

**HUNDRED AND SIXTH REPORT  
PUBLIC ACCOUNTS COMMITTEE  
(1987-88)**

**(EIGHTH LOK SABHA)**

**Excesses Over Voted Grants and Charged  
Appropriations (1985-86)  
and  
Action Taken on Fifty-Seventh Report  
(Eighth Lok Sabha)**



*Presented in Lok Sabha on 7 March, 1988*

*Laid in Rajya Sabha on 7 March, 1988*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*February, 1988/Magha, 1909 (Saka)*

*Price : Rs. 13.00*

CORRECTIONS TO 106TH REPORT OF PAC (8TH LOK SABHA)

Page	Para	Line	For	Read
2	Table	10	<del>Pensions-interest</del>	Pensions
	Col.2	11	<del>Payments</del>	Interest Payments
16	1.19	3	Rs.572.87 crores	Rs.512.87 crores
18	-	18	lie	like
22	Sl. No.18	Col.6	<u>Delete</u> '*'	
23	Sl. No.23	Col.5	2,96,32,15,330	2,96,82,15,950
		Col.6	5,75,30,330	5,75,30,930
	Sl. No.29	Col.6	1,90,303	1,90,303
117	1.19	4	Rs.572.87 crores	Rs.512.87 crores

119 After Sl. No.9 insert the following :

' 10 2.4 Def. While examining excess expenditure over Grant No.20- Defence Services-Navy incurred during the year 1984-85, the Committee had noticed, that more expenditure under the sub-head - Stores, led to excess expenditure continuously during the years 1983-84 and 1984-85. The Committee had desired the Ministry of Defence to take concrete steps to ensure realistic assessment of the extent of supplies of stores likely to materialise. In their action taken note, the Ministry of Defence, without spelling out the specific action taken by them to contain the excess expenditure under the sub-head 'stores', have stated in general terms about the instructions issued, which they in the normal course do, for framing budget estimates on realistic basis. However, the Committee again find from the Appropriation Accounts (Defence Services) for 1985-86 that excess expenditure of Rs.11.25 crores was incurred under sub-head - Stores, though it was offset by savings in other sub-heads of the main Grant (No.21 - Defence Services Navy). The Committee desire that the matter be gone into in detail and some system evolved to ensure realistic assessment of the extent of supplies of stores likely to materialise so that the provision for the purchase of stores and raising debits thereto is made accurately.'

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(1987-88)

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Shri Amal Datta

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2. Shri B. D. Duggal, *Chief Financial Committee Officer*
3. Shri S. M. Mehta, *Senior Financial Committee Officer*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 106th Report on Excesses Over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts—Civil, Defence Services, Telecommunication Services and Railways for the year 1985-86 and action taken by Government on the recommendations of the Public Accounts Committee in their 57th Report (8th Lok Sabha) on Excesses Over Voted Grants and Charged Appropriations for the year 1984-85.

2. During the year 1985-86, in spite of the supplementary grants having been obtained, excess expenditure aggregating Rs. 441.72 crores was incurred under 29 grants/appropriations. The declining trend of the excess expenditure noticed by the Committee, only a year ago, has proved to be short lived one. The excess expenditure which was of the order of Rs. 364.94 crores under 21 grants/appropriations during 1982-83, decreased to Rs. 64.87 crores under 9 grants/appropriations during 1984-85. However, this declining trend was totally reversed during 1985-86. The Committee have expressed the view that the trend of expenditure should be assessed regularly and corrective action taken with the promptitude.

3. During the course of examination of the Appropriation Accounts, the Committee noticed large scale savings to the tune of Rs. 19621.43 crores during 1985-86 with Appropriation Accounts (Civil) alone reporting savings of Rs. 19419.10 crores. Out of the 244 items (both Revenue and Capital Sections of Voted Grants and Charged Appropriations) contained in the Appropriation Accounts (Civil), savings occurred in 230 items. Supplementary Grants were obtained in 129 items out of which the whole amount of supplementary grants remained unutilised in 24 cases. Most of these savings which were in social and economic Ministries could have been usefully utilised in needy areas of the economy. Besides, these savings are indicative of shortfall in performance. The Committee have viewed these savings seriously and have desired that the circumstances that led to provisioning of supplementary grants in excess of the actual requirements should be examined and responsibility fixed.

4. The Committee examined the excess expenditure in the light of Explanatory Notes furnished by the Ministries/Departments of Government of India (Appendices II to XV) at their sitting held on 11 February, 1988. The Minutes of the sitting form Part II of the Report.

5. The Committee's 57th Report (8th Lok Sabha) on Excesses Over Voted Grants and Charged Appropriations for the year 1984-85 was

presented to Lok Sabha on 13 November, 1986. The action taken notes furnished by Government in pursuance of recommendations contained in that Report were also considered by the Committee at the aforesaid sitting and have been dealt with in Chapter II of the Report.

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

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

NEW DELHI:

19 February, 1988

30 Magha, 1909 (Saka)

AMAL DATTA  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER I

### EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1985-86)

#### *Introductory*

1.1 This Chapter deals with Excess Expenditure over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts—Civil, Defence Services, Telecommunication and Railways for the year 1985-86. These are examined by this Committee\* with reference to the facts of each case and the circumstances leading to such an excess and the Committee make below appropriate recommendations.

1.2 The Appropriation Accounts—Civil, Defence Services, Postal Services, Tele-communications and Railways for the year 1985-86 were laid on the Table of the House on 8th May, 1987.

#### *Excess Expenditure*

1.3 The excess expenditure during the year 1985-86 which requires regularisation under Article 115(1)(b) of the Constitution is of the order of Rs. 441.72 crores incurred over the sanctioned provision of Rs. 23799.46 crores under 29 Grants/Appropriations.<sup>1</sup> Compared to earlier years, the year 1985-86 witnessed steep rise in the aggregate excess expenditure as well as in the number of grants that recorded excess expenditure as is evident from the following table :

Year	No. of Voted Grants	No. of Charged Appropriation	Total	Excess Expenditure (Rs. in crores)
1982-83	18	3	21	364.94
1983-84	12	—	12	115.62
1984-85	7	2	9	64.87
1985-86	21	8	29	441.72

1.4 Only last year, noticing declining trend in the excess expenditure during 1984-85, the Committee were hopeful that this trend would be sustained by the Ministries and Departments of Government of India with a little more effective financial control. But that trend was totally reversed during 1985-86 when the excess expenditure registered an increase of as high as 581% over that in 1984-85.

1.5 The excess expenditure during 1985-86 occurred even after the Ministries/Departments obtained supplementary grants/appropriations to

\*Vide Rule 308(4) of the Rules of Procedure and Conduct of Business in Lok Sabha.

<sup>1</sup>Vide Appendix I.

meet their additional requirements mostly at the end of the financial year as is evident from the following table.

Ministry/Department.	Name of Grant/Appropriations	Amount of Supplementary Grant/Appropriations.	Sanction Date of Supplementary Grants	Amount of Excess Expenditure
		(Rs. in crores)		
Textiles	12-Textiles, Handlooms and Handicrafts	54.07	July 85 (Rs. 45 crores) March 86 (Rs. 9.07 crores)	1.93
Tele-Communications	17-Telecommunications Services	36.00	March 86	2.17
Defence	Grants Nos. 19, 20, 22 and 23	210.56	Do.	116.59
Finance	36-Pensions-Interest Payments	28.72 325.00	Do. Do.	9.56 111.88
Information & Broadcasting	62-Information and Broadcasting.	5.18	Do.	0.34
Urban Development	82-Housing & Urban Development	0.24	Do.	1.13
Railways	Grant Appn. Nos. 2, 4-13, 15 & 16	401.65	Do.	193.38

1.6 The excess expenditure under Grant No. 12 (Capital Section-Voted) —Textiles, Handlooms and Handicrafts<sup>2</sup> was stated to be mainly due to increase in the requirement of funds for statutory payments under the Jute Companies (Nationalisation) Act, 1980, meeting spill over expenditure for co-operative spinning mills, post-budget decisions to extend temporary financial assistance to Jute Corporation of India towards losses on its price support operation in the form of loan instead of subsidy as contemplated earlier, larger quantum of cash losses of National Jute Manufactures Corporation Limited owing to increase in the prices of raw jute and consequential larger requirement of funds by National Jute Manufactures Corporation Limited.

1.7 Under the Voted portion of Capital Section of Grant No. 17—Telecommunications,<sup>3</sup> the excess expenditure occurred under the Plan Scheme 'Local telephone systems' due to larger expenditure than anticipated on land acquisition and equipment/stores etc.

1.8 The excess expenditure incurred by the Ministry of Defence during the year under review was nearly twice of that (Rs. 59.21) crores) during 1983-84 and more than five times of that (Rs. 22.43 crores) during 1984-85.

<sup>2</sup> Vide Appendix III.

<sup>3</sup> Vide Appendix IV.

The excess of Rs. 12.02 crores under Grant No. 19—Defence Pensions,<sup>4</sup> was mainly attributable to the excess of Rs. 9.41 crores under head A.1(1) Army; AI(1)(1)—Pensions and other Retirement Benefits and AI(1)(2) Rewards, and excess of Rs. 3.59 crores under head A.1(3)—Pensions and other Retirement Benefits of Air Force, which were partly offset by saving under other sub-heads. The excess of Rs. 22.91 crores under Grant No. 20—Defence Services—Army,<sup>5</sup> was mainly under head A.4—Transportation (Rs. 14.00 crores) due to increased rates of daily allowance, increase in rates of hiring civil vehicles and heavy movement of personnel and stores by rail etc. Sub-head A.6—Ordnance Factories (Rs. 46.62 crores) due to materialisation of more supplies and escalation of the cost of material and labour charges etc., Sub-head A.10—Works (Rs. 12.80 crores) due to grant of dearness allowance, interim relief and rise in cost of stores, increase in tariff rates of water and electricity, more expenditure on procurement of Stores etc.

The excess of Rs. 57.37 crores under Grant No. 22—Defence Services—Air Force,<sup>6</sup> occurred under five sub-heads the major among which were A.5—Stores (Rs. 40.36 crores) where excess was mainly due to higher materialisation, hike in prices etc. and A.6—Works (Rs. 11.65 crores) where the excess was mainly due to escalation of cost of stores and execution of inescapable special repairs and increase in tariff rates of water and electricity.

The excess expenditure of Rs. 24.30 crores under Grant No. 23—Capital Outlay on Defence Services<sup>7</sup> occurred in sub-head A.1—Army Land (Rs. 2.34 crores) and construction works (Rs. 13.46 crores) mainly due to on account payment to a State Government for acquisition of land and more expenditure on capital works, sub-head A.2—Navy—Construction works (Rs. 4.06 crores) due to escalation in the cost of building materials, sub-head A.3—Air Force—Special Projects (Rs. 1.45 crores) due to better performance of civil works and sub-head A.4—Ordnance Factories—Construction works (Rs. 8.53 crores) due to expenditure on certain time bound projects. The Ministry of Defence have informed that instructions have been issued to all concerned to exercise a close and constant watch over the trend of expenditure with reference to sanctioned grant.

1.9 In response to our recommendation made earlier regarding computerisation of the system of recording of expenditure and preparation of connected compilation, the Ministry of Defence intimated in March, 1986\*

<sup>4</sup> Vide Appendix V.

<sup>5</sup> Vide Appendix VI.

<sup>6</sup> Vide Appendix VII.

<sup>7</sup> Vide Appendix VIII.

\*Action taken on recommendation contained in Para 2.25 of the 17th Report (8th Lok Sabha).

that “the Department switched over to computers in early seventies itself. To expand and modernise the same the Department is setting up a number of computers at nodel stations.”

1.10 In the case of Grant No. 36—Pensions,<sup>8</sup> the Ministry of Finance have expressed their inability to make precise estimates of the amounts of pension to be actually drawn by pensioners not only because of their very large number and wide dispersal of points of payments and accounting but because it also depends on the time the pensioners choose to draw their entitlement. The estimates presented by the Ministry of Finance are also based on the estimates furnished by the Accountants General/Directors of Audit and Pay & Accounts Officers.

1.11 The excess expenditure under Appropriation—Interest payments<sup>9</sup> was mainly due to payment of discount/interest on larger issue of Treasury Bills, more deposits in savings banks, issue of more savings certificates, more collection under various small savings schemes and larger accretion to State Provident Funds, special deposits of Provident, Superannuation Gratuity Funds, Railway Pensions Fund etc. According to the Ministry there are constraints like large number of items involving too many Ministries and Union Territories and difficulties in forecasting the deposits and withdrawal schedule in savings Bank and small saving schemes.

1.12 During 1985-86 fifteen grants/appropriations<sup>10</sup> operated by the Ministry of Railways registered excess expenditure amounting to Rs. 193.39 crores which was the highest during the last 5 years as is clear from the following table :

Year	No. of Grants/Appropriation which recorded excess expenditure	Amount of excess expenditure (in crores)
1981-82	5	88.62
1982-83	6	65.05
1983-84	4	34.67
1984-85	1	6.27
1985-86	15	193.39

1.13 The main factors which were responsible for the excess expenditure are stated to be increase in productivity linked bonus and additional dearness allowances, contractual payments, increased expenditure on repairs and maintenance of diesel locomotives, electric locomotives, rental to P&T Department, diesel and electric traction, superannuation and retiring pension

<sup>8</sup> Vide Appendix IX.

<sup>9</sup> Vide Appendix X.

<sup>10</sup> Vide Appendix XV.

and payment of deferred dividend liability etc. The Ministry of Railways obtained supplementary provision of Rs. 401.65 crores under these grants/Appropriation but that too proved to be inadequate resulting in excess expenditure.

1.14 Regarding the steps taken by the Ministry of Railways to overcome the problem of excess expenditure and for computerisation of the system of recording of expenditure and preparation of connected compilation, the Ministry of Railways intimated in June, 1986\* that the spending authorities had been made fully aware of the need to avoid excess over the voted grants. In addition, a computerised system of prompt and purposeful financial review had already been developed and implemented on one of the zonal Railways. The system would be extended to other Railways soon after the new computers were installed. Incidentally the Committee note that the Ministry of Communications (Deptt. of Telecommunication) had also taken a decision\*\* to computerise the recording of expenditure and preparation of connected compilation of the Central Office in the first instance. The modalities were being worked out.

1.15 Another feature which the Committee have noticed is misclassification of expenditure or erroneous adjustment in three grants (Nos. 4, 9 and 10). This shows how much ineffective the mechanism of budgetary control is in the Ministry of Railways. Such type of misclassification was last noticed in the accounts of Railways during 1982-83. The Public Accounts Committee (Seventh Lok Sabha) had in their 222nd Report, while commenting on this aspect, desired the Ministry of Railways to undertake a thorough scrutiny of the reasons for misclassifications and to devise foolproof measures to obviate recurrence thereof. Thereupon, the Ministry of Railways issued instructions to the Chief Executives of Railways to have closer review of expenditure meticulously and concurrently from month to month and to fix staff responsibility for misclassification. Surprisingly, the impact of these instructions could last only for two years i.e. 1983-84 and 1984-85 •during which no notable misclassification occurred.

1.16 The Committee note that during the year 1985-86 excess expenditure amounting to Rs. 441.72 crores had occurred under 29 Grants/Appropriations as against the excess expenditure of Rs. 64.87 crores incurred under 9 Grants/Appropriations during 1984-85. While examining the excess expenditure incurred during/1984-85, the Committee had in their 57th Report (8th Lok Sabha) expressed satisfaction over the declining trend of excess expenditure and had hoped that the declining trend would be sustained. The Committee, however, are surprised to find that the position has deteriorated so soon. The excess expenditure during 1985-86 register-

\*Vide Action taken note on recommendation in Para 2.30 of 17th Report (8th Lok Sabha)

\*\*Vide Action taken note dated 3 April, 1986 on recommendation in Para 3.8 of 17th Report (8th Lok Sabha).

ed an increase by 581% over that incurred during 1984-85. The Committee feel that the Budget estimates were made without indepth examination of fund requirements by the Ministries giving rise to excess expenditure. Neither at the revised estimates stage nor at the supplementary grant stage could the Ministries assess their actual needs under various grants operated by them. Normally, bulk of supplementary provisions are made at the flag end of the year and the Ministries have sufficient time, before presentation of the Supplementary Demands to the House, to collect necessary data for accurately estimating their actual requirements. There should, therefore, be no reason for any significant excess expenditure being incurred. The problem of excess expenditure can be tackled effectively only by keeping close watch over the trend of expenditure through continuous and effective monitoring of the spendings vis-a-vis budgetary allocations.

1.17 The Committee are informed that instructions have been issued to all concerned for framing budget estimates on realistic basis. But mere issue of instructions is not enough if there is no effective monitoring machinery to ensure their strict implementation. Regular and sometimes surprise checks by senior officers are essential to ensure that the instructions are strictly followed and the relevant registers/records maintained properly by the offices, sub-offices etc., of the Ministries. No slackness on the part of the staff, in this matter should be tolerated. The Departmental heads must ensure that checks of both types mentioned above are carried out and regular assessment on trend of expenditure made and corrective action taken with due promptitude.

1.18 The Committee hope that with the introduction of computers for recording of expenditure and preparation of connected compilations in the Ministries of Defence, Railways and Communications which have large number of spending units spread all over the country, there will be little scope for excess expenditure being incurred. They desire that urgent steps should be taken to computerise the system fully, if not already done.

1.19 Under the Revenue Section (Voted) of Grant No. 19—Defence Pensions, the Ministry of Defence incurred an excess expenditure amounting to Rs. 12.02 crores against the total provision of Rs. 572.87 crores during 1985-86. The overall excess expenditure under the Grant was 2.3% of the total provision. But in the case of one of the constituents of the grant namely, A1(3) Air Force, the variation between the sanctioned funds and the actual expenditure was as high as 15.95%. The Committee cannot view such a large excess with equanimity and take a serious view of this variation especially taking note of the fact that Air Force has a relatively lesser number of pensioners and feel that had a little more care been taken while framing budget estimates, the variation could not have been of such magnitude. The Committee hope that sufficient care would be taken in this regard in future to ensure that the excess expenditure is reduced to the barest minimum, if not eliminated altogether.

1.20 The Committee find that Grant No. 36—Pensions is controlled by the Ministry of Finance on behalf of all the Ministries except the Ministries of Defence and Railways which have their separate provisions relating to pensions. Considering the difficulties expressed by the Ministry of Finance in making precise estimates and the fact that estimates presented by the Ministry of Finance are based on the estimates furnished by the Accountants General/Directors of Audit and Pay and Accounts Offices, the Committee desire the Ministry of Finance to examine the feasibility of decentralising the Grant with a view to making each Ministry responsible for the provisions made for disbursement of pensions. The Committee would like to be apprised of the position in this regard.

1.21 The Committee take a serious view of the misclassification of expenditure in compilation of Railway accounts which is indicative of faulty budget control, violation of allocation 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 the Zonal Railways be reiterated to eliminate the scope of recurrence of misclassification of expenditure in the accounts maintained by them.

#### *Savings*

1.22. While scrutinising the cases of excess expenditure, we have noticed large scale savings during the year 1985-86. The aggregate of savings as disclosed by the Appropriation Accounts—Civil, Defence Service, Postal Services, Telecommunications and Railways for the year 1985-86, was of the order of Rs. 19621.43 crores (both under Voted Grants and Charged Appropriations). The following table indicates the comparative figures of savings against the total provision of Voted Grants and Charged Appropriations during the last three years :

Appropriation Accounts	Total amount of Grant	Savings	Total amount of Appropriation	Savings
1	2	3	4	5
(Rs. in crores)				
	Voted		Charged	
<b>1983-84</b>				
Civil . . . . .	22937.51	1769.37	112251.16	4732.66
Defence Services . . . . .	6625.01	89.71	64.09	39.99
Posts & Telegraphs . . . . .	2443.04	124.73	7.02	3.09
Railways . . . . .	9141.61	426.18	38.34	23.30
	41147.17	2409.99	112360.61	4799.04

1	2	3	4	5
	Voted		Charged	
<b>1984-85</b>				
Civil	28849.97	2238.25	148636.39	2797.23
Defence Services	7601.89	179.03	45.10	6.78
Posts & Telegraphs	2775.08	131.92	8.02	5.95
Railways	9877.46	284.82	39.53	19.98
	49104.40	2834.02	148729.04	2829.94
<b>1985-86</b>				
Civil	33872.91	1920.36	175938.98	17498.75
Defence Services	8250.65	0.37	7.57	3.37
Postal Services	826.61	63.19	0.45	0.35
Telecommunications	2407.99	71.15	0.61	0.33
Railways	11399.85	53.01	20.68	10.54
	56758.01	2108.08	175968.29	17513.34

**1.23** While the overall savings as disclosed by various Appropriation Accounts was Rs. 19621.43 crores during 1985-86, the Appropriation Accounts (Civil) alone reported aggregate savings of Rs. 19419.10 crores under both Voted Grants and Charged Appropriations. These savings occurred in 230 items (of both Revenue and Capital sections of Voted Grants and Charged Appropriations) out of 244 items contained in the Appropriation Accounts (Civil) for 1985-86. Out of these, 27 items (23 voted grants and 4 charged appropriations)<sup>11</sup> accounted for savings of Rs. 18856.80 crores. The Committee further find that Supplementary provisions were obtained in 129 items of both Revenue and Capital Sections of Voted Grants and Charged Appropriations. Out of these, in 24 cases<sup>12</sup> not only the whole amount of supplementary Grants/Appropriations remained unutilised, but the savings under these cases also exceeded the amount of supplementary provision. To quote a few glaring examples, the saving (Rs. 2800.24 lakhs) under Revenue Section (Voted) of Grant No. 11—Foreign Trade and Export Production was nearly 280 times of the supplementary grant (Rs. 10.12 lakhs). Similarly, the saving (Rs. 8204.21 lakhs) under capital section of the above-said grant was 23 times of the supplementary grant (Rs. 345.80 lakhs). In yet another case i.e. Revenue Section (Voted) of Grant No. 57—Ministry of Industry, the saving (Rs. 86.93 lakhs) was 29 times of the supplementary Grant (Rs. 3.00 lakhs). This is clearly indicative of the sorry state of affairs in the Budget Cells of the Ministries which failed to scrutinise properly and estimate realistically their fund requirements even at the supplementary grants stage resulting in

11. Vide Appendix XVI.

12. Vide Appendix XVII.

large scale savings and depriving some other important Sectors of much needed resources. Savings are also index of shortfall in performance. It is unfortunate that savings should have occurred in welfare and developmental areas of economy such as Agriculture, Education, Village and Small Industries, Labour and Employment, Medical and Public Health, etc.

1.24 The Committee feel that the Financial Adviser of the Ministries have not been able to discharge their responsibilities properly. Budget provisions are made keeping in view the resources available or likely to be available during the year and each Ministry is expected to keep its expenditure within the budgetary limit. Resort to supplementary grants should be in rare and emergent cases. To obtain additional funds without utilising them is a very serious matter. The Committee desire that the circumstances that led to provisioning of supplementary grants in excess of the actual requirements of the Ministries should be examined and responsibility for making faulty estimation fixed and the Committee apprised of the results of such an examination.

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

## CHAPTER II

### REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THEIR 57TH REPORT (8TH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1984-85

57th Report (8th Lok Sabha) of the Public Accounts Committee (1986-87) on Excesses over Voted Grants and Charged Appropriations for the year 1984-85 was presented to Lok Sabha on 13 November, 1986. The Report contains 13 recommendations/observations. Of these, 4 recommendations (Sl. Nos. 3, 11, 12 and 13) pertain to more than one Ministry.

2.2 Action Taken Notes on all the recommendations have been received from the Ministries concerned and are reproduced at Appendix XVIII. Recommendations have been categorised as follows :

- (i) Recommendations or observations that have been accepted by Government :  
Sl. Nos. 1, 3, 5, 8, 9, 10 and 11
- (ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government:  
Sl. Nos. 2, 4, 6, 12 and 13
- (iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration :  
Sl. No. 7
- (vi) Recommendations or observations in respect of which Government have furnished interim replies/no replies :  
Nil.

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

*Need for realistic assessment of stores*

(Sl. No. 7, Para 2.21)

2.4 While examining excess expenditure over Grant No. 20—Defence Services—Navy incurred during the year 1984-85, the Committee had noticed that more expenditure under the sub-head—Stores, led to excess expenditure continuously during the years 1983-84 and 1984-85. The Committee had desired the Ministry of Defence to take concrete steps to ensure realistic assessment of the extent of supplies of stores likely to materialise. In their action taken note, the Ministry of Defence, without spelling out the specific action taken by them to contain the excess expenditure under the

sub-head 'stores', have stated in general terms about the instructions issued, which they in the normal course do, for framing budget estimates on realistic basis. However, the Committee again find from the Appropriation Accounts (Defence Services) for 1985-86 that excess expenditure of Rs. 11.23 crores was incurred under sub-head—Stores, though it was offset by savings in other sub-heads of the main Grant (No. 21—Defence Services—Navy). The Committee desire that the matter be gone into in detail and some system evolved to ensure realistic assessment of the extent of supplies of stores likely to materialise so that the provision for the purchase of stores and raising debits thereto is made accurately.

NEW DELHI;  
19 February, 1988  
30 Magha, 1909 (Saka)

AMAL DATTA  
Chairman,  
Public Accounts Committee.

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**PART II**

**Minutes of the Sitting of the Public Accounts Committee held on 11-2-1988**

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**MINUTES OF THE 35TH SITTING OF THE PUBLIC ACCOUNTS  
COMMITTEE HELD ON 11TH FEBRUARY, 1988**

The Public Accounts Committee sat from 10.30 to 11.50 hours in Committee Room 'C', Parliament House Annexe, New Delhi. The following were present :

Shri Amal Datta—*Chairman*

**MEMBERS**

2. Shri Mohd. Ayub Khan
3. Shri Ajay Mushran
4. Shri Navinchandra Ravani
5. Shri Chiranji Lal Sharma
6. Shri Pratap Bhanu Sharma
7. Genl. R. S. Sparrow
8. Dr. Chandra Shekhar Tripathi
9. Shri Vir Sen
10. Shri Yogeshwar Prasad Yogesh
11. Shri Nirmal Chatterjee
12. Shri Bhuvnesh Chaturvedi
13. Shri M. S. Gurupadaswamy
14. Shrimati Manorama Pandey

**SECRETARIAT**

1. Shri B. D. Duggal—*Chief Financial Committee Officer*
2. Shri S. M. Mehta—*Senior Financial Committee Officer*

**REPRESENTATIVES OF AUDIT**

1. Shri G. M. Mani—*ADAI (Report)*
2. Shri S. B. Krishnan—*Director (Reports)*
3. Shri M. M. B. Annavi—*DADS, New Delhi*
4. Shri Baldev Rai—*DA (Air Force & Navy), New Delhi*
5. Shri S. S. Roychowdhry—*DACR-I, New Delhi*
6. Shri A. K. Sitaram—*Jt. Dir. (Railways)*
7. Shri S. K. F. Kujur—*Jt. Director (P&T)*

2. The Committee took up for consideration their draft Report of Excesses Over Voted Grants and Charged Appropriations (1985-86) and action taken on their 57th Report (8th Lok Sabha) on Excesses Over

Voted Grants and Charged Appropriations for 1984-85. At the outset, the Chairman informed the Committee that there was a change in the form of the Report in which it had been drafted hithertofore. The Explanatory Notes furnished by the Ministries in respect of the grants deserving comments of the Committee, which had been reproduced in the narrative portion of the earlier Reports were not so reproduced in the Report. These would appear as Appendices to the Report.

After some discussion, the Committee adopted the Report subject to modifications shown at Annexure. The Committee authorised the Chairman to incorporate in the Report certain other minor amendments arising out of factual verification of the same by Audit.

3. The Committee also authorised the Chairman to present the report to the House.

*The Committee then adjourned.*

*ANNEXURE*

**MODIFICATIONS/AMENDMENTS MADE BY THE PUBLIC ACCOUNTS  
COMMITTEE IN THE REPORT ON EXCESSES OVER VOTED GRANTS  
AND CHARGED APPROPRIATIONS (1985-86) AND ACTION TAKEN  
ON 57TH REPORT (8TH LOK SABHA)**

Page	Para	Line	Modifications/Amendments
1	2	3	4
2	1.5	3	<i>After 'requirements' Insert 'mostly at the end of the financial year'</i>
2	1.5	Table	<i>Insert a Column indicating the dates of sanction of supplementary grants against each Grant</i>
7	1.16	145	<i>For the exist'ng lines</i>
3	Do.	1	<i>Substitute 'The Committee note that during the year 1985-86 excess expenditure amounting to Rs. 441.72 crores had occurred under 29 grants/appropriations as against the excess expenditure of Rs. 64.87 crores incurred under 9 grants/appropriations during 1984-85. While examining the excess expenditure incurred during 1984-85, the Committee had in their 57th Report (7th Lok Sabha) expressed satisfaction over the declining trend of excess expenditure and had hoped that the declining trend would be sustained. The Committee, however, are surprised to find that the position has deteriorated so soon. The excess expenditure during 1985-86 registered an increase by 581% over that incurred during 1984-85. The Committee feel that the Budget estimates were made without indepth examination of fund requirements by the Ministries giving rise to excess expenditure. Neither at the revised estimates stage nor at the supplementary grant stage could the Ministries assess their actual needs under various grants operated by them. Normally, bulk of supplementary provisions are made at the fag end of the year and the'</i>
3	1.17	12	<i>After 'carried out' Insert 'and regular assessment on trend of expenditure made and corrective action taken with due promptitude'</i>
9	-	4	<i>After line 4. Insert new para as follows :</i> <b>'1.19 Under the Revenue Section (Voted) of Grant No. 19— Defence Pensions, the Ministry of Defence incurred an excess expenditure amounting to Rs. 12.02 crores against the total provision of Rs. 572.87 crores during</b>

1	2	3	4
			1985-86. The overall excess expenditure under the Grant was 2.3% of the total provision. But in the case of one of the constituents of the grant namely, A1(3) Air Force, the variation between the sanctioned funds and the actual expenditure was as high as 15.95%. The Committee can not view such a large excess with equanimity and take a serious view of this variation especially taking note of the fact that Air Force has a relatively lesser Number of pensioners and feel that had a little more care been taken while framing budget estimates, the variation could not have been of such magnitude. The Committee hope that sufficient care would be taken in this regard in future to ensure that the excess expenditure is reduced to the barest minimum, if not eliminated altogether.
9 to 13	1-19 — to 1-24		<i>Renumber</i> existing Paras as 1.20, 1.21, 1.22, 1.23, 1.24 and 1.25.
9 1-20 (as renumbered)	11		<i>After</i> 'pensions.' <i>Insert</i> 'The Committee would lie to be apprised of the position in this regard'.
11 1-23 (renumbered)	1		<i>For</i> the existing line. <i>Substitute</i> 'While the overall savings as disclosed by various Appropriation Accounts was Rs. 19621.43 crores during 1985-86, the Appropriation Accounts (Civil) alone reported.'
12 Do.	19		<i>Omit</i> 1.23
Do. Do.	1-3 from bottom		<i>For the existing lines</i> <i>Substitute</i> 'Sectors of much needed resources. Savings are also index of shortfall in performance. It is unfortunate that savings should have occurred in welfare and developmental areas of economy such as Agriculture, Education, Village and Small Industries, Labour and Employment, Medical and Public Health etc.
			1-24 The Committee feel that the Financial Advisers of the Ministries have not been able to discharge their responsibilities properly.'
13 1-24 (renumbered)	10		<i>After</i> 'fixed' <i>Insert</i> 'and the Committee apprised of the results of such examination'

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**A P P E N D I C E S**

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## APPENDIX I

*Details of voted grants/charged appropriations under which the actual expenditure exceeded the budgetary provision during the year under review are given below :*

Sl. No.	No. and name of Grant/Appropriation	Ministry/Deptt.	Final Grant/ Appropriation	Actual expenditure	Excess expenditure
1	2	3	4	5	6
<b>I. APPROPRIATION ACCOUNTS (CIVIL) 1985-86</b>					
<b>A. Voted Grant</b>					
			Rs.	Rs.	Rs.
<b>Revenue Section</b>					
1.	19—Defence Pensions . . . . .	Defence	5,12,87,25,000	5,24,88,81,527	12,01,56,527
2.	36—Pensions . . . . .	Finance	1,88,54,99,000	1,98,11,17,020	9,56,18,020
3.	90—Public works . . . . .	Urban Development	1,23,66,65,000	1,27,91,92,067	4,25,27,067
<b>Capital Section</b>					
4.	12—Textile, Handloom & Handicrafts . . . . .	Textiles	2,73,84,45,000	2,75,77,68,402	1,93,33,402
5.	62—Broadcasting . . . . .	Information & Broadcasting	1,27,88,88,000	1,28,23,04,418	34,16,418
<b>B. Charged Appropriation</b>					
<b>Revenue Section</b>					
6.	4—Animal Husbandry and Dairy Development . . . . .	Agriculture	20,000	27,647	7,647
7.	Interest Payments . . . . .	Finance	74,00,00,00,000	75,11,88,30,927	1,11,88,30,927
8.	92—Housing and Urban Development . . . . .	Urban Development	1,83,97,000	1,89,94,332	5,97,332
<b>Capital Section</b>					
9.	53—Chandigarh . . . . .	Home Affairs	75,00,000	1,21,83,000	46,83,000
10.	92—Housing & Urban Development . . . . .	Works & Housing	17,70,28,000	18,76,89,983	1,06,61,983

1	2	3	4	5	6
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**II. APPROPRIATION ACCOUNTS (DEFENCE SERVICES)**

		Voted Grants			
<b>Revenue Section</b>					
11.	20—Defence Services—Army . . . . .	Defence	49,40,98,15,000	49,63,88,68,508	22,90,53,508
12.	22—Defence Services—Air Force . . . . .	Do	17,68,27,90,000	18,25,65,26,680	57,37,36,680
<b>Capital Section</b>					
13.	23—Capital Outlay on Defence Services . . . . .	Do	9,39,44,00,000	9,63,73,81,834	24,29,81,834

**III. APPROPRIATION ACCOUNTS (TELECOMMUNICATIONS)**

		Voted Grants			
<b>Capital Section</b>					
14.	17—Telecommunication Services . . . . .	Telecommunications	9,45,59,02,000	9,47,76,36,604	2,17,34,604

**IV. APPROPRIATION ACCOUNTS (RAILWAYS)**

		A. Voted Grants			
15.	4—Repairs & Maintenance of Permanent Way & Works . . . . .	Railways	5,62,89,55,000	5,68,23,44,830	5,33,89,830*
16.	5—Repairs & Maintenance of Motive Power . . . . .	Do.	4,31,06,92,000	4,52,18,38,914	21,11,46,914
17.	6—Repairs & Maintenance of Carriages & Wagons . . . . .	Do.	5,96,59,60,000	6,00,33,66,000	3,74,06,000
18.	7—Repairs & Maintenance of Plant and Equipment . . . . .	Do.	3,20,84,94,000	3,22,03,66,388	1,18,72,388*

19.	8—Operating Expenses—Rolling Stock . . . . .	Do.	4,73,87,14,000	4,74,88,48,924	1,01,34,924
20.	9—Operating Expenditure—Traffic . . . . .	Do.	5,42,40,95,000	5,45,58,03,652	3,17,08,652**
21.	10—Operating Expenses—Fuel . . . . .	Do.	10,86,43,77,000	10,87,24,10,268	80,33,268@
22.	11—Staff Welfare and Amenities . . . . .	Do.	1,88,08,61,000	1,89,28,98,933	1,20,37,933
23.	12—Miscellaneous working Expenses . . . . .	Do.	2,91,06,85,000	2,96,82,15,330	5,75,30,330
24.	13—Provident Fund Pension and other Retirement Benefits . . . . .	Do.	3,49,24,64,000	3,60,94,27,805	11,69,63,805
25.	15—Dividend to general Revenue—Repayment of Loans taken from general Revenue and amortisation over capitalisation . . . . .	Do.	5,64,37,23,000	6,48,13,90,933	83,76,67,933
26.	16—Assets-Acquisition, Construction and Replacement Railway Funds . . . . .	Do.	11,51,03,11,000	12,02,35,46,883	51,32,35,883£

**B. Charged Appropriations**

27.	2—Miscellaneous expenditure (general) . . . . .	Do.	—	33,965	33,965
28.	7—Repairs and Maintenance of Plant and equipment . . . . .	Do.	2,80,000	3,16,648	36,648
29.	8—Operating Expenses—Rolling Stock . . . . .	Do.	10,20,000	12,10,303	7,90,303

\*An excess expenditure of Rs. 5,33,89,830 had been reflected in the relevant Appropriation Accounts.

After taking into account the misclassifications amounting to Rs. 29,25,476 the real excess to be regularised works out to Rs. 504,64,354.

\*\*An excess expenditure of Rs. 3,17,08,652 had been reflected in the relevant Appropriation Accounts.

After taking into account the misclassifications amounting to Rs. 29,25,476 the real excess to be regularised works out to Rs. 3,46,34,128.

@An excess expenditure of Rs. 80,33,268 had been reflected in the relevant Appropriation Accounts.

After taking into account the misclassification amounting to Rs. 3,24,75,000 the real excess to be regularised works out to Rs. 405,08,268.

£Vide paragraph 6.3.12 of the Report of the C&AG of India for the year 1985-86, Union Government (Railways)

## APPENDIX II

*Note for the Regularisation of Excess Expenditure under Major Head '311', B.3(5)(1)—Land & Building (Charged) under Demand No. 4—Animal Husbandry and Dairy Development during 1985-86.*

### Revenue Section (Charged)

Original Appropriation . . . . .	Rs.	20,000
Supplementary Appropriation . . . . .		NIL
Total Appropriation . . . . .	Rs.	20,000
Actual Expenditure . . . . .	Rs.	27,647
Excess . . . . .	Rs.	7, 647

A token provision of Rs. 20,000 was made during 1985-86 under Demand No. 4—Animal Husbandry and Dairy Development, B.3-Delhi Milk Scheme, B.3(5)-Land and Building, B.3(5)(1)-Land (Charged) under Plan to meet unforeseen expenditure arising from Decrees/Orders of Court towards payment of compensation for Land acquired by Delhi Milk Scheme (DMS). In fact a dispute concerning compensation amount in a case relating to acquisition of land by DMS was pending in a Court of Law at that time.

2. Briefly the facts relating to the dispute referred to above are that some-time in 1959, about 2 acres of land belonging to Shri Nathu, S/o Shri Ganga Sahay, of village Hafizpur, District Bulandshahar, Uttar Pradesh had been acquired, by the Land Acquisition Officer, Bulandshahar on behalf of Government of India (Delhi Milk Scheme) for the establishment of a Milk Collecting and Chilling Centre of Delhi Milk Scheme at Dankaur. The Land Acquisition Officer awarded an amount of Rs. 1111.60 towards compensation for the land acquired and the land was handed over by the area Kanungo to the then Technical Officer, of the Ministry of Agriculture on 2-4-1959. The award amount of compensation was authorised to be paid by the Land Acquisition Officer, Bulandshahar, U.P., through A.G., U.P.

3. The owner of the land viz. Shri Nathu Singh S/o Shri Ganga Sahai, however, filed an application in the Court of Collector, Bulandshahar on 17-8-1959 for enhancement of the amount of compensation. Though the case was defended in the Court by the District Government Counsel on behalf of Government, the Hon'ble Court dismissed the objection and enhanced the compensation from Rs. 1111.60 to Rs. 8960.00 and also ordered for payment of solacium equivalent to 15% of the amount of compensation and interest @ Rs. 6/- per annum from the date of taking over the possession of the land viz; 2-4-1959. Thus, the total amount worked out to Rs. 25,337.38.

4. An Appeal was filed in the High Court against the above orders of the District Collector, for restoration of the amount of compensation awarded at initial stage, but the Hon'ble High Court dismissed the appeal on 10-3-1975. Thereafter, the case came up for hearing before the District Judge, Bulandshahar for execution of the award and the Hon'ble Court passed an order for execution of Decree of Rs. 27,647.17 against the Government on 6-9-1985.

5. DMS has stated that after repeated requests and personal visits by the Officers of that Office the District Government Counsel informed DMS *vide* letter dated 28-2-1986, which was stated to have been received (in DMS) on 3-3-1986 indicating that the Decremental amount of Rs. 27,647.17 had to be paid on or before 7-3-1986 failing which the land and the property thereon at the Chilling Centre would be attached.

6. Since the DMS had no time to approach this Department to enhance the existing Budget provisions of Rs. 20,000 under sub-head B.3(5)(1)-Land (Charged), to the extent of the Decreed amount, the decreed amount was paid by General Manager, Delhi Milk Scheme on 7-3-1986 (cheque delivered on 10-3-1986) in order to avoid the situation of attachment of Government Property.

7. It would, therefore, be seen that the payment of Rs. 27,647.17 including excess over the budget allotment of Rs. 20,000 had to be made under the circumstances beyond the control of DMS and their action was unavoidable in order to comply with the decision of the Court within the time specified.

8. In the circumstances explained above the excess of Rs. 7647 mentioned above may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

L. R. K. PRASAD

*Joint Secretary to the Government of India.*

### APPENDIX III

*Note for Public Accounts Committee for regularisation of excess expenditure under Capital Section (Voted) as disclosed in the Appropriation Accounts—Union Government (Civil) for 1985-86.*

In the year 1985-86, excess expenditure has occurred under Grant No. 12-Textiles, Handlooms and Handicrafts in the Capital Section (Voted) as given below :—

Capital Section (Voted)	Rs.
Original Grant . . . . .	219,77,82,000
Supplementary Grant . . . . .	54,06,53,000
<b>Total Grant . . . . .</b>	<b>273,84,35,000</b>
Actual Expenditure . . . . .	275,77,68,402
<b>Excess . . . . .</b>	<b>1,33,33,402</b>

2. As per the condensed Appropriation Accounts 1985-86, the total excess expenditure was Rs. 712 lakhs mainly due to excesses under Head (a) BB.2(1)(1)(3)-Payment under Section 25(1) of Jute Companies (Nationalisation) Act, 1980 (Rs. 73.75 lakhs); (b) CC.1(1)-National Cooperative Development Corporation (Rs. 345 lakhs); (c) EE.2(1)(1)(1)-Jute Corporation of India Ltd., (Rs. 200 lakhs); and (d) EE.2(1)(1)(2)-National Jute Manufactures Corporation (Rs. 93.47 lakhs). However, this excess was partly off set by savings of Rs. 519 lakhs under the Head BB.1(1)(1)(3)-Other Investments (Rs. 200 lakhs); DD.1(1)(1)-North Eastern Handloom and Handicrafts Development Corporation (Rs. 50 lakhs); EE.1(1)(3)-Cotton Corporation of India (Rs. 78 lakhs); AA.2(1)-Investment in State Handicrafts Corporations/Handicrafts Apex Cooperative Societies (Rs. 12 lakhs); AA.2(3)-Building for Crafts Museum (Rs. 15 lakhs), AA.1(1)-Buildings for Weavers' Service Centres and Indian Institute of Handloom Technology (Rs. 3.29 lakhs), BB.1(1)(1)(1)-Payment under Section 27(1) of the Sick Textiles undertakings (Nationalisation) Act, 1974 (Rs. 50 lakhs), BB.2(1)(1)-National Jute Manufactures Corporation (Rs. 100 lakhs) and other two heads (Rs. 10.59 lakhs).

3. The excess expenditure was mainly due to increase in the requirement of funds for statutory payments under the Jute Companies (Nationalisation) Act, 1980, meeting spill over expenditure for cooperative spinning mills, post-budget decision to extend temporary financial assistance to Jute Corporation of India towards losses on its price support operation in the form of loans instead of subsidy as contemplated earlier, larger quantum

of cash losses of National Jute Manufactures Corporation owing to increase in the price of raw jute and consequential larger requirement of funds by the National Jute Manufactures Corporation.

4. The excess expenditure under Capital Section (Voted) as disclosed in the Appropriation Accounts would not have arisen but for the reasons explained in the preceding paras.

5. Detailed instructions are being issued to the Administrative Sections, including the Budget and Accounts Section and Pay and Accounts Officers stressing the necessity to take all possible steps to ensure that the actual expenditure recorded under the various Heads is within the limits permitted, taking into account the Supplementaries, if any.

6. In view of the circumstances explained above, the excess expenditure of Rs. 1,93,33,402 in Capital Section (Voted) under Grant No. 12-Textiles, Handlooms and Handicrafts may kindly be recommended for regularisation under Article 115(1)(b) of the Constitution.

This has been vetted by Audit.

M. Y. PRIOLKAR,  
*Additional Secretary & Financial Adviser.*

File No. G.25017/APP-12/85-86/BBA

## APPENDIX IV

*Note for the Public Accounts Committee for regularisation of excess over voted Grant as disclosed in the Appropriation Accounts of Grant No. 17—  
Telecommunication Services for the year 1985-86.*

In the Capital Section (Voted) of Grant No. 17—Telecommunication Services, there was an excess of Rs. 2.17 crores, constituting 0.22% of the total sanctioned provision in that segment of the grant, as shown below :—

	(Rs.)
Original grant	909,59,00,000
Supplementary grant . . . . .	36,00,02,000
Total sanctioned grant . . . . .	945,59,02,000
Actual expenditure . . . . .	947,76,36,604
Excess . . . . .	2,17,34,604

2. This excess essentially occurred under one of the Plan schemes, namely, 'local telephone systems', and was due to larger expenditure than anticipated, on land acquisition and equipment/stores. Increase in escalation charges for equipment supplied by Indian Telephone Industries, Hindustan Cables Ltd., etc. also contributed to the excess.

3. Capital expenditure of the Department is distributed over about 70 field units through which the various projects that make up the Plan schemes, are being executed. Recently, the accounting and administrative set up of Department of Telecommunications so far as it relates to Telecommunication Circles and Telephone Districts has been reorganised into 16 primary units, with the other units designated as secondary switching areas affiliated to various primary units. Also, pursuant to the recommendations of the PAC as contained in para 2.12 of their 57th Report (1986-87, 8th Lok Sabha), instructions have been issued on 6th January, 1987 to the field formations to exercise stricter control on expenditure and to avoid such excesses in future. It is hoped that with this, it will be possible to exercise a better budgetary control, and avoid such excesses in future.

4. In the circumstances explained above, the net excess of Rs. 2,17,34,604 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-III/1(b) 400/85-86/112 dated 12/5/1987.

V. DEVARAJAN,  
Member (Finance), Telecom. Board.  
15-5-87

(1-45/86-B)

## APPENDIX V

### MINISTRY OF DEFENCE (FINANCE)

#### Budget-I

*Note for the Public Accounts Committee for regularisation of excess over voted portion of Grant No. 19—Defence Pensions as disclosed in the Appropriation Accounts (Defence Services) for the year 1985-86.*

#### *Grant No. 19—Defence Pensions*

Revenue (Voted)	Rs.
Original Grant	508,48,75,000
Supplementary Grant	4,38,50,000
Total Grant	512,87,25,000
Actual Expenditure	524,88,81,527
Excess	12,01,56,527

Against the total Grant of Rs. 512,87,25,000 an expenditure of Rs. 524,88,81,527 has been incurred resulting in an uncovered excess of Rs. 12,01,56,527 (Voted as per enclosed *statement 'A'*).

2. The service-wise breakup of the uncovered excess and savings is shown in the statement 'B' enclosed.

3. The excess of Rs. 8,56,20,577 over the final grant of Rs. 4,81,50,45,000 (Army) and Rs. 3,58,97,281 against the final grant of Rs. 22,49,60,000 (Air Force) against Normal Pension and other retirement benefits were due to the fact that Government orders were issued in September 1985 enhancing the rate of pension consequent on the merger of DA/ADA/Adhoc D.A. upon the index level of 568. The enhancement in the reckonable emoluments and the rates of service pensions which was effective from 1st April 1985 had also resulted in increase in the entitlement of gratuity and commuted value of pension. The additional requirement as anticipated to be paid during the year 1985-86 was assessed and included in our estimates at all stages viz. Preliminary, Revised/Modified Grant. The actual payment has, however, exceeded the requirement as provided for this purpose.

4. Excess of Rs. 85,27,526 under 'Rewards' was mainly due to the fact that orders for enhancement in the rates of awards were issued by the Government in May 1985 and it was difficult to work out accurately the amount required to meet the additional commitment. Thus there was more payment on rewards than anticipated. In this connection it may also be

mentioned that a substantial amount against this item is being booked by Controllers, other than Controller of Defence Accounts (Pensions) who were formulating their own budget and there has been excessive booking by them to the tune of Rs. 86.74 lakhs which is reduced to Rs. 85.28 lakhs due to saving of Rs. 1.46 lakhs in the provisions made by Controller of Defence Accounts (Pensions). However, Controller of Defence Accounts (Pensions) has now been made responsible to project a consolidated demand and watching expenditure against allotment.

5. In this connection it may be stated that the quantum of benefit accruing to the pensioner/retiring personnel as a result of the policy decisions taken by the Government from time to time, varies from pensioner to pensioner and, therefore, it is not possible to be completely accurate in formulating the budget requirement specially in view of the uncertainty about the number of pensioners affected by the Government orders and the quantum of arrears payable to each of them. Another impounderable is that all the pensioners may not choose to draw arrears etc., as a result of such revisions, within a specified time frame.

6. In view of the :—

- (i) Handicaps, as explained in para 5 above in forecasting the budget requirement accurately,
- (ii) Inability to control the expenditure against allotment, payments being obligatory in nature based on Government policy decisions/orders,
- (iii) Undesirability for making excessive provision since that would mean unnecessary blocking the fund which could otherwise be gainfully utilised on other items/project, and
- (iv) The inbuilt time lag in the procedure viz. receipt of the claim/ Government orders in Controller of Defence Accounts (Pensions), its notification by Controller of Defence Accounts (Pensions), the receipt of the notification by the Pension Disbursing Officers, drawal of pension by the pensioner, reporting of expenditure to Controller of Defence Accounts (Pensions) by the Pension Disbursing Officers, Compilation of expenditure by Controller of Defence Accounts (Pensions) and receipt of compilation in the office from the Electronic Data Processing Centre indicating the actual booking done by Controller of Defence Accounts (Pensions) and other Controllers Defence Accounts including Controller of Defence Accounts (Pension Disbursement), even with all the care taken in projecting the requirement of funds, and inspite of keeping a constant watch over the trend of expenditure vis-a-vis sanctioned grant, some variation in expenditure over grant may sometime be unavoidable.

7. Greater efforts will be made to ensure that there are no variations between expenditure and appropriation.

8. In view of the circumstances explained above the excess of Rs. 12,01,56,527 which is only 2.3% of the total Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This has been vetted by Audit.

(P. K. SABHLOK)  
Addl. FA (P)

No. 11(3)/BI/86

STATEMENT -A

*Statement A showing the excess of expenditure over total grant of Appropriation for 85-86*

Grant No. 19—Defence Services.

Major head 266-A-Pension and other retirement benefits including Rewards.

VOTED

AI(1) ARMY AI(2) NAVY AI(3) AIR FORCE	Total appropriation	Expenditure	Excess (+) Savings(—)
<b>ARMY</b>			
O. . . . .	470,64,25,000		
S. . . . .	4,10,00,000		
R. . . . .	6,76,20,000	481,50,45,000	490,91,93,103 (—) 9,41,48,103
<b>NAVY</b>			
O. . . . .	12,19,80,000		
S. . . . .	28,50,000		
R.(—) . . . . .	3,63,40,000	8,84,90,000	7,86,22,382 (—) 98,67,618
<b>AIR FORCE</b>			
O. . . . .	25,64,70,000		
S. . . . .	—		
R. . . . . (—)	3,12,80,000	22,51,90,000	26,10,66,042 (++) 3,58,76,042
		512,87,25,000	524,88,81,527 12,01,56,527

**STATEMENT 'B'**

*Showing—Service wise break up of the excess of expenditure over allotment and saving in account of less Expenditure against the allotment*

Sl. No.	Arm of Service	Head of Account	Appropriation		Reappropriation	Total Appropriation	Total Expenditure	Excess of expenditure over allotment
			Original	Supplementary				
<b>A—EXCESS OF EXPENDITURE</b>								
1.	ARMY	Major Head 266 :						
		(i) A. 1—Army						
		A(1) (1) (1)—Normal Pension & other retirement benefits—(Voted)	470,39,25,000	4,10,00,000	6,76,20,000	481,25,45,000	489,81,65,577	(+)8,56,20,577
		(ii) (1) (1) (2)—Rewards (Voted)	25,00,000	—	—	25,00,000	1,10,27,526	(+)85,27,526
		(iii) A-1(3) (1) (1) Normal Pension & other retirement benefits (Voted)	25,62,40,000	—	(—)3,12,80,000	22,49,60,000	26,08,57,281	(+)3,58,97,281
		<b>Total excess</b>						<b>(+)13,00,45,384</b>
<b>B. SAVINGS IN EXPENDITURE</b>								
1.	NAVY	Major Head 266 :						
		(i) A. 1(2) Navy						
		(1) (1)—Normal Pension & other retirement benefits. (Voted)	12,19,70,000	28,50,000	(—)3,63,40,000	8,84,80,000	7,86,18,022	(—)98,61,978
		(ii) (2) (2)—Rewards (Voted)	10,000	—	—	10,000	4,360	(—)5,640

<b>2. AIR FORCE (iii) A-1(3) Air Force</b>	
<b>(3) (2) Rewards (Voted)</b>	<b>2,30,000</b>

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**TOTAL SAVING**

---

**Total excess**  
**(—) Total saving**

**Net excess**

---

— — 2,30,000

2,08,761

(—)21,239

---

(—)98,88,857

---

13,00,45,384

98,88,857

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12,01,56,527

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## APPENDIX VI

### MINISTRY OF DEFENCE (FINANCE)

#### Budget—I

*Note for the Public Accounts Committee for regularisation of excess over voted portion of Grant No. 20—Defence Services—Army as disclosed in the Appropriation Accounts (Defence Services) for the year 1985-86.*

#### *Grant No. 20—Defence Services—Army*

	Voted Rs.
Original Grant . . . . .	4787,08,25,000
Supplementary Grant . . . . .	153, 89,90,000
Total Sanctioned Grant . . . . .	4940,98,15, 000
Actual Expenditure . . . . .	4963,88,68,508
Excess Expenditure . . . . .	22,90,53,508

2. Against the Original Grant of Rs. 4787,08,25,000 and Supplementary grant of Rs. 153,89,90,000 obtained in March 1986 expenditure of Rs. 4963,88,68,508 has been incurred resulting in an uncovered excess of Rs. 22,90,53,508.

3. The excess of Rs. 22,90,53,508 under Army Grant was mainly under the following Sub-heads.

(a) *A.4—Transportation (Rs. 14.00 crores)*

The original provision under this head was Rs. 81.00 crores which was enhanced to Rs. 104.26 crores by re-appropriating Rs. 23.26 crores in March 1986. The actual expenditure, however, amounted to Rs. 118.26 crores leading to an excess of Rs. 14.00 crores. The excess occurred mainly under (i) Travelling and Outstation Allowances, due to increased rates of Daily Allowance, (ii) Hired Transport, due to increase in rates of hiring of civil vehicles and (iii) Rail Charges due to heavy movement of personnel and stores by rail and maintenance and Depreciation of Rolling stock due to heavy schedule of manufacture of Defence Railway wagons.

(b) *A. 5—Military Farms (Rs. 2.54 crores)*

The original provision under this head was Rs. 24.00 crores which was enhanced to Rs. 28.71 crores by re-appropriating Rs. 4.71 crores in March, 1986. The actual expenditure, however, amounted to Rs. 31.25 crores leading to an excess of Rs. 2.54 crores. The excess was mainly under (i) Pay of Staff due to Grant of Additional Dearness Allowance and Bonus,

(ii) Purchase of Fodder at higher rates due to draught conditions in some States and (iii) due to increase in tariff rates of water and electricity.

(c) *A. 6—Ordnance Factories (Rs. 46.62 crores)*

The original provision under this head was Rs. 905.95 crores which was enhanced to Rs. 960.41 crores by re-appropriating Rs. 54.46 crores in March, 1986. The actual expenditure, however, amounted to Rs. 1007.03 crores leading to an excess of Rs. 46.62 crores. The excess was mainly under (i) Purchase of Material, due to more materialisation of supplies, (ii) Revenue Works on account of escalation in cost of material and labour charges and (iii) Miscellaneous Expenses, due to excess expenditure.

(d) *A. 8—Inspection Organisation (Rs. 3.22 crores)*

The excess of Rs. 3.22 crores was under Purchase of Materials, due to more materialisation of stores.

(e) *A. 18—Works (Rs. 12.89 crores)*

The excess was mainly under (i) Maintenance, Buildings and communication, due to grant of additional D.A., interim Relief and steep rise in the cost of stores (ii) Maintenance and Operation of Installations due to escalation in the cost of materials, increase in tariff rates of water and electricity and Payment of Additional Dearness Allowance, Interim Relief and Bonus and (iii) Stores, due to more expenditure on procurement of stores for Engineer Parks and Divisional Stocks.

4. The above excesses were partly offset by savings under other sub-heads leaving a net excess of Rs. 22,90,53,508.

5. Instructions already exist for framing the Defence Budget Estimates on realistic basis depending on the requirement and to exercise a close and constant watch over the trend of expenditure with reference to the sanctioned grant. Further, to overcome the shortcomings in the control of expenditure, the instructions of Secretary (E) were also circulated to all concerned under our UO No. 4073/B-I/86 dated 6-4-86 (copy enclosed), for strict compliance. In addition, the progress of Defence expenditure is analysed periodically and instructions are issued to Service Headquarters etc. to contain the expenditure within the allocated budget. Apart from the above, a number of measures have also been taken to identify and arrest the trend of belated bookings. Also instructions were issued by Def. Secy. to all the Chiefs of Staff to exercise utmost possible care to control the expenditure vide I.D. No. 7127/B-I/86 dated 18-8-1986.

6. In view of the circumstances explained above, the excess of Rs. 22,90,53,508 may kindly be recommended for regularisation by Parliament under Article 115(i)(b) of the Constitution.

7. DADS has seen.

A. K. GHOSH  
Addl. FA(G)

F. No. 10(1), D-I/86

**SECRET**  
**MOST IMMEDIATE**

**MINISTRY OF DEFENCE (FINANCE)**

**Budget—I**

*Subject* :—Control of Expenditure during 1986-87.

A copy of Defence Secretary's note dated 4-8-1986, addressed to Chief of the Army Staff etc., on the above subject, is reproduced below for information and strict compliance.

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

All. JSs in the Min. of Defence including  
Deptt. of Defence Production & Supplies,  
DRDO & Integrated Finance, All Addl. FAs, DFAs & OSD(Fin.) RCPO.  
M/D I.D. No. 7127/B-I/86 dated 18-8-1986.

**COPY**

**MINISTRY OF DEFENCE**

As you are aware the country's economy is at present critically poised. The 2% cut in the budget drawn up for the current year had been imposed following the Cabinet decision. In view of the large amounts which would be required for meeting Government's decisions on the recommendations of the Fourth Pay Commission, there is little likelihood of extra funds being available at the Revised Estimates stage. I would, therefore, request that the expenditure control may be exercised with utmost possible care to ensure that the essential requirements for the year are fully met.

Sd/- S. K. BHATNAGAR  
*Defence Secretary*  
4-3-86

Chief of the Army Staff  
Chief of the Air Staff  
Chief of the Naval Staff  
Secretary (DP&S)  
Scientific Adviser to R.M.

**MINISTRY OF DEFENCE (FINANCE)****Budget—I**

**Subject :—Instructions regarding Budgetary control and restrictions in respect of proposals for supplementary Demands.**

A copy of Ministry of Finance, Department of Expenditure OM No. 10(4)-E (Coord)/85, dated 27-3-1986 on the above subject is circulated herewith. Your kind attention is drawn to para 7 of the above Office Memorandum to strictly conform to those instructions.

Sd/- (KRISHAN LAL)  
A.F.A. (Budget)

All Jt. Secretaries, C.G.D.A.

All Addl. FAs.

Directors of Financial Planning (Army, Navy, A.F.)

Director of R & D (RD Budget)

Director (P&C), Department of Defence Production,  
PO (P&F),

DGE (Adm. 14),

All DFAs.

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U.O. No. 4073/B-I/86, dated 6-4-1986.

No. 10(4)-E (Coord)/85  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE

New Delhi, the 27th March 1986

OFFICE MEMORANDUM

*Subject* .—Instructions regarding Budgetary control and restrictions in respect of proposals for Supplementary Demands.

The Ministries/Departments are aware that regulations of expenditure is achieved basically through the instrumentality of the Budget. The annual budget exercises determine the areas and quantum of Government expenditure as also the areas and quanta of resources to be raised for meeting such expenditure. The budget as significant effects on the economy including through the size of the uncovered deficit if any. Resources raising to meet the expenditure requirements is normally an annual exercise and taxation measures are taken only once a year.

2. The requirements of funds for expenditure in the ensuring year are prepared by the Subordinate/Attached Offices and the Government Departments in accordance with the general instructions issued by the Ministry of Finance from time to time. Non-Plan requirements are required to be scrutinize by the administrative Ministries/Departments and by the Finance Wings before the estimates are finalised. In regard to plan expenditure, administrative Ministries make their projections a for development needs/schemes to the Planning Commission. Such projections are usually of a very large magnitude. The Planning Commission carry out detailed examination of the proposals considering the needs of the development and spending capabilities of the Department and make final allocations with reference to the available resources. It has, however, been generally noticed that in preparation of the budget estimates, the administrative Department do not always subject the requirements of non-plan expenditure and that of schemes/projects to detailed examination.

3. Another feature noticed is that infrequently token provisions are included in the budget for the schemes which have not been formulated or considered in detail. Such provisions are made to provide for an entry in the budget pending detailed thinking and formulation of the schemes. This practice leads to large provisions of funds being asked for during the course of the year.

4. The shortcoming in the process of preparing budget result in inadequate provisions being made at the time of preparing annual budget and year after year supplementary demands for large amounts becomes necessary. The administrative Ministries/Departments have come to consider the annual budget as the first projections of the requirements of funds to be supplemented later by Supplementary periods. Such proposals are made shortly after the budget is passed by the Parliament. This practice makes it difficult to make a reasonably correct assessment of the expenditure requirements for the year with reference to the available resources. It also militates against the budget being treated as an instrument of control and regulation of expenditure.

5. The annual budget is prepared and allocations made taking into account the available resources and the extent to which the Government is prepared to provide the deficit. The additional demands at the supplementary stage go to add to the deficit and is an indicator of the budget not being framed carefully. Therefore, once the budget is framed, the Ministries/Departments should regard the provision in the budget whether plan or non-plan as the maximum amount of resources available to them and manage their affairs within those limits. In cases where owing to the constraint of resources reduced allocations are made in the budget, the administrative Ministries/Departments should critically examine the programmes, contents and activities and reorder priorities to manage within the allocations rather than come up with proposals for supplementary demands. Hard decisions in this regard need to be taken rather than opting for the soft option of asking for the supplementary demands.

6. Another area of concern has been large time and cost over runs in the implementation of schemes/projects. The preparation of estimates of the schemes/projects does not always get the attention it should. Preliminary details like investigation of soil conditions, precise know how needs, technical and design requirements, provision of all the necessary facilities including plant and machinery to achieve the targetted capacities are not fully worked out. The tie up with consultants, where necessary, is not done in advance nor detailed planning carried out to finalise the design, civil and structural and plant and machinery requirements. Changes in the various parameters of the project are continued along with the progress of the implementation of the project. The estimates are also sometimes deliberately kept at reduced levels to obtain an investment decision and proposals are made far increase in the estimates after having made commitments. Leaving no option to the sanctioning authorities. The revised cost estimates of the projects presented to P.I.B. indicate that time and cost over runs are largely due to the defects in preparation of the estimates involving under-estimation, underprovisioning and omissions. Instructions have been issued from time to time about framing of estimates on a realistic basis. A system or

two stage clearance of projects has also been introduced so that the final investment decision are taken on the basis of detailed estimates, after technical and design parameters are firmed up, the requirements of civil and structural works, plant and machinery are assessed with reasonable degree of accuracy. Instructions also exist that in cases where it appears that the projects costs are to exceed the sanctioned estimates, the proposals for revised estimates should be submitted to the appropriate sanctioning authority for sanction soon after the possibility of excess over sanctioned costs comes to notice so that the cases of revised estimates are considered much in advance of the commitments being made and various options are examine. However in actual practice, the proposals for revision of cost estimates are inordinately delated and expenditure is continued in an irregular manner beyond the sanctioned cost of the projects. Quite often, the revised cost estimates are submitted to the sanctioning authority-EEC/ PIB/Cabinet after the completion of the project or when most of the commitments have already been made. The commitment of resources not originally envisaged with charges in scope of the project deprives other assential projects/schemes of the resources, adversely affecting the entire development effort in a planned manner according to laid down priorities.

7. To overcome these shortcomings in the control of expenditure, it has been decided with the approval of the Cabinet that :—

- (i) Supplementary demands should be severaly restricted and confined to genuine unforeseen expenditure which could not be envisaged at the time of preparing the annual budget or to meet the requirements of decisions or developments taking place after the approval of the budget i.e. in respect of post budget decisions and not for continuing schemes and programmes.
- (ii) Funds for projects/schemes beyond the sanctioned estimates should not be released till the revised estimates are considered and sanctioned by the sanctioning authority.

8. Ministries/Departments are requested to strictly conform to these instructions.

Sd/-

(R. GAN PATI)

*Secretary to the Govt. of India.*

To

All Ministries/Departments of the Govt. of India, etc. etc.

## - APPENDIX VII

### MINISTRY OF DEFENCE (FINANCE)

#### Budget—I

*Note for the Public Accounts Committee for regularisation of excess over voted portion of Grant No. 22—Defence Services—Air Force as disclosed in the Appropriation Accounts (Defence Services) for the year 1985-86.*

#### *Grant No. 22—Defence Services—Air Force*

	Voted Rs.
Original Grant . . . . .	1729,93,40,000
Supplementary Grant . . . . .	38,34,50,000
Total Sanctioned Grant . . . . .	1768,27,90,000
Actual Expenditure . . . . .	1825,65,26,680
Excess Expenditure . . . . .	57,37,36,680

2. Against the Original Grant of Rs. 1729,93,40,000 augmented to Rs. 1768,27,90,000 by obtaining a Supplementary of Rs. 38,34,50,000 an expenditure of Rs. 1825,65,26,680 has been incurred during 1985-86 resulting in an uncovered excess of Rs. 57,37,36,680.

3. The excess of Rs. 57,37,36,680 under Air Force Grant was mainly under the following main heads :—

(a) *A.1—Pay and Allowances of Air Force—(Rs. 2.64 crores)*

The excess expenditure was mainly under Pay and Allowances of Officers and Air men due to grant of Addl. Dearness Allowances and Bonus etc. than anticipated.

(b) *A.4—Transportation (Rs. 2.86 crores)*

The original provision under this head was Rs. 17.00 crores which was enhanced to Rs. 19.55 crores by getting a Supplementary grant and re-appropriation of Rs. 2.00 crores and Rs. 0.55 crores respectively. The actual expenditure, however, amounted to Rs. 22.41 crores leading to an excess of Rs. 2.86 crores. The increased expenditure occurred mainly due to (i) increased commitments on account of foreign deputations for training and evaluation for new inductions, (ii) Rail charges, due to hike in fare and adjustment of arrears relating to Railway Warrants/concession vouchers pertaining to last year and (iii) Air Transportation charges due to more stores carried by Air from abroad.

(c) *A.5—Stores* (Rs. 40.36 crores)

The excess was mainly under (i) Airframes and aero-engines, (ii) Ordnance Stores, (iii) Medical Stores, (iv) Petrol Oil and Lubricants due to higher materialisation, upward revision of exchange rates hike in prices and prompt bookings of expenditure, (v) Provisions and (vi) Coal and Firewood.

(d) *A.6—Works* (Rs. 11.65 crores)

The excess was mainly under (i) Maintenance of Buildings and communications due to escalation in the cost of stores and execution of inescapable special repairs (ii) Departmental charges on works and due to (iii) increase in tariff rates of water and electricity. To overcome the shortcomings and to keep the expenditure under control, instructions of Secretary 'E' were circulated under our UO 4073/B-I/86 dated 6-4-1986 (copy enclosed). Similar instructions have also been issued by Def. Secretary to the Service Chiefs under his Note dated 4-8-86.

(e) *A.7—Special Projects* (Rs. 2.00 crores)

The excess under this head was due to better performance in progress on Radars than anticipated. To overcome the shortcomings in the context of expenditure instructions of Secretary 'E' were circulated on 6-4-86 (copy enclosed).

The above excesses were partly offset by savings under other Sub-heads leaving the net excess of Rs. 57,37,36,680.

5. Instructions already exist for framing the Defence Budget Estimates on realistic basis depending on the requirement and to exercise a close and constant watch over the trend of expenditure with reference to the sanctioned grant. Further to overcome the shortcomings in control of expenditure, the instructions of Secretary 'E' were also circulated to all concerned under our UO No. 4073/B-I/86 dated 6-4-86, for strict compliance. The progress of Defence expenditure is analysed periodically and instructions are issued to service Headquarters etc. to contain the expenditure within the allocated budget. Apart from the above, a number of measures have also been taken to identify and arrest the trend of belated bookings. Also instructions have been issued by Defence Secretary to all the Chief of Staff in regard to exercise of utmost possible care to control the expenditure.

6. In view of the circumstances explained above, the excess of Rs. 57,37,36,680 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the constitution.

7. DA (AFN) has seen.

A. K. GHOSH  
Addl. FA(G)

**APPENDIX VIII**  
**MINISTRY OF DEFENCE (FINANCE)**

**Budget—I**

*Note for the Public Accounts Committee for regularisation of Excess over voted portion of Grant No. 23—Capital Outlay on Defence Services as disclosed in the Appropriation Accounts (Defence Services) for the year 1985-86.*

*Grant No. 23—Capital Outlay on Defence Services*

	Voted Rs.
Original Grant . . . . .	925,52,00,000
Supplementary Grant . . . . .	13,92,00,000
Total Sanctioned Grant . . . . .	939,44,00,000
Actual Expenditure . . . . .	963,73,81,834
Excess Expenditure . . . . .	24,29,81,834

2. Against the Original Grant of Rs. 925,52,00,000 and Supplementary Grant of Rs. 13,92,00,000 obtained in March 1986, expenditure of Rs. 963,73,81,834 has been incurred resulting in an uncovered excess of Rs. 24,29,81,834.

3. The excess of Rs. 24,29,81,834 under Capital Outlay on Defence Services was mainly under the following sub-heads :—

*A.1—Army*

(a) *A.1(1)—Land—Army* (Rs. 2.34 crores)

The original provision under this head was Rs. 13.00 crores which was enhanced to Rs. 34.75 crores by obtaining Supplementary grant of Rs. 13.30 crores and re-appropriating Rs. 8.45 crores in March, 1986. The actual expenditure, however, amounted to Rs. 37.09 crores leading to an excess of Rs. 2.34 crores. The excess was mainly due to "on accounts" payment to a State Government for acquisition of Land.

(b) *A.1(2)—Construction Works—Army* (Rs. 13.46 crores)

The original provision under this head was Rs. 229.00 crores which was decreased to Rs. 214.20 crores due to withdrawal of provision (Rs. 14.00 crores) by reappropriation in March 1986 keeping in view the lower trends of actuals under carry-over works. The actual expenditure, however, amounted to Rs. 227.66 crores leading to an excess of Rs. 13.46 crores. The excess was due to more expenditure on Capital works.

*A.2—Navy*(c) *A.2(2)—Construction Works (Rs. 4.06 crores)*

The original provision under this head was Rs. 84.95 crores which was enhanced to Rs. 97.20 crores by re-appropriating Rs. 12.25 crores in March 1986. The actual expenditure, however amounted to Rs. 101.26 crores leading to an excess of Rs. 4.06 crores. The excess expenditure was mainly due to escalation in the cost of building materials.

*A.3—Air Force*(d) *A.3(3)—Special Projects—(Rs. 1.45 crores)*

The excess of Rs. 1.45 crores under this head was due to better performance of civil works.

*A.4—Ordnance Factories*(e) *A.4(1)—Construction Works—(Rs. 8.53 crores)*

The excess was due to expenditure on certain time bound projects.

4. The above excesses were partly offset by savings under other Sub-heads leaving a net excess of Rs. 24,29,81,834.

5. Instructions already exist for framing the Defence Budget Estimates on realistic basis depending on the requirement and to exercise a close and constant watch over the trend of expenditure with reference to the sanctioned grant. Further, to overcome the shortcomings in context of expenditure, instructions of Secretary 'E' were also circulated to all concerned under our UO No. 4073/B-I/86 dated 6-4-86 for strict compliance. In addition, the progress of Defence expenditure is analysed periodically and instructions are issued to Service HQs etc. to contain the expenditure within the allocated budget. Apart from the above, a number of measures have also been taken to identify and arrest the trend of belated bookings. Also instructions have been issued by Defence Secretary to all the Chiefs of Staff to exercise of utmost possible care to control the expenditure.

6. In view of the circumstances explained above, the excess of Rs. 24,29,81,834 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

7. DADS has seen.

A. K. GHOSH  
Addl. FA(G)

F. No. 10(7)/B-I/87

**APPENDIX IX**

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

*Note for regularisation of excess under Grant No. 36—Pensions for 1985-86.*

Revenue Section (Voted)	Rs.
Original Grant . . . . .	159,83,26,000
Supplementary Grant . . . . .	28,71,73,000
Final Grant . . . . .	188,54,99,000
Actual Expenditure . . . . .	198,11,17,020
Excess . . . . .	9,56,18,020

2. The original provision of Rs. 159,83,26,000 was enhanced to Rs. 188,54,99,000 by a Supplementary Grant of Rs. 28,71,73,000 obtained in March, 1986. As against this, the actual expenditure amounts to Rs. 198,11,17,020 resulting in an excess of Rs. 9,56,18,020.

3. At the outset, it may be reiterated that while the Grant is controlled by the Ministry of Finance, pension payment 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. For instance in 1984-85 against the sanctioned Budget of Rs. 146.85 crores the actuals amounted to Rs. 146.07 crores only, leaving a saving of Rs. 0.78 crores. 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.

4. The excess expenditure of Rs. 9.56 crores in 1985-86 which is about 5.07% of the sanctioned grant is reported to be mainly payment of more cases of commuted value of pensions, gratuities, family pensions, claims of Contributions to Provident Funds and payment of additional instalments of relief to the pensioners than anticipated. For reasons indicated in Para 3 above, the precise impact of these could not be anticipated.

5. Pursuant to the observations of the Public Accounts Committee contained in para 2.17 of their 57th Report and also para 2.30 to 2.32 of

121st report (Seventh Lok Sabha) instructions were issued in October-November, 1981, January, 1983 and also in July, 1985 (copy enclosed) to all Controllers of Accounts, Directors of Audit Accountants General to frame the estimates in respect of pension payments, in a more precise and realistic manner, to avoid such excesses.

6. In view of the circumstances explained above, the excess of Rs. 9,56,18,020 may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution.

7. This Note has been seen by the Audit.

K. S. SASTRY  
Additional Secretary (Budget)

No. F. 7(16)-B(D)/87  
Dated 1st June, 1987.

To

The Chairman and the Members of the Public Accounts Committee.

COPY

IMMEDIATE  
P.A.C.

K. P. Venkateswaran  
Director (Budget)

D.O. No. F. 7(8)-B(D)/85  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF ECONOMIC AFFAIRS)

New Delhi, the 18th July, 1985.

**SUBJECT :—**Appropriation Accounts of Grant No. 40-Pensions for the year 1983-84.

Dear Shri

The Appropriation Accounts for the year 1983-84 has revealed an excess expenditure of Rs. 3.51 crores in the voted portion of the Grant No. 40-Pensions made up of excess of Rs. 6.42 crores under certain sub-heads offset by savings of Rs. 2.91 crores under other sub-heads. A Note had to be submitted to Public Accounts Committee for the regularisation of this excess expenditure. The excess expenditure was mainly due to larger payment of arrears of relief to pensioners, larger payments on account of Deposit Linked Insurance Scheme—GPF, Gratuities and authorisation of Family Pension in more number of cases.

2. In this connection, your attention is invited to this Ministry's circulars No. F.4(8)-B(D)/81 dated 26th Oct. 1981/23rd November, 1981 and No. F.4(30)-B(D)/82 dated 10th January, 1983 (copies enclosed for ready reference) wherein the need for accurate estimation had been stressed. Apart from estimating the requirements correctly initially, monitoring of expenditure has also to be done effectively. It is therefore, necessary that the machinery in this regard is streamlined. The flow of expenditure against the sanctioned provision may kindly be watched closely and the impact of liberalisations, reliefs sanctioned during the year should be carefully assessed. Where the expenditure is likely to exceed the sanctioned provision, timely steps may be taken to secure additional funds from this Ministry through Chief Controller of Accounts, Ministry of Finance, Department of Economic Affairs.

3. The receipt of this letter may kindly be acknowledged.

Yours sincerely,

Encl : 3

Shri (To all Controllers of Accounts) Sd/- K. P. VENKATESWARAN

Copy forwarded to (i) Smt. Girija Eswaran, Controller General of Accounts, New Delhi and (ii) Shri R. Venkataraman, Controller General of Defence Accounts, New Delhi for information and necessary action.

Copy also forwarded to Shri S. P. Joshi, Director of Accounts, the Office of the Comptroller and Auditor General of India with the request that the matter may be brought to the notice of the Directors of Audit/Accountants General etc. The instructions issued in this regard may also be intimated to this Ministry.

Sd/- K. P. VENKATESWARAN  
Director (Budget)

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

*Note for regularisation of excess under Appropriation-Interest Payments.*

Revenue Section (Charged)	Rs.
Original Appropriation . . . . .	7075,00,00,000
Supplementary Appropriation . . . . .	325,00,00,000
Total Appropriation . . . . .	7400,00,00,000
Actual Expenditure . . . . .	7511,88,30,927
Excess . . . . .	111,88,30,927

2. The original provision of Rs. 7075,00,00,000 was enhanced to Rs. 7400,00,00,000 by a Supplementary Appropriation of Rs. 325,00,00,000 obtained in March, 1986. As against this, the actual expenditure amounts to Rs. 7511,88,30,927 resulting in an excess of Rs. 111,88,30,927.

3. The excess expenditure of Rs. 111.88 crores works out approximately to 1.5% of the sanctioned Appropriation. This is reported to be mainly on account of payment of discount/interest on (i) larger issue of **Treasury Bills**, (ii) more deposits in savings banks, (iii) issue of more savings certificates, (iv) more collections under various small savings schemes leading to increase in the expenditure on management of schemes and (v) larger accretion to State Provident Funds, Special Deposits of Provident Superannuation and Gratuity Funds, Railway Pension Fund & Railway Accident Compensation Safety and Passenger Amenities Fund etc.

4. It may be stated in this connection that it is not possible to make precise estimates of the amount of interest payments on account of factors such as :

- (i) Large number of items involving too many Ministries and Union Territories;
- (ii) Difficulties in forecasting the deposit and withdrawal schedule in Savings Banks and other small savings schemes by the general public;
- (iii) Similar difficulties as in (ii) above in respect of cash certificates;

- (iv) Fluctuations in the subscriptions and withdrawals to and from General Provident Funds/Public Provident Funds etc. by subscribers.

Thus there are too many constraints faced by Ministry of Finance in controlling the Appropriation on interest payments.

5. As has been stated above, the excess expenditure constitutes only 1.5% of the sanctioned Appropriation. Instruction would, however, be issued to all the Ministries/Departments/Controllers of Accounts etc. to frame the estimates in a more precise and realistic manner within the constraints faced by them to avoid excesses of this nature.

6. In view of the circumstances explained above, the excess of Rs. 111,88,30,927 may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution.

7. This note has been vetted by the Audit.

K. S. SASTRY  
Additional Secretary (Budget)

No. F.4(54)-B(RA)/87

**APPENDIX XI**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF HOME AFFAIRS**

*Note for the Public Accounts Committee for regularisation of Excess Expenditure under Capital Section (Charged) in Grant No. 53—Chandigarh as disclosed in the Appropriation Accounts (Civil) for 1985-86.*

*Grant No. 53—Chandigarh*

	Rs.
Capital Section (Charged)	
Original Appropriation . . . . .	75,00,000
Supplementary Appropriation . . . . .	—
Final Appropriation . . . . .	75,00,000
Actual Expenditure . . . . .	1,21,83,000
Excess . . . . .	46,83,000

2. Under Capital Section of the Grant No. 53—Chandigarh for the year 1985-86 against the final Appropriation of Rs. 75,00,000 (Charged) the actual expenditure amounted to Rs. 1,21,83,000 (Charged) resulting in an excess of Rs. 46,83,000 (Charged).

3. The above excess occurred under the following head :

*Major Head '484'*

**BB. Capital Account of Social and Community Services**

**BB. 5-Capital Outlay on Urban Development**

**BB.5(1)-Chandigarh Capital Development.**

**BB.5(1)(1)-Construction (Charged).                      Rs. 46,83,000**

4. The excess was due to payment of decretal amount which represents the award given by the courts in cases regarding payments to land owners whose land had been acquired by Chandigarh Administration for development purposes. The Chandigarh Administration was aware of the court decrees before the close of the Financial year 1985-86 but funds for this purpose were not available in the budget. The question regarding merger of Chandigarh with Punjab suddenly came to the fore and it was announced that the merger would take place from 26-1-86. The Central Government, therefore, decided that the expenditure of Chandigarh Administration may be met out of the Consolidated Fund of India for the period upto 25-1-86 only. The expenditure for the period from 26-1-86 to 31-3-86 was to be met by the Government of Punjab and the Chandigarh Administration proposed to demand additional funds (Charged) from that

Government. Subsequently when the proposed merger did not take place and additional funds over and above the sanctioned B.E. 1985-86 were required to be provided to the Chandigarh Administration urgently before the presentation of Union Budget, it was too late for Chandigarh Administration to propose and include funds for the decretal amount.

In the circumstances explained above, the excess of Rs. 46,83,000 (Charged) in Capital Section under Grant No. 53—Chandigarh may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

The note has been seen by the Audit.

Sd/-

**B. P. VERMA**

*Joint Secretary to the Govt. of India*

## APPENDIX XII

### GOVERNMENT OF INDIA

#### MINISTRY OF INFORMATION AND BROADCASTING

*Note for Public Accounts Committee for regularisation of excess expenditure of Rs. 34,16,418 under Capital Section (Voted) in Grant No. 62 Broadcasting for the year 1985-86 as disclosed in the Appropriation Accounts for the year 1985-86.*

#### Grant No. 62—Broadcasting

	Rupees
Capital Section (Voted)	
Original Grant . . . . .	1,22,70,87,000
Supplementary Grant . . . . .	5,18,01,000
Total Grant . . . . .	1,27,88,88,000
Actual Expenditure . . . . .	1,28,23,04,418
Excess . . . . .	34,16,418

2. The original provision of Rs. 1,22,70,87,000 was augmented to Rs. 1,27,88,88,000 by obtaining Supplementary Grant of Rs. 5,18,01,000. Against total Capital Grant of Rs. 1,27,88,88,000, actual expenditure was Rs. 1,28,23,04,418 resulting in excess of Rs. 34,16,418. This excess was the net result of excess and saving under the following heads :—

Capital (Voted)	Head of Account	Excess	Remarks
1	2	3	4
	AA.1—All India Radio . . . . .		
	AA.1(1)—Studios . . . . .	1,06,61,967	Excess was due to more provision for site for new projects of Gangtok and Jabalpur and advance payment for procurement of equipment for scheme "Microwave Links."
	AA.1(2)—Transmitters . . . . .	29,73,331	Excess was mainly due to advance payment for procurement of equipment for Transmitters.
	AA.1(4)—Suspense . . . . .	1,04,34,351	Excess was due to receipt of more debit memos than anticipated.

1	2	3	4
	AA.1 (5)(1)—Establishment .	8,66,950	Excess was mainly due to payment of ADA at enhanced rates, bonus, interim relief, more expenditure on tour etc.
	AA.2—Television India		
	AA.2 (1)—Studios . . . . .	17,44,173	Excess was mainly due to (i) more receipt of studios equipment for Programme Production facilities (ii) more expenditure on building work at Television Centre at Bangalore, Ahmedabad and expansion of North Eastern region scheme.
	AA.2(3)—Machinery & Equipment . . . . .	10,91,703	Excess was mainly due to procurement of more measurement equipment.
	AA.2(4)—Suspense . . . . .	1,06,10,190	Excess was due to receipt of more debit memos than anticipated.
	AA.2(5)—Other Expenditure . . . . .	1,24,29,990	Excess was mainly due to payment for supply of Direct Reception/Very High Frequency Television sets for community viewing orders for which were placed in last year.
Loan	BB.1(1)—Loans to Andhra Pradesh State Electricity Board . . . . .	1,66,000	Please see Annexure 'A'
	<b>Total</b> . . . . .	<b>5,09,78,682</b>	

Out of total excess of Rs. 5,09,78,682 detailed above, excess to the extent of Rs. 4,75,62,264 was offset by savings under the heads (a) AA.1(3) Machinery and Equipment (Rs. 26,043), (b) AA.1(5)(2)-Miscellaneous Works Schemes (Rs. 3,20,79,454), and (c) AA.2(2)-Transmitters (Rs. 1,54,56,767). Thus excess of Rs. 34,16,418 requires regularisation.

Strict instructions have been issued to the offices of Directorate General All India Radio and Doordarshan not to make excess expenditure against

Budget grants in future and to instruct the cheque drawing offices to keep the expenditure within the Sanctioned Budget Grant. In case the Budget grant is exceeded they would be exposing themselves to strict disciplinary action.

In view of the circumstances as explained above the excess of Rs. 34,16,418 which is only 0.03% of total grant and may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution.

This has been vetted by Audit.

P. K. SARKAR  
*Financial Adviser (I&B) & Joint Secretary*

#### ANNEXURE 'A'

Staff Quarters at AIR Hyderabad, AIR Vijayawada and local Radio Station at Adilabad came up earlier than anticipated necessitating power supply being provided. The requirement of funds was made by reappropriation of fund, which was permissible.

## APPENDIX XIII

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

*Note for regularisation of excess expenditure in Revenue Section (Voted) under Grant No. 90—Public Works as disclosed in the Appropriation Accounts—Union Government (Civil) for the year 1985-86.*

#### Grant No. 90— Public Works Revenue Section (Voted)

	Rs.
Original Appropriation . . . . .	1,23,66,65,000
Supplementary Appropriation . . . . .	Nil
<b>Total</b> . . . . .	<b>1,23,66,65,000</b>
Actual Expenditure . . . . .	1,27,91,92,067
Excess . . . . .	4,25,27,067

1. Against the Original Appropriation of Rs. 1,23,66,65,000 the actual expenditure booked during the year was Rs. 1,27,91,92,067 resulting in an excess of Rs. 4,25,27,067. This excess was mainly due to an excess of Rs. 7,19,14,741 under A.7-Suspense, partly offset by savings under other sub-heads.

2. A provision of Rs. 60,10,80,000 was made in B.E. 1985-86 under the Head A.7—Suspense for :—

- (i) Purchase of building material e.g. Cement, Steel, etc. and
- (ii) Misc. Public Works advances in respect of construction works to be executed by the C.P.W.D.

3. As against this the actual expenditure at the end of the year exceeded the final appropriation on account of the following reasons :

- (a) Procurement of more quantities of materials, viz. Cement, Steel etc., for the works under execution not only under the Major Head 459—Capital Outlay on Public Works and Major Head 483—Capital Outlay on Housing but also other works under execution and falling under the category on cash settlement basis in addition to the minor works and maintenance and repairs. Materials for these works were also required to be booked under the suspense head "Stock" for want of Budget Grant and allotment from the Agencies/Departments for the works.

- (b) Payment made for cement received from various companies/ cost of steel received from firms on commitments/orders placed prior to 1-1-86.
- (c) Purchase of certain items like steel and cement available from the controlled rate could not be put off between January, 86 and March, 86, as delivery had to be taken on receipt of intimation from the Steel Authority of India Ltd., and cement manufacturers.
- (d) It is further added that the booking under the sub-head "Stock" (Debit) had to be made immediately on receipt of stocks and in case of unexpected receipt of stocks, the booking become unavoidable.

4. It is proposed to make out a separate case for adopting the system of "Net Budgeting" under the sub-heads "Suspense" under Major Head 2059—Public Works.

5. In view of the circumstances explained above, the net excess of Rs. 4,25,27,067 in Revenue Section (Voted) under Grant No. 90—Public Works may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This has been vetted by Audit.

**DESH RAJ SINGH**  
*Joint Secretary to the Government of India*

F. No. G-20014/1/87-Bt.

## APPENDIX XIV

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

*Note of regularisation of excess expenditure in the Revenue & Capital Section (Charged) in Grant No. 92—Housing and Urban Development as disclosed in the appropriation Accounts Union Govt. (Civil) for the year 1985-86*

#### REVENUE SECTION (Charged)

	Rs.
Original Appropriation . . . . .	1,83,42,000
Supplementary appropriation . . . . .	55,000
Total Appropriation . . . . .	1,83,97,000
Actual Expenditure . . . . .	1,89,94,332
Excess . . . . .	5,97,332

The original grant of Rs. 1,83,42,000 was augmented to Rs. 1,83,97,000 by obtaining the supplementary grant of Rs. 55,000 in March, 1987. The actual expenditure during the year however amounted to Rs. 1,89,94,332 resulting in an excess of Rs. 5,97,332. This excess was mainly due to an excess of Rs. 9,70,836 under the head A.3(3)(4)(1)—Rents, Rates & Taxes, partly counter balanced by savings under other heads.

A provision of Rs. 40,00,000 was made in Budget Estimates 1985-86 under the head A.3(3)(4)—Buildings, A.3(3)(4)(1)—Rents, Rates & Taxes. As against this, the actual expenditure at the end of the year exceeded the Appropriation on account of the following reasons :—

- (a) Payment of electricity & water charges to New Delhi Municipal Committee which was mandatory and could not be postponed.
- (b) the above obligatory net excess expenditure could not be anticipated.

#### CAPITAL SECTION (Charged)

	Rs.
Original Appropriation . . . . .	17,47,26,000
Supplementary Appropriation . . . . .	23,02,000
Total Appropriation . . . . .	17,70,28,000
Actual Expenditure . . . . .	18,76,89,983
Excess . . . . .	1,06,61,983

1. The Original Appropriation of Rs. 17,47,26,000 was augmented to Rs. 17,70,28,000 by obtaining a Supplementary Appropriation of Rs. 23,02,000 in March, 1986. The actual expenditure during the year amounted to Rs. 18,76,89,983 resulting in an Excess Rs. 1,06,61,983.

2. This excess was mainly due to an excess of Rs. 1,68,54,220 under the sub-head AA.1(1)(1)—‘Works & Housing’ partly offset by savings under other head AA.1(1)(6)—President’s Estate.

3. A provision of Rs. 10,00,000 was made in Budget Estimates 1985-86 under the head ‘AA.1(1)(1)—Works & Housing’ for construction. This provision was augmented by obtaining a Supplementary Appropriation of Rs. 23,02,000 based on revised assessment at Revised Estimates stage and diversion of savings under Non-Plan (Charged) to Plan (Charged). The actual expenditure, however, during the year exceeded the total Appropriation due to the following reasons : —

- (a) Payment of compensation for the acquisition of land at Mohamadpur, Muniraka in Delhi which could not be anticipated at Revised Estimates stage.
- (b) Receipt of more High Court decree arbitration awards than anticipated where non-payment entailed attachment orders.
- (c) Inability to postpone interest bearing payments.

4. Instructions have been issued to the Chief Engineers to take timely action for getting additional funds by making application for Supplementary Grants instead of projecting the additional demands while submitting the final budget estimates.

5. In view of the circumstances explained above the net excess of Rs. 5,97,332 under the Revenue Section (Charged) and Rs. 1,06,61,983 under the Capital Section (Charged) of Grant No. 92—Housing & Urban Development may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the constitution.

This has been vetted by Audit.

**DESH RAJ SINGH**  
*Joint Secretary to the Government of India*

File No. G-20014/1/87-Bt.

## APPENDIX XV

### *Explanatory Note for Public Accounts Committee for Regularisation of the Excess Over Voted portion of Grants/Appropriation during 1985-86.*

During the year 1985-86 there was an overall excess of Rs. 75.25 crores over the final grants and Appropriation resulting from an aggregate savings of Rs. 63.57 crores under 5 grants (1, 2, 3, 14 & 16) and 10 Appropriations (3, 4, 5, 6, 9, 10, 11, 12, 13 & 16) and excess of Rs. 138.82 crores under 11 Grants No. (4, 5, 6, 7, 8, 9, 10, 11, 12 & 15) & Appropriations No. (2, 7 & 8) (Reference Paras, 6.3 and 6.4 of the Report of Comptroller & Auditor General of India for the year 1985-86—Union Government (Railways) and Paras 25 and 27—Excess over voted grants and charged appropriation and Paras 26 and 28—saving under voted grants and charged Appropriation of the Appropriation Accounts of Railways in India for the year 1985-86—Part I Review).

1.2 The excess under 11 Grants and 3 Appropriations are explained as under :—

(i) Appropriation No. 2—Miscellaneous Expenditure (General)

Original Appropriation . . . . .	Nil
Supplementary Appropriation . . . . .	Nil
Total Sanctioned Appropriation . . . . .	Nil
Actual Expenditure . . . . .	33,965
Excess requiring regularisation . . . . .	33,965
Percentage of excess over final Appropriation . . . . .	100 %

The excess of Rs. 34 thousands was due to non provision of funds for court decretal payments.

The excess requiring regularisation viz Rs. 33,965 is the same as disclosed in the Appropriation Account.

(ii) Grant No. 4—Working Expenses—Repairs & Maintenance of Permanent Way & Works.

Original Grant . . . . .	532,68,66,000
Supplementary Grant . . . . .	30,20,89,000
Total Sanctioned Grant . . . . .	562,89,55,000
Actual Expenditure . . . . .	568,23,44,830
Excess . . . . .	5,33,89,830
Misclassification . . . . .	2,15,476
Real Excess requiring regularisation . . . . .	504,64,354
Percentage of excess . . . . .	0.89%

A grant of Rs. 532.69 crores was obtained at the Budget Estimate Stage. A supplementary grant of Rs. 30.21 crores was obtained in March, 86 on account of increase in contractual payment, increase in the eligibility limit of Productivity Linked Bonus and additional Dearness allowance including sanction of second interim relief to staff; partly offset by less payments in the cost of material, other staff costs, and other miscellaneous causes.

The above excess was mainly under sub-heads maintenance of permanent way (Rs. 4.26 crores) and other repairs and maintenance (Rs. 1.55 crores) offset by aggregate of savings and excess under the remaining sub-heads (Rs. 0.48 crore).

Primary unitwise the above excesses were under contractual payment (Rs. 2.23 crores) Salaries & Wages (Rs. 2.02 crores) Dearness allowance (Rs. 1.85 crores), other expenses (Rs. 1.00 crore) travelling allowances (Rs. 0.23 crore); partly offset by decrease under cost of material from stock (Rs. 0.72 crore), direct purchase (Rs. 0.76 crore) Transfer of Debits/credits (Rs. 0.21 crore), overtime allowances (Rs. 0.26 crore) & aggregate of minor variation under other heads (Rs. 0.12 crore).

Of the total Excess, the highest excess occurred on Central Railway (Rs. 2.82 crores) followed by Northern Frontier Railway (Rs. 1.50 crores) and Western Railway (Rs. 0.68 crore) and aggregate of excess & Savings on other Railways.

There was a misclassification of Rs. 29,25,476 on account of expenditure relating to Grant No. 9 but wrongly booked under this grant. Thus taking into account the effect of misclassification, the real excess requiring regularisation by Parliament works out to be Rs. 504,64,354 i.e. 0.89% over the final grant.

(iii) Grant No. 5—Repairs & Maintenance of Motive Power.

Original Grant . . . . .	412,24,00,000
Supplementary Grant . . . . .	18,82,92,000
Total Sanctioned Grant . . . . .	431,06,92,000
Actual Expenditure . . . . .	452,18,38,914
Excess. . . . .	21,11,46,914
Misclassification . . . . .	Nil
Real Excess requiring Regularisation . . . . .	21,11,46,914
Percentage of Excess . . . . .	4.90%

A grant of Rs. 412.24 crores was obtained at the Budget Estimate Stage. A Supplementary Grant of Rs. 18.83 crores was obtained in March, 86 on account of additional Dearness allowance including sanction of second interim relief to staff, increase in maintenance activities, contractual payment & contingencies, cost of material; partly offset by less payment in other staff cost, less provision under stock adjustment account and other miscellaneous causes.

The excess of Rs. 21.11 crores was mainly due to increased expenditure on repairs and maintenance of diesel locomotives (Rs. 20.61 crores) and steam locomotives (Rs. 3.15 crores); offset by aggregate of savings and excesses (Rs. 2.65 crores) under three other sub heads of this grant viz. Electric Locomotives, Establishment in offices, Rail Cars, Ferry steamers etc.

Primary unitwise, the excess of Rs. 21.11 crores was mainly accounted for by more expenditure under cost of material from stock (Rs. 7.63 crores), fluctuation in adjustment under transfer of debits/credits (Rs. 4.98 crores), more adjustment of wages & material on POH (Rs. 3.23 crores), more expenditure on cost of material directly purchased (Rs. 4.23 crores).

The highest excess occurred on Central Railway (Rs. 6.15 crores) followed by Southern Railway (Rs. 5.00 crores) N.F. Rly. (Rs. 2.99 crores), Western Railway (Rs. 2.22 crores), Northern Railway (Rs. 2.13 crores) South Central Railway (Rs. 2.11 crores).

There was no misclassification under this grant and therefore, the excess requiring regularisation by Parliament works out to Rs. 21,11,41,914 i.e. the same as disclosed in the Appropriation Accounts.

#### Grant No. 6—Working Expenses & Maintenance of Carriage & Wagons.

Original Grant . . . . .	593,36,76,000
Supplementary Grant . . . . .	3,22,84,000
Total Sanctioned Grant . . . . .	596,59,60,000
Actual Expenditure . . . . .	600,33,66,000
Excess . . . . .	3,74,05,000
Misclassification . . . . .	Nil
Excess requiring regularisation . . . . .	3,74,06,000
Percentage of excess . . . . .	0.63%

A grant of Rs. 593.37 crores was obtained at the Budget Estimate Stage. A supplementary grant of Rs. 3.23 crores was obtained in March, 86 on account of additional Dearness Allowance including second interim relief to staff, increase in eligibility of Productivity Linked Bonus, increased maintenance activities, other staff costs; partly offset by less provision in cost of material & other miscellaneous causes.

The excess of Rs. 3.74 crores was chiefly due to more expenditure under sub-heads (b) carriages (Rs. 3.20 crores), (c) Wagons (Rs. 3.03 crores) offset by less expenditure (Rs. 0.60 crore) under sub head miscellaneous Repairs & Maintenance & aggregate of excesses/savings under other sub heads (Rs. 1.89 crores). Primary unitwise the excess of Rs. 3.74 crores was chiefly due to more adjustment of cost of material on POH (Rs. 6.25 crores), cost of material from stock (Rs. 2.06 crores).

transfer of debits/credits (Rs. 1.24 crores) dearness allowance (Rs. 0.48 crore) partly offset by surrender of funds within grant Rs. 1.81 crores less expenditure under adjustment of wages on POH (Rs. 2.77 crores), cost of material directly purchased (Rs. 0.80 crore), other expenses (Rs. 0.44 crore) etc.

The highest excess occurred on Central Railway (Rs. 3.25 crores) followed by Western Railway (Rs. 2.69 crores).

There was no misclassification under this grant and therefore, the excess requiring regularisation by Parliament works out to Rs. 3,74,06,000 i.e. the same as disclosed in the Appropriation Accounts. Audit while vetting the excess under this grant have drawn attention to their comments in para 6.33 Grant No. 6.

(iii) Grant No. 7—Working expenses—Repairs & Maintenance of Plant & Equipment.

(a) Charged :

Original Appropriation . . . . .	2,80,000
Supplementary Appropriation . . . . .	—
Total Sanctioned Appropriation . . . . .	2,80,000
Actual Expenditure . . . . .	3,16,648
Excess . . . . .	36,648
Misclassification . . . . .	Nil
Excess requiring regularisation . . . . .	36,648
Percentage of Excess . . . . .	13.09%

The excess occurred on the Western Railway due to court decretal amount being more than anticipated.

(b) Voted :

Original Grant . . . . .	294,02,71,000
Supplementary Grant . . . . .	26,82,23,000
Total Sanctioned Grant . . . . .	320,84,94,000
Actual Expenditure . . . . .	322,03,66,388
Excess . . . . .	1,18,72,388
Misclassification . . . . .	Nil
Excess requiring regularisation . . . . .	1,18,72,388
Percentage of excess . . . . .	0.37%

A Grant of Rs. 294.03 crores was obtained at the Budget Estimate stage. A supplementary grant of Rs. 26.82 crores was obtained in March 1986 on account of additional Dearness allowance including sanction of second interim relief, increase in eligibility limit of Productivity Linked Bonus to Staff, more provision for debits, increase in contractual payments, increased maintenance activities, other miscellaneous caused, partly offset by less payments in contingencies, cost of material & other staff cost etc.

The excess (Rs. 1.19 crores) was mainly under Rental to P&T department for S&T circuit (Rs. 5.60 crores); offset by aggregate of savings and excesses (Rs. 4.41 crores) spread over seven other sub-heads of this grant. Primary unitwise, the excess of Rs. 1.19 crores was due chiefly to more expenditure under other expenses on account of arrear payment of Rental charges of Line Wires to P&T Deptt. (Rs. 4.36 crores), partly offset by less expenditure under other primary units aggregating (Net) Rs. 2.79 crores.

The highest excess under sub-head rental to P&T Deptt. for S&T circuit occurred on South Eastern Railway, Audit while getting this excess under this grant have drawn attention to their comments in para 6.3.4 Grant No. 7.

Grant No. 8—Working Expenses—Operating expenses Rolling Stock.

(a) Charged :

Original Appropriation . . . . .	6,77,000
Supplementary Appropriation . . . . .	3,43,000
Total Sanctioned Appropriation . . . . .	10,20,000
Actual Expenditure . . . . .	12,10,303
Excess . . . . .	1,90,303
Misclassification . . . . .	Nil
Excess requiring regularisation . . . . .	1,90,303
Percentage of Excess . . . . .	18.66%

Charged appropriation of Rs. 6,77 thousands was sanctioned at the Budget Estimate Stage. A supplementary charged appropriation of Rs. 3,43 thousands was sanctioned in March, 1986, on account of more payment anticipated in satisfaction of court decrees.

The excess occurred on Northeast Frontier Railway as the amounts of court decrees were more than that provided in the charged Appropriation.

(b) Voted :

Original Grant . . . . .	470,19,27,000
Supplementary Grant . . . . .	3,67,87,000
Total Sanctioned Grant . . . . .	473,87,14,000
Actual Expenditure . . . . .	474,88,48,924
Excess . . . . .	101,34,924
Misclassification . . . . .	Nil
Excess requiring regularisation . . . . .	101,34,924
Percentage of Excess . . . . .	0.21%

A Grant of Rs. 470.19 crores was obtained at the Budget Estimate Stage. A supplementary grant of Rs. 3.68 crores was obtained in March, 86 on account of increase in Electric Tariff and more consumption of electric energy for other than traction purpose, increase in the eligibility

of limit of Productivity Linked Bonus, additional Dearness allowance including sanction of second interim relief to staff offset by less provision due to more credits, less payment in other staff cost, miscellaneous contingencies and decrease in the cost of material.

The excess of Rs. 1.01 crores was due to more expenditure under sub-head (b) Diesel Traction (Rs. 0.82 crore) (c) Electric Traction (Rs. 0.27 crores), (f) Traction other than Rolling Stock (Rs. 0.49 crores) & (h) Ferry services & Rail Cars (Rs. 0.10 crore); offset by aggregate savings under other sub-heads (Rs. 0.67 crore). Primary Unitwise, the excess of Rs. 1.01 crores was mainly due to more expenditure under contractual payment (Rs. 4.69 crores), cost of material from stock (Rs. 1.36 crores), contingent expenses (Rs. 0.22 crore) cost of material direct purchase (Rs. 0.12 crore); partly offset by decrease in expenditure under other primary units aggregating (Net) Rs. 5.38 crores.

The highest excess occurred under Central Railway Rs. 0.78 crore followed by Western Railway (Rs. 0.53 crore).

There was no misclassification under this grant; therefore, the excess requiring regularisation is Rs. 1,01,34,924 i.e. the same as disclosed in the Appropriation Accounts.

**Grant No. 9—Working Expenses—Operating Expenditure Traffic**

Original Grant . . . . .	526,43,27,000
Supplementary Grant . . . . .	15,97,68,000
Total Sanctioned Grant . . . . .	542,40,95,000
Actual Expenditure . . . . .	545,58,03,652
Excess . . . . .	3,47,08,652
Misclassification . . . . .	29,25,476
Excess requiring regularisation . . . . .	346,34,128
Percentage of excess . . . . .	0.64%

A Grant of Rs. 526.43 crores was obtained at the Budget Estimate Stage. A supplementary grant of Rs. 15.98 crores was obtained in March, 86 on account of increase in eligibility limit of Productivity Linked Bonus, additional Dearness allowance including sanction of second interim relief to staff, conference hire & penalty charges, Inter Railway financial adjustment, Contractual payment, cost of material & contingencies; partly offset by less payments to other staff cost & other miscellaneous causes.

The excess of Rs. 3.17 crores was mainly under sub-head (b) Station Operation (Rs. 2.76 crores) (e) Train Operation (Rs. 0.80 crore) and aggregate of excess & savings under other heads, offset by less expenditure under (g) other miscellaneous expenses (Rs. 0.78 crore).

Primary unitwise, the excess of Rs. 3.17 crores was due to more payment of dearness allowance than anticipated (Rs. 1.96 crores), cost of material under stock (Rs. 0.59 crore) more expenditure under contingent expenses (Rs. 0.54 crores), overtime allowance (Rs. 0.23 crore) other expenses (Rs. 0.13 crore), more payment of kilometrage (Rs. 0.16 crore) offset by less expenditure under other primary units aggregating (Net) Rs. 0.44 crore. Central Railway accounted for maximum excess on Salaries and Wages, dearness allowances etc.

There was a misclassification of Rs. 29,25,476 on account of expenditure relating to this grant but was wrongly booked under Grant No. 4. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament works out to Rs. 3,46,34,128 i.e. 0.64%.

**Grant No. 10—Working Expenses—Operating expenses—Fuel.**

Original Grant . . . . .	10,28,27,68,000
Supplementary Grant . . . . .	58,16,09,000
Total Sanctioned Grant . . . . .	10,86,43,77,000
Actual Expenditure . . . . .	10,87,24,10,268
Excess . . . . .	80,33,268
Misclassification . . . . .	3,24,75,000
Excess requiring regularisation . . . . .	4,05,08,268
Percentage of excess . . . . .	0.37%

A grant of Rs. 1028.28 crores was obtained at the Budget Estimate Stage. A supplementary grant of Rs. 58.16 crores obtained in March, 86 on account of dearness allowance including sanction of second interim relief to staff, increase in eligibility limit of Productivity Linked Bonus, increase in expenditure on Diesel, Electricity.

The excess of Rs. 0.80 crore under this grant was made up of an excess of Rs. 4.76 crores under sub head Electric Traction; offset by saving under sub heads Diesel (Rs. 2.35 crores) and steam (Rs. 1.61 crores) traction. Northern and South Eastern Railways mainly contributed to the excess of Rs. 4.76 crores under Electric traction. The savings of Rs. 2.35 crores under 'Diesel Traction' was mainly due to non-adjustment of the cost of fuel (Rs. 3.25 crores) issued to locomotives by NF Railway which remained under stores suspense Grant No. 16. Taking into account this debit of Rs. 3.25 crores not adjusted. The excess requiring regularisation under this grant was Rs. 4,85,08,268.

**Grant No. 11—Working Expenses—Staff Welfare & Amenities.**

Original Grant . . . . .	1,79,76,19,000
Supplementary Grant . . . . .	8,32,42,000
Total Sanctioned Grant . . . . .	1,88,08,61,000
Actual Expenditure . . . . .	1,89,28,98,933
Excess . . . . .	1,20,37,933
Misclassification . . . . .	Nil
Excess requiring regularisation . . . . .	1,20,37,933
Percentage of excess . . . . .	0.64%

A grant of Rs. 179.76 crores was obtained at the Budget Estimate Stage. A supplementary grant of Rs. 8.32 crores was obtained in March, 86 on account of additional Dearness allowance including sanction of second interim relief to staff, increase in eligibility of Productivity Linked Bonus, contractual payments on account of special repairs for residential & welfare buildings.

The excess of Rs. 1.20 crores was under sub head (b) medical services (Rs. 0.95 crore) and (e) Residential & Welfare Buildings (Rs. 0.85 crore); offset by aggregating of saving and minor excesses under other sub heads (Rs. 0.60 crore) of the grant. Primary unitwise the excess of Rs. 1.20 crores was chiefly due to fluctuation in adjustment of debits/credits (Rs. 0.74 crores), more contractual payments (Rs. 0.61 crore) more expenditure under cost of material directly purchased (Rs. 0.15 crore) contingencies (Rs. 0.25 crore) partly offset by less expenditure under cost of material from stock (Rs. 0.26 crore), and under other primary units aggregating (Net) Rs. 0.29 crore.

The highest excess occurred on Western Railway (Rs. 0.64 crore) followed by Central Railway (Rs. 0.46 crore).

There is no misclassification under this grant. The excess requiring regularisation by Parliament is Rs. 1,20,37,933 (0.64%) i.e. the same as disclosed in the Appropriation Accounts.

**Grant No. 12—Working Expenses—Miscellaneous working expenses.**

Original Grant . . . . .	264,47,76,000
Supplementary Grant . . . . .	26,59,09,000
Total Sanctioned Grant . . . . .	291,06,85,000
Actual Expenditure . . . . .	296,82,15,930
Excess . . . . .	5,75,30,930
Misclassification . . . . .	Nil
Excess requiring regularisation by Parliament . . . . .	5,75,30,930
Percentage of excess . . . . .	1.98%

A Grant of Rs. 264.48 crores was obtained at the Budget Estimate Stage. A Supplementary Grant of Rs. 26.59 crores was obtained in March, 86 on account of increase in Dearness Allowance including sanction of second interim relief to staff, increase in eligibility of Productivity Linked Bonus, compensation of goods lost or damaged, deployment of more order, police, missing coal, wagons, cost of material including catering stores, contractual payments, contingencies and other staff cost. partly offset by savings due to less provisions under suspense head.

The excess under this grant occurred mainly under sub head Suspense (Rs. 10.05 crores), offset by savings under other sub-heads of this grant

viz. security (Rs. 0.90 crore), compensation claims (Rs. 1.12 crores) catering (Rs. 1.22 crores) training of staff (Rs. 0.70 crore), Work-man's Compensation, Hospitality and entertainment expenses etc. aggregating Rs. 0.34 crore.

The excess expenditure under suspense 'was due mainly to discharging less liability under' Demand payable than what was anticipated and provided for in the budget (Rs. 4.62 crores); more expenditure placed under Misc. Advance (Rs. 5.41 crores) for want of proper and correct allocation.

The highest excess occurred under the suspense heads Demand payable on the Central Railway (Rs. 3.03 crores) and under "Miscellaneous Advances" on the Eastern Railway. (Rs. 4.22 crores).

There was no misclassification under this grant, therefore, the excess requiring regularisation is Rs. 5,75,30,930/- (1.98%) i.e. the same as disclosed in the Appropriation Accounts.

Grant No. 13—Working Expenses—Provident Fund, Pension Fund, other Requirement Benefits.

Original Grant	280,66,75,000
Supplementary Grant	68,57,89,000
Total Sanctioned Grant	349,24,64,000
Actual Expenditure	367,94,27,805
Excess	11,69,63,805
Misclassification	Nil
Excess requiring regularisation	11,69,63,805
Percentage of Excess	3.35%

A Grant of Rs. 280.67 crores was obtained at the Budget Estimate Stage. A Supplementary Grant of Rs. 68.58 crores was obtained in March, 86 for more payment of Superannuation & Retiring Pension, Commuted Pension, family pensioner, Death cum Retirement Gratuity, other allowances, other pension & other expenses, Gratuity & special contribution to Provident Fund due to more people retiring on pension and also taking into account the post budgetary increase on account of additional dearness relief sanctioned to pensioners during the course of the year.

The excess of Rs. 11.69 crores occurred mainly under Superannuation and Retiring Pension (Rs. 10.80 crores), more payment under commuted pension (Rs. 3.11 crores); partly offset by decrease under gratuities & special contribution to provident funds (Rs. 1.56 crores) and aggregate of minor variation under other heads (Rs. 0.66 crore).

The highest excess under Superannuation & Retiring pension occurred on Northern Railway (Rs. 6.02 crores) followed by Eastern Railway (Rs. 3.51 crores).

There was no misclassification under this grant and therefore, the excess requiring regularisation is Rs. 11,69,63,805 (3.35%) i.e. the same as disclosed in the appropriation accounts.

**Grant No. 15—Dividend to General Revenue Repayment of loans taken from General Revenues & Amortisation of over Capitalisation.**

Original Grant . . . . .	546,85,31,000
Supplementary Grant . . . . .	17,51,92,000
Total Sanctioned Grant . . . . .	564,37,23,000
Actual Expenditure . . . . .	648,13,90,933
Excess . . . . .	83,76,67,933
Misclassification . . . . .	Nil
Excess requiring regularisation . . . . .	83,76,67,933
Percentage of excess . . . . .	14.85%

The original grant of Rs. 546.85 crores was fixed on the basis of net revenue of Rs. 586.00 crores assessed at the time of budget. At the revised estimate stage anticipating higher net revenue of Rs. 605.00 crores, the Ministry of Railways (Railway Board) took a supplementary grant of Rs. 17.52 crores in March, 1986 to meet the increased dividend to General Revenues (Rs. 8.00 crores) Deferred dividend liability prior to 1978-79 (Rs. 7.84 crores) and payment of more interest on outstanding loans obtained from General Revenue for Development Fund (DF) Works (Rs. 1.68 crores).

The actual net revenue turned out to be Rs. 648.14 crores due to materialisation of more traffic than anticipated at the revised estimate stage in February 1986.

The excess of Rs. 83.77 crores was mainly on account of payment of deferred dividend liability amounting to Rs. 116.72 crores (against the provision of Rs. 18.30 crores); offset by savings on account of less payment under Dividend to General Revenues (Rs. 12.97 crores) and less repayment of loan (Rs. 1.68 crores) taken to finance works chargeable to DF.

While regularising the excess over Grant No. 16 in the Appropriation Accounts for 1984-85, the PAC, vide para 2.30 of their 57th Report 8th Lok Sabha (August 1986) has recommended that the Ministry of Railways has no powers of reappropriation between capital, Railway Funds and Revenue under Grant No. 16—Assets—Acquisition, construction, and Replacemnt. In the Appropriation Accounts for 1985-86, Grant No. 16, while there was a saving of Rs. 90.36 crores with reference to the final grant No. 16 under capital, there was a net excess of Rs. 51.33 crores under Railway funds mainly on account of excess expenditure of Rs. 56.68

crores under Depreciation Reserve Fund (DRF) partly offset by saving under Development Fund (DF) Rs. 3.94 crores and Accident compensation safety and passenger Amenity Fund (ACSPF) Rs. 1.41 crores. The net excess of Rs. 51,32,35,883 under Railway Funds would also require regularisation as mentioned in sub para 6-3-12 of the Report of Comptroller & Auditor General—1985-86 Union Government Railways.

In the circumstances explained above, the excess in above grants & Appropriations may kindly be recommended for regularisation by Parliament under Article 115 (I) (b) of the constitution of India.

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

This has been seen by Audit.

S. K. N. NAIR  
Executive Director (Accounts)  
Ministry of Railways,  
Railway Board,  
New Delhi.

(No. 86 APP/7-4/85-86)

## APPENDIX XVI

(Vide Para 1.23 of the Report)

*Statement showing the Amount of Savings in 27 Grants/Appropriations during 1985-86*

Sl. No.	Grant	Amounts of Grant	Amount of Savings
1	2	3	4
(Rupees in Crores)			
<b>VOTED GRANTS :</b>			
<b>Revenue</b>			
1.	2-Agriculture . . . . .	257.75	38.35
2.	11-Foreign Trade and Export Production . . . . .	821.95	28.00
3.	25-Education . . . . .	619.85	86.05
4.	38-Transfers to State Governments . . . . .	2795.44	72.92
5.	39-Other Expenditure of the Ministry of Finance . . . . .	1019.70	313.36
6.	59-Village and Small Industries . . . . .	254.81	44.83
7.	63-Department of Irrigation . . . . .	160.96	29.39
8.	66-Labour and Employment . . . . .	179.96	21.04
9.	85-Department of Coal . . . . .	148.47	22.21
10.	96-Nuclear Power Schemes . . . . .	231.53	30.81
<b>Capital</b>			
11.	2-Agriculture . . . . .	2207.49	103.49
12.	5-Co-operation . . . . .	235.87	55.11
13.	11-Foreign Trade and Export Production . . . . .	113.19	82.04
14.	14-Ministry of Communications . . . . .	42.74	22.22
15.	39-Other Expenditure of the Ministry of Finance . . . . .	1329.30	86.75
16.	64-Department of Power . . . . .	1738.79	120.15
17.	70-Ministry of Petroleum . . . . .	411.40	42.75
18.	79-Roads . . . . .	277.11	31.45
19.	85-Department of Coal . . . . .	1065.00	57.68
20.	90-Public Works . . . . .	69.43	22.67
21.	92-Housing and Urban Development . . . . .	101.81	20.08
22.	95-Atomic Energy Research, Development & Industrial Projects . . . . .	449.98	48.75
23.	96-Nuclear Power Schemes . . . . .	197.77	30.61
<b>CHARGED APPROPRIATIONS</b>			
<b>Revenue</b>			
24.	59-Village and Small Industries . . . . .	30.00	20.42
<b>Capital</b>			
25.	38-Transfer to State Governments . . . . .	9794.20	337.23
26.	Repayment of Debt . . . . .	151379.78	17068.34
27.	63-Department of Irrigation . . . . .	59.92	20.10

## APPENDIX XVII

(Vide Para 1.23 of the Report)

*Statement showing the Grants/Appropriations under which the Supplementary Grants/Appropriations remained Unutilised during 1985-86*

Sl. No.	Grant/Appropriation	Amount of Grant/Appropriation			Saving
		Original	Supple- mentary	Actual Expendi- ture	
1	2	3	4	5	6
					(Rs. in lakhs)
REVENUE—VOTED					
1.	1—Department of Agriculture & Co-operation . . . . .	471.42	6.43	451.87	25.98
2.	2—Agriculture . . . . .	24915.42	859.61	21940.06	3834.97
3.	4—Animal Husbandry & Dairy Development . . . . .	13643.61	557.00	13495.20	705.41
4.	11—Foreign Trade & Export Production . . . . .	82185.07	10.12	79394.95	2800.24
5.	13—Supplies & Disposals . . . . .	1524.33	35.00	1448.71	110.62
6.	29—Ministry of Finance . . . . .	1313.41	104.14	1296.84	120.71
7.	43—Ministry of Health and Family Welfare . . . . .	199.89	1.75	197.44	4.20
8.	44—Medical and Public Health . . . . .	31607.29	300.06	30285.21	1622.14
9.	57—Ministry of Industry and Company Affairs . . . . .	1115.51	3.00	1031.58	86.93
10.	61—Information and Publicity . . . . .	4633.19	32.95	4408.05	258.09
11.	76—Department of Scientific and Industrial Research . . . . .	15823.50	36.00	15752.37	107.13
12.	99—Department of Electronics . . . . .	5730.00	277.67	5664.80	342.87
13.	105—Rajya Sabha . . . . .	398.98	22.50	385.67	35.81
CAPITAL—VOTED					
14.	11—Foreign Trade and Export Prdn. . . . .	10973.51	345.80	3115.10	8204.21
15.	30—Customs . . . . .	4150.00	29.50	3936.49	243.01
16.	51—Other Expenditure of the Ministry of Home Affairs . . . . .	18698.54	1027.23	18486.68	1239.09
17.	79—Roads . . . . .	27299.69	411.82	24566.91	3144.60
18.	92—Housing and Urban Development . . . . .	8681.08	1500.03	8173.17	2007.94

1	2	3	4	5	6
<b>REVENUE—CHARGED</b>					
19.	22—Ministry of External Affairs . . . . .	0·25	0·08	—	0·33
20.	36—Pensions . . . . .	546·10	24·96	349·00	222·06
21.	73—Department of Science & Technology . . . . .	—	3·50	—	3·50
22.	101—Department of Personnel and Administrative Reforms . . . . .	0·05	0·05	0·05	0·05
<b>CAPITAL—CHARGED</b>					
23.	48—Police . . . . .	501·00	2·56	500·74	2·82
24.	90—Public Works . . . . .	12·00	13·00	10·66	14·34

## APPENDIX XVIII

### *Action taken Notes on Recommendations contained in 57th Report (8th Lok Sabha) of Public Accounts Committee*

#### (i) RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

##### **Recommendation**

The Committee are glad to observe that during the last five years i.e., 1980-81 to 1984-85, there was noticeable decline in the aggregate amount of excess expenditure as well as in the number of Grants/Charged Appropriations that recorded excess expenditure during the year 1984-85. The excess expenditure of Rs. 462.69 crores was at its peak during 1981-82 and it was reduced to Rs. 64.87 crores during 1984-85. The number of grants which registered excess expenditure during the years 1980-81, 1981-82, 1982-83 and 1983-84 were 27, 20, 21 and 12 respectively, while the number of grants which registered excess expenditure during 1984-85 were 9. It would seem that the Ministries/Departments of Govt. of India have begun to realise that excess expenditure is tantamount to unauthorised expenditure and lack of financial discipline. The Committee hope that the Ministries would further tighten their financial control and see that the declining trend is sustained. The Committee of course would like to see excess expenditure being eliminated altogether.

[Sl. No. I—Appendix—X—Para 2.6 of the 57th Report of the Public Accounts Committee (8th Lok Sabha)]

##### **Action taken by Government**

The observations made by the Public Accounts Committee have been circulated amongst Ministries/Departments/Financial advisers for compliance *vide* this Ministry's O.M. No. F. 12(4)-E (Coord)/86-(i) dated 7th January, 1987. (Copy enclosed).

This has been vetted by audit.

[Ministry of Finance, Department of Expenditure F. No. 12(4)-E(Coord)/86-(i) dated 28th Jan., 1987]

COPY

No. F. 12(4)-E(Coord)/86-(i)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

New Delhi, the 7th January 1987

## OFFICE MEMORANDUM

SUBJECT : *57th Report of the Public Accounts Committee (8th Lok Sabha) (1986-87) regarding excess over voted Grants and Charged Appropriations (1984-85)—Recommendation made in Para 2.6 of the Report.*

The undersigned is directed to forward herewith for information and necessary action an extract of para 2.6 (recommendation No. I in Appendix-X) of the Report of the Public Accounts Committee mentioned above. It will be seen that the Committee have expressed satisfaction that there was a noticeable decline in the aggregate amount of excess expenditure as well as in the number of Grants/Charged Appropriations that recorded excess expenditure during the year 1984-85 as compared to the previous years. The Committee expect that the Ministries/Departments would further tighten their financial control and see that the declining trend is sustained and that the excess expenditure being eliminated altogether.

Sd/-

M. S. MATHUR

*Director*

To

All Ministries/Departments of the Govt. of India

All Financial Advisers including Financial Commissioner (Railways)

### **Recommendation**

The Committee find that as against the aggregate amount of voted provision of Rs. 48492.48 crores there was savings of Rs. 2834.02 crores during the year 1984-85. While the appropriation accounts (Civil) for 1984-85 reported savings of Rs. 2238.25 crores the appropriation Accounts (Railways), (Defence Services) and (Post & Telegraphs) reported savings of Rs. 284.81 crores, Rs. 179.04 crores and Rs. 131.92 crores respectively. These savings could have been utilised for other important and needy areas of the economy if the estimates had been made realistically. The Committee had also noticed large scale savings during the years 1982-83 and 1983-84 and had desired the Government to analyse the reasons for the recurring phenomenon of savings and take remedial measures to ensure that budget estimates were framed more precisely. The Committee are still to see improvement in the position. They, therefore, reiterate their earlier recommendation contained in Para 2.8 of the 17th Report (8th Lok Sabha) and would like to be apprised of the measures proposed to be taken in the matter.

[Sl. No. 3—Appendix-X—Para 2.9 of the 57th Report of Public Accounts Committee (8th Lok Sabha)]

### **Action Taken by Min. of Finance (Deptt. of Exp.)**

The observations made by the Public Accounts Committee have again been circulated amongst Ministries/Departments/Financial Advisers for compliance. Financial Advisers have also been requested to send Action Taken Notes to the Public Accounts Committee apprising the measures proposed to be taken in the matter. In this connection a copy of this Ministry's O.M. No. F.12(4)-E(Coord)/86-(ii) dated 8th Jan., 1987 is enclosed.

This has been vetted by audit.

[Ministry of Finance, Deptt. of Expenditure, No. F.12(4)-E  
(Coord)/86-(ii) dated 28th January, 1987.]

No. F.12(4)E(Coord)/86-(ii)  
**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**DEPARTMENT OF EXPENDITURE**

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New Delhi, the 8th January, 1987

**OFFICE MEMORANDUM**

**SUBJECT :—57th Report of the Public Accounts Committee (8th Lok Sabha) (1986-87) regarding excess over voted Grants and Charged Appropriations (1984-85)—Recommendation made in Para 2.9 of the Report.**

The undersigned in directed to say that the Public Accounts Committee had been commenting on the tendency of under-utilisation of funds earmarked for some of the vital sectors of the economy thereby not only slowing down development in these sectors but also depriving the other important sectors of the much needed resources for development. Attention in this connection is invited to this Department's O.M. No. F.12(7)E (Coord)/85 Vol. II dated 25th Feb., 1986. The Committee have again expressed their unhappiness over large scale savings in some of the vital sectors of the economy *vide* Para 2.9 of the recommendation contained in the above Report.

2. With the introduction of the Scheme of Integrated Financial Advisers, the responsibility of framing Budget Estimates on a realistic basis as also post-budget vigilance to ensure that there is neither considerable shortfalls in expenditure nor unforeseen excesses devolve on the Financial Advisers. For achieving this objective, the Financial Advisers may ensure that the prescribed rules and procedures and such other steps as may be considered necessary are followed by the Ministries/Departments with which they are concerned.

3. Ministries/Departments/Financial Advisers are requested to note the observations made by the Public Accounts Committee for compliance. Financial Advisers are also requested to send Action Taken Notes to the Public Accounts Committee apprising of the measures proposed to be taken in the matter.

Sd/-  
**M. S. MATHUR**  
*Director*

To

1. All Ministries/Departments of the Govt. of India.
2. All Financial Advisers including Financial Commissioner for Railways.

### Action taken by the Ministry of Defence

In so far as Defence Services are concerned the Appropriation Accounts for 1984-85 reveals savings of Rs. 179.04 crores. This has been mainly under Army—(Rs. 19.98 crores), Air Force (Rs. 14.52 crores), Defence Services—Pensions (Rs. 119.25 crores) and Capital Outlays on Defence Services (Rs. 25.29 crores).

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

3. The progress of Defence Expenditure is also analysed every month and wherever the trend is on the high side instructions are issued to Service Headquarter to contain the expenditure within the allocated budget provisions.

4. Instructions issued by Secretary (E) regarding Budgetary control have also been circulated (copy enclosed) to all concerned to scrupulously conform to the budgetary provisions and to formulate the budget estimates most realistically. Periodical reviews to reassess the actual requirement of funds are also conducted.

5. Also for recording the Defence expenditure expeditiously Defence Accounts Department has expanded and modernised the Computer system and has set up a number of Computers at nodal stations. Apart from computerisation, special drive has been undertaken to ensure that the expenditure is accounted for immediately and the time lag between the expenditure incurred and its compilation has been brought down substantially.

6. DADS has seen.

File No. 10(7)/86/BI

COPY

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

**SUBJECT :—***Instructions regarding Budgetary control and restrictions in respect of proposals for Supplementary Demands.*

A copy of Ministry of Finance, Department of Expenditure OM No. 10 (4)-E(Coord)/85, dated 27-3-1986 on the above subject is circulated herewith. Your kind attention is drawn to para 7 of the above Office Memorandum to strictly conform to those instructions.

Sd/- (KRISHAN LAL)  
A.F.A. (Budget)

All Jt. Secretaries, C. G. D. A.

All Addl. FAs.

Directors of Financial Planning (Army, Navy, A.F.).

Director of R & D (RD Budget).

Director (P & C), Department of Defence Production,

PO (P&F), DGE (Adm. 14),

All DFAs.

U.O. No. 4073, BI/86, dated 6-4-1986.

No. 10(4)-E(Coord)/85  
Government of India  
MINISTRY OF FINANCE  
(DEPARTMENT OF EXPENDITURE)  
New Delhi, the 27th March, 1986  
*OFFICE MEMORANDUM*

**SUBJECT :—***Instructions regarding Budgetary control and restrictions in respect of proposals for Supplementary Demands.*

The Ministries/Departments are aware that regulations of expenditure is achieved basically through the instrumentality of the Budget. The annual budget exercises determine the areas and quantum of Government expenditure as also the areas and quanta of resources to be raised for meeting such expenditure. The budget as significant effects on the economy including through the size of the uncovered deficit if any. Resources raising to meet the expenditure requirements is normally an annual exercise and taxation measures are taken only once a year.

2. The requirements of funds for expenditure in the ensuing year are prepared by the Subordinate/Attached Offices and the Government Departments in accordance with the general instructions issued by the Ministry of Finance from time to time. Non-Plan requirements are required to be scrutinize by the administrative Ministries/Departments and by the Finance Wings before the estimates are finalised. In regard to plan expenditure, administrative Ministries make their projections for development needs/schemes to the Planning Commission. Such projections are usually of a very large magnitude. The Planning Commission carry out a detailed examination of the proposals, considering the needs of the development and spending capabilities of the Department and make final allocations with reference to the available resources. It has, however, been generally noticed that in preparation of the budget estimates, the administrative Department do not always subject the requirements of non-plan expenditure and that of schemes/projects to detailed examination.

3. Another feature noticed in that non infrequently token provisions are included in the budget for the schemes which have not been formulated or considered in detail. Such provisions are made to provide for an entry in the budget pending detailed thinking and formulation of the schemes. This practice leads to large provisions of funds being asked for during the course of the year.

4. The shortcoming in the process of preparing budget result in inadequate provisions being made at the time of preparing annual budget and

year after year supplementary demands for large amounts becomes necessary. The administrative Ministries/Departments have come to consider the annual budget as the first projections of the requirements of funds to be supplemented later by Supplementary Demands. Such proposals are made shortly after the budget is passed by the Parliament. This practice makes it difficult to make a reasonably correct assessment of the expenditure requirements for the year with reference to the available resources. It also militates against the budget being treated as an instrument of control and regulation of expenditure.

5. The annual budget is prepared and allocations made taking into account the available resources and the extent to which the Government is prepared to provide the deficit. The additional demands at the supplementary stage go to add to the deficit and is an indicator of the budget not being framed carefully. Therefore, once the budget is framed, the Ministries/Departments should regard the provision in the budget whether plan or non-plan as the maximum amount of resources available to them and manage their affairs within those limits. In cases where owing to the constraint of resources reduced allocations are made in the budget, the administrative Ministries/Departments should critically examine the programmes, contents and activities and reorder priorities to manage within the allocations rather than come up with proposals for supplementary demands. Hard decisions in this regard need to be taken rather than opting for the soft option of asking for the supplementary demands.

6. Another area of concern has been large time and cost over runs in the implementation of schemes/projects. The preparation of estimates of the schemes/projects does not always get the attention it should. Preliminary details like investigation of soil conditions, precise know-how needs, technical and design requirements, provision of all the necessary facilities including plant and machinery to achieve the targetted capacities are not fully worked out. The tie up with consultants, where necessary, is not done in advance nor detailed planning carried out to finalise the design, civil and structural and plant and machinery requirements. Changes in the various parameters of the project are continued along with the progress of the implementation of the project. The estimates are also sometimes deliberately kept at reduced levels to obtain an investment decision and proposals are made for increase in the estimates after having made commitments, leaving no option to the sanctioning authorities. The revised cost estimates of the projects presented to P B indicate that time and cost over runs are largely due to the defects in preparation of the estimates involving under-estimation, under-provisioning and omissions. Instructions have been issued from time to time about framing of the estimates on a realistic basis. A system or two stage clearance of projects has also been introduced so that the final investment decisions are taken on the basis of detailed estimates, after technical and design parameters are firmed up, the requirements of civil and

structural works, plant and machinery are assessed with reasonable degree of accuracy, Instructions also exist that in cases where it appears that the projects costs are to exceed the sanctioned estimates, the proposals for revised estimates should be submitted to the appropriate sanctioning authority for sanction soon after the possibility of excess over sanctioned costs comes to notice so that the cases of revised estimates are considered much in advance of the commitments being made and various options are examined. However in actual practice, the proposals for revision of cost estimates are inordinately delayed and expenditure is continued in an irregular manner beyond the sanctioned cost of the project. Quite often, the revised cost estimates are submitted to the sanctioning authority-EEC/ PIB/Cabinet after the completion of the project or when most of the commitments have already been made. The commitment of resources not originally envisaged with charges in scope of the project deprives other essential projects, schemes of the resources, adversely affecting the entire development effort in a planned manner according to laid down priorities.

7. To overcome these shortcomings in the control of expenditure, it has been decided with the approval of the Cabinet that :---

- (i) Supplementary demands should be severely restricted and confined to genuine unforeseen expenditure which could not be envisaged at the time of preparing the annual budget or to meet the requirements of decisions or developments taking place after the approval of the budget i.e. in respect of post budget decisions and not for continuing schemes and programmes.
- (ii) Funds for projects/schemes beyond the sanctioned estimates should not be released till the revised estimates are considered and sanctioned by the sanctioning authority.

8. Ministries/Departments are requested to strictly conform to these instructions.

Sd/-

(R. GANAPATI)

*Secretary to the Govt. of India.*

To

All Ministries/Departments of the Govt. of India etc., etc.

*Action taken by the Ministry of Railways*

The observations of the Committee have been carefully noted. It may, however, be stated that the major variation has occurred in Demand No. 15. This is not a saving in the normal sense since it is only less receipts (Dividend to General Revenue) for the Government and not expenditure in production of services or acquisition of assets.

It is true that some savings have been recorded in the past few years, but the latest closed year, 1985-86 has shown a marginal excess. In all cases, the variations are only a very small percentage of the total grants. The savings in general are attributable to the continuing emphasis or economy in expenditure rather than to defective estimation. However instructions have been issued (copy enclosed) emphasising the need for more accurate estimation.

This has been seen by Audit.

{Ministry of Railways (Rly. Bd.)'s case No. 85 App/7-2/84-85  
(Para 2.9)}

COPY

Government of India (Bharat Sarkar)

MINISTRY OF RAILWAYS (RAIL MANTRALAYA)  
(RAILWAY BOARD)

No. 86-B-342/1

8-6-1987

General Managers,  
All Indian Railways

SUB : *Excess/Savings in Actuals over Budget Estimates, 1984-85.*

Attention is invited to Board's letter No. 84-B-342/4 dated 18-12-85 emphasising the need for more correct estimation of funds required both under Revenue and Works Grants in order to avoid recurring excess/savings in Actuals as compared to Budget/Revised Grants.

The Public Accounts Committee (PAC) in their Fifty Seventh Report for the year 1984-85 presented to Parliament in November, 1986 have again adversely commented upon the recurring phenomenon of excess/savings under various Grants. They have further underlined the fact that the savings under various Revenue/Works Grants, if more accurately forecast at the time of estimation, could have been utilised for other important and needy areas of the economy.

The Railway Ministry have issued various instructions from time to time in this regard. The need for more accurate estimation of the funds required under various Grants and a strict control over expenditure within the authorised allotment have to be invariably ensured. The requirement of additional funds and expected savings under various Grants are required to be intimated to this Ministry well in time to enable them to evaluate and adjust other equally important and pressing demands.

The above observations of the PAC may please be noted and Board's instructions regarding accurate estimation of funds be reiterated to each Budget Unit under you.

Please acknowledge receipt.

Sd/-  
S. P. SAPRA  
*Joint Director, Finance (Budget)*  
*Railway Board*

*Action taken by the Ministry of Communications (Deptt. of Telecom.)*

On the Telecom. side, the saving in 1984-85 was mainly due to the saving in the provision for appropriation of surplus to the reserve funds, owing to short-fall (Rs. 63.68 crores) in the expected revenue, which actually turned out to be Rs. 1191.32 crores only as against Rs. 1255 crores estimated at the time of Budget 1984-85.

Appropriation of surplus to reserve funds is only an accounting adjustment for funding the surplus of the Department, and does not involve any cash outgo.

There was however, a small saving of Rs. 11.33 crores under the 'Working Expenses' of the Telecommunications Department, which comprised 1.3% of the total sanctioned provision of Rs. 881.99 crores. Efforts continue to be made to frame estimates on a realistic manner.

This has the approval of Member (Finance).

This has been vetted by Director of Audit, P & T Delhi *vide* their U. O. No. RR-III/1(b)400/84-85/759 dt. 18-2-87.

[File No. 16-178/86-B dated 22-1-1987]

*Further Action Taken/Proposed to be Taken by the Ministry of Communications (Department of Tele-Communications)*

Out of the savings of Rs. 2238.25 crores reported in appropriation accounts (Civil) for 1984-85, there were savings of Rs. 6.90 crores under the Ministry of Communications (other than the P&T Department). This represented Rs. 1.93 crores in the Revenue Section of Grant Number 13—Ministry of Communications and Rs. 4.97 crores in the Capital Section of Grant Number 14—Overseas Communications Service. The savings, Grant-wise, are explained below :—

(a) *Grant Number 13—Ministry of Communications :*

Revenue Section		1984-85 (Rs. in lakhs)	
Total Grant	Expenditure	Saving	Percentage of saving
566.58	373.24	193.34	34.1%

(1) The Savings/excess under the grant occurred in the following Major Heads :

Major Head	Grant 1984-85	Expenditure	Savings
1	2	3	4
267	—	78.45	(—)78.45 (i.e. excess expenditure)
296	45.40	44.55	0.85
344	521.18	250.24	270.94
<b>TOTAL</b>	<b>566.58</b>	<b>373.24</b>	<b>193.34</b>

(2) As seen from the above table the actual saving under the grant was Rs. 271.79 lakhs (0.85+270.94 lakhs). This saving was reduced by an excess expenditure of Rs. 78.45 lakhs under Major Head '267'. This amount relates to foreign assistance received by the P&T as a gift in the form of Five Penta Conta Rural Telephone Exchanges from the Government of Norway. As the relevant Major Head could not be operated by the P&T, the same was advised by the Ministry of Finance [*vide their Office Memorandum No. F.71(54)—BD/84-85 dated the 7th November, 1985 read with their Office Memorandum of even number dated the 22nd November, 1985*] to be operated in

the Ministry of Communications' Grant. (Copies of these Office Memorandums are enclosed as Annexure I & II). Since savings were available in the Ministry's grant, the adjustment was allowed to be carried against it, in 1984-85. The Net cash outgo on account of the adjustment was however 'NIL' as the debit was set off by per contra credit under 'Recoveries'.

## 2.1 THE SAVINGS UNDER OTHER MAJOR HEADS ARE EXPLAINED AS BELOW :

Major Head	Savings
296	Rs. 0.85 lakhs

The saving was due to observance of economy instructions as well as non-receipt of debit vouchers from foreign Missions/lesser number of delegations abroad etc. Out of the amount indicated above, a sum of Rs. 0.45 lakhs was surrendered *vide* Ministry's letter No. G.20017/7/85-C&P(2) dated the 29th March, 1985, which was accepted by the Ministry of Finance.

344	Rs. 270.94 lakh
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The savings related mainly to the Plan expenditure of the Monitoring Organisation of this Ministry. The orders placed by the Organisation on foreign suppliers through DGS&D for supply of various equipments [worth Rs. 245 lakhs which was surrendered *vide* Ministry's letter number G.20011/7/85-C&P(1) dated the 30th March, 1985] for plan Projects/Schemes did not materialise despite commitments made by the Overseas Suppliers.

Besides, saving of Rs. 13.62 lakhs occurred under 'International Cooperation' in the WPC Wing of this Ministry towards payment of annual contribution to International bodies—ITU and APT. This was partially due to unanticipated fall in the unit rate of contribution and partially due to difference between composite rate and official rate of exchange. Other savings were the result of enforcement of Economy Orders issued by the Government from time to time. Of the total savings of Rs. 270.94 lakhs under this Head, a sum of Rs. 256.56 lakhs was surrendered and the same was accepted by the Ministry of Finance.

3. Despite the unavoidable circumstances mentioned above, the concerned officers have been directed to be careful and take necessary steps to avoid recurrence of such savings in future and to ensure that the voted provisions earmarked for their organisations are utilised in full. A copy of each of the Ministry's d.o. letters No. G.25014/2(1)/86-C&P and No. G.25014/2(2)/86-C&P both dated the 25th June, 1986 are appended to this Action Taken Note as Annexure III & IV.

## (b) Grant No. 1 :—Overseas Communications Service

Capital Section	1984-85		
	(Rs. in lakhs)		
Total Grant	Expenditure	Saving	Percentage of saving
1383.00	886.29	496.71	35.9%

(1) The savings occurred in the Overseas Communications Service, a subordinate organisation of this Ministry, which has since been converted into a Government Company named 'Videsh Sanchar Nigam Limited' with effect from the 1st April, 1986. The savings were mainly under 'Satellite' and 'Submarine Cable Projects'. A sum of Rs. 431 lakhs, surrendered by the organisation, was accepted by the Ministry of Finance. The savings were due to the following reasons :—

- (i) Non-clearance of INMARSAT Project;
- (ii) Delayed clearance of (a) TDMA/DSI Project, (b) Dual Satellite Modification Project; and (c) RWC Augmentation of Bombay-Arvi Link;
- (iii) Delay in delivery of inverter equipment and antenna tower construction;
- (iv) Delay in clearance of India-UAE Cable Project and consequent delay in implementation thereof owing to procedural difficulties.

[File No. G.2501/1/87-C/P]

## ANNEXURE I

Copy of Office Memorandum Number F.71(54)-B(D)/84-85 dated the 7th November, 1985 from the Ministry of Finance, Department of Economic Affairs (Budget Division), New Delhi

SUBJECT : Opening of new sub-heads in Grant No. 13—Ministry of Communications for the year 1984-85.

The undersigned is directed to convey *ex-post-facto* sanction of the Government of India to the opening of new sub-heads in the aforesaid Grant as Follows :—

**Major Head '267'**

B. Aid materials and equipment.

B.1 Assistance from the Government of Norway.

B.1(1) Equipment Assistance for Five Meta Conta Rural Telephone Exchange.

Sd/-

P. N. Bhattacharyya

Under Secy. to the Government of India

**ANNEXURE II**

Copy of Office Memorandum Number F.71(54)-B(D)/84-85, dated the 22nd November, 1985 from the Ministry of Finance, Department of Economic Affairs (Budget Division), New Delhi to the Controller of Accounts, Ministry of Communications, regarding Opening of new sub-heads in Grant No. 13—Ministry of Communications for the year 1984-85.

In supersession of this Ministry's O.M. of even number dated the 7th November, 1985, the undersigned is directed to convey ex-post-facto sanction of the Government of India to the opening of the following sub-heads in the aforesaid Grant.

- C. Aid Materials and equipment.
- C.1 Assistance from the Government of Norway.
- C.1(1) Equipment Assistance for Five Meta Conta Rural Telephone Exchange.

Sd/- (P. N. Bhattacharyya)  
Under Secy. to the Government of India

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**ANNEXURE—III**

Copy of D.O. Letter No. G.25014/2(1)/86-C&P dated the 25th June, 1986 from Shri S. D. Raheja, Deputy Financial Adviser (T), Ministry of Communications addressed to Shri A. M. Joshi, Deputy Director (MW), Monitoring Organisation, New Delhi.

The Appropriation Accounts for 1984-85 in respect of Grant No. 13—Major Head 344-B.1(2)—Monitoring Services (Revenue Section) shows that against the original grant of Rs. 374.43 lakhs, an amount of Rs. 121.60 lakhs only were spent during the year resulting in a net saving of Rs. 252.83 lakhs, which is 67.52 percent of the original grant.

2. I would, therefore, request you kindly to take necessary steps to avoid recurrence of such abnormal savings in future and to ensure that the voted provision earmarked for your Organisation is utilised in full hereafter.

Sd/- (S. D. Raheja)  
Deputy Financial Adviser (T)

**ANNEXURE IV**

Copy of D.O. Letter Number G.25014/2(2)/86-C&P dated the 25th June, 1986 from Shri S. D. Raheja, Deputy Financial Adviser (T) Ministry of Communications, New Delhi addressed to Shri S. N. Sinha, Secretary [Telecom. Board/Director (T)], Department of Telecommunications, New Delhi.

The Appropriation Accounts for 1984-85 in respect of Grant Number 13—Major Head 344-B.1(1)—Wireless Planning and Co-ordination shows that against the original grant of Rs. 32.17 lakhs, an amount of Rs. 27.67 lakhs only were spent during the year resulting in a net saving of Rs. 4.50 lakhs which is about 14 percent of the original grant.

2. I shall be grateful if you kindly take necessary steps to avoid recurrence of similar occasions in future and ensure that the voted provision earmarked for the Wireless Planning and Co-ordination Wing is utilised in full hereafter.

Sd/- (S. D. Raheja)  
Deputy Financial Adviser (T)

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**Recommendation of the Committee**

“2.15—The Committee note that during 1984-85 excess expenditure of Rs. 40.78 lakhs was incurred over the sanctioned grant of Rs. 621 lakhs under Revenue Section (Voted) of Grant No. 59—Dadra & Nagar Haveli. This happened despite the fact that a supplementary grant of Rs. 44.99 lakhs was obtained by the Ministry under the Grant in March, 1985. The excess expenditure constitutes 90.64 percent of the supplementary grant. According to the explanatory note furnished by the Ministry of Home Affairs the excess expenditure of Rs. 6.46 lakhs got inflated to Rs. 40.78 lakhs due to faulty operation of Suspense Accounts by the Public Works Department of the Dadra & Nagar Haveli Administration. This is obviously a case of carelessness and the Committee would like responsibility to be fixed, and appropriate disciplinary action taken.”

[S. No. 5 Appendix X Para 2.15 of 57th Report of P.A.C. (8th Lok Sabha)].

**Action Taken/Proposed to be taken M/O Home Affairs**

The Dadra & Nagar Haveli Administration has considered the above observation of the Public Accounts Committee and have held their Divisional Accountant responsible for faulty operation of the accounts. A suitable warning has been administered to the Divisional Accountant and he has been advised to be more careful in future. The Administration have also issued necessary instructions to their Public Works Department to follow the correct procedure in maintenance of accounts in future. A copy each of the Administration's Memo. No. 1-1(1)/82/WCD II/499 dated 12-2-87 regarding issue of warning to their Divisional Accountant and letter No. ADM/FD/Misc (PWD-1)/86 dated 1-9-86 regarding instructions issued to the Public Works Department for following correct procedure for maintenance of accounts is enclosed for information.

The note has been seen by the Audit.

[M.H.A. I.D. No. U.15013/1/85-AC.II Dated 15-4-87].

ADMINISTRATION OF DADRA AND NAGAR HAVELI, U.T., PUBLIC  
WORKS DEPARTMENT, CIVIL DIVISION NO. II

NO. 1-1(1)/82/WCDII/499

Silvassa, dated 12-2-1987.

**MEMO**

Shri K. D. Patel, Divisional Accountant was issued Memorandum vide No. PWD-II/145 dated 15-1-87 for faulty operation of suspense accounts during the year 1984-85 and as a result excess expenditure was booked under the respective head of accounts. He was called upon to explain the circumstances under which he operated faulty suspense accounts with direction to submit the explanation within 3 days.

Shri Patel submitted his explanation on 28-1-87 and after seeing the representation and difficulties for operating the faulty suspense head, I find no reason to agree with his explanation. I, therefore hereby warn Shri Patel to be more careful in future.

Sd/-  
Executive Engineer,  
PWD, Civil Division No. II,  
Silvassa.

To

Shri K. D. Patel,  
Divisional Accountant.

NO. ADM/FD/MISC (PWD-I)/86 ADMINISTRATION OF DADRA  
AND NAGAR HAVELI, U.T., (FINANCE DIVISION) SILVASSA,  
DATED 1-9-1986.

To

The Executive Engineer,  
Division-I, II, Public Works Department,  
Dadra & Nagar Haveli.  
SILVASSA.

SUBJECT : *Accounting procedure for stores transaction in the Central Public Works Department.*

Sir,

The Government of India, Ministry of Home Affairs vide wireless message No. U.15023/1/85-AC.II dated 25-8-86 has directed to issue fresh instructions for accounting procedure for stores transaction in the Central Public Works Department.

The main point to be adopted in the transaction is re-produced below :—

1. The operation of the sub-head 'Purchase' under the minor head 'Suspense' of the major head '259-Public Works' shall be dispensed with. Instead the cost of stores not paid for in the same month in which they were received shall be accounted through a new suspense minor head 'Material Purchase Settlement Suspense Account' in the Public Account of India under the major head '858—Suspense Accounts'. This suspense minor head will be cleared when supplies received are actually paid for.
2. While placing indents on the Central Stores Divisions/other Divisions, the Divisions of the CPWD requiring the stores shall indicate prominently on the indent *itself*, whether the stores indented for are required for *specific works* or for *stock purposes*.
3. In the accounts of the Division issuing the stores, the cost of the stores supplied by it to a Division indenting for it shall be debited to the suspense head 'Cash Settlement Suspense Account' under the major head '858—Suspense Accounts' by :—
  - (a) credit to the head '259—Public Works Suspense stock' if the stores supplied had been indented for utilisation on specific works; and
  - (b) minus debit to the aforesaid suspense head, if stores supplied had been indented for stock purposes.

The Suspense head 'Cash Settlement Suspense Account' will be cleared when payment for the cost of stores supplied is actually received from the indenting Division.

4. In the accounts of the Division receiving the stores, the cost of stores shall be debited to the account of the work or the head '259—Public Works—Suspense—Stock' depending upon whether stores have been acquired for works/stock purposes, with a per contra credit to the head '858—Suspense Accounts—Material Purchase Settlement Suspense Account' if the stores received have not been paid for in the same month. The latter head will be cleared when cost of stores is actually paid to the Division supplying the stores.

It is requested to go through the revised procedure and please be conversant with the procedure. A copy of Office Memorandum No. 15011/12/78-W2 dated 27-4-82 issued from the Government of India, Ministry of Works & Housing (Works Division) New Delhi is enclosed herewith for further necessary action.

The receipt of this letter may please be acknowledged.

Yours faithfully,

Sd/-

Accounts Officer  
Dadra & Nagar Haveli  
Silvassa.

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(Enclosure to Dadra & Nagar Haveli Administration letter No. ADM/FD/Misc (PWD-I)/86 dated 1-9-86).

Copy of Government of India, Ministry of Works & Housing (Works Division) O.M. No. 15011/12/78-W2, dated 27-4-1982.

**SUBJECT :** *Revised accounting procedure for the stores transactions in Central Public Works Divisions of the Central Public Works Department.*

The undersigned is directed to say that the question of revision of procedure for accounting of stores transactions in the CPWD has been under examination for some time past in the light of repeated criticism by the Public Accounts Committee of the excess which occurred in the Grant 'Public Works' during successive financial years.

2. Under the existing procedure, the cost of stores purchased but not paid for in the month in which they are received, is adjusted in the accounts of the Public Works Division by debit to the account of the work if they have been purchased for specific works, or to the sub-head, 'Stock' of the major/minor head '259—Public Works-Suspense' if they have been procured for stock purposes, with a contra credit to another sub-head 'purchase' of the major/minor head '259-Public Works-Suspense'.

3. The Sub-head 'Purchase' is debited when payment of the cost of stores is actually made. The sub-head 'stock' is credited when stores are issued for utilisation on a work or issued to another Public Works Division again for stock purposes. The debits under the two sub-heads 'Purchase' and 'Stock' do not get netted with the credits under these heads as the latter are exhibited in the budget as recoveries below the line. Budgeting under these two sub-heads is thus done on a gross basis. The debits and credits under these sub-heads get multiplied, depending on the number of times a particular stock item gets transferred from one Division to another. All this has made accurate budgeting in respect of these two suspense sub-heads a very difficult exercise and led to large variation for the same.

4. After a careful consideration of the various issues involved in consultation with the Comptroller and Auditor General of India, the Controller General of Accounts and the Budget Division of the Ministry of Finance, the following revised procedure is prescribed with effect from the financial year 1982-83.

(1) The operation of the sub-head 'Purchases' under the minor head 'Suspense' of the major head '259-Public Works' shall be dispensed with. Instead the cost of stores not paid for in the same month in which they were received shall be accounted through a new suspense minor head 'Material Purchase Settlement Suspense Account' in the Public Account of India under the Major head '858-Suspense Account'. This suspense minor head will be cleared when supplies received are actually paid for.

(2) While placing indents on the Central stores Divisions/other Divisions, the Divisions of the CPWD requiring the stores shall indicate prominently on the indent *itself*, whether the stores indented for are required for *Specific works* or for *stock purposes*.

(3) In the accounts of the Division issuing the stores, the cost of the stores supplied by it to a Division indenting for it shall be debited to the suspense head 'Cash Settlement Suspense Account' under the major head '858—Suspense Account' by :

(a) Credit to the head '259-Public Works Suspense stock', if the stores supplied had been indented for utilisation on specific works; and

(b) Minus debit to the aforesaid suspense head, if stores supplied had been indented for stock purposes.

The suspense head 'Cash Settlement Suspense Account' will be cleared when payment for the cost of stores supplied is actually received from the indenting division.

(4) In the accounts of the Division receiving the stores, the cost of stores shall be debited to the accounts of the work or the head '259-Public Works—Suspense-stock' depending upon whether stores have been acquired for works/stock purposes, with a per contra credit to the head '858-Suspense Accounts-Material Purchase Settlement Suspense Account' if the stores received have not been paid for in the same month. The latter head will be cleared when cost of stores is actually paid to the Division supplying the stores.

5. Unclaimed balances for more than three complete account years under the suspense sub-head 'Material Purchase Settlement Suspense Account' would be credited to revenue as hitherto was being done in respect of the balances remaining outstanding for more than 3 years under the suspense sub-head 'Purchases' as per provision of the CPWD code.

6. With a view to avoid budgeting difficulties on account of the adoption of the new system of stores Accounting as stated above, it has been decided that the Central Stores Division will prepare their budget on the basis of their requirements as at present. The working Division will, however, prepare their budget for stock in two parts viz (i) direct purchases, and (ii) by indenting on stores division. Provisions for stock under category (iii) by the working Division will then be reduced from the provisions of stores made by the Central Stores Divisions at Zonal levels. In respect of such provisions made by the working divisions, not falling under the same Zonal Chief Engineer, under which the Central Stores Division from which the stock is intended to be procured falls, such provisions will be worked out by the concerned Zonal Chief Engineer on the basis of the data received by them and intimated to the Zonal Chief Engineers concerned under whose jurisdiction the Central Stores Divisions from which the stores are to be procured falls for carrying out the necessary adjustments as stated above.

7. This procedure shall come into effect from the financial year 1982-83. Since the budget estimates for the year 1982-83 have already been finalised, these should be revised in the light of the instructions contained in para 6 above at R.E. stage.

8. The balance remaining outstanding upto the close of the financial year 1981-82 under the suspense sub-head 'Purchases' of the major head '259-Public Works' shall be transferred to the suspense minor head 'Material Purchase Settlement Suspense Account' now proposed to be opened under the major head '858-Suspense Accounts' on a *proforma* basis after the amount outstanding for more than three years under suspense sub-head 'Purchases' have been sorted out and credited to revenue.

9. Formal amendment to the CPWD code will be issued separately in due course.

### **Recommendation of the Committee**

Assets—Acquisition, Construction and Replacement is an amalgam of four grants which were in operation prior to 1979-80. The amalgamation was made on the recommendations of a Task Force appointed in 1973 by the erstwhile Ministry of Railways. While recommending unification of four old grants, the Task Force, keeping in view the different sources of finance of the constituents of the unified grant, placed restrictions on the powers of the Ministry in regard to reappropriation of funds from one segment to another segment of the grant i.e. Capital, Railway Funds and Revenues. Finding it difficult to accept the recommendation of the Task Force, the Ministry of Railways approached the Estimates Committee for removal of restrictions imposed by the Task Force. The Estimates Committee, after considering all the aspects of the matter, came to the conclusion that there was no justification for removing the restrictions imposed by the Task Force on the powers of the Ministry under Demand No. 16 [*vide* Para 26 of 18th Report (7th Lok Sabha) of Estimates Committee]. That Committee had also observed in Para 25 of their 18th Report (7th Lok Sabha) that in case the power of reappropriation was granted under unified grant No. 16, it would mean dilution of Parliamentary control over Government finances.

[S. No. 8 Appendix X Para 2.29 of 57th Report of PAC (8th Lok Sabha)].

#### **Action taken by M/o Railways**

The observation made by P.A.C. has been noted.

This has been seen by Audit.

[Ministry of Railways (Rly. Boards') case No. 86-B-356/Pt.]

### **Recommendation of the Committee**

Despite the restrictions imposed by the Estimates Committee the Department of Railways resorted to reappropriation of savings under Capital (Rs. 21.33 crores) to Depreciation Reserve Fund (Rs. 19.32 crores) and Development Fund (Rs. 2.01 crores) under Railway Funds during 1984-85. This is most objectionable. The Department of Railways has no authority to reappropriate funds from one segment to another segment of the Grant even at Supplementary Grant stage. The plea taken by the Department of Railways that the reappropriation under various segments of the Grant was in the nature of adjustment only, is not at all tenable, in view of the fact that unlike other Grants, this Grant No. 16 consists of three water tight compartments, namely, Capital, Railway Funds and Revenue, amongst which no adjustment or reappropriation is permissible. The action of the Department of Railways has the effect of cutting and as the sources of finance.

It is regrettable that the Department of Railways have transgressed the area about which a specific prohibition has been laid down. The proper course with the Railways was to seek specific vote of Parliament for providing additional funds under the Depreciation Reserve Fund and the Development Fund and to introduce an Appropriation Bill to provide for extra funds to cover the excess expenditure under the specific head under Grant No. 16. In case of any doubt, the Department of Railways could have approached the Estimates Committee for guidance in the matter. Unfortunately, the Department has ignored the norms prescribed by the Estimates Committee and has not followed the proper course.

[S. No. 9, Appendix X Para 2.30 of 57th Report of PAC (8th Lok Sabha)].

#### **Action taken by M<sup>o</sup> Railways**

The Ministry of Railways were obtaining vote of the Parliament for 'Other Expenditure' and 'Revenue', in accordance with the provisions contained in Article 12(2) of the Constitution of India. The 'Other Expenditure' comprised of two segments viz. 'Capital' and 'Railway Funds'. At the time of the Revised Estimate, certain adjustments were made between 'Capital' and 'Railway Funds' and the position was also explained in the Supplementary Demands for Grants for 1984-85. The observation made by the PAC that this was not the proper course has been noted for rectification in future.

This has been seen by Audit.

[Ministry of Railways (Rly. Boards') case No. 86-B-356/Pt.]

#### **Recommendation of the Committee**

While the Committee recommend regularisation of the irregular reappropriation made under Grant No. 16, they would expect the Department of Railways to respect and act on the recommendations of the Parliamentary Committee in this regard in future.

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

[S. Nos. 10 and 11, Appendix X Paras 2.31 and 2.32 of 57th Report of PAC (8th Lok Sabha)]

### **Action taken by M/o Railways**

In deference to the wishes of the PAC, it has now been decided in consultation with the Ministry of Law and Justice that from the Financial year 1987-88. 'Other Expenditure' will be split up as under :—

#### *Other Expenditure*

Capital :

Railway Funds :

The Ministry of Law and Justice has agreed to this change from the year 1987-88 only and not from the financial year 1986-87. The appropriation Bill relating to the Demands of Grants for 1987-88 has been introduced accordingly and also passed by the Parliament. This would meet the requirements of the PAC in that if there is any excess under 'Capital' and/or 'Railway Funds', the Appropriation Bill would follow on this basis.

This has been done with the approval of the Parliament.

This has been seen by Audit.

[Ministry of Railways (Railway Board's) case No. 86-B-356/Pt.]

### **Recommendation of the Committee**

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

[Serial No. 11, Appendix X para 2.32 of 57th Report of the Public Accounts Committee (8th Lok Sabha)].

### **Action taken by M/o Finance (Deptt. of Eco. Affairs)**

The Demands for Excess Grants (excluding Railways) for 1984-85 were passed by the Lok Sabha on 13-3-1987. The connected Appropriation Bill, as passed by the Lok Sabha on 13-3-1987 and returned by the Rajya Sabha on 17-3-1987 was assented to by the President on 21-3-1987.

[Ministry of Finance (DEA) O.M. F. 7(60)-B(RA)/86 dated 4-4-87].

(ii) **RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM GOVERNMENT**

**Recommendation of the Committee**

According to the time schedule, the Explanatory Notes on Excesses over Voted Grants and Charged Appropriations are required to be furnished to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts whichever is later. It is observed that while the Explanatory Notes relating to 8 Grants and Appropriations operated by the various Ministries, Departments of Government of India (other than the Department of Railways) were received within the prescribed period, the Explanatory Note relating to one Grant administered by the Department of Railways was received as late as 25 July, 1986. The appropriation accounts (Railways) 1984-85 were certified on 29 April, 1986 and laid on the Table of the House on 8th May, 1986. As such the Railways had sufficient time to submit the Explanatory Note on the excess expenditure incurred by them during the year within the prescribed time limit. The Committee take a serious view of a lapse of this nature continuing year after year and desire that the Department of Railways should fix responsibility for such laxity and ensure timely submission in future of the Explanatory Notes to the Committee. The Committee need not point out that the delayed submission of these Notes by even one Ministry results in delay in the finalisation of the Report by the Committee on excess expenditure.

[S. No. 2, Para 2.7 of Public Accounts Committee (1986-87)'s <sup>57th</sup> Report].

**Action taken by the M/o Railways**

The Explanatory Note on Excess over Voted Grants for 1984-85 was prepared and forwarded to Audit for vetting on 22-5-1986. The Memorandum was, however, not vetted by Audit because of the difference of views in regard to the interpretation of the recommendations of the Estimates Committee (1981-82) contained in their 18th Report, and regularisation of excess expenditure under DRF. The delay of about two months in submission of the Explanatory Memorandum was due to the time taken in resolving the difference between the Railway Board and Audit.

2. Instructions have, however, been issued vide Financial Commissioner's Note No. 85-BC-Gen/1 dated 3-3-1987 (copy enclosed) for ensuring timely submission of Explanatory Notes to the Public Accounts Committee.

This has been seen by Audit.

[Railway Board's Case No. 85 App/7-2/84-85 para 2.7].

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

**SUBJECT :** *Timely submission of Explanatory Notes on Excess over Voted Grants and charged appropriations to the Public Accounts Committee.*

As you are aware, Explanatory Notes on Excess over Voted portion of grants are required to be submitted to the Public Accounts Committee for regularisation latest by 31st May or immediately after presentation of the Appropriation Accounts, whichever is later.

2. The Public Accounts Committee have on more than one occasion taken up the inordinate delay in submission of Explanatory Notes. In their 57th Report, the Committee (1985-86) have taken a grave view of delay of about 2 months in submission of Explanatory Notes in respect of the year 1984-85 and have recommended strict adherence to the stipulated time schedule.

3. In order to ensure compliance with the laid down time frame, the existing machinery needs to be geared and tightened with regard to finalisation of Explanatory Notes. Difference of views, if any, between Railway Board and Audit in the matter should be resolved promptly so that, the Explanatory Notes are forwarded to Public Accounts Committee well within the stipulated dates.

Sd/  
(S. RAMASWAMY)  
Financial Commissioner (Railways)  
Railway Board  
Dated : 3-3-1987

No. 85-BC-Genl/1

To

E.D.A. and E.D.F.(B)

**Recommendation of the Committee**

The Committee note that during the year 1984-85, the Ministry of Communications sought and was given a Supplementary grant of Rs. 49 crores. It nevertheless incurred excess expenditure of the order of Rs. 20.23 crores under Grant No. 17—Capital outlay on Posts & Telegraphs. The excess expenditure constitutes 41.29 per cent of the Supplementary grant. In this connection it is to be noted that the gross excess expenditure during the year was of the order of Rs. 99.08 crores and it was because of the savings of Rs. 78.85 crores under some heads of account that the net excess expenditure came to Rs. 20.23 crores. It is thus obvious that the estimates of the Ministry of Communications were formulated most unrealistically. The Committee, therefore, desire that the Ministry exercise greater care in this regard.

[Sl. No. 4, Para No. 2.12, 57th Report of PAC 86-87 (8th Lok Sabha)]

**Action taken by the Deptt. of Telecommunications**

The observations of the Committee have been noted for guidance. Instructions (Annexures I and II) have been issued to all concerned for close monitoring of the expenditure *vis-a-vis* the allotted funds, and to ensure that there is not excess in future.

This has been vetted by Director of Audit P&T Delhi vide their UO No. RR. III/1(b)-440/84-85/713 Dated 12-1-87.

**ANNEXURE I**

No. 6-2/86-CB

**MINISTRY OF COMMUNICATIONS  
DEPARTMENT OF TELECOMMUNICATIONS**

Dated. the 6th January 1987

To

All Heads of Telecom Circles

.....  
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.....

**SUBJECT : Measures to avoid excess of expenditure over Budget allotments.**

Enclosed is an extract of Para 2.12\* of the 57th Report (8th Lok Sabha) of the P.A.C. containing its observations on the excess that occurred in the capital outlay grant of the erstwhile Posts and Telegraphs Department despite the fact that the department obtained a supplementary grant.

On reviewing the expenditure for the year under reference, it is seen that the net excess was partly contributed by excess under buildings component. Attention is invited in this connection to the instructions contained in the Member (Administration's) circular letter No. 9-6/84-W (P&T) dated 31-1-85 addressed to all Superintending Engineers, Civil and Electrical, with copies addressed to all Heads of Circles, stressing the need for adopting measures for a close, periodical, scrutiny of expenditure *vis-a-vis* the budgetary allotment, and for avoiding taking up of new works under those heads of account where allotment of funds fell short of the projected requirements, and, if necessary, to stop temporarily, selected on-going works to avoid excess over the allotted funds. In spite of these instructions, expenditure in 1984-85 exceeded the allotment.

**\*Reproduced above.**

**ANNEXURE II**

**MINISTRY OF COMMUNICATIONS  
DEPARTMENT OF TELECOMMUNICATIONS  
(TELECOM BOARD)**

No. 6-2/86-CB

Dated, at New Delhi, the 1st January 1987

To

DDG(MW)/DDG(TP)

**SUBJECT :—***Estimates of imports.*

The accounts for 1984-85 shows that there was a huge excess in the capital outlay section of the grants of the erstwhile Posts and Telegraphs Department, and that a large part of their excess was contributed by material and equipment. This excess has been seriously commented upon by the Public Accounts Committee. \*Enclosed, in this connection, is an extract of Para 2.12 of their 57th Report (8th Lok Sabha) containing their observations.

2. It is requested that the observations of the PAC may kindly be noted carefully, and it may kindly be ensured that estimates of imports as well as indigenous purchases of material and equipment are properly framed, and their receipt and payment of the cost carefully monitored, to avoid such excess in future.

3. The receipt of this memorandum may kindly be acknowledged.

Sd/-

M. K. JAIN

Dy. Director General (TAP)

**Action Taken by Deptt. of Posts**

Out of the total excess of Rs. 20.23 crores, the excess relating to Postal Services was Rs. 2.77 crores. This excess of Rs. 2.77 crores was mainly due to more expenditure on 'Construction of Staff Quarters'. Suitable instructions have been issued to all concerned to contain the expenditure on Building Works within the allotment by keeping a close watch on the periodical progress of expenditure vis-a-vis Budget allotment.

This has been vetted by Director of Audit, P&T Delhi vide their U.O. No. RR. III/1(b)/400/84-85/817 Dated 1-4-1987.

[No. 8-29/85-Bgt(PA)/dt. 28-4-1987].

\*Reproduced above.

### **Recommendation of the Committee**

The Committee note that the excess expenditure of Rs. 1.69 lakhs recorded under the Charged Section (Revenue) of Grant No. 94-Atomic Energy, Research, Development and Industrial Projects as disclosed in the Appropriation Accounts (Civil) for the year 1984-85, was the result of payments made in April/December 1984 to two employees of the Department in satisfaction of court decrees. As there was no provision for the Charged portion of the Grant, the Department should have obtained Supplementary grant to meet the expenditure. According to the provisions of Article 112(3)(f) of the Constitution, the expenditure incurred by the Dept. of Atomic Energy for satisfying the Court decree for payment of arrears of Pay & Allowances of its two employees who were reinstated in service on the basis of Court verdict should have been classified under Charged portion initially instead of erroneous booking under Voted Section. The Committee expect the Deptt. of Atomic Energy to be more vigilant in this regard in future. The Ministry should issue necessary guidelines to avoid such recurrence in future.

[S. No. 6 Appendix X Para 2.18 of 57th Report of Public Accounts  
Committee (Eighth Lok Sabha)]

### **Action taken by the Deptt. of Atomic Energy**

Recommendations of the Public Accounts Committee have been noted for guidance. Detailed instructions given by Ministry of Finance in O.M. No. F. 1(8)-B(AC)/82 dt. 26-5-1982 on the classification in the accounts of expenditure charged on the Consolidated Fund of India will be strictly followed by the Department. The relevant instructions have been further reiterated in this Department's circular letter No. Pr. AO/Book/1(1)/84-85/52 dt. 20-5-1985 and No. Pr. AO/Book/3(1)/86-87/34 dt. 4-5-87 (copy enclosed) addressed to the constituent Units of the Deptt. of Atomic Energy for their guidance and to avoid recurrence of such lapse in future.

This has been vetted by Audit.

[File No. Pr. AO/Book/3(1)/86-87]

GOVERNMENT OF INDIA  
DEPARTMENT OF ATOMIC ENERGY

Principal Accounts Office

C.S.M. Marg,  
Bombay-400 039

No. PR. AO/Book/1(1)/84-85/52

May 20, 1985

*CIRCULAR*

**SUBJECT :—***Reinstatement of ex-employees on Court Order—classification of the payment of arrears of salary thereof.*

A case has come to notice where an employee was reinstated in service in satisfaction of the Bombay High Court decree and he was paid the arrears of salary. But the payment of such arrears was made out of the normal allocation. According to the provisions of Article 112(3) (f) of the Constitution of India such payment of arrears of salary made in satisfaction of a Court decree is required to be classified as "charged" but the said expenditure was erroneously classified by the concerned P&AO under "voted" provision. Normally, in such cases where the provision for payment of charged expenditure does not exist, an advance from the Contingency Fund of India is taken, if the payment is required to be made urgently and supplementary demand is floated at the earliest opportunity and the advance taken is recouped. It is, therefore, necessary that such expenditure is classified as "charged" even though there is no "charged" provision for the same.

2. According to the provisions of paras 4.2.3 and 4.2.4 of the Civil Accounts Manual the Pay and Accounts Officers are required to check against provision of funds primarily to ascertaining that the money sought to be expended is applied to the purpose or purposes for which the Grants or Appropriations specified in the Schedule to the Appropriation Act passed under Article 114 of the Constitution were intended to provide and that the amount of expenditure against each Grant or Appropriation does not exceed the amount included in that Schedule. The pre-check to be applied to all payments by the departmentalised Accounts Offices includes a check of the classification of the expenditure also.

3. It is, therefore, requested that if there are any cases, where payment has been made in satisfaction of a Court decree and such payment has been classified under "voted" Grant instead of "charged" Appropriation, the same may be transferred to the charged appropriation in March (Supplementary) Account now in hand, even though, it may result in excess under the "charged" portion of the Grant, so that the provisions of Article 112 (3)(f) are satisfied. Such excess will be got regularised under Article 115(1)(b) of the Constitution.

4. Receipt of this circular may please be acknowledged.

Sd/-  
P. R. SARAF  
Dy. Controller of Accounts

All PAOs

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GOVERNMENT OF INDIA  
DEPARTMENT OF ATOMIC ENERGY  
Principal Accounts Office

C.S.M. Marg,  
Bombay-400 039  
May 4, 1987

No. Pr. AO/Book/3(1)/86-87/34

**SUBJECT :—***Expenditure incurred to satisfy any judgement, decree or award of any court or arbitrary tribunal.*

According to the provision of Article 112(3)(f) of the Constitution of India any sum required to satisfy any judgement, decree or award of any court or arbitrary tribunal shall be the expenditure charged on the Consolidated Fund of India. Ministry of Finance had also given gist of instructions relating to the interpretation of the constitutional provisions mentioned above in the Ministry of Finance O.M. No. F. 1(8)-B(AC)/82 dated 26th May, 1982 circulated in DAE circular No. Pr. AO/Control/2/1(142)/82/1602 dated 8th July, 1982 (copy enclosed). In spite of instructions issued by DAE, a case was noticed wherein expenditure incurred by one of the Units for satisfying the court decree for payment of arrears of pay and allowances of two of its employees, who were reinstated in the service on the basis of court decree was misclassified under "Voted Section" of the Consolidated Fund of India. This was brought to the notice of all the units with further detailed instructions for avoiding such misclassification in Pr. Accounts Office, DAE circular No. Pr. AO/Book/1(1)/84-85/52 dated 20th May, 1985.

The Public Accounts Committee in its 57th Report on excess expenditure over voted grants and charged Appropriation as disclosed in the Appropriation Accounts (Civil) for the year 1984-85, has given the following recommendations in connection with excess expenditure in Grant No. 94—Atomic Energy Research.

"The Committee note that the excess expenditure of Rs. 1.69 lakhs recorded under the Charged Section (Revenue) of Grant No. 94—Atomic

Energy Research, Development and Industrial Projects, as disclosed in the Appropriation Accounts (Civil) for the year 1984-85, was the result of payments made in April/December, 1984 to two employees of the Department in satisfaction of court decrees. Though, there was no provision for the Charged portion of the Grant, the Department should have obtained Supplementary grant to meet the expenditure. According to the provision of Article 112(3)(f) of the Constitution, the expenditure incurred by the Department of Atomic Energy for satisfying the Court decree for payment of arrears of Pay and Allowances of its two employees who were reinstated in service on the basis of Court verdict, should have been classified under the Charged portion initially instead of erroneous booking under Voted Section. The Committee expect the Deptt. of Atomic Energy to be more vigilant in this regard in future. The Ministry should issue necessary guidelines to avoid such recurrence in future."

To avoid such recurrence of excess over the Grants the following guidelines are given :—

As per provision Article 112(3)(f) of the Constitution of India any sum required to be satisfied any judgement, decree or award of any court or arbitrary tribunal shall be Charged on the Consolidated Fund of India. No such payments should be made by the PAO without specific sanction of the Competent authority. As per provisions of Rule 73 GFRs, if the amount provided for in the sanction budget for any service in a financial year is found to be insufficient for the purposes in that year, the Govt. shall arrange to obtain necessary supplementary grant or Appropriation in accordance with the provision of Article 115(1) of the Constitution. Normally in such cases wherein no provisions has been made for Charged expenditure, and if payment is required to be made urgently an advance from the Contingency Fund should be taken under the provisions of GFRs 74. The procedure for obtaining an advance from the Contingency Fund is embodied in Appendix VII of GFRs. In such cases, where the provision for payment of Charged expenditure does not exist and an advance from the Contingency Fund is taken, supplementary demand should be floated at the earliest opportunity and advance taken from the Contingency Fund should be recouped.

Above instructions should be strictly followed by all Units of DAE while dealing with court decree/Tribunal award cases. Pay & Accounts Officer should check the classification and provision made for such payments under the provision of Civil Accounts Manual and ensure that expenditure incurred is covered by suitable provision of funds.

Receipt of the Circular may please be acknowledged.

Sd/

V. S. VENKATESWARAN  
Dy. Controller of Accounts

All P&AOs  
9—56LSS/88

No. F.1(8)-B(AC)/82  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
New Delhi, the 26th May 1982  
OFFICE MEMORANDUM

SUBJECT :—*Classification in the accounts of expenditure charged on the Consolidated Fund of India.*

Clause (2) of article 112 of the Constitution of India, *inter alia*, provides that the estimates of expenditure embodied in the 'annual financial statement' required to be laid before both the Houses of Parliament in terms of clause (1) *ibid*, shall show *separately*, the sums required to meet expenditure described by the Constitution as expenditure *charged* upon the Consolidated Fund of India, and the sums to meet other expenditure proposed to be made from the Fund. Sub-clauses (a) to (f) of clause (3) of article 112 specify the categories of expenditure which shall be charged on the Consolidated Fund of India. Sub-clause (g) *ibid* further provides that "any other expenditure declared by this Constitution or by Parliament by law to be so charged" shall also be charged on the Consolidated Fund of India. **Examples of the former (i.e. expenditure declared by the Constitution as charged upon the Consolidated Fund of India) are :** article 293(2) in relation to loans made by the Government of India to the States; article 322 relating to the expenses of the Union Public Service Commission, including salaries, allowances and pensions payable to or in respect of the members or staff of the Commission; etc. Provision similar to article 112 have also been made in article 202 in respect of States.

2. Clarifications have been issued from time to time in consultation with the Ministry of Law and the Comptroller and Auditor-General of India relating to the interpretation of the provisions in this regard.

A list of these instructions is contained in the Annexure to this Office Memorandum, for the sake of convenience and further guidance.

Sd/- M. K. JAIN  
20-5-88  
*Deputy Secretary to the Govt. of India*

**ANNEXURE**

1. A question was raised whether, in a case in which an appeal has been filed against the decree of a lower court, a deposit of the decretal amount made in the court, should be treated as a Deposit in the Public Account or as a payment charged on the Consolidated Fund of India under article 112(3)(f) of the Constitution of India.

It has been decided that, in the absence of a stay of execution of the decree, the Deposit should be deemed to be in satisfaction of the decree. If, however, deposit of the decretal amount has been made by way of security for staying the execution of the decree, or as a condition precedent to the grant of a stay order under orders of the Appellate Court, the payment made in pursuance of the said order is only a deposit and cannot be said to have been made in satisfaction of the decree passed by the lower court. The fact that the Court may allow the decree-holder to withdraw the amount so deposited by the Government does not alter this position. Consequently, the provisions of article 112(3)(f) of the Constitution would not be attracted in such cases. The amount, being in the nature of a deposit in the Court would not constitute 'expenditure' of the Government and should be classified under the "858-Suspense Accounts—Suspense Account—Civil" in Section "L—Suspense and Miscellaneous" in the Public Account of India the debit under the Suspense Head being cleared after the amount is recovered if and when the appeal is decided in favour of Government. Where, however, the appeal is dismissed and the decree becomes final, the amount deposited in the Court would thereupon constitute payment made to satisfy the decree and consequently, the debit under the Suspense Head should then be cleared by transfer to the final head, as 'Charged' expenditure and covered by appropriate provision of funds or in anticipation thereof, by an Advance from the Contingency Fund of India, as may be necessary.

[Ministry of Finance No. F.1(44)-B/56 dated 16-5-56 F.1(66)-B/57 dated 21-11-57 and F.1(52)-B/68 dated 31-1-69]

2. In cases of arbitral awards/decrees against State Governments in disputes arising out of the acquisition of land, buildings and property for Union purposes, since the award/decrece is against the State Government and the liability for the initial payment in satisfaction of the award/decrece devolves on the State Government, the expenditure should be charged on the Consolidated Fund of the State under article 202(3)(e) of the Constitution. The subsequent reimbursement by the Central Government would be merely an inter-governmental adjustment which does not attract the provisions of article 112(3)(f) of the Constitution, since such an award/decrece is not enforceable against the Central Government.

[Ministry of Finance No. F.2(43)-B/59 dated 12-9-59]

3. There are cases in which security deposits of contractors are appropriated by Government towards liquidated damages. In such cases, if recovery made from the contractor on this account has to be refunded as a result of the levy of compensation in terms of the agreement having been held by the arbitrator as not justified, the refund should be treated as expenditure charged on the Consolidated Fund under article 112(3)(f) of the Constitution.

	Article of the Constitution
(a) Judges of the Supreme Court/Federal Court/High Court . . . . .	112(3)(d)
(b) Comptroller & Auditor General of India . . . . .	112(3)(e)
(c) Officers and servants of the Supreme Court . . . . .	146(3)
(d) Persons serving in the Comptroller and Auditor General's Office . . . . .	148(6)
(e) Officers and servants of High Courts . . . . .	229(3)
(f) Members and Staff of U.P.S.C. and State Public Service Commissions . . . . .	322

The pensions payable to or in respect of the judges of Supreme Court, Federal Court and High Court, the Comptroller and Auditor General of India and Members of the Public Service Commissions (both Union and States) do not present any problem and they are required to be "Charged" on the Consolidated Fund of India or the States, as the case may be. In the case of officers and staff of the Courts, Public Services Commissions and Comptroller and Auditor General of India, however, it is not possible to follow a uniform procedure in all cases in view of the difference in the wording of the relevant articles of the Constitution. Having regard to the Constitutional provisions, the entire pension of the officers and staff of the High Court, Supreme Court, UPSC and State Public Service Commissions should be treated as "Charged" expenditure only in cases in which the employees hold a lien on a post in these organisations, or in the case of temporary employees, if they do not hold a lien on a post in any other organisation.

In the case of the office of the C&AG, however, in view of the wording of article 148(6) of the Constitution, pension of all officers and staff serving in that office immediately before retirement or proceeding on leave preparatory to retirement from that office should be treated as "Charged" expenditure irrespective of the office or service to which they belong.

A pension will either be wholly charged or wholly voted and the fact the same is allocable between different Governments or Departments, service under one or more of which does not by itself qualify for a "Charged" pension, should not make any difference.

[Ministry of Finance No. F1(79)-B/64 dated 1-10-1965.]

Under article 112(3)(a) of the Constitution of India, the emoluments and allowances of the President of India and "Other expenditure relating to his Office" shall be expenditure charged on the Consolidated Fund of India. It has been held by the Ministry of Law that it would not be proper to exclude pension, gratuity etc. payable to retired employees or their families from being a charged expenditure on the Consolidated Fund of India, only because those particular items were not specifically referred to in the above clause of the Constitution. It has, therefore, been held that the expression "other expenditure relating to his office" referred to in this clause includes also pension, gratuity etc. It has been further held that pensions, gratuity, etc., in respect of persons who have served the President's Secretariat before retirement, or who retire while serving the President's Secretariat, should be treated as 'Charged' expenditure *only* if the employees hold a lien on a post in the President's Secretariat or, in the case of temporary employees, if they do not hold a lien on a post in any other organisation.

[Ministry of Finance U.O. No. F. 7(14)-B(D)/77-KW dated 10-5-78 and F. 3(102)-B(AC)/78 dated 27-8-79; the Ministry of Law, Justice & Company Affairs U.O. No. 23037/78 dated 19-5-78; and the CAG's U.N. Note No. 1514-AC/142-78 dated 13-8-1978.]

### **Recommendation**

The Committee note that the Capital Section (Voted) of Grant No. 34-Customs, recorded an excess of Rs. 72,70,828 during the year 1983-84. The excess expenditure occurred mainly under the subhead "AA. 1 (2)-Acquisition of Ships and Vessels", which was of the order of Rs. 161.95 lakhs. This excess got reduced to Rs. 72,70,828 because of savings available under the head "AA. 1 (1) (1)-"Major Works" of the Coast Guard Organisation. The Committee have been informed that in order to avoid excess expenditure in future (i) a Financial Planning Cell has been created within the Coast Guard Headquarters for close Monitoring of Expenditure; (ii) the Controller of Defence Accounts (Navy) has been requested to forward monthly booking statements within 10 days of the following month, and (iii) Coast Guard Over-seeing Cells at Garden Reach Ship Builders Engineers and Mazagon Dock Ltd. have been constituted to effectively watch and monitor the work on the ships under construction and for certifying the availability of funds on every bill preferred on Controller of Defence Accounts (Navy) by the Ship-yards." The Committee hope that with the implementation of the proposed measures, the Ministry would be able to make more realistic estimates in future so as to contain excess expenditure.

[Para 2.12 of 17th Report of PAC (8th Lok Sabha)]

### Further Recommendation of the Committee

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

[S. No. 12, Appendix X, Para 3.2 of the 57th Report of PAC (8th Lok Sabha)]

### Action taken by the Ministry of Defence

Implementation of the remedial measures has yielded the desired results in effective monitoring of the Coast Guard annual expenditure vis-a-vis their grants in the subsequent financial years, as indicated in the following table :—

(Rs. in thousands)				
Year	Budget Estimates	Revised Estimates	Final Appropriation	(Actuals)
1984-85	372345	565444	569513	565839
1985-86	650550	634677	634677	607935
1986-87	888013	825400	772630	754818

The lapsing of funds was mainly because of certain slippages in some Capital schemes, towards the close of the financial year. In 1985-86, conclusion of a contract with foreign shipyard viz. M/s. Singapore Shipbuilding & Engineering Ltd., Singapore, for construction of two Inshore Patrol Vessels got delayed by a few days, due to unavoidable reasons. As a result, initial payment could not be made to SEE before the close of the financial year 1985-86. Similarly, in 1986-87, on account of slippages in construction schedule by M/s. SEE, the expected stage payments could not be made to them within that financial year.

[F. No. 2(5) 87-D (N. III)]

### Recommendation of the Committee

In paragraph 2.26 of their 166th Report (7th Lok Sabha), the Public Accounts Committee (1983-84) had desired that the D. D. A. should in future strictly follow the prescribed accounting procedure in regard to remittance to the Revolving Fund. In their Action Taken Note, the Ministry of Home Affairs have stated that according to the accounting Procedure relating to the Scheme of 'Large Scale Acquisition, Development and Disposal of Land' in Delhi prescribed in 1961, all receipts are to be credited to the Revolving Fund and the expenditure is to be met out of it exclusively by drawal of cheques. This procedure remained in force till January, 1966, when, due to some financial difficulties of the D. D. A.,

it was decided by then Financial Adviser, Delhi Administration that as a temporary measure, the D. D. A. may be allowed to utilise receipts raised on behalf of Delhi Administration towards expenditure on the clear understanding that it would remit surplus of receipts over expenditure regularly. The Government of India were approached by the Delhi Administration in 1976 for regularisation of the above relaxation, but the Ministry of Works and Housing did not agree. However, the D. D. A. did not discontinue the practice of utilising the receipts directly, nor did it regularly remit the surplus of receipts to the Revolving Fund. In the circumstances the Administration was left with no option but to show the withheld funds as advances to the D. D. A., resulting in excess expenditure. The matter was examined in consultation with the Controller of Accounts, Delhi Administration and it was suggested to the D. D. A. that surplus of receipts over budgeted figure may be deposited in the Revolving Fund after restricting the advances to their Development Divisions to the extent of budgeted allotment. Finance Member, D. D. A. however, expressed some practical difficulties in adopting this procedure and suggested that there should be a quarterly reconciliation of figures and the final overall cash settlement may take place in June each year. The Ministry of Home Affairs have stated that the Delhi Administration is being requested to hold a meeting with the representatives of the Ministry of Works and Housing and the D. D. A. to take a final decision on the point whether the prescribed procedure should be enforced or some relaxation has to be made. While the Committee desire that a final decision on the point may be taken without any further loss of time, they cannot help observing with regret that a subordinate statutory authority like the D. D. A. should have been allowed to become a law unto itself and allowed to continue to contravene the prescribed account procedure with impunity for 18 long years and both the Delhi Administration and the Union Government should have acted only as helpless spectators all along.

[Sl. No. 12, Appendix XIX para 3.8 of 22nd Report of P.A.C. (7th Lok Sabha)].

#### **Action taken by the Government**

A meeting was arranged by the Ministry of Works & Housing with the senior officers of the Land and Building Department, Delhi Administration, Delhi Development Authority and Ministry of Finance including the representative of the Controller General of Accounts. A view was taken in this meeting that D. D. A. should be able to revert to the prescribed procedure of June, 1961 prospectively at some reasonable time, if not immediately. The Ministry of Works and Housing has now intimated that according to Vice-Chairman's report, he does not consider it possible for the D. D. A. to revert to the prescribed procedure. He has suggested that it could be possible for the D. D. A. to have quarterly reconciliation of

their accounts, to work out the total receipts and advances (expenditure) from time to time as also at the end of the financial year. The difference between the total receipts and the advances can be settled by cash payment by D. D. A. before the financial year closes. A copy of the D. O. letter No. FE-14(27)/81-Pkt. IV dated 18th April, 1985 from the Vice-Chairman, D.D.A. is enclosed for perusal.

The procedure suggested by the Vice-Chairman, DDA is acceptable to Delhi Administration and the Ministry of Works and Housing for being adopted immediately. That Ministry have requested Secretary (Expenditure) with the approval of their Financial Adviser to agree to the modified procedure now suggested by the D.D.A. The P.A.C. will be informed as soon as the Secretary (Expenditure) accords his approval in the matter.

This Note has been seen by the Audit.

[M.H.A. U.O. No. U. 15030/2/83-Ac. II, dated 25-7-1985].

#### **Recommendation of the Committee**

The Committee hope that final reply in regard to the recommendation to which only interim reply has been furnished, will be furnished to them after getting the same vetted by Audit.

[Sl. No. 12 Appendix XII para 3.2 of the 17th Report of P.A.C. (8th Lok Sabha) and Sl. No. 12, Appendix X Para 3.2 of 57th Report (8 LS)]

#### **Action taken by the M/o Home Affairs**

The Action Taken on para 3.8 of 222nd Report of the P.A.C. (7th Lok Sabha), which has been treated by the P.A.C. only as an interim reply, is reproduced above.

The matter has since been considered further in inter-departmental meetings taken in the Ministry of Urban Development and the following decisions were finally taken :—

- (i) It was emphasized that proper accounting procedure should be strictly followed by the DDA to enforce financial discipline and ensure accountability at all levels. The Vice-Chairman, DDA stated that steps had already been taken to ensure that in respect of new development works and schemes, prescribed rules, procedure and norms are followed and no works are undertaken without the requisite administrative/technical approval and expenditure sanction of the competent authority. He also stated that prescribed accounting procedure would be followed in regard to those works.

- (ii) As regards on-going works, the Vice-Chairman, DDA and Finance Member stated that instructions had already been issued to streamline the procedures and to enforce proper financial discipline and accountability. A Note on the steps taken alongwith copies of instructions issued by the DDA is enclosed at Annexure-B. With a view, however, to avoiding any dislocation, it was decided that the new procedures devised by the DDA will be fully implemented latest by 1st April, 1987.
- (iii) It was agreed that the accounting procedure for the Revolving Fund laid down in 1961 was based on sound concepts and norms of financial propriety and the DDA should revert to it at the earliest. However, considering the existing stringent financial position of the DDA in view of the funds locked up in the Asiad works, expenditure on maintenance of resettlement colonies etc., it was agreed that, for the present, the accounting procedure would be modified only to the extent that DDA will (a) render monthly accounts to the Delhi Administration, (b) carry out quarterly reconciliation of accounts and (c) will make cash settlement in respect of the amount payable by the DDA to the Revolving Fund at the end of the financial year.

Instructions have been issued that the above decisions should be followed strictly and the norms of financial propriety, with proper accounting, should be observed.

This Note has been seen by the Audit.

[MHA U.O. No. U. 15030/2/86-AC. II, dated the 5th Nov., 1986]

#### **Recommendation of the Committee**

The Committee regret to find that out of 17 action taken notes required to be furnished by the Ministries/Departments of Government of India on the recommendations contained in the 17th Report (8th Lok Sabha), only 8 action taken notes were furnished within the prescribed period of 6 months from the date of presentation of the Report to the House. Two action taken notes were furnished after the expiry of the prescribed period and one action taken note was furnished within the extended period. The Committee have from time to time, stressed the need for timely submission of the action taken notes. The Ministries/Departments of Government of India are still to show the necessary improvement in this regard. The Committee once again urge upon the Ministries and Departments of Government of India to adhere strictly to the prescribed time limit in future.

[S. No. 13, Appendix X para 3.4 of the 57th Report of PAC (8th Lok Sabha)].

**Action taken by the M/o Home Affairs**

The observations of the PAC were circulated among all the Attached and subordinate Offices and all concerned for their information and strict compliance in future. A copy of letter No. 7/5/86-AC. III dated 23rd December, 1986 is enclosed.

**COPY**

**MOST IMMEDIATE  
PAC MATTER**

No. 7/5/86-Ac. III

Government of India/Bharat Sarkar  
Ministry of Home Affairs/Grih Mantralaya

New Delhi, the 23rd December 1986

To

1. All Union Territories (with and without Legislature).
2. All Attached and Subordinate Offices of MHA.
3. The Deputy Secretary (Administration),  
Department of Personnel and Training, New Delhi.
4. The Deputy Secretary (Official Language),  
Department of Official Language, New Delhi.
5. The Deputy Secretary (Administration),  
Cabinet Secretariat, New Delhi.

**SUBJECT :**—*Action taken on the recommendations contained in the 57th report of the Public Accounts Committee (8th Lok Sabha) on 'Excesses over voted grants charged Appropriations (1984-85) and action taken on 17th Report (7th Lok Sabha) on excesses over voted grants charged Appropriations (1983-84).*

Sir,

I am directed to reproduce below extracts of para 3.4 of 57th Reports of the Public Accounts Committee (1986-87) relating to "excesses over voted grants and charged Appropriations 1984-85 and Action taken on 17th Report (Eights Lok Sabha)". It is requested that in future action on paras shown as pending in various reports of the public Accounts Committee be given top priority and replies in respect of such paras be furnished well within the target dates.

3.4 The Committee regret to find that out of 17 action taken notes required to be furnished by the Ministries/Departments of Government of India on the recommendations contained in their 17th Report (8th Lok Sabha) only 8 action taken Notes were furnished within the prescribed period of 6 months from the date of presentation of the Report to the House. Two action taken notes were furnished after the expiry of the

prescribed period and one action taken note was furnished within the extended period. The committee have from time to time stressed the need for timely submission of the action taken notes. The Ministries/Department of Government of India are still to show the necessary improvement in this regard.

The Committee once again urge upon the Ministries and Departments of Government of India to adhere strictly to the prescribed time limit in future.

Yours faithfully,  
Sd/- (R. K. KANWAL)  
*Under Secretary to the Govt. of India*

No. 7/5/86-Ac. III—dated 23rd December, 1986

Copy forwarded to all Sections/Desks in Ministry of Home Affairs (except CR/CR Cell/R&I/HMP/Record/Secret Record/SIS) for information and future compliance.

Sd/- (R. K. KANWAL)  
*Under Secretary to the Govt. of India*

#### **Action taken by M/o Railways**

Out of the 3 recommendations contained in the 17th Report Concerning the Ministry of Railways, Action Taken Note on para No. 2.4 was submitted to the Lok Sabha Secretariat on 27-3-1986, i.e. within the stipulated date of 9-6-86. Delay of about two weeks in submission of Action Taken Notes on the remaining two paras (No. 2.30 and 3.4) on 25-6-86 is regretted.

2. The observations of the Committee for prompt action on their recommendations have been noted. All concerned officers have been directed vide this Ministry's Office Order No. 18 (copy enclosed) to ensure timely finalisation of Action Taken Notes.

This has been seen by Audit.

[Ministry of Railways (Rly. Board)'s case No. 86-BC-PAC/VIII/57]

COPY

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

OFFICE ORDER NO. 18 OF 1987

**SUBJECT :—Disposal of Audit Paras/recommendations of Public Accounts Committee.**

Attention is invited to Office Order Nos. 39 and 49 of 1986 regarding the need to ensure prompt attention to cases relating to the recommenda-

tions/observations of the Public Accounts Committee, Estimates Committee and the Comptroller & Auditor General of India.

2. The Public Accounts Committee on several occasions in the past have been critical of the laxity in dealing with their recommendations. Recently, in their 57th Report and again in their 66th Report, the Committee have placed on record their displeasure at the inordinate delays in finalisation of Action Taken Notes on their recommendations and have also recommended fixation of responsibility.

3. All Executive Directors are, therefore, requested to accord priority attention to the recommendations of the Parliamentary Committees with a view to ensure timely submission of Action Taken Notes. It may also please be ensured that in case of unavoidable delays, reasons therefor and the probable date of finalisation of Action Taken Notes are advised in time to Budget (Committee) Branch for seeking extension from the Committees.

Sd/- S. M. VAISH,  
Secretary, Railway Board.

No. 85-BC-Gen/1

Dated 21/4/1987

To

All Executive Directors.

All Officers and Branches in Board's Office.

Copy for information to C.R.B., F.C., M.T., M.M., M.E., M.S., Advisor Finance, Advisor (IR), Advisor (Electrical), O.S.D./M.T.P., D.G./R.H.S.

(iii) **RECOMMENDATIONS/OBSERVATIONS THE REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION**

#### **Recommendations of the Committee**

2.21 During the year 1984-85, the Ministry of Defence incurred an excess expenditure of Rs. 22.15 crores (inclusive of Rs. 5 crores pertaining to this grant wrongly debited to Grant No. 23-Capital Outlay on Defence Services) over the sanctioned amount of Rs. 503.69 crores under Voted portion of Grant No. 20-Defence Services-Navy. The excess expenditure under this Grant occurred mainly under the sub-head A.5-Stores (Rs. 17.07 crores). The Committee find that this sub-head has been the major contributor to the excess expenditure in 1983-84 also. The excess expenditure under the grant was Rs. 19.87 crores during that year and the sub-head stores was responsible for contributing excess to the time of

Rs. 12.71 crores. This shows that the Ministry of Defence have not been able to anticipate, assess and plan properly the provision for the purchase of stores and raising debts relating thereto. The Committee are of the view that unless some concrete steps are taken to ensure realistic assessments of the extent of stores likely to materialise the position is not going to improve. The Committee would like to be apprised of the concrete steps taken by the Ministry of Defence in this direction within next six months.

[S. No. 7 of Appendix X, Para 2.21 of 57th Report of PAC 8th Lok Sabha, 1986-87]

#### **Action taken by Ministry of Defence**

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

2. The progress of Defence Expenditure is analysed periodically and wherever the trend is on the high side instructions are issued to Service Headquarter to contain the expenditure within the allocated budget provisions. Defence Secretary has also advised the Chiefs of Staff to exercise control on expenditure with utmost possible care.

3. Instructions issued by Secretary (E) regarding Budgetary control have also been circulated, to all concerned to scrupulously conform to the budgetary provisions and to formulate the budget Estimates most realistically. Periodical reviews to reassess the actual requirement of funds are also conducted.

4. A number of measures have also been taken to identify and arrest the trend of belated bookings to overcome the shortcomings in the context of monitoring the expenditure.

5. DADS has seen.

File No. 10 (7)/86/B-I

U. O. No. 4179/B-I/87 dated 30-4-1987

(iv) **RECOMMENDATION/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES.**

## APPENDIX XIX

### Statement of Conclusions and Recommendations

Sl. No.	Para No.	Ministry/Deptt.	Recommendation
1	2	3	4
1.	1-16	Fin. (Exp.), Railways, Defence, Communication	<p>The Committee note that during the year 1985-86 excess expenditure amounting to Rs. 441. 72 crores had occurred under 29 Grants/Appropriations as against the excess expenditure of Rs. 64.87 crores incurred under 9 Grants/Appropriations during 1984-85. While examining the excess expenditure incurred during 1984-85, the Committee had in their 57th Report (8th Lok Sabha) expressed satisfaction over the declining trend of excess expenditure and had hoped that the declining trend would be sustained. The Committee, however, are surprised to find that the position has deteriorated so soon. The excess expenditure during 1985-86 registered an increase by 581% over that incurred during 1984-85. The Committee feel that the Budget estimates were made without indepth examination of fund requirements by the Ministries giving rise to excess expenditure. Neither at the revised estimates stage nor at the supplementary grant stage could the Ministries assess their actual needs under various grants operated by them. Normally, bulk of supplementary provisions are made at the fag end of the year and the Ministries have sufficient time, before presentation of the Supplementary Demands to the House, to collect necessary data for accurately estimating their actual requirements. There should, therefore, be no reason for any significant excess expenditure being incurred. The problem of excess expenditure can be tackled effectively only by keeping close watch over the trend of expenditure through continuous and effective monitoring of the spendings <i>vis-a-vis</i> budgetary allocations.</p>
2.	1-17	Do.	<p>The Committee are informed that instructions have been issued to all concerned for framing budget estimates on realistic basis. But mere issue of instructions is not enough if there is no effective monitoring machinery to ensure their strict implementation. Regular and sometimes surprise checks by senior officers are essential to ensure that the instructions are strictly followed and the relevant registers/records maintained properly by the offices, sub-offices etc., of the Ministries. No slackness on the part of the staff, in this matter, should be tolerated. The Departmental</p>

1	2	3	4
			heads must ensure that checks of both types mentioned above are carried out and regular assessment on trend of expenditure made and corrective action taken with due promptitude.
3.	1·18	Defence, Railways, Communications	The Committee hope that with the introduction of computers for recording of expenditure and preparation of connected compilations in the Ministries of Defence, Railways and Communications which have large number of spending units spread all over the country, there will be little scope for excess expenditure being incurred. They desire that urgent steps should be taken to computerise the system fully, if not already done.
4.	1·19	Defence.	Under the Revenue Section (Voted) of Grant No. 19--Defence Pensions, the Ministry of Defence incurred an excess expenditure amounting to Rs. 12·02 crores against the total provision of Rs. 572.87 crores during 1985-86. The overall excess expenditure under the Grant was 2·3% of the total provision. But in the case of one of the constituents of the grant namely A1(3) Air Force, the variation between the sanctioned funds and the actual expenditure was as high as 15·95%. The Committee can not view such a large excess with equanimity and take a serious view of this variation especially taking note of the fact that Air Force has a relatively lesser number of pensioners and feel that had a little more care been taken while framing budget estimates, the variation could not have been of such magnitude. The Committee hope that sufficient care would be taken in this regard in future to ensure that the excess expenditure is reduced to the barest minimum, if not eliminated altogether.
15.	1·20	Fin. (Exp.)	The Committee find that Grant No. 36--Pensions is controlled by the Ministry of Finance on behalf of all the Ministries except the Ministries of Defence and Railways which have their separate provisions relating to pensions. Considering the difficulties expressed by the Ministry of Finance in making precise estimates and the fact that estimates presented by the Ministry of Finance are based on the estimates furnished by the Accountants General/Directors of Audit and Pay and Accounts Offices, the Committee desire the Ministry of Finance to examine the feasibility of decentralising the Grant with a view to making each Ministry responsible for the provisions made for disbursement of pensions. The Committee would like to be apprised of the position in this regard.

1	2	3	4
6.	1-21	Railways	<p>The Committee take a serious view of the misclassification of expenditure in compilation of Railway accounts which is indicative of faulty budget control, violation of allocation 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 the Zonal Railways be reiterated to eliminate the scope of recurrence of misclassification of expenditure in the accounts maintained by them.</p>
7.	1-23	Fin. (Exp.)	<p>While the overall savings as disclosed by various Appropriation Accounts was Rs. 19621.43 crores during 1985-86, the Appropriation Accounts (Civil) alone reported aggregate savings of Rs. 19419.10 crores under both Voted Grants and Charged Appropriations. These savings occurred in 230 items (of both Revenue and Capital sections of Voted Grants and Charged Appropriations) out of 244 items contained in the Appropriation Accounts (Civil) for 1985-86. Out of these, 27 items* (23 voted grants and 4 charged appropriations) accounted for savings of Rs. 18856.80 crores. The Committee further find that Supplementary provisions were obtained in 129 items of both Revenue and Capital Sections of voted Grants and Charged Appropriations. Out of these, in 24 cases@ not only the whole amount of supplementary Grants/Appropriations remained unutilised, but the savings under these cases also exceeded the amount of supplementary provision. To quote a few glaring examples, the saving (Rs. 2800.24 lakhs) under Revenue Section (Voted) of Grant No. 11— Foreign Trade and Export Production was nearly 280 times of the supplementary grant (Rs. 10.12 lakhs). Similarly, the saving (Rs. 8204.21 lakhs) under capital section of the above said grant was 23 times of the supplementary grant (Rs. 345.80 lakhs). In yet another case i.e. Revenue Section (Voted) of Grant No. 57— Ministry of Industry, the saving (Rs. 86.93 lakhs) was 29 times of the supplementary Grant (Rs. 3.00 lakhs). This is clearly indicative of the sorry state of affairs in the Budget Cells of the Ministries which failed to scrutinise properly and estimate realistically their fund requirements even at the supplementary grants stage resulting in large scale savings and depriving some other important Sectors of much needed resources. Savings are also index of shortfall in performance. It is un-</p>

\*Appendix—XVI

@Appendix—XVII

1	2	3	4
			<p>fortunate that savings should have occurred in welfare and developmental areas of economy such as Agriculture, Education, Village and Small Industries, Labour and Employment, Medical and Public Health, etc.</p>
8.	1-24	Fin. (Exp.)	<p>The Committee feel that the Financial Advisers of the Ministries have not been able to discharge their responsibilities properly. Budget provisions are made keeping in view the resources available or likely to be available during the year and each Ministry is expected to keep its expenditure within the budgetary limit. Resort to supplementary grants should be in rare and emergent cases. To obtain additional funds without utilising them is a very serious matter. The Committee desire that the circumstances that led to provisioning of supplementary grants in excess of the actual requirements of the Ministries should be examined and responsibility for making faulty estimation fixed and the Committee apprised of the results of such an examination.</p>
9.	1-25	Fin. (Exp.) Railways	<p>Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditures referred to in Appendix I this Report be regularised in the manner prescribed in Article 115 (1) (b) of the Constitution of India.</p>

