

FIFTY-SEVENTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1981-82)

(SEVENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND CHARGED
APPROPRIATIONS (1979-80)



सत्यमेव जयते

Presented in Lok Sabha on 28 AUG 1981

Laid in Rajya Sabha on 28 AUG 1981

LOK SABHA SECRETARIAT
NEW DELHI

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CORRIGENDA TO 57TH REPORT OF THE PUBLIC ACCOUNTS
 COMMITTEE (SEVENTH LOK SABHA) PRESENTED TO LOK SABHA
 ON 28 AUGUST 1981.

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PUBLIC ACCOUNTS COMMITTEE
(1981-82)

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Shri Satish Agarwal

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2. Shri D. C. Pande—*Chief Financial Committee Officer*
3. Shri K. C. Rastogi—*Senior Financial Committee Officer*

INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 57th Report on Excess over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services) and (Railways) for the year 1979-80.

2. The Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1979-80 were laid on the Table of the House on 27 April, 28 April, 5 May and 8 May, 1981 respectively.

3. During the year 1979-80, expenditure in excess of the funds authorised by Parliament occurred under 13 Voted Grants and 6 Charged Appropriations, and aggregated to Rs. 140.86 crores. The excess occurred mainly in the Grants and Appropriations operated by the Ministry of Defence (86.47 crores) and the Ministry of Railways (Rs. 35.47 crores).

4. A new feature of this Report is that while examining the Excesses over Voted Grants/Charged Appropriations, the Committee have also taken note of the large scale savings under certain major heads of expenditure. It was noticed that against the total grants to the tune of Rs. 21,831 crores voted by Parliament the Appropriation Accounts reveal savings of the order of Rs. 1,940 crores. The Appropriation Accounts (Civil) disclosed savings of the order of about Rs. 3,191 crores out of the total voted and charged amount of Rs. 41,163 crores. Such large scale savings are indicative of not only bad budgeting but also of the failure of the Departments concerned to make full use of the resources provided to them for the betterment of the people. Over-pitching of the estimates without corresponding efforts to utilise the grants gainfully deprives the other equally vital sectors of the economy of the much needed resources for development.

5. The Committee examined the Excesses in the light of the Explanatory Notes furnished by the Ministries/Departments concerned (Appendices I to XII) at their sitting held on 10 August, 1981. The Minutes of the sitting form Part II of the Report.

6. For facility of reference, the conclusions and/or recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions and/or recommendations have also been produced in a consolidated form, in Appendix XIII to the Report.

7. The Committee would like to place on record their appreciation of the assistance rendered to them in this regard by the Office of the Comptroller and Auditor General of India.

SATISH AGARWAL,

Chairman,
Public Accounts Committee.

August 13, 1981.

Sravana 23, 1903 (S)

PART I

REPORT

CHAPTER I

GENERAL OBSERVATIONS

1.1. This 57th Report of the Committee deals with Excess Expenditure over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1979-80.

1.2. The Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1979-80 were laid on the Table of the House on 27th April, 28th April, 5th May and 8th May, 1981 respectively.

1.3. In the succeeding paragraphs of this Report, the Committee have examined the excess expenditure disclosed in the different Appropriation Accounts in the light of explanations furnished by the Ministries and/or Departments concerned. The explanatory notes furnished in this regard by the Ministries or Departments are reproduced in Appendices I to XII of this Report.

CHAPTER II

EXCESS GRANTS|APPROPRIATIONS

2.1. During the year ended 31 March, 1980, excess expenditure occurred under the following 19 Voted Grants and Charged Appropriations:

1	2	3	4
	Number and Name of Grant or Appropriation	Ministry/Department	Excess Expenditure (Rs. in Lakhs)
Civil	32—Ministry of Finance	Finance (Economic Affairs)	82.25
	38—Currency, Coinage and Mint.	Finance (Economic Affairs)	38.76
	39—Pensions	Finance (Economic Affairs) (Budget Division)	413.92
	Interest Payments	Finance (Economic Affairs) (Budget Division)	358.56
	53—Delhi	Home Affairs	13.95
	54—Chandigarh	Home Affairs	17.35
	90—Public Works	Works and Housing	0.12
	92—Housing and Urban Development	Works and Housing (Finance Division— Budget Section)	
	Defence Services	20—Defence Services Army	Defence	6205.71
22—Defence Services Air Force		Defence	2441.61
Posts and Telegraphs	16—Posts and Telegraphs Working Expenses	Communications (P&T Board)	937.05
Railways	3—Working Expenses—General Superintendence and Services	Railways (Railway Board)	129.30

1	2	3	4
4—Working Expenses— Repairs and Main- tenance of Perma- nent Way and Works	Railways (Railway Board)		108·11
7—Working Expenses— Repairs and Main- tenance of Plant and Equipment	do.		152·34
9—Operating Expenses— Traffic	do.		400·17
11—Working Expenses— Staff Welfare and Amenities	do.		40·42
16—Assets, Acquisition, Construction and Replacement.	do.		2746·16
Total			1,40,85·83

Details of the Grants|Appropriations under which the above excesses occurred and the extent of actual excess in each case are given below:—

Sl. No.	No. and Name of Grant	Ministry/Department	Final Grant	Actual Expenditure	Excess Expenditure	Date of Receipt of Explanatory Note
1	2	3	4	5	6	7
I APPROPRIATION ACCOUNTS (CIVIL)						
A. Voted Grants						
(a)	<i>Revenue Section</i>					
1.	32-Ministry of Finance	Finance (Economic Affairs)	36,01,82,000	36,84,07,321	82,25,321	26-5-81
2.	38-Currency, Coinage and Mint	Do.	40,74,73,000	41,13,48,835	38,75,835	5-5-81
3.	39-Pensions	Do.	60,01,30,000	64,15,21,917	4,13,91,917	28-4-81
(b)	<i>Capital Section</i>					
4.	54-Chandigarh	Home Affairs	11,09,89,000	11,25,93,555	16,04,555	30-5-81
B. Charged Appropriations						
(a)	<i>Revenue Section</i>					
5.	Interest Payments	Finance (Economic Affairs) Home Affairs	2206,27,27,000	2209,85,88,007	3,58,56,007	11-5-81
6.	54-Chandigarh	Home Affairs	84,14,000	84,58,708	44,703	30-5-81
7.	90-Public works	Works and Housing	58,000	70,365	12,365	22-5-81

8.	92—Housing and Urban Development	Do.	76,25,000	76,29,580	4,580	30-4-81
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Capital Section

9	53—Delhi	Home Affairs	3,52,41,000	3,66,36,250	13,95,250	29/5/81
	54—Chandigarh	Do.	31,00,000	31,85,933	85,933	30/5/81

II APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

A. Voted Grants

10	20—Defence Services Army	Defence	19,69,31,34,000	20,31,37,05,351	62,05,70,422 %	20/6/81
11	22—Defence Services Air Force	Do	8,32,44,70,000	8,56,86,38,519	24,41,61,337@	15/6/81

III. APPROPRIATION ACCOUNTS (POSTS & TELEGRAPHS)

A. Voted Grants

(a) *Revenue Section*

12	16—Posts and Telegraphs Working Expenses	Communications (P & T Board)	7,26,16,45,000	7,35,53,50,049	9,37,05,048	26/5/81
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*The excess under this Grant as per the Appropriation Accounts is Rs. 62,05,71,351 and includes an amount of Rs. 929 erroneously booked as "Voted" instead of as "Charged". Had the latter amount been correctly classified as "Voted" the actual excess would have been Rs. 62,05,70,422.

@The excess under this Grant as per the Appropriation Accounts is Rs. 24,41,68,519 and includes Rs. 7,182 erroneously booked (in three cases of misclassification of expenditure) as "Voted" instead of as "Charged". Had the latter amount been correctly classified "Charged", the actual excess would have been Rs. 24,41,61,337.

IV. APPROPRIATION ACCOUNTS (RAILWAYS)

A. Voted Grants

13	3—Working Expenses-General Superintendence and Services.	Railways (Railway Bord)	123,27,30,000	124,53,00,306	129,30,311£	4-6-81
14	4—Working Expenses-Repairs & Maintenance of permanent way and works.	Do.	211,86,59,000	212,86,59,396	108,10,836\$	4-6-81
15	7—Working Expenses-Repairs & Maintenance of Plant & Equipment.	Do.	112,88,12,000	114,40,46,456	152,34,456	4-6-81
16	9—Operatin. Expenses-Traffic	Do.	251,30,80,000	255,26,12,557	400,16,557**	4-6-81
17	11— Working Expenses—Staff Welfare & Amenities	Do.	80,93,67,000	81,38,93,479	40,42,479@	4-6-81
18	16— Assets-Acquisition, Construction and Replacement (Voted)	Do.	15,97,25,74,000	16,38,24,04,039	27,32,98,575†	4-6-81

B. CHARGED APPROPRIATIONS

19	16— Assets, Acquisition, Construction and Replacement	Do.	66,20,000	47,98,591	14,06,591%	4-6-81
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£An excess expenditure of Rs. 1,25,70,306 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications amounting to Rs. 3,60,005, the real excess to be regularised works out to Rs. 1,29,30,311.

£ An excess expenditure of Rs. 100,00,396 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassification amounting to Rs. 8,10,440 the real excess to be regularised works out to Rs. 1,08,10,836.

** An excess expenditure of Rs. 3,95,42,557 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications amounting to Rs. 4,84,000, the real excess to be regularised works out to Rs. 4,00,16,557.

@ An excess expenditure of Rs. 45,26,479 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassification amounting to Rs. 4,84,000, the real excess to be regularised works out to Rs. 40,42,479.

† The excess under the Voted portion of this Grant as per the Appropriation Accounts is Rs. 40,98,30,039 and includes an amount of Rs. 13,36,02,000 erroneously adjusted twice ; Rs. 32,28,000 erroneously booked as "Voted" instead of as "Charged" and Rs. 2,08,536 accounting for misclassification between grant (Total : Rs. 13,66,21,464). The real excess requiring regularisation works out to Rs. 27,32,08,575.

* Saving of Rs. 18,21,409 had been reflected under this Appropriation in the relevant Appropriation Accounts and excludes an amount of Rs. 32,28,000 erroneously booked as "Voted" instead of as "Charged". The real excess to be regularised works out to be Rs. 14,06,591.

2.2. It will be seen from the above statement that in 8 out of 16 cases of excess, the excess expenditure was over Rs. one crore. In the cas of Defence Services in 2 cases the excess was as high as Rs. 62.05 crores and 24.41 crores; under the P and T under 'Working expenses' the excess was as high as Rs. 9.37 crores and under the Railways under grant No. 16—Assets, Acquisition, Construction and Replacement and under Grant No. 9 'Operating expenses—Traffic' the excesses were of the order of Rs. 27.32 crores and Rs. 4.00 crores respectively.

It is also seen from the above statement that the explanatory notes relating to 7 Voted Grants|Charged Appropriations administered by the Ministry of Railways were received on 4-6-81. The Appropriation Accounts (Railways) were laid on the Table of the House on the last day of the Budget Session viz. 8 May, 1981. Explanatory notes relating to 2 Grants administered by the Ministry of Defence were received on 15 and 20 June, 1981.

2.3. The following table indicates the aggregate excess expenditure under various Grants and Charged Appropriations (Civil), (Railways), (Posts and Telegraphs) and (Defence Services) during the past decade:—

(Rupees in Crores)

Year	No. of Voted Grants	No. of Charged Appropriations	Total	Excess Expenditure
1970—71	29	8	37	55.76
1971—72	29	7	36	223.81
1972—73	28	7	35	126.33
1973—74	23	4	27	10.06
1974—75	27	8	35	266.52
1975—76	45	7	52	201.47
1976—77	17	10	27	111.18
1977—78	15	2	17	82.52
1978—79	8	3	11	42.28
1979—80	13	6	19	140.86

2.4. The Appropriation Accounts (1979-80) reveal Savings of the following order in the amount of Grants Voted by Parliament:—

	Total amount of Grants (Rupees in crores)	Savings
CIVIL		
Revenue	7168·19	545·50
Capital	5366·60	934·46
DEFENCE SERVICES		
Revenue	3206·76	6·13
Capital	295·45	32·73
POST & TELEGRAPHS		
Revenue	} 1338·60	187·86
Capital		
RAILWAYS		
Revenue	} 4405·73	203·81
Capital		
TOTAL	21,831·33	1,910·49

2.5. During the year under review viz., 1979-80, excess expenditure had occurred under 13 Voted Grants and 6 Charged Appropriations and aggregated to Rs. 146.83 crores, as against Rs. 82.42 crores and Rs. 42.28 crores respectively during the years 1977-78 and 1978-79. Only a year ago, the Committee had expressed satisfaction over the declining trend in the aggregate amount of excess expenditure evidenced during the year 1978-79 and had hoped that every endeavour would be made by the Ministries/Departments to ensure that the position was not allowed to deteriorate once again. The Committee are, however, concerned to note that the position deteriorated so soon to a considerable extent. They are constrained to point out that the system of estimation of expenditure is faulty and year after year Parliament is being presented with a fait accompli.

In this connection the Committee are also constrained to point out that as against the total Grants to the tune of Rs. 21,831.33 crores Voted in Parliament the Appropriation Accounts reveal savings to the extent of Rs. 1,910.49 crores, i.e. 8.8 per cent of the voted provision. The Appropriation Accounts (Civil) disclosed savings of

Rs. 1,479.96 crores out of voted amount of Rs. 12,534.79 crores (i.e. 11.8 per cent) and savings of Rs. 1,711.16 crores out of Charged amount of Rs. 31,628.43 crores (i.e. 5.4 per cent). Thus total savings amounted to Rs. 3,191.12 crores out of total Voted and Charged amount of Rs. 44,163.22 crores (i.e. 7.2 per cent) of the sanctioned provision. Some of the vital sectors of the economy in which large scale savings have been reported in the Capital Section are Agriculture, Fisheries, Rural Development, Irrigation, Communication, Power Development, Medical and Public Health, Industry, Village and Small Industry, Textiles—Handloom and Handicrafts, Petroleum and Petro-chemicals Industry, Chemicals and Fertilizer Industry, Roads, Ports, Light Houses and Shipping, Public Works, Housing and Urban Development etc. etc. The reasons for heavy shortfalls in expenditure, particularly in the rural sector need to be adequately explained to the Committee.

Such large scale savings are indicative of not only bad budgeting but also of the failure of the Department concerned to make full use of resources provided to them for the betterment of the people. Over-pitching of the estimates without corresponding efforts to utilise them gainfully deprives the other equally vital sectors of the economy of the much needed resources for development. Since Parliamentary Control over Governmental expenditure calls for financial discipline, the Committee would like Government once again to analyse in depth the reasons for this recurring phenomenon with a view to initiate timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/contained within the funds authorised by Parliament.

2.6. According to the revised time schedule as desired by Government and agreed to by the Committee in April, 1974, explanatory notes on excesses over voted grants and charged appropriations are required to be furnished to the Committee by 3 May or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later. It is observed that while the explanatory notes relating to 10 Voted Grants/Charged Appropriations operated by various Ministries (other than the Ministry of Defence and Railways) were received within the period stipulated in the revised time schedule i.e. by 31 May 1981, the Explanatory Notes relating to 7 Voted Grants/Charged Appropriations administered by the Ministry of Railways were received on 4 June, 1981. The explanatory notes relating to 2 Grants administered by the Ministry of Defence were received on 15 and 20 June, 1981. The delay that has occurred in the submission of the explanatory notes on the part of the Ministry of Defence is highly regrettable. Such delays hamper the timely processing and finalisation of the reports of the Committee

and also tend to dislocate the time-schedule pertaining to consideration and reporting on other Audit paras selected for examination by the Committee during the year. The Committee also find that some of the explanatory notes particularly those submitted by the Ministry of Railways were not in proper form. The Committee desire that the explanatory notes should indicate clearly the details of Voted Grants/Appropriations and the actual expenditure and excesses (gross as well as net) under each Grant separately followed by detailed explanatory notes for each case of excess expenditure. Such notes should be duly signed and dated by the officer note below the rank of Joint Secretary.

2.7. Another disconcerting feature noticed by the Committee is the extent of mis-classifications of expenditure in the compilation of accounts, specially of the Railways, during the year under review. There have been mis-classifications of expenditure or erroneous adjustments in 5 Grants and 1 Appropriation out of 6 Grants and 1 Appropriation administered by the Ministry of Railways wherein excess expenditure is sought to be regularised. Taking a serious view of the recurrence of mis-classifications, the Public Accounts Committee (1978-79) had, in paragraphs 2.18 and 2.19 of their 87th Report (Sixth Lok Sabha) desired that positive instructions should be issued by the Railway Administration to the effect that effective reconciliation of subsidiary books with general books should be attended to promptly, every month, so that rectification of erroneous adjustments and/or mis-classifications, if any, detected is effected in time, thereby eliminating altogether chances of such misclassifications. Pursuant to the above recommendation of the Committee, the Ministry of Railways had issued a further directive on the subject on 27-1-1979 to the General Managers, All India Railways, Production Units and Metropolitan Transport Projects for carrying out review of expenditure and effective reconciliation of books from month to month. It seems that the instructions issued have not had the desired effect in that there has been further deterioration in the position as witnessed in the Appropriation Accounts for the year 1979-80. The Committee, therefore, desire that a thorough scrutiny of the reasons therefor should be undertaken promptly and staff responsibility invariably fixed for the failure with a view to taking appropriate action. They would also like to reiterate the recommendation contained in paragraph 2.10 of their 24th Report (Seventh Lok Sabha) that suitable remedial measures should be taken to ensure that reconciliation of expenditure figures was conducted meticulously and annual certificates of reconciliation were furnished by the Financial Advisers after careful scrutiny so that

mis-classifications, if any, were detected well in time and rectified.

2.8. The Committee will now proceed to deal with some individual cases of excess expenditure disclosed in the Appropriation Accounts.

APPROPRIATION ACCOUNTS (CIVIL) 1979-80

Ministry of Finance

(Department of Economic Affairs)

2.9. Grant No. 32—Ministry of Finance

(Revenue Section)

Voted Expenditure	Rupces
Original Grant	35,04,29,000
Supplementary Grant	97,53,000
Final Grant	36,01,82,000
Actual Expenditure	36,84,07,321
Excess	82,25,321

2.10. In a note furnished to the committee explaining the reasons for the excess, the Ministry of Finance have stated as follows:—

“The original Grant of Rs. 35,04,29,000 was augmented by obtaining a Supplementary Grant of Rs. 97,53,000 in January 1980. Against the final Grant of Rs. 36,01,82,000, the actual expenditure amounted to Rs. 36,84,07,321, leaving an uncovered excess of Rs. 82,25,321. This excess which was the net result of excesses and savings under various heads in the grant occurred mainly under the head ‘A—Secretariat General Services—A-2—other offices—A-2(1)-Defence Accounts Department’. Against the total provision of Rs. 2899.53 lakhs under this head, the actual expenditure was Rs. 2993.46 lakhs leading to an excess of Rs. 93.93 lakhs. The excess under this head was mainly due to excess expenditure of Rs. 87.64 lakhs incurred under the sub-head ‘A—2(1) (4)-Payments for professional and special services’.

The provision made under the above sub-head covers, among others charges payable to Posts and Telegraphs Department for arranging payment of pensions through Post offices on behalf of the Defence Accounts Department. The excess occurred because of adjustment of some

pending claims of the P & T Department, mainly pertaining to the previous year (Rs. 82.06 lakhs) which were inadvertently omitted to be taken into account in making provision of funds under the Grant. This adjustment between two Departments of Central Government, however, did not involve any net outgo from the Consolidated Fund of India. The Defence Accounts Department is taking necessary measures to avoid excesses of this type in future.

It is requested that the excess of Rs. 82,25,321 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India."

2.11. The Committee note that an excess expenditure of Rs. 82.25 lakhs occurred under Grant No. 32—Ministry of Finance. The excess occurred mainly under the head 'A-Secretariat General Services—A-2-other offices-A.2(1)—Defence Accounts Department'. Against the total provision of Rs. 2899.53 lakhs under this head, the actual expenditure was Rs. 2993.46 lakhs leading to an excess of Rs. 93.93 lakhs. The excess under this head was mainly due to excess expenditure of Rs. 87.64 lakhs incurred under the sub-head 'A-2(1) (4)—Payments for professional and special services'. The Committee have been informed that the excess occurred because of adjustment of some pending claims of the P&T Department for pension payments arranged on behalf of the Defence Accounts Department mainly pertaining to the previous year (Rs. 82.06 lakhs) which were stated to be inadvertently omitted to be taken into account in making provision of funds under the Grant. Even though this adjustment between two Departments of Central Government did not involve any net outgo from the Consolidated Fund of India, this is a case of avoidable excess expenditure. The Committee would like to be apprised of the measures taken by the Defence Accounts Department to avoid excesses of this type in future.

2.12. Grant No. 38—*Currency, Coinage and Mint.*

(Revenue Section)

Voted Expenditure	Rupees
Original Grant	40,74,73,000
Supplementary Grant . . . . .	..
Final Grant	40,74,73,000
Actual Expenditure	41,13,48,835
Excess	38,75,835

2.13. In a note explaining the reasons for the excess expenditure, the Ministry of Finance (Department of Economic Affairs) have stated as follows:

“Against the original Grant of Rs. 40,74,73,000 actual expenditure amounted to Rs. 41,13,48,835 resulting in an excess of Rs. 38,75,835. This excess, which was the result of excesses and savings under various sub heads of the Grant, occurred under head ‘A’ 5. Cost of One Rupee Note Forms in the Revenue Section of the Grant.

The Provision for printing of one rupee notes at the Currency Note Press, Nasik, a departmental commercial undertaking, made under the above head is for an accounting adjustment. An equivalent amount is assumed as a receipt of the Currency Note Press. This excess expenditure did not, therefore, involve any net additional outgo from the Consolidated Fund.

The debit in respect of the cost of one-rupee note forms supplied under the quarter ending December, 1979 for an amount of Rs. 55,45,802 was inadvertently omitted to be included in working out of the final requirement of funds for the year under this head and resulted in an overall excess of Rs. 38,75,835 under the Grant which requires regularisation.

This excess may kindly be recommended for regularisation by the Parliament under article 115(1)(b) of the Constitution of India.”

2.14. The Committee note that an excess expenditure of Rs. 38.76 lakhs occurred under the head ‘A.5. Cost of one Rupee Note Forms of Grant No. 38 Currency, Coinage and Mint’. This Grant is also operated by the Department of Economic Affairs. The Committee find that the excess resulted on account of the fact that the debit in respect of the cost of one rupee note forms supplied in the quarter ending December, 1979 for an amount of Rs. 55.46 lakhs was inadvertently omitted to be included in working out the final requirement of funds for the year under this head. Even though the excess expenditure did not involve any net additional outgo from the Exchequer as the provision made under this head is for an accounting adjustment, assuming an equivalent amount as a receipt of the Currency Note Press, the Committee would expect from the Department of Economic Affairs, entrusted with the responsibility of ensuring better financial control, to set an example to other Departments/Ministries by exercising greater care in budgeting.

2.15. Grant No. 39-Pensions

(Revenue Section)

Voted Expenditure	Rupees
Original Grant	41,50,00,000
Supplementary Grant	18,51,30,000
Final Grant	60,01,30,000
Actual Expenditure	64,15,21,917
Excess	4,13,91,917

2.16. In a note, explaining the reasons for the excess expenditure, the Department of Economic Affairs (Budget Division) have, *inter alia*, stated as follows:

“The original provision (Voted) of Rs. 41,50,00,000 was enhanced to Rs. 60,01,30,000 by a Supplementary Grant of Rs. 18,51,30,000 obtained in January, 1980. As against this the actual expenditure amounted to Rs. 64,15,21,917 resulting in an excess of Rs. 4,13,91,917. As shown in the table below, this excess occurred mainly on account of commuted value of pensions, gratuities and payments under the Central Government Employees’ Insurance Scheme:

(In crores of Rs.)

Head	Sanctioned provision	Actual Expenditure	Excess
A.— Pensions and other/Retirement Benefits: [—]		[—]	[—]
I.A.2.—Commuted Value of pensions :			
A. 2(1) —Ordinary Pensions:	5.60	6.55	0.95
II. A.4.—Gratuities :	11.59	13.73	2.14
C. Social Security and Welfare :			
III. C.I. Other Social Security and Welfare Programme :			..
C.1.(3).—Central Government Employees Insurance Scheme:	7.91	8.96	1.05
TOTAL:			4.14

The above excesses were largely due to liberalisation of pensionary benefits and a larger number of cases of voluntary

retirements and cases of death of employees while in service, which could by their very nature not be foreseen.

While the Grant is controlled by the Ministry of Finance, pension payments are made by a large number of Treasuries all over the country (rendering accounts to the State Accountants General), the public sector banks and the Pay and Accounts Offices under the departmentalised accounting set up. The estimates furnished by the Accountants General and the Pay and Accounts Officers are based on trend of actuals and even the estimating authorities find it difficult to make an accurate estimate. In several cases, there is a time lag between the time the pension payments become due and the time of actual payment. There are other uncertain factors also, e.g. persons who unfortunately die while in service, Government employees absorbed in public sector undertakings (most of whom opt for commutation of the entire pension), those seeking voluntary retirement, etc. which cannot be foreseen either at the time of budget formulation or later at the time of preparing revised estimates. All these factors build up an inherent imprecision in the estimation for the Pensions Grant. In view of the circumstances explained above, the excess of Rs. 4,13,91,917 may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution of India."

2.17. The Committee note that during 1979-80, excess expenditure of Rs. 413.92 lakhs had been incurred under Grant No. 39—Pensions controlled by the Department of Economic Affairs, against the final grant of Rs. 6001.30 lakhs, which works out to 6.89 per cent of the provision. This excess occurred mainly on account of commuted value of pensions, gratuities and payments under the Central Government Employees' Insurance Scheme. The Committee are informed that the excesses were largely due to liberalisation of pensionary benefits and a larger number of cases of voluntary retirements and cases of death of employees while in service. They are of the view that most of the above factors and particularly the effect of liberalisation of pensionary benefits could normally have been foreseen with some precision and provided for in the budget estimates before the close of the financial year. Similarly, there is always a time-lag between the notice seeking voluntary retirement and the date of actual retirement or between the finalisation of applications for commutation and the drawal of commuted value of

pension by those pensioners who opt for it. Therefore, the magnitude of entitlements should be ascertainable in respect of such factors. The Committee consider that with better concurrent control over expenditure, the excess to the tune of Rs. 4.14 crores could have been avoided to a large extent.

2.18. Appropriation—"Interest Payments"

Charged Appropriation	Rupees
Original Appropriation	2161,27,27,000
Supplementary Appropriation	45,00,00,000
Final Appropriation	2206,27,27,000
Actual Expenditure	2209,85,83,007
Excess	3,58,56,007

2.19. Explaining the reasons for the excess under the Appropriation—Interest Payments, the Ministry of Finance (Department of Economic Affairs) have, in a note stated as under:

"This Appropriation provides for interest charges on all debt and other obligations of the Central Government such as internal and external loans, depreciation and reserve funds, provident funds, small savings instruments, etc. The entire expenditure on the Appropriation is charged on the Consolidated Fund of India in terms of Article 112(3)(c) of the Constitution.

The original Appropriation of Rs. 2161,27,27,000 was augmented by obtaining a Supplementary. Appropriation of Rs. 45 crores in January, 1980. The actual expenditure, however, amounted to Rs. 2209,85,83,007 resulting in an excess of Rs. 3,58,56,007 which requires regularisation under Article 115(1)(b) of the Constitution.

This excess occurred mainly under the head "A—Interest Payment A.—3—Interest on Small Savings, provident funds etc. A. 3(1)—Interest on Savings Deposits and Savings Certificates." Against the total sanctioned provision of Rs. 474.73 crores under this head, the actual expenditure turned out to be Rs. 482.86 crores, leading to an excess of Rs. 8.13 crores. This head includes estimates for interest payments under numerous small savings schemes (small savings securities as well as deposits), payments to the Posts & Telegraphs Department for agency

functions in respect of these small savings schemes and remuneration to agents in respect of various small savings. Interest payments are spread over a large number of Post Offices in India and are, by their very nature, not susceptible of precise estimation. Further, interest in some cases is not claimed in the same year in which it becomes due and the arrears of interest are claimed in a subsequent year. Apart from interest payments during 1979-80 turning out to be larger than the sanctioned provision, a part of the increase was also on payment of commission to small savings agents due to larger investments in small savings than anticipated earlier. The overall excess of Rs. 8.13 crores mentioned above was partly offset, to the extent of Rs. 4.54 crores, by savings under other heads in the Appropriation, leaving a balance amount of Rs. 3,58,56,007 uncovered; this constitutes only about 0.16 per cent of the total sanctioned provision of Rs. 2206,27,27,000.

It is requested that the excess of Rs. 3,58,56,007 may kindly be recommended for regularisation by Parliament."

2.20. The Committee find that the overall excess under the Appropriation "Interest Payments" after setting off savings comes to Rs. 3.59 crores. It is significant that but for savings, the real excess would have been Rs. 8.13 crores. The Committee are informed that Interest payments are spread over a large number of Post Offices in India and are, by their very nature, not susceptible to precise estimation. Further, interest in some cases is not claimed in the same year in which it becomes due and the arrears of interest are claimed in a subsequent year. A part of the increase was also on payment of commission to small savings agents due to larger investments in small savings than anticipated earlier. The Committee are unable to appreciate why additional liabilities on this account, especially on investments in small savings, could not have been assessed more realistically by adequate liaison with Posts and Telegraphs Department and provided for at least in the Supplementary Budget. They would like to be apprised of the concrete measures taken or contemplated to effect improvements in this behalf.

Ministry of Home Affairs

2.21. Grant No. 54—Chandigarh.

<i>Revenue Section (Charged)</i>	<i>Rupees</i>
Original Appropriation	78,32,000
Supplementary Appropriation	5,82,000
Total Sanctioned Appropriation	84,14,000
Actual Expenditure	84,58,703
Excess	44,703
<i>Capital Section (Voted)</i>	
Original Grant	11,09,89,000
Supplementary Grant . . . . .	..
Total Sanctioned Grant	11,09,89,000
Actual Expenditure	11,25,93,555
Excess	16,04,555
<i>Capital Section (Charged)</i>	
Original Appropriation	6,00,000
Supplementary Appropriation	25,00,000
Total Sanctioned Appropriation	31,00,000
Actual Expenditure	31,85,933
Excess	85,933

2.22. In a note, explaining the reasons for the excess expenditure, the Ministry of Home Affairs have stated as follows:

“*Revenue Section (Charged)* Rs. 44,703/-. The original provision of Rs. 78,32,000/- under Revenue Section (Charged) was augmented by obtaining a Supplementary Appropriation of Rs. 5,82,000/ in January, 1980. The actual expenditure, however, amounted to Rs. 84,58,703/- against the total sanctioned provision of Rs. 84,14,000/- leaving an uncovered excess of Rs. 44,703/- which needs to be regularised.

The overall excess of Rs. 44,703/- was the net result of excesses and savings under the various heads in the “Charged” portion of Revenue Section of the Grant and occurred

mainly under the head 'A2-Administration of Justice—A. 2(1)-High Courts (Charged)' due to adjustment of two debits of Rs. 33,454 and Rs. 11,520. The debit of Rs. 33,454 pertained to purchase of typewriters which was adjusted in February, 1980 by Controller of Accounts. Necessary funds for the liability were provided by the Administration in 1979-80. However, as the administration were not aware of the adjustment, the funds kept for the purpose were utilised for meeting the expenditure on pending bills of Telephones and service stamps. The adjustment came to the notice of the Hight Court in April, 1980 (i.e., after the close of the financial year) while reconciling the figures of the expenditure. The second debit related to the payment of Rs. 11,520 on account of cash equivalent of unutilised leave of 180 days to the Deputy Registrar, Punjab and Haryana Court (retired compulsorily from Service) consequent upon acceptance of his appeal by the Supreme Court of India on 16-7-1979. As the retiree was pressing very hard for the release of the amount due to him, the amount was paid to him in March, 1980. No provision had been made for discharge of this liability within the financial year 1979-80.

Capital Section (Voted): Rs. 16,04,555/-

In the "Voted" Section, against the Budget provision of Rs. 11,09,89,000 actual expenditure amounted to Rs. 11,25,93,555 leaving an uncovered excess of Rs. 16,04,555. This excess was the net result of the excesses and savings under various sub-heads and occurred mainly under the following for the reasons given thereunder:—

Major Head "482"

BB. 3-Capital Outlay on Public Health, Sanitation & Water Supply: BB. 3(1)—Urban Water Supply Schemes: BB. 3(1) (1)—Augmentation of Chandigarh Water Supply Scheme (Voted) Rs. 45,62,542.

In the project estimate for the scheme of Augmentation of Water Supply for Chandigarh, provision was made for providing prestressed cement pipes. However, on the basis of subsequent analysis made on 20-11-1979, it was

decided to use steel pipes as was being done in similar project at Bangalore with a view to accelerating the progress of work. Accordingly the Ministry of Steel were contacted on 15-12-79 and supply order for procurement of M.S. Steel pipes was placed on 8-2-1980 with the Steel Authority of India Ltd., for an amount of Rs. 377.00 lakhs. These pipes were got manufactured from the Rourkela Steel Plant. The cost of these pipes had to be paid to the Steel Authority of India immediately on 1-3-80. Efforts were made to meet the excess requirement from the anticipated savings under other heads which resulted in the reduction of excess to Rs. 16,04,555. —

Capital Section (Charged): Rs. 85,933

The excess occurred under the following for the reasons given thereunder:—

Major Head "484"

BB. 5-Capital Outlay on Urban Development: BB. 5(1)—Chandigarh Capital Development: BB. 5(1) (1)—Construction (Charged) Rs. 85,933.

The Budget provision of Rs. 6 lakhs for Chandigarh Capital Development was augmented by Rs. 25 lakhs by obtaining a Supplementary Appropriation in March, 1980. Unfortunately, the total provision of Rs. 31 lakhs fell short of actual expenditure resulting in an excess of Rs. 85,933. The excess expenditure pertained to payment of decretal dues in two disputed cases of compensation for the cost of certain structures. As per Court's Orders payments in these cases had to be made by 2-12-1979 and 13-2-1980.

In the circumstances explained above, the excess mentioned above may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution."

2.23. The excess expenditure under the Capital Section of Grant No. 54—Chandigarh attracts attention on two counts. Firstly, it is significant that the gross excess under the major Head '482' was Rs. 45.63 lakhs and was reduced to Rs. 16.05 lakhs on account of reappropriation by savings from other heads. Secondly, the Committee find that in the project estimate for the scheme of augmentation of Water Supply for Chandigarh, provision was made for

providing pre-stressed cement pipes. However, on the basis of subsequent analysis made on 20 November, 1979, it was decided to use steel pipes as was being done in similar project at Bangalore with a view to accelerating the progress of work. Supply order for procurement of M.S. Steel Pipes was placed on 8 February, 1980 with the Steel Authority of India Ltd., for an amount of Rs. 377.00 lakhs. The cost of these pipes was paid on 1 March, 1980. The Committee are unable to appreciate why the liability on this account was not fully provided for in the Supplementary Budget after the decision was taken on 20 November, 1979 to use steel pipes. The circumstances under which provision for meeting this expenditure was not made may be examined with a view to taking necessary remedial measures.

Ministry of Defence

2.24 Grant No. 20—Defence Services—Army

Voted Expenditure	Rupees
Original Grant	18,95,70,50,000
Supplementary Grants	73,60,84,000
Total Sanctioned Grant	19,69,31,34,000
Actual Expenditure	20,31,37,05,351
Excess	62,05,71,351*

*Real excess: s
Rs. 62,05,70,422

2.25. In a note furnished to the Committee, the Ministry of Defence have stated as follows:

“The original grant of Rs. 18,95,70,50,000 under ‘Voted’ portion was increased to Rs. 19,69,31,34,000 by obtaining two supplementary grants amounting to Rs. 73,60,84,000 (Rs. 60,60,84,000 in January, 1980 and Rs. 13,00,000 in March, 1980) during the year. The actual expenditure during the year, however, amounted to Rs. 20,31,37,05,351 resulting in an uncovered excess of Rs. 62,05,71,351.

As mentioned above, the compiled accounts show an excess of Rs. 62,05,71,351 over the sanctioned Grant. However, a case of misclassification of expenditure has since come to notice. In this case, a sum of Rs. 929 was erroneously

booked as "Voted" instead of as 'Charged' and this expenditure, if booked under the 'Charged' head correctly, would not have resulted in excess under the Charged appropriation. After taking into account the effect of this misclassification, the actual excess over the sanctioned Grant (Voted) works out to Rs. 62,05,70,422 requiring regularisation.

The excess of Rs. 62,05,70,422 was the net result of excesses/savings under the various minor heads in the Grant and was mainly attributable to the excess under the following two sub-heads of the grant, viz.

A. 6—Ordnance Factories: Rs. 4648.09 lakhs

A. 7—R&D Organisation: Rs. 3312.35 lakhs.

A. 6—*Ordnance Factories*: Rs. 4648.09 lakhs:

The Budget provision of Rs. 424.63 lakhs was increased by Rs. 4659.71 lakhs by obtaining Supplementary Grants of Rs. 3419.71 lakhs in January, 1980 and Rs. 1240.00 lakhs in March, 1980. Against the total grant of Rs. 471,22.71 lakhs the actual expenditure amounted to Rs. 517,70.80 lakhs resulting in an excess of Rs. 4648.09 lakhs. This excess was mainly attributable to:—

(i) Overtime expenses to staff due to higher overtime working in certain factories to achieve production targets and also due to impact of Addl. D.A. etc. on overtime allowance rates. In this context it may be mentioned that the gross production of Ordnance Factories during 1979-80 also substantially went up as against 1978-79, whereas labour strength during the year was more or less the same as in the previous year. The information regarding the extent of excess on account of overtime expenses and the reasons for which this excess could not be covered by obtaining additional provision is being ascertained and a separate note* in this respect will be submitted to the PAC as soon as the information is available.

(ii) As against the provision of Rs. 295.33 crores under the head 'Purchase of Material' in the Revised Estimates for 1979-80 the actual expenditure worked out to

*Further Explanatory Note received after finalisation of the Report is reproduced under Appendix IX.

Rs. 327.70 crores, i.e., an excess of Rs. 32.37 crores. The excess expenditure was due to the following factors:—

- (a) Certain advance payments involving about Rs. 7 crores had to be made to MMTC and SAIL for the purchase of materials which were actually delivered during the next year. Efforts made to secure approval of these undertakings to non-enforcement of the conditions relating to advance payment did not succeed;
- (b) Quicker pace of materialisation of Stores, particularly heavy bookings on account of purchases made through Central purchasing agencies during the closing months of the year and adjustments made after the close of the year ;
- (c) Larger expenditure on inputs due to faster rise in prices than anticipated.

A. '7—Research and Development Organisation' (Rs. 3312.35 lakhs)

Against the original grant of Rs. 59 crores, actual expenditure amounted to Rs. 92,12.35 lakhs resulting in an excess of Rs. 33,12.35 lakhs. This excess occurred under sub-head "Purchase of Material". The main factors which led to this excess were payments of customs duty on store (Rs. 16.50 crores) which are exempted from payment of such duty and unusual heavy adjustment of bills by the Cs.D.A. during the later part of the year. Due to procedural requirements, it had not been possible to finalise the refunds of customs duty within the financial year despite all efforts made in this regard. However, out of a sum of Rs. 16.5 crores paid in 1979-80 towards customs duty, refunds to the extent of Rs. 11.71 crores had been realised upto March, 1981. The budgetary provisions for purchase of stores were made based on the commitments carried forward, actual materialisation and also past trends. The actual expenditure, however, turned out to be disproportionately higher as compared to Rs. 10 crores actual expenditure on Central Purchase booked during October-March, 1978-79, the corresponding booking in 1979-80 was

Rs. 26 crores. The total expenditure booked against "Purchase of Material" during 1979-80 was Rs. 63.30 crores as against Rs. 35.80 crores during 1978-79.

Some of the remedial measures which have been taken or are proposed to be taken to avoid excess expenditure over the Voted Grant under this sub-head are:—

- (i) Arrangements have been made to obtain relevant documents in time, wherever possible, for production to Custom authorities to avoid spot payment of duty. All Establishments/Laboratories have been directed to ensure that the documents called for by Embarkation Headquarters are forwarded immediately and that for this purpose liaison is established with Embarkation Headquarters by visits, if necessary. (Copies of instructions issued in this regard *vide* Research and Development Organisation's circular letters No. ADM/88295/RD-26 dated 7-2-1980 and No. ADM/RD—26/88295, dated 19-7-1980 are enclosed).
- (ii) A quarterly reporting system has been introduced in the R&D Organisation by which Establishments will review progress of expenditure on stores budget against outstanding liability and funds earmarked to ensure that excess is avoided. Two small liaison units have been set up in Madras and Bombay to constantly monitor the stores payments and assist the Embarkation Headquarters, etc. to get the requisite details to avoid payment of Customs duty on duty exempted stores.
- (iii) Central Board of Excise & Customs are being requested to issue necessary directives to Custom Authorities to devise appropriate procedures for automatically exempting R & D Imports covered by exemption certificates.
- (iv) CGDA is being requested to make a selective analysis of the flow of Central Purchase booked against the R&D head vis-a-vis the date of actual payment abroad in foreign currency.

In the circumstances explained above the excess of Rs. 62,05,70,422 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution."

2.26. The Committee note that the real excess of Rs. 62.06 crores under Grant No. 20—Defence Services—Army was the net result of excesses and savings under various minor heads in the Grant and was mainly attributed to the excess under sub-head 'A-6—Ordnance Factories'—(Rs. 46.48 crores) and 'A.7—R&D Organisation' (Rs. 33.12 crores). It is seen that out of the gross excess of Rs. 46.48 crores under sub-head 'A.6—Ordnance Factories', Rs. 32.37 crores arose under Section 'Purchase of Material' for the reasons (i) that certain advance payments involving about Rs. 7 crores had to be made, (ii) quicker pace of materialisation of stores during the closing months, and (iii) larger expenditure on inputs due to faster rise in prices than anticipated. The Committee are of the view that had a proper watch on the supplies been kept by the Ministry by a more effective monitoring of the materialisation of supplies and advance payments relating thereto, the excess could have been avoided by making timely provision.

In regard to an unspecified excess out of the excess of Rs. 46.48 crores under sub-head 'A. 6-Ordnance Factories', the Committee have been informed that information regarding the extent of excess on account of over-time expenses and the reasons for which this excess could not be covered by obtaining additional provision are being ascertained (20 June, 1981) and a separate note will be submitted as soon as the information is available. The same has not been made available to the Committee till the finalisation of this Report. The Committee take adverse note of the fact that even though more than a year has elapsed since the excess was detected on closing of accounts after March 1980, vital information even on the extent of excess on account of overtime expenses was not compiled and analysed. The Committee are further of the view that since there is usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account.

In this regard, the Committee note from the Appropriation Accounts (Defence Services) for 1979-80 for Grant No. 20 that increase of Rs. 11.86 crores was due to (i) grant of Additional Dearness Allowance, (ii) more expenditure on overtime allowance and (iii) Customs Duty. The Committee would like to know the excess amount due to each of these three factors.

The Committee further note from page 16 of the Appropriation Accounts for 1979-80 that the total amount of overtime allowance paid in Ordnance factories was Rs. 14.55 crores (1978-79) and

Rs. 17.79 crores (1979-80); it is also mentioned therein that the overtime payments were not justifiable by the needs of production. The Committee would like to have an elucidation of the aforesaid comment in the Appropriation Accounts. The Committee would also like to know the amounts of excess due to overtime payments.

2.27 The Committee also find that excess of Rs. 33.12 crores under sub-head 'A. 7-Research and Development Organisation' had occurred under Section "Purchase of Material" and has been attributed to payments of customs duty on stores which are exempted from payment of such duty and materialisation of stores. The Committee have been informed that some remedial measures have been taken or are proposed to be taken to avoid excess expenditure under this sub-head. They would like to be apprised of the outcome of these measures.

2.28. Grant No. 22—Defence Services—Air Force.

Voted Expenditure	Rupees
Original Grant	661,79,00,000
Supplementary Grants	170,65,70,000
Total Sanctioned Grant	832,44,70,000
Actual Expenditure	856,86,38,519
Excess	24,41,68,519*

*The real excess is Rs. 24,41,61,337

2.29. In a note furnished to the Committee, explaining the reasons for the excess expenditure, the Ministry of Defence have stated as follows:

"The original Grant of Rs. 661,79.00 lakhs under 'Voted' portion was increased to Rs. 832,44.70 lakhs by obtaining Supplementary grants amounting to Rs. 170,65.70 lakhs (Rs. 160,65.70 lakhs in January, 1980 and Rs. 10.00 lakhs in March, 1980) during the year. The actual expenditure during the year. The actual expenditure during the year, however, amounted to Rs. 856,86,38,519 resulting in an uncovered excess of Rs. 24,41,68,519.

As mentioned above the compiled accounts show an excess of Rs. 24,41,68,519 over the Sanctioned Grant. However,

three cases of misclassification of expenditure involving a total amount of Rs. 7182 have since come to notice. The expenditure in these three cases actually related to the 'Charged' portion of the Grant but was erroneously booked as 'Voted'. After taking into account the effect of these misclassifications, the actual excess over the Sanctioned Grant works out to Rs. 24,41,61,337.

The excess of Rs. 24,41,61,337 was the net result of excesses/savings under various Sub-heads of the Grant and was mainly attributable to excess under the following Sub-heads of the Grant:—

A-5—Stores Rs. 2204.71 lakhs.

A-6—Works Rs. 346.41 lakhs.

A-5—Stores: (Rs. 2204.71 lakhs)

The Budget provision of Rs. 465,18.00 lakhs was augmented by Rs. 167,12.20 lakhs by obtaining Supplementary Grants of Rs. 157,12.20 lakhs in January 1980 and Rs. 10,00 lakhs in March 1980. Against the final Grant of Rs. 632,30.20 lakhs, actual expenditure, however, amounted to Rs. 654,34.91 lakhs resulting in an excess of Rs. 22,04.71 lakhs. This excess occurred under the sub-heads (a) Aviation Stores; and (b) POL.

(a) *Aviation Stores*: The over-run of about 18,30 lakhs was mainly attributable to over-materialisation of supplies/payments than what was anticipated at the Revised Estimates stage. Expenditure booked during March 1980 alone worked out to Rs. 33,11 lakhs as against average booking of Rs. 27.78 lakhs for the corresponding period during the previous two years. Efforts are being made to identify the specific items under this head which contributed to excess expenditure and details thereof will be furnished in a separate note.*

(b) *P.O.L.*: The excess expenditure under this head amounted to about Rs. 427 lakhs. The expenditure on this item exceeded the sanctioned grant mainly because the effect of hike in petrol price was more than what could be anticipated.

*Further Explanatory Note received after finalisation of the Report is reproduced under Appendix X.

A-6—Works: (Rs. 346.41 lakhs)

The excess was mainly due to more expenditure than anticipated on maintenance and operation of installations and departmental charges on works services on account of increase in prices.

In the circumstances explained above, the excess of Rs. 24,41,61,337 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.”

2.30. The Committee note that an excess expenditure of Rs. 24.42 crores occurred under Grant No. 22—Defence Services—Air Force. The excess has been attributed mainly to gross excess of Rs. 22.05 crores under the sub-head ‘A-5—Stores’ and Rs. 3.46 crores under the sub-head ‘A-6—Works’. The Committee also find that mainly Aviation Stores and POL accounted for the excess under sub-head ‘A-5—Stores’ and it was attributed to over-materialisation of supplies/payments than anticipated, effect of hike in petrol prices and increase in prices having bearing on maintenance and operation of installations. The Committee are constrained to note that the specific items under Aviation Stores which contributed to excess expenditure have not been identified by the Ministry so far. While the excess expenditure is recommended for regularisation, the details thereof should be furnished to them as promised by the Ministry.

2.31. The Committee note from the foregoing paragraphs that out of total excesses amounting to Rs. 140.85 crores, Rs. 86.47 crores of excess have been contributed by the two grants of the Ministry of Defence. This constitutes about 61 per cent of the total excesses. This reflects badly on the budgetary control of the Ministry of Defence. The Committee further note that excess of about Rs. 70 crores arose mainly under purchase of materials and stores due to stores supplies materialising earlier than anticipated. The Committee feel that the aforesaid excess could have been avoided if there had been effective monitoring of supplies and provision made therefor. The Committee would recommend that the Works Study Group within the Ministry of Defence should go into the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget and submit their report in this regard by December, 1981.

2.32. The Committee observe that for a closer concurrent scrutiny of the expenditure of the Ministry of Defence a suitable machinery should be evolved.

APPROPRIATION ACCOUNTS (P&T), 1979-80

Ministry of Communications
(P & T Board)

2.33. Grant No. 16—Posts and Telegraphs—Working Expenses.

(Revenue Section)

Voted Expenditure	Rupees
Original Grant	7,00,99,70,000
Supplementary Grant	25,16,75,000
Total Sanctioned Grant	7,26,16,45,000
Actual Expenditure	7,35,53,50,049
Excess	9,37,05,049

2.34. In a note, explaining the reasons for the excess expenditure, the Ministry of Communications (P & T Board) have stated as follows:

“The Original Grant of Rs. 7,00,99,70,000 was augmented to Rs. 7,26,16,45,000 by obtaining Supplementary Grants aggregating Rs. 25,16,75,000 obtained in January, 1980 (Rs. 11,63,00,000) and March 1980 (Rs. 13,53,75,000).

The excess of a little over Rs. 9.37 crores occurred mainly due to the following:—

- (a) Pensionary benefits e.g. Superannuation and Retirement Allowances (Rs. 1.90 crores), Commuted value of Pension (Rs. 1.97 crores), Compassionate Allowance (Rs. 0.04 crores), Gratuities (Rs. 3.50 crores), Family Pension (Rs. 0.79 crore) and Other Pensions (Rs. 0.10 crore).
Rs. 8.30 crores.
- (b) Additional Dearness allowance to P&T employees
Rs. 1.10 crores.

Pensionary benefits in respect of Central Government employees were liberalised in May, 1979; it involved counting of a portion of the dearness allowance as pay for the purpose of superannuation and retirement benefits and increase in the quantum of pension, etc. Due to these liberalisations (with retrospective effect) arrears of pension, commuted value of pension, gratuity and family

pensions became due to a large number of P&T pensioners. In addition further instalment of relief in pension was granted to Central Government pensioners in May 1979 with retrospective effect from 1st December, 1978 which involved payment of arrears. Full financial impact of these could not be accurately estimated at the time of obtaining Supplementary Grants.

As regards dearness allowance, rates of additional dearness allowance in respect of Central Government employees were enhanced w.e.f. 1st December, 1978 and 1st August, 1978, orders for which were issued on 9th April, 1979 and 4th October, 1979 respectively. The retrospective effect of revisions in the rates of dearness allowance resulted in payment of arrears to the staff. Although a Supplementary Grant was obtained to meet the anticipated additional liability on this account, the actual expenditure turned out to be higher than the estimates framed at that time.

In view of the circumstances mentioned above, the net excess of Rs. 9,37,05,049 may kindly be recommended for resubmission by Parliament under Article 115(1)(b) of the Constitution of India."

2.35 The Committee note that an excess expenditure of Rs. 9.37 crores was incurred under Grant No. 16—Posts & Telegraphs—Working Expenses during the year under review. The excess occurred mainly due to liberalisations of pensionary benefits and additional dearness allowance. As early as in 1968-69, the Public Accounts Committee had observed, in paragraph 2.73 of their 31st Report (Fourth Lok Sabha) that as there was usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account. The Committee are concerned to note that during 1979-80 also, considerable excess expenditure was incurred under this Grant. The Committee find that pensionary benefits in respect of Central Government employees were liberalised in May, 1979 with retrospective effect and additional relief in pension was also granted in May, 1979 with retrospective effect from 1-12-1978. Even so, the Committee are of the considered view that provision in respect of superannuation and retirement allowances, commuted value of pensions, Gratuities etc. and additional dearness allowance could and should have been made with some precision. This is a clear case of avoidable excess expenditure and the Committee are unable to appreciate why full financial impact

of liberalisations announced in May, 1979 could not be estimated with some exactitude at the time of obtaining supplementary grants. They trust that the Ministry would take adequate care in future to avoid excesses on this account.

APPROPRIATION ACCOUNTS (RAILWAYS)
1979-80

2.36. During the year 1979-80, the actual expenditure under the grants and appropriations administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allocation in six Voted Grants and one Charged Appropriation. The excess expenditure during the year 1979-80 aggregated to Rs. 35.76 crores as against Rs. 41.36 crores in 1977-78 and Rs. 13.00 crores in 1978-79 and occurred under the following Grants/Appropriation:

Sl. No.	Name of the Grant/ Appropriation	Final Grant	Actual expenditure	Real Excess after taking into account misclassification.	Percentage of variation
1	2	3	4	5	6
1.	Grant No. 3— Working Expenses General Superintendence and Services	123,27,30,00	124,53,00,306	129,30,311	1.05
2.	Grant No. 4— Working Expenses—Repairs & Maintenance of permanent way & Works	211,86,59,000	212,86,59,396	108,10,836	0.51
3.	Grant No. 7— Working Expenses Repairs & Maintenance of Plant & Equipment	112,88,12,000	114,40,46,456	152,434,456	1.35
4.	Grant No. 9— Operating Expenses—Traffic	251,30,80,000	255,26,12,557	400,16,557	1.59
5.	Grant No. 11— Working Expenses—Staff Welfare & Amenities	80,93,67,000	81,38,93,479	40,42,479	0.50
6.	Grant No. 16— Assets—Acquisition, Construction and Replacement (Voted)	15,97,25,74,000	16,38,24,04,039	27,32,08,575	1.71
7	Do. (Charged)	66,20,000	47,98,581	14,06,591	21.24

2.37. The following table indicates the excess expenditure recorded under various Voted Grants/Charged Appropriations during the years 1970-71 to 1979-80:

Year	No. of Grants and appropriations where in excess occurred	Amount of Expenditure (Rupees in crores)
1970-71	4	0.22
1971-72	10	46.21
1972-73	5	10.21
1973-74	..	..
1974-75	6	17.96
1975-76	13	85.79
1976-77	7	67.67
1977-78	6	41.36
1978-79	4	13.00
1979-80	7	35.76

2.38. In a note furnished to the Committee on 4th June, 1981, explaining reasons for the excess expenditure, the Ministry of Railways (Railway Board) have, *inter alia* stated:

“During the year 1979-80, there was an overall saving of Rs. 206.13 crores over the final grants and appropriations resulting from an aggregate saving of Rs. 255.30 crores under 10 grants (No. 1, 2, 5, 6, 8, 10, 12, 13, 14 and 15) and all the 13 Appropriations and an aggregate excess of Rs. 49.17 crores under 6 grants (No. 3, 4, 7, 9, 11 and 16). The amount of excess in each of the six grants has been shown in para 10.3 of the report of the Comptroller and Auditor General of India for the year 1979-80—Union Government (Railways) as also in para 29—of the Appropriation Accounts of Railways in India for the year 1979-80 Part I—Review.

The excesses under the 6 grants are explained in attached detailed note.

As the excesses to be regularised by Parliament are to take into account the effect of misclassifications also, Annexure

'A' attached* to the detailed note shows (a) figures of excesses as printed in the above mentioned two publications and (b) figures of real excesses after taking into account the effect of the misclassifications.

Public Accounts Committee are requested to recommend the regularisation of the excess by Parliament in the manner prescribed under Article 115 of the Constitution of India.

It may be submitted that every care is taken (a) to assess the expenditure under various grants/appropriations as precisely as possible and (b) to obtain supplementary allotments, where necessary, so that the excesses are avoided to the maximum extent possible."

Detailed Note furnished by the Ministry of Railways.

Grant No. 3—Working Expenses—General Superintendence and Services. Excess of Rs. 1,25,70,306 over final grant of Rs. 123,27,30,000.

This grant deals with expenditure on the Zonal Head Quarters Office and Divisional Head Office of the Rly. Administrations.

A grant of Rs. 116.48 crores was obtained in the Budget. Two Supplementary grants aggregating to Rs. 6.79 crores were obtained (Rs. 3.55 crores in January, 1980 and Rs. 3.24 crores in March, 1980) for *ad hoc* payment of productivity linked bonus and payment of additional dearness allowance.

The excess of Rs. 1.26 crores occurred mainly due to more expenditure under payment of dearness allowance (Rs. 0.65 crore), contingent expenses (Rs. 0.45 crores) and aggregate of variation under other heads (0.16 crores). Of the total excess, Rs. 0.35 crore related to Central Railway on account of dearness allowance and contingent expenses.

The excess works out to 1.02 per cent over the final grant.

There was misclassification amounting to Rs. 3,60,005 as brought out in Annexure 'A' & 'B' and the excess requiring regularisation, therefore is Rs. 129,30,311.

*Reproduced under Appendix XII.

Grant No. 4—Working Expenses—Repairs and Maintenance of Permanent Way and Works—Excess Rs 100,00,396 over final grant of Rs. 211,86,59,000.

This grant deals with expenditure on repairs and maintenance of the permanent way assets like track and other buildings and structures.

A grant of Rs. 196.88 crores was obtained in the Budget for meeting expenditure on repairs and maintenance of permanent way and works. Two Supplementary grants aggregating to Rs. 14.99 crores were obtained (Rs. 5.71 crores in January 1980 and Rs. 9.28 crores in March 1980) for meeting with payments of additional dearness allowance, repairs and restoration of flood damages and payment under the scheme of productivity linked bonus.

The excess of Rs 1.00 crores occurred mainly due to more expenditure under other expenses (Rs. 1.26 crores) and contractual payments (Rs. 1.06 crores) partly offset by savings under other heads (Rs. 1.32 crores). Of the latter, saving of Rs. 0.73 crore occurred on N.F. Rly. due to less expenditure on salaries and wages, dearness allowance and cost of material etc. of the excess (Rs. 1.06 crores) under contractual payments Rs. 0.55 crore related to Central Railway and 0.26 crore to South Central Railway.

The excess works out to 0.37 per cent over the final grant.

There was misclassification amounting to Rs. 8,10,440 as brought out in Annexure 'A' and 'B' and the excess requiring regularisation, therefore, is Rs. 108,10,836.

Grant No. 7—Working Expenses—Repairs & Maintenance of Plant & Equipment—Excess of Rs. 152,34,456 over the final grant of Rs. 1,12,88, 12,000.

This grant deals with the expenditure on repairs & maintenance of all plant & equipment by the Civil, Mechanical, Electrical, Signal & Telecommunication Departments, rental to P&T, S&T circuits etc.

A grant of Rs. 106.54 crores was obtained in the Budget for meeting expenditure on repairs & maintenance of plant & equipments. Two supplementary grants of Rs. 6.34 crores were obtained (Rs. 2.29 crores in January, 80 and Rs. 4.05 crores in Mach, 80), for payment of productivity linked

bonus, payment of additional dearness allowance, more expenditure on wages/materials for periodical overhauls etc.

The excess of Rs. 1.52 crores occurred mainly due to more expenditure under cost of material (Rs. 1.56 crores); partly offset by net saving (Rs. 0.04 crore) under other heads. Of the total excess under cost of materials Rs. 0.32 crores related to Central Railway and Rs. 0.51 crore to Northern Railway.

The excess works out to 1.35 per cent over the final grant.

There was no misclassification relating to this grant and excess requiring regularisation, therefore, is Rs. 1,52,34,456.

Grant No. 9—Operating Expenses—Traffic—Excess Rs. 3,95,32,557 over the final grant of Rs. 2,51,30,80,000.

This grant deals with expenditure on traffic, Operating & Traffic Commercial Deptt. relating to Station Operations, **yard operations etc.**

A grant of Rs. 237.38 crores was obtained in the Budget for this purpose. Two supplementary grants of Rs. 13.93 crores were obtained (Rs. 7.66 crores in January, 80 and 6.27 crores in March, 80) for payment under the scheme for productivity linked bonus and for payment of additional dearness allowance.

The excess of Rs. 3.95 crores was mainly due to more expenditure under 'other expenses' (Rs. 1.83 crores) and 'Contingent expenditure' (Rs. 0.81 crore) and aggregate of other heads (Rs. 1.31 crores). Of the total excess Rs. 0.35 crore related to Central Railway mainly on account of dearness allowance, night duty allowance etc. and Rs. 0.74 crore to Northern Railway on account of dearness allowance, other expenses etc.

The excess works out to 1.57 per cent over the final grant.

There was misclassification amounting to Rs. 4,84,000 as brought out in Annexure 'A' & 'B' and the excess requiring regularisation, therefore, is Rs. 4,00,16,557.

*Grant No. 11—Working Expenses—Staff Welfare & Amenities—
Excess of Rs. 45,26,479 over the final grant of Rs. 80,93,67,000.*

This grant deals with the expenditure on educational, medical facilities, health and Welfare services, Canteen and other Staff amenities etc.

A grant of Rs. 77.21 crores was obtained in the Budget for the purpose. Two Supplementary grants amounting to **Rs. 3.73 crores were obtained (Rs. 1.70 crores in January, 80 and Rs. 2.03 crores in March, 80)** for payment under the scheme of productivity linked bonus, additional dearness allowance and more expenditure on medical health and welfare services.

The excess of Rs. 0.45 crore was due to more expenditure under 'Contractual payments' (Rs. 0.95 crore); partly offset by saving under other heads (Rs. 0.50 crore). Of the excess under contractual payments of Rs. 0.46 crore related to South Eastern Railway.

The excess works out to 0.56 per cent over the final grant.

There was misclassification amounting to Rs. 4,84,000 relating to other grants booked under this grant and excess requiring regularisation is Rs. 40,42,479.

Grant No. 16—Assets—Acquisition, Construction and Replacement (a) (Voted) Excess of Rs. 40,98,30,039 over the final grant of Rs. 15,97,25,74,000. (b) (Charged)—Saving of Rs. 18,21,409 over the final grant of Rs. 66,20,000 but for misclassification of expenditure Rs. 32,28,000 booked as 'Voted' instead of 'charged' excess would have been Rs. 14,06,591.

This grant deals with expenditure on Assets—Acquisition, Construction and replacement whether met out of loans to be obtained from General Revenues or internal resources of Railways viz. expenditure met from DRF, DF, ACF and OLWR.

A grant of Rs. 15,25,89 crores was obtained in the Budget for this purpose. Two supplementary grants amounting to Rs. 71.37 crores were obtained (Rs. 5.01 crores in

January 80 and Rs. 66.36 crores in March 80) to meet increased expenditure under Stores Suspense and other Suspense heads due to rise in prices of Rly. stores imported electrics and electrical equipment and *ad hoc* payment of 15 days wages as a part of the scheme of Productivity Linked Bonus. These grants proved, however, inadequate, the expenditure under capital having exceeded the provision by Rs. 75.66 crores; partly offset by savings under DRF (Rs. 28.11 crores), OLWR (Rs. 4.59 crores) ACSPPF (Rs. 1.81 crores) and DF (Rs. 0.17 crore).

The excess of Rs. 40.98 crores was due to increase in manufacture Suspense (Rs. 25.67 crores), Stores Suspense (Rs. 13.68 crores), Gauge conversion (Rs. 5.22 crores), new lines (Rs. 2.58 crores), Rolling Stock (Rs. 2.53 crores), Doubling (Rs. 2.10 crores), Track Renewals (Rs. 1.48 crores) and aggregate of other heads (Rs. 2.74 crores); partly offset by decrease in Miscellaneous Advances (Rs. 4.72 crores), Machinery & Plant (Rs. 3.89 crores), Workshops (Rs. 1.86 crores), Traffic facilities (Rs. 1.84 crores), Investment in Govt. undertaking IRCON (Rs. 1.50 crores) and aggregate of other heads (Rs. 1.21 crores).

The excess works out to 2.56 per cent over the final grant.

There was a wrong booking of expenditure owing to erroneous double adjustment of labour charges on Northern Railway. As a result the real excess to be regularised is less by the amount adjusted twice as detailed below:

- (a) Labour charges accounted for twice under Manufacture Suspense—13,36,02,000

(Note: There has been correspondingly excess adjustment of credit to the extent of Rs. 13,36,02,000 under Credits and Recoveries) vide Annexure 'F' to the Appropriation Accounts 1979-80.

- (b) Decretal payment booked as Voted instead of charged pertaining to Central Railway—32,28,000.

- (c) Amount booked to other grants instead of Grant No. 16 2,08,536—13,66,21,464.

Therefore the real excess requiring regularisation works out to Rs. 27,32,08,575.

There was a saving of Rs. 18,21,409 under this Appropriation, as brought out in sub-para (b) above, taking into account the amount of decretal payment on Central Railway (Rs. 32,28,000) wrongly classified as voted, as charged expenditure, the real excess under 'Charged' under Grant No. 16 would be Rs. 14,06,591."

2.39. The extent of deterioration in the position of overall excesses which aggregate to Rs. 35.76 crores under various Grants/Appropriations administered by the Ministry of Railways causes concern to the Committee.

2.40. An analysis of the reasons for excess expenditure over authorised allocations indicates that defective estimation of monetary requirements lack of proper and timely review and monitoring of the progress of expenditure, failure to anticipate properly and provide fully for "contractual payments" and avoidable misclassifications and erroneous adjustments have contributed to excesses. That this should be so despite the repeated comments by the Committee and the oft-repeated assurances held out by the Railway Administration, is indicative of the fact that effective steps were not taken to check recurrence of such types of excess expenditure. This is highly deplorable. The Committee have commented upon the unusual increase in cases involving misclassifications in the earlier Section of this Report. The salient cases of excess expenditure are discussed in the following paragraphs.

2.41. The Committee find that excess occurred under Grant No. 3—Working Expenses—General Superintendence and Services, Grant No. 4—working Expenses—Repairs and Maintenance of permanent way and works, Grant No. 7—Working Expenses—Repairs and Maintenance of Plant and Equipment, Grant No. 11—Working Expenses—Staff Welfare and Amenities. The excess expenditure on all these Grants has been attributed to payment of dearness allowance/additional dearness allowance and payment under the scheme of productivity linked bonus. The Committee are firmly of the view that since there is no element of uncertainty on expenditure relating to dearness allowance, the excess on this account should not have occurred. The Committee see no reason why expenditure on payment of bonus could not be covered by obtaining additional provision. The Committee trust that stricter budgetary discipline and monitoring shall be attempted in future through close watch over the flow of expenditure and better anticipation thereof for making timely additional provision.

2.42. The Committee note that excess expenditure had been incurred under Grant No. 16—Assets—Acquisition, Construction and Replacement(s) and aggregated to Rs. 27.32 crores. It is significant in this context that but for savings under Depreciation Reserve Fund, Development Fund, Accident Compensation Fund and Open Lime Works Revenues the excesses under Capital expenditure would have been to the tune of Rs. 75.66 crores as shown in the Audit Report and Appropriation Accounts. Even after taking into account the set-off due to misclassification, etc., the excess in the Capital Section would be Rs. 62.00 crores. The excess of Rs. 40.98 crores shown in the Appropriation Accounts was due to increase in manufacture suspense (Rs. 25.67 crores), stores suspense (Rs. 13.68 crores) Gauge conversion (Rs. 5.22 crores), new lines (Rs. 2.58 crores), Rolling Stock (Rs. 2.53 crores) etc. The Committee have been informed that two supplementary grants amounting to Rs. 71.37 crores were obtained in January/March 1980 to meet increased expenditure under Stores suspense and other suspense heads due to rise in prices of Railway Stores, imported electrics and electrical equipment and ad hoc payment of 15 days wages as a part of the scheme of Productivity Linked Bonus. The Committee are unable to appreciate why the additional requirements on this account could not be assessed precisely and in time.

2.43. The Committee further note that there was a wrong booking of expenditure owing to erroneous double adjustment of labour charges aggregating to Rs. 13.36 crores accounted for twice under Manufacture Suspense under Grant No. 16. The Committee take a serious note of such patent accounting errors which could have been detected if adequate attention had been paid to prompt check and reconciliation of the account figures and careful observance of the existing codal provisions. They desire that responsibility for the lapses, particularly at the supervisory level should be fixed for appropriate action against the erring officials. The Committee also expect that greater care would be exercised in future to avoid serious mistakes in the proper upkeep and maintenance of books of accounts.

2.44. The Committee further note that an excess of Rs. 14.07 lakhs occurred under Appropriation 'Assets—Acquisition, Construction and Replacements(s)' as a result of decretal payment on one of the Railways (Rs. 32.28 lakhs) having been wrongly classified as 'Voted' Expenditure. The Committee are surprised that decretal payment from a Court should have been misclassified as 'Voted' expenditure when it was distinctly to be classified as "Charged".

That this was so despite the repeated comments by the Committee and renewed instructions issued by the Department of Economic Affairs on 20 November, 1975 pursuant thereto, would suggest that effective steps are necessary to obviate such misclassifications.

2.45. Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115(1) (b) of the Constitution of India.

NEW DELHI;

August, 1981

22 Sravana 1903 (Saka)

SATISH AGARWAL,

Chairman,

Public Accounts Committee.

PART II

Minutes of the sitting of the Public Accounts Committee
(1981-82) held on 10 August, 1981 (FN)

MINUTES OF THE THIRD SITTING OF PUBLIC ACCOUNTS
COMMITTEE HELD ON 10 AUGUST, 1981.

The Public Accounts Committee sat on 10 August, 1981 from 11.00 to 12.40 hrs. The following were present:

CHAIRMAN

Shri Satish Agarwal

MEMBERS

2. Shri Tridib Chaudhuri
3. Shri K. P. Singh Deo
4. Shri Mahavir Prasad
5. Shri Ashok Gehlot
6. Shri M. V. Chandrashekara Murthy
7. Shri Ahmed Mohammed Patel
8. Shri Hari Krishna Shastri
9. Shri Satish Prasad Singh
10. Shri Sunil Maitra
11. Smt. Purabi Mukhopadhyay
12. Shri N. K. P. Salve
13. Shri Tirath Ram Amla
14. Shri Patitpaban Pradhan
15. Shri Indradeep Sinha

REPRESENTATIVES OF AUDIT

1. Shri G. B. Singh, *Addl. Dy. C&AG*
2. Shri A. R. Shirali, *A.D.A.I. (Rlys).*
3. Shri M. M. Mehta, *DACR.*
4. Shri M. L. Malhotra, *J.D. (Reports).*
5. Shri H. K. Chhaya, *J.D. (Rlys)*
6. Shri R. S. Gupta, *J.D. (DADS)*

SECRETARIAT

1. Shri D. C. Pande—*Chief Financial Committee Officer*
2. Shri K. C. Rastogi—*Senior Financial Committee Officer.*

The Committee took up for consideration the draft 57th Report on 'Excesses Over Voted Grants and Charged Appropriations (1979-80)', and adopted the same with certain modifications as shown in Annexure. The Committee authorised the Chairman to incorporate in the Report, certain other minor amendments/modifications arising out of factual verification of the same by Audit.

The Committee then adjourned.

ANNEXURE

List of Modification / Amendments made by the Public Accounts Committee in the 57th Report on Excesses over Voted Grants and Charged Appropriations' (1979-80).

Page	Para	Line	Modifications/Amendments
7	2.3	6	<i>For "under the Railways, ... 4.00 crores "</i> <i>Read "under the Railways under Grant No. 16 Assets, Acquisition, Construction and Replacement under Grant No.9 — 'Operating Expenses—Traffic—the excesses were of the order of Rs. 27.32 crores and Rs. 4.00 crores respectively."</i>
9..	2.5	1—4 from bottom	The sentence "The Appropriation Accounts (Civil).....sanctioned provision." may be amended to read as under : "The Appropriation Accounts (Civil) disclosed savings of Rs. 1,479.96 crores out of voted amount of Rs. 12,534.79 crores (i.e.— 11.8 per cent) and savings of Rs. 1,711.16 crores out of Charged amount of Rs. 31,628.43 crores (i.e. 5.4-per cent). Thus, the total savings amounted to Rs. 3,191.12 crores out of the total voted and charged amount of Rs. 44,163.22 crores (i.e. 7.2 per cent) of the sanctioned provision".
10.	2.5		<i>Add the following as the last sentence of the first sub-paragraph :</i> <i>"The reasons for heavy shortfalls in expenditure particularly in the rural sector need to be adequately explained to the Committee"</i>
10	2.5	last line from bottom	<i>For "contained" read "incurred/contained".</i>
12	2.6	5	<i>For "excess" read 'excesses (gross as well as net)'</i>
13	2.7	8-9 from bottom	<i>Delete the words "Production Managers, All India Railways.</i>
19	2.14	1-2- from bottom	<i>For the proper up-keep and maintenance of accounts." read "Budgeting."</i>
35-36	2.26 & 2.27		<i>The existing paragraphs may be substituted by the following :</i>

"2.26. The Committee note that the real excess of Rs. 62.06 crores under Grant No. 20—Defence Services—Army was the net result of excesses and savings under various minor heads in the Grant and was mainly attributed to the excess under sub-head 'A. 6—Ordnance Factories'—(Rs. 46.48 crores) and 'A. 7—R&D Organisation' (Rs. 33.12 crores). It is seen that out of the gross excess of Rs. 46.48 crores under sub-head 'A. 6—Ordnance Factories', Rs. 32.37 crores arose under Section 'Purchase of Material' for the reasons (i) that certain advance payments involving about Rs. 7 crores had to be made (ii) quicker pace of materialisation of stores during the closing months and (iii) larger expenditure on inputs due to faster rise in prices than anticipated. The Committee are of the view that had a proper watch on the supplies been kept by the Ministry by a more effective monitoring of the materialisation of supplies and advance payments relating thereto, the excess could have been avoided by making timely provision.

In regard to an unspecified excess out of the excess of Rs. 46.48 crores under the sub-head A. 6—Ordnance Factories, the Committee have been informed that information regarding the extent of excess on account of over-time expenses and the reasons for which this excess could not be covered by obtaining additional provision is being ascertained (20 June, 1981) and a separate note will be submitted as soon as the information is available. The same has not been made available to the Committee till the finalisation of this Report. The Committee take adverse note of the fact that even though more than a year has elapsed since the excess was detected on closing of accounts after March, 1980, vital information even on the extent of excess on account of overtime expenses was not compiled and analysed. The Committee are further of the view that since there is usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account.

In this regard, the Committee note from the Appropriation Accounts (Defence Services) for 1979-80 for Grant No. 20 that increase of Rs. 11.86 crores was due to (i) grant of Additional Dearness Allowance, (ii) more expenditure on overtime allowance and (iii) Customs Duty. The Committee would like to know the excess amount due to each of these three factors.

The Committee further note from page 16 of the Appropriation Accounts for 1979-80 that the total amount of overtime allowance paid in Ordnance factories was Rs. 14.55 crores (1978-79) and

Rs. 17.79 crores (1979-80); it is also mentioned therein that the overtime payments were not justifiable by the needs of production. The Committee would like to have an elucidation of the aforesaid comment in the Appropriation Accounts. The Committee would also like to know the amounts of excess due to overtime payments.

2.27. The Committee also find that excess of Rs. 33.12 crores under sub-head 'A. 7-Research and Development Organisation had occurred under Section "Purchase of Material" and has been attributed to payments of customs duty on stores which are exempted from payment of such duty and materialisation of stores. The Committee have been informed that some remedial measures have been taken or are proposed to be taken to avoid excess expenditure under this sub-head. They would like to be apprised of the outcome of these measures."

Modifications/Amendments

Page Para "The Committee note that an excess expenditure of Rs. 24.42
39 2.30— crores occurred under Grant No. 22—Defence Services—Air Force. The excess has been attributed mainly to gross excess of Rs. 22.05 crores under the sub-head 'A. 5-Store' and Rs. 3.46 crores under the sub-head 'A. 6-Works'. The Committee also find that mainly Aviation Stores and POL accounted for the excess under Sub-head 'A. 5-Stores' and it was attributed to over-materialisation of supplies|payments than anticipated, effect of hike in petrol prices and increase in prices having bearing on maintenance and operation of installations. The Committee are constrained to note that the specific items under Aviation Stores which contributed to excess expenditure have not been identified by the Ministry so far. While the excess expenditure is recommended for regularisation, the details thereof should be furnished to them as promised by the Ministry.

39 2.31— The Committee note from the foregoing paragraphs that out of total excesses amounting to Rs. 140.85 crores, Rs. 86.47 crores of excess have been contributed by the two Grants of the Ministry of Defence. This constitutes about 61 per cent of the total excesses. This reflects badly on the budgetary control of the Ministry of Defence. The Committee further note that excess of about Rs. 70 crores arose mainly under purchase of materials and stores due to stores supplies materialising earlier than anticipated. The Committee feel that the aforesaid excess could have been avoided if there had been effective monitoring of supplies and provision made therefor. The Committee would recommend that the Works Study Group within the Ministry of Defence should go into the system of regulating the work of supplies, their receipts and their adequate finan-

cial provisioning in the budget and submit their report in this regard by December 1981.

2.32. The Committee observe that for a closer concurrent scrutiny of the expenditure of the Ministry of Defence, a suitable machinery should be evolved."

<i>Page</i>	<i>Para</i>	<i>Line</i>	<i>Modifications/Amendments</i>
51	2·38	4	For "timely review" read "timely "review and monitoring "
52	2·39	5	For "discipline" read "discipline and monitoring. "
52	2·40	4—6	The sentence "It is significant . . . Rs. 75·66 crores." may be amended to read as under : "It is significant in this context that but for savings under Depreciation Reserve Fund, Development Fund, Accident Compensation Fund and Open Line Works Revenue the excess under Capital expenditure would have been to the tune of Rs. 75·66 crores as shown in the Audit Report and Appropriation Accounts. Even after taking into account the set off due to misclassification, etc. the excess in the capital section would be Rs. 62·00 crores. "
53	2·41	8—10	For "Prompt reconciliation . . . accounts figure read "prompt check and reconciliation the accounts figures and careful observance the existing codal provisions".

A P P E N D I C E S

APPENDICES I TO XII

... (Vide Para 1.3 of the Report)

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Explanatory Notes received from various Ministries|Departments on the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1979-80.

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APPENDIX I

MINISTRY OF FINANCE

[Department of Economic Affairs]

Grant No. 32—'Ministry of Finance'

Revenue Section

Voted Expenditure	(Figures in Rupees)
Original Grant	35,04,29,000
Supplementary Grant	97,53,000
Final Grant	36,01,82,000
Actual Expenditure	36,84,07,321
Excess	82,25,321

2. The original Grant of Rs. 35,04,29,000 was augmented by obtaining a Supplementary Grant of Rs. 97,53,000 in January, 1980. Against the final Grant of Rs. 36,01,82,000, the actual expenditure amounted to Rs. 36,84,07,321, leaving an uncovered excess of Rs. 82,25,321. This excess which was the net result of excesses and savings under various heads in the grant occurred mainly under the head 'A—Secretariat General Services—A—2 other offices—A2(1)—Defence Accounts Department'. Against the total provision of Rs. 2899.53 lakhs under this head, the actual expenditure was Rs. 2993.46 lakhs leading to an excess of Rs. 93.93 lakhs. The excess under this head was mainly due to excess expenditure of Rs. 87.64 lakhs incurred under the sub-head 'A—2(1)(4)—Payments for professional and special services'.

3. The provision made under the above sub-head covers, among others, charges payable to Posts and Telegraphs Department for arranging payment of pensions through Post Offices, on behalf of the Defence Accounts Department. The excess occurred because of adjustment of some pending claims of the P&T Department, mainly pertaining to the previous year (Rs. 82.06 lakhs) which were inadvertently omitted to be taken into account in making provision

of funds under the Grant. This adjustment between two Departments of Central Government, however, did not involve any net outgo from the Consolidated Fund of India. The Defence Accounts Department is taking necessary measures to avoid excesses of this type in future.

4. It is requested that the excess of Rs. 82,25,321 may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution of India.

This Note has been vetted by Audit.

APPENDIX II

MINISTRY OF FINANCE

[Department of Economic Affairs]

Grant No. 38—'Currency, Coinage and Mint'

Revenue Section Voted)

Voted Expenditure	(Figures in Rupees)
Original Grant	40,74,73,000
Supplementary Grant . . . . .	..
Final Grant	40,74,73,000
Actual Expenditure	41,13,48,835
Excess	38,75,835

Against the original Grant of Rs. 40,74,73,000 actual expenditure amounted to Rs. 41,13,48,835 resulting in an excess of Rs. 38,75,835. This excess, which was the result of excesses and savings under various sub heads of the Grant, occurred under head 'A.5. Cost of one Rupee Note Forms' in the Revenue Section of the Grant.

The Provision for printing of one rupee notes at the Currency Note Press, Nasik, a departmental commercial undertaking, made under the above head is for an accounting adjustment. An equivalent amount is assumed as a receipt of the Currency Note Press. This excess expenditure did not, therefore, involve any net additional outgo from the Consolidated Fund.

The debit in respect of the cost of one-rupee note forms supplied under the quarter ending December, 1979 for an amount of Rs. 55,45,802 was inadvertently omitted to be included in working out of the final requirement of funds for the year under this head and resulted in an overall excess of Rs. 38,75,835 under the Grant which requires regularisation.

This excess may kindly be recommended for regularisation by the Parliament under article 115(1) (b) of the Constitution of India.

This Note has been vetted by Audit.

APPENDIX III

MINISTRY OF FINANCE

[Department of Economic Affairs (Budget Division)]

Grant No. 39—Pensions.

Revenue Section (Voted)

Voted Expenditure	(Figures in Rupees)
Original Grant	41,50,00,000
Supplementary Grant	18,51,30,000
Final Grant	60,01,30,000
Actual Expenditure	64,15,21,917
Excess	4,13,91,917

2. The original provision (voted) of Rs. 41,50,00,000 was enhanced to Rs. 60,01,30,000 by a Supplementary Grant of Rs. 18,51,30,000 obtained in January, 1980. As against this, the actual expenditure amounted to Rs. 64,15,21,917, resulting in an excess of Rs. 4,13,91,917. As shown in the table below, this excess occurred mainly on account of commuted value of pensions, gratuities and payments under the Central Government Employees' Insurance Scheme:

(In crores of Rs.)

Head	Sanctioned provision	Actual expenditure	Excess
A. Pensions and Other Retirement Benefits :			
I.A.2.—Commuted Value of Pensions :			
A.2(1).—Ordinary Pensions	5.60	6.55	0.95
II.A.4.—Gratuities	11.59	13.73	2.14
C.—Social Security and Welfare :			
III.C.1.—Other Social Security and Welfare Programme : C. 1(3).—Central Government Employees' Insurance Scheme	7.91	8.96	1.05
			4.14

The above excesses were largely due to liberalisation of pensionary benefits and a larger number of cases of voluntary retirements and cases of death of employees while in service, which could by their very nature not be foreseen.

3. While the Grant is controlled by the Ministry of Finance, pension payments are made by a large number of Treasuries all over the country (rendering accounts to the State Accountants General), the public sector banks and the Pay and Accounts Offices under the departmentalised accounting set-up. The estimates furnished by the Accountants General and the Pay and Accounts Officers are based on trend of actuals and even the estimating authorities find it difficult to make an accurate estimate. In several cases, there is a time lag between the time the pension payments become due and the time of actual payment. There are other uncertain factors also, e.g. persons who unfortunately die while in service, Government employees absorbed in public sector undertakings (most of whom opt for commutation of the entire pension), those seeking voluntary retirement, etc. which cannot be foreseen either at the time of budget formulation or later at the time of preparing revised estimates. All these factors build up an inherent imprecision in the estimation for the Pensions Grant.

4. In view of the circumstances explained above, the excess of Rs. 4,13,91,917 may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution of India.

5. This note has been seen by Audit.

APPENDIX IV

MINISTRY OF FINANCE

[Department of Economic Affairs (Budget Division)]

Appropriation—'Interest Paymentst'

Charged Appropriation	Figures in Rupees
Original Appropriation	2161,27,27,000
Supplementary Appropriation	45,00,00,000
Final Appropriation	2206,27,27,000
Actual Expenditure	2209,85,83,007
Excess	3,58,56,007

This Appropriation provides for interest charges on all debt and other obligations of the Central Government such as internal and external loans, depreciation and reserve funds, provided funds, small savings instruments, etc. The entire expenditure on the Appropriation is charged on the Consolidated Fund of India in terms of article 112(3)(c) of the Constitution.

The original Appropriation of Rs. 2161,27,27,000 was augmented by obtaining a Supplementary Appropriation of Rs. 45 crores in January, 1980. The actual expenditure, however, amounted to Rs. 2209,85,83,007 resulting in an excess of Rs. 3,58,56,007 which requires regularisation under article 115(1)(b) of the Constitution.

2. This excess occurred mainly under the head "A—Interest Payments A.3—Interest on Small Savings, provident funds etc.—A.3(1)—Interest on Savings Deposits and Savings Certificates." Against the total sanctioned provision of Rs. 474.73 crores under this head, the actual expenditure turned out to be Rs. 482.86 crores, leading to an excess of Rs. 8.13 crores. This head includes estimates for interest payments under numerous small savings schemes (small savings securities as well as deposits), payments to the Posts and Telegraphs Department for agency functions in respect of these

small saving schemes and remuneration to agents in respect of various small savings. Interest payments are spread over a large number of Post Offices in India and are, by their very nature, not susceptible of precise estimation. Further, interest in some cases is not claimed in the same year in which it becomes due and the arrears of interest are claimed in a subsequent year. Apart from interest payments during 1979-80 turning out to be larger than the sanctioned provision, a part of the increase was also on payment of commission to small savings agents due to larger investments in small savings than anticipated earlier. The overall excess of Rs. 8.13 crores mentioned above was partly offset, to the extent of Rs. 4.54 crores, by savings under other heads in the Appropriation, leaving a balance amount of Rs. 3,58,56,007 uncovered; this constitutes only about 0.16 per cent of the total sanctioned provision of Rs. 2206,27,27,000.

3. It is requested that the excess of Rs. 3,58,56,007 may kindly be recommended for regularisation by Parliament.

4. This has been seen by Audit.

APPENDIX V

MINISTRY OF HOME AFFAIRS

Appropriation No. 53-Delhi

Capital Section (Charged)	Rs.
Charged Expenditure	Figures in Rupees
Original Appropriation	2,00,00,000
Supplementary Appropriation	1,52,41,000
Final Appropriation	3,52,41,000
Actual Expenditure	3,66,36,250
Excess	13,95,250

The original Appropriation of Rs. 20,00,000 was enhanced to Rs. 3,52,41,000 by a Supplementary Appropriation of Rs. 1,52,41,000 obtained in March, 1980. As against this the actual expenditure amounted to Rs. 3,66,36,250 resulting in an excess of Rs. 13,95,250.

2. The excess is the net result of excesses and savings in the sanctioned appropriation under various heads in the Grant and occurred under the following heads :—

	Rs.
BB.—Capital Account of Social and Community Services :	
BB.1—Capital Outlay on Education, Art and Culture :	
BB.1(1)—Secondary Education	57,107
BB.1(2)—Technical Education	45,657
BB.1(3)—Other Expenditure	12,26,654
CC.—Capital Account of Economic Services :	
CC.8—Capital Outlay on Village and Small Industries :	
CC.8—(2)—Small Scale Industries	75,720
CC.11—Capital Outlay on Roads and Bridges :	
CC.11(1)—District and other Roads	30,542
	14,35,680

3. The excess under head BB.1(1)—Secondary Education related to a payment made in satisfaction of court award in a case of dispute with a contractor and that under head BB.1(3)—Other Expenditure represented payment in satisfaction of an award declared by court in a land acquisition case in November, 1979. No additional funds were sought for meeting these expenditures, as it was expected that sufficient savings would be found in the sanctioned appropriation in the Grant which, however, ultimately did not materialise.

In addition, excesses also occurred under three more heads *viz.* BB.1(2)—Technical Education, CC.8(2)—Small Scale Industries and CC.11 (1)—District and Other Roads. These excesses resulted from payment of awards declared by courts. Payments in satisfaction of these awards were made after the estimates had already been finalised and there was no time left for seeking Supplementary Appropriation.

The above excess expenditure of Rs. 14,35,680 was partly counter balanced by savings to the extent of Rs. 40,430 available under other heads leading to a net excess of Rs. 13,95,250 which requires to be regularised.

4. In view of the circumstances explained above, the excess of Rs. 13,95,250 may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution of India.

5. This note has been seen by Audit.

APPENDIX VI

MINISTRY OF HOME AFFAIRS

Grant No. 54—Chandigarh

Voted/charged Expenditure	Figures in Rupees
Revenue Section (Charged)	
Original Appropriation	78,32,000
Supplementary Appropriation	5,82,000
Total Sanctioned Appropriation	84,14,000
Actual Expenditure	84,58,703
Excess	44,703
Capital Section (Voted)	
Original Grant	11,09,89,000
Supplementary Grant	—
Total Sanctioned Grant	11,09,89,000
Actual Expenditure	11,25,93,555
Excess	16,04,555
Capital Section (Charged)	
Original Appropriation	6,00,000
Supplementary Appropriation	25,00,000
Total Sanctioned Appropriation	31,00,000
Actual Expenditure	31,85,933
Excess	85,933

Revenue Section (Charged) Rs. 44,703/-

The original provision of Rs. 78,32,000/- under Revenue Section (Charged) was augmented by obtaining a Supplementary Appropriation of Rs. 5.82,000/- in January, 1980. The actual expenditure, however, amounted to Rs. 84,58,703/- against the total sanctioned provision of Rs. 84,14,000/- leaving an uncovered excess of Rs. 44,703/- which needs to be regularised.

The overall excess of Rs. 44,703/- was the net result of excesses and savings under the various heads in the "Charged" portion of Revenue Section of the Grant and occurred mainly under the head "A.2-Administration of Justice—A.2(1)-High Courts (Charged)" due to adjustment of two debits of Rs. 33,454/- and Rs. 11,520/-. The debit of Rs. 33,454/- pertained to purchase of typewriters which was adjusted in February, 1980 by Controller of Accounts. Necessary funds for the liability were provided by the Administration in 1979-80. However, as the administration were not aware of the adjustment, the funds kept for the purpose were utilised for meeting the expenditure on pending bills of Telephones and service stamps. The adjustment came to the notice of the High Court in April, 1980 i.e. after the close of the financial year) while reconciling the figures of the expenditure. The second debit related to the payment of Rs. 11,520/- on account of cash equivalent of unutilised leave of 180 days to the Deputy Registrar, Punjab and Haryana Court (retired compulsarily from Service) consequent upon acceptance of his appeal by the Supreme Court of India on 16-7-1979. As the retiree was pressing very hard for the release of the amount due to him the amount was paid to him in March, 1980. No provision had been made for discharge of this liability within the financial year 1979-80.

Capital Section (Voted): Rs. 16,04,555/-

In the "Voted" Section, against the Budget provision of Rs. 11,09,89,000/- actual expenditure amounted to Rs. 11,25,93,555/- leaving an uncovered excess of Rs. 16,04,555/-. This excess was the net result of the excesses and savings under various subheads and occurred mainly under the following for the reasons given thereunder:—

Major Head "482"

BB. 3-Capital outlay on Public Health, Sanitation and Water Supply:

BB. 3(1)-Urban Water Supply Schemes:

BB. 3(1)(1)-Augmentation of Chandigarh Water Supply Scheme (Voted) Rs. 45,62,542/-

In the project estimate for the scheme of Augmentation of Water Supply for Chandigarh, provision was made for providing prestressed cement pipes. However, on the basis of subsequent analysis made on 20-11-1979, it was decided to use steel pipes as was being done in similar project at Bangalore with a view to accelerating the progress of work. Accordingly the Ministry of Steel were contacted on 15-12-79, and supply order for procurement of M. S.

Steel pipes was placed on 8-2-1980 with the Steel Authority of India Ltd., for an amount of Rs. 377.00 lakhs. These pipes were got manufactured from the Rourkela Steel Plant. The cost of these pipes had to be paid to the Steel Authority of India immediately on 1-3-80. Efforts were made to meet the excess requirement from the anticipated savings under other heads which resulted in the reduction of excess to Rs. 16,04,555/-

Capital Section (Charged): Rs.85,933/-

The excess occurred under the following for the reasons given thereunder:—

Major Head "484"

BB. 5-Capital Outlay on Urban Development:

BB. 5(1)-Chandigarh Capital Development:

BB. 5(1) (1)-Construction (Charged) Rs. 85,933/-

The Budget provision of Rs. 6 lakhs for Chandigarh Capital Development was augmented by Rs. 25 lakhs by obtaining a Supplementary Appropriation in March, 1980. Unfortunately, the total provision of Rs. 31 lakhs fell short of actual expenditure resulting in an excess of Rs. 85,933/-. The excess expenditure pertained to payment of decretal dues in two disputed cases of compensation for the cost of certain structures. As per Court's Orders payments in these cases had to be made by 2-12-1979 and 13-2-1980.

In the circumstances explained above, the excess mentioned above may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution.

This has been seen by Audit.

APPENDIX VII

MINISTRY OF WORKS AND HOUSING

Grant No. 90—Public Works

Revenue Section Charged

Charged Expenditure	Figures in Rupees
Original Appropriation	30,000
Supplementary Appropriation	28,000
Total Appropriation	58,000
Actual Expenditure	70,365
Excess	12,365

2. The original Appropriation of Rs. 30,000 was augmented to Rs. 58,000 by a Supplementary Appropriation of Rs. 28,000 obtained in January, 1980. The actual expenditure during the year, however, amounted to Rs. 70,365, leaving an uncovered excess of Rs.12,365. This excess mainly occurred under the head "A3-Maintenance and Repairs-A3(1)-Repairs of Buildings", the actual expenditure under this head being Rs. 35,343 against the sanctioned provision of Rs. 20,000. This excess was mainly on account of a payment of Rs. 34,369 made on 4-9-1979 in satisfaction of an arbitration award dated 5-4-1979. The claim arose from a contract for the work of renovation of certain barracks of Janpath, New Delhi, and was missed inadvertently in the 'Charged' portion at the final estimate stage. The gross excess of Rs. 15,343 was partly offset by savings under other heads of the Grant.

3. In view of the circumstances explained above, the net excess of Rs. 12,365 in the 'charged' portion of the Revenue Section of the Grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

4. This has been vetted by Audit.

APPENDIX VIII

MINISTRY OF WORKS AND HOUSING

[Finance Division (Budget Section)]

Grant No. 92—Housing and Urban Development

Revenue Section (Charged)

Charged Expenditure	Figures in Rupees
Original Appropriation	76,25,000
Supplementary Appropriation	—
Total—Appropriation	76,25,000
Actual Expenditure	76,29,580
Excess	4,580

2. Against a sanctioned provision of Rs. 76,25,000 the actual expenditure during the year amounted to Rs. 76,29,580 leaving an uncovered excess of Rs. 4,580. The excess was mainly under the head A3(3) (4) (1)-Rents Rates and Taxes where the actual expenditure during the year worked out to Rs. 25,97,127 as against the sanctioned provision of Rs. 25 lakhs; this excess was partly offset by savings under the other head of the Grant. The excess under the aforesaid head was mainly as a result of payments of arrears of water supply bills belatedly received from the NDMC in March, 1980.

3. In view of circumstances explained above, the net excess of Rs. 4,580 under the charged portion in Revenue Section of the Grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

4. This has been vetted by Audit.

APPENDIX IX

MINISTRY OF DEFENCE

Grant No. 20—Defence Services—Army

Revenue Section	
Voted Expenditure	(Figures in Rupees)
Original Grant	18,95,70,50,000
Supplementary Grants	73,60,84,000
Total Sanctioned Grant	19,69,31,34,000
Actual Expenditure	20,31,37,05,351
Excess	62,05,71,351

2. The original grant of Rs. 18,95,70,50,000 under 'Voted' portion was increased to Rs. 19,69,31,34,000 by obtaining two supplementary grants amounting to Rs. 73,60,84,000 (Rs. 60,60,84,000 in January, 1980 and Rs. 13,00,00,000 in March, 1980) during the year. The actual expenditure during the year, however, amounted Rs. 20,31,37,05,351 resulting in an uncovered excess of Rs. 62,05,71,351.

3. As mentioned above the compiled accounts show an excess of Rs. 62,05,71,351 over the sanctioned Grant. However, a case of misclassification of expenditure has since come to notice. In this case, a sum of Rs. 929 was erroneously booked at "Voted" instead of as "Charged" and this expenditure, if booked under the 'Charged' head correctly, would have not resulted in excess under the 'Charged' Appropriation. After taking into account the effect of this misclassification, the actual excess over the sanctioned Grant (Voted) works out to Rs. 62,05,70,422 requiring regularisation.

4. The excess of Rs. 62,05,71,422 was the net result of excesses savings under the various minor heads in the Grant and was mainly attributable to the excess under the following two sub-heads of the grant viz.

A. '6-Ordnance Factories: Rs. 4648.09. lakhs

A. 7-R & D Organisation: Rs. 3312.35 lakhs

5. A. '6-Ordnance Factories' (Rs. 4648.00 lakhs)

The Budget provision of Rs. 424.63 lakhs was increased by Rs. 4659.71 lakhs by obtaining Supplementary Grants of Rs. 3419.71 lakhs in January, 1980 and Rs. 1240.00 lakhs in March, 1980. Against the total grant of Rs. 471,22.71 lakhs the actual expenditure amounted to Rs. 517,70.80 lakhs resulting in an excess of Rs. 46,48.09 lakhs. This excess was mainly attributable to:—

- (i) overtime expenses to staff due to higher overtime working in certain factories to achieve production targets and also due to impact of Addi. D.A. etc. on overtime allowance rates. In this context it may be mentioned that the gross production of Ordnance Factories during 1979-80 also substantially went up as against 1978-79, whereas labour strength during the year was more or less the same as in the previous year. The information regarding the extent of excess on account of overtime expenses and the reasons for which this excess could not be covered by obtaining additional provision is being ascertained and a separate note in this respect will be submitted to the PAC as soon as the information is available.
- (ii) As against the provision of Rs. 295.33 crores under the head 'Purchase of Material' in the Revised Estimates for 1979-80 the actual expenditure worked out to Rs. 327.70 crores, i.e., an excess of Rs. 32.37 crores. The excess expenditure was due to the following factors:—
 - (a) Certain advance payments involving about Rs. 7 crores had to be made to MMTC and SAIL for the purchase of materials which were actually delivered during the next year. Efforts made to secure approval of these undertakings to non-enforcement of the conditions relating to advance payment did not succeed;
 - (b) Quicker pace of materialisation of Stores, particularly heavy bookings on account of purchases made through Central purchasing agencies during the closing months of the year and adjustments made after the close of the year;
 - (c) Larger expenditure on inputs due to faster rise in prices than anticipated.

6. A. '7-Research and Development Organisation' (Rs. 3312.35 lakhs)

Against the original grant of Rs. 59 crores, actual expenditure amounted to Rs. 92,12.35 lakhs resulting in an excess of Rs. 33,12.35

lakhs. This excess occurred under sub-head "Purchase of Material". The main factors which led to this excess were payments of customs duty on stores (Rs. 16.50 crores) which are exempted from payment of such duty and unusual heavy adjustment of bills by the Cs. D.A. during the later part of the year. Due to procedural requirements, it had not been possible to finalise the refunds of customs duty within the financial year despite all efforts made in this regard. However, out of a sum of Rs. 16.5 crores paid in 1979-80 towards customs duty, refunds to the extent of Rs. 11.71 crores had been realised upto March, 1981. The budgetary provisions for purchase of stores were made based on the commitments carried forward, actual materialisation and also past trends. The actual expenditure, however, turned out to be dis-proportionately higher; as compared to Rs. 10 crores actual expenditure on Central Purchase booked during October-March, 1978-79, the corresponding booking in 1979-80 was Rs. 26 crores. The total expenditure booked against "Purchase of Material" during 1979-80 was Rs. 63.31 crores as against Rs. 35.80 crores during 1978-79.

Some of the remedial measures which have been taken or are proposed to be taken to avoid excess expenditure over the Voted Grant under this sub-head are:—

- (i) Arrangements have been made to obtain relevant documents in time, wherever possible, for production to Custom authorities to avoid spot payment of duty. All Establishments/Laboratories have been directed to ensure that the documents called for by Embarkation Headquarters are forwarded immediately and that for this purpose liaison is established with Embarkation Headquarters by visits, if necessary. (Copies of instructions issued in this regard *vide* Research and Development Organisation's circular letters No. ADM/88295/RD-26 dated 7-2-1980 and No. ADM/RD-26/88295, dated 19-7-1980 are enclosed).
- (ii) A quarterly reporting system has been introduced in the R&D Organisation by which Establishments will review progress of expenditure on stores budget against outstanding liability and funds earmarked to ensure that excess is avoided. Two small liaison units have been set up in Madras and Bombay to constantly monitor the stores payments and assist the Embarkation Headquarters, etc. to get the requisite details to avoid payment of Customs duty on duty exempted stores.
- (iii) Central Board of Excise & Customs are being requested to issue necessary directives to Customs Authorities to

devise appropriate procedures for automatically exempting R&D Imports covered by exemption certificates.

- (iv) CGDA is being requested to make a selective analysis of the flow of Central Purchase booked against the R&D head *vis-a-vis* the date of actual payment abroad in foreign currency.

7. In the circumstances explained above the excess of Rs. 62,05,70,422 may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution.

DADS has seen.

Copy of letter No. ADM/88295/RD-26 dated 7 February, 1980 from the Director General, Defence Research and Development to all R & D Estts/Labs.

Subject:—EXCESSIVE EXPENDITURE ON CUSTOMS DUTY

In the course of our budgetary review, the expenditure incurred on stores and customs duty was examined. For the year 1979-80, we have made a provision of Rs. 35 crores for purchase of materials. This includes provision for customs duty also.

2. Against this provision, the actual expenditure compiled upto December, 1979 is:

Local Purchase	Rs. 10.74 crores
Central Purchase	Rs. 8.50 crores
Customs duty	Rs. 15.17 crores

The expenditure on central purchase includes expenditure on account of stores procured through Defence Supply/Ordnance Depots, central purchasing agencies *vis.* DGS&D and imported stores. Bulk of R&D imports, such as scientific and technical instruments, apparatus and equipment including spare parts, components parts and accessories therefor are exempt from payment of customs duty in accordance with Customs Notification No. 211/76. Further, in accordance with Customs Notification No. 206/76, customs duty is not leviable on Air-craft and aero engine parts, Arms, ammunition, signal equipment computers etc. It is, therefore, unusual that expenditure of the order of Rs. 15.17 crores has been incurred on customs duty. Apparently the benefit of customs duty exemption is not being actually availed of by the R&D Estts.

3. This is an alarming situation as there is a distinct possibility of the expenditure under the Stores Head of Account exceeding the

budgetary provision which will have to be explained in the Appropriation Account 79-80. Ministry of Finance have not agreed to provide any increase in budgetary allocation to meet such excessive expenditure on account of customs duty. They have further advised that the Estts. should make all out efforts to claim the refunds or have the debits written back if there are any errors in the compilation.

4. Our analysis of the problems shows that such a heavy expenditure on customs duty may be due to the following reasons:—

- (i) Erroneous levy of customs duty by customs authorities in respect of stores exempted from levy.
- (ii) Non-submission of CDE/NMI certificate by R&D Estts. to the Embarkation HQ and consequent payment of duty by the Embarkation HQ.
- (iii) Erroneous payment of customs duty by the Embarkation HQ in order to clear the consignment and avoid wharfage/demurrage due to non-linking of the CDE/NMI certificate by the Embarkation HQ, even though such documents have been sent to them by the R&D Estts.
- (iv) Delay in timely submission of refund/petition by the Embarkation HQ.
- (v) Failure to follow up and obtain refund from customs by Embarkation HQ.
- (vi) Failure to follow up with the Embarkation HQ/Customs authorities by the R&D Estts.
- (vii) Payment of customs duty on stores/materials actually imported by R&D Estts. for pilot plant production for which exemption from payment of customs duty is not available. In this case, the customs duty should rightly be reflected against the ultimate user and not R&D.
- (viii) Erroneous debit by the Controllers of the Defence Accounts to R&D Head of Account, in respect of stores imported by other Defence indentors namely other Army Estts. Navy|Air Force Units|Ordnance Factories.
- (ix) Wrong compilation of the refunds obtained in the same year as general receipts, instead of adjusting them as deduction of customs duty expenditure.

- (x) Controller of Defence Accounts carrying out adjustments of past transactions which had been booked under the suspense head in the current year.

5. To enable this Headquarters to take appropriate action with the Embarkation HQ and Accounts Authorities, the expenditure incurred during 1979-80 on account of customs duty may be reviewed to ascertain the causes for extra expenditure. For the purpose of this review, all consignments exceeding Rs. 25000/- in value may be taken into account. The result of your review may be communicated to this HQ urgently, in the statement appended to this circular to enable this HQ to take further action in the matter.

6. Regardless of whether the action has to be taken by Embarkation HQ and the accounts authorities, it is imperative that this totally distorted picture has to be corrected by us, as the net result has been that our budget provision for purchase of stores is neutralised. Directors are, therefore, requested to carry out a quick in-depth review of their import arrivals during the year, screen the customs payment intimations received from the Embarkation HQ and also verify from the AO Emb. HQ Bombay, AAO(SC) Madras whether the bookings against our imports as well as our receipts on account of refunds have been correctly compiled with reference to the position enumerated at para 4 above. They are requested to detail, where necessary, their stores/Accounts representative to the Emb. HQ/Accts. Office urgently to rectify the situation. This action may please be taken on IMMEDIATE basis.

7. Your reply may be rendered so as to reach this HQ by 23 Feb. 1980.

Sd/- V. NAGARAJAN,
Director (A&S),
for Director General, Defence Research & Development.

Statement showing expenditure incurred during 1979-80 on
account of customs duty by—Lab/Estt.

Invoice No. & Date	Stores imported	Value in Rs.	Customs duty paid in Rs.	Whether exempted from customs duty (Yes/No.)	Whether* documents required by Emb. Comdt. were produced	Whether an appeal for refund has been preferred	Whether refund given by Customs authorities if so, the amount	How was refund adjusted by CDA whether as receipt or deduction from custom duty & expenditure	Remarks
1	2	3	4	5	6	7	8	9	10

for DIRECTOR

- *(1) Invoice/packing account (valuation certificate in the absence of invoice/packing account),
- (2) Descriptive Literature
- (3) Metallic/chemical composition.
- (4) Nature and use of stores.
- (5) customs duty exemption certificate.
- (6) Certificate regarding "Non-manufactured in India".

Copy of letter No. ADM/RD-26/88295 dated 19 July, 1980 from the Director General, Defence Research and Development to all R&D Estts./Labs.

SUBJECT:—*Correct Payment of Customs Duty on DRDO Imports*

Reference:—This HQ No. Adm/RD-26/88295, dated 7-2-1980

All the Estts./Labs. are already aware that during the year 1979-80 our expenditure on purchase of materials was very much in excess of the budget allotment made by Govt. This was mainly due to the extraordinary incidence of expenditure on customs duty which was much above the budget provision. While we have taken action to explain the reasons for the variation as reported by the Labs etc. to the Ministry of Defence, the main problem has yet to be solved. The expenditure on customs duty in the first two months of the current financial year is Rs. 170 lakhs which is, totally out of line with the expenditure of only Rs. 6 lakhs incurred on central purchase of stores.

2. The responsibility of keeping watch on payment of customs duty on imports by Estts./Labs which are exempted from such payment and ensuring that whenever such payments have been made by the Embarkation HQrs either by mistake or due to non-submission of the CDE/NMI etc. documents by the Labs/Estts. refund action has been taken by the Emb. HQrs and that refunds are actually obtained rests with the Labs/Estts.

3. In this connection it has been reported by the Emb. HQrs. that as and when customs duty is paid by them, intimation is sent to the consignee R&D Units and that particulars of refunds obtained/wanted documents are also intimated to the Units. The Accounts Office attached to the Emb. HQrs. Madras/Bombay compiles customs duty expenditure to budget head 1/372/03. Any information required by Estts may be obtained by appropriate liaison with those offices, as experience shows that routine correspondence is infructuous.

4. To enable this HQrs to analyse the problem at the organisational level and to move appropriate authorities at the appropriate stage, information on actual payment of customs duty may be furnished in the proforma at Annexure I. The report is required to be rendered quarterly for the first 3 Quarter *ie.* QE 6/80, 9/80 and 12/80 and monthly for the months of Jan., Feb., and Mar. 81. The report may be furnished so as to reach this HQrs. by 15th of the

month following the quarter/month as the case may be. For the quarter ending June, 80, however, the information may be furnished so as to reach by 10th August 1980. The date of submission of report may be strictly adhered to.

5. Please acknowledge this letter and, while doing so, intimate the name and designation of the official of your Est/Lab responsible for rendering this report which will facilitate quicker flow of information.

Sd/- Director (Accts. & Stores),
For DIRECTOR GENERAL RESEARCH & DEVELOPMENT,
(V. NAGARAJAN)

ANNEXURE I

Report for Quarter/Month ending-----

	Emb Hqrs. Bombay	Madras
1. Name of Est/Lab	Rs.	
2. Customs duty paid during the year commencing from 1 April	Rs.	
3. Customs duty payable and not refundable	Rs.	
4. Customs duty for which refund is to be obtained i.e. (2)–(3)	Rs.	
5. Amount for which documents viz, NMI and CDE pro- duced to EHQ Bombay/Madras out of the amount re- fundable at (4) above	Rs.	
6. Amount for which documents not produced	Rs.	
Total	Rs.	

7. Reasons for non-production of documents (in narrative form) Refers to 6 above		
8. Specific action taken for obtaining refunds. (Refers to 4 above)		

Name-----
Designation -----
for DIRECTOR

Further Explanatory Note received on 10 August, 1981

MINISTRY OF DEFENCE

Grant No. 20—Defence Services—Army

In para 5(i) of explanatory Note, dated 20th June, 1981, which was submitted to the Public Accounts Committee for the regularisation of excess over Voted portion of grant in respect of Grant No.

20—Defence Services—Army for the year 1979-80, it was *inter-alia* stated that the information regarding the extent of excess on account of overtime expenses and the reasons for which this excess could not be covered by obtaining additional provision was being ascertained and a separate note in this respect would be submitted to the Public Accounts Committee as soon as the information was available.

2. The information in this regard has since been collected. It is observed that the extent of excess on account of overtime expenses which occurred during the year 1979-80 under the sub-head A.6—Ordnance Factories, was Rs. 4.59 crores, the actual expenditure on this account during the year being Rs. 20.50 crores, as against the budget provision of Rs. 15.91 crores. The budget provision of Rs. 15.91 crores for overtime expenses was based on the trend of actual expenditure in previous years (Rs. 13.75 crores in 1977-78 and Rs. 16.65 crores in 1978-79). However, the expenditure during the year went upto Rs. 20.50 crores as overtime working had to be increased beyond planning or meeting production targets as also due to impact of Additional Dearness Allowance on overtime allowance rates.

APPENDIX X

MINISTRY OF DEFENCE

Grant No. 22—Defence Services—Air Force

Revenue Section (Voted)

Voted Expenditure	(Figures in Rupees)
Original Grant	661,79,00,000
Supplementary Grants	170,65,70,000
Total Sanctioned Grant	832,44,70,000
Actual Expenditure	856,86,38,519
Excess	24,41,68,519

2. The original Grant of Rs. 661,79.00 lakhs under 'Voted' portion was increased to Rs. 832,44.70 lakhs by obtaining Supplementary grants amounting to Rs. 170,65.70 lakhs (Rs. 160,65.70 lakhs in January, 1980 and Rs. 10.00 lakhs in March, 1980) during the year. The actual expenditure during the year, however, amounted to Rs. 856,86,38,519 resulting in an uncovered excess of Rs. 24,41,68,519.

3. As mentioned above the compiled accounts show an excess of Rs. 24,41,68,519 over the Sanctioned Grant. However, three cases of misclassification of expenditure involving a total amount of Rs. 7182 have since come to notice. The expenditure in these three cases actually related to the 'Charged' portion of the Grant but was erroneously booked as 'Voted'. After taking into account the effect of these misclassifications, the actual excess over the Sanctioned Grant works out to Rs. 24,41,61,337.

4. The excess of Rs. 24,41,61,337 was the net result of excesses/savings under various Sub heads of the Grant and was mainly attributable to excess under the following Sub-heads of the Grant:—

A-5—Stores	Rs. 2204.71 lakhs
A-6—Works	Rs. 346.41 lakhs

5. A-5—Stores: (Rs. 2204.71 lakhs)

The Budget provision of Rs. 465,18.00 lakhs was augmented by Rs. 167,12.20 lakhs by obtaining Supplementary Grants of Rs. 157,12.20 lakhs in January 1980 and Rs. 10.00 lakhs in March 1980. Against

the final Grant of Rs. 632,30.20 lakhs, actual expenditure, however amounted to Rs. 654,34.91 lakhs resulting in an excess of Rs. 22,04.71 lakhs. This excess occurred under the sub-heads (a) Aviation Stores; and (b) POL.:

(a) *Aviation Stores*: The over-run of about 1830 lakhs was mainly attributable to over-materialisation of supplies/payments than what was anticipated at the Revised Estimates stage. Expenditure booked during March 1980 alone worked out to Rs. 3311 lakhs as against average booking of Rs. 2778 lakhs for the corresponding period during the previous two years. Efforts are being made to identify the specific items under this head which contributed to excess expenditure and details thereof will be furnished in a separate note.

(b) P.O.L.: The excess expenditure under this head amounted to about Rs. 427 lakhs. The expenditure on this item exceeded the sanctioned grant mainly because the effect of hike in petrol price was more than what could be anticipated.

6. A-6—*Works*: (Rs. 346.41 lakhs)

The excess was mainly due to more expenditure than anticipated on maintenance and operation of installations and departmental charges on works services on account of increase in prices.

7. In the circumstances explained above, the excess of Rs. 24,41,61,337 may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution.

DADS has seen.

Further Explanatory Note received on 10 August, 1981

MINISTRY OF DEFENCE

Grant No. 22—Defence Services—Air Force

In para 5(a) of the explanatory note which was submitted to the Public Accounts Committee for regularisation of excess over voted grants in respect of Grant No. 22—Defence Services—Air Force, as disclosed in the Appropriation Accounts (Defence Services) for 1979-80, it was *inter alia* indicated that efforts were being made to identify the specific items under the head 'Aviation Stores' which contributed to excess expenditure and details thereof would be furnished in a separate note.

2. A review of expenditure incurred on the various items under this head has revealed that the over-run was spread over a number of items and spares under the Head 'Aviation Stores', that were required to be procured under 'Cash and Carry' arrangements during 1979-80. The items which mainly contributed to the excess expenditure during the year were as under:—

(Rupees in lakhs)

S. No.	Item	Provision in RE 1979-80	Actual Expenditure 1979-80	Excess amount involved
1	2	3	4	5
1.	Decca Doppler/Nav eqpt. for Canberra aircraft . . . . .	..	158.17	158.17
2.	V/UHF DF System	20.00	262.00	242.00
3.	Chetak-Cheetah spares, Tools, Test and ground eqpt.	170.00	260.20	90.20
4.	Airfield Lighting Sets . . . . .	..	111.00	111.00
5.	Addl. payments made to HAL on the basis of final grants 1979-80 for supplies, etc. made to Air Force	2000.00	2397.00	397.00
6.	Canberra Ruston TT System . . . . .	..	68.83	68.83

APPENDIX XI
 MINISTRY OF COMMUNICATIONS
 (P & T Board)

Grant No. 16—Posts and Telegraphs—Working Expenses

Revenue Section (Voted)	
Voted Expenditure	(Figures in Rs. :)
Original Grant	7,00,99,70,000
Supplementary Grant	25,16,75,000
Total Sanctioned Grant	7,26,16,45,000
Actual	7,35,53,50,049
Excess	9,37,05,049

The Original Grant of Rs. 7,00,99,70,000 was augmented to Rs. 7,26,16,45,000 by obtaining Supplementary Grants aggregating Rs. 25,16,75,000 obtained in January 1980 (Rs. 11,63,000) and March, 1980 (Rs. 13,53,75,000).

2. The excess of a little over Rs. 9.37 crores occurred mainly due to the following:—

(a) Pensionary benefits e.g. Superannuation and Retirement Allowances (Rs. 1.90 crores), Commuted value of Pension (Rs. 1.97 crores), Compassionate Allowance (Rs. 0.04 crores), Gratuities (Rs. 3.50 crores), Family Pension (Rs. 0.79 crores), and Other Pension (Rs. 0.10 crores) Rs. 8.30 crores.

(b) Additional Dearness allowance to P&T Employees Rs. 1.10 crores.

3. Pensionary benefits in respect of Central Government employees were liberalised in May 1979; it involved counting of a portion of the dearness allowance as pay for the purpose of superannuation and retirement benefits and increase in the quantum of pension, etc. Due to these liberalisations (with retrospective effect) arrears of pension, commuted value of pension, gratuity and family pensions became due to a large number of P&T pensioners. In addition further instalment of relief in pension was granted to

Central Government pensioners in May 1979 with retrospective effect from 1-12-78 which involved payment of arrears. Full financial impact of these could not be accurately estimated at the time of obtaining Supplementary Grants.

4. As regards dearness allowance, rates of additional dearness allowance in respect of Central Government employees were enhance w.e.f. 1-12-1978 and 1-8-1979, orders for which were issued on 9-4-1979 and 4-10-1979 respectively. The retrospective effect of revisions in the rates of dearness allowance resulted in payment of arrears to the staff. Although a Supplementary Grant was obtained to meet the anticipated additional liability on this account, the actual expenditure turned out to be higher than the estimates framed at that time.

5. In view of the circumstances mentioned above, the net excess of Rs. 9,37,05,049 may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution of India.

6. This note has been vetted by Audit.

APPENDIX XII

MINISTRY OF RAILWAYS

(Railway Board)

Part I — Review

1.1 During the year 1979-80, there was an overall saving of Rs. 206.13 crores over the final grants and appropriations resulting from an aggregate saving of Rs. 255.30 crores under 10 grants (No. 1, 2, 5, 6, 8, 10, 12, 13, 14 and 15) and all the 13 Appropriations and an aggregate excess of Rs. 49.17 crores under 6 grants (No. 3, 4, 7, 9, 11, & 16). The amount of excess in each of the six grants has been shown in para 10.3 of the report of the Comptroller and Auditor General of India for the year 1979-80—Union Government (Railways) as also in para 29 of the Appropriation Accounts of Railways in India for the year 1979-80 Part 1-Review.

1.2. The excesses under the 6 grants are explained in attached detailed note.

1.3. As the excesses to be regularised by Parliament are to take into account the effect if misclassifications also, Annexure 'A' attached to the detailed note shows (a) figures of excesses as printed in the above mentioned two publications and (b) figures of real excesses after taking into account the effect of the misclassifications.

1.4. Public Accounts Committee are requested to recommend the regularisation of the excess by Parliament in the manner prescribed under Article 115 of the Constitution of India.

1.5. It may be submitted that every care is taken (a) to assess the expenditure under various grants/appropriations as precisely as possible and (b) to obtain supplementary allotments, where necessary, so that the excesses are avoided to the maximum extent possible.

1.6. This has been seen by Audit.

Part II--Detailed Note furnished by the Ministry of Railways (Railway Board) in respect of excesses under each of the Grants/Appropriations.

Grant No. 3—Working Expenses—General Superintendence and Services, Excess of Rs. 1,25,70,306 over final grant of Rs. 123,27,30,000.

- 2.1 This grant deals with expenditure on the Zonal Head Quarters Office and Divisional Head Office of the Rly. Administrations.
- 2.2 A grant of Rs. 116.48 crores was obtained in the Budget. Two Supplementary grants aggregating to Rs. 6.79 crores were obtained (Rs. 3.55 crores in January, 80 and Rs. 3.24 crores in March, 80) for ad hoc payment of productivity linked bonus and payment of additional dearness allowance.
- 2.3 The excess of Rs. 1.26 crores occurred mainly due to more expenditure under payment of dearness allowance (Rs. 0.65 crore), contingent expenses (Rs. 0.45 crores) and aggregate of variation under other heads (0.16 crore). Of the total excess, Rs. 0.35 crore, related to Central Railway on account of dearness allowance and contingent expenses.
- 2.4 The excess works out to 1.02 over the final grant.
- 2.5 There was misclassification amounting to Rs. 3,60,005 as brought out in Annexure 'A' & 'B' and the excess requiring regularisation, therefore is Rs. 129,30,311.

Grant No. 4—Working Expenses—Repairs & Maintenance of Permanent Way and Works—Excess Rs. 100,00,396 over final grant of Rs. 211,86,59,000

- 3.1 This grant deals with expenditure on repairs & maintenance of the permanent way assets liked track and other buildings and structures.
- 3.2 A grant of Rs. 196.88 crores was obtained in the Budget for meeting expenditure on repairs & maintenance of permanent way & works. Two Supplementary grants aggregating to Rs. 14.99 crores were obtained (Rs. 5.71 crores in January 80 and Rs. 9.28 crores in March 80) for meeting with payments of additional dearness allowance, repairs and restoration of flood damages and payment under the scheme of productivity linked bonus.
- 3.3 The excess of Rs. 1.00 crores was mainly due to more expenditure under other expenses (Rs. 1.26 crores) and contractual payments (Rs. 1.06 crores); partly offset by savings under other heads (Rs. 1.32 crores). Of the latter, saving of Rs. 0.73 crore occurred on N.F. Rly. due to less expenditure on salaries and wages, dearness allowance and cost of material etc. Of the excess (Rs. 1.06 crores) under contractual payments Rs. 0.55 crore related to Central Railway and 0.26 crores to South Central Railway).
- 3.4 The excess works out to 0.47 over the final grant.
- 3.5 There was misclassification amounting to Rs. 8,10,440 as brought out in Annexure 'A' & 'B' and the excess requiring regularisation, therefore, is Rs. 108,10,836.

Grant No. 7—Working Expenses—Repairs and Maintenance of Plant & Equipment—Excess of Rs. 152,34,456 over the final grant of Rs. 1,12,88,12,000

- 4.1 This grant deals with the expenditure on repairs & maintenance of all plant & equipment by the Civil, Mechanical, Electrical, Signal and Telecommunication Departments, rental to P&T, SPT circuits etc.
- 4.2 A grant of Rs. 106.54 crores was obtained in the Budget for meeting expenditure on repairs & maintenance of plant & equipments. Two Supplementary grants of Rs. 6.34 crores were obtained (Rs. 2.29 crores in January 80 and Rs. 4.05 crores in March 80) for payment of productivity linked bonus, payment of additional dearness allowance, more expenditure on wages/materials for periodical overhaul etc.

- 4.3 The excess of Rs. 1.52 crores occurred mainly due to more expenditure under cost of material (Rs. 1.56 crores) ; partly offset by net saving (Rs. 0.04 crore) under other heads. Of the total excess under cost of materials Rs. 0.32 crores related to Central Railway and Rs. 0.51 crores to Northern Railway.
- 4.4 The excess works out to Rs. 1.35 over the final grant.
- 4.5 There was no misclassification relating to this grant and excess requiring regularisation, therefore, is Rs. 1,52,34,456.

Grant No. 9—Operating Expenses Traffic—Excess Rs. 3,95,32,557 over the final grant of Rs. 2,51,30,80,000.

- 5.1 This grant deals with expenditure on traffic, Operating and Traffic Commercial Deptt. relating to Station Operations, yard operations etc.
- 5.2 A grant of Rs. 237.38 crores was obtained in the Budget for this purpose. Two supplementary grants of Rs. 13.93 crores were obtained (Rs. 7.66 crores in January 80 and 6.27 crores in March 80) for payment under the scheme for productivity linked bonus and for payment of additional dearness allowance.
- 5.3 The excess of Rs. 3.95 crores was mainly due to more expenditure under 'other expenses' (Rs. 1.83 crores) and 'Contingent expenditure' (Rs. 0.81 crores) and aggregate of other heads (Rs. 1.31 crores). Of the total excess Rs. 0.85 crore related to Central Railway mainly on account of dearness allowance, night duty allowance etc. and Rs. 0.74 crores to Northern Railway on account of dearness allowance other expenses etc.
- 5.4 The excess works out to 1.57% over the final grant.
- 5.5 There was misclassification amounting to Rs. 4,84,000 as brought out in Annexure 'A' & 'B' and the excess requiring regularisation, therefore, is Rs. 4,00,16,557.

Grant No. 11—Working Expenses—Staff Welfare & Amenities—Excess of Rs. 45,26,479 over the final grant of Rs. 80,93,67,000.

- 6.1 This grant deals with the expenditure on educational, medical facilities, health and Welfare services, Canteen and other Staff amenities etc.
- 6.2 A grant of Rs. 77.21 crores was obtained in the Budget for the purposes. Two Supplementary grants amounting to Rs. 3.73 crores were obtained (Rs. 1.70 crore in January 80 and Rs. 2.03 crores in March 80) for payment under the scheme of productivity linked bonus, additional dearness allowance and more expenditure on medical health and welfare services.
- 6.3 The excess of Rs. 0.45 crore was due to more expenditure under 'Contractual payments' (Rs. 0.95 crore) ; partly offset by saving under other heads (Rs. 0.50 crore) Of the excess under contractual payments Rs. 0.46 crore related to South Eastern Railway.
- 6.4 The excess works out to 0.56% over the final grant.
- 6.5 There was misclassification amounting to Rs. 4,84,000 relating to other grants booked under this grant and excess requiring regularisation is Rs. 40,72,479.

Grant No. 16—Assets—Acquisition, Construction and Replacement (a) (Voted) Excess of Rs. 40,98,30,039 over the final grant of Rs. 15,97,25,74,000. (b) (Charged)—Saving of Rs. 18,21,409 over the final grant of Rs. 66,20,000 but for misclassification of expenditure Rs. 32,28,000 booked as 'voted' instead of 'charged' excess would have been Rs. 14,06,591.

- 7.1 This grant deals with expenditure on Assets—Acquisition, Construction and replacement whether met out of loans to be obtained from General Revenues or internal resources of Railways viz., expenditure met from DRF, DF, ACF and OLWR.

7.2 A grant of Rs. 15,25.89 crores was obtained in the Budget for this purpose. Two supplementary grants amounting to Rs. 71.37 crores were obtained (Rs. 5.01 crores in January 80 and Rs. 66.36 crores in March 80) to meet with increased expenditure under Stores Suspenses and other Suspense heads due to rise in prices of Rly. store imported electrics and electrical equipment and ad hoc payment of 15 days wage as a part of the scheme of Productivity Linked Bonus. These grants proved, however, inadequate, the expenditure under capital having exceeded the provision of Rs. 75.66 crores; partly offset by savings under DRF (Rs. 28.11 crores), OLWR (Rs. 4.59 crores) ACSPF (Rs. 1.81 crores) and DF (Rs. 0.17 crore).

7.3 The excess of Rs. 40.98 crores was due to increase in manufacture Suspense (Rs. 25.67 crores), Stores Suspense (Rs. 13.68 crores), Gauge conversion (Rs. 5.22 crores), New lines (Rs. 2.58 crores), Rolling Stock (Rs. 2.53 crores), Doubling (Rs. 2.1 crores), Track Renewals (Rs. 1.48 crores) and Aggregate of other heads (Rs. 2.74 crores); Partly of set by increase in Misc. Advances (Rs. 4.72 crores) Machinery and Plant (Rs. 3.89 crores), Workshops (Rs. 1.86 crores), Traffic facilities (Rs. 1.84 crores), Investment in Government undertaking IRCON (Rs. 1.50 crores) and Aggregate of other heads (Rs. 1.21 crores).

7.4 The excess works out to 2.56% over the final grant.

7.5 There was a wrong booking of expenditure owing to erroneous double adjustment of labour charges on Northern Railway. As a result the real excess to be regularised is less by the amount adjusted twice as detailed below :—

(a) Labour charges accounted for twice under Manufacture Suspense	—13,36,02,000
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(Note : There has been correspondingly excess adjustment of credit to the extent of Rs. 13,36,02,000 under Credits and Recoveries) vide Annexure 'F' to the appropriation accounts 1979-80.

(b) Decretal payment booked as voted instead of charged pertaining to Central Railway.	— 32,28,000
--	-------------

(c) Amount booked to other grants instead of Grant No. 16	2,08,536
	<u>— 13,66,21,464</u>

Therefore the real excess requiring regularisation works out to Rs. 27,32,08,575

7.6 There was a saving of Rs. 18,21,409 under this Appropriation, as brought out in para 7.5 (b) above, taking into account the amount of decretal payments on Central Railway (Rs. 32,28,000) wrongly classified as voted, as charged expenditure, the real excess under 'Charged' under Grant No. 16 would be Rs. 14,06,591.

Annexure 'A'

Statement showing excesses over grants as shown in Para 10.3 of the Report of the Comptroller and Auditor General of India for the year 1979-80 and Para 29 of the Appropriation Accounts of the Railways in India for the year 1979-80- Part I Review and also excesses worked out after taking into account the effect of Misclassification.

(Figures in units of Rs.)

S. No. and Name of Grants No.	Original Amount	Supplementary Grant	Final Grant (Col. 3-4)	Actual Expenditure	Excess (Col. 6-5)	Real Excess after taking into account misclassification (As per Annexure (B))	% age of excess (Col. 7 to Col. 5)	% age of excess (Col. 8 to Col. 5)
1	2	3	4	5	6	7	8	9
1. Grant No. 3-Working Expenses General Superintendence and Services	1,16,48,63,000	678,67,000	123,27,30,000	124,53,00,306	125,70,306	129,30,311	1.02	1.05
2. Grant No. 4 Working Expenses Repairs of Maintenance of permanent way & works	1,96,88,08,000	14,98,51,000	211,86,59,000	212,86,59,396	100,00396	108,10,836	0.47	0.51
3. Grant No. 7 Working Expenses Repairs & Maintenance of Plant & Equipment	1,06,54,23,000	633,89,000	112,88,12,000	114,40,46,456	152,34,456	152,34,456	1.35	1.35
4. Grant No. 9 Operating Expenses Traffic	2,37,38,21,000	13,92,59,000	251,30,80,000	255,26,12,557	395,32,557	400,16,557	1.57	1.59
5. Grant No. 11 Working Expenses Staff Welfare & Amenities	77,20,39,000	373,28,000	80,93,67,000	81,38,93,479	45,26,479	40,42,479	0.56	0.50
6. Grant No. 16 Assets-Acquisition construction and Replacement (Voted)	15,25,89,10,000	71,36,64,000	15,97,25,74,000	16,38,24,04,039	40,98,30,039	27,32,08,575	2.56	1.71
7. Do. (Charged)	52,00,000	14,20,000	66,20,000	47,98,591	-18,21,409	14,06,591	..	21.24

ANNEXURE B

Statement showing working of the real excess under Revenue Grants.

Sl. No.	Particulars	Amount
1.	<i>Grant No. 3 — Working Expenses — General Superintendence and Services.</i>	
	1. Excess shown in Appropriation Accounts.	1,25,70,30 ⁶
	2. (a) Deduct :—	
	Expenditure relating to other Grants booked under Grant No. 3 (viz Grant No. 12)	1,51,57 ⁵
	(b) Add :—	
	Expenditure relating to Grant No. 3 booked under other Grants (viz No. 8 & 16).	5,11,58 ⁰
	3. Real excess to be regularised by Parliament 1—2(a)—2(b)	1,29,30,311
2.	<i>Grant No. 4 — Working Expenses — Repairs and Maintenance of permanent way and Works</i>	
	1. Excess shown in Appropriation Accounts.	1,00,00,396
	2 (a) Deduct :—	
	Expenditure relating to other Grants booked under Grant No. 4	Nil.
	(b) Add :—	
	Expenditure relating to Grant No. 4 booked under other Grants. (viz No. 8 & 16)	810,440
	3. Real Excess to be regularised by Parliament 1—2(a)+2(b)	1,08,10,836
3.	<i>Grant No. 7 — Working Expenses — Repairs and Maintenance of Plant and Equipment.</i>	
	1. Excess shown in Appropriation Accounts	1,52,34,45 ⁶
	2. (a) Deduct :—	
	Expenditure relating to other Grants booked Under Grant No. 7	Nil.
	(b) Add :—	
	Expenditure relating to Grant No. 7 booked under other Grants.	Nil.
	3. Real Excess to be regularised by the Parliament 1—2(a)+2(b).	1,52,34,45 ⁷
4.	<i>Grant No. 9 — Operating Expenses — Traffic</i>	
	1 Excess shown in Appendix Appropriation Accounts	3,95,32,55
	2 (a) Deduct:—	
	Expenditure relating to other grants booked under grant No. 9.	Nil

	(b) Add:—	
	Expenditure relating Grant No. 9 booked under other granting (viz Grant No. 11)	4,84,000
3.	Real Excess to be regularised by the Parliament 1—2(a)+2(b)	4,00,16,557
3.	<i>Grant No. 11—Working Expenses—Staff Welfare and Amenities.</i>	
1.	Excess shown in Appropriation Accounts.	45,26,479
2.	(a) Deduct:—	
	Expenditure relating to other grants, viz, No. 9 booked under grant No. 11.	4,84,000
	(b) Add:—	
	Expenditure relating to Grant No. 11 booked under other Grants.	Nil
3.	Real Excess to be regularised by Parliament.	40,42,479

ANNEXURE B

Statement showing Working of the real excess under Working Grants.

S. No.	Particulars	Amounts
1.	<i>Grant No 16:—Assets, Acquisition, Construction and Replacement (Voted).</i>	
1.	Excess shown in the Appropriation Accounts	40,98,30,039
2.	(a) Deduct:—	
	(i) Expenditure relating to labour charges accounts for twice as also excess adjustment of credits.	13,36,02,000
	(ii) Amounts booked as voted instead of charged 32,28,000	13,63,30,000
	(iii) Expenditure relating to other grants viz. 2, 3, 4, and	
	(b) Add:—	
	Misc., Deposits booked under this grant	
	Expenditure relating to grant No. 16 booked under other grants.(viz, grant No. 16 booked.)	10,98,464 13,07,008
	under other grants.(Viz, grant No. 8 and Misc. Deposits)	
3.	Real excess to be regularised by Parliament.	27,32,08,575

2. Charged. Grant No. 16—Assets, acquisition, Construction and Replacement (Charged).

1.	Saving shown in the Appropriation Accounts.	18,21,400
2. (a)	Deduct:—	
	Expenditure relating to other grants booked under grant No. 16 (Charged).	Nil.
	(b) Add:—	
	Expenditure relating to Grant No. 16 (charged) booked as voted.	32,28,000
3.	Real excess to be regularised by Parliament.	14,06,591

APPENDIX XIII

Conclusions and/or Recommendations

Sl. No.	Para No.	Ministry	Conclusion/Recommendation
1	2	3	4
1	2.5	Finance (Expenditure)	<p>During the year under review viz. 1979-80, excess expenditure had occurred under 13 Voted Grants and 6 Charged Appropriations and aggregated to Rs. 140.86 crores, as against Rs. 82.42 crores and 42.28 crores respectively during the years 1977-78 and 1978-79. Only a year ago, the Committee had expressed satisfaction over the declining trend in the aggregate amount of excess expenditure evidenced during the year 1978-79 and had hoped that every endeavour would be made by the Ministries/Departments to ensure that the position was not allowed to deteriorate once again. The Committee are, however, concerned to note that the position deteriorated so soon to a considerable extent. They are constrained to point out that the system of estimation of expenditure is faulty and year after year Parliament is being presented with a <i>fait accompli</i>.</p> <p>In this connection the Committee are also constrained to point out that as against the total Grants to the tune of Rs. 21,831.33 crores voted by Parliament, the Appropriation Accounts reveal savings to the extent of Rs. 1,940.49 crores i.e. 8.8 per cent of the voted provision. The Appropriation Accounts (Civil) disclosed savings of Rs. 1,479.96 crores out of voted amount of Rs. 12,534.79 crores (i.e. 11.8 per cent) and savings of</p>

Rs. 1,711.16 crores out of charged amount of Rs. 31,628.43 crores (*i.e.*, 5.4 per cent). Thus total savings amounted to Rs. 3,192.12 crores out of total Voted and Charged amount of Rs. 44,163.22 crores (*i.e.*, 7.2 per cent, of the sanctioned provision. Some of the vital sectors of the economy in which large scale savings have been reported in the Capital Section are Agriculture, Fisheries, Rural Development, Irrigation, Communication, Power Development, Medical and Public Health, Industry, Village and Small Industry, Textiles - Handloom and Handicrafts, Petroleum and Petro-chemicals industry, Chemicals and Fertiliser Industry, Roads, Ports, Light Houses and Shipping, Public Works, Housing and Urban Development etc. etc. The reasons for heavy shortfall in expenditure, particularly in the rural sector need to be adequately explained to the committee.

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Such large scale savings are indicative of not only bad budgeting but also of the failure of the Department concerned to make full use of resources provided to them for the betterment of the people. Over-pitching of the estimates without corresponding efforts to utilise them gainfully deprives the other equally vital sectors of the economy of the much needed resources for development. Since Parliamentary Control over governmental expenditure calls for financial discipline, the Committee would like Government once again to analyse in depth the reasons for this recurring phenomenon with a view to initiate timely remedial measures, whereby budget estimates are prepared more precisely and the

actual expenditure is incurred|contained within the funds authorised by Parliament.

2 2.6

Finance (Expenditure)/
Defence/Railways

According to the revised time schedule as desired by Government and agreed to by the Committee in April, 1974, explanatory notes on excesses over voted grants and charged appropriations are required to be furnished to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later. It is observed that while the explanatory notes relating to 10 Voted Grants|Charged Appropriations operated by various Ministries (other than the Ministry of Defence and Railways) were received within the period stipulated in the revised time schedule i.e. by 31 May 1981, the Explanatory Notes relating to 7 Voted Grants|Charged Appropriations administered by the Ministry of Railways were received on 4 June, 1981. The explanatory notes relating to 2 Grants administered by the Ministry of Defence were received on 15 and 20 June, 1981. The delay that has occurred in the submission of the explanatory notes on the part of the Ministry of Defence is highly regrettable. Such delays hamper the timely processing and finalisation of the reports of the Committee and also tend to dislocate the time-schedule pertaining to consideration and reporting on other Audit paras selected for examination by the Committee during the year. The Committee also find that some of the explanatory notes particularly those submitted by the Ministry of Railways were not in proper form. The Committee desire that the explanatory notes should indicate clearly the details of voted Grants|Appropriations and the actual expenditure and excesses (gross as well as net) under each Grant separately followed by

detailed explanatory notes for each case of excess expenditure. Such notes should be duly signed and dated by the officer not below the rank of Joint Secretary.

3 2.7 M/o Finance (Expenditure)/Railways.

Another disconcerting feature noticed by the Committee is the extent of misclassifications of expenditure in the compilation of accounts, specially of the Railways, during the year under review. There have been misclassifications of expenditure or erroneous adjustments in 5 Grants and 1 Appropriation out of 6 Grants and 1 Appropriation administered by the Ministry of Railways wherein excess expenditure is sought to be regularised. Taking a serious view of the recurrence of misclassifications the Public Accounts Committee (1978-79) had, in paragraphs 2.18 and 2.19 of their 87th Report (Sixth Lok Sabha) desired that positive instructions should be issued by the Railway Administration to the effect that effective reconciliation of subsidy books with general books should be attended to promptly, every month, so that rectification of erroneous adjustments and/or misclassifications, if any, detected is effected in time, thereby eliminating altogether chances of such misclassifications. Pursuant to the above recommendation of the Committee, the Ministry of Railways had issued a further directive on the subject on 27-1-78 to the General Managers, All India Railways, Production Units and Metropolitan Transport Projects for carrying out review of expenditure and effective reconciliation of bokos from month to month. It seems that the instructions issued have not had the desired effect in that there has been further

deterioration in the position as witnessed in the Appropriation Accounts for the year 1979-80. The Committee, therefore, desire that a thorough scrutiny of the reasons therefor should be undertaken promptly and staff responsibility invariably fixed for the failure with a view to taking appropriate action. They would also like to reiterate the recommendation contained in paragraph 2.10 of their 24th Report (Seventh Lok Sabha) that suitable remedial measures should be taken to ensure that reconciliation of expenditure figures was conducted meticulously and annual certificates of reconciliation were furnished by the Financial Advisers after careful scrutiny so that misclassifications, if any, were detected well in time and rectified.

4 2.11 M/o Finance (Economic
Affairs) Defence

The Committee note that an excess expenditure of Rs. 82.25 lakhs occurred under Grant No. 32 - Ministry of Finance. The excess occurred mainly under the head 'A-Secretariat General Services - A-2 other offices-A. 2(1)-Defence Accounts Department'. Against the total provision of Rs. 2899.53 lakhs under this head, the actual expenditure was Rs. 2993.46 lakhs leading to an excess of Rs. 93.93 lakhs. The excess under this head was mainly due to excess expenditure of Rs. 87.64 lakhs incurred under the sub-head 'A-2(1) (4)-Payments for professional and special services'. The Committee have been informed that the excess occurred because of adjustment of some pending claims of the P&T Department for pension payments arranged on behalf of the Defence Accounts Department mainly pertaining to the previous year (Rs 82.06 lakhs) which were stated to be inadvertently omitted to be taken into account in making provision of funds under the Grant. Even though this adjust-

ment between two Departments of Central Government did not involve any net outgo from the Consolidated Fund of India, this is a case of avoidable excess expenditure. The Committee would like to be apprised of the measures taken by the Defence Accounts Department to avoid excesses of this type in future.

5. 2. 14 Finance (Economic Affairs)

The Committee note that an excess expenditure of Rs. 38.76 lakhs occurred under the head 'A. 5. Cost of one Rupee Note Forms of Grant No. 38 Currency, Coinage and Mint'. This Grant is also operated by the Department of Economic Affairs. The Committee find that the excess resulted on account of the fact that the debit in respect of the cost of one rupee note forms supplied in the quarter ending December 1979 for an amount of Rs. 55.46 lakhs was inadvertently omitted to be included in working out the final requirement of funds for the year under this head. Even though the excess expenditure did not involve any net additional outgo from the Exchequer as the provision made under this head is for an accounting adjustment, assuming an equivalent amount as a receipt of the Currency Note Press, the Committee would expect from the Department of Economic Affairs, entrusted with the responsibility of ensuring better financial control, to set an example to other Departments/Ministries by exercising greater care in budgeting.

6. 2. 17

-dq-

The Committee note that during 1979-80, excess expenditure of Rs. 413.92 lakhs had been incurred under Grant No. 39-Pensions con-

trolled by the Department of Economic Affairs, against the final grant of Rs. 6001.30 lakhs, which works out to 6.89 percent of the provision. This excess occurred mainly on account of commuted value of pensions, gratuities and payments under the Central Government Employees' Insurance Scheme. The Committee are informed that the excesses were largely due to liberalisation of pensionary benefits and a larger number of cases of voluntary retirements and cases of death of employees while in service. They are of the view that most of the above factors and particularly the effect of liberalisation of pensionary benefits could normally have been foreseen with some precision and provided for in the budget estimates before the close of the financial year. Similarly, there is always a time-lag between the notice seeking voluntary retirement and the date of actual retirement or between the finalisation of applications for commutation and the drawal of commuted value of pension by those pensioners who opt for it. Therefore, the magnitude of entitlements should be ascertainable in respect of such factors. The Committee consider that with better concurrent control over expenditure, the excess to the tune of Rs. 4.14 crores could have been avoided to a large extent.

89

7. 2.20

-do-

The Committee find that the overall excess under the Appropriation "Interest Payments" after setting off savings comes to Rs. 3.59 crores. It is significant that but for savings, the real excess would have been Rs. 8.13 crores. The Committee are informed that Interest payments are spread over a large number of Post Offices in India and are, by their very nature, not susceptible to precise estimation. Further, interest in some cases is not claimed in the same year in which it becomes due and the arrears of

interest are claimed in a subsequent year. A part of the increase was also on payment of commission to small savings agents due to larger investments in small savings than anticipated earlier. The Committee are unable to appreciate why additional liabilities on this account, especially on investments in small savings, could not have been assessed more realistically by adequate liaison with Posts and Telegraphs Department and provided for at least in the supplementary Budget. They would like to be apprised of the concrete measures taken or contemplated to effect improvements in this behalf.

8. 2.23

Home Affairs

The excess expenditure under the Capital Section of Grant No. 54 - Chandigarh attracts attention on two counts. Firstly, it is significant that the gross excess under the major Head '482' was Rs. 45.63 lakhs and was reduced to Rs. 16.05 lakhs on account of reappropriation by savings from other heads. Secondly, the Committee find that in the project estimate for the scheme of augmentation of Water Supply for Chandigarh, provision was made for providing pre-stressed cement pipes. However, on the basis of subsequent analysis made on 20 November, 1979, it was decided to use steel pipes as was being done in similar project at Bangalore with a view to accelerating the progress of work. Supply order for procurement of MS Steel pipes was placed on 8 February, 1980 with the Steel Authority of India Ltd., for an amount of Rs. 377.00 lakhs. The cost of these pipes was paid on 1 March, 1980. The Committee are unable to appreciate why the liability on this account was not fully pro-

vided for in the Supplementary Budget after the decision was taken on 20 November, 1979 to use steel pipes. The circumstances under which provision for meeting this expenditure was not made may be examined with a view to taking necessary remedial measures.

ii 2.26

Defence

The Committee note that the real excess of Rs. 62.06 crores under Grant No. 20 - Defence Services - Army was the net result of excesses and savings under various minor heads in the Grant and was mainly attributed to the excess under sub-head 'A:6-Ordnance Factories' - (Rs. 46.48 crores) and 'A. 7-R & D Organisation' (Rs. 33.12 crores). It is seen that out of the gross excess of Rs. 46.48 crores under sub-head 'A. 6-Ordnance Factories', Rs. 32.27 crores arose under Section 'Purchase of Material' for the reasons (i) that certain advance payments involving about Rs. 7 crores had to be made, (ii) quicker pace of materialisation of stores during the closing months, and (iii) larger expenditure on inputs due to faster rise in prices than anticipated. The Committee are of the view that had a proper watch on the supplies been kept by the Ministry by a more effective monitoring of the materialisation of supplies and advance payments relating thereto, the excess could have been avoided by making timely provision.

In regard to an unspecified excess out of the excess of Rs. 46.48 crores under sub-head 'A. 6-Ordnance Factories', the Committee have been informed that information regarding the extent of excess on account of over-time expenses and the reasons for which this excess could not be covered by obtaining additional provision are being ascertained (20 June, 1981) and a separate note will be submitted as soon as the infor-

mation is available. The same has not been made available to the Committee till the finalisation of this Report. The Committee take adverse note of the fact that even though more than a year has elapsed since the excess was detected on closing of accounts after March, 1980, vital information even on the extent of excess on account of overtime expenses was not compiled and analysed. The Committee are further of the view that since there is usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account.

In this regard, the Committee note from the Appropriation Accounts (Defence Services) for 1979-80 for Grant No. 20 that increase of Rs. 11.86 crores was due to (i) grant of Additional Dearness Allowance, (ii) more expenditure on overtime allowance, and (iii) Customs Duty. The Committee would like to know the excess amount due to each of these three factors.

The Committee further note from page 16 of the Appropriation Accounts for 1979-80 that the total amount of overtime allowance paid in Ordnance factories was Rs. 14.55 crores (1978-79) and Rs. 17.79 crores (1979-80); it is also mentioned therein that the overtime payments were not justifiable by the needs of production. The Committee would like to have an elucidation of the aforesaid comment in the Appropriation Accounts. The Committee would also like to know the amounts of excess due to overtime payments.

12 2.27

Defence

The Committee also find that excess of Rs. 33-12 crores under sub-head 'A. 7-Research and Development Organisation' had occurred under Section "Purchase of Material" and has been attributed to payments of customs duty on stores which are exempted from payment of such duty and materialisation of stores. The Committee have been informed that some remedial measures have been taken or are proposed to be taken to avoid excess expenditure under this sub-head. They would like to be apprised of the outcome of these measures.

11 2.30

D fence

The Committee note that an excess expenditure of Rs. 24.42 crores occurred under Grant No. 22-Defence Services - Air Force. The excess has been attributed mainly to gross excess of Rs. 22.05 crores under the sub-head 'A. 5-Stores' and Rs. 3.46 crores under the sub-head 'A. 6.Works'. The Committee also find that mainly Aviation Stores and POL accounted for the excess under sub-head 'A. 5-Stores' and it was attributed to over-materialisation of supplies/payments than anticipated, effect of hike in petrol prices and increase in prices having bearing on maintenance and operation of installations. The Committee are constrained to note that the specific items under Aviation Stores which contributed to excess expenditure have not been identified by the Ministry so far. While the excess expenditure is recommended for regularisation, the details thereof should be furnished to them as promised by the Ministry.

2.31

-do-

The Committee note from the foregoing paragraph that out of total excesses amounting to Rs. 140.85 crores, Rs. 86.47 crores of excess have been contributed by the two grants of the Ministry of Defence. This con-

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stitutes about 61 per cent of the total excesses. This reflects badly in the budgetary control of the Ministry of Defence. The Committee further note that excess of about Rs. 70 crores arose mainly under purchase of materials and stores due to stores supplies materialising earlier than anticipated. The Committee feel that the aforesaid excess could have been avoided if there had been effective monitoring of supplies and provision made therefor. The Committee would recommend that the Works Study Group within the Ministry of Defence, should go into the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget and submit their report in this regard by December, 1981.

12 2.32 Defence

The Committee observe that for a closer concurrent scrutiny of the expenditure of the Ministry of Defence a suitable machinery should be evolved.

14 2.35 Communications
(F&T Board)

The Committee note that an excess expenditure of Rs. 9.37 crores was incurred under Grant No. 16 - Posts & Telegraphs - Working Expenses during the year under review. The excess occurred mainly due to liberalisations of pensionary benefits and additional dearness allowance. As early as in 1968-69, the Public Accounts Committee had observed, in paragraph 2.73 of their 31st Report (Fourth Lok Sabha) that as there was usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account. The

Committee are concerned to note that during 1979-80 also, considerable excess expenditure was incurred under this Grant. The Committee find that pensionary benefits in respect of Central Government employees were liberalised in May, 1979 with retrospective effect and additional relief in pension was also granted in May, 1979 with retrospective effect from 1-12-1978. Even so, the Committee are of the considered view that provision in respect of superannuation and retirement allowances commuted value of pensions, Gratuities etc. and additional dearness allowance could and should have been made with some precision. This is a clear case of avoidable excess expenditure and the Committee are unable to appreciate why full financial impact of liberalisations announced in May, 1979 could not be estimated with some exactitude at the time of obtaining supplementary grants. They trust that the Ministry would take adequate care in future to avoid excesses on this account.

105

15 2.39 Railways

The extent of deterioration in the position of overall excesses which aggregate to Rs. 35.76 crores under various Grants/Appropriations administered by the Ministry of Railways causes concern to the Committee.

16 2.40 -do-

An analysis of the reasons for excess expenditure over authorised allocations, indicates that defective estimation of monetary requirements, lack of proper and timely review and monitoring of the progress of expenditure, failure to anticipate properly and provide fully for "contractual payments" and avoidable misclassifications and erroneous adjustments have contributed to excesses. That this should be so despite the repeated comments by the Committee and the oft-repeated assurances held out by the Railway Administration, is indicative of the fact that effective steps were

not taken to check recurrence of such types of excess expenditure. This is highly deplorable. The Committee have commented upon the unusual increase in cases involving misclassifications in the earlier Section of this Report. The salient cases of excess expenditure are discussed in the following paragraphs.

17 2.41

Railways

The Committee find that excesses occurred under Grant No. 3—Working Expenses—General Superintendence and Services, Grant No. 4—Working Expenses—Repairs and Maintenance of permanent way and works, Grant No. 7—Working Expenses—Repairs and Maintenance of Plant and Equipment, Grant No. 11—Working Expenses—Staff Welfare and Amenities. The excess expenditure on all these Grants has been attributed to payment of dearness allowance/additional dearness allowance and payment under the scheme of productivity linked bonus. The Committee are firmly of the view that since there is no element of uncertainty on expenditure relating to dearness allowance, the excess on this account should not have occurred. The Committee see no reason why expenditure on payment of bonus could not be covered by obtaining additional provision. The Committee trust that stricter budgetary discipline and monitoring shall be attempted in future through close watch over the flow of expenditure and better anticipation thereof for making additional provision.

8 2.42

-do-

The Committee note that excess expenditure had been incurred under Grant No. 16—Assets—Acquisition, Construction and Replacement (s) and aggregated to Rs. 27.32 crores. It is significant in this context that but

for savings under Depreciation Reserve Fund, Development Fund, Accident Compensation Fund and Open Line Works Revenues the excesses under Capital expenditure would have been to the tune of Rs. 75.66 crores as shown in the Audit Report and Appropriation Accounts. Even after taking into account the set-off due to mis classification, etc., the excess in the Capital Section would be Rs. 62.00 crores. The excess of Rs. 40.98 crores showing in the Appropriation Accounts was due to increase in manufacture suspense (Rs. 25.67 crores), stores suspense (Rs. 13.68 crores) Gauge conversion (Rs. 5.22 crores), new lines (Rs. 2.58 crores), Rolling Stock (Rs. 2.53 crores) etc. The Committee have been informed that two supplementary grants amounting to Rs. 71.37 crores were obtained in January/March 1980 to meet increased expenditure under Stores suspense and other suspense heads due to rise in prices of Railway Stores, imported electrics and electrical equipment and *ad hoc* payment of 15 days wages as a part of the scheme of Productivity Linked Bonus. The Committee are unable to appreciate why the additional requirements on this account could not be assessed precisely and in time.

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The Committee further note that there was a wrong booking of expenditure owing to erroneous double adjustment of labour charges aggregating to Rs. 13.36 crores accounted for twice under Manufacture Suspense under Grant No. 16. The Committee take a serious note of such patent accounting errors which could have been detected if adequate attention had been paid to prompt check and reconciliation of the accounts figures and careful observance of the existing codal provisions. They desire that responsibility for the lapses, particularly at the supervisory level should be fixed for

appropriate action against the erring officials. The Committee also expect that greater care would be exercised in future to avoid serious mistakes in the proper upkeep and maintenance of books of accounts.

20 2.44

Railways

The Committee further note that an excess of Rs. 14.07 lakh occurred under Appropriation 'Assets?—Acquisition, Construction and Replacement(s) as a result of decretal payment on one of the Railways (Rs. 32.28 lakhs) having been wrongly classified as 'Voted' Expenditure. The Committee are surprised that decretal payment from a Court should have been misclassified as 'Voted' expenditure when it was distinctly to be classified as "Charged". That this was so despite the repeated comments by the Committee and renewed instructions issued by the Department of Economic Affairs on 20 November, 1975 pursuant thereto, would suggest that effective steps are necessary to obviate such misclassifications.

21 2.45

Finance
(Expenditure)

2.43. Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India.

20. Atma Ram & Sons,
Kashmere Gate,
Delhi-6.
21. J. M. Jaina & Brothers,
Mori Gate, Delhi.
22. The English Book Store,
7-L, Connaught Circus,
New Delhi.
23. Bahree Brothers,
188, Lajpatrai Market,
Delhi-6.
24. Oxford Book & Stationery
Company, Scindia House,
Connaught Place,
New Delhi-1.
25. Bookwell,
4, Sant Narankari Colony,
Kingsway Camp,
Delhi-9.
26. The Central News Agency,
23/90, Connaught Place,
New Delhi.
27. M/s. D. K. Book Organisations,
74-D, Anand Nagar (Inder Lok),
P.B. No. 2141,
Delhi-110035.
28. M/s. Rajendra Book Agency,
IV-D/50, Lajpat Nagar,
Old Double Storey,
Delhi-110024.
29. M/s. Ashoka Book Agency,
2/27, Roop Nagar,
Delhi.
30. Books India Corporation,
B-967, Shastri Nagar,
New Delhi.

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