

**Excesses Over Voted Grants and Charged Appropriations (2015-16)**

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 88<sup>th</sup> Report (16<sup>th</sup> Lok Sabha)]

**PUBLIC ACCOUNTS COMMITTEE  
(2019-20)**

**SIXTH REPORT**

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**SEVENTEENTH LOK SABHA**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

PAC NO. 2187

# SIXTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (2019-20)

(SEVENTEENTH LOK SABHA)

**Excesses Over Voted Grants and Charged  
Appropriations (2015-16)**

[Action Taken by the Government on the Observations/Recommendations of  
the Committee contained in their 88<sup>th</sup> Report (16<sup>th</sup> Lok Sabha)]



Presented to Lok Sabha on: .....

Laid in Rajya Sabha on: .....

01 FEB 2020

LOK SABHA SECRETARIAT  
NEW DELHI

February, 2020/Magha, 1941 (Saka)

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## APPENDICES\*

- I Minutes of the 11<sup>th</sup> sitting of the Public Accounts  
Committee (2019-20) held on 28<sup>th</sup> January, 2020.
- II Analysis of the Action Taken by the Government on  
the Observations/Recommendations of the Public  
Accounts Committee contained in their Eighty-  
eighth Report (Sixteenth Lok Sabha)

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*\*Not appended to the cyclostyled copy of the Report*

# COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

**Shri Adhir Ranjan Chowdhury - Chairperson**

## MEMBERS

### LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

### RAJYA SABHA

16. Shri Rajeev Chandrasekhar
17. Prof. M. V. Rajeev Gowda
18. Shri Naresh Gujral
19. *Vacant\**
20. Shri C. M. Ramesh
21. Shri Sukhendu Sekhar Ray
22. Shri Bhupender Yadav

### SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri M.L.K Raja - Director
3. Smt. Anju Kukreja - Deputy Secretary

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\* Shri Bhubaneswar Kalita ceased to be a Member of Committee consequent upon his resignation from Rajya Sabha on 05 August, 2019

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2019-20), having been authorised by the Committee, do present this Sixth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eighty-eighth Report (Sixteenth Lok Sabha) on 'Excesses Over Voted Grants and Charged Appropriations (2015-16)''.

2. The Eighty-eighth Report was presented to Lok Sabha/laid in Rajya Sabha on 9<sup>th</sup> February, 2018. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the Sixth Report at their Sitting held on 28<sup>th</sup> January, 2020. Minutes of the Sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

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

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Eighty-eighth Report (Sixteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;  
30 January, 2020  
10 Magha, 1941 (*Saka*)

ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee

## REPORT

### PART - I

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Eighty-eighth Report (16<sup>th</sup> Lok Sabha) on "Excesses Over Voted Grants and Charged Appropriations (2015-16)".

2. The Eighty-eighth Report (16<sup>th</sup> Lok Sabha) which was presented to Lok Sabha/laid in Rajya Sabha on 9<sup>th</sup> February, 2018, contained 10 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministries/Departments concerned and are broadly categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:

Para Nos. 1-10

Total: 10  
Chapter - II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Para Nos. NIL

Total: NIL  
Chapter - III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para Nos. NIL

Total: NIL  
Chapter - IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Para Nos. NIL

Total: NIL  
Chapter - V

I. Excess expenditure incurred during the fiscal 2015-16  
(Recommendation Para No. 1)

3. The Committee in their 88<sup>th</sup> Report (16<sup>th</sup> Lok Sabha) had noted that a total expenditure of ₹ 286.24 crore (before misclassification) was incurred in eight cases of eight excess registering Grants/Appropriations. The Committee had also noted that bulk of the excess expenditure was on the Civil side viz. ₹ 210.37 crore which is 73.49 percent of total excess expenditure incurred during the year 2015-16. The Committee had further found that in the Civil side almost the entire excess expenditure was incurred by the Ministry of Communications (Department of Telecommunications) viz. excess expenditure of ₹ 210.22 crore under Revenue - Voted section of Grant No. 15 - Department of Telecommunications which was 73.44 percent of the total excess expenditure incurred during the year 2015-16. In case of Grants/Appropriations operated by the Ministry of Railways, an excess expenditure of ₹ 75.87 crore which was 26.51 percent of the total excess expenditure was incurred under six Grants/Appropriations. The Committee had observed that the authorities concerned in various Ministries/Departments continue to display their negligence and callous attitude towards rules prescribed for containing the expenditure within the sanctioned provisions. The Committee had viewed this situation with concern and emphasized that the Ministry of Finance should devise suitable mechanism for tightening the exchequer control. Emphasizing the need for exercising effective control over expenditure, the Committee drew the attention of the Ministry to their 36<sup>th</sup> Report (16<sup>th</sup> Lok Sabha) wherein they had recommended to constitute an Expert Group in each Ministry/Department representing all the budget controlling authorities to undertake a thorough study of the instances where expenditure had exceeded the budgetary allocations during the last five years. Upon noticing that no steps in this regard had been taken by the Government, the Committee in their 68<sup>th</sup> Report (16<sup>th</sup> Lok Sabha) had once again impressed upon the Government to constitute Expert Groups in each and every Ministry and furnish Report thereof indicating the reasons for such a high excess expenditure and suggestions to obviate the same in future. But no action taken note in this regard had been furnished by the Ministry of Finance. The Committee were constrained to express their dissatisfaction over the delay of over two years in taking

any concrete action in this direction and desired the Ministry of Finance to fix responsibility on the matter and inform the Committee of the action taken in this regard.

4. In their Action Taken Note, the Ministry of Finance (Department of Economic Affairs) have stated as under:

"In pursuance of the recommendation made by Public Accounts Committee in 36<sup>th</sup> Report (16<sup>th</sup> Lok Sabha) and reiterated in their 68<sup>th</sup> Report on Excess over voted Grants and Charged Appropriations for 2014-15, Department of Expenditure had issued instructions, vide its O.M. No. 12(7)/E.Coord/2017 dated 28.9.2017 (copy enclosed), to all Ministries/Departments to constitute an Expert Group in each Ministry/Departments, whose Grants/Appropriations registered excess expenditure, to examine the reasons leading to persistent excess expenditure and to submit a report to the Committee. Ministries/Departments are expected to submit its finding to the Committee."

5. On this reply, Audit have made the following observation:

"The Ministry is required to incorporate in the Action Taken Note, the action taken on the Committee's remark that the Ministry of Finance should devise suitable mechanism for tightening the exchequer control. The Ministry is also required to incorporate in the Action Taken Note, the action taken on the issue of fixing responsibility for not constituting Expert Groups in each Ministry/Department. The Ministry may incorporate in the Action Taken Note, the compliance reported on the instructions to constitute an Expert Group in each Ministry/Department, for better appreciation of the Public Accounts Committee."

6. In response thereto, the Ministry of Finance (Department of Economic Affairs) replied as under:

"A High-Level inter-Ministerial Group has been constituted under the Chairmanship of Cabinet Secretary on 20.6.2018 to review the excess expenditure and to recommend measures and mechanism for eliminating occurrence of such excess expenditure. This Group will initially be apprised of the study being conducted from National Institute of Financial Management."

7. Further, in their Action Taken Note on the aforesaid recommendation, the Ministry of Defence have inter-alia stated as under:

"As a measure of control, the Ministry of Defence have been advising the budget estimating authorities of Defence Pensions to prepare their budget exercising utmost caution and accuracy while estimating and projecting the requirement of funds. Further, as recommended by the Committee in its 68<sup>th</sup> Report, a high level committee has been constituted consisting of the budget controlling authorities of Ministry of Defence, Ministry of Finance (Department of Economic Affairs) as well as the officers from the CGA (Department of Expenditure) to identify loopholes in



the budgeting procedures and to obviate the same in order to avoid the recurring phenomenon of excess expenditure under the Grants. Following are the terms of reference for the Committee:

- i) The Committee has to suggest methods for improving planning for budget at various stages during the year to ensure that over and under spending is minimized. For this the Committee could consider rationalization of accounting procedure including budget allocation and re-appropriation, and rationalization of Grants for the MoD to provide flexibility to MoD in incurring expenditure and ensuring that over and under expenditure is minimized in r/o MoD.
- ii) The Committee has to study Ministry of Finance, Department of Economic Affairs (Budget Division) OM dated 21/08/2017 on Cash Management System with reference to its implementation in MoD, including its impact of budget management.
- iii) Committee has to study the trend of expenditure with reference to projections by the Services as MoD has a cash outgo based budget which is also dependent on timelines of projects, to ensure that fund projections of MoF are more realistic, especially in view of the fact that the funds received from MoF at BE, RE and Supplementary stages are much lesser than the projections.

Till now three meetings of the high level Committee have been held since 2017 wherein reasons for excess expenditure in Defence Service Estimates and recurring excess expenditure under Defence Pensions have been discussed along with ways to minimize the same. After the Second meeting, Defence Secretary wrote a letter to the Vice Chiefs of the Services in which all the budget holders of the Service HQrs were directed to maintain the expenditure within the approved ceilings."

8. The Committee note that pursuant to their recommendation in an earlier Report the Ministry of Finance have constituted a high level Inter-Ministerial Group under the Chairmanship of Cabinet Secretary on 20.06.2018 to review the excess expenditure and to recommend measures and mechanism of eliminating occurrence of such excess expenditure. While appreciating the steps taken by the Ministry of Finance to overcome the problem of excess expenditure, the Committee expect that the high-level Inter Ministerial Group will hasten up their review and submit their report within a defined time-limit by recommending prudent measures to avoid recurrence of excess expenditure in future. The Committee would like to be apprised of the outcome of the study being conducted in this regard by National Institute of Financial Management and the approximate time for completion of the study. The Committee would also like the Ministry of Defence to monitor and ensure scrupulous adherence to the

instructions issued to the Vice Chiefs of the Services so as to contain the expenditure within the approved ceilings. Instructions in this regard issued to all field formations may be furnished to the Committee.

II. Recurring Excess Expenditure  
(Recommendation Para No. 4)

9. The scrutiny of the excess expenditure incurred had revealed that Civil Ministries/Departments and the Ministry of Railways had been incurring large amount of excess expenditure continuously during the last ten fiscals. However, it had been observed that there was considerable decline in excess expenditure incurred by the Civil Ministries/Departments as well as Ministry of Railways during the year 2015-16 *vis-a-vis* 2014-15. It had also been observed that excess expenditure incurred by the Ministry of Railways during 2015-16 was the lowest during the last seven years i.e. from 2008-09 to 2014-15. The Committee had expressed their satisfaction over the decrease in excess expenditure during the financial year 2015-16 as compared to that of 2014-15. Still the Committee had expressed their concern over the persistent cases of excess expenditure by various Ministries/Departments. The Committee had, therefore, desired that the Government should remain more vigilant in their budgeting exercise and monitor the expenditure pattern with utmost care and alacrity so that instances and quantum of excess expenditure are pruned down to the barest minimum in the coming years, if not eliminated altogether.

10. The Committee had further observed that the Ministry of Defence under Revenue-charged portion of Grant No. 22-Defence Pensions, had incurred excess expenditure recurringly from the years 2011-12 to 2015-16. Despite the oft-repeated concern expressed by the Committee on the recurring phenomenon of excess expenditure under the aforesaid Grants/Appropriations operated by Ministry of Defence and Railways, the situation had not apparently improved. Expressing their concern over the state of affairs, the Committee in their 36<sup>th</sup> Report had desired for constitution of a high level inter-Ministerial Group under the Chairmanship of the Cabinet Secretary and the C&AG of India. Further, taking note of the recurring excess expenditure under Grants operated by the Ministry of Defence, the Committee in their 68<sup>th</sup> Report had

desired the Ministry of Defence to constitute a high-level Committee consisting the budget controlling authorities of Ministry of Defence, Ministry of Finance (Department of Economic Affairs) and officers from the CGA (Department of Expenditure) to identify the loopholes in the budgeting procedures of the Ministry of Defence and to obviate the same in order to avoid the recurring phenomenon of excess expenditure under the Grants operated by them. Appreciating that in pursuance of their recommendation a high level Committee with AS & FA (Acquisition) as Chairperson and representative from Army, Navy, Air Force, IDS DGAFMS & representative from Department of Economic Affairs and CGA has been set up to identify the loopholes in the budgetary process, the Committee had desired to be apprised of the findings/recommendations of that high-level Committee to curb the tendency of recurring excess expenditure under the Grants operated by the Ministry of Defence in future.

11. In their Action Taken Note, the Ministry of Finance (Department of Economic Affairs) have stated as under:—

"The observations made by Public Accounts Committee have been noted. It may be submitted that the Expert Group, consisting the budget controlling authorities of Ministry of Defence, Ministry of Finance (Department of Economic Affairs) and officers from the CGA (Department of Expenditure), constituted to identify the loopholes in the budgeting procedures of the Ministry of Defence and to obviate the same in order to avoid the recurring phenomenon of excess expenditure under the Grants operated by them is in pursuance of instructions issued by Department of Expenditure in its O.M. No. 12(7)/E.Coord/2017 dated 28.9.2017."

12. In their vetting comments, Audit have submitted as follows:

"The Ministry may incorporate in the Action Taken Note, the findings/recommendations of the high-level Committee to curb the tendency of recurring excess expenditure under Grants operated by Ministry of Defence, as desired by the Public Accounts Committee."

13. In response to the vetting comments of Audit, the Ministry of Finance (Department of Economic Affairs) submitted as under:

"A High-Level inter-Ministerial Group has been constituted under the Chairmanship of Cabinet Secretary on 20.06.2018 to review the excess expenditure and to recommend measures and mechanism for eliminating occurrence of such excess expenditure. This Group will initially be apprised of the study being conducted from National Institute of Financial Management."

14. In their ATN to abovesaid recommendation of the Committee, the Ministry of Defence inter-alia stated as under:

"..... as recommended by the Committee in its 68<sup>th</sup> Report, a high level committee has been constituted consisting of the budget controlling authorities of Ministry of Defence, Ministry of Finance (Department of Economic Affairs) as well as the officers from the CGA (Department of Expenditure) to identify loopholes in the budgeting procedures and to obviate the same in order to avoid the recurring phenomenon of excess expenditure under the Grants. Till now three meeting of the high level Committee have been held since 2017 wherein reasons for excess expenditure in Defence Service Estimates and recurring excess expenditure under Defence Pensions have been discussed along with ways to minimize the same. After the Second meeting, Defence Secretary wrote a letter to the Vice Chiefs of the Services in which all the budget holders of the Service HQrs were directed to maintain the expenditure within the approved ceilings."

15. The Committee are dismayed to note that neither the Ministry of Finance nor the Ministry of Defence have furnished the findings/recommendations of the high-level Committee to curb recurrence of excess expenditure under Grants operated by the Ministry of Defence. The Committee express their displeasure over the tepid and apathetic approach of both the Ministries towards such a bad phenomenon plaguing the Ministries for long. The Committee reiterate their earlier recommendation and impress upon the Ministry of Defence to strive earnestly for ensuring realistic estimation of their budgetary requirements under various sub-heads of the Grants/Appropriation operated by them so that the existing lapses/loopholes are identified and effective remedial measures taken to obviate excess expenditure. The Committee would again like to be apprised of the findings/recommendations of the high-level Committee to curb the tendency of recurring excess expenditure under the Grants operated by Ministry of Defence.

NEW DELHI;  
30 January, 2020  
10 Magha, 1941 (Saka)

ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee

**APPENDIX-II**  
(Vide Paragraph 5 of Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE  
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE  
CONTAINED IN THEIR EIGHTY-EIGHTH REPORT (SIXTEENTH LOK SABHA)**

(i)	Total number of Observations/Recommendations	10
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1 to 12	Total : 10 Percentage: 100%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:  Para Nos. -Nil	Total : 0 Percentage: 0
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  Para Nos. -Nil	Total : 0 Percentage: 0
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies:  Para Nos. -Nil	Total : 0 Percentage: 0