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EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1992-93) AND ACTION TAKEN ON 60TH REPORT OF PUBLIC ACCOUNTS COMMITTEE (10TH LOK SABHA)

PUBLIC ACCOUNTS COMMITTEE
1994-95

TENTH LOK SABHA

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

EIGHTY EIGHTH REPORT

PUBLIC ACCOUNTS COMMITTEE
(1994-95)

(TENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1992-93) AND ACTION TAKEN ON 60TH REPORT OF PUBLIC ACCOUNTS COMMITTEE (10TH LOK SABHA)

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4. Shri Dileep Singh Bhuria
5. Sqn. Ldr. Kamal Chaudhry
6. Dr. K.V.R. Chowdary
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22. Shri G.G. Swell

Secretariat

1. Shri Murari Lal — *Joint Secretary*
2. Smt. P.K. Sandhu — *Director*
3. Shri P. Sreedharan — *Under Secretary*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Eighty-Eighth Report on Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts of Civil, Defence, Railways, Telecommunication and Postal Services for the year 1992-93 and action taken by Government on recommendations of the Public Accounts Committee contained in their 60th Report (10th Lok Sabha) on Excesses over Voted Grants and Charged Appropriation for the year 1990-91.

2. The excess expenditure during the year 1992-93 which requires regularisation by Parliament is of the order of Rs. 689.06 crores incurred under 13 grants/appropriations. To their surprise, the Committee have found that the excess expenditure during the year 1992-93 had occurred in all the sectors of the Union Government viz., Civil, Defence, Railways, Telecommunication and Postal Services. Another feature observed by the Committee is that excess expenditure of over Rs. one crore had been incurred in as many as 10 out of the total 13 grants / appropriations which registered excesses during the year under review. The Committee have also been distressed to observe that this excess expenditure had occurred despite obtaining supplementary provisions of Rs. 1008.72 crores under 11 out of 13 grants/appropriations those registered excess expenditure. Noticing the recurrence of this excess expenditure of substantial magnitude in 1992-93, the Committee have concluded that the Budget controlling authorities in various Ministries/Departments of Government had repeatedly failed not only in keeping the required vigil over the trend of expenditure but also in assessing properly their actual requirement of funds. Expressing their concern over the excess expenditure persisting year after year despite repeated exhortations of the Committee and issuance of instructions by the Ministry of Finance from time to time, the Committee have emphasised upon the Ministries to bear in mind that excess expenditure is 'unauthorised expenditure' betraying lack of financial discipline and the only situation in which the excess expenditure is understandable is when a need for unforeseen or unavoidable expenditure has arisen suddenly which could not have been anticipated and with no time left for the Ministry/Department to approach Parliament for a supplementary grant or appropriation. In view of the persistent trend in the incurring of excess expenditure going unchecked, the Committee have recommended that Government should undertake a case study of the instances where expenditure had exceeded the budgetary allocations during the last five years with a view to looking into the reasons as to why

existing mechanism for control of expenditure has failed to effectively check the unabated trend of excess expenditure. The Committee have also desired that steps should be taken to streamline the mechanism in this regard so as to tighten the financial and budgetary control.

3. During the course of scrutiny of the various Appropriation Accounts, the Committee have also noticed large scale savings aggregating Rs. 13, 165.20 crores that had occurred during 1992-93. The Committee's examination has revealed that bulk of the savings amounting to Rs. 12,139.58 crores were in the grants/appropriations operated under Civil Sector followed by savings of Rs. 810.58 crores under grants/appropriations operated by the Ministry of Railways. The Committee's scrutiny has also revealed that while 61 grants/appropriations had registered savings varying between Rs. 10 and Rs. 100 crores each, saving of the order of over Rs. 100 crores each had occurred in as many as 19 grants/appropriations. The Committee have also noticed that savings of Rs. 100 crores each has been persistently occurring from 1990-91 onwards under the Civil grant/appropriation relating to Interest Payments, Transfer to State Governments, Repayment of debt, Department of Expenditure and Ministry of Textiles. In the opinion of the Committee, the savings of such high magnitude are indicative of both faulty budget estimation and undesirable tendency of various Ministries towards excess budgeting which not only leads to inefficient utilisation of funds but also deprives other important sectors of the economy of much needed resources. The Committee have, accordingly, desired the Government to address themselves to this issue seriously so as to gear up their budgetary control mechanism to ensure that the estimation of requirement of funds in all sectors of Governmental activities is carried out meaningfully and realistically. The Committee have also desired the Government to impress upon the budget controlling authorities in all the Ministries/Departments to exercise due caution and farsightedness while forecasting their requirement of funds.

4. The Committee's examination of the Appropriation Accounts (Civil) for 1992-93 and the C&AG's Report thereon has revealed that the procedure prescribed for surrender of savings in a grant or appropriation was not adhered to by various Ministries/Departments. The Committee have noticed a number of cases where savings were not surrendered in time or the amount surrendered exceeded the overall savings available or surrenders were made despite the fact that expenditure exceeded the grant and no savings were available for surrender. Taking a serious view of these lapses, the Committee have desired that responsibility be fixed for the laxity shown in this regard. The Committee have also desired the Government to devise foolproof measures to obviate recurrence of erroneous surrender of funds in future.

5. Yet another area where shortcomings were observed by the Committee related to the manner in which supplementary Demands had

been obtained by the Ministries/Departments. While Ministry of Finance had in their instructions issued to all Ministries/Departments in 1986 directed that the supplementary demands should be severely restricted to genuine unforeseen expenditure which could not be envisaged at the time of preparing the Annual Budget or to meet the requirements of decisions or developments taking place after approval of the budget, the Committee's examination of various Appropriation Accounts has revealed that supplementary grants to the extent of Rs. 13,261.98 crores were obtained by the various Ministries/Departments. The Committee's scrutiny has also revealed that the instrument of obtaining supplementary demands was not operated judiciously by certain Ministries/Departments as the extent of overall savings had exceeded the supplementary provisions obtained by them during 1992-93. While expressing their grave concern and unhappiness over the irresponsible attitude displayed by the various Ministries in obtaining supplementary grants/appropriations during 1992-93, the Committee have considered it necessary that supplementary provisions are obtained only in case where it is really and genuinely required and the Ministries/Departments are not allowed to make indiscriminate use of this mechanism. The Committee have accordingly, desired the Government to impress upon the Budget Cells of all the Ministries to frame their Budget estimates most accurately and resort to supplementary demands only in rare and emergent cases.

6. On the recommendations of the Public Accounts Committee, the Ministry of Finance have prescribed financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires either prior approval of or report to Parliament. However, one case from the Ministry of Textiles and four cases from the Ministry of Surface Transport have been brought to the notice of the Committee where expenditure incurred by them during the year 1992-93 qualified as New Service/New Instrument of Service in which approval of Parliament was not obtained nor the expenditure was reported to Parliament. While viewing with concern these cases of serious breach of financial propriety committed by the Ministry of Surface Transport and Ministry of Textiles, the Committee have strongly emphasised that they cannot remain silent spectators to this sad state of affairs. The Committee have therefore, desired that the circumstances leading to these defaults, in obtaining prior approval of Parliament or reporting the expenditure to them, may be thoroughly investigated and responsibility fixed. The Committee have also desired that steps should be taken to ensure that instances of such cases do not recur.

7. The Committee examined the excess expenditure in the light of the explanatory notes (Appendices I to XI) furnished by the Ministries/Departments of Government of India and finalised the Report at their sitting held on 13 March, 1995. Minutes of the sitting form Part II of the Report.

8. The Committee's 60th Report (10th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1990-91 was presented to the House on 23 February, 1994. The Action Taken Notes furnished by Government in pursuance of the recommendations contained in that Report were also considered at the aforesaid sitting and have been dealt with in Chapter II of the Report.

9. 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 XIV to the Report.

10. 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;
20 March, 1995
29 Phalguna, 1916 (Saka)

BHAGWAN SHANKAR RAWAT,
Chairman,
Public Accounts Committee.

REPORT

PART I

CHAPTER - I

A. *Introductory*

Under Article 115(1) (b) of the Constitution, if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.

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

1.3 Presently, five different Appropriation Accounts are presented to Parliament according to the various sector of activities viz., Civil, Defence Services, Postal Services, Telecommunication Services and Railways. These Appropriation Accounts exhibit the total sanctioned grant/appropriation, actual expenditure and saving/excesses for the grant/appropriation as a whole during a financial year. The number of demands for grants/ appropriations obtained by the various Ministries/Departments during 1992-93 under different sectors of activities are given below:

Sector of activity	No. of demands for grants or charged appropriations
Civil	98
Defence	5
Postal Services	1

Sector of activity		No. of demands for grants or charged appropriations
Telecommunication Services		1
Railways		16
	Total :	121

1.4 The various appropriation Accounts for the year 1992-93 were laid on the Table of the House on the dates given below:

Appropriation Accounts	Date on which laid on the Table of the House
Civil	10.5.1994
Defence Services	14.6.1994
Railways	14.6.1994
Postal Services	13.12.1994
Telecommunication Services	13.12.1994

Note 1: In a Demand for Grants, provision for the charged expenditure is called an appropriation and that for voted is called a grant.

Note 2: In the Appropriation Accounts, the expenditure incurred by the various Ministries/ Department is exhibited under two distinct sections viz. Revenue and Capital which is further classified into grant or appropriation portions. Since voted and charged portions as also the Revenue and Capital sections of a Grant/Appropriation are distinct and reappropriation *inter-se* is not permissible, an excess in any one section or portion is treated as an excess in the Grant or Appropriation. Similarly, a saving in any one section or portion is treated as a saving in that grant or appropriation. Thus, there could be either excess or saving in any section or portion of a grant/ appropriation.

1.5 The Committee find that while the Appropriation Accounts of Civil and those of Defence Services and Railways for the year 1992-93 were laid on the Table of the House on 10 May and 14 June, 1994 respectively the laying of the Appropriation Accounts of Postal and Telecommunication Services for the same year on the Table of the House was delayed till 13 December, 1994. The Committee desire that earnest efforts would be made in future by all concerned towards timely finalisation of the Appropriation Accounts so as to lay them on the Table of the House in the Budget Session of Parliament.

B. *Excess Expenditure over Voted Grants and Charged Appropriations (1992-93)*

1.6 This part of the Report deals with the excess expenditure incurred by various Ministries/Departments of Government of India over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts of Civil, Defence Services, Postal Services, Telecommunication Services and Railways for the year 1992-93.

1.7 The break up of excess expenditure *vis-a-vis* the total sanctioned provision under the excess registering grants/appropriations as seen from the relevant Appropriation Accounts for the year 1992-93 is given below:

Sl. No.	Appropriation Accounts	No. of excess registering grants/ Appropriations	Total sanctioned provision (Rs.)	Amount of excess expenditure (Rs.)
1.	Civil	6	2395,17,00,000	28,25,51,567
2.	Defence Services	2	14723,11,00,000	74,52,51,774
3.	Postal Services	1	1627,72,00,000	21,46,46,092
4.	Telecommunication Services	1	4019,01,00,000	25,53,86,487
5.	Railways	3	8046,49,87,000	538,82,45,351
	Total	13	30811,50,87,000	688,60,81,271

1.8 However, the explanatory note furnished by the Ministry of Railways for regularisation of excess expenditure incurred by them over Voted Grants / Charged Appropriations during 1992-93 reveals that there was a misclassification of expenditure of Rs. 45,23,331 under Grant No. 16 (Capital Section) and also a difference of Rs. 2 in actual expenditure as shown in the Appropriation Accounts. After taking into account the effect of this, the actual excess expenditure relating to Railways worked out to Rs. 539,27,68,684 instead of Rs. 538,82,45,351 as indicated in the relevant Appropriation Accounts. Thus, the amount of actual excess expenditure during the year 1992-93 requiring regularisation by the Parliament under Article 115(1)(b) of the Constitution is of the order of Rs. 689,06,04,604 incurred over sanctioned provision of Rs. 30811,50,87,000 under 13 excess registering grants / appropriations.

1.9 The details of voted grants / charged appropriations under which the actual expenditure had exceeded the sanctioned provisions during the year under review are given below:

Sl. No.	No. & Name of Grant/ Appropriation	Ministry/ Department	Final Grant	Actual Expenditure	Excess Expenditure
1	2	3	4	5	6
					(in units of Rupees)
		APPROPRIATION ACCOUNTS (CIVIL) VOTED GRANTS			
REVENUE SECTION					
1.	25—Department of Economic Affairs	Finance	5,49,68,00,000	5,54,45,09,052	4,77,09,052
2.	33—Pensions	Finance	6,82,80,00,000	6,98,67,71,514	15,87,71,514
3.	97—Chandigarh	Home Affairs	2,38,82,00,000	2,39,93,77,128	1,11,77,128
CAPITAL SECTION					
4.	75—Roads	Surface Transport	5,42,39,00,000	5,48,85,16,261	6,46,16,261
5.	95—Dadra and Nagar Haveli	Home Affairs	14,08,00,000	14,10,58,912	2,58,912
		CHARGED APPROPRIATIONS			
CAPITAL SECTION					
6.	1—Agriculture	Agriculture	3,67,40,00,000	3,67,40,18,700	18,700
		APPROPRIATION ACCOUNTS (DEFENCE SERVICES) VOTED GRANTS			
REVENUE SECTION					
7.	18—Defence Services—Army	Defence	92,73,65,00,000	93,26,88,42,445	53,23,42,445
CAPITAL SECTION					
8.	22—Capital outlay on Defence Services	Defence	54,49,46,00,000	54,70,75,09,329	21,29,09,329

		APPROPRIATION ACCOUNTS (POSTAL SERVICES) **VOTED GRANTS**			
REVENUE SECTION					
9.	14—Postal Services	Communications (Deptt. of Posts)	16,27,72,00,000	16,49,18,46,092	21,46,46,092
		APPROPRIATION ACCOUNTS (TELECOMMUNICATION SERVICES) **VOTED GRANTS**			
CAPITAL SECTION					
10.	15—Telecommunication Services	Communications (Deptt. of Telecommunication)	40,19,01,00,000	40,44,54,86,487	25,53,86,487
		APPROPRIATION ACCOUNTS (RAILWAYS) **VOTED GRANTS**			
REVENUE SECTION					
11.	8—Working Expenses —Operating Expenses —Rolling Stock and Equipment	Railways	10,00,99,72,000	10,18,56,80,720	17,57,08,720
CAPITAL SECTION					
12.	16—Assets, Acquisition, Construction and Replacement —"Other Expenditure" —CAPITAL	Railways	70,45,47,95,000	75,66,73,00,659*	5,21,70,28,992**
		CHARGED APPROPRIATIONS			
REVENUE SECTION					
13.	10—Working Expenses —Operating Expenses —Fuel	Railways	2,20,000	2,50,972	30,972

*The actual expenditure as shown in explanatory note is Rs. 75,66,73,00,661.

**After taking into account the difference of Rs. 2 in actual expenditure and also the misclassification of expenditure of Rs. 45,23,331 the real excess expenditure requiring regularisation works out to Rs. 5,21,70,28,992.

1.10 It would be seen from the above statement that out of 13 cases of excesses over voted grants/charged appropriations, excess expenditure of over rupees one crore had occurred in as many as 10 cases. In the case of Civil Accounts, four voted grants had registered excess expenditure of over rupees one crore with Grant No. 33-Pensions (Revenue Section) taking a lead with and excess of Rs. 15.88 crores followed by Grant No. 75-Roads (Capital Section) with an excess of Rs. 6.46 crores; Grant .No. 25-Department of Economic Affairs. (Revenue Section) with an excess of Rs. 4.77 crores; and Grant No. 97-Chandigarh (Revenue Section) with an excess of Rs. 1.12 crores. In the case of Defence Services, the two excess registering Grant Nos. 18-Army (Revenue Section) and 22-Capital outlay on Defence Services had incurred significantly high excess expenditure of over Rs. 53.23 crores and Rs. 21.29 crores respectively. Similarly, substantial excess expenditure amounting to Rs. 21.46 crores and Rs. 25.54 crores had been incurred by the Ministry of Communications under Grant No. 14-Postal Services (Revenue Section) and Grant No. 15-Telecommunication Services (Capital Section) respectively. In the case of the grants administered by the Ministry of Railways, Grant No. 16 (Capital) alone accounted for an excess expenditure of as high as Rs. 521.70 crores followed by an excess of Rs. 17.57 crores under Grant No. 8 (Revenue Section).

1.11 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/appropriations during the last five years:

Year	No. of excess registering grants/ appropriations	Excess Expenditure
		(Rs. in crores)
1988-89	26	367.98
1989-90	20	976.82
1990-91	19	900.24
1991-92	16	398.28
1992-93	13	689.06

1.12 The explanatory notes furnished by the Ministries/Departments concerned for the excess expenditure incurred under various grants/ appropriations operated by them during the year 1992-93 are reproduced at Appendices I to XI of this Report. On the basis of these notes and the additional information available, the Committee have examined some of the prominent cases involving excess expenditure in the later part of this Report.

C. Savings

1.13 During the course of examination of Appropriation Accounts relating to Civil, Defence Services, Postal Services, Telecommunication Services and Railways for the year 1992-93, the Committee have also noticed large scale savings (both under Voted Grants and Charged Appropriations) as per details given below:

Name of Appropriation Accounts	Total amount of Savings both under Voted Grants and Charged Appropriations
	(Rs. in crores)
Civil	12139.58
Defence Services	58.33
Postal Services	15.10
Telecommunication Services	141.61
Railways	810.58
	13165.20

1.14 The table given below indicates the summarised position of number of items under various Appropriation Accounts where saving exceeding Rs. 10 crores and also Rs. 100 crores had occurred during the years 1992-93:

Sl. No.	Name of Appropriation Accounts	No. of items having saving of over Rs. 10 crores but less than Rs. 100 crores	No. of items having saving of over Rs. 100 crores
1.	Civil	51	16
2.	Defence Services	1	—
3.	Postal Services	1	—
4.	Telecommumnication Services	—	1
5.	Railways	8	2
	Total	61	19

1.15 A detailed scrutiny of Appropriation Accounts also reveals that the following Grants/Appropriations had been registering savings of over Rs. 100 crores persistently during the last three years:

(Rs. in crores)

Sl. No.	Name of Grant/ Appropriation	1990-91	1991-92	1992-93
1.	Interest payments	351.75 (Revenue-charged)	854.37 (Revenue-charged)	1424.53 (Revenue-charged)
2.	Transfers to State Governments	186.58 (Capital-charged)	1974.90 (Capital-charged) 127.29 (Revenue-voted)	305.17 (Revenue-voted) 617.10 (Capital-charged)
3.	Repayment of debt	38147.52 (Capital-charged)	17287.09 (Capital-charged)	4569.87 (Capital-charged)
4.	Deptt. of Expenditure	100.91 (Revenue-voted)	251.66 (Revenue-voted)	450.01 (Revenue-voted)
5.	Ministry of Textiles	156.62 (Revenue-voted)	185.08 (Revenue-voted)	377.22 (Capital voted) 184.21 (Revenue-voted)

1.16 The following table indicates the extent of saving out of the total voted Grants/Charged Appropriations during the last five years i.e. 1988-89 to 1992-93.

Year	Savings (Rs. in crores)
1988-89	72774.04
1989-90	38006.78
1990-91	43872.55
1991-92	26466.65
1992-93	13165.20

D. *Surrender of Savings*

1.17 Savings in a grant or appropriation are required to be surrendered to the Government as soon as these are foreseen without waiting for the last day of the year.

1.18 It has been pointed out by Audit in para 2.5 of Report No. 1 of

1994 that against gross savings of Rs. 12139.58 crores in the Appropriation Accounts, Civil, the amount surrendered was Rs. 4845.97 crores out of which 94.35 per cent (Rs. 4571.97 crores) were surrendered on the last day of the financial year. The C&AG's Report further points out that in 40 voted grants and 35 charged appropriations, the entire saving amounting to Rs. 648.39 crores and Rs. 1435.85 crores respectively were not surrendered. The Audit Report has also brought out 38 cases where savings were greater than 20 per cent and amounted to more than Rs. one crore but not surrendered to Government. A scrutiny of those cases reveals that the percentage of savings not surrendered to the total saving available under a grant-appropriation varied between 20 and 99.9 per cent.

1.19 It is further seen from the C&AG's aforesaid Report that in the following four voted grants, the amount surrendered exceeded the overall savings:

Sl. No.	Grant	Amount of saving	Amount surrendered (Rs. in crores)
	Revenue Voted		
1.	63-Ministry of Petroleum and Natural Gas	45.94	49.57
2.	74-Surface Transport	0.66	0.74
3.	76-Ports, Light Houses and Shipping	24.63	26.00
	Capital Voted		
4.	39-Ministry of Food Processing Industries	1.31	1.41
	Total	72.54	77.72

1.20 It is also seen from the Appropriation Accounts (Civil) for the year 1992-93 and the Report of the C&AG thereon (No. 1 of 1994) that in case of following three voted grants, Rs. 2.47 crores were surrendered although the expenditure exceeded the grant and no savings were thus available for surrender.

Sl. No.	Grant	Amount of excess expenditure	Amount surrendered (Rs. in crores)
	Revenue		
1.	25-Deptt. of Economic Affairs	4.77	0.99
2.	33-Pensions	15.88	0.61
	Capital		
3.	75-Roads	6.46	0.87
	Total	27.11	2.47

E. Supplementary Grants/Appropriations

1.21 If the amount provided for in the sanctioned budget for any service in a financial year is found to be insufficient for the purpose in that year or when a need has arisen during that year for supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, the Government is to arrange necessary supplementary grants or appropriations in accordance with the provisions of Article 115(1) of the Constitution.

1.22 The Ministry of Finance had in their instruction issued to all the Ministries/Departments concerned on 27 March, 1986 with the approval of the Cabinet, also stated:

> "Supplementary demands should be severely restricted to genuine unforeseen expenditure which could not be envisaged at the time of preparing the annual budget or to meet the requirements of decision or developments taking place after the approval of the budget i.e., in respect of post budget decision and not for continuing schemes and programmes."

1.23 However, substantial amounts of supplementary grants and appropriations were obtained by the various Ministries/Departments of Government of India during 1992-93 as per details given below:—

Sector	Supplementary provisions obtained (Rs. in crores)
Civil	11450.80
Defence	788.66
Postal	69.00
Telecommunications	0.02
Railways	953.50
Total :	13261.98

1.24 The Committee's scrutiny of the relevant Appropriation Accounts revealed that despite obtaining supplementary grants/ Appropriations of Rs. 1008.82 crores to meet their additional requirements, the Ministries/ Departments concerned had incurred excess expenditure during 1992-93 in the following 11 cases out of 13 Grants/Appropriations those registered excess:—

(In crores of rupees)

Sl. No.	No. & Name of Grant Appropriation	Administrative Ministry/ Department	Amount of Supplementary Grant/ Appropriation obtained	Amount of excess expenditure*
	Civil Accounts			
1.	25-Deptt. of Economic Affairs	Finance	107.71	4.77
2.	33-Pensions	—do—	82.65	15.88
3.	75-Roads	Surface Transport	13.85	6.46
4.	97-Chandigarh	Home Affairs	22.25	1.12

*Paragraph 1.59 of 147th Report of PAC (8th Lok Sabha).

(In crores of rupees)

Sl. No.	No. & Name of Grant Appropriation	Administrative Ministry / Department	Amount of Supplementary Grant / Appropriation obtained	Amount of excess expenditure
	Defence Services			
5.	18-Army	Defence	336.42	53.23
6.	22-Capital Outlay on Defence Services	—do—	108.57	21.29
	Postal Services			
7.	14-Postal Services	Communications	69.00	21.46
	Telecommunication Services			
8.	15-Telecommunication Services	—do—	0.02	25.54
	Railways			
9-11.	Grant / Appropriation Nos. 8, 10 & 16	Railways	268.25	539.28
			1008.72	689.03

1.25 In paragraph 2.4 of the Report of the C&AG of India, No. 1 of 1994 (Union Government—Civil), it has been pointed out that the supplementary provision of Rs. 2364.64 crores obtained in 23 cases by the concerned Ministries/Departments during 1992-93 proved unnecessary as the final savings of Rs. 6908.28 crores in these cases exceeded the supplementary provisions. The details, of these cases are given in Appendix XII. (These details, however, do not include the cases where only token supplementary provision was obtained) According to Audit, these 23 cases also indicate a steep rise both in terms of number of cases and the amount involved as compared to 1991-92 when there were only 13 such instances involving supplementary provisions of Rs. 26.18 crores.

1.26 Similarly, the following three cases have also been noticed under Defence Services where the final savings had exceeded the supplementary provisions obtained during the year under review:

(Rs. in crores)

Sl. No.	No. & Name of Grant	Supplementary provision obtained	Final Saving
1.	18-Army (Revenue-Charged)	0.61	0.69
2-3.	21-Defence Ordnance Factories		
	(Revenue—Voted)	8.55	52.18
	(Revenue—Charged)	0.20	1.16
		9.36	54.03

1.27 Further, the Appropriation Accounts of Railways for the year 1992-93 has also revealed the following eight cases where the final saving had exceeded the supplementary provisions obtained under a grant/ appropriation:

(Rs. in crores)

Sl. No.	Grant No.	Supplementary provisions obtained	Final Savings
1.	2-Revenue-Miscellaneous Expenditure (Voted)	2.10	6.37
2.	6-Revenue-Working Expenses-Repairs & Maintenance of carriages & wagons (Voted)	4.89	13.52
3.	7-Revenue-Working Expenses-Repairs & Maintenance of Plant and equipment (Voted)	3.08	6.21
4-5	9-Revenue-Working Expenses-Operating Expenses-Traffic		
	(Voted)	9.01	10.80
	(Charged)	0.02	0.07
6.	12-Revenue-Miscellaneous Working Expenses (Charged)	0.43	6.77
7.	14-Revenue-Appropriation to Funds-DRF, DF, PF, ACSF & Reserve Fund (Voted)	187.00	319.86
8.	16-Assets-Railway Funds (Voted)	224.63	247.50
		431.16	611.10

F. Unauthorised re-appropriation of funds

1.28 A grant or appropriation is distributed by sub-heads or standard objects (called primary units) under which it is accounted. Re-appropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of financial year to which such grant or appropriation relates. Re-appropriation of funds is to be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that savings can be affected in the appropriation for the said unit.

1.29 On the recommendation of the Public Accounts Committee, Government have prescribed that any order for re-appropriation which has the effect of increasing the budget provision under a sub-head by more than 25 per cent of the budget provision or rupees one crore, whichever is more shall be reported to Parliament alongwith the last batch of supplementary demands for the financial year and if such re-appropriation is made after the last batch of supplementary demands, prior approval of the Additional Secretary/Secretary of the Ministry of Finance (Department of Expenditure) should be obtained by the Financial Advisor of the Department.

1.30 Test-check by Audit of Appropriation Accounts for the year 1992-93 has revealed that in ten cases relating to the following four Grants the re-appropriation exceeded the twin limits of rupees one crore and 25 per cent of the sanctioned provision, but the Ministries/Departments neither reported the augmentation to Parliament nor obtained the prior approval of Department of Expenditure (Paragraph 2.9 of Audit Report No. 1 of 1994).

Sl. No.	No. and Name of Grant	Major Head	Sub-head		Amount (Rs. in thousands)
1	2	3	4	5	
1.	9-Ministry of Civil Supplies & Public Distribution	"3456"—Civil Supplies	D.2(i)—National Cooperative Consumer Federation	O. R.	2500 10700
2.	37-Indirect Taxes	"4047"—Capital Outlay on other Fiscal Services	(i)AA 1(1)(4)—Acquisition of Aircraft	O. R.	250000 155000
			(ii)AA. 1(1)(2)—Major Works	O. R.	35000 30000

1	2	3	4	5	
3.	78-Urban Development and Housing	"2216"— Housing	C 1(1)(1)(1)(1)—	O.	30000
			Minor Works	R.	12000
		"3475"—Other General Economic Service	(i) E.1(1)(2)— Assistance through State/		
			Distt. Level	O.	161200
			Agencies.	R.	96376
			(ii) E.1(2)(2)— Assistance		
			through State		115000
			Level Distt.	O.	77109
			Level Agencies.	R.	
			(iii) E.1(3)(3)		
			(I)—Assistance	O.	88500
			through HUDCO	R.	44500
4.	93-Delhi	Major Head "2055"	A-14 Police A-14(5)Distt. Police		
			A-14(5)(9)North	O.	56200
			East District	R.	14338
		Major Head "2056"	A-15 Jails A-15(1) Direction and Administration		
			A-15(1)(1) Jail	O.	45170
			Establishment	R.	16125
		Major Head "3054"	V-6-Roads and Bridges V-6-(1) District and Other Roads		
			V-6-(1)(1) Other	O.	60000
			Expenditure	R.	16400

1.31 In the context of the efforts for keeping the final deficit under control, Government had prescribed that all re-appropriation which would have the effect of increasing the budget provision by more than Rupee one crore under a sub-head should be made only with the approval of Secretary, Ministry of Finance (Department of Expenditure).

1.32 Test-check by audit of Appropriation Accounts for the year 1992-93 has also revealed that in 11 cases relating to the following four Grants, the re-appropriation exceeded the limit of Rs. one crore without the approval of Department of Expenditure (Para 2.9(ii) of Audit Report No. 1 of 1994).

Sl. No.	No. and Name of Grant	Major Head	Sub-head		Amount (Rupees in thousand)
1	2	3	4		5
1.	8-Department of Tourism	"3452-Tourism	(i) B.2(3)(2)- Overseas Publicity through Air India	O.	403700
				R.	56100
			(ii) B.2(5)(2) Interest differential subsidy to IFCI on hotel loans	O.	7100
				R.	10300
2.	10-Ministry of Coal	"2803"-Coal & Lignite	C.2(1)-payment against collection of cess on coal and	O.	335700
			coke	R.	63800
3.	11-Department of Commerce	"3453"-Foreign Trade and Export Promotion	DL-Foreign Trade	O.	139400
			Control	R.	13573
4.	93-Delhi	Major Head "2055"	A-14 Police		
		(i)	A-14(3)(1)(1)-	O.	96393
			Security Unit	R.	15403
		(ii)	A-14(3)(1)(2)-	O.	45010
			Special Branch	R.	10396
		(iii)	A-14(5)(2)- South	O.	111128
			District	R.	11830
		(iv)	A-14(5)(6)- West	O.	74294
			District	R.	10174
		(v)	A-14(4)(2)- Delhi Armed Police	O.	52260
			A-14(4)(2)(1)- Ist	S.	6900
			Battalion	R.	11800
		Major Head "2202"	(i) J.1 General Education		
			J.1(2)(6)	O.	635729
			Government	S.	26100
			Secondary Schools	R.	13093

1	2	3	4		5
		(ii)	J.1(2)(9)(1)- Provision of additional schooling facilities in age group 11—14 and 14—17	O. S. R.	1022219 32400 17306

G. Expenditure on 'New Service/New Instrument of Service'

1.33 On the recommendation of the Public Accounts Committee, Ministry of Finance has prescribed financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires prior approval/report to Parliament.

1.34 According to audit paragraph 2.10 of C&AG's Report No. 1 of 1994 on Accounts of Union Government (Civil), test check of accounts for 1992-93 revealed that the following cases of expenditure qualified as New Service/New Instrument of Service in which prior approval of Parliament was not obtained nor was the expenditure reported to Parliament:—

(i) Ministry of Surface Transport

(a) Grant No. 74 — Ministry of Surface Transport:—

Ministry incurred expenditure of Rs. 149.86 lakhs towards subsidy to Central Inland Water Transport Corporation (CTWTC) for river conservancy against the budget provision of Rs. 14.00 lakhs. The additional expenditure of Rs. 135.86 lakhs which was in excess of the prescribed limit of Rs.10 lakhs, was met by re-appropriation from within the grant without prior approval of Parliament.

(b) Grant No. 76-Ports, Lighthouses and Shipping:—

Following amounts incurred by the Ministry which were in excess of the prescribed limit of Rs. 10 lakhs, and were beyond the limits prescribed for New Service/New Instruments of Service in which the Ministry did not obtain prior approval of the Parliament and met the expenditure by the re-appropriation of funds within the grants.

(Rupees in lakhs)

Sl. No.	Sub-head	Budget provision	Actual expenditure	Additional payment which was met by reappropriation
1	2	3	4	5
1.	Subsidy for River Dredging & Maintenance of River Hooghly and Haldia Channel by Calcutta Port Trust	2100.00	2134.00	34.00

1	2	3	4	5
2.	Subsidy for Maintenance and Dredging in Haldia Channel by Calcutta Port Trust	1600.00	2816.00	1216.00
3.	Subsidy for SCI for meeting operational loss for running Shipping Services—Haj Services	255.00	522.00	267:00

(ii) Ministry of Textiles — Grant No. 77—Ministry of Textiles

Ministry had incurred Rs. 32.00 crores on subsidy towards losses for procurement of jute by Jute Corporation of India against the budget provision of Rs. 6 crores. The additional expenditure of Rs. 26 crores which was in excess of the prescribed limit of Rs. 10 lakhs, was met by re-appropriation from within the grant without prior approval of Parliament. However, out of the additional expenditure of Rs. 26.00 crores met by re-appropriation, Rs. 21.00 crores were reported to Parliament in the last batch of Supplementary Demands for Grants, March 1993. The remaining Rs. 5 crores were met by re-appropriation from within the grant without prior approval of Parliament.

1.35 The Committee note that an expenditure of the order of Rs. 689.06 crores had been incurred by various Ministries/Departments in excess of the aggregate sanctioned provision of Rs. 30,811.51 crores under 13 grants/ appropriations during the year 1992-93. Surprisingly, the year 1992-93 had witnessed excess expenditure in all the sectors of the Union Government viz., Civil, Defence,. Postal, Telecommunication and Railways. The Committee are also constrained to find that excess expenditure of over Rs. 1 crore had been incurred in as many as 10 out of the total 13 grants/ appropriations which registered excess expenditure. What is still more distressing is the fact that this excess expenditure had occurred despite obtaining supplementary provisions amounting to Rs. 1008.72 crores under 11 grants/appropriations out of 13 excess registering grants/appropriations during the year under review. Evidently, the Budget controlling authorities in various Ministries/Departments of Government repeatedly failed not only in keeping the required vigil over the trend of expenditure but also in assessing properly their actual requirements of funds while seeking supplementary provisions at the fag end of the year when they had adequate data for estimating their fund requirements. This has resulted in the recurrence of an excess expenditure of substantial magnitude in 1992-93 also as in the past year. The fact that the excess expenditure should persist year after year despite repeated exhortations of the Committee and issuance of instructions by the Ministry of Finance etc., from time to time only leads the Committee to conclude that the matter has not been viewed by the Ministries/Departments with the seriousness it deserves. The Committee

would like the Ministries to bear in mind that excess expenditure is 'unauthorised expenditure' betraying lack of financial discipline. The only situation in which the excess expenditure is understandable is when a need for unforeseen or unavoidable expenditure has arisen suddenly which could not have been anticipated and with no time left for the Ministry/ Department to approach Parliament for a supplementary grant or appropriation. In view of the persistent trend in the incurring of excess expenditure going unchecked, the Committee recommend that Government should undertake a case study of the instances where expenditure had exceeded the budgetary allocations during the last five years with a view to looking into the reasons as to why the existing mechanism for control of expenditure has failed to effectively check the unabated trend of excess expenditure. Steps should also be taken to streamline the mechanism in this regard so as to tighten the financial and budgetary control.

1.36 A scrutiny of the Appropriation Accounts of Civil, Defence, Postal, Telecommunication and Railways has revealed that large scale savings aggregating Rs. 13,165.20 crores had also occurred during the year 1992-93. Out of these, bulk of the savings amounting to Rs. 12,139.58 crores were in the grants/appropriations operated under Civil sector followed by saving of Rs. 810.58 crores under grants/appropriations operated by the Ministry of Railways. An analysis of the relevant Appropriation Accounts has also disclosed that while 61 grants/appropriations had registered savings varying between Rs. 10 crores and Rs. 100 crores each, saving of the order of over Rs. 100 crores each had occurred in as many as 19 grants/appropriations during the year 1992-93. Curiously enough, savings of over Rs. 100 crores each has been persistently occurring from 1990-91 onwards under the Civil grants/appropriations relating to Interest payments, Transfer to State Governments, Repayment of debt, Department of Expenditure and Ministry of Textiles. In the opinion of the Committee, the savings of such high magnitude are indicative of both faulty budget estimation and also undesirable tendency of various Ministries towards excess budgeting which not only leads to inefficient utilisation of funds but also deprives other important sectors of the economy of much needed resources. The Committee would like the Government to address themselves to this issue seriously so as to gear up their budgetary control mechanism to ensure that the estimation of requirement of funds in all sectors of Governmental activities is carried out meaningfully and realistically. They would also like the Government to impress upon the Budget controlling authorities in all the Ministries/Departments to exercise due caution and farsightedness while forecasting their requirement of funds.

1.37 What has further concerned the Committee is the non-adherence to the procedures prescribed for surrendering the savings. According to the prescribed procedure, savings in a grant or appropriation are required to be surrendered by the Departments concerned to the Government as soon as these are foreseen without waiting till the end of the year. The Committee note with concern that as against the gross savings of Rs. 12139.58 crores in the accounts of Civil Sector for 1992-93, the amount surrendered was merely Rs. 4845.97 crores out of which Rs. 4571.97 crores i.e., 94.35 per cent were surrendered only on the last day of the financial year. In the opinion of the Committee, this poor spectacle of negligence on the part of different ministries speaks volumes about the scant regard being displayed by them towards prescribed financial procedure.

1.33 The Committee have further observed that in four voted grants *viz*; 63—Ministry of Petroleum and Natural Gas (Revenue); 74—Surface Transport (Revenue); 76—Ports, Light houses and Shipping (Revenue); and 39-Ministry of Food Processing Industries (Capital), the amount surrendered in 1992-93 exceeded overall savings available in these grants. To the utmost dismay of the Committee, there were three voted grants Nos. 25—Department of Economic Affairs (Revenue); 33—Pensions (Revenue); and 75—Roads (Capital) where surrenders were made despite the fact that expenditure exceeded in these grants and no savings were thus available for surrender which shows that there was inadequate accounting, control and monitoring of expenditure. The Committee take a very serious view of these lapses on the part of the officials concerned and desire that responsibility be fixed for the laxity shown in this regard. The Committee also desire that Government to devise foolproof measures to obviate recurrence of erroneous surrender of funds in future as it vitiates proper budgetary control.

1.39 Yet another area where shortcomings were observed by the Committee related to the manner in which supplementary demands had been obtained by the Ministries/departments. The Ministry of Finance had in their instructions issued to all the Ministries/Departments concerned on 27 March, 1986 directed that supplementary demands should be severely restricted to genuine unforeseen expenditure which could not be envisaged at the time of preparing the annual budget or to meet the requirements of decisions or developments taking place after the approval of the budget and not for continuing schemes and programmes. The Committee's examination of the relevant Appropriation Accounts has revealed that despite those instructions, supplementary grants/appropriations to the extent of Rs. 13261.98 crores were obtained by the various Ministries/Departments during the year 1992-93. The Committee's scrutiny has also revealed that the instrument of obtaining supplementary demands was not operated judiciously by certain Ministries/Departments during the year under review. They are surprised to find that in the case of Civil sector, the extent of overall savings of Rs. 12139.58 crores was even more than the supplementary provisions of Rs. 11450.8C crores obtained by the various Ministries/Departments. Strangely, the final savings in 23 grants/ appropriations operated under Civil sector were far in excess of the supplementary provisions of Rs. 2364.64 crores obtained in these cases and registered a susbstantial increase both in terms of number of cases and the amount involved as compared to the previous year 1991-92 when there were only 13 such instances involving supplementary provision of Rs. 26.13 crores. Moreover, three cases under Defence Services and eight cases under Railways have also come to the notice of the Committee where final savings had exceeded the supplementary provisions obtained under a grant/appropriation during the year 1992-93. There were also 11 instances where excess expenditure of Rs. 689.03 crores had occurred despite obtaining supplementary provisions of Rs. 1008.72 crores in these cases during the year under review. From these facts, the Committee are inclined to conclude that the aforementioned instructions of the Ministry of Finance issued on 27 March, 1986 have not been observed in their true spirit. Evidently, the various Ministries/Departments have been resorting to obtaining of supplementary grants or appropriations in an ill-conceived manner without conducting a proper and close scrutiny of the expenditure incurred or likely to be incurred by them during the financial year. The Committee view this situation with grave concern and express their unhappiness over the irresponsible attitude displayed by the various Ministries while obtaining supplementary grants/appropriations during the year 1992-93. The Committee consider it necessary that supplementary provisions are obtained only in cases where it is really and genuinely required and the Ministries/Departments are not allowed to make indiscriminate use of this mechanism. They, therefore, desire the Government to impress upon the Budget Cells of all the Ministries to frame their Budget estimates most accurately and resort to supplementary demands only in rare and emergent cases.

1.40 The Committee's examination further revealed that the re-appropriation of funds effected by the Ministries from one unit of grant/appropriation to another left a lot to be desired. In pursunce of the recommendations of the Public Accounts Committee, Government had earlier prescribed that any re-appropriation order having effect of increasing the budget provision under a sub-head by more than 25 per cent of the budget provision or Rs. one crore, which ever is more, should be reported to Parliament alongwith the last batch of supplementary demands for the financial year. In case such re-appropriation is made after the last batch of supplementary demands has been presented to Parliament, prior approval of the Ministry of Finance (Department of Expenditure) is required to be obtained by the Financial advisor of the department concerned. However, Committee's scrutiny of the Accounts of civil sector for the year 1992-93 and the relevant Audit Report revealed that certain Ministries/Departments neither reported the augmentation of funds to Parliament nor obtained the prior approval of the Department of Expenditure in 10 cases under four voted grants where the re-appropriation exceeded the twin limit of Rs. 1 crore and 25 percent of the sanctioned provision. Similarly, 11 cases under four grants have also

come to the notice of the Committee where re-appropriation of funds of over Rs. one crore under a sub-head were made without the approval of the Ministry of Finance (Department of Expenditure) in contravention of the instructions in force. In the opinion of the Committee, these cases are illustrative of the utter disregard for financial discipline. The Committee, therefore, recommend that the Government should take effective steps to ensure observance of the prescribed instructions on the issue and strict adherence to the financial discipline.

1.41 On the recommendations of the Public Accounts Committee, the Ministry of Finance have prescribed financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires either prior approval of or report to Parliament. However, one case from the Ministry of Textiles and four cases from the Ministry of Surface Transport have been brought to the notice of the Committee where expenditure incurred by them during the year 1992-93 qualified as New Service/New Instrument of Service in which prior approval of Parliament was not obtained nor the expenditure was reported to Parliament. The Committee view with the concern these cases of serious breach of financial propriety committed by the Ministry of Surface Transport and Ministry of Textiles. The Committee wish to strongly emphasise that they cannot remain silent spectator to this sad state of affairs.

They, therefore, desire that the circumstances leading to these defaults, in obtaining prior approval of Parliament or reporting the expenditure to them, may be thoroughly investigated and the responsibility fixed. Steps should also be taken to ensure that instances of such cases do not recur. The Committee would also like the Government to apprise them about the precise action taken in this regard.

1.42 In the succeeding Paragraphs, the Committee will deal with some of the prominent cases involving expenditure arising out of the examination of various Appropriation Accounts.

Appropriation Account (Civil)

Revenue Section (Voted) of Grant No. 33—Pensions

1.43 Under Revenue Section (Voted) of Grant No. 33—Pensions, the original provision was Rs. 600.15 crores which was augmented to Rs. 682.30 crores through a supplementary grant of Rs. 32.65 crores obtained in March, 1993. Against this, the actual expenditure incurred by the Ministry of Finance (Department of Expenditure) was Rs. 698,67,71,514 resulting in excess expenditure of Rs. 15,87,71,514.

1.44 In their explanatory note, the Ministry have explained the reasons for excess expenditure as follows:

"It is stated that the Grant No. 33—Pensions is a composite grant based on estimates of over 61 agencies including Defence (Civil & Main) and DACR 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. Moreover, the disbursement of pension is peculiar too. Most of the pensions are disbursed through Public Sector Banks and a few through Treasuries and the concerned Pay and Accounts Offices/Drawing and Disbursing Offices. After the payment is made, Central Pension Accounting Office gets vouchers and scrolls based on which the accounts are compiled. Hence, the excess expenditure can not always be avoided or exactly pinpointed. Apart from this, number of scrolls/vouchers are too voluminous to enable the Central Pension Accounting Office to investigate the correct reasons for excess. The excess is also on account of periodical interim relief granted and increase in number of pensioners than anticipated.

At the time of preparation of Budget Estimate for the year 1992-93, after making every possible efforts we are not able to collect requirement of funds for most of the Offices due to paucity of time. We prepared Budget Estimate 1992-93 in respect of defaulting Offices by increasing 30% more of Revised Estimate 1991-92 accounting for about 18% on account of increase in dearness relief and about 12% anticipated increase in the number of pensioners. Again at the time of preparation of Revised Estimate 1992-93 some of the Offices had not furnished their final requirements. In such cases we have taken their Budget Estimate 1992-93 figures in *toto* as Revised Estimate 1992-93. After consolidation of all the estimates, there was an increase of Rs. 83 crore over Budget Estimate 1992-93. This was covered by obtaining Supplementary Grant of Rs. 82.65 crores. Thus, these factors accounted for under estimating the final figures for 1992-93. However, several checks are being exercised in this regard during current financial year to avoid excess expenditure in future.

In view of the circumstances explained above, the excess expenditure of Rs. 15,87,71,514 under Revenue Section (Voted) of Grant No. 33—Pensions for 1992-93 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution."

1.45 The reasons for excess expenditure incurred under various sub-heads of the Grant, as furnished by the Ministry, are reproduced in Appendix-III. A scrutiny of these sub-heads reveals that the bulk of the excess expenditure was incurred under the two sub-heads, namely, 'Superannuation and Retirement Allowances—Ordinary Pensions' and 'Family Pensions'. Incidentally the excess expenditure under both these heads has been attributed to "addition of more pensioners and increase in the rate of Dearness Relief."

1.46 Commenting upon the excess expenditure of over Rs. 32.50 crores incurred by the Department of Expenditure under the same Grant during the preceeding year 1991-92, the Committee had in paragraph 1.27 of their 74th Report (10th Lok Sabha) recommended as follows:—

> "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."

1.47 Under Revenue Section (Voted) of Grant No. 33—pensions, the Central Pension Accounting Office in the Department of Expenditure incurred an expenditure of Rs. 15.88 crores over and above the sanctioned provision of Rs.682.80 crores during 1992-93 although a supplementary grant of Rs. 82.65 crores had been obtained in March, 1993. A perusal of the explanatory note furnished by the Department would reveal that but for the saving of over Rs. 23.01 crores that occurred under certain sub-heads of the grant, the excess expenditure would have been as high as Rs.38.89 crores. As in the previous year, bulk of the excess expenditure during the year 1992-93 had been registered under the two sub-heads 'Superannuation and Retirement Allowances—Ordinary Pensions' and 'Family Pensions'. The Department have attributed the excess expenditure under these two sub-heads to "addition of more pensioners and increase in the rate of Dearness Relief." Explaining the factors responsible for under-estimation of requirement of funds for 1992-93, the Department have *inter-alia* stated that Grant No. 33—Pensions was a composite grant based on estimated of 61 agencies and that despite making every possible effort the Department could not obtain the requirements of funds from most of the offices both at the Budget Estimates and the Revised Estimates Stages. The Department is also stated to have prepared the Budget Estimates 1992-93 in respect of defaulting offices by increasing 30 per cent over the Revised Estimates of the preceding year 1991-92. Similarly, the Budget Estimates 1992-93 figures were taken in toto as Revised Estimates 1992-93 for such offices which had not furnished their final requirements of funds at the Revised Estimates 1992-93 stage. The fact that the requirements of funds during the year 1992-93 under the Grant—Pensions were estimated without obtaining complete and reliable data only leads the Committee to conclude that the Central Pension Accounting Office had failed to develop procedures and systems for regular and timely inflow of requisite data from the various offices with the result that large variations between the sanctioned budgetary provision and the actual expenditure under various sub-heads of this composite grant continue to persist despite the recommendations of the Committee made in the past for taking appropriate remedial action. In the opinion of the

Committee, most of the liabilities on account of pensionary benefits can be assessed with more precision by maintaining close liaison with the concerned agencies and obtaining timely information from them. The Committee hope that special efforts would now be made by the Central Pension Accounting Office to collect and compile requisite data in time so that the Budget Estimates are made as accurately as possible leaving little scope for excess expenditure. Non-submission of data in time should be seriously viewed with and strict action taken against the defaulting officers.

Capital Section (Voted) Grant No. 75—Roads

1.48 Under Capital Section (Voted) of Grant No. 75—Roads, original provision during the year 1992-93 was Rs. 528.54 crore which was augmented to Rs. 542.39 crores through a supplementary grant of Rs. 13.85 crores obtained in March, 1993. Against this, the actual expenditure incurred by the Ministry of Surface Transport was Rs. 548,85,16,261 resulting in excess expenditure of Rs. 6,46,16,261.

1.49 A perusal of the explanatory note furnished by the Ministry for regularisation of excess expenditure (reproduced at Appendix IV) reveal that the major constituent of the excess expenditure was sub-head "5054-AA 2(1)(1)—Strategic and Border Roads—Road Works—Works under B.R.D.B." which alone accounted for an excess expenditure of Rs. 7.34 crores. After setting of the excesses/savings in other sub-heads of the grant, the overall excess requiring regularisation worked out to Rs. 6.46 crores.

1.50 Explaining the reasons for excess expenditure under the above-mentioned sub-heads, the Ministry of Surface Transport in their explanatory note *inter-alia* stated as follows:—

> "The excess expenditure under sub-head AA.2(1)—Road Works—AA.2 (1)(1) — Works under B.R.D.B. was mainly due to receipt of debit vouchers pertaining to the previous years just before the close of the financial year 1992-93. To prevent the excess expenditure under this sub-head, in future effective measures have been taken *viz,* the Controller General of Defence Accounts Office has been requested *vide* letter No. A/1/202 Appro. Accts. III dated 7.10.1993 (copy enclosed) not to accept any punching medium for the month of 14th and 15th accounts which are raised by other Controllers without the consent of Controller of Defence Accounts (Border Roads).
>
> In the circumstances explained above, the excess expenditure of Rs. 6,46,16,261 under Capital Section (Voted) of Grant No. 75 — Roads for 1992-93 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India."

1.51 Under the Capital Section (Voted) of Grant No. 75—Roads, the Ministry of Surface Transport incurred an overall excess expenditure of over Rs. 6.46 crores against the total sanctioned provision of Rs. 542.39

crores during 1992-93. The Committee's examination of the explanatory note furnished by the Ministry revealed that this excess expenditure was the net result of excess and savings that had occurred under various sub-heads under the grant. However, the main constituent of the excess expenditure was sub-head "5054 — AA. 2(1) (1) — Strategic and Border Roads — Road Works — Works under BRDB" which alone accounted for an excess expenditure of Rs. 7.34 crores. According to the Ministry, the excess expenditure under this sub-head was "mainly due to receipt of debit vouchers pertaining to the previous years just before the close of the financial year 1992-93". The Committee have also been informed that effective measures have been taken to prevent the excess expenditure under this sub-head by asking the Controller General of Defence Account's Office on 7.10.1993 not to accept any punching medium for the month of 14th and 15th accounts which are raised by other Controllers without the consent of Controller of Defence Accounts (Border Roads). The Committee's perusal of these instructions dated 7.10.1993 revealed that similar instructions were already in existence and any booking of expenditure made to this head required the approval of Controller of Defence Accounts (Border Roads). Evidently, these instructions were not followed in the instant case with the result that excess expenditure of substantial magnitude under this sub-head was incurred during 1992-93. The Committee need hardly point out that the instructions have meaning only if they are complied with both in letter and spirit. The Committee trust that the Ministry of Surface Transport will therefore, take effective steps to ensure that all financial instructions are scrupulously followed by their budget controlling authorities so as to exercise adequate control on expenditure.

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

1.52 Under Revenue Section (Voted) of Grant No. 97—Chandigarh the original provision was Rs. 216.57 crores which was augmented to Rs. 238.82 crores by obtaining a supplementary grant of Rs. 22.25 crores in March, 1993. Against this, the actual expenditure was Rs. 239,93,77,128 resulting in excess expenditure of Rs. 1,11,77,128 under the grant.

1.53 The explanatory note furnished by the Ministry of Home Affairs for regularisation of excess expenditure under this grant is reproduced at Appendix VI. A perusal of this explanatory note reveals that there were 20 sub-heads under which excess expenditure of Rs. Five lakhs and above had occurred in this section of the grant during the year 1992-93.

1.54 It may also be pointed out that the excess expenditure over the budgetary allocations in different sections of Chandigarh grant administered by Ministry of Home Affairs has been a recurring feature from 1984-85 onwards. While deploring the casualness displayed by the Ministry of Home Affairs in administering this grant, the Committee had in paragrah 1.30 of their 74thReport (10th Lok Sabha) desired the Ministry of Home Affairs to take effective steps to tighten their financial control over the spending units of this Grant in order ensure avoidance of excess expenditure being incurred in future.

1.55 The Committee note that an overall excess of Rs. 1.12 crores had occurred during 1992-93 under Revenue Section (Voted) of Grant No. 97—Chandigarh administered by the Ministry of Home Affairs. The Committee also find that this excess expenditure had occurred despite obtaining a supplementary grant of Rs. 22.25 crores in March, 1993. Surprisingly enough, a perusal of the explanatory note furnished by the Ministry for regularisation of this excess expenditure had revealed that there were as many as 20 sub-heads under this grant which had exceeded the budgetary allocations by Rs. 5 lakhs or more during the year under review. What is still worse is the fact that excess expenditure under this grant has been a recurring feature from the year 1984-85 onwards. Clearly, the Ministry of Home Affairs have not drawn any lessons from their past experience and have once again failed to exercise adequate care in assessing their actual requirement of funds even while obtaining supplementary grants at the end of the year. In the opinion of the Committee, the endemic tendency on the part of the Chandigarh Administration to exceed the budgetary ceilings year after year is a sad commentary on the manner in which this grant is being administered by the Ministry of Home Affairs which have miserably failed to enforce strict budgetary discipline over the spending units in Chandigarh Administration. The Committee trust that the Ministry of Home Affairs would at least now act by taking concrete measures to effect improvements in the management of this grant. The Committee would like to be apprised of the steps taken in this regard.

Appropriation Accounts (Defence)

1.56 During the year 1992-93, the actual expenditure exceeded the sanctioned provisions under two grants operated by the Ministry of Defence. The summarised position of sanctioned provisions and actual expenditure incurred under these two excess registering grants is given below:

(Rupees in crores)

No. & Name of Grant	Original provision	Supplementary provision	Total	Actual Expenditure	Excess
18-Defence Services-Army (Revenue)	8937.23	336.42	9273.65	9326.88	53.23
22-Capital Outlay on Defence Services (Capital)	5340.89	108.57	5449.46	5470.75	21.29
Total :	14278.12	444.99	14723.11	14797.63	74.52

1.57 It would be seen from the above table that supplementary grants were obtained in both the excess registering grants but the same proved to be inadequate to meet the requirements.

1.58 The explanatory notes furnished by the Ministry of Defence for regularisation of excess expenditure are reproduced at Appendices VII & VIII. A perusal of the explanatory note relating to 'Grant No. 22-Capital Outlay on Defence Services' reveals that there were two cases of incorrect classification of expenditure under this grant as per details given below:

1. *Major Head 4076* Sub Major Head-01-Army Minor Head. 101-Aircraft and aeroengines	The excess of Rs. 2.00 crore over the final grant was due to booking of certain expenditure to this head instead of Revenue head.
2. Sub Major Head-04-Ordnance Factories Minor Head-052-Machinery and Equipment	The excess of Rs. 5.41 crore over the final Grant was due to booking of some expenditure on account of 'Renewal and Replacements' to this head.

1.59 Outlining the steps taken to contain the expenditure within the sanctioned budget, the Ministry of Defence have in their explanatory notes, *inter-alia,* stated as follows:

> "Instructions have already been issued to all the estimating authorities for framing the budget estimates on the most realistic basis. Constant monitoring of the expenditure has also been emphasised with a view to scrupulously conforming to the allocations. The Inter-departmental Monitoring Groups constituted since 1991-92 have been asked to review projected requirements for 1992-93 and the actual expenditure details of 1992-93 to pinpoint and eliminate the defects, if any, in the process of estimation to bring in further refinement in budgetary estimation and control. A copy of Ministry of Defence (Finance) I.D. No. 10(2)/93-B-I. dated 21.7.93 is enclosed."

1.60 In their action taken reply to Para 1.18 of 19th Report of PAC (10th Lok Sabha), the Ministry of Defence had stated as follows:

> "In order to identify and remedy the shortcomings and defects in the existing system of estimation of requirement of funds under different heads, the variations between the assessments made at various stages in a financial year and the actual expenditure are being reviewed

objectively. These reviews are expected to be conducive to more precise and realistic estimation of requirements. In order to further tighten the control over expenditure, Inter-departmental Monitoring Groups, comprising of the senior officers from Ministry of Defence, Integrated Finance, Services Headquarters and concerned Controller of Defence Accounts, have been constituted to continuously review the progress of expenditure and pending liablities."

1.61 The table given below indicates that as compared to the preceeding three years, the aggregate excess expenditure incurred by Ministry of Defence during 1992-93 registered increase both in terms of quantum and the number of grants.

Year	No. of Grants	Total Excess expenditure (Rs. in crores)
1989-90	1	15.24
1990-91	1	1.44
1991-92	—	—
1992-93	2	74.53

1.62 The Committee note that an excess expenditure of Rs. 53.23 crores and Rs. 21.29 crores had been incurred by the Ministry of Defence under Grant No. 18-Army (Revenue) and Grant No. 22-Capital outlay on Defence Services respectively during the year 1992-93. This huge excess expenditure had occurred inspite of the Ministry obtaining supplementary provisions of the order of Rs. 444.99 crores under these two grants. Significantly, this excess expenditure incurred by the Ministry of Defence during the year under review had registered an increase both in terms of quantum and the number of grants as compared to figures of preceding three years. Although the Ministry of Defence is stated to have constituted Inter-departmental Monitoring Groups since 1991-92 to continuously review the progress of expenditure, the Committee are constrained to observe that these Inter-departmental Groups could not do anything to contain the expenditure within budgetary ceilings during the year 1992-93. Obviously, the present system of assessment of requirement of funds and monitoring of expenditure under grants/appropriations operated by the Ministry of Defence leaves much to be desired. The Committee have also been informed that the Inter-departmental Monitoring Groups have been asked on 21 July, 1993 to review projected requirements and the actual expenditure details of 1992-93 to pinpoint and eliminate the defects, if any, in the process of estimation to bring in refinement in budgetary estimation and control. The Committee would like to be apprised of the out-come of such review and the further measures taken by the Ministry as a result thereof to tighten their financial control.

1.63 The Committee also note that there were two cases of erroneous bookings of expenditure which resulted in excess expenditure to the tune of Rs. 7.41 crores under Grant No. 22-Capital outlay on Defence Services. The Committee take a serious view of such patent accounting errors as these result in misleading and incorrect presentation of accounts. They believe that such errors could have been detected and avoided if adequate attention had been paid particularly at the supervisory level. The Committee trust that effective measures would be taken in future to obviate instances of mis-classification of expenditure.

Appropriation Accounts (Postal)

Grant No. 14-Postal Services (Revenue Section-Voted)

1.64 Against the original grant of Rs. 15,58,72,00,000 augmented to Rs. 1627,72,00,000 by obtaining supplementary grant of Rs. 69,00,00,000 an expenditure of Rs. 16,49,18,46,092 had been incurred in the Revenue Section (Voted) of Grant No. 14—Postal Services, during 1992-93 resulting in an uncovered excess of Rs. 21,46,46,092.

1.65 According to the Ministry, the factors which contributed towards excess expenditure were as under:

(i) Settlement of more pensionary cases than anticipated.

(ii) Settlement of more claims of air carriers due to increase in traffic besides enhancement of rates.

(iii) Increase in expenditure of pay and allowances due to implementation of biennial cadre review and time bound promotions and settlement of more L.T.C. claims than anticipated. This could not be assesse with absolute accuracy.

1.66 The Committee note that an excess expenditure of over Rs. 21.46 crores was incurred under Grant No. 14— Postal Services (Revenue Section-Voted) despite obtaining a supplementary provision of Rs. 6,900 crores during the year under review. The excess occurred mainly due to settlement of more pensionary cases; more claims of air carriers due to increase in traffic besides enhancement of rates; and increase in expenditure of pay and allowances due to biennial cadre review and time bound promotions and settlement of more LTC claims than anticipated. In the opinion of the Committee, these reasons for excess expenditure over authorised allocations clearly indicate that lack of proper and timely review of anticipated expenditure and failure to provide fully for requirement of funds had contributed to the excess under this grant. The Committee are unable to appreciate why liabilities on account of settlement of pensionary cases as also expenditure on pay and allowances due to biennial cadre review could not be assessed realistically by the Department of Posts since there is usually no element of uncertainty in the expenditure on pensions or pay and allowances. The Committee hope that Department of Posts would take sufficient

care in future while projecting their requirements of funds so as to contain excess expenditure.

Appropriation Accounts (Telecommunication)

Grant No. 15 — Telecommunication Services

(Capital Section — Voted)

1.67 Against the original grant of Rs. 4018.99 crores augmented to Rs. 4019.01 crores by obtaining a Supplementary Grant of Rs. 0.02 crore, the Ministry of Communications incurred an excess expenditure of Rs. 25.54 crores in Capital Section (Voted) of Grant No. 15 Telecommunication Services during 1992-93.

1.68 Explaining the reasons for the excess the Ministry of Communications have stated:

> "The excess expenditure has been mainly incurred in one of the plan schemes *viz.* Local Telephone Systems on account of more purchase of materials like cables and A&P than anticipated earlier. During the year 1992-93, against the target of provision of 8.50 lakhs new telephone connection the actual achievement was Rs. 9.87 lakhs.
>
> In the Department of Telecommunications over 12000 individual projects are executed through field level formations called circles, SSA units and even taluk level offices such as SDOs etc., spread all over the country. These projects vary in size from about Rs. 50 lakhs in terms of financial value to even Rs. 50 crores in big cities. Bulk of the expenditure on these projects is generally incurred through centralised procurement of materials. In addition, field units also incur expenditure towards purchase of equipment in small quantities such as drop wires, jointing kits, L&W material and subscriber and instruments etc. It is therefore not practicable at this stage to exactly correlate the process of procurement of materials, estimate by estimate, with schemewise provision in the budget specially where such a large number of small, medium and large size projects are under execution simultaneously all over the country. However, notwithstanding these practical difficulties and the size of the network all attempts are being made by means of strict enforcement of rules to ensure that field units remain within the budget allotment."

1.69 Incidentally, the excess expenditure of Rs. 65.04 crores incurred by the Ministry under this grant during the preceding year 1991-92 was also attributed to the excess occurred mainly under plan scheme "Local Telephone Systems" due to more receipt of cables and apparatus and plant.

1.70 Under Capital Section (Voted) of Grant No. 15—Telecommunication Services, the Ministry of Communications had incurred an expenditure of Rs. 25.54 crores over and above the sanctioned provision of Rs. 4019.01 crores during the year 1992-93. As in the previous year 1991-92, the excess

expenditure during the year under review had occurred mainly under the plan scheme "Local Telephone Systems" on account of more purchase of materials like cables, apparatus and plants than anticipated. Explaining their difficulties the Ministry of Communications in their explanatory note stated that over 12000 individual projects are executed in the Department of Telecommunications through field level formations. While bulk of the expenditure on these projects is generally incurred through centralised procurement of materials, the field units also incur expenditure towards purchase of equipment in small quantities. According to the Ministry, it is therefore not practicable at this stage to exactly correlate the process of procurement of materials when such a large number of projects are under execution simultaneously all over the country. The Committee have been informed that notwithstanding the practical difficulties, all attempts were being made by the Department by means of strict enforcement of rules to ensure that field units remain within the budget allotment. While appreciating the practical difficulties being experienced by the Department in implementing the plan scheme relating to 'Local Telephone Systems', the Committee would like to emphasise that proper measures are required to be taken to impress upon the field units to regulate their expenditure within budgetary ceilings. They therefore, desire that the Ministry should evolve a sound mechanism for keeping a proper watch over the expenditure incurred by various field units *vis-a-vis* their budgetary allocations so as contain the excess expenditure in future.

APPROPRIATION ACCOUNTS (RAILWAYS)

1.71 During 1992-93, the actual expenditure under the grants/ appropriations administered by the Ministry of Railways exceeded the sanctioned provision in two grants and one appropriation as detailed below:

(Rupees)

No. & Name of Grants/Appropriations	Original Grant	Supplementary Grant	Total Grant	Excess Expenditure
Grant No. 8 — Working Expenses — Operating Expenses — Rolling stock and Equipment (Revenue)	961,44,84,000	39,54,88,000	1000,99,72,000	17,57,08,720
Appropriation No. 10 — Working Expenses — Operating Expenses — Fuel (Revenue)	2,00,000	20,000	2,20,000	30,972

No. & Name of Grants/Appropriations	Original Grant	Supplementary Grant	Total Grant	Excess Expenditure
Grant No. 16 — Assets, Acquisition — Construction and Replacement— "Other Expenditure" — CAPITAL	6816,77,80,000	228,70,15,000	7045,47,95,000	521,70,28,992
	7778,24,64,000	268,25,23,000	8046,49,87,000	539,27,68,684

1.72 The comparative figures of excess expenditure incurred by the Ministry of Railways during preceding five years is indicated in table given below:

Year	No. of Excess registering Grants / Appropriations	Excess (Rs. in crores)
1988-89	8	104.97
1989-90	9	196.42
1990-91	8	272.51
1991-92	9	294.01
1992-93	3	539.28

1.73 The complete text of the explanatory note of the Ministry of Railways is reproduced in Appendix XI to this Report.

1.74 It is rather distressing that inspite of repeated exhortations by the Committee for ensuring stricter observance of financial principles with a view to contain the excess expenditure to the barest minimum, the Ministry of Railways continue to display their callous attitude towards the need for framing the budget estimates on a realistic basis and exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grants. To the utter dismay of the Committee, the excess expenditure incurred by the Ministry of Railways during 1992-93 has assumed a new dimension by touching an astronomically high figure of Rs. 539.28 crores which is not only more than the aggregate excess expenditure incurred by all excess registering Ministries / Departments of Government during the year under review but also highest as compared to the excess expenditure registered by the Ministry of Railways in the preceding five years. The Committee's examination has revealed that the major contributor to the excess expenditure incurred during 1992-93 was 'Grant No. 16—Acquisition, Construction and Replacement—other expenditure—Capital' which alone recorded an excess of over Rs. 521.70

crores inspite of the fact that the Ministry of Railways had obtained supplementary provisions amounting to Rs. 228.66 crores during March, 1993 to meet the increased expenditure under this grant mainly under plan heads inventories, doubling new lines, rolling stock, gauge conversion etc. The Committee are extremely unhappy that the Ministry in their explanatory note have neither indicated the reasons for incurring of excess expenditure of such a high order nor for their failure to estimate the expenditure with more precision particularly when supplementary grants amounting to Rs. 228.66 crores were obtained under the same head at the very fag end of the year. The Committee take a serious view of this situation and strongly urge the Ministry to exercise greater care in assessing realistically their requirements of funds in future. Efforts should also be made to keep a close and constant watch over the trend of expenditure with a view to containing the same within the budgetary allocations.

1.75 Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in Para 1.8 of this Report be regularised in the manner prescribed in Article 115(1) (b) of the Constitution of India.

CHAPTER-II

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 60TH REPORT (10TH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS DURING 1990-91

2.1 The Sixtieth Report (10th Lok Sabha) of the Public Accounts Committee on excess over Voted Grants and Charged Appropriations for the year 1990-91 was presented to Lok Sabha on 23 February, 1994. The Report contained 12 recommendations. Of these, five recommendations relate to more than one Ministry.

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

(i) Recommendations or observations which have been accepted by Government:
Sl. Nos. 1 to 6 and 8 to 11

(ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government:
Sl. Nos. 7 and 12

(iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration.
-NIL-

(iv) Recommendations or observations in respect of which Government have furnished interim replies/no replies.
-NIL-

2.3 In the succeeding paragraphs, the Committee have dealt with action taken by Government on some of the recommendations contained in their 60th Report.

Responsibility for the control of expenditure against the sanctioned provisions
(Sl. No. 2, Paragraph 1.20)

2.4 Noticing the persistent trend of excess expenditure being incurred by various Ministries year after year, the Committee had in paragraph 1.20 of their 60th Report observed as under:

"While examining the excess expenditure incurred during 1984-85, the Committee had in Paragraph 2.6 of their 57th Report (8th Lok

Sabha) expressed satisfaction over the declining trend of excess expenditure during the year 1980-81 to 1984-85 and had hoped that the declining trend would be sustained. However, the hope of the Committee was belied in the subsequent years when the position altered and took a worse turn in 1989-90 when the excess expenditure touched an unprecedented high of Rs. 976.82 crores under 20 grants/appropriations. The situation during the year under Report i.e. 1990-91 is also no better and presents a dismal picture of the prevailing state of affairs in preparation of budget estimates and control of expenditure by the various Ministries/Departments of Government of India. What is further distressing is the fact the excess expenditure in 1990-91 had occurred in 13 grants/appropriations in which supplementary grant of Rs. 1374.86 crores was obtained. In the light of the fact that bulk of the supplementary provisions are made at the fag end of the year when the Ministries have sufficient data for estimating their actual requirements of funds, the Committee find no plausible explanations for incurring substantial excess expenditure under these grants or appropriations. Another feature observed by the Committee was that excess expenditure of over Rs. 1 crore had occurred in as many as 11 cases of the total 19 cases of excesses over Voted Grants and Charged Appropriations during 1990-91. Surprisingly, excess expenditure had exceeded rupees one crore each in all the grants operated by Ministry of Railways in which excess expenditure had occurred. This reinforces the Committee's view that lack of proper monitoring of the progress of expenditure and failure to assess actual requirements of funds in time by the concerned Ministries/Departments are the main factors giving rise to excess expenditure. The Committee have no doubt that the problem of excess expenditure can be tackled effectively only by keeping unremitting vigil over the trend of expenditure and by assessing properly the actual need of funds at the revised estimates stage as well as supplementary grant stage. The Committee, therefore, desire that concrete steps should be taken by the Ministry of Finance to impress upon the Ministries to devise effective mechanisms for proper & continuous monitoring over the progress of expenditure and indepth examination of the requirements of funds so that the excess expenditure may be kept to the barest minimum if not eliminated altogether. They also desire that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provisions and any slackness in following the established financial discipline should be sternly dealt with."

2.5 In their action taken note, the Ministry of Finance (Department of Expenditure) have stated as follows:

"The observation of Public Accounts Committee have been noted.

All Ministries/Departments have been instructed *vide* O.M. No.1(14)-E. II(A)/94 dated 17.10.1994 (copy enclosed) to form their budget estimates accurately after careful in depth examination of the requirement of funds.

The Ministries/Departments have also been asked to devise effective mechanism for proper and continuous monitoring of the progress of expenditure so as to avoid excess expenditure or savings. Instructions No. 2(102)/IB(CDN)/94 dated 23.5.1994 issued to all the FAs in this regard are enclosed. It has also been brought to the notice of the Ministries/Departments that they will be fully accountable for control of expenditure against sanction provisions and any slackness would be viewed seriously."

2.6 In paragraph 1.20 of their 60th Report (10th Lok Sabha) the Committee had, *inter-alia*, recommended that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provisions and any slackness in following the established financial discipline should be sternly dealt with. The Committee note that this recommendation has been brought to the notice of all Ministries/Departments of Government by the Ministry of Finance (Department of Expenditure) *vide* their office memorandum dated 17.10.1994. In the light of persistent occurrences of excess expenditure year after year, the Committee would like the Ministry of Finance to take suitable steps to ensure that complete details of circumstances leading to overall excess expenditure under a grant or appropriation, together with action taken to fix responsibility therefor, are invariably made available to the Committee through the explanatory notes furnished for regularisation of expenditure atleast from the accounting year 1994-95 and onwards.

Time schedule for furnishing explanatory notes for regularisation of excess expenditure (Sl. No. 3, Para 1.21)

2.7 Commenting on the inordinate delay in submission of the explanatory note for regularisation of excess expenditure to the Public Accounts Committee by various Ministries/Departments, the Public Accounts Committee in Para 1.21 of their 60th Report (10th Lok Sabha) recommended as follows:

"The Committee find that out of the 19 grants/appropriations which recorded excess expenditure during the year 1990-91, while the explanatory notes to the Committee in respect of Railways and Defence Services were furnished almost within the prescribed time limit (*viz.* by 31 May or immediately after presentation of the relevant Appropriation Accounts whichever is later), there was inordinate delay in submission of the explanatory notes relating to all the grants/appropriations covered under Civil Accounts ranging from over five months to 13 months and that in the case of Telecommunication Services was 14 months. The inordinate delays of

12, 13 and 14 months in respect of explanatory notes pertaining to the Ministries of Home Affairs, Commerce and Communications are in no way justifiable since the Ministry of Finance have already laid down a time schedule for completing action at various stages involved in the finalisation/vetting of the explanatory notes with a view to avoiding delay in submission thereof to the Committee. The Committee take a serious view of this delay on the part of the Ministries concerned in furnishing the explanatory notes and desire that the responsibility be fixed for any laxity in this regard. The Committee would also like the Ministry of Finance to analyse and apprise them of the precise reasons for persisting delays in submission of explanatory notes and take corrective measures to ensure timely submission of explanatory notes in future."

2.8 The Ministry of Finance (Department of Expenditure) have in their action taken note stated as under:

"The observations of the Public Accounts Committee have been noted and brought to the notice of all Ministries/Departments of the Government of India *vide* 12(2)-E.Coord./94 dated 21.7.1994. It has been emphasised that the time schedule for the presentation of explanatory notes to the Public Accounts Committee in respect of cases whose expenditure has exceeded the approved grants be adhered to strictly i.e. these should be submitted immediately after presentation of Relevant Appropriation Accounts to the House or by 31st May, whichever is later."

2.9 Taking a serious view of the delay on the part of various Ministries in furnishing the explanatory notes, the Committee had in their 60th Report (10th Lok Sabha) desired the Ministry of Finance to analyse and apprise them of the precise reasons for persisting delays in submission of explanatory notes besides taking corrective measures to ensure timely submission of the same in future. The action taken note furnished by the Ministry of Finance reveals that the Ministry have once again issued instructions to all the Ministries/Departments emphasising that the time schedule for the presentation of explanatory notes to the Committee may be strictly adhered to. The action taken note is however, completely silent as to whether the Ministry of Finance have made any attempt to analyse the reasons for the delays that had occurred in the past in furnishing the explanatory notes to the Committee. Going by the past record of delays that had been taking place in the submission of explanatory notes, the Committee are of firm opinion that such an analysis of the reasons for delay in furnishing the explanatory notes is necessary so that the appropriate remedial measures may be taken to effect improvement in future. The Committee would like to be informed of the progress achieved in this regard in due course.

Large Scale Savings
(Sl. No. 4 & 6, Paragraph 1.22 & 1.24)

2.10 Taking note of the large scale savings in the Accounts for 1990-91, the Committee had in paragraphs 1.22 and 1.24 of their 60th Report (10th Lok Sabha) observed as follows:—

1.22 "While there had been a sizeable amount of excess expenditure over Voted Grants and Charged, Appropriations, during 1990-91, the Committee are astonished to note that the year also witnessed large scale savings. The Committee's scrutiny of the Appropriation Accounts of Civil, Defence, Railways, Telecommunication Services and Postal in this regard revealed that savings aggregating Rs. 43,872.55 crores had occurred in as many as 244 items during the year 1990-91. Out of these, the Appropriation Accounts (Civil) alone accounted for savings of Rs. 42,644.26 crores in 206 items of expenditure under both Voted Grants and Charged Appropriations. The Committee also observe that 150 items of expenditure under various Appropriation Accounts have registered savings of over Rs. 1 crore each. What has surprised the Committee most is the fact that savings have exceeded even more than Rs. 100 crores each in 14 items of expenditure under Civil Accounts and two items under Defence Services and one item in Telecommunication Services. The Committee desire the Ministry of Finance to investigate the circumstances which led to a substantial savings of Rs. 100 crores and above in a Grant or Appropriation during 1990-91 and take suitable remedial steps."

1.24. "The Committee are concerned to note that over the years 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 farsightedness while forecasting 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 savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to the Committee along with the explanatory notes regarding excess expenditure incurred."

2.11 In their action taken note, the Ministry of Finance (Department of Expenditure) have stated as follows:—

"The observation made by the Public Accounts Committee has been brought to the notices of all the Ministries/Departments *vide* O.M. No. 1(14)E. II(A) dated 17.10.1994 (Copy enclosed). It has been emphasised that the Ministries/Departments should prepare their budget estimates carefully and accurately so that large scale savings do not occur. It has also been brought to the notice of the Ministries/Departments that detailed notes in respect of the savings involving Rs. 100 crores and above be furnished to the Public Accounts Committee alongwith the explanatory notes regarding excess registering grants. These instructions have been particularly brought to the notice of Financial Advisers of Ministries/ Departments in whose case the saving is over Rs. 100 crores. They have been requested to carefully prepare their budget estimates so that large scale savings do not take place."

2.12 Noticing the large scale savings under various grants/ appropriations, the Committee had in paragraph 1.22 of their 60th Report (10th Lok Sabha) desired the Ministry of Finance to investigate the circumstances which led to savings of the order of Rs. 100 crores or above in a grant or appropriation during 1990-91 and take suitable remedial steps. From the action taken notes furnished by the Ministry of Finance (Department of Expenditure), the Committee are distressed to find that the Ministry have not initiated any concret measures in this regard except issuing routine instructions emphasising that the Ministries/Deaprtments should prepare their budget estimates carefully and accurately so that the large scale savings do not occur. The Committee feel that mere issuance of such instructions carry no meaning unless the reasons for extraordinary large scale savings in a grant or appropriation are investigated and suitable remedial steps taken as a result thereof to ensure optimum utilisation of scarce resources. The Committee therefore, desire that the Ministry of Finance should immediately investigate the circumstances which resulted in savings of Rs. 100 crores or above in a grant or appropriation during 1990-91 and apprise the Committee of the concret steps taken by them to overcome the tendency of excess budgeting.

2.13 In paragraph 1.24 of their 60th Report, the Committee had recommended 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 them alongwith the explanatory notes regarding excess expenditure incurred. A perusal of the action taken not furnished by the Ministry of Finance in pursuance of the aforesaid recommendation reveals that the Ministry had brought this recommendation to the notice of all the Ministries/Department of Government on 17 October, 1994 and also subsequently issued instructions on 19 December, 1994 stipulating that in future such notes on savings may be furnished to the Committee alongwith the explanatory notes. While appreciating the issuance of instructions on furnishing of detailed notes on savings of Rs. 100 crores and above, the Committee would like to be reassured that this recommendation of the

Committee receives prompt attention and the time schedule prescribed for this purpose is scrupulously followed by all Ministries/Departments concerned while forwarding their explanatory notes to the Committee on the Accounts for 1993-94 and onwards.

NEW DELHI;
20 March, 1995

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29 Phalguna, 1916 (Saka)

BHAGWAN SHANKAR RAWAT,
Chairman,
Public Accounts Committee.

PART II

MINUTES OF THE TWENTY-SECOND SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1994-95) HELD ON 13 MARCH, 1995

The Committee sat from 1100 to 1130 hrs. (FN) on 13 March, 1995 in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhagwan Shankar Rawat—*Chairman*

MEMBERS

2. Sqn. Ldr. Kamal Chaudhry
3. Dr. K.V.R. Chowdary
4. Shri Jagat Veer Singh Drona
5. Shrimati Geeta Mukherjee
6. Shri Somappa R. Bommai
7. Shri Triloki Nath Chaturvedi
8. Shri Murasoli Maran

LOK SABHA SECRETARIAT

1. Shri Murari Lal —*Joint Secretary*
2. Smt. Paramjeet Kaur—*Director*
Sandhu —*Under Secretary*
3. Shri P. Sreedharan

REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Shri Samir Gupta —Addl. Dy. C&AG (Reports)
2. Shri A.K. Banerjee —Pr. Director (Direct Taxes)
3. Shri Vijay Kumar —Director General of Audit (P&T)
4. Shri B.M. Oza —Director General of Audit (Central Revenue)
5. Shri Vikram Chandra —Pr. Director (Reports Central)
6. Smt. Anita Pattanayak—Director (Railways)
7. Shri P.S. Dewan —Deputy Director
8. Shri asim Sharma —Deputy Director

2. The Committee considered the following draft Reports:—

(i) Excesses over voted grants and charged appropriations (1992-93) and action taken on 60th Report of Public Accounts Committee (10th Lok Sabha)

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

(iii) *** *** ***

The Committee adopted the above mentioned draft Reports without any amendment / modification.

3. The Committee authorised the Chairman to finalise thcse draft Reports in the light of the comments of Audit arising out of factual verification and also to present the same to Parliament.

The Committee then adjourned.

APPENDIX I

MINISTRY OF AGRICULTURE
DEPARTMENT OF AGRICULTURE & CO-OPERATION

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Charged) of Appropriation No. 1—Agriculture, as disclosed in the Union Government Appropriation Accounts (Civil) for 1992-93.

Capital Section (Charged)	Rupees
Original Appropriation	367,40,00,000
Suppementary Appropriation	NIL
Total Appropriation	367,40,00,000
Actual expenditure	367,40,18,700
Excess	18,700

2. Under Capital Section (Charged) of Appropriation No.1—Agriculture the total budget provision was Rs. 367,40,00,000 for the year 1992-93 against which an actual expenditure of Rs. 367,40,18,700 was incurred resulting in an excess expenditure of Rs. 18,700.

3. In the Major Head 7601, CC.2—Loans for Centrally Sponsored Plan Schemes: CC.2(1) Crop Husbandry—Commercial Crops: CC.2(1)(1)—National Watershed Development Programme for Rainfed Agriculture, a sum of Rs. 57,40,00,000 was provided in Budget Estimate as well as Revised Estimate 1992-93 for loans to State Governments. Upto 5th February 1993, an amount of Rs. 30,47,30,800 as loan had been released. While working out the balance available under the sub-head as on 5th February 1993, the same was rounded to Rupees in crores and it was shown as Rs. 26.93 crores (Rs. 26,93,00,000) whereas actual balance was to the tune of Rs. 26,92,69,200. Thereafter, amounts of Rs. 15,70,87,900 and Rs. 11,22,00,000 were released on 24.3.1993 and 31.3.1993 respectively, totalling Rs. 26,92,87,900 assuming that the balance available was Rs. 26,93,00,000. Thus, against the provision of Rs. 57,40,00,000 under loan component, an amount of Rs. 57,40,18,700 (Rs. 30,47,30,800 + 15,70,87,900 + 11,22,00,000 = Rs. 57,40,18,700) i.e. an excess amount of Rs. 18,700 over and above Budget Estimate 1992-93 was released due to rounding of the figures related with the release of funds.

4. From the year 1993-94 onwards the balances available on a particular

date will be calculated in units of Rupees before any release is made. Care will be taken to avoid any such excess expenditure in future.

5. In view of the circumstances explained above, the excess expenditure of Rs. 18,700 under Capital Section (Charged) portion of appropriation No. 1—Agriculture for the year 1992-93 may please be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

6. This has been vetted by Audit *vide* their U.O. No. RR/11-6/94-95/183 dated 31.5.1994.

Sd/-
(MALTI S. SINHA)
Joint Secretary to the Govt. of India

(Ministry's Files No.—RFSC/2-4/94-RFD-IV, RFSC/20-32/92—NWDPRA).

APPENDIX II

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(INTEGRATED FINANCE BRANCH)

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 25—Department of Economic Affairs, as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1992-93.

Revenue Section (Voted)	Rupees
Original Grant	441,97,00,000
Supplementary Grant	107,71,00,000
Total Grant	549,68,00,000
Actual Expenditure	554,45,09,052
Excess	4,77,09,052

2. Under Revenue Section (Voted) of Grant No. 25—Department of Economic Affairs for 1992-93, the original provision was Rs. 441,97,00,000. This was augmented to Rs. 549,68,00,000 through a supplementary grant of Rs. 107,71,00,000. As against this, the actual expenditure amounted to Rs. 554,45,09,052 resulting in an excess expenditure of Rs. 4,77,09,052 which rquires regularisation by the Parliament. This excess expenditure was the net result of the excesses and savings under various sub-heads of the Grant. The sub-heads under which the excess expenditure of 10% of the sanctioned provision or Rs. 5 lakhs whichever is higher have occurred and reasons therefor are given below and the details of the sub-heads having major savings (with reasons therefor) which partly set off the excess are given in the enclosed Annexure.

(Rs. in lakhs)

MAJOR HEAD—3075

F — Other Transport Services

F. 1 — Others

F. 1(1) — Subsidy to Railways towards dividend reliefs and other concessions 1181.86

The reasons for excess expenditure in this sub-head are given below:—

(I) As per recommendation of Railway Convention Committee, capital invested in the following cases qualified subsidy from the general revenues to the extent of the dividend calculated at the specified rates.

(a) Strategic lines.

(b) 28 new lines taken up on or after 1.4.1955 on other than financial considerations. Dividend becomes payable if any line becomes remunerative adopting the marginal cost principle. The arrangement is to be applied also to the two National Investments viz. Jammu-Kathua and Tirunelveli-Kanyakumari-Trivandrum line.

(c) North-East Frontier Railway (Non-strategic portion).

(d) Unremunerative Branch lines subject to their unremunerativeness being established on the marginal cost principle in each case through an annual review of their financial results.

(e) The Ore Lines between Bimai-garh-Kriburu and Sambalpur-Titlegar.

(f) Ferries and Welfare Buildings.

(g) 50% of the Capital invested on all works in the current year and in the two previous years, excluding capital invested in strategic lines, North-East Frontier Railway (Commercial), Ore-Lines, Jammu-Kathua and Tirunelveli-Kanyakumari-Trivandrum lines, Ferries and Welfare buildings and unremunerative branch lines which qualify in full for subsidy, capital invested in new lines on which the dividend payable is deferred during the period of construction and the first five years after opening of the lines for traffic and the capital cost of line wires taken over from the P&T Department.

(II) The accountal of subsidy in Railway accounts corresponds accountal of dividend on actual capital outlay during the year and balance of Capital-at-charge from the commencement. One of the items on which Railways get subsidy from general revenues stipulates that 50% of the capital invested on all works in the current year and in the two previous years qualifies for subsidy except capital invested on those works which qualify in full for subsidy. As capital invested in all such works is subject to payment of full dividend, 50% subsidy of the dividend paid is claimed during the year.

(III) In the year 1992-93, actual dividend paid by the Railways was Rs. 1172.39 crores against the revised provision of Rs. 1146.00 crores. Increase in dividend payment has resulted in excess receipt of actual subsidy by Railways as compared to that provided in the budget.

(Rs. in lakhs)

MAJOR HEAD—3475

G. Other General Economic Services
G. 3 Other Expenditure
G. 3(4) Grants-in-aid
G. 3(4) (5) Grants to other Institutions 11.09

The excess expenditure was mainly on account of the need for computerisaton of the Institute of Economic Growth as this Institute looks after the training needs of the IES probationers. There was an imperative need to quickly install necessary facilities to enable the Institute to cater to the needs of the fresh batches of IES Officers recruited in the year 1992/1993 who would be coming up for training in 1993. It was felt to be advisable to allow this expenditure in the year 1992-93 rather than postponing it to next year.

G. Other General Economic Services
G. 3 Other Expenditure
G. 3(7) Transfer to Reserve Fund
G. 3(7) (3) War Risks (Marine Hulls) Re-Insurance Fund 212.97

The excess expenditure was due to more provision required for transfer to the fund corresponding to the increase in insurance premium received through the insurance companies. The amount of insurance premia collected in a particular year is a variable factor which depends upon value of Hull and machinery of ships which are covered under the scheme and which undergo changes due to variation in market rates and other ractors. Hence it is not possible to frame an accurate estimate while making budget provision. The actuals under this head were not available at the time of framing the Revised Estimates and hence adequate supplementary grant could not be obtained to meet the extra expenditure. It may, however, be mentioned that the extra expenditure is matched by the extra premia collected by the Insurance company and which was deposited by then with the Government.

3. In view of the circumstances explained above, the excess expenditure of Rs. 4,77,09,052 under Revenue Section (Voted) of Grant No. 25—Department of Economic Affairs for 1992-93 may kindly be recommended for regularisation by the Parliament under Article 115(i) (b) of the Constitution of India.

4. This has been vetted by Audit by their U.O. No. RR/11-4/94-95/938 dated 6.1.1995.

Sd/-
(SMT. ARUNA MAKHAN)
Financial Adviser (Finance)

(Ministry's File No. F. 2/5/94-IFA)

ANNEXURE

STATEMENT SHOWING CASES OF CERTAIN SUB-HEADS WHERE THERE WERE MAJOR SAVINGS WITH REFERENCE TO SANCTIONED PROVISION.

Sl. No.	Sub-Heads	Savings compared with sanctioned provision (Rs. in thousands)	Main reasons for savings
1	2	3	4
1.A.1—	Secretariat	49,28	Savings was mainly due to postponement of purchase of new machine for Budget Press in view of economy instructions.
2.B.1(1)	National Savings Organisation	40,57	Savings was due to less expenditure owing to economy measures.
3.B.1(2)	Cost of Printing Savings Certificates, Cheque Books, N.D. Bonds etc.	9,45	Savings was due to non-payment of some bills pending scrutiny.

1	2	3	4
4.B.3(1)	Interest on Deposits under Compulsory Deposits (Income Tax Payers) Scheme 1974	2,17,83	The interest on compulsory deposits is payable at the time of withdrawal. The amount of withdrawal is a uncertain factor as it depends upon the choice of the depositors. Significant fluctuation, therefore occurred between the estimates framed and the actual amount. The Savings have occurred because claims were less than anticipated.
5.B.3(3)	Other Items	8,28	Savings was due to strict expenditure control.
6.B.3(4)	Implementation of the special courts (Trial of offences relating to transactions in securities)—Ordinance, 1992	66,96	Savings were due to expenditure on salary of judges having been met by High Court and also due to expenditure on the Office of the Special Court being less than anticipated.
7.C.1(1)	Life Insurance Tribunal	6,80	Savings was due to non-holding of any meeting of the Tribunal.
8.C.1(3)	Tenth Finance Commission	20,35	Saving was due to strict budgetary control.
9.G.1—	Regularisation of Joint Stock Companies	10,71	Saving was due to non-filling of the post of Court Liquidator.
10.G.2(2)	Contribution to Common-Wealth Fund for Technical Co-operation	94,32	A portion of payment could not be put through before close of financial year due to procedural formalities, hence saving.

1	2	3	4
11.G.3(2)	Economic Wing of the Embassy of India, Brussels	16,93	Savings were due to strict control of expenditure and also less administrative expenditure than anticipated earlier.
12.G.3(2)	Economic Wing of the Embassy of India, Washington	42,62	Saving was due to less increase in the rate of exchange than anticipated and also due to non-filling up of a new post.
13.G.3(6)	War Risks (Marine Hulls) Re-Insurance Scheme	91,91	Saving was due to less claims preferred than anticipated.
14.G.3(8)	Subsidy to beneficiaries under the scheme for Self Employment Programme for Urban Poor	1,49,00	The provision was made for covering spill over payments for the scheme for self employment programme for urban poor which has since been merged with the Nehru Rojgar Yojana. The spill over payment was less than anticipated, hence savings.
15.G.1(2)	Other Development Programme	31,00	Expenditure on United Nation Development Programme being less than anticipated, hence Savings.

1	2	3	4
16.H.3(1)	**Technical aid to South and South East Asia under the Colombo Plan**	74,16	Savings were mainly due to the non-utilisation of training slots allotted to certain countries for political reasons and because the duration of the training courses were less than vidualised earlier. Certain payments which were made but were not debited due to the procedural reasons have also contributed to the shortfall for utilisation.

Sd/-
(Smt. Aruna Makhan)
Financial Adviser (Finance)

(Ministry's File No. F. 2/5/94-IFA)

APPENDIX III

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. 33—Pensions, as disclosed in the Union Government Appropriation Accounts (Civil) for 1992-93.

Grant No. 33—Pensions

Revenue Section (Voted)	(Amount in Rupees)
Original Grant	600,15,00,000
Supplementary Grant	82,65,00,000
Total Grant	682,80,00,000
Actual Expenditure	698,67,71,514
Excess Expenditure.	15,87,71,514

2. The original provision for the year 1992-93 under Revenue Section (Voted) of the Grant 'Pensions' was Rs. 600,15,00,000. This was augmented to Rs. 682,80,00,000 through a supplementary Grant of Rs. 82,65,00,000. Against this the actual expenditure was Rs. 698,67,71,514 resulting in an excess expenditure of Rs. 15,87,71,514.

3. The above mentioned excess expenditure was the net result of excesses and savings under various sub-heads of the Grant Statement I & Statement II are showing the excess expenditures 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)

A-Pensions and Other Retirement Benefits
A.1-Civil

(i) A.1 (1)—Superannuation and Retirement Allowances
A.1 (1) (1)—Ordinary Pensions

Original Grant	331,18,10
Supplementary Grant	35,39,37
Total Grant	366,57,47
Actual Expenditure	398,26,96
Excess	31,69,49

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

(ii) A.1 (4)—Family Pensions
A.1 (4) (1)—Family Pensions

Original Grant	54,19,42
Supplementary Grant	9,44,90
Total Grant	63,64,32
Actual Expenditure	70,40,63
Excess	6,76,31

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

(iii) A.1 (9)—Pension to Legislators
A.1 (9) (1)—Members of Parliament

Original Grant	27,06
Supplementary Grant	16,33
Total Grant	43,39
Actual Expenditure	53,13
Excess	9,74

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

(iv) A.1 (10)—Other Pensions
A.1 (10) (6)—Miscellaneous Pensionary Payments

Original Grant	5,05,10
Supplementary Grant	2,63,42
Total Grant	7,68,52
Actual Expenditure	7,90,43
Excess	21,91

The excess expenditure was due to receipt of more claims than expected. As per list of Major/Minor heads, the common items covered under this sub-head are:—

1. Donation to Service Funds—Other Family Pension Funds.

2. Government Contribution payable under I.C.S. Family Pension Funds.

3. Convenanted Civil Service Pension.

(v) A.1 (11)—Other Expenditure
A.1 (11) (1)—Cost of Remittance of Pensions by Money Orders

Original Grant	2.29
Supplementary Grant	1.85
Total Grant	4.14
Actual Expenditure	12.90
Excess	8.76

The excess expenditure was due to receipt of more claims than expected. In this head reason for excess more than 200 per cent is mainly due to non receipt of requirement of funds from Daman and Diu at the time of preparation of Budget, while the above circle has incurred an expenditure of Rs. 9,02 thousand under this head.

MAJOR-HEAD 2235

B.—Social Security and Welfare
B.1—Other Social Security and Welfare Programmes

(vi) B.1(3)—Government Employees Insurance Scheme
B.1(3) (1)—Central Government Employees Insurance Scheme

Original Grant	64,23
Supplementary Grant	8,69
Total Grant	72,92
Actual Expenditure	76,17
Excess	3,25

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

4. It is stated that the Grant No. 33—Pensions is a composite grant based on estimates of over 61 agencies including Defence (Civil & Main) and DACR 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. Moreover, the disbursement of pension is peculiar too. Most of the pensions are disbursed through Public Sector Banks and a few through Treasuries and the concerned Pay and Accounts Offices/Drawing and Disbursing Officers. After the payment is made, Central Pension Accounting Office gets vouchers and scrolls based on which the accounts are compiled. Hence, the excess expenditure can not always be avoided or exactly pinpointed. Apart from this, number of scrolls/vouchers are too voluminous to enable the Central Pension Accounting Office to investigate the correct reasons for excess. The excess is also on account of periodical interim relief granted and increase in number of pensioners than anticipated.

At the time of preparation of Budget Estimate for the year 1992-93, after making every possible efforts we are not able to collect requirement of funds for most of the Offices due to paucity of time. We prepared Budget Estimate 1992-93 in respect of defaulting Offices by increasing 30% more of Revised Estimate 1991-92 accounting for about 18% on account of increase in dearness relief and about 12% anticipated increase in the number of pensioners. Again at the time of preparation of Revised Estimate 1992-93 some of the Offices had not furnished their final requirements. In such cases we have taken their Budget Estimate 1992-93 figures in toto as Revised Estimate 1992-93. After consolidation of all the estimates, there was an increase of Rs. 83 crore over Budget Estimate 1992-93. This was covered by obtaining Supplementary Grant of Rs. 82.65 crore. Thus, these factors accounted for under estimating the final figures for 1992-93. However, several checks are being exercised in this regard during current financial year to avoid excess expenditure in future.

5. In view of the circumstances explained above, the excess expenditure of Rs. 15,87,71,514 under Revenue Section (Voted) of Grant No. 33—Pensions for 1992-93 may kindly be recommended for

regularisation by the Parliament under Article 115(1) (b) of the Constitution.

6. This has vetted by Audit vide their U.O. No. RR/11-3/94-95/26 dated 16.05.1994.

Financial Adviser (Finance)

(Ministry's file No. MF.CPAO/A&B/2/Volume-II/1992-93)

STATEMENT I

STATEMENT SHOWING THE EXCESS EXPENDITURE INCURRED UNDER VARIOUS SUB-HEADS OF REVENUE SECTION (VOTED) OF THE GRANT NO. 33-PENSIONS FOR 1992-93.

(Rupees in Thousands)

S.No.	Sub-heads	Excess Expenditure
1.	A.1 (1) (1)-Ordinary Pensions	31,69,49
2.	A.1 (4)(1)-Family Pensions	6,76,31
3.	A.1 (9) (1)-Members of Parliament	9,74
4.	A.1 (10) (6)-Miscellaneous Pensionary Payments	21,91
5.	A.1 (11) (1)-Cost of Remittance of Pension by Money Orders	8,76
6.	B.1 (3) (1)-Central Government Employees Insurance Scheme	3,25
	Total	38,89,46

Financial Adviser (Fin.)

STATEMENT II

STATEMENT SHOWING THE SAVINGS OCCURRED UNDER VARIOUS SUB-HEADS OF REVENUE SECTION (VOTED) OF THE GRANT NO. 33-PENSIONS FOR 1992-93.

(Rupees in Thousands)

S.No.	Sub-Heads	Savings
1.	A.1(2)(1)-Ordinary Pensions	11,68,75
2.	A.1(3)-Gratuities	8,52,95
3.	A.1(6)--Contributions to Pensions and Gratuities	9,37
4.	A.1(7)-Contributions to Provident Funds	85,35
5.	A.1(8)-Pensions to Employees of State Aided Educational Institutions	1,57
6.	A.1(10)(1)-Pensions under the Indian Civil Service Family Pensions Rules	3,34
7.	A.1(10)(3)-Pensions under the President's Pensions Act	6,15
8.	A.1(10)(4)-Ex-gratia Pensions to Indian Pensioners of Portugese Colonies	12,79
9.	A.1(10)(5)(1)-Pensions	1,95
10.	A.1(10)(7)-Ex-gratia/Adhoc Allowances to Burma/Pakistan Civil Pensioners/Family Pensioners	26,39
11.	B.1(1)(1)-Pension etc. under War Risk Compensation Scheme	2,77
12.	B.1(1)(2)-Old Age Pensions in Chandigarh	3,91
13.	B.1(2)-Deposit Linked Insurance Scheme-Government Provident Funds	97,94
14.	B.1(4)-Other Insurance Schemes	28,51
	Total	23,01,74

Financial Adviser (Fin)

APPENDIX IV

MINISTRY OF SURFACE TRANSPORT

Note for public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Voted) of Grant No.75-Roads, as disclosed in the Union Government Appropriation Accounts (Civil) for 1992-93.

Capital Section (Voted)	Rupees
Original Grant	528,54,00,000
Supplementary Grant	13,85,00,000
Total Grant	542,39,00,000
Actual Expenditure	548,85,16,261
Excess	6,46,16,261

2. The original provision for the year 1992-93 under Capital Section (Voted) of Grant No. 75-Roads was Rs. 528,54,00,000. This was augmented to Rs. 542,39,00,000 through a supplementary grant of Rs. 13,85,00,000. As against this, the actual expenditure was Rs. 548,85,16,261 resulting in an excess expenditure of Rs. 6,46,16,261.

3. Out of the total expenditure of Rs. 548,85,17 thousands, an amount of Rs. 322,69,08 thousands has been incurred in sub-heads AA.1(1)(1)—Machinery and Equipment and AA.1(3)(1)(2)—Other Schemes under Major head "5054" against a total provision of Rs. 323,37,00 thousands under these sub-heads leading to a saving of Rs. 6,792 thousands. Under sub-head AA.1(3)—Road Works: AA.1(3)(1)—Works under Road Wing: AA.1(3)(1)(1)—Externally aided schemes of the same Major head, an expenditure of Rs. 80,30,18 thousands was incurred against a provision of Rs. 80,00,00 thousands, thus leading to an excess expenditure of Rs. 3018 thousands under that sub-head due to adjustment of previous years claims. Also, under sub-head AA.2—Strategic and Border Roads: AA.2(1)—Road Works: AA.2(1)(1)—Works under B.R.D.B. of the same Major Head against a total provision of Rs. 138,52,00 thousands, an expenditure of Rs. 145,85,91 thousands was incurred which resulted in an excess expenditure of Rs. 7,13,91 thousands. In Major Head "7075" entire provision of Rs. 50,00 thousands under sub-head BB.;Loans for other Transport Services: BB.1—Roads and Bridges: BB.2(1)Loans to Public Section and other

Undertakings: BB.1(1)(1)-Indian Roads Construction Corporation Limited, remained unutilised due to non requirement of funds owing to better internal resources, resulting in savings of Rs. 50,00 thousands. Thus setting off the above savings, the net excess in Capital Section (Voted) portion of Grant No. 75-Roads for the year 1992-93 works out of Rs. 6,46,17 thousands.

4. The excess expenditure under sub-head AA.2(1)-Road Works: AA.2(1)(1)-Works under B.R.D.B. was mainly due to receipt of debit vouchers pertaining to the previous year just before the close of the financial year 1992-93. To prevent the excess expenditure under this sub-head, in future effective measures have been taken *viz.* the Controller General of Defence Accounts Office has been requested vide letter No.A/1/202/Appro. Accts III dated 7.10.1993 (Copy enclosed) not to accept any punching medium for the month of 14th and 15th accounts which are raised by other Controllers without the consent of Controller of Defence Accounts (Border Roads).

5. In the circumstances explained above, the excess expenditure of Rs. 6,46,261 under Capital Section (Voted) of Grant No. 75-Road for 1992-93 may kindly be recommended for regularisation by the parliament under Article 115(a)(b) of the Constitution of India.

6. This has been vetted by Audit vide No. RR/11-5 - 94-95 dated 31.5.1994.

(B.P. MATHUR)
Addl. Secretary & Financial Adviser
Ministry of Surface Transport,
New Delhi: 01

(Ministry's File No. PAC/4/(13)/FA/92-93/75/)

No. A/1/202/Appro Accts III
Office of the CDA(BR),
Kashmir House, New Delhi-11
Dated 7th October, 1993.

To

Shri H.S. Kumar,
Dy. CGDA(I&A/cs)
Office of the CGDA,
West Block V, R.K. Puram,
New Delhi-66

Subject:—BOOKING OF EXPENDITURE UNDER BRO HEAD OF ACCOUNTS BY CsDA OTHER THAN CDA(BR) IN 15/93.

It was observed from the All India compilation for 15/93 that a sum of Rs. 52.34 lakhs was booked to 0/069/04 by CDA Patna and Rs. 2.00 lakhs by CDA Hqrs, New Delhi. As per existing instructions P.M. for March Supply Accounts and March Final (Manual) accounts are required to be accepted by the CDA before compilation. Since 0/069/04 is BRO head of account, any booking made to this head requires the approval of CDA (BR). Due to the booking by CDA Patna and CDA Hqrs new Delhi in 15/93 our expenditure has exceeded the allotment by Rs. 39.26 lakhs. This office has been put in a very difficult situation to explain the excess over the budget allotment since it has arisen not because of the action of this office but because of the action of other Controller of Defence Accounts. Since, all excesses over budget allotment are answerable to PAC of the Parliament, a situation thus created is a very serious matter.

As the existing system/instructions are not enough to prevent such situations arising in future, you may kindly examine the matter for preventing such types of situation in future.

Sd/-
(S.L. Verma)
JD. CDA(BR)

Copy to:

1) The CDA, PATNA-19 — Your are requested to intimate the circumstances under which concurrence of this office was not obtained before compiling a sum of Rs. 52.34 lakhs to the BRO head of accounts in March (manual) '93(15/93) accounts.

APPENDIX V

GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Voted) of Grant No. 95-Dadra and Nagar Haveli as disclosed in the Union Government Appropriation Accounts (Civil) for 1992-93.

(Amount in Rupees)

Capital Section (Voted)	
Original Grant	14,08,00,000
Supplementary Grant	—
Total Grant	14,08,00,000
Actual Expenditure	14,10,58,912
Excess	2,58,912

2. Under Capital Section (Voted) of Grant No. 95—Dadra and Nagar Haveli for 1992-93, the original and final provision was Rs. 14,08,00,000. Against this, the actual expenditure was Rs. 14,10,58,912 resulting in an excess expenditure of Rs. 2,58,912 which requires regularisation by the Parliament under Article 115(1)(b) of the Constitution of India. This excess expenditure was the net result of excess and savings under various Sub-heads in Capital Section (Voted) of the Grant. The following Sub-heads under which the excess expenditure of Rs. 5 lakhs and above occurred and reasons therefor are given below:—

(Rupees in thousands)

Major Head "4202"

SS.2-Capital Outlay on Education, Sports, Art and Culture

SS.2(1)-General Education

SS.2(1)(1)-Other Expenditure	65.49

The excess expenditure was incurred due to completion of spill over work by Public Works Department of the Union Territory and completion of priority construction work relating to 13 Primary School buildings and 4 High Schools building which could not be deferred.

(Rupees in thousands)

Major Head "4216"

SS.5-Capital Outlay on Housing
SS.5(1)-Government Residential Buildings
SS.5(1)(1)-General Pool Accommodation 11,08

The excess expenditure was due to completion of 31 different Government quarters under General Pool Accommodation before the onset of monsoon.

Major Head "4408" *(Rupees in thousands)*

FF.1-Capital Outlay on Food Storage and Warehousing
FF.1(1)-Food
Ff.1(1)(1)-Procurement and Supply 16,30

The excess expenditure was due to increase in Central Issue Price of commodities from time to time under Public Distribution System by Government of India and the expenditure incurred was unforeseenable. Further, the payments could not be split up as it would have affected the release of subsequent quota of food stuff.

Major Head "4801" *(Rupees in thousands)*

DD.1-Capital Outlay on Power Projects
DD.1(1)-Rural Electrification
DD.1(1)(1)-Other Expenditure 29,28

The excess expenditure was due to the completion of Capital works for erection of 66 KV Tower and augmentation of Silvassa Sub-station. Further, payments were also to be made for erection of new lines etc. to the Gujaat Electricity Board.

Major Head "4851" *(Rupees in thousands)*

MM.1-Capital Outlay on Village and Small Industries
MM.1(1)-Industrial Estates 10,12

The excess was due to completion of construction programme relating to (i) internal roads and drainage in the industrial estates (ii) water supply facilities, (iii) industrial sheds and (iv) drainage system. These works were taken up on priority basis in view of the onset of monsoon, otherwise due to heavy rainfall, heavy damage was expected.

(Rupees in thousands)

Major Head "5054"

PP.-1-Capital Outlay on Roads and Bridges
PP.1(1)-Districts and Other Roads
PP.1(1)(1)-Other Expenditure 100,73

The Excess expenditure was due to good progress of road works and completion of spill over works. The Rural Development Agency had constructed a number of village roads under Jawahar Rojgar Yojna. After completion, these were transferred to Public Works Department of the Union Territory for making pucca roads. The expenditure was incurred on the labour payment engaged on Daily Wages which could not be deferred due to local tribal festival of Holi in the month of March and all the labourers were tribals.

3. It may be observed that against the sanctioned budget of Rs. 14,08,00,000 in Capital Section (Voted), the actual expenditure exceeded the grant by Rs. 2,58,912 which works out to 0.18% of the sanctioned budget. Inspite of the efforts of the Union Territory Administration to meet the excess expenditure under all the above sub-heads by locating savings within the grant, an overall excess of Rs. 2,58,912 could not be avoided.

4. In view of the position explained above, excess expenditure of Rs. 2,58,912 under Capital Section (Voted) of Grant No. 95-Dadra and Nagar Haveli for 1992-93 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

5. This has been vetted by Audit vide their U.O. No. RR/11-1/94-95/549 dated 09-09-1994.

(G. GANESH)
JOINT SECRETARY AND FINANCIAL ADVISER

F. No.U-15023/1/93-Bgt.II

APPENDIX VI

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

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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 1992-93.

Revenue Section (Voted)	*Rupees*
Original Grant	2,16,57,00,000
Supplementary Grant	22,25,00,000
Total Grant	2,38,82,00,000
Actual expenditure	2,39,93,77,128
Excess	1,11,77,128

2. Under Revenue Section (Voted) of Grant No. 97-Chandigarh for 1992-93, the original provision was Rs. 2,16,57,00,000 which was augmented to Rs. 2,38,82,00,000 by obtaining a supplementary grant of Rs.22,25,00,000. Against the total provision of Rs. 2,38,82,00,000, there was actual expenditure to the tune of Rs. 2,39,93,777,128 resulting in an excess expenditure of Rs. 1,11,77,128 which requires regularisation 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:—

Major Head '2058'	*(Rs. in lakh)*
T.1-Stationery and Printing	
T.1 (6)-Government Publications	
T.1(6)(1)-Government Book Depot	5.99

The excess expenditure of Rs. 5.99 lakh was incurred on account of increse in the demand for books, the cost of raw materials and printing charges of the printing work executed in Government Printing Press for Government Gazettes and Indian Law Reporters. The Administration could not anticipate the cost of printing the Gazette and the Indian Law Reporters during the year 1992-93 as it is not determined beforehand in a particular year.

Major Head '2058'	*(Rs. in lakh)*
T.1-Public Works	
T.2 (1)-General	
T.2(1) (1) (3)-Executive Establishment	229.07

The excess expenditure was incurred mainly due to non-convertability of Plan posts into the Non-Plan posts at the time of termination of 7th Five Year Plan. The Administration made less allocation under Plan Scheme in anticipation that the conversion of Plan posts into Non-Plan posts would be finalised. However, the conversion could not be finalsed. To avoid excess expenditure due to these circumstances, corrective measures have been taken for the current financial year and next financial year by making suitable provision under plan funds.

T.2(1) (4)-maintenance and Repairs.	
T.2 (1) (4) (1)- Establishment	135.75

The excess expenditure was mainly due to the payment of arrears on account of charge in pattern of pay scales of regular and work-charged staff w.e.f. 1.4.1991. It was also due to grant of selection grade to the work charged employees, who qualified the ITI examination and held diplomas from a recognised institution. These employees were paid arrears w.e.f. 1.2.1968.

(Rs. in lakhs)

T.2 (1) (4) (2)—Repairs and Maintenance of Buildings	
T.2 (1) (4) (2) (1)—Maintenance of Non-Residential Buildings at Chandigarh	20.98

The excess expenditure was incurred due to the reason that the Chandigarh Administration being the Capital of two States and Union Territory had to undertake some urgent repairs for Punjab and Haryana secretariat, Assembly building's and Raj Bhavan etc. Secondly, extra expnditure had to be incurred by the Horticulture Department for the satisfaction of senior dignitaries.

T.2(1)(4)(2)(2)—repairs and Maintenance of other Buildings at Chandigarh	54.84

The excess expenditure was incurred on account of increase in the general price of materials and increase in the maintenance work. It was also due to payment of Bonus and payment of electricity and water bills to Punjab Electricity Board for maintenance of street light in the public interest. The Administration could not anticipate the expenditure on payment of Bonus as the Punjab Government normally did not sanction

Bonus to their employees. But during 1992-93 the Punjab Government sanctioned Bonus to their employees which was also adopted by Chandigarh Administration. The increase in the tariff of electricity was communicated to the Administration in the month of November, 1992 and hence this could not be included in Revised Estimates as well as in the Supplementary Demand for 1992-93.

(Rs. in lakhs)

T.2 (1) (5)—Suspense 8.12

The excess expenditure is due to general hike in prices and payment of old pending arrears of Kajaul water works to Punjab Government. However, the overall excess expenditure of Rs. 8.12 lakhs was mainly due to purchase of material through the Director General of Supplies and Disposals. The Administration received the Railway Receipts from the firms for purchase of materials in the month of January and February 1993. Payments were made to the firms because if delivery against Railway Receipts was not taken, then the Administration would have had to bear damage charges for delay.

Major Head '2070'

1.13—Other Administrative Services

A.13 (4)—Home Guards 56.20

The excess expenditure is due to increased expenditure on revision of pay Scales on Punjab pattern, grant of benefit of 8-18 years of service, deployment of increased strength of Home Guards on account of law and order situation and increase in their allowances from Rs. 30 to 40 per day with effect from 21.2.1992 on Punjab pattern. The Home Guards Orgainisation could not work out the exact calculation on account of increased liabilities on revision of pay scales and enhancement of daily allowance. Therefore, appropriate provision could not be made in the Revised Estimates for 1992-93 well in time or obtain adequate supplementary grant to meet the excess expenditure.

Major Head '2202' (Rs. in lakhs)

K. 1—General Education

K.1 (1)—Elementary Education

K.1 (1) (1)—Direction and Administration 134.46

The excess expenditure was incurred due to payment of enhanced salaries to certain categories of teachers on the basis of Punjab Pay Scales and payment of Bonus on Punjab pattern which was decided in the month of January 1993 and due to creation of new posts. While making provision for the new posts, the exact enhancement owing to revision of pay scales, grant of additional instalments of Dearness Allowance etc. could not be anticipated. The Punjab Government does not sanction Bonus to their employees. This was, however, done in the year 1992-93. Hence this post budget development could not be anticipated. Excess expenditure also had to be incurred due to increase in water and electricity charges and purchase of more furniture and other items owing to increase in the number of students.

K.1 (2) (2)—Government Secondary Schools 18.89

The excess expenditure was incurred due to payment of enhanced salary and the payment of Arrears and Bonus to the teachers on the basis of revision of pay scales on Punjab pattern and creation of new posts. While making provision for the new posts, the exact enhancement owing to revision of pay scales on Punjab pattern, grant of additional instalments of Dearness Allowance etc. could not be anticipated. The Punjab Government does not sanction Bonus to their employees.

This was however snactioned in the year 1992-93. Hence this post budget development could not be anticipated. The provision for posts are normally made on the basis of pay scales and Dearness Allowance rates applicable at that time. The excess expenditure was also due to increase in the water, electricity charges and telephone bills.

(Rs. in lakhs)

K.1 (3) (2) (2)—Government Professional Colleges 21.78

The excess expenditure was due to more expenditure on maintenance of the hostels of Educational Institutions in particular and Professional Colleges, payment of pending electricity and water charges of hostels, colleges on commercial rates and revision of pay scales as well as payment of Bonus on Punjab patterns.

K.1 (3) (3) (1)—Grants-in-aid to Private Colleges 37.00

The excess expenditure is due to the enhanced grants-inGaid to private colleges consequent on revision of pay scales on Punjab pattern.

Major Head '22003'

K. 2—Technical Education

K.2 (4)—Engineering/Technical Colleges and Institutions

K.2 (4) (1)—Punjab Engineering College 8.45

The excess expenditure is due to payment of arrears to the staff on account of revision of pay scales on Punjab pattern and increase in the rates of petrol, water and electricity charges and receipts of more publication bills.

Major Head '2205' *(Rs. in lakhs)*

M.1—Art and Culture

M.1 (3)—Other Expenditure

M.1 (3) (2)—T.S. Central State Library, Chandigarh 7.20

The excess expenditure is due to payment on account of the revision of

Large Scale Savings
(Sl. No. 4 & 6, Paragraph 1.22 & 1.24)

2.10 Taking note of the large scale savings in the Accounts for 1990-91, the Committee had in paragraphs 1.22 and 1.24 of their 60th Report (10th Lok Sabha) observed as follows:—

> 1.22 "While there had been a sizeable amount of excess expenditure over Voted Grants and Charged, Appropriations, during 1990-91, the Committee are astonished to note that the year also witnessed large scale savings. The Committee's scrutiny of the Appropriation Accounts of Civil, Defence, Railways, Telecommunication Services and Postal in this regard revealed that savings aggregating Rs. 43,872.55 crores had occurred in as many as 244 items during the year 1990-91. Out of these, the Appropriation Accounts (Civil) alone accounted for savings of Rs. 42,644.26 crores in 206 items of expenditure under both Voted Grants and Charged Appropriations. The Committee also observe that 150 items of expenditure under various Appropriation Accounts have registered savings of over Rs. 1 crore each. What has surprised the Committee most is the fact that savings have exceeded even more than Rs. 100 crores each in 14 items of expenditure under Civil Accounts and two items under Defence Services and one item in Telecommunication Services. The Committee desire the Ministry of Finance to investigate the circumstances which led to a substantial savings of Rs. 100 crores and above in a Grant or Appropriation during 1990-91 and take suitable remedial steps."

1.24. "The Committee are concerned to note that over the years 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 farsightedness while forecasting 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 savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to the Committee along with the explanatory notes regarding excess expenditure incurred."

2.11 In their action taken note, the Ministry of Finance (Department of Expenditure) have stated as follows:—

"The observation made by the Public Accounts Committee has been brought to the notices of all the Ministries/Departments *vide* O.M. No. 1(14)E. II(A) dated 17.10.1994 (Copy enclosed). It has been emphasised that the Ministries/Departments should prepare their budget estimates carefully and accurately so that large scale savings do not occur. It has also been brought to the notice of the Ministries/Departments that detailed notes in respect of the savings involving Rs. 100 crores and above be furnished to the Public Accounts Committee alongwith the explanatory notes regarding excess registering grants. These instructions have been particularly brought to the notice of Financial Advisers of Ministries/ Departments in whose case the saving is over Rs. 100 crores. They have been requested to carefully prepare their budget estimates so that large scale savings do not take place."

2.12 Noticing the large scale savings under various grants/ appropriations, the Committee had in paragraph 1.22 of their 60th Report (10th Lok Sabha) desired the Ministry of Finance to investigate the circumstances which led to savings of the order of Rs. 100 crores or above in a grant or appropriation during 1990-91 and take suitable remedial steps. From the action taken notes furnished by the Ministry of Finance (Department of Expenditure), the Committee are distressed to find that the Ministry have not initiated any concret measures in this regard except issuing routine instructions emphasising that the Ministries/Deaprtments should prepare their budget estimates carefully and accurately so that the large scale savings do not occur. The Committee feel that mere issuance of such instructions carry no meaning unless the reasons for extraordinary large scale savings in a grant or appropriation are investigated and suitable remedial steps taken as a result thereof to ensure optimum utilisation of scarce resources. The Committee therefore, desire that the Ministry of Finance should immediately investigate the circumstances which resulted in savings of Rs. 100 crores or above in a grant or appropriation during 1990-91 and apprise the Committee of the concret steps taken by them to overcome the tendency of excess budgeting.

2.13 In paragraph 1.24 of their 60th Report, the Committee had recommended 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 them alongwith the explanatory notes regarding excess expenditure incurred. A perusal of the action taken not furnished by the Ministry of Finance in pursuance of the aforesaid recommendation reveals that the Ministry had brought this recommendation to the notice of all the Ministries/Department of Government on 17 October, 1994 and also subsequently issued instructions on 19 December, 1994 stipulating that in future such notes on savings may be furnished to the Committee alongwith the explanatory notes. While appreciating the issuance of instructions on furnishing of detailed notes on savings of Rs. 100 crores and above, the Committee would like to be reassured that this recommendation of the

Committee receives prompt attention and the time schedule prescribed for this purpose is scrupulously followed by all Ministries/Departments concerned while forwarding their explanatory notes to the Committee on the Accounts for 1993-94 and onwards.

NEW DELHI;
20 March, 1995

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29 Phalguna, 1916 (Saka)

BHAGWAN SHANKAR RAWAT,
Chairman,
Public Accounts Committee.

PART II

MINUTES OF THE TWENTY-SECOND SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1994-95) HELD ON 13 MARCH, 1995

The Committee sat from 1100 to 1130 hrs. (FN) on 13 March, 1995 in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhagwan Shankar Rawat—*Chairman*

MEMBERS

2. Sqn. Ldr. Kamal Chaudhry
3. Dr. K.V.R. Chowdary
4. Shri Jagat Veer Singh Drona
5. Shrimati Geeta Mukherjee
6. Shri Somappa R. Bommai
7. Shri Triloki Nath Chaturvedi
8. Shri Murasoli Maran

LOK SABHA SECRETARIAT

1. Shri Murari Lal —*Joint Secretary*
2. Smt. Paramjeet Kaur—*Director*
Sandhu —*Under Secretary*
3. Shri P. Sreedharan

REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Shri Samir Gupta —Addl. Dy. C&AG (Reports)
2. Shri A.K. Banerjee —Pr. Director (Direct Taxes)
3. Shri Vijay Kumar —Director General of Audit (P&T)
4. Shri B.M. Oza —Director General of Audit (Central Revenue)
5. Shri Vikram Chandra —Pr. Director (Reports Central)
6. Smt. Anita Pattanayak—Director (Railways)
7. Shri P.S. Dewan —Deputy Director
8. Shri asim Sharma —Deputy Director

2. The Committee considered the following draft Reports:—

(i) Excesses over voted grants and charged appropriations (1992-93) and action taken on 60th Report of Public Accounts Committee (10th Lok Sabha)

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

(iii) *** *** ***

The Committee adopted the above mentioned draft Reports without any amendment / modification.

3. The Committee authorised the Chairman to finalise these draft Reports in the light of the comments of Audit arising out of factual verification and also to present the same to Parliament.

The Committee then adjourned.

APPENDIX I

MINISTRY OF AGRICULTURE
DEPARTMENT OF AGRICULTURE & CO-OPERATION

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Charged) of Appropriation No. 1—Agriculture, as disclosed in the Union Government Appropriation Accounts (Civil) for 1992-93.

Capital Section (Charged)	Rupees
Original Appropriation	367,40,00,000
Suppementary Appropriation	NIL
Total Appropriation	367,40,00,000
Actual expenditure	367,40,18,700
Excess	18,700

2. Under Capital Section (Charged) of Appropriation No.1—Agriculture the total budget provision was Rs. 367,40,00,000 for the year 1992-93 against which an actual expenditure of Rs. 367,40,18,700 was incurred resulting in an excess expenditure of Rs. 18,700.

3. In the Major Head 7601, CC.2—Loans for Centrally Sponsored Plan Schemes: CC.2(1) Crop Husbandry—Commercial Crops: CC.2(1)(1)—National Watershed Development Programme for Rainfed Agriculture, a sum of Rs. 57,40,00,000 was provided in Budget Estimate as well as Revised Estimate 1992-93 for loans to State Governments. Upto 5th February 1993, an amount of Rs. 30,47,30,800 as loan had been released. While working out the balance available under the sub-head as on 5th February 1993, the same was rounded to Rupees in crores and it was shown as Rs. 26.93 crores (Rs. 26,93,00,000) whereas actual balance was to the tune of Rs. 26,92,69,200. Thereafter, amounts of Rs. 15,70,87,900 and Rs. 11,22,00,000 were released on 24.3.1993 and 31.3.1993 respectively, totalling Rs. 26,92,87,900 assuming that the balance available was Rs. 26,93,00,000. Thus, against the provision of Rs. 57,40,00,000 under loan component, an amount of Rs. 57,40,18,700 (Rs. 30,47,30,800 + 15,70,87,900 + 11,22,00,000 = Rs. 57,40,18,700) i.e. an excess amount of Rs. 18,700 over and above Budget Estimate 1992-93 was released due to rounding of the figures related with the release of funds.

4. From the year 1993-94 onwards the balances available on a particular

date will be calculated in units of Rupees before any release is made. Care will be taken to avoid any such excess expenditure in future.

5. In view of the circumstances explained above, the excess expenditure of Rs. 18,700 under Capital Section (Charged) portion of appropriation No. 1—Agriculture for the year 1992-93 may please be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

6. This has been vetted by Audit *vide* their U.O. No. RR/11-6/94-95/183 dated 31.5.1994.

Sd/-
(MALTI S. SINHA)
Joint Secretary to the Govt. of India

(Ministry's Files No.—RFSC/2-4/94-RFD-IV, RFSC/20-32/92—NWDPRA).

APPENDIX, II

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(INTEGRATED FINANCE BRANCH)

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 25—Department of Economic Affairs, as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1992-93.

Revenue Section (Voted)	Rupees
Original Grant	441,97,00,000
Supplementary Grant	107,71,00,000
Total Grant	549,68,00,000
Actual Expenditure	554,45,09,052
Excess	4,77,09,052

2. Under Revenue Section (Voted) of Grant No. 25—Department of Economic Affairs for 1992-93, the original provision was Rs. 441,97,00,000. This was augmented to Rs. 549,68,00,000 through a supplementary grant of Rs. 107,71,00,000. As against this, the actual expenditure amounted to Rs. 554,45,09,052 resulting in an excess expenditure of Rs. 4,77,09,052 which rquires regularisation by the Parliament. This excess expenditure was the net result of the excesses and savings under various sub-heads of the Grant. The sub-heads under which the excess expenditure of 10% of the sanctioned provision or Rs. 5 lakhs whichever is higher have occurred and reasons therefor are given below and the details of the sub-heads having major savings (with reasons therefor) which partly set off the excess are given in the enclosed Annexure.

(Rs. in lakhs)

MAJOR HEAD—3075

F — Other Transport Services

F. 1 — Others

F. 1(1) — Subsidy to Railways towards dividend reliefs and other concessions 1181.86

The reasons for excess expenditure in this sub-head are given below:—

(I) As per recommendation of Railway Convention Committee, capital invested in the following cases qualified subsidy from the general revenues to the extent of the dividend calculated at the specified rates.

(a) Strategic lines.

(b) 28 new lines taken up on or after 1.4.1955 on other than financial considerations. Dividend becomes payable if any line becomes remunerative adopting the marginal cost principle. The arrangement is to be applied also to the two National Investments viz. Jammu-Kathua and Tirunelveli-Kanyakumari-Trivandrum line.

(c) North-East Frontier Railway (Non-strategic portion).

(d) Unremunerative Branch lines subject to their unremunerativeness being established on the marginal cost principle in each case through an annual review of their financial results.

(e) The Ore Lines between Bimai-garh-Kriburu and Sambalpur-Titlegar.

(f) Ferries and Welfare Buildings.

(g) 50% of the Capital invested on all works in the current year and in the two previous years, excluding capital invested in strategic lines, North-East Frontier Railway (Commercial), Ore-Lines, Jammu-Kathua and Tirunelveli-Kanyakumari-Trivandrum lines, Ferries and Welfare buildings and unremunerative branch lines which qualify in full for subsidy, capital invested in new lines on which the dividend payable is deferred during the period of construction and the first five years after opening of the lines for traffic and the capital cost of line wires taken over from the P&T Department.

(II) The accountal of subsidy in Railway accounts corresponds accountal of dividend on actual capital outlay during the year and balance of Capital-at-charge from the commencement. One of the items on which Railways get subsidy from general revenues stipulates that 50% of the capital invested on all works in the current year and in the two previous years qualifies for subsidy except capital invested on those works which qualify in full for subsidy. As capital invested in all such works is subject to payment of full dividend, 50% subsidy of the dividend paid is claimed during the year.

(III) In the year 1992-93, actual dividend paid by the Railways was Rs. 1172.39 crores against the revised provision of Rs. 1146.00 crores. Increase in dividend payment has resulted in excess receipt of actual subsidy by Railways as compared to that provided in the budget.

(Rs. in lakhs)

MAJOR HEAD—3475

G. Other General Economic Services
G. 3 Other Expenditure
G. 3(4) Grants-in-aid
G. 3(4) (5) Grants to other Institutions 11.09

The excess expenditure was mainly on account of the need for computerisaton of the Institute of Economic Growth as this Institute looks after the training needs of the IES probationers. There was an imperative need to quickly install necessary facilities to enable the Institute to cater to the needs of the fresh batches of IES Officers recruited in the year 1992/1993 who would be coming up for training in 1993. It was felt to be advisable to allow this expenditure in the year 1992-93 rather than postponing it to next year.

G. Other General Economic Services
G. 3 Other Expenditure
G. 3(7) Transfer to Reserve Fund
G. 3(7) (3) War Risks (Marine Hulls) Re-Insurance Fund 212.97

The excess expenditure was due to more provision required for transfer to the fund corresponding to the increase in insurance premium received through the insurance companies. The amount of insurance premia collected in a particular year is a variable factor which depends upon value of Hull and machinery of ships which are covered under the scheme and which undergo changes due to variation in market rates and other ractors. Hence it is not possible to frame an accurate estimate while making budget provision. The actuals under this head were not available at the time of framing the Revised Estimates and hence adequate supplementary grant could not be obtained to meet the extra expenditure. It may, however, be mentioned that the extra expenditure is matched by the extra premia collected by the Insurance company and which was deposited by then with the Government.

3. In view of the circumstances explained above, the excess expenditure of Rs. 4,77,09,052 under Revenue Section (Voted) of Grant No. 25—Department of Economic Affairs for 1992-93 may kindly be recommended for regularisation by the Parliament under Article 115(i) (b) of the Constitution of India.

4. This has been vetted by Audit by their U.O. No. RR/11-4/94-95/938 dated 6.1.1995.

Sd/-
(SMT. ARUNA MAKHAN)
Financial Adviser (Finance)

(Ministry's File No. F. 2/5/94-IFA)

ANNEXURE

STATEMENT SHOWING CASES OF CERTAIN SUB-HEADS WHERE THERE WERE MAJOR SAVINGS WITH REFERENCE TO SANCTIONED PROVISION.

Sl. No.	Sub-Heads	Savings compared with sanctioned provision (Rs. in thousands)	Main reasons for savings
1	2	3	4
1.A.1—	Secretariat	49,28	Savings was mainly due to postponement of purchase of new machine for Budget Press in view of economy instructions.
2.B.1(1)	National Savings Organisation	40,57	Savings was due to less expenditure owing to economy measures.
3.B.1(2)	Cost of Printing Savings Certificates, Cheque Books, N.D. Bonds etc.	9,45	Savings was due to non-payment of some bills pending scrutiny.

1	2	3	4
4.B.3(1)	Interest on Deposits under Compulsory Deposits (Income Tax Payers) Scheme 1974	2,17,83	The interest on compulsory deposits is payable at the time of withdrawal. The amount of withdrawal is a uncertain factor as it depends upon the choice of the depositors. Significant fluctuation, therefore occurred between the estimates framed and the actual amount. The Savings have occurred because claims were less than anticipated.
5.B.3(3)	Other Items	8,28	Savings was due to strict expenditure control.
6.B.3(4)	Implementation of the special courts (Trial of offences relating to transactions in securities)—Ordinance, 1992	66,96	Savings were due to expenditure on salary of judges having been met by High Court and also due to expenditure on the Office of the Special Court being less than anticipated.
7.C.1(1)	Life Insurance Tribunal	6,80	Savings was due to non-holding of any meeting of the Tribunal.
8.C.1(3)	Tenth Finance Commission	20,35	Saving was due to strict budgetary control.
9.G.1—	Regularisation of Joint Stock Companies	10,71	Saving was due to non-filling of the post of Court Liquidator.
10.G.2(2)	Contribution to Common-Wealth Fund for Technical Co-operation	94,32	A portion of payment could not be put through before close of financial year due to procedural formalities, hence saving.

1	2	3	4
11.G.3(2)	Economic Wing of the Embassy of India, Brussels	16,93	Savings were due to strict control of expenditure and also less administrative expenditure than anticipated earlier.
12.G.3(2)	Economic Wing of the Embassy of India, Washington	42,62	Saving was due to less increase in the rate of exchange than anticipated and also due to non-filling up of a new post.
13.G.3(6)	War Risks (Marine Hulls) Re-Insurance Scheme	91,91	Saving was due to less claims preferred than anticipated.
14.G.3(8)	Subsidy to beneficiaries under the scheme for Self Employment Programme for Urban Poor	1,49,00	The provision was made for covering spill over payments for the scheme for self employment programme for urban poor which has since been merged with the Nehru Rojgar Yojana. The spill over payment was less than anticipated, hence savings.
15.G.1(2)	Other Development Programme	31,00	Expenditure on United Nation Development Programme being less than anticipated, hence Savings.

1	2	3	4
16.H.3(1)	**Technical aid to South and South East Asia under the Colombo Plan**	74,16	Savings were mainly due to the non-utilisation of training slots allotted to certain countries for political reasons and because the duration of the training courses were less than vidualised earlier. Certain payments which were made but were not debited due to the procedural reasons have also contributed to the shortfall for utilisation.

Sd/-
(Smt. Aruna Makhan)
Financial Adviser (Finance)

(Ministry's File No. F. 2/5/94-IFA)

APPENDIX III

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. 33—Pensions, as disclosed in the Union Government Appropriation Accounts (Civil) for 1992-93.

Grant No. 33—Pensions

Revenue Section (Voted)	(Amount in Rupees)
Original Grant	600,15,00,000
Supplementary Grant	82,65,00,000
Total Grant	682,80,00,000
Actual Expenditure	698,67,71,514
Excess Expenditure.	15,87,71,514

2. The original provision for the year 1992-93 under Revenue Section (Voted) of the Grant 'Pensions' was Rs. 600,15,00,000. This was augmented to Rs. 682,80,00,000 through a supplementary Grant of Rs. 82,65,00,000. Against this the actual expenditure was Rs. 698,67,71,514 resulting in an excess expenditure of Rs. 15,87,71,514.

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

Copy of D.O. letter No. 3-1/94-B dated 23.6.1994 of Shri A. Prasad, DDG (B&A) to All Heads of Circles, Department of Telecommunications

SUBJECT: *CONTROL OVER EXPENDITURE*

In connection with the regularisation of excess expenditure under the Head 5225 Capital (both Plan and Non Plan) for one of the recent years Public Accounts Committee of the Parliament has taken a serious view of the excess expenditure incurred by the Department of Telecommunications. While recommending to Parliament for regularisation of this excess expenditure the committee has, *inter alia,* made the following observations.

> "The Committee also desires that the authorities administering the grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provisions and any slackness in following the established financial discipline should be sternly dealt with."

2. The case was put up to the Telecom. Commission. Commission's attention was drawn to the provisions contained under Rules of P&T Financial Hand Book Volume I which provide that head of a circle must be in a position to assume complete responsibility for departmental expenditure. The commission has, therefore, decided *inter alia* to emphasize that in order to enforce accountability as desired by the Public Accounts Committee each Head of the circle must assume the responsibility of Chief Budget Officer of his circle and take all necessary and appropriate steps to set right the control mechanism in his circle so that ultimately with the help of his I.F.A., he is able to control the expenditure within the budgetary allocations.

3. One of the pleas for budgetary excesses often made is that excess equipment allotment is made by the Directorate. In such an event, since the head of the Circle is ultimately accountable for excess in the budget, it should be in his own interest to get in touch with the concerned authorities in the Telecom. Directorate to get the size of the allotment/order modified/adjusted, the idea being to keep financial commitment within the budget allotment. A copy of this letter is also being sent to the concerned DDG in the Directorate.

4. Kindly drop a line in confirmation that adequate arrangement have been made to adhere the budgetary discipline at the circle level.

With regards,

Yours Sincerely,

Sd/-
(A. PRASAD)

APPENDIX XI

EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS OVER VOTED/CHARGED PORTION OF GRANTS/APPROPRIATIONS DURING 1992-93

During the year 1992-93 there was an overall net savings of Rs. 271.76 crore over the final grants and appropriations resulting from aggregate savings of Rs. 810.58 crore under 15 Grants (1,2,3,4,5,6,7,9,10,11,12,13,14,15 and 16 (Railway Funds and O.L.W.R.) and 11 Appropriations (3,4,5,6,7,8,9,11,12,13 and 16 (Capital & Railway Funds) and excess of Rs. 538.82 crore under 2 Grants (8 and 16 Capital) and One Appropriation (10). (Reference Para 26 to 29—Excess/Saving ever Voted Grants and Charged Appropriations of the Appropriation Accounts of Railways in India for the year 1992-93 (Part I-Review).

1.2 The excess under one Charged Appropriation and Two Grants is explained as under:—

(i) Appropriation No. 10—Revenue-Working Expenses-Operating Expenses-Fuel.

	Rupees
Original Appropriation	2,00,000
Supplementary Appropriation	20,000
Total Sanctioned Appropriation	2,20,000
Actual Expenditure	2,50,972
Excess	30,972
Misclassification	—
Excess requiring regularisation	30,972
Percentage of Excess	14.08

Charged Appropriation of Rs. 200 thousand was sanctioned at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 20 thousand was sanctioned in March'93, on account of more payments anticipated in satisfaction of Court decrees.

The excess requiring regularisation is Rs. 30,972. which is the same as disclosed in the Appropriation Accounts.

(ii) Grant No. 8—Revenue-Working Expenses-Operating Expenses-Rolling Stock and Equipment.

	Rupees
Original Grant	961,44,84,000
Supplementary Grant	39,54,88,000
Total Sanctioned Grant	1000,99,72,000
Actual Expenditure	1018,56,80,720
Excess	17,57,08,720
Misclassification	—
Excess requiring regularisation	17,57,08,720
Percentage of Excess	1.76

A Grant of Rs. 961.45 crore was obtained at the Budget Estimate stage. A Supplementary Grant of Rs. 39.55 crore was obtained in March, 1992, to meet with the increase in expenditure on account of Dearness Allowance, Kilometerage Allowance, Other Staff Costs, Cost of Materials, Fuel for other than traction, Contractual Payment, Transfer of Debit/Credit, other Expenses and other Miscellaneous factors, partly offset by less provision required under Salaries.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 17.57 crore. The excess was mainly under Sub-heads (b) Diesel Locomotives (Rs. 9.93 crore), (f) Traction (other than Rolling Stock) and General Electrical Services (Rs. 6.05 crore), (c) Electric Locomotives (Rs. 2.64 crore), (a) Steam Locomotives (Rs. 0.87 crore); partly offset by Sub-heads (g) Singnalling and Telecommunications (Rs. 0.93 crore), (e) Carriages & Wagons (Rs. 0.68 crore), (d) Electric Multiple Unit Coaches (Rs. 0.25 crore) and (h) Ferry Services & Rail Cars (Rs. 0.06 crore).

Primary Unitwise excess of Rs. 17.57 crore was mainly due to more expenditure under Cost of Material from Stock (Rs. 3.82 crore), fluctuation in adjustment under transfer of Debit/Credit (Rs. 3.39 crore), Dearness Allowance (Rs. 2.89 crore), Kilometerage Allowance (Rs. 2.70 crore), more payment under Contractual Obligations (Rs. 2.45 crore), Other Expenses (Rs. 1.63 crore), Overtime Allowance (Rs. 0.70 crore), Fuel other than tranction (Rs. 0.64 crore), Night Duty Allowance (Rs. 0.26 crore), Other Allowances (Rs. 0.24 crore), Productivity Linked Bonus (Rs. 0.05 crore); partly offset by less payment of Salaries & Wages (Rs. 0.56 crore), Contingent Expenses. (Rs. 0.40 crore), less adjustment of material on POH (Rs. 0.11 crore), less payment of Travelling Allowance including Air-Travel (Rs. 0.09 crore), Cost of material Directly Purchased (Rs. 0.02 crore), Fee and Honoraria (Rs. 0.01 crore) and adjustment of Wages on POH (Rs. 0.01 crore).

Of the total excess, the highest occurred on South Eastern Railway Rs. 7.28 crore), followed by Central Railway (Rs. 2.85 crore), N.F. Railway (Rs. 2.80 crore), Eastern Railway (Rs. 2.15 crore), N.E. Railway (Rs. 1.78 crore), Southern Railway (Rs. 1.05 crore), Western Railway (Rs. 0.86 crore), South Central Railway (Rs. 0.57 crore); partly off set by saving on Northern Railway (Rs. 1.56 crore) and Metro/Calcutta (Rs. 0.21 crore).

There is no misclassification under this grant and the excess requiring regularisation is Rs. 17,57,08,720, which is the same as disclosed in the Appropriation Accounts.

(iii) Grant No. 16—Assets, Acquisition, Construction and Replacement-"Other Expenditure"—CAPITAL.

	Rupees
Original Grant	6816,77,80,000
Supplementary Grant	228,70,15,000
Total Sanctioned Grant	7045,47,95,000
Actual Expenditure	7566,73,00,661
Excess	521,25,05,661
Misclassification	45,23,331
Excess requiring regularisation	521,70,28,992
Percentage	7.40

A Grant of Rs. 6816.78 crore was obtained at the Budget Estimate Stage. Two Supplementaries of Rs. 0.04 crore and Rs. 228.66 crore were obtained in July '92 and March '93 respectively, to meet with the increased expenditure mainly under Plan Heads Inventories, Doubling, New Lines, Rolling Stock, Gauge Conversion, M.T.Ps and Machinery & Plant; partly offset by savings under Workshops, Traffic facilities, Computerisation and Bridge Works. And also recoupment of an advance obtained from the Contingency Fund of India.

The Grant, however, proved to be inadequate and actual expenditure exceeded the provision by Rs. 521.25 crore. There was a misclassification of Rs. 45,23,331. The real excess, thus requiring regularisation by Parliament works out to Rs. 521,70,28,992.

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 (1) (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 excesses are avoided to the maximum extent possible.

4. This has been seen by Audit.

(C.S. SHARMA)
Executive Director (Accounts)
Ministry of Railways (Railway Board)

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

APPENDIX XII

(Refer to paragraph 1.25)

CASES OF UNNECESSARY SUPPLEMENTARY GRANTS/APPROPRIATIONS

(Rupees in lakhs)

Sl. No.	Grant/appropriation	Amount of Grant/Appropriation			
		Original	Supplementary	Actual Expenditure	Saving
1	2	3	4	5	6
Revenue-Voted					
	Ministry of Agriculture				
1.	2-Other Services of Departments of Agriculture & Cooperation	13400.00	587.00	12873.43	1113.57
	Ministry of Communications				
2.	13-Ministry of Communications	934.00	48.00	742.74	239.26
	Ministry of Financne				
3.	35-Department of Revenue	7942.00	405.00	7859.80	487.20
4.	37-Indirect Taxes	43800.00	1600.00	42464.07	2935.93
	Ministry of Food Processing Industries				
5.	39-Ministry of Food Processing Industries	3772.00	248.00	2995.20	1024.80
	Ministry of Human Resource Development				
6.	49-Art & Cutlure	12659.00	202.00	12418.53	442.47
	Ministry of Industry				
7.	54.-Department of Small Scale Industries and Agro and Rural Industries	32187.00	85.00	29595.64	2676.36
	Ministry of Planning & Programme Implementation				
8.	66-Department of Programme Implementation	83.00	7.00	82.25	7.75
	Ministry of Science and Technology				
9.	71-Department of Scientific and Industiral Research	27616.00	400.00	27603.49	412.51
	Ministry of Surface Transport				
10.	76-Ports, Lighthouses, and Shipping	13091.00	2090.00	12718.35	2462.65

1	2	3	4	5	6
	Ministry of Textiles				
11.	77-Ministry of Textiles	73264.00	11650.00	66493.15	18420.85
	Ministry of Urban Development				
12.	78-Urban Development and Housing	22407.00	326.00	21684.28	1048.72
Capital-Voted					
	Ministry of Commerce				
13.	11-Department of Commerce	27198.00	26800.00	26955.34 evc27042.66	
	Ministry of External Affairs				
14.	24-Ministry of External Affairs	6901.00	675.00	5741.56	1834.44
	Ministry of Finance				
15.	26-Currency, Coinage and Stamps	18041.00	2754.00	12920.61	7874.39
	Ministry of Industry				
16.	52-Department of Heavy Industry	28988.00	14201.00	23040.00	20149.00
	Ministry of Mines				
17.	60-Ministry of Mines	4280.00	39.00	4119.00	200.00
	Ministry of Urban Development				
18.	78-Urban Development and Housing	21667.00	317.00	19032.73	2951.27
Revenue-charged					
	Ministry of Finance				
19.	28-Appropriation-Interest Payments	3200000.00	50000.00	3107546.59	142453.41
	Ministry of Home Affairs				
20.	44-Police	52.00	1.00	25.90	27.10
	Ministry of Surface Transport				
21.	75-Roads	10.00	9.00	6.54	12.46
	Ministry of Urban Development				
22.	78-Urban Development	502.00	20.00	497.64	24.36
Capital-Charged					
	Ministry of Finance				
23.	31-Appropriation-Repayment of Debt	7503959.00	124000.00	7170972.29	456986.71
	Total	11062753.00	236464.00	10608389.13	690827.87
	Total (in crores)	110627.53	2364.64	106083.89	6908.28

APPENDIX XIII

ACTION TAKEN ON THE RECOMMENDATIONS CONTAINED IN THE 60TH REPORT OF PAC (10TH LOK SABHA)

(i) Recommendations or Observations which have been accepted by Government

Recommendation

The Committee note that an expenditure of sizeable magnitude of Rs. 900.24 crores had been incurred in excess of the aggregate sanctioned provision of Rs. 23579.92 crores under 19 grants/appropriations during the year 1990-91. The percentage of excess expenditure to the sanctioned provision under relevant grants/appropriations during the year 1990-91 works out to 3.82 as against 2.60 per cent during the year 1989-90. The Committee are particularly astonished at the substantially high excess expenditure of 17% over the sanctioned provisions in the case of Civil Ministries/Departments (excluding Railways, Post and Telecommunication services). The Committee view this deteriorating position with grave concern. They express their unhappiness over the fact that their oft-repeated concern for observing greater financial discipline to contain the excess expenditure has not yielded desired results and the various Ministries/Departments of Government of India, continued to indulge in spending beyond the sanctioned limits.

[(Sl. No. 1) Appendix-X Para 1.19 of 60th Report of Public Accounts Committee (10th Lok Sabha)].

Recommendation

While examining the excess expenditure incurred during 1984-85, the Committee had in Paragraph 2.6 of their 57th Report (8th Lok Sabha) expressed satisfaction over the declining trend of excess expenditure during the years 1980-81 to 1984-85 and had hoped that the declining trend would be sustained. However, the hope of the Committee was belied in the subsequent years when the position altered and took a worse turn in 1989-90 when the excess expenditure touched an unprecedented high of Rs. 976.82 crores under 20 grants/appropriations. The situation during the year under Report i.e. 1990-91 is also no better and presents a dismal picture of the prevailing state of affairs in preparation of budget estimates and control of expenditure by the various Ministries/Departments of Government of India. What is further distressing is the fact that the excess expenditure in 1990-91 had occurred in 13 grants/appropriations in which supplementary grant of Rs. 1374.86 crores was obtained. In the light of the fact that bulk of the supplementary provisions are made at the fag-end of the year when the Ministries have sufficient data for estimating their actual requirements of funds, the Committee find no plausible explanations for incurring substantial excess expenditure under these grants or appropriations. Another feature observed by the Committee was that excess expenditure of over Rs. 1 crore had occurred in as many as 11 cases out of the total 19 cases of excesses over Voted Grants and Charged Appropriations during 1990-91. Surprisingly, excess expenditure had exceeded rupees one crore each in all the grants operated by Ministry of Railways in which excess expenditure had occurred. This reinforces the Committee's view that lack of proper monitoring of the progress of expenditure and failure to assess actual requirements of funds in time by the concerned Ministries/Departments are the main factors giving rise to excess expenditure. The Committee have no doubt that the problem of excess expenditure can be tackled effectively only by keeping unremitting vigil over the trend of expenditure and by assessing properly the actual need of funds at the revised estimates stage as well as supplementary grant stage. The Committee, therefore, desire that concrete steps should be taken by the Ministry of Finance to impress upon the Ministries to devise effective mechanisms for proper and continuous monitoring over the progress of expenditure and indepth examination of the requirements of funds so that the excess expenditure may be kept to the barest minimum if not eliminated altogether. They also desire that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provisions and any slackness in following the established financial discipline should be sternly dealt with.

[(Sl. No 2 Appendix-X Para 1.20 of 60th Report of Public Accounts Committee (10th Lok Sabha)].

Action taken by the Government

The observation of Public Accounts Committee have been noted. All Ministries/Departments have been instructed *vide* O.M. No. 1(14)-E.II(A)/94 dated 17.10.1994 (copy enclosed to form their budget estimates accurately after careful indepth examination of the requirement of funds.

The Ministries/Departments have also been asked to devise effective machanism for proper and continuous monitoring of the progress of expenditure so as to avoid excess expenditure or savings. Instructions No. 2 (102)/IB(CDN)/94 dated 23.5.1994 issued to all the FAs in this regard are enclosed. It has also been brought to the notice of the Ministries/ Departments that they will be fully accountable for control of expenditure

against sanctions provisions and any slackness would be viewed seriously.

This has been vetted by Audit vide their OM No.
dated:

Sd/-
(D. SWARUP)

Joint Secretary to Government of India.

Ministry of Finance,
(Department of Expenditure),
[E (Coord) Branch OM No. 12(2)-E(Coord)-94 dated: 19-12-1994]

No.F. 1(14)-E.II(A)/94
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)

NEW DELHI, the 17th October, 1994.

25th Asvina, 1916(Saka).

OFFICE MEMORANDUM

SUBJECT:— Action taken on the recommendations of the Public Accounts Committee (10th Lok Sabha) made in its 60th Report and 74th Report on Excesses over Voted Grants/Charged Appropriations.

The undersigned is directed to say that the Public Accounts Committee (10th Lok Sabha) in its 60th Report (1990-91) and its 74th Report (1991-92) have observed that excess expenditure held occurred under various Grants/Appropriations despite obtaining supplementary provisions. Since the bulk of the supplementary provisions are made at the fag end of the year when the Ministries have sufficient data for estimating their actual requirements, the Committee have found no plausible explanation for incurring substantially high expenditure. The Committee have expressed grave concern at the continued inability of Ministries/Departments to check the expenditure beyond the sanctioned estimates.

2. The Committee have also observed with concern the large-scale savings under various Grants/Appropriations. In certain cases, substantial savings had occurred due to procurement of supplementary provisions far in excess of actual requirements. The Committee have 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 them alongwith the explanatory notes regarding excess expenditure incurred.

3. Instructions have been issued *vide* this Ministry's O.M.No. F. 1(9)-E.II(A)/92, dated 3.11.1992, urging upon Ministries/Departments to observe strict financial discipline by regulating expenditure in such a way that budgetary allocations are not exceeded. In view of the above observations of the Public Accounts Committee, it is again emphasized that estimates should be framed accurately after a careful and indepth examination of the requirement of funds. Ministries/Departments should also devise an effective mechanism for proper and continuous monitoring over the progress of expenditure so as to avoid either excess expenditure or savings. In exceptional cases, where supplementary Grants become necessary, an accurate estimate of the likely savings should be made so that the supplementary estimates are kept to the minimum, if they cannot be avoided altogether. It may also be noted that the authorities administering a grant/allocation shall be fully accountable for the control of expenditure against sanctioned estimates and any slackness will be viewed seriously.

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

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

(D. SWARUP)
Joint Secretary to the Govt. of India.

To

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

No. F.1(14)-E.II(A)/94.

Copy forwarded to the Comptroller & Auditor General of India, UPSC, etc. as per standard endorsement list.

(D. SWARUP)
Joint Secretary to the Govt. of India.

IMMEDIATE

D.O. No.F.2(102)-B(CDN)/94

N.P. BAGCHEE
Addl. Secretary (budget)
Tel: 3012804

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

New Delhi, May 23, 1994

Dear Smt. Makhan,

Government is committed that the fiscal deficit in the current year will be contained at the level envisaged in the Budget. To achieve this, it is necessary to bring about substantial improvement in the overall fiscal performance. This will require institution of a more effective system of monitoring of flow of funds, both expenditure and receipts, on a continuous basis. Past experience have shown that while expenditure flows conform to Budget provisions and even tend to exceed them, the inflow of receipts generally remains sluggish and the actual realisation often turns out to be less than the budgeted targets, resulting in deterioration in the deficit position. Thus, realisation of dues to Government like, dividends, recovery of loans and advances by the Government, interest thereon is as much important as regulation of expenditure.

2. Last year we introduced a system of monthly phasing of receipts and expenditure cf. D.O. letter No. F.16(1)-B(CDN)/92 dated 2.4.1993 from AS (Budget). In the current year, while the expenditure out flow will be regulated on a monthly basis, the receipts will be monitored on the basis of quarterly targets.

3. In so far as expenditure is concerned the month-wise Budget as in the previous year should normally be approximately 1/12th of the budgetary allocation. I am forwarding herewith a *proforma* (Annexure 1) in which the monthly limit of expenditure outflow may be worked out and forwarded to Budget Division.

4. Estimates of receipts of your Ministry/Department which have been finally adopted in the Budget are indicated in *Annexure* 2. The estimates of recoveries of loans and advances and interest receipts (from PSEs. etc.) shown therein take into account the outstandings due to the Government carried forward from the previous years. For the reasons stated in para 1 above, special steps would need to be taken to realise these dues in full. On the basis of these estimates, you are requested to work out and intimate the targets expected to be realised at the end of 30th June, 30th September, 31st December and 31st March. The details may be given in Annexure 2.

5. The information in Annexures 1 & 2 may please be furnished to Budget Division by the end of this month. A separate communication will follow on Public Accounts transactions.

Secretary (E) has seen.

With regards,

Yours Sincerely,
(N.P. BAGCHEE)

Smt. A. Makhan
Financial Adviser
Ministry of Finance
New Delhi

ANNEXURE I

Monthly Expenditure Budget

Ministry/Department of

(Rs. crore)

	B.E 1994-95	Monthly targets at the end of April-May June July August & so on
Gross expenditure		
Demand No. 1 and 2*		
	Demand No. 30 Loans to Government servants, etc.	
Total Expenditure (gross)		
Less: Recoveries taken in reduction of expenditure ('below the line' in the Demand)		
Net		

ANNEXURE 2

Quarterly Receipts Target

Audit

(Rs. crore)

Receipts	BE 1994-95	Quarterly targets at the end of June	September	December	March
Recoveries of loans and advances	0.00				
Interest receipts	0.00				
Dividend	0.00				
Other non-tax Revenue receipts	21.87				
Total (Receipts)	21.87				

ANNEXURE 2

Quarterly Receipts Target

Department of Expenditure

(Rs. crore)

Receipts	BE 1994-95	Quarterly targets at the end of June	September	December	March
Recoveries of loans and advances	33.34				
Interest receipts	118.57				
Dividend	0.00				
Other non-tax Revenue receipts	0.60				
Total (Receipts)	152.51				

ANNEXURE 2

Quarterly Receipts Target

Audit

(Rs. crore)

Receipts	BE 1994-95	Quarterly targets at the end of			
		June	September	December	March
Recoveries of loans and advances	210.85				
Interest receipts	435.94				
Dividend	310.00				
Other non-tax Revenue receipts	1509.03				
Total (Receipts)	2465.82				

ANNEXURE 2

Quarterly Receipts Target

Department of Revenue

(Rs. crore)

Receipts	BE 1994-95	Quarterly targets at the end of June	September	December	March
Recoveries of loans and advances	0.00				
Interest receipts	0.00				
Dividend	0.00				
Other non-tax Revenue receipts	73.45				
Total (Receipts)	73.45				

Action Taken by the Ministry of Railways

The observation of the Committee have been noted necessary instructions are being issued to Railways.

Recommendation

1.20

Action taken by the Deptt. of Telecommunications

The observations have been noted for future guidance and instructions have been issued to ensure that no excess occur in future. This has been vetted by the Principal Director of Audit (P&T) *vide* U.O., No. RR-III/1(b)/400/Chapter VI/90-91/273 dated 6.9.1994.

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

File No. 1-4/94-B

Dated : 1-9-1994.

Action Taken by the Ministry of Defence

Even though, the supplementary provisions are made at the year end, the assessment of requirements is done on the basis of expenditure details available at the time of budgetary review (*i.e.* upto October end — for 7 to 8 months of the year), pending liabilities and anticipated future spending on account of known factors etc. for the remaining 4-5 months of the year.

The bottlenecks in the realistic estimation of the requirements were found to be (i) year end bulk adjustments of Rail Charges under 'Transportation', (ii) expenditure on maintenance and operation of installation, increase in rates of water and electricity and higher bookings than anticipated under Departmental Charges under 'works', and (iii) submission of bills by the Public Sector Undertakings and their clearance earlier than anticipated under 'Special Projects'.

In the Circumstances, to keep the excess expenditure, if any, to the barest minimum and to instill a sense of financial discipline, Inter-Departmental Monitoring Groups have been constituted in 1991-92 with senior officers as members. These Monitoring Groups continuously review the progress of expenditure and pending liabilities. The inputs from such reviews are analysed for identification and remedying of the shortcomings in the existing system and in making the budgetary exercise more precise and realistic. These Monitoring Groups have been meeting frequently and apart from being engaged in revising their estimates of requirements on a most realistic basis at all the budgetary review stages are exercising the requisite budgetary control.

Sd/-

(P.R. SIVASUBRAMANIAN)

Addl. FA (P) and J.S. to the Govt. of India

File No. 10(1)/BI/94/PC-IV

Date : 2-9-1994

Recommendation

The Committee find that out of the 19 grants/appropriations which recorded excess expenditure during the year 1990-91, while the explanatory/notes to the Committee in respect of Railways and Defence Services were furnished alsmost within the prescribed time limit (*viz.* by 31 May or immediately) after presentation of the relevant Appropriation Accounts whichever is later), there was inordinate delay in submission of the explanatory notes relating to all the grants/appropriations covered under Civil Accounts ranging from over 5 months to 13 months and that in the case of Telecommunication Services was 14 months. The inordinate delays of 12, 13 and 14 months in respect of explanatory notes

pertaining to the Ministries of Home Affairs, Commerce and Communications are in no way justifiable since the Ministry of Finance have already laid down a time schedule for completing action at various stages involved in the finalisation/vetting of the explanatory notes with a view to avoiding delay in submission thereof to the Committee. The Committee take a serious view of this delay on the part of the Ministries concerned in furnishing the explanatory notes and desire that the responsibility be fixed for any laxity in this regard. The Committee would also like the Ministry of Finance to analyse and apprise them of the precise reasons for persisting delays in submission of explanatory notes and take corrective measures to ensure timely submission of explanatory notes in future.

[Sl. No. 3, Appendix-X Para 1.21 of 60th Report of Public Accounts Committee (10th Lok Sabha).]

Action Taken by the Ministry of Finance

The observations of the Public Account Committee have been noted and brought to the notice of all Ministries/Departments of the Govt. of India *vide* 12(2)—E. Coord./94 dt. 21.7.1994. It has been emphasised that the time schedule for the presentation of explanatory notes to the Public Accounts Committee in respect of cases whose expenditure has exceeded the approved grants be adhered to strictly *i.e.* these should be submitted immediately after presentation of Relevant Appropriation Accounts to the House or by 31st May, whichever is later.

This has been vetted by the Audit *vide* O.M.

No. dated:

Sd/-

(D. SWARUP)

Jt. Secretary to the Government of India.

Ministry of Finance,
Deptt. of Expenditure,

(E. Coord Branch OM No. 12(2)/E. (Coord)/94 dt: 19-12-1994)

No. 12 (2)—E (Coord)/94

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

******

New Delhi the 21st July, 1994

Office Memorandum

SUBJECT : *Action taken on the recommendations contained in the 60th Report of the Public Accounts Committee (10th Lok Sabha) on 'Excesses over voted Grants/Charged Appropriations (1990-91)* *and action taken on 51st Report (10th Lok Sabha) on Excess over Voted Grants/Charged Appropriations (1989-90).*

The undersigned is directed to say that the PAC (10th Lok Sabha) in its 60th Report has made the following observations:—

> As per the prescribed schedule all Ministries/Departments are required to submit explanatory notes to the PAC in respect of excess registering grants immediately after the presentation of the relevant appropriation accounts to the House or by 31st May, whichever is later. However, the PAC has observed that the Ministries/ Departments are not adhering to the time limit prescribed.

2. The Ministries/Departments of Govt. of India are required to furnish the explanatory notes to the PAC in respect of Excesses registering grants immediately after the presentation of the relevant Appropriation Accounts to the house or by 31st, May whichever is later. In this regard instructions have already been issued earlier to observe the time limit for submission of explanatory notes.

3. The Ministries/Departments are again requested to strictly adhere to the time schedule prescribed for submission of explanatory notes to the PAC.

Sd/-
(G. P. GUPTA)
Dy. Secretary to the Govt. of India

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

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

Sd/-
(G. P. GUPTA)
Dy. Secretary to the Govt of India.

Recommendation

1.21 The Committee find that out of the 19 grants/appropriations which recorded excess expenditure during the year 1990-91, while the explanatory notes to the Committee in respect of Railways and Defence Services were furnished almost within the prescribed time limit (*viz.*, by 31st May or immediately after presentation of the relevant Appropriation Accounts whichever is later), there was inordinate delay in submission of the explanatory notes relating to all the grants/appropriation covered under Civil Accounts ranging from over 5 months to 13 months and that in the case of Telecommunications Services was 14 months. The inordinate delays of 12, 13 and 14 months in respect of explanatory notes pertaining to the Ministries of Home Affairs, Commerce and Communications are in no way justifiable since the Ministry of Finance have already laid down a time schedule for completing action at various stages involved in the finalisation/vetting of the explanatory notes with a view to avoiding delay in submission thereof to the Committee. The Committee take a serious view of this delay on the part of the Ministries concerned in furnishing the explanatory notes and desire that the responsibility be fixed for any laxity in this regard. The Committee would also like the Ministry of Finance to analyse and apprise them of the precise reasons for persisting delays in submission of explanatory notes and take corrective measures to ensure timely submission of explanatory notes in future.

[Para 1.21 of 60th Report of P.A.C. (10th Lok Sabha)]

Action Taken by the Deptt. of Telecommunications

Delay in furnishing explanatory notes pertaining to the year 1990-91 which occurred due to shortage of staff, is regretted. All concerned have been instructed to avoid such recurrence in future. As a result the Department succeeded in substantially reducing the delay in the subsequent years. This has been vetted by the Principal Director of Audit (P&T) *vide* U.O. No. RR-III/1(b)/400/Chapter-VI/90-91/273 dated 6.9.1994.

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

File No. 1-4/94-B

Recommendation

While there had been a sizeable amount of excess expenditure over Voted Grants and Charged Appropriations, during 1990-91, the Committee are astonished to note that the year also witnessed large scale savings. The Committee's scrutiny of the Appropriation Accounts of Civil, Defence, Railways, Telecommunication Services and postal in this regard revealed that savings aggregating Rs. 43,872.55 crores had occurred in as many as 244 items during the year 1990-91. Out of these, the Appropriation Accounts (Civil) alone accounted for savings of Rs. 42,644.26 crores in 206 items of expenditure under both Voted Grants and Charged Appropriations. The Committee also observe that 150 items of expenditure under both Voted Grants and Charged Appropriations. The Committee also observe that 150 items of expenditure under various Appropriation Accounts have registered savings of over Rs. 1 crore each. What has surprised the Committee most is the fact that savings have exceeded even more than Rs. 100 crores each in 14 items of expenditure under Civil Accounts and two items under Defence Service and one item in Telecommunication Services. The Committee desire the Ministry of Finance to investigate the circumstances which led to a substantial savings of Rs. 100 crores and above in a Grant or Appropriation during 1990-91 and take suitable remedial steps.

[Sl. No. 4, Appendix-X Para 1.22 of 60th Report of Public Accounts Committee (10th Lok Sabha)]

Action Taken by the Ministry of Finance

The observation made by the Public Accounts Committee has been brought to the notices of all the Ministries/Departments *vide* O.M. No. 1(14)E. II(A) dated 17-10-1994. (Copy enclosed) It has been emphasised that the Ministries/Departments should prepare their budget estimates carefully and accurately so that large scale savings do not occur. It has also been brought to the notice of the Ministries/Departments that detailed notes in respect of the savings involving Rs. 100 crores and above be furnished to the Public Accounts Committee alongwith the explanatory notes regarding excess registering grants. These instructions have been particularly brought to the notice of Financial Advisers of Ministries/ Departments in whose case the saving is over Rs. 100 crores. They have been requested to carefully prepare their budget estimates so that large scale savings do not take place.

A copy of the communication issued is enclosed.

This has been vetted by Audit vide their OM

No. dated:

Sd/-
(D. SWARUP)

Joint Secretary to the Govt. of India.

Ministry of Finance,

Department of Expenditure,

(E. (Coord) Branch OM No. 12(2)—E(Coord)/94 dated: 19-12-1994)

No. F. 1(14)—E. II(A)/94

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

*****

New Delhi, the 17th October, 1994
25th Asvina, 1916 (Saka)

Office Memorandum

SUBJECT:— *Action taken on the recommendations of the Public Accounts Committee (10th Lok Sabha) made in its 60th Report and 74th Report on Excesses over Voted Grants/Charged Appropriations.*

The undersigned is directed to say that the Public Accounts. Committee (10th Lok Sabha) in its 60th Report (1990-91) and its 74th Report (1991-

92) have observed that excess expenditure had occurred under various Grants/Appropriations despite obtaining supplementary provisions. Since the bulk of the supplementary provisions are made at the fag end of the year when the Ministries have sufficient data for estimating their actual requirements, the Committee have found no plausible explanation for incurring substantially high expenditure. The Committee have expressed grave concern at the continued inability of Ministries/Departments to check the expenditure beyond the sanctioned estimates.

2. The Committee have also observed with concern the large-scale savings under various Grants/Appropriations. In certain cases, substantial savings had occurred due to procurement of supplementary provisions far in excess of actual requirements. The Committee have 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 them alongwith the explanatory notes regarding excess expenditure incurred.

3. Instructions have been issued *vide* this Ministry's O.M. No. F. 1(9)—E. II(A)/92, dated 3.11.1992, urging upon Ministries/Departments to observe strict financial discipline by regulating expenditure in such a way that budgetary allocations are not exceeded. In view of the above observations of the Public Accounts Committee, it is again emphasized that estimates should be framed accurately after a careful and indepth examination of the requirement of funds. Ministries/Departments should also devise an effective mechanism for proper and continuous monitoring over the progress of expenditure so as to avoid either excess expenditure or savings. In exceptional cases, where supplementary Grants become necessary, an accurate estimate of the likely savings should be made so that the supplementary estimates are kept to the minimum, if they cannot be avoided altogether. It may also be noted that the authorities administering a grant/allocation shall be fully accountable for the control of expenditure against sanctioned estimates and any slackness will be viewed seriously.

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

Hindi version of this O.M. is enclosed.

Sd/-
(D. SWARUP)
Joint Secretary to the Govt. of India.

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

No. F. 1:(14)—E:II(A)/94

Copy forwarded to the Comptroller & Auditor General of India, UPSC, etc. as per standard endorsement list.

Sd/-
(D. SWARUP)
Joint Secretary to the Govt. of India.

No. 12(2)/E. (Coord)/94
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

New Delhi, the 19th Dec., 1994

Office Memorandum

SUBJECT :*Action taken on the recommendations contained in the 60th Report of the Public Accounts Committee (10th Lok Sabha) on Excess over Voted Grants/Charged Appropriations (1990-91) and action taken on 51st Report (10th Lok Sabha) on Excesses over Voted Grants/Charged Appropriations (1989-90).*

The Public Accounts Committee in its above Report in Paras 1.22 and 1.24 has observed that large scale savings under certain demand indicate both poor budgeting and shortfall of performance. In case of your Ministry the savings are over Rs. 100.00 crores.

The Committee has, in the matter, observed that the Ministries/Departments are not exercising due foresightedness while forecasting their monetary requirements with the result that large scale savings take place leading to inefficient utilisation of funds. The large scale savings have particularly been noticed in case of your Ministry. This Ministry has time and again been asking the Ministries/Deptts. to propose their requirement carefully so that large scale savings may not take place. On the basis of the recommendations of the PAC, the matter has again been examined and detailed instructions issued to all the Ministries/Departments (copy enclosed for information and necessary action). In future detailed notes in respect of savings made in the grant of appropriations during each year including Rs. 100.00 crores and above be furnished to PAC alongwith the explanatory note.

(V. SEKAR),
Director.

To

1. FA (Defence)
2. FA (Commerce)
3. Fin. Commn. (Railways)
4. FA (Agriculture)
5. FA (Rural Development)
6. FA (Fertiliser)
7. FA (Power)
8. FA (Textiles)
9. FA (Atomic Energy)

10. FA (Petroleum)
11. Member Finance (Telecom)

Action Taken by the Ministry of Railways

The Observation of the Committee have been noted. Necessary instructions are being issued to the Railways.

Recommendation

The Committee find that under Appropriation No. 31 Repayment of Debt—administered by Ministry of Finance there was 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.

[Sl. No. 5 Appendix-X Para 1.23 of 60th Report of Public Accounts Committee (10th Lok Sabha)].

Action Taken by the Ministry of Finance

As a result of implementing the decision to the effect that renewals of adhoc treasury bills issued to Reserve Bank of India are not required to figure in 'the Accounts a simultaneous discharges and reissues and consequently budget provision is required to be made only to the extent of actual discharges as are anticipated, the savings under the Appropriation 'Repayment of Debt' has come down in 1991-92 and 1992-93 as under:—

(Rs. in crores)

	Total Appropriation	Actual Expenditure	Savings
1991-92	84149	66862	17287
1992-93	76280	71710	4570

The savings in the above two years were substantially lower as compared to the savings of Rs. 68771.55 crores, Rs.32,200.63 crores and Rs. 38147.52 crores in the years 1988-89, 1989-90 and 1990-91 respectively.

2. The reason for the savings of Rs. 17,287 crores and Rs. 4.570 crores in 1991-92 and 1992-93 was mainly due to less discharge of 91 day Treasury Bills as under:—

Details of provision made for discharge of 91 day Treasury Bills

(Rs. in crores)

	Total Appropriation	Actual Expenditure	Savings
1991-92	75000	57016	17984
1992-93	65760	61609	4151

3. While the estimates for discharge of 91 day Treasury Bills is being framed based on the data furnished by Reserve Bank of India, the same cannot be assessed with a sufficient degree of accuracy, as they depend upon a number of random factors which affect the cash balance of Central Government from day to day. There is no one to one correspondence between Central Government's receipts and expenditure. Because of this mismatch, Government borrows through issue of 91 day Treasury Bills for meeting its day to day expenditure. However, as and when receipts flow in, the 91 day Treasury Bills are cancelled/discharged. So the utilisation of amount provided under the Appropriation 'Repayment of Debt' against 91 day Treasury Bills is directly dependent on the flow of receipts to Government Account. As it is not an item of expenditure by itself it will not affect the budgetary deficit. Correspondingly, the savings under this item should not be treated as savings in the normal sense which would otherwise have been available for other areas of real expenditure.

4. In the circumstances explained above, it would be appreciated that estimates for discharge of 91 day Treasury Bills cannot be anticipated accurately. However, the observations of the Committee have been noted.

5. This has been vetted by Audit vide their U.O. letter No. RR/1-24/94-95/966 dated 17.1.1995.

(N.P. BAGCHEE)
Additional Secretary (Budget)

[Ministry of Finance, Department of Economic Affairs (Budget Division) O.M. No. F.9(4)-W&M/92 dated 9.2.1995].

Recommendation

The Committee are concerned to note that over the years the quantum of savings has sharply increased and its 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 farsightedness while forecasting 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 savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to the Committee along with the explanatory notes regarding excess expenditure incurred.

[Sl. No. 6 Appendix-X Para 1.24 of 60th Report of Public Accounts Committee (10th Lok Sabha).]

Action Taken by the Government

The observation made by the Public Accounts Committee has been brought to the notice of all the Ministries/Departments *vide* O.M. No. 1 (14) E.II(A)/94 dated 17.10.1994 (Copy enclosed). It has been emphasised that the Ministries/Departments should prepare their budget estimates carefully and accurately so that large scale savings do not occur. It has also been brought to the notice of all the Ministries/Departments in the O.M. dt: 17.10.1994, referred to here in above, that detailed notes in respect of the savings involving Rs. 100 crores and above be furnished to the Public Accounts Committee alongwith the explanatory notes regarding excess registering grants. These instructions have particularly been brought to the notice of Financial Advisers of Ministries/Departments in whose case the saving is over Rs. 100 crores. They have been requested to carefully prepare their budget estimates so that large scale savings do not take place.

A copy of the communication issued is enclosed.

This has been vetted by Audit vide their U.O. No. RR/1-23/94-95/952 dated 10.01.1995.

(D. SWARUP)

Joint Secretary to the Govt. of India.

Ministry of Finance,
Department of Expenditure,

[E. (Coord) Branch OM No. 12(2)-E (Coord)/94 dated: 18.01.95]

Action Taken by the Ministry of Defence

The recommendations of the Committee have been noted.

The main reasons for savings were grant of Dearness Allowances at a lower rate slippages in deliveries etc. which were beyond control of the

Ministry of Defence. These factors, however, are taken note of, to the extent possible, at the time of estimation of requirements. Nevertheless, all the estimating authorities have been advised to eliminate instances of inaccurate assessment of requirement by removing the lacunae, if any, in the present system of estimation and control. A copy of I.D. No. 10(2)/93/BI dated 21-7-1993 is enclosed.

(P.R. SIVASUBRAMANIAN)
Addl. FA(P) & J.S. to the Govt. of India.

MINISTRY OF DEFENCE (FIN. DIVISION)

SUBJECT:— Formulation of budgetary estimates and monitoring of Defence expenditure.

Instructions have been issued from time to time highlighting the importance of formulating the budget estimates on the most realistic basis and the necessity to keep the expenditure under constant review and to scrupulously conform to the allocations eventually made.

2. Despite these exhortations for exercising better budgetary formulation and control, instances of unrealistic estimation of requirements—at the initial stage as well as at re-appropriation/Supplementary Demand stage—and inadequate control over expenditure continue to occur. Many of these instances are commented upon by the Comptroller and Auditor General of India in his reports. In some cases, these inadequacics in budget formulation/control lead to excess over voted grants, requiring regularisation by Parliament.

3. Public Accounts Committee, in their 51st Report on Excesses over voted grants and charged appropriations (1989-90), have taken a serious view of the persistent occurrences of excess expenditure and emphasized the need for more accurate estimation of requirements and better budgetary control. The Committee have also pointed out that savings are as bad as excess expenditure in that these deprive certain deserving vital sectors of economy of the much needed resources. They have, accordingly, stressed that budget estimates should be made keeping in view the resources available or likely be available during the year and all concerned should undertake a realistic exercise while forecasting the monetary requirements to ensure best and efficient utilisation of funds.

4. The relevance of the foregoing recommendations in the context of the prevailing resource position in respect of Defence Budget needs no further emphasis. Inter-Departmental Monitoring Groups have been constituted since 1991-92 to provide an institutional forum to indentify and to take steps to remove the grey areas or lacunae in the realistic assessment of requirements and budgetary control. These Groups may please review the projection of requirements and the actual expenditure details of 1992-93 to pinpoint any defects in the present system of estimation and control. Such a review would help in taking further remedial steps required to eliminate

instances of inaccurate estimation, injudicious re-appropriations, non-utilisation of allocation, persistent excesses or savings and other similar cases of defective budgeting and budgetary control.

Sd/-

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

All Joint Secretaries/Addl, FAs
Addl, DGFP, DNP, D Fin P, DGNCC,
DGOF, DP&RM, DGQA.

M of D (Fin) I.D. No. 10(2)/93/B-I/ dated 21-7-1993

Recommendation

Under Revenue Section (Voted) of Grant No. 16—Defence Services—Air Force, the Ministry of Defence incurred an expenditure of Rs. 1.44 crores over and above the sanctioned provision of Rs. 2139.61 crores during 1990-91 although a supplementary grant of Rs. 60.98 crores was obtained by them. On scrutiny of the explanatory note furnished by the Ministry, the Committee found that Minor Head 111—Works alone recorded an excess of Rs. 8.50 crores. Obviously, the large scale savings under various other units of the Grant did help to a great extent in minimising the otherwise higher excess expenditure. What has surprised the Committee is that this excess of Rs. 8.50 crores has been attributed to maintenance of buildings, communication, maintenance of operation of installations etc., which in no way can be described as of unforeseen nature. The Committee are constrained to observe that this only depicts the poor budgetary control exercised by the Ministry of Defence over Grant No. 16. Although the instructions for framing the budget estimates on realistic basis and for exercising a close and constant watch over the trend of expenditure are stated to have been already in existence in the Ministry, the Committee feel that mere issue of instructions is not enough if there is no effective monitoring machinery to ensure strict compliance of those instructions. The Committee trust that the Ministry would atleast now take suitable steps with due promptitude to ensure strict observance of those instructions so as to make budgetary control more realistic and meaningful.

[Sl. No. 8 Para 1.36 of 60th Report of PAC (10th Lok Sabha)].

Action Taken by the Ministry of Defence

Excess expenditure of Rs. 1.44 crores over and above the Voted provision had occurred in the year 1990-91 under Grant No. 16 Defence Services—Air Force, mainly due to excess expenditure of Rs. 8.50 crores under Minor Head—111 Works, which was partly offset by savings under other heads of the Grant. The excess of Rs. 8.50 crores under the Minor

Head 111—Works was the net effect of excess under the sub heads Maintenance—buildings, Communications etc. (Rs. 0.87 crores), Maintenance and Operation—Instalations (Rs. 2.62 crores) and Departmental Charges (Rs. 5.99 crores) and savings under some other sub-heads.

2. In view of the substantial excess under Departmental Charges, the requirement and quantum of Departmental Charges to be recovered by Military Engineer Services for works services rendered to Navy and Air Force has been re-examined. Consequently, the existing system of levying Departmental Charges has been replaced by a new procedure with effect from 1st April 1993. A copy of Ministry of Defence letter No. 12(1)/93/D (Works-II) dated 23-8-93 is enclosed. Similarly, for better budgetary control in respect of the sub-heads Maintenance—buildings, Communications, etc. and Maintenance and Operation—Installations, distinct heads have been opended for booking expenditure on wages and salaries, maintenance, tariff bills for water, electricity etc.

3. As a part of the efforts for improving accuracy of estimation and tightening the budgetary control, Inter-Departmental Monitoring Groups with senior officers from Ministry of Defence, Services Headquarters, Integrated Finance and Controllers of Defence Accounts concerned, have been constituted since 1991-92 to continuously review the progress of expenditure and pending liabilities.

4. All these measures are expected to help in making a realistic and accurate assessment of requirements and better budgetary control.

This has been vetted by DGADS.

(P. R. SIVASUBRAMANIAN)
Addl. FA(P) & Joint Secy. to the Govt. of India.

File No: 10(1)/94/BI/PC-I
Dated: 22.7.94

No. 12(1)/93/D (Works-II)
GOVERNMENT OF INDIA
MINISTRY OF DEFENCE,
NEW DELHI

Dated, the 23rd August, 93

To

The Chief of Army Staff
The Chief of Naval Staff
The Chief of Air Staff

SUBJECT:— *Review and modification of procedure for recovery of Departmental Charges from Navy and Air Force for MES Works and Services.*

Sir,

Under the existing provisions in Paras 214 read ~~with Paras~~ 310 and 311 of MES Regulations all Works and Services carried out for the Navy and Air Force are subject to the lavy of departmental charges in accordance with the rates prescribed in Table 'H' ibid. These charges are adjusted centrally as per procedure prescribed in Para 559 *ibid.*

2. Consequent on the reorganisation of MES and the setting up of dedicated Zonal Chief Engineer formations for Navy and Air Force, the existing procedure of recovery of departmental charges from Navy and Air Force for works and services rendered by MES has been reviewed. It has been decided that with effect from the fianancial year commencing on 1st April, 1993 the existing system of recovery should be modified as follows:—

(i) Pay and Allowances of Army officers and personnel deployed in dedicated MES formations of Navy and Air Force will be booked against Minor Head 101 of the two services—Navy (Major Head 2077) code head 1/600/02 and code head 1/601/01 and Air Force (Major Head 2078) code head 1/701/02 and code head 1/703/02 through contra-debit/ contra-credit after initial disbursement from Army Budget through CDA (O) and CDA(OR).

(ii) Pay and Allowances of civilian officers and personnel of dedicated MES formations of Navy and Air Force will be provided for and booked against Minor Head 104 of the respective services—Navy (Major Head 2077) and Air Force (Major Head 2078). For this purpose suitable budgetary heads/code heads will be opened.

(iii) For T.A. and outstation allowances and all other conveyance charges of MES civilians officers and personnel of such dedicated MES formations in Navy and Air force, suitable and separate budgetary heads/ code heads will be opened under Minor Head 105 of the two Services. The same expenses in respect of Army personnel can be adjusted through contra-debit/credit under separate code heads.

(iv) In view of the direct booking of various elements of expenditure incurred on establishment of dedicated MES formations of Navy and Air Force as indicated above, the percentage of departmental charges to be recovered from these two services for works and services rendered by MES will be restricted to ½%.

(v) As regards Tools and Plants, charging of 12% of the value of works as T & P charges will continue. The amount so collected will be credited in a centralised manner under the existing Deduct Head (Code No. 495/06) under Sub-Head 'E' of Minor Head 111—Works under major Head 2076 (Army). For this purpose, category prefixes 08 and 09 will be used while operating the concerned code head (495/06) to identify the T & P charges booked to Navy and Air Force respectively.

(vi) Expenditure incurred by dedicated MES formations of Navy and Air Force on Miscellaneous expenses, Printing and Stationery, Telephone and payment to other departments for work done for Defence which are now booked under Minor Head 800—Other Expenditure of major Head 2076(Army) will be debited to respective Minor Head 800—Other Expenditure of Major Head 2077(Navy) and Major Head 2078 (Air Force) respectively. For this purpose separate budgetary heads/code heads will be opened.

(vii) The recovery of Pensionary Charges at ½% as part of departmental charges leviable at present on Navy and Air Force will be dispensed with, as expenditure on pensions do not form part of Army Demand No. 18.

3. Action is being taken separately for opening new budgetary/code heads for implementing the above measures.

4. Action is being also taken separately for amendment of relevant provisions of MES Regulations.

5. The revised procedure as explained above comes into force with effect from 1st April, 1993 *i.e.* with effect from the beginning of the financial year 1993-94.

6. It is clarified that notwithstanding the direct booking of expenditure of dedicated MES formations of Navy and Air Force as indicated above, the periodical reviews of norms and strength of establishment of such dedicated MES formations will continue to be carried out in an integrated manner along with reviews of norms of the MES establishment as a whole. Consequently the deployment of the overall sanctioned establishment of MES will be also considered in an integrated manner keeping in view the nature and quantum of workload of individual units/formations of various categories.

7. This issue with the concurrences of Defence (Fin/Works) *vide* their Dy. No. 1748/Addl. FA(G)/93 dated 23.8.93.

Yours faithfully,
Sd/-
(D.R. DHANKANI)
Under Secretary to the Govt. of India.

Copy for information and necessary action to:—

1. Controller General of Defence Accounts, R.K. Puram, New Delhi.
2. Directorate of Financial Planning, Army Hqrs, New Delhi.
3. Directorate of Financial Planning, Air Hqrs, New Delhi.
4. Directorate of Naval Planning, Naval Hqrs, New Delhi.

5. E-in-C's Branch, New Delhi (Shri K. Prabhakaran, DDGW(P&C).
6. CDA(Central Command), Meerut (Attn. Sh. Nand Kishore, JCDA).
7. All CsDA(by name).
8. Addl. FA(J)/Addl. FA(C)/Addl. FA(P)/Addl. FA(S)/Addl. FA(G).
9. JS(W & APO)/JS (Air)/JS(Navy).
10. Director(Finance/Budget).
11. DFA(Works)/DS(W)/DFA(AF/Org)/DFA(Navy).
12. Director General of Audit, Defence Services, L-Block, New Delhi.

Recommendation

The Committee note that against the final provision of Rs. 2377.62 crores sanctioned under Capital Section (Voted) of Grant No. 11—Telecommunication Services the Ministry of Communications incurred expenditure of the order of Rs. 2480.79 crores resulting in an uncovered excess of Rs. 103.18 crores inspite of the fact that a supplementary grant of Rs. 47.63 crs. was obtained by the Ministry. The wide variation between the original budgeted figures and the actual expenditure leads the Committee to an obvious conclusion that the Ministry of Communications, have at no stage, been able to precisely estimate and provide for the funds actually required by them under the Grant. Unfortunately, the supplementary provision sought by the Ministry proved inadequate leaving the balance for Parliament to regularise subsequently. The Committee desire that the reasons for failure to make realistic assessment of funds required as also to take timely action for ensuring adequate provisions for funds under the specific heads registering excess expenditure be investigated with a view to taking concrete steps for revamping the Budget Wing so that such a situation does not recur.

[Sl. No. 9 Para 1.39 of 60th Report of P.A.C. (10th Lok Sabha)]

Action Taken by Deptt. of Telecommunications

Observations have been noted for future guidance and instructions issued to ensure that no excess occurs in future. This has been vetted by the Principal Director of Audit (P&T) vide U.O. No. RR-III/1(b)/400/ Chapter-VI/90-91/273 dated 6.9.1994.

(R.C. Rastogi)
Member (Finance)

File No. 1-4/94-B.

Recommendation

The Committee note that during the year 1990-91, an expenditure aggregating Rs. 273.08 crores had been incurred over and above the sanctioned allocation (including supplementary provisions) of Rs. 15987.83 crores under six Grants in Revenue Section; one Grant in Capital section and one Charged Appropriation operated by the Ministry of Railways. After taking into account the effect of misclassification, the actual excess expenditure requiring regularisation worked out to Rs. 272.51 crores out of which Grant No. 16—Capital alone recorded a huge excess of Rs. 169.25 crores followed by substantially high excesses of Rs. 56.99 crores, Rs. 22.06 crores and Rs. 19.06 crores under Revenue Section of Grant No. 14, 9 and 13 respectively. In their explanatory notes, the Ministry of Railways have attributed the excess *intér alia* to inter Railway adjustment of rolling stock, leasing charges to IRFC, more expenditure under allowances, superannuation payments etc. Apparently, many of these items are of routine and anticipatory nature. However, the Ministry have not explained in their notes the precise reasons for the failure to make provisions for those items either at the time of preparation of the original budget or at the time of seeking supplementary demand. Clearly, the Ministry of Railways have not drawn any lessons from their past experience and have again failed to exercise adequate care in assessing their requirements of funds. The Committee consider it imperative that the Ministry of Railways should not only prepare their budget estimates with adequate applications of mind but also keep constant and effective watch over the trend of expenditure and that the need for additional funds should be realistically assessed in advance and Parliament invariably approached in time for supplementary grants so as to contain the scope of excess expenditure. The Committee, therefore, desire the Ministry of Railways to take effective steps to ensure strict observance of the financial rules so as to achieve the desired results.

[Sl. No. 10 Para 1.44 of 60th Report of PAC (10th Lok Sabha)]

Action Taken by the Ministry of Railways

The observations of the Committee have been noted. Necessary instructions are being issued to the Railways.

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

No. 94-B-342/1 New Delhi, dated: 2-6-1994.

The General Managers,
All Indian Railways

SUB: Excess over Voted Grants/Charged Appropriations (1990-91)

In 1990-91, Railways have incurred an excess expenditure of Rs. 272.51 cr. undr six Grants (9, 10, 13, 14, 15 & 16) and one Appropriation (11) and have shown savings of Rs. 169.39 cr. in other Grants/Appropriations. Public Accounts Committee (PAC) (10th Lok Sabha) while recommending regularisation of the aforesaid excess in their 60th Report, have taken a serious view of the position and have observed, *inter alia,* as under:—

"Para 1.20 - Surprisingly, excess expenditure had exceeded rupees one crore each in all the grants operated by Ministry of Railways in which excess expenditure had occurred. The Committee, therefore, desire that concrete steps should be taken by the Ministry of Finance to impress upon the Ministries to devise effective mechanisms for proper and continuous monitoring over the progress of expenditure and in-depth examination of the requirements of funds so that the excess expenditure may be kept to the barest minimum if not eliminated altogether. They also desire that the authorities administering a grant/appropriation should be held responsible for the control of expenditure against the sanctioned provisions and any slackness in following the established financial discipline should be sternly dealt with."

"Para 1.44 - The Committee note that during the year 1990-91, an expenditure aggregating Rs. 273.08 crores had been incurred over and above the sanctioned allocation (including supplementary provisions) of Rs. 15987.83 crores under six Grants in Revenue Section; one Grant in Capital Section and one Charged Appropriation operated by the Ministry of Railways. After taking into account the effect misclassification, the actual excess expenditure requiring regularisation worked out to Rs. 272.51 crores out of which Grant No. 16—Capital alone recorded a huge excess of Rs. 169.25 crores followed by substantially high excesses of Rs. 56.99 crores, Rs. 22.06 crores and Rs. 19.06 crores under Revenue Section of Grant Nos. 14, 9 and 13 respectively. In their explanatory notes, the Ministry of Railways have attributed the excess *inter alia* to inter Railway adjustment of rolling stock, leasing charges to IRFC, more expenditure under allowances, superannuation payments etc. Apparently, many of these items are of routine and anticipatory nature. However, the Ministry have not explained in their notes the precise reasons for the failure to make provisions for those items either at the time of preparation of the original budget or at the time of seeking supplementary demand. Clearly, the Ministry of Railways have not drawn any lessons from their past experience and have again failed to exercise adequate care in assessing their requirements of funds. The Committee consider it imperative that the Ministry of Railways should not only prepare their budget estimates with adequate application of mind but also keep constant and effective watch over the trend of expenditure and that the need for additional funds should realistically assessed in advance and Parliament invariably approached in time for supplementary grants so as to contain the scope of excess expenditure. The Committee therefore, desire the Ministry of Railways to take effective steps to ensure strict observance of the financial rules so as to achieve the desired results."

2. Although the instructions have been issued repeatedly to avoid excess/savings in various Grants but, as pointed out by the PAC, these

instructions are not being fully complied with, resulting in financial indiscipline. The Railways should bear in mind that all expenditure of the Railways must ultimately be met within the available resources out of which the distribution amongst various Railways and demands are to be made. As in no case, there should be any excess over the grants authorised, any likely savings in any grant should be intimated well in time, so that the same can be made available for grants where such additional need is likely. But it is seen that the Railways do not furnish their final modification estimates in time which is very essential as obtaining of supplementary grants, which is the last opportunity for a grant to be realistically assessed and made, is based mainly on them. The strong observations of PAC regarding personally holding the administering authority responsible should be given a serious thought by the Railways so as to live within the authorised grants and take strict and prompt steps for budgetary/expenditure control. Any slackness in this regard will be viewed seriously hereafter.

3. The excess in 1990-91 under various Grants should be looked into immediately. Action taken to avoid recurrence may please be intimated to the Board urgently.

4. The receipt of this letter may be acknowledged.

(A. Gopinath)
Director, Finance (Budget)
Railway Board.

Recommendation of the Public Accounts Committee

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

[Sl. No. 11-Appendix-X Para 1.45 of 60th Report of Public Accounts Committee (10th Lok Sabha].

Action taken by the Ministry of Finance (Deptt. of Economic Affairs)

The Demands for Excess Grants (excluding Railways) for 1990-91 were passed by the Lok Sabha on 9.8.1994. The connected Appropriation Bill as passed by Lok Sabha was returned by Rajya Sabha on 22.8.1994. It was assented to by the President of India on 25.8.1994.

This has been vetted by Audit vide their U.O. No. RR/1-19/94-95/693 dated 18.10.1994.

(N.P. BAGCHEE)
Additional Secretary (Budget).

[Ministry of Finance, Department of Economic Affairs (Budget Division, O.M. No. F.7(3)-B (SD)/94 dated 9-11-1994.]

Recommendations of the Public Accounts Committee

Action taken by the Ministry of Finance (Deptt. of Expenditure)

Action has already been taken and the Demands for Excess Grants relating to 1990-91 have been passed by the Lok Sabha. Copy of O.M. 4(43) B (SD)/94 dated 31st August, 1994 enclosed.

This has been vetted by Audit vide their OM No. dated:

(D. SWARUP)
Joint Secretary to Government of India.

Ministry of Finance
(Department of Expenditure)
(E. Coord. Branch OM No. 12 (2)-E. Coord-94 dated: 19-12-94)

No.F.4(43)-B(SD)/94
Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

New Delhi, the 31st August, 1994

OFFICE MEMORANDUM

Subject: *Demands for Excess Grants relating to 1990-91*

The undersigned is directed to state that the Demands for Excess Grants relating to 1990-91 have been passed by the Lok Sabha. The connected Appropriation Bill (No. 3) 1994 has been passed by the Parliament and assented to by the President on 25th August, 1994 and the Act has been published as Act No. 48 of 1994 in Gazette of India, Extra-Ordinary, Part. II Section I, dated 26th August, 1994.

(K.N. BHANOT)
Under Secretary to the Government of India.

1. Shri A.K. Ghosh, Financial Adviser, Ministry of Defence, South Block, New Delhi.

2. Shri G. Ganesh, Financial Adviser, Ministry of Home Affairs, North Block, New Delhi.
3. Shri Ajit Kumar, Financial Adviser, Ministry of Commerce, Udyog Bhawan, New Delhi.
4. Shri C. Rastogi, (Member, Finance), Ministry of Communication (Department of Telecommunications), Sanchar Bhawan, New Delhi.
5. Shri S W. Oak, Financial Adviser, Ministry of Environment & Forests, C.G.O. Complex, New Delhi.

No. F.4 (43) — B (SD)/94

Copy forwarded for information and necessary action to:—

1. Integrated Financial Adviser, Ministry of Finance, Department of Economic Affairs, Director (Finance).
2. The Finance Library (Publication Section) with the request that copies of the above mentioned Gazette of India, Extra-Ordinary be obtained from the manager of Publications and supplied to Comptroller and Auditor General of India, New Delhi, (10 spare copies of Demands for Excess Grants relating to 1990-91 are supplied for record).
3. Parliament Library, Lok Sabha Secretariat (5 copies).
4. Ministry of Law, and Justice (Legislative Department), New Delhi.
5. The Director General of Audit, Central Revenues, New Delhi (with 10 spare copies)
6. Director of Audit, C.W. & M, New Delhi (with 8 spare copies)
7. Director of Audit, Defence Services, New Delhi, (2 spare copies)
8. Comptroller General of Defence Accounts, New Delhi (with 11 spare copies).
9. The Comptroller and Auditor General of India (12 spare copies)

(K.N. Bhanot)
Under Secretary to the Government of India.

Action taken by the Government

Action has already been initiated for the excess expenditure being regularised in the current session of Parliament.

This has been seen by the Audit vide their U.O.I. No. 14-RAIII/RR/2-1/92 dated 27.05.1994.

(R.C. Magan)
Joint Director Finance (BC)

Railway Board.

[Ministry of Railways (Railway Board)'s case No. 94/B/342/1.]

(ii) RECOMMENDATIONS OR OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PERSUE IN VIEW OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

1.33. The Committee note that the Ministry of Commerce incurred an overall excess expenditure to the tune of Rs. 521.09 crores under Capital Section (Voted) of Grant No. 7 Ministry of Commerce. This occurred due to the excess expenditure of the order of Rs. 586 crores under the sub-Head EE.5(1)—Loans to Government of USSR—Technical Credits incorporated in Trade Agreements. Pertinently, the Ministry had also incurred an excess expenditure of Rs. 523.98 crores under the same sub-head during the previous year i.e. 1989-90. On scrutiny of the Approriation Accounts, the Committee found that against the original provision of Rs. 280 crores for Technical Credits for the erstwhile USSR for the year 1990-91, a supplementary provision of Rs. 789.38 crores was obtained in March 1991. Thus, against a total provision of Rs. 1069.38 crores, the expenditure incurred was Rs. 1656.91 crores resulting in an excess of Rs. 586.53 crores. While explaining the reasons for the failure in undertaking proper budgeting in this regard, the Ministry in their explanatory note have stated that given the very large number of variants which determined the volume and magnitude of a two way trade flow between India and USSR, the rapidly changing international economic and political scenario and the dramatic changes the Soviat polity and economy was undergoing, the Precise extent of the imbalance in trade could not have been forecast accurately at any point of time.

In view of the fact that excess expenditure of a similar magnitude had been incurred during the previous year as well, the Committee desire that the circumstances which led to the incurrence of excess of sizable amount, even after an amount of Rs. 789.38 crores was obtained as supplementary grant at the fag end of the year, should be thoroughly looked into and responsibility fixed. The Committee would like to be apprised of the action taken in this regard.

[Para 1.33 of the Sixtieth Report of the PAC (10th Lok Sabha]

Action Taken Note by the Ministry of Commerce

The reason for the inability to anticipate more accurartely the extent of technical credit by the former USSR by the end of financial year 1989-90 were detailed in the note for the Public Accounts Committee for regularisation of excess expenditure and also in the action taken note on the recommendations contained in the 51st Report of the Public Accounts Committee. The salient points mentioned in these notes would bear reiteration;

— Technical Credit was a device the necessity of which was inherent in the rupee payment trading system. The system had worked successfully for about 35 years.

— The entire technical credit drawn by the USSR and subsequently by Russia has been repaid completely by the Government of Russia.The technical credit outstanding against the USSR earned due interest.

— The unprecedented large amounts of technical credits availed by the Soviet side in 1989-90 were a concomitant of the profound political and economic upheavals which could not have been anticipated. In a fluid and volatile scenario, it was not possible for the Ministry of Commerce to assess accurately the shortfall in generation of rupee resources and therefore the expected drawal of technical credit. The Ministry was fully vigilant but the developments that took place were unforeseen and unforeseeable.

— A decision has already been taken that no further technical credits would be made available to any country in the former rupee payment area. This completely rules out any further possibility of occurrence of fresh expenditure on this account.

In short the detailed explanations given in the Note *ibid* by this Ministry may kindly be given the benefit of careful consideration, regarding it as one time aberration produced by an unforeseen historical upheaval in a friendly country and hence there is no reasons to fix the responsibility against any person.

This has been vetted by Audit *vide* their U.O. No. RR/27-1/94-95/202 dated 10.6.74.

Sd/-
(ASHOK PRADHAN)
Joint secretary

[Ministry of Commerce I.D. No. 92(6)/91-FT (EE) dated 30.6.1994.]

Recommendation

While examining the excess expenditure in the Grants/Appropriations operated by the Ministry of Railways during the year 1989-90, the Committee had noticed four cases of misclassification of expenditure in Appropriation No. 4 and Grants Nos. 5 & 16. The Committee had also observed that the gravity of those lapses became more serious when viewed in the light of the fact that similar lapses had also occurred in the Accounts of the Railways for the year 1988-89. With a view to obviating recurrence of such lapses in future, the Committee had recommended in Para 1.39 of their 51st Report (10th Lok Sabha) that such lapses should be enquired into and responsibility fixed. In their Action Taken Note, the Ministry of Railways have stated in general terms that the Railways have been asked to fix responsibility in the cases of misclassifications pointed out by the Committee for the year 1989-90 and that they have also been directed to ensure that requisite measures are taken for eliminating the scope of misclassifications. However, the Committee find from the Appropriation Accounts (Railways) for 1990-91 that misclassifications of expenditure had occurred in as many as 5 cases in the Grants Nos. 9, 10, 13 & 16 (both under Revenue and Capital section). They are distressed to note that despite their persistent exhortations and the assurances made by the Ministry of Railways from time to time, there does not appear to be any perceptible improvement in eliminating misclassifications. The Committee, therefore, desire that the Ministry of Railways should review the efficacy of the instructions issued in this regard in the light of persistent occurences of such misclassifications and any instance of misclassification of expenditure should be sternly dealt with. The Committee should also be informed about the officers held responsible for these misclassifications and the action taken against them.

[Sl. No. 12, Para 2.6 of 60th Report of PAC (10th Lok Sabha)]

Action taken by the Ministry of Railways

Recommendations of the Public Accounts Committee regarding misclassification of expenditure have been noted, and it is to state that necessary instructions have been reiterated to all the Zonal Railways and Production Units. It has also been stressed to make a quick review of the extent of the incidence of misclassification and furnish the comments on the efficacy of the remedial action taken on this account and fixing the responsibility of officers and staff, held responsible.

During the year 1990-91 the percentage of misclassification to total expenditure constituted-0.005 as compared to -0.017 during the year 1989-90. This shows a definite improvement reflecting efficacy of the instructions being reiterated from time to time by the Ministry of Railways.

Incidently, it is added that the analysis of the misclassification for last five years reflect the efficacy of instruction issued to arrest incidence of misclassfications, which have considerably come down as may be seen from the details given below:

(Figures in lakhs)

Year	Appropriation/ grant under which misclassification occurred	Amount of misclassification as per explanatory note to P.A.C.	Actual gross exp, under Appr/Grant affected	Percentage of misclassification to Total expenditure
1	2	3	4	5
1988-89	3-Appr & Grant 16 Rly Funds	21,55,670	1824,78,46,682	0.012
1989-90	4-Appro & 5,16 (Cap) & 16 (Rly Funds)	(−)133,64,077	7981,82,82,541	(−)0.017
1990-91	Grant Nos. 9,10,13,16 (Cap) & 16 (Rly. Funds)	(−) 56,04,264	12104,10,01,356	(−)0.005
1991-92	Grant Nos. 6, 8, 13 & 16 (Cap) & 16 (Rly Funds)	(−)116,56,277	11718,27,99,844	(−)0.010
1992-93	Grant No. 16 (Cap)	45,23,331	7566,73,00,661	0.006

However, all Zonal Railways and Production Units have been directed to ensure following measures with a view to obviate the recurrence of misclassification:-

(a) test check of allocation of expenditure on initial vouchers at Gazetted level in Accounts as well as by Executive officers,

(b) review of the expenditure meticulously and concurrently from month to month,

(c) Fix up responsibility for each & individual case of misclassification, specially at supervisory level,

These instructions will, it is expected, further tighten the reviews of expenditure right from the initial basic vouchers to the final stage of booking the expenditure to its final head.

The Committee, would, however, appreciate the fact that the Indian Railways being a very large organisation, the work of preparing and passing of bills & vouchers, involves allocation of expenditure to the correct head of accounts spread over a large number of spending units. While every care is taken to avoid any misclassification, it may not always be possible for the Units to ensure zero error working system.

It will, however, be the constant endeavour of the Railways to eliminate the occurrence of misclassification of expenditure.

This has been seen and vetted by the Audit vide their U.O.I. No. 22-RAIII-RR/2-1/92 dated 16.06.1994.

Sd/-
(R.C. MAGAN)
Joint Director Finance (BC)
Railway Board

Ministry of Railways (Rly. Board)'s case No. 91-App/7-2/90-91-Para 2.6.

(iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration.

—Nil—

(iv) Recommendations or observations in respect of which Government have furnished interim replies/no replies.

—Nil—

APPENDIX XIV

Statement of Observations and Recommendations

Sl. No.	Para No.	Ministry/Deptt. concerned	Observations & Recommendations
1	2	3	4
1.	1.5	Finance (Expenditure) Defence, Railways & Communications	The Committee find that while the Appropriation Accounts of Civil and those of Defence Services and Railways for the year 1992-93 were laid on the Table of the House on 10 May and 14 June, 1994 respectively the laying of the Appropriation Accounts of Postal and Telecommunication Services for the same year on the Table of the House was delayed till 13 December, 1994. The Committee desire that earnest efforts would be made in future by all concerned towards timely finalisation of the Appropriation Accounts so as to lay them on the Table of the House in the Budget Session of Parliament.
2.	1.35	Finance (Expenditure) Defence, Railways, Communications	The Committee note that an expenditure of the order of Rs. 689.06 crores had been incurred by various Ministries/ Departments in excess of the aggregate sanctioned provision of Rs. 30,811.51 crores under 13 grants/appropriations during the year 1992-93. Surprisingly, the year 1992-93 had witnessed excess expenditure in all the sectors of the Union Government *viz.*, Civil, Defence, Postal, Telecommunications and Railways. The Committee are also constrained to find that excess expenditure of over Re. 1 crore had been incurred in as many as 10 out of the total 13 grants/appropriations

1	2	3	4
			which registered excess expenditure. What is still more distressing is the fact that this excess expenditure had occured despite obtaining supplementary provisions amounting to Rs. 1008.72 crores under 11 grants/appropriations out of 13 excess registering grants/appropriations during the year under review. Evidently, the Budget controlling authorities in various Ministries/Departments of Government repeatedly failed not only in keeping the required vigil over the trend of expenditure but also in assessing properly their actual requirements of funds while seeking supplementary provisions at the fag end of the year when they had adequate data for estimating their fund requirements. This has resulted in the recurrence of an excess expenditure of substantial magnitude in 1992-93 also as in the past year. The fact that the excess expenditure should persist year after year despite repeated exhortations of the Committee and issuance of instructions by the Ministry of Finance etc., from time to time only leads the Committee to conclude that the matter has not been viewed by the Ministries/Departments with the seriousness it deserves. The Committee would like the Ministries to bear in mind that excess expenditure is 'unauthorised expenditure' betraying lack of financial discipline. The only situation in which the excess expenditure is understandable is when a need for unforeseen or unavoidable expenditure has arisen suddenly which could not have been anticipated and with no time left for the Ministry/Department to approach

1	2	3	4
			Parliament for a supplementary grant or appropriation. In view of the persistent trend in the incurring of excess expenditure going unchecked, the Committee recommend that Government should undertake a case study of the instances where expenditure had exceeded the budgetary allocations during the last five years with a view to looking into the reasons as to why the existing mechanism for control of expenditure has failed to effectively check the unabated trend of excess expenditure. Steps should also be taken to streamline the mechanism in this regard so as to tighten the financial and budgetary control.
3.	1.36	Finance (Expenditure) Defence Railways, Communications	A scrutiny of the Appropriation Accounts of Civil, Defence, Postal, Telecommunication and Railways has revealed that large scale savings aggregating Rs. 13,165.20 crores had also occurred during the year 1992-93. Out of these, bulk of the savings amounting to Rs. 12,139.58 crores were in the grants/appropriations operated under Civil sector followed by saving of Rs. 810.58 crores under grants/ appropriations operated by the Ministry of Railways. An analysis of the relevant Appropriation Account has also disclosed that while 61 grants/appropriations had registered savings varying between Rs. 10 crores and Rs. 100 crores each, saving of the order of over Rs. 100 crores each had occurred in as many as 19 grants/ appropriations during the year 1992-93. Curiously enough, savings of over Rs. 100 crores each has been persistently occurring from 1990-91 onwards under the Civil grants/appropriations relating to Interest

1	2	3	4
			payments, Transfer to State Governments, Repayment of debt, Department of Expenditure and Ministry of Textiles. In the opinion of the Committee, the savings of such high magnitude are indicative of both faulty budget estimation and also undesirable tendency of various Ministries towards excess budgeting which not only leads to inefficient utilisation of funds but also deprives other important sectors of the economy of such needed resources. The Committee would like the Government to address themselves to this issue seriously so as to gear up their budgetary control mechanism to ensure that the estimation of requirement of funds in all sectors of Governmental activities is carried out meaningfully and realistically. They would also like the Government to impress upon the Budget controlling authorities in all the Ministries/Departments to exercise due caution and farsightendness while forecasting their requirement of funds.
4.	1.37	Finance (Expenditure)	What has further concerned the Committee is the non-adherence to the procedures prescribed for surrendering the savings. According to the prescribed procedure, savings, in a grant or appropriation are required to be surrendered by the Departments concerned to the Government as soon as these are foreseen without waiting till the end of the year. The Committee note with concern that as agaisnt the gross savings of Rs. 12139.58 crores in the accounts of Civil Sector for 1992-93, the amount surrendered was merely Rs. 4845.97 crores out of which Rs. 4571.97 crores i.e. 94.35 per cent were surrendered only on the last day of the financial year. In the opinion of the Committee, this poor spectacle of

1	2	3	4
			negligence on the part of different Ministries speaks volumes about the scant regard being displayed by them towards prescribed financial procedure.
5.	1.38	Finance (Economic Affairs & Expenditure) Petroleum & Natural Gas, Surface Tansport, Food Processing Industries	The Committe have further observed that in four voted grants *viz;* 63-Ministry of Petroleum and Natural Gas (Revenue); 74-Surface Tansport (Revenue); 76-Ports, Light houses and Shipping (Revenue) and 39-Ministry of Food Processing Industries (Capital), the amount surrendered in 1992-93 exceeded overall savings available in these grants. To the utmost dismay of the Committee, there were three voted grants Nos. 25-Department of Economic Affairs (Revenue); 33-Pensions (Revenue); and 75-Roads (Capital) where surrenders were made despite the fact that expenditure exceeded in these grants and no savings were thus available for surrender which shows that there was inadequate accounting, control and monitoring of expenditure. The Committee take a very serious view of these lapses on the part of the officials concerned and desire that responsibility be fixed for the laxity shown in this regard. The Committee also desire that Government to devise foolproof measures to obviate recurrence of erroneous surrender of funds in future as it vitiates proper budgetary control.
6.	1.39	Finance (Expenditure) Defence, Railways, Communications	Yet another area where shortcomings were observed by the Committee related to the manner in which supplementary demands had been obtained by the Ministries/ Departments. The Ministry of Finance had in their instructions issued to all the

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			Ministries / Departments concerned on 27 March, 1986 directed that supplementary demands should be severaly restricted to genuine unforeseen expenditure which could not be envisaged at the time of preparing the annual budget or to meet the requirements or decisions or developments taking place after the approval of the budget and not for continuing schemes and programmes. The Committee's examination of the relevant Appropriation Accounts has revealed that despite those instructions, supplementary grants/appropriations to the extent of Rs. 13261.98 crores were obtained by the various Ministries/Departments during the year 1992-93. The Committee's scrutiny has also revealed that the instrument of obtaining supplementary demands was not operated judiciously by certain Ministries/ Departments during the year under review. They are surprised to find that in the case of Civil sector, the extent of overall savings of Rs. 12139.58 crores was even more than the supplementary provisions of Rs. 11450.80 crores obtained by the various Ministries/Departments. Strangely, the final savings in 23 grants/ appropriations operated under Civil sector were far in excess of the supplementary provisions of Rs. 2364.64 crores obtained in these cases and registered a substantial increase both in terms of number of cases and the amount involved as compared to the previous year 1991-92 when there were only 13 such instances involving supplementary provisions of Rs. 26.18 crores. Moreover, three cases under Defence Services and eight cases under Railways have also come to the notice of the Committee where final savings had

1	2	3	4
			exceeded the supplementary provisions obtained under a grant/appropriation during the year 1992-93. There were also 11 instances where excess expenditure of Rs. 689.03 crores had occurred despite obtaining supplementary provisions of Rs. 1008.72 crores in these cases during the year under review. From these facts, the Committee are inclined to conclude that the afore-mentioned instructions of the Ministry of Finance issued on 27 March, 1986 have not been observed in their true spirit. Evidently, the various Ministries/ Departments have been resorting to obtaining of supplementary grants or appropriations in an ill-conceived manner without conducting a proper and close scrutiny of the expenditure incurred or likely to be incurred by them during the financial year. The Committee view this situation with grave concern and express their unhappiness over the irresponsible attitude displayed by the various Ministries while obtaining supplementary grants/ appropriations during the year 1992-93. The Committee consider it necessary that supplementary provisions are obtained only in cases where it is really and genuinely required and the Ministries/ Departments are not allowed to make indiscriminate use of this mechanism. They, therefore, desire the Government to impress upon the Budget Cells of all the Ministries to frame their Budget estimates most accurately and resort to supplementary demands only in rare and emergent cases.
7.	1.40	Finance (Expenditure)	The Committees' examination further revealed that the re-appropriation of funds effected by the Ministries from one unit of grant/appropriation to another left a lot to be desired. In pursuance of the

1	2	3	4
			recommendations of the Public Accounts Committee, Government had earlier prescribed that any re-appropriation order having effect of increasing the budget provision under a sub-head by more than 25 per cent of the budget provision or Rs. one crore, which ever is more, should be reported to Parliament alongwith the last batch of supplementary demands for the financial year. In case such re-appropriation is made after the last batch of supplementary demands has been presented to Parliament, prior approval of the Ministry of Finance (Department of Expenditure) is required to be obtained by the Financial Advisor of the department concerned. However, Committee's scrutiny of the Accounts of civil sector for the year 1992-93 and the relevant Audit Report revealed that certain Ministries/ Departments neither reported the augmentation of funds to Parliament nor obtained the prior approval of the Department of Expenditure in 10 cases under four voted grants where the re-appropriation exceeded the twin limit of Rs. 1 crore and 25 per cent of the sanctioned provision. Similarly, 11 cases under four grants have also come to the notice of the Committee where re-appropriation of funds of over Rs. one crore under a sub-head were made without the approval of the Ministry of Finance (Department of Expenditure) in contravention of the instructions in force. In the opinion of the Committee, these cases are illustrative of the utter disregard for financial discipline. The Committee, therefore, recommend that the Government should take effective steps to ensure observance of the prescribed instructions on the issue and strict adherence to the financial discipline.

1	2	3	4
8.	1.41	Finance (Expenditure), Surface Transport, Textiles	On the recommendations of the Public Accounts Committee, the Ministry of Finance have prescribed financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires either prior approval of or report to Parliament, However, one case from the Ministry of Textiles and four cases from the Ministry of Surface Transport have been brought to the notice of the Committee where expenditure incurred by them during the year 1992-93 qualified as New Service/New Instrument of Service in which prior approval of Parliament was not obtained nor the expenditure was reported to Parliament. The Committee view with concern these cases of serious breach of financial propriety committed by the Ministry of Surface Transport and Ministry of Textiles. The Committee wish to strongly emphasise that they cannot remain silent spectator to this sad state of affairs. They, therefore, desire that the circumstances leading to these defaults, in obtaining prior approval of Parliament or reporting the expenditure to them, may be thoroughly investigated and the responsibility fixed. Steps should also be taken to ensure that instances of such cases do not recur. The Committee would also like the Government to apprise them about the precise action taken in this regard.
9.	1.47	Finance (Expenditure)	Under Revenue Section (Voted) of Grant No. 33—Pensions, the Central Pension Accounting Office in the Department of Expenditure incurred an expenditure of Rs. 15.88 crores over and above the sanctioned provision of Rs. 682.80 crores during 1992-93 although a supplementary

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			grant of Rs. 82.65 crores had been obtained in March, 1993. A perusal of the explanatory note furnished by the Department would reveal that but for the saving of over Rs. 23.01 crores that occurred under certain sub-heads of the grant, the excess expenditure would have been as high as Rs. 38.89 crores. As in the previous year, bulk of the excess expenditure during the year 1992-93 had been registered under the two sub-heads 'Superannustion and Retirement Allowances—Ordinary Pensions' and 'Family Pensions'. The Department have attributed the excess expenditure under these two sub-heads to "addition of more pensioners and increase in the rate of Dearness Relief." Explaining the factors responsible for under-estimation of requirement of funds for 1992-93, the Department have *inter-alia* stated that Grant No. 33—Pensions was a composite grant based on estimates of 61 agencies and that despite making every possible effort the Department could not obtain the requirements of funds from most of the offices both at the Budget Estimates and the Revised Estimates Stage. The Department is also stated to have prepared the Budget Estimates 1992-93 in respect of defaulting offices by increasing 30 per cent over the Revised Estimates of the preceding year 1991-92. Similarly, the Budget Estimates 1992-93 figures were taken in toto as Revised Estimates 1992-93 for such offices which had not furnished their final requirements of funds at the revised Estimates 1992-93 stage. The fact that the requirements of funds during the year 1992-93 under the Grant-Pensions were estimated without obtaining complete and reliable data only leads the Committee to conclude that the Central Pension

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			Accounting Office had failed to develop procedures and systems for regular and timely inflow of requisite data from the various offices with the result that large variations between the sanctioned budgetary provision and the actual expenditure under various sub-heads of this composite grant continue to persist despite the recommendations of the Committee made in the past for taking appropriate remedial action. In the opinion of the Committee most of the liabilities on account of pensionary benefits can be assessed with more precision by maintaining close liaisoon with the concerned agencies and obtaining timely information from them. The Committee hope that special efforts would now be made by the Central Pension Accounting Office to collect and compile requisite data in time so that the budget estimates are made as accurately as possible leaving little scope for excess expenditure. Non-submission of data in time should be seriously viewed with and strict action taken against the defaulting officers.
10.	1.51	Surface Transport	Under the Capital Section (Voted) of Grant No. 75—Roads, the Ministry of Surface Transport incurred an overall excess expenditure of over Rs. 6.46 crores against the total sanctioned provision of Rs. 542.39 crores during 1992-93. The Committee's examination of the explanatory note furnished by the Ministry revealed that this excess expenditure was the net result of excesses and savings that had occurred under various sub-heads under the grant. However, the main constituent of the excess expenditure was sub-head "5054—AA.2 (1)(1)—Strategic and Border Roads—Road Works—Works

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			under BRDB" which alone accounted for an excess expenditure of Rs. 7.34 crores. According to the Ministry, the excess expenditure under this sub-head was "mainly due to receipt of debit vouchers pertaining to the previous years just before the close of the financial year 1992-93." The Committee have also been informed that effective measures have been taken to prevent the excess expenditure under this sub-head by asking the Controller General of Defence Accounts' office on 7.10.93 not to accept any punching medium for the month of 14th and 15th accounts which are raised by other Controllers without the consent of Controller of Defence Accounts (Border Roads). The Committee's perusal of these instructions dated 7.10.1993 revealed that similar instructions were already in existence and any booking of expenditure made to this head required the approval of Controller of Defence Accounts (Border Roads). Evidently, these instructions were not followed in the instant case with the result that excess expenditure of substantial magnitude under this sub-head was incurred during 1992-93. The Committee need hardly point out that the instructions have meaning only if they are complied with both in letter and spirit. The Committee trust that the Ministry of Surface Transport will therefore, take effective steps to ensure that all financial instructions are scruplously followed by their budget controlling authorities so as to exercise adequate control on expenditure.
11.	1.55	Home Affairs	The Committee note that an overall excess of Rs. 1.12 crores had occurred during 1992-93 under Revenue Section (Voted) of Grant No. 97—Chandigarh administered by the Ministry of Home Affairs

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			Affairs. The Committee also find that this excess expenditure had occurred despite obtaining a supplementary grant of Rs. 22.25 crores in March, 1993. Surprisingly enough, a perusal of the explanatory note furnished by the Ministry for regularisation of this excess expenditure has revealed that there were as many as 20 sub-heads under this grant which had exceeded the budgetary allocations by Rs. 5 lakhs or more during the year under review. What is still worse is the fact that excess expenditure under this grant has been a recurring feature from the year 1984-85 onwards. Clearly, the Ministry of Home Affairs have not drawn any lessons from their past experience and have once again failed to exercise adequate care in assessing their actual requirement of funds even while obtaining supplementary grants at the end of the year. In the opinion of the committee, the endemic tendency on the part of the Chandigarh Administration to exceed the budgetary ceilings year after year is a sad commentary on the manner in which this grant is being administered by the Ministry of Home Affairs which have miserably failed to enforce strict budgetary discipline over the spending units in Chandigarh Administration. The Committee trust that the Ministry of Home Affairs would at least now act by taking concrete measures to effect improvements in the management of this grant. The Committee would like to be apprised of the steps taken in this regard.
12.	1.62	Defence	The Committee note that an excess expenditure of Rs. 53.23 crores and Rs. 21.29 crores had been incurred by the Ministry of Defence under Grant No. 18—Army (Revenue) and Grant No. 22-

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			Capital Outlay on Defence Services respectively during the year 1992-93. This huge excess expenditure had occurred inspite of the Ministry obtaining supplementary provisions of the order of Rs. 444.99 crores under these two grants. Significantly, this excess expenditure incurred by the Ministry of Defence during the year under review had registered an increase both in terms of quantum and the number of grants as compared to figures of preceding three years. Although the Ministry of Defence is stated to have constituted Inter-departmental Monitoring Groups since 1991-92 to continuously review the progress of expenditure, the Committee are constrained to observe that these Inter-departmental Groups could not do any thing to contain the expenditure within budgetary ceilings during the year 1992-93. Obviously, the present system for assessment of requirement of funds and monitoring of expenditure under grants/ appropriations operated by the Ministry of Defence leaves much to be desired. The Committee have also been informed that the Inter-departmental Monitoring Groups have been asked on 21 July, 1993 to review projected requirements and the actual expenditure details of 1992-93 to pinpoint and eliminate the defects, if any, in the process of estimation to bring in refinement in budgetary estimation and control. The Committee would like to be apprised of the outcome of such review and the further measures taken by the Ministry as a result thereof to tighten their financial control.
13.	1.63	Defence	The Committee also note that there were two cases of erroneous bookings of expenditure which resulted in excess

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			expenditure to the tune of Rs. 7.41 crores under Grant No. 22 Capital outlay on Defence Services. The Committee take a serious view of such patent accounting errors as these result in misleading and incorrect presentation of accounts. They believe that such errors could have been detected and avoided if adequate attention had been paid particularly at the supervisory level. The Committee trust that effective measures would be taken in future to obviate instances of mis-classification of expenditure.
14.	1.66	Communications	The Committee note that an excess expenditure of over Rs. 21.46 crores was incurred under Grant No. 14-Postal Services (Revenue Section-Voted) despite obtaining a supplementary provision of Rs. 69.00 crores during the year under review. The excess occurred mainly due to settlement of more pensionary cases; more claims of air carriers due to increase in traffic besides enhancement of rates; and increase in expenditure of pay and allowances due to biennial cadre review and time bound promotions and settlement of more LTC claims than anticipated. In the opinion of the Committee, these reasons for excess expenditure over authorised allocations clearly indicate that lack of proper and timely review of anticipated expenditure and failure to provide fully for requirement of funds had contributed to the excess under this grant. The Committee are unable to appreciate why liabilities on account of settlement of pensionary cases as also expenditure on pay and allowances due to biennial cadre review could not be assessed realistically by the Department of Posts since there is usually no element of uncertainty in the expenditure on pensions or pay and

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			allowances. The Committee hope that Department of Posts would take sufficient care in future while projecting their requirements of funds so as to contain excess expenditure.
15.	1.70	Communications	Under Capital Section (Voted) of Grant No. 15-Telecommunication Services, the Ministry of Communications had incurred an expenditure of Rs. 25.54 crores over and above the sanctioned provision of Rs. 4019.01 crores during the year 1992-93. As in the previous year 1991-92, the excess expenditure during the year under review had occurred mainly under the plan scheme "Local Telephone Systems" on account of more purchase of materials like cables, apparatus and plants than anticipated. Explaining their difficulties, the Ministry of Communications in their explanatory note stated that over 12000 individual projects are executed in the Department of Telecommunications through field level formations. While bulk of the expenditure on these projects is generally incurred through centralised procurement of materials, the field units also incur expenditure towards purchase of equipment in small quantities. According to the Ministry, it is therefore not practicable at this stage to exactly correlate the process of procurement of materials when such a large number of projects are under execution simultaneously all over the country. The Committee have been informed that notwithstanding the practical difficulties, all attempts were being made by the Department by means of strict enforcement of rules to ensure that field units remain within the budget allotment. While appreciating the practical difficulties being experienced by the Department in

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			implementing the plan scheme relating to 'Local Telephone Systems', the Committee would like to emphasise that proper measures are required to be taken to impress upon the field units to regulate their expenditure within budgetary ceilings. They therefore desire that the Ministry should evolve a sound mechanism for keeping a proper watch over the expenditure incurred by various field units *vis-a-vis* their budgetary allocations so as contain the excess expenditure in future.
16	1.74	Railways	It is rather distressing that inspite of repeated exhortations by the Committee for ensuring stricter observance of financial principles with a view to contain the excess expenditure to the barest minimum, the Ministry of Railways continue to display their callous attitude towards the need for framing the budget estimates on a realistic basis and exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grants. To the utter dismay of the Committee, the excess expenditure incurred by the Ministry of Railways during 1992-93 has assumed a new dimension by touching an astronomically high figure of Rs. 539.28 crores which is not only more than the aggregate excess expenditure incurred by all excess registering Ministries/Departments of Government during the year under review but also highest as compared to the excess expenditure registered by the Ministry of Railways in the preceding five years. The Committee's examination has revealed that the major contributor to the excess expenditure incurred during 1992-93 was 'Grant No. 16—Acquisition, Construction and Replacement—other expenditure—Capital' which alone recorded an excess of over Rs. 521.70 crores inspite of the

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			fact that the Ministry of Railways had obtained supplementary provisions amounting to Rs. 228.66 crores during March, 1993 to meet the increased expenditure under this grant mainly under plan heads inventories, doubling new lines, rolling stock, gauge conversion etc. The Committee are extremely unhappy that the Ministry in their explanatory note have neither indicated the reasons for incurring of excess expenditure of such a high order nor for their failure to estimate the expenditure with more precision particularly when supplementary grants amounting to Rs. 228.66 crores were obtained under the same head at the very fag end of the year. The Committee take a serious view of this situation and strongly urge the Ministry to exercise greater care in assessing realistically their requirements of funds in future. Efforts should also be made to keep a close and constant watch over the trend of expenditure with a view to containing the same within the budgetary allocations.
17.	1.75	Finance (Exp.) Defence, Railways, Communications	Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in Para 1.8 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India.
18.	2.6	Finance (Exp.)	In Paragraph 1.20 of their 60th Report (10th Lok Sabha) the Committee had, inter-alia recommended that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provisions and any slackness in following the established financial discipline should be strenly dealt with. The Committee note that this recommendation

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			has been brought to the notice of all Ministries/Departments of Government by the Ministry of Finance (Department of Expenditure) *vide* their office Memorandum dated 17.10.1994. In the light of persistent occurrences of excess expenditure year after year, the Committee would like the Ministry of Finance to take suitable steps to ensure that complete details of circumstances leading to overall excess expenditure under a grant or appropriation, together with action taken to fix responsibility therefor, are invariably made available to the Committee through the explanatory notes furnished for regularisation of expenditure atleast from the accounting year 1994-95 and onwards.
19	2.9	Finance (Expenditure)	Taking a serious view of the delay on the part of various Ministries in furnishing the explanatory notes, the Committee had in their 60th Report (10th Lok Sabha) desired the Ministry of Finance to analyse and apprise them of the precise reasons for persisting delays in submission of explanatory notes besides taking corrective measures to ensure timely submission of the same in future. The action taken note furnished by the Ministry of Finance reveals that the Ministry have once again issued instructions to all the Ministries/ Departments emphasising that the time schedule for the presentation of explanatory notes to the Committee may be strictly adhered to. The action taken note is however, completely silent as to whether the Ministry of Finance have made any attempt to analyse the reasons for the delays that had occurred in the past in furnishing the explanatory notes to the Committee. Going by the past record of delays that had been taking place in the

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			submission of explanatory notes, the Committee are of firm opinion that such an analysis of the reasons for delay in furnishing the explanatory notes is necessary so that the appropriate remedial measures may be taken to effect improvement in future. The Committee would like to be informed of the progress achieved in this regard in due course.
20.	2.12	Finance (Expenditure)	Noticing the large scale savings under various grants/appropriations, the Committee had in paragraph 1.22 of their 60th Report (10th Lok Sabha) desired the Ministry of Finance to investigate the circumstances which led to savings of the order of Rs. 100 crores or above in a grant or appropriation during 1990-91 and take suitable remedial steps. From the action taken notes furnished by the Ministry of Finance (Department of Expenditure), the Committee are distressed to find that the Ministry have not indicated any concrete measures in this regard except issuing routine instructions emphasising that the Ministries/Departments should prepare their budget estimates carefully and accurately so that the large scale savings do not occur. The Committee feel that mere issuance of such instructions carry no meaning unless the reasons for extraordinary large scale savings in a grant or appropriation are investigated and suitable remedial steps taken as a result thereof to ensure optimum utilisation of scarce resources. The Committee therefore desire that the Ministry of Finance should immediately investigate the circumstances which resulted in savings of Rs. 100 crores or above in a grant or appropriation during 1990-91 and apprise the Committee of the concrete steps taken by them to

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			overcome the tendency of excess budgeting.
21.	2.13	Finance (Expenditure)	In paragraph 1.24 of their 60th Report, the Committee had recommended 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 them alongwith the explanatory notes regarding excess expenditure incurred. A perusal of the action taken note furnished by the Ministry of Finance in pursuance of the aforesaid recommendation reveals that the Ministry had brought this recommendation to the notice of all the Ministries/Department of Government on 17 October, 1994 and also subsequently issued instructions on 19 December, 1994 stipulating that in future such notes on savings may be furnished to the Committee alongwith the explanatory notes. While appreciating the issuance of instructions on furnishing of detailed notes on savings of Rs. 100 crores and above, the Committee would like to be reassured that this recommendation of the Committee receives prompt attention and the time schedule prescribed for this purpose is scrupulously followed by all Ministries/Departments concerned while forwarding their explanatory notes to the Committee on the Accounts for 1993-94 and onwards.