

PUBLIC ACCOUNTS COMMITTEE
(1964-65)

THIRTY-FIRST REPORT
(THIRD LOK SABHA)

**[Excesses over Voted Grants and Charged Appropriations
disclosed in the Appropriation Accounts (Civil)
1962-63]**



LOK SABHA SECRETARIAT
NEW DELHI

January, 1965
Magha, 1886 (Saka)

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CORRI GENDA TO 31ST REPORT OF P.A.C. (1964-65)
(Presented to Lok Sabha on 19-2-1965)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
5	6(ii)	26	di cision	decision
6	6(iii)	6	envelops	envelopes
8		7	<u>Before</u> "on the" <u>insert</u> 'entitlements of loans, without any deduction, were to be adjusted'	
8		13	national	notional
9	6(vi)	8	in	an
11		9-10	Shri Chandrased- khar	Shri Chandra Shekhar
15	Appendix I	5	regulation	regularisation
67	<u>Col. 4</u>	7	national	notional
68	<u>Col. 4</u>	11	para 6	para 4

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PUBLIC ACCOUNTS COMMITTEE

(1964-65)

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Shri R. M. Bhargava—*Under Secretary.*

Report on Excesses over Voted Grants and Charged Appropriations Disclosed in the Appropriation Accounts (Civil), 1962-63

I

INTRODUCTORY

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Thirty-first Report on the Excess Over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Civil), 1962-63 which were presented to the House on the 11th March, 1964.

2. In para 2 of their 41st Report (1961-62), para 2 of their 3rd Report (1962-63) and para 2 of their 16th Report (1963-64), the Public Accounts Committee had commented upon the delay on the part of the Ministries in furnishing notes stating the reasons or circumstances leading to such excesses.

It is really unfortunate that inspite of their earlier observations and recommendations, the position instead of showing any improvement had deteriorated further. In some cases this year, the notes were received more than seven months after the prescribed date was over. The Committee have pointed out earlier that delays in submission of notes ultimately result in the delay in the process of regularisation of the excess by Parliament. The Committee would, therefore, urge upon all the Ministries/Departments of the Government of India that they should initiate action in the preparation of detailed notes for the consideration of the Committee explaining the reasons for the excesses as soon as the Audit Report and Appropriation Accounts are presented to the House so that the notes can be finalised for submission to the Committee within the prescribed time-limit of two months.

The Committee would like to observe that the lapse on the part of a Ministry/Department in incurring expenditure in excess of the amount sanctioned by Parliament is bad enough; the position becomes worse when it fails to submit explanation in time for such a lapse and thereby, delays the process of regularisation by Parliament. The Committee take a serious view of such delays.

3. The Committee examined the excesses at their sitting held on the 25th January 1965, in the light of the explanations furnished by the Ministries/Departments concerned (Appendices I to XVII).

EXCESSES GRANTS/APPROPRIATIONS

4. During the year ended 31st March, 1963, the actual expenditure exceeded the Voted Grants /Charged Appropriations in the following cases.—

Sl. No.	No. and name of Grant	Ministry concerned	Final Grant / Appropriation	Actual Expenditure	Excess	Dt. of receipt of the note (due date 11th May, 1964).
			Rs.	Rs.	Rs.	
1	1—Ministry of Commerce & Industry.	Industry & Supply (Deptt. of Industry)	82,22,000	83,67,149	1,45,149	27-7-1964
2	24—Customs	Finance (Deptt. of Revenue & Company Law)	4,00,88,000	4,19,30,220	18,42,220	7-9-1964
3	25—Union Excise Duties	Do	10,22,16,000	10,28,32,046	6,16,046	28-8-1964
4	27—Stamps	Finance (Deptt. of Economic Affairs)	2,74,81,000	2,95,49,950	20,68,950	6-10-1964
5	28—Audit	Finance (Office of the C & AG)	12,42,88,000	12,45,45,497	2,57,497	11-5-1964
6	31—Pensions & other retirement benefits	Finance (Deptt. of Economic Affairs)	5,34,98,000	5,37,44,281	2,46,281	28-5-1964
7	50—Zonal Councils	Home Affairs	2,41,000	2,51,056	10,056	7-9-1964
8	58—Andaman and Nicobar Islands	Home Affairs	3,10,63,000	3,12,50,650	1,87,650	21-5-1964
9	87—Other Revenue Expenditure of the M/of Steel & Heavy Industries	Steel & Mines (Deptt. of Iron & Steel)	53,41,71,000	57,62,61,911	4,20,90,911	25-6-1964
10	89—Meteorology	Civil Aviation	2,12,00,000	2 11,98,818	**	24-11-1964

11	91—Communications (including National Highways)	Transport	7,82,56,000	8,18,44,097	35,88,097*	30-10-1964
12	93—Light Houses & Light Ships	Transport	97,04,000	1,00,11,736	3,07,736	25-9-1964
13	116—Capital Outlay of the Ministry of External Affairs	External Affairs	1,08,20,000	1,23,18,047*	14,98,047*	16-9-1964
14	127—Capital Outlay of the Ministry of Health	Health	12,14,15,000	12,29,90,127	15,75,127	19-12-1964
15	142.—Delhi Capital Outlay	Works & Housing]	8,61,80,000	14,69,78,907	6,07,98,907	13-1-1965

Charged Appropriations

16	123—Loans & Advances by the Central Govt.	Finance (Economic & Affairs	5,23,15,23,000	5,25,08,33,000	1,93,10,000*	9-11-1964
17	136—Capital Outlay on Roads.	Transport	16,000	28,018	12,018*	21-11-1964
18	142—Delhi Capital Outlay	Works & Housing	21,20,000	21,93,266	73,266	13-1-1965

*These figures represent the finally verified actuals and vary somewhat from those published in Audit Report (Civil) 1964 due to misclassifications subsequently detected. **In view of the position explained in the note (Appendix X) there is no excess in the Grant. In accordance with the principles laid down in para 7 of the 16th Report of Public Accounts Committee (1st Lok Sabha), this item does not require regularisation.

5. The Committee observe from the notes furnished to them by the Ministries etc. concerned that the excesses in most of the cases were due to defective estimation both at the time of framing the budget as also at the time of framing the revised estimates. In some cases, the excesses were due to receipt of debits explained as unanticipated by the Ministries etc. either for services rendered by other Departments or due to non-provision for outstanding liabilities relating to the previous years.

The Committee regret to observe that, despite their earlier recommendations year after year [e.g. para 5 of the Thirty-second Report of the PAC (Second Lok Sabha)] no appreciable improvements, in estimation and control over expenditure and in the prompt reconciliation of the departmental figures of expenditure with those of Accounts Office, is discernible. They feel that greater and better efforts are called for in this matter and trust that the Ministries will give this important matter the attention it deserves.

6. The Committee will now proceed to deal with few individual cases of excesses which can be attributed to defective budgeting and control over expenditure.

(i) *MINISTRY OF INDUSTRY AND SUPPLY (DEPARTMENT OF INDUSTRY)

Grant No. 1—Ministry of Commerce and Industry—Excess: Rs. 1,45,149 (Voted).

The reasons for excess have been explained *inter-alia* as follows by the Ministry:—

- (1) Adjustment of Book debit vouchers relating to expenditure incurred by the Missions abroad during previous years for which no prior intimation was sent.
- (2) Adjustment of debits in respect of Telephone bills relating to previous financial years.
- (3) Additional expenditure on purchase of books and publications, Liveries and Uniforms, Postage as well as adjustment of Telephone charges.

The Committee regret to find that as in the case of Accounts for 1961-62, this year also (1962-63), the Ministry of Industry and Supply did not make adequate provision for standing charges and liabilities already incurred.

They would reiterate the recommendations made in para 7(i) of their Sixteenth Report (Third Lok Sabha) that effective steps should be taken to impose their control over expenditure so as to avoid such excesses. They also fail to understand why the debits relating to previous years could not be anticipated at the budget and revised estimates stage.

As regards adjustments of book-debit vouchers relating to expenditure incurred by the Missions abroad during previous years, the Committee would invite attention to their recommendations contained in para 6(iv) of the 32nd Report (Second Lok Sabha) and reiterate that "all expenditure incurred in a year should, as a rule be adjusted in the Accounts of that year and agencies incurring expenditure on behalf of other Departments should pass on the debits and particulars thereof to the Departments/Accounts Officers concerned for acceptance and adjustment well in time".

They would also like the Ministry of Finance to issue suitable instructions in the matter.

(ii) *MINISTRY OF FINANCE (DEPARTMENT OF REVENUE & COMPANY LAW)

Grant No. 24—Customs—Excess: Rs. 18,42,220 (Voted)

The main reason for the excess is stated to be the phenomenal increase in expenditure under the Group Head "B-Sea Customs Charges at Ports", as a result of increase in the commission charges paid to the P. & T. Department and increase in charges paid to the Union Excise Department (Out Ports).

As regards increase in the Commission charges to the P. & T. Department, the Committee are surprised to note that the Ministry of Finance did not agree to pay the arrears of commission at the enhanced rate during 1962-63 on the ground that recourse to Supplementary Grant or advance from Contingency Fund was the only alternative (additional funds not being available) and this was not done pending verification of the total amounts of customs duty realised during each year through the intermediary of Port Offices and of the reasons for increase thereof.

The Committee would in this connection invite attention to the recommendations of the Public Accounts Committee contained in para. 6(vi) of their 41st Report (2nd Lok Sabha) and para. 7(iii) of their 16th Report (Third Lok Sabha) that postponement of expenditure on the plea of lack of funds is objectionable and violates effective Parliamentary control. The Committee have been informed that action on the recommendation of the Committee made in their 16th Report (Third Lok Sabha) is under consideration. The Committee would urge that an early decision in the matter should be taken as it had important bearing on parliamentary control.

The Committee would also like to observe that the Government revised in December, 1962, the basis for the payment of commission charges to the P. & T. Department and that the latter Department intimated the additional demand in February, 1963. There was no justification for not making provision for the payment as the verification could be made and adjustments made in the accounts by book adjustment even after the close of the financial year.

As regards increase in charges paid to the Union Excise Department (Out Ports) it has been stated by the Ministry that in the Central Excise there was an adjustment at the last moment of certain expenditure pertaining to previous years on account of operation, manning and maintenance of six C.B.R. launches manned by the Navy. It has further been stated that there was no indication upto the end of December, 1962 as to what would be the order of further payments that would be raised by the Naval authorities during the rest of the year.

An excess of Rs. 6,16,046 also occurred for the same reason under Grant No. 25—Union Excise Duties.

The Committee do not find this explanation satisfactory. This case indicates, in their opinion, that the progress of expenditure was not watched closely through the Liability Register required to be maintained according to the instruction issued by the Ministry of Finance in August, 1955. The Committee desire that instructions issued on the subject should be strictly followed by all concerned by keeping proper liaison with other Departmental and Accounts Officers, so that such cases may not recur.

(iii) *MINISTRY OF FINANCE (DEPARTMENT OF ECONOMIC AFFAIRS)

Grant No. 27—Stamps—Excess: Rs. 20,68,950 (Voted)

The excess was stated to have occurred mainly under the sub-head C. 1(1)(4)—Purchase of stores comprising raw material for post cards, envelopes, etc., and other non-postal items such as banderols, cheques, etc.

The Ministry have stated that although in October, 1962, the Master, India Security Press had suggested augmentation of budget provision from Rs. 188.46 lakhs to Rs. 213.17 lakhs, Government did not consider it necessary to increase the provision. In December, the Master felt that looking to the trend of supplies as well as actual expenditure till then, the delivery of all consignments might not materialise before 31st March, 1963 and hence he did not press for augmentation of the budget provision necessitating a supplementary grant. It has further been stated that expenditure upto the middle of January, 1963 was Rs. 63.47 lakhs, and upto the end of February, 1963 was Rs. 84.51 lakhs only, but the payments in March, 1963 alone amounted to nearly Rs. 120 lakhs.

The Committee consider that the practice of basing the anticipation of expenditure merely on the "trend of supplies as well as actual expenditure" is not correct as much as commitments entered into should not be ignored. The Committee are not, therefore, convinced of the arguments advanced for not accepting the suggestion of Master, India Security Press for augmentation of budget provision.

Had there been a liaison between the indenting and supplying Departments, the excess in this case would have been avoided. In this

connection, the Committee would reiterate the recommendations contained in para. 5 of their Report (1950-51) on the accounts of 1947-48 (Post-Partition), para 15(i) of their First Report (1951-52) and para 5 of their Second Report (Second Lok Sabha).

The Committee also feel that rush of expenditure towards the close of the financial year should as far as possible, be avoided.

(iv) *MINISTRY OF HOME AFFAIRS

Grant No. 58—Andaman and Nicobar Islands—Excess: Rs. 187,650 (Voted).

The excess was stated to be due to adjustment of unanticipated debits.

It has been stated by the Ministry that the procedure for payment of freight bills (for carrying of Timber of Andaman Forest Department) is somewhat cumbersome. The question whether the procedure can be simplified is being taken up with the Ministry of Finance.

The Committee would like this matter to be taken up early, with the Ministry of Finance, if not already done, and a decision simplifying the procedure for payment of freight bill taken early.

As regards adjustment of debits of Rs. 10,90,323 (received after the end of the financial year) it has been stated by the Ministry that "it was felt that there would be delay in the finalisation of freight rates as well as in the presentation of bills".

The intimations in regard to bills amounting to Rs. 6.59 lakhs and Rs. 3.15 lakhs had been received from the Director General of Shipping on 18th December, 1962 and 21st January, 1963 respectively. In view of this, the surmises made by the Ministry lacked justification.

(v) **MINISTRY OF FINANCE (DEPARTMENT OF ECONOMIC AFFAIRS)

Grant No. 123—Loans and Advances by the Central Government—Excess: 1,93,10,000 (Charged).

It has been stated by the Ministry of Finance that the excess occurred as a result of certain adjustments in accounts which involved no actual payment and were carried out without being covered by provision of funds.

It has also been stated that the Grant 'Loans and Advances by the Central Government' is a composite Grant covering the requirement of all Administrative Ministries and Union Territory Administrations for giving loans and advances to State and Union Territory Governments. While the loans to State Governments are

*Appendix VIII.

**Appendix XIV.

'Charged' on the Consolidated Fund of India under Article 293(2) of the Constitution, the other loans and advances are subject to the Vote of the Lok Sabha in terms of Article 113(2) of the Constitution.

With regard to the accounting of the recovery of excess payments of Central assistance to States in the form of loans, the procedure introduced in December, 1962 was that the gross amounts of the years on the disbursement side, and covered by adequate appropriation of funds. It has been stated in the note that the Ministry of Food and Agriculture (Department of Agriculture) while sanctioning loans to State Governments in 1962-63 for their plan schemes in the Agriculture Sector, made deductions on account of excess payments in earlier years. They, however, inadvertently omitted to ask for sufficient provision to cover the national disbursements represented by the adjustments in accounts in respect of deductions made. As a result, adjustments amounting to Rs. 353.14 lakhs in all remained uncovered by appropriation.

The Committee regret to note the lapse on the part of the Ministry of Food and Agriculture (Department of Agriculture) in this matter. It is really unfortunate that such "inadvertant omissions" should have occurred. The Committee hope that such mistakes would be avoided in future.

It has further been stated that Rehabilitation Department issued a formal sanction on 7th December, 1962 (in accordance with a decision taken in the matter) for the cost of evacuee agricultural land being treated as a loan to the State Government bearing interest at 4% per annum. The Department also initially proposed necessary provision to cover the adjustments in the accounts of 1962-63 of this transaction which involved no cash payment. However, in the middle of January, 1963, they decided that no provision was necessary in that year for this purpose as the State Governments acceptance to the terms and conditions of the loan had not been received, nor it was expected within the few days of 1962-63 then remaining. The formal amendment to the sanction dated the 7th December, 1962 specifying that the adjustment would be carried out in 1963-64 was, however, issued by the Rehabilitation Department in June, 1963 by which time the A. G. had already carried out the adjustment in the accounts of 1962-63.

The Committee are unhappy to note the failure of the Ministry of Rehabilitation to amend their sanction of December, 1962 in time to enable the authorities to act before the close of the financial year. The Committee need hardly emphasise that in such cases time is of essence and they hope that such delays would be avoided in future.

The Committee have been informed that measures to ensure a better control over expenditure adjustable under such composite grants, which cover the requirements of all Ministries, are under consideration. The Committee would like the matter to be finalised early, so that such excesses do not occur in future.

(vi) *MINISTRY OF HEALTH

*Grant No. 127—Capital Outlay of the Ministry of Health—Excess:
Rs. 15,75,127 (Voted)*

The overall excess had been mainly attributed by the Ministry to the extra stores purchased by four Medical Stores Depots over and above the sanctioned allotment.

It has been stated by the Ministry of Health that consequent on the declaration of National Emergency, the Depots anticipated in excess of Rs. 65.37 lakhs under "Material Purchases (India)". The Director General Health Services considered this expenditure inescapable but keeping in view the fact that all the State Governments might not draw full requirements on account of inadequate budget provision and the fact that it "may not be possible to make payments before the close of the financial year and also after reviewing the expenditure figures relating to the previous years, it was decided that no supplementary grant need be obtained during 1962-63". Instructions were accordingly issued on 4-3-1963 to all the Medical Stores Depots to stop further purchases and keep the expenditure within the limit of the sanctioned budget allotment.

The Committee are not at all convinced with the reasons put forward by the Ministry explaining the excess. They are unable to appreciate how the Ministry asked all the Medical Stores Depots as late as 4th March, 1963 to stop further purchases and keep the expenditure within the limit of the sanctioned budget allotment. This only shows that there was no clear planning or understanding of the matter on the part of the authorities concerned. The Committee also do not understand how the Ministry expected that issue of instructions on 4-3-1963 (when the financial year was to close on 31-3-1963) could have much effect when it was expected much earlier that an excess expenditure would occur. In the opinion of the Committee, in view of the fact that due to the National Emergency, the Government of India had desired that sufficient stocks of medical stores might be kept ready in the District Hospitals and big hospitals to enable them to meet the need of the hour and the Medical Stores Organisation had been asked to take certain steps to tide over the difficulties, the wiser course for the Ministry would have been to accept the proposal of the Director General, Health Services for obtaining the Supplementary Grant.

7. With these observations, the Committee recommend that the excesses referred to in para 4 above may be regularised in the manner prescribed in Article 115 of the Constitution.

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

NEW DELHI;
Dated the 25th January, 1965.

Magha 7, 1886 (Saka).

R. R. MORARKA,
Chairman,
Public Accounts Committee.

PART II

Proceedings of the Sixty-fourth sitting of the Public Accounts Committee held on 25th January, 1965

The Committee sat from 10.00 to 12.15 hrs.

PRESENT

Shri R. R. Morarka—*Chairman*

MEMBERS

2. Shrimati Akkamma Devi
3. Shri J. B. S. Bist
4. Shri N. T. Das
5. Shri Gulabrao Keshavrao Jedhe
6. Shri R. Keishing
7. Shri V. C. Parashar
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10. Dr. Ranen Sen
11. Shri Ravindra Varma
12. Shri Vishram Prasad
13. Shri Chandra Shekhar
14. Shri S. C. Deb
15. Shri R. S. Panjhazari
16. Shri Ram Sahai
17. Shri S. S. N. Tankha.

Shri G. Swaminathan—*Addl. Deputy Comptroller and Auditor General.*

Shri R. K. Khanna—*Accountant General Central Revenues.*

Shri D. D. Dhingra—*A.G., Commerce, Works & Miscellaneous.*

Shri N. K. Bhattacharya—*Director of Commercial Audit.*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

Shri R. M. Bhargava—*Under Secretary.*

The Committee discussed informally points arising out of Audit Report (Civil), 1964 and Appropriation Accounts (Civil), 1962-63 and Audit Report (Commercial), 1964 in so far as they related to Ministries of Works & Housing and Finance.

Thereafter, the Committee considered their draft 31st Report on excesses over voted Grants and charged Appropriations disclosed in Appropriation Accounts (Civil), 1962-63 and approved the same with modifications here and there.

The Committee authorised the Chairman to sign the Report on their behalf. The Committee authorised the Chairman/Shri V. C Parashar to present the Report to the Lok Sabha.

The Committee also authorised Shri S. S. N. Tankha/Shri Chandrasekhad to lay a copy of the Report on the Table of the Rajya Sabha.

APPENDICES

APPENDIX I

[Para 6(i) of Report]

MINISTRY OF INDUSTRY AND SUPPLY (DEPARTMENT OF INDUSTRY)

Note for the Public Accounts Committee for regulation of Excess over voted grant in respect of Grant No. 1: Ministry of Commerce and Industry as disclosed in the Appropriation Accounts (Civil) 1962-63.

The total excess under Grant No. 1—Ministry of Commerce and Industry as shown in the Appropriation Accounts (Civil) 1962-63 was Rs. 1,45,149 under the following group-heads:—

	Final Grant	Actual Expenditure	Excess
<i>A.1 : Secretariat</i>			
O.	63,48,000		
S.	3,53,000	67,98,400	69,32,932
R.	97,400		1,34,532
<i>B. Department of Company Law Administration</i>			
C.	15,09,000		
R. (—)	97,400	14,11,600	14,24,755
<i>C.—Charges-in-England</i>			
	12,000	9,462	(—)2,538
TOTAL	82,22,000	83,67,149	1,45,149

The reasons for Excess under each group-head are explained in the following paragraphs:—

I. Group-head A. 1 : Secretariat—Excess Rs. 1,34,532.

- | | |
|---|--------------|
| (a) This excess is mainly due to more expenditure than anticipated on arrears to Assistants and Stenographers, on account of refixation of their pay under C.C.S. (Revised Pay) Rules, 1960 | } Rs. 26,408 |
| (b) Adjustment of Book Debit vouchers relating to the expenditure incurred by the Missions abroad during previous years for which no prior intimation regarding their adjustment was sent to the late Ministry of Commerce & Industry | } Rs. 16,366 |
| (c) More expenditure than anticipated on (i) T.A. (ii) Overtime Allowance due to increased activities of the Ministry | } Rs. 47,615 |

(d) (i) Adjustment of Debits in respect of Telephone Bills relating to previous financial years which have been adjusted in the accounts for the months of Feb., March, March (Final), March Supplementary 1963	Rs. 26,000
(ii) Due to additional expenditure on purchase of Books and Publications, Liveries and Uniforms, Postage, as well as adjustment of Telephone Charges in the accounts for March, March (Final) and March (Suppl.) 1963 over and above the amount originally provided for	Rs. 33,462
TOTAL	<u>Rs. 1,49,851</u>

The above excess of Rs. 1,49,851 was offset by saving of Rs. 4,319 due to cancellation of certain delegations and due to non-filling of vacant posts in the office of Branch Secretariat, Bombay as an economy measure (Rs. 11,000) thus leaving an excess of Rs. 1,34,532.

11. A.2. Department of Company Law Administration	Excess	Rs. 13,155
(a) This excess is due mainly to payment of arrears more than anticipate on account of refixation of Pay of some Assistants		Rs. 7,075
(b) Due to increased expenditure under Service Postage, Telephone, Law Charges and Misc. Office expenses by book adjustment		Rs. 14,690
TOTAL		<u>Rs. 21,765</u>

This was partly offset by saving of Rs. 8,610 under "Allowance and Hon." on account of non-payment of Dearness Allowance, thus leaving an excess of Rs. 13,155.

Total excess under "A-1: Secretariat" and "A-2: Department of Company Law Administration" Rs. 1,47,687 was offset by saving under "Charges-in-England" leaving a net excess of Rs. 1,45,149 under the grant.

This has been vetted by Accountant General, Commerce, Works and Miscellaneous, New Delhi.

(Sd.) P. M. NAYAK,
Joint Secretary to the Govt. of India,
Ministry of Industry and Supply,
(Department of Industry).

APPENDIX II

[Para 6(ii) of Report]

MINISTRY OF FINANCE

(DEPTT. OF REVENUE AND COMPANY LAW)

Excess in Grant No. 24—Customs—1962-63.

Page 13 of the Appropriation Accounts (Civil) 1962-63 and para 27(a) of the Audit Report, 1964—P. 26

There was a total Budget provision of Rs. 400.88 lakhs in the Customs Grant for the year 1962-63. The actual expenditure was, however, Rs. 419.30 lakhs which records an excess of Rs. 18.42 lakhs over the total grant. The excess is made up as under:—

Group heads	Final Grant 1962-63	Actual Expenditure	Variations
B—Sea Customs charges at the Ports	3,00,40,600	3,19,20,422	(+)18,79,822
All other heads	<u>1,00,47,400</u>	<u>1,00,09,798</u>	<u>(—)37,602</u>
GRAND TOTAL	4,00,88,000	4,19,30,220	(+)18,42,220

2. The main reason for the excess was the phenomenal increase in expenditure under the Group head “B-Sea Customs Charges at the Ports”, as a result of the following two factors:—

(a) *Increase in the Commission Charges paid to the P. and T. Department (Rs. 6.79 lakhs)*

The P. and T. Department is paid commission for collection of Customs Duty on articles of inward foreign letters and parcels through the intermediary of post offices. The actual commission charges payable to the P. and T. are worked out by the A. G. P. and T. after the close of the year and adjusted in the Customs Grant by book transfer.

The budget grant for the year 1962-63 was Rs. 11.67 lakhs for payment of commission charges to the D.G. P. and T. and the Revised estimates were placed at Rs. 10.59 lakhs. The estimates were framed, as in the past, on the basis of expenditure incurred by the D. G. P. and T. on this work. In December, 1962, the Government revised the basis for the payment of commission charges to the P. and T. Department. It was decided that from 1960 onwards the commission should be charged at the rate of 5 per cent of the amount of customs

duty realised through the intermediary of post offices. The D. G. P. and T. accordingly raised the revised demand of Rs. 17.38 lakhs (including arrears of Rs. 1.99 lakhs for the years 1960-61 and 1961-62) in February, 1963. At this time, the Revised Estimates for the year 1962-63 had already been finalised and additional funds were not available to meet the increased demand. Recourse to Supplementary Grant or advance from the Contingency Fund was the only alternative. But this was not done pending verification of the total amounts of Customs duty realised during each year through the intermediary of post offices and of the reasons for increase thereof. Hence this Ministry did not agree to pay the arrears of commission at the enhanced rate during that particular year. The D.G.P. and T. was informed of the position. The adjustment was however, made by the Accountant General on the basis of the enhanced rate, and so the excess of Rs. 6.79 lakhs resulted under this head.

(b) *Increase in charges paid to the Union Excise Department (Out Ports)—Rs. 15.14 lakhs.*

The administration of minor ports and Land Customs work is done by the Central Excise Department on behalf of the Customs Department. The expenditure on staff employed on customs work is first debited to the Central Excise grant and subsequently recovered from the Customs Department at the end of the year on the basis of an accepted formula. Thus, the amount payable by the Customs Department is dependent on the expenditure incurred under the major head "2-Union Duties".

The amount recoverable from the Customs Department on account of expenditure on minor ports is provided for under the sub-head "B-10. Charges paid to the Union Excise Department". The budget provision, the final grant and the actual expenditure during the year 1962-63 under this sub-head were as under:—

(In lakhs of Rs.)

Sanctioned Grant 1962-63	Final Grant 1962-63	Actual Expenditure 1962-63	Excess over the final grant
82.47	85.12	100.26	(+)15.14

The final grant under this sub-head was arrived at mainly on the basis of position obtaining under the corresponding sub-head in the Central Excise Grant. Since, in the Central Excise grant, there was an adjustment at the last moment of certain expenditure pertaining to previous years on account of operation, manning and Maintenance of six CBR launches manned by the Navy, there resulted an excess of Rs. 15.14 lakhs under this sub-head also. The budget provision made to meet the normal payment to Navy for the year 1962-63 was Rs. 16 lakhs. In March, 1963, when the position of excesses/savings was reviewed, the total requirements for payment to Navy were placed at Rs. 21,95,400. This figure was arrived at on the basis of

actual expenditure of Rs. 14,99,959 upto the end of December, 1962 and subsequent payments expected to be authorised by this Ministry during the rest of the year. There was no indication at that time as to what would be the order of further payments that would be raised by the Naval authorities during the rest of the year. Contrary to expectations, the debits raised totalled Rs. 35,95,411.93 (including debits of Rs. 19,17,534.10 nP. pertaining to the years 1960-61 and 1961-62) against the final grant of Rs. 21,95,400. This resulted in a recovery of Rs. 100.26 lakhs from the Customs Department, leading to the excess of Rs. 15.14 lakhs over the final grant of Rs. 85.12 lakhs under this sub-head.

The above two factors account for an excess of Rs. 21.93 lakhs. This has been partly counter-balanced by savings of Rs. 3.51 lakhs under the various other sub-heads, thus resulting in a net excess of Rs. 18.42 lakhs.

From the above facts, it would be seen that the net excess of Rs. 18.42 lakhs was primarily due to adjustment of old debits.

(Sd/-) D. P. ANAND,
Joint Secretary to the Government of India.

APPENDIX III

MINISTRY OF FINANCE

(DEPTT. OF REVENUE & COMPANY LAW)

Excess in Grant No. "25—Union Excise Duties" 1962-63

Page 14 of the Appropriation Accounts and para 27(a) of the Audit Report 1964—P. 26

Original and Supplementary Appropriation	Actual expenditure	Excess
Rs.	Rs.	Rs.
10,22,16,000	10,28,32,046	(+)6,16,046

There was a Budget provision of Rs. 9,82,16,000 in the Union Excise Grant which was subsequently increased to Rs. 10,22,16,000 by obtaining a Supplementary Grant of Rs. 40,00,000 (Voted) in November, 1962 due to increase in the rate of Dearness Allowance and grant of Children Educational Allowance etc. At the time of ten monthly estimates, savings to the extent of Rs. 65,200 were anticipated and they were surrendered to the Government. However, contrary to this Ministry's expectations, actual expenditure had been Rs. 10,28,32,046 which records an excess of Rs. 6,16.046 over the Sanctioned grant.

The above excess had occurred under the head "D-Charges on collection of Land Customs Duty" in the Maharashtra Circle of account (Bombay Central Excise Collectorate) due to adjustment at the last moment of certain expenditure pertaining to previous years on account of operation, manning and Maintenance of six CBR launches manned by the Navy. A budget provision of Rs. 16 lakhs was made to meet the normal payments to Navy for the year 1962-63. In March, 1963, when the position of excesses/savings in the Grant was reviewed, the total requirements for payment to Navy were placed at Rs. 21,95,400. This figure was arrived at on the basis of actual expenditure of Rs. 14,99,959 upto the end of December, 1962 and subsequent payments expected to be authorised by the Board during the rest of the year. There was no indication at that time as to what would

be the order of further payments that would be raised by the Naval authorities during the rest of the year. Contrary to expectations, the debits raised totalled Rs. 35,95,411.93 (including debits of Rs. 19,17,534.10 nP pertaining to the years 1960-61 and 1961-62) against the final grant of Rs. 21,95,400. This resulted in an excess of Rs. 14 lakhs which was partially counter-balanced by savings under various other items leaving the net excess of Rs. 6,16,046 in the Union Excise Grant.

(Sd/-) R. N. MISRA,
Joint Secretary to the Government of India.

APPENDIX IV

[Para 6(iii) of Report]

MINISTRY OF FINANCE

(DEPTT. OF ECONOMIC AFFAIRS)

Regarding Excess Expenditure under Grant No. 27-Stamps during 1962-63 (Reference Para 27(a) of the Audit Report (Civil) 1964 (P. 27)

Item No.	Particulars of Grant	Total Grant	Expenditure	Excess Amount	Percentage	Audit Remarks
(3)	27-Stamps	2,74,81,000	2,95,49,950	20,68,950	7.6	

(The Excess occurred mainly under head 'India Security Press'. It was stated to be mainly due to placing of order for extra paper required to meet the increased demand of the Posts and Telegraphs Department for post cards, envelopes, inland letters etc. before the receipt of the intimation of cut in the revised estimate in December, 1962 by the Ministry of Finance).

2. The excess of Rs. 20.69 lakhs occurred mainly under the sub-head C. 1(1) (4)—Purchase of Stores comprising raw material for post cards, envelopes, etc. and other non-postal items such as banderols, cheques, etc. Under this head, a budget provision of Rs. 188.46 lakhs was made, which was based on the value of stores already indented and those likely to be indented during the year 1962-63. In the course of the year, there had been increased demand for the postal stationery, etc. from the Posts and Telegraphs Department to cope with which the Master India Security Press had to place immediate orders (in September and November, 1962) for supply of the required raw material. Although in October, 1962 the Master had suggested augmentation of the Budget Provision from Rs. 188.46 lakhs to Rs. 213.17 lakhs, Government did not consider it necessary to increase the provision for the following reasons:—

- (i) During the first half of 1962-63, the value of stores received was only of the order of Rs. 76.135 lakhs;
- (ii) During the previous 3 years namely 1959-60, 1960-61 and 1961-62 there had been regular savings under this Demand of Rs. 56.29 lakhs, 27.69 lakhs and 9.99 lakhs respectively; and

- (iii) It was expected that any consignments delivered in March, 1963, would be paid for after March in 1963-64 since the Security Press makes payment by adjustment and it takes some time for suppliers to present their bills to the Pay and Accounts Officer, who has to clear them.

In December, 1962 the Master felt that looking to the trend of supplies as well as the actual expenditure till then, the delivery of all consignments might not materialise before 31st March, 1963 and hence he did not press for augmentation of the Budget Provision, necessitating a supplementary grant. The expenditure upto the middle of January, 1963 was Rs. 63.47 lakhs and upto the end of February, 1963 was Rs. 84.51 lakhs only. But the payments in March, 1963 accounts turned out to be very heavy, the total payments made in that month alone amounted to nearly Rs. 120 lakhs. The following payments made in March, 1963 by the Directorate General, India Store Department, London, for supplies of imported paper in March, 1963 and by the Directorate General, Supplies and Disposals New Delhi, for supplies of indigenous papers received in March, 1963 could not be anticipated and were expected to be carried over to the next financial year:

	(Rs. in Lakhs)
1. D.G., I.S.D., London	7.17
2. D.G., S.& D., New Delhi	11.79
TOTAL	<u>18.96</u>

3. The above has been vetted by Audit.

(Sd/-) M. R. YARDI,
Joint Secretary to the Government of India.

APPENDIX V

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Note Explaining the Reasons for Excess in Grant No. 28—Audit in Appropriation Accounts (Civil), 1962-63

	Rs.
Sanctioned Grant (Voted)	12,42,88,000
Supplementary Grant	Nil.
Actual expenditure	12,45,45,497
Excess	2,57,497
Percentage of Excess	0.2

2. The excess was due to additional expenditure arising from the increase in the rates of dearness allowance of Central Government employees drawing basic pay below Rs. 400/- per month with retrospective effect from 1-11-1961, *vide* orders issued in the Ministry of Finance O.M. No. F. 1(1)-E. II/B/62, dated the 18th April, 1962. As the decision to increase the dearness allowance was taken by the Government of India a few days before the presentation of the budget on 23rd April 1962, the additional requirements on this account could not be included in the individual Demands. A lump-sum provision of Rs. 7.38 crores was, however, included by Government in Grant No. 34—'Other Revenue Expenditure of the Ministry of Finance'. In para 3 of their O.M. No. F. 5(3)-B/62, dated the 27th June, 1962, the Government of India, Ministry of Finance (Department of Economic Affairs) intimated that the provision of Rs. 7.38 crores in Grant No. 34 would be surrendered to Government and hence called for proposals for Supplementary Demands to meet the increased cost of dearness allowance after reviewing the position of the Grant.

3. The position of expenditure in 1962-63 in all the offices of the Indian Audit & Accounts Department was reviewed early in December, 1962, when an additional expenditure of Rs. 42 lakhs was estimated on account of increase in the rates of dearness allowance and payment of arrears from 1-11-1961. In view of the National Emergency, it was decided not to go in for a Supplementary Demand but to meet the excess expenditure on account of dearness allowance by effecting economies in other items of expenditure included in the Grant. Accordingly, cuts aggregating Rs. 42,35,000/- were imposed on the total 'probable requirements' for 1962-63 estimated by the various offices of the Indian Audit & Accounts Department, who were requested to make all-out efforts to

economise. While the above measures resulted in savings adequate to meet most of the additional expenditure, an amount of Rs. 2,57,497 was left uncovered.

4. In the circumstances explained above, it is requested that excess expenditure of Rs. 2,57,497/- in the 'Voted' Section of Grant No. 28—Audit may kindly be recommended for regularisation under Art. 115(I) (b) of the Constitution.

(Sd/-) M. S. BHATNAGAR,
Deputy Comptroller & Auditor Genl. of India.

APPENDIX VI

No. F. 8(6)—B/64

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

New Delhi, the 19th May, 1964.

MEMORANDUM

SUBJECT:—Notes regarding the excesses in the Grants and Appropriations as reported in the Appropriation Accounts (Civil) for 1962-63 relating to the Ministry of Finance.

Grant No. 31—Pensions and other Retirement Benefits

	Rs.
Final Grant (Voted)	5,34,98,000
Actual Expenditure (Voted)	5,37,44,281
Excess (Voted)	2,46,281

The estimates under this Grant are framed on the basis of the data furnished by the Accounts Officers, who in turn depend upon the progress of actuals and other information available with them. As the payment of pensions and gratuities largely depends upon the claims preferred by the pensioners, it is not possible to make a precise forecast of the payments likely to be made and adjusted, particularly towards the close of the year.

When the Supplementary Grant of Rs. 35 lakhs was obtained in February, 1963, it was expected that the total requirements for the year, following the current and the past trends, would not exceed Rs. 5.35 crores. Due mainly to larger payments towards the end of the year than anticipated, final actuals exceeded the sanctioned provision by Rs. 8.93 lakhs under the subhead "A-Superannuation and Retired Allowances" which was partly counterbalanced by savings under other heads in the Grant, leaving a net excess of Rs. 2.46.281 which has now to be regularised.

This has been seen by Audit.

(Sd/-) SHIV NAUBH SINGH.

Joint Secretary to the Government of India.

The Chairman and Members of the Public Accounts Committee.

APPENDIX VII
MINISTRY OF HOME AFFAIRS

Note regarding the amount expended in excess of the grant for the year ended 31st March, 1963, in respect of Grant No. 50—Zonal Councils, for the year 1962-63.

Final Grant—Rs. 2,41,000.

Actual Expenditure—Rs. 2,51,056.

Excess—Rs. 10,056.

In accordance with Article 115 of the Constitution, this excess expenditure is required to be regularised by Parliament.

2. A provision of Rs. 2,35,000 was originally made in the Budget Estimates for 1962-63. When the grant as a whole was reviewed in the month of January, 1963, on the basis of actual expenditure for the first eight months and estimated expenditure for the remaining four months, it was found that the requirement for the whole year (1962-63) for the grant was likely to be Rs. 2,43,200 against the sanctioned grant of Rs. 2,35,000 needing an additional amount of Rs. 8,200. Since, however, the accepted figure of Revised Estimates for 1962-63 for the grant was Rs. 2,41,000, it was decided to obtain a Supplementary Grant of Rs. 6,000 only in order to ensure that the original sanctioned grant plus the Supplementary Grant did not exceed the figure of Revised Estimates as accepted by the Ministry of Finance.

3. The excess expenditure was due to the following reasons:—

(i) **Southern Zonal Council.**—At the time of framing of the Budget Estimates for 1962-63, the Superintendent, Southern Zonal Council, was being treated as re-employed after retirement and his pay was taken at the rate of Rs. 282.50 p.m. and he was allowed to draw pension separately. In April, 1962, however, i.e. after the budget was framed, it was decided to treat the Superintendent as in continuous service and not as a re-employed officer. This necessitated the fixation of his pay at the rate of 575 p.m. and he was not allowed any pension. In the supplementary demand, which was obtained towards the end of the year, provision was made for the increased pay for 12 months on this account. After the end of the year, however, it came to light that the Accountant General, Madras, had adjusted in the accounts of the year 1962-63, as pay, a sum of Rs. 5,722 representing the amount of pension drawn for the period from 1st July, 1959 to 28th February, 1962. Moreover, the officer drew arrears of pay for the period 6th July, 1959 to 31st March, 1962 amounting to Rs. 1,816. This fact was brought to the notice of this Ministry towards the middle of February, 1963, when

the proposal for supplementary grant had already been prepared and sent to the Ministry of Finance. Thus, a total amount of Rs. 7538 which could not be anticipated at the time of the supplementary demand, was adjusted in the accounts for the year 1962-63.

(ii) **Eastern Zonal Council.**—An amount of Rs. 379 was adjusted in the accounts after the close of the year on account of payment of arrears to the former Joint Secretary of the Eastern Zonal Council as a result of revision of pay of I.A.S. officers. A sum of Rs. 1332 representing arrears of telephone charges payable to the P. & T. Department was also adjusted in the accounts for 1962-63. The major part of this amount, namely, Rs. 1172 was adjusted in March, 1963, Supplementary.

(iii) **Central Zonal Council.**—An unanticipated excess expenditure of Rs. 807 occurred as a result of increased expenditure on reimbursement of medical expenses and payment of dearness allowance and other allowances to the staff.

4. It will be observed from the above that out of the excess expenditure of Rs. 10,056 as much as Rs. 9,249 was due to adjustments in the accounts that were not anticipated at the time of the original budget provision or the supplementary demand. The balance of Rs. 807 was due to the excess expenditure in the Central Zonal Council for the reasons mentioned above. This expenditure could not be postponed.

5. This note has been seen by Audit.

(Sd/-) A. D. PANDE,
Joint Secretary.

APPENDIX VIII

[Para 6(iv) of Report]

MINISTRY OF HOME AFFAIRS

Note regarding the amount expended in excess of the Grant for the year ended 31st March, 1963, in respect of Grant No. 58—Andaman and Nicobar Islands.

Final Grant	Rs. 3,10,63,000
Actual Expenditure	Rs. 3,12,50,650
Excess	Rs. 1,87,650

In accordance with Article 115 of the Constitution, this excess expenditure is required to be regularised by Parliament.

2. The excess occurred mainly under the following Sub-head:—

Sub-head ;	Final Grant	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
C.—FORESTS			
C.1—Conservancy and Works	86,60,600	93,67,029	7,06,429

The excess was due to adjustment of unanticipated debits as explained below.

3. Timber of Andamans Forest Department which are in excess of the carrying capacity of the Government Vessels 'm.v. Andamans' and 'm.v. Nicobar' are shipped by Conference Line Vessels arranged by the Director General of Shipping, Bombay. The procedure for payment of freight bills is somewhat cumbersome and is as follows.

The Forest Department sends telegraphic advice to the D.G., Shipping, Bombay, and Shipping Corporation of India, Bombay and Calcutta, about the tonnage shipped and the amount of freight payable by Forest Department, as soon as Ships sail with timber from Andamans Ports. In the usual course, Shipping Companies submit to the D.G. Shipping, Bombay, bills for 90 per cent of freight as soon as telegraphic advice from Forest Department is received by them. Bills for the balance of 10 per cent of freight are submitted on proof of correct delivery of timber cargo at ports of desti-

nation. The D.G. Shipping Bombay, after countersigning freight bills, forwards the same to the Pay and Accounts Officer, Government of Maharashtra, for payment. On receipt of such paid vouchers from the Pay and Accounts Officer, the Accountant General, Maharashtra, raises debits against the Accountant General, Central Revenues, New Delhi, who passes them on to Forest Department, Andamans, for adjustment. The receipt and adjustment of such debits by the Forest Department depends on their movement through various channels. In view of the above procedure, all adjustments relating to a year are not carried out during the same year. The question whether this procedure can be simplified is being taken up with the Ministry of Finance.

4. Intimation in regard to Bill amounting to Rs. 6,59,001 and Rs. 3,15,444 was received from the Director General, Shipping on 18th December 1962 and 21st January, 1963 respectively. However, during the year 1962-63, freight rates for Timber for the period commencing from June, 1962 were under revision by the Government of India. It was felt that there would be delay in the finalisation of freight rates as well as in the presentation of bills and that some of the debits which had to pass through various channels would be received for adjustment only after the closure of accounts for 1962-63. However, contrary to this expectation, debits for freight(s) amounting in all to Rs. 10,90,323 were received in April and May, 1963, i.e. after the end of financial year 1962-63. As these debits were received prior to closure of accounts for 1962-63, they had to be adjusted in the accounts of that year.

5. The excess under this sub-head was to a large extent counter-balanced by savings elsewhere in the Grant bringing down the net excess for the grant as a whole to Rs. 1,87,650.

This note has been seen by audit.

(Sd.) A. D. PANDE.

Joint Secretary to the Government of India.

APPENDIX IX

MINISTRY OF STEEL AND MINES (DEPARTMENT OF IRON AND STEEL)

Note for Public Accounts Committee explaining the reasons for the excess over Voted Grants—vide para 27 (a)—Item No. 9 of Central (Civil) Audit Report, 1964.

Particulars of grant	Total grant	Expenditure ¹	Excess	
			Amount	Percent.
87—Other Revenue Expenditure of the Ministry of Steel and Heavy Industries	53,41,571,000	57,62,61,911	4,20,94,911	7.9

The excess occurred under the head "Transfer to Iron and Steel Equalisation Fund of Net Proceeds of Surcharge and Miscellaneous Receipts".

The transactions of the Equalisation Fund are routed through the Consolidated Fund of India. The surcharge representing the difference between the selling price and the retention price of Iron and Steel recoverable from the producers is first credited to the Consolidated Fund as Revenue Receipts and an equivalent amount transferred to Equalisation Fund as expenditure under the Head "A-3 Transfer to Iron and Steel Equalisation Fund of net surcharge etc. subordinate to the Major Head 87—Other Revenue Expenditure of the Ministry of Steel & Heavy Industries". The transactions under the Head are, therefore, in reality an adjustment entry in the expenditure side without involving any actual cash expenditure.

The receipt into the Equalisation Fund depends on two factors *viz.* (1) pace of finalisation of claims of the parties for subsequent adjustment against outstanding dues of the parties to the Equalisation Fund and (2) progress of issue of bills to parties on their prompt submission of requisite statements and the realisation of the dues from them by adjustment or by direct payment by cash or cheque.

In the year under review each of these factors contributed to the excess expenditure under Head A-3 Transfer to Iron and Steel Equalisation Fund etc., which could not be fore-seen at the time of placing the demand for supplementary grant.

Out of the supplementary grant of Rs. 14.51 crores obtained in February, 1963, Rs. 5.50 crores related to the Head A-3 Transfer to Iron and Steel Equalisation Fund etc. representing increased receipt that was expected to accrue.

Tata Iron and Steel Co. and Indian Iron and Steel Co., stopped payment of the monthly instalments of surcharge in liquidation of the arrears. from September, 1962, and June, 1962 respectively and no payment was also forthcoming from the Main Procedures in the Public Sector, as they felt that substantial amounts were due to them on account of the increase in retention price. It was not, therefore, possible to estimate the extent of cash receipts from the Main Producers during the year in question. The average monthly receipts upto January, 1963, of Rs. 1.78 crores per month was no guide in this respect as the receipts including cash deposits in February and March, 1963 were Rs. 1.14 crores and Rs. 15.32 crores respectively. Further, on the basis of the average surcharge, it was expected that the net receipts after accounting for the increase in retention price would be Rs. 1.25 crores per month and that surcharge bills upto December, 1962 could only be issued by March, 1963. The surcharge rate was, however, increased by Rs. 20 to 25 lakhs per month as it depended on the pattern of despatch by the Producers and surcharge bills in one case could be issued upto February, 1963.

This could not be foreseen when the demand for supplementary grant was placed.

(Sd.) N. N. WANCHOO,
Secretary to the Government of India,
Ministry of Steel and Mines.

(Department of Iron and Steel).

NEW DELHI;
Dated the 22nd June, 1964.

APPENDIX X

MINISTRY OF CIVIL AVIATION

Note in regard to the regularisation of the excess of Rs. 1,465 in the Voted Grants under Grant No. 89—Meteorology for the year 1962-63.

The Appropriation Accounts relating to Grant No. 89-Meteorology for the year 1962-63 have disclosed an overall excess of Rs. 1,465 in the grant. The total voted grant for that year, *viz.*, Rs. 2,12,00,000 was distributed among the various group heads; the major portion being under Group-head "A-Headquarters Office, Other Offices and Observatories". Against the total grant of Rs. 1,53,64,700 under this group-head, the expenditure was Rs. 1,58,22,521. The excess of Rs. 4,57,821 had occurred as a result of (i) adjustment, after the close of the year, of certain debits relating to cost of stores; and (ii) wrong and double adjustment of certain debits in the accounts for 1962-63. Out of this, an excess amounting to Rs. 4,56,356 was met by savings in other sub-heads of the grant, leaving a net excess of Rs. 1,465 uncovered as indicated below:—

- (i) Wrong adjustment under Group-head 'A' of a debit pertaining to the Director General of Health Services in January, 1963, accounts (Rs. 415.71); and
- (ii) Double adjustment under Group-head 'A' of 2 debits (Rs. 540.00 and Rs. 3,156.05).

offset by savings to the extent of Rs. 2,647 in other sub-heads—
(Rs. 4,112 minus Rs. 2,647)—Rs. 1,465.

2. The wrong adjustment of the debits of Rs. 4,112 mentioned above could not be rectified before the close of the accounts for 1962-63. Had the accounts been rectified in time, the final position of the grant would have resulted in a small saving of Rs. 2,647.

3. In accordance with the recommendations of the Public Accounts Committee, contained in para 7 of their 16th Report (First Lok Sabha), this excess of Rs. 1,465, which had occurred due to erroneous adjustment in the accounts, does not require regularisation by Parliament.

4. This note has been seen and vetted by the Audit.

(Sd/-). V. SHANKAR,
Secretary to the Government of India.

NEW DELHI;
Dated the 23rd November, 1964.

APPENDIX X)

MINISTRY OF TRANSPORT (ROADS WING)

Note regarding Excess over Voted Grant No. 91—Communications (Including National-Highways) in Appropriation Accounts, 1962-63 relating to the Ministry of Transport and Communications.

Excess Rs. 37,52,490

The excess of Rs. 37,52,490 occurred mainly—

(a) due to expenditure incurred by certain State Governments in excess of the provision as indicated below:—

- (i) Carrying out of unavoidable and urgent repairs of National Highways necessitated by the emergency—Assam (Rs. 3,54,574) and Bihar (Rs. 7,25,098);
- (ii) removal of land-slides in order to maintain a regular flow of traffic in the hilly areas of Manipur (Rs. 39,762);
- (iii) carrying out of unexpected flood damage repairs to keep the National Highways fit for traffic—Punjab (Rs. 2,56,180) and Mysore (Rs. 25,703); and
- (iv) carrying out of unavoidable and emergent repairs of National Highways in Madhya Pradesh (Rs. 6,44,755); and

(b) due to excess expenditure in Andaman and Nicobar Islands, Tripura, Manipur, etc. as indicated below:—

- (i) Undertaking certain urgent repair works to keep the road open to traffic during the emergency—Manipur (Rs. 2,38,868), Nagaland (Rs. 2,16,092); Sikkim (Rs. 1,62,857) and Tripura (Rs. 3,96,910);
- (ii) undertaking special repairs to roads in Andaman and Nicobar Islands, which were in a very bad condition (Rs. 75,543);
- (iii) execution of unanticipated repair works on roads and bridges damaged by rains and floods—Tripura (Rs. 1,40,715) and Andaman and Nicobar Islands (Rs. 19,785); and
- (iv) removal of land slides in Himachal Pradesh (Rs. 7,211).

2. It was noticed after the close of the accounts for 1962-63 that a sum of Rs. 1,64,393 (Rs. 60,763 in Madhya Pradesh Rs. 84,000 in

Gujarat and Rs. 19,630 in Mysore), which did not pertain to this grant, had been adjusted inadvertently under this grant. The mistake of Rs. 60,763 has since been rectified in the accounts for 1963-64. The Accountants General concerned and the State Governments have been asked to rectify the remaining mistake of Rs. 84,000 and Rs. 19,630 in the accounts for 1963-64.

3. The total amount demanded by the State Governments/ Administrations of Union Territories for the maintenance of National Highways and "Other Roads" at the time of framing the Revised Estimates was Rs. 787.85 lakhs (Rs. 665.48 lakhs plus Rs. 122.37 lakhs) as against the Budget Estimates of Rs. 675.00 lakhs (Rs. 575 lakhs plus Rs. 100 lakhs). As a result of the emergency, it was necessary to restrict the normal expenditure generally to the minimum extent possible in order to ensure the maximum possible utilisation of all available resources on such projects as were of importance from the point of view of the defence of the country. In view of this and having regard to the actual figures of expenditure of Rs. 412.03 lakhs upto the end of November 1962 (in respect of some States only upto October) then reported by the State Governments, a provision of only Rs. 680 lakhs (Rs. 580 lakhs plus Rs. 100 lakhs) was considered necessary and the State Governments were asked not to exceed this figure. The supplementary grant was accordingly restricted to Rs. 5.00 lakhs. The State Governments, however, could not restrict the expenditure to the allotment of funds for the reasons stated above.

4. The road works are executed through the agencies of the State Public Works Departments and the Central Public Works Department. The estimates of requirements, for which provisions are made in the grant, are based on the information furnished by the States/Administrations. They are in turn guided by their subsidiary establishments such as the Chief Engineers, Superintending Engineers, Divisional Engineers etc., who execute the works actually. The estimates received are scrutinised by the Ministry and every effort is made to arrive at an estimate which could be considered as reasonable for each of the States Administrations. The Ministry have also issued instructions to all the States Administrations to be very careful in framing their estimates so that excesses are scrupulously avoided.

5. In connection with the regularisation of the excess of Rs. 15,61,541 over the final grant for the year 1961-62 relating to the maintenance of National Highways and roads other than National Highways, the Public Accounts Committee at their meeting held in November 1963 expressed the hope that a suitable procedure would be evolved to obtain expenditure reports from the State Governments in future to avoid recurrence of such excesses. This observation has been brought to the notice of the State Governments (copies enclosed) and the necessity for the timely rendition of the periodical expenditure reports to the Government of India has been emphasised. From time to time it has been impressed upon the State Governments Administrations to restrict the expenditure

to the maintenance grants made available to them. They have again been asked to be very careful in this regard in future (copies of the instructions are enclosed). Necessary steps have also been taken to ensure that from the year 1963-64 onwards any excess over the final grant is foreseen in time with a view to obtaining a supplementary grant or an advance from the Contingency Fund of India.

6. Excluding the expenditure of Rs. 1,64,393 referred to in para 2 above, which does not pertain to this grant, the net excess requiring regularisation is Rs. 35,88,097 (Rs. 37,52,490 minus Rs. 1,64,393). In the circumstances explained above, the excess of Rs. 35,88,097 in the grant may be recommended for regularisation under Article 115 of the Constitution.

7. This note has been seen by Audit.

(Sd.) H. P. SINHA,
Consulting Engineer (Road Development) &
Joint Secretary.

Immediate
Important

GOVERNMENT OF INDIA
MINISTRY OF TRANSPORT
(ROADS WING)

Telegrams

Jamnagar House.

ROADING

Shahjehan Road

No. B-29(4)/63

New Delhi, the 22nd January, 1964.
2 Magha 1885.

From

Shri K. Balakrishnan,
Under Secretary to the Govt. of India.

To

The Secretaries to the Govts. of all States/Administrations
(Departments dealing with roads).

SUBJECT: *Excess over grant relating to Communications (including National Highways)—Maintenance of National Highways.*

Sir,

I am directed to invite a reference to this Ministry's letters cited

- on the margin wherein the necessity to restrict the expenditure on the maintenance of National Highways to the final grant made available to the State Governments was emphasised. The State Governments may be aware, there had been an overall excess under the sub-head "B.1-Maintenance of National Highways" during the last three years as indicated below:—
1. Letter No. B-17 (21)/60, dated the 1st February, 1961.
 2. Letter No. B-17 (1)/61, dated the 7th August, 1962.
 3. Letter No. B-17 (10)/62, dated the 7th November, 1962.

Year	Final allotment	Actual expenditure	Excess
(Figures in lakhs of rupees)			
1960-61	531·63	547·91	16·28
1961-62	567·54	578·69	11·15
1962-63	582·61	618·87	36·26

2. The subject has been repeatedly discussed by the Central Public Accounts Committee at their annual meetings. The Committee made the following observations at their meeting held on the 13th November 1963 to examine the excess over the final grant for the year 1961-62 relating to the maintenance of National Highways:—

“The Committee are surprised that after having taken a deliberate decision and directed the State Governments to limit the expenditure to the final allotment, the Ministry failed to watch the progress of expenditure or obtain timely reports from the State Governments of the possibility of an excess with a view to obtaining an advance from the Contingency Fund. The Committee hope that a suitable procedure would be evolved to obtain progress reports from the State Governments in future to avoid recurrence of such excesses”.

3. According to the existing instructions, the State Governments are required to forward to the Government of India the monthly returns showing the expenditure on various categories of road works financed from the Central funds by the 20th of the month following the month to which they relate. It has been due to the non-receipt of such returns in time that the irregularity pointed out by the Central Public Accounts Committee has been occurring from year to year. The necessity for the timely rendition of monthly expenditure returns was also discussed at the last meeting of the Chief Engineers of States held on the 28th November, 1963 at Chandigarh *vide* extract of item No. 6 from the draft summary record of the meeting enclosed.

4. In order to enable the Government of India to comply with the suggestion of the Central Public Accounts Committee, I am to request that the actual expenditure on the maintenance of National

Highways up to the end of January 1964 and accurate estimates of the expenditure likely to be incurred during the remaining two months of the current financial year may kindly be communicated to the Government of India by the 10th February, 1964 at the latest. It is suggested that special steps may kindly be taken by the State Governments in order to ensure the receipt of these figures by the Government of India by the stipulated date so that timely action can be taken to obtain an advance from the Contingency fund to cover the excesses, if any, over the Revised Estimates for 1963-64 already communicated to the State Governments in this Ministry's endorsement No. B-30(8) 63, dated the 26th December 1963. Steps may also be taken to forward the monthly expenditure returns to the Government of India by the due dates in future.

5. I am further to request you that special care may kindly be exercised so that there are no excesses over, or savings in, the figures being communicated by the State Governments in pursuance of this letter.

Yours faithfully,

Sd./ K. BALAKRISHNAN,
Under Secretary to the Govt. of India.

D.A. Refd. to

Copy, with a copy of the enclosure, forwarded for immediate necessary action to the Chief Engineers of all States Administrations.
(L'ddu)

Sd./ K. BALAKRISHNAN,
Under Secretary to the Govt. of India.

D.A. Refd. to

Extract from the Draft Summary Record of the Meeting of Chief Engineers of States held at Chandigarh on the 28th November, 1963.

* * * *

Item 6: Need for furnishing in time necessary data for the preparation of the budget estimates and to facilitate proper control on expenditure.

27. The Consulting Engineer (Road Development) observed that the need for furnishing the various budget and account returns required by the Government of India by the due dates had already been discussed on a number of occasions in the past, and needed hardly to be emphasised again. The actual experience, however, had shown that these returns were not received in time and at

times the information furnished was also not complete. He urged upon the State Chief Engineers that in order to facilitate a fuller and better appraisal of their proposals they should ensure that—

- (i) the various budget and accounts returns are furnished to the Government of India by the due dates together with complete details; and
- (ii) there is no undue delay in the finalisation of the appropriation accounts and that reasons for the variations between the final grant and the actual expenditure are furnished as soon as the accounts for the year are closed.

28. The Consulting Engineer (Road Development) added that another point which needed consideration was the difficulty experienced by the Roads Wing at the time of making allocations. Experience had shown that invariably the demands received from States totalled up much more than the funds available. The demands received from the States had therefore to be reduced arbitrarily on the basis of *ad hoc* cuts. He felt that this was desirable neither from the point of view of the Central Government nor of the State Governments. He, therefore, wanted some rational formula to be evolved according to which allocations could be made without resorting to these arbitrary cuts.

29. The Chief Engineer, Madras State said that the difficulty which they experienced at times in giving a reasonable correct forecast of their demands was the uncertainty of the estimates which would be sanctioned by the Government of India. On many occasions a number of estimates were returned by the Roads Wing with some remarks for being re-submitted by the State Public Works Departments for the final approval of the Government of India. He felt that if the estimates could be sanctioned in the first instance itself subject to certain remarks without the necessity for their being re-submitted, unless, of course, the remarks were of a major magnitude, the State Chief Engineers would have sufficient grounds to make a reasonable forecast of their demands. The Consulting Engineer (Road Development) agreed to have this suggestion examined.

* * * * *

GOVERNMENT OF INDIA
MINISTRY OF TRANSPORT
(ROADS WING)

No. B-29(4)/63-I

New Delhi, the 22nd Jan. 64.

From

Shri K. Balakrishnan,

Under Secretary to the Govt. of India.

To

1. The Chief Commissioner, Andaman and Nicobar Islands,
Port Blair.

2. The Chief Commissioner, Delhi.
3. The Additional Chief Engineer (III), C.P.W.D. 8, Theatre Road, Calcutta.
4. The Secretary, N.E.F.A. Administration, Finance Department, Shillong.
5. The Administrator, Dadra and Nagar Haveli, Silvassa (Via Surat).

SUBJECT: *Excess over grant relating to Communications (including National Highways)—Maintenance of roads other than National Highways.*

Sir,

I am directed to say that you may be aware that there has been an overall excess under the subhead "B-2-Other Communications" during the last three years as indicated below:—

Year	Final allotment	Actual expenditure	Excess
(Figures in lakhs of rupees)			
1960-61	89·83	95·77	5·94
1961-62	95·23	105·56	10·33
1962-63	109·14	122·60	13·46

2. The subject has been repeatedly discussed by the Central Public Accounts Committee at their annual meetings. The Committee made the following observations at their meeting held on the 13th November, 1963 to examine the excess over the final grant for the year 1961-62 relating to the maintenance of roads other than National Highways:—

"The Committee are surprised that after having taken a deliberate decision and directed the State Governments to limit the expenditure to the final allotment, the Ministry failed to watch the progress of expenditure or obtain timely reports from the State Governments of the possibility of an excess with a view to obtaining an advance from the Contingency Fund. The Committee hope that a suitable procedure would be evolved to obtain progress reports from the State Governments in future to avoid recurrence of such excesses".

3. According to the existing instructions, the Local Administration are required to forward to this Ministry the monthly returns showing the expenditure incurred on various categories of road works financed from the Central Funds by the 20th of the month

following the month to which they relate. It has been due to the non-receipt of such returns in time that the irregularity pointed out by the Central Public Accounts Committee has been occurring from year to year. The necessity for the timely rendition of monthly expenditure returns was also discussed at the last meeting of the Chief Engineers of States held on the 28th November, 1963 at Chandigarh vide extract of item No. 6 from the draft summary record of the meeting enclosed.

4. In order to enable the Govt. of India to comply with the suggestion of the Central Public Accounts Committee, I am to request that the actual expenditure on the maintenance of roads other than National Highways up to the end of January 1964 and accurate estimates of the expenditure likely to be incurred during the remaining two months of the current financial year may kindly be communicated to this Ministry by the 10th February 1964 at the latest. It is suggested that special steps may kindly be taken by the Local Administration in order to ensure the receipt of these figures by this Ministry by the stipulated date so that timely action can be taken to obtain an advance from the Contingency Fund to cover the excesses over the Revised Estimates for 1963-64 already communicated to you in this Ministry's * d/o. letter/@endorsement No. B-21(11)/63, dated the 8th January, 1964. Steps may also be taken to forward the monthly expenditure returns to this Ministry by the due dates in future.

5. I am further to request that special care may kindly be exercised so that there are no excesses over, or saving in, the figures being communicated by the Local Administration in pursuance of this letter.

Yours faithfully,

Sd./ K. BALAKRISHNAN.

Under Secretary to the Govt. of India.

Encl: As mentioned above.

Copy, with a copy of the enclosure, forwarded for immediate necessary action to:—

- (1) The Principal Engineer, Andaman and Nicobar Islands, Port Blair.
- (2) The Superintending Engineer, Delhi Administration, Circle No. 1, C.P.W.D., New Delhi.

* For S. Nos. 3 & 5 above only.

@ For S. Nos. 1, 2 and 4 above only

- (3) The Chief Engineer, C.P.W.D., New Delhi.
 (4) The Superintending Engineer, N.E.F.A., Shillong.

Sd./ K. BALAKRISHNAN,

Under Secretary to the Govt. of India.

Encl: As above.

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT
 (ROADS WING)

Telegrams Jamnagar House,
 ROADING Shahjehan Road,
 No. B-17(20)/64 New Delhi, the 13th May, 1964.

To

The State Governments
 (Department dealing with roads).

SUBJECT:—*Excess over grant-Expenditure incurred during 1962-63 under the Sub-head "B-1 Maintenance of National Highways" in Grant No. "31-Communications (including National Highways)".*

Sir,

I am directed to refer to this Ministry's letters noted in the margin and to say that in spite of repeated instructions emphasising the need for restricting expenditure to the amount of the allotment sanctioned by the Government of India, an expenditure of Rs. _____ was incurred by you during 1962-63, against the sanctioned grant of Rs. _____ for the maintenance and repair of National Highways resulting in an excess of Rs. _____.

2. This Ministry are responsible to the Parliament for the grants voted by it in respect of National Highways and are answerable for the excesses over the voted grants before the Public Accounts Committee, who take a very serious view of incurring unauthorised expenditure. They regard this as an irregularity which, in fact, reduces Parliament's approval to a formality of no import.

3. Persistence in this irregularity might force the Government of India to instruct the Audit not to accept such excess expenditure as chargeable to National Highways. The Parliament does not easily regularise such expenditure.

4. I am, therefore, to request again that very clear and definite instructions may be issued forthwith to all concerned to the effect that the incurring of expenditure in excess of the sanctioned grants should be avoided at all costs in future.

5. A copy of the instructions issued in this regard may also kindly be endorsed to this Ministry.

Yours faithfully,

Sd./ K. BALAKRISHNAN.
Under Secretary to the Govt. of India.

Encl: Nil.

Copy forwarded for information and necessary action to the State Chief Engineers.

SD. K. BALAKRISHNAN.
Under Secretary to the Govt. of India.

Encl: Nil.

Copy forwarded for information and guidance to the Secretary to the Government of Andhra Pradesh Kerala Orissa (Department's dealing with roads Chief Commissioner, Delhi/Secretary, Cochin Port Trust, Cochin-3 Chief Administrator, Dandakaranya Project, Koraput (Orissa).

Sd./ K. BALAKRISHNAN.
Under Secretary to the Govt. of India.

Encl: Nil.

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT
(ROADS WING)

Telegrams
ROADING

No. B-29 (43) 63

To

Jamnagar House,
Shahjehan Road,

New Delhi, the 20th May, 1964.

1. The Chief Commissioner, Andaman and Nicobar Islands,
Port Blair.

2. The Additional Chief Engineer (III), C.P.W.D., 8. Theatre
Road, Calcutta—16.

SUBJECT: *Excess over grant-Expenditure incurred during 1962-63 under the Sub-head "B 2—Other Communications" to Grant No. 91-Communications (including National Highways).*

Sir,

I am directed to say that during the year 1962-63 a final allotment of Rs. (Col. 3 of the attached statement) was placed at your disposal

for the maintenance and repairs of roads other than National Highways and it was specifically instructed in the letter of sanction that the expenditure during the year should be restricted to the amount of the allotment. It is, however, observed from the Appropriation Accounts, 1962-63 that an expenditure of Rs. (Col. 4 of the attached statement) was incurred in **during that year in spite of the direction referred to. This resulted in an excess expenditure of Rs. (Col. 5 of the attached statement).

2. This Ministry are responsible to the Parliament for the grants voted by it in respect of roads other than National Highways and are answerable for the excesses over the voted grants before the Public Accounts Committee of the Parliament, who take a very serious view of incurring unauthorised expenditure. They regard this as an irregularity which, in fact, reduces Parliament's approval to a formality of no import.

3. Persistence in this irregularity might force the Government of India to instruct the Audit not to accept such excess expenditure as chargeable to roads other than National Highways. The Parliament does not easily regularise such expenditure.

4. I am, therefore, to request that very clear and definite instructions may be issued forthwith to all concerned to the effect that the incurring of expenditure in excess of the sanctioned grants should be avoided at all costs in future.

5. A copy of the instructions issued in this regard may also kindly be endorsed to this Ministry.

Yours faithfully,

Sd./ K. BALAKRISHNAN,

Under Secretary to the Govt. of India.

Encl: Nil.

Copy forwarded for information and necessary action to:—

1. The Principal Engineer, Andaman and Nicobar Islands, Port Blair.
2. The Chief Engineer, C.P.W.D., New Delhi.

Sd./ K. BALAKRISHNAN,

Under Secretary to the Govt. of India.

Encl: Nil.

Copy forwarded for information and guidance to:—

1. The Chief Commissioner, Delhi.
2. The Secretary, Finance, N.E.F.A. Administration, Shillong.
3. The Administrator, Dadra and Nagar Haveli, Silvassa (Via Surat).

Sd./ K. BALAKRISHNAN,

Under Secretary to the Govt. of India.

Encl: Nil.

**Andaman and Nicobar Islands for S. No. 1 only. Sikkim for S. No. 2 only.

STATEMENT

Sl. No.	Name of Admn.	Final grant	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
1	Andaman & Nicobar Islands	3,00,000	3,95,338	+95,338
2	Sikkim	9,00,000	13,41,746	+4,41,746

APPENDIX XII
MINISTRY OF TRANSPORT

No. 8-ML(6)/64

Note to the Public Accounts Committee on the Regularisation of Excesses over Voted grant No. 93—Lighthouses and Lightships Appropriation Accounts for the year 1962-63.

Demand No. 93—Lighthouses and Lightships.

	Rs.
Original Grant	97,04,000
Final Grant	97,04,000
Actual expenditure	1,00,11,736
Variations	(+)3,07,736

The excess of Rs. 3,07,736 in the voted grant during the year 1962-63 has been due to the unanticipated increase in the Shipping Traffic on the coast of India in comparison to the previous year and collection of more lightdues receipts, resulting in the transfer of more surplus to the General Reserve Fund than provided in the grant.

The Budget Estimates of the Department are framed on the basis of Revenue Receipts anticipated to be collected during the year. After meeting the Revenue Expenditure out of the Revenue Receipts, the surplus is transferred to the General Reserve Fund which represents an item of expenditure in the Revenue Budget. The Revenue Receipts comprise mainly lightdues collections made on the ships visiting the various ports on the coast of India and other miscellaneous receipts, such as interest on Funds, recoveries on account of services rendered to the local lights, etc. The estimates of Revenue Receipts are based on the actual tonnage of the previous year.

As against the Revenue Receipts of Rs. 97,04,000 (Rs. 94,25,000 for lightdues and Rs. 2,79,000 for miscellaneous receipts) provided for in the Budget Estimates, the actual revenue collections during the year 1962-63 have been Rs. 1,00,11,736 (Rs. 97,94,000 approximately lightdues and Rs. 2,17,736 mis. receipts). The comparative figures of tonnage as well as lightdue collections during the years 1961-62 and 1962-63 are given as under:—

	Total Tonnage	Total Collections of lightdues
		Rs.
1961-62	2,07,39,530	77,34,101
1962-63	2,19,60,728	97,93,879

It would appear therefrom that the Shipping tonnage as well as lightdues collections increased considerably in 1962-63 in comparison to 1961-62.

The increased receipts of lightdues which depend on the tonnage of Shipping visiting the ports of India could not be anticipated in time for obtaining a supplementary grant. The estimates for purpose of supplementary grants were based on the actual collections during the previous year 1961-62. Against the collection of Rs. 22.42 lakhs made during the months of February and March, 1962, the actual collections during the months of February and March, 1963 amounted to Rs. 26.41 lakhs.

Sd./ NAGENDRA SINGH,

Special Secretary to the Govt. of India.

APPENDIX XIII

MINISTRY OF EXTERNAL AFFAIRS

SUBJECT:—Regularisation of Excess over Voted Grant No. 116—Capital Outlay of the Ministry of External Affairs disclosed in the Appropriation Accounts (CIVIL) 1962-63.

The sanctioned budget grant for 1962-63 under Grant No. 116—Capital Outlay of the Ministry of External Affairs was Rs. 1,08,20,000 (including Supplementary Grant of Rs. 18,00,000). The actual expenditure incurred and booked amounted to Rs. 1,35,26,307 thereby resulting in an excess of Rs. 27,06,307 over the overall sanctioned grant. A gross excess of Rs. 32,89,974 occurred under the sub-head A.1(1)—North East Frontier Agency which was partially counter-balanced by a saving of Rs. 5,83,667 under sub-head A.1(2)—Naga Hills—Tuensang Area. The final position of the provision in respect of each of the sub-heads under the Group-head (A.—Capital Outlay on Schemes of Government Trading) stood as shown below:—

Group Head & Sub-Head	Original Grant	Reappropriation Supplementary Grant	Final Grant	Actual Expenditure	Excess (+) Saving (—) over final Grant
A.—Capital Outlay on Schemes of Government Trading					
A.1(1) North East Frontier Agency	60,50,000	18,00,000	78,50,000	1,11,39,974	(+)32,89,974
A.1(2) Naga Hills—Tuensang Area	29,70,000	..	29,70,000	23,86,333	(—)5,83,667
	90,20,000	18,00,000	1,08,20,000	1,35,26,307	(+)27,06,307

2. The reasons for the above excess are as follows:—

- (i) An excess expenditure of Rs. 9,77,514 was incurred on account of supply of Central Purchase Organisation Stores to OPERATION ONKAR, Central Reserve Police, Survey Staff and Evacuees. An expenditure of Rs. 1,00,000 (representing cost of food-stuffs etc.) was incurred for Border Trade Depots located far from headquarters during the Emergency i.e. from October, 1962 onwards.

The provision for increased commitment could not be made as no information was available due to dislocation of records in the last disturbances in the North East Frontier Agency.

- (ii) An expenditure of Rs. 10,04,200 was incurred on account of the outstanding liabilities of the previous year (1961-62). As no information about the likelihood of these liabilities being adjusted during the financial year 1962-63 was available at the time of finalising the Final Estimates, no provision was included in the Final Estimates. Besides the debits on account of outstanding liabilities were adjusted at a time when it was not possible to augment the sanctioned provision.
- (iii) A sum of Rs. 12,08,260 spent on account of Central Purchase Organisation items for Naga Hills—Tuensang Area was adjusted by debit during the year 1962-63 to the sub-head 'A.1 (2)-Naga Hills—Tuensang Area'. Out of this a sum of Rs. 7,26,927 represented the cost of supplies made during the year 1960-61 and the balance of Rs. 4,81,333 to 1962-63. It was not necessary to carry out any adjustment in respect of the sum of Rs. 7,26,927 during the year 1962-63, as it had already been adjusted under the proper head in the year 1960-61. This adjustment appears to have been made on the basis of classification recorded by the local authorities on the relevant vouchers. This was, thus, an incorrect adjustment.

The debit of Rs. 4,81,333 relating to 1962-63 was adjusted under the sub-head 'A.1 (2)-Naga Hills—Tuensang Area' by contra credit to the sub-head "Deduct Recoveries" instead of reduction of expenditure under the sub-head 'A. 1(1)-North East Frontier Agency' according to the accounting arrangements.

- (iv) The gross excess of Rs. 32,89,974 was partially counter-balanced by a saving of Rs. 5,83,667 under the sub-head 'A.1 (2)-Naga Hills—Tuensang Area' due to lesser drawal of Central Purchase Organisation Stores than anticipated and non-adjustment of the value of rice drawn directly from godowns in Imphal and other places.

3. Additional funds to cover the above mentioned debits could neither be asked for at the final estimates stage nor could an advance from the Contingency Fund be obtained in the absence of full intimation regarding adjustment of these past liabilities. This was mainly due to the factors created by the dislocation of the administrative machinery as a consequence of the Chinese aggression in the North East Frontier Agency. In order to make the Budget Estimates more realistic and to avoid large variations in the Appropriation Accounts, funds to the extent of Rs. 18,00,000 were only provided by obtaining a Supplementary Grant taken in February, 1963, as it was anticipated at that time that all the past debits would be adjusted

during the financial year 1962-63. The adjustment of the debts mentioned above came to the notice of N.E.F.A. Administration at the time of reconciliation of expenditure after the financial year was closed.

4. It is explained in this connection that the State Trading Scheme envisages a Central System of Purchases under which the initial cost for the procurement of food-stuffs and other essential commodities for the Agency Service Corps (Porters) and also for the local people residing in the interior of the North East Frontier Agency is met from the funds provided by the Government subject to subsequent recoveries from the consumers. The Scheme runs on 'No Profit No Loss' basis. The entire expenditure is met by recoveries from the sale of food-stuffs. The present additional expenditure would be met by recoveries in subsequent years by sale of food-stuffs. However every effort is being made to rationalise and improve the budgetary procedures on the basis of the recommendations of the Public Accounts Committee from time to time. In this connection a copy of the Ministry's circular letter No. Q-7340-3-B & A.II/63 (EAI/63/I/69) dated 29-5-1963 containing instructions to estimating authorities based on the recommendations of the Public Accounts Committee is enclosed. It is hoped that in view of the remedial measures reported above there will be perceptible improvement in this regard in future.

5. By omitting the incorrect debits of Rs. 12,08,260 referred to in para 2 (iii) above, in accordance with the recommendations of the Public Accounts Committee contained in para 7 of their Sixteenth Report (First Lok Sabha), the net excess that requires regulation is Rs. 14,98,047 which may kindly be recommended for regularisation.

Sd/- R. G. RAJWADE,
Joint Secretary (AD),
Ministry of External Affairs.

COPY

Important

No. Q(7340) 3 B & A. II 63 (EAI 63 I 69)

GOVERNMENT OF INDIA

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, the 29th May, 1963.

- (1) All Indian Missions and Posts abroad.
- (2) Chief Secretary, NEFA, NHTA, Pondicherry, Goa, Daman & Diu; and
- (3) Administrator, Dadra and Nagar Haveli.

SUBJECT:—Recommendations of the Public Accounts Committee on preparation of Budget Estimates and settlement of Audit Objections.

The Public Accounts Committee in their 8th Report (Third Lok Sabha) have made certain recommendations with a view to improving the current methods of preparation of Budget Estimates and

effecting economy in expenditure. The following instructions, based on their recommendations, are issued for guidance of all concerned:—

(I) Preparation of Budget Estimates:

- (a) Large savings are indicative of bad budgeting as they clearly prove the inability to spend usefully the funds to the extent anticipated. In the context of the development plans, it becomes all the more necessary that the administrative Ministries should frame their estimates more realistically so that the Parliament is not asked to vote for funds which cannot be utilised.
- (b) Since savings continue to occur in the Schemes executed by the various authorities, the system should be reviewed with a view to providing realistic estimates in this behalf in the budget placed before the Parliament.
- (c) At the time of making provision for imported equipment, the possibility of their procurement within the financial year should be carefully examined otherwise, only a token provision should be included in the budget to be followed by a Supplementary Grant, if necessary. Closer co-ordination between indentors and suppliers should greatly facilitate the matters. The procedure laid down in sub-para (f) and (g) of the Ministry's Memo. No. F. 4-18/Aud-54 dated 28-1-1955 should be followed.
- (d) The practice of surrendering funds in the last month of the financial year is far from satisfactory. The procedure laid down in the Ministry's Memo. No. F. 9(4)-B & A. I/62 dated 1-2-1963 should be scrupulously followed. Serious notice will be taken of any disregard of the instructions issued in this behalf.

(II) Clearance of Audit Objections

Steps should be taken for clearing audit objections promptly without letting them accumulate. In this connection attention is invited to this Ministry's Office Order No. F. 4(8)-Aud/54 (E.O. 152/57) dated 20-7-1957 wherein the procedure to be followed for expediting settlement of audit objections has been described.

(Sd/-) N. KRISHNAN,

Deputy Secretary to the Govt. of India.

Copy forwarded to:—

NEFA, NAGA Unit, Pondicherry, GOA, NEPAL Aid, EADAR, TRU, HF, PT. I & XP(A) Sections for information and guidance.

E.A.I. Section 15 copies.

Audit Section 50 copies.

(Sd/-) A. N. RAO,

Under Secretary to the Govt. of India.

APPENDIX XIV

[Para 6(v) of Report]

No. F. 6(22)-B/63

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

New Delhi, the 6th November, 1964.

MEMORANDUM

SUBJECT:—*Excesses in the Appropriations as reported in the Appropriation Accounts for 1962-63 relating to the Ministry of Finance.*

Grant No. 123—Loans and advances by the Central Government

	Rs.
Final Appropriation (Charged)	523,15,23,000
Actual Expenditure (Charged)	523,54,52,411
Excess (Charged)	39,29,411

The Grant 'Loans and Advances by the Central Government' is a composite Grant covering the requirements of all Administrative Ministries and Union Territory Administrations for giving loans and advances, whether to State and Union Territory Governments with legislature or other parties. While the loans to State Governments are 'Charged' on the Consolidated Fund of India under Article 293(2) of the Constitution, the other loans and advances are subject to the Vote of the Lok Sabha in terms of Article 113(2) *ibid.* Further, though the Demand is presented on behalf of the Ministry of Finance, provisions for inclusion therein are proposed by almost all the Administrative Ministries and other authorities who also operate on and control the respective allotments placed at their disposal subject to re-appropriations where necessary being made by Finance Ministry.

2. The excess occurred as result of certain adjustments in accounts, which involved no actual payment and were carried out without being covered by provision of funds, partly counter-balanced by savings due to less payment of loans than anticipated.

3. The adjustments in accounts, referred to in the previous paragraph, amounted to Rs. 453.14 lakhs and comprised the following items:—

	(Rs. in lakhs)
(i) Adjustment representing recovery on account of excess payments of loans in earlier years	353.14 (a)
(ii) Adjustment of the value of evacuee agricultural and transferred to the Government of Rajasthan	100.00 (b)
TOTAL	453.14

(a) The question of the accounting of the recovery of excess payment of Central assistance advanced to States in the form of loans for their Plan Schemes, and discovered in the following years after the actual expenditure incurred by the States was known, was considered in 1962-63. While such excess payments are normally withheld from the loans payable in the year then current and only net amounts are authorised for payment, it was decided in consultation with the Comptroller and Auditor General that for purposes of better presentation the recoveries so effected should be adjusted distinctly in accounts as part repayment of earlier loans. In other words, the gross amounts of the year's entitlements of loans, without any deduction, were to be adjusted on the disbursement side, and covered by appropriate Appropriation. Necessary instructions to this effect were issued in December, 1962.

The Ministry of Food & Agriculture (Department of Agriculture) while sanctioning loans to State Governments in 1962-63 for their Plan Schemes in the Agriculture Sector, made deductions on account of excess payments in earlier years. They, however, inadvertently omitted to ask for sufficient provision to cover the notional disbursements represented by the adjustments in accounts in respect of the deductions so made. As a result, adjustments amounting to Rs. 353.14 lakhs, in all, remained uncovered by Appropriation.

On the other hand, in respect of Loans to States for Misc. Development Purposes, sanctions for which are issued by this Ministry, provision was duly made for the gross amounts, but one of the Accountants General adjusted the net amount actually paid, thereby leaving an amount of Rs. 153.81 lakhs, out of the provision made, unutilised. However, had the adjustments been made correctly by the Accountant General, the whole of the Excess of Rs. 353.14 lakhs, mentioned in the previous sub-paragraph, would have remained uncovered.

The procedure of adjustment indicated in the first sub-paragraph has since been reviewed in consultation with the Comptroller & Auditor General. It has been agreed that except where the recovery is on account of overpayment made during an earlier Plan period, no particular purpose is served by making adjustment on such 'Gross' basis. It has, accordingly, been decided, on 5-10-1964, to give up this practice with effect from the accounts for 1964-65.

(b) Certain evacuee agricultural land, which formed part of the Compensation Pool, comprising the source for payment of compensation to displaced persons and vesting in the Central Government under the Displaced Persons (Compensation & Rehabilitation)

Act 1954, had been allotted to displaced persons who do not have any agricultural claims. As the State Government in whose territory the land lay were anxious that the recoveries from the displaced persons for the land allotted to them should be made over a period of time, and as credit to the Compensation Pool on account of the land had to be afforded immediately, it was decided by the then Department of Rehabilitation to treat the land as having been sold to the State Government, the value of the land, estimated at Rs. 1 crore, being recovered in 10 years and the State Government being responsible for the recovery of the cost of the land from the displaced persons. Accordingly, the Rehabilitation Department issued a formal sanction on the 7th December, 1962 for the cost of the land being treated as a loan to the State Government bearing interest at 4 per cent per annum. That Department also initially proposed necessary provision to cover the adjustment, in the accounts of 1962-63, of this transaction which involved no cash payment. However, in the middle of January, 1963 they had decided that no provision was necessary in that year for this purpose as the State Government's acceptance to the terms and conditions of the loan had not been received, nor was it expected within the few days of 1962-63 then remaining and the related adjustment in accounts of that year was consequently not possible. The formal amendment to the section dated 7th December, 1962, specifying that the adjustment would be carried out in 1963-64, was however issued by the Rehabilitation Department in June 1963. By then the Accountant General had already carried out the adjustment in the accounts for 1962-63 which he found impracticable to reverse at that stage, thus, leaving the adjustment uncovered by Appropriation.

4. The above excess of Rs. 453.14 lakhs was partly counter-balanced by savings of Rs. 260.04 lakhs under other provisions for loans to States, leaving an uncovered excess of Rs. 193.10 lakhs which in accordance with the recommendation of the Public Accounts Committee contained in paragraph 7 of their 16th Report (1st Lok Sabha) requires regularisation by an Excess Appropriation under Article 115(1) (b) of the Constitution.

5. Measures to ensure a better control over expenditure adjustable under such composite Grants, which cover the requirements of all Ministries, are under consideration, as recommended in the subparagraph of item (v) of para 7 of the Committee's 16th Report (Third Lok Sabha).

6. This Memorandum has been seen by Audit.

A. R. SHIRALI,
Director (Budget)

To

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

APPENDIX XV
GOVERNMENT OF INDIA
MINISTRY OF TRANSPORT
(ROADS WING)

Note regarding Excess over the charged Appropriation for 1962-63
Relating to the Ministry of Transport and Communications

GRANT NO. 136—CAPITAL OUTLAY ON ROADS

Excess Rs. 2,199 (Charged)

The excess of Rs. 2,199/- (Charged) is the net result of excess under one sub-head in the grant partly offset by saving under its other sub-head. The sub-heads referred to are:

Sub-head	Final appro- priation	Actual ex- penditure	Variation
	Rs.	Rs.	Rs.
GROUP HEAD			
A. 1—Construction of National Highways	1,000	..	(—)1,000
A. 3.—Construction of Other Roads	15,000	18,199	(+)3,119

2. An extra expenditure of Rs. 9,193 under the sub-head "A-3 Construction of Other Roads" had to be incurred on the work of widening 12' to 16' Theog-Kotkhai-Hatkoti Road miles 51/0 to 51/4-500 in Himachal Pradesh in satisfaction of a decretal award. Certain land was acquired in March 1960 in connection with the construction of the above work and a compensation of Rs. 3,298 was paid in March 1960 at the rate fixed by the local Land Acquisition Officer. The land-owner, however, not being satisfied with the compensation, filed a suit against the Government in January, 1961 in a Court which awarded on the 11th December, 1962 compensation at an enhanced rate, as a result of which additional compensation amounting to Rs. 9,193, including interest at 6 per cent per annum (Rs. 3,133), became payable. The Government of Himachal Pradesh somehow omitted to ask for funds for meeting this charged expenditure during 1962-63. Against the provision of Rs. 5,000 made through the Supplementary Appropriation in March, 1963 for meeting the awards of the Court in respect of two other works, the actual expenditure amounted to Rs. 9,819. The expenditure was, however, misclassified by the Himachal Pradesh Public Works Department as 'Voted'. Had this expenditure been correctly classified, the actual expenditure under the sub-head "A-3" would have been Rs. 28,018 resulting in an excess of Rs. 13,018 under the sub-head. This excess was offset by a saving of Rs. 1,000 under the sub-head "A-1 Construction of National Highways". The amount thus requiring regula-

risation in terms of para 7 of the Public Accounts Committee's 16th Report (1st Lok Sabha) is Rs. 12,018 which may be please be recommended to Parliament.

3. This note has been seen by audit.

H. P. SINHA,
*Consulting Engineer
(Road Development) and
Joint Secretary.*

APPENDIX XVI

(Part 6 (vi) of Report)

MINISTRY OF HEALTH

SUBJECT:—*Appropriation Accounts (Civil) for 1962-63—Grant No. 127—Capital Outlay of the Ministry of Health—Regularisation of Excess over Voted Grant.*

The Appropriation Accounts of Grant No. 127—Capital Outlay on the Ministry of Health for 1962-63 revealed that against the final grant of Rs. 12,14,15,000/- the actual expenditure of Rs. 12,29,90,127/- was incurred, resulting in an excess of Rs. 15,75,127/-.

2. The overall excess is mainly attributable to the extra stores purchased by the Medical Stores Depots over and above the sanctioned allotment as detailed below:—

	Rs.
1. M.S. Depot, Karnal	4,64,675
2. M.S. Depot, Madras	5,82,312
3. M.S. Depot, Calcutta	5,71,092
4. M.S. Depot, Hyderabad	3,45,625
Total Excess	<u>19,63,704</u>

3. The above excess of Rs. 19,63,704/- has been partly off-set by a saving of Rs. 3,38,301/- in the accounts of the Medical Stores Depot, Bombay.

4. In view of the National Emergency, the Government of India had desired that sufficient stocks of medical stores might be kept ready in the District Hospitals and big hospitals to enable them to meet the need of the hour and the Medical Stores Organisation was asked to take the following steps to tide over any difficulties.

- (a) To despatch nearly Rs. 5 lakhs worth of stores to various States as indicated by the Ministry of Home Affairs, for setting up First-Aid Units of Civil Defence Organisations in the Emergency.
- (b) To request all States/Union Administrations to stock additional reserves of six months' supplies at least, over normal stocks.
- (c) To request the State Trading Corporation to release imported drugs/raw materials of the value of Rs. 4,75,000 out of their current imports, in connection with (b) above.

- (d) To set aside drugs for 22 one-hundred bedded new hospitals to be set up in the context of the emergency in the States.
- (e) To indent corresponding equipments of surgical units, X-Ray units, physiotherapy units as well as appurtenant domestic equipment, linen, beds, kitchen utensils, etc.
- (f) To start working double shift of the Factories situated at the two Port Depots at Bombay and Madras which are at present producing bandages, shell-dressing, tabletting sulphha drugs, etc.
- (g) To request the Commerce and Industry Ministry (Development Wing) to take steps to maximise production of drugs and allied industries, particularly in the public sector and also to furnish to the Ministry of Health a review of the present stock position, expected arrivals, and the manufacturing capacities with a view to enabling the Health Ministry to suggest urgent measures for stepping up production of essential items of drugs and hospital equipment in the country itself.
- (h) To remain in close touch with the Armed Forces Medical Services with a view to complying with any emergent needs of the latter in relation to the medical and para medical personnel, blood plasma supplies, and other medical stores items.

5. Thus heavy stores were purchased by the Depots to meet the needs of the indentors especially during the latter part of the year. In addition, more number of A/TS/Running Contracts Rate Contracts were concluded by the Director General of Supplies and Disposals, New Delhi, for purchase of Indian stores due to foreign exchange restrictions and more expenditure was incurred on transportation charges and incidental and miscellaneous expenses as a result of more stores purchased during the year. Some expenditure amounting to Rs. 5,73,509/- which was not anticipated to be debited before the close of the financial year on account of the part supply of the stores was also adjusted by the Accountant General, West Bengal in March, 1963. (Final and Supplementary) Accounts, without obtaining the prior concurrence of the Medical Stores Depot, Calcutta and thus it was not possible to make provision of funds by re-appropriation or by a Supplementary Grant.

6. Consequent on the declaration of National Emergency by the Government of India in October, 1962 and the steps taken thereunder by the Medical Stores Organisation to tide over any difficulties in the supply of medical stores, the Depots anticipated an excess of Rs. 65.37 lakhs under "Material purchases (India)". This was considered inescapable by the Directorate General of Health Services and a proposal was submitted to this Ministry in February, 1963 for obtaining a Supplementary Grant. Keeping in view the fact that all the State Governments might not draw full requirements on account of inadequate budget provision and the fact that it may not be possible to make payments for all supplies before the close

of the financial year and also after reviewing the expenditure figures relating to previous years, it was decided that no Supplementary Grant need be obtained during 1962-63 in respect of Grant No. '127' and instructions were accordingly issued on the 4th March, 1963 to all the Medical Stores Depots to stop further purchases and keep the expenditure within the limit of the sanctioned budget allotment. The various Medical Stores Depots did not, however, find it possible to adhere to the above instructions.

In view of the position explained above the net excess which stands as Rs. 15,75,127/- may be recommended for regularisation.

The note has been vetted by Audit.

GIAN PRAKASH,
Joint Secretary.

18th December, 1964.

APPENDIX XVII

MINISTRY OF WORKS AND HOUSING

Note for the Public Accounts Committee relating to regularisation of excesses in Grant No. 142—Delhi Capital Outlay, 1962-63.

(Reference: Lok Sabha Secretariat O.M. No. 2/VI/1/64/PAC dated 8th April, 1964).

The excesses disclosed in the Appropriation Accounts of the above mentioned Grant are as under:—

	Total Grant or Appropriation	Actual expenditure	(+)Excess (—)Saving
CHARGED	21,120,000	21,93,266	(+)73,266
VOTED	8,68,80,000	14,69,78,907	(-)6,07,98,907

2. The reasons for the excesses are given below for "Charged" and "Voted":—

CHARGED : (+) Rs. 73,266:-

The area-wise break-up of the actual expenditure under "CHARGED" appropriation against the final grant is as follows:—

Area	Final Grant	Actual Expen- diture	(—)Savings (+)Excess
1. Central PWD	1,73,400	1,69,290	(—)4,110
2. Delhi Administration	2,46,000	1,14,097	(—)1,31,903
3. President's Estate	3,50,600	2,60,406	(—) 90,194
4. Rehabilitation	13,50,000	16,49,473	(+)2,99,473
	21,20,000	21,93,266	(+)73,266 (Net Excess)

It would be seen that the net excess of Rs. 73,266/- is the result of setting off of a major part of the gross excess of Rs. 2,99,473/- under 'Rehabilitation' against savings in other areas.

3. For the Department (now Ministry) of Rehabilitation a provision of Rs. 10 lakhs was made in the B. E. 1962-63 for acquisition of land in Shadipur. Out of this a sum of approximately Rs. 3 lakhs was spent in July and December, 1962. A further sum of Rs. 13.40 lakhs was adjusted under this head on account of the expenditure incurred in the previous year, 1961-62, making the booked total of Rs. 16.5 lakhs. In order to avoid lapse of provision already made for this expenditure during the year 1961-62 and the need for obtaining additional funds in 1962-63, the CPWD., at the instance of the Department of Rehabilitation, took up the question of having necessary readjustments made in the accounts of the year 1961-62.

by taking special steps in consultation with the Director of Audit, F.R.S.C.S. & M., and A.G.C.R., New Delhi. On 31st January, 1963, the Additional Chief Engineer, CPWD informed the Ministry of Rehabilitation that it would be possible to have the necessary adjustments made in the accounts of the year 1961-62 and that there would be no occasion for the lapse of funds. However, the Director of Audit, F.R.S.C.S. & M., informed the Department of Rehabilitation on 21st February, 1963 that as the appropriation accounts for the year 1961-62 were at its final stage, no correction was then possible. At that time it was too late to apply for a Supplementary Grant during the year 1962-63, and hence the uncovered excess.

4. VOTED: (+) Rs. 6,07,98,907/-:

The area-wise break-up of the final grant and expenditure is given below:—

Area	Final Grant	Actual Expdr.	(+) Excess (-) Saving
1. Central P.W.D.	3,34,84,000	2,99,59,702	(-) 35,24,298
2. Delhi Admn.	2,81,22,400	2,77,47,981	(-) 3,74,419
3. C & I Ministry	1,54,600	1,34,305	(-) 20,295
4. Railway Ministry	2,26,000	2,03,977	(-) 22,023
5. Rehabilitation	41,93,000	48,37,063	(-) 6,44,063
	<u>6,61,80,000</u>	<u>6,28,83,028</u>	<u>(-) 32,96,972</u>

Amount surrendered during the year—5,24,561.

INDIA

6. Delhi (Admn.)			
(Revolving Capital)	2,00,00,000	8,40,95,879	(+) 6,40,95,879
Total.	8,61,80,000	14,69,78,907	(+) 6,07,98,907 Net excess

5. The excess under 'Revolving Capital' is explained below:—

For the implementation of the Scheme of "Large Scale Acquisition, Development and Disposal of the Land in Delhi", the Government of India, had sanctioned a Revolving Fund of Rs. 5 crores to be placed at the disposal of the Chief Commissioner Delhi. The budget provision relating to the Scheme of "Large Scale Acquisition, Development and Disposal of Land in Delhi" was made on the basis of the net amount required to be drawn from the Government out of the Revolving Fund during the years 1961-62 and 1962-63. During the year 1962-63, the total amount drawn from the Government out of the Revolving Fund was Rs. 2 crores against the final grant for that amount. The gross expenditure on the Scheme during the year, however, was Rs. 8,40,95,879, and there was an excess of Rs. 6,40,95,879 which was met out of the receipts from the disposal of land. Last year (October, 1963), at the instance of Audit, the matter in regard to the basis of budgeting was referred to the Ministry of Finance. The Ministry of Finance clarified that the system of gross budgeting was to be followed even in respect of the scheme of 'Large-scale Acquisition, Development and Disposal

of land in Delhi' for which a Revolving Fund had been sanctioned by the Government.

6. In accordance with the principal of gross budgeting, therefore, it has now become necessary to regularise the excess expenditure of Rs. 6,40,95,879/- relating to the year 1962-63. This excess did not actually involve any cash out-go from the Consolidated Fund of India.

7. The net excesses of Rs. 73,266/- under 'Charged' and Rs. 6,07,98,907/- under 'Voted' may now be recommended for regularisation by Parliament.

R. F. ISAR,

Joint Secretary to the Government of India.

NEW DELHI;

Dated the 11th January, 1965.

APPENDIX XVIII

Summary of Main Conclusions' Recommendations

Serial No.	Para No. of Report	Ministry/Department Concerned	Conclusions/Recommendations
1	2	3	4
1	1	Finance <hr/> All Ministries	(i) It is really unfortunate that inspite of their earlier observations and recommendations, the position regarding delay in submission of notes instead of showing any improvement had deteriorated further. In some cases this year, the notes were received more than seven months after the prescribed date was over. The Committee have pointed out earlier that delays in submission of notes ultimately result in the delay in the process of regularisation of the excess by Parliament. The Committee would, therefore, urge upon all the Ministries /Departments of the Government of India that they should initiate action in the preparation of detailed notes for the consideration of the Committee explaining the reasons for the excesses as soon as the Audit Report and Appropriation Accounts are presented to the House so that the notes can be finalised for submission to the Committee within the prescribed time-limit of two months.

1	2	3	4
			(ii) The Committee would like to observe that the lapse on the part of a Ministry/Department in incurring expenditure in excess of the amount sanctioned by Parliament is bad enough; the position becomes worse when it fails to submit explanation in time for such a lapse and thereby, delays the process of regularisation by Parliament. The Committee take a serious view of such delays.
2	5	<u>Finance</u> All Ministries	The Committee regret to observe that, despite their earlier recommendations year after year [e.g. Para 5 of Thirty-second Report of the P.A.C. (Second Lok Sabha)] no appreciable improvements in estimation and control over expenditure and in the prompt reconciliation of the departmental figures of expenditure with those of Accounts Office, is discernible. They feel that greater and better efforts are called for in this matter and trust that the Ministries will give this important matter the attention it deserves.
3	6(i)	<u>Industry and Supply</u> (Department of Industry) <u>Finance</u>	The Committee regret to find that as in the case of Accounts for 1961-62, this year also (1962-63), the Ministry of Industry and Supply did not make adequate provision for standing charges and liabilities already incurred. They would reiterate the recommendatoinis made in para 7 (i) of their Sixteenth Report (Third Lok Sabha) that effective steps should be taken to impose their control over expenditure so as to avoid such excesses. They also fail to understand why the debits relating to previous years could not be anticipated at the budget and revised estimates stage.
			As regards adjustments of book-debit vouchers relating to expenditure incurred by the Missions abroad during previous years, the Committee

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would invite attention to their recommendations contained in para 6(iv) of the 32nd Report (Second Lok Sabha) and reiterate that "all expenditure incurred in a year should, as a rule be adjusted in the Accounts of that year and agencies incurring expenditure on behalf of other Departments should pass on the debits and particulars there of to the Departments/Accounts Officers concerned for acceptance and adjustment well in time."

They would also like the Ministry of Finance to issue suitable instructions in the matter.

4 6(ii) Finance
 (Department of Revenue
 & Company Law)

(a) The committee would invite attention to the recommendations of the Public Accounts Committee contained in para 6(vi) of their 4 1st Report (2nd Lok Sabha) and para 7 (iii) of their 16th Report (Third Lok Sabha) that postponement of expenditure on the plea of lack of funds is objectionable and violates effective Parliamentary control. The Committee have been informed that action on the recommendation of the Committee made in their 16th Report (Third Lok Sabha) is under consideration. The Committee would urge that an early decision in the matter should be taken as it had important bearing on parliamentary control.

The Committee would also like to observe that the Government revised in December, 1962, the basis for the payment of commission charges to the P & T Department and that the latter Department intimated the additional demand in February, 1963. There was no justification for not making provision for the payment as the verification could be made and adjustments made in the accounts by book adjustment even after the close of the financial year.

(b) The Committee do not find the explanation of the Ministry regarding increase in charges paid to the Union Excise Department satisfactory. This case indicates, in their opinion, that the progress

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of expenditure was not watched closely through the Liability Register required to be maintained according to the instructions issued by the Ministry of Finance in August, 1955. The Committee desire that instructions issued on the subject should be strictly followed by all concerned by keeping proper liaison with other Departmental and Accounts Officers, so that such cases may not recur.

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6(iii) Finance
(Economic Affairs)
All Ministries

(a) The Committee consider that the practice of basing the anticipation of expenditure merely on the "trend of supplies as well as actual expenditure" is not correct as much as commitments entered into should not be ignored. The Committee are not, therefore, convinced of the arguments advanced for not accepting the suggestion of Master, India Security Press for augmentation of budget provision.

Had there been a liaison between the indenting and supplying Departments, the excess in this case would have been avoided. In this connection, the Committee would reiterate the recommendations contained in para 5 of their Report (1950-51) on the accounts of 1947-48 (Post-Partition), para 15(i) of their First Report (1951-52) and para 5 of their Second Report (Second Lok Sabha).

(b) The Committee also feel that rush of expenditure towards the close of the financial year should as far as possible, be avoided.

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6(iv) Home Affairs
Finance

(a) The Committee would like this matter (simplification of procedure for payment of freight bills) to be taken up early, with the Ministry of Finance, if not already done, and a decision simplifying the procedure for payment of freight bill taken early.

		Home Affairs	(b) The intimations in regard to bills amounting to Rs. 6.59 lakhs and Rs. 3.15 lakhs had been received from the Director General of Shipping on 18.12.62 and 21.1.63 respectively. In view of this, the surmises made by the Ministry lacked justification.
7	6(v)	Finance (Economic Affairs) <hr/> Food & Agriculture (Agriculture)	(a) The Committee regret to note the lapse on the part of the Ministry of Food and Agriculture (Department of Agriculture) in this matter (Omission to ask for sufficient provision to cover national disbursements). It is really unfortunate that such "inadvertant omissions" should have occurred. The Committee hope that such mistakes would be avoided in future.
		Rehabilitation	(b) The Committee are unhappy to note the failure of the Ministry of Rehabilitation to amend their sanction of December, 1962 in time to enable the authorities to act before the close of the financial year. The Committee need hardly emphasise that in such cases time is of essence and they hope that such delays would be avoided in future.
		Finance	(c) The Committee have been informed that measures to ensure a better control over expenditure adjustable under such composite grants, which cover the requirements of all Ministries, are under consideration. The Committee would like the matter to be finalised early, so that such excesses do not occur in future.
8	6(vi)	Health	The Committee are not at all convinced with the reasons put forward by the Ministry explaining the excess. They are unable to appreciate how the Ministry asked all the Medical Stores Depots as late as 4th March, 1963 to stop further purchases and keep the expenditure within the limit of the sanctioned budget allotment. This only shows that there was no clear planning or understanding of the matter on the part of the authorities concerned. The Committee also do not understand how the Ministry expected that issue of instructions on 4.3.1963 (when the financial year was to close on 31.3.1963) could have much effect when

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it was expected much earlier that an excess expenditure would occur. In the opinion of the Committee, in view of the fact that due to the National Emergency, the Government of India had desired that sufficient stocks of medical stores might be kept ready in the District Hospitals and big hospitals to enable them to meet the need of the hour and the Medical Stores Organisation had been asked to take certain steps to tide over the difficulties, the wiser course for the Ministry would have been to accept the proposal of the Director General, Health Services for obtaining the Supplementary Grant.

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Finance

With these observations, the Committee recommend that the excesses referred to in para 6 above may be regularised in the manner prescribed in Article 115 of the Constitution.

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