

EXCESSES OVER VOTED GRANTS
AND CHARGED APPROPRIATIONS
(1989-90) AND ACTION TAKEN ON
19TH REPORT OF PUBLIC
ACCOUNTS COMMITTEE
(10TH LOK SABHA)

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**PUBLIC ACCOUNTS
COMMITTEE
1992-93**

TENTH LOK SABHA



LOK SABHA SECRETARIAT
NEW DELHI

**FIFTY FIRST REPORT
PUBLIC ACCOUNTS COMMITTEE
(1992-93)**

(TENTH LOK SABHA)

**EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS (1989-90)
AND ACTION TAKEN ON 19TH REPORT OF
PUBLIC ACCOUNTS COMMITTEE
(10TH LOK SABHA)**



*Presented to Lok Sabha on 30.4.1993
Laid in Rajya Sabha on 30.4.1993*

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1993/Vaisakha, 1915 (Saka)

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PUBLIC ACCOUNTS COMMITTEE
(1992-93)

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1. Shri G.L. Batra — *Additional Secretary*
2. Shrimati Ganga Murthy — *Deputy Secretary*
3. Shri K.C. Shekhar — *Under Secretary*

* Elected w.e.f. 23 July, 1992 vice Shrimati Krishna Sahi ceased to be a member of the Committee on her appointment as a Minister.

£ Ceased to be members of the Committee consequent upon their appointment as Ministers w.e.f. 18 January, 1993.

\$ Ceased to be member of the Committee consequent upon his appointment as Minister w.e.f. 19 January, 1993.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Report on Excess over voted grants/charged appropriations as disclosed in the Appropriation Accounts—Civil, Defence, Postal Services, Telecommunication Services and Railways for the year 1989-90 and Action Taken by Government on recommendations of the Public Accounts Committee contained in their 19th Report (10th Lok Sabha) on excesses over voted grants and charged appropriations for the year 1989-90.

2. The Committee have noted with grave concern that the year 1989-90 has witnessed an unprecedented rise in the aggregate excess expenditure of Rs. 976.82 crores under 20 grants appropriations. The Committee have been extremely unhappy over the lack of positive efforts on the part of the various Ministries/Departments of the Government to observe greater financial discipline and ensure that expenditure does not exceed the budgeted limits. The Committee have emphasised the need for more accurate estimation of monetary requirements and better budgetary control by the various Ministries with a view to reduce the excess expenditure over Voted Grants/Charged appropriations to the barest minimum.

3. The Committee have also been unhappy to find that the Appropriation Accounts (Civil, Defence, Railways and P & T) for 1989-90 have disclosed large scale savings of the order of Rs. 38006.78 crores. The Committee have pointed out that savings are as bad as excess expenditure in that these deprive certain deserving vital sectors of economy of the much needed resources. The Committee have accordingly, stressed that budget estimates should be made keeping in view the resources available or likely to be available during the year and each Ministry should undertake a realistic exercise while forecasting the monetary requirements under each grant to ensure best and efficient utilisation of funds.

4. The Committee have also been deeply concerned to note the inordinate delay ranging from 7 to 18 months in the submission of explanatory notes by the concerned Ministries in respect of 10 grants/appropriations out of 20 grants/appropriations that registered excess expenditure during 1989-90. In the opinion of the Committee the long delay of 15 and 18 months in respect of explanatory notes pertaining to the Ministries of Petroleum & Natural Gas and Urban Development respectively, have been really more disturbing. Consequently, the Public Accounts Committee (1991-92) was handicapped to finalise and present their Report on excess expenditure during their term and the excess

expenditure remained unregularised. The Committee have emphasized that the Ministries should henceforth strictly adhere to the prescribed time schedule paving the way for timely regularisation of excess expenditure.

5. The Committee examined the excess expenditure in the light of explanatory notes (Appendices I to XI) furnished by the Ministries/ Departments of Government of India and finalised the report at their sitting held on 28 April, 1993. Minutes of the sitting form Part II of the Report.

6. The Committee's 19th Report (10th Lok Sabha) on excesses over voted grants and charged appropriations for the year 1988-89 was presented to the House on 29th April, 1992. The action taken notes furnished by Government in pursuance of the recommendations contained in that Report were also considered at the aforesaid sitting and have been dealt with in Chapter II of the Report.

7. For facility of reference and convenience, the recommendations and conclusions of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in the Appendix XIII to the Report.

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

NEW DELHI;

April 28, 1993

Vaisakha 8, 1915 (Saka)

ATAL BIHARI VAJPAYEE,

Chairman,

Public Accounts Committee.

PART I

CHAPTER I

EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1989-90)

Introductory

1.1 This Chapter deals with the excess expenditure incurred by various Ministries and Departments of Government of India over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts of Civil, Defence Services and Railways for the year 1989-90 and explanations furnished by the Ministries/Departments concerned with the actual excess expenditure incurred under various Grants/Appropriations operated by them during that year. The Appropriation Accounts of Postal and Telecommunication Services for 1989-90 do not disclose any excess expenditure.

Excess Expenditure

1.2 The excess expenditure during the year 1989-90 which requires regularisation under Article 115(1)(b) of the Constitution is of the order of Rs. 976.82 crores incurred over the sanctioned provision of Rs. 37550.32 crores under 20 excess registering grants/appropriations.

1.3 The break-up of excess expenditure *vis-a-vis* the total sanctioned provision under the excess registering grants/appropriations as disclosed in the relevant Appropriation Accounts is as below:

Appropriation Accounts	No. of excess registering grants/appropriations	Total sanctioned provision	Amounts of excess expenditure
		(In units of Rupees)	
Civil	10	21790,89,00,000	765,15,82,727
Defence Services	1	1923,53,00,000	15,24,11,683
Railways	9	13835,90,10,000	197,76,03,347
		37550,32,10,000	978,15,97,757

However, after taking into account erroneous booking under Grant No. 62, the actual excess expenditure of the Civil Accounts works out to Rs. 765,15,82,997. Further, after taking into account the effect of misclassification of expenditure under Appropriation No. 4 and Grants No. 5 and 16, the actual excess expenditure works out to Rs. 196,42,39,270 in the case of Railways Accounts. As a result of erroneous booking and misclassification of expenditure, the amount of actual excess expenditure requiring regularisation during the year 1989-90 works out to Rs. 976,82,34,578.

1.4 Details of Voted Grants/Charged Appropriations under which the actual expenditure exceeded the budgetary Divisions during the year under review are given below:

Sl. No.	No. and Name of Grant/Appropriation	Ministry/ Department	Final Grant	Actual Expenditure	Excess
1	2	3	4	5	6

(In units of Rupees)

I. APPROPRIATION ACCOUNTS (CIVIL)

A. Voted Grants

Revenue Section

1.	14—Defence Pensions	Defence	1599,57,00,000	1878,49,72,919	278,92,72,919
2.	45—Police	Home Affairs	1286,28,00,000	1303,26,18,673	16,98,18,673
3.	62—Ministry of Petroleum and Natural Gas	Petroleum & Natural Gas	111,33,00,000	113,47,06,961	*2,14,06,961
4.	94—Chandigarh	Home Affairs	156,61,00,000	164,75,92,284	8,14,92,284

Capital Section

5.	8—Deptt. of Commerce	Commerce	369,92,00,000	780,58,46,482	410,66,46,482
6.	90—Delhi	Home Affairs	552,97,00,000	553,13,40,777	16,40,777

B. Charged Appropriations

Revenue Section

7.	29—Interest Payments	Finance	17710,00,00,000	17756,93,66,224	46,93,66,224
8.	72—Roads	Surface Transport	4,00,000	6,45,106	2,45,106
9.	94—Chandigarh	Home Affairs	3,93,00,000	5,08,83,199	1,15,83,199

Capital Section

10.	76—Public Works	Urban Development	24,00,000	25,10,372	1,10,372
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APPROPRIATION ACCOUNTS

DEFENCE SERVICE

Voted

Revenue Section

11.	17—Defence Service-Air Force	Defence	1923,53,00,000	1938,77,11,683	15,24,11,683
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* An excess expenditure of Rs. 2,14,06,691 has been reflected in the Appropriation Accounts. After taking into account erroneous booking, actual excess expenditure works out to Rs. 2,14,06,961.

1	2	3	4	5	6
APPROPRIATION ACCOUNTS (RAILWAYS)					
Voted Grants					
12.	3—Working Expenses— General Superintendence and Services on Railways	Railways	438,13,98,000	439,13,20,878	99,22,878
13.	5—Working Expenses— Repairs & Maintenance of Motive Power	Railways	702,15,47,000	719,71,12,706	17,59,38,706*
14.	6—Working Expenses— Repairs & Maintenance of carriages and wagons	Railways	943,67,36,000	968,00,06,037	24,32,70,037
15.	9—Working Expenses— Operating Expenses— Traffic	Railways	1162,49,48,000	1166,02,37,157	3,52,89,157
16.	13—Working Expenses— Provident Fund, Pension and other Retirement Benefits	Railways	795,22,89,000	797,70,09,647	2,47,20,647
17.	14—Appropriation to Funds— Depreciation Reserve Fund, Development Fund, Pension Fund, Accident Compensation, Safety & Passenger Amenities Fund and Revenue Reserve Fund	Railways	2649,00,00,000	2680,97,57,087	31,97,57,087
18.	16—Assets Acquisition, Construction and Re- placement—Other Expenditure—Capital and Railway Funds	Railways	1917,79,03,000	1987,92,21,524	74,31,13,310**
B. Charged Appropriation					
19.	4—Working Expenses— Repairs & Maintenance of Permanent Way & Works	Railways	17,57,000	21,90,662	6,42,252***

* An excess expenditure of Rs. 17,55,65,706 has been reflected in the Appropriation Accounts. After taking into account the effect of misclassification of Rs. 3,73,000 the real excess requiring regularisation works out to Rs. 17,59,38,706.

** After taking into account the misclassification of expenditure of Rs. 4,17,94,786 the real excess works out to Rs. 74,31,13,310.

*** After taking into account misclassification of expenditure of Rs. 2,08,590 wrongly booked as Voted, the real excess requiring regularisation works out to Rs. 6,42,252.

1	2	3	4	5	6
20.	16—Capital Section (Voted) 16-Assets Acquisition, construction and Re- placement—'Other ex- penditure'—“Capital”	Railways	5227,24,32,000	5273,97,57,649	41,15,85,196*

* After taking into account the (—) misclassification of expenditure of Rs. 5,57,40,453 the real excess requiring regularisation works out to Rs. 41,15,85,196.

1.5 The above statement indicates that out of 20 cases of excess over Voted Grants and /or Charged Appropriations, excess expenditure over a crore of rupee had occurred in 15 cases. Civil Accounts take a lead in excess expenditure aggregating to Rs. 765.16 crores. Out of which one Grant alone (No. 8—Department of Commerce) records an huge excess of Rs. 410. 66 crores followed by significantly high excess of Rs. 278.93 crores under Grant No. 14—Defence Pensions. In the case of Defence Services, only one Grant (No. 17—Defence Services—Air Force) had recorded an excess expenditure amounting to Rs. 15.24 crores. In the case of 7 Grants and 1 Charged Appropriations administered by the Ministry of Railway, the excess expenditure was Rs. 196.42 crores out of which Grant No. 16— Assets Acquisition, Construction and Replacement (Capital and Railways Funds) alone accounted for an excess of Rs. 115.47 crores.

1.6 A scrutiny of the relevant Appropriation Accounts reveals that the excess expenditure during 1989-90 had occurred even after obtaining supplementary grants of Rs. 1729.13 crores in 18 out of 20 grants/ appropriations those registered excesses. The notable among these are tabulated below:

Grants /Appropriations	Ministry/Depart- ment	Amount of Supplementary Grants/Appro- priations	Amount of Excess Expenditure
		(In crores of Rupees)	
8 - Deptt. of Commerce	Commerce	200.49	410.66
14 - Defence Pensions	Defence	250.00	278.93
29 - Interest Payments	Finance	710.00	46.94
45 - Police	Home Affairs	45.36	16.98
94 - Chandigarh	Home Affairs	14.61	8.15
17 — Defence Services Air Force	Defence	50.00	15.24
Grant/Appropriation 3,4,5,9,13,14 & 16.	Railways	341.61	178.83

1.7 It is seen from the above table that in the case of Grants No. 8 and 14, the quantum of excess expenditure incurred is even higher than the Supplementary grant that had been sought.

1.8 The year 1989-90 witnessed steep rise in the aggregate excess expenditure although the number of excess registering grants/appropriation reduced as compared to earlier years as is evident from the table below:

Year	No. of excess registering Grants/Appropriations	Excess Expenditure (Rs. in crores)
1985-86	29	441.72
1986-87	25	384.39
1987-88	21	304.15
1988-89	26	367.98
1989-90	20	967.82

1.9 It is also noticed that excess expenditure has persistently occurred during the period 1985-90 in respect of three grants as indicated below:

Name of Grant	Excess Expenditure during the years				
	1985-86	1986-87	1987-88	1988-89	1989-90
	(Rs. in crores)				
Defence Pensions (Revenue Voted)	12.02	1.36	1.69	1.61	278.93
Railways—Provident Fund, Pension and other Retirement Benefits (Voted)	11.70	53.49	110.01	93.30	2.47
Public Works	4.25 (Revenue-Voted)	10.94 (Revenue-Voted) and Charged	5.67 (Revenue-Voted) and Capital Charged	10.07 (Revenue Capital Voted & Charged)	0.01 (Capital Charged)

Delay in furnishing explanatory notes

1.10 The dates on which the Appropriation Accounts for the year 1989-90 were certified by the C&AG of India and the dates on which the same were presented to the House are as below:

Appropriation Accounts	Date on which certified by the C&AG	Date on which presented to the House
Railways	17.5.1991	19.7.1991
Civil	12.7.1991	6.8.1991
Defence Services	14.8.1991	13.9.1991
Postal Services	6.8.1991	6.9.1991
Telecommunication Services	6.9.1991	29.11.1991

1.11 As per prescribed time schedule, the Ministries and Departments of Govt. of India are required to submit to PAC explanatory notes in respect of excess registering grants by 31 May of second following year or immediately after the presentation of relevant Appropriation Accounts to the House whichever is later. Accordingly, the explanatory notes in respect of excess registering grants during 1989-90 became due for submission on 19 July, 6 August and 13 September, 1991 in the case of Accounts relating to Railways, Civil and Defence Services respectively.

1.12 However, the dates on which the explanatory notes in respect of various grants/appropriations were actually furnished to the Committee are mentioned below:

Appropriation Account	No. of Grant/ Appropriation	Ministry/ Deptt.	Date on which explanatory Notes furnished	Delay*
1	2	3	4	5
Civil	29-Interest Payments	Finance	5.3.1992	7 months
	72-Roads	Surface Transport	6.3.1992	7 months
	45-Police	Home Affairs	16.3.1992	Over 7 months
	94-Chandigarh	Home Affairs	24.3.1992	Over 7 months

* From the date of presentation of relevant Appropriation Accounts to the House.

1	2	3	4	5
	8-Deptt. of Comerce	Commerce	7.4.1992	Over 8 months
	14-Defence Pensions	Defence	24.4.1992	Over 8 months
	90-Delhi	Home Affairs	30.6.1992	Over 10 months
	62-Min. of Petroleum & Natural Gas	Petroleum & Natural Gas	5.11.1992	13 months
	76-Public	Urban Development	26.2.1993	Over 18 months
Defence Services	17-Defence Services- Air Force	Defence	19.5.1992	Over 8 months
Railways	2,4,5,6,9,13,14, & 16	Railways	26.7.1991	—

1.13 The explanatory notes as furnished by Ministries/Departments concerned are reproduced at Appendices I to XI.

Savings

1.14 While scrutinising the cases of excess expenditure, the Committee have also noticed large scale savings during the year 1989-90. The aggregate of savings as disclosed in Appropriation Accounts—Civil, Defence Services, Railways and Postal and Telecommunication Services was of the order of Rs. 38006.78 crores under Voted Grants and Charged Appropriations. The Following table indicates the figures of savings against the total provisions separately for Voted Grants and Charged Appropriations during the year 1989-90:

(Rs in crores)

Appropriation Account	Voted		Charged		Total Grants and Appropriations	Total Savings
	Total Amount of Grants	Savings	Total amount of Appropriations	Savings		
1	2	3	4	5	6	7
Civil	54780.87	3830.27	175907.15	33827.22	230688.02	37657.49
Defence Services	14948.05	78.24	15.94	11.68	14963.99	89.92
Railways	19303.29	87.75	14.00	9.25	19317.29	97.00

1	2	3	4	5	6	7
Postal and Telecom- munica- tion Ser- vices	6759.17	162.13	0.33	0.24	6759.50	162.37
					TOTAL:	38006.78

1.15 The Committee note that an expenditure of Rs. 976.82 crores has been incurred in excess of the aggregate provision of Rs. 37550.32 crores sanctioned under 20 grants/appropriations during the year 1989-90. It is further disconcerting to find that the excess expenditure of this order has occurred even after obtaining supplementary grants of Rs. 1729.13 crores in 18 out of 20 grants/appropriations that registered excess expenditure. During the year 1988-89 and 1987-88, the excess expenditure was of the order of Rs. 367.98 crores under 26 grants/appropriations and Rs. 304.15 crores under 21 grants/appropriations respectively. The year 1989-90 however, has witnessed an unprecedented rise in the aggregate excess expenditure though the number of excess registering grants reduced as compared to earlier years. The Committee view this deteriorating situation with grave concern.

1.16 The Committee have been repeatedly expressing concern over the phenomenon of excess expenditure and yet year after year, Parliament is being presented with a fait accompli of unremitting excess expenditure. The Committee are extremely unhappy over the lack of positive efforts on the part of the various Ministries/Departments of the Government of India to observe greater financial discipline and ensure that expenditure does not exceed the budgeted limits. Going by the extent of excess expenditure registered during the year under review, the Committee are inclined to believe that all these past exhortations for exercising better budgetary control by the Ministries have not made any positive impact. The Committee take a serious view of such a dismal situation and would once again emphasize the need for more accurate estimation of monetary requirements and better budgetary control by various Ministries with a view to reduce the excess expenditure over voted grants/charged appropriations to the barest minimum.

1.17 The Committee are deeply concerned to find that excess expenditure has persistently occurred during the years 1985-90 in respect of the following three grants:

(Rs. in crores)

Name of Grant	Excess Expenditure during the years				
	1985-86	1986-87	1987-88	1988-89	1989-90
Defence pensions (Revenue-Voted)	12.02	1.36	1.69	1.61	278.93
Railways Provident Fund, Pension and other Retirement Benefits (Voted)	11.70	53.49	110.01	93.30	2.47
Public Works	4.25	10.94	5.67	10.07	0.01
	(Revenue- Voted)	(Revenue- Voted & Charged)	(Revenue-Vot & Capital Charged)	(Revenue-Capi- tal-Voted & Charged)	(Capital Charged)

Obviously, the concerned Ministries/Departments have failed to examine the factors responsible for such a state of affairs and take timely corrective action. The Committee emphasize that every Ministry/Department particularly those concerned with grants mentioned above should carefully review their existing mechanism in the preparation of budget estimates and apply the necessary correctives to make the budget exercise more realistic and meaningful.

1.18 The Committee are deeply concerned to note the inordinate delay ranging from 7 to 18 months in the submission of explanatory notes by the concerned Ministries in respect of 10 grants/appropriations out of 20 grants/appropriations that registered excess expenditure during 1989-90. The long delays of 13 and 18 months in respect of explanatory notes pertaining to the Ministries of Petroleum & Natural Gas and Urban Development respectively, is really more disturbing. Consequently, the Public Accounts Committee (1991-92) was handicapped to finalise and present their Report on excess expenditure during their term and the excess expenditure remained unregularised. It is unfortunate that these delays have occurred in spite of the fact that the Ministry of Finance, in pursuance of the Committee's recommendations made in their 11th Report (9th Lok Sabha) have laid down the time schedule for completing action at various stages involved in the finalisation/vetting of explanatory notes with a view to avoiding delay in submission thereof to the Committee. The Committee emphasize that the Ministries should henceforth strictly adhere to the prescribed time schedule paving the way for timely regularisation of excess expenditure.

119 The Committee are also unhappy to note the large-scale savings, aggregation Rs. 38006.78 crores during the year 1989-90 as indicated in the Appropriation Accounts Civil, Defence Services, Railways and Postals and Telecommunication Services. The Committee need hardly point out that savings are as bad as excess expenditure in that these deprive certain deserving vital sectors of economy of the much needed resources. The Committee note that in pursuance of their earlier recommendation, Ministry of Finance (Deptt. of Economic Affairs) have issued instructions on 14 September, 1992 to all the Ministries/Departments *inter alia* emphasizing that Financial Advisors should take due note of the past performance, the stage of formulation/implementation of the various schemes, the constraints on spending etc., into account while scrutinising the estimates prepared by various spending agencies. The Committee stress that budget estimates should be made keeping in view the resources available or likely to be available during the year and each Ministry should undertake a realistic exercise while forecasting the monetary requirements under each grant to ensure best and efficient utilisation of funds.

APPROPRIATION ACCOUNTS (CIVIL)

(1989-90)

Ministry of Commerce

Grant No. 8—Department of Commerce (Capital—Voted)

1.20 Under Capital Section (Voted) in Grant No. 8 - Department of Commerce, for the year 1989-90 against the total grant of Rs.369,92,00,000 (Original grant Rs.169,43,00,000 plus supplementary Grant Rs.200,49,00,000) there is an actual expenditure of Rs.780,58,46,482 resulting in an excess of Rs.410,66,46,482 which is to be regularised.

1.21 The explanation given by the Ministry of Commerce for the excess expenditure that occurred under various heads of the grant is as under:

“Items under which excess expenditure has been incurred—

Amount of excess

(Rs. in thousands)

<u>O</u>	<u>S</u>	<u>Actual</u>	<u>Excess</u>
A. Major Head 5453 - BB Capital Outlay on Foreign Trade and Export Promotion.			

BB. (2) - Santa Cruz Electronic Export Processing Zone**BB.2(1)- Construction and Development**

2,50,00	—	3,50,00	1,00,00
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BB.6 - Noida Export Processing Zone -**BB.6(1) - Construction and Development -**

2,24,00	—	3,75,00	1,50,00
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Under this head excess of Rs.250 crores was against budget provisions of Rs.4.75 crores.

In Noida and SEEPZ, there was no allocable land unless some additional expenditure was incurred and these zones would have to close entry to units. Expenditure in SEEPZ estimated was at Rs.4.98 crores. In Noida EPZ expenditure of Rs.4.93 crores was estimated. If urgent action had not been taken, a number of parties would not have been able to commence production and exports, thereby resulting in delayed implementation of export oriented projects.

In view of the position explained above, the additional funds of Rs.100 crores under sub-head BB. 2(1) - Construction and Development (for Santa Cruz Export Processing zone) and Rs.1.50 crores under BB.6(1) Construction and Development (for Noida Export Processing zone) was provided by way of re-appropriation from KAFTZ and MEPZ budget heads.

On the recommendations of the Public Accounts Committee, Government has, *inter alia*, prescribed certain financial limits for different categories of expenditure beyond which the expenditure constitutes "New

Service" or "New Instrument of Service" and required prior approval of parliament. The additional funds of Rs.1.00 crores under sub-head BB.2(1) and Rs1.50 crores under BB.6(1) provided by re-appropriation exceeded the financial limit as prescribed. It is therefore, necessary to report them to Parliament. This report giving reasons for reappropriation is being made accordingly.

	<u>O</u>	<u>S</u>	<u>Actual</u>	<u>Excess</u>
B. Major Head 6407				
DD. Loans for Plantations				
DD.1. Tea				
DD.1(1) - other Loans				
DD.1(1)(1)	4,30,00	—	4,80,00	50,00
Tea Board				

A sum of Rs.4.30 crores was provided in the Budget Estimate for the year 1989-90 for Loans to Tea Board.

The additional funds of Rs.50 lacs was re-appropriated out of saving for two schemes namely Brand promotion Programme in Australia and Tea Machinery Hire Purchase Scheme (loans).

	<u>O</u>	<u>S</u>	<u>Actual</u>	<u>Excess</u>
EE. Major Head 7605				
EE. Advances to Foreign Governments				
EE.5 - Loans to Government of USSR				
EE.5(1)- Technical Credits incorporated in Trade Agreements	10,00,00	199,89,00	733,87,00	523,98,00

Technical credits to USSR are provided by way of temporary advances when that Government faces shortage of funds in its rupee trade balance to pay for exports from India.

During the Calender Year 1989, there was a spurt in exports to USSR arising from acute shortage of consumer items there and due to earthquake in Armenia which necessitated purchase of substantial quantities of medicine, toothpaste, soaps, detergents, other chemical products, hoisery knitwear etc. from India. Also during the Calender year 1989, the imports had been lower for a number of reasons, such as reduced or no supplies of commodities like liquid ammonia, metal scraps, pig iron, cooking coal etc. The problem was further aggravated by the shipping difficulties connected with import of bulk commodities.

The year 1989 ended with net excess exports as compared to the Trade Plan targets:

(Rs. in crores)

		Actuals	
Exports	Imports	Exports	Imports
3800	3200	4200	2600

The export exceeded target by Rs.400 crores and the imports fell short by Rs.600 crores. In USSR, trading organisations were given more autonomy in trading activities and they were often unwilling to honour commitments made at the Governmental level regarding supply of items under Trade Plan. Existing arrangement with USSR provided for unlimited access to technical credit from India, to support uninterrupted imports from India. A number of corrective measures were taken to meet the challenge faced by the situation, but inspite of them, the year 1989-90 ended with an excess technical credit of Rs.523,98,00,000. Some of the measures taken are given below:—

(i) The budget estimates for 1989-90 provided for Rs.150 crores only of technical credit with the following break up :—

	(Rs. in crores)
USSR	10
POLAND	75
CZECHOSLOVAKIA	40
GDR	20
ROMANIA	5
	150

In keeping with the trend, additional amount of Rs.199.89 crores was

obtained in the Supplementary Grant and Rs.350 crores of technical credit (after some reappropriation) was re-allocated as under in the revised estimates:

	(Rs. in crores)
USSR	300
POLAND	30
CZECHOSLOVAKIA	10
GDR	10
ROMANIA	—
TOTAL	350

In January, 1990, the trend of trade with USSR during the year 1989 was taken up with the Indian Embassy in Moscow, with the Soviet Ministry of Foreign Relations and also with the concerned organisations. The need for increasing exports to India so as to balance the trade with the USSR was urged.

Since strict watch was maintained on the drawals of technical credit by the Ministry from December, 1989 onwards and efforts were being made to curtail it. Further, Supplementary Grants were not taken, which led to the excess.

1.22. The Committee are extremely unhappy to note that the Capital Section (Voted) of Grant No. 8—Department of Commerce recorded an excess of as high as Rs. 410.66 crores against the total provision of Rs.369.92 crores. The excess expenditure occurred mainly under the sub-head “EE.5(1) Loans to Government of USSR—Technical Credits incorporated in Trade Agreements” which was of the order of Rs.523.98 crores. This excess was partly offset by entire aggregate provision of Rs.100.00 crores remaining unutilised under the head “EE-Advances to Foreign Governments” due to non-utilisation of credit facility by certain Governments under “Technical credits incorporated in Trade Agreements”. The Committee are constrained to observe that inspite of the fact that a supplementary grant of Rs. 199.98 crores was obtained by the Ministry in March, 1990 and strict watch is claimed to have been maintained on the drawals of technical credit by the Ministry from December, 1989 onwards, the Ministry of Commerce have miserably failed to assess the actual quantum of supplementary grant required to be obtained for “Loans to Government of USSR” due to which huge amount of excess expenditure of the order of Rs.410.66 crores was left uncovered. The Committee take a serious view of the complacence on the part of the Ministry and emphasize that the Ministry of Commerce should keep a close watch over the trend of expenditure during the year

and issue necessary guidelines to all concerned to avoid such recurrence in future.

1.23. The Committee are constrained to observe yet another deviation from the prescribed financial principles under the sub-heads "BB(2)—Santa Cruz Electronic Export Processing Zone" and "BB(6)—Noida Export Processing Zone," operated by the Ministry of Commerce. Under these heads, excess of Rs.2.50 crores has occurred against budget provisions of Rs.4.75 crores. What concerns the Committee is the fact that the additional funds of Rs.1.00 crore for Santa Cruz Electronic Export Processing Zone and Rs.1.50 crores for Noida Export Processing Zone were provided by way of re-appropriation from other budget heads. According to the Ministry, the expenditure on these heads constituted "New Service" or "New Instruments of Service" and required prior approval of Parliament as the funds provided by re-appropriation exceeded prescribed financial limits. The Committee take a serious note of this major lapse on the part of the Ministry in incurring expenditure without prior approval of Parliament. This is obviously a case of sheer negligence and the Committee would like responsibility to be fixed for the lapse. The Committee also trust that necessary action in this regard would atleast now be taken by the Ministry and instructions issued to ensure that such lapse do not recur in future.

Ministry of Defence

Grant No. 14—Defence Pensions (Revenue—Voted)

1.24 Under Revenue Section (Voted) of Grant No. 14—Defence Pensions, against the total grant of Rs.1599.57 crores (Original Grant was Rs.1349.57 and Supplementary Grant was Rs.250.00 crores), there was an actual expenditure of Rs.1878.50 crores resulting in an excess expenditure to the tune of Rs.278.93 crores during 1989-90.

1.25 In their explanatory note, the Min. of Defence have stated:

"The excess expenditure occurred mainly on account of:

(Rs. in crores)

(i) Revision of Pension and Payment of arrears due to implementation of orders of Fourth Pay Commission by Pension Disbursing Agencies	
(ii) Revision of left over cases under Fourth Pay Commission by Chief CDA(P) and payment of arrears thereof by the Pension Disbursing Agencies	206.18
(iii) Sanction of pre-1964 family pension cases by Chief CDA(P) and payments involving arrears thereof	20.32
(iv) Ex-gratia payment	1.50
(v) Compilation of amount paid in March, 1990 within the accounts of 1989-90 as explained in Paragraph 3.	51.00
	279.00

In the past, Chief CDA(P) had observed that vouchers pertaining to payments made during the year were received subsequent to the closing of year's accounts and hence some amounts were not getting booked in the same year. Keeping this in view, CCDA(P) while projecting the Budget Estimates had been making allowance for such vouchers being received after the close of accounts and not likely to be booked in that year. During the year 1989-90, however, a special drive was undertaken by CCDA(P) to collect vouchers by hand from various Pension Disbursing Agencies and account them in the same year which resulted in an excess booking of Rs.51 crores in addition to a sum of Rs.226.50 crores shown above.

Defence Pensions are of various kinds viz. Retiring, Disability, Invalid, Family Pensions, Special Family pensions, War injury pension in respect battle Qualities and various gallantry awards etc. There are 16 lakhs Defence pensioners at present and each year there is an increase of about 50,000 in their number. Some of the Pensioners are even pre-1937 retirees and Ex-King's commissioned Indian Officers. Pensions to the Defence Personnel are disbursed by more than 22,500 pension Disbursing Agencies throughout India, Defence pension disbursements are also made in respect of Gorkha Defence Pensioners by Embassy of India in Nepal.

Except for 58 Defence Pension Disbursing. Offices, all other Agencies do not function under the control of Defence Accounts Department. Chief CDA(P) while framing budget estimates is primarily guided by the past actuals and fresh Government orders issued if any. Data in respect of DPDOs has already been captured and is available on computer for issue of pension schedules and can be used for formulating Pension Estimates also. Data in respect of treasuries and selected banks is being collected/has been collected and is also under process of Data Entry for some Pension Disbursing Agencies. The work is expected to be completed by the end of 1992.

Though, care was taken in projecting the requirement of funds and watching the progress of expenditure, the excess expenditure occurred on account of vouchers to the extent of Rs.715.31 crores actually received after the rendition of R.E. for 1989-90 as certified by the CCDA(P). A bulk of these vouchers were received by CCDA(P) subsequent to the month of March, 1990. Since the above mentioned vouchers included amounts to the extent of Rs.226.50 crores which was not anticipated by the CCDA(P), excess expenditure to this extent could not be foreseen at the time of obtaining Supplementary Grants. Further the Pension Disbursing Agencies like Treasuries, Public Sector Banks etc. are not functioning.

under the administrative control of CCDA(P) so the later was not in a position to adopt effective measures to ensure rendition of the vouchers in time. There also did not exist an adequate reporting system to forecast the likely flow of such vouchers to CCDA(P). There was no delay on the part of CCDA(P) in the accounting of vouchers. However the CCDA (P) had already issued necessary instructions to the Treasuries vide letter No. A/I/0102/III dated 31.8.1990 for ensuring rendition of the vouchers by the 15th of the following month. The issue regarding prompt rendition of vouchers by the Treasuries and Public Sector banks is being taken up by the Financial Adviser (DS) with the State Governments and Additional Secretary, Ministry of Finance respectively for doing the needful in the matter. CCDA(P) has also been advised to introduce effective system for monitoring receipt of vouchers and monitoring of expenditure particularly after REs. Further Development in this matter will be reported to PAC later on.

Pension Disbursing Agencies other than DPDOs has been advised vide letter No. A/I/0102/III dated 31.8.1990 to submit the vouchers promptly to ensure that the demands for supplementary grants are based *inter alia* on upto date disbursement. Steps have now been taken to closely assess the requirements of funds while projecting the Budget Estimates/Supplementary Demands.

In view of the circumstances explained above, the excess expenditure of Rs. 2,78,92,72,919 under Revenue Section (Voted) in Grant No. 14—Defence Pensions may please be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution.

This has been vetted by Audit."

1.26 The Committee note that against the original provision of Rs. 1349.57 crores sanctioned under Grant No. 14—Defence Pensions (Revenue-Voted), the Ministry of Defence incurred expenditure of the order of Rs. 1878.50 crores resulting in an uncovered excess of Rs. 278.93 crores inspite of the fact that a supplementary grant of Rs. 250.00 crores was obtained by the ministry in March, 1990. The excess expenditure is stated to be mainly due to the revision of pension and payment of arrears due to implementation of orders of Fourth Pay Commission by Pension Disbursing Agencies. The wide variation between the original budgeted figures and the actual expenditure leads the Committee to an obvious conclusion that the Ministry of Defence have failed to precisely anticipate, assess and provide for the funds actually required by them. The Committee urge the Ministry of Defence to exercise maximum care in assessing their funds requirements.

Ministry of Finance

(Department of Economic Affairs)

Appropriation No. 29—Interest Payments (Revenue—Charged)

1.27 The original provision for the year 1989-90 under the Appropriation 'Interest Payments' was Rs. 17000 crores. This was augmented through a supplementary appropriation of Rs. 710 crores. The actual expenditure amounted to Rs. 17756, 93,66,224 resulting in an excess expenditure of Rs. 46,93,66,224 in the Appropriation.

1.28 According to the Ministry of Finance (Department of Economic Affairs), the excess expenditure of Rs. 46,93,66,224 was the net effect of the excesses and savings under various sub-heads but mainly under the sub-head 'A.3(8)—Interest on Insurance and Pension Funds'. The Ministry have *inter alia* explained the excess expenditure as follows:

"The original provision of Rs. 2811,51,00,000 under the sub-head "A.3(8)—Interest on Insurance and Pension Funds" was augmented to Rs. 3051,51,00,000 through a supplementary appropriation of Rs. 240,00,00,000. This, however, proved to be inadequate, as the actual expenditure amounted to Rs. 3399,46,51,000 resulting in an excess of Rs. 347,95,51,000. The excess was due to more interest payments following increased accretions to the "Special Deposits of Provident, Superannuation and Gratuity Funds" and the decision of Ministry of Finance in Notification No. F.16(19)—PD/87 dated 24th February, 1989 to pay interest on these Special Deposits on half-yearly instead of on annual basis the impact of which could not be assessed accurately.

In view of the circumstances explained above, the excess expenditure of Rs. 46,93,66,224 which was about 0.27% of the total Appropriation, may kindly be recommended for regularisation under Article 115(1)(b) of the Constitution.

1.29 The Committee note that against the original provision of Rs. 17,000 crores under Revenue Section (Charged) of Appropriation No. 29—Interest Payments for the year 1989-90, the Ministry of Finance incurred expenditure of the order of Rs. 17756.94 crores resulting in an uncovered excess of Rs. 46.94 crores inspite of the fact that a supplementary appropriation of Rs.710 crores was made. According to the Ministry of Finance, the excess expenditure of Rs. 46.94 crores was the net effect of the excesses and savings under various sub heads but mainly under the sub-head 'A3(8)—Interest on Insurance and Pension Funds' and in the opinion of the Committee this cannot be said to be unforeseeable as the decision of the Government to pay interest on half-yearly basis instead of on an annual basis on the Special Deposit of Provident, Superannuation and Gratuity Funds was taken on 24th February, 1989. Barring unforeseen circumstances it is not expected of any Ministry much less the Ministry of Finance, to exceed their financial limit even after obtaining a supplementary provision

as has happened in this case. The Committee take a serious view of the lack of realistic assessment on the part of the Ministry and urge the Ministry to exercise greater care while finalising budget estimates in future.

Ministry of Petroleum & Natural Gas

Grant No. 62—Ministry of Petroleum & Natural Gas (Revenue—Voted)

1.30 In their note, the Ministry of Petroleum and Natural Gas have explained the reasons for excess expenditure under various heads as follows:

“Under Revenue Section (Voted) in Grant No. 62—Ministry of Petroleum and Natural Gas for the year 1989-90, against the total Grant of Rs. 111,33,00,000 actual expenditure was Rs. 113,47,06,961 resulting in excess expenditure of Rs. 2,14,06,961.

The excess expenditure occurred under following heads:—

(Rupees in lakhs)

(i) Major Head “3451”

A-Secretariat—Economic Services

A-1 Secretariat

Original Grant	1,53.00
Expenditure	1,60.22
Excess	7.22

The original grant of Rs. 153 lakhs was found to be inadequate to meet the requirements and requirement for additional fund was anticipated at the revised estimates stage. And, as such, an additional amount of Rs. 28 lakhs was projected to the Ministry of Finance (MOF) in October, 1989. Ministry of Finance, However, agreed to an additional sum of Rs. 7 lakhs only and decided that this additional amount to be re-appropriated from the head “B.1(1)(3)—Payment to Oil Industry Development Board against Collection of Cess on Indigenous Crude Oil” under Major Head “2802” in the Revenue Section of the Grant to meet inevitable payments to the employees.

(Rupees in Lakhs)

(ii) Major Head “2802”

By Petroleum

B. Exploration and production of Crude Oil and Gas

B.1 (1) Assistance for Oil and Gas Exploration

B.11 (1)—Subsidy to Shipyard for construction of MSVs, etc.

Original Grant	2,22.00
Expenditure	8,94.00
Excess	6,72.00

The original grant was inadequate and augmentation of the grant by Rs. 672 lakhs was done through re-appropriation from the sub-head "B.1(1)(3)-Payment to Oil Industry Development Board against collection of cess of Indigenous Crude Oil" under Major Head "2802" in the Revenue Section (Voted). However, since this re-appropriation was contrary to the guidelines on New Service/New Instrument of Service, it was reported to the Parliament in the last Batch of Supplementary Demands for Grants 1990-91 obtained in March, 1991.

(Rupees in Lakhs)

(iii) Major Head "2802"	
B-1 Petroleum	
B.1 Exploration and Production of Crude Oil and Gas	
B.1(1) Assistance for Oil and Gas Exploration	
B.1(1) (2)—Special Equipments for Bombay Offshore Project	
Original Grant	7,58.00
Expenditure	52,92.85
Excess	45,34.85

The original grant in this sub-head was Rs. 758 lakhs and actual expenditure was Rs. 52,92.85 lakhs resulting in excess expenditure of Rs. 45,34.85 lakhs. Excesses were due to payments to foreign contractors by Ministry of Defence under Letter of Credit for amount US \$ 34.067 millions opened vide Government of India under Sanction No. MF/SP/1807/NHQ/OPV/1359/4/S, dated 8.9.1987, issued by Ministry of Defence in accordance with Article 3.2 of Contract signed with M/s KTMI of South Korea. Since the letter of credit is irrevocable M/s KTMI continued to draw payments against shipment of materials during 1989-90 and funds were drawn against this letter of credit. The excess expenditure over the Budget provision of Rs. 7.58 crores in the Budget of the Ministry of Petroleum and Natural Gas was incurred in the Ministry of Defence in their Finance Accounts. But as per approved procedure, it appears in the Appropriation Accounts in the Ministry of Petroleum & Natural Gas in terms of Order No. 1(8) (7)/87/TA/794, dated 10.7.1987, issued by Controller General of Accounts in consultation with Comptroller and Auditor General. This suggests the need for regular submission of monthly reports on expenditure incurred (including progressive figures) by the Accounts Officer of Ministry of Defence to the Accounts Officer, Ministry of Petroleum and Natural Gas as per prescribed procedure. However, the Accounts Officer of the Ministry of Petroleum and Natural Gas has not received regularly the statements on expenditure from the Accounts Officer of the Ministry of Defence. The excesses indicated above were offset partly by savings under other heads resulting in net excess of Rs. 2,14,06,961 in the note portion of the Revenue Section of the grant.

In view of the position explained above, the excess expenditure of Rs. 2,14,06,961 incurred during 1989-90 in the Note portion of the Revenue Section under Grant No. 62—Ministry of Petroleum and Natural Gas is recommended for regularisation under Article 115(I)(b) of the Constitution.

This has been vetted by Audit".

1.31 The committee note that the Revenue Section (Voted) of Grant No. 62—Ministry of Petroleum and Natural Gas, recorded an overall excess of Rs. 2.14 crores during the year 1989-90. The excess expenditure occurred mainly under the sub-head "B.1(1) (1)—Subsidy to shipyard for MSV etc." which was of the order of Rs. 6.72 crores. The Committee have been informed that the original Grant of Rs. 2.22 crores under this sub head was inadequate and augmentation of the Grant by Rs. 6.72 crores was done through re-appropriation from another sub-head. However, this re-appropriation was contrary to the guidelines on New Service/New Instrument of Service and this was reported to Parliament only in March, 1991 when the Ministry presented the last batch of Supplementary Demands for Grants 1990-91. The committee consider it unfortunate that the exercise of absolute powers available with the Ministry for re-appropriation within the grant has resulted in this sorry state of affairs in the Ministry of Petroleum and Natural Gas. The Committee recommend that appropriate steps may be taken by the Ministry to ensure that power of re-appropriation is exercised with utmost caution and conscious efforts made to follow the prescribed financial principles while exercising powers of re-appropriation.

APPROPRIATION ACCOUNTS (DEFENCE)

1.32 Out of five Grants/Appropriations operated by the Ministry of Defence, excess expenditure during the year 1989-90 occurred in one Grant viz., Grant No. 17—Defence Services—Air Force (Revenue—Voted).

1.33 Against the Original Grant of Rs. 1873,53,00,000 augmented to Rs. 1923,53,00,000 by obtaining a Supplementary Grant of Rs. 50,00,00,000 an expenditure of Rs. 1938,77,11,683 has been incurred during 1989-90 resulting in an uncovered excess of Rs. 15,24,11,683.

1.34 The excess of Rs. 15,24,11,683 under this Grant was under the following sub-heads has been explained by the Ministry in their note as follows:

(a) A.1—Pay and allowances of Air Force (Rs. 3,52,89,282)

The Original provision made under this sub-head was Rs. 378,69,00,000 which was enhanced to Rs. 461,27,50,000 by obtaining a Supplementary Grant Rs. 36,00,00,000 and also by re-appropriation (Rs. 46,58,50,000). the actual expenditure, however, was Rs. 464,80,39,282 resulting in an excess of Rs. 3,52,89,282.

The excess was mainly due to more booking of local allowances such as Leave/Travel/living out Ration allowances, compensation in lieu of Quarters, children education allowance etc., at the end of the year than anticipated, due to difficulty in estimating the same.

(b) A.3—Pay and Allowances of Civilians (Rs. 97,73,290)

The Original provision made under this sub-head was Rs. 58,36,00,000 which was enhanced to Rs. 72,36,00,000 by obtaining a Supplementary Grant of Rs. 14,00,00,000 but was subsequently reduced to Rs. 70,13,00,000 by minus re-appropriation of Rs. 2,23,00,000. The reduction was made keeping the trend of booking of expenditure in view. The actual expenditure, however, was Rs. 71,10,73,290 resulting in an excess of Rs. 97,73,290.

The excess was due to more booking of expenditure towards the end of the year than anticipated.

(c) A.4—Transportation (Rs. 4,72,23,554)

The original provision made under this sub-head was Rs. 35,75,00,000 which was enhanced to Rs. 48,30,00,000 by reappropriation of Rs. 12,55,00,000. The actual expenditure however, was Rs. 53,02,23,554 resulting in an excess of Rs. 4,72,23,554.

The excess was due to more movement of Air Force personnel on account of certain operation and larger booking of rail charges than anticipated.

(d) A.5—Stores (Rs. 6,84,28,946)

The original provision made under this sub-head was Rs. 1145,52,00,000 which was reduced to Rs. 1143,69,00,000 by minus re-appropriation of Rs. 1,83,00,000. The reduction was made (I) under 'Aviation Stores' due to slippages in payments of deliveries in respect of setting up of overhaul facilities for certain aircrafts and (ii) under local/central purchases of Mechanical Transport Stores. The actual expenditure, however, was Rs. 1150,53,28,946 resulting in an excess of Rs. 6,84,28,946.

The excess was on account of higher deliveries of Ordnance Stores than anticipated at the end of the year and due to marginally higher consumption of Petrol, Oil and Lubricants, Coal and firewood etc., then anticipated, partly offset by saving under 'Airframe and Aero-engines 'Aviation Stores' and 'Clothing Stores'.

(e) A.6—Works (Rs. 4,77,52,200)

The original provision made under this sub-head was Rs. 129,99,00,000 which was enhanced to Rs. 144,98,50,000 by re-appropriation of Rs. 14,99,50,000. The actual expenditure, however, was Rs. 149,76,02,200 resulting in an excess of Rs. 4,77,52,200.

The excess was due to higher departmental charges than anticipated.

(f) A.8—Other Expenditure (Rs. 36,70,047)

The Original provision made under this sub-head was Rs. 32,36,00,000 which was enhanced to Rs. 40,94,00,000 by re-appropriation of

Rs. 8,58,00,000. The actual expenditure, however, was Rs. 41,30,70,047 resulting in an excess of Rs. 36,70,047.

The excess was due to wrong adjustment of Rs. 24,92,095 under expenditure head while rectifying the error in the previous accounts, which could not be re-adjusted to the correct 'Receipt' head before the closing of the accounts for 1989-90.

But for this adjustment, the excess under this sub-head would have been Rs. 11,77,952.

The above excess was partly offset by savings under other sub-heads leaving a net excess of Rs. 15,24,11,683.

Instructions have already been issued for framing the Budget Estimates on realistic basis depending on the requirement and for exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grant. In addition, the progress of Defence Expenditure is analysed periodically and Service Headquarters etc. are cautioned about areas where the trend of expenditure appears to be abnormally high or unusually low with a view to contain the expenditure within the sanctioned budget.

From 1990-91 Air Headquarters have introduced monthly returns in respect of Pay and Allowances of Group 'D' Civilians not on Individual Running Ledger Account System as well as for claims in respect of transfers and Leave Travel Concession. These are expected to assist the authorities in realistically assessing the expenditure incurred under this head, but yet to be compiled on the closure of the accounts. Progress of expenditure is monitored centrally and continually in respect of contractual payments to ensure optimum utilisation of funds. Controller of Defence Accounts (Air Force) have been requested by the Air Headquarters to keep them informed about any adjustments relating to transactions of earlier years carried out to rectify the errors in casting of accounts for these years so that appropriate budgetary provisions could be made whatever necessary. A close watch is being kept by Air Headquarters on the progress of expenditure and clarification regarding correctness of abnormal booking are being obtained to rectify the wrong booking within the same financial year.

In the circumstances explained above, the excess of Rs. 15,24,11,683 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution DGADS has seen".

1.35 Another instance of bad budgeting is revealed in the operation of Grant No. 17—Defence Services—Air Force (Revenue—Voted) by the Ministry of Defence. Against the original provision of Rupees 1873.53 crores under this Grant, the Ministry incurred expenditure to the tune of Rupees 1938.77 crores leaving an uncovered excess of Rupees 15.24 crores despite the fact that a supplementary grant of Rs. 50 crores was obtained. The excess has

occurred mainly under the Heads A-1-Pay and Allowances of Air Force (Rs. 3.53 crores), A-4-Transportation (Rs. 4.72 crores), A-5-Stores (Rs. 6.84 crores) and some other heads. The Ministry have stated that instructions were issued in June, 1990 emphasizing the need for framing the Budget Estimates on realistic basis depending on the requirement and for exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grant. The Committee emphasize upon the Ministry of Defence to take effective steps to ensure strict observance of these instructions.

APPROPRIATION ACCOUNTS (RAILWAYS)

1.36 Out of 16 Voted Grants and 12 Charged Appropriations operated by the Ministry of Railways, an excess expenditure aggregating Rs. 197.76 crores occurred under 7 Grants and 1 Charged Appropriation during the year 1989-90.

The table given below indicates the supplementary provisions obtained in excess registering grants/appropriations and the extent of misclassification of expenditure under those Grants/Appropriations.

No. & Name of excess registering Grant/Appropriation	Suppl. Provisions	Excess expenditure during the year	Effect of misclassification of expenditure	Actual excess expenditure requiring regularisation
Appropriation No. 4—Working Expenses—Repairs & Maintenance of Permanent Way and Works	7,46,000	4,33,662	(+)2,08,590	6,42,252
Grant No. 3—Working Expenses—General Superintendence and services on Railways	6,20,20,000	99,22,878	—	99,22,878
Grant No. 5—Working Expenses—Repairs & Main. of Motive Power	—	17,55,65,706	(+)3,73,000	17,59,38,706
Grant No. 6—Working Exp.—Repairs & Main. of Carriages & Wagons	2,83,42,000	24,32,70,037	—	24,32,70,037
Grant No. 9—Working Exp.—Operating Exp. Traffic	15,31,77,000	3,52,89,157	—	3,52,89,157
Grant No. 13—Working Exp.—Provident Fund, Pensions & other Retirement Benefits	888,87,57,000	2,47,20,647	—	2,47,20,647
Grant No. 14—Appropriation to funds	28,00,00,000	31,97,57,087	—	31,97,57,087
Grant No. 16—Railway Funds	31,71,70,000	70,13,18,524	(+)4,17,94,786	74,31,13,310
Grant No. 16—(Capital)	168,58,77,000	46,72,25,649	(-)5,57,40,453	41,15,85,196

1.37 It would be seen from the above table that Supplementary Grants were obtained in all cases of excess registering Grants/Appropriation except Grant No. 5. The table also reveals that 4 grants were effected by misclassification of expenditure.

The reasons for the excess expenditure for the Grants/Appropriations operated by Ministry of Railways are reproduced at Appendix-XI to this Report.

1.38 The Committee are unhappy to find the slack budgetary control mechanism in the Railways. The Committee note that during the year 1989-90, there was an overall net excess of Rs. 100.76 crores over the final Grants and Appropriations resulting from an aggregate excess of Rs. 197.76 crores under 7 Grants (3,5,6,9,13,14&16 Capital and Railway Funds) and one Appropriation (4) and saving of Rs. 97.00 crores under 10 Grants (1,2,4,7,8,10,11,12,15 and 16-O.L.W.R.) and 11 Appropriations (3,5,6,7,8,9,10,11,12,13 and 16- Capital, Railway Funds & O.L.W.R.). The huge overall net excess of Rs. 100.76 crore has occurred inspite of the fact that Supplementary Grants were obtained invariably in all excess registering grants/appropriation except Grant No.5. The wide variations between the original budgeted figures and the actual expenditure clearly indicate that the Ministry of Railways have, at no stage, been able to precisely anticipate, assess and provide for the funds actually required by them under the various heads. The Committee emphasize the need for framing the Budget Estimates on a realistic basis depending on the requirements and exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grants.

1.39 The Committee also find misclassification of expenditure to the extent of Rs. (-) 1,33,64,077 in Appropriation No. 4 and Grant No. 5 and 16, operated by the Ministry of Railways during 1989-90 which is indicative of the faulty budget control and lack of vigilance on the part of the spending units of the Ministry where misclassification escaped notice and could not be rectified in time. The gravity of the lapse becomes more serious when viewed in the light of the fact that similar lapses were noticed by the Committee in the accounts for the year 1988-89. With a view to obviate the recurrence of such lapses in future the Committee recommend that these lapses should be enquired into and responsibility fixed. The Committee would like to be apprised of the concrete action taken into this matter.

1.40 Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in Para 1.3 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India.

CHAPTER II

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 19TH REPORT (10TH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS DURING 1988-89

2.1 Nineteenth Report (10th Lok Sabha) of the Public Accounts Committee on excess over voted grants and charged appropriations for the year 1988-89 was presented to Lok Sabha on 29 April, 1992. The Report contained 16 recommendations/observations. Of these, 4 recommendations (Sl. Nos. 4, 5, 14 and 16) relate to more than one Ministry.

Action taken notes in respect of all the recommendations/observations have been received and are reproduced in Appendix..... The recommendations have been categorised as follows:

- (i) Recommendations or observations which have been accepted by Government;
Sl. Nos. 1—6 and 8—16.
- (ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government;
Sl. No. 7.
- (iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration:
-Nil-
- (iv) Recommendations or observations in respect of which Government have furnished interim replies:
-Nil-

2.3 The Committee note that in pursuance of the recommendations made by them in their 19th Report (10th L.S.) corrective action has generally been taken by the various Ministries/Departments by issuing necessary instructions to the different concerned agencies for enforcing strict financial discipline. Considering the huge excess expenditure that has occurred during the year 1989-90, the Committee have no doubt that such instructions are not being strictly followed. The Committee would, therefore, emphasize the need for ensuring that all such instructions are strictly complied with by the various Ministries/Departments of the Government.

PART-II**MINUTES OF THE 27TH SITTING OF PUBLIC ACCOUNTS
COMMITTEE HELD ON 28 APRIL, 1993**

The Committee sat from 1000 hrs. to 1035 hrs.

**PRESENT
CHAIRMAN**

Shri Atal Bihari Vajpayee

**MEMBERS
Lok Sabha**

2. Shri Kashiram Rana
3. Shri R. Surender Reddy
4. Shri Ramashray Prasad Singh
5. Prof. (Dr.) Sripal Singh Yadav

Rajya Sabha

6. Shri J.P. Javali
7. Shri Viren J. Shah

SECRETARIAT

- | | |
|----------------------|------------------------|
| 1. Shri G.L. Batra | — Additional Secretary |
| 2. Smt. Ganga Murthy | — Deputy Secretary |
| 3. Shri K.C. Shekhar | — Under Secretary |

REPRESENTATIVES OF AUDIT

- | | |
|-------------------------|------------------------------------|
| 1. Shri B.P. Mathur | — Director General |
| 2. Shri A.K. Banerjee | — Principal Director of Audit (CR) |
| 3. Shri P.K. Lahiri | — Principal Director of Audit (DT) |
| 4. Shri Kulbinder Singh | — Director |
| 5. Shri Balvinder Singh | — Director |

2. The Committee considered the following Draft Reports and adopted them without any modification/amendment:

- (i) Excesses over Voted Grants and Chared Appropriations (1989-90) and Action Taken on 19th Report of Public Accounts Committee (10th Lok Sabha).

(ii) *** *** ***

3. The Committee authorised the Chairman to finalise the Report(s) in the light of minor modifications/amendments arising out of factual verification by the Audit and present the same to the House.

4. The Committee took serious note of the fact that despite their repeatedly expressing concern over the phenomenon of excess expenditure in the past, the excess expenditure continued to occur year after year to lack of positive efforts on the part of the Government. The Committee also noted that the year 1989-90, however, has witnessed an unprecedented rise in the aggregate excess expenditure of the order of Rs. 976.82 crbres. The Committee were, therefore, unhappy to conclude that all their past exhortations for exercising better budgetary control by the Ministries have failed to make any positive impact. The Committee desired that the Chairman may like to take up this matter with the Government.

The Committee then adjourned

APPENDIX—I

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE

Note for Public Accounts Committee for regularisation of excess expenditure under Capital Section (Voted) in Grant No. 8 — Department of Commerce as disclosed in Union Appropriation Accounts (Civil) for 1989-90

Grant No. 8 — Department of Commerce

Capital - Voted	Rs.
<i>Original Grant</i>	169,4300,000
<i>Supplementary Grant</i>	200,49,00,000
<i>Total Grant</i>	369,92,00,000
<i>Actual Expenditure</i>	780,58,46,482
<i>Excess</i>	410,66,46,482

2. Under Capital Section (Voted) in Grant No. 8 — Department of Commerce for the year 1989-90 against the total Grant of Rs. 369,92,00,000 (original Grant Rs. 169,43,00,000 plus supplementary Grant Rs. 200,49,00,000 there is an actual expenditure of Rs. 780,58,46,482 resulting in an excess of Rs. 410,66,46,482 which is to be regularised. The reasons for item under which excess expenditure has been incurred are as shown in the enclosed Annexure.

3. In view of the circumstances as explained in the Annexure enclosed, above excess expenditure of Rs. 410,66,46,482 under Grant No. 8 — Department of Commerce (Capital Section) may kindly be recommended for regularisation by the Parliament under Article 115 (1) (b) of the Constitution.

4. The Report to Parliament on cases attracting limits of new service/new instrument of service as mentioned in the Annexure may be noted.

This Note has been vetted by Audit.

Sd/
(I.G. JHINGRAN)
Addl. Secretary & Financial
Adviser.

Ministry's File No. G. 25017/App.8/89-90/BBA

ANNEXURE

Items under which excess expenditure has been incurred:

			<u>Actual</u>	<u>Amount of Excess</u> (Rs. in thousands) <u>Excess</u>
O	S			
A. Major Head 5453—BB Capital Outlay on Foreign Trade and Export Promotion.				
BB.(2) — Santa Cruz Electronic Export Processing Zone—				
BB.2 (1)— Construction and Development—				
2,50,00	—		3,50,00	1,00,00
BB.6— NOIDA Export Processing Zone—				
BB.6(1)— Construction and Development—				
2,25,00	—		3,75,00	1,50,00

Under this head excess of Rs. 2,50 crores was against budget provisions of Rs. 4.75 crores.

In NOIDA and SEEPZ, there was no allocable land unless some additional expenditure was incurred and these zones would have to close entry to units. Expenditure in SEEPZ estimated was at Rs. 4.98 crores. In NOIDA EPZ expenditure of Rs. 4.93 crores was estimated. If urgent action had not been taken, a number of parties would have been able to commence production and exports, thereby resulting in delayed implementation of export oriented projects.

In view of the position explained above, the additional funds of Rs. 1.00 crores under sub-head BB.2(1)—Construction and Development (for Santa Cruz Export Processing Zone) and Rs. 1.50 crores under BB.6(1) Construction and Development (for Noida Export Processing Zone) was provided, by way of re-appropriation from KAFTZ and MEPZ budget heads.

On the recommendations of the Public Accounts Committee Government has, *interalia*, prescribed certain financial limits for different categories of expenditure beyond which the expenditure constitutes "New Services" or "New Instrument of Service" and requires prior approval of Parliament. The additional funds of Rs. 1.00 crores under subhead BB.2(1) and Rs. 1.50 crores under BB.6(1) provided by re-appropriation exceeded the financial limit as prescribed. It is therefore, necessary to

report them to Parliament. This report giving reasons for reappropriation is being made accordingly.

	O	S	Actual	Excess
B. Major Head 6407				
DD. Loans for Plantations				
DD. 1. Tea				
Dd.1(1)—Other Loans—				
DD.1(1) (1)-Tea Board	4,30,00	—	4,80,00	50,00

A sum of Rs. 4.30 crores was provided in the Budget Estimate for the year 1989-90 for Loans to Tea Board.

The additional funds of Rs. 50 lacs was re-appropriated out of saving for two schemes namely Brand Promotion Programme in Australia and Tea Machinery Hire Purchase Scheme (Loan).

C. Major
Head 7605

EE — Advances to Foreign Governments

EE.5 — Loans to Government of USSR

EE.5(1) — Technical Credits incorporated in Trade Agreements	10,00,00	199,89,00	733,87,00	523,98,00
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Technical credits to USSR are provided by way of temporary advances when that Government faces shortage of funds in its rupee trade balance to pay for exports from India.

During the Calender year 1989, there was a spurt in exports to USSR arising from acute shortage of consumer items there and due to earthquake in Armenia which necessitated purchase of substantial quantities of medicine, toothpaste, soaps, detergents, other chemical products, hoisery, knitwear etc. from India. Also during the Calender year 1989, the imports had been lower for a number of reasons, such as reduced or no supplies of commodities like liquid ammonia, metal scraps, pig iron, cooking coal etc. The problem was further aggravated by the shipping difficulties connected with import of bulk commodities.

The year 1989 ended with net excess exports as compared to the Trade Plan targets:—

(Rs. in crores)

		Actuals	
Exports	Imports	Exports	Imports
3800	3200	4200	2600

The export exceeded target by Rs. 400 crores and the imports fell short by Rs. 600 crores. In USSR, trading organisations were given more autonomy in trading activities and they were often unwilling to honour

commitments made at the Governmental level regarding supply of items under Trade Plan. Existing arrangement with USSR provided for unlimited access to technical credit from India, to support uninterrupted imports from India. A number of corrective measures were taken to meet the challenge faced by the situation, but inspite of them the year 1989-90 ended with an excess technical credit of 523,98,00,000. Some of the measures taken are given below:—

(i) The Budget estimates for 1989-90 provided for Rs. 150 crores only of technical credit with the following break up:—

	(Rs. in crores)
USSR	10
POLAND	75
Czechoslovakia	40
GDR	20
Romania	5
	<hr/>
Total	150

In keeping with the trend, additional amount of Rs. 199.89 crores was obtained in the supplementary grant and Rs. 350 crores of technical credit (after some re-appropriation) was re-allocated as under in the revised estimates:—

	(Rs. in crores)
USSR	300
Poland	30
Czechoslovakia	10
GDR	10
Romania	—
	<hr/>
Total	350

In Jan. '90, the trend of trade with USSR during the year 1989 was taken up with the Indian Embassy in Moscow, with the Soviet Ministry of Foreign Relations and also with the concerned organisations. The need for increasing exports to India so as to balance the trade with the USSR was urged.

Since strict watch was maintained on the drawals of technical credit by the Ministry from December, 1989 onwards and efforts were being made to curtail it further, Supplementary grants were not taken, which led to the excess.

Audit have seen and concurred.

Sd/-
(P. BHATIA)
Chief Controller of Accounts.

APPENDIX—II

MINISTRY OF DEFENCE (FINANCE DIVISION)

Note for Public Accounts Committee for regularisation of excess expenditure under Revenue Section (Voted) in Grant No. 14 — Defence Pensions as disclosed in Union Government Appropriation Accounts (Civil) for 1989-90

Revenue Grant (Voted)

Original Grant	Rs. 1349,57,00,000
Supplementary Grant	Rs. 250,00,00,000
Total Grant	Rs. 1599,57,00,000
Total Expenditure	Rs. 1878,49,72,919
Excess	Rs. 278,92,72,919

2. The excess expenditure occurred mainly on account of:—

	(Amount in Crores)
(i) Revision of Pension and Payment of arrears due to implementation of orders of Fourth Pay Commission by Pension Disbursing Agencies	
(ii) Revision of left over cases under Fourth Pay Commission by Chief CDA(P) and payment of arrears thereof by the Pension Disbursing Agencies	206.18
(iii) Sanction of Pre-1964 family pension cases by Chief CDA(P) and payments involving arrears thereof	20.32
(iv) Ex-gratia payment	1.50
(v) Compilation of amount paid in March 1990 within the accounts of 1989-90 as explained in paragraph-3	51.00
	<hr/> 279.00

3. In the past, Chief CDA(P) had observed that vouchers pertaining to payments made during the year were received subsequent to the closing of year's accounts and hence some amounts were not getting booked in the same year. Keeping this in view, CCDA(P) while projecting the Budget Estimates had been making allowance for such vouchers being received after the close of accounts and not likely to be booked in that year. During the year 1989-90, however a special drive was undertaken by CCDA(P) to collect vouchers by hand from various Pension Disbursing Agencies and account them in the same year which resulted in an excess booking of Rs. 51 crores in addition to a sum of Rs. 226.50 crores shown above.

4. Defence pensions are of various kinds viz. Retiring, Disability, Invalid, Family pensions, special family pensions, War injury pension in

respect of battle casualties and various gallantry awards etc. There are 16 lakhs Defence Pensioners at present and each year there is an increase of about 50,000 in their number. Some of the Pensioners are even pre-1937 retirees and Ex-King's commissioned Indian Officers. Pensions to the Defence personnel are disbursed by more than 22,500 pension Disbursing Agencies throughout India. Defence pension disbursements are also made in respect of Gorkha Defence Pensioners by Embassy of India in Nepal.

5. Except for 58 Defence Pension Disbursing Offices, all other Agencies do not function under the control of Defence Accounts Department, Chief DCA(P) while framing budget estimates in primarily guided by the past actuals and fresh Government orders issued if any. Data in respect of DPDOs has already been captured and is available on computer for issue of pension schedules and can be used for formulating Pension Estimates also. Data in respect of treasuries and selected banks is being collected, has been collected and is also under process of Data Entry for some Pension Disbursing Agencies. The work is expected to be completed by the end of 1992.

6. Though, care was taken in projecting the requirement of funds and watching the progress of expenditure, the excess expenditure occurred on account of vouchers to the extent of Rs. 715.31 crores actually received after the rendition of R.E. for 1989-90 as certified by the CCDA(P). A bulk of these vouchers were received by CCDA(P) subsequent to the month of March, 1990. Since the above mentioned vouchers included amount to the extent of Rs. 226.50 crores which was not anticipated by the CCDA(P), excess expenditure to this extent could not be foreseen at the time of obtaining Supplementary Grants. Further the Pension Disbursing Agencies like Treasuries, Public Sector Banks etc. are not functioning under the administrative control of CCDA(P) so the later was not in a position to adopt effective measures to ensure rendition of the vouchers in time. There also did not exist an adequate reporting system to forecast the likely flow of such vouchers to CCDA(P). There was no delay on the part of CCDA(P) in the accounting of vouchers. However the CCDA(P) had already issued necessary instructions to the Treasuries vide letter No. A/L/0102/III dated 31/8/1990 (copy enclosed) for ensuring rendition of the vouchers by the 15th of the following month. The issue regarding prompt rendition of vouchers by the Treasuries and Public Sector Banks is being taken up by the Financial Adviser (DS) with the State Governments and Addl. Secretary, Ministry of Finance respectively (copy enclosed) for doing the needful in the matter. CCDA(P) has also been advised to

introduce effective system for monitoring receipt of vouchers and monitoring of expenditure particularly after REs. Further Development in this matter will be reported to PAC later on.

7. Pension Disbursing Agencies other than DPDOs have been advised vide letter No. A/L/01012/III dated 31/8/90 (copy enclosed) to submit the vouchers promptly to ensure that the demands for supplementary grants are based *inter alia* on upto date disbursements. Steps have now been taken to closely assess the requirements of funds while projecting the Budget Estimates/Supplementary Demands.

8. In view of the circumstances explained above, the excess expenditure of Rs. 2,78,92,72,919 under Revenue Section (Voted) in Grant No. 14 — Defence Pensions may please be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

9. This has been vetted by Audit.

Sd/-

(P.R. Sivasubramanian)

Jt. Secy. & Addl. Financial Adviser (P)

Tele No. 3012915

MOD(F) F.No. 23(1)

MO/91-92

B.V. ADAVI

D.O.No.23(1)/MO/ 1-92(665)

Financial Adviser (Defence Services)

Tel: 301-2386

MINISTRY OF DEFENCE

NEW DELHI-110011

March 17, 1992.

Dear

As you are aware, a large number of Defence Pensioners draw their Pensions through SBI and other Public Sector Banks. A review of the account relating to Pensions reveals that there has been significant delays in rendition of accounts by some of the branches. The Banks have to ensure that the accounts are rendered to Chief CDA(P), Allahabad for the pension disbursed by them, duly complete in all respects on a month to month basis. You will appreciate that the delayed rendering of these accounts creates many problems in proper budgeting and correct estimation of Supplementary Demands, where necessary. In fact, for this reason, we have run into problems of a major excess of Defence Pension disbursements over the total Grant for the year 1989-90. An illustrative list of defaultee SBI Branches from whom the Pension Payment Scrolls are not received within prescribed time, is enclosed.

2. I shall be grateful if you could kindly issue suitable instructions to Chief Executives of Public Sector Banks to ensure strict compliance of the

instructions in ensuring complete and timely rendition of the accounts relating to Defence Pensions.

Yours Sincerely,
Sd-
(B.V. ADAVI)

To: Shri K.J. Reddy, Addl. Secretary,
Banking Division, Min. of Finance, New Delhi-110001.

Copy to: Shri M.N. Goiporia,
Chairman & Managing Director,
State Bank of India,
Central Office, BOMBAY.

With a similar
request as above.

Sd-
(B.V. ADAVI)

B.V. ADAVI
Financial Adviser (Defence Services)
Tel: 301-2386

D.O.No.23(1)/MO/91-92(666)
MINISTRY OF DEFENCE
NEW DELHI-110011
March 17, 1992.

Dear

As you are aware, a large number of Defence Pensioners draw their pensions through the State Treasuries. Unlike the case of Central Civil pensioners, we are continuing to authorise fresh pension payments for Defence personnel through the Treasuries because of certain special problems faced by the Defence Pensioners. A review of the accounts relating to Pension disbursement reveals that there have been significant delays in rendition of accounts by some of the Treasuries leading to problems in prompt computation of expenditure and ensuring correct budgeting. The Treasuries are expected to ensure that the accounts are rendered for the pension disbursed, duly complete in all respect and on a month to month basis to Chief CDA(P), Allahabad. You will appreciate that delayed despatch of these accounts leads to problems in ensuring proper budgeting and correct estimation of Supplementary Demands, where necessary. In fact, for this reason, we have run into a problem of a major excess of Defence Pension disbursements over the total Grant for the year 1989-90. A list of State Treasuries from whom Pension Payment Vouchers (PPVs) are not received within prescribed time by Chief CDA(P) is enclosed.

2. I shall be grateful if you could kindly issue suitable instructions to the Director of Treasuries so that all Treasuries ensure strict compliance of instructions in ensuring complete and prompt rendition of accounts to Chief Controller of Defence Accounts (Pensions), Allahabad.

Yours sincerely,
Sd/
(B.V. ADAVI)

Addressed to: All the Finance Secretaries/Finance Commissioners of 19 States/Union Territories with a copy to Shri I.G. Wilson, A.C.G.D.A.

The position of excess under Grant No. 14—Defence Pensions for the year 1989-90 is reflected as under:—

(In thousands of Rupees)

Revenue Section (Voted) Grant/Appropriation including Supplementary Grant.	Actual Expenditure	+ Excess - Saving
1	2	3
Major Head—2071		
A-1—Defence		
A-1 (1)—Army		
A.1 (1) (1)—Normal Pensions		
A.1 (1) (1) (1)—Payments made to Officers etc. as a result of war 1939—45		
4,50,00	5,89,48	+ 1,39,48
Excess was due to receipt of more number of Pension cases owing to turn out of more number of pensioners.		
A.1 (1) (1) (3)—Payments made to Officers etc. who retired after 1.4.37 but before 15.8.47 excluding pension sanctioned as a result of war 1939—45.		
7,50,00	9,48,62	+ 1,98,62
Excess was due to receipt of more pension cases owing to turn out of more Pensioners.		
A.1 (1) (1) (4)—Payments made to Officers etc. who retired on or after 15.8.47		
8,90,36,20	10,62,80,65	+ 172,44,45
Excess was due to turn out of more number of pensioners than anticipated and implementation of orders of Fourth Pay Commission and revision of left over cases under the Fourth Pay Commission.		
A.1 (1) (1) (5)—Gratuities		
1,22,10,00	1,54,09,80	+ 31,99,80
Excess was due to finalisation of more cases than anticipated and revision of left over cases under the Fourth Pay Commission.		
A.1 (1) (2)—Commutated value of Pensions		
3,65,02,00	3,84,64,05	+ 19,62,05

1	2	3
Excess was on account of payment of increased amount consequent on revision of pension as a result of recommendations of Fourth Pay Commission.		
A.1 (1) (3)—Family Pensions		
1,22,31,90	1,50,59,91	+ 28,28,01
Excess was due to payment of more cases of ex-gratia payment and revision of Pre-1964 family cases than anticipated and revision of left over cases under the Fourth Pay Commission.		
A.1 (1) (5)—Rewards		
99,90	1,08,73	+ 8,83
A.1 (2) (1) (4)—Payments made to Officers etc. who retired on or after 15-8-47.		
12,83,70	16,03,66	+ 3,19,96
Excess was due to turn out of more number of pensioners and implementation of orders of Fourth Pay Commission and revision of left over cases under the Fourth Pay Commission.		
A.1 (2) (1) (5)—Gratuities		
2,81,00	3,86,47	+ 1,05,47
Excess was due to finalisation of more number of cases than anticipated and revision of left over cases under the Fourth Pay Commission.		
A.1 (2) (2)—Commuted value of pensions		
6,00,00	7,24,62	+ 1,24,62
Excess was due to finalisation of more number of cases than anticipated and payment of commuted value of increased rate of pension.		
A.1 (2) (3)—Family pensions		
1,07,30	1,50,43	+ 43,13
Excess was due to receipt of more number of cases of ex-gratia payment cases and revision of Pre-1964 family pension cases than anticipated and revision of left over cases under the Fourth Pay Commission.		
A.1 (3)—Air Force		
A.1 (3) (1)—Normal Pensions		
A.1 (3) (1) (4)—Payments made to Officers etc. who retired on or after 15-8-47.		
28,28,55	45,25,07	+ 16,96,52
Excess was due to turnout of more number of Pensioners than anticipated and implementation of orders of Fourth Pay Commission and revision of left over cases under the Fourth Pay Commission.		
A.1 (3) (1) (5)—Gratuities.		
8,68,00	10,68,44	+ 2,00,44

1	2	3
Excess was due to finalisation of more cases than anticipated and revision of left over cases under the Fourth Pay Commission.		
A.1 (3) (3)—Family Pension		
2,40,00	2,98,65	+ 58,65
Excess was due to receipt of more number of pension cases owing to turn out of more pensioners than anticipated.		
A.1 (1)—Army		
A.1 (1) (1)—Normal Pension		
A.1 (1) (1) (1)—Payments made to Officers etc. who retired on or before 1-4-37.		
85,00	55,92	(-) 29,08
Saving was due to turn out of less number of pensioners than anticipated.		
A.1 (1) (4)—Contribution to Provident Fund.		
1,00,00	91,60	(-) 8,40
A.1 (2)—Navy		
A.1 (2) (1)—Normal Pensions		
A.1 (2) (1) (2)—Payments made to Officers etc. as a result of the war 1939—45.		
30	20	(-) 10
A.1 (2) (1) (3)—Payments made to Officers etc. who retired after 1-4-37 but before 15-8-47 but excluding pensions sanctioned as a result of war 1939—45.		
2,00	01	(-) 1,99
A.1 (2) (4)—Contribution to Provident Fund.		
2,55	2,52	(-) 03
A.1 (2) (5)—Rewards		
10	01	(-) 09
A.1 (3)—Air Force		
A.1 (3) (1)—Normal Pensions		
A.1 (3) (1) (1)—Payments made to Officers etc. who retired on or before 1-4-37.		
20	02	(-) 18
A.1 (3) (1) (2)—Payments made to Officers etc. as a result of war between 1939—45.		
25	10	(-) 15
A.1 (3) (1) (3)—Payments made to Officers etc. who retired after 1-4-37 but before 15-8-47 excluding pensions sanctioned as a result of war 1939—45.		
10,00	09	(-) 9,91

1.	2	3
Saving was due to receipt of less number of pension cases than anticipated.		
A.1 (3) (2)—Commuted value of Pensions.		
22,67,00	20,80,48	(-) 1,86,52
Saving was due to receipt of less number of pension cases than anticipated.		
A.1 (3) (5)—Rewards		
1,00	14	(-) 86
Grand total-1599,57,00	1878,49,73	(+) 278,92,73

REGISTERED

No. A/10102-III
Accounts Section
Office of the Chief
CDA (Pensions)
A L L A H A B A D
DATED 31 August 1990

To:

The Treasury Officer,

SUB: *Pension Payment Account: Scrutiny and Classification of.*

Sir,

You are aware that all grants of pensionary awards, Jangi Inam and other awards are notified by this Office through individual Pension Payment orders and sent to the concerned Pension Disbursement Officers through respective Record Offices/Head Offices for payment to Defence Pensioners. Pension payment to Defence Pensioners are, therefore, made, based on the information contained in the P.P.Os.

2. In this connection, it is stated that while scrutinising/adjusting your subject Pension Accounts, it has come to our notice that the general instructions laid down in "Pension Payment Instructions (PPI) Revised 1973 Edition" for payment and preparation of accounts are not being adhered to by your office/Sub-treasuries while making payment to Defence Pensioners. This apart from other problems is creating great difficulties in classifying the pensions to their correct accounting head and compilation of

accounts and booking of expenditure by us is getting delayed. The points of our observation are enumerated:—

- (i) Prescribed forms for authorising payment of pensioners are not being used (A specimen is enclosed for your guidance).

Sl. No.	Date of payment	Name of the pensioner and Rank/ Shri/Smt.	TS/PS No.	P.P.O. No.	Unit
1	2	3	4	5	6
Rate	Period of payment	Type of payment Pen/Grty/ Commt.	Amount of deduction, if any	Net amount paid	Signature of the pensioner
7	8	9	10	11	12

- (ii) TS/PS. PPO No. Rank and Corps or Department where the individual last served are not being shown in the vouchers/payment schedules.
- (iii) While quoting PPO No. letters used as prefix, such as 'D' 'DRA' 'M' 'S' 'C' etc. are not being indicated with year to enable us to identify the Defence pensioner (Example S123489). The alphabetical prefix/prefixes are absolutely essential for correct classification.
- (iv) The rate and period of pension paid are not being shown distinctly in the vouchers/payment schedules. Some times, it is seen that TOTAL AMOUNT shown in the pension payment vouchers/schedules do not distinctly show the amount of PENSION/ GRATUITY and COMMUTATION and Dearness Relief.
- (v) Class I, V, VI & VIII pensioners vouchers/sub-schedules [(IAF-CDA)-649] should be prepared separately with distinct mark i.e. Army, Air Force and Navy.
- (vi) Family pensioners schedules for both the categories II and VII are to be prepared separately.
- (vii) Schedules are also not being filled in properly and are so fady to understand as to what are the particulars and amount. Therefore, vouchers can not be checked with the sub-schedules. Please ensure before sending the accounts to this office that the vouchers are supported with the sub-schedule.
- (viii) It has been observed that pension payment Bank scrolls are also being enclosed with the Treasury Account which should not be included with other Treasury vouchers as the amount on account of pension payment Bank scroll are to be submitted by RB/SBI to this Office. These may be returned to RB/SBI concerned.
- (ix) Burma pensioners vouchers should also not be taken with other vouchers as the same is adjustable by Accountant General concerned.

- (x) Other Departments vouchers viz. Railways/P&T etc. vouchers are also not adjustable by this office and should not be included in our account.
- (xi) The payment to Foreign pensioners viz. Pakistan, UK, Burma etc. shall be made on the separate vouchers and shall be marked distinctly and attached with separate sub-schedule.
- (xii) The Change Statements shall invariably attached with the monthly pension account.
- (xiii) The separate list for Arrear payment and L.T.A. payments shall be enclosed with the Monthly Pension account.
- (xiv) The Top Schedule IAF (CDA)-649-A should be prepared with reference to amount shown in sub-schedule under each Head of Account.
- (xv) It shall be ensured that the Monthly Pension Payment Account should be so despatched that it should reach this office by 15th of the following month in bulk.
- (xvi) The Debit particulars shall also be sent to the concerned A.G. simultaneously while forwarding the Pension Payment Account to this office so that the claims from AG's concerned in settlement of the accounts are also received in this office promptly for payment. It should be ensured that Debit Schedule intimated to the Accountant General tallies with the amount of the top Schedule IAF (CDA)-649-A for which payment vouchers/schedules are supporting.

3. You will appreciate that in absence of the above particulars it may not feasible for us to classify the pension expenditure to the relevant Heads of Account correctly and conduct audit of the pension payments made to the Defence Pensioners expeditiously.

4. In the light of the position stated above, you are requested to make familiar your staff/STOs with the above instructions "immediately" and ensure rendition of Monthly Pension Accounts *by 15th of the next month* strictly in accordance with the existing orders, on the subject under intimation to this office.

5. The information required in the above paragraphs is in connection with the scrutiny of the A/Cs for correct compilation of the expenditure. As regards the audit of payments the following statements may also please be furnished to this office separately to the O/CAT-I Section in case of Class I, II & V pensioners and to the O/C Audit Coord. Section of this office in respect of class VI, VII & VIII Pensioners.

- (i) Recovery statement as per specimen enclosed as Annexure 'A' & 'B'
- (ii) Change statement as per specimen at Annexure 'C'
- (iii) Form I, II as per specimen at Annexure 'D' & 'E'.

It may be ensured that the statements referred to in this para are not sent alongwith the pensions payment accounts but they are sent separately addressed to the respective officers mentioned above.

6. PLEASE ACKNOWLEDGE RECEIPT.

Yours faithfully,

Sd/-

(K.C. GUPTA)

Asstt. Controller of Defence Accounts (P)

Registered

Copy forwarded for information and necessary action:—

1. The Director of Treasuries and Accounts () _____
2. The Accountant General () _____ for information and issue, of suitable instructions to the Treasury Officers under them.

Sd/-

(K.C. GUPTA)

Asstt. C.D.A. (P)

(Class I, II & V Pensioners)

(AT-F20)

Statement showing recovery of Demand

Name of the Pension Disbursing Officer _____ for the month of _____

Sl. No.	Name of the pensioner	P.C. No.	Amount of Recovery	Recovery on what Account	Page No. of Voucher	Action in Group
1	2	3	4	5	6	7

ANNEXURE 'B'**(Class VI, VII and VIII Pensioners)****Name of the pension Disbursing Officer_____for the month of _____.**

Sl. No.	Name of the Treasury / and Treasury / Branch No.	Date of payment	Sl. No. of the item of P.D. Schedule/ Journal at which recovery effected	Name of the Pensioner
(1)	(2)	(3)	(4)	(5)

Treasury Serial/Head Office No.	Brief particulars of demand	Amount recovered during the month in question
(6)	(7)	(8)

Change Statement

Statment showing the name of pensioners paid abnormal payment at
(Name of the PDC) during the month of

Sl. No.	Treasury	Name	Amount paid	Page of PP At	Item No.
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ANNEXURE 'D'

(I.A.F.A.-383-(A))

**Statment showing the names of Pensioner struck off from the check Register of _____
Treasury/Pension Paymaster owing to transfer, death, expiry-cessation of pension, etc, during the Month of _____**

Name of Pensioner	Treasury Sl. No.	Descriptive Sl. No. I.D.O. No.	Name of Pension master / Post Office / Treasury to which transferred in the date of transfer	Nature of Pay- other casualty with date	Date upto which pension paid before transfer or other casualty	Remarks
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ANNEXURE 'E'
(IAFA-390)

List of Indian Military pensioners brought on the check Register of the -----Treasury during the Month of -----

Name of the pensioner with rank and late Corps of a family pensioner with relationship to, and name of deceased on whose account pension granted and latter's rank, late corps, regimental No.	Treasury Sl. No.	Descriptive Sl. No. including letters denoting class of pension.	Pension & Allowances payable	Date of sanction	Name of office from which sanctioned.	Late Head Office or Treasury No.	Date upto which pension last by Office to which referred.

APPENDIX III

MINISTRY OF DEFENCE (FINANCE) BUDGET—I

Note for Public Accounts Committee for regularisation of excess over voted portion of Grant No. 17—Defence Services—Air Force as disclosed in the Appropriation Accounts (Defence Services) for the year 1989-90

Grant No. 17—Defence Services—Air Force

Original Grant	Rs. 1873,53,00,000
Supplementary Grant	Rs. 50,00,00,000
Total Sanctioned Grant	Rs. 1923,53,00,000
Actual Expenditure	Rs. 1938,77,11,683
Excess Expenditure	Rs. 15,24,11,683

2. Against the Original Grant of Rs. 1873,53,00,000 augmented to Rs. 1923,53,00,000 by obtaining a Supplementary Grant of Rs. 50,00,00,000 an expenditure of Rs. 1938,77,11,683 has been incurred during 1989-90 resulting in an uncovered excess of Rs. 15,24,11,683.

3. The excess of Rs. 15,24,11,683 under this Grant was under the following sub-heads:-

(a) *A.1—Pay and Allowances of Air Force*
(Rs. 3,52,89,282)

The original provision made under this sub-head was Rs. 378,69,00,000 which was enhanced to Rs. 461,27,50,000 by obtaining a Supplementary Grant (Rs. 36,00,00,000) and also by reappropriation (Rs. 46,58,50,000). The actual expenditure, however, was Rs. 464,80,39,282 resulting in an excess of Rs. 3,52,89,282.

The excess was mainly due to more booking of local allowances such as Leave/Travel/living out Ration allowances, compensation in lieu of Quarters, children education allowance etc. at the end of the year than anticipated, due to difficulty in estimating the same.

(b) *A.3—Pay and Allowances of Civilians (Rs. 97,73,290)*

The original provision made under this sub-head was Rs. 58,36,00,000 which was enhanced to rs. 72,36,00,000 by obtaining a Supplementary Grant of Rs. 14,00,00,000 but was subsequently reduced to Rs. 70,13,00,000 by minus reappropriation of Rs. 2,23,00,000. The reduction was made keeping the trend of booking of

expenditure in view. The actual expenditure, however, was Rs. 71,10,73,290 resulting in an excess of Rs. 97,73,290.

The excess was due to more booking of expenditure towards the end of the year than anticipated.

(c) *A.4—Transportation (Rs. 4,72,23,554)*

The original provision made under this sub-head was Rs. 35,75,00,000 which was enhanced to Rs. 48,30,00,000 by reappropriation of Rs. 12,55,00,000. The actual expenditure however, was Rs. 53,02,23,544 resulting in an excess of Rs. 4,72,23,554.

The excess was due to more movement of Air Force personnel on account of certain operation and larger booking of rail charges than anticipated.

(d) *A.5—Stores (Rs. 6,84,28,946)*

The original provision made under this sub-head was Rs. 1145,52,00,000 which was reduced to Rs. 1143,69,00,000 by minus reappropriation of Rs. 1,83,00,000. The reduction was made (i) under 'Aviation Stores' due to slippages in payments of deliveries in respect of setting up of overhaul facilities for certain aircrafts and (ii) under local/Central purchases of Mechanical Transport Stores. The actual expenditure, however, was Rs. 1150,53,28,946 resulting in an excess of Rs. 6,84,28,946.

The excess was on account of higher deliveries of Ordnance Stores than anticipated at the end of the year and due to marginally higher consumption of Petrol, Oil and Lubricants, Coal and firewood etc., than anticipated, partly offset by savings under 'Airframe and Aero-engines' 'Aviation Stores' and 'Clothing Stores'.

(e) *A.6—Works (Rs. 4,77,52,200)*

The original provision made under this sub-head was Rs. 129,99,00,000 which was enhanced to Rs. 144,98,50,000 by reappropriation of Rs. 14,99,50,000. The actual expenditure, however, was Rs. 149,76,02,200 resulting in an excess of Rs. 4,77,52,200.

The excess was due to higher departmental charges than anticipated.

(f) *A.8—Other Expenditure (Rs. 36,70,047)*

The original provision made under this sub-head was Rs. 32,36,00,000 which was enhanced to Rs. 40,94,00,000 by reappropriation of Rs. 8,58,00,000. The actual expenditure, however, was Rs. 41,30,70,047 resulting in an excess of Rs. 36,70,047.

The excess was due to wrong adjustment of Rs. 24,92,095 under expenditure head while rectifying the error in the previous accounts, which could

not be re-adjusted to the correct 'Receipt' head before the closing of the accounts for 1989-90.

But for this adjustment, the excess under this sub-head have been Rs. 11,77,952.

4. The above excess was partly offset by saving under other sub-heads leaving a net excess of Rs. 15,24,11,683.

5. Instructions have already been issued for framing the Budget Estimates on realistic basis depending on the requirement and for exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grant. In this connection, a copy of Ministry of Defence (Finance) I.D. No. 21(5)89D-I dated 29-6-1990 is enclosed. In addition, the progress of Defence expenditure is analysed periodically and Service Headquarters etc. are cautioned about areas where the trend of expenditure appears to be abnormally high or unusually low with a view to contain the expenditure within the sanctioned budget.

6. From 1990-91, Air Headquarters have introduced monthly returns in respect of Payment Allowances of Group 'D' Civilians not on Individual Running Ledger Account System as well as for claims in respect of transfers and Leave Travel Concession. These are expected to assist the authorities in realistically assessing the expenditure incurred under this head, but yet to be compiled on the closure of the accounts. Process of expenditure is monitored centrally and continually in respect of contractual payments to ensure optimum utilisation of funds. Controller of Defence Accounts (Air Force) have been requested by the Air Headquarters to keep them informed about any adjustments relating to transactions of earlier years carried out to rectify the errors in casting of accounts for these years so that appropriate budgetary provision could be made wherever necessary. A close watch is being kept by Air Headquarters on the progress of expenditure and clarification regarding correctness of abnormal booking are being obtained to rectify the wrong booking within the same financial year.

7. In the circumstances explained above, the excess of Rs. 15,24,11,683 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution.

8. DGADS has seen.

Sd/-
(P.R. SIVASUBRAMANIAN)
Addl. FA (P) & J.S.

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

SUBJECT:- *Preparation of budgetary estimates and monitoring/review of Defence expenditure*

The necessity of projecting the budgetary requirements on a realistic basis in the prescribed budgetary reviews and the need for constant monitoring of the trend of expenditure with a view to review/revise the requirement of funds during various stages of the year to avoid any excesses/surrenders has been emphasised from time to time. Instructions have also been issued time and again on the need to scrupulously conform to the budgetary provisions and to formulate the budget estimates on the most realistic basis.

2. It has, however, been observed that by the end of the year actual expenditure varies significantly from the sanctioned provisions under some heads, year after year some of these variations even lead to excesses over voted grants, which requires regularisation by Parliament. The Public Accounts Committee, in their various reports, have commented adversely on such excesses. Similarly, the Comptroller and Auditor General of India has, in his Reports, repeatedly highlighted areas where budgetary control was found to be inadequate or defective.

3. It is, therefore, again emphasized to all concerned that budgetary estimates both under 'Charged' and 'Voted' heads should be prepared with the utmost care, taking into account the past trends and all relevant factors. The progress of expenditure under all the heads during the financial year should also be regularly monitored carefully and closely. Various proposals for reappropriations, Supplementary Demands, Modified Appropriations and other budgetary projections should be formulated with great care to ensure that there are no excesses or surrenders subsequently.

Sd/-
(C.K. Joseph)
Addl. FA (J)

Addl. DGFP, Army HQ.
DFP, Air HQ
DNP, Naval HQ
DPR&M, Dir. (P&C)
Mafd (F) I.D. NO. 21(5)89B-I dt 29-6-90

Copy to:-

- (i) All Joint Secretaries
- (ii) All Directors/DFAs.

APPENDIX IV
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)

Note for the Public Accounts Committee for regularisation of excess expenditure Revenue Section (Charged) in Appropriation No. 29—Interest Payment as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1989-90

Revenue Section (Charged)	Rupees
Original Appropriation	17000,00,00,000
Supplementary Appropriation	710,00,00,000
Total Appropriation	17710,00,00,000
Actual Expenditure	17756,93,66,224
Excess	46,93,66,224

2. The original provision for the year 1989-90 under the Appropriation 'Interest Payments' was Rs. 17,000 crores. This was augmented through a supplementary appropriation of Rs. 710 crores. The actual expenditure amounted to Rs. 177,56,93,66,224 resulting in an excess expenditure of Rs. 46,93,66,224 in the Appropriation.

3. The excess expenditure of Rs. 46,93,66,224 was the net effect of the excesses and savings under various sub-heads as shown in Annexure I and II but mainly under the sub-head "A.3(8)—Interest on Insurance and Pension Funds".

4. The original provision of Rs. 2811,51,00,000 under the sub-head "A.3 (8)—Interest on Insurance and Pension Funds" was augmented to Rs. 3051,51,00,000 through a supplementary appropriation of Rs. 240,00,20,000. This, however, proved to be inadequate, as the actual expenditure amounted to Rs. 3399,46,51,000 resulting an excess of Rs. 347,95,51,000. The excess was due to more interest payments following increased accretions to the "Special Deposit of Provident, Superannuation and Gratuity Funds" and the decision of Ministry of Finance in Notification No. F. 16(19)-PD/87 dated 24th February, 1989 (Copy enclosed) to pay interest on these Special Deposits on half-yearly instead of on annual basis the impact of which could not be assessed accurately.

5. In view of the circumstances explained above, the excess expenditure of Rs. 46,93,66,224 which was about 0.27% of the total Appropriation, may kindly be recommended for regularisation under Article 115(1)(b) of the Constitution.

This has been vetted by Audit.

Sd/-
(SMT. JANAKI KATHPALIA)
Additional Secretary (Budget)

[Ministry's file No. F.6(20)-B(AC)/91.]

To

The Chairman & Members of the
Public Accounts Committee.

(a) Statement showing reasons for excess expenditure under certain sub-heads in the Appropriation Accounts for 1989-90.

(Rs. in thousands)

Major Head-2049 Interest Payments (Charged)

Sub-Heads	Excess over sanctioned Appropriation (Budget + Supplementary)	Reasons for the Excess
1	2	3
1. A.1(1)—Interest on Market Loans	206,55,81	Mainly due to payment of interest fallen due in the preceding years, as reported by the Reserve Bank of India (copy enclosed).
2. A.1(4)—Interest on 182 days Treasury Bills	20,95,10	Mainly due to payment of more interest following larger auction sale of 182-days' Treasury Bills than anticipated and more investment therein in the later part of the year than anticipated.
3. A.1(6)—Interest on Other Internal Debts	20,09,97	Due to post budget decision to adjust interest on compensation and other Bonds to this head instead of Market Loans.
4. A.2(2)—Interest on Loans from Government of USA under PL-480 Convertible local Currency credits	2,40,40	Due to unfavourable fluctuation in the rate of exchange.

1	2	3
5. A.2(3)—Interest on Loans from the Agency for International Development, USA (U.S. Aid Loans)	8,82,50	Due to unfavourable fluctuation in the rate of exchange and more drawals than anticipated.
6. A.2(4)—Interest on other Miscellaneous Loans from the Government of USA	16,36	Due to unfavourable fluctuation in the rate of exchange.
7. A.2(7)—Loans from the Government of Federal Republic of Germany	8,77,84	Due to unfavourable fluctuation in the rate of exchange, issue of fresh loans and more drawals than anticipated.
8. A.2(8)—Interest on Loans from the Government of Swiss Confederation and Swiss Banks	51,85	Due to fresh receipt of interest schedulings.
9. A.2(9)—Interest on Loans from the Government of Czechoslovakian Republic	52,37	Due to more drawals than anticipated.
10. A.2(12)—Interest on Loans from the Government of Austria	12,48	Due to unfavourable fluctuation in the rate of exchange.
11. A.2(13)—Interest on Loans from the Government of Netherlands	1,84,08	Due to unfavourable fluctuation in the rate of exchange and more drawals than anticipated.
12. A.2(14)—Interest on Loans from the Saudi Fund for Development	79,79	Due to unfavourable fluctuation in the rate of exchange and more drawals than anticipated.
13. A.2(15)—Interest on Loans from the Government of Italy	1,16,18	Due to unfavourable fluctuation in the rate of exchange and more drawals than anticipated as well as payment of commitment charges.

1	2	3
14. A.2(17)—Interest on Loan from the Government of France	3,35,80	Due to unfavourable fluctuation in the rate of exchange and issue of fresh loans.
15. A.2(25)—Interest on Loan from the OPEC Special Fund	43,04	Due to unfavourable fluctuation in the rate of exchange and more drawals than anticipated.
16. A.3(3)—Management of Small Saving Schemes	13,96,56	Mainly due to more payments of Commission to Department of Posts and enhancement in the rate of commission following increased collections of Savings Bank Deposits/Certificates, than anticipated.
17. A.3(4)—Interest on State Provident Funds	60,71,94	Due to more interest payable to subscribers of Provident funds on larger balances in the accounts because of more subscriptions than anticipated.
18. A.3(5)—Incentive Bonus to Provident Fund subscribers	52,33	Due to payment of Bonus due in respect of earlier years to postal staff.
19. A.3(8)—Interest on Insurance and Pension Funds	347,95,51	Mainly due to:— (i) Payment of half-yearly interest on Special Deposits instead on Yearly basis for 1989-90 and (ii) more accretions to the Deposits during the year than anticipated—mainly in respect of Special Deposits of Provident, Superannuation and Gratuity Funds.
20. A.3(10)—Bonus on Field Deposits	4,66,91	Due to increase in deposits by the Defence Personnel posted in the fields.
21. A.5(1)—Interest on Deposits	53,13,75	Due to more deposits from Public Sector undertakings/ Indian Railway Finance Corporation and N.R.I. Bonds than anticipated.
22. A.5(4)—Miscellaneous	33,78,64	Due to maintenance of SDR-Rupee parity rate and fluctuation in the rate of exchange.
TOTAL	7,91,30,21	

(b) Statement showing cases of certain sub-heads where there were major savings with reference to sanctioned appropriations.

Sub-Heads	Savings compared with Appropriation (Budget)	Reasons for the Savings
1	2	3
1. A.1(2)(1)—Discount on Treasury Bills	93,49,12	Due to less issue of Treasury Bills than anticipated. As the issue of Treasury Bills depends on the day-to-day cash balance position of the Central Government, the estimation could not be made with exact precision.
2. A.1(5)—Management of Debt.	2,70,66	Due to less expenditure on management of Debt and less receipt of claims from RBI than anticipated.
3. A.2(5)—Interest on Loan from the Government of USSR	4,81,65	Due to less draws than anticipated.
4. A.2(10)—Interest on Loan from the A.D.B.	5,07,58	Due to less draws than anticipated and cancellation of commitment charges payable, by the lending Bank.
5. A.2(18)—Interest on Loan from the Bank of Japan	20,33,85	Due to favourable fluctuation in the rate of exchange and less draws than anticipated.

1	2	3
6. A.2(19)—Interest on Loan from the IBRD	23,65,55	Due to reduction in the rates of Commitment charges and less drawals than anticipated.
7. A.2(20)—Interest on Loan from the International Development Association	10,13,61	Due to non-requirement of fund for payment of commitment charges as a result of suspended for the year 1989-90 by world Bank.
8. A.2(22)—Loans from Kuwait Fund for Arab Economic Development	59,71	Due to less drawals than anticipated.
9. A.3(1)—Interest on Savings Deposits	101,95,55	Due to less interest payments in respect of Post Office Savings, Bank Deposits, One Year and Three Year Time Deposits, and Cumulative Time Deposits than anticipated. Less payment of interest than anticipated on Post Office Savings, Bank Deposits, Two Year Time Deposits, Recurring Deposits, National Saving Scheme Deposits and Monthly Income Accounts Deposits.
10. A.3(2)—Interest on Savings Certificate	307,19,77	Due to less interest payments in respect of National Savings Certificates V and VIth issues and Kisan Vikas Patra, than anticipated.
11. A.3(6)—Interest on Public Provident Funds	68,72,32	Mainly due to non-less reporting of interest payments made to subscribers by various branches of Banks.
12. A.3(9)—Interest on Special Deposits and Accounts	92,58,61	Due to lesser interest accrued on Special Securities issued to Nationalised Banks, Special Deposits by Life Insurance Corporation/General Insurance Corporation etc. This could not be predicted accurately due to fluctuations in the timings of the deposits.

1	2	3
13. A.4—Interest on Reserve Funds	1,92,74	Due to less payment of interest owing to more withdrawals from the Railway Fund than anticipated.
14. A.5(2)—Interest on Advance Deposit Scheme for giving Telephone Connections.	11,41,22	Due to shortfall in deposits for telephone connections than anticipated and less claims of interest by the MTNL than anticipated.
15. A.5(3)—Interest on Advance Deposit Scheme for giving Telex Connections.	18,10	Due to shortfall in deposits for telex connections than anticipated.
TOTAL	744,71,04	

This is a case of excess and not saving as entire expenditure of Rs.10,36 (against nil provision) was met out of re-appropriation.

APPENDIX V

GOVERNMENT OF INDIA MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for regularisation of excess under Revenue Sections (Voted) in Grant No. 45—Police as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1989-90.

Revenue Section (Voted)	Rupees
Original Grant	1240,92,00,000
Supplementary Grant	45,36,00,000
Total Grant	1286,28,00,000
Actual Expenditure	1303,26,18,673
Excess	16,98,18,673

The original grant of Rs. 1240,92,00,000 in the Revenue Section (Voted) was augmented by obtaining a Supplementary Grant of Rs. 45,36,00,000 in March, 1990. Against the total Grant of Rs. 1286,28,00,000 the actual expenditure amounted to Rs. 1303,26,18,673 resulting in an excess of Rs. 16,98,18,673. This excess works out to 1.32% of the total sanctioned provision.

The excess, which was the net result of excesses and savings under various Heads is attributable to the following sub-heads for the reasons given therein:—

A.5—Assam Rifles (AR)	Rs. 1425.52 lakhs
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The excess is mainly due to the following reasons:—

(i) Special Duty Allowance	Rs. 8,93,09,000
(ii) Additional Dearness Allowance and Bonus	Rs. 10,29,05,000
(iii) Clothing, Tentage and Stores and increase in cost of various items.	Rs. 39,92,000

The Special Duty Allowance was sanctioned on 2nd February, 1989 with retrospective effect from 7.11.1988. Similarly, the ADA and Bonus was sanctioned after finalisation of Budget Estimates for 1989-90. Under the

IRLA System, the Pay and Allowances in respect of Assam Rifles personnel are accounted for in their IRLA, and Accounts are closed quarterly. The amount of expenditure varies from quarter to quarter due to the adjustment of their fluctuating allowances. During the year 1989-90, the quarterly entitlement as per IRLA accounts worked out to Rs. 101.95 crores against which advance drawn was of Rs. 84.45 crores leaving a cash balance of Rs. 17.50 crores in the Civil Deposit Account maintained by PAO (AR), Shillong. The month-wise advance drawn by the AR personnel and quarterly entitlement of Pay and Allowances as accounted for in the IRLA during 1989-90 is given below:—

Month	Month-wise Field Advances drawn during 1989-90	Quarterly entitlement as per IRLA Accounts closed during 1989-90
Mar. 1989	Rs. 6,12,13,000	QE 5/89 Rs. 22,17,26,345
Apr. 1989	Rs. 6,18,36,077	QE 8/89 Rs. 28,59,70,868
May 1989	Rs. 6,15,95,000	QE 11/89 Rs. 26,32,29,690
June 1989	Rs. 7,04,95,000	QE 2/90 Rs. 24,86,02,064
Jul. 1989	Rs. 7,17,24,000	
Aug. 1989	Rs. 5,97,74,000	Total: Rs. 101,95,28,967
Sep. 1989	Rs. 7,32,90,000	
Oct. 1989	Rs. 7,27,20,000	
Nov. 1989	Rs. 7,55,45,000	
Dec. 1989	Rs. 6,81,35,000	
Jan. 1990	Rs. 8,67,74,000	
Feb. 1990	Rs. 8,13,72,000	
	Total:	Rs.
	84,44,73,077	

Under salaries, a Supplementary Grant for Rs. 575.00 lakhs was obtained. Additional funds were also provided for Rs. 602.75 lakhs by re-appropriation. In respect of clothing etc. funds were provided by re-appropriation to meet the additional expenditure. In view of economy instructions issued from time to time by the Ministry of Finance, Supplementary Grant was not sought instead efforts were made to meet the excess expenditure by utilising savings under other heads within the Grant but excess could not be avoided.

A.6(3)—Indo-Tibetan Border Police (ITBP) Rs. 1362.03 lakhs

The excess is mainly due to the following reasons:—

(i) Raising of 2 Auxillary Bns. (w.e.f. 1.9.89) and 2 other regular Bns. (w.e.f. 1.4.89)	Rs. 420.42 lakhs
(ii) Sanction of ADA with effect from 1.1.89 and 1.7.89	Rs. 331.00 lakhs
(iii) Payment of arrears of HRA and CCA w.e.f. 1.1.1986	Rs. 83.73 lakhs
(iv) Augmentation of Tele-communication set-up and consequential creation of new posts.	Rs. 18.00 lakhs
(v) Movement of 2 Bns. to Border areas and payment of Frontier Allowance.	Rs. 203.00 lakhs
(iv) Clearance of past liabilities relating to Arms & Ammunition purchased through Ministry of Defence.	Rs. 306.00 lakhs

In so far as expenditure relating to item Nos. (i) to (v) is concerned this occurred due to post Budget developments for which no provision was made in 1989-90. However, keeping in view the economy instructions it was felt that the requirement of additional funds could be met by re-appropriation from within the overall sanctioned Budget Grant for the year 1989-90 and therefore no supplementary was obtained. Additional funds for Rs. 9.71 crores were provided by re-appropriation within the Grant. Even then the excess expenditure could not be avoided. In regard to expenditure on clearance of past liabilities relating to Arms and Ammunition, the bills for the year 1987-88 (Rs. 0.60 lakh) and 1988-89 (Rs. 305.40 lakhs) were received from Controllers of Defence Accounts and accepted by the Pay and Accounts Office, ITBP in the last fortnight of March, 1990 which resulted in inevitable payments and hence excess expenditure.

A.7-Industrial Security Force: Rs. 1704.36 lakhs

The excess occurred mainly due to new inductions between-10.4.1989 to 8.2.1990 at a cost of Rs. 268.65 lakhs and Grant of ADA and Bonus (Rs. 1022.86 lakhs). The excess expenditure on these items occurred due to post Budget developments for which no Budget provision existed in 1989-90. The requirement of additional funds could not be fully estimated at the time of finalising Revised Estimates for 1989-90 and eight monthly Estimates, based on which the Supplementary Grant was obtained in March, 1990. However, in view of economy instructions efforts were made to meet additional funds for Rs. 1511.35 lakhs by re-appropriation from the savings within the Grant as a whole. As these payments were of an obligatory nature and could neither be restricted nor deferred.

A.10(1)—Charges paid to other Govts./Depts: Rs. 390.75 lakhs

The excess is mainly due to adjustments of left over claims of the Ministry of Defence for the years 1987-88 (Rs. 8,30,52,876) and 1988-89 (Rs. 12,63,10,012). All these claims were received in the month of March, 1990 by which time the Supplementary Grant was not possible.

A.10(2)—Purchase, Manufacture & Distribution of Tear

Smoke Material: Rs. 19,01 lakhs

Excess is due to more purchase of raw materials.

The reasons for excess expenditure indicated above were of an obligatory nature and could not be deferred. Steps have, however, been taken to ensure that excess expenditure is not incurred in future and strict expenditure control is exercised by the Controlling Authorities/Pay and Accounts Officers. Instructions have been issued in this regard vide Ministry of Home Affairs letter No. 14/1/91—Budget-I, dated 15th July, 1991 and Principal Accounts Office (Accounts), Ministry of Home Affairs O.M. No. 2792—2803, dated 22.11.1990 (copies enclosed).

In view of the circumstances explained above, excess expenditure of Rs. 16,98,18,673 under Grant No. 45—Police Revenue Section (Voted) may please be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution.

This note has been vetted by Audit.

(G. GANESH)

Joint Secretary and Financial Adviser (Home)

File No. 14/1/91—Budget—I.

IMMEDIATE

**No. 14/1/91-BUDGET-I
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS
(GRIH MANTRALAYA)**

NEW DELHI-110001, the 15 July, 1991.

To

(As per list attached.)

SUB: Excess expenditure over voted Grants—Control of Expenditure.

Sir,

The Controller General of Accounts have informed that there was an excess expenditure of Rs. 16,98,18,673/- under Grant No. 45-Police for the year 1989-90. This excess expenditure is required to be got regularised from the Police Accounts Committee. The Public Accounts Committee have taken very serious view of the expenditure incurred in excess of the sanctioned budget. The observations made by the public Accounts Committee from time to time were circulated by the Ministry of Finance to all the Ministries etc. including Ministry of Home Affairs for strict compliance. These instructions were in turn circulated to all the Organisations by this Ministry emphasising that under no circumstances the sanctioned provisions be allowed to exceed.

2. It appears that the instructions regarding control of expenditure and reconciliation of departmental figures of expenditure with those booked by the PAOs are not being strictly adhered to and no effective control of expenditure is being exercised by the Heads of organisations to ensure that the expenditure is contained within the allotted funds. In order to avoid recurrence of such unpleasant situation in future, it has to be ensured that expenditure is contained within the allotted funds and under no circumstances, expenditure should be incurred beyond the sanctioned budget. Accordingly, to avoid excess expenditure in future, relevant provisions of GFRs with specific reference to GFR-6A, GFR-9 and GFR-12 should be strictly followed.

The measures taken in the light of these instructions be intimated to this Ministry urgently.

Receipt of this letter may also please be acknowledged.

Yours faithfully,

Sd/-

(G. GANESH)

Joint Secretary & Financial Adviser (Home)

No. 14/1/91-Budget-I

Dated 15th July, 1991.

Copy forwarded for information and necessary action to the Chief Controller of Accounts, Ministry of Home Affairs. Strict compliance of the above instructions may please be ensured by issuing necessary directions to all PAOs not to entertain claims in excess of the sanctioned budget.

Sd/-

(G. GANESH)

Joint Secretary & Financial Adviser (Home)

No. 14/1/91-Bgt.I

Dated 15th July, 1991

Copy to all the Joint Secretaries of the Ministry of Home Affairs, Joint Secretary (Administration), Ministry of Personnel, Public Grievances and Pensions and Joint Secretary, Rehabilitation Division, with the request that suitable steps may please be taken to ensure that the sanctioned budget is not exceeded to under any circumstances.

Sd/-

(G. GANESH)

Joint Secretary & Financial Adviser (Home)

PRINCIPAL ACCOUNTS OFFICE (Accounts)
MINISTRY OF HOME AFFAIRS
C-Hutments, Dalhousie Road

Tel : 3015913

22 Nov. 1990

New Delhi-110001

OFFICE MEMORANDUM**Expenditure Control**

It has come to notice that the payment on account of inward claims is not being noted by certain Pay & Accounts Offices in the expenditure control register, with the result the PAO could not exercise a proper control over the expenditure. Para 1.20.1 of Civil Accounts manual provides that one of the important duties of each Pay & Accounts Office is to see that no payment is made in excess of the budget allotment unless it is covered by advance from the contingency fund or an assurance has been obtained in writing from the Ministry/Head of department controlling the budget grant that additional funds to accommodate the expenditure will be provided through reappropriation *vide* note below para 4.2.4 of Civil Accounts Manual.

Since all the payments made by the Pay & Accounts Office are chargeable to a particular Major/Minor Head, the payments on account of the expenditure debit to budget grant of Ministry, whether in the form of payment through precheck or on account of inward claims is to be made

after ensuring that necessary budget provision is available. To have an effective control PAOs may ensure that all payments through precheck or on account of inward claims are noted in the expenditure control register and payment of inward claims be authorised, after recording therein a note that necessary entry has been made in the expenditure control register. At the end of the month the progressive total in the expenditure control register should be compared with the amounts booked in the consolidated abstract and reasons of variation should be analysed. The difference should be only on account of the bills passed in a particular month for which cheque has been issued in subsequent month.

To enable the Drawing & Disbursing Officers to have a complete record of the outstanding liabilities and proper control of expenditure, the payment of inward claims be reported to the DDOs through endorsement to the letter forwarding the cheque in settlement of the claim, so that the DDO concerned may keep a note of the payment against the appropriate Major/Minor Head in his appropriation register.

Further, annexure 'B' to Rule 66(2) of GFRs provides for reconciliation of expenditure by the department concerned with the PAOs figures by the last date of the month following the month of Account. The provisions of the GFRs be brought to the notice of the defaulting DDOs and a monthly report of such defaulting DDOs be sent to principal Accounts Office (Accounts) by 10th of the 2nd succeeding month.

PAOs may ensure compliance of the above instructions.

Receipt of this memorandum be acknowledged.

Sd/-

(ARUNA MAKHAN)

Chief Controller of Accounts (Home)

APPENDIX VI

GOVERNMENT OF INDIA MINISTRY OF PETROLEUM & NATURAL GAS

Note for Regularisation of Excess expenditure incurred under Revenue Section (Voted) in grant No. 62—Ministry of Petroleum and natural Gas, as disclosed in the union government appropriation accounts (civil) for 1989-90

<i>Revenue Section (Voted)</i>	<i>Rupees</i>
Original Grant	111,33,00,000
Supplementary Grant	—
Total Grant	111,33,00,000
Actual Expenditure	113,47,06,961
Excess Expenditure	2,14,06,961

2. Under Revenue Section (voted) in Grant No. 62—Ministry of Petroleum and Natural Gas for the Year 1989-90, against the total Grant of Rs. 111,33,00,000 actual expenditure was Rs. 113,47,06,961 resulting in excess expenditure of Rs. 2,14,06,961.

3. The excess expenditure occurred under following heads:—

(Rupees in Lakhs)

(i) Major Head "3451"

A-Secretariat—Economic Services

A-1 Secretariat

Original Grant	1,53.00
Expenditure	1,60.22
Excess	7.22

The original grant of Rs. 153 lakhs was found to be inadequate to meet the requirements and requirement for additional funds was anticipated at the revised estimates stage. And, as such, an additional amount of Rs. 28 lakhs was projected to the Ministry of Finance(MOF) in October, 1989. Ministry of Finance, However, agreed to an additional sum of Rs. 7 lakhs only and decided that this additional amount be re-appropriated from the Head 'B.1(1)(3)—Payment to Oil Industry Development Board against Collection of Cess on Indigenous Grude Oil" under Major Head '2802" in the Revenue Section of the Grant to meet enevitable payments to the employees.

(Rupees in Lakhs)

(ii) Major Head "2802"

B-Petroleum

B.1 Exploration and Production of Crude oil and Gas

B.1(1) Assistance for Oil and Gas Exploration

B.1(1)(1)—Subsidy to Shipyard for construction of MSVs, etc.

Original Grant	2,22.00
Expenditure	8,94.00
Excess	6,72.00

The original grant was inadequate and augmentation of the grant by Rs. 672 lakhs was done through re-appropriation from the sub-head "B.1(1)(3)-Payment to Oil Industry Development Board against collection of Cess on indigenous Crude Oil" under Major Head "2802" in the Revenue Section (Voted). However, since this re-appropriation was contrary to the guidelines on New Service/New Instrument of Service, it was reported to the Parliament in the last Batch of Supplementary Demands for Grants 1990-91 obtained in March, 1991.

(Rupees in Lakhs)

(iii) Major Head "2802"

B-Petroleum

B.1 Exploration and Production of Crude oil and Gas

B.1(1) Assistance for Oil and Gas Exploration

B.1(1)(2)-Special Equipments for Bombay Offshore Project

Original Grant	7,58.00
Expenditure	52,92.85
Excess	45,34.85

The original grant in this sub-head was Rs. 758 lakhs and actual expenditure was Rs. 52,92.85 lakhs resulting in excess expenditure of Rs. 45,34.85 lakhs. Excesses were due to payments to foreign contractors by Ministry of Defence under letter of credit for an amount of US\$ 34.067 millions opened vide Government of India under Sanction No. MF/SP/1807/NHQ/OPV/1359/4/S, dated 8.9.1987, issued by Ministry of Defence in accordance with Article 3.2 of Contract signed with M/s. KTM1 of South Korea. Since the letter of Credit is irrevocable, M/s. KTM9 continued to draw payments against shipment of materials during 1989-90 and funds were drawn against this letter of credit. The excess expenditure over the budget provision of Rs. 7.58 crores in the Budget of the Ministry of petroleum and natural Gas was incurred in the Ministry of Defence in

their Finance Accounts. But as per approved procedure, it appears in the Appropriation Accounts in the Ministry of Petroleum & Natural Gas in terms of order No. 1(8)(7)/87/TA/794, dated 10.7.1987, issued by Controller General of Accounts in consultation with Comptroller and Auditor General. This suggests the need for regular submission of monthly reports on expenditure incurred (including progressive figures) by the Accounts Officer of Ministry of Defence to the Accounts Officer, Ministry of Petroleum and Natural Gas as per prescribed procedure. However, the Accounts Officer of the Ministry of Petroleum and Natural Gas has not received regularly the statements on expenditure from the Accounts Officer of the Ministry of Defence. The excesses indicated above were offset partly by savings under other heads resulting in net excess of Rs. 2,14,06,961 in the note portion of the Revenue Section of the grant.

4. In view of the position explained above, the excess expenditure of Rs. 2,14,06,961 incurred during 1989-90 in the Note portion of the Revenue Section under Grant No. 62 - Ministry of Petroleum and Natural Gas is recommended for regularisation under Article 115(I) (b) of the Constitution.

5. This has been vetted by Audit vide their U.O. NO. RR/11-3/91-92/1221, dated the 25th September, 1992.

Sd/-
(DR. A.N. SAKSENA)
Financial Adviser
23rd October, 1992.

File No. G-25017/2/91-Fin. I

APPENDIX VII

MINISTRY OF SURFACE TRANSPORT
OFFICE OF THE CHIEF CONTROLLER OF ACCOUNTS
IDA BLDG., Jam Nagar House
New Delhi 110011

Note for Public Accounts Committee for regularisation of excess expenditure under Revenue Section (Charged) in Grant No. 72 - Roads, as disclosed in the Union Government Appropriation Accounts (Civil) for 1989-90.

Revenue Section (Charged)	Rupees
Original Appropriation	1,00,000
Supplementary Appropriation	3,00,000
Total Appropriation	4,00,000
Actual Expenditure	6,45,106
Excess	2,45,106

2. The original provision for the year 1989-90 in Grant No. 72-Roads was Rs. 1,00,000. This was augmented through a supplementary grant of Rs. 3,00,000 obtained in March, 1990 for the stated purpose of making payments in satisfaction of a court decree. As against this, the expenditure booked amounted to Rs. 6,45,106 resulting in an excess expenditure of Rs. 2,45,106.

3. Of the total expenditure of Rs. 6,45,106 booked in accounts for 1989-90, Rs. 3,34,270 was paid in 1986-87, Rs. 5,564/- and Rs. 1,45,627 in 1987-88 on acquisition of Bohima Estate at Shimla and remaining expenditure of Rs. 1,59,645 incurred in the year 1989-90 was on account of five motor accident claims.

4. The sum of Rs. 4,85,461 paid in 1986-87 and 1987-88 for acquisition of the estate was as per award of court for payment of additional compensation but, the payments were wrongly booked under Voted expenditure instead of Charged expenditure under Major Head '3601' in the accounts for the two years.

5. On issue of a sanction on January 22, 1990 for the payment already made as per orders of the Court, the Charged Expenditure of Rs. 4,85,461 was booked under Major Head 3601 in the accounts for 1989-90. But

▶ supplementary grant was omitted to be taken for the full charged expenditure booked in the accounts for 1989-90 with a deduct expenditure of Rs. 4,85,461 booked in the voted portion of the same head in the same accounts, so that the net total expenditure was nil.

6. Steps will be taken in future to obtain supplementary grants for charged expenditure incurred in excess of provision.

7. In the circumstances explained above, the excess expenditure of Rs. 2,45,106 may kindly be recommended for regularisation by approval of excess grant by Parliament under Article 115(1) (b) of the Constitution.

This Note has been vetted by Audit.

Sd/-

(A.K. AGARWAL)

Addl. Secretary & Financial Adviser

APPENDIX VIII

GOVERNMENT OF INDIA MINISTRY OF URBAN DEVELOPMENT (SHAHARI VIKAS MANTRALAYA)

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Charged) in Grant No. 76-Public Works, as disclosed in the Union Government Appropriation Accounts (Civil) for 1989-90

Capital Section (Charged)	Rupees
Original Appropriation	20,00,000
Supplementary Appropriation	4,00,000
Total Appropriation	24,00,000
Actual Expenditure	25,10,372
Excess	1,10,372

2. The original appropriation for the year 1989-90 under Grant No. 76-Public Works was Rs. 20,00,000. This was augmented to Rs. 24,00,000 by obtaining Supplementary Appropriation of Rs 4,00,000 in March 1990. Against this, expenditure of Rs. 25,10,372 was incurred resulting in an excess expenditure of Rs. 1,10,372.

3. In this connection, it may be stated that the arbitration awards when received are examined from the point of view of their acceptability at the levels of Executive Engineer/Superintendent Engineer/Chief Engineer and if found acceptable, they are accepted and payments made without any delay. However, where the arbitration awards are not found acceptable either being palpably leaning towards the contractor or there is any misconduct of the arbitrator, the awards are challenged in the Court of Law on specific grounds in consultation with Ministry of Law. Once the arbitration awards are challenged, the outcome depends on judgement of the court which entails some delay and very little time is left for going for the supplementaries.

4. The excess expenditure of Rs. 1,10,372 was the net effect of the excesses and savings under various sub-heads as shown below:—

(i) Major Head "4059"

AA.1-Construction - General Pool Accommodation.

		(Rupees in thousands)
Original Grant		24,00
Actual Expenditure	-	18,31
Savings		(-) 5,69

The requirement of funds for arbitration awards under Major Head "4059"-AA.1 Construction - General Pool Accommodation are determined on the basis of actual expenditure of the previous year and subsequent demand for funds received from various units for likely arbitration awards during the year for the entire grant. At the time of framing the estimates, it is not possible to determine the requirement for each sub-head because at that time, the components of charged expenditure are not known. Therefore, the funds obtained in the year 1989-90 under the above mentioned sub-head were in excess of the actual requirement under that sub-head which was re-appropriated to other sub-heads considering the final requirement.

(ii) Major Head "4059"

AA.2(1) (6)-Home Affairs.

Original Grant		NIL
Actual Expenditure		0,89
Savings		(+) 0,89

The excess expenditure of Rs. 0,89 thousands was due to receipt of arbitration awards during the year 1989-90 and Supplementary provision could not be made as the expenditure incurred was reported much later.

(iii) Major Head "4210"

CC.1(1)-Central Government Health Schemes.

Original Grant		NIL
Actual Expenditure		5,10
Savings		(+) 5,10

The excess expenditure of Rs. 5,10 thousands was due to payments of arbitration awards as per judgement of the Supreme Court.

Supplementary provision could not be made as the payments were finalised at the fag end of the year.

(iv) Major Head "4211" (Rupees in thousands)
DD. 1-Urban Family Welfare

Services	
Original Grant	NIL
Actual Expenditure	0,69
Excess	(+) 0,69

The excess expenditure of Rs. 0,69 thousands was due to payment made for arbitration awards. Supplementary provision could not be made as the payments were finalised at the fag and of the year.

(v) Major Head "4401"
FF. 1-Plant protection.

Original Grant	NIL
Actual Expenditure	0,02
Excess	(+) 0,02

The excess expenditure of Rs. 0,02 thousands was due to payment of arbitration award which was actually received on 21.4.1988. However, it was decided by the competent authority to refer the matter to the Court of Law on certain ground in consultation with the Ministry of Law. The payment was made on 31.1.90 after receiving the judgement of court but the supplementary provision could not be made as the expenditure incurred was reported much later.

(vi) Major Head "4403"
GG. 1-Cattle and Buffalow Development

Original Grant	NIL
Actual Expenditure	0,10
Excess	(+) 0,10

The excess expenditure for Rs. 0,10 thousands was due to payment of arbitration award as per judgement of the Hon'ble Court.

Supplementary provision could not be made as the expenditure incurred was reported later on.

5. Details of arbitration awards indicating the particulars of works, dates of awards and dates of payment made have been stated in Annexure 'A' enclosed.

5. In view of the circumstances explained above, the excess expenditure of Rs. 1,10,372 under Capital Section (Charged) in Grant No. 76-Public Works for 1989-90 may kindly be recommended for regularisation under Article 115(1)(b) of the constitution.

7. This has been vetted by Audit vide their U.O. No. RR/11-9/91-92/2120, dated 27th January, 1993.

Sd/-
(Smt. A.P. AHLUWALIA)
Financial Adviser (UD).

File No. G-23014/1/91-Bt.

ANNEXURE 'A'

The full particulars of the works against which the arbitration awards were issued indicating the dates of awards and dates of payments are as under:—

Major Head/ Sub-head.	Name of work in respect of which award received.	Date of Award.	Date of payment.	Amount of payment in rupees.
1. MAJOR HEAD "4059" AA. 2 (1) (6)—Home Affairs.	Construction of Central Bureau of Investi- gation Office Bldg. at Jaipur.	7.10.89	21.10.89	98,076 + 12% interest
2. MAJOR HEAD "4210" CC. 1 (1)—Central Government Health Schemes.	Construction of Animal House at CIPL. Ghaziabad. (ii) Renovation of Barracks in Dr. R.M.L. Hospital New Delhi.	23.2.89	3.3.90 31.3.90	20,867 (***) 10,685 1,57,000
3. MAJOR HEAD "4211" DD. 1—Urban Family Welfare Services.	Construction of National Institute of Family Planning Health, N. Delhi SG: Admn. Block, Animal Block & Clinical Block etc.	21.4.88	31.1.90	69,196
4. MAJOR HEAD "4401" FF. 1—Plant Protection	Construction of Secretariat Bldg. for Afro-Asian Rural Re- construction Organi- sation at Chanakya Puri, New Delhi.	21.4.88	31.1.90	2,545
5. MAJOR HEAD "4403" GG. 1—Cattle and Buffalow Development.	Construction of Necturral House National Zoo Park, New Delhi.	8.2.89	26.12.89	9,845

(***) Under the functional Major Head "4210"—Capital outlay on Medical and Public Health, M/s Mohan Construction Company had been executing the work 'Construction of Animal House at C.I.P.L. Ghaziabad under the jurisdiction of Ghaziabad Central Division, C.P.W.D. The final bills payable to M/s Mohan Construction Company was a minus bill of Rs. 3,07,540 which was actually to be recovered from the agency due to some lapses on their part. However, the agency did not agree to the said decision and later-on, consequent upon the Arbitration Award in favour of the agency, a payment of Rs. 33, 215 had to be made to the agency. As a result, the entire amount of Rs. 3,07,540 lying in Misc. Public Works Account on account of minus bill had become irrecoverable from the agency and was transferred to the work account and subsequently booked under 'Charged Expenditure'.

Sd/-
(Smt. A.P. AHLUWALIA)
Financial Adviser (UD).

APPENDIX IX

GOVERNMENT OF INDIA MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for Regularisation of excess expenditure under Capital Section (Voted) in Grant No. 90-Delhi, as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1989-90

Grant No. 90—Delhi	(Rupees)
Capital Section (Voted)	
Original Grant	436,36,00,000
Supplementary Grant	116,61,00,000
Total Grant	552,97,00,000
Actual Expenditure	553,13,40,777
Excess	16,40,777

2. The original Grant of Rs. 436,36,00,000 was augmented by obtaining a supplementary grant of Rs. 116,61,00,000 in March, 1990. Against the total grant of Rs. 552,97,00,000 the actual expenditure amounted to Rs. 553,13,40,777 resulting in an excess of Rs. 16,40,777.

3. This excess, which was the net result of excesses and savings under various Heads in the Capital Section (Voted) of the Grant, is attributable to the following Sub-Heads for the reasons given there under (excess given in brackets):

Major Head "6217"

AA. 2 (1) (1) (1)—Development of Rural Villages
AA. 2 (1)(1) (1) (1)—Loan to MCD (Rs. 25.00 lakhs)

On the basis of the number of villages to be taken up during 1989-90 a provision of Rs. 4 crore was made. But this provision proved insufficient due to grant of more loan for development of rural villages. The excess expenditure was met by re-appropriation from savings within the grant.

Major Head "6425"

BB. 8(1)—Loan to Credit Co-operatives (Rs. 6.00 lakhs)

Due to more loan to Co-operatives Societies under special component plan than anticipated.

the cases the expenditure incurred pertained to the work in progress which was started during the year prior to 1989-90. A provision of Rs. 801.30 lakhs was kept in Budget Estimates 1989-90 for these works. However, keeping in view the progress of work, additional funds to the tune of Rs. 193 lakhs were provided by Supplementary grant. The supplementary grant also proved insufficient and efforts were made to locate savings to meet the excess expenditure by re-appropriation, to keep pace with the speedy progress of the works. Even then the excess could not be avoided.

Major Head "4210"

VV. 4(1) (1)—Hospital and Dispensaries.

VV. 4(1) (1)—Buildings (Rs. 47.07 lakhs)

The provision under this sub-head is made for establishment of Hospitals/Dispensaries in the Union Territory of Delhi. The expenditure incurred related towards construction of Hospitals at Mangolpuri, Jahangirpuri, Siraspur, Rohini, Poothkhurd, Khichripur, Mangolpuri Jaffarpur, construction of Dispensaries buildings at various places in Delhi, upgrading Joshi Hospital, H.M.D. Shahdara, additions/alterations in Din Dayal Upadhyay, G.B. Pant and L.N.J.P. Hospital, extension of OPD building in Guru Nanak Eye Centre, construction of Staff quarters etc. An expenditure of Rs. 32.37 crores was incurred on these works upto March, 1989. In the year 1989-90 initially a budget provision of Rs. 8.14 crores was kept under this sub-head which mainly related to carry over work under the above schemes. Subsequently, in view of the progress of works at various places the original provision was considered inadequate and a supplementary grant of Rs. 3.19 crores was obtained to augment the provision. Even then an excess of Rs. 47.07 lakhs occurred.

Major Head "4216"

VV. 5(1) — Government Residential Buildings.

VV. 5(1) (1) — General Pool Accommodation (Rs. 219.24 lakhs)

It is observed that the excess was due to making of inadequate budget provision, based on rough estimates. However, no supplementary was obtained under this sub-head as savings were anticipated to meet the expenditure by re-appropriation.

VV. 5(1) (2)—Police Housing (Rs. 25.07 lakhs)

The excess was due to purchase of more land than anticipated at the close of the financial year. The Land costing Rs. 218.50 lakhs was purchased and paid for in the month of March, 1990. No supplementary was obtained because at that stage the Administration, anticipated savings under this sub-head.

Major Head "4217"

VV. 6(1) (1)—Land.

VV. 6(1) (1) (1)—Large Scale Acquisition
Development and Disposal of Land in Delhi. (Rs. 29.33 lakhs)

The provision of Rs. 50 crore in B.E. 1980-90 was augmented by supplementary grant of Rs. 93.84 crores. Even then excess of Rs. 29.33 lakhs occurred due to acquisition of land at enhanced rates than anticipated. This was met by re-appropriation by locating savings.

Major Head "4225"

VV. 7(1) (1)—Housing.

VV. 7(1) (1) (1)—Construction of buildings for scheduled caste Boys &
Girls (Rs. 16.03 lakhs)

The construction work of 'Sanskar Ashram' at Dilshad Garden Phase-I with a sanctioned cost of Rs. 202.02 lakhs was started in March, 1989 and an expenditure of Rs. 40,000/- was incurred in that month. In the Budget Estimates 1989-90, a provision of Rs. 20 lakhs was made. But due to speedy progress of work, excess expenditure was incurred. However, efforts were made to meet this excess (Rs. 16.03 lakhs) by locating savings with other sub heads and an amount of (Rs. 15.47 lakhs) provided by re-appropriation.

Major Head "4250"

VV. 9(2) — Employment.

VV. 9(2) (1)— Construction of ITI's (Rs. 20.99 lakhs)

Against the original provision of Rs. 55 lakhs the actual expenditure was Rs. 75.99 lakhs which mainly pertained to:

- | | |
|---|-------------------|
| (i) Construction of ITI's at Khichri Pur, Siri Fort, Nand Nagri, Jahangirpuri, Malviya Nagar and Narcla | (Rs. 52.05 lakhs) |
| (ii) Opening of new ITI at Jaffarpur | (Rs. 13.23 lakhs) |
| (iii) Modernisation of ITI, Trilokpuri | (Rs. 2.42 lakhs) |
| (iv) Extension of Basic Training facilities | (Rs. 4.46 lakhs) |
| (v) Construction of Staff quarters | (Rs. 3.38 lakhs) |
| (vi) An underground water Tank/Pump House at Arab-ki-Sarai | (Rs. 0.45 lakhs) |

The excess was incurred due to settlement of final claim. However, the excess was met by re-appropriation from savings available under other sub-heads in the grant and hence no supplementary was obtained under this sub-head.

Major Head "4406"

VV. 14(1)—Forestry.

VV. 14(1) (1)—Communication and Buildings

VV. 14(1) (1) (1)—Creation of Bird-cum-Wild Life Sanctuary

(Rs. 30.32 lakhs)

The scheme with a cost of Rs. 293 lakhs was sanctioned during 1988. However, no expenditure was incurred till March, 1989. A provision of Rs. 50 lakhs was made in the Budget Estimates 1989-90 against which the actual expenditure was of Rs. 80.32 lakhs. The excess was mainly due to erection of boundary wall around the sanctuary. No provision was made for boundary wall in the Budget Estimates as the decision to construct the wall was taken later on to avoid heavy encroachment on Goan Sabha land and action was required to be taken urgently.

Major Head "5055"

VV. 18 —Capital Outlay on Road Transport.

VV. 18(1) —Land and Buildings.

VV. 18(1) (1)—Buildings

(Rs. 79.25 lakhs)

The expenditure under this sub-head relates to construction of buildings for Directorates of Transport. An expenditure of Rs. 2.53 lakhs was incurred on construction work which commenced in 1988-89. In the Budget Estimates 1989-90 a provision of Rs. 14 lakhs was kept for this work. However, during the year an amount of Rs. 2.73 lakhs was spent on construction, Rs. 2.08 lakhs on renovation of building at Mall Road and Rs. 88.44 lakhs towards the cost of land for construction of East Zone Office of the Directorate. Thus, the excess occurred mainly due to purchase of land. It was anticipated that the excess could be met by re-appropriation from the overall savings within the grant and no supplementary was obtained. However, the excess could not be avoided even after re-appropriation of Rs. 77.40 lakhs.

Major Head "6215"

VV. 23—Loans for Water Supply & Sanitation

VV. 23(1)—Water Supply.

VV. 23(1) (1)—Loans to Local Bodies, Municipalities etc.

VV. 23(1) (1) (1)—Loans to MCD for Water Supply.

(Rs. 500.00 lakhs)

During the year 1989-90 loans were released to MCD for various water supply schemes listed in Annexure I to the note. The excess occurred due to payment of more loans to MCD than anticipated for these schemes. No supplementary was obtained to meet the excess as savings were available within the grant. It may be mentioned that an amount of Rs. 345.64 crores

had been released for water supply schemes during the period 1978-79 to 1988-89. The Administration has been releasing loan on the basis of unaudited utilisation certificates as the accounts of the Delhi Water Supply & Sewage Disposal Undertaking from 1981-82 onwards are pending with the Chief Municipal Auditor for certification.

Major Head "6217"

VV. 25—Loans for Urban Development.

VV. 25 (1)—Other Urban Development Schemes.

VV. 25 (1) (1)—Loans to Local Bodies, Corporation etc.

VV. 25 (1) (1) (4)—Loans to MCD for Development of Regularised Unauthorised Colonies.

(Rs. 95.97 lakhs)

A provision of Rs. 14.50 crores was made in 1989-90 for the plan development of various colonies under the scheme. However, subsequently with the approval of the Lt. Governor, Delhi additional loan of Rs. 95.97 lakhs was sanctioned to MCD to meet the requirement under the scheme. This excess was met by locating savings within the grant. It may be mentioned that an amount of Rs. 62.70 crores had been spent under the scheme from 1982-83 to 1988-89. The Administration has been releasing the loan on the basis of unaudited utilisation certificates as the accounts are pending with the Chief Municipal Auditor for certification.

Major Head "4702"

WW. 2—Capital Outlay on Minor Irrigation.

WW. 2(1)—Other Expenditure.

(Rs. 12.74 lakhs)

The details of the scheme are given below:-

(Rs. in lakhs)

Scheme	Sanc tioned/ Revised Cost	Year of Com mence- ment	B.E. 1989-90	Actual 1989-90
1	2	3	4	5
(i) Installation of 50 Nos. Shallow Cavity Tube Wells to provide irrigation facilities under Special Component Plant (Phase II).	148.70	1987	10.00	22.95
(ii) Extension of effluent Irrigation scheme from Keshopur Treatment Plant Phase II.	48.63/ 189.50	1976	5.00	30.02

	1	2	3	4	5
(iii) Extension of effluent Irrigation Scheme from Keshopur Treatment Plant Phase III.		194.00	1985	58.00	47.68
(iv) Balance (12 Nos. & Others)		—	—	37.00	22.09
Total				<u>110.00</u>	<u>122.74</u>

While preparing Budget Estimates 1989-90 for installation of 50 Nos. Shallow Cavity Tube Wells it was anticipated that the progress of work during 1988-89 would be substantial leading to less expenditure on spill over work during 1989-90. However, there had been more spill over to 1989-90 than anticipated resulting in excess expenditure under the extension scheme from Keshopur Treatment Plant Phase II the scheme anticipated acquisition of land and construction of channels for distribution of effluent water. But the construction of land acquisition was substantially increased from Rs. 1.00 lakh to Rs. 6.25 lakhs per acre resulting in excess expenditure. The excess on these account was partly offset by savings under other schemes.

Major Head "4711"

WW. 3—Capital Outlay on Flood Projects.

WW. 3 (2) —Drainage.

WW. 3 (2) (2)—Other Expenditure.

WW. 3 (2) (2) (1)—Major Drainage Works. (Rs. 15.51 lakhs)

The scheme under this sub-head included increasing the capacity of Najaf Garh Drain and construction of supplementary Drains, construction of supplementary drains is a major scheme meant for surplussing storm water from sahibi catchment to Yamuna. Out of the original budget of Rs. 720.00 lakhs under the sub-head, Rs. 600.00 lakhs were earmarked for this scheme which included provision for machinery equipments, apart from civil works. But the actual expenditure during 1989-90 amounted to Rs. 620.26 lakhs mainly because of the decision to complete supply order for procurement of dredger during the financial year itself.

WW. 3(2) (2) (2)—Other Drainage Works. (Rs. 425.28 lakhs)

The details of the works are given in Annexure II of the Note. Most of them are ongoing schemes. The excess occurred mainly because of speedy progress in completion of drainage to village ponds, Madanpur Khadar drainage and Bankner Link drains. Almost 40 drains were improved under other small drainage improvement scheme. As an offshoot of 1988 monsoon and spread of gastro-enteritis in the Union Territory, about Rs. 250 lakhs was incurred on desilting of drains in Trans Yamuna Area under this

scheme. Similarly, under Anti-crosion and River Training, on account of heavy flood during 1988 in Yamuna the work was taken in full swing as a result of which original budget proved inadequate to complete the work. Further, to protect the Union Territory from floods the 'Dahisara Bund' in Haryana needed to be raised and strengthened. It was, therefore, decided in consultation with Central Water Commission to get this work completed which led to excess expenditure. The excesses on these account were partly offset by savings under other scheme of Drainage work leaving a net excess of Rs. 425.28 lakhs under this sub-head. Efforts were made to locate savings to meet the expenditure by re-appropriation (Rs. 397.39 lakhs). Even then the excess could not be avoided.

4. The aggregate excess expenditure of Rs. 2151.95 lakhs under the above mentioned sub-heads was met by re-appropriation from savings available under other sub-heads within Capital Section (Voted) of the grant, leaving thereby a net excess expenditure of Rs. 16.41 lakhs which works out to 0.03% of the sanctioned grant in the Capital Section (Voted). The excess expenditure do not involve New Service or New Instrument of Service under any of the heads under the Grant.

5. In view of the circumstances explained above, the excess expenditure of Rs. 16,40,777 under Capital Section (Voted) in Grant No. 90-Delhi for the year 1989-90 may kindly be recommended for regularisation under Article 115(1) (b) of the Constitution of India.

6. This Note has been vetted by Audit with the comments that:

"Despite specific enquiry by Audit, the Ministry has not established that the excess over the grant was unavoidable and that it was not possible to take supplementary grant before the end of the financial year 1989-90 in order to avoid excess over the total grant."

Sd/-

(G. GANESH)

Joint Secretary & Financial Adviser (Home)

No. U. 15015/5/91-Budget II.

Major Head "6215"

VV 23(1) (1) (1)—Loans to MCD for water supply—1989-90

1. 1000 MCD plant at Haiderpur
2. Distribution mains and Reservoirs
3. Raw water conduit
4. Lining of canal
5. 100 MGD Treatment Plant at North Shahdara
6. Distribution mains and Reservoirs
7. Secondary Distribution mains for Shahdara Plant
8. Replacement of old distribution system & strengthening of Trunk Transmission & Net work
9. Improvement of existing water works
10. Rainy wells & Tubewells
11. Staff Quarters and Office Accommodation
12. Laying out water mains in regularised/unauthorised colonies
13. Raw water arrangement for additional needs
14. Alternative arrangements for raw water for Haiderpur water Treatment Plant
15. Augmentation of water Treatment Plants
16. Rural Water Supply (General)
17. Rural Water Supply (Minimum Need Programme)
18. Providing alternative source of power supply at water Treatment Plant & Booster Pumping Stations
19. Conservation of Water Supply
20. Water Connection to Scheduled Caste (Minimum Need Programme)

APPENDIX X

GOVERNMENT OF INDIA MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for Regularisation of Excess under Revenue Section (Voted and Charged) in Grant No. 94—Chandigarh as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1989-90

(Amount in Rs.)

Revenue Section

Charged

Original Appropriation	3,55,00,000
Supplementary Appropriation	38,00,000
Total Appropriation	3,93,00,000
Actual Expenditure	5,08,83,199
Excess	1,15,83,199

Voted

Original Grant	1,42,00,00,000
Supplementary	14,61,00,000
Total Grant	1,56,61,00,000
Actual Expenditure	1,64,75,92,284
Excess	8,14,92,284

2. The above excess of Rs. 1,15,83,199 in Charged portion and Rs. 8,14,92,284 in Voted portion of Revenue Section of the grant require regularisation by presentation of demand for excess grant.

3. This excess which was the net result of excesses and savings under various heads in Revenue Section (Voted and Charged) is attributable to the following sub-heads for the reasons given thereunder:

(Rs. in lakhs)

Revenue Section (Charged)

Major Head—'2014'

A.3—Administration of Justice	
A.3(1)—High Court, Chandigarh	114.92

The excess was mainly due to revision of pay scales of Officers and Staff of High Court w.e.f. 1.1.86 on implementation of the Third Pay Commission Report of the Punjab Government and increase in City

Compensatory Allowance and House Rent Allowance to employees of the Punjab and Haryana High Court drawing salary under Punjab pattern.

Revenue Section (Voted)

A.3(2)—Civil and Session Courts 5.74

Excess occurred due to the payment of arrears of House Rent Allowance, City Compensatory Allowance and Dearness Allowance.

Major Head—'2041'

P.1—Taxes on Vehicles

P.1(1)—Collection Charges 5.43

Excess is due to payment to the contractor for lamination of licences and registration books consequent on introduction of the system of Licences/registration book by the Chandigarh Administration. The payment was inevitable in view of the contractual clause.

Major Head—'2055'

A.12—Police

A.12 (1)—Criminal Investigation and Vigilance

A.12 (1) (1)—C.I.D. Staff 29.26

Excess is mainly due to the creation of new posts, grant of House Rent Allowance/City Compensatory Allowance and Dearness Allowance. 112.58

A. 12 (2)—District Police

The excess is mainly due to the creation of 158 more posts after finalisation of last batch of Supplementary demands for grant for maintaining the law and order situation in Chandigarh which was declared the Disturbed Area.

Major Head—'2056'

A.13—Jails

A.13 (1)—Direction and Administration 5.77

The excess is due to increase in the prices of dietary items, creation of new posts and payment of House Rent Allowance/City Compensatory Allowance. A supplementary grant of Rs. 18 lakhs was obtained under this sub-head. It was anticipated that the above excess could be met by re-appropriation.

Major Head—'2058'

R.1—Stationery and Printing

R.1 (1)—Direction and Administration

R.1 (2)—Purchase and supply of stationery stores 5.36

The excess is due to enhancement of rates of excise duty on papers and stationery purchased through the Office of the Director General of Supply and Disposal. The enhancement on account of excise duty with effect from 1.3.85 & 11.12.89 came to notice only in the month of March, 1990.

R.1 (4) (1)—Government Press Chandigarh 33.24

An indent for the procurement of one automatic single colour sheet-fed

off-set machine was placed with DGS&D, New Delhi and contract was finalised by the said Office. As per sub-clause (b) of clause 18, the payment was to be made during the year 1990-91 or subsequent year. Thus Chandigarh Administration did not make any provision for the said expenditure. But the Chief Controller of Accounts, Department of Supplies, Bombay released payment of Rs. 9.58 lacs in March, 1990 which entered the accounts in 1989-90.

The remaining excess is due to the payment of arrears on the increased slab of House Rent Allowance and City Compensatory Allowance due to revision of pay-scales with effect from 1.1.86.

Major Head—'2059'

R. 2—Public Works

R. 2 (1)—General

R. 2 (1) (1)—Direction and Administration

R. 2 (1) (1) (1)—Chief Engineers Establishment

R. 2 (1) (1) (2)—Chief Architects Establishment 6.39

Excess is due to payment of arrears of House Rent Allowance/City Compensatory Allowance.

R. 2 (1) (1) (3)—Executive Establishment 59.14

Excess is due to the payment of arrears of House Rent Allowance/City Compensatory Allowance due to the revision with effect from 1.1.86, which was announced after the Budget allocation.

R. 2 (1) (2)—Construction 6.29

Excess is due to the increase of construction work.

R. 2 (1) (4) (1)—Establishment 283.63

The excess was for the reasons that about 762 work charged employees were brought on to regular work charged Establishment to implement the award of Labour Tribunal and due to payment of arrears of pay, House Rent Allowance, City Compensatory Allowance and Dearness Allowance.

R. 2 (1) (4) (2) (1)—Maintenance on Non-Residential Buildings at Chandigarh 42.90

Excess is attributed to escalation of prices of construction materials etc. As a security measures on account of law and order problem, the maintenance work of some important buildings was executed. Also there was increase in maintenance and repair work of other Buildings.

R. 2 (1) (4) (2) (2)—Repairs and Maintenance of other services at Chandigarh 64.66

Excess is due to increase in prices of materials, and more expenditure on maintenance work. Also there was more expenditure on some major services due to the law and order problems and payment of electricity maintenance bill.

R. 2 (1) (5)—Suspense 599.76

The progress of works of Engineering Department is directly based on procurement of material like steel, cement and coal etc. required for use on various works and their procurement is very much essential in advance other-wise the progress on these works may suffer. Excess is due to increase in cost of material and more expenditure on maintenance and repairs due to accelerated progress of work.

Major Head—'2070'

A. 14 (4) (1)—Home Guards 20.19

Excess is due to deployment of Home Guards personnel for law and order in view of frequent agitations; increase in daily allowances and purchase of Arms and ammunition.

A. 14 (5) (1)—Protection and Control 12.58

Excess is due to the payment of arrears of House Rent Allowance, City Compensatory Allowance, Dearness Allowance, Bonus and excess touring to training camp.

Major Head—'2202'

J. 1—General Education

J. 1 (1)—Elementary Education

J. 1 (1) (1)—Direction and Administration

J. 1 (1) (2)—Assistance to Non-Government Primary Schools 10.46

Excess is due to payment of arrears of House Rent Allowance and City Compensatory Allowance.

J. 1 (2) (2)—Govt. Secondary Schools 72.30

Excess is due to the grant of arrears on account of revised pay scales to teaching personnel on deputation from the state of Punjab.

J. 1 (3) (2) (2)—Government Professional Colleges 5.80

Excess is due to the revision of pay scales of Lecturers and Librarians.

J. 1 (6) (1) (1)—D.P.I. Office 5.17

Excess is due to revision of pay scale retrospectively of some employees on deputation to Union Territory of Chandigarh.

Major Head—'2210'

I. 1 (1) (2) (1)—General Hospital Chandigarh 29.48

Excess is due to the payment of arrears of House Rent Allowance and City Compensatory Allowance and wrong booking of expenditure of Rs. 6.55 lakhs under this Head, instead to sub-head I. 1 (1) (1)-Direction and Administration.

O. 1 (1) (1) (1)—E.S.I. Dispensary 11.66

Excess is due to the payment of arrears of House Rent Allowance/City Compensatory Allowance and purchase of more medicines.

I. 1 (3) (2)—Prevention and Control of Diseases 32.39

Excess is due to the purchase of more medicines for the prevention of diseases in the Union Territory of Chandigarh which was unavoidable.

Major Head—'2216'

R. 3 (1)—Government Residential Buildings

R. 3 (1) (1)—General Pool Accommodation

R. 3 (1) (1) (1)—Maintenance and Repairs 15.09

Excess is due to rise in price of materials and immediate repairs of building on the recommendation of Punjab & Haryana Government for security reasons.

R. 3 (1) (1) (3) (1) —Rent Collection Organisation 19.91

Excess is due to revision of pay scales, grant of Dearness Allowance, House Rent Allowance etc. and wrong booking of expenditure to the tune of Rs. 13.87 lakhs under this Head instead of other head. The correct head to which the expenditure should have been booked is being ascertained and will be intimated to the Public Accounts Committee in due course.

Major Head—'2217'

R. 4 (1) —General

R. 4 (1) (1)—Direction and Administration

R. 4 (1) (2)—Other Expenditure

R. 4 (1) (2) (1)—Senior Town Planner Establishment

R. 4 (1) (2) (2)—Municipal Services Cell 56.69

Excess is attributed to increase in prices of High Speed Diesel and spare parts of Vehicles and payment of arrears of City Compensatory Allowance and House Rent Allowance.

R. 4 (1) (2) (3)—Sanitation Staff 52.37

Excess is due to payment of arrears of House Rent Allowance and City Compensatory Allowance.

Major Head—'2235'

T. 1 (1) (3) (1)—Opening for Creches for Children of working mothers 5.03

Excess is due to the revision of pay scales of the employees working in Government Creches and payment of arrears.

T. 1 (1) (3) (2)—Financial Assistance to Widows and destitute women 8.73

Excess is due to mis-classification of expenditure. The Department has been advised to be more careful in future and to effect prompt and regular reconciliation.

T. 1 (1) (4) (2)—Home for Old and Destitute 7.71

Excess is due to the wrong booking of expenditure due to misclassification noticed later on.

Major Head—'2515'

C.2 (4)—Other Expenditure

C. 2 (4) (1)—Rural Works Programme

C. 2 (4) (1) (1)—Environmental Planning of villages 9.53

Excess occurred due to providing more facilities e.g. toilets, street lights to the villages etc. in view of the Government's policies and urgent demand of the villagers.

Major Head—'2801'

D. 1 (1) (1) (1)—Transmission and Distribution of Power in Chandigarh 33.68

Excess is due to the payment of arrears of House Rent Allowance/City Compensatory Allowance, Dearness Allowance and Bonus.

Major Head—'3055'

P. 3 (1)—Chandigarh Transport Undertaking

P. 3 (1) (2)—Operation 64.80

Excess is due to the payment of arrears of House Rent Allowance/City Compensatory Allowance.

P. 3 (1) (3)—Repairs and Maintenance 10.74

Excess is due to the payment of arrears of House Rent Allowance/City Compensatory Allowance.

Major Head—'3452'

Q. 1 (1) (2) (1)—Strengthening of Tourism

Organisation 15.81

Excess is due to the misclassification and non-completion of reconciliation work in time.

4. To sum up, the excess expenditure was incurred mainly due to (i) payment of arrears of pay and Allowances on account of decision taken by the Punjab and Haryana High Court in July, 1989 for adoption of the Punjab Civil Services (Revised) Pay Rules, 1988 and the revision/clarification of orders regularising drawal of City Compensatory Allowance and House Rent Allowance in September, 1989 in the case of employees of Chandigarh Administration (ii) payment of suppliers and contractor towards purchases and service rendered by them on account of preparation of laminated driving licences/registration books etc. as per the provisions of Central Motor Vehicle Act, 1988 and Central Motor Vehicle Rules, 1989 effective from 1st July, 1989 and (iii) cost escalations in prices of materials and maintenance work as well as increase in the payment of electricity maintenance bill. The impact of expenditure on these items like

arrears of Pay and Allowance, cost escalations of materials, payments to DGS & D towards purchases could not be fully anticipated even at the time of finalisation of estimates for the last batch of the supplementary Demands for Grants in 1989-90. Steps have, however, been taken to ensure that in future, actual expenditure is tied up with the available sanctioned grant so that excess of this type does not recur. A copy of the instructions issued by the Chandigarh Administration in this regard is at Annexure-I. There had also been misclassification or wrong booking of expenditure under some of the heads mentioned above. Instructions have been issued by the Administration for strict compliance with the relevant provisions for timely reconciliation of expenditure (Annexure-II).

5. In view of the circumstances explained above, excess expenditure of Rs. 1,15,83,199 in charged portion and Rs. 8,14,92,284 in the voted portion of grant under Grant No. 94—Chandigarh (Revenue Section) may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution.

6. This has been vetted by Audit.

Sd/-

(G. GANESH)

Fin. Adviser & Jt. Secy.

F.No.U-15022/1/90-Bgt. II

No. 415—GOI—F&PO(6)—91/7818

From

The Finance Secretary,
Chandigarh Administration.

To

All the Administrative Secretaries/Heads of Deptts. Chandigarh
Administration.

Chandigarh, dated the 13.8.91.

SUBJECT : *Control of Expenditure*

Sir,

I am directed to refer you on the subject noted above and to state that the financial instructions regarding control of expenditure and re-conciliation of departmental figures of expenditure with those booked in the Office of A.G. are not being strictly adhered to and no effective control of expenditure is being exercised by the Heads of the Departments to ensure that the expenditure is contained within the allotted funds. In order to avoid any occasion for excess under any circumstances, the relevant provisions of General Financial Rules as contained in Rule 65-72 may be compiled with by the departmental/Controlling Officers. The duties and responsibilities of the Controlling/Drawing & Disbursing Officers with regard to control of expenditure, is:—

(1) To ensure that grant placed at his disposal is expended only on the object for which it has been provided keeping in view the principles of financial propriety.

(2) Keeping the expenditure within the sanctioned grant.

(3) Keeping the expenditure under a particular unit of appropriation as far as possible within the sum allotted under a unit.

(4) To move the competent authority in time to provide additional funds either by re-appropriation or through supplementary estimates, whenever an excess over the total grant placed at his disposal, is anticipated. The excess expenditure should be incurred only after the additional funds have been provided either by the appropriation or supplementary grant.

(5) Surrender funds, which are not likely to be utilised during the year for the purpose for which these have been provided and as soon as these are anticipated.

(6) To ensure the timely submission of expenditure statements in form

GFR-12 (specimen enclosed) to respective Head of Department or direct to the Finance Department, as the case may be, before 10th of the month following to which the expenditure relates.

(7) To ensure that the departmental figures of expenditure are reconciled with the figures booked in the books of A.G., regularly. Normally the re-conciliation should be made monthly. A quarterly report in the enclosed performa is submitted by the concerned departmental Officers to the Finance Department.

In order to avoid excess in expenditure under any circumstances, the D.D.O's are directed to record the following certificates of bill/claim/cheque to be presented by them at Treasury or Bank w.e.f. August, 1991:—

“Certified that the expenditure including the claim made in this bill, does not exceed the budgetary allocation made by the Finance Department under the head of account————”.

Signature of D.D.O.

The issue of this letter has the approval of Adviser to the Administrator.

These guidelines may please be brought to the notice of all concerned for strict compliance, falling which the power of the Drawing & Disbursing Officers to draw and disburse the funds may be withdrawn by the Administration.

Its receipt may please be acknowledged.

Yours Faithfully,

Sd/-

Joint Secretary Finance,
for Finance Secretary,
Chandigarh Administration.

No. 1301-F&PO(6)-91/2601

From

The Finance Secretary,
Chandigarh Administration.

To

All Heads of Departments/
Offices, Chandigarh Administration.

Dated, Chandigarh the 13.3.91.

SUBJECT : *Reconciliation of Departmental figures*

Sir,

I am directed to invite your attention to this Admn. letter No. F&PO(6)-90/6190 dated 21.6.90 and No. F&PO(6)-90/1544 dated 4.1.1991 on the subject noted above and to state that most of departments/offices are not doing prompt and systematic reconciliation between the departmental and Accounts figures. The Statement showing the list of the departments/offices who have not reconciled their departmental figures with the Accounts/Accountant General's Offices for the year 1990-91 as on 31.12.90 is enclosed for reference.

2. The reconciliation of departmental figures with the accounts figures of receipt and expenditure has two objectives, viz :

- (i) To ensure that the departmental accounts are sufficiently accurate to secure efficient departmental/financial control.
- (ii) To secure the accuracy of accounts maintained in the Accountant General's—Financial accounts and appropriation account, are compiled.

The heads of the departments/offices are responsible for the reconciliation of the figures given in the accounts maintain by the heads of the departments/offices with those that appear in the books of Accountant General. Normally the reconciliation should be made monthly. The need for monthly reconciliation can hardly be over emphasised because, if monthly reconciliation is not done, discrepancies, if any, can not be reconcile in time. If the discrepancies are due to defalcation or fraudulent payment, delayed reconciliation, fraudulent payment would be detected very late. Further prompt reconciliation will ensure that misclassification are rectified in proper time at any rate before the accounts of the year are closed. If the misclassification are not rectified before the closure of the

Accounts of the year, the result will be a distorted picture of Accounts. This is the reason why the rules stressed that the process of reconciliation should not only be prompt but also receive attention of the heads of departments/Offices and the Controlling Officers.

3. In view of the need for prompt and systematic reconciliation between the departmental figures and Account figures, it has been decided by the Administration that the Head of Departments/Offices may send a monthly return showing the progress of reconciliation in respect of expenditure and receipt relating to each of the Grants/appropriation/Head of account placed at their disposal. The return in the prescribed performa may be furnished to this Administration by 15th of every month accompanied by a Statement showing the departmental figures and reconciliation figures, and the date on which the reconciliation was completed.

Yours Faithfully,

Sd/-

Finance & Planning Officer
for Finance Secretary,
Chandigarh Administration.

No. 1301-F&PO(6)-91/2629

Dated the 18.3.91

A copy is forwarded to all the Administrative Branches of Union Territory Secretariat for information and necessary action.

Sd/-

Finance & Planning Officer
for Finance Secretary,
Chandigarh Administration.

No. 1301-F&PO(6)-91/2623

Dated the 18.3.91

A copy is forwarded to the Accountant General (A&E) Punjab of Chandigarh with reference to his D.O. letter No. Camp/Appropriation/1-8-916 dated 20.2.91 for information.

Sd/-

Finance & Planning Officer
for Finance Secretary,
Chandigarh Administration.

STATEMENT SHOWING THE PROGRESS OF RECONCILIATION

S.No. of Unit/DDO	Month	Date of reconciliation	Head of Account	Deptt. Figures	Accountant General's Figures	Variations if any	Remarks
1	2	3	4	5	6	7	8

APPENDIX XI

Explanatory Note for Public Accounts Committee for Regularisation of Excess over Moted/Charged Portion of Grants/Appropriation During 1989-90

During the year 1989-90, there was an Overall net excess of Rs. 100.76 crores over the Final Grants and Appropriations resulting from an aggregate Excess of Rs. 197.76 crores under 7 Grants (3, 5, 6, 9, 13, 14 & 16—Capital and Rly. Funds) and one Appropriation (4) and Saving of Rs. 97.00 crores under 10 Grants (1, 2, 4, 7, 8, 10, 11, 12, 15 & 16—O.L.W.R.) and 11 Appropriations (3, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 16—Capital, Rly. funds & O.L.W.R.) Reference Para 10.3, 10.5 and 10.6 of the Report of Comptroller & Auditor General of India for the year 1989-90—Union Government (Railways), Paras 25 & 27—Excess over Voted Grants and Charged Appropriations and Paras 26 & 28—Saving under voted Grants and Charged Appropriations of the Appropriation Accounts of Railways in India for the year 1989-90 (Part I—Review).

1.2 The excess under 1 Appropriation and 7 Grants is explained as under:—

(i) Appropriation No.4—Working Expenses—Repairs & Maintenance of Permanent way & Works.

	Rupees
Original Appropriation	10,11,000
Supplementary Appropriation	7,46,000
Total Sanctioned Appropriation	17,57,000
Actual Expenditure	21,90,662
Excess	4,33,662
Misclassification	2,08,590
Excess requiring regularisation	6,42,252
Percentage of Excess	36.55

Charged Appropriation of Rs. 1012 thousands was sanctioned at the Budget Estimate stage. A supplementary charged Appropriation of Rs. 746 thousands was sanctioned in March, 1990, on account of more payments anticipated in satisfaction of Court decrees.

There was a misclassification of Rs. 2,08,590 on Account of expenditure relating to charged Appropriation having been wrongly booked as voted. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament Works out to Rs. 6,42,252.

(ii) Grants No. 3—Working Expenses—General Superintendance and services on Railways.

Rupees	Original Grant	431,93,78,000
	Supplementary Grant	6,20,20,000
	Total Sanctioned Grant	438,13,98,000
	Actual Expenditure	439,13,20,878
	Excess	99,22,878
	Misclassification	—NIL—
	Excess requiring regularisation	99,22,878
	Percentage of Excess	0.23

A grant of Rs. 431.94 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 6.20 crores was obtained in March, 1990, to meet with the increase in expenditure on account of more payment of other Allowances including House Rent & City Compensatory Allowance, Other staff costs, Contingent expenses and other miscellaneous factors; partly offset by less payment of salaries & wages.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 0.99 crore. The excess was mainly under sub-head (d) Material management (Rs. 1.71 crores), followed by sub-head (c) Personnel management (Rs. 0.99 crores), (i) Traffic Management (Rs. 0.44 crore), (f) Rolling Stock Management (Rs. 0.38 crore); partly offset by less expenditure under sub-head (b) Financial Management (Rs. 1.95 crores), (a) General Management (Rs. 0.26 crore), (e) Way & Works Management (Rs. 0.19 crore) and aggregate of minor variations (savings) under other heads (Rs. 0.13 crore).

Primary unit-wise excess of Rs. 0.99 crore was chiefly due to more expenditure under Contingent Expenses due to adjustment of more debits and procurement of office appliances for improvement of efficiency etc. (Rs. 1.68 crores), more payment of other Allowances, (Rs. 0.37 crore), Travelling Allowances including Air-Travel (Rs. 0.23 crore), more expenditure under cost of material from stock (Rs. 0.22 crore); partly offset by less expenditure under salaries & wages (Rs. 0.67 crore), less expenditure under cost of material purchased directly (Rs. 0.41 crore), Productivity Linked Bonus (Rs. 0.17 crore), less payment of Dearness Allowance (Rs. 0.11 crore) and aggregate of minor variations (savings) under other heads, (Rs. 0.15 crore).

Of the total excess the highest excess occurred on South Central Railway (Rs. 0.51 crore), followed by Northeast Frontier Railway (Rs. 0.41 crore), South Eastern Railway (Rs. 0.34 crore), Southern Railway (Rs. 0.31 crore), Central Railway (Rs. 0.19 crore), Eastern Railway (Rs. 0.16 crore);

offset by savings on Northern Railway (Rs. 0.47 crore), Western Railway (Rs. 0.34 crore), and North Eastern Railway (Rs. 0.12 crore).

The excess requiring regularisation is Rs. 99,22,878 which is the same as disclosed in the Appropriation Accounts.

(iii) Grant No. 5—Working Expenses—Reparis & Maintenance of Motive Power.

	<i>Rupees</i>
Original Grant	702,15,47,000
Supplementary Grant	<u> </u>
Total Sanctioned Grant	702,15,47,000
Actual Expenditure	719,71,12,706
Excess	17,55,65,706
Misclassification	3,73,000
Excess requiring regularisation	17,59,38,706
Percentage of Excess	2.15

A grant of 702.15 crores was obtained at the Budget Estimate Stage.

The grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by 17.56 crores. The excess was mainly under sub-head (d) Electric Locomotive (Rs. 13.57 crores), (c) Diesel Locomotives (Rs. 9.40 crores), (b) Steam Locomotives (Rs. 0.77 crores); partly offset by saving under sub-head (c) Rail Care & Rerry Steamers (Rs. 3.89 crores) and (a) Establishment in offices (Rs. 1.16 crores). An amount of Rs. 1.13 crores was surrendered within the grant at the Final modification stage.

Primary unit-wise excess was mainly due to more expenditure under cost of material purchased directly (Rs. 7.57 crores), cost of material from stock (Rs. 6.92 crores), more expenditure on POH owing to more adjustment of material (Rs. 3.03 crores), of wages (Rs. 1.19 crores), salary & wages (Rs. 0.59 crore), fluctuation under adjustment of transfer of Debit/Credit (Rs. 0.56 crore), more expenditure under Other Allowances (Rs. 0.34 crore), Over-time Allowance (Rs. 0.10 crore), Night Duty Allowance (Rs. 0.09 crore), more expenditure under Fuel other than Traction (Rs. 0.04 crore), and Travelling Allowance including Air-Travel (Rs. 0.02 crore); partly offset by less expenditure under other expenses (Rs. 1.38 crores), less payment of Productivity Linked Bonus (Rs. 0.22 crore), Dearness Allowance (Rs. 0.09 crore) and aggregate minor variation (saving) under other heads (Rs. 0.07 crore). An amount of Rs. 1.13 crores was surrendered at the Final modification stage.

Of the total excess, the highest occurred on Northern Railway (Rs. 5.20 crores) followed by Southern Railway (Rs. 4.79 crores), Western Railway (Rs. 3.50 crores), Central Railway (Rs. 3.20 crores), South Eastern Railway (Rs. 2.50 crores), Northeast Frontier Railway (Rs. 1.01 crores), Eastern Railway (Rs. 0.32 crore); partly offset by Saving on

North Eastern Railway (Rs. 0.92 crore) and South Central Railway (Rs. 0.91 crore).

There was a misclassification of Rs. 3,73,000 on account of wrong booking of expenditure to Grant No. 7 instead of Grant No. 5. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament Works out to Rs. 17,59,38,706.

(iv) Grant No. 6—Working Expenses—Repairs & Maintenance of Carriages & Wagons.

	<i>Rupees</i>
Original Grant	940,83,94,000
Supplementary Grant	2,83,42,000
Total Sanctioned Grant	943,67,42,000
Actual Expenditure	968,00,06,037
Excess	24,32,70,037
Misclassification	NIL
Excess requiring regularisation	24,32,70,037
Percentage of Excess	2.58

A grant of Rs. 940.84 crores was obtained at the Budget Estimate stage. A Supplementary Grant of Rs. 2.83 crores was obtained in March 1990 to meet with increase in expenditure on account of more payment of Wages & Materials on POH, other Allowances, Night Duty Allowance, Material directly purchased; partly offset by less payment of Salary & Wages, Dearness Allowance, Contractual payments and other miscellaneous factors.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 24.33 crores. The excess was mainly under sub heads (c) Wagons (Rs. 16.03 crores), (b) Carriages (Rs. 10.99 crores), (e) Electrical General Services, Light, Fans & Air-Conditioning (Rs. 2.94 crores), (d) Electrical Multiple Unit Coaches (Rs. 2.26 crores); partly offset by less expenditure under sub heads (f) Miscellaneous Repairs & Maintenance (Rs. 6.80 crores) and (a) Establishment in offices (Rs. 1.09 crores).

Primary unit-wise excess of Rs. 24.33 crores was chiefly due to more expenditure under cost of material from Stock (Rs. 7.98 crores), Fluctuation in adjustment under transfer of Debit/Credit (Rs. 7.74 crores), more adjustment of Debits for material on POH (Rs. 7.63 crores), Wages on POH (Rs. 6.91 crores), more expenditure under cost of material purchased directly (Rs. 2.62 crores), more payment of overtime Allowance (Rs. 0.46 crore), Night Duty Allowance (Rs. 0.41 crores), Other Allowances (Rs. 0.30 crore), Productivity linked bonus (Rs. 0.08 crore), Contractual obligations (Rs. 0.10 crore); partly offset by less expenditure under 'Other Expenses (Rs. 8.39 crores), less payment of Salaries & Wages (Rs. 0.97 crore), Dearness Allowance (Rs. 0.49 crore) and aggregate of minor variations (saving/excess) less under other heads (Rs. 0.06 crore).

Of the total excess, the highest occurred on Western Railway (Rs. 8.41 crores), Northern Railway (Rs. 5.28 crores), Eastern Railway (Rs. 3.45 crores), Southern Railway (Rs. 2.85 crores), South Eastern Railway (Rs. 2.55 crores), Northeast Frontier Railway (Rs. 1.42 crores), North Eastern Railway (Rs. 0.75 crore) and Central Railway (Rs. 0.09 crore); partly offset by Saving on South Central Railway (Rs. 0.47 crore).

The excess requiring regularisation by Parliament Works out to Rs. 24,32,70,037 which is the same as disclosed in the Appropriation Accounts.

(v) Grant No. 9—Working Expenses—Operating Expenses—Traffic.

	<i>Rupees</i>
Original Grant	1147,17,71,000
Supplementary Grant	15,31,77,000
Total Sanctioned Grant	1162,49,48,000
Actual Expenditure	1166,02,37,157
Excess	3,52,89,157
Misclassification	NIL
Excess requiring regularisation	3,52,89,157
Percentage of Excess	0.30

A grant of Rs. 1147.18 crores was obtained at the Budget Estimate Stage. A Supplementary Grant of Rs. 15.32 crores was obtained in March '90 to meet with the increase in expenditure on account of more payment of Night Duty Allowance, other Allowances, Over Time Allowance, more provision required under Transfer of Debits/Credits, Other Expenses and other miscellaneous factors; partly offset by less payment of Salaries & Wages, Dearness Allowance, Lease Charges to Indian Railway Finance Corporation.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 3.53 crores. The excess was mainly under sub-heads (g) Other Miscellaneous Expenses (Rs. 7.77 crores), (e) Yard Operation (Rs. 0.42 crore); partly offset by Saving under sub-head (b) Station operation (Rs. 4.37 crores) and aggregate of excess/saving under other heads (Rs. 0.29 crore).

Primary unit-wise the excess of Rs. 3.53 crores was chiefly due to fluctuation in adjustment under transfer of Debit/Credit due to Hire & Penalty charges, Inter Railway Financial Adjustment and others etc. (Rs. 10.09 crores), more expenditure under Other Allowances (Rs. 0.95 crore), Dearness Allowance (Rs. 0.32 crore), Night Duty Allowance (Rs. 0.20 crore), Fuel other than traction (Rs. 0.16 crore); partly offset by less expenditure under Other Expenses such as terminal charges etc. (Rs. 4.22 crores), less payment of Salaries & Wages than anticipated (Rs. 0.87 crore), less expenditure under Contingent Expenses (Rs. 0.68 crore) Productivity linked bonus (Rs. 0.65 crore), Cost of material from Stock (Rs. 0.51 crore), Kilometerage Allowance (Rs. 0.44 crore), Cost of material

purchased directly (Rs. 0.40 crore), Travelling Allowance including Air-Travel (Rs. 0.27 crore) and aggregate of minor Savings under other heads (Rs. 0.15 crore).

Of the total excess, the highest excess occurred on Central Railway (Rs. 7.26 crores), South Central Railway (Rs. 3.27 crores), Eastern Railway (Rs. 1.90 crores), North Eastern Railway (Rs. 1.13 crores), Western Railway (Rs. 1.00 crore); partly offset by Saving on South Eastern Railway (Rs. 5.15 crores), Northern Railway (Rs. 2.41 crores), Northeast Frontier Railway (Rs. 2.39 crores) and Southern Railway (Rs. 1.08 crores).

The excess requiring regularisation by Parliament works out to be Rs. 3,52,89,157 which is the same as disclosed in the Appropriation Accounts.

(vi) Grant No. 13—Working Expenses—Provident Fund, Pension and other Retirement Benefits.

	<i>Rupees</i>
Original Grant	706,35,32,000
Supplementary Grant	88,87,57,000
Total Sanctioned Grant	795,22,89,000
Actual Expenditure	797,70,09,647
Excess	2,47,20,647
Misclassification	NIL
Excess requiring regularisation	2,47,20,647
Percentage of Excess	0.31

A grant of Rs. 706.35 crores was obtained at the Budget Estimate Stage. A supplementary grant of Rs. 88.88 crores was obtained in March '90 to provide for more payment of superannuation and Retiring Pension, Commuted Pension, Family Pension, Death-cum-Retirement Gratuity, other Allowances, Other Pensions and Other Expenses. Ex-gratia Pension due to more people retiring on Pension than anticipated and also taking into account the Post-budgetary increases on account of additional Dearness Relief sanctioned to pensioners during the course of the current year; partly offset by less provision required under Gratuity and Special contribution to Provident fund and Contribution to Provident Fund.

The grant, however, proved to be inadequate as the actual expenditure exceeded the provision by Rs. 2.47 crores. The excess of Rs. 2.47 crores mainly occurred under sub-head (a) Superannuation and Retiring Pension (Rs. 12.07 crores), followed by sub-head (d) Family Pension (Rs. 6.43 crores), (c) ex-gratia Pension (Rs. 0.21 crore); partly offset by saving under sub-head (e) Death-cum-Retirement Gratuity (Rs. 8.76 Crores), (b) commuted Pension (Rs. 4.74 crores). (f) Other Allowances, other Pensions and Other Expenses (Rs. 1.94 crores), (g) Gratuity and Special contribution to P.F. (Rs. 0.44 crore) and (h) Contribution to P.F. (Rs. 0.36 crore). The excess is attributable mainly to increase in number of pensioners, Family Pension cases and voluntary retirement.

Of the total excess, the highest excess occurred on Northern Railway

(Rs. 8.10 crores) followed by Central Railway (Rs. 6.55 crores), Eastern Railway (Rs. 2.73 crores), Western Railway (Rs. 1.03 crores), North Eastern Railway (Rs. 0.50 crore), and aggregate of excess on remaining units (Rs. 0.13 crore); partly offset by Savings on South Central Railway (Rs. 6.01 crores), South Eastern Railway (Rs. 5.94 crores), Southern Railway (Rs. 3.00 crores) and Northeast Frontier Railway (Rs. 1.62 crores).

The excess requiring regularisation is Rs. 2,47,20,647 which is the same as disclosed in the Appropriation Accounts.

(vii) Grant No. 14—Appropriation to funds—Depreciation Reserve Fund, Development Fund, Pension Fund, Accident Compensation, Safety & Passenger Amenities Fund and Revenue Reserve Fund.

	<i>Rupees</i>
Original Grant	2621,00,00,000
Supplementary Grant	28,00,00,000
Total Sanctioned Grant	2649,00,00,000
Actual Expenditure	2680,97,57,087
Excess	31,97,57,087
Misclassification	NIL
Excess requiring regularisation	31,97,57,087
Percentage of Excess	1.21

At the Budget Estimate Stage Appropriation to the funds was estimated at Rs. 2621.00 crores. A supplementary grant of Rs. 28.00 crores was obtained in March '90 to meet the increased expenditure on account of anticipated higher out-go from the fund during the year.

The excess of Rs. 31.98 crores was due to more Appropriation under Development Fund (Rs. 33.26 crores), offset by drop in originating Passenger traffic and change in Traffic mix (Rs. 1.28 crores).

The excess was due to more Appropriation to Development fund as the actual surplus turned out to be Rs. 173.26 crores i.e. far in excess of Rs. 140.00 crores anticipated at the Budget/Revised Estimate Stage.

There is no misclassification under this grant and therefore the excess requiring regularisation is Rs. 31,97,57,087 (1.21%) i.e. the same as disclosed in the Appropriation Accounts.

(viii) Grant No. 16—Assets—Acquisition, Construction and Replacement—'Other Expenditure'—CAPITAL and RAILWAY FUNDS.

There was an excess of Rs. 46.73 crores under Capital and an excess of Rs. 70.13 crores under Railway Funds which comprised of excess under Depreciation Reserve Fund (Rs. 96.85 crores), offset partly by Savings under Development Fund (Rs. 17.60 crores) and Accident Compensation, Safety and Passenger Amenities Fund (Rs. 9.12 crores) and Saving under OLWR (Rs. 8.62 crores) as detailed below:—

(Rs. 8.10 crores) followed by Central Railway (Rs. 6.55 crores), Eastern Railway (Rs. 2.73 crores), Western Railway (Rs. 1.03 crores), North Eastern Railway (Rs. 0.50 crore), and aggregate of excess on remaining units (Rs. 0.13 crore); partly offset by Savings on South Central Railway (Rs. 6.01 crores), South Eastern Railway (Rs. 5.94 crores), Southern Railway (Rs. 3.00 crores) and Northeast Frontier Railway (Rs. 1.62 crores).

The excess requiring regularisation is Rs. 2,47,20,647 which is the same as disclosed in the Appropriation Accounts.

(vii) Grant No. 14—Appropriation to funds—Depreciation Reserve Fund, Development Fund, Pension Fund, Accident Compensation, Safety & Passenger Amenities Fund and Revenue Reserve Fund.

	<i>Rupees</i>
Original Grant	2621,00,00,000
Supplementary Grant	28,00,00,000
Total Sanctioned Grant	2649,00,00,000
Actual Expenditure	2680,97,57,087
Excess	31,97,57,087
Misclassification	NIL
Excess requiring regularisation	31,97,57,087
Percentage of Excess	1.21

At the Budget Estimate Stage Appropriation to the funds was estimated at Rs. 2621.00 crores. A supplementary grant of Rs. 28.00 crores was obtained in March '90 to meet the increased expenditure on account of anticipated higher out-go from the fund during the year.

The excess of Rs. 31.98 crores was due to more Appropriation under Development Fund (Rs. 33.26 crores), offset by drop in originating Passenger traffic and change in Traffic mix (Rs. 1.28 crores).

The excess was due to more Appropriation to Development fund as the actual surplus turned out to be Rs. 173.26 crores i.e. far in excess of Rs. 140.00 crores anticipated at the Budget/Revised Estimate Stage.

There is no misclassification under this grant and therefore the excess requiring regularisation is Rs. 31,97,57,087 (1.21%) i.e. the same as disclosed in the Appropriation Accounts.

(viii) Grant No. 16—Assets—Acquisition, Construction and Replacement—'Other Expenditure'—CAPITAL and RAILWAY FUNDS.

There was an excess of Rs. 46.73 crores under Capital and an excess of Rs. 70.13 crores under Railway Funds which comprised of excess under Depreciation Reserve Fund (Rs. 96.85 crores), offset partly by Savings under Development Fund (Rs. 17.60 crores) and Accident Compensation, Safety and Passenger Amenities Fund (Rs. 9.12 crores) and Saving under OLWR (Rs. 8.62 crores) as detailed below:—

(Figures in Units of Rs.)

	Capital	D.R.F.	D.F.	Railway Funds.	
				ACSPPF	O.L.W.R.
Original Grant	5058,65,55,000	1680,78,54,000	140,17,70,000	65,11,09,000	50,01,74,000
Supplementary Grant	168,58,77,000	26,99,14,000	4,79,36,000	(-)6,00,000	—
Total Sanctioned Grant	5227,24,32,000	1707,77,68,000	144,97,06,000	65,04,29,000	50,01,74,000
Actual Expenditure	5273,97,57,649	1804,63,01,626	127,36,62,520	55,92,57,378	41,39,76,420
Excess (+)	+46,73,25,649	+96,85,33,626	-17,60,43,400	-9,11,71,622	-8,61,97,500
Saving (-)					
Excess	46,73,25,649		70,13,18,524		
Misclassification	-5,57,40,453		4,17,94,786		
Excess requiring regularisation	41,15,85,196		74,31,13,310		
Percentage	0.79	(3.87		

(i) A grant of Rs. 5058.66 crores under Capital was obtained at the Budget Estimate Stage. A supplementary grant of Rs. 168.59 crores was obtained in March '90, for meeting the increased expenditure mainly under Inventories (Rs. 178.87 crores), New Lines (Rs. 16.07 crores), Gauge Conversion (Rs. 5.22 crores), Computerisation (Rs. 0.61 crore), Electrification Projects (Rs. 14.75 crores), Other specified Works (Rs. 1.00 crore); partly offset by Saving under Doubling (Rs. 18.50 crores), Traffic Facilities (Rs. 1.46 crores), Rolling Stock (Rs. 6.88 crores) and Workshops (Rs. 21.09 crores).

The grant under 'Capital', however, proved inadequate and actual expenditure exceeded the provision by Rs. 46.73 crores. There was a resultant misclassification of (-) Rs. 5,57,40,453 under Capital. The real excess, thus, requiring regularisation by Parliament Works out to Rs. 41,15,85,196 (0.79%).

(ii) A grant of Rs. 1886.07 crores under "Railway Funds" was obtained at the Budget Estimate Stage. A supplementary grant of Rs. 31.72 crores was obtained in March '90, for meeting the increased expenditure mainly under Gauge Conversion (Rs. 1.15 crores), Rolling Stock (Rs. 21.50 crores), Track Renewals (Rs. 23.30 crores), Machinery & Plant (Rs. 2.89 crores); partly offset by Savings under Bridge Works (Rs. 14.65 crores), Signalling & Telecommunication Works (Rs. 2.47 crores).

The grant under "Railway Funds", however, proved inadequate and actual expenditure exceeded the provision by Rs. 70.13 crores. There was a resultant misclassification of Rs. 4,17,94,786. The real excess, thus,

APPENDIX XII

ACTION TAKEN ON RECOMMENDATIONS CONTAINED IN THE 19TH REPORT OF PAC (10th LOK SABHA)

*(i) Recommendations or observation which have been accepted by
Government*

Recommendations

The Public Accounts Committee have repeatedly exhorted the Ministries in the past to enforce strict exchequer control and impart financial discipline amongst their Departments so as to regulate the expenditure in accordance with the budgetary allocations. Nevertheless, financial discipline has remained a distant goal.

The Committee note that during the year under review i.e. 1988-89 the excess expenditure was of the order of Rs. 367.98 crores under 26 grants as against Rs. 304.15 crores under 21 grants during the preceding year i.e. 1987-88. Incidentally, the Committee observe that during the past decade (1979-89) there was a period (1981-82 to 1984-85) when the excess expenditure registered a declining trend from Rs. 462.69 crores in 1981-82 to as low as Rs. 64.87 crores in 1984-85 but unfortunately this trend got reversed in 1985-86 when the excess expenditure touched a figure of Rs. 441.72 crores. Since then there has been no significant improvement in the situation. The Committee view this situation with concern.

An analysis of the reasons for excess expenditure during 1988-89, which have been discussed in some detail in the succeeding paragraphs of this Report indicate that the lack of proper monitoring of the progress of expenditure, timely review of the financial requirements and failure to assess properly the requirement of additional funds have resulted in the excess expenditure. The Committee are unhappy to note that their oft-repeated recommendations made in the past stressing upon various Ministries the need to exercise strict vigilance over the trend of expenditure had little impact on the excess expenditure being incurred. The Committee once again urge the Ministries and Departments of Government of India to observe greater financial discipline and ensure the expenditure does not exceed the budgeted limits.

(Serial Nos. 1, 2, 3 concerning Paras 1.5, 1.6 and 1.7 respectively of Appendix-XIX of 19th Report of PAC-10th Lok Sabha).

Action Taken

The observations of the Public Accounts Committee have been noted. It has been brought to the notice of all Ministries vide O.M. No. F. 1(9)—E.II(A)/92 dated 3rd November, 1992 (copy enclosed) that while it is of the utmost importance to ensure that estimates are framed accurately, it is equally important to see that expenditures are contained within the sanctioned estimates. For this purpose, it is essential to enforce strict financial discipline by regulating expenditure in such a way that budgetary allocations are not exceeded. In exceptional cases where Supplementary Grants become necessary, and accurate estimate of the likely saving should be made so that the Supplementary Grants are kept to the minimum if they cannot be avoided altogether.

[This has been vetted by Audit vide their D.O. letter No. RR/1-17/92-93/2240 dated 12.2.1993. (F. No. 12(1)-E coord./92)]

NO. F. (9)-E. II(A)/92.

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)

New Delhi, the 3rd November, 1992

12th Kartika, 1914 (Saka)

OFFICE MEMORANDUM

SUBJECT:—*Action on the recommendations of the Public Accounts Committee (10th Lok Sabha) made in its 19th Report on "Excess over voted Grants/Charged Appropriation."*

The Undersigned is directed to say that the Public Accounts Committee (10th Lok Sabha) in its 19th Report (1988-89) have briefly made the following observations:—

- (i) In spite of the Public Accounts Committee's repeated exhortation in the past to enforce strict exchequer control by way of regulating expenditure in accordance with budgetary allocations, the financial discipline has remained a distant goal.
- (ii) The Committee has observed that during the past decade there was a period when excess expenditure registered a declining trend but unfortunately the trend got reversed in 1985-86 and since then there has been no significant improvement in the situation. The Committee views this with concern.

(iii) The Committee is unhappy to note that their oft-repeated recommendation made in the past stressing upon various Ministries, the need to exercise strict vigilance over the trend of expenditure had little impact on the excess expenditure being incurred. The Committee has urged upon that the Ministries/Departments of the Government of India should ensure that the Expenditure incurred by them does not exceed the budgeted limits.

2. In the light of the above observations of the Public Accounts Committee, it is necessary to emphasize that while it is of the utmost importance to ensure that estimates are framed accurately, it is equally important to see that expenditures are contained within the sanctioned estimates. For this purpose it is essential to enforce strict financial discipline by regulating expenditures in such a way that budgetary allocations are not exceeded. In exceptional cases where Supplementary Grants become necessary, an accurate estimate of the likely savings should be made so that the supplementary estimates are kept to the minimum, if they cannot be avoided altogether.

3. All the Ministries/Departments are requested to keep the above instructions in view, for strict compliance.

4. Hindi version of this O.M. is enclosed.

Sd/-

(NARAIN DAS)

Under Secretary of the Govt. of India.

To

All the Ministries/Departments of the Government of India, etc. etc.

No. F. 1(9)—E. II(A)/92.

Copy forwarded to the Comptroller & Auditor General of India (With usual number of spare copies), UPSC, etc. as per standard endorsement list.

Sd/-

(NARAIN DAS)

Under Secretary of the Govt. of India.

Recommendation

The Committee are also distressed to find that excess expenditure has been a recurring phenomenon during the years 1985-86, 1986-87, 1987-88 and 1988-89 in respect of the following grants:

Name of Grant	(Rs. in crores)			
	Excess Expenditure during the years			
	1985-86	1986-87	1987-88	1988-89
Defence Pensions (Revenue Voted)	12.02	1.36	1.69	1.61
Public Works (Revenue Voted)	4.25	10.93	5.67	10.03
Lakshadweep	—	0.06	1.24	0.11
Defence Services— Army (Revenue Voted)	22.91	100.33	2.05	103.65
Provident Fund, Pen- sions & Other Re- tirement Benefits (Voted)	11.70	53.49	110.01	93.30

Apparently no efforts seem to have been made by the concerned Ministries/Departments to examine the factors contributing to such a state of affairs and take corrective action. The Committee desire that every Ministry/Department particularly those concerned with grants mentioned above carefully review their mechanism for framing of budget estimates and apply correctives, wherever required to make the budget exercise more realistic and meaningful.

[Sr. No. 4, Appendix XIX, Para 1.8 of 19th Report of PAC (10th Lok Sabha)]

Action taken by the Ministry of Home Affairs

In Lakshadweep Administration, there had been no Pay & Accounts Office System and the transactions are effected in Treasuries in different Islands and Mainland and compilation/coordination is done by Accountant General, Kerala. In the absence of Pay & Accounts Office system, the headquarters is unable to know the position with regard to excesses savings before the close of the financial year. Also adjustments relating to Directorate General of Supplies & Disposals debits and Inter-State adjustments are made directly by Accountant General, Kerala and the Administration becomes aware of the same only at the time of reconciliation. Further, the Administration is handicapped due to the absence of an organised Finance and Accounts Wing under a competent Financial Adviser or Finance Secretary, to guide the Administration in

financial and accounting matters. Due to these factors excess expenditure was incurred by Lakshadweep Administration during the years 1986-87 to 1988-89 which is very much regretted.

To overcome the situation the present system of Treasuries is now being replaced by Pay & Accounts Office system which will also include internal audit system and Finance Secretary who will oversee the financial and accounting matters. After study by Staff Inspection Unit of Ministry of Finance the requisite number of posts for implementation of Scheme of Departmentalisation of Accounts have been sanctioned (copy enclosed) and it is expected that the situation will now improve. The Administrator, Lakshadweep Administration, has also been advised to issue suitable instructions to all concerned so that no excess expenditure is incurred in future.

This has been vetted by Audit vide their D.O.No.RR/6—30/92—932434, dated 26.3.93

Sd/-
(G. GANESH)
Financial Adviser (Home)

(Ministry of Home Affairs, Department of Internal Security, Rehabilitation Division O.M. No.G. 25015/2/92-B&P dated 31st March, 1993.)

NO. U-13034/48/88-ANL
GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

New Delhi, the 8th Dec., 92

To

The Administrator,
Lakshadweep,
Kavratti.

SUBJECT:— *Departmentalisation of Accounts in Lakshadweep administration.*

Sir,

With reference to Lakshadweep administration's wireless message No. 1/28/77-Services (CC) dated the 29/10/92, I am directed to convey

the sanction of the competent authority for the creation of the following 51 posts for implementation of the scheme of departmentalisation of Accounts in the UT administration:—

S. No.	Name of the Post	Number of post	Scale of pay
1.	Secretary (P&A)	1	Rs.3000-4500/-
2.	Stenographer Gr. III	1	Rs.1200-2040/-
3.	Accounts Officers	3	Rs.2375-3500/-
4.	J.A.O.	13	Rs.1640-2900/-
5.	Senior Auditors	13	Rs.1400-2600/-
6.	U.D.C.	5	Rs.1200-2040/-
7.	L.D.C.	12	Rs. 950-1500/-
8.	Group D	3	Rs. 750-940/-

51

This is subject to the condition that all the 51 posts declared surplus by the Staff Selection Unit as detailed in the annexure (copy enclosed) to its report submitted in May, 1991, will be abolished before implementing the sanction for creation of 51 posts.

This issues with the concurrence of the Ministry of Finance vide their U.O. No. 3947-E (Coord)/92 dated the 25/11/92.

Yours Faithfully,

Sd/-
(A. S. SIDHU)
Director (ANL)

Copy to:—

1. A.G. Kereela, Trivandrum.
2. Ministry of Finance, Department of Expenditure (Staff Inspection Unit) with reference to their letter No. 24/1/90-SIU dated the 9th May, 1991.
3. Ministry of Finance E(Coord) Section with reference to their U.O. No. 3947—E(coord)/92 dated the 25/11/92.

Finance II Branch, MHA.

Sd/-
(A. S. SIDHU)
Director (ANL)

Details of Posts to be abolished

S.No.	Name of the posts	Scale of Pay (Rs.)	No. of posts
1.	Settlement Officer	2000-3500	1
2.	Vigilance Officer	2000-3500	1
(I) Staff in 9 Sub-treasuries & Central Treasury Kochi			
1.	Sub-Treasury Officer/Asstt.	1350-2200	10
2.	U.D. Clerk	1200-2040	11
3.	Treasurers	950-1500	9
(II) Staff in AG's Office, Thiruvananthapuram (Lakshadweep Sect.)			
1.	Section Officer	1640-2900	1
2.	Auditor	1350-2200	6
3.	Typist	950-1400	1
(III) Staff from the Lakshadweep administration			
1.	District Inspection (A&N)	2000-3500	1
2.	Group D in Coir Section	750-940	4
(IV) Security Staff			
1.	Head Constable	950-1500	5
2.	Police Constables	825-1200	13
3.	MPSAF	825-1200	30
(V) 38 Footer Boat			
1.	Driver	1320-2040	2
2.	Lascar	750-940	3
(VI) MASS FISHING			
1.	Mass Fishing Instructor	750-940	3
2.	Fishing	750-940	6
			107

Action Taken by the M/o Railways

The observations of the Committee have been noted. Necessary instructions have been issued to the Railways (Copy enclosed).

This has been seen and vetted by Audit vide their U.O.I. No. 125-RAIII-RR/12-7/92 dated 13.10.1992.

[Ministry of Railways (Rly. Board's) case No. 92-B-342/1.]

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)**

No. 92-B-342/1

New Delhi, dated 14-10-1992.

The General Manager,
Central/Eastern/Northern/North Eastern Railways.

SUB: Excess/Savings in Actuals over Budget Estimates 1988-89.

The Public Accounts Committee (Tenth Lok Sabha) in their Report have recommended, subject to certain observations, regularisation of excess expenditure incurred in the year 1988-89. Their observations pertaining to Grant No. 13 of Railway are re-produced below:—

"1.8 The Committee are also distressed to find that excess expenditure has been a recurring phenomenon during the years 1985-86, 1986-87, 1987-88 and 1988-89 in respect of the following Grant(s):
(Rs. in crore)

Name of Grant	Excess Expenditure during the years			
	1985-86	1986-87	1987-88	1988-89
...
...
Provident Fund, Pension and other Retirement benefits	11.70	53.47	110.01	93.30

Apparently no efforts seem to have been made by the concerned Ministry(ies)/Department(s) to examine the factors contributing to such a state of affairs and take corrective action. The Committee desire that every Ministry/Department particularly those concerned with grants(s) mentioned above carefully review their mechanism for framing of Budget Estimates and apply correctives, wherever required to make the budget exercise more realistic and meaningful."

2. The excess in expenditure under Grant No. 13, viz. 'Provident Fund, Pension and other Retirement Benefits', as highlighted by the PAC, has been viewed by the Ministry with concern. Excess in expenditure under this Grant has been commented upon by the PAC in their previous reports also. Enclosed statement of Expenditure for the last five years for this Demand indicates that there has been a trend of under-estimating the expenditure on some of the Zonal Railways which, in turn, affects the position of expenditure under this demand for Indian Railways as a whole. It would, therefore, be desirable on the part of these Zonal Railways to analyse and identify the particular components of expenditure mainly responsible for this phenomenon.

3. August Review and RE/BE are the most appropriate stages to conduct such budgetary exercises and make realistic assessment of the expenditure duly taking into consideration the shortfall during the past years. Board, therefore, desire that expenditure on your Railway should be closely watched so as to ensure that it is not exceeded over the Budget allotment. It is needless to emphasise that estimated requirements of funds under various Demands for Grants including Grant No. 13 has to be on realistic and accurate basis. Pace of expenditure should be monitored closely during the course of the year so that timely action is taken to avoid any excess in expenditure/lapse of funds.

Please acknowledge receipt.

DA: As Above

Sd/-
(BIRKHE RAM)
Executive Director, Finance (Budget)
Railway Board

Demand 13
Provident Fund, Pension & Other Retirement Benefits

(Rs. in thousands)

Railway	Year	RE Fixed (1)	FM Asked (2)	FM Fixed (3)	Actuals (4)	Vari. (4-1) (5)	Vari. (3-2) (6)	Vari. (4-3) (7)
CR	1986-87	551462		562212	687592	136130	562212	125380
	1987-88	903776	928696	910026	1036667	132891	-18670	126641
	1988-89	863693	1049298	864693	1087635	223942	-184605	222942
	1989-90	1190606	1190606	1190606	1255922	65316	0	65316
	1990-91	1390821	1380941	1380941	1397846	7025	0	16905
ER	1986-87	783803		794103	911259	127456	794103	117156
	1987-88	1103957	1103957	1111457	1285835	181878	7500	174378
	1988-89	1175910	1176710	1176710	1161212	-14698	0	-15498
	1989-90	1264955	1298195	1269405	1295671	30716	-28790	26266
	1990-91	1435486	1516202	1473934	1338859	103373	-42268	64925
NR	1986-87	652430		668540	867191	214761	668540	198651
	1987-88	1148554	1325096	1166835	1145406	-3148	-158261	-21429
	1988-89	992989	1013993	1001175	1198692	205703	-12818	197517
	1989-90	1124712	1120991	1120991	1202421	77709	0	81430
	1990-91	1260181	1276947	1266321	1359054	98873	-10626	92733
NE	1986-87	212488		212488	210409	-2079	212488	-2079
	1987-88	275875	384170	277075	523214	247339	-107095	246139
	1988-89	541868	561946	543118	616871	75003	-18828	73753
	1989-90	566540	573240	566540	572232	5692	-6700	5692
	1990-91	614235	614235	614235	658438	44203	0	44203

Recommendation

The Committee are extremely unhappy to note that as in the past the sad story of delay ranging from 2 to 22 months has been repeated in submission of explanatory notes by the concerned Ministries in respect of 18 grants/appropriations out of 26 grants/appropriations that registered excess expenditure during 1988-89. Consequently, the Public Accounts Committee 1990-91 were unable to finalise and present their Report on excess expenditure during their term and the excess remained irregularised. The Committee, however, note that in pursuance of their recommendations made in the 11th Report (9th Lok Sabha) in September, 1990, the Ministry of Finance have laid down though belatedly in September, 1991 the time schedule for completing action at various stages involved in the finalisation/vetting of explanatory notes with a view to avoiding delay in submission thereof to the Committee. The Committee trust that the Ministries would henceforth strictly adhere to the prescribed time schedule paving the way for expeditious regularisation of excess expenditure.

[Sl. No.5 (para 1.13) of Appendix to 19th Report of PAC (10th Lok Sabha)]

Action Taken by the M/o Defence

Observations of the PAC have been noted. The specific time schedule laid down for timely action at various stages involved in the preparation and submission of the notes for regularisation of excess expenditure by Ministry of Defence as well as Ministry of Finance is being strictly adhered to. There has been no delay in submission of the note for regularisation of excess expenditure that was incurred under Defence Services Grants for the year 1989-90. The said note was submitted on 16th September, 1991, i.e., immediately after the Appropriation Accounts of the Defence Services for the year 1989-90 were presented to the Parliament on 13th September, 1991.

This has been vetted by Audit.

[F. No. 10(4)/92/BI-PC-II]

Recommendation

The Committee note that against the final provision of Rs. 7116.07 crores sanctioned under Grant No. 14 Defence Services—Army, the Ministry of Defence incurred expenditure of the order of Rs. 7219.72 crores resulting in an unrecovered excess of Rs. 103.65 crores inspite of the fact that a supplementary grant of Rs. 241.10 crores was taken by the Ministry. The wide variation between the original budgeted figures and the actual expenditure leads the Committee to an obvious conclusion that the Ministry of Defence have at no stage, been able to precisely anticipate, assess and provide for the funds actually required by them under the various heads of Grant. The excess has occurred mainly under the heads A.1—Pay and Allowances of Army (Rs. 57.19 crores), A.9—Works (Rs. 24.71 crores) A.5—Military Farms (Rs. 10.73 crores) and A.7—Inspection of Organisation (Rs. 7.10 crores) besides some other heads. As usual, the

Ministry have informed that instructions already exist for framing the Defence budget estimates on realistic basis and for exercising a close and constant watch the trend of expenditure. The Committee need hardly emphasise that mere issue of instructions is not sufficient unless these instructions are strictly complied with. They, therefore, desire the Ministry to take effective steps to ensure strict observance of the existing instructions apart from tightening further their control over expenditure.

[Sl. No. 6 (para 1.18) of Appendix XIX to 19th report of PAC
(10th Lok Sabha)]

Action taken by the M/o Defence

The recommendations of the Public Accounts Committee have been noted.

In order to identify and remedy the shortcomings and defects in the existing system of estimation of requirement of funds under different heads, the variations between the assessments made at various stages in a financial year and the year and actual expenditure are being reviewed objectively. These reviews are expected to be conducive to more precise and realistic estimation of requirements. In this connection, a copy of Ministry of Defence (Finance) ID No. 11(3)/90/B-I dated 25-7-91 is enclosed.

In order to further tighten the control over expenditure, Inter-Departmental Monitoring Groups, comprising of the senior officers from Ministry of Defence, Integrated Finance, Services Headquarters and concerned Controller of Defence Accounts, have been constituted to continuously review the progress of expenditure and pending liabilities.

[Ministry of Defence, File No. 10(4)/92/BI/PC-III].

MINISTRY OF DEFENCE (FINANCE)

SUBJECT : *Estimation of Requirement of Funds*

It will be recalled that in the various budgetary reviews carried out during 1990-91, Services/Departments had projected substantial additional requirements under various minor heads over the approved BE 1990-91. As all concerned are aware, only part of these additional requirements could be met by reappropriation etc., within the overall allocation of Rs. 15,750 crores.

2. Notwithstanding the changes in allocation under various minor heads carried out at Revised Estimates/Modified Appropriation stages, the actual expenditure for 1990-91 (as available so far) clearly brings out that there have been substantial shortfalls in expenditure under a number of heads, as also excesses under some other heads, resulting in overall savings. Defence Secretary has observed that they reflect on our style of financial management, which must be remedied urgently. A higher degree of precision is clearly required in estimating requirements for different types

of expenditure and continually reassessing requirements in the light of expenditure actually incurred in the course of the year.

3. It is, therefore, requested that projection of requirements done in 1990-91 under each head in various budgetary exercises may please be reviewed objectively, with reference to the actual expenditure details. Such a review will, undoubtedly, be of great help in remedying the defects in the present system of estimation and be conducive to more precise and realistic projection/estimation. The short-falls under certain heads of expenditure also calls for a more precise analysis of contractual commitments made, identification of items yet to be contracted and accurate estimation of their materialisation during the financial year. This should avoid the situation of sizeable surrender under some heads, with certain sectors suffering for want of funds.

Sd/-

(P. R. SIVASUBRAMANIAN)
Addl. FA(P)

All Joint Secretaries in Ministry of Defence
(including Integrated Finance)

Addl. DGFP, Army HQrs.

DNP, Naval HQrs.

DFP, Air HQrs., CCR & D (S), Member (Fin) OFB, DGQA, DGNCC

M of D (Fin) I.D. No. 11(3)/90/B-I dated 25-7-1991

Recommendation

The Committee note that in the case of Grant No. 52 - Deptt. of Chemicals & Petrochemicals. The Department at the initial stage anticipated savings under the sub-head AA. 2(1)(1)(5)—Bengal Immunity Limited, which they intended to reappropriate to cover the anticipated excess expenditure under other sub-heads. The anticipated savings, however, did not materialise at all resulting in an excess expenditure of Rs. 3.64 crores. The Committee consider it a case of bad budgeting. The Department of Chemicals and Petrochemicals do not seem to have to any stage (*i.e.* Revised Budget Estimates stage or the Supplementary Grants stage) during the year made any attempt to assess whether the savings initially anticipated were really going to materialise or not. It was only at the lag end of the year that the awareness about the excess expenditure having occurred dawned upon the Department when on 13.3.89 Reappropriation Orders were issued. The Reappropriation Orders seem to have been issued in hurry because on subsequent scrutiny by the Department these were found to be not in order and had to be withdrawn on 31.3.1989 as the reappropriation between Capital and Revenue Sections of the Grant was not permissible. The Committee cannot but express their displeasure over the perfunctory manner in which the Financial Division of the

Department examined their Accounts before issue of the impugned Reappropriation order on 19.3.1989/14.3.1989. What perturb the Committee more is the fact that the Finance Division of the Department overlooked the basic fact that reappropriation between the Revenue and Capital Heads was not permissible. This resulted in the cancellation of three such reappropriation orders on 31.3.1989, when it was too late to go in for a Supplementary grant. The Committee desire the Department of Chemicals and Petrochemicals to take effective steps to revamp their Finance Division to put it on sound footing so as to ensure that such a situation does not recur.

[Sl. No. 8 (Para 1.23) of Appendix XIX to 19th Report of PAC (10th Lok Sabha)]

Action Taken

This was an isolated case where excess expenditure over the sanctioned grant had occurred. Normally every effort is made to ensure that the requisite rules and guidelines regarding reappropriation are scrupulously followed and a detailed assessment of the fund requirements is made both at the stage of formulating the revised estimates and at the Supplementary demands. No such occurrence has happened subsequently and necessary steps have been taken to ensure that such an occurrence does not happen again.

[Department of Chemicals and Petrochemicals *vide* O.M. No. 23(9)/90-Fin. dated 16.2.93]

Recommendation

In the case of Revenue Section (Voted) of Grant No. 68 - Deptt. of Mines, the gap between the budget provision and the actual expenditure was to the tune of Rs. 41.34 lakhs during 1988-89. The Supplementary Grant of Rs. 1 lakh proved too meagre to meet the actual needs of the Department. The Committee, however note that but for the savings (*i.e.* Rs. 887.13 lakhs) the excess expenditure would have been as high as Rs. 928.47 lakhs. The Main Head B.1(1) - Direction and Administration alone contributed maximum excess expenditure amounting to Rs. 560.01 lakhs. Of all the sub-heads under this Main Head, sub-head B. 1(1)(1)-Salaries, alone accounted for an excess of Rs. 445.25 lakhs, the reasons being payment of TA and *ad-hoc* bonus payment for more number of days to employees and payment of arrears as a result of implementation of decision of the Central Administrative Tribunal for upgradation of post of Draftsman w.e.f. 16.1.1978. The Committee find these reasons are hardly convincing as there does not appear to be any element of uncertainty in the outgo on account of additional payments becoming due to the employees who are on their pay rolls. The excess expenditure on account of the payment of arrears as a result of upgradation and revision of pay-scale of the Draftsman was apparently due to failure of the Department to take timely and prompt action after issue of the Administrative orders on

5.5.1988 as the Ministry had sufficient time for making adequate budgetary provision before the close of the Financial year 1988-89. The Committee, therefore, urge that no slackness should be allowed in the budget wing of the Department in the matter of taking corrective measures wherever required.

[Sl. No. 9 Appendix XIX Para 1.25 of 19th Report of PAC (10th Lok Sabha)]

Action Taken by M/o Mines

The following instructions have been issued by the Ministry of Mines vide their letter No. PAO/M-Comp./2(5)/90-91/761-770 dated 22.11.1990 (copy enclosed) to ensure that there are no excesses over Voted Grants/Charged Appropriation:

(1) The Pay and Accounts Officers will have to ensure that under no circumstances bills are passed which may result in exceeding of the revised budget allocations. Any bill which would lead to excess over budget allotment must be returned to the controlling officers immediately.

(2) Before passing the bills for payment the Pay and Accounts Officers will also have to ensure proper pre-checks with special reference to check of sanctions as laid down in chapter 4 of Civil Accounts Manual.

(3) Settlement of old payments and inter-departmental adjustments should be strictly with reference to final budget allotments available for the year.

(4) Pay and Accounts Officers should follow the provisions of para 10.6(c)(ii) of the 'Hand Book of Accounting Instructions under 'Departmentalisation Accounting System' and no debit the final heads of account until the concerned bills are accepted by Departmental Officers. Controlling Officers should ensure that old claims/inter-departmental settlements are accepted promptly and are not delayed to accomodate only current expenditure. Pay and Account Officers may report to the Chief Controller of Accounts any cases of continued non acceptance of old bills even when budget allocations are available.

(5) The Deputy Controller of Accounts, Geological Survey of India, Calcutta, all Pay and Accounts Officers, Geological Survey of India and Pay and Accounts Officers, Indian Bureau of Mines have been instructed to confirm every year that they receive the revised budget allocations in respect of their jurisdiction from the Geological Survey of India/Indian Bureau of Mines authorities and are controlling the expenditure on that basis. In case of extremely disproportionate expenditure against any head likely to result in exhaustion of the amount available much before the close of the year, the matter may be brought to the notice of Deputy Director General (Finance), Geological Survey of India, Deputy Controller of Accounts, Geological Survey of India or the Controller General, Indian Bureau of Mines under intimation to the Chief Controller of Accounts.

(6) It has been observed that monthly reconciliation is not carried out regularly. Reconciliation work is also running in arrears in many cases. For effective control of expenditure it is essential that the reconciliation should be done regularly in a systematic manner as explained in annexure 'B' to rule 66(2) of General Financial Rules. The Pay and Accounts Officers should ensure prompt supply of expenditure figures every month to the Drawing and Disbursing Officers/Controlling Officers. They must also supply simultaneously a copy of Drawing and Disbursing Officer/Controller wise expenditure figures to the Deputy Director General (Finance), Geological Survey of India, Calcutta for taking necessary action at their end.

(7) All Pay and Accounts Officers should also send the monthly annual accounts to Deputy Controller of Accounts, Geological Survey of India, Calcutta by 15th of the following month. Deputy Controller of Accounts, Geological Survey of India will finalise the consolidated account/expenditure statement within a week and forward the same to Principal Accounts Office/Deputy Director General (Finance).

(8) Heads of the Government Departments have been instructed to ensure that Budget distribution among the different offices does not exceed the authorised provisions.

By taking these steps it has been ensured that there was no excess over the Voted Grant/Charged Appropriation in 1990-91 and 1991-92 and in future also no excess is likely to take place.

This has been vetted by Audit.

[Ministry of Mines O.M. No. 3(10)/92-I.F. dated 30.7.92]

**PRINCIPAL ACCOUNTS OFFICE
MINISTRY OF STEEL & MINES
DEPARTMENT OF MINES**

Lok Nayak Bhawan
New Delhi- 110 003

Ref. No. PAO/M-Comp./2(5)/90-91/761-770 Dated 22.11.90

To

Dy. C.A., GSI, Calcutta,
All PAOs, GSI & IBM

SUB.: Control and reduction of Government Expenditure.

Sir,

Reference is invited to Ministry of Steel and Mines, Department of Mines letter No. 1 (10)/90-IF dated 17.7.90 regarding the cut of 10% on the sanctioned budget for 1990-91. The G.S.I. and the I.B.M. were

required to plan their expenditure in 1990-91 with reference to the revised budget ceilings and also to make out a monthly phasing of expenditure on this basis. It is presumed that the G.S.I./I.B.M. have phased their expenditure for 1990-91 with reference to the revised budget indicated by the Department of Mines and that the revised allocations down the line have been communicated to the respective Zonal/Regional heads as also to the concerned Pay and Accounts Officers for controlling the budget allotments accordingly. This may be confirmed.

Additional Secretary and Financial Adviser, Ministry of Steel and Mines has again directed that in no case should the revised budgetary provisions be exceeded. The following instructions may be strictly observed by all Pay and Accounts Officers:

(a) The Pay and Accounts Officers will have to ensure that under no circumstances bills are passed which may result in exceeding of the revised budget allocations. Any bill which would lead to excess over budget allotment must be returned to the controlling officers immediately.

(b) Before passing the bills for payment the Pay and Accounts Officers will also have to ensure proper pre-checks with special reference to check of sanctions as laid down in chapter 4 of Civil Accounts Manual.

(c) Settlement of old payments and inter-departmental adjustments should be strictly with reference to final budget allotments available for 1990-91.

(d) P.A.O.s should follow the provisions of para 10.6 (d)(ii) of the 'Hand Book of Accounting Instructions under Departmentalisation Accounting System' and not debit the final heads of account until the concerned bills are accepted by Departmental Officers. Controlling Officers should ensure that old claims/inter-departmental settlements are accepted promptly and are not delayed to accommodate only current expenditure. PAOs may report to the undersigned any cases of continued non acceptance of old bills even when budget allocations are available.

(e) The Dy. Controller of Accounts, G.S.I. Calcutta, all Pay and Accounts Officers, GSI and Pay and Accounts Office, IBM may immediately confirm that they have received the revised budget allocations in respect of their jurisdiction from the GSI/IBM authorities and are controlling the expenditure on that basis. In case of extremely disproportionate expenditure against any head likely to result in exhaustion of the amount available much before the close of the year, the matter may be brought to the notice of Dy. D. G. (Finance), G.S.I., Dy. C.A., GSI or the Controller General, IBM under intimation to the undersigned.

(f) It has been observed that monthly reconciliation is not being carried out regularly. Reconciliation work is also running in arrears in many cases. For effective control of expenditure it is essential that the reconciliation should be done regularly in a systematic manner as explained in annexure

'B' to rule 66 (2) of General financial Rules. The Pay and Accounts Officers should ensure prompt supply of expenditure figures every month to the DDOs/Controlling Officers. **THEY MUST ALSO SUPPLY SIMULTANEOUSLY A COPY OF D.D.O/CONTROLLER WISE EXPENDITURE FIGURES TO THE D.D.G. FINANCE, GSI, CALCUTTA** for taking necessary action at their end.

(g) All P.A.Os should also send the monthly annual accounts to Dy. C.A., GSI, Calcutta by 15th of the following month. Dy. C.A., GSI, will finalise the consolidated account/expenditure statement within a week and forward the same to Principal Accounts Office/D.D.G. (Finance).

Receipt of this communication may be acknowledged.

Yours faithfully,

Sd/—

(H. PRABHAKAR RAO)
Chief Controller of Accounts

Recommendation

The Committee regret to find that misclassification in the Revenue Section (Voted) of Grant No. 92-Lakshadweep, of an amount of Rs. 40.75 lakhs which was utilised towards Share Capital Contribution to Lakshadweep Development Corporation and which, in fact, should have been booked in the Capital Section (Voted) of the Grant resulted in a misleading or false picture of the Grant as whole in the Appropriation Accounts (Civil) for 1988-89. The excess expenditure after taking into account the misclassification, it is seen, works out to only Rs. 11.21 lakhs in the Revenue Section (Voted) of the Grant which comes to 0.39% of the total grant. What is more regrettable is the fact that both the Ministry of Home Affairs and the Lakshadweep Administration failed to detect the error even while preparing the explanatory note for submission to the Committee but came to know of the mis-classification only when the office of the C&AG of India invited their attention thereto. This is clearly indicative of the lapse that has occurred at all levels in the Administration even in the scrutiny of accounts. The Committee take a serious view of the perfunctory manner in which the accounts were maintained by the Lakshadweep Administration and desire that reasons for misclassification be gone into and responsibility for the lapses fixed. (Sr. No. 10 Appendix XIX Para 1.27 of Nineteen Report of PAC (TENTH LOK SABHA).

Action Taken Note by the M/o Home Affairs

In Lakshadweep Administration there is no Pay & Accounts Office System and the transactions are effected in Treasuries in different Islands and Mainland and compilation/coordination is done by Accountant General, Kerala. In the absence of Pay & Accounts Office system, the head quarters is unable to know the position with regard to excess/savings before the close

of the financial year. Also adjustments relating to Directorate General of supplies & Disposals debits and Inter-State adjustments are made directly by Accountant General and the Administration becomes aware of the same only at the time of reconciliation. Further, the Administration is handicapped due to the absence of an organised Finance and Accounts wing under a competent Financial Adviser or Finance Secretary, to guide the Administration in financial and accounting matters. Due to these factors misclassification of expenditure towards contribution of Rs. 40.75 lakhs in share Capital of Lakshadweep Development Corporation occurred and the same is very much regretted. Since the misclassification took place due to non-availability of Organised Accounts System, it may not be possible to fix responsibility on any individual officer.

To overcome the situation the present system of Treasuries is proposed to be replaced by Pay & Accounts Office system which will also include internal audit system and Finance Secretary will oversee the financial and accounting matters. After a study by staff Inspection Unit of Ministry of Finance, a proposal for creation of posts for Departmentalisation of Accounts in Lakshadweep Administration has been submitted to the Ministry of Finance. It is expected that once the proposal is approved, the situation will improve. It may be added that the proposal for departmentalisation of Accounts has already been approved by Controller General of Accounts/Comptroller & Auditor General of India.

This has been vetted by Audit vide their U.O. No. RR/6-27/92-93/1484 dated 9th November, 1992.

[Ministry of Home Affairs, Department of Internal Security Rehabilitation Division O.M. No. G. 25015/2/92-B & P dated 18th November, 1992.]

Recommendation

Another instance of bad budgeting is revealed in the operation of grant No.94-Daman and Diu under which excess expenditure requiring regularisation works out to Rs. 10.27 lakhs after taking into account large scale savings aggregating Rs. 234.99 lakhs under some heads of the grant off-setting much of the excess expenditure which would otherwise have been of the order of Rs. 245.26 lakhs during 1988-89. This reveals the unscientific approach in framing of estimates under various heads of the grant and the subsequent perfunctory review. The Committee deplore such a casual approach and deem it imperative that the requirement of funds under each head of the grant is critically and carefully examined before making provision therefor. Vigil over the trend in expenditure is also absolutely essential. The committee hope that necessary steps would be taken in this direction.

[Serial No. 11 Appendix XIX para 1.29 of 19th Report of Public Accounts Committee (10th Lok Sabha)]

Action Taken by the M/o Home Affairs

It is to state that the Administration of Union Territory of Daman and Diu started functioning separately from May, 1987 onwards and the preparation of Budget was started for the first time from the year 1988-89 only. As such precise budget could not be prepared. At present the requirement of funds under each head of the Grant is critically and carefully examined before making provision thereof and a close watch is being kept over the expenditure to avoid recurrence of excess/savings by reporting/monitoring and expenditure every month. In this respect, a circular has been issued to all the Heads of Offices in Daman and Diu (copy enclosed).

This has been vetted by Audit vide their U.O. No. RR/6-28/92-93/1288 dated 13th Oct., 1992.

[Ministry of Home Affairs, Deptt. of Internal Security, (Rehabilitation Division) O.M. No. 250/12/92-B & P dated 19.10.92]

NO. 3/1/88-FD/VOL.I/478

ADMINISTRATION OF DAMAN & DIU OFFICE OF THE FINANCE SECRETARY

Secretariat, Daman.
Moti Daman.

Dated: 8/09/1992

CIRCULAR

The Public Accounts Committee has made following observations¹ regarding grant No. 94 of Union Territory of Daman and Diu for the 1988-89.

Under Revenue section (Voted) of Grant NO. 94 Daman and Diu for the year 1988-89 against the total provision of Rs. 12,43,00,000/- the actual expenditure was Rs. 12,53,26,746/- As a whole, excess expenditure works out to Rs. 2,45,25,746/- which was offset by savings to the extent of Rs. 2,34,99,000/- leaving net excess expenditure of Rs. 10,26,746/- requiring regularisation. according to the explanatory Note (Appendix-XV) furnished by the Ministry of Home Affairs, excess expenditure had occurred due to past liabilities which had to be liquidated during the year and certain other unanticipated expenses on purchase of machinery and equipment.

Another instance of bad budgeting is revealed in the operation of grant No. 94 Daman and Diu under which excess expenditure requiring regularisation, works out to Rs. 10.27 lakhs after taking into account large scale savings aggregating to Rs. 234.99 lakhs under some heads of the Grant offsetting much of the excess expenditure which would otherwise have been of the order of Rs. 245.26 lakhs during 1988-89. This reveals the

unplanned and unsystematic approach in framing of estimates under various heads of the grant and the subsequent perfunctory review. The Committee has deplored such a casual approach and deem it imperative that the requirement of funds under each head of the Grant is critically and carefully examined before making provision thereof. Vigil over the trend in expenditure is also absolutely essential. The Committee hopes that necessary steps would be taken in this direction.

All Head of Offices in Daman and Diu are hereby instructed not to incur excess expenditure under any head of account and keep a close watch over the expenditure every month. In order to avoid excess expenditure against the allocated amount, the Director of Accounts, Daman should submit monthly reports to this Office under each Head of Account where the allocation is made.

Sd/-
(NARAYAN DIWAKAR)

Finance Secretary.

To,
All the Heads of Offices in Daman and Diu.

Copy for information and necessary action to:

1. The Collector, Daman.
2. The Collector, Diu.
3. The Director (FIN UT), Govt. of India, Ministry of Home Affairs, North Block, New Delhi, with reference to her Wireless Message No. 25015/(3)/92-P & B dated 28.8.1992.

Recommendation

The Committee note that under Grant No. 13 Provident Fund, Pensions and other Retirement Benefits, the Ministry of Railways incurred excess expenditure of the order of Rs. 93.30 crores during 1988-89. This is not the first time that this Grant registered excess expenditure. There has been excess expenditure under this Grant persistently during the period 1980-89 except during 1981-82. The concern repeatedly expressed by the Committee in their earlier Reports led to appointment of a Review Committee by the Ministry of Railways in the matter. That review Committee found certain deficiencies with the system of framing budget estimates under Grant No. 13 and recommended introduction of comprehensive computerised accounting system to ensure precise budget estimates. The Committee take a serious view of the fact that as established by the findings of the Review Committee, excess expenditure under Grant No. 13 over the years, has occurred as the Zonal Railways were merely basing their estimates on past actuals and trend of the booking under the current year without adequately relating to the requirements to the relevant data. The Committee hope that with the computerisation of the pension accountal, the Ministry of Railways would frame more realistic estimates and be able to keep the expenditure under control. The

Committee would like to be apprised of the progress made in the implementation of the programme for computerisation of the system.

[S.No. 12 (para 1.36) of Appendix XIX (19 Report of PAC 10th Lok Sabha)]

Action Taken

The overall excess of expenditure under Grant No. 13, which was above 12% of the Final Grant during the years 1986-87, 1987-88 and 1988-89 was brought down to only 0.31% during 1989-90 and 2.16% during 1990-91 as shown below:

(Amount in crores of Rs.)

Year	Final Grant	Actual Exp.	Excess	% age
1986-87	420.43	474.10	53.67	12.77
1987-88	605.83	715.84	110.01	18.16
1988-89	655.78	749.08	93.30	14.23
1989-90	795.73	797.70	2.47	0.31
1990-91	882.15	901.21	19.06	2.16

The appropriation accounts for the year 1991-92 are under finalisation. However, even as per provisional figures available, the overall excess will be less than 3.50%

The need for avoiding recurrence of similar excess in future has been stressed to GMs all Indian Railways and they have been further instructed through Ministry of Railways letter No. 92/AC-II/21/13 dated 24.9.92 (copy enclosed) to accord sufficient priority through attention at the highest level, on building up complete computerised data bank and other checks and balances for this purpose. FA&CAOs have also been directed separately vide D.O. letter No. 92/AC-II/21/13 dated 25.9.92 (copy enclosed) to initiate necessary follow-up measures to avoid excess over the budgeted grant/sanctioned appropriation.

As regards present status of computerisation in this area on the Zonal Railways, it is stated that five Zonal Railways, namely Central, Eastern, Southern, South Eastern and Western Railways have already achieved partial implementation and are in the process of completing the master files of old pensioners which would enable full implementation. The remaining 4 Zonal Railways, namely Northern, North Eastern, Northeast Frontier and South Central too have initiated steps for introducing computerisation.

This has been seen and vetted by Audit vide their U.O.I. No. NIL-RAIII-RR/12-7/92 dated 6.11.92 who have observed as under:

“The provisional figures for 1991-92 could be verified only after receipt of the Grant Account. The Ministry may like to fix target dates for completion of the master and full implementation of the computerised procedure and monitor the progress.”

[Ministry of Railways (Rly. Board's) case No. 92/ACII/21/13.]

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 92-ACII/21/13.

New Delhi, dt. 24-9-1992.

The General Manager

(Central, Eastern, Northern, NE,NF,SE,SC, Southern & Western Railways)

SUB: Para 1.36 of 19th Report of Public Accounts Committee (10th Lok Sabha) regarding excess over Voted Grants/Charged Appropriations (1988-89)-Grant No. 13-P.F, Pensions and other retirement benefits.

Board have been expressing concern with regard to excess of expenditure over budgetted grants/sanctioned appropriations under Grant No. 13 relating to PF, pension etc. This excess has been noticed particularly in respect of pension in the last few years. Attention in this connection is invited to Board's letter No. 88-ACII/21/6 dated 16.3.1988 and 90-ACII/21/5 dated 6.6.1990 addressed to FA&CAOs of the Railways.

2. The Public Accounts Committee (10th Lok Sabha) in their 19th report pertaining to Appropriation accounts of 1988-89 have taken serious view of such excess expenditure (Para 1.36) (copy enclosed) and have observed that this excess has occurred as the Railways were merely basing their estimates on past actuals and trend of booking under the current year without adequately relating the requirements to the relevant data. It may be mentioned in this connection that in respect of excess reported in the earlier years, Ministry of Railway had assured PAC that in view of the steps being initiated particularly for computerisation of data relating to payment of pensions, the position is likely to improve and such excesses are not likely to recur. Despite the above assurance, the position on Railways has got improved presumably because there are still wide gaps in organising the data bank relating to pensioners.

3. While, no doubt, some progress has been achieved on certain railways in respect of computerisation of pension data, there are still some zonal railways like Northern and South Central which are yet to take concrete

steps for computerising pension data. For arriving at estimates towards pension liability it is essential that Railways review their existing system of compilation of data and gear it up suitably by building up proper checks and balances so that this phase of work does not remain unsatisfactory any longer. As this would call for a time-bound action plan on Railways, Board desire that this matter may be given sufficient priority and attention at the highest level so that atleast in future, such excesses do not occur and attract adverse criticism from PAC.

4. Receipt of this letter may be acknowledged.

Sd/-
(N. PARTHASARATHY)
Executive Director (Accounts)
Railway Board.

Encls (As above)

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

N. Parthasarathy
Executive Director (Accounts)

D.O. No. 92-ACII/21/13.

New Delhi, dt. 25-9-1992.

Dear Shri (FA & CAOs of Zonal Railways),

SUB: Para 1.36 of 19th Report of Public Accounts Committee (10th Lok Sabha) regarding excess over Voted Grants/Charged Appropriations (1988-89)-Grant No. 13-P.F, Pensions and other retirement benefits.

The position relating to estimating requirements under Grant No. 13 towards pensionary liability needs to be monitored at the highest levels since in the last few years there have been cases of excess of expenditure over budgetted grants/sanctioned appropriations attracting adverse criticism from Public Accounts Committee on more than one occasion. In this connection I would invite your attention to Board's letters No. 88-ACII/21/6 dated 16.3.1988 and 90-ACII/21/5 dated 6.6.1990 addressed to you and also letter of even number dated 24.9.92 addressed to your General Manager.

From a review of the figures pertaining to your railway furnished hereunder, it is seen that there have been fluctuations and continuing excess of expenditure:

(As per list attached)

3. It is, therefore, necessary that steps are taken on priority to rectify this unsatisfactory position and streamline the procedure in such a manner that there are no further failures and adverse criticism from PAC in respect of this demand. I shall be grateful if suitable follow-up measures are initiated on your Railway and the Board advised of the steps taken.

With regards,

Yours sincerely,
Sd/-
(N. PARTHASARATHY)

Railway-wise break up of the Excess From 1986-87 to 1990-91

(Figures in crores)

Year	CENTRAL			EASTERN			NORTHERN		
	F. Grant	Actual	Diff.	F. Grant	Actual	Diff.	F. Grant	Actual	Diff.
86-87	56.20	68.76	+ 12.56	78.91	91.12	+ 12.21	67.77	88.98	+ 21.21
87-88	90.38	103.67	+ 13.29	110.40	128.58	+ 18.18	116.29	116.24	- 0.05
88-89	86.17	108.76	+ 22.59	117.59	116.12	- 1.47	101.15	121.07	+ 19.92
89-90	119.06	125.59	+ 6.53	126.85	129.57	+ 2.72	113.70	121.80	+ 8.10
90-91	138.10	139.79	+ 1.69	147.31	153.89	+ 6.58	128.53	137.95	+ 9.42
	NORTH EASTERN			NORTHEAST FRONTIER			SOUTHERN		
86-87	21.25	21.32	+0.07	18.02	18.51	+0.49	55.06	57.39	+ 2.33
87-88	27.59	52.32	+24.73	21.55	22.00	+0.45	76.47	86.66	+10.19
88-89	54.19	61.69	+7.50	28.05	28.91	+0.86	80.86	93.77	+12.91
89-90	56.65	57.22	+0.57	32.78	31.15	-1.63	103.50	100.53	-2.97
90-91	61.42	65.84	+ 4.42	33.64	31.98	-1.66	111.96	111.48	-0.48
	SOUTH CENTRAL			SOUTH EASTERN			WESTERN		
86-87	37.48	39.00	+1.52	29.82	29.16	-0.66	50.94	55.12	+4.18
87-88	51.29	55.14	+3.93	35.39	50.71	+15.32	68.83	91.83	+23.00
88-89	53.56	63.87	+10.31	45.21	56.06	+10.85	81.08	90.32	+9.24
89-90	74.49	68.47	-6.02	59.28	53.36	+5.92	99.66	100.89	1.25
90-91	79.63	78.78	-0.85	55.41	57.04	+1.63	114.36	113.18	1.18

Recommendation

The Committee also find misclassification of expenditure to the extent of Rs. 1.00 lakh and Rs. 20.55 lakhs in Appropriation No. 3 and Grant No. 16, respectively operated by the Ministry of Railways during 1988-89. This is indicative of the faulty budget control and lack of vigilance on the part of the spending units of the Ministry where misclassification escaped notice and could not be rectified in time. The Committee desire that such lapses be enquired into and responsibility fixed. Steps should also be taken to ensure that instances of such misclassification do not recur.

[S.No.13 (Para 1.37) of 19th Report of PAC(10th Lok Sabha)]

Action Taken

Recommendation of the Public Accounts Committee have been noted. Instructions have been issued to Zonal Railways/Units to give adequate attention to avoiding of misclassifications by necessary scrutiny even at the initial stage itself. Railways have also been instructed to fix responsibility for cases of misclassifications. The position is also being monitored through reports submitted by Zonal Railways/Units to the Railway Board.

This has been seen and vetted by Audit *vide* their U.O.I. No. 111-RAIII-RR/12-492 dated 9.10.92 who have observed as:

“Steps taken to fix responsibility for the errors may be intimated to the Public Accounts Committee.”

[Ministry of Railways (Railways Board)'s case No. 89 APP/7-288-89 Para 1.37]

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS

N. Parthasarathy,

(RAILWAY BOARD)

Executive Director Accounts

New Delhi, September 3, 1992.

DO No. 89/App/7-2/88-89 Para 1.37

Dear Sri Gopalakrishnan(CR)/Sanyal(ER)/Ajit(NR)/Chandra*

SUB:— *Misclassification of expenditure as appeared in the Appropriation Accounts for 1988-89.*

The Public Accounts Committee (Tenth Lok Sabha) while examining the excess over 'Voted Grants' and 'Charged Appropriation' relating to the year 1988-89 have made the following comments in para 1.37 of their 19th Report for 1988-89:

“1.37 The Committee also find misclassification of expenditure to the extent of Rs. 1.00 lakh and Rs. 20.55 lakhs in Appropriation No. 3 and Grant No. 16 respectively operated by the Ministry of Railways during 1988-89. This is indicative of the faulty budget control and lack of vigilance on the part of the spending units of the Ministry where misclassification escaped notice and could not be rectified in time. The Committee desire that such lapses be enquired into and responsibility fixed. Steps should also be taken to ensure that instances of such misclassification do not recur.”

*** *** ***

2. In this connection your kind attention is invited to Board's earlier directives in this regard contained in their letters No. 86/APP/7-285-86/Paras 1.21 dated 9.9.1988 and 83/APP/7-282-83/Para 2.29 dated 6.2.1985.

3. It is a matter of great concern that even after pointing out the occurrence of misclassification by the PAC in the past and issue of instructions in this regard to the railways, adequate attention has not been bestowed to curb its recurrence. Efforts do not appear to have been made at least to rectify them before closure of accounts of the years. It is also seen that cases of misclassifications have increased in the year 1989-90 and 1990-91 as can be seen from Annexure-J to Appropriation Accounts of these years.

4. It is, therefore, necessary that machinery available on your railway is adequately geared up to take action to scrutinise cases of misclassification at the initial stage of passing bills for payment. In this connection, instructions issued by the Board from time to time should be kept in view and adequate attention given to implement these instructions effectively.

5. I shall be grateful if you please submit a report indicating the steps taken for avoidance of such misclassifications as also fixing responsibility in such cases in the earlier years (including 1988-89) referred to above.

With regards,

Yours sincerely,
Sd/-
(N. Parthasarathy)

*Ramachandran (SR)/Mrs. Padma Iyengar (SCR)/Mathur (WR)/Majumdar(SER)/Mitra (Metro/Cal)/Ghan Shyam (CLW).

Recommendations

Subject to observations made in the preceding Paragraphs, the Committee recommend that the expenditure referred to in Appendix-I of this Report be regularised in the manner prescribed in Article 115 (1)(b) of the Constitution of India.

[S.No.-14-Appendix-XIX, Paragraph 1.38 of the 19th Report of the Public Accounts Committee (10th Lok Sabha)].

Action Taken by M/o Finance

The Demands for Excess Grants (excluding Railways) for 1988-89 were passed by the Lok Sabha on 12th August, 1992. The connected Appropriation Bill, as passed by Lok Sabha was returned by Rajya Sabha on 19th August, 1992 and was assented to by the President of India on 24th August, 1992.

[Min. of Fin. (DEA) U.O. No. F. 7(2)-B(R)92 dated 15.10.1992.]

Action Taken by M/o Railways

Demands for Excess Grants were Presented to Parliament on 21.7.92 and the same were voted and passed by Parliament.

This has been seen and vetted by Audit *vide* their U.O.I. 125-RAIII-RR/12-7-92 dated 13.10.1992.

[Ministry of Railways (Railway Board)'s case No. 92-B-3421.]

Recommendation

The Committee are also distressed to find that excess expenditure has been recurring phenomenon during the year 1985-86, 1986-87, 1987-88 and 1988-89 in respect of the following grants:—

Name of Grants	Excess Expenditure during the years			
	1985-86	1986-87	1987-88	1988-89
Public works (Revenue-voted)	4.25	10.93	5.67	10.03

Apparently no efforts seem to have been made by the concerned Ministries/Departments to examine the factors contributing to such a state of affairs and take corrective action, the Committee desire that every Ministry/Department particularly those concerned with grants mentioned above carefully review their mechanism for framing the budget estimate and apply correctives, wherever required to make the budget exercise more realistic and meaningful.

[Serial No. 4, Appendix XIX Para No. 1.8 of the 19th Report of P.A.C.(10th Lok Sabha)]

Recommendation

In their earlier Report i.e. 11th Report (9th Lok Sabha) the Committee had underlined the need for prescribing a time schedule for various divisions of Central Public Works Department to submit to the Budget Divn. of the Ministry of Urban Development the requisite data enabling the latter to prepare accurate budget estimates and the Revised Estimates in time. The Action Taken Note furnished by the Ministry does not make any mention of the time schedule except tightening of the control over issue of letter of credit, regular monitoring at higher levels which, according to the Ministry, have improved the situation during 1990-91. While appreciating the efforts made by the Ministry to bring down the excess expenditure, the Committee feels that a time schedule as recommended by them is imperative for eliminating the scope for excess expenditure in future. The Committee urges the Ministry to prescribe the requisite time schedule for strict compliance by all concerned.

[Serial No. 15 Appendix XIX Para No. 2.5 of the 19th Report of P.A.C. (10th Lok Sabha)]

Action Taken note by M/o Urban Development

Time Schedule for submission of budget estimate, revised estimate and final requirements of the funds during the year are prescribed by the Ministry *vide* circulars issued to all concerned Offices/Departments. Copies of these circulars inviting requirement during 1991-92 (Final requirements) and Revised Estimate of 1992-93 and Budget Estimate for

1993-94 are enclosed as Annexure 'A'. The estimates under Public Works are prepared in the lower formations of the Central Public Works Departments viz. divisions and circle offices and then scrutinised by the concerned Chief Engineers before those are sent to Director General of works. The lower formation offices are scattered throughout India and hence the process takes considerable time.

The monitoring of the budget is made on monthly basis by comparing the expenditure incurred receipts realised *vis-a-vis* budget provision. This comparison is made sub-headwise by the Director General (Works)'s Office as workwise monitoring may not be feasible in view of the number of factors effecting the progress of individual work which differs from work to work. In monitoring the expenditure efforts are made to see that the progressive expenditure in any Major Head does not exceed the average at the end of any given month and if any excess expenditure is expected the same can be regularised by re-appropriation orders. The monitoring of expenditure has also been started by the Ministry at Chief Controller of Accounts/Financial Adviser (UD) level with the result that during 1989-90 there was only a small excess of Rs. 1.11 lakhs in the charged expenditure of the Capital Section under Public Works Grant No. 76 and there was no excess expenditure during 1990-91 and 1991-92. Copies of circulars issued in this regard are enclosed as Annexure 'B'. The position is continued to be reviewed periodically and whenever necessary, instructions are issued to all concerned to avoid excess expenditure over voted Grants.

This has been vetted by Audit *vide* their U.O. No. RR/18-2/92-93/2072, dated 18.1.1993.

Sd/-

(Smt. A.P. Ahluwalia)

Joint Secretary and Financial Adviser (UD).

[Ministry of Urban Development No.G-25015/1/92-Bt.]

Annex. 'A'
IMMEDIATE
BUDGET

No. G.23011/1/92-Bt

GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT
(SHAHARI VIKAS MANTRALAYA)

New Delhi, dated the 24th January, 1992

OFFICE MEMORANDUM

Sub:—Final requirements of funds during 1991-92 in respect of the Demand controlled by the Ministry of Urban Development.

All the Administrative Divisions/Departments are requested to work out final requirements of funds of the current year and intimate these to the Budget Section, alongwith surrenders, if any by the 10th February, 1992 in the enclosed proforma. If no information is received by that date, it will be presumed that the final requirements are the same as in the Revised Estimates 1991-92 and action will be taken accordingly.

2. While furnishing the information, the Divisions/Departments are requested to ensure that detailed head-wise figures and detailed reasons for variations, if any between the final grant and the total estimated expenditure (Col. 4 & 8 of the Annexure) are furnished.

3. The final requirements of funds should be based on the actual expenditure incurred during the first ten months of the current financial year i.e. upto the end of January, 1992 and the estimated expenditure in the remaining two months. While assessing the requirements for these two months it would be ensured that all liabilities to be discharged during the two months are taken into account and that no provision is kept for items of expenditure not likely to materialise during current financial year.

4. As regards stores, equipments etc. yet to be received, the Divisions/ Deptts. should include in the estimates only those items which the supplying authorities have Committee in writing to supply and payments for which would be made by the end of March, 1992.

5. All Divisions/Deptts, are cautioned that final requirements should in no way exceed the approved R.E. 1991-92. This may be kept in view while projecting the final figures.

Encl:—As above.

(S. BALAKRISHNAN)

Under Secretary to the Government of India.

To

All Heads of Departments/Divisions of this Ministry.

MOST IMMEDIATE

No. G-20017/4/92-Bt
GOVERNMENT OF INDIA
MINISTRY OF URBAN DEVELOPMENT
(SHAHARI VIKAS MANTRALAYA)

New Delhi, dated the 17th Aug, 1992.

OFFICE MEMORANDUM

SUB: *Revised Estimates 1992-93 and Budget Estimates 1993-94 proposals for submission of.*

As in the earlier years, proposals for the Revised Estimates 1992-93 and Budget Estimates 1993-94 in respect of the Demands with which each organisation is concerned may be forwarded to Budget Section through the Administrative Sections concerned by the dates noted below:—

Demand No. & Title	Final date for receipt of proposals in Budget Section			
	PLAN		NON-PLAN	
	Revised Estimates 1992-93	Budget Estimates 1993-94	Revised Estimates 1992-93	Budget Estimates 1993-94
78-Urban Development & Housing	1.11.92	Along with	15.10.92	15.10.92
79-Public Works	1.11.92	Annual Plan proposals 1993-94	15.10.92	15.10.92
80-Stationery & Printing	1.11.92		15.10.92	15.10.92

The above time-schedules may be adhered to strictly.

2. D.G.(W), C.P.W.D. etc., are specifically requested to ensure that their proposals are sent well in time this year as late submission of proposals holds up the compilation of the Budget to be sent to the Ministry of Finance within a prescribed and limited time frame.

3. The Director of Printing/Printing Desk are requested to ensure that the proposals relating to the different presses are sent to Printing Desk/Budget Section in an even flow to avoid last minute rush and accumulation and also to facilitate their proper scrutiny at all points.

4. The Controller of Stationery and Director of Printing are requested to send proposals in respect of materials and supplies sufficiently in advance to enable Stationery Desk/Budget Section to examine them critically and obtain approval for the proposals at appropriately higher level. He should assess the requirements for paper and stores were realistically taking all the factors into account based on his past experience, his first hand knowledge of the market position in respect of comparatively easier availability of paper rather than leaving the matter to the judgement of this Ministry as has been done during the last few years.

5. The following important instructions may be taken into account while preparing the budget proposals:—

(a) *Vacant Post*: Instructions regarding filling up of vacancies issued vide O.M. No. C-17012/284-Bt., dated 29.5.86 and 23.7.1986 may be kept in view while framing the Revised Estimates and Budget Estimates.

(b) *Annual Increments*: While framing the budget estimates annual increments should invariably be taken into account.

(c) *Lump-sum-Provision*: Inclusion of Lump-sum provision should be avoided. All provisions proposed should be classified under detailed heads and appropriate sub-heads which have been declared to be primary units of appropriation. All proposals must be accompanied with detailed justification.

(d) *Trend of Expenditure*: In order that the trend expenditure for twelve months preceding the preparation of the Revised Estimates becomes available, the following details should be furnished:

(i) Actual expenditure for the last 7 months of the previous financial Year 1.9.91 to 31.3.1992 and

(ii) Actual expenditure for the first 5 months of the current financial year viz. 1.4.92 to 31.8.92 and

(iii) Probable expenditure for the remaining 7 months of the current financial year based on firm and well reasoned estimates alongwith detailed reasons for wide variations, if any, between B.E. 1992-93 and R.E. 1992-93 and B.E. 1993-94.

A proforma for this purpose is available at Annexure-I

6. In the cases of making budget provisions for Plan Projects/Schemes like Integrated Development of Small and Medium Towns, National Capital region etc., it has been noticed that the Revised Estimates are not properly prepared. Very often, the current year's budget estimates are adopted wholly or with slight modification as Revised Estimates without taking into account the actual progress of the work/expenditure and all other relevant factor. It is necessary that both the Revised Estimates 1992-93 and Budget Estimates 1993-94 represent as far as possible, firm requirement of funds. Attempts may, therefore, be made to frame the budget proposals on a realistic basis so as to avoid huge surrenders or to seek supplementaries. Instructions issued by the Govt. on the recently introduced system of Zero Based Budgeting must be strictly followed while framing the budget proposals.

7. Economy instructions, issued from time to time, may also be borne in mind while preparing the budget proposals, Every effort should be made to ensure that budget provisions under T.E., O.T.A. etc., are not exceed in Revised Estimates.

8. The information called for in this O.M. may be furnished independent of the one called for separately regarding review of Financial and Physical progress of important programmes and schemes, by the prescribed date.

(S. BALAKRISHAN)

Under Secretary to the Government of India

Phone No. 3018691.

STATEMENT SHOWING THE REVISED ESTIMATES 1992-93 AND BUDGET ESTIMATES 1993-94

Via-a-Via the Actual Expenditure

Objects of Expenditure like salaries, Travel Expenses, Office Expenses etc.	Actuals for the year 1989-90	1990-91	1991-92	Sanc-tioned Budget Grants 92-93.	Last 7 months actuals 91-92.	First 5 months actuals 92-93.	Antici-pated Exp. for the re-maining 7 months of 92-93.	Revised Esti-mates for 92-93.	Pro-posed Budget Esti-mates 93-94.	Reasons for variations between	
	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 5 & 9	Col. 9 & 10
1	2	3	4	5	6	7	8	9	10	11	12

ANNEX. 'B'

Copy of L. O. No. 7(8)/91-B(DGW) dated the 4th March, 1992 addressed to various Chief Engineers by Sh. O.P. Goel DG(W)

As you are aware the expenditure under various heads of accounts is reviewed in the Ministry every month. The review for the month of January, 1992 reveals that there is disproportionate expenditure under Head 2059 Public Works (Suspense Stock & MWA). Against a total provision of Rs. 84.80 crores. Rs. 80.36 crores have been utilised upto January 1992. In case necessary check is not made the expenditure may exceed the allotment which is not at all desirable. You are requested to ensure that the expenditure under all heads of accounts is kept within the allotment. Extra care and precaution is necessary in respect of Head 2050 Public Works (Suspense Stock & MWA). It may kindly be noted and intimated to all SEs and EEs under your control that the Government of India will take very adverse view of any excess expenditure. I shall be thankful if you kindly take necessary steps in this regard.

With regards,

Yours sincerely,
Sd/-
(O.P. GOEL)

Government of India
Directorate General of Works
Central Public Works Department

No. 7(3)/91-B(DGW)

New Delhi the 9th March, 1992.

Copy to:—Suptdg. Engineers and Executive Engineers in the Central Public Works Department for strict compliance,

Sd/-
(P.C. SUD)
F.O. to D.G. (Works)

GOVERNMENT OF INDIA
DIRECTORATE GENERAL OF WORKS
CENTRAL PUBLIC WORKS DEPARTMENT

No. 4(1)190. B(DTW)

dt. 6.2.91

Subject: Shortfall in the projected recovery under 2059 p.w. during 1990-91.

Chief Controller of Accounts vide his D.O. No. 25019/Pre O/C&A/ Review of Expenditure/90-91 dated 31.10.1990 addressed to DG(W) states that the recoveries effected in 2059-P.W. is proportionately lesser than the projection made for 1990-91. The overall position is as under.

Head of Account	(Rs. In crores)	
	B.G 1990-91	Recovery Upto 12/90
2059 P.W. Machinery & Equipment of tools and Plan.	2.63	1.18
Suspense Stock (Credit)	73.50	48.81
M.P.W.A. (Credit)	5.00	4.79
Estt. Charges recovered Area other Govt. Deptt.	31.66	17.86
Estt. Charges recovered on W.C. Staff	8.36	1.83
Public Works Workshop	0.30	0.13

It may please be seen that the overall recovery is only 60% of the projection upto December 1990. Necessary corrective steps are required to be taken to ensure that there is no shortfall in recoveries. You may please issue necessary instruction to all concerned and ensure compliance in this regard.

Sd/-
(P.C. SUD)
F.O. to DG(W)

Recommendations

Sl. No.	Para No.	Ministry/Deptt. concerned	Observations & Recommendations
1	2	3	4
16	2.7	Finance (Expenditure) Labour Revenue environment & forest, Commerce, External Affairs, Home Affairs, Ocean, Development	In response to the Committee's earlier recommendations the Ministry of Finance had undertaken a study but, however, confined it to only four cases i.e. Department of expenditure, Art & Culture, Department of Fertilizer and Direct Taxes wherein savings had been almost equivalent to the provision made or had been quite significant. On close scrutiny, the Committee find that there were other cases also in which savings as a percentage to the total provision during 1987-88 and 1988-89 were no less substantial as indicated below:

Sl. No.	Name of Grant	Percentage of savings w.r.t. total provision	
		1987-88	1988-89
1.	Ministry of Labour (Capital Section)	68.8	90.3
2.	Deptt. of Revenue (Capital Section)	84.8	81.2
3.	Ministry of Environment & Forests (Capital Section)	92.8	65.3
4.	Deptt. of Commerce (Capital Section)	44.0	50.5
5.	Ministry of External Affairs (Capital Section)	58.5	46.4
6.	Police (Capital Section)	49.0	44.2
7.	Deptt. of Ocean Development (Capital Section)	93.1	37.4

j—

The savings of the order as reflected in the table above need to be seriously examined by the concerned Departments as this establishes the unrealistic mechanism adopted for estimating requirement of resources. The Committee desire the Ministry of Finance to review the matter and issue guidelines if necessary and ensure optimum utilisation of scare resources among competing ends.

[Serial No. 16, Appendix-XIX, Para 2.7 of 19th Report of PAC, Teuth Lok Sabha]

Action Taken Note by M/o Finance

As recommended by the Public Accounts Committee the savings which occurred under the seven Grants, mentioned in the Report, during 1987-88 and 1988-89, have been reviewed on the basis of information furnished by the Ministries/Departments concerned.

2. The detailed reasons for the savings are given below Ministry/Department-wise:

(i) Ministry of Labour (Capital Section)	Percentage of savings w.r.t total provision	
	1987-88	1988-89
	68.8	90.3

The Appropriation Accounts reflect the positions as follows:

(In crores of rupees)

Year	Total Grant	Actual expenditure	Savings
1987-88	0.16	0.05	-0.11
1988-89	0.72	0.07	-0.65

The savings occurred under the provisions made for loan assistance to cooperative societies of bidi workers for construction of godowns and worksheds and loans for housing schemes for bidi and mine workers. The main reasons for the savings are ascribed to receipt of less number of proposals/applications from the eligible societies/individuals. Ministry of Labour has initiated remedial steps to ensure better utilisation of the funds intended for welfare of workers.

(ii) Department of Revenue (Capital Section)	Percentage of savings w.r.t total provision	
	1987-88	1988-89
	84.8	81.2

The Appropriation Accounts reflect the positions as follows:

(In crores of rupees)

Year	Total Grant	Actual expenditure	Savings
1987-88	1.98	0.30	-1.68
1988-89	1.44	0.27	-1.17

The savings occurred mainly under the provisions made for buildings for opium factories and alkaloid works at Ghazipur and Neemuch and modernisation of alkaloid plants at the two places.

The actual expenditure on buildings fell short of the provision in both the years, mainly due to non receipt of bills from CPWD and also non starting and non-completion of works by it.

As regards modernisation the sanctioned provision in 1987-88 for the purpose, for the Neemuch alkaloid plant remained unutilised due to non-supply of equipments which were planned to be purchased, resulting in contractual disputes with the suppliers. In 1988-89 there was again a significant saving under it as the equipments, etc. connected with first stage of modernisation of the Neemuch alkaloid plant could not be procured due to delay in identifying appropriate indigenous technology for modernisation.

(iii) Ministry of Environment
& Forests(Capital Section)

Percentage of savings w.r.t
total provision

1987-88	1988-89
92.8	65.3

The Appropriation Accounts reflect the positions as follows:

(In crores of rupees)

Year	Total Grant	Actual expenditure	Savings
1987-88	2.36	0.17	-2.19
1988-89	2.94	1.02	-1.92

The Ministry has already submitted action taken note to PAC on the savings after getting it vetted by Audit.

The provisions against which savings had occurred relate to works. A Civil Engineering Wing was set up in the Ministry w.e.f. August 1987, but the ongoing works remained under execution with the Central Public Works Department under the Ministry of Urban Development. Further, in December 1987, a ban was imposed for start or even sanction of new works during 1987-88 which mainly accounted for the savings in that year. From 1988-89 the execution of the works was taken over by the Civil Engineering Wing of the Ministry.

The ban imposed on new starts or sanction of new works also affected

the expenditure programme in 1988-89 since pre-construction planning and completion of other formalities takes about to 6 to 8 months after issue of sanction, which resulted in the lesser expenditure on works in that year.

(iv) Department of Commerce (Capital Section)	Percentage of savings w.r.t total provision	
	1987-88	1988-89
	44.0	50.5

The Appropriation Accounts reflect the positions as follows:

(In crores of rupees)

Year	Total Grant	Actual expenditure	Savings
1987-88	245.19	137.20	-107.99
1988-89	194.30	96.16	-98.14

The savings occurred mainly under 'Technical Credits' provided under Trade and Payment Agreements between India and certain East European countries as shown in the table below:

(In crores of rupees)

	1987-88		1988-89	
	Sanctioned provision	Actual expenditure	Sanctioned provision	Actual expenditure
Technical credits	200.00	100.03	150.01	52.76

The Trade and Payment Agreements stipulate settlement of transaction through non-convertible accounts and provide for grant of short term advances described as 'Technical Credits' to enable them to tide over any temporary shortage of rupee funds to pay for their imports from India. These credits are repaid by those countries out of the funds generated by their exports to India and such repayments if effected in the same year are adjusted in reduction of expenditure. It, therefore, depends on the country concerned either to utilise or not utilise the technical credit facility. While preparing the Budget Estimates, it is not possible to accurately estimate as to how much credit facility will be utilised by a particular country. As a result sometimes there have been large savings or excesses under this head. However, efforts are continuously made to frame the Budget Estimates as realistically as possible so that large savings do not occur.

(v) **Ministry of External Affairs
(Capital Section)**Percentage of savings w.r.t.
total provision

1987-88	1988-89
58.5	46.4

The Appropriation Accounts reflect the position as follows:

Year	Total Grant	Actual expenditure	Savings
1987-88	75.06	31.14	—43.92
1988-89	93.00	49.85	—43.15

The savings occurred mainly under provisions made for loans and advances to various foreign Governments, the details of which are given in the table below:

(In crores of rupees)

	1987-88		1988-89	
	B.E.	Actual	B.E.	Actual
Advances to Govt. of				
Bangladesh	10.57	4.84	8.00	0.42
Bhutan	17.48	8.87	6.00	4.47
Nepal	25.00	—	25.00	—
Sri Lanka	0.01	—	22.00	—
Total	53.06	13.71	61.00	4.89

Bangladesh

1987-88 & 1988-89: The Provisions could not be utilised owing to non-finalisation of some contracts regarding supplies to be made to Bangladesh by the Indian firms.

Bhutan

1987-88 : Due to the non requirement of loan on Chukha Hydel Project and delay in commencement of work on Nagalam Cement Plant in Bhutan.

1988-89 : Due to the non finalisation of the project plan during the financial year.

Nepal

1987-88 : The provision could not be utilised as the term of existing standby credit was extended to the end of March, 1988 and no amount was required to be furnished for Standby Credit to Government of Nepal.

1988-89 : The provision could not be utilised due to the Government decision for treating loans to Nepal as a revolving fund under the charge of Reserve Bank of India.

Sri Lanka: 1987-88 nominal provisions was made.

1988-89: The entire provision remained unutilised due to the post-Budget decision to channelise the loan through Ministry of Finance, instead of through Ministry of External Affairs. The provision made in MEA's Grant was accordingly surrendered.

The reasons given above are self explanatory and relate mainly to loans to neighbouring countries. The utilisation of any line of credit extended by the Ministry would depend on the timely finalisation of supply agreements between parties in India and parties in the recipient country, over which the Ministry has no control. The time lag between formulation of Budget Estimate and close of the financial year is 18 months during which changes take place in administrative/political decisions which have their impact on the budget formulated. Delay in finalisation of detailed estimates for projects for which loans are required on account of delayed supply of the requisite data demanded by the Consultants, sometimes result in the lapse of funds earmarked for these projects.

In will thus be seen that the saving in the Capital Section was due to factors beyond the control of this Ministry and not perhaps due to any unrealistic mechanism adopted for estimating requirements of funds.

(vi) Police Percentage of savings w.r.t. total
(Capital Section) provision

1987-98	1988-89
49.0	44.2

The Appropriation Accounts reflect the position as follows:

(In crores of Rupees)

Year	Total Grant	Actual expenditure	Savings
1987-88	79.10	40.35	- 38.75
1988-89	183.91	102.69	- 81.22

The reasons for savings during the year 1987-88 and 1988-89 are as under:

1987-88: The saving was mainly due to non-commencement of work as an economy measure and technical difficulties in case of construction of building for Central Forensic Science Laboratory and Erection of Barbed Wire Fencing on Indo-Bangladesh Border. In the case of construction of Border Out-Post, buildings for Central Police Organisations and

construction of Roads of Indo-Bangladesh Border also there was saving due to non-commencement of work in view of economy measures in the context of drought situation and also slow progress of work.

1988-89: The saving was mainly due to unavoidable interruption in construction work because of unprecedented flood, heavy rains and water logging in the border areas to be used for erection of barbed wire fencing, flood lighting on Punjab border and border Out-Post. There was also saving in respect of construction of office/residential buildings due to non-sanctioning of work; non-finalisation of land acquisition cases and slow progress of work; and economy measures.

(vii) Department of Ocean Development (Capital Section)	Percentage of savings w.r.t. total provision	
	1987-88	1988-89
	93.1	37.4

The Department has already submitted an Action Taken Note to PAC on the savings, after getting it vetted by Audit.

The Appropriation Accounts reflect the position as follows:

(In crores of Rupees)

Year	Total Grant	Actual expenditure	Savings
1987-88	2.31	0.16	-2.15
1988-89	2.86	1.79	-1.07

The savings in both years (1987-88 and 1988-89) were mainly due to non-finalisation of agreement with Danish International Development Agency (DANIDA) for procurement of a vessel for coastal research. As a result the counterpart provision of Rs. 2.00 crores made in 1987-88 and Rs 1.00 crore in 1988-89 remained unutilised.

3. From the reasons given by the various Ministries/Departments as explained above, it is seen that the factors leading to large scale savings could not be foreseen and hence were unavoidable. It is also submitted in this connection that except in the cases of Commerce, External Affairs and Police, the provisions involved in the other four cases are small as compared to the total Budget of the Ministries as well as Government. Hence, savings as a percentage of the total provision under a particular section of a Grant, Revenue or Capital, cannot be an appropriate indicator of the effectiveness of budgetary control in all cases.

4. It has been desired by the PAC that after a review, the Ministry of Finance could issue guidelines if necessary, and ensure optimum utilisation of scare resources among competing ends. On a similar recommendation made in para 2.8 of the 17th Report of the PAC (8th Lok Sabha-1985-86),

general guidelines have already been issued vide O.M. No. F.12(7)-E(Coord.)/85, Vol.11 dated 25.2.1986 (copy annexed) to all Ministries/Departments of the Government of India to frame budget estimates on a realistic basis so as to avoid huge shortfalls in expenditure, The concern expressed by the Public Accounts Committee over variations between the funds authorised by Parliament and the actual expenditure has also been conveyed to the Ministries/Departments through the annual Budget Circular. The Financial Advisers have been advised vide circular No. F. 2(126)-B(D)/92 dated 14th September, 1992 (copy enclosed) to take due note of the past performance, the stages of formulation/implementation of the various schemes, the constraints on spending etc. into account while scrutinising the estimates proposed by various spending agencies. The estimates are also subjected to close scrutiny in the pre budget discussions held by the Ministry of Finance with the Financial Advisers every year.

This has been vetted by Audit vide their U.O. No. RR/1-18/92-93/2297 dated 2.3.1993.

Sd/-

(SMT. JANAKI KATHPALIA)
Additional Secretary (Budget)

[F.No. F.7(2)B(R)/92. Dated: 23.3.1993]

[Ministry of Finance (Deptt. of Eco. Affairs) New Delhi.]

To

Chairman and Members of the
Public Accounts Committee,
Lok Sabha Secretariat,
NEW DELHI.

No. F.12(7)-E (Coord)/85 Vol.II
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

New Delhi, the 25th February, 1986.

SUBJECT: *17th Report of the Public Accounts Committee (8th Lok Sabha) (1985-86) regarding excess over voted grants and charged appropriations (1983-84) — Recommendation made in para 2.8 of the Report)*

The undersigned is directed to say that the Public Accounts Committee had been commenting on the tendency of under-utilisation of funds earmarked for some of the vital sectors of the economy, thereby not only slowing down development in these sectors but also depriving the other important sectors of the much needed resources for development. Attention in this connection is invited to this Department O.M.No.F.12(4)-E(Coord)/82 dated 20-12-82. The Committee have again expressed their unhappiness over large scale savings in some of the vital sectors of the economy vide para 2.8 of the recommendation contained in the above Report (extract enclosed).

2. With the introduction of the Scheme of Integrated Financial Advisers, the responsibility of framing Budget Estimates on a realistic basis as also post-budget vigilance to ensure that there is neither considerable short-falls in expenditure nor unforeseen excesses devolves on the Financial Advisers. For achieving this objective, the Financial Advisers may ensure that the prescribed rules and Procedures and such other stage as may be considered necessary are followed by the Ministries/Departments with which they are concerned.

3. Ministries/Departments/Financial Advisers are requested to note the observations made by the Public Accounts Committee for compliance. Financial Advisers are also requested to send Action Taken Notes to the Public Accounts Committee explaining the reasons for heavy short-fall in expenditure in the Sector with which they are concerned under intimation to this Ministry.

Sd/-
(M.S. MATHUR)
Director

- (1) Ministries/Departments of the Govt. of India.
- (2) Financial Advisers including Financial Commissioner for Railways

No. F.2 (126)B-(D)/92
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS)
BUDGET DIVISIONS

New Delhi, the 14th September, 1992

BUDGET CIRCULAR 1993-94

The following instructions are issued for the guidance of Ministries/ Departments in framing the Revised Estimates for 1992-93 and Budget Estimates for 1993-94.

3.2 Both the Estimates Committee and Public Accounts Committee have been expressing concern over the variations that persist between the funds authorised by Parliament and the actual expenditure. Financial Advisers should take due note of the past performance, the stages of formulation, implementation of the various schemes. The constraints on spending etc. into account while scrutinising the estimates proposed by various spending agencies

Sd/-
(P.N. BHATTACHARYA)
Additional Budget Officer
Tel: 3012661

1. All Ministries/Departments,
All Financial Advisers, etc.

Action taken Note by M/o Environment & Forests

In accordance with Government of India's decision that each major scientific department with a substantial annual civil works should have a civil engineering unit of its own, Civil Engineering Wing was created in the Ministry of Environment and Forests *vide* Ministry's letter No. 11013/4/87-PGP II dated the 12th March, 1987 for execution of Civil construction works. The Civil Engineering Wing started its functioning with effect from August 1987. The works which were already sanctioned and in progress, remained under execution with Central Public Works Department under the Ministry of Urban Development. From the year 1988-89, Capital works were got executed through the newly created Civil Construction Unit. Though the newly created Civil Construction Unit. Though provision for

new works was made in BE 1988-89 as per Budget prepared in October 1987, full allotment could not be utilised due to ban imposed by the Ministry of Finance in December, 1987 for start or even sanction of new works during 1987-88, since pre-construction planning and completion of other formalities takes about six to eight months after issue of sanction. Further, the utilisation in subsequent years will indicate that after the initial years, the position of utilisation on capital works budget improved and during the year 1990-91, a supplementary demand of Rs. 2.14 crores was also raised. During the year 1991-92, the full amount provided has been utilised.

[Ministry of Environment and Forests O.M. No. G-30020(1)/92-B&A dated 27 October, 1992].

NO. A11013/4/87-PGP II
 BHARAT SARKAR GOVERNMENT OF INDIA
 PARYAVARAN AUR VAN MANTRALAYA
 MINISTRY OF ENVIRONMENT & FORESTS
 PARYAVARAN, VAN TATHA VANYA JEEV VIBHAG
 DEPARTMENT OF ENVIRONMENT, FORESTS AND WILDLIFE

Paryavaran Bhavan,
 CGO Complex, Lodi Road,
 New Delhi-110 003.

Dated the 12th March, 1987

To

The Pay and Accounts Officer,
 Deptt. of Environment, Forests & Wildlife,
 CGO Complex,
 Lodi Road,
 New Delhi-110 003.

SUB: *Creation of Posts for Civil Construction work of the Ministry of Environment and Forests.*

Sir,

In the Ministry of Science and Technology O.M. No. A-42014/12/86-Adm.1(A), dated 28th May, 1986 it has been decided that each major scientific department with a substantial annual civil work budget should have a civil engineering unit of its own. Accordingly, it has been decided to set up a separate civil engineering unit for and in the Ministry of Environment and Forests. I am directed to convey the sanction of the President to the creation of the 53 temporary posts listed in the Annexure for the Civil Engineering Unit upto 29.2.1988.

2. The posts will normally be filled up by deputation of persons from the CPWD/MES.

3. The expenditure involved is debitable to the Major Head "5425-BBI-

Ecology and Environment BBI (I)—Civil Engineering Wing” during the year 1987-88 (Plan—Capital) Demand No. 20—Ministry of Environment and Forests subject to further being voted by Parliament.

4. This Issues with the approval of the Ministry of Finance, Department of Expenditure *vide* their U.O. No. F.333SE/87 dated 28th January, 1987.

Yours faithfully,

Sd/-

(S.P. SHARMA)

Deputy Secretary to the Government of India

Copy to:

1. Heads of all associated Offices of the Ministry of Environment and Forests.
2. All Sections/Officers in the Ministry of Environment and Forests.
3. The Director of Audit, Commerce Works and Misc. II AGCR Bldg., New Delhi

** ** *

CONFIDENTIAL

GOVERNMENT OF INDIA
DIRECTORATE GENERAL OF WORKS
CENTRAL PUBLIC WORKS DEPARTMENT

No. 8(8)87—B (DGW)

New Delhi, Dated 3.12.87

SUBJECT: *Curtailment of expenditure to contain deficit.*

A copy of Ministry of Urban Development I.D. No. G-17012/87/Bt. dated 27.11.87 on the subject cited above is enclosed for strict compliance.

Encl: As above.

Sd/-

(A.S. SIDHU)

F.O. To D.G.(W)

** [Min. of Urban Dev. U.O. NO.G—17012/87—Bt.dt. 17.11.1987.] **

CONFIDENTIAL

Ministry of Urban Development

I attended the meeting held at 3.00 P.M. on 19.11.87 in the Finance Ministry (*vide* D.O. letter dated 18.11.87), received from Secretary (Expr.) which was presided over by the Finance Secretary.

2. The Finance Secretary explained to the Secretaries present the need to further curtail expenditure during the current financial year by an

aggregate of about Rs. 1500 crores to enable fulfilment of the assurance given by the Prime Minister to the Parliament, to keep the deficit within a certain limit. For this purpose, the Finance Secretary said that the following broad guidelines should be strictly followed:—

- (a) No new starts/ sanctions should be issued henceforth. In other words, no new schemes or works for which provisions had been made in the Budget should henceforth be sanctioned for implementation, though cleared by the competent authorities including the Cabinet.

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Action Taken by Deptt. of Ocean Development

1. The Department of Ocean Development is concerned with serial No. 7 of Paragraph 2.7 of 19th Report of PAC (10th Lok Sabha). The following table shows the Budget Estimates/Revised Estimates and savings under certain sub-heads for the years 1987-88 and 1988-89.

(Rs. in crores)

Sub-Heads	BE/RE SAVINGS (1987-88)	Percentage of Savings (1987-88)	BE/RE SAVINGS (1988-89)	Percentage of Savings (1988-89)		
(a) Other Research Vessel (Coastal)	2.00	2.00	100%	1.00	1.00	100%
(b) Acquisition of Ice Breaker	0.01	0.01	100%	0.05	0.05	100%
(c) Antarctic Study Centre	0.30	0.14	47%	0.30	NIL	NIL
(d) Research Station in Antarctica	—	—	—	1.50	0.01	0.67%
	2.31	2.15	93.1%	2.85	1.06	37.2%

2. The reasons for the above savings are given as:—

Other Research Vessel (Coastal):

The Department had proposed for procurement of (Coastal Research) vessel under 'Danish International Development Agency' (DANIDA) Assistance. A provision of Rs. 2.00 crores was made in the Budget for 1987-88. During the year, the matter was processed but agreement with DANIDA could not be finalised. Consequently there was no alternative but to surrender the provision.

In 1988-89 also the matter was processed in the Department and the total provision of Rs. 2.50 crores was made. In spite of several rounds of discussions and meetings with the DANIDA Consultants and Indian counterparts, design for construction of the ship could not reach a final stage during the year 1988-89. This caused the postponement of signing of agreement and construction of ship and hence savings. Out of the total provision of Rs. 2.50 crores, a sum of Rs. 1.50 crores was allowed to be

reappropriated and the balance sum of Rs. 1.00 crore surrendered. The proposal for procurement of Coastal Research Vessel under DANIDA Assistance did not finally materialise. A note giving facts in this regard is attached as Annexure-I.

Antarctic Study Centre:

The work of construction of building to house Antarctic Study Centre was entrusted to Central Public Works Department (C.P.W.D.), Goa and funds amounting to Rs. 16 lakhs out of the provision of Rs. 30 lakhs were made available. The C.P.W.D. could not make progress in the implementation of the project for want of clear site for construction purposes. In fact, the plot allotted to this Department by the Government of Goa was being used at that time for garbage dumping purposes and local Municipal Authorities find it difficult to provide an alternative site for dumping of garbage. The matter was taken up with the Deputy Chief Minister, Government of Goa for intervention. Though clearance from environment angle was received from the Ministry of Environment & Forests, clearance from the State Department of Environment and Pollution Control Board was awaited. The construction work could not commence in the absence of such a clearance. This led to surrender of remaining provision of Rs. 14 lakhs.

The responsibility of construction of Centre has since been taken from CPWD and entrusted to the Civil wing of CSIR who have more relevant experience in construction of Scientific Laboratories etc. (CPWD carried out the task of laying boundary wall except for one side where garbage is being dumped).

Though a clear solution to garbage dumping problem is still elusive, it has been decided to ear-mark a corner of plot for same and start construction in the rest of area.

Accordingly phase I of the construction which will cover logistic and part of residential complex has been approved and action is being initiated by CSIR.

Acquisition of Ice-breaker:

The token provisions of Rs. 1 lakh and Rs. 5 lakhs were provided during 1987-88 and 1988-89 respectively to supplement the proposal of acquisition of Ice-breaker. This was kept in anticipation of allotment of funds for acquisition of Ice-breaker involving an expenditure of about Rs. 100 crores. As the Department was not able to get Plan allocation of this size, the option of chartering of Ice-breaker vessels for expeditions to Antarctica on year-to-year basis had to be resorted to. The token provisions were, therefore, surrendered.

3. Further, it may be stated that the observations made by the Public Accounts Committee have been made known to all the Programme Officers of the Department for information and strict compliance. They

have been requested to keep in view all the vital factors, including the principles of Zero Based Budgeting, prioritisation of activities/schemes, while estimating requirements of resources, so as to avoid situations leading to excess expenditure, abnormal surrenders of savings, etc.

With reference to the observations of Public Accounts Committee, Ministry of Finance (Department of expenditure) *vide* their O.M. No.F.1(9)—E.II(A)/92 dated 03.11.1992, addressed to all Ministries/ Department of the Government of India, have also emphasised the need to frame accurate estimates. They have also advocated strict financial discipline by regulating expenditures in such a way that budgetary allocations are not exceeded.

3. This has been vetted by Audit *vide* their D.O. No. RR/49—1-92—93/1552 dated 24.11.1992.

Sd/-
(J.V.R. PRASADA RAO)
Joint Secretary.

[Deptt. of Ocean Development OM No. DOD/52—IFD/1292 dated 30-11-92].

DEPARTMENT OF OCEAN DEVELOPMENT

Note on proposal to procure Coastal Research Vessel under DANIDA Assistance

The Department had been making efforts for procuring a Coastal Research Vessel since 1984. An E.F.C. Memo for this purpose was prepared and subsequently the proposal was accommodated for assistance under DANIDA. The DANIDA appraisal, as made in 1985, recommended to the two Governments the financing of the vessel under Danish Government Loan. The appraisal mission proposed a vessel 35 metres long, 8.5 metres broad and with a depth of 5.6 metres with accommodation for 9 scientists. While the specifications were being examined for response, the Department was approached by the Department of Economic Affairs to accommodate also the concern of the Department of Environment, which is responsible for monitoring of pollution from 0 to 5 kms from the shore. This necessitated that the specifications as suggested by the DANIDA Consultants should be reworked and after taking into consideration of the need for monitoring the oceans from 0 to 25 kms, fresh specifications were suggested.

The Reappraisal team of DANIDA which examined the technical programmes of both Department of Ocean Development and the Ministry of Environment & Forests, concluded that the task envisaged for the programme under the Ministry of Environment & Forests could be met by a smaller vessel due to the fact that the work involved only in estuaries and shallow coastal waters up to 5 kms. in the sea. On integration of this aspect with Department of Ocean Development's requirements for using this vessel for the multi-disciplinary studies on coastal circulation and environmental monitoring studies up to 25 kms. in the sea, the Danish Reappraisal team had expressed reservation that the type of coastal research vessel project under the present venture would not cater to the need of both the programmes.

The appraisal made by the Danish Mission was not scientifically correct. They seemed to have come to this conclusion just to get out of their commitment made earlier for assisting the Government of India in this direction.

Ultimately, the Danish Government's offer of assistance for procuring coastal research vessel did not materialise.

(ii) *Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government:*

Recommendation

The excess expenditure of Rs. 128.52 crores under Revenue Section (Charged) of Appropriation No. '28 — 'Interest Payments' during the year 1988-89 cannot be said to be unforeseeable because the two decisions attributed to have led to excess expenditure as mentioned in Paragraph 1.18 were taken by Government right at the commencement of the financial year 1988-89. A precise assessment of funds required to cover the impending excess expenditure could have been made and adequate supplementary provisions sought from Parliament. Unfortunately, the Supplementary provision i.e. Rs. 50 crores that was sought at the fag end of the year could meet only 28% of the actual additional requirements (i.e. of Rs. 178.52 crores) leaving the balance for Parliament to regularise subsequently. Barring unforeseen circumstances, it is not expected of any Ministry to cross their financial limit even after making a supplementary provision, as has happened in this case. The Committee take a serious view of the casual approach especially of the Ministry of Finance which is supposed to be a model for others to emulate in the matter of framing not only the original Budget estimates but also revised Budget estimates. The Committee desire that the reasons for failure to make realistic assessment of funds requirements as also to take timely action for ensuring adequate provisions for funds under the Appropriation No. 28 be investigated and the persons found at fault suitably dealt with. The Committee trust that the Ministry would be very careful while framing Budget estimates in future.

Reply of the Government

Generally, interest payments on deposits etc. kept by the investors with the Government, are payable only when the investors prefer their claim of interest. Precise estimation in such cases is, therefore, made difficult as it depends on the will and convenience of the depositors and also the extent to which the estimated borrowings have really materialised. Hence the estimates are framed not only on the basis of arithmetical calculation but also the past trends.

In the two preceeding years, 1986-87 and 1987-88, there had been savings in the Appropriation Interest Payments to the tune of Rs. 304.06 crores and Rs. 198.61 crores respectively as detailed below.

Year	Provisions	Actuals	Savings
1986-87	9550.00	9245.95	(-) 304.05
1987-88	11450.00	11251.36	(-) 198.64

In view of the resultant savings in the past, the interest appropriation was augmented to the extent of Rs. 50 crores only in March, 1989. It was

anticipated that this would be adequate. However, the payments were larger. It may be noted, however, that the excess over the 1988-89 appropriation was 0.9% which is not a large discrepancy considering the inevitable judgemental element in estimation. In view of the above, it is requested that this point may not be pursued further.

This note has been approved by the Finance Minister.

Sd/-

(SMT. JANAKI KATHPALIA)

Additional Secretary (Budget).

[F. No. F. 6(26)—B(AC)/90].

To

The Chairman

& Members of Public Accounts Committee.

(iii) Recommendations or observations, replies to which have not been accepted by the Committee and which require reiteration:

—Nil—

(iv) Recommendations or observations in respect of which Government have furnished interim replies:

—Nil—

APPENDIX XIII

Statement of Observations and Recommendations

Sl. No.	Para No.	Ministry/ Deptt. Concerned	Observations & Recommendations
1	2	3	4
1.	1.15	Finance (Expenditure)	<p>The Committee note that an expenditure of Rs. 976.82 crores has been incurred in excess of the aggregate provision of Rs. 37550.32 crores sanctioned under 20 Grants/Appropriations during the year 1989-90. It is further disconcerting to find that the excess expenditure of this order has occurred even after obtaining Supplementary Grants of Rs. 1729.13 crores in 18 out of 20 Grants/appropriations that registered excess expenditure. During the year 1988-89 and 1987-88, the excess expenditure was of the order of Rs. 367.98 crores under 26 Grants/appropriations and Rs. 304.15 crores under 21 Grants/appropriations respectively. The year 1989-90 however, has witnessed an unprecedented rise in the aggregate excess expenditure though the number of excess registering Grants reduced as compared to earlier years. The Committee view this deteriorating situation with grave concern.</p>
2.	1.16	-do-	<p>The Committee have been repeatedly expressing concern over the phenomenon of excess expenditure and yet year after year, Parliament is being presented with a <i>fait accompli</i> of unremitting excess expenditure. The Committee are extremely unhappy over the lack of positive efforts on the part of the various Ministries/Departments of the Government of India to observe greater financial discipline and ensure that expenditure does not exceed the budgeted limits. Going by the extent of excess expenditure registered during the year</p>

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under review, the Committee are inclined to believe that all these past exhortations for exercising better budgetary control by the Ministries have not made any positive impact. The Committee take a serious view of such a dismal situation and would once again emphasise the need for more accurate estimation of monetary requirements and better budgetary control by various Ministries with a view to reduce the excess expenditure over voted Grants/charged appropriations to the barest minimum.

3. 1.17 Finance (Expenditure) Defence, Railways & Urban Development
- The Committee are deeply concerned to find that excess expenditure has persistently occurred during the years 1985-90 in respect of the following three Grants:

Name of Grant	Excess Expenditure during the years (Rs. in crores)				
	1985-86	1986-87	1987-88	1988-89	1989-90
Defence Pensions (Revenue-Voted)	12.02	1.36	1.69	1.61	278.93
Railways—Provident Fund, Pension and other Retirement Benefits (Voted)	11.70	53.49	110.01	93.30	2.47
Public Works	4.25	10.94	5.67	10.07	0.01
	(Revenue- Voted)	(Revenue Voted & Charged)	Revenue- Voted & Capital Charged)	(Revenue- Capital Voted & Charged)	(Capital Charged)

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Obviously, the concerned Ministries/Departments have failed to examine the factors responsible for such a state of affairs and take timely corrective action. The Committee emphasise that every Ministry/Department particularly those concerned with grants mentioned above should carefully review their existing mechanism in the preparation of Budget estimates and apply the necessary correctives to make the Budget exercise more realistic and meaningful.

4. 1.18 Finance (Expenditure) Defence
- The Committee are deeply concerned to note the inordinate delay ranging from 7 to 18 months in the submission of explanatory notes by the concerned Ministries in respect of 10 grants/appropriations out of 20 grants/appropriations that registered excess expenditure during 1989-90. The long delays of 13 and 18 months in respect of explanatory notes pertaining to the Ministries of Petroleum & Natural Gas and Urban Development respectively, is really more disturbing. Consequently, the Public Accounts Committee (1991-92) was handicapped to finalise and present their Report on excess expenditure during their term and the excess expenditure remained unregularised. It is unfortunate that these delays have occurred inspite of the fact that the Ministry of Finance in pursuance of the Committee's recommendations made in their 11th Report (9th Lok Sabha) have laid down the times schedule for completing action at various stages involved in the finalisation/vetting of explanatory notes with a view to avoiding delay in submission thereof to the Committee. The Committee emphasise that the Ministries should henceforth strictly adhere to the prescribed time schedule paving the way for timely regularisation of excess expenditure.

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5.	1.19	Finance (Exp. & Eco. Affairs), Defence, Railways Communi- cations	The Committee are also unhappy to note the largescale savings, aggregating Rs. 38006.78 crores during the year 1989-90 as indicated in the Appropriation Accounts Civil, Defence Services, Railways and Postal and Telecommunication services. The Committee need hardly point out that savings are as bad as excess expenditure in that these deprive certain deserving vital sectors of economy of the much needed resources. The Committee note that in pursuance of their earlier recommendation, Ministry of Finance (Deptt. of Economic Affairs) have issued instructions on 14 September, 1992 to all the Ministries/ Department <i>inter alia</i> emphasising that Financial Advisors should take due note of the past performance, the stage of formulation/implementation of the various schemes, the constraints on spending etc., into account while scrutinising the estimates prepared by various spending agencies. The Committee stress that Budget estimates should be made keeping in view the resources available or likely to be available during the year and each Ministry should undertake a realistic exercise while forecasting the monetary requirements under each Grant to ensure best and efficient utilisation of funds.
6.	1.22	Commerce	The Committee are extremely unhappy to note that the Capital Section (Voted) of Grant No. 8 Department of Commerce recorded an excess of as high as Rs. 410.66 crores against the total provision of Rs. 369.92 crores. The excess expenditure occurred mainly under the sub-head "EE.5(1) Loans to Government of USSR—Technical Credits incorporated in Trade Agreements" which was of the order of Rs. 523.98 crores. This excess was partly offset by entire aggregate provision of Rs. 100.00 crores remaining unutilised under the head "EE—Advances to Foreign Governments" due to non-utilisation of credit facility by certain Government under "Technical Credits incorporated in Trade Agreements." The Committee are constrained to observe that inspite of the fact that a Supplementary Grant of Rs. 199.98 crores was

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obtained by the Ministry in March 1990 and strict watch is claimed to have been maintained on the drawals of technical credit by the Ministry from December, 1989 onwards, the Ministry of Commerce have miserably failed to assess the actual quantum of Supplementary Grant required to be obtained for "Loans to Government of USSR" due to which huge amount of excess expenditure of the order of Rs. 410.66 crores was left uncovered. The Committee take a serious view of the complacency on the part of the Ministry and emphasise that the Ministry of Commerce should keep a close watch over the trend of expenditure during the year and issue necessary guidelines to all concerned to avoid such recurrence in future.

7. 1.23 Commerce The Committee are constrained to observe yet another deviation from the prescribed financial principles under the sub-heads "BB(2)—Santa Cruz Electronic Export Processing Zone" and "BB(6)—Noida Export Processing Zone," operated by the Ministry of Commerce. Under these heads, excess of Rs. 2.50 crores has occurred against Budget provisions of Rs. 4.75 crores, what concerns the Committee is the fact that the additional funds of Rs. 1.00 crores for Santa Cruz Electronic Export Processing Zone and Rs. 1.50 crores for Noida Export Processing Zone were provided by way of re-appropriation from other Budget heads. According to the Ministry, the expenditure on these heads constituted "New Service" or "New Instruments of Service" and required prior approval of Parliament as the funds provided by re-appropriation exceeded prescribed financial limits. The Committee take a serious note of this major lapse on the part of the Ministry incurring expenditure without prior approval of Parliament. This is obviously a case of sheer negligence and the Committee would like responsibility to be fixed for the lapse. The Committee also trust that necessary action in this regard would at least now be taken by the Ministry and instructions issued to ensure that such a lapse do not recur in future.

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8.	1.26	Defence	<p>The Committee note that against the original provision of Rs. 1349.57 crores sanctioned under Grant No. 14 - Defence Pensions (Revenue-Voted), the Ministry of Defence incurred expenditure of the order of Rs. 1878.50 crores resulting in an uncovered excess of Rs. 278.93 crores inspite of the fact that a supplementary grant of Rs. 250.00 crores was obtained by the Ministry in March, 1990. The excess expenditure is stated to be mainly due to the revision of pension and payment of arrears due to implementation of orders of Fourth Pay Commission by Pension Disbursing Agencies. The wide variation between the original budgeted figures and the actual expenditure leads the Committee to an obvious conclusion that the Ministry of Defence have failed to precisely anticipate, assess and provide for the funds actually required by them. The Committee urge the Ministry of Defence to exercise maximum care in assessing their funds requirements.</p>
9.	1.29	Finance (Economic Affairs)	<p>The Committee note that against the original provision of Rs. 17,000 crores under Revenue-Section (Charged) of Appropriation No. 29 - Interest Payments for the year 1989-90, the Ministry of Finance incurred expenditure of the order of Rs. 17756.94 crores resulting in an uncovered excess of Rs. 46.94 crores inspite of the fact that a supplementary appropriation of Rs. 710 crores was made. According to the Ministry of Finance, the excess expenditure of Rs. 46.94 crores was the net effect of the excesses and savings under various sub-heads but mainly under the sub-head. 'A-3(8)-Interest on Insurance and Pension Funds' and in the opinion of the Committee this cannot be said to be unforeseeable as the decision of the Government to pay interest on half-yearly basis instead of on an annual basis on the Special Deposit of provident, Superannuation and Gratuity Funds was taken on 24th February 1989. Barring unforeseen circumstances it is not expected of any Ministry</p>

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much less the Ministry of Finance, to exceed their financial limit even after obtaining a supplementary provision as has happened in the case. The Committee take a serious view of the lack of realistic assessment on the part of the Ministry and urge the Ministry to exercise greater care while finalising budget estimates in future.

10. 1.31 **Petroleum & Natural Gas** The Committee note that the Revenue Section (Voted) of Grant No. 62—Ministry of Petroleum and Natural Gas, recorded an overall excess of Rs. 2.14 crores during the year 1989-90. The excess expenditure occurred mainly under the sub-head "B. 1(1) (1)- Subsidy to shipyard for MSV etc." Which was of the order of Rs. 6.72 crores. The Committee have been informed that the original Grant of Rs. 2.22 crores under this sub-head was in adequate and augmentation of the Grant by Rs. 6.72 crores was done through re-appropriation from another sub-head. However, this re-appropriation was contrary to the guidelines on New service/New Instrument of service and this was reported to Parliament only in March, 1991 when the Ministry presented the last batch of Supplementary Demands for Grants 1990-91. The Committee consider it unfortunate that the exercise of absolute powers available with the Ministry for re-appropriation within the grant has resulted in this sorry state of affairs in the Ministry of Petroleum and Natural Gas. The Committee recommend that appropriate steps may be taken by the Ministry to ensure that power of re-appropriation is exercised with utmost caution and conscious efforts made to follow the prescribed financial principles while exercising powers of re-appropriation.
11. 1.35 **Defence** Another instance of bad budgeting is revealed in the operation of Grant No. 17- Defence Services-Air Force (Revenue-Voted) by the Ministry of Defence. Against the original provision of Rs. 1873.53 crores under this Grant, the Ministry incurred expenditure to the tune of Rs. 1938.77 crores leaving an uncovered excess of Rs. 15.24

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crores despite the fact that a supplementary grant of Rs. 50 crores was obtained. The excess has occurred mainly under the Heads A-1-Pay and Allowances of Air Force (Rs. 3.53 crores), A-4-Transportation (4.72 crores), A-5-Stores (Rs. 6.84 crores) and some other heads. The Ministry have stated the instructions were issued in June, 1990 emphasizing the need for framing the Budget Estimates on realistic basis depending on the requirement and for exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grant. The Committee emphasize upon the Ministry of Defence to take effective steps to ensure strict observance of these instructions.

12. 1.38 Railways The Committee are unhappy to find the slack budgetary control mechanism in the Railways. The Committee note that during the year 1989-90, there was an overall net excess of Rs. 100.76 crores over the final Grants and Appropriations resulting from an aggregate excess of Rs. 197.76 crores under 7 Grants (3, 5, 6, 9, 13, 14 & 16 Capital and Railway Funds) and one Appropriation (4) and saving of Rs. 97.00 crores under 10 Grants (1,2,4,7,8,10,11,12,15 and 16 - O.L.W.R.)^{*} and 11 Appropriations (3,5,6,7, 8,9,10,11,12,13 and 16 - Capital, Railway Funds & O.L.W.R.). The huge overall net excess of Rs. 100.76 crores has occurred in spite of the fact that Supplementary Grants were obtained invariably in all excess registering grants/appropriation except Grant No. 5. The wide variations between the original budgeted figures and the actual expenditure clearly indicate that the Ministry of Railways have, at no stage, been able to precisely anticipate, assess and provide for the funds actually required by them under the various heads. The Committee emphasize the need for framing the Budget Estimates on a realistic basis depending on the requirements and exercising

* O.L.W.R.—Open Line Works Revenue

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			a close and constant watch over the trend of expenditure with reference to the sanctioned grants.
13.	1.39	-do-	The Committee also find misclassification of expenditure to the extent of Rs. (-) 1,33,64,077 in Appropriation No. 4 and Grant No. 5 and 16, operated by the Ministry of Railways during 1989-90 which is indicative of the faulty budget control and lack of vigilance on the part of the spending units of the Ministry where misclassification escaped notice and could not be rectified in time. The gravity of the lapse becomes more serious when viewed in the light of the fact that similar lapses were noticed by the Committee in the accounts for the year 1988-89. With a view to obviate the recurrence of such lapses in future the Committee recommend that these lapses should be enquired into and responsibility fixed. The Committee would like to be apprised of the concrete action taken in this matter.
14.	1.40	Finance (Expenditure) & Railways	Subject to the observations made in the preceding paragraphs, the committee recommend that the expenditure referred to in Para 1.3 of this Report be regularised in the manner prescribed in Article 115 (1) (b) of the Constitution of India.
15.	2.3	Finance (Expenditure)	The Committee note that in pursuance of the recommendations made by them in their 19th Report (10th L.S.) corrective action has generally been taken by the various Ministries/Departments by issuing necessary instructions to the different concerned agencies for enforcing strict financial discipline. Considering the huge excess expenditure that has occurred during the year 1989-90, the committee have no doubt that such instructions are not being strictly followed. The Committee would, therefore, emphasize the need for ensuring that all such instructions are strictly complied with by the various Ministries/Departments of the Government.