

**EXCESSES OVER VOTED GRANTS  
AND CHARGED APPROPRIATIONS  
(1991-92)**

PARLIAMENT LIBRARY  
DIGITIZED

**PUBLIC ACCOUNTS  
COMMITTEE  
1993-1994**

**TENTH LOK SABHA**



समर्थन करो

**LOK SABHA SECRETARIAT**

NEW DELHI

**SEVENTY-FOURTH REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(1993-94)**

**(TENTH LOK SABHA)**

**EXCESSES OVER VOTED GRANTS AND  
CHARGED APPROPRIATIONS (1991-92)**



**PARLIAMENT LI  
DIGITIZE**

*Presented to Lok Sabha on 28 April, 1994*  
*Laid in Rajya Sabha on 28 April, 1994*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1994/Vaisakha, 1916 (Saka)*

**P.A.C. No. 1401**

*Price : Rs. 11.00*

© 1994 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and printed by the Manager, P.L. Unit, Government of India Press, Minto Road, New Delhi-110002.

CORRIGENDA TO 74TH REPORT OF PAC (10TH LOK SABHA)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(i) (Contents)	-	-	Page Nos.16,19, 24,27 & 38	Page Nos.17,20,23, 26 & 37
2	1.7	Table(year) 3	1988-89	1989-90
5	1.15	6th from bottom	for resighted- ness	farsightedness
-do-	-do-	-do-	for casting	forecasting
13	1.34	Table (Col.6 line.2)	-13	-
14	-do-	Table Expendi- ture (Col.1 Grant-16- Assets-line-2)	Expendi- ture	Expenditure
-do-	-do-	Table (Col-1-App- 4-line-2)	Main-tenance	Maintenance
20	Table (Sl.No.)	1st from bottom	2.	6.
-do-	Sl.No.6 (Col-5)	-do-	13,02,00,000	13,05,00,000
21.	Sl.No.7 (Col-5)	1	2923,020,82,476	2923,020,82,479
-do-	Sl.No.8 (Col-6)	2	16,47,50,076	16,47,50,076*
-do-	Sl.No.9 (Col-6)	3	7,78,63,334	7,78,63,334**
-do-	Sl.No.10 (Col-6)	4	37,79,30,598	37,79,30,598***
22.	Sl.No.16 (Col-6)	1	34,58,39,864	34,58,39,864\$
-do-	Sl.No.14 (Col.6)	2	15,31,36,695	15,31,36,695@
-do-	Foot note	1,3,4,5,7	Put *,**,***,\$,@ before "After" of line No.1,3,4,5,7 respectively.	

## CONTENTS

	PAGE
POSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1993-94)	(iii)
INTRODUCTION . . . . .	(v)
PART I	
REPORT Excess Expenditure over Voted Grants and Charged Appropriations (1991-92) . . . . .	1
PART II	
Minutes of the sitting of the Public Accounts Committee held on 26, April, 1994 .....	16
APPENDICES	
I. Details of Voted Grants/Charged Appropriations under which the actual expenditure exceeded the Budgetary provision during 1991-92.....	19
II. Explanatory Note on Appropriation No. 16—Ministry of Defence (Civil).....	24
III. Explanatory Note on Grant No. 17—Defence Pensions .....	27
IV. Explanatory Note on Grant No. 28—Pensions.....	38
V. Explanatory Note on Grant No.75—Roads.....	43
VI. Explanatory Note on Grant No. 84—Nuclear Power Schemes .....	47
VII. Explanatory Note on Grant No. 97—Chandigarh...	50
VIII. Explanatory Note on Grant No. 15—Telecommunication Services.....	56
IX. Explanatory Note on Grant/Appropriations Nos. 6, 8, 13, 14, 15, 16, 4 and 7 operated by Ministry of Railways .....	57
X. Statement of Conclusions and Recommendations...	66

**PUBLIC ACCOUNTS COMMITTEE**  
(1993-94)

**CHAIRMAN**

**Shri Bhagwan Shankar Rawat**

**MEMBERS**

*Lok Sabha*

2. Shri Nirmal Kanti Chatterjee
3. Dr. K.V.R. Chowdary
4. Shri Bandaru Dattatraya
5. Shri Sharad Dighe
6. Shri Jagat Veer Singh Drona
7. Shri Srikanta Jena
8. Smt. Krishnendra Kaur
9. Shri Rama Krishna Konathala
10. Smt. Geeta Mukherjee
11. Shri D.K. Naikar
12. Shri Mrutyunjaya Nayak
13. Shri Motilal Singh
14. Shri S.B. Thorat
15. Shri Satya Pal Singh Yadav

*Rajya Sabha*

16. Shri S.S. Ahluwalia
17. Shri Somappa R. Bommai
18. Shri Anant Ram Jaiswal
- \*19. Miss Saroj Khaparde
20. Shri Murasoli Maran
21. Smt. Jayanthi Natarajan
22. Shri Viren J. Shah

**SECRETARIAT**

1. Shri G.L. Batra — *Additional Secretary*
2. Shri S.C. Gupta — *Joint Secretary*
3. Shri R.K. Chatterjee — *Deputy Secretary*
4. Shri P. Sreedharan — *Under Secretary*

---

Ceased to be a Member of the Committee on completion of her tenure in Rajya Sabha  
w.e.f. 2 April, 1994.

## INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 74th Report on Excesses Over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts Civil, Defence, Railways, Telecommunications and Postal Services for the year 1991-92.

2. The excess expenditure during the year 1991-92 which requires regularisation by Parliament is of the order of Rs. 398.28 crores under 16 grants/appropriations. The Committee have observed that this excess expenditure had occurred despite obtaining supplementary provision of Rs. 981.71 crores under 13 out of 16 Grants/Appropriations those registered excess expenditure. In the light of the fact that these supplementary provisions were obtained only in March, 1992, the Committee have concluded that the Budget wings of the concerned Ministries have once again failed to assess their actual requirement of funds even at the fag end of the year. Another disturbing feature noticed by the Committee is that excess expenditure of over Rs. 1 crore had occurred in as many as 11 cases out of total 12 excess registering Voted Grants during 1991-92 and that excess expenditure had exceeded Rs. one crore each in all the excess registering Grants operated by the Ministry of Railways. Expressing their concern over this situation, the Committee have observed that the authorities in the various Ministries/Departments continue to display negligence in checking the expenditure beyond the sanctioned provision. They have therefore concluded that the existing machinery for the control of expenditure and the process of forecasting budgetary requirements needs to be thoroughly revamped and made adequately responsible and accountable.

3. During the course of examination of the various Appropriation Accounts, the Committee have also noticed large scale savings aggregating Rs. 26466.65 crores in 256 items during 1991-92. The Committee have also found that in certain cases substantial savings had occurred due to

procurement of supplementary provisions far in excess of actual requirements and that saving had exceeded even more than Rs. 100 crores each in 14 Grants/Appropriations during the year under review. The Committee have, accordingly, desired the Ministry of Finance to initiate necessary steps to make budgetary exercise meaningful and more realistic so as not only to minimise large scale variations between the estimates and the actuals but also to gainfully utilise the scarce resources to meet the pressing demands of various sectors of economy.

4. The Committee examined the excess expenditure in the light of explanatory notes (Appendices II to IX) furnished by the Ministries/Departments of Government of India and finalised the Report at their sitting held on 26 April, 1994. Minutes of the sitting form Part II of the Report.

5. 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—X to the Report.

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

NEW DELHI;  
26 April, 1994

---

6 Vaisakha, 1916 (Saka)

BHAGWAN SHANKAR RAWAT,  
Chairman,  
Public Accounts Committee.



**PART I**  
**REPORT**

**(A) Excess Expenditure over Voted Grants and Charged Appropriations  
(1991-92)**

1.1 This part of the Report deals with the excess expenditure incurred by various Ministries and Departments of Government of India over Voted Grants and Charged Appropriations as disclosed in various Appropriation Accounts for the year 1991-92.

1.2 The break-up of excess expenditure *vis-a-vis* the total sanctioned provision under the grants/appropriations which had registered excesses as is seen from the relevant Appropriation Accounts for the year 1991-92 is given below:

Sl. No.	Appropriation Accounts	No. of excess registering Grants	Apprns.	Total sanctioned provision	Amount of excess expenditure
1.	Civil	4	2	2751,96,00,000	39,23,49,582
2.	Defence Services	—	—	—	—
3.	Postal Services	—	—	—	—
4.	Telecommunication Services	1	—	2857,99,00,000	65,03,82,479
5.	Railways	7	2	16556,87,00,000	295,17,61,004
Total		12	4	22166,82,00,000	399,44,93,065

1.3 However, after taking into account the effect of misclassification of expenditure of Rs. 1,16,56,277 in the case of Railway accounts, the actual excess expenditure relating to Railways worked out to Rs. 294,01,04,727. As a result of this misclassification of expenditure, the amount of actual excess expenditure during the year 1991-92 requiring regularisation under Article 115(i)(b) of the Constitution is of the order of Rs. 398,28,36,788 incurred over sanctioned provision of Rs. 22166,82,00,000 under 16 excess registering grants/appropriations.

1.4 The details of voted grants/charged appropriations under which the actual expenditure had exceeded the sanctioned provisions during the year 1991-92 are given in Appendix-I.

1.5 It would be seen from these details that out of 6 cases of excess over voted grants in the case of Civil Accounts, excess expenditure over Rs. 1 crore had occurred in 3 cases with Grant No. 28—Pensions (Revenue Section) accounting for an excess of Rs. 32.51 crores followed by Grant No. 97—Chandigarh (Revenue Section) with an excess of Rs. 5.01 crores and Grant No. 84—Nuclear Power Schemes (Capital Section) with an excess of Rs. 1.04 crores. In the case of the Telecommunication Services, the lone Grant No. 15—Telecommunication Service registered excess expenditure of Rs. 65.04 crores. In the case of the grants administered by Ministry of Railways all the seven voted grants had registered an excess of over Rs. 1 crore each with excess expenditure ranging from 7.79 crores (Grant No. 8) to 94.68 crores (Grant No. 15).

1.6 The excess expenditure during 1991-92 occurred even after the Ministries/Departments obtained supplementary grants/appropriations in 13 cases to meet their additional requirements as is evident from the table given below:

Sl. No.	No. & Name of Grant/ Appropriation	Amount of supplementary Grant/ Appropriation (Rs. in crores)	Sanctioned date of Supplementary Grants	Amount of Excess Expenditure (Rs. in crores)
1.	17 — Defence Pensions	90.00	March 1992	0.29
2.	75 — Roads	0.09	-do-	0.34
3.	84 — Nuclear Power Schemes	1.50	-do-	1.04
4.	97 — Chandigarh	27.32	-do-	5.01
5.	15 — Telecommunication Services	222.00	-do-	65.04
6.	Railways—Grant/Appropriation	640.80	-do-	295.17
13.	Nos. 4,6,7,13,14,15 & 16 (Capital & Railway Fund)	981.71		366.89

1.7 The excess expenditure has been a recurring phenomenon in the past. The table given below indicates the position regarding excess expenditure incurred under the excess registering grants during the last five years.

Year	No. of Excess registering Grants/Appropriations	Excess Expenditure (Rs. in crores)
1987-88	21	304.15
1988-89	26	367.98
1988-89	20	976.82
1990-91	19	900.24
1991-92	16	398.28

1.8 The explanatory notes as furnished by Ministries/Departments concerned are reproduced at Appendices II to IX.

(B) Savings

1.9 While scrutinising the cases of excess expenditure, the Committee have also noticed large scale saving during the year 1991-92. The aggregate of savings as disclosed by various Appropriation Accounts for the year under review was of the order of Rs. 26,466.65 crores (both under Voted Grants and Charged Appropriation) as per details given below:

Name of Appropriation Accounts	Total amount of savings under Voted Grants and Charged Appropriation (Rs. in crores)
Civil	25,817.29
Defence Service	372.84
Postal Services	48.75
Telecommunication Services	94.87
Railways	132.90
Total	26,466.65

1.10 The table given below indicates the total number of items where savings occurred during the year 1991-92; number of items where savings were more than Rs. 1 crore; 10 crores and 100 crores in each such grant/appropriation.

Sl. No.	Name of Appropriation Accounts	Total No. of items showing savings	No. of items having savings above Rs. 1 crores.	No. of items having savings above Rs. 10 crores.	No. of items having savings above Rs. 100 crores.
1.	Civil	218	59	63	13
2.	Defence	10	3	3	1
3.	Postal	3	—	2	—
4.	Telecommunications	3	—	1	—
5.	Railways	22	9	4	—
		256	71	73	14

As would be seen from the above table that out of total 256 items of savings under various Grants/Appropriations, there were 71 items registering savings of more than Rs. 1 crore, 73 items with savings of more than Rs. 10 crores and 14 items having savings of above Rs. 100 crores.

1.11 Out of savings of Rs. 25817.29 crores relating to Appropriation Account—Civil, Appropriation 32—Repayment of Debt (Capital) accounted for Rs. 17,287.09 crores. Incidentally, this Head had continued to register savings of sizeable magnitude recurringly. Commenting on this phenomenon, the Committee in paragraph 1.23 of their 60th Report (Tenth Lok Sabha) presented to Lok Sabha on 23.2.1994 had recommended:

“The Committee find that under Appropriation No. 31—Repayment of Debt—administered by Ministry of Finance there saving of Rs. 38,148 crores during the year 1990-91. The Appropriation Account revealed that the saving had mainly occurred due to lesser discharge of Treasury Bills and more renewal of ad-hoc treasury bills than anticipated. The Committee observe that savings of significantly high magnitude under the above mentioned Appropriation have become a recurring phenomenon in the recent past. The scrutiny of the Appropriation Accounts (Civil) in this regard revealed that savings of the order of Rs. 68,771.55 crores, Rs. 32,200.63 crores and Rs. 38,147.52 crores had occurred under the particular appropriation during the years 1988-89, 1989-90 and 1990-91 respectively. The Committee are of the view that such large scale savings make budgeting a mockery. Evidently, the whole system of preparation of budget needs to be improved so as to make it more realistic and to ensure that the variations between the estimates and the actuals are minimised. The Committee desire that the Ministry of Finance should look into the matter and take appropriate corrective action.”

1.12 A detailed scrutiny of Appropriation Accounts (Civil) for the year 1991-92 revealed that supplementary provisions were obtained by various Ministries/Departments under 81 items (both under Revenue and Capital Sections of Voted Grants/Charged Appropriations). However, in several cases, the supplementary provisions obtained by the Ministries were far in excess of their actual requirements. Some such prominent cases are indicated below:

No. and Name of Grant	Supplementary provision obtained	Savings (Rs. in crores)
24 — Ministry of External Affairs	48.09	32.37
25 — Department of Economic Affairs	2.20	1.71
36 — Direct Taxes	15.50	12.78
70 — Department of Science and Technology	7.88	5.00

1.13 A further scrutiny revealed that in several cases the final savings exceeded even the supplementary provisions obtained by the Ministries. Some of the more glaring instances were as follows:—

No. and Name of Grant	Supplementary provision	Savings
		(Rs. in crores)
93 — Delhi (Revenue—Voted)	11.21	26.70
—do— (Capital—Voted)	0.08	125.20
6 — Deptt. of Fertilizers (Capital—Voted)	2.80	13.59
40 — Deptt. of Health (Capital—Voted)	6.82	12.20
78 — Urban Development and Housing (Capital—Voted)	1.98	20.36

1.14 The table given below indicates the position regarding savings under various grants/appropriations during the year 1987-88 to 1991-92:

Year	Total Savings
	(Rs. in crores)
1987-88	32330.74
1988-89	72774.04
1989-90	38006.78
1990-91	43872.55
1991-92	26466.65

1.15 Expressing their concern over substantially higher magnitude of savings in the past, the Committee had, in paragraph 1.24 of their 60th Report (10th Lok Sabha) presented to Lok Sabha on 23.2.1994 during the current Session of Parliament, observed as follows:

“The Committee are concerned to note that over the year the quantum of savings has sharply increased and it has assumed a high magnitude during the year under review. In the opinion of the Committee such savings indicate both poor budgeting and shortfall in performance and it is unfortunate that it should have occurred in developmental areas of economy such as Agriculture, Rural Development, Power etc. Clearly, the Ministries are not exercising due far resightedness while for casting their monetary requirements with the result that substantial savings had taken place leading to inefficient utilisation of funds sanctioned by Parliament. The Committee would like the Ministry of Finance to address themselves to this issue seriously and take appropriate measures to overcome this unfortunate situation. They also desire that in future detailed notes in

respect of the saving made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to the Committee alongwith the explanatory notes regarding excess expenditure incurred.”

1.16 The Committee note that an expenditure of Rs. 398.28 crores has been incurred in excess of the aggregate sanctioned provision of Rs. 22166.82 crores under 12 Voted Grants and four Charged Appropriations during the year 1991-92. This excess expenditure had occurred despite obtaining supplementary provisions of the order of Rs. 981.71 crores under 13 Grants/Appropriations out of 16 excess registering Grants/Appropriations. Considering the fact that all these supplementary provisions were obtained only in March, 1992 the Committee are convinced that the Budget Wings of the concerned Ministries have once again failed to assess their actual requirement of funds under the grants operated by them even at the fag-end of the year. Evidently, the supplementary provisions under these excess registering grants were obtained without proper assessment with the result that these provisions also proved inadequate to meet the actual requirement of funds of the concerned Ministries.

1.17 Yet another disturbing feature noticed by the Committee is that excess expenditure of over Rs. 1 crore had occurred in as many as 11 out of total 12 Voted Grants. What is worse is the fact that excess expenditure had exceeded Rs. 1 crore each in all the excess registering Grants operated by the Ministry of Railways. Although instructions are stated to have been issued by the Government from time to time to avoid excess expenditure, the Committee cannot help observing from these facts that the concerned authorities in the various Ministries/Departments continue to display negligence in checking the expenditure beyond the sanctioned provisions. The Committee view this situation with grave concern.

1.18 From the foregoing the Committee are inclined to conclude that the existing machinery for the control of expenditure and the process of forecasting budgetary requirements needs to be thoroughly revamped and made adequately responsible and accountable. In this context, it is relevant to point out that the Committee had in their 60th Report presented to Parliament on 23rd February, 1994 during the current Session had inter-alia desired that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provision and any slackness in following the established financial procedure should be sternly dealt with. The Committee trust that the Government would initiate expeditious action in this regard.

1.19 The Committee's examination of the Appropriation Accounts of Civil, Defence, Railways, Telecommunication and Postal Services have also revealed large scale savings aggregating Rs. 26466.65 crores in as many as 256 items under both Voted Grants and Charged Appropriations during the year 1991-92. Strangely enough, in certain cases substantial savings had

occurred due to procurement of supplementary provisions far in excess of actual requirements. The Committee are also surprised to find that the savings under 14 grants/Appropriations have exceeded Rs. 100 crores during the year under review. Expressing their concern over the increasing quantum of savings in the recent past, the Committee had, in their 60th Report presented to Parliament during the current Session, desired that in future detailed notes in respect of the savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to the Committee. The Committee trust that besides furnishing such notes in future to the Committee, the Ministry of Finance would also initiate necessary steps to make budgetary exercise meaningful and more realistic as not only to minimise large scale variations between the estimates and the actuals but also to gainfully utilise the scarce resources to meet the pressing demands of various sectors of economy.

1.20 In the succeeding Paragraphs, the Committee deal with some of the prominent cases involving excess expenditure arising out of the examination of various appropriation accounts.

*Revenue Section (Voted) of Grant No. 28.—Pension*

1.21 Under Revenue Section (Voted) of Grant No. 28—Pensions the Ministry of Finance (Department of Expenditure) incurred an expenditure of Rs. 581,34,53,771 against the total sanctioned provision of Rs. 548,84,00,000 resulting in an excess expenditure of Rs. 32,50,53,771. In their explanatory note, the Ministry have explained the reasons for excess expenditure as follows:

“It is stated that the pension grant is a composite grant. It is operated by many agencies including in the Accountants Generals. They all prepare the estimates which are ultimately consolidated in the Central Pension Accounting Office. So, any error in estimates by an agency will have reflection in the ultimate consolidation made by the Central pension Accounting Office. Apart from the above, the addition to the number of pensioners and the increase in Dearness Relief is beyond the purview and control of the Central Pension Accounting Office. The disbursement function is peculiar too. The banks (including Treasuries) make the payment, obtain reimbursement from the Reserve Bank of India directly and then send the scrolls to the Central Pension Accounting Office for accounting purpose. Their numbers (scrolls) are too voluminous to enable the Central Pension Accounting Office to investigate the correct reasons for the differences. Further, no cheques are issued by the Central Pension Accounting Office except for the reimbursement claimed by the Accountants General for the payment made by the treasuries. As such, there cannot be any precheck control by the Central Pension Accounting Office over the pension disbursement. In such a situation, it is difficult to

make a correct estimate of the expenditure relating to pension payment.

In view of the circumstances explained above, the excess expenditure of Rs. 32,50,53,771 under Revenue Section (Voted) of Grant No. 28—Pensions for 1991-92 may kindly be recommended for regularisation by the Parliament under Article 115(l) (b) of the Constitution."

1.22 The reasons for excess expenditure under various sub-heads of this Grant, as furnished by the Ministry, are reproduced in Appendix III.

1.23 Commenting on the excess expenditure incurred under Grant-Pension during 1985-86, the Committee had, in paragraph 1.20 of their 106th Report (8th Lok Sabha) observed as follows:

"The Committee find that Grant No. 36—Pension is controlled by the Ministry of Finance on behalf of all the Ministries except the Ministries of Defence and Railways which have their separate provisions relating to pensions. Considering the difficulties expressed by the Ministry of Finance in making precise estimates and the fact that estimates presented by the Ministry of Finance are based on the estimates furnished by the Accountant General/Director of Audit and Pay and Accounts Offices, the Committee desire the Ministry of Finance to examine the feasibility of decentralising the Grant with a view to making each Ministry responsible for the provisions made for disbursement of pensions. The Committee would like to be apprised of the position in this regard."

1.24 Considering the action taken note submitted by the Ministry of Finance on the above recommendation, the Committee had in paragraph 2.4 of their 147th Report (8th Lok Sabha) observed:

"While examining excess expenditure incurred by the Ministry of Finance (Deptt. of Expenditure) under Grant No. 36—Pensions, the Committee considering the difficulties expressed by the Ministry in making precise estimates for the grant, desired in their earlier report, the Ministry to examine the feasibility of decentralising the grants with a view to making each Ministry individually responsible for the provision made for pension. In their action taken note, the Ministry of Finance have informed that the proposal for decentralising the work relations to pension Demand has been deferred as another proposal for setting up a separate organisation called 'National Pension Accounts Office' for controlling the Pension Demand is under examination at present. From the Appropriation Accounts (Civil) for the year 1986-87, the Committee have noticed that instead of excess expenditure, savings of the order of Rs. 24.13 crores under voted portion and Rs. 2.11 crores under the charged portion of the grant constituting 8.2%



and 47% of the total grant/appropriation, respectively, occurred during the year.”

1.25 Subsequently, the Ministry of Finance *vide* their O.M. dated 22.12.1989 informed the Committee as follows:

“Government have since decided to set up a new Central Pension Accounting Office in the Ministry of Finance. This has already been announced in Parliament in the Budget Speech by the Finance Minister for 1989-90. While a nucleus staff has started functioning, the scheme to be operated is under examination in consultation with the Reserve Bank of India and the Comptroller and Auditor General. Action for staffing of the office, procurement of electronic data processing equipment and accommodation for the office have also been initiated. The Central Pension Accounting Office has also been asked to take into consideration the need for building into the procedures and systems, necessary data base, software, etc. for estimation of payments under the Grant.

In the light of the foregoing it is felt that the proposal for decentralising the work regarding completion of estimates for the Pension Demand among Ministries/Departments may not be pursued”.

1.26 Under Revenue Section (Voted) of Grant No. 28—Pensions, the Ministry of Finance had incurred an expenditure of Rs. 32.51 crores over and above the sanctioned provision of Rs. 548.84 crores during the year 1991-92. Explaining their difficulties in precisely estimating the requirements of funds under this Grant, the Ministry of Finance in their explanatory note have stated that Grant No. 28—Pensions is a composite grant operated by many agencies and any error in estimation of funds by any such agency would effect the ultimate consolidation of estimates in Central Pension Accounting Office. The Ministry have also stated that the procedure for disbursement of Pensions in vogue is “peculiar” and “there cannot be any precheck control by the Central Pension Accounting Officer over the pension disbursement” thus making it difficult for them to make a correct estimate of the expenditure on pension payments. In this context, it is relevant to point out that while examining excess expenditure incurred under this Grant during the year 1985-86, the Committee had in their 106th Report (Eighth Lok Sabha) desired the Ministry of Finance to examine the feasibility of decentralising the grant with a view to making each Ministry individually responsible for the provision made for pension. In their action taken note the Ministry of Finance informed the Committee that the proposal for decentralising the work relating to pension demands had been referred and another proposal for setting up a separate organisation called National Pension Accounts Office for controlling the pension demands was under consideration. While furnishing their subsequent action taken note in December, 1989 the Ministry of Finance informed that a new Central

**Pension Accounting Office in the Ministry had since started functioning and that that organisation has been asked to take into consideration the need for building into the procedures and systems, necessary data base etc., for estimation of payments under the grant.**

1.27 In view of the difficulties being experienced by the Ministry of Finance in making correct estimates of expenditure on pension payments, it is apparent that even after more than four years, the creation of Central Pension Accounting Office in the Ministry of Finance have not yielded the desired results in the elimination of variations between budgetary allocations and actual expenditure. The Committee, therefore, desire that the Ministry of Finance should look into the matter urgently for appropriate remedial action.

*Revenue Section (Voted) of Grant No. 97—Chandigarh*

1.28 As against the total sanctioned grant of Rs. 212,31,00,000 under Grant No. 97—Chandigarh in the Revenue Section (Voted), the actual expenditure incurred amounting to Rs. 217,32,43,133 resulting in an excess expenditure of Rs. 5,01,43,133 during 1991-92. The sub-heads under which the excess expenditure of Rs. 5 lakhs and above occurred and reasons therefor are reproduced at Appendix IV.

Incidentally, the Grant relating to Chandigarh has been persistently recording excess expenditure from the year 1984-85 onwards as per details furnished below:

Year	Amount of Excess Expenditure (In lakhs of Rs.)
1984-85	1200 (Voted) 10 (Charged)
1985-86	46.83 (Charged)
1986-87	2.80 (Voted) 0.51 (Charged)
1987-88	44.94 (Voted)
1988-89	485.73 (Voted) 4.40 (Charged)
1989-90	814.92 (Voted) 115.83 (Charged)
1990-91	116.10 (Voted) 32.32 (Charged Revenue) 36.38 (Charged-Capital)
1991-92	501.43 (Voted)

1.29 The explanatory notes for regularisation of excess expenditure in respect of this Grant were also submitted to the Committee involving a

delay of over 7, 8 and 6 months for the year(s) 1989-90, 1990-91 and 1991-92 respectively.

1.30 The Committee note that the Ministry of Home Affairs incurred an excess expenditure of Rs. 5.01 crores despite obtaining a supplementary grant of Rs. 27.32 crores under Revenue Section (Voted) of Grant No. 97—Chandigarh during the year 1991-92. A scrutiny of the explanatory note furnished by the Ministry revealed that faulty budgetary estimation was the main factor responsible for this excess expenditure. Regrettably, this is not the first time that this grant has registered excess expenditure. In fact, excess expenditure under the Grant—Chandigarh has been regularly incurred year after year from 1984-85 onwards. From these, facts, the Committee are inclined to conclude that this Grant is being administered by the Ministry of Home Affairs in a rather perfunctory manner without making any critical and careful examination of requirement of funds. What is more distressing is the fact that submission of the explanatory notes to the Committee for regularisation of such excess expenditure under this grant has been persistently delayed by the Ministry for over six months during the preceding three years. While deploring the casualness displayed by the Ministry of Home Affairs in administering the Grant, the Committee desire the Ministry of Home Affairs to take effective steps to tighten their financial control over the spending units of this Grant in order to ensure avoidance of excess expenditure being incurred in future.

*Grant No.15—Telecommunication Services (Capital Section—Voted)*

1.31 In the case of Capital Section (Voted) of Grant No. 15—Telecommunication Services as against the total sanctioned provision of Rs. 2857,99,00,000 (including supplementary grant of Rs. 222.00 crores), an expenditure of Rs. 2923,02,82,479 was incurred by the Ministry of Communications resulting in excess expenditure of Rs. 65,03,82,479.

1.32 According to the Ministry of Communications, this excess has occurred under one of the plan scheme mainly “Local Telephone Systems” due to more receipt of cables and apparatus and plant.

1.33 Under the Capital Section (Voted) of Grant No. 15—Telecommunication Services, the Ministry of Communications incurred an excess expenditure amounting to Rs. 65.04 crores against the total provision of Rs. 2857.99 crores during 1991-92. The Committee find that this excess has occurred despite obtaining a supplementary grant of Rs. 222 crores. According to the Ministry, this excess expenditure has occurred under one of the Plan Schemes, namely, local Telephone System due to more receipt of cables and apparatus and plant. The Committee take a serious view of this unauthorised expenditure of substantially high magnitude incurred by the Ministry without proper authorisation by Parliament. They would like to be informed as to when the cables, apparatus and plants had actually been received and the reasons for not having taken into account the expenditure incurred on these items while

obtaining the supplementary grants as late as March, 1992. Evidently, the authorities administering this grant neither kept vigil over the trend of expenditure nor assessed properly their actual needs of funds even at the supplementary grant stage. The Committee therefore, desire that a detailed note on the circumstances leading to this excess expenditure may be furnished to them. They also desire the Ministry to make special efforts to correctly estimate their requirement of funds so as to avoid any scope for excess expenditure.

**Grants operated by Ministry of Railways**

1.34 During the year 1991-92, the actual expenditure under grants administered by the Ministry of Railways exceeded the sanctioned provision in 7 Grants and 2 appropriations as detailed below:

(In units of Rs.)

Grant/Appropriations	1	2	3	4	5	6
		Supplementary Provision	Excess Expenditure	Effect of misclassification of expenditure	Actual Expenditure requiring regularisation	%age of excess to supplementary provision
Grant No. 6 Working Expenses—Repairs and Maintenance of carriages and wagons		10,20,65,000	16,74,65,830	(-) 27,15,754	16,47,50,076	161.4%
Grant No. 8 Working Expenses—Operating expenses—Rolling stock and equipment		NIL	7,68,93,044	9,70,290	7,78,63,334	-13
Grant No. 13 Working Expenses—Provident Fund, Pension & other Retirement Benefits		42,93,86,000	37,80,40,963	(-) 1,10,365	37,79,30,598	88%

1	2	3	4	5	6
Grant No. 14	245,00,00,000	87,36,39,308	-NIL-	87,36,39,308	35.7%
Appropriation to Funds— Depreciation Reserve Fund, Development fund, Pension Fund, Accident compensation safety & Passenger Amenities fund and Revenue Reserve fund					
Grant No. 15	202,00,00,000	94,67,58,501	-NIL-	94,67,58,501	46.8%
Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of over capitalisation					
Grant No. 16	114,66,13,000	16,31,93,679	(-) 1,00,56,984	15,31,36,695	13.4%
Assets—acquisition, construction and Replacement—other Expendi- Capital' ture					
Grant No. 16	25,31,28,000	34,55,83,328	2,56,536	34,58,39,864	.09%
Appropriation No. 4	68,68,000	65,097	-NIL-	65,097	.94%
Working Expenses—Repairs and Main- tenance of permanent way and works					
Appropriation No. 7	57,000	1,21,254	-NIL-	1,21,254	212.7%
Working Expenses—Repairs and Maintenance of Plant and equipment					

It would be seen from the above table that 5 Grants (both Revenue and Capital Sections) were effected by misclassification of expenditure.

1.35 The comparative figures of excess expenditure incurred by the Ministry of Railways during last 5 years (upto 1992) is detailed below :  
(Rs. in crores)

Year	No. of Grants/ Appropriations which recorded excess expenditure	Total sanctioned provision (Rs. in crores)	Amount of Actual Excess Expenditure (Rs. in crores)	% of Excess expenditure to total sanctioned provision
1987-88	6	3299.60	157.41	4.7%
1988-89	8	3832.91	104.97	2.6%
1989-90	9	13835.90	196.42	1.4%
1990-91	8	15987.83	272.51	1.7%
1991-92	9	16556.87	294.01	1.8%

1.36 The reasons for excess expenditure during 1991-92 as explained by the Ministry of Railways are reproduced at Appendix IX:

1.37 The Committee are constrained to point out that the excess expenditure incurred by the Ministry of Railways during the year under review is the highest among all Ministries/Departments both in terms of quantum and the number of grants/appropriations registering excess expenditure. In fact, the excess registered by Railways was also the highest in the preceding five years. The Committee's examination has revealed that as compared to the excess expenditure of Rs. 273.08 crores under 8 grants/appropriations during the preceding year 1990-91, the excess expenditure in 1991-92 has touched a high of Rs. 295.18 crores under 9 grants/appropriations. Keeping in view the fact that an excess of over Rs. 1 crore had occurred in each excess registering grant operated by the Ministry of Railways, the Committee are of the considered view that the situation has gone from bad to worse and the Ministry have not learnt any lesson from their past experience. Regrettably, the Ministry of Railways have attributed these excesses inter-alia to such items which are of routine and anticipatory nature like rolling stock, track renewals, more expenditure under allowances, superannuation payments etc. The Ministry have also not explained in their notes the precise reasons for their failure to make provision for those items at the various stages of budget estimation. To say the least, these facts only reveal violation of the financial principles and failure on the part of the Ministry of Railways in framing budget estimates on realistic basis as also making subsequent revisions with precision. At this stage, the Committee can only trust that effective steps would be taken in the Ministry of Railways to ensure stricter observance of financial principles with a view to containing the excess expenditure to the barest minimum.

1.38 The Committee find that the misclassification of expenditure has

become a recurring phenomenon in the case of Railway Accounts and it has affected 5 grants (both capital and revenue sections) operated by the Ministry of Railways during the year 1991-92. The Committee take a serious view of these misclassifications noticed in the Railway Accounts from the year 1988-89 onwards. They desire that the cases of misclassifications in expenditure should be sternly dealt with and the Committee apprised of the precise action taken against the officers held responsible for these lapses.

1.39 Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure of Rs. 399.45 crores 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.

NEW DELHI;  
26 April, 1994

---

6 Vaisakha, 1916(S)

BHAGWAN SHANKAR RAWAT  
Chairman,

*Public Accounts Committee.*



## PART II

### MINUTES OF THE 24TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 26 APRIL, 1994

The Committee sat from 1600 hrs. to 2030 hrs. on 26 April, 1994 in Committee Room 'D', Parliament House Annexe.

#### PRESENT

##### CHAIRMAN

Shri Bhagwan Shankar Rawat

##### MEMBERS

2. Shri Nirmal Kanti Chatterjee
3. Shri Bandaru Dattatraya
4. Shri Jagat Veer Singh Drona
5. Shri Srikanta Jena
6. Smt. Krishnendra Kaur
7. Smt. Geeta Mukherjee
8. Shri S.B. Thorat
9. Shri S.S. Ahluwalia
10. Shri Somappa R. Bommai
11. Smt. Jayanthi Natrajan
12. Shri Viren J. Shah

##### SECRETARIAT

1. Shri G.L. Batra — *Additional Secretary*
2. Shri S.C. Gupta — *Joint Secretary*
3. Shri R.K. Chatterjee — *Deputy Secretary*
4. Shri P. Sreedharan — *Under Secretary*

##### REPRESENTATIVES OF AUDIT

1. Shri A.K. Mitra — *Add. Dy. C&AG*
2. Shri P.K. Bandopadhyay — *Director General of Audit (P&T)*
3. Shri B.M. Oza — *Pr. Director of Audit*
4. Shri A. Pattanayak — *Director (Railways)*

2. The Committee considered the following Draft Reports and adopted the same subject to certain modifications and amendments as shown in Annexure I & II\* respectively:—

(i) Excesses over voted grants and charged appropriations (1991-92)

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

---

\*. Not appended.

3. The Committee authorised the Chairman to finalise these draft reports in the light of other verbal and consequential changes suggested by some Members and also those arising out of factual verification by Audit and present the same to Parliament.

*The Committee then adjourned.*

AMENDMENTS/MODIFICATIONS MADE BY THE PUBLIC  
 ACCOUNTS COMMITTEE IN THE DRAFT REPORT ON  
 "EXCESSES OVER VOTED GRANTS AND CHARGED  
 APPROPRIATIONS (1991-92)".

Page	Para	Line	Amendments/Modifications
20	1.33	13	<i>Add "They would like to be informed as to when the cables, apparatus and plants had actually been received and the reasons for not having taken into account the expenditure incurred on these items while obtaining the supplementary grants as late as March, 1992" after "Parliament"</i>
24	1.37	7	<i>For "highest among the last five years" Substitute "highest in the preceding five years"</i>
24	1.37	7	<i>Add "like rolling stock, track renewals, more from expenditure under allowances, superannuation bottom payments etc." after "anticipatory nature"</i>

**APPENDIX I**

*(Vide Paragraph 1.4 of the Report)*

*Details of Voted Grants/Charged Appropriations under which the Actual Expenditure Exceeded the Budgetary Provision During 1991-92*

S.No.	No. & Name of Grant Appropriation	Ministry/Department	Final Grant	Actual Expenditure	Excess
1	2	3	4	5	6
(in Units of Rupees)					
<b>APPROPRIATION ACCOUNTS (CIVIL)</b>					
<b>A. Voted Grants</b>					
	<b>REVENUE SECTION</b>				
1.	17 — Defence Pensions		1839,67,00,000	1839,96,29,916	29,29,916
2.	28 — Pensions		548,84,00,000	581,34,53,771	32,50,53,771
3.	97 — Chandigarh	Home Affairs	212,31,00,000	217,32,43,133	5,01,43,133
	<b>CAPITAL SECTION</b>				
4.	84 — Nuclear Powers Schemes	Deptt. of Atomic Energy	137,99,00,000	139,02,71,330	1,03,71,330
<b>B. Charged Appropriations</b>					
	<b>REVENUE SECTION</b>				
5.	75 — Roads	Surface Transport	15,00,000	48,51,432	33,51,432
	<b>CAPITAL SECTION</b>				
2.	16 — Ministry of Defence	Defence	13,00,00,000	13,02,00,000	5,00,000

T

APPROPRIATION ACCOUNTS (TELECOMMUNICATION SERVICES) VOTED GRANTS

CAPITAL SECTION		Communication		
7. 15 — Telecommunication Services		APPROPRIATION ACCOUNTS (RAILWAYS)		
		A. Voted Grants		
		2657,99,00,000	2923,020,82,476	65,03,82,479
<b>REVENUE SECTION</b>				
8.	6 — Working Expenses — Repairs and Maintenance of carriages and wagons	1116,51,66,000	1133,26,31,830	16,47,50,076
9.	8 — Working Expenses — Operating Expenses Rolling Stock and Equipment	872,19,33,000	879,88,26,044	7,78,63,334
10.	13 — Working Expenses — Provident Fund, Pension and other Retirement Benefit	1012,49,41,000	1050,29,81,963	37,79,30,598
11.	14 — Appropriation to funds — Depreciation Reserve Fund, Development Fund, Pension Fund, Accident Compensation Safety & Passenger Amenities Funds Revenue Reserve Fund	3602,00,00,000	3689,36,39,308	87,36,39,308
12.	15 — Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortization of Over Capitalization	1349,00,00,000	1443,67,58,501	94,67,58,501

13.	16 — Assets — Acquisition, Construction & Replacement Other Expenditure—Railways Funds	Railways	2410,69,35,000	2445,25,18,328	34,58,39,864
CAPITAL SECTION					
14.	16 — Assets Acquisition, Construction & Replacement Other Expenditure — Railways Funds	Railways	6193,26,48,000	6209,58,41,679	15,31,36,695
B. Charged Appropriation					
15.	4 — Working Expenses — Repairs & Maintenance of permanent way and works	Railways	70,68,000	71,33,097	65,097
16.	7 — Working Expenses — Repairs & Maintenance of plant and equipment	-do-	2,57,000	3,78,254	1,21,254

After taking into account the (-) misclassification of Rs. 27,15,754 the real excess expenditure requiring regularisation works out to Rs. 16,47,50,076.

After having misclassification of Rs. 9,70,290 the real excess expenditure requiring regularisation works out to Rs. 778,63,334.

After having (-) misclassification of Rs. 1,10,365 the real excess expenditure requiring regularisation works out to Rs. 37,79,30,598

After taking into account the misclassification of Rs. 2,56,536 the real excess expenditure requiring regularisation under Railway Funds works out to Rs. 34,58,39,864.

After having the (-) misclassification of Rs. 1,00,56,984 the real excess expenditure requiring regularisation under capital section (voted) works out to Rs. 15,31,36,695.

**APPENDIX II**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF DEFENCE**  
**(FINANCE DIVISION)**  
**(Main Office Section)**

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Charged) of Appropriation No.16 — Ministry of Defence, as disclosed in the Union Government Appropriation Accounts (Civil) for 1991-92.

*Grant No. 16 — Ministry of Defence*

*Capital Section (Charged)*

	(Rupees)
Original Appropriation	13,00,00,000
Supplementary Appropriation	Nil
Total Appropriation	13,00,00,000
Actual Expenditure	13,05,00,000
Excess	5,00,000

2. The original as well as supplementary appropriation for the year 1991-92 under Capital Section (Charged) of Grant No.16 — Ministry of Defence was Rs. 13,00,00,000. As against this, the actual expenditure was Rs. 13,05,00,000 resulting in an excess expenditure of Rs. 5,00,000.

3. The excess expenditure of Rs. 5 lakhs was under Major Head “7601-Loans and Advances to the State Governments in Capital Section (Charged) of the Appropriation. This was due to loans and advances sanctioned to the State Governments of Rajasthan and Uttar Pradesh in 1990-91 for Water Supply Schemes, for which Reserve Bank of India effected the Payments in the year 1991-92 instead of 1990-91. It finally led to an error in estimation on the part of Engineer-in-Chief’s Branch. The error in estimation also escaped attention of Ministry of Defence at Revised Estimate/Modified Appropriation for 1991-92 stage. However, the following steps are proposed to prevent similar lapses in Future.

(a) Pay and Accounts Office, Ministry of Defence would be advised of allocation/re-allocation/modified allocation or appropriation of funds.

(b) Pay and Accounts Office, Ministry of Defence would be consulted at the appropriation or surrender stage.

(c) Engineer-in-Chief’s Branch and Ministry of Defence will coordinate to take note of bookings made during the year and accordingly make

suitable proposals for Supplementary Grants or Appropriation or re-appropriation of funds.

(d) Instructions to implement above mentioned guidelines have been issued vide Ministry of Defence I.D. No. 3(1)/92/D(W.II) dated 19.3.1993. (Copy enclosed).

4. In view of the circumstances explained above, the excess expenditure of Rs. 5,00,000 under Capital Section (Charged) of Grant No. 16 — Ministry of Defence for 1991-92 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

5. This has been vetted by Audit vide their U.O.No.RR/11-2/93-94/220 dated 28th May 1993.

Sd/-

(P.R. SIVASUBRAMANIAN)  
Additional Financial Adviser & Joint Secretary

[Ministry of Defence (Finance) PC File No. 2(3)/MO/93/ dt. 28.5.93]

#### MINISTRY OF DEFENCE

**SUB: Regularisation of Excess Expenditure under Grant No. 16 MOD(Civil) under major Head 7601 Loans to State Govt. for 1991-92.**

**Ref: MOD(Fin) ID No.205/DF(A(C&MO)/93 dated 10.3.93.**

The above matter was examined in consultation with EinC's Branch and the DCDA MOD (Civil).

2. The Ministry of Defence had issued two sanctions dated 26th March, 1991 for release of Rs. 1.50 crores in respect of Jodhpur Water Supply Scheme to the Govt. of Rajasthan and Rs. 55 lakhs to the Govt. of UP in respect of Ranikhet Water Supply Scheme. As intimated by DCDA, the Ministry of Defence sanctions dated 26th March, 1991 were not delivered to PAO, MOD by hand with the result that the letters were actually received by PAO in May 1991. The Pay & Accounts Officer, Ministry of Defence had requested RBI to effect the payments for 1990-91 account and raise debit against PAO in March 1990-91 account, as these were obligatory payments. However, RBI actually debited the amount against PAO in 1991-92 and the payment adjusted during 1991-92 account. Subsequently, the PAO had advised the Ministry of Defence to make a suitable provision of additional funds of Rs. 2.05 crores in 1991-92 and if necessary, demand for Supplementary Grant. The above mentioned letter appears to have been marked to EinC's Branch as well.

3. During discussion with EinC's Branch, it transpired that the copy of



advice sent to EinC's Branch was not received thereat and that they monitor only the transactions in respect of the Defence Services Estimates. As the transactions relating to loan assistance to State Govts. form part of civil estimates, the monitoring of expenditure and availability of funds were required to be watched by Ministry of Defence along with PAO (MOD). In the first instance, the advice of AO/DAD had not been sufficiently pursued with the result that the debit afforded by the RBI against PAO could not be adjusted. Further when the Government decided to release Rs. 11 crores and surrender Rs. 2 crores in respect of BE 1991-92, PAO, MOD was not consulted on the actual expenditure booked in the accounts so far during the year. As a result excess expenditure of Rs. 5 lakhs during the year vis a vis budget allocation remained booked.

4. Based on the above instance, the following steps have been proposed to be taken by the Ministry to prevent similar lapses arising in future:

(a) PAO shall be advised of allocation/re-allocation/modified allocation or appropriation of funds. During the current year, the Govt., have re-appropriated Rs. 5.5 crores in respect of loan assistance to Water Supply Schemes with a copy endorsed to the PAO.

(b) Before the proposals for surrender or re-appropriation are considered, the PAO shall also be consulted.

(c) EinC's Branch shall also coordinate with Ministry of Defence in respect of transactions booked during the year and accordingly make suitable proposals for Supplementary Grants or Appropriation or re-appropriation of funds.

(R. RAJALAKSHMI)  
DEPUTY SECRETARY(W)

DFA(CWD)  
MCD I.D. No. 3(1)/92/D(WII), dt. 19.3.93

Copy to

CDA(HQRS) G Block  
C.G.D.A.  
West Block IV,  
R.K. Puram  
EinC's Branch  
Kashmir House  
Dir. Budget, EinC's Branch

### APPENDIX III

GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE (FINANCE DIVISION)  
(Main Office Section)

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 17—Defence Pensions, as disclosed in the Union Government Appropriation Accounts (civil) for 1991-92.

*Grant No. 17—Defence Pensions*

*Revenue Section (Voted)*

	(Rupees)
Original Grant	1749,67,00,000
Supplementary Grant	90,00,00,000
Total Grant	1839,67,00,000
Actual Expenditure	1839,96,29,916
Excess	29,29,916

2. The original provision for the year 1991-92 under Revenue Section (Voted) of Grant No. 17—Defence Pensions was Rs. 1749,67,00,000. This was augmented to Rs. 1839,67,00,000 by obtaining a supplementary grant of Rs. 90,00,00,000. Against this, the actual expenditure was Rs. 1839,96,29,916 which resulted in an excess expenditure of Rs. 29,29,916.

3. The above mentioned excess expenditure was the net result of excesses and savings under various sub-heads of the Grant. Statement-I and Statement-II are showing the excess expenditure and savings respectively under various sub-heads of the Grant. The sub-heads under which the excess expenditure of Rs. 5 lakhs and above occurred and reasons therefore are as under:—

Major Head — 2071. (Rupees in thousand)

A.1(1)(1)(3) — Payments made to Officers etc. who retired after 1.4.1937 but before 15.8.1947 excluding pensions sanctioned as a result of war 1939-45.

Total Grant	9,00,00
Actual Expenditure	9,06,08
Excess	6,08

Excess expenditure was due to more pensioners turning up than anticipated.

A.1(1)(1)(4) — Payment made to Officers etc. who retired on or after 15.8.1947.

Original Grant	1066,15,52
Supplementary Grant	49,77,85
Total Grant	1115,93,37
Actual Expenditure	1116,89,59
Excess	96,22

Excess was due to eligible pensioners being more than anticipated.

A.1(1)(3) — Family Pensions

Original Grant	128,88,00
Supplementary Grant	36,02,00
Total Grant	164,90,00
Actual Expenditure	165,58,11
Excess	68,11

Excess was due to payment of arrears of pensions under pre 1964. Family Pension scheme and relief sanctioned from 1.7.1991.

A.1(2)(1)(5) — Gratuities

Total Grant	3,10,00
Actual Expenditure	3,39,79
Excess	29,79

Excess was due to finalisation of more gratuity claims than anticipated.

A.1(1)(3)	— Family Pensions	
	Original Grant	1,39,65
	Supplementary Grant	39,35
	Total Grant	1,79,00
	Actual Expenditure	1,92,35
	Excess	13,35
	Excess was due to payment of arrears of pension under pre 1964. Family Pension scheme and relief sanctioned from 1.7.1991.	

A.1(3)(3)	— Family Pensions	
	Original Grant	2,75,45
	Supplementary Grant	70,45
	Total Grant	3,45,90
	Actual Expenditure	3,51,36
	Excess	5,46
	Excess was due to payment of arrears of pension under pro 1964. Family Pension scheme and relief sanctioned from 1.7.1991.	

4. To avoid recurrence of excess booking due to belated receipt of vouchers in respect of Defence pensioners in U.K., etc. and curb the trend of excess expenditure necessary instructions to the Pension Disbursing Authorities have been issued for the strict liaison and projection of realistic figures in Budget Estimates taking into account the likely increase in the number of pensioners etc. A copy of Controller General of Defence Accounts letter No. A/B/L/9130/92-93 dt. 17th February, 1993 is enclosed herewith.

5. In view of the circumstances explained above, the excess expenditure of Rs. 29,29,916 under Revenue Section (Voted) of Grant No. 17— Defence Pensions for 1991-92 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution.

6. This was been vetted by Audit *vide* their U.O. No. PR/11-3/92-93/218 dt. 28.5.1993.

Sd/-

(P.R. Sivasubramanian)

*Addl. Financial Adviser & Joint Secretary*

[Ministry of Defence/Finance F.No.2(3)MO/93/1117 dated 28.5.93.]

## STATEMENT I

*Position of excess expenditure occurred under Revenue Section (Voted) of  
Grant No. 17—Defence Pensions for 1991-92*

## REVENUE SECTION (VOTED)

## MAJOR HEAD "2071"

(Rupees in thousands)

	Original Grant (including Supplementary Grant)	Actual Expenditure	Excess
1	2	3	4
A.1(1)—Army:			
A.1(1)(1)—Normal Pensions:			
A.1(1)(1)(3)—Payments made to officers etc. who retired after 1.4.1937 but before 15.8.1947 excluding pension sanctioned as a result of the 1939-45	9,00,00	9,06,08	6,08
A.1(1)(1)(4)—Payments made to officers etc. who retired on or after 15.8.1947	1115,93,37	1116,89,59	96,22
A.1(1)(1)(5)—Gratuities	124,72,00	124,73,19	1,19
A.1(1)(3)—Family Pensions	164,90,00	165,58,11	68,11
A.1(2)—Navy			
A.1(2)(1)—Normal Pensions:			
A.1(2)(1)(1)—Payments made to officers etc. who retired on or before 1.4.1937	15	16	1
A.1(2)(1)(5)—Gratuities	3,10,00	3,39,79	29,79
A.1(2)(3)—Family Pensions	1,79,00	1,92,35	13,35
A.1(3)—Air Force			
A.1(3)(1)—Normal Pensions:			
A.1(3)(1)(2)—Payments made to officers etc. as a result of the war 1939-45	20	21	1

1	2	3	4
A.1(3)(1)(3)—Payments made to officers etc. who retired after 1.4.1937 but before 15.8.1947 excluding pensions sanctioned as a result of the war 1939-45	70	96	26
A.1(3)(1)(5)—Gratuities	7,60,50	7,60,91	41
A.1(3)(2)—Commuted value of Pensions	19,60,50	19,61,30	80
A.1(3)(3)—Family Pensions	3,45,90	3,51,36	5,46
<b>Total</b>	<b>1450,12,32</b>	<b>1452,34,01</b>	<b>2,21,69</b>

Sd/-

(P.R. Sivasubramanian)

*Adl. Financial Adviser & Joint Secretary*

## STATEMENT II

*Position of savings occurred under Revenue Section (Voted) of Grant  
No. 17—Defence Pensions for 1991-92*

### REVENUE SECTION (VOTED)

#### MAJOR HEAD "2071"

(Rupees in thousands)

	Original Grant (including Supplementary Grant)	Actual Expenditure	Saving
1	2	3	4
A. Pension and other retirement benefits			
A.1—Defence:			
A.1(1)—Army			
A.1(1)(1)—Normal Pensions:			
A.1(1)(1)(1)—Payments made to officers etc. who retired on or before 1.4.1937	45,50	45,00	50
A.1(1)(1)(2)—Payments made to officers etc. as a result of the war 1939-45	5,00,00	4,45,00	55,00
A.1(1)(2)—Commuted value of pensions	309,34,13	309,13,42	20,71
A.1(1)(4)—Contributions to Provident Fund	80,00	12,71	67,29
A.1(1)(5)—Rewards	1,00,00	99,91	09
A.1(2)—Navy			
A.1(2)(1)(2)—Payments made to officers etc. as a result of the war 1939-45	20	10	10
A.1(2)(1)(3)—Payments made to officers etc. who retired after 1.4.1937 but before 15.8.1947 excluding pensions sanctioned as a result of the war 1939-45	5	—	5

1	2	3	4
A.1(2)(1)(4)—Payments made to officers etc. who retired on or after 15.8.1947	16,07,10	15,86,35	20,75
A.1(2)(2)—Commuted value of pensions	6,03,50	5,83,51	19,99
A.1(2)(4)—Contribution to Provident Fund	2,60	1,05	1,55
A.1(2)(5)—Rewards			
A.1(3)—Air Force	40	38	2
A.1(3)(1)—Normal Pensions:			
A.1(3)(1)(1)—Payments made to officers etc. who retired on or before 1.4.1937	20	1	19
A.1(3)(1)(4)—Payments made to officers etc. who retired on or after 15.8.1947	50,78,00	50,74,51	3,49
A.1(3)(4)—Contributions to Provident Fund	2,00	—	2,00
A.1(3)(5)—Rewards	1,00	34	66
Total	389,54,68	387,62,29	1,92,39

Sd/-

(P.R. Sivasubramanian)

*Adl. Financial Adviser & Joint Secretary*



No. A/B/1/9130/92-93.  
Office of the C.G.D.A.,  
West Block—V, R.K. Puram,  
New Delhi-66.

Dated the 17th February, 1993.

To

The Chief Controller of Defence Accounts,  
(Pensions) Draupadighat,  
ALLAHABAD.

**SUBJECT:** *Excess Booking of Expenditure under Grant No. 17—Defence Pensions for the Year 1991-92.*

Reference:—This Office letter of even number dated 27.8.92.

During the year 1991-92 a sum of Rs. 7.33 lakhs was booked to Pension heads by the CDA (Hqrs.) New Delhi on account of pension payments made through HCI London Account on receipt of ILAC accounts which resulted in an excess expenditure. The excess could have been avoided if necessary liaison with CDA (Hqrs.) had been ensured specifically calling for the details of ILAC bookings from them.

Similarly, a sum of Rs. 12.41 lakhs was booked to the head 'Contribution to Provident Fund' by C of A Factories and Jt. CDA (Funds) Meerut during March, 1992 and March Supplementary Accounts which resulted in excess. This adjustment carried out by them every year does not appear to have been anticipated by your office while carrying out adjustments of vouchers to pension heads. Necessary liaison is required to be ensured with these officers also during the current year to avoid excess.

Kindly take adequate steps to monitor the above expenditure to avoid excess in the grant in the current year. Action taken may be intimated to the Office.

Sd/-  
(M.D. PALIATH)  
DY. C.G.D.A.

Copy to:— (By Speed Post)

1. The CDA (Hqrs.)  
New Delhi-II

For information:

Kindly ensure a close liaison with the CCDA(P) Allahabad for booking the amounts under various pension heads relating to Defence Pensions in 13/93 and 14/93 to avoid excess in the current year.

2. The CDA (ORs) North, Meerut.

You have booked a sum of Rs. 12 lakh 15 thousand upto and for 1/93 under head 0/014/33. Please confirm to CCDA(P) under intimation to this office the correctness of the booking or readjust the amounts during 2/93.

3. C.D.A. (Central Command) Meerut.

You have booked upto and for 1/93, a sum of Rs. 6000/- under Head 0/014/33. Please confirm to the CCDA(P) Allahabad under intimation to this office the correctness of the booking or readjust the amount during 2/93.

4. C of A (FYs) Calcutta.

You have booked upto and for 1/93, a sum of Rs. 15,000/- under head 0/014/33. Please confirm to the CCDA(P) Allahabad under intimation to this office the correctness of booking or readjust the amount during 2/93.

Please acknowledge receipt.

Sd/-  
(M.D. PALIATH)  
DY. CGDA(A/Cs)

OFFICE OF THE CONTROLLER OF DEFENCE ACCOUNTS  
(PENSIONS)

[Raksha Lekha Niyantarak (Pensions) Ka Karyalaya]  
Draupadi Ghat, ALLAHABAD-211014

No. A/11/3795/XXII

Dated 8th Sept., '92

To

The C.G.D.A.  
West Block-V,  
R.K. Puram,  
New Delhi-66

**SUBJECT: Booking of Expenditure under Defence Pension Head for the year 1991-92.**

Reference:—Your letter No. A/B/I/9130/91-92 dated 27.8.92.

In this connection it may be stated that this office has already furnished a detailed reply under this office letter No. A/II/3795/XXII dt. 6.7.92 (copy enclosed) in reply to your Hqrs. Telex No. 43 dated 14.7.92.

2. Our Letter No. AT-I/TV/Miso/4330/C dated 12.6.91 was issued by our Audit Section clarifying the doubt raised by HCI regarding revision of pension of Defence Pensioners settled in U.K. and getting their pension in pound sterling. This type of routine correspondance cannot form basis of making budget provisions.

3. Your Hqrs. letter No. A/B/I/9130/91-92 dated 31.12.91 forwarding the Indian High Commission letter No. LON/Accounts/Chy/732/11/91 dated 11.10.91 was replied to *vide* our even dated 23.1.92 with copy of CDA Hqrs. (copy enclosed). It was the duty of the CDA Hqrs. to monitor the expenditure on the above account i.e. the payment on account of revision of pension of UK based Defence pensioners drawing pension in pound sterling.

4. This office closely watched the expenditure till 13/92. The CSDA, who are responsible for booking expenditure to pension heads, were contacted by telegram as well as telephonically to intimate the expenditure they are likely to book in 14/92. While Chief Controller of Accounts (Factories), CDA(CRS) North, and CDA (PD) intimated expenditure, they were likely to book in 14/92 account, the CDA (Hqrs.) did not intimate the position inspite of our telegrams dated 16/6/92 and 25/6/92 presumably they had no H.C.I. Account of U.K. in hand to intimate us their likely booking. Since there is a limit upto which 14/92 account could be booked, this office utilised the provision on the last day. It was found later that CDA (ORS) North had booked some amount inspite of confirming no booking would be made by them, the CDA (Hqrs.) booked substantial amount without prior intimation.

5. When so many offices are booking expenditure under one head, it is not possible to monitor the expenditure by one office unless some discipline is imposed on all of them. It is required that instructions may be issued to all the CsDA to intimate and get our prior concurrence before booking any expenditure to a pension head in March Supplementary and March Supplementary correction.

6. However, to avoid such irregularities in future the Budget estimates are being called for from the various Controllers. In this connection we have issued DO letter No. A-II/3795/XXXIII dated 17.8.92 (copy enclosed) from CDA to various controllers to submit their estimates in the light of the directions issued to our Hqr. letter No. A/II/9130/PC-IV dated 14.5.87. We are also devising a mechanism to avoid excess

booking during the year 1992-93 and for this purpose all Controllers will be asked Demi Officially to intimate the probable amount of booking during 14/93 by 20th June, 1993 at the latest.

Sd/-  
(GIAN SWARUP)  
Chief Controller of Defence Accounts  
(Pensions)

**APPENDIX IV**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**DEPARTMENT OF EXPENDITURE**  
**CENTRAL PENSION ACCOUNTING OFFICE**

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 28-Pensions, as disclosed in the Union Government Appropriation Accounts (Civil) for 1991-92.

*Grant No. 28—Pensions*

*Revenue Section (Voted)*

	(Amount in Rupees)
Original Grant	548,84,00,000
Supplementary Grant	NIL
Total Grant	548,84,00,000
Actual Expenditure	581,34,53,771
Excess	32,50,53,771

2. The original provision for the year 1991-92 under Revenue Section (Voted) of the Grant 'Pensions' was Rs. 548,84,00,000. Against this the actual expenditure was Rs. 581,34,53,771 resulting in a excess expenditure of Rs. 32,50,53,771.

3. The above mentioned excess expenditure was the net result of excesses and savings under various sub-heads of the Grant. Statement-I and Statement-II are showing the excess expenditure and savings respectively under various sub-heads of the Grant. The excess expenditure and reasons thereof under various sub-heads of the Grant are as under:—

*Major-Head 2071*

	(Rs. in Thousands)
(i) A.1 (1)-Superannuation and Retirement Allowances	
A.1 (1) (1)-Ordinary Pensions	
Original Grant	318,36,00
Actual Expenditure	341,52,13
Excess	23,16,13

The excess expenditure was due to addition of more pensioners and increase in the rate of Dearness Relief.

(Rs. in Thousands)

(ii)	A.1 (2)-Commuted Value of Pensions	
	A.1 (2) (1)-Ordinary Pensions	
	Original Grant	77,02,16
	Actual Expenditure	77,62,89
	Excess	60,73

The excess expenditure was due to addition of more pensioners.

(iii)	A.1 (3)-Gratuities	
	Original Grant	89,50,62
	Actual Expenditure	90,96,50
	Excess	1,45,88

The excess expenditure was due to addition of more pensioners.

(iv)	A.1 (4) (1)-Family Pensions	
	Original Grant	48,63,90
	Actual Expenditure	55,06,84
	Excess	6,42,94

The excess expenditure was due to addition of more pensioners and increase in the rate of Dearness Relief.

(v)	A.1 (9)-Pension to Legislators	
	A.1 (9) (1)-Members of Parliament	
	Original Grant	34,14
	Actual Expenditure	89,49
	Excess	55,35

The excess expenditure was due to addition of more pensioners and increase in the rate of Dearness Relief.

(vi)	A.1 (10) (6)-Miscellaneous Pensionary Payments	
	Original Grant	2,89,41
	Actual Expenditure	3,42,02
	Excess	52,61

The excess expenditure was due to receipt of more claims than expected.

- (vii) A.1 (10) (7)-Ex-Gratia/Ad-hoc Allowances to Burma/Pakistan Civil Pensioners/Family Pensioners.

	(Rs. in thousands)
Original Grant	32,15
Actual Expenditure	84,06
Excess	51,91

The excess expenditure was due to receipt of more claims than expected.

*Major-Head 2235*

- (viii) B.1 (1) (1)-Pensions etc. under War Risk Compensation Scheme

Original Grant	0,65
Actual Expenditure	2,25
Excess	1,60

The excess expenditure was due to receipt of more claims than expected.

- (ix) B.1 (2)-Deposit Linked Insurance Scheme—Government Provident Funds.

Original Grant	1,65,65
Actual Expenditure	5,91,79
Excess	4,26,14

The excess expenditure was due to receipt of more claims than expected.

4. It is stated that the pension grant is a composite grant. It is operated by many agencies including the Accountants General. They all prepare the estimates which are ultimately consolidated in the Central Pension Accounting Office. So any error in estimates by an agency will have reflection in the ultimate consolidation made by the Central Pension Accounting Office. Apart from the above, the addition to the number of Pensioners and the increase in Dearness Relief is beyond the purview and control of the Central Pension Accounting Office. The disbursement function is peculiar too. The banks (including Treasuries) make the payment, obtain reimbursement from the Reserve Bank of India directly and then send the scrolls to the Central Pension Accounting Office for accounting purpose. Their numbers (scrolls) are too voluminous to enable the Central Pension Accounting Office to investigate the correct reasons for the differences. Further, no cheques are issued by the Central Pension Accounting Office except for the reimbursement claimed by the Accountants General for the payment made by the treasuries. As such, there cannot be any precheck control by the Central Pension Accounting Office over the pension disbursement. In such a situation, it is difficult to make a correct estimate of the expenditure relating to pension payment.

5. In view of the circumstances explained above, the excess expenditure of Rs. 32,50,53,771 under Revenue Section (Voted) of Grant No. 28-Pensions for 1991-92 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

6. This has been vetted by Audit vide their U.O. No. RR/11-6/93-94/182 dated 26th May, 1993.

Sd/-  
*Financial Adviser (Finance)*

(Ministry's File No. MF. CPAO/CG-III/26/1991-92)



### STATEMENT—I

*Statement showing the excess expenditure incurred under various sub-heads of Revenue Section (Voted) of the Grant No. 28-Pensions for the year 1991-92.*

(Rupees in Thousands)

S.No.	Sub-heads	Excess Expenditure
1.	A.1 (1) (1)-Ordinary Pension	23,16,13
2.	A.1 (2) (1)-Ordinary Pensions	60,73
3.	A.1 (3)-Gratuities	1,45,88
4.	A.1 (4) (1)-Family Pensions	6,42,94
5.	A.1 (9) (1)-Members of Parliament	55,35
6.	A.1 (10) (6)-Miscellaneous Pensionary Payments	52,61
7.	A.1 (10) (7)-Ex-gratia/Ad-hoc Allowances to Burma/Pakistan Pensioners/Family Pensioners	51,91
8.	B.1 (1) (1)-Pension etc. under War Risk Compensation Scheme	1,60
9.	B.1 (2)-Deposit Linked Insurance Scheme—Government Provident Funds	4,26,14
<b>TOTAL</b>		<b>37,53,29</b>

## STATEMENT II

*Statement showing the Savings occurred under various sub-heads of Revenue Section (Voted) of the Grant No. 28—Pensions for 1991-92.*

(Rupces in Thousands)

S.No.	Sub-Heads	Savings
1.	A.1 (6)-Contributions to Pensions and Gratuities	32,63
2.	A.1 (7)-Contribution to Provident Funds	2,50,70
3.	A.1 (8)-Pensions to Employees of State Aided Educational Institutions	5,50
4.	A.1 (10) (1)-Pensions under the Indian Civil Service Family Pension Rules	3,34
5.	A.1 (10) (2)-Pensions of the Bengal and Madras Service Family Pension Funds	0,02
6.	A.1 (10) (3)-Pensions under President's Pension Act	0,06
7.	A.1 (10) (4)-Ex-gratia Pensions to Indian Pensioners of Protugese Colonies	65,07
8.	A.1 (10) (5) (1)-Pensions	12,65
9.	A.1 (11) (1)-Cost of Remittance of Pensions by Money Orders	5,51
10.	B.1 (1) (2)-Old Age Pensions in Chandigarh	4,69
11.	B.1 (3) (1)-Central Government Employees Insurance Scheme	1,15,37
12.	B.1 (4)-Other Insurance Schemes	7,21
	TOTAL	5,02,75

## APPENDIX V

### MINISTRY OF SURFACE TRANSPORT BORDER ROADS DEVELOPMENT BOARD

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Charged) of Grant No. 75 - Roads, as disclosed in the Union Government Appropriation Accounts (Civil) for 1991-92.

Revenue Section (Charged)	Rupees
Original Appropriation	6,00,000
Supplementary Appropriation	9,00,000
Total Appropriation	15,00,000
Actual Expenditure	48,51,432
Excess	33,51,432

2. The original provision for the year 1991-92 under Revenue Section (Charged) of Grant No. 75 - Roads was Rs 6,00,000. This was augmented to Rs 15,00,000 through a supplementary Grant of Rs 9,00,000. As against this, the actual expenditure was Rs 48,51,432 resulting in an excess expenditure of Rs 33,51,432.

3. Of the total expenditure of Rs 48,51,432, an amount of Rs 9,00,000 was incurred under the Major Head '3054' in which no provision was made in the Budget Estimate. The amount was met from the supplementary grant and paid as arbitration award to M/S DD Sharma against CA No. CE(P) Swastik — MB — 1/83-84. The total excess of Rs 33,51,432 was under the Major Head '3601' sub head B.1(2) (1) (1) - Road Works. Under this sub-head, an amount of Rs. 18,58,725 was paid against proper sanctions and Rs 20,92,707 had to be paid to avoid contempt of court and for fulfilment of time bound arbitration awards/court decrees. Because of uncertainties, this amount could not be accurately estimated and supplementary grant was, therefore, not obtained.

4. To prevent the excess expenditure in future, a need was felt to have a central monitoring system to watch the expenditure against the allotment. Accordingly, a Cell was opened in October 1992 in the office of the Controller of Defence Accounts (Border Roads). The Cell has started functioning to monitor the expenditure for 1992-93 and onwards. With this measure, it is expected that no excess expenditure is likely to be occurred in future. The suitable instructions were also issued to all concerned to

follow the prescribed procedure vide Ministry of Surface Transport/Border Roads Development Board OM No. F. 208(8)/BRDB/BWA/CH/Expdr., dated 30th December, 1992 (copy enclosed).

5. In the circumstances explained above, the excess expenditure of Rs 33,51,432 under Revenue Section (Charged) of Grant No. 75 - Roads, for 1991-92 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

6. This has been vetted by Audit vide their U.O. letter No. RR-11-1/93-94/224 dated 31st May, 1993.

Sd/-

(A.K. Aggarwal)

Addl. Secretary & Financial Adviser

(Ministry's File No. 22508/Charged/92-93/Vol.II)

No. C.F. 208(8) BRDB/BWA/CH/Expenditure  
Ministry of Surface Transport  
Border Roads Development Board  
'B' Wing, 4th Floor Sena Bhawan,  
New Delhi-110011.

Dated : 30th December, 1992

### OFFICE MEMORANDUM

**SUBJECT : Revised procedure on 'Charged Expenditure' in BRO**

The Undersigned is directed to say that the excess expenditure over the Allotment of Funds for Charged Expenditure during the year 1991-92 has been brought to the notice of BRDB Sectt. With a view to avoid recurrence of such instances, the following guidelines are issued for strict compliance.

(i) in future, irrespective of the recommendations made by Ministry of Defence (Fin/CS) and Accepted by Ministry of Finance at Revised Estimates or Budget Estimates stage, no new or revised provision for charged expenditure under respective Major Heads should be taken as finally approved unless a confirmation is received in writing from the Ministry of Surface Transport (Finance) or Budget Division, Deptt. of Economic Affairs, Ministry of Finance;

(ii) The noting of charged expenditure and allocation of funds from charged expenditure will be centrally controlled through individual sanction in each case and noted by both DGM Hrs. and CDA (BR).

(iii) No Separate allotment of charged expenditure funds to any subordinate formation to cover any past or future sanction under this Head will be made by DGBR Hrs.

(iv) Each Sanction accorded by the Competent Authority shall invariably indicate the classification as 'Charged' to avoid any ambiguity in compilation of the expenditure.

2. A Cell shall be opened in CDA (BR)'s office. The main functions of this Cell in (CDA) (Br)'s Office would be :

(a) to note the actual allocation of such Charged Expenditure fund from each budgetary head to cover each individual sanction for Charged Expenditure;

(b) to monitor the progress of actual Charged Expenditure against budgetary allocation;

(c) to give timely signal to DGBR HQrs BRDS Sectt for arranging replenishment/revision of Charged Expenditure provision under each head either through borrowing from Contingency Fund of India in emergency or through Supplementary Demands; and

(d) to help DGBR Hrs to make a realistic estimate of funds requirements for Charged Expenditure under each budgetary head at PR/RE/BE stages;

3. The advise of CGDA as contained in their U.O. Note No. A/II/11909/L-I dated 23.9.92 pertaining to arbitration awards is enclosed at Annexure-'A' for guidance.

4. This issues with the concurrence of Ministry of Defence (Fin/CS) vide their U.O. No. 2258/5/92/BRS dated 30-12-92.

5. The receipt of this circular may kindly be acknowledged.

Sd/-  
(M, Anjaneyulu)  
Under Secretary to the  
Govt. of India

DGBR Hrs. Kashmir House, New Delhi.

Copy to :

- (i) CDA (BR) Kashmir House, New Delhi.
- (ii) Min. of Def. (Fin/CR)

## **ANNEXURE 'A'**

(Ref. Para 3 of Circular)

The payment made in satisfaction of Arbitration Awards can be divided into two broad categories viz. (a) Award which directs payments of money by one party to another (b) Awards which merely declare the rights of the parties or the correct interpretation of particular provision without containing any consequential directions to make payments. The former type of award is called "Executory Award" while the latter is called "Declaratory Award". It is only in the case of "Executory Awards" that amounts are required to be paid to satisfy the same and in such cases the provision of Article 112 (3) (f) of Constitution will be attracted. Declaratory Awards are not executable as such and hence no sum can be said to be required to satisfy the same. In other words only payment of "Executory Award" is to be treated as "Charged Expenditure". In view of the above clarification the question of exercising discretion of the Chief Engineers' in arbitration awards, does not arise.

Further Ministry of Finance (Deptt. of Expdtr.) Defence Division letter No. F 17 (S)-E III/O/C/69 dated 11.2.69 prescribes that where a payment made into the Court is in the nature of security or staying the execution of the decree, the same would be treated as a "Deposit" and beited to the head Suspense Account and not to Charged Expenditure head. The clearance of the amount from the suspense will be effected after the requisite funds are allotted under charged Expenditure.

**APPENDIX VI**  
**GOVERNMENT OF INDIA**  
**DEPARTMENT OF ATOMIC ENERGY**

Note for the Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Voted) of Grant No. 84-Nuclear Power Schemes, as disclosed in the Union Government Appropriation Accounts (Civil) for 1991-92.

*Grant No. 84-Nuclear Power Schemes*

*Capital Section (Voted).*

	(Rupees)
Original Grant	136,49,00,000
Supplementary Grant	1,50,00,000
Total Grant	137,99,00,000
Actual Expenditure	139,02,71,330
Excess	1,03,71,330

2. The original provision for the year 1991-92 under Capital Section (Voted) of the Grant 'Nuclear Power Schemes' was Rs. 136,49,00,000. This was augmented to Rs. 137,99,00,000 through a supplementary grant of Rs. 1,50,00,000. The actual expenditure amounted to Rs. 139,02,71,330 resulting in an excess expenditure of Rs. 1,03,71,330 in Capital Section (Voted) of the grant.

3. The excess expenditure of Rs. 1,03,71,330 was the net effect of the excesses and saving under the various sub-heads as shown below:—

*(i) Major Head - 4801*

*AA. 1(1) (1) - Solid Storage surveillance facility at Tarapur.*

	(Rs. in thousands)
Original Grant	15,00
Actual Expenditure	12,11
Saving	2,89

The saving was mainly on account of slow progress of civil works and delay in receipt of equipments.

**(ii) AA.1 (1) (2) - Repository For Immobilised Waste Products****- Site-Investigation**

	(Rs. in thousands)
Original Grant	8,00
Actual Expenditure	10,51
Excess	2,51

The excess expenditure was mainly due to the payments made to M/s. Bharat Gold Mines Ltd. For the services rendered by them for the experimental works carried out by them at Kolar Gold Fields. The expenditure incurred upto 31.1.1992 was Rs. 11.58 lakhs. Due to some book adjustment in February 1992 accounts, it was envisaged that the expenditure would be within the final grant of Rs. 10 lakhs sought for. However, after the book adjustments, the expenditure resulted in a marginal excess of Rs. 0.51 lakh. At this stage, there was no possibility of going in for a Supplementary Grant. Thus the actual expenditure incurred was Rs. 10.51 lakhs resulting in an excess expenditure of Rs. 2.51 lakhs which was due to the inevitable nature of the payment. However, the efforts were made to meet this excess expenditure by way of re-appropriation.

**(iii) AA. 1(1) (3) - Waste Immobilisation Plant at Kalpakkam.**

(Rs. in thousands)

Original Grant	1,50,00
Actual Expenditure	1,71,29
Excess	21,29

The excess expenditure was mainly due to the payment made for the supply of stainless steel pipes for the speedier execution of certain works. It may be added that an amount of Rs. 141.18 lakhs represents the cost of stainless steel pipes supplied by Nuclear Fuel Complex, which did not involve a cash outflow but only a book adjustment for credit to the general revenues of Nuclear Fuel Complex. Nuclear Fuel Complex being a Unit of Department of Atomic Energy had Budgeted for the cost of manufacture of such pipes in their Demands for Grants and non-acceptance of Debit would have affected the receipt budget of Nuclear Fuel Complex.

**(iv) AA, 1 (3) (1) - Prototype Fast Breeder Test Reactor.**

(Rs. in thousands)

Original Grant	4,00,00
Supplementary Grant	1,50,00
Actual Expenditure	6,09,13,
Excess	59,13

The excess expenditure was mainly due to the payment of customs duty on stainless steel 316LN in the form of bars purchased from



M/s. TECHPHY, France. The Customs Authorities had decided to levy the customs duty for the material procured from the foreign manufacturer even though the "Not Manufactured in India." Certificate was obtained. The decision of the Customs Authorities was conveyed to the Project Authorities only at the fag end of the financial year. The availability of the material in time was also essential for the smooth execution of the project.

(v) AA.1 (3) (2) - *Environmental Survey Laboratory at Kakrapar.*

(Rs. in thousands)

Original Grant	19,00
Actual Expenditure	42,67
Excess	23,67

The excess expenditure was mainly due to procurement of additional equipments. Upto the end of February, 1992 the progressive expenditure incurred on this scheme was only Rs. 20.77 lakhs. Payment of Rs. 14.70 lakhs towards the cost of one equipment and Rs. 0.71 lakh towards freight was made during the latter part of March, 1992. The circumstances under which the payments were released are detailed below.

An order for supply of "Ultra low level liquid scientillation system" was placed on M/s. Pharmacia Mallace, Finland on 30th December, 1991 with a delivery period of 3 months. As the delivery was supposed to be made around 31 March, 1992, it was assumed that the payment would go in April-May 1992, as is usually the case. Accordingly, this was not taken into account while finalising the Final Grant during 1991-92. However, the material was shipped by air by the party during March, 1992. Since the payment terms were through Letter of Credit and since the party negotiated the Letter of Credit for the material in March, 1992 itself, the payment became inevitable and inescapable during 1991-92. This compelled the project authorities to incur the excess expenditure instead of postponing the same.

4. On close scrutiny of all the above cases it may be seen that these were inevitable payments and arose at the close of the financial year. The excess could not be avoided under the precheck system though a two-tier system of controlling and monitoring the expenditure is in vogue in the department.

5. In view of the circumstances explained above, the excess expenditure of Rs. 1,03,71,330 under Capital Section (Vcted) of Grant NO. 84-Nuclear Power Schemes for 1991-92 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

6. This has been vetted by Audit *vide* their D.O. No. RR/11.5./93-94/184 dated 26.05.93.

Sd/-

(B.R. Prabhakara)  
Additional Secretary

(Ministry's File No. PrAQ3/Book/9(i)/91-92).

## APPENDIX VII

### GOVERNMENT OF INDIA

#### MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 97-Chandigarh, as disclosed in the Union Government Appropriation Accounts (Civil) for 1991-92.

<i>Revenue Section (Voted)</i>	<i>Rupees</i>
Original Grant	1,84,99,00,000
Supplementary Grant	27,32,00,000
Total Grant	2,12,31,00,000
Actual Expenditure	2,17,32,43,133
Excess	5,01,43,133

2. Under Revenue Section (Voted) in Grant No. 97-Chandigarh for 1991-92 against the total grant of Rs. 2,12,31,00,000 there was an actual expenditure to the tune of Rs. 2,17,32,43,133 resulting in an excess expenditure of Rs. 5,01,43,133 which is to be regularised by the Parliament. This excess was the net result of excesses and savings under various sub-heads of the Grant. The sub-heads under which the excess expenditure of Rs. 5 lakhs and above occurred and reasons therefor are given below:—

<i>Major Head 2055</i>	<i>(Rs. in lakhs)</i>
A. 12-Police	
A.12(2)-District Police	76.77

The excess expenditure was mainly due to payment by Chandigarh Administration to Madhya Pradesh Government for deployment of State Police Force at Chandigarh to assist the Administration in maintaining law and order. A sum of Rs. 75.47 lakhs was re-appropriated from saving within the grant to meet this expenditure. Besides this excess expenditure of Rs. 1.30 lakhs was also incurred on account of revision of pay scales on Punjab pattern effective from 1.4.1991, grant of Additional dearness Allowance, payment of Bonus and price rise in petrol etc.

*Major Head 2058***T. 1 - Stationery and Printing**

**T.1(4) (1) - Government Press, Chandigarh 12.83**

The excess expenditure of Rs. 19.05 lakh was incurred on account of payment of arrears due to revision of pay scales on Punjab pattern effective from 1st April, 1991 but notified in January, 1992, increase in water and electricity consumption and raising of electricity charges by paise 20 per unit with effect from 1st July, 1991. This excess of Rs. 19.05 lakh was partly offset by saving of Rs. 7.48 lakh due to less expenditure on purchase of machinery, its maintenance and engagement of less number of Daily Wages Workers. The expenditure on revision of pay scales could not be anticipated at the time of framing Budget Estimates 1991-92. The decision was taken after finalisation of Revised Estimates 1991-92 and hence no supplementary was obtained. The expenditure was therefore, met by re-appropriation within the grant. However, there had been further excess expenditure to the tune of Rs. 1.26 lakh due to booking of debit, in May, 1992 which was raised by Pay and Accounts Office, Director General Supplies and Disposals towards cost of a Printing Machine. The net excess expenditure under this sub-head was Rs. 12.83 lakh.

*Major Head 2059***T.2 Public Works**

**T.2(1) (1) (3) - Executive Establishment 219.63**

The excess expenditure was incurred mainly due to delay in conversion of Plan Posts into Non-Plan, grant of Additional Dearness Allowance and Change in pattern of pay scales from Central to Punjab Pay Scales. After the termination of Seventh Five Year Plan, the departments were required to get the Plan Posts converted into Non-Plan. The Engineering Department of the Administration failed to get these posts converted on Non-Plan side within a stipulated period. Hence provision was required to be enhanced by re-appropriation (Rs. 1.73 crore) in the absence of required budget provision. Even after re-appropriation, further excess of Rs. 27.23 lakh could not be avoided on this account. The remaining excess expenditure is on account of Dearness Allowance and release of Punjab Pay Scales to the staff at the fag end of the financial year.

**T.2 (1)(4) (1)-Establishment 18.69**

The excess expenditure was mainly due to grant of Additional Dearness Allowance and change in pattern of pay scales of the employees from Central to Punjab pattern, effective from 1.4.1991 but notified at the fag

end of the financial year. The Administration could not anticipate as well as get the required provision included in Revised Estimates/Supplementary Demand.

**T.2 (1) (4) (2) (1)-Maintenance on  
Non-Residential Buildings at Chandigarh 10.08**

The excess expenditure was mainly due to increase in maintenance work and price rise of materials. In the month November, 1991 a decision was taken by the Union Territory Administration and Punjab Government that the expenditure incurred on maintenance of Non-Residential Buildings like Punjab Raj Bhawan, Punjab and Haryana Secretariat and Assembly Hall would be borne by the UT Government. Moreover, due to formation of popular Government in Punjab and increase in prices of materials like iron and cement etc. in the month of January, 1992 the Chandigarh Administration had to bear extra unanticipated burden.

**T.2 (1) (4) (2) (2)-Repairs and Maintenance  
of other Building at Chandigarh. 77.67**

The excess expenditure was incurred on account of increase in maintenance work, extra burden on the Administration for maintenance of Assembly buildings, MLA's flats of Punjab Government rise in prices of materials, extra payment for electricity and water charges because of increase in tariff. The payment of electricity and water charges bills was essential as otherwise 10% extra charges were required to be paid as surcharges.

**T.2 (1) (5)-Suspense 590.50**

The excess expenditure was incurred due to increase in maintenance work, and price rise in materials. The Chandigarh Administration earlier intimated that an excess of Rs. 571.01 lakhs also occurred under sub-head 'Suspense', due to maintenance and repair of Kajouli Water Works, out of which Rs. 538.42 lakhs was given to the Punjab Government. The Administration has now clarified that out of Rs. 571.01 lakhs, only an amount of Rs. 361.83 lakhs was given to the Punjab Government for maintenance of Kajouli Water Works. In addition, an amount of Rs. 1.50 lakhs was deposited with the Executive Engineer, Bhakra Main Line Division in February, 1992 for payment to the Punjab Irrigation Deptt. Thus, the total amount paid to the Punjab Govt. comes to Rs. 363.33 lakhs. The remaining balance of Rs. 175.09 lakhs (Rs. 538.42 — Rs. 363.33 lakhs) was incurred by the Health Department of Chandigarh Administration on establishment, maintenance of vehicles and running maintenance of public health stores including telephone charges and consumable items etc. to maintain proper and smooth water supply in the city. In order that in future no excess expenditure is incurred the system of Letter of Credit has been introduced from 1992-93 in the Engineering Department. It may be mentioned that presently expenditure relating to Public Health Circle on maintenance and running of water supply and

expenditure by Engineering Department for purchase of materials through Central Stores for execution of various works is booked under this sub-head. From the financial year 93-94 a separate Major Head '2215' Water Supply and Sanitation has been opened to book the expenditure relating to Public Health Circle. The question of separating the receipts and recoveries relating to Public Health Circle under appropriate Head of Account is under consideration. This sub-head covered vast sphere of activities of development works, hence the excess could not be avoided. It is, however, further submitted that the recovery which is being shown in the Accounts as reduction in expenditure also increased by Rs. 3.46 crores leaving thereby a net excess of Rs. 2.45 crores.

*Major Head 2070*

A.14-Other Administrative Services.

A.14(4)-Home Guards 1506

The excess expenditure was due to creation of new posts payment on account of Dearness Allowance, revision of pay scales, payment of Bonus and increase in Daily Allowance. Keeping in view the law and order problems prevailing at the time Home Guards Volunteers continued to be deployed on law and Order and other multifarious duties. The rate of daily allowance of Home Guards Volunteers were revised with effect from 29.2.1992. The U.T. Administration's employees were given Punjab Pay Scales effective from 1.4.1991 in terms of Government of India's Notification dated 13.1.1992.

*Major Head 2202*

K.1-General Education

K.1(1)(1)-Direction and Administration 38.91

The excess expenditure was due to payment of arrears on account of revision of Pay Scales w.e.f. 1.4.1991, in terms of Government of India Notification dated 13.1.1992 and increase in water and electricity charges by 20 per cent, with effect from 1.7.1991. The entire expenditure on these account was met by re-appropriation within the grant.

K.1(3)(2)(2)-Government Professional Colleges. 5.31

The excess expenditure was due to payment of arrears on account of revision of pay scales (*i.e.* change from Central to Punjab pattern) effective from 1.4.1991, notified by Government of India in January, 1992 and grant of Dearness Allowance. The excess was met by re-appropriation within the grant.

*Major Head 2210*

J.1-Medical and Public Health

J.1(1)(2)(1)-General Hospital Chandigarh 62.85

The excess expenditure was incurred due to purchase of new machinery and equipments, more medicines, increase in water/electricity charges and charging of enhanced rate of Sales Tax for the last four years by the Government Medical Stores Karnal. On the persistent demand of the general public it was considered necessary to set up Dental Clinics in New Dispensaries and to strengthen the existing Intensive Care Unit of the General Hospital. For Dental Clinics, 3 Dental Chairs with complete accessories at a cost of Rs. 6.18 lakh were purchased. One thread Mill Unit (USA Make) for Rs. 8.39 lakh Cardic Monitor with defibrillator and two E.C.G. Machines for Rs. 4.00 lakh for Intensive Care Unit and Instrument for Eye Department (German make) of Poly Clinic, Sector 22 (Rs. 3.78 lakh) were purchased during the year 1991-92. Prices of allopathic medicines and Water and Electricity charges also increased by 20% as compared to the year 1990-91. Medicines worth Rs. 30.00 lakh were also purchased. The excess of Rs. 61.66 lakh on these account was met by re-appropriation within the grant. However, excess of Rs. 1.19 lakh which was attributable to enhanced rates of Sales tax for the last four years charged by Medical Stores Karnal was due to book adjustment direct by the Accountant General through debit, this fact came to the notice of the Administration subsequently.

Q.1(1)(1)(1)-E.S.I. Dispensary

9.61

The excess expenditure was due to purchase of more medicines with the increase in the number of E.S.I. beneficiaries and increase in the cost of medicines. A sum of Rs. 9.60 lakhs was re-appropriated to meet this additional expenditure.

J.1(4)(1)(1)-Chandigarh Medical College

67.64

The excess expenditure was due to more expenditure on new set up to Chandigarh Medical College and purchase of new furniture, machinery equipment and vehicles thereof. The foundation stone of the Chandigarh Medical College was laid down by the Prime Minister on 21.1.1991 and the first Batch of 1st Year of MBBS Course was started in September, 1991. As the size of Annual Plan was already finalised no additional allocation could be made at the later stage (*i.e.* Revised Estimates and Supplementary stage). For the efficient and smooth working of the College a sum of Rs. 68.60 lakhs was, therefore, re-appropriated to this sub-head, to meet the excess expenditure.

*Major Head 2216*

T.3-Housing

T.3(1)(1)(1)-Maintenance and Repairs

5.94

The excess expenditure was due to more expenditure on repairs and maintenance of importance residential buildings. The Union Territory

Chandigarh being the Capital of two States, the residential buildings have also been provided to the officers/officials of Punjab and Haryana State. During the year 1991-92 a popular Government was installed in the States of Punjab and accordingly MLAs and Ministers were provided accommodation meant for them. The urgent and immediate repairs in these residential buildings were carried out by the Administration.

*Major Head 2217*

T.4(1)(2)(3)-Sanitation Staff 34.48

The excess expenditure was due to payment of arrears on account of revision of pay scales effective from 1.4.1991, notified by the Government of India in January, 1992, payment of Dearness Allowance and Bonus. This expenditure was met by re-appropriation within the grant.

*Major Head 2220*

P.1-Information and Publicity

P.1(1)(1)-Direction and Administration 5.19

The excess expenditure was due to revision of pay scales effective from 1.4.1991 Notified by the Government of India in January, 1992.

*Major Head 2515*

C.2(4)(1)(1)-Environmental Planning of Villages 17.55

The excess expenditure was mainly due to making of provision for electricity, street light, drinking water supply, flush type laterines, building of activity centres and renovation of ponds etc. in the villages. In view of the priority of the Central Government to provide basic amenities in villages, the Administration formulated schemes for providing basic amenities in 22 villages. But adequate funds could not be kept in the Budget Estimates 1991-92 due to the overall ceiling fixed by the Planning Commission. Since this being a priority area, additional funds were provided by re-appropriation within the grant for these services.

3. In view of the circumstances explained above, the excess expenditure of Rs. 5,01,43,133 under Revenue Section (Voted) of Grant No. 97-Chandigarh for 1991-92 may kindly be recommended for regularisation by the Parliament under Articles 115(1)(b) of the constitution.

4. This has been vetted by Audit vide their U.O.No.RR/11-4/93-94/632 dated 28th June, 1993.

Sd/-  
(G. GANESH)

*Financial Adviser and Joint Secretary*

## APPENDIX VIII

### MINISTRY OF COMMUNICATIONS DEPTT. OF TELECOMMUNICATIONS (BUDGET SECTION)

Note for Public Accounts Committee for regularisation of excess over Voted Grant as disclosed in Appropriation Accounts of Grant No. 15-Telecommunication Services for the year 1991-92.

In the Capital Section (Voted) of Grant No. 15-Telecommunication, Services there was an excess of Rs. 65.04 crores, constituting 2.28% of the total sanctioned provision in that segment of the grant, as shown below:—

	(Rs.)
Original Grant	2635,99,00,000
Supplementary Grant	222,00,00,000
Total Sanctioned Grant	2857,99,00,000
Actual Expenditure	2923,02,82,479
Excess	65,03,82,479

2. This excess has occurred under one of the Plan Scheme mainly "Local Telephone System" due to more receipt of cables and Apparatus & Plant.

3. The excess of Rs. 65,03,82,479 may kindly be recommended for regularisation by Parliament under Articles 115(1)(b) of the constitution of India.

4. This has been vetted by Audit vide their U.O. Note No. RR-III/1(b)400/Chapter.V/.1991-92/317 dated 18/8/1993.

Sd/-  
(R.C. RASTOGI)  
Member (Finance)

(1-60/92-B)



## APPENDIX IX

### *Explanatory Note for Public Accounts Committee for regularisation of Excess over Voted/Charged portion of Grants/Appropriations during 1991-92*

During the Year 1991-92, there was an overall net excess of Rs. 162.23 crores over the final Grants and Appropriations resulting from aggregate excess of Rs. 295.18 crores under 6 Grants (6,8,13,14,15,16-Capital & Rly. funds) and Two Appropriations (4 &7) and saving of Rs. 132.95 crores under 11 Grants (1,2,3,4,5,6,7,9,10,11,12,16)(OLWR) and 10 Appropriations (3,5,6,8,9,10,11,12,13,16-Capital & Rl. funds).(Reference Para 10.1 to 10.4 of the Report of Comptroller & Auditor General of India for the year 1991-92-Union Government (Railways) Para 25 & 27 -Excess over Voted Grants and Charged Appropriations and Para 26 & 28 -Saving under Voted Grants and Charged Appropriations of the Appropriation Accounts of Railways in India for the year 1991-92 (Part - I - Review).

1.2 The excess under Two Charged Appropriations and six Grants is explained as under:—

- (i) Appropriation No. 4—Revenue—Working Expenses—Repairs and Maintenance of Permanent Way and Works.

	<b>Rupees</b>
Original Appropriation	2,00,000
Supplementary Appropriation	68,68,000
Total Sanctioned Appropriation	70,68,000
Actual Expenditure	71,33,097
Excess	65,097
Misclassification	-NIL-
Excess requiring regularisation	65,097
Percentage of Excess	0.92

Charged Appropriation of Rs. 200 thousand was sanctioned at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 6868 thousand was sanctioned in March, 1992, on account of more payments anticipated in satisfaction of Court decrees.

The excess requiring regularisation is Rs. 65,097, which is the same as disclosed in the Appropriation Accounts.

- (ii) Appropriation No. 7 - Revenue - Working Expenses - Repairs and Maintenance of Plant and Equipment.

	<b>Rupees</b>
Original Appropriation	2,00,000
Supplementary Appropriation	57,000
Total Sanctioned Appropriation	2,57,000
Actual Expenditure	3,78,254
Excess	1,21,254
Misclassification	-NIL-
Excess requiring regularisation	1,21,254
Percentage of Excess	47.18

Charged Appropriation of Rs. 200 thousand was sanctioned at the Budget Estimate stage. A supplementary Charged Appropriation of Rs. 57 thousand was sanctioned in March, 1992, on account of more payments anticipated in satisfaction of Court decrees.

The excess requiring regularisation is Rs. 1,21,254 which is the same as disclosed in the Appropriation Accounts.

(iii) Grant No. 6 - Revenue - Working Expenses - Repairs and Maintenance of Carriages and Wagons.

	<b>Rupees</b>
Original Grant	1106,31,01,000
Supplementary Grant	10,20,65,000
Total Sanctioned Grant	1116,51,66,000
Actual Expenditure	1133,26,31,830
Excess	16,74,65,830
Misclassification	(-) 27,15,754
Excess requiring regularisation	16,47,50,076
Percentage of Excess	1.48

A grant of Rs. 1106.31 crores was obtained at the Budget Estimate stage. A supplementary grant of Rs. 10.21 crores was obtained in March 1992, to meet with the increase in expenditure on account of Dearness Allowance, Productivity Linked Bonus, Adjustments under Transfer of Debit/Credit; partly offset by less expenditure under Staff costs, cost of materials and other Miscellaneous factors.

The Grant however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 16.74 crores. The excess was mainly under subhead. (b) Carriages (Rs. 11.00 crores), sub-head (f) Miscellaneous Repairs & Maintenance (Rs. 3.15 crores), sub-head (c) Electrical General Services, light, fans and Air-conditioners (Rs. 1.29 crores), sub-head (c) Wagons (Rs 1.05 crores),

sub-head (d) Electric Multiple unit coaches (Rs. 1.03 crores); partly offset by saving under sub-head (a) Establishment in offices (Rs. 0.78 crores).

Primary unit-wise excess of Rs. 16.74 crores was mainly due to more expenditure on cost of material from Stock (Rs. 6.61 crores), more adjustment of material on POH (Rs. 5.45 crores), fluctuation in adjustment under transfer of Debit/Credit (Rs 4.32 crores), more adjustment of Wages on POH (Rs. 0.98 crores), more payment of Salaries & Wages (Rs.0.25 crores), more expenditure on cost of material Directly Purchased (Rs. 0.22 crores), over-time Allowance (Rs. 0.10 crores), Dearness Allowance (Rs. 0.09 crores), Other Allowances (Rs. 0.07 crore), Travelling Allowance including Air-travel (Rs. 0.05 crore), Productivity Linked Bonus (Rs. 0.03 crore); partly offset by less expenditure on 'Other Expenses' (Rs. 1.34 crores) and less expenditure under Fuel other than Traction (Rs. 0.09 crore).

Of the total excess, the highest occurred on Northern Railway (Rs. 12.01 crores), followed by Central Railway (Rs. 2.90 crores), South Central Railway (Rs. 2.10 crores), North Eastern Railway (Rs. 1.80 crores), Northeast Frontier Railway (Rs. 1.38 crores), Western Railway (Rs. 1.20 crores), Eastern Railway (Rs. 0.20 crore) partly offset by saving on Southern Railway (Rs. 2.52 crores) and South Eastern Railway (Rs. 2.33 crores).

There was a misclassification of Minus Rs. 27,15,754 (Net) on account of wrong booking of expenditure to Grant No. 6. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament works out to Rs. 16,47,50,076.

(iv) Grant No. 8 - Revenue - Working Expenses - Operating Expenses - Rolling Stock & Equipment.

	Rupees
Original Grant	872,19,33,000
Supplementary Grant	—
Total Sanctioned Grant	872,19,33,000
Actual Expenditure	879,88,26,044
Excess	7,68,93,044
Misclassification	(+ ) 9,70,290
Excess requiring regularisation	7,78,63,334
Per centage of Excess	0.89

A grant of Rs. 872.19 crores was obtained at the Budget / Final Estimate stage.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 7.69 crores. The excess of Rs. 7.69 crore was mainly under sub-heads (f) Traction other than Rolling Stock

and General Electrical Services (Rs. 8.37 crores), (b) Diesel Locomotives (Rs. 5.75 crores), (c) Electrical Locomotives (Rs. 1.86 crores) & (d) Electric Multiple unit coaches (Rs. 0.32 crore); partly offset by savings under (e) Carriages & Wagons (Rs. 2.99 crores), (f) Steam Locomotive (Rs. 0.59 crore), (g) Signalling & Telecommunications (Rs. 0.47 crore) and (h) Ferry Services & Rail Cars (Rs. 0.04 crore). An amount of Rs. 4.52 crores was surrendered at the final modification stage.

Primary unitwise, the excess of Rs. 7.69 crores was mainly due to more expenditure under Contractual payment (Rs. 5.01 crores), cost of material from Stock (Rs. 3.03 crores), fluctuation in adjustment under transfer of Debit/Credit (Rs. 2.44 crores), cost of material Directly purchased (Rs. 2.23 crores), Dearness Allowance (Rs. 1.49 crores), adjustment of material on POH (Rs. 0.07 crore), fee and honorarium (Rs. 0.05 crore), adjustment of Wages on POH (Rs. 0.03 crore), cost of fuel other than Traction (Rs. 0.03 crore); partly offset by less expenditure under Salaries & Wages (Rs. 1.27 crores), Productivity Linked Bonus (Rs. 0.33 crore), Over-time Allowance (Rs. 0.22 crore), other expenses (Rs. 0.15 crores), Travelling Allowance including Air travel (Rs. 0.06 crores), Other allowances (Rs. 0.06 crores), Night Duty Allowance (Rs. 0.05 crores), and aggregate minor saving under other heads (Rs. 0.03 crores). An amount of Rs. 4.52 crores was surrendered at final modification stage.

Of the total excess, the highest occurred on South Eastern Railway (Rs. 3.69 crores), followed by Southern Railway (Rs. 3.37 crores), Central Railway (Rs. 2.71 crores), Northeast Frontier Railway (Rs. 1.80 crores), Western Railway (Rs. 1.45 crores), Eastern Railway (Rs. 0.42 crores), Northern Railway (Rs. 0.18 crores), partly offset by saving on South Central Railway (Rs. 0.76 crores), North Eastern Railway (Rs. 0.55 crores) and Metro/Calcutta (Rs. 0.10 crores).

There was a misclassification of Rs. 9,70,290 on account of wrong booking of expenditure under Grant No. 5 (Rs. 10,91,000) and Grant No. 13 [(-) 1,20,710]. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament Works out to Rs. 7,67,72,334.

(v) Grant No. 13 - Revenue - Working Expenses - Provident fund, Pension and other Retirement Benefits.

	Rupees
Original Grant	969,55,55,000
Supplementary Grant	42,93,86,000
Total Sanctioned Grant	1012,49,41,000
Actual Expenditure	1050,29,81,963
Excess	37,80,40,963

Misclassification	(-) 1,10,365
Excess requiring regularisation	37,79,30,598
Per centage of Excess	3.73

A grant of Rs. 969.55 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 42.94 crores was obtained in March, 1992 to provide for more payment of Superannuation and Retiring Pension, Commuted Pension, Family Pension, Other Allowances, Other Pension and other Expenses, due to more employees 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; as also more provision required under Gratuity and special Contribution to Provident Fund and Contribution towards Provident Fund; partly offset by less expenditure under Ex-gratia Pension and Death-cum-Retirement Gratuity.

The grant, however, proved to be inadequate as the actual expenditure exceeded the provision by Rs. 37.80 crores. The excess of Rs. 37.80 crores mainly occurred under sub-head (a) Superannuation & Retiring Pension (Rs. 34.59 crores), (d) Family Pension (Rs. 5.49 crores), (b) Commuted Pension (Rs. 5.21 crores), (f) Other Allowances, other Pension and other Expenses (Rs. 2.56 crores), partly offset by saving under (e) Death-cum-Retirement Pension (Rs. 9.70 crores), (c) Ex-gratia Pension (Rs. 0.17 crores), (g) Gratuities & Special Contribution to Provident Fund (Rs. 0.11 crores), (h) Contribution to Provident Fund (Rs. 0.07 crores). 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 Eastern Railway (Rs. 22.54 crores) followed by Southern Railway (Rs. 16.82 crores), Northern Railway (Rs. 14.05 crores), Northeastern Railway (Rs. 8.11 crores), Western Railway (Rs. 3.20 crores), South Central Railway (Rs. 0.48 crore), ICF (Rs. 0.30 crores), CLW (Rs. 0.19 crore); partly offset by savings on Northeast Frontier Railway (Rs. 8.03 crores), Central Railway (Rs. 3.82 crores), South Eastern Railway (Rs. 0.68 crore), Metro (Rs. 0.03 crore), Diesel Locomotive Works (Rs. 0.03 crore), RCF (Rs. 0.02 crore) and Wheel and Axle Plant (Rs. 0.01 crore).

There was a misclassification of minus Rs. 1,10,365 on account of wrong booking of expenditure under the grant. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament Works out Rs. 37,79,30,598.

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

	<b>Rupees</b>
Original Grant	3357,00,00,000
Supplementary Grant	245,00,00,000
Total Sanctioned Grant	3602,00,00,000
Actual Expenditure	3689,36,39,308
Excess	87,36,39,308
Misclassification	- NIL -
Excess requiring regularisation	87,36,39,308
Percentage of Excess	2.43

At the Budget Estimate stage Appropriation to the funds was sanctioned at Rs. 3357.00 crores. A Supplementary grant of Rs. 245.00 crores was obtained in March 1992 for more appropriation to Pension Fund on account of anticipated higher outgo from the fund during the year, more appropriation to Development fund on account of higher excess of receipts over expenditure expected during the year and more appropriation to Accident Compensation, Safety and Passenger Amenities fund due to higher realisation expected from surcharge in Passenger earnings.

The excess of Rs. 87.36 crores was due to more appropriation under Pension Fund (Rs. 90.00 crores), partly offset by less appropriation to Accident Compensation, Safety and Passenger Amenities fund on account of drop in originating Passenger & change in Traffic mix (Rs. 2.64 crores).

There is no misclassification under this grant and the excess requiring regularisation is Rs. 87,36,39,308 which is the same as disclosed in the Appropriation Accounts.

- (vii) Grant No. 15 - Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation.

	<b>Rupees</b>
Original Grant	1147,00,00,000
Supplementary Grant	202,00,00,000
Total Sanctioned Grant	1349,00,00,000
Actual Expenditure	1443,67,58,501
Excess	94,67,58,501
Misclassification	- NIL -
Excess requiring regularisation	94,67,58,501
Percentage of Excess	7.02

The original grant of Rs. 1147.00 crores was fixed on the basis of net Revenue of Rs. 1272.00 crores estimated at Budget Estimate and Rs. 1474.00 crores at Revised Estimate stage. The actual net Revenue turned

out to Rs. 1540.95 crores due to materialisation of more traffic than anticipated at the Revised Estimate Stage.

The excess of Rs. 94.67 crores was due chiefly to part payment of Deferred dividend liability relating to period 1978-79 onwards (Rs. 74.47 crores), more payment of loans for Development fund taken from General Revenues and Interest thereon (Rs. 27.72 crores), partly offset by minor savings (Rs. 7.52 crores) under the head payment to General Revenues.

The excess requiring regularisation is Rs. 94,67,58,501 which is 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. 16.32 crores under Capital and an excess of Rs. 34.56 crores under Railway Funds which comprised of excess under Depreciation Reserve Fund (Rs. 75.38 crores), offset by savings under Development Fund (Rs. 27.64 crores) and Accident Compensation, Safety & Passenger Amenities Fund (Rs. 13.18 crores).

(Figures in Units of Rs.)

RAILWAY FUNDS					
	CAPITAL	• D.R.F.	D.F.	ACS & PF	Total under Railway Funds
Original Grant	6078,60,35,000	2186,37,91,000	124,96,00,000	74,04,16,000	2385,38,07,000
Supplementary Grant	114,66,13,000	25,74,61,000	3,67,000	(-) 47,00,000	25,31,28,000
Total sanctioned Grant	6193,26,48,000	2212,12,52,000	124,99,67,000	73,57,16,000	2410,69,35,000
Actual Expenditure	6209,58,41,679	2287,50,07,104	97,35,95,297	60,39,15,927	2445,25,18,328
Excess (+)/ Saving (-)	+ 16,31,93,679	+ 75,37,55,104	- 27,63,71,703	-13,18,00,073	+34,55,83,328
Misclassification	- 1,00,56,984	+ 4,47,536	- 1,91,000	—	+ 2,56,536
Excess requiring regularisation	+15,31,36,695		+ 34,58,39,864		+ 34,58,39,864
Percentage		0.25			1.43



(i) A grant of Rs. 6078.60 crores under Capital was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 114.66 crores was obtained in March, 1992, mainly under Plan Heads—Gauge Conversion, Rolling Stock, Investories and Investment in Public Sector Undertakings.

The Grant under 'Capital', however, proved inadequate and actual expenditure exceeded the provision by Rs. 16.32 crores. There was a resultant misclassification of Minus Rs. 1,00,56,984 under Capital. The real excess thus requiring regularisation by Parliament Works out to Rs. 15,31,36,695.

(ii) A Grant of Rs. 2385.38 crores under 'Railway Funds' was obtained at the Budget Estimate Stage. A Supplementary Grant of Rs. 25.31 crores was obtained in March, 1992, mainly under Rolling Stock and Track Renewals.

The Grant under 'Railway Funds', however, proved inadequate and actual expenditure exceeded the provision by Rs. 34.56 crores. There was a resultant misclassification of Rs. 2,56,536. The real excess, thus, requiring regularisation by Parliament Works out to Rs. 34,58,39,864.

2. In view of the circumstances explained above, the excess over the Appropriations/Grants may kindly be recommended for regularisation by Parliament under Article 115(I)(b) of the Constitution of India.

3. It may be submitted that every care is taken (a) to assess the expenditure under various Appropriations/Grants as precisely as possible and (b) to obtain Supplementary allotments, where necessary so that successes are avoided to the maximum extent possible.

This has been seen by Audit.

Sd/-  
(S. MURALI)  
Executive Director (Accounts)  
Ministry of Railways,  
Railway Board.

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

## APPENDIX X

### *Conclusions and Recommendations*

Sl. No.	Para No.	Ministry / Department	Conclusions / Recommendations
1	2	3	4
1.	1.16	Finance (Expenditure)	The Committee note that an expenditure of Rs. 398.28 crores has been incurred in excess of the aggregate sanctioned provision of Rs. 22166.82 crores under 12 Voted Grants and four Charged Appropriations during the year 1991-92. This excess expenditure had occurred despite obtaining supplementary provisions of the order of Rs. 981.71 crores under 13 Grants/Appropriations out of 16 excess registering Grants/Appropriations. Considering the fact that all these supplementary provisions were obtained only in March 1992, the Committee are convinced that the Budget Wings of the concerned Ministries have once again failed to assess their actual requirement of funds under the grants operated by them even at the fag-end of the year. Evidently, the supplementary provisions under these excess registering grants were obtained without proper assessment with the result that these provisions also proved inadequate to meet the actual requirement of funds of the concerned Ministries.
2.	1.17	Finance (Expenditure) Railways, Communications	Yet another disturbing feature noticed by the Committee is that excess expenditure of over Rs. 1 crore had occurred in as many as 11 out of total 12 Voted Grants. What is worse is the fact that excess expenditure had exceeded Rs. 1

1	2	3	4
3.	1.18 Finance (Expenditure) Railways, Communications	<p>crore each in all the excess registering Grants operated by the Ministry of Railways. Although instructions are stated to have been issued by the Government from time to time to avoid excess expenditure, the Committee cannot help observing from these facts that the concerned authorities in the various Ministries/Departments continue to display negligence in checking the expenditure beyond the sanctioned provisions. The Committee view this situation with grave concern.</p>	<p>From the foregoing the Committee are inclined to conclude that the existing machinery for the control of expenditure and the process of forecasting budgetary requirements needs to be thoroughly revamped and made adequately responsible and accountable. In this context, it is relevant to point out that the Committee had in their 60th Report presented to Parliament on 23rd February, 1994 during the current Session had <i>inter alia</i> desired that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provision and any slackness in following the established financial procedure should be sternly dealt with. The Committee trust that the Government would initiate expeditious action in this regard.</p>
4.	1.19 Finance (Expenditure) Defence, Railways, Communications	<p>The Committee's examination of the Appropriation Accounts of Civil, Defence, Railways, Telecommunication and Postal Services have also revealed large scale savings aggregating Rs. 26466.65 crores in as many as 256 items under both Voted Grants and Charged Appropriations during the year 1991-92. Strangely enough,</p>	

1	2	3	4
---	---	---	---

5. 1.26 Finance  
(Expenditure)

in certain cases substantial savings had occurred due to procurement of supplementary provisions far in excess of actual requirements. The Committee are also surprised to find that the savings under 14 grants/appropriations have exceeded Rs. 100 crores during the year under review. Expressing their concern over the increasing quantum of savings in the recent past, the Committee had, in their 60th Report presented to Parliament during the current Session, desired that in future detailed notes in respect of the savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to the Committee. The Committee trust that besides furnishing such notes in future to the Committee, the Ministry of Finance would also initiate necessary steps to make budgetary exercise meaningful and more realistic so as not only to minimise large scale variations between the estimates and the actuals but also to gainfully utilise the scarce resources to meet the pressing demands of various sectors of economy. Under Revenue Section (Voted) of Grant No. 28—Pensions, the Ministry of Finance had incurred an expenditure of Rs. 32.51 crores over and above the sanctioned provision of Rs. 548.84 crores during the year 1991-92. Explaining their difficulties in precisely estimating the requirements of funds under this Grant, the Ministry of Finance in their explanatory note have stated that Grant No. 28—Pensions is a composite grant operated by many agencies and any error in estimation of funds by any such agency would effect the ultimate consolidation of estimates in Central Pension Accounting Office. The Ministry have also stated that the

1	2	3	4
---	---	---	---

procedure for disbursement of Pensions in vogue is "peculiar" and "there cannot be any pre-check control by the Central Pension Accounting Officer over the pension disbursement" thus making it difficult for them to make a correct estimate of the expenditure on pension payments. In this context, it is relevant to point out that while examining excess expenditure incurred under this Grant during the year 1985-86, the Committee had in their 106th Report (Eighth Lok Sabha) desired the Ministry of Finance to examine the feasibility of decentralising the grant with a view to making each Ministry individually responsible for the provision made for pension. In their action taken note the Ministry of Finance informed the Committee that the proposal for decentralising the work relating to pension demands had been deferred and another proposal for setting up a separate organisation called National Pension Accounts Office for controlling the pension demands was under consideration. While furnishing their subsequent action taken note in December, 1989 the Ministry of Finance informed that a new Central Pension Accounting Office in the Ministry had since started functioning and that organisation has been asked to take into consideration the need for building into the procedures and systems, necessary data base etc., for estimation of payments under the grant.

6. 1.27 Finance  
(Expenditure)

In view of the difficulties being experienced by the Ministry of Finance in making correct estimates of expenditure on pension payments, it is apparent that even after more than four years, the creation of Central Pension Accounting

---

1	2	3	4
---	---	---	---

---

Office in the Ministry of Finance have not yielded the desired results in the elimination of variations between budgetary allocations and actual expenditure. The Committee, therefore, desire that the Ministry of Finance should look into the matter urgently for appropriate remedial action.

7. 1.30 Home Affairs

The Committee note that the Ministry of Home Affairs incurred an excess expenditure of Rs. 5.01 crores despite obtaining a supplementary grant of Rs. 27.32 crores under Revenue Section (Voted) of Grant No. 97—Chandigarh during the year 1991-92. A scrutiny of the explanatory note furnished by the Ministry revealed that the faulty budgetary estimation was the main factor responsible for this excess expenditure. Regrettably, this is not the first time that this grant has registered excess expenditure. In fact, excess expenditure under the Grant—Chandigarh has been regularly incurred year after year from 1984-85 onwards. From these facts, the Committee are inclined to conclude that this Grant is being administered by the Ministry of Home Affairs in a rather perfunctory manner without making any critical and careful examination of requirement of funds. What is more distressing is the fact that submission of the explanatory notes to the Committee for regularisation of such excess expenditure under this grant has been persistently delayed by the Ministry for over six months during the preceding three years. While deploring the casualness displayed by the Ministry of Home Affairs in administering the Grant, the Committee desire the Ministry of Home Affairs to take effective steps to

---

---

1	2	3	4
---	---	---	---

---

tighten their financial control over the spending units of this Grant in order to ensure avoidance of excess expenditure being incurred in future.

8. 1.33 **Communications** Under the Capital Section (Voted) of Grant No. 15—Telecommunication Services, the Ministry of Communications incurred an excess expenditure amounting to Rs. 65.04 crores against the total provision of Rs. 2857.99 crores during 1991-92. The Committee find that this excess has occurred despite obtaining a supplementary grant of Rs. 222 crores. According to the Ministry, this excess expenditure has occurred under one of the Plan schemes, namely, local Telephone System due to more receipt of cables and apparatus and plant. The Committee take a serious view of this unauthorised expenditure of substantially high magnitude incurred by the Ministry without proper authorisation by Parliament. They would like to be informed as to when the cables, apparatus and plants had actually been received and the reasons for not having taken into account the expenditure incurred on these items while obtaining the supplementary grants as late as March, 1992. Evidently, the authorities administering this grant neither kept vigil over the trend of expenditure nor assessed properly their actual needs of funds even at the supplementary grant stage. The Committee therefore, desire that a detailed note on the circumstances leading to this excess expenditure may be furnished to them. They also desire the Ministry to make special efforts to correctly estimate their requirement of funds so as to avoid any scope for excess expenditure.
-

1	2	3	4
9.	1.37	Railways	<p>The Committee are constrained to point out that the excess expenditure incurred by the Ministry of Railways during the year under review is the highest among all Ministries/Departments both in terms of quantum and the number of grants/appropriations registering excess expenditure. In fact, the excess registered by Railways was also the highest in the preceding five years. The Committee's examination has revealed that as compared to the excess expenditure of Rs. 273.08 crores under 8 grants/appropriations during the preceding year 1990-91, the excess expenditure in 1991-92 has touched a high of Rs. 295.18 crores under 9 grants/appropriations. Keeping in view the fact that an excess of over Rs.1 crore had occurred in each excess registering grant operated by the Ministry of Railways, the Committee are of the considered view that the situation has gone from bad to worse and the Ministry have not learnt any lesson from their past experience. Regrettably, the Ministry of Railways have attributed these excesses <i>inter-alia</i> to such items which are of routine and anticipatory nature like rolling stock, track renewals, more expenditure under allowances, superannuation payments etc. The Ministry have also not explained in their notes the precise reasons for their failure to make provision for those items at the various stages of budget estimation. To say the least, these facts only reveal violation of the financial principles and failure on the part of the Ministry of Railways in framing budget estimates on realistic basis as also making subsequent revisions with precision. At this stage, the Committee can only trust that effective steps would be</p>



---

1	2	3	4
			taken in the Ministry of Railways to ensure stricter observance of financial principles with a view to containing the excess expenditure to the barest minimum.
10.	1.38	Railways	The Committee find that the misclassification of expenditure has become a recurring phenomenon in the case of Railway Accounts and it has affected 5 grants (both capital and revenue sections) operated by the Ministry of Railways during the year 1991-92. The Committee take a serious view of these misclassifications noticed in the Railway Accounts from the year 1988-89 onwards. They desire that the cases of misclassifications in expenditure should be sternly dealt with and the Committee apprised of the precise action taken against the officers held responsible for these lapses.
11.	1.39	Finance (Expenditure), Railways	Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure of Rs. 398.28 crores 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.

---