

# NINETEENTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (1991-92)

(TENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND  
CHARGED APPROPRIATIONS (1988-89)

AND

ACTION TAKEN ON 11TH REPORT OF  
PUBLIC ACCOUNTS COMMITTEE  
(9TH LOK SABHA)



*Presented in Lok Sabha on 29 April 1992*

*Laid in Rajya Sabha on 29 April 1992*

LOK SABHA SECRETARIAT  
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**PUBLIC ACCOUNTS COMMITTEE**  
(1991-92)

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*Rajya Sabha*

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2. **Shri S.C. Gupta—Joint Secretary**
3. **Smt. Ganga Murthy—Deputy Secretary**
4. **Shri K.C. Shekhar—Under Secretary**

## INTRODUCTION

1. I, the Chairman of the Public Accounts Committee, do present on their behalf this Nineteenth Report on Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts—Civil, Defence Services and Railways for the year 1988-89 and Action Taken by Government on recommendations of the Committee contained in their 11th Report (9th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1987-88.

2. During the year 1988-89, the excess expenditure that required regularisation was of the order of Rs. 367.98 crores under 26 Grants/Appropriations as against Rs. 304.15 crores under 21 Grants/Appropriations during the preceding year i.e. 1987-88. In their earlier Reports, the Committee had repeatedly exhorted the Ministries to ensure strict exchequer control but in spite of that, financial discipline remained a distant goal. The Committee have again desired the Ministries to observe greater financial discipline and to ensure that expenditure does not exceed the budgeted limits.

3. In the case of Appropriation No. 28—Interest Payment, the Committee have taken a serious view of inadequate supplementary provision of Rs. 50 crores as against the additional funds requirements of Rs. 178.52 crores, made by the Ministry of Finance which is supposed to be a model for other to emulate in the matter of framing Budget Estimates. They have desired that the failure to take timely action for ensuring adequate additional funds be gone into and responsibility fixed. As regards the excess expenditure incurred under Grants No. 52, the Department of Chemicals and Petro Chemicals intended to reappropriate savings anticipated under a sub-head to cover anticipated excess expenditure under other sub-heads. The anticipated savings, however, did not materialise. What has perturbed the Committee more is the fact that the Department had issued reappropriation orders on 13.3.89/14.3.89 which were later on found to be not in order and had to be withdrawn on 31.3.1989 when no time was left for seeking supplementary grant. The Committee have desired the Department to take effective steps to see that such a situation does not recur.

4. The Committee examined the excess expenditure in the light of explanatory notes (Appendices II to XVI) furnished by the Ministries/Departments of Government of India and finalised the report at their sitting held on 31 March, 1992. Minutes of the sitting form Part II of the Report.

5. The Committee's 11th Report (9th Lok Sabha) on excesses over Voted Grants and Charged Appropriations for the year 1987-88 was presented to the House on 6 September, 1990. 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.



6. 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 Appendix XIX to the Report.

7. 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;

*23 April, 1992*

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*3 Vaisakha, 1914 (Saka)*

ATAL BIHARI VAJPAYEE

*Chairman,*

*Public Accounts Committee*

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**REPORT**  
**CHAPTER I**

**EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED  
APPROPRIATIONS (1988-89)**

*Introductory*

This Chapter deals with the excess expenditure incurred by various Ministries and Departments of Government of India over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts relating to Civil, Defence Services and Railways for the year 1988-89. The Appropriation Accounts, relating to Postal and Telecommunication Services for 1988-89 do not disclose any excess expenditure.

*Excess Expenditure*

1.2 The excess expenditure during the year 1988-89 which requires regularisation under Article 115(1)(b) of the Constitution is of the order of Rs. 367.98 crores incurred over sanctioned provision of Rs. 29643.19 crores under 26 Grants/Appropriations (Appendix-I). The Appropriation Account-wise break-up of the excess expenditure *vis-a-vis* total sanctioned provision under the excess registering grants is as below:

Appn. Account	No. of Excess registering Grants/ Appns.	Sanctioned Provision under excess registering Grants/ Appns. (Rs)	Excess Expenditure (Rs.)
Civil	17	18694,21,00,000	159,35,51,963
Defence Services	1	7116,07,00,000	103,65,09,797
Railways	8	3832,90,88,000	104,97,37,001
	26	29643,18,88,000	367,97,98,761

1.3 The explanations given by the various Ministries for the excess expenditure incurred under various Grants/Appropriations operated by them are at Appendices II to XVI. The Committee would examine and discuss some of these in the succeeding Paragraphs.

1.4 The excess expenditure has been a recurring phenomenon in the past. The table below indicates the position regarding excess expenditure incurred under the excess registering grants during the past decade:

<i>Year</i>	<i>No. of excess registering grants/appns.</i>	<i>Amount of excess expenditure (Rs. in crores)</i>
1979-80	19	145.86
1980-81	27	359.16
1981-82	20	462.69
1982-83	21	365.15
1983-84	12	115.82
1984-85	9	64.87
1985-86	29	441.72
1986-87	25	384.39
1987-88	21	304.15
1988-89	26	367.98

It is further noticed that in respect of certain grants as indicated below; excess expenditure has persistently occurred during the years 1985-89:

<i>Name of Grant</i>	<i>(Rs. in crores)</i>			
	<i>Excess expenditure during 1985-86</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>
Defence Pensions (Revenue-Voted)	12.02	1.36	1.69	1.61
Public Works (Revenue-Voted)	4.25	10.93	5.67	10.03
Lakshadweep	—	0.06	1.24	0.11
Defence Services Army (Revenue Voted)	22.91	100.33	2.05	103.65
Provident Fund, Pension & other Retirement benefits. (Voted)	11.70	53.49	110.01	93.30

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

1.6 The Committee note that during the year under review i.e. 1988-89 the excess expenditure was of the order of Rs. 367.98 crores under 26 grants as against Rs. 304.15 crores under 21 grants during the preceding year i.e. 1987-88. Incidentally, the Committee observe that during the past

decade (1979—89) there was a period (1981-82 to 1984-85) when the excess expenditure registered a declining trend from Rs. 462.69 crores in 1981-82 to as low as Rs. 64.87 crores in 1984-85 but unfortunately this trend got reversed in 1985-86 when the excess expenditure touched a figure of Rs. 441.72 crores. Since then there has been no significant improvement in the situation. The Committee view this situation with concern.

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

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

Name of Grant	(Rs. in crores)			
	Excess Expenditure during the years			
	1985-86	1986-87	1987-88	1988-89
Defence Pensions (Revenue Voted)	12.02	1.36	1.69	1.61
Public Works (Revenue Voted)	4.25	10.93	5.67	10.03
Lakshadweep	—	.06	1.24	0.11
Defence Services—Army (Revenue Voted)	22.91	100.33	2.05	103.65
Provident Fund, Pensions & other Retirement benefits (Voted)	11.70	53.49	110.01	93.30

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

1.9 As per time schedule, the Ministries and Departments of Government of India are required to furnish explanatory notes on excess registering grants by 31 May or immediately after the presentation of the Appropriation Accounts, whichever is later. The explanatory notes in respect of excess registering grants during 1988-89 were required to be furnished by 31 May, 1990.

1.10 As in the case of explanatory notes in respect of excess registering grants during 1987-88, the explanatory notes on excess expenditure incurred by various Ministries under the grants operated by them during the year 1988-89, were also furnished with delays which ranged from 2 months to over 22 months, as will be seen from the Table given below:

No. & Name of Grant	Date of submission of explanatory notes	Delay involved
12 — Ministry of Defence (Civil) (Revenue Voted & Capital—Charged)	12.2.1991	Over 8 months
13 — Defence Pensions (Revenue Voted & Revenue—Charged)	12.2.1991	-do-
14 — Defence Services-Army	27.8.1990	3 months
26 — Payment to Financial Institutions	23.12.1991	Over 18 months
28 — Interest Payments	27.8.1991	15 months
52 — Deptt. of Chemicals & Petro Chemicals	31.1.1991	8 months
68 — Deptt. of Mines.	31.7.1990	2 months
74 — Ministry of Urban Development (Voted—Revenue)	14.8.1991	Over 14 months
12 — Ministry of Urban Development (Charged—Revenue)	5.6.1991	Over 12 months
75 — Public Works (Voted—Revenue)	13.5.1991	Over 11 months
75 — Public Works (Charged—Revenue)	12.6.1991	Over 12 months
75 — Public Works (Charged—Capital)	14.8.1991	Over 14 months
92 — Lakshadweep	9.4.1992	Over 22 months
93 — Chandigarh (Revenue Voted & Revenue—Charged)	22.3.1991	Over 8 months
94 — Daman & Diu	23.1.1991	Over 7 months

1.11 In their 11th Report (9th Lok Sabha) the Public Accounts Committee had expressed their displeasure over the delay on the part of various Ministries in furnishing explanatory notes and desired the Ministry of Finance to go into the matter and take suitable measures. The Committee had also recommended that time schedule should be laid down for taking action at various stages involved in the finalisation / vetting of the explanatory notes\* on excess registering grants.

1.12 Reacting to the recommendations of the Committee, the Ministry of Finance laid down a time schedule for completing action on explanatory notes on grants administered through the Appropriation Accounts (Civil) by various Ministries and circulated the same to all Ministries on 16 September, 1991 for compliance. Besides the Department of Posts and the Ministry of Defence have also prescribed separate time schedules on 30.11.1990 and 30.1.1991 respectively in this regard.

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

#### *Grants operated by the Ministry of Defence*

1.14 Out of the seven grants / appropriations operated by the Ministry of Defence, excess expenditure occurred in the following grants / appropriations during the year 1988-89:

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\*Vide Paras 1.7 and 1.8.

(Rs. in crores)

Grant / Apprn. No.	Original Grant / Apprn.	Suppl. Grant / Apprn.	Total Grant / Apprn.	Actual Expenditure	Excess Expenditure
<b>12—Ministry of Defence (Civil)</b>					
Revenue (Voted)	616.07	71.54	687.61	694.84	7.23
Capital (Charged)	6.50	—	6.50	7.09	0.59
<b>13—Defence Pensions</b>					
Revenue (Voted)	1099.55	496.81	1596.36	1597.97	1.61
Revenue (Charged)	0.45	0.19	0.64	0.646	.006
<b>14—Defence Services—Army (Voted)</b>					
	6874.97	241.10	7116.07	7219.73	103.65

1.15 Grant Nos. 12 and 13 are operated through Appropriation Accounts (Civil) while Grant No. 14 is operated through Appropriation Accounts (Defence Services) for 1988-89.

1.16 It is noticed that Grant No. 14—Defence Services—Army, has registered the maximum excess expenditure to the tune of Rs. 103.65 crores inspite of the fact that a sum of Rs. 2412.10 crores was obtained as a supplementary grant. In the preceding year, i.e. 1987-88, excess expenditure under this Grant was merely Rs. 2.05 crores.

1.17 The Ministry of Defence have given the following explanation for the excess expenditure incurred under Grant No. 14 during 1988-89:

“The excess of Rs. 103,65,09,797 under this Grant was mainly under the following sub-heads:—

(a) *A.1—Pay and Allowances of Army (Rs. 57,18,79,187)*

The original provision made under this sub-head was Rs. 2344,38,66,000 which was enhanced to Rs. 2633,20,46,000 by obtained a supplementary grant (Rs. 241,10,00,000) and also by reappropriation (Rs. 47,71,80,000). The actual expenditure, however, was Rs. 2690,39,25,187 resulting in an excess of Rs. 57,18,79,187.

The excess was mainly due to heavier booking under Pay and Allowances of JCOs / ORs than anticipated.

(b) *A.3—Pay and Allowances of Civilians (Rs. 1,30,05,253.)*

The original provision made under this sub-head was Rs. 379,35,34,000 which was reduced to Rs. 371,00,00,000 by minus reappropriation (Rs. 8,35,34,000). The reduction under this head was due to restriction on employment of civilian Industrial Establishment.

The actual expenditure, however, was Rs. 372,30,05,253 resulting in an excess of Rs. 1,30,05,253.

The excess was due to payment of Dearness Allowance sanctioned with effect from 1st January 1988 and 1st July 1988 and Bonus for 1987-88 for regular Defence Civilian Employees which could not be fully met within the allotted funds.

*(c) A.4—Transportation (Rs. 3,38,10,784)*

The Original provision made under this sub-head was Rs. 219,63,52,000 which was reduced to Rs. 203,75,00,000 by minus re-appropriation (Rs. 15,88,52,000). The reduction under this head was mainly due to less expenditure under Rail and Air Transportation charges. The actual expenditure, however, was Rs. 207,13,10,784 resulting in an excess of Rs. 3,38,10,784.

The excess was due to increased expenditure under Travelling and Out Station Allowances, due to increase in Rail and Air Fare and under Rail charges due to increased movement of personnel and Stores during the last months, partly off-set by savings under maintenance / depreciation of Rolling stock and Air Transportation charges due to non-adjustment of Claims by Indian Airlines.

*(d) A.5—Military Farms (Rs. 10,73,03,542)*

The original provision made under this sub-head was Rs. 37,86,50,000 which was enhanced to Rs. 37,88,00,000 by re-appropriation (Rs. 1,50,000). The actual expenditure, however, was Rs. 48,61,03,542 resulting in an excess of Rs. 10,73,03,542.

The excess was under (i) Pay of staff, due to the increase in the rate of daily labours and their regularisation; (ii) purchase of Fodder, due to increased prices of fodder and due to the decision of the Government to procure milk from Milk Schemes, (iii) Production Charges, due to the increased commitments of milk and foolder, (iv) Transportation charges, due to increased expenditure on transportation of fodder, (v) Miscellaneous Charges due to increased charges of steam coal, petrol, oil and lubricants, repair of plant and machinery and charges payable by Military Engineer Services etc.

*(e) A. 7—Inspection Organisation (Rs. 7,09,56,349)*

The Original provision made under this sub-head was Rs. 83,00,00,000 which was enhanced to Rs. 83,45,50,000 by re-appropriation (Rs. 45,50,000). The actual expenditure, however, was Rs. 90,55,06,349 resulting in an excess of Rs. 7,09,56,349.

The excess was under (i) Purchase of materials for the purpose of testing ammunition and due to booking of higher expenditure than anticipated in the last part of the year, (ii) Revenue Works, due to grant of dearness



Allowance and bonus to work charged employees, increased cost of stores and construction materials, increase in tariff rates at various stations, increased consumption of water and electricity.

*(f) A.8—Stores (Rs. 2,86,83,179)*

The original provision made under this sub-head was Rs. 2664,70,00,000 which was enhanced to Rs. 2737,99,00,000 by re-appropriation (Rs. 73,29,00,000). The actual expenditure, however, was Rs. 2740,85,83,179 resulting in an excess of Rs. 2,86,83,179.

The excess was mainly under supplies ex-Director General Ordinance Factories partly off-set by savings under various other heads.

*(g) A.9—Works (Rs. 24,71,07,684)*

The original provision made under this sub-head was Rs. 409,96,00,000 which was reduced to Rs. 403,95,00,000 by minus re-appropriation (Rs. 6,01,00,000). The reduction under this head was made mainly on account of low trend of expenditure as also specific instructions issued for economy measures under Major / Minor works and maintenance of Building and communications. The actual expenditure, however, was Rs. 428,66,07,684 resulting in an excess of Rs. 24,71,07,684.

The excess was mainly under (i) Works, due to more expenditure on minor works, (ii) Maintenance and Operation of Installations, due to grant of bonus to installation staff, steep rise in the cost of stores and Petrol, Oil, Lubricants, good progress and up-keeping of urgent and inescapable repairs to installations, rise in tariff rates of electricity and (iii) Stores, due to larger procurement of stores on account of increased volume of Works / Services.

*(h) A.10—Other Expenditure (Rs. 4,70,68,960)*

The Original provision made under this sub-head was Rs. 144,21,42,000 which was enhanced to Rs. 144,40,50,000 by re-appropriation (Rs. 19,08,000). The actual expenditure however, was Rs. 149,11,18,960 resulting in an excess of Rs. 4,70,68,960.

The excess was mainly under (i) Conservancy, due to increase in the prices of conservancy stores and equipment, increase in the payment to the cantonment / Municipal Bodies for conservancy services and (ii) Miscellaneous Expenditure, due to increased expenditure on money order commission and postal concession for troops deployed in certain operation and in the cost of liveries and uniforms.

The above excess was partly offset by savings under other sub-heads leaving a net excess of Rs. 103,65,09,797.

Instructions already exist for framing the Defence Budget Estimates on realistic basis depending on the requirement and for exercising a close and constant watch over the trend of expenditure with reference to

the sanctioned grant....In addition, the progress of Defence Expenditure is analysed periodically and instructions issued to Service Head Quarters, where the trend of expenditure appears to be abnormally high or usually low with a view to contain the expenditure within the sanctioned budget. Fresh instructions issued under Ministry of Finance O.M. No. F.1 (14)—EII (A) / 89 dated 22.2.1990, which *inter-alia* emphasise the need for a vigorous exercise of power by various Ministries / Departments for re-appropriation of funds to estimate the expenditure and for strictly watching the progress of expenditure under different sub-heads, have been circulated under ID No. 816 / B-I / 90, dated 13-3-1990 to all estimating / controlling authorities.

6. In the circumstances explained above, the excess of Rs. 103,65,09,797 may kindly be recommended for regularisation by the Parliament under Article 115 (i) (b) of the Constitution.”

1.18 The Committee note that against the final provision of Rs. 7116.07 crores sanctioned under grant No. 14—Defence Services—Army, the Ministry of Defence incurred expenditure of the order of Rs. 7219.72 crores resulting in an uncovered excess of Rs. 103.65 crores inspite of the fact that a supplementary grant of Rs. 241.10 crores was taken by the Ministry. The wide variation between the original budgeted figures and the actual expenditure leads the Committee to an obvious conclusion that the Ministry of Defence have, at no stage, been able to precisely anticipate, assess and provide for the fund actually required by them under the various heads of Grant. The excess has occurred mainly under the Heads A.1. Pay and Allowances of Army (Rs. 57.19 crores), A.9—Works (Rs. 24.71 crores) A.5—Military Farms (Rs. 10.73 crores) and A.7—Inspection Organisation (Rs. 7.10) besides some other heads. As usual, the Ministry have informed that instructions already exist for framing the Defence Budget Estimates on realistic basis and for exercising a close and constant watch over the trend of expenditure. The Committee need hardly emphasise that mere issue of instructions is not sufficient unless these instructions are strictly complied with. They, therefore, desire the Ministry to take effective steps to ensure strict observance of the existing instructions apart from tightening further their control over expenditure.

#### APPROPRIATION NO. 28—INTEREST PAYMENTS

1.19 During the year 1988-89, the original provision under Revenue Section (Charged) of Appropriation No. 28—Interest Payments was Rs. 14100.00 crores. This was augmented to Rs. 14150.00 crores by obtaining supplementary provision of Rs. 50 crores. The actual expenditure during the year amounted to Rs. 14278.52 crores leading to an excess expenditure of Rs. 128.52 crores. According to the Ministry of Finance (Deptt. of Economic Affairs) the excess expenditure occurred mainly

under the sub-head 'A'.3(8)—Interest on insurance and Pension funds'. The Ministry have *inter-alia* explained the excess expenditure as under:

“The increase in expenditure booked under the sub-head 'A'.3(8) flowed from two decisions of the Government, taken in in February—March 1988, relating to special deposits by non-Government provident superannuation and gratuity funds.

- (i) Interest on deposits under the Special Deposits Scheme for the non-Government Provident Funds, etc. was being paid annually. In February-March 1988, it was decided that interest for the year 1988 may be paid on a half yearly basis, that is, on 1st July, 1988 and 1st January, 1989 to enable the provident funds to pay higher interest to the worker members. As a result of this half yearly compounding of the interest payments, the effective rate of interest of 12% per annum became 12.36% for the year.
- (ii) In February, 1988 the provident funds, etc. were allowed to invest in the Special Deposit account the proceeds of maturing post office time deposits including interest, interest on securities issued by the Central Govt. and interest on Special Deposit in deposits under the Special Deposits Scheme.

These two decisions led to a large increase in the interest payable and the supplementary grant of Rs. 50 crores obtained in March, 1989 proved to be inadequate. As the interest paid is generally reinvested in the deposit accounts by the concerned provident funds, the actual accretions to the accounts in the Public Account of the Union were also substantially higher than the estimates. (As against the Budget estimates of Rs. 4100 crores the actuals turned out to be Rs. 5657 crores).”

**1.20 The excess expenditure of Rs. 128.52 crores under Revenue Section (Charged) of Appropriation No. 28 - Interest Payments during the year 1988-89 cannot be said to be unforeseeable because the two decisions attributed to have led to excess expenditure as mentioned in Paragraph 1.19 were taken by Government right at the commencement of the financial year 1988-89. A precise assessment of funds required to cover the impending excess expenditure could have been made and adequate supplementary provisions sought from Parliament. Unfortunately, the Supplementary provision (*i.e.* Rs. 50 crores that was sought at the fag end of the year could meet only 28% of the actual additional requirements (*i.e.* of Rs. 178.52 crores) leaving the balance for Parliament of regularise subsequently. Barring unforeseen circumstances, it is not expected of any Ministry to cross their financial limit even after making a supplementary provision, as has happened in this case. The Committee take as serious view of the casual approach especially of the Ministry of Finance which is supposed to be a model for others to emulate in the matter of framing not**

only the original budget estimates but also revised budget estimates. The Committee desire that the reasons for failure to make realistic assessment of funds requirements as also to take timely action for ensuring adequate provisions for funds under the Appropriation No. 28 be investigated and the persons found at fault suitably dealt with. The Committee trust that Ministry would be very careful while framing budget estimates in future.

*Capital Section (Voted) of Grant No. 52 - Department of Chemicals and Petrochemicals*

1.21 Under Capital Section (Voted) of Grant No. 52—Department of Chemicals and Petrochemicals, against the total grant of Rs. 116.00 crores there was an actual expenditure of Rs.119.64 crores resulting in an excess expenditure to the tune of Rs.3.64 crores during 1988-89. According to the Ministry the overall excess expenditure under the Grant aggregated to Rs.4.24 crores and part of this expenditure was offset by the savings (Rs.0.60 crores) that had occurred under certain heads of the Grant thereby reducing it to Rs.3.64 crores ultimately. The Ministry did not take any supplementary grant during the year to cover the excess expenditure.

1.22 The explanation given by the Department of Chemicals and Petrochemicals for the excess expenditure that occurred under various heads of the grant is as under:

“(i) AA.2(1)(1)(2) - Hindustan Antibiotics Limited

	Rs. in lakhs	Rs. in crores
Original Grant	150.00	1.50
Expenditure	175.00	1.75
Excess	25.00	0.25

The Company required funds to meet the additional expenditure on the crucial expansion of Penicillin Projects and in the upgradation of the Penicillin Extraction Plant besides meeting expenditure on some unavoidable Renewals & Replacements.

At the initial stage it seemed that there will be a saving under the head AA.2(1)(1)(5) - Bengal Immunity Limited, which could be appropriated for covering the additional requirement of Hindustan Antibiotics Limited. However, later on it was seen that there was no saving due to cash losses and inevitable payments to the employees.

Therefore, the Department had issued Reappropriation Order No. 1 vide letter No. 19(1)/88-Fin. dated 13.3.1989 inadvertently, but on re-examination it was found that the reappropriation of funds between

Revenue and Capital is not permissible. Consequently, this order was cancelled vide letter no. 19(1)/88-Fin. dated 31.3.1989. At this stage it was too late to demand a Supplementary Grant.

(ii) CC.1(1)(1)(1) - Hindustan Insecticides Limited.

	Rs. in lakhs	Rs. in crores
Original Grant	200.00	2.00
Expenditure	350.00	3.50
Excess	150.00	1.50

The Company required the funds for Working Capital to keep their plant in running condition and to meet the financial stridency imposed on account of non-receipt of dues to the tune Rs. 23.00 crores from Ministry of Health and Family Welfare. At the initial stage it was anticipated that there will be a saving under sub-head AA.2(1)(1)(5) - Bengal Immunity Limited which could be appropriated for the additional requirement of Hindustan Insecticides Limited. However, it was seen that due to inevitable payments to the employees and cash losses there was no saving under the head AA.2(1)(1)(5).

(iii) CC.2(1)(1)(2) - Hindustan Antibiotics Limited

	Rs. in lakhs	Rs. in crores
Original Grant	150.00	1.50
Expenditure	175.00	1.75
Excess	25.00	0.25

Excess was due to unavoidable expenditure on Renewals and Replacements. At the initial stage it was anticipated that there will be a saving under Sub-head AA.2(1)(1)(5) - Bengal Immunity Ltd. However, later on it was discovered that due to cash losses and inevitable payments to the employees; there was no such savings.

Reappropriation Order No. 1 was issued vide letter No. 19 (1)/88-Fin. dated 13.3.1989 by the Department inadvertently. But on re-examination it was found that Reappropriation of funds between Revenue and Capital is not permissible and the order was cancelled vide letter No. 19(1)/88-Fin. dated 31.3.89. At that stage, due to paucity of time Supplementary grant could not be obtained.

**(iv) CC.2(1)(1)(3) - Smith Stanistreet Pharmaceuticals; Ltd.**


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	Rs. in lakhs	Rs. in crores
Original Grant	75.00	0.75
Expenditure	139.00	1.39
Excess	64.00	0.64

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In this case the excess occurred due to the need to cover cash losses and to procure against payment a few canalised and quota materials, which were urgently required, and for which adequate increase in bank credit was not available. Since the anticipated saving under Sub-head AA.2(1)(1)(5) - Bengal Immunity Ltd. did not materialise, reappropriation order No. 3 vide letter No. 19(1)/88-Fin. dated 14.3.89 was issued by the Department inadvertently. However, on re-examination it was found that Reappropriation of funds is not permissible between Revenue & Capital and the Order was cancelled letter No. 19 (1)/88 Fin. dated 31.3.89. Due to paucity of time the Supplementary Grant could not be obtained.

**(v) CC.2(1)(1)(5) - Bengal Immunity Limited**


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	Rs. in lakhs	Rs. in crores
Original Grant	180.00	1.80
Expenditure	340.00	3.40
Excess	160.00	1.60

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Excess was due to unavoidable repairing of Machinery and to cover cash losses. The excess was not anticipated by the Ministry earlier. This oversight prevented the Ministry from obtaining the Supplementary Grant in time.

All concerned have been advised vide letter No.23 (9)/90-Fin. dated the 9th July, 1990 to ensure that every possible effort is made to avoid excess expenditure over sanctioned budget grant.”

**1.23 The Committee note that in the case of Grant No. 52 - Department of Chemicals and Petrochemicals, The Department at the initial stage anticipated savings under the sub-head AA.2(1)(1)(5) - Bengal Immunity Limited, which they intended to reappropriate to cover the anticipated excess expenditure under other sub-heads. The anticipated savings, however, did not materialise at all resulting in an excess expenditure of Rs. 3.64 crores. The Committee consider it a case of bad budgeting. The Department of Chemicals and Petro-chemicals do not seem to have to any stage (i.e. Revised Budget Estimates stage or the Supplementary Grants**

stage) during the year made any attempt to assess whether the savings initially anticipated were really going to materialise or not. It was only at the lag end of the year that the awareness about the excess expenditure having occurred dawned upon the Department when on 13.3.89 Reappropriation Orders were issued. The Reappropriation Orders seem to have been issued in a hurry because on subsequent scrutiny by the Department these were found to be not in order and had to be withdrawn on 31.3.1989 as the reappropriation between Capital and Revenue Sections of the Grant was not permissible. The Committee cannot but express their displeasure over the perfunctory manner in which the Financial Division of the Department examined their Accounts before issue of the impugned Reappropriation order on 19.3.1989/14.3.1989. What perturbs the Committee more is the fact that the Finance Division of the Department over looked the basic fact that reappropriation between the Revenue and Capital Heads was not permissible. This resulted in the cancellation of three such reappropriation orders on 31.3.1989, when it was too late to go in for a Supplementary grant. The Committee desire the Department of Chemicals and Petrochemicals to take effective steps to revamp their Finance Division to put it on sound footing so as to ensure that such a situation does not recur.

#### *GRANT, NO.68 - DEPARTMENT OF MINES*

1.24 Against the total sanctioned grant of Rs. 118,13,00,000 under Grant No. 68, the Department of Mines, incurred expenditure amounting to Rs. 118,54,33,891 resulting in an excess expenditure of Rs. 41,33,891 during 1988-89. In the explanatory note, the Department of Mines have explained the excess expenditure as follows:

“There was a total excess of Rs.928.47 lakhs in the Grant, which was off-set by savings of Rs. 887.13 lakhs leaving a net excess of Rs.41.34 lakhs. The excess, which mainly pertain to Geological survey of India is under the following sub-heads:

#### **B. 1(1)-DIRECTION AND ADMINISTRATION**

There is a total excess of Rs. 560.01 lakhs which is attributable to heads.

##### **(a) B.1(1)(1) - Salaries**

The total excess under this head of Rs. 445. 25 lakhs was mainly due to payment of Dearness Allowance and Ad-hoc Bonus payable for more number of days to employees-Rs. 365.25 lakhs, and decision of the Central Administrative Tribunal in respect of which necessary administrative orders for upgradation of posts of Draftsman were issued on 5.5.1988 and pay scales were revised with effect from 16.1.78 necessitating arrears payments-Rs.80.00 lakhs.

**(b) B.1 (1) (3) - Travel Expenses.**

The total excess under this head is Rs.59.44 lakhs. Being a Survey Organisation the requirement under this head are of operational nature. The additional requirement under this head in 1988-89 was due to increased operational requirement for field operations.

**(c) B.1(1) (7) - Rent, Rates and Taxes.**

There was an excess of Rs. 79.88 lakhs mainly due to payments on account of revision of rates of rent of hired buildings. In one case the arrears of the order of Rs. 57.02 lakhs were required to be paid in 1988-89 even though the revision of rent was approved in March, 1987. So, far as increased requirements under Salaries and Rent, Rates & Taxes are concerned, these were estimated and provided for in the final requirement of funds, in March, 1989. Since it was assessed that estimated increased provisions will suffice, no Supplementary Grant was moved. In the case of CAT judgement, the requirement could not be assessed accurately as draftsman cadre is functioning on decentralised basis being controlled by different regions/divisions and the quantum of arrears also varied from employee to employee. So far as excess under Travel Expenses is concerned, due to operational nature of field tours in Geological Survey of India, duration, etc., of tours if flexible and as such excess could not be assessed well in advance.

**(d) B.1(5)-Survey & Mapping.**

An excess of Rs.39.92 lakhs occurred under this head due to the payments made on accounts of stores received much after the date of indent. Additional requirement of Rs. 19.00 lakhs was duly provided for in the final requirement of fund stage. However, the balance requirement could not be provided for as payments were mostly made from January, 1989 to March, 1989.

**2. B.2.(3) - MINERAL EXPLORATION**

**B.2(13) (1) - Grants to Mineral Exploration Corporation.** Additional funds to the tune of Rs.328.00 lakhs were released to Mineral Exploration Corporation in respect of outstanding dues of Company reimburseable by the Central Government in respect of promotional projects undertaken by the Company on behalf of the Central Government. A token Supplementary Grant of Rs. 1.00 lakhs was obtained during 1988-89 to meet the requirement of New Service in respect of additional fund released to the Company.

1. Instructions have since been issued to the Director General, Geological Survey of India and other fund spending authorities to



ensure that the actual expenditure under various heads is kept within the sanctioned budget, taking into account the Supplementaries, if any

3. In view of the circumstances, explained above, the excess expenditure of Rs.41,33,891 in the Revenue Section (Voted) under Grant No.68 - is recommended for regularisation under Article 115(1) (b) of the Constitution.”

1.25 In the case of Revenue Section (Voted) of Grant No.68 - Deptt. of Mines, the gap between the budget provision and the actual expenditure was to the tune of Rs.41.84 lakhs during 1988-89. The Supplementary Grant of Rs. 1 lakh proved too meagre to meet the actual needs of the Department. The Committee however, note that but for the savings (i.e. Rs.887.13 lakhs) the excess expenditure would have been as high as Rs.928.47 lakhs. The Main Head B.1(1) - Direction and Administration alone contributed maximum excess expenditure amounting to Rs. 560.01 lakhs. of all the sub-heads under this Main Head, sub-head B.1(1) (1) - Salaries, alone accounted for an excess of Rs. 445.25 lakhs, the reasons being payment of TA and ad hoc bonus payment for more number of days to employees and payment of arrears as a result of implementation of decision of the Central Administrative Tribunal for upgradation of post of Draftsman w.e.f. 16.1.1978. The Committee find these reasons hardly convincing as there does not appear to be any element of uncertainty in the outgo on account of additional payments becoming due to the employees who are on their pay rolls. The excess expenditure on account of the payment of arrears as a result of upgradation and revision of pay-scale of the Draftsmen, was apparently due to failure of the Department to take timely and prompt action after issue of the administrative orders on 5.5.1988 as the Ministry had sufficient time for making adequate budgetary provision before the close of the Financial year 1988-89. The Committee, therefore, urge that no slackness should be allowed in the budget wing of the Department in the matter of taking corrective measures wherever required.

#### GRANT NO. 92-LAKSHADWEEP

1.26 The Appropriation Accounts (Civil) for the year 1988-89 reveal excess expenditure of the order of Rs. 51,95,630 under Revenue Section (Voted) of Grant No. 92-Lakshadweep. The Ministry of Home Affairs who operate the Grant furnished the explanatory note on 9.12.1991 with a request for regularisation of the said excess expenditure.

Subsequently the Office of C&AG pointed out that there was misclassification of an amount of Rs. 40,75,000 under revenue section of the grant and taking into account this amount the actual excess expenditure under that section works out to Rs. 11,20,630. In the circumstances, the Ministry of Home Affairs revised their explanatory note 9.4.1992 (Appendix XIII) stating *inter alia*:

“Detailed verification has, revealed that expenditure of

Rs. 40,75,000 towards share capital contribution to Lakshadweep Development Corporation which should have been classified under Capital excluding this amount, the actual excess is arrived at Rs. 11,20,630. There is no resultant excess in capital section even after rectification of misclassification.”

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

#### *GRANT NO. 94-DAMAN & DIU*

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

1.29 Another instance of bad budgeting is revealed in the operation of Grant No. 94-Daman & Diu under which excess expenditure requiring regularisation works out to Rs. 10.27 lakhs after taking into account large scale savings aggregating Rs. 234.99 lakhs under some heads of the Grant off-setting much of the excess expenditure which would otherwise have been of the order of Rs. 245.261 lakhs during 1988-89. This reveals the unscientific approach in framing of estimates under various heads of the grant and the subsequent perfunctory review. The Committee deplore such a casual approach and deem it imperative that the requirement of funds

under each head of the Grant is critically and carefully examined before making provision therefor. Vigil over the trend in expenditure is also absolutely essential. The Committee hope that necessary steps would be taken in this direction.

### GRANTS/APPROPRIATIONS OPERATED BY THE MINISTRY OF RAILWAYS

1.30 Out of 12 Charged Appropriations and 16 voted Grants operated by the Ministry of Railways (Railway Board) excess expenditure aggregating Rs. 104.97 crores occurred under 5 Charged Appropriations and 3 voted Grants during 1988-89 as detailed below:

No. and Name of Appr./Grants	Final Appropriations/ Grants	Actual Expenditure	Excess
<i>(Amounts in Lakhs of Rupees)</i>			
Appro. No. 3-General Superintendence and Services on Railways	2.42	2.59	0.17*
Appr. No. 4-Repairs & maintenance of Permanent way and Works	2.86	52.04	49.18
Appr. No. 7-Repairs and maintenance of Plant and equipment	2.97	3.39	0.42
Appr. No. 9-Operating Expenses-Traffic	5.07	5.69	0.62
Apprn. No. 11-Staff Welfare & Amenities	0.67	1.22	0.55
Grant No. 10-Operating Expenses-Fuel	135934.63	136317.37	382.74
Grant No. 13-Provident Fund, Pension and other retirement benefits	65578.17	74908.51	9330.34
Grant No. 16-Assets-Acquisition Construction and Replacement-Railways funds	181764.09	182475.88	711.79**
	383290.88	393766.69	10475.81***

1.31 The above Table shows that Grant No. 13-Provident Fund, Pension and other Retirement Benefits recorded the maximum excess expenditure amounting to Rs. 93.30 crores during 1988-89. The reasons for the excess expenditure under this Grant have been explained in the explanatory note (Appendix-XVI) by the Ministry of Railways as follows:

\* After taking into account the effect of wrong booking of expenditure of Rs. 1.00 lakhs as voted the actual excess works out to Rs. 1.17 lakhs.

\*\* After taking into account the effect of misclassification of Rs. 20.55 lakhs under some head of the Grant, the actual excess expenditure works out to Rs. 732.34 lakhs.

\*\*\* After taking into account the misclassification under Appn. No. 3 and grant No. 16, the actual excess expenditure works out to Rs. 10497.36 lakhs.

“A grant of Rs. 575.44 crores was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 80.34 crores was obtained in March, 1989 to provide for payment of arrears to Railway Pensioners on accounts of implementation of 4th Pay Commission recommendations for Central Government Pensioners.

The grant, however, proved to be inadequate as the actual expenditure exceeded the provision by Rs. 93.30 crores. The excess of Rs. 93.30 crores mainly occurred under sub-head (a) Superannuation & retiring Pension (Rs. 50.11 crores), followed by sub-heads (d) family Pension (Rs. 16.14 crores), (b) commuted Pension (Rs. 13.26 crores), (e) Death-cum-Retirement Gratuity (Rs. 8.38 crores), (f) Other allowances, other pension & other expenses (Rs. 1.96 crores) & (c) Ex-gratia Pension (Rs. 0.06 crores); Offset partly by saving under sub-head (g) Gratuities & special Contribution to Provident Fund (Rs. 2.20 crores) and sub-head (h) Contribution to Provident Fund (Rs. 0.41 crores). The excess is attributable mainly to increase in number of pensioners, family pension cases and voluntary retirement and impact of IV Pay Commission's recommendations.

Of the total excess, the highest excess occurred on Central Railway (Rs. 22.60 crores), followed by Northern Railway (Rs. 19.92 crores), Southern Railway (Rs. 12.91 crores), South Eastern Railway (Rs. 10.85 crores), South Central Railway (Rs. 10.30 crores), Western Railway (Rs. 9.24 crores), North Eastern Railway (Rs. 7.50 crores), and aggregate of excesses on remaining Units (Rs. 1.48 crores), Offset by savings on Eastern Railway (Rs. 1.47 crores) and D.C.W. (Rs. 0.02 crores).

The excess requiring regularisation is Rs. 93,30,34,414 which is the same as disclosed in the Appropriation Accounts.”

1.32 This is not the first time when Grant No. 13 registered excess expenditure. The following Table shows the excess expenditure that had occurred during the period 1980-89:

<i>Year</i>	<i>Excess Expenditure (Rs. in crores)</i>
1980-81	10.58
1981-82	NIL
1982-83	22.57
1983-84	5.67
1984-85	6.27
1985-86	11.70
1986-87	53.67
1987-88	110.01
1988-89	93.30

1.33 Excess expenditure incurred under Grant No. 13 had been earlier commented upon by the Committee in para 1.47 of their 147th Report (8th Lok Sabha) where they had underlined the need for making special efforts for timely collection and compilation of requisite data by the Budget Cell of the Ministry of Railways so that budget estimates were made accurately leaving little scope for excess expenditure.

1.34 The Ministry of Railways in their action taken note had informed that a review of the existing system to bring out possible lacunae as also to suggest remedial measures has also been initiated by a committee of Officers of the Railways Board.

1.35 In response to another recommendation (para 2.6) made by the Committee in their 11th Report (9th Lok Sabha) the Ministry of Railways have explained as under:

“The Committee appointed by the Ministry of Railways to review the system of budget estimates under Grant No. 13, has since submitted its report which, in brief, brought out the following:—

- i) The Zonal Railways were basing their estimates generally on past actuals and trend of the booking under the current year without adequately relating the requirements to the data regarding total number of existing pensioners, the number of employees retiring in the ensuing year and the trend of other than normal retirements.
- ii) The system for keeping track of pensionary liabilities was also deficient apart from there being lack of proper interaction and co-ordination between Accounts and Personnel Departments on the Zonal Railways.
- iii) For realistic estimation of expenditure for budgetary purposes, data base should be created through computerisation.

Keeping in view the Committee's report, instructions have been issued for introduction of a comprehensive computerised Pension accounting system vide Ministry of Railways letter No. 90-AC-II-/21/5 dated 6.6.90 which should result in the framing of more accurate budget estimates. The system is under implementation.”

**1.36** The Committee note that under Grant No. 13 Provident Fund, Pensions and other Retirement Benefits, the Ministry of Railways incurred excess expenditure of the order of Rs. 93.30 crores during 1988-89. This is not the first time that this Grant registered excess expenditure. There has been excess expenditure under this Grant persistently the period 1980-89 except during 1981-82. The concern repeatedly expressed by the Committee

**in their earlier Reports led to appointment of a Review Committee by the Ministry of Railways in the matter. That Review Committee found certain deficiencies with the system of framing budget estimates under Grant No. 13 and recommended introduction of comprehensive computerised accounting system to ensure precise budget estimates. The Committee take a serious view of the fact that as established by the findings of the Review Committee, excess expenditure under Grant No. 13 over the years, has occurred as the Zonal Railways were merely basing their estimates on past actuals and trend of the booking under the current year without adequately relating to the requirement to the relevant data. The Committee hope that with the computerisation of the pension accountal, the Ministry of Railways would frame more realistic estimates and be able to keep the expenditure under control. The Committee would like to be apprised of the progress made in the implementation of the programme for computerisation of the system.**

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

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

## CHAPTER II

### REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 11TH REPORT (9TH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS DURING 1987-88

2.1 Eleventh Report (9th Lok Sabha) of the Public Accounts Committee on excess over voted grants and charged appropriations for the year 1987-88 was presented to Lok Sabha on 6 September, 1990. The Report contained 17 recommendations / observations. Of these, 6 recommendations (Sl. Nos. 1,2,3,4,10,11) pertain to more than one Ministry.

2.2 Action Taken Notes in respect of all the recommendations / observations have been received from the Ministries concerned and are reproduced at Appendix XVII. The recommendations have been categorised as follows:

- i) Recommendations or observations that have been accepted by Government;  
Sl. Nos. 1-6 and 8-16
- ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government;  
Nil
- iii) Recommendations / observations replies to which have not been accepted by the Committee and which require reiteration;  
Sl. No. 7 and 17
- iv) Recommendations / observations in respect of which Government have furnished interim replies;  
Nil

#### *Time Schedule for Furnishing Data Required for Preparation of Budget Estimates.*

(Sl. No. 7, Para 1.16)

2.3 Noticing the difficulties faced by the Ministry of Urban Development in framing budget estimates with precision under Grant No. 74 - Public Works due to delay in receiving requisite information from the large number of divisions of CPWD which are spread all over the country, the

**Public Accounts Committee in Para 1.16 of their 11th Report (9th Lok Sabha) recommended as follows:**

“Under Revenue Section (Voted) of Grant No. 74 - Public Works, the Ministry of Urban Development incurred an expenditure of Rs. 5.67 crores over and above the sanctioned provision of Rs. 148.04 crores during 1987-88 although a supplementary grant of Rs. 5.06 crores had been obtained in March, 1988. But for the savings that occurred under certain heads of the grant, the excess expenditure would have been as high as Rs. 16.32 crores. A perusal of the explanatory note furnished by the Ministry would indicate that apart from the faulty estimation of the funds required under various heads of the grant the Ministry could not compile in time the information regarding expenditure, which was received from various Divisions of CPWD spread all over the country at a very late stage when no time was left for obtaining supplementary grant. The Committee feel that the budget division of the Ministry needs to be revamped thoroughly so that budget estimates are made precisely and the trend of expenditure is closely monitored and reviewed periodically. Besides, a time schedule is all the more essential for regular flow of requisite data from various divisions of C.P.W.D. to the Budget Wing of the Ministry so as to enable the Ministry to initiate action well in time for obtaining a additional funds, if any need arises therefor, by presenting supplementary grant to the House.”

**2.4 The Ministry of Urban Development have in their action taken note stated as under:**

“It has been the experience that mere through monitoring of expenditure incurred by C.P.W.D., it is very difficult to control and keep the expenditure within the budgeted amounts. It may be reiterated that by issue of letters/orders to restrict expenditure to a specified level takes considerable time to percolate down to the division which are the spending units, under the C.P.W.D. set up funds are first allowed by D.G.(W) on a Zonal basis, Zones in turn distribute the allotment to their circles, which distribute further to the divisions, located throughout the country. On receipt of the Public Accounts Committee observations the Finance Division of this Ministry reviewed the entire matter and came to the conclusion that the only effective check on expenditure incurred by Central Public Works Department can be



exercised through issue of letter of credit, which were delegated to the regional Pay & Accounts Offices. It was also seen that the Pay & Accounts Officers were rather junior functionaries and had to interact with senior Chief Engineers and thus the control of expenditure by Pay & Accounts Offices through issue of letter of credit were not found to be effective. Accordingly, a decision was taken by the Finance Division in September, 1990 to withdraw all powers of issue of letter of credit from the local Pay & Accounts Offices and centralise the same in the hands of Chief Controller of Accounts in the headquarter. This has proved very successful which is borne out by the accounts of 1990-91. Over and above the tight control on the issue of letter of credit, a regular monitoring at Financial Adviser's level with Director General (Works) and Chief Controller of Accounts has also been introduced."

**2.5 in their earlier Report i.e. 11th Report (9th Lok Sabha) the Committee had underlined the need for prescribing a time schedule for various Divisions of CPWD to submit to the Budget Division of the Ministry of Urban Development the requisite data enabling the latter to prepare accurate budget estimates and the Revised estimates in time. The action taken note furnished by the Ministry does not make any mention of the time schedule except tightening of the control over issue of letter of credit, regular monitoring at higher levels which, according to the Ministry, have improved the situation during 1990-91. While appreciating the efforts made by the Ministry to bring down the excess expenditure, the Committee feel that a time schedule as recommended by them is imperative for eliminating the scope for excess expenditure in future. The Committee urge the Ministry to prescribe the requisite time schedule for strict compliance by all concerned.**

*Study of Cases Involving Large Scale Savings*

(Sl. No. 17 Para 2.13)

**2.6 Noticing large scale savings that had occurred under various grants and charged appropriations during the year 1987-88, the Committee in their 11th Report (9th Lok Sabha) had recommended as follows:**

**"Again in the year 1987-88 the Committee has noticed that the savings aggregating Rs. 32320.74 crores had occurred in as many as 193 out of 215 items of expenditure. Supplementary grants were obtained in 116 items out of which supplementary provision proved unnecessary in 20 items. The Committee need hardly point out that savings are as bad as excess expenditure in that these deprive certain deserving vital sectors of economy of the much needed resources. This is not for the first time that the Committee are drawing attention to this aspect. The Committee feel that budget estimates should be made keeping in view the**

resources available or likely to be available during the year and each Ministry should exercise due farsightedness while forecasting its monetary requirements under each grant to ensure best and efficient utilisation of funds. Resort to supplementary demands should only be in deserving and genuine cases. It is very essential that the need for additional funds under any grant is examined thoroughly before supplementary demand is presented to the House. Lessons should also be drawn from the past experience while framing budget estimates. The Committee recommend that the Ministry of Finance should make a study of the cases where large scale savings have taken place or where savings exceeded the supplementary provisions and lay down certain guidelines for being followed by the Ministries and Departments of Government of India. The Committee would like to be apprised of the results of the study so made."

2.7 In response to the Committee's earlier recommendations the Ministry of Finance had undertaken a study but, however, confined it to only four cases i.e. Department of Expenditure, Art & Culture, Deptt. of Fertiliser and Direct Taxes wherein savings had been almost equivalent to the provision made or had been quite significant. On close scrutiny, the Committee find that there were other cases also in which savings as a percentage to the total provision during 1987-88 and 1988-89 were no less substantial as indicated below:

Sl. No.	Name of Grant	Percent of Savings w.r.t. total provision	
		1987-88	1988-89
1.	Ministry of Labour (Capital Section)	68.8	90.3
2.	Deptt. of Revenue (Capital Section)	84.8	81.2
3.	Ministry of Environment & Forest (Capital Section)	92.8	65.3
4.	Deptt. of Commerce (Capital Section)	44.0	50.5
5.	Ministry of External Affairs (Capital Section)	58.5	46.4
6.	Police (Capital Section)	49.0	44.2
7.	Deptt. of Ocean Development (Capital Section)	93.1	37.4

The savings of the order as reflected in the table above need to be seriously examined by the concerned Department as this establishes the

**unrealistic mechanism adopted for estimating requirement of resources. The Committee desire the Ministry of Finance to review the matter and issue guidelines if necessary and ensure optimum utilisation of scarce resources among competing ends.**

23 April, 1992

*3 Vaisakha, 1914(Saka)*

ATAL BIHARI VAJPAYEE,  
*Chairman,*

*Public Accounts Committee.*

**PART II**  
**MINUTES OF THE SITTING OF PAC HELD ON**  
**31 MARCH, 1992.**

The Committee sat from 1500 hrs. to 1735 hrs. on 31 March, 1992.

**PRESENT**

**CHAIRMAN**

Shri Atal Bihari Vajpayee

**MEMBERS**

2. Shri Girdhari Lal Bhargava
3. Shri Nirmal Kanti Chatterjee
4. Shri Kashiram Rana
5. Shri R. Surender Reddy
6. Shrimati Krishna Sahi
7. Shri Pratap Singh
8. Shri R.K. Dhawan
9. Shri Vishvjit P. Singh

**LOK SABHA SECRETARIAT**

1. Shri S.C. Gupta — *Joint Secretary*
2. Smt. Ganga Murthy — *Deputy Secretary*
3. Shri K.C. Shekhar — *Under Secretary*

**REPRESENTATIVES OF AUDIT**

1. Shri A.K. Menon — *Addl. Dy. C&AG*
2. Shri N. Sivasubramanian — *Addl. Dy. C&AG (Reports)*
3. Shri Dharam Vir — *Director General of Audit-CR (I)*
4. Shri P.K. Bandhopadhyay — *Pr. Director (Indirect Taxes)*
5. Shri A.K. Banerjee — *Pr. Director (Reports) Central*
6. Shri T.N. Thakur — *Pr. Director of Audit-Sc. Deptts.*
7. Shri Dharendra Swarup — *Pr. Director of Audit-CR (II)*

2. The Committee took up consideration of the following Draft Reports:

(i) Draft Report on Excesses over voted Grants and charged Appropriations (1988-89) and Action Taken on 11th Report (9th Lok Sabha) of PAC.

(ii)	**	**	**	**
(iii)	**	**	**	**
(iv)	**	**	**	**

3. The Committee adopted draft Report at (i) above subject to modifications/amendments shown in Annexure.

4. The Committee authorised the Chairman to present the Reports to the House after incorporating therein modifications/amendments arising out of factual verification by Audit.

5.                               \*\*                               \*\*                               \*\*                               \*\*

*The Committee then adjourned.*

**AMENDMENTS/MODIFICATION MADE BY THE PAC IN THE  
DRAFT REPORT ON EXCESSES OVER VOTED GRANTS AND  
CHARGED APPROPRIATION 1988-89 AND ACTION TAKEN ON  
11TH REPORT OF PAC (9TH LOK SABHA)**

*Page 4 Modification/Amendments*

*After Para 1.7 add the following new para:*

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

Name of Grant	Excess Expenditure during the years			
	1985-86	1986-87	1987-88	1988-89
Defence Pensions (Revenue-voted)	12.02	1.36	1.69	1.61
Public Works (Revenue-voted)	4.25	10.93	5.67	10.03
Lakshadweep	—	.06	1.24	0.11
Defence Services Army (Revenue voted)	22.91	100.33	2.05	103.65
Provident Fund, Pen- sions & other Retirement benefits (voted)	11.70	53.49	110.01	93.30

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

5 to 33 Renumber the existing para Nos. 1.8 to 1.36 as 1.9 to 1.37  
37. Add the following new paras below line 6:

**“STUDY OF CASES INVOLVING LARGE SCALE SAVINGS  
(Sl. No. 17 Para 2.13)**

2.6 Noticing large scale savings that had occurred under various grants and charged appropriations during the year 1987-88, the Committee in their 11th Report (9th Lok Sabha) had recommended as follows:

“Again in the year 1987-88 the Committee has noticed that the savings aggregating Rs. 32320.74 crores had occurred in as many as 193 out of 215 items of expenditure. Supplementary grants were obtained in 116 items out of which supplementary provision proved unnecessary in 20 items. The Committee need hardly point out that savings are as bad as excess expenditure in that these deprive certain deserving vital sectors of economy of the much needed resources. This is not for the first time that the Committee are drawing attention to this aspect. The Committee feel that budget estimates should be made keeping in view the resources available or likely to be available during the year and each Ministry should exercise due farsightedness while forecasting its monetary requirements under each grant to ensure best and efficient utilisation of funds. Resort to supplementary demands should only be in deserving and genuine cases. It is very essential that the need for additional funds under any grant is examined thoroughly before supplementary demand is presented to the House. Lessons should also be drawn from the past experience while framing budget estimates. The Committee recommend that the Ministry of Finance should make a study of the cases where large scale savings have taken place or where savings exceeded the supplementary provisions and lay down certain guide-lines for being followed by the Ministries and Departments of Government of India. The Committee would like to be apprised of the results of the study so made.”

2.7 In response to the Committees earlier recommendations the Ministry of Finance had undertaken a study but however, confined it to only four cases i.e. Department of Expenditure, Art & Culture, Deptt. of Fertiliser and Direct Taxes wherein savings had been almost equivalent to the provision made or had been quite significant. On close scrutiny, the Committee find that there were other cases also in which savings as a percentage to the total provision during 1987-88 and 1988-89 were no less substantial as indicated below:

Sl. No.	Name of Grant	Percentage of Savings w.r.t. total provision	
		1987-88	1988-89
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3.	Ministry of Environment & Forests (Capital Section)	92.8	65.3

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		1987-88	1988-89
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7.	Deptt. of Ocean Development (Capital Section)	93.1	37.4

The savings of the order as reflected in the table above need to be seriously examined by the concerned Department as this establishes the unrealistic mechanism adopted for estimating requirement of resources. The Committee desire the Ministry of Finance to review the matter and issue guidelines if necessary and ensure optimum utilisation of scarce resources among competing ends.



## APPENDIX-I

(Vide para 1.2 of the Report)

*Details of Voted Grants / Charged Appropriations under which the Actual Expenditure Exceeded the Budgetary Provision during 1988-89.*

Sl. No.	No. and Name of Grant / Appropriation	Ministry / Department	Final Grant	Actual Expenditure	Excess	Date of receipt of explanatory Note
1	2	3	4	5	6	7

### I. APPROPRIATION ACCOUNTS (CIVIL)

#### A. VOTED GRANTS

Revenue Section	(Rs.)	(Rs.)	(Rs.)
1. 12 — Ministry of Defence (Civil)	687,61,00,000	694,83,63,881	7,22,63,881
2. 13 — Defence Pension	1596,36,00,000	1597,96,70,086	1,60,70,086
3. 68 — Deptt. of Mines	118,13,00,000	118,54,33,891	41,33,891
4. 74 — Ministry of Urban Development	81,44,00,000	83,57,27,787	2,13,27,787
5. 75 — Public Works	166,04,00,000	176,07,69,561	10,03,69,561
6. 92 — Lakshadweep	28,72,00,000	29,23,95,630	51,95,630*
7. 93 — Chandigarh	134,00,00,000	138,85,73,497	4,85,73,497
8. 94 — Daman and Diu	12,43,00,000	12,53,26,746	10,26,746
			12,2,1991
			12,2,1992
			31.7.1990
			14.8.1991
			13.5.1991
			9.4.1992
			22.3.1991
			23.1.1991

<i>Capital Section</i>					
9.	26 — Payment to Financial Institutions	Finance	1607,56,00,000	1607,57,64,306	1,64,306 23.12.1991
10.	52 — Deptt. of Chemicals and Petro-chemicals	Chemicals & Petro Chemicals	116,00,00,000	119,64,00,000	3,64,00,000 31.1.1991

#### B. CHARGED APPROPRIATIONS

<i>Revenue Section</i>					
11.	13 — Defence Pensions	Defence	64,00,000	64,59,000	59,000 12.2.1991
12.	28 — Interest Payments	Finance	14150,00,00,000	14278,52,13,139	128,52,13,139 27.8.91
13.	74 — Ministry of Urban Development	Urban Development	2,66,00,000	2,67,73,036	1,73,036 5.6.1991
14.	75 — Public Works	-do-		27,882	27,882 12.6.1991
15.	93 — Chandigarh	Home Affairs	3,75,00,000	3,79,40,055	4,40,055 22.3.1991

<i>Capital Section</i>					
16.	12 — Ministry of Defence (Civil)	Defence	6,50,00,000	7,09,00,000	59,00,000 12.2.1991
17.	75 — Public Works	Urban Development	30,00,000	32,88,466	2,88,466 14.8.1991
18.	14 — Defence Services Army	Defence	7116,07,00,000	7219,72,09,797	103,65,09,797 27.8.1990

#### II. APPROPRIATION ACCOUNTS (DEFENCE SERVICES) VOTED GRANTS

\* An excess expenditure of Rs. 51,95,630 had been reflected in the Revenue Section (voted) in the Appropriation Accounts (civil) due to misclassification. An amount of Rs. 40,75,000 out of total amount of Rs. 52,34,400 towards share capital contribution of Lakshadweep Development Corporation, a capital expenditure included in it have been reduced and excess expenditure of Rs. 11,20,630 had actually occurred in revenue section which have been recommended for reclassification.

1	2	3	4	5	6	7
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**III. APPROPRIATION ACCOUNTS (RAILWAYS)**

**A. VOTED GRANTS**

19.	10 — Working Expenses - Operating Expenses - Fuel	Railways	1359,34,63,000	1363,17,37,306	3,82,74,306	4.6.1990
20.	13 — Provident Fund, Pension and other Retirement Benefits	-do-	655,78,17,000	749,08,51,414	93,30,34,414	4.6.1990
21.	16 — Assets—Acquisition, construction and replacement, Railway Funds	-do-	1817,64,09,000	1824,75,88,107	7,11,79,107*	4.6.1990

## B. CHARGED APPROPRIATIONS

22.	3 — Working Expenses — General Superintendence and Services on Railways	Railways	2,42,000	2,58,575	16,575**	4.6.1990
23.	4 — Working Expenses - Repairs and maintenance of perma- nent way & works	Railways	2,86,000	52,03,665	49,17,665	4.6.1990
24.	7 — Working Expenses - Repairs and maintenance of Plant and Equipment	-do-	2,97,000	3,39,347	42,347	4.6.1990
25.	9 — Working Expenses - Operating Expenses Traffic	-do-	5,07,000	5,68,807	61,807	4.6.1990
26.	11 — Working Expenses - Staff Welfare and Amenities	-do-	67,000	1,22,110	55,110	4.6.1990

\* An excess expenditure of Rs. 7,11,79,107 had been reflected in the Appropriation Accounts. After taking into account misclassification of Rs. 20,55,198 under DRF under Railway Fund, the real excess expenditure to be regularised works out to Rs. 7,32,34,305.

\*\* An excess expenditure of Rs. 16,575 had been reflected in the Appropriation Accounts. After taking into account misclassification of Rs. 1,100,472 the real excess requiring regularisation works out to Rs. 1,17,047.

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

NOTE for Regularisation of Excess under Grant No. 12—Ministry of Defence (Civil) and Grant No. 13—Defence Pension for the year 1988—89 :-

1. *Grant No. 12—Ministry of Defence (Civil) :*

(a) *REVENUE (VOTED)*

Original Grant	: Rs.616,07,00,000
Supplementary Grant	: Rs.71,54,00,000
Total Grant	: Rs.687,61,00,000
Actual Expenditure	: Rs.694,83,63,881
Excess	: Rs. 7,22,63,881

The excess expenditure over Grant for the year 1988-89 in respect of Grant No.12 under Revenue Section (Voted) amounting to Rs.7,22,63,881, details of which are given in Statement 'A' (enclosed) was mainly due to excesses in the Salary Head of Defence Accounts Department on account of payment of DA arrears from 1.1.1988, arrears due to restructuring of Accounts Cadre in Defence Accounts Department w.e.f. 1.4.87 and payment of Bonus for 1987-88. The other contributory factors were installation of Computer and increase in the rates of rental and telephone charges and also means to resort to local purchase of stationery etc., on closure of Govt. of India Stationery Store at Calcutta. Increase was also due to payment of pending bills on account of procurement of bulk supply of water and electricity for Defence Accounts Department offices/buildings (including residential buildings) and pay and allowances of Military Engineering Service employees. The additional amount was demanded in IInd & IIIrd Supplementary but was not provided by the Ministry of Finance.

(b) *CAPITAL SECTION (CHARGED)*

Original Appropriation	: Rs.6,50,00,000
Supplementary Appropriation	Rs.Nil
Total Appropriation	: Rs.6,50,00,000
Actual expenditure	: Rs.7,09,00,000
Excess	: Rs. 59,00,000

The excess expenditure of Rs. 59,00,000 over Grant for the year 1988-89 under Capital Section (Charged) was due to additional requirement of funds for the Rajasthan Canal Project Water Supply Scheme, Jodhpur, since the State Government had updated the estimates for the scheme. This contributed towards the excess of expenditure under the Head KK.1(1) (9)— RCP Water Supply Schemes, Jodhpur, subordinate to Major Head 7601.

Further, as per the terms and conditions for payment of loan for the Scheme, the loan to State Government is paid in full on yearly basis by reimbursement of proportionate expenditure on the scheme. Thus, there is a commitment by the Ministry to pay to the State Govt. the proportionate share of expenditure in full incurred by the State Govt. in execution of the scheme. In view of the above, the release of the fund could not be

deferred to the following year. Erroneously, the Supplementary also could not be obtained. However, the omission is regretted and noted for future compliance.

II. *Grant No. 13—Defence Pension:*

(a) *Revenue Section (Voted)*

Original Grant	: Rs. 1099,55,00,000
Supplementary Grant	: Rs. 496,81,00,000
Total Grant	: Rs. 1596,36,00,000
Actual expenditure	: Rs. 1597,96,70,086
Excess	: Rs. 1,60,70,086

(b) *Revenue Section (Charged)*

Original Appropriation	: Rs. 45,00,000
Supplementary Appropriation	: Rs. 19,00,000
Total Appropriation	: Rs. 64,00,000
Actual Expenditure	: Rs. 64,59,000
Excess	: Rs. 59,000

The excess in Grant No. 13—Defence Pensions for the year 1988-89 has occurred on account of turn out of pensioners more than anticipated, payment of balance gratuity, capitalised value of commuted portion of pension, family pension and Govt. contribution to Provident Fund etc.

So far as excess under 'Charged' expenditure is concerned, it was due to more Court Judgement during the year than anticipated. The excess booking pertaining to the Grant in fact was carried out subsequent to April 1989 due to late receipt of vouchers. Hence, the Supplementary Grant for Actual Excess could not be obtained. The Service-wise break up excess related to all the three Services. Followed up headwise of the Grant (both 'Voted' and 'Charged') are elaborated in the Statement attached.

Though every care was taken in projecting the requirements of funds and watching over the process of expenditure by the spending units, the excess expenditure over appropriation was incurred due to the reasons briefed above and was beyond control of the accounting agency which may be viewed as unavoidable being obligatory payments. However, the user Departments concerned have been asked to be more vigilant to keep check on allocation of funds to avoid excess in future. (A copy of ID Note containing instructions issued in this regard to various user is also enclosed for persual—Annexure).

In view of the circumstances explained above, the excess of expenditure occurred amounting to (i) Rs. 7,22,63,881 (Voted) and Rs. 59,00,000 (Charged) in Grant No. 12 - Ministry of Defence (Civil) and (ii) Rs. 1,60,70,086 (Voted) and Rs. 59,000 (Charged) in Grant No. 13—Defence Pension of the Ministry of Defence may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

A.K. GHOSH

Addl. Financial Adviser & Joint Secretary

28-11-1990

**MINISTRY OF DEFENCE (FINANCE)**  
**(MAIN OFFICE)**

**Subject:—** Regularisation of excess expenditure occurred under Appropriations—Grant No.12—Ministry of Defence (Civil) and Grant No. 13— Defence Pensions for the year 1988-89.

The undermentioned excess expenditure have been disclosed in the Union Government Appropriation Accounts (Civil) for the year 1988-89 under Grants No.12— Ministry of Defence (Civil) and No. 13— Defence Pensions:—

1.	Grant No.12—	Revenue:	Rs. 7,22,63,881
	(Voted)		
	Capital (Charged)		Rs. 59,00,000
2.	Grant No.13—	Revenue:	Rs. 1,60,70,086
	(Voted)		
	Revenue (Charged)	:	Rs. 59,000

The excess expenditure over grant for the year 1988-89 in respect of Grant No.12— amounting to Rs. 7,22,63,881 (Voted) is stated to have occurred mainly due to:—

- (i) Installation of computer, local purchase of stationery, payment of DA arrears with effect from 1-1-88, payment of arrears due to restructuring of Accounts Cadre in Defence Accounts Department w.e.f. 1.4.87 and payment of Bonus and payment of pending bills on account of procurement of bulk supply of water and electricity and payment of pay and allowances of MES employees etc.
- (ii) The excess expenditure of Rs. 59,00,000 (Charged) under Capital Section of Grant No.12 be stated to have occurred mainly due to requirement of more funds for the Rajasthan Canal Project Water Supply Scheme, Jodhpur.

Similarly, the excess expenditure in Grant No.13— Defence Pensions, amounting to Rs. 1,60,70,086 (Voted) is stated to have occurred mainly due to turn out of more pensioners than anticipated, payment of balance of gratuity capitalised value of commuted portion of pension and family pensions, Government contribution to Provident Funds etc. and that a sum of Rs. 59,000 (Charged) has occurred on account of more Court Judge-

ments passed in favour of Defence Pensioners than anticipated during the year which contributed towards excess expenditure under 'Charged' allocation for year 1988-89.

While it may not be possible to anticipate certain payments/expenditure by their very nature, it should and generally be possible to assess the same quite accurately to check this trend of over expenditure. Utmost care is, therefore, needed to be taken in projecting the requirements of funds correctly at the BE stage itself and a scrupulous watch over the progress of expenditure thereafter is required so that the expenditure doesn't exceed the allotted funds for the particular financial year. The user department concerned should, therefore, ensure that the expenditure is regularly reconciled by them and that the payment exceeding the allotted provision are not authorised unless inescapable. Even in such contingencies, efforts should be made to locate savings to meet the excess through Re-appropriation, to avoid further complication involved in getting the excess regularised.

Addl. FA(G) has seen.

Please acknowledge receipt

(T.S. MADHAVAN)  
Asstt. Financial Adviser (MO)

To :

*C.G.D.A. RK Puram, New Delhi.*

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M of Def. (Finance) ID No.2124/1(18)/MO/90 dated 6.11.1990.

Copy for necessary compliance to :

AO(DAD), US, D(Estt.II/Genl), Min. of Defence, AFA(E), Ministry of Defence (Finance), AFA(Coord), AFA(PSU), APO, Ministry of Defence, DFA(Works), Director(Q), DDGCS, CDA(P), Allahabad, CDA(CSD) and GM CSD Bombay.



**STATEMENT 'A'**

**THE POSITION OF EXCESS UNDER GRANT NO.12— MINISTRY OF DEFENCE (CIVIL) FOR 1988-89 IS REFLECTED IN DETAIL BELOW :**

Grant/Appropriation (including Supplementary)	Actual Exenditure	Excess
1	2	3

**REVENUE SECTION**

**Major Head—2052**

**A- Secretariat General Services**

**A.1- Secretariat**

**A.1(1)- Deptt. of Defence**

	5,70,43,000	6,15,20,851	44,77,851
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Excess was due to increased requirement in salaries in account of payment of DA arrears from 1-1-88, leave encashment, washing allowance, tution fees etc.

**A.1(2)- Deptt. of Defence Production & Supplies**

	1,03,98,000	1,17,94,754	13,96,754
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Excess was due to installation of computer and increase in rates of rental and telephone call charges and local purchase of stationery.

**A.1(3)- Deptt. of Defence Research & Development**

	12,39,000	12,74,607	35,607
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**A.2(1)- Defence Accounts Department**

	93,37,20,000	99,39,99,627	6,02,79,627
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Excess was due to payment of DA arrears from 1-1-88, arrears due to restructuring of Accounts Cadre in Defence Accounts Department w.e.f. 1.4.87 and payment of Bonus for 1987-88.

**Major Head- 2059**

**B- Public Works**

**B.1- Office Buildings**

**B.1(1)- Maintenance & Repair**

**B.1(1) (1)- Defence Accounts Department**

	7,00,000	12,23,972	5,23,972
--	----------	-----------	----------

Excess was due to payment of pending bills on account of procurement of bulk supply of water and electricity.

**Major Head- 2075**

**C- Miscellaneous General Services**

**C.1- Canteen Stores Department**

586,90,00,000	587,12,48,277	22,48,277
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Excess was due to increase in cost of liveries and increase in Audit fee and purchase of Stores.

**Major Head- 2216**

**D- Housing**

**D.1- Govt. Residential Buildings**

**D.1(1)- General Pool Accommodation**

**D.1(1)(1)- Maintenance & Repair**

**D.1(1)(1)(1)- Defence Accounts Department**

13,00,000	44,89,573	31,89,537
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Excess was due to payment of pending bills on account of procurement of bulk supply of water and electricity and pay and allowances of MES employees.

**Major Head- 2408**

**E- Food, Storage & Warehousing**

**E.1- Food**

**E.1(1)- Direction & Administration**

**E.1(1)(1)- Chief Directorate of Purchases**

27,00,000	28,12,220	1,12,220
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**TOTAL REVENUE SECTION (VOTED)**

687,61,00,000	694,83,63,881	7,22,63,881
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**CAPITAL SECTION (CHARGED)**

**Major Head- 7601**

**KK- Loans and Advances to State Governments**

**KK.1- Loans for Non-Plan Schemes**

**KK.1(1)- Other Loans**

**KK.1(1)(1)- Water Supply**

**KK.1(1)(1)(9)- RCP Water Supply Schemes, Jodhpur**

50,00,000	1,79,60,000	1,29,60,000
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Excess was due to additional requirement of funds for the Scheme.

**KK.1(1)(1)(5)- Noora Khola Water Supply Scheme, Kalimpong**

	1,00,00,000	82.13,000	(-) 17,87,000
<b>KK.1(1)(1)(8)- Und Water Supply Scheme, Jamnagar</b>			
	3,47,27,000	3,47,27,000	
<b>KK.1(1)(1)(10)- Cauvery Water Supply Scheme, Bangalore</b>			
	1,00,00,000	1,00,00,000	
<b>KK.1(1)(1)(12)- Mhow Water Supply Scheme, MP.</b>			
	52.73,000		(-) 52,73,000
<b>TOTAL CAPITAL SECTION (CHARGED)</b>			
	6,50,00,000	7,09,00,000	(+) 59,00,000

**THE POSITION OF EXCESS UNDER GRANT No. 13—DEFENCE PENSION FOR THE YEAR 1988-89 IS REFLECTED AS UNDER :**

**REVENUE SECTION (CHARGED)**

Grant/Appropriation (including Supplementary)	Actual Expenditure	Excess
1	2	3

**Major Head—2071**

(*) B.1. Defence		
B.1(1) Army		
B.1(1)(1) Normal Pension		
B.1(1)(1)(2) Payments made to Officers etc. as a result of war 1939-45		
	NIL	23,000
		23,000
	Excess was due to materialisation of more Court cases than anticipated.	
B1(1)(1)(5)- Gratuities		
	NIL	2,000
		2,000
	Excess was due to receipt of more cases than anticipated.	
B.1(1)(1)(6)- Arrears paid to Supreme Court Judgement.		
	59,00,000	60,48,000
		1,48,000
	Excess was due to materialisation of more Court cases than anticipated.	
B.1(1)(3)- Family Pension		
	NIL	53,000
		53,000
	Excess was due to materialisation of more Court Cases than anticipated.	

1	2	3
<b>B.1(2)- Navy</b>		
<b>B.1(2)(1)- Normal Pension</b>		
<b>B.1(2)(1)(6)- Arrears paid due to Supreme Court Judgement.</b>		
1,00,000	1,99,000	99,000
Excess was due to finalisation of more number of Court cases than anticipated.		
Total excess in above 5 Sub-Heads works out to be Rs. 325,000 out of which Rs. 2,66,000 was set off by savings in two Sub Heads as below and not excess works out to Rs. 59,000.		
<b>B.1(1)- Army</b>		
<b>B.1(1)(1)- Normal Pension</b>		
<b>B.1(1)(1)(4) Payments made to officers etc who retired on or after 15.8.47</b>		
2,00,000	37,000	(-) 1,63,000
<b>B.1(3)- Air Force</b>		
<b>B.1(3)(1)- Normal Pensions</b>		
<b>B.1(3)(1)(6) Arrears paid due to Supreme Court Judgement</b>		
2,00,000	97,000	(-) 1,03,000
64,00,000	64,59,000	(+) 59,000
<b>REVENUE SECTION (VOTED)</b>		
<b>Major Head- 2071</b>		
<b>B.1 Defence</b>		
<b>B.1(1) Army</b>		
<b>B.1(1)(1) Normal Pensions</b>		
<b>B.1(1)(1)(4) Payments made to officers etc who retired on or after 15.8.47</b>		
901,86,10,000	901,91,05,600	(+) 4,95,600
Excess was due to receipt of more cases of pension for payment than anticipated owing to turn out of more pensioners and receipt of more cases.		
<b>B.1(1)(1)(5)-Gratuities</b>		
1,28,90,00,000	1,28,92,39,792	(+) 2,39,792
Excess was due to receipt of more number of gratuity cases than anticipated.		
<b>B.1(1)(2)- Commuted value of pensions</b>		
333,67,00,000	333,74,92,338	7,92,338
Excess was due to receipt of more number of cases finalised than anticipated.		

1	2	3
<b>B.1(1)(4)- Contribution of Provident Fund</b>		
20,00,000	1,64,97,096	1,44,97,096
Excess was due to more payment owing to increase in cases where Government contribution was to be made.		
<b>B.1(2)- Navy</b>		
<b>B.1(2)(1)- Normal Pensions</b>		
<b>B.1(2)(1)(1)- Payment made to officers etc who retired on or before 1.4.37</b>		
5,000	5,620	620
Excess was due to receipt of more number of cases than anticipated.		
<b>B.1(2)(1)(4) Payments made to officers etc, who retired on or after 15.8.47.</b>		
11,97,65,000	13,26,76,218	1,29,11,218
Excess was due to receipt of more number of pension for payment than anticipated owing to turn out of more pensioners.		
<b>B.1(2)(3)- Family Pensions</b>		
1,00,00,000	1,51,42,634	51,42,634
Excess was due to more receipt of family pension claims than anticipated.		
<b>B.1(2)(4)- Contribution to Provident Fund</b>		
85,000	1,48,788	63,788
<b>B.1(3) Air Force</b>		
<b>B.1(3)(1) Normal Pensions</b>		
<b>B.1(3)(1)(5) Gratuities</b>		
8,30,00,000	9,98,76,073	1,68,76,073
Excess was due to receipt of more number of gratuity cases finalised.		
<b>B.1(3)(2)- Commuted value of pensions</b>		
20,64,00,000	23,00,95,092	2,36,95,092
Excess was due to receipt of more commuted value of pensions claims than anticipated.		
<b>B.1(3)(3)- Family Pensions</b>		

1	2	3
2,15,00,000	2,15,63,596	63,596
Excess was due to receipt of more number of family pension claims than anticipated.		
Total excess in the above works out to be Rs. 7,47,77,847 out of which Rs. 5,87,07,761 was set off by savings in the following Sub Heads. The net excess works out to be Rs. 1,60,70,086.		
<b>B.1(1) Army</b>		
<b>B.1(1)(1) Normal Pensions</b>		
<b>B.1(1)(1)(1) Payments made to officers etc. who retired on or before 1-4-1937.</b>		
1,10,00,000	1,09,87,804	(-)12,196
<b>B.1(1)(1)(2) Payments made to officers etc as a result of war 1939-45.</b>		
6,00,00,000	5,19,18,056	(-)81,944
<b>B.1(1)(1)(3) Payments made to officers etc, who retired after 1-4-37 but before 15.8.47 excluding pension sanctioned as a result of war 1939-45.</b>		
8,60,00,000	8,59,77,956	(-)22,044
<b>B.1(1)(3) Family Pensions</b>		
129,50,00,000	129,44,78,928	(-)5,21,072
<b>B.1(1)(5) Rewards</b>		
1,10,90,000	88,38,611	(-) 21,51,389
<b>B.1(2) Navy</b>		
<b>B.1(2)(1) Normal Pensions</b>		
<b>B.1(2)(1)(2) Payment made to officers etc, as a result of war 1939-45</b>		
30,000	11,895	(-) 18,105
<b>B.1(2)(1)(3) Payment made to officers etc who retired after 1.4.37 but before 15-8-47 excluding pensions sanctioned as a result of war 1939-45</b>		
2,05,000	99,337	(-) 1,05,663
<b>B.1(2)(1)(5) Gratuities</b>		
3,00,00,000	2,27,05,594	(-) 72,94,406
<b>B.1(2)(2) Commuted value of pensions</b>		
5,20,00,000	4,20,39,153	(-) 99,60,847
<b>B.1(2)(5) Rewards</b>		
10,000	4,582	(-) 5,418

	1	2	3
<b>B.1(3) Air Force</b>			
<b>B.1(3)(1) Normal Pensions</b>			
<b>B.1(3)(1)(1) Payments made to officers etc.who retired on or before 1-4-37.</b>	20,000	2,385	(-)17,615
<b>B.1(3)(1)(2) Payments made to officers etc. as a result of war 1938-45.</b>	25,000	17,558	(-) 7,442
<b>B.1(3)(1)(3) Payments made to officers etc who retired after 1.4.37 but before 15.8 47 excluding pensions sanctioned as a result of war 1939-45</b>	11,00,000	99,133	(-) 10,00,867
<b>B.1(3)(1)(4) Payments made to officers etc, who retired after 15-8-47</b>	33,80,35,000	30,06,45,307	(-) 3,73,89,693
<b>B.1(3)(4) Contribution to Provident Fund</b>	20,000	—	(-) 20,000
<b>B.1(3)(5) Rewards</b>	1,00,000	940	(-) 99,060
<b>TOTAL</b>	1596,36,00,000	1597,96,70,086	(+) 1,60,70,086

(\*) Alphabet "B" appearing above lines since been amended *to be read as "A" for "B"* vide this Ministry's ID No. 264/23(2)/MO/89 dated 9.2.1990.



## APPENDIX-III

### MINISTRY OF DEFENCE (FINANCE) BUDGET-I

Note for the Public Accounts Committee for regularisation of excess over voted portion of Grant No. 14-Defence Services-Army as disclosed in the Appropriation Accounts (Defence Services) for the year 1988-89.

#### *Grant No. 14-Defence Services—Army*

Original Grant	—	Rs. 6874,97,00,000
Supplementary Grant	—	Rs. 241,10,00,000
Total Sanctioned Grant	—	Rs. 7116,07,00,000
Actual Expenditure	—	Rs. 7219,72,09,797
Excess Expenditure	—	Rs. 103,65,09,797

2. Against the Original Grant of Rs. 6874,97,00,000 augmented to Rs. 7116,07,00,000 by obtaining a supplementary grant of Rs. 241,10,00,000 an expenditure Rs. 7219,72,09,797 had been incurred during 1988-89 resulting in an uncovered excess of Rs. 103,65,09,797.

3. The excess of Rs. 103,65,09,797 under this Grant was mainly under the following sub-heads:—

#### *(a) A.1—Pay and Allowances of Army (Rs. 57,18,79,187)*

The original provision made under this sub-head was Rs. 2344,38,66,000 which was enhanced to Rs. 2633,20,46,000 by obtaining a supplementary grant (Rs. 241,10,00,000) and also by re-appropriation (Rs. 47,71,88,000). The actual expenditure, however, was, Rs. 2690,39,25,187 resulting in an excess of Rs. 57,18,79,187.

The excess was mainly due to heavier booking under Pay and Allowances of JCOs/ORs than anticipated.

#### *(b) A.3—Pay and Allowances of Civilians (Rs. 1,30,05,253).*

The original provision made under this sub-head was Rs. 379,35,34,000 which was reduced to Rs. 371,00,00,000 by minus re-appropriation (Rs. 8,35,34,000). The reduction under this head was due to restriction on employment of civilian Industrial Establishment. The actual expenditure however, was Rs. 372,30,05,253 resulting in an excess of Rs. 1,30,05,253.

The excess was due to payment of Dearness Allowance sanctioned with effect from 1st January, 1988 and 1st July/1988 and Bonus for 1987-88 for regular Defence Civilian Employees which could not be fully met within the allotted funds.

**(c) A.4—Transportation (Rs. 3,38,10,784)**

The Original provision made under this sub-head was Rs. 219,63,52,000 which was reduced to Rs. 203,75,00,000 by minus re-appropriation (Rs. 15,88,52,000). The reduction under this head was mainly due to less expenditure under Rail and Air Transportation charges. The actual expenditure however, was Rs. 207,13,10,784 resulting in an excess of Rs. 3,38,10,784.

The excess was due to increased expenditure under Travelling and Out Station Allowances, due to increase in Rail and Air Fare and under Rail charges due to increased movement of personnel and Stores during the last months, partly off-set by savings under maintained/depreciation of rolling stock and Air Transportation charges due to non-adjustment of claims by Indian Airlines.

**(d) A.5—Military Farms (Rs. 10,73,03,542)**

The original provision made under this sub-head was Rs. 37,86,50,000 which was enhanced to Rs. 37,88,00,000 by re-appropriation (Rs. 1,50,000). The actual expenditure however, was Rs. 48,61,03,542 resulting in an excess of Rs. 10,73,03,542.

The excess was under (i) Pay of staff, due to the increase in the rate of daily labours and their regularisation, (ii) Purchase of Fodder, due to increased prices of fodder and due to the decision of the Government to procure milk from Milk Schemes, (iii) Production Charges, due to the increased commitments of milk and fodder, (iv) Transportation Charges, due to increased expenditure on transportation of fodder, (v) Miscellaneous Charges due to increased charges of steam coal, Petrol, Oil and Lubricants, repair of Plant and Machinery and charges payable by Military Engineer Services etc.

**(e) A.7—Inspection Organisation (Rs. 7,89,56,349).**

The Original provision made under this sub-head was Rs. 83,00,00,000 which was enhanced to Rs. 83,45,50,000 by re-appropriation (Rs. 45,50,000). The actual expenditure however, was Rs. 90,55,06,349 resulting in an excess of Rs. 7,09,56,349.

The excess was under (i) Purchase of Materials for the purpose of testing ammunition and due to booking of higher expenditure than anticipated in the last part of the year, (ii) Revenue Works, due to grant of dearness allowances and bonus to work charged employees, increased cost of stores and constructions materials, increase in tariff rates at various stations, increased consumption of water and electricity.

**(f) A.8—Stores (Rs. 2,86,83,179)**

The original provision made under this sub-head was Rs. 2664,70,00,000 which was enhanced to Rs. 2737,99,00,000 by re-

appropriation (Rs. 73,29,00,000). The actual expenditure however, was Rs. 2740,85,83,179 resulting in an excess of Rs. 2,86,83,179.

The excess was mainly under supplies ex-Director General Ordnance Factories partly off-set by savings under various other heads.

**(g) A.9—Works (Rs. 24,71,07,684)**

The original provision made under this sub-head was Rs. 409,96,00,000 which was reduced to Rs. 403,95,00,000 by minus re-appropriation (Rs. 6,01,00,000). The reduction under this head was made mainly on account of low trend of expenditure as also specific instructions issued for economy measures under Major/Miner works and maintenance of Building and communications. The actual expenditure, however, was Rs. 428,66,07,684 resulting in an excess of Rs. 24,71,07,684.

The excess was mainly under (i) Works, due to more expenditure on minor works, (ii) Maintenance and Operation of Installations, due to grant of bonus to installation staff, steep rise in the cost of stores and Petrol, Oil, Lubricants, good progress and up-keeping of urgent and inescapable repairs to installations, rise in tariff rates of electricity and (iii) Stores, due to larger procurement of stores on account of increased volume of Works/ Services.

**(h) A.10—Other Expenditure (Rs. 4,70,68,960)**

The original provision made under this sub-head was Rs. 144,21,42,000 which was enhanced to Rs. 144,40,50,000 by re-appropriation (Rs. 19,08,000). The actual expenditure however, was Rs. 149,11,18,960 resulting in an excess of Rs. 4,70,68,960.

The excess was mainly under (i) Conservancy, due to increase in the prices of conservancy stores and equipment, increase in the payment to the contonment/Municipal Bodies for conservancy services and (ii) Miscellaneous Expenditure, due to increased expenditure on money order commission and postal concession for troops deployed in certain operation and in the cost of liveries and uniforms.

4. The above excess was partly offset by savings under other sub-heads leaving a net excess of Rs. 103,65,09,797.

5. Instructions already exist for framing the Defence Budget Estimates on realistic basis depending on the requirement and for exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grant. In this connection, a copy of Ministry of Defence (Finance) U.O. No. 2786/B-I/88 dated 15-7-1988 is enclosed. In addition, the progress of Defence Expenditure is analysed periodically and instructions issued to service Head Quarters, where the trend of expenditure appears to be abnormally high or unusually low with a view to contain the expenditure within the sanctioned budget. Fresh instructions issued under Ministry of Finance O.M. No. F.1 (14)—E-II(A)/89 dated 22-2-1990, which inter-alia emphasise the need for a vigorous exercise of power by

various Ministries/Departments for re-appopriation of funds to estimate the expenditure and for strictly watching the progress of expenditure under different sub-heads, have been circulated under ID No. 816/B-I/90, dated 13-3-1990 (copy enclosed) to all estimating/controlling authorities.

6. In the circumstances explained above, the excess of Rs. 103,65,09,797 may kindly be recommended for regularisation by the Parliament under Article 115(i) (b) of the Constitution.

7. DGADS has seen.

Sd/-  
(P.R. SIVASUBRAMANIAN)  
Addl. F.A. (P) & Joint Secy.

*F.17(3)/90/B-I*

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

**Subject:— Preparation/Monitoring/review of Defence expenditure**

All the estimating authorities/Services Head Quarters etc. are aware that the annual budget is prepared and allocation made taking into account the available resources. The annual budget is sometimes regarded as the first projection of the requirement of funds to be supplemented later by Supplementary Demands. Such proposals are made shortly after the budget is passed by the Parliament. This practice militates against proper budgetary control and control of expenditure. The annual budget exercises determine the areas and quantum of Government expenditure as also the areas and quantum of resources to be raised for meeting such expenditure. As such the necessity of projecting the budgetary requirement on a realistic basis periodically by all concerned and the need for constant monitoring of the trend of expenditure with a view to review/revise the requirement of funds during various stages of the year has already been emphasized time and again and necessary instructions also issued from time to time to all concerned, to scrupulously conform to the budgetary provisions and formulating the budget estimates most realistically.

2. The Public Accounts Committee vide para 1.17 of their 106th Report have observed that mere issue of instructions is not enough if there is no effective monitoring machinery to ensure their strict implementation. In this connection attention is invited to our UO No. 1964/BI/88 dated 27-4-1988. The Committee has desired that regular and sometime surprise checks by Senior Officers are essential to ensure that instructions are strictly followed and the relevant registers/records are also maintained properly by the Offices concerned. No slackness on the part of the staff in this matter should be tolerated. The Departmental heads must, therefore, ensure that checks of both types mentioned above are carried out and regular assessment on trend of expenditure made and corrective action taken with promptitude.

3. It is once again impressed upon all concerned that budgetary estimates both under 'Charged' and 'Voted' Heads should be prepared with utmost care taking into account the past trend and existing factors. The trend of actual expenditure under both heads during the financial year should also be monitored closely and reflected in the Supplementary Demands/Modified appropriation and other budgetary exercises so that there are no excesses/surrenders subsequently.

4. Once budget has been approved it is necessary to contain expenditure within it for which adequate control measure must be there. Argument

that expenditure is "Mandatory" and has to be incurred irrespective of budget provision is not valid. It is, therefore, requested that utmost care should be taken while formulating budget proposals/estimates and reviewing the progress of expenditure vis-a-vis sanctioned budget grants. The expenditure should also be carefully monitored from time to time and the instructions in this regard should be strictly followed.

Sd/-  
A.K. GHOSH  
Addl. FA(G)

All Joint Secretaries,  
DFP (Army, Navy and Air Forces)  
DP&RM Dir, P&C/PO(PP&RF)—DGOA (Amn. 14)  
U.O. No. 2/86/BI/88 dated 15.7.1988.

Copy to:— All Dire./DFAs.

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

**Subject:— Powers of re-appropriation of funds—exercise thereof by the various authorities.**

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**Reference: Ministry of Finance (Department of Expenditure)  
O.M. No. F.1(14)—E-II(A)/89, dated 22-2-1990.**

**Ministry of Finance have issued instructions in regard to re-appropriation of funds in their O.M. under reference. A copy of the same is sent herewith for information/compliance.**

**Sd/-  
(A.K. CHOPRA)  
D.F.A.(BUDGET)**

**All Joint Secretaries  
All Addl. F.As  
Addl. DGFP, Army Hqrs.  
DNP, Naval Hqrs.  
DFP, Air Hqrs.  
DP&RM, PO. (PPB&E)  
DGI(Adm 14), RCPO  
All Directors, DFAS**

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**M of D (Fin) I.D. No. 819/B-I/90, dated 13-3-1990.**

No. F.1 (14)—E-II(A)/89  
Government of India  
Ministry of Finance  
(Department of Expenditure)

New Delhi, the 22nd February, 1990  
3rd Phalgun, 1911 (Saka)

OFFICE MEMORANDUM

Subject:— Powers of re-appropriation of funds—Exercise thereof by the various authorities.

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The undersigned is directed to say that the Public Accounts Committee (Eighth Lok Sabha) in its 147th Report on 'Excesses over Voted Grants/Charged Appropriations (1986-87)' has expressed concern over the exercise of power by various Ministries/Departments for re-appropriation of funds during the period of review. The exercise of the power of re-appropriation liberally by some Ministries has resulted in a situation whereby the Parliament was approached for grant of additional funds under the heads of account wherein the provisions already allowed by Parliament had been more than adequate. In a number of cases, the original estimates were far in excess or short of actuals which have been done after making modifications in estimates through re-appropriation. In some other cases, funds were re-appropriated to the sub-heads wherein final savings and excesses had actually taken place.

2. Keeping in view the above observations, the Public Accounts Committee recommended, *inter-alia*, the review of the existing delegated powers of re-appropriation of funds with a view to providing appropriate restrictions on their exercise so that the original objectives for which the provisions are made under various sub-heads are not substantially altered by exercise of power of re-appropriation. The position has been examined. It is emphasised that the powers of re-appropriation should be exercised by the competent authorities in a meaningful and realistic way. For this, a vigorous exercise may be undertaken by the Ministries to estimate the expenditure with reference to the estimated requirement before the budget is approved and at least by the time of the last supplementary budget, and the expenditure being incurred under the different heads may be watched strictly in terms of rules 65 to 75 of the General Financial Rules, 1963, by the budget controlling authorities to avoid the occurrence of the defective financial position with reference to original estimates. The power of re-appropriation may be exercised sparingly in the cases of urgency when



there are no other alternatives i.e. Supplementary budget etc. All the budgetary control measures may be taken so as to ensure that both initial appropriation and later re-appropriation are carried out meaningfully and realistically.

3. In addition to the restrictions on re-appropriation issued under various orders from time to time it has further been decided that with effect from 1st April, 1990 any re-appropriation order issued during the year which has the effect of increasing the budget provision by more than 25% or Rs. 1 crore which ever is more under a sub-head, should be reported to Parliament alongwith the last batch of Supplementary Demands. Any re-appropriation order issued by the Ministries after the presentation of the last batch of Supplementary Demands and exceeding the limits indicated above, should have the prior approval of Secretary/Additional Secretary in the Department of Expenditure.

4. Ministries/Departments should ensure an accurate assessment of the likely excess and savings and make a realistic provision in the Budget Estimates and Supplementaries. Utmost care should be exercised in framing the Budget Estimates under each sub-head so that the Revised Estimates or the actuals are not substantially different from the original estimates. Observance of these instructions will be the responsibility of the Financial Advisers of the Ministries/Departments concerned.

Sd/—

(A. JAYARAMAN)

Joint Secretary to the Govt. of India.

To

1. All Ministries/Departments and Comptroller and Auditor General of India, Union Public Service Commission, etc. with usual number of spare copies.
2. All Financial Advisers (By name).
3. Budget Division, Deptt. of Economic Affairs.

**APPENDIX IV**  
**No.F.4(4)-B(SD)/90**  
**MINISTRY OF FINANCE**  
**DEPARTMENT OF ECONOMIC AFFAIRS**

New Delhi the 20-12-1991

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Note for regularisation of Excess expenditure over sanctioned provisions in Grant No. 26—Payments to Financial Institutions—Department of Economic Affairs as disclosed in the Appropriation Accounts (Civil) for 1988-89.

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The excess has taken place in the Capital Section (Voted) of Grant No. 26—Payment to Financial Institutions for 1988-89 as under:—

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<i>Capital Section (Voted)</i>	<i>Rupees</i>
Original allotment	681,29,00,000
Supplementary grant	926,27,00,000
Total Grant	1607,56,00,000
Actual Expenditure	1607,57,64,306
Excess Expenditure	1,64,306

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As against the total sanctioned grant of Rs. 1607,56,00,000 including Supplementary, obtained in August, 1988 and March, 1989, the actual expenditure amounted to Rs. 1607,57,64,306 resulting in uncovered excess of Rs. 1,64,306.

2. The excess expenditure of Rs. 1537.36 lakhs had mainly taken place under Major Head 6416-FF-Loans to Agricultural Financial Institutions on account of payment of more loans to National Bank for Agriculture and Rural Development following receipt of more claims for transfer of counterpart rupee funds of foreign aid. The excess was partly offset by Savings under other subheads leaving a net excess of Rs. 1,64,306.

2. The excess expenditure of Rs. 1537.36 lakhs had mainly taken place under Major Head 6416-FF-Loans to Agricultural Financial Institutions on account of payment of more loans to National Bank for Agriculture and Rural Development following receipt of more claims for transfer of counterpart rupee funds of foreign aid. The excess was partly offset by Savings under other subheads leaving a net excess of Rs. 1,64,306.

3. It may be stated that provision of Rs. 78 crores as counterpart rupee funds was made for National Bank for Agriculture and Rural Development (NABARD) in BE 1988-89, under Major Head 6416 in Demand No. 26, according to the allocation given for it in annual plan in 1988-89. In RE 1988-89, NABARD estimated its requirement at Rs. 167 crores. The provision in RE 1988-89 was retained at Rs. 78 crores on the basis of past trends, likely order of utilisation of the funds by the Implementing agency, receipt of external assistance and also the budgetary ceilings fixed. It cannot be that the Government will provide to the full extent of the demands projected by the implementing agency. As it turned out, the actual outgo of NABARD in 1988-89 amounted to Rs. 93.38 crores as against their projection of Rs. 167 crores.

4. In March 1989, it was found that claims worth Rs. 30.65 crores of NABARD had been received for reimbursement of counterpart Rupee funds. These claims were as under:—

1. Indo-Dutch Assistance	Rs. 23.60 crores
2. Indira Gandhi Nahar Pariyojna	Rs. 4.89 crores
3. Chambal Area Development	Rs. 2.15 crores
4. Inland Fisheries Project	Rs. 0.01 crores

Since the funds of Rs. 78 crores provided in the Budget for 1988-89 for NABARD had already been exhausted, a sum of Rs. 15,37,36,000 from Major Heads 6885 and 5465 under the same Demand No. 26, where savings to the extent were available, was reappropriated to Major Head 6416 to meet the claims of NABARD. Thus the amount of Rs. 15,37,36,000 was released to NABARD by way of re-appropriation over and above the Budget provision of Rs. 78 crores for 1988-89. In the process of providing additional amount of Rs. 1537,36,000, over the sanctioned budget provisions of Rs. 78 crores, the requirement of the New Instrument of Service rules was inadvertently overlooked. The above is deeply regretted, and the Public Accounts Committee is assured that the requirement of the New Service/New Instrument of service will be observed in future.

5. It would be observed from the position explained above that the excess amount released to NABARD during 1988-89 through re-appropriation was to meet obligatory transfer of counterpart funds to NABARD, as per the agreement between the World Bank and the Govt. of India.

6. Every effort would be made to ensure that the requirements of counterpart funds are accommodated in the Budget/Revised Estimates

to the maximum extent possible in future. The system of estimating the likely expenditure is also being reviewed, and the final position in this regard will be intimated to PAC by 31st March 1992.

7. In view of the circumstances explained above, the excess expenditure of Rs. 1,64,306 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This note has been vetted by Audit.

Sd/-  
(Aruna Makhan)

FA(Finance)

20.12.91

To

The Chairman & Members of  
the Public Accounts Committee

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

\*\*\*\*\*

Note to Public Accounts Committee for regularisation of excess under Revenue Section (Charged) No. 28 Appropriation Interest Payments, as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1988-89.

Revenue Section (Charged)	Rs.
Original Appropriation	14100,00,00,000
Supplementary Appropriation	50,00,00,000
Total Appropriation	14150,00,00,000
Actual Expenditure	14278,52,13,139
Excess	128,52,13,139

2. The original provision for the year 1988-89 under the Appropriation 'Interest Payments' amounted to Rs. 14100.00 crores. This was augmented through a supplementary appropriation of Rs. 50 crores obtained in March 1989. As against this, the actual expenditure amounted to Rs. 14278,52,13,139 resulting in an excess expenditure of Rs. 128,52,13,139 in the Appropriation.

3. The excess expenditure of Rs. 128,52,13,139 is the net effect of the excesses under the various subheads as given in the Appropriation and occurred mainly under the subhead 'A.3(8)-Interest on insurance and pension funds'. A statement showing the subheads where, there were excesses of over Rs. 5 crores over the sanctioned Appropriation, is enclosed, (Annexure A) indicating briefly the reasons for the excess. In these cases, the excesses were however off-set by saving under certain other subhead through re-appropriation.

4. The original provision of Rs. 2018,36,37,000 under the subhead 'A.3(8)' was augmented through the supplementary appropriation of Rs. 50,00,00,000 to Rs. 2068,36,37,000. This, however, proved to be inadequate, as the actual expenditure under the subhead as revealed in the Appropriation account amounted to Rs. 2323,95,80,000, an increase of Rs. 255,59,43,000.

5. The increase in expenditure booked under the subhead 'A.3(8)' flowed from two decisions of the Government, taken in February—March 1988, relating to special deposits by non-Government provident superannuation and gratuity funds.

(i) Interest on deposits under the Special Deposits scheme for the non-Government provident funds, etc. was being paid annually. In February—March 1988, it was decided that interest for the year 1988 may be paid on a half yearly basis, that is, on 1st July, 1988 and 1st January 1989 to enable the provident funds to pay higher interest to the worker members. As result of this half yearly compounding of the interest payments, the effective rate of interest of 12% per annum became 12.36% for the year.

(ii) In February 1988 the provident funds, etc. were allowed to invest in the Special Deposit account the proceeds of maturing post office time deposits including interest, interest on securities issued by the Central Government and interest on Special Deposits in deposits under the Special Deposit scheme.

6. These two decision led to a large increase in the interest payable and the supplementary grant of Rs. 50 crores obtained in March, 1989 proved to be inadequate. As the interest paid is generally reinvested in the deposit accounts by the concerned provident funds, the actual accretions to the accounts in the Public Account of the Union were also substantially higher than the estimates. (As against the Budget estimates of Rs. 4100 crores, the actuals turned out to be Rs. 5657 crores).

7. In view of the circumstances explained above, the excess expenditure of Rs. 128,52,13,139, which was about 0.9% of the total Appropriation, may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution.

This has been vetted by Audit.

(SMT. JANAKI KATHPALIA)

ADDITIONAL SECRETARY (BUDGET).

**ANNEXURE—A**

**Statement showing reasons for Excess under certain sub-heads  
in the Appropriation Accounts—1988-89**

(Rs. in thousands)

*Major Head: 2049—Interest Payments*

Sl No.	Sub-Heads	Excess over sanctioned Appropriation (Budget + Supplementary)	Reasons for the Excess
1.	A.1(2) (2)-Securities issued to RBI in conversion of Treasury Bills	6059861	The excess is consequent upon the conversion of Treasury Bills (amounting to Rs. 17500 crores) into dated securities on 30th March 1988 by RBI after framing and finalising the Budget for 1988-89/Supplementary Estimates for the year. The excess is however technical in nature, as it is matched by corresponding savings under the subhead "Discount on Treasury Bills"
2.	A.1(4)-Interest on 182 days' Treasury Bills	452401	The excess is due to more sales of 182 days' Treasury Bills than anticipated.
3.	A.2(17)-Loans from Government of France	157390	
4.	A.2(18)-Loans from Bank of Japan	201243	
5.	A.3(4)-Interest on State Provident Fund	987646	Excess is due to more interest payable to subscribers of provident funds on larger balances in the accounts because of more subscriptions than anticipated.
6.	A.3(8)-Interest on Insurance and Pension Funds	2555943	Excess stands explained in paras 5 and 6 of the Action Note.

Sl.No. Sub-Heads	Excess over sanctioned Appropriation (Budget + Supplementary)	Reasons for the Excess
7. A.3(9)-Interest on Special Deposit and Accounts	150502	The excess is due to payment of interest on certain new accounts in deposits made by Unit Trust of India, Power Finance Corporation etc., after the presentation of Budget for 1988-89.
8. A.4-Interest on Reserve Funds	111009	The excess is due to more accruals to the Reserve Funds than anticipated.
9. A.5(1)-Interest on Deposits	95997	The excess is due to more deposits from public sector undertakings, Employees' Deposit Linked Insurance Schemes than anticipated.
10. A.5(4)-Miscellaneous	55117	The Excess is spread over a number of items.



## APPENDIX VI

### DEPARTMENT OF CHEMICALS & PETROCHEMICALS (FINANCE DIVISION) REVISED NOTE FOR REGULARISATION OF EXCESS UNDER CAPITAL SECTION (VOTED) OF GRANT NO. 52 — DEPARTMENT OF CHEMICALS & PETROCHEMI- CALS FOR THE YEAR 1988-89

<i>CAPITAL SECTION (VOTED)</i>	<i>RUPEES</i>
Original grant	116,00,00,000
Supplementary grant	—
Total grant	116,00,00,000
Actual Expenditure	119,64,00,000
Excess Expenditure	3,64,00,000

2. Under Capital Section (Voted) in Grant No. 52 — Department of Chemicals and Petrochemicals, for the year 1988-89, against the total Grant of Rs. 116,00,00,000 there is an actual expenditure of Rs. 119,64,00,000 resulting in an excess expenditure to the tune of Rs. 3,64,00,000. However, there is a total excess expenditure in the grant of Rs. 4,24,00,000 and this excess expenditure, shown there-in, has been offset by savings of Rs. 60,00,000 under other heads leaving behind an excess of Rs. 3,64,00,000 which is to be regularised. The heads under which excess expenditure has been incurred are given below:—

(i) AA.2(1) (1) (2)-Hindustan Antibiotics Limited

	<i>Rs. in lakhs</i>	<i>Rs. in crores</i>
Original grant	150.00	1.50
Expenditure	175.00	1.75
Excess	25.00	0.25

The Company required funds to meet the additional expenditure on the crucial expansion of Penicillin Projects and in the upgradation of the Penicillin Extraction Plant besides meeting expenditure on some unavoidable Renewals & Replacements.

At the initial stage it seemed that there will be a saving under the head AA.2(1) (1) (5)-Bengal Immunity Limited, which could be appropriated for covering the additional requirement of Hindustan

**Antibiotics Limited.** However, later on it was seen that there was no saving due to cash losses and inevitable payments to the employees.

Therefore, the Department had issued Reappropriation Order No.1 vide letter No.19(1)/88-Fin. dated 13.3.1989 inadvertently; but on re-examination it was found that the reappropriation of funds between Revenue and Capital is not permissible. Consequently, this order was cancelled vide letter no. 19(1)/88-Fin. dated 31.3.89. At this stage it was too late to demand a Supplementary Grant.

(ii) CC.1(1) (1) (1)-Hindustan Insecticides Limited

	<i>Rs. in lakhs</i>	<i>Rs. in crores</i>
Original grant	200.00	2.00
Expenditure	350.00	3.50
Excess	150.00	1.50

The Company required the funds for Working Capital to keep their plant in a running condition and to meet the financial stringency imposed on account of non-receipt of dues to the tune of Rs. 23.00 crores from Ministry of Health and Family Welfare. At the initial stage it was anticipated that there will be a saving under sub-head AA.2(1) (1) (5)-Bengal Immunity Limited which could be appropriated for the additional requirement of Hindustan Insecticides Limited. However, it was seen that due to inevitable payments to the employees and cash losses there was no saving under the head AA.2(1) (1) (5).

(iii) CC.2(1) (1) (2)-Hindustan Antibiotics Limited

	<i>Rs. in lakhs</i>	<i>Rs. in crores.</i>
Original grant	150.00	1.50
Expenditure	175.00	1.75
Excess	25.00	0.25

Excess was due to unavoidable expenditure on Renewals and Replacements. At the initial stage it was anticipated that there will be a saving under sub-head AA.2(1) (1) (5)-Bengal Immunity Ltd. However, later on it was discovered that due to cash losses and inevitable payments to the employees, there was no such savings.

Reappropriation Order No.1 was issued vide letter No. 19(1)/88-Fin. dated 13.3.89 by the Department inadvertently. But on re-examination it

was found that Reappropriation of funds between Revenue and capital is not permissible and the order was cancelled vide letter No. 19(1)/88-Fin. dated 31.3.89. At that stage, due to paucity of time supplementary grant could not be obtained.

(iv) CC.2(1) (1) (3)-Smith Stanistreet Pharmaceuticals Ltd.

	<i>Rs. in lakhs</i>	<i>Rs. in crores</i>
Original grant	75.00	0.75
Expenditure	139.00	1.39
Excess	64.00	0.64

In this case the excess occurred due to the need to cover cash losses and to procure against payment a few canalised and quota materials, which were urgently required, and for which adequate increase in bank credit was not available. Since the anticipated saving under Sub-head AA.2(1) (1) (5)-Bengal Immunity Ltd. did not materialise, reappropriation Order No. 3 vide letter No. 19(1)/88-Fin. Dated 14.3.89 was issued by the Department inadvertently. However, on re-examination it was found that re-appropriation of funds is not permissible between Revenue & Capital and the Order was cancelled vide letter No.19(1)/88-Fin. dated 31.3.89. Due to paucity of time the Supplementary grant could not be obtained.

(v) CC.2(1) (1) (5)-Bengal Immunity Limited

	<i>Rs. in lakhs</i>	<i>Rs. in crores</i>
Original grant	180.00	1.80
Expenditure	340.00	3.40
Excess	160.00	1.60

Excess was due to unavoidable repairing of Machinery and to cover cash losses. The excess was not anticipated by the Ministry earlier. This oversight prevented the Ministry from obtaining the Supplementary Grant in time.

3. All concerned have been advised vide letter No. 23(9)/90-Fin. dated the 9th July, 1990 (copy enclosed) to ensure that every possible effort is made to avoid excess expenditure over sanctioned budget grant.

4. In view of the position explained above, the excess expenditure of Rs. 3,64,00,000 during 1988-89 under Capital Section (Voted) under

**Grant No. 52-Department of Chemicals & Petrochemicals is recommended for regularisation under Article 115(I) (B) of the Constitution.**

5. This has been vetted by Audit.

(S.Y. KALYANASUNDARAM)  
ADDITIONAL SECRETARY & FINANCIAL ADVISER

No. 23(9)/90-Fin.  
GOVERNMENT OF INDIA  
MINISTRY OF PETROLEUM & CHEMICALS  
DEPARTMENT OF CHEMICALS & PETROCHEMICALS  
(FINANCE DIVISION)

New Delhi, the 9th July, 1990.

**To**

All JSs. and All Public Sector  
Undertakings.

**Subject:-** Instructions to be followed while framing the financial requirement of Public Sector Undertakings/Department.

**Sir,**

All Public Sector Undertakings/Divisions of the Department of Chemicals & Petrochemicals must keep in mind the following general instructions of the Finance Ministry while framing budget proposals for each financial year.

(1) The budgetary allocation asked for must be realistic and should adhere to the projections made by the company keeping in view new projects/schemes and anticipated earnings from all sources.

(2) In no case anticipated costs should be inflated. Strict control should be kept over expenditure on new projects/schemes.

(3) wherever possible funds should be generated from internal resources.

(4) Fund allocation should be primarily for essential requirements and should be kept at the barest minimum.

(5) Under no circumstances should the budget allocation be exceeded.

If additional funds are required, the demand for Supplementary Grants should be made well before in time.

2. Strict compliance of the above instructions is requested.

Your faithfully,

Sd/-

(L.K. MALHOTRA)

JOINT SECRETARY & FINANCIAL, ADVISER

Ph. No. 382882.

## APPENDIX-VII

### GOVERNMENT OF INDIA MINISTRY OF STEEL AND MINES DEPARTMENT OF MINES

**NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS EXPENDITURE UNDER REVENUE SECTION (VOTED) AS DISCLOSED IN UNION GOVERNMENT APPROPRIATION ACCOUNTS (CIVIL) FOR 1988-89.**

In the year 1988-89 the expenditure under Grant No. 68, Department of Mines in the Revenue Section (Voted) exceeded the sanctioned grant as given below:-

<i>REVENUE SECTION (VOTED)</i>	<i>RUPEES</i>
Original Grant	118,12,00,000
Supplementary Grant	1,00,000
Total	118,13,00,000
Actual Expenditure	118,54,33,891
Excess	41,33,891

There was a total excess of Rs. 928.47 lakhs in the Grant, which was offset by savings of Rs. 887.13 lakhs leaving a net excess of Rs. 41.34 lakhs. The excess, which mainly pertain to Geological Survey of India is under the following sub-heads:

**(1) B.1 (1) DIRECTION AND ADMINISTRATION**

There is a total excess of Rs. 560.01 lakhs which is attributable to heads.

**(a) B.1(1) (1)—Salaries**

The total excess under this head of Rs. 445.25 lakhs was mainly due to payment of Dearness Allowance and Ad-hoc Bonus payable for more number of days to employees Rs. 365.25 lakhs, and; decision of the Central Administrative Tribunal in respect of which necessary administrative orders for upgradation of posts of Draftsman were issued on 5.5.1988 and pay scales were revised with effect from 16.1.78 necessitating arrears payments Rs. 80.00 lakhs.

**(b) B.1(1)(3) - Travel Expenses.**

The total excess under this head is Rs. 59.44 lakhs. Being a Survey Organisation the requirement under this head are of operational nature. The additional requirement under this head in 1988-89 was due to increased operational requirement for field operations.

**(c) B.1(1) (7) - Rent, Rates and Taxes.**

There was an excess of Rs. 79.88 lakhs mainly due to payments on account of revision of rates of rent of hired buildings. In one case the arrears of the order of Rs. 57.02 lakhs were required to be paid in 1988-89 eventhough the revision of rent of was approved in March, 1987.

So far as increased requirements under Salaries and Rent, Rates & Taxes are concerned, these were estimated and provided for in the final requirement of funds in March, 1989. Since it was assessed that estimated increased provision will suffice, no Supplementary Grant was moved. In the case of CAT judgement, the requirement could not be assessed accurately as drafts-man cadre is functioning on decentralised basis being controlled by different regions/divisions and the quantum of arrears also varied from employee to employee. So far as excess under Travel Expenses is concerned, due to operational nature of field tours in Geological Survey of India duration, etc., of tours is flexible and as such excess could not be assessed well in advance.

**(d) B.1(5) - Survey & Mapping**

An excess of Rs. 39.92 lakhs occurred under this head due to the payments made on accounts of stores received much after the date of indent. Additional requirement of Rs. 19.00 lakhs duly provided for in the final requirement of fund stage. However, the balance requirement could not be provided for as payments were mostly made from January, 1989 to March, 1989.

**(2) B.2(3) - MINERAL EXPLORATION**

**B.2(3) (1) - Grant to Mineral Exploration Corporation.** Additional funds to the tune of Rs. 328.00 lakhs were released to Mineral Exploration Corporation in respect of outstanding dues of Company reimburseable by the Central Government in respect of promotional projects undertaken by the Company on behalf of the Central Government., A token Supplementary Grant of Rs. 1.00 lakhs was obtained during 1988-89 to meet the requirement of New Service in respect of additional fund released to the Company.

2. Instructions have since been issued to the Director General, Geological Survey of India and other fund spending authorities to ensure that the actual expenditure under various heads is kept within the sanctioned budget, taking into account the Supplementaries, if any.

3. In view of the circumstances, explained above, the excess expenditure of Rs. 41.33.891 in the Revenue Section (Voted) under Grant No. 68 - is

**recommended for regularisation under Article 115(1) (b) of the Constitution.**

**4. this has been vetted by Audit.**

**(S. PANCHAPAKESAN)  
ADDITIONAL SECRETARY & FINANCIAL ADVISER.**



**GOVERNMENT OF INDIA  
MINISTRY OF STEEL AND MINES  
DEPARTMENT OF MINES**

No. 1.(10)/89-I.F.

New Delhi, the 28th March, 1990.

To

**The Director General,  
Geological Survey of India,  
Calcutta, (By name to Sh. D.P. Dhoundial, DG)**

**Subject : Excess Expenditure incurred by GSI during 1988-89.**

Sir,

I am directed to say that in 1988-89 there has been excess booking of expenditure to the tune of Rs. 2.09 crores by Geological Survey of India. In this connection, it may be pointed out that no expenditure can be incurred unless funds duly authorised by the Parliament are available, and the need to keep the expenditure within sanctioned limit can hardly be over-emphasised. As such, it is necessary, an effective monitoring of expenditure incurred from time to time is done regularly so that advance information is available about status of expenditure, and it is ensured that expenditure under each head is kept within the approved limits.

2. You are requested to let us know the steps taken by you to ensure that no unauthorised expenditure is booked and expenditure remains within the sanctioned limit in future. All other spending authorities viz - IBM etc. are also requested to review their arrangements for monitoring of expenditure so that no excess expenditure is booked in future.

Yours faithfully,

(O.P. MANCHANDA)

Under Secretary to the Govt. of India.

**Copy to: 1. CA, GSI, Calcutta. : with the request that necessary action  
2. CG., IBM, Nagpur. : be taken in consultation with CCA  
: and the outcome be intimated to us.**

**Copy also forwarded to: JS (BD)-GSI/DS (DV)-IBM/PAO, IBM, Nagpur/Mines-II/Mines-VI: with request that the requisite action be monitored by them under a time bound action plan.**

**Copy also the CCA, Ministry of Steel and Mines, New Delhi.**

(O.P. MANCHANDA)

UNDER SECRETARY TO THE GOVT. OF INDIA.

## APPENDIX VIII

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

FINANCE DIVISION : BUDGET SECTION

NOTE FOR REGULARISATION OF EXCESS EXPENDITURE UNDER REVENUE SECTION (VOTED) OF GRANT NO. 74-URBAN DEVELOPMENT & HOUSING FOR THE YEAR 1988-89.

<i>REVENUE SECTION (VOTED)</i>	<i>RUPEES</i>
Original grant	81,44,00,000
Actual expenditure	83,57,27,787
Excess expenditure	2,13,27,787

As against the total grant of Rs. 81,44,00,000 the expenditure during the year 1988-89 was Rs. 83,57,27,787 resulting in an excess of Rs. 2,13,27,787 under Revenue Section (Voted).

The reasons for excess expenditure of Rs. 2,13,27,787 under various Major Heads and sub-heads where excess expenditure have been incurred in excess of Rs. 5.00 lakhs are explained as under;—

*MAJOR HEAD "2052" (Secretariat - General Services).*

*AMOUNTS IN THOUSANDS OF RUPEES*

<i>A.1-Secretariat - General Services</i>	
Original grant	3,22,00
Expenditure	3,38,84
Excess	(+) 16,84

Excess was due to payment of bonus and two instalments of Dearness Allowance during 1988-89, payment of arrears of Daily Wage Employees due to retrospective revision of rates, bills of entertainment charges in the Ministry, etc. During this period 36 bills of printing charges amounting to Rs. 3,72,649 pertaining to previous years were received and payment made. Also 187 bills amounting to Rs. 2,80,675 towards entertainment charges for Ministries/Senior Officers were paid. As the trend of expenditure became known an additional amount of Rs. 21,27,000 were re-appropriated to meet the additional expenditure at the time of final grant with the approval of competent authority. The additional requirement of funds was met from the savings in other heads and the total expenditure of Rs. 3,38,84,000 is within the re-appropriated provision of Rs. 3,43,27,000.

**MAJOR HEAD "2216" (Housing).****C.1(1) (2)-Maintenance & Repairs.****C.1(1) (2) (1)- Ordinary Repairs.**

Original grant		19,97,30
Expenditure		22,15,62
Excess	(+)	2,18,32

The excess expenditure under this sub-head is mainly due to increased cost of material payment of increased Dearness Allowance, Bonus and Overtime allowance to work charged staff. Excess is also due to inescapable security works undertaken at the bungalows of Hon'ble Ministers and Other VVIPs. The Original grant under this sub-head of Rs. 19,97,30,000 was increased to Rs, 21,42,30,000 by re-appropriation. As a result the actual excess expenditure is limited to Rs. 73.32 lakhs.

**C.1(1) (2) (2)-Special Repairs.**

Original grant		4,00,00
Expenditure		5,01,08
Excess	(+)	1,01,08

Excess expenditure was mainly on account of additional work during the year and better progress of other works as well as due to escalation in the cost of labour & materials. Besides more security works in the bungalows of Hon'ble Ministers and other VVIPs had to be undertaken and the actual expenditure on this account could not be anticipated. Moreover, some special repairs in General Pool Accommodation at Bombay i.e. at Antop Hill and Hyderabad Estate (Both civil and electrical) including rewiring of electrical installations and replacement of major components of lifts, which could not be deferred, were also be taken up. These were essential in nature and could not be postponed. In all Rs. 56.58 lakhs were spent for special repairs works in General Pool quarters in Bombay. The details of works are given in the statement attached (Annexure-I)

**C.1(1) (2) (3) (1)-Lease Charges.**

Original grant		5,25,00
Expenditure		5,42,99
Excess	(+)	17,99

Excess was due to receipt of electricity bills relating to previous year, received during the year. Expenditure under the head 'Lease Charges' pertain to property taxes and service charges paid to Local Bodies in respect of Govt. quarters. Generally bills are received at the fag end of the financial year, when it is not possible to obtain supplementary grant. Moreover, the funds are reappropriated at the time of final grant keeping in view the general trend of expenditure during last few years and the everflow from the previous year could not be foreseen. As the local bodies allow rebates for timely payments of lease charges and non-payment of these charges would have resulted in loss of rebate and possible disconnec-

tion of services like electricity and water in Govt. Quarters, payments were unavoidable and had to be made. Bills to the extent of Rs. 93 lakhs were received during the fag end of the year and could not therefore to be anticipated. Financial effect on revision of rates of water and electricity charges were approximately to the tune of Rs. 65 lakhs.

*C.1(1) (3)-Furnishings.*

*C.1(1) (3) (1)-Buildings.*

Original grant		70,00
Expenditure		1,09,99
Excess	(+)	39,99

Budget provision for the next financial year is generally finalised on the trend of expenditure of first 5 months of the financial year and anticipating expenditure during the remaining 7 months of the year. As the work of replacement of furniture and furnishing of the Ministers, MPs. and other VIPs were postponed during 1987-88, a provision of Rs. 70,00 lakhs was provided initially for 1988-89 to meet the expenditure on this account. An expenditure of Rs. 107.60 lakhs were incurred for furnishing works in bungalows of Ministers and other VIPs. As more expenditure was anticipated Rs. 42.00 lakhs were reappropriated from the savings available under other sub-heads to meet the additional requirement of funds, and the expenditure was contained within the reappropriated grant resulting in savings of Rs. 2.01 lakhs.

*C.1 (2)-Other Housing.*

*C.1 (2) (3) (1)-Ordinary Repairs.*

Original grant		1,80,00
Expenditure		3,05,67
Excess	(+)	1,25,67

Excess expenditure is mainly due to increase in the cost of materials, increases in pay, overtime allowances and bonus to workers. The budget provision under this sub-head is distributed among 10 zones by D.G.(W). The Zones in turn distribute the provision to 45 circles and the circles distribute the allocation to 220 divisions spread throughout the country. The expenditure on works is basically incurred by the divisions, as such it takes time to arrive at the exact additional requirement of the funds. As the trend of expenditure became known additional funds amounting to Rs. 31.21 lakhs were provided at the time of re-appropriation with the approval of competent authority but still it could not meet the actual expenditure. This expenditure was necessary for essential maintenance of Govt. quarters.

*C.1 (2) (3) (2)-Special Repairs.*

Original grant		34,94
Expenditure		46,80
Excess	(+)	11,86

Excess expenditure is mainly due to escalation of cost of material and labour, under-taking of additional work and better progress of other works. However, the dates on which the additional works of individual items were taken up by the various C.P.W.D. Divisions are not readily available in Directorate General of Works, C.P.W.D. as there are 220 Divisional Offices spread all over India. Keeping in view the trend of expenditure additional funds of Rs. 4.21 lakhs were provided through re-appropriation. However, the actual expenditure exceeded, the revised allocation by Rs. 7,65 lakhs.

**MAJOR HEAD "2217" - URBAN DEVELOPMENT**

**D.4(1) (1)-Town & Country Planning Organisation.**

Original grant		95,65
Expenditure		1,07,94
Excess	(+)	12,29

The excess expenditure was due to payment of bonus, two instalments of Dearness Allowance and Payments of Rs. 3.23 lakhs towards Town & Country Planning Organisation Participation in International Trade Fair held in 1986. On the basis of the trend of expenditure additional funds amounting to Rs. 12.33 lakhs were provided through re-appropriation with the approval of competent authority and we were able to meet the total expenditure under this sub-head. In fact at the end there was a saving of Rs. 4,000. The bills on account of participation in the International Trade Fair were received on 28.6.88 and the amount to make payment was drawn vide Contg. Bill No. 350/88-89/T&CPO, dated 29.3.89. As savings were available under other sub-heads and we were able to provide additional funds amount to Rs. 12.33 lakhs, it was not considered proper to go for supplementary demand on this account. •

**D.4(2) (1)-Training Centre for Municipal Employees.**

Original grant		34,50
Expenditure		45,67
Excess	(+)	11,17

The excess was due to increase in the Dearness Allowances and payment of bonus.

**D.4(4) (3)-National Commission on Urbanisation.**

Original grant		7,00
Expenditure		27,25
Excess	(+)	20,25

Excess expenditure is due to tenure of the Commission being extended. A copy of the order is enclosed (Annexure-II and III).

An annexure showing the savings and excess under each sub-head in the grant is enclosed (Annexure-IV).

Thus it will be seen that there was an overall excess of Rs. 2,96.70 lakhs which was partially offset to the extent of Rs. 83.42 lakhs by savings in other heads of account leaving a net excess of Rs. 2,13,27,787. Strict monitoring is being done to avoid excess over sanctioned budget grants in future.

In view of the circumstances explained above, the excess expenditure of Rs. 2,13,27,787 during 1988-89 under Revenue Section (Voted) under Grant No. 74-Urban Development and Housing is recommended for regularisation under Article 115 (1)(B) of the of the Constitution.

This has been vetted by Audit.

(B. BHATTACHARYA)  
JOINT SECRETARY (FINANCE) AND FINANCIAL ADVISER (UD).

[File No. G-20014/1/90-Bt.]

O / O THE CHIEF ENGINEER (VZ), CPWD, BOMBAY.

DURING 88-89  
STATEMENT SHOWING EXPENDITURE INCURRED ON SPECIAL REPAIRS WORKS IN GENERAL POOL  
ACCOMMODATION, MH: 2216+5

Sl. No.	Name of work and location	When the work was started	When the Works was Completed	Exp. during 88-89		
				Bills of 88-89	Bills of works awaited in Previous years	Remarks
1	2	3	4	5	6	7
<b>1. HYDERABAD ESTATE</b>						
1.	S / R to 30 Nos. Type-VI flats at B.D. Road, Bombay. SH: Providing separate water supply line for Servants Qtrs. (Agt. No. 11 / AE / BCSDIII / 86-87).	22-1-87	10-6-87	—	3,137	Final bill paid in 5 / 88.
2.	S / R to 30 Nos. Ty-VI Flats, B.D. Road, Bombay. SH: Replacement of rusted I.T., Pipe-Line to each Flat (Agt. No. 11 / AE / BCDI / 87-88).	17-5-87	15-2-88	—	9,193	Final bill paid in 5 / 88.
3.	S / R to M.S. Flats at Hyderabad Estate, Bombay. SH: Replacement of worn-out Flush door shutters in A,B,C,D,E Blocks. (Agt. No. 15 / EE / BCDI / 87-88).	21-6-87	22-2-88	—	8,484	Final bill paid in 7 / 88.

4. S / R to M.S. Flats at Hyderabad Estate, Bombay. SH: Replacement of M.S. Tanks by Sintex tanks. (Agt. No. 15 / EE / BCDI / 88-89).	2-1-89	10-3-89	2,49,045	—
5. S / R to M.S. Flats at Hyderabad Estate, Bombay. SH: Misc. works & water supply works. (Agt. No. 25 / EE / BCDI / 88-89).	9-1-89	—	50,948	— Works was not completed during 88-89.
6. Disposal of bldg. rubbish by mechanical transport within a distance of 1 Km. inside Hyderabad Estate Leading & unloading and stacking by manual labour etc. complete as desired by the Engineer-in-charge. W.O. No. 12 / EE / BCDI / 88-89.	26-3-89	30-3-89	95,01	—
<b>TOTAL</b>			<b>3,09,494</b>	<b>20,814</b>
<b>2. ANTOP HILL</b>				
<b>S.M. Plot—Phase I</b>				
1. S / R to CGS Qtrs. at S.M. Plot Ph-I during 87-88. SH: Damaged plinth protection bldg. 1 to 51 (Agt. No. 22 / EE / 87-88).	18-12-87	17-5-88	—	79,305 Work completed during 88-89.



1	2	3	4	5	6	7
2.	S / R to CGS Qtrs. at S.M. Plot Ph-I during 87-88. SH: Replacement of N.C. and arresting of leakages (Agt. No. 15 / EE / BCDII / 87-88).			—	21,591	Work was not completed during
3.	S / R to CGS Qtrs. at S.M. Plot Ph-I during 87-88. SH: Repairs to badly damaged external plaster W.O. No. 17 / EE / BCDII / 87-88.	7-10-87	19-2-88	—	52,041	Work completed during 87-88.
4.	S / R to CGS Qtrs. at S.M. Plot Ph-I during 87-88. SH: Replacement of badly damaged W.O. Bath doors shutters. W.O. No. 3 / EE / BCDII / 87-88.	87-88	88-89	—	22,747	Work completed during 88-89.
5.	S / R to CGS Qtrs. at S.M. Plot Ph-I during 87-88. SH: Replacement of badly damaged W.O. bath door shutters (Agt. No. 12 / EE / BCDVIII / 87-88).	87-88	88-89	—	7,143	
6.	S / R during 88-89. SH: Broken worn-out Window shutters Agt. No. ARI / 23 / 88-89.	88-89 11-10-88	9-12-88		40,726	

7.	S / R during 88-89. Providing and applying self curing water repellent water proofing paint to bldg. 92, 93, 98 to 101 and 106 to 108—Agt. No. 15 / EE / BCDII / 88-89.	12-10-88	15-3-89	2,47,174	—	work completed during 88-89.
8.	—do— Bldg. No. 123 Agt. No. 42 / ARI / 88-89.	4-1-89	29-5-89	81,077	—	
9.	—do— Bldg. No. 120 Agt. No. 45 / ARI / 88-89.	4-1-89	29-5-89	80,317	—	
10.	—do— Bldg. No. 125 Agt. No. 44 / ARI / 88-89.	4-1-89	29-5-89	80,317	—	
			TOTAL	5,29,611	2,62,138	
11.	S / R to as per Sl. No. 7 Bldg. No. 124 Agt. No. 43 / ARI / 88-89.	4-1-89	29-5-89	81,077	—	
12.	—do— Bldg. No. 69 Agt. No. 47 / ARI / 88-89.	10-1-89	30-3-89	76,896	—	
13.	—do— Bldg. No. 68 Agt. No. 46 / ARI / 88-89.	12-1-89	23-1-89	88,674	—	
14.	—do— Bldg. No. 121 to 124 W.O. No. 19 / EE / 88-89.	88-89	88-89	78,950	—	
15.	—do— Bldg. No. 117 Agt. No. 10 / ARI / 88-89.	88-89	88-89	72,067	—	
16.	—do— Bldg. No. 85 Agt. No. 53 / ARI / 88-89.	14-1-89	30-5-89	85,605	—	

1	2	3	4	5	6	7
17.	S/R to as per Sl. No. 7 Bldg. No. 118 Agt. No. 54/ARI/88-89.	14-1-89	30-5-89	89,010	—	—
18.	—do— Bldg. No. 135 to 140 Agt. No. 20/EE/88-89.	12-1-89	31-5-89	1,51,242	—	—
19.	S/R to CGS Qtrs. at S.M. Plot Ph-I during 88-89. SH: Painting to sand φ.I. sump pipes, G.I. Pipes and fitting (Agt. No. 29/ARI/88-89).	10-11-88	28-2-89	8,888	—	—
20.	—do— Bldg. No. 66 SH: Pdg. and applying Water Proofing Cement Paint (Agt. No. 49/ARI/88-89).	12-1-89	30-5-89	42,865	—	—
21.	—do— Bldg. No. 84, 91, 94 to 97 and 116 Agt. No. 21/EE/BCDII/88-89.	25-1-89	31-5-89	1,36,604	—	—
22.	—do— Bldg. No. 102 to 105 Agt. No. 22/EE/BCDII/88-89.	25-1-89	31-5-89	1,31,356	—	—
TOTAL				15,72,845	2,62,138	
<b>S.M. PLOT I—PHASE I</b>						
1.	S/R to CGS Qtrs. at S.M. Plot during 87-88. SH: Replacement of badly damaged door shutters by P/F new Shutters (Agt. No. 20/EE/87-88).	6-12-87	15-3-89	—	74,437	

2. —do— SH: S / R to damaged plinth protection in Bldg. Nos. 1 to 51 Agt. No. 22 / EE / 87-88.	18-12-87	17-5-88	—	38,353
3. —do— SH: Water proofing of terrace of block No. 16 W.O. No. 11 / EE / 87-88.	3-12-87	4-4-88	—	18,106
4. —do— SH: Repairs to damaged Plinth protection Agt. No. 22 / EE / 87-88.	18-12-87	17-5-88	—	40,958
5. S / R to CGS Qtrs. at S.M. Plot Ph-II during 88-89. SH: Providing & applying self curing water repellent and antifungus water proofing paint to Bldg. No. 427 to 15 W.O. No. 12 / EE / BCDII / 88-89.	5-9-88	21-1-89	1,44,651	—
6. —do— Bldg. No. 16 to 18, 19, 21 W.O. No. 13 / EE / BCDII / 88-89.	5-9-88	30-11-88	1,46,617	—
7. —do— SH: Replacement of broken worn out Window shutter Agt. No. 16 / EEI / 88-89.	13-9-88	12-10-88	24,836	—
8. —do— SH: Replacement of broken worn-out Window shutter (Agt. No. 60 / ARI / 88-89).	25-1-89	25-4-89	17,879	—

1	2	3	4	5	6	7
9.	—do— SH: Providing and applying Water proofing Cement paint of external surface of bldg. 8 to 12 (Agt. No. 18 / EE / BCDII / 88-89).	12-1-89	10-7-89	1,54,060		
				TOTAL	4,88,023	1,71,854
10.	S / R to E.I. & Fans in Sector I to VI at Kane Nagar Antop Hill, Bombay, Ty-II & IV qtrs.	88-89	—	14,34,000	—	Not completed during 88-89.

#### SPL KANE NAGAR

S / R to CGS Qtrs. at SPL Kane Nagar During 87-88. SH: Randerling to chajjas in Sector II & III. Agt. No. 11 / ER / BCDII / 87-88.

2. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of badly damaged door shutters by P / R shutter in Sector I to VI. Agt. No. 21 / EE / BCDII / 87-88.

3. S / R to CGS Qtrs. at SPL Kane Nagar during 86-87. SH: Randerling to Chajjas in Sector I. Agt. No. 40 / EE / BCDII / 86-87.

18-7-87	15-3-88	—	18,516
11-12-87	12-10-88	—	1,56,370
8-3-87	14-1-88	—	32,135

4. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of worn out window shutters in Sector V. Agt. No. 24 / ARIV / 87-88.	—	—	—	8,421
5. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Plinth Protection in Sector I, II & III. Agt. No. 23 / EE / BCDII / 87-88.	18-12-87	12-4-88	—	96,560
6. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Badly damaged external plaster to Bldgs. In Sector V.M.O. No. 21 / EE / BCDII / 87-88.	—	—	—	7,502
7. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of cupboard shutter in Sector II, III & window shutters in Sector III. Agt. No. 12 / AE / IV / 87-88.	4-10-87	14-1-88	—	6,656
8. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of W.C. & CI Cistern and arresting leakage. W.O. No. 16 / EE / BCDII / 87-88.	—	—	—	60,028
9. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of badly damaged door shutter by P / F new shutters in Sector I & VI. Agt. No. 21 / EE / BCDII / 87-88.	11-12-87	12-10-88	—	50,040

1	2	3	4	5	6	7
10.	S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of worn out M.S. tank by P / F new M.S. Tank in Sector IV. Agt. No. 38 / BCDII / 86-87.			—	30,987	
11.	S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Providing approach pathway to bldg. entrance from Main Road in Sector I to III. Agt. No. 30 / EE / BCDII / 87-88.			—	67,919	
12.	S / R to CGS Qtrs at SPL Kane Nagar during 87-88. SH: Providing tarfelt treatment to leaky roof in Sector IV to VI. Agt. No.25 / EE / BCDII / 87-88	24-12-87	14-4-88	—	67,919	
13.	S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Prdg. tarfelt treatment to leaky roof in Sector I to II. Agt. No. 25 / EE / BCDII / 87-88.	24-12-87	14-4-88	—	43,985	
14.	S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of worn out window shutter to block 15 West King Sector III.	24-10-87	14-1-88	—	15,628	

15. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of damaged window shutter in Sector II. Agt. No. 14 / AE / IV / 87-88.	4-10-87	8-1-88	—	1,979
16. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Tarfelt treatment of leaky roof in Sector I to III.	—	—	—	1,430
17. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of bedly damaged W.O. bath / door shutter by P / F new shutters. W.O. No. 10 / EE / BCDII / 86-87.	17-11-87	3-10-88	—	25,044
18. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: C / Starm water drains in Sector III along block 13 & 17. Agt. No. 27 / AEIV / 87-88.	1-3-88	17-5-88	—	31,593
19. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Tarfelt treatment to leaky roof in Sector I to III. Agt. No. 24 / EE / BCDII / 87-88.	24-12-87	15-4-88	—	20,941
20. S / R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: Pdg. tarfelt treatment to leaky roof in Sector IV to VI. Agt. No. 3 / EE / BCDII / 88-89.	25-5-88	20-9-88	1,28,190	



1	2	3	4	5	6	7
21.	S/R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: Pvdg. tar-felt treatment to leaky roof in Sector I to III. Agt. No. 2/EE/BCDII/88-89.	25-5-88	22-7-89	1,23,434		
22.	do— in Sector No. IV to VI. Agt. No. 25/EE/BCDII/87-88.				44,876	
23.	S/R to CGS Qtrs. at SPL Kahe Nagar during 87-88. SH: Pvdg. even floors and grills in Staircases landing to terrace in Sector I. Agt. No. 22/EE/BCDII/87-88.				1,26,502	
24.	S/R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of W.O. and C.I. Cistern and arresting of leakages. W.O. No. 16/EE/BCDII/87-88.				11,382	
25.	S/R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of M.S. Tanks by P/F New M.S. Tanks in pump rooms in Sector IV.				7,260	
26.	S/R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Pvdg. approach pathway to bldg. entrance from Main Road in Sector I to III. Agt. No./30/EE/BCDII/87-88.				26,788	

27. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Replacement of badly damaged door shutter by P / F new shutter in Sector I to VI. Agt. No. 21 / EE / BCDII / 87-88.	—	46,018
28. —do— Agt. No. 1 / EE / BCDII / 87-88.	—	21,386
29. S / R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: Pvdg. tar-felt treatment to leaky roof in Sector I to III. Agt. No. 2 / EE / BCDII / 88-89.	1,36,784	—
30. S / R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: S / o Sternwater drains along bldg. 170, 180 to 184 & 186. Agt. No. 2 / ABIV / 88-89.	55,110	—
31. S / R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: Tarfelt treatment to leaky roof in Sector IV to V. Agt. No. 3 / EE / BCDII / 88-89.	1,24,634	—

1	2	3	4	5	6	7
32. S / R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: Replacement of damaged W.O. bath door shutter by P / F new shutter. W.O. No. 6 / EE / BCDII / 88-89.	7-6-88	3-4-89	1,10,946	—	—	
33. —do— Sector I to VI. Agt. No. 21 / EE / BCDII / 87-88.				68,975		
34. S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Badly damaged external plaster to bldg. in Sector V. Agt. No. 21 / EE / BCDII / 87-88.				3,880		
35. S / R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: Pvdg. Security Steels in Staircases, SH: W.O. 10 / EE / BCDII / 10 / BCDII / 88-89.				1,19,383		
36. S / R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: Shuttering to RCC slab, beams, Columns and Plaster to bldg., 160 in Sector V. Agt. No. 19 / EE / BCDII / 87-88.	4-12-87	3-3-88		23,955		

37.	S / R to CGS Qtrs. at SPL Kane Nagar during 87-88. SH: Pdg. Tron doors and grills in Staircases leading to terrace. W.O. No. 13 / EE / BCDII / 87-88.	—	53,163		
38.	S / R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: Diementling & Recasting of damaged balconies in Sector I to IV. Agt. No. 8 / EE / BCDII / 88-89.	17-8-88	7-2-90	55,930	—
39.	S / R to CGS Qtrs. at SPL Kane Nagar during 88-89. SH: Pvdg. Separate W / S line for 3rd Floor in Block 186 to 193 in Sector VI. Agt. No. 4 / EE / BCDII / 88-89.	41,191	—		
<b>WADALA</b>					
1.	S / R to CGS Qtrs. at Wadala during 87-88. SH: Tarfelt treatment to leaky roof. W.O. No. 26 / EE / 87-88.	27-3-88	27-5-88	—	64,208
2.	S / R to CGS Qtrs. at Wadala during 87-88. SH: Replacement of Worn out window shutter. Agt. No. 2 / AE / II / 87-88.	7-3-88	3-8-88	—	30,747

1	2	3	4	5	6	7
3.	—do— SH: Replacement of Old uncericeable tanks by new tank. Agt. No. 25 / ARIV / 87-88.	1-2-87	29-1-88	—	8,719	
4.	S / R to CGS Qtrs. at Wadala during 88-89. SH: Providing tarfelt treatment to leaky roof. Agt. No. 4 / AEII / 88-89.	10-7-88	9-8-88	30,781		
	TOTAL			30,781	1,03,674	
<b>MAJASWADI</b>						
1.	S / R to 240 Ty-I Qtrs. Majaswadi Alteration to water supply p / sets.	88-89	88-89	1,10,000	—	
<b>GHATKOPAR</b>						
1.	S / R to water supply p / sets in CGS Colony Ghatkopar.	88-89	88-89	55,000	—	
2.	Resnovation of E.I. & Fans—64 Nos Ty-IV Qtrs. at CGS Colony Ghatkopar.	88-89	88-89	3,31,000	—	
				3,86,000	—	
				<b>GRAND TOTAL OF EXP.</b>		56,58,223

**GOVERNMENT OF INDIA  
MINISTRY OF URBAN DEVELOPMENT**

**ANNEXURE-II**

No. K-14011/41/85-UD. III.A  
Government of India  
Ministry of Urban Development  
(Shahari Vikas Mantralaya)  
New Delhi, dated the 6th May,  
1988.

**NOTIFICATION**

**Subject:- Constitution of a Commission on Urbanisation to examine future direction of Urban Development in the Country.**

The National Commission on Urbanisation was constituted vide this Ministry's notification of even number dated 4.10.1985. The Commission was required to submit its report within nine months from the date of issue of this notification, that is by 4.7.1986.

2. With the approval of the competent authorities, notification of even number dated 3rd June, 1986, 20th January, 1987 and 24th April, 1987 were issued extending the term of the Commission as well as the full time secretariat set up to assist the Commission, upto 31.12.1986, 30.6.1987 and 31.3.1988 respectively.

3. It has now been decided to extend the term of the Commission and its full time secretariat by a further period upto 15.9.1988 subject to the condition that expenditure on the extended term is found within the budget allocation.

4. This issues with the concurrence of the Ministry of Finance, Deptt. of Expenditure's U.O. No. F-864/AS/E dated 28.4.1988.

Sd /

(S.C. Sagar)

Under Secretary to the Government of India

To  
The Manager,  
Government of India Press,  
with Hindi version)  
Faridabad.

Copy to:-

Pay & Accounts Officer, Min. of Urban Development, N. Delhi.  
Chairman, National Commission on Urbanisation.  
Vice-Chairman, National Commission on Urbanisation.

**All Members of the National Commission on Urbanisation.  
Under Secretary, National Commission on Urbanisation.  
Admn. I/Admn. II/Admn. IV Sections.  
Guard File.**

**Sd/  
(S.C. Sagar)  
Under Secretary to the Government of India**

NO. K-14011/41/85-UD. III.A  
GOVERNMENT OF INDIA

MINISTRY OF URBAN DEVELOPMENT  
SHAHARI VIKAS MANTRALAYA

NEW DELHI, 21 OCTOBER 1988

To  
The Pay and Accounts Officer,  
Ministry of Urban Development  
New Delhi.

Subject: Continuance of post in the Secretariat of the National Commission  
on Urbanisation, Ministry of Urban Development.

Sir,

I am directed to refer to this Ministry's notification of even number dated 6th May, 1988, extending the term of the National Commission on Urbanisation and its full time secretariat upto 15th August, 1988 and to convey the sanction of the President to the continuance of the under-mentioned posts upto the date(s) mentioned against each:

Post	Strength as on 15.8.88	No. of posts allowed to continue	Period upto which the post is to continue	Emoluments
<b>CONTRACT BASIS</b>				
Consultant Editor	1	1	31.10.88	3750 (fixed)
Regional Planner	1	1	16.9.88	2700 (fixed)
Research Assistant	1	1	22.9.88	2200 (fixed)
Stenographer	1	1	31.8.88	1200-2040
	3	1	31.12.88	1500 (fixed)
Peons	4	4	one post upto 19.9.88, one post up to 14.9.88 & two posts up to 31.12.88	
<b>REGULAR BASIS</b>				
Member Secretary	1	1	31.8.88	
Under Secretary	2	2	31.12.88	
Research Officer	2	2	31.12.88	
PS to Member Secretary	1	1	16.9.88	
Assistant	2	1	one post upto 15.9.88 and one post upto 31.12.88	
U.D.C.	1	1	31.12.88	
L.D.C.	2	1	one post upto 15.9.88 and one post upto 31.12.88	
Staff Car Driver	1	—	The staff car driver's post along-with the car transferred to the Ministry w.e.f. 13.9.88	



3. This issues with the approval of the Ministry of Finance vide their U.O. No. F-1839/AS(E)/88 dated 29.9.1988 and Finance Divisions U.O. No. 2511/W&E/D.I(a)/88 dated 12.10.1988.

Sd/

Yours faithfully,  
(S.C. SAGAR)

Under Secretary to the Government of India

Copy to:

1. Admn. II Section (with a copy for PAO)
2. Joint Secretary (EH)
3. Under Secretary NCU
4. Controller of A/cs, Min. of Urban Dev. New Delhi.
5. Admn. I/Admn. III/Admn. IV sections

Sd/

(S.C. SAGAR)

Under Secretary to the Government of India

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STATEMENT SHOWING THE SAVINGS AND EXCESS UNDER EACH SUB. HEAD  
OF GRANT NO. 74-URBAN DEVELOPMENT AND HOUSING (Revenue Section-Voted)

Major Head/Sub-head	Original Grants & Suppl., if any	Expenditure	Savings(-)	Excess(+) (Rupees in thousands)
1. M.H. 2052—Secretarial General Services	3,22,00	3,38,84		(+) 16,84
2. M.H. 2215-Water Supply and Sanitation.				
a) B.i(1)(1) Training in P.H.E.	73,00	30,74	(-) 42,26	
b) B1(2) Research-B1(2)(1) Pilots and Projects for Feasibility Study & Evaluation System	44,40	8,49	(-) 35,91	
c) B1(2) (2) PHE Conference	5,50	50	(-) 5,00	
d) B1(3)(1) Monitoring and Management Information System	25,00	30	(-) 24,70	
e) B2—(3) Sewerage and Sanitation	10	—	(-) 10	
B2(1)-Survey and Investigation				
B2(1)(1) Feasibility Study on Low Cost Sanitation				
f) B2(2)—Asstt. to Local Bodies, Municipalities etc.	2,00	1,00	(-) 1,00	
B2(2)(1) Urban Waste Disposal				
3. M.H. 2216-C—Housing				
i) C-1—Govt. Residl. Bldgs.				
C-1 (i) General Pool Accommodation				
C-1 (i) (1) (1) (1) (1) Minor Works	2,30,00	1,99,15	(-) 30,85	
ii) C-1(1)(2)—Maintenance and Repairs				
C-1(1)(2)(1)—Ordinary Repairs	19,97,30	22,15,62		(+) 2,18,32
iii) C-1(1)(2)(2)—Spl. repairs	4,00,00	5,01,08		(+) 1,01,08
iv) C-1(1)(2)(3)—Buildings				
C-1(1)(2)(3)(1)—Lease Charges	5,25,00	5,42,99		(+) 17,99

Major Head/Sub-head	Original Grants & Suppl. if any	Expenditure	Savings(-)	Excess(+) (Rupees in thousands)
v) C-1(1)(3)—Furnishing C-1(1)(3)(1)—Buildings	70,00	1,09,99		(+)39,99
vi) Dte of Estates C-1(1)(4)C-1(1)	11,88,46	10,84,99	(-)1,03,47	
(vii) C-1(1)(5)—Other expenditure C-1(1)(5)(1)-Reserve for Unforeseen works & repairs	4,00	24	(-)3,76	
<b>Other Housing C-1(2)</b>				
viii) C-1(2)(2)—Construction C-1(2)(2)(1)—Buildings C-1(2)(2)(1)(1)—Minor Works	29,83	19,36	(-)10,47	
ix) C-1(2)(3)—Maintenance & Repairs C-1(2)(3)(1)—Ordinary Repairs	1,80,00	3,05,67		(+)1,25,67
x) C-1(2)(3)(2)—Special Repairs	34,94	46,80		(+)11,86
xi) C-1(2)(4)—Furnishings C-1(2)(4)(1)—Buildings	65	50	(-)15	
<b>C-2 Urban Housing</b>				
xii) C-2(2)(1)(2)—Tech. Asstt. to the DCO for MPUD Project	10,00	10,00	—	—
C-2(2)(3)—Other Agencies C-2(2)(3)(1)—Tech. Assistance to other agencies for MPUD Projects	15,00	—	(-)15,00	—
<b>C-3 Rural Housing</b>				
xiii) C-3(1)(1)—Rural Housing wings	23,00	23,99		(+)99
xiv) C-4—Buildings C-4(1)—Buildings Planning & Research C-4(1)(1)(1)—NBO Estt.	69,82	70,84		(+)1,02
xv) C-4(1)(1)(2)—Research and Survey Scheme	10,00	5,00	(-)5,00	
xvi) C-4(1)(2)(1)—Grants to Institutions C-4(1)(2)(1)—Other Programmes	30,00	30,00	—	—
	10,00	9,40	(-)60	
<b>4. Major Head "2217" D. Urban Development</b>				

Major Head/Sub-head	Original Expenditure Grants & Suppl., if any	Savings(-)	Excess(+) (Rupees in thousands)
i) D-1(1)(1)—Grants in aid to National Capital Region Planning Board	24,70	26,00	(+)1,30
D-2 Integrated Development of Small and Medium Towns			
ii) D-2(1)(1)—Expenditure on Union Territory Administra- tion	50,00	(-)50,00	
iii) D-3-Other Urban Develop- ment Schemes	5,00	6,70	(+)1,70
D-3(1)(1)—Urban Basic Services			
D-3(1)(1)(1)-Exp. on U.T. Administration			
iv) D-3(1)(2)-Setting up of im- proved Crematoria	2,00	—	(-)2,00
D-3(1)(2)(1)—Exp. on U.T. Admn.			
D-4-General			
v) D-4(1)(3)(1)—U.T. Construc- tion Fund	35,00	35,00	
D-4(1)(1)—Town and Coun- try Planning Organisation	95,65	1,07,94	(+)12,29
vi) D-4(1)(2)—Urban Trans- port Plg.	10,00	12,54	(+)2,54
D-4(1)(2)(1)—Payments for Profit and Special Services			
vii) D-4(1)(2)(2)—Other Charges	5,00	8	(-)4,92
viii) D-4(2)-Training			
D-4(2)(1)-Training Centre for Municipal Employees	34,50	45,67	(+)11,17
ix) D-4(3)-Research			
D-4(3)(1)-Research in Ur- ban and Regional Planning	42,00	41,28	(-)72
x) D-4(4)(1)-Delhi Urban Art Comm.	17,43	13,90	(-)3,53
xi) D-4(4)(2)-National Institute of Urban Affairs	29,01	27,81	(-)1,20
D-4(4)(3)-National Com- mission on Urbanisation	7,00	27,25	(+)20,25
xii) D-5-International Coopera- tion	13,71	6,86	(-)6,85
D-5(1)-Contribution to United Nations Centre for Human Settlement			
xiii) D-5(2)-International Year of Shelter for Homeless Activities/Conferences	40,00	42,56	(+)2,56

Major Head/Sub-head	Original Expenditure Grants & Suppl., if any	Expenditure	Savings(-)	Excess(+) (Rupees in thousands)
5. Major Head "3601"				
E-1-Grants-in-aid to State Govts.	20,00,00	20,00,00	—	—
E-1(1)-Grants to Govt. of Maharashtra for Bombay				
E-2-Grants for Central Plan Schemes/Slum Imp.				
1) E-2(1)(1)-setting up of Improved Crematoria	20,00	8,48	(-)11,52	
E-3-Grants for Centrally Sponsored Plan Schemes				
E- (3)1-Housing—Urban—Housing Other Expenditure	16,00	16,00	—	—
E-3(1)(1)-Grants-in-aid to Govt. of West Bengal Govt. for development of dis. persons' col.	2,99,00	2,98,92	(-)8	
E-3(1)(2)-Grants — in — aid to Govt. of West Bengal, Maharashtra, Tamil Nadu and Arunachal Pradesh for construction of houses for pavement dwellers				
D-3(3)(1)-Urban Basic Services	80,00	84,80		(+)4,80
F-1(1)-Urban Development—Other Development Schemes—Other Expenditure				
F-1(1)-Setting up of Improved Crematoria	3,00	—	(-)3,00	
F-2-Grants for Centrally Sponsored Plan Schemes				
F-2-(1)-U.D.-Other Development Schemes-Other Expenditure	15,00	1,00	(-)14,00	
F-2(1)(1)-Urban Basic Services				
	81,44.00	83,57,28	(-)3,77,09	(+)5,90,37

## APPENDIX IX

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

NOTE FOR REGULARISATION OF EXCESS EXPENDITURE UNDER REVENUE SECTION (CHARGED) OF GRANT NO. 74-URBAN DEVELOPMENT AND HOUSING FOR THE YEAR 1988-89.

REVENUE SECTION (CHARGED)	RUPEES
Original appropriation	2,59,00,00
Supplementary appropriation	7,00,000
Total appropriation	2,66,00,000
Actual expenditure	2,67,73,036
Excess expenditure	1,73,036

The original appropriation of Rs. 2,59,00,000 was augmented to Rs. 2,66,00,000 by obtaining supplementary appropriation of Rs. 7,00,000 in March, 1989 (3rd Batch). The actual expenditure during the year 1988-89, however, amounted to Rs. 2,67,73,036 resulting in excess of Rs. 1,73,036 under Revenue Section (Charged). The excess is explained as under:—

MAJOR HEAD "2216"	RUPEES IN THOUSANDS
(i) C.1(2)(3)-Maintenance & Repairs	
C.1(2)(3)(1)-Ordinary Repairs.	
Original appropriation	80,00
Expenditure	93,60
	13,60
	(+)

As per Supreme Court decision Muster-roll workers had to be paid increased wages on the principle of 'equal pay for equal work' with retrospective effect. The payments were inevitable but the expenditure could not be correctly forecast as it involved considerable calculation of arrears. A copy of Supreme Court judgement is also enclose (Annexure-I). Though the Supreme Court judgement was received in 1985-86, the exact payment on this account was not effected immediately on the ground that a review petitions was filed before the Supreme Court, which was rejected. A copy of Supreme Court order dismissing review petition dated 21.8.1987

is also enclosed (Annexure-11). Anticipating additional expenditure, additional funds to the extent of Rs. 6,60,000 were re-appropriated at the time of final grant with the approval of the competent authority but still it could not match the excess expenditure.

ii) **C.1.(2)(3)(2)-Special Repairs**

Original appropriation	16,00
Expenditure	16,56

(+)	<u>0,56</u>
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Excess expenditure is due to undertaking of additional and un-avoidable works in the President's Estate during the year 1988-89. This could not be avoided on the ground that the works were of urgent nature. On the basis of actual expenditure during the first 9 months, Revised Estimates 1988-89 was worked out. The diversion of funds from voted to charged required the approval of Parliament but for belated receipt of the requirement, additional provisions could not be obtained.

(iii) **C.1(2)(4)-Furnishings**

**C.1(2)(4)(1)-Buildings**

Original grant	18,00
Expenditure	24,30

(+)	<u>6,30</u>
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Excess was mainly due to rise in the cost of inputs and increase in the number of functions held in President's Sectt. As the trends of excess expenditure became known, additional funds amounting to Rs. 6,30,000 were re-appropriated under the sub-head from the savings under other sub-heads (charged) at the suggestion of the I.F.A. Presidents' Sectt. with the approval of competent authority to meet the total expenditure of Rs. 24,30,000.

(iv) **C.1(2)(5)(1)-New Supplies and Repairs (Charged).**

Original grant	1,00
Expenditure	1,10

(+)	<u>0,10</u>
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Excess is minor. However, this amount of Rs. 10,000 was also met from the savings under other sub-heads by re-appropriation with the approval of competent authority.

Thus it would be seen that there was an over-all excess of Rs. 20.56 lakhs, which was offset by savings to the extent of Rs. 18.83 lakhs, including supplementary grant of Rs. 0.7 lakhs obtained under sub-head C.1(2)(3)(4)-Lease charges. This leaves a net excess of Rs. 1.73 lakhs.

In view of the circumstances explained above, the excess expenditure of Rs. 1.73 lakhs during 1988-89 under Revenue Section (Charged) Grant No. 74-Urban Development and Housing is recommended for regularisation under Article 115(I)(B) of the Constitution.

This has been vetted by Audit.

Sd/  
(B. BHATTACHARYA)  
JOINT SECRETARY (FINANCE) &  
FINANCIAL ADVISER (UD).

File No. G-20014/1/90-Bt.



IN THE SUPREME COURT OF INDIA  
ORIGINAL JURISDICTION  
WRIT PETITION (CIVIL) NOS. 59-60 & 563-70/83

Surinder Singh & Anr. .... Petitioners

VERSUS

The Engineer in Chief, C.P.W.D.  
and Others. .... Respondents.

O R D E R

**CHINNAPPA REDDY, J.**

In these two writ petitions, the petitioners who are employed by the Central Public Works Department on a daily-wage basis and who have been so working for several years, demand that they should be paid the same wages as permanent employees employed to do identical work. They state that even if it is not possible to employ them on regular and permanent basis for want of a suitable number of posts there is no reason whatsoever why they should be denied equal pay for equal work. In a similar petition filed by employees of the Nehru Sevak Kendras, a Bench of this Court consisting of Bhagwati, CJ and Amarendra Nath Sen, J. issued the following directions:

1. Civil Writ Petition Nos. 4821 & 4817 of 1983. State of U.P.

Dhirendra Chameli & Anr. Vs. State of U.P.

“We therefore allow the writ petitions and make the rule absolute and direct the Central Government to accord to these persons who are employed by the Nehru Yuvak Kendras and who are concededly performing the same duties as class IV employees, the same salary and conditions of service as are being received by class IV employees, except regularisation which cannot be done since there are no sanctioned posts. But we hope and trust that posts will be sanctioned by the Central Government in the different Nehru Yuvak Kendras, so that these persons can be regularised. It is not at all desirable that any management and particularly the Central Government should continue to employ persons on casual basis in organisations which have been in existence for over 12 years. The salary and allowances of class IV employees shall be given to these persons employed in Nehru Yuvak Ken-

dras with effect from the date when they were respectively employed.”

Earlier the court also observed that it was a *peculiar* attitude to take on the part of the Central Government to say that they would pay only daily wages and *not the same wages as other similarly employed employees*, though all of them did *identical work*. The Court said.

“This argument lies ill in the mouth of the Central Government for it is an all too familiar argument with the exploiting class and a welfare State Committed to a socialist pattern of society cannot be permitted to advance such an argument. It must be remembered that in this country where there is so much unemployment, the choice for the majority of people is to starve or to take employment on whatever exploitative terms are offered by the employer. The fact that these employees accepted employment with full knowledge that they will be paid only daily wages and they will not get the same salary and conditions of service as other class IV employees, cannot provide an escape to the Central Government to avoid the mandate of equality enshrined in Article 14 of the Constitution. This Article declares that there should be equality before law and equal protection of the law and implicit in it is the further principle that there must be equal pay for work of equal value..... It makes no difference whether they are appointed in sanctioned posts or not. So long as they are performing the same duties, they must received the same salary and conditions of service as Class IV employees.”

One would have thought that the judgement in the Nehru Yuvak Kendras case (Supra) concluded further argument on the question. However, Shri V.C. Mahajan, learned counsel for the Central Government reiterated the same argument and also contended that the doctrine of ‘equal pay for equal work’ was a mere abstract doctrine and that it was not capable of being enforced in a court of law. He referred us to the observations of this court in *Kishori Mohanlal Bakshi Vs. Union of India*<sup>2</sup>. We are not a little surprised that such an argument should be advanced on behalf of the Central Government 36 years after the passing of the Constitution and 11 years after the Forty-Second Amendment proclaiming India as a socialist republic. The Central Government like all organs of the State is committed to the Directive Principles of State Policy and Art. 39 enshrines the principle of equal pay for equal work. In *Randhir Singh Vs. Union of India*<sup>3</sup>, this court has occasion to explain the observations in *Kishori Mohan Lal Bakshi Vs. Union of India (Supra)* and to point out how the principle of equal pay for equal work is not an abstract doctrine and how it is a vital and vigorous doctrine accepted throughout the world, particularly by all socialist countries. For the benefit of those that do not seem to be aware of it, we may point out that the decision in *Randhir Singh’s* case has been followed by any number of cases by this court and has been affirmed by a Constitution Bench of this Court in *D.S. Nakara*

*vs. Union of India.*<sup>4</sup> The Central Government, the State Governments and likewise, all public sector undertakings are expected to function like model and enlightened employers and arguments such as those which were advanced before us that the principle of equal pay for equal work is an abstract doctrine which cannot be enforced in a court of law should ill-come from the mouths of the State and State Undertakings. *We allow both the writ petitions and direct the respondents, as in the Nehru Yuvak Kendras cas (Supra) to pay to the petitioners and all other daily rated employees, to pay the same salary and allowances as are paid to regular and permanent employees with effect from the date when they were respectively employed. The respondents will pay to each of the petitioners a sum of Rs. 1000/- towards their costs. We also record our regret that many employees are kept in service on a temporary daily-wage basis without their services being regularised. We hope that the Government will take appropriate action to regularise the services of all those who have been in continuous employment for more than six months.*

Sd./

(P. CHINNAPPA REDDY, .....J.)

New Delhi  
17th January, 1986.

Sd/  
(V.R. Eradi

## APPENDIX X

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

#### NOTES FOR REGULARISATION OF EXCESS UNDER REVENUE SECTION (VOTED) OF GRANT NO. 75-PUBLIC WORKS FOR THE YEAR 1988-89.

REVENUE SECTION (VOTED)	RUPEES
Original grant	166,04,00,000
Actual Expenditure	176,07,69,561
Excess expenditure	10,03,69,561

During the year 1988-89, expenditure to the extent of Rs. 176.08 crores was incurred against the grant of Rs. 166.04 crores leading to excess expenditure of Rs. 10.04 crores (actual excess Rs. 10,03,69,561) under Revenue Section (Voted) of Demand No. 75-Public Works. Under this grant, the budget provision is distributed among ten zones by the D.G., C.P.W.D. The zones in turn distribute the provision to 45 circles and the circles distribute the allocation to 220 divisions spread throughout the country. The expenditure on works is basically incurred by the divisions. The divisions, circles and zones prepare their appropriation accounts on the basis of final grant which include the re-appropriated amounts also. The appropriation account received in central office from various zones contain only brief and consolidated reasons for excess/savings under a sub-head and details like date of issue of orders and date of receipt of supplies by the divisions etc. are not readily available centrally. It takes an abnormally long time to furnish these vast data from various field units after proper consolidation and reconciliation. The reasons for excess expenditure sub-head-wise where expenditure have been incurred in excess of Rs. 5 lakhs are explained as under:—

(AMOUNT IN THOUSANDS)

#### MAJOR HEAD "2059"-PUBLIC WORKS

##### A.1(1)-Machinery and Equipment

Original grant		2,44,96
Expenditure		3,29,08
Excess	(+)	84,12

Maintenance expenditure of Hotmix Plant, purchase and maintenance of road rollers, purchase and maintenance of inspection vehicles etc. are debitable to this head. One of the main reason for this excess expenditure is that Rs. 45 lakhs was required by Border Fencing Division which could not be anticipated earlier at the time of framing the Estimates. Though the provision of Rs. 2.46 crores was increased to Rs. 3.17 crores at the final estimates stage by re-appropriation, still it could not meet the total expenditure and there was a shortfall of Rs. 12.08 lakhs.

#### **A.1(2)-Maintenance & Repairs**

Original allotment		24,88,04
Expenditure		26,70,74
Excess	(+)	1,82,70

The excess expenditure was incurred due to escalation in the cost of labour & materials and payment of overtime allowance to the employees. The work like white washing and essential additions and alterations which could not be carried out during the previous year due to austerity measure had to be taken during the year 1988-89. Against the original grant of Rs. 24.88 crores, additional funds of Rs. 47.96 lakhs were provided at the time of final re-appropriation but still it fell short of the total expenditure of Rs. 26.70 crores. A monthly monitoring of expenditure by the Ministry has been introduced for 1990-91 and such excesses are expected to be avoided in future.

#### **A.1(3)(1)-Major Works**

Original grant		50,66
Expenditure		64,50
Excess	(+)	13,84

As more expenditure was anticipated on account of expenditure relating to Independence Day/Republic Day Functions, additional funds of Rs. 14.34 lakhs were provided at the time of final re-appropriation to meet the additional expenditure of Rs. 64.50 lakhs, which is within the re-appropriation grant of Rs. 65.00 lakhs (Rs. 50.66 lakhs + Rs. 14.34 lakhs).

#### **A.1(4)-Lease charges**

Original grant		10,00,35
Expenditure		12,94,96
Excess	(+)	2,94,61

The expenditure relates to services connected with electricity water, rent of Residential Bldgs. etc. paid to local bodies. As the bills are generally received towards the end of the financial year, it becomes very difficult to provide adequately at the time of framing Budget Estimates. However, keeping in view of trend of expenditure, additional funds of Rs. 1,49.65 lakhs were provided at the time of re-appropriation, yet it fell short of the total expenditure of Rs. 12,94,96 lakhs. The payment could not be avoided

as the non-payment of service charges to the local bodies would have resulted in possible disconnection of services and payment of sur-charges or the loss of rebates.

#### **A.1(5)(2)-Misc. Works Advances.**

Original grant		4,07,15
Expenditure		7,71,40
Excess	(+)	3,64,25

The excess expenditure under this sub-head was mainly due to expenditure incurred on deposit works, pending recovery from Client Departments like National Airport Authority. In a certain case, work awarded to some contractor had to be got completed by another contractor at the risk and cost of the one to whom the work was originally awarded. The expenditure had to be temporarily debited to this head pending recovery. As per provision of C.P.W.D. 'A' code, materials procured for maintenance works that are lying unutilised at the end of the year are to be debited to this suspense head and the maintenance estimate is credited. During the beginning of next year a reverse entry is passed. Works of the National Airport Authority are mainly maintenance works. Airports are to be maintained properly to keep them operational. An amount of Rs. 8.04 crores were due from National Airport Authority of India till the end of 31.3.90. The sub-head Misc. Works Advances is a suspense head which has a credit side as well. Under this head the C.P.W.D. has also recovered Rs. 6.53 crores during 1988-89.

#### **A.2.(1)-Maintenance & Repairs.**

Original grant		2,50,00
Expenditure		4,40,01
Excess	(+)	1,90,01

The excess expenditure was due to escalation in cost of labour and materials and payment of additional instalments of Dearness allowances, ad-hoc bonus and overtime allowance to employees. The expenditure was necessary for essential maintenance which could not be avoided.

#### **A.3(1)(2)(1)-Regular Establishment**

Original grant		26,09,50
Expenditure		29,60,88
Excess	(+)	3,51,38

Excess expenditure was mainly due to filling up of some vacant posts, payment of additional instalment of Dearness allowance, ad-hoc bonus and arrears of revised pay to employees, purchase of Stationery etc. from the local market and upgradation of posts of Assistant Engineers etc. as a result of Cadre Review. Copy of the Order NO. 2/16/87-W.II(DGW), dated 10th September, 1987 on cadre review are enclosed for reference. Though it was reviewed in December, 1987 the additional provision on this account could not be included in the Budget Estimates for 1988-89 as

the process of framing these estimates commences in September. A new zone in C.P.W.D. (North-Eastern Zone) with its Head Quarter at Shillong was created in November, 1988. A New Division was also created in Andaman during the year. However, at the final estimates stage Rs. 329.64 lakhs was provided by re-appropriations thus resulting in over all excess of Rs. 21.74 lakhs only.

**A.3(1)(4)-Structural Planning**

Original grant	695,55
Expenditure	7,48,18
Excess	52,63

The excess expenditure is mainly due to cadre review and creation of new units. As the additional expenditure was anticipated, additional funds of Rs. 44.91 lakhs were provided at the time of re-appropriation reducing the excess to Rs. 7.72 lakhs.

Thus it will be seen that there was an overall excess of Rs. 1149.51 lakhs which was partially offset to the extent of Rs. 145.81 lakhs by savings in other heads of account leaving a net excess of Rs. 1003.70 lakhs (Actual excess of Rs. 10,03,69,561). All efforts are being made to avoid excess over sanctioned budget grants in future and in view of regular monthly monitoring of expenditure by C.C.A. & Finance Division of this Ministry, introduced from 90-91, it is expected that such excesses will not be allowed in future.

In view of the circumstances explained above, the excess expenditure of Rs. 10,03,69,561 during 1988-89 under Revenue Section (Voted) under Grant No. 75-Public Works is recommended for regularisation under Article 115(I)(B) of the Constitution.

This has been vetted by Audit.

(B. BHATTACHARYA)

JOINT SECRETARY (FINANCE) & FINANCIAL ADVISER (UD).

File No. G-20014/1/90-Bt.

Govt. of India  
Directorate General of Works  
Central Public Works Department

.....

F.No. 2/16/87-W.II(DGM)

New Delhi, the 10th Sep 87.

**OFFICE ORDER NO. 250 OF 1987**

Consequent upon the sanction contained in the Ministry of Urban Development's letter No 28017/24/85-EW.2/EC.I dated the 8th May, 1987 regarding creation of 396 posts of Asstt. Engineers on the Civil Side and 163 posts of Assistant Engineers on the Electrical Side by abolishing an equal number of posts of Junior Engineers both on the Civil and Electrical side as a result of Cadre Review of Junior Engineers (Civil) and (Electrical) in the General Central Services, Group 'C' in the C.P.W.D., the Director General of Works is pleased to allocate these posts among the various field units/offices in the Central Public Works Department with immediate effect. Orders regarding allocation of the remaining posts of Assistant Engineers (Civil) shall be issued shortly.

2. An equal number of posts of Junior Engineers (Civil) and (Electrical) from the respective field units are abolished with immediate effect, details of which are given in the Annexures enclosed.

3. Orders regarding posting/transfer of staff will be issued separately.

(C.S.P. Sastry)  
Director of Works (P&WA)

To

1. The Chief Controller of Accounts, Ministry of Urban Development, New Delhi.
2. The Controller of Accounts, Ministry of Urban Development, New Delhi.
3. The Deputy Controller of Accounts, Min of U.D., New Delhi.
4. The Director of Audit, CW&M, New Delhi.
5. The Ministry of Urban Development (Works Divn. and Finance Division) New Delhi.
6. All Chief Engineers (Civil & Elect.), CPWD.
7. All Superintending Engineers (Civil & Elect.), CPWD.



8. All E.Es (Civil and Elect.) in CPWD.
9. The Directors of Works, P&WA, S&D and P.M. CPWD, New Delhi.
10. PS to DGW, ADG(W), ADG(A) and DDG(W), N. Delhi.
11. PA to DA, DDA-I, II, III & Trg., CPWD, New Delhi.
12. The Saction Officers, EC-I, II, III, IV, VI, C.P.W.D., New Delhi.
13. Sanction and Stock file (Unit/Posts 1987-88).

(A.K. Sharma)  
Section Officer.

## APPENDIX XI

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

NOTE FOR REGULARISATION OF EXCESS EXPENDITURE  
UNDER REVENUE SECTION (CHARGED) OF GRANT NO. 75-  
PUBLIC WORKS FOR THE YEAR 1988-89.

REVENUE SECTION (CHARGED)	RUPEES
Original (Appropriation)	—
Supplementary (Appropriation)	—
Total (Appropriation)	—
Actual expenditure	27,882
Excess expenditure	27,882

An expenditure of Rs. 27,882 was incurred under sub-head A.1 (5)-  
Suspense—Stock towards procurement of galvanised Tank for stock in 'B'  
Division, New Delhi as a result of arbitration award to a contractor. The  
arbitration award was given on 25th April, 1988 and was received in the  
Chief Engineer's Office on 6th May, 1988 and actual payment made on  
5th August, 1988.

Though the payment was made on 5th August, 1988 the demand for  
funds in charged section was projected only at the time of final estimates.  
By the time final picture was known there was no time left to obtain funds  
through a supplementary demand. C.P.W.D. has been instructed to ensure  
that such requirement of funds are projected in time so that provisions can  
be made in the 3rd batch of Supplementary (copy of instruction enclosed).

In view of the circumstances explained above, the excess expenditure of  
Rs. 27,882 under Revenue Section (Charged) under Grant No. 75—Public  
Works during 1988-89 is recommended for regularisation under Article  
115(I)(B) of the Constitution.

This has been vetted by Audit.

(B. BHATTACHARYA)

JOINT SECRETARY (FINANCE) & FINANCIAL ADVISER (UD).

File No. G—20014/1/90-Bt.

NOTICE UNDER SECTION 14(1) OF THE ARBITRATION ACT, 1940

Phone : 3018426

Grams : WORKS—CHOPRA

Before Shri G.D. Chopra, Arbitrator  
GOVERNMENT OF INDIA  
MINISTRY OF URBAN DEVELOPMENT  
Room No. 203, 'C' Wing, Nirman Bhavan,

NEW DELHI, dated 25-4-88

Case No. ARB/GDC/203

IN THE MATTER OF ARBITRATION BETWEEN:

1. R/o Vijay Nayar ..... Claimants

Vs

2. Union of India Respondents.

Name of the work: Procurement of GI Tanks for stock during  
and Agreement No. 1985-86 at Kushak Road Enquiry CPWD,  
New Delhi (Agt. No. 36/EX/BD/85-86).

TAKE NOTICE THAT I, G.D. CHOPRA, Arbitrator in the Ministry of Urban Development, New Delhi, have today, made and signed my award, copy whereof is enclosed.

The Award, together with documents and pleadings has been retained in this Office and the interested parties are directed to initiate the proceedings in the Court of competent jurisdiction if they so desire, to make this award a rule of the Court and the award together with all the documents and pleadings will be sent to the said Court, thereafter, if so directed by the Court.

Copy of the award may also be filed, at the discretion of Arbitrator, in the Court of competent jurisdiction on an application made by either party (containing name and complete postal address of the said competent court) within thirty days of the receipt of this notice.

Sd/ — 25-4-88.  
(G.D. CHOPRA)  
ARBITRATOR.

To  
Regd. A.D.

1. Shri Vijay Nayar, Arbitrator, 4/15, W.E.A. Karol Bagh, New Delhi.
2. The Ex-Engineer, 'B' Division, CPWD, IP Bhavan, New Delhi.
3. The S.E., DCC-II, IP Bhavan, IP Estates, New Delhi.
4. The CE(NDZ), CPWD, Nirman Bhavan, New Delhi.

**P.R. Ramakrishnan,  
Director (Finance)**

**D.O. No. G—20014/1/89-Bt.(pt)  
Government of India  
Ministry of Urban Development  
(Shahari Vikas Mantralaya)**

**New Delhi, dated the 29th May, 1990**

**Dear Shri Panchdhari,**

**As you are aware, there had been excess expenditure during 1987-88 under Grant No. 74-Public Works under Revenue as well as Capital Section. While vetting the Draft ATNs prepared by the Ministry, the Audit have observed adversely on excess expenditure under various sub-heads and have requested us to explain the position further. While this has been done, it has placed us in an embarrassing position.**

**In order to avoid such a situation in future, you are requested to ensure that wherever excess expenditure is anticipated proposals may be sent to the Ministry well in time for the Ministry to go for supplementary and in no case excess expenditure should be incurred or commitments entered into, unless adequate funds are available to meet them. All the Chief Engineers etc. may be advised accordingly for suitable action in future.**

**With regards,**

**Yours sincerely,**

**(P.R. Ramakrishnan)**

**Shri A.C. Panchdhari,  
Director General (Works)  
Central P.W.D.  
New Delhi.**

## APPENDIX XII

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

NOTE FOR REGULARISATION OF EXCESS EXPENDITURE UNDER CAPITAL SECTION (CHARGED) OF GRANT NO. 75-PUBLIC WORKS FOR THE YEAR 1988-89.

CAPITAL SECTION (CHARGED)	RUPEES
Original appropriation	20,00,000
Supplementary appropriation	10,00,000
Total appropriation	30,00,000
Actual expenditure	32,88,466
Excess expenditure	2,88,466

The original appropriation of Rs. 20,00,000 was augmented to Rs. 30,00,000 by obtaining supplementary appropriation of Rs. 10,00,000 in March, 1989. Against this an expenditure of Rs. 32.88 lakhs (Rs. 32,88,466) was incurred resulting in excess expenditure of Rs. 2.88 lakhs (actual excess Rs. 2,88,466). The detailed break-up of expenditure of Rs. 32.88 lakhs during 1988-89 is as per Annexure 'A' enclosed. The Court ruling to make the payment towards purchase of land for CRPF at Bangalore was received by the Central Reserve Police Force Authorities on 17.11.1986. Copies of the 3 arbitration awards which are readily available in the Office of the Directorate General of Works, New Delhi are enclosed. The reasons of excess were as under:—

Out of Rs. 32.88 lakhs of actuals, Rs. 3.53 lakhs were incurred for the works of Ministry of Finance, Health, Labour and Agriculture. The remaining amount of Rs. 29.35 lakhs were utilised on the works of Ministry of Home Affairs. Out of this amount an expenditure of Rs. 19.47 lakhs was incurred on purchase of land for Central Reserve Police Force at Bangalore as a result of High Court's Ruling.

Supplementary appropriation to the extent of Rs. 10 lakhs was obtained to meet this unexpected expenditure. However, the last payment of Rs. 7,97,742.72 made on 30.1.89 could not be covered, resulting in an excess expenditure of Rs. 2,88,466.

In view of the circumstances explained above, the excess expenditure of

**Rs. 2,88,466 under Capital Section (Charged) under Grant No. 75-Public Works during 1988-89 is recommended for regularisation under Article 115 (1)(B) of the Constitution.**

**This Note has been vetted by Audit.**

**(B. BHATTACHARYA)  
JOINT SECRETARY(F) & FINANCIAL ADVISER (UD)**

**File No. G—20014/1/90-Bt.**

**GOVERNMENT OF INDIA  
DIRECTORATE GENERAL OF WORKS  
CENTRAL PUBLIC WORKS DEPARTMENT**

No. 10(1)/89-B(DGW)

New Delhi, dated 5.91.

**Sub:—** Note for regularisation of excess expenditure under Capital Section (Charged) of Grant No. 75—Public Works for the year 88-89.

**Ref:—** U.O. No. 10(1)/89-B(DGW), dated 19.4.1991.

The break up of the expenditure of Rs. 32,88 lakhs are given in the statement below:—

Head of Account	Amount paid in lakhs.	REMARKS
4211-DD(1)-Family Welfare Services	0.02	Arbitration award paid on the work of Department of Family Welfare.
4403-HH. 1-Cattle & Buffalow Development	0.51	Arbitration award paid on the work of M/o Agriculture.
4210-CC. 1(1)-Central Govt. Health Scheme	0.34	Arbitration award paid on the work of Deptt. of Health.
4059-AA. 2(1)(5)-Finance (Revenue)	2.45	Arbitration award paid on the work of M/o Finance.
4250-FF. 1-Labour	0.21	Arbitration award paid on the work of Deptt. of Labour.
4059-C.O. on P.W. Home Affairs	6.00	Arbitration award paid by CPWD, (CZ) on the work of C.R.P.F. at Guwahati.
-do-	2.88	Arbitration award paid on the work of C.R.P.F. at Guwahati by CPWD(EZ).
-do-	19.47	Payment made as a result of Court's ruling for purchase of land for CRPF at Bangalore by (SZ), CPWD.
-do-	1.00	Arbitration award paid on the work of M/o Home Affairs by (NDZ). CPWD.

Sd- (PC SUD)

FO to DG(W), CPWD, New Delhi.

To  
The Under Secretary (Budget)  
M/o. U.D., New Delhi.

NOTICE UNDER SECTION 14(1) OF THE ARBITRATION ACT, 1940

GRAM: WORKS SINGHAL  
ARBITRATOR

Room No 203 'C' Wing  
Nirman Bhavan, New Delhi

BEFORE SHRI J.P. SINGHAL  
ARBITRATOR  
MINISTRY OF URBAN DEVELOPMENT  
GOVERNMENT OF INDIA

Case No. ARB/JPS/539

Dated: 14.9.1987

In the matter of arbitration between:—

(1) M/s B.L. Gupta

Claimant

Vs

(2) Union of India

Respondent

Name of work and Agt. No. C/o Dharamshala for Safdarjang Hospital,  
New Delhi. SEs 2nd Floor work.

TAKE NOTICE THAT I, J.P. Singhal, Arbitrator, Ministry of Urban Development, New Delhi, have today made and signed my award, copy thereof is attached.

The Award together with the documents and pleadings relating to the case, has been retained in my office. The same will be filed in the court of competent jurisdiction or directed by the court. The Award can also be filed, if a request in writing from any party to the arbitration agreement, indicating the name and complete postal address of such court, is received within fifteen days of the receipt of this notice.

Sd/-  
(J.P. Singhal)  
Arbitrator

To

REGD A.D. 1. M/o B.L. Gupta, Contractors, House No. 212, Gali No. 7, Krishana Nagar, Safdarjang Enclave, New Delhi.

REGD A.D. 2. The Executive Engineer, Safdarjang Hospital Division CPWD, Safdarjang Hospital, New Delhi.

3. The Superintending Engineer, Delhi Central Circle No. II, CPWD, 5-7, Barakhamba Lane, New Delhi.

4. Chief Engineer (NDE), C.P.W.D. 'A' Wing, Nirman Bhavan, New Delhi.

On NJEP worth Rs. 40/-



## AWARD

Case No. ARB/JPS/539

Dated, New Delhi,  
The 14th September, 1987

In the matter of Arbitration between:—

(1) M/s B.L. Gupta		Claimant
	Vs	
(2) Union of India		Respondent
Name of work & Agt. NO.	C/o Dharamshala for Safdarjang Hospital, N. Delhi, SNs 2nd Floor Work. Agt. No. 28/EE/SJHD/80-81.	

WHEREAS, I, J.P. Singhal, Arbitrator, Ministry of Urban Development, New Delhi, was appointed as sole-Arbitrator by the Chief Engineer(NDZ), C.P.W.D., New Delhi, under his letter No. 4(10)/83-A&C(NDZ) dated 14.10.1985, to decide and make award regarding the disputes between the above-mentioned parties, under Clause 25 of the above-mentioned Agreement,

AND THEREAS, I entered upon reference on 3.9.1987 and started the proceedings from the stage at which Shri Ch. Prabhakara Rao, Arbitrator, left off,

AND THEREAS, the time extended for making and publishing the award with the consent of the parties upto 31.12.1987.

NOW THEREFORE, after perusal of the pleadings and documents filed and having heard and considered the arguments advanced by the Claimant and the Respondent, I, J.P. Singhal, do hereby make and publish this award as follows:—

**Claim No. 1:—** Claimants claim Rs. 15,000/- on a/c of non payment of work done at agt. rates and improper/non-measurment of work done.

**Award:—** The Claim is justified to the extent of Rs. 9,246/-

**Claim No. 2:—** Claimants claim Rs. 12,000/- on a/c of refund of security deposit.

**Award:—** The Claimant is entitled to refund of Rs. 11,501/-

**Claim No. 3:—** Claimants claim Rs. 4500/- on a/c of non-payment of steel beading provided in steel windows.

**Award:—** The Claim is not justified.

**Claim No. 4:—** Claimants claim Rs. 4000/- on a/c of mild steel purchased from market which was stipulated to be issued by the Department.

**Award:—** The Claim is not justified.

**Claim No. 5:**— Claimants claim Rs. 3500/- on a/c of labour increase under Clause 10-C.

**Award:**— Withdrawn by Claimants during the course of hearing.

**Claim No. 6:**— Claimants claim interest on the amount withheld by the Department.

**Award:**— The Claimant is entitled to 9% interest on Rs. 20,747/- from the date of award to the date of payment or decree of the Court whichever is earlier.

Each party to bear its own cost.

Now, therefore, on consideration of the claims of the Claimant, I do hereby make this Award that the Respondent do pay to the Claimant a sum of Rs. 20,747/- (Rupees twenty thousand seven hundred and forty seven only) plus simple interest of 9% per annum on Rs. 20,747/- from the date of award to the date of payment or decree of the Court whichever is earlier.

In witness whereof, I have signed this award at New Delhi, this 14th day of September, 1987.

Sd-/  
(J.P. Singhal)  
Arbitrator

**Claim No. 5:** The claimants claim Rs. 31650/- for Extra expenses incurred due to prolongation of contract.

**Award:**

The execution of the work after the stipulated date of completion continued with mutual conduct of both the parties, without any claim for any damages from either party. There was no notice from the claimant to claim damages at the relevant time. Under these circumstances, the claim is held to be not justified.

**Claim No. 6:** The claimants claim Rs. 2136.81 for purchase of steel from the open market which was not available with the central stores.

**Award:**

From the claimant's letter dated 4.12.1978 (Exh. C-34) and Respondent's letter dated 28.4.79, it is evident that the claimants was authorised to procur 16mm dia MS bars from the market and necessary payment for the same was promised to him. The contention of the respondent that 16mm dia MS bars were required for the construction of grills and not for use of any other reinforcement works, does not have any force. As regards the quantity of 16mm dia bars required for the work, the quantity of 2.25

M.T. as per details given in rejoinder dated 5.5.1986 is held to be in order. As regards the rate, from the claimant's vouchers it is held that the procurement rate could be taken as Rs. 2496/- per M.T. including sales tax. As regards the cartage, the same is not considered to be payable as the claimant in any case was required to bring the materials from the CPWD store. Considering the extra cost over the issue rate of Rs. 1900/- per MT stipulated in the agreement, the claimant is entitled to Rs. 1341/-

**Claim No. 7:** The Claimants claim Rs. 27703.99 for less payment of Chain link mesh at lower rates.

**Award:**

Agreement item 2" x 2" x 10 gauge chain link mesh was substituted by 3" x 3" x 6 gauge chain link mesh on the directions of the Executive Engineer of the Respondent, and a quantity of 972.07 sq.m. was executed. As regards, the rate of the substituted item, it is held that the rate of Rs. 29.60 per sqm was correctly sanctioned by the respondent and payment made to the claimant accordingly. The claim is therefore, held to be not justified.

**Claim No. 9:** The claimants claim Rs. 9300/- for damages occurred due to stoppage of out fall drain for safety of back flow of Jamuna River.

**Award:**

Claimant's letter dated 6.9.78 (Exhibit C-32) alleging the flooding of the work area and damages to the electrical implements and materials, was replied by the respondent in his letter dated 19.9.78 (exhibit R-14)—denying the damages. Moreover the alleged damages as indicated in the claimant's letter at exhibit C-32 were simply appear to have been based on rough assessment and there is no evidence of the actual expenditure incurred on the repairs of the alleged damaged electrical equipment. Thus, there is not sufficient evidence to substantiate the claim.

**Claim No. 10:** The claimants claim Rs. 533.78 for banking excavated earth.

**Award:**

As per clause 12 of the agreement, in case of any alterations or substitutions of work, the claimant was required to carryout the work in accordance with the instructions of the Engineer-in-charge of the respondent, but there is no evidence of any such instructions. Moreover, the respondent in his letters at exhibit R-16, R-17 & R/18 completely denied of the extra item of work alleged to be executed by the claimant. Under these circumstances, the claimant was not justified in insisting for the execution of the extra item and accordingly, the claim is held to be not tenable.

**Claim No. 12:** The claimants claim Rs. 5,000/- towards cost of arbitration proceedings.

**Counter claim No. 1:** The department claims Rs. 5,000/- towards the cost of arbitration proceedings.

**Award against Claim No. 12 and Counter claim No. 1:**

Each party to bear its own cost.

**Claim No. 13:** The claimants claim interest @ 18% on the date of actual pendentelite.

**Award:**

The claimant is entitled to 10% interest per annum on Rs. 30,841/- from the date of notice of invocation of arbitration i.e. 24.11.81 to the date of payment or decree of the court whichever is earlier.

Now, therefore, on consideration of the claims of the claimant and counterclaim of the Respondent, I do hereby make this award that the Respondent do pay to the claimant a sum of Rs. 30,841/- (Rupees Thirty thousand eight hundred and forty one) only plus 10% simple interest per annum on Rs. 30,841/- from the date of invocation of arbitration i.e. 24.11.81 to the date of payment or decree of the court whichever is earlier.

In witness whereof I have signed this award at New Delhi, this 17th day of September, 1987.

Sd/-  
(J.P. Singhal)  
Arbitrator.

**NOTICE UNDER SECTION 14(1) OF THE ARBITRATION ACT, 1940**

**GRAM: WORKS SINGHAL** Room No. 203 'I.R.C' Wing  
**ARBITRATOR** Nirman Bhavan, New Delhi

BEFORE SHRI J.P. SINGHAL  
ARBITRATOR  
MINISTRY OF URBAN DEVELOPMENT  
GOVERNMENT OF INDIA

Case No. ARB/JPS/405

Dated: 15.9.1987

In the matter of arbitration between:—

(1) M/s Dalia and Company

Claimant

Vs.

(2) Union of India

Respondent

Name of work  
and Agt. No.

N.I.H.G.T. ENs C/o Scooter Shed etc. 8/Em/C.IX/  
1981-82

**TAKE NOTICE THAT I, J.P. Singhal, Arbitrator, Ministry of Urban Development, New Delhi, have today made and signed my award, copy thereof is attached.**

**The Award together with the documents and pleadings relating to the case, has been retained in my office. The same will be filed in the court of competent jurisdiction or directed by the court. The Award can also be filed, if a request in writing from any party to the arbitration agreement indicating the name and complete postal address of such court, is received within fifteen days of the receipt of this notice.**

Sd/-  
(J.P. Singhal)  
Arbitrator.

**REGD. A.D. 1. M/s Walia and Company, C-18, South Extension II, New Delhi-49.**

**REGD. A.D. 2. The Executive Engineer, Construction Division No. 9, C.P.W.D., I.P. Bhavan, I.P. Marg, New Delhi-2.**

**3. The B.B., Delhi Central Circle IV, CPWD, I.P. Bhavan, New Delhi-2.**

**4. Chief Engineer (NDZ). C.P.W.D., 'B' Wing, Nirman Bhavan, New Delhi.**

A W A R D

**Case No. ARB/JPS/405**

**Dated New Delhi,  
the 15th September 1987**

**In the matter of Arbitration between:-**

**(1) M/s Walia and Co. Claimant**

**(2) Union of India Respondent**

**Name of work N.I.H.G.W. SH. C/o Scooter shed etc.**

**Agt. No. [8/11/C.I.X/1981.82.**

**WHEREAS, I, J.P. Singhal, Arbitrator, Ministry of Urban Development, New Delhi, was appointed as sole-Arbitrator by the Chief Engineer (NDZ), C.P.W.D, New Delhi, under his letter No. 4(59)/84-(NDZ) dated 3.1.1986, to decide and make award regarding the disputes between the above-mentioned parties, under Clause 25 of the above-mentioned Agreement,**

**AND WHEREAS, I entered upon reference on 3.9.1987.**

AND WHEREAS the time extended for making and publishing the Award with the consent of the parties upto 31.12.1987,

NOW THEREFORE, after perusal of the pleadings and documents filed and having heard and considered the arguments advanced by the Claimant and the Respondent, I, J.P. Singhal, do hereby make and publish this award as follows:-

**Claim No. 1:-** Claimants claim Rs. 11,500 on a/c of Clause 10(C) in respect of labour and material.

**Award:-** The claim is not justified.

**Claim No. 2:-** Claimants claim Rs. 2000/- on a/c or recovery of 1% rebate from the running bill.

**Award:-** The Claimant is entitled to refund of Rs. 1739-.

**Claim No. 3:-** Claimants claim Rs. 3200/ on a/c of providing rectangular opening in brick work & plastering.

**Award:-** *The claim is not substantiated.*

**Claim No. 4:-** Claimants claim Rs. 3000/- on a/c of interest pendente lite

**Award:** Claimant is entitled to 9% interest Rs. 1739/- from the date of award to the date of payment or decree of the Court whichever is earlier.

**Claim No. 5:-** Claimants claim Rs. 1500/- on a/c of cost of proceedings.

**Award:-** Each party to bear its own cost.

Now, therefore, on consideration of the claims of the Claimant, I do hereby make this Award that the Respondent do pay to the Claimant a sum of Rs. 1739/- (Rupees one thousand seven hundred and thirty nine only) plus simple interest of 9% per annum on Rs. 1739/- from the date of award to the date of payment or decree of the Court whichever is earlier.

In witness whereof, I have signed this award at New Delhi, this 15th day of September 1987.

Sd/-  
(J. P. Singhal)  
Arbitrator.

**NOTICE UNDER SECTION 14(1) OF THE ARBITRATION ACT, 1940**

**GRAM: WORKSSINGHAL  
ARBITRATOR**

**Room No. 203 'C' Wing Nirman  
Bhavan, New Delhi**

**BEFORE SHRI J.P. SINGHAL  
ARBITRATOR  
MINISTRY OF URBAN DEVELOPMENT  
GOVERNMENT OF INDIA**

**Case No. ARB/JPS/199**

**Dated: 17.9.87**

**In the matter of arbitration between:-**

**(1) M/s Kishan Chand**

**Claimant**

**Vs.**

**(2) Union of India**

**Respondent**

**Name of work : Construction of Carnivora House for Indian**

**and Agt. No. : Tigers at National Zoological Park.**

**Agt.No. EE/K-39 of 1976-77.**

**TAKE NOTICE THAT I, J. P Singhal, Arbitrator, Ministry of Urban Development, New Delhi, have today made and signed my award, copy thereof is attached.**

**The Award together with the documents and pleadings relating to the case, has been retained in my office. The same will be filed in the court of competent jurisdiction or directed by the court. The Award can also be filed, if a request in writing from any party to the arbitration agreement, indicating the name and complete postal address of such court, is received within fifteen days of the receipt of this notice.**

**Sd/-**

**(J.P. Singhal)**

**Arbitrator**

**AWARD**

**Case No. ARB/JPS/199**

**Dated, New Delhi  
The 17th Sept.,  
1987.**

**In the matter of Arbitration between:**

**(1) M/s Kishan Chand**

**Claimant**

**Vs.**

**(2) Union of India**

**Respondent**

**Name of work : construction of Carnivora House for India**

**and Agt. No. : Tigers at National Zoological Park.**

**Agt. No. EE/K-39 of 1976-77.**

**WHEREAS, I, J. P. Singhal, Arbitrator, Ministry of Urban Development, New Delhi, was appointed as sole-Arbitrator by the Chief Engineer(NDZ), CPWD., New Delhi under his letter No. 4(28)81-A&C(NDZ) dated 26.8.85, to decide and make award regarding the disputes between the above-mentioned parties, under Clause 25 of the above-mentioned Agreement.**

AND WHEREAS, I entered upon reference on 21.11.86,

AND WHEREAS, the time extended for making and publishing the award with the consent of the parties upto 30.11.87,

NOW THEREFORE, after perusal of the pleadings and documents filed and having heard and considered the arguments advanced by the claimant and the Respondent, I, J.P. Singhal, do hereby make and publish this award as follows:-

**Claim No. 1** : The Claimants claim Rs. 61061/- for employing well point for lowering down the water table for executing the works.

**Amount:**

**Claim No. 2:** The claimants claim Rs. 11502.23 for laying shuttering and placing steel underwater.

**Award:— against Claim No. 1 & 2:**

The respondent has relied on the Additional clause on page 55 of the agreement. It is held that the same is generally applicable where pumping or bailing out of water is possible from the sumps in case of open cut trenches. In this case, due to flowing sand conditions it was not feasible to carryout excavation and other items of work by means of simple pumping or bailing out of water. In such a situation like, the use of well point equipment appears to be the only possible solution. From the correspondence exchanged between the parties (exh. C/6, C/8, C/9, C/12, R/1, R/2 and R/4), it is observed that there is no denial about the flowing sand conditions and the use of well point equipment for dewatering.

As the flowing sand conditions and use of well point equipment do not seem to be in the contemplation of the parties, it is held that the claimant was entitled to the extra expenditure involved. On carefully considering the details given by the claimant, I am of the view that the claimant should be compensated to the extent of Rs. 29,500-. Nothing is, however, separately payable in respect of Claim No. 2.



## APPENDIX XIII

### GOVERNMENT OF INDIA MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for regularisation of Excess under Revenue Section (Voted) in Grant No. 92—Lakshadweep as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1988-89.

*Grant No. 92—Lakshadweep*

<i>Revenue Section (Voted)</i>	Rupees
Original Grant	26,96,00,000
Supplementary Grant	1,76,00,000
Total Grant	28,72,00,000
Actual Expenditure	29,23,95,630
Net Excess	51,95,630

2. Under Revenue Section in Grant No. 92—Lakshadweep for the year 1988-89 against the total Grant of Rs. 28,72,00,000 there is an actual expenditure of Rs. 29,23,95,630. The reasons for excess expenditure of more than Rs. 5 lakhs under certain items are given in the Annexure. A part of the excess expenditure was off-set by savings under other heads leaving a net excess of Rs. 51,95,630.

3. Detailed verification has revealed that expenditure of Rs. 40,75,000 towards share capital contribution to Lakshadweep Development Corporation which should have been classified under Capital was erroneously classified under Revenue. After excluding this amount, the actual excess is arrived at Rs. 11,20,630. There is no resultant excess in capital section even after rectification of misclassification.

4. In view of the position explained above excess expenditure of Rs. 11,20,630 under Grant No. 92—Lakshadweep Revenue Section (Voted) may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

5. Appropriate remedial measures are being contemplated by the Ministry to avoid misclassification in future.

This note has been vetted by Audit.

F.No. U-15026/2/89-Bgt.II

(G. GANESH)  
Jt. Secy. & Financial Adviser.

Reasons for excess of Rs. 11,20,630 are as under :

(In lakhs of rupees)

**Major Head '2053'**

**A.5(1)—District Establishment 5.34**

The main reasons for the excess under this Head was due to the increase in the establishment expenditure of Sub-divisions in the Islands and increase in Telegram/Telephone charges etc. which had to be settled by the various Sub-Divisional Officers before the closure of the financial year 1988-89.

**Major Head '2202'**

**H. 1(1) (2)—Government Primary Schools 12.32**

Excess is due to the payment of Teaching Allowance to Teaching Staff with effect from 1.1.86 onward as sanctioned by the Ministry of Human Resource Development of the Union Government.

**Explanation**

The amount of payment of teaching allowance to the staff from 1.1.86 works out to Rs. 27,00,000 which could not be anticipated at the time of Supplementary Demand for Grants because this expenditure had to be incurred by various DDO's under the Education Department in different Islands situated far from each other.

The payment could not be made before 31.3.1988 since the orders of the Ministry were received on 24.3.1988 only and there was no time for collecting the relevant information from all the Islands. Accordingly, the payment was made during 1988-89 (and not during 1987-88 by 24.3.88). The Budget Estimates for 1988-89 had already been finalised. As there was a cut in Revised Estimates, UT Administration has to make out in all the Departments. In case of Directorate of Education, requirement under M.H. '2202'-H.1(1) (2)-Government Primary Schools at R.E. stage was Rs. 2.01 crores but in view of the cut in the overall provision of Revised Estimates, it was possible to allocate only Rs. 1.43 crores. Thus there is a excess in this Head.

**Major Head '2202'**

**R.3(1) (1) (1)—Buildings 11.00**

The excess was mainly due to the construction work of S.B. School Building at Kavaratti. The completion of this Building was absolutely essential to meet the urgent need of the school since they were experienced much difficulties for accommodation of School children.

**Explanation**

In B.E. 1988-89 an amount of Rs. 12 lakhs under Plan and Rs. 20.9 lakhs under Non-plan was placed at the disposal of P.W.D. by the Education Department for construction of school buildings. As there was an increase in the number of new entrance in pre-primary and primary sections, the Administration was compelled to increase the number of class rooms in the various Islands. This naturally called for additional amount. Therefore at the time of R.E. additional amount of Rs. 11 lakhs were placed at the disposal of P.W.D. by the Education Deptt., out of the Plan funds. Thus a total of Rs. 25.09 lakhs including Plan as well as Non-Plan was placed at the disposal of P.W.D. by the Education Department.

**Major Head '2210'**

G.1.(1) (2)—Hospitals and Dispensaries 7.98

There are 2 Hospitals, 7 Primary Health Centres, 14 Sub-Centres and 1 First Aid Centre functioning in Lakshadweep. Almost all specialists in Govt. Hospitals are in position and number of out-patients increased considerably. The cost of medicines are on the high sides and excess expenditure incurred during the year than that of anticipated.

**Explanation**

The excess expenditure is due to the filling up of the posts of specialists in Indira Gandhi Hospital, Kavaratti and Government Hospital Minicoy. Accordingly, vast number of costly items of medicines and equipment are also purchased. There are no private nursing homes or private medical shops available in Lakshadweep. Therefore, all medicines to the patients attending as in-patient/out-patient of the 2 Hospitals and seven primary Health Centres and one First-Aid Centre are to be issued free of cost by the Administration. All medicines required for the above institutions are to be purchased from Medical Stores Depot, Madras Government of India Undertakings and private firms from mainland after observing purchase formalities.

**Major Head '2401'**

B.1(2) Seeds 5.24

The excess is due to the increase in the cost of seeds and plants and payment of enhanced rate of wages of labourers during 1988-89.

**Major Head '2401'**

B.1(3) Agricultural Farms 5.92

**Explanation**

The excess expenditure under this Head is mainly due to enhancement of minimum wages of casual labourers from Rs. 12/- to Rs. 18/- with effect from September, 1988 and increase in cost of PVC tinkness for maintenance of Agricultural Farms in Islands. The Agricultural Deptt. had to

effect of shift from distribution of G.I. chain linkesh to PVC coated linkesh for garden fencing on the recommendation of the Export Committee on Environment and Ecology. The cost of PVC coated linkesh was about three times higher than the G.I. chain linkesh. The actual expenditure owing to the purchase of PVC coated linkesh could not be anticipated at the time of Budget formation.

*Major Head '2403'*

B.2(3)—Poultry Development

15.53

*Explanation*

The excess is due to procurement of more poultry feeds and birds for issue to the local farmers at subsidised rate. On account of increased importance given to the poultry development scheme during the year 1988-89 in the light of changed policy and programme in the midst of 7th Five Year Plan due to environmental reasons. The increased expenditure was on purchase of feed additives medicines etc. for harnessing the requirement of poultry production programme in the Islands. Besides this with regard to poultry development programme a central hatchery was set up in the Headquarter of Islands at Kavaratti for providing breeding materials to the interested farmers. To increase the infrastructural facilities in the Hatchery Animal Husbandry Deptt., U.T. Admn. had to purchase one diesel generator set. This is also one of the reasons for excess under the head.

*Major Head '2405'*

R.3(2) (2)—Mechanisation of Fishing Crafts

34.48

*Explanation*

Under the scheme of supply of Wooden Pablo Boats with inboard engine, during 1986-87 and 1987-88, 57 boats with engines were to be supplied. In fact these boats have revolutionised the fishing in Lakshadweep. The normal system is that the engines are procured separately from reputed suppliers on DGS&D rate contract, timber is procured from Andaman and Nicobar Administration and in the initial stages, for demonstration purposes even some wooden Hulls were procured through DGS&D which were to be replicated in the Islands in the fisheries workshop. Accordingly, during 1986-87, 23 Ruston Water cooled diesel engines and during 1987-88, 17 Ruston Water diesel engines were procured. Two 7.62 metre long mechanised wooden boat Hulls were similarly procured during 1986-87. Since the Wood required for constructing the Hulls has to be procured from Andaman and Nicobar Islands Administration, it is necessary to procure it in bulk to be able to save on transportation cost. Accordingly, during 1988-89 timber was purchased in bulk and a ship chartered for bringing the timber to Lakshadweep.

DGS&D made the adjustment during 1988-89 by directly sending debit note to Accountant General, Kerala. It has been found that debit of Rs.

10.53 lakhs from the DGS&D was received in Accountant General's Office on 17th June, 1989. Payment of D.A. and Bonus to the Staff had to be made during 1988-89 as per the orders issued by the Government of India. Due to the short of the requisite financial provisions during 1988-89 to meet the expenditure on account of procurement of Wooden Hulls, Ruston Water cooled Diesel Engine, procurement of timber during 1988-89 and payment of DA and Bonus to the staff and had accordingly provided for an amount of Rs. 142.08 lakhs at the R.E. stage in 1988-89 for Directorate of Fisheries. As there was a cut in the R.E., prorata cuts had to be enforced in case of all Departments. Rs. 104.03 lakhs could be provided for Fisheries Deptt., against Rs. 142.08 lakhs which fell short of requirement and led to excess expenditure at the time of reconciliation of accounts which had already been incurred in previous years.

**Major Head '2405'**

B.3(3)(1)—Deep Sea Fisheries

27.32

The excess expenditure is due to adjustment of long pending adjustment memos to DGS&D for which provisions were made in the Budget as early as in 1986-87 and no adjustment were made.

**Explanation**

In the Budget for 1988-89 an amount of Rs. 21.50 lakhs have been earmarked to bear part of revenue expenditure to Lakshadweep Development Corporation for 1988-89, since the additional funds by way of Re-appropriation i.e. Rs. 40.75 Lakhs to Lakshadweep Development Corporation made available as part of revenue expenditure for 1988-89 (i.e. Rs. 19.25 lakhs more than the Budget allocation) in anticipation of Ministry's approval. The Ministry has given the *ex-post facto* approval with their letter No. 30012/14/86-FY(T-1) dated 7.11.1989.

**Major Head '2851'**

R.12(1)(1)—Buildings

5.30

The excess is due to the urgent completion of fibre factory buildings at Kalpeni and Agatti which was absolutely essential for commissioning the factories in the said Islands in time.

**Explanation**

The sanction budget under this head was Rs. 5.20 lakhs. At the time of proposing the Budget Estimates the intention was to commence the construction of Fibre Factory Buildings works at Agatti and Kalpeni and carry forward to the remaining work to 1989-90. However, when the construction was in progress due to pressure of people for providing jobs, the Deptt. of Industries noted that they had no alternative but to commission these factories during 1988-89 itself. Accordingly, Rs. 5.30 lakhs was proposed through re-appropriation for 1988-89 and this was accepted. However, the final expenditure come upto Rs. 10.50 lakhs. The additional requirement of Rs. 5.30 lakhs was attributed to increase in cost of materials and labour involved in the constructions in Islands.

**Major Head '3051'****O.1(1)(2)—Other Expenditure**

9.02

**Explanation**

Excess is due to the adjustment of expenditure incurred by the Lakshadweep Harbour Works towards the maintenance of Harbour facilities in Lakshadweep Islands. The Lakshadweep Harbour Works have to incur expenditure during 1988-89 for maintenance of Harbour structures, tools and plants crafts and other allied navigational facilities. The major portion of budget was incurred by them during January, 1989 which come to Rs. 63.5 lakhs taking into consideration of the original budget proposals for Rs. 85.00 lakhs submitted by them. Apart from this an amount of Rs. 12.00 lakhs was also spent by them as pending adjustment towards salary of work charged staff under maintenance which could be adjusted in March, 1989 -only. The cost of construction materials, spares and machineries have also been increased manifold than the previous years besides the labour charge. The work being carried out by the Lakshadweep Harbour Works is seasonal because of the adverse weather conditions prevailing in Lakshadweep Islands. The payment to WC personnel in Lakshadweep Harbour Works are meet from the Maintenance Fund allotted by the Administration. Being the work seasonal that too for a few months payment to the WC cannot be delayed which may hamper the progress of work that are to be completed according to the target fixed by the Government.

**Major Head '3053'****O.3(1)(1)(1)—Payment to Helicopter Service**

51.27

**Explanation**

Excess is due to the adjustment of cost of Aviation Turbo Fuel supplied by IOC during the year 1984-85 and 1987-88 which was taken place during the year 1988-89. As U.T. Admn. have no information about these pending bills for the year 1984-85, no funds required could be provided in the budget for 1988-89. The amount of the pending bills for 1984-85 and 1987-88 works out to Rs. 2,41,000 over and above the excess expenditure was due to the increase in hourly flying charges and monthly hire charges of helicopter and payment of maintenance expenditure of non-directional beacon to the National Airport Authority.

**Major Head '3275'****A.11(1)—Other Expenditure**

6.29

**Explanation**

The excess was due to the introduction of Fax communication system between Islands as pointed out by the Prime Minister during his visit to the Lakshadweep in December, 1987 Four machines of FAX one

**each at Kavaratti, Cochin, Minicoy and Lakshadweep Guest House, New Delhi are installed for efficient and speedy communication between Islands and Mainland.**

**The Audit observations are contained in enclosed Statement.**

## STATEMENT

### *Audit Observations*

*(i) Major Head '2053'—District Establishment*

The reasons given do not explain why a supplementary grant could not be obtained in time.

*(ii) Major Head '2202'—Government Primary Schools*

The explanation that a cut in the Revised Estimates of 1988-89 led to reduction in allocation and therefore the excess over the grant was incurred is untenable given the fact that the purpose of the cut was to ensure that the actual expenditure did not exceed the Revised Estimates.

*(iii) Major Head '2202'—Buildings*

The explanation is that the additional allocation of Rs. 11 lakhs is stated to have been made from within the grant to meet increase in class room accommodation required. Therefore, this explanation does not bring out why excess was allowed to occur even after the additional allocation.

*(iv) Major Head '2210'—Hospitals and Dispensaries*

The explanation is not tenable as it merely states that the demand for funds was not containable and, therefore, excess expenditure was incurred. Reasons for not going in for supplementary grants to finance the uncontainable demands have not been given.

*(v) Major Head '2401'—Hospitals and Dispensaries*

The explanation does not indicate why supplementary grants could not be asked for in time.

*(vi) Major Head '2401'—Agricultural Farms*

The explanation is not tenable as it states that at the time the budget was framed, the increase in cost could not be assessed. The explanation does not clarify why supplementary grants could not be obtained before the close of the financial year.

*(vii) Major Head '2403'—Poultry Development*

The explanation is not tenable as it only states that there was additional requirement for funds. The explanation does not clarify why supplementary grants could not be obtained before the close of the financial year.

*(viii) Major Head '2405'—Mechanisation of Fishing Crafts*

The explanation is not tenable as it states that more expenditure was required under the orders of the Government of India, to meet cost of



procurement through DGS&D and despite a cut in the Revised Estimates. Apparently the fact that the expenditure would exceed the budget grant was known well before the close of the financial year.

*(ix) Major Head '2405'—Deep See Fisheries*

It is not clear why against the expenditure which could be foreseen well in advance as well as additional expenditure approved by the Ministry, additional budget provision was not made and why supplementary grant was not obtained before the close of the financial year.

*(x) Major Head '3051'—Other Expenditure*

The expenditure in excess of the grant was not unforeseen. The reasons for not going in for supplementary grant have not been brought out.

*(xi) Major Head '3053'—Payment for Helicopter Service*

The explanation is not tenable as the helicopter services were utilised by the Lakshadweep Administration and it cannot therefore say that it had no information about non payment of the bills and therefore had not made provision for funds to make payment. No reasons have been brought out for not going in for supplementary grant.

*(xii) Major Head '3275'—Other Expenditure.*

The reasons for not obtaining supplementary grant for expenditure incurred in December, 1987 before the close of the financial year 1988-89 have not been given.

## APPENDIX XIV

### GOVERNMENT OF INDIA MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for Regularisation of Excess under Revenue Section (Voted and Charged) in Grant No. 93—Chandigarh as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1988-89.

<i>Revenue (Voted)</i>	<i>Rs.</i>
Original Grant	110,87,00,000
Supplementary Grant	23,13,00,000
Total Grant	134,00,00,000
Actual expenditure	138,85,73,497
Excess	4,85,73,497
<i>Revenue (Charged)</i>	
Original appropriation	2,47,00,000
Supplementary appropriation	1,28,00,000
Total appropriation	3,75,00,000
Actual expenditure	3,79,40,055
Excess	4,40,055

2. Under Revenue Section (Voted & Charged) in Grant No. 93—Chandigarh for the year 1988-89 against the total Grant of Rs. 137,75,00,000 (Voted: Rs. 134,00,00,000 and Charged : Rs. 3,75,00,000) there is an actual expenditure to the tune of Rs. 142,65,13,552 (Voted: Rs. 138,85,73,497 and Charged: Rs. 3,79,40,055) resulting an excess of Rs. 4,90,13,552 (Rs. 4,85,73,497 Voted and Rs. 4,40,055 Charged) which is to be regularised. The reason for items under which excess expenditure has been incurred are shown in the enclosed Annexure.

3. In view of the circumstances explained above excess of expenditure of Rs. 4,90,13,552 (Rs. 4,85,73,497 Voted and Rs. 4,40,055 Charged) under Grant No. 93—Chandigarh. Revenue Section may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This has been vetted by Audit.

(K.M. LAL)  
FINANCIAL ADVISER (HOME)

File No.U.15022/1/89-Bgt.II

Items under which Excess Expenditure has been incurred:

(Rs. in lakhs)

*Major Head '2014'*

**A.3—Administration of Justice**

**A.3(1)—High Courts (Charged) 9.60**

The excess is due to the fact that pay scales of High Court Officers/ Officials were revised by the 3rd Punjab Pay Commission w.e.f. 1.1.1986. The Budget provision on account of revising of grades was made during the year 1988-89 and the exact amount could not be worked out due to various implications of the revision of grades. The anticipated expenditure is due to the revision of grades fall short of actual requirement and hence the excess of Rs. 9.60 lakhs in final grant occurred which is due to the Committed expenditure under the Head 'Salaries'.

*Major Head '2014'*

**A.3(1)—High Court (Voted) 9.33**

The excess is due to the revision of the pay scales of the High Court Officers/Officials which were revised by the 3rd Punjab Pay Commission w.e.f. 1.1.86. No budget provision on account of revision of pay scales were made during the financial year 1988-89 and requisite funds were not placed at the disposal of the Court. Accordingly the exact amount could not be worked out due to various implications of revision of the pay grades. The anticipated expenditure due to the revision of grades, fell short of actual requirement and hence the excess of Rs. 9.33 lakhs in final grant occurred which is due to the committed expenditure under the Head 'Salaries'.

**A.3(2)—Civil & Session Courts 5.54**

The excess is due to the revision of grades of the employees and the expenditure could not be anticipated well in time and hence the variation.

*Major Head '2040'*

**A.7(1)—Collection Charges 6.61**

The excess is due to the payment of arrears which due to the revision of pay scales to the employees of the Department w.e.f. 1.1.1986. Further more printing charges paid for the Sales Tax forms during the year.

*Major Head '2055'*

**A.12(1)(1)—C.I.D. Staff 21.55**

The excess is due to the revision of pay scales and payment of arrears

thereof to the staff of the Deptt. The other reasons for the excess of the expenditure is excessive touring due to law and order problem and increase in telephone bills.

A.12(2)—District Police 174.76

The excess is due to the revision of pay scales and payment of arrears thereof to the employees of the Police Department, Chandigarh is a disturbed area and Police Deptt. has to maintain the law and order situation at Chandigarh where the Capitals of Punjab and Haryana are situated. The excess is also due to the creation of new posts, purchase of new vehicles and arms in the Police Department. A copy each of the purchase order and date of purchase of arms and vehicles is attached.

*Major Head '2056'*

A. 13—Jails

A. 13(1)—Direction and Administration 18.27

Excess is due to extra expenditure on prisoners and of jail and also on account of rise in prices.

*Major Head '2058'*

R.1(4) (1)—Govt. Press Chandigarh 49.31

The excess is due to the revision of pay scales and payment of arrears thereof w.e.f. 1.1.1986.

*Major Head '2059'*

R.2(1)(1)(2)—Chief Architects' Establishment 5.04

The excess is due to the revision of pay scales and payment of arrears thereof to the staff w.e.f. 1.1.1986.

*Major Head '2059'*

R.2(1)(1)(3)—Executive Establishment 15.14

The excess expenditure is due to the revision of pay scales, payment of D.A. instalment of the employees of Engineering Department.

R.2(1)(4)(1)—Establishment 122.87

The excess expenditure is due to the revision of pay scales, payment of arrears, Bonus and D.A. instalment etc. and sanction of new posts.

*Major Head '2059' Major Head '2059'*

**R.2(1)(4)(2)(1)—Maintenance of Non-residential buildings in Chandigarh 12.73**

The excess is due to urgent repair of Govt. buildings which were unavoidable and had to be carried out during the year.

**R.2(1)(4)(2)(2)—Repairs & Maintenance and other service at Chandigarh 108.12**

The excess is due to carrying out urgent and immediate repair of roads, water supply, electricity and land scaping etc.

**R.2(1)(5)— Suspense 485.48**

Procurement of more material for the works of Engg. Department which are directly based on procurement of material like steel, cement, coal etc. required for use on various works and their procurement is very much essential in advance lest the works may suffer.

*Major Head '2070'*

**A.14(3)—Civil Defence 7.12**

The reasons for excess is the payment of arrears due to the revision of pay scales and D.A. instalment.

**A.14(4)—Home Guards 9.98**

The excess is due to the payment of arrears, D.A. instalment and purchase of arms etc.

**A.14(6)(1)—State Guest House 7.36**

The excess is due to the payment of arrears, D.A. instalments and to clear the old liabilities of the Deptt.

*Major Head '2202'*

**J.1(1)(1)—Direction & Administration 117.16**

The excess is due to the revision of pay scales and payment of arrears thereof to the staff.

**J.1(2)(2)—Govt. Secondary Schools 101.71**

The excess is due to the revision of pay scales and payment of arrears to the staff.

**J.1(3)(1)(1)—Grant-in-aid to Punjab University 37.89**

Under the provisions of the Punjab Re-organisation Act, 1986 the Chandigarh Administration and the Punjab Govt. have to pay the maintenance grant to the Punjab University in the ratio of 60:40 on the deficit of the budget each year. The University has also revised the pay scales of their employees on U.G.C. pattern and hence increase in demand due to this reason.

**J.1(3)(2)(1)—Art & Science Colleges 62.17**

The excess is due to the revision of pay scales of Art & Science Colleges employees.

**J.1(3)(3)(1)—Grant-in-aid to Private Colleges 193.58**

The excess is due to the sanction of the revised pay scales by the University Grant Commission and payment of arrears thereof.

**J.1(6)(1)(1)—D.P.I. Office** 7.89

Excess is due to the grant of revised pay scales of U.T. Employees and payment of Arrears thereof.

*Major Head '2204'*

**K.1(3)(1)—National Cadet Corps** 6.85

The excess is due to revision of pay scales and payment of arrears thereof.

*Major Head '2210'*

**O.1(1)(1)(1)—E.S.I. Dispensary** 9.83

The excess is due to the revision of pay scales and payment of arrears thereof.

**I.1(3)(1)—Direction & Administration** 48.90

The excess is due to revision of pay scales and payment of arrears thereof.

*Major Head '2216'*

**R.3(1)(1)(1)—Maintenance & Repairs** 9.11

The excess is due to carrying out urgent and immediate repairs of Government residential buildings.

*Major Head '2217'*

**R.4(1)(1)—Direction & Administration** 20.79

The excess is due to revision of pay scales and payment of arrears thereof w.e.f. 1.1.1986.

*Major Head 2217'*

**R.4(1)(2)(3)—Sanitation Staff** 41.99

The excess is due to revision of pay scales and payment of arrears thereof w.e.f. 1.1.1986.

**R.4(1)(2)(5)—Slum Clearance &  
Rehabilitation of  
Slum Dwellers** 7.98

The excess is due to the overall drive for the clearance and rehabilitation of the slum dwellers in various sectors in Chandigarh.

*Major Head '2230'*

**O.2(3)(3)(3)—Intensive Training at I.T.I. Chandigarh** 16.54

The excess is due to late approval of the scheme.

*Major Head '2235'*

T.1(1)(3)(2)—Other Items 9.76

The excess is due to revision of pay scales and payment of arrears thereof w.e.f. 1.1.1986.

*Major Head '2515'*

C.2(1)—Direction & Administration 12.34

The excess is due to revision of pay scales and payment of arrears thereof w.e.f. 1.1.1986.

*Major Head '2801'*

D.1(1)(1)—Transmission & Distribution of power in Chandigarh 147.49

The Chandigarh Admn. is not generating any electricity and hence all power required are met by other States on payment basis. For this purpose only Rs. 15.96 crores was provided and sum of Rs. 7 crore was sanctioned in the Supplementary Grant against the total requirement of Rs. 25 crores of the Department. Thus there is over payment of Rs. 1.48 crores. This is unavoidable expenditure and in case the payment is not released to the adjoining States then they will stop the supply of power which is unavoidable at all.

*Major Head '2851'*

M.1(2)(1)—Other Fair & Exhibitions 6.20

The excess is due to late approval of new schemes by the Planning Commission such as (1) Setting up of quality Marketing Centre (2) Multipurpose Industrial Community Centre and (3) Modernisation of SSI-Unit & Others. The expenditure for this purpose incurred under the scheme 'Other Fairs & Exhibitions'.

*Major Head '3055'*

P.3(1)(1)—Management 11.46

The excess is due to the revision of pay scales and payment of arrears thereof.

*Major Head '3055'*

P.3(1)(2)—Operation 55.32

The excess is due to the revision of pay scales and payment of arrears thereof.

*Major Head '3055'*

P.3(1)(4)(1)—Interest 6.89

The excess is due to the reason that the amount of interest was calculated on the basis of actual amount of capital/assets.

P.3(1)(4)(2)—Transfer to Depreciation Fund 19.87

The excess is due to the reasons that more amount on account of

subscription of Depreciation Reserve Fund was required to make in view of the fleet strength of C.T.U.

*Major Head '3456'*

H.1(1)(1)—Distt. Food & Supplies Organisation 6.77

The excess is due to the revision of pay scales and payment of arrears thereof w.e.f. 1.1.1986.



**APPENDIX xv**

**GOVERNMENT OF INDIA  
MINISTRY OF HOME AFFAIRS**

Note for Public Accounts Committee for regularisation of excess expenditure under Revenue Section (Voted) in Grant No. 94—Daman & Diu for the year 1988-89.

*Grant No. 94—Daman & Diu*

<i>Revenue Section (Voted)</i>	<i>(Rupees)</i>
Original Grant	12,43,00,000
Supplementary Grant	—
Total Grant	12,43,00,000
Actual Expenditure	12,53,26,746
Excess	10,26,746

2. Under Revenue Section (Voted) in Grant No. 94-Daman & Diu for the year 1988-89 against the total provision of Rs. 12,43,00,000 the actual expenditure was Rs. 12,53,26,746. In the Grant as a whole in the Revenue Section (Voted), Excess works out to Rs. 2,45,25,746 which was offset by savings of Rs. 2,34,99,000 leaving the net excess expenditure to the tune of Rs. 10,26,746 which requires regularisation. The main items where excess expenditure has been incurred is enclosed at Annexure-I. However, major part of these excess expenditure has been met by the U.T. Admn. by Re-appropriation.

3. The excess expenditure comes to 0.8% of total Budgetary allocation under Revenue Section in Grant No. 94-Daman & Diu for the year 1988-89. The U.T. Admn. has been instructed to investigate the lapse and avoid recurrence of excess expenditure in future. (copy enclosed).

4. In view of the circumstances explained above, excess expenditure of Rs. 10,26,746 under Grant No. 94-Daman & Diu Revenue (Voted) may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution.

This has been vetted by Audit.

Sd/  
(K.M. LAL)  
Financial Adviser (Home)

Details of Heads under which excess expenditure of more than 5 lakhs has been incurred by the Union Territory of Daman & Diu.

I. Major Head 2053	<i>(Excess in lakhs of Rupees)</i>
A.7—District Administration	9.95

Excess was due to liquidation of past liabilities. The past liability in respect of three mechanical Road Sweepers purchased vide Bill No. RS / 8 / CONS / DAMAN / 87-88-G dated 12.3.88 costing Rs. 12,81,990 was the liability for the year 87-88. These were paid in the year 88-89. During 88-89 since there was ceiling fixed for expenditure no additional funds could be provided in BE or RE.

## II Major Head 2055

### A.9(2)—District Police

9.39

Excess was due to purchase of wireless and teargas equipments for Law and Order. The details of placing of order and receipts of materials are shown below:

1. Wireless equipments for Rs. 9,62,270
  - a. Date of placing order—3.11.86
  - b. Date of receipt of material—12.4.88
  - c. Date of payment—12.5.88
- Teargas Equipments for Rs. 64,628
  - a. Date of placing order—31.3.89
  - b. Date of payment—31.3.89
  - c. Date of receipt of material—5.4.89.

The above payments could not be deferred to next year and due to ceiling fixed by the Govt. no additional demand could be made.

## III Major Head 2236

### C.3(1)(1)—Special Nutrition Programme

8.50

Excess was due to unanticipated/unforeseen expenditure. The Integrated Child Development Programme, under the Administration of Daman and Diu had to cover large number of beneficiaries such as pregnant women, nursing mothers and children between the age group of 0 to 6 years. These beneficiaries are provided food containing vitamins, proteins and minerals for minimum three hundred days in a year. In order to cover all these beneficiaries and to avoid malnutrition, the department had to incur expenditure in excess over allotment. This is a social welfare programme benefiting the poor strata of the society. It is imperative that programme is kept continued for the above reason. Hence the excess.

## IV Major Head 2801

### D.1(1)(2)—Suspense

13.05

Excess was due to purchase of more materials to meet urgent need which was more than anticipated. Prior to delinking of Daman and Diu from Goa State on 30.5.87 all the line materials used to be supplied from

stores in Goa. After delinking, the growth of development work was very rapid due to various incentives given by Administration and hence, the stores materials had to be purchased in bulk to meet the demand. The sale of power which was 25.01 MU in 1987-88, had increased to 34.01 MU in 1988-89. Similarly, the Revenue Receipts have increased from Rs. 169.82 lakhs to Rs. 268.82 lakhs in the respective years.

\*\*                      \*\*                      \*\*

It may be noted that major portion of expenditure was incurred for purchase of core items like poles, transformers, cables and energy meters either through tender or through DGS & D. The expenditure was initially booked to Suspense Budget Head and then used for different sanctioned works to avoid individual work wise purchases.

#### V Major Head 2801

D.1(1)(3)—Other Expenditure 15.88

Excess was due to increase in cost of purchase of Energy from National Thermal Power Corporation and Gujarat Electricity Board to meet requirement of increased number of industries in Daman & Diu.

#### VI Major Head 2210

H.1(2)(1)—Direction and Administration 20.27

Excess was due to purchase of more dietary items and medicines etc. following increase in number of patients in Hospital.

#### VII Major Head 2202

I.1(2)(2)—Assistance to non-Govt.  
Secondary schools 12.71

Excess was due to payment of arrears on account of medical allowances, teaching allowance and Selection / Senior scales as per Chattopadyaya Commission Recommendations offered to teachers. The Chattopadyaya Commission's Report was received in October, 1988 only and implemented in 1988-89 in respect of two schools and in addition to this Regular Grants for maintenance of Schools, etc. No-Govt. Secondary Schools were paid (Aided Schools). There was lesser allotment than the actual requirement for the year. Since ceiling for the expenditure was fixed by the Govt., no additional funds could be asked for.

#### VIII. Major Head 2203

1.2.(1)-Direction and Administration 53

Excess is due to purchase of Equipments and payment of salaries for Technical High Schools in Daman & Diu. As a preparatory arrangement for introducing new training course at T.T.I., Daman from the year 89-90, establishing of T.T.I., Diu from 89-90 and for establishment of a new polytechnic at Daman, some equipments and furniture etc. for office and laboratories were essentially required to be purchased in the year 88-89.

The provisions for the said purchases could not be made in view of the ceilings fixed by the Govt. of India for Revised Estimates 88-89. However, this expenditure was covered by Re-appropriation from the savings available under various heads of accounts under the same Demand for Grant.

As regards the increase in expenditure in respect of salaries to the staff, the increase in DA and payment of Bonus were inevitable expenditure for which additional allotment were not given. These being committed liabilities could not be deferred for the next year. Hence payments were made to the staff to avoid financial hardships. As mentioned above, due to the ceiling fixed by Govt. of India for Revised Estimates additional amount could not be obtained and hence the excess.

#### IX. Major Head 3452

0. 1(1) (2)- Other Expenditure 42.69

Excess was due to liquidation of past liabilities. Various projects were undertaken by the Public Works Department for the development of Tourist Sports in Daman and Diu. These projects were time bound and required to be completed within the specific time. Therefore, these could not be postponed and payments could not be deferred for the next financial year. The list of the projects which were taken up by the P.W.D. on behalf of the Tourism Department is given in Annexure-I. However, the excess requirement was met by Re-appropriation from within the Grant.

#### X. Major Head 2059

P. 2(1)(3)-Machinery and Equipment 33.17

Excess was due to unanticipated/unforeseen expenses on machinery and equipment. During the year 87-88 A.A & E.S. were accorded for 'Purchase of tools and plants for Daman and Diu (UT) amounting to Rs. 40,90,055' vide order No. PWD/DMN/SE-220/88 dated 27.1.88. This approval includes a major purchase of 2 Nos. of Excavators-Cum-Loader costing Rs. 19,91,000. Immediately on receipt of the above AA&ES order was placed for supply of 2 Nos. of Excavators-cum-Loader and the same were issued in the month of March, 88 (Daman-19.3.88 and Diu-22.3.88). However, payment of the same was held up for want of funds during the same financial year. Further, necessary formality like inclusion of above expenditure was neither made in the Revised Estimate 87-88 nor in the Budget Estimate 88-89 as the estimate for the same was processed in January, 1988. (Details like dates of supply order, description of material purchased, date of payment, amount paid and date of receipt of materials are given in Annexure-II).

#### XI. Major Head 2059

P.2(1)(4)-Maintenance and Repairs 11.82

Excess was due to rise in cost of materials and ancillary expenses towards maintenance and repair works.

**THE LIST OF WORKS UNDERTAKEN DURING THE YEAR 1988-89  
AND EXPENDITURE INCURRED THEREON**

**Major Head 3452**

1.	Daily wages	Rs.1,27,022-00
2.	Electric Consumption Charges	Rs.19,328-00
3.	Fixtures and Furnitures	Rs.67,375-00
4.	Maintenance of Aquarium	Rs.1,33,414-00
5.	Beach Material	<b>Rs.5,91,274-00</b>
6.	Benches	Rs.1,42,376-00
7.	Swings	Rs.25,150,-00
8.	Childrens play Equipments	Rs.2,90,402-00
9.	Iron Grills	Rs.1,69,935-00
10.	Electric Goods for Street Lights	Rs.10,27,813-00
11.	Maintenance of Garden and Tourist Sports	Rs.11,67,342-00
12.	Hire of water tankar, Miscellaneous Information & Publicity	Rs.5,13,664-00
13.	Electricity Deptt.	Rs.22,216-00
14.	P.W.D. Deptt.	Rs.21,500-00
	<b>Total</b>	<b>Rs.43,18,811-00</b>

## MAJOR HEAD 2659

Supply Order No. & Date	Description of Materials	Vr.NO.& Date	Date of Payment	Amount	Date of Receipt of Materials	
1	2	3	4	5	6	7
MAY, 1988	—	Body building work for new Diesel Water Tanker for Diu.	21 of 5/88	4/5/88	71-486/-	—
JUNE, 88	(a)	-do- do-	62 of 6/88	23/6/88	2,000/-	—
	No. PWD/DNM/SE/5973(b)	Purchase of 2 Nos. of Excavator cum-Loader for Daman & Diu	277,278 of 6/88	9/6/88	19,91,008/-	Daman 19/3/88
	date 9/2/88 of Collector, Daman.					Diu 22/3/88
NOVEMBER 88	—	Construction/Fabrication of Cabin and Water Tanker Body Chasis.	324 of 11/88	23/11/88	73,200/-	—
MARCH 89	(a)	Transportation Charges of Road Roller from Culcutta to Daman.	447 of 3/89	21/3/89	18,300/-	—
	(b)	Transportation charges of Road Roller from Culcutta to Una of Diu by Rail.				
	(c)	Purchase of Tools & Plants at Daman	774 of 3/89	10/3/89	17,000/-	—
PWD/DMN/T- Chasis/87-88 date 8/2/88	(d)	Debit raised for 1 Tata Model Chasis of Water Tanker	T.E.O.No. 1/3 of 3/89	17/3/89	2,26,705/-	24/3/88
PWD/DMN/ Road Roller/87- 88 dt. 4/2/88	(e)	Debit raised for 2 Nos. of Jessop Model Road Roller for Damer.	T.E.O. No. 2/3 of 3/89	17/8/89	6,11,531/-	13/6/88
PWD/DMN/ Road Roller/2/ 87-88 dt. 6/2/88	(f)	Debit raised for 1 No. of Road Roller Jassop Model for Diu.	T.E.D. No. 3/89 3/3 of 3/89 Total	17/3/89	3,05,766/-	—
					33,17,000/-	—

New Delhi  
25th April 1990.

**K.M. Lal**  
**Joint Secy & Financial Adviser**  
**D.O. No. 15018/5/89/Bgt.II**  
**Dear Shai Rajasekhar,**

It is observed from the Appropriation Accounts for the year 1989 that excess expenditure to the tune of Rs. 10,26,746 (Voted) under Revenue Section has been incurred under Grant No. 94-Daman and Diu.

You may well be aware that the Ministry of Finance and the Public Accounts Committee takes serious view of such excess expenditure. It Place this Ministry in an embarrassing position when we are to approach the Ministry Finance for regularisation of excess expenditure. Instructions have very often been issued emphasizing the need to keep the expenditure within the approved allocation. I shall be grateful if you could kindly initiate suitable control measures to avoid recurrence of such excess expenditure in future. The concerned Departments may be given strict orders to keep the expenditure within the limits of the budget provision made for the purpose as desired under the relevant rules of GFRs. etc.,. This Ministry as well as the Controller General of Account may be kept informed of the steps taken in the matter.

Yours Sincerely,

**K.M. LAL**

**Shri M. Rajasekhar**  
**Finance Secretary**  
**Daman & Diu**  
**DAMAN**

Copy to the Controller General of Accounts, Ministry of Finance, Dep. of Expenditure, Lok Nayak Bhavan, New Delhi-3.

**APPENDIX XVI**  
**MINISTRY OF RAILWAYS**

**Explanatory Note for Public Accounts Committee for regularisation of Excess over Voted/Charged portion of Grants/Appropriations during 1988-89**

During the year 1988-89, there was an overall saving of Rs. 141.60 crores over the final Grants and Appropriations resulting from an aggregate saving of Rs. 246.36 crores under 14 Grants (1,2,3,4,5,6,7,8,9, 11,12,13,14,15 & 16-OLWR & Capital) and 7 Appropriations (5,6,8,10,12,13,&16) and excess of Rs. 104.76 crores under 3 Grants (10,13,16) -Rly. Funds and 5 Appropriations (3.4.7.9 & 11) (Reference Para 1.10.3, 1.10.4 and 1.10.5 of the Report of Comptroller & Auditor General of India for the year 1988-89 Union Government (Railways), Paras 25 & 27- Excess over Voted Grants and Charged Appropriations and Paras 26 & 28 - Saving under Voted Grants and charged Appropriations of the Appropriation Accounts of Railways in India for the year 1988-89 (Para I- Review).

1.2 The excess under 5 Appropriations and Grants is explained as under:—

(1) Appropriation No.3—Working Expenses-General Superintendence and Services of Railways.

	<i>Rupees.</i>
Original Appropriation	2,42,000
Supplementary Appropriation	—
Total Sanctioned Appropriation	2,42,000
Actual Expenditure	2,58,575
Excess	16,575
Misclassification	1,00,472
Excess requiring regularisation	1,17,047
Percentage of Excess	48.37%

Charged Appropriation of Rs. 2.42 thousands was sanctioned at the Budget Estimate stage.

There was a misclassification of Rs. 1,00,472 on account of expenditure relating to charged Appropriation having been wrongly booked as Voted. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament Works out to Rs. 1,17,047.

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

	<i>Rupees.</i>
Original Appropriation	2,10,000



<b>Supplementary Appropriation</b>	<b>76,000</b>
<b>Total Sanctioned Appropriation</b>	<b>2,86,000</b>
<b>Actual Expenditure</b>	<b>52,03,665</b>
<b>Excess</b>	<b>49,17,665</b>
<b>Misclassification</b>	<b>NIL</b>
<b>Excess requiring regularisation</b>	<b>49,17,665</b>
<b>Percentage of Excess</b>	<b>1719.46%</b>

Charged Appropriation of Rs. 2.10 thousands was sanctioned at the Budget Estimate stage. A supplementary charged Appropriation of Rs. 76 thousands was sanctioned in March '89 on account of more payments anticipated in satisfaction of court decrees.

The excess of about Rs. 49.18 thousands was due to materialisation of more decretal payments contrary to expectations at the fag end of the year.

The excess requiring regularisation is Rs. 49,17,665 which is the same as disclosed in the Appropriation Accounts.

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

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	<b>Rupees</b>
<b>Original Appropriation</b>	<b>2,00,000</b>
<b>Supplementary Appropriation</b>	<b>97,000</b>
<b>Total Sanctioned Appropriation</b>	<b>2,97,000</b>
<b>Actual Expenditure</b>	<b>3,39,347</b>
<b>Excess</b>	<b>42,347</b>
<b>Misclassification</b>	<b>NIL</b>
<b>Excess requiring regularisation</b>	<b>42,347</b>
<b>Percentage of excess</b>	<b>14.26%</b>

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Charged Appropriation of Rs.2.00 thousands was sanctioned at the Budget Estimate stage. A supplementary Charged Appropriation of Rs. 97 thousands was sanctioned in March '89, on account of more payments anticipated in satisfaction of court decrees.

The excess of Rs.42 thousands was due to materialisation of more decretal payments at the fag end of the year than anticipated.

The excess requiring regularisation is Rs.42,347 which is the same as disclosed in the Appropriation Accounts.

(iv) Appropriation No. 9-Working Expenses—  
Operation Expenses - Traffic

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	<b>Rupees</b>
<b>Original Appropriation</b>	<b>3,25,000</b>
<b>Supplementary Appropriation</b>	<b>1,82,000</b>
<b>Total sanctioned Appropriation</b>	<b>5,07,000</b>
<b>Actual Expenditure</b>	<b>5,68,807</b>
<b>Excess</b>	<b>61,807</b>

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Misclassification	NIL
Excess requiring regularisation	61,807
Percentage of Excess	12.19%

Charged Appropriation of Rs. 3.25 thousands was sanctioned at the Budget Estimate stage. A supplementary charged Appropriation of Rs. 1.82 thousands was sanctioned in March '89, on account of more payments anticipated in satisfaction of court decrees.

The excess of Rs. 62 thousands was due to more decretal payments materialised at the fag end of the year contrary to expectations.

The excess requiring regularisation is Rs. 61,807 which is the same as disclosed in the Appropriation Accounts.

(v) Appropriation No. 11 - Working Expenses Staff Welfare & Amenities.

	<i>Rupees</i>
Original Appropriation	67,000
Supplementary Appropriation	—
Total sanctioned Appropriation	67,000
Actual Expenditure	1,22,110
Excess	55,110
Misclassification	NIL
Excess requiring regularisation	55,110
Percentage of Excess	82.25%

Charged Appropriation of Rs. 67 thousands was sanctioned at the Budget Estimate Stage. The excess of Rs. 55 thousands was due to materialisation of more decretal payments (Rs. 85 thousands) in satisfaction of court decrees contrary to expectations at the fag end of the year and surrender of funds to the order of Rs. 30 thousands at the final modification stage.

The excess requiring regularisation is Rs. 55,110 which is the same as disclosed in the Appropriation Accounts.

(vi) Grant No. 10 - Working Expenses - Operating Expenses - Fuel.

	<i>Rupees.</i>
Original Grant	1328,52,27,000
Supplementary Grant	30,82,36,000
Total Sanctioned Grant	1359,34,63,000
Actual Expenditure	1363,17,37,306
Excess	3,82,74,306
Misclassification	NIL
Excess requiring regularisation	3,82,74,306
Percentage of Excess	0.28%

A grant of Rs. 1328.52 crores was obtained at the Budget Estimate stage. A supplementary grant of Rs. 30.82 crores was obtained in

March '89 to meet with increase in price an quantity of coal, increased requirement of Fuel under Diesel Traction; partly offset by less Contractual payments, fluctuation in adjustment under transfer of Debit / Credit and other miscellaneous factors.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 3.83 crores. The excess was mainly under subhead - (b) Diesel Traction (Rs. 9.02 crores); offset by saving under sub-head (a) Steam Traction (Rs. 3.09 crores) and (c) Electric Traction (Rs. 2.10 crores).

Primary unit-wise excess of Rs. 3.83 crores was chiefly due to more expenditure under cost of material owing to increase in consumption (Rs. 8.28 crores), Cost of material from stock (Rs. 0.48 crore); partly offset by fluctuation in adjustment under transfer of Debit/Credit (Rs. 4.27 crores), Other Expenses (Rs. 0.31 crore), less payment of salaries & wages than anticipated (Rs. 0.19 crore) and aggregate of minor variations (savings) under other heads (Rs. 0.16 crore).

Of the total excess, the highest excess occurred on Central Railway (Rs. 6.70 crores) followed by Northern Railway (Rs. 2.78 crores), Southern Railway (Rs. 1.35 crores), Northeastern Railway (Rs. 1.11 crores), Northeast Frontier Railway (Rs. 0.57 crore), South Eastern (Rs. 0.52 crore) and aggregate savings on other Railways (Rs. 9.20 crores).

The excess requiring regularisation by Parliament Works out to Rs. 3,82,74,306 which is the same as disclosed in the Appropriation Accounts.

(vii) Grant No. 13 - Provident Fund, Pension and Other Retirement Benefits.

	<i>Rupees</i>
Original Grant	575,43,88,000
Supplementary Grant	80,34,29,000
Total Sanctioned Grant	655,78,17,000
Actual Expenditure	749,08,51,414
Excess	93,30,34,414
Misclassification	NIL
Excess requiring regularisation	93,30,34,414
Percentage of Excess	14.23%

A grant of Rs. 575.44 crores was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 80.34 crores was obtained in March '89 to provide for payment of arrears to Railway Pensioners on account of implementation of 4th Pay Commission recommendations for Central Government Pensioners.

The grant, however, proved to be inadequate as the actual expenditure exceeded the provision by Rs. 93.30 crores. The excess of Rs. 93.30 crores mainly occurred under sub-head (a) Superannuation & retiring Pension (Rs. 56.11 crores), followed by sub-heads (d) family Pension (Rs. 16.14

crores), (b) commuted Pension (Rs. 13.26 crores), (e) Death-cum-Retirement Gratuity (Rs. 8.38 crores), (f) Other allowances, other pension & other expenses (Rs. 1.96 crores), & (c) Ex-gratia Pension (Rs. 0.06 crores); offset partly by savings under sub-head (g) Gratuities & special Contribution to Provident Fund (Rs. 2.20 crores) and sub-head (h) Contribution to Provident Fund (Rs. 0.41 crore). The excess is attributable mainly to increase in number of pensioners, family pension cases and voluntary retirement and impact of IV Pay Commission's recommendations.

Of the total excess, the highest excess occurred on Central Railway (Rs. 22.60 crores), followed by Northern Railway (Rs. 19.92 crores), Southern Railway (Rs. 12.91 crores), South Eastern Railway (Rs. 10.85 crores), South Central Railway (Rs. 10.30 crores), Western Railway (Rs. 9.24 crores); North Eastern Railway (Rs. 7.50 crores); and aggregate of excess on remaining Units (Rs. 1.48 crores); offset by savings on Eastern Railway (Rs. 1.47 crores) & D.C.W. (Rs. 0.02 crore).

The excess requiring regularisation is Rs. 93,30,34,414 which is the same as disclosed in the Appropriation Accounts.

(viii) Grant No. 16 - Assets-Acquisition Construction and replacement-Railway Funds.

While there was a net saving of Rs. 69.28 crores with reference to Grant No. 16, as a whole, but there was an excess of Rs. 7.12 crores under 'Railway Funds' which was comprised of excess under Depreciation Reserve Fund (Rs. 22.45 crores); offset partly by savings under Development Fund (Rs. 5.41 crores) and Accident Compensation safety and Passenger Amenities Fund (Rs. 9.92 crores). The sourcewise breakup of original/Final Grant *vis-a-vis* Actual Expenditure is as under :—

(Figures in units of Rs.)

	Capital	D.R.F.	D.F.	A.C.S.P.F.	O.I.W.R.
Original Grant.	45619853000	16154300000	1099300000	601390000	399950000
Supplementary Grant.	200000	306418000	15001000	—	—
Total Sanctioned Grant.	45620053000	16460718000	1114301000	601390000	399950000
Actual Expenditure	44886908652	16685203699	1060233509	502150899	369128329
Excess (+) Saving (-)	(-)733144348	(+)224485699	(-)54067491	(-)99239101	(-)30821671
<i>Excess</i>					7,11,79,107
<i>Misclassification</i>					20,55,198
<i>Excess requiring regularisation</i>					7,32,34,305
<i>Percentage of Excess</i>					0.40%

A grant of Rs. 1785.50 crores under Railway Funds was obtained at the Budget Estimate stage. A supplementary grant of Rs. 32.14 crores i.e. Rs. 1.50 crores in August 1988 and Rs. 30.64 crores in March' 1989, was obtained in respect of "Additional facilities for dealing with Passenger Traffic at Attari" and manufacturing of 150 First class B.G. coaches and to meet the increased expenditure mainly under Rolling Stock and Track Renewals.

This Grant under 'Railway Funds', however, proved inadequate, and actual expenditure exceeded the provision by Rs. 7.12 crores.

A sum of Rs. 22,43,000 and Rs. 1,87,802 chargeable to DRF & OLWR respectively was wrongly adjusted/booked under Deposit and DRF. Thus there was a resultant, misclassification of Rs. 20,55,198 under DRF under "Railway Funds". The real excess, thus, requiring regularisation by Parliament Works out to Rs. 7,32,34,305.

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

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

4. This has been vetted by Audit.

(A. BHATTACHARYA)  
Executive Director (Accounts)  
Ministry of Railways,  
Railway Board.

## APPENDIX XVII

### Action Taken on Recommendations contained in the 11th Report of PAC (9th Lok Sabha)

- (i) Recommendations and observations which have been accepted by Government.

#### Recommendation

The Committee note that an expenditure of Rs. 304.15 crores are incurred in excess of the aggregate provision of Rs. 16550.17 crores sanctioned under 21 Grants/appropriations during the year 1987-88. The excess expenditure occurred despite the supplementary provision of Rs. 1339.15 crores obtained under as many as 18 out of 21 Grants/appropriations that registered excess expenditure. During the years 1985-86 and 1986-87, the excess expenditure respectively, was of the order of Rs. 441.72 crores under 29 grants/appropriations and Rs. 384.39 crores under 25 grants/appropriations. Thus, the situation during the year under report i.e. 1987-88 is no better. Percentage-wise the Ministry of Railways took the lead in incurring the excess expenditure which was of the order of 4.76% over the sanctioned provision followed by the Department of Posts which incurred excess expenditure of the order of Rs. 41.66 crores which constitutes 4.21% of the sanctioned provision of Rs. 989.89 crores during the year 1987-88.

[Sl. No. 1 (Para 1.3) of  
Appendix to 11th Report  
of PAC (9th Lok Sabha)]

#### Action Taken by the Ministry of Defence

Out of the 21 grants where excess expenditure has been incurred during 1987-88, the total amount of excess expenditure under the two grants of Defence Services Estimates namely Grant No. 13 Defence Services - Army and Grant No. 14 Defence Services - Navy, is only Rs. 23.97 crores, which was 0.03% of the provision made under 'Army' and 3.09% of the sanctioned grant under 'Navy'. Since 1985-86, out of the grants of Defence Services Estimates, the number of grants in which the excess expenditure was incurred and the percentage of excess over the sanctioned grant indicates a steady decline as per the details given below :—

(Rs. in crores)

Year	Grant No.	Final Sanctioned Grant	Actual Expenditure	% of Excess over Sanctioned grant
1985-86	Grant No. 20 - Defence Services Army	4940.98	4963.89	0.46
	Grant No. 22 - Defence Services - Air Force	1768.28	1825.65	3.24
	Grant No. 23 - Capital Outlay on Def. Services	939.44	963.74	2.59
1986-87	Grant No. 19 - Defence Services - Army	6575.42	6675.78	1.53
	Grant No. 20 - Defence Services - Navy	705.10	742.84	5.35
	Grant No. 21 - Defence Services - Air Force	2163.70	2208.40	2.06
	Grant No. 22 - Capital Outlay on Def. Services	1268.48	1283.15	1.15
1987-88	Grant No. 13 - Defence Services - Army	6735.10	6737.15	0.03
	Grant No. 14 - Defence Services - Navy	708.70	730.62	3.09
1988-89	Grant No. 14 - Defence Services - Army	7116.07	7219.72	1.46

This has been possible due to sustained efforts to exercise proper budgetary control. The Ministry has issued instructions to all its estimating authorities vide their ID No. 21(5)/89/BI, dated 29-6-1990 (Copy enclosed) emphasising the need for formulating the budgetary estimates with utmost care taking into account the past trend and all relevant factors as also impressing on them need for the close and careful monitoring of progress of expenditure under all the heads during the financial year. All efforts are being made to ensure that various proposals for reappropriations, supplementary demands and modified appropriations are formulated with great care to avoid excesses or surrenders subsequently.

This has been vetted by Audit.

**MINISTRY OF DEFENCE  
(FINANCE/BUDGET)**

**Subject :—***Preparation of budgetary estimates and monitoring/review of Defence Expenditure.*

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

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

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

Sd/-  
(C.K. JOSEPH)  
Addl. F.A. (P)

*Addl. DGFP, Army H.Q.  
DFP. Air Hqrs.  
DNP. Naval Hqrs.  
DP&RM. Dir. (P&C)*

[M of D (Fin) I.D. No. 21(5)/89/B-I, dated 29-6-1990]

Copy to :—(i) All Joint Secretaries  
(ii) All Directors/DFAs.



### **Action Taken by Telecom. Commission**

1.3 As far as the Department of Telecom. is concerned the excess was Rs. 27.32 crores only. This was mainly due to excess expenditure under Local Telephone system than anticipated on Land Acquisition, equipment/stores and construction of building. The excess works out 2.33% of the total sanctioned provision which is marginal.

This has been vetted by Director General of Audit P&T, Delhi vide their U.O. No. RR.III/1(b)400/87-88/440 dated 16/1/1991.

[File No. 16-109/90-B]

### **Action Taken by M/o Railways**

Factual position has been explained in this paragraph requiring no specific action by Ministry of Railways.

This has been seen by Audit.

[Ministry of Railways (Rly. Bd)'s case No. 90-B-342/1]

### **Action Taken by Deptt. of Posts**

In the revenue section (voted) of Grant No. 9 Postal Services, there was an excess of Rs. 41.66 crores, constituting 4.21% of the total sanctioned provision in that segment of the grant as shown below:—

	(Rupees)
Original Grant	989,89,00,000
Actual Expenditure	1031,55,32,153
Excess	41,66,32,153

2. The excess has occurred due to (i) increase in the rates of minimum wages following the Supreme Court judgement, (ii) revision of minimum Pension and Family Pension, (iii) settlement of pending claims from Transport Authorities and revision of haulage charges payable to Railways and (iv) non-transfer of debits to Telecommunication Services in respect of Combined Office buildings.

The above referred note has already been vetted by Principal Director of P&T Audit.

### **Recommendation**

The Committee have been expressing concern over the phenomenon of excess expenditure and yet year after year, Parliament is being presented with a fait accompli of unremitting excess expenditure. The Committee feel that there is still need for a more accurate estimation of monetary requirement and better budgetary control by various Ministries so as to reduce the excess expenditure over voted grants/charged appropriations to the barest minimum.

[(S. No. 2 para 1.4 of 11th Report of PAC (1990-91) IX Lok Sabha)]

### Action taken by Government

The observations of the Committee have been noted. In this connection remarks on para 1.22 may kindly be seen.

This has been seen by Audit.

[Ministry of Railway (Rly. Bd)'s case No. 90-B-342/1]

### Action Taken by Telecom. Commission

Efforts continue to be made to frame estimate in realistic manner and ensure better budgetary control.

This has been vetted by Director General of Audit, P&T, Delhi vide their U.O. No. RR.III/1(b)400/87-88/440 dated 16/1/1991.

[File No. 16-109/90-B]

### Action Taken by Deptt. of Posts

The Committee had felt the need for more accurate estimation of monetary requirement and better control so as to reduce the excess expenditure.

In this connection, it is informed that due to proper budgetary control and accurate estimation, the Department could avoid excess expenditure over Voted Grants during the past two fin. years, viz., 1988-89 & 1989-90.

(AMOUNT IN THOUSANDS OF RUPEES)

Fin. Year	Original Grant	Actual expenditure	Excess/Saving	Percentage of variation over Original Grant
1988-89	1091,15,00	1090,72,96	(-) 42,04	0.04
1989-90	1228,78,00	1223,80,15	(-) 497,85	0.41

MINISTRY OF COMMUNICATIONS: DEPARTMENT OF POSTS:  
(P.A. WING) DAK BHAWAN: NEW DELHI: 110001

No. 13-1/90 BGT(PA)/1931

Dated: 30-1-91

SUB: *Observations of the Public Accounts Committee contained in 11th Report (9th Lok Sabha) on "Excesses over Voted Grants/Charged Appropriations (1987-88).*

The observations of the Public Accounts Committee contained in Para No. 1.3 & 1.4 of the 11th Report referred above is reproduced below:

1.3 The Committee note that an expenditure of Rs. 304.15 crores was incurred in excess of the aggregate provision of Rs. 16550.17 crores sanctioned under 21 grants/appropriations during the year 1987-88. The excess expenditure occurred despite the supplementary provision of Rs. 1339.15 crores obtained under as many as 18 out of 21 grants/

appropriations that registered excess expenditure. During the years 1985-86 and 1986-87 the excess expenditure respectively was of the order of Rs. 441.72 crores under 29 grants/ appropriations and Rs. 384.39 crores under 25 grants/appropriations. Thus the situation during the year under report i.e. 1987-88 is no better. Percentage-wise, the Ministry of Railways took the lead in incurring the excess expenditure which was of the order of 4.76% over the sanctioned provisions followed by the Department of Posts which incurred excess expenditure of the order of Rs. 41.66 crores which constitutes 4.21% of the sanctioned provision of Rs. 989.89 crores during the year 1987-88.

1.4 The Committee have been expressing concern over the phenomenon of excess expenditure and yet year after year, Parliament is being presented with a *fait accompli* of unremitting excess expenditure. The Committee feel that there is still need for a more accurate estimation of monetary requirements and better budgetary control by various Ministries so as to reduce the excess expenditure over voted grants/charged appropriations to the barest minimum.

(MISS H.T. SANGKHUMI)  
DIRECTOR (PA I)

1. All Heads of Circles
2. All Dy. Directors General
3. All Directors/Deptt. of Posts/Postal Staff College

#### **Action Taken by the Ministry of Defence**

The Ministry has been consistently making all efforts to exercise a proper budgetary control, close monitoring of expenditure against the sanctioned grant every month and more frequently towards the end of the financial year, as well as improving the accuracy of estimation of requirements. The trend of expenditure is closely examined and the spending authorities cautioned to take remedial action whenever the trend is found to be abnormal. The need to ensure that all the budgetary estimates are prepared on realistic basis after careful assessment of the requirements based on all the relevant factors and also to prepare various proposals for reappropriations, Supplementary Demands and Modified Appropriations etc. with great care to ensure that there are no excesses or surrenders subsequently, has been emphasised on all estimating authorities. In this connection, a copy of our instructions No. 21(5)/89/BI dated 29-6-1990 is enclosed.

**This has been vetted by Audit.**

**MINISTRY OF DEFENCE  
(FINANCE/BUDGET)**

**Subject:—Preparation of budgetary estimates and monitoring/review of Defence Expenditure.**

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

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

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

**Sd/-  
(C.K. JOSEPH)  
Addl. F.A. (P)**

**Addl DGFP, Army H.Q.  
DFP, Air HQrs.  
DNP, Naval HQrs.  
DP&RM, Dir (P&C)**

**M of D (Fin) I.D. No. 21(5)/89/B-I, dated 29-6-1990**

**Copy to:—**

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

### Recommendation

According to time schedule, the Ministries are required to submit to the Committee the explanatory notes in respect of excess registering grants by 31 May, or immediately after the presentation of the Appropriation Accounts to the House, whichever is latter. The Committee note that out of the 21 grants/appropriations that recorded excess expenditure during 1987-88, the explanatory notes in respect of 11 grants/appropriation were furnished within time, while the delay in furnishing the explanatory notes in respect of the remaining 10 grants/appropriations ranged from 13 days to over a year as is evident from the following Table:

No. of Grant	Date of presentation of relevant Appn. Accounts	Date of sending of Exp. Notes	Delay
9-Postal Services	4.5.1989	22.9.1989	over 3 months*
67-Ministry of Textiles	18.7.89	31.7.1989	13 days
91-Lakshadweep	-do-	21.8.1989	over 1 month (@)
88-Delhi	-do-	21.9.1989	over 2 months(@)
14-Defence Services-Navy	-do-	26.10.1989	over 3 months
13-Defence Services-Army	-do-	24.1.90	over 6 months(@)
92-Chandigarh	-do-	19.4.90	over 9 months(@)
22-Deptt. of Eco. Affairs	-do-	15.5.90	over 10 months(@)
74-Public Works (Charged)	-do-	27.6.90	over 11 months(@)
74-Public Works (Voted)	-do-	25.10.90	over 12 months(@)

\*From 31 May, 1989.

@From the date of presented of relevant Appn. Accounts in the House.

Normally, the Report on excess expenditure is presented to the House during the year in which the Appropriation Accounts are laid on the Table of the House. However, during the year 1989-90, the delays on the part of the concerned Ministries in submission of explanatory notes created a situation whereby the Public Accounts Committee (1989) was handicapped to finalise and present their Report on excess expenditure during their term and the excess expenditure remained unregularised. The Committee take a serious view of the delay on the part of the Ministries concerned in furnishing the explanatory notes and desire that responsibility be fixed for any laxity in this regard. The Committee, however, like the Ministry of Finance, who is the co-ordinating Ministry, to go into the matter and take suitable measures to ensure timely submission of Explanatory Notes in future.

The Committee would like to point out that after the excess expenditure is noticed under any grant, no time should be lost in preparing and forwarding the explanatory note to Audit for being vetted. The points/objections, if any, raised by Audit should be resolved with due promptitude on top priority basis. The Committee consider that a time schedule should be laid down for taking action at various stages involved in the finalisation/vetting of the explanatory notes. This would go a long way in

eliminating delay in submission of these notes to the Committee. The Committee trust that necessary steps would be taken in this direction.

[Sl. Nos. 3 and 4 (Para 1.7 and 1.8) of Appendix XVIII of 11th Report (9LS)]

### **Action Taken by M/o Finance**

The Ministries/Departments concerned have been asked to take action to fix responsibility for any laxity and report to the Committee.

Revised instructions have been issued to all Ministries/Departments for ensuring timely submission of the explanatory notes in future. As desired, a time schedule has been laid down in consultation with audit for taking action at various stages involved in the finalisation/vetting of the explanatory notes. A copy of the Office Memorandum No.F .7(3)-B(R)/91 dated 16.9.1991 containing the instructions is enclosed for kind perusal of the Committee. The time schedule contained in these instructions have been prescribed in consultation with audit.

2. This has been vetted by Audit.

*IMMEDIATE*

**No. F. 7(3)-B(R)/91  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
Budget Division**

New Delhi the 16th September, 1991.

### **OFFICE MEMORANDUM**

**Subject:** *Regularisation of excess expenditure disclosed in the Union Appropriation Accounts-Timely submission of Action Taken Notes to the Public Accounts Committee.*

The undersigned is directed to invite a reference to this Ministry's Office Memorandum No. F. 8(53)-B/74 dated 16th April, 1975, laying down the procedure to be followed for preparation and submission of Action Taken Notes to the Public Accounts Committee for regularisation of the excesses disclosed in the Appropriation Accounts of various Grants. Though the instructions contained therein and the time-schedule prescribed have been repeated several times thereafter, yet it has been seen that the explanatory notes of various Ministries/Departments are delayed for one reason or the other. The Public Accounts Committee has often been commenting adversely in its Reports on this point. The PAC (9th Lok Sabha) in its Eleventh Report on excesses over Voted Grants and Charged Appropriation (1987-88) and Action Taken on 147th Report of the PAC (8th Lok Sabha), has once again commented adversely on delays by various Ministries.

2. In view of the above, the existing procedure has been reviewed and the following time-frame for submission of Action Taken Notes to the Committee is prescribed for strict compliance by all Ministries/Departments:

<b>Action</b>	<b>To be completed latest by</b>
(i) Preparation of Appropriation accounts by the concerned Chief Controller/Controller of Accounts of the Ministry/Department.	As fixed by the Controller General of Accounts.
(ii) Preparation of Explanatory Notes with regard to the excess over the grants and submission of these Notes to Audit for vetting.	
(a) In respect of grants where the date of preparation of Appropriation Accounts is 30th June.	30th September
(b) In respect of grants where the date of preparation of Appropriation Accounts is upto 31st July.	31st October
(iii) Submission of Explanatory Notes to the PAC for regularisation of the excess.	Immediately after presentation of the Appropriation Accounts to Parliament or by 31st May of the second following year, whichever may be later.

3. The time schedule prescribed by the Controller General of Accounts provides for the closing of the March supplementary accounts by the end of June of the year following and the rendition of Appropriation Accounts to Audit by the 30th June, except in those cases where the prescribed dates are in the month of July. Any reconciliation arising thereafter as also audit of the appropriation accounts would not involve a qualitative change in the explanatory notes required to be submitted to the PAC. Accordingly, Ministries/Departments are advised to take up preparation of the explanatory notes for the excess noted over voted grants or charged Appropriations immediately after the furnishing of the Appropriation Accounts to Audit and not wait for the completion of audit or approval by CGA of the Appropriation Accounts. These notes may however, be submitted to Audit for vetting after completion of the audit of the appropriation accounts. This process need not be kept pending for the formal laying of the Union Appropriation Accounts in Parliament by the C&AG.

4. The explanatory note should be prepared with adequate care explaining all the variations in detail. The note should clearly indicate the circumstances in which the expenditure could not be kept within the grant and/or supplementary grant could not be obtained. The relevant files of the Ministry based on which the notes has been prepared including the budget files, should be sent to Audit alongwith the 'excess' note. The 'excess' notes are also required to be furnished to Audit through the Budget Division of this Ministry.

5. The time limit prescribed by the Public Accounts Committee for the submission of explanatory notes is 31st May of the second following year

or immediately after the date of laying of the Union Appropriation Accounts, whichever may be later. It follows that ordinarily all notes should reach the Committee latest by 31st May. Ministries/Departments should, therefore, be in constant touch with the Audit/CGA so that all information required by Audit is supplied well in time and all objections are settled on priority before the final presentation of the Appropriation Accounts to Parliament. The notes should immediately thereafter (i.e., after presentation of the Appropriation Accounts to Parliament) be despatched to the Lok Sabha Secretariat.

6. Delay in submission of the explanatory notes not only attracts criticism from the Public Accounts Committee but also affects the programme of the Committee in finalising its Report, thereby delaying the submission of the excess demands to Parliament for regularisation. In para 1.7 of their Eleventh Report, the PAC (Ninth Lok Sabha) has asked for responsibility to be fixed for the delay in such cases. Action for expeditious finalisation should, therefore be taken at the level of the Financial Advisers personally.

The above instructions may be brought to the notice of all concerned.

(Smt. Janaki Kathpalia)

Additional Secretary (Budget)

To

Shri  
Financial Adviser  
Ministry/Department

Copy to:

1. All Ministries/Departments.
2. The Comptroller & Auditor General of India, New Delhi.
3. The Controller General of Accounts, New Delhi.
4. The Lok Sabha Secretariat (PAC) Branch.
5. The Principal Director of Audit, Central Revenues, New Delhi.

**Action Taken by Deptt. of Economic Affairs**

"The observations of the Public Accounts Committee in paragraph 1.7 of the Report aforesaid have been noted for compliance. The delay in furnishing the explanatory notes for regularisation of the excess expenditure under Grant No. 22 "Department of Economic Affairs" is regretted.

2. It is submitted in this connection that even though the Budget Provision for loss by exchange (under which the excess has taken place) is made in the Grant for the Department of Economic Affairs, the whole of the excess pertains to the Ministry of External Affairs as shown below:

<i>(Rs. in crores)</i>			
<i>Ministry/Deptt.</i>	<i>Total Grant</i>	<i>Actual Adjustments</i>	<i>Excess (+) Savings (-)</i>
Economic Affairs	119.18	118.79	-0.39



<i>(Rs. in crores)</i>			
<i>Ministry/ Deptt.</i>	<i>Total Grant</i>	<i>Actual Adjustments</i>	<i>Excess (+) Savings (-)</i>
<b>External Affairs</b>	-27.23	22.80	+50.03
<b>Post</b>	-0.04	-2.06	-2.02
	91.91	139.53	47.62

3. Further, unlike in other cases, the loss or gain by exchange is not a straight expenditure head to which can be booked direct as and when a transaction originates. Hence, assessing the circumstances in which the excess has occurred takes longer time in the Department concerned. The delay is due to this reason and not to any laxity in this regard. However, to ensure more effective control over expenditure, a change has been effected in the arrangement under which the net loss by exchange, if any, arising from the transactions of the Ministry of External Affairs should be provided for adjustment in the Budget of that Ministry instead of in the Budget of the Department of Economic Affairs. In the meantime, the Ministry of External Affairs etc. has been advised *vide* this Ministry's O.M. No. F. 1(58)-B(AC)/91 dated 18.11.1991 and 20.11.1991 (copies enclosed). The Action Taken Note has been vetted by the Audit. This Action Taken Note may please be substituted for our Note of even number dated 22.11.1991.

No. F. 1(58)-B(AC)/91  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
New Delhi, 18.11.1991

**OFFICE MEMORANDUM**

**Subject:** *Adjustment of loss or gain by exchange-Accounting and budgetary procedure relating to.*

According to the accounting procedure prescribed for adjustment of loss or gain by exchange arising out of transactions in foreign currencies, each category of transactions that gives rise to element of loss or gain by exchange during the course of a year is initially adjusted under the major head '2075' or '0075' —Miscellaneous General Services', according as it is a loss or gain by exchange. Before the Accounts of the year are finally closed, the net effect of the transactions booked under these two major heads is finally transferred to the minor head 'Loss/gain by exchange' under '2075' or '0075' as the case may be.

2. The transactions are consolidated at one place in the books of the Department of Economic Affairs, where the final accounting of the transactions is centrally carried out. Accordingly, if a net loss by exchange is anticipated for the year as a whole, necessary budget provision therefor is made (at the R.E. stage) in the Demands for Grants of the Department of Economic Affairs. This centralised accounting of the transactions in the books of Department of Economic Affairs has given rise to problems (like inaccuracy of budgeting, dilution of responsibility, etc.) the remedy for which does not entirely lie with the Department of Economic Affairs.

3. The estimates for the transactions are normally received by the CCA, Economic Affairs, from the following sources:

- i) Ministry of External Affairs
- ii) Department of Posts
- iii) Controller of Aid Accounts & Audit Department of Economic Affairs
- iv) Fund Bank Division, Department of Economic Affairs

4. One reason for the inaccuracy in the estimation of the net effect of the transactions, as compared to the year-end actuals, is that the estimates of the Ministry of External Affairs widely vary from their original

estimates to final requirements and year-end actuals. In 1987-88 it actually resulted in the Grant as a whole being exceeded. Although we have issued instructions to the Ministries, etc. concerned to improve the estimation so as to make them realistic and closer to actuals, no improvement has actually come about. We have informed the Public Accounts Committee in the Action Taken Note on the committee's observations in relation to the excess expenditure which occurred in 1987-88 that Government will bring about reforms rationalising the actual loss or gain by exchange. The reforms brought about will have to be reported to the PAC.

5. The matter has been examined. The following changes from the existing practice may be implemented immediately, that is, effective from 1991-92 itself.

(i) The centralised arrangement of account of the loss or gain by exchange, in the books of the Department of Economic Affairs may be given up. Accordingly, Ministry of External Affairs and Department of Posts may finally account for in their respective books the net loss or gain by exchange, in respect of transactions originating with them.

(ii) As regards this Department, the transactions relate to external loans and acquisition of SDRs for making payment to IMF in respect of EFF draws and charges thereon.

(a) In respect of external loans the present procedure is that when loans are repaid the balance lying under the head 'Exchange variation' below major head '6002-External Debt' is cleared by adjusting it as loss/gain by exchange under major head '2075/0075', as the case may be. For making the adjustment under '2075' budget provision is required to be made. In our view this is unnecessary. The repayment of the external loans, which is made at the prevailing rate of exchange, is made after obtaining parliamentary sanction therefor through the Appropriation 'Repayment of Debt'. Thus, the exchange variation element included in the repayment has been duly authorised under the law. Therefore, it is considered unnecessary to seek a further parliamentary sanction for writing off the debit balance under the loan head as loss by exchange. In our view after a loan is fully repaid and is closed the debit on credit balance remaining under the loan head, as attributable exchange variation, may simply be dropped proforma without financial adjustment, instead of writing of the balance to loss or gain by exchange. Exchange variation may also arise in respect of encashment of rupee securities by the international financial institutions (which are accounted for under major head '6001-Internal debt of the Central Government-Securities issued to international financial institutions'). In such case also the excess debit due to exchange variation may be

dropped proforma since the encashment is made after making budget provision therefor (under Appropriation 'Repayment of Debt').

(b) The loss by exchange in respect of transactions with which the FB Division of Department of Economic Affairs is concerned relate to the acquisition of SDRs for meeting obligations to IMF on account of repayment of EFF, etc. drawals and charges thereon. The SDRs are acquired by transactions arranged by IMF using the currencies advised by RBI. The rupee equivalent of SDRs acquired is arrived at by using the rupee-SDR representative rate. The rupee equivalent of the foreign currency used for acquisition of SDRs is worked out at the ruling market TT selling rate for the currency applicable to the day of the transaction. The difference arising from the application of the two rates is booked in the Accounts as 'Exchange loss/gain'. In our view this can be avoided if the difference remaining as 'Exchange Variation' may remain merged under the head 'Special drawing rates at the IMF' below major head '8012-Special deposits and accounts' under which the transactions relating to SDRs are accounted for. This will also be rational as this would reflect the actual rupee cost of SDR transactions. If necessary, a subhead 'Exchange Variation' may be opened under the minor head.

6. As stated above, the above changes are proposed to be given effect to immediately and reflected as such in the ensuing Budget, the work in respect of which has already started. Office of the CGA may kindly see for concurrence. After C&AG has also agreed necessary accounting instructions would need to be issued. A copy of this note is being endorsed to C&AG also. Pending clearance of the revised accounting and budgetary arrangement, we are advising Ministry of External Affairs, Department of Posts and RBI to take necessary further action in the matter in implementation of the proposal set out above.

This issue with the approval of Additional Secretary (Budget).

Sd/-

(P.N. Bhattacharyya)  
Additional Budget Officer  
Tel. : 3012661.

Office of the Controller General of Accounts,  
(Shri B.K. Chaturvedi, Jt. CGA),  
NEW DELHI.

No. F.1 (58)-B (AC)/91  
Govt. of India  
Ministry of Finance  
(Department of Economic Affairs)

New Delhi, 20.11.1991

**OFFICE MEMORANDUM**

**Subject:-** Adjustment of loss or gain by exchange-Accounting and budgetary procedure relating to.

According to the accounting procedure (vide CGA's O.M. No. S-11011/1/81/TA/2266 dated 11.8.81) for adjustment of loss or gain by exchange arising out of transactions in foreign currencies, each category of transactions that gives rise to element of loss or gain by exchange during the course of a year is initially adjusted under the major head '2075 or 0075-Miscellaneous General Services', according as it is a loss or gain by exchange. Before the Accounts of the year and finally closed, the net effect of the transactions booked under these two major heads is finally transferred to the minor head "Loss/Gain by exchange" under '2075' or '0075' as the case may be. The transactions are consolidated at one place in the books of the Department of Economic Affairs, where the final accounting of the transactions is carried out at the place. Accordingly, if a net loss by exchange is anticipated for the year as a whole, necessary budget provision, therefore, is made in the Demand for Grants of the Department of Economic Affairs.

2. The centralised accounting of the transactions in the books of Department of Economic Affairs has given rise to many problems (like, inaccuracy of budgeting, etc.) the remedy for which does not entirely lie with the Department of Economic Affairs.

3. It is, therefore, proposed that the centralised arrangement of a account of the net loss or gain by exchange in the books of Department of Economic Affairs may be given up effective from 1991-92 itself. Accordingly, pending issue of formal accounting instructions, other Ministries/Departments (like, Ministry of External Affairs, Department of Posts, etc.) *may from the current year finally account for in their respective books the net loss or gain by exchange in respect of transactions originating with them.* On this basis Department of Economic Affairs henceforth will account for the transactions concerning that Department

(DEA) only. Ministry of External Affairs, etc. may provide for, or assume credit, in RE 1991-92 in their budget, according as the year is anticipated to end with a net loss or gain by exchange.

As (Budget) has seen.

Sd/-

Financial Adviser,  
Ministry of External Affairs,  
DDG (Finance),  
Department of Posts.

(P.N. Bhattacharyya)  
Additional Budget Officer  
Tel. No. 3012661

Chief Controller of Accounts,  
Department of Economic Affairs.

**Action taken by M/o Railway**

The time schedule is being strictly adhered to and there is no delay in presentation of Explanatory memorandum to P.A.C., by the Ministry of Railways, duly vetted by Audit.

This has been seen by Audit.

[Ministry of Railways (Rly. Bd.)'s case No. 88 APP/7-2/87-88]

**Action taken by Deptt. of Posts**

The Explanatory Note of the Department of Posts was submitted to PAC on 22.9.89 for the fin. year 1987-88 in which there was excess expenditure.

A letter communicating the reasons for excess expenditure and requesting for regularisation was addressed to the Dy. Director (Budget), Ministry of Finance as early as 2.12.1988, i.e. well before the due date of 31st May, 1989.

Unfortunately, due to lack of co-ordination the Explanatory Notes was not submitted in the proper form and was not vetted by Audit. After further correspondence with the Finance Ministry, the Notes were got vetted by Audit and submitted to PAC on 22.9.89.

During the Financial year 1988-89, there has been no excess expenditure and hence there was no necessity for the submission of Explanatory Notes. The fact was duly communicated to the Director Budget, Ministry of Finance on 8.3.1990

The observations of the PAC has been noted/circulated to all concerned and a time schedule fixed for processing the same at various stages as required by the recommendations so as to avoid recurrence. (copy attached).

As desired by the Committee, a time schedule has been prescribed for taking action at various stages in the finalisation of the explanatory notes.

The instructions on this issue has been circulated vide No. 13-1/90 (Bgt-PA) dt.

(copy enclosed).

**MINISTRY OF COMMUNICATIONS: DEPARTMENT OF POSTS:  
(P.A. WING) DAK BHAWAN: NEW DELHI-110001.**

**No. 13-1/90 Bgt (PA)/2049**

**Dt.: 30/11/90**

**Sub: Observations of the Public Accounts Committee contained in the 11th Report (9th Lok Sabha) on 'Excesses over Voted Grants/Charged Appropriations (1987-88),**

**The observations of the Public Accounts Committee contained in para no. 1.7 of the Report referred above is reproduced below:**

**"According to time schedule, the Ministries are required to submit to the Committee the explanatory notes in respect of excess registering grants by 31 May, or immediately after the presentations of the Appropriation Accounts to the House, whichever is later. The Committee note that out of the 21 grants/appropriations that recorded excess expenditure during 1987-88, the expalanatory notes in respect of 11 grants/appropriations were furnished within time, while the delay in furnishing the explanatory notes in respect of the remaining 10 grants/appropriations ranges from 13 days to over a year as is evident from the following Table:**

**Grant No. 9 - Postal Services**

**Date of presentation of relevent: 4.5.1989**

**Appn Accounts.**

**Date of sending of Explanatory Notes: 22.9.89**

**Delay: Over 3 months.**

**Normally, the Report on excess expenditure is presented to the House during the year in which the Appropriation Accounts are laid on the Table of the House. However, during the year 1989-90, the delays on the part of the concerned Ministries in submission of explanatory notes created a situation whereby the Public Accounts Committee (1989) was handicapped to finalise and present their Report on excess expenditure during their term and the excess expenditure remained unregularised. The Committee take a serious view of the delay on the part of the Ministries concerned in furnishing the explanatory notes and desire that responsibility be fixed for any laxity in this regard. The Committee, however, like the Ministry of Finance, who is the coordinating Ministry, to go into the matter and take suitable measures to ensure timely submission of Explanatory Notes in future. Para-1.8: The Committee would like to point out that after the excess expenditure is noticed under any grant, no time should be lost in preparing and forwarding the explanatory note to Audit for being vetted. The points/objections, if any, raised by Audit should be resolved with due**

promptitude on top priority basis. The Committee consider that a time schedule should be laid down for taking action at various stages involves in the finalisation/vetting of the explanatory notes. This would go a long way in eliminating delay in submission of these notes to the Committee. The Committee trust that necessary steps would be taken in this direction.

In view of the above observations, the following time schedule is hereby prescribed to be followed strictly for timely submission of vetted Explanatory Notes to the PAC.

#### **Preparation of Appropriation Accounts**

Para 6.57 to 6.59 of Postal Accounts Manual : 30th September  
Vol. I.

Preparation of Explanatory Notes: : Immediately after submission of Appropriation Account or 20th November following the fin. year.

Vetting of Notes by Finance Advice : 15th December

Submission to Audit for vetting : 18th December

Receipt of vetted ATN back from Audit (To be : 20th March

followed up with Audit regularly and any corrections/clarifications pointed out by Audit to be attended with promptitude).

Submission of Vetted Explanatory Notes to : 5th April

Ministry of Finance requesting for regularisation.

In case, excess expenditure has not been incurred over the Voted Grants in any particular fin. year, the fact should be communicated to Director Budget, Department of Economic Affairs, Ministry of Finance, New Delhi immediately after compilation of the Appropriation Accounts, without waiting for any communication calling for the same from the Ministry of Finance.

The above instructions may be followed scrupulously by all concerned.

(H. T. SANGKHUMI)  
DIRECTOR (PA I)

cc: A.O. (Book)

#### **Action Taken by the Ministry of Defence**

Para 1.7 The delay in submission of explanatory notes in respect of Grants No.13 and 14 was mainly on account of resolution of points/observation raised by Audit, in consultation with Services Hqrs/Controller General of Defence Accounts.

The Ministry has already initiated action to formulate a time schedule



for finalisation and vetting of the draft explanatory notes, in consultation with the Audit authorities. The same when formulated will be strictly adhered to by all concerned. In this connection all the concerned authorities have also been advised to treat the work and correspondence relating to preparation of Notes for regularisation of excesses as Top Priority/~~Time~~ Bound cases and all the audit observations should be resolved with due promptitude. A copy of our I.D. No.10(4)/90/B-I/PC III, dated 14-11-1990 is enclosed. (Annexure I)

This has been vetted by the Audit.

Para 1.8: Observations of the P.A.C. have been noted. A specific time schedule has been laid down for the various stages involved in preparation of the Notes for regularisation of excess expenditure and all the concerned authorities have been advised to treat the entire work and correspondence related to this as TOP PRIORITY/TIME BOUND and to be carried out within the stipulated time frame *vide* our I.D. No.10(4)/90/B-I/PC III, dated 30-1-91 (Annexure II)

This has been vetted by the Audit.

**ANNEXURE I**  
**MOST IMMEDIATE**  
**PAC MATTER**

**MINISTRY OF DEFENCE (FINANCE)**

**SUBJECT:—** *Submission of Action Taken Notes on the observations of the Public Accounts Committee.*

.....

In their 11th Report, the Public Accounts Committee (9th Lok Sabha), have made certain adverse comments on the delays in submission of the Action Taken Notes. These delays in the past have created a situation whereby the Committee was handicapped to finalise and present their Report on Excess Expenditure during their term. The Committee have taken a very serious view of this and have even desired that responsibility should be fixed for any laxity in this regard.

2. It is, as such emphasised to all concerned that after the excess expenditure is noticed under any of the grants, no time should be lost in preparing and forwarding of the Explanatory Note (incorporating the details of the remedial steps taken). The points/objections raised by the Audit authorities should be resolved with due promptitude and on TOP PRIORITY basis. The Committee have recommended a suitable time schedule be laid down for taking action at various stages involved in the preparation/vetting and finalisation of the Explanatory Notes regarding the regularisation of the excess expenditure.

3. It is, therefore, requested that the entire work and correspondence relating to preparation of Notes for Regularisation of Excesses should be treated as TOP PRIORITY/TIME BOUND to avoid any delays in future.

Sd/- P.R. SIVASUBRAMANIAN  
Addl. FA (P)  
14-11-90

Addl. DGFP, Army Hqrs  
DNP, Naval Hqrs  
DEP, Air Hqrs  
DP&RM, R&D Org  
Director P&C  
MOD (Fin) I.D. No.10(4)/90/BI/PC III, dt. 14-11-90

**Copy to:-**

- (i) All Joint Secretaries
- (ii) All Directors & DEAs.

ANNEXURE II  
MOST IMMEDIATE  
PAC MATTER

**MINISTRY OF DEFENCE (FINANCE/BUDGET)**

**SUBJECT:**—*Time Schedule for the Submission of the explanatory Note for regularisation of Excess expenditure as per the recommendation of the Public Accounts Committee.*

.....

In continuation of our I.D. No.10(4)/90/B-I/PC-III dated 14-11-90, it has been decided to lay down a specific Time Schedule for taking action at various stages involved in the Preparation vetting and finalisation of the Explanatory Note for the regularisation of excess expenditure, as per the recommendation of the Public Accounts Committee in their 11th Report (9th Lok Sabha).

The following Time Schedule is laid down which may please be strictly adhered to by all the concerned authorities:

Sl. No.	Action	Department/ Concerned Authorities	Time Limit
1	2	3	4
1.	To call for detailed explanations from the concerned authorities (viz. Service HQrs/CGDA etc.) regarding the excess expenditure noticed under any grant.	Min. of Def. (Fin)	As soon as Final Accounts have been vetted by the Audit Authorities.
2.	To send the reasons for the excess expenditure with details of the remedial action taken along with supporting documents.	Service Hqrs/ CGDA etc.	Within two weeks of the note from the MOD(Fin) asking for such details.
3.	To draft the Explanatory Note to get necessary approach to draft and forward the same to the DGADS (i.e. audit authorities) for their vetting.	Min. of Def. (Fin)	Within two weeks of the receipt of the details from the concerned authorities.

1	2	3	4
4.	Observations/queries of Min. of Def. Audit Authorities, if any, to be/authorities conveyed to the concerned for clarification/supplementary information or results.	(Fin)	Within one week of the receipt of the same.
5.	Replies/clarifications/information in respect of the audit objections to be forwarded to the Ministry of Defence (Finance).	Service Hqrs/ CGDA etc.	Within one week.
6.	Revised draft Explanatory Note to be forwarded to DGADS.	Ministry of Def. (Finance)	Within one week of the receipt of the clarifications/information.
7.	Forwarding of the vetted and finalised Explanatory Note to the Ministry of Finance/Lok Sabha Sectt.	Ministry of Def. (Finance)	Within one week of the receipt of the same from DGADS.

It is as such requested that the entire work and correspondence related to the preparation of notes for the regularisation of excess expenditure should be treated as TOP PRIORITY/TIME BOUND and carried out within the stipulated time to avoid any delays in future.

(A.K. MITRA)  
Addl. FA(A)  
30-1-1991.

Addl. DGFP, AHQ  
DNP, NHQ  
DFP, AHQ  
DP&RM, R&D Orgn.  
Director (P&C)

MOD(Fin) I.D. No.10(4)/90/B-I/C-III Dated 30-01-1991

Copy to:—

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

### **Recommendation**

An analysis of the expenditure under Grant Nos. 13 and 14 administered by Ministry of Defence discloses the following facts:—

- (i) the Supplementary provision obtained by the Ministry' under certain sub-heads proved too meagre to meet the additional requirement of funds;
- (ii) the reappropriations made to augment the original provision under various units of the Grants proved inadequate to cover the excess expenditure; and
- (iii) the minus reappropriation effected to reduce the provision under various units of the Grants proved wrong resulting in excess expenditure.

The Committee also note that while the overall excess expenditure under the Grant Nos. 13 and 14 was Rs. 2.05 crores and Rs. 21.92 crores, respectively, the aggregate excess expenditure under various sub-heads of the Grants works out to Rs. 134.06 crores and Rs. 22.99 crores, respectively. Certainly, the large scale savings under various other units of the Grants did help to a great extent in minimising the otherwise enormously higher excess expenditure. This depicts a very dismal picture of the budgetary control exercised by the Ministry over their grants.

[Sl. No. 5 (Para 1.13) of Appendix to 11th Report of PAC (9th Lok Sabha).]

### **Action Taken by the Ministry of Defence**

As brought out in the Notes for regularisation of excess under Grant Nos. 13 and 14, the excesses under various sub-heads took place mainly due to unanticipated developments and difficulties in accurate for casting of expenditure. Army HQrs. and Naval HQrs. have been steps to tighten the budgetary control and more accurate forecasting of expenditure.

2. Instructions have also been issued *vide* our I.D. No. 21(5)/89/BI, dated 29.6.1990 (copy enclosed), to all concerned to formulate the budget estimates on a realistic basis, taking into consideration the past trend and all other relevant factors. They have also been advised to estimate the supplementary requirements, the various proposals for appropriations, reappropriations and other budgetary projections with great care to ensure that no excesses or surrenders result subsequently.

3. This has been vetted by Audit.

**MINISTRY OF DEFENCE  
(FINANCE/BUDGET)**

**SUBJECT:—Preparation of budgetary estimates and *monitoring* /review of Defence Expenditure.**

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

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

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

Sd/-  
(C.K. JOSEPH)  
Addl. F.A. (P)

Addl. DGFP, Army HQ.

DFP, Air HQrs.

DNP, Naval HQrs.

DP&RM- Dir (P&C)

M of D (Fin) I.D. No. 21(5)/89/B-I, dated 29.6.1990

Copy to:—

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

### **Recommendation**

The Public Accounts Committee (8th Lok Sabha) had in Para 1.53 of their 147th Report while commenting on the faulty budgetary control and issue of defective reappropriation orders, laid stress on the need for gearing up budgetary control mechanism to ensure that initial appropriation and later reappropriations were carried out meaningfully and realistically. According to the Action Taken Note furnished by the Ministry of Defence on the above recommendations, instructions already exist for formulating the budget proposals/estimates on a realistic basis and that reappropriations wherever necessary are carried out only after close scrutiny to ensure that they are realistic and meaningful. Considering the extent of the excess expenditure that had occurred even after the reappropriations were effected, the Committee feel that the Budget Control mechanism is still wanting. More issue of instructions is not sufficient unless these are strictly followed by various spending units. The Committee desire the Ministry to further tighten their budgetary control so as to leave little scope for excess expenditure being incurred and to ensure realistic reappropriation of funds under various grants operated by them.

[Sl. No. 6 (Para 1.14) of Appendix to 11th Report of PAC (9th Lok Sabha)]

#### **Action Taken by the Ministry of Defence**

Necessary mechanism to ensure appropriate budgetary control over the progress of expenditure and cautioning the concerned authorities for remedial measures has already been instituted in the Ministry. In the current financial year, monthly budgets have been formulated as per the instructions of Ministry of Finance and the progress of actual expenditure is being reviewed against the monthly budgets.

2. To ensure realistic reappropriations Ministry of Finance have issued instructions, in pursuance of the recommendations of PAC (8th Lok Sabha) in their 147th Report on "Excesses over Voted Grant/Charged Appropriations (1986-87)", restricting the powers of the Ministries for reappropriation of fund and emphasising the need for meaningful and careful exercising of the power for the initial appropriations and later reappropriations. [A copy of Ministry of Defence (Finance) I.D. No. 819/B-I/90 dated 13th March, 1990 circulating the instructions, is enclosed].

3. All concerned have also been advised that the budgetary estimates should be prepared with utmost care, taking into account the past trend

and all other relevant factors. The estimating authorities have been instructed that various proposals for reappropriations, Supplementary Demands, Modified Appropriations should be formulated with great care to ensure that there are no excesses or surrenders subsequently (A copy of our note No. 21(5)/89/B-I dated 29-6-1990 is enclosed).

This has been vetted by Audit.

(P.R. SIVASUBRAMANIAN)

Addl. FA

&

*Joint Secretary to the Govt. of India.*

*Ministry of Defence (Finance)*

*Budget-I*

**SUBJECT:—** Powers of re-appropriation of funds—exercise thereof by the various authorities.

\*\*\*

Reference: Ministry of Finance (Department of Expenditure)  
O.M.No.F.1(14)-EII(A)/89, dated 22-2-1990.

Ministry of Finance have issued instructions in regard to re-appropriation of funds in their O.M. under reference. A copy of the same is sent herewith for information/compliance.

Sd/-

(A.K. CHOPRA)

D.F.A. (BUDGET)

All Joint Secretaries  
All Addl F.As  
Addl. DGFP, Army Hqrs.  
DNP, Naval Hqrs.  
DFP, Air Hqrs.  
DP&RM, PO(PPB&E)  
DGI (Adm-14), RCPO  
All Directors/DFAs

M of D (Fin) I.D. No. 819/B-I/90, dated 13-3-1990.



No. F.1 (14)-E-II(A)/89  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF EXPENDITURE)

New Delhi, the 22nd February 1990  
3rd Phalgunā 1911 (Saka)

*OFFICE MEMORANDUM*

**Subject:- powers of re-appropriation of funds—Exercise thereof by the various authorities.**

\*\*\*

The undersigned is directed to say that the Public Accounts Committee (Eighth Lok Sabha) in its 147th Report on 'Excesses over Voted Grants/Charged Appropriations (1986-87)' has expressed concern over the exercise of power by various Ministries/Departments for re-appropriation of funds during the period of review. The exercise of the power of re-appropriation liberally by some Ministries has resulted in a situation whereby the Parliament was approached for grant of additional funds under the heads of account wherein the provisions already allowed by Parliament had been more than adequate. In a number of cases, the original estimates were far in excess or short of actuals which have been done after making modifications in estimates through re-appropriation. In some other cases, funds were re-appropriated to the sub-heads wherein final savings and excesses had actually taken place.

2. Keeping in view the above observations, the Public Accounts Committee recommended, *inter-alia*, the review of the existing delegated powers of re-appropriation of funds with a view to providing appropriate restrictions on their exercise so that the original objectives for which the provisions are made under various sub-heads are not substantially altered by exercise of power of re-appropriation. The position has been examined. It is emphasised that the powers of re-appropriation should be exercised by the competent authorities in a meaningful and realistic way. For this, a vigorous exercise may be undertaken by the Ministries to estimate the expenditure with reference to the estimated requirement before the budget is approved and at least by the time of the last supplementary budget, and the expenditure being incurred under the different heads may be watched strictly in terms of rules 65 to 75 of the General Financial Rules, 1963, by the budget controlling authorities to avoid the occurrence

of the defective financial position with reference to original estimates. The power of re-appropriation may be exercised sparingly in the cases of urgency when there are no other alternatives i.e. Supplementary budget etc. All the budgetary control measures may be taken so as to ensure that both initial appropriation and later re-appropriation are carried out meaningfully and realistically.

3. In addition to the restrictions on re-appropriation issued under various orders from time to time it has further been decided that with effect from 1st April, 1990 any re-appropriation order issued during the year which has the effect of increasing the budget provision by more than 25% or Rs. 1 crore whichever is more under a sub-head, should be reported to Parliament alongwith the last batch of Supplementary Demands. Any re-appropriation order issued by the Ministries after the presentation of the last batch of Supplementary Demands and exceeding the limits indicated above, should have the prior approval of Secretary/Additional Secretary in the Department of Expenditure.

Ministries/Departments should ensure and accurate assessment of the likely excess and savings and made a realistic provision in the Budget Estimates and Supplementaries. Utmost care should be exercised in framing the Budget Estimates under each sub-head so that the Revised Estimates or the actuals are not substantially different from the original estimates. Observance of these instructions will be the responsibility of the Financial Advisers of the Ministries/Departments concerned.

Sd/-

(A. JAYARAMAN)

Joint Secretary to the Govt. of India.

To,

1. All Ministries/Departments and Comptroller and Auditor General of India, Union Public Service Commission, etc. with usual number of spare copies.
2. All Financial Advisers (By name).
3. Budget Division, Deptt. of Economic Affairs.

**MINISTRY OF DEFENCE**  
**(FINANCE/BUDGET)**

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

The necessity of projecting the budgetary requirements on a realistic basis in the prescribed budgetary reviews and the need for constant monitoring of the trend of expenditure with a view to review/revise the requirement of funds during various stages of the year to avoid any

excesses/surrenders has been emphasised from time to time. Instructions have also been issued time and again on the need to scrupulously conform to the budgetary provisions and to formulate the budget estimates on the most realistic basis.

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

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

Sd/-  
(C.K. JOSEPH)  
Addl. F.A. (P)

*Addl. DGFP, Army HQ.*  
*DFP, Air HQrs.*  
*DNP, Naval HQrs.*  
*DP&RM, Dir. (P&C)*

M of D (Fin) I.D. No. 21(5)/89/B-I, dated 29-6-1990

Copy to:-

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

#### **Recommendation**

The Committee note that despite the supplementary grant of Rs. 8.66 crores having been obtained, the Ministry of Home Affairs incurred an excess expenditure to the tune of Rs. 4.45 crores under Revenue Section (Voted) of Grant No. 92—Chandigarh during 1987-88. The faulty estimation of budgetary requirements and misclassification of expenditure were mainly responsible for the excess expenditure. While the Committee expect the Ministry to exercise maximum care in assessing their funds requirements they would like them to be extra cautious while booking expenditure. The misclassification/erroneous booking of expenditure should in no

case, be allowed to result in excess expenditure. In such cases, enquiries should invariably be made and responsibility fixed for the lapse.

[S. No. 8 Appendix XVIII Para No. 1.18 of 11th Report of the PAC  
(9th Lok Sabha)]

### **Action Taken**

The concerned Departments have been advised to properly estimate the expenditure in future. Further in order to avoid misclassification and excess expenditure instructions have been issued to Departments to ensure prompt and systematic reconciliation between the departmental figures and Accountant General's figures. A copy of the instructions issued in this regard is enclosed for reference.

[Ministry/Department: Ministry of Home Affairs O.M.No.G.25015(3)/  
90-Bud. Dated: 21.6.1991.]

**C O P Y**

No. 1301-F&PO(6)-&91/601

From

The Finance Secretary,  
Chandigarh Administration.

To

All Heads of Departments/Offices.  
Chandigarh Administration.

Dated, Chandigarh, the 18.3.91

Subject: *Reconciliation of departmental figures.*

Sir,

I am directed to invite your attention to this Admn. letter No. F&PO(6)-90/6190 dated 21.6.90 and No. F&PO(6)-90/1544 dated 4.1.91 on the subject noted above and to state that most of departments/offices are not doing prompt and systematic reconciliation between the departmental and Accounts figures. The Statement showing the list of the departments/offices who have not reconciled their departmental figures with the Accounts/Accountant General's Offices for the year 1990-91 as on 31.12.90 is enclosed for reference.

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

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

The heads of the departments/offices are responsible for the reconciliation of the figures given in the accounts maintained by the heads of the departments/offices with those that appear in the books of Accountant General. Normally the reconciliation should be made monthly. The need for monthly reconciliation can hardly be over emphasised because, if monthly reconciliation is not done, discrepancies, if any, can not be reconcile in time. If the discrepancies are due to defalcation or fraudulent payment, delayed reconciliation, fraudulent payment would be detected very late. Further prompt reconciliation will ensure that misclassification are rectified in proper time at any date before the accounts of the year are closed. If the misclassification are not rectified before the closure of the Accounts of the year, the result will be a distorted picture of Accounts. This is the reason why the rules stressed that the process of reconciliation should not only be prompt but also receive attention of the heads of departments/offices and the Controlling Officers.

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

Your faithfully,

Sd/-

Finance & Planning Officer,  
for Finance Secretary,  
Chandigarh Administration.

No.1301-F&PO(6)-91/2602

Dated, the 18.3.91

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

Sd/-

Finance & Planning Officer,  
for Finance Secretary,  
Chandigarh Administration.

No.1301-F&PO(6)-91/2603

Dated, 18.3.91

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

Sd/-

Finance & Planning Officer,  
for Finance Secretary,  
Chandigarh Administration

**STATEMENT SHOWING THE PROGRESS OF RECONCILIATION**

Name of Deptt./DDO	Month.	Date of Reconciliation	Heads of Accounts	Deptt. Figures	Accountant General's Figures	Variations, if any	Remark
1	2	3	4	5	6	7	8

### **Recommendation**

The Committee note that during the year 1987-88, the actual expenditure aggregating Rs.3457.02 crores exceeded the sanctioned allocation (including supplementary provision) of Rs. 3299.60 crores under 6 Grants/Appropriations operated by the Ministry of Railways by Rs. 157.42 crores. The main reasons set forth for the excess expenditure were materialisation of decretal payments contrary to expectations, under-estimation of Hire and Penalty charges, re-appropriation of lease charges, financial adjustments, super-annuation and retiring pensions, commuted pensions, Family Pensions, more appropriation under Developments Fund etc.

[S.No.9 para 1.21 of 11th Reprot of PAC (1990-91) IX Lok Sabha]]

#### **Action taken by M/o Railways**

Factual position explained in this Paragraph has been noted, and also conveyed suitably to the General Managers of the Zonal Railways vide instructions of December 1990.

This has been seen by Audit.

[Ministry of Railways (Rly.Bd)'s case No. 90-B-342/1]

### **Recommendation**

The Committee have repeatedly cautioned the Ministries, in the past, against incurring expenditure not authorised by Parliament but without any tangible results. It is very necessary that the Ministries should keep watch over the trend of expenditure and when any need for additional funds arises they should assess realistically their requirements in advance and approach Parliament by presenting Supplementary Demands for Grants in time. It is not expected of any Ministry to cross their financial limits after obtaining Supplementary Grants as has happened in many cases. The Committee recommends that the Ministries should evolve some mechanism through which the progress of expenditure is monitored so that timely action is taken to ensure that expenditure does not overshoot its limits.

[(S.No-10 para 1.22 of 11th Report of PAC (1990-91) IX Lok Sabha)]

#### **Action Taken by M/o Railways**

The observations of the Committee have been noted. and conveyed to the General Managers of the Zonal Railways vide Board's letter No. 90-B-342/1 dated.4.12.90 emphasizing the need for accurate estimation of funds required and proper functioning of the machinery for control over expenditure. They have been asked to ensure that both are sufficiently improved so as to avoid budgetary variations calling for adverse comments.

This has been seen by Audit.

[Ministry of Railways (Rlay. Bd)'s case No. 90-B-342/1]

भारत सरकार GOVERNMENT OF INDIA  
रेल मंत्रालय MINISTRY OF RAILWAYS  
(रेलवे बोर्ड *Railway Board*)

No. 90-B-342/1

रेल भवन, नई दिल्ली-110001, 4.12.90

-----  
*Rail Bhavan, New Delhi-110001, dated*

To

The General Managers,  
All Indian Railways.

**Subject:-EXCESS/SAVINGS IN ACTUALS OVER BUDGET  
ESTIMATES 1987-88.**

Public Accounts Committee (Ninth Lok Sabha) in their Eleventh Report have recommended, subject to certain observations, regularisation of excess expenditure incurred in the year 1987-88. While doing so, they have observed, inter alia, as follows:-

“1.21 The Committee note that during the year 1987-88, the actual expenditure aggregating Rs. 3457.02 crores exceeded the sanctioned allocation (including supplementary provision) of Rs. 3299.60 cr. under 6 Grants/Appropriations operated by the Ministry of Railways by Rs. 157.42 crores. The main reasons set forth for the excess expenditure were materialisation of decretal payments contrary to expectations, under-estimation of Hire and Penalty charges, re-appropriation of lease charges, financial adjustments, superannuation and retiring pensions, commuted pensions Family Pension, more appropriation under Developments Fund etc.

1.22 The Committee have repeatedly cautioned the Ministries, in the past, against incurring expenditure not authorised by Parliament but without any tangible results. It is very necessary that the Ministry should keep watch over the trend of expenditure and when any need for additional funds arises they should assess realistically their requirements in advance and approach Parliament by presenting Supplementary Demands for Grants in time. It is not expected of any Ministry to cross their financial limits after obtaining Supplementary grants as has happened in many cases. The Committee recommend that the Ministries should evolve some mechanism through which the progress of expenditure is monitored so



that timely action is taken to ensure that expenditure does not overshoot its limits.”

2. The excess or shortfall in the actuals has been reckoned with respect to final Grants. It is, however, observed from a reference to the funds sought by the Railways at the earlier stages that, by and large, estimation has not been quite accurate. Statements showing figures leading to this observation are enclosed. In any case, expenditure has to be regulated in accordance with the Final Grants that are fixed. Board have issued various instructions from time to time emphasising the need for accurate estimation of funds required and proper functioning of the machinery for control over expenditure. It may please be ensured that both are sufficiently improved so as to avoid budgetary variations and adverse comments thereon. Railways whose poor estimation in 1987-88 has been commented upon in the enclosed statement should immediately review their methods and ensure against repetition of the past mistakes.

3. Kindly acknowledge receipt.

(P.V. Vasudevan)  
Executive Director Finance (Budget)  
Railway Board

Encl: Statement.

**ENCLOSURE TO BOARD'S LETTER NO. 90-B-342/1 DATED 4.12.90.**

**ORDINARY WORKING EXPENSES (GROSS) \*\***

1987-88

**DEMAND NO. 4 (CHARGED APPROPRIATION)**

RLY.	RE	RE	FM	Final	Actuals	Comments
	Asked	299	Asked	Grants		
SC	299	478	478	477		
SE	..	..	..	2232	*****	
W	210	82	210	58	Poor estimation	

**DEMAND NO. 8 (CHARGED APPROPRIATION)**

NF	485	485	485	628	Poor estimation
W	200	84	200	80	Poor estimation

**DEMAND NO. 9 (VOTED) (R.S. in Crores.)**

C	112.58	114.41	119.41	116.31	121.58
E	77.37	84.54	91.93	89.54	96.04 estimation
N	114.41	118.54	119.41	118.54	120.99
NE	48.51	48.77	51.29	49.77	58.72 estimation
NF	52.15	54.68	55.08	54.67	62.02 estimation
S	65.96	68.81	64.41	64.41	65.53
SC	50.21	56.48	52.99	55.99	55.63 estimation
SE	79.37	86.72	86.72	86.72	83.83 estimation
W	116.22	122.22	122.22	122.22	118.84 estimation
Metro Cal.	0.76	0.76	0.76	0.76	0.69

	(R.S. in Crores)					
C	91.38	90.38	92.87	86.72	83.83	Poor estimation
E	110.39	110.39	110.39	90.38	103.67	Poor estimation
N	132.86	114.86	132.51	110.39	128.58	Poor estimation
NE	29.59	27.59	38.42	115.08	114.54	Poor estimation
NF	27.02	21.73	21.55	27.59	52.32	
S	81.47	76.47	86.22	21.55	22.00	
SC	53.21	51.21	53.78	76.47	86.66	
SE	40.39	35.39	47.86	51.21	55.14	
W	73.83	68.84	77.90	35.39	50.71	Poor estimation
Metro Cal.	0.37	0.37	0.41	68.84	91.83	Poor estimation
				0.37	0.36	

\*\*\*\*\* Total failure at all stages.

\*\* R.S. in thousands.

### **Action Taken by Telecom. Commission**

To cover the revised plan outlay as approved by Ministry of Finance, the Department had to go in for Supplementary Grant and the same was presented to Parliament in time at various stages, for approval. Never the less the expenditure exceeded the financial limit even after obtaining the Supplementary Grant for unforeseen reasons stated in reply to ATN on para. 1.31 despite the periodical monitoring. Efforts will continue, to ensure better budgetary control in future.

This has been vetted by Director General of Audit, P&T, Delhi

[F. No. 16-109/90-B]

### **Action Taken by the Ministry of Defence**

The Ministry has already established a system for the close monitoring of expenditure against the sanctioned provisions. All the estimating authorities receive the expenditure figures and examine the trend of expenditure every month. The Ministry also examines the trend of expenditure every month and cautions the concerned authorities for taking remedial measures wherever the trend is found to be abnormal.

All the estimating authorities have also been advised that various proposals for reappropriation Supplementary Demands, Modified Appropriation and other budgetary projection should be formulated with great care further ensuring that no avoidable excesses or surrenders result subsequently. (A copy of our note No. 21(5)/89/B-I dated 29-6-1990 is enclosed).

In the current financial year, Monthly budgets have been prepared as per direction of Ministry of Finance and the progress of expenditure is reviewed against these monthly budgets. (A Copy of Ministry of Finance, Department of Economic Affairs D.O. No. 16(3)-B(CDN)/90 dated 15-5-1990 is enclosed).

### **MINISTRY OF DEFENCE (FINANCE/BUDGET)**

**Subject:—** Preparation of budgetary estimates and monitoring/review of Defence Expenditure.

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

2. It had, however, been observed that by the end of the year actual

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

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

Sd/-  
(C.K. JOSEPH)  
Addl. F.A. (P)

*Addl. DGFP, Army HQrs.*  
*DFP, Air HQrs.*  
*DNP, Naval HQrs.*  
*DP&RM, Dire (P&C)*

M of D (Fin) I.D. No. 21(5)/89/B-I, dated 29-6-1990

Copy to:— (i) All Joint Secretaries.  
(ii) All Directors/DFAs.

D.O. No. 16(3)-B (CDN)/90

Smt. Janaki Kathpalia  
Joint Secretary (Budget)  
Tele: No. 3012804

Government of India  
Ministry of Finance  
Department of Economic Affairs  
New Delhi, 15th May, 1990

Dear Shri

Kindly recall the discussions which Secretary (Expenditure) had with you on May, 1990 regarding monthly monitoring of the budgeted expenditure and receipts of the various Ministries/Departments of Government of India. As indicated in the meeting you may kindly have the month-wise Budget of expenditure and receipts prepared in the enclosed proforma and send it to us by the end of this month positively.

The actual expenditure and receipts may be monitored against monthly targets. As the complete accounts figures for a month may be available only after a time lag it is necessary that you make arrangements to have flash

figures of expenditure/receipts by the end of the first week of the month following the month of which the transactions relate. The flash figures need not be reported to this Ministry, but if there are any significant variations in either expenditure or receipts they may be reported to this Ministry by the 10th of the month following the month to which the transactions relate alongwith a brief note giving reasons for the variations and steps proposed to be taken to adhere to targets in future months. As you are aware, Finance Minister is to make a report to Parliament every four months on the status of budget deficit and it is essential that the Ministries send the necessary feed back to the Ministry of Finance by the dates indicated above.

The letter issues with the approval of Secretary (Expenditure). Receipt of this letter may kindly be acknowledged.

With kind regards.

Yours sincerely,  
Sd/-  
(Smt) Janaki Kathpalia

All F.As.

Copy to: 1. Shri S.K. Mitra, Financial Commissioner (Rlys)  
2. Shri V.S. Jafa, F.A. Ministry of Defence  
3. Shri K.P. Rao, Member (Finance), D/Telecommunications.  
4. Shri S. Krishnan, Member (Finance), D/Posts

Monthly budgets of net drawal of cash from RBI may kindly be got prepared and forwarded to this Ministry. Significant variations of actuals may be reported to this Ministry of the 10th of the month following the month of transaction.

Sd/-  
(Smt) Janaki Kathpalia  
Joint Secretary (Budget)







### **Action taken by Deptt. of Posts**

The Committee has recommended the Deptts. to evolve some mechanism through which the progress of expenditure is monitored so as to enable timely action for presenting Supplementary Demands in case of necessity.

In this connection, it is informed that various Reports and periodical Statements have been prescribed for the Executives to be furnished to the Directorate for watching the trend of expenditure. Such Reports are analysed in detail and suitable instructions are issued to the Executives wherever necessary. The revenue trend is also analysed periodically.

Besides the above, a Report is presented before the Postal Services Board quarterly which discusses at length the overall expenditure of the Deptt. and the trend/shortfall, if any, in the revenue realised during the particular quarter. Appropriate action is taken on the advice of the Board.

To sum up, proper mechanism already exists in the Department of Posts. Moreover, the budgeting has been almost accurate and realistic during the last two years especially and there has been no need for presenting Supplementary Demand.

### **Recommendation**

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

[(S. No. 11, para 1.23 of 11th Report of PAC (1990-91) IX Lok Sabha)]

### **Action taken by Government**

Demands for excess Grants were presented to Parliament on 10th Jan., 1991 and the same were voted and passed by Parliament.

This has been seen by Audit.

[Ministry of Railways (Rly. Bd.)'s case No. 90-B-342/1]

### **Recommendation**

The Committee trust that the review being undertaken by the Committee of Officers of the Railway Board in regard to the framing of budget estimates under Grant No. 13 operated by Railway, would be completed expeditiously and its results made known to the Committee.

[(S. No. 13, Para 2.6. of 11th Report of PAC (1990-91) IX Lok Sabha)]

### Action taken by Government

The Committee appointed by the Ministry of Railways to review the system of budget estimates under Grant No. 13, has since submitted its report which, in brief, brought out the following:—

- (i) The Zonal Railways were basing their estimates generally on past actuals and trend of the booking under the Current year without adequately relating the requirements to the data regarding total number of existing pensioners, the number of employees retiring in the ensuing year and the trend of other than normal retirements.
- (ii) The system for keeping track of pensionary liabilities was also deficient apart from there being lack of proper interaction and co-ordination between Accounts and Personnel Departments on the Zonal Railways.
- (iii) For realistic estimation of expenditure for budgetary purposes, data base should be created through computerisation.

Keeping in view the Committee's report, instructions have been issued for introduction of a comprehensive computerised Pension accounting system *vide* Ministry of Railways letter No.90-AC-II/21/5 dated 6.6.90 (copy enclosed), which should result in the framing of more accurate budget estimates. The system is under implementation.

This has been seen by Audit.

[Ministry of Railways (Rly.Bd.)'s case No.90-AC-II/21/5 Pt.]

GOVERNMENT OF INDIA

Ministry of Railways

(Railway Board)

No.90-ACII/21/5.

New Delhi,

Dt. 6.6.1990.

FA&CAO

All Indian Railways/

Production Units &

Metro Rail/Calcutta.

(excluding Central Railway)

Sub:— *Computerisation of post check of pension payments.*

In the past few years there have been excesses over the budget grant with respect to pensionary payments under demand No. 13. This has attracted adverse comments from Audit as well as from PAC.

A Committee appointed by Board to go into these excesses has pointed out that most Railways are unable to make realistic anticipation of budgetary outgo because the basis of making the budget estimates in most cases is the quantum of debits received in the past which in itself may not be accurate since all debits may not have been received. Board is very concerned about the continuing excesses and also in the arrears of post check of pensionary debits. It may be recalled that as per extant instructions issued *vide* Board's letter No. 79/ACII/21/23 dated 11.4.83,

post check of pensionary debits have to be conducted in such a way as to ensure that debits in respect of every pensioner is checked for at least one month in the year. However, it has been noticed that even this reduced check is not being carried out for all pensioners. This leads to the possibility that Railways may well be bearing debits in respect of non-railway pensioners or that excess payments etc. are going undetected

It is felt that if post checks are conducted as per directives and if the data in the pension check register are complete in all respects, it would help in making more realistic budget estimates, based on the extant population of pensioners, taking into account any anticipated increase during the year and adding the additional liability on account of the anticipated No of retirements during the year.

Board has been considering various alternatives for remedial action in this matter and it has been felt that the long term solution to tackle the problem is computerisation of pension accounting covering all aspects viz., post check of debits, preparation of budget estimates and generation of PPOs.

It is felt that with computerisation it will be possible to reconcile debits received with respect to pensioners for all 12 months of the year. Apart from detection of excess of over payments, duplicate payments etc. it will also throw up automatically cases of non-receipt of debits.

Central Railway has developed a pension system to be processed on their main frame ICIM 6060 computer. The details of the system which is outlined in the annexure enclosed can be obtained from the Central Railway directly. Necessary modifications to suit the computer on respective railways may be made independently by each Railway.

The problem of incomplete/missing data in the pension check registers obtaining on the railways in respect of pensioners for whom debits have to be borne by a Railways has been aggravated by non-receipt of advice of PPOs sanctioned by other railways even though there are specific instructions requiring the invariable forwarding of copies of PPOs to the debit accepting railway. To make the computerisation of pension accountal a success, it is necessary that all railways must ensure that details of PPOs, where debit is to be accepted by another railway, are forwarded to the railway.

It is desired that arrangements should be made to obtain the system from Central Railway immediately and that the system after study and necessary modifications should be ready for testing by 15.9.90 on your system. Monthly progress reports in this regard may be sent to Board by 29.6.90, 31.7.90 and 31.8.90.

Kindly acknowledge receipt of this letter.

Sd/-  
 (A. Bhattacharya)  
 Executive Director (Accounts)  
 Railway Board.

### System Outline

The computerised system for post check of pensionary debits under implementation of Central Railway envisages the creation of a master file of pensioners containing the data listed below:—

Name of the pensioner, family pensioner, address, Department, Railway, Accounting Unit, State code, main bank, link bank, paying bank, bank account No. date of birth, date of retirement, PPO No., PPO date, designation, last pay, pension amount, date of commutation, commuted value of pension, net pension etc. Central Railway has undertaken the work of creation of this master file in three phases.

*Phase I* Creation of a master tape containing details of all extant pensioners, primarily from the pension check registers.

*Phase II* Updation of the master with data from the debit scrolls or from information obtained from the originating Railways.

*Phase III* Capturing details of new pensioners.

The master data has been compiled primarily from the pension check register, supplemented whenever necessary by the data available in the debit scrolls received from the banks. Since the PPO Nos. are not standardised, a mechanised 11 digit code has been generated for each pensioner. This code No. will be quoted by AAO (Pension) on the debit scrolls received subsequently. Matching will be done on this serial no. the banks are also being requested to quote the computer generated no. on the debit scrolls.

The following works is to be done on computer after completion of work creation of the master file.

1. Linking of debits-All unmatched items as listed below will be required through investigation:

- (a) Where name appears on the debit scrolls but not on the master file-it may mean either that debits are not being passed on, or that the pension has ceased altogether.
- (b) (a) If a name appears on the debit scrolls but not on the master tape
  - (i) It may mean that the pensioner belongs to some other railway.
  - (ii) The pensioner has been transferred from another bank or accounting circle but details have not been received by the new designated railway.
  - (iii) Pension particulars have not been received from pension sanctioning railway.
  - (iv) He is not a railway pensioner.

2. Budgetary and managerial statements-To calculate the total budgetary liability in respect of various categories of pensioners.
3. Check of commuted value paid by bank.
4. Generation of new PPOs through computer.

The PPO format which has been computerised by Central Railway has already been circulated vide Board's letter No. 87-ACII/21/33 dated 1.6.1989. While modifications to suit local conditions may be made, it is necessary that the proforma and PPO numbering system should be standardised for all railways to facilitate computerisation and interchange of data between the railways. The new coding pattern for the PPOs can be fixed in consultation with Central Railway.

**Ministry of Finance**  
**Department of Expenditure**  
**E. Coord. Branch**

*Action Taken Notes on the recommendations/conclusions contained in 11th Report of Public Accounts Committee (9th Lok Sabha)*

#### **Recommendation**

- 2.10** The Public Accounts Committee (Eighth Lok Sabha) in their 147th Report had noticed certain cases in which the amounts of savings exceeded the supplementary provisions during 1986-87 and had desired the Ministries to apprise them of the compelling circumstances that necessitated the supplementary provision. In their Action Taken Notes, Ministry of Finance have dealt with each of the grant Nos. 89, 90, 40 and 27.
- 2.11** In the case of both Capital and Revenue Sections of the Grant No. 89—Ports, Light Houses and Shipping, the Ministry have stated that though the overall savings of Rs. 3587.49 lakhs and Rs. 3168.08 lakhs had occurred under those Sections of grants respectively, yet these did not occur under the heads for which supplementary grants of Rs. 22.05 lakhs and Rs. 70.00 lakhs were obtained. The Committee are not convinced with the argument in as much as the main thrust of the recommendations was that the magnitude of the savings was so much that it would have taken care of the requirements for additional funds under some of the heads of the Grant through re-appropriation without any resort to supplementary grants. The information furnished by the Ministry, however, proves that the budget estimates were framed without adequate application of mind. The four heads under the Capital Section accounted for an excess of Rs. 2806.01 lakhs and Rs. 67.93 lakhs

respectively, which only helped in reducing the amount of savings. Otherwise, the extent of savings would have been much more.

- 2.12** In the case of other grants (i.e., grant Nos. 90,40 & 27) the Ministry have put forth the argument that due to implementation of the recommendations of Fourth Pay Commission, correct estimates could not be made and therefore savings occurred. The Committee do appreciate that figure to figure exact estimates cannot be made but at the same time they expect the Ministries to at least ensure minimum variations between the budget estimates and the actual expenditure.

[S. No. 14, 15 and 16 (Para 2.10, 2.11 and 2.12) Appendix XVIII of 11th Report of PAC (9th Lok Sabha)]

#### **Action Taken**

The recommendation of the Public Accounts Committee have been noted by all the concerned Ministries. As a remedial action, suitable instructions have been issued by them to all concerned Units (Copies of instructions enclosed). The instructions already issued by this Ministry to all the Ministries/Departments in pursuance of the recommendations contained in Paras 1.52, 1.53 & 1.55 of the 147th Report of Public Accounts Committee (8th Lok Sabha) (Copy enclosed) requires exercise of utmost care in framing the budget under each sub-head so that the revised estimates or the actuals are not substantially different from the original estimates.

[F. No 12 (5)-E. Coord/90]

*Copy of D.O. letter No. PPA0/2(121)/88-89 dated 25.10.1990 from Ministry of Surface Transport along with enclosures*

Kindly refer to your D.O. letter No. 12 (5)-E. Coord./90 dated 28th September, 1990, regarding observations of Public Accounts Committee on Action Taken Notes on 147th Report (8th Lok Sabha) on Excesses over Voted Grants/Charged Appropriations (1986-87).

All the Wing Heads have been suitably advised to strictly follow the procedure detailed in Appendix VI to General Financial Rules before submitting the proposals for Supplementary Grants, a copy of which is also enclosed for ready reference.

D.O. No. PPA0/2(121)/88-89

**K.A. CHANDRASEKARAN**  
PHONE : 3714104.

October, 25, 1990.

I am enclosing a copy of Shri A. Jayaraman's D.O. letter No. 12 (5)-E (Coord)/90 dated 28th Sept., 1990 along with its enclosures containing

observations of Public Accounts Committee on Action Taken Notes on 147th Report (8th Lok Sabha) on Excesses over Voted Grants/Charged Appropriation (1986-87). It is felt that had the guidelines given in Appendix VI to the General Financial Rules been strictly followed by the Wing Heads there would not have been any need for obtaining Supplementaries under each Grant when savings were available under other Heads of Accounts. I am also enclosing a copy of Appendix VI to GFRs which is self explanatory and I would request you to kindly strictly follow these guidelines before processing cases for Supplementaries. You are also requested to record a Certificate while sending the proposals for Supplementary Grants that guidelines contained in Appendix VI to GFRs have been strictly followed.

With regards,

Yours sincerely,

Sd/-

(K.A. Chandrasekaran)

As per list Attached.

Sh. K.K. Sarin,  
D.G (RD) & Addl. Secretary.

Sh. S.N. Kakar,  
J.S (S).

Sh. B.R. Chavan,  
J.S. (T)

Sh. Ashoke Joshi,  
J.S. (P)

Sh. V. Sankaralingam,  
J.S. (EL);

*Copy of D.O. letter dated 14.11.90 from Ministry of Environment & Forests*

Kindly refer to Shri Jayaraman's D.O. letter No. 12(5)-E. Coord / 90, dated the 28th September, 1990 regarding comments of the Public Accounts Committee in respect of the action taken on 147th Report (Eighth Lok Sabha) on Excesses over Voted Grants / Charged Appropriation (1986-87).

2. We have already sent our comments vide this Ministry's U.O. of even number dated 9th April, 1990. However, the observations of Public Accounts Committee have been noted. Necessary instructions have been issued to all the Divisional Heads of the Ministry to prepare the Budget Estimates on realistic basis.

**Ministry of Environment  
& Forests.**

**PARAVAYARAN BHAVAN, CGO Complex,  
Lodi Road, New Delhi**

No. G-20011(19) / 89-B&A      November 1, 1990.

**OFFICE MEMORANDUM**

**Subject: Appropriation Accounts in respect of Grant No. 23—MOEF, for the year 1989-90.**

The undersigned is directed to invite the attention of the heads of the concerned Divisions of the need for preparation of realistic Budget Estimates and exercise of proper financial control. The trend during the last 3 years has shown that large scale surrenders are made at the stage of final appropriation. It is indicative of poor planning and improper monitoring in the implementation of the schemes. Some of the observations raised by Audit during the scrutiny of the Appropriation Accounts are enumerated below for the information of all concerned:—

- (a) The budget provision in respect of the various schemes is not made on realistic basis. This leads to large scale surrenders and re-appropriation of money to other schemes.
- (b) The reasons for variation between the actuals and the budget estimates are not convincing and very little attention is paid to investigate the reasons. Replies received mostly indicate:—
  - (i) Non-receipt of proposals from the States / U.T.s.
  - (ii) Less expenditure due to economy measures.
- (c) Enlargement and curtailment of scope of schemes.

2. With a view to avoiding unnecessary criticism from Audit as well as Finance, all Heads of Divisions are requested to bestow proper attention in the preparation of Budget Estimates having regard to the physical / financial progress of the various schemes, the likely expenditure during the current / next year. Needless to say, all concerned should evolve a continuous monitoring system for proper evaluation of the plans, etc., so that the variations between the budget estimates and the actuals are minimum.

Sd /-

(H.M. SARKAR)

UNDER SECRETARY TO THE GOVT. OF INDIA

To

All Divisional Heads.

**No.F.1(14)-E.II(A) / 89  
Government of India  
Ministry of Finance  
Department of Expenditure**

New Delhi, the 22nd February, 1990

*3rd Phalguna, 1911 (Saka).*

**OFFICE MEMORANDUM**



**Subject: Powers of re-appropriation of funds—Exercise thereof by the various authorities.**

The undersigned is directed to say that the Public Accounts Committee (Eighth Lok Sabha) in its 147th Report on 'Excesses over Voted Grants / Charged Appropriations (1986-87)' has expressed concern over the exercise of power by various Ministries / Departments for re-appropriation of funds during the period of review. The exercise of the power of re-appropriation liberally by some Ministries has resulted in a situation whereby the Parliament was approached for grant of additional funds under the heads of account wherein the provisions already allowed by Parliament had been more than adequate. In a number of cases, the original estimates were far in excess or short of actuals which have been done after making modifications in estimates through re-appropriation. In some other cases, funds were re-appropriated to the sub-heads therein final savings and excesses had actually taken place.

2. Keeping in view the above observations, the Public Accounts Committee recommended, *inter-alia*, the review of the existing delegated powers of re-appropriation of funds with a view to providing appropriate restrictions on their exercise so that the original objectives for which the provisions are made under various sub-heads are not substantially altered by exercise of power of re-appropriation. The position has been examined. It is emphasised that the powers of re-appropriation should be exercised by the competent authorities in a meaningful and realistic way. For this, a vigorous exercise may be undertaken by the Ministries to estimate the expenditure with reference to the estimated requirements before the budget is approved and at least by the time of the last supplementary budget; and the expenditure being incurred under the different heads may be watched strictly in terms of rules 65 to 75 of the General Financial Rules, 1963, by the budget controlling authorities to avoid the occurrence of the defective financial position with reference to original estimates. The power of re-appropriation may be exercised sparingly in the cases of urgency when there are no other alternatives i.e., supplementary budget, etc. All the budgetary control measures may be taken so as to ensure that both initial appropriation and later re-appropriations are carried out meaningfully and realistically.

3. In addition to the restrictions on re-appropriation issued under various orders from time to time it has further been decided that with effect from 1st April, 1990 any re-appropriation order issued during the year which has the effect of increasing the budget provision by more than 25% or Rs. 1 crore whichever is more under a sub-head, should be reported to Parliament along with the last batch of Supplementary Demands. Any re-appropriation order issued by the Ministries after the

presentation of the last batch of Supplementary Demands and exceeding the limits indicated above, should have the prior approval of Secretary / Addl. Secy. in the Department of Expenditure.

4. Ministries / Departments should ensure an accurate assessment of the likely excess and savings and make a realistic provision in the Budget Estimates and Supplementaries. Utmost care should be exercised in framing the Budget Estimates under each sub-head so that the Revised Estimates or the actuals are not substantially different from the original estimates. Observance of these instructions will be the responsibility of the Financial Advisors of the Ministries / Departments concerned.

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

Sd /-

(A. JAYARAMAN)

JOINT SECY. TO THE GOVT. OF INDIA

To

1. All Ministries / Departments and Comptroller and Auditor General of India, Union Public Service Commission, etc. with usual number of spare copies.
2. All Financial Advisors (By name).
3. Budget Division, Deptt. of Economic Affairs.

(ii) Recommendations / Observations which the Committee do not desire to pursue in view of the replies received from government:

—NIL—

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

#### **Recommendation**

Under Revenue Section (Voted) of Grant No. 74—Public Works, the Ministry of Urban Development incurred an expenditure of Rs. 5.67 crores over and above the sanctioned provision of Rs. 148.04 crores during 1987-88 although a supplementary grant of Rs. 5.06 crores had been obtained in March, 1988. But for the savings that occurred under certain heads of the grant, the excess expenditure would have been as high as Rs. 16.32 crores. A perusal of the explanatory note furnished by the Ministry would indicate that apart from the faulty estimation of the funds required under various heads of the grant, the Ministry could not compile in time the information regarding expenditure, which was received from various Divisions of CPWD spread all over the country at a very late stage when no time was left for obtaining supplementary grant. The Committee feel that the budget division of the Ministry needs to be revamped thoroughly so that budget estimates are made precisely and the trend of expenditure is closely monitored and reviewed periodically. Besides, a time schedule is all the more essential for regular flow of requisite data from various Divisions of

C.P.W.D. to the Budget Wing of the Ministry so as to enable the Ministry to initiate action well in time for obtaining additional funds, if any need arises therefore, by presenting supplementary grant to the house.

[Para 1.16, Sl. No. 7 of the Appendix XVIII to 11th Report of PAC (9LS)]

#### **Action Taken**

It has been the experience that merely through monitoring expenditure incurred by C.P.W.D., it is very difficult to control and keep the expenditure within the budgeted amounts. It may be reiterated that by issue of letters / orders to restrict expenditure to a specified level takes considerable time to percolate down to the divisions which are the spending units. Under the C.P.W.D. set up funds are first followed by D.G.(W) on a Zonal basis; zones in turn distribute the allotment to their circles, which distribute further to the divisions, located throughout the country. On receipt of the Public Accounts Committees observations the Finance Division of the Ministry reviewed the entire matter and came to the conclusion that the only effective check on expenditure incurred by Central Public Works Department can be exercised through issue of letter of credit, which were delegated to the regional Pay & Accounts Offices. It was also seen that the Pay & Accounts Officers were rather junior functionaries and had to interact with senior Chief Engineers and thus the control of expenditure by Pay & Accounts Offices through issue of letter of credit were not found to be effective. Accordingly, a decision was taken by the Finance Division in September, 1990 to withdraw all powers of issue of letter of credit from the local Pay & Accounts Offices and centralise the same in the hands of Chief Controller of Accounts in the head quarter. This has proved very successful which is borne out by the accounts of 1990-91. Over and above the tight control on the issue of letter of credit, a regular monitoring at Financial Adviser's level with Director General (Works) and Chief Controller of Accounts has also been introduced.

This has been vetted by Audit.

Sd /-

(B. BHATTACHARYA)

JOINT SECRETARY (FINANCE) & FINANCIAL ADVISER (UD).

[Ministry of Urban Development O.M. No. G-25013 / 1 / 90-Bt., dated 19.6.91]

#### **Recommendation**

Again in the year 1987-88 the Committee has noticed that the savings aggregating Rs. 32320.74 crores had occurred in as many as 193 out of 215 items of expenditure. Supplementary grants were obtained in 116 items out of which supplementary provision proved unnecessary in 20 items. The Committee need hardly point out that savings are as bad as excess expenditure in that these deprive certain deserving vital sectors of economy

of the much needed resources. This is not for the first time that the Committee are drawing attention to this aspect. The committee feel that budget estimates should be made keeping in view the resources available or likely to be available during the year and each Ministry should exercise due farsightedness while forecasting its monetary requirements under each grant to ensure best and efficient utilisation of funds. Resort to supplementary demands should only be in deserving and genuine cases. It is very essential that the need for additional funds under any grant is examined thoroughly before supplementary demand is presented to the House. Lessons should also be drawn from the past experience while framing budget estimates. The committee recommend that the Ministry of Finance should make a study of the cases where large scale savings have taken place or where savings exceeded the supplementary provisions and lay down certain guidelines for being followed by the Ministries and Departments of Government of India. The Committee would like to be apprised of the results of the study so made.

### **Action Taken by Government**

The estimates of expenditure from the Consolidated Fund included in the Annual Financial Statement and required to be voted, are submitted in the form of Demands for Grants in pursuance of Article 113 of the Constitution. In view of the provisions of Article 114(3) of the Constitution, the Demands for Grants presented are on the basis of gross expenditure and are exclusive of related recoveries and receipts. The net expenditure after setting off related recoveries and receipts is shown in the documents "Budget at a glance" and "Expenditure Budget Volumes I & II". This manner of presentation of net expenditure also has the approval of the Estimates Committee. Assessment of the savings under this manner of presentation, would also enable a more realistic assessment.

2. In 1987-88 the gross expenditure authorised by Parliament is Rs. 2,22,557 crores. This included Rs. 1,50,000 crores for the item "Discharge of Treasury Bill". The Budget also included an amount of Rs. 1,55,688 crores as receipt from issue of Treasury Bills. These two are inter-related and the difference broadly represents the budgetary deficit. The estimates in respect of such discharges of Treasury Bills though based on data furnished by Reserve Bank of India cannot be assessed with a sufficient degree of accuracy, as they depend on a number of random factors which affect the cash balance of Central Government from day to day. The point however remains that discharge of Treasury Bills is not an item of expenditure per se which will affect the budgetary deficit. In the year 1987-88 the actual discharges turned out to be Rs. 1,21,460 crores i.e. Rs. 28,540 crores less. (The corresponding receipts were Rs. 1,26,815 crores i.e. Rs. 28,873 crores less) If this item is excluded the total savings would amount to Rs. 3781 crores only.

3. As recommended by the Committee the cases of a few Ministries

Departments where large scale savings have taken place have been studied and the position is briefly as follows:

(a) *Department of Expenditure:*

	provision	savings
1987-88	303.66	299.66
1988-89	806.09	799.76
1989-90	1505.78	1499.71

(Rs. in crores)

The savings in these years arose from the lumpsum provision made for D.A. in the Demands pertaining to Department of Expenditure (Rs. 300 crores in 1987-88, Rs. 800 crores in 1988-89 and Rs. 1000 crores in 1989-90). The position with regard to the budgetary procedure adopted for reflecting the provisions made for D.A., in order that the estimates presented to Parliament are realistic, have been explained in reply to the observations of the PAC in Paras 1.58 to 1.60 of the 147th Report of the Public Accounts Committee (8th Lok Sabha).

During the year 1989-90 a provision of Rs. 500 crores had also been made in the Budget of Department of Expenditure for the new Scheme of 'Jawahar Rozgar Yojana' being introduced from that year. This provision was subsequently transferred to Department of Rural Development with the approval of Parliament through a Supplementary Demand presented during 1989-90 (July 1989) and the provision made in the Grant for Department of Expenditure was surrendered.

(b) *Department of Art and Culture:*

	provision (Capital Section)	savings
1987-88	20.50	20.50
1988-89	20.50	20.50
1989-90	20.50	20.50

(Rs. in crores)

The provisions indicated above have been made each year for purchase of Nizam's jewellery. These provisions require to be incorporated to enable acquisition of the jewellery as soon as the award regarding the valuation becomes available. This was an earmarked provision and was not intended to be diverted for any other purpose.

(c) *Department of Fertilizers:*

	provision (Revenue Section)	Savings
1987-88	3075.88	531.95

(Rs. in crores)

The savings of Rs. 531.95 crores indicated above exceeded the Sup-

plementary Grant of Rs. 303.25 crores obtained in November, 1987. The Supplementary grant obtained was for meeting the additional requirement of funds following the upward revision of retention prices on account of increase in the cost of inputs (in respect of fertilizers produced indigenously). The bulk of the saving occurred in respect of the provisions made for subsidy on imported fertilizers. Due to adverse weather conditions during the year 1987-88 the later assessments with regard to the requirement of imported fertilizers was much less. It would have been difficult to assess the savings on this account at the time of obtaining the Supplementaries in November 1987.

(d) *Direct Taxes:*

(Rs. in crores)

	provision	savings
	(Capital Section)	
1987-88	120.00	99.99
1988-89	120.00	86.83
1989-90	120.00	82.15

The provisions indicated were made for acquisition of immovable properties under Chapter XX-C of the Income-tax Act. The savings were due to non-acquisition of certain properties following petitions filed by their owners in the High Courts / Supreme Court against their purchase by Government. It is required to make these provisions to enable acquisition on completion of the proceedings initiated, as and when the decision of the Courts become available.

4. A study of the foregoing cases would indicate that there were no lacuna in the procedure to be followed for assessment of the required budget provisions or any serious drawback in observance.

5. The Budget of the Central Government is formulated each year keeping in view the resources available during the year, as recommended by the Committee. The Revised Estimates are framed taking into consideration the resources as assessed to be actually available during the year taking into account the post-budget developments. The combined savings of all Ministries / Departments, with reference to the estimates formulated in the manner indicated in Para 2, are as given below. It would be seen that the savings with reference to the Revised Estimates each year

have in fact been showing a declining trend from year to year since 1987-88:—

Year	(Rs. in crores)			
	Budget Estimates (Net)	Revised Estimates (Net)	Actual Expenditure (Net)	Savings w.r.t. RE
1987-88	62942	66161	65164	997(2%)
1988-89	73610	75783	74906	877(1%)
1989-90	82161	87696	87164	532(1%)

6. The decline in the savings reflected in the preceding tables has been achieved through a closer scrutiny of the proposals for Supplementaries, careful assessment with regard to the flow of expenditures and savings in the provisions already made and on the basis of lessons from past experience. This has led to obtaining Supplementary Demands for Grants only in obligatory or inescapable cases.

7. It is the endeavour of Ministry of Finance to continuously strive for better and closer assessment of the Budget Estimates presented to Parliament so that there is no significant variation between the actual expenditure and the original estimates. In the annual circular on preparation of 1992-93 Budget which is under issue the need for utmost care in the framing of estimates is being reiterated.

[File No. F.7(3)-B(R) / 91, Dt. 20.9.1991]

(iv) Recommendation and observations in respect of which Government have furnished interim replies

—NIL—

## APPENDIX XVIII

### STATEMENT SHOWING ACTION TAKEN BY GOVT. ON RECOMMENDATIONS CONTAINED IN 147TH REPORT OF PAC (8 LS) IN RESPECT OF WHICH INTERIM/NO REPLY WAS FURNISHED EARLIER

#### Recommendation

The Committee are at a loss to understand as to what was the necessity of reducing the original budget provision under Grant No. 93 when there was no scope for the savings. The overzealousness displayed by the Ministry to effect economy without application of mind was totally uncalled for and the Committee desire that lessons be drawn from the experience.

The Committee note that even though the reappropriation orders were issued on the last date of the financial year (31st March, 1987), they bring out a position which indicate that the reappropriation was either excessive or not called for. The Committee can not help observing in this regard that the Appropriation Accounts of this Grant No. 93 reveal a lack of budgetary control as the various explanations given for reappropriation, excess, savings etc. ought to have been within the knowledge when the planning was done and when reappropriation proposals were considered and approved. The Committee recommend that the Ministry of Finance may conduct a study of the budgeting process adopted by the Ministry of Urban Development and place the same on a proper footing.

[Sl. No. 8 and 9 (paras 124 and 126) of 147th Report (8LS)]

#### Action taken by the Ministry

Secretary in the Department of Expenditure of the Ministry of Finance, intimated the Secretary, Ministry of Urban Development vide his D.O. No. F. 11(12)-W&M/86, dated 5th November, 1986 (copy enclosed) that keeping in view the uncovered deficit of Rs. 3650 crores for 1986-87 and the decision on Pay Commission's recommendations which may cost another Rs. 1500 crores and the steps to be taken to ameliorate the distress caused by floods and drought in many parts of the country which caused enormous budgetary pressure, Government decided that immediate steps should be taken to effect significant reductions in Government expenditure and improvements in resources. The steps, *inter alia*, envisaged that each Ministry should within a month, put up proposals to the Cabinet to achieve a total reduction of 5% of its sanctioned budget.

2. The total budget of this Ministry was Rs. 440.99 crores (107.64 crores and Rs. 301.65 crores for Non-plan including Rs. 31.70 crores



obtained through Supplementary Grant). Savings of Rs. 22.15 crores, representing about 5% of the budget grant was made, after the matter was discussed in a meeting taken by then Secretary, as under:—

(Rupees in Crores)

Grant No.	Major Head and Description	Amount of Savings Reported	
94-Water Supply & Sewage	(P) 282-Public Health Sanitation and Water Supply.	0.57	(Revenue)
95-Housing Urban Development	483-Capital outlay on Housing.	0.30	(Capital)
	(P) (a) Investment in Hindustan Prefab Ltd.		
	(P) (b) Investment in National Housing Bank	1.90	(Capital)
	683-Loans on Housing		
	(NP) Financing Housing Schemes for Central Govt. Employees through Housing Agencies.	5.50	(Capital)
93-Public Works	(NP) 259-Public Works Suspense (Stock)	3.00	(Revenue)
	(P) 477-Capital outlay on Education Art & Culture.	9.89	(Capital)
	(P) 480-Capital outlay on Medical.	0.99	(Capital)
<b>TOTAL:</b>		<b>22.15</b>	

3. The final requirements were called for from all concerned including the Directorate General of Works on 30.1.1987 with the request that necessary information should be furnished by 16th February, 1987. The Director General of Works had to collect information from more than 200 field units and consolidate the same for onward transmission to the Ministry of Urban Development for consideration. The information was sent by the Director General of Works on 5.3.1987 and 6.3.1987. The proposals sought provision of Rs. 71.66 crores under the Head 'Suspense' against the Budget Estimates 1986-87 provision of Rs. 59.28 crores and Rs. 56.28 crores in Revised Estimates. As no such demand was projected in the proposals for the Third Batch of Supplementaries which were invited in

January, 1987 and as it was too late to seek additional funds from the Ministry of Finance through Supplementary Demand, it was not possible to meet this Demand. The Director General of Works was apprised of the position on 13.3.1987 and advised to restrict his expenditure to the Revised Estimates provisions of 1986-87.

4. Secretary (Expenditure) had desired that additional expenditure should be met from savings elsewhere in the grant and accordingly funds made available by reappropriations. While on the subject of economy cut, it would be pertinent to point out that there has been no excess expenditure in other items where this economy cut was imposed. In view of this, this Ministry is of the view that the economy cut which were enforced in consultation with all the concerned agencies has taken the ground realities into consideration.

5. So far as the reappropriations are concerned, about Rs. 9.45 crores was reappropriated. Of this, Rs. 6.36 crores was provision for salaries (obtained through a Supplementary Demand) and provision for additional D.A. sanctioned in January, 1985-86. These were taken under relevant detailed heads under Direction & Administration of Major Head '259'. This was subsequently reappropriated to various salaries heads as is the usual practice. Rs. 3.00 crores was the economy cut imposed on 'Suspense' in consultation with the Director General (Works) and had already been accounted for under various heads in Revised Estimates 1986-87. The other savings are not significant to merit special mention. As could be seen from the reappropriation orders these were reappropriated mainly for salaries, enhanced security arrangements during Republic Day Celebrations, 1987, increase in rates of labour and materials, increase in the rate of water and electricity charges etc. As already stated above, the reappropriations in respect of salaries is a normal practice after obtaining Supplementary Demands. The others by their very nature could not have been anticipated earlier.

6. 'As recommended by the Committee the Ministry of Finance have conducted a study of the budgeting process adopted by the Ministry of Urban Development by way of detailed discussion with the undersigned. It was seen that the budgeting process adopted by the Ministry of Urban Development were broadly in accordance with the prescribed instructions. It was also seen that the main reasons for the continued excess in the grant relating to 'Public Works' were due to lack of effective control mechanism to restrict expenditure to the sanctioned budget provisions. In order to suitably restrict the expenditure to the sanctioned provisions, the Ministry of Urban Development had already initiated suitable measures. The powers of the various Pay and Accounts Office to issue Letter of Credit (L.O.C.) have been withdrawn vide the Ministry's Circular D.O. No. G-25019/Pr.AO/UD/C&A/Review of Expenditure/90-91/7160-88, dated 18.9.1990 (copy enclosed) and these have now been centralised with the Chief Controller of Accounts of the Ministry in Delhi who has been asked

to strictly control the issue of Letter of Credits separately for works by utilising the Public Works Grant, Cash Settlement, Suspense Work and deposit Works. Simultaneously the Ministry has also improved the estimating methodology for provisions required to be made under the head 'Suspense'-Stock' which has ensured that there is adequate budget provisions for transactions to be recorded under this head. These measures have already had the desired impact. The appropriation accounts 1989-90 show that in the Public Works Grant as a whole, there was no excess under any section except a very small amount of Rs. 1.11 lakh under Capital (Charged) and that there was no excess under the detailed head 'Suspense'-'Stock'. The provisional figures for 190-91 in respect of the Public Works Grant (as on 1.10.91) indicate that there are no excesses under this grant as a whole and under the detailed head 'Suspense'-'Stock' also there is no excess.

7. This has been vetted by Audit.

File No. G-25012/40/89-Bt.

**COPY**  
**MOST IMMEDIATE**  
**MINISTRY OF FINANCE/DEPTT. OF EXPENDITURE**  
New Delhi, dated 5.11.1986

D.O.No. F. 11(12)-W&M/86

Dear Shri Chandra,

As you are aware the Original Budget of the Central Govt. for the current year kept Rs. 3650 crores of deficit uncovered. Subsequent decisions on Pay Commission's recommendations are expected to cost another Rs. 1500 crores. The Centre has had to step in a big way to ameliorate the distress caused by floods and drought in many parts of the country. All these have cost an enormous burden on the Budget. Under the circumstances, Govt. have decided that immediate steps should be taken to bring about significant reductions in Govt. expenditure and improvements in resources. The steps will include the following:-

1. Each Ministry/Deptt. should, within a month, put up proposals to the Cabinet to achieve a reduction of 5% of its sanctioned budget for expenditure by—

- a) making a saving in non-developmental expenditure, and/or
- b) increasing revenues through increased efficiency, and by increasing productivity and/or reducing unit cost of production.

2. The establishment budget of each Ministry/Deptt. for the next year i.e. 1987-88 should be pegged down to the level of 1986-87 budget estimates except for additional amounts required for the implementation of Pay Commission recommendations and payment of D.A. instalments.

3. Each Ministry/Deptt. should go into the whole issue of subsidies administered by it and suggest how savings could be effected by reducing overheads, and confining the benefits to the really needy group of society. The proposals should be put up to the Cabinet by *20th November, 1986*.

4. No new non-plan expenditure should be sanctioned till 20th November, 1986 i.e. till the Cabinet has taken a decision on the various measures discussed above.

5. No expenditure that is not provided in the Budget or Plan should be considered unless corresponding savings or resources are identified along with the proposal.

6. Every Ministry/Deptt. should put up to the Cabinet within one month with concrete proposals to increase internal resource generation and reduce such losses of the public sector undertakings under its control by increasing efficiency and reducing the per unit cost of production. Each Ministry may bring a paper before the Cabinet giving targets to be achieved by the Public Sector Undertakings under it.

7. While efforts should be made to maintain the Plan size, a close scrutiny should be made of various schemes on the Plan side also. Resources from schemes with low priority and benefits should be diverted to more fruitful and high priority schemes on projects in the concerned Ministry/Deptt.

8. The 7th Plan was finalised after a very detailed exercise giving due priority to various programmes and projects and keeping in view the availability of resources for the Plan period. If programmes and projects are now sought to be added to the Plan, the original Plan and its priorities will be distorted. Such additions can only be considered at the time of a regular Mid Term Appraisal in 87-88. On the other hand, if it is considered inescapable to take on new projects and programmes right now, it will be advisable to consider all such proposals at one go and prepare a revised Plan keeping in view the available resources. This exercise should not effect additional resources required for basic infrastructural sectors like, Power, Railways and Telecommunications.

Receipts of this letter may please be acknowledged. I may be apprised of the action taken on the various measures indicated above.

With regards,

Yours Sincerely,  
Sd- R.R. GUPTA

Shri Ramesh Chandra,  
Secretary,  
M/O UD.

**COPY**

**MOST IMMEDIATE**

**No.G-25019/PrAO/UD/C&A/Review of Expdr/  
90-91/7160-88**

**New Delhi, dated the 18.9.90**

**Dear Shri**

**A reference is invited to circular No. 20017/2/PrAO/C&A/Gen.Bt./89-90/10088-10107, dated 14.12.89 regarding excess expenditure detection by our PAOs' well in time and guidelines for issue of quarterly L.O.C. to C.P.W.D. Divisions.**

**2. It was required therein that all cases of issue of L.O.C. will be submitted to the CCA with full details. The concerned Dy. CAs were directed to submit such cases personally for obtaining CCAs approval. However, later on the powers were further delegated in January, 90 to Dy. CAs, Calcutta & Madras and to PAO in Bombay (there is no Dy. CA at Bombay) for issue of L.O.C., with the approval of C.C.A. (UD).**

**3. A review of expenditure upto 31st July, 90 has revealed that balances under CSSA, MPSSA and Deposit Works have not decreased and excess/unauthorised expenditure continues to be incurred by many C.P.W.D. Divisions. This has happened despite instructions to contain growth of expenditure and restrict the expenditure within the allotted budget. Further, powers to issue reappropriation order have been restricted with effect from 01.04.90 by the Ministry of Finance.**

**4. In view of above, it is necessary that strict control is exercised over expenditure. While some of the PAOs have brought the cases of unauthorised/excess expenditure to the notice of C.E. and S.Es, I find that the exercise relating to monthly review of expenditure is not being done regularly by many PAOs and results of review are not communicated to the concerned Divisions, S.Es and C.E. Further, the PAOs are using different formats while communicating such cases of unauthorised/excess expenditure.**

**5. The PAOs are also required to detect cases of diversion of fund from one category of L.O.C. to other category such as from Budgetary Heads' to CSSA' or 'Deposit Works' or vice versa. Such diversions also lead to excess of expenditure over budgeted amount. However, this exercise is also not being done by the PAOs particularly outstation PAOs.**

**6. In order to have effective control over expenditure and also to contain it within budgeted amount, it is essential that you carry out monthly review including diversion of funds immediately after monthly accounts are submitted to Principal Accounts Office and intimate the same in the enclosed format (Annexure 'A') to the C.E., concerned S.E. and XEN, with a copy to me latest by 20th Monthly review for and upto August, 90 may be carried out by 20th September, 1990. Meanwhile, monthly review**

upto July, 90 may be sent to me by 28th September, 1990. Already received from PAO(WZ), Bombay. The cases of diversion of funds may also be brought to my notice.

7. Since outstation Dy. CAs and PAOs have not adhered to the instructions regarding issue of L.O.C., the powers given to the outstation Dy. CAs and PAO(WZ), Bombay to decide the quantum of L.O.C. for each category stand withdrawn with immediate effect. In future all L.O.C. will be issued by the outstation PAOs after the amount is approved by the C.C.A. The PAOs(Ptg.)/and PAO(Sectt.) need not send their cases for issue of L.O.C. The enclosed proforma (Annexure 'C') should be properly filled in by the PAOs while sending the cases of L.O.C. All the four Annexures i.e. I to IV which are sent by the Divisional Officers should also be sent to me alongwith the covering letter. The PAO & Dy. CA must certify about the correctness of budget allotment, about outstanding amount under CSSA and balances under Deposit Works, Since L.O.C. cases will have to be sent to the Pr. A.O. I would request that these cases may be sent in two or three batches, alongwith all the Annexures.

Yours sincerely,

Sd/-

(S.R. SHIVRAIN)

Dy. Controller of Accounts,  
PAO, CPWD

## APPENDIX XIX

### STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Deptt. concerned	Observations & Recommendations
1	2	3	4
1.	1.5	Finance (Expenditure)	The Public Accounts Committee have repeatedly exhorted the Ministries in the past to enforce strict exchequer control and impart financial discipline amongst their Departments so as to regulate the expenditure in accordance with the budgetary allocations. Nevertheless, financial discipline has remained a distant goal.
2.	1.6	-do-	The Committee note that during the year under review i.e. 1988-89 the excess expenditure was of the order of Rs. 367.98 crores under 26 grants as against Rs. 304.15 crores under 21 grants during the preceding year i.e. 1987-88. Incidentally, the Committee observe that during the past decade (1979-89) there was a period (1981-82 to 1984-85) when the excess expenditure registered a declining trend from Rs. 462.69 crores in 1981-82 to as low as Rs. 64.87 crores in 1984-85 but unfortunately this trend got reversed in 1985-86 when the excess expenditure touched a figure of Rs. 441.72 crores. Since then there has been no significant improvement in the situation. The Committee view this situation with concern.
3.	1.7	-do-	An analysis of the reasons for excess expenditure during 1988-89, which have been discussed in some detail in the succeeding paragraphs of this Report indicate



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

4. 1.8 Defence, Urban Development, Home Affairs & Railways

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

Name of Grant	(Rs. in crores)			
	Excess Expenditure during the years			
	1985-86	1986-87	1987-88	1988-89
Defence Pensions (Revenue-Voted)	12.02	1.36	1.69	1.61
Public Works (Revenue-Voted)	4.25	10.93	5.67	10.03
Lakshadweep	—	.06	1.24	0.11
Defence Services-Army (Revenue-Voted)	22.91	100.33	2.05	103.65
Provident Fund, Pensions & other Retirement benefits (voted)	11.70	53.49	110.01	93.30

Apparently no efforts seem to have been made by the concerned Ministries/

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Departments to examine the factors contributing to such a State of affairs and take corrective action. The Committee desire that every Ministry/Department particularly those concerned with grants mentioned above carefully review their mechanism for framing of budget estimates and apply correctives, wherever required to make the budget exercise more realistic and meaningful.

5. 1.13 Finance,  
(Expenditure)  
Defence

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

6. 1.18 Defence

The Committee note that against the final provision of Rs. 7116.07 crores sanctioned under Grant No. 14-Defence Services-Army, the Ministry of Defence incurred expenditure of the order of

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Rs. 7219.72 crores resulting in an unrecovered excess of Rs. 103.65 crores inspite of the fact that a supplementary grant of Rs. 241.10 crores was taken by the Ministry. The wide variation between the original budgeted figures and the actual expenditure leads the Committee to an obvious conclusion that the Ministry of Defence have, at no stage, been able to precisely anticipate, assess and provide for the funds actually required by them under the various heads of Grant. The excess has occurred mainly under the Heads A.1-Pay and Allowances of Army (Rs. 57.19 crores), A.9-Works (Rs. 24.71 crores) A.5-Military Farms (Rs. 10.73 crores) and A.7-Inspection Organisation (Rs. 7.10 crores) besides some other heads. As usual, the Ministry have informed that instructions already exist for framing the Defence Budget Estimates on realistic basis and for exercising a close and constant watch over the trend of expenditure. The Committee need hardly emphasise that mere issue of instructions is not sufficient unless these instructions are strictly complied with. They, therefore, desire the Ministry to take effective steps to ensure strict observance of the existing instructions apart from tightening further their control over expenditure.

7. 1.20 Finance  
(Expenditure)

The excess expenditure of Rs. 128.52 crores under Revenue Section (Charged) of Appropriation No. 28 - Interest Payments during the year 1988-89 cannot be said to be unforeseeable because the two decisions attributed to have led to excess expenditure as mentioned in Para 1.19 were taken by Govt. right at the commencement of the financial year 1988-89. A precise assessment of funds required to cover the impending excess expenditure

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could have been made and adequate supplementary provisions sought from Parliament. Unfortunately, the Supplementary provision i.e. Rs. 50 crores that was sought at the fag end of the year could meet only 28% of the actual addition requirements (i.e. of Rs. 178.52 crores) leaving the balance for Parliament to regularise subsequently. Barring unforeseen circumstances, it is not expected of any Ministry to cross their financial limit even after making a supplementary provision as has happened in this case. The Committee take a serious view of the casual approach especially of the Ministry of Finance which is supposed to be a model for others to emulate in the matter of framing not only the original budget estimates but also revised budget estimates. The Committee desire that the reasons for failure to make realistic assessment of funds requirements as also to take timely action for ensuring adequate provisions for funds under the Appropriation No. 28 be investigated and the persons found at fault suitably dealt with. The Committee trust that the Ministry would be very careful while framing budget estimates in future.

8. 1.23 Chemicals and Petro Chemicals

The Committee note that in the case of Grant No. 52—Department of Chemicals and Petro-Chemicals, the Department at the initial stage anticipated savings under the sub-head AA. 2(1) (1) (5) — Bengal Immunity Limited, which they intended to reappropriate to cover the anticipated excess expenditure under other sub-heads. The anticipated savings however, did not materialise at all resulting in an excess expenditure of Rs. 3.64 crores. The Committee consider it a case of bad budgeting. The Deptt. of Chemicals and Petro-chemicals do not seem to have at any

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stage (i.e. Revised Budget Estimates stage or the Supplementary Grants stage) during the year made any attempt to assess whether the savings initially anticipated were really going to materialise or not. It was only at the fag end of the year that the awareness about the excess expenditure having occurred dawned upon the Department when on 13.3.1989 Reappropriation Orders were issued. The Reappropriation Orders seem to have been issued in a hurry because on subsequent scrutiny by the Department these were found to be not in order and had to be withdrawn on 31.3.1989 as the reappropriation between Capital and Revenue Sections of the Grant was not permissible. The Committee cannot but express their displeasure over the perfunctory manner in which the Financial Division of the Department examined their accounts before issue of the impugned Reappropriation order on 13.3.1989/14.3.1989. What perturbs the Committee more is the fact that the Finance Division of the Department overlooked the basic fact that reappropriation between the Revenue and Capital Heads was not permissible. This resulted in the cancellation of three such reappropriation orders on 31.3.1989, when it was too late to go in for a Supplementary Grant. The Committee desire the Department of Chemicals and Petro-chemicals to take effective steps to revamp their Finance Division to put it on sound footing so as to ensure that such a situation does not recur.

9. 1.25 Mines

In the case of Revenue Section (Voted) of Grant No. 68—Deptt. of Mines, the gap between the budget provision and the actual expenditure was to the tune of Rs. 41.34 lakhs during 1988-89. The Sup-

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10.	1.27 Home Affairs	<p>plementary Grant of Rs. 1 lakh proved too meagre to meet the actual needs of the Department. The Committee, however, note that but for the savings (i.e. Rs. 887.13 lakhs) the excess expenditure would have been as high as Rs. 928.47 lakhs. The Main Head B.I.(I) — Direction and Administration alone contributed maximum excess expenditure amounting to Rs. 560.01 lakhs. Of all the sub-heads under this Main Head, sub-head B.I.(I)(1)—Salaries, alone accounted for an excess of Rs. 445.25 lakhs, the reasons being payment of TA and <i>ad hoc</i> bonus payment for more number of days to employees and payment of arrears as a result of implementation of decision of the Central Administrative Tribunal for upgradation of post of Draftsman w.e.f. 16.1.78. The Committee find these reasons hardly convincing as there does not appear to be any element of uncertainty in the outgo on account of additional payments becoming due to the employees who are on their pay rolls. The excess expenditure on account of the payment of arrears as a result of upgradation and revision of pay-scale of the Draftsmen, was apparently due to failure of the Department to take timely and prompt action after issue of the administrative orders on 5.5.1988 as the Ministry had sufficient time for making adequate budgetary provision before the close of the Financial year 1988-89. The Committee, therefore, urge that no slackness should be allowed in the budget wing of the Department in the matter of taking corrective measures wherever required.</p>	<p>The Committee regret to find that misclassification in the Revenue Section (Voted) of Grant No. 92 — Lakshadweep, of an amount of Rs. 40.75 lakhs which was</p>

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utilised towards Share Capital Contribution to Lakshadweep Development Corporation and which, in fact, should have been booked in the Capital Section (Voted) of the Grant, resulted in a misleading or false picture of the Grant as a whole in the Appropriation Accounts (Civil) for 1988-89. The excess expenditure after taking into account the misclassification, it is seen, works out to only Rs. 11.21 lakhs in the Revenue Section (Voted) of the Grant which comes to 0.39% of the total grant. What is more regrettable is the fact that both the Ministry of Home Affairs and the Lakshadweep Administration failed to detect the error even while preparing the explanatory note for submission to the Committee but came to know of the misclassification only when the office of the C&AG of India invited their attention thereto. This is clearly indicative of the lapse that has occurred at all levels in the Administration even in the scrutiny of accounts. The Committee take a serious view of the perfunctory manner in which the accounts were maintained by the Lakshadweep Administration and desire that reasons for misclassification be gone into and responsibility for the lapses fixed.

11. 1.29 Home  
Affairs

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

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subsequent perfunctory review. The Committee deplore such a casual approach and deem it imperative that the requirement of funds under each head of the Grant is critically and carefully examined before making provision therefor. Vigil over the trend in expenditure is also absolutely essential. The Committee hope that necessary steps would be taken in this direction.

12. 1.36 Railways

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

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			would like to be apprised of the progress made in the implementation of the programme for computerisation of the system.
13.	1.37	Railways	<p>The Committee also find misclassification of expenditure to the extent of Rs. 1.00 lakh and Rs. 20.55 lakhs in Appropriation No. 3 and Grant No. 16, respectively, operated by the Ministry of Railways during 1988-89. This is indicative of the faulty budget control and lack of vigilance on the part of the spending units of the Ministry where misclassification escaped notice and could not be rectified in time. The Committee desire that such lapses be enquired into and responsibility fixed. Steps should also be taken to ensure that instances of such misclassification do not recur.</p>
14.	1.38	Finance (Exp.) Railways	<p>Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in Appendix I of this report be regularised in the manner prescribed in Article 115(1) (b) of the Constitution of India.</p>
15.	2.5	Urban Development	<p>In their earlier Report i.e. 11th Report (9th Lok Sabha) the Committee had underlined the need for prescribing a time schedule for various Divisions of CPWD to submit to the Budget Division of the Ministry of Urban Development the requisite data enabling the latter to prepare accurate budget estimates and the Revised Estimates in time. The action taken note furnished by the Ministry does not make any mention of the time schedule except tightening of the control over issue of letter of credit, regular monitoring at higher levels which, according to the Ministry, have improved the situation during 1990-91. While appreciating the efforts made by the Ministry to bring down the excess expenditure, the Committee feel</p>

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that a time schedule as recommended by them is imperative for eliminating the scope for excess expenditure in future. The Committee urge the Ministry to prescribe the requisite time schedule for strict compliance by all concerned.

16. 2.7 Finance (Expenditure) Labour, Revenue, Environment & Forest, Commerce, External Affairs, Home Affairs, Ocean Development

In response to the Committee's earlier recommendations the Ministry of Finance had undertaken a study but, however, confined it to only four cases i.e. Department of Expenditure, Art & Culture, Deptt. of Fertiliser and Direct Taxes wherein savings had been almost equivalent to the provision made or had been quite significant. On close scrutiny, the Committee find that there were other cases also in which savings as a percentage to the total provision during 1987-88 and 1988-89 were no less substantial as indicated below:

Sl. No.	Name of Grant	Percentage of savings w.r.t. total provision	
		1987-88	1988-89
1.	Ministry of Labour (Capital Section)	68.8	90.3
2.	Deptt. of Revenue (Capital Section)	84.8	81.2
3.	Ministry of Environment and Forest (Capital Section)	92.8	65.3
4.	Deptt. of Commerce (Capital Section)	44.0	50.5
5.	Ministry of External Affairs (Capital Section)	58.5	46.4
6.	Police (Capital Section)	49.0	44.2
7.	Deptt. of Ocean Development (Capital Section)	93.1	37.4

The savings of the order as reflected in the table above need to be seriously examined by the concerned Departments as

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**this establishes the unrealistic mechanism adopted for estimating requirement of resources. The Committee desire the Ministry of Finance to review the matter and issue guidelines if necessary and ensure optimum utilisation of scarce resources among competing ends.**

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