

**PUBLIC ACCOUNTS COMMITTEE**  
**( 1974-75 )**

**(FIFTH LOK SABHA)**

**HUNDRED AND THIRTY-FOURTH REPORT**

**[Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Railways) and (Posts and Telegraphs), for the year 1972-73.**

**and**

**Action taken by Government on the recommendations of the Public Accounts Committee contained in their 96th Report (Fifth Lok Sabha) relating to Excesses over Voted Grants and Charged Appropriation for the year 1971-72]**



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(FIFTH LOK SABHA)

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2.1	Item No.12 Col.7	14-6-74	13-6-74
	Item No.13 Col.4	2,13,61,00	2,13,61,000
	Item No.14 Col.5	9,86,29,625*	9,80,29,625**
	Item No.14 Col.6	2,91,625*	2,91,625**
2.5	2	note	notes
2.6	2	excessed	excesses
2.9	For line 4	read "belated adjustment of debit (Rs.35 lakhs) during 1972-73	read "belated adjustment of debit (Rs.35 lakhs) during 1972-73
2.10	12	foreseen	foreseen
2.17	3	after "National"	after "National"
		read "Malaria"	read "Malaria"
2.22	6	tourist	tours
2.28	2	estimation	estimation
	"	works-charged	work-charged
2.31	21	after "even"	read "when"
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108		9 from bottom	Jajan	Japan
113		12	(+ GREP	(+2,86,210) GREP
119	H-(i)	2		
158	for line	14 read	"supplementary grant was obtained out a sum of Rs. 161 lakhs was"	
163		1	Final	Financial
167	2(ii)	1	approved	approached
174	Item 5 Col.4	15	relating	relating
177	Item 8 Col.4	3	ultar	utter
178	Item 10 Col.3		Home affairs	Home Affairs/ Finance (Eco- nomic Affairs)
182	Item 16 Col.3		Shipping and Transport (Roads wing)	Shipping and Transport (Roads wing)/ Finance
187	Item 24 Col.4	2	398	3.98



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**PUBLIC ACCOUNTS COMMITTEE**  
**(1974-75)**

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**Shri Jyotirmoy Bosu**

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3. Shri C. D. Gautam
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**Shri T. R. Krishnamachari—Under Secretary.**  
**Shri N. Sunder Rajan—Under Secretary.**

## INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Thirty-Fourth Report on Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), (Posts and Telegraphs), (Defence Services) and (Civil) for the year 1972-73. These Accounts were laid on the Table of the House on the 15th March, 20th March, 25th April and 30th April, 1974 respectively.

2. The Committee examined the Excesses in the light of the explanation furnished by the Ministries/Departments concerned (Appendices I to XXIX) at their sitting held on the 27th August, 1974. The Minutes of the sitting from Part II\* of this Report.

3. Action Taken Notes furnished by Government pursuant to the recommendations contained in the 96th Report of the Committee (1973-74) on Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts for the year 1971-72 were considered by the Action Taken Sub-committee at their sitting held on the 20th August, 1974. The Report of the Sub-Committee was approved by the Committee on the 27th August, 1974 and forms Chapter III of the Report.

4. A statement containing summary of the main conclusions/recommendations of the Committee is appended to this Report (Appendix XXXI), for facility of Reference, these have been printed in thick type in the body of the Report.

5. The Committee would like to place on record their appreciation of the assistance rendered to them by the Comptroller and Auditor General of India.

NEW DELHI; ..

29th August, 1974

7th Bhādra, 1896 (s)

JYOTIRMOY BOSU,  
Chairman,  
Public Accounts Committee.

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## CHAPTER I

### GENERAL OBSERVATIONS

1.1. This 134th Report deals with Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), (Posts and Telegraphs), (Defence Services) and (Civil) for the year 1972-73. These Accounts were laid on the Table of the House on the 15th March, 20th March, 25th April and 30th April, 1974 respectively.

1.2 The Committee have examined the Excesses in the light of the explanations furnished by the Ministries/Departments concerned (Appendices I to XXIX).

1.3. During the year under Report (1972-73), Excesses occurred over 28\* Grants and 7\* Charged Appropriations. These aggregated Rs. 126.33\* crores as against Rs. 55.76 crores and Rs. 223.81 crores during the years 1970-71 and 1971-72 respectively.

1.4. Commenting on the excess during 1971-72, the Committee in paragraph 1.6 of their 96th Report (Fifth Lok Sabha) observed as follows:—

“The aggregate amount of excesses recorded under various voted grants and charged appropriations ranged from Rs. 3.78 crores to Rs. 55.76 crores during the period 1965-66 to 1970-71. In paragraph 1.3 of the 49th Report (Fifth Lok Sabha), the Committee had expressed their concern over the extent of deterioration in the position during the year 1970-71. The position has now become really alarming in as much as the amount of excesses that occurred during 1971-72 was as high as Rs. 223.81 crores. The Committee have thus reasons to believe that something is basically wrong with the system of estimation of expenditure. Year after year Parliament is being presented with a fait accompli which to say the least is highly undesirable. The situation needs to be remedied without further loss of time. The Committee find that in response to their observations a Task Force consisting of an Officer, each from the Department of Expenditure, Department of Economic Affairs (Budget Division) and the Office of the

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\* Excluding item at S. No. 22 on p. 5 excess under which does not require regularisation.

Comptroller and Auditor General of India, has been constituted to have a detailed analysis made of the effectiveness of the various procedures for expenditure control vis-a-vis the functioning of the system of internal financial control and to suggest to Government remedial measures to improve the budgetary system. The Committee desire that the matter should be examined expeditiously and remedial measures taken/proposed to be taken intimated to them. The Committee further desire that there should be an inbuilt system which would serve as a self-regulatory apparatus in the various Ministries to analyse the reasons for the excesses as and when they occur and take timely remedial measures to obviate them."

1.5. In their reply, dated the 4th March, 1974, the Ministry of Finance (Department of Expenditure) have stated as follows:—

"The Task Force which had been constituted for investigating the excesses etc., in their report have *inter alia* observed that the existing procedure for control over expenditure is adequate and if this is followed properly by the Ministries/Departments, the expenditure would closely approximate to the sanctioned grant. They added that, there are however, certain cases where the existing procedure did not help the controlling officers to restrict the expenditure to the sanctioned grant. They have accordingly suggested certain procedural changes in so far as those particular grants are concerned. The various changes suggested are:—

- (i) The system of grants-in-aid to States for expenditure on maintenance and construction of National Highways may be tried by the Ministry of Shipping and Transport in consultation with their Associated Finance and the C&AG.
- (ii) As regards the grants relating to Union Territories which contain several group heads, the expenditure on which is incurred by the Ministries/Departments who are administratively concerned with such expenditure, the decentralisation of the grant from the point of view of budgeting, accounting and the constitutional obligation, if any, may be examined. If this is not feasible, the Ministries which are responsible for incurring expenditure on the group heads in the grant should be made responsible for regulating the expenditure with reference to the sanctioned allotment.

- (iii) In the case of works expenditure where the excesses are largely due to lack of control in suspense of stores transactions, the system of net budgeting (the difference between the total debits and total credits on account of transaction of stores) which is followed in the Posts and Telegraphs may be tried by the Ministry of Works & Housing in consultation with their Associated Finance and the C.&A.G.
- (iv) In the case of provision for interest charges, the interest for a financial year may be calculated and credited on the basis of balance during a 12 months period different from the financial year, say, July to June.

The above suggestions of the Task Force are being examined and appropriate action will be taken in consultation with the Comptroller and Auditor General wherever necessary."

1.6. The Committee note with displeasure that during the year under report (1972-73) the excesses over Voted Grants and Charged Appropriations aggregated to Rs. 126.33 crores as against Rs. 223.81 crores during the previous year. Although there has been a reduction in the excesses, the Committee still feel that the excesses over Voted Grants and Charged Appropriations during the year were quite on the high side. The Committee trust that concerted efforts will be made by the Ministries/Departments to avoid repetition.

1.7. The Committee note that the Task Force constituted in pursuance of their observations have suggested certain procedural changes in respect of certain grants and that these suggestions are under examination. The Committee would like the Government to examine these suggestions expeditiously under advice to this Committee. They trust that in the light of the suggestions made by the Task Force, the excesses over grants will be reduced to the minimum to future.



CHAPTER II

EXCESS GRANTS/APPROPRIATIONS

2.1 During the year ended 31st March, 1973, the actual expenditure exceeded the Voted Grants/charged Appropriations in the following cases —

Serial No.	No. & Name of Grants.	Miny./Deptt. con- cerned	Final Grants/ Appropriations	Actual Expenditure	Excess	Date of Receipt of Note
1	2	3	4	5	6	7
<i>Appropriation Accounts (Civil) 1972-73. (Due date 31-5-1974)</i>						
<i>Voted Grants</i>						
1	15—Stamps . . . . .	Finance . . . . .	5,17,17,000	6,10,18,244	93,01,244	2-5-74
2	18—Mint . . . . .	Finance . . . . .	5,69,57,000	5,65,87,846	5,30,846	29-5-74
3	19—Pension and other Retirement Benefits . . . . .	Finance . . . . .	12,64,32,000	12,89,26,087	24,94,087	3-5-74
4	20—Opium Factories and Alkald Wards. . . . .	Finance . . . . .	10,18,44,000	10,20,33,929	1,89,929	17-5-74
5	21—Other Revenue Expenditure of the Ministry of Finance. . . . .	Finance . . . . .	73,39,86,000	81,40,63,414	7,89,77,414	29-5-74
6	113—Loans and advances by the Central Government. . . . .	Finance . . . . .	7,97,47,44,000	8,16,67,41,205	19,19,97,205	29-5-74
7	1—Ministry of Defence . . . . .	Defence . . . . .	1,26,68,000	1,27,30,179	62,179	29-5-74
8	28—Forest . . . . .	Agriculture. . . . .	1,97,34,000	2,07,05,550	9,71,550	15-5-74
9	117—Capital outlay of the Ministry of Health & Family Planning. . . . .	Health and Family Planning . . . . .	25,69,14,000	26,79,46,514	1,10,32,514	5-6-74

10	47—Andaman and Nicobar Islands	Home Affairs.	13,59,93,000	14,51,51,008	91,58,008	1-6-74
11	48—A—Amachal Pradesh	Home Affairs.	18,37,20,000	18,77,16,951	39,96,951	24-5-74
12	118—Capital outlay in Union Territories.	Home Affairs.	27,68,57,000	30,18,17,086	2,49,60,086	14-6-74
13	52—Ministry of Industrial Development	Industrial Development.	2,13,61,000.	2,13,78,909	17,909	24-5-74
14	57—Information and Publicity	Information and Broadcasting.	9,83,38,000	9,86,29,625*	2,91,625*	5-7-74
15	70—Roads.	Shipping and Transport.	27,77,38,000	28,26,69,750	49,31,750	31-5-74
16	72—Light Houses and lightships.	Shipping and Transport.	1,34,51,000	1,40,66,439	6,15,439	31-5-74
17	126—Capital outlay on Roads.	Shipping and Transport.	93,11,95,000	96,31,80,536	3,19,85,536	32-5-74
18	82—Ministry of Works and Housing	Works and Housing.	3,05,77,000	3,24,06,176	18,29,176	17-5-74
19	83—Public Works.	Works and Housing.	57,25,95,000	63,85,27,994	6,60,22,994	4-6-74
20	133—Delhi Capital outlay	Works and Housing.	7,68,10,000	7,87,95,966	19,85,966	5-6-74
		<i>Charged Appropriations.</i>				
21	Interest on Debt and other obligations	Finance	7,68,66,63,000	7,72,46,16,769	3,79,53,769	29-5-74
22	Payments of States' share of Union Excise Duties	Finance	5,66,07,24,000	5,66,73,54,987	(*)	29-5-74
23	121—Capital outlay of the Ministry of Information and Broadcasting	Information and Broadcasting.	Nil	3,97,750	3,97,750	24-6-74
24	126—Capital outlay on Roads.	Shipping & Transport	2,00,000	2,49,862	49,862	31-5-74

\*The excess under this grant in the Audit Report does not require regularisation in terms of paragraph 4.26 of the 45th Report of P.A.C. 3rd Lok Sabha.

1	2	3	4	5	6	7
25	83—Public Works.	Works and Housing.	49,50,000	42,43,495	1,93,495	4-6-74
26	132—Capital outlay on Public Works.	Works and Housing.	10,00,000	12,86,210	2,86,210	4-6-74
27	133—Delhi Capital outlay	Works and Housing	19,64,000	20,95,833	1,31,833	5-6-74
		<i>Appropriation Accounts (Defence Services)—Voted Grants</i>				
28	2—Defence Services, Effective—Army	Defence	10,75,59,00,000	11,21,37,47,342	45,78,47,342	24-5-74
29	4—Defence Services, Effective—Air Force.	Defence	2,99,63,00,000	3,04,79,65,178	5,16,65,178	18-6-74
30	104—Defence Capital outlay	Defence	1,96,62,00,000	2,12,94,71,761**	16,32,71,761**	3-7-74
		<i>Appropriation Accounts (Railways)—Voted Grants</i>				
31	5—Revenue working expenses Repairs and maintenance.	Railways.	3,33,34,48,000	3,34,23,49,866**	89,01,866**	19-4-74
32	10—Revenue working expenses Staff Welfare.	Railways.	30,47,27,000	30,58,08,574**	10,81,574**	19-4-74
33	13—Open line works—Revenue	Railways.	7,00,36,000	7,08,15,949**	7,79,949**	19-4-74
34	15—Open line works—Capital Depreciation Reserve Fund and Development Fund	Railways.	7,54,38,27,000	7,43,61,96,570**	9,23,69,570**	19-4-74
		<i>Charged Appropriations</i>				
35	6—Revenue—Operating staff.	Railways.	2,23,000	2,32,178**	9,178**	19-4-74
		<i>Appropriation Accounts (Posts and Telegraphs)—Voted Grants</i>				
36	89—Posts and Telegraphs—Working Expenses.	Communication (P & T. Board)	2,95,19,60,000	2,95,89,22,843	69,62,843	24-5-74

\*\* These figures represent the finally verified Actuals and may vary somewhat from the figures mentioned in the Audit Report due to inclusion/exclusion of amounts misclassified in the Accounts.

2.2. According to the time schedule hitherto in vogue for the submission of explanatory notes on excesses over Voted Grants and Charged Appropriations, the notes on excesses, other than those relating to the Ministry of Railways, were to be furnished to the Committee by the Budget Division of the Ministry of Finance immediately after the presentation of the Appropriation Accounts to Parliament or by the 10th of April, whichever was later. Delays in the submission of the notes, however, continued to occur, year after year, resulting in delays in the finalisation of reports of the Committee on excesses and such delays have been commented upon in the successive reports of the Committee. The Committee, in paragraph 2.2 of their 96th Report (Fifth Lok Sabha), deprecating such delays, had also asked the Ministry of Finance to take urgent steps to ensure prompt and timely submission of the notes on excesses to the Committee in future. The Finance Minister was also addressed, in September, 1973 in this connection, and his attention was invited to the above recommendation of the Committee.

2.3. In his D.O. reply dated the 22nd October, 1973 to the Chairman, Public Accounts Committee, the Finance Minister *inter-alia* stated:

"The existing time schedule was based on the assumption that Audit Department would send final report of the excesses by the end of December, the Ministries would finalise the Notes on Excesses by the end of February and the Budget Division and the Comptroller and Auditor General would vet them by the end of March. In practice, however, it is found that there is delay in the receipt of final reports from Audit on excesses and hence the whole time schedule is upset. The Finance Ministry had proposed to the C&AG in June, 1972 that in view of the delay at various stages, PAC might be approached to extend the date of submission of notes to the Committee. The Office of the Comptroller & Auditor General while agreeing that the date needed to be extended stated that as the Audit Department was trying to expedite the closing of accounts, the proposal might be deferred for the time being. The final report of excesses for 1971-72 was, however, received from the Audit Department only in February 1973. The Ministry of Finance is, therefore, again taking up with C&AG, the question of proposing to PAC that the date of submission of notes on Excesses may be suitably revised, so that a workable schedule can be devised."

2.4. Subsequently, the Ministry of Finance (Department of Economic Affairs), in their note dated the 1st January, 1974, submitted

for the consideration and approval of the Committee, in consultation with Audit, that in view of certain practical difficulties experienced at various stages in adhering to the prescribed schedule the date for submission of the Explanatory Notes to the Committee for regularisation of excesses may be extended to the 31st May. The Note of the Ministry of Finance is reproduced at pp. 143—46.

2.5. The Committee considered this suggestion at their sitting held on the 5th April, 1974 and agreed to the submission of note on excesses over Voted Grants and Charged Appropriations in future by 31st May or immediately after the presentation of the Appropriation Accounts to Parliament, whichever was later.

2.6. The Committee very much regret to note that inspite of their having agreed to the submission of the explanatory notes on excessed over Voted Grants and Charged Appropriations by 31st May, instead of 10th April, or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later, delays in submission of the explanatory notes in respect of excesses during the year 1972-73 have continued to occur in spite of the Committee's earlier recommendations. Out of the 36 explanatory notes relating to excesses during the year, 10 notes were received in June and 2 notes in July, 1974, and the last note in respect of Grant No. 57—'Information and Publicity' was received only on the 5th July, 1974. In this connection, the Committee would like to recall their clear directive to the Ministry of Finance that the revised time schedule should be strictly adhered to. Owing to the delays in the submission of the notes, the finalisation of this Report by the Committee has been delayed. As the Committee are anxious that excesses over Voted Grants and Charged Appropriations are brought before Parliament as expeditiously as possible, they would like the Ministry of Finance to appropriately take up the question of delay with the concerned Ministries/Departments with a view to ensure that the prescribed time schedule is strictly adhered to in future.

#### Appropriation Accounts (Civil), 1972-73

##### Ministry of Finance (Department of Economic Affairs)

#### 2.7. Grant No. 15.—Stamps.

	Rs.
Original Grant	5,17,17,000
Actual expenditure	6,10,18,244
Excess	93,01,244

2.8. Excess occurred mainly under group sub-heads B1(1)—Press charges (Rs. 92,71,286) and sub head 'B.1(2) (2)—Plant and Machinery' (Rs. 54,882).

2.9. In a note furnished to the Committee, the Ministry of Finance (Department of Economic Affairs) have *inter alia* stated as follows:

"The excess under 'B1(1)—Press charges' was mainly due to Voltage Stabilizer and Joti Pumps received during 1972-73 towards imported stamp papers and spare parts received in 1971-72. and more payments on indigenous stores like paper, miscellaneous stores etc. (Rs. 57.42 lakhs) than anticipated during the year.

The excess under 'B1(2) (2)—Plant and Machinery' was due to payment towards Milling machines. Platon Machine, Voltage Stabilizer and Joti Pumps received during 1972-73 though earlier these were not expected to be received in that year."

2.10. An excess of Rs. 92.71 lakhs against the original provision of Rs. 505.92 lakhs occurred under the group sub-head 'B.1(1)—Press Charges' of 'Grant No. 15—Stamps' and the excess was mainly due to the belated adjustment of debit (Rs. 35 lakhs) during 1972-73 towards imported stamp papers and spare parts received in 1971-72 and more payments on indigenous stores (Rs. 57.42 lakhs) than anticipated during the year. The Committee feel that the additional likely expenditure on indigenous stores could have very easily been assessed on the basis of indents placed during the year. Even accepting the Ministry's explanation that these payments could not be anticipated, the Committee are unable to understand why the undischarged liabilities relating to 1971-72 could not have been foreseen and provided for during 1972-73. This needs to be explained.

**Ministry of Agriculture  
(Department of Agriculture)**

2.11. Grant No. 28—Forest

	Rs.
Original Grant . . . . .	1,97,34,000
Actual Expenditure . . . . .	2,07,05,550
Excess . . . . .	9,71,550

2.12. Excess occurred mainly under the group sub-head 'A—Forest Research Institute' (Rs. 9,97,948).

2.13. In a note furnished to the Committee, the Ministry of Agriculture (Department of Agriculture) have *inter alia* stated as follows:—

“The excess was the net result of excesses and savings under the various sub-heads under the Grant and occurred mainly under Group sub-head ‘A-Forest Research Institute’ Rs. 9,97,948 due to the following main reasons:

- |  |              |
|--|--------------|
| (i) Larger expenditure on ‘Interim Relief’ consequent on post budget decision to enhance the rates thereof . . . . .   | Rs. 2,51,149 |
| (ii) Increase in expenditure under Travelling Expenses as a result of transfer and postings on deputation of officers and staff of the Institute . . . . .                           | Rs. 57,342   |
| (iii) Payment of arrears of electricity bills, preparation of models and other materials for Asian Trade Fair and rise in prices of chemicals, apparatus and raw materials . . . . . | Rs. 4,84,970 |
| (iv) Laying out and maintenance of nursery and experimental plot in the five schemes implemented in the States and payment of outstanding B.T. Bills for previous years . . . . .    | Rs. 2,04,487 |

The total excess of Rs. 9,97,948 as mentioned above was partly off set to the extent of Rs. 26,398 by savings under other sub-heads of the Grant thus leaving a net uncovered excess of Rs. 9,71,550/-”

2.14. The excess over the grant occurred mainly under the Group sub-head ‘A-Forest Research Institute’ (Rs. 9.98 lakhs) in respect of payment of interim relief at enhanced rates (Rs. 2.51 lakhs), Travel Expenses (Rs. 0.57 lakh), payment of arrears of electricity bills, Asian Trade Fair activities, etc. (Rs. 4.85 lakhs) and expenditure on laying out and maintenance of nursery and experimental plots under certain schemes implemented by States and payment of outstanding bills for previous years (Rs. 2.04 lakhs). The Committee note that the original provision of Rs. 3.49 lakhs under ‘Travel Expenses’ was reduced to Rs. 2.87 lakhs in the Revised Estimates. The actual expenditure strangely enough was, however, Rs. 3.44 lakhs, resulting in an excess of about 20 per cent over the final grant. This needs further clarification. In the light of the subsequent reduction in the original grant, the Committee are unable to accept the explanation of the Ministry relating to the increase in expenditure under this head. This indicates the extent to which the control over expenditure on Travelling Expenses, where there is always admittedly scope for economy, was lax or deliberately not done. In addition to initiating timely action to provide fully for the anticipated expenditure, the

Committee would also like to impress upon the Ministry to have an effective control over expenditure on travel with an eye on economy.

2.15. Further, the Committee note that an expenditure of Rs. 8.83 lakhs was incurred on payment of Interim Relief against the final grant of Rs. 6.32 lakhs and the excess under 'Interim Relief' works out to about 49 per cent of the final grant. The Committee understand that orders on the payment of additional Interim Relief were issued by Government on 22nd September, 1972 and yet the additional expenditure on this account was not assessed properly and provided for fully in the Supplementary Demands for Grants presented to Parliament towards the end of the financial year. The Committee, therefore, are positive, that adequate budgetary control has not been exercised at all by the Ministry and therefore take a serious view of the excess over the Voted Grants. The Committee would like effective remedial measures to be taken to obviate recurrence under advice to them.

**Ministry of Health and Family Planning**  
(Department of Health)

2.16. Grant No. 117—Capital outlay of the Ministry of Health and Family Planning.

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	Rs.
Final Grant	25,69,14,000
Actual expenditure	26,79,46,614
Excess	1,10,32,614

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2.17. Excess occurred under the sub-heads 'A. 1 (1) Depots' (Rs. 2,34,52,237), 'A. 1 (4) Clearance and Handling of International Stores' (Rs. 22,855), and 'A.5 (1) National Eradication Programme' (Rs. 12,05,900).

During 1971-72 also, the expenditure under this grant had exceeded the final allotment by Rs. 319 lakhs.

2.18. In a note furnished to the Committee, the Ministry of Health and Family Planning have *inter alia* stated as under:—

“The actual expenditure under the Grant amounted to Rs. 26,79,46,614 against the final grant of Rs. 25,69,14,000 thereby causing an excess of Rs. 1,10,32,614 which needs to be regularised.



The details and the reasons therefor are as under:—

A.1(1)—Depots—(Rs. 2,34,52,237). The excess occurred in respect of the following items under this sub-head:—

	Rs.
1. Material purchase (India)	2,33,95,000
2. Transportation	1,03,000
3. Incidental and Miscellaneous	86,000
TOTAL	2,35,84,000

The excess under material purchase was due to increased demand for supplies by indentors. The increase in transportation was due to increase in railway freight on larger issues and that on incidental and miscellaneous expenditure due to more expenditure on postage stamps, testing fees, telex etc. The excess under this sub-head as explained above was offset by savings of Rs. 1,32,000 under Pay and Establishments, Interim Relief, Travel Expenses, Expenditure on buildings, plants and machinery and depreciation in this sub-head.

Since the bulk of the purchases are made through the Directorate General, Supplies and Disposals and bills in respect of supplies made to the depots are paid by the different Pay and Accounts Officers and adjustments of payments made by them are made from time to time, it was not possible to quantify the additional requirements of funds in time, to provide funds for the same through supplementary grant or otherwise.

A.1(4)—Clearance of handling of International Stores—Rs. 22,855.

The small excess was due to more expenditure on clearance and handling of the International stores as more consignments were received from International sources than anticipated.

A.5(1)—National Malaria Eradication Programme—Rs. 12,05,900.

The excess was mainly due to more incidental charges on imported D.D.T. than anticipated.

The aforesaid excesses were partly offset by savings under following sub-heads:—

A.1(2)—Factories	(—)	Rs. 69,634
A.1(3)—Grants-in-aid, contributions etc.	(—)	8,000
A.2—Material & equipment under Colombo Plan	(—)	3,04,993

A. 3—Bulk purchase of material and equipment for intensification of Malaria Eradication Programme . . . . .	(—)	22,83,752
A. 4—Bulk purchase of material and equipment for intensification of Filaria Control Programme . . . . .	(—)	1,78,694
A. 6—Bulk purchase of material and equipment for V.D. Control Programme . . . . .	(—)	18,482
A. 7—Bulk purchase of contraceptives and equipment for intensification of Family Planning Programme . . . . .	(—)	39,18,664
A. 8—Bulk purchases of material and equipment for National T.B. Control Programme . . . . .	(—)	59,121
A. 9—Cost of equipments supplied by UNICEF . . . . .	(—)	25,00,000
A. 10—Bulk purchase of material and equipment for National Trachoma Control Programme . . . . .	(—)	24,07,038
A. 11—Bulk purchase of material & equipment for National Smallpox Eradication Programme . . . . .	(—)	19,00,000
		1,36,48,378

**2.19. An excess expenditure of Rs. 2.34 crores was incurred towards purchase of materials in India under the sub-head 'A. 1 (1)—Depots' in 'Grant No. 117—Capital Outlay of the Ministry of Health and Family Planning' and the excess works out to about 21 per cent of the final provision of Rs. 11.08 crores. Excess under this sub-head had also occurred during 1971-72. The Committee are unable to accept the explanation of the Ministry that, since bulk of the purchases are made through the Directorate General, Supplies & Disposals and bills in respect of the supplies are paid by different Pay and Accounts Officers and adjustments of payments are made from time to time, it was not possible to quantify the additional requirements of funds in time. The Committee feel that with greater liaison with the Directorate General, Supplies and Disposals on the one hand and the Accounts Officers on the other, such excesses could have been anticipated and minimised considerably, if not altogether eliminated. The Committee, therefore, require that the Ministry should evolve suitable systems to ensure a more effective coordination with the procuring agency and Accounts organisations.**

#### Ministry of Home Affairs

##### 2.20. Grant No. 47—Andaman & Nicobar Islands

*Voted*

	Rs.
Original Grant . . . . .	12,12,38,000
Supplementary Grant . . . . .	1,47,55,000

Final Grant . . . . .	13,59,93,000
Actual Expenditure . . . . .	14,51,51,008
Excess . . . . .	91,58,008

2.21. The expenditure has exceeded the final grant relating to the Andaman & Nicobar Islands persistently during the previous years also and excess has now occurred for the Fourth year. The excesses that occurred under this Grant from 1967-68 onwards are as indicated below:—

	Excess
	(Rs. in lakhs)
1967-68 . . . . .	64.51
1968-69 . . . . .	23.34
1969-70 . . . . .	22.62
1972-73 . . . . .	91.58

2.22. In a note furnished to the Committee, the Ministry of Home Affairs have *inter alia* stated as follows:—

“The original grant of Rs. 1212.38 lakhs (voted) was augmented by obtaining a Supplementary Grant of Rs. 147.55 lakhs in March, 1973. The actual expenditure, however, amounted to Rs. 14,51,51,008 against the final grant of Rs. 13,59,93,000 leaving an uncovered excess of Rs. 91,59,008 which needs to be regularised.

The overall excess of Rs. 91,58,008 was the net result of excesses and savings under various sub-heads in the Grant and occurred under the following sub-heads:—

- (i) B. 4 (1)—District Executive.  
Force—District Police . . . . . (Rs. 24.62 lakhs)
- (ii) D.—1 Electricity Schemes.  
D.1(2)—Thermo Electricity Schemes.  
D.1(2)(1)—Working Expenses.  
D.1(2)(1)(1)—Electrical Establishment . . . . . (Rs. 7.82 lakhs).
- (iii) E. 1—Public Works  
E.1(4)—Tools and Plants.  
E. 1(4)(1)—New Supplies, repairs etc. . . . . (Rs. 10.01 lakhs)
- (iv) E.1(5)—Suspense.  
E.1(5)(1)—Stock.  
E.1(5)(1)(1)—Charges . . . . . (Rs. 3.41 lakhs)
- (v) E.1(5)—Suspense.  
E. 1(5)(2)—Other Suspense Accounts.  
E. 1(5)(2)(1)—Charges. . . . . (Rs. 40.06 lakhs)
- (vi) F. 1—Ports and Pilotages.  
F. 1(2)—Miscellaneous Shore Estt. . . . . (Rs. 6.67 lakhs)

The reasons for the excess are briefly explained below:—

**B.4(1)—District Executive Force—District Police (Rs. 24.62 lakhs).**

The excess was due to more expenditure on sea passage and D.A., withdrawal of more arrears of interim relief than anticipated during the year. Adjustment of credit notes of sea passages on tourist/transfers by Government servants during 1970-71 and 1971-72 after close of the financial year 1972-73. Adjustment of debits relating to electricity, transport, ports and pilotages etc. in the account for 1972-73 after close of the financial year.

**D.1(2) (1) (1)—Electrical Establishment (Rs. 7.82 lakhs).**

The excess was due to adjustment of old credit notes in the supplementary accounts for 1972-73 and unexpected transfer of officers. Adjustment of certain debits which came to the notice of the Deptt. during final reconciliation of accounts in August, 1973 at which stage nothing could be done by the Deptt., for obtaining the funds.

**E.1(4) (1)—New supplies, repairs etc. (Rs. 10.01 lakhs).**

The excess of Rs. 10.01 lakhs was due to tools and plants received during the closing month of the year, receipt of which during the year 1972-73 was not anticipated in view of the uncertainty of transshipment. On receipt of materials there was no alternative but to debit the cost of the materials to Tools and Plants.

**E.1 (5) (1) (1)—Charges (Rs. 3.41 lakhs).**

The excess occurred due to stock of materials received during the closing month of the year, receipt of which during the year 1972-73 was not anticipated in view of the uncertainty of transshipment to these Islands.

**E.1 (5) (2) (1)—Charged (Rs. 40.06 lakhs).**

The excess of Rs. 40.06 lakhs was mainly due to (i) excess adjustment of the value of materials already received than anticipated (Rs. 35.55 lakhs) and (ii) Booking of expenditure of Misc. P.W. Advance pending sanction to the work and sanction of funds (Rs. 4.51 lakhs).

**F. 1(2)—Miscellaneous Shore Establishment (Rs. 6.67 lakhs)**

The excess was due to grant of advance T.A. to Govt servants at the fag end of the year and excess adjustment in the accounts

for 1972-73 of the Pay & Accounts Officers bills for Marine Stores adjustment of which was noticed during the course of reconciliation of accounts after close of financial year at which stage additional fund could not be provided for the same.

The above excesses aggregating Rs. 92.59 lakhs and minor excesses under other sub-head were partly counter balanced by savings under the remaining sub-heads leaving a net excess of Rs. 91,58,008 in the Grant which needs to be regularised."

2.23. The Committee view with serious concern the continuing deteriorating trend that has once again set in in respect of 'Grant No. 47—Andaman and Nicobar Islands', resulting in an excess of Rs. 91.58 lakhs over the final grant. Excesses had occurred under this Grant also during 1967-68, 1968-69 and 1969-70, and in pursuance of the Committee's earlier recommendations relating to the Grant, instructions had been issued to the Andaman Administration by the Ministry of Home Affairs to ensure strict compliance with the rules and instructions regarding control over expenditure and to maintain closer liaison with the suppliers on the one hand and the Accounts Officer on the other to avoid such excesses in future. The Committee are distressed to observe that similar deficiencies as noticed in the past have come to the surface again. As in the previous years, the bulk of the excess during 1972-73 was due to utter failure to anticipate properly the receipt of stores and debits relating thereto and to make adequate provision for past liabilities. Liabilities in respect of payment of Dearness Allowance, Interim Relief and sea passage which are recurring in nature were not assessed realistically and provided for. For instance, credit notes issued for journeys by sea on tours/transfer during 1970-71 and 1971-72 have been finally adjusted only after the close of the financial year 1972-73. The Committee feel that by a closer watch and control over recurring liabilities of this nature, such a situation could have been avoided.

2.24. The excesses over Final grants ranged from 12 per cent in respect of the sub-head 'F.1(2)—Miscellaneous Shore Establishment' to about 55 per cent under 'E.1(4)(1)—Tools and Plant—New Supplies, Repairs etc.' The Committee, therefore, are positive that something is radically wrong with the financial controls and checks exercised by the Andaman Administration and would require a thorough review of the existing practices and procedures followed by the Administration so as to ensure adequate and sound budgetary control and take timely remedial corrective measures. The Committee also trust that the reconciliation of expenditure booked in accounts with the departmental figures will be done

promptly in future. It will also be of interest to know how far past liabilities relating to 1970-71 and 1971-72 have remained still unadjusted.

2.25. The Committee also find from the note furnished by the Ministry that an amount of Rs. 4.51 lakhs has been booked under the sub-head 'E.1(5)(2)(1)—Charges' relating to 'Other Suspense Accounts' pending sanction to the work and sanction of funds. The Committee are at a loss to understand how material could have been procured for a work which had not been sanctioned and when there was also no budget provision for any expenditure relating to the work. As this appears to be a clear case of circumvention of the financial rules, the Committee take a very serious view of this irregularity and recommend fixation of responsibility and appropriate action against the officials concerned, so as to avoid the recurrence of such financial improprieties in future. The Committee also desire that Government should issue strict instructions to all Ministries|Departments on the subject for their guidance. The Committee would also like to be informed of the action taken against the officials concerned.

### Ministry of Home Affairs

#### 2.26. Grant No. 48—Arunachal Pradesh

<i>Voted</i>	Rs.
Original Grant . . . . .	16,21,33,000
Supplementary Grant . . . . .	2,15,87,000
Final Grant . . . . .	18,37,20,000
Actual Expenditure . . . . .	18,77,16,951
Excess . . . . .	39,96,951

2.27. In a note furnished to the Committee, the Ministry of Home Affairs have *inter alia* stated as follows:

"The overall excess of Rs. 39,96,951 was the net result of excesses and savings under various sub-heads in the Grant and occurred mainly under the following sub-heads:

(i) A—Administrative Services

A.—I—General Administration	
A.I(3)—District Administration.	
A.I(2)(1)—General Establishment . . . . .	(6.74 lakhs)

(ii)	C.1—Electricity Schemes	
	C.1.(1)—Working Expenses	(8.10 lakhs)
(iii)	D—Public Works (Including Roads) and Schemes of miscellaneous Public Improvement.	
	D1—Public Works	
	D(2)—Repairs	(26.24 lakhs)
(iv)	D1(4)—Tools & Plants	(21.89 lakhs)

The reasons for the excess are briefly explained below:—

**A1 (3) (1)—General Establishment (Rs. 6.74 lakhs):**

Mainly due to (i) intensive tours in remote localities (Rs. 21,298) and (ii) adjustment of B.T. bills in respect of portorage charges at the fag end of the year (Rs. 6,49,578).

More porters had to be engaged than anticipated for implementation of development schemes.

**C-(1)—Working Expenses: (Rs. 8.10 lakhs):**

Electrification of newly completed buildings at Pashighat and Basar. The Power Houses at Pashighat and Basar were commissioned in November, 1972. This resulted in the increase of working expenses due to engagement of work charged staff for the purpose of operating the Power Houses and to give house connection to consumers. In addition the arrears of D.A. and Interim Relief had to be paid which was not originally provided for.

**D.1(2)—Repairs (Rs. 26.24 lakhs):**

Due to paucity of funds for original works, the old survey reported buildings had to be repaired on a large scale to provide accommodation to the staff posted in the interior and remote areas on the outskirt border.

**D.1(4)—Tools and Plant (Rs. 21.89 lakhs):**

Receipt of vehicles, required for PWD, during the year 1972-73 against the indents of 1971-72.

The above excesses aggregating Rs. 62.97 lakhs and minor excesses under other sub-heads partly counter-balanced by savings under the remaining sub-heads leaving a net excess of Rs. 39,96,951 in the Grant which needs to be regularised.

**2.28. The Committee find that though the overall excess of about Rs. 40 lakhs under 'Grant No. 48—Arunachal Pradesh works out to only about 2 per cent of the Final Grant of Rs. 1837 lakhs as a**

whole, there have been heavy excesses under individual sub-heads, indicative of totally inefficient and defective estimation of monetary requirements. The excesses over final provisions varied from about 23 per cent under 'D1(2)—Public Works—Repairs', to about 81 per cent under 'D.1(4)—Tools and Plants'. The excess of Rs. 8.10 lakhs under 'C.1(1)—Electricity Schemes—Working Expenses' is 54 per cent of the final provision of Rs. 15 lakhs. The Committee observe from the reply of the Ministry of Home Affairs that the Power Houses at Pasighat and Basar were commissioned in November, 1972. Therefore, they feel that the increase in working expenses due to the engagement of works—charged staff for the power houses could have been assessed and provided for at least in the Revised Estimates. Payment for the vehicles required by the Public Works Department, for which indents had been placed in 1971-72 itself could have also been anticipated. The Committee would like to impress upon the Ministry the need to exercise greater care in framing their estimates realistically in future.

#### Ministry of Home Affairs

##### 2.29. Grant No. 118—Capital outlay in Union Territories:

Original Grant . . . . .	27,27,12,000
Supplementary Grant . . . . .	41,45,000
Final Grant . . . . .	27,68,57,000
Actual Expenditure . . . . .	30,18,17,086
Excess . . . . .	2,49,60,086

2.30. Excess occurred mainly under the sub-heads 'B.1—Grow More Food Schemes in Delhi' (Rs 6,78,758); 'E.1—Navigation, Embankment and Drainage Works—E.1(1)—Works (Rs. 36,20,531), F.1—'Electricity Schemes' (Rs. 32,22,074), G1.—Original Works—Building G.(1)—Housing' (Rs. 32,75,080), 'G.1(2) Other Civil Buildings (Rs. 31,89,934); G.2—Original Works—Communications—G. 2 (1)—Construction of other Roads' Rs. 1,03,19,914); 'H.1—Works—H.(2)—Other Civil Buildings' (Rs. 17,83,686); 'H1(3)—Large Scale Acquisition and Development of Land' (Rs. 15,61,591) and 'J.2—Landing Facilities for construction of—jetties' (Rs. 36,63,375).'

2.31. In a note furnished to the Committee, the Ministry of Home Affairs have *inter alia* stated as under:—

"There was excess in the 'Voted' section of the grant. The original provision of Rs. 2,27,12,000 under the 'Voted' Section was



augmented by obtaining Supplementary Grant of Rs. 41,45,000 in March, 1973. The actual expenditure, however, amounted to Rs. 30,18,17,086 against the final grant of Rs. 27,68,57,000 leaving an uncovered excess of Rs. 2,49,60,086 in the 'Voted' section which needs to be regularised.

The overall excess of Rs. 2,49,60,086 was the net result of excesses and savings under various sub-heads in the 'Voted' section of the grant and occurred mainly under sub-heads B1—Grow More Food Schemes in Delhi (Rs. 6,78,758); E.1—Navigation, Embankment and Drainage Works, E. 1(1)—Works (Rs. 36,20,531); F. 1—Electricity Schemes (Rs. 32,22,074); G. 1—Original Works—Building; G. 1(1)—Housing (Rs. 32,75,080); G. 1(2)—Other Civil Buildings (Rs. 31,89,934); G. 2—Original Works—Communications; G. 2(1)—Construction of other Roads (Rs. 1,03,19,914); H. 1—Works, H. 1(2)—Other Civil Buildings (Rs. 17,83,686); H. 1(3)—Large Scale Acquisition and Development of Land (Rs. 15,61,591) and J. 2—Landing Facilities for Construction of Jetties (Rs. 36,63,375) for the reasons explained below:-

(i) *B.1—Grow More Food Schemes in Delhi (Rs. 6,78,758).*

The Executive Engineer (Minor Irrigation Division) incurred this expenditure in excess of Final allotment on the understanding that he could incur the expenditure upto the Plan outlay, even the funds were not available in the Budget. This action on the part of the Executive Engineer was totally wrong. The Lt. Governor, Delhi Administration has ordered an inquiry into the matter and the concerned Executive Engineer has been placed under suspension.

(ii) *E.1(1)—Works (Rs. 36,20,531)*

The excess was due to the incurring of expenditure by the Chief Engineer (Flood), Delhi Administration over and above the final modified allotment under the wrong impression that he can incur expenditure upto the plan outlay even when the necessary provision is not available.

(iii) *F.1—Electricity Schemes (Rs. 32,22,074)*

Mainly due to accelerated progress on three Micro-Hydel Schemes at Rahung, Pasighat and Basar, extension of ASEB line from Deomali to Khonsa and commissioning of more diesel stations in Arunachal Pradesh (Rs. 17,85,845). Towards the cost of Generating Set purchased by the A&N Islands Administration (Rs. 14,00,429). The Generating Set was not received during the financial year 1972-73 by the Administration. They came to know in May, 1973 that the same

had reached Madras. In view of this position the Administration could not expect the payment during 1972-73. It was only in August, 1973 the Administration came to know about this payment at the time of the final reconciliation of accounts. As such they could not provide for the necessary amount to meet this expenditure which resulted in excess.

(iv) *G.1 (1)—Housing (Rs. 32,75,080).*

Accelerated progress made on completion of building works in Arunachal Pradesh, and A&N Islands. Construction of additional hostel accommodation in Home Science College in Chandigarh. It was expected that the UGC would make payment of their share of expenditure towards the construction of the hostel accommodation. But the same did not materialise during 1972-73 and hence excess.

(v) *G. 1 (2)—Other Civil Buildings (Rs. 31,89,934)*

Accelerated progress made on completion of certain building works in Tirap District of Arunachal Pradesh (Rs. 36,61,138). This excess was partly counter balanced by savings in the provision for expenditure in other Territories.

(vi) *G. 2 (1)—Construction of other Roads (Rs. 1,03,19,914)*

Accelerated progress made by Tribal contractors on important roads works viz., Vijanagar Road and Longding Bimlapu Road in Arunachal Pradesh (Rs. 80,49,107) and accelerated progress on construction of Andaman Trunk Road towards the end of the year to achieve the target set out for fourth five year Plan (Rs. 22,56,172). The famine condition of Dadra and Nagar Haveli had forced the U.T. Administration to create additional employment and hence the work had to be beared upto its full capacity. Moreover, due to the shortage of wagons the asphalt had to be carted by roads which resulted in increase of intial cost of asphalt. This caused an excess of Rs. 14,636 in the UT of Dadra & Nagar Haveli.

(vii) *H. 1 (2)—Other Civil Buildings (Rs. 17,83,686)*

Due to accelerated progress of works.

(viii) *H. 1 (3)—Large Scale Acquisition and Development of Land (Rs. 15,61,591)*

The excess is due to the following reasons:—

- (a) A cheque of Rs. 15,48,000 representing the unspent balance of funds advanced to the Land Acquisition Collector was

presented to the Reserve Bank of India on 29-3-73 but the same was not credited by the Bank in the accounts for 1972-73.

- (b) More expenditure was incurred on the development of land than anticipated (Rs. 18,883).

The excess was partly set off by non-encashment of a cheque issued on 21st February, 1973 on account of ex-gratia payment (Rs. 5,292).

- (ix) *J. 2-Landing Facilities for construction of Jetties, (Rs. 36,63,375)*

There has been an excess of Rs. 25,82,987 under sub-head J.2(6)—Suspense due to the fact that principal Engineer (Marine) Andaman Harbour Works, has under some mis-apprehension, kept the provision only on 'Net' basis instead of Gross provision of budget. He has been now advised to follow the correct budgetary procedure from RE 1973-74 & BE 1974-75 onwards.

The remaining excess is due to non-settlement of B.T. Bills of other Department which were reconciled late.

The above excesses aggregating Rs. 3,13.151 lakhs and minor excesses under other sub-heads of the 'Voted' section were partly counter balanced by savings under remaining sub-heads in the Grant leaving net excess of Rs. 2,49,60,086 under the 'Voted' section of the Grant which need to be regularised."

**2.32. The Committee are distressed to note the incurring of expenditure in excess of the Voted Grant by Union Territories for the second year in succession under 'Grant No. 118—Capital Outlay in Union Territories' relating to the Ministry of Home Affairs. Against the excess of Rs. 157 lakhs recorded under this Grant in 1971-72, the excess during 1972-73 amounted to Rs. 250 lakhs. Though this excess works out to only about 9 per cent of the final grant as a whole, the Committee find that there have been abnormal excesses under individual schemes executed by the Union Territories. The excesses of Rs. 14 lakhs and Rs. 17.86 lakhs incurred by the Andaman and Nicobar and Arunachal Pradesh Administrations respectively under 'F. 1—Electricity Schemes' work out to about 211 per cent and 51 per cent respectively of the final grants of Rs. 6.62 lakhs and Rs. 35 lakhs allocated to them. Similarly, the two Union Territories Administrations have exceeded the final grants for the 'construction of other roads' by 30 per cent and 64 per cent. The expenditure incurred by the Arunachal Pradesh Administration on**

'Other Civil Buildings' has also exceeded the final grant of Rs. 65 lakhs by about 56 per cent and the excess under 'G. 1(1)—Housing' works out to about 24 per cent of the final provision in respect of all Union Territories. The Committee, therefore, are positive that adequate attention has not been paid by the Union Territories to the realistic framing of Budget and Revised Estimates and that a proper review and appreciation of the progress of expenditure on capital schemes have been lacking. The Committee would, therefore, like the Ministry of Home Affairs to impress upon the various Union Territories Administrations the need for greater financial discipline and stricter budgetary control. The Committee would be constrained to take a serious view of excesses under this Grant in future.

2.33. The Committee are also surprised to note that expenditure in excess of about 50 per cent of the final grant of Rs. 73.04 lakhs had been incurred by the Chief Engineer (Flood), Delhi Administration under the sub-head 'E.I(1)—Works' under the wrong impression that he could incur expenditure upto the plan outlay even when the necessary provision was not available. This clearly indicates an utter lack of knowledge of basic budgetary principles and procedures. The Committee need hardly reiterate the need for strict compliance with the rules and instructions on control over expenditure. They take a serious view of the laxity in financial control exercised by the Chief Engineer (Flood) and require that responsibility should be fixed for taking appropriate action against those concerned under advice to the Committee.

2.34. The Committee note that an excess of Rs. 25.83 lakhs had occurred under the sub-head 'J. 2(6)—Suspense' due to the fact that the Principal Engineer (Marine), Andaman Harbour Works had under some misapprehension kept the provision only on 'Net' basis instead of 'Gross' basis. The Committee had occasion to comment on the excess under this sub-head in 1971-72 also in paragraph 2.20 of their 96th Report (Fifth Lok Sabha). From the Action Taken Note of the Ministry of Home Affairs on the recommendation of the Committee contained in their 96th Report, the Committee find that the question of fixing responsibility for such lapses is being pursued by the Principal Engineer (Marine). The Committee require that this should be finalised expeditiously and they would await the action taken in this regard.

**Ministry of Shipping and Transport  
(Roads Wing)**

2.35. Grant No. 70—Roads

	Rs.
Original Grant . . . . .	25,37,94,000
Supplementary Grant . . . . .	2,39,44,000

Final Grant . . . . .	27,77,38,000
Actual Expenditure . . . . .	28,26,69,750
Excess . . . . .	49,31,750

2.36. Excess occurred mainly under the sub-head 'A.4(1) (1)—Maintenance of National Highways'—administered by the Roads Wing Group Head 'A—Public Works—A. 4—Repairs—Communications' (Rs. 69,41,347).

2.37. The Excesses that occurred under this head continuously from 1959-60 to 1971-72 are as indicated below:—

Year	Excess (Rs. in lakhs)
1959-60 . . . . .	13.97
1960-61 . . . . .	16.29
1961-62 . . . . .	11.15
1962-63 . . . . .	36.26
1963-64 . . . . .	15.99
1964-65 . . . . .	32.63
1965-66 . . . . .	39.17
1966-67 . . . . .	63.12
1967-68 . . . . .	35.80
1968-69 . . . . .	35.20
1969-70 . . . . .	84.60
1970-71 . . . . .	154.97
1971-72 . . . . .	258.03

2.38. In a note furnished to the Committee, the Ministry of Shipping and Transport have *inter alia* stated as follows:—

"The original Grant of Rs. 25,37,94,000 was augmented by obtaining a Supplementary Grant of Rs. 2,39,44,000 in March, 1973 Session of Parliament. Against the final Grant of Rs. 27,77,38,00 the actual expenditure amounted to Rs. 28,26,69,750 leaving an uncovered excess of Rs. 49,31,750.

The overall excess of Rs. 49,31,750 was the net result of excesses and savings under various sub-heads in the Grant and occurred mainly under sub-head A.4(1) (1)—Maintenance of National Highways—administered by Roads Wing under Group Head A—Public Works: A. 4—Repairs—Communications (Rs. 69,41,347) as explained hereunder.

The original Budget included a provision of Rs. 13.89 crores for maintenance of National Highways administered by the Roads Wing. On the basis of the progress of expenditure, the requirement was reassessed at Rs. 15.79 crores at the stage of framing Revised Estimates for the year and after taking into account anticipated savings within the Grant, a Supplementary Grant of Rs. 1.86 crores was obtained in March, 1973 session of parliament. Final allotments to the State Governments for maintenance and repair works was also kept at the level of Revised Estimates. The actual expenditure, however, amounted to Rs. 16,45,15,347 resulting in an excess of Rs. 69,41,347 over the sanctioned Grant. The bulk of this excess is attributable to expenditure incurred by the West Bengal Government (Rs. 63,58,270) on account of high rates of maintenance charges over the norms prescribed by the Government of India. The question of modifications of these norms due to general increase in prices is under consideration. The reasons for the excess are also being investigated in consultation with the Government of West Bengal and the Union Minister of Shipping and Transport has already written to the State Government at Chief Minister's level. The residuary excess of Rs. 5,83,077 is distributed over other States due to heavy rains, land slides and floods had caused extensive damage to the National Highways in some States. Besides heavy traffic on a number of Highways and absence of taking up some original works, also contributed to the need for urgent repairs.

The excess expenditure on maintenance of National Highways administered by the Roads Wing has occurred during the last many years. In pursuance of the recommendations of the Public Accounts Committee in regard to the need for controlling the excess in the expenditure on the maintenance and repairs of National Highways, the Central Government have taken a number of measures for a rigid control on the distribution of funds to the States and their utilisation by them as well as for enforcing rigid regulatory control over the various measures taken and the guidelines prescribed to streamline the procedure for the execution of the works on the National Highways. These measures are mentioned in the 96th Report of the Public Accounts Committee (Fifth Lok Sabha). As a result of these measures a good deal of success has been achieved. As against the excesses of Rs. 154.97 lakhs during 1970-71

and Rs. 258.03 lakhs during 1971-72 the excess during the financial year 1972-73 was Rs. 69.41 lakhs out of which an excess of Rs. 63.58 lakhs is in respect of West Bengal alone. As stated earlier, the reasons for this excess are being investigated.

The total excess of Rs. 69,41,347 was partly counterbalanced by savings under other sub-heads of the Grant leaving a net excess of Rs. 49,31,750 under Voted section which requires to be regularised."

2.39. The Committee are once again very much constrained to note with concern the persistent excess under the head 'A. (4)(1)(1)—Maintenance of National Highways' for over a decade now. Bulk of the excess of Rs. 69.41 lakhs related to West Bengal alone (Rs. 63.58 lakhs). The Committee also observe that the Government of West Bengal have been persistently exceeding the grants allocated to them for maintenance of National Highways and there has been a marked increase in the excesses during the period from 1969-70 to 1972-73. The excesses incurred by the Government of West Bengal are indicated below:—

	Rs.
1969-70 . . . . .	37,765
1970-71 . . . . .	42,08,934
1971-72 . . . . .	52,86,188
1972-73 . . . . .	63,58,270

The Committee consider that the increases in excesses are abnormal which calls for a thorough enquiry. The Committee would like this issue to be sorted out expeditiously so as to ensure stricter budgetary control.

2.40. The Committee also note the plea put forward that the excess expenditure incurred by the Government of West Bengal on maintenance of National Highways is on account of high rates of maintenance charges over the norms prescribed by the Government of India and that the question of modification of these norms due to general increase in prices is under consideration which is not at all acceptable because the high rates cannot be peculiar to West Bengal only. The Committee require that this question should be investigated by suitable investigation agencies i.e. C.B.I. and C.V.C. in detail immediately. The Ministry of Shipping and Transport (Roads Wing) and the Ministry of Finance should examine the justification for the prevalence of high rates of maintenance charges in West Bengal with a view to ensuring that no infructuous expenditure is incurred and corrupt practices are not adopted.

### Ministry of Shipping and Transport

#### 2.41. Grant No. 72—Lighthouses and Lightships.

Original Grant . . . . .	1,34,51,000
Actual Expenditure . . . . .	1,40,66,439
Excess . . . . .	6,15,439

#### 2.42. Excess occurred mainly under Group Head

‘B—Lighthouses—Working Expenses. (Rs. 8,81,450)’

2.43. In a note furnished to the Committee, the Ministry of Shipping and Transport have *inter alia*, stated as follows:—

“Against the original grant of Rs. 1,34,51,000 the actual expenditure amounted to Rs. 1,40,66,439 leaving an uncovered excess of Rs. 6,15,439.

The overall excess of Rs. 6,15,439 was the net result of excesses and savings under various sub-heads in the Grant and occurred mainly under Group Head B—Lighthouses—Working Expenses (Rs. 8,81,450).

#### B. Lighthouses—Working Expenses (Rs. 8,81,450)

The sanctioned provision of Rs. 41.88 lakhs was augmented by Rs. 27.49 lakhs by reappropriation of savings under other Sub-heads in the Grant to provide for payment of arrear bills of Shipping Corporation of India and more expenditure on stores for maintenance of Lighthouses. The actual expenditure, however, amounted to Rs. 78,18,450. The excess of Rs. 8,81,450 was mainly due to unanticipated settlement of bills of the Shipping Corporation of India (Rs. 4,95,411) for manning MV Sagardeep and bill of Rs. 1,27,538 of M/s. Garden Reach Workshop, Calcutta for repair of motor launch M. L. False Point which were received during the closing days of the financial year. The residuary excess was due to issue of more stores for maintenance of lighthouses in the various lighthouse districts than anticipated. The departmental authorities have been advised to obtain prior approval of the Ministry before incurring expenditure in excess of the sanctioned provisions.”

2.44. The Committee note that an expenditure of Rs. 78.18 lakhs has been incurred against the original budget provision and reappropriations totalling Rs. 69.37 lakhs under the Group Head ‘B—Lighthouses—Working Expenses’, resulting in an excess of Rs. 8.81



lakhs and that the excess was mainly due to the unanticipated settlement of bills of the Shipping Corporation of India for manning 'M. V. Sagardeep' (Rs. 4.95 lakhs), settlement of bill of M/s. Garden Reach Workshop, Calcutta for repair of motor launch 'M. L. False Point' (Rs. 1.28 lakhs) and due to issue of more stores for maintenance of light houses than anticipated (Rs. 2.58 lakhs). The Committee understand that the amount payable to Shipping Corporation of India for manning 'M. V. Sagardeep' is a recurring annual liability and, therefore, feel that the explanation of the Ministry of Shipping and Transport that the settlement of bills on this account was unanticipated is not at all convincing. The repairs to the motor launch would also have been entrusted to M/s. Gardens Reach Workshop only after approval of the Ministry of the estimates for repairs and the Committee feel that the liability on this account could have been assessed and adequately provided for at least at the Revised Estimate stage by closer coordination with the Workshop. The Committee also feel that the requirement of stores for maintenance of lighthouses could have also been realistically assessed and forecast. Under the circumstances, the Committee have to believe that the Budget Estimates and Revised Estimates have not been framed judiciously after taking into account probable requirements and anticipated liabilities by the concerned authorities. The Committee, therefore, require that the Ministry should be more realistic and exercise greater care in future while framing their estimates.

#### Ministry of Works and Housing

##### 2.45. Grant No. 82—Ministry of Works and Housing

	Rs.
Original Grant . . . . .	3,05,76,000
Supplementary Grant . . . . .	1,000
Final Grant . . . . .	3,05,77,000
Actual Expenditure . . . . .	3,24,06,176
Excess . . . . .	18,29,176

2.46. Excess occurred mainly under the sub-head 'B. 5—Special Welfare Scheme—B. 5(1) Slum Improvement' (Rs. 68,86,000).

2.47. In a note furnished to the Committee, the Ministry of Works and Housing have *inter alia*, stated as follows:—

"The original Grant of Rs. 3,05,76,000 was augmented by Rs. 1,000 by obtaining a Supplementary token Grant in March, 1973 session of Parliament. Thus against the final

grant of Rs. 3,05,77,000, the actual expenditure amounted to Rs. 3,24,06,176 leaving an uncovered excess of Rs. 18,29,176 which requires to be regularised by Parliament. This excess of Rs. 18,29,176 in the Grant is the net result of excesses and savings under the various sub-heads of the Grant.

The excess has occurred mainly under the sub-head detailed below:—

Major Head '39'	Budget Grant 1972-73	Actual Expenditure	Excess
	(1)	(2)	(3)
B—Miscellaneous Social and Developmental Organisations			
B.5—Special Welfare Scheme			
B.5(1)—Slum Improvement	O— R—	68,86,000	(+)68,66,86,000

The reasons for the excess are briefly explained as under:—

**B. 5(1)—Slum Improvement (Rs. 68,86,000).**

The slum improvement in Delhi was part of the Special Welfare Scheme sponsored by the Ministry of Works and Housing. In Grant No. 22—Grant-in-aid to State and Union Territories Governments for 1972-73, administered and controlled by the Ministry of Finance there was an overall lump sum provision of Rs. 125 crores under the sub-head A-4(21)—Special Welfare Schemes and out of this provision, an amount of Rs. 20 crores was intended for the schemes relating to the Ministry of Works and Housing. Out of this sum of Rs. 20 crores, a sum of Rs. 130 lakhs was meant for slum improvement in Delhi and was to have been met from the Demands for Grants of the Ministry of Home Affairs under Grant No. 118—Capital Outlay in Union Territories but subsequently it was decided that the expenditure had to met from Major Head 39—Miscellaneous Social and Developmental Organisations—Minor Head—Special Welfare Scheme from the Demands for Grants of the Ministry of Works and Housing. It was anticipated that the expenditure on this account would be met from the savings within the grant. The anticipation that savings will accrue in the Grant to cover this expenditure did not, however, materialise."

2.48. An expenditure of Rs. 68.86 lakhs had been incurred under the sub-head 'B. 5(1)—Slum Improvement' without any budget provision which led to a net excess of Rs. 18.29 lakhs under 'Grant No. 82—Ministry of Works & Housing. The Committee observe from the note on excesses furnished by the Ministry that a sum of Rs. 130 lakhs, meant for slum improvement in Delhi, was to have been met initially from the Demands for Grants of the Ministry of Home Affairs under 'Grant No. 118—Capital Outlay on Union Territories' and that it was subsequently decided that the expenditure would be met from Grant No. 82 relating to the Ministry of Works & Housing, under the Head '39—Miscellaneous' Social and Developmental Organisations—Special Welfare Scheme'. It is, however, not at all clear to the Committee when this decision was taken and what were the reasons therefor.

2.49. The Committee are surprised to note that even though the commitment on this account was known to the Ministry of Works and Housing, a sum of Rs. 33.78 lakhs was surrendered by the Ministry during the year. The reasons for the surrender are not clear to the Committee. The Committee also note that as against the anticipated expenditure of Rs. 130 lakhs on slum improvement in Delhi the actual expenditure was only Rs. 68.86 lakhs. Thus apart from the fact that Government was not clear as to the demand under which funds for the purpose should be provided, it would prima facie appear that neither had the expenditure been correctly estimated for the savings under the grant from which it was finally met anticipated properly. The Committee would, therefore, like Government to give correct facts and a fuller clarification and examine what was wrong with the system of budgeting which led to this confusion and take appropriate action so as to avoid such deficiencies in future.

#### Ministry of Works and Housing

##### 2.50. Grant No. 83—Public Works

<i>Charged :</i>	Rs.
Original Grant . . . . .	38,50,000
Supplementary Grant . . . . .	2,00,000
Final Grant . . . . .	40,50,000
Actual Expenditure . . . . .	42,43,495
Excess . . . . .	1,93,495

Voted :	Rs.
Original Grant . . . . .	42,86,85,000
Supplementary Grant . . . . .	14,38,20,000
Final Grant . . . . .	57,25,05,000
Actual Expenditure . . . . .	63,85,27,094
Excess . . . . .	6,60,22,094

2.51. In the 'Charged' section, the excess occurred under the sub-heads 'A.2(1)—Buildings' (Rs. 1.55 lakhs) and 'A.6—Grants-in-aid contributions etc.' (Rs. 1.05 lakhs) and in the 'Voted' section of the Grant, the excess occurred under the sub-heads 'A.2(1)—Repairs—Buildings' (Rs. 63.63 lakhs); 'A.7(1)(1)—Suspense Stock Charges' (Rs. 296.79 lakhs); 'A.7(2)—Other Suspense Account Charges' (Rs. 325.83 lakhs).

2.52. Expenditure relating to 'Public Works' has continuously exceeded the final 'Voted' grant during the past five years and the excesses that occurred under this grant from 1968-69 to 1972-73 are indicated below:

Year	Excess (Rs. in lakhs)
1968-69 . . . . .	21.90
1969-70 . . . . .	19.58
1970-71 . . . . .	492.72
1971-72 . . . . .	330.41
1972-73 . . . . .	660.22

2.53. In a note furnished to the Committee, the Ministry of Works and Housing have *inter-alia* stated as follows:—

**"Charged Section:**

As against the final appropriation of Rs. 40,50,000, the actual expenditure amounted to Rs. 42,43,495, thus leaving an uncovered excess of Rs. 1,93,495 which needs to be regularised.

The excess of Rs. 1,93,495 has occurred mainly under the following sub-heads:

Sub-head	Final grant	Actual Expenditure	Excess
(in lakhs of Rs.)			
A—Public Works			
A—2—Repairs			
A 2(1)—Buildings	34.04	35.59	1.55
A 6—Grants-in-aid contributions etc.	—	1.05	1.05

The reasons for the excesses under the above sub-heads are as follows:

A2(1) — *Buildings.*

More payments made against court awards/decrees.

A6—*Grants-in-aid, contribution, etc.*

Payments made to the contractors due to arbitration awards.

The above excesses were partly counter-balanced by savings under other sub-heads under charged portion of the Grant leaving a net excess of Rs. 1,93,495 which requires regularisation by Parliament.

*Voted Section:*

1. The original grant of Rs. 4286.85 lakhs was augmented by obtaining a supplementary grant of Rs. 1438.20 lakhs. The actual expenditure however amounted to Rs. 63,85,27,094 as against the final grant, of Rs. 57,25,05,000 leaving an uncovered excess of Rs. 6,60,22,094 which needs to be regularised.

2. The overall excess of Rs. 6,60,22,094 is the net result of excesses and savings under various subheads of the grant and occurred mainly under the following sub-heads:—

Sub-head	Final grant	Actual Expenditure	Excess
1	2	3	4
(Figures in lakhs of Rs.)			
A—Public Works			
A—2 Repairs			
A 2(1)—Buildings	537.30	600.93	63.63

1	2	3	4
<i>A-7 Suspense</i>			
A-7(1)(1)—Charges	1749.99	2046.78	296.79
A-7(2)(1)—Other Suspense			
Account—Charges . . . . .	2248.00	2573.83	325.83

The reasons for the excesss under the above sub-heads are briefly given below:

**A. 2(1)—Repairs—Buildings (Rs. 63.63 lakhs)**

The excess was mainly due to:

Payment of additional Dearness allowance to work-charged staff; payment of Flood advance to the W. C. Estt. execution of some essential/inescapable items of repairs; payment of Municipal Taxes and increase in the number of buildings to be maintained.

**A. 7(1) (1)—Suspense Stock-charges (Rs. 296.79 lakhs).**

The excess was mainly due to:

Receipt of material more than what was anticipated; procurement of steel was much higher during the last quarter of 1972-73; steel was not available easily and steel allotted by J.P.C. and B.R.C. was advantageous and local purchase at higher rates were saved correspondingly; adjustment of debits of 1971-72 received through advice remittances heads from audit.

**A. 7(2)—Other Suspense Account Charges (Rs. 325.83 lakhs).**

The excess was mainly due to:

Adjustment of more A. G. Memos. and cash settlement accounts/more clearance on account of adjustment memos. of C.S.S. accounts; cost of G.I. Pipes received on loan from Central Stores Division for Republic Day celebrations could not be written back as the C.S.D. did not issue acknowledgement for the pipes returned to it; delay in account adjustment of funds received from F.C.I.; clearance of more balances under Suspense head Purchase and anticipated advance payments and issue of more materials to works than anticipated on account of increased progress of works.

The excesses under the above sub-heads and minor excesses under certain other sub-heads were partly counter-balanced by savings under other sub-heads of the grant, leaving a net excess of Rs. 6,60,22,094 in the grant as a whole."

2.54. The Committee view with deep concern and displeasure the persistent excesses recorded in the grant relating to Public Works operated by the Ministry of Works and Housing and are inclined to take a serious note of the unchecked deterioration. The excess of Rs. 660.22 lakhs over the final grant of Rs. 5725.05 lakhs for 1972-73 is almost twice the excess expenditure incurred during the previous year. The Committee observe that significant excesses had occurred under the sub-heads 'A(7) (1) (1)—Suspense Stock—Charges' (Rs. 296.79 lakhs) and 'A (7) (2)—Other Suspense Account—Charges' (Rs. 325.93 lakhs) and excesses under these sub-heads have now become a recurring annual feature, despite the comments of the Committee in their earlier Reports to which the Ministry have paid no heed whatsoever. The Committee are therefore, far from satisfied with the explanation of the Ministry which is frivolous and they have shown disregard to this Committee.

2.55. The Committee in paragraph 2.40 of their 49th Report (Fifth Lok Sabha) had observed that the excess under 'Suspense Stock—Charges' could have been avoided by a closer liaison with the purchase organisations|suppliers in respect of indented materials and are, therefore, deeply distressed to note that the position instead of improving has deteriorated further. No attention is being paid by the indenting authorities to the planned procurement of and payment for materials. The Committee, therefore, desire that the Ministry should examine whether there are any inherent defects in the system in vogue and devise suitable machinery for a reasonably accurate forecast of requirements of funds.

2.56. The Committee are also unhappy over the delay in the adjustment of funds received from Food Corporation of India under 'A. 7(2)—Other Suspense Account—Charges' and require that such delays would be avoided in future.

#### Ministry of Works & Housing

##### 2.57. Grant No. 133—Delhi Capital Outlay

<i>Voted</i>	Rs.
Original Grant . . . . .	7,22,40,000
Supplementary Grant . . . . .	45,70,000
Final Grant . . . . .	7,68,10,000

<i>Voted</i>	<i>Rs.</i>
Actual Expenditure	7,87,95,966
Excess	19,85,966
<i>Charged</i>	
Original Grant	17,00,000
Supplementary Grant	2,64,000
Final Grant	19,64,000
Actual Expenditure	20,95,833
Excess	1,31,833

2.58. The Excess in the 'Voted' Section of the Grant occurred mainly under the sub-head 'A. 1(1)—Housing' (Rs. 49,22,146) and the Excess in the 'Charged' Section of the Grant occurred mainly under the sub-heads 'A. 1(1)—Housing-Charged' (Rs. 9,622) and 'A. 1(2)—Other Civil Buildings—Charged' (Rs. 82,135).

2.59. Excess under this head also occurred in 1970-71 and 1971-72.

2.60. In a note furnished to the Committee, the Ministry of Works and Housing have inter-alia stated as follows:—

*I. A.—Excess in the voted portion of the Grant*

The original grant of Rs. 7,22,40,000 was augmented by obtaining a supplementary grant of Rs. 45,70,000 in the March, 1973 session of Parliament. Against the final grant of Rs. 7,68,10,000 the actual expenditure amounted to Rs. 7,87,95,966 leaving a net excess of Rs. 19,85,966 in the Voted Section. The excess of Rs. 19,85,966 was the net result of excesses/savings under various sub-heads of the Grant and occurred mainly under the following sub-heads:

(Figures in Rupees)

*I. A. 1(1)—Housing*

<i>Voted</i>	Final Appropriation	Actual Expenditure	Excess(+) (In Rupees)
Original	2,74,20,000		
Supplementary	11,70,000		
Re-appropriation	(+ 13,36,000	2,99,26,000	3,48,48,146
			(+ 49,22,146

The excess expenditure of Rs. 49,22,146 under this sub-head was incurred by the Central Public Works Department and was mainly due to the following factors:—

- (a) Accelerated progress of work of the construction of 272 type II and type III quarters in the existing pockets at Nanakpura and the local purchase of steel made for this work (Rs. 8,44,296).
- (b) Payment to the contractor for the work relating to construction of 1800 type I to type IV residential quarters at



Masjid Moth to avoid loss of rebate allowed by the contractor for monthly payments (Rs. 7,12,572).

(c) The following works of an emergent nature which had to be completed before the 3rd Asian Fair (Rs. 13,90,582):—

(i) Construction of Hostel at Kasturba Gandhi Marg known as 'Asia House' (Rs. 9,56,212).

(ii) M.S. Hostel at Tagore Road (Rs. 4,34,370).

(d) Misclassification of expenditure under 'Housing' instead of under 'Other Civil Buildings' and 'Departmental Charges' (Rs. 19,74,696) relating to:—

(i) Improvement of existing water supply, external sewer lines, roads etc. in various Government colonies—handing over of Civil services to N.D.M.C.	Rs. 5,94,102
(ii) Central Reserve Police Works	Rs. 7,38,426
(iii) Departmental charges; Central Reserve Police Works	Rs. 6,42,168

As the misclassification affected group heads within this grant, these did not cause excess under the grant as a whole.

The excess of Rs. 49,22,146 under the above sub-head was counter-balanced by savings of Rs. 22,51,070 under sub-head A.1(2)—Other Civil Buildings, Rs. 2,83,674 under sub-head A.1(3)—Rehabilitation Works, Rs. 3,15,808 under sub-head A.2—Establishment charges credited to other Government/Departments etc. and Rs. 85,628 under sub-head A.3—Tools and Plants charges credited to other Government/Departments etc. leaving an uncovered excess of Rs. 19,85,966 requiring regularisation by Parliament.

#### B—Excess in the charged portion of the Grant

The original appropriation of Rs. 17,00,000 was augmented by obtaining a supplementary appropriation of Rs. 2,64,000 in March, 1973. Against the final appropriation of Rs. 19,64,000 the actual expenditure amounted to Rs. 20,95,833 thus leaving an uncovered excess of Rs. 1,31,833, which needs to be regularised. This excess was the net result of excesses/savings under various sub-heads of the grant and occurred mainly under the following sub-heads:

#### A1(1)—Housing

	Final Appropriation	Actual Expenditure	Excess
(In Rupees)			
<i>A1(1)—Housing charged</i>			
Original	10,95,000		
Reappropriation	(+) 16,300	11,11,300	11,20,922
			(+) 9,622

The small excess of Rs. 9,822 is due to payments made by the Central Public Works Department in satisfaction of arbitration awards/court decrees which are charged on the consolidated fund of India under Article 112(3) (f) of the Constitution of India.

		Final Appropriation	Actual Expenditure	Excess
<i>A.1(2)—Other Civil Buildings Charged :</i>				
Original	4,65,000			
Supplementary	2,64,000			
Reappropriation	(—) 48,500	6,80,500	7,62,635	(+) 82,135

The additional expenditure of Rs. 82,135 was incurred by the Central Public Works Department (Rs. 65,221) and the President's Estates (Rs. 16,914).

The excess of Rs. 65,221 relating to Central Public Works Department was due to payments made in satisfaction of certain arbitration awards/court decrees which are charged on the Consolidated Fund of India (Rs. 17,136) and accelerated progress of work pertaining to C&AG's Buildings (Rs. 48,085).

The Excess of Rs. 16,914 relating to President's Estates was due to the accelerated progress of certain works.

		Final Appropriation	Actual Expenditure	Excess
(In Rupees)				
<i>A2—Establishment charges credited to other Govts./Depts. etc. Charged</i>				
Original	1,00,000			
Reappropriation (+)	60,700	1,60,700	1,98,727	(+) 38,027

The additional expenditure of Rs. 38,027 under this sub-head was a consequential effect of increase in works outlay of Central Public Works Department (Rs. 36,968) and President's Estates (Rs. 1,059).

		Final Appropriation	Actual Expenditure	Excess
<i>A3—Tools and Plants charges credited to other Govts./Depts. etc. Charged</i>				
Original	40,000			
Reappropriation	(—) 28,500	11,500	13,549	(+) 2,049

The additional expenditure of Rs. 2,049 under this sub-head was a consequential effect of increase in works outlay of C.P.W.D. (Rs. 1,897) and the President's Estate (Rs. 162).

The total excess under the 'Charged' portion of the grant under sub-heads mentioned above comes to Rs. 1,31,833. The expenditure was earlier expected to be met out of anticipated savings within the sanctioned 'Charged' provision. The anticipated savings, however, did not materialise."

2.61. In paragraph 2.44 of their 49th Report (Fifth Lok Sabha), the Committee had expressed concern about the significant misclassifications in accounts that occurred in the Grant relating to Delhi Capital Outlay and had hoped that the reconciliation of expenditure booked in accounts with the departmental figures would be done promptly in future. In the light of their above comments, the Committee are distressed to find that an amount of Rs. 19.75 lakhs was misclassified during 1972-73 also under the head 'Housing' instead of under 'Other Civil Buildings' and 'Departmental Charges'. The Committee trust that such misclassifications would be eliminated in future.

#### Ministry of Information & Broadcasting

2.62. Grant No. 121—Capital outlay of the Ministry of Information & Broadcasting.

<i>Charged</i>	Rs.
Original Grant . . . . .	Nil.
Actual Expenditure . . . . .	3,97,750
Excess . . . . .	3,97,750

2.63. Excess occurred under the sub-head of 'Account 'B. 1-Works' (Rs. 3,97,750).

2.64. In a note furnished to the Committee, the Ministry of Information & Broadcasting have *inter-alia* stated in as follows:

"The Appropriation Accounts (Civil), 1972-73, have disclosed an excess of Rs. 3,97,750 under 'Charged' expenditure in

Grant No. 121—Capital Outlay of the Ministry of Information and Broadcasting. The excess has arisen as a result of the adjustment in March, 1973 (Supplementary) accounts of the full amount of a debit of Rs. 3,97,750 'Charged' expenditure against the sub-head of Account B-1, Works. This expenditure pertained to the payment made in satisfaction of an award of an arbitral tribunal in connection with the work done by C.P.W.D. in constructing the permanent studios at Bombay.

The work of construction of permanent studios at Bombay was as usual entrusted to CPWD, Bombay. It transpires that out of the amount sanctioned for the project under 'Voted' Grant, a sum of Rs. 3,97,750 was paid by the C.P.W.D. to the contractors in fulfilment of an award in arbitration and the amount was inadvertantly booked by CPWD in their departmental accounts under 'Voted' Grant. Subsequently this amount was correctly booked as 'Charged' expenditure by A. G. Central, Bombay, by a journal entry. Since the departmental Annual Accounts (Supplementary) were by then already sent to A. G. Central Bombay, the Regional Engineer, AIR (West) Bombay come to know of the situation only in May, 1973.

In this connection it may be mentioned that it was noticed later that the expenditure incurred on account of the payment of compensation in fulfilment of an award of arbitral tribunal is debitable as 'Charged' expenditure as per the provision of note below para 3.1.9 of Central Public Works Account Code.

The A. G. Central, Bombay, subsequently debited the amount correctly under 'Charged' expenditure directly by a journal entry in the Supplementary accounts for 1972-73. This resulted in the excess under 'Charged' expenditure while increasing the saving under the relevent head under 'Voted' Grant. Incidentally it may be stated that in the 'Voted' Grant there was a overall saving of Rs. 1,04,95,837 (after surrender of Rs. 1,20,00,000) under Grant No. 121—Capital Outlay of the Ministry during 1972-73, which included the amount of this excess under the 'Charged' expenditure. If it had been known at the appropriate time before the payment of the compensation to the contractors that the expenditure was debitable to 'Charged' expenditure, necessary action could have been taken to obtain

the required advance from the Contingency Fund of India to meet the expenditure and the Government would have gone for a supplementary grant to that extent, subsequently to cover the advance. Unfortunately this could not be done."

2.65. The Committee are indeed surprised to note that an expenditure of Rs. 3.98 lakhs incurred under 'Grant No. 121—Capital Outlay of the Ministry of Information & Broadcasting' in fulfilment of an arbitration award was booked by the Central Public Works Department in their departmental accounts under the 'Voted' Grant, even though expenditure incurred in satisfaction of awards of arbitral tribunals, court awards/decrees, etc. is correctly debitable as 'Charged' expenditure as per the provisions of Article 112(3) of the Constitution and paragraph 3.1.9 of the Central Public Works Accounts Code. This clearly indicates a miserable lack of knowledge of the basic principles of classification. The Committee are at a loss to understand how this misclassification was not detected before the closure of the accounts. They would like the Ministry to examine the reasons for the lapse with a view to fixing responsibility for necessary action under advice to the Committee.

#### Appropriation Accounts (Defence Services), 1972-73

##### Ministry of Defence

##### 2.67. Grant No. 2—Defence Services, Effective—Army

	Rs.
Original Grant . . . . .	9,21,94,00,000
Supplementary Grant . . . . .	1,53,65,00,000
Final Grant . . . . .	10,75,59,00,000
Actual Expenditure . . . . .	11,21,37,47,342
Excess . . . . .	45,78,47,342

2.68. The actual expenditure under 'Grant No. 2—Defence Services, Effective—Army' has exceeded the final grant for a number of years now and the excess of Rs. 46 crores during 1972-73 accounts for about 36.5 per cent of the total excess of Rs. 126.33 crores over Voted Grants and Charged Appropriations that occurred in 1972-73

in respect of all Grants. The excesses that occurred under this Grant from 1968-69 onwards are as indicated below:—

Year	Final Grant Rs.	Actual Expenditure Rs.	Excess Rs.
1968-69 . . .	5,99,22,81,000	5,99,35,44,469	12,63,469
1969-70 . . .		—No Excess—	
1970-71 . . .	8,00,10,00,000	8,16,31,33,723	16,21,33,723
1971-72 . . .	9,58,79,50,000	10,43,74,86,194	84,95,36,194
1972-73 . . .	10,75,59,00,000	11,21,37,47,342	45,78,47,342

2.69. In a note furnished to the Committee, the Ministry of Defence have *inter alia* stated as follows:

“The Original Grant of Rs. 92194 lakhs was augmented by obtaining a supplementary Grant of Rs. 15365 lakhs in March, 1973. The actual expenditure however, amounted to Rs. 11,21,37,47,342, leading to an uncovered excess of Rs. 45,78,47,342 which needs to be regularised by Parliament under Article 115 of the constitution. The excess was the net result of increase and saving under various sub-heads of the grant and occurred under the following sub-heads—

Sub-Head	Final Grant	Actual Expenditure	Excess
1	2	3	4
(In lakhs of Rupees)			
A—Pay & Allowances of the Army . . . . .	30687.00	30907.46	220.46
B—Pay & Allowances and Miscellaneous expenses of Territorial Army, etc. . . . .	700.45	714.19	13.74
C—Pay & Allowance of Civilians employed with (or for) Army. . . . .	6490.07	6580.33	90.26
D—Transportation . . . . .	4394.00	4559.97	165.97
E—Miscellaneous . . . . .	2624.05	2632.28	8.23
F—Manufacturing & Research Estt.			
F.1—Military Farms. . . . .	840.00	901.37	61.37

	1	2	3	4
F.2—Ordnance & Clothing Factories.		22727.37	25032.04	2304.67
F.3—Research & Development Organisation		2164.50	2379.74	215.24
F.4—Inspection Organisation		1867.40	1996.80	129.40
G—Stores (Other than for Manufacturing and Research Estt. and Military Engineering Services (excluding Engineer/Stores Depots.)		30163.20	30182.06	18.86
H—Works (Chargeable to Revenue) Maintenance etc.		4847.00	6198.60	1351.60

The reasons for the excess are explained below seriatim:—

**A—Pay and Allowances of the Army** (Rs. 229.36 lakhs)

The excess (which works out to only 0.7 per cent of the final grant in respect of this head) was caused by the following factors:—

- (i) The per capita ratio of Pay and Allowances, Ration allowances on which the Budgetary estimates were based proved inadequate vis-a-vis the actuals.
- (ii) A very large number of personnel availed of the accumulated leave of 1971 in the last quarter of 1972-73, resulting in larger expenditure on ration allowance.

**B—Pay and Allowances and Miscellaneous expenses of the Territorial Army etc.,** (Rs. 13.74 lakhs).

The excess was due to a larger number of part time trainees having turned up for training in the camps, than anticipated (based on the previous average) and also on account of changes in the disembodiment schedule of Air Detachment Regts. Territorial Army during the closing months of the year.

**C—Pay & Allowances of Civilians employed with (or for) Army** (Rs. 90.26 lakhs).

The excess which works out to 1.04 per cent of the final grant arose from addl. expenditure on claims for medical reimbursement, children education allowance, tuition fee etc., and grant of interim relief with effect from 1-8-1972.

**D—Transportation (Rs. 165.97 lakhs).**

The increase under this Sub-head occurred largely on account of larger movements of Service Personnel and Stores than anticipated, and/partly on account of adjustments during the year of some bills pertaining to the year 1971-72.

**E—Miscellaneous (Rs. 8.23 lakhs).**

The variation is negligible (0.3 per cent only).

**F—Manufacturing and Research Establishments**

**F. 1—Military Farms (Rs. 61.37 lakhs):—**

The excess amounting to 7.3 per cent of the final grant was due to higher production charges caused by increase in prices of milk, wheat, fertilizers, animal feeds, etc. (Rs. 52 lakhs) and transportation charges incurred on movement of fodder to meet the requirements of Military Farms and Civilians at a number of places affected by drought conditions (Rs. 9 lakhs).

**E 2—Ordinance and Clothing Factories (Rs. 2305.67 lakhs).**

There was an excess of Rs. 2747 lakhs under this head which was partly offset by less expenditure on customs duty (Rs. 442 lakhs). The reasons for the excess are explained below in respect of the items involved:—

(i) *Purchase of Materials (Rs. 2613.00 lakhs).*

The increased expenditure on the purchase of materials arose from the following factors:—

- (a) Expectations of slippages in deliveries by firms in respect of contracts placed on DGS&D did not materialise.
- (b) Production of two new items, viz., "Air Landing Maps" and 'Boats Assaults' for which orders were placed in October/November, 1972.
- (c) Increase in the tempo of production activity.
- (d) Procurement of some high value materials, supplies of which were not forthcoming in the previous years; and
- (e) Steep rise in the cost of some of the materials required in large quantities.



(ii) *Pay and Allowances, Miscellaneous and Transportation (Rs. 121 lakhs)*

The excess was due to heavier expenditure on overtime allowances, than anticipated (Rs. 90 lakhs), payment of a sum of Rs. 8.35 lakhs by Metal and Steel Factory as Central sales tax at the end of the financial year which could not be anticipated, purchase of stationary from local market owing to non-availability from service sources and higher transportation charges due to increased procurement of materials.

(iii) *Works (chargeable to Revenue) Rs. 13 lakhs* ..

Increased expenditure on account of rise in the cost of materials and higher consumption of water and electricity due to expansion in activities.

F. 3—*Research and Development Organisation (Rs. 215.24 lakhs)*

The excess which works out to 9.94 per cent of the final grant has primarily occurred under the sub-head purchase of materials (Rs. 238 lakhs) due to higher materialisation of supplies than anticipated and adjustment of heavy debits from the civil Deppts. in the closing months of the year and transportation charges due to movement of more Stores (Rs. 3 lakhs). The excess was partly offset by savings under pay and allowances due to non-filling of vacancies, miscellaneous charges and grants-in-aid (Rs. 26 lakhs)

F. 4—*Inspection Organisation (Rs. 129.40 lakhs)* ..

The excess (Rs. 129.40 lakhs) which works out to 6.99 per cent of the final grant is mainly attributable to more expenditure incurred on drawing ammunition and weapons from the DGOF for "proofing" of Arms and ammunition manufactured by the Ordnance Factories. The drawal is made on 'as required' basis and is related to production programme of the Ordnance Factories.

G—*Stores (other than manufacturing and Research Establishment) (Rs. 18.86 lakhs)*

The overall excess under this sub-head is negligible, being only 0.06 per cent of the Final Grant. The expenditure on purchase of Ordnance and clothing stores, however, registered an increase of Rs. 651 lakhs, medical stores (Rs. 72 lakhs) and Engineering stores (Rs. 90 lakhs). The reasons for the excess expenditure on procurement of these items are given below:—

- (i) Materialisation of more demands than anticipated. Efforts were made to stagger the deliveries of the contracted items but as the supplies were already in the pipeline, the desired results could not be achieved.
- (ii) In the case of clothing stores, the excess is partly attributable to fluctuation of rates, placement of fresh orders to made the good the deficiencies created as a result of issues to Bangla Desh/POWs and also extra issues to troops in the border area.

The additional expenditure incurred on the purchase of the above mentioned stores was largely offset by saving under ASC stores (Rs. 282 lakhs) due to increase in recoveries for stores supplied by Army to other Services, MT Vehicles and connected stores (Rs. 510 lakhs) due to delay in the materialisation of supplies, and animals (Rs. 2 lakhs) due to non-purchase of full complement of animals as they were not available in the local market area.

H—Works (Chargeable to Revenue) Maintenance etc. (Rs. 1351.60 lakhs)

(i) *Operational Works (Rs. 706 lakhs)*:—The excess expenditure was due to continued deployment of certain GREFF units under the control of Army, execution of operational works for increasing the Defence potential, especially in the Northern Sector; execution of works by Commanders in the Western and Northern Commands under para 11 of the Revised Works procedure.

(ii) *Maintenance of buildings (including POW camps), roads, furniture, operation of Installations: (Rs. 339 lakhs)*:—The excess was mainly due to the maintenance of POW's camps for a longer period than anticipated payment of interim relief to casual employees not catered for in the budget, increased cost of materials, essential repairs to Defence, man-holes, leakage pits, firing ranges and sewage system, higher consumption of electricity on account of special security lighting arrangements for POW, enhancement of tariff rates by local bodies, running of stand by generating sets due to frequent shedding of electricity in U.P. area, replacement of worn out spare parts and urgent requirement of refrigerators and air-conditioners in various Military Hospitals.

(iii) *General Charges, (Rs. 48 lakhs)*:—The excess occurred because owing to the continued development of the troops in strategic areas, additional Chowkidars had to be employed for the care of a

large number of vacant buildings and more expenditure was incurred than anticipated on account of rent for the hired|leased|requisitioned buildings.

(iv) *Tools, Plants and Machinery and MES Stores (Rs. 253 lakhs)*: The excess expenditure under this Head was due to materialisation of stores, the payment of which could not be withheld.

(v) *M.E.S. Advanced:—(Rs. 5.56 lakhs)*: Variation is insignificant.”

2.70. The expenditure on ‘Defence Services, Effective-Army’ exceeded the final grant of Rs. 1075.59 crores by as much as Rs. 45.78 crores in 1972-73 and this excess accounts for over one-third of the total excess of Rs. 326.31 crores over Voted Grants and Charged Appropriations recorded in respect of all Grants. Bulk of the excess occurred under the sub-heads ‘F.1—Military Farms’ (Rs. 61.37 lakhs), ‘F.2—Ordinance and Clothing Factories’ (Rs. 2304.67 lakhs), ‘F.3—Research and Development Organisation’ (Rs. 215.24 lakhs), ‘F.4—Inspection Organisation’ (Rs. 129.4 lakhs) and ‘H—Works (Chargeable to Revenue) Maintenance, etc.’ (Rs. 1351.60 lakhs) and the excesses under these sub-heads work out respectively to 7.3 per cent, 10.1 per cent, 9.94 per cent, 6.99 per cent and about 28 per cent of the final provisions under these sub-heads. Excesses under these sub-heads had occurred in 1971-72 also and the Ministry of Defence had then attributed these excesses to the uncertain conditions created by the emergency leading to the Indo-Pak conflict and the aftermath thereof. However, the excess of about Rs. 46 crores in 1972-73, a comparatively normal year, which was about 30 per cent of the supplementary grant obtained, causes concern to the Committee. They are of the view that the excess during this year could have been minimised considerably by periodic reviews of the progress of expenditure and better regulatory controls and by a realistic estimation of the receipt of stores and debits relating thereto. The Committee trust that better budgetary control will be exercised by the Ministry in future.

2.71. The Committee would also like to know the reasons why the execution of operational works for increasing the Defence potential in the Northern Sector and execution of works by commanders in the Western and Northern Commands under para 11 of the Revised Works Procedure could not have been adequately anticipated and funds provided for the purpose at least in the Revised Estimates.

2.72. The Committee note the excess expenditure of Rs. 2613 lakhs and Rs. 238 lakhs had been incurred for purchase of materials respectively under 'F.2—Ordnance and Clothing Factories' and 'F.3—Research and Development Organisation'. Some of the factors contributing to these excesses are stated to be the higher materialisation of supplies than anticipated and the adjustment of heavy debits from the civil departments in the closing months of the year. The Committee feel that these factors could have been anticipated by a more effective coordination and liaison with the Directorate General, Supplies and Disposals and other suppliers and the Accounts Organisations, which has not been done.

2.73. The Committee also find that the excess of Rs. 165.97 lakhs under the sub-head 'D-Transportation' was partly due to the adjustment of some bills pertaining to the year 1971-72. The Committee would like to know why this payment for past liabilities could not be anticipated and provided for.

#### Ministry of Defence

#### 2.74. Grants No. 104—Defence Capital Outlay

	Rs.
Original Grant . . . . .	1,90,70,00,000
Supplementary Grant . . . . .	5,92,00,000
Final Grant . . . . .	1,96,62,00,000
Actual Expenditure. . . . .	2,12,97,62,412
Excess . . . . .	16,35,62,412

2.75. Excess occurred mainly under the sub-heads "A—Army" (Rs. 1605.34 lakhs) and "C—Air Force" (Rs. 422.82 lakhs).

2.76. Excess under this head had occurred also in 1969-70, 1970-71 and 1971-72. The excesses that occurred under this Grant during these years are as indicated below:—

Year	Excess (Rs. in lakhs)
1969-70 . . . . .	545.41
1970-71 . . . . .	487.26
1971-72 . . . . .	1576.39

2.77. In a note furnished to the Committee, the Ministry of Defence, have inter alia stated as follows:—

"The original grant of Rs. 190.70 crores was augmented by obtaining a Supplementary Grant of Rs. 5.92 crores in March, 1973. The actual expenditure in 1972-73 under the grant as shown in the printed Appropriation Accounts is Rs. 2,12,97,62,412. It has, however, since been intimated by the Controller General of Defence Accounts that the following misclassifications of expenditure have been brought to light after the final closing of the accounts for the year 1972-73:—

- (i) A sum of Rs. 91,259.24 was erroneously compiled to Grant No. 104—Defence Capital Outlay Sub-head A—Army instead of to Grant No. 3—Navy, Sub-head F—Stores, to which it was appropriately chargeable. (There has otherwise been a saving in the latter Grant).
- (ii) A sum of Rs. 1,99,391.50 was erroneously classified to the 'Voted' portion instead of the 'charged' portion of Grant No. 104—Defence Outlay, Sub-head A—Army.

Thus, the actual expenditure under the grant amounted to Rs. 2,12,94,71,761 against the final grant of Rs. 1,96,62,00,000 thereby leaving an uncovered excess of Rs. 16,32,71,761 (instead of Rs. 16,35,62,412 shown in the printed Appropriation Accounts) which needs regularisation. This excess represents the net result of excess expenditure and savings, under various sub-heads that have occurred as follows:—

(In thousands of Rupees)

Sub-heads	Final Grant	Actual Expenditure	Excess/Savings
A—Army . . . . .	69,00,00	85,05,34	16,05,34
B—Navy . . . . .	62,79,63	60,67,51	(—)2,12,12
C—Air Force . . . . .	22,01,56	26,24,38	3,22,82
D—Manufacturing & Research Establishments . . . . .	42,80,81	40,97,48	(—)1,83,33

The reasons for the excess are explained hereunder:—

**A—Army (Rs. 1605.34 lakhs)**

The excess of Rs. 17.85 crores under Army Works (including stock-pile) is attributable to the execution of a large number of works under para 11 of the Revised Works Procedure and on meeting inescapable contractual liabilities. After the ceasefire of December 1971, and especially after the violations of ceasefire in Jammu and Kashmir in May 1972, Formation Commanders found it necessary to sanction a large number of works under para 11 of the Revised Works Procedure to meet the urgent needs of troops deployed in operational locations in order to prevent further intrusions by Pak Army. An accurate estimate of the total liability arising from these works (the expenditure on which is not covered by the normal budgetary allotment) could not be had in time. It eventually transpired that the expenditure on these works executed could not be accommodated within the sanctioned budget provision for the normal works and there was accordingly an excess of expenditure. By the time this came to light, it was too late to go in for a Supplementary Demand. The excess under the Sub-head was, however, partly offset by savings under Military Farms (Rs. 0.04 cr.) and Acquisition of Land (Rs. 1.73 crs.) due to non-receipt of debits from vicil authorities.

**C—Air Force (Rs. 422.82 lakhs)**

The excess under the Air Force Works (Rs. 466.75 lakhs) resulted from accelerated progress of works, inescapable expenditure on urgent operational works under Para 11 of the Revised Works Procedure, payment and adjustment of contractual liability and Inter Departmental schedules|Central Purchase vouchers which could not be postponed and more expenditure on cement, steel and other stores. The excess under this Sub-head was partly offset by savings under acquisition of land (Rs. 42.44 lakhs) and special projects (Rs. 1.49 lakhs).

The total excess of Rs. 2028.16 lakhs (Army Rs. 1605.34 lakhs and Air Force Rs. 422.82 lakhs), was partly counter-balanced by savings of Rs. 212.12 lakhs under 'Navy' (including purchase of ships) and Rs. 183.33 lakhs under 'Manufacturing and Research Establishments' due to less expenditure than anticipated, leaving a net excess of Rs. 16,32,71,761 which needs to be regularised."

**2.78. The net excess of Rs. 1605.34 lakhs under 'Army Works' in 'Grant No. 104—Defence Capital Outlay works out to about 23 per cent of the final provision of Rs. 6.900 lakhs and the excess has been**

attributed by the Ministry to the execution of a large number of works under para 11 of the Revised Works Procedure and meeting inescapable contracted liabilities. The Committee note from the reply of the Ministry of Defence that after the ceasefire of December, 1971 and especially after the violations of ceasefire in Jammu and Kashmir in May, 1972, Formation Commanders found it necessary to sanction a large number of works to meet the urgent needs of troops deployed in operational locations in order to prevent further intrusions by the Pakistan Army and that an accurate estimate of the total liability arising from those works could not be had in time. Since most of the emergent works have apparently been executed immediately after May, 1972, the Committee do not accept the explanation furnished by the Ministry and maintain that the liability on such works could have been anticipated by a closer watch over the progress of expenditure on both normal and emergent works and by a proper review, which have been totally lacking, and adequate provision made in the Revised estimates.

2.79. The Committee find that the supplementary Grant of Rs. 200 lakhs obtained for Army Works was woefully inadequate and would like to impress upon the Ministry the need for a more effective coordination between the lower formations and Headquarters so that the extra commitments could be quantified as precisely as possible before the close of the financial year with a view to reduce to gap between the actual additional requirement and the supplementary grant obtained towards the end of the year. In this connection, the Committee would also draw the attention of the Ministry to the observations contained in paragraph 2.47 of their 96th Report (Fifth Lok Sabha).

2.80. The Committee are also concerned to note that an amount of Rs. 0.91 lakhs was erroneously booked under 'Grant No. 104—Defence Capital Outlay', sub-head 'A—Army' instead of under 'Grant No. 3—Navy', sub-head 'F—Stores' and another amount of Rs. 1.99 lakhs was misclassified under the 'Voted' section instead of the 'Charged' section of 'Grant No. 104—Defence Capital Outlay', sub-head 'A—Army' and that these misclassifications came to light only after the final closing of the accounts for the year 1972-73. The Committee are unable to understand why these misclassifications were not detected before the closure of the accounts by prompt reconciliation of the departmental figures with the accounts figures. As misclassifications vitiate budgetary control, the Committee desire that procedures should be tightened up and responsibility should be fixed on individuals for such lapses.

### Appropriation Accounts (Railways), 1972-73

2.81. In 1972-73, the actual expenditure exceeded the sanctioned allotment in five cases (4 'Voted Grants and 1 Charged Appropriation) as against ten in the previous year. The excesses in the above cases aggregated Rs. 10.21 crores as against Rs. 46.21 crores during 1971-72.

2.82. The number of Voted Grants and Charged Appropriations wherein excesses occurred during the past five years are as follows:

Year	No. of Grants and Charged Appropriations wherein Excess occurred	Total amount of Excess (Rs. in crores)
1968-69 . . . . .	3	0.11
1969-70 . . . . .	6	2.35
1970-71 . . . . .	4	0.22
1971-72 . . . . .	10	46.21
1972-73 . . . . .	5	10.21

2.83. During 1971-72, the excess was mainly under Grant No. 15 'Open Line Works, Capital Depreciation Reserve Fund and Development Fund' (Rs. 9.20 crores) and Grant No. 5—'Repairs & Maintenance' (Rs. 0.83 crores).

2.84. It is seen from the 'Appropriation Accounts of Railways in India for 1972-73, Part II—Detailed Appropriation Accounts' that the net excess of Rs. 9.20 crores in Grant No. 15 is mainly made up of excesses on Eastern Railway (Rs. 0.09 crore), Northern Railway (Rs. 8.61 crores), North Eastern Railway (Rs. 0.94 crore), Southern Railway (Rs. 2.13 crores), South Central Railway (Rs. 3.16 crores), Western Railway (Rs. 2.16 crores), Chittaranjan Locomotive Works (Rs. 0.85 crores) and Diesel Locomotive Works (Rs. 1.54 crores), partly offset by savings on Central Railway (Rs. 2.35 crores), North-east Frontier Railway (Rs. 1.36 crores), South Eastern Railway (Rs. 4.84 crores), Integral Coach Factory (Rs. 0.77 crore) and Railway Board (Rs. 0.31 crore) and in expenditure on taking over of open line wires from Posts and Telegraphs Department (Rs. 0.06 crore).

2.85. In a note furnished to the Committee, the Ministry of Railways (Railway Board) have *inter-alia* explained the reasons for the excess under Grant No. 15 as follows:—



"This Grant deals with the expenditure on (i) additions to railway assets like rolling stock, machinery and works and on transactions under Stores, Manufacture and Miscellaneous Advances (Suspense) charged to Capital, and on the replacement of such assets charged to Depreciation Reserve Fund and (ii) Development Fund representing expenditure on amenities for passengers and other railway users, staff welfare works including the cost of quarters of class III and class IV staff costing above Rs. 25,000 each, and unremunerative operating improvement works costing more than rupees three lakhs each.

The excess of Rs. 9.20 crores works out to 1.25 per cent of the final grant of Rs. 734.38 crores. A supplementary grant of Rs. 4.54 crores was taken in December, 1972 and another similar grant of Rs. 77.65 crores was taken in March, 1973 for various purposes such as recoupment of an advance taken from Contingency Fund of India in respect of procurement of wagons, for undertaking certain urgent works, payment of Interim Relief sanctioned with effect from 1.8.1972, more purchase of stores for works, general purchases at enhanced rates, more payments to M/s. Heavy Electricals (India) Limited for supply of traction equipment and escalation charges (Stores Suspense), more manufacture of rolling stock in progress and drawal of more stores (Manufacture Suspense), more procurement of imported steel and material for fabrication etc. (Misc. Advances), revision of prices of locomotives ex. D.L.W. to cover payment of diesel/electric spares and speedy progress of manufacturing programmes (Rolling Stock), speedy progress of certain works and throw-forward expenditure from previous year (structural engineering works).

The excess of Rs. 9.20 crores was shared by six Railway namely, Eastern, Northern, North Eastern, Southern, South Central, and Western and two Production Units viz. Chittaranjan Locomotive Works and Diesel Locomotive Works.

It occurred under:—

- (a) Manufacture Suspense (4.64 lakhs) mainly on account of drawal of more materials from stock and from direct purchase, owing inter-alia, to increase in prices (2.81 lakhs), less issue of manufactured stores to works and

stock (1,49 lakhs), better out-turn (38 lakhs); partly offset by savings on account of aggregate of minor variations (4 lakhs).

(b) Works 4,48 lakhs) mainly on account of more receipt of permanent way materials and stores, owing, *inter-alia* to increase in rates (3,31 lakhs), more progress in certain works (90 lakhs), more debits on account of throw forward works (18 lakhs), taking up of certain urgent works during the year (16 lakhs); partly offset by aggregate of minor variations (7 lakhs).

(c) Stores Suspense (1,60 lakhs) mainly on account of fluctuations in adjustment through stock adjustment account (2,76 lakhs) more purchase of stores and debits therefor owing *inter-alia* to increase in prices (1,69 lakhs), more stores returned from works etc. (95 lakhs) and aggregate of minor variations (59 lakhs); partly offset by more issue to manufacture and works etc. (3,29 lakhs) and less purchase of coal & H.S.D. oil etc. (1,20 lakhs) and;

(d) Development Fund (1,50 lakhs), mainly on account of adjustment of more debits for stock (69 lakhs), more progress of certain works owing to better availability of materials (57 lakhs), taking up of certain out of turn works (10 lakhs), certain adjustments on completed works (4 lakhs) and aggregate of other minor variations (10 lakhs).

As against the excesses explained above, savings occurred under:—

(a) Rolling Stock (2,24 lakhs) mainly on account of less production of rolling stock etc. (1,35 lakhs), non-materialisation of certain payments for stock (90 lakhs); partly counter-balanced by aggregate of minor variations (1 lakh);

(b) Misc. Advances (Capital) (72 lakhs) mainly due to less advance payments to suppliers for imported steel etc. (97 lakhs) and aggregate of other minor variations (6 lakhs); partly counter-balanced by drawal of more stores for fabrication etc. (31 lakhs); and

- (c) Taking over the open line wires from Posts and Telegraphs department (6 lakhs) due to non-receipt of debits from the P&T Department.

After including the amount of Rs. 3,92,575 misclassified (c.f. Annexures A & B), the excess actually requiring regularisation by Parliament works to Rs. 9,23,69,570 in relation to voted grant of Rs. 7,34,38,27,000 (an excess of 1.26 per cent)".

**2.86.** The Committee are concerned to note that the bulk of the net excess aggregating Rs. 9.24 crores under the 'Voted' section of 'Grant No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund' relating to Railways had occurred in Northern Railway (Rs. 8.61 crores). That this was so despite obtaining a Supplementary Grant of Rs. 8.92 crores and further augmenting the provision by Rs. 16.96 crores by reappropriation, which must have been done by the end of the year, points to the fact that the Railway Administration was not at all careful to estimate the requirements realistically. The excess in terms of the original provision relating to this Railway was as high as 53 per cent and in terms of the final grant 9.5 per cent. Unless there were extraordinary developments during the year, such wide variations between the original Budget estimates and the actuals can hardly be justified. The Committee, therefore, maintain that the system of budgeting adopted by this Railway, which appears to be anything but satisfactory, needs a closer examination with a view to taking appropriate steps to bring about the desired improvement. The Committee would watch the improvement through future Appropriation Accounts.

**2.87.** Subject to the above observations, the Committee recommend that the excesses referred to in paragraph 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.

## CHAPTER III

### ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR NINETY-SIXTH REPORT (FIFTH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1971-72.

3.1. The 96th Report of the Public Accounts Committee (Fifth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil), (Defence Services), (Railways) and (Posts and Telegraphs) for the year 1971-72 was presented to the Lok Sabha on the 4th September, 1973. Action Taken Notes in respect of all the 21 recommendations have been received and are reproduced in Appendix XXX.

3.2. Replies of Government have been categorised under the following heads:—

(i) Recommendations/observations that have been accepted by Government.  
S. Nos. 1-7, 9-10 and 15-21.

(ii) Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government.

Nil.

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

Nil.

(iv) Recommendations/observations in respect of which Government have furnished only interim replies.  
S. Nos. 8 and 11\* to 14.

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\*Final reply has been received to part of the recommendation contained in paragraph 2.32 of the 96th Report.

3.3. The Committee would like that final replies on the recommendations to which only interim replies have so far been furnished are submitted to them after getting them vetted by Audit, without further delay.

3.4. The Committee will now deal with the Action Taken Notes on some of the recommendations.

*Irregularities relating to expenditure on displaced persons:*

3.5. Commenting on the excess over the Voted Grant under the group-head 'C-Relief and Resettlement of evacuees from Bangla Desh' in 'Grant No. 66—Expenditure on Displaced Persons' of the Ministry of Labour and Rehabilitation, the Committee, in paragraph 2.25 of their 96th Report (Fifth Lok Sabha) observed *inter alia* as follows:—

“The Committee would also like to know whether any case of corrupt practice or pilferage or wasteful expenditure has come to notice in the above transaction and if so, the action taken against the delinquent officials.”

3.6. In their Action Taken Note on the above observation, the Ministry of Rehabilitation have stated as follows:

“So far, no specific case of corrupt practice or pilferage or wasteful expenditure has come to notice in these transactions.”

3.7. While commenting on the excess over the noted Grant under 'Grant No. 66—Expenditure on Displaced Persons' of the Ministry of Rehabilitation, the Committee had *inter alia* desired, in paragraph 2.25 of their 96th Report (Fifth Lok Sabha), to know whether any case of corrupt practice or pilferage or wasteful expenditure had come to notice in the transactions commented upon and if so, the action taken against the delinquent officials. In their Action Taken Note, the Ministry of Rehabilitation have stated that no specific case of the types referred to has come to notice so far. The Committee, however, find from paragraph 35 of the Report of the Comptroller and Auditor General of India, Union Government (Civil) for the year 1972-73 that certain instances of short receipt of gift articles consigned as aid by United Nations agencies and other foreign governments and voluntary organisations, shortages of tents and tarpaulins and their inadequate utilisation have been commented upon by Audit. The Draft Paragraph on the subject proposed for inclusion in the Audit Report must presumably have

been received by the Ministry long before the finalisation of the Audit Report. If that is correct, the Committee find it difficult to reconcile the reply now furnished by the Ministry with the Audit comments referred to. The Committee will comment on the irregularities pointed out by Audit separately after due examination of the relevant Audit paragraph during the current year.

*Delays in taking action on recommendations of the Committee:*

3.8. In paragraphs 2.20, 2.32, 2.37 and 2.38 of their 96th Report (Fifth Lok Sabha), the Committee had dealt with a few instances of oversight, abnormal excess over the Voted Grant, laxity in financial control and misclassification of expenditure and had desired that these lapses should be investigated and responsibility fixed. The Committee had observed as follows:—

2.20—S. No. 8: “The Committee are somewhat concerned to find misclassification of expenditure of the order of Rs. 70.26 lakhs under ‘J.2(6)—Suspense’ and insufficient provision of funds to the extent of Rs. 12 lakhs for adjustment of establishment charges through oversight under ‘No. 2—Procurement of Foodstuffs and other commodities’. The Committee desire that the responsibility for the lapses will be fixed and suitable action taken against the officials concerned.”

2.32—S. No. 11: “The Committee take a very serious view of the consistent excesses recorded under the head ‘A1(4)—Maintenance of National Highways’. The excesses which ranged from Rs. 11.15 lakhs to Rs. 154.97 lakhs during the period 1959-60 to 1970-71 have touched an all time high of Rs. 258.03 lakhs during 1971-72. States of Assam and West Bengal accounted for a major portion of the excess during 1971-72. The Committee were informed that the excess in the case of Assam was due mainly to the unprecedented movement of troops necessitated by the Indo-Pak conflict; heavy floods causing damage and requiring immediate action to keep the lines of communication open were one of the major causes of excess in West Bengal. They would, however, await the outcome of the investigation of the unusually large excess of Rs. 92.53 lakhs in Assam. The excess of Rs. 79.31 lakhs under ‘Maintenance of Brahamaputra Bridge’ would also be investigated with a view to taking suitable action and fixing responsibility.”

2.37—So. No. 13: “The Committee find that although the Engineer-in-Chief had proposed a revised estimate of Rs. 3588.64 lakhs against the budget estimate of Rs. 2699.99 lakhs under the group-head ‘A. 7—Suspense’ only an additional provision of Rs. 500 lakhs was made by Government in view of the urgent need of economy in expenditure and the Chief Engineers were advised to restrict the expenditure to the extent of the budget grant increased by this additional amount. However, strangely enough, the expenditure under the sub-head ‘A. 7(2)—Other Suspense Account’ exceeded the final grant of Rs. 1836.76 lakhs by Rs. 179.73 lakhs. The Committee take a serious view of the laxity shown in the financial control exercised by the Chief Engineers concerned despite instructions from Government. They would accordingly suggest that the matter should be examined and appropriate action taken against those concerned.”

2.38—S. No. 14: “An excess of Rs. 32,11 lakhs under the head ‘A.3(2)—Executive Establishment’ has been explained as mainly due to errors in classification of expenditure within the group-head ‘A.3—Establishment’. As such misclassifications vitiate budgetary control, the Committee desire that responsibility should be fixed and suitable action taken against the persons concerned.”

3.9. In their Action Taken Notes, the concerned Ministries have *inter alia* stated as follows *seriatim*:—

2.20.S. No. 8: “Regarding insufficient provision of funds to the extent of Rs. 12 lakhs for adjustment of establishment charges through oversight under ‘No 2—Procurement of Foodstuffs and other Commodities’ the matter is under investigation in consultation with the Arunachal Pradesh Administration.”

2.32—S. No. 11: “As regards the excess of Rs. 92.53 lakhs in Assam, the matter is still under correspondence with the Government of Assam”

2.37—S. No. 13: “The matter has been examined in detail by the Engineer-in-Chief, Central P.W.D. The excess under ‘Suspense’ referred to in the Committee’s Report appears to be not an actual excess; it, however, appears to

be so because of the system of gross budgeting. This system was introduced in consultation with C&AG. The system results in the same item appearing in stock suspense and also in purchase suspense which artificially inflates the expenditure. The particular case is being re-examined in consultation with the Comptroller and Auditor General with a view to indicating if the excess is artificial in this instance."

2.38—S. No. 14: "The Engineer-in-Chief, C.P.W.D. has not been able to locate the misclassification in the accounts maintained by his Department. We are in touch with the Audit Department to find out whether the mistake took place on the Audit side or in the Department."

3.10. In their 96th Report (Fifth Lok Sabha) on Excesses over Voted Grants and Charged Appropriations, the Committee had highlighted a number of instances of oversight, abnormal excesses over Voted Grants, laxity in financial control and misclassification of expenditure and had suggested investigation with a view to fixing responsibility. After a lapse of six months in respect of the Ministry of Home Affairs, nearly eight months in respect of the Ministry of Shipping and Transport and more than eleven months in the case of the Ministry of Works and Housing, the Committee have been informed by the concerned ministries that the matters are under investigation or under correspondence. The Committee are distressed to find that even after the lapse of a considerable time Government are unable to inform the Committee of the final action taken on their recommendations. The Committee expect its observations asking for investigation of fixing of responsibility to be processed promptly and in any case within the time-limit of six months. Delay of any significant magnitude detracts from the effectiveness of whatever disciplinary or exhortatory action that is subsequently taken. Apart from this, unless such recommendations are finalised promptly and the Committee informed of the final action taken, the Committee would not be in a position to satisfy themselves of the adequacy of the action taken by the Government on their recommendations. In this connection, the Committee would also like to draw the attention of Government to the recommendations contained in paragraphs 1.23 and 1.24 of their 115th Report (Fifth Lok Sabha). To underline the importance the Committee attach to these recommendations, they are reproduced below:

"The Committee very much regret to have to record that they have found that in a number of cases the Ministry remain



content with furnishing interim replies and take no steps to see that final replies are sent within a reasonable period of time. Usually further follow-up takes place only when the Committee again remind. The position can only be described as highly unsatisfactory. The Committee desire that not only should action be initiated on their recommendations/observations immediately on receipt of the Report. but it should be the endeavour of the Ministry to see that all action is completed and report sent to them, within six months. Only in exceptional cases should it be necessary to give interim replies and in all such cases, the Ministry should actively pursue the matter and inform the Committee, on their own, of the final position at the earliest opportunity. Until and unless the Committee get a final picture in regard to all their recommendations/observations, they will experience considerable difficulty in final finalising their Action Taken Reports, in an effective manner. The Committee stress that the Ministry must streamline their procedures and direct their lower formations to adhere in future scrupulously to the time limit prescribed by the Committee for furnishing of Action Taken Notes."

(Para 1.23 of 115th Report, Fifth Lok Sabha).

"The Committee require that instructions on the lines indicated above should also be issued by other Ministries/Departments."

(Para 1.24 of 115th Report, Fifth Lok Sabha).

#### *Delays in receipt of Action Taken Notes*

3.11. Commenting on the delays in the receipt of Action Taken Notes, the Committee, in paragraph 3.3 of their 96th Report (Fifth Lok Sabha) had observed as follows:—

"The Committee had in paragraph 3.3 of their 49th Report (Fifth Lok Sabha) commented on the delays in the receipt of Action Taken Notes and stressed that the Notes should invariably be furnished to them within

the stipulated time-limit of six months. Despite the fact that in December, 1972 the Ministry of Finance have brought these observations to the notice of all Ministries/Departments for strict compliance, delays continue to occur. 23 out of 43 Action Taken Notes in respect of recommendations contained in the 49th Report were received after the due date viz. 28th February, 1973. The delay was more than 3 months in 9 cases and 3 Notes were received only in August, 1973 with the result that the finalisation of this Report was delayed. The Committee take a serious view of the position and desire that immediate steps should be taken to investigate the delays and to streamline the procedures so as to ensure submission of Action Taken Notes within the time-limit prescribed."

3.12. In their Action Taken Note, the Ministry of Finance have stated as follows:—

"The above observations of the Public Accounts Committee have been brought to the notice of the Ministries/Departments. It was enjoined upon them that the Internal Financial Advisers in the Ministries/Departments should keep a watch on the progress of processing the recommendations contained in the reports of Public Accounts Committee and take remedial measures, wherever necessary, to ensure submission of the 'action taken notes' within the stipulated time-limit of six months. The Ministries/Departments have also been requested to investigate the delays in submission of the 'action taken notes' as suggested by the Committee and to keep their associate Financial Advisers informed through their Internal Financial Advisers, the result of the investigation made and the measures taken to avoid the delays in future vide this Ministry's O.M. No. F.12(2)-E(Coord)/74 dated 15-2-1974".

3.14. The Committee, in paragraph 3.3 of their 96th Report (Fifth Lok Sabha), had taken a serious view of the delays in the receipt of Action Taken Notes and had desired that immediate steps should be taken to investigate the delays and to streamline the procedures so as to ensure submission of the Action Taken Notes within the time-limit prescribed. The Committee note that in pursuance of their recommendation, Ministries/Departments have been requested, in February 1974, to investigate delays in the submission

of Action Taken Notes. The Committee would like to be informed of the results of the investigation and the measures taken to avoid delays in future.

3.14. The Committee are deeply distressed to find that despite the fact that instructions were issued by the Ministry of Finance to all Ministries/Departments in February, 1974 to ensure submission of the Action Taken Notes within the stipulated time-limit of six months and despite the comments of the Committee in their earlier reports on the delays in receipt of Action Taken Notes, delays continued to occur this year also. 12 out of 21 Action Taken Notes in respect or recommendations contained in their 96th Report were received after the due date, viz., 4th March, 1974. The delay was of the order of a month in 8 cases. The Notes relating to the Ministry of Health and Family Planning were received only towards the end of June, 1974, after a delay of more than 3-1/2 months and the Notes from the Ministry of Works and Housing were received only in August 1974, nearly six months later. The Committee take a very serious view of such delays, particularly of that which has taken place in the Ministry of Works and Housing and feel that adequate attention is not being paid by the Ministries/Departments to the processing of recommendations of the Committee. The Committee would like Government to investigate immediately the reasons for these delays also, and to take such disciplinary or other action as may be called for and informed the Committee.

NEW DELHI;

30th August 30, 1974

8th Bhadra, 1896 (S).

JYOTIRMOY BOSU,  
Chairman  
Public Accounts Committee

# APPENDIX I

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

*Note for the Public Accounts Committee for regularisation of excess under Grant "No. 15-Stamps" as disclosed in the Appropriation Accounts (Civil) for the year 1972-73.*

Grant No. 15—stamps	Rs.
Original Grant . . . . .	5,17,17,000
Actual expenditure . . . . .	6,10,18,244
Excess . . . . .	93,01,244

The actual expenditure under the Grant amounted to Rs. 6,10,18,244 against the sanctioned provision of Rs. 5,17,17,000 leaving an uncovered excess of Rs. 93,01,244 which needs to be regularised. The excess was the net result of excesses and savings under various sub-heads of the Grant and occurred mainly under group sub-heads 'B1(1)—Press charges' (Rs. 92,71,286) and sub-head 'B.1(2) (2)—Plant and Machinery' (Rs. 54,882). The reasons for the excesses are explained below:—

The excess under 'B1(1)—Press charges' was mainly due to belated adjustment of debit (Rs. 35 lakhs) during 1972-73 towards imported stamp papers and spare parts received in 1971-72, and more payments on indigenous stores like paper, miscellaneous stores etc. (Rs. 57.42 lakhs) than anticipated during the year.

The excess under 'B1(2) (2)—Plant and Machinery' was due to payment towards Milling machines, Platon Machine, Voltage Stabilizer and Joti Pumps received during 1972-73 though earlier these were not expected to be received in that year.

The above excesses were partly counter-balanced by savings under the remaining group sub-heads leaving a net excess of Rs. 93,01,244 which may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

This Note has been vetted by Audit.

## APPENDIX II

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

*Note for the Public Accounts Committee for regularisation of excess under Grant No. 18-Mint as disclosed in the Appropriation Accounts (Civil) for the year 1972-73.*

Grant No. 18—Mint	Rs.
Original Grant . . . . .	5,47,19,000
Supplementary Grant . . . . .	13,38,000
TOTAL . . . . .	5,60,57,000
Actual Expenditure . . . . .	5,65,87,846
Excess . . . . .	5,30,846

The original grant Rs. 5,47,19,000 was augmented by obtaining a Supplementary Grant of Rs. 13,38,000 in March, 1973. The actual expenditure, however, amounted to Rs. 5,65,87,846, leaving an uncovered excess of Rs. 5,30,846 which needs to be regularised. The excess was the net result of excesses and savings occurred under the various sub-heads of the Grant. The larger excesses occurred mainly under Heads 'A. 1-Mint Establishment' (Rs. 8,32,939), 'A-2 Assay Establishment' (Rs. 53,654), 'D-Works' (Rs. 57,878) and 'G1—Payments to other Governments, Departments etc.' (Rs. 2,11,227), which are explained below:—

### A. 1-Mint Establishment (Rs. 8,32,939)

The excess was due to:—

- (i) Payment of more bills pertaining to reimbursement of medical bills etc. of industrial workers.
- (ii) Arrears of overtime for 30 months paid to industrial workmen on account of inclusion of interim relief for computing overtime allowance admissible under Factories Act, 1948.

- (iii) Payment of additional Incentive Honorarium to workmen from August, 1972.
- (iv) Additional interim relief sanctioned by Government.
- (v) Mint officers proceeding on urgent tours on duty and receipt of more leave travel concession claims than anticipated.
- (vi) Increase in the consumption of gas, and cost of electricity.
- (vii) Special pay granted to certain Mint officers for which no provision was made earlier.
- (viii) Payment of electricity bill for power consumption in the month of March, 1973 to avoid additional surcharge and power disconnection.
- (ix) Engagement of casual labour in connection with certain works.

**A. 2-Assay Establishment (Rs. 53,654).**

The excess was due to:

- (i) Payment of increased medical expenses, payment of arrears of overtime allowance at revised rates.
- (ii) Additional expenditure on purchase of pig-lead urgently required and replacement of assay apparatus etc. not provided for.

**D. Works (Rs. 57,878).**

The excess was due to:—

- (i) Purchase of refractories for furnaces on account of double shift working in the Mint.
- (ii) Purchase of more PWD stores in connection with foundation works for erecting newly purchased plant and machinery.
- (iii) More civil works executed by the Central Public Works Department than anticipated.

**\*G. 1-Payments to other Governments Departments etc. (Rs. 2,11,227)**

The excess was mainly due to:—

- (i) Payment of arrears to State Government's armed police guards deployed at the Alipore Mint and Silver Refinery, consequent on revision of their pay scales.
- (ii) Extra expenditure on training of the Central Industrial Security Force in the Hyderabad Mint.

2. The above excesses were partly counter-balanced by savings under the Group Head "C.-Purchase of Local Stores" (Rs. 6,20,710) leaving a net uncovered excess of Rs. 5,30,846 which needs to be regularised.

3. The final requirements intimated by the Mint Masters in March, 1973 exceeded the sanctioned provision by Rs. 12,21,000. They were accordingly advised to restrict the expenditure to the Revised Estimates for 1972-73 and avoid the excess. The expenditure of the Alipore and Bombay Mints exceeded the sanctioned grants for these Mints. The desirability of restricting the expenditure to the amount of the sanctioned provision is again being impressed on the Mint Masters.

4. In view of the explanation above, the excess, of Rs. 5,30,846 which constitutes only 0.94 per cent of the sanctioned grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

5. This note has been seen by Audit.

### APPENDIX III

#### MINISTRY OF FINANCE

#### (DEPARTMENT OF ECONOMIC AFFAIRS)

#### (Budget Division)

*Note for Regularisation of Excess in Voted portion of Grant No.—19.  
Pensions and Other Retirement Benefits disclosed in the Appropriation  
Accounts (Civil) 1972-73.*

	Rs.
Original Grant (Voted) . . . . .	12,64,32,000
Supplementary Grant . . . . .	..
Final Grant . . . . .	<u>12,64,32,000</u>
Actual Expenditure . . . . .	12,89,26,087
Excess . . . . .	<u>24,94,087</u>

The excess, which is the net result of excesses and savings under the various sub-heads of the Grant, occurred mainly under the 'Voted' portion in respect of sub-heads 'D-Gratuities' (Rs. 31,36,731), 'U.1(1)-Pension and Gratuities of Estt. in U.K.' (Rs. 23,16,039) and 'G-Family Pensions' (Rs. 17,24,023) partly counter balanced by savings under other sub-heads.

2. The expenditure under this grant is somewhat of an unpredictable nature since it is not possible to anticipate precisely the payments of pensions, gratuities and family pensions to be made during the year. The estimates and final grant are fixed generally on the basis of the information furnished by the various Accounts Officers, who in turn base them on the trend of past and current actuals and such other information as may be available with them. The excess which was just two per cent of voted funds, was caused by more drawal of pensions and family pensions than anticipated. In the circumstances the excess may kindly be recommended for regularisation under Article 115 of the Constitution.

3. This has been seen by Audit.



**APPENDIX IV**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**(DEPARTMENT OF REVENUE & INSURANCE)**

*Note for the Public Accounts Committee for regularisation of excess under Grant No. "20—Opium Factories and Alkaloid Works" as disclosed in the Appropriation Accounts (Civil) for the year 1972-73.*

Grant No. 20—Opium Factories and Alkaloid Works.	Rupees (Voted)
Original Grant . . . . .	8,76,44,000
Supplementary Grant . . . . .	1,42,00,000
TOTAL . . . . .	10,18,44,000
Actual expenditure . . . . .	10,20,33,929)
EXCESS . . . . .	1,89,929

The original grant of Rs. 8,76,44,000 was augmented by obtaining a supplementary grant of Rs. 1,42,00,000 in March, 1973 session of Parliament. The actual expenditure, however amounted to Rs. 10,20,33,929 leaving an uncovered excess of Rs. 1,89,929.

2. The excess of Rs. 1,89,929 which was the net result of excesses and savings under various sub-heads of the grant, occurred mainly under sub-head 'C.1 (3)-Stores' for Ghazipur Alkaloid Works, due to belated adjustments (during the year 1972-73) of past liabilities of Rs. 11.90 lakhs on account of duty levied on the import of codeine phosphate.

3. The net excess of Rs. 1,89,929 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

The note has seen by Audit.

**APPENDIX V**  
**MINISTRY OF FINANCE**  
**(DEPARTMENT OF ECONOMIC AFFAIRS)**  
**(Budget Division)**

*Note for regularisation of Excess in respect of Grant No. 21—Other Revenue Expenditure of the Ministry of Finance (Voted) as disclosed in the Appropriation Accounts (Civil) for 1972-73.*

	Rs.
Original Grant . . . . .	73,46,24,000
Supplementary Grant . . . . .	4,62,000
Final Grant . . . . .	73,50,86,000
Actual Expenditure . . . . .	81,40,63,414
Excess (+) . . . . .	7,89,77,414

The Original Grant of Rs. 73,46,24,000 was augmented by a Supplementary Grant of Rs. 4,62,000 during the year 1972-73. Against the Final Grant of Rs. 73,50,86,000, the Actual Expenditure, however, amounted to Rs. 81,40,63,414, thus leaving an uncovered Excess of Rs. 7,89,77,414 which requires regularisation.

2. The Excess is the net result of Excesses and Savings under the various Sub-heads of the Grant and occurred mainly under the Sub-heads 'B.6—Loss or Gain by Exchange' (Rs. 9,88,17,284) and 'B.16-Net Loss by Exchange on Remittance Transactions (Rs. 8,92,52,493), which was partly counterbalanced by savings chiefly under 'A.3(1) Nation Savings Commissioner', 'B.2-Irrecoverable Temporary Loans and Advances Written Off', 'B.3(1)(3)-Development Assistance to Qatar and Other Trucial States', 'B.3(2)(2)-Technical Assistance to under the Special Commonwealth African Assistance Plan', 'B.3(2)(4)-Technical Assistance Scheme of the Asian Development Bank', 'B.3(3)-Customs and Import Duties on Personal Household and Professional Effects of Non-Indian Personnel of the Ford Foundation', 'B.5(1). Service and other charges in connection with purchase of Dollars from International Monetary Fund', 'B.5(2)(1)-Payments towards Customs and Import Duties on personal household and pro-

fessional effects of U.N. and Colombo Plan Experts', 'B.5 (8) (1) (3)-Payment of Liabilities under the Emergency Risks (Goods) Insurance Scheme', 'B.7(3)-Excise Duty Scheme', and 'B.11(1)-Payment to the Emergency Risks (Undertakings) Insurance Fund, 1971.

3. The Excess under the above two heads viz. 'B.6' and 'B.16' occurred mainly due to the following reasons:—

- (a) B.6-Loss or Gain by Exchange (+Rs. 9,88,17,284).
- (b) B.16-Net Loss by Exchange on Remittance Transactions (+Rs. 8,92,52,493).

The loss by exchange mainly represents the difference between the actual rupees spent on acquiring foreign exchange and the rupee equivalent at I.M.F. rates or average rates at which the expenditure incurred abroad is adjusted under the various service heads—Railways, P & T, Defence and other Governments. Under the existing accounting procedure while the transactions of State Governments, Commercial Departments and Capital Heads are adjusted under the Heads concerned at average rates of exchange, other revenue transactions of Central Government are adjusted under the relevant Heads at IMF parity rates and the element of loss by exchange is adjusted in lump under the head, 'Miscellaneous' in this Grant. The residual balance left after all these adjustments is also transferred as a net loss by exchange on Remittance transactions under the head 'Miscellaneous' in this Grant. Precise estimation of the loss by exchange on revenue transactions or the net loss by exchange on Remittance transactions in a year is difficult not only because of the wide fluctuations in rate of exchange consequent on floatation of currencies but also as the estimates for expenditure in foreign exchange are spread over numerous Grants of other Ministries. The progress of expenditure statements relating to this Grant received from the Accountant General could not also be made use of for finalising the revised estimates under these heads because bulk of the adjustments are usually carried out after the March accounts are closed. For instance, the expenditure statement upto October 1972 which was the latest available statement at the time of finalisation of the revised estimates for 1972-73 showed only Rs. 103,54,541 as progressive expenditure adjusted as loss by exchange under this Grant. As for the net loss by exchange on Remittance transactions, the adjustment is carried out only at the time of final closing of the accounts for the year. The Appropriation Accounts for 1972-73 received from the Accountant General Central Revenues in January

1974 did not for instance show any expenditure under the head 'Net loss by exchange on Remittance transactions' and this was included only in the revised account received at the end of February 1974.

These deficiencies will be removed to a large extent under the revised accounting procedure. Under this procedure the provision for expenditure in foreign exchange in the various Grants will be made at a more realistic rate to take care of the market rates from time to time. Budgetary control will also be facilitated as the various Ministries who actually incur expenditure in foreign exchange will ensure that the budget provision made in their Grants is adequate to cover the expenditure including the element of loss by exchange. A copy of instructions issued in regard to the revised procedure will be furnished to the Committee in due course.

Even in the current year certain steps have been taken to correct to some extent the wide disparity between the prevailing market rates and the rate at which transactions are actually brought to account under the various Grants. For instance, even though the average market rate for pound sterling has been Rs. 18.89 per pound ever since 1972 the conventional rate at which the transactions are adjusted in accounts continued to be Rs. 18 per pound (which is I.M.F. rate). This conventional rate has been revised with effect from 1-11-1973 to Rs. 18.9 per pound for accounting purposes.

4. In the circumstances explained above, the excess of Rs. 7,89,77,414 in the Grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

5. This Note has been vetted by Audit.

## APPENDIX VI

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

*Note for the Public Accounts Committee for regularisation of excess in the 'voted' portion of "Grant No. 113-Loans and Advances by the Central Government" as disclosed in the Appropriation Accounts (Civil) for the year 1972-73.*

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	Rs. (Voted)
<i>Grant No. 113-Loans and Advances by the Central Government</i>	
Original Grant . . . . .	779,74,35,000
Supplementary Grant . . . . .	17,73,09,000
TOTAL . . . . .	<hr/> 797,47,44,000
Actual Expenditure . . . . .	816,67,41,205
Excess	<hr/> 19,19,97,205

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The Grant 'Loans and advances by the Central Government' was a composite Grant until 1972-73 covering the requirements of all administrative Ministries and Union Territory Administrations for giving loans and advances to State and Union Territory Governments, public sector enterprises and other parties. Though the Demand was presented on behalf of the Ministry of Finance, provisions for inclusion therein were proposed by almost all the administrative Ministries and other authorities who operated on and controlled the respective allotments placed at their disposal, subject to reappropriations where necessary being made by the Finance Ministry.

2. The original Grant of Rs. 779,74,35,000 was augmented by Rs. 17,73,09,000 to Rs. 797,47,44,000 by obtaining Supplementary Grants of Rs. 2,000, Rs. 2,18,00,000 and Rs. 15,55,07,000 in August, 1972, November, 1972 and March, 1973 sessions of Parliament respectively. The actual expenditure, however amounted to Rs. 816,67,41,205 leaving an uncovered excess of Rs. 19,19,97,205. This excess over the sanctioned Grant was the net result of excesses and savings under various sub-heads in the voted portion of the Grant; larger excesses occurred mainly under sub-heads 'D5(1)-Loans to

**Government Companies, Corporation, etc.'** (Rs. 38,36,12,008) and **'E1-Loans to Government Servants etc.—House Building Purposes'** (Rs. 7,17,53,740) as explained below.

(a) *Sub-head 'D5(1)—Loans to Government Companies, Corporations, etc.'*

A provision of Rs. 480.84 crores was included under this sub-head in the original Budget for grant of loans to financial institutions and industrial and commercial undertakings in the public sector. This provision was augmented to Rs. 496.39 crores by obtaining a Supplementary Grant of Rs. 15.55 crores in March, 1973 session of Parliament. The actual expenditure however amounted to Rs. 534.75 crores. The excess of Rs. 38.36 crores over the sanctioned grant was mainly due to grant of loans to Hindustan Steel Limited (Rs. 13.62 crores) to cover shortfall in internal resources, Fertilizer and Chemicals Travancore Limited (Rs. 21.35 crores), for meeting working capital requirements and National Coal Development Corporation (Rs. 3.46 crores) to enable the company to pay off Government dues. These additional requirements were expected to be covered by the substantial savings amounting to Rs. 52.87 crores reported by the Ministries of External Affairs and Foreign Trade under sub-head 'C-Advances to Foreign Governments and International Bodies'. This did not, however, materialise fully because of larger drawals of technical credits by foreign governments during the later months. Besides, actual expenditure under some other sub-heads turned out to be more than anticipated. As a result the excess of Rs. 38.36 crores under loans to Government companies, Corporation etc. could not be fully covered.

(a) *'E1-Loans to Government Servants etc.—House Building Purposes'*.

A provision of Rs. 5 crores under this sub-head in the original Budget was made. This was augmented by Rs. 3 crores out of savings available under other sub-heads towards the end of the year. The actual expenditure however amounted to Rs. 12.18 crores. The excess came to light after the close of the year.

There was a spurt in applications for house building advances by Government servants during 1972-73 because of liberalisations made in the rules and in particular facilities for purchase of ready built houses and developed plots and land from Government, semi-government agencies like the Delhi Development Authority, Housing Boards etc. Demands were also raised in the National Council (JCM) for release of funds quickly. The Ministry of Works & Housing

approved during the year 1972-73, 7263 applications involving a total amount of Rs. 12.96 crores (as against 5595 applications for Rs. 9.80 crores in the previous year). On the basis of these sanctions and those accorded in previous years, disbursements were arranged by the administrative Ministries[Departments. These disbursements are related to stages of construction of a house and thus get phased over. However, the pace of release of funds turned out to be much quicker than anticipated by the Ministry of Works and Housing. That Ministry is taking steps to ensure that in future the Budget provision is not exceeded.

3. The total excess of Rs. 45,53,65,757 under the above two sub-heads was partly counter balanced by savings of Rs. 26,33,68,552 under other sub-heads in the Grant leaving an uncovered excess of Rs. 19,19,97,205.

4. In view of the position stated above, it is requested that the net excess of Rs. 19,19,97,205 over the sanctioned grant may kindly be recommended for regularisation under Article 115(1) (b) of the Constitution.

5. This Memorandum has been seen by Audit.

**APPENDIX VII**  
**MINISTRY OF DEFENCE**

*Note for the Public Accounts Committee for regularisation of excess over Grant No. 1—Ministry of Defence as disclosed in the Appropriation Accounts (Civil) for 1972-73.*

	Rs.
Original Grant . . . . .	1,21,19,000
Supplementary Grant . . . . .	5,49,000
<b>TOTAL GRANT . . . . .</b>	<b>1,26,68,000</b>
Actual Expenditure . . . . .	1,27,30,179
<b>Excess . . . . .</b>	<b>62,179</b>

The original Grant of Rs. 1,21,19,000 was augmented by Rs. 5,49,000 by obtaining a Supplementary Grant in March, 1973 session of Parliament. Against the final Grant of Rs. 1,26,68,000 the actual expenditure, however, amounted to Rs. 1,27,30,179 leaving an uncovered excess of Rs. 62,179 which requires to be regularised by Parliament.

2. The overall excess of Rs. 62,179 is the net result of excesses and savings under the various Group sub-heads of the Grant. The excess occurred mainly under Group sub-head A.1 Department of Defence as detailed below for the reasons explained thereunder:

**A. 1 (2) *Interim Relief (+Rs. 17,317)***

The excess under the sub-head was due to adjustment of debits raised by the Controller of Defence Accounts, Western Command, Meerut pertaining to the Department of Defence Production towards the end of March, 1973 (Supplementary Batch) and expenditure in respect of some bills could not be classified correctly due to frequent transfers of individuals from one Department to another on promotion etc.

**A-1 (3) *Travelling Expenses (+ Rs. 49,053)***

The excess under this sub-head had mainly occurred due to unanticipated expenditure on foreign tours of the officers while undergoing a course of instruction at the National Defence College and more expenditure on normal tours.



**A. 1(4) Other Charges (+ Rs. 98,535)**

The excess under this sub-head was due to (a) more expenditure on telephones, and (b) adjustment of unanticipated old debits late in the year.

3. The excesses under the above sub-heads as well as minor excesses under the other sub-heads were partly counter-balanced by savings available under the remaining sub-heads of the Grant leaving a net excess of Rs. 62,179.

4. In the circumstances explained above, the overall excess of Rs. 62,179 which constitutes 0.41 per cent of the Final Grant may be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution of India

This has been seen by Audit.

## APPENDIX VIII

### MINISTRY OF AGRICULTURE (DEPARTMENT OF AGRICULTURE)

*Note for Regularisation of Excess in Voted portion of Grant No. 28-Forest, in the Appropriation Accounts (Civil) 1972-73.*

	Rs.
Original Grant (Voted) . . . . .	1,97,34,000
Supplementary Grant . . . . .	.
Final Grant . . . . .	1,97,34,000
Actual Expenditure . . . . .	2,07,05,550
	+ 19,71,550

The excess was the net result of excesses and savings under the various sub-heads under the Grant and occurred mainly under Group sub-head 'A-Forest Research Institute' Rs. 9,97,948 due to the following main reasons:

- |   |     |          |
|---|-----|----------|
| (i) Larger expenditure on 'Interim Relief' consequent on the post budget decision to enhance the rates thereof—   | Rs. | 2,51,149 |
| (ii) Increase in expenditure under Travelling Expenses as a result of transfer and postings on deputation of officers and staff of the Institute ;                        | Rs. | 57,342   |
| (iii) Payment of arrears of electricity bills, preparation of models and other material for Asian Trade Fair and rise in prices of chemicals apparatus and raw materials. | Rs. | 4,84,970 |
| (iv) Laying out and maintenance of nursery and experimental plot in the five schemes implemented in the States and payment of outstanding B.T. Bills for previous years.  | Rs. | 2,04,487 |

The total excess of Rs. 9,97,948 as mentioned above was partly off set to the extent of Rs. 26,398 by savings under other sub-heads of the Grant thus leaving a net uncovered excess of Rs. 9,71,550|-.

In the circumstances, the excess may kindly be recommended for regularisation under Articles 115 of the Constitution.

This has been vetted by the Audit.

**APPENDIX IX**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF HEALTH AND FAMILY PLANNING**  
**(DEPTT. OF HEALTH)**

*Note for the Public Accounts Committee for regularisation of excess under Grant No. 117-Capital Outlay of the Ministry of Health and Family Planning as disclosed in the Appropriation Accounts (Civil) for 1972-73.*

Final Grant . . . . .	25,69,14,000
Actual expenditure . . . . .	26,79,46,614
Excess . . . . .	1,10,32,614

The actual expenditure under the Grant amounted to Rs. 26,79,46,614 against the final grant of Rs. 26,69,14,000 thereby causing an excess of Rs. 1,10,32,614 which needs to be regularised.

The excess occurred under the sub-heads 'A.1(1) Depots' (Rs. 2,34,52,237), 'A.1(4) Clearance and Handling of International Stores' (Rs. 22,855), and 'A.5(1) National Malaria Eradication Programme' (Rs. 12,05,900).

The details and the reasons thereof are as under:—

A.1 (1)—Depots—(+ Rs. 2,34,52,237). The excess occurred in respect of the following items under this sub-head:—

	Rs.
1. Material purchase (India)	2,33,95,000
2. Transportation	1,03,000
3. Incidental and Miscellaneous.	86,000
	Total 2,35,84,000

The excess under material purchase was due to increased demand for supplies by indentors. The increase in transportation was due to increase in railway freight on larger issues and that on incidental and miscellaneous expenditure due to more expenditure on postage stamps, testing fees, telex etc. The excess under this sub-head as explained above was offset by savings of Rs. 1,32,000 under Pay and Establishments, Interim Relief, Travel Expenses, Expenditure on buildings; plants and machinery and depreciation in this sub-head.

Since the bulk of the purchases are made through the Directorate General, Supplies and Disposal and bills in respect of supplies made to the depots are paid by the different Pay and Accounts Officers and adjustments of payments made by them are made from time to time, it was not possible to quantify the additional requirements of funds in time, to provide funds for the same through supplementary grants or otherwise.

A. 1(4)—*Clearance of handling of International Stores—Rs. 22,855.*

The small excess was due to more expenditure on clearance and handling of the International stores as more consignments were received from International sources than anticipated.

A. 5(1)—*National Malaria Eradication Programme—Rs. 12,05,900|—*

The excess was mainly due to more incidental charges on imported D.D.T. than anticipated.

The aforesaid excesses were partly offset by savings under following sub-heads:—

	Rs.
A.1(2)—Factories . . . . .	(—) 69,634
A.1(3)—Grant-in-aid, contributions etc. . . . .	(—) 8,000
A.2—Material & equipment under Columbo Plan . . . . .	(—)3,04,993
A.3—Bulk purchase of material and equipment for intensification of Malaria Eradication Programme. . . . .	(—) 22,83,752
A.4—Bulk purchase of material and equipment for intensification of Filaria Control Programme . . . . .	(—) 1,78,694
A.6—Bulk purchase of material and equipment for V. D. Control Programme . . . . .	(—)18,482
A.7—Bulk purchase of contraceptives and equipment for intensification of Family Planning Programme . . . . .	(—) 39,18,664
A.8—Bulk purchase of material and equipment for National T.B. Control Programme. . . . .	(—) 59,121
A.9—Cost of equipment supplied by UNICEF . . . . .	(—) 25,00,000
A. 10—Bulk purchase of material and equipment for National Trachoma Control Programme . . . . .	(—) 24,07,038
A. 11—Bulk purchase of material & equipment for National Small-pox Eradication Programme. . . . .	(—) 19,00,000
	(—) 1,36,48,378

In view of the circumstances explained above, the excess of Rs. 1,10,32,614|— under the grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

This Note has been seen by Audit.

## APPENDIX X

### GOVERNMENT OF INDIA MINISTRY OF HOME AFFAIRS.

*Note for the Public Accounts Committee for regularisation of excess under 'Voted' Section of Grant No. 47—Andaman and Nicobar Islands as disclosed in the Appropriation Accounts (Civil) for 1972-73.*

<i>Grant No. 47—Andaman &amp; Nicobar Islands :</i>	<i>Rs..</i>
Original Grant Voted	12,12,38,000
Supplementary Grant	1,47,55,000
Final Grant Voted	13,59,93,000
Actual Expenditure Voted	14,51,51,008
Excess Voted	91,58,008

2. The original Grant of Rs. 1212.38 lakhs (voted) was augmented by obtaining a Supplementary Grant of Rs. 147.55 lakhs in March 1973. The actual expenditure, however, amounted to Rs. 14,51,51,008 against the final grant of Rs. 13,59,93,000 leaving an uncovered excess of Rs. 91,58,008 which needs to be regularised.

3. The overall excess of Rs. 91,58,008 was the net result of excesses and savings under various sub-heads in the Grant and occurred under the following sub-heads.

- 
- (i) B.4(1)—District Executive.  
Force—District Police (Rs. 24.52 lakhs)
  - (ii) D.1 Electricity Schemes
    - D1(2) Thermo Electricity Schemes.
    - D.1(2)(1)—Working Expenses.
    - D.1(2)(1)(1)—Electrical Establishment (Rs. 7.88 lakhs).
  - (iii) E.1—Public Works
    - E.1(4)—Tools and Plants
    - E.1(4)(1)—New Supplies, repairs etc. (Rs. 10.01 lakhs)
  - (iv) E.1(5)—Suspense
    - E.1(5)(1)—Stock.
    - E.1(5)(1)(1)—Charges (Rs. 3.41 lakhs)
  - (v) E.1(5)—Suspense.
    - E.1(5)(2)—Other Suspense Accounts.
    - E.1(5)(2)(1)—Charges (Rs. 40.06 lakhs)
  - (vi) F.1—Ports and Pilotages
    - F.1(2)—Miscellaneous Shore Estt. (Rs. 6.67 lakhs).
-

4. The reasons for the excess are briefly explained below:—

**B. 4(1)—District Executive Force—District Police: (Rs. 24.62 lakhs)**

The excess was due to more expenditure on sea passage and D.A., withdrawal of more arrears of interim relief than anticipated during the year. Adjustment of credit notes of sea passages on tours| transfers by Govt. servants during 1970-71 and 1971-72 after close of the financial year 1972-73. Adjustment of debits relating to electricity, transport, ports and pilotages etc., in the account for 1972-73 after close of the financial year.

**D. 1(2) (1) (1)—Electrical Establishment (Rs. 7.82 lakhs)**

The excess was due to adjustment of old credit notes in the supplementary accounts for 1972-73 and unexpected transfer of officers. Adjustment of certain debits which came to the notice of the Deptt. during final reconciliation of accounts in August 1973 at which stage nothing could be done by the Deptt. for obtaining the funds.

**E.1(4) (1) (1)—New Supplies, repairs etc. (Rs. 10.01 lakhs)**

The excess of Rs. 10.01 lakhs was due to tools and plants received during the closing month of the year, receipt of which during the year 1972-73 was not anticipated in view of the uncertainty of transshipment. On receipt of materials there was no alternative but to debit the cost of the materials to Tools and Plants.

**E. 1(5) (1) (1)—Charges (Rs. 3.41 lakhs)**

The excess occurred due to stock of materials received during the closing month of the year, receipt of which during the year 1972-73 was not anticipated in view of the uncertainty of transshipment to these Islands.

**E. 1(5) (2) (1)—Charges (Rs. 40.06 lakhs)**


The excess of Rs. 40.06 lakhs was mainly due to (i) excess adjustment of the value of materials already received than anticipated (Rs. 35.55 lakhs) and (ii) Booking of expenditure of Misc. P.W. Advance pending sanction to the work and sanction of funds: (Rs. 4.51 lakhs).

**F. 1(2)—Miscellaneous Stores Establishment (Rs. 6.67 lakhs)**

The excess was due to grant of advance T.A. to Govt. servants at the fag end of the year and excess adjustment in the accounts for 1972-73 of the Pay & Accounts Officers bills for Marine Stores adjustment of which was noticed during the course of reconciliation of accounts after close of financial year at which stage additional fund could not be provided for the same.

5. The above excesses aggregating Rs. 92.59 lakhs and minor excesses under other sub-head were partly counter-balanced by savings under the remaining sub-heads leaving a net excesses of Rs. 91,58,008 in the Grant which needs to be regularised.

6. In view of the circumstances explained in para 4 above the overall excess of Rs. 91,58,008 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

The Note has been vetted by Audit.  . . . . .

## APPENDIX XI

GOVERNMENT OF INDIA

### MINISTRY OF HOME AFFAIRS.

*Note for the Public Accounts Committee for regularisation of excess under 'Voted' Section of Grant No. 48—Arunachal Pradesh as 'dis-closed in the Appropriation Accounts (Civil) for 1972-73.*

<i>Grant No. 48—Arunachal Pradesh.</i>	Rs.
Original Grant . . . . .	16,21,33,000
Supplementary Grant . . . . .	2,15,87,000
Final Grant . . . . .	18,37,20,000
Actual Expenditure . . . . .	18,77,16,951
Excess . . . . .	39,96,951

2. The original Grant of Rs. 1621.33 lakhs was augmented by obtaining a Supplementary Grant of Rs. 215.87 lakhs in March, 1973. The actual Expenditure, however, amounted to Rs. 18,77,16,951 against the final grant of Rs. 18,37,20,000 leaving an uncovered excess of Rs. 39,96,951 which needs to be regularised.

3. The overall excess of Rs. 39,96,951 was the net result of excesses and savings under various sub-heads in the Grant and occurred mainly under the following sub-heads:

(i) A—Administrative Services	
A.1.—General Administration	
A.1(3)—District Administration	
A.1(3)(1)—General Establishment . . . . .	(Rs. 6.74 lakhs)
(ii) C.1—Electricity Schemes .	
C.1(1)—Working Expenses . . . . .	(Rs. 8.10 lakhs)
(iii) D—Public Works (including Roads) and Schemes of miscellaneous Public Improvement. †	
D.1.—Public Works.	
D1(2).—Repairs. . . . .	(Rs. 26.24 lakhs)
(iv) D.1.(4).—Tools & Plants . . . . .	(Rs. 21.89 lakhs)



4. The reasons for the excess are briefly explained below:—

**A1 (3) (1)—General Establishment (Rs. 6.74 lakhs)**

Mainly due to (i) intensive tours in remote localities (Rs. 21,298) and (ii) adjustment of B.T. bills in respect of portorage charges at the fag end of the year (Rs. 6,49,578).

More porters had to be engaged than anticipated for implementation of development schemes.

**C1 (1)—Working Expenses (Rs. 8.10 lakhs)**

Electrification of newly completed buildings at Pashighat and Basar. The Power Houses at Pashighat and Basar were commissioned in November 1972. This resulted in the increase of working expenses due to engagement of work charged staff for the purpose of operating the Power Houses and to give house connection to consumers. In addition the arrears of D.A. and Interim Relief had to be paid which was not originally provided for.

**D. 1 (2)—Repairs (Rs. 26.24 lakhs)**

Due to paucity of funds for original Works, the old survey reported buildings had to be repaired on a large scale to provide accommodation to the staff posted in the interior and remote areas on the outskirts border.

**D. 1 (4)—Tools & Plant (Rs. 21.89 lakhs)**

Receipt of vehicles, required for PWD, during the year 1972-73 against the indents of 1971-72.

5. The above excesses aggregating Rs. 62.97 lakhs and minor excesses under other sub-heads were partly counter-balanced by savings under the remaining sub-heads leaving a net excess of Rs. 39,96,951 in the Grant which need to be regularised.

In view of the circumstances explained in para 4 above, the overall excess of Rs. 39,96,951 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

The note has been vetted by Audit.

**APPENDIX XII**  
**GOVERNMENT OF INDIA**

**MINISTRY OF HOME AFFAIRS.**

*Note for Public Accounts Committee for regularisation of Excess under Grant No. 118—Capital Outlay in Union Territories' as disclosed in the Appropriation Accounts (Civil) for 1972-73.*

	Rs.
Original Grant . . . . . (Voted)	27,27,12,000
Supplementary Grant . . . . .	41,45,000
Total Grant . . . . .	27,68,57,000
Actual Expenditure . . . . .	30,18,17,086
Excess . . . . . (+)	2,49,60,086

There was excess in the 'voted' section of the grant. The original provision of Rs. 27,27,12,000 under the 'Voted' section was augmented by obtaining Supplementary Grant of Rs. 41,45,000 in March, 1973. The actual expenditure, however, amounted to Rs. 30,18,17,086 against the final grant of Rs. 27,68,57,000 leaving an uncovered excess of Rs. 2,49,60,086 in the 'Voted' section which needs to be regularised.

2. The overall excess of Rs. 2,49,60,086 was the net result of excesses and savings under various sub-heads in the 'Voted' section of the grant and occurred mainly under sub-heads B1—Grow More Food Schemes in Delhi (Rs. 6,78,758); E.1—Navigation, Embankment and Drainage Works, E. 1 (1)—Works (Rs. 36,20,531); F. 1—Electricity Schemes (Rs. 32,22,074); G. 1—Original Works—Building G. 1 (1)—Housing (Rs. 32,75,080); G. 1(2)—Other Civil Buildings (Rs. 31,89,934) G. 2—Original Works—Communications, G. 2(1)—Construction of other Roads (Rs. 1,03,19,914); H. 1—Works, H. 1(2)—Other Civil Buildings (Rs. 17,83,686); H. 1(3)—Large Scale Acquisition and Development of Land (Rs. 15,61,591) and J. 2—Landing Facilities for Construction of Jetties (Rs. 36,63,375) for the reasons explained below:—

(i) B. 1—Grow More Food Schemes in Delhi (Rs. 6,78,758).

The Executive Engineer (Minor Irrigation Division) incurred this expenditure in excess of Final allotment on the understanding

that he could incur the expenditure up to the plan outlay, even when the funds were not available in the Budget. This action on the part of the Executive Engineer was totally wrong. The Lt. Governor, Delhi Administration has ordered an inquiry into the matter and the concerned Executive Engineer has been placed under suspension.

(ii) E. 1(1)—*Works* (Rs. 36,20,531).

The excess was due to the incurring of expenditure by the Chief Engineer (Flood), Delhi Administration over and above the final modified allotment under the wrong impression that he can incur expenditure up to the plan outlay even when the necessary provision is not available.

(iii) F. 1—*Electricity Schemes* (Rs. 32,22,074)

Mainly due to accelerated progress on three Micro-Hydel Schemes at Rahung, Pasighat and Basar, extension of ASEB line from Deomali to Khonsa and commissioning of more diesel stations in Arunachal Pradesh (Rs. 17,85,845). Towards the cost of Generating Set purchased by the A&N Islands Administration (Rs. 14,00,429). The Generating Set was not received during the financial year 1972-73 by the Administration. They came to know in May, 1972 that the same had reached Madras. In view of this position the Administration could not expect the payment during 1972-73. It was only in August, 1973 the Administration came to know about this payment at the time of the final reconciliation of accounts. As such they could not provide for the necessary amount to meet this expenditure which resulted in excess.

(iv) G. 1(1)—*Housing* (Rs. 32,75,080)

Accelerated progress made on completion of building works in Arunachal Pradesh, and A&N Islands. Construction of additional hostel accommodation in Home Science College in Chandigarh. It was expected that the UGC would make payment of their share of expenditure towards the construction of the hostel accommodation. But the same did not materialise during 1972-73 and hence excess.

(v) G. 1(2)—*Other Civil Buildings* (Rs. 31,89,934)

Accelerated progress made on completion of certain building works in Tirap District of Arunachal Pradesh (Rs. 36,61,138). This

excess was partly counter balanced by savings in the provision for expenditure in other Territories.

(vi) *G. 2(1)-Construction of other Roads (Rs. 1,03,19,914).*

Accelerated progress made by Tribal contractors on important roads works viz, Via-Vijanagar Road and Longding Bimlapu Road in Arunachal Pradesh (Rs. 80,49,107) and accelerated progress on construction of Andaman Trunk Road towards the end of the ear to achieve the target set out for fourth five year plan (Rs. 22,56,172). The famine condition of Dadra and Nagar Haveli had forced the U.T. administration to create additional employment and hence the work had to be geared up to its full capacity. Moreover, due to the shortage of wagons the asphalt had to be carted by roads which resulted in increase of initial cost of asphalt. This caused an excess of Rs. 14,636 in the UT of Dadra & Nagar Haveli.

(vii) *H. 1(2)—Other Civil Buildings (Rs. 17,83,686)*

Due to accelerated progress of works.

(viii) *H. 1(3)-Large Scale Acquisition and Development of Land (Rs. 15,61,591).*

The excess is due to the following reasons:—

(a) A cheque of Rs. 15,48,000 representing the unspent balance of funds advanced to the Land Acquisition Collector was presented to the Reserve Bank of India on 29-3-73 but the same was not credited by the Bank in the accounts for 1972-73.

(b) More expenditure was incurred on the development of land than anticipated (Rs. 18,883).

The excess was partly set off by non-encashment of a cheque issued on 21-2-73 on account of ex-gratia payment (Rs. 5,292).

(ix) *J. 2-Landing Facilities for construction of Jetties (Rs. 36,63,375)*

There has been an excess of Rs. 25,82,987 under sub-head J.2(6)-Suspenses due to the fact that Principal Engineer (Marine) Andaman Harbour Works, has under some mis-apprehension, kept the provision only on 'Net' basis instead of Gross provision of budget. He has been now advised to follow the correct budgetary procedure from RE 1973-74 & BE 1974-75 on-wards.

The remaining excess is due to non-settlement of B.T. Bills of other Department which were reconciled late.

3. The above excesses aggregating Rs. 3,13,151 lakhs and minor excesses under other sub-heads of the 'Voted' section were partly counter balanced by savings under remaining sub-heads in the Grant leaving net excess of Rs. 2,49,60,086 under the 'Voted' section of the Grant which need to be regularised.

4. In view of the circumstances explained above the excesses of Rs. 2,49,60,086 under 'Voted' Section may kindly be recommended for regularisation by the Parliament under Article 115 of the Constitution.

The note has been vetted by Audit.

## APPENDIX XIII

### MINISTRY OF INDUSTRIAL DEVELOPMENT

*Regularisation of excess of Rs. 17,909 disclosed in the Appropriation Accounts for Grant No. 52-Ministry of Industrial Development for the year 1972-73.*

Final Grant Rs.	Actual Expenditure Rs.	EXCESS Rs.
2,13,61,000	2,13,78,909	17,909

The above Grant contained provisions in respect of Secretariat expenditure of Ministry of Industrial Development and Department of Internal Trade and their attached and subordinate offices i.e. Economic Adviser; Controller General of Patents, Designs and Trade Marks; Chief Controller of Explosives; Bureau of Industrial Costs and Prices; Commission of Inquiry on Large Industrial Houses; Civil Supplies Organisation; Forward Markets Commission and Directorate of Weights and Measures.

The excess of Rs. 17,909 occurred under sub head "A. 2(2) (2) (5)-Expenditure on Printing and Publications" below group sub-head "A. 2(2) (2)-Controller of Patents and Designs". The original Budget contained a provision of Rs. 3 lakhs under that sub-head which was reduced to Rs. 1.50 lakhs in the Revised estimates on the trend of actual expenditure.

The Final requirements under the above sub-head were assessed at Rs. 13,37,259 by the Controller General of Patents, Design and Trade Marks. The additional funds were necessitated by the debits raised, after finalisation of the Revised estimates, 1972-73, in respect of publications ordered in the previous years. The additional requirements were met to the extent of Rs. 4.31 lakhs by re-appropriation of savings within the Grant and the Controller General was advised to restrict the expenditure to the amount of the final grant under the sub-head. The actual expenditure however, amounted to Rs. 9,05,894 leading to an excess of Rs. 1,74,894 mainly because of adjustment of debits on account of printing work requisitioned in the previous years. The excess of Rs. 1,74,894 was set off to the extent of Rs. 1,56,985 from savings within the Grant leaving a net excess of Rs. 17,909 (.8 per cent of the final grant) which may kindly be regularised under Article 115 of the Constitution.

The note has been vetted by Audit.

## APPENDIX XIV

### MINISTRY OF INFORMATION & BROADCASTING

*Note for P.A.C. for regularisation of excess in respect of Grant No. 57-Information and Publicity as disclosed in the Appropriation Account (Civil) for 1972-73.*

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	Voted Ra.
Original Grant/Appropriation . . . . .	9,27,38,000
Supplementary Grant/Appropriation . . . . .	56,00,000
Final Grant/Appropriation . . . . .	9,83,38,000
Actual Expenditure . . . . .	9,89,43,225
Excess . . . . .	(+) 6,05,225

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In the Appropriation Accounts (Civil) for 1972-73, a total excess of Rs. 6,05,225 under Grant No. 57-Information and Publicity has been reflected. A component of this excess as reflected in the Appropriation Accounts was an amount of Rs. 3,13,600 under the sub-head C-I-Grants-in-aid, Contributions etc. During the year 1972-73 two instalments of grants-in-aid of Rs. 2,08,599.51 Paise and Rs. 1,05,000 were paid to the Children's Film Society, Bombay in December, 1972, making a total of Rs. 3,13,600. These amounts were paid by Demand Drafts. When the bills were presented for encashment, a debit was raised once on the basis of bills so presented to the treasury and again on the basis of the intimation sent by the Reserve Bank of India, New Delhi after issue of the Demand Drafts for which requisitions were sent. On the clearance of the draft in consideration the debit should have been taken to the suspense account but erroneously was again debited to the expenditure head of account. This error was not detected during the reconciliation of the departmental figures with the figures maintained in the Audit Offices as the reconciliation was belated. However, as the grants-in-aid of Rs. 3,13,600 was paid only once, the double booking of this expenditure does not amount to excess expenditure. Hence, taking into consideration this factor the actual excess expenditure requiring regularisation is only Rs. 2,91,625.

**B-Misc. Social and Developmental Organisation:****B-I—Films Division**

Under this head the actual expenditure exceeded the final grant by Rs. 5,60,907 as indicated in the table below:—

Sub-Head	Final Grant	Actual Expr.	Excess(+) Savings(—)
	Rs.	Rs.	Rs.
BI(1) Estt. Charges . . . . .	47,32,000	48,10,620	(+) 78,620
BI(2) Interim Relief . . . . .	4,38,000	4,39,926	(+) 1,926
BI(3) Travelling Allowance . . . . .	3,73,000	3,98,462	(+) 25,462
BI(4) Other Charges . . . . .	14,78,000	21,24,521	(+) 6,46,521
BI(5) Purchase of Stores & Equipment . . . . .	1,07,06,000	1,05,68,744	(—) 1,37,256
BI(6) Misc. Production Expenses: . . . . .	44,37,000	44,20,762	(—) 16,238
BI(7) Sale of prints . . . . .	13,70,000	13,31,872	(—) 38,128
	2,35,34,000	2,40,94,907	(+) 5,60,907

The reason for excess and savings under the various sub-heads are given below:—

**(i) BI(1) Establishment Charges (+) Rs. 78,620|—**

Consequent upon bifurcation of the office of the A. G. Maharashtra into A. G. (Central), Maharashtra, and A. G. (Maharashtra) the vouchers pertaining to the year 1971-72 in respect of the expenditure debitable to the accounts of the UP Circule and Tamil Nadu Circule were not transferred in time to the respective Accountant Generals. This resulted in the adjustment of the expenditure actually incurred in 1971-72 to the accounts of 1972-73 to the extent of Rs. 42,840. Further excess expenditure on overtime allowance (Rs. 20,000 approximately) and re-imburement of medical claims (Rs. 15,780|— approximately) than that which was anticipated was incurred during the year 1972-73.

**(ii) BI(2) Interim Relief (+) Rs. 1,926|—**

As in the case of Estt. Charges certain vouchers pertaining to the expenditure in 1971-72 were transferred to the respective A.Gs and the expenditure was booked in the year 1972-73 resulting in excess.



(iii) BI(3) T.A. (+) Rs. 25,462|-

The excess is due to the un-anticipated increase in expenditure on touring in connection with the production and distribution of documentary films and newsreels. The film production units had to undertake tours at short notice for covering important news events and visits of VIP which were not foreseen.

(iv) BI(4) Other Charges (+) Rs. 6,46,521.-

A sum of Rs. 4,73,225 has been booked under this sub-head instead of BI(5)-Purchase of Stores and Equipment, which is partly off set by a saving of Rs. 1,37,256 in the appropriate sub-head as indicated in the following paragraph. The actual excess under this head is only Rs. 1,73,296, out of which about Rs. 1 lakh was due to belated receipt of debits on account of purchase of motor car during 1971-72, printing charges through Government Presses, purchase of furniture and floor covering for the Films Division Auditorium, New Delhi, adjustment of debits of railway credit notes for distribution of prints, etc. No provision was made in the year 1972-73 for the major portion of this expenditure due to lack of information as to when the debits were likely to be received. In addition a sum of Rs. 52,000 had to be paid on account of arrears of sales tax and corporation taxes by the Branch Office of the Films Division at Calcutta and such payment as a result of the decision of the local sales tax authorities could not be anticipated to enable provision in 1972-73. The remaining excess was due to increase in postal charges, rent of telephones e.g. charges which could not also be foreseen.

(v) BI(5) Purchase of Stores and Equipment (-) Rs 1,37,256|-

As stated in the preceding paragraph the actual amount to be booked under this head should have been Rs. 4,73,225|- resulting in an excess of Rs. 3,35,969|-. This excess was mainly on account of debits received by the A. G. in excess of that anticipated by the Films Division of purchase of stores and equipment.

It will thus be seen that in the case of the Films Division the net excess amounts to Rs. 5,60,907. However, there was substantial saving in the sub-heads of some other Media Units e.g. in the case of A-2- Publications Divisions where there was a net saving of Rs. 4,42,276|-. As stated in the earlier part of this note excess under Grant No. 57 as a whole was Rs. 2,91,625. It is requested that this excess may be recommended for regularisation by the Parliament in accordance with Article 115 of the Constitution of India. The note has been vetted by the Audit.

**APPENDIX XV**  
**MINISTRY OF SHIPPING AND TRANSPORT**  
**(ROADS WING)**

*Note for Public Accounts Committee for regularisation of excess under Grant No. '70-Roads' as disclosed in the Appropriation Accounts (Civil) for the year 1972-73.*

	Voted Rs.
Original Grant/Appropriation . . . . .	25,37,94,000
Supplementary Grant/Appropriation. . . . .	2,39,44,000
Final Grant/Appropriation . . . . .	27,77,38,000
Actual Expenditure . . . . .	28,26,69,750
Excess . . . . .	(+49,31,750)

The original Grant of Rs. 25,37,94,000 was augmented by obtaining a Supplementary Grant of Rs. 2,39,44,000 in March, 1973 Session of Parliament. Against the final Grant of Rs. 27,77,38,000 the actual expenditure amounted to Rs. 28,26,69,750 leaving an uncovered excess of Rs. 49,31,750.

2. The overall excess of Rs. 49,31,750 was the net result of excesses and savings under various sub-heads in the Grant and occurred mainly under sub-head A. 4(1)(1). Maintenance of National Highways—administered by Roads Wing under Group Head A—Public Works: A. 4—Repairs—Communications (Rs. 69,41,347) as explained hereunder. The original Budget included a provision of Rs. 13.89 crores for maintenance of National Highways administered by the Roads Wing. On the basis of the progress of expenditure, the requirement was re-assessed at Rs. 15.79 crores at the stage of framing Revised Estimates for the year and after taking into account anticipated savings within the Grant, a Supplementary Grant of Rs. 1.86 crores was obtained in March 1973 session of Parliament. Final allotments to the State Governments for maintenance and repair works was also kept at the level of Revised Estimates. The actual expenditure however, amounted to Rs. 16,45,15,347 resulting in an excess of Rs. 69,41,347 over the sanctioned Grant. The bulk of this excess is attributable to expenditure incurred by the West

Bengal Government (Rs. 63,58,270) on account of high rates of maintenance charges over the norms prescribed by the Government of India. The question of modifications of these norms due to general increase in prices is under consideration. The reasons for the excess are also being investigated in consultation with the Government of West Bengal and the Union Minister of Shipping and Transport has already written to the State Government at Chief Minister's level. The residuary excess of Rs. 5,83,077 is distributed over other States due to heavy rains, land slides and floods had caused extensive damage to the National Highways in some States. Besides heavy traffic on a number of Highways and absence of taking up some original works, also contributed to the need for urgent repairs.

4. The excess expenditure on maintenance of National Highways administered by the Roads Wing has occurred during the last many years. In pursuance of the recommendations of the Public Accounts Committee in regard to the need for controlling the excess in the expenditure on the maintenance and repairs of National Highways, the Central Government have taken a number of measures for a rigid control on the distribution of funds to the States and their utilisation by them as well as for enforcing rigid regulatory control over the various measures taken and the guidelines prescribed to streamline the procedure for the execution of the works on the National Highways. These measures are mentioned in the 96th Report of the Public Accounts Committee (Fifth Lok Sabha). As a result of these measures a good deal of success has been achieved. As against the excesses of Rs. 154.97 lakhs during 1970-71 and Rs. 258.03 lakhs during 1971-72 the excess during the financial year 1972-73 was Rs. 69.41 lakhs out of which an excess of Rs. 63.58 lakhs is in respect of West Bengal alone. As stated earlier, the reasons for this excess are being investigated.

5. The total excess of Rs. 69,41,347 was partly counterbalanced by savings under other sub-heads of the Grant leaving a net excess of Rs. 49,31,750 under Voted section which requires to be regularised any may kindly be recommended for regularisation under Article 115 of the Constitution.

6. This has been seen by Audit.

## APPENDIX XVI

### MINISTRY OF SHIPPING AND TRANSPORT

*Note for the Public Accounts Committee for regularisation of excess under Grant No. '72-Lighthouses and Lightships' as disclosed in the Appropriation Accounts (Civil) for 1972-73*

	Rupees
Original Grant . . . . .	1,34,51,000
Supplementary Grant . . . . .	—
Final Grant . . . . .	1,34,51,000
Actual Expenditure . . . . .	1,40,66,439
Excess . . . . .	(+ ) 6,15,439

Against the original grant of Rs. 1,34,51,000 the actual expenditure amounted to Rs. 1,40,66,439 leaving an uncovered excess of Rs. 6,15,439.

The overall excess of Rs. 6,15,439 was the net result of excesses and savings under various sub-heads in the Grant and occurred mainly under Group Head B—Lighthouses—Working Expenses (Rs. 8,81,450).

#### *B—Lighthouses-Working Expenses (Rs. 8,81,450)*

The sanctioned provision of Rs. 41.88 lakhs was augmented by Rs. 27.49 lakhs by reappropriation of savings under other Sub-heads in the Grant to provide for payment of arrear bills of Shipping Corporation of India and more expenditure on stores for maintenance of Lighthouses. The actual expenditure however amounted to Rs. 78,18,450. The excess of Rs. 8,81,450 was mainly due to unanticipated settlement of bills of the Shipping Corporation of India (Rs. 4,95,411) for manning MV Sagardeep and bill of Rs. 1,27,538 of M/s. Garden Reach Workshop Calcutta for repair of motor launch M.L. False Point which were received during the closing days of the financial year. The residuary excess was due to issue of more stores for maintenance of lighthouses in the various lighthouses districts than anticipated. The departmental authorities have been advised to obtain prior approval of the Ministry before incurring expenditure in excess of the sanctioned provisions.

As earlier stated the above excess of Rs. 8,81,450 was partly offset by savings available under other sub-heads in the Grant leaving a net excess of Rs. 6,15,439 which requires to be regularised and may kindly be recommended for regularisation under Article 115 of the Constitution.

This has been seen by Audit.

## APPENDIX XVII

### MINISTRY OF SHIPPING AND TRANSPORT

*Note for the Public Accounts Committee for regularisation of excess under Grant No. 126-Capital Outlay on Roads as disclosed in the Appropriation Accounts (Civil) for 1972-73*

	Voted	Charged
Original Grant/Appropriation . . . . .	85,63,05,000	2,00,000
Supplementary Grant/Appropriation . . . . .	7,48,90,000	—
Final Grant/Appropriation . . . . .	93,11,95,000	2,00,000
Actual Expenditure . . . . .	96,31,80,536	2,49,862
Excess . . . . .	(+) 3,19,85,536(A)	(+) 49,862(B)

(A) The original Grant of Rs. 85,63,05,000 was augmented by obtaining a Supplementary Grant of Rs. 7,48,90,000 in March, 1973 session of Parliament. The actual expenditure, however, amounted to Rs. 96,31,80,536 leaving an uncovered excess of Rs. 3,19,85,436.

The excess occurred under Sub-head A.1(1)—Construction of National Highways (Rs. 1122.51 lakhs) for reasons explained below.

The original Budget included a provision of Rs. 59.10 crores for works relating to construction of National Highways in various States and Union Territories. The progress in the development of roads during the first three years of the Fourth Five Year Plan had been inadequate. To step up the pace of work the State Governments were, therefore, requested to take suitable measures for procedural streamlining and creating exclusive organisations for National Highways and build up capacity for expenditure upto Rs. 100 crores during the year. Later due to financial stringency a provision of Rs. 74 crores was made in the Revised Estimates for 1972-73 and after utilising anticipated savings in the Grant, a Supplementary Grant of Rs. 7.49 crores was obtained in March, 1973 session of Parliament. Although the State Governments were requested to contain the expenditure within the available funds, the State Governments could not keep the expenditure within the reduced allocations as their field formations entrusted with the execution of works were spread over numerous circles, divisions, etc. in the State. In

these circumstances, the excess of Rs. 1122.51 lakhs resulted mainly from avoidance of contractual complications and the requirement of meeting certain pressing claims like those relating to payment of land acquisition awards which could not be postponed as they would have led to payment of unnecessary interest charges and created administrative and legal complications.

The above excess was partly offset by savings under Sub-heads A 1 (2)—Construction of Border Roads (Rs. 4,12,64,660), A 1 (3)—Construction of other Roads (Rs. 3 lakhs), A 1 (4)—Tools and Plants (Rs. 3,70,84,024) and B. 1—Construction of Border Roads (Rs. 16,16,536) leaving a net uncovered excess of Rs. 3,19,85,536 (B) The excess in the Charged Section also occurred under Sub-head A 1 (1)—Construction of National Highways. No provision was made in the original Budget. An expenditure of Rs. 2,49,705 had to be incurred by the Central Public Works Department in satisfaction of a Court decree which could not be anticipated till late in the year. This excess was offset by savings to the extent of Rs. 2 lakhs under other sub-heads in the Grant resulting in a net excess of Rs. 49,862.

In view of the explanation given above the excess amounting to Rs. 49,862 under Charged Section and Rs. 3,19,85,536 under Voted Section is required to be regularised which may kindly be recommended for regularisation under Article 115 of the Constitution.

This has been seen by Audit.

## APPENDIX XVIII

### MINISTRY OF WORKS & HOUSING

*Note for P.A.C. for regularisation of excess in respect of Grant No. 82—Ministry of Works and Housing as disclosed in the Appropriation Account (Civil) for 1972-73*

	Voted Rs.	Charged Rs.
Original Grant/Appropriation . . . . .	3,05,76,000	—
Supplementary Grant/Appropriation . . . . .	1,000	—
Final Grant/Appropriation . . . . .	3,05,77,000	—
Actual Expenditure . . . . .	3,24,06,176	—
Excess . . . . . (+)	18,29,176	—

*Excess of Rs. (+) 18,29,176*

The original Grant of Rs. 3,05,76,000 was augmented by Rs. 1,000 by obtaining a Supplementary token Grant in March, 1973 session of Parliament. Thus against the final grant of Rs. 3,05,77,000, the actual expenditure amounted to Rs. 3,24,06,176 leaving an uncovered excess of Rs. 18,29,176 which required to be regularised by Parliament. This excess of Rs. 18,29,176 in the Grant is the net result of excesses and savings under the various sub-heads of the Grant.

2. The excess has occurred mainly under the sub-head detailed below:—

MAJOR HEAD '39'	Budget Grant 1972-73	Actual Expendi- ture	Excess
	(1)	(2)	(3)
B—Miscellaneous Social and Developmental Organisations :			
B-5—Special Welfare Scheme			
B.5(1)—Slum Improvement . . . . .	0—		
	R—	[68,86,000 +	68,86,000



3. The reasons for the excess are briefly explained as under:—

B. 5(1)—*Slum Improvement* (+ Rs. 68,86,000).

The slum improvement in Delhi was part of the Special Welfare Schemes sponsored by the Ministry of Works and Housing. In Grant No. 22—Grant-in-aid to State and Union Territories Governments for 1972-73, administered and controlled by the Ministry of Finance, there was an overall lump sum provision of Rs. 125 crores under the sub-head A-4(21)—Special Welfare Schemes and out of this provision, an amount of Rs. 20 crores was intended for the schemes relating to the Ministry of Works and Housing. Out of this sum of Rs. 20 crores, a sum of Rs. 130 lakhs was meant for slum improvement in Delhi and was to have been met from the Demands for Grants of the Ministry of Home Affairs under Grant No. 118—Capital Outlay in Union Territories but subsequently it was decided that the expenditure had to be met from Major Head 39—Miscellaneous Social and Developmental Organisation—Minor Head—Special Welfare Scheme from the Demands for Grants of the Ministry of Works and Housing. It was anticipated that the expenditure on this account would be met from the savings within the grant. The anticipation that savings will accrue in the Grant to cover this expenditure did not however, materialise.

4. The excess under the sub-head—B. 5(1)—and excesses under other sub-heads were partly counterbalanced by savings under other sub-heads of the Grant leaving a net excess of Rs. 18,29,176 as a whole in the Grant.

5. In the circumstances explained above, the excess of Rs. 18,29,176 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

This Note has been vetted by Audit.

**APPENDIX XIX**

**MINISTRY OF WORKS & HOUSING**

*Note for the P.A.C. for regularisation of excess in the Charged & voted Sections of Grant No. 83—Public Works as disclosed in the Appropriation Accounts (Civil) for 1972-73*

	<i>Charged</i>	<i>Voted</i>
Original Grant . . . . .	38,59,000	42,86,85,000
Supplementary Grant . . . . .	2,00,000	14,38,20,000
Final Grant . . . . .	40,50,000	57,25,05,000
Actual expenditure . . . . .	42,43,495	—62,85,27,094
Excess . . . . .	1,93,495	6,60,22,094

**Charged Section:**

As against the final appropriation of Rs. 40,50,000, the actual expenditure amounted to Rs. 42,43,495, thus leaving an uncovered excess of Rs. 1,93,495 which needs to be regularised.

The excess of Rs. 1,93,495 has occurred mainly under the following sub-heads:

Sub-head	Final grant	Actual expenditure	Excess
(In lakha of Rs.)			
A—Public Works . . . . .			
A2—Repairs . . . . .			
A2(1)—Buildings . . . . .	34.04	35.59	1.55
A6—Grants-in-aid contributions etc. . . . .	—	1.05	1.05

The reasons for the excesses under the above sub-heads are as follows:

**A2 (1)—Buildings:**

More payments made against court awards/decrees.

**A6—Grants-in-aid, contributions, etc.**

Payments made to the contractors due to arbitration awards.

The above excesses were partly counter-balanced by savings under other sub-heads under charged portion of the Grant leaving a net excess of Rs. 1,93,495 which requires regularisation by Parliament.

**Voted Section:**

1. The original grant of Rs. 4286.85 lakhs was augmented by obtaining a supplementary grant of Rs. 1438.20 lakhs. The actual expenditure however amounted to Rs. 63,85,27,094 as against the final grant of Rs. 57,25,05,000 leaving an uncovered excess of Rs. 6,60,22,094 which needs to be regularised.

2. The overall excess of Rs. 6,60,22,094 is the net result of excesses and savings under various sub-heads of the grant and occurred mainly under the following sub-heads:—

Sub-head	Final grant	Actual expenditure	Excess
(Figures in lakhs of Rs.)			
A—Public Works . . . . .			
A—2 Repairs; A2 (1) Buildings . . . . .	537.93	600.93	63.63
A—7 Suspense			
A—7 (1) (1)—Charges . . . . .	1749.99	2046.78	296.79
A—7 (2) (1)—Other Suspense Account—Charges	2248.00	2573.83	325.83

The reasons for the excess under the above sub-heads are briefly given below:

**A. 2 (1)—Repairs—Buildings (Rs. 63.63 lakhs)**

The excess was mainly due to:

Payment of additional Dearness allowance to work-charged staff; payment of Flood advance to the W.C. Estt.; execution of some essential/inescapable items of repairs; payment of Municipal Taxes and increase in the number of buildings to be maintained.

**A. 7 (1) (1)—Suspense Stock-charges (Rs. 29679 lakhs)**

The excess was mainly due to:—

Receipt of material more than what was anticipated; procurement of steel was much higher during the last quarter of 1972-73; steel was

not available easily and steel allotted by J.P.C. and B.R.C. was advantageous and local purchase at higher rates were saved correspondingly; adjustment of debits of 1971-72 received through advice remittances heads from audit.

**A. 7(2)—Other Suspense Account Charges (Rs. 325.83 lakhs)**

The excess was mainly due to:—

Adjustment of more A.G. memos. and cash settlement accounts/ more clearance on account of adjustment memos. of C.S.S. accounts; cost of G.I. pipes received on loan from Central Stores Division for Republic Day celebrations could not be written back as the C.S.D. did not issue acknowledgement for the pipes returned to it; delay in account adjustment of funds received from F.C.I.; clearance of more balances under Suspense head Purchase and anticipated advance payments and issue of more materials to works than anticipated on account of increased progress of works.

The excesses under the above sub-heads and minor excesses under certain other sub-heads were partly counter-balanced by savings under other sub-heads of the grant, leaving a net excess of Rs. 6,60,22,094 in the grant as a whole.

In the circumstances explained above, the excesses of Rs. 6,60,22,094 (Voted) and Rs. 1,93,495 (Charged) may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

This note has been vetted by Audit.

Note for the Public Accounts Committee for regularisation of excess in Grant No. 133—Delhi Capital Outlay—as disclosed in the Appropriation Accounts (Civil) for the year 1972-73

		Final Grant/ Appropriation	Actual Expenditure	Excess
	Rs.	Rs.	Rs.	Rs.
Voted				
Original	7,22,40,000	7,68,10,000	7,87,95,966	(+)19,85,966(A)
Supplementary	45,70,000			
Charged				
Original	17,00,000	19,64,000	20,95,833	(+)1,31,833(B)
Supplementary	2,64,000			

I.A.—Excess in the voted portion of the Grant

The original grant of Rs. 7,22,40,000 was augmented by obtaining a supplementary grant of Rs. 45,70,000 in the March, 1973 session of Parliament. Against the final grant of Rs. 7,68,10,000 the actual expenditure amounted to Rs. 7,87,95,966 leaving a net excess of Rs. 19,85,966 in the Voted Section. The excess of Rs. 19,85,966 was the net result of excesses/savings under various sub-heads of the Grant and occurred mainly under the following sub-heads:

1. A. 1(1).—Housing

(Figures in Rupees)

		Final Appropriation	Actual Expenditure	Excess(+) (In Rupees)
Voted.				
Original	2,74,20,000			
Supplementary	11,70,000			
Re-appropriation	(+)13,36,000	2,99,26,000	3,48,48,146	(+)49,22,146

The excess expenditure of Rs. 49,22,146 under this sub-head was incurred by the Central Public Works Department and was mainly due to the following factors:—

- (a) Accelerated progress of work of the construction of 272

type II and type III quarters in the existing pockets at Nanakpura and the local purchase of steel made for this work (Rs. 8,44,296).

(b) Payment to the contractor for the work relating to construction of 1800 type I to type IV residential quarters at Masjid Moth to avoid loss of rebate allowed by the contractor for monthly payments (Rs. 7,12,572).

(c) The following works of an emergent nature which had to be completed before the 3rd Asian Fair (Rs. 13,90,582):—

(i) Construction of Hostel at Kasturba Gandhi Marg known as 'Asia House' (Rs. 9,56,212).

(ii) H.S. Hostel at Tagore Road (Rs. 4,34,370).

(d) Misclassification of expenditure under 'Housing' instead of under 'Other Civil Buildings' and 'Departmental Charges' (Rs. 19,74,696) relating to:—

(i) Improvements of existing water supply, external sewer lines, roads etc. in various Government colonies—handing over of Civil services to N.D.M.C. . . . . .	Rs. 5,94,102
(ii) Central Reserve Police Works. . . . .	Rs. 7,38,426
(iii) Departmental charges; Central Reserve Police Works. . . . .	Rs. 6,42,168

As the misclassifications affected group heads within this grant, these did not cause excess under the grant as a whole.

The excess of Rs. 49,22,146 under the above sub-head was counter-balanced by savings of Rs. 22,51,070 under sub-head A.I(2)—Other Civil Buildings, Rs. 2,83,674 under sub-head A.1 (3)—Rehabilitation Works, Rs. 3,15,808 under sub-head A-2—Establishment charges credited to other Governments|Departments etc. and Rs. 85,628 under sub-head A3—Tools and Plants charges credited to other Governments|Departments etc. leaving an uncovered excess of Rs. 19,85,966 requiring regularisation by Parliament.

#### **B—Excess in the charged portion of the Grant**

The original appropriation of Rs. 17,00,000 was augmented by obtaining a supplementary appropriation of Rs. 2,64,000 in March, 1973. Against the final appropriation of Rs. 19,64,000 the actual expenditure amounted to Rs. 20,95,833 thus leaving an uncovered excess of Rs. 1,31,833, which needs to be regularised. This excess was the  
1440 L.S.—8.

net result of excesses/savings under various sub-heads of the grant and occurred mainly under the following sub-heads:

		Final Appropriation	Actual Expendi- ture	Excess
(In Rupees)				
<i>A1 (1)—Housing charged</i>				
Original	10,95,000			
Reappropriation	(+) 16,300	11,11,300	11,20,992	(+) 9,622

The small excess of Rs. 9,622 is due to payments made by the Central Public Works Department in satisfaction of arbitration awards/court decrees which are charged on the Consolidated Fund of India under Article 112(3) (f) of the Constitution of India.

		Final Appropriation	Actual Expenditure	Excess
(Rupees)				
<i>A1(2)—Other Civil Buildings Charged</i>				
Original	14,65,000			
Supplementary	2,64,000			
Reappropriation(—)	(—) 18,500	6,80,500	7,62,635	(+) 82,135

The additional expenditure of Rs. 82,135 was incurred by the Central Public Works Department (Rs. 65,221) and the President's Estates (Rs. 16,914).

The excess of Rs. 65,221 relating to Central Public Works Department was due to payments made in satisfaction of certain arbitration awards/court decrees which are charged on the Consolidated Fund of India (Rs. 17,136) and accelerated progress of work pertaining to C.&A.G.'s Buildings (Rs. 48,085).

The Excess of Rs. 16,914 relating to President's Estates was due to the accelerated progress of certain works.

		Final Appropriation	Actual Expendi- ture	Excess
(In Rupees)				
<i>A—2 Establishment charges credited to other Govts./Depts. etc. Charged</i>				
Original	1,00,000			
Reappropriation(+)	60,700	1,60,700	1,98,727	(+) 38,027

The additional expenditure of Rs. 38,027 under this sub-head was a consequential effect of increase in works outlay of Central Public Works Department (Rs. 36,968) and President's Estates (Rs. 1,059).

	Final Appropriation	Actual Expenditure	Excess
(In Rupees)			
A3—Tools and Plants charged credited to other Govts./Deptts. etc.			
<i>Charged</i>			
Original . . . . .	40,000		
Reappropriation : : : (—)	28,500	11,500	13,549 (+) 2,049

The additional expenditure of Rs. 2,049 under this sub-head was a consequential effect of increase in works outlay of C.P.W.D. (Rs. 1887) and the President's Estate (Rs. 162).

The total excess under the 'Charged' portion of the grant under sub-heads mentioned above comes to Rs. 1,31,833. The expenditure was earlier expected to be met out of anticipated savings within the sanctioned 'Charged' provision. The anticipated savings, however, did not materialise.

In the circumstances explained above, the excess of Rs. 1,31,833 (charged) and Rs. 19,85,966 (Voted) of the Grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

This Note has been vetted by Audit.



## APPENDIX XXI

### MINISTRY OF FINANCE (DEPARTMENT OF ECONOMIC AFFAIRS) (BUDGET DIVISION)

#### *Regularisation of Excess under the Appropriation "Interest on Debt and Other Obligations" in the Appropriation Accounts (Central) Civil, 1972-73.*

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	Rs.
Original Appropriation . . . . .	730,03,60,000
Supplementary Appropriation . . . . .	38,63,03,000
Final Appropriation . . . . .	768,66,63,000
Actual Expenditure . . . . .	7,72,46,16,769
Excess . . . . .	3,79,53,769

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The Appropriation covers provision for interest charges on the entire debt of the Government of India, whether internal or external, including interest on unfunded debt as well as on the deposits in the depreciation and other reserve funds of the Government Commercial Departments.

The expenditure is "Charged" on the Consolidated Fund of India, in accordance with clause (c) of Article 112(3) of the Constitution of India.

The net excess of Rs. 3,79,53,769 which is about 0.49 per cent of the total sanctioned provision, occurred mainly under sub-heads A-2-Discout on Loans (Rs. 1.65 crores) and "B.1(1)—Interest, Commission, etc. on loans from I.B.R.D." (Rs. 1.28 crores), "B.4(3)—Other American Loans" (Rs. 3.98 crores) and "B.7—Loans from Jajan" (Rs. 2.18 crores), and is explained below:—

- (i) *A.2—Discount on loans.* The excess under this head was mainly due to larger discount payable on new loans raised during the year and on conversion of *ad-hoc* Treasury Bills into dated securities than anticipated.
- (ii) *B.1(1)—Interest, Commission, etc. payable on loans from I.B.R.D.* Floatation of currencies and fluctuations in their exchange rates resulted in increasing the interest bill in respect of these loans.

- (iii) *B.4(3)—Other American Loans.* The excess under the sub-head occurred mainly due to adjustment, in the accounts for 1972-73, of debits of about Rs. 4.29 crores relating to earlier years. These additional adjustments were however, partly off set by non-adjustment of certain transactions relating to payment of interest in 1972-73, leaving a net excess of Rs. 3.98 crores.
- (iv) *B.7—Loans from Japan.* The final Appropriation under this sub-head was based on the central rate of exchange taking Yen 1—Re. 0.24, which is the usual rate adopted for estimating purposes. The actual adjustments in the accounts are, however, made on the basis of the exchange rates prevalent on the respective dates of payments which were higher than the central rate due to daily fluctuations as a result of floatation of currencies. This resulted in the sanctioned provision being exceeded by Rs. 2.18 crores.

The above excesses were, however, partly offset by savings under other heads, leaving the net uncovered excess of Rs. 3,79,53,769 in the Appropriation requiring regularisation under Article 115 of the Constitution. The recommendation of the P.A.C. is, therefore, sought to the regularisation of the above excess of Rs. 3,79,53,769 under the above Appropriation.

This has been seen by Audit.

**APPENDIX XXI**  
**MINISTRY OF FINANCE**  
**(DEPARTMENT OF ECONOMIC AFFAIRS**  
**(BUDGET DIVISION)**

*Note for the Public Accounts Committee explaining reasons for excess under the Appropriation "Payments of State share of Union Excise Duties" as disclosed in the Appropriation Accounts (Civil) 1972-73.*

Appropriation		Total	Actual Expenditure	Excess
		Rs.	Rs.	Rs.
Original	Rs. 5,37,43,60,000	5,66,07,24,000	5,66,73,54,987	66,30,987
Supplementary	Rs. 28,63,64,000			

The excess of Rs. 66,30,987 in the Appropriation "Payments of States share of Union Excise Duties" for 1972-73 is on account of the following reasons:—

(i) Actual payments made in 1971-72, but adjusted by Accountant General, Harayana in the Accounts for 1972-73	Rs.	54,17,000
(ii) Actual payments made in 1971-72, but adjusted by Accountant General, Bombay in the accounts for 1972-73	Rs.	12,14,650
<b>TOTAL EXCESS</b>	<b>Rs.</b>	<b>66,31,650</b>
<b>Less—</b>		
<b>(b) Savings—</b>		
(i) Savings due to rounding	Rs.	(—) 663
<b>Net excess</b>	<b>Rs.</b>	<b>66,30,987</b>

2. The excess amounting to Rs. 66,30,987 would not require regularisation in terms of paragraph 4.26 of the P.A.C's 45th Report (1965-66).

3. This has been seen by Audit.

## APPENDIX XXIII

### MINISTRY OF INFORMATION AND BROADCASTING

**Note for regularisation of excess expenditure under Charged portion of Grant No. 121—Capital Outlay of the Ministry of Information and Broadcasting as disclosed in the Appropriation Accounts (Civil) 1972-73**

	Charged (Rs.)
Original Appropriation . . . . .	..
Actual Expenditure . . . . .	3,97,750
Excess:	3,97,750

The Appropriation Accounts (Civil), 1972-73, have disclosed an excess of Rs. 3,97,750 under 'Charged' expenditure in Grant No. 121 Capital Outlay of the Ministry of Information and Broadcasting. The excess has arisen as a result of the adjustment in March, 1973 (Supplementary) accounts of the full amount of a debit of Rs. 3,97,750 under 'Charged' expenditure against the sub-head of Account B-1, Works. This expenditure pertained to the payment made in satisfaction of an award of an arbitral tribunal in connection with the work done by C.P.W.D. in constructing the permanent studios at Bombay.

2. The work of construction of permanent studios at Bombay was as usual entrusted to C.P.W.D., Bombay. It transpires that out of the amount sanctioned for the project under 'Voted' Grant, a sum of Rs. 3,97,750 was paid by the C.P.W.D. to the contractors in fulfilment of an award in arbitration and the amount was booked by CPWD in their departmental accounts under 'Voted' Grant. Subsequently this amount was correctly booked as 'Charged' expenditure by A.G. Central, Bombay, by a journal entry. Since the departmental Annual Accounts (Supplementary) were by then already sent to A.G. Central Bombay, the Regional Engineer, AIR (West) Bombay came to know of the situation only in May, 1973.

3. In this connection it may be mentioned that it was noticed later that the expenditure incurred on account of the payment of

compensation in fulfilment of an award of arbitral tribunal is debitable as 'Charged' expenditure as per the provision of para 3.1.9 of Central Public Works Account Code.

4. The A.G. Central, Bombay subsequently debited the amount correctly under 'Charged' expenditure directly by a journal entry in the Supplementary accounts for 1972-73. This resulted in the excess under 'Charged' expenditure while increasing the saving under the relevant head under 'Voted' Grant. Incidentally it may be stated that in the 'Voted' Grant there was a overall saving of Rs. 1,04,95,837 (after surrender of Rs. 1,20,00,000) under Grant No. 121—Capital Outlay of the Ministry during 1972-73, which include the amount of this excess under the 'Charged' expenditure. If it had been known at the appropriate time before the payment of the compensation to the Contractors that the expenditure was debitable to 'Charged' expenditure, necessary action could have been taken to obtain the required advance from the Contingency Fund of India to meet the expenditure and the Government would have gone for a supplementary grant to that extent, subsequently to cover the advance. Unfortunately this could not be done. It is requested that this excess may be recommended for regularisation under Article 115 of the Constitution of India.

5. This has been seen by Audit.

## APPENDIX XXIV

### MINISTRY OF WORKS & HOUSING

*Note for the Public Accounts Committee for regularisation of excess in 'Charged' Section of Grant No. 132—Capital Outlay on Public Works as disclosed in the Appropriation Accounts (Civil) for the year 1972-73*

<i>Charged</i>	Final	Actual	Excess
	Appropriation	Expenditure	(+)
	(Figures in Rs.)		
Original . . . . .	10,00,000	10,00,000	12,86,210 (+)2,86,210

The original appropriation for the year 1972-73 was Rs. 10,00,000 under the 'Charged' section of the Grant, whereas the actual expenditure amounted to Rs. 12,86,210 thus leaving an uncovered excess of Rs. 2,86,210, which needs to be regularised. The excess of Rs. 2,86,210 was the net result of excesses/savings under the various sub-heads of the Grant and occurred mainly under the following sub-heads:

<i>A.1(3)—Other Civil Buildings</i>	Final	Actual	Excess(+)
	Appropriation	Expenditure	
	(Figures in Rs.)		
<i>Charged</i>			
Original . . . . .	10,00,000	6,84,850	10,75,210 (+)3,90,360
Reappropriation . . . . .	(-)3,15,150		

The excess of Rs. 3,90,360 is due to land acquisition charges for Survey of India at Hyderabad (Rs. 2,74,908) and other items of small magnitude (totalling together Rs. 1,15,452) for meeting expenditure in satisfaction of arbitration awards/Court decrees. The expenditure in these cases was obligatory and unforeseen and had to be incurred to satisfy the Court decrees and avoid further incurring of interest charges. The Chief Engineers concerned have been asked to take timely action in future to obtain additional funds during the course of the year in such cases.

The excess of Rs. 3,90,360 under the above sub-heads was counter-balanced by savings of Rs. 1,04,150 under the sub-head A. 1(2)-Housing, leaving an uncovered excess of Rs. 2,86,210 (Charged).

In the circumstances explained above, the excess of Rs. 2,86,210 in the 'Charged' section of the Grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

This Note has been vetted by Audit.

**APPENDIX XXV**  
**MINISTRY OF DEFENCE**

*Note for the Public Accounts Committee for regularisation of excess under voted section of Grant No. "2-Defence Services effective—Army" as disclosed in the Appropriation Accounts (Defence Services) for 1972-73*

*Grant No. 2—Defence Services Effective—Army*

	Rs.
Original Grant . . . . .	9,21,94,00,000
Supplementary Grant . . . . .	1,53,65,00,000
Final Grant . . . . .	10,75,59,00,000
Actual Expenditure . . . . .	11,21,37,47,342
Excess . . . . .	45,78,47,342

The Original Grant of Rs. 92194 lakhs was augmented by obtaining a supplementary Grant of Rs. 15365 lakhs in March, 1973. The actual expenditure, however, amounted to Rs. 11,21,37,47,342, leading to an uncovered excess of Rs. 45,78,47,342 which needs to be regularised by Parliament under Article 115 of the constitution. The excess was the net result of increase and saving under various sub-heads of the grant and occurred under the following sub-heads—

Sub-head	Final Grant	Actual Expenditure	Excess
(In lakhs of Rs. )			
A—Pay & Allowances of the Army . . . . .	30687·00	30907·46	220·46
B—Pay & Allowances and Miscellaneous expenses of Territorial army, etc. . . . .	700·45	714·19	13·74
C—Pay & Allowance of Civilians employed with (or for) Army. . . . .	6490·07	6580·33	90·26
D—Transportation . . . . .	4394·00	4559·97	165·97
E—Miscellaneous . . . . .	2624·05	2632·28	8·23
F—Manufacturing & Research Estr. . . . .	840·00	901·37	61·37
Fi. Military Farms . . . . .	840·00	901·37	61·37



Sub-head	Final Grant	Actual Expenditure	Excess
	(In lakhs of Rs.)		
F2. Ordnance & Clothing Factories . . . . .	22727.37	25032.04	2304.67
F3. Research & Development Organisation . . . . .	2164.50	2379.74	215.24
F4. Inspection Organisation . . . . .	1867.40	1996.80	129.40
G—Stores (Other than for Manufacturing & Research Estt. and Military Engineering Services (excluding Engineer/stores Depots). . . . .	30163.20	30182.06	18.86
H—Works (Chargeable to Revenue) Maintenance etc. . . . .	4847.00	6198.60	1351.60

2. The reasons for the excess are explained below seriatim—

*“A—Pay and Allowances of the Army” (Rs. 220.46 lakhs)*

The excess (which works out to only 0.7 per cent of the final grant in respect of this head) was caused by the following factors:—

- (i) The per capita ratio of Pay and Allowances|Ration allowances on which the Budgetary estimates were based proved inadequate vis-a-vis the actuals.
- (ii) A very large number of personnel availed of the accumulated leave of 1971 in the last quarter of 1972-73, resulting in large expenditure on ration allowance.

*“B—Pay and Allowances and Miscellaneous expenses of the Territorial Army etc., (Rs. 13.74 lakhs)*

The excess was due to a larger number of part time trainees having turned up for training in the camps, than anticipated (based on the previous average) and also on account of changes in the disembodiment schedule of Air Detachment Regts Territorial Army during the closing months of the year.

*C—Pay and Allowances of Civilians employed with (or for) Army” (Rs. 90.26 lakhs)*

The excess which works out to 1.04 per cent of the final grant arose from addl. expenditure on claims for medical reimbursement, children education allowance, tuition fee, etc., and grant of interim relief with effect from 1st August, 1972.

*"D—Transportation"* (Rs. 165.97 lakhs):—

The increase under this Sub-Head occurred largely on account of larger movements of Service Personnel and Stores than anticipated, and partly on account of adjustments during the year of some bills pertaining to the year 1971-72.

*"E—Miscellaneous"* (Rs. 8.23 lakhs)

The variation is negligible (0.3 per cent only).

*"F—Manufacturing and Research Establishments"*.

*"F. 1—Military Farms (Rs. 61.37 lakhs):—*The excess amounting to 7.3 per cent of the final grant was due to higher production charges caused by increase in prices of milk, wheat, fertilizers, animal feeds, etc. (Rs. 52 lakhs) and transportation charges incurred on movement of fodder to meet the requirements of Military Farms and Civilians at a number of places affected by drought conditions (Rs. 9 lakhs).

*"E. 2—Ordnance and Clothing Factories (Rs. 2304.67 lakhs)*

There was an excess of Rs. 2747 lakhs under this head which was partly offset by less expenditure on customs duty (Rs. 442 lakhs). The reasons for the excess are explained below in respect of the items involved:—

(i) *Purchase of Materials (Rs. 2613.00 lakhs)*

The increased expenditure on the purchase of materials arose from the following factors:—

- (a) Expectations of slippages in deliveries by firms in respect of contracts placed on DGS&D did not materialise.
- (b) Production of two new items, viz., "Air landing Maps" and 'Boats Assaults' for which orders were placed in October/November 1972.
- (c) Increase in the tempo of production activity.
- (d) Procurement of some high value materials, supplies of which were not forthcoming in the previous years; and
- (e) Steep rise in the cost of some of the materials required in large quantities.

(ii) *Pay and Allowances, Miscellaneous and Transportation*  
(Rs. 121 lakhs)

The excess was due to heavier expenditure on over-time allowances, than anticipated (Rs. 90 lakhs), payment of a sum of Rs. 8.35 lakhs by Metal and Steel Factory as Central sales tax at the end of the financial year which could not be anticipated, purchase of stationery from local market owing to non-availability from service sources and higher transportation charges due to increased procurement of materials.

(iii) *Works (Chargeable to Revenue Rs. 13 lakhs)*

Increased expenditure on account of rise in the cost of materials and higher consumption of water and electricity due to expansion in activities.

"F. 3—*Research and Development Organisation*" (Rs. 215.24 lakhs)

The excess which works out to 9.94 per cent of the final grant has primarily occurred under the Sub-Head purchase of materials (Rs. 238 lakhs) due to higher materialisation of supplies than anticipated and adjustment of heavy debits from the civil Deptts. in the closing months of the year and transportation charges due to movement of more Stores (Rs. 3 lakhs). The excess was partly offset by savings under pay and allowances due to non-filling of vacancies, miscellaneous charges and grants-in-aid (Rs. 26 lakhs).

"F.4—*Inspection Organisation* (Rs. 129.40 lakhs)

The excess (Rs. 129.40 lakhs) which works out to 6.99 per cent of the final grant is mainly attributable to more expenditure incurred on drawing ammunition and weapons from the D.G.O.F. for "proofing" of Arms and ammunition manufactured by the Ordnance factories. The drawal is made on 'as required' basis and is related to production programme of the Ordnance Factories.

"G—*Stores (other than Manufacturing) and Research Establishment*" (Rs. 18.86 lakhs)

The overall excess under this sub-head is negligible, being only 0.06 per cent of the Final Grant. The expenditure on purchase of Ordnance and clothing stores, however, registered an increase of Rs. 651 lakhs, Medical stores (Rs. 72 lakhs) and Engineering stores (Rs. 90 lakhs). The reasons for the excess expenditure on procurement of these items are given below:—

- (i) *Materialisation of more demands than anticipated.* Efforts were made to stagger the deliveries of the contracted items

but as the supplies were already in the pipeline, the desired results could not be achieved.

- (ii) In the case of clothing stores, the excess is partly attributable to fluctuation of rates, placement of fresh orders to made good the deficiencies created as a result of issues to Bangla Desh|POWs and also extra issues to troops in the border area.

The additional expenditure incurred on the purchase of the above mentioned stores was largely offset by saving under ASC stores (Rs. 282 lakhs)—due to increase in recoveries for stores supplied by Army to other Services, MH Vehicles and connected stores (Rs. 510 lakhs) due to delay in the materialisation of supplies, and animals (Rs. 2 lakhs) due to non purchase of full complement of animals as they were not available in the local market area.

*“H—Works (Chargeable to Revenue) Maintenance etc.”*  
(Rs. 1351.60 lakhs)

(i) *Operational Works (Rs. 706 lakhs):*—The excess expenditure was due to continued deployment of certain CREF units under the control of Army, execution of operational works for increasing the Defence potential, especially in the Northern Sector; execution of works by Commanders in the Western and Northern Commands under para 11 of the Revised Works procedure.

(ii) *Maintenance of buildings (including POW camps), roads, furniture, operation of Installations (Rs. 339 lakhs):*—The excess was mainly due to the maintenance of POW's camps for a longer period than anticipated payment of interim relief to casual employees not catered for in the budget, increased cost of materials, essential repairs to Defence, man-holes, soakage pits, firing ranges and sewage system, higher consumption of electricity on account of special security lighting arrangements for POW, enhancement of tariff rates by local bodies, running of stand by generating sets due to frequent shedding of electricity in U.P. area, replacement of worn out spare parts and urgent requirement of refrigerators and air-conditioners in various Military Hospitals.

(iii) *General Charges (Rs. 48 lakhs):*—The excess occurred because owing to the continued deployment of the troops in strategic areas, additional Chowkidars had to be employed for the care of a large number of vacant buildings and more expenditure was incurred than anticipated on account of rent for the hired|leased|requisitioned buildings.

(iv) *Tools, Plants & Machinery and MES Stores (Rs. 253 lakhs)*:—  
The excess expenditure under this Head was due to materialisation of stores, the payment of which could not be withheld.

(v) *M.E.S. Advances*:—(Rs. 5.56 lakhs):—Variation is insignificant.

3. In view of the circumstances explained above, the excess of Rs. 45,78,47,342 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

D.A.D.S. has seen.

**APPENDIX XXVI**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF DEFENCE**

*Note for the Public Accounts Committee for regularisation of excess over voted Grant No. 4—Defence Services, Effective—Air Force—As disclosed in the Appropriation Accounts (Defence Services) for the year 1972-73*

*Grant No. 4—Defence Services, Effective Air Force*

Original Grant . . . . .	271,91,80,000
Supplementary Grant . . . . .	27,71,20,000
Total Final Grant . . . . .	299,61,00,000
Actual Expenditure . . . . .	304,79,65,178
Excess . . . . .	5,16,65,178

2. The original grant of Rs. 271.92 crores was augmented by obtaining a Supplementary Grant of Rs. 27.71 crores in March 1973 to meet additional expenditure on Pay and Allowances of civilian and service personnel, transportation and stores and signing of new protocols/agreements after the finalisation of Budget Estimates. The actual expenditure in 1972-73 under the grant amounted to Rs. 304,79,65,178 against the final grant of Rs. 299,63,00,000; thereby leaving an uncovered excess of Rs. 5,16,65,178 which needs regularisation. The total excess was the net result of excess expenditure and savings under various sub heads and occurred mainly under Sub Heads A—Pay and Allowances (Rs. 53.53 lakhs), D—Transportation (Rs. 53.23 lakhs), F—Stores (Rs. 233.19 lakhs) and G—Works (Chargeable to Revenue) Maintenance etc. (Rs. 198.84 lakhs) as under:—

Sub-heads	Final Grant	Actual Expenditure	Excess
	(In lakhs of Rs.)		
A—Pay and Allowances . . . . .	5545.00	5598.5	53.53
D—Transportation . . . . .	570.00	623.23	53.23
F—Stores . . . . .	19706.63	19939.82	233.19
G—Works (Chargeable to Revenue) Maintenance etc. . . . .	1576.89	1775.73	198.84

### 3.1. Sub-Head 'A' Pay and Allowance of the A.F. (Rs. 53.53 lakhs)

The overall variation between final grant of Rs. 5545 lakhs and actual booked expenditure of Rs. 5598.53 lakhs comes to Rs. 53.53 lakhs only. The variation which is nominal being less than 1 per cent pertains to Pay and Allowances of Airmen etc., and has been caused by changes in the strength and/or per capita rates of Pay and Allowances of Airmen etc.

### 3.2. Sub-Head 'D' Transportation (Rs. 52.23 lakhs)

The excess of Rs. 53.23 lakhs over the final grant was due to more expenditure during the closing month of the year than anticipated, on the following:—

	(Rs. in lakhs)
(a) Travelling and outstation allowances . . . . .	9.01
(b) Rail charges . . . . .	39.25
(c) Air Transportation Charges . . . . .	5.97
	54.33

The excess under the above item was off-set to the extent of Rs. 1.10 lakhs due to lesser payments made by the Commands| station units than anticipated at the modified stage (Rs. 1.05 lakhs) on hired transport and lesser spendings on sea and inland water charges (Rs. 0.05 lakhs).

The excess under Rail Charges mentioned at (b) above was due to unexpected heavy bookings amounting to Rs. 204 lakhs under this item during last two months viz. February and March 1973 completions, as against total adjustment of Rs. 160 lakhs during the first ten months, i.e. from April 1972 to January 1973. The abnormal heavy adjustments in the last two months could not be anticipated at the modified appropriation 1972-73 stage.

### 3.3.1. Sub-Head 'F' Stores (Rs. 233.19 lakhs)

The excess of Rs. 233.19 lakhs over the final grant is nominal being about 1.18 per cent and was on the following:—

	(Rs. in lakhs)
(a) Aviation Stores . . . . .	310.32
(b) M.T. Stores . . . . .	13.26
(c) Coal and Firewood . . . . .	15.04
(d) Ordnance Stores . . . . .	37.70
(e) Medical Stores . . . . .	34.64

(f) Other Miscellaneous stores . . . . .	17.34
(g) R&D Projects . . . . .	-2.46
	430.76

The circumstances which led to the excess are explained below:—

(a) *Aviation Stores*

(i) Over materialisation of Supplies against indents placed on DGOF, Army etc., (Rs. 152.30 lakhs) (for items like air-field lighting sets and parachutes etc.) and foreign countries including customs duty (Rs. 104.21 lakhs), and erroneous booking of expenditure relating to Air frames and Engines as Aviation Stores (Rs. \*55.86 lakhs), partly offset by decrease in local purchase and more payment issues (Rs. 2.05 lakhs).

(b) *M.T. Stores*

Over Materialisation of supplies from various sources (Rs. 22.35 lakhs partly offset by lesser expenditure than anticipated on customs duty and local purchases (Rs. 9.09 lakhs).

(c) *Coal and firewood*

Due to receipt of more supplies than anticipated (Rs. 15.04 lakhs).

(d) *Ordnance Stores*

Due to over materialisation of supplies than anticipated from GGOF|Army|UK (Rs. 67.86 lakhs) which was partly offset by lesser expenditure on the supplies received from DGS&D|USSR|HAL and more issues on payments (Rs. 30.16 lakhs).

(e) *Medical Stores*

The excess is due to the disproportionate heavy issues of medical stores during the last quarter of the year as well as adjustment of unforeseen carryover expenditure of the previous year (Rs. 34.89 lakhs). This was partly offset by a minor saving on local purchases and more issues on payments (Rs. 0.85 lakhs).

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\*If this amount had been correctly booked under Airframes and Engines, the shortfall under the later head shown as Rs. 134 lakhs on p. 29 of Appropriation Accounts would have been correspondingly reduced. This would not however, affect the total net excess.



**(f) Other Miscellaneous stores**

The excess is mainly due to larger materialisation of supplies than anticipated from DGOF|ARMY|UK etc. (Rs. 61.31 lakhs). This was offset to the extent of Rs. 43.97 lakhs on account of decrease in expenditure on supplies procured from DGS&D|USA|local purchases|customs duty.

**(g) R & D Projects**

More expenditure on BEL than anticipated which could not be included in the final grant due to belated receipt of the estimates from BEL (Rs. 2.46 lakhs).

3.3.2. The above excesses were partly offset by savings to the extent of Rs. 197.52 lakhs; under Airframes and Engines (Rs. 133.55 lakhs), provisions and POL (Rs. 58.54 lakhs) clothing stores (Rs. 5.48 lakhs) due to short fall in expenditure than anticipated.

3.4. Sub-head 'G' Works (Chargeable to Revenue) Maintenance etc. The excess of Rs. 198.84 lakhs over the final grant is 12.61 per cent and was on the following:—

	(Rs. in lakhs)
(a) Major Works	31.38
b) Minor Works	0.14
(c) Maintenance of buildings Communications, Furniture etc.	74.91
(d) Maintenance and operation of installations.	73.17
(e) Departmental Charges	65.39
	244.99

The circumstances under which the said excess occurred are explained below:—

**(a) Major Works**

The excess occurred on account of the heavy obligatory payments of Running Account Receipts, Final bills for carry-over works and adjustment of Central Purchase vouchers|Inter-Departmental schedules and on works carried out under "para 11" of Works Procedure.

**(b) Minor Works**

The variation is negligible.

**(c) Maintenance of buildings-Communications, Furniture etc.**

The excess was mainly due to—

- (i) Extra repairs to buildings, roads, runaways, furniture etc. necessitated on account of Indo-Pak conflict of 1971 (Rs. 23.47 lakhs);
- (ii) Payment of Interim Relief, Ration Allowance, General increase in cost of material and labour charges and difference in cost of stores (Rs. 18.23 lakhs);
- (iii) Payment of final bills including those carried over from previous years (Rs. 18.00 lakhs);
- (iv) Payment of final bills/RARs and cost of stores for urgent repairs (Rs. 13.71 lakhs); and
- (v) Upgrading of three airfields (at Jaisalmer, Barmer and Uttarlia) to higher (scale I) maintenance standard (Rs. 1.50 lakhs).

**(d) Maintenance & Operation of Installations**

The excess was due to—

- (i) Increase in the consumption of water|electricity on account of the return of field units to peace locations, increase in the rates of water|electricity charges of several Electricity Boards, payment of which could not be held over without loss of rebate, increase in the cost of material and normal expenses on pay and allowances of staff (Rs. 60.87 lakhs).
- (ii) Payment of interim relief, ration money, increase in the cost of stores and labour (Rs. 8.70 lakhs);
- (iii) Increased expenditure on the maintenance of installations and plants and commissioning of new installations at various stations in Western and Southern Commands (Rs. 3.60 lakhs).

**(e) Departmental Charges (Rs. 65.39 lakhs)**

The excess resulted from additional expenditure on Capital and Revenue Works on which departmental charges are leviable.

The above excess was partly offset by savings to the extent of Rs. 46.14 lakhs under general charges.

4. The excess expenditure under the above sub-heads and minor excess under sub-heads 'B' Pay and Allowances of Reserve and Auxiliary Services (Rs. 0.34 lakhs), 'C'—Pay and Allowances of Civilians (Rs. 5.03 lakhs) and 'E'—Miscellaneous (Rs. 5.55 lakhs) was partly counter-balanced by savings under Sub-heads 'H'—Special Projects (Rs. 32.02 lakhs), 'I'—Charges in England (0.93 lakhs) and 'J'—Loss or Gain by Exchange (Rs. 0.11 lakhs) leaving a net excess of Rs. 5,16,65,178 which needs to be regularised.

5. In view of the above explanations, the excess of Rs. 5,16,65,178 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

D.A.D.S. has seen.

**APPENDIX XXVII**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF DEFENCE**

*Note for the Public Accounts Committee for regularisation of excess over voted Grant No. 104, Defence Capital Outlay—as disclosed in the Appropriation Accounts (Defence Services) for the year 1972-73*

*Grant No. 104—Defence Capital Outlay*

Original Grant	1,90,70,00,000
Supplementary Grant	5,92,00,000
Total Final Grant	1,96,62,00,000
Actual expenditure, as reflected in the printed Appropriation Accounts.	2,12,97,62,412
Excess	16,35,62,412

The original grant of Rs. 190.70 crores was augmented by obtaining a Supplementary Grant of Rs. 5.92 crores in March, 1973. The actual expenditure in 1972-73 under the grant as shown in the printed Appropriation Accounts is Rs. 2,12,97,62,412. It has, however, since been intimated by the Controller General of Defence Accounts that the following misclassifications of expenditure have been brought to light after the final closing of the accounts for the year 1972-73:—

- (i) A sum of Rs. 91,259,24 was erroneously compiled to Grant No. 104—Defence Capital Outlay Sub-head A-Army instead of to Grant No. 3—Navy, Sub-head F-Stores, to which it was appropriately chargeable. (There has otherwise been a saving in the latter Grant).
- (ii) A sum of Rs. 1,99,391.50 was erroneously classified to the Voted portion instead of the 'Charged' portion of Grant No. 104—Defence Capital Outlay, Sub-head A-Army.

Thus, the actual expenditure under the grant amounted to Rs. 2,12,94,71,761 against the final grant of Rs. 1,96,62,00,000 thereby leaving an uncovered excess of Rs. 16,32,71,761 (instead of Rs. 16,35,62,412 shown in the printed Appropriation Accounts) which needs regularisation. This excess represents the net result of ex-

cess expenditure and savings under various sub-heads that have occurred as follows: —

(In thousands of Rs.)

Sub-heads	Final Grant	Actual expenditure	Excess/ Savings
A—Army .	69,00,00	85,05,34	16,05,34
B—Navy .	62,79,63	60,67,51	(—)2,12,12
C—Air Force . . . . .	22,01,56	26,24,38	4,22,82
D—Manufacturing & Research Establishments	42,80,81	40,97,48	(—)1,83,33

2. The reasons for the excess are explained hereunder:—

**A.—ARMY (Rs. 1605.34 lakhs)**

The excess of Rs. 17.85 crores under Army Works (including stock-pile) is attributable to the execution of a large number of works under para 11 of the Revised Works Procedure and on meeting inescapable contractual liabilities. After the cease-fire of December, 1971, and especially after the violations of cease-fire in Jammu and Kashmir in May, 1972, Formation Commanders found it necessary to sanction a large number of works under para 11 of the Revised Works Procedure to meet the urgent needs of troops deployed in operational locations in order to prevent further intrusions by Pak Army. An accurate estimate of the total liability arising from these works (the expenditure on which is not covered by the normal budgetary allotment) could not be had in time. It eventually transpired that the expenditure on these works executed could not be accommodated within the sanctioned budget provision for the normal works and there was accordingly an excess of expenditure. By the time this came to light, it was too late to go in for a Supplementary Demand. The excess under the Sub-head was, however, partly offset by saving under Military Farms (Rs. 0.04 crs.) and Acquisition of Land (Rs. 1.73 crs.) due to non-receipt of debits from civil authorities.

**3. C—Air Force (Rs. 422.82 lakhs)**

The excess under the Air Force Works (Rs. 466.75 lakhs) resulted from accelerated progress of works, inescapable expenditure on urgent operational works under para 11 of the Revised Works Procedure, payment and adjustment of contractual liability and Inter Departmental schedules/Central Purchase vouchers which could not be postponed and more expenditure on cement, steel and other

stores. The excess under this Sub-Head was partly offset by savings under acquisition of land (Rs. 42.44 lakhs) and special projects (Rs. 1.49 lakhs).

4. The total excess of Rs. 2028.16 lakhs (Army Rs. 1605.34 lakhs and Air Force Rs. 422.82 lakhs) was partly counterbalanced by saving of Rs. 212.12 lakhs under 'Navy' (including purchase of ships) and Rs. 183.33 lakhs under 'Manufacturing and Research Establishments' due to less expenditure than anticipated, leaving a net excess of Rs. 16,32,71,761 which needs to be regularised.

5. In view of the position explained above, the excess of Rs. 16,32,71,761 may kindly be recommended for regularisation by the Parliament under Article 115 of the Constitution.

D.A.D.S. has seen.

## APPENDIX XXVIII

*Explanatory Note on Excesses over Voted Grants and Charged Appropriations during the year 1972-73 Vide Para 7 (Pages 8 to 12) of Report of the Comptroller and Auditor General of India for the year 1972-73 and Para 30 (Pages 15) of Appropriation Accounts of the Railways in India for 1972-73—Part I—Review.*

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During 1972-73, excesses amounting to Rs. 10.21 crores over the sanctioned Grants/Appropriations occurred under four Grants and one Appropriation only. The bulk of this excess was shared between two major Grants viz. Grant No. 15—Open Line Works, Capital, D.R.F. and Development Fund (Rs. 9.20 crores) and Grant No. 5—Repairs & Maintenance (Rs. 0.83 crore).

1.2. Under Grant No. 15, the excess largely occurred due to increase in expenditure in the purchase and stocking of stores, increased inventory holdings, and greater Works in Progress in Production Units. The inflationary pressures also contributed in a considerable measure towards these excesses. This situation, no doubt called for better management of stores-keeping and internal control over the financial working of Production Units and Workshops. Towards this end, the attention of the management at the highest level was drawn and several steps, like setting up of Inventory Control Cells over the Zonal Railways and Production Units, more frequent reviews of workshop manufacturing suspense account at the highest level etc., were initiated and pursued vigorously. It may, however, be observed that the excess under Grant No. 15 during 1972-73 was Rs. 9.20 crores against the excess of Rs. 29.58 crores, which occurred in 1971-72.

1.3. The excess of Rs. 83 lakhs under Grant No. 5, hardly constitutes 0.25 per cent of the final Grant of Rs. 333.34 crores voted by the Parliament. Heavier expenditure on shop and shed repairs to rolling stock was the main cause for the excess. Last year, the excess under this Grant was as high as Rs. 5.47 crores.

1.4. It may be mentioned that every care is taken to assess the expenditure under various Grants/Appropriations as precisely as possible and to obtain supplementary allotments, where necessary, so that the excesses are avoided to the maximum extent.

1.5. It is requested that the P.A.C. may be leased to recommend regularisation of these excesses by the Parliament in the manner prescribed under Article 115 of the Constitution of India.

1.6. This memorandum has been seen by Audit.

#### DETAILED NOTES

*Voted Grant No. 5 Revenue—Working Expenses—Repairs & Maintenance. Excess of Rs. 82,67,775 over Rs. 3,33,34,48,000.*

2.1. This grant deals with expenditure on Repairs and Maintenance of Railway assets including track, buildings, rolling stock, ferries, electrical and signal equipment and installations, machinery etc.

2.2. The excess of Rs. 0.83 crore is only 0.25 per cent of the final grant of Rs. 333.34 crores voted by the Parliament. Two supplementary grants totalling to Rs. 23.75 crores were obtained in December, 1972 and March, 1973 for expenditure on payment of additional Interim Relief sanctioned with effect from 1st August, 1972, urgent repairs to damage caused by floods, cyclones, repairs to track, service buildings, yards and roads etc., arrear payment of rental of Posts and Telegraphs wires, repairs to railway property damaged by Mulki Rules agitation, increased expenditure on improved train lighting, repairs to electric locomotives and electric multiple unit stock and more maintenance of installation etc., increased in payment of city compensatory allowance due to upgradation of certain cities, more expenditure on maintenance of signal and telecommunication installation and assets including purchases of more stores and spares for this purpose, more purchases of tarpaulins and other misc. equipments etc. One of the main reasons for the excess was increase in prices of store due to inflationary pressure, which, *inter alia*, resulted in heavier expenditure on Repairs and Maintenance of Rolling Stock and other assets. The excess was shared by all the Railways except Central, Southern and South Central Railways. The excess occurred mainly due to more expenditure on shed and shop repair to rolling stock (99 lakhs)—includes underestimation of funds to the extent of Rs. 15.9 lakhs by Northeast Frontier Railway in respect of certain arrear adjustments for periodical overhaul of rolling stock, repairs and maintenance of electrical and signal services (23 lakhs), payment of interim relief and dearness allowance (14 lakhs) and more expenditure on emergency watering arrangements (8 lakhs). These increases were partly offset by savings due to adjustment of credits through stock adjustment account



(31 lakhs), less payment for rental of Posts and Telegraph wires (11 lakhs) and aggregate of other minor variations (19 lakhs).

2.3. After including the amount of misclassifications viz. Rs. 6,34,091 (c.f. Annexures A and B), the excess actually requiring regularisation by Parliament works out to Rs. 89,01,866 in relation to the voted grant of Rs. 3,33,34,48,000 (an excess of 0.27 per cent).

*Voted Grant No. 10—Working Expenses—Staff Welfare Excess of Rs. 9,88,574 over Rs. 30,47,27,000*

3.1. This grant deals with expenditure on medical facilities health and welfare services, educational assistance and training of staff, staff canteens and other staff amenities.

3.2. The excess of Rs. 9.89 lakhs comes to 0.32 per cent of the final grant of Rs. 30.47 crores voted by the Parliament. Two supplementary grants totalling to Rs. 1.14 crores were obtained in December, 1972 and March, 1973 for payment of additional Interim Relief sanctioned with effect from 1st August, 1972, on the recommendations of the Third Pay Commission, more expenditure on medical stores and medicines due to increase in prices and number of patients and more reimbursement of tuition fees for school children of Railway employees, more expenditure on canteen and other staff amenities. The excess was due to heavier expenditure on medical store and medicines and diet charges owing, *inter-alia*, due to increase in prices. The excess was shared by Eastern, North Eastern and South Eastern Railways.

3.3. After including an amount of Rs. 93,000 misclassified (c.f. Annexure A & B), the excess actually requiring regularisation by Parliament works out to Rs. 10,81,574 in relation to the voted grant of Rs. 30,47,27,000 (an excess of 0.35 per cent).

*Voted grant No. 13—Revenue—Open Line Works Excess of Rs. 8,30,949 over Rs. 7,00,36,000.*

4.1. This Grant deals with expenditure on works costing not more than Rs. 25,000 each on staff welfare (such as hospitals, schools, sports grounds, marketing facilities in railway colonies etc. and matching share capital contribution to the Railwaymen's Consumers Co-operative Societies) and on unremunerative operating improvements estimated to cost not more than rupees three lakhs each and on new minor works, i.e. works costing Rs. 25,000 or less each other than railway users' amenities.

4.2. The excess of Rs. 8.31 lakhs works out 1.19 per cent of the final grant of rupees 7.00 crores, voted by the Parliament. The excess was shared by Central Northern, Southern, South Eastern and Western Railways and was due mainly to more receipt of material at the lag end of the year and fluctuations in the progress of work.

4.3. After excluding the amount of misclassification viz., Rs. 51,000 (c.f. Annexures A and B), the excess actually requiring regularisation by the Parliament works upto Rs. 7,79,949 in relation to the voted grant of Rs. 7,00,36,000 (an excess of 1.11 per cent).

*Voted Grant No. 15 Open Line Works—Capital, Depreciation Reserve Fund and Development Fund—Excess of Rs. 9,19,76,995 over Rs. 7,34,38,27,000.*

5.1. This Grant deals with the expenditure on (i) additions to railway assets like rolling stock, machinery and works and on transactions under Stores, Manufacture and Miscellaneous Advances (Suspense) charged to Capital, and on the replacement of such assets charged to Depreciation Reserve Fund and (ii) Development Fund representing expenditure on amenities for passengers and other railway users, staff welfare works including the cost of quarters of class III and class IV staff costing above Rs. 25,000 each, and unremunerative operating improvement works costing more than rupees three lakhs each.

5.2. The excess of Rs. 9.20 crores works out to 1.25 per cent of the final grant of Rs. 734.38 crores. A supplementary grant of Rs. 4.54 crores was taken in December, 1972 and another similar grant of Rs. 77.65 crores was taken in March, 1973 for various purposes such as recoupment of an advance taken from Contingency Fund of India in respect of procurement of wagons, for undertaking certain urgent works, payment of Interim Relief sanctioned with effect from 1-8-1972, more purchase of stores for works, general purchases at enhanced rates, more payments to M/S Heavy Electricals (India) Limited for supply of traction equipment and escalation charges (Stores Suspense), more manufacture of rolling stock in progress and drawal of more stores (Manufacture Suspense), more procurement of imported steel and material for fabrication etc. (Misc. Advances), revision of prices of locomotives ex. D.L.W. to cover payment of diesel/electric spares and speedy progress of manufacturing programmes (Rolling Stock), speedy progress of certain works and throw-forward expenditure from previous year (structural engineering works).

The excess of Rs. 9.20 crores was shared by six Railways namely, Eastern, Northern, North Eastern, Southern, South Central, and

Western and two Production Units viz., Chittaranjan Locomotive Works and Diesel Locomotive Works.

It occurred under:—

- (a) Manufacture Suspense (4.64 lakhs) mainly on account of drawal of more materials from stock and from direct purchase, owing *inter alia*, to increase in prices (2.81 lakhs), less issue of manufactured stores to works and stock (1.49 lakhs), better out-turn (38 lakhs), partly offset by savings on account of aggregate of minor variations (4 lakhs).
- (b) Works (4.48 lakhs) mainly on account of more receipt of permanent way material and stores, owing, *inter alia* to increase in rates (3.31 lakhs), more progress in certain works (90 lakhs), more debits on account of throw forward works (18 lakhs), taking up of certain urgent works during the year (16 lakhs); partly offset by aggregate of minor variations (7 lakhs).
- (c) Stores Suspense (1.60 lakhs) mainly on account of fluctuations in adjustment through stock adjustment account (2.76 lakhs) more purchase of stores and debits therefor owing *inter alia* to increase in prices (1.69 lakhs), more stores returned from works etc. (95 lakhs) and aggregate of minor variations (59 lakhs); partly offset by more issue to manufacture and works etc. (3.29 lakhs) and less purchase of coal & H.S.D. oil etc. (1.10 lakhs) and;
- (d) Development Fund (1.50 lakhs), mainly on account of adjustment of more debits for stock (69 lakhs), more progress of certain works owing to better availability of materials (57 lakhs), taking up of certain out of turn works (10 lakhs), certain adjustments on completed works (4 lakhs) and aggregate of other minor variations (10 lakhs).

5.3. As against the excesses explained above, savings occurred under:—

- (a) Rolling Stock (2.24 lakhs) mainly on account of less production of rolling stock etc. (1.35 lakhs), non materialisation of certain payments for stock (90 lakhs); partly counter-balanced by aggregate of minor variations (1 lakh);
- (b) Misc. Advances (Capital) (72 lakhs) mainly due to less advance payments to suppliers for imported steel etc. (97 lakhs) and aggregate of other minor variations (6 lakhs);

partly counter-balanced by drawal of more stores for fabrication etc. (31 lakhs); and

- (c) Taking over of open line wires from Posts and Telegraphs department (6 lakhs) due to non-receipt of debits from the P. & T. Department.

5.4. After including the amount of Rs. 3,92,575 misclassified (c.f. Annexures A & B), the excess actually requiring regularisation by Parliament works to Rs. 9,23,69,570 in relation to voted grant of Rs. 7,34,38,27,000 (an excess of 1.26 per cent).

*Charged Appropriation No. 6 Revenue—Operating Staff—excess of Rs. 8,557 over Rs. 2,23,000.*

6.1. This charged Appropriation relates to payments arising from Court decrees etc. in respect of operating staff employed in Locomotive, Carriage & Wagon, Ferry, Steamers, and Harbours, Traffic (including staff at stations), signal and Telecommunication and Electrical Traction Departments.

6.2. The final appropriation comprised of a supplementary appropriation of Rs. 2.23 lakhs obtained in March, 1973 for payments in satisfaction of Court decrees. The actual expenditure i.e. decretal payments, however, exceeded the appropriation available by a small amount of Rs. 9,000 representing an excess of 3.85 per cent over the final appropriation.

6.3. After including the amount of misclassification viz. Rs. 621- (c.f. Annexures A & B) the excess actually requiring regularisation by the Parliament works upto Rs. 9,178 in relation to the final Appropriation of Rs. 2,23,000 (an excess of 4.12 per cent).



## ANNEXURE B

## Grant No. 5—Revenue Working Expenses—Repairs and Maintenance.

S. No.	Particulars	Amount
1.	Excess shown in the Appropriation Accounts . . . . .	Rs. 82,67,775
2(a)	Deduct :—	
	Expenditure relating to Grant No. 10 (84,000) booked under Grant No. 5 . . . . .	48,000
2(b)	Add:—	
	Expenditure relating to Grant No. 5 booked to Grant No. 4 (24,034), Grant No. 9(5,81,715) Grant No. 13 (18,000) and Grant No. 15(94,342). . . . .	7,18,091
	Real excess to be regularised by Parliament (1)—2(a) + 2(b). . . . .	89,01,866
<i>Grant No. 10—Revenue working Expenses—Staff Welfare.</i>		
1.	Excess shown in the Appropriation Accounts. . . . .	9,88,574
2(a)	Deduct :—	
	Expenditure relating to other Grants booked under Grant No. 10 . . . . .	..
2(b)	Add:—	
	Expenditure relating to Grant No. 10 booked under Grant No. 4(9,000) Grant No. 5 (84,000).. . . . .	93,000
	Real excess to be regularised by the Parliament (1)—2(a) + (b). . . . .	10,81,574
<i>Grant No. 13—Open Line Works —Revenue.</i>		
1.	Excess shown in the Appropriation Accounts. . . . .	8,30,949
2(a)	Deduct :—	
	Expenditure relating to Grant No. 15 (33,000) and Grant No. 5(18,000) booked under Grant No. 13. . . . .	51,000
2(b)	Add :—	
	Expenditure relating to Grant No. 13 booked under other Grants. . . . .	..
	Real excess to be regularised by Parliament (1)—2(a) + 2(b). . . . .	7,79,949
<i>Grant No. 15—Open Line Works—Capital, Depreciation Reserve Fund and Development Fund.</i>		
1.	Excess shown in the Appropriation Accounts. . . . .	9,19,76,995
2(a)	Deduct :—	
	Expenditure booked under this grant, relating to Grant No. 5(94,342), non-adjustment of debits against Other Depts. (2,15,678), rectification of misclassification in previous year (1,36,326), Certain credits taken under Receipt on capital instead of reduction in expenditure (11,754) and certain 'Charged' expenditure taken under 'Voted' (6,000). . . . .	4,64,100
2(b)	Add:—	
	Expenditure relating to this Grant booked under Grant No. 9 (63,269) , Grant No. 13 (33,000) and Grant No. 14 (3,63,000 and certain credits taken under Capital instead of earnings (3,97,406). . . . .	8,56,675

S. No.	Particulars	Amount
	Real excess to be regularised by Parliament (1) —2(a)+(b). .	<u>Rs.</u> <u>9,23,69,570</u>
<i>Charged Appropriation No. 6—Revenue—Operating Staff.</i>		
1.	Excess shown in the Appropriation Accounts. . . . .	8,557
2(a)	Deduct :— Expenditure relating to other Grants booked under Charged Appropriation No. 6. . . . .	..
2(b)	Add :— Expenditure relating to 'Charged' Appropriation taken Voted (621) . . . . .	I 62
	Real Excess to be regularised by the Parliament (1)—2(a) +(b). . . . .	<u>9,178</u>

**APPENDIX XXIX**  
**GOVERNMENT OF INDIA**  
**Ministry of Communications**  
**(P&T Board)**

*Note for the Public Accounts Committee for regularisation of excess over the Voted Grant No. '89—Posts and Telegraphs—Working Expenses' as disclosed in the Appropriation Accounts for the year 1972-73.*

The Final Accounts for the year 1972-73 disclose an excess of Rs. 69,62,843 over the Voted Grant No. '89—Posts & Telegraphs—Working Expenses' as detailed below:—

	Rs.
Original Grant . . . . .	2,92,32,73,000
Supplementary Grant . . . . .	2,86,87,000
Total Grant . . . . .	2,95,19,60,000
Actual Expenditure . . . . .	2,95,89,22,843
Excess . . . . .	69,62,843

2. This Grant provides for meeting the Working Expenses of the Posts and Telegraphs Department under Salaries, Travelling Expenses, Contingencies, Pensionary Charges and Other connected Expenses relating to printing of Stamps, Postcards, Stationery and Printing, besides, for meeting expenditure on conveyance of Mails, Depreciation, Contribution towards Capital expenditure and Amenities to staff etc.

3. The Budget provision of Rs. 2,92,32.73 lakhs under this Grant was augmented by obtaining a supplementary grant of Rs. 286.87 lakhs in March 1973 to meet larger payments to (i) Railways as a result of revision of rates retrospective with effect from 1st April, 1971, for the haulage of postal and Non-Postal Vans and for carrying mails and Parcels under weighment system and (ii) Airmail Carriers on account of ad-hoc interim increase sanctioned retrospectively with effect from 1st March, 1970 in the rates of remuneration payable to the Indian Airlines and other Air Carriers for the Conveyance of Mails of Indian Origin over routes within India as



well as to Nepal and Bangladesh. The additional grant voted by Parliament was utilised for the purpose for which it was sought for. However, the actual expenditure, mainly under 'Contingencies', exceeded the provision made by 2.27 crores, and taking into account counter-balancing savings under various other items of expenditure, resulted in a net excess of 0.70 crores under the Grant.

4. The increase in expenditure under 'Contingencies' was mainly due to the fact that at the RE 72-73 stage the demand of the Circles was drastically cut as a measure of economy. Against the demand of Rs. 21.76 crores the RE was retained at the original budgetted amount of Rs. 17.39 crores. However in view of the commitments already made the circles did not find it possible to effect savings to this extent. There was also a steep rise in the prices of various articles which made it difficult for the Circles to contain the expenditure within the sanctioned grant. In consequence the actuals for 72-73 came to Rs. 19.66 crores against the RE of Rs. 17.39 crores.

5. The position of funds as provided for under the above mentioned item at various stages and the actual expenditure under the same along with other counter-balancing factors rendering the excess expenditure over the sanctioned grant is indicated below:

Heads	Original Grant 72-73	(Figures in lakhs of Rs.)		Excess/Saving (3 & 4)
		Sectioned Grant (Inclusive of supply Grant) 72-73	Actuals	
1	2	3	4	5
Contingencies . . . . .	17,39	17,39	19,66	(+)2,27
Maintenance of Assets. . . . .	12,00	12,00	12,78	(+)78
Petty Works . . . . .	5,00	5,00	4,46	(-)54
Stationery & Printing . . . . .	4,68	4,83	4,17	(-)66
Other items (inclusive of salary of staff) . . . . .	2,53,31	2,55,98	2,54,83	(-)1,15
<b>Total . . . . .</b>	<b>2,92,33</b>	<b>2,95,20</b>	<b>2,95,90</b>	<b>(+)70</b>

6. The net excess of Re. 69,62,843 over the sanctioned Grant may kindly be recommended for regularisation by parliament under Article 115 of the Constitution.

The Note has been vitted by Audit.

## APPENDIX XXX

### I. Recommendations/Observations that have been accepted by Government

#### Recommendation

"The aggregate amount of excesses recorded under various voted grants and charged appropriations ranged from Rs. 3.78 crores to Rs. 55.76 crores during the period 1965-66 to 1970-71. In paragraph 1.3 of the 49th Report (Fifth Lok Sabha) the Committee had expressed their concern over the extent of deterioration in the position during the year 1970-71. The position has now become really alarming inasmuch as the amount of excesses that occurred during 1971-72 was as high as Rs. 223.81 crores. The Committee have thus reasons to believe that something is basically wrong with the system of estimation of expenditure. Year after year Parliament is being presented with a *fait accompli* which to say the least is highly undesirable. The situation needs to be remedied without further loss of time. The Committee find that in response to their observations, a Task Force consisting of an officer each from the Department of Expenditure, Department of Economic Affairs (Budget Division) and the Office of the Comptroller and Auditor General of India, has been constituted to have a detailed analysis made of the effectiveness of the various procedures for expenditure control *vis-a-vis* the functioning of the system of internal financial control and to suggest to Government remedial measures to improve the budgetary system. The Committee desire that the matter should be examined expeditiously and remedial measures taken/proposed to be taken intimated to them. The Committee further desire that there should be an inbuilt system which would serve as a self-regulatory apparatus in the various Ministries to analyse the reasons for the excesses as and when they occur and take timely remedial measures to obviate them."

[S. No. 1 (Para 1.16) of Appendix XXVIII to 96th Report  
P.A.C. (Fifth Lok Sabha)].

#### Action taken

The Task Force which had been constituted for investigating the excesses etc. in their report have *inter alia* observed that the existing procedure for control over expenditure is adequate and if this

is allowed properly by the Ministries|Departments, the expenditure would closely approximate to the sanctioned grant. They added that there are, however, certain cases where the existing procedure did not help the controlling officers to restrict the expenditure to the sanctioned grant. They have accordingly suggested certain procedural changes in so far as those particular grants are concerned. The various changes suggested are:—

- (i) The system of grants-in-aid to States for expenditure on maintenance and construction of National Highways may be tried by the Ministry of Shipping and Transport in consultation with their Associated Finance and the C. & A.G.
- (ii) As regards the grants relating to Union Territories which contain several group heads the expenditure on which is incurred by the Ministries|Departments who are administratively concerned with such expenditure, the decentralisation of the grant from the point of view of budgeting, accounting and the constitutional obligation, if any, may be examined. If this is not feasible, the Ministries which are responsible for incurring expenditure on the group heads in the grant should be made responsible for regulating the expenditure with reference to the sanctioned allotment.
- (iii) In the case of works expenditure where the excesses are largely due to lack of control in suspense of stores transactions, the system of net budgeting (the difference between the total debits and total credits on account of transaction of stores) which is followed in the Posts and Telegraphs may be tried by the Ministry of Works & Housing in consultation with their Associated Finance and the C. & A. G.
- (iv) In the case of provision for interest charges, the interest for a financial year may be calculated and credited on the basis of balance during a 12 months period different from the financial year, say, July to June.

2. The above suggestions of the Task Force are being examined and appropriate action will be taken in consultation with the Comptroller and Auditor General wherever necessary.

[Ministry of Finance (Deptt. of Expenditure O.M. No. 12(2)—E (coord)]74, dt. 4-3-74].

### Recommendation

In terms of paragraph 3.9 of the 31st Report (Fourth Lok Sabha) of the Committee, the notes on excesses duly vetted by Audit should be furnished to the Committee immediately after the presentation of the Appropriation Accounts to Parliament or by 10th April whichever is later. Accordingly, the notes explaining the excesses disclosed in the Appropriation Accounts for the year 1971-72 were due on 10th April, 1973 from the Ministries of Railways, Defence and Communications and on 18th April, 1973 from the other Ministries. However, it is regrettable that none of the notes was sent upto 5th May, 1973. As many as 11 out of 34 notes were delayed for a period of over 3 months. The note in relation to Grant No. 126—"Capital outlay in Union Territories and Tribal Areas" was sent as late as on 8th August, 1973, with the result that this Report could not be finalised by the Committee earlier to ensure regularisation of the excesses without delay. Such serious delays as have occurred despite instructions from the Ministry of Finance in May, 1972, in pursuance of an earlier recommendation of the Committee *vide* para 2.2 of the 29th Report, (1971-72) (Fifth Lok Sabha) cannot but be deprecated. The Committee would like the Ministry of Finance to take urgent steps to ensure prompt and timely submission of the notes on excesses to the Committee in future.

[S. No. 2 (Para 2.2) of Appendix XXVIII to Report of the P.A.C.  
(5th Lok Sabha)]

### Action Taken

A proposal in this regard is contained in the enclosed Note.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(47)-  
B/73, dated 9-1-74]

No. F.5(8)-B/72

Government of India

Ministry of Finance

(Department of Economic Affairs)

New Delhi, the 1st January, 1974.

### NOTE

**Subject:** Regularisation of the Excesses over Voted Grants and Charged Appropriations under Article 115 of the Constitution.

According to the procedure for preparation and submission of Notes to the Public Accounts Committee for regularisation of excesses over 'Voted' Grants/ 'Charged' appropriations applicable from the excesses for 1967-68 and thereafter, the Notes, duly vetted by Audit, have to be submitted to the Public Accounts Committee immediately after the presentation of the appropriation Accounts before Parliament or 10th April, whichever is later. While approaching the Public Accounts Committee for approving the above procedure *vide* this Ministry's No. F.5(20)-B/68 dated the 6th October 1968, it was mentioned that if it was not found possible to adhere to the above time schedule, a further submission would be made to the Public Accounts Committee for revising the same.

2. Experience has shown that despite best efforts, it has not been possible to adhere to the due date for submission of Notes to the Public Accounts Committee. The Committee had commented on this delay in paragraph 2.2 of their Twenty-ninth Report (Fifth Lok Sabha). The matter was considered in July, 1972 and it was proposed to Audit that in view of the delay at various stages, the Public Accounts Committee might be approached to extend the date of submission of Notes. The audit, while agreeing that the date needed to be extended, stated that as they were trying to expedite the closing of accounts, the proposal might be deferred for the time being.

3. The delay in submission of the Notes for regularisation of excesses disclosed in the Appropriation Accounts for 1971-72 was commented upon by the Public Accounts Committee in their Ninety-sixth Report (Fifth Lok Sabha). The matter has again been examined in consultation with Audit who have agreed that till such time as the treasuries are able to render accounts in time, the date for submission of the Notes for regularisation of excesses in a year may be extended to 31st May of the second following year. It is proposed to lay down the following revised time schedule for being observed in future:—

- (i) As soon as the Appropriation Accounts are finalised by Audit, they will inform the Ministries concerned of the cases in which excesses have occurred, under intimation to the Budget Division of the Ministry of Finance. It is expected that this will be done by the middle of February. However, in order to enable the Ministries to initiate timely action in the matter, a preliminary list of excesses will also be sent by Audit to the Ministries concerned at the time when the Appropriation Accounts are sent to the Press for the first proof.

- (ii) The concerned Ministries will be required to take effective steps to ensure that the Notes for submission to the Committee are furnished to the Budget Division latest by the middle of April.
- (iii) The Notes will be examined in the Budget Division, as and when received, and will be forwarded to Audit for vetting within 15 days of their receipt. However, in those cases where the draft Notes disclose erroneous adjustments or misclassification and there is disagreement between the Ministry and the Audit in regard thereto, longer time would be required for the final scrutiny of the notes.
- (iv) Audit will return the Notes, duly vetted, within a fortnight of their receipt, to the concerned Ministries direct, under intimation to the Budget Division, after which the Ministries will be required to take necessary action to submit the finalised Notes to the Committee immediately.
- (v) The whole process will be completed and the Notes submitted to the Public Accounts Committee by 31st May or immediately after the presentation of the Appropriation Accounts to Parliament whichever is later.
- (vi) After the Committee have examined the Notes submitted by the Ministries and presented their Reports on the Excesses relating to Civil, Defence and Posts and Telegraphs Grants Appropriations, the Demands for Excess Grants will be presented by the Ministry of Finance in the next following session of Parliament. Similar action will, it is hoped, be taken by the Ministry of Railways also.
- (vii) The Ministries will be required to reconcile their departmental figures of expenditure with those booked in the Accounts Offices throughout the year so that all discrepancies are recognised in time, in turn making it possible for them to furnish the Notes explaining the Excesses by the date indicated in (ii) above.

4. If the above time schedule is approved by the Public Accounts Committee, every effort will be made to implement it with effect from the Excesses relating to 1972-73. If, however, the proposed

time schedule needs a revision in the light of any subsequent developments, a further submission will be made to the Committee for revising it.

5. This has been seen by Audit.

(B. MAITHREYAN)

Joint Secretary to the Government of India.

### Recommendation

A sum of Rs. 300.34 lakhs was adjusted under the head "B-14-Net Loss by Exchange on Remittance Transactions" without any Budget provision. The explanation that no provision was made as no trend was discernible from the actuals of the previous years is not satisfactory. The Committee, however, find that a revised procedure of adjustments of such losses which will facilitate better budgeting is proposed to be introduced with effect from 1974-75. They would await action taken in this regard. The Committee further desire that the reason for the loss by exchange should be gone into and reported to them within three months.

[S. Nos. 3 & 4 (Paras 2.7 & 2.8) of Appendix XXVIII to 96th Report of PAC (5th Lok Sabha)]

### Action Taken

The net loss by exchange mainly represents the difference between the actual rupees spent on acquiring foreign exchange and the rupee equivalent at I.M.F. rates or average rates at which the expenditure incurred abroad is adjusted under the various service heads—Railways, P.&T., Defence and other Governments. In view of the floating of currencies the difference between the market rate and the I.M.F. rate was widely fluctuating since 1971-72 and as the former is higher the difference which is adjusted as loss is also correspondingly large. The net loss adjusted in 1969-70 was only Rs. 32.95 lakhs and in 1970-71 Rs. 16 lakhs only. Precise estimation of this difference for purposes of making provision in lump under one Grant is difficult not only because of the wide fluctuations but also as the estimates for expenditure in foreign exchange are spread over numerous Grants of other Ministries. The existing procedure is also defective in that the expenditure actually adjusted under other Grants is understated to the extent of the net loss by exchange.

The Revised procedure to be introduced from 1974-75 will remove these anomalies. Under this procedure the provision made for ex-

penditure in foreign exchange in the various Grants will be made at a more realistic rate to take care of the market rates from time to time. Budgetary control will also be facilitated as the various Ministries who actually incur expenditure in foreign exchange will ensure that the budget provision made in their Grants is adequate to cover the expenditure including the element of loss by exchange. A copy of instructions issued in regard to the revised procedure will be furnished to the Committee in due course.

Even in the current year certain steps have been taken to correct to some extent the wide disparity between the prevailing market rate and the rate at which transactions are actually brought to account under the various Grants. For instance, even though the average market rate for pound sterling has been Rs. 18.89 per pound ever since 1972 the conventional rate at which the transactions are adjusted in accounts in terms of Account code continued to be Rs. 18 per pound (which is L.M.F. rate). This conventional rate has been revised with effect from 1-11-1973 to Rs. 18.9 per pound for accounting purposes.

[Ministry of Finance (Department of Economic Affairs) O.M.  
No. 8(47)—B/73, dt. 3-12-1973]

#### **Recommendation**

An excess expenditure of Rs. 1.66 crores was incurred under the head "A. 6-Material and Equipment under USAID Programme". A part of this excess (Rs. 76.03 lakhs) was due to import of DDT under USAID loan agreement and from USSR through the State Trading Corporation which was not provided for in the Budget. The circumstances under which this expenditure could not be anticipated may be reported to the Committee. Further, the Committee desire that there should be effective coordination with the importing agencies.

[S. No. 5 Para 2.12 of Appendix XXVIII of 96th Report of the Public Accounts Committee (1973-74-Fifth Lok Sabha)]

#### **Action Taken**

The excess expenditure of Rs. 76.03 lakhs under the head "A. 6-Material and equipment under USAID Programme" was due to the import of D.D.T. 75 per cent w.d.p. from U.S.S.R. through the State Trading Corporation of India in the later part of the year 1971-72 for timely spray in the beginning of the year 1972-73.

Insecticides are procured in advance and supplied to States for timely spray and for this purpose, advance action was initiated dur-



ing 1971-72. Accordingly, an order was placed on State Trading Corporation of India in the first week of September, 1971 for the import of 6000 M. tons DDT 75 per cent w.d.p. from U.S.S.R. at a rate of Rs. 3,260 per M. ton c.i.f. Bombay with the stipulation that the delivery schedule should commence from 1-4-1972 and end by the 30-4-72. This delivery schedule was proposed since no specific budget provision existed in the B.E. for 1971-72 to meet any expenditure on this import. The proposed delivery period was not acceptable to the USSR suppliers as they apprehended difficulties in adhering thereto. Since the offer of USSR for the supply of DDT 75 per cent w.d.p. at the rate of Rs. 3,260 per M. ton was expiring and keeping in view that the additional expenditure involved will be met from the anticipated savings or by re-appropriation the STC was advised to import half of the total quantity of DDT before 1-4-72 and the remaining half after 1-4-72 so as to complete the entire supply by 25-4-72. This revised delivery schedule resulted in the saving of about Rs. 14 lakhs as the revised rate of USSR was Rs. 3,350 per M. ton.

It was anticipated that the expenditure to meet the cost of 2000 M. tons DDT 75 per cent w.d.p. would be met from the savings expected in Grant No. 125 at that time. The cost of 1000M. tons DDT 75 per cent w.d.p. was, however, provided in the R.E. for 1971-72. In view of the fact that saving was expected to be available within the Grant No. 125 Capital outlay of the Ministry of Health and Family Planning to meet the additional requirements of funds, it was not considered necessary to obtain the Supplementary Grant or advance from the Contingency Fund.

The observation of the Committee regarding effective coordination with the importing agencies has been noted for compliance.

The note has been seen and vetted by the Audit.

[Ministry of Health and Family Planning (Department of Health)  
O.M. No. G. 25015/5/73-CRCD, dt. 26-6-74]

#### Recommendation

This Committee would like to know the basis for the settlement of price of DDT under the USAID loan agreement and whether it was competitive.

[S. No. 6 (Para 2.13) of Appendix XXVIII of the 96th Report of the Public Accounts Committee (1973-73—Fifth Lok Sabha)]

**Action Taken**

In terms of the Implementation letter issued by the USAID authorities under the USAID non-project loan Agreement, procurement of DDT was to be made from the U.S. Public Health Service under the PA/PR procedure. Under this procedure, the financing request is made to the AID authorities, giving necessary details; and after this is approved by the AID, a procurement authorisation/purchase requisition is issued by them to the U.S. Public Health Service/National Communicable Disease Centre, who in turn arrange to supply the requirement. Since the procurement is through the U.S. Governmental agency, the competitiveness of the prices is ensured in terms of the AID Regulations. A copy of the Implementation letter is enclosed.

This note has been seen and vetted by the Audit.

[Ministry of Health and Family Planning (Department of Health)

O.M. No. G.25015/5/73, CRCD, dt. 26-6-74]

ATTACHMENT C

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

UTILISATION OF EXCESS STOCKPILE MATERIALS IN  
FOREIGN AID PROGRAMMES GUIDELINES

A. DIRECT PROCUREMENT

Where AID-financed procurement programmes authorise materials that are available from the stockpile in the form required such material must be directed directly from GSA. Procurement under these conditions will be authorised by means of PA/PR's issued in favour of GSA by AID/W to cover the cost of the stockpile material, ocean transportation and any other accessorial charges. These PA/PR's are initiated through the submission of Financing Requests (FR) by the Borrower to the AID Mission in New Delhi or to AID Washington. The PA/PR's are charged against the loan.

Basic materials for which procurement from the stockpile is currently in effect are itemized in the Commodity procurement Instruction (CPI) for the applicable loan along with the quantities established by GSA as the minimums that will be shipped directly from the stockpiles. Where orders of individual importers are less than a prescribed minimum, it is expected that orders will be pooled to meet that minimum quantity.

## B. INDIRECT PROCUREMENT

Where AID-financed procurement programmes authorize products that utilize available stockpile materials in their manufacture, procedures have been developed whereby suppliers are required to purchase through GSA certain amounts of such raw materials from the stockpile.

Compliance is enforced by the Defence Materials Service of GSA which acts upon advise that it receives as to the nature and size of the transaction involved and the name of the supplier. The sole responsibility of the buyer is to inform his supplier of the provisions requiring the purchase of stockpile materials at the time that invitations to bid are issued and/or when placing orders.

When procurement is financed under the Letter of Commitment procedures each Letter of Credit must include appropriate prescribed requirements on the purchase of raw materials from stockpile. A copy of the Letter of Credit established in the name of the supplier is sent by the U.S. bank holding the letter of Commitment to GSA. The Defence Materials Service of GSA then negotiates with the supplier to purchase the stockpile material.

When the purchase is AID financed but is on a reimbursable basis, the importer must advise his supplier of the sales conditions to purchase and inform USAID who his supplier is as soon as the purchase contract is made. This information is immediately forwarded by the USAID to AID/W, and is then transmitted promptly to GSA. The Defence Materials Service of GSA then negotiates with the supplier to purchase the stockpile materials.

### Recommendation

An excess of Rs. 8.73 lakhs occurred under the head "C.3—Public Health" against the budget provision of Rs. 9.42 lakhs. It is indeed surprising that this was due to a confusion about the head of account to which expenditure on the establishment of Executive Engineer, Public Health Engineering and Emergency Water Supply Scheme was to be booked, which could not be sorted out during the year. The Committee trust that such doubts will be resolved promptly in future and effective budgetary control ensured.

[S. No. 7(Para 2.17) of Appendix XXVIII to 96th Report of P.A.C. (Fifth Lok Sabha)].

### Action taken

The observations made by the Committee have been brought to notice of the Government of Mizoram for future guidance and strict compliance.

Ministry of Home Affairs, Letter No. U-15030/2/73-Plg., dated the 29th January, 1974 (copy enclosed).

[Ministry of Home Affairs O.M. No. U-15030/2/73-Plg., dated 25-3-1974].

Copy of letter No. U. 15030/2/73-Plg. dated the 29th January, 1974 from the Government of India, Ministry of Home Affairs addressed to the Chief Secretary, Government of Mizoram, Aijal.

**SUBJECT:** Recommendation contained in the 96th report of the PAC (Fifth Lok Sabha) on Excess over voted Grants/charged Appropriation for the year 1971-72.

I am directed to say that the Public Accounts Committee (Fifth Lok Sabha) have made the following observations in respect of excess expenditure over voted Grants under Demand No. "51.A-Mizoram" during 1971-72.

"Para 2.17"

"An excess of Rs. 8.73 lakhs occurred under the head "C.3-Public Health" against the budget provision of Rs. 9.42 lakhs. It is indeed surprising that this was due to a confusion about the head of account to which expenditure on the establishment of Executive Engineer, Public Health Engineering and Emergency Water Supply Scheme was to be booked, which could not be sorted out during the year. The Committee trust that such doubts will be resolved promptly in future and effective budgetary control ensured".

2. It is requested that the observations quoted above may please be brought to the notice of all concerned for future guidance and strict compliance. Action taken by the U.T. Government may also be intimated to this Ministry urgently.

#### **Recommendation**

The Committee are concerned to find that the final grant under the group-head "C-Relief and Resettlement of evacuees from Bangladesh" was exceeded by Rs. 46.45 crores. This was partly due to adjustment of foreign-aid gift articles of the value of Rs. 16.95 crores which had to be routed through the Central Government accounts and due to the post-budget decision to treat tents and tarpaulins of the value of Rs. 6.68 crores which were supplied to the State Governments as property of the Government of India and adjust the cost thereof as direct expenditure. The Committee would very much like to know why the effect of these could not be anticipated at least at the time of preparation of the revised estimate and adequate funds provided for in the Supplementary Budget. They hope that in future

revised estimates will be prepared with care so that there may not be any appreciable excess over voted grants.

The Committee would also like to know whether any case of corrupt practice or pilferage or wasteful expenditure has come to notice in the above transaction and if so, the action taken against the delinquent officials.

[S. Nos. 9 and 10 (Paras 2.24 & 2.25) of Appendix XXXVIII to 96th Report of P.A.C. (Fifth Lok Sabha)].

#### **Action taken**

The final grant under the group head was exceeded by Rs. 46.45 crores partly due to the following reasons.

- (i) Adjustment of Foreign-Aid gift articles of the value of Rs. 16.95 crores which had to be routed through the Central Government Accounts and
- (ii) Due to post budget decision to treat tents and tarpaulins of the value of Rs. 6.68 crores which was supplied to the State Governments as property of the Government of India and to adjust the cost thereof as direct expenditure.

2. The reasons why the effect of the above transactions could not be anticipated at least at the time of preparation of the revised estimates and adequate fund provided for in the Supplementary Budget are briefly explained as follows:—

- (i) It took time for the Government to collect necessary data and to arrive at the exact amount of the foreign-aid transferred to the State Governments from the Central Stocks or directly received by the State Governments from the foreign agencies. Only part of the information was available by the month of March, 1972 by which time the revised estimates etc. had already been finalised. The donor agencies like UNICEF etc. kept on giving us information regarding the valuation and amount of foreign-aid materials given by them direct to certain States or Government of India or to the camps upto the month of April, 1973. The effect of the foreign-aid transferred to the State Governments could not therefore, be anticipated at the time of preparation of revised estimates.
- (ii) The question whether Rs. 6.68 crores being the value of tents and tarpaulins supplied to the State Governments should be treated as direct expenditure or it should be treated as grants-in-aid to States also took much time to

decide in consultation with the Ministry of Finance (Deptt. of Economic Affairs). The decision that the tents and tarpaulins should remain the property of the Government of India and cost thereof treated as direct expenditure of the Government of India was arrived at on 30th March, 1972.

3. In view of the circumstances explained above, the effect of the above two transactions could not be anticipated before the close of 1971-72. However, the recommendations of the P.A.C. have been noted for strict compliance so as to avoid recurrence of such cases in future.

4. So far, no specific case of corrupt practice or pilferage or wasteful expenditure has come to notice in these transactions.

[Ministry of Supply and Rehabilitation (Deptt. of Rehabilitation)  
O.M. No. 12/11/73-FA&BD, dated 4-3-1974].

#### **Recommendation**

The original provision of Rs. 813.76 crores under Grant No. "2-Defence Services, Effective—Army" was augmented by obtaining a supplementary grant of Rs. 145.04 crores which proved to be inadequate. There was an excess of Rs. 84.95 crores under the Grant. The Committee were informed that the excess occurred mainly because of the uncertain conditions created by the emergency leading to Indo-Pak conflict and the aftermath thereof. They, however, feel that the excesses of this magnitude, which was about 59 per cent of the supplementary grant obtained, should not be taken lightly. While the Committee concede that it was somewhat difficult to correctly anticipate the total requirements during such a year, there should not have been such a wide gap between the actual additional requirement and the supplementary grant obtained towards the end of the year. They desire that the budgetary procedures should be rationalised in a manner that will facilitate closer estimation of the additional requirements, even during an emergency.

Sub-Head 'C'—"Air Force" has recorded an excess of Rs. 487 lakhs. Major portion of this excess (Rs. 47 lakhs) occurred under works. This excess has been explained as due to inescapable expenditure on urgent operational works necessitated by the Indo-Pak conflict. No additional funds had, however, been provided for at the Revised Estimate stage. On the contrary, a sum of Rs. 48 lakhs had been surrendered. This indicates defective budgeting. The Committee are informed that it was not possible to fully assess and provide for the

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additional requirement on this account due to very late issue of regularisation sanctions in a majority of cases because of the local Commander's anxiety to give precedence to completion of operational urgent works over procedural requirements, which, except in very special circumstances, appears to the Committee to be unwarranted. They desire that there should be effective coordination between the Field units and the Headquarters so that the extra commitments could be quantified as precisely as possible before the close of the financial year. They further desire that the issue of financial sanctions should be expedited in order to secure effective financial control.

Sub-Head 'D'—"Manufacturing and Research Establishments" has also recorded an excess of Rs. 713 lakhs. Here again, no supplementary grant was obtained but a sum of Rs. 161 lakhs was surrendered.

The excess largely occurred under "Plant and Machinery" (Rs. 691 lakhs). The excess under this head has been explained as partly due to excess materialisation of normal renewal replacement, new capital and rehabilitation programme due to all round efforts to accelerate supplies in the wake of emergency. Further, adjustment of expenditure relating to previous years on certain stores and projects accounted for an excess of Rs. 154 lakhs. This, in the opinion of the Committee, could have been anticipated. They, therefore, suggest that the Ministry should effectively tighten up their budgetary procedures so as to assess the additional requirements in time and cover them by obtaining supplementary allotments to keep the excesses to the minimum.

[S. Nos. 15, 16 and 17 (Paras 2.42, 2.47 and 2.48) of Appendix XXVIII to 96th Report of P.A.C. (Fifth Lok Sabha)].

#### Action taken

The observations of the Committee are noted.

2. Instructions have been issued *vide* Ministry of Defence U.O. No. 11(23)-73/D(Budget), dated 5th March, 1974 (copy attached) emphasising the need for exercising more careful supervision over expenditure.

3. With a view to rationalising the modalities of budgetary procedures and control in a manner that will facilitate closer estimation of the additional requirements as desired by the Committee, causes for the excesses are being investigated in detail for the purpose of ensuring better financial discipline in future.

Director of Audit, Defence Services has seen.

[Ministry of Defence O.M. No. 11(23)-73/D (Budget), dated  
11-4-1974].

## MINISTRY OF DEFENCE

### D (BUDGET)

**SUBJECT:—96th Report of the PAC (Fifth Lok Sabha) on excess over Voted Grants/Charged Appropriations for the year 1971-72.**

Observations of the Public Accounts Committee, during the examination of the Appropriation Accounts of the Defence Services for the year 1971-72, on Grants No. 2 relating to Army and No. 111 relating to Defence Capital Outlay are reproduced in the enclosed annexure.

2. While it is agreed that the excesses could be directly attributed to a large extent to the uncertain conditions prevailing during 1971-72, which ultimately culminated into Indo-Pak conflict on December, 1971, and the after effects thereof, yet there had been a wide gap between the actual additional requirements of the funds and the supplementary grants obtained from Parliament towards the end of the year. The PAC while conceding that it was somewhat difficult to correctly anticipate the total requirement of funds during the prevailing situation, have stated that there should not have been such a wide gap between the actual additional requirements and the supplementary grant obtained towards the end of the year, as it adversely reflects on the budgetary system and financial control. The Committee have, therefore, desired that the budgetary procedures should be rationalised in a manner that will facilitate closer estimation of the additional requirements even during an emergency. For achieving this objective it is emphasised that this will be possible only if effective coordination between the Field Units and Headquarters is maintained so that the extra commitments are quantified as precisely as possible before the close of the financial year.

3. The budgetary procedure as outlined in Chapter V of the Financial Regulations Part I if fully exhaustive, in accordance with which the ultimate responsibility for watching the progress of expenditure and seeing that the expenditure does not exceed the corresponding budget allotment, lies directly with the administrative authorities concerned at Service Headquarters and the Ministry of Defence. The fundamental rules on which the whole system of budgetary control rests is that no item of Public expenditure may be incurred unless provision exists to meet it within the sanctioned



budget estimates of the year concerned and also that prior sanction of the Government is applied for whenever, in exceptional circumstances, expenditure which cannot be met from the sanctioned grant, has to be incurred. It is, however, noticed that in spite of these standing instructions on the subject, there have been heavy excesses of expenditure in the years 1971-72 and 1972-73. It, therefore, follows that either the above-mentioned instructions are not rigidly followed or there are some lacunae in the existing procedures which require streamlining for ensuring effective checks to avoid excesses over the budget provision voted by the Parliament.

4. In view of the foregoing, it is requested that all Joint Secretaries may kindly examine the causes of the excesses which occurred in the year 1971-72 and 1972-73 in consultation with the Principal Staff Officers/Directors at the Service Headquarters responsible for the control of expenditure and furnish a detailed report for the information of Defence Secretary and PAC with a view to rationalising the modalities of budgetary procedures and control in a manner that will facilitate closer estimation of the additional requirements even during an emergency and result in better financial discipline. In particular, it may kindly be checked up as to what the existing mechanism in the Service Headquarters is to watch the trend of expenditure in relation to the budgetary allocations and what steps are taken to regulate the expenditure accordingly. It appears there is considerable laxity in this regard; otherwise, there is no reason why, for example, the entire budgetary allocation for the Air Force Revenue works should have been exceeded in the first half of the year 1973-74. Meanwhile, it may kindly be impressed upon all concerned to exercise more careful supervision over progress of expenditure to ensure that—

- (a) sanctions for additional expenditure, where called for, are obtained and provided for in time;
- (b) the requirements of inescapable operational works necessitated by the circumstances are projected to the higher authorities; and
- (c) there is proper coordination between the various authorities so that correct estimation is available in time even during emergency.

They may also please be advised to take immediate and effective steps to ensure that the expenditure during the year 1973-74 conforms strictly to the budgetary allocations.

Sd/-

(B. L. JAIN),  
Joint Secretary (P&C)

All Joint Secretaries in the Ministry of Defence (including the Deptt. of Defence Production & Defence Supplies).

M. of D. u.o. No. 11(23)/73/D(Budget), dated 5-3-1974.

Copy to: DS(Sys).

Army HQrs. (QI Branches)

Naval HQrs/Air Headquarters (Dte. of F.P./B&C)

R.C.P.O./D(PA)/DGOFF Calcutta/DGNP Vizag etc.

DFA(B)/CGDA

Copy also to:—All Sections in the Ministry of Defence and Department of Defence Production and Defence Supplies.

### ANNEXURE

[Extracts from the Summary of Main Conclusions|Recommendations—Ninety-sixth Report of the Public Accounts Committee 1973-74 (Fifth Lok Sabha)].

#### Grant No. 2—Defence Services, Effective—Army

2.42. The original provision of Rs. 813.76 crores under Grant No. “2—Defence Services, Effective—Army” was augmented by obtaining a supplementary grant of Rs. 145.04 crores which proved to be inadequate. There was an excess of Rs. 84.95 crores under the Grant. The Committee were informed that the excess occurred mainly because of the uncertain conditions created by the emergency leading to Indo-Pak conflict and the aftermath thereof. They, however, feel that the excesses of this magnitude which was about 59 per cent of the supplementary grant obtained should not be taken lightly. While the Committee concede that it was somewhat difficult to correctly anticipate the total requirements during such a year, there should not have been such a wide gap between the actual additional requirements and the supplementary grant obtained towards the end of the year. They desire that the budgetary procedures should be rationalised in a manner that will facilitate closer estimation of the additional requirements even during an emergency.

#### Grant No. 111—Defence Capital Outlay.

2.47. Sub-Head ‘C’—“Air Force” has recorded an excess of Rs. 487 lakhs. Major portion of this excess (Rs. 427 lakhs) occurred under “works”. This excess has been explained as due to inescapable expenditure on urgent operational works necessitated by the Indo-Pak conflict. No additional funds had, however, been provided for at the revised estimate stage. On the contrary a sum of Rs. 48 lakhs had been surrendered. This indicates defective budgeting. The Com-

mittee are informed that it was not possible to fully assess and provide for the additional requirement on this account due to very late issue of regularisation sanctions in a majority of cases because of the local Commander's anxiety to give precedence to completion of operational/urgent works over procedural requirements, which except in very special circumstances appears to the Committee to be unwarranted. They desire that there should be effective coordination between the Field units and the Headquarters so that the extra commitments could be quantified as precisely as possible before the financial year. They further desire that the issue of financial sanctions should be expedited in order to secure effective financial control.

2.48. Sub-Head 'D'—"Manufacturing and Research Establishments" has also recorded an excess of Rs. 713 lakhs. Here again no surrendered. The excess largely occurred under "Plant & Machinery". (Rs. 691 lakhs). The excess under this head has been explained as partly due to excess materialisation of normal renewal replacement, new capital and rehabilitation programme due to all round efforts to accelerate supplies in the wake of emergency. Further, adjustment of expenditure relating to previous years on certain stores and projects accounted for an excess of Rs. 154 lakhs. This, in the opinion of the Committee could have been anticipated. They, therefore, suggest that the Ministry should effectively tighten up their budgetary procedures so as to assess the additional requirements in time and cover them by obtaining supplementary allotments to keep the excesses to the minimum.

### **Recommendation**

The Appropriation Accounts (Railways) for the year 1971-72 disclosed excesses over nine Voted Grants and one Charged Appropriation and the excesses suggested Rs. 46.15 crores which was the highest figure during the recent years. The aggregate amount of excesses ranged from Rs. 0.11 crores to Rs. 2.35 crores during 1967-68 to 1970-71. The Committee desire that the reasons for the sudden deterioration in the position during the year 1971-72 should be investigated so as to take appropriate action to keep the excesses to the minimum in future.

During the year 1971-72, Excess occurred mainly under the Grant "15.—Open Line Works—Capital—Depreciation Reserve Fund and Development Fund" (Rs. 29.37 crores). The Supplementary Grants obtained in December, 1971 and March 1972 totalling Rs. 18.26 crores proved to be inadequate and these worked out to only about 38 per

cent to the additional requirement. The Committee are unhappy to note that certain Railways and Production Units have grossly underestimated their requirements. The Committee desire that the system of estimation of expenditure on Railways should be improved.

[S. Nos. 18 and 19 para§ 2.53 and 2.54 of Appendix XXVIII of the 96th Report of the P.A.C. (5th Lok Sabha)].

#### Action taken

A detailed note on the excesses over the voted Grants and charged Appropriation during the year 1971-72, bringing out the main reasons for the excesses and also the steps taken to avoid much excesses in future, is attached *vide* Annexure I. Further the Railway Board have also intensified the control of expenditure against the sanctioned grants through the introduction of the system of exchequer control.

Instructions have also been issued to the Railways and Production Units bringing to their notice the recommendations of the Committee *vide* Board's letter No. 73-B/4269, dated 13-3-1974, a copy of which is enclosed *vide* Annexure II.

This has been seen by Audit.

[Ministry of Railways (Railway Board's) O.M. No. 73-BC-PAC/V/96, dated 18-4-1974].

#### ANNEXURE I

1. During the year 1971-72 excesses over the sanctioned grants/appropriations occurred under 9 voted grants and one charged appropriation. These excesses amounted to Rs. 46.15 crores.

2. This excess was mainly shared by three grants, *viz.*, Grant No. 5—Revenue Working expenses—Repairs & Maintenance—(Rs. 5.61 crores), Grant No. 15—Open Line Works—Capital, Depreciation—Reserve Fund and Development Fund—(Rs. 29.37 crores) and Grant No. 18—Appropriation to Development Fund (Rs. 8.76 crores). The excess under Grant No. 15 was mainly contributed by Stores Suspense (Rs. 17.15 crores) and Workshop Manufacture Suspense (Rs. 7.50 crores).

3. The unusual conditions that prevailed during the year 1971-72 were the main contributory cause of failure to anticipate heavy excesses in inventory holdings etc. Briefly stated, these were:—

- (a) During the year a certain amount of stock-piling had to be done to meet the transportation requirements of 10

million refugees from Bangladesh, as also in view of the Indo-Pak. hostilities.

- (b) The impact of heavy increase in price level during the year could not be fully anticipated.
- (c) Most of the foreign suppliers insisted on 30 per cent advance payment alongwith the order for import of materials instead of 5 per cent as was the practice earlier. Some major Indian suppliers also started insisting upon a similar provision. Because of the general credit squeeze other Indian Firms also started insisting on 95 per cent to 100 per cent advance payments at the time of despatch in keeping with contract with DGS&D.

4. Some of the important steps taken in this regard are as under:—

- (i) Inventory control cells have been set up on the Indian Railways with one of the main objectives as proper anticipation of Budget requirement of Stores. A High level Committee headed by the Deputy Minister for Railways has been set up in January '73 to review the procedures of Stores procurement and other Inventory Control Functions.
- (ii) Railways have been asked to keep closer liaison with the Pay & Accounts Officers to ensure better control over the receipt of debits within the budget availability.
- (iii) In order to ensure compliance with the provisions contained in Indian Railway Code for Mechanical Department, relating to the review of balances under Workshop Manufacture Suspense Accounts etc. instructions have been issued to the Railway (in March '73) that meetings should be held between Works Managers and Workshop Accounts Officers every month and at Junior and Senior Administrative level at the Headquarters, quarterly and half yearly.

5. The Appropriation Accounts for 1972-73 show a better picture, excess over voted grants/charged appropriations being only Rs. 10.21 crores compared to the heavy excess of Rs. 46.21 crores which occurred during 1971-72.

## ANNEXURE II

Copy of Railway Board's letter No. 73-B-4269 dated 13-3-1974 to the General Managers, All Indian Railways, CLW, DLW and ICF.

**SUBJECT:**—96th Report (Fifth Lok Sabha) of the Public Accounts Committee for the year 1971-72.

In their 96th Report for the year 1971-72 in connection with excess over grants, the Public Accounts Committee have recommended the following:—

“The Appropriation Accounts (Railways) for the year 1971-72 disclosed excesses over nine Voted Grants and one charged Appropriation and the excesses aggregated to 46.15 crores which was the highest figure during the recent years. The aggregate amount of excesses ranged from Rs. 0.11 crore to Rs. 2.33 crores during 1967-68 to 1970-71. The Committee desire that the reasons for the sudden deterioration in the position during the year 1971-72 should be investigated so as to take appropriate action to keep the excesses to the minimum in future.

During the year 1971-72, excess occurred mainly under the Grant “15.—Open Line Works—Capital—Depreciation Reserve Fund and Development Fund” (Rs. 29.37 crores). The Supplementary Grants obtained in December, 1971 and March, 1972 totalling Rs. 18.26 crores proved to be inadequate and these worked out to only about 38 per cent of the additional requirement. The Committee are unhappy to note that certain Railways and Production Units have grossly under-estimated their requirements. The Committee desire that the system of estimation of expenditure on Railways should be improved”.

Board feel concerned that despite instructions from time to time, the railways and production units have not controlled the expenditure thereby resulting in excesses over sanctioned grants. On the contrary the excess during the year 1971-72 was the highest in recent years. Board desire that immediate steps should be taken to see that the expenditure on Railways is assessed very carefully after taking all relevant factors into consideration and actual expenditure strictly controlled to be within the sanctioned allotment and that no excesses occur over the provision.

Please acknowledge receipt.

### Recommendation

Subject to the above observations, the Committee recommend that excess referred to in paragraph 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.

[Sr. No. 20 (Para 2.55) of Appendix XXVIII to the 96th Report of P.A.C. (5th Lok Sabha)].

### Action taken

The Demand for Excess Grants for 1971-72 have since been approved by Parliament in December, 1973 and the connected Appropriation Bill received the assent of the President on 25-12-1973.

[Ministry of Finance (Department of Economic Affairs O.M. No. 8(47)-8/73, dt. 9-1-74)].

### Recommendation

“The Committee had in paragraph 3.3 of their 49th Report (5th Lok Sabha) commented on the delays in the receipt of Action Taken Notes and stressed that the Notes should invariably be furnished to them within the stipulated time limit of six months. Despite the fact that in December 1972 the Ministry of Finance have brought these observations to the notice of all Ministries|Departments for strict compliance, delays continue to occur. 23 out of 43 Action taken Notes in respect of recommendations contained in the 49th Report was received after the due date viz., 28th February, 1973. The delay was more than 3 months in 9 cases and 3 Notes were received only in August, 1973 with the result that the finalisation of this Report was delayed. The Committee taken a serious view of the position and desire that immediate steps should be taken to investigate the delays and to streamline the procedure so as to ensure submission of Action Taken Notes within the time-limit prescribed.”

[S. No. 21 (Para 3.3) of Appendix XXVIII to 96th Report of the P. A.C. (5th Lok Sabha)].

### Action Taken

The above observation of the Public Accounts Committee have been brought to the notice of the Ministries|Departments. It was

enjoined upon them that the Internal Final Advisers in the Ministries|Departments should keep a watch on the progress of processing the recommendations contained in the reports of Public Accounts Committee and take remedial measures, wherever necessary, to ensure submission of the 'action taken notes' within the stipulated time-limit of six months. The Ministries|Departments have also been requested to investigate the delays in submission of the 'action taken notes' as suggested by the Committee and to keep their associate Financial Advisers informed through their Internal Financial Advisers, the result of the investigation made and the measures taken to avoid the delays in future *vide* this Ministry's O.M. No. F.12(2)-E(Coord)|74, dated 15-2-1974 (Annexure).

[Min. of Finance (Deptt. of Expenditure) O. M. F. 12(2)-E(Coord)|74, dt. 4-8-1974].

#### ANNEXURE

IMMEDIATE

No. F. 12(2)-E(Coord)/74

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

*New Delhi, the 15th February, 1974.*

#### OFFICE MEMORANDUM

**SUBJECT:**—98th Report of Public Accounts Committee (5th Lok Sabha)—Recommendation No. 21 (Para 3.3).

The undersigned is directed to say that in pursuance of the observations of the Public Accounts Committee contained in para 3.3 of their 49th report (5th Lok Sabha), instructions were issued to all the Ministries|Departments to ensure the submission of the 'action taken notes' on the recommendations of the Public Accounts Committee within the prescribed time-limit of six-months *vide* this Department's Office Memorandum No. F. 12(39)-E(Coord)/72 dated 22nd



December, 1972. The Public Accounts Committee have observed in their 96th report (5th Lok Sabha) that despite the instruction issued by this Department in December, 1972, in 23 out of 43 cases, the 'action taken notes' on the recommendations contained in their 49th report (5th Lok Sabha) were received by them after a delay of more than 3 months. They have taken a serious view of the position and desired that immediate steps should be taken to investigate the delays and to streamline the procedures so as to ensure submission of 'action taken notes' within the time limit prescribed. An extract of the observations of the Committee in this regard is enclosed.

2. In view of the repeated observations of the Public Accounts Committee it is necessary that the Internal Financial Advisers in the Ministries/Departments should keep a watch on the progress of processing the recommendations of the Public Accounts Committee and take remedial measures, wherever necessary, to ensure submission of the 'action taken notes' within the stipulated time-limit of six months.

3. The Ministry of Home Affairs etc., are requested to investigate the delays in submission the 'action taken notes' as suggested by the Committee and to keep their associate Financial Advisers informed through their Internal Financial Advisers, the result of the investigation made and the measures taken to avoid the delays in future.

Sd]-

(Y. L. Rajwade),  
Deputy Secretary to the Govt. of India.

To

All Ministries/Departments of the Government of India.

No. F. 12(2)-E(Coord)|74

Copy forwarded to:

1. All Heads of Divisions in the Deptt. of Expenditure.
2. All D.F.As in the Civil Expenditure.
3. Defence Division (Coord) with 20 spare copies.

4. Planning Branch and Bureau of Public Enterprises.
5. Deptt. of Revenue and Insurance (Coord. Section).
6. Deptt of Economic Affairs (Budget Division).
7. Lok Sabha Sectt. (P.A.C. Branch).
8. Accountant General Central Revenues, New Delhi.

Sd|-

(Y. L. Rajwade).

Deputy Secretary to the Govt., of India.

**Extract of recommendation No. 21 (para 3.3) of the 96th report of Public Accounts Committee (5th Lok Sabha).**

"The Committee had in paragraph 3.3 of their 49th report (5th Lok Sabha) commented on the delays in the receipt of Action Taken Notes and stressed that the Notes should invariably be furnished to them within the stipulated time limit of six month. Despite the fact that in the December, 1972 the Ministry of Finance have brought these observations to the notice of all Ministries/Departments for strict compliance, delays continue to occur. 23 out of 43 Action Taken Notes in respect of recommendations contained in the 49th Report were received after the due date viz., 28th February, 1973. The delay was more than 3 months in 9 cases and 3 Notes were received only in August, 1973 with the result that the finalisation of this Report was delayed. The Committee take a serious view of the position and desire that immediate steps should be taken to investigate the delays and streamline the procedures so as to ensure submission of Action Taken Notes within the time limit prescribed."

**II. Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government.**

NIL

**III. Recommendations/observations replies to which have not been accepted by Committee and which requires reiteration.**

NIL

**IV. Recommendation/observations in respect of which Government have furnished interim replies.**

**Recommendation**

The Committee are somewhat concerned to find mis-classification of expenditure of the order of Rs. 70.26 lakhs under 'J. 2 (6)-suspense' and insufficient provision of funds to the extent of Rs. 12 lakhs for adjustment of establishment charges through oversight under 'N. 2-Procurement of Food-stuffs and other commodities'. The Committee desire that the responsibility for the lapse will be fixed and suitable action taken against the official concerned.

[S. No. 8 (Para 2.20) of Appendix XXVIII of the 96th Report (5th Lok Sabha)].

**Action Taken**

Under sub-head 'J.2(6)-Suspense' the misclassification of expenditure of the order of Rs. 70.26 lakhs has been further examined and it came to light subsequently that the excess was due to the fact that Andaman Harbour Works, Port Blair had followed under some misapprehension the system of 'Net Budgeting' instead of 'Gross Budgeting'. The Principal Engineer (Marine), Andaman Harbour Works has been advised to follow the Gross budgeting system from the year 1973-74. Regarding the desirability to fix responsibility for such lapses and action against the concerned officials, the Principal Engineer (Marine), has been asked to pursue the matter and do the needful.

2. Regarding insufficient provision of funds to the extent of Rs. 12 lakhs for adjustment of establishment charges through oversight under 'No. 2-Procurement of Food stuff and other commodities' the matter is under investigation in consultation with the Arunachal Pradesh Administration.

This note has been vetted by Audit.

[Ministry of Home Affairs D.O. No. U/15030/6/73—AC. II, dt. 4-3-74].

**Recommendation**

The Committee take a very serious view of the consistent excesses recorded under the head "A.1(4)-Maintenance of National Highways". The excesses which ranged from Rs. 11.15 lakhs to Rs. 154.97 lakhs during the period 1959-60 to 1970-71 have touched

an all time high of Rs. 258.03 lakhs during 1971-72. States of Assam and West Bengal accounted for a major portion of the excess during 1971-72. The Committee were informed that the excess in the case of Assam was due mainly to the unprecedented movement of troops necessitated by the Indo-Pak conflict; heavy floods causing damage and requiring immediate action to keep the lines of communication open were one of the major causes of excess in West Bengal. They would, however, await the outcome of the investigation of the unusually large excess of Rs. 92.53 lakhs in Assam. The excess of Rs. 79.31 lakhs under "Maintenance of Brahmaputra Bridge" should also be investigated with a view to taking suitable action and fixing responsibility.

[S. No. 11 (Para 2.32) of Appendix XXVIII to the 96th Report of the P.A.C. (5th Lok Sabha)].

#### Action Taken

The excess of Rs. 79.31 lakhs under "Maintenance of Brahmaputra Bridge" is made up of adjustments of expenditure in the accounts for 1971-72 on account of:—

- (a) maintenance charges of Brahmaputra bridge (Rs. 66,73,345.25); and
- (b) maintenance charges of ferry vessels across Brahmaputra at Pandu (Rs. 12,57,963.12).

2. So far as (a) is concerned, the position is as under:—

- (i) The rail-cum-road bridge over Brahmaputra at Pandu was completed on 16-1-1963 with the Railways and the Roads Wing of this Ministry sharing the cost of its construction in the ratio of 60:40. After completion, the bridge is being maintained by the Railways. In September, 1969, the FA & CAO of the Railways passed to the AGCWM for adjustment a debit amounting to Rs. 66,73,345.25 as the road authority's share of the maintenance of bridge at the rate of Rs. 9,25,782 p.a.
- (ii) In order to pay this amount, the Ministry approved the MOF for their concurrence. They, however, desired to have some essential information including, *inter alia*, the basis of the aforesaid rate of Rs. 9,25,782 p.a. Assuming that this Ministry would be able to get the required information from the Railways soon and finalise the matter during the course of 1971-72 itself a provision of Rs. 50

lakhs was also made tentatively in the B.E. 1971-72 subject to further revision at the R.E. stage to meet this liability. However, this assumption did not materialise as the Railways could not supply the required information. Actually, even now some data is still awaited from them and according to the further information, the aforesaid rate (Rs. 9,25,782) has to be reduced, to Rs. 6,59,430. The Railways have, however, yet to communicate their acceptance of this reduced rate.

- (iii) In the circumstances, this Ministry could not issue any sanction for admitting the claims of the Railways amounting to Rs. 66,73,345.25 and accordingly, provision of Rs. 10 lakhs made for meeting this liability in 1971-72 was reappropriated for meeting urgent requirements in respect of maintenance of National Highways. In view of this, the question of augmenting this provision also did not arise.
- (iv) On the other hand, as the debits amounting to Rs. 66,73,345.25 had been pending in the A.G.C. W. & M's office for quite sometime and the postponement of the liability indefinitely was not considered proper and also because such a huge amount could not be kept in (O.B.) suspense of long, the adjustment of the past debits amounting to Rs. 66,73,345.25 was carried out by that office without further reference to this Ministry. Since no funds were provided by this Ministry for this purpose in view of (ii) above, this resulted in an excess of Rs. 66,73,345.25 under this sub-head.

3. While the above position explains the circumstances in which the excess of Rs. 66,73,345.25 occurred, it may be stated that this Ministry has in any case to discharge its liability towards the maintenance of the Brahmaputra bridge and the only question under dispute is the ratio in which the maintenance cost is to be shared with the Railways. Further, the Railways have also been pressing all along for the acceptance of past debits. Keeping in view all these aspects, the PAC and the Parliament had been approached for regularising the excess. The final adjustment of actual amount will, of course be made after the ratio of apportionment has been settled with the approval of the Ministry of Finance.

4. As regards (b) in para I above, the other part of the excess (Rs. 12,57,963.12) pertains to the maintenance of Brahmaputra ferry.

service at Pandu. This ferry service was maintained by the Railways at Pandu prior to the construction of that bridge and was retained for use in emergency even after the construction of the bridge; the decision was that 50 per cent of the maintenance of the ferry service would be met by this Ministry and the other 50 per cent would be shared equally by the Ministry of Defence and Railways.

5. In order to distinguish the expenditure of the maintenance of the Brahmaputra ferry service as distinct from the maintenance of the Brahmaputra bridge, provision for these two items is made under two separate minor heads. Accordingly a provision of Rs. 9.79 lakhs was made in the year 1971-72 under this head "ferry crossing at Pandu". However, in 1971-72 a sum of Rs. 12,57,963.12 on account of the ferry crossing service was adjusted under the scheme maintenance charges at Brahmaputra bridge instead of under "ferry crossing at Pandu". This resulted in a saving under ferry "crossing at Pandu" and a further excess of Rs. 12,57,963.12 in respect of the "Maintenance of Brahmaputra Bridge" thereby bringing the total excess pertaining to this item to Rs. 79,31,308.37 (66,73,345.25 plus 12,57,963.12) or Rs. 79.31 lakhs. The amount of Rs. 12,57,963.12 however, did not cause excess over the grant as a whole, as the excess under one group head was counter-balanced by saving under another.

6. The liability in respect of ferry service is, of course, also a liability which too has ultimately to be discharged by this Ministry. Thus in both cases the liability has to be discharged by this Ministry ultimately.

7. As explained in detail, above no individual can therefore, be held responsible for the excess of Rs. 79,31,308.37 under Maintenance of Brahmaputra bridge.

8. As regard the excess of Rs. 92.53 lakhs in Assam, the matter is still under correspondence with the Govt. of Assam.

[Ministry of Shipping and Transport (Roads Wing) O.M. No. B-29(22)/73, dated 2-5-1974.]

#### **Recommendation**

A number of measure have either been taken or proposed to be taken in pursuance of the earlier recommendation of the Committee to control the excesses in the expenditure on the maintenance and repairs of National Highways. The Committee note that specific norms have now been laid down for the provision of maintenance grants under specified sub-heads and grants are allocated according

to these sub-heads on the basis of the norms laid down and progress of expenditure is also watched for each sub-head separately. The question of modifying these norms due to general increase in prices all round is stated to be under consideration. Further, the State Government have been advised that no expenditure should be incurred in any case unless sanctioned by the Government of India. According to the Ministry the position would improve in the year to come, which the Committee would like to watch. The Committee would urge that the question of evolving a revised budgetary procedure to check consistent excesses should be decided expeditiously in consultation with the Ministry of Finance and the Comptroller and Auditor General of India.

[Sl. No. 12 (Para 2.33) of Appendix XXVIII to 96th Report (Fifth Lok Sabha)]

#### **Action taken**

The questions of evolving revised Budgetary procedure to check the excess over sanctioned grant is under consideration and it is expected that it would be possible to finalise the revised procedure in consultation with the Ministry of Finance and other concerned authorities, soon.

[Ministry of Shipping and Transport (Roads Wing) O.M. No. B-29  
(22) 73, dt. 2-5-74]

#### **Recommendation**

The Committee find that although the Engineer-in-charge had proposed a revised estimate of Rs. 3588.64 lakhs against the budget estimate of Rs. 2699.99 lakhs under the group-head "A.7—Suspense", only an additional provision of Rs. 500 lakhs was made by Government in view of the urgent need of economy in expenditure and the Chief Engineers were advised to restrict the expenditure to the extent of the budget grant increased by this additional amount. However, strangely enough, the expenditure under the sub-head "A.7(2)—Other Suspense Account" exceed the final grant of Rs.1836.76 lakhs by Rs. 179.73 lakhs. The Committee take a serious view of the laxity shown in the financial control exercised by the Chief Engineers concerned despite instructions from Government. They would accordingly suggest that the matter should be examined and appropriate action taken against those concerned.

[Sl. No. 13 (Para 2.37) of Appendix XXVIII of P.A.C's. 96th Report (5th Lok Sabha)]

### **Action taken**

The matter has been examined in detail by the E-in-C, C.P.W.D. The excess under 'Suspense' referred to in the Committee's report appears to be not an actual excess; it, however, appears to be so because of the system of gross budgeting. This system was introduced in constitution with C.&AG. The system results in the same item appearing in stock suspense and also in purchase suspense which artificially inflates the expenditure. The particular case is being re-examined in consultation with the Comptroller and Auditor General with a view to indicating if the excess is artificial in this instance.

[Ministry of Works and Housing O.M. No. G-25015/11/73-Bt,  
dated 9-8-74 ]

### **Recommendation**

An excess of Rs. 32.11 lakhs under the head "A.3(2)—Executive Establishment" has been explained as mainly due to errors in classification of expenditure within the group-head "A.3—Establishment". As such mis-classifications vitrate budgetary control, the Committee desire that responsibility should be fixed and suitable action taken against the persons concerned.

[Sl. No. 14 (Para 2.38) of Appendix XXVIII of P.A.C.'s 96th  
Report (5th Lok Sabha)]

### **Action taken**

The E-in-C, C.P.W.D. has not been able to locate the mis-classification in the account maintained by his Department. We are in touch with the Audit Department to find out whether the mistake took place on the Audit side or in the Department.

[Ministry of Works and Housing O.M. No. G-25015/11/73-Bt,  
dated 9-8-74.]



## APPENDIX XXXI

## Summary of main Conclusions/Recommendations

Sl. No.	Para No. of Report	Ministry/Department concerned	Recommendations/Conclusions
1	2	3	4
1	1.6	Finance (Economic Affairs)	The Committee note with displeasure that during the year under report (1972-73) the excesses over Voted Grants and Charged Appropriations aggregated to Rs. 126.33 crores as against Rs. 223.81 in the excesses, the Committee still feel that the excesses over Voted Grants and Charged Appropriations during the year were quite on the high side. The Committee trust that concerted efforts will be made by the Ministries/Departments to avoid repetition.
2	1.7	-do-	The Committee note that the Task Force constituted in pursuance of their observations have suggested certain procedural changes in respect of certain grants and that these suggestions are under examination. The Committee would like the Government to examine these suggestions expeditiously under advice to this Committee. They trust that in the light of the suggestions made by the Task Force the excesses over grants will be reduced to the minimum in future.
3	2.6	-do-	The Committee very much regret to note that in spite of their

having agreed to the submission of the explanatory notes on excesses over Voted Grants and Charged Appropriations by 31st May, instead of 10th April, or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later, delays in submission of the explanatory notes in respect of excesses during the year 1972-73 have continued to occur in spite of the Committee's earlier recommendations. Out of the 36 explanatory notes relating to excesses during the year, 10 notes were received in June and 2 notes in July, 1974, and the last note in respect of Grant No. 57—'Information and Publicity' was received only on the 5th July, 1974. In this connection, the Committee would like to recall their clear directive to the Ministry of Finance that the revised time schedule should be strictly adhered to. Owing to the delays in the submission of the notes, the finalisation of this Report by the Committee has been delayed. As the Committee are anxious that excesses over Voted Grants and Charged Appropriations are brought before Parliament as expeditiously as possible, they would like the Ministry of Finance to appropriately take up the question of delay with the concerned Ministries/Departments with a view to ensure that the prescribed time schedule is strictly adhered to in future.

-do-

2.10

4

An excess of Rs. 92.71 lakhs against the original provision of Rs. 505.92 lakhs occurred under the group sub-head 'B.1(1)—Press Charges' of 'Grant No. 15—Stamps' and the excess was mainly due to the belated adjustment of debit (Rs. 35 lakhs) during 1972-73 towards imported stamp papers and spare parts received in 1971-72, and more payments on indigenous stores (Rs. 57.42 lakhs) than





explanation of the Ministry that, since the bulk of the purchases are made through the Directorate General, Supplies & Disposals and bills in respect of the supplies are paid by different Pay and Accounts Officers and adjustments of payments are made from time to time, it was not possible to quantify the additional requirements of funds in time. The Committee feel that with greater liaison with the Directorate General, Supplies and Disposals on the one hand and the Accounts Officers on the other, such excesses could have been anticipated and minimised considerably, if not altogether eliminated. The Committee, therefore, require that the Ministry should evolve suitable systems to ensure a more effective coordination with the procuring agency and Accounts organisations.

8 2.23 Home Affairs

The Committee view with serious concern the continuing deteriorating trend that has once again set in respect of 'Grant No. 47—Andaman and Nicobar Islands', resulting in an excess of Rs. 91.58 lakhs over the final grant. Excesses had occurred under this Grant also during 1967-68, 1968-69 and 1969-70, and in pursuance of the Committee's earlier recommendations relating to the Grant, instructions had been issued to the Andaman Administration by the Ministry of Home Affairs to ensure strict compliance with the rules and instructions regarding control over expenditure and to maintain closer liaison with the suppliers on the one hand and the Accounts Officer on the other to avoid such excesses in future. The Committee are

distressed to observe that similar deficiencies as noticed in the past have come to the surface again. As in the previous years, the bulk of the excess during 1972-73 was due to uttar failure to anticipate properly the receipt of stores and debits relating thereto and to make adequate provision for past liabilities. Liabilities in respect of payment of Dearness Allowance, Interim Relief and sea passage which are recurring in nature were not assessed realistically and provided for. For instance, credit notes issued for journeys by sea on tours/transfer during 1970-71 and 1971-72 have been finally adjusted only after the close of the financial year 1972-73. The Committee feel that by a closer watch and control over recurring liabilities of this nature, such a situation could have been avoided.

The excesses over Final Grants ranged from 12 per cent in respect of the sub-head 'E.1(2)—Miscellaneous Shore Establishment' to about 55 per cent under 'E.1(4) (1)—Tools and Plants—New Supplies, Repairs, etc.'. The Committee, therefore, are positive that something is radically wrong with the financial controls and checks exercised by the Andaman Administration and would require a thorough review of the existing practices and procedures followed by the Administration so as to ensure adequate and sound budgetary control and take timely remedial corrective measures. The Committee also trust that the reconciliation of expenditure booked in accounts with the departmental figures will be done promptly in future. It will also be of interest to know how far past liabilities relating to 1970-71 and 1971-72 have remained still unadjusted.

## Home Affairs

2.25

The Committee also find from the note furnished by the Ministry that an amount of Rs. 4.51 lakhs has been booked under the sub-head 'E.1(5)(2)(1)—Charges' relating to 'Other Suspense Accounts' pending sanction to the work and sanction of funds. The Committee are at a loss to understand how material could have been procured for a work which had not been sanctioned and when there was also no budget provision for any expenditure relating to the work. As this appears to be a clear case of circumvention of the financial rules, the Committee take a very serious view of this irregularity and recommend fixation of responsibility and appropriate action against the officials concerned, so as to avoid the recurrence of such financial improprieties in future. The Committee also desire that Government should issue strict instructions to all Ministres/Departments on the subject for their guidance. The Committee would also like to be informed of the action taken against the officials concerned.

-do-

2.28

11

The Committee find that though the overall excess of about Rs. 40 lakhs under 'Grant No. 48—Arunachal Pradesh' works out to only about 2 per cent of the Final Grant of Rs. 1837 lakhs as a whole, there have been heavy excesses under individual sub-heads, indicative of totally inefficient and defective estimation of monetary requirements. The excesses over final provisions varied from about 23% under 'D.1(2)—Public Works—Repairs', to about 81 per cent under 'D.1(4)—Tools & Plants'. The excess of Rs. 8.10 lakhs under 'C.1(1)—Electricity Schemes—Working Expenses' is 54 per cent of

the final provision of Rs. 15 lakhs. The Committee observe from the reply of the Ministry of Home Affairs that the Power Houses at Pasighat and Basar were commissioned in November, 1972. Therefore, they feel that the increase in working expenses due to the engagement of work charged staff for the power houses could have been assessed and provided for at least in the Revised Estimates. Payment for the Vehicles required by the Public Works Department, for which indents had been placed in 1971-72 itself, could have also been anticipated. The Committee would like to impress upon the Ministry the need to exercise greater care in framing their estimates realistically in future.

-do-

2.32

12

The Committee are distressed to note the incurring of expenditure in excess of the Voted Grant by Union Territories for the second year in succession under Grant No. 118—Capital Outlay in Union Territories' relating to the Ministry of Home Affairs. Against the excess of Rs. 157 lakhs recorded under this Grant in 1971-72, the excess during 1972-73 amounted to Rs. 250 lakhs. Though this excess works out to only about 9 per cent of the final grant as a whole, the Committee find that there have been abnormal excesses under individual schemes executed by the Union Territories. The excess of Rs. 14 lakhs and Rs. 17.86 lakhs incurred by the Andaman and Nicobar and Arunachal Pradesh Administrations respectively under 'F.1—Electricity Schemes' work out to about 211 per cent and 51 per cent respectively of the final grants of Rs. 6.62 lakhs and Rs. 35 lakhs allocated to them. Similarly, the two Union Territory Administrations have exceeded the final grants for the 'construction of other roads'



by 30 per cent and 64 per cent. The expenditure incurred by the Arunachal Pradesh Administration on 'Other Civil Buildings' has also exceeded the final grant of Rs. 65 lakhs by about 56 per cent and the excess under 'G.1(1)—Housing' works out to about 24 per cent of the final provision in respect of all Union Territories. The Committee, therefore, are positive that adequate attention has not been paid by the Union Territories to the realistic framing of Budget and Revised Estimates and that a proper review and appreciation of the progress of expenditure on capital schemes have been lacking. The Committee would, therefore, like the Ministry of Home Affairs to impress upon the various Union Territory Administrations the need for greater financial discipline and stricter budgetary control. The Committee would be constrained to take a serious view of excesses under this Grant in future.

13

2-33

Home Affairs

The Committee are also surprised to note that expenditure in excess of about 50 per cent of the final grant of Rs. 73.04 lakhs had been incurred by the Chief Engineer (Flood), Delhi Administration under the sub-head 'E.1(1)—Works' under the wrong impression that he could incur expenditure upto the plan outlay even when the necessary provision was not available. This clearly indicates an utter lack of knowledge of basic budgetary principles and procedures. The Committee need hardly reiterate the need for strict compliance with the rules and instructions on control over expenditure. They take a



from 1969-70 to 1972-73. The excesses incurred by the Government of West Bengal are indicated below:—

1969-70	Rs. 37,765
1970-71*	Rs. 42,08,934
1971-72	Rs. 52,86,188
1972-73	Rs. 63,58,270

The Committee consider that the increases in excesses are abnormal which calls for a thorough enquiry. The Committee would like this issue to be sorted out expeditiously so as to ensure stricter budgetary control.

16 2.40 Shipping and Transport  
(Roads Wing)

The Committee also note the plea put forward that the excess expenditure incurred by the Government of West Bengal on maintenance of National Highways is on account of high rates of maintenance charges over the norms prescribed by the Government of India and that the question of modification of these norms due to general increase in prices is under consideration which is not at all acceptable because the high rates cannot be peculiar to West Bengal only. The Committee require that this question should be investigated by suitable investigation agencies i.e. C.B.I. and C.V.C. in detail immediately. The Ministry of Shipping

and Transport (Roads Wing) and the Ministry of Finance should examine the justification for the prevalence of high rates of maintenance charges in West Bengal with a view to ensuring that no infructuous expenditure is incurred and corrupt practices are not adopted.

17

Shipping and Transport

2.44

The Committee note that an expenditure of Rs. 78.18 lakhs has been incurred against the original budget provision and reappropriations totalling Rs. 69.97 lakhs under the Group Head 'B—Light-houses-Working Expenses' resulting in an excess of Rs. 8.81 lakhs and that the excess was mainly due to the unanticipated settlement of bills of the Shipping Corporation of India for manning 'M.V. Sagardeep' (Rs. 4.95 lakhs) settlement of bill of M/s. Garden Reach Workshop, Calcutta for repair of motor launch 'M.L. False Point' (Rs. 1.28 lakhs) and due to issue of more stores for maintenance of light houses than anticipated (Rs. 2.58 lakhs). The Committee understand that the amount payable to the Shipping Corporation of India for manning 'M.V. Sagardeep' is a recurring annual liability and, therefore, feel that the explanation of the Ministry of Shipping and Transport that the settlement of bills on this account was unanticipated is not at all convincing. The repairs to the motor launch would also have been entrusted to M/s. Garden Reach Workshop only after approval of the Ministry of the estimates for repairs and the Committee feel that the liability on this account could have been assessed and adequately provided for at least at the Revised Estimate stage by closer coordination with the Workshop. The Committee also feel that the

requirement of stores for maintenance of lighthouses could have also been realistically assessed and forecast. Under the circumstances, the Committee have to believe that the Budget Estimates and Revised Estimates have not been framed judiciously after taking into account probable requirements and anticipated liabilities by the concerned authorities. The Committee, therefore, require that the Ministry should be more realistic and exercise greater care in future while framing their estimates.

An expenditure of Rs. 68.86 lakhs had been incurred under the sub-head 'B-5(1)—Slum Improvement' without any budget provision which led to a net excess of Rs. 18.29 lakhs under 'Grant No. 82—Ministry of Works & Housing'. The Committee observe from the note on excesses furnished by the Ministry that a sum of Rs. 130 lakhs, meant for slum improvement in Delhi, was to have been met initially from the Demands for Grants of the Ministry of Home Affairs under 'Grant No. 118—Capital Outlay on Union Territories' and that it was subsequently decided that the expenditure would be met from Grant No. 82 relating to the Ministry of Works & Housing, under the Head '39-Miscellaneous Social and Developmental Organisations—Special Welfare Scheme'. It is, however, not at all clear to the Committee when this decision was taken and what were the reasons therefor.

The Committee are surprised to note that even though the commitment on this account was known to the Ministry of Works and Housing, a sum of Rs. 33.78 lakhs was surrendered by the Ministry during the year. The reasons for the surrender are not clear to the Committee. The Committee also note that as against the anticipated expenditure of Rs. 130 lakhs on slum improvement in Delhi, the actual expenditure was only Rs. 68.86 lakhs. Thus, apart from the fact that Government was not clear as to the demand under which funds for the purpose should be provided, it would, *prima facie*, appear that neither had the expenditure been correctly estimated nor the savings under the grant from which it was finally met anticipated properly. The Committee would, therefore, like Government to give correct facts and a fuller clarification and examine what was wrong with the system of budgeting which led to this confusion and take appropriate action so as to avoid such deficiencies in future.

The Committee view with deep concern and displeasure the persistent excesses recorded in the grant relating to Public Works operated by the Ministry of Works and Housing and are inclined to take a serious note of the unchecked deterioration. The excess of Rs. 660.22 lakhs over the final grant of Rs. 5725.05 lakhs for 1972-73 is almost twice the excess expenditure incurred during the previous year. The Committee observe that significant excesses had occurred under the sub-heads 'A (7) (1) (1)—Suspense Stock—Charges' (Rs. 296.79 lakhs) and 'A. (7) (2)—Other Suspense

1 2 3

Account—Charges' (Rs. 325.83 lakhs) and excesses under these sub-heads have now become a recurring annual feature, despite the comments of the Committee in their earlier Reports to which they have paid no heed whatsoever. The Committee are, therefore, far from satisfied with the explanation of the Ministry which is frivolous and they have shown disregard to this Committee.

The Committee, in paragraph 2.40 of their 49th Report (Fifth Lok Sabha) had observed that the excess under 'Suspense Stock—Charges' could have been avoided by a closer liaison with the purchase organisations|suppliers in respect of indented materials and are, therefore, deeply distressed to note that the position instead of improving has deteriorated further. No attention is being paid by the indenting authorities to the planned procurement of and payment for materials. The Committee, therefore, desire that the Ministry should examine whether there are any inherent defects in the system in vogue and devise suitable machinery for a reasonably accurate forecast of requirements of funds.

The Committee are also unhappy over the delay in the adjustment of funds received from Food Corporation of India under 'A.7 (2)—Other Suspense Accounts—Charges' and require that such delays would be avoided in future.

## Works and Housing

21. 2.55

do

22. 2.56

23.

2.51

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In paragraph 2.44 of their 49th Report (Fifth Lok Sabha), the Committee had expressed concern about the significant misclassifications in accounts that occurred in the Grant relating to Delhi Capital Outlay and had hoped that the reconciliation of expenditure booked in accounts with the departmental figures would be done promptly in future. In the light of their above comments, the Committee are distressed to find that an amount of Rs. 19.75 lakhs was misclassified during 1972-73 also under the head 'Housing' instead of under 'Other Civil Buildings' and 'Departmental Charges'. The Committee trust that such misclassifications would be eliminated in future.

24.

2.65 Information and Broadcasting

The Committee are indeed surprised to note that an expenditure of Rs. 3.98 lakhs incurred under 'Grant No. 121—Capital Outlay of the Ministry of Information and Broadcasting' in fulfilment of an arbitration award was booked by the Central Public Works Department in their departmental accounts under the 'Voted' Grant, even though expenditure incurred in satisfaction of awards of arbitral tribunals, court awards/decrees, etc. is correctly debitabile as 'Charged' expenditure as per the provisions of Article 112(3) of the Constitution and paragraph 3.1.9 of the Central Public Works Accounts Code. This clearly indicates a miserable lack of knowledge of the basic principles of classification. The Committee are at a loss to understand how this misclassification was not detected before the closure of the accounts. They would like the Ministry to examine the reasons for the lapse with a view to fixing responsibility for necessary action under advice to the Committee.



1 2 3

25. 2.70 Defence
- The expenditure on 'Defence Services, Effective-Army' exceeded the final grant of Rs. 1075.59 crores by as much as Rs. 45.78 crores in 1972-73 and this excess accounts for over one-third of the total excess of Rs. 126.33 crores over Voted Grants and Charged Appropriation recorded in respect of all Grants. Bulk of the excess occurred under the sub-heads 'F.1—Military Farms' (Rs. 61.37 lakhs), 'F.2—Ordnance and Clothing Factories' (Rs. 2304.67 lakhs), 'F.3—Research and Development Organisation' (Rs. 215.24 lakhs), 'F.4—Inspection Organisation' (Rs. 129.40 lakhs) and 'H.—Works (Chargeable to Revenue Maintenance, etc.)' (Rs. 1351.60 lakhs) and the excesses under these sub-heads work out respectively to 7.3 per cent, 10.1 per cent, 9.94 per cent, 6.99 per cent and about 28 per cent of the final provisions under these sub-heads. Excesses under these sub-heads had occurred in 1971-72 also and the Ministry of Defence had then attributed these excesses to the uncertain conditions created by the emergency leading to the Indo-Pak conflict and the aftermath thereof. However, the excess of about Rs. 46 crores in 1972-73, a comparatively normal year, which was about 30 per cent of the supplementary grant obtained, causes concern to the Committee. They are of the view that the excess during this year could have been minimised considerably by periodic reviews of the progress of expenditure and better regulatory controls and by a realistic estimation of the receipt of stores and debits relating thereto. The Committee trust that better budgetary control will be exercised by the Ministry in future.

26. 2.71 do. The Committee would also like to know the reasons why the execution of operational works for increasing the Defence potential in the Northern Sector and execution of works by commanders in the Western and Northern Commands under para 11 of the Revised Works Procedure could not have been adequately anticipated and funds provided for the purpose at least in the Revised Estimates
27. 2.72 do. The Committee note that excess expenditure of Rs. 2613 lakhs and Rs. 238 lakhs had been incurred for purchase of materials respectively under 'F.2—Ordnance and Clothing Factories' and 'F.3—Research and Development Organisation'. Some of the factors contributing to these excesses are stated to be the higher materialisation of supplies than anticipated and the adjustment of heavy debits from the civil departments in the closing months of the year. The Committee feel that these factors could have been anticipated by a more effective coordination and liaison with the Directorate General, Supplies and Disposals and other suppliers and the Accounts General, which has not been done.
28. 2.73 do. The Committee also find that the excess of Rs. 165.97 lakhs under the sub-head 'D—Transportation' was partly due to the adjustment of some bills pertaining to the year 1971-72. The Committee would like to know why this payment for past liabilities could not be anticipated and provided for.
29. 2.78 do. The net excess of Rs. 1605.34 lakhs under 'Army Works' in 'Grant No. 104—Defence Capital Outlay' works out to about 23 per cent of

The final provision of Rs. 6,900 lakhs and the excess has been attributed by the Ministry to the execution of a large number of works under para 11 of the Revised Works Procedure and meeting inescapable contractual liabilities. The Committee note from the reply of the Ministry of Defence that after the ceasefire of December, 1971 and especially after the violations of ceasefire in Jammu and Kashmir in May, 1972, Formation Commanders found it necessary to sanction a large number of works to meet the urgent needs of troops deployed in operational locations in order to prevent further intrusions by the Pakistan Army and that an accurate estimate of the total liability arising from those works could not be had in time. Since most of the emergent works have apparently been executed immediately after May, 1972, the Committee do not accept the explanation furnished by the Ministry and maintain that the liability on such works could have been anticipated by a closer watch over the progress of expenditure on both normal and emergent works and by a proper review, which have been totally lacking, and adequate provision made in the Revised estimates.

30.

2.79.

Defence

The Committee find that the supplementary Grant of Rs. 260 lakhs obtained for Army Works was woefully inadequate and would like to impress upon the Ministry the need for a more effective coordination between the lower formations and Headquarters so that

the extra commitments could be quantified as precisely as possible before the close of the financial year with a view to reduce the gap between the actual additional requirement and the supplementary grant obtained towards the end of the year. In this connection, the Committee would also draw the attention of the Ministry to the observations contained in paragraph 2.47 of their 96th Report (Fifth Lok Sabha).

31. 2.80 do. The Committee are also concerned to note that an amount of Rs. 0.91 lakh was erroneously booked under 'Grant No. 104—Defence Capital Outlay', sub-head 'A—Army' instead of under 'Grant No. 3—Navy', sub-head 'F—Stores' and another amount of Rs. 1.99 lakhs was misclassified under the 'Voted' section instead of the 'Charged' section of 'Grant No. 104—Defence Capital Outlay', sub-head 'A—Army' and that these misclassifications came to light only after the final closing of the accounts for the year 1972-73. The Committee are unable to understand why these misclassifications were not detected before the closure of the accounts by prompt reconciliation of the departmental figures with the accounts figures. As mis-classifications vitiate budgetary control, the Committee desire that procedures should be tightened up and responsibility should be fixed on individuals for such lapses.

32. 2.86 Railways (Railway Board) The Committee are concerned to note that the bulk of the net excess aggregating Rs. 9.20 crores under the 'Voted' section of 'Grant No. 15—Open Lane Works—Capital, Depreciation Reserve Fund and Development Fund' relating to Railways had occurred in Northern Railway (Rs. 8.61 crores). That this was so despite obtaining a

Supplementary Grant of Rs. 8.92 crores and further augmenting the provision by Rs. 10.86 crores by reappropriation, which must have been done by the end of the year, points to the fact that the Railway Administration was not at all careful to estimate the requirements realistically. The excess in terms of the original provision relating to this Railway was as high as 53 per cent and in terms of the final grant 9.5 per cent. Unless there were extraordinary developments during the year, such wide variations between the original Budget estimates and the actuals can hardly be justified. The Committee, therefore, maintain that the system of budgeting adopted by this Railway, which appears to be anything but satisfactory, needs a closer examination with a view to taking appropriate steps to bring about the desired improvement. The Committee would watch the improvement through future Appropriation Accounts.

33. 2.87 Finance (Economic Affairs) Subject to the above observations, the Committee recommend that the excesses referred to in paragraph 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.
34. 3.3 Home Affairs Shipping The Committee would like that final replies on the recommen- and Transport (Road dations to which only interim replies have so far been furnished are wing), Works and Housing submitted to them after getting them vetted by Audit, without fur- their delay.
35. 3.7 Rehabilitation While commenting on the excess over the Voted Grant under

'Grant No. 66—Expenditure on Displaced Persons' of the Ministry of Rehabilitation, the Committee had *inter alia* desired, in paragraph 2.25 of their 96th Report (Fifth Lok Sabha), to know whether any case of corrupt practice or pilferage or wasteful expenditure had come to notice in the transactions commented upon and if so, the action taken against the delinquent officials. In their Action Taken Note, the Ministry of Rehabilitation have stated that no specific case of the types referred to has come to notice so far. The Committee, however, find from paragraph 35 of the Report of the Comptroller and Auditor-General of India, Union Government (Civil) for the year 1972-73 that certain instances of short receipt of gift articles consign- ed as aid by United Nations agencies and other foreign governments and voluntary organisations, shortages of tents and tarpaulins and their inadequate utilisation have been commented upon by Audit. The Draft Paragraph on the subject proposed for inclusion in the Audit Report must presumably have been received by the Ministry long before the finalisation of the Audit Report. If that is correct, the Committee find it difficult to reconcile the reply now furnished by the Ministry with the Audit comments referred to. The Commit- tee will comment on the irregularities pointed out by Audit sepa- rately after due examination of the relevant Audit paragraph during the current year.

36. 3.10 All Ministries/Finance In their 96th Report (Fifth Lok Sabha) on Excesses over Voted  
(Economic Affairs) Grants and Charged Appropriations, the Committee had highlighted  
a number of instances of oversight, abnormal excesses over Voted

Grants, laxity in financial control and misclassification of expenditure and had suggested investigation with a view to fixing responsibility. After a lapse of six months in respect of the Ministry of Home Affairs, nearly eight months in respect of the Ministry of Shipping and Transport and more than eleven months in the case of the Ministry of Works and Housing, the Committee have been informed by the concerned Ministries that the matters are under investigation or under correspondence. The committee are distressed to find that even after the lapse of a considerable time Government are unable to inform the Committee of the final action taken on their recommendations. The Committee expect its observations asking for investigation or fixing of responsibility to be processed promptly and in any case within the time limit of six months. Delay of any significant magnitude detracts from the effectiveness of whatever disciplinary or exhortatory action that is subsequently taken. Apart from this, unless such recommendations are finalised promptly and the Committee informed of the final action taken, the Committee would not be in a position to satisfy themselves of the adequacy of the action taken by the Government on their recommendations. In this connection, the Committee would also like to draw the attention of Government to the recommendations contained in paragraphs 1.23 and 1.24 of their 115th Report (Fifth Lok Sabha). To underline the importance, the Committee attach to these recommendations, they are reproduced below:

"The Committee very much regret to have to record that they have found that in a number of cases the Ministry remain content with furnishing interim replies and take no steps to see that final replies are sent within a reasonable period of time. Usually further follow-up takes place only when the Committee again remind. The position can only be described as highly unsatisfactory. The Committee desire that not only should action be initiated on their recommendations/observations immediately on receipt of the Report, but it should be the endeavour of the Ministry to see that all action is completed and report sent to them, within six months. Only in exceptional cases should it be necessary to give interim replies and in all such cases, the Ministry should actively pursue the matter and inform the Committee, on their own, of the final position at the earliest opportunity. Until and unless the Committee get a final picture in regard to all their recommendations/observations, they will experience considerable difficulty in finalising their Action Taken Reports, in an effective manner. The Committee stress that the Ministry must streamline their procedures and direct their lower formations to adhere in future scrupulously to the time limit prescribed by the Committee for furnishing of Action Taken Notes."

[Para 1.23 of 115th Report, Fifth Lok Sabha].



"The Committee require that instructions on the lines indicated above should also be issued by other Ministries/Departments."

[Para 1.24 of 115th Report, Fifth Lok Sabha.]

37. 3.13 Finance (Economic Affairs)

The Committee, in paragraph 3.3 of their 96th Report (Fifth Lok Sabha), had taken a serious view of the delays in the receipt of Action Taken Notes and had desired that immediate steps should be taken to investigate the delays and to streamline the procedures so as to ensure submission of the Action Taken Notes within the time-limit prescribed. The Committee note that in pursuance of their recommendation, Ministries/Departments have been requested, in February 1974, to investigate delays in the submission of Action Taken Notes. The Committee would like to be informed of the results of the investigation and the measures taken to avoid delays in future.

38. 3.14 do

The Committee are deeply distressed to find that despite the fact that instructions were issued by the Ministry of Finance to all Ministries/Departments in February, 1974 to ensure submission of the Action Taken Notes within the stipulated time-limit of six months and despite the comments of the Committee in their earlier reports on the delays in receipt of Action Taken Notes, delays continued to occur this year also. 12 out of 21 Action Taken Notes in respect of

recommendations contained in their 96th Report were received after the due date, viz., 4th March, 1974. The delay was of the order of a month in 8 cases. The Notes relating to the Ministry of Health and Family Planning were received only towards the end of June, 1974, after a delay of more than 3½ months and the Notes from the Ministry of Works and Housing were received only in August, 1974, nearly six months later. The Committee take a very serious view of such delays, particularly of that which has taken place in the Ministry of Works and Housing and feel that adequate attention is not being paid by the Ministries/Departments to the processing of recommendations of the Committee. The Committee would like Government to investigate immediately the reasons for these delays also, and to take such disciplinary or other action as may be called for and inform the Committee.

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