Rs. 52,50,08,693 leaving an uncovered excess of Rs. 1,20,26,693.

2. The excess is the net result of excesses and savings under the various sub-heads of the Grant and occurred mainly under the sub-heads B-6 Loss or Gain by Exchange (Rs. 1,81,43,584), B-7(4)-Corporation Tax Scheme (Rs. 1,27,16,747) and B, 14-Not Loss by exchange on remittance transactions (Rs. 3,00,33,704), partly counter-balanced by savings chiefly under "B. 3(1)(3)-Development Assistance to Qatar and other Trucial States", "B.5(7)(3)(1)-Payment towards Risks (Marine Hulls) Reinsurance Fund", "B.5(7)(6)-Interest payments on Central Loans undrawn for 10 years", "B.7(3)-Excise Duty Scheme", and "C-1-Compensation to Insurance under section 6 of the General Insurance (Emergency Provisions) Act, 1971". The excesses under the above sub-heads occurred mainly due to the following reasons:—

(i) *Sub-head B. 7(4)—Corporation Tax Scheme (Rs. +1,27,16,747)*

The Tax Credit Certificate (Corporation Tax) Scheme was introduced with effect from 1st November, 1966, under the provisions of Section 289-ZB of the Income Tax Act, 1961 for enabling expansion

of industry by companies engaged in specified industries and earning profits higher than in the last year. Under this scheme any company which is engaged in the manufacture or production of any of the articles listed in the First Schedule to the Industries (Development and Regulation) Act, 1951 and is liable to income-tax and sur-tax, if any for any one or more of the five assessment years from 1965-67 to 1970-71 in excess of its liability to such tax for the 'base year' is entitled to a tax credit certificate for an amount equal to 20 per cent of the excess tax liability (subject to a limit of 10 per cent of its aggregate liability to income-tax and sur-tax for the relevant year) for each one of such assessment years. A provision of Rs. 300 lakhs was made in the budget estimates 1971-72 for the tax credit certificates granted and likely to be adjusted during the year. The payments for the first five months amounted to Rs. 290.32 lakhs. It was, therefore, considered that the provision of Rs. 300 lakhs would not be sufficient. Accordingly, a Supplementary Grant of Rs. 4,15,49,000 was obtained in March 1972 batch of Supplementary Grants and Rs. 84,51,000 was transferred to this head by re-appropriation. The actual expenditure during the year, however, amounted to Rs. 9,27,16,747 leading to an excess of Rs. 1,27,16,747 under this sub-head.

There are certain difficulties in the preparation of accurate estimates. The amount of the tax credit certificate granted to a company under section 280ZB is to be adjusted against the income-tax liability of the company existing on the date on which the certificate is produced before the Income-tax Officer, and the balance, if any, is to be allowed as refund. The adjustment or refund is, however, limited to the amount spent by the company on its own for certain specified purposes within a period of three consecutive financial years commencing with the financial year relevant to the assessment year for which the tax credit certificate is granted. The Income-tax Officer cannot forecast as to how many certificates will be presented in a particular year. Since the adjustment/refund is dependent on the amount spent by the company for certain specified purposes within a period of three years and also the production of the certificate before the Income-tax Officer, the payment under the scheme may not have a direct relationship with the assessments completed in a particular part of the year. These factors are mainly responsible for the difference between final estimate and the actuals. Further it may be added that the tax concession under section 280ZB of the Income-tax Act has ceased to operate from the assessment year 1971-72 and as such it does not appear to be necessary to make any change in the law at

this stage to limit the period of validity of tax credit certificates as suggested by Public Accounts Committee in their 49th Report.

(ii) (a) B6—Loss or Gain by Exchange: Rs. 1,81,43,584

(b) B14—Not Loss by Exchange on Remittance Transactions:
Rs. 3,00,33,704.

According to the prescribed procedure, the rupee equivalent of the Government transactions outside India are booked in the accounts at the parity rate of exchange; the difference between the parity rates and the actual rates paid on remitting the moneys from India are debited or credited to the Head "Loss or Gain by Exchange", as the case may be. A part of the loss or gain relating to the transactions of State Governments, commercial and other paying departments and Capital Heads, is transferred to the Heads concerned whereas the rest of the amount, representing the net gain or loss, remains finally a receipt or expenditure on revenue account under the Miscellaneous Head. By their very nature such losses or gains are apt to vary from time to time and cannot be estimated precisely in advance. The provision is normally regulated on the basis of past and current trends. Accordingly, the provision on loss of exchange in respect of receipt and expenditure of civil departments (other than commercial and Capital Heads) was adopted on the available information, while for net loss by exchange on remittance transactions, no provision was made as no trend was discernible from the actuals of the previous years. As a result, however, of the adjustment made by the Accounts Officer after the close of the year, but in the accounts of the year, 1971-72, there were losses which could not be anticipated.

The procedure for the adjustments of these losses has been reviewed in consultation with the Comptroller & Auditor General and a revised procedure for adjustments of such losses which will facilitate better budgeting is proposed to be introduced with effect from 1974-75.

3. In the circumstances explained above, the excess of Rs. 1,20,26,693 in the grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

4. This Note has been vetted by Audit.

APPENDIX III

GOVERNMENT OF INDIA

MINISTRY OF HEALTH AND FAMILY PLANNING

(Department of Health)

Note for the Public Accounts Committee for regularisation of excess under Grant "No. 125-Other Capital Outlay of the Ministry of Health and Family Planning" as disclosed in the Appropriation Accounts (Civil) for 1971-72.

Final Grant	Rs.	21,87,54,000
Actual Expenditure	Rs.	25,06,74,592
Excess	Rs.	3,19,20,592

The actual expenditure under the Grant amounted to Rs. 25,06,74,592 against the final grant of Rs. 21,87,54,000 thereby causing an excess of Rs. 3,19,20,592 which needs to be regularised.

2. The excess occurred under the sub-heads 'A. 1(1)-Depots' (Rs. 3,78,91,015), 'A. 1(4)-Clearance and handling of International Stores' (Rs. 51,056), 'A. 2-Material and equipment under TCA Programme' (Rs. 1,136) and 'A. 6-Material and equipment under USAID Programme' (Rs. 1,66,36,056). The details thereof and the reasons therefor are explained below:—

A. 1(1)-Depots (+) Rs. 3,78,91,015:—The excess occurred mainly under Material Purchases (Rs. 3,62,15,139). 1971-72 was a very unusual year for the Medical Store Depots which had to additionally cater to the needs of 10 million refugees who poured into India from Bangladesh. For distribution of stores in the Eastern region where the refugees had concentrated, apart from the two regular depots at Calcutta and Gauhati, four sub-depots were opened at Duberi, Tura, Karamganj and Agartala. In the wake of the deterioration of relations with Pakistan and the threat of a conflict, two emergency sub-depots were opened at Delhi and Udhampur. The situation called for procurement of supplies on a massive scale for Civil Defence

purposes and for building up of emergency reserves. Besides, the various State Governments having provided additional funds to the Primary Health Centres to buy their requirements, matching inventories had to be built up at the depots to improve the percentage of compliance of the demands. There was also unusual huge booking of expenditure towards the close of the year. All these factors resulted in the excess under 'Material Purchases'.

A small excess of Rs. 17,77,106 under 'Miscellaneous expenses' was mainly due to emergency supplies to Bangladesh refugees, more fees paid to laboratories for testing, more transportation and handling expenses for movement of stores to the sub-depots at Agaratala, Duberi, etc. and more expenditure incurred by the Central Public Works Department on maintenance of buildings at Bombay.

The additional funds to meet the above requirements could not be provided by seeking a supplementary grant as the quantification of the requirements was not possible at that stage. Besides, some savings were anticipated under other sub-heads within the Grant which did not materialise fully.

A. 1(4)-*Clearance and handling of International stores (+)*
Rs. 51,056 :

The small excess was due to more expenditure on clearance and handling of international stores as more consignments from international sources were received than anticipated.

A. 2-*Material and equipment under TCA Programme (+)*
Rs. 1,136 :—

No provision had been made for expenditure under this sub-head and the excess is due to an unanticipated adjustment made by the Accounts Officer.

A. 6-*Material and equipment under USAID Programme (+)*
Rs. 1,66,36,056:—

The excess was due to adjustment of customs duty paid on import of DDT (Rs. 90,33 lakhs). No provision had been made in the final grant for payment of customs duty as the question of obtaining exemption from payment of customs duty was under consideration in consultation with the Ministry of Finance. The Ministry of Finance, however, agreed to exempt import of DDT 75 per cent from the levy of customs duty with effect from 25th March, 1972 only and not retrospectively. A further excess of Rs. 76.03 lakhs was due to import of DDT under USAID Loan Agreement and from USSR through the State Trading Corporation which could not be provided for in the budget.

3. The above excesses of Rs. 5,45,79,263 were off set by savings to the extent of Rs. 2,26,58,671 mainly under sub-heads 'A. 4-Bulk purchase of material and equipment for the intensification of Malaria Eradication Programme (Rs. 106.62 lakhs), 'A. 8-Bulk purchase of contraceptives and equipment for intensification of Family Planning Programme (Rs. 50.57 lakhs), A. 12-Bulk purchase of Material and Equipment for National Small Pox Eradication Programme (Rs. 35 lakhs), 'A. 10-Cost of equipment supplied by UNICEF (Rs. 7 lakhs) and 'A. 11-Bulk purchase of material and equipment for National Trachoma Programme (Rs. 4 lakhs) leaving a net excess of Rs. 3,19,20,592 under the Grant which needs to be regularised.

4. In view of the circumstances explained above, the excess of Rs. 3,19,20,592 under the Grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

5. The note has been seen by Audit.

APPENDIX IV

MINISTRY OF HOME AFFAIRS

Note for the Public Accounts Committee for regularisation of the excess in respect of Grant No. 41-Police (Voted) as disclosed in the Appropriation Accounts (Civil) for 1971-72.

Original Grant (Rs.)	Supplementary Grant (Rs.)	Final Grant (Rs.)	Actual Expenditure (Rs.)	Excess (Rs.)
77,67,37,000	14,21,66,000	91,89,03,000	93,78,07,053	1,89,04,053

2. The original provision of Rs. 77,67.37 lakhs under the Grant was augmented by obtaining a supplementary grant of Rs. 1421.66 lakhs in March, 1972. The actual expenditure, however, amounted to Rs. 93,78,07,053 leaving an uncovered excess of Rs. 189,04,053 under the Grant. The excess was the net result of excesses and savings under various sub-heads of the Grant and occurred mainly under group sub-head "D. 1-Directorate General of Border Security Force" (Rs. 252,80,398). The reasons for the excess are explained below:

(In lakhs of Rupees)

Group Sub-Head	Final Grant	Actual Expendi- ture	Excess
D. 1—Directorate General of Border Security Force	3996.19	4248.99	252.80

The original Budget included a provision of Rs. 3532.74 lakhs under this group sub-head against which the Revised Estimates had been placed at Rs. 3987.66 lakhs. A supplementary grant of Rs. 452.31 lakhs was obtained under this group sub-head in March, 1972 on the basis of eight monthly estimates and the balance of Rs. 2.61 lakhs was left to be covered by anticipated savings within the Grant. The final requirement under the group sub-head was estimated at Rs. 4012.05 lakhs on the basis of ten monthly estimates. An additional amount

of Rs. 11.14 lakhs only could however, be provided by re-appropriation out of savings within the Grant. The actual expenditure under the group sub-head amounted to Rs. 4248.99 lakhs against the final grant of Rs. 3996.19 lakhs resulting in an excess of Rs. 252.80 lakhs. The excess was due to the following reasons:—

- (i) Adjustment of arrear debits on account of railway warrants in respect of leave travel concession (Rs. 21 lakhs);
- (ii) Sudden increase in expenditure, following the Indo-Pak conflict in December, 1971, on
 - (a) movement of troops and other contingent expenditure (Rs. 74 lakhs)
 - (b) railway credit notes and purchase and hire of communication equipment (Rs. 41 lakhs);
 - (c) purchase of arms and ammunition from Defence authorities (Rs. 110 lakhs); and
 - (d) supply of army scale of ration to mode Border Security Force Battalions under Army Control for operational needs (Rs. 7 lakhs).

As the conflict took place at the end of the year, the full extent of the increase in expenditure could not be visualised and provided for before the close of the financial year. The increased expenditure was mainly adjusted through book adjustments after the close of the year as debits on these account were received late from the supplying departments i.e. Railways, Defence and Posts and Telegraphs, etc.

3. The above mentioned excess and minor excesses under other sub-heads were partly offset by savings under various other sub-heads leaving a net excess of Rs. 1,89,04,053 in the Grant which needs to be regularised.

4. In the circumstances explained above, it is requested that the excess of Rs. 1,89,04,053 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

The note has been vetted by audit.

APPENDIX V

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

Note for the Public Accounts Committee for regularisation of excess over the 'voted' section of grant "No 46-Delhi" as disclosed in the Appropriation Accounts (Civil) for 1971-72.

	Rs.
Original	59,57,27,000
Supplementary Grant	2,12,25,000
Final Grant	61,69,52,000
Actual expenditure	62,66,27,441
Excess	96,75,441

The original Grant of Rs. 5957.27 lakhs was augmented by obtaining a supplementary grant of Rs. 212.25 lakhs in March, 1972. The actual expenditure, however, amounted to Rs. 62,66,27,441 against the final grant of Rs. 6169.52 lakhs leaving an uncovered excess of Rs. 96,75,441 which needs to be regularised.

2. The excess of Rs. 96,75,441 was the net result of excesses and savings under various sub-heads of the Grant and occurred mainly under the following sub-heads for the reasons explained there against:

	Final Grant	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
(i) B.4—Police :			
B.4(2)—District Executive Force			
B.4(2)(2)—Lines Unit	1,30,82,800	1,36,01,155	5,18,355

Adjustment of book debit vouchers of the previous year for clothing articles.

(ii) C.1(2)1—Government Secondary Schools:	8,62,44,500	8,78,27,729	15,83,229
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Under assessment of final requirements by the Higher Secondary and Middle Schools (about 630). The institutions have been advised to correctly estimate their requirements in future.

(iii) C.1(5)(3)—Technical Institutions:	55,67,000	63,83,864	8,16,864
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Larger purchases of tools and equipment for new schemes than anticipated; incurring of expenditure on "B" Form Courses; payment of arrears of rent; establishment of M.L.T. Laboratory at Women Polytechnic in the interest of training; and more expenditure on sundry items of contingencies partly counterbalanced by savings due to vacancies and lesser payments of scholarships to students.

(iv) C.1(6)—General :			
C.1(6)(5)—Miscellaneous			
C.1(6)(5)(i)—Schemes to be implemented under the Fourth Forut Five Year Plan	2,29,24,000	2,36,95,161	7,71,161

The excess is due to the implementation of the plan schemes of General Education in conformity with the Plan Outlay. The budgetary adjustment, however, could not be made by the Education Department due to non reconciliation of accounts with the Audit Office. An additional staff has since been sanctioned for the reconciliation of accounts to avoid such a situation in future.

(v) C.2(2)(1)—Irwin Hospital	1,52,65,000	1,63,37,115	10,72,115
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Drawal of salary by doctors for which no provision was made; receipt of more claims for travelling expenses than anticipated; larger purchases of medicines and equipment following the emergency; adjustment of book debit vouchers of the previous year; and increase in expenditure on equipment, telephones, electricity and water charges and diet, etc.

(vi) C.2(4)—Medical Colleges and Schools	56,06,400	56,71,306	64,906
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Due to adjustment of old book debit bills aggregating Rs. 81,293 partly counterbalanced by savings because of vacancies and economy in travelling expenses.

(vii) C.3(1)—Grants for Public Health purposes;			
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C.3(1) (1)—National Malaria
Eradication Programme:

C.3(1) (1) (1)—Material and equipment under U. S. A. I. D. Programme:	99,500	7,73,005	6,63,505
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Supply of more materials and equipment for the National Malaria Eradication Programme based on actual requirements.

(viii) C.4—Family Planning :

C.4(7)—Other Services and Supplies	9,14,000	12,16,225	3,02,225
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Receipt of debits for an amount greater than anticipated in respect of supply of conventional contraceptives.

(ix) E.1—Public Works:

E.1(2)—Repairs			
E.1(2)(1)—Buildings	62,00,000	86,51,119	24,51,119

- (a) Inevitable payment of taxes to the Delhi Municipal Corporation for which the bills were received after finalisation of the final requirements (Rs. 7,10,000)
- (b) Emergent need for the maintenance of air conditioning plants of important hospitals (Rs. 98,000)
- (c) Additional expenditure on Civil Defence works because of the emergency (Rs. 20,000)
- (d) Essential repairs undertaken in the end of February, 1972 after lifting of the ban imposed during the emergency of annual repairs (Rs. 7,05,473)
- (e) Erroneous adjustment of expenditure of Rs. 9,17,646 pertaining to sub-head "E. 1 (2)—Compensation" under this sub-head

(x) E.1(5)—Grants-in-aid, Contributions
etc. :

E.1(5)(1)—Original Works	75,00,000	83,53,744	8,53,744
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Construction of approaches for the road bridge near 'C' Power Station (Rs. 4,80,424) and due to booking of an amount of Rs. 3,73,320 wrongly to this head by audit office. The amount of Rs. 3,73,320 pertains to Grant-in-aid given by the C.P.W.D. to the Lady Harding Medical College. After excluding this amount from the actual expenditure, the next excess under this head will be Rs. 4,80,424 and in the Grant No. 46—Delhi as a whole be Rs. 93,02,121.

(xi) E.1(6)(1)—Other Suspense Accounts

E.1(6)(1)(1)—Charges	1,24,77,990	1,68,03,373	43,31,075
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More purchases of materials for the execution/completion of works.

3. The above excesses amounting to Rs. 1,34,28,298 and minor excesses under other sub-heads were partly counter-balanced by savings under the remaining sub-heads of the Grant leaving a net excess of Rs. 96,75,441 which needs to be regularised.

4. In view of the circumstances explained above, the overall excess of Rs. 96,75,441 which constitutes only 1.57 per cent of the final grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

The revised note is being sent to Audit for vetting.

APPENDIX VI

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

Note for the Public Accounts Committee for regularisation of excess under 'Voted' section of Grant "No. 49—Tribal Areas" as disclosed in the Appropriation Accounts (Civil) for 1971-72.

	Rs.
Grant No. 49—Tribal Areas :	
Original Grant	28,14,53,000
Supplementary Grant	1,65,86,000
Final Grant	29,80,39,000
Actual Expenditure	32,15,77,976
Excess	2,35,38,976

2. The Original Grant of Rs. 2814.53 lakhs was augmented by obtaining a supplementary grant of Rs. 165.86 lakhs in March, 1972. The actual expenditure, however, amounted to Rs. 32,15,77,97 against the final grant of Rs. 29,80,39,000 leaving an uncovered excess of Rs. 2,35,38,976 which needs to be regularised.

3. The overall excess of Rs. 2,35,38,976 was the net result of excesses and savings under various sub-heads in the Grant and occurred mainly under the following sub-heads:—

	(Rs. lakhs)
(i) A.1.—General Administration :	
A.1(2)(1)—General Establishment	29·13
(i) A.2(1)(1)—Assam Rifles	125·38
(iii) B.1.—Education :	
B.1(1)—General :	
B.1(1)(1)—Miscellaneous	12·47
(iv) B.2.—Medical :	
B.2(1)—Miscellaneous	6·69
(v) B.3(1)(1)—National Malaria Eradication Programme	6·85
(vi) D.1.—Public Works :	
D.1(1)(1)—Original Works :	
D.1(1)(1)(2)—Minor Works	7·19
(vii) D.1(4)—Tools and Plant :	
D.1(4)(1)—New Supplies, Repairs, etc.	8·04
(viii) D.1(6)—Suspense :	
D.1(6)(1)—Stock :	
D.1(6)(1)(1)—Charges	58·30
(ix) D.1(6)(2)—Other Suspense Accounts :	
D.1(6)(2)(1)—Charges	17·99
(x) E.1.—Forest :	
E.1(2)—Establishment	20·55
(xi) E.2(2)—Miscellaneous and Unforeseen charges :	
E.2(2)(2)—Other items	22·68

4. The reasons for the excesses are briefly explained below:

A. 1 (2) (1)—*Establishment Charges* (Rs. 29.13 lakhs):

Payment of arrears of additional dearness allowance and further interim relief (Rs. 12.27 lakhs) and (ii) intensive tours in remote localities and portorage and transport charges in connection with the implementation of the crash programme, developmental plans and census work (Rs. 16.84 lakhs).

A. 2 (1) (1)—*Assam Rifles* (Rs. 125.38 lakhs):

(i) Establishment charges (Rs. 17.86 lakhs): Adjustment of fluctuating allowances such as field allowance and ration money, etc. in the running ledger accounts of the Assam Rifles personnel at the fag end of the year on entitlement basis—no prior intimation for making necessary provision of funds was received from the Defence Accounts Officers; and appointment of doctors against vacant posts in January-February, 1972 following the emergency for which no provision could be made in the final estimates;

(ii) Interim relief-payment of further interim relief (Rs. 1.86 lakhs);

(iii) Travelling expenses (Rs. 1.60 lakhs)—Shifting of headquarter of Mizoram Range from Silchar to Aijal and again back to Silchar; deployment of Assam Rifles Units in Nagaland and Mizoram and recalling of officers/personnel from leave during the Indo-Pak conflict;

(iv) Arms and Ammunition (Rs. 28.66 lakhs) Adjustment in March final accounts of book debits, including those for liabilities of past years, for which no prior intimation had been received;

(v) Purchase and maintenance of mechanical transport (Rs. 14.86 lakhs): Unanticipated receipt of vehicles indented earlier and adjustment of their cost during the later part of the year when provision of funds was not possible; increased expenditure on repairs of vehicles and on petrol, oil and lubricants on account of the situation created by the Indo-Pak conflict;

(vi) Stores and Equipment (Rs. 5.20 lakhs): Purchase of signalling equipment and repairs of old sets for meeting the situation created by the Indo-Pak conflict.

(vii) Rations (Rs. 50.44 lakhs): Unanticipated adjustment of book debits relating to 1969-70 and 1970-71 in respect of commodities received through Defence Services. Even though a liability registrar is being maintained to watch the progress of adjustments of past liabilities and make provision therefor, it has been noticed that debits

for all accepted bills are not raised/adjusted during the year of acceptance resulting in lapse of funds if provided in full. In the absence of complete information from the Defence Accounts Officers regarding the amounts of book debits that were to be raised during the year 1971-72, the provision in the Budget was limited to the foreseeable adjustments of bills during that year. The adjustment of more debits than anticipated resulted in the excess. The increase in transportation cost, the requirements on which account could not be assessed accurately, also contributed to the excess.

B. 1 (1) (1)—Miscellaneous (Rs. 12.47 lakhs):

Payment of arrears of additional dearness allowance and further interim relief; unanticipated filling up of vacant posts of teachers for the upgraded Higher Secondary Schools; grant of higher pay scales of passed out senior basic and junior basic training teachers.

B. 2 (1)—Miscellaneous (Rs. 6.89 lakhs):

Payment of arrears of additional dearness allowance, further interim relief and children's education allowance; tours for implementation of various schemes and collection of statistics in connection with the census operations;

B. 3 (1) (1)—National Malaria Eradication Programme (Rs. 6.85 lakhs):

Payment of arrears of additional dearness allowance and children's education allowance; more expenditure on labour, porters and maintenance of vehicles required for spraying operations.

D. 1 (1) (1) (2)—Minor Works (Rs. 7.19 lakhs):

Emergent construction of temporary accommodation required for the staff posted in remote areas.

D. 1 (4) (1)—New Supplies, Repairs; etc. (Rs. 8.04 lakhs):

Procurement of vehicles urgently required by the Engineering Department in connection with the construction works.

D. 1 (6) (1) (1)—Charges (Rs. 58.30 lakhs):

The excess mainly represents the value of book transfer of stock from one Public Works Division to another. In accordance with the gross system of budgetting, the division getting the charges of a sub-division has to adjust the value of all stocks held in the sub-division against its budget grant while the credit in the accounts of the Division from whose charge the sub-division is taken out is adjusted under

"Deduct Recoveries". The bulk of the excess under this sub-head was thus counter-balanced by a corresponding increase in recoveries. Besides the above transfer of stock, indented materials were also received much earlier than anticipated and as a result adequate funds therefor could not be provided.

D. 1 (6) (2) (1)—Charges (Rs. 17.99 lakhs):

Adjustments under 'Works Miscellaneous Central Memos' by the Accountant General at the fag end of the year with the result that necessary funds therefor could not be provided.

E. 1 (2)—Establishment (Rs. 20.55 lakhs):

- (i) Implementation of forest resources of survey Division scheme;
- (ii) Payment of increased share to the Aungs of Namsang and Bordoria. The 'Aungs' are tribal chiefs who hold an agreement with the Government to receive share of revenue accruing from forests owned by them and worked by Government;
- (iii) Expenditure on boundary demarcation between Assam and Arunachal Pradesh;
- (iv) Increased activities of the Department and opening of new Forest Divisions for execution of forest schemes;
- (v) Payment of arrears of additional dearness allowance, further interim relief and childrens' education allowance; and
- (vi) Tours undertaken for tapping forest resources and also for execution of various schemes.

The expenditure on the above items could not be foreseen at the estimate stage and adequate funds therefor could not accordingly be provided.

E. 2 (2)—Other Items (Rs. 22.68 lakhs):

(i) Unexpected adjustment of debits in respect of Air freight charges and communication flight pertaining to previous years for which no provision could be made as the debits on this account were not anticipated from the Defence Accounts Officers.

(ii) Replacement of Dakota Air Craft by Caribou with higher carrying capacity with the resultant increase in air tonnage and freight charges. The increased air tonnage achieved by the Caribou air craft could not be anticipated and hence adequate provision therefor could not be made.

(iii) Replacement of existing supply dropping equipments and packing materials used by Dakota aircraft consequent upon the taking over of the air dropping operations by the Caribou aircrafts. The additional provisions for the new equipments and materials procured from the Defence services and other manufacturers could not be anticipated and provided for. The rates of supply dropping equipments are generally variable and depend on the manufacturing cost. In most cases the ordnance factories raise debits provisionally and later on raise additional debits on the basis of actual cost. These variations in rates could not be anticipated and provided for.

5. The above excesses aggregating Rs. 315.47 lakhs and minor excesses under other sub-heads were partly counterbalanced by savings under the remaining sub-heads leaving a net excess of Rs. 2,35,38,976 in the Grant which needs to be regularised.

6. In view of the circumstances explained in para 4 above, the overall excess of Rs. 2,35,38,976 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

The note has been vetted by Audit.

APPENDIX VII

MINISTRY OF HOME AFFAIRS

Note for the Public Accounts Committee for regularisation of excess under Grant "No. 51-A-Mizoram" as disclosed in the Appropriation Accounts (Civil for 1971-72).

Final Grant	Actual Expenditure	Excess
Rs.	Rs.	Rs.
140,43,000	1,59,03,162	18,60,162

Mizo District, formerly a part of Assam, became a Union Territory with the name "Mizoram" with effect from 21st January, 1972 under Section 6 of the North-Eastern Areas (Re-organisation) Act, 1971. A Presidential order had been issued under Section 44(5) of the said Act authorising an expenditure not exceeding Rs. 234.89 lakhs (For Revenue, Capital and Loans and Advances) from the Consolidated Fund of India for the period from 21st January to 31st March, 1972 for administration of the affairs of Mizoram pending sanction of the expenditure by Parliament. This included Rs. 157.62 lakhs on Revenue Account. It was later estimated that a provision of Rs. 140.43 lakhs would be required to meet the expenditure during the above period and a supplementary grant of Rs. 140.43 lakhs was accordingly obtained under the new Grant "51-A-Mizoram" in March, 1972. The actual expenditure, however, amounted to Rs. 1,59,03,162 thereby causing an excess of Rs. 18,60,162 which needs to be regularised.

2. The estimates furnished by the Union Territory Administration were based by and large, on the Mizo District Budget of the previous year which had been approved by the Government of Assam. These did not project the actual requirements of the Administration and the provision could thus be made on an *ad-hoc* basis.

3. The excesses occurred under sub-heads "C. 3-Public Health" (Rs. 8.72 lakhs); "D. 1-Public Works" (Rs. 4.09 lakhs) and "E. 1-Famine Relief" (Rs. 28.76 lakhs) and the reasons therefor are explained below:

(i) C. 3-Public Health (+Rs. 8,72,524)

The excess had occurred because of a confusion about the head of account to which expenditure on the establishment of the Executive Engineer, Public Health and Engineering and Emergency Water Supply Scheme was to be booked, as the latter scheme was actually being implemented by the Public Works Department. In the meanwhile, the life of the town depended upon the continued execution of the Emergency Water Supply Scheme and making running payment to the contracted carriers of water. By the time the confusion was sorted out, the financial year had run out and the expenditure had already been incurred. In the special circumstances, the excess could not be foreseen earlier and provided for.

(ii) D. 1-Public Works (+Rs. 4,09,210)

The excess was due to the inability of the new Union Territory to correctly estimate the requirement of funds as they were dependent on the Heads of Departments in Shillong for such matters before the formation of the Union Territory.

(iii) E. 1-Famine Relief (+Rs. 28,76,000)

Following the famine of 1961, dislocation of agricultural economy since disturbances of 1966 and subsequent regrouping of Mizo villages, relief was provided in various forms by the erstwhile Govt. of Assam. Due to the cyclone in October, 1971, people failed to harvest their crop and the situation deteriorated further. The relief measures had, therefore, to be increased after the constitution of the Union Territory by providing test relief and gratuitous relief to thousands of people covering about 2/3 of Mizoram. A total amount of Rs. 30.76 lakhs had to be sanctioned against an *ad-hoc* budget provision of Rs. 2 lakhs only. The excess expenditure was inevitable and the magnitude of the relief measures could not be estimated accurately by the new Union Territory.

4. The above excesses and minor excesses under other sub-heads in the Grant were partly off-set by savings under other sub-heads, leaving a net excess of Rs. 18,60,162 which requires to be regularised.

5. In the circumstances explained above, the excess of Rs. 18,60,162 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

6. The Note has been vetted by Audit.

APPENDIX VIII

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

Note for the Public Accounts Committee for regularisation of excess under Grant "No. 126- Capital Outlay in Union Territories and Tribal Areas" as disclosed in the Appropriation Accounts (Civil) for 1971-72.

	Original Grant /Appropriation	Supple- mentary Grant /Appropriation	Total Grant /Appropriation	Actual Expenditure	Excess
	Rs.	Rs.	Rs.	Rs.	Rs.
Voted	25,79,28,000	2,49,93,000	28,29,21,000	29,86,46,472	1,57,25,472
Charged	2,09,00,000	1,50,10,000	3,59,10,000	3,59,26,799	16,799

There were excesses both under the 'voted' and 'Charged' sections of the Grant. The original provisions of Rs. 2579.28 lakhs under the 'voted' and Rs. 209 lakhs under the 'charged' sections were augmented by obtaining supplementary grant/appropriation of Rs. 249.93 lakhs and Rs. 150.10 lakhs respectively in March, 1972. The actual expenditure, however, amounted to Rs. 29,86,46,472 under the 'voted' and Rs. 3,59,26,799 under the 'Charged' sections against the final grant/appropriation of Rs. 28,29,21,000 and Rs. 3,59,10,000 respectively, leaving uncovered excesses of Rs. 1,57,25,472 and Rs. 16,799 under the respective sections which need to be regularised.

2. The overall excesses of Rs. 1,57,25,472 and Rs. 16,799 were the net result of excesses and savings under various sub-heads in the Grant and occurred mainly under sub-heads 'E. 1-Navigation, Embankment and Drainage Works, E. (1)-Works' (Rs. 2,86,018) under the 'charged' section and sub-heads 'C. 2(1)-Contribution to the share capital of cooperative Societies' (Rs. 5,99,814); 'E. 1(1)-Works' (Rs. 3,68,711); 'F. 1-Electricity Schemes' (Rs. 4,22,677); 'G. 1(1)-Housing' (Rs. 2,83,960); 'G. 1(2)-Other Civil Buildings' (Rs. 2,40,586); 'G. 2(1)-Construction of other Roads' (Rs. 99,19,422); 'H. 1(2)-Other Civil Buildings' (Rs. 35,55,393); 'H. 1(3)-Large Scale Acquisition and Development of Land' (Rs. 3,83,526); 'J. 2-Landing facilities for

construction of Jetties-J. 2(6)-Suspense (Rs. 70,26,414); 'J. 3-Landing and Berthing facilities for Fisheries Craft' (Rs. 4,75,044); 'L. 2-Ships for Inter-Island Service-L. 2(2)-U.T. Plan' (Rs. 4,58,950); and 'N.2-Procurement of Food-stuffs and other Commodities' (Rs. 12,00,760) under the 'voted' section for the reasons explained below:—

'Charged section'

E. 1(1)-Works (Rs. 2,86,018)-Additional land compensation awarded by the Court which could not be anticipated and provided for.

'Voted section'

C. 2(1)-Contribution to the share capital of Cooperative Societies (Rs. 5,99,814).

Wrong adjustment under this sub-heads of expenditure debitable to sub-head 'C. 2(2)' resulting in corresponding savings under that sub-head.

E. 1(1)-Works (Rs. 3,68,711)

Accelerated progress of works.

E. 1-Electricity Schemes (Rs. 4,22,677)

Taking up of over-head transmission lines and accelerated progress of Micro-hydel schemes in Arunachal Pradesh which could not be anticipated earlier (Rs. 5,57,351) partly counter-balanced by savings in the provision for expenditure in other Territories.

G. 1(1)-Housing (Rs. 2,83,960)

Acceleration of the building works in Andaman and Nicobar Islands to bring those to the desired level with a view to prevent the whole works being spoiled during the rainy season (Rs. 11,74,480) partly counterbalanced by savings in the provision for expenditure in other Territories.

G. 1(2)-Other Civil Building (Rs. 2,40,586)

Un-anticipated accelerated progress on buildings for the various Development Departments in Arunachal Pradesh (Rs. 4,26,837) partly counter-balanced by the shortfall in expenditure in other Territories.

G. 2(1)-Construction of other Roads (Rs. 99,10,322)

Un-anticipated accelerated progress on important road works in Arunachal Pradesh and on the Great Andaman Trunk Road including the construction of embankments, cross-drainage and bridges thereon which had to be completed before the onset of the rains.

H. 1(2)-Other Civil Buildings (Rs. 35,55,398)

Unanticipated payment of the cost of land for building works in Delhi (Rs. 27.45 lakhs); wrong adjustment of expenditure on the construction of Residential schools for blind children and Home for infirm and aged beggars in Delhi (Rs. 7.73 lakhs); and payment for the extra steel obtained from the Central Stores Division for the Delhi High Court Building (Rs. 0.37 lakhs).

H. 1(3)-Large Scale Acquisition and Development of Land (Rs. 3,83,526)

Accelerated progress of acquisition of land and its development.

J. 2(6)-Suspense (Rs. 70,26,414)

Mis-classification of expenditure.

J.3-Landing and Berthing facilities for Fisheries Craft (Rs. 4,75,044)

Increased tempo in works.

L. 2(2)-U.T. Plan (Rs. 4,58,950)

Balance payment towards the cost of the touring vessel M.V. Tarnagli which was anticipated to be made during 1970-71.

N. 2-Procurement of food stuffs and other commodities (Rs. 12,00,769)

Insufficient provision of funds for adjustment of establishment charges through oversight.

3. The above excesses aggregating Rs. 2,49,35,266 under the 'voted' section and Rs. 2,86,018 under the 'charged' section and minor excesses under other sub-heads were partly counterbalanced by savings under the remaining sub-heads in the Grant leaving net excess of Rs. 1,57,25,472 under the 'voted' and Rs. 16,799 under the 'charged' sections of the Grant which need to be regularised.

4. In view of the circumstances explained above, the excesses of Rs. 1,57,25,472 under the 'Voted' and Rs. 16,799 under the 'charged' sections may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

The note has been sent to Audit for vetting.

APPENDIX IX

GOVERNMENT OF INDIA

DEPARTMENT OF LABOUR AND EMPLOYMENT

Note for the Public Accounts Committee for regularisation of Excess over Noted Grant No. '64-Director General, Mines Safety' as disclosed in the Appropriation Accounts (Civil), 1971-72.

Final Grant	Actual Expenditure	Excess
Rs.	Rs.	Rs.
62,83,000	64,03,885	1,20,885

The actual expenditure under the Grant amounted to Rs. 64,03,885 against the sanctioned provision of Rs. 62.83 lakhs resulting in an excess of Rs. 1,20,885 which needs to be regularised. The excess occurred mainly under group sub-heads "A. 1(1)(1)-Establishments" and "A. 1(1)(4)-Strengthening of Director General, Mines Safety Organisations" due to the following reasons:—

- (i) drawal of arrears of pay by certain officers and further interim relief sanctioned during the course of the year;
- (ii) abnormal increase in re-imbursement of medical expenses and overtime allowance; and
- (iii) adjustment of debits pertaining to the years 1966-67; 1969-70 and 1970-71.

2. The Director General, Mines Safety had proposed Revised estimates in excess of the sanctioned Budget provision of Rs. 62.83 lakhs. In view of the dire need for economy, he was advised to manage the non-plan schemes within the sanctioned amount of Rs. 61.83 lakhs for those schemes by suitably curtailing the non-essential expenses without in any way affecting the discharge of his normal obligation in the field of safety in mines and welfare and health of miners. The proposal to obtain an advance of Rs. 1.17 lakhs from the Contingency Fund of India in March 1972 to meet the increased requirements was not accepted and the Director General, Mines

Safety was again advised to manage the expenditure within the sanctioned provision. He was also advised to explore the possibility of having the adjustment of debits pertaining to the previous years postponed to the year 1972-73. The paramount necessity of invariably restricting the expenditure to the amount of the sanctioned provisions again being impressed on the Director General, Mines Safety.

3. The excess under the above group sub-heads and the minor excess under group sub-head "A. 1(1)(3)-Barrier Survey Schemes in Coal Mines" was partly counter-balanced by savings under group sub-head "A. 1(1)(2)-Examinations" leaving a net excess of Rs. 1,20,885.

4. In the circumstances explained above, the net excess of Rs. 1,20,885, which constitutes 1.9 per cent of the sanctioned Grants, may be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution of India.

5. The note has been seen by Audit.

APPENDIX X

GOVERNMENT OF INDIA

MINISTRY OF LABOUR AND REHABILITATION

(Department of Rehabilitation)

Note for the Public Accounts Committee, for regularisation of excess under 'Voted' section of Grant "No. 66-Expenditure on Displaced Persons" as disclosed in the Appropriation Accounts (Civil) for 1971-72.

	Rs.
Original Grant	41,57,45,000
Supplementary Grant	80,00,00,000
Total Grant	1,21,57,45,000
Actual Expenditure	1,52,86,45,198
Excess	31,29,00,199

The Original Grant of Rs. 4157.45 lakhs was augmented by obtaining a supplementary grant of Rs. 80 crores in August, 1971 for meeting the additional direct expenditure on 'Relief and resettlement of evacuees from Bangla Desh'. The actual expenditure, however, amounted to Rs. 152,86,45,198 leaving an excess of Rs. 31,29,00,198 over the sanctioned provision which needs to be regularised.

2. The excess was mainly due to the following reasons:—

(i) Adjustment of foreign aid gift articles of the value of Rs. 16,95,20,283 which would otherwise have been supplied directly to the State Governments but had to be routed through the Central Government accounts due to administrative difficulties in arranging direct supplies to the State Governments. There is a corresponding credit of Rs. 16,15,94,000 under "Recoveries".

(ii) Un-anticipated debits of Rs. 7,65,31,824 raised by Civil and Defence Accounts Officers on account of value of medical stores, etc.

(iii) Post-budget decision to treat the tents and tarpaulins which were supplied to the State Governments [including the Union Territory (now State) of Tripura] of the value of Rs. 6,67,98,583 as property of the Government of India and adjust the cost thereof as direct expenditure of the Government of India instead of grants-in-aid to the State Governments.

3. Having regard to the vast magnitude of the problems created by the influx of the evacuees, the number of un-predictable factors involved in the expenditure incurred by a number of departments and the considerable time lag in the receipt of expenditure figures from those departments, the excess expenditure could not be foreseen and provided for.

4. In view of the circumstances explained above, the excess of Rs. 31,29,00,198 over the sanctioned provision may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

5. This note has been vetted by Audit.

APPENDIX XI

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING AND TRANSPORT (Roads Wing)

Note for the Public Accounts Committee for regularisation of excess under Grant "No. 74—Roads" as disclosed in the Appropriation Accounts (Civil) 1971-72.

	Sanctioned Grant/Appropriation	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
Voted	24,40,15,000	26,69,90,935 (+)	2,29,75,935
Charged	10,000	63,824 (+)	53,824

There was an excess both in the 'voted' and 'charged' sections of the Grant. The actual expenditure was Rs. 26,69,90,935 against the final grant of Rs. 24,40,15,000 in the 'voted' section and Rs. 63,824 against the final appropriation of Rs. 10,000 in the 'charged' section thereby causing excesses of Rs. 2,29,75,935 and Rs. 53,824 under the two sections respectively which need to be regularised.

2. The overall excess of Rs. 2,29,75,935 in the 'voted' section was the net result of excesses and savings under the various sub-heads in the Grant. The excesses occurred under the sub-heads 'A. 4(1)-Maintenance of National Highways' (Rs. 2,58,03,297) 'A. 4(3)-Maintenance of Border Roads' (Rs. 91,313), 'A. 5(1)-Repairs' (Rs. 1,24,622), 'A. 6-Payment of Capital expenditure on Grants for Development' (Rs. 76,812) and 'B. 1-Original Works' (Rs. 13,709) as explained below:

A. 4(1)-Maintenance of National Highways (Rs. 2,58,03,297)

A provision of Rs. 1350 lakhs had been made in the Budget for 1971-72 for maintenance of National Highways. A further amount of Rs. 52.84 lakhs was re-appropriated to the sub-head out of savings under other sub-heads in the Grant. Thus allotments aggregating Rs. 1402.84 lakhs were made to the States for maintenance of National

Highways during 1971-72. The actual expenditure however, amounted to Rs. 1660,87,297 revealing excesses aggregating Rs. 2,76,90,625 in certain States as shown below:

Andhra Pradesh (Rs. 6,17,893), Assam (Rs. 92,52,503), Gujarat (Rs. 4,34,570), Haryana (Rs. 1,45,362), Himachal Pradesh (Rs. 7,51,664), Madhya Pradesh (Rs. 9,63,785), Maharashtra (Rs. 1,29,128), Kerala (Rs. 1,11,842), Meghalaya (Rs. 16,424), Mysore (Rs. 60,419), Nagaland (Rs. 9,90,931), Manipur (Rs. 1,79,389), Punjab (Rs. 4,96,723), Uttar Pradesh (Rs. 3,17,236), West Bengal (Rs. 52,86,188), Delhi (Rs. 5,260) and on account of Maintenance charges of Brahmaputra Bridge at Pandu (Rs. 79,31,308).

As a result of savings amounting to Rs. 18,87,328 in other States and in the provision for maintenance charges of Ferry Vessels at Pandu, the net excess was reduced to Rs. 2,58,03,297. This excess was mainly due to the fact that very heavy rains in some of the States like Himachal Pradesh, Madhya Pradesh and Nagaland had caused extensive damage to the National Highways which consequently required immediate attention. Heavy floods causing damage and requiring immediate action to keep the lines of communication open were one of the major contributory causes of the excess in West Bengal. The excess in case of Assam was due to the unprecedented movement of troops necessitated during the last Indo-Pak. conflict. In addition, there was also movement of large quantities of food to Baghmara requiring additional maintenance works. The heavy rains and floods had also been a contributing factor. Since the excess in the case of Assam is unusually high the matter is being investigated separately and on knowing the results of that investigation the causes which lead to the excess will be looked into in greater detail to ensure that such situations do not recur in future. In States like Uttar Pradesh, Meghalaya, Mysore, etc. the total excess was a sum total of petty excesses spread over various Divisions of the State Public Works Departments.

A. 4(3)-Maintenance of Border Roads (Rs. 91,313)

The small excess of Rs. 91,313 against the final grant of Rs. 219.88 lakhs is petty and was mainly due to more expenditure on maintenance of Border Roads in West Bengal with a view to keep the roads through and save these from the monsoon damages.

A. 5(1)-Repairs (Rs. 1,24,622)

The excess was due to adjustment of expenditure on Defence Accounts Department establishment under this sub-head instead of "A. 4(3)".

A. 6-Repayment of Capital expenditure on Grants for Development (Rs. 76812)

The excess was due to wrong adjustment(s) on account of error in calculating the amount.

B. 1-Original Works (Rs. 13,709)

The excess was due to re-adjustment of a minus debit previously booked under major head "52" instead of Major head "103".

The above excesses of Rs. 2,61,09,753 were off set by savings of Rs. 31,33,818 under other sub-heads leaving a net excess of Rs. 2,29,75,935 in the 'voted' section of the Grant which needs to be regularised.

3. The actual expenditure in the 'charged' section was Rs. 63,824 against the final Appropriation of Rs. 10,000 thereby resulting in an excess of Rs. 53,824. The excess had occurred under sub-head "A. 2(4)-Grants-in-aid, Contributions, etc." because of larger payment of compensation than anticipated in satisfaction of various awards in land acquisition cases. The expenditure on the payment of awards is 'charged' on the Consolidated Fund of India under Article 112(3)(f) of the Constitution. The correct procedure in regard to the incurring of 'charged' expenditure over and above the sanctioned appropriation has been brought to the notice of all concerned to ensure that no expenditure in excess of the sanctioned appropriation is incurred in future. A copy of the communication issued is enclosed.

4. The sub-head 'Maintenance of National Highways' has been showing excesses over the years. The reasons therefor are explained hereafter. The road works under the administrative control of this Ministry are executed through the agency of the State Public Works Departments and the Central Public Works Department. Provision in the budget is made on the basis of estimates received from the various executing agencies. They in turn are guided by their subsidiary establishment such as the Chief Engineers, Superintending Engineers, Divisional Engineers, etc., who are incharge of actual

execution of the works. The Government of India invariably impress upon the States the need for restricting the expenditure to the amounts of the allotments and this stipulation is also made in the letters sanctioning the allotment of funds. Several instructions have been issued to the States from time to time to discipline their expenses. Some of the States have, however, failed to restrict the expenditure to the allotments made to them, which, as explained in para 2 above, because unavoidable. The extra expenditure had to be incurred on inescapable repairs in order to keep the lines of communications intact especially in view of un-anticipated movement of troops in certain sectors and unprecedented floods/rains during the financial year.

As already explained above, the existing arrangements for execution of National Highway works, including their maintenance, through the agency of the State Governments are the major factor responsible for the absence of an effective control over expenditure against authorised grants. Since the executing staff is responsible to the State Governments and direct answerability to the Central Government is not there the financial control, to whatever extent possible, can only be exercised through the State Governments. The responsibility for the National Highways resting with the Central Government under the constitution the expenditure thereon is a Central responsibility and the unauthorised/excess expenditure can not be made a direct responsibility of the State Governments.

In pursuance of the various recommendations of the Public Accounts Committee in regard to the need for controlling the excesses in the expenditure on the maintenance and repairs of National Highways, the Central Government have taken a number of measures for a rigid control on the distribution of funds to the States and their utilisation by them for the construction, development, maintenance and repairs of National Highways as well as for enforcing rigid regulatory control over it. The various measures taken and the guidelines prescribed to streamline the procedure for execution of the works on the National Highways are indicated below:

(i) *Close watch over the pace of expenditure.*

(a) In accordance with the existing instructions, the State Governments are required to furnish monthly returns of expenditure against the allotments sanctioned by the Government of India. These returns are scheduled to be received by the 20th of the month following the one to which these relate. On receipt of the returns, these are examined in the Ministry and any tendency to exceed the

sanctioned allotments is invariably brought to the notice of the State Governments so as to check the probability of excess over the allotments made. In addition the States are also requested to locate the precise reasons for the excesses, fix responsibility for the defaults and take action against the defaulters, to prevent any recurrence.

(b) In case of States found to be irregular in the submission of the returns, the matter is followed by the issue of regular reminders impressing upon them the imperative need for the prompt submission of the monthly statements of expenditure.

(ii) *Allocation of funds.*

In order to restrict the scope for excesses, funds are allocated not in lump sums but sub-head wise (e.g. ordinary repairs, renewals, special repairs, special crust repairs and flood damage repairs) and a watch is kept over the expenditure according to these sub-head-wise allotments.

(iii) *Use of Regional Offices of the Ministry for exercising control in the matter.*

The Ministry has at present six regional offices in the country and Engineer Liaison Officers in all the States. An attempt is being made to also use them, to the extent feasible, for keeping a watch over the pace of expenditure and to check tendencies of unnecessary increase in the expenditure beyond sanctioned allotments;

(iv) The States have been requested to ensure intimation of the Division-wise allotments and sub-head wise and National Highway wise expenditure against those allotments to the Regional Officers/Engineer Liaison Officers and to the Ministry to enable them also to keep a watch on the progress of the expenditure and to take action in time, wherever necessary.

(v) The State Accountants General have been requested to consider the possibility of keeping a watch over the expenditure sub-head wise and to reflect it division-wise in the quarterly expenditure returns sent by them to the Ministry so that it could provide a further check to detect any tendency towards exceeding the sanctioned allotments and to facilitate suitable action being taken in the matter by the Ministry.

(vi) *Additional Measures.*

Following the recommendations of a Technical Group comprising the representatives of five States and headed by the Director General

(Road Development) specific norms have been laid down for the provision of maintenance grants under specified sub-head (ordinary repairs, periodic renewals, restoration of flood repairs, special repairs etc.) and grants are now allocated according to these sub-heads on the basis of the norms laid down by the Technical Group within the available funds and progress of expenditure is also watched for each sub-head separately. This facilitates a much tighter control over the expenditure and checks upon the tendency to exceed the sanctioned allotments to a great extent. The question of modifying these norms due to general increase in prices all round is under consideration at present.

(vii) Instructions have been issued to States to make arrangements for a constant vigil by the State Chief Engineers to see that the monthly expenditure returns sub-head-wise and National Highway-wise received by them from each Division are subjected to close scrutiny at the Chief Engineer's level so that prompt and timely action could be taken on the basis of the monthly returns to arrest any likelihood or tendency towards excesses over sanctioned allotments.

(viii) The States have been advised to approach the Central Government well in time and, in any case, by December at the latest, for more funds if rendered necessary and unavoidable after submission of the revised estimates for works like flood damage repairs or any other unforeseen requirement duly supported by complete justifications indicating the progress of expenditure till the stage of demand, the likely expenditure during the remaining period of the year and explaining why the demand could not be included in the revised estimates, so that the demand could be examined by the Government of India to secure, if admissible, a supplementary grant/advance from the Contingency Fund of India to avoid unnecessary excesses. No expenditure, is however, to be incurred in any case unless sanctioned by the Government of India.

(ix) The Chief Secretaries of State Governments have also been addressed in the matter with the indication that if the tendency towards continued excesses over sanctioned grants is not checked, the Government of India may be driven to the painful necessity of considering measures for restricting the expenditure to actual expenditure only as may be warranted on the merits of each case. As a result, further instructions have been issued by the State Governments to all concerned in the State Public Works Departments to tighten up the financial control to see that the expenditure does not exceed the sanctioned allotments.

It is hoped that as a result of all these measures the position would improve in the years to come. The question of evolving a revised budgetary procedure to check the consistent excesses is also under consideration in consultation with the Comptroller and Auditor General.

6. As explained in the para 2 above, the total excesses of Rs. 2,76,90,625 were partly counter-balanced by savings under other sub-heads of the Grant leaving a net excess of Rs. 2,29,75,935 in the 'voted' section of the Grant which may kindly be recommended for regularisation under Article 115 of the Constitution. The recommendation for regularisation of the excess of Rs. 53,824 in the 'charged' section is also solicited.

The note has been sent to Audit for vetting.

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING & TRANSPORT

(ROADS WING)

Telegrams:

'ROADIND'

No. B-29 (25) | 72

To

The Secretary to the Govt. of
(all State/Union Territories),
Public Works Departments

TRANSPORT BHAVAN

No. 1, PARLIAMENT STREET

New Delhi-1, the 19th Sept., 1972.

SUBJECT:—*Expenditure on a charged item without any budget provision.*

Sir,

I am directed to say that the Public Accounts Committee in its 49th Report (5th Lok Sabha) has taken a very serious view of the expenditure being incurred on a 'charged' item without any budget provision. In the case of National Highways and other Central Sector Road Works executed by the State Public Works Departments/ Central Public Works Departments as agent of the Government of India. Several instances have come to notice in the past where the agencies have incurred expenditure in satisfaction of Court Decrees/Arbitration Awards without prior sanction of this

Ministry. This has resulted in excesses in the charged portion of the grants, controlled by Roads Wing of the Ministry and the Parliament had had to be approached to get the excess regularised. The Parliament and the Public Accounts Committee have been viewing this continuing impropriety with great concern. The proper course for the States etc. in such cases is to approach this Ministry with such requirements well in time so as to enable this Ministry to obtain at least either a Supplementary Grant or an advance from the Contingency Fund of India.

2. I am to request that necessary instructions may kindly be issued to all concerned to take all possible steps to avoid incurring of expenditure on charged items without proper sanction/funds. As soon as it is anticipated that expenditure on account of Court Decrees/ Arbitration Awards against Central Government is unavoidable, this Ministry may be approached with full details of the case, as are usually called for by this Ministry, for funds being arranged. I am further to request that a copy of the instructions issued may kindly be supplied to this Ministry urgently.

Yours faithfully,

Sd/- R. C. JAIN

Under Secretary to the Govt. of India

Copy forwarded for information and necessary action to the Ministry of Works and Housing in so far as Central Sector Road Works executed by the C.P.W.D. are concerned. It is requested that the action taken in the matter may kindly be intimated to this Ministry urgently.

Sd/- R. C. JAIN

Under Secretary to the Govt. of India

Copy forwarded for information and necessary action to the State Chief Engineers/Principal Engineers concerned.

Sd/- R. C. JAIN

Under Secretary to the Govt. of India

Copy forwarded for information to all the Superintending Engineers/Engineer Liaison Officers.

Sd/- R. C. JAIN

Under Secretary to the Govt. of India
for Director General (Road Development)

APPENDIX XII

MINISTRY OF STEEL AND MINES

DEPARTMENT OF STEEL

Note for the public accounts committee for regularisation of excess under grant No. "78—Ministry of Steel and Mines" as disclosed in the appropriation accounts (Civil) for 1971-72.

	<i>Rupees</i>
Original Grant	56,16,000
Supplementary Grant	4,16,000
Total Grant	<u>60,32,000</u>
Actual Expenditure	60,44,930
Excess	<u>12,930</u>

The original Grant of Rs. 56.16 lakhs (Rs. 27.43 lakhs for Department of Steel and Rs. 28.73 lakhs for Department of Mines) was augmented by obtaining a supplementary grant of Rs. 4.16 lakhs (Rs. 2.46 lakhs for Department of Steel and Rs. 1.70 lakhs for Department of Mines) in March, 1972. The actual expenditure, however, amounted to Rs. 60,44,930 (Rs. 30,53,663 for Department of Steel and Rs. 29,91,267 for Department of Mines) against the final grant of Rs. 60,32,000 (Rs. 29,89,000 for Department of Steel and Rs. 30,43,000 for Department of Mines), leaving a net excess of Rs. 12,930, which needs to be regularised.

2. The excess of Rs. 12,930 was the net result of an excess of Rs. 64,663 in the Department of Steel partly off set of savings of Rs. 51,733 under the Department of Mines and occurred mainly under sub-heads "A.1(1)—Establishment Charges" (Rs. 13,403); "A.1(3)—Travelling Expenses" (Rs. 32,369); "A.1(4)—Other Charges" (Rs. 49,471); and "A.1(5)—Committee of Enquiry (Steel Transactions)" (Rs. 18,020) for the reasons indicated below:—

"A.1(1)—Establishment Charges": The excess was due to filling up of certain vacant posts towards the close of the year contrary to earlier expectation and adjustment of more debits than anticipated on account of leave salary contribution.

"A.1(3)—*Travelling Expenses*": The excess was due to unanticipated air journeys on tour undertaken by officers of the Department during the latter half of the year.

"A.1(4)—*Other Charges*": The excess was due to purchase of typewriters in February-March, 1972 and heavier payments of telephone bills than anticipated.

"A.1(5)—*Committee of Enquiry (Steel Transactions)*". The excess was due to continuance of the posts sanctioned for the Committee beyond 31st January, 1972, the date by which the Committee was expected to complete its work.

3. The above excesses and a minor excess under sub-head "A.1(2)—*Interim Relief*" were set off by savings under sub-head "A.2—*Miscellaneous*" and group head "B. Department of Mines" leaving a net excess of Rs. 12,930 which needs to be regularised.

4. In view of the circumstances explained above, the excess of Rs. 12,930 which constitutes only 0.21 per cent of the Grant may kindly be recommended for regularisation by Parliament in accordance with the provisions of Article 115 of Constitution of India.

5. This note has been vetted by Audit.

APPENDIX XIII

MINISTRY OF WORKS AND HOUSING

Note for the Public Accounts, Committee for 'regularisation of excess in the 'Voted' Section of Grant No. "86—Public Works" as disclosed in the appropriation accounts (Civil) for 1971-72.

	Rs.
Original Grant	45,59,06,000
Supplementary Grant	5,00,00,000
Final Grant	50,59,06,000
Actual Expenditure	53,89,47,247
Excess	3,30,41,247

The Original Grant of Rs. 4559.06 lakhs was augmented by obtaining a supplementary grant of Rs. 5 crores in March, 1972. The actual expenditure, however, amounted to Rs. 53,89,47,247 against the final grant of Rs. 50,59,06,000 leaving an uncovered excess of Rs. 3,30,41,247 which needs to be regularised.

2. The overall excess of Rs. 3,30,41,247 was the net result of excesses and savings under various sub-heads of the Grant and occurred mainly under the following sub-head:—

Sub-head		Final Grant	Actual Expenditure	Excess
(In lakhs of Rupees)				
A. Public Works :				
A.1.—Original Works:				
A. 1(1).—Buildings:				
A. 1(1)(1).—Major Works	O	6.38	} 6.89	10.28
(Voted)	R+	0.51		
A.3.—Establishment :				
A. 3(2).—Executive Establishment:				
	O	566.56	} 544.16	576.27
	R—	22.40		
A. 7(2).—Other Suspense Accounts:				
A. 7(2)(1).—Charges :	O	1650.00	} 1836.76	2016.49
	R+	186.76		

The reasons for the excess under the above sub-heads are briefly explained below:

A.1 (1) (1)—Major Works (+Rs. 3.39 lakhs)

The excess was mainly due to:

- (i) adjustment of an expenditure of Rs. 1.17 lakhs representing storage charges, which will ultimately be brought to nil, at the time of adjustment of the Profit and Loss Account of stock;
- (ii) incorrect booking of an expenditure of Rs. 2.43 lakhs which was required to be booked under 'A.5—Furniture' under which there had been a saving of Rs. 1.65 lakhs.

The wrong booking of expenditure came to notice when the accounts were finally closed in the Accounts Office.

A.3(2)—Executive Establishment (+Rs. 32.11 lakhs)

The excess was mainly due to errors in classification of expenditure within the group head 'A.3—Establishment'. As a result of mis-classification under this sub-head, there was corresponding saving under 'A.3(1)—Direction' (Rs. 3.81 lakhs), 'A.3(3) (1)—Ordinary Establishment' (Rs. 4.60 lakhs) and 'A.3(3) (2)—Workcharged staff converted to regular Establishment' (+Rs. 24.77 lakhs), which covered the entire excess of Rs. 32.11 lakhs under this sub-head. Such cases of mis-classification are, however, likely to be eliminated in future due to revision of the Forms and contents of the Demands for Grants.

A. 7—Suspense

The Original Budget included a provision of Rs. 2699.99 lakhs under group head "A.7—Suspense" against which the Engineer-in-Chief had proposed revised estimates of Rs. 3588.64 lakhs. The increase was due to rise in the cost of building materials, including freight charges, and increase in the work load of the Central Public Works Department. In view of the urgent need for economy in expenditure, an additional provision of Rs. 5 crores only was made under the group head "A.7—Suspense" and the Chief Engineers were advise to restrict the expenditure to the extent of the budget grant plus the additional amount. The expenditure under the group head, however, exceeded the final grant by Rs. 179.73 lakhs under sub-head "A 7(2)—Other Suspense Accounts".

A. 7(2)—Other Suspense Accounts:

A. 7(2) (1)—Charges (+ Rs. 179.73 lakhs)

The excess was mainly due to the following:

- (i) Non-receipt of deposit (Rs. 6.81 lakhs) in time from the Food Corporation of India. The Superintending Engineers, etc. have been advised to ensure that excess due to non-receipt of deposits in time do not recur in future. A copy each of the instructions issued in this regard is enclosed.
- (ii) Receipt of more Accountant General's Memoes than anticipated.
- (iii) Non-adjustment of outstanding suspense accounts under "Purchases" and "Miscellaneous Advances".
- (iv) 100 per cent advance payments made to the firms for purchase of steel.
- (v) Deposit of Rs. 6.64 lakhs with Delhi Electric Supply Undertaking which will be refunded to the Central Public Works Department on completion of the Works.

The excesses under the above sub-head and minor excesses under certain other sub-heads were partly counter-balanced by savings under other sub-heads of the Grant, leaving a net excess of Rs. 3,30,41,247 in the Grant as a whole.

3. In the circumstances explained above, the excess of Rs. 3,30,41,247 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

(This Note has been vetted by Audit)

Copy of letter No. 1|1/72-B(F), dated the 4th January, 1973 from C.E. (Food Zone) to Shri M. K. Koundinya, S.S.W. (F), C.P.W.D., New Delhi etc. etc.

SUB:—Appropriation accounts for the year 1971-72 under the Sub-head A. 7(1)(1)—Stock Charges and A-7(2)—Other Suspense Accounts charges under the Major-Head 50-PWC.

Please refer to this office letter No. 10(3)/71-B(F), dated the 4th October, 1972 under which the recommendations of the Public Accounts Committee made in para 2.41 of their 49th Report 72-73 (5th Lok Sabha) in connection with the excesses disclosed in the

appropriation accounts (Civil) 1970-71, were communicated for strict compliance. It was stressed therein that expenditure on the deposit works of F.C.I. should be limited to the amount of deposits received and that in future timely action should be taken to get additional expenditure recouped before the end of the year.

2. A review of the appropriation accounts for the year 1971-72 under the above two-sub-heads of the Major Head 50-P.W.C. have, however, revealed that again for the said year there are huge excesses over the budget grant/allotments. It has also been noticed that excesses are mainly under those Food Storage Divisions/Circles against whom there are frequent complaints from the F.C.I. for incorrect and delayed submission of the monthly expenditure reports to Food Corporation of India. In this connection it is stated that as required by E-in-C, C.P.W.D., the names of the Food Storage Divisions under which excesses over the budget grants for the year 1971-72 under the above sub-heads were noticed, have been intimated to him.

3. It may be stated that the concerned authorities of Food Corporation of India have often been urged by this office to make requisite deposits of funds before the end of year. Imperative urgency of the matter should also be brought home to these authorities by the Superintending Engineers|Superintending Surveyors of Works (Food) as well. In order to ensure compliance in the matter it is, also of equal importance for the Executive Engineers to submit to the F.C.I. regular and correct accounts without least delay to enable the F.C.I. to make deposits regularly in time so that all additional expenditure is recouped before the end of the year to avoid adverse criticism of P.A.C. for excess in the Appropriation Accounts.

4. With a view to avoiding excesses under the above sub-heads for the year 1972-73,, it is requested that all out efforts should be made by the S.Es|S.S.Ws(Food) and Divisional Officers to reduce the chances of excesses by taking timely action as suggested in para 3 above and also by suitable planning of acquisition of stores and settlement of A.G. memoes etc. in consultation with the concerned authorities well in time. Instructions may, therefore, be issued immediately to all the E.Es to ensure that the additional expenditure over the deposits made by the FCI are got recouped long before the end of the current year. They should also be in touch with the concerned Audit Officers to ensure even flow of A.G. Memoes during

the year so that the excesses under the above two sub-heads under the major head 50-P.W.C: should not recur in appropriation accounts for the year 1972-73.

Sd/- SHRI KRISHNA,
Chief Engineer (Food)
 C.P.W.D.

CENTRAL PUBLIC WORKS DEPARTMENT
 FOOD ZONE

No. 10|3|71-B(F)

Dated New Delhi the 4.10.72

SUBJECT: *Recommendation of the Public Accounts Committee contained in the 49th Report 1972-73 (5th Lok Sabha) dealing with the regularisation of excesses over voted grants charged appropriation disclosed in the appropriation accounts (Civil) 1970-71.*

The Public Accounts Committee in their 39th Report mentioned above has made the following recommendation in connection with the regularisation of excesses disclosed in the appropriation accounts (Civil) 1970-71 under grant No. 39 Public Works.

Para 2.41

Works Housing.

As regards the excess under the head A. 7(2)(1) Other Suspense Account charges, it is explained as partly due expenditure of Rs. 58.81 lakhs incurred on deposit works of Food Corporation of India and Central Warehousing Corporation in excess of deposits received. The Committee understand that under the rules the expenditure on such works should be limited to the amount of deposits received. The circumstances under which additional amounts of deposits could not be received in time from the organisation concerned are not clear to the Committee. They hope that in future timely action would be taken to get the additional expenditure recouped before the end of the year.

The Superintending Engineers are requested to strictly comply with the above recommendations of the P.A.C.

Sd/- K. N. KOHLI,

30-10-72

F.O. to Chief Engineer (Food)

To

1. Superintending Engineers, Food Storage Circle, C.P.W.D., East Block I, R. K. Puram, New Delhi.
2. Superintending Engineer, Food Storage Elect. Circle, 150, Jor Bagh, New Delhi.
3. The Superintending Engineer, Food Storage Circle, C.P.W.D., Ghatkopar, Bombay-86.
4. Superintending Surveyor of Works (Food), C.P.W.D., I.P. Estate 'Y' Shape Building, New Delhi.

APPENDIX XIV

DEPARTMENT OF SUPPLY

Note for the Public Accounts Committee regarding regularisation of excess under Grant No. "107—Other Revenue Expenditure of the Department of Supply" as disclosed in the Appropriation Accounts (Civil) 1971-72.

	Rs.
Final Grant	46,51,000
Actual Expenditure	46,91,825
Excess	40,825

This Grant included provision for (i) expenditure on the 'National Test Houses' (ii) loss or gain by exchange and (iii) expenditure in England on Misc. charges on supply of stores to India and other miscellaneous and unforeseen charges. The actual expenditure had amounted to Rs. 46,91,825 against the final grant of Rs. 46,51,000 thus resulting in an excess of Rs. 40,825 which needs to be regularised.

2. The excess occurred under sub-heads "B. 1—Loss or Gain by Exchange" (Rs. 88,277) and "B. 2(1)—Miscellaneous Charges on Supply of Stores to India (Rs. 57,926)". The excess under sub-head "B. 1—Loss or Gain by Exchange" was due to sudden and un-anticipated fluctuation in the average rate of exchange from £5.5280 per Rs. 100 during August, 1971 to £5.3883, £5.3306, £5.3247 and £5.2718 per Rs. 100 during September, October, November, and December, 1971 respectively. The said rate was £5.2490 per Rs. 100 during January to March, 1972. The sterling transactions of the Government are adjusted at the conventional rate of exchange (IMF parity rate) but the recoveries from other Governments, Defence and Commercial Departments and other private parties, etc. are made at the monthly average telegraphic transfer rates (T.T. Rates), the difference between the two being adjusted as 'Loss or Gain by Exchanges', as the case may be. The information regarding the average monthly T.T. rates for the months of October, 1971 onwards could not be intimated to the Chief Pay and Accounts Officer, Department of Supply before the close of the financial year because

of the delay in getting it from the Reserve Bank following the confusion in the international money market caused by the floatation of pound sterling and some other currencies. The additional requirements on this account could not thus be foreseen and provided for.

The excess of Rs. 57,926 under sub-head "B.2(1)—Miscellaneous Charges on Supply of Stores to India" was due to miscellaneous payments such as payment to clerical staff recruited temporarily for work previously handled by the shipping agents, charges of shipping agents, advertising charges and hire charges for duplicating machines and typewriters, etc. which became due and were made by the High Commission in London after intimation of the final estimates. The additional expenditure was mainly due to transportation of substantial quantities of essential requirements by air instead of by sea and in some cases by civil airlines instead of Indian Air Force carrier following the Indo-Pak conflict. The requirements on this account could not be anticipated due to late receipt of bills from the firms.

3. The excess of Rs. 1,46,203 under the above sub-heads was partly counter-balanced by savings of Rs. 1,05,378 under other sub-heads in the Grant leaving a net excess of Rs. 40,825 which needs to be regularised.

4. In the circumstances explained above, the excess of Rs. 40,825 may kindly be recommended for regularisation under Article 115 of the Constitution.

5. The Note has been vetted by Audit.

APPENDIX XV

MINISTRY OF HEALTH & FAMILY PLANNING

(DEPARTMENT OF HEALTH)

Note for the Public Accounts Committee for regularisation of excess under the 'Charged' section of Grant "No. 37—Medical and Public Health" as disclosed in the Appropriation Accounts (Civil)

	Final Appropriation	Actual Expendi- ture	Excess
	Rs.	Rs.	Rs.
Charged		2,227	2,277

The excess of Rs. 2,277 in the 'Charged' section of the Grant occurred under sub-head "B. 3(6)—National Filaria Control Programme—B. 3(6)(1)—Establishment Charges" had arisen because of a court decree against Government in a case filed by an Ex-Assistant Director, Filariasis Training Centre, Rajahmundry. The sanction for the payment of the decretal amount had been issued in May 1971. The fact that the payments arising out of court decrees are 'Charged' on the Consolidated Fund of India under Article 112(3)(f) of the Constitution was unfortunately lost sight of.

2. No action could also be taken on the advice of the Accountant General that the expenditure in question was to be treated as 'charged' expenditure as his communication dated 21st February, 1972 was received late in February, 1972. As there was no 'charged' provision in the Grant, the payment of the amount led to an excess of Rs. 2,277 under the Grant. Steps are being taken to avoid recurrence of such excesses in future.

3. In view of the circumstances explained above, the excess of Rs. 2,277 in the 'charged' section of the Grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

4. The note has been seen by Audit.

APPENDIX XVI

GOVERNMENT OF INDIA

MINISTRY OF LABOUR AND REHABILITATION

(Department of Rehabilitation)

Note for the Public Accounts Committee for regularisation of excess under 'Charged' Section of Grant "No. 132-Capital Outlay of the Ministry of Labour and Rehabilitation" as disclosed in the Appropriation Accounts (Civil) for 1971-72.

	Original Appropriation	Supple- mentary Appropriation	Final Appropriation	Actual Expenditure	Excess
	Rs.	Rs.	Rs.	Rs.	Rs.
Charged	..	4,000	4,000	6,292	2,292

The Original Budget did not include any provision for 'charged' expenditure under this Grant and a supplementary appropriation of Rs. 4,000 was obtained in March, 1972 to meet 'charged' expenditure arising out of two court decrees. An expenditure of Rs. 3,800 was incurred against the supplementary appropriation leaving a balance of Rs. 200 in the 'charged' section of the Grant.

2. It came to notice in early February, 1972 that a payment of Rs. 2,492 made by an Executive Engineer in June, 1971 in satisfaction of a Court decree had been erroneously debited to the 'voted' instead of the 'charged' section of the Grant. Timely action to get the amount of the supplementary appropriation suitably increased for accommodating the rectification of the above misclassification could not, however, be taken. The correction of the erroneous adjustment in the accounts for 1971-72 resulted in an excess of Rs. 2,292 in the 'charged' section of the Grant which needs to be regularised. Suitable instructions are being issued to avoid such excesses in future.

3. In view of the circumstances explained above, the excess of Rs. 2,292 in the 'charged' section of the Grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

4. The Note has been vetted by Audit.

APPENDIX XVII

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING AND TRANSPORT

(Transport Wing)

Note for the Public Accounts Committee for regularisation of excess in the "charged" section of Grant No. 135—Capital outlay on Ports as disclosed in the appropriation Accounts (Civil) for 1971-72.

	Final Appropriation	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
Charged	5,00,000	7,91,762	2,91,762

The Original Budget included a "charged" provision of Rs. 5.00 lakhs for meeting expenditure on enhanced compensation likely to be awarded by court(s) for land acquired for the Mangalore Harbour Project. The actual expenditure on this account, however, amounted to Rs. 7,91,762.00 resulting in an excess of Rs. 2,91,762.00 under sub-head "A. 2-Land Acquisition" below group head "A-Capital Outlay on Mangalore Port" which needs to be regularised.

2. Following an excess due to more payments in satisfaction of court decrees than anticipated during 1970-71, the procedure in regard to the incurring of 'charged' expenditure in the absence of adequate Budget Provision had been explained to the Project authorities vide this Ministry's letter No. 23-PDII(6) 72, dated the 25th May, 1972 (copy enclosed).

3. The Chief Engineer and Administrator, Mangalore Harbour Project had proposed a revised estimate of Rs. 8.00 lakhs against the original 'charged' provision of Rs. 5.00 lakhs for meeting expenditure on court decrees in connection with compensation payable for lands acquired for the project. Timely action could not unfortunately be taken to obtain a supplementary appropriation of Rs. 3.00 lakhs to

meet the increased requirements during 1971-72. Suitable steps are being taken to avoid its recurrence in future.

4. It is requested that the excess of Rs. 2,91,762.00 in the 'charged' section of the Grant may kindly be recommended for regularisation under Article 115 of the Constitution of India.

COPY

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING AND TRANSPORT

(Transport Wing)

No. 23-PD II (6) | 72

New Delhi the 25th May, 1972.

1. The Chief Engineer and Administrator,
Mangalore Harbour Project,
Panambur *via* Mangalore.
2. The Chief Engineer and Administrator,
Tuticorin Harbour Project,
Tuticorin.

SUBJECT: *Incurring of Expenditure for which no provision exists in the Budget.*

Sir,

I am directed to say that any expenditure incurred in satisfaction of any judgment, decree or award of any court or arbitral tribunal is charged on the Consolidated Fund of India *vide* article 112(3) (f) of the Constitution. In cases where necessary funds for meeting this expenditure are not available in the charged section of the sanctioned grant for a particular financial year, such expenditure can be incurred only after obtaining either an advance from the Contingency Fund of India or a supplementary appropriation. Recently a case has come to the notice of this Ministry where Project authorities incurred charged expenditure without obtaining either an advance from the Contingency Fund or a supplementary appropriation. As this expenditure was incurred in violation of the procedure governing incurring of charged expenditure, the same was treated as irregular and unconstitutional necessitating an explanation to the Public Accounts Committee. In order to avoid such embarrassing situations in future, it is requested that it may kindly be ensured that no charged expenditure is incurred unless there exists the necessary

covering provision in the sanctioned appropriation. In the absence of any provision in the grant, immediate steps should be taken to obtain either a supplementary grant, if there is time for the same, or an advance from the Contingency Fund of India. It would help matters if the Project authorities make a careful and realistic assessment of the charged expenditure likely to be incurred during a particular financial year and ask for the necessary covering provision for the same in the regular budget itself.

2. Necessary instructions on the subjects may kindly be issued to all concerned and the receipt of this communication may be acknowledged.

Yours faithfully,

Sd/-

(I. S. Dutt)

Under Secretary to the Government of India.

Copy forwarded for information to:—

1. Ministry of Finance (Department of Economic Affairs) with reference to their U.O. No. F. 5(1)-B/72, dated 12.4.1972.
2. Budget Section.

APPENDIX XVIII
MINISTRY OF STEEL AND MINES

(Department of Mines)

Note for the Public Accounts Committee for regularisation of Excess under the 'charged' section of Grant "No. 80—Other Revenue Expenditure of the Ministry of Steel and Mines" as disclosed in the Appropriation Accounts (Civil) 1971-72.

Grant No. 80—Other Revenue Expenditure of the Ministry of Steel and Mines.

	Rs.
Original Appropriation	1,30,000
Final Appropriation	1,26,146
Actual Expenditure	1,38,058
Excess	12,912

The Original Budget included a 'Charged' provision of Rs. 30,000 under the sub-head "B.3(2)(1)—Scheme for the guarantee of advances granted to the private sector Collieries—Administrative Expenses". An amount of Rs. 26,145.70 was released in two instalments to the Industrial Development Bank of India for meeting the Government's share of expenditure in connection with the administration of the scheme and the balance amount of Rs. 3,854 was surrendered. An expenditure of Rs. 38,058 was, however, adjusted by the Accountant General against the above 'charged' provision. The excess was due to adjustment of the payment of Rs. 11,912.55 sanctioned to the Bank on 17th March, 1971 in the accounts for 1971-72.

An amount of Rs. 22,968.60 had been sanctioned to the Industrial Development Bank of India in two instalments (one on 25th August, 1970 and second on 17th March, 1971) during 1970-71 on account of the above mentioned payment of which only the first instalment of Rs. 11,056.05 was adjusted in the accounts for the year thereby contributing to the savings of Rs. 14,032 under the 'charged' section of the Appropriation Account for Grant "No. 76—Other Revenue Expenditure of the Ministry of Petroleum and Chemicals and Mines and Metals" for 1970-71.

As the non-adjustment of the payment sanctioned on 17th March, 1971 in the accounts for 1970-71 had resulted in savings in the Appropriation Accounts for that year and its subsequent adjustment in the accounts for 1971-72 has caused an excess of Rs. 8,058 in the 'charged' section of Grant "No. 80—Other Revenue Expenditure of the Ministry of Steel and Mines" for that year, the excess in question does not require regularisation in terms of paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha).

This Note has been sent to Audit for vetting.

APPENDIX XIX

MINISTRY OF WORKS AND HOUSING

Note for the Public Accounts Committee for regularisation of excess in 'Charged' section of Grant No. 141—Delhi Capital Outlay—as disclosed in the Appropriation Accounts (Civil) for the year 1971-72.

		Final Appropriation	Actual Expenditure	Excess
(In Rupees)				
<i>Charged :</i>				
Original	20,00,000	} 30,00,000	30,73,248	(+) 73,248
Supplementary	10,00,000			

The original appropriation of Rs. 20 lakhs was augmented by obtaining a supplementary appropriation of Rs. 10 lakhs in March, 1972. The actual expenditure, however, amounted to Rs. 30,73,248 against the final appropriation of Rs. 30,00,000, thus leaving an uncovered excess of Rs. 73,248 which needs to be regularised. The excess of Rs. 73,248 was the net result of excesses/savings under various sub-heads of the Grant and occurred mainly under the following sub-heads:

		Final Appropriation	Actual Expenditure	Excess
(In Rupees)				
A. 1(1).—Housing				
<i>'Charged'</i>		} 10,85,000	12,11,181	(+) 1,26,181
Original	3,50,000			
Supplementary	7,35,000			

The additional expenditure of Rs. 1,26,181 had been incurred by the Central Public Works Department (Rs. 43,645) and the President's Estate (Rs. 82,536).

The excess of Rs. 43,645 in case of the Central Public Works Department had been due to payments made in satisfaction of certain arbitration awards/court decrees (which are 'Charged' on the Consolidated Fund of India under Article 112(3)(f) of the Constitution of India. The expenditure was expected to be met out of anticipated savings within the sanctioned 'Charged' provision. The anticipated savings, however, did not materialise.

The excess of Rs. 82,536 in case of President's Estate had been caused by accelerated progress on the following items of works:

- (i) Construction of 60 type I quarters;
- (ii) Construction of 38 quarters in President's Estate; and
- (iii) Conversion from D.C. to A.C. outside Rashtrapati Bhavan.

	Final Appropriation	Actual Expenditure	Excess
(In Rupees)			
A.2.—Establishment charges paid to other Governments, Departments etc.			
'Charged'	Rs.		
Original	1,00,000	1,25,000	2,21,656 (+) 96,656
Supplementary	25,000		

The excess was due to adjustment of departmental charges on works outlay 'Charged' on the Consolidated Fund of India as 'charged' whereas provision (Rs 64,190) was made under 'Voted' section of the same grant and increased works outlay in the President's Estate (Rs. 32,466).

The excess of Rs. 2,22,837 under the above sub-heads was counter-balanced by savings of Rs. 1,09,688 under sub-head "A. 1 (2)—Other Civil Buildings" and Rs. 39,901 under sub-head "A 3—Tools and Plant charges paid to Other Governments, Departments, etc." both under Central Public Works Department and President's Estate, leaving an uncovered excess of Rs. 73,248 (Charged). In the circumstances explained above, the excess of Rs. 73,248 in the 'Charged' portion of the Grant may kindly be recommended for regularisation under Article 115 of the Constitution of India.

(This 'note' has been vetted by Audit).

APPENDIX XX

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

Note for the Public Accounts Committee for regularisation of excess under 'Voted' Section of Grant "No. 2-Defence Services Effective-Army" as disclosed in the Appropriation Accounts (Defence Services) for 1971-72.

Grant No. 2—Defence Services, Effective-Army.

	Rs.
Original Grant	813,76,00,000
Supplementary Grant	145,03,50,000
Total	<u>958,79,50,000</u>
Actual Expenditure	<u>10,43,74,86,194</u>
Excess	84,95,36,194

The Original Grant of Rs. 81376 lakhs was augmented by obtaining a supplementary grant of Rs. 14503.50 lakhs in March, 1972. The actual expenditure, however, amounted to Rs. 10,43,74,86,194 leaving an uncovered excess of Rs. 84,95,36,194 which needs to be regularised by Parliament in accordance with Article 115 of the Constitution. The excess was the net result of excesses and savings under

various sub-heads of the grant and occurred mainly under the sub-heads indicated below:—

Sub-head	Final Grant	Actual Expenditure	Excess
		(In lakhs of rupees)	
A. Pay and Allowances of the Army	28418·00	28551·41	133·41
D. Transportation	3951·00	5138·61	1187·61
<i>F. Manufacturing and Research Establishments</i>			
F.1. Military Farms	748·50	815·61	67·11
F. 2. Ordnance and Clothing Factories	15298·15	19482·96	4184·81
F.3 Research & Development Organisation	1727·25	1874·89	147·64
F.4. Inspection Organisation	1525·10	1686·10	161·00
G. Expenditure on Stores (other than for manufacturing and Research Establishments and Military Engineering Services (excluding Engineer Stores Depots)	30231·40	32585·72	2354·32
H. Expenditure on Works (Chargeable to Revenue), Maintenance, etc.	4685·00	5082·37	397·37

2. The reasons for the excesses are explained below:—

“A—PAY AND ALLOWANCES OF THE ARMY” (Rs. 133.41 lakhs)

More Expenditure on field service concessions to other Ranks than anticipated.

“D—TRANSPORTATION” (Rs. 1187.61 lakhs)

Large scale movement of personnel and stores in connection with the Indo-Pak conflict.

“F—MANUFACTURING AND RESEARCH ESTABLISHMENTS”

“F. 1—MILITARY FARMS” (Rs. 67.11 lakhs)

(i) Additional purchase of milk to meet requirements of the ‘Prisoners of War Camps’ and increase in the rate of skimmed milk powder and other dairy products—(Rs. 54.51 lakhs);

(ii) increase in transportation charges due to engagement of hired transport for movement of fodder in Rajasthan necessitated by the Indo-Pak conflict (Rs. 11.65 lakhs);

(iii) Pay and Allowances (Rs. 2.51 lakhs) and Miscellaneous expenses (Rs. 1.37 lakhs) due to opening of new depots, partly offset by lesser expenditure on purchase of fodder because of shortfall in supply from contractors (Rs. 8.93 lakhs).

'F. 2—ORDNANCE AND CLOTHING FACTORIES' (Rs. 4184.81 lakhs)

(i) Additional expenditure on purchase of materials (Rs. 3562 lakhs) due to un-expected/un-precedented heavy flow of supplies during the last 3 months of the year against indents|special indents on the Central Purchase Organisation. Prompt payments on account of these supplies resulted in excess expenditure. In the wake of emergency, vigorous action had been taken to ensure prompt supply of materials required for meeting the increased targets of production and in many cases the delivery dates stipulated in contracts agreements were also advanced. The General Managers of the Factories had been vested with special powers for procurement of materials so that production did not suffer for want of the same. The overall effect of all these measures could not, however, be assessed fully resulting in an excess;

(ii) Customs Duty (Rs. 206 lakhs) and Transportation and Miscellaneous expenses (Rs. 77 lakhs). These charges being directly related to purchase of materials, heavier expenditure on the purchase of materials resulted in excesses under these items also;

(iii) Pay and Allowances (Rs. 267 lakhs) due to overtime working in factories with a view to step up production to the optimum in the wake of the emergency.

(iv) Works (chargeable to Revenue) (Rs. 66 lakhs) due to heavy repairs to factory buildings carried out to cope with the accelerated production necessitated by the emergency. The contractual obligations undertaken prior to launching of the economy drives also contributed to the additional expenditure; and

(v) Consequential increase in the headquarters expenditure of the Director General, Ordnance Factories (Rs. 7 lakhs).

'F. 3—RESEARCH AND DEVELOPMENT ORGANISATION' (Rs. 148 lakhs)

(i) Purchase of materials (Rs. 109 lakhs); Materialisations of supply of materials procured through the Central Purchase Organisation in excess of anticipation and irregular adjustment of debits for such purchases made it difficult to correctly assess the total requirements, on this account;

(ii) Pay and Allowances (Rs. 20 lakhs); Rapid filling up of vacant scientific|technical posts and creation of new *ad hoc* posts for certain projects;

(iii) Transportation and miscellaneous charges (Rs. 12 lakhs); Increased tempo in research activities;

(iv) Minor Works (Rs. 7 lakhs); Excess electric and water consumption and refrigeration|air conditioning.

'F. 4—INSPECTION ORGANISATION' (Rs. 161 lakhs)

(i) Pay and Allowances (Rs. 70 lakhs) due to filling of more vacancies; increase in the number of establishments; payment of additional interim relief; re-categorisation of certain grades resulting in refixation of pay at higher rates; and extra expenditure on overtime allowance in order to cope with the additional load of inspection arising out of increased production in Ordnance factories during the emergency;

(ii) Purchase of Materials (Rs. 82 lakhs); Larger materialisation of stores, than anticipated, particularly in respect of vehicles and Weighing and Gauging Machines, etc.

(iii) Transportation and Miscellaneous Expenses (Rs. 7 lakhs) Detailment of more staff on inspection duties; raising of new establishments; increase in postage rates and more expenditure on telephones.

(iv) Works (Rs. 2 lakhs): More expenditure than anticipated.

"G. EXPENDITURE ON STORES (OTHER THAN FOR MANUFACTURING AND RESEARCH ESTABLISHMENTS AND MILITARY ENGINEERING SERVICES (EXCLUDING ENGINEER STORES DEPOTS))"—(Rs. 2354.32 lakhs).

(i) Army Supply Corps Stores (Rs. 12.55 crores); Excess expenditure of Rs. 8.90 crores under 'Provisions' due to uncertainty regarding the number of personnel to be fed created by the Indo-Pak conflict and feeding of the prisoners of war at short notice; Rs. 6.16 crores under 'Petrol, Oil and Lubricants' due to abnormal purchases in the wake of the Indo-Pak conflict—Local drawings from the Indian Oil Corporation authorised during the period could not be fully anticipated and provided for—partly counter balanced by savings under grain and salt for animals (Rs. 152 lakhs), Coal and Firewood (Rs. 33 lakhs) and other stores (Rs. 66 lakhs) due to lesser materialisation than anticipated.

(ii) Army Ordnance Corps Stores (Rs. 8.47 crores): Rs. 3.84 crores under 'Clothing Stores' due to raising of new units, provision of clothing items to the prisoners of war, materialisation of larger supplies consequent to expedition of suppliers for meeting the existing demands and for replenishment of stocks; Rs. 6.03 crores under 'Motor Transport Vehicles and connected Stores' because of accelerated supplies and unexpected heavy payments during the last two months, partly counter-balanced by savings of Rs. 1.40 crores under 'Ordnance Stores' because of unanticipated large adjustments under the "Deduct head".

(iii) Medical Stores (Rs. 1.03 crores); heavier payments than anticipated during the closing months of the year for local purchases; and quick deliveries and streamlining of inspection procedure to ensure expeditious clearance of central purchases for effectively meeting the increased demands from already existing as well as newly raised units.

(iv) Engineering Stores (Rs. 1.51 crores): Expeditious materialisation of supplies, more adjustments at the close of the year than anticipated; and lesser recoveries in respect of payment issues as most of the units were deployed in operational areas and bulk of the issues were made against their authorisations.

**"H—EXPENDITURE ON WORKS (CHARGEABLE TO REVENUE)
MAINTENANCE ETC." (Rs. 397.37 lakhs)**

Execution of emergency works ordered by the local Commanders under delegated powers; good progress achieved on other works; increased expenditure on maintenance of buildings, roads, furniture, and chowkidaring a large number of vacant buildings; payment of rental of hired accommodation; procurement of more stores for consumption on major works chargeable to Revenue, and maintenance of buildings in the Prisoners of War Camps; un-anticipated payments to contractors, etc. adjustable under "M.E.S. Advances", partly offset by lesser expenditure on 'Works' and 'Tools, Plant and Machinery'.

3. The above excesses and minor excess (Rs. 10 lakhs) under sub-head "I-Charges in England" were partly counter-balanced by savings under sub-heads "B. Pay and Allowances and Miscellaneous expenses of Territorial Army, etc." (Rs. 79.57 lakhs); "C Pay and Allowances of Civilians employed with (or for) the Army" (Rs. 49.75 lakhs); and "E. Miscellaneous"—(Rs. 8.69 lakhs) leaving a net excess of Rs. 84,95,36,194 which needs to be regularised.

4. It would be seen from the above that the excess occurred mainly because of the uncertain conditions created by the emergency leading to the Indo-Pak conflict and the aftermath thereof. On the one hand, the expenditure went up substantially and on the other the unsettled conditions made it difficult to correctly anticipate the total requirements during the year. In view of these circumstances, the excess of Rs. 84,95,36,194 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

5. D.A.D.S. has seen.

APPENDIX XXI

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

Note for the Public Accounts Committee for Regularisation of excess over voted Grant No. "3—Defence Services, Effective—Navy" as disclosed in the Appropriation Accounts (Defence Services) for the year 1971-72.

Grant No. "3.—Defence Services, Effective—Navy"	Rs.
Original Grant	59,29,00,000
Supplementary Grant	8,14,90,000
Total Grant	67,43,90,000
Actual Expenditure	69,53,09,266
Excess	2,09,19,266

The Original Grant of Rs. 59.29 crores was augmented by obtaining a supplementary grant of Rs. 814.90 lakhs in March, 1972. The actual expenditure, however, amounted to Rs. 69,53,09,266 against the final grant of Rs. 67,43,90,000 leaving an uncovered excess of Rs. 2,09,19,266 which requires to be regularised. The excess is the net result of excesses and savings under the various sub-heads of the Grant and occurred mainly under the sub-heads indicated below:—

Sub-head	Final Grant	Actual Expenditure	Excess
	(In lakhs of Rs.)		
A. Pay & Allowances of the Navy	1492.50	1509.12	16.62
C. Pay & Allowances of Civilians .	1090.00	1094.83	4.83
D. Transportation	305.80	313.16	7.36
E. Miscellaneous .	218.40	252.40	34.00
F. Expenditure on Stores	3154.90	3280.15	125.25
G. Expenditure on Works (Chargeable to Revenue, maintenance, etc.)	442.00	464.71	22.71

The factors responsible for the above excesses are briefly explained below:—

SUB HEAD "A—Pay and Allowances of the Navy" (+Rs. 16.62 lakhs).

The excess of Rs. 16.62 lakhs over the final grant was mainly due to larger actual strength of sailons during the year than anticipated.

SUB HEAD "C—Pay and Allowances of Civilian" (+Rs. 4.83 lakhs)

The excess of Rs. 4.83 lakhs over the final grant was on account of more expenditure on miscellaneous establishment than anticipated.

SUB HEAD "D—Transportation" (+Rs. 7.36 lakhs)

The excess of Rs. 7.36 lakhs over the final grant was mainly on account of more expenditure on freight charges and pilotage and towing than anticipated.

SUB HEAD "E—Miscellaneous" (+Rs. 34.00 lakhs)

The excess of Rs. 34.00 lakhs over the final grant was under repairs and refits to ships (Rs. 23.01 lakhs) and telephone charges (Rs. 10.99 lakhs) due to service requirements and advance payments for certain circuits.

SUB HEAD "F—Expenditure on Stores" (+Rs. 125.25 lakhs)

The excess of 125 lakhs over the final grant was mainly due to more consumption|materialisation of stores than anticipated due to 'Operational necessity' on account of the following:—

(In lakhs of Rs.)

(i) Provisions and water	36
(ii) Armament Stores	133
(iii) Aviation Stores	289
(iv) Customs Duty	18
(v) Medical and Clothing Stores .	7

483

The reasons for the excesses are detailed below:—

(i) **Provisions and Water:** The excess was mainly due to the victualling of sailors in the messes for longer periods than anticipated as they could not be allowed to avail full quota of their annual leave due to Indo-Pak Conflict; the victualling of a larger number of Army|Air Force casulties in the Naval Hospital; the procurement of bread from the commercial bakeries as some of the service bakeries were closed during the year; and the supplementary demands

for larger quantities of victualling stores, particularly tinned provisions, required for issue to the ships to enable these to operate at sea for longer periods during the conflict with Pakistan.

(ii) *Armament Stores*: The excess resulted mainly from maintenance and operation of installations and hire of buildings Factories and other sources than anticipated.

(iii) *Aviation Stores*: The excess was mainly on account of materialisation of more supplies than anticipated.

(iv) *Customs Duty*: The excess was due to the levy of customs duty on more imported stores than anticipated.

(v) *Medical and Clothing Stores*: The excess was mainly due to the issue of medical stores and equipment at higher scales than their peace-time authorisation to a few ships for operational reasons and *ad hoc* provision of new pattern sailors' garments in anticipation of demands during the emergency.

The above excess of Rs. 483 lakhs was partly offset by shortfall due to less materialisation than anticipated under:—

	(In lakhs of Rs.)
(i) Naval Stores	39
(ii) Petrol, Lubricants, Oil, Fuel and Coal, etc.	51
(iii) Motor Transport Vehicles and connected stores	8
(iv) Spare parts and Machinery	32
(v) Aircraft	228
	<hr/>
	358
	<hr/>

SUB HEAD "G—Expenditure on Works (Chargeable to Revenue Maintenance, etc.) (+Rs. 22.71 lakhs) ..

The excess expenditure of Rs. 22.71 lakhs over the final grant was mainly due to more expenditure on maintenance of buildings, maintenance and operation of installations and hire of buildings than anticipated.

3. The excesses under the above sub-heads were partly counter-balanced by savings under sub-heads "B—Pay and Allowances of

Reservists" (Rs. 1.37 lakhs) and "H—Charges in England" (Rs. 0.21 lakhs) leaving a net excess of Rs. 2,09,19,266 which requires to be regularisation.

4. In the above circumstances, the excess of Rs. 2,09,19,266 which is 3.1 per cent of the final grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

The Director of Audit, Defence Services has seen.

APPENDIX XXII
GOVERNMENT OF INDIA
MINISTRY OF DEFENCE

Note for the Public Accounts Committee for regularisation of excess under Grant "No. 4—Defence Services, Effective—Air Force" as disclosed in the Appropriation Accounts (Defence Services) for the year 1971-72.

. Grant No. 4—Defence Services, Effective—Air Force

	Rs.
Original Grant	244,95,00,000
Supplementary Grant	20,43,00,000
Total Final Grant	265,38,00,000
Actual Expenditure	276,86,88,770
Excess	11,48,88,770

2. The original Grant of Rs. 244.95 crores was augmented by obtaining a Supplementary grant of Rs. 20.43 crores in March, 1973. The actual expenditure, however, amounted to Rs. 276,86,88,770 against the final grant of Rs. 265,38,00,000 leaving an uncovered excess of Rs. 11,48,88,770 which needs to be regularised. The total excess was the net result of excess expenditure and savings under various sub-heads of the Grant and occurred mainly under sub-heads "F—Expenditure on Stores" (Rs. 897.88 lakhs) and "G—Expenditure on Works (Chargeable to Revenue), Maintenance, etc." (Rs. 259.92 lakhs) for the reasons indicated below:—

"F—Expenditure on Stores"

	(In lakhs of Rs.)
Final Grant	17,370.59
Actual Expenditure	18,268.47
Excess	897.88

The excess of Rs. 897.88 lakhs over the final grant was mainly due to more expenditure, than anticipated, on the following:—

	(In lakhs of Rs.)
(i) Aviation Stores	393
(ii) Petrol, Oil and Lubricant $\frac{5}{2}$	321
(iii) Ordnance Stores	152
(iv) Clothing Stores	23
(v) Coal and Firewood	10
(vi) Other Miscellaneous Stores etc.	36
	935

The circumstances which led to the excesses are explained below:

(i) *Aviation Stores*

(a) Delay in intimation of payments by India Supply Mission, Washington for supplies received during earlier years; and

(b) Un-anticipated heavy adjustments on account of Aviation Stores received from Army.

(ii) *Petrol, Oil and Lubricant*

(a) More drawals from Army than anticipated (Rs. 169.44 lakhs);

(b) Additional payment to the Indian Oil Corporation @ 18 paise per kilolitre per kilometer for transportation of petrol, oil and lubricants during the Indo-Pak Conflict, in terms of agreement with the Director General, Supplies and Disposals—the quantum of fuel moved by road could not be assessed fully; (Rs. 111.04 lakhs);

(c) Adjustment of arrears for supplies drawn from Indian Oil Corporation during 1970-71 (Rs. 41.89 lakhs); and

(d) More supplies from Hindustan Aeronautics Limited, etc. (Rs. 5.77 lakhs).

The excess under above items was off set to the extent of 7.30 lakhs by more issues to Army, Navy and Military Engineering Services, etc. and by lesser adjustments under 'Customs Duty' and 'Local Purchase'.

(iii) *Ordnance Stores*

Larger materialisation of supplies from the Director General, Ordnance Factories|Army on account of expediting action.

(iv) *Clothing Stores*

More materialisation of supplies on account of expediting action.

(v) *Coal and Firewood*

Induction of a large number of personnel in colder regions for whom statistical data was not available.

(vi) *Other Miscellaneous Stores, etc.*

Increased supplies from Director General, Supplies and Disposals, Director General, Ordnance Factories, Army, etc. and higher local purchases than anticipated.

The above excesses of Rs. 935 lakhs were off set to the extent of Rs. 37 lakhs by lesser materialisation under 'Air Frames and Engines' (Rs. 5 lakhs); 'Provisions' (Rs. 7 lakhs) 'MT Stores' (Rs. 22 lakhs) and 'Research and Development Stores' (Rs. 3 lakhs).

* * * * *

“G—EXPENDITURE ON WORKS (CHARGEABLE TO REVENUE)”

	(In lakhs of Rs.)
Final Grant	1565.20
Actual Expenditure	1825.12
Excess	259.92

The excess of Rs. 260 lakhs over the final grant occurred mainly under the following items for the reasons indicated thereagainst:

(i) *Works—(Rs. 77 lakhs):*

Inescapable larger expenditure on works without waiting for provision of funds sanctioned under para 11 of the Revised Works Procedure and other emergent works executed in the wake of Indo-Pak Conflict.

(ii) *Maintenance of buildings, Communications, etc. (Rs. 41 lakhs):*

Urgent|Special repairs and maintenance of buildings, roads, air-fields and taxi-tracks upto the desired operational standard and installation of security fencing, etc.

(iii) *Maintenance and Operation of installations (Rs. 33 lakhs):*

Increased consumption of water and electricity owing to emergency; rehabilitation of airfields to Bombay State Water Supply Board; payment of arrears; running of generators to make up deficiency in water and electricity supply by Punjab and West Bengal State Electricity Boards.

(iv) *General Charges (Rs. 32 lakhs):*

Acceptance of debits for earlier years; hiring of additional buildings and payment to Hindustan Aeronautics Ltd. for services rendered.

(v) *Departmental Charges—(Rs. 77 lakhs):*

Additional expenditure on Capital and Revenue Works on which such charges are leviable.

3. The supplies to the Indian Air Force are made by several authorities and payments therefore are arranged through various agencies. The payments are dependent upon materialisation of supplies and receipt of necessary documents. As such, variations do occur between the amounts provided and the actual expenditure. Besides, the conditions were unsettled during 1971-72 and all out efforts were being made to meet the emergency, including attempts to accelerate supplies on existing and new contracts, the effects of which could not be anticipated fully. However, tighter budgetary discipline is being attempted, through closer watch over flow of expenditure and better anticipation of liabilities, for making timely additional provision, wherever warranted.

4. The excess expenditure under the above sub-heads and minor excesses under sub-heads 'A—Pay and Allowances of the Air Force (Rs. 15.50 lakhs) and B—Pay and Allowances of Reserve and Auxliary Forces (Rs. 0.16 lakhs) was partly counter-balanced by savings under sub-heads "C—Pay and Allowances of Civilians" (Rs. 13.36 lakhs); "D—Transportation (Rs. 5.50 lakhs); "E—Miscellaneous" (Rs. 0.71 lakhs); "H—Special Projects" (Rs. 4.88 lakhs) and "I—Charges in England" (Rs. 0.12 lakh) leaving a net excess of Rs. 11,48,88,770 which needs to be regularised.

5. In view of the above explanations, the excess of Rs. 11,48,88,770 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

6. DADS has seen.

APPENDIX XXIII

MINISTRY OF DEFENCE

D (Budget)

Note for the Public Accounts Committee for the regularisation of excess under 'Voted' Section of Grant No. 5—Defence Services, Non-Effective as disclosed in the Appropriation Accounts (Defence Services) for 1971-72.

Grant No. 5—Defence Services, Non-Effective.

Original Grant	47,30,00,000
Supplementary Grant	3,39,00,000
Total	50,69,00,000
Actual Expenditure	51,20,34,251
Excess	51,34,251

The Original Grant of Rs. 47.30 crores was augmented by obtaining a supplementary grant of Rs. 3.39 crores in March, 1972. The actual expenditure, however, amounted to Rs. 51,20,34,251 against the final grant of Rs. 50,69,00,000 leaving an uncovered excess of Rs. 51,34,251 which needs to be regularised by Parliament in accordance with Article 115 of the Constitution.

2. This Grant mainly covers the pensionary charges of retired Defence personnel. Due to a number of uncertain factors, it is not possible to make a precise estimate of the magnitude of the non-effective charges. The actual payment of pensions is effected by different authorities like Pension Disbursing Officers, Post Offices, Treasuries, etc. and there is some time lag between the actual payment of pensions and the receipt of debits by the Accounts Officers who propose the estimates. Besides, it is also not possible to forecast precisely the expenditure likely to be incurred towards the close of the year as some pensioners, depending upon their needs and convenience, may or may not draw their pensions during the month of March. The estimates on this account are prepared on the basis of actual expenditure during the previous years and the trend of expenditure during the year in question. The anticipations on this basis proved to be slightly off the mark. An excess of Rs. 80.89

lakhs had occurred under sub-head "A Army" and was caused by larger drawals of pensions and gratuities and raising of more debits by Accounts Officers than anticipated as also on account of more expenditure on medals and decorations than anticipated. The excess under the above sub-head was partly counterbalanced by savings under other sub-heads of the Grant leaving a net excess of Rs. 51,34,251 which needs regularisation.

3. In the circumstances explained above it is requested that the excess of Rs. 51,34,251 which is 1.01 per cent of the total sanctioned grant may be recommended for regularisation by Parliament under Article 115 of the Constitution.

4. DADS has seen.

APPENDIX XXIV

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

Note for the Public Accounts Committee for regularisation of excess in the 'Voted' sanction of Grant No. "111-Defence Capital Outlay" as disclosed in the Appropriation Accounts (Defence Services) for the year 1971-72.

	Rs.
Final Grant	1,63,28,00,000
Actual Expenditure	1,79,04,38,941
Excess .	15,76,38,941

The actual expenditure under the Grant amounted to Rs. 1,79,04,38,941 against the sanctioned provision of Rs. 1,63,28,00,000 resulting in an excess of Rs. 15,76,38,941 which needs to be regularised. The overall excess of Rs. 15,76,38,941 was the net result of excesses and savings under various sub-heads of the Grant and occurred mainly under the sub-heads indicated below:—

Sub-Head	Final Grant	Actual Expenditure	Excess
(In lakhs of Rupees)			
A—Army	6685·00	7066·18	381·18
O	6257·00		
R+	428·00		
C—Air Force	1952·00	2438·80	486·80
O	2000·00		
R—	48·00		
D.—Manufacturing & Research Estts.	3198·00	3911·21	713·21
O	3359·00		
R(—)	161		

3. The reasons for the excesses are explained hereunder:

A. ARMY—Rs. 381.18 lakhs

The excess occurred mainly under Army Works (including Farms) (Rs. 4.67 crores) and was due to large scale works ordered and executed under para 11 of the Revised Works procedure neces-

sitated by the Indo-Pak conflict; expenditure on Prisoners of War Camps and accelerated progress on other Capital Works. The above excess was partly counterbalanced by savings under 'Acquisition of land' and less expenditure on 'Purchase of Materials for stock' on account of the extremely tight position in regard to supply of steel.

C—AIR FORCE—Rs. 486.80 lakhs

The excess occurred under 'Works' (Rs. 426.55 lakhs) and 'Land Acquisition' (Rs. 60.25 lakhs). The excess under 'Works' was due to inescapable expenditure on urgent operational works necessitated by the Indo-Pak conflict and sanctioned under para 11 of the Revised Works procedure. The execution of the works could not be postponed without jeopardising the defence effort. It was also not possible to fully assess and provide for the additional requirements on this account due to very late issue of the regularisation sanctions (containing financial sanctions) in a majority of cases because of the local Commanders' anxiety to give precedence to completion of operational/urgent works over procedural requirements. The excess under 'Land Acquisition' was on account of increased cost of acquisition of some lands which could not be provided for due to late issue of the revised sanction.

**D.—MANUFACTURING AND RESEARCH ESTABLISHMENTS—
Rs. 713.21 lakhs**

The excess occurred under 'Plant and Machinery' (Rs. 691.04 lakhs), 'Factories Works' (Rs. 27.43 lakhs) and 'Purchase of material for stock' (Rs. 15.33 lakhs) partly counterbalanced by savings under Research and Development Works (Rs. 5.30 lakhs) and Inspection Organisation Works (Rs. 15.29 lakhs). The excess under 'Plant and Machinery' was due to the following reasons:

- (i) Excess materialisation of normal renewal, replacement, new capital and rehabilitation programme due to all-round efforts to accelerate supplies in the wake of the emergency. The requirements on this account could not be assessed fully (Rs. 419.12 lakhs);
- (ii) Adjustment of expenditure relating to previous years on certain stores and projects (Rs. 154.11 lakhs); and
- (iii) Adjustment of more customs duty. It is not possible to estimate the requirements on this account accurately as the pace of adjustments is not uniform and there are

invariably carry-in from previous years and carry-over to succeeding years (Rs. 121.32 lakhs).

The above excesses of Rs. 694.55 lakhs were partly set off by savings of Rs. 3.51 lakhs under Heavy Vehicles Factory due to less materialisation of stores.

The excess under 'Factories Works' was on account of unanticipated payment for land acquired for a factory and accelerated progress on both departmental and M.E.S. works.

The excess under 'Stockpile' was due to non-inclusion of provision for certain items because of the uncertain supply prospects.

4. The total excess of Rs. 1581.19 lakhs under 'Army' (Rs. 381.18 lakhs), 'Air Force' (Rs. 486.80 lakhs) and 'Manufacturing and Research Establishments' (Rs. 713.21 lakhs) was partly counter-balanced by savings of Rs. 4.80 lakhs under 'Navy', leaving a net excess of Rs. 15,76,38,941 which needs to be regularised.

5. In view of the position explained above, the excess Rs. 15,76,38,941 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

The Director of Audit, Defence Services, has seen.

APPENDIX XXV

Explanatory Note on excesses over Voted Grants and Charged Appropriations during the Year 1971-72 vide Para 6 (Pages 10 to 14) of Report of the Comptroller and Auditor General of India for the Year 1971-72 and Para 30 (Pages 15 and 16) of Appropriation Accounts of the Railway in India for 1971-72—Part I—Review.

1.1. In 1971-72, the actual expenditure exceeded the sanctioned allotment in ten cases as against four in the previous year.

1.2. The excesses occurred in case of 9 grants out of the total 21 grants as indicated in Annexure 'A'.

1.3. In case of Charged Appropriations, out of the 10 such appropriations, a small excess occurred only in one case—Appropriation No. 6—Revenue (Operating Staff) to the extent of Rs. 7,842|- against the final Appropriation of Rs. 4,99,000|- working out to 1.57 per cent.

1.4. The amount of the excess in each of the 10 cases is shown in para 6 of the Report of the Comptroller and Auditor General of India for 1971-72 as also para 30(a) and (b) of the Appropriation Accounts of the Railways in India for 1971-72—PART I—Review. The excesses to be regularised by Parliament have, however, to take into account, the erroneous adjustments as between grants—Annexure 'A' of this note shows the figures of the excess as given in the above mentioned publication as well as the real excess after taking into account the misclassifications which require regularisation.

1.5. It may be mentioned that every care is taken to assess the expenditure under various grants/appropriations as precisely as possible and to obtain supplementary allotments, where necessary, so that the excesses are avoided to the maximum extent.

1.6. It is requested that the P.A.C. may be pleased to recommend regularisation of these excesses by the Parliament in the manner prescribed under Article 115 of the Constitution of India.

1.7. This memorandum has been seen by Audit.

DETAILED NOTES

Voted grant No. 4 Revenue—Working Expenses—Administration—Excess of Rs. 23,42,875 over Rs. 87,63,74,000.

2.1. This grant deals with expenditure on the cost of administrative organisation which includes office staff of the General Manage-

ment, Civil Engineering, Mechanical, Traffic Electrical, Signal and Tele-Communication, Accounts, Cash & Pay departments, the staff of Stores department and of Railway Security Organisation, the cost of Order Police—re-imbursed to the State Governments, administrative element in the cost of Medical department and Railway Service Commissions.

2.2. The excess of Rs. 23.43 lakhs is only 0.27 per cent of the final grant of Rs. 87.64 crores voted by Parliament. A supplementary grant amounting to Rs. 1.68 crores was obtained in March, 1972 for payment of additional interim relief sanctioned from 1st October, 1971, higher cost of "Order Police" to be reimbursed to the State Governments and for meeting the increased expenditure on Travelling|Daily and House Rent Allowances etc. due to enhancement in the rates, appointment of inescapable number of additional staff, leave reserve, honorarium and contingencies etc. The excess occurred mainly on Eastern, Northern, Northeastern, Northeast Frontier, Southern and South Eastern Railways on account of fluctuation in expenditure on contingencies (20 lakhs), daily allowance, house rent allowance, interim relief etc. (6 lakhs); partly off-set by less debits received for cost of 'Order Police' (5 lakhs) and aggregate of minor variations (3 lakhs).

2.3. After including the amount of misclassifications viz. Rs. 3,10,823 (c.f. Annexures A & B), the excess actually requiring regularisation by Parliament works upto Rs. 26,53,698 in relation to the voted grant of Rs. 87,63,74,000 i.e. 0.3 per cent:

Maintenance. Excess of Rs. 5,46,85,763 over Rs. 2,92,69,60,000.
Voted Grant No. 5 Revenue—Working Expenses—Repairs and

3.1. This grant deals with expenditure on Repairs and Maintenance of Railway assets including track, buildings, rolling stock, ferries, electrical and signal equipment and installations, machinery etc.

3.2. The excess of 5.47 crores is only 1.86 per cent of the final grant of Rs. 292.70 crores voted by Parliament. A supplementary grant amounting to Rs. 10.12 crores was obtained in March, 1972 for expenditure on payment of Additional interim relief sanctioned with effect from 1st October, 1971, repairs of damage caused to track, bridges and equipment by widespread floods, cyclones etc., payment of arrears of rental of P&T line wires, increase in prices of stores and materials used in repairs and maintenance of railway assets; increased expenditure on train lighting equipments for providing better lighting in trains, increase in rates of travelling allowances, night duty allowance and house rent allowances due to reclassification of certain cities, more running and special repairs to Rolling Stock and Workshop repairs to wagon stock. The excess was shared

by all the Railways except Southern and occurred mainly on account of fluctuations in adjustment in respect of depreciation charges for utilisation of rolling stock (1,76 lakhs), provision in respect of which was not made by Northern and Western Railways, more expenditure on shed and shop repairs (1,65 lakhs) in respect of which provision to the extent of 12.99 lakhs was understated by Northern Railway, maintenance of electrical, signal & tele-communication services (1,33 lakhs), repairs to track, bridges etc. (35 lakhs), more expenditure on stores owing to increase in the cost of material (25 lakhs) (includes under-estimation of provision for certain stores by Central Railway 19.8 lakhs), more payment of Additional Interim Relief and payment of daily allowance, house rent allowance etc. at increased rates (12 lakhs) and aggregate of minor variations (9 lakhs); partly offset by fluctuations in adjustment through stock adjustment account (8 lakhs).

3.3. After including the amount of misclassification *viz.* Rs. 13,89,624 (c.f. Annexures A & B), the excess actually requiring regularisation by Parliament works upto Rs. 5,60,75,387 in relation to the voted grant of Rs. 2,92,69,60,000 *i.e.* 1.92 per cent.

Voted Grant No. 6 Revenue—Working Expenses—Operating Staff Excess of Rs. 61,70,808 over Rs. 1,86,93,75,000.

4.1. This grant deals with the expenditure on operating staff employed in Locomotive Carriage and Wagon, Ferry Steamers and Harbours, Traffic including staff at stations, Signal and Tele-communication and Electric Traction Departments.

4.2. The excess of 61.71 lakhs is only 0.33 per cent of the final grant of 186.94 crores voted by Parliament. A supplementary grant of 5.05 crores was obtained in March, 1972 for payment of Running Allowance at enhanced rates sanctioned with effect from 1st January, 1971, additional Interim Relief sanctioned with effect from 1st October 1971 on the recommendation of Third Pay Commission, increased payment of House Rent and City Compensatory allowances due to reclassification of certain cities, sanctioned on 1st May, 1971, retrospectively with effect from 1st February, 1971, more payment of Night Duty allowance due to revision of rates with retrospective effect from 1st April, 1970 and increased expenditure on T.A. due to revision of rate of T.A.; partly offset by saving due to non-filling up of posts etc. etc. The Excess occurred mainly on Eastern, Northern, North Eastern, South Central and South Eastern Railways on account of more payment of running

allowances, as a result of revision of rates (28 lakhs), more payment of overtime and mileage allowance (21 lakhs), in respect of which provision to the extent of 18.49 lakhs was less estimated by North Eastern Railway, fluctuations in payment of Travelling and night duty allowances (8 lakhs) and aggregate of other minor variations (5 lakhs). North Eastern, Southern and South Central Railways surrendered certain funds in the Final Estimates which, however, proved otherwise for the reasons brought out above.

4.3. After excluding the amount of misclassification *viz.* 1,02,238 (c.f. Annexures A & B), the excess actually requiring regularisation by Parliament works upto Rs. 60,68,570 in relation to the voted grant of Rs. 1,86,93,75,000 *i.e.* 0.32 per cent.

Voted Grant No. 9—Revenue—Working Expenses—Miscellaneous Expenses—Excess of Rs. 1,24,31,380 over Rs. 39,66,15,000.

5.1. This grant covers Government Contributions to Provident Fund, Contributions and Grants, Compensation in respect of railway accidents, Subsidy on railway grainshop issues, Catering Department, law charges, revenue expenditure on Civil defence etc. and certain revenue transactions under 'Suspense'.

5.2. The excess of 1.24 crores is only 3.13 per cent of the final grant of 39.66 crores voted by the Parliament. A supplementary grant of 2.75 crores was obtained in March 1972 for meeting payment of additional Interim Relief, increase in rate of Travelling/Daily allowances, Payment due to increase in House Rent allowance, more gratuities payment to staff on settlement, provision of stores for catering department due to increased sale and increased cost of raw materials, civil defence measures during emergency, strengthening of the Railway Protection Special Force to deal with the Law and Order situation, particularly in Eastern Sector, compensation payable due to rail accidents, payment of increased Rent and Taxes, freight charges and other Miscellaneous factors offset partly by savings ~~due to less contribution towards Provident Fund and Other~~ Miscellaneous reasons. The excess was shared by Central, Northern, North-Eastern, Northeast Frontier, South Central, South-Eastern and Western Railways as also under 'Suspense' heads, mainly on account of more payment of freight charges (94 lakhs), more expenditure on special Emergency Force, Civil Defence measures etc. (19 lakhs), purchase of stores for Catering department *inter-alia* as a result of increase in prices of materials (6 lakhs), more amounts having to be kept under Suspense for want of acceptances, full particulars, vouchers etc. (45 lakhs), receipt

of more debits for cost of 'Order police' (13 lakhs) and fluctuations in adjustments of liabilities to final heads etc. (40 lakhs), partly offset by less expenditure on gratuities and special contribution to Provident Fund (19 lakhs), less contribution to Provident Fund (16 lakhs) and aggregate of minor variations (58 lakhs). Central, Northern, North Eastern, Northeast Frontier and South Eastern Railways surrendered certain funds in Final Estimates which, however, proved otherwise for the reasons brought out above.

5.3. After excluding the amount of misclassification *viz.* 1,75,670 (c.f. Annexures A & B), the excess actually requiring regularisation by Parliament works upto 1,22,55,710 in relation to voted grant of Rs. 39,66,15,000 *i.e.* 3.09 per cent.

Voted Grant No. 10—Working Expenses—Staff Welfare—Excess of Rs. 14,63,201 over Rs. 28,64,52,000.

6.1. This grant deals with expenditure on medical facilities, health and welfare services, educational assistance and training of staff, staff canteens and other staff amenities.

6.2. The excess of 14.63 lakhs is only 0.51 per cent of the final grant of Rs. 28.65 crores voted by the Parliament. A supplementary grant amounting 0.78 crore was obtained in March, 1972 for payment of additional Interim Relief sanctioned with effect from 1st October, 1971, on the recommendations of the Third Pay Commission, payment of arrears due to revision of pay scales of school teachers, more expenditure on medicines, etc. due to increase in the number of patients and more reimbursement of tuition fees for school children of Railway employees partly offset by saving due to non-filling of vacancies etc. The excess occurred on Central, Eastern, Northern, Northeast Frontier, South Central and South Eastern Railways on account of more expenditure on medicines and debits therefor and diet charges etc. (22 lakhs); partly offset by savings on account of aggregate of minor variations (7 lakhs). Central, Northeast Frontier, South Central and South Eastern Railways surrendered certain funds in the Final Estimates, which however, proved otherwise for the reasons brought out above.

6.3. After including the amount of misclassification *viz.* 1,21,971 (c.f. Annexures A & B), the excess actually requiring regularisation by Parliament works upto 15,85,172 in relation to voted grant of 28,64,52,000 *i.e.* 0.55 per cent.

Voted Grant No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund—Excess of Rs. 29,57,58,663 Over Rs. 610,48,89,000.

7.1. This grant deals with the expenditure on (i) additions to Railway assets like rolling stock, machinery and works and on transactions under stores, manufacture and miscellaneous Advances (Suspense) charged to Capital and on replacement of such assets charged to Depreciation Reserve Fund and (ii) Development Fund

expenditure on amenities for passengers and other railway users, staff welfare works including the cost of quarters of class III and class IV staff costing above Rs. 25,000 each and unremunerative operating improvement works costing more than rupees three lakhs each.

7.2. The excess of 29.58 crores was 4.84 per cent of the 610.49 crores. A supplementary grant of 0.30 crore was taken in December, 1971 and 17.96 crores in March, 1972, to cover the expenditure on certain new services in connection with the conversion of metre gauge lines to Broad Gauge, more purchases of Stores for works, general purposes stores, fuel oil etc. and increase in the prices thereof (Stores Suspense), more out-turn of coaches in railway workshops (Manufacture Suspense), more imported steel and raw material for fabrication etc. (Misc. Advances), payment of proportionate share of capital contribution expected to be made by the Central Government in State Road Transport Corporations. The excess was shared by all Railways, 3 Production Units and Railway Board and it occurred under:—

- (a) Stores Suspense (17,15 lakhs) mainly on account of receipt of more stores through purchases for general purposes, works, coal, H.S.D. oil (14,90 lakhs) [includes inadequate provision made by Southern Railway (2,50 lakhs), South Central Railway (17 lakhs) and Chittaranjan Locomotive Works (1,21 lakhs)], more debits for imported stores and custom duty (4,70 lakhs), more returned stores (46 lakhs), more receipt of stores from manufacture (45 lakhs) and fluctuations in adjustment through stock adjustment account etc. (1,67 lakhs); partly offset by more issues to manufacture and works etc. (4,95 lakhs) and aggregate of minor variations (8 lakhs),
- (b) Manufacture suspense (7,50 lakhs) mainly on account of drawal of more material from stock and adjustment of debits therefor, owing to better out-turn (6,81 lakhs), [includes under-estimation of provision by Central Railway (46 lakhs) and Integral Coach Factory (65 lakhs)] less issue of manufacture stores to works (81 lakhs) and less returned material to stock (15 lakhs) and minor variations (11 lakhs); partly offset by saving on account of more issue of manufactured stores to Stock (38 lakhs),
- (c) Works (2,90 lakhs) mainly on account of more receipt of permanent way material, other stores and debits therefor (2,24 lakhs), more debits for custom duty (42 lakhs), credits for released material being less than anticipated (25 lakhs); partly offset by aggregate of minor variations (1 lakh),

- (d) Miscellaneous Advances—'Capital' (2,53 lakhs) mainly on account of adjustment of more expenditure on coaches, wheel sets and component parts (98 lakhs), custom duty, freight insurance and incidental charges (21 lakhs), adjustment of advance payment of imported stores (70 lakhs), drawal of more stores for fabrication (44 lakhs) and aggregate of minor variations (20 lakhs) and
- (e) Development Fund (88 lakhs) mainly on account of more progress of certain works owing to better availability of material.

7.3. Against the excesses explained above, savings occurred under:—

- (a) 'Rolling Stock' (1,02 lakhs) [mainly on account of less production of rolling stock (1,45 lakhs), non-materialisation of certain supplies and adjustment of escalation claims etc. (72 lakhs); partly offset by more debits for custom duty and freight charges etc. (82 lakhs) and aggregate of other minor variations (33 lakhs)].
- (b) 'Investment in Road Services' (29 lakhs) was on account of delay in payment to State Road Transport Corporations mainly owing to delay in settlement of accounts.
- (c) 'Taking over of Open Line Wires from P&T Department' (7 lakhs) was on account of non-receipt of debits from P&T Department.

7.4. After excluding the amount of misclassification of Rs. 20,46,511 (c.f. Annexures A & B), the excess actually requiring regularisation by Parliament, works to Rs. 29,37,12,152 in relation to voted grant of Rs. 6,10,48,89,000 i.e. 4.81 per cent.

Voted Grant No. 16—Pensionary Charges—Pension Fund—Excess of Rs. 15,74,131 over Rs. 10,38,60,000.

8.1. This grant deals with expenditure on payment of Pensionary charges to railway employees governed by the pensionary form of retirement benefits.

8.2. The excess of 15.74 lakhs was 1.52 per cent of the final grant of 10.39 crores. A supplementary grant of Rs. 1.50 crores was obtained in March, 1972 to cover the increased payments expected to be made to the staff who retire from railway service under the pensionary form of retirement benefits, but it turned to be slightly inadequate. The excess occurred on the Eastern, Northeast Frontier, South Central and South Eastern Railways partly reduced by saving mainly on the Central, Northern, Southern and Western Railways and Miscellaneous Establishments. The excess of 15.74

lakhs was the net effect of fluctuations in debits received from the Civil Accounts Officers in respect of pension payments.

Voted Grant No. 18—Appropriation to Development Fund—Excess of Rs. 8,76,07,799 over Rs. 44,78,000.

9.1. This grant covers the annual appropriation to Development Fund out of the surplus of the year.

9.2. The excess of 876.08 lakhs was 1956.40 per cent of the final grant of Rs. 44.78 lakhs. No appropriation to Development Fund was made in the Budget Estimates 1971-72 as no revenue surplus was anticipated. Revised Estimates, however, anticipated a surplus of 9.08 lakhs of which Rs. 44.78 lakhs was proposed to be appropriated to meet in part the cost of Development works and a supplementary grant for this amount was taken in March, 1972. The excess appropriation to the Fund was mainly due to improvement in Gross Traffic Receipts, Miscellaneous Receipts and the reduction in payment of Dividend to General Revenues attributable mainly to certain concessions and exemptions granted on the basis of the recommendations contained in the Interim Report of the Railway Convention Committee, 1971.

Voted Grant No. 19—Appropriation to Revenue Reserve Fund—Excess of 7,711 over Rs. 8,63,07,000.

10.1. This grant covers the annual Appropriation to the Revenue Reserve Fund out of the surplus of the year.

10.2. The excess of 8 thousands was 0.0089 per cent of the final grant of 863.07 lakhs. No appropriation to the Revenue Reserve Fund was made in the Budget Estimates as no revenue surplus was anticipated. The Revised Estimates, however, showed a surplus of which Rs. 8.63 lakhs was proposed to be appropriated to this grant and a supplementary grant for this amount was taken in March, 1972. The actual amount appropriated to the Fund was, however, more by 8 thousands more than the final allotment in order to meet the liability for the year.

Charged Appropriation No. 6—Revenue—Operating Staff—Excess of Rs. 7,842 over Rs. 4,99,000.

11.1. This charged Appropriation relates to payments arising from Court decrees etc. in respect of operating staff employed in Locomotive, Carriage & Wagon, Ferry, Steamers and Harbours, Traffic (including staff at stations), Signal and Telecommunication and Electrical Traction Departments.

11.2. The final appropriation consisted of the supplementary appropriation of Rs. 4.99 lakhs obtained in March, 1972 for payments in satisfaction of Court decrees. The actual expenditure i.e. decretal payments, however, exceeded the appropriation available by a small amount of 8 thousands representing in excess of 1.57 per cent over the final appropriation.

ANNEXURE A

Statement showing excesses over Grants/Appropriations as shown in para 6 of the Report of the Comptroller & Auditor General of India for the year 1971-72 as well as excess worked out after taking into Account the items of misclassifications.

Figures in Units of Rs.

Sl. No.	Number and name of The Grant/Appropriation	Original Grant	Supplementary Grant	Final Grant	Expenditure	Excess	Real excess after taking into account misclassification listed in Annexure B	Percentage of excess Col. 7 to Col. 5	Percentage of Excess Col. 8 to Col. 5
1	2	3	4	5	6	7	8	9	10
<i>Voted Grants</i>									
1.	Grant No. 4—Revenue—Administration	85,96,17,000	1,67,57,000	87,63,74,000	87,87,16,875	23,42,875	26,53,698	0.27	0.30
2.	Grant No. 5—Revenue—Repairs and Maintenance	2,82,57,43,000	10,12,17,000	2,92,69,60,000	2,98,16,45,763	5,46,85,763	5,60,75,387	1.86	1.92
3.	Grant No. 6—Revenue—Operating Staff	1,81,88,52,000	5,05,23,000	1,86,93,75,000	1,87,55,45,808	61,70,808	60,68,570	0.33	0.32
4.	Grant No. 9—Revenue—Miscellaneous Expenses	36,91,61,000	2,74,54,000	39,66,15,000	40,90,46,380	1,24,31,380	1,22,55,710	3.13	3.09
5.	Grant No. 10—Revenue—Staff Welfare	27,86,91,000	77,61,000	28,64,52,000	28,79,15,201	14,63,201	15,85,172	0.51	0.55
6.	Grant No. 15—Open Line Works—Capital, DRF & DF	5,92,22,99,000	18,25,90,000	6,10,48,89,000	6,40,06,47,663	29,57,58,663	29,37,12,152	4.84	4.81

GRANT No 4.—REVENUE WORKING EXPENSES—
ADMINISTRATION

Annexure B

Serial No.	Particulars	Amount
		Rs.
1	Excess shown in the Appropriation Accounts	23,42,875
2 (a)	Deduct :— Expenditure relating to Grant No. 5(4,965). Grant No. 6(304) and Grant No. 10 (28,042) booked under Grant No. 4.	33,311
(b)	Add :— Expenditure relating to Grant No. 4 booked to Grant No. 5 (121), Grant No. 8 (13) and 3,44,000 taken as reduction in expenditure instead of under credits or Recoveries.	3,44,134
	Real Excess to be regularised by Parliament (1)—2(a) + 2(b)	26,53,698
	GRANT No. 5.—REVENUE WORKING EXPENSES—REPAIRS AND MAINTENANCE	
1	Excess shown in the Appropriation Accounts	5,46,85,763
2 (a)	Deduct :— Expenditure relating to Grant No. 4(121) and Grant No. 8 (409) booked under Grant No. 5	530
2 (b)	Add :— Expenditure relating to Grant No. 5 booked to Grant No. 4(4965), Grant No. 8 (6600), Grant No. 9 (1,48,248) Grant No. 13 (44,590) and Grant No. 15 (11,85,751)	13,90,154
	Real excess to be regularised by Parliament (1) — 2(a) + 2(b)	5,60,75,3 ² 7
	GRANT No. 6.—REVENUE WORKING EXPENSES —OPERATING STAFF	
		Annexure B 61,70,808
1	Excess shown in the Appropriation Accounts.	
2 (a)	Deduct :— Expenditure relating to Grant No. 7 (15219) and Grant No. 10 (93,929) booked under Grant No. 6	1,09,148
2 (b)	Add :— Expenditure relating to Grant No. 6 Booked under Grant No. 4(304) and Grant No. 15 (6,606)	6,910
	Real excess to be regularised by the Parliament (1) —2(a) + (b)	60,68,570
	GRANT No. 9.—REVENUE WORKING EXPENSES—MISCELLANEOUS EXPENSES	
1	Excess shown in the Appropriation Accounts.	1,24,31,380
2 (a)	Deduct :— Expenditure relating to Grant No. 15 (27,244) and Grant No. 5 (1,48,248) booked under Grant No. 9.	1,75,670

Serial No.	Particulars	Amount Rs.
2 (b)	Add :—	
	Expenditure relating to Grant No. 9 booked under other Grants	..
	Real excess to be regularised by Parliament (1) — 2(a)+2(b)	1,22,55,710
	GRANT No. 10—REVENUE WORKING EXPENSES—STAFF WELFARE	<i>Annexure B</i>
1	Excess shown in the Appropriation Accounts.	14,63,201
2 (a)	Deduct :—	
	Expenditure relating to other Grants booked under Grant No. 10	
2 (b)	Add :—	
	Expenditure relating to Grant No. 30 booked under Grant No. 4 (28,942) Grant No. 6(93,929)	1,21,9 71
	Real excess to be regularised by the Parliament (1) — 2(a)+(b)	15,85,172
	GRANT No. 15.—OPEN LINE WORKS—CAPITAL, DEPRECIATION RESERVE FUND AND DEVELOPMENT FUND	
1	Excess shown in the Appropriation Accounts	29,57,58,663
2 (a)	Deduct :—	
	Expenditure relating to Grant No. 5(11,85,751), Grant No. 6 (6,606) — Grant No. 13 (10,090), Grant No. 14 (10,32,543) and non adjustment of debits against Defence (31,269)	22,66,259
2 (b)	Add :—	
	Expenditure relating to Grant No. 15 booked under Grant 9 (27,422) and certain credits taken as reduction in expenditure (1,92,326)	2,19,748
	Real excess to be regularised by Parliament (1) — 2(a) + (b)	29,37,12,152

APPENDIX XXVI

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(P&T Board)

Note for the Public Accounts Committee for regularisation of excess over the voted Grant No. "93-Posts & Telegraphs Dividend to General Revenues, Appropriations to Reserve Funds & Repayment of loans from General Revenues" as disclosed in the Appropriation Accounts for the year 1971-72:—

The final accounts for the year 1971-72 disclosed an excess of Rs. 14,50,03,512 over the voted Grant "No. 93-Posts and Telegraphs Dividend to General Revenues, Appropriations to Reserve Funds and Repayment of Loans from General Revenues" as detailed below:—

Original Grant	. Rs.	25,03,09,000
Supplementary Grant	. Rs.	10,63,21,000
	TOTAL GRANT	<u>. Rs. 35,66,30,000</u>
Actual expenditure	. Rs.	<u>50,16,33,512</u>
Excess	. Rs.	14,50,03,512

2. This Grant provides for (i) payment of ~~dividend~~ to General Revenues on the capital-at-charge, (ii) appropriation of surplus in the working of the Posts & Telegraphs Department to its Reserve Funds and (iii) repayment of loans, if any, taken from the General Revenues for augmenting the Posts & Telegraphs Revenue Reserve Fund so as to meet the shortfall in the dividend payable to General Revenues, as well as the deficit, if any, in the working results of the Department. Any improvement in revenue receipts or reduction in net working expenses has the effect of increasing the surplus anticipated in the Budget and results in larger appropriation to the Reserve Funds, thereby causing an excess in the Grant.

3. The Budget provision of Rs. 2503.09 lakhs under this Grant was augmented by obtaining a supplementary grant of Rs. 1063.21 lakhs in March '72, on the basis of anticipated surplus of Rs. 3566.30 lakhs against the original estimate of Rs. 2503.09 lakhs. The actual surplus, however, amounted to Rs. 5016.33 lakhs resulting in an excess of Rs. 1450.03 lakhs over the sanctioned Grant.

4. The increase in the surplus was due to larger revenue receipts (Rs. 981.01 lakhs) mainly on account of un-expected increase in the telephone receipts and lesser net working expenses (Rs. 469.02 lakhs) mainly due to enforcement of economy measures.

5. The position of funds as provided for under the grant and the actual expenditure is indicated below:—

(In lakhs of Rupees)

	Total Grant for 1971-72	Actuals for 1971-72	Variation Excess(+) Savings(—)
Dividend to General Revenues	1541.74	1302.10	(—)239.64
Appropriation to P. & T. Revenue Reserve Fund	361.35	214.23	(—)147.12
Appropriation to P. & T. Capital Reserve Fund	1663.21	3500.00	(+)1836.79
TOTAL	3566.30	5016.33	(+)1450.03

The above savings and excess are explained hereunder:—

(i) *Dividend to General Revenues* (—) Rs. 239.64 lakhs

The saving was due to reduction in the Works programme and also to the increase in the balance of the Capital Reserve Fund. The increased balance was the result of larger appropriation to the Capital Reserve Fund consequent on unexpected increase in the net surplus of the Deptt. As the balance in the Fund is netted against the Capital outlay, the dividend payable to the General Revenues decreased.

(ii) *Appropriation to P&T Revenue Reserve Fund* (—) Rs. 147.12 lakhs

The balances in the Posts & Telegraphs Revenue Reserve Fund carry interest at the average rate. As the balance in the Capital Re-

serve Fund was being netted against the dividend bearing capital outlay and the rate of dividend payable to General Revenues is higher than the average interest rate, it was decided to appropriate lesser amount to the Revenue Reserve Fund than provided for in the Budget

It has since been decided to slightly modify the arrangements in regard to the balances in the Capital Reserve Fund. Under the modified arrangements, the balance in the Fund will no longer be netted against the capital outlay for the purpose of calculating the dividend payable to General Revenues. It will earn interest at the average rate. The amount on account of the difference between the current dividend rate and the average rate of interest on the balances in the Capital Reserve Fund and the Revenue Reserve Fund would be deducted from the Dividend payable to General Revenues.

(iii) *Appropriation to P&T Capital Reserve Fund (—) Rs. 1836.79 lakhs*

The excess was due to larger appropriation to the Capital Reserve Fund following reduction in the dividend payable to General Revenues; lesser appropriation to the Posts & Telegraphs Revenue Reserve Fund and increased surplus of the Department as a result of larger revenue receipts and lesser net working expenses.

6. The net excess of Rs. 14,50,03,512 over the sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

7. This has been seen by AGP&T, Delhi.

APPENDIX XXVII

I. Recommendations/Observations that have been accepted by Government

Recommendation

In the 123rd Report (Fourth Lok Sabha) the Committee expressed their satisfaction over the substantial reduction in the aggregate amount of excesses over voted grants and charged appropriations during the year 1968-69. The excesses during the year 1968-69 have aggregated Rs. 3.78 crores as against Rs. 11.60 crores and Rs. 27.77 crores during the years 1966-67 and 1967-68 respectively. The Committee hoped that every effort would be made by the Ministries/Departments to improve the position further. These observations of the Committee had been brought to the notice of all the Ministries/Departments by the Ministry of Finance in October, 1970. In their subsequent Report (29th Report—Fifth Lok Sabha), the Committee noted with concern that the position had, instead of improving, deteriorated again. The excesses during the year 1969-70 totalled up to Rs. 17.10 crores. The Committee had then stressed the need to take concerted steps to improve the budgeting procedures so as to minimise excesses. Ironically enough, the excesses recorded during the year under report (1970-71) have touched a new high in recent years, the total amount being Rs. 55.76 crores. The particulars of excesses that occurred over the years 1965-66 to 1970-71 given below speak for themselves:—

Excesses

Year	No. of voted grants	No. of charged appropriations	Total	Amount excess in crores of Rupees
1965-66	31	4	35	18.21
1966-67	26	5	31	11.60
1967-68	22	3	25	27.77
1968-69	25	4	29	3.78
1969-70	18	5	23	17.10
1970-71	29	8	37	55.76

The extent of deterioration in the position during the year 1970-71 causes grave concern to the Committee. They hope that the Minis-

try of Finance would take the initiative in investigating the causes that have led to this unprecedented increase. Unless the basic reasons are identified and drastic steps taken to arrest the tendency to exceed the budget provisions, by Government as a whole, sound budgetary control would be a far cry despite repeated suggestions by this committee year after year to improve the position.

[S. No. 1 (Para 1.3) of Appendix XXXV to 49th Report (5th Lok Sabha)].

Action taken

A Task Force consisting of an officer each from the Department of Expenditure, Department of Economic Affairs (Budget Division) and the office of the Comptroller & Auditor General of India has been constituted to have a detailed analysis made of the effectiveness of the various procedures for expenditure control *vis-a-vis* the functioning of the system of internal financial control and to suggest to Government remedial measures to improve the budgetary system. The Committee are still on their job. Necessary action will be taken by the Finance Ministry as soon as the Report of the Committee is received.

[Min. of Fin. O.M. No. F.12(39)-E(Coord)|72 dt. 20-2-1973].

Recommendation

The Committee have attempted to analyse the excesses recorded during the past six years ended 31st March, 1971, grant-wise. As a result of such an analysis they find that the grant in relation to the Ministry of Information & Broadcasting has been consistently exceeded during all the six years. In this connection it is worth recalling that in the 123rd Report (Fourth Lok Sabha) attention had been drawn to the excesses recorded continuously over a decade under the head "Maintenance of National Highways". Other grants in which excesses had occurred for three years and more in succession are (i) "Ministry of Foreign Trade (1966-67 to 1970-71)", (ii) "Pensionary Charges and Pension Fund (Railways) (1967-68 to 1970-71)", (iii) "Ministry of Shipping and Transport (1968-69 to 1970-71)" and (iv) "Public Works (1968-69 to 1970-71)." The recurring phenomenon of excess under these grants indicates clearly lack of financial discipline in the Ministries|Departments concerned. The Committee trust that these Ministries|Departments would tighten up their budgetary procedures and control forthwith.

[S. No. 2 (Para 2.2) of Appendix XXXV to 49th Report (5th Lok Sabha)].

Action taken

The observations of the Committee have been brought to the notice of all the Ministries/Departments for necessary action. They have once again been requested to give a serious thought to the task of exercising effective control over the progress of expenditure and taking timely action on provision of requisite fund to cover anticipated commitments during the financial year thereby avoiding the occurrence of excesses over sanctioned grants, *vide* O.M. No. F.12 (39)-E(Coord.)72, dated 22nd December, 1972 (copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12(39)-E(Coord.)72, dt. 20-2-73].

Recommendation

The notes furnished by the Ministries on excesses over voted grants and charged appropriations during the year 1970-71 reveal certain unusual features which the Committee had not generally come across in earlier years. In a number of cases there have been mis-classifications of expenditure on a fairly large-scale which suggest that there was no effective reconciliation of the departmental figures with the Accounts figures. In quite a few cases expenditure has been incurred without any provision even at the stage of revised estimates. The Committee have also found that during the year significant excesses occurred over the provisions for "Traveling Expenses" and "Office Contingencies" which they do not view with favour as there is imperative need for observing economy in governmental expenditure. They have also reason to believe that the powers of re-appropriation by the end of the year have not been exercised in some cases by the concerned authorities judiciously. In the succeeding sections of this Report they have dealt with *inter alia* these aspects in some detail. The Committee need hardly point again that defective estimation, lack of proper review of the progress of expenditure at the appropriate time, failure to anticipate properly the receipt of store and debits relating thereto, absence of adequate provision for adjustment of past liabilities and lack of proper control over expenditure continue to contribute largely to excesses.

[S. No. 3 (Para 2.3) of Appendix XXXV to 49th Report (5th Lok Sabha)].

Action taken

The observation of the Committee have been brought to the notice of all the Ministries/Departments for necessary action. They

have once again been requested to follow the procedure laid down by the Ministry of Finance which *inter alia* includes proper maintenance of expenditure control registers and liability registers, prompt adjustment of debits systematic reconciliation of departmental figures with the Accounts figures. As regards the excesses occurring under "Travelling Expenses" and "Other Contingencies" the Ministries have once again been requested to refrain themselves from using their powers of reappropriation to augment the provision under "Travelling Allowance" and other items of conspicuous expenditure like entertainment at public expenses, conferences, seminars, decoration of houses and provision of furniture and furnishings *vide* this Ministry's O.M. No. F.12(39)-E(Coord.)|72, dated 22-12-72 (Copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M.
No. F.12(39)-E(Coord.)|72, dt. 21-2-73].

F.12(39)-E(Coord)|72

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi, the 22nd December, 1972.

OFFICE MEMORANDUM

SUBJECT.—49th Report of the Public Accounts Committee (Fifth Lok Sabha).

The Public Accounts Committee, while expressing their concern on excesses over voted Grants and charged Appropriations disclosed in the Appropriation Accounts for the 1970-71 have observed in paras 2.2 and 2.3 of their 49th Report (Fifth Lok Sabha) as follows:—

Recommendation No. 2 (Para 2.2)

The Committee have attempted to analyse the excesses recorded during the past six years ended 31st March, 1971, grant-wise. As a result of such an analysis they find that the grant in relation to the Ministry of Information and Broadcasting has been consistently exceeded during all the six years. In this connection it is worth recalling that in the 123rd Report (Fourth Lok Sabha) attention had been drawn to the excesses recorded continuously over a decade under the head "Maintenance of National Highways". Other grants in which excesses had occurred for three years and more

in succession are (i) "Ministry of Foreign Trade (1966-67 to 1970-71)" (ii) "Pensionary Charges and Pension Fund (Railways) (1967-68 to 1970-71)" (iii) "Ministry of Shipping and Transport (1968-69 to 1970-71)" and (iv) "Public Works (1968-69 to 1970-71)". The recurring phenomenon of excess under the grants indicates clearly the lack of financial discipline in the Ministries/Departments concerned. The Committee trust that these Ministries/Departments would tighten up their budgetary procedures and control forthwith.

Recommendation No. 3 (Para 2.3)

The notes furnished by the Ministries on excesses over voted grants and charged appropriations during the year 1970-71 reveal certain unusual features which the Committee had not generally come across in earlier years. In a number of cases there have been misclassification of expenditure on a fairly large scale which suggest that there was no effective reconciliation of the departmental figures with the Account figures. In quite a few cases expenditure has been incurred without any provision even at the stage of revised estimates. The Committee have also found that during the year significant excesses accrued over the provisions for "Travelling Expenses" and "Office Contingencies" which they do not view with favour as there is imperative need for observing economy in governmental expenditure. They have also reason to believe that the powers of reappropriation by the end of the year have not been exercised in some cases by the concerned authorities judiciously. In the succeeding sections of this report they have dealt with *inter alia* these aspects in some detail. The Committee need hardly point out again that defective estimation, lack of proper review of the progress of expenditure at the appropriate time, failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for adjustment of past liabilities and lack of proper control over expenditure continue to contribute largely to excesses.

2. The Ministry of Finance have laid down detailed procedure for achieving effective control over expenditure (*vide* Rules 65 to 69 of G.F.Ps and the various Government of India decisions thereunder) which *inter alia* includes proper maintenance of expenditure control registers and liability registers, prompt adjustment of debits, systematic reconciliation of departmental figures with the Accounts' figures. The need for realistic budgeting and effective control over expenditure with reference to the sanctioned grants has been repeatedly stressed by the P.A.C. and their observations have been brought to the notice of all the Ministries/Departments. In

spite of the instructions year after year, the phenomenon of excesses still continues and the amount of excesses has been on the increase for the past few years. For 1970-71 the number of Grants and Appropriations in which excesses occurred rose to 37 against 23 of the previous year, the amount for.....1970-71 being Rs. 55.76 crores against 17.10 crores for 1969-70. The matter merits very serious attention and detailed investigation, as to how far the institution of Internal Financial Advice has been able to achieve the objective for which it has been set up in the Ministries/Departments and what remedial measures are to be taken, to bridge the gap between the Estimates and actuals. The Public Accounts Committee have particularly commented on the excesses occurred over the provisions for "Travelling Expenses" and "Other Contingencies" in the wake of imperative need for observing economy in governmental expenditure. In this connection attention of the Ministries/Departments is drawn to this Ministry's O.M. No. F.14(2)-E (Coord) | 70 dated 12-5-1970 according to which the Ministries should refrain themselves from using their powers of reappropriation to augment the provision under "Travelling Allowance" and other items of conspicuous expenditure like entertainment at public expenses, conferences, seminars, decoration of houses and provision of furniture and furnishings.

3. The Ministry of Information and Broadcasting etc. are once again requested to give a serious thought to the task of exercising effective control over the progress of expenditure and taking timely action for provision of requisite funds to cover anticipated commitments during the financial year thereby avoiding the occurrence of excesses over sanctioned grants suitable instructions may also kindly be issued to all subordinate authorities under them.

(V. K. PANDIT),
Deputy Secretary to the Government of India.

To

All Ministries|Departments of the Government of India.

F.12(39)-E(Coord.)|72

Copy forwarded to all Financial Advisers and Expenditure Branches for information. It is reiterated that the observations of the Committee may please be borne in mind while conducting the reviews on progress of expenditure against sanctioned grants early in January every year *vide* this Memorandum No. F.15(2)-E(Coord)|66, dated 30th December, 1966, so as to ensure that all anticipated commitments are taken into account and necessary provision

for funds is made therefore, thereby obviating excesses over sanctioned grants. In this their attention is also invited to this Department's endorsement No. F.12(1)-E(Coord)/72, dated 18th March, 1972.

Copy also forwarded to:—

C. & A.G. of India.

Supreme Court.

Election Commission.

Lok Sabha Secretariat (P.A.C. Branch).

A.G.C.R., New Delhi.

Budget Division.

(V. K. Pandit),

Deputy Secretary to the Government of India.

Copy forwarded for necessary action in so far as they are administratively concerned to:—

1. Defence Division 2. A&B Branch 3. E.G.1 Branch 4. B.P.E.

(V. K. Pandit),

Deputy Secretary to the Government of India.

Recommendation

In Paragraph 2.4 of their 29th Report (Fifth Lok Sabha), the Committee particularly referred to expenditure on a charged item without any budget provision although proper course would have been to take either a supplementary appropriation or an advance from the Contingency Fund of India. The Committee find that during the year 1970-71 also, such irregularities have been committed. Payments of Rs. 5.25 lakhs and Rs. 3.23 lakhs were made in satisfaction of certain court decrees and booked against the charged section under the sub-head "A.1(1)-Construction of National Highways" (Grant No. 129-Capital Outlay on Roads) and sub-head "A.2-Land Acquisition" (Grant No. 130-Capital Outlay on Ports) respectively without any budget provision. The Committee desire that strict instructions should be issued to avoid such improprieties in future.

[S. No. 4 (Para 2.4) of Appendix XXXV of 49th Report
(Fifth Lok Sabha)]

Action Taken

The observations of the Committee have been brought to the notice of all the Ministries/Departments vide Ministry of Finance's O.M. No. F8(23)-B/72 dated 11-12-1972 (copy enclosed).

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 8(23)-B/72 dt. 14-2-73]

No. F. 8(23)-B/72

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 11th December, 1972.

OFFICE MEMORANDUM

SUBJECT:—49th Report of the Public Accounts Committee (5th Lok Sabha)—procedure for making provision for charged expenditure.

The undersigned is directed to state that the Public Accounts Committee while referring to the expenditure on a charged item without budget provision have, in para 2.4 (S.No. 4 of Appendix XXXV) of their above mentioned Report observed as under:—

“In paragraph 2.4 of their 29th Report (Fifth Lok Sabha), the Committee particularly referred to expenditure on a charged item without any budget provision although proper course would have been to take either a supplementary appropriation or an advance from the Contingency Fund of India. The Committee find that during the year 1970-71 also, such irregularities have been committed. Payments of Rs. 5.25 lakhs and Rs. 3.23 lakhs were made in satisfaction of certain court decrees and booked against the charged section under the sub-head “A.1(1)-Construction of National Highways.” (Grant No. 129-Capital Outlay on Roads) and sub-head “A.2-Land Acquisition” (Grant No. 130-Capital Outlay on Ports) respectively without any budget provision. The Committee desire that strict instructions should be issued to avoid such improprieties in future.”

It is requested that these observations may be carefully noted and position for ‘Charged’ expenditure made either by Supplementary Appropriation or by drawal of an advance from the Contingency Fund.

2. In this connection attention is also invited to this Ministry's O.M. No. F. 2(55)-B|57 dated 12th June, 1957 (copy enclosed) which *inter alia* requires that in the case of Ministries|Deptts. where decrees|awards are normal feature, provision may be included as a 'charged' item of expenditure for likely payments to be made during the year on the basis of past trends of actuals and other data available with the Ministries|Departments at the time of framing the estimates.

3. Ministries of Home Affairs, etc. are requested to note these instructions carefully and bring the same to the notice of their attached and subordinate offices to avoid non-provisioning of funds, wherever necessary, in future.

(Manjit Singh),

Under Secretary to the Govt of India.

To

All Ministries|Deptts. of the Govt. of India, etc.

No. F. 8(23)-B|72

Copy forwarded for informations to:—

1. All F.As in the Deptt. of Expenditure.
2. Deptts of Revenue & Insurance, Expr. (E. Co-ord. Br.) and Banking.
3. N.S., Admn., Cash, Currency, Coinage, B.N.P. Branches of Deptt. of Economic Affairs.
4. Comptroller and Auditor General of India.

(Manjit Singh),

Under Secretary to the Govt. of India.

Copy of Office Memorandum No. F. 2(55)-B|57 dated 12-6-57 from Shri Shiv Naubh Singh, Deputy Secretary Ministry of Finance Department of Economic Affairs addressed to All Ministries and Departments etc. etc. of the Govt. of India.

SUBJECT:—*Provision for charged expenditure to meet the payments of awards, decrees, etc. likely to be made against Government in the coming year.*

The undersigned is directed to state that the question of making provision in the budget in anticipation of the awards, decrees, etc. likely to be made against Govt. in the coming year has been under consideration for some time. Some Ministries, Departments, etc., where such payments are a regular feature, have complained that

the procedure of obtaining an advance from the Contingency Fund of India to meet each and every such payment causes grave inconvenience. In most cases payments have to be made immediately under the orders of the Court and there is no time to ask for the sanction of an advance from the Contingency Fund and to draw the amount against it. The Govt. are also advised that there is no constitutional objection in anticipating such awards and including provision for them in the annual budget. It has accordingly been decided that in the case of Ministries, Departments, etc. where such awards are a normal feature, provision may be included as a 'charged' item of expenditure for the likely payments to be made during the year on basis of past trends of actuals and such other relevant data that the Ministries, etc. might have. If this provision proves inadequate it will be necessary to supplement it by a Supplementary appropriation or in the case of an immediate payments, to ask for an advance from the Contingency Fund. In the case of Ministries, etc. where only stray cases occur and it is not possible to anticipate them beforehand, there would be no option but to ask for a supplementary appropriation and, if necessary, an advance from the Contingency Fund.

It would, however, be necessary to ensure that the amounts included in the annual budget in anticipation of the awards, decrees, etc. likely to be made against Govt. in the coming year are reduced to the absolute minimum. The provision to be included should, therefore, be made only after obtaining the prior concurrence of the Finance Adviser.

Recommendation

The Committee hope that efforts will be made to prune and to effectively regulate the expenditure on office contingencies now that the expenditure has been brought under Centralised control. In this the Ministry of Finance should set an example to other Ministries| Departments.

[S. No. 6 (Para 2.8) of Appendix XXXV to 49th Report
(5th Lok Sabha)].

Action Taken

The recommendation of the Committee that the Ministry of Finance should set an example to other Ministries in the regulation and control of expenditure on office contingencies has been noted for guidance. All efforts are made now to see that the expenditure is within the sanctioned Grant. It may be pointed out that in the year 1971-72, as against the Final Grant of Rs. 35.22 lakhs the final

expenditure is Rs. 33.25 lakhs leaving an unspent gap of Rs. 1.97 lakhs. This gap is due to the non-raising of certain debits accepted by the Ministry by the respective Departments although provision to cover such debits had been made in the Budget.

[Ministry of Finance (Department of Expenditure O.M. No. F12 (39)-E. (Coord) |72, dated 20-2-73.]

Recommendation

10. An expenditure of Rs. 3.27 lakhs was incurred under the sub-head "A.1(2)-Interim Relief" without any provision. The Committee understands that orders regarding interim relief were issued by Government in September, 1970 and yet no provision therefor was included in the Supplementary Demands for grants presented to Parliament in March, 1971. Surprisingly enough the Ministry has explained that proposals for obtaining supplementary grant though initiated could not be finalised in time. The Committee are inclined to take a serious view of such laxities.

[Sl. No. 10 of Appendix XXXV—Para 2.16 of 49th Report (1972-73)—(5th Lok Sabha) of P.A.C.]

Action Taken

As regards above observation made by the Public Accounts Committee, it may be submitted that this Ministry had anticipated an excess of Rs. 3,67,100 over the budget estimates at the R.E. for 1970-71 stage (but it could not be got accepted by the Ministry of Finance in time for securing a supplementary grant). However, the proposal for a supplementary grant of Rs. 3,66,300|- which was the estimated latest amount of excess towards the close of the year, could not be submitted to Ministry of Finance sufficiently early to enable them to process it further. The observation made by the Committee has been noted. Effective steps are being taken to ensure that, in future, proposals for supplementary grant are initiated and finalise well in advance of the due date prescribed by the Ministry of Finance for acceptance of such proposals.

Recommendation

11. Further, the Committee note that there has been excess expenditure to the extent of 48 per cent and 19 per cent respectively under "Travelling Expenses" and "Contingencies". In addition to taking timely action to provide fully for the anticipated expenditure

the committee would stress the need to have an effective control over expenditure on these items with an eye on economy.

[Sl. No. 11 of Appendix XXXV—Para 2.17 of 49th Report (1972-73) (5th Lok Sabha) of PAC.]

Action Taken

The following steps have already been taken to exercise greater control over expenditure on travelling expenses and items of contingencies.

- (i) every proposal for tour should be carefully scrutinised in order to ensure that expenditure on travelling expenses is incurred only when it is inescapable,
- (ii) air journey should not be authorised for officers who are not entitled to it,
- (iii) no new residential telephone will be provided to officers below the rank of Deputy Secretary,
- (iv) S.T.D. facilities will not be available for telephones in Sections,
- (v) overseas telephone calls should not be made except at the level of Joint Secretaries and above, and
- (vi) no new items of decoration and furniture should be purchased except where these are inescapable for example, for the use of new staff or where existing items have become unserviceable due to wear and tear.

Accountant General, Central Revenues has seen.

[Ministry of Defence O.M. F. 11(31)|72|D|Budget dt. 6-3-73]

Recommendation

The Committee note that the original provision of Rs. 4.55 lakhs under the Sub-head "A.I.(6)-Expenditure on Printing and Stationery" was reduced to Rs. 3.70 lakhs. The actual expenditure was, however, Rs. 4.06 lakhs resulting in an excess of about 10 per cent over the final grant. The Ministry has explained that the debit statements for the various jobs are received very late from the Government of India presses and that they do not contain any job particulars for linking with the various orders placed by the Ministry. This situation is highly unsatisfactory. The Committee hope that the Government of India presses will be prompt in sending the debit statements showing the required particulars and that the

Ministry of Education and Social Welfare will maintain the liability register properly and avoid excesses by having an effective coordination with the Pay and Accounts Officer, Ministry of Works, Housing and Supply.

[S. No. 12 Appendix XXXV, Para No. of the Report—2.20].

Action Taken

To obviate the difficulties experienced in the matter of adjustment of debits, a new Procedure of jobwise accounts (evaluating the cost of printing at predetermined common hourly rate) has been drawn up by the Chief Controller of Printing and Stationery and is awaiting the approval of the Comptroller and Auditor General. In the meantime in order to comply with the instructions of the Public Accounts Committee the procedure of maintaining jobwise accounts on the basis of hourly rate of individual operative wages as at present has been introduced in all the Government of India presses with effect from 1-1-1973 and the indentors will get jobwise debits from the Government of India presses in respect of new jobs received on or after 1-1-1973 by the presses. The Government of India presses have already been instructed by the Chief Controller of Printing and Stationery to give necessary job particulars and the indentors' printing requisition No. etc. in the debit statements. Further, the presses have also been instructed to send a copy of the debit statement to the indenter and the indentors' accounts officer for their advance information as soon as the debit is raised against any indenter.

The Ministry of Education and Social Welfare on receipt of copy of jobwise debit statement from the Government of India presses will contact the Pay and Accounts Officer concerned of the Ministry of Works and Housing with a view to ascertaining the actual month in which the debit would be raised in respect of that particular job. This information along with detailed particulars which would be given by the Government of India presses in the debit statements, would facilitate maintaining the liability register properly.

As a result of the measures stated above, the position in the matter is expected to be improved to a considerable extent within a short time.

[Ministry of Education and Social Welfare (Deptt. of Education) O.M. No. G25015|1|72|Pub, dated the 25-6-1973]

Recommendation

The Committee further note that substantial excess has been incurred on Travelling Expenses also. The Committee feel that the

increase in Travelling Allowance rates from 1st January, 1971 should have been taken into account at the Revised Estimate stage and the liability register should have been maintained properly by having an effective liaison with the High Commission, London and the Railways, to anticipate and provide for the adjustment of debits.

[S. No. 13 Appendix XXXV Para No. 2.21 of 49th Report
(5th Lok Sabha)]

Action Taken

The observations of the Public Accounts Committee have been noted. Instructions regarding the need for (i) taking into account the anticipated increase in expenditure during the remaining part of the financial year due to increase in the rates of Travelling Expenses, Dearness Allowances, Interim Relief and Other fringe benefits at the time of framing Revised Estimates|Final Estimates and (ii) maintenance of liability registers by all the Sections dealing with expenditure sanctions have been issued. Copies of these instructions are enclosed.

[Ministry of Education & Social Welfare (Deptt. of Education)
O.M. No. G. 23017|2|71-ECU dated 7-8-1973]

No. G. 23017|2|71-IF.4 (ECU)

GOVERNMENT OF INDIA

MINISTRY OF EDUCATION & SOCIAL WELFARE

(DEPARTMENT OF EDUCATION)

New Delhi, the 7th August 1973.

SUBJECT:—*Increase in the rates of allowances—Its effect in the Revised Estimates and Final Estimates.*

The Appropriation Accounts for the year 1970-71 in respect of "Grant No. 6-Sectt. Expenditure of the Ministry of Education" revealed some excess over final grant under the head "Travelling Expenses" and this excess was explained as partly due to increase in Travelling Allowances rates w.e.f. 1-1-1971.

The Public Accounts Committee in their 49th Report (5th Lok Sabha) have taken a serious view of this and have recommended as follows:

"Para 2.21. The Committee further note that substantial excess expenditure has been incurred on Travelling Expenses also. The

Committee feel that the increase in Travelling Allowances rates from 1st January, 1971 should have been taken into account at the Revised Estimates stage and that Liability Register should have been maintained properly by having an effective liaison with the High Commission, London and the Railways, to anticipate and provide for the adjustment of debits”.

Had this increase in Travelling Allowances rates been taken into account while framing the Revised Estimates|Final Estimates, the excess might have been avoided.

All the sections may note that any increase in the rates of Travelling Allowances, Dearness Allowances, Interim Relief and other fringe benefits that may be sanctioned by the Government from time to time should be taken into account while sending their Revised Estimates|Final Estimates to the Internal Finance Division.

Sd|-

(J. VEERARAGHAVAN),

Director (Planning and Internal Finance)

No. G. 22016|9|71-ECU

GOVERNMENT OF INDIA

MINISTRY OF EDUCATION & SOCIAL WELFARE

(DEPARTMENT OF EDUCATION)

New Delhi-1, dated 25th February, 1972.

SUBJECT:—*Maintenance of Liability Register in the Administrative Division for recurring expenditure through book adjustments.*

The appropriation accounts received from the Accountant General, Central Revenues for the year 1970-71 in respect of Grant No. “6-Secretariat Expenditure of the Ministry of Education” has reflected excesses and savings under different heads occurring therein. The scrutiny of the accounts reveal that many factors had contributed to the shortcomings brought out in the appropriation accounts. For example, the excess expenditure under the sub-head “Travelling Expenditure” was explained by the Controlling section stating that the record maintained by them was only in respect of cash payments made by the Ministry and they did not have any information in respect of the book adjustments of expenditure incurred through the various Missions as well as debits from Railways for H.O. Rs. They added that the Reconciliation Unit might be able to say what the excess expenditure comprised of.

The aforesaid explanations reveals that there may not be a machinery in the Administrative Division to keep record of the book adjustments that should necessarily be taken into account in the determination of funds to be provided for various items of expenditure in the Demand Book. The procedure prescribed under the General Financial Rules require the maintenance of a Liability Register for keeping an account of the expenditure through book adjustments through the various agencies operated upon by this Ministry. Wherever sanction for expenditure other than through drawal of bills for payment by the Ministry itself is issued a note of these cases should be kept in the Liability Register and the job of maintaining such a register and assessing the need for funds in the light of the details incorporated in the register is that of the authorities incurring the expenditure. The expenditure Control Unit can play a very limited role in the context of assessing the extent of funds required to be retained under a particular Sub-head. The Unit merely keeps a record of the expenditure incurred in the different bills drawn by the Ministry and also makes a note of the book adjustments made by the Accounts Officer when come across in the course of reconciliation of the figures in the Audit Office. The Unit will no doubt communicate to the Sections concerned the progress of the book adjustments as and when they come across the same in the course of reconciliation but this information furnished by the Unit will not be of much assistance in determining the funds necessary under the grant as the adjustments are made in accounts long after the issue of sanction or otherwise for incurring some expenditure through another agency. A departmental record of these is necessary and for this purpose, it is essential that the Liability Registers are maintained up-to-date by the Sections concerned. The information regarding the progress of adjustments of the expenditure furnished by the Expenditure Control Unit can at best serve to corroborate the adjustments already effected in the accounts out of the transactions recorded in the Liability Registers.

As we will shortly be deciding the final grant necessary under the different sub-heads, the Liability Registers may be brought up-to-date at an early date and the same intimated to me by 4-3-1972.

Sd/-

(KANTI CHAUDHURY),
Joint Secretary (Admn.).

Recommendation

Major part of the excess occurred under the Head 'E-Works' which was over one fifth of the final provision. The Committee are unhappy to note that adjustments of the debits raised by the C.P.W.D.

from year to year on account of works entrusted to them had no relation to the provision proposed by them. The Committee expect that in future the C.P.W.D. should give a firm estimate and an effective coordination should be established with the Accounts Officer concerned by the Department of Culture to adequately provide for anticipated adjustments during the year.

[S. No. 14 Appendix XXXV Para No. 2.24 of 49th Report]

Action Taken

The recommendation has been noted. The contents of the recommendation have been communicated to the Ministry of Works and Housing for necessary action at their end. Suitable instructions (copy enclosed) have also been issued to various units under this Survey to establish effective coordination with the Accounts Officers concerned to ensure adequate provision for anticipated adjustments during the particular year.

[Archaeological Survey of India O.M. No. 15|4|71|AC dated
23-6-1973]

IMPORTANT CIRCULAR

No. 15|4|71-AC

GOVERNMENT OF INDIA

ARCHAEOLOGICAL SURVEY OF INDIA

New Delhi-11, the 10th November, 1972

To

All Archaeological Officers

SUBJECT:—*Action taken on the recommendations of the Public Accounts Committee in their 49th Report.*

Sir,

I have the honour to say that while considering the remarks of this Department in respect of the excess over grant that occurred during the year 1970-71 under sub-head 'E-Works' the Public Accounts Committee have observed as follows in para 2.24 of their 49th Report:—

"2.24. MAJOR PART OF THE EXCESS OCCURRED UNDER THE HEAD "E-WORKS" WHICH WAS OVER ONE-FIFTH OF THE FINAL PROVISION. THE COMMITTEE

ARE UNHAPPY TO NOTE THAT ADJUSTMENTS OF DEBITS RAISED BY THE CPWD FROM YEAR TO YEAR ON ACCOUNT OF WORKS ENTRUSTED TO THEM HAD NO RELATION TO THE PROVISION PROPOSED BY THEM. THE COMMITTEE EXPECT THAT IN FUTURE THE CPWD SHOULD GIVE A FIRM ESTIMATE AND AN EFFECTIVE COORDINATION SHOULD BE ESTABLISHED WITH THE ACCOUNTS OFFICER CONCERNED BY THE DEPARTMENT OF CULTURE TO ADEQUATELY PROVIDE FOR ANTICIPATED ADJUSTMENTS DURING THE YEAR."

As enjoined by the Public Accounts Committee, all concerned should ensure an effective co-ordination with the Accounts Officers concerned in order to provide suitable provision for anticipated adjustments during the year. In this connection the instructions issued in this office letter No. 14|1|71-AC dated the 11th February, 1972 may please be kept in view by all concerned. That letter is again reproduced as an annexure to this Circular for general guidance. In all cases where any expenditure is debitable to the Survey by another department, the concerned officers should maintain the Liability Register, remain in close touch with the Accounts Officer of the other department and make suitable provision therefor in their November as well as February statements giving full particulars.

2. It is again reiterated that the tendency to exceed the sanctioned grant without obtaining prior clearance from this office should be completely avoided. In this connection the attention of all concerned is invited to the instructions issued in this office Circulars No. 13|29|71-AC, dated the 6th December, 1971 and 14|6|71Ac dated 13th December, 1971.

It may please be noted that the mere fact that the additional requirement has been included by a particular office in their November statement or February statement or in the Budget proposals, does not entitle them to incur the expenditure in excess of the sanctioned grant. The sanctioned allotment should not be exceeded by any office without the prior approval of the Headquarters Office, as already laid down in the above circulars.

3. The Heads of Offices should ensure strict compliance with the instructions issued in this Circular. It is again pointed out that an excess over sanctioned grant without proper authority is a serious

matter and as such the Heads of Offices will be held responsible if any such situation occurs in their office.

4. The receipt of this Circular may please be acknowledged.

Yours faithfully,
Sd/- A. K. JAIN,

Encl. as above.

Director (Administration)
for Director General.

Copy to:—

1. All Officers } at the Headquarters.
2. All Sections }

Sd/- A. K. JAIN,
Director (Administration)
for Director General.

No. 14|1|71-AC

GOVERNMENT OF INDIA

ARCHAEOLOGICAL SURVEY OF INDIA

New Delhi-11, the 11th February, 1972.

To

All Heads of Officers

SUBJECT:—*Expenditure incurred by other Departments on behalf of Archaeological Survey of India—Provision for*

Sir,

I have the honour to state that sometimes works are entrusted to other Departments for execution on behalf of the Archaeological Survey of India, such as Central Public Works Department, State Public Works Department etc. Similarly Stores are often purchased at Director General of Supply and Disposals' Rate Contracts. In such cases the expenditure against the Archaeological Survey of India is adjusted by the concerned Departments through Book-debit. It is, however, noticed that certain offices of the Survey do not make a provision for such expenditure in their allotments nor do they include the requirements in their November statement or February statement with the result that sometimes the provision for

such items is likely to be omitted. This happened in a particular case during the year 1970-71. It is advisable to avoid such a situation. In view of the fact that the debit will be raised by the Accountant General concerned against the particular office of the Survey in whose jurisdiction the work falls or which had indented the stores etc., it is necessary that the said office of the Survey should make adequate provision therefor in the allotments of this office. It will not be enough if the statement for estimates furnished by the other Departments is merely passed on to Headquarters office. The concerned office should maintain the "Liability Register" as laid down in the rules and include the requirements in their November statement as well as in the February statement under the relevant head of account indicating the requirement clearly. It is requested that all offices may please take action on the lines indicated above so that the provision required for items of the above nature is not omitted. In the statement for February, 1972 to be sent by the officers to reach this office by 5th March, 1972 positively, the demands of the above account may also please be included with full particulars.

Yours faithfully,

Sd/- C. BHUSHAN,

Deputy Director (Accounts)

for Director General.

Recommendation

2.28. An excess of Rs. 13.39 crores occurred under the sub-head "A.2(1)-Purchases" over the final grant of Rs. 86.88 crores mainly due to failure to determine correctly the quantum of supplies of fertiliser from abroad during the year. Bulk of the 'unanticipated supplies' arrived from Poland, Bulgaria and U.S.S.R. The delivery schedules prescribed were July to September, 1970 in the case of Poland and Bulgaria and November, 1970 to March, 1971 in the case of U.S.S.R. The Ministry has, however, stated that no provision was made in the supplementary grant due to the decision taken to stagger deliveries and that the MMTC through whom the contracts were placed, were requested to take up the matter with the suppliers to arrange shipments beyond March, 1971. The deliveries were, however, actually effected during the year 1970-71. It is not clear to the Committee as to when the suppliers were contacted for staggering the deliveries and when the deliveries actually materialised. In the absence of this information they are not in a position to appreciate whether absence of provision was justified. It is, however,

evident that Government had not laid down realistic schedule for delivery in the first instance.

[S. No. 16 Appendix XXXV Para No. 2.28 of 49th Report]

Action Taken

This Ministry authorised MMTC to enter into contracts for supply of Urea with East European suppliers (Bulgaria, Poland, and U.S.S.R.) for delivery upto 31st March, 1971 for a quantity of 3,10,000 tonnes. Accordingly, MMTC concluded contracts in July, 1972 with Poland, Bulgaria, Rumania, USSR and Hungary and delivery schedules were indicated for 1,00,000 tonnes upto October, 1970 and further delivery schedules for balance quantities were to be indicated before 31st October, 1970. In November, 1970, MMTC was requested to negotiate with East European Suppliers for postponement of delivery beyond March, 1971. The MMTC then informed that though Bulgarian suppliers were agreeable to partial relaxation, Polish & USSR suppliers were against postponement of deliveries.

The MMTC was informed in December, 1970 that due to low consumption of Kharif 1970 and consequent stock-piling, all urea from East Europe was to be used only for Rabi, 1971-72 and that they should make their utmost efforts to have postponement of deliveries. But subsequently several representations were made to this Ministry by the suppliers through their Commercial Missions to agree to earlier deliveries. Since the contracts provided for completion of shipments by end of March, 1971 the Ministry had no alternative but to agree to these representations, even though earlier it was hoped that the suppliers may agree to the postponement. However, greater care is being taken now to watch the sequence of events affecting budgetary outflows.

Recommendation

2.29. In the case of supplies from France, it is explained that no provision was made, as it was expected that the supplies would not be made towards the end of March, 1971. However, the Committee find that the supplier had started shipment in January, 1971 itself. They, therefore, feel that with little Coordination the Department could have anticipated the probable requirement and provided for in the supplementary demand.

[S. No. 17 Appendix XXXV Para No. 2.29 of 49th Report].

Action Taken :

This contract with the suppliers was on C&F basis and the fixtures of vessels under the C&F contracts are arranged by the suppliers. On 19th January, 1971, ISM London issued an amendment to the contract amending the delivery schedule of the contract from "September-December, 1970" to within 3-4 months after fulfilment of clause 24(5) which is 3rd December, 1970. The delivery schedule accordingly stood extended upto 3rd March, 1971 or 3rd April, 1971 as per this Amendment. Till the time when this Department had gone for supplementary Grant, no intimation of fixtures of vessel arranged by suppliers was received by this Department or by ISM London from the suppliers. Since the suppliers usually arrange shipments in the last months of the scheduled delivery period, it seemed reasonable to expect that shipments would be arranged by suppliers by end February/March 1971 and arrive in India after 31st March, 1971. To avoid excess provision, this provision was not included in Supplementary Grant. However shipments were arranged by the suppliers upto end March as follows:—

Name of Vessels	Date of sailing	Tonnage
1. President Quezon	18-1-71	8,200
2. Agility	25-1-71	6,394
3. Crysoforos	28-1-71	8,590
4. Tareseus	12-2-71	8,491
5. Valmas	27-2-71	8,025
6. Costoflora	20-3-71	8,443
	TOTAL	48,143

Intimation of the January shipments made by the suppliers was received by this Department towards the end of February, 71 when no time was left for getting additional provision for these shipments. Although every effort is made by this Department to take into account anticipated requirements and provide for them in the budget, in this case lack of information from the suppliers regarding shipments which was affected even before the receipt of amendment of contract was responsible for the excess expenditure.

Greater care is being taken to watch the successive steps in such cases affecting budgetary outflow.

Recommendation

2.30. A sum of Rs. 3.50 crores had to be paid on fertiliser vessels at 60 per cent basic customs duty in addition to the usual 10 per cent duty due to late issue of orders of *ad hoc* exemption by the Ministry of Finance. Since the basic customs duty of 60 per cent is stated to be not leviable on fertilisers imported for manurial purposes, the Committee would like to know how the orders could not be got issued by the Ministry of Finance in time.

[S. No. 18 Appendix XXXV Para No. 2.30 of 49th Report]

Action Taken

The sum of Rs. 3.50 crores paid on fertiliser vessels at 60 per cent basic customs duty relates to 9 shipments the details of which are given in the attached statement. Out of the 9 shipments, two carried DAP, 3 vessels carried NPK and the remaining 4 CAN. Of these three commodities, CAN already stood exempted from basic customs duty but despite this, the Customs Authorities at Bombay levied and collected 60 per cent basic duty. Refund of the amount paid, however, was obtained in about a year's time in respect of these 4 shipments of CAN.

With regard to the remaining 5, no general exemption from basic customs duty had been given by the Ministry of Finance for the two fertilisers, DAP and NPK. The procedure followed has been therefore, to apply for *ad-hoc* exemption with regard to each shipment. In some cases, there has been some time-lag between the time of application for *ad-hoc* exemption, issue of orders by the Ministry of Finance and implementation by the Customs Authorities, with the result that the basic customs duty had to be paid initially and refund claimed subsequently. Out of the 3 vessels carrying NPK, the basic customs duty was thus paid initially and later recovered in respect of 2 vessels from the Customs Authorities, as will be seen from the attached statement. With regard to the third, the Ministry of Finance have been requested to refund the amount paid as the commodity, NPK, has since been exempted from basic duty.

Of the two vessels carrying DAP, the Ministry of Finance did issue instructions regarding exemption from basic customs duty in respect of one, *viz.* ABIQUA. However, the Food Corporation of

India, Kandla, acting as our agents, were not aware of the exemption orders and, therefore, paid the basic customs duty. We have since taken up the matter with the Ministry of Finance and requested them to issue refund orders. With regard to the other vessel, viz. TARPON SWIFT, also, the customs duty was paid to Food Corporation of India initially for want of *ad hoc* exemption orders FCI, Bombay also applied for refund of the amount and the matter has also been taken up by this Ministry. It is expected that the Ministry of Finance will issue refund orders in respect of basic customs duty paid in respect of both the shipments, ABIQUA AND TARPON SWIFT.

The question of general exemption of the three fertilisers, DAP, ANP and NPK from basic customs duty was taken up with the Ministry of Finance who have since agreed to grant general exemption in respect of NPK. The question of granting general exemption in respect of the other two fertilisers, viz. DAP and ANP, is under active consideration by the Ministry of Finance and it is expected that orders will be issued in this regard very soon. Pending the issue of general exemption orders, however, this Ministry continues to apply for and obtain *ad-hoc* exemption orders in respect of each shipment carrying either DAP or ANP.

Sl. No.	Name of the Vessel	Name of Fertilizer in M.T.	Quantity in M.T.	Arrival		Amt. of basic customs duty Paid	Details of claims Lodged by F.C.I. Letter No. & date	Refund obtained from customs authorities	Remarks
				Port	Date				
1	2	3	4	5	6	7	8	9	10
1	Abiqua	DAP	24598	Kandla	10-11-69	10422847.40	In these cases as <i>ad hoc</i> exemption orders were not recd. from Min. of Finance, the cargo was cleared; refunds were taken later and we are pursuing the matter with Min. of Finance for refund orders.
2	Tarpoh Swift	"	12062	Bombay	15-9-70	46146355.90	FCI/DK/DOCM. I/Fert./37 T. Wif/9/70 of 7/9-10-70.	3916597.08	
3	Gandhi Jayanti	NPK	6088	Madras	31-3-70	2215225.89	D. II(30)/70 of 20-9-70	1081919.14	
4	Marpessa	"	1 12290 2 2730	"	1-7-70	3916597.08 1081918.32	D. II (31) 70 of 5-9-70	5708577.30	
5	Vishal Vijaya	"	13200	"	8-9-70	5708577.30	D. II (37)/70 of 23-1-71.	1512548.40	
6	Timurendeavour	"	7000	Bombay	20-9-70	1512548.40	FCI/DK/DOCM I/Fert/42/I. Endeavour 19/70 of 30-12-70	1361191.24	
7	State of Uttar Pradesh	CAN	4825	"	4-9-70	1235364.00	FCI/III DOCM I/F/36/State of Uttar Pradesh/8/70 dated 12-10-70.	1866984.79	
8	Gay for Tune	"	7000	"	7-9-70	1982314.70	FCI/DK/DOCM I/Fert/39/Gay. For Tune/9/70 dated 8-10-70	2551071.76	
9	Ratna Manjushree	"	8826	"	31-8-70	2315253.60	FCI/DK/DOCM I/F/32 Ratna Manjushree/8/70 dt. 11-9-70	17993889.71	
						TOTAL	35005282.59		

Recommendation

2.31. The Committee also note that a sum of Rs. 2.86 crore representing the countervailing customs duty in respect of the shipments received during 1969-70, which was paid during 1970-71, due to late receipts of debits contributed in part to the excess. The Committee would like to know how this payment during the year could not be anticipated and provided for.

[. No. 19 Appendix XXXV Para No. 2.31 of Report]

Action Taken

The levy of countervailing Customs duty was introduced first from 1st March, 1969 and the overflow of the debits pertaining to the year 1969-70 to the next year could not be assessed, as a large number of debits were to be received from various Accounts offices. It was arranged with the Customs authorities to pass on all the debits on this account to the Pay and Accounts Officer, Ministry of Food and Agriculture, New Delhi through the respective Accountants—General on the basis of the information supplied in the Bill of Entry by the Food Corporation of India. It was, therefore, thought that the debits would automatically be received by the Pay and Accounts Officer in time and would get adjusted in the respective year. Actually, however, debits to the extent of Rs. 2.86 crores were left to be adjusted on account of delayed receipt. Such a contingency could not, however, be foreseen by this Department. A suitable system has now been devised to control the expenditure on Customs duty by the Department itself so that in future such a contingency does not recur.

[Sr. Nos. 16—19—Ministry of Agriculture (Department of Agriculture) O.M. No. 1—20/72—Budget, dated 10-4-73]

Recommendations

“The excess over the grant mainly occurred under the sub-head ‘A (4)—Other Charges (Rs. 1.47 lakhs). The excess under this sub-head was over 21 per cent of the provision. It was not for the first time that the excess had occurred over the provision for office contingencies in the Ministry of Foreign Trade. Similar excesses had occurred during the year 1966-67, 1967-68 and 1968-69 also. The Ministry have explained the increase during the year 1970-71 as due to belated adjustment of debits of previous years i.e. 1968-69 and 1969-70 amounting to Rs. 30,250 and adjustment of book debits of

Rs. 1.04 lakhs in March Final and March Supplementary 1971 accounts for which adequate provision was not made and also due to larger expenditure on telephones, postage and telegrams, staff car etc. which could not be avoided. The Committee are at a loss to understand how these could not be anticipated. They trust that there would be better control of expenditure under this subhead, which they would like to watch through future Appropriation Accounts."

[Sl. No. 20—Appendix XXXV—para 2.34 of 49th Report of the P.A.C. (1972-73)—(Fifth Lok Sabha).]

Action Taken

It is submitted that the following important steps have been taken by this Ministry to have better control over expenditure under office contingencies:—

- (i) As suggested by the Ministry of Finance, instructions have been issued for providing STD barring facilities for office telephones of officers in receipt of pay in scales of pay lower than Rs. 1800—2000 per month. This facility has also been extended on optional basis to officers in receipt of this and higher scales of pay for the telephones provided in the office or at the residence.
- (ii) The use of staff cars is being regulated strictly in accordance with the Staff Car Rules including the recent instructions prohibiting use of staff cars for social and other similar functions.
- (iii) The refreshment at official meetings except with foreign delegations/visitors are restricted to plain tea/coffee.

So far as the adjustment of debits by Accounts Offices in March Final and March Supplementary Accounts are concerned, provision for all debits which can be anticipated earlier or in the later part of the year are provided adequately in the Budget|Revised Estimates|Final Grant. It is only very rarely that Accounts Offices adjust debits which come in unexpectedly. However, every effort will continue to be made to provide for all such contingencies.

It is hoped that with the adoption of the above measures, the excesses of expenditure over grants will be eliminated.

[Ministry of Commerce (Department of Foreign Trade) O.M. No. G. 25017/4/73-E III, dated 7-4-73]

Recommendation

The Committee observe that significant excesses had occurred under the Heads "A.2(1)—Buildings" (Rs. 19.68 lakhs) also excesses occurred under the former two heads "A.2(1)—Buildings" (Rs. 53.20 lakhs) and "A.7(1)(1)—Charges" (Rs. 54.55 lakhs). The Committee are not satisfied with the explanation given by the Ministry.

[S. No. 21 Appendix XXXV para 2.39 of 49th Report of the
Public Accounts Committee—5th Lok Sabha].

Action Taken

The observations of the Committee have been noted. With a view to impress upon the senior officers of the C.P.W.D. to exercise strict control over expenditure and to avoid excess in future, a meeting was held on 3rd February, 1973 under the Chairmanship of the Engineer-in-Chief, Central P.W.D., New Delhi. A copy of the record of the discussion is enclosed for reference.

MINUTES OF THE MEETING HELD AT 3.00 P.M. ON 3RD FEBRUARY, 1973 IN THE CONFERENCE ROOM 'A' WING NIRMAN BHAVAN, NEW DELHI. TO CONSIDER THE CAUSES WHICH LEAD TO EXCESS EXPENDITURE OVER THE VOTED GRANTS/CHARGED APPROPRIATIONS AND THE MEASURE TO BE ADOPTED FOR AVOIDING SUCH CASES OF EXCESS.

Present:

- Shri O. Muthachen, Engineer-in-Chief (in the Chair).
- Shri N. S. L. Rao, Chief Engineer (New Delhi Zone).
- Shri Harbhajan Singh, Chief Engineer (Northern Zone).
- Shri P. S. Mazumdar, S.E., Delhi Cent. Circle No. III.
- Shri K. K. Mohan Babu, S.E., Delhi Cent. Circle No. IV.
- Shri G. K. Khemani, S.E., Delhi Cent. Elect. Circle No. III.
- Shri M. K. Siva Subramanian, S.E., Delhi Cent. Circle No. V.
- Shri T. P. Basu, S.E., Delhi Cent. Elect. Circle No. II.
- Shri Mehar Singh, A.F.A. (W) Ministry of Finance.
- Shri M. V. G. Wariyar, U.S. (Budget) Ministry of W. & H.
- Shri R. K. Agarwal, F.O. (E-in-C).
- Shri B. C. Mazumdar, F.O. (New Delhi Zone).

Shri N. Bansal, Section Officer, Budget (N.D. Zone).

Shri B. S. Wadhwa, Section Officer (E-in-C).

Initiating the discussion, the Engineer-in-Chief stated that meeting had been called to ascertain the practical difficulties experienced by the field officers in not being able to restrict expenditure to the budget allotments and the measures to be adopted for overcoming these difficulties. First excess expenditure under Repairs and Minor Works was considered. The Chief Engineer (New Delhi Zone) explained that his allotment was inadequate and was not sufficient even to meet the essential obligatory expenditure. Even if the annual repairs were banned, the following items of expenditure were inescapable:—

- (i) Pay & Allowances of W.C. Staff and increase in expenditure on this account as a result of sanctioning of additional interim relief.
- (ii) Expenditure on essential materials to keep the W.C. Staff fully occupied. Without this expenditure, the expenditure on W.C. Staff would be infructuous.
- (iii) Payment of rates & Taxes to local bodies.

The consensus of the meeting was that the provision under repairs sub-head should at least cover the inescapable items of expenditure.

With regard to the minor works, it was pointed out that the C.P.W.D. officers were subjected to a lot of pressure by the Client Departments|Officers inasmuch as the C.P.W.D. was blamed for inactivity in the face of Government sanction to the work. The consensus of the meeting was that sanctions to minor works should be accorded only if necessary budget provision existed or simultaneously with the sanction allotment of funds should be assured.

2. Cases of excess under the Suspense Sub-head was taken up next. Shri Wariyar explained that the existing system of gross budgeting under the Suspense sub-head considerably inflated the figures of expenditure and fluctuations under this sub-head tended to be of large amount. It was decided to recommend net budgeting under the Suspense sub-head. This would not only result in

lesser provision being made under the Suspense sub-head but would also reduce the size of fluctuations.

No. 10/2/71-B(E-in-C) New Delhi, the February, 1973.

Copy forwarded for information to:—

1. All present.
2. Ministry of Works & Housing.

Sd/- (B. S. WADHWA),
Section Officer
for Engineer-in-Chief

Excessvs&

Recommendation

The Committee are convinced that the excess under the head "A.7(n1) (1)—Charges" could have been avoided with a closer liaison with the purchase organisations/suppliers in respect of indented materials. If there was an urgent need for more materials due to award and start of works on all bridges and culverts in Nepal as explained by the Ministry, the Committee do not appreciate the reduction of the provision under this head by Rs. 60 lakhs by reappropriation at the end of the year.

[S. No. 22 of Appendix XXXV para 2.40 of 49th Report of the Public Accounts Committee—5th Lok Sabha].

Action Taken

The observations of the Committee have been noted and circulated to all concerned for strict compliance.

[S. Nos. 21-22—Ministry of Works & Housing O.M. No. G.25015|27|72—Budget, dated 28-7-73].

No. 10/2/71-B(E-in-C)

GOVERNMENT OF INDIA

OFFICE OF THE ENGINEER-IN-CHIEF

CENTRAL PUBLIC WORKS DEPARTMENT

New Delhi, the 29th January, 1973.

SUBJECT:—*Recommendations of the Public Accounts Committee contained in the 49th Report 1972-73 (Fifth Lok Sabha) dealing with the regularisation of excesses over voted grants/charged appropriation.*

In connection with the observations of the Public Accounts Committee made in paragraphs 2.39 and 2.40 of the 49th Report (Fifth

Lok Sabha) dealing with regularisation of excesses over voted grants/charged appropriation, the Engineer-in-Chief will discuss with the local Chief Engineers/Superintending Engineers the causes which lead to excess of expenditure over the voted grants charged appropriation and the reasons to be adopted for avoiding such cases of excess.

A note on the subject is enclosed.

The meeting will be held at 3.00 P.M. in the conference Room, 1st Floor, 'A' Wing, Nirman Bhavan on Saturday the 3rd February, 1973.

You are requested to make it convenient to attend.

Sd/- (B. S. WADHWA),

Section Officer,

for Engineer-in-Chief

To

- (i) The Chief Engineer, N. D. Zone & Northern Zone.
- (ii) SEc. DCCIII; DCCIV; DCECIII, DCCV, DCECID, DCECV. C.P.W.D., New Delhi.
- (iii) Shri M. V. G. Wariyar, U.S. (Budget), Ministry of W.&H., New Delhi.
- (iv) Shri Mehar Singh, A.F.A. (W&H) Ministry of Finance, New Delhi.
- (v) F.O. (E-in-C), F.O. (NDZ); F.O.(N.Z.).

The Ministry of Works & Housing have called for our comments on the following observations of the Public Accounts Committee in connection with excess expenditure under Major Head 50 Public Works during 1970-71:—

"S. No. 21.

- 2.39. The Committee observe that significant excesses had occurred under the heads "A.2(1)-Buildings" (Rs. 19.68 lakhs), "A.7(2)(1)-Charges (Rs. 269.23 lakhs). During the year 1969-70 also excesses occurred under the former two heads A.2(1)-Buildings" (Rs. 53.20 lakhs) and "A.7(1)(1)-Charges (Rs. 54.55 lakhs). The Committee are not satisfied with the explanation given by the Ministry."

S. No. 22.

2.40. The Committee are convinced that the excess under the head "A.7(1)(1)-Charges" could have been avoided with a closer liaison with the purchase organisation, suppliers in respect of indented materials due to award and start of works on all the bridges and culverts in Nepal as explained by the Ministry, the Committee do not appreciate the reduction of the provision under this head by Rs. 60 lakhs by reappropriation at the end of the year".

2. The above observations of the Public Accounts Committee refer to the excess under the sub-heads repairs and Suspense. To get a complete picture, it would be necessary to recall the efforts made to obtain additional funds or to restrict the expenditure to the budget grant.

3. Repairs. The budget allotment under the repairs (Buildings) sub-head was Rs. 599.90 lakhs. Against the revised requirements of Rs. 7,12,71,000, Ministry of Works and Housing recommended only Rs. 650 lakhs but the Ministry of Finance accepted Revised Estimates of Rs. 625 lakhs only against the actual expenditure during the previous year of Rs. 6,38,32,675.

It may be added here that earlier we were asked to review our requirements under repairs and we intimated to the Ministry *vide* Shri Vaish's D.O. No. 3/19/70-B(E-in-C) dated 19th December, 1970 to Shri Kartar Singh, that we would need a minimum of Rs. 700 lakhs (against budget allotment of Rs. 699.90 lakhs) to meet increase in expenditure due to the following reasons beyond the control of C.P.W.D. namely:

- | | |
|---|-----------------|
| (i) Payment of Interim Relief to W.C. Staff | Rs. 35 lakhs |
| (ii) For maintenance of new buildings completed during 1969-70 | Rs. 10 lakhs |
| (iii) Increase in price of materials to be used by W.C. Staff and on account of increase in cost of materials and labour for works done on contract | .. Rs. 25 lakhs |
| (iv) Approximate amount by which the budget allotment fall short of previous years expenditure | .. Rs. 30 lakhs |

TOTAL INCREASE IN EXPENDI-

TURE ANTICIPATED

Rs. 100 lakhs

Despite our clear indication of requirements to the Ministry, the C.P.W.D. was allowed only an additional Rs. 25 lakhs. All the Chief Engineers were accordingly asked to ensure that the expenditure did not exceed the budget allotment plus supplementary grant. The actual expenditure comes to Rs. 644.58 lakhs resulting in an excess of Rs. 19.68 lakhs. Thus, against an anticipated excess of about Rs. 100 lakhs over the budget grant, the actual excess was only Rs. 44.44 lakhs for which the supplementary grant of Rs. 25 lakhs proved inadequate. This indicates that the departmental officers did make a sincere attempt to restrict expenditure as per Ministry's directive but we must at the same time appreciate the difficulties of the field officers who have to enter into various commitments in the light of Government sanction anticipating that those sanctions would be backed by provision of funds. Payments to the W.C. Staff have to be made. With the growth in the size and value of Government estate expenditure on repairs has to go upwards to maintain the capital invested. In the event of inadequate allotment of funds, one might postpone certain items of repairs or temporarily reduce the W.C. Staff but these courses of action are fraught with difficulties and may turn out to be costlier alternatives. We have already drawn the attention of our field officers to ensure that expenditure does not exceed the budget grant. But to enable field officers to discharge their responsibilities in the matter of proper maintenance of buildings, adequate allotment of funds is necessary. We would welcome positive suggestions in this regard from any quarter. It may be added that at the time of final review the requirements of the C.P.W.D. were reduced to Rs. 655 lakhs under this sub-head. Government was approached for additional funds but the request was turned down. The position was again brought to the notice of the Government with the request to take an advance from the Contingency Fund of India but the request was turned down on the ground as to why the expenditure could not be anticipated earlier.

It will thus be seen that Government was kept informed of the trend of expenditure at every stage and every effort was made to restrict the expenditure.

4. *Suspense.*

Budget allotment under the suspense sub-head was as under:—

	Rs. in lakhs
A.7(1) Stock	1013.41
A.7(2)(1) Other Suspense Account	1576.52
Total	Rs. 2589.93

Against the revised requirements of Rs. 3430 lakhs the Ministry of Works and Housing recommended acceptance of Rs. 2800 lakhs but the Ministry of Finance agreed to only Rs. 2599.99 lakhs i.e. an addition of only Rs. 10.06 lakhs against our excess requirements of Rs. 740.07 lakhs. The Ministry asked us to restrict the expenditure to the accepted revised estimates and the Chief Engineers were informed accordingly. At the time of final review, the estimates final requirements worked out to Rs. 3129.42 lakhs. We estimated that in the light of previous year's expenditure a provision of Rs. 3000 lakhs would not be adequate and requested the Ministry to make available an additional Rs. 400 lakhs under the Suspense sub-head. Meanwhile latest estimates received from the Chief Engineers indicated that excess under the suspense sub-head would be of the order of Rs. 554.19 lakhs. The Ministry was immediately approached to seek an advance of Rs. 600 lakhs from the Contingency Fund of India to meet the increased expenditure under repairs (Rs. 50 lakhs and Suspense Rs. 350 lakhs) but the request was not accepted by the Ministry of Finance.

The actual expenditure under the suspense sub-head came to Rs. 3084.42 lakhs resulting in an increase of Rs. 484.44 lakhs over the budget grant plus supplementary grant. The excess under A.7(1)(1)-Stock charges was of the order of Rs. 215.21 lakhs and was mainly due to:—

- (a) Receipt of more materials than anticipated.
- (b) Increase in the cost of materials;
- (c) 100 per cent advance payment to suppliers of steel to avoid cancellation of the quota.
- (d) Adjustment of profit on stock account by credit to Major Head XXXVII Revenue Receipts. This was done in supplementary accounts and could not be foreseen earlier.
- (e) Due to award and start of works on all the bridges and culverts in Nepal which resulted in an urgent need for more material.

The excess under A.7(2)(1)-Suspense Account Charges was of the order of Rs. 269.23 lakhs and was mainly due to:—

- (i) Expenditure incurred on deposit works of Food Corporation of India and Central Warehousing Corporation in excess of deposit.
- (ii) Increase in prices of certain items of stock as a result of extra levy;

(iii) Adjustment of old cash settlement bills.

(iv) Adjustment of more Gs. Memos than anticipated.

It will be seen that even though the Zonal Chief Engineers had been asked to restrict their expenditure, they were unable to do so for the reasons mentioned above. They had intimated their excess requirements at the stage of Revised Estimates. Alongwith the increased estimates for expenditure under the sub-head was submitted, the increased estimates of recoveries under the suspense sub-head. The two move more or less in step. The Revised Estimates under recoveries as sent by our Chief Engineers amounted to Rs. 3205.52 lakhs but against this Ministry estimated a recovery of Rs. 2650 lakhs. The figures was also accepted by the Ministry of Finance. The actual recoveries come to Rs. 3467.71 lakhs. The increase in Suspense expenditure was accompanied by simultaneous increase in recoveries. It appears that the estimates submitted by the C.P.W.D. were pruned in the light of actual expenditure till September of the year and also expenditure during the previous financial year. These figures are not infallible guides and other factors have to be taken into account. The expenditure after September is generally faster than the expenditure till September. Similarly expenditure for a given year is related more to the workload of the year than to the expenditure for the previous year. The only remedy for avoidance of case of excess of this type is to allow adequate budget provision. Asking the Chief Engineers to curtail expenditure because of inadequate budget provision would result in slow progress of works provided in various grants and consequently surrender of funds of these grants. That would be equally objectionable from the overall budgetary angle. Besides fall in works outlay would result in under-utilisation of establishment.

The Public Accounts Committee has also objected to re-appropriation of Rs. 60.79 lakhs from sub-head A.7(1)(1) to sub-head A.7(1)(2) when the overall provision in the sub-head A.7(1)(1) was considered insufficient. This is a valid objection because only clear savings are available for reappropriation. The lapse occurred because the grant is distributed to a number of Chief Engineers covering more than one Circle of Account. The final allotment of funds was made to the various Chief Engineers by making adjustment between the two sub-heads as far as practicable within their areas. The overall effect has been diversion of funds from one sub-head to the other when both needed additional funds. Such lapses will be avoided in future.

General:

Detailed instructions have already been issued to the Zonal Chief Engineer *vide* Engineer-in-Chief's D.O. 10/4/70-B (E-in-C) dated 27th May, 1972 emphasising the need for concerted action to avoid cases of excess over voted grants or charged appropriation.

O. Muthachen, D .O. No. 10/4/70-B (E-in-C)
 Engineer-in-Chief, Office of the Engineer-in-Chief,
Central Public Works Department,
Dated, New Delhi, the 27th May, 1972.

My dear

I enclose for your information relevant extracts from the twenty-ninth report of the Public Accounts Committee (1971-72). (Fifth Lok Sabha).

The Committee have re-emphasised the need for concerted steps to be taken to improve budgeting procedures in orders to minimise cases of excess over voted Grants or Charged Appropriation.

So far as the excess in the case of grant No. 40—Public Works (covering Major Head 50—Public Works) is concerned the excess occurred mainly under the following sub-heads:

A.2(1) *Repairs, Buildings*

A. 3(2) *Executive Establishment*

A.3(3) (1) *Ordinary Establishment*

A.5—*Furniture*

A.7(1) (1)—*Suspense—Stock Charges.*

The observations of the Committee may be noted carefully with regard to excesses under the above Sub-heads. So far as the errors due to misclassification under the group-head A.3—Establishment are concerned, instructions were issued *vide* my Office No. 1.7.71-B (E-in-C) dated 21st August, 1971 for proper classification and timely reconciliation of Departmental Expenditure figures with those booked by Audit to rectify any errors. Those instructions should be care-

fully observed. With regard to excess under the Suspense Sub-head attention is invited to the instructions issued *vide* my Office Memo 12/4/69-B (E-in-C) dated 7th January, 1970.

Detailed instructions with regard to preparation of Budget estimates are contained in Appendix 5 to the C.P.W. Account Code and in Chapter 5 of the Central Government Compilation of General Financial Rules. Rules 71 to 75 of the Central Financial Rules lay down clear instructions with regard to avoidance of excess expenditure and about inevitable payments. All officers under you may be asked to go through those instructions carefully and to ensure that not only there is proper estimation of expenditure at the budget compilation stage but also effective control is exercised over the expenditure so that Budget grant or the charged Appropriation, as the case may be is not exceeded. The detailed procedure for achieving effective control over the expenditure is laid down in Rules 65 to 69 of General Financial Rules and various Government of India decisions thereunder which *inter-alia* include proper maintenance of expenditure control register and liability register prompt adjustment of debit systematic reconciliation of departmental expenditure figures with those booked in the Audit Offices etc. If the provision in grant or Appropriation is found to be insufficient, steps should be taken at the earliest opportunity to get the provision augmented. Such requests should be made as early as possible and latest by the time of submission of the six monthly estimates, making specific requests for additional funds, if required. With detailed reasons so that Government can be apprised of the position and action taken to obtain a Supplementary Grant if such a course becomes necessary. Proposals for any inevitable expenditure which could not be foreseen by the time proposals for Supplementary Grant were sent, should be sent to my office with full justifications and giving reasons for not anticipating the expenditure earlier so that Government may be approached for obtaining an advance from Contingency Fund of India.

It will be seen that a regular watch on the pace of expenditure is absolutely necessary in order to ensure that expenditure in excess of the voted grant or charged Appropriation is avoided. While each Divisional Officers should take stock of his budget allotment and actual expenditure for every month, the Superintending Engineers must review the requirements of funds for the Circle as a whole at least once in a quarter till December, and thereafter every month. The Zonal Chief Engineers may also review the progress of expenditure for the Zone as a whole at least once every quarter till December, 1973 and thereafter every month.

I shall be grateful if you will issue suitable instructions to all your officers to ensure strict compilation with budgetary procedure and avoiding of excess.

Yours faithfully,

Sd/- (O. MUTHACHEN)

27.5.73

1. Shri N. S. L. Roa, Chief Engineer (NDZ), CPWD., New Delhi.
2. Shri K. G. Rajagopalan, Chief Engineer (NZ), CPWD., New Delhi.
3. Shri Shri Krishna, Chief Engineer (Food), CPWD, New Delhi
4. Shri S. K. Bose, Chief Engineer (EZ), CPWD, Calcutta.
5. Shri M. S. Bhatia, Chief Engineer, I.C.M. Highway Projects, Kathmandu (Nepal).
6. Shri G. R. Hingorani, Chief Engineer (SWZ), CPWD, Bombay.
7. Shri J. Durai Raj, Chief Engineer, Third Asian International Trade Fair, New Delhi.

Copy for information to:—

1. Ministry of Works & Housing, New Delhi.
2. Shri Swami Dial, Chief Engineer (Delhi Admn. Zone) CPWD, New Delhi.

Sd/- (O. MUTHACHEN)

Recommendation

As regards the excess under the head "A.7 (2) (1)-Charges", it is explained as partly due to expenditure of Rs. 58.81 lakhs incurred on deposit works of Food Corporation of India and Central Warehousing Corporation in excess of deposit received. The Committee understand that under the rules the expenditure on such works should be limited to the amount of deposit received. The circumstances under which additional amount of deposit could not be received in time from the organisations concerned are not clear to the Committee. They hope that in future timely action would be taken to get the additional expenditure recouped before the end of the year.

[S. No. 23 Appendix XXXV para 2.41 of 49th Report of the Public Accounts Committee (5th Lok Sabha).]

Action Taken

The recommendation of the Committee has been accepted by Government. Necessary instructions have been issued by this Ministry to the Zonal Chief Engineers for strict compliance. A copy of the instructions issued is enclosed for reference.

COPY

No. G-25017|2|71-Bt.

GOVERNMENT OF INDIA

MINISTRY OF WORKS & HOUSING

(NIRMAN AUR AWAS MANTRALAYA)

New Delhi, the 18th, Sept., 1972.

MEMORANDUM

SUBJECT:—*Recommendation of the P.A.C. contained in the 49th Report 1972-73 (Fifth Lok Sabha) dealing with the regularisation of excesses over Voted Grants/Charged appropriation disclosed in the Appropriation Accounts (Civil) 1970-71.*

The P.A.C. in their 49th Report mentioned above have made the following recommendations in connection with the regulation of excesses disclosed in the Appropriation Accounts (Civil) 1970-71 under Grant No. 39-Public Works and 119-Delhi Capital Outlay.

S. No. 23 Para 2.41 Works and Housing

As regards the excess under the head A.7(2)(1)—Charges it is explained as partly due to expenditure of Rs. 58.81 lakhs incurred on deposit works of Food Corporation of India and Central Warehousing Corp. in excess of deposit received. The Committee understand that under the rules the expenditure on such works should be limited to the amount of deposit received. The circumstances under which additional amount of deposit could not be received in time from the organisations concerned are not clear to the Committee. They hope that in future timely action would be taken to get the additional expenditure recouped before the end of the year.

S. No. 24 Para 2.44 Works and Housing

The Committee are particularly worried about the significant misclassifications in accounts that happened under Grant No. 119-Delhi Capital Outlay. A sum of Rs. 2.53 lakhs was misclassified under the head "A.1(1)—Housing—Major Works" which was correctly adjustable under the head 'A1(2)—Other Civil Buildings'.

Further a charged item of expenditure of Rs. 3.48 lakhs was wrongly booked as Voted expenditure under the head "AI(2)—Other Civil Buildings". The Committee trust that the reconcilation of expenditure booked in accounts with the departmental figures will be done promptly and properly in future.

The above recommendations of the P.A.C. may kindly be noted and brought to the notice of all concerned for strict compliance.

Sd/- (M. V. G. WARIYAR)
Under Secy. (Budget)

1. The E-in-C, C.P.W.D.
2. The C.E. (N.D.Z.), C.P.W.D.
3. The C.E. (N.Z.), C.P.W.D.
4. The C.E. (S.W.Z.), C.P.W.D.
5. The C.E. (E.Z.), C.P.W.D.
6. The C.E. (Food Zone), C.P.W.D.

Recommendation

The Committee are particularly worried about the significant misclassifications in accounts that happened under Grant No. 119-Delhi Capital Outlay. A sum of Rs. 2.53 lakhs was misclassified under the head "A.1(1)—Housing—Major Works" which was correctly adjustable under the head "A.1(2)—Other Civil Buildings". Further a charged item of expenditure of Rs. 3.48 lakhs was wrongly booked as Voted expenditure under the head "A. 1(2)—Other Civil Buildings". The Committee trust that the reconciliation of expenditure booked in accounts with the departmental figures will be done promptly and properly in future.

[S. No. 24 Appendix XXXV para 2.44 of 49th Report of the Public Accounts Committee, 5th Lok Sabha]

Action Taken

The recommendations of the Committee has been noted by Government. Necessary instructions have been issued by this Ministry and the Chief Engineer (New Delhi Zone), C.P.W.D., New Delhi to all authorities concerned that reconciliation of expenditure booked in accounts with the departmental figures should be done promptly and properly in future. Copies of the instructions are enclosed.

[Sr. Nos. 23-24—Ministry of Works & Housing O.M. No. G25015/27|72. Budget, dated 23-1-73]

COPY

GOVERNMENT OF INDIA

MINISTRY OF WORKS & HOUSING

Office of the Chief Engineer (NDZ)

*Central Public Works Department**Dated, New Delhi, the 30/9/72.*

No. 1 (5) |71-BI

MEMORANDUM

SUBJECT:—48th Report 1972-73 (Fifth Lok Sabha) dealing with excesses over Voted Grants/Charged Appropriation disclosed in the Appropriation Accounts (Civil) 1970-71.

While reviewing the Appropriation Accounts for the year 1970-71, it has come to the notice of P.A.C. that some Divisions have misclassified a large amount under grant No. 119-Delhi Capital Outlay and that reconciliation of expenditure booked in accounts with the departmental figures have not been done properly. The P.A.C. have viewed this lapse seriously and have suggested that prompt and proper action should be taken in future.

All the Superintending Engineers|Director of Horticulture under this Zone are, therefore, requested to instruct Circle Officers and Divisional Officers under their control that reconciliation of expenditure booked in accounts with the departmental figures should be done promptly and properly in future.

Sd.- (B. C. MAJUMDAR)

F.O. to C.E. (N.D.Z.)

for C.E. (N.D.Z.)

To

All the Superintending Engineers.

Recommendation

“It is regretted that the expenditure under the sub-head ‘A.1(4)—Other Charges’ accounted for an excess of about 24 per cent over the provision. That it was due to unanticipated adjustments of debits and more expenditure on law charges and telephone charges relating to previous years discloses that the departmental officers concerned have not maintained the liability register properly. It will also be of interest to know how for postponement of adjustment

of past liabilities in earlier years was resorted to avoid excess expenditure in those years”.

[S. No. 25 Appendix XXV Para No. 2.47 of 49th Report].

Action Taken

The matter has been examined further in the light of the observations made by the Public Accounts Committee. There does not appear to have been any occasion for postponement of adjustment of past liabilities with a view to avoiding excess expenditure during the years 1967-68, 1968-69 and 1969-70. However, due to the bifurcation of the Ministry in 1970 and the consequent dislocation in work, there was some difficulty in maintaining a consolidated Liability Register in a proper way. This has, however, been rectified already. Such registers are now being maintained properly from the year 1971-72 and liabilities duly noted for making provision in due time.

[Ministry of Home Affairs O.M. No. 49/72—A.C. I dated 22-11-73].

Recommendation

“The sub-head ‘A.3(2)—Payments to Railways and Defence Departments has recorded an excess of about 97 per cent during the year. The Committee had occasions to examine excess under this sub-head in earlier years too. It was on the basis of their recommendation contained in their 31st Report (Fourth Lok Sabha) that instructions were issued in March 1969, asking the various Ministries to forward to the Ministry concerned from October onwards a statement showing the expenditure involved on account of anticipated debits arising out of requisitions issued on the Railways/Defence authorities for tours of Ministers|Deputy Ministers to enable a liability register being maintained. The Committee, however, note that an excess of Rs. 1.13 lakhs against the final grant of Rs. 1.17 lakhs has occurred during the year 1970-71 due to adjustment of certain debits during March final and March Supplementary accounts which were not reflected in the monthly statements and statements for anticipated debits received from the Ministries including the debits for Rs. 83,872 received from the Controller of Defence Accounts (Air Force). In this connection the Committee find that the budget estimate provision of Rs. 1.60 lakhs which was itself inadequate was actually reduced by Rs. 0.43 lakh. The Committee take a serious view of the non-compliance by some depart-

ments with the instructions issued by Government and desire that these should be strictly implemented.”

[Sl. No. 26—(Para 2.50) of Appendix—XXXV to the 49th Report of the P.A.C. (Fifth Lok Sabha)].

Action Taken

The observation of the Committee has been brought to the notice of all the Ministries/Departments *vide* this Ministry's letter No. 48/13/72-AC. I dated 30-9-1972 (Copy enclosed).

[Ministry of Home Affairs O.M. No. 48/13/72-ACI, dt. 22-11-73].

No. 48/13/72-AC. I

MOST IMMEDIATE

GOVERNMENT OF INDIA/BHARAT SARKAR

MINISTRY OF HOME AFFAIRS/GRIH MANTRALAYA

New Delhi 110001, the 30th September, 1972

8 Asvina, 1894.

OFFICE MEMORANDUM

SUBJECT:—*Tours of the Ministers/Dy. Ministers—Making adequate Budget provision therefor.*

The Appropriation Accounts for the year 1970-71 in respect of Grant No. 43-Cabinet revealed an excess of Rs. 10,449. This excess was mainly under the sub-head A-3-Tour Expenses—A. 3(2)—Payments to Railways & Defence Departments where the actual expenditure exceeded the final grant by Rs. 1,12,946. The tour expenses of the Ministers/Dy. Ministers are of extremely fluctuating nature and depend on the nature and number of tours undertaken by Ministers/Dy. Ministers in view of the exigencies of work arising out of internal and external situation. The circumstances leading to the excess were accordingly explained to the P.A.C. in a Note, a copy of which is enclosed. After an examination of the Note the P.A.C. made the following observation in para 2.50 of their 49th Report (Fifth Lok Sabha):—

Sl. No.	Para No. of the Report	Recommendation observation
1	2	3
26	2.50	“The sub-head ‘A’ 3(2)—Payments to Railways and Defence Departments” has recorded an excess of about 97 per cent during the year.

The Committee had occasions to examine excess under this sub-head in earlier years too. It was on the basis of their recommendation contained in their 31st Report (Fourth Lok Sabha) that instructions were issued in March, 1969, asking the various Ministries to forward to the Ministry concerned from October onwards a statement showing the expenditure involved on account of anticipated debits arising out of requisitions issued on the Railway|Defence authorities for tours of Ministers|Deputy Ministers to enable a liability register being maintained. The Committee, however, note that an excess of Rs. 1.13 lakhs against the final grant of Rs. 1.17 lakhs has occurred during the year 1970-71 due to adjustment of certain debits during March final and March Supplementary accounts which were not reflected in the monthly statements and statements for anticipated debits received from the Ministries including the debits for Rs. 83,872 received from the Controller of Defence Accounts (Air Force). In this connection the Committee find that the budget estimate provision of Rs. 1.60 lakhs which was itself inadequate was actually reduced by Rs. 0.43 lakh. The Committee take a serious view of the non-compliance by some departments with the instructions issued by Government and desire that these should be strictly implemented.

2. The P.A.C. have rightly recalled that a series of instructions have been issued to the various Ministries to forward monthly statements of expenditure showing the expenditure involved on account of anticipated debits arising out of the requisitions issued on the Railway|Defence authorities to this Ministry from the month of October onwards. In this connection attention is invited to this Ministry's O.M. No. 53/7/69—AC. I dated 13-3-1969 and No. 2|3|70—AC. I dated 3.3.1970. (Copies enclosed for ready reference).

3. It is regretted that inspite of repeated requests the statements to be forwarded to this Ministry from October onwards showing the expenditure involved on account of anticipated debits arising out of requisitions issued on the Railways|Air Companies|Defence

authorities are not at all being received from certain Ministries|Departments. In the absence of these statements the provision is made on the basis of the past trend of expenditure, which by no means, is a true indicator of the actual expenditure incurred under this sub-head and this had always resulted in violent variation in the Appropriation Accounts which are compiled after the close of the financial year when it is not possible to make any variation in the final grant. In order to avoid such a situation in future, Ministries|Departments are requested to take steps to ensure that these monthly statements are invariably sent to this Ministry by the 15th following month from October onwards.

4. It is further requested that the ten monthly estimates in respect of this item may be framed with special care having regard to the anticipated debits on account of the tours already under-taken and tours likely to be undertaken by the Ministers/Deputy Ministers during the last two months of the year.

5. The receipt of this O.M. may kindly be acknowledged. Authorised for issue.

(PRATAP SINGH)

Sd/- S. SAMANTA

Section Officer..

Under Secy. to the Govt. of India.

To

All Ministries|Departments of Government of India and Prime Minister's Sectt.

Recommendation

The committee find the original provision of Rs. 271.52 lakhs under the head "F.6—Charges paid to other Government|Departments etc." was reduced by Rs. 81.23 lakhs. The actual expenditure was however, Rs. 278.06 lakhs which accounted for excess of 46 per cent over the final grant. A part of this was due to the excess debit raised by the expenditure incurred by them on the grouping operation of the Mizo Hills Districts during the years 1966-67 and 1968-69. It is not clear to the committee as to how the Ministry of Defence having indicated a figure of Rs. 37.28 lakhs in July, 1970 in this regard could raise debit for a sum far in excess of this figure, viz. Rs. 62.66 lakhs. They also do not get any idea as of this figure, viz. Rs. 62.66 lakhs. They also do not get any idea as notice of the Ministry of Home Affairs in time to ensure adequate provision.

[S. No. 27 Appendix XXXV Para No. 2.53 of 49th Report (5th Lok Sabha).]

Action Taken

The Ministry of Defence had intimated in July, 1970 that the Controller of Defence Accounts, Patna, raised a debit for Rs. 37.28 lakhs against the A.G.C.R. in their accounts for May, 1970. Of this amount, an amount of Rs. 2.70 lakhs represented the debits for the previous years. After deducting this amount, a provision of Rs. 34.58 lakhs was retained as the final grant for 1970-71.

It was, however, verified from the Officer of the AGCR that no adjustments were made under this head upto December 1970. In the months of Jan. and Feb. 1971 a total amount of Rs. 2.16 lakhs only was adjusted by the AGCR. Taking into account the figures furnished by the Ministry of Defence and the amount adjusted in Jan-Feb. 71, this Ministry felt that the final grant of Rs. 34.58 lakhs would be sufficient to meet the expenditure during 1970-71 under this sub-head and consequently no additional funds were obtained.

But, in the accounts of March Final and March Supplementary, further debits, in excess of anticipation, amounting to nearly Rs. 63 lakhs were adjusted against this sub-head. Details of these debits raised by the Controller of Defence Accounts, Patna, and the adjustment made in the books of the AGCR are given below:—

Months in which debits were raised	Months in which Accounts were received by AGCR for adjustment	Amount	When adjusted in the books of the AGCR
------------------------------------	---	--------	--

Rs.			
August, 1970	12-8-60	7,58,744.76	March 1971 (Supply.)
March, 1971	5-4-71	14,74,639.04	March 1971 (Final)
April, 1971	20-4-71	40,27,956.78	March 1971

This fact came to our notice only after the appropriation accounts for 1970-71 was received. It may be seen from the above that the adjustments were carried out in bulk long after the close of the financial year when it was not possible to provide any additional funds to meet the excess bookings. This Ministry was not also aware of the adjustment till the appropriation account was received as these adjustments were made direct by the Controller of Defence Accounts, Patna, with the A.G.C.R. without any intima-

tion to us. Neither did the C.D.A. Patna, sent any intimation of this Ministry about the raising of these debits.

The note has been vetted by the Audit

[Ministry of Home Affairs O.M. No. 49/5/72-AcI, dated 22-6-73].

Recommendation

Under the head 'G. I(2)-Purchase of Stationery' excess expenditure of Rs. 12.25 lakhs was incurred against the final grant of Rs. 36.67 lakhs. This was mainly due to adjustment of debits by the Pay & Accounts Officer for Supply of paper pertaining to the years 1966-67 to 1969-70 and for the supply during 1970-71 against the orders placed during 1969-70. The Committee feel that the Department ought to have anticipated these adjustments and adequately provided for them during the year 1970-71.

[Sl. No. 29 of Appendix XXXV Para No. 2.57 of the 49th Report of P.A.C. (5th Lok Sabha)]

Action Taken

The Controller, Printing and Stationery Department, Chandigarh Administration has been required to take immediate steps to ensure that such adjustments are anticipated and adequately provided for so as to avoid the recurrence of excess on such accounts, in future.

[Ministry of Home Affairs C.M. No. 20/2/72, AC II, dated 12-4-73]

Recommendation

The Committee are disturbed to note large excesses under the heads (i) "A.2(1)(1)(3)-Arms and Ammunitions" (Rs. 77.55 lakhs against the final grant of Rs. 45.02 lakhs), (ii) "A.2(1)(1)(5)-Purchase and Maintenance etc. of Mechanical Transport" (Rs. 10.92 lakhs against the final grant of Rs. 48.59 lakhs), (iii) "A.2(1)(1)(6)-Stores and Equipments" (Rs. 48.97 lakhs against the final grant of Rs. 113 lakhs) and (iv) "A.2(1)(1)(8)-Rations" (Rs. 64.31 lakhs against the final grant of Rs. 358 lakhs). These excesses mostly arose out of adjustments through debits raised in supplementary accounts. The Committee, however find that some debits related to the period 1965-66 to 1969-70. The Ministry have explained that although a liability register is maintained, it is found that debits for all bills accepted during a year are not raised and adjusted during that year resulting in lapse of funds if provided in full. This position is highly unsatisfactory as no effective budgetary control could be ensured. The Committee would like the Ministry of Home Affairs to investigate all these cases of belated adjustments with a view to finding out when the supplies/services were made/rendered,

when the bills were received and accepted and why the debits could not be raised by other Departments in the year in which the bills were accepted. Such an investigation would help to rationalise the procedures so as to have an accurate forecast of requirement of funds.

[S. No. 31 Appendix XXXV Para No. 2.61 of the 49th Report of PAC's (5th Lok Sabha)]

Action Taken

All the cases of belated adjustments were investigated on the lines recommended by Public Accounts Committee. A report of the investigation and action taken or proposed to be taken to rationalise the procedures so as to have an accurate forecast of requirement of funds, in future, is enclosed. (Annexure.)

This note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. 21/2/72-Ac II dt. 28-2-73]

ANNEXURE

Report of the investigation and action taken or proposed to be taken on the basis of its findings.

1. (a) The supplies were made as noted below:—

Items	Year of supplies	Amount Involved Rs.
(i) A. 2(1)(1)(3).—Arms & Amn.	1968-69	1576320.25
	1969-70	2936542.46
		4512862.71

The balance of the excess *i.e.* Rs. 3242642.29 P. relates to 1970-71:

TOTAL		7755505.00
(ii) A. 2(1)(1)(1)(5).—Purchase, Maintenance etc. of Mechanical Transport.	1965-66	210753.54
	1969-70	647369.38
		858122.92

The balance of the excess *i.e.* Rs. 234096.08 P. relates to 1970-71.

TOTAL		1092219.00
		Rs.
§iii) A. 2(1)(1) (6)—Stores and Equipment	1964-65	603.79
	1968-69	511347.95
	1969-70	2412314.75
		<u>2924266.49</u>

The balance of the excess *i.e.* Rs. 1172857.51 P. relates to 1970-71.

TOTAL		4097124.00
§iv) A. 2(1)(1)(8).—Ration	1965-66	785744.36
	1967-68	935385.94
	1968-69	1185423.17
	1969-70	2534469.61
		<u>5441028.08</u>

The balance of the excess *i.e.* Rs. 989776.92 P. relates to 1970-71. The excess is due to increase in the cost of Ration articles and transportation charges for land maintained posts which were formerly air-maintained.

TOTAL	6430805.00
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(b) The debits are not normally raised within the year of currency of supplies and if full provision for the supplies made, there is a likelihood of savings occurring. The reasons for delay in raising debit within the year of supplies may please be persued in the letter No. S|AT|III|409-XX dated 10th November, 1971 from the Controller of Defence Account, Patna (copy enclosed).

2. The bills were received during the years of supplies made and cleared to the issuing authority, but book debits for the amounts were raised only in June 71 adjusting the amounts in the budget of 1970-71. As the intimation of the book debits was received late, no provision of the excess amount could be made in the final estimate for 1970-71.

3. The Assam Rifles is mostly dependent for supplies of Arms and Ammunition, Stores and Equipment, MT, Ration on the Army

sources i.e. various Army Depots who are direct agencies for the supplies of the bulk materials to this force and difficulties are constantly faced by this Department to complete each transaction viz receipt of materials, clearance of issue vouchers and adjustment of expenditure through exchange, account maintained by A.G., Assam with the CDA within the year of supplies. In this connection a copy of CDA, Patna letter No. S|AT|III-409-XX dated 10th November 71 in enclosed. The letter of the CDA clearly explains the difficulties in the way of rationalising the procedure of book adjustment within any stipulated year.

4. In order to rationalise the defects, the following measures have since been adopted:—

- (a) All Assam Rifles Units have been instructed to bring out a correct picture of the arrears|liabilities and assess the actual quantum of such liabilities so as to make accurate provision of fund in the budget from time to time.
- (b) A team of officers and staff was sent to the office of the Controller of Defence Account, Patna as this office is responsible for raising debit centrally against Assam Rifles through exchange account maintained with the Accountant General, Assam. This team has made a working arrangement with the CDA's office by which future book debits will be intimated to this HQ well in time so that a near accurate for-cast of budget requirement can be made in the final estimates for year.

OFFICE OF THE CONTROLLER OF DEFENCE ACCOUNTS,
PATNA

No. S|AT|III|409-XX

Dated, the 10th Nov., 1971.

To,

The Inspector General of Assam Rifles,
SHILLONG.

RAISING OF BOOK DEBIT AGAINST ASSAM RIFLES

Sir,

I refer to your letter No. F/IV-B/25-71 dated 9th July, 1971 jointly addressed to the CDA (SC) Poona, CDA (CC) Meerut, CDA (FYS) Calcutta, this office and others and state that the time bar in raising of debits on account of supplies, services to Assam Rifles units is mainly attributable to some un-avoidable delay involved in

preprocessing of the supporting vouchers/documents through the various channels, before they are ready for adjustment by this office centrally.

2. The progresses involved are summarised below to explain the time log.

- (i) To obtain accepted copies of issue vouchers by the issuing units from the consignee Assam Rifles Battalions|Units.
- (ii) To transmit the accepted copies of vouchers to this office duly sanctioned, through proper channels after pricing etc., by the Army units|sub-office.
- (iii) Preparation of schedule of vouchers and consolidated Battalion wise expenditure statements.
- (iv) Passing of Punching Medium with supporting vouchers|documents to Account Section for raising debit.

3. In cases where the supplies and services are from a unit located in the audit area of another CDA, yet another channel is inevitably involved, before the vouchers|documents are received in this office for further action towards booking of the debits.

4. In the case of Railway warrants|MC Notes it has been noticed that the time lag is far greater than in the case of payment issue vouchers|Hospital stoppage rolls|bills for rent and allied charges etc. This is so because after completion of the audit processes in the Railway Accounts Offices debits are passed on to the CDA (FYS) Calcutta supported by the audited copies of the Railway warrants|M. C. Notes. These are again subjected to audit by the CDA (FYS) Calcutta to settle *inter alia* over|under charges as between the Railways and the Defence Department and are also further audited by the statutory audit authorities before they are transmitted to this office by the CDA (FYS) Calcutta with covering lists for eventual adjustment.

5. I am, however to state that action is being taken to send the priced list of vouchers to you, as desired, at the time of raising debits. All concerned have however been requested to deal such cases on priority basis. To minimise the time log you are also requested to issue strict instructions to all Battalions|units to release accepted copies of issue vouchers etc. in respect of supplies from Army units as expeditiously as possible to enable these units to progress the cases for raising debits through proper channel.

Sd|- MALKIT SINGH,

Deputy Controller of Defence Accounts.

Recommendation

There have been excesses under the sub-head "C.4(2) (4)-Other Schemes" (Rs. 1.77 lakhs against the final grant of Rs. 5.75 lakhs) and "E 1(5)(2)—Other Suspense Accounts" (Rs. 3.77 lakhs against Nil final grant). The excesses arose out of lack of coordination and ignorance of the system of accounting. The Committee hope that such things will not recur.

[Sl. No. 32 of Appendix XXXV—Para 2.64 of the Forty-Ninth Report of P.A.C. (5th Lok Sabha)]

Incidentally the Committee find that under the sub-head "C.5(2) (4)-Other Schemes", no provision was made for 'Interim Relief' in the revised estimates for the year 1970-71, although an expenditure of Rs. 6,000 had been booked in accounts. The Committee desire that the Dadra & Nagar Haveli Area Administration should avoid such omission in future.

[Sl. No. 33 of Appendix—XXXV—Para 2.65 of the Forty-Ninth Report of P.A.C. (5th Lok Sabha)]

Action Taken

The above recommendations of the Public Accounts Committee have been brought to the notice of Dadra & Nagar Haveli Administration for strict compliance *vide* this Ministry's letter No. 23|2|72-AC. II dated 25th September, 1972 (Copy enclosed).

[Ministry of Home Affairs O.M. No. 23/2/72 Ac II, dt. 13-11-73]

Copy of letter No. 23|2|72-AC. II dated the 25th September 1972 from the Ministry of Home Affairs, New Delhi to the Collector, Dadra & Nagar Haveli Administration, Silvassa.

SUBJECT:—49th Report of the P.A.C. (5th Lok Sabha) on Appropriation Accounts for the year 1970-71.

I am directed to refer to this Ministry's D.O. letter No. 15|1|71-AC. II dated the 22nd June, 1972 and to enclose copy of the recommendations contained in paragraphs 2.64 and 2.65 of the 49th Report of the Public Accounts Committee (1972-73)—Fifth Lok Sabha, in connection with the excess over the voted grant in Grant No. 54—Dadra and Nagar Haveli during the year 1970-71, with the request that the observations made by the P.A.C. in these paragraphs may please be brought to the notice of all concerned with instructions for strict compliance.

Receipt of this letter with enclosure may please be acknowledged.

Recommendation

The excess over Grant No. "127-Capital Outlay of the Ministry of Labour, Employment and Rehabilitation" mainly occurred under the group Sub-head "C-1 Rehabilitation Reclamation Scheme" (Rs. 17.09 lakhs). The excess under the sub-head "Cl. (3)-Petrol, Oil and Lubricants" (Rs. 11.02 lakhs) was more than one-third of the final grant. This was mainly due to adjustment of amounts (totalling Rs. 17.57 lakhs) lying under suspense in the accounts of 1970-71 by the Pay and Accounts Officer in his March Supplementary 1971 Accounts. The excess under the grant could have been avoided with an effective liaison with the Pay and Accounts Officer.

[Sl. No. 34 Para 2.68 of Appendix XXXV of P.A.C. (1972-73)
(Fifth Lok Sabha) Forty-Ninth-Report].

Action taken

To guard against the possibility of excess of expenditure over the Budget grant occurring in the future, the following effective measures have been taken.

- (1) To have an effective control over the day-to-day expenditure under each sub-head of account, a sub-head-wise expenditure control register has been opened. No bill shall be paid unless it is entered in this register and certified to the effect that the expenditure involved is covered by Budget allotment. This will make the chances of excess expenditure over the Budget allotment remote.
- (2) Substantial amounts of debits are adjusted by the Pay and Accounts Office against liabilities of this Organisation which come to notice long after the occurrence of the expenditure, as a result of which the Budget position becomes unbalanced. In order to have an effective control over this state of affairs, the system of periodical reconciliation of Departmental figures with the Accounts Office actuals have been strengthened.
- (3) For the purpose of ascertaining the amounts for which purchase orders are placed and to see that it does not exceed the Budget allotment at any stage, a Supply Order|A.T. register for recording the details of each purchase has been introduced which will be of immense help to control the Budget.
- (4) To know the liability and the possibility of its probable adjustment during the current financial year, a Liability

Register in prescribed Form—GFR. 6 has been introduced in which the outstanding payments against purchase orders are being recorded. This will help the Department to estimate the amounts likely to be adjusted by the Pay and Accounts Offices in the March final and supplementary accounts. This register will be very helpful, particularly during the closing months of the financial year for exercising control over expenditure and framing the budget estimate for subsequent years on a realistic basis, inasmuch as the liabilities remaining unliquidated during the current financial year can be provided for in the Budget estimate for the next year with more accuracy.

- (5) Efficient control over the expenditures under each sub-head of account is also being exercised through fortnightly graphs. This enables the Head of the Organisation himself to know the position of detailed expenditure under each category together with the total repercussion on the Budget grant at each time. This also gives him the opportunity to suggest ways and means, as and when necessary, well in advance to liquidate the chances of the Budget grant being exceeded at a later date.
- (6) The field Heads of offices who are also the drawing officers for the establishment under their control have been instructed to control their expenditure in such a way that the expenditure under any sub-head of account relating to their establishment is not exceeded at any time. In order to verify that the above instructions are being adhered to strictly, they have been advised to render a fortnightly expenditure statement to the Headquarters office which are also being verified very carefully at this end and submitted to the Head of the Department for his information and advice.
- (7) Apart from what has been stated in the foregoing paragraphs, the Pay and Accounts Officers are being requested to keep this office apprised of the quantum of debits lying at their ends to be adjusted against this Organisation till March Supplementary accounts.

With the introduction of the aforesaid procedure, it is expected that the chances of recurrence of the present state of affairs as reflected in the P.A.C. report can be avoided.

[Ministry of Labour and Rehabilitation (Deptt. of Rehabilitation)
O.M. No. 5(9)|72-R.H.-III dt. 22-5-73].

Recommendation

The extra expenditure under the group sub-head "A.2-Other Election Charges" (Rs. 9.18 lakhs) was mainly responsible for the excess over the grant "73-Other Revenue Expenditure of the Ministry of Law". The Ministry have explained that it was wholly due to the fact that the Accounts Officer carried out the adjustment under the sub-head 'A.2(1)-Contribution to State and Union Territory Governments' in 1970-71 instead of 1969-70 for which a sanction was issued. This shows that the progress of adjustments against sanctions issued in 1969-70 was not watched properly and adequate provision made in 1970-71 for the amounts remaining unadjusted. The Ministry should be more careful in future.

[S. No. 35 Appendix XXXV Para No. 2.71 49th Report]

Action Taken

The observations made by the Committee have been noted for future guidance.

[Ministry of Law, Justice and Company Affairs,
O.M. No. F5(2) (28) 72-B&A, dt. 31-8-73].

Recommendation

The excess over the grant occurred under the sub-heads "A.1(2)-Interim Relief" (Rs. 1.49 lakhs), "A. 1(3)-Travelling Expenses" (Rs. 1.02 lakhs) and "A. 1(4)-Other Charges" (Rs. 0.94 lakh) in respect of Transport Wing and "A.2(1)(2)-Interim Relief" (Rs. 1.88 lakhs) and "A.2(1)(3)-Travelling Expenses" (Rs. 1.05 lakhs) and "A.2(1)(4)-Other Charges" (Rs. 1.17 lakhs) in respect of Roads Wing (Min). The Committee have earlier indicated that the grant has been exceeded successively for three years. In earlier years too significant extra expenditure was incurred on office contingencies and Travelling Expenses. The Committee need hardly stress that the Ministry should improve their budgetary procedures and control.

[(S. No. 36 (Para 2.74) of the 49th Report of the P.A.C.
(5th Lok Sabha).]

Recommendation

It is indeed surprising that a total sum of Rs. 3.37 lakhs was spent on Interim Relief without any provision in the Revised Estimates. The Committee cannot accept the plea that the proposals to obtain supplementary grant though initiated could not be fina-

lised in time due to lack of proper coordination. They would like the Ministry to investigate the lacuna, if any, in the system with a view to removing it.

[S. No. 37 (Para 2.75) of the 49th Report of the P.A.C. (5th Lok Sabha)].

Recommendation

The extra expenditure on office contingencies and travelling expenses remained uncovered as admittedly the liability registers were not maintained properly. As the Ministry have stated that the registers are being maintained properly from 1971-72, the Committee would like to watch the position through future Appropriation Accunts.

[S. No. 38 (Para 2.76) of the 49th Report of the P.A.C. (5th Lok Sabha)].

Action Taken

The recommendations for the P.A.C. reproduced above are interconnected and are therefore dealt with together.

2. The original provision of Rs. 1,45,42,000 under voted portion of the grant was augmented by obtaining a Supplementary Grant of Rs. 2,56,000 in March 1971 session of Parliament. The actual expenditure amounted to Rs. 1,52,22,293 against the final grant of Rs. 1,47,98,000 resulting in an excess of Rs. 4,24,293. The overall excess was the not result of excesses and savings under various group sub-heads in the grant and occurred mainly under sub-heads A.1-Transport Wing A.2(1)-Roads Wing (Main). The excess under office contingencies and Travelling expenses was mainly due to increased activities of the Ministry in connection with the development projects included in the plan, foreign tours, and adjustment of some bills pertaining to previous years.

3. The excess was mainly due to the delay in processing the Supplementary Grant of Rs. 5.92 lakhs which could not be included in March 1971 batch of Supplementary Grants. Hereafter every care will be taken to see that Supplementary Grants are processed and presented in time whenever necessary.

4. Instructions have been issued to all concerned for maintaining Liability Registers properly *vide* Office Order No. 11-Budget (11) 72 dated 13th November, 1972 (copy enclosed). Necessary instructions have also been issued to the officers concerned to regulate expenditure in such a manner as does not result in exceeding the sanc-

tioned grant *vide* office order No. 4-Budget (11)/72 dated 27th December, 1972 (copy enclosed). In the remote case of excess over the sanctioned grant arising out of Un-expected developments, the concerned officers have been asked to prepare necessary proposals for supplementary grants well in time. They have also been asked to exercise proper watch over the past liabilities and anticipated debits so that the cases of excess over the sanctioned grants should be avoided.

Encl: Two

[Ministry of Shipping and Transport (Transport Wing)
O.M. No. F.11-Budget (11)|72, dt. 5-5-73].

Copy of end. No. 11-Budget (11)/72 dated 13th November, 1972.

SUBJECT:—*Proper maintenance of Liability Registers.*

The P.A.C. has pointed out in their 49th Report that excesses of expenditure on certain items had occurred on account of improper maintenance of Liability Registers. As this register helps to anticipate the expenditure on certain items, it is needless to say that they should be maintained properly. Necessary action should be taken to maintain them properly so as to avoid excess expenditure hereafter. It may be confirmed that the Registers are now being maintained properly.

Sd/- N. GOPALAKRISHNAN,
Under Secretary.

Copy of endt. No. 11-Budget (11)/72 dated 27th December, 1972.

SUBJECT:—*Excesses over voted grants.*

It has been observed that excess expenditure on certain items had been incurred in the grants of the Ministry of Shipping and Transport in the past years and that the supplementary grants to meet the excess expenditure were not finalised in time. Because of the importance attached by the Public Accounts Committee to the maintenance of proper budgetary control on the expenditure, it is necessary that expenditure is regulated in such a manner as does not involve excess over the excesses over the sanctioned grants arising out of unexpected developments, necessary proposals for supplementary grants should be prepared well in time. This can be done by exercising proper watch over the past liability Register maintained for the purpose should also clearly indicate the unliquidated liabilities if any of the previous years and the anticipated debits.

Recommendation

The Committee are deeply distressed to come across from year to year for over a decade now excesses under the head "A4(1)-Maintenance of National Highways". In their 123rd Report (Fourth Lok Sabha), the Committee had indicated the excesses recorded under this head for 10 years from 1959-60 to 1968-69 which ranged from Rs. 11.15 lakhs to Rs. 63.12 lakhs. In their subsequent Report (29th Report—Fifth Lok Sabha), the Committee observed that the excess under the head during the year 1969-70 was the highest ever recorded in recent years. The excess during that year was Rs. 84.60 lakhs. This record has since been broken and the excess during the year 1970-71 is as high as Rs. 154.97 lakhs. The Committee find from the measures already adopted or proposed to be adopted to tackle this problem of recurring excesses, that it is also proposed to approach the Comptroller and Auditor General of India for issuing instructions to State Accountants General not to admit expenditure in excess of sanctioned grant. This appears to be a necessary though somewhat a drastic step as the only way to arrest the persistent tendency on the part of the State Governments who are the works executing agencies to exceed the budget provision without coming up with proposals for additional funds in time. The Committee wish to make it clear that they would be forced to take a very serious view if there is any further occasion to comment on excess under this head.

[Sr. No. 39 Para 2.78 of 49th Report (Fifth Lok Sabha)].

Action Taken

With a view to avoid excess expenditure over the sanctioned grants, the Comptroller and Auditor General of India was approached to issue necessary instructions to the Accountants General not to admit expenditure in excess of sanctioned grants. He has, however, not agreed with the proposal and stated that the Accountants General cannot prevent such an excess but can only report on it. The Comptroller and Auditor General has further suggested that the State Governments should be entrusted with the function of sanctioning of roads and bridges estimates and getting works executed subject to certain conditions to be laid down in this behalf lump sum grants being given to State Governments to cover expenditure on such works.

2. So far as the question of entrusting the work to States with the function of sanctioning of estimates for road and bridge works on National Highways is concerned, this matter has been examined in

this Ministry and it is felt that since constitutionally the Government of India are responsible for all matters concerning the National Highways before the Parliament and its various bodies, it will be desirable and necessary to retain this function with the Government of India in the Ministry of Shipping and Transport as it exists at present. The Government of India are, however, examining the feasibility of delegating powers to States for according technical approval and financial sanction upto a limited extent (Rs. 10 lakhs) covering mostly smaller categories of works. The matter could be examined further in the light of the experience that may be gained from this limited delegation.

3. As regards treating the funds to be provided for National Highways as grants-in-aid, this matter also came up for consideration subsequently while holding discussions on the subject with the task force appointed by the Ministry of Finance to go into the cases of the excess over the sanctioned grants. During those discussions, the following two alternatives came up for consideration which also include, *inter-alia* the suggestion made by the Comptroller and Auditor General:

- (1) To treat the expenditure on the National Highways as Grants-in-aid; or
- (ii) To adopt the 'Limited letter of credit system' under which the State Government will issue letters of limited credit for various Divisions and those Divisions will be entitled to draw amount from Treasuries only upto the amount specified in the Letter of Credit.

The above two alternatives have been examined by this Ministry in detail and the alternative at (ii) above appears to be more suitable. The Ministry do not consider the grants-in-aid system for National Highways to be a workable proposition for the following reasons:

- (i) Resort to grant-in-aid will not be real solution to the problem of excess expenditure in-as-much as the expenditure incurred in excess of approved grants could be asked for by State Governments during the following year as is being done at present in the case of all grants-in-aid projects. It is felt that so long as the Government of India do not refuse to pay for excess and the possibility of the States asking for and obtaining this money in the succeeding year continues, the State Government may not have any serious objection to excess expenditure even though it may have to be met by the State

Government initially, *Prima facie*, since National Highways are constitutionally a Central subject, the question of refusal to pay for excess would not arise and might lead to serious Centre-State conflicts as National Highways could not be made a limited grants-in-aid subject. In the circumstances the position might worsen and might also lead to some sort of an irresponsible expenditure trend.

- (ii) This will also lead to an unending running account of plus/minus balances and thereby create serious difficulties in a work-wise control of expenditure as is the case under the existing arrangements [Work job nos. on Capital Plan Head side number over 3 thousand even now]. This is because in the case of grants-in-aid the amount is immediately transferred to the State accounts by the State Accountant General as soon as allotment is made and is not adjustable straightaway work-wise according to actual expenditure as is possible under the present system where the amount adjusted to the State Government account is related only to actual expenditure initially itself.
- (iii) This system which would bring the National Highways under the control of the State Legislature and the State P.A.C. would also involve duplication of work inasmuch as these works would also be subject to the Central P.A.C. scrutiny and might at times lead to divergence of views expressed by the two P.A.Cs on the one hand and the State and Central Governments on the other hand.
- (iv) National Highways are Constitutionally a Central subject and it is necessary for the Government of India to ensure both physical and financial control over these projects. If the funds to be provided for National Highways are to be treated as grants-in-aid, it will not be possible at all to keep a watch over the physical progress and it is not unlikely that this system might impair the efficiency of the work on the National Highways.

4. In the circumstances, the case regarding (ii) in para 3 above is accordingly being processed and the Ministry of Finance approached to issue necessary instructions to the various State Governments in this regard insofar as maintenance grants only are concerned. Actually, on their own, some of the State Governments

like Andhra Pradesh, Tamil Nadu etc. are already following this 'Limited Letter of Credit System' with a considerable measure of success with the result that there have been no excesses over the voted grants in these States by and large.

The suggestion being made to the Ministry of Finance is that after consulting the various authorities concerned at the Centre regarding the letter of credit System, the views of the States will also have to be obtained and thereafter the matter discussed at an inter-Departmental Meeting before it is actually introduced for application to States.

5. It may be added that meanwhile as a result of further tightening up of the control over expenditure and a number of additional instructions issued in 1972 by way of follow-up action, the position in respect of 1972-73 and subsequent years is expected to show improvement over previous years. If the 'Letter of Credit System' is enforced, for which the States are also proposed to be consulted, the position is likely to improve further.

[Ministry of Shipping and Transport (Roads Wing)
O.M. No. F. B-29 (35) | 72 dt. 28-7-73.]

Recommendation

The Committee are constrained to note large scale misclassification in the expenditure in regard to grant No. 89—Aviation which remained undetected till the Appropriation Accounts were finalised. The net amounts of misclassification were (+) Rs. 8.16 lakhs under the sub-head "G.1(1)—Minor Works executed by CPWD", (ii) (+) Rs. 3.55 lakhs under the sub-head "G.1(2)—Minor Works executed by the Civil Aviation Department", (iii) (—) Rs. 5.84 lakhs under the sub-head "G.2(1)—Minor repairs executed by the CPWD" and (iv) (+) Rs. 17.19 lakhs under the sub-head "G.2(2)—Minor Repairs executed by the Civil Aviation Department". This calls for a detailed review with a view to finding out how the misclassifications could not be detected in time.

[Sr. No. 40 (Para 2.81) of 49th Report of PAC (Fifth Lok Sabha)]

Action Taken

Grant No. 89—Aviation (Minor-head “56—Aviation”)—1970-71.

The major misclassifications of expenditure occurred under the following sub-heads:—

Sub-Head	Net Amount of misclassifications	
1. G. 1(1)—Minor Works executed by C.P.WD.	(+) 8,15,748	} (+)More booked in audit. (—)Less booked audit.
2. G. 2(1)—Minor repairs executed by C.P.W.D.	(—) 5,83,872	
3. G. 1(2)—Minor works executed by C.A.D.	(+) 3,55,363	
4. G.2(2)—Minor repairs executed by C.A.D.	(+) 17,19,321	

An audit circle-wise distribution of these misclassifications under the above sub-heads is given in the four enclosed statements (Annexures I to IV).

II. Funds relating to sub-heads 1 and 2 above are placed at the disposal of Chief Engineer (NZ), CPWD, New Delhi and the works are executed by the CPWD authorities. The Chief Engineer has explained that the misclassifications generally occur in the audit offices. Expenditure under sub-head G.1 is booked under G.2 and *vice versa*. The Establishment and Tools & Plant Charges credited to Other Governments Departments etc., are also not booked separately in the Accountants General offices resulting in misclassifications as division-wise break-up of expenditure is not made available at the end of the year. It has been further stated that the departmental charges levied in March every year are posted in audit offices in the month in which the accounts of the financial year are closed. The discrepancies even when pointed out during reconciliation are generally left over and the accounts are closed without rectifying the discrepancies. As a case in point, certain discrepancies were detected by Delhi Aviation Electrical Division No. II, and pointed out to office of the Accountant General, CW&M on 20-8-1971 before the closure of accounts for 1970-71. Even then the discrepancies were not set right. Further, the departmental figures of expenditure were duly reconciled with the Works Audit Branch, but errors crept in at the time of reporting the consolidated figures of expenditure in the draft Appropriation accounts by another section in the audit office.

III. As would be apparent from Annexure No. III, the major misclassifications under sub-head 'G1(2)—Minor Works executed by CAD' occurred in the CW&M, Maharashtra and Tamil Nadu audit circles. A sum of Rs. 1,30,474 incurred by the Controller of Aerodromes, Delhi Region, Delhi in January, 1971 was erroneously booked by Accountant General, Commerce Works & Miscellaneous, New Delhi under the sub-head G.2(1)—Minor Repairs executed by CPWD. The mistake was duly pointed out but the correction was made by Audit by booking the same amount twice, in 3/71 (Supplementary), once under the correct head and again under the sub-head 'G.1(2)—Minor Works executed by CAD' by mistake. Similarly, in the Maharashtra audit circle, an expenditure of Rs. 1,61,870 incurred by Bombay Aviation Division No. 1, CPWD under sub-head 'G.2(1)—Minor Repairs executed by CPWD' was erroneously booked in audit office against the Controller of Communication, Bombay. Again in Tamil Nadu audit circle, an expenditure of Rs. 73,220 incurred by the Aviation Electrical Division, CPWD Madras under sub-head 'G.1(1)—Minor Works executed by CPWD' was erroneously booked in audit office under sub-section 'G.2(2)—Minor Works executed by CAD.'

IV. It would be seen from Annexure No. IV that misclassifications occurred in Maharashtra audit circle. There were instances of both more bookings and less bookings by Audit. An expenditure of Rs. 27,43,053 incurred by Controller of Aerodromes, Bombay under sub-head 'L—Suspense' was erroneously booked under sub-head 'G.2(2)—Minor Repairs executed by CAD', Recoveries under 'Suspense' and Establishment and Tools & Plant Charges' amounting to Rs. 7,67,369 and Rs. 99,611 respectively were wrongly posted under this sub-head. A sum of Rs. 1,10,768 incurred by Controller of Communication, Bombay and correctly pertaining to sub-head 'G.1(2)—Minor Works executed by CAD' was erroneously booked in audit office under this sub-head.

V. It will be observed that misclassifications generally occur within the various sub-heads of the same Grant. These, somehow, take place when the reconciled figures of expenditure are transmitted by one branch of audit Office to another branch entrusted with consolidation of figures of expenditure and finalisation of Appropriation accounts. The Controlling authorities do not come to know of the misclassifications as the draft Appropriation accounts prepared by the Accountants General are sent direct to Government and heads of departments. For this reason the misclassifications|erroneous bookings|non-adjustments, etc., remain undetected and unrectified. To overcome this difficulty, appropriate instruc-

tions have been issued *vide* DGCA's circular letter No. 25018|41|72-Bud., dated the 28th November, 1972 (copy enclosed Annexure V) requesting the Controlling authorities to obtain division-wise break-up and verify and accept the figures shown in the Appropriation accounts. The various Accountants General have also been requested to get the figures of expenditure shown in the Appropriation accounts duly verified and accepted by the Controlling authorities before transmitting the same to Government. Instructions have also been issued to the various Controlling authorities emphasizing the importance and need for prompt, regular and systematic reconciliation of departmental figures of expenditure with those booked in audit offices.

[Ministry of Tourism & Civil Aviation, O.M. No. G.25018|7|71|VB-Vol. II, dt. 7-8-73].

ANNEXURE

STATEMENT OF MISCLASSIFICATIONS IN AUDIT OFFICES

GRANT NO. 89—AVIATION (1970-71)

MAJOR HEAD—56-AVIATION

Sub-head G. 1(1) Minor Works executed by C.P.W.D.

Audit Circle	Misclassification in Audit Offices	Nature of Misclassification
	Rs.	
1. C.W. & M.	(+)	2,77,626 Pertains to sub-head G. 2(1)
	(+)	1,46,697 Pertains to I-Charges paid to other Govts., Deptts. etc.
	(—)	529 Booked under sub-head G. 2(1).
2. Andhra	(—)	26,554 Details not available.
3. Bihar	(—)	29,377 Booked under sub-head G. 2(1).
4. Haryana	(+)	18,336 Pertains to sub-head I—Charges paid to other Govts., Deptts. etc.
5. Himachal & Chandigarh	(+)	22,509 —do.—
6. Maharashtra	(—)	12,929 Booked under sub-head G. 2(2).
7. Punjab	(+)	86,375 Details not available.
8. Tamil Nadu	(—)	73,220 Expenditure incurred by Aviation Electrical Division Madras booked under sub-head G.1(2)
9. West Bengal	(+)	4,06,814 Details not available.
TOTAL	(+)	8,15,748

(+) More booked by Audit.

(—) Less booked by Audit

ANNEXURE—II

**STATEMENT OF MISCLASSIFICATIONS IN AUDIT OFFICES
GRANT NO. 89—AVIATION (1970-71)
MAJOR HEAD—56—AVIATION**

Sub-head G. 2(1)—Minor Repairs executed by C.P.W.D.

Audit Circle	Misclassification in Audit Offices	Nature of misclassification
	Rs.	
1. C.W. & M.	(—) 2,77,626	Booked under Sub-head G.1(1) Pertains to sub-head 'I' Charges paid to other Govts., Deptts. etc.
	(+) 21,666	Pertains to Sub-head 'I'—Charges paid to other Govts. Deptts., etc.
	(+) 529	Pertains to Sub-head G. 1(1).
2. Andhra	(+) 59,199	Details not available.
3. Bihar	(+) 29,377	Pertains to Sub-head G.1(1)
4. Gujarat	(+) 1,022	Pertains to Sub-head 'I'—Charges paid to other Govts., Deptts. etc.
5. Haryana	(+) 31,612	Do.
6. Himachal Pradesh & Chandigarh	(+) 31,156	Do.
7. Maharashtra	(—) 1,61,870	Booked under Sub-head G. 1(2).
	(—) {1,27,760	Booked under Sub-head G. 2(2)
8. Punjab	(+) 37,972	Details not available.
9. West Bengal	(—) 2,37,527	Do.
TOTAL	(—) 5,83,872	

(+) More booked in Audit.

(—) Less booked in Audit.

ANNEXURE—III

**STATEMENT OF MISCLASSIFICATIONS IN AUDIT OFFICES
GRANT NO. 89—AVIATION (1970-71)
MAJOR HEAD—56—AVIATION**

Sub-Head G.2(1)—Minor Works Executed by C.A.D.

Audit Circle	Misclassification in Audit Officers	Nature of misclassification
	Rs.	
1. C.W. & M.	. (+) 1,30,474	Pertains to sub-head G. 2(2).
2. Andhra .		
3. Assam and Nagaland		
4. Bihar		
5. Gujarat .		
6. Haryana		
7. Himachal & Chandigarh .	..	
8. Maharashtra (+) 1,61,870	Pertains to sub-head G.2 (1)
	(-) 4,535	Booked under sub-head G. 2 (2)
	. (+) 4,729	Booked under sub-head G. 2 (2)
9. Punjab	..	
10. Tamil Nadu	. (+) 73,220	Pertains to sub-head G. 1 (1), expenditure by Aviation Elec. Division, Madras.
11. U.P.	
12. West Bengal	. (-) 10,395	Details not available.

TOTAL : (+) 3,55,363

(+) More booked in Audit.

(-) Less booked in Audit.

ANNEXURE-IV

STATEMENTS OF MISCLASSIFICATION IN AUDIT OFFICES

GRANT NO. 89-AVIATION (1970-71)

MAJOR HEAD 56-AVIATION

Sub-head G.2(2)-Minor repairs executed by C.A.D.

Audit Circle	Misclassification in Audit Offices	Nature of Misclassification
	Rs.	
1. C.W.&M.	(—) 11,894	Details not available.
	(—) 1,30,474	Booked under sub-head G.I(2)
2. Maharashtra	(+)	4,535 Pertains to Sub-head G. I.(2)
	(—)	4,729 Minus expenditure pertains to sub-head G.I (2).
	(+)	2,238 Pertains to sub-head A-Direction
	(+)	12,929 Pertains to sub-head G. I(1)
	(+)	1,10,768 Pertains to Sub-head G.I(1)
	(+)	27,43,053 Pertains to sub-head L—Suspense (Debit).
	(—)	7,67,369 Pertains to recoveries under Suspense.
	(—)	99,611 Pertains to Recoveries under Estt. and T. & P.
	(+)	544 Details not available.
	(+)	9,153 Misclassified-Correct head to which it pertains not known.
	(+)	96 Pertains to sub-head T—charges paid to other Govts., Deptts., etc.

Audit Circle	Misclassification in Audit Offices	Nature of Misclassification
	(—)	27 Details not available.
	(—)	38,961 Minus expenditure not booked by Audit.
3. Tamil Nadu	(—)	981 Details not available.
4. West Bengal	(—)	1,87,871 -do-
TOTAL :	(—)	17,19,321

(+) More booked in Audit.

(—) Less booked in Audit.

ANNEXURE—V

GOVERNMENT OF INDIA

OFFICE OF THE DIRECTOR-GENERAL OF CIVIL AVIATION

No. G.25018/41/72-Bud.

Dated New Delhi, the 28th November, 1972.

SUBJECT: *Reconciliation of departmental figures of expenditure with those of audit offices and finalisation of Appropriation accounts.*

The importance and need for prompt regular systematic and effective reconciliation of departmental figures of expenditure with those book in audit offices has already been emphasized several times. Attention is drawn to this office circular letters noted below:—

1. Letter No. G.22011/1/72-Bud. dated 22-5-72;
2. Letter No. G.22011/1/72-Bud. dated 23-5-72;
3. D. O. letter No. G.22011/1/72-Bud. dated 23-5-72;
4. D.O. letter No. G.22011/1/72-Bud. dated 5-6-72;
5. Letter No. G.25015/3/72-Bud. dated 26-6-72;

Instructions contained in section VII of Chapter 5 of G.F.Rs.—1963 (Revised & Enlarged), also refer in this connection.

2. An excess expenditure of over 9 lakhs over the Voted Grant in Demand No. '89—Aviation' occurred for the year ended 31st March, 1971. The excess required regularisation. It was found that part of the excess was also due to misclassifications of expenditure. A detailed review was carried out by this office with a view to finding out how the misclassifications could not be detected in time, notwithstanding the regular reconciliation of expenditure by the controlling authorities. This review disclosed that though the Controlling authorities had reconciled the departmental figures of expenditure with those booked in the concerned audit Section in the offices of the Accountants General, but such a reconciliation at the end of the year was not carried out with the Accounting Sections in offices of the Accountants General responsible for finalisation of Appropriation accounts. The Controlling authorities thus did not verify the correctness of the figures of expenditure shown in the

draft Appropriation Accounts nor got the variations reconciled and misclassifications or wrong adjustments in the accounts rectified.

3. The Controlling authorities are, therefore, requested to verify the correctness of the figures of expenditure shown in the draft Appropriation Accounts and get the variations, if any, reconciled and misclassifications or wrong erroneous non-adjustments in the accounts figures rectified.

The Controlling authorities should depute an officer to the offices of the Accountants General and obtain division-wise detailed break-up of figures of expenditure shown in the draft Appropriation Accounts soon after the close of accounts for the year. The Controlling authorities should also submit a certificate to Headquarters (Budget Section) to this effect by 31st July every year.

4. Please acknowledge receipt.

Sd|-

(N. GOPALAN),

Asstt. Director of Finance and Accounts.
for Director General of Civil Aviation.

To

The Controller of Aerodromes,

Delhi|Bombay|Calcutta|Madras, etc. etc.

Copy forwarded to:—

1. The A.G., C.W. & Miscellaneous, *New Delhi, etc. etc.*

With the request that a copy of the draft Appropriation Accounts together with division-wise break-up of expenditure may be given to the concerned Controlling authorities and correctness of the figures got verified and accepted by them. In this connection a list of the Controlling authorities audit—circular-wise is enclosed.

2. Further, it is stated that entire funds under sub-heads 'G. Works—G.1-Original Works—G.1(1)-Minor Works executed by CPWD' and 'G.2-Repairs, G.2(1)-Minor Repairs executed by CPWD.' in the Revenue Grant (Major Head '56-Aviation') and sub-head 'A.1-Aviation Works CPWD-A.1(1)(1)-Major Works' and 'A.1(2)-Special Service and Miscellaneous expenditure (Charged)' in the Capital Grant—(Major Head '112-Capital Outlay on Aviation Works) are placed at the disposal of CPWD. A list of Controlling autho-

rities pertaining to these sub-heads may kindly be obtained from the Chief Engineer (NZ), CPWD, R. K. Puram, New Delhi. While forwarding the draft Appropriation Accounts to Government and this office, it may kindly be certified that the figures of expenditure have been got verified and accepted from the concerned Controlling authorities.

3. Receipt of this letter may kindly be acknowledged.

19. Copy forwarded to the Chief Engineer (NZ), CPWD, New Delhi with the request that similar instructions may kindly be issued to their Controlling authorities.

20. Copy to Cash Section (Hqrs.), for similar action.

21. Copy forwarded to the Ministry of Tourism and Civil Aviation, New Delhi, for information.

Sd/-

(N. GOPALAN),

*Asstt. Director of Finance and Accounts.
for Director General of Civil Aviation.*

Recommendations

2.84. The excess over the voted grant "No. 16—Pensionary Charges-Pension Fund" has by now become an annual feature. The excesses recorded during the past four years were Rs. 9.83 lakhs in 1967-68, Rs. 10.81 lakhs in 1968-69, Rs. 0.82 lakh in 1969-70 and Rs. 4.14 lakhs in 1970-71. The excess during the year 1970-71 mainly occurred in Eastern Railway, the amount being Rs. 11.49 lakhs against the final grant of Rs. 129.38 lakhs. This has been explained as due to adjustment of more arrear debit received from Civil Accounts Officers. The Committee trust that the Railway Administration will take suitable steps to avoid excess in future under this grant.

2.85. Subject to the above observations, the Committee recommend that excess referred to in paragraph 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.

[Recommendation Sl. Nos. 41-42 Appendix XXXV Para Nos. 2.84 and 2.85 of 49th Report of the PAC (5th Lok Sabha)].

Action taken

The observations of the Committee are noted.

The Eastern Railway have since taken up the matter with the Accountants General concerned pointing out the various irregularities found in the pension vouchers received from Treasuries. The Accounting units have also once again been impressed upon by the Eastern Railway to maintain the Pension payment Registers in state of currency and to review the same regularly.

Efficient budgetary control on expenditure under this grant would be greatly facilitated if timely advice of debits with complete details for the pension payments made by the civil treasuries are sent. The C&AG has since issued necessary instructions to the Civil Accountants General concerned.

[Ministry of Railways (Rly. Board) O.M. No. 72-BC|PARC|V|
49, dt. 24-6-73.]

Recommendation

Subject to the above observations, the Committee recommend that excess referred to in paragraph 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.

[Sl. 42 Para 2.85 of Appendix XXXV of 49th Report (Fifth Lok Sabha)].

Action taken

The Demands for Excess Grants for 1970-71 have since been approved by Parliament in December, 1972.

[Ministry of Finance (Deptt. of Economic Affairs) O.M.
No. F.8(23) B/72 dt. 14-2-1973].

Recommendation

"All the Action Taken Notes in respect of the recommendations contained in the 29th Report (Fifth Lok Sabha) of the Committee were expected to be received by 21st June, 1972. However, the notes in respect of S. Nos. 6, 7 and 13 could be received only by the second week of July, 1972 after some persuasion by the Committee with the result the finalisation of this Report was delayed. The Committee regret such delays and wish that the Ministries|Departments should ensure hereafter on their own initiative that the Action Taken Notes on the recommendations of the Committee are in-

variably furnished to them within the stipulated time-limit of six months.

[S. No. 43 (Para 3.3) of Appendix XXXV to 49th Report (5th Lok Sabha)].

Action taken

The observations of the Committee have been noted and brought to the notice of all Ministries/Departments for strict compliance vide Ministry of Minance O.M. No. F. 12 (39)-E (Coord) |72, dated 22nd December, 1972 (Copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F 12 (39)-E (Coord) |72, dt. 20.2.1973].

No. F. 12 (39)-E (Coord) |72

Government of India

MINISTRY OF FINANCE

(Department of Expenditure)

New Delhi-1, the 22nd December, 1972.

SUBJECT:—49th Report of the Public Accounts Committee (5th Lok Sabha).

The Public Accounts Committee while commenting on the delay in the submission of action taken notes on certain recommendations contained in their 29th report (5th Lok Sabha) have observed in para 3.3 of their 49th Report (5th Lok Sabha) as follows:

Recommendation No. 43 (Para 3.3).

All the Action Taken Notes in respect of the recommendations contained in the 29th Report (Fifth Lok Sabha) of the Committee were expected to be received by 21st June, 1972. However, the notes in respect of S. Nos 6, 7 and 13 could be received only by the second week of July, 1972 after some persuasion by the Committee with the result the finalisation of this Report was delayed. The Committee regret such delays and wish that the Ministries/Departments should ensure hereafter on their own initiative that the Action Taken Notes on the recommendations of the Committee are invariably furnished to them within the stipulated time-limit of six months.

The Ministries of Works & Housing, Shipping & Transport etc. are requested to bear in mind the observations of the Committee for strict compliance. In this connection attention is invited to this Department's Office Memorandum, No. F. 12(1)-E (Coord) 72 dated 17-8-1972.

Sd/-

(V. K. PANDIT),

Deputy Secretary to the Government of India.

To

All the Ministries/Departments of the Government of India

No. F. 12(39)-E (Coord) 72

Copy forwarded to:—

1. All Heads of Divisions in the Department of Expenditure for information. In view of the Public Accounts Committee's repeated observations that some of the Ministries/Departments still continue to send the replies to various recommendations after the prescribed time-limit of six months after some persuasion by the Committee, the Financial Advisers are once again requested to keep a close watch on the progress of finalisation of the cases and take up the cases of anticipated delay with the administrative Secretary concerned to ensure that prompt action is taken by the Ministries for submission of 'action taken notes' to the P.A.C. within the prescribed time-limit. In this connection attention is invited to this Department's endorsement No. F. 12(1)-E (Coord) 72 dated 17-3-1972.
2. All D.F. As in the Civil Expenditure.
3. Defence Division (Coord Section) with 20 spare copies.
4. Planning Branch and Bureau of Public Enterprises.
5. Department of Revenue and Insurance (Coord Section).
6. Department of Economic Affairs (Budget Division).
7. Lok Sabha Secretariat (P.A.C. Branch).
8. Accountant General, Central Revenues, New Delhi.

Sd/-

(V. K. PANDIT),

Deputy Secretary to the Government of India.

II. Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government.

Recommendation

The Committee note that excess under "Grant No. 14—Ministry of Finance" occurred mainly due to expenditure on the office contingencies having exceeded the provision by Rs. 5.90 lakhs. The excess under the relevant sub-head was more than one sixth of the Revised Estimate provision. This indicates the extent to which the control over expenditure on office contingencies where there is always admittedly scope for economy, was lax. In particular, the Committee are at a loss to understand how adjustments of debits on account of various old telephone bills pertaining to the year 1966-67 and earlier years could be made only as late as in 1970-71. They would like the matter to be investigated to find out how telephone bills remained unpaid for such a long time.

[S. No. 5 (Para 2.7) of Appendix XXXV to 49th Report (5th Lok Sabha)].

Action taken

The P & T Department started sending old telephone bills for the year 1952 to 1967 only in the year 1970-71 following a recommendation of the PAC that pending telephone claims should be cleared urgently. In one batch of bills sent in 1970-71, a sum of Rs 3.93 lakhs was claimed by that Department from the Ministry of Finance towards stated arrears for the year 1952—67. The P&T Department had also threatened disconnection of some of the working telephones of the Ministry of Finance if the bills were not paid within a fortnight's time. To avoid disconnection of the working telephones necessary action was initiated by this Ministry immediately for settling the outstanding claims and acceptance of the debits for the same. However, the debits for the same were raised at different times by the P&T Department, due to which accurate assessment of budgetary requirements was not possible. This Ministry is not aware of the circumstances in which arrear bills for the years 1952—67 could be sent by the P&T Department only in 1970-71. This Ministry have also taken up the matter with the Member, P&T Board, that delayed billing not only involved administrative inconvenience but also upset budgetary position. Even now, the P&T Department has been sending to this Ministry arrear bills for the last 5 to 10 years for which every effort is being made by this Ministry to settle them expeditiously. In the circumstances it will be appreciated that there has been no delay on the part of the

Ministry of Finance in settling the outstanding telephone Bills for the previous years.

[Ministry of Finance (Department of Expenditure) O.M.
No. F12(39)-E (Coord)/72, dt. 20-2-1973].

Recommendation

Against the provision of Rs. 400 lakhs under the Sub-head "B. 7(3) Excise Duty Schemes" the expenditure was Rs. 468.45 lakhs. The excess works out to 17 per cent of the provision. The explanation that once the tax credit certificate is issued, there is no control over its utilisation in any particular year and that it is not possible to precisely estimate the requirements under this sub-head, reveals a basic deficiency in the Scheme, itself. There is thus necessity to modify the scheme so that effective budgetary control could be ensured. The Committee would like Government to examine the question of limiting the validity of the tax credit certificates to a specified period which in any case should not exceed one year from the date of issue. It should then be possible to regulate the provision under sub-head taking into account the total value of such certificates issued from time to time for encashment during the year.

[S. No. 7—Para 2.11 of Appendix XXXV to the Forty-ninth Report of the Public Accounts Committee].

Action taken

The main observations of the P.A.C., are that (i) there is a necessity to modify the scheme itself so that it might be possible to exercise budgetary control effectively, (ii) that the Government should examine the question of limiting the validity of tax credit certificates to a specified period which in any case, should not exceed one year from the date of issue.

As regards (i) above it may be stated that there are certain practical difficulties in the preparations of precise estimates. The amount of the tax credit certificates granted to the assessee, under Section 280ZD is to be adjusted against the income-tax liability of the assessee existing on the date on which the certificate is produced before the Income-tax Officer, and the balance, if any, is to be allowed as refund. The adjustment or refund is, however, limited to the amount spent by the assessee on its own for certain specified purposes within a period of three consecutive financial years commencing with the financial year relevant to the assessment year for which the tax credit certificate is granted. The I.T.O. cannot fore-

cast as to how many certificates will be presented in a particular year. Since the adjustment/refund is dependent on the amount spent by the assessee for certain specified purposes within a period of three years and also the production of the certificate before the Income tax officer, the payment under the scheme may not have direct relationship with the assessments completed in a particular part of the year. These factors are mainly responsible for difference between final estimate and the actuals.

With regard to (ii), it may be stated that the tax concession under Section 280ZZD of the Income-tax Act has ceased to operate from the assessment year 1971-72 and it does not appear necessary to make any change in the Law at this stage in regard to a provision which would soon be otiose.

[Ministry of Finance (Department of Economic Affairs) O.M.
No. 8(23) B/72, dated 16-7-1973.]

Recommendations

The Committee further find that the expenditure under the sub-head "B.7(4) Corporation Tax Scheme" recorded an excess of over 65 per cent. Here again the Committee do not share the view of Government that a precise estimate of the requirements is not practicable. As against the Budget Estimate provision of Rs. 125 lakhs the actual payments during the first six months of the year worked out to Rs. 184 lakhs. However, a supplementary grant of Rs. 175 lakhs only was obtained in March, 1971. The total payments during the year was Rs. 497.78 lakhs. Apart from the fact that the supplementary grant obtained was inadequate in the light of the progress of expenditure during the first half of the year the experience that completion of Income-tax/Corporation Tax assessments during the Second half of the year being invariably more than during the first half appears to have been lost sight of.

The Committee hope that sufficient care would be exercised in future to make adequate provision on the basis of a more realistic assessment. Further, Government may consider the feasibility of limiting the period of validity of tax credit certificates issued under this scheme also as suggested in the foregoing paragraph. It is needless to point out that this scheme also reveals a fundamental weakness inasmuch as Government do not have precise estimate of financial concessions announced for the industries.

[S. Nos. 8 & 9, Paras 2.12 and 2.13 of Appendix
XXXV to the Forty-ninth Report of the Public
Accounts Committee]

Action Taken

The recommendations have been noted. However, there are certain difficulties in the preparation of accurate estimates. The amount of the tax credit certificate granted to a company under section 280ZB is to be adjusted against the income-tax liability of the company existing on the date on which the certificate is produced before the Income-tax Officer, and the balance, if any, is to be allowed as refund. The adjustment or refund is, however, limited to the amount spent by the company on its own for certain specified purposes within a period of three consecutive financial years commencing with the financial year relevant to the assessment year for which the tax credit certificate is granted. The Income-tax Officer cannot forecast as to how many certificates will be presented in a particular year. Since the adjustment/refund is dependent on the amount spent by the company for certain specific purposes within a period of three years and also the production of the certificate before the Income-tax Officer, the payment under the scheme may not have a direct relationship with the assessments completed in a particular part of the year. These factors are mainly responsible for the difference between final estimate and the actuals.

2. As regards P.A.C.'s suggestion that the Government may consider the feasibility of limiting the period of validity of tax credit certificates issued under the scheme, the tax concession u/s 280ZB of the Income-tax Act has ceased to operate from the assessment year 1971-72 and it does not appear to be necessary to make any change in the law at this stage in regard to a provision which would soon become otiose.

[Ministry of Finance (Deptt. of Economic Affairs)
O.M. No. F8(23)B/73 dt. 14-5-73]

Recommendation

Incidentally the Committee find that although an expenditure of Rs. 50,000 was incurred on 'Interim Relief' under the Group-Head "D, Central Archaeological Museum", no provision therefor existed in the Revised Estimates. As necessary provision had been made under the Other Group-Heads in this behalf, the Committee would like to know how the omission was not noticed in the Ministry at the time of finalisation of Revised Estimates for the year 1970-74.

[Sl. No. 15 Appendix XXXV, Para No. 2.25 of Report.]

Action Taken

A provision of Rs.55,000 was proposed by the Archaeological Survey of India for inclusion in the Revised Estimates 1970-71 under the group-head 'D-Central Archaeological Museum' on account of 'Interim Relief', in India Circle of Account, along with similar provisions under other groupheads A, B and C. The provisions on account of Interim Relief were proposed centrally in India Circle of account as budget proposals for all the other circles had already been submitted to the Ministry of Finance before the issue of Government orders sanctioning the above concession to Government Servant. It was proposed that after sanction by the Ministry of Finance, the relevant provisions will be reappropriated to the particular circles where the employees were serving. The Ministry of Finance, the relevant provisions will be reappropriated Relief under group heads A, B and C in the India Circle but did not sanction it under group head D on the ground that it would amount to opening a new sub-head for museums in the India Circle, where no Museum was located. The expenditure of Rs. 50,000 incurred in different circles on account of payment of Interim Relief to the staff coming under the Group-head "D", against an estimated amount of Rs. 55,000 was met by re-appropriation of savings within the Grant.

[Archaeological Survey of India O.M. No. 15|4|71|AC dt. 23-6-73].

Recommendation

The Committee also note that an excess of Rs. 7.50 lakhs was due to belated adjustment relating to the year 1968-69 in the accounts of 1970-71. The Committee would like to know whether the liability register was maintained by the Department and if so, how adjustment of such past liabilities could not be watched properly.

[S. No. 28 Appendix XXXV Para No: 2.54 of 49th Report
(Fifth Lok Sabha)].

Action Taken

During the year 1968-69 the provision of Rs. 26 lakhs was made in the U.P. Circle of Account under the head 'F-6-Charges paid to other Governments, Departments, etc.' for payment to the Government of U.P. for their PAC Bns. This provision was voted upon by Parliament. Against this provision sanction for payment for an

equal amount to the Government of U.P. was issued in four instalments as detailed below:—

S.No.	Letter No. & Date	Amount of sanction
		(Rs.)
1.	No. 9/31/68-BS(II) dated 23-7-68	2,50,000
2.	No. 9/31/68-BS(II) dated 26-10-68	2,50,000
3.	No. 9/31/68-B (II) dated 10-1-69	2,50,000
4.	No. 5/5/69-AC.I dated 25-3-69	18,50,000
TOTAL		26,00,000

When the appropriation for 1968-69 was received, it was found that A. G., U.P., had not taken into account the figures of Rs. 7,50,000 sanctioned vide letters mentioned at Sl. No. 1-3 in the figure of actuals shown in the Appropriation Account resulting in saving of the corresponding amounts in the account for 1968-69. This discrepancy was pointed out to the A.G., U.P., in August, 1969, with the request to take into account this figure also in his figures of actual expenditure. This, however, was not done by the A.G. After protracted correspondence with the A.G., he in July, 1970 intimated that although the payment for the above mentioned amount was made to the Government of U.P. in the financial year 1968-69, the corresponding debit could not be accounted for in the Central Section of Accounts of that year, and that the same is being done in 1970-71. This resulted in an excess of Rs. 7,50,000 under the head 'F-6-Charges paid to other Government Departments etc.,' during 1970-71. He also stated in that letter that the excess of this amount in the account for 1970-71 may be explained accordingly. As the provision was specifically voted upon by the Parliament during 1968-69 and the payment to the Government of U.P. for the same was actually made during that year, in view of the recommendations contained in para 4.26 of the 45th Report of the PAC (3rd Lok Sabha), it was not considered necessary either to enter this amount in the Liability Register or to make provision for it during 1970-71. As a matter of fact, this amount should have been excluded in working out the amount required to be regularised under Article 115 of the Constitution. Inadvertently this was not done. This is regretted.

The note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. 49/6/72-AC I, dt. 28-11-73]

Recommendation

Incidentally the Committee find that although the expenditure had been incurred on 'Interim Relief' no provision therefor existed in the Revised Estimates for the year 1970-71 under various heads such as (i) B.5(2)(1)-Enforcement of Standard Weights and Measures, (ii) C. 2(5)(1)(1)-Central Polytechnic, (iii) C. 2(5)(2)-Directorate of Technical Education, (iv) C. 2(5)(4)-Chandigarh College of Architecture and (v) C. 12(2)-Senior Town Planner's Establishments, Chandigarh. When provision was made under other Establishments, the Committee are unable to comprehend how such omissions were not noticed by the Chandigarh Administration Ministry of Home Affairs at the time of checking and finalising the Revised Estimates proposals.

[S. No. 30 of Appendix XXXV Para No. 2.58 of the Forty Ninth Report of P.A.C. (5th Lok Sabha)]

Action Taken

'Interim Relief' was sanctioned by the Government of India (Ministry of Finance) on 30th September, 1970. Chandigarh Administration was asked on 5th Oct. 1970 to send their requirement in this regard both for Revised Estimates for 1970-71 and Budget Estimates for 1971-72 to the Ministries administratively concerned with the subjects. The Administration sent their proposal for provision of funds. in the R.E. for 1970-71 and B.E. for 1971-72 in this regard on 17th November, 1970, to the various administratively concerned Ministries. The Revised Estimates 1970-71 in most cases had already been finalised by this time. However the Ministry of Home Affairs and some other Ministries got the provision for Interim Relief included in Revised Estimates as a special case, in so far as the heads of account with which they are concerned, whereas the Ministries of Works and Housing and Education and Social Welfare could not get it done. Full requirement for Interim Relief was however, taken into account at the time of 8 monthly and 10 monthly Estimates and necessary funds provided either by Supplementary grant or re-appropriation irrespective of the fact whether the requirement for Interim Relief for any head got included in the Revised Estimates or not. As a result of this there was no actual excess under 'Interim Relief' in the appropriation Account for 1970-71, under any of the heads mentioned above in the Area Grant 'Chandigarh Administration'. It would thus be seen that although provision for Interim Relief could not be made at the Revised Estimate Stage, action was, taken in sufficient time to provide funds by reappropriation|Supplimentary grant and that there was no actual excess expenditure in this sub-head.

This note has been vetted by Audit.

[Ministry of Home Affairs O.M. No. 20|2|72-Ac II, dt. 12-4-1973].

III. Recommendations|Observations replies to which have not been accepted by the Committee and which require reiteration.

'N I L'

IV. Recommendations|observations in respect of which Government have furnished only interim replies.

'N I L'

APPENDIX XXVIII

Summary of Main Conclusions/Recommendations

Sl. No.	Para No. of Report	Ministry/ Department concerned	Recommendations/Conclusions
1	2	3	4
1	1'6	Finance (Economic Affairs)	<p>The aggregate amount of excesses recorded under various voted grants and charged appropriations ranged from Rs. 3.78 crores to Rs. 55.76 crores during the period 1965-66 to 1970-71. In paragraph 1.3 of the 49th Report (Fifth Lok Sabha), the Committee had expressed their concern over the extent of deterioration in the position during the year 1970-71. The position has now become really alarming in as much as the amount of excesses that occurred during 1971-72 was as high as Rs. 223.81 crores. The Committee have thus reasons to believe that something is basically wrong with the system of estimation of expenditure. Year after year Parliament is being presented with a <i>fait accompli</i> which to say the least is highly undesirable. The situation needs to be remedied without further loss of time. The Committee find that in response to their observations a Task Force consisting of an Officer, each from the Department of Expenditure, Department of Economic Affairs (Budget Division) and the Office of the Comptroller and Auditor General of India, has been constituted to have a detailed analysis made of the</p>

effectiveness of the various procedures for expenditure control *vis-a-vis* the functioning of the system of internal financial control and to suggest to Government remedial measures to improve the budgetary system. The Committee desire that the matter should be examined expeditiously and remedial measures taken/proposed to be taken intimated to them. The Committee further desire that there should be an inbuilt system which would serve as a self-regulatory apparatus in the various Ministries to analyse the reasons for the excesses as and when they occur and take timely remedial measures to obviate them.

2 2.2 Finance
(Economic affairs)

In terms of paragraph 3.9 of the 31st Report (Fourth Lok Sabha) of the Committee, the notes on excesses duly vetted by Audit should be furnished to the Committee immediately after the presentation of the Appropriation Accounts to Parliament or by 10th April, whichever is later. Accordingly, the notes explaining the excesses disclosed in the Appropriation Accounts for the year 1971-72 were due on 10th April, 1973 from the Ministries of Railways, Defence and Communications and on 18th April, 1973 from the other Ministries. However, it is regrettable that one of the notes was sent upto 5th May, 1973. As many as 11 out of 34 notes were delayed for a period of over 3 months. The note in relation to Grant No. 126—"Capital outlay in Union Territories and Tribal Areas" was sent as late as on 8th August, 1973, with the result that

this Report could not be finalised by the Committee earlier to ensure regularisation of the excesses without delay. Such serious delays as have occurred despite instructions from the Ministry of Finance in May, 1972, in pursuance of an earlier recommendation of the Committee *Vide* para 2.2 of the 29th Report, (1971-72) (Fifth Lok Sabha) cannot but be deprecated. The Committee would like the Ministry of Finance to take urgent steps to ensure prompt and timely submission of the notes on excesses to the Committee in future.

3 2.7 Finance
(Economic Affairs)

A sum of Rs. 300.34 lakhs was adjusted under the head "B. 14—Net Loss by Exchange on Remittance Transactions" without any budget provisions. The explanation that no provision was made as no trend was discernible from the actuals of the previous years is not satisfactory. The Committee, however, find that a revised procedure of adjustment of such losses which will facilitate better budgeting is proposed to be introduced with effect from 1974-75. They would await the action taken in this regard.

4 2.8

The Committee further desire that the reason for the loss by exchange should be gone into and reported to them within three months.

5 2.12 Health & Family Planning
(Dept. of Health)

An excess expenditure of Rs. 1.66 crores was incurred under the head "A. 6—Material and Equipment under USAID Programme". A part of this excess (Rs. 76.03 lakhs) was due to import of DDT under USAID loan agreement and from USSR

through the State Trading Corporation which was not provided for in the Budget. The circumstances under which this expenditure could not be anticipated may be reported to the Committee. Further, the Committee desire that there should be effective co-ordination with the importing agencies.

6 2.13 Health & Family planning
(Deptt. of Health)

The Committee would like to know the basis for the settlement of price of DDT under USAID loan agreement and whether it was competitive.

7 2.17 Home affairs

An excess of Rs. 8.73 lakhs occurred under the head "C.3—Public Health" against the budget provision of Rs. 9.42 lakhs. It is indeed surprising that this was due to a confusion about the head of account to which expenditure on the establishment of Executive Engineer, Public Health Engineering and Emergency Water Supply Scheme was to be booked, which could not be sorted out during the year. The Committee trust that such doubts will be resolved promptly in future and effective budgetary control ensured.

8 2.20 —do—

The Committee are somewhat concerned to find mis-classification of expenditure of the order of Rs. 70.26 lakhs under "J.2(6)—Suspense" and insufficient provision of funds to the extent of Rs. 12 lakhs for adjustment of establishment charges through

oversight under "N.2—Procurement of Food-stuffs and other commodities". The Committee desire that the responsibility for the lapses will be fixed and suitable action taken against the officials concerned.

9 2.24 Labour &
Rehabilitation
(Deptt. of Rehabilitation)

The Committee are concerned find that the final grant under the group-head "C—Relief and Resettlement of evacuees from Bangla Desh" was exceeded by Rs. 46.45 crores. This was partly due to adjustment of foreign-aid gift articles of the value of Rs. 16.95 crores which had to be routed through the Central Government accounts and due to the post-budget decision to treat tents and tarpaulins of the value of Rs. 6.68 crores which were supplied to the State Governments as property of the Government of India and adjust the cost thereof as direct expenditure. The Committee would very much like to know why the effect of these could not be anticipated at least at the time of preparation of the revised estimate and adequate funds provided for in the Supplementary Budget. They hope that in future revised estimates will be prepared with care so that there may not be any appreciable excess over voted grants.

10 2.25-d0—

The Committee would also like to know whether any case of corrupt practice or pilferage or wasteful expenditure has come to notice in the above transaction and if so, the action taken against the delinquent officials.

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11 2.32 Shipping and Transport
(Roads wing)

The Committee take a very serious view of the consistent excesses recorded under the head "A.1 (4)—Maintenance of National Highways". The excesses which ranged from Rs. 11.15 lakhs to Rs. 154.97 lakhs during the period 1959-60 to 1970-71 have touched an all time high of Rs. 258.03 lakhs during 1971-72. States of Assam and West Bengal accounted for a major portion of the excess during 1971-72. The Committee were informed that the excess in the case of Assam was due mainly to the unprecedented movement of troops necessitated by the Indo-Pak conflict; heavy floods causing damage and requiring immediate action to keep the lines of communication open were one of the major causes of excess in West Bengal. They would, however, await the outcome of the investigation of the unusually large excess of Rs. 92.53 lakhs in Assam. The excess of Rs. 79.31 lakhs under "Maintenance of Brahmaputra Bridge" should also be investigated with a view to taking suitable action and fixing responsibility.

A number of measures have either been taken or proposed to be taken in pursuance of the earlier recommendations of the Committee to control the excesses in the expenditure on the maintenance and repairs of National Highways. The Committee note that specific norms have now been laid down for the provision of maintenance grants under specified sub-heads and grants are allocated according to these sub-heads on the basis of the norms laid down

12 2.33 -do-

and progress of expenditure is also watched for each sub-head separately. The question of modifying these norms due to general increase in prices all round is stated to be under consideration. Further, the State Governments have been advised that no expenditure should be incurred in any case unless sanctioned by the Government of India. According to the Ministry the position would improve in the years to come, which the Committee would like to watch. The Committee would urge that the question of evolving a revised budgetary procedure to check consistent excesses should be decided expeditiously in consultation with the Ministry of Finance and the Comptroller and Auditor General of India.

13 2.37 Works and Housing

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The Committee find that although the Engineer-in-Chief had proposed a revised estimate of Rs. 3588.64 lakhs against the budget estimate of Rs. 2699.99 lakhs under the group-head "A.7—Suspense", only an additional provision of Rs. 500 lakhs was made by Government in view of the urgent need of economy in expenditure and the Chief Engineers were advised to restrict the expenditure to the extent of the budget grant increased by this additional amount. However, strangely enough, the expenditure under the sub-head "A.7(2)—Other Suspense Account" exceeded the final grant of Rs. 1836.76 lakhs by Rs. 179.73 lakhs. The Committee take a serious view of the laxity shown in the financial control exercised by the Chief Engineers concerned despite instructions from Government. They would accordingly suggest that the matter should be examined and appropriate action taken against those concerned.

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14 2.38 Works and Housing

An excess of Rs. 32.11 lakhs under the head "A.3(2)—Executive Establishment" has been explained as mainly due to errors in classification of expenditure within the group-head "A.3—Establishment". As such mis-classifications vitiate budgetary control, the Committee desire that responsibility should be fixed and suitable action taken against the persons concerned.

15 2.42 Defence

The original provision of Rs. 813.76 crores under Grant No. "2—Defence Services, Effective-Army" was augmented by obtaining a supplementary grant of Rs. 145.04 crores which proved to be inadequate. There was an excess of Rs. 84.95 crores under the Grant. The Committee were informed that the excess occurred mainly because of the uncertain conditions created by the emergency leading to Indo-Pak conflict and the aftermath thereof. They, however, feel that the excesses of this magnitude which was about 59 per cent of the supplementary grant obtained should not be taken lightly. While the Committee concede that it was somewhat difficult to correctly anticipate the total requirements during such a year, there should not have been such a wide gap between the actual additional requirement and the supplementary grant obtained towards the end of the year. They desire that the budgetary procedures should be rationalised in a manner that will facilitate closer estimation of the additional requirements even during an emergency.

16 2.47 -do-

Sub-head 'c'—"Air Force" has recorded an excess of Rs. 487 lakhs. Major portion of this excess (Rs. 427 lakhs) occurred under works". This excess has been explained as due to inescapable expenditure on urgent operational works necessitated by the Indo-conflict. No additional funds had, however, been provided for at the revised estimate stage. On the contrary a sum of Rs. 48 lakhs had been surrendered. This indicates defective budgeting. The Committee are informed that it was not possible to fully assess and provide for the additional requirement on this account due to very late issue of regularisation sanctions in a majority of cases because of the local Commander's anxiety to give precedence to completion of operational urgent works over procedural requirements, which except in very special circumstances appears to the Committee to be unwarranted. They desire that there should be effective coordination between the Field units and the Headquarters so that the extra commitments could be quantified as precisely as possible before the close of the financial year. They further desire that the issue of financial sanctions should be expedited in order to secure effective financial control.

17 2.48

Sub-Head 'D'—"Manufacturing and Research Establishments" has also recorded an excess of Rs. 713 lakhs. Here again no supplementary grant was obtained but a sum of Rs. 161 lakhs was surrendered.....

The excess largely occurred under "Plant and Machinery". (Rs. 691 lakhs). The excess under this head has been explained as part-

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ly due to excess materialisation of normal renewal replacement, new capital and rehabilitation programme due to all round efforts to accelerate supplies in the wake of emergency. Further, adjustment of expenditure relating to previous years on certain stores and projects accounted for an excess of Rs. 154 lakhs. This, in the opinion of the Committee, could have been anticipated. They, therefore, suggest that the Ministry should effectively tighten up their budgetary procedures so as to assess the additional requirements in time and cover them by obtaining supplementary allotments to keep the excesses to the minimum.

18 2.53 Railways
(Rly. Board)

The Appropriation Accounts (Railways) for the year 1971-72 disclosed excesses over nine Voted Grants and one Charged Appropriation and the excesses aggregated Rs. 46.15 crores which was the highest figure during the recent years. The aggregate amount of excesses ranged from Rs. 0.11 crore to Rs. 2.35 crores during 1967-68 to 1970-71. The Committee desire that the reasons for the sudden deterioration in the position during the year 1971-72 should be investigated so as to take appropriate action to keep the excesses to the minimum in future.

19 2.54 -do-

During the year 1971-72, Excess occurred mainly under the Grant "15.—Open Line Works—Capital-Depreciation Reserve Fund and Development Fund" (Rs. 29.37 crores). The Supplementary Grants obtained in December, 1971 and March, 1972 totalling Rs. 18.26

crores proved to be inadequate and these worked out to only about 38 per cent of the additional requirement. The Committee are unhappy to note that certain Railways and Production Units have grossly under-estimated their requirements. The Committee desire that the system of estimation of expenditure on Railways should be improved.

20 2.55 Finance
(Deptt. of Economic Affairs)

Subject to the above observations, the Committee recommend that excess referred to in Paragraph 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.

21 3.3 All Ministries
Finance
(Deptt. of Economic Affairs)

The Committee had in paragraph 3.3 of their 49 Report (Fifth Lok Sabha) commented on the delays in the receipt of Action Taken Notes and stressed that the Notes should invariably be furnished to them within the stipulated time limit to six months. Despite the fact that in December, 1972 the Ministry of Finance have brought these observations to the notice of all Ministries|Departments for strict compliance, delays continue to occur. 23 out of 43 Action Taken Notes in respect of recommendations contained in the 49th Report were received after the due date viz. 28th February, 1973. The delay was more than 3 months in 9 cases and 3 Notes were received only in August, 1973 with the result that the finalisation of this Report was delayed. The Committee take a serious view of the position and desire that immediate steps should be taken to investigate the delays and to streamline the procedures so as to ensure submission of Action Taken Notes within the time-limit prescribed.