

**PUBLIC ACCOUNTS COMMITTEE
1963-64**

**SIXTEENTH REPORT
(THIRD LOK SABHA)**

**[Excesses over Voted Grants and Charged Appropriations
disclosed in the Appropriation Accounts (Civil),
1961-62]**



**LOK SABHA SECRETARIAT
NEW DELHI**

November, 1963

.Agrahayana, 1885 (Saka)

Price : Rs. 1.25

LIST OF AUTHORISED AGENTS OF LOK SABHA SECRETARIAT

| Sl. No. | Name of Agent | Agency No. | Sl. No. | Name of Agent | Agency No. |
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| ANDHRA PRADESH | | | 14. | The Current Book House Maruti Lane, Raghunath Dadaji Street, Bombay-1 | 60 |
| 1. | G. R. Lakshmiopathy Chetty & Sons, General Merchants & News Agents, Newpet, Chandragiri, Chittoor District (Andhra Pradesh) | 94 | 15. | Deccan Book Stall Fergus- son College Road, Poona-4 | 65 |
| BIHAR | | | 16. | The New Book Com- pany (P) Limited, Kitab Mahal, 188-190, Dr. Dadabhai Naoroji, Road, Bombay | 73 |
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| GUJARAT] | | | 17. | Makkalapustaka Press, Balamandira, Gandhi Nagar, Bangalore-9] | 69 |
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| 6. | Modern Book House, 286, Jawahar Ganj, Jabalpur-1 | 41 | 21. | Ekama Vidyabhaban, Eastern Tower, Room No. 3, Bhubaneshwar-1] | 55 |
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| 8. | The Imperial Book Depot, 266, Mahatma Gandhi Road, Poona | 4 | 23. | Information Centre, Govt. of Rajasthan, Tripolia, Jaipur City, Rajasthan | 38 |
| 9. | The Popular Book Depot, (Registered), Laming- ton Road, Bombay-7 | 5 | 24. | K. M. Agarwal & Sons, Railway Book Stall, Udaipur | 56 |
| 10. | The International Book House, Private Ltd., 9, Ash Lane, Mahatma Gandhi Road, Bombay- 1 | 22 | UTTAR PRADESH] | | |
| 11. | The International Book Service, Deccan Gym- khana, Poona-4 | 26 | 25. | Swastik Industrial Works, 59, Holi Street, Meerut City (U.P.) | 2 |
| 12. | Charles Lambert and Company, 101, Mah- atma Gandhi Road, Opp. Clock Tower, Fort, Bombay | 30 | 26. | A. H. Wheeler & Com- pany, Private Limited, 15, Elgin Road, Allahabad | 3 |
| 13. | The Good Companions, Raspura, Baroda | 34 | | | |

CORRI GENDA TO SIXTEENTH REPORT
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| 7 | 7(iii) | 13 | recommen- dation | recommen- dation of | 15 |
| 9 | 7(vii) last two lines | | initially | initially | |
| 28 | Col. 2 last line | | <u>Delete</u> | +Rs 31,57,964 | 7 |
| | Col. 6 | | <u>Insert</u> | +Rs 31,57,964 | |
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| 57 | | 2 | EXTERNAL | HOME | 19 |
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PUBLIC ACCOUNTS COMMITTEE

(1963-64)

CHAIRMAN

Shri Mahavir Tyagi

MEMBERS

2. Shri Ramchandra Vithal Bade
3. Shri S. C. Balakrishnan
4. Shri Bhakt Darshan*
5. Shri F. P. Gaekwad
6. Shri Gajraj Singh Rao
7. Sardar Kapur Singh
8. Shri R. K. Khadilkar
9. Shrimati Maimoona Sultan
10. Shri Mathura Prasad Mishra
11. Dr. Ranen Sen
12. Shri Prakash Vir Shastri
13. Shri Ravindra Varma
14. Shri P. Venkatasubbaiah
15. Shri Vishram Prasad
16. Shrimati K. Bharathi
17. Shrimati Maya Devi Chettry
18. Shri B. D. Khobaragade
19. Shri Dahyabhai V. Patel
20. Shri S. D. Patil
21. Shri Sadiq Ali
- **22. Pandit S. S. N. Tankha.

SECRETARIAT

Shri H. N. Trivedi—Deputy Secretary.

Shri Y. P. Passi—Under Secretary.

*Ceased to be a Member of the Committee on his appointment as Deputy Minister on 21st Nov., 1963 in pursuance of Rule 309 (1) of the Rules of Procedure and Conduct of Business in Lok Sabha.

**Declared elected on the 29th August, 1963 vice Shri Nawab Singh Chauhan.

**REPORT ON EXCESSES OVER VOTED GRANTS AND CHARGED
APPROPRIATIONS DISCLOSED IN THE APPROPRIATION
ACCOUNTS (CIVIL), 1961-62**

I

INTRODUCTORY

I, the Chairman of the Public Accounts Committee, as authorised by the Committee do present on their behalf this Sixteenth Report on the Excess over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Civil), 1961-62 which were presented to the House on the 18th April, 1963.

2. In para 2 of their 41st Report (1961-62) and in para 2 of their 3rd Report (1962-63), the Public Accounts Committee had commented upon the delay on the part of the Ministries in furnishing notes stating the reasons or circumstances leading to such excesses.

The Committee regret to find that in spite of their observations and recommendations the position had not improved as notes from most of the Ministries were received after the prescribed time-limit was over, in some cases several months later. The Committee hardly need emphasise once again that delay in the submission of these notes by the Ministries holds up the presentation of the Report of the Committee to Parliament with the result that the process of the regularisation of the excesses is further delayed.

3. The Committee examined the excess at their sitting held on the 13th November, 1963, in the light of the explanations furnished by the Ministries concerned. (Appendices I—XIV).

EXCESS GRANTS/APPROPRIATIONS

4. During the year ended the 31st March, 1963, the actual expenditure exceeded the Voted Grants/Charged Appropriations in the following cases:—

| Sl. No. | No. and Name of Grant | Ministry concerned | Final Grant/ Appropriation | Actual expenditure | Excess | Date of receipt of the note (Due date : 18-6-63) |
|---------|---|--------------------------------------|----------------------------|--------------------|------------|--|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | | <i>Voted Grants</i> | | | |
| | | | Rs. | Rs. | Rs. | |
| 1. | 24—Taxes on Income etc. | Finance (Revenue) | 5,92,62,000 | 6,03,81,304 | 11,19,304 | 30-7-1963 |
| 2. | 32—Miscellaneous Departments and Other Expenditure under the Ministry of Finance. | Finance (Economic Affairs) | 17,56,88,000 | 17,71,01,760 | 14,13,760 | 1-10-1963 |
| 3. | 1—Ministry of Commerce and Industry | Commerce and Industry (now Industry) | 79,71,000 | 80,31,803 | 60,803* | 31-8-1963 |
| 4. | 13—Ministry of Education | Education | 44,13,000 | 44,33,497 | 20,497 | 5-6-1963 |
| 5. | 16—Tribal Areas | External Affairs | 10,77,09,000 | 11,08,66,964 | 31,57,964 | 5-9-1963 |
| 6. | 47—Cabinet | Home Affairs | 38,70,000 | 39,57,278 | 87,278 | 14-6-1963 |
| 7. | 50—Police | Home Affairs | 7,09,85,000 | 7,10,08,476 | 23,476* | 6-7-1963 |
| 8. | 69—Labour and Employment | Labour and Employment | 5,80,53,000 | 6,33,48,047 | 52,95,047* | 20-6-1963 |

| | Rs. | Rs. | Rs. |
|--|-------------|-------------|----------------------|
| 9. 86—Ministry of Transport & Communications (now Transport) | 71,50,000 | 72,97,761 | 1,47,761£ 21-11-1963 |
| 10. 90—Light-houses and light-ships | 2,04,55,000 | 2,11,18,496 | 6,63,496 4-10-1963 |
| 11. 95—Communications (including National Highways) | 6,96,54,000 | 7,12,15,541 | 15,61,541 9-9-1963 |
| 12. 103—Atomic Energy Research Deptt. of Atomic Energy | 5,85,60,000 | 5,85,29,494 | £ 24-7-1963 |
| <i>Charged Appropriations</i> | | | |
| 13. 128—Other Capital Outlay of the Ministry of Irrigation and Power | | 58,897 | 58,897 24-7-1963 |
| 14. 139—Capital Outlay on Buildings & Works, Housing & Supply (now W. H. & R.) | 1,00,000 | 28,610 | £ 31-8-1963 |

* These figures represent the finally verified actuals and vary somewhat from those published in Audit Report (Civil), 1963 due to mis-classifications subsequently detected.

£ In view of the position explained in the notes (Appendices XII, XIV) there is no excess in the Grant. In accordance with the principles laid down in para 7 of the 16th Report of the P.A.C. (First Lok Sabha), these items do not require regularisation.

5. The Committee note from the information furnished to them by the Ministries concerned that owing to defective assessment of requirements in the Budget and in the revised estimates excess continued to occur as in the past. Misclassification in accounts was also responsible for excesses in some cases (Appendices XII, XIV). In some cases surrenders proved unnecessary (Appendices II, V, VI, VII, X, XIV). The Committee feel that with greater degree of precision in estimating and better control over progress of expenditure and prompt reconciliation of the departmental figures of expenditure with those of the Accounts Offices, better results could be achieved. They hope that Ministries will take suitable steps towards this end.

6. The Committee came across an instance this year also of a case where no provision had been made for covering an expenditure to meet the payments of an arbitral award (Appendix XII). The arbitration case arose in respect of construction of spurs and revetment on the right bank of the river Yamuna in Delhi. A sum of Rs. 58,897 was required to be paid to the contractor in October, 1961 as a result of the award. The Central Public Works Department (the executing agency) neither applied for an advance from the Contingency Fund nor made a request for a Supplementary Appropriation in that year. This occurred in spite of the instructions issued by the Ministry of Finance in June, 1957, for making provisions to meet the payments of awards, decrees etc.

The Committee would like the Ministry of Finance to enjoin upon the administrative Ministries the necessity of strictly following the instructions issued by them in this behalf.

7. The Committee will now proceed to deal with a few individual cases of excesses which can be attributed to defective budgeting and control over expenditure.

(i) *MINISTRY OF COMMERCE AND INDUSTRY
(Now Ministry of Industry)

Grant No. 1—Ministry of Commerce and Industry—Excess
Rs. 60,801 (Voted)

The excess was stated to be mainly due to—

- (i) TA due to extensive tours and transfer of officers, Dearness, House rent, Overtime and City Compensatory allowances.

- (ii) Adjustment of debits in respect of Telephone bills and increased expenditure on postage.
- (iii) Erroneous classification of certain posts of Under Secretaries attached to the Exhibition Directorate, under Main Secretariat, resulting in adjustment of charges under Grant No. 1—instead of the correct Grant No. 5. The mistake could not, however, be noticed in the course of the reconciliation of figures of expenditure.
- (iv) Adjustment of arrears of pay, allowances, and leave salary contributions of certain officers for which the provision did not exist.
- (v) Creation and filling up of certain posts namely 7 U.D.Cs., 5 L.D.Cs., 4 Stenographers, 2 Investigators and one Accountant for which provision did not exist.
- (vi) Misclassification in accounts of certain items of Expenditure.

The Committee find that this is a typical case where provision for standing charges and liabilities already incurred were not made. They are particularly surprised to find that as many as 19 posts in different categories were created and filled up though there was no budgetary provision for the same. The Committee take a serious notice of this lapse and trust that the Ministry would take effective steps to impose their control over expenditure.

(ii) *MINISTRY OF EDUCATION

Grant No. 13—Ministry of Education—Excess Rs. 20,497 (Voted)

The excess was mainly under the primary unit—A.1(4)—Other Charges. The excess of Rs. 25,289 was counter-balanced by savings of the order of Rs. 4,792 under other primary units thereby bringing down the net excess to Rs. 20,497.

The Ministry of Education did not anticipate that the debit in respect of purchases made through Director General Supplies and Disposals during November, 1961—January, 1962 would mature and be required to be adjusted in the accounts for 1961-62. This left a sum of Rs. 6,000 uncovered. No provision was also made relating to rental of telephones for the year 1962-63. The Ministry have stated that the Telephone authorities 'later clarified informally' that the payment of rental of telephones was to be made in advance. Two other

telephone bills in respect of charges for the year 1961-62 received in January and March, 1962 had also to be paid. The provision could not be increased as the case for Supplementary Grants had already been processed earlier.

The reasons given for the excess are not convincing. The Committee feel that with the exercise of a little care and forethought and maintenance of liaison with the suppliers the need for provision for this purpose could have been easily anticipated.

As regards telephone charges it is surprising that the Ministry were not aware that the telephone rentals had to be paid in advance. The Committee are also unable to appreciate why adequate provision had not been made for payment of telephone bills in respect of the year 1961-62.

They desire that suitable instructions should be issued by the Ministry to all concerned to avoid recurrence of such instances.

(iii) *MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE)

*Grant No. 24—Taxes on Income including Corporation Tax etc.
Excess Rs. 11,19,304 (Voted)*

The excess was stated to be mainly under the head "Collection of Income Tax" due to—

- (i) revision of pay of officers and staff as a result of Pay Commission's recommendations;
- (ii) additional expenditure on House Rent and City Compensatory Allowances on account of up-grading in July 1961 of some of the cities and towns;
- (iii) increased expenditure on T.A., medical charges, law charges, security deposits etc. than anticipated.

It has been stated that when the likelihood of the expenditure exceeding the sanctioned grant came to notice in the later months of the year, instructions were issued to all Heads of Departments first in January 1962 and again on 26th February, 1962 and 15th March, 1962, that a reduction of expenditure should be effected by postponing expenditure in order to avoid an excess over the grant. It is understood from Audit that the instructions issued by the C.B.R. on 15th March, 1962 contained a direction that a reduction of the expenditure "should be effected by postponing the payment of all the pending bills to the next financial year (i.e. by 15 days or so)".

The Committee are surprised that the Ministry should have issued instructions on these lines, although they must have been aware of the provisions in the Financial Rules and of the recommendation of the P.A.C. contained in para 6 (vi) of their Forty-First Report (Second Lok Sabha) that postponement of expenditure on the plea of lack of funds is objectionable and vitiates effective parliamentary control. The Committee trust that strict instructions will be issued to avoid a contravention of the financial rules in future.

(iv) *MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

Grant No. 32—Miscellaneous Departments and other Expenditure under the Ministry of Finance—Excess Rs. 14,13,760 (Voted)

The excess occurred mainly under the head accommodating the provision for loss by exchange on remittance transactions (Rs. 11.44 lakhs). An excess of Rs. 6.39 lakhs also occurred under the head accommodating the loss on exchange relating to the receipts and expenditure of the Civil Departments other than those relating to Capital heads and the commercial departments and organisations. A part of this, was, however, off-set by savings under other heads. As a result of adjustments made by the Accounts Officers in the Accounts for 1961-62, after the close of that year, there was a net loss which accounted for the excess in question, and for which no provision was made.

It appears that there is some lacuna in the prescribed procedure with regard to this matter. The Committee are informed that the Ministry of Finance propose to review the present procedure in consultation with the Comptroller and Auditor-General with a view to

ensuring that such uncovered excesses do not recur. The Committee would like to be informed about the steps proposed to be taken as a result of this review.

(v) *MINISTRY OF HOME AFFAIRS

Grant No. 47—Cabinet—Excess Rs. 87,278 (Voted)

In this Grant, the excess occurred mainly under the sub-head "A. 3—Tour Expenses"*** which was due to adjustment of arrears (Rs. 1,78,000) pertaining to previous year relating to requisitioned railway accommodation etc. for which debits were raised by the Railway Administrations direct with the Accountant General, Central Revenues. These arrears came to the notice of the Ministry of Home Affairs only after the close of the financial year 1961-62. As the reconciliation work was being done by the Ministries themselves till 1962-63 in respect of sub-head "A—Cabinet", the Ministry of Home Affairs have stated that "apparently this work was not being done properly by them". This work has been taken over by the Ministry of Home Affairs with effect from 1963-64, to avoid similar situations in future. The Committee have been informed that further steps have also been taken to ensure timely raising of debits by the Railway Administration and correct assessment of the expenditure on tour of Ministers of the respective Ministries.

The Committee feel surprised to note that the Ministry have repeated their plea as given last year (Appendix IV to 3rd Report, 1962-63) that expenditure under the sub-head "Tour expenses" is of an uncertain and fluctuating nature and that it is not therefore possible to foresee with any degree of precision and exactitude the expenditure likely to be incurred on this account, particularly on tours abroad during a particular year. They would reiterate their earlier recommendations contained in para 8(ii) of their 3rd Report (1962-63) and hope the Ministry would make a better effort in this behalf in future.

The Committee also regret to note that, as in the previous year, there was a surrender of Rs. 21,490, though the expenditure actually incurred was in excess of the grant.

The Committee do not feel happy to find that the Ministries had not been doing reconciliation work in this respect properly as provided in the rules. They would suggest the Ministry of Finance to look

*Appendix VI.

**During 1961-62, the final grant under sub-head A.3—Tour Expenses (Grant No. 47) was Rs. 8,00,000 but the actual expenditure was Rs. 9,09,322. During 1960-61, the final grant and the actual expenditure under this sub-head were Rs. 7,00,000 and Rs. 9,58,010, respectively.

into such matters where a number of Ministries have to deal with a particular item of work and take suitable steps to ensure that they perform their duties properly. Where necessary, such items of work should be concentrated in a single Ministry; alternately there should be a co-ordinating authority to keep a watch over such matters.

(vi) *MINISTRY OF HOME AFFAIRS

Grant No. 50—Police—Excess Rs. 23,476 (Voted)

The excess under this grant mainly occurred under sub-head "D.1—charges paid to other Governments, departments etc." in J. & K. Circle due to erroneous adjustment of debits pertaining to expenditure incurred by Defence Estimate on J. & K. Militia and adjustment of old debits pertaining to the cost of air-lifts provided by the I.A.F. to the Police Battalion personnel.

The reasons furnished for the excess disclose that there was a failure to carry out the direction that the Ministry of Home Affairs were liable for the expenditure on J. & K. Militia from the year 1961-62 only and not for earlier years. Secondly in the case of air-lifts to the Police personnel, the Ministry of Home Affairs were neither kept informed about the air-lifts nor about the raising of debits against them on this item. The Committee regret to note the lack of co-ordination amongst the various authorities and would like the Ministry of Finance to issue suitable instructions to Ministries in consultation with the Comptroller and Auditor-General, to avoid recurrence of such cases.

(vii) **MINISTRY OF LABOUR AND EMPLOYMENT

Grant No. 69—Labour and Employment—Excess Rs. 52,95,047 (Voted)

The excess occurred mainly under Group head "E—Transfer to the Coal Mines Labour Housing and General Welfare Fund".

The Coal Mines Welfare Fund Act, 1947, provides for the levy and collection of cess at a rate not exceeding 8 annas per ton. The rate of cess was fixed @ 37.5 nP. per ton or 36.9 nP. per metric tonne from 11th October, 1958 and 49.21 nP. per metric tonne from 1st January, 1961 on coal and coke despatched from collieries. The Act further provides for the transfer of the proceeds of cess so levied to the Coal Mines Labour Welfare Fund from which the expenditure on the welfare measures for the benefit of coal miners is met. The cess is collected mostly by the railway authorities. All the collections are tri-
tially accounted for in the books of the Central Government as re-

*Appendix VII.

**Appendix VIII.

ceipts under the Receipt Head "II—Union Excise Duties" and then transferred to the Coal Mines Labour Welfare Fund through the "Expenditure" Group head "E—Transfer to the Coal Mines Labour Housing and General Welfare Fund" subordinate to the Major Head "46—Labour and Employment". The item is really not "expenditure" as it is ordinarily understood. It represents transfer of cess from one account to another which is treated as "expenditure" for budgetary purposes.

In the budget for 1961-62 a sum of Rs. 1,60,85,000 was provided under the Group head "E—Transfer to the Coal Mines Labour Housing and General Welfare Fund" at the then prevailing rate of cess amounting to 36.9 nP. per metric tonne. The rate of welfare cess under the Coal Mines Labour Welfare Fund Act, 1947, was raised to 49.21 nP. per metric tonne with effect from the 1st January, 1961. It has been stated that no additional funds on this account which worked out to roughly Rs. 53,95,000 could be provided in the budget estimates for 1961-62 as the decision to increase the levy of cess was taken after the budget estimates had been finalised.

A proposal for a Supplementary Grant was made in October, 1961, and again in February, 1962 but it was felt that no Supplementary Grant would be necessary. After a review in March, 1962, the entire total available anticipated saving was re-appropriated to the Group head concerned thereby increasing the original budget allotment in the final Grant for 1961-62 to Rs. 2,05,96,400. Actually, however, total 'expenditure' amounting to Rs. 2,71,65,500 was adjusted resulting in an excess of Rs. 65,69,100 over the re-appropriated figure.

It has been stated in extenuation that during the last four months of the year there were unusually heavy adjustments as compared to the adjustments made upto November, 1961, and this could not be anticipated.

In the opinion of the Committee the fact that it was considered unnecessary to obtain Supplementary Grant after such a proposal was made twice and ultimately there was such a heavy excess in spite of the re-appropriation of entire total available anticipated saving goes to show that the preparation of estimates and keeping a watch over the progress of expenditure has been faulty. They feel that it should have been possible for the Ministry to anticipate the need for a Supplementary Grant.

(viii) *MINISTRY OF TRANSPORT AND COMMUNICATIONS
(Now Ministry of Transport)

*Grant No. 95—Communications (including National Highways)—
Excess Rs. 15,61,541 (Voted).*

The excess was the net result of excesses under the sub-heads "B.1—Maintenance of National Highways" (Rs. 11,15,306) and "B.2—Other Communications (Rs. 10,33,911)" partly off-set by savings under certain other sub-heads.

It has been explained that the excess under the sub-head B.1 was due to unexpected flood damage repairs to the National Highways in Bihar and Gujarat (Rs. 9.79 lakhs) and unavoidable and emergent repairs to the National Highways in Madhya Pradesh (Rs. 4.43 lakhs). The excess under sub-head B.2 has been explained as due to removal of land slides and flood damage works in certain areas.

It has been added that in an attempt to restrict the maintenance grant to the minimum extent possible and having regard to the actual progress of expenditure, the Department recommended a final estimate of only Rs. 675 lakhs as against Rs. 842.62 lakhs demanded by the State Governments and asked them not to exceed this figure. The State Governments could not, however, restrict the expenditure to the allotment of funds for the reasons stated above.

The Committee are surprised that after having taken a deliberate decision and directed the State Governments to limit the expenditure to the final allotment, the Ministry failed to watch the progress of expenditure or obtain timely reports from the State Governments of the possibility of an excess with a view to obtaining an advance from the Contingency Fund. The Committee hope that a suitable procedure would be evolved to obtain progress Reports from the State Governments in future to avoid recurrence of such Excesses.

8. Subject to the above observations, the Committee recommend that the excesses referred to in para 4 above be regularised in the manner prescribed in Article 115 of the Constitution.

9. The Committee would like to place on record their appreciation of the assistance rendered to them in this task by the Comptroller and Auditor-General of India.

NEW DELHI;

The 23rd November, 1963.
Agrahayana 2, 1885 (Saka).

MAHAVIR TYAGI,

Chairman,
Public Accounts Committee.

**Proceedings of the 44th Sitting of the P.A.C. held on the 13th
November, 1963.**

PROCEEDINGS OF THE FORTY-FOURTH SITTING OF THE
PUBLIC ACCOUNTS COMMITTEE HELD ON THE
13TH NOVEMBER, 1963

The Committee sat from 10-00 hrs. to 12-30 hrs.

PRESENT

•
Shri Mahavir Tyagi—*Chairman*

MEMBERS

2. Shri Ramchandra Vithal Bade
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
5. Sardar Kapur Singh
6. Shri Mathura Prasad Mishra
7. Shri Prakash Vir Shastri
8. Shri Ravindra Varma
9. Shri Vishram Prasad
10. Shrimati K. Bharathi
11. Pandit S. S. N. Tankha
12. Shrimati Maya Devi Chetty
13. Shri B. D. Khobaragade
14. Shri Dahyabhai V. Patel
15. Shri S. D. Patil

Shri A. K. Roy—*Comptroller and Auditor-General of India.*

Shri G. Swaminathan—*Addl. Dy. Comptroller and Auditor-General.*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary*

Shri Y. P. Passi—*Under Secretary.*

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DRAFT SIXTEENTH REPORT

The Committee considered and approved the draft Sixteenth Report on Excesses Over Voted Grants and Charged Appropriations

disclosed in the Appropriation Accounts (Civil), 1961-62 subject to any further amendments being made by the Chairman, P.A.C. after incorporating the note of the Ministry of Transport and Communications regarding Excess in Grant No, 86.

The Committee authorised the Chairman to sign the Report and to present it to Lok Sabha.

The Committee also authorised Shri S. D. Patil/Pandit S. S. N. Tankha to lay a copy of the Report on the Table of the Rajya Sabha.

The Committee then adjourned.

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APPENDICES

APPENDIX I

MINISTRY OF FINANCE (DEPARTMENT OF REVENUE)

Note explaining the Excess in Grant No. 24—"Taxes on Income including Corporation Tax, etc." for 1961-62 vide Appropriation Accounts (Civil), 1961-62

In Grant No. 24—"Taxes on Income including Corporation Tax, etc.", there is a net excess of Rs. 11,19,304 in the voted Section as detailed below:

| | |
|--------------------|-----------------|
| Sanctioned Grant | Rs. 5,92,62,000 |
| Actual Expenditure | Rs. 6,03,81,304 |

The break-up of the above excess of Rs. 11,19,304 is as follows: (These figures have been obtained from the Office of the Accountant General Central Revenues).

| | Excess (+) | Saving (—) |
|--|------------|------------|
| Pay of Officers | + | 1,02,804 |
| Pay of Establishment | + | 5,55,156 |
| Allowances, Honoraria, etc. | + | 4,31,968 |
| Other Charges (Voted) | + | 2,30,892 |
| Establishment Charges paid to other Govern- ments/Departments | — | 1,90,917 |
| Grants-in-aid | — | 243 |
| Income-tax Appellate Tribunal | — | 10,827 |
| Charges in England | — | 429 |
| Total Excess (Net) | | 11,19,304 |

The excess occurred mainly in the West Bengal Circle, viz., to the extent of Rs. 10,62,054. Madras and U.P. Commissioner's Charges also had excesses of Rs. 1,56,628 and Rs. 80,284, respectively; in the other Commissioners' Charges, there has been excess/savings to a negligible extent resulting in the overall excess of Rs. 11,19,304.

2. The excess under the first two sub-heads mentioned above, was mainly due to the fact that in the West Bengal Commissioner's Charge, the revision of the Pay of Officers and staff in the light of the Government's decisions on the Second Pay Commission's recommendations, though begun in 1960-61 could be completed only towards the

end of 1961-62. The exact requirements under these sub-heads for the year 1961-62 could not, therefore, be properly estimated.

Under the sub-head 'Allowances, Honoraria, etc.' there has been additional expenditure on House Rent Allowance and City Compensatory Allowance due to upgrading in July, 1961 of some of the cities and towns. Under Medical Charges and Leave Travel Concession, the actual expenditure was much more than anticipated. During the first 10 months the average monthly actual expenditure on account of Travelling Allowance, Medical Charges, etc. was about Rs. 1,98,924 but it rose to about Rs. 2,66,005 per month in the months of February and March. Since these items are of a fluctuating nature, the exact requirements could not be foreseen.

3. Under the sub-head 'Other Charges'—Voted, excess has occurred mainly under 'Law Charges'. During the year 1961-62, the number of cases which came up for settlement before the courts was more than anticipated and the expenditure on security deposits, fees to lawyers, etc., was, therefore, more than the estimated amount. Since the expenditure on this item is also of a fluctuating nature, the exact requirement could not be foreseen. The actual expenditure under this sub-head was Rs. 8,22,643 as against an estimate of about Rs. 5,00,000.

4. In the later months of the year 1961-62, it was noticed that there was a likelihood of the expenditure exceeding the sanctioned grant. Instructions were, therefore, issued to all Heads of Department, first in January, 1962 and again on 26-2-1962 and 15-3-1962 asking them to effect savings by postponing expenditure particularly under heads like Allowances, Contingencies etc. and to avoid incurring any excesses. It was hoped that the likely excess could be off-set by savings thus effected and, therefore, no action to provide the likely excess was taken. The actual savings effected by Heads of Department, however, proved to be inadequate resulting in an over-all excess in the Grant.

(Sd./-) V. V. CHARI,
Addl. Secy. to the Govt. of India.

APPENDIX II

No. F.8(9)-B/63

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 27th September, 1963

OFFICE MEMORANDUM

SUBJECT:—Regularisation of Excess in Grant No. "32—Miscellaneous Departments and other Expenditure under the Ministry of Finance" for 1961-62

The excess of Rs. 14,13,760, which is about 8 per cent. of the final sanctioned grant, occurred mainly under the head accommodating the provision for loss by exchange on remittance transactions (Rs. 11.44 lakhs). An excess of Rs. 6.39 lakhs also occurred under the head accommodating the loss on exchange relating to the receipts and expenditure of the Civil Departments other than those relating to Capital heads and the commercial departments and organisations. A part of this was, however, offset by savings under other heads.

2. According to the prescribed procedure, the rupee equivalent of the Government transactions outside India are booked in the accounts at the official rate of exchange; the difference between the official 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 for loss on exchange in respect of receipt and expenditure of civil departments (other than commercial and capital heads) was adopted on the basis of available information, while for 'Net loss by exchange on Remittance transactions' no provision was made as, following the normal experience in recent years, it was expected that in 1961-62 there would be a net

gain by exchange under this head after all adjustments referred to above were carried out. As a result, however, of the adjustment made by the Accounts Officer after the close of the year, but in the accounts for the year 1961-62, there was a net loss which accounts for the excess in question, and for which no provision could be made.

3. The procedure for the adjustment of such losses is proposed to be reviewed in consultation with the Comptroller and Auditor General with a view to ensure that such uncovered excesses do not recur in future.

(Sd./-) SHIV NAUBH SINGH,
Jt. Secy. to the Govt. of India.

To

The Chairman and Members of the Public Accounts Committee.

APPENDIX III

MINISTRY OF INDUSTRY

Note for the Public Accounts Committee for regularisation of Excess over voted grant in respect of Grant No. 1—Ministry of Commerce and Industry as disclosed in the Appropriation Accounts (Civil) 1961-62.

The total excess under Grant No. 1—Ministry of Commerce and Industry as shown in the Appropriation Accounts (Civil) 1961-62 was Rs. 76,774. This excess occurred under the following group-heads:—

| <i>Group-heads</i> | <i>Final Grant</i> | <i>Actual Expenditure</i> | <i>Excess</i> |
|--|--------------------|---------------------------|---------------|
| Rs. | Rs. | Rs. | Rs. |
| <i>A-1 : Secretariat :</i> | | | |
| O. 63,67,000 | } 67,12,900 | ' 67,63,074 | ' 50,174 |
| S. 2,40,000 | | | |
| R. 1,05,900 | | | |
| <i>A. 2.—Department of Company Law Administration.</i> | | | |
| O. 13,52,000 | } 12,49,100 | ' 12,68,273 | ' 19,173 |
| R. (—) 1,02,900 | | | |
| <i>B.—Charges in England.</i> | | | |
| O. 12,000 | } 9,000 | ' 16,427 | 7,427 |
| R. (—) 3,000 | | | |
| TOTAL | 79,71,000 | 80,47,774 | 76,774 |

The reasons for excess under each group-head are explained in the following paragraphs.

I. Group Head—A-1-Secretariat Excess Rs. 50,174

(a) This excess is mainly due to :—

More expenditure than anticipated on (i) T.A. due to extensive tours, and adjustment of transfer T.A. of officers posted in the Ministry from abroad.

(ii) Dearness, House Rent, and City Compensatory Allowances.

(iii) Overtime Allowances.

} Rs. 36,127

| | |
|--|-------------------|
| (b) Adjustment of Debits in respect of Telephone bills, increased expenditure on postage due to expanded activities of the Export Promotion Directorate & Publication Branch of this Ministry. | Rs. 16,829 |
| (c) Erroneous classification of certain posts of Under Secretaries attached to the Exhibition Directorate, under Main Secretariat, resulting in adjustment of charges under Grant No. 1—instead of the correct Grant No. 5. The mistake could not however, be noticed in the course of the reconciliation of figures of expenditure. | Rs. 13,000 |
| (d) Adjustment of arrears of pay, allowances, and leave salary contributions of certain officers for which the provision did not exist. | Rs. 4,604 |
| (e) Creation and filling up of certain posts namely 7 U.D.Cs., 5 L.D.Cs, 4 Stenographers, 2 Investigators and one Accountant for which provision did not exist. | Rs. 7,739 |
| (f) Misclassification in accounts of certain items of Expenditure. | Rs. 2,973 |
| TOTAL | Rs. 81,272 |

The above excess of Rs. 81,272 was offset by savings of Rs. 31,098 due to cancellation of certain delegations on account of tight foreign exchange position and of political reasons, leaving a net excess of Rs. 50,174.

II. A-2-Department of Company Law Administration:

Excess Rs. 19,173

This excess is due mainly to adjustment of old bills (Rs. 1,690), debits of leave salary of an Officer transferred from this department (Rs. 6,180), debits relating to telephone exchange and purchases made on rate contract (Rs. 19,242), offset by a saving of Rs. 7,939 due to non-payment of certain T.A. Bills and less expenditure on T.A. during the year.

III. B-Charges in England—Excess Rs. 7,427

This excess is due mainly to more expenditure on publications in the month of March, 1962.

Taking into account the misclassifications amounting to Rs. 15,973 *vide* I(c) & I(f) above, the net excess requiring regularisation is Rs. 60,801.

[This note has been vetted by Audit]

(R. V. SUBRAHMANYAN),
Joint Secretary to the Govt. of India.

APPENDIX IV

No. F.12-19/62-A.9

GOVERNMENT OF INDIA

MINISTRY OF EDUCATION

New Delhi-2, the 4th June, 1963

MEMORANDUM

SUBJECT.—Note regarding the excess in the grant as reported in the Appropriation Accounts (Civil), for 1961-62 relating to the Ministry of Education.

Grant No. 13—Ministry of Education

| | |
|-------------------------|-----------|
| <i>Final Grant</i> :— | Rs. |
| Original | 42,31,000 |
| Supplementary | 1,82,000 |
| TOTAL | 44,13,000 |

| | |
|------------------------------|-----------|
| <i>Actual Expenditure</i> :— | 44,33,497 |
| Excess :— (+) | 20,497 |

2. In accordance with article 115 of the Constitution of India, the excess expenditure is required to be regularised by Parliament.

3. The excess was mainly under the Primary Unit

'A. 1(4).—Other Charges' as under :—

| | |
|------------------------------|----------|
| Final Grant | 4,76,000 |
| Actual Expenditure | 5,01,289 |
| Excess (+) | 25,289 |

The above excess has been counter-balanced by Savings of the order of Rs. 4,792/- under other Primary Units, thereby bringing down the net excess to Rs. 20,497/-. The excess of Rs. 25,289 under 'A.1(4)-Other Charges', is explained as follows:—

- (i) The Ministry had made certain purchases through the D.G.S.&D. On receipt of the supplies worth about Rs. 6,000/- in November-December, 1961 and on 4th January, 1962, the relevant Inspection Notes accepting the stores were sent on 19th February and 6th January, 1962 respectively to the suppliers. It was, however, not anticipated that the debits in respect thereof would

mature and be required to be adjusted in the accounts for 1961-62. These items, therefore, remained unprovided for.

- (ii) On the 15th January, 1962, a bill for Rs. 13,224/- was received by the Ministry relating to Rental of Telephones. As the charges included therein pertained to the next financial year, i.e., 1962-63, no provision was made for this.

It was, however, later clarified informally by the Telephone Authorities that according to the instructions of the Post and Telegraphs Department, the payment of Rental etc., of Telephones was to be made in advance. The Ministry had, therefore, to accept the bill. Two other telephone bills for Rs. 2,228 and Rs. 3,960 in respect of charges for the year 1961-62 received in the Ministry on 11th January, 1962 and 20th March, 1962 respectively and found in order were also paid. The payments were unavoidable and had to be made even though no provision of funds had been made therefor. The provision could not be increased as the case for supplementary grant had already been processed earlier.

4. The note has been seen by Audit.

P. N. KIRPAL,
Secretary.

To

Lok Sabha Secretariat, New Delhi.

APPENDIX V

MINISTRY OF EXTERNAL AFFAIRS

SUBJECT:—Regularisation of excess over Voted Grant No. 16—Tribal areas disclosed in the Appropriation Accounts (Civil) 1961-62.

The sanctioned budget grant for 1961-62 under Grant No. 16—Tribal Areas was Rs. 10,77,09,000 and the actual expenditure incurred and booked amounted to Rs. 11,08,66,964 thereby resulting in an excess of Rs. 31,57,964 over the sanctioned grant. However, an amount of Rs. 1,44,800 representing savings attributable to vacancies due to dearth of technical staff and non-implementation of some schemes during the financial year 1961-62, under the sub-head 'D. 4—Other Charges' under group-head 'B—Medical (Plan)' was surrendered in March, 1962. This surrender in retrospect proved to be unnecessary.

2. The excess of Rs. 31,57,964 over the sanctioned grant mainly occurred under the Group-head 'A—General Administration' and 'B—Police'. The final position of the provision in respect of each of the sub-heads under Group-heads 'A—General Administration' and 'B—Police' stood as shown below:—

| Group-head & Sub-head | Original grant | Re-appropriation | Final grant | Actual Exp. | + Saving over final grant. |
|---|----------------|------------------|-------------|-------------|----------------------------|
| | 2 | 3 | 4 | 5 | 6 |
| I | | | | | |
| A. General Administration. | | | | | |
| A. 1—Political & Administrative Services. | | | | | |
| A. 1(4) Other Charges | 1,53,73,600 | 26,16,300 | 1,79,89,900 | 2,02,35,088 | +22,45,188 |
| B. Police—B. 1 Frontier Constabulary and Militia | | | | | |
| B. 1(1) (5)—Other Charges | 3,83,26,400 | — 46,400 | 3,82,80,000 | 3,92,55,922 | +9,75,922 |

Net excess (Rs. 32,21,110 partly counter— + Rs. 31,57,964 balanced by savings of Rs. 63,146 under other heads)

3. The reasons for the above excess are as follows:—

(a) *Adjustment of unforeseen Debits.*

The excess under group-head 'A-General Administration' was mainly due to adjustment of some debits pertaining to year 1960-61 as mentioned below:—

- (i) An amount of Rs. 18,05,245 was adjusted under Supply Dropping Equipment representing liabilities for 1960-61 (as detailed in Annexure I) by the Accountant General, Assam in the account of March (Final) 1962.
- (ii) An amount of Rs. 2,31,456 representing liabilities for 1960-61 (shown in annexure II) was also adjusted by the Accountant General, Assam, under Supply Dropping Equipment in the March (Final) Account.

(b) *Unforeseen expenditure on Porterage*

An expenditure of Rs. 2,00,912 was incurred on porterage due to employment of more casual labour on 'Onkar' operations. The excess expenditure could not be foreseen at the time of preparing the final estimates for 1961-62.

(c) *Unforeseen expenditure on 'Op Onkar'.*

An excess of Rs. 9,73,883 under group-head 'B—Police' was caused due to 'Onkar' operation.

(d) *Reasons for not obtaining additional Funds.*

Additional funds to cover the above mentioned debits could neither be asked for at the final estimates stage nor could an advance from the contingency fund be obtained in the absence of any intimation from the Accountant General, Assam, or the authority raising debits against the NEFA Administration in regard to these past liabilities. To make the budget realistic and to avoid large variations in the Appropriation Accounts, funds were provided only for liabilities, which, according to information available, were likely to be adjusted during the financial year 1961-62. The adjustment of the debits mentioned above came to the notice of the NEFA Administration at the time of reconciliation of expenditure for March (Final) account after the financial accounting year was closed. The Accountant General, Assam, was duly apprised of the fact of non-existence of funds to cover the liabilities by the NEFA Administration in the

'Reconciliation Certificates'. The debits for the previous years mainly pertain to expenditure on supply-dropping operations which is calculated by the Defence Authorities on the basis of the formula evolved for assessing costs of supply-dropping operations undertaken on behalf of the Civil Departments. Since the NEFA Administration were not apprised of this formula and the extent of commitments on the basis of the formula, the excess became inevitable.

4. It is explained in this connection that the treasuries are in the interior and there are no adequate means of transport to ensure expeditious despatch of communications etc. Since the office of the Accountant General, Assam, is situated in Shillong, there is considerable difficulty of reconciling the departmental figures of expenditure submitted by the treasuries and disbursing officers to the NEFA Secretariat with the Audit figures. It will be appreciated that, while adoption of the procedure prescribed in this Ministry's Office Memorandum No. F. 38(3) B&A II/60 (EAI/60/I/133), dated the 16th July, 1960, would have improved the budgeting of the NEFA Administration, the difficulties of communications and dispersal of treasuries in the interior have hampered the effective operation of the procedure in question. However, every effort is being made to rationalise and improve the budgetary procedures on the basis of the recommendations of the Public Accounts Committee from time to time. In this connection a copy of the Ministry's circular dated 29th May, 1963, containing instructions to all estimating authorities, based on the recommendations of the Public Accounts Committee, is enclosed.

It is hoped that, in view of the remedial measures reported above, there will be perceptible improvement in this regard in future.

5. For the considerations explained above, it is requested that the net excess of Rs. 31,57,964 may kindly be recommended for regularisation.

K. V. PADMANABHAN,
Joint Secretary (AD),
Ministry of External Affairs.

ANNEXURE I

| Suspense slip No. and date | No. & date of vouchers | Amounts |
|------------------------------|----------------------------|---------------------|
| | | Rs. nP. |
| 1. A.C. 1/Def/325 of 26-6-62 | No. P.M. IV/122 of 12-1-60 | 13,968'50 |
| 2. Do. Do. | No. PM. IV/120 of 6-1-60 | 182,081'00 |
| 3. Do. Do. | No. PM. IV/99 of 18-12-60 | 66,150'00 |
| 4. Do. Do. | No. PM. IV/113 of 22-11-60 | 11,007'26 |
| 5. Do. Do. | No. PM. IV/140 of 15-12-60 | 12,610'00 |
| 6. Do. Do. | No. PM. IV/208 of 19-3-61 | 13,732'00 |
| 7. Do. Do. | No. PM. IV/56 of 22-7-60 | 14,070'00 |
| 8. Do. Do. | No. PM. IV/44 of 28-6-60 | 13,676'04 |
| 9. AC. 1/Def/304 | No. I QR/6003 of 14-10-60 | 32,850'00 |
| 10. Do. Do. | No. IQR/6981 of 15-12-60 | 14,45,100'00 |
| TOTAL | | 18,05,245'12 |

ANNEXURE II

| Suspense slip No. & date | No. & date of vouchers | Amount |
|------------------------------|------------------------|--------------------|
| | | Rs. nP. |
| 1. A.C. 1/Def/316 of 26-6-62 | IQR/13553 of 20-2-62 | 2,30,448'00 |
| 2. Do. Do. | A/8304 of 17-11-61 | 990'00 |
| 3. Do. Do. | A/8305 of Do. | 18'00 |
| TOTAL | | 2,31,456'00 |

No. F. 38(3)B&AII/60(EAI/60/I/133)

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, the 16th July, 1960

25 Asadha 1882 (Saka)

OFFICE ORDER

SUB:—Acceptance of debits by indenting Ministries/Departments on account of payments made by Supplying Departments on behalf of the former.

In continuation of Office Order No. F. 38(3)B&AII/60(EAI No. /69/I/110), dated the 3rd June, 1960 regarding the maintenance of 'Inevitable' payments Register and 'Liability Register', a copy of the Ministry of Finance (Department of Economic Affairs) Office Memorandum No. F. 8(57)-B/59, dated the 22nd June, 1960 on the above subject, is forwarded for information and guidance of all concerned. The form in which these registers will be maintained have already been circulated with the Office Order quoted above.

2. These registers are required to be maintained by those Sections which issue expenditure sanctions and/or are responsible for making or arranging payment to parties concerned.

Sd/- P. N. MATHUR,
Under Secretary (A).

To

(i) All Officers in this Ministry.

(ii) All Sections in this Ministry (2 copies).

1. Copy with 3 copies of the Office Order No. F. 38(3)B&AII/60(EAI No. 60/I/110), dated 3rd June 1960, forwarded to the Ministry of Finance (E. A. Division).

2. Copy with copies of Office Order No. F. 38(3)B&AII/60 (EAI No. 60/I/60), dated 3rd June, 1960, also forwarded to the:—

- (a) Finance Secretary, Govt. of Pondicherry, Pondicherry (20 copies).
- (b) Adviser to the Governor of Assam, Shillong (5 copies).
- (c) Commissioner, NEFA, Shillong (10 copies).
- (d) Commissioner, Naga Hills—Tuensang Area, Kohima (10 copies).

with the request that suitable instructions in this matter may please be issued to the sanctioning and disbursing officers under their administrative control under intimation to this Ministry.

3. Copy with 5 copies of the above office Order forwarded to Financial Adviser, NEFA/NHTA, Shillong.

4. Copy with 3 spare copies to EAI Section.

5. 100 spare copies for B&A II Section.

Sd/- P. N. MATHUR,
Under Secretary (A).

No. F. 38(3)B&AII/60(EAI No. 60/I/110)

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

Dated the 3rd June, 1960.

OFFICE ORDER

SUB:—*Maintenance of 'Inevitable Payments Register' & 'Liability Register'.*

The maintenance of the '*Inevitable Payments*' and '*Liability*' Registers was prescribed in Office Order No. F. 28(12)/B&A/56/F. 2(II)/2&M-120/56, dated the 8th October, 1956 (copy enclosed). It has however, been observed that these "Registers" are not being maintained properly with the result that in several cases Inevitable Payments provided for in the Grant for the year concerned were not made even though the claims were received in time. Such lapses could have been avoided if the prescribed registers were maintained and shown to the B&A Sections from time to time. Besides, it is necessary that in order to facilitate control over expenditure and to make it effective, the Controlling Officer should not only be kept informed about the actual expenditure incurred but he should know well in time what commitments and liabilities have been made and will be incurred.

2. This aspect has also recently been stressed by the Public Accounts Committee in their Twenty-third "*Report on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil) 1957-58*". An extract of para 6 (page 5) of this Report is reproduced below:—

6. "The explanations furnished by the Ministries in regard to the excesses over Voted Grants and Charged Appropriations would indicate that the progress of expenditure had not been closely watched and the prescribed rules and procedure for securing effective control over

expenditure were not strictly observed. Since the responsibility for watching the progress of expenditure against a grant or Appropriation rests with the Ministry, which is ultimately responsible for keeping the expenditure within the Grant or Appropriation, it devolves on that authority to ensure that its controlling officers strictly comply with the extant rules and orders on the subject and that the control over expenditure by them is effective and real and that they are in a position from month to month to estimate the likely savings/excesses over Grants and Appropriations. It needs no special emphasis that the Controlling Officers should arrange for receipt of information by them not only of what has actually been spent from an appropriation/grant but also of what commitments and liabilities have been and will be incurred against it during the financial year so that they may have an idea of the progressive liabilities and commitments in respect of which payments have to be made. *The Committee would therefore reiterate that the authorities concerned should maintain a LIABILITY REGISTER which would go a long way to improve matters and ensure better financial control over expenditure.*"

3. In view of the above, it is of utmost importance that the 'Inevitable Payments' and 'Liability' Registers should be maintained and reviewed strictly in accordance with the instructions issued in 1956. The 'Liability Registers' should be sent by each section to B&A-I/B&A-II Section by the 5th of every month positively as follows:—

(i) Expenditure debitable to the Grant

"External Affairs".....B&A-I Section.

(ii) Expenditure debitable to

OTHER GRANTS (*viz.* NEFA, NHTA, Pondicherry, Miscellaneous Expenditure under the Ministry of E.A., Capital Outlay on Buildings in Missions and Posts abroad, etc.).

UNDER THE CONTROL OF MINISTRY OF

EXTERNAL AFFAIRS.....B&A-II Section.

Sd/- P. N. MATHUR,

Under Secretary to the Govt. of India.

MOST IMMEDIATE

[Encl. to O.O. No. No. F. 38(3)B&AII/60(EAI No. 60/I/110) Dated
the 3rd June, 1960.]

No. F. 28(12)B&A/56

No. F. 2(II)-O&M. 120/56

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, the 8th October, 1956.

OFFICE ORDER

Sub:—Maintenance of 'Inevitable Payments' Register & 'Liability Register'.

Instances have come to light where inevitable payments provided for in the Budget were neither made before 31st March nor the resultant savings surrendered to Government at the appropriate time. Funds provided for specific purposes were thus allowed to lapse.

2. As postponement of a definite liability to be discharged during one year to the next year is against the principle of sound budgeting the following instructions in this regard are issued for the guidance of and compliance by the various Sections in this Ministry:—

- (a) According to Rule 14 of GFR, Vol. I, delay in the payment of money indisputably due by the Government must be avoided Rule 105 and 106 *ibid* also clearly lay down that there should be no endeavour to delay payments, which are of inevitable nature. Payments of miscellaneous nature (other than pay and allowances of Officers and staff and office contingencies) which have to be made by the Ministry are of two kinds:

- (i) Standing Charges *e.g.*, Treaty payments etc.

(ii) Fluctuating charges e.g., contribution on account of flood relief etc.

- (b) Every Section sanctioning expenditure under the above two categories should maintain a "Register of Inevitable Payments" in the enclosed proforma I. This Register should be reviewed periodically to ensure that there is no undue delay in payments/adjustments of the sanctioned charges. The position should also be communicated to the B&A Section in enclosed Proforma II by 5th March at the latest indicating the position of the grant and relative expenditure incurred so that where necessary suitable adjustments may be made before the close of the financial year.

3. In addition to the above the Liability Register prescribed in March '50 which the Various Sections of the Ministry are required to keep as a standing arrangement should continue to be so maintained. It has, however, been observed that this is at present not being maintained properly. The following instructions in this respect should also be noted carefully for necessary action:—

- (a) The Liability Register should be maintained in the enclosed proforma III.
- (b) Items of expenditure which have not already been provided for in the Budget and for which funds are to be arranged either by re-appropriation or by supplementary grant are liabilities in the strict sense of the term and should alone find a place in this register. If any doubt arises as to whether an item has already been provided for in the budget or not, the B&A Section should be consulted.
- (c) All Columns in the register should be filled in completely. The Ways and Means by which the Liability is proposed to be met viz. whether by re-appropriation or by Supplementary Grant should also be clearly indicated.
- (d) This register should be sent regularly to the B&A Section at the end of each month for consolidation of such post budget liabilities.

Sd/- P. N. MATHUR,
Under Secretary (A).

PROFORMA—I

Name of Section.....

Register of 'Inevitable Payments' for the year.....

| S. No. | File No. | Description of Payments (Standing or Fluctuating charges) | No. & Date of Financial Sanction | Amount of sanctioned budget pro- vision | Date of issue of authority of payment | Date of advice of Payment by the Accounts Officer | Remarks |
|--------|----------|--|--|--|---|--|---------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |

•

PROFORMA—II

• *Statement showing the position of inevitable payments in the budget grant for the year.....*

Name of the Section.....

| Description of payment | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------------|-----------------|----------------------------|---------------------|----------------------------------|---------|---------|
| | Head of Account | Amount of Budget provision | Amount already paid | Amount remaining unspent on date | Reasons | Remarks |
| 1 | | 3 | 4 | 5 | 6 | 7 |

PROFORMA—III

Register of 'post-budget liabilities' for which funds are either to be found by re-appropriation or by supplementary grant

Year

Name of Section

4

| S. No. | File No. | Nature of the Liability | Budget affected | Head of Account | Amount | How proposed to be met | Date & No. of sanction | Does it involve liability in the next year and if so, steps taken for budget provisions | Remarks |
|--------|----------|-------------------------|-----------------|-----------------|--------|------------------------|------------------------|---|---------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

10

No. F.8 (57) -B/59

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 22nd June, 1960

OFFICE MEMORANDUM

SUBJECT.—*Acceptance of debits by indenting Ministries/Departments on account of payments made by supplying Departments on behalf of the former.*

The undersigned is directed to invite a reference to the provisions of paragraphs 105 and 106 of the General, Financial Rules, Volume I (extracts enclosed) and to state that recently a question arose whether it would be in order for Ministries/Departments of Government to accept debits raised against them by Departments which have made purchases of stores etc. on behalf of the former, even if such acceptance would result in an excess in the grant controlled by the Indenting Ministry/Department.

2. The question has been carefully considered with reference to the constitutional provisions in consultation with the Ministry of Law and the Comptroller and Auditor General of India and the correct position in this regard is explained below:

- (i) Article 114(3) of the Constitution of India joins that, subject to the provisions of Articles 115 and 116 no moneys shall be withdrawn from the Consolidated Fund of India except under appropriation made by law. Again, Art. 266(3) lays down that no moneys out of the Consolidated Fund of India shall be appropriated except in accordance with law and for the purposes and in the manner provided in the Constitution.
- (ii) Unforeseen expenditure not provided for in the appropriations made by Parliament by law under Articles 114, 115 and 116 of the Constitution can be met, pending its authorisation by law, only by obtaining an advance from the Contingency Fund of India under Art. 237(1) of the Constitution.

- (iii) In view of the constitutional position explained above, it is not open to a disbursing authority to incur or authorise payments in excess of the amounts provided in the Appropriation Acts. If inevitable payments, for which no appropriation exists, have to be made, an advance from the Contingency Fund of India should be obtained before the expenditure is actually incurred.
- (iv) In case where supplies etc. are obtained through supplying departments or departments performing agency functions, the indenting Ministries/Departments should ensure before placing an order upon the former for incurring the liability that provision has been or will be made as indicated above in the grants of the year in which the expenditure is likely to be incurred. Once the orders have been placed and the payments made, it would not be in order to decline to accept the debits in question on the ground that they would cause an excess over the sanctioned grants or appropriations. In such cases, the excesses will have to be regularised by obtaining excess grants under Art. 115 of the Constitution.

3. The responsibility for seeing that the authorised appropriation is not exceeded devolves on the authorities administering the grants *vide* Rule 12 of the General Financial Rules, Vol. I. These authorities should in regulating the appropriation, take into account all liabilities which are likely to be adjusted against the grant during the year and take appropriate steps to obtain funds for the purpose. Attention, in this connection, is invited to this Ministry's O.M.No. 15(1)-E.G.I./55 dated 3rd August, 1955 (copy enclosed) wherein the procedure for control of expenditure as well as for maintenance of liability registers for the purpose has been laid down. A copy of the instructions issued by the Comptroller and Auditor General to all Accountants General No. 542-Admn.II/89-58 dated 11th March, 1958 to enable Departmental authorities to know their liabilities on account of adjustments of debits likely to be received, is also enclosed for information.

4. The undersigned is directed to request that these instructions may be noted by the Ministry of Home Affairs etc. for future observance and also brought to the notice of officers serving under them.

(Sd.) A. R. SHIRALI,
Additional Budget Officer to
the Government of India.

GENERAL FINANCIAL RULES

VOLUME I

Inevitable Payments

105. It is an important financial principle that money indisputably payable should not, as far as possible, be left unpaid (*vide* also para. 14) and that money paid should under no circumstances be kept out of accounts a day longer than is absolutely necessary even though the payment is not covered by proper sanction. It is no economy to postpone inevitable payments even for the purpose of avoiding an excess over a grant or appropriation and it is very important to ascertain, liquidate and record the payment of all actual obligation at the earliest possible date. It must be borne in mind that if an inevitable payment, is required to be made in the absence of funds, the error lies not so much in the payment as in the entering into of the relevant liability.

NOTE.—When demands (original or supplementary) are placed before the legislature, suitable provision should always be made for anticipated liabilities, and the provision in Note 3 below para 321, that adjustment should not be made in the previous year's accounts in certain circumstances should not be used as a cloak to conceal the results of defective budgeting. The onus of proving that the disbursements could not have reasonably been anticipated should lie on the Controlling Officer.

106. A disbursing Officer may not on his own authority authorise any payment in excess of the funds placed at his disposal; but absence of funds should not necessarily prevent the payment of any sums really due by Government. If the disbursing officer is called upon to honour a claim which is certain to produce an excess over the allotment or appropriation at his disposal, he should take the orders of the administrative authority to which he is subordinate before authorising payment of the claim in question.

COPY OF O.M. No. 15 (1)-E.G.1/55 DATED 3RD AUGUST, 1955 FROM THE MINISTRY OF FINANCE TO ALL MINISTRIES AND COPY TO COMPTROLLER AND AUDITOR GENERAL OF INDIA ETC.

SUBJECT.—*Control of Expenditure—Maintenance of Liability Registers.*

The undersigned is directed to invite a reference to para. 12 of the General Financial Rules, Volume I which prescribes, *inter alia* that in order to maintain proper control over expenditure, a Controlling Officer should arrange to be kept informed not only of what

actually has been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it. Accordingly, the spending authorities and the Ministries of the Government of India should have an idea of the progressive liabilities and commitments in respect of which payments will have to be made (a) during the financial year and (b) in the following financial year. No procedure has, however, so far been prescribed as to how the Controlling Authority should obtain this information with the Comptroller and Auditor General that a monthly Liability Statement entries for which should be progressive and give the position of outstanding liabilities up to the month to which the Statement relates should be obtained by each Controlling Authority commencing from the month of October in each financial year. This Liability Statement will be in addition to the prescribed monthly statement in Form G.F.R. 7 which is only a statement of actual expenditure incurred. The Controlling Authority should maintain a Liability Register (in the same form as the Liability Statement) in which the particulars furnished in the monthly statements should be consolidated. This will not only facilitate the exercise of effective chequer control and the preparation of correct budget estimates but will also help in the elimination of cases of excesses over grants and of non-surrender of savings.

2. The Ministry of Home Affairs etc. are requested to bring these instructions to the notice of all Heads of Departments and other Controlling Officers under them for compliance.

COPY OF LETTER No. 542-ADMN.II/89—58 DATED 11TH MARCH 1958 FROM THE COMPTROLLER AND AUDITOR GENERAL OF INDIA, NEW DELHI TO ALL ACCOUNTANTS GENERAL AND COMPTROLLER, KERALA AND ADDL. ACCOUNTANT GENERAL, DAMODAR VALLEY CORPORATION AND SINDRI PROJECT, CALCUTTA, COPY TO MINISTRY OF FINANCE (BUDGET DIVISION) ETC.

SUBJECT.—*Procedure regarding control of expenditure incurred by one Department on behalf of another in respect of supplies and services and adjustment of debits therefor.*

Sir,

I am to state that this office has had under consideration the question of effective control over expenditure incurred by the Government/Department on behalf of another, which is adjusted through book transfers.

2. A large and important category of such transactions relates to stores purchased through the Director General, Supplies and Disposals, High Commissioner for India in United Kingdom, India Supply Mission, Washington or the Indian Embassies elsewhere. The present position is that in all such cases the officer against whose allotment of funds the payment is debited, gets the earliest intimation of it only through his Accounts Officer after the monthly account in which the debit is included, has been closed.

3. Another category is book adjustments in respect of cost of service rendered or supplies made by other Governments and also by other Departments of the same Government where under the directions in Chapter 4—Account Code, Volume I, inter-departmental adjustment is permitted. In such cases, when debits are received supported by the acceptance on invoices, the Accountant General adjusts them without any further reference to the Departmental Officer. Where, however, a debit is not supported by a record of acceptance by an officer of the department concerned, the Accountant General is required [para 5(3), Annexure B to Chapter 5—General Financial Rules, Volume I] to obtain the concurrence of the department concerned before accepting and adjusting it.

4. With a view to provide a second line of defence against lapses in proper and efficient control of expenditure, it has been decided that the Accountant General should send intimation of adjustments of debits received from or demands made by other Accounts Officers to the departmental officer concerned as soon as any such adjustment is made or the demand is accepted for payment, instead of doing it after the closing of the month's accounts as at present.

5. In the case of purchase of stores, arrangements are also being made with the Central Government that instructions are issued to the paying authorities both in India and abroad that they should send automatically in every case, an intimation to the indenting officer as soon as a payment is made on his behalf, independently of any action with the Accounts Officer for adjustment of the transactions.

No. Q/7340 (3) B&A II/63 (EAI/63/1/69)

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, the 29th^a May, 1963.

- (1) All Indian Missions and Posts abroad.
- (2) Chief Secretary, NEFA, NHTA, Pondicherry, Goa, Daman and Diu, and
- (3) Administrator, Dadra and Nagar Haveli.

SUBJECT.—*Recommendations of the Public Accounts Committee on Preparation of Budget Estimates, and Settlement of Audit Objections*

The Public Accounts Committee in their 8th Report (Third Lok Sabha) have made certain recommendations with a view to improving the current methods of preparation of budget estimates and effecting economy in expenditure. The following instructions, based on their recommendations, are issued for guidance of all concerned :—

(I) Preparation of Budget Estimates

(a) Large savings are indicative of bad budgeting as they clearly prove the inability to spend usefully the funds to the extent anticipated. In the context of the development plans, it becomes all the more necessary that the administrative Ministries should frame their estimates more realistically so that the Parliament is not asked to vote for funds which cannot be utilised.

(b) Since savings continue to occur in the Schemes executed by the various authorities, the system should be reviewed with a view to providing realistic estimates in this behalf in the budget placed before the Parliament.

(c) At the time of making provision for imported equipment, the possibility of their procurement within the financial year should be carefully examined otherwise, only a token provision should be included in the budget to be followed by a supplementary grant, if necessary. Closer co-ordination between indentors and suppliers should greatly facilitate to matters. The procedure laid down in

sub-paras (f) and (g) of the Ministry's Memo. No. F.4-18/Aud-54, dated 28th January, 1955 should be followed.

(d) The practice of surrendering funds in the last month of the financial year is far from satisfactory. The procedure laid down in the Ministry's Memo. No. F.9(4)-B&AI/62, dated 1st February, 1963 should be scrupulously followed. Serious notice will be taken of any disregard of the instructions issued in this behalf.

(II) Clearance of Audit Objections

Steps should be taken for clearing audit objections promptly without letting them accumulate. In this connection attention is invited to this Ministry's Office Order No. F.4(8)-Aud-54 (E.O. 152/57) dated 20th July, 1957, wherein the procedure to be followed for expediting settlement of audit objections has been described.

(Sd.) N. Krishnan,

Deputy Secretary to the Govt. of India.

No. F.4-18/Aud-54

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, the 28th January, 1955.

To

All Heads of Indian Missions and Posts abroad including High Commissioner for India in U.K., London.

SUBJECT:—*Recommendations of the Public Accounts Committee made in their Ninth, Tenth, Eleventh and Twelfth Reports.*

The Public Accounts Committee in their above-mentioned Reports, have made certain recommendations with a view to bring about better control over expenditure and correct budgeting. The following instructions based on their recommendations are accordingly issued for the guidance of all concerned :—

(a) In respect of purchase of stores in a foreign country, it must be ensured that no contract is negotiated through intermediaries having little or no standing or credentials. It is essential that in all cases where contracts or transactions are entered into with private firms, it should first be ascertained whether the supplies indented for are available locally for export, and every care should be taken to verify their financial position through Banker's reference or by consultation with the Government concerned. When

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dealing with private firms in a foreign country, it is usually desirable to take the Government of that country into confidence, unless the Head of a Mission considers otherwise for political or other reasons.

(b) Whenever stores are purchased, the relevant contracts should be placed after tenders have been openly invited. In specific cases where this requirement cannot be followed and general exemption from this rule does not exist, special sanction of the Government of India should be obtained in advance for relaxing this condition. The local law should be ascertained and a draft contract should be drawn up and sent to the Government of India for scrutiny along with the extracts of the law in question. Therefore the Government of India will scrutinise the draft contract in consultation with their associate Finance and the Law Ministry.

(c) When stores are to be procured from the U.K. or other Continental countries, the agency of the India Stores Department, London, should invariably be utilised for such purchases. Any departure from this procedure should be supported by adequate justification for which sanction of the competent authority should be obtained in advance. Whenever purchases are made from other countries where Indian Missions exist, the advice of the Head of the Mission concerned should be obtained and, as far as possible, negotiations should be conducted through him.

(d) Whenever a contract is to be entered into by or on behalf of Government, a clause providing for revision in the agreement wherever considered necessary according to circumstances by the contracting parties, should invariably be made.

(e) Non-finalisation of specifications before the placing of an indent and subsequent changes from time to time without calculating their effect on the ultimate cost of a contract, is considered a very serious lapse on the part of the indenting as well as the supplying departments, as it not only entails loss of public money but also provides scope for certain malpractices etc. It is, therefore, essential that wherever a change in specifications is considered absolutely necessary and involves considerable financial commitments, the matter should not be decided upon at a level of junior officers, but in each case sanction of the Head of the Department should be obtained who in turn should consult his accredited financial advisers before arriving at a final decision.

(f) It is also desirable that there should be close co-ordination between the indenting and supplying Ministries of the Government

of India and their respective attached and subordinate offices at all stages so that there is no occasion or attempt to shift responsibility from one to the other.

(g) The indenting departments should invariably ascertain the precise position in regard to supplies within the year and estimate, as accurately as possible, the total expenditure against their appropriations. In case the supplies are not likely to mature during the year, immediate steps should be taken to surrender the funds, and provision made in this behalf should be included in the next year's budget estimates or revised estimates. In this connection specific attention is drawn to the instructions already contained at item No. 4 of this Ministry's Memorandum No. F.26(2)-A/52, dated 17th Sept. 1952.

(h) Inordinate delays in arriving at decisions on disciplinary cases against officials found guilty of misuse of public money; indiscreet selection of supplying firms; dereliction of duty in not properly inspecting the finished goods tendered by the contractors; exceeding their financial powers and attempting to shift the responsibility for their acts of omission and commission to others, should be discouraged. In this connection, attention is invited to instructions already issued, *vide* this Ministry's Memo. No. F. 26(2)-A/52, dated 17th September, 1952, and letter No. D.562-AII/53, dated 4th Sept., 1952.

(Sd.) A. S. MEHTA,
Deputy Secretary.

1. Copy forwarded for information and guidance to:—

- (i) Adviser to the Governor of Assam, Shillong.
- (ii) Financial Adviser to the Governor of Assam, Shillong.
- (iii) All Officers and Sections of the Ministry of External Affairs.
- (iv) All Ministries of the Government of India (with 10 spare copies each).

It is also desirable that Government orders involving financial implications should be worded in clear and precise terms and should not be vague or ambiguous, so that they may not be susceptible of different interpretations by the subordinate authorities.

Copy forwarded to (i) Ministry of Finance (E.A. Division); (ii) The Comptroller and Auditor General of India, New Delhi; (iii) The Accountant General, Central Revenues, New Delhi; (iv) The Auditor, Indian Accounts, London and (v) The Audit Officer, Indian Accounts, Washington.

By order, etc.,

(Sd.) P. N. MATHUR,

Under Secretary to the Government of India.

GOVERNMENT OF INDIA
MINISTRY OF EXTERNAL AFFAIRS

To

All Missions and Posts abroad.

Memorandum No. 26(2)-A/52

New Delhi, the 17th September 1952

SUBJECT:— Report of the Public Accounts Committee 1951-52 on the Appropriation account for 1948-49 and unfinished accounts of 1947-48 post partition.

The Public Accounts Committee, in their Report on the Appropriation Accounts (Civil) of 1948 and unfinished Accounts (Civil) of 1947-48 (Post Partition), have made certain recommendations with a view to bringing about better control over expenditure and correct budgeting. The following instructions based on their recommendations are accordingly issued for the guidance of all concerned:—

- (1) Expenditure in excess of the sanctioned grant or excessive budgeting by asking for more funds than actually required must be avoided.
- (2) The administrative authorities should before framing the budget estimates carefully study the exhaustive instructions already issued on the subject, *vide* this Ministry's Memorandum No. F. 15(8)-A/50, dated the 24th August, 1950. The estimates should be prepared as accurately as possible.
- (3) After the sanctioned grants become known strict control should be exercised on the expenditure from the beginning of the financial year so as not to allow it to go beyond the sanctioned limit.
- (4) In order to obviate cases of surrender of funds resulting from the non-adjustment of debits for supplies and

services during a financial year, a close watch should be kept and the indenting authorities should ascertain from the suppliers whether and when the supply is likely to materialise. If payment is not likely to be made before the close of the financial year the funds provided for the purposes should be surrendered as early as possible before the close of the year.

- (5) Provision in the budget estimates for a specific purpose should not be spent on other items without the prior approval of the Government of India.
- (6) The figures of expenditure booked by the spending department should be reconciled with those booked by the respective accounts officers. The Accountant General, Central Revenues, has been requested separately to communicate the booked expenditure to the Missions concerned every month. It will thus primarily be the duty of the Mission to reconcile the figures of expenditure, in direct correspondence with the Accountant General, if there are any difference between their figures and the figures of the Accountant General.
- (7) All officials responsible for estimating, spending and accounting, from the highest to the lowest, should at all times be conscious of their responsibility for proper spending and accountal of money. Prompt action should be taken against officials responsible for any irregularity. In cases of misuse of public money, reckless disregard of official rules, extravagance, and losses resulting from ignorance of officials, responsibility should be fixed on the individual Officer concerned, and the full facts reported to this Ministry with an explanation in writing of the Officer concerned. In future positive action will be taken against such officials for waste of public funds resulting from their wilful action or contributory ignorance and all such officials found guilty will have to be dealt with severely. Where an officer is found to have exceeded his financial powers, he will be held personally responsible for such excesses if these are not covered by the sanction of the appropriate authority.
- (8) An officer-in-charge of cash and accounts if found delinquent in his duties will not be excused on the ground that he could not attend to his work properly as he had other duties to perform in addition.

- (9) Seeking of *ex-post-facto* sanction of expenditure should be discouraged. This could be achieved by seeing that expenditure for which sanction has not been sought is not incurred unless it is within the financial power of the Head of the Mission. The Government of India will refuse such sanctions in future unless there are valid reasons for granting them. The Accounts Officers have been instructed to keep a separate account of such cases. If the *ex-post-facto* sanction is refused, all such cases will specifically be placed before the Public Accounts Committee. Sanction to expenditure should always be sought in advance and the Government of India should not be faced with a *fait accompli*.
- (10) Prompt attention should be paid to all audit objections raised by the Audit Officers, whether in the course of central audit or in local audit. The replies to audit objections should be couched in polite language and the information given should as far as possible be completed in all respects so as to avoid unnecessary correspondence.

Sd./- V. S. SWAMINATHAN,
Deputy Secretary.

APPENDIX VI

MINISTRY OF EXTERNAL AFFAIRS

Note regarding the amount expended in excess of the grant for the year ended 31st March, 1962, in respect of Grant No. 47-Cabinet for the year (1961-62).

| | Rs. |
|--------------------|-----------|
| Final Grant | 38,70,000 |
| Actual Expenditure | 39,57,278 |
| Excess | 87,278 |

In accordance with Article 115 of the Constitution, this excess expenditure is required to be regularised by Parliament.

2. The excess mainly occurred under the following sub-head:—

| <i>Sub-head</i> | <i>Final Grant</i> | <i>Actual Expdt.</i> | <i>Excess</i> |
|---------------------|--------------------|----------------------|---------------|
| A. 3-Tour Expenses. | 8,00,000 | 9,09,322(+) | 1,09,322 |
| O-7,00,000 | | | |
| S-1,00,000 | | | |

2. A provision of Rs. 7·00 lakhs was originally made in the budget estimates for 1961-62 under this sub-head. The grant as a whole was reviewed in the month of January, 1962, to see whether any supplementary grant was necessary. The review was made on the basis of the actual expenditure for the first eight months i.e., upto November, 1961, and estimated expenditure for the remaining four months. Keeping in view the trend of expenditure during the first eight months (Rs. 4·49 lakhs), it was felt that the total expenditure under this sub-head would not exceed Rs. 8·00 lakhs, against the sanctioned grant of Rs. 7·00 lakhs. Accordingly, a supplementary grant of Rs. 1·00 lakh was obtained on 30th March, 1962, under this sub-head to meet the anticipated excess expenditure.

3. The grant as a whole was finally reviewed again in the month of March, 1962, on the basis of the actual expenditure for the first ten months and estimated expenditure for the remaining two

months. This review revealed that the total expenditure under the grant as a whole during the year would amount to Rs. 38,48,510 only against the sanctioned grant of Rs. 38,70,000, thereby resulting in a saving of Rs. 21,490. So far as sub-head 'A.3-Tour Expenses' was concerned, the actual expenditure upto January, 1962 was Rs. 6.49 lakhs against the final sanctioned grant of Rs. 8.00 lakhs. It was then felt that the balance of Rs. 1.51 lakhs under this sub-head would be sufficient to cover the expenditure on tours of Ministers* during the remaining two months and that there was no need to augment the provision further under this sub-head. Accordingly, the saving of Rs. 21,190 in the Grant as a whole was duly surrendered.

4. The actual expenditure under this sub-head during the year, however, amounted to Rs. 9,09,322 against the final grant of Rs. 8,00,000 thereby resulting in an excess of Rs. 1,09,322. The fact that there had been an excess under this sub-head came to light only when the draft Appropriation Account was received from the A.G.C.R. in the month of September, 1962, when it was too late to augment the provision for the year (1961-62). As a matter of fact out of the total expenditure of Rs. 9,09,322, an amount of Rs. 1,98,507 was adjusted in March (final) and March (Suppl.) batches i.e. after the close of the financial year (1961-62).

5. The excess of Rs. 1,09,322 under this sub-head was due to adjustment of arrears (Rs. 1,78,000) pertaining to previous years relating to requisitioned railway accommodation etc., for which debits were raised by the Railway Administrations direct with the A.G.C.R. These arrear adjustments came to the notice of this Ministry only after the close of the financial year (1961-62). Till 1962-63 the Ministries themselves were doing the reconciliation work in respect of the sub-head 'A-Cabinet'. Apparently this work was not being done properly by them. Had this been done, these adjustments would have come to notice in time and necessary funds could have been provided by supplementary grant. To avoid similar situation, in future, the reconciliation work with effect from 1963-64 has been taken over by this Ministry.

6. The following further steps have been taken to ensure timely raising of debits by the railway Administrations etc. and correct assessment of the expenditure on tours of Ministers by the respective Ministries:—

- (i) Ministry of Railways (Railway Board) have issued, at the instance of this Ministry, instructions on 29th October, 1958 to the administrations of the various Railways, to raise the debits promptly in respect of railway requisitioned accommodation;

- (ii) Instructions have also been issued to all the Ministries that High Official Requisition forms should be completed in all respects and the name of the Minister, Deputy Minister etc. for whom the railway accommodation is required is invariably mentioned in the requisition form before it is sent to the Railway authorities, to enable them to raise the debits in time;
- (iii) All the Ministries have been asked to maintain a separate liability register for Ministers' tour expenses and make a note of financial liability in it as soon as the requisition for Railway/Air accommodation is made. (The Ministries have intimated that they have started maintaining liability register for this purpose with effect from the year (1962-63).
- (iv) The Ministries have also been requested that before intimating the requirement of funds to this Ministry, on nine monthly and eleven monthly basis, an assessment should be made by each Ministry of the expenditure already incurred upto that period and probable expenditure for the remaining period of the year after consulting, wherever possible, the tour programmes of Ministers and that the liabilities already undertaken, such as debits pertaining to railway requisitioned accommodation, etc., should also be taken into account and the requirements of funds to be intimated to this Ministry should invariably be based on the results of such assessment.

7. Expenditure under this sub-head is of an uncertain and fluctuating nature and depends on the extent of tours undertaken by the Ministers. It is not, therefore, possible to foresee with any degree of precision and exactitude the expenditure likely to be incurred on this account particularly on tours abroad during a particular year. Necessary provision of funds under this sub-head is, therefore, made in the light of actual trend of expenditure incurred during the course of the year and also during previous years.

8. The above excess was to some extent counter-balanced by savings elsewhere in the grant bringing down the net excess for the grant as a whole to Rs. 87,278.

9. This note has been seen by Audit.

FATEH SINGH,
Joint Secretary.

APPENDIX VII

MINISTRY OF EXTERNAL AFFAIRS

Explanatory note relating to excess of Rs. 9,26,817 registered under Grant No. 50-Police during 1961-62.

| | |
|--------------------|-------------|
| Final Grant | 7,09,85,000 |
| Actual Expenditure | 7,19,11,817 |
| Excess | 9,26,817 |

During 1961-62 the expenditure under Grant No. 50-Police exceeded the final grant by Rs. 9,26,817 which requires regularisation under Article 115 of the Constitution.

The excess occurred mainly under sub-head "D.I.-Charges paid to other Governments, Departments, etc." in Jammu and Kashmir Circle of Account due to:—

- (a) erroneous adjustment of debits pertaining to expenditure incurred by Defence Estimates on J. & K. Militia (Rs. 9,03,341); and
- (b) adjustment of old debits pertaining to the cost of air-lifts provided by the Indian Air Force to the personnel of Police Battalions on deputation to J. & K. (Rs. 35,851).

The position with regard to these two items is explained below.

- (a) prior to 1961-62, the expenditure on J. & K. Militia was borne partly by the Defence Estimates and partly by the Government of Jammu and Kashmir. It was decided that from the year 1961-62, expenditure on the following items would be borne by the Ministry of Home Affairs instead of by the Defence Estimates:—
 - (i) pay and allowances of Indian Army Officers, Junior Commissioned Officers and Other Ranks employed with the Militia;
 - (ii) charges on account of pension contribution in respect of the Indian Army Officers serving with the J. & K. Militia;
 - (iii) supply of rations, stores and equipment to the J. & K. Militia;

- (iv) expenditure on account of training of J. & K. Militia personnel in Indian Army Establishments;
- (v) cost of Military credit notes issued in connection with the despatch of ordnance stores from Ordnance Depots to J. & K. Militia;
- (vi) cost of Military Railway Warrants issued to the personnel of J. K. Militia;
- (vii) expenditure incurred on account of Resurvey Medical Boards held by Army Medical Authorities on J. & K. Militia personnel; and
- (viii) any other expenditure pertaining to J. & K. Militia.

It was further decided that the expenditure on these items will initially be incurred by the Defence Estimates and the Controller of Defence Accounts, Western Command will raise debits against the Accountant General, J. & K. for adjustment in the Central Section of his books under Major head 23-Police under Grant "Police".

On the basis of this decision, the C.D.A., W.C. raised debits against the A.G., J. & K. during 1961-62 and the A.G., J. & K. made adjustments in the Central Section of his books. As already stated, the liability of the Ministry of Home Affairs started from the year 1961-62 and the expenditure incurred by the Defence Department prior to that was not the liability of the Ministry of Home Affairs. The C.D.A., W.C., however, raised debits amounting to Rs. 9,03,34,132 pertaining to the year 1960-61 against the A.G., J. & K. who made the adjustments in the year 1961-62. As no provision was made for these debits, the adjustment thereof resulted in an excess.

However, the A.G., J. & K. later on took up the matter with the C.D.A., W.C. and asked him to withdraw these debits as they were erroneously raised against him. The C.D.A. ultimately agreed to this and withdrew the debits through his accounts for November 1962 (in the year 1962-63).

(b) The Indian Air Force provided air lifts to the personnel of Police Battalions on deputation in Jammu and Kashmir during 1960-61. The Ministry of Home Affairs were not aware of these air lifts. The Controller of Defence Accounts, Air Force did not raise the debits in that year. However the debits amounting to Rs. 35,851 were raised by him against the A.G., J. & K. in the year

1961-62. The Ministry of Home Affairs were not aware either of the raising of these debits or of these adjustments made by the A.G., J. & K. in the year 1961-62. Therefore no funds could be provided to meet the adjustment. As a matter of fact this Ministry came to know of this arrear adjustment long after the close of the financial year 1961-62.

3. It will be seen that out of the excess of Rs. 9,26,87 under this grant, an excess of Rs. 9,03,341 was due to an erroneous adjustment made in the Accounts. The net excess requiring regularisation by Parliament will, therefore, be Rs. 23,476 (Rs. 9,26,817 minus 9,03,341) in accordance with the decision embodied in Paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha). The note has been vetted by Audit.

P. K. DAVE,
Joint Secretary,
to the Government of India.

APPENDIX VIII

MINISTRY OF LABOUR AND EMPLOYMENT

NOTE

SUBJECT:—Regularisation of Excess over Voted Grant disclosed in the Appropriation Accounts (Civil) 1961-62—Grant No. 69—Labour and Employment.

Grant No. 69—Labour and Employment

| | |
|----------------------|-----------------|
| Voted Grant—Original | Rs. 5,80,53,000 |
| Actual Expenditure | Rs. 6,40,73,047 |
| Net Excess | Rs. 60,20,047 |

The net excess of Rs. 60,20,047 occurred mainly under Group head “E—Transfer to the Coal Mines Labour Housing and General Welfare Fund”.

2. The Coal Mines Welfare Fund Act, 1947, provides for the levy and collection of cess at a rate not exceeding 8 annas per ton. The rate of cess was fixed @ 37·5 nP per ton or 36·9 per metric tonne from 11th October, 1958 and 49·21 nP per metric tonne from 1st January, 1961 on coal and coke despatched from collieries. The Act further provides for the transfer of the proceeds of cess so levied to the Coal Mines Labour Welfare Fund from which the expenditure on the welfare measures for the benefit of coal miners is met. The cess is collected mostly by the railway authorities. All the collections are initially accounted for in the books of the Central Government as receipts under the Receipt Head “II—Union Excise Duty” and then transferred to the Coal Mines Labour Welfare Fund through the “Expenditure” Group head “E—Transfer to the Coal Mines Labour Housing and General Welfare Fund” subordinate to the Major Head “46—Labour and Employment”. The item is really not “expenditure” as it is ordinarily understood. It represents transfer of cess from one account to another which is treated as “expenditure” for budgetary purposes.

3. In the budget for 1961-62 a sum of Rs. 1,60,85,000 was provided under the Group head “E—Transfer to the Coal Mines Labour Housing and General Welfare Fund” at the then prevailing rate of cess amounting to 36·9 nP per metric tonne. The rate of welfare cess under the Coal Mines Labour Welfare Fund Act, 1947, was raised to 49·21 nP per metric tonne with effect from the 1st January, 1961.

No additional funds on this account, which worked out to roughly Rs. 53,95,000 could be provided in the budget estimates for 1961-62 as the decision to increase the levy of cess was taken after the budget estimates had been finalised.

4. During the month of October 1961 a proposal for a Supplementary Grant of Rs. 76,00,000 was made but in consultation with the Ministry of Finance (H.L.L. Branch), it was decided that as the estimates were then based on the actuals for the first four to five months and as more precise figures could be known only in December 1961 or January 1962, the question of obtaining a Supplementary grant should be taken up in the February 1962 session of the Parliament when the Ministry would have sufficient data to assess the need and extent of the Supplementary grant.

5. During February 1962 the position was again reviewed for the purpose of obtaining a Supplementary grant under this group head. On the facts then available, particularly the transfer of only Rs. 92,66,804 upto the end of November 1961, it was felt that no supplementary grant would be required.

6. The budgetary position in respect of the entire grant was again reviewed during March 1962 and the entire total available anticipated saving of Rs. 45,11,400 was re-appropriated to this group head, thereby increasing the original budget allotment of Rs. 1,60,85,000 to Rs. 2,05,96,400 in the final grant for 1961-62. Actually, however, total expenditure amounting to Rs. 2,71,65,500 was adjusted resulting in an excess of Rs. 65,69,100 over the reappropriated figure.

7. Out of the actual excess of Rs. 65,69,100 under the Group head "E—Transfer to the Coal Mines Labour Housing and General Welfare Fund" two sums amounting to Rs. 10,54,156 details of which are given below, did not pertain to the Coal Mines Labour Welfare Fund:—

- (a) Rs. 3,29,156: Pertains to Mica Mines Labour Welfare Fund but wrongly adjusted under this Group head. This was pointed out to the Accountant General, Bihar, for re-adjustment during the month of January 1962 by the Coal Mines Welfare Commissioner, Dhanbad.
- (b) Rs. 7,25,000: This amount was deposited by the National Coal Development Corporation for payment to the State Government of Bihar for certain works done by the State Government on behalf of the N.C.D.C. but in March 1962 (Supplementary), the A.G., Bihar adjusted the amount under the Coal Mines Labour Welfare Fund as it was included in a debit on account of Coal Mines Welfare Fund cess. The Coal Mines Welfare Commissioner,

Dhanbad, stated that this wrong adjustment could not be pointed out to the Accountant General, Bihar, as the accounts were closed.

Unusually heavy adjustments were made during the last four months of the year. A sum of Rs. 92,66,804 was adjusted upto the end of November 1961 while in the remaining four months the adjustments amounted to Rs. 1,78,98,696. This could not be anticipated.

8. The excess under this group head was counter-balanced to some extent by savings elsewhere in the Grant No. 69 which resulted in the net excess of Rs. 60,20,047. If the erroneous adjustment made in the Appropriation Accounts which amounted to Rs. 7,25,000 (being the amount payable to the State Government of Bihar) is omitted the Grant would show an excess of Rs. 52,95,047. It is accordingly suggested that in conformity with the decision taken in paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha) the above adjustment may be ignored while making the recommendation to Parliament for regularising this excess.

9. This note has been seen by Audit.

N. N. CHATTERJEE,
Joint Secretary to the Govt. of India.

APPENDIX IX
MINISTRY OF TRANSPORT
(TRANSPORT WING)

Note regarding excess over the voted Grant for 1961-62 relating to Grant No. 86—Ministry of Transport and Communications for 1961-62

Excess (Voted)-Rs. 1,07,235

Excess occurred mainly under the Group-heads A.1—Secretariat (Rs. 91,887) and A.2(2)-Roads Wing (Border Roads) (Rs. 1,03,905). It was partly offset by savings under the other Sub-heads resulting in an overall excess of Rs. 1,07,235 under the grant as a whole.

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

Sub-head A.1—Secretariat

- (i) A total expenditure of Rs. 1,36,922 was incurred by the Department during 1961-62 in connection with the Indian Industries Fair on behalf of Government Departments (Rs. 83,788) and other autonomous bodies (Rs. 53,134). As the entire amount was expected to be recovered during 1961-62, no provision was made under the Grant. A sum of Rs. 69,824 was adjusted in 1961-62 and the balance of Rs. 67,098 in 1962-63. Out of the amount adjusted in 1961-62, a sum of Rs. 38,063 which related to the Department of Light Houses and Light Ships and adjustable against another grant, was treated as minus expenditure under a misapprehension instead of as recoveries under this Grant.
- (ii) Non-availability of funds by re-appropriation. It was estimated on 17th March, 1962, that additional funds to the extent of Rs. 43,000/- would be required during the year 1961-62 for some unforeseen expenditure. While obtaining supplementary Grant under Group Head A.2, this amount was not included as it was expected that the excess would be met by re-appropriation of probable savings under other sub-heads. In reality, however, a sum of Rs. 16,200/- could only be found by re-appropriation, thus leaving an expenditure of Rs. 26,800/- uncovered.

- (iii) *Minor Excess.*—Rs. 6,969. This occurred due to minor excesses under various heads covered by "Contingency" which could not be foreseen.

Sub-head A.2(2)—Roads Wing (Border Roads):

- (i) 35,600 Due to error in adjustment of accounts.
- (ii) 40,358 Omission to provide for certain adjustments made by the Controller of Defence Accounts (Officers) and (other Ranks).
- (iii) 27,947 Due to payment of arrears of pay and allowances.

3. The Supplementary Grant of Rs. 1,55,000/- obtained in March, 1962 was in respect of sub-head "A.2—Roads Wing" and was utilised for the purpose it was obtained.

4. Taking into account the above Misclassifications under Group heads A.1 and A.2(2), the excess requiring regularisation would amount to Rs. 1,47,761 in terms of para 7 of the Sixteenth Report of the P.A.C. (First Lok Sabha).

5. The note has been vetted by Audit.

NAGENDRA SINGH,
*Additional Secretary,
 to the Govt. of India.*

APPENDIX X
GOVERNMENT OF INDIA
MINISTRY OF TRANSPORT

*A note on the Regularisation of excesses over voted Grants—90—
 Lighthouses and Lightships Appropriation Accounts for
 1961-62*

Demand No. 90—Lighthouses and Lightships

| | <i>Revenue Account</i> | <i>Capital Account</i> | <i>Total Grant</i> |
|-------------------------------|----------------------------|----------------------------|------------------------|
| Original Grant | 80,65,000 | 69,90,000 | 1,50,55,000 |
| Supplementary Grant | .. | 54,00,000 | 54,00,000 |
| Final Grant | 80,65,000 | 1,23,90,000 | 2,04,55,000 |
| Actual Expenditure | 89,54,002 | 1,21,64,494 | 2,11,18,496 |
| Variations | 9,89,002 | (—)2,25,506 | (+)6,63,496 |

The overall excess of Rs. 6,63,496 in the Grant for the year 1961-62 had been due to an excess expenditure of Rs. 8,89,002 in the Revenue Account, partly offset by a saving of Rs. 2,25,506 in the Capital Account as explained below :—

Revenue Account

The excess of Rs. 8,89,002 has been mainly due to the transfer of more surplus to the General Reserve Fund consequent upon the un-anticipated adjustments made by the Accountant-General, West Bengal in the closing accounts for the year 1961-62 of lightdues collections realised in the Andhra State during the previous years. The Department had no information regarding adjustment by Accountant-General, West Bengal of lightdues collections realised in Andhra State during the years 1958-59 to 1960-61. It was, therefore, not possible to make provision in supplementary grant for meeting this excess.

Capital Account.

The saving under Capital Account is Rs. 2,25,506 compared to Original Grant. There was also an excess of Rs. 3.17 lakhs under Capital Account—I. Lighthouses. This excess was counter-balanced by the un-utilised amount surrendered within the grant to the extent of Rs. 3.52 lakhs and other savings within the Capital Account.

NAGENDRA SINGH,
Additional Secretary
 to the Government of India.

APPENDIX XI

No. B-29(4)/63

MINISTRY OF TRANSPORT & COMMUNICATIONS

DEPARTMENT OF TRANSPORT (ROADS WING)

Note regarding excess over voted Grants and Charged Appropriation for 1961-62 relating to the Ministry of Transport and Communications.

Grant No. 95—Communications (including National Highways)

Excess Rs. 15,61,541.

The excess of Rs. 15,61,541 is the net result of excesses under two sub-heads in the Grant partly offset by savings under its other sub-heads. The sub-heads referred to are :—

| <i>Sub-head</i> | <i>Final Grant</i> | <i>Actual Expenditure</i> | <i>Variation</i> |
|---------------------------------------|--------------------|---------------------------|----------------------|
| | Rs. | Rs. | Rs. |
| B—REPAIRS | | | |
| B. 1—Maintenance of National Highways | 567,54,000 | 578,69,306 | (+) 11,15,306 |
| B. 2—Other Communications | 95,22,500 | 105,56,411 | (+) 10,33,911 |
| A. 1.—Minor Works | 6,15,000 | 5,19,605 | (—) 95,395 |
| C.—Tools & Plant | 18,82,500 | 13,90,219 | (—) 4,92,281 |

2. The excess under the sub-head 'B.1'—was due to expenditure in excess of the provision made in Delhi, C.P.W.D. (Gangtok, Central Division, Sikkim), Assam, Nagaland, Manipur, Bihar, Gujarat, Madhya Pradesh, Madras, Himachal Pradesh and Uttar Pradesh. The main excesses were in Bihar, Gujarat and Madhya Pradesh and were due to :—

- (i) unexpected flood damage repairs to keep the National Highways fit for traffic—Bihar (Rs. 6,38,998) and Gujarat (Rs. 3,39,673);

- (ii) carrying out of unavoidable and emergent repairs of National Highways in Madhya Pradesh (Rs. 4,43,185).

3. The expenditure on the maintenance and repairs of roads others than National Highways is booked under the subhead B.2—Other Communications. The excess under this subhead occurred in Andaman and Nicobar Islands, Sikkim (CPWD) Tripura, Manipur, North East Frontier Agency and Nagaland and was mainly due to:—

- (i) removal of landslides in Manipur, North East Frontier Agency and Nagaland (Rs. 3,95,583);
- (ii) maintenance of Roads to keep them open to traffic including flood damage works in Tripura (Rs. 2,94,174);
- (iii) payment of unforeseen arrear liabilities—Nagaland (Rs. 38,000) and which were not finalised prior to the estimation of final requirements for the year;
- (iv) unforeseen expenditure on the removal of log culverts Nagaland (Rs. 30,561).

4. The total amount demanded by the State Governments/ Administrations of Union Territories for the maintenance of National Highways and "Other Roads" at the time of framing the Revised Estimates was Rs. 842.62 lakhs (Rs. 737.78 lakhs + 104.84 lakhs). In an attempt to restrict the maintenance grant to the minimum extent possible and having regard to the actual figures of expenditure of Rs. 357.00 lakhs upto December 1961 (in respect of some States only upto November) then reported by the State Governments, the Department of Transport (Roads Wing) recommended only Rs. 675.00 lakhs (Rs. 580 lakhs + 95 lakhs) and asked the State Governments not to exceed this figure. The supplementary grant was accordingly restricted to Rs. 44.54 lakhs. The State Governments, however, could not restrict the expenditure to the allotment of funds for the reasons stated above.

5. The estimates of expenditure on the maintenance of National Highways and "Other Roads" during a particular year are framed on the basis of the actual expenditure incurred by each State during the past few years suitably weighted to allow for current increases in the price of labour and materials as well as the additional expenditure on unforeseen items like flood damage, repairs, etc. It is sometimes not possible for the State Governments to restrict their expenditure, strictly to the annual allotments made. The works relating to the maintenance of National Highways and "Other

Roads" are carried out by the various State Public Works Departments and in all, the approximate number of divisions in charge of the execution of the works is 400. Even if the excess incurred by each division is not very appreciable, the aggregate of such excesses in the case of all the divisions may work out to a considerable amount. However, the Government of India and the State Governments are taking all possible steps to obviate such excesses. One State Government went to the extent of informing the Divisional Officers that disciplinary action, which may even amount to demotion in service, would be taken against them in the event of any excess over the sanctioned grant being incurred in respect of the maintenance works carried out by them. It would, therefore, be reasonable to recommend the excess of Rs. 5,61,541 in the grant for regularisation under Article 115 of the Constitution.

6. This note has been seen by Audit.

H. P. SINHA,

*Consulting Engineer (Road Development) and
Joint Secretary to the Govt. of India.*

APPENDIX XII

DEPARTMENT OF ATOMIC ENERGY

Note to the Public Accounts Committee on the Excess disclosed in the Appropriation Accounts (Civil) for 1961-62 under Grant No. 103—Atomic Energy Research.

| | |
|--------------------|-----------------|
| Voted Grant | Rs. 5,85,60,000 |
| Actual expenditure | Rs. 5,91,96,244 |
| Net Excess | Rs. 6,36,244 |

The net excess of Rs. 6,36,244 has occurred on account of erroneous adjustment of Rs. 6.67 lakhs representing the remittance made by the Indian High Commission in U.K. to the Indian Embassy in Belgium for enabling the latter to make the payment to the supplier of Uranium concentrate; a debit for Rs. 6.79 lakhs for the actual payment to the supplier on this account had already been received from the Indian Embassy in Belgium earlier in the year and was adjusted to the final head of account by the Accountant General, Maharashtra. This mistake unfortunately could not be detected and set right before the accounts of the year were closed.

Had this misclassification not occurred, there would not have been any excess under the Grant. In the circumstances, in terms of para 7 of the Public Accounts Committee's 16th Report (1st Lok Sabha), no regularisation of excess by Parliament is necessary.

R. BHAKTAVATSALU,

*Joint Secretary,
Department of Atomic Energy.*

APPENDIX XIII

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

SUBJECT : *Regularisation of Excesses over Charged Appropriations disclosed in the Appropriation Accounts (Civil) 1961-62.*

Grant No. 128—Other Capital Outlay of the Ministry of Irrigation and Power—Excess in Charged Appropriation.

NOTE

On May 15th, 1956, administrative approval and expenditure sanction of the President was accorded to a flood control scheme for the protection of Indraprastha Estate and of the Railway Siding Embankment feeding supplies to the Power House at Delhi Gate. This scheme included an estimate amounting to Rs. 12,73,775/- for the construction of spurs and revetment on the right bank of the river Yamuna along the Railway siding from Power House to Drain No. 12. During 1961-62, an arbitration case arose in respect of the execution of this work. As a result of the arbitration award made on 12th April, 1961, a sum of Rs. 58,897/- was required to be paid to the contractor. Any payment made in such case is classified as 'Charged' expenditure. In this particular case, the amount of Rs. 58,897 was made up of two items: (1) refund to the contractor on account of penalty of Rs. 56,022 imposed by the engineering officer concerned due to alleged non-completion of the work in time and (2) extra payment of Rs. 2,875 awarded by the Arbitrator on account of the fact that the contractor had to bring earth for the flood protection work from a greater distance than originally envisaged.

2. The arbitral award had to be met in October, 1961. The executing agency (the Central Public Works Department) neither applied for an advance from the Contingency fund of India nor made a request for a Supplementary Appropriation in that year. Thus the expenditure remained uncovered. Instructions have already been issued to all concerned *vide* letter No. Bud.5(3)/62, dated 12th July, 1962 (copy enclosed) to report such expenditure to

this Ministry immediately it becomes payable and to submit proposals for obtaining a supplementary appropriation in time.

3. In the circumstances explained above, it is requested that the charged expenditure of Rs. 58,897 appearing in the Appropriation Accounts (Civil), 1961-62, may kindly be recommended for regularisation.

•

M. K. KIDWAI,

Joint Secretary to the Government of India.

No. Bud. 5(3)/62

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

From

Shri Daya Shankar,
Under Secretary to the Government of India.

To

All Administrations of Union Territories, Himachal Pradesh, Delhi, Tripura, Manipur, Nagaland, NEFA, Andaman & Nicobar Islands and Laccadive, Amindivi & Minicoy Islands.

New Delhi, the 12th July, 1962.

SUBJECT : *Provision for Charged expenditure to meet the payments of awards, decrees, etc., likely to be made against Government in coming year.*

Sir,

I am directed to refer to the Ministry of Finance (Department of Economic Affairs) Office Memorandum No. F. 2(55)-B/57, dated the 12th June, 1957 (copy enclosed for ready reference) on the subject mentioned above. The provision for expenditure on flood protection works and electricity schemes in Union Territories is made in Grant "Other Capital Outlay of the Ministry of Irrigation & Power". A case has recently come to the notice of the Government of India in which payment was made by an engineering officer in November to a contractor in satisfaction of an award given by the arbitrator. The fact, that the expenditure had been incurred in November was, however, brought to the notice of the Government of India only towards the end of February of the succeeding year after Demands for Supplementary Grants had already been submitted to Parliament. Even this was done in a routine way by the Officer concerned in a letter sent direct to the Government of India and no proposal for a Supplementary Grant in respect thereof was received from the Administration of the Union Territory in accordance with the prescribed procedure. The result was that the 'Charged' expenditure remained uncovered.

2. In order to avoid recurrence of such irregularities in future, the Government of India shall be grateful if you will kindly impress upon all the Subordinate authorities concerned with the execution of flood control and electricity schemes that they should submit proposals for Supplementary Grants addressed to the Department concerned of the Administration of the Union Territory (under intimation to this Ministry) immediately after the necessity of incurring the expenditure becomes apparent. The concerned Department of the Union Territory should also examine the position on a top priority basis and submit their recommendations to the Government of India well in time so that the necessary funds can be provided by obtaining a Supplementary Grant, if necessary, before the close of the financial year. The dates by which the requests for Supplementary Grants are to reach this Ministry are intimated to the Administrations of the Union Territories from time to time every year and I am to request that these dates may please be adhered to strictly in the submission of their proposals.

3. The receipt of this letter may please be acknowledged.

Yours faithfully,

Sd./- DAYA SHANKER,

Under Secretary to the Government of India.

Copy of the Office Memorandum No. F. 2(55)-B/57, dated the 12th June, 1957, from the Ministry of Finance (Department of Economic Affairs) to all the Ministries and Departments of the Government of India, etc. etc.....

SUBJECT : *Provisions 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 Government 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 Government 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 normal feature, provision may be included as a 'Charged' item of expenditure for the likely payments to be made during the year on the 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 payment, 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 before hand, 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 Government 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 Financial Adviser.

APPENDIX XIV

MINISTRY OF WORKS, HOUSING AND REHABILITATION

Note for the Public Accounts Committee relating to regularisation of excess in Grant No. 139—Capital Outlay on Buildings, 1961-62.

The excess disclosed in the Appropriation Account of the above-mentioned Grant is as under:—

Excess over-charged appropriation—Rs. 13,69,799/-.

2. The reasons for the above excess are explained below:—

(a) The excess of Rs. 13,69,799 under 'Charged' Section of the Grant is made up as follows:—

| Sub-head | Final Appropriation | Expenditure | Excess(+) Savings(-) |
|---|------------------------|----------------------|-------------------------|
| | Rs. | Rs. | Rs. |
| A. 1.—Original Works—Buildings | | | |
| A. 1(2)—Original Works—Other Buildings | 88,400 | 13,48,374 (+) | 12,59,974 |
| A. 2.—Establishment Charges credited to other Government Deptts. etc. | 1,600 | 1,11,414 (+) | 1,09,814 |
| A. 3.—Tools and Plant Charges credited to other Government Departments etc. | 100 | 10,011 (+) | 9,911 |
| Surrender within the Appropria- tion | 9,900 | .. | (-) 9,900 |
| .TOTAL | 1,00,000 | 14,69,799 (+) | 13,69,799 |

(b) The final appropriation of Rs. 1,00,000/- under 'Charged' Section was intended to meet the requirements of the Central PWD and the President's Estate and the break-up of figures along with the 'expenditure' and 'Excess/Saving' are given below :—

| Sub-head | Final Appropriation | Expenditure | Excess(+) Saving(-) |
|--|------------------------|----------------------|------------------------|
| A.1(2)—Original Works—Other Buildings : | | | |
| (a) Central PWD | 78,100 | 13,46,705 (+) | 12,68,605 |
| (b) President's Estate | 10,300 | 1,669 (-) | 8,631 |
| A. 2.—Estt. Charges : | | | |
| (a) Central P.W.D. | .. | 1,11,164 (+) | 1,11,164 |
| (b) President's Estate | 1,600 | 250 (-) | 1,350 |
| A. 3.—Tools and Plant Charges : | | | |
| (a) Central P.W.D. | .. | 9,998 (+) | 9,998 |
| (b) President's Estate | 100 | 13 (-) | 87 |
| Surrender within the Appropriation | 9,900 | .. (-) | 9,900 |
| TOTAL | 1,00,000 | 14,69,799 (+) | 13,69,799 |

3. It will be observed from these tables that against the final appropriation of Rs. 1,00,000, the actual expenditure for the year amounted to Rs. 14,69,799 resulting in a net excess of Rs. 13,69,799. There was an overall excess of Rs. 13,89,767 in the Central PWD area of the appropriation. This excess of Rs. 13,89,767 was counter-balanced by savings to the extent of Rs. 19,968 under President's Estate, etc., leaving an uncovered excess of Rs. 13,69,799.

4. (i) The excess over Charged appropriation is only due to the misclassification of expenditure to 'Charged' Section of the Grant, instead of 'Voted Section'. The expenditure of Rs. 14,67,867 as incurred on various works of the CPWD against the final grant of Rs. 78,100 is detailed in the attached statement. This shows that an expenditure of Rs. 13,20,027 (works outlay) and Rs. 1,19,983 (Departmental charges) was incurred on 11 works in the Maharashtra area, which alone is responsible for the entire excess in the grant under the 'Charged' section of account. This expenditure

was correctly debitable to *Plan (Voted)* Section of the grant but had been wrongly classified by the Executive Engineer, Bombay Central Division No. II as *Plan (Charged)* under a misapprehension.

The Central PWD Divisional Officer had classified the expenditure on 14 works in Maharashtra as *Charged (Plan)* in the monthly accounts for October and December, 1961 and January, 1962. In the monthly accounts for November 1961, February, 1962 and March, 1962, the Divisional Officer showed no classification—charged or voted and the audit office booked expenditure under voted in these months. The misclassification of expenditure as 'charged' could not be detected before the closing of the accounts. There has been some misunderstanding in regard to classification of expenditure in Divisional Office and this led to the excess over charged appropriation and also to corresponding savings in the 'Voted' Section of the grant, as necessary provision was made for all these works in Voted Section.

(ii) Further the Divisional Offices at Ajmer and Gwalior had also booked the expenditure on account of departmental charges (Rs. 1,179) for 'Charged' expenditure on works mentioned in the attached statement, under 'Charged' Section in contravention of standing instructions. This expenditure was to be correctly treated as 'Voted'.

5. The Divisional Officers concerned are being asked to be more careful in reconciling the departmental figures of expenditure with the audit office's figures before the close of the accounts for the year. The detailed instructions were last issued by the Chief Engineer, Central PWD in January, 1963 (copy attached). The need and importance of the reconciliation work has again been emphasised in a general circular issued to all budgeting authorities vide this Ministry's letter No. 6(4)/63-Bt, dated 28th May, 1963, copy attached.

6. After taking into account the above misclassification of Rs. 14,40,010 (13,20,027 + 1,19,983) and having regard to the principles enunciated in para 7 of the 16th Report of the P.A.C. (First Lok Sabha), there will not be any excess under the charged appropriation requiring regularisation.

(R. F. ISAR);

Joint Secy. to the Government of India..

*Details of Charged Expenditure in respect of Grant No. 139—
Capital Outlay on Building during the year 1961-62 under Central
P.W.D. areas.*

| S.No. | Name of work | Amount |
|-------------------------|--|------------------|
| MAHARASHTRA | | Rs. |
| 1. | Constn. of staff quarters at Bombay Phase-I | 5,70,052 |
| 2. | Constn. of Addl. General Pool (residential) accommoda- tion at Bombay | 31,663 |
| 3. | Constn. of Office buildings on plot No. 25 & 27, Queens Road, Phase-II | 957 |
| 4. | Constn. of Central Labour Institution, Bombay | 75,977 |
| 5. | Constn. of building for the National and Engineering College, Bombay | 68,314 |
| 6. | Constn. of Work-shop building for Central Training Institute for Instructors at Bombay | 1,38,281 |
| 7. | Filling of land and constn. of building for Central Training Instt. for Instructors, Bombay | 3,90,041 |
| 8. | Construction of canteen-cum-retiring room at Elephanta Island | 7,182 |
| 9. | Poultry House, Brooding House qrts. for Office- in-charge and two qrs. for Poultry attendants at Regional Poultry Farm, Bombay | 15,846 |
| 10. | Constn. of wireless Monitoring Station at Borrivle, Bombay | 16,862 |
| 11. | Constn. of office-cum-residential accommodation for officers and staff of Port Health Organisation, Bombay | 4,852 |
| | TOTAL—Works Outlay | 13,20,027 |
| | Estt. Charges | 1,10,084 |
| | T & P Charges | 9,899 |
| Madhya Pradesh : | | |
| 1. | Constn. of bldg. for Regional Records office of National Archives of India at Bhopal and Sub-works | 3,710 |
| | Estt. Charges | 371 |
| | T & P Charges | 28 |

Rajasthan :

| | |
|--|-------|
| I. Constn. of office bldg. for A.G., Rajasthan at Jaipur . | 9,450 |
| Estt. Charges . . . | 709 |
| T & P Charges . . . | 71 |

Uttar Pradesh :

| | |
|---|-------|
| I. Constn. of Hostel Building at F.R.I., Dehradun . | 3,826 |
|---|-------|

Punjab :

| | |
|--|-------|
| I. Constn. of addl. bldg. for SEO and BDO Training Centre at Nilokheri | 9,692 |
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|--------------------------------|--------|
| Total Works Outlay . . . | 26,678 |
| Establishment Charges . . . | 1,080 |
| Tools and Plants Charges . . . | 99 |

| | |
|----------------------------|-----------|
| Total Works Outlay . . . | 13,46,705 |
| Estt. Charges . . . | 1,11,164 |
| Tool & Plant Charges . . . | 9,998 |

No. 12(7)/62-B(CE)
GOVERNMENT OF INDIA
CENTRAL PUBLIC WORKS DEPARTMENT
New Delhi, the January, 1963.

MEMORANDUM

SUBJECT:—*Reconciliation of departmental figures of work expenditure in respect of Civil Works Grants with the Accounts Offices.*

It has been observed that the reconciliation of departmental figures of expenditure with those of Accounts Offices is not being given proper attention by our Divisional/Circle/Zonal Offices. This is borne out by the fact that it has not been possible for the Central Office to obtain a certificate from them to the effect that expenditure figures for the period ending 31st March, 1962, have been reconciled with the Audit Office. Such a certificate is to be furnished to the Government of India. No complete quarterly report in the matter has been submitted to the Government of India last year or this year so far. Even the excesses disclosed under various sub-heads subordinate to the major head '50-Public Works Central' in the accounts for year 1960-61 have been attributed by the P.A.C. mainly due to non-reconciliation of departmental figures regularly. Consequently the delay in reconciliation not only means delay in the compilation of the appropriation accounts which leads to unnecessary criticism if the accounts are printed without incorporating the explanation for variations, but also results in the commission of other lapses which would be avoided largely if the prescribed procedure is observed in the matter.

The Government of India are anxious that the appropriation accounts along with the Audit Report relating to a financial year should be made available by the 15th February of the following year. It would, therefore, be necessary to take special steps to ensure prompt reconciliation of departmental figures. If this work is not done regularly and allowed to fall into arrears, the Audit Office figures will have to be accepted as final, at the close of the year and the discrepancies, if detected by a belated check, will have to be explained as such to the P.A.C. This would, however, not be a happy state of affairs. At present, this work is carried out through the Audit Appropriation Statements submitted quarterly for the

first six months and thereafter monthly by the Superintending Engineer to the Audit Office who, after verification, returns one copy to the Superintending Engineer and the other copy to the Additional Chief Engineer. But no proper watch is kept by the Circle/Zonal offices about its punctual submission/regular receipt to/from the Audit Office nor any personal efforts are made to expedite matters. As almost all the Divisions and Circles are located at the same station as the offices of Accountants General, the Executive Engineer and/or Superintending Engineer should depute a responsible official from his office to the Accounts Office at regular intervals, for reconciliation. Where none of our offices happens to be at the headquarters of the Accounts Offices, the work may be handled by the Divisional or Circle Office (as convenient and feasible) through correspondence as well as by deputing a responsible official to the Audit Office periodically. In this connection, it would be desirable to settle the dates for such reconciliation, in advance, by personal discussion with the Audit Office. As the onus for reconciliation of the departmental figures with the Audit Office rests with this Department and no delay in the compilation of appropriation accounts can be brooked, the Divisional Officer will be personally responsible to watch the progress of verification and report the same periodically to the Superintending Engineer. If reconciliation is done properly and regularly, all misclassification of expenditure could be rectified in time and there would be no occasion to explain variation as 'due to misclassification'. This would also be the acid test of the performance of the Divisional/Circle Office. A serious view will have to be taken for non-compliance of these instructions.

According to the instructions of the Government of India, a report for each quarter is to be submitted to them by the last week of the last month of the following quarter. The Superintending Engineer concerned should, therefore, submit a quarterly certificate of reconciliation of departmental figures under each sub-head, etc. in respect of civil works grants with the Accounts Offices by the 10th of the last month of the following quarter to the Additional Chief Engineer concerned in the following form:—

"Certified that the figures of expenditure, pertaining to the Divisions under-Circle, under each sub-head, minor head, etc., in respect of civil works grants have been reconciled with the figures booked in the Accounts Offices for the quarter ending.....".

The receipt of this communication may be acknowledged.

N. G. DEWAN,
Chief Engineer.

To

All Superintending Engineers/Executive Engineers/Assistant Engineers in charge of Independent Sub-Divisions (by name)

No. 12(7)/62-B(CE) Dated, New Delhi, the January, 1963.

Copy forwarded to all the Additional Chief Engineers for information. They are also requested kindly to watch that the above instructions are followed by all Divisional/Circle Offices. This would, however, require deputing some assistants occasionally to the office of the Accountant General. A quarterly report may kindly be submitted by the 15th of the last month of each quarter.

N. G. DEWAN,
Chief Engineer.

GOVERNMENT OF INDIA
MINISTRY OF WORKS, HOUSING & REHABILITATION
(Deptt. of W & H)

No. 6/4/63-Bt.

New Delhi, the 28th May, 1963.

From

Shri P. K. Sen, Deputy Secretary to the Govt. of India.

To

1. The Chief Engineer, C.P.W.D., New Delhi.
2. The Chief Controller of Printing & Stationery, New Delhi.
3. The Chief Pay and Accounts Officer, Ministry of W. H. & Supply, New Delhi.
4. The Director of Estates, New Delhi.
5. The Director of National Buildings Organisation, New Delhi.
6. The Land and Development Officer, New Delhi.
7. The Chief Inspector of Explosives, Nagpur.
8. The General Manager, Hindustan Housing Factory, New Delhi.
9. The General Manager, Hotel Janpath, New Delhi.
10. The Chairman, National Buildings Construction Corporation, New Delhi.
11. The Military Secretary to the President, Rashtrapati Bhavan, New Delhi.
12. The Additional Chief Engineer (I), C.P.W.D., New Delhi.
13. The Additional Chief Engineer (II), C.P.W.D., New Delhi.
14. The Additional Chief Engineer (III), C.P.W.D., Calcutta.
15. The Additional Chief Engineer (IV), C.P.W.D. New Delhi.
16. The Additional Chief Engineer (Lands), C.P.W.D. New Delhi.
17. The Chief Commissioner, Delhi Administration (Public Works Department) Delhi.
18. The Superintending Engineer, Delhi State Circle, New Delhi.
19. The Chief Commissioner, Manipur Administration, (Finance Deptt.), Imphal.

20. The Chief Commissioner, Tripura Administration (Public Works Deptt.), Agartala.
21. The Chief Engineer and Secretary to the Himachalpradesh Administration, Public Works Deptt., Simla-4.
22. The Chief Commissioner, Andaman and Nicobar Islands, Port Blair.
23. The Adviser to the Governor of Assam, NEFA, *Shillong*.
24. The Superintending Engineer, Nagaland, Kohima.
25. The Administrator, Laccadive, Minicoy and Amindivi Islands, Kozhikode.
26. The Chief Engineer, Mysore Estate Public Works Deptt., Bangalore.
27. The Chief Secretary to the Govt. of Maharashtra (Buildings and Communications Deptt.), Bombay.
28. The Chief Secretary to the Govt. of Andhra Pradesh (Public Works Deptt.), Hyderabad.
29. The Chief Secretary to the Govt. of Gujarat, *Ahmedabad*.
30. The Chief Secretary to the Govt. of Madras, (Public Works Deptt.) Madras.
31. The Chief Engineer, Roads and Buildings, Orissa, Bhubaneshwar.
32. The Chief Secretary to the Govt. of Rajasthan (Public Works Deptt.), Jaipur.
33. The Development Commissioner, West Bengal (Deptt. of Community Development and Extension Service) Calcutta.
34. The Administrator, Dadra and Nagar Haveli, Silvassa.
35. The Chief Engineer, West Bengal, State P.W.D., Calcutta.
36. Ministry of Commerce & Industry [Small Scale Industries (C) Section], New Delhi.
37. Ministry of Community Development, Panchayat Raj and Cooperation (Department of C.D.), New Delhi.
38. Ministry of External Affairs, New Delhi.
39. The Chief Secretary to the Govt. of Madhya Pradesh (Public Works Deptt.), Bhopal.
40. The Financial Commissioner, and Development Secretary to the Govt. of Punjab (Deptt. of Development and Panchayat Raj), Chandigarh.

41. The Chief Secretary to the Govt. of Uttar Pradesh, Lucknow.
42. The Chief Secretary to the Govt. of Jammu & Kashmir, Srinagar.

SUBJECT:—Reconciliation of departmental expenditure figures with those booked by Audit.

Sir,

I am directed to forward herewith a copy of D.O. letter No. RII/9-8/63-64/70, dated the 9th May, 1963, on the above mentioned subject from Shri R. K. Khanna Accountant General, Central Revenues, to the Secretary, for your guidance and necessary action. A copy of Shri K. R. K. Menon's D.O. letter No. F.2(11)-10/51, dated the 7th December, 1951, referred to therein, is also enclosed. In view of the need and importance of works, it is very necessary that the instructions with regard to reconciliation between the Departmental and Accounts figures should be followed strictly and the work attended regularly to ensure proper control of expenditure. It is requested that urgent action may please be taken to settle all discrepancies and to complete the reconciliation of expenditure figures with which you are concerned for the year 1962-63 positively by the end of July 1963.

Please acknowledge receipt of this communication.

Yours faithfully,

J. R. CHADHA,

Dy. Secy. to the Government of India.

Copy together with copies of the enclosures forwarded to:

1. Deptt. of Rehabilitation, Ministry of W. H. & Rehabilitation.
2. S&PI&II, EL, Accommodation, H. III, Lands, Housing IV Sections.

Copy for information to

J. R. CHADHA,

for Dy. Secy. to the Govt. of India.

Copy for information to

The A. G. C. R., New Delhi.

J. R. CHANDA,

for Dy. Secy. to the Govt. of India.

Copy of D.O. No. F.2(11)-CO/51, dated the 7th December, 1951 from Shri K. R. K. Menon, Ministry of Finance.

In July last the Public Accounts Committee drew the attention of this Ministry to the criticism made by the Comptroller and Auditor General that Ministries do not take adequate steps to ensure that the expenditure figures as recorded in the Departmental registers etc. are reconciled with those compiled by the Accounts Offices. It is obvious that without such reconciliation it is not possible for the Ministries or for the Heads of Departments subordinate to them to control expenditure against grants voted by Parliament as ultimately it is the figures compiled by the Accounts Offices (and not the Departmental figures) that are incorporated in the Appropriation Accounts. The procedure for the control of expenditure and reconciliation between the Departmental and Accounts figures is laid down in General Financial Rules Vol. I, Rules 88—92 and Annexure B to Chapter 5. Instructions have also been issued from time to time in the past emphasising the need and importance of such a reconciliation, the latest being Finance Ministry's O.M. No. D.6039-BII/49 dated the 7th October 1949, a copy of which is enclosed for ready reference. Further instructions laying down the procedure to ensure that such reconciliation is effected by the various budgeting authorities from time to time are being issued separately, and it is hoped that this matter will receive careful attention at the hands of all concerned officers under the control of your Ministry.

2. Apart from the periodical reconciliation of the departmental with the accounts figures it is also necessary for each Ministry to have currently reported to it the departmental figures of expenditure to enable it to watch the flow of expenditure against the sanctioned grant for which it is accountable to Parliament. Under the existing order, the Heads of Departments outside the headquarters of the Government of India have to prepare returns of the monthly progress of expenditure in Form G.F.R. 7 as indicated in para 89(4) (vi) of the Central Government Compilation of the General Financial Rules. A similar return in Form G.F.R. 11 has to be prepared by the controlling officers in the Ministries of the Central Government and their attached and subordinate offices at the headquarters of the Government of India, *vide* Annexure B, referred to in para 90 of the General Financial Rules. In both cases though expenditure figures are available either with the Heads of Departments or the controlling officers no procedure has been prescribed for making these figures available to the Ministries to facilitate the latter's control over the expenditure against the grant as a whole. In the absence of this information most Ministries are not in a position to

know at any given time the progress of expenditure in respect of the various grants controlled by them. It is accordingly necessary that the returns in Form G.F.R. 7 or 11, as the case may be, referred to above, should be forwarded in future to the administrative Ministry by the Heads of Departments in offices outside the headquarters of the Government of India, and by the concerned officers in the attached and subordinate offices of the Ministry at the headquarters. These should be obtained by the 15th of the month following the month to which the returns relate. The information so obtained should be suitably posted by each Ministry in the Register or Registers kept for the purpose with a view to enable the sanctioned grant and the progressive total of expenditure incurred from month to month being ascertained at a glance. Heads of Departments and Controlling Officers should be instructed that if the departmental figures submitted to the Ministry require correction in a subsequent month, such correction should be made by making *plus* or *minus* entries in the progressive totals. It should, however, be understood, that if in any case the accounts office figures which subsequently become available are higher than the departmental figures, the former should be assumed to be the correct figures as appropriation accounts are prepared on the basis of the figures booked in the accounts. Formal orders in the above sense will be issued separately. If there are any practical difficulties in giving effect to these suggestions or figures do not become available for any sector of expenditure, the matter should be reported to the Ministry of Finance.

3. I need hardly emphasize that the responsibility for the control of expenditure against the sanctioned grant is *entirely* that of the administrative Ministry concerned, and all that the Finance Ministry can do is to arrange for assistance being made available to the Secretary of the administrative Ministry to apprise him of any defect in the system and machinery of control that comes to our notice. H. M. Finance has had under consideration the question of the nature and extent of the assistance that the Finance Ministry might render in this connection and I am directed to make the following suggestion which it is hoped will be acceptable to your Ministry.

4. The Joint Secretary of the Finance Ministry accredited to each Ministry will hold periodical (say, quarterly) meetings at which his own Deputy and Under Secretaries and also the concerned officers of the administrative Ministry will be present. At these meetings officers of the administrative Ministry will explain if the expenditure returns are coming in regularly and are consolidated regularly by the Ministry, and they will also indicate the grant in respect of

which they expect an excess or saving on the trend of actuals or other information available with them. The Joint Secretary Finance will offer his advice on any points that might arise from the statements made by the administrative Ministry's representatives. He will also go through the Registers and if he feels that the action proposed is not adequate or any further action is necessary, he will indicate this at the meeting and if his advice is not taken he will informally bring the matter to the notice of the Secretary of the administrative Ministry concerned so that the final decision on the points of difference is taken at the highest level.

5. It is hoped that you will now take such action as is considered necessary to improve the machinery for the control of expenditure in your Ministry in the light of what I have said above and also impress on the officers of your Ministry and the departmental heads under your control the Public Accounts Committee's insistence on the need for exercising the greatest possible vigilance in this matter.

Enclosure to Ministry of Works, Housing & Rehabilitation (Deptt. of Works & Housing) letter No. 6/4/63-Bt., dated the 28th May, 1963 regarding reconciliation of departmental expenditure figures with those booked by Audit.

Enclosure to Copy of D.O. letter No. RII/9-8/63-64/70, dated the 9th May, 1963, from Shri R. K. Khanna, Accountant-General, Central Revenues to Shri Dharma Vira, Secretary to the Govt. of India.

Kindly refer to Para 88-89 and Annexure 'B' to Chapter V of G.F.R. (Vol. I) laying down the procedure to be followed by the Heads of the Department in the matter of control over expenditure and reconciliation between the departmental figures and those appearing in the books of the Accounts Offices. The Ministry of Finance in Shri K. R. Menon's d.o. No. F.2(11)-10/51 dated the 7th December, 1951 have also impressed upon all the Ministries the imperative need of keeping a close watch on the progress of reconciliation of figures by maintaining the broadsheet.

2. Despite the above instructions, it is noticed that the reconciliation of work is not given the importance it deserves and is not done regularly and promptly. Several discrepancies in the expenditure figures are pointed out by the Heads of the Departments, only when the consolidated Appropriation Accounts are sent to them by this office for explaining reasons for variations between actuals and

grants voted by Parliament. Corrections in the accounts and lead to stage dislocate the work of accounting in this office and lead to grants voted by Parliament. Corrections in the accounts at that late stage dislocate the work of accounting in this office and lead to considerable delay in the finalisation of the Appropriation Accounts.

3. The Comptroller and Auditor General has decided that the Appropriation Accounts for 1962-63 should be printed finally by 31st January, 1964. I would, therefore, request that adequate and effective steps may kindly be taken to ensure that reconciliation of expenditure figures for 1962-63 in respect of grants controlled by you and the Departments under your Ministry is completed (and that all discrepancies are settled) by the end of July, at the latest. As no corrections will be normally accepted in the Accounts for 1962-63 after 15th August, the Appropriation Accounts will be finalised on the basis of the figures of Accounts Offices as they stand on that date. Thereafter it will be for the Ministry to explain to the P.A.C. the variations indicated in the Appropriation Accounts.

The receipt of this letter may kindly be acknowledged.

APPENDIX XV

Summary of Principal Conclusions/Recommendations

| Serial No. | Para No. | Ministry/ Department concerned | Conclusions/Recommendations |
|------------|----------|---|---|
| 1 | 2 | 3 | 4 |
| 1 | 2 | Finance <hr/> All other Ministries. | The Committee regret to find that in spite of their observations and recommendations the position had not improved as notes from most of the Ministries were received after the prescribed time-limit was over, in some cases several months later. The Committee hardly need emphasise once again that delay in the submission of these notes by the Ministries hold up the presentation of the Report of the Committee to Parliament with the result that the process of the regularisation of the excess is further delayed. |
| 2 | 3 | Finance <hr/> All other Ministries. | The Committee feel that with greater degree of precision in estimating and better control over progress of expenditure and prompt reconciliation of the departmental figures of expenditure with those of the Accounts Offices, better results could be achieved. They hope that Ministries will take suitable steps towards this end. |
| 3 | 6 | Finance | The Committee would like the Ministry of Finance to enjoin upon the administrative Ministries the necessity of strictly following the instructions issued by them for making provisions to meet the payments of awards, decrees, etc. |

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| 1 | 2 | 3 | 4 |
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| 4 | 7(i) | Industry | <p>The Committee finds that this is a typical case where provision for standing charges and liabilities already incurred were not made. They are particularly surprised to find that as many as 19 posts in different categories were created and filled up though there was no budgetary provision for the same. The Committee take a serious notice of this lapse and trust that the Ministry would take effective steps to improve their control over expenditure.</p> |
| 5 | 7(ii) | Education | <p>(a) The reasons given for the excess are not convincing. The Committee feel that with the exercise of a little care and forethought and maintenance of liaison with the suppliers, the need for provision for this purpose could have been easily anticipated.</p> <p>(b) As regards telephone charges, it is surprising that the Ministry were not aware that the telephone rentals had to be paid in advance. The Committee are also unable to appreciate why adequate provision had not been made for payment of telephone bills in respect of the year 1961-62.</p> <p>(c)] They desire that suitable instructions should be issued by the Ministry to all concerned to avoid recurrence of such instances.</p> |
| 6 | 7(iii) | <u>Finance</u> Deptt. of Revenue. | <p>The Committee are surprised that the Ministry should have issued instructions regarding postponement of payment of all the pending bills to the next financial year, although they must have been aware of the provisions in the Financial Rules and of the Recommendation of the P.A.C. contained in para 6(vi) of their Forty-First Report (Second Lok Sabha) that postponement of expenditure on the plea of lack of funds is objectionable and vitiates effective parliamentary control. The Committee trust that strict instructions will be issued to avoid a contravention of the financial rules in future.</p> |

| 1 | 2 | 3 | 4 |
|---|-------|--|---|
| 7 | 7(iv) | Finance <u>D pt. of Economic Affairs.</u> | It appears that there is some lacuna in the prescribed procedure with regard to exchange on remittance transactions. The Committee are informed that the Ministry of Finance propose to review the present procedure in consultation with the Comptroller and Auditor-General with a view to ensuring that such uncovered excesses do not recur. The Committee would like to be informed about the steps proposed to be taken as a result of this review. |
| 8 | 7(v) | <u>Home Affairs</u> <u>Finance</u> | <p>(a) The Committee feel surprised to note that the Ministry have repeated their plea as given last year (Appendix IV to 3rd Report, 1962-63) that expenditure under the sub-head "Tour expenses" is of an uncertain and fluctuating nature, and that it is not therefore possible to foresee with any degree of precision and exactitude the expenditure likely to be incurred on this account, particularly on tours abroad during a particular year. They would reiterate their earlier recommendations contained in para 8(ii) of their 3rd Report (1962-63) and hope the Ministry would make a better effort in this behalf in future.</p> <p>(b) The Committee also regret to note that as in the previous year, there was a surrender of Rs. 21,490, though the expenditure actually incurred was in excess of the grant.</p> <p>(c) The Committee do not feel happy to find that the Ministries had not been doing reconciliation work in this respect properly as provided in the rules. They would suggest the Ministry of Finance to look into such matters where a number of Ministries have to deal with a particular item of work and take suitable steps to ensure that they perform their duties properly. Where necessary, such items of work should be concentrated in a single Ministry; alternatively there should be a co-ordinating authority to keep a watch over such matters.</p> |

| 1 | 2 | 3 | 4 |
|----|---------|---|--|
| 9 | 7(vi) | <u>Home Affairs</u> <u>Defence</u> <u>Finance</u> | <p>The Committee regret to note the lack of co-ordination amongst the various authorities in the matter of adjustment of debits pertaining to expenditure incurred by Defence Estimate on J. K. Militia and of old debits pertaining to the cost of air-lifts provided by the I.A.F. to the Police Battalion personnel. They would like the Ministry of Finance to issue suitable instructions to Ministries in consultation with the Comptroller and Auditor General, to avoid recurrence of such cases.</p> |
| 10 | 7(vii) | <u>Labour & Employment.</u> | <p>In the opinion of the Committee the fact that it was considered unnecessary to obtain Supplementary Grant after such a proposal was made twice and ultimately there was such a heavy excess in spite of the re-appropriation of entire total available anticipated saving goes to show that the preparation of estimates and keeping a watch over the progress of expenditure has been faulty. They feel that it should have been possible for the Ministry to anticipate the need for a Supplementary Grant.</p> |
| 11 | 7(viii) | Transport | <p>The Committee are surprised that after having taken a deliberate decision and directed the State Governments to limit the expenditure to the final allotment, the Ministry failed to watch the progress of expenditure or obtain timely reports from the State Governments of the possibility of an excess with a view to obtaining an advance from the Contingency Fund. The Committee hope that a suitable procedure would be evolved to obtain progress Reports from the State Governments in future to avoid recurrence of such Excesses.</p> |
| 12 | 8 | Finance | <p>Subject to the observations made in para 7 of the Report, the Committee recommend regularization of the excesses referred to in para 4.</p> |