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Excesses over Voted Grants and  
Charged Appropriations (1987-88) and  
Action Taken on 147th Report of  
Public Accounts Committee  
(8th Lok Sabha)

**PUBLIC ACCOUNTS  
COMMITTEE  
1990-91**

**ELEVENTH REPORT**

**NINTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

ELEVENTH REPORT  
PUBLIC ACCOUNTS COMMITTEE  
(1990-91)

(NINTH LOK SABHA)

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CHARGED APPROPRIATIONS (1987-88)  
AND  
ACTION TAKEN ON 147TH REPORT OF  
PUBLIC ACCOUNTS COMMITTEE  
(8TH LOK SABHA)



सत्यमेव जयते

*Presented to Lok Sabha on 6 September, 1990  
Laid in Rajya Sabha on 6 September, 1990*

LOK SABHA SECRETARIAT  
NEW DELHI

*August 1990/Bhadra 1912 (Saka)*

PAC No. 1800

ELVENTH REPORT  
PUBLIC ACCOUNTS COMMITTEE  
(1990-91)

(NINTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND  
CHARGED APPROPRIATIONS (1987-88)

AND

ACTION TAKEN ON 14TH REPORT OF  
PUBLIC ACCOUNTS COMMITTEE

Price: Rs. 9.00

(8TH LOK SABHA)



Presented to Lok Sabha on 6 September, 1990  
Laid in Rajya Sabha on 6 September, 1990

LOK SABHA SECRETARIAT

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Published under Rule 382 of the Rules of Procedure and Conduct of  
Business in Lok Sabha (Seventh Edition) and Printed by the  
Manager, P.L. Unit, Govt. of India Press, Minto Road, New Delhi.

CORRIGENDA TO 11TH REPORT OF PAC  
(9TH LOK SABHA)

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PUBLIC ACCOUNTS COMMITTEE  
(1990-91)

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2. Shri G.S. Bhasin—*Deputy Secretary*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Eleventh Report on excess over voted grants/charged appropriations as disclosed in the Appropriation Accounts—Civil, Defence, Postal Services, Telecommunications Services and Railways for the year 1987-88 and Action Taken by government on recommendations of the Public Accounts Committee contained in their 147th Report (8th Lok Sabha) on excesses over voted grants and charged appropriations for the year 1986-87.

2. During the year 1987-88, the excess expenditure aggregating to Rs. 304.15 crores that occurred under 21 grants/appropriations required regularisation by Parliament. The excess expenditure had occurred despite the supplementary provision of Rs. 1339.15 crores obtained under 18 out of 21 grants that registered excess expenditure. The Committee have stressed the need for more accurate estimation of monetary requirements and better budgetary control by various Ministries so as to reduce the excess expenditure to the barest minimum.

3. The Appropriation Accounts (Civil) for 1987-88 have disclosed large scale savings of the order of Rs. 32320.74 crores under 193 out of 215 items of expenditure. Supplementary grants were obtained in 116 items out of which the supplementary provision proved unnecessary in 20 items. The Committee have recommended that the Ministry of Finance should undertake a study of cases where large scale savings have taken place or where savings exceeded the supplementary provision and lay down proper guidelines for being followed by the Ministries/Departments of Government of India.

4. The Committee examined the excess expenditure in the light of explanatory notes (Appendices II to XV) furnished by the Ministries/Departments of Government of India and finalised the report at their sitting held on 24 August, 1990. Minutes of the sitting form Part III of the Report.

5. The Committee's 147th Report (8th Lok Sabha) on excesses over voted grants and charged appropriations for the year 1986-87 was presented to the House on 10 April, 1989. The action taken notes furnished by government in pursuance of the recommendations contained in that Report were also considered at the aforesaid sitting and have been dealt with in Chapter II of the Report.



6. For facility of reference and convenience, the recommendations and conclusions of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in the Appendix XVIII of the Report.

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

NEW DELHI;  
August 24, 1990  
Bhadra 2, 1912(Saka)

SONTOSH MOHAN DEV,  
Chairman,  
Public Accounts Committee.

## CHAPTER I

### EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1987-88)

This Chapter deals with excess expenditure over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts—Civil, Defence Services, Telecommunications, Postal Services and Railways for the year 1987-88.

1.2 The excess expenditure during the year 1987-88 which required regularisation under Article 115(1) (b) of the Constitution is of the order of Rs. 304, 15, 37, 951 incurred over sanctioned provision of Rs. 16550,17, 36,000 under 21 grants/appropriations (Appendix I). The break up of the excess expenditure vis-a-vis the total sanctioned amount under the excess registering grants as disclosed in the Appropriation Accounts is as below:

Appropriation Accounts	No. of excess registering grants/Apprs.	Total Sanctioned Provision	Excess Expenditure over sanctioned Provision	Percentage of excess expenditure to Sanctioned Provision
Civil	11	3644,09,00,000	53,78,99,395	1.48
Defence Services	2	7443,80,00,000	23,97,00,734	0.32
Postal Services	1	989,89,00,000	41,66,32,153	4.21
Telecom. Services	1	1172,79,00,000	27,31,79,784	2.41
Railways	6	3299,60,36,000	157,41,25,885	4.76
	<hr/> 21	<hr/> 16550,17,36,000	<hr/> 304,15,37,951	

Supplementary grants were obtained under all except 3 grants/appropriations viz. Grant No. 9 — Postal Services, Grant No. 11— Ministry of Defence, and Appropriation No. 16— Assets, Acquisition, Construction and Replacement — other Expenditure—'Railway Fund' (DRF, DF and ACSPF). The sum total of the supplementary grants in 18 cases works out to Rs. 1339.15 crores.

1.3 The Committee note that an expenditure of Rs. 304.15 crores was incurred in excess of the aggregate provision of Rs. 16550.17 crores

sanctioned under 21 grants/appropriations during the year 1987-88. The excess expenditure occurred despite the supplementary provision of Rs. 1339.15 crores obtained under as many as 18 out of 21 grants/appropriations that registered excess expenditure. During the years 1985-86 and 1986-87 the excess expenditure respectively was of the order of Rs. 441.72 crores under 29 grants/appropriations and Rs. 384.39 crores under 25 grants/appropriations. Thus the situation during the year under report i.e. 1987-88 is no better. Percentage-wise, the Ministry of Railways took the lead in incurring the excess expenditure which was of the order of 4.76% over the sanctioned provision followed by the Department of Posts which incurred excess expenditure of the order of Rs. 41.66 crores which constitutes 4.21% of the sanctioned provision of Rs. 989.89 crores during the year 1987-88.

1.4 The Committee have been expressing concern over the phenomenon of excess expenditure and yet year after year, Parliament is being presented with a *fait accompli* of unremitting excess expenditure. The Committee feel that there is still need for a more accurate estimation of monetary requirements and better budgetary control by various Ministries so as to reduce the excess expenditure over voted grants/charged appropriations to the barest minimum.

1.5 As per time schedule, the Ministries are required to submit to the PAC explanatory notes in respect of excess registering grants by 31 May or immediately after the presentation of the Appropriation Accounts to the House whichever is later. The Appropriation Accounts in respect of Postal and Telecommunication Services which the C&AG had certified on 10 April, 1989, were presented to the House on 4 May, 1989 while the Appropriation Accounts relating to Railways were certified by C&AG on 22 April, 1989 and presented to the House on 10.5.1989. The Appropriation Accounts relating to Civil and Defence Services were laid on the Table of the House on 18 July, 1989 whereas these had been certified by C&AG on 18 April and 3rd May, 1989, respectively.

1.6 The dates on which the explanatory notes in respect of various grants/appropriations were furnished to the Committee are mentioned against each below:

No. of Grant/Appropriation	Ministry/Deptt.	Date on which explanatory notes furnished
1	2	3
10-Telecom. Services	Telecom.	17.5.1989
4, 8, 9, 13, 14 and 16 operated by Railways	Railways	1.6.1989
11-Ministry of Defence	Defence	19.7.1989
12-Defence Pensions (Voted)	-do-	19.7.1989
12- Defence Pensions (Changed)	-do-	19.7.1989
37-Deptt. of Health	Health	19.7.1989
67-Min. of Textiles	Textiles	31.7.1989
91-Lakshadweep	Home Affairs	21.8.1989

1	2	3
88-Delhi	Home Affairs	21.9.1989
9-Postal Services	Postal Services	22.9.1989
14-Defence Services-Navy	Defence	26.10.1989
13-Defence Services-Army	-do-	24.1.1990
92-Chandigarh	Home Affairs	19.4.1990
22-Deptt. of Economic Affairs	Finance	15.5.1990
74-Public Works (Charged)	Urban	27.6.1990
	Development	
74-Public Works (Voted)	-do-	25.7.1990

The Explanatory Notes as furnished by various Ministries are at Appendices-II to XV.

1.7 According to time schedule, the Ministries are required to submit to the Committee the explanatory notes in respect of excess registering grants by 31 May, or immediately after the presentation of the Appropriation Accounts to the House, whichever is later. The Committee note that out of the 21 grants/appropriations that recorded excess expenditure during 1987-88, the explanatory notes in respect of 11 grants/appropriations were furnished within time, while the delay in furnishing the explanatory notes in respect of the remaining 10 grants/appropriations ranged from 13 days to over a year as is evident from the following Table:

No. of Grant	Date of presentation of relevant Appn. Accounts	Date of sending of Exp. Notes	Delay
9-Postal Services	4.5.1989	22.9.1989	over 3 months*
67-Ministry of Textiles	18.7.89	31.7.1989	13 days@
91-Lakshdweep	-do-	21.8.1989	Over 1 month@
88-Delhi	-do-	21.9.1989	Over 2 months@
14-Defence Services-Navy	-do-	26.10.1989	Over 3 months@
13-Defence Services-Army	-do-	24.1.1990	Over 6 months@
92-Chandigarh	-do-	19.4.1990	Over 9 months@
22-Deptt. of Economic Affairs	-do-	15.5.1990	Over 10 months@
74-Public Works (Charged)	-do-	27.6.1990	Over 11 months@
74-Public Works (Voted)	-do-	25.7.1990	Over 12 months@

Normally, the Report on excess expenditure is presented to the House during the year in which the Appropriation Accounts are laid on the Table of the House. However, during the year 1989-90, the delays on the part of the concerned Ministries in submission of explanatory notes created a situation whereby the Public Accounts Committee (1989) was handicapped to finalise and present their Report on excess expenditure during their term and the excess expenditure remained unregularised. The Committee take a serious view of the delay on the part of the Ministries concerned in furnishing the explanatory notes and desire that responsibility be fixed for any laxity in this regard. The Committee, however, like the Ministry of Finance, who is the co-ordinating Ministry,

\*From 31 May, 1989

@from the date of presentation of relevant Appropriation Accounts of the House

to go into the matter and take suitable measures to ensure timely submission of Explanatory Notes in future.

1.8 The Committee would like to point out that after the excess expenditure is noticed under any grant, no time should be lost in preparing and forwarding the explanatory note to Audit for being vetted. The points/objections, if any, raised by Audit should be resolved with due promptitude on top priority basis. The Committee consider that a time schedule should be laid down for taking action at various stages involved in the finalisation/vetting of the explanatory notes. This would go a long way in eliminating delay in submission of these notes to the Committee. The Committee trust that necessary steps would be taken in this direction.

1.9 The Committee will now deal with some of the grants that registered excess expenditure during 1987-88.

*Demands operated by the Ministry of Defence*

1.10 Out of seven grants / appropriations operated by the Ministry of Defence, two Demands. (Nos. 11 and 12) were reflected in the Appropriation Accounts (Civil) and five Demands (Nos. 13, 14, 15, 16 and 17) in the Appropriation Accounts (Defence Services) for the Year 1987-88. The grants Nos. 11, 12, 13 and 14 registered excess expenditure as indicated below:

Grand No	(Rs. in crores)		
	Total Grant	Total Expenditure	Excess Expenditure
11-Ministry of Defence (Revenue-Voted)	572.51	586.47	13.96
12-Defence Pensions (Revenue-Voted)	1212.36	1214.06	1.70
(Revenue-Charged)	0.72	0.74	.02
13-Defence Services-Army (Revenue-Voted)	6735.10	6737.15	2.05
14-Defence Services-Navy (Revenue-Voted)	708.70	730.62	21.92
	9229.39	9269.04	39.65

1.11 The excess expenditure over Revenue Section of Voted Grant No. 11-Ministry of Defence, amounting to Rs. 13.96 crores is stated to have occurred mainly due to drawal of arrears of Pay & Allowances of Group 'A' officers consequent upon the implementation of the recommendations of IVth Pay Commission, release of two instalments of DA w.e.f. 1.1.87 and 1.7.87, enhancement of HRA, CCA etc. and payment of Bonus to the employees of the Ministry and other offices. According to the explanatory note, the Ministry of Finance did not provide additional funds in the

revised estimates as per their policy. Similarly, the excess expenditure on Grant No. 12 is stated to have occurred on account of large turnout of pensioners, payments of balance gratuity and capitalised value of commuted portion of pension, family pension etc. under Revenue Section (Voted) and due to payments made for satisfaction of more Court Judgements during the year than anticipated under 'Charged' allocation.

1.12 As regards the excess expenditure under Grant Nos. 13 and 14, the following position emerged from the Explanatory Notes (Appendices V and VI) furnished by Ministry of Defence:

(Rs. in Crores)					
Grant No. Sub-head	Original Provision	Suppl. (S.Gr.) Grant /Re- appropriation (R)	Final Grant	Actual Expen.	Excess
1	2	3	4	5	6
<b>13 D.S. Army</b>					
A-1-Pay and Allowance of Army	2183.36	117.88 (S.Gr.) (+) 61.23(R)	2362.47	2407.89	45.42
A-2-pay and Allowance and Misc. Expenditure of Auxiliary Forces.	25.77	(-)00.96 (R)	24.81	29.14	4.33
A.4 - Transportation	148.00	(+) .55.27(R)	203.27	236.64	33.37
A.5 - Military Farms	32.00	(+) 5.09(R)	37.09	48.94	11.85
A.6 - Research & Dev. Orgn.	554.94	(-) 94.14(R)	460.80	481.45	20.65
A.7 - Inspection Organisation	78.20	(+) 3.63(R)	81.83	84.52	2.69
A. 9-Works	373.96	(+) 20.41(R)	394.37	410.12	15.75
					134.06
<b>No.14 - DS-Navy</b>					
A.1 Pay & Allowances of Navy	108.15	26.85 (S.Gr) (+) 1.00(R.)	136.00	138.65	2.65
A.3 Pay & Allowances of Civilians	87.55	12.45 (S.Gr) (+) 1.00(R)	101.00	103.59	2.59

1	2	3	4	5	6
A.4- Trans- portation	17.50	6.50 (+)7.65(R)	31.65	37.22	5.57
A.5 - Stores	332.80	34.90 (S.Gr) (-) 21.84(R)	345.86	353.76	7.90
A.6 - Works	45.30	1.70 (S.Gr.) (+) 10.00(R)	57.00	61.28	4.28
					22.99

1.13 An analysis of the expenditure under Grant Nos. 13 and 14 administered by the Ministry of Defence discloses the following facts:

- (i) the Supplementary provision obtained by the Ministry under certain sub-heads proved too meagre to meet the additional requirement of funds;
- (ii) the reappropriation made to augment the original provision under various units of the Grants proved in-adequate to cover the excess expenditure; and
- (iii) the minus reappropriation effected to reduce the provision under various units of the Grants proved wrong resulting in excess expenditure.

The Committee also note that while the overall excess expenditure under the Grant Nos. 13 and 14 was Rs. 2.05 crores and Rs. 21.92 crores, respectively, the aggregate excess expenditure under various units of the Grants works out to Rs. 134.06 crores and Rs. 22.99 crores, respectively. Certainly, the large scale savings under various other units of the Grants did help to a great extent in minimising the otherwise enormously high excess expenditure. This depicts a very dismal picture of the budgetary control exercised by the Ministry over their grants.

1.14 The Public Accounts Committee (8th Lok Sabha) had in Para 1.53 of their 147th Report, while commenting on the faulty budgetary control and issue of defective reappropriation orders, laid stress on the need for gearing up budgetary control mechanism to ensure that initial appropriation and later reappropriations were carried out meaningfully and realistically. According to the Action Taken Note furnished by the Ministry of Defence on the above recommendations, instructions already exist for formulating the budget proposals/estimates on a realistic basis and that reappropriations wherever necessary are carried out only after close scrutiny to ensure that they are realistic and meaningful. Considering the extent of the excess expenditure that had occurred even after the reappropriations were effected, the Committee feel that the Budget Control mechanism is still wanting. Mere issue of instructions is not sufficient unless these are strictly followed by various spending units. The Committee desire the Ministry to further tighten their budgetary control so as to leave little scope for excess

**expenditure being incurred and to ensure realistic reappropriation of funds under various grants operated by them.**

*Grant No. 74 (Revenue Section - Voted) - Public Works*

1.15 During 1987-88, under Revenue Section (Voted) of Grant No. 74 - Public Works, the Ministry of Urban Development incurred excess expenditure of Rs. 5.67 crores against the sanctioned provision of Rs. 148.04 crores which includes supplementary provision of Rs. 5.06 crores. According to the note (Appendix X) furnished by the Ministry for regularisation of excess expenditure, the excess expenditure had occurred under the following heads of the grant:

**“(i) A.1(1) (1) - New Supplies and Repairs**

	Rs. in Lakhs	Rs. in Crores
Original Grant	250.00	
Expenditure	303.96	
Excess	53.96	0.54

The budget allocation under this Head as well as the revised estimates were Rs. 250 lakhs, although the requirement projected by the C.P.W.D. was Rs. 258 lakhs. When the trend of actual expenditure incurred was compiled by C.P.W.D. in February, 1988 from 214 Divisions from all over India. It came to light that Revised Estimates 1987-88 was inadequate. It was possible to increase this provision to Rs. 280 lakhs by re-appropriation, as at the end of February, 1988 it was too late to go in for any Supplementary Demand. It may, however, be noted that an excess of Rs. 53.34 lakhs was on account of Hot Mixed Plants for which an expenditure of Rs. 171.34 lakhs was incurred during 1987-88 whereas the initial allocation for the same was Rs. 118 lakhs, raised to Rs. 158 lakhs by re-appropriation. C.P.W.D. authorities have been asked to hold the expenditure within the allocated amount either by controlling the expenditure or by deferring payments. A circular letter have since been issued vide No. G-20014/1/89-Bt.(Pt.), dated the 29th May 1990 (copy enclosed)

**(ii) A.1(2) - Maintenance and Repairs**

	(Rs. in Lakhs)	(Rs. in crores)
Original grant	2107.80	
Expenditure	2388.31	
Excess	280.51	2.80

The excess expenditure was incurred mainly because of payment of increased pay and allowance to the Muster Roll Workers from 1.4.1987 as



a result of Supreme Court judgement on 'Equal pay for equal work'. The requirements could not be projected earlier or even in the final batch of Supplementaries as the Department had to compile the information from a large number of Divisions located at various parts of the country.

**(iii) A.1(1)(4)—Lease charges.**

	<i>Rs. in lakhs</i>	<i>Rs. in Cr.</i>
Original Grant	850.00	
Expenditure	1168.39	
Excess	318.39	3.18

The budget provision of Rs. 8.50 crores was made in the Budget Estimates 1987-88 keeping in view the previous year's expenditure on this account and the actual expenditure of the last five months during 1986-87. This allotment was increased to Rs. 10 crores in Revised Estimates 1987-88 and to Rs. 10.90 crores in final grant after reappropriation but still it could not meet the actual expenditure of Rs. 1168.39 lakhs resulting in an excess of Rs. 318.39 lakhs over the Budget Estimates. This happened due to receipt of a number of arrear bills for payment. In addition, Bills for the payment of Rs. 60 lakhs for EPABX installed in Vigyan Bhavan, Rs. 83 lakhs for Parliament House Annexe Building, Rs. 9.60 lakhs for Teen Murti House had to be paid. All this expenditure could not be avoided, as the non-payment would have led to levy of surcharge and possible disconnection of services by the local Bodies. However, when the final requirements were intimated to Ministry, it was too late to go for Supplementary. Though the allotment was increased to Rs. 10.90 crores by re-appropriation at the final-estimates stage, it could not meet the actual expenditure under this sub-head.

**(iv) A.1(5)(2)—Miscellaneous Works Advances**

	<i>Rs. in lakhs</i>	<i>Rs. in Cr.</i>
Original Grant	295.00	
Expenditure	624.47	
Excess	329.47	3.29

Excess expenditure of Rs. 1.15 crores was incurred over the deposit receipts from the National Airports Authority. The expenditure had to be debited to the Suspense Head of Misc. Works Advances pending final adjustment. Incurring of expenditure on National Airports Authority works could not be avoided due to operational reasons to avoid any dislocation of services. The excess expenditure during this year under this sub-head was also due to escalation in the price of Steel to the extent of 10% and due to higher advance payments made to Steel manufacturers for the procurement of Steel.

**(v) A.3(1)(2)(1)—Regular Establishment.**

	<i>Rs. in lakhs</i>	<i>Rs. in cr.</i>
Original Grant	2215.80	
Expenditure	2664.61	
Excess	448.81	4.49

The Supplementary demands for salaries etc. are obtained under one Major Head and then distributed to various sub-heads. In this case Rs. 4.97 crores was obtained as a supplementary demand under A.3(1)(1)—Direction and Rs. 416.75 lakhs re-appropriated to this sub-head. Thus, the total excess is only Rs. 32.06 lakhs and this excess is due to the Departments re-appropriating Rs. 38.33 lakhs to other heads, anticipated savings, which did not materialise due to the payment of additional dearness allowance and bonus to staff. This has resulted in the excess. Instructions have been issued for avoidance of such lapses in future/vide Ministry's letter No. G-20014/1/89/Bt.(Pt.) dated the 29th May, 1990 (copy enclosed).

**(vi) A.3(1)(2)(2)—Works Charged Staff converted into regular establishment**

	<i>Rs. in lakhs</i>	<i>Rs. in cr.</i>
Original Grant	470.20	
Expenditure	558.12	
Excess	87.92	0.88

The excess was due to increase of posts of Assistant Engineers and Asstt. Surveyor of Works and revision of pay of Divisional Accountants, w.e.f. 1.1.1986.

**(vii) A.3(1)(4)—Structural Planning**

	<i>Rs. in lakhs</i>	<i>Rs. in cr.</i>
Original Grant	598.25	
Expenditure	650.07	
Excess	51.82	0.52

The excess was due to up-gradation/promotion of Assistant Engineers arising from cadre review and also for payment of increased D.A. and re-fixation of pay due to implementation of the recommendations of the Fourth Pay Commission, w.e.f. 1.1.1986.

(viii) Excess under other heads between Rs. 5 lakhs and Rs. 50 lakhs.

Excess	61.90	0.62
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1.16 Under Revenue Section (Voted) of Grant No. 74—Public Works, the Ministry of Urban Development incurred an expenditure of Rs. 5.07 crores over and above the sanctions provision of Rs. 148.04 crores during 1987-88 although a supplementary grant of Rs. 5.06 crores had been obtained in March, 1988. But for the savings that occurred under certain heads of the grant, the excess of expenditure would have been as high as Rs. 16.32 crores. A perusal of the explanatory note furnished by the Ministry would indicate that apart from the faulty estimation of the funds required under

various heads of the grant, the Ministry could not compile in time the information regarding expenditure, which was received from various Divisions of CPWD spread all over the country at a very late stage when no time was left for obtaining supplementary grant. The Committee feel that the budget division of the Ministry needs to be revamped thoroughly so that budget estimates are made precisely and the trend of expenditure is closely monitored and reviewed periodically. Besides, a time schedule is all the more essential for regular flow of requisite data from various Divisions of CPWD to the Budget Wing of the Ministry so as to enable the Ministry to initiate action well in time for obtaining additional funds, if any need arises therefor, by presenting supplementary grant to the House.

*Grant No. 92—Chandigarh*

1.17 Under Revenue Section (Voted) of Grant No. 92—Chandigarh an expenditure amounting to Rs. 4.45 crores was incurred in excess of the total sanctioned grant of Rs. 110.86 crores during 1987-88. The Ministry had obtained a supplementary grant of Rs. 8.66 crores during the year. According to the Explanatory Note (Appendix-XIV) furnished by the Ministry of Home Affairs, the above excess occurred mainly under the following Heads:

**‘Major Head: ‘2202’**

J.1(3)(1)(1) —	Grant-in-aid to Punjab University	(+) 44,54,028
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Excess expenditure is due to revision of pay scale of the University teachers on University Grants Commission pattern as recommended by the Fourth Pay Commission, besides release of additional dearness allowance, interim relief and restore of cut in pay-portion was Rs. 45 p.m.

**Major Head ‘2059’**

R.2(1)(1)(1) —	Chief Engineer’s Establishment	(+) 84,26,763
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The original grant under the sub-head R.2(1)(1)(1)—Chief Engineer’s Establishment was Rs. 16.04 lakhs and expenditure under this sub-head to the tune of Rs. 100.31 lakhs. Thus there is an excess expenditure of Rs. 84.27 lakhs which is due to misclassification shown on the expenditure vouchers by the administration. Actually the excess expenditure booked under sub-head was required to be booked under sub-head R.2(1)(4)—Establishment where the original grant of Rs. 478.58 lakhs exists and the expenditure has been booked as Rs. 363.78 lakhs resulting into a saving of Rs. 114.80 lakhs. Had the booking made by the Department correctly there would have been overall saving in these two sub-heads in place of excess occurred under the sub-heads R.2(1)(1)(1)—Chief Engineer’s Establishment.

R.2(1)(5) —	Suspense	(+) 4,16,47,000
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The sanctioned budget grant of Rs. 1265.36 lakhs allocated at the time

of BE 1987-88 was reduced to a final grant of Rs. 1165.36 lakhs anticipating a saving of Rs. 100.00 lakhs at the time of ten monthly estimates. Actual expenditure of Rs. 16,81,83,000 was incurred and the additional funds asked for were not provided due to economy.

**Major Head '2801'**

D.1(1)(1) — Operation and Maintenance (+) 7,13,24,906

This amount was committed expenditure in respect of bills for purchase of energy from the neighbouring States and Central Projects as the Deptt. has no generator of its own.

**Major Head '2217'**

R.4(1)(1) — Direction and Administration (+) 24,64,406

R.4(1)(2) — Other Expenditure (+) 40,71,050

65,35,456

The excess was due to the wrong classification given by the Departments in the vouchers. Had the correct classification given on the vouchers there would have been no excess rather saving under this Major Head '2217'—Urban Development."

1.18 The Committee note that despite the supplementary grant of Rs. 8.66 crores having been obtained, the Ministry of Home Affairs incurred an excess expenditure to the tune of Rs. 4.45 crores under Revenue Section (Voted) of Grant No. 92—Chandigarh during 1987-88. The faulty estimation of budgetary requirements and misclassification of expenditure were mainly responsible for the excess expenditure. While the Committee expect the Ministry to exercise maximum care in assessing their funds requirements they would like them to be extra cautious while booking expenditure. The misclassification/erroneous booking of expenditure should in no case, be allowed to result in excess expenditure. In such cases, enquiries should invariably be made and responsibility fixed for the lapses.

*Grants operated by Ministry of Railways*

1.19 During the year 1987-88, the actual expenditure under grants administered by the Ministry of Railways exceeded the sanctioned allocation in 3 Grants and 3 Appropriations as detailed below:

Grant/Apr.	Original Grant	Supple. Grant	Final Grant	Actual Expend.	(Rs. in lakhs)
					Excess (%age of excess)
1	2	3	4	5	6
Grant No. 9 — Operating Expenses — Traffic	69384.94	6207.80	75592.74	78386.57	2793.83 (3.70%)
Grant No. 13 — Provident Fund, Pension and other retirement benefits	46350.63	14231.76	60582.39	71583.74	11001.35 (18.16%)

1	2	3	4	5	6
Grant No. 14 — Appropriation to Funds.	193300.00	460.00	193760.00	195679.58	1919.58 (0.99%)
Appr. No. 4 — Repairs and maintenance of permanent way and works.	2.20	4.88	6.88	27.66	20.78 (302.08%)
Appr. 16 — Assets, Acquisition construction and Replacement — other expenditure Railways' Fund (DRF, DF and ACSPF)	11.50	—	11.50	16.99	5.49 (47.73%)
Appr. 8 — Working Expenses — Operatating Expenses — Rolling stock and Equipment	2.00	4.85	6.85	7.08	0.23 (3.34%)

1.20 In the note (Appendix XV) furnished to the Committee, explaining reasons for the excesses, the Ministry of Railways have stated as follows :

“During the year 1987-88, there was an overall saving of Rs. 81.44 crores over the final Grants and Appropriations resulting from an aggregate savings of Rs. 238.85 crores under 13 Grants (1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 15 & 16) and 10 Appropriations (3,5,6,7,9,10,11,12,13 & 16) and excess of Rs. 157.41 crores under 3 Grants (9,13 & 14) and 3 Appropriations (4,8 & 16 — Railway Funds) Reference Para 1.10.4, 1.10.5 and 1.10.6 of the Report of Comptroller and Auditor General of India for the year 1987-88—Union Government (Railways), Paras 25 & 27—Excess over Voted Grants and Charged Appropriation and Paras 26 & 28—Saving under Voted Grants and charged Appropriation of the Appropriation Accounts of Railways in India for the year 1987-88 (Part I—Review).

The excess under 3 Grants and 3 Appropriations is explained as under:

(i) *Appropriation No. 4—Working Expenses—Repairs and Maintenance of Permanent Way and Works.*

Original Appropriation	—	2,20,000
Supplementary Appropriation	—	4,68,000
Total sanctioned Appropriation	—	6,88,000
Actual Expenditure	—	27,66,280
Excess	—	20,78,280
Misclassification	—	Nil
Excess requiring regularisation	—	20,78,280
Percentage of Excess	—	302.08%

Charged Appropriation of Rs. 2.20 thousands was sanctioned at the Budget Estimate Stage. A supplementary charged Appropriation of Rs. 4,68 thousands was sanctioned in March '88, on account of more payments anticipated in satisfaction of court decrees.

The excess of about Rs. 20,78 thousands was due to more materilisation of decretal payments contrary to expectations at the fag end of the year.

The excess requiring regularisation is Rs. 20,78,280 i.e. the same as disclosed in the Appropriation Accounts.

(ii) *Appropriation No. 8 — Working Expenses — Operating Expenses — Rolling Stock and Equipment.*

Original Appropriation	—	2,00,000
Supplementary Appropriation	—	4,85,000
Total sanctioned Appropriation	—	6,85,000
Actual Expenditure	—	7,07,869
Excess	—	22,869
Misclassification	—	Nil
Excess requiring regularisation	—	22,869
Percentage of Excess	—	3.34%

Charged Appropriation of Rs. 200 thousands was sanctioned at the Budget-Estimate Stage. A Supplementary charged Appropriation of Rs. 485 thousands was sanctioned in March '88, on account of more payments anticipated in satisfaction of court decrees.

The excess of about Rs. 23 thousands was due to more materialisation of decretal payments contrary to expectations at the fag end of the year.

The excess requiring regularisation is Rs. 22,869 i.e. the same as disclosed in the Appropriation Accounts.

(iii) *Appropriation No. 16 — Assets, Acquisition, Construction and Replacement — Other Expenditure Railways Funds' (DRF, DF and ACSPF).*

Original Appropriation	—	11,50,000
Supplementary Appropriation	—	Nil
Total sanctioned Appropriation	—	11,50,000
Actual Expenditure	—	16,98,851
Excess	—	5,48,851
Misclassification	—	Nil
Excess requiring regularisation	—	5,48,851
Percentage of Excess	—	47.73%

Charged Approrpriation of Rs. 1150 thousands was sanctioned at the Budget Estimate Stage.

The excess of Rs. 549 thousands was due to more materialisation of decretal payments contrary to expectations in satisfaction of court decrees at the fag end of the year.

The excess requiring regularisation is Rs. 5,48,851 *i.e.* the same as disclosed in the Appropriation Accounts.

(iv) Grant No. 9 — Working Expenses — Operating Expenses — Traffic

Original grant	—	693,84,94,000
Supplementary grant	—	62,07,80,000
Total sanctioned grant	—	755,92,74,000
Actual Expenditure	—	783,86,56,551
Excess	—	27,93,82,551
Misclassification	—	Nil
Excess requiring regularisation	—	27,93,82,551
Percentage of Excess	—	3.70%

A Grant of Rs. 693.85 crores was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 62.08 crores was obtained in March, 88 on account of higher rate of kilometrage allowance and TA/DA as a result of Pay Commission recommendations, payment of Dearness Allowance, Increased level of Productivity Linked Bonus, Payment of lease charges to Indian Railway Finance Corporation for Rolling Stock etc.; offset by a decrease in other miscellaneous factors.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 27.94 crores. The excess was mainly under Sub-heads—Miscellaneous Expenses (Rs. 24.81 crores) Train Operation (Rs. 4.00 crores), Station Operation (Rs. 1.11 crores) offset partly by saving under Sub-heads —Yard Operation (Rs. 2.02 crores) and aggregate of minor variations (more) under other sub-heads (Rs. 0.04 crore).

Primary unitwise the excess of Rs. 27.94 crores was mainly due to under estimation of Hire and Penalty charges, and reappropriation of lease charges and other financial adjustment (Rs. 25.07 crores) more expenditure under kilometrage allowance (Rs. 1.55 crores), Contingent expenses (Rs. 1.01 crores), travelling Allowance including Air Travel (Rs. 0.95 crore), Overtime allowance (Rs. 0.66 crore); offset partly by less payment of salaries and wages (0.68 crore), cost of material purchased directly (0.52 crore) and other expenses (Rs. 0.45 crore) and aggregate of excesses and savings (more) under other heads (Rs. 0.35 crore).

Of the total excess, the highest excess occurred on North-Eastern Railway (Rs. 8.95 crores) followed by Northeast Frontier Railway (Rs. 7.35 crores), Eastern Railway (Rs. 6.50 crores), Central Railway (Rs. 5.26 crores), South Central Railway (Rs. 2.64 crores), Northern Railway (Rs. 2.45 crores), Southern Railway (Rs. 1.13 crores) and aggregate savings on other Railways.

There was no misclassification under this grant and therefore, the excess requiring regularisation by Parliament Works out to Rs. 27,93,82,551 (3.70%) *i.e.* the same as disclosed in the Appropriation Accounts.

(v) *Grant No. 13 — Provident Fund, Pension and other Retirement Benefits.*

Original Grant	—	463,50,63,000
Supplementary Grant	—	142,31,76,000
Total sanctioned Grant	—	605,82,39,000
Actual Expenditure	—	715,83,74,229
Excess	—	110,01,35,229
Misclassification	—	Nil
Excess requiring regularisation	—	110,01,35,229
Percentage of Excess	—	18.16%

A Grant of Rs. 463.51 crores was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 142.32 crores was obtained in March, 1988 to provide for enhanced Pensionary/Retirement payments to Railway Pensioners on account of implementation of Pay Commission recommendation for Central Government Pensioners.

The Grant, however, proved to be inadequate as the actual expenditure exceeded the provision by Rs. 110.01 crores. The excess of Rs. 110.01 crores mainly occurred under sub-heads (a) Superannuation and Retiring Pension (Rs. 64.39 crores) followed by Sub-head (b) Commuted Pension (Rs. 20.44 crores) (c) Death-cum-retirement Gratuity (Rs. 14.20 crores), (d) Family Pension (Rs. 13.71 crores) (f) Other allowances, Other Pension and other Expenses (0.52 crore); offset by saving under sub-head (g) Gratuities and special contribution to Provident Fund (Rs. 2.20 crores) and (h) Contribution to Provident Fund (Rs. 1.05 crores). The excess was attributed to more pension cases settled than anticipated, increase in Pension cases and enhancement of minimum pension.

Of the total excess, the highest excess occurred on Northeastern Railway (Rs. 24.73 crores) followed by Western Railway (Rs. 23.00 crores), Eastern Railway (Rs. 18.19 crores), South-Eastern Railway (Rs. 15.32 crores), Central Railway (Rs. 13.29 crores), Southern Railway (Rs. 10.18 crores), South Central Railway (Rs. 3.93 crores); and aggregate of excesses/savings on remaining Railways/Units (Rs. 1.37 crores).

There is no misclassification under this Grant and therefore, the excess requiring regularisation is Rs. 110,01,35,229 (18.16%) *i.e.* the same as disclosed in the Appropriation Accounts.

(vi) *Grant No. 14 — Appropriation to Funds*

Original Grant	—	1933.00.00.000
Supplementary Grant	—	4.60.00.000
Total sanctioned Grant	—	1937.60.00.000
Actual Expenditure	—	1956.79.58.105
Excess	—	19.19.58.105
Misclassification	—	Nil
Excess requiring regularisation	—	19.19.58.105
Percentage of Excess	—	0.99%

At the Budget Estimate Stage Appropriation to the Funds was estimated at Rs. 1933.00 crores. A supplementary grant of Rs. 4.60 crores was



obtained in March '88 to meet the expenditure chargeable to Accident Compensation, Safety and Passenger Amenities Fund based upon the latest estimates of the element of surcharge on Passenger Tickets (Rs. 4.00 crores) and due to more appropriation from Revenue to Pension Fund (Rs. 0.60 crores) to meet the expenditure chargeable to this fund on account of Pensionary Liabilities for retired Railway employees.

The excess of Rs. 19.20 crores was due to more Appropriation under Development Fund (Rs. 15.29 crores) and Accident Compensation Safety and Passenger Amenities Fund (Rs. 3.91 crores).

The excess was due to more Appropriation to Development Fund as the actual surplus turned out being Rs. 84.29 crores far in excess of Rs. 69.00 crores anticipated at the Budget Revised Estimate stage.

There is no misclassification under this grant and therefore, the excess requiring regularisation is Rs. 19,19,58,105 (0.99%) *i.e.* the same as disclosed in the Appropriation Accounts.

1. In the circumstances explained above, the excess on the above grants may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.
2. 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 excesses are avoided to the maximum extent possible.
3. This has been vetted by Audit.

**1.21** The Committee note that during the year 1987-88, the actual expenditure aggregating Rs. 3457.02 crores exceeded the sanctioned allocation (including supplementary provision) of Rs. 3299.60 crores under 6 Grants/Appropriations operated by the Ministry of Railways by Rs. 157.42 crores. The main reasons set forth for the excess expenditure were materialisation of decretal payments contrary to expectations, under-estimation of Hire and Penalty charges, re-appropriation of lease charges, financial adjustments, superannuation and retiring pensions, commuted pensions, Family Pension, more appropriation under Developments Fund etc.

**1.22** The Committee have repeatedly cautioned the Ministries, in the past, against incurring expenditure not authorised by Parliament but without any tangible results. It is very necessary that the Ministry should keep watch over the trend of expenditure and when any need for additional funds arises they should assess realistically their requirements in advance and approach Parliament by presenting Supplementary Demands for Grants in time. It is not expected of any Ministry to cross their financial limits after obtaining Supplementary Grants as has happened in many cases. The Committee recommend that the Ministries should evolve some mechanism through which the progress of expenditure is monitored so that timely action is taken to ensure that expenditure does not overshoot its limits.

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

REVENUE ACCOUNTS TAKEN BY GOVERNMENT ON THE  
REVENUE ACCOUNTS OF THE PUBLIC ACCOUNTS OFFICERS  
CONTAINED IN THEIR WITH REPORTS FOR YEAR 1957-58  
REVENUE OVER VOTED GRANTS AND CHARGES  
APPROPRIATION DURING 1957

The Committee have examined the accounts of the Public  
Accounts Officers for the year 1957-58 and find that the  
expenditure incurred by the Government during the year  
1957-58 in excess of the voted grants and charges is  
amounting to Rs. 1,00,00,000. The Committee are of the  
opinion that this expenditure should be regularised in  
accordance with the provisions of Article 115(1)(b) of  
the Constitution of India.

The Committee recommend that the expenditure of Rs. 1,00,00,000  
incurred by the Government during the year 1957-58 in  
excess of the voted grants and charges should be regularised  
in accordance with the provisions of Article 115(1)(b) of  
the Constitution of India.

The Committee further recommend that the Government should  
submit a report to the Committee in their next annual  
report regarding the regularisation of the expenditure  
referred to in this Report.

The Committee also recommend that the Government should  
submit a report to the Committee in their next annual  
report regarding the regularisation of the expenditure  
referred to in this Report.

The Committee further recommend that the Government should  
submit a report to the Committee in their next annual  
report regarding the regularisation of the expenditure  
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The Committee also recommend that the Government should  
submit a report to the Committee in their next annual  
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The Committee further recommend that the Government should  
submit a report to the Committee in their next annual  
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submit a report to the Committee in their next annual  
report regarding the regularisation of the expenditure  
referred to in this Report.

## CHAPTER II

### REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 147TH REPORT (8TH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS DURING 1986-87

Hundred and Forty-seventh Report (8th Lok Sabha) of the Public Accounts Committee on excesses over Voted Grants and Charged Appropriations for the year 1986-87 was presented to Lok Sabha on 10 April, 1989. Action Taken Notes on these recommendations/Observations received from various Ministries are reproduced at Appendix XVI. The recommendations have been categorised as follows:

- (i) Recommendations or observations that have been accepted by Government:  
Sl. Nos. 1, 3, 5, 6, 7, 10, 11 to 23 and 27.
- (ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government:  
Sl. Nos. 2, 4, 28 and 29.
- (iii) Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration:  
Sl. Nos. 24 to 26.
- (iv) Recommendations/observations in respect of which Government have furnished interim replies:  
Sl. Nos. 8 and 9.

2.2 The Committee hope that replies in respect of the recommendations to which no replies have been furnished will be furnished to them after getting the same vetted by Audit.

2.3 The Committee will now deal with action taken by Government on some of the recommendations contained in the Report.

#### *Review of system of framing budget estimates* (Sl. No. 19—Para 1.47)

2.4 Finding that the excess expenditure recorded under grant No. 13—Provident Fund, Pension and other retirement benefits operated by the Ministry of Railways was as high as 12.77% of the sanctioned provision during 1986-87, the Committee in their earlier report made the following recommendation:

“Considering the fact that the Ministry have all the figures about the retired and retiring persons whose entitlements the Ministry is definitely able to work out, the Committee do not find any reason why the estimates framed by the Ministry in respect of Grant No. 13 proved unrealistic not only at the original Estimates Stage but also at the revised Estimates Stage. The Original Estimates and the revised Estimates were lower to the extent of about 38% and 16%, respectively, compared to actual expenditure. The Committee recommend that the Ministry should allocate responsibility to the personnel responsible for such inaccuracies as well as the reasons therefor and take appropriate steps to caution the officers responsible as well as to prevent recurrence of such errors in future. The Committee further recommend that special efforts be made to collect and compile requisite data in time by the Budget cells of the Ministry so that budget estimates are made as accurately as possible leaving little scope for excess expenditure.”

2.5 The Ministry of Finance (Deptt. of Revenue) have in their action taken notes stated as under:

“The Railways have been asked to review existing procedures for framing of budget for pensionary charges under Grant No. 13 taking into consideration all relevant factors, so that a more accurate estimation could be made. A review of the existing system to bring out possible lacunae as also to suggest remedial measures has also been initiated by a Committee of officers of the Railway Board.

The pension payments are effected through various sources and debits are received periodically—some of them after the close of the financial year. Estimation of debits, therefore, becomes difficult and accordingly allocation of individual responsibility for the excess has not been possible.”

2.6 The Committee trust that the review being undertaken by the Committee of officers of the Railway Board in regard to the framing of budget estimates under Grant No. 13 operated by Railway, would be completed expeditiously and its results made known to the Committee.

*Supplementary Grants and Savings*  
(Sl. Nos. 24-26—Paras 1.58 to 1.60)

2.7 During the Course of scrutiny of Appropriation Accounts (Civil) for the year 1986-87 the Committee found large scale savings. Finding that supplementary Grants in a number of cases remained unutilised, the Committee made the following observations/recommendations:

“During the year under review, supplementary grants/Appropriations were obtained under 143 items of expenditure included in the Appropriation Accounts (Civil). Out of these, supplementary provision in 20 items of expenditure remained unutilised. In certain cases,

the extent of savings was so great that supplementary provision sought by Ministry is beyond the comprehension of the Committee. A few glaring examples of such supplementary provision are given below:

Grant No.		Suppl. Provision	Suppl. Provision obtained in	Savings (Rs. in lakhs)
90—Roads and Inland Water Transport		2.00	Nov. 86	978.92
40—other expenditure of Ministry of Finance		70.85	July, Nov. 86 March 87	20188.72
89—(Capital)—Ports, Light-houses and Shipping	Light-	22.05	Nov. 86 Mar. 87	3887.49
89—(Revenue)—Ports, Light-houses and Shipping	Light-	70.00	Nov. 86	3168.08
27—Environment		79.62	Nov. 86	2806.16

In the above mentioned grants, the savings were 489 times, 284 times, 176 times, 45 times and 35 times of the supplementary provision, respectively.

The Ministry of Finance had in their circular Office Memorandum dated 27th March, 1986 issued strict instructions with the approval of the Cabinet that:—

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

The Committee would like to be apprised of the compelling circumstances that necessitated the supplementary grants despite savings. Each Ministry is supposed to undertake review of its requirements at various stages during the year and in spite of that the expenditure either exceeds its limits or results in savings. The control mechanism in the Ministries needs to be geared up so that supplementary provision is made only in cases where it is really and genuinely required.”

2.8 The Ministry of Finance in their action taken note have explained the position in respect of the grant Nos. 89, 90, 40 and 27 as follows:

#### Grant No. 89

Although there was an over-all saving of Rs. 3887.49 lakhs under Capital Section of this Grant, the same did not take place under the heads in which Supplementaries were obtained as would be clear from the following statement:—

Head of Account	Original	Supple- mentary	Total	Actual (-) Savings Exptd. (+) Excess
(Rupees in lakhs)				
<b>Major Head 535</b>				
CC Capital outlay on Ports Light-house & Ship- ping				
C.C.A. Ports C.C.1 (1)—Direction & Ad- ministration	38	22	60	77.12 (+) 17.12
<b>Major Head 724</b>				
Loan for Aircraft & Ship Building Industries E.E.1 Ship Building Industries				
E.E.1 (1)—Hindustan Shipyards	1828	01	1828.01	2778.92 (+) 1950.91
<b>Major Head 735</b>				
Loans for Ports, Light Houses & Shipping				
F.F. 1—Ports				
F.F.1.1—Loans to Port Trusts				
F.F.1 (1) (4)—Paradip Port	1625	.01	1625.01	1145.50 (-) 479.51
F.F.1 (1) (5) Tuticorin Port	100	.01	100.01	100 (-) .01
F.1 (1) (6)—New Manga- lore Port		.01	.01	148 (+) 147.99
F.F.1 (1) (7)—Madras Port		.01	.01	690 (+) 689.99

It would be seen from the above statement that in five cases, only token supplementary of Rs. 1000/- each was obtained while supplementary of Rs. 22.00 lakhs was obtained under M.H. 535 CC. 1 (1)—Direction & Administration where there was no savings, instead an excess expenditure of Rs. 17.12 lakhs was provided under this head which was provided for by re-appropriation within the Capital Section of the Grant.

Although the supplementary of Rs. 22 lakhs was obtained in November, 1986, the proposals for the same had to be sent to the Ministry of Finance by 4th October, 1986, as per direction of that Ministry *vide* their D.O. letter No. F.4(73)-B(SE)/86, dated 23rd September, 1986. By 4th October, 1986, when the additional requirements of funds due to recommendations of the Fourth Pay Commission were projected, revised estimates for the year 1986-87 had not been finalised and as such at that point of time the savings of Rs. 2887.49 lakhs in this Section of the grant could not be anticipated. The revised estimates were finalised only by 10th November, 1986 when they were sent to the Ministry of Finance for final discussion. As additional requirement of funds on account of implementation of the

recommendation of the Fourth Pay Commission had to be projected by 4th October, 1986 to the Ministry of Finance, when extent of savings were not known as revised estimates were still in the process of being finalised, the same could not be anticipated at that point of time.

### Grant No. 89 (Revenue)

Although there was an overall saving of Rs. 3168.08 lakhs under revenue Section of this Grant, the same did not take place under the head in which Supplementaries were obtained as would be clear from the following statement:—

Head of Account	Original	Supple- mentary	Total	Actual (-) Savings (+) Excess
(Rupees in Lakhs)				
<b>Major Head 335</b>				
C-3-Shipping	65.00	15.00	80.00	140.87 (+) 60.87
C.3 (1)—Direction & Ad- ministration				
C.3 (1) (1)—Director General of Shipping				
C.3 (2) (1) (1)—Principal Officers and their estab- lishments	39.30	12.00	51.30	51.04 (-) .26
C.3 (2) (1) (2)—Shipping Offices	17.20	8.00	25.20	28.89 (+) 3.19
C.3 (3) (1)—Marine En- gineering Training	50.53	10.00	60.53	64.40 (+) 3.87
C.3 (3) (2)—Training Ship	50.00	8.00	58.00	55.81 (-) 3.81
C.3 (3) (4)—Nautical En- gineering College	20.00	7.00	27.00	26.66 (-) .35
C.3 (4) (1)—Employment Offices	33.20	10.00	43.20	38.89 (-) 4.31

It would be seen from the Table on pre-page that there was savings only under 4 heads where supplementaries were obtained. Under two heads, Savings are nominal and in other two heads savings were due to non-filling up of some posts and non-finalisation of some cases of Group 'A' officers, the report in respect of which was received late in March, 1987.

Although the supplementary of Rs. 70 lakhs was obtained in November, 1986, the proposals for the same had to be sent to the Ministry of Finance by 4th October, 1986 as per direction of that Ministry *vide* their D.O. letter No. F.4(73)-B(SE)/86, dated 23rd September, 1986. By 4th October, 1986, when the additional requirement of funds due to recommendations of the Fourth Pay Commission were projected, revised estimates for the year 1986-87 had not been finalised and as such at that point of time the

savings of Rs. 3168.08 lakhs in this Section of the grant could not be anticipated. The revised estimates were finalised only by 10th November, 1986 when they were sent to the Ministry of Finance for final discussion. As additional requirement of funds on account of implementation of the recommendation of the Fourth Pay Commission had to be projected by 4th October, 1986 to the Ministry of Finance when extent of savings were not known as revised estimates were still in the process of being finalised, the same could not be anticipated at that point of time.

#### Grant No. 90

Under this Grant, there was an overall saving of Rs. 978.92 lakhs in the Revenue Section. In this Grant, Supplementary Grant of Rs. 2 lakhs was obtained under the Major Head 338—Road and Inland Water Transport, to meet the additional liability on account of payment of arrears due to 4th Pay Commission's recommendation. However, as orders for Group 'A' officers were issued on 23-3-1987 and the officers were given three months time to exercise their option, disbursement of arrears as anticipated could not take place in all cases resulting in saving under the Major Head 338.

Although the supplementary of Rs. 2 lakhs was obtained in November, 1986, the proposal for the same had to be sent to the Ministry of Finance by 4th October, 1986 as per direction of that Ministry *vide* their D.O. letter No. F.4(73)-B-(SE)/86 dated 23rd Sept., 1986. By 4th October, 1986, when the additional requirement of funds due to recommendations of the Fourth Pay Commission were projected, revised estimates for the year 1986-87 had not been finalised and as such at that point of time the savings of Rs. 978.92 lakhs in this Section of the grant could not be anticipated. The revised estimates were finalised only by 10th November, 1986 when they were sent to the Ministry of Finance for final discussion. As additional requirement of funds on account of implementation of the recommendation of the Fourth Pay Commission had to be projected by 4th October, 1986 to the Ministry of Finance when extent of savings were not known as revised estimates were still in the process of being finalised, the same could not be anticipated at that point of time.

#### Grant No. 40

In this connection, it is relevant to recall the reply given to the Audit comments on the subject *vide* Audit Report, 1986-87— Union Government (Civil) No. 1 of 1987, which is reproduced below:

At the budget stage, it is not possible to precisely determine the exact quantum of each instalment of additional 'dearness allowance' that would be sanctioned in the year. It is, therefore, not possible for the various Ministries/Departments to make provision for the same in their Demands. However, as these payments have budgetary impact, a lump sum provision for the purpose is made centrally in the demand of the Ministry of Finance on *ad-hoc* basis. Actual provision for payment of these dearness allowance instalments, as and when



sanctioned, has to be made by various Ministries/Departments in their respective Grants and the lump sum provision made in the Grant of the Ministry of Finance is surrendered after taking into account additional fund requirements in the Grant for items of expenditure which do not attract the limitations of new service/New Instruments of service. Reappropriation so made are brought to the notice of Parliament through suitable mention in the Supplementary Demands for Grants.

However, the comments of the Committee are noted.

#### Grant No. 27

A supplementary grant of Rs. 79.62 lakhs under non-plan Revenue Section was specifically obtained in order to meet the expenditure arising out of the implementation of the 4th Pay Commission recommendations. Recommendations of the 4th Pay Commission as accepted by Government of India had to be implemented immediately and the requirements of the funds of the main Ministry as well as its subordinate formations with Regional Offices spread over the country had to be worked out on an urgent basis and the supplementary Grant was passed by Parliament and the disbursement for persons, who had opted for the revised scales of pay, were made during that financial year itself. Since this work was done on urgent basis, the actual requirements in this regard could not be worked out accurately. This led to this unanticipated saving. The other reason was due to non-filling up of vacant posts owing to economy measures.

In respect of savings for Rs. 26.20 crores under the Head "B.1 (2) (1)—Central Ganga Authority-Plan" this was due to shortfall in the requirement of funds following finalisation of fewer number of schemes by the State Governments. This was a plan provision and could not be utilised under Non-Plan provision due to the ban on transfer from Plan to Non-Plan and *vice versa*.

The other Plan Scheme in which the bulk of the amount of Rs. 60 lakhs had to be surrendered was regarding the Himalayan Institute of Environment and Development (now set up the Govind Ballabh Pant Himalayan Paryavaran Evam Vikas Sansthan). It took considerable time to persuade the Government of Uttar Pradesh to spare suitable land for the setting up of the Institute and Committees had to be constituted for scrutinising the proposals. Moreover, the Institute, which is now set up and is fully funded by the Government of India is an Autonomous Body and not only the Institute had to be set up as a Registered Society but also the Memorandum of Association and Rules and Regulations had to be formulated.

So far as the non-plan surrender of Rs. 21 lakhs is concerned, it may be mentioned that there was a proposal to hold an international meeting on the lines of Brand Commission and this could not be finalised during the financial year. Also a sum of Rs. 8 lakhs was surrendered due to meeting the expenditure on additional dearness allowance that was sanctioned in

January, 1986, partially out of the Supplementary Demand that was taken earlier.

2.9 The position as regards the budget grants expenditure, savings, supplementary provision etc. during the year 1987-88 as per Appropriation Accounts (Civil) was as under:

Total No. of items of expenditure .....	215
Sanctioned provision.....	Rs. 222556.56 crores
Total Actual Expenditure .....	Rs. 190289.61 crores
Total amount of savings .....	Rs. 32320.74 crores
No. of items of expenditure under which savings occurred.....	193
No. of items of expenditure under which supplementary grants were obtained.....	116
No. of items of expenditure under which supplementary provision remained unutilised/ proved unnecessary (Appendix XVII).....	20

2.10 The Public Accounts Committee (Eighth Lok Sabha) in their 147th Report had noticed certain cases in which the amounts of savings exceeded the supplementary provision during 1986-87 and had desired the Ministries to apprise them of the compelling circumstances that necessitated the supplementary provision. In their action taken notes the Ministry of Finance have dealt with each of the grants Nos. 89, 90, 40 and 27.

2.11 In the case of both Capital and Revenue Sections of the Grant No. 89—Posts, Light Houses and Shipping, the Ministry have stated that though the overall savings of Rs. 3887.49 lakhs and Rs.3168.08 lakhs had occurred under those Sections of grant respectively, yet these did not occur under the heads for which supplementary grants of Rs. 22.05 lakhs and Rs.70.00 lakhs were obtained. The Committee are not convinced with the argument in as much as the main thrust of the recommendations was that the magnitude of the savings was so much that it would have taken care of the requirements for additional funds under some of the heads of the Grant through reappropriation without any resort to supplementary grants.

The information furnished by the Ministry however, proves that the budget estimates were framed without adequate application of mind. The four heads under the Capital Section and three heads under the Revenue Section accounted for an excess of Rs. 2806.01 lakhs and Rs.67.93 lakhs respectively which only helped in reducing the amount of savings. Otherwise the extent of savings would have been much more.

2.12 In the case of other grants (i.e. grant Nos. 90, 40 and 27) the Ministry have put forth the argument that due to implementation of the recommendations of Fourth Pay Commission, correct estimates could not be

made and therefore savings occurred. The Committee do appreciate that figure to figure exact estimates cannot be made but at the same time they expect the Ministries to at least ensure minimum variations between the budget estimates and the actual expenditure.

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

NEW DELHI;  
August 24, 1990

*Bhadra 2, 1912 (Saka)*

SONTOSH MOHAN DEV  
*Chairman,*  
*Public Account Committee.*

## PART-II

### MINUTES OF THE 7TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 24 AUGUST 1990 IN COMMITTEE ROOM NO. 50, PARLIAMENT HOUSE

The Committee sat from 1500 hrs. to 1645 hrs.

#### PRESENT

Shri Sontosh Mohan Dev—*Chairman*

#### MEMBERS

2. Shri G.M. Banatwalla
3. Shri Nirmal Kanti Chatterjee
4. Shri Bhabani Shankar Hota
5. Shri Manjay Lal
6. Shri M.S. Pal
7. Shri Kamal Morarka
8. Shri Sunil Basu Ray
9. Shri Vishvjit P. Singh
10. Shri Rameshwar Thakur

#### SECRETARIAT

1. Shri G.L. Batra—Joint Secretary
2. Shri G.S. Bhasin—Deputy Secretary

#### REPRESENTATIVES OF AUDIT

- |                         |  |
|-------------------------|--|
| 1. Shri R. Parameswar   | — Dy. C&AG   |
| 2. Shri S. Sounderrajan | — Addl. Dy. C&AG                                   |
| 3. Shri S.B. Krishnan   | — Pr. Director (Reports)                           |
| 4. Shri V.A. Mahajan    | — Director General of Audit, P&T                   |
| 5. Shri K. Jayaraman    | — Dy., Director (Rlys.)                            |
| 6. Shri A.K. Menon      | — Director General of Audit, De-<br>fence Services |
| 7. Shri Baldev Rai      | — Pr. Director of Audit, Air Force<br>& Navy       |
| 8. Mrs. Ajanta Dayalan  | — Director of Audit (P&T)                          |
| 9. Shri Dharam Vir      | — Pr. Director, Central Revenues-I                 |
| 10. Shri R. Ramanathan  | — Pr. Director (Indirect Taxes)                    |

2. The Committee considered the following Draft Report(s) and adopted the same subject to certain modifications and amendments as indicated in Annexure I.

(i) Excesses over voted Grants and Charged Appropriations (1987-88) and Action Taken on 147th Report of PAC (8th Lok Sabha).

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3. The Committee authorised the Chairman to finalise the Report(s) in the light of verbal changes and minor modifications/amendments arising out of factual verification by the Audit and present the same to the House.

*The Committee then adjourned.*

ANNEXURE - I

**MODIFICATIONS / AMENDMENTS MADE IN THE DRAFT  
REPORT ON EXCESS OVER VOTED GRANTS / CHARGED  
APPROPRIATION (1987-88) AND ACTION TAKEN ON 147TH  
REPORT OF PUBLIC ACCOUNTS COMMITTEE  
(8TH LOK SABHA).**

Page	Para	Line (s)	..... MODIFICATIONS / AMENDMENTS
1	2	3	4
1	1.2	Table	<p><i>Add</i> the following Column:</p> <p>“Percentage of excess expenditure to sanctioned provision</p> <p style="padding-left: 40px;">1.48</p> <p style="padding-left: 40px;">0.32</p> <p style="padding-left: 40px;">4.21</p> <p style="padding-left: 40px;">2.41</p> <p style="padding-left: 40px;">4.76”</p>
2	1.3	8-12	<p><i>For</i> ‘The Ministry.....(Rs.53.79 Crores)’</p> <p><i>Substitute</i></p> <p>“During the years 1985-86 and 1986-87, the excess expenditure, respectively, was of the order of Rs.441.72 crores under 29 grants / appropriations and Rs.384.39 crores under 25 grants / appropriations. Thus, the situation during the year under report i.e. 1987-88 is no better. Percentage-wise, the Ministry of Railways took the lead in incurring the excess expenditure which was of the order of 4.76% over the sanctioned provision followed by the Department of Posts which incurred excess expenditure of the order of Rs.41.66 crores which constitutes 4.21% of the sanctioned provision of Rs.989.89 crores during the year 1987-88.”</p>
2	1.4	5-8	<i>Delete</i> “A year ago.....no better”
6	1.8	1-3	<i>Delete</i> “It has been.....connection,”
6	1.8	3	<p><i>For</i> “the Committee”</p> <p><i>Read</i> “The Committee would”</p>

1	2	3	4
26	1.22	10	For "never" Read "not"
27	1.22	1-4	For "The Committee trust..... .....incurred."  <i>Substitute</i>  "The Committee recommend that the Minis- tries should evolve some mechanism through which the progress of expenditure is moni- tored so that timely action is taken to ensure that expenditure does not overshoot its limits."
40	2.11	2	After 'without' Add 'adequate'
41	2.13	2	After 'resources.'  Insert 'This is not for the first time that the Committee are drawing attention to this aspect.'
		2-3	For 'Budget estimates are' Read 'The Committee feel that budget estimates should be'
		5	For 'is expected to' Read 'should'

Sl. No.	No. and name of Grant / Appropriation	Ministry / Department	Final Grant	Actual Expenditure	Excess	Date of receipt / Explanatory
1	2	3	4	5	6	7
<b>I. Appropriation Account (Civil)</b>						
<b>A. Voted Grants</b>						
<b>Revenue Section</b>						
1.	11 — Ministry of Defence	Defence	572,51,00,000	586,46,69,203	13,95,69,203	19.7
2.	12 — Defence Pensions	-do-	1212,36,00,000	1214,05,52,490	1,69,52,490	19.7
3.	22 — Deptt. of Economic Affairs	Finance	482,15,00,000	505,80,49,350	23,65,49,350	15.5
4.	67 — Ministry of Textiles	Textiles	479,52,00,000	479,87,23,369	35,23,369	31.7
5.	74 — Public Works	Urban Development	148,04,00,000	153,71,26,369	5,67,26,369	25.7
6.	92 — Chandigarh	Home Affairs	110,86,00,000	115,30,94,910	4,44,94,910	19.4
<b>Capital</b>						
7.	37 — Deptt. of Health	Health	141,28,00,000	143,90,54,817	2,62,54,817	19.7
8.	88 — Delhi	Home Affairs	487,14,00,000	487,25,74,246	11,74,246	21.9
9.	91 — Lakshadweep	-do-	9,34,00,000	10,57,62,194	1,23,62,194	21.8
<b>B. Charged Appropriations</b>						
<b>Revenue</b>						
10.	12 — Defence Pensions	Defence	72,00,000	73,99,074	1,99,074	19.7
<b>Capital</b>						
11.	74 — Public Works	Urban Development	17,00,000	17,93,373	93,373	27.6
<b>II. Appropriation Account (Defence Services)</b>						
<b>A. Voted Grants</b>						
12.	13 — Defence Services—Army	Defence	6735,10,00,000	6737,15,44,052	2,05,44,052	24.1
13.	14 — Defence Services — Navy	-do-	708,70,00,000	730,61,56,682	21,91,56,682	26.10
<b>III. Appropriation Account (Postal Services)</b>						
<b>Voted Grants</b>						
<b>Revenue Section</b>						
14.	9 — Postal Services	Posts	989,89,00,000	1031,55,32,153	41,66,32,153	22.9



IV. Appropriation Accounts (Telecommunications Services)

Voted Grants

15.	Capital Section 10 — Telecommunication Services	Telcom.	1172,79,00,000	1200,10,79,784	27,31,79,784	17.5
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V. Appropriation Accounts (Railways)

A. Voted Grants

16.	9 — Working Expenses — Operating Expenses — Traffic	Railways	755,92,74,000	783,86,56,551	27,93,82,551	1.6
17.	13 — Provident Fund, Pension and other Retirement benefits	-do-	605,82,39,000	715,83,74,229	110,01,35,229	-do-
18.	14 — Appropriation to Fund	-do-	1937,60,00,000	1956,79,58,105	19,19,58,105	-do-

B. Charged Appropriations

19.	4 — Working expenses — Repairs and maintenance of permanent way and works	Railways	6,88,000	27,66,280	20,78,280	-do-
20.	8 — Working expenses — Operating expenses — Rolling Stock and Equipment	-do-	6,85,000	7,07,869	22,869	-do-
21.	16 — Assets, Acquisition, Construction and Replacement — Other expenditure 'Railways Funds' — (DRF, DF and ACSPF)	-do-	11,50,000	16,98,851	5,48,851	-do-

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## APPENDIX II

### MINISTRY OF COMMUNICATIONS Department Of Posts, (P.A. Wing) Dak Bhawan New Delhi-110001.

#### BUDGET SECTION

Note for the Public Accounts Committee for regularisation of excess over voted Grant as disclosed in the Appropriation Accounts of Grant No. 9 Postal Services for the year 1987-88.

In the revenue section (voted) of Grant No. 9—Postal Services, there was an excess of Rs. 41.66 crores, constituting 4.21 per cent of the total sanctioned provision in that segment of the grant, as shown below:—

	(Rs.)
Original Grant	9,89,89,00,000
Actual expenditure	10,31,55,32,153
Excess	41,66,32,153

2. The excess has occurred due to (i) increase in rates of minimum wages following the Supreme Court judgement, (ii) revision of minimum Pension and Family pensions, (iii) settlement of pending claims from Transport Authorities and revision of haulage charges payable to Railways and (iv) non-transfer of debits to Telecommunication Services in respect of Combined Office buildings.

3. Suitable instructions have been issued to the Circles/ Units under the control of Department of Posts to contain the expenditure within the Budget Allotments.

4. The excess of Rs. 41,66,32,153 may kindly be recommended for regularisation by the Parliament under Article 115 (1) (b) of the Constitution of India.

5. This has been vetted by Audit *vide* their U.O. Note No. RR-Coordn / 1(b) 400 / 87-88 / 1872 dated 15.9.89.

This has the approval of DDG(PAF).

Sd / -  
(MISS H.T. SANGKHUMI)  
Director (PA I)

### APPENDIX III

#### MINISTRY OF COMMUNICATIONS Department Of Telecommunications

Note for the Public Accounts Committee for regularisation of excess over Voted Grant as disclosed in the Appropriation Accounts of Grant No. 10—Telecommunications Services for the year 1987-88.

In the Capital Section (Voted) of Grant No. 10—Telecommunication Services, there was an excess of Rs. 27.32 crores, constituting 2.33% of the total sanctioned provision in that segment of the grant, as shown below:—

	(Rs.)
Original Grant	959,11,00,000
Supplementary Grant	213,68,00,000
Total Sanctioned Grant	1172,79,00,000
Actual expenditure	1200,10,79,784
Excess	27,31,79,784

2. This excess has mainly occurred under one of the plan schemes, namely, 'Local telephone systems' and was due to larger expenditure than anticipated, on land acquisition, equipment / stores and construction of buildings.

3. The excess of Rs. 27,31,79,784 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

4. This has been vetted by Audit *vide* their U.O. Note No. RR-III / 1(b)400 / 87-88 / 38 dated 2 / 5 / 1989.

Sd / -

(K.P. RAO)

Member (Finance)

## APPENDIX IV

### GOVERNMENT OF INDIA

#### Ministry of Defence (Finance Division) (Main Office)

Note for the Public Accounts Committee for regularisation of excesses occurred under Grant No. 11—Ministry of Defence (Voted) and Grant No. 12—Defence Pensions (Voted and Charged) as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1987-88.

#### *I Grant No. 11 — Ministry of Defence. (Civil):*

	<i>Revenue (Voted)</i>
Original Grant	572,51,00,000
Supplementary Grant	—
Total Grant	572,51,00,000
Actual Expenditure	586,46,69,203
Excess	13,95,69,203

The excess expenditure over grant for the year 1987-88 in respect of Grant No. 11 — Ministry of Defence (Civil) amounting to Rs. 13,95,69,203 (Voted) as per Statement 'A' (Enclosed) was mainly due to drawal of arrears of Group A Officers consequent upon the implementation of the recommendation of Fourth Pay Commission, release of two instalments of Dearness Allowance w.e.f. 1.1.1987 and 1.7.1987; enhancement of House Rent Allowance, City Compensatory Allowance etc. and payment of Bonus to the employees of the Ministry and other Offices. No amount was sanctioned in Revised Estimates stage by the Ministry of Finance as per their policy decision, to meet these additional commitments. Further, certain other provision made at Budget Estimates at 1987-88 stage towards unfilled posts proposed to be filled in during the year was also not allowed. Thus there has been / was shortfall of amount in Revised Estimates for 1987-88 which contributed towards the excess of expenditure under the Salary and other heads to that extent during the year.

#### *II. Grant No. 12 — Defence Pensions:*

<i>(a)</i>		<i>Revenue (Charged)</i>
Original Grant		1,00,000
Supplementary Grant (incl. re-appropriation)		71,00,000
Total Appropriation		72,00,000
Actual Expenditure		73,99,074
Excess		1,99,074
<i>(b)</i>		<i>Revenue (Voted)</i>
Original Grant		702,85,00,000
Supplementary Grant		508,51,00,000
Total Grant		1212,36,00,000
Actual Expenditure		1214,05,52,490
Excess		1,69,52,490

The excess expenditure in Grant No. 12—Defence Pensions for the year 1987-88 has occurred on account of large turnout of pensioners, payment of balance of Gratuity, capitalised value of Commuted portion of pension and family pension etc., and so far excess under 'Charged' expenditure was due to the effect of more Court Judgements during the year than anticipated. The service-wise breakup of excesses (relating to all the three services viz. Army, Navy and the Air Force) is shown in the Statement 'B' attached.

Though utmost care was taken in projecting the requirements of funds and scrupulous watch over the trend of expenditure, the excess expenditure over Appropriation was incurred due to the reasons briefed above, which may be viewed as circumstantial and unavoidable beyond control. However, concerned departments have been instructed (copy enclosed) to assess their expenditure correctly as far as possible at the Budget Estimates stage itself, so that the expenditure does not exceed the allotted funds for the particular financial year.

In view of the circumstances explained above, the excesses under Grant No. 11—Ministry of Defence (Civil) / Revenue (Voted) and Grant No. 12—Defence Pension—Revenue (Charged and Voted) may please be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

This has been vetted by Audit.

Sd / -  
(P.K. SABHLOK)  
Addl. F.A. (P)&JS  
30.6.89

F. No. 1089 / 1(1)MO / 87-88 dated 30.6.89.

**STATEMENT 'A'**

The position of 'excess' under Grant No. 11 — Ministry of Defence (Civil) is reflected in detail below:—

(In Rupees)

**Revenue Section. (Voted)**

**Grant / Appropriation**

(Including Supplementary)      Actual Expenditure      Excess

1

2

3

**Major Head — 2052**

**A. Sectt. Genl. Services**

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

1,06,60,000

1,09,03,174

2,43,174

Excess was due to additional instalment of DA, enhancement of entertainment rates and increase in telephone rates etc.

1	2	3
<b>A.1(3) — Deptt. of Research &amp; Development:</b>		
12,29,000	12,31,984	2,984
Excess was due to increase in rates of DA, general increase in telephone rates and entertainment.		
<b>A.2 — Other Offices</b>		
<b>A.2(1) — Defence Accounts Department</b>		
73,91,73,000	87,27,33,670	13,35,60,670

Excess was mainly due to payment of arrears on account of restructuring of Accounts Cadre in Defence Accounts Department w.e.f. 1.4.1987, travelling expenses on local audit programmes and pension disbursement at outstations, etc.

**Major Head — 2059**

**B. Public Works**

**B.1 — Office Buildings**

**B.1(1) — Maintenance**

**B.1(1)(1) — Defence Account Deptt.**

7,20,000	7,42,194	22,194
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Excess was due to payment of bills for repairs of office building of Defence Accounts Department during the period.

**Major Head — 2075**

**C. Misc. Genl. Services**

**C.1 — Canteen Stores Deptt.**

490,20,70,000	490,83,07,267	62,37,267
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Excess was due to payment of arrears to Group 'A' Officers on account of IVth Pay Commission's recommendations and payment of audit fee, stores — purchases and payment of interest for increase in Capital outlay.

**STATEMENT 'B'**

The position of 'excess' under Grant No. 12 — Defence Pensions for the year 1987-88 is reflected as under:—

1	2	3
<b>Revenue Section (Charged)</b>		
<b>Grant / Appropriation</b>	<b>Actual Expenditure</b>	<b>Excess</b>
<i>(including Supplementary)</i>		
1	2	3

**Major Head — 2071**

**B. Pension & Other Retirement Benefits**

**B.1 — Defence**

**B.1(1) — Army**

1	2	3
B.1(1)(1)(4) — Payments made to officers who retired on or after 15.8.1947:		
2,00,000	3,22,105	1,22,105
Excess was due to materialisation of more Court cases than anticipated.		
B.1(1) (1) (6) — Arrears paid due to Supreme Court Judgement:		
62,00,000	62,51,155	51,155
B.1(3)—air Force		
B.1(3)(1)(5)—Gratuity:		
Nil	27,200	27,200
Excess was due to materialisation of Court cases which were not anticipated.		
B.1(3)(1)(6) — Arrears paid due to Supreme Court Judgement:		
5,00,000	5,49,470	49,470
<hr/>		
Total Revenue Section (Charged):		
69,00,000	71,49,930	2,49,930
Less amount Re-appropriated through saving under charged:		
3,00,000	2,49,144	(-) 50,856
<hr/>		
Net Expenditure:		
72,00,000	73,99,074	1,99,074
<hr/>		

## II. Revenue (Voted)

### Major Head — 2071

#### B. Pension & Other Retirement Benefits

##### B.1 — Defence

##### B.1(1) — Army

##### B.1(1)(1)(4) — Payments made to Officers who retired on or after 15.8.1947:

613,70,21,000	615,82,86,119	212,65,119
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Excess was due to receipt of more cases of pension for payment than anticipated owing to more turnout of pensions and receipt of more new cases of pension.

##### B.1(1) (3) — Family Pensions:

103,10,89,000	103,21,47,133	10,58,133
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Excess was due to receipt of more cases of family pension for payments than anticipated.

1	2	3
<b>B.1(1)(5) — Rewards:</b>		
56,90,000	57,02,306	12,306
Excess was due to receipt of more cases rewards than anticipated.		
<b>B.1(2)(1)(2) — Payments made to officers of Navy as a result of War 1939-45:</b>		
30,000	31,476	1,476
Excess was due to increase in rate of minimum pension.		
<b>B.1(2)(1)(4) — Payments made to officers who retired on or after 15.8.1947:</b>		
10,61,94,000	10,62,56,713	73,713
Excess was due to receipt of more cases of pension for payments than anticipated.		
<b>B.1(2)(2) — Commuted value of Pension:</b>		
4,25,75,000	4,26,25,623	50,623
Excess was due to receipt of more cases of commuted value of pensions than anticipated.		
<b>B.1(2)(4) — Contribution to Provident Fund:</b>		
85,000	2,42,926	1,57,926
Excess was due to more payment owing to increase in cases where Government contribution was to be made.		
<b>B.1(3)(1)(5) — Gratuities (Air Force) Personnel:</b>		
6,64,63,000	6,67,36,318	2,73,318
Excess was due to large turnout of pensioners.		
<b>B.1(3)(2) — Commuted value of Pensions:</b>		
16,92,28,000	16,94,27,360	1,99,360
Excess was due to receipt of more cases of commuted value of pensions than anticipated.		
<hr/>		
<b>Total Revenue (Voted):</b>		
7,55,83,75,000	7,58,14,65,974	2,30,90,974
Less amount re-appropriated through saving under voted:		
4,56,52,25,000	4,55,90,86,516	61,38,484
<hr/>		
<b>Net expenditure</b>		
2,99,31,50,000	3,02,23,79,458	1,69,52,490
<hr/>		



Immediate

**Ministry of Defence (Finance)**  
**Main Office**

**Subject:** Excess expenditures occurred under Grant No.11 and Grant No. 12 for the year 1987-88.

The following excess expenditures has been disclosed in the Union Government Appropriation Accounts (Civil) for the year 1987-88 under Grant No.11 — Ministry of Defence (Civil) and Grant No.12 — Defence Pensions

	Rs.
1. Grant No.11 — Revenue (Voted)	: 13,95,69,203
2. Grant No. 12 — Revenue (Charged)	: 1,99,074
(Voted)	: 1,69,52,490

The excess expenditure over grant for the year 1987-88 in respect of Grant No.11 amounting to Rs. 13,95,69,203 (Voted) is stated to have occurred mainly due to drawal of arrears of Pay & Allowance of Group A officers consequent upon the implementation of the recommendations of IVth Pay Commission, release of two instalments of DA w.e.f. 1.1.87 and 1.7.87, enhancement of HRA, CCA etc. and payment of Bonus to the employees of the Ministry and other offices. Similarly, the excess expenditure in Grant No. 12 is stated to have occurred on account of large turnout of pensioners, payments of balance gratuity & capitalised value of Commuted portion of pension, family pension etc. under Revenue Section (Voted) and due to payments on receipt of more Court Judgements during the year than anticipated, which contributed towards the excess expenditure under 'charged' allocation for the year 1987-88.

While it may not be possible to anticipate certain payments/expenditure by their very nature, it should, and generally be possible to assess the same quite accurately to check this trend of over expenditure. Utmost care is, therefore, needed to be taken in projecting the requirements of funds correctly at the BE stage itself and scrupulous watch over the progress of expenditure thereafter is required so that the expenditure does not exceed the allotted funds for the particular financial year. The User departments should, therefore, ensure that the expenditure is regularly reconciled by them and that the payments exceeding the allotted provisions are not authorised unless inescapable. Even in such contingencies efforts should be made to locate saving to meet the excess by re-appropriation.

Addl. FA(P) has seen.

Sd / -

(A. JANAKIRAMAN)  
Asstt. Financial Adviser (MO)

Tel: 3012404

US, D(Est.2/Cash), Ministry of Defence

AFA (Estt.), Finance Division, Ministry of Defence

AFA (Coord)-DAD A.P.O., Ministry of Defence.

CGDA, RK Puram, New Delhi A.F.A. (PSUs).

CDA(P), Allahabad

DFA (Works)

DFA (AG)

Director (Q)

GM CSD, 119 MK Road Adelphi, Bombay.

DDGCS. 'L' Block, New Delhi

MOD (F) ID No. 1089/1 (1) MO/87-88 dt. 30-6-1989

## APPENDIX V

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

Note for the Public Accounts Committee for regularisation of excess over voted portion of Grant No. 13—Defence Services—Army as disclosed in the Appropriation Accounts (Defence Services) for the year 1987-88.

#### Grant No. 13—Defence Services—Army

Original Grant	6607,26,00,000
Supplementary Grant	127,84,00,000
Total Sanctioned Grant	6735,10,00,000
Actual Expenditure	6737,15,44,052
Excess Expenditure	2,05,44,052

2. Against the Original Grant of Rs. 6607,26,00,000 augmented to Rs. 6735,10,00,000 by obtaining a Supplementary Grant of Rs. 127,84,00,000, an expenditure of Rs. 6737,15,44,052 had been incurred during 1987-88 resulting in an uncovered excess of Rs. 2,05,44,052.

3. The excess of Rs. 2,05,44,052 under Army Grant was mainly under the following sub-heads:—

#### (a) A. 1—Pay and Allowances of Army (Rs. 45,41,74,716)

The original provision made under this sub-head was Rs. 2183,36,07,000 which was enhanced to Rs. 2362,47,55,000 by obtaining a Supplementary Grant (Rs. 117,88,00,000) and also re-appropriation (Rs. 61,23,48,000). The actual expenditure, however, was Rs. 2407,89,23,716 resulting in an excess of Rs. 45,41,74,716. The excess was mainly under Pay and Allowances of JCOs/ORs due to heavy increase in the number of personnel drawing ration allowances, train journey ration allowance and upward increase in their per diem rates and on account of adjustment of difference of pay and allowances/due to refixation of pay, outstanding claims of Ration Allowance and CILQ in respect of JCOs and ORs cleared during 1987-88 as a 'Special Drive' which were earlier considered as erroneous booking when compared to the past.

#### (b) A. 2—Pay & Allowances and Miscellaneous expenditure of Auxilliary forces (Rs. 4,33,18,510)

The original provision made under this sub-head was Rs. 25,76,68,000 which was subsequently reduced to Rs. 24,81,23,000 by minus reappropriation (Rs. 95,45,000). The reduction under this head has mainly due to less expenditure under National Cadet Corps Camps and non-materialisation of

Government sanction for the purchase of fuel efficient vehicles in respect of NCC. The actual expenditure, however, was Rs. 29,14,41,510 resulting in an excess of Rs. 4,33,18,510. The excess was due to booking of expenditure on the training of embodied personnel of Territorial Army in the month of March, which was not anticipated earlier, due to purchase of clothing ex-Director General Ordnance Factories and due to excessive/over booking under Clothing and equipment which was earlier considered due to misclassification.

**(c) A. 4—Transportation (Rs. 33,36,51,517)**

The original provision made under this sub-head was Rs. 148,00,00,000, which was subsequently enhanced to Rs. 203,27,28,000 by re-appropriation (Rs. 55,27,28,000). The actual expenditure incurred during the year was, however, Rs. 236,63,79,517/- resulting in an excess of Rs. 33,36,51,517. The excess expenditure was mainly due to higher expenditure on (i) travelling and out station allowance, liberalisation on TA/DA entitlements owing to implementation of the recommendations of the Fourth Pay Commission and payment of arrears arising therefrom, the full and complete effect of which could not be anticipated, (ii) Rail Charges due to more movements of troops and stores for operational reasons than anticipated.

**(d) A. 5—Military Farms (Rs. 11,85,03,237)**

The original provision made under this sub-head was Rs. 32,00,00,000 which was subsequently enhanced to Rs. 37,09,20,000 by re-appropriation (Rs. 5,09,20,000). The actual expenditure during the year was, however, Rs. 48,94,23,237 resulting in an excess of Rs. 11,85,03,237. The excess expenditure during the year was caused by re-adjustment of some expenditure pertaining to the period 12/83 to 3/86 which was wrongly compiled to some other head earlier, increased price of fodder and milk products caused by continuous drauger, conclusion of negotiated contracts with Civil Milk Schemes/Co-operatives at rates higher than normal, abnormal increase in charges for transportation of fodder and increase in water and electricity charges.

**(e) A. 6—Research & Development Organisation (Rs. 20,64,52,220)**

The original provision made under this sub-head was Rs. 554,94,00,000 which was subsequently reduced to Rs. 460,80,00,000 by minus re-appropriation (Rs. 94,14,00,000). The decrease was mainly due to reduction in requirements under purchase of materials, non-availability of foreign exchange, ban on agency commission as a result of which many contracts could not be concluded and also ban on new projects. The actual expenditure during the year was, however, Rs. 481,44,52,220. The excess expenditure during the year was mainly under purchase of materials due to heavy payment of Customs Duty than anticipated and higher booking under Central Purchase.

**(f) A. 7—Inspection Organisation (Rs. 2,68,56,107)**

The original provision made under this sub-head was Rs. 78,20,00,000 which was subsequently enhanced to Rs. 81,83,00,000 by re-appropriation (Rs. 3,63,00,000). The actual expenditure during the year was, however, Rs. 84,51,56,107 resulting in an excess of Rs. 2,68,56,107. The excess expenditure during the year was mainly under Purchase of Materials, due to proof cost of ammunition being supplied and used by the units for quality assurance of ammunition batches.

**(g) A. 9—Works (Rs. 15,75,45,414)**

The original provision made under this sub-head was Rs. 373,96,00,000 which was subsequently enhanced to Rs. 394,36,80,000 by reappropriation (Rs. 20,40,80,000). The actual expenditure during the year was, however, Rs. 410,12,25,414 resulting in an excess of Rs. 15,75,45,414. The excess expenditure during the year was mainly under (i) Maintenance of Buildings, Communication, (ii) Maintenance and Operation of installation, due to (a) grant of additional dearness allowance and bonus to work charged establishments, (b) steep rise in the cost of stores, (c) accelerated progress of special repair to buildings and (iii) procurement of stores.

4. The above excesses were partly offset by savings under other sub-heads leaving a net excess of Rs. 2,05,44,052.

5. Instructions already exist for framing the Defence Budget Estimates on realistic basis depending on the requirement and for exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grant. In addition, the progress of Defence expenditure is analysed periodically and instruction issued to Service HQrs where the trend of expenditure appears to be abnormally high or unusually low with a view to contain the expenditure within the sanctioned budget. Moreover fresh instruction on preparation/monitoring/reviewing of Defence expenditure have been issued under our UO No. 2786/B.I/88 dated 15-7-1988 (copy enclosed) to all estimating/controlling authorities with a view to framing the budget estimates on a realistic basis and scrupulously conforming to them in order to keep the Defence expenditure within the allocated budget grant. With a view to ensuring correct classification, Controller General of Defence Accounts has issued instructions (relevant extract enclosed) to Controllers of Defence Accounts prescribing financial limits for approval of Punching Medium (which forms the basis for compilation of expenditure), so that classification may be checked at an appropriately high level.

6. In the circumstances explained above, the excess of Rs. 2,05,44,052 may kindly be recommended for regularisation by the Parliament under Article 115(i)(b) of the Constitution.

7. DADS has seen.

(C. K. JOSEPH)  
Addl. FA & JS

F. 17(3)/89/B.I.

**Ministry of Defence (Finance)**  
**Budget-I**

**Subject:—Preparation/Monitoring/Review of Defence Expenditure**

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

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

3. It is once again impressed upon all concerned that budgetary estimates both under 'Charged' and 'Voted' Heads should be prepared with utmost care taking into account the past trend and existing factors.

The trend of actual expenditure under both heads during the financial year should also be monitored closely and reflected in the Supplementary Demands/Modified appropriation and other budgetary exercises so that there are no excesses/surrenders subsequently.

4. Once budget has been approved it is necessary to contain expenditure within it for which adequate control measure must be there. Argument that expenditure is "Mandatory" and has to be incurred irrespective of budget provision is not valid. It is, therefore, requested that utmost care should be taken while formulating budget proposals/estimates and reviewing the progress of expenditure vis-a-vis sanctioned budget grants. The expenditure should also be carefully monitored from time to time and the instructions in this regard should be strictly followed.

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

All Joint Secretaries,  
DFP (Army, Navy and Air Forces)  
DP&RM, Dir P&C/PO (PP&BE), DGOA (Admin-14)  
U.O. No. 2786/BI/88 dated 15-7-1988

Copy to all Dirs./DFA.

Extract from Annexure 'A' to Addl CGDA (AT) D.O. letter No. AT/Coord/13349, dated 29-8-89 addressed to Controllers of Defence Accounts.

\* \* \*

(iii) *Accounts Section:*

All accounting adjustments involving Rs. one crore and above will be carried out only with the personal approval of the CDA/Head of Office. Similarly compilation of transaction of the value more than 25 lakhs will be with the personal approval of GO/Jt CDA. The number of such adjustments of over Rs. one crore done during the months could be intimated.

\* \* \*

## APPENDIX VI

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

Note for the Public Accounts Committee for regularisation of excess over voted portion of Grant No. 14 - Defence Services - Navy as disclosed in the Appropriation Accounts - (Defence Services) for the year 1987-88.

#### Grant No. 14 - Defence Services - Navy

Original Grant	615,48,00,000
Supplementary Grant	93,22,00,000
Total Sanctioned Grant	708,70,00,000
Actual Expenditure	730,61,56,682
Excess Expenditure	21,91,56,682

2. Against the Original Grant of Rs.615,48,00,000 augmented to Rs.708,70,00,000 by obtaining a Supplementary Grant of Rs.93,22,00,000 an expenditure of Rs.730,61,56,682 has been incurred during 1987-88 resulting in an uncovered excess of Rs.21,91,56,682.

3. The excess of Rs.21,91,56,682 under Navy Grant was mainly under the following sub-heads:—

#### A.1 - Pay and Allowances of Navy (Rs.2,65,13,611)

The original provision made under this sub-head Rs. 108,15,00,000 which was enhanced to Rs. 136,00,000 by obtaining supplementary Grant (Rs.26,85,00 thousands) and re-appropriation (Rs.1,00,00 thousands). The actual expenditure during the year, however, was Rs.138,65,13,611 resulting in an excess of Rs.2,65,13,611. The excess was mainly due to more expenditure on Additional Dearness Allowance / Bonus and payment of arrears as a result of Forth Pay Commission's recommendations in the prevailing manual accounting system it was not possible to forecast expenditure with absolute accuracy.

#### A.3 - Pay and Allowances of Civilians (Rs.2,58,73,304)

The original provision made under this sub-head was Rs.87,55,00,000 which was subsequently enhanced to Rs.101,00,00,000 by Supplementary Grant (Rs.12,45,00 thousands) and re-appropriation (Rs.1,00,00 thousands). The actual expenditure during the year was Rs.103,58,73,304 resulting in an excess of Rs.2,58,73,304. The excess was due to more expenditure on Additional Dearness Allowance / Bonus and payment of arrears as a result of Fourth Pay Commission's recommendations which



could not be accurately assessed. In the absence of any definite trend of expenditure, it was difficult to accurately forecast the actual outgo.

#### **A.4 - Transportation (Rs.5,56,75,221)**

The original provision made under this sub-head was Rs.17,50,00,000 which was enhanced to Rs.31,65,00,000 by supplementary grant (Rs.6,50,00 thousands) and re-appropriation (Rs.7,65,00 thousands). The actual expenditure during the year was Rs.37,21,75,221 resulting in an excess of Rs.5,56,75,221. The factors which contributed towards excess expenditure of Rs. 5,56,75,221 crores were as under:—

- (a) Increase in the rate of payment for passage and conveyance as a result of implementation of the recommendation of Fourth Pay Commission.
- (b) More expenditure on freight charges, pilotage and Towing and Hiring of Vessels in connection with an operation.
- (c) Late payment of passages and conveyance claim freight charges and hiring of vessels bills resulting in heavy booking during the month of March.

In the absence of any definite trend of expenditure it was not possible to forecast actual outgo accurately.

#### **A.5 - Stores (Rs.7,90,42,344)**

The Original provision made under this sub-head was Rs.332,80,00,000 which was enhanced by Supplementary Grant (Rs. 34,90,00 thousands) and subsequently reduced to Rs.345,86,00,000 by re-appropriation (Rs.21,84,00 thousands). The actual expenditure during the year was Rs.353,76,42,344 resulting in an excess of Rs.7,90,42,344. The excess was due to additional expenditure on Naval Stores, Provision and Water, Aviation Stores in connection with operational requirements, more payments of Customs duty and spare parts and machinery for Dockyards. As most of the payments are linked with delivery schedules, the slippages in delivery schedules of stores, late submission of bills by Indian and Foreign suppliers, adjustment of price due to exchange rate variations are the contributing factors for heavy bookings during the last month of the year. This resulted in misleading analysis of the trend of expenditure and finally led to inaccurate forecasting.

#### **A.6 - Works (Rs.4,28,42,148)**

The original provision made under this sub-head was Rs.45,30,00,000 which was enhanced by Supplementary Grant (Rs.1,70,00 thousands) and subsequently enhanced to Rs.57,00,000 by re-appropriation (Rs.10,00,00 thousands). The actual expenditure during the year was Rs.61,28,42,148 resulting in an excess of Rs.4,28,42,148. The excess was mainly due to increased expenditure on (i) Maintenance of Buildings etc. (ii) Maintenance and operation of installations and (iii) Departmental charges. There

were heavy bookings in the last month of the year, which were not anticipated in the analysis of the trend of expenditure and which lead to the enhanced provision being exceeded.

4. The above excesses were partly offset by savings under other sub-heads leaving a net excess of Rs.21,91,56,682.

5. Instructions already exist for framing the Defence Services Estimates on realistic basis depending on the requirement and for exercising a close and constant watch over the trend of expenditure with reference to the sanctioned grant. In addition, the progress of Defence Expenditure is analysed periodically and instructions are issued to Services HQrs. Where the trend of expenditure appears to be abnormally high or unusually low with a view to contain the expenditure within the sanctioned budget. Moreover fresh instructions on preparation / monitoring / reviewing of Defence Expenditure have been issued under our UO No.2786 / B-I / 88 dated 15.7.1988 (copy enclosed) to all estimating / controlling authorities with a view to framing the budget estimates most realistically and scrupulously conforming to them in order to keep the Defence Expenditure within the allocated Budget grant.

6. In the circumstances explained above, the excess of Rs.21,91,56,682 may kindly be recommended for regularisation by the Parliament under Article 115(i)(b) of the constitution.

7. DADS has seen.

Sd/-

(R.S. GOPALAN)

Additional FA and

Joint Secretary to the Govt. of India

F.17(4) / 89 / B-I

Ministry of Defence (Finance)

Budget-I

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

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All the estimating authorities/Services Head Quarters etc. are aware that the annual budget is prepared and allocation made taking into account the available resources. The annual budget is sometimes regarded as the first projection of the requirement of funds to be supplemented later by Supplementary Demands. Such proposals are made shortly after the budget is passed by the Parliament. This practice militates against proper budgetary control and control of expenditure. The annual budget exercises determine the areas and quantum of Government expenditure as also the

areas and quantum of resources to be raised for meeting such expenditure. As such the necessity of projecting the budgetary requirement on a realistic basis periodically by all concerned and the need for constant monitoring of the trend of expenditure with a view to review/revise the requirement of funds during various stages of the years has already been emphasized time and concerned, to scrupulously conform to the budgetary provisions and formulating the budget estimates most realistically.

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

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

4. Once budget has been approved it is necessary to contain expenditure within it for which adequate control measure must be there. Argument that expenditure is "Mandatory" and has to be incurred irrespective of budget provision is not valid. It is, therefore, requested that utmost care should be taken while formulating budget proposals/estimates and reviewing the progress of expenditure vis-a-via sanctioned budget grants. The expenditure should also be carefully monitored from time to time and the instructions in this regard should be strictly followed.

Sd/-

A.K. GHOSH  
Addl. FA (G)

All Joint Secretaries,  
DFP (Army, Naval and Air Forces)  
DP&RM, Dir P&C/PO (PP&BE), DGQA(Adm-14)

M. of D. (Fin) I.D. No. 2786/B-I/88 dated 15-7-1988  
Copy to : All Dirs/DFAs.

## APPENDIX VII

No. F.9 (1) W&M/89  
Government of India  
Ministry of Finance  
Department of Economic Affairs

New Delhi, dated:11-5-1990

*Note to Public Accounts Committee for regularisation of excess under Revenue Section of Grant No. '22—Department of Economic Affairs' for 1987-88*

Revenue Section (Voted):	Rupees
Original Grant	389,99,00,000
Supplementary Grant	92,16,00,000
Total Grant	482,15,00,000
Actual Expenditure	505,80,49,350
Excess	23,65,49,350

2. As against the sanctioned Grant of Rs. 482,15,00,000 the actual expenditure amounted to Rs. 505,80,49,350 resulting in an uncovered excess of Rs. 23,65,49,350.

3. The excess occurred mainly under sub-head 'D-2 loss by Exchange'.

4. Under the accounting procedure prescribed, each category of transactions that gives rise to an element of loss or gain by exchange during the course of a year is initially adjusted as Revenue expenditure under major head '2075—Miscellaneous General Services—loss by Exchange' or as Revenue receipt under major head '0075—Miscellaneous General Services—Gain by Exchange' according as it is a loss or gain. However, before the accounts of that year are finally closed, the losses and gains by exchange initially accounted for as above are pooled from which the net effect of the transactions are worked out and adjusted under a single head, namely, under '2075' in the case of overall loss by exchange during a year or under '0075' in case of overall gain. In the event of the year ending with a net loss by exchange, the adjustment of the loss is to be covered by sanctioned provision under the Grant.

5. The net loss by exchange for all Ministries/Departments, accountable under major head '2075' is centrally provided for under this Grant. In view of the procedure prescribed, in the event a net loss by exchange is

anticipated at the end of the year, necessary provision for the purpose is included at the stage of Revised estimate only, if necessary, by obtaining a Supplementary Grant therefor.

6. In 1987-88, a provision of Rs. 91.61 crores for net loss by exchange was initially made under sub head D-2 Loss by Exchange through the final batch of Supplementary Grants. This was subsequently augmented by Rs. 30 lakhs on the basis of the final requirements projected by the Ministries/Departments concerned. Against the final Grant of Rs. 91.91 crores, thus provided, the adjustment of the losses and gains by exchange actually carried out, however, revealed that the net loss by exchange exceeded the final grant by Rs. 47.62 crores. After taking into account the savings under other sub-heads, the net excess under the Grant as a whole amounted to Rs. 23,65,49,350.

7. The table below gives the summary position of the loss/gain by exchange Ministry/Department-wise:—

(in Rs./crores)

Ministry/Department	Total Grant	Actual adjustments	Excess(+)/Savings(-)
Economic Affairs	119.18	118.79	-0.39
External Affairs	-27.23	22.80	+50.03
Posts	-0.04	-2.06	-2.02
	91.91	139.53	-47.62

8. Thus, the excess on account of loss by exchange occurred in respect of transactions of the Ministry of External Affairs. At the stage of RE 1987-88, which the MEA had communicated in November 1987, the net loss by exchange from its transactions for the year was placed at Rs. 4.20 crores; at that time, the net loss by exchange from its transactions at the close of the accounts for the period ending September 1987 and October 1987 stood at Rs. 1.92 crores and Rs. 2.43 crores respectively. In early March 1988, at the stage of fixing the final requirements for the year, the Ministry, however anticipated that the year will end with a net gain by exchange of Rs. 27.23 crores, on the basis of the previous year's trend. This, however, did not materialize and the year actually ended with a net loss by exchange of Rs. 22.80 crores.

9. It may be added that as far as Ministry of External Affairs are concerned they have to make remittances of funds to 140 Indian Missions/Posts abroad for their maintenance. Based as they are world-wide, the transactions take place in practically all the currencies of the world and the exchange rates of the foreign currencies viz-a-viz Indian rupee keep changing from time to time; the exchange rates of the currencies of Brazil, Poland, Argentina, etc. in particular change almost in every month. While the precise amount of loss/gain by exchange in respect of the first half of

the financial year can be ascertained with reference to the actuals, the amount in respect of the second half is worked out taking into account the trend of the exchange rate observed in the first half. As, however, the rate of exchange emerging from time to time is a highly volatile factor which cannot be anticipated with precision, it is difficult to make a forecast of the actuals and frame the estimates with accuracy. However, in order to improve the budgetary estimation strict instructions (copy enclosed) have been issued to all the Ministries who generally operate on this head that the estimates should be made on a precise basis. If necessary, suitable changes in the existing system of accounting and budgeting would also be instituted.

10. In view of the circumstances explained above, the excess expenditure of Rs. 23,65,49,350 under the Revenue Section of the Grant may kindly be recommended for regularisation under Article 115(1) (b) of the Constitution.

11. This note has been vetted by Audit.

Sd/-  
(R. Thiagarajan)  
Financial Adviser

File No.

To

The Chairman and  
Members of the Public Accounts Committee,  
Lok Sabha Secretariat,  
NEW DELHI.

No. F. 9(1) W&M/89  
Government of India  
Ministry of Finance  
(Department of Economic Affairs)

New Delhi the 10th May, 1990.

*OFFICE MEMORANDUM*

**SUBJECT:—** *Framing of estimates of loss/gain by exchange in respect of transactions in foreign currencies.*

The undersigned is directed to invite a reference to paragraph 4 of the Department of Expenditure's O.M.No. F.1(14)-E.II(A)/89 dated 22.2.1990 in which the Ministries/Departments have been advised to exercise utmost care in framing the estimates under each sub-head so that the actuals are not substantially different from the estimates.

2. It is observed that the year-end actuals of losses/gains by exchange in respect of transactions in foreign currencies of some of the Ministries, etc. (like Ministry of External Affairs) widely vary from the estimates proposed by them. In one year (1987-88), the wide divergence between the estimates of a Ministry and the actuals resulted in an overall excess in the Grant in which provision is made for adjustment of the net loss by exchange. The nature of these transactions is such that more than usual care is required to be taken in framing the estimates for loss by exchange. Financial Advisers of Ministries/Departments are therefore requested to pay special attention to the framing of the estimates for loss/gain by exchange.

Sd.

(C.R. Sundaramurti)  
Director (Budget)  
Tel. No. 3011247

To

Financial Advisers of all Ministries/Departments

**APPENDIX VIII**  
**Government of India**  
**Ministry of Health & Family Welfare**  
**Department of Health**  
**Budget Section**

*Note for the Public Accounts Committee for regularisation of Excess under Grant No. 37—Department of Health as disclosed in Union Government Appropriation Account (Civil) 1987-88*

	Rupees
Grant No. 37	Department of Health
Capital:—Voted	1,32,79,00,000
Original Grant	8,49,00,000
Supplementary Grant	1,41,28,00,000
Total Grant	1,43,90,54,817
Actual Expenditure	2,62,54,817
<b>Excess</b>	

The original provision of Rs. 1,32,79,00,000 was augmented to Rs. 1,41,28,00,000 by obtaining supplementary grant of Rs. 8,49,00,000. Against the total capital grant of Rs. 1,41,28,00,000 actual expenditure was Rs. 1,43,90,54,817 resulting in excess of Rs. 2,62,54,817. The excess was mainly due to excess under the heads AA-2(1) (1) (1) — National Malaria Eradication Programme — (Rural) — (Rs. 172.67 lakhs) and AA.2 (1) (2) — Bulk Purchase of Material and Equipment for TB Control Programme (Rs. 223.74 lakhs) and AA.2 (1) (6) — Bulk Purchase of Material and Equipment for Leprosy Control Programme (Rs. 64.96 lakhs) partly off set by savings under other heads.

The excess under the head AA. 2 (1) (1) (1) was due to rise in prices of materials while the excess under the head AA. 2(1) (2) and AA. 2(1) (6) relates to the adjustment of debits received from P.A.O. Department of Supply relating to DGS&D purchases amounting to Rs. 1,52,32,000 and Rs. 1,32,00,000 under T.B. and Leprosy Control Programme. The debits relate to supply orders placed in the past (i.e., during the years 1984-85 to 1986-87) for the purchases through D.G.S.&D. There were savings in these years under various programmes of "Prevention & Control of Diseases" of the Ministry due to non-receipt of debits from Department of Supply.

These debits were adjusted in the year received itself to avoid the need for keeping these transactions under the suspense head of account and also to ensure that the funds provided in the Demands for Grants for the year 1988-89 are not utilised merely to meet the old debits. It was decided with



the approval of the Secretary (Health) (copy enclosed) to book the entire debit in March, 1988, accounts itself as the expenditure related to purchase of anti-T.B. and anti-Leprosy drugs needed for National Diseases Control Programmes, in earlier year. This adjustment has led to the capital section exceeding the budget provision.

National T.B. Control Programme and National Leprosy Eradication Programme are two of the most important Centrally Sponsored Schemes in the Seventh Five Year Plan. These programmes are also covered under the Category of Specially selected 20 Point Programme of the Government to eradicate T.B. and Leprosy from the country. The Central Government is expected to purchase anti-T.B. Drugs for supply to State Governments and other institutions and 100 per cent financial assistance for eradication of Leprosy.

The attainment of the above objectives required the placement of orders for supply of anti-T.B. and anti-Leprosy drugs for these National Programmes during the year 1984-85 to 1986-87. However, bulk of the debits were received for payment only in March 1988 from the CCA Department of Supply. It is also mentioned here that there were large savings in the relevant years due to non-receipt of debits from the Department of Supply. When these debits were received in March, 1988 there was no alternative but to honour these debits, otherwise not only the bills would have remained pending and in suspense but the holding up of the debits would have compelled the Department to carry unnecessary burden for the financial year 1988-89. Thus the decision taken at the level of Secretary (Health) to clear the debits which had been raised by the Department of Supply was necessitated by D.G.S.&D purchases made in earlier years even though this amounted to exceeding the amounts available under the Grant for Capital side.

The Proposed adjustment will lead to an excess of Rs. 2,62,54,817 under the Capital Head 4210 of the Department of Health Grant. The Government of India decision No. 3 under G.F.R. 75 deals with such cases. It is provided that Pay & Accounts Offices functioning under the Departmentalised Accounting System would have to accept such debits raised by the P.A.O. (Supply).

In the circumstances explained above the excess of Rs. 2,62,54,817 under Major Head 4210 (Capital) Demand No. 37 mentioned above may kindly be recommended for the regularisation by Parliament under Article 115 (1) (B) of the Constitution.

This has been vetted by Audit.

Sd/

(N.S. BAKSHI)

JOINT SECRETARY TO THE GOVERNMENT OF INDIA

(COPY)

**SUBJECT:** *Receipt of claims from the CCA, Department of Supply in March, 1988, under T.B. and Leprosy Control Programmes—Adjustment—Regarding*

In the month of March 1988, claims to the extent indicated below have been received from the Department of Supply for the materials received by the Ministry of Health under the Programmes:

1. T.B. Control Programme	Rs. 1,52,32,000
2. Leprosy Control Programme	Rs. 1,32,00,000

All these claims have been found to be correct and have been settled by issue of Cheque in favour of Deptt. of Supply after keeping the amounts (debits) under the Suspense Head.

The rule position for adjustment of such claims is as below:

Claims received from another Accounts Officer either during the close of the Financial year or during the first quarter of next financial year (before the accounts of the financial year are formally closed) could be accepted and booked as Debit in the financial year in which the payments have been made by another Accounts Officer, subject to the condition:

- (a) Budget provision is available in the financial year concerned for adjusting such debits; and
- (b) the accounts are still open to make the adjustments.

From the statement placed below, it could be seen that as against a budget provision of Rs. 11.79 crores under T.B. Control Programme, expenditure of Rs. 11.81 crores already stand booked till March, 1988—resulting in booking of excess expenditure of Rs. 2 lakhs. Acceptance of further debit of Rs. 152.32 lakhs would result in expenditure under this head over-shooting by Rs. 154.24 lakhs.

Similarly, as against the B.E. of Rs. 573 lakhs (which was reduced in the R.E. to Rs. 372.90 lakhs) the office has already booked an expenditure of Rs. 423.25 lakhs till March 1988 resulting in excess booking of Rs. 50.35 lakhs. Acceptance of further debit as explained above would result in excess booking of Rs. 182.35 lakhs under the Leprosy Control Programme.

An analysis has also been conducted of the debits discussed above.

#### **TB CONTROL PROGRAMME**

Under this programme, there had been savings in the last three years as indicated below:

Year	Amount (Savings)
1984-85	Rs. 63.12 lakhs
1985-86	Rs. 64.63 lakhs
1986-87	Rs. 199.53 lakhs

The debits now received mainly relate to the above years presumably due to non-receipt of stores in time from the suppliers by the Ministry. There is, therefore, enough justification for booking an excess expenditure under this head which could be explained as 'Late receipt of Supplies/ Debits from the Deptt. of Supply.'

#### LEPROSY CONTROL PROGRAMME

Unfortunately, the position is rather bleak here as could be seen from the table below:

Year	Amount
1984-85 (Savings)	Rs. 147.19 lakhs
1985-86 (Excess)	Rs. 32.68 lakhs
1986-87 (Excess)	Rs. 3.62 lakhs

There seems hardly any justification, therefore, for bringing down the Budget Estimate for the year 1987-88 from Rs. 573 lakhs to 373 lakhs.

However, it has to be borne in mind that both these programmes fall under the category of Specially Selected 20 Point Programmes of the Government which have accepted eradication of T.B. and Leprosy as one of its major Schemes. Eventhough capital portion of Health Grant would be exceeded to the extent of Rs. 337 lakhs, the totality of the Budget (both Revenue and Capital) together would still show a saving of a few crores. Further, as the expenditure has already been incurred by payment to the Suppliers by the Department of Supply and its reimbursement by the Ministry of Health to the Deptt. of Supply, the cash balance of the Central Govt. already stands depleted thereby justifying booking the expenditure under the appropriate head of account concerned.

The Ministry may have to face the following 2 consequences by action as above:

- (i) The case would be referred to the Public Accounts Committee of Parliament by audit who may search for some weaknesses in the system resulting in the capital grant of the Ministry as a whole overflowing the Budget.
- (ii) The Ministry may have to go for submission of 'Regularisation Grant' before Parliament explaining the reasons for incurring excess etc. in the Capital Grant in the year 1987-88.

In case it is decided to book the expenditure in the current years Demand for Grants, the outlay for the current year would get reduced to the tune of Rs. 337 lakhs which may not be conducive.

Therefore, keeping in view the pros and cons it is felt that the advantage

lies in the booking the debit in the last year's grants which would be taken care of by submission of regularisation of grant, etc. as discussed above.

CCA may like to obtain the orders of the Secretary as Chief Accounting Authority on this issue.

Sd / —  
(R. Ramanathan)  
Deputy Controller of Accounts (A)

#### CCA

The proposal is to adjust in accounts the debits raised by the PAO, Department of Supply relating to purchases to DGS&D amounting to Rs. 1,52,32,000 and Rs. 1,32,00,000 under T.B and Leprosy Control Programmes. The debits relate to supply orders placed during last 4 to 5 years and were received during the fag end of the last financial year when there was hardly any time to initiate any action regarding re-appropriation, etc. The Proposed adjustment will lead to an excess of Rs. 337 lakhs under the Capital Head 4210 of the Health Grant. The Government of India Decision No.3 under GFR 75 deals with such cases. It is provided that Pay & Accounts Offices functioning under the Departmentalised Accounting System would normally accept such debits raised by the PAO (Supply). We may, however, have to obtain regularisation grant when these accounts are presented to the Parliament. The proposed adjustment in the last year's account will ensure that the current year's programme is not affected adversely.

JS(FA)/Secy. (Health) may kindly see for approval.

Sd / —  
(JAI LAL)  
C.C.A. / 14.7.88

#### JS(FA)

In view of 'A' on pre-page the above proposal may be accepted.

Sd / —  
(N.S. Bakshi)  
JS.(FA) / 14.7.88

Secretary (Health)—sd / —(S.S.Dhanoa)/14.7.88

## APPENDIX IX

Government of India

Ministry of Textiles

*Note for the Public Accounts Committee for regularisation of Excess over Voted Grant under Grant No. 67— Ministry of Textiles as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1987-88.*

### Grant No. 67 — Ministry of Textiles

Revenue Voted	Rs.
Original Grant	413,72,00,000 / -
Supplementary Grant	65,80,00,000 / -
Total Grant	479,52,00,000 / -
Actual Expenditure	479,87,23,369 / -
Excess	35,23,369 / -

2. Against the total Grant of Rs. 479,52,00,000 / - an expenditure of Rs. 479,87,23,369 / - has been incurred, resulting in an excess of Rs. 35,23,369 / -.

3. On the perusal of the Grant, it would be seen that the excess is due to the booking of expenditure under the two sub-heads, namely, C.1(7) (1)— Jute Special Development Fund and E.3(1)(1)(1)—Jute Special Development Fund, where an expenditure of Rs. 5.09 crores and Rs. 2.93 crores have been booked, against which there was no Budget Provision. Rs. 100.00 crores was provided under the Jute Special Development Fund in the Year 1986-87 which was transferred to the Public Account in that year. The expenditure is to be met from budget for the year 1987-88, no decision was taken on incurring expenditure out of the fund. However, at the time of revised estimate stage, the Ministry has provided for Rs. 6.00 crores under the sub-head C.1(7) (1)— Jute Special Development Fund and another Rs. 6.00 crores under the sub-head E-3(1)(1)(1)- Jute Special Development Fund, Pay and Accounts Office has made adjustment at the end of the year by transferring the expenditure of Rs. 5.09 crores and Rs. 2.93 crores booked under this sub-head. However, the Ministry on the mistaken assumption that the expenditure is ultimately to be transferred to the Public Account, did not provide provision at the time of fixation of the Final Grant against this sub-head. As Appropriation Account is based on Gross Budgeting, the amount should have been provided for to cover the expenditure. This omission has resulted an excess expenditure of Rs. 35,23,369 / - after absorbing savings under other heads within the Grant.

4. In view of the circumstances explained, the excess of Rs. 35,23,369/- may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This has been vetted by audit.

Sd/-  
(L.V. SAPPATHARISHI)  
Joint Secretary

File No. G-25017/App. 67/87-88/BBA

Dated: July 11, 1989

Revenue Section - V

Actual Expenditure

Actual Income

Departmental Grant

Capital Grant

Excess

Rs. 35,23,369/-

The budget allocation under the head of Rs. 35,23,369/- was sanctioned to the Government of Karnataka for the year 1987-88. The actual expenditure incurred was Rs. 35,23,369/- which is in excess of the sanctioned amount of Rs. 35,23,369/- by Rs. 35,23,369/-. The excess is distributed as follows:

A. (i) - New supplies and repairs

Rs. 35,23,369/-

The budget allocation under the head of Rs. 35,23,369/- was sanctioned to the Government of Karnataka for the year 1987-88. The actual expenditure incurred was Rs. 35,23,369/- which is in excess of the sanctioned amount of Rs. 35,23,369/- by Rs. 35,23,369/-. The excess is distributed as follows:

A. (i) - New supplies and repairs

Rs. 35,23,369/-

The budget allocation under the head of Rs. 35,23,369/- was sanctioned to the Government of Karnataka for the year 1987-88. The actual expenditure incurred was Rs. 35,23,369/- which is in excess of the sanctioned amount of Rs. 35,23,369/- by Rs. 35,23,369/-. The excess is distributed as follows:

A. (i) - New supplies and repairs

Rs. 35,23,369/-

## APPENDIX X

### MINISTRY OF URBAN DEVELOPMENT

#### (FINANCE DIVISION -- BUDGET SECTION)

#### NOTE FOR REGULARISATION OF EXCESS UNDER REVENUE SECTION (VOTED) OF GRANT NO. 74—PUBLIC WORKS FOR THE YEAR 1987-88.

Revenue Section (Voted)	Rupees
Original grant	142,98,00,000
Supplementary Grant	5,06,00,000
Total Grant	148,04,00,000
Actual Expenditure	153,71,26,369
Excess Expenditure	5,67,26,369

The original grant of Rs. 142,98,00,000 was augmented to Rs. 148,04,00,000 by obtaining Supplementary Grant of Rs. 5,06,00,000 in March, 1988. The actual expenditure during the year, however, amounted to Rs. 153,71,26,369 resulting in an excess of Rs. 5,67,26,369 under Revenue Section (Voted).

2. The excess is distributed as under:—

i) A.1(1)(1)—New Supplies and Repairs

	Rs. in lakhs	Rs. in Crores
Original Grant	250.00	
Expenditure	303.96	
Excess	53.96	0.54

The budget allocation under this Head as well as the revised estimates were Rs. 250 lakhs, although the requirement projected by the C.P.W.D. was Rs. 258 lakhs. When the trend of actual expenditure incurred was compiled by C.P.W.D. in February, 1988 from 214 Divisions from all over India, it came to light that Revised Estimates 1987-88 was inadequate. It was possible to increase this provision to Rs. 280 lakhs by re-appropriation, as at the end of February, 1988 it was too late to go in for any Supplementary Demand. It may, however, be noted that an excess of Rs. 53.34 lakhs was on account of Hot Mixed Plants for which an expenditure of Rs. 171.34 lakhs was incurred during 1987-88 whereas the initial allocation for the same was Rs. 118 lakhs, raised to Rs. 158 lakhs by re-appropriation. C.P.W.D. authorities have been asked to hold the expenditure within the allocated amount either by controlling the expenditure or by deterring payments. A circular letter has since been issued vide No. G-20014/1/89-Bt.(Pt.), dated the 29th May, 1990 (copy enclosed).

## ii) A.1(2)-Maintenance and Repairs

	Rs. in lakhs	Rs. in Crores
Original Grant	2107.80	
Expenditure	2388.31	
Excess	280.51	2.80

The excess expenditure was incurred mainly because of payment of increased pay and allowances to the Muster Roll Workers from 1-4-87 as a result of Supreme Court judgement on 'Equal pay for equal work'. The requirements could not be projected earlier or even in the final batch of Supplementaries as the Department had to compile the information from a large number of Divisions located at various parts of the country.

## iii) A.1(1)(4)-Lease charges (Rs. in lakhs) (Rs. in crores)

Original Grant	850.00	
Expenditure	1168.39	
Excess	318.39	3.18

The budget provision of Rs. 8.50 crores was made in the Budget Estimates 1987-88 keeping in view the previous year's expenditure on this account and the actual expenditure of the last five months during 1986-87. This allotment was increased to Rs. 10 crores in Revised Estimates 1987-88 and to Rs. 10.90 crores in final grant after reappropriation but still it could not meet the actual expenditure of Rs. 1168.39 lakhs resulting in an excess of Rs. 318.39 lakhs over the Budget Estimates. This happened due to receipt of a number of arrear bills for payment. In addition, Bills for the payment of Rs. 60 lakhs for EPABX installed in Vigyan Bhavan, Rs. 83 lakhs for Parliament House Annexe Building, Rs. 9.60 lakhs for Teen Murti House had to be paid. All this expenditure could not be avoided, as the non-payment would have led to levy of surcharge and possible disconnection of services by the Local Bodies. However, when the final requirements were intimated to Ministry, it was too late to go for Supplementary. Though the allotment was increased to Rs. 10.90 crores by re-appropriation at the final estimates stage, it could not meet the actual expenditure under this sub-head.

## iv) A.1(5)(2)-Miscellaneous Works Advances

	Rs. in lakhs	Rs. in crores
Original Grant	295.00	
Expenditure	624.47	
Excess	329.47	3.29

Excess expenditure of Rs. 1.15 crores was incurred over the deposit receipts from the National Airports Authority. The expenditure had to be



debited to the Suspense Head of Misc. Works Advances pending final adjustment. Incurring of expenditure on National Airports Authority works could not be avoided due to operational reasons to avoid any dislocation of services. The excess expenditure during this year under this sub-head was also due to escalation in the price of Steel to the extent of 10% and due to higher advance payments made to Steel manufacturers for the procurement of Steel.

v) A.3(1)(2)(1)-Regular Establishment.

	Rs. in lakhs	Rs. in crores
Original Grant	2215.80	
Expenditure	2664.61	
Excess	448.81	4.49

The Supplementary demands for salaries etc. are obtained under one Major Head and then distributed to various sub-heads. In this case Rs. 4.97 crores was obtained as a supplementary demand under A.3 (1) (1) -Direction and Rs. 416.75 lakhs re-appropriated to this sub-head. Thus, the total excess is only Rs. 32.06 lakhs and this excess is due to the Departments re-appropriating Rs. 38.33 lakhs to other heads, anticipated savings, which did not materialise due to the payment of additional dearness allowance and bonus to staff. This has resulted in the excess. Instructions have been issued for avoidance of such lapses in future, vide Ministry's letter No. G—20014/1/89-Bt. (Pt.), dated the 29th May, 1990 (copy enclosed).

vi) A.3(1)(2)(2)-Works Charged Staff converted into regular establishment

	Rs. in lakhs	Rs. in crores
Original Grant	470.20	
Expenditure	558.12	
Excess	87.92	0.88

The excess was due to increase of posts of Assistant Engineers and Asstt. Surveyor of Works and revision of pay of Divisional Accountants, w.e.f. 1-1-1986.

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

	Rs. in lakhs	Rs. in crores
Original Grant	598.25	
Expenditure	650.07	
Excess	51.82	0.52

The excess was due to up-gradation/promotion of Assistant Engineers arising from cadre review and also for payment of increased D.A. and re-fixation of pay due to implementation of the recommendations of the Fourth Pay Commission, w.e.f. 1.1.1986.

viii) Excess under other heads between Rs. 5 lakh and Rs. 50 lakhs.

	Rs. in lakhs	Rs. in Crores
Excess	61.90	0.62

Thus, there was an overall excess of Rs. 16.32 crores which was partly offset by savings in other heads of account, leaving a net excess of Rs. 5.67 crores (Rs. 5,67,26,369).

Instructions have been issued by the D.G.(W) to Chief Engineers to ensure that every possible efforts are made to avoid excess over sanctioned budget grant.

In view of the circumstances explained above, the excess expenditure of Rs. 5,67,26,369 during 1987-88 under Revenue Section (Voted) under Grant No. 74—Public Works is recommended for regularisation under Article 115(I) (B) of the Constitution.

This has been vetted by Audit.

Sd/-

(B. BHATTACHARYA)

*Joint Secretary & Financial Adviser (UD).*

**Copy of D.O. No. G-20014/1/89-Bt (Pt.), dated 29th May, 1990 issued by Ministry of Urban Development, New Delhi.**

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

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

With regards

Yours sincerely,

Sd/-

(P.R. RAMAKRISHNAN)

## APPENDIX XI

GOVERNMENT OF INDIA

### MINISTRY OF URBAN DEVELOPMENT (FINANCE DIVISION—BUDGET SECTION)

Note for regularisation of excess expenditure in the Capital Section (Charged) under Demand No. 74—Public Works for the year 1987-88.

Capital Section (Charged)	Amount in Rupees
Original appropriation	10,00,000
Supplementary appropriation	7,00,000
Total Appropriation	17,00,000
Actual expenditure	17,93,373
Excess (+)	93,373

2. Under Capital Section in Grant No. 74—Public Works for the year 1987-88 against the total appropriation of Rs. 17,00,000 (Charged), the actual expenditure was Rs. 17,93,373. Thus the excess expenditure to the tune of Rs. 93,373 has been incurred. The items under which excess expenditure has been incurred are given in Annexure (copy enclosed). This excess expenditure of Rs. 93,373 was due to receipt of arbitration awards which could not be anticipated earlier during the year 1987-88. The payment being interest bearing could not be postponed.

3. The supplementary grant was not obtained by the Ministry earlier as the Directorate General of Works could not obtain this information in regard to expenditure from the various concerned Divisions located in different parts of the country. Every effort is being made to avoid such situation in future.

4. In view of the circumstances explained above, the excess expenditure of Rs. 93,373 in the Capital Section (Charged) under Grant No. 74—Public Works is recommended for regularisation under Article 115.(1) (b) of the constitution.

5. This has been vetted by Audit.

Sd/-

(B. BHATTACHARYA)

*Joint Secretary to the Government of India.*

Ministry's File No. G-20014/1/89-Bt.

## ANNEXURE

### DETAILS OF EXPENDITURE OF ARBITRATION AWARD

#### 4059—Public Works—Lok Sabha

Rs. 5.81 lakhs paid to M/s Mahindra Nath & Co. against work construction of PSE Building at plot No. 114, Parliament House, New Delhi was received in September, 1987 for payment.

#### 4210—Medical & Public Health

Rs. 2.43 lakhs paid to R.C. Mehta on the work construction of new emergency reception hall at Dr. R.M.L. Hospital, paid in 10/87, was received on 14.10.1987 for payment.

Rs. 72000/- paid by Northern Zone as arbitration award against the work 'Acquisition of Handly Cross Building for Central Research Institute at Kasauli', was received in March, 1988 for payment.

Expenditure of Rs. 1.77 lakhs incurred by South Zone in respect of the work C/o Physical Medicine and Rehabilitation Centre at JIPMER, Pondicherry was received on 28.10.1987 for payment.

Expenditure of Rs. 1.31 lakh incurred by Construction Division No. X for the construction of 30 bedded Doctors Hostel at N.I.C.D., Alipur Road, Delhi and Construction of Lab. Block No. V at N.I.C.D., Alipur Road, Delhi was received on 5.10.1987 for payment.

## APPENDIX XII

### GOVERNMENT OF INDIA MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for Regularisation of Excesses under Capital Section (Voted) in Grant No. 88—Delhi as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1987-88.

#### Grant No. 88—Delhi

<i>Capital Section (Voted)</i>	Rs.
Original Grant	487,01,00,000
Supplementary Grant	13,00,000
Total Grant	487,14,00,000
Actual Expenditure	487,25,74,226
Excess	11,74,246

2. Under Capital Section in Grant No. 88—Delhi for the year 1987-88 against the total Grant of Rs. 487,14,00,000 (Voted) the actual expenditure was Rs. 487,25,74,246. Thus excess expenditure to the tune of Rs. 11,74,246 has been incurred. The major items under which excess expenditure has been incurred and also the reasons for excess are given in the Annexure. The bulk of the excess expenditure shown therein has been offset by savings under other heads leaving behind a net excess of Rs. 11,74,246 which is to be regularised.

3. The excess expenditure is 0.02% of the total Budgetary allocation under Grant No. 88 for the year 1987-88. The Administration has been instructed to investigate the lapse and avoid recurrence of excess expenditure in future *vide* letter No. U. 15015/7/89-Bgt. II dated 29th Aug., 1989 (copy enclosed).

4. In view of the circumstances explained above excess of expenditure of Rs. 11,74,246 under Grant No. 88 Delhi—Capital (Voted) may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

This has been vetted by Audit.

Sd/-  
(K.M. LAL)  
*Financial Adviser (Home)*

ANNEXURE

In lakhs of rupees

Items where Excess Expenditure has been incurred:

Major Head '4216'—Capital outlay on Housing.

BB. 1(1)(1)(1)—Share capital to  
Delhi Coop. Housing Finance Society 134.00

Excess was due to payment of more share capital than anticipated.

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Major Head '6215'—Loans for Water supply and sanitation

CC. 2(1)(1)(1)—Loans to MCD for Rural  
Water Supply Scheme 1840.00

Excess was due to more payment of loans than anticipated owing to drought.

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Major Head '6891'—Loans for Power Project

EE. 1(2)(1)—MCD for Electric Supply Scheme 195.65

Excess was due to payment of more loans to DESU than anticipated.

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Major Head '4210'—Capital Outlay on Medical and Public Health.

JJI. (2)(1)(1)—Delhi Administration's  
Share capital contribution to  
Joint Sector Hospitals. 274.60

Excess was due to payment of share capitals contribution.

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Major Head '5054'—Capital Outlay on Roads and Bridges.

SS. 1(1)(1)—Other expenditure 105.94

Excess was due to more expenditure on installation of  
Traffic lights and blinkers owing to increase in Traffic.

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Major Head '5075'—Capital Outlay on Road Transport Services.

UU. 1(1)(1)—Other Expenditure 148.07

Excess was due to more expenditure on installation of  
Traffic lights and blinkers owing to increase in Traffic.

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## Major Head '4059'—Capital outlay on Public Works.

VV. 2(1)(1)(1)—Buildings. 233.01

Excess was mainly due to acceleration of pace of construction of the buildings.

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## Major Head '4216'—Capital Outlay on Housing

VV. 5(1)(1)—General Pool accommodation 73.67

Excess was due to more construction work than anticipated.

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## Major Head '4217'—Capital Outlay on Urban Development.

VV. 6(1)(1)(1)—Large Scale Acquisition, Development and Disposal of Land in Delhi 377.08

Excess was mainly due to incurring expenditure on acquisition of land for which notifications were issued earlier and dates for acquisition were to lapse by the close of financial year 1987-88.

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## Major Head '4851'—Capital Outlay on village and Small Industries.

VV. 16(1)(1)—Construction of Buildings 143.99

VV. 16(2)(2)—Construction of Industrial Works 310.25

Excess was due to more construction than anticipated.

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## Major Head '6217'—Loans for Urban Development.

VV. 22(1)(1)(4)—Loans to MCD for Development of regularised unauthorised colonies. 649.00

Excess was due to transfer of colonies from DDA and hence payment of more loan to MCD.

(copy)

K. M. LAL,  
Financial Adviser (Home)

D.O.No.U. 15015/7/89-Bgt. II  
Government of India

Ministry of Home Affairs.

New Delhi, dated 29th Aug, 1989

Dear Shri Khan,

Kindly refer to your d.o. letter No. F.12/9/89-Fin. (B) dated 15th June, 1989 explaining the circumstances under which the excess expenditure of Rs. 11,74,246/- was incurred under various Heads of Grant No. 88— Delhi for the year 1987-88.

You are well aware that the Ministry of Finance and the Public Accounts Committee take serious view of such excess expenditure. It puts this Ministry in an embarrassing position to approach the Ministry of Finance for regularisation of excess expenditure every year. Instructions have very often been issued emphasising to keep the expenditure within the approved allocation, I shall be grateful if you could kindly initiate suitable control measures to avoid recurrence of such excess expenditure in future. The concerned Departments may be instructed to keep their expenditure within limit of the budget provision made for the purpose. This Ministry as well as the Controller General of Accounts may be kept informed of the steps taken in the matter.

Yours sincerely,

Sd/-

(K. M. LAL)

Shri I.A. Khan,  
Secretary,  
Finance  
Delhi Admn.,  
Delhi.

Copy to the Controller General of Accounts, Ministry of Finance,  
Department of Expenditure, Lok Nayak Bhavan, New Delhi-3.

Sd/-

(K. M. LAL)



## APPENDIX XIII

### GOVERNMENT OF INDIA MINISTRY OF HOME AFFAIRS

*Note for Public Accounts Committee for regularisation of excess expenditure under Capital Section in Grant No. 91—Lakshadweep as disclosed in the Appropriation Accounts (Civil) for the Year 1987-88.*

#### **Grant No. 91—Lakshadweep**

<i>Capital Section (Voted)</i>	<i>Rs.</i>
Original Grant	3,61,00,000
Supplementary Grant	5,73,00,000
Total Grant	9,34,00,000
Actual Expenditure	10,57,62,194
Excess	(+) 1,23,62,194

2. Under the Capital Section (Voted) of Grant No. 91—Lakshadweep for the year 1987-88 against the total Grant of Rs. 9,34,00,000 the actual expenditure amounted to Rs. 10,57,62,194 resulting in an excess of Rs. 1,23,62,194.

3. The excess occurred under the following Major Head:—

#### **Major Head '5052'**

00.1-Capital Outlay on Shipping

00.1(1)-Coastal Shipping

00.1(1)(1)-Acquisition and Expansion of Tonnage (+) 1,28,26,000

The excess occurred mainly due to the payment to Shipping Corporation of India for the procurement of new ships. The original provision of Rs. 34,50,000 under the head was augmented to Rs. 6,07,50,000 by obtaining Supplementary Grant of Rs. 5,73,00,000 in March, 1988 for acquisition of ship for Island-Mainland Service. Later on while reviewing the requirement based on ten monthly estimates, the administration proposed re-appropriation of funds amounting to Rs. 19,17,000 from this head to other heads as the Administration could not make full payment on account of the Ship due to some technical problem. There is an excess of Rs. 1,28,26,000 under this head which has been off set by saving of Rs. 4,63,806 under the other heads. Thus there is net excess of Rs. 1,23,62,194/-.

4. In the circumstances explained above, the excess of Rs. 1,23,62,194 (Voted) in Capital Section under Grant No. 91—Lakshadweep may



**APPENDIX XIV**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF HOME AFFAIRS**  
**BUDGET-II SECTION**

*Note for the Public Accounts Committee for regularisation of excess expenditure under Revenue Section (Voted) in Grant No. 92—Chandigarh as disclosed in the Appropriation Accounts (Civil) for 1987-88.*

<i>Revenue Section (Voted)</i>	<i>Rs.</i>
Original Grant	1,02,20,00,000
Supplementary Grant	8,66,00,000
Total Grant	1,10,86,00,000
Actual Expenditure	1,15,30,94,910
Excess	4,44,94,910

Under the Revenue Section of the Grant No. 92—Chandigarh for the year 1987-88 against the total grant of Rs. 1,10,86,00,000 the actual expenditure is amounting to Rs. 1,15,30,94,910 resulting in an excess of Rs. 4,44,94,910.

The above excess occurred mainly under the following head:

**Major Heads '2202'**

J.1(3)(1)(1)-Grant-in-aid to Punjab University (+) 44,54,028

Excess expenditure is due to revision of Pay scale of the University teachers on University Grants Commission pattern as recommended by the Fourth Pay Commission, besides release of additional dearness allowance, Interim Relief and restoration of cut in pay-portion upto Rs. 45 p.m.

**Major Head '2059'**

R.2(1)(1)(1)-Chief Engineer's Establishment (+) 84,26,763

The original grant under the sub-head R.2(1)(1)(1)—Chief Engineer's Establishment was Rs. 16.04 lacs and expenditure under this sub-head to the tune of Rs. 100.31 lacs. Thus there is an excess expenditure of Rs. 84.27 lacs which is due to misclassification shown on the expenditure vouchers by the administration. Actually the excess expenditure booked under this sub-head was required to be booked under sub-head R.2 (1) (4)—Establishment where the original grant of Rs. 478.58 lacs exists and the expenditure has been booked as Rs. 363.78 lacs resulting into a saving of Rs. 114.80 lacs. Had the booking made by the Department correctly there would have been over all saving in these two sub-heads in place of

excess occurred under the sub-head R.2 (1)(1)(1)—Chief Engineer's Establishment.

R.2(1)(5)-Suspense (+)4,16,47,000

The sanctioned budget grant of Rs. 1265.36 lacs allocated at the time of B.E. 1987-88 was reduced to a final grant of Rs. 1165.36 lacs anticipating a saving of Rs. 100.00 lacs at the time of ten monthly estimates. Actual expenditure of Rs. 16,81,83,000 was incurred and the additional funds asked for, were not provided due to economy.

Major Head '2801'

D.1(1)(1)-Operation and maintenance (+)7,13,24,906

This amount was committed expenditure in respect of bills for purchase of energy from the neighbouring States and Central Projects as the Deptt. has no generator of its own.

Major Head '2217'

R.4(1)(1)-Direction and Administration (+) 24,63,406

R.4(1)(2)-Other Expenditure (+) 40,71,050

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65,35,456

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The excess was due to the wrong classification given by the Departments in the vouchers. Had the correct classification given on the vouchers there would have been no excess rather saving under this Major Head '2217'—Urban. Development.

3. In the circumstances explained above, the excess of Rs. 4,44,94,910 (Voted) in the Revenue Section under Grant No. 92—Chandigarh may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This has been vetted by Audit.

F.No.U 15022/3/88-Bgt.II

Sd/-

(K. M. LAL)

FINANCIAL ADVISER (HOME)

## APPENDIX XV

### *Explanatory Note for Public Accounts Committee for Regularisation of the Excess over Voted portion-of Grants/Appropriation during 1987-88*

During the year 1987-88, there was an overall saving of Rs. 81.44 crores over the final Grants and Appropriations resulting from an aggregate savings of Rs. 238.85 crores under 13 Grants (1,2,3,4,5,6,7,8,10,11,12,15 & 16) and 10 Appropriations (3,5,6,7,9,10,11,12,13 & 16) and excess of Rs. 157.41 crores under 3 Grants (9,13 & 14) and 3 Appropriations (4,8 & 16—Railway Funds) (Reference Para 1.10.4, 1.10.5 and 1.10.6 of the Report of Comptroller and Auditor General of India for the year 1987-88—Union Government (Railways), Paras 25&27' — Excess over Voted Grants and Charged Appropriation and Paras 26&28' — Saving under Voted Grants and charged Appropriation of the Appropriation Accounts of Railways in India for the year 1987-88 (Part-I-Review).

1.2 The excess under 3 Grants and 3 Appropriations is explained as under:—

(i) Appropriation No. 4—Working Expenses-Repairs and Maintenance of Permanent Way and Works.

Original Appropriation	2,20,000
Supplementary Appropriation	4,68,000
Total Sanctioned Appropriation	6,88,000
Actual Expenditure	27,66,280
Excess	20,78,280
Misclassification	Nil
Excess requiring regularisation	20,78,280
Percentage of excess	302.08%

Charged Appropriation of Rs. 2.20 thousands was sanctioned at the Budget-Estimate Stage. A Supplementary charged Appropriation of Rs. 4.68 thousands was sanctioned in March '88, on account of more payments anticipated in satisfaction of court decrees.

The excess of about Rs. 20.78 thousands was due to more materialisation of decretal payments contrary to expectations at the fag end of the year.

The excess requiring regularisation is Rs. 20,78,280 i.e. the same as disclosed in the Appropriation Accounts.

(ii) Appropriation No. 8 — Working Expenses — Operating Expenses—Rolling Stock and Equipment.

Original Appropriation	— 2,00,000
Supplementary Appropriation	4,85,000
Total sanctioned Appropriation	6,85,000
Actual Expenditure	7,07,869
Excess	22,869
Misclassification	Nil
Excess requiring regularisation	22,869
Percentage of Excess	3.4%

Charged Appropriation of Rs. 200 thousands was sanctioned at the Budget—Estimate Stage. A Supplementary charged Appropriation of Rs. 485 thousands was sanctioned in March '88, on account of more payments anticipated in satisfaction of court decrees.

The excess of about Rs. 23 thousands was due to more materialisation of decretal payments contrary to expectations at the fag end of the year.

The excess requiring regularisation is Rs. 22,869 *i.e.* the same as disclosed in the Appropriation Accounts.

(iii) Appropriation No. 16—Assets, Acquisition, Construction and Replacement—Other Expenditure—'Railways Funds'—(DRF, DF and ACS PF)

Original Appropriation	—	11,50,000
Supplementary Appropriation	—	Nil
Total sanctioned Appropriation	—	11,50,000
Actual Expenditure	—	16,98,851
Excess	—	5,48,851
Misclassification	—	Nil
Excess requiring regularisation	—	5,48,851
Percentage of excess	—	47.73%

Charged Appropriation of Rs. 11.50 thousands was sanctioned at the Budget Estimate Stage.

The excess of Rs. 5.49 thousands was due to more materialisation of decretal payments contrary to expectations in satisfaction of court decrees at the fag end of the year.

The excess requiring regularisation is Rs. 5,48,851 *i.e.* the same as disclosed in the Appropriation Accounts.

(iv) Grant No. 9 — Working Expenses—Operating Expenses-Traffic

Original Grant	693,84,94,000
Supplementary Grant	62,07,80,000
Total Sanctioned Grant	755,92,74,000
Actual Expenditure	783,86,56,551
Excess	27,93,82,551
Misclassification	Nil
Excess requiring regularisation	27,93,82,551
Percentage of excess	3.70%

A Grant of Rs. 693.85 crores was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 62.08 crores was obtained in March, 88 on account of higher rate of kilometrage allowance and TA/DA as a result of Pay Commission recommendations, payment of Dearness Allowance, Increased level of Productivity Linked Bonus, Payment of lease charges to Indian Railway Finance Corporation for Rolling Stock etc; offset by a decrease in other miscellaneous factors.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 27.94 crores. The excess was mainly under Sub-heads—Miscellaneous Expenses (Rs. 24.81 crores) Train Operation (Rs. 4.00 crores), Station Operation (Rs. 1.11 crore) offset partly by saving under Sub-heads—Yard Operation (Rs. 2.02 crores) and aggregate of minor variations (more) under other sub-heads (Rs. 0.04 crore)

Primary unitwise the excess of Rs. 27.94 crores was mainly due to underestimation of Hire and Penalty charges, and reappropriation of lease charges and other financial adjustment (Rs. 25.07 crores), more expenditure under kilometrage allowance (Rs. 1.55 crores), Contingent expenses (Rs. 1.01 crores), travelling Allowance including Air Travel (Rs. 0.95 crore), Overtime allowance (Rs. 0.66 crore); offset partly by less payment of salaries and wages (0.68 crore), cost of material purchased directly (0.52 crore) and other expenses (Rs. 0.45 crore) and aggregate of excesses and savings (more) under other heads (Rs. 0.35 crore).

Of the total excess, the highest excess occurred on North-Eastern Railway (Rs. 8.95 crores) followed by Northeast Frontier Railways (Rs. 7.35 crores), Eastern Railway (Rs. 6.50 crores), Central Railway (Rs. 5.26 crores), South Central Railway (Rs. 2.64 crores), Northern Railway (Rs. 2.45 crores), Southern Railway (Rs. 1.13 crores) and aggregate savings on other railways.

There was no misclassification under this grant and therefore, the excess requiring regularisation by Parliament Works out to Rs. 27, 93, 82, 551 (3.7%) i.e., the same as disclosed in the Appropriation Accounts.

(v) Grant No. 13—Provident Fund, Pension and other Retirement Benefits.

Original Grant	463,50,63,000
Supplementary Grant	142,31,76,000
Total sanctioned Grant	605,82,39,000
Actual Expenditure	715,83,74,229
Excess	110,01,35,229
Misclassification	NIL
Excess requiring regularisation	110,01,35,229
Percentage of Excess	18.16%

A Grant of Rs. 463.51 crores was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 142.32 crores was obtained in March, 88 to provide for enhanced Pensionary/Retirement payments to Railway Pensioners on account of implementation of Pay Commission recommendation for Central Government Pensioners.

The Grant, however, proved to be inadequate as the actual expenditure exceeded the provision by Rs. 110.01 crores. The excess of Rs. 110.01 crores mainly occurred under subhead (a) Superannuation and Retiring Pension (Rs. 64.39 crores) followed by Sub-head (b) Commuted Pension

(Rs. 20.44 crores) (c) Death-cum-retirement Gratuity (Rs. 14.20 crores), (d) Family Pension (Rs. 13.71 crores) (f) Other allowances, Other Pension and other Expenses (Rs. 0.52 crore); offset by saving under sub-head (g) Gratuities and special contribution to Provident Fund (Rs. 2.20 crores) and (h) Contribution to Provident Fund (Rs. 1.05 crores). The excess was attributed to more pension cases settled than anticipated, increase in Pension cases and enhancement of minimum pension.

Of the total excess, the highest excess occurred on North-eastern Railway (Rs. 24.73 crores) followed by Western Railway (Rs. 23.00 crores), Eastern Railway (Rs. 18.19 crores), South-Eastern Railway (Rs. 15.32 crores), Central Railway (Rs. 13.29 crores), Southern Railway (Rs. 10.18 crores), South Central Railway (Rs. 3.93 crores); and aggregate of excesses/savings on remaining Railways/Units (Rs. 1.37 crores).

There is no misclassification under this Grant and therefore, the excess requiring regularisation is Rs. 110,01,35,229 (18.16%) i.e., the same as disclosed in the Appropriation Accounts.

(vi) Grant No. 14— Appropriation to Funds.

Original Grant	1933,00,00,000
Supplementary Grant	4,60,00,000
Total Sanctioned Grant	1937,60,00,000
Actual Expenditure	1956,79,58,105
Excess	19,19,58,105
Misclassification	NIL
Excess requiring regularisation	19,19,58,105
Percentage of excess	0.99%

At the Budget Estimate Stage Appropriation to the Funds was estimated at 1933.00 crores. a supplementary grant of Rs. 4.60 crores was obtained in March '88 to meet the expenditure chargeable to Accident Compensation, Safety and Passenger Amenities Fund based upon the latest estimates of the element of surcharge on Passenger Tickets (Rs. 4.00 crores) and due to more appropriation from Revenue to Pension Fund (Rs. 0.60 Crores) to meet the expenditure chargeable to this fund on account of Pensionary Liabilities for retired Railway employees.

The excess of Rs. 19.20 crores was due to more Appropriation under Development Fund (Rs. 15.29 crores) and Accident Compensation and Passenger Amenities Fund (Rs. 3.91 crores).

The excess was due to more Appropriation to Development Fund as the actual surplus turned out being Rs. 84.29 crores far in excess of Rs. 69.00 crores anticipated at the Budget Revised Estimate stage.

There is no misclassification under this grant and therefore, the excess requiring regularisation is Rs. 19,19,58,105 (0.99%) i.e. the same as disclosed in the Appropriation Accounts.

1. In the circumstances explained above, the excess on the above grants



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

2. 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 excesses are avoided to the maximum extent possible.

3. This has been vetted by Audit.

Sd/-  
(S.K.N. NAIR)  
Executive Director (Accounts)  
Ministry of Railways  
Railway Board.

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

## APPENDIX XVI

### *Action Taken Notes on recommendations contained in 147th Report of PAC (8th Lok Sabha)*

*(i) Recommendations or observations that have been accepted by Government:*

#### **Recommendation**

The Committee find from the Statement of International price of crude oil (Appendix XXIII) that from the very beginning of the financial year 1986-87, the prices of crude oil started falling considerably and the position did not reverse till the end of the year. Unfortunately, being aware of the situation, the Ministry did not assess the impact of the fall in oil prices on Grant No. 11. Based on past experience of trade flows and the situation created by the fall in oil prices, as also the balance at the disposal of the USSR at the end of the year 1985-86 the Ministry should have been in a position to estimate the requirements of the USSR as precisely as possible. Besides, the weekly reports submitted by the Reserve Bank of India on the position of technical credit could go a long way in facilitating the assessment of the actual requirement of a country so as to make adequate provision therefor at least at the revised estimates stage. The Committee hope that the Ministry would keep close watch over the drawal by countries from their accounts so that timely action is taken to make available additional funds, if needed, under the grant to avoid excess expenditure.

[S.No. 1, Appendix XXVIII, Para 1.10 of 147th Report of PAC (Eighth Lok Sabha)]

#### **Action Taken**

The above observations have been noted. The recommendation that the Ministry should keep close watch over the drawal by the countries has been noted and will be complied with.

This has been vetted by Audit.

sd/-  
(M.R. Sivaraman)  
Joint Secretary.

[U.O. No. 92(1)/88-FT(EE), dt. 7.8.89]

#### **Recommendation**

The Committee are not convinced with the pleas put forth during

evidence by the representative of the Ministry of Home Affairs that extreme remoteness of area, communication problems, transport bottlenecks and limited working season in the Andaman & Nicobar Islands were the factors coming in the way of accurate estimation of the fund requirements as these factors are not the ones that have cropped up suddenly. These types of problems were there in the past and would remain in the future also. The Committee are also not convinced of the reasons given for excess in the explanatory note because the factors mentioned therein do not fall in the category of "unforeseen" or "unanticipated". They could have been taken care of at revised estimates or supplementary grants stages. To overcome those problems, some device will have to be evolved so as to ensure regular flow of requisite information from various parts of the Islands to the Budget Division the purpose of framing original Budget Estimates on realistic basis as also making subsequent revisions in the estimates, if necessary, with precision.

[Sl. No. 3, Appendix XXVIII, Para 1.16 of 147th Report of PAC (8 L.S.)]

#### Action Taken

All the departments of the U.T. Administration have been requested to frame the budget estimates on realistic basis and collect the information from outstations through telegram/wireless messages to avoid lapse in reporting requisite information to the budget division of the Administration in time. The departments have also been directed to reconcile their accounts with the books of PAOs concerned from time to time so that the debits adjusted by the PAOs can be taken into account while framing their Budget/Revised Estimates. In addition, Budget section of this Administration has also been instructed to ensure that unforeseen inevitable expenditure is taken into account at revised estimates stage. The Deptt. at the same time have also been advised not to incur expenditure on 'New Items' till the fund is made available either through re-appropriation or supplementary grants. In order to check the irregularities and avoid lapse similar to the year 1986-87, periodical review meetings are conducted and progress of expenditure is monitored to the Departments i.e. U.T. Administration have advised not to utilise other items of expenditure to avoid excess of expenditure on account of payment of salaries.

The Public Accounts Committee is hereby ensured that no expenditure was incurred by appropriation/re-appropriation to the 'New Works' not sanctioned by the competent authority.

This has been vetted by Audit.

[File No. U.15020/I/88-Bgt.II]

#### Recommendations

In the case of Capital Section (Voted) of Grant No. 83—Department of Scientific and Industrial Research, an excess of Rs. 2.10 crores occurred

due to conversion of long outstanding interest charges as on 31 March, 1986 on various Government loans sanctioned to Central Electronics Limited into a fresh loan with effect from the date of sanction (20-2-1987). This is a case of serious irregularity committed by the Department who, without the sanction of Parliament, allowed the conversion of outstanding interest into loan, no matter the transaction involved no cash out-go. This type of unwarranted action, belated and post-budget decisions lead to dilution of Parliamentary control over the public purse. During evidence, it was explained to the Committee that the company was running into losses and the proposal for conversion of outstanding interest into loan was initiated in August 1986. This was also stated to have been discussed with the Ministry of Finance whose approval was received on 12-2-1987 and sanction issued on 20-2-1987. It was further explained that since the last date for despatch of Supplementary Demand proposals for 1986-87 was already over on 20-1-1987 the approval of Parliament could not be obtained. The Committee feel that under these circumstances the Department should have either waited for the next year to get the necessary supplementary provision or taken a decision sufficiently in advance of the presentation of the last batch of Supplementary Demand for grant to avoid any irregularity being committed. The Committee desire that the Department of Science and Technology should exercise due care in future so that such lapses do not recur.

The Committee also noticed from the Appropriation Accounts of Grant No. 83 instances of unutilised provision, excessive reappropriation, lack of adequate provision etc. and called for clarifications for the variation between original grant, final grant and the actual expenditure. The explanations given are mentioned in Appendix XXIV.

[Sl. No. 5 and 6, Appendix XXVIII, Paras 1.20 and 1.21 of 147th Report of PAC (8th L.S.)]

#### Action Taken

The observations of the PAC have been *noted*. All concerned in the Department of Science and Technology, Department of Scientific and Industrial Research and Department of Bio-Technology have been *suitably instructed* vide OM No. G. 20011(6)/88-B&A Part II, dated 30-06-1989 (copy enclosed) Page 12 Para 1.21 & 1.22 of 147th Report of PAC (88-89) (8th Lok Sabha).

#### Recommendation

From the clarifications given for the substantial variations between original grant, final grant and actual expenditure under various sub-heads, the Committee note that the budgetary control and the process of forecasting requirements have not been adequate and the existing machinery needs to be revamped and made adequately responsible and account-

able to avoid large variations. The Committee hope that appropriate action will be taken in future and such a situation, as was existing in 1986-87, would not be repeated.

[Sl. No. 7, Appendix XXVIII, Para 1.22 of 147th Report of PAC  
(8th L.S.)]

#### Action Taken

The observations of the Committee have been *noted*. All Controlling Officers in the Department of Science and Technology, Department of Scientific and Industrial Research and Department of Bio-Technology have been requested to closely monitor expenditure and take *necessary steps* in advance to avoid large variations between original grant, final grant and the actual expenditure in future *vide* OM No. G. 20011(6)/88-B&A Part II, dated 30-06-1989 (copy enclosed).

#### OFFICE OF THE DIRECTOR OF AUDIT COMMERCE WORKS & MISC. II, N. DELHI

No : DAI Rep2(1)/Misc.PAC/8-89/875

To

3 Oct., 1989

The Deputy Secretary (Finance),  
Department of Science & Technology,  
Technology Bhawan,  
New Mehrauli Road,  
New Delhi-110016.

Sir,

I am to invite a reference to your letter No.G.20011(6)/88-B&A dated 12th July 1989, regarding 'Action Taken Note' on Paras 1.20, 1.21 & 1.22 of the 147th Report of PAC 1988-89 (8th Lok Sabha) on excess over the voted Grants Appropriations for the year 1986-87. We have no further comments to offer in this regard.

Your letter dated 12th July 1989 is returned herewith.

Director of Audit has seen the case.

Yours faithfully,

Sd/- .

(P.S. KRISHNAMURTHY)  
Audit Officer(R)

Encl: As above.

No. G. 20011(6)/88-B&A Part II

Dated: 30.06.1989

## OFFICE MEMORANDUM

**SUBJECT :** *147th Report of Public Accounts Committee (8th Lok Sabha) relating to excess over Voted Grants (1986-87).*

Extracts from paras 1.20, 1.21 and 1.22 from the above mentioned Report are enclosed.

Comments of the Public Accounts Committee on the excess expenditure may please be noted. It is requested that expenditure proposals, in future, should be initiated only after ensuring adequate availability of funds under the concerned budget head even in those expenditure proposals where there is no cash transaction involved.

Integrated Finance Division, Pay and Accounts Officer and Drawing and Disbursing Officer shall process the proposals/sanctions only after ensuring/confirming adequate provision of funds under the concerned budget head in the budget or re-appropriation of funds by the competent authority.

In Paras 1.21 and 1.22 of the Report of Public Accounts Committee have recorded adverse comments on the instances of substantial variations between original, final grant and actual expenditure. Controlling Officers of the concerned budget heads are requested to ensure that the final grant as agreed upon during discussion with the Financial Adviser are adhered to.

Sd/-

(S. AMBI)

*Deputy Secretary (Finance)*

To

1. All Controlling Officers of the Budget heads for the year 1989-90 in respect of DST/DSIR/DBT.
2. Director (Finance), DBT.
3. Finance Officer, IMD.
4. Director (Planning), IMD.
5. Director (Finance and Administration) Survey of India, Dehra Dun.
6. Controller of Accounts, DST/DSIR.
7. Pay and Accounts Officer, DST/DSIR.
8. Section Officer, IFD, DST/DSIR.
9. Drawing and Disbursing Officer, DST/DSIR.

1.19 Asked to clarify whether the conversion of the outstanding interest into loan is a regular practice, the representative of the Ministry stated

during evidence that this was the first time that such a course of action was taken in this case. Clarifying further, the Controller General of Accounts observed that the Ministry gets various proposals from various public sector undertakings for capital restructuring, including for conversion of outstanding interest into loan. The Controller General also observed that the Finance Ministry did not tell the concerned Ministry in this case to carry out the adjustment in 1986-87 itself and that "that was their local decision".

1.20 In the case of Capital Section (Voted) of Grant No. 83—Department of Scientific and Industrial Research, an excess of Rs. 2.10 crores occurred due to conversion of long outstanding interest charges as on 31 March, 1986 on various Government loans sanctioned to Central Electronics Limited into a fresh loan with effect from the date of sanction (20.2.1987). This is a case of serious irregularity committed by the Department who, without the sanction of Parliament, allowed the conversion of outstanding interest into loan, no matter the transaction involved no cash out-go. This type of unwarranted action, belated and post-budget decisions lead to dilution of Parliamentary control over the public purse. During evidence, it was explained to the committee that the company was running into losses and the proposal for conversion of outstanding interest into loan was initiated in August 1986. This was also stated to have been discussed with the Ministry of Finance whose approval was received on 12.2.1987 and sanction issued on 20.2.1987. It was further explained that since the last date for despatch of Supplementary Demand proposals for 1986-87 was already over on 20.1.1987, the approval of Parliament could not be obtained. The Committee feel that under these circumstances the Department should have either waited for the next year to get the necessary supplementary provision or taken a decision sufficiently in advance of the presentation of the last batch of Supplementary Demand for Grant to avoid any irregularity being committed. The committee desire that the Department of Science and Technology should exercise due care in future so that such lapses do not recur.

1.21 The Committee also noticed from the Appropriation Accounts of Grant No. 83 instances of unutilised provision, excessive reappropriation, lack of adequate provision etc. and called for clarifications for the variation between original grant, final grant and the actual expenditure. The explanations given are mentioned in Appendix XXIV.

1.22 From the clarifications given for the substantial variations between original grant, final grant and actual expenditure under various sub-heads, the Committee note that the budgetary control and the process of forecasting requirements have not been adequate and the existing machinery needs to be revamped and made adequately responsible and accountable to avoid large variations. The Committee hope that appropriate action will be taken in future and such-a situation, as was existing in 1986-87, would not be repeated.

### Excess in Grant No. 93 — Public Works

1.23 In the case of Revenue Section (Voted) of Grant No. 93 — Public Works,\* the total sanctioned amount of Rs. 137.64 crores (including supplementary grant of Rs. 10.36 crores) could not prove sufficient to meet fully the requirements of Ministry of Urban Development under the grant resulting in excess spending of Rs. 10.93 crores

#### Recommendation

The Committee are concerned to note that the excess expenditure incurred by the Ministry of Defence during the year under review and the highest both in terms of quantum and the number of Grants/Appropriations registering excess expenditure during the last 5 years as is evident from the following table:—

Year	No. of grants/appropriation	Excess (Rs. in crores)
1982-83	2	117.36
1983-84	3	59.21
1984-85	2	22.43
1985-86	4	116.59
1986-87	6	198.84

[Sl. No. 10 (Para 1.28) of Appendix to 147th Report of PAC (8th Lok Sabha)]

#### Action taken

The observations of Public Accounts Committee have been noted. In the year 1987-88, the excess expenditure showed a declining trend both in terms of quantum (Rs. 23.97 crores) and number of grants (2).

2. DADS has seen.

#### Recommendation

Obviously, the situation has gone from bad to worse. No lessons seems to have been drawn from the past experience. The oft-repeated observations of the Committee as also the instructions issued by the Ministry of Finance from time to time had little impact on the Budget Wings of the Ministry in framing budget estimates accurately or in Checking the expenditure from crossing its limits. The Committee once again urge the Ministry of Defence to tighten their financial control over their spending units in order to avoid unauthorised expenditure being incurred in future.

[Sl. No. 11 (Para 1.29) of Appendix to 147th Report of PAC (8th Lok Sabha)]



## Action taken

Instructions have already been issued *vide* our u.o. No. 2786/B-I/88, dated 15-7-88 (copy enclosed) to formulate the budget proposals/estimates on a realistic basis and to review the progress of expenditure *vis-a-vis* sanctioned budget grants with a view to keep the expenditure within the sanctioned grants. The expenditure is now being closely monitored against the sanctioned grants by the Ministry of Defence as well as the Service Headquarters. Any abnormal trend of expenditure is promptly brought to the notice of Service Headquarters for urgent corrective/remedial action.

2. DADS has seen.

## MINISTRY OF DEFENCE (FINANCE)

## Budget-I

SUBJECT:—Preparation / Monitoring / review of Defence expenditure.

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

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

3. It is once again impressed upon all concerned that budgetary estimates both under 'Charged' and 'Voted' Heads should be prepared with utmost care taking into account the past trend and existing factors.

The trend of actual expenditure under both heads during the financial year should also be monitored closely and reflected in the Supplementary Demands/Modified appropriation and other budgetary exercises so that there are no excesses/surrenders subsequently.

4. Once budget has been approved it is necessary to contain expenditure within it for which adequate control measure must be there. Argument that expenditure is "Mandatory" and has to be incurred irrespective of budget provision is not valid. It is, therefore, requested that utmost care should be taken while formulating budget proposals/estimates and reviewing the progress of expenditure *vis-a-vis* sanctioned budget grants. The expenditure should also be carefully monitored from time to time and the instructions in this regard should be strictly followed.

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

All Joint Secretaries,  
DEP (Army, Naval and Air Forces)  
DP&RM, Dir P&C/PO(PP&BE), DGQA (Adm-14)

M of D (Fin) I.D. No. 2786/B-I/88 dated 15-7-1988

Copy to:— All Dirs./DFAs.

#### Recommendation

The Committee feel that there should be no reason for any excess being incurred under the head 'Pay and Allowances—Navy' as the Ministry being in possession of the requisite data regarding the categories of employees their number etc. can workout accurately the additional requirements, if any, for funds and provide for the same at the appropriate time. The work of the Ministry in compiling the accounts can also be made easy if the system is computerised. The Committee would like to be apprised of the reason why the Ministry could not compile the accounts under the head 'Pay and Allowances—Navy' and what steps are being taken to prevent repetition of recurring excess expenditure under different heads mentioned above (see para 1.30) in future.

[Sl. No. 12, Appendix XXVIII, Para 1.32 of 147th Report of PAC (8th Lok Sabha, 1988-89)]

#### Action taken Note

The amount required under the head 'Pay and Allowances' as a result of implementation of recommendations of the Fourth Pay Commission could not be accurately assessed for various reasons. The implementation during 1986-87 was mainly confined to Sailors and Group 'C' and 'D' civilian personnel. The adjustment of Sailors 'Pay and Allowances' is done at intervals of 3 months. As the Naval Pay Office was pre-occupied with the revision of payment consequent upon implementation of the Fourth Pay Commission's recommendations and payment of the arrears arising from

such implementation in October 1986 to Sailors, the adjustment that normally would have been made for the quarter ending November 1986 was not made but were postponed to February 1987. The final adjustments were made in the half year ending February 1987.

2. It is now been ensured that expenditure on 'Pay and Allowances' is booked expeditiously. Pay and Allowances of Services personnel of Navy are also being computerised and budget estimates are being made to a fair degree of accuracy.

3. As regards other sub-heads mentioned in para 1.30 of the 147th Report of PAC, the budgetary estimates are being prepared in more realistic manner after going into greater details of all factors as also the trend of expenditure. Budgetary limits are being given to Controllers of Defence Accounts for effective monitoring. The financial control has been tightened considerably to contain expenditure within the sanctioned Budget Grants.

4. Director of Audit, Air Force and Navy has seen.

[File No. F.10 (1)/B-I/89-PC-II]

#### Recommendation

The Committee trust that the steps now taken or being taken by the Ministry of Defence to control expenditure on Stores would help in eliminating the excess expenditure which had been of recurring nature during the last 4/5 years. The Committee would watch the impact of these measures from the future Appropriation Accounts and Audit Reports on Defence Services.

[S.No. 13, Para 1.36 of Appn. XXVIII to 147th Report of PAC (8th Lok Sabha 1986-87)]

#### Action Taken

The various steps taken/being taken by the Ministry of Defence to control the expenditure on stores, as stated in para 1.36 of the 147th Report of the Public Accounts Committee (8th Lok Sabha) are being implemented/progressed.

2. The computerisation in the area of progressing of indents has cut down the time factor, considerably thereby exercising a check on surplus stores, cost/price escalations etc.

3. As a result of the various measures, there is better control over expenditure on stores and the excess expenditure noted till 1986-87 under the sub-head "stores" showing a distinct downward trend in the following years (copy enclosed).

4. The desire results are expected to be apparent in the future years also.

[File No.10(1)/BI/89/PC-III]

## Statement of Expenditure on "Stores"

(In crores of Rs.)

	1986-87			1987-88		
	Final Grant 1986-87	Actuals 1986-87	Excess(+) Savings(-)	Final Grant 1987-88	Actuals 1987-88	Excess(+) Savings(-)
Army	1928.00	2008.92	(+) 80.92	2705.13	2603.94	(-) 101.19
Navy	405.74	436.54	(+) 30.80	345.86	353.76	(+) 7.90
Air Force	1663.82	1679.09	(+) 15.27	1081.62	1014.00	(-) 67.54

**Recommendation**

In the case of Grant No.19—Defence Services—Army and 21—Defence Services—Air Force, also the subheads 'Pay and Allowances', 'Stores' and 'Works' were the major contributors to the excess expenditure during 1986-87. In order to contain the excess expenditure under the Grants it is all the more imperative that the measures similar to those taken in the case of Grant No. 20—Defence Services—Navy, are also taken, on urgent basis, for these grants.

[Sl.No.14 (Para 1.37) of Appendix XXVIII to 147th Report of PAC (8th Lok Sabha) 1988-89.]

**Action Taken**

In the case of Grant No. 19—Army, the excess during 1986-87 under "Pay and Allowances of Army" was mainly due to higher expenditure on Leave Travel Concession in respect of Officers and Other Ranks. Under "Stores", the excess expenditure was mainly due to more materialisation of Army Ordnance Corps Stores than anticipated, price escalation of various Army Service Corps Stores and more materialisation of petrol, oil and lubricant due to certain operational requirements and Engineering Stores. The excess under "Works" was due to grant of Additional Dearness Allowance and Bonus to work charged establishment, steep rise in the cost of stores, accelerated progress in execution of special repairs on buildings and increase in tariff rates of water and electricity.

2. In order to improve the general budgetary control in the Army, the Institute of Cost and Works Accountants have been requested in Oct, 1989 to carry out a study of the existing budgetary procedure and to suggest improvements. Some other reputed management institutes are also being approached for institution of studies in various areas of financial planning, management control and management information system. Besides, budget controlling authorities are being advised to resort to computers, whenever feasible with a view to exercising better and more effective control on expenditure and realistic forecasting of likely requirement of funds.

3. In the case of Grant No. 21—Air Force, the excess under 'Pay &

Allowances of Air Force' and 'Pay & Allowances of Civilians' was mainly due to lower assessment of quantum of arrears etc. in respect of Airmen and non-gazetted civilians on account of implementation of 4th Pay Commission's recommendations. The excess under 'Stores', was mainly due to more materialisation of supplies of Aviation Stores than anticipated, due to increase in rates of ration articles more booking under Coal and Firewood, Medical Stores and higher consumption of petrol, oil and lubricant as a result of induction of new aircraft. Maintenance of Building and Communications, Maintenance and Operation of Installation, Departmental Charges on Works services, due to steep rise in the cost of materials and execution of inescapable special repairs to buildings, roads and runways accounted for the excess under "Works".

4. In the case of Air Force also, various measures including computerisation, for accurate estimation of requirement of funds and control of expenditure have been taken. Lectures at periodic intervals have also been organised to educate officers at various levels on the process of budgeting and control of expenditure in the Air Force. Other measures include close monitoring of monthly expenditure and review of estimates in the light of progress of expenditure, close liaison with Controllers of Defence Accounts to ensure prompt and accurate booking and weekly monitoring of expenditure in the last quarter of financial year.

5. DADS has seen.

#### **Recommendation**

While it is true that rush of expenditure by itself should not result in excess expenditure as the expenditure has to be contained within the provision made in the grant, instances have come to the notice of the Committee where the heavy booking during the closing month of the year led to excess expenditure. For example, under the minor head — 'Revenue Works' of Grant No. 20 Defence Services—Navy, an amount of Rs. 17.88 crores constituting 31% of the total expenditure was booked during the last two months of the year. Of this amount, Rs. 13.8 crores was booked only in March 1987 resulting in excess expenditure.

The Committee are not happy with this type of rush of expenditure at the fag end of the year as it vitiates the budget control and also sometimes leads to excess expenditure. The Committee do appreciate certain difficulties being experienced by the Ministries in this regard but at the same time with a view to evening out the booking of expenditure during the year to avoid last moment booking of heavy expenditure, the Committee desire that an exercise be made to identify the areas where time schedules could be laid down for, say, receipt of bills, advices etc. and their payments during the year. Efforts should

also be made to reduce the time lag between the incurring of expenditure and its booking.

[S.Nos. 15&16, paras 1.41 and 1.42 of 147th Report of PAC (1988-89) VIII Lok Sabha)]

**Action taken**

The comments of the Public Accounts Committee have been noted. Instructions have been issued to the Zonal Railways and Production Units vide Board's letter No. 89-BC-PAC/VIII/147 dated 1.9.89 and 3.11.1989 (copy enclosed) for taking effective measures to regulate the expenditure vis-a-vis budget allotment, to carry out monthly and quarterly reviews of expenditure to obviate the contingency of heavy booking at the fag end of the year. Railways have also been advised to identify the areas where time schedules for receipt of bills, invoices etc. can be laid down in order to reduce the time lag between the incurrence of expenditure and its booking. At the Board level also the expenditure is monitored through monthly, quarterly reviews submitted by the Railways.

This has been seen by Audit.

[Ministry of Railways (Rly.Bd)'s case No.89-BC-PAC/VIII/147]

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 89-BC-PAC/VIII/147

New Delhi, Dated 1.9.89

The General Managers,  
All Indian Railways including  
Production Units.

Sub: *147th Report of Public Accounts Committee (1988-89) Appropriation. (1986-87) - Excess over voted Grants & Charged.*

In the 147th Report, Public Accounts Committee have adversely commented upon the rush of expenditure at the fag end of the year. The extract of Para 1.41 & 1.42 on the subject is sent herewith for review. Effective measures may be taken to regulate the expenditure so that expenditure flows remain more or less even throughout the year, and there is a better budgetary control, to avoid any adverse comments in future. Exercises may be carried out to identify the areas where time schedules could be laid down, such as receipt of bills and their payments during the year. Efforts should also be made to reduce the time lag between the incurring of expenditure and its booking.

Sd/-

(SMT. RATNA PRAKASH)

Director Finance (CCA)  
Railway Board

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No.89-BC-PAC/VIII/147

New Delhi, Dt: 3.11.1989

The General Managers,  
All Indian Railways including  
Production Units.

Sub: *147th Report of Public Accounts Committee 1988-89-Appropriation  
(1986-87) - Excess Over Voted Grants & Charged.*

Further to this office letter of even no. dated 1.9.89 forwarding extracts of Para 1.41 & 1.42 of 147th Report of Public Accounts Committee, Board desire that strict adherence to the provisions of Budgetary and Expenditure Control as laid down in Chapter-V of the Indian Railway Financial Code Vol. I and other relevant instructions issued from time to time, should be ensured in order that the booking of expenditure is evenly spaced as far as possible throughout the year thereby obviating heavy spending at the fag end.

While carrying out the Monthly Financial Review in terms of paras 513 to 516 F-I it should be ensured that non fluctuating expenditure is in accordance with the proportion worked out on the basis of the past years data. Expenditure of special nature on Capital merits special attention in terms of paras 520, 521, 523 and 534 & 536 FI. Adjustments of transactions with State Governments and Central Ministries should be carried out well in time to avoid accumulation for settlement at the fag end of the year. As specifically desired by the PAC the areas where time schedules can be laid down for receipt of bills, advices etc, should be identified and acted upon in order that the time lag between the incurrence of expenditure and its booking is reduced to the minimum possible. Timely raising of debits and proper updated maintenance and monitoring of liability registers is to be ensured in order that the expenditure incurred but not as yet booked is constantly kept in view and action taken to obtain debits from concerned parties, if not forthcoming.

Please acknowledge receipts and ensure action accordingly.

Sd/-

(MRS. RATNA PRAKASH)

Director Finance (CCA)

Railway Board

**Recommendation**

While it is true that rush of expenditure by itself should not result in excess expenditure as the expenditure has to be contained within the

provision made in the Grant, instances have come to the notice of the Committee where the heavy bookings during the closing month of the year lead to excess expenditure. For example, under the minor Head 'Revenue Works' of Grant No. 20 - Defence Services—Navy, an amount of Rs. 17.88 crores constituting 31% of the total expenditure was booked during the last two months of the year. Of this amount, Rs. 13.8 crores was booked only in March 1987 resulting in excess expenditure.

[Sl. No. 15 (para 1.41) of Appendix to 147th Report of PAC (8th Lok Sabha)]

#### Action Taken

The factors which contributed towards heavy booking of expenditure, under Minor Head 'Revenue Works' of Grant No. 20-Defence Services—Navy in March, 1987 were:

- (a) Adjustment of payments to contractors, payment for steel and cement and other stores and adjustment of inter-departmental schedules.
- (b) Payment of electricity, water supply and service charges bills received towards the end of the year.
- (c) Adjustment of departmental charges worked out on the basis of services rendered by MES.

2. This has been vetted by Audit.

#### Recommendation

The Committee are not happy with this type of 'rush of expenditure at the fag end of the year as it vitiates the budget control and also sometimes leads to excess expenditure. The Committee do appreciate of certain difficulties being experienced by the Ministries in this regard but at the same time with a view to evening out the booking of expenditure during the year to avoid last moment booking of heavy expenditure, the Committee desire that an exercise be made to identify the areas where time schedules could be laid down for, say receipt of bills, advices etc. and their payments during the year. Efforts should also be made to reduce the time lag between the incurring of expenditure and its booking.

[Sl. No. 16 (Para 1.42) of Appendix to 147th Report of PAC (8th Lok Sabha)].

#### Action Taken

The instructions of the Ministry of Finance to ensure even phasing of expenditure during the year have been circulated to all concerned in May, 1989 (copy enclosed). For the last two quarters of 1989-90, quarterly budgets have also been drawn up to facilitate control of expenditure. The Controller General of Defence Accounts has been directed to carry out an exercise to identify the areas in respect of expenditure of the Navy, where



time schedules could be laid down for—

- (a) receipt of bills, advices etc.
- (b) payment of bills, advices etc.
- (c) booking of expenditure against bills, advices etc.

The recommendations of the C.G.D.A. are expected to be available by 31-1-1990.

2. This has been vetted by Audit.

**MOST IMMEDIATE**

**Ministry of Defence (Finance)  
Budget I**

**Subject: Control and reduction of Government Expenditure**

A copy of Secretary (Expenditure)'s D.O. No. F.16(3)-B(CDN)/89 dated 21st April, 1989 on the above subject is sent herewith for information/necessary action.

Sd/-  
(A.K. Chopra)  
D.F.A. (Budget)

All Joint Secretaries in the Ministry of Defence, Defence Production and Supplies, R&D, Directors of Financial Planning (Army, Navy, Air Force) DP&RM DGQA(Adm-14), PO (PPB&E), RCPO, PFB Calcutta, C.G.D.A.

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M of D(F) I.D. No. 1706/B-I/89 dated 4-5-1989

भारत सरकार  
वित्त मंत्रालय  
व्यय विभाग

D.O.No. F.16(3)-B(CDN)/89

Government of India

Ministry of Finance  
Department of Expenditure

नई दिल्ली/New Delhi, the 21st April, 1989



**R.R. Gupta**  
Secretary (Expenditure)

**Subject:** Control and reduction of Government Expenditure

Dear Shri

Minister of Finance has written to your Minister on 28th March, 1989 on the need to curb the growth of revenue expenditure of Government and contain Budget deficit of the Government. The following guidelines are issued in this connection for strict observance.

### 2. Economy in expenditure

The instructions on economy in expenditure contained in my D.O. letter No.F.16(9)-B(CDN)/88 dated 24.3.1988 (copy enclosed) will *mutatis mutandis* continue to apply in the current year also. In view of the foreign exchange constraint proposals for deputations abroad at the cost of Government should not be made save in exceptional circumstances.

### 3. Communication of Budget allocations

Arrangements should be made to communicate the budget allotments to various spending authorities before the end of May, 1989. While communicating the allotments 5% each of the total Revenue Budget and total Capital Budget may be withheld with the Ministry/Department and the balance may be allocated among different agencies as considered appropriate by the Ministry/Department. The manner of utilisation of the reserved provision will be decided at the time of pre-budget discussions in October-November, 1989. It should be made clear to various authorities that they will be held personally responsible if any excess expenditure is incurred over the allotments communicated.

#### **4. Externally aided projects and schemes**

In the letters to Ministries/Departments communicating the Annual Plan allocations Planning Commission has specifically indicated the external aid components of Budget support. This should be strictly adhered to and diversion from external aid component to general component is prohibited. Separate sub heads may be got opened if necessary to ensure this.

#### **5. Even phasing of expenditure during the year:**

In spite of extant instructions to avoid bunching of expenditure in the closing months of the year it is observed that a very large part of Budget provisions is utilised only in the last three months of the year. Controller of Accounts of the Ministry/Department should be instructed to prepare the phasing of Budget in consultation with various spending authorities. On this basis the Annual Budget should be broken into Budgets for (1) Quarterly for April to June, 1989 and (2) Monthly from July to March, 1990 to facilitate review of expenditure during the pre-budget discussions in October/November, 1989. As expenditure has a relation to receipts, the Receipts Budget of the Ministry/Department including receipts by way of interest and repayments should be broken into quarterly and monthly budgets.

#### **6. Monitoring of expenditure and receipts.**

Controller of Accounts should report to Financial Adviser by the end of July, and each month thereafter the actual expenditure/receipts during the quarter/up to end of preceeding month against the corresponding Budget for the period. F.A. should initiate immediate remedial action that may be called for wherever the actuals show wide variation from Budget. Where the actual expenditure shows significant shortfall at the end of the first half year, suitable reductions in the Budget allotment for the next half year of the spending authorities concerned and adding it on to the Central reserve with the Ministry/Department should also be considered. Similar reductions should be considered even in other areas where the related receipts/recoveries show a shortfall compared with Budget assumptions. Ministry of Finance will be centrally monitoring the broad trends of expenditure and receipts and for this purpose the Controller General of Accounts will be shortly issuing suitable instructions to the Controllers of Accounts.

#### **7. Reduction in Revenue expenditure**

As pointed out in Finance Minister's letter dated 28.3.1989 there is an urgent need to curb the growth in Government expenditure on revenue account. Towards this end Ministries/Departments should strictly implement the decisions taken by the Group of Secretaries headed by the Cabinet Secretary on implementation of Zero base budgeting in various Ministries. Manpower budgets should be prepared expeditiously in consultation with the Department of Personnel and Training as indicated in my D.O. letter No. 16(1)-B(CDN) dated 9.3.1989. No new scheme on revenue

account not envisaged in the Budget should be undertaken in the current year even though it may be possible to meet it from within the sanctioned Budget. Additional expenditure on existing schemes on revenue account included in the Budget should be entertained only if it is possible to meet the increase by reductions in the provisions for other schemes on revenue account included in the Budget. That sufficient savings exist in the Capital Budget cannot be a ground for sponsoring any increase in revenue expenditure.

#### 8. Subsidies

It is also necessary that special efforts are made to reduce the burden of subsidies on the Budget. As a general policy no provision will be made in the next year's Budget for subsidies other than on food, fertilisers and exports. Ministries/Departments may plan their operations in such a manner that subsidisation in other areas ceases by the end of the current year unless they are financed by a specific cess e.g. cloth, coal.

#### 9. Public Sector enterprises

Special attention requires to be paid to the realisation of interest and repayment dues from and securing a larger return on the capital invested in public enterprises. At present defaults or a low rate of dividend are being accepted as a matter of course. It is proposed to insist on a fair discharge of obligations of public enterprises to Government. Similarly it is also proposed to ensure that the dividends declared by public enterprises form a major share of post-tax profits of the companies. For this purpose Financial Advisers should furnish a statement as in Annexure in respect of the public enterprises under the control of your Ministry/Department to the Ministry of Finance by 31st May, 1989.

10. Receipt of this letter may kindly be acknowledged.

Your sincerely,

(R.R. Gupta)

Shri  
Secretary,  
Ministry/Department

Copy to Financial Adviser, Ministry of Defence

8-0801  
8.5301  
(V. Balasubramanian)  
Officer on Special Duty

## ANNEXURE

(Referred to in paragraph 9)

### Name of Public enterprise

1. Government capital as on 31.3.1989
2. Outstanding Government loan as on 31.3.1989
3. Defaults upto 31.3.1989
  - Principal
  - Interest
4. Interest and repayments
  - Actually due in the current year (1989-90)
  - Assumed in the Budget for the current year
5. Extant reliefs approved by Government
6. Sales and Cost of Sales
  - 1986-87
  - 1987-88
  - 1988-89 (estimated)
7. Profit / Loss
  - 1986-87
  - 1987-88
  - 1988-89 (estimated)

8. Dividend paid

Rs.

As a % of  
post-tax profit

As a % of  
capital invested

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1986-87

1987-88

1988-89



D.O. No. F. 16(9)-B(CDN) / 88

भारत सरकार

वित्त मंत्रालय

व्यय विभाग

Government of India

Ministry of Finance

Department of Expenditure

नई दिल्ली / New Delhi, the 24th March, 1988

**R. R. Gupta**

(Secretary Expenditure)

Subject:— *Measures to effect economy in expenditure.*

Dear Shri

I am writing this pursuance of the letter from the Minister of Finance to your Minister on the need to continue measures to effect economy in expenditure and contain budget deficit in the next year. As Minister of Finance has stated the Ministries will have to contain the expenditure within the Budget allotments for 1988-89 and requests for additional funds will not be entertained.

In this context it is considered that special attention should be paid to the following areas:—

### **Travel**

Budget provision for travel should be split into external travel and internal travel and expenditure under each should be regularly monitored. The recent increase in Railway fares should be kept in view and travel programmes should be adjusted. The provision under this head should not be augmented by diversion of funds from other heads.

### **Office Expenses**

The provision for office expenses should also be allowed to be exceeded the grounds of increase in postal, railway rates and other increases in costs.

### **Fixtures and Furnishings**

New fixtures and furnishings should not be purchased solely because of change in incumbents. The approved scales for furnishings should be strictly adhered to.

### **Telephones**

The instructions contained in this Ministry's OM No. 7(12) E(Coord)/87 dated 28th October, 1987 should be scrupulously observed. Further, in view of the recent increase in telephone rentals and call charges, Ministries/Departments should effect a reduction of 20% in the number of telephones paid for by them by installing PB exchanges and thereby reducing direct lines.

### **Staff Cars**

In view of the increase in cost of fuel the use of staff car should be regulated to conserve fuel and also the life of the car. The expenditure on P.O.L. should not exceed the level of expenditure in 1987-88. Purchase of new vehicles will not be permitted unless they are in replacement. In respect of officers who are permitted to use the staff car for journeys to and from residence, pooling arrangements should be made so that frequent trips in the same direction are avoided.

### **Casual Labour**

The existing instructions in regard to engagement of casual labour should be strictly followed and casual labour should not be employed to do continuing work. Normally, the employment should not exceed 6 months. Where the work is of limited duration feasibility of its being given out on contract basis should be considered.

### **Official Lunches and Dinners**

Official dinners and lunches should be generally avoided. In exceptional cases where these have to be hosted they should not be lavish and the expenditure should be kept to the minimum.

### **Publicity and Publications**

The various publications brought out and publicity programmes should be reviewed and suitably readjusted taking into account the increase in costs. Government departments and public sector undertakings should not incur expenditure on bringing out diaries and calendars.

### **Festivals, Fairs and Exhibitions**

Ostentatious expenditure on festivals, fairs and exhibitions should not be permitted. The normal programme of fairs, festivals and exhibitions should be reviewed and only those of high priority should be continued. Expenditure should be carefully scrutinised and all inessential items should be cut out.

### **Training, Seminars and Conferences**

While training programmes organised according to cadre training plans or on subjects like training of trainers, for upgradation of skills like use of computers project formulation, etc., may continue, the desirability of discontinuing other training programmes should be considered, especially in view of the increase in travel costs. This will equally apply to internal seminars and conferences.

### **International Conferences**

Unless there is an international commitment, hosting of international conferences should be avoided. No international conference should be held without specific approval of the Minister-in-charge and the Cabinet Secretary.

### **Maintenance**

While essential maintenance of Government buildings may be undertaken in 1988-89, improvements to existing flooring, walls, panelling etc. to cater to personal preferences are prohibited.

### **Creation of Posts and Revision of Pay Scales**

The existing orders on ban on creation of posts and filling up of vacancies should be strictly followed. Ministries / Departments should not sponsor proposals for revision of pay scales or increase in salaries unless these are matched by increased earning or savings by reduction in posts.

### **Releases to State Governments, Public Enterprises, Autonomous Bodies etc.**

The releases of funds to State Governments, Public Enterprises, Autonomous Bodies etc. should be strictly according to budget provision and immediate needs, and after full justification of release with reference to existing instructions on the subject.

### **Grant-in-aid institutions**

All the Grant-in-aid institutions should be instructed to increase their receipts and reduce their man-power and other costs. No additional funds over the budget allocation should be provided to them under any circumstances. This may be made clear to the various institutions / bodies now itself.



**Re-appropriations**

All the extant instructions regarding re-appropriation of funds including the restrictions imposed in the current year will continue next year also.

**Prioritisation of programmes and activities**

The reports received from various Ministries/Departments in response to my letter No. 11(5)-W&M / 87 dated 2nd July, 1987 have by and large shown that the Ministries / Departments have either not prioritised their programmes or even after prioritising have not given up any existing programme or activity. As it will not be possible to provide any additional funds next year, some re-adjustments will be inevitable and the Ministries/ Departments are advised to plan their areas of expenditure accordingly so as to avoid any mid-year embarrassment.

**Receipts**

Ministries / Departments should carefully monitor the receipts which have been budgeted for 1988-89 and ensure that defaults do not take place. Any default in payment of interest or repayment of loan by public sector enterprises should be promptly reported to the Ministry of Finance. Where the scales of fees / receipts have not been revised for some time these should be revised immediately, taking into account the increase in costs.

**Scientific Departments**

These instructions apply to Scientific Departments as well.

**Public Enterprises**

A copy of these instructions may be sent to the public enterprises under the administrative control of your Ministry / Department for information. The enterprises will follow their own economy measures as per their own requirements.

**Autonomous Bodies:**

These instructions apply to Autonomous Bodies substantially financed by Government.

The above instructions which have been approved by Finance Minister may kindly be noted for strict compliance and I may kindly be kept informed of the action taken.

Yours sincerely,  
sd/-

(R. R. Gupta)

**Shri**  
Secretary,  
Ministry / Department

Copy to Financial Adviser, Ministry / Department

(V. Balasubramanian)  
*Officer on Special Duty*

**Recommendation**

1.43 The Ministry of Railways incurred an excess expenditure of Rs. 149.16 crores under 4 Grants and one Appropriation during the year 1986-87. The excess expenditure incurred during the last 5 years upto 1986-87 is detailed below:—

Year	No. of grants/appropriations	Excess expenditure (Rs in crores)
1982-83	6	65.05
1983-84	4	34.67
1984-85	1	6.27
1985-86	15	193.39
1986-87	5	149.16

(S.No. 17 para 1.43 of 147th Report of PAC (1988-89) VIII Lok Sabha)

**Action taken**

This is based on factual position. The excess in each of the year under each Grant/Appropriation has, however, since been regularised by the Parliament.

This has been seen by Audit.

[Ministry of Railways (Rly.Bd)'s case No. 87APP/7-2/86-87 Para 1.43 & 1.44]

### **Recommendation**

Evidently, compared to earlier year i.e. 1985-86, the aggregate excess expenditure during 1986-87 did not register decline in the same proportion as the number of excess registering grants. On an average, the excess expenditure during 1985-86 was Rs. 12.89 crores per excess registering grant while it was as high as 29.83 crores per excess registering grant during 1986-87. The obvious conclusion is that the overall position, instead of showing improvement, has deteriorated.

[S.No. 18 para 1.44 of 147th Report of PAC (1988-89) VIII Lok Sabha]

### **Action taken**

The position indicated in the para is factual. However, every care is taken to avoid excesses/Savings.

This has been seen by Audit.

[Ministry of Railways (Rly.Bd)'s case No. 87APP/7-2/86-87/Para 1.43 & 1.44]

### **Recommendation**

Considering the fact that the Ministry have all the figures about the retired and retiring persons whose entitlements the Ministry is definitely able to work out, the Committee do not find any reason why the estimates framed by the Ministry in respect of grant No. 13 proved unrealistic not only at the Original Estimates Stage but also at the revised Estimates Stage. The Original Estimates and the Revised Estimates were lower to the extent of about 38% and 16% respectively, compared to actual expenditure. The Committee recommend that the Ministry should allocate responsibility to the personnel responsible for such inaccuracies as well as the reasons therefor and take appropriate steps to caution the officers responsible as well as to prevent recurrence of such errors in future. The Committee further recommend that special efforts be made to collect and compile requisite data in time by the Budget cells of the Ministry so that budget estimates are made as accurately as possible leaving little scope for excess expenditure.

[(S.No. 19 Para 1.47 of 147th Report of PAC (1988-89) VIII Lok Sabha)]

### **Action taken**

The Railways have been asked to review existing procedures for framing of budget for pensionary charges under Grant No. 13 taking into consideration all relevant factors, so that a more accurate estimation could be made. A review of the existing system to bring out possible lacunae as also to suggest remedial measures has also been initiated by a Committee of officers of the Railway Board.

The pension payments are effected through various sources and debits are received periodically—some of them after the close of the financial

year. Estimation of debits therefore becomes difficult and accordingly allocation of individual responsibility for the excess has not been possible.

This has been seen by Audit.

[Ministry of Railways (Rly.Bd)'s case No. 89—AC-II/28/1]

### **Recommendation**

The Committee are unhappy to find that there was misclassification/erroneous booking of expenditure under two Grants (Nos. 19 and 22) and one Appropriation (No. 19) operated by the Ministry of Defence and one Grant (No. 16) operated by the Ministry of Railways. Only last year the Committee had taken strong exception to such misclassification noticed in the Railway accounts and had desired that the matter be looked into and responsibility fixed for the lapses. The Committee reiterate their earlier recommendation and hope that the Ministry of Defence and Railways would be more vigilant in future to check recurrence of such Misclassification/erroneous booking in their Accounts.

[Sl. No. 20 Appendix XXVIII Para 1.48 of 147th Report of PAC (8th Lok Sabha) 1988-89]

### **Action Taken**

The observation of the Committee for strict vigilance in future to check recurrence of misclassification/erroneous booking in the Accounts of the Ministry of Defence has been noted for compliance.

2. The erroneous bookings came to notice on 31-3-1987 after the closing of accounts for the year 1986-87. Proforma corrections have already been initiated by Controller General of Defence Accounts. Controller General of Defence Accounts has also issued instructions to Controllers of Defence Accounts on 1-8-1988 for further streamlining the procedure to avoid recurrence of such instances in future (copy enclosed).

3. Responsibility for misclassification has been fixed and unrecorded warning to two officials and recorded warning to three officials have been served by the disciplinary authority. In this connection a copy of CGDA's U.O. No. A/IV/11989/Accts/86-87 dated 7-11-1989 is enclosed.

4. DADS has seen.

### **OFFICE OF THE C.G.D.A., NEW DELHI-66**

Subject:— Action taken notes on the recommendations of the committee (8th Lok Sabha) contained in their 147th report on Excess over Voted Grants and Charged Appropriation (1986-87) Para 1.48.

\*\*\*\*

Ministry of Defence (Finance/Budget) may kindly refer to their I.D. No. 10 (1)/BI/89/PC-IV dated 31-10-1989 on the above subject. The information called for vide Ministry's note dated 25-9-1989 is furnished hereunder:—

- |                       |        |                                    |
|-----------------------|--------|------------------------------------|
| (1) Shri H. L. Khanna | SO (A) | UAGE Amritsar                      |
| (2) Shri D. N. Nagia  | SGA    | UADEO Delhi Circle<br>Delhi Cantt. |

Explanation of the above individuals was called for their lapses and they have been served with unrecorded warnings.

- |                        |                         |
|------------------------|-------------------------|
| (3) Shri Raghbir Singh | Accounts Officer        |
| (4) Shri R. L. Sharma  | Asstt. Accounts Officer |
| (5) Shri A. P. Gautam  | Sr. Auditor             |

The above officers/Auditor have been served with recorded warning by the disciplinary authority.

sd/-

(P. PURNACHANDRA RAO)  
for C.G.D.A.

Ministry of Defence (Finance/Budget)

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U.O. No. A/IV/11989/Accts/86-87 dated 7-11-1989.

**IMPORTANT CIRCULAR**

No. A/IV/11909/XLVII  
Office of the C.G.D.A.  
West Block-V, R.K. Puram,  
New Delhi-110066.  
Dated: 1-8-1988

To

Subject:— Charged expenditure reporting of.

Reference:— This Office Circular No. A/1/11909/XLII dt. 5-7-82.

\*\*\*\*

It has been found from the charged expenditure reports received that many sanctions issued were not shown in the reports even though payments have already been made. This has resulted in non-reflection of correct position under charged expenditure. The F.A.D.S. has taken a very serious view of this lapse and desired that any such lapse should be dealt with severely.

2. The matter has been examined and it is felt that in the absence of a laid down procedure the Cs. D.A. are unable to monitor this expenditure. With a view to have an uniform procedure in 'this' regard, the following procedure is prescribed which may please be followed with effect from the year 1988-89.

2.1 The Accounts Section is the nodal section for monitoring the charged expenditure. For this purpose all sanctions allotting the funds under charged expenditure as well as the advance drawn from contingency fund are received in Accounts Section. Separate registers are opened in the format given in Annexure I & II to this circular for charged expenditure and contingency Fund separately. The Account Section after completing the relevant columns of the register will forward the sanction to the concerned sub office/Audit Section and their acknowledgement will be watched. The payment particulars when received from the audit section and entered in the respective columns in the register a report should also be obtained by A/C Section from the audit section regarding payment released against charged expenditure sanction pertaining to them. Format for the same should be divided by you.

2.2 The payment of the sanctioned allotment should be watched through this register and the register is submitted to the G.O. monthly. While forwarding the report to this HQrs. these registers should be consulted.

3. The report rendered to this office should invariably be seen by the Jt. C.D.A./C.D.A.

4. T Cs.D.A. are requested to bring the contents of this circular to the notice of staff concerned and ensure its implementation.

5. Please acknowledge receipt.

sd/- Addl. C.G.D.A. (AT)

**REGISTER OF CHARGED EXPENDITURE**

ANNEXURE I

Sl. No. and date of sanction	Amount of sanction	Head of Expenditure given in the sanction	Code Head	Audit Sec/ Sub Office with Section Code	No. & date of A/c Sec. forwarding the sanction to Audit Section	Amount paid and compiled	Code head to which Compiled	Month of Compilation	Included in the report sent to CGDA	Remarks	
1	2	3	4	5	6	7	8	9	10	11	12

**REGISTER OF CONTINGENT EXPENDITURE**

ANNEXURE II

Sl. No.	Number and date of sanction	Amount of sanction	Head of Expr. given in the sanction	Audit Sec/ Sub Office with Section Code	No. and date of Accounts Sec. forwarding the sanction to Audit Section	Amount paid and compiled	Month of Compilation	No. & date of resumption order	Code head to which finally compiled	Included in the report sent to CGDA
1	2	3	4	5	6	7	8	9	10	11

**Recommendation**

The Committee are unhappy to find that there was misclassification/erroneous booking of expenditure under two grants (Nos. 19 & 22) and one Appropriation (No. 19) operated by the Ministry of Defence and one Grant (No. 16) operated by the Ministry of Railways. Only last year the Committee had taken strong exception to such misclassification noticed in the Railway Account and had desired that the matter be looked into and responsibility fixed for the lapses (*vide* paragraph 1.21 of 106th Report 8th Lok Sabha). The Committee reiterate their earlier recommendation and hope that the Ministries of Defence and Railways would be more vigilant in future to check recurrence of such misclassification/erroneous booking in their Accounts.

[S.No. 20 para 1.48 of 147th Report of PAC (1988-89) VIII Lok Sabha]

**Action taken**

The Public Accounts Committee's recommendations have been noted. Instructions for stricter measures to eliminate recurrence of misclassification have already been issued *vide* Railway Board's letter No. 86APP/7-2/85-86 para 1.21 dated 9-9-1988 to all Railways/Production Units. The position is being monitored constantly as usual by the Board through the Reports called for from the Railways/Units.

This has been seen by Audit.

[Ministry of Railway's (Rly.Bd)'s case No. 87 APP/7-2/86-87]

Government of India (Bharat Sarkar)  
Ministry of Railways (Rail Mantralaya)  
(Railway Board)

No. 86 App./7-2/85-86/Para 1.21

New Delhi, dt. 9.9.1988

The General Managers,  
All Indian Railways  
& Production Units etc.

Sub: Appropriation Accounts of Indian Railways for the year 1985-86  
Misclassification of Expenditure in Compilation of Railway Accounts.

.....  
The Public Accounts Committee - eighth Lok Sabha while examining the excess over 'Voted Grants' and 'Charged Appropriation' relating to the year 1985-86 have made the following observations in Para 1.21 of their 106th Report on misclassification of expenditure which occurred during the year 1985-86:-

*Para 1.21* "The Committee take a serious view to the misclassification of expenditure in compilation of Railway Accounts which is indicative of faulty budget control, violation of allocation of rules and lack of vigilance on the part of Zonal Railways where misclassification escaped notice and could not be rectified in time. The Committee desire that the matter be looked into and responsibility fixed for the lapses. The Committee also desire that instructions to all Zonal Railways be reiterated to eliminate the scope of recurrence of misclassification of expenditure in the accounts maintained by them".

There have been misclassification of expenditure in 4 Grants involving an aggregate amount of Rs. 3.83 crores. Northeast Frontier Railway and Central Railway account for the major misclassifications. This number and amount of misclassification are disconcerting especially because the Railways had a "Clean" record in this respect in the previous two financial years.

In this connection reference may be made to the instructions issued in the previous years vide Board's letter No. (i) 80 App/7-2/79-80 para 2.7 dated 21.10.81 (ii) 81 App/7-2/81-82 para 2.65 and 2.66 dated 4.5.83 and (iii) 83 App/7-2/82-83 Para 2.29 dt. 6.2.85, which outline the requisite measures for eliminating the scope of misclassifications. If these instructions were scrupulously followed, Railways would not have attracted adverse comments from the P.A.C.

As recommended by PAC, Board desire to reiterate the earlier directives that the allocation of expenditure is effectively "Test-Checked" concurrently from month to month at various levels in both Executive and Accounts Department to ensure that mis-



classification/erroneous adjustments do not remain undetected for rectification during the course to the year. Staff responsibility for errors and omissions in allocations should be fixed invariably in all the cases and suitable action taken for such lapses. With a view to eliminate any scope of misclassification erroneous/adjustments, Board desire that the existing machinery for supply of Journal Vouchers and other connected records to Audit may be geared up further for their 'Test Audit' to enable them to complete their audit concurrently from month to month in time. Prompt action to rectify the errors and omissions advised by Audit may also be ensured before the closed of the Annual Accounts, after due verification.

- 2.4. All cases of misclassification during 1986-87 may be reviewed and suitable action taken against the erring staff to avoid such misclassification in future.

Please acknowledge receipt.

Sd/-

(S.K.N. NAIR)

*Executive Director (Accounts)*

*Railway Board*

#### **Recommendations**

The Committee are concerned to note that the exercise of absolute powers available with the Ministry for reappropriation within grant has resulted in a situation whereby the Parliament is being approached for grant of additional funds under certain heads of account wherein the provisions already allowed by Parliament have been more than adequate. The contention that reappropriations were done to enable best utilisation of plan outlay can at best be interpreted as inability to state accurately the reasons for not being able to accurately estimate the requirements and incurring of expenses without budgetary control of the different heads. The Committee strongly recommend that appropriate restrictions may be placed on the powers of reappropriation so as to ensure that exercise there of does not result in presentation of the defective financial position with reference to original estimates and also to compel the different Ministries to go through a vigorous exercise to estimate their expenditure before the budget is approved and atleast by the time of the last supplementary budget.

The Committee consider it unfortunate that defects in budgetary control and consequent issues of defective reappropriation orders had resulted in a sorry state of budgetary spectacle in respect of those heads where the provisions were excessive or short. The Committee recommend that steps may be taken to ensure that the budgetary control measures are geared up so as to ensure that both initial appropriations and later reappropriations are carried out meaningfully and realistically.

[S.Nos. 21 and 22, paras 1.52 and 1.53 of 147th Report of PAC (1988-89) VIII Lok Sabha]

### Action taken

Powers of reappropriation are exercised both by the Railway Board and individual Railway Administrations, and in both cases, considerable restrictions are in force. Under Grant No. 16, no reappropriation of funds is permissible between Capital, Railway Funds, and Revenue; reappropriation is permissible between the various sub-heads of Grant. In the case of "charged" expenditure, the Railway Board may transfer provision from one sub-head to another, but no reappropriation is permissible from one grant to another or from "charged" heads to "voted" heads or vice versa. In the case of Railway Administrations, there are the further restrictions: specifically under Grant 16, reappropriations from and to the provision for the Plan heads New Lines (Construction), Gauge Conversions, Electrification Projects, Track Renewals, Staff Quarters, Amenities for Staff, Passenger Amenities and other Railway Users' Amenities, require the prior approval of the Railway Board. Even within a Plan head in respect of Works involving an outlay of over Rs. 1 crore, funds in excess of 10% should not be diverted from one project to another without Board's approval. According to the present delegation within the Railway Board, reappropriations from one Plan head to another are done with the approval of the full Board, while within the same Plan head, Executive Directors may approve reappropriations upto Rs. 1 crore in each case. In all cases, the reappropriation orders are issued after approval of the Financial Commissioner (Railways).

2. Powers of reappropriation are being exercised with the objective of ensuring that as far as possible, funds which are not required are withdrawn from disbursing officers as soon as it is definitely known that they are not required and incidentally to provide that any really unavoidable expenditure is met from such savings as far as possible. The progress of work on projects, and expenditure thereon, do not in some cases materialise as anticipated at the time of providing funds in the budget for certain reasons such as delay in finalisation of land acquisition proceedings, finalisation of designs or tenders due to technical reasons, non availability of materials, poor progress or failure in contract work, natural hindrances like floods and breaches etc. If it comes to light that the initial budget provision for a project was not likely to be spent despite efforts to overcome the causes for delay, no option is left except to divert a part of the funds to the works which need additional funds. It would be appreciated that in a situation where there is much backlog of major projects owing to constraints in Plan resources, it is very much to the advantage of the Railways to reallocate funds becoming available in this manner. Sometimes, such a transfer of funds is also dictated by conscious decision to reallocate priorities. It is therefore essential that a certain flexibility is available to enable the fullest possible utilisation of Plan allocations. It may be mentioned, in this connection, that the Ministry of Railways had in fact a greater measure of flexibility prior to the

introduction of the present scheme of Demands for Grants. The earlier position was that the Ministry had full powers of reappropriation between various sources of financing within each Demand as well as from one head to another. Reappropriations could be made even without any consideration of the impact on particular categories of projects, now represented by Plan heads, because the structure of the Accounting Classification did not coincide with the Plan head classification.

3. Ministry of Railways, however, do share the concern expressed by the Committee over the exercise of powers of reappropriation in such a manner as to modify the original budget estimates to a substantial extent resulting in either excess expenditure or large-scale savings in certain sub-heads. In keeping with the Committee's recommendations in paras 1.52 and 1.53 of their Report to place appropriate restrictions, it has been decided that if any reappropriation from one Plan head to another exceeding Rs. 1 crore or 25% of the Revised allotment whichever is more, under any Plan head becomes necessary, such reappropriations could be carried out only with the approval of the Railway Board, after making sure that it would not result in excess expenditure or significant savings. Detailed guidelines in this regard have been circulated to the various Railway Administrations. Stress has been laid on the need for regulating expenditure with respect to the Revised allotments since any shortcoming in this regard is likely to vitiate the decision to make reappropriations.

This has been seen by Audit.

[Ministry of Railways (Rly. Bd)'s case No. 89-B-342-I]

Copy

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

OFFICE MEMORANDUM

No. 89-B--342/1

New Delhi, dated 10.7.1990

Subject: Reappropriations within Grant 16 - Assets-Acquisition, Construction and Replacement.

Presently, the following procedure is followed in the Board's office before reappropriation orders are issued by the Budget Branch:

- (a) Within the same plan head, Executive Directors may approve reappropriations upto Rs. one crore in each case.
- (b) Cases for transfer of funds from one Plan head to another are routed through the Planning Directorate for approval of the full Board.
- (c) All orders of reappropriations should have F.C.'s approval.

2. The Public Accounts Committee has expressed concern over the exercise of powers of reappropriation by various Ministries/Departments in

such a manner as to modify the original Budget Estimates to a substantial extent resulting in either excess expenditure or large-scale savings under certain sub-heads. So far as the Ministry of Railways is concerned, the Appropriation Accounts of the year 1986-87 reveal excess under five Plan heads of which four initially had sufficient budget provision to cover the ultimate expenditure but had the provision reduced through reappropriations, while in the case of the other Plan head, the excess had occurred despite additional provision. The Public Accounts Committee have recommended that appropriate restrictions may be placed on the powers of reappropriation so as to ensure that exercise thereof does not result in presentation of defective financial position with reference to the original estimates and also to compel a vigorous exercise to estimate correctly the expenditure before the budget is approved and at least by the time of the last Supplementary Budget. They have also recommended that steps may be taken to ensure that budgetary control measures are geared up so as to ensure that both initial appropriations and later reappropriations are carried out meaningfully and realistically.

3. In the light of the above recommendations, suitable instructions have been issued to the General Managers in regard to seeking budget provision for the different projects after the most careful assessment of the progress of works, receipt of materials, etc., and to keep in view the up-to-date progress of expenditure and likely further booking before suggesting transfer of funds from one Plan head to another in their August Review/Revised/Final Modification Estimates or through separate reappropriation proposals.

4. Besides reiterating to them the existing instructions on reappropriation, it has also been decided (in keeping with similar decision taken by the Ministry of Finance), that if reappropriation from one Plan head to another, exceeding Rs. one crore or 25% of the Revised allotment under any Plan head, whichever is more, becomes unavoidable, Board's approval should be sought before carrying out such reappropriations. Since this is based on the recommendations of the PAC that reappropriation should be carried out meaningfully and realistically, and should not result in defective financial position with respect to the budgetary allocations, it is necessary that such proposals for reappropriations, and in fact any suggestions for reappropriation, are accepted with due regard to the interests of budgetary control. A similar principle would apply to carrying out reappropriations both within the same Plan head and across different Plan heads on the basis of the August Review/Revised/Final Modification Estimates submitted by Railways. The basic objective is that while reappropriations are necessary to ensure the best utilisation of the Plan allocation through definitely anticipated savings in one Plan head/Railway to meet additional

requirements elsewhere, it should not result in either excess or significant savings under the Plan heads affected.

sd/-

(P.V. VASUDEVAN)  
Executive Director, Finance (Budget)  
Railway Board.

Adv. (Works), Adv. (CE), Adv. (ME), Adv. (PU), Adv. (S&T), Adv. (TD), Adv. (Elec.) Adv.(MTP), Adv. (RS), Adv. (Plg.), Adv. (Fin.), Adv.(B),

EDW, EDCE (Plg.), EDCE (B&S), EDCE (G), ED (E&R), EDEE(ERS), ED (MTP), EDF (X), EDLM, EDME (RS), EDME (W), ED (OIS) EDP (G), EDRE, ED (S&T), EDRS (W), EDT (M), EDT (MC), DF (X) & DRS (IC).

Government of India  
Ministry of Railways  
(Railway Board)

No.89-B-342/1

New Delhi, dated 10-7-1990

The General Managers,  
All Indian Railways,  
CLW, DLW, ICF, DCW (Patiala), RCF (Kapurthala),  
WAP (Bangalore), RE (Allahabad) and  
Metro Railway, Calcutta.

The Director General,  
R.D.S.O., Lucknow.

C.A.O. (R), M.T.Ps, Bombay, Delhi & Madras.

**SUBJECT:—POWERS OF REAPPROPRIATION OF FUNDS-EXERCISE THEREOF BY THE VARIOUS AUTHORITIES.**

Reference is invited to Board's letter of even number dated 7.11.89, wherein it was desired that the recommendations of the Public Accounts Committee in their 147th Report should be kept in view in the matter of reappropriations and budgetary control relating to Grant 16. The issue has been further examined in consultation with ADAI (Railways).

2. The Public Accounts Committee has expressed concern over the exercise of powers of reappropriation by various Ministries / Departments in such a manner as to modify the original Budget Estimates to a substantial extent resulting in either excess expenditure or large-scale savings under certain sub-heads. So far as the Ministry of Railways is

concerned, the Appropriation Accounts of the year 1986-87 reveal excess under five Plan-heads of which four initially had sufficient budget provision to cover the ultimate expenditure but had the provision reduced through reappropriations, while in the case of the other Plan-head, the excess had occurred despite additional provision. The Public Accounts Committee have recommended that appropriate restrictions may be placed on the powers of reappropriation so as to ensure necessary vigil with reference to the original estimates and also to compel a vigorous exercise to estimate correctly the expenditure before the budget is approved and at least by the time of the last Supplementary Budget. They have also recommended that steps may be taken to ensure that budgetary control measures are geared up so as to ensure that both initial appropriations and later reappropriations are carried out meaningfully and realistically.

3. In the light of the above recommendations, Board would like to emphasise that Railways etc. should seek budget provision for different projects through the Final Works Programmes after the most careful assessment of the progress of works, likely receipt of materials and of debits from other sources etc. Secondly, before carrying out or proposing reappropriations in the course of the year and while submitting the August Review Estimates, Revised Estimates and Final Modification Estimates, the upto-date progress of expenditure and the likely further booking should be kept in view, specially where transfer of funds from one Plan-head to another is involved. In any case, once the Revised allotments for the various Plan-heads are communicated, the utmost care should be taken to regulate expenditure so as to avoid either excesses or significant savings under each of the Plan-heads.

4. It has also been decided that if, for unavoidable reasons, reappropriation from one Plan-head to another, exceeding Rs. one crore or 25% of the Revised allotment, whichever is more, under any Plan-head becomes necessary, Board's approval should be sought before carrying out such reappropriations even in respect of Plan-heads not covered by restriction as per para 377 of IRFC Vol.I.

5. Apart from the general principle that no reappropriation can be made from one Grant to another, and between Voted and Charged allotments within a Grant, the existing limitations specific to reappropriations within Grant 16 are briefly recapitulated below:

- (a) No reappropriation of funds is permissible between the Capital, Railway Funds and Revenue (377 IRFC Vol.I.).
- (b) Reappropriations from and to the provision for the Plan-heads New Lines (Construction), Gauge Conversion, Electrification Projects, track Renewal, Staff Quarters, Amenities for Staff and Passenger and other Railway Users Amenities, require the prior approval of the Railway Board (377 IRFC Vol.I).
- (c) In respect of other major works involving an outlay of over Rs.

one crore, funds in excess of 10% should not be diverted from one project to another project (Board's letter No.77-B-101 dated 2.8.1977).

6. The foregoing instructions as well as the context in which they have been issued may be brought to the notice of all concerned with control over expenditure and budgetary reviews of Grant 16. It may also be reiterated that, as provided for in para 379 IRFC Vol. I, the position as a whole should be reviewed at intervals, with a view to carrying out only those reappropriations that are necessary, making sure that the administration is definitely in a position to transfer grant from one sub-head to another that may require additional provision. If scope for substantial savings or need for fairly large additional provision is identified, they should be reported to the Board separately, besides being included in the August Review Estimates, Revised Estimates or Final Modification Estimates, as the case may be.

7. Please Acknowledge receipt.

sd/-

(P. V. VASUDEVAN)

*Executive Director, Finance (Budget)  
Railway Board*

### **Recommendation**

The Committee consider it unfortunate that defects in budgetary control and consequent issues of defective reappropriation orders had resulted in a sorry state of budgetary spectacle in respect of those heads where the provisions were excessive or short. The Committee recommend that steps may be taken to ensure that the budgetary control measures are geared up so to ensure that both initial Appropriations and later reappropriations are carried out meaningfully and realistically.

[Sl. No. 22 (Para 1.53) of Appendix to 147th Report of PAC (8th Lok Sabha)]

### **Action taken**

Instructions have already been issued *vide* our u.o. No. 2786/BI/88, dated 15-7-88 (copy enclosed) to formulate the budget proposals/estimates on a realistic basis and to review the progress of expenditure vis-a-vis sanctioned budget grants with a view to keep the expenditure within the sanctioned grants. Reappropriations, where necessary, are carried out only after close scrutiny to ensure that they are realistic and meaningful.

2. DADS has seen.

## Ministry of Defence (Finance)

## Budget-I

SUBJECT:— *Preparation/Monitoring/review of Defence expenditure.*

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

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

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

4. Once budget has been approved it is necessary to contain expenditure within it for which adequate control measure must be there. Argument that expenditure is "Mandatory" and has to be incurred irrespective of budget provision is not valid. It is, therefore, requested that utmost care should be taken while formulating budget proposals/estimates and reviewing the progress of expenditure vis-a-vis sanctioned budget grants. The



expenditure should also be carefully monitored from time to time and the instructions in this regard should be strictly followed.

Sd/- A.K. GHOSH

Addl. FA(G)

All Joint Secretaries,  
DFP (Army, Naval and Air Forces)  
DP&RM, Dir P&C/PO (PP&BE), DGQA (Adm-14)

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M of D (Fin) I.D. No. 2786/B-I/88 dated 15-7-1988

Copy to:— All Dirs./DFAs.

#### Recommendation

The Committee are concerned to note that the exercise of absolute powers available with the Ministry for reappropriation within grant has resulted in a situation whereby the Parliament is being approached for grant of additional funds under certain **heads of account wherein the provisions already allowed by Parliament** have been more than — adequate. The contention that reappropriations were done to enable best utilisation of plan outlay can at best be interpreted as inability to state accurately the reasons for not being able to accurately estimate the requirements and incurring of expenses without budgetary control of the different heads. The committee strongly recommend that appropriate restrictions may be placed on the powers of reappropriation so as to ensure that exercise thereof does not result in presentation of the defective financial position with reference to original estimates and also to compel the different Ministries to go through a vigorous exercise to estimate their expenditure before the budget is approved and at least by the time of the last supplementary budget.

[Serial No. 21-Appendix XXVIII Para 1.52 of 147th Report of the Public Accounts Committee (8th Lok Sabha)]

The Committee consider it unfortunate that defects in budgetary control and consequent issues of defective reappropriation orders had resulted in a sorry state of budgetary spectacle in respect of those heads where the provisions were excessive or short. The Committee recommend that steps may be taken to ensure that the budgetary control measures are geared up so as to ensure that both initial appropriations and later reappropriations are carried out meaningfully and realistically.

[Serial No. 22-Appendix XXVIII Para 1.53 of 147th Report of the Public Accounts Committee (8th Lok Sabha)].

A sample study of some of the Appropriation Accounts by the

Committee, as revealed in the preceding paras relating to certain Grants, has indicated that—

- (a) The original estimates, in a number of cases, were far in excess or short of actuals;
- (b) The modifications made through defective re-appropriation orders have given a highly distorted picture of the final grants under some heads wherein final savings and excesses had actually taken place; and
- (c) the directives for economy in expenditure were blindly applied to the budgeted provisions without a conscious effort to implement the directives by application of selection and discrimination.

The Controller General of Accounts had observed in this connection during evidence that while a detailed exercise on major head provision was done at the time of original budget estimates, the flexibility to spend within the overall limitation of funds by exercise of powers of re-appropriation was left to the various Departments and that in case the Ministry of Finance had to look into such matters, it would take away the flexibility, at present available. The Committee would observe in this connection that the Ministry of Finance cannot remain a silent spectator when the re-appropriation powers are so used as to modify the original budget estimate to a substantial extent. The Committee consider it necessary that the present powers for re-appropriation will have to be reviewed with a view to providing appropriate restrictions on their exercise, so that as far as possible, the original objectives for which the provisions are made under various sub-heads are not substantially altered by exercise of powers of re-appropriation. The Committee hence recommend that an appropriate review may be done by Ministry of Finance and modified instructions issued in consultation with the Comptroller and Auditor General of India.

[Serial No. 23-Appendix XXVIII para 1.55 of 147th Report of the Public Accounts Committee (8th Lok Sabha)].

#### Action Taken

The recommendations of the Public Accounts Committee were considered in this Ministry in consultation with the Office of the Comptroller & Auditor General of India. The observations / recommendations made by the Public Accounts Committee have been accepted and brought to the notice of all the authorities exercising the powers of re-appropriation. It has been decided that any re-appropriation order issued during the year which has the effect of increasing the budget provision by more than 25% or Rs. 1 crore whichever is more should be reported to Parliament alongwith the last batch of Supplementary Demands. Any re-appropriation order issued by the Ministries after the presentation of the last batch of Supplementary Demands and exceeding the limits indicated above should have the prior approval of Secretary / Additional Secretary in the Depart-

ment of Expenditure. [Copy of the O.M. No. F 1(14)-E.II(A) / 89, dated 22.2.90 containing the above instructions is enclosed.] The above have been vetted by Audit.

[Min. of Fin. (Deptt. of Exp.) U.O. No. F.1(14)-E.II (A) / 89, dated 27.2.1990.]

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

New Delhi, the 22nd February, 1990

3rd Phalguna, 1911 (Saka)

**OFFICE MEMORANDUM**

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

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

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

Rules, 1963, by the budget controlling authorities to avoid the occurrence of the defective financial position with reference to original estimates. The power of re-appropriation may be exercised sparingly in the cases of urgency when there are no other alternatives i.e. supplementary budget etc. All the budgetary control measures may be taken so as to ensure that both initial appropriation and later re-appropriations are carried out meaningfully and realistically.

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

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

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

Sd-

(A. JAYARAMAN)

JOINT SECRETARY TO THE GOVT. OF INDIA.

To

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

#### Recommendation

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

[Serial No. 27 — Appendix XXVIII para 1.61 of 147th Report of the Public Accounts Committee (8th Lok Sabha)]

### Action Taken

The Demands for Excess Grants (excluding Railways) for 1986-87 were passed by the Lok Sabha on 10th May, 1989. The connected Appropriation Bill, as passed by the Lok Sabha on 10th May, 1989 and returned by the Rajya Sabha on 11th May, 1989 was assented to by the President on 18th May, 1989.

[Min. of Fin. (DEA) U.O. No. F.7(27)-B(R)/89 dated 27-11-1989]

### Recommendation

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

[S.No. 27 para 1.61 of 147th Report of PAC (1988-89) 8th Lok Sabha]

### Action Taken

The Excess expenditure in 1986-87 has since been, regularised by Parliament.

This has been seen by Audit.

[Ministry of Railways (Rly. Bd)'s case No. 87 App/7-2/86-87]

*(ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government.*

### Recommendation

The Committee note that at the time the evidence was taken, the Ministry of Home Affairs attributed the excesses to works having been taken without provision. However, the Ministry could not furnish details of such works. The Committee are not satisfied with the explanation that excesses to the extent of Rs. 4.78 crores under 'stock' had occurred due to accelerated progress of work, because in such an event, the debits would have been withdrawn from stock, contributing for less expenditure under that head. The other explanations such as payment of bills of 1985-86 in 1986-87, non-provision for implementation of Pay Commission's recommendations etc. are not convincing and indicate lack of financial control and inordinate delays in account settlement and timely booking. The Committee recommend that a full analysis of the reasons for excess expenditure may be examined by Audit and a report furnished to the Committee and the Ministry to report on action taken on the findings of Audit:

[Sl. No. 2 Appendix XXVIII, Para 1.15 of 147th Report of PAC (8th Lok Sabha)]

### Action Taken

Under Major Head 259—Public Works Suspense Stock, an expenditure of Rs. 11.95 crores was incurred against the budget grant of Rs. 7.20 crores resulting in excess of Rs. 4.78 crores. At the time a sum of Rs. 10.44 crores had been adjusted and is classified separately as 'Reduction of Expenditure' against the above sub-head.

The Accounting procedure according to the Government of India, Ministry of Works and Housing (Works Division), New Delhi's O.M. No. 15011/12/78-W 2 dated 27th April, 1982 read with para 13.3.3 of CPWD Accounts Code "Cost of stores paid for is debited to Major Head 259—Public Works, Suspense, Stock and if the stores supplied for utilisation on specific works is accounted by credit to the above sub-head." The credit to 'stock' is being reflected in the account as "Recoveries adjusted in reduction of expenditure" separately without disturbing the original debit appeared under sub-head 'stock'. Therefore, the question of withdrawing the debits from stock head does not arise. With reference to the Committee's observation, if the net effect is taken into account, the expenditure under the sub-head 'stock' will be only Rs. 1.54 crores instead of Rs. 11.98 crores as reflected in the suspense accounts.

The Committee consisting of Joint Secretary (Admn.), Ministry of Home Affairs, Chief Controller of Accounts, was constituted to review the functioning of the offices of the A&N Administration with a view to examine the shortcoming in the procedures and peculiar circumstances, if any, under which budgetary irregularities were committed during the year 1986-87. The Committee have noted that the prescribed procedure laid down in General Financial Rule/Civil Accounts Manual and various returns and registers introduced by the Director of Accounts and Budget in the Financial year 1988-89 are being followed satisfactorily and that the lapses pointed out by the Public Accounts Committee will not be allowed to recur.

The Public Accounts Committee is hereby ensured that no expenditure was incurred by appropriation/re-appropriation to the 'New Works' not sanctioned by the competent authority.

This has been vetted by Audit.

[File No. U.15020/1/88-Bgt.II]

### Recommendation

In a subsequent note, the Ministry of Home Affairs have informed that a Committee consisting of Joint Secretary (Administration) and Chief Controller of Accounts of the Ministry was constituted to review the functioning of the Officers of the Andaman & Nicobar Islands Administration with a view to examining the shortcoming in the procedures and peculiar circumstances, if any, under which budgetary irregularities were committed during 1986-87. According to that Committee "there appears to

have been some slackness on the part of Administration in following the procedure as laid down under the Civil Accounts Manual and General Finance Rules." The Committee recommended introduction of 'letter of credit' to cheque drawing, Drawing and Disbursing Officers so that under no circumstances the expenditure over-sheets the sanctioned budget. It also instructed the Administration to strictly follow the prescribed procedures and closely monitor the progress of expenditure in order to keep it with in the ceiling of sanctioned grant. The Committee trust that the Islands Administration would follow the instruction and recommendations of the Review Committee in their letter and spirit.

[Sl. No. 4-Appendix XXVIII phara 1.17 of 147th Report of PAC (8th Lok Sabha)]

#### **Action Taken**

The question of introduction of letter of credit as suggested by the Public Accounts Committee consisting of Joint Secretary (Administration), Chief Controller of Accounts, constituted by this Ministry has been further examined by the Administration and it is observed that there is no provision in the scheme of separation of accounts from audit in Andaman and Nicobar Islands issued with the approval of the President to issue letter of credit as proposed by the Committee. In case the letter of credit as proposed by the Committee is to be introduced, the existing procedure as laid down in the scheme requires sanction of the President and amendment to the scheme is required for observance by the Pay and Accounts Officers.

The excess expenditure over the sanctioned provision during 1986-87 was on account of some slackness in observance of the existing procedures and therefore, there is no lacuna in the existing procedure as enumerated in the scheme of separation of accounts from audit on A & N Islands. The U.T. Administration have requested this Ministry to have a careful consideration while introducing letter of credit system replacing the existing procedure as laid down in the scheme of separation of accounts from audit.

The U.T. Administration has taken all sorts of remedial actions for restricting the expenditure within the sanctioned grant by issuing several economy instructions, conducting meetings with all the Heads of Departments/Office from time to time and by conducting internal audit by the CPAO Organisation to streamline the accounting procedure in the departments etc.

The Public Accounts Committee is hereby ensured that no expenditure was incurred by appropriation/re-appropriation to the 'New Works' not sanctioned by the competent authority.

This has been vetted by Audit.

[File No. U. 15020/1/88-Bgt.II]

### Recommendation

While examining excess expenditure incurred by the Ministry of Finance (Department of Expenditure) under Grant No. 36—Pensions, the Committee, considering the difficulties expressed by the Ministry in making precise estimates for the grant, desired in their earlier report, the Ministry to examine the feasibility of decentralising the grant with a view to making each Ministry individually responsible for the provision made for pension. In their action taken note, the Ministry of Finance have informed that the proposal for decentralising the work relating to pension Demand has been deferred as another proposal for setting up a separate organisation called 'National Pension Accounts Office' for controlling the pensions Demand is under examination at present. From the Appropriation Accounts (Civil) for the years 1986-87, the Committee have noticed that instead of excess expenditure, savings of the order of Rs. 24.13 crores under voted portion and Rs. 2.11 crores under the charged portion of the grant constituting 8.2% and 47% of the total grant/appropriation, respectively, occurred during the year.

[S.No. 28, Para 2.4 of the 147th Report (8th Lok Sabha)]

### Action Taken

The original provision of Rs. 2,11,87,83,000 (Voted) was enhanced to Rs. 2,91,02,05,000 by a Supplementary Grant of Rs. 79,14,22,000 obtained in March 1987 to meet extra expenditure expected on account of (i) Relief to pensioners, (ii) repayments under CGEIS, 1977, (iii) payments under the Supreme Court Judgment, and (iv) payment based on the 4th Central Pay Commission's recommendation. Against this expenditure amounting to Rs. 266,88,81,229 was incurred resulting in savings of Rs. 24,13,23,771. In the charged section expenditure of Rs. 2,58,08,391 was incurred against the original provision of Rs. 4,68,69,000 resulting in savings of Rs. 2,10,60,609.

2. At the outset, it may be reiterated that while the Grant is controlled by the Ministry of Finance, pension payments are made through a large number of treasuries spread all over the country (rendering account to the Accountants General), the public sector banks and the Pay and Accounts Offices under the departmentalised accounting set up. It is not possible to make a precise estimate of the amount of pensions that would be actually drawn by pensioners not only in view of their very large number, the wide dispersal of points of payment and accounting but also as it depends on the time the pensioners choose to take to draw their entitlements. The estimates presented by this Ministry are based on those furnished by the Accountants General/Directors of Audit and the Pay and Accounts Offices taking into account the past trends also.

3. The saving of Rs. 24.13 crores (Voted) and Rs. 2.11 crores (Charged) during 1986-87, which are about 8.29% and 45% of the sanctioned grants, respectively, is reported to be mainly because of the



time lag in taking decisions of Government on the 4th Pay Commission's recommendations. The precise impact of the Pay Commission's recommendations could not be anticipated as the same were yet to be accepted by the Government. Moreover, the estimating authorities somewhat overestimated their requirement for the year 1986-87, which might be attributed to the difficulties in making an estimate of pensions as explained in para 3 above. However, these authorities have once again been instructed vide letter No. F.7 (21)-B(D)/88, dated 20.7.88 (copy enclosed) to keep a close watch on the trend of expenditure and to frame the pension estimates carefully so as to avoid such disproportionate savings or excesses.

No. F 7 (21)-B(D)/88  
**GOVERNMENT OF INDIA**  
 MINISTRY OF FINANCE  
**DEPARTMENT OF ECONOMIC AFFAIRS**  
 Budget Division

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New Delhi, the 20th July, 1988.

**SUBJECT:**—*Appropriation Accounts of Grant No. 37—Pension for the year 1986-87.*

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The need for greater attention towards accurate estimation of Pension Demand was impressed upon all controllers of Accounts vide D.O. letter No. F.7(8)-B(D)/85 dated 18.7.85 of Shri Venkateswaran Director (Budget). Apart from initially estimating the requirements correctly, monitoring of expenditure also has to be done effectively. The anxiety expressed by P.A.C. over the excess expenditure of Rs. 3.51 crores in the Demands relating to Pension for the year 19/83-84 was also communicated to the Controllers of Accounts with a request that the machinery in this regard may be monitored.

2. It is however seen from the Appropriation Accounts for the year 1986-87 that there is a saving of Rs. 24,13,23,000 in the voted portion of Pension Grant No. 37. In addition to original Grant of Rs. 211,87,83,000 a sum of Rs. 79,14,22,000 was obtained in the Third Supplementary Demands for Grants for that year on the following grounds:—

- I. (a) mergēr of D.A. with Pay for purposes of Pension
- (b) grant of additional instalments of relief in Pension/Family Pension to Central Government Pensioners/Family Pensioners.

### Recommendation

In view of the data already available in the Ministries about the retired and retiring persons and their entitlements, there should be little scope for variation between the budgetted figure and the actual expenditure. Since the Ministry are examining a proposal for setting up 'National Pension Accounts Office' to overcome the problem of excess expenditure or savings, the Committee would like the Ministry to take a decision thereon expeditiously and apprise them of the same.

[S.No. 29. Para 2.5 of the 147th Report (8th Lok Sabha)]

### Action Taken

Government have since decided to set up a new Central Pension Accounting Office in the Ministry of Finance. This has already been announced in Parliament in the Budget Speech by the Finance Minister for 1989-90. While a nucleus staff has started functioning, the scheme to be operated is under examination in consultation with the Reserve Bank of India and the Comptroller and Auditor General. Action for staffing of the office, procurement of electronic data processing equipment and accommodation for the office have also been initiated. The Central Pension Accounting Office has also been asked to take into consideration the need for building into the procedures and systems, necessary data base, software, etc. for estimation of payments under the Grant.

In the light of the foregoing it is felt that the proposal for decentralising the work regarding compilation of estimates for the Pension Demand among Ministries/Departments may not be pursued.

The above Notes on pages 1, 2, and 3 have been vetted by audit.

[File No. F.7(1)-B(D)/89 New Delhi, the 22-12-89]

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

### Recommendations

During the year under review, supplementary grants/Appropriations were obtained under 143 items of expenditure included in the Appropriation Accounts (Civil). Out of these, supplementary provision in 20 items of expenditure remained unutilised (Appendix-XXVI). In certain cases, the extent of savings was so great that supplementary provision sought by

Ministry is beyond the comprehension of the Committee. A few glaring examples of such supplementary provision are given below:

Grant No.	Suppl. provision	Suppl. Provision obtained in	Savings (Rs. in lakhs)
90-Roads and Inland Water Transport	2.00	Nov. 86	978.92
40-other expenditure of Ministry of Finance	70.85	July, Nov. 86 March 87	20188.72
89-(Capital)- Ports, Light houses and Shipping	22.05	Nov. 86 Mar. 87	3887.49
89-(Revenue) Ports Lighthouses and Shipping	70.00	Nov. 86	3168.08
27-Environment	79.62	Nov. 86	2806.16

In the above mentioned grants, the savings were 489 times, 284 times, 176 times, 45 times and 35 times of the supplementary provision, respectively.

The Ministry of Finance had in their circular Office Memorandum dated 27th March, 1986 issued strict instructions with the approval of the Cabinet that:—

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

The Committee would like to be apprised of the compelling circumstances that necessitated the supplementary grants despite savings. Each Ministry is supposed to undertake review of its requirements at various stages during the year and in spite of that the expenditure either exceeds its limits or results in savings. The control mechanism in the Ministries needs to be geared up so that supplementary provision is made only in cases where it is really and genuinely required.

[S. Nos. 24, 25 & 26 of Appex. XXVIII corresponding to paras 1.58, 1.59 & 1.60 of 147th Report of Public Accounts Committee (Eight Lok Sabha)]

#### Action Taken

##### Grant No. 89

Although there was an over-all saving of Rs. 3887.49 lakhs under Capital Section of this Grant, the same did not take place under the heads in

which Supplementaries were obtained as would be clear from the following statement:—

Head of Account	Original	Supple- mentary	Total	Actual Expdt.	(-)Savings (+) Excess
Major Head 535					
C.C. Capital outlay on Ports Light- House & Shipping					(Rupees in lakhs)
C.C.A. Ports	38	22	60	77.12	(+)17.12
C.C.1(1)- Direction & Administration					
Major Head 724					
Loan for Aircraft & Ship Building Industries					
E.E.1 (1)- Hindustan Shipyards	1828	01	1828.01	2778.92	(+)1950.91
Major Head 735					
Loans for Ports Light Houses & shipping					
F.F. 1-Ports					
F.F. 1.1-Loans to Port Trusts					
F.F. 1(1) (4)- Paradip Port	1625	.01	1625.01	1145.50	(-) 479.51
F.F. 1(1) (5)- Tuticorn Port	100	.01	100.01	100	(-) .01
F. 1 (1) (6)- New Mangalore (Port)		.01	.01	148	(+) 147.99
F.F. 1(1) (7)- Madras Port		.01	.01	690	(+) 689.99

It would be seen from the above statement that in five cases, only token supplementary of Rs. 1000/- each was obtained while supplementary of Rs. 22.00 lakhs was obtained under M.H. 535 CC.1 (1)-Direction & Adminis-

tration where there was no savings, instead an excess expenditure of Rs. 17.12 lakhs was provided under this head which was provided for by re-appropriation within the Capital Section of the Grant.

Although the supplementary of Rs. 22 lakhs was obtained in November, 1986, the proposals for the same had to be sent to the Ministry of Finance by 4th October, 1986, as per direction of that Ministry vide their D.O. letter No. F 4(73)-B(SE)/86, dated 23rd September, 1986. By 4th October, 1986 when the additional requirement of funds due to recommendations of the Fourth Pay Commission were projected, revised estimates for the year 1986-87 had not been finalised and as such at that point of time the savings of Rs. 2887.49 lakhs in this Section of the grant could not be anticipated. The revised estimates were finalised only by 10th November, 1986 when they were sent to the Ministry of Finance for final discussion. As additional requirement of funds on account of implementation of the recommendation of the Fourth Pay Commission had to be projected by 4th October, 1986 to the Ministry of Finance, when extent of savings were not known as revised estimates were still in the process of being finalised, the same could not be anticipated at that point of time.

#### Grant No. 89 (Revenue)

Although there was an overall saving of Rs. 3168.08 lakhs under Revenue Section of this Grant, the same did not take place under the head in which Supplementaries were obtained as would be clear from the following statement:—

Head of Account	Original	Supplementary	Total	Actual (-) Savings (+) Excess
				(Rupees in lakhs)
Major Head 335	65.00	15.00	80.00	140.87 (+) 60.87
C.3-Shipping				
C. 3(1)- Direction & Administration				
C. 3 (1) (1) Director General of Shipping				
C. 3 (2) (1) (1) Principal Officers and their estab- lishment	39.30	12.00	51.30	51.04 (-) .26
C. 3 (2) (1) (2)- Shipping Offices	17.20	8.00	25.20	28.39 (+) 3.19

Head of Account	Original	Supplementary	Total	Actual	(-) Savings (+) Excess
	(Rupees in lakhs)				
C. 3(3) (1)- Marine Engineering Training	50.53	10.00	60.53	64.40	(+) 3.87
C. 3(3) (2)- Training Ship	50.00	8.00	58.00	55.81	(-) 3.81
C. 3(3) (4)- Nautical Engineering College	20.00	7.00	27.00	26.66	(-) 35
C. 3(4) (1)-Employment Offices	33.20	10.00	43.20	38.89	(-) 4.31

It would be seen from the Table on pre-page that there was savings only under 4 heads where supplementaries were obtained. Under two heads, Savings are nominal and in other two heads savings were due to non-filling up of some posts and non-finalisation of some cases of Group 'A' officers, the report in respect of which was received late in March, 1987.

Although the supplementary of Rs. 70 lakhs was obtained in November, 1986, the proposals for the same had to be sent to the Ministry of Finance by 4th October, 1986 as per direction of that Ministry *vide* their D.O. letter No. F.4 (73)-B(SE)/86, dated 23rd September, 1986. By 4th October, 1986, when the additional requirement of funds due to recommendations of the Fourth Pay Commission were projected, revised estimates for the year 1986-87 had not been finalised and as such at that point of time the savings of Rs. 3168.08 lakhs in this Section of the grant could not be anticipated. The revised estimates were finalised only by 10th November, 1986 when they were sent to the Ministry of Finance for final discussion. As additional requirement of funds on account of implementation of the recommendation of the Fourth Pay Commission had to be projected by 4th October, 1986 to the Ministry of Finance when extent of savings were not known as revised estimates were still in the process of being finalised, the same could not be anticipated at that point of time.

#### Grant No. 90

Under this Grant, there was an overall saving of Rs. 978.92 lakhs in the Revenue Section. In this Grant, supplementary grant of Rs. 2 lakhs was obtained under the Major Head 338-Road and Inland Water Transport, to meet the additional liability on account of payment of arrears due to 4th Pay Commission's recommendation. However, as orders for Group 'A'

officers were issued on 23.3.1987 and the officers were given three months time to exercise their option, disbursement of arrears as anticipated could not take place in all cases resulting in saving under the Major Head 338.

Although the supplementary of Rs. 2 lakhs was obtained in November, 1986, the proposal for the same had to be sent to the Ministry of Finance by 4th October, 1986 as per direction of that Ministry *vide* their D.O. letter No. F. 4 (73)-B(SE)/86, dated 23rd Sept., 1986. By 4th October, 1986, when the additional requirement of funds due to recommendations of the Fourth Pay Commission were projected, revised estimates for the year 1986-87 had not been finalised and as such at that point of time the savings of Rs. 978.92 lakhs in this Section of the grant could not be anticipated. The revised estimates were finalised only by 10th November, 1986 when they were sent to the Ministry of Finance for final discussion. As additional requirement of funds on account of implementation of the recommendation of the Fourth Pay Commission had to be projected by 4th October 1986 to the Ministry of Finance when extent of savings were not known as revised estimates were still in the process of being finalised, the same could not be anticipated at that point of time.

#### **Grant No. 40**

In this connection, it is relevant to recall the reply given to the Audit comments on the subject *vide* Audit Report, 1986-87 Union Government (Civil) No. 1 of 1987, which is reproduced below:

At the budget stage, it is not possible to precisely determine the exact quantum of each instalment of additional dearness allowance that would be sanctioned in the year. It is, therefore, not possible for the various Ministries/Departments to make provision for the same in their Demands. However, as these payments have budgetary impact, a lump sum provision for the purpose is made centrally in the Demand of the Ministry of Finance on *ad-hoc* basis. Actual provision for payment of these dearness allowance instalments, as and when sanctioned, has to be made by various Ministries/Departments in their respective Grants and the lump sum provision made in the Grant of the Ministry of Finance is surrendered after taking into account additional fund requirements in the Grant for items of expenditure which do not attract the limitations of new service/New Instruments of service. Reappropriation so made are brought to the notice of Parliament through suitable mention in the Supplementary Demands for Grants.

However, the comments of the Committee are noted.

#### **Grant No. 27**

A supplementary grant of Rs. 79.62 lakhs under non-plan Revenue Section was specifically obtained in order to meet the expenditure arising out of the implementation of the 4th Pay Commission recommendations.

Recommendations of the 4th Pay Commission as accepted by Government of India had to be implemented immediately and the requirements of the funds of the main Ministry as well as its subordinate formations with Regional Offices spread over the country had to be worked out on an urgent basis and the supplementary Grant was passed by Parliament and the disbursement for persons, who had opted for the revised scales of pay, were made during that financial year itself. Since this work was done on urgent basis, the actual requirements in this regard could not be worked out accurately. This led to this unanticipated saving. The other reason was due to non-filling up of vacant posts owing to economy measure.

In respect of savings for Rs. 26.20 crores under the Head "B. 1(2) (1)—Central Ganga Authority—Plan" this was due to shortfall in the requirement of funds following finalisation of fewer number of schemes by the State Governments. This was a plan provision and could not be utilised under Non-Plan Provision due to the ban on transfer from Plan to Non-Plan and *vice versa*.

The other Plan Scheme in which the bulk of the amount of Rs. 60 lakhs had to be surrendered was regarding the Himalayan Institute of Environment and Development (now set up the Govind Ballabh Pant Himalayan Paryavaran Evam Vikas Sansthan). It took considerable time to persuade the Government of Uttar Pradesh to spare suitable land for the setting up of the Institute and Committees had to be constituted for scrutinising the proposals. Moreover, the Institute, which is now set up and is fully funded by the Government of India is an Autonomous Body and not only the Institute had to be set up as a Registered Society but also the Memorandum of Association and Rules and Regulations had to be formulated.

So far as the non-plan surrender of Rs. 21 lakhs is concerned, it may be mentioned that there was a proposal to hold an international meeting on the lines of Brandt Commission and this could not be finalised during the financial year. Also a sum of Rs. 8 lakhs was surrendered due to meeting the expenditure on additional dearness allowance that was sanctioned in January, 1986, partially out of the Supplementary Demand that was taken earlier.

This has been vetted by Audit.

[F. No. 12 (1)-E. Coord/89, dt. 26th April, 1990.]

(iv) *Recommendations in respect of which Government have furnished interim replies.*

The Committee are at a loss to understand as to what was the necessity of reducing the original budget provision under Grant No. 93 when there



was no scope for the savings. The over-zealousness displayed by the Ministry to effect economy without application of mind was totally uncalled for and the Committee desire that lessons be drawn from the experience.

[Sl. No. 8 Para 1.24 of 147th Report of PAC (8th L.S.)]

The Committee note that even though the reappropriation orders were issued on the last day of the financial year (31 March 1987), they bring out a position which indicates that the reappropriation was either excessive or not called for. The Committee cannot help observing in this regard that the Appropriation Accounts of this Grant No. 93 reveal a lack of budgetary control as the various explanations given for reappropriation, excess, savings, etc. ought to have been within the knowledge when the planning was done, and when reappropriation proposals were considered and approved. The Committee recommend that the Ministry of finance may conduct a study of the budgeting process adopted by the Ministry of Urban Development and place the same on a proper footing.

[Sl. No. 9 Para 1.26 of 147th Report (8th L.S.)]



1	2	3	4	5	6
9.75—	Stationery and Printing	67,40	2,64	50,37	19,67
	<i>Ministry of Welfare</i>				
10.77—	Ministry of Welfare	259,87	2,00	258,94	2,93
	<i>Capital—Voted</i>				
	<i>Ministry of Commerce</i>				
11.6—	Department Commerce	of 226,19	19,00	137,20	107,99
	<i>Ministry of Energy</i>				
12.18—	Department Power	of 1407,27	100,03	1070,04	437,26
	<i>Ministry of Petroleum and Natural Gas</i>				
13.58—	Ministry of Petro- leum and Natural Gas	435,83	3,83	431,65	8,01
	<i>Ministry of Surface Transport</i>				
14.69—	Surface Transport	112,36	23,14	92,63	42,87
15.70—	Roads	411,01	24,42	401,58	33,85
16.71—	Ports, Lighthouses and Shipping	294,89	33,61	255,08	73,42
	<i>Revenue—Charged</i>				
	<i>Ministry of Surface Transport</i>				
17.70—	Roads		0,01	-	0,01
	<i>Ministry of Urban Development</i>				
18.75—	Stationery Printing	and 0,01	0,01	-	0,02
	<i>Capital—Charged</i>				
	<i>Ministry of Agriculture</i>				
19.2—	Other Services of Department of Agriculture and Cooperation	22,03	0,50	22,03	0,50
	<i>Ministry of Home Affairs</i>				
20.42—	Other Expenditure of the Ministry of Home Affairs	10,22	0,19	7,36	3,05

## APPENDIX XVIII

### CONCLUSIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Department	Conclusion/Recommendations
1	2	3	4
1	1.3	Finance, Defence, Railways, Posts, Telecom. Services	<p>The Committee note that an expenditure of Rs. 304.15 crores are incurred in excess of the aggregate provision of Rs. 16550.17 crores sanctioned under 21 grants/ appropriations during the year 1987-88. The excess expenditure occurred despite the supplementary provision of Rs. 1339.15 crores obtained under as many as 18 out of 21 grants/appropriations that registered excess expenditure. During the years 1985-86 and 1986-87, the excess expenditure respectively, was of the order of Rs. 441.72 crores under 29 grants/appropriations and Rs. 384.39 crores under 25 grants/ appropriations. Thus, the situation during the year under report <i>i.e.</i> 1987-88 is no better. Percentage-wise the Ministry of Railways took the lead in incurring the excess expenditure which was of the order of 4.76% over the sanctioned provision followed by the Department of Posts which incurred excess expenditure of the order of Rs. 41.66 crores which constitutes 4.21% of the sanctioned provision of Rs. 989.89 crores during the year 1987-88.</p>
2	1.4	-do-	<p>The Committee have been expressing concern over the phenomenon of excess expenditure and yet year after year, Parliament is being presented with a <i>fait accompli</i> of unremitting excess expenditure. The Committee feel that there is still need for a</p>

1	2	3	4
			more accurate estimation of monetary requirements and better budgetary control by various Ministries so as to reduce the excess expenditure over voted grants/charged appropriations to the barest minimum.
3	1.7	Finance, Defence, Railways, Posts, Télécom. Services	<p>According to time schedule, the Ministries are required to submit to the Committee the explanatory notes in respect of excess registering grants by 31 May, or immediately after the presentation of the Appropriation Accounts to the House, whichever is later. The Committee note that out of the 21 grants/appropriations that recorded excess expenditure during 1987-88, the explanatory notes in respect of 11 grants/appropriations were furnished within time, while the delay in furnishing the explanatory notes in respect of the remaining 10 grants/appropriations ranged from 13 days to over a year as is evident from the following Table:</p>

No. of Grant	Date of presentation of relevant Appn. Accounts	Date of sending of Exp. Notes	Delay
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9-Postal Services	4.5.1989	22.9.1989	Over 3 months*
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67-Ministry of Textiles	18.7.1989	31.7.1989	13 days**
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\*. From 31 May, 1989

\*\* From the date of presentation of relevant Appropriation Accounts to the House.

1	2	3	4
<i>Ministry of Urban Development</i>			
91-	Lakshadweep	18.7.1989	21.8.1989 over 1 month*
88-	Delhi	-do-	21.9.1989 over 2 months*
14-	Defence Services-Navy	-do-	26.10.1989 over 3 months*
13-	Defence Services-Army	-do-	24.1.1990 over 6 months*
92-	Chandigarh	-do-	19.4.1990 9 months*
22-	Deptt. of Economic Affairs	-do-	15.5.1990 10 months
74-	Public Works (charged)	-do-	27.6.1990 over 11 months*
74-	Public Works (voted)	-do-	25.7.1990 over 12 months*

Normally, the Report on excess expenditure is presented to the House during the year in which the Appropriation Accounts are laid on the Table of the House. However, during the year 1989-90, the delays on the part of the concerned Ministries in submission of explanatory notes created a situation whereby the Public Accounts Committee (1989) was handicapped to finalise and present their Report on excess expenditure during their term and the excess expenditure remained unregularised. The Committee take a serious view of the delay on the part of the Ministries concerned in furnishing the explanatory notes and desire that responsibility be fixed for any laxity in this regard. The Committee, however, like the

\*. From the date of presentation of relevant Appropriation Accounts to the House.

1	2	3	4
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Ministry, of Finance, who is the co-ordinating Ministry to go into the matter and take suitable measures to ensure timely submission of Explanatory Notes in future.

4 1.8 Finance,  
Defence,  
Railways,  
Posts,  
Telecom,  
Services

The Committee would like to point out that after the excess expenditure is noticed under any grant, no time should be lost in preparing and forwarding the explanatory note to Audit for being vetted. The points/objections, if any, raised by Audit should be resolved with due promptitude on top priority basis. The Committee consider that a time schedule should be laid down for taking action at various stages involved in the finalisation/vetting of the explanatory notes. This would go a long way in eliminating delay in submission of these notes to the committee. The Committee trust that necessary steps would be taken in this direction.

5 1.13 Defence

An Analysis of the expenditure under Grant Nos. 13 and 14 administered by the Ministry of Defence discloses the following facts:

- (i) the Supplementary provision obtained by the Ministry under certain sub-heads proved too meagre to meet the additional requirement of funds;
- (ii) the reappropriations made to augment the original provision under various units of the Grants proved inadequate to cover the excess expenditure; and
- (iii) the minus reappropriation effected to reduce the provision under various units of the Grants proved wrong resulting in excess expenditure.

The Committee also note that while the overall excess expenditure under the Grant Nos. 13 and 14 was Rs. 2.05 crores and Rs. 2192 crores, respectively, the aggregate excess expenditure under various units of the Grants works out to Rs. 134.06 crores and Rs. 22.99 crores, respectively. Certainly, the large scale savings under various other units

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of the Grants did help to a great extent in minimising the other-wise enormously high excess expenditure. This depicts a very dismal picture of the budgetary control exercised by the Ministry over their grants.

6 1.14 Defence

The Public Accounts Committee (8th Lok Sabha) had in Para 1.53 of their 147th Report, while commenting on the faulty budgetary control and issue of defective reappropriation orders, laid stress on the need for gearing up budgetary control mechanism to ensure that initial appropriation and later reappropriations were carried out meaningfully and realistically. According to the Action Taken Note Furnished by the Ministry of Defence on the above recommendations, instructions already exist for formulating the budget proposals/estimates on a realistic basis and that reappropriations wherever necessary are carried out only after close scrutiny to ensure that they are realistic and meaningful. Considering the extent of the excess expenditure that had occurred even after the reappropriations were effected, the Committee feel that the Budget Control mechanism is still, wanting. Mere issue of instructions is not sufficient unless these are strictly followed by various spending units. The Committee desire the Ministry to further tighten their budgetary control so as to leave little scope for excess expenditure being incurred and to ensure realistic reappropriation of funds under various grants operated by them.

7 1.16 Urban  
Development

Under Revenue Section (Voted) of Grant No. 74 — Public works, the Ministry of Urban Development incurred an expenditure of Rs. 5.67 crores over and above the sanctioned provision of Rs. 148.04 crores during 1987-88 although a supplementary grant of Rs. 5.06 crores had been obtained in March, 1988. But for the savings that occurred under certain heads of the grant, the excess expenditure would have been as high as Rs. 16.32 crores. A perusal of the explanatory note



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furnished by the Ministry would indicate that apart from the faulty estimation of the funds required under various heads of the grant, the Ministry could not compile in time the information regarding expenditure, which was received from various Divisions of CPWD spread all over the country at a very late stage when no time was left for obtaining supplementary grant. The Committee felt that the budget division of the Ministry needs to be revamped thoroughly so that budget estimates are made precisely and the trends of expenditure is closely monitored and reviewed periodically. Besides, a time schedule is all the more essential for regular flow of requisite data from various Divisions of CPWD to the Budget Wing of the Ministry so as to enable the Ministry to initiate action well in time for obtaining additional funds, if any need arises therefore, by presenting supplementary grant to the House.

8 1.18 Home  
Affairs

The Committee note that despite the supplementary grant of Rs. 8.66 crores having been obtained, the Ministry of Home Affairs incurred an excess expenditure to the tune of Rs. 4.45 crores under Revenue Section (Voted) of Grant No. 92 — Chandigarh during 1987-88. The faulty estimation of budgetary requirements and misclassification of expenditure were mainly responsible for the excess expenditure. While the Committee expect the Ministry to exercise maximum care in assessing their funds requirements they would like them to be extra cautious while booking expenditure. The misclassification/erroneous booking of expenditure should in no case, be allowed to result in excess expenditure. In such cases, enquiries should invariably be made and responsibility fixed for the lapses.

9 1.21 Railways

The Committee note that during the year 1987-88, the actual expenditure aggregating Rs. 3457.02 crores exceeded the sanctioned allocation (including supplementary provision) of Rs. 3299.60 crores under 6 Grants/Appropriations operated by the

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Ministry of Railways by Rs. 157.42 crores. The main reasons set forth for the excess expenditure were materialisation of decretal payments contrary to expectations, under-estimation of Hire and Penalty charges, re-appropriation of lease charges, financial adjustments, super-annuation and retiring pensions, commuted pensions, Family Pension, more appropriation under Developments Fund etc.

10 1.22 Finance,  
Railways,  
Defence,  
Posts,  
Telecom,  
Services

The Committee have repeatedly cautioned the Ministries, in the past, against incurring expenditure not authorised by Parliament but without any tangible results. It is very necessary that the Ministries should keep watch over the trend of expenditure and when any need for additional funds arises they should assess realistically their requirements in advance and approach Parliament by presenting Supplementary Demands for Grants in time. It is not expected of any Ministry to cross their financial limits after obtaining Supplementary Grants as has happened in many cases. The Committee recommend that the Ministries should evolve some mechanism through which the progress of expenditure is monitored so that timely action is taken to ensure that expenditure does not overshoot its limits.

11 1.23 Finance  
(Expenditure),  
Railways

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

12 2.2 Urban  
Develop-  
ment

The Committee hope that replies in respect of the recommendations to which no replies have been furnished, will be furnished to them after getting the same vetted by Audit.

13 2.6 Railways

The Committee trust that the review being undertaken by the Committee of Officers of the Railway Board in regard to the framing of budget estimates under Grant No. 13 operated by Railways, would be completed expeditiously and its results made known to the Committee.

1	2	3	4
14	2.10	Finance (Expendi- ture)	The Public Accounts Committee (Eighth Lok Sabha) in their 147th Report had noticed certain cases in which the amounts of savings exceeded the supplementary provision during 1986-87 and had desired the Ministries to apprise them of the compelling circumstances that necessitated the supplementary provision. In their action taken notes the Ministry of Finance have dealt with each of the grants Nos. 89, 90, 40 and 27.
15	2.11	-do-	In the case of both Capital and Revenue Sections of the Grant No. 89-Posts, Light Houses and Shipping, the Ministry have stated that though the over-all savings of Rs. 3887.49 lakhs and Rs. 3168.08 lakhs had occurred under those Sections of grant respectively, yet these did not occur under the heads for which supplementary grants of Rs. 22.05 lakhs and Rs. 70.00 lakhs were obtained. The Committee are not convinced with the argument in-as-much as the main thrust of the recommendations was that the magnitude of the savings was so much that it would have taken care of the requirements for additional funds under some of the heads of the Grant through reappropriation without any resort to supplementary grants. The information furnished by the Ministry however, proves that the budget estimates were framed without adequate application of mind. The four heads under the Capital Section and three heads under the Revenue Section accounted for an excess of Rs. 2806.01 lakhs and Rs. 67.93 lakhs. respectively, which only helped in reducing the amount of savings. Otherwise, the extent of savings would have been much more.
16	2.12	Finance (Expendi- ture)	In the case of other grants (i.e. Nos. 90,40 and 27) the Ministry have put forth the argument that due to implementation of the recommendations of Fourth Pay Commission, correct estimates could not be made and therefore savings occurred. The Committee do appreciate that figure to figure exact

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estimates cannot be made but at the same time they expect the Ministries to at least ensure minimum variations between the budget estimates and the actual expenditure.

17 2.13 -do-

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

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA  
SECRETARIAT PUBLICATIONS

Sl. No.	Name of Agent	Sl. No.	Name of Agent
<b>ANDHRA PRADESH</b>		<b>UTTAR PRADESH</b>	
1.	M/s. Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500 361.	12.	Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.
<b>BIHAR</b>		<b>WEST BENGAL</b>	
2.	M/s. Crown Book Depot., Upper Bazar, Ranchi (Bihar).	13.	M/s. Madimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-1.
<b>GUJARAT</b>		<b>DELHI</b>	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T. No. 79065)	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi, (T. No. 351663 & 350806)
<b>MADHYA PRADESH</b>		15.	M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006 (T. No. 2915064 & 230936).
4.	Modern Book House, Shiv Vilas Place, Indore City. (T. No. 35289).	16.	M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001. (T. No. 3315308 & 45896)
<b>MAHARASHTRA</b>		17.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T. No. 7112309).
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.	18.	M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar; Old Double Storey, New Delhi-110 024. (T. No. 6412362 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shalimar Bagh, Delhi-110 033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.	20.	M/s. Venus Enterprises, B-2/85, Phase-II, Ashok Vihar, Delhi.
8.	M/s. Usha Book Depot, 'Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400 002.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, Connaught Circus, New Delhi-110 001. (T. No. 344448, 322705, 344478 & 344508).
9.	M & J Services, Publishers, Rep- resentative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fuele Road Nalgaum, Dadar, Bombay-400 014.	22.	M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Services India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.	23.	M/s. Books India Corporation Pub- lishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052. (T. No. 269631 & 714465).
<b>TAMIL NADU</b>		24.	M/s. Sangam Book Depot, 4378/4B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi-110 002.