TWO HUNDRED AND TWENTY-SECOND REPORT

PUBLIC ACCOUNTS COMMITTEE (1984-85)

(SEVENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1982-83)

and

Action taken on 166th Report (Seventh Lok Sabha)

Presented in Lok Sabha on 22 August, 1984

Laid in Rajya Sabha on 22 August, 1984

LOK SABHA SECRETARIAT
NEW DELHI

August, 1984/Sravana, 1906 (Saka)

Price : Rs. 6.25

CORRIGENDA TO 222ND REPORT OF PAC(1984-85)

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7	S.No.4	Col.6	11.71.72,715+	11,71,72,785+
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(1984-85)

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2. Shri H. S. Kohli—*Chief Financial Committee Officer.*

3. Shri R. C. Anand—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 222nd Report on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1982-83 and action taken by Government on the recommendations of the Public Accounts Committee in their 166th Report (7th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1981-82. The report also includes final replies in respect of those recommendations contained in the 121st Report (Seventh Lok Sabha) in respect of which only interim replies had been furnished by Government earlier.

2. The Appropriation Accounts (Defence Services) and (Posts & Telegraphs) for the year 1982-83 were laid on the Table of the House on 23 March, 1984, while the Appropriation Accounts (Civil) and (Railways) were laid on the Table of the House on 16 April, 1984 and 24 July, 1984 respectively.

3. During the year under review, *viz.*, 1982-83, excess expenditure occurred under 21 Voted Grants/Charged Appropriations and aggregated to Rs. 365.15 crores as against Rs 359 16 crores and Rs. 462.69 crores during the years 1980-81 and 1981-82 respectively. The Committee have found that as in the last year, the bulk of the excess expenditure on the Civil side i.e , Rs 88.63 crores was contributed by one Grant alone, *viz.*, Grant No. 12—Foreign Trade and Export Production. Two Grants operated by the Ministry of Defence witnessed an overall excess expenditure of Rs. 117.36 crores, while in respect of one of the Grants administered by the Ministry of Communications, there was an excess of Rs. 91.30 crores. Six Grants administered by the Ministry of Railways contributed to an overall excess of Rs. 65.05 crores.

4. The Committee have been repeatedly expressing concern over the phenomenon of excess expenditure. Yet, year after year, Parliament is being presented with a *fait accompli* of unremitting excess expenditure. The Committee have impressed upon the Ministries/Departments to bear

in mind that excess expenditure is "unauthorised expenditure" and it betrays lack of financial discipl'ne. The Committee, however, regret to observe that there is no improvement in position. An analysis of the explanation given by the Ministries/Departments shows that, as in past, defective estimation of requirements of funds, absence of a continuous watch over the flow of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto and absence of adequate provision for adjustment of past liabilities continue to be the main reasons for excesses. The conclusion is therefore inescapable that the Ministries/Departments concerned have not made any serious attempt to remedy the situation. The Committee have emphasised once again the need for a more accurate estimation of monetary requirements and better budgetary control so as to minimise excesses over Voted Grants and Charged Appropriations, if not to eliminate them altogether.

5. Earlier, the Public Accounts Committee (1983-84) had in their 166th Report (Seventh Lok Sabha) desired that the DDA should in future strictly follow the prescribed accounting procedure in regard to remittance of receipts to the Revolving Fund. After considering the action taken note furnished by the Ministry of Home Affairs, the Committee have observed with regret that a subordinate statutory authority like the DDA should have been allowed to become a law unto itself and allowed to continue to contravene the prescribed accounting procedure for 18 long years and both the Delhi Administration and the Union Government should have acted only as helpless spectators all along.

6. The Committee examined the excesses in the light of the Explanatory Notes furnished by the Ministries/Departments concerned (Appendices I to XVI) at their sitting held on 7 August, 1984. The Minutes of the sitting form Part II of the Report.

7. The Committee's 166th Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1981-82 was presented to Lok Sabha on 18 November, 1983. The action taken notes furnished by Government in pursuance of the recommendations contained in this Report were also considered by the Committee at the aforesaid sitting and have been dealt with in Chapter III of the Report.

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

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

NEW DELHI;
August 13, 1984
Sravana 22, 1906(S)

SUNIL MAITRA,
Chairman,
Public Accounts Committee.

REPORT

PART I

CHPATER I

GENERAL OBSERVATIONS

1.1 This 222nd Report of the Committee deals with excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1982-83. The Report also deals with the action taken by Government pursuant to the Committee's recommendations contained in their 166th Report (7th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1981-82. The Report also includes final replies in respect of those recommendations contained in the 121st Report (Seventh Lok Sabha) on which interim replies had been funished by Government earlier.

1.2 The Appropriation Accounts (Defence Services) and (Posts and Telegraphs) for the year 1982-83 were laid on the Table of the House on 23 March, 1984, while the Appropriarion Accounts (Civil) and (Railways) were laid on the Table of the House on 16 April, 1984 and 24 July, 1984 respectively.

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

CHAPTER II

EXCESS GRANTS/APPROPRIATIONS

2.1 During the year ended 31 March, 1983, excess expenditure occurred under the following 21 Voted Grants and/or Charged Appropriations :

Appropriation Accounts	No. and name of Grant/Appropriation	Ministry/ Department	Excess expenditure (Rs. in lakhs).
Civil	12—foreign Grade and Export production	Commerce	88,62.56
	28—Archaeology	Education & Culture	3.98
	32—Ministry of Finance	Finance	65.78
	35—Taxes on Income, Estate Duty, Wealth-Tax and Gift Tax	Finance (Revenue)	1.44
	42—Other Expenditure of the Ministry of Finance	Finance	0.30
	56—Dadra and Nagar Haveli	Home Affairs	1.68
	57—Lakshadweep	Home Affairs	4.15*
	64—Ministry of Irrigation	Irrigation	52.98
	67—Ministry of Law, Justice & Company Affairs	Law, Justice & Company Affairs	53.66@
	91—Public Works	Works & Housing	0.15
	94—Stationery & Printing		55.99
	98—Department of Electronics	Electronics	40.39
			91,43 06

* An Excess expenditure of Rs. 4,14,634 had been reflected in the relevant Appropriation Accounts. After taking into account erroneous adjustments under capital/revenue sections, the real excess to be regularised works out to Rs. 60,564.

@ The excess expenditure disclosed under this Charged Appropriation having occurred on account of erroneous classification in the accounts, does not require regularisation in terms of paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha).

Appropriation Accounts	No and name of Grant/Appropriation	Ministry/ Department	Excess expenditure
			(Rs. in lakhs)
Defence Services	20—Defence Services—Army	Defence	115,88.13
	22—Defence Services	Defence	1,48.28
			117,36.41
Posts & Telegraphs	18—Capital Outlay on Posts & Telegraphs	Communications (P & T)	91,30.49
			91,30.49
			300,09.96*
Railways	4—Repairs and Maintenance of Permanent Way and Works	Railways (Railway Board)	3,46.35*
	5—Repairs and Maintenance of Motive Power		4,91.57*
	66—Repairs and Maintenance of Carriages and Wagons		1,27.64*
	10—Operating Expenses Fuel		11,71 73*
	13—Providend Fund, Pension and Other Retirement Benefits		22,56.85
	15—Dividend to General Revenue		20,90.34
			64 8 48
		Grand Total :	364,94.44

Details of Voted Grants/Charged Appropriations under which the actual expenditure exceeded the budgetary provision during the year under review are given overleaf.

* As reflected in the relevant Appropriation Accounts and does *not* take into account misclassifications or erroneous adjustments.

Sl. No	No. and Name of Grant	Ministry or Department	Final Grant	Actual Expenditure	Excess Expenditure	Date of receipt of Explanatory Note
1	2	3	4	5	6	7
			I. Appropriation Accounts (Civil) 1982-83			
			A. Voted Grants			
1.	12—Foreign Trade and Export Production	Commerce	1310,02,65,000	1398,65,20,673	88,62,55,673	26-5-84
2.	28—Archaeology	Education and Culture	8,56,69,000	8,60,66,476	3,97,476	14-5-84
3.	32—Ministry of Finance	Finance	52,44,00,000	53,09,78,429	65,78,429	26-5-84
4.	35—Taxes on Income, Estate Duty, Wealth-tax and Gift-tax	Finance	78,64,59,000	78,66,03,091	1,44,091	24-5-84
5.	56—Dadra and Nagar Haveli	Home Affairs	3,98,39,000	4,00,07,214	1,68,214	28-5-84
6.	57—Lakshadweep	Home Affairs	2,74,30,000	2,78,44,634	4,14,634*	28-5-84

7.	64—Ministry of Irrigation	Irrigation	90,46,23,000	80,99,20,716	52,97,716	22-5-84
8.	94—Stationery and Printing	Works & Housing	53,96,11,000	54,52,10,399	55,99,399	29-5-84
9.	98—Department of Electronics	Deptt. of Electronics	35,03,51,000	35,43,90,002	40,39,002	28-5-84
			B. Charged Appropriations			
10.	24—Other Expenditure of the Ministry of Finance	Finance	1,02,83,000	1,03,12,626	29,626	30-5-84
11.	67—Ministry of Law, Justice and Company Affairs	Law, Justice & Company Affairs	—	53,66,306	53,66,306@	28-5-84
12.	91—Public Works	Works & Housing	43,000	58,194	15,194	26-5-84

* The excess expenditure of Rs. 4,14,634 had been reflected in the relevant Appropriation Accounts. After taking into account erroneous adjustment of Rs. 3,54,070 under Capital Section instead of Revenue Section, the real excess to be regularised works out to Rs. 60,564.

@ The excess expenditure disclosed under this Charged Appropriation having occurred on account of erroneous classification in the accounts, does not require regularisation in terms of paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha).

1	2	3	4	5	6	7
			II Appropriation Accounts (Defence Services)			
			A. Voted Grants			
13.	20—Defence Services Army	Defence	3043,92,00,000	3159,80,13,416	115,88,13,416	24-5-84
14.	22—Defence Service Air Force	Defence	1255,67,10,000	1257,15,38,226	1,48,28,226	24-5-84
			III. Appropriation Accounts (Posts and Telegraphs)			
15.	18.—Capital Outlay on Posts and Telegraphs	Communications (P & T Board)	547,33,54,000	638,64,02,798	91,30,48,798	30-5-84

Appropriation Accounts (Railways)

1	2	3	4	5	6	7
1.	4—Repairs and Maintenance of Permanent way and Works		3,59,33,73,000	362,80,07,734	3,46,34,734*	27-7-84

2.	5—Repairs and Maintenance of Motive Power	2,99,02,84,000	303,94,41,106	4,91,57,106£	27-7-84
3.	6—Repairs and Maintenance of Carriages and Wagons	4,30,51,21,000	431,78,85,624	1,27,64,624@	27-7-84
4.	10—Operative Expenses—Fuel	7,70,61,01,000	782,32,73,785	11,71,72,715†	27-7-84
5.	13—Provident Fund, Pension and Other Retirement Benefits	1,71,80,05,000	194,36,90,397	22,56,85,397	27-7-84
6.	15—Dividend to General Revenues—Repayment of loans taken from General Revenues and Amortisation of over Capitalisation.	5,01,08,54, 00	521,98,87,732	20,90,33,732	27-7-84

* An excess expenditure of Rs. 3,36,34,734 had been reflected in the relevant Appropriation Accounts. After taking into account misclassification between Grants, the real excess to be regularised works out to Rs. 2,92,26,650.

£ An excess expenditure of Rs. 4,91,57,106 had been reflected in the relevant Appropriation Accounts. After taking into account misclassification between Grants, the real excess to be regularised works out to Rs. 5,21,94,902.

@ An excess expenditure of Rs. 1,27,64,624 had been reflected in the relevant Appropriation Accounts. After taking into account misclassification between Grants, the real excess to be regularised works out to Rs. 1,41,17,922.

† An excess expenditure of Rs. 11,71,72,785 had been reflected in the relevant Appropriation Accounts. After taking into account misclassification between Grants, the real excess to be regularised works out to Rs. 12,02,72,800.

2.2 It will be seen from the above statement that in 10 out of 21 cases of Excesses over Voted Grants and/or Charged Appropriations, the excess expenditure was over a crore of rupees. In the case of one Grant *viz.*, No 12 Foreign Trade and Export production operated by the Ministry of Commerce, the excess, was as high as Rs. 88.63 crores and in the 2 Grants out of 5 operated by the Ministry of Defence, the excesses was Rs. 117.36 crores. In one Grant alone—No. 0—Defence Services—Army, the excess amounted to Rs. 115.88 crores. Under Grant No. 18—Capital Outlay on Posts and Telegraphs administered by the Ministry of Communications (P & T Board), the excess expenditure was Rs. 91.30 crores. In the case of 6 Grants administered by the Ministry of Railways (Railway Board), the excess expenditure was Rs. 65.05 crores after taking into account misclassifications

2.3 Expressing concern over the persistent phenomenon of excess expenditure, the Public Accounts Committee (1983-84), in paragraph 2.8 of their 166th Report (7th Lok Sabha), had observed as under :

"The Committee had, only a year ago, viewed with concern the persistent phenomenon of excess expenditure. The Committee note that as in the previous year the bulk of the excess expenditure during 1981-82 (leaving aside Grant No. 12 Foreign Trade and Export Production, which has been dealt with later in this Report) taken place in Railways, Defence and P & T The Committee agree with the Ministry of Finance that rather than a review of the departmentalisation of accounts and IFA Scheme obtaining in Civil Ministries/Departments, the financial systems in the three other sectors should be reviewed in depth to take steps to obviate such large scale excess expenditure. The Committee would accordingly recommend an in-depth review of the financial systems in Railways, Defence and P & T by a team of high level officials They would suggest that representatives of the C & AG of Indian and the Ministry of Finance must also be associated with it The Committee would wait the outcome of the review and steps taken on the basis thereof."

2.4 In their action taken note dated 2 May, 1984 in respect of the above recommendation, the Ministry of Finance (Department of Expenditure) have stated :

"In pursuance of the Public Accounts Committee's recommendation a Committee has been set up under the Chairmanship of

Controller (General) of Accounts to make an indepth review of the financial system in Railways, Defence and P & T Sectors, and that the Public Accounts Committee would be informed of the outcome of the review that may be made by the Committee so set up and steps taken on the basis thereof."

2.5 During the year under review viz., 1982-83, excess expenditure had occured under 21 Voted Grants/Charged Appropriations and aggregated to Rs.365.1 crores as against Rs.359.16 crores and Rs 462.69 crores during the years 1980-81 and 1981-82 respectively. The Committee find that as in the last year, the bulk of the excess expenditure on the Civil side i.e. 88.63 crores was contributed by one Grant alone viz, Grant No 12-Foreign Trade and Export Production. Two Grants operated by the Ministry of Defence witnessed an overall excess expenditure of Rs 117.36 crores, while in respect of one of the Grants administered by the Ministry of Communications, there was an excess of Rs 91.30 crores. Six Grants administered by the Ministry of Railways contributed to an overall excess of Rs.65.05 crores.

The Committee have been repeatedly expressing concern over the phenomenon of excess expenditure. Yet, year after year, Parliament is being presented with a fait accompli of unremitting excess expenditure. The Committee have impressed upon the Ministries/Departments to bear in mind that excess expenditure is "unauthorised expenditure" and it betrays lack of financial discipline. The Committee, however, regret to observe that there is no improvement in position. An analysis of the explanations given by the Ministries/Departments shows that, as in past, defective estimation of requirements of funds, absence of a continuous watch over the flow of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto and absence of adequate provision for adjustment of past liabilities continue to be the main reasons for excesses. The conclusion is therefore inescapable that the Ministries/Departments concerned have not made any serious attempt to remedy the situation. The Committee are constrained to emphasise once again the need for a more accurate estimation of monetary requirements and better budgetary control so as to minimize excesses over Voted Grants and Charged Appropriations, if not to eliminate them altogether.

2.6 In pursuance of a recommendation made by the Committee, Government have set up a Committee under the chairmanship of Controller General of Accounts to make an indepth review of the financial systems in Railways, Defence and P&T Sectors to take steps to obviate large scale excess expenditure. The Committee desire that the review should be conducted expeditiously and the steps proposed to be taken on the basis of the review intimated to the Committee.

APPROPRIATION ACCOUNTS (CIVIL)
1982-83

MINISTRY OF COMMERCE

2.7 Grant No.12-Foreign Trade and Export Production
Capital Section

Voted Expenditure	Rupees
Original Grant	109,00,57,000
Supplementary Grant	1201,02,08,000
Final Grant	1310,02,65,000
Actual Expenditure	1398,65,20,673
Excess	88,62,55,673

2.8. In a note explaining the reason for the excess expenditure, the Ministry of commerce have stated as follows :

"The excess of Rs.88,62,55,673 in the Capital Section occurred because of the excess expenditure of Rs.88,68,56,886 under Technical Credits incorporated in Trade Agreements. The origional grant of Rs.80 crores for these credits was augmented by obtaining Supplementary Grants of Rs.1200 crores(Rs. 480 crores in the first batch and Rs.720 crores in the last batch). Against the final grant of Rs 1280 crores, the actual expenditure amounted toRs.1368,68,56,886. Of the excess of Rs.88 68,56,886 an amount of Rs.6,01,213 was met from savings under the Heads other than Technical Credits within the Capital Section of the Grant, leaving an uncovered excess of Rs.88,62,55.673 which needs to be regularised.

Technical credits to foreign Governments are by way of advances for use when these Governments run short of funds required to pay for their purchases from India, because the funds generated by their exports to India are found short of the requirements. The Technical credit to the foreign Governments is in the nature of temporary ways and means advance and is intended to ensure that the flow of Indian exports to these countries is not hampered by temporary shortfall in rupee availability in their Central Account in India The technical credits are, thus, in the nature of export promotion measures as they help the foreign Government concerned to proceed with the tempo of their purchases from India not withstanding seasonal gaps in resources. These advances automatically returned as soon as funds in favour of the rupee payment countries reach its Central Account.

The budget provisions for technical credits during a year are worked out well in advance, in consultation with the Ministry of Finance (Department of Economic Affairs) after taking into account such relevant factors as the past pattern of drawals, expected trade turnover, pace of deliveries etc. The amounts of the supplementary demands are also determined in the light of the actual and likely drawals over a specified period and the amount of the supplementary to be obtained in the last batch is generally finalised by the middle of January. The drawals of advances by the foreign Governments depend on the flow of contracting for various item of imports and goods shipment etc. Estimation or forecast of drawals under the technical credit arrangement by the foreign Governments is a complex and difficult exercise. At times, despite best efforts made at the time of estimation to foresee, as accurately as possible the actual expenditure exceeds the voted grants. It is not always possible to estimate precisely the timing of contracting, the flow of deliveries and payments for the various commodities involved as these are imponderable factors. The Government closely tries to monitor the matter. It may be appreciated that even after the revised estimates are finally drawn up in January, changes take place in February and March in the anticipated flow of contracting, deliveries, payments etc.

The technical credit arrangement is considered an important element in sustaining the tempo of Indian exports to the rupee payment countries. Any attempt to restrict the technical credits to the amount of the provision available, even when larger credits are required by the Foreign Governments, will only result in reduction of exports from India. The Government will, however, continue to try its best to estimate the requirements of funds as carefully and realistically as possible.

The Budget provision for Technical credits was, hitherto, being made on the basis of gross budgeting and represented drawals anticipated to be made from time to time, without off-setting repayments, credit for which was being taken as receipts. Even though the net outstanding at any given time was within the ceiling, the gross drawals of technical credits (without taking into account repayments) depending upon the number of occasions during a year in which the Government concerned resorted to drawals, exceeded the ceiling limit. The gross system of budgeting tended to inflate the Budget and, at times, led to excess in grants, though, after taking into account repayments during the year, there was not any real excess. The said procedure has since been revised in consultation with the Comptroller and Auditor General of India, and it has been decided to switch over to net budgeting from now on. The revised procedure would involve adjustment of repayments received from Foreign Governments against the balance of outstanding credit at the beginning of the year and the remaining amounts out of such repayments would be adjusted against fresh credits afforded during the year, budgeting being restricted to the actual amount outstanding out of the credits afforded during the year, after adjusting the repayments as mentioned above. It is hoped that the revised procedure would help in avoiding the excess or atleast in reducing the magnitude of the excess amounts in future.

In view of the foregoing, it is requested that the excess of Rs.88,62,55,673/-may kindly be recommended for regularisation in accordance with the provisions of Article 115(1)(b) of the Constitution.

This note has been vetted by Audit."

9 The Grant relating to Foreign Trade and Export production has witnessed excess expenditure in the past also, as indicated below :

	Amount (Rs. in lakhs)
1977-78	3285.08
1981-82	1,68,93.46

2.10 Commenting on the excess expenditure of Rs.168.93 crores under the Grant during 1981-82, the Public Accounts Committee

(1983-84) in paragraph 2.12 of their 166th Report had observed as follows :

"The original capital grant of Rs.62.08 crores in respect of Foreign Trade and Export Production was augmented to Rs.187.88 crores by suplementary grants but the actual expenditure was of the order of Rs.356.81 crores. The Committee have carefully considered the explanation offered by the Ministry of Commerce for the incredible excess expenditure of Rs.168.93 crores under the grant. The excess was on account of unanticipated drawal of technical credits by foreign countries under the rupee trade agreements. In pursurance of an earlier recommendation of the Committee the Ministry of Commerce had informed (June 1981) that a decision had been taken that actual drawals of funds would henceforth be limited to the extent possible to approved budget provisions and that the Reserve Bank of India had agreed to furnish weekly debits of gross drawals of technical credits, which it was hoped would have enabled the Ministry of Commerce to keep a watch and issue additional budgetary sanction as and when required after obtaining provisions. The Committee have now been informed that the weekly report of the Reserve Bank of India is not of much avail as significant drawals take place in the last 2 3 months of the financial year, leaving no time to cover the excesss through supplementary grant. This virtually means that the expenditure cannot be regulated within the grant, which the Committee cannot accept. The Committee would, therefore like the Ministry of Commerce to once again review the existing procedures in consultation with the Ministry of Finance (Department of Economic Affairs) and the Reserve Bank of India and also if necessary in consultation with the rupee trading countries to ensure more accurate estimation and effective watch over the flow of drawals."

2 11 In their action taken note dated 7 May 1984 the Ministry of Commerce have stated :

"The procedure for drawal by the Reserve Bank of India for providing technical credits to East European countries having rupee trade arrangements with India has been reviewed once again in consultation with the Ministry of Finance (Department of Economic Affairs) and the Reserve Bank of India. It has been the experience that imports from and exports to India by the rupee trading countries take place with varying flows although these are of a countinuous process and drawal of technical credits, repayments thereof or generation of rupee balances arise in the course. as transitory phases at different points of time during a year.

It has since been decided in consultation with the C&AG, that the requirements of funds for technical credits should be worked out on the basis of likely drawals in a financial year reduced by likely repayments against such drawals, that is to say on the basis of the net amounts required. When there are any outstandings at the end of the previous financial year against a foreign Government repayments by that Government during the budget year will, to the extent of that outstanding balance, be taken as receipt in the accounts and only the repayments there-after need be taken for net Budgeting. It is hoped that this arrangement will reduce the dimension of the problem and ensure presentation of a more realistic picture to the extent feasible, of drawal of technical credits by foreign Governments.

This Action Taken Note has been vetted by Audit."

2.12 The Capital Section of "Grant No. 12—Foreign Trade and Export Production" as a whole recorded an excess of Rs. 88.63 crores on accouut of extra expenditure of the order of Rs. 88.69 crores under Technical Credits incorporated in Trade Agreements. This extra expenditure was in spite of the augmentation of the original provision of Rs. 80 crores by Rs 1200 crores (15 times) for this purpose. This shows how inadequate was the original provision. As in the past, the excess was on account of unanticipated drawal of technical credits by foreign countries under rupee trade agreements. It has been urged that the estimation or forecast of drawals under the technical credit arrangements by the foreign Governments is a complex and difficult exercise and that it is not always possible to estimate precisely the timing of contracting, the flow of deliveries and payments for the various commodities involved as these are imponderable factors. Nevertheless the Committee do not like to be presented with a *fait accompli* year after year. They had last year desired in paragraph 2.7 of their 166th Report (7th Lok Sabha) the

Ministry to review the existing procedure and take steps to ensure more accurate estimation and effective watch over flow of drawals of Technical Credits by foreign countries. The Committee have now been informed that it has since been decided in consultation with the Comptroller and Auditor General of India to switch over to net budgeting to mitigate the problem and ensure presentation of a more realistic picture in future. The Committee would watch the outcome.

MINISTRY OF COMMUNICATIONS

2.13 Grant No. 18—Capital outlay on Posts and Telegraphs.

Capital Section

Voted Expenditure	Rupees
Original Grant	547,33,50,000
Supplementary Grant	4,000
Final Grant	547,33,54,000
Actual Expenditure	638,64,02,798
Excess	91,30,48,798

2.14 Explaining the reasons for the excess, the Ministry of Communications (P&T Board) have stated :

"The Grant provides for meeting the expenditure on the Capital Outlay on the P&T Department covering expenditure on (i) construction of post office buildings, administrative offices and staff quarters, (ii) telegraph and telephone systems (iii) long distance switching system, (iv) long distance transmission system including remote area telecommunication services through satellite, and (v) support systems of telecommunication factories, stores organisation, telecommunication research and development, training centres and P&T Civil Wing.

The above mentioned excess is the net result of excesses/

savings under the various heads as indicated below :

(In crores of Rupees)

Head of Accounts	Excess	Savings
A.1 Administrative offices	...	1.16
A.2 Post Offices	0.38	...
A.3 Staff Quarters	0.23	...
A.4 R. M. S. Vans	...	0.60
B.1 Telegraph Systems	9.29	...
B 2 Local Telephone Systems	62.51	...
B.3 Long Distance Switching Systems	12.19	...
B.4 Transmission systems	10.43	...
B.5 Ancillary Systems	...	9.95
B.6 Other land & Buildings	6.41	...
B.7 General	1.57	...
	103.01	11.71

The net excess of Rs. 91.30 crores was mainly due to rapid progress in construction of buildings for operative offices, escalation in cost of apparatus and plant equipments and lines and wire material due to price rise of base material and receipt of more lines and wire materials, than anticipated.

Out of the sanctioned grant of Rs. 442 crores under plan Major Head 556-Telecom Services Rs. 328 crores were proposed to be utilised on direct procurement of materials from imports, indigenous sources of I. T. I., H.C.L. Telecommunication factories, expenditure on Land and Buildings, installation and overhead charges. The balance of Rs. 114 crores was available to the units for procurement of stores through to Telecommunication Stores organisation which was also authorised to make local purchase of stores to the extent of

Rs. 31.35 crores. The expenditure of stores organisation however, on direct purchase was Rs. 126.73 crores largely because of the orders already placed taking into consideration the lead time for such supplies which generally varies from 6 months to 24 months. A sizeable portion of the stores were received in the closing months of the year. The supplies were mostly from small scale industries and their payment could not be withheld due to contractual obligation. The supply of stores to the units to meet the requirements of works in progress and for new works amounted to Rs. 203.48 crores against the allocation of Rs. 114 crores.

Instructions have been issued to all concerned to keep the expenditure within the sanctioned grant by reviewing the pending purchase orders and if necessary, re-scheduling them so as to avoid any possibility of excess expenditure over the sanctioned grant.

In the circumstances explained above, the net excess of Rs. 91,30,48,798 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constition of India.

This has been vetted by Audit *vide* his U. O. Note No. RR-III-232/1 (b) 406/82-83/Ch II dated 29.5.1984."

2.15 The following table shows the expenditure incurred in excess of the budgetary provision in the Grant operated by the Ministry of Communications from the year 1971-72 onwards :

Year	Excess Expenditure
	(in crores of Rupees)
1971-72	14.50
1972-73	0.70
1973-74	2.58
1974-75	9.04
1975-76	11.95
1976-77	16.20
1977-78	—
1978-79	—
1979-80	9.37
1980-81	19.50
1981-82	51.64
1982-83	91.30

2.16 There was an overall excess of Rs. 91 30 crores under Capital Section of Grant No. 18—Capital Outlay on Posts and Telegraphs. Against the final Grant of Rs. 547 34 crores, the actual expenditure amounted to Rs. 638.64 crores. The net excess is the highest since 1971-72. The excess expenditure was largely due to the fact that the value of stores supplied to the units to meet the requirements of works in progress and for new works, was far higher than that provided for in the Budget. The actual value of such stores was Rs. 203 48 crores as against the allocation of Rs 114 crores. The Committee fail to understand why it should not have been possible for the Ministry to find out well before the close of the financial year that the expenditure on this account was going to be far in excess of the original allocation. This points to a serious deficiency in the existing system of monitoring and expenditure control in the Ministry. The Committee note that the Ministry have issued instructions to all concerned to keep the expenditure within the sanctioned grant by reviewing the pending purchase orders and, if necessary, by "rescheduling" them. The Committee trust that the Ministry will ensure that the instructions issued by them in this regard are compiled with by the lower formations in letter and spirit. The Committee will also like the Ministry to take all other necessary steps to tighten up the existing system of monitoring and expenditure control in the Ministry.

MINISTRY OF DEFENCE

2 17 Grant No. 20—Defence Services—Army

Voted Expenditure	Rupees
Original Grant	2919,60,42,000
Supplementary Grant	124,31,58,000
Final Grant	3043,92,00,000
Actual Expenditure	3159,80,13,416
Excess	115,88,13,416

2.18 In a note furnished to the Committee, explaining the reasons for excesses, the Ministry of Defence have stated as follows :

"The excess of Rs. 115.88,13,416 was the net result of excesses/savings under the various Sub-Heads in the Grant. It was mainly attributable to the excess of Rs. 94 49 crores under the

Sub-head A.9—Stores, Rs. 22.80 crores under the Sub-head A.10—Works, Rs. 8 66 crores under the Sub-head A.1—Pay and Allowances and Rs. 5.50 crores under the Sub-head A.4—Transportation, and saving of Rs. 28.02 crores under Sub-Head A.6—Ordnance Factories.

A.1—Pay and Allowances of Army (Rs. 1 66 crores)

The original grant under this head was Rs. 865.17 crores which was increased to Rs. 894.16 crores by obtaining a Supplementary Grant of Rs. 28.99 crores in March, 1983. This was further increased to Rs. 968.58 crores by reappropriation. The expenditure under this head was Rs. 977 24 crores leading to an excess of Rs. 8.66 crores. The excess was mainly due to (i) higher expenditure on Leave Travel Concession for Officers, (ii) higher *per capita* rate of Pay and Allowances of Junior Commissioed Officers/Other ranks and ration allowances for Junior Commissioned Officers/Other Ranks and Defence Security Corps personnels.

A.4—Transportation (Rs. 5.50 crores)

The original grant under this head was Rs. 48.11 crores which was increased to Rs. 57.00 crores by reappropriation. The actual expenditure under this head amounted to Rs. 62.50 crores leading to an excess of Rs. 5.50 crores. This excess was due to transportation of imported stores by rail within the country.

A 9—Stores (Rs. 94.49 crores)

The original grant this head was Rs 784 10 crores. This was reduced to Rs. 671.30 crores by reappropriation. The expenditure under this head amounted to Rs. 765 79 crores leading to an excess of Rs. 94.49 crores. This excess was attributable to (i) more materialisation of Army Ordnance Corps, Medical and Veterinary Stores than anticipated, (ii) price escalation of various Army Service Corps Stores including Petrol, Oil and Lubricants, (iii) stoppage of piecemeal movement of wagons by Railway Board resulting in payment of higher State Sales Tax on local drawals of Petrol, Oil and Lubricants and (iv) booking of expenditure on road transportation from Indian Oil Corporation Installations to Petrol, Oil and Lubricants Depots.

A.10—Works (Rs. 22.80 crores)

The original grant under this head was Rs. 169.50 crores which was increased to Rs. 176.63 crores by reappropriation. The actual expenditure amounted to Rs. 199.43 crores leading to an excess of Rs. 22.80 crores. The excess was mainly due to (i) Steep rise in cost of Stores, Spares and Labour, (ii) urgent and inescapable Special repairs, (iii) increase in consumption of water, electricity and the tariff rates thereof and (iv) more expenditure on procurement of stores for Parks and Divisional stocks.

The above excesses were partly offset by saving of Rs. 28.02 crores under Sub-Head A.6—Ordnance Factories leaving a net excess of Rs. 115.58 crores, which requires regularisation.

Instructions already exist for framing the Defence Budget Estimates on realistic basis depending on the requirement and to exercise a close and constant watch on the trend of expenditure with reference to sanctioned provision. The progress of Defence expenditure is analysed periodically and instructions are issued to the Services Hqrs., etc., to contain the expenditure within the allocated budget. Further, as per the recommendations contained in para 2.8 of the 166th Report of PAC, 1983-84, 7th Lok Sabha, on Excess over Voted Grants and Charged Appropriations 1981-82 and action taken by Government on 121st Report by PAC (7th Lok Sabha), a team of high level officials headed by Controller General of Accounts has been constituted to review the financial systems in the Defence, Railways and P&T Sectors. Necessary further action to contain the expenditure within the funds allocated will be taken on receipt of Government decision on the recommendations of this team.

In view of the circumstances explained above, the excess of Rs. 115,88,13,416 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

DADS has seen."

2.19 **The Committee find that bulk of the net excess of Rs. 115.88 crores under Grant No. 20—Defence Services—Army, is contributed by sub-heads A. 9—Stores (Rs. 94.49 crores) and A. 10—Works (Rs. 22.80 crores). But for savings under other sub-heads, the excess under this Grant would have been much more *i.e.*, Rs. 143.90 crores. As in the past, more materialisation of stores than anticipated, price esclalation of stores including petrol, oil and lubricants, increased tariff rates of water and electricity charges and accelerated progress of works have been stated to be the main reasons for excess expenditure. The Committee are concerned to note that the excess under this Grant has become an almost recurring phenomenon and the position has been deteriorating, instead of improving. The very fact that year after year, the excess is attributed to the same causes indicates that no serious efforts have been made by the Ministry to go deep into the malady and to apply effective correctives. However, the Committee would await the outcome of the indepth review of the Financial Systems in Defenee Sector referred to earlier in this Report.**

MINISTRY OF HOME AFFAIRS

2.20 Grant No. 57—Lakshadweep

Capital Section

Voted Expenditure	Rupees
Original Grant	2,57,65,000
Supplementary Grant	16,65,000
Final Grant	2,74,30,000
Actual Expenditure	2,78,44,634
Excess	4,14,634*

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

"The original Grant of Rs. 2,57,65,000 under 'Voted' portion was augmented to Rs. 2,74,30,000 by obtaining a Supplementary Grant of Rs. 16,65,000 in March, 1983. The actual expenditure

*Out of this excess expenditure, Rs. 3,54,070 does not require regularisation, the excess having been caused by erroneous adjustment in accounts.

during the year, however, amounted to Rs. 2,78,44,634 resulting in an uncovered excess of Rs. 4,14,634. An amount of Rs. 3,54,070 has been erroneously adjusted under Capital Section instead of Revenue Section of the Grant. The real excess works out to Rs. 60,564. To avoid misclassification of expenditure, the Administration has been asked to ensure the completion of reconciliation work in time *vide* D.O. letter No. U.150.6/2/83-Ac. II dated 24-5-1984 (Copy enclosed).**

The excess of Rs. 60,564 which was the net result of excesses and savings under various sub heads in the Grant, occurred mainly under the Major Head 537-CC. 5—Capital outlay on Roads and Bridges, CC. 5 (1)—District and other Roads CC. 5(1) (1)—Other Roads (Rs. 23,21,523 excluding the misclassification of Rs. 3,54,070). Under the 20 point programme to meet the pressing necessities of the rural population of the Islands, it was decided to construct 9 Kilometer cement concrete road in place of 3 Kilometer originally provided for in the Budget. At that time it was assessed that sufficient savings would be available to cover the extra expenditure on construction of roads. Hence Rs. 24 lakhs was provided under this head by re-appropriation. But the actual expenditure under the Capital Section turned out to be higher than framed at that time leaving an uncovered excess of Rs. 60,564.

In the circumstances explained above the excess of Rs. 60,564 under the Capital Section of the Grant which constitutes only about 0.22 per cent of the total sanctioned provision of Rs. 2,74,30,000 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

The note has been seen by Audit."

2.22 There has been an erroneous adjustment of Rs. 3,54,070 in the Capital Section of Grant No. 57 Lakshadweep instead of Revenue Section of the Grant which shows that timely reconciliation of departmental figures of expenditure is not undertaken. Since erroneous adjustments

** Reproduced under Appendix X.

vitiate sound budgetary control, the Committee hope that in future fool-proof measures would be devised to obviate recurrence of misclassifications. Mere issue of instructions to the Administration as has been done, may not serve the desired objective unless responsibility for such lapses is fixed invariably at the supervisory level for appropriate action.

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS

(Department of Company Affairs)

2.23 Grant No. 67—Ministry of Law, Justice and Company Affairs.

Revenue Section

Charged Expenditure	Rupees
Original Appropriation	nil
Supplementary Appropriation	nil
Final Appropriation	nil
Actual Expenditure	53,66,306
Excess	53,66,306*

2.24 In a note, explaining the reasons for excess in the charged portion of the Grant, the Ministry of Law, Justice and Company Affairs have stated as follows:

"The excess of Rs. 53,66,306 occurred in the charged portion of the Grant on account of payment towards rent for the period from 31st January, 1978 to 28th February, 1983 in respect of a building hired by the Department of Company Affairs. The payment was made in terms of an interim order of the High Court of Delhi passed on 26.10.1982.

*The excess expenditure disclosed under this Charged Appropriation having occurred on account of erroneous adjustment in accounts does not require regularisation in terms of paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha).

There was a dispute about the rent payable and the arbitrator's award was not accepted by the Department which went in appeal to the High Court. On the basis of the Court's interim order, part payment of Rs. 53,66,306 was made to the owners of the building towards rent for the aforesaid period. Although the payment was initially treated as voted expenditure, it was later thought that, it should be charged on the Consolidated Fund of India. As there was no provision under the charged portion, this payment resulted in excess.

In February, 1984 the Ministry of Law clarified that payment made in pursuance of final decree of a Court should only be treated as 'charged' on the Consolidated Fund of India in terms of Article 112(3) (f) of the Constitution. Thus, the expenditure has resulted on account of erroneous classification in the accounts which would not require regularisation in view of the recommendations of the Public Accounts Committee (First Lok Sabha) contained in paragraph 7 of their 16th Report. There were sufficient savings in the Voted Grant to cover this additional expenditure.

This note has been vetted by Audit."

2.25 The Committee note that the excess expenditure of Rs. 53,66,306 recorded under the charged portion of the Revenue Section of Grant No 67—Ministry of Law, Justice & Company Affairs as a result of erroneous classification of a 'Voted' item of expenditure as a 'Charged' item, does not require regularisation in terms of paragraph 7 of the Committee's 16th Report (First Lok Sabha). Even so, the Committee are surprised how the expenditure initially correctly classified as 'Voted' expenditure came to be viewed as 'Charged' expenditure and how only belatedly Law Ministry's clarification was obtained in February, 1984 resulting in its remaining recorded in the books of accounts relating to the Department of Company Affairs as 'Charged' expenditure. The Committee hope that the Department of Company Affairs will be more alert in future and avoid such misclassifications in the final accounts.

APPROPRIATION ACCOUNTS (RAILWAYS) 1982-83

2.26 During the year 1982-83, the actual expenditure under Grants administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allocation in 6 Grants. The excess expenditure during the year 1982-83 aggregated to Rs. 65.05 crores (after taking into account misclassifications of expenditure), as compared to the excess of Rs. 247.29 crores in 1980-81 and Rs. 88.62 crores in 1981-82. The excesses during the year 1981-82 occured under the following Grants/Appropriations :.

Sl. No.	Name of Grant/ Appropriation	Final Grant (Rs.)	Actual expenditure (Rs.)	Excess (inclusive/ exclusive of mis-classifications) (Rs.)
1.	No. 4—Working Expenses—Repairs and Maintenance of Permanent Way and Works.	359,33,73,000	362,80,07,734	2,92,26,650@
2.	No. 5—Repairs and Maintenance of Motive Power.	299,02,84,000	303,94,41,106	5,21,94,902@
3.	No. 6—Repairs and Maintenance of Carriages and Wagons.	430,51,21,300	431,78,85,624	1,41,17,922@
4.	No. 10—Operating Expenses—Fuel	770,61,01,000	782,32,73,785	12,02,72,800@
5.	No. 13—Provident Fund, Pension and other Retirement Benefits	171,80,05,000	194,36,90,397	22,56,85,397
6.	No. 15—Dividend to General Revenues—Repayment of Loans taken from General Revenues and Amortisation of Over Capitalisation	501,08,54,000	521,98,87,732	20,90,33,732

@ After taking into account modifications between the Grants.

2.27 In a note furnished to the Committee explaining the reasons for excess expenditure, the Ministry of Railways (Railway Board) have stated as follows :

"During the year 1982-83 there was an over all saving of Rs. 5.60 crores over the final Grants and Appropriations resulting from an aggregate savings of Rs. 70.44 crores under 10 Grants (No. 1, 2, 3, 7, 8, 9, 11, 12, 14 and 16) and 12 Appropriations (No. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 16) and aggregate excess of Rs. 64.84 crores under 6 Grants (4, 5, 6, 10, 13 and 15). (Reference Para 6, 7 of the Report of Comptroller and Auditor General of India for the year 1982-83 Union Government (Railways), para 25—Excess over Voted grants—para 26—Savings under Voted grants and Para 27—Savings under Charged Appropriation of the Appropriation Accounts of the Railways in India for the year 1982-83—Part 1—Review).

1.2 The Excesses under 6 Grants are explained as under :

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

Original Grant	—340,87,96,000
Supplementary Grant	— 18,45,77,000
Total Sanctioned Grant	—359,33,73,000
Actual Expenditure	—362,80,07,734
Excess	— 3,46,34,734
Percentage of excess over the final grant	— 0.90%

A Grant of Rs. 340.88 crores was obtained at the Budget Estimate Stage. A Supplementary Grant of Rs. 18.46 crores was obtained in March, 1983 on account of post budgetary impact of additional dearness allowance instalments, de-casualisation of labour, Productivity Linked Bonus, increase in cost of material, contractual payments, contingent expenses, other allowances etc.

The excess of Rs. 3,46 crores occurred mainly under sub-head Maintenance of Permanent way. Primary unit wise, the above excesses were under Contractual payments (Rs. 1.18 crores), cost of material (Rs. 0.87 crores), dearness allowances (Rs. 0.62 crores) Other expenses (Rs. 0.55 crores) and aggregate of minor variation under other heads (Rs. 0.24 crore). Of the total excess, the largest excess (Rs. 2.45 crore) occurred on Eastern Railway due to its failure to make adequate provision made for various items of expenditure such as D.A., Salary and Wages, cost of material directly pruchased and other allowances.

There was a misclassification of Rs. 54,08,084 on account of expenditure relating to other grants, but wrongly booked under this grant. Thus, taking into account the effect of misclassification, the real excess requiring regularisation by Parliament works out to be Rs. 2,92,26,650 i.e. 0.81% over the final grant.

(ii) *Grant No. 5—Repairs and Maintenance of Motive Power.*

Original Grant	—2,97,01,95,000
Supplementary Grant	— 2,00,89,000
Total Sanctioned Grant	—2,99,02,84,000
Actual Expenditure	—3,03,94,41,106
Excess	— 4,91,57,106
Percentage of excess over final grant	— 1.64%

A Grant of Rs. 297.02 crores was obtained at the Budget Estimate stage. A supplementary grant of Rs. 2.01 crores was obtained in March 1983, on account of post-budgetary impact of additional dearness allowance, contractual payments, productivity linked bonus, other expenses and other allowances etc.

The excesses were mainly under subhead 'Steam Locomotives, (Rs. 1.61 crores) and 'Diesel Locomotives' (Rs. 2 70 crores) due to more expenditure under cost of materials and other expenditure off set by savings under subhead 'Establishment in offices' (Rs. 0.24 crores).

Primary unitwise, the above excess (Rs. 4 91 crores) were under other expenses (Rs. 2.79 crores), cost of material (Rs. 2.20 crores); partly off set by aggregate of minor variation under other heads (Rs. 0.08 crore) etc. Of the total excess, the largest excess occurred on Central Railway under Diesel Locomotives mainly on stores and material and running repairs to diesel locos etc.

There was a misclassification of Rs 30,37,796 on account of expenditure relating to this grant having been wrongly booked under other grants. Thus, taking into account the effect of misclassification the real excess requiring regularisation by the Parliament works out to Rs. 5,21,94,902 i.e. 1.75% over the final grant.

(iii) *Grant No. 6—Repairs and Maintenance of Carriages and Wagons*

Original Grant	—	410,41,01,000
Supplementary Grant	—	20,10,20,000
Total Sanctioned Grant	—	430,51,21,000
Actual Expenditure	—	431,78,85,624
Excess	—	1,27,64,624
Percentage of Excess over the Final Grant	—	0.30%

A grant of Rs. 410.41 crores was obtained at the Budget Estimate stage. A supplementary grant of Rs. 20.10 crores was obtained in March, 1983. On account of post-budgetary impact of additional dearness allowance, other allowances, other expenses, productivity linked bonus, contingent expenses, contractual payments, etc.

The excess of Rs. 1.28 crores was mainly under sub-heads "Carriages" and "Miscellaneous Repairs and Maintenance Expenses" offset by major saving under "Wagons". Primary unit wise, expenses were recorded under other expenses (Rs. 1.18 crores) and cost of materials (Rs. 0.56 crore) off set by aggregate savings under other heads (Rs. 0.46 crore). Of the total excess, largest excess occurred on Central

Railway mainly due to increase in periodical overhauls and special repairs to wagons.

The expenditure to the extent of Rs. 13,53,298 relating to this grant was wrongly booked under other grants. Thus, taking into account the effect of misclassification the real excess requiring regularisation by the Parliament works out to Rs. 1,41,17,922 i.e. 0.33% over the final grant.

(iv) *Grant No. 10—Operating Expenses—Fuel*

Original Grant	—718,61,82,000
Supplementary Grant	— 51,99,19,000
Total Sanctioned Grant	—770,61,01,000
Actual Expenditure	—782,32,73,785
Excess	— 11,71,72,785
Percentage of Excess over the final Grant	— 1.52%

A grant of Rs. 718.62 crores was obtained at Budget Estimate state. A supplementary grant of Rs. 51.99 crores was obtained in March, 1983 on account of revision in the price of coal, revision in the Electric tariff announced by State Electricity Boards increase in G.T. Kms., freight and handling charges, other expenses and staff cost, partly off set by savings in consumption of coal due to decrease in traffic on this traction and less generation of power in Railway Power Houses etc.

The excess of Rs. 11.71 crores was mainly under Sub Head "Steam Traction" and "Diesel Traction".

Under 'Steam traction' the largest excess occurred on North Eastern Railway mainly on consumption of coal due to increase in the number of Passenger trains run drop in average speed, etc.

Under 'Diesel traction' the largest excess occurred on Northern Railway owing to more haulage of traffic in the latter part of the year than anticipated off set by aggregate of minor savings under other heads.

The primary unit wise excesses were recorded under cost of material (Rs. 7.15 crores), other expenses (Rs. 4 62 crores) off set by savings under other heads (Rs. 0.05 crore).

There was a misclassification of Rs. 31,00,015 on account of expenditure relating to this grant wrongly booked under another grant. This taking into account the effect of misclassification, the real excess requiring regularisation by the Parliamentary works out to be Rs. 12,02,72,800 *i. e.* 1.56%.

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

Original Grant	—151,87,31,000
Supplementary Grant	— 19,92,74,000
Total Sanctioned Grant	—171,80,05,000
Actual Expenditure	—154,46,90,397
Excess	— 22,56,85,397
Percentage of excess over the final grant	— 13.14%

A Grant of Rs. 151.87 crores was obtained at Budget Estimate stage. A Supplementary Grant of Rs. 19 93 crores was obtained in March, 1983 on account of more payment of D.C R G., superannuation and retiring pension, commuted pension, family pension and also on account of post-budgetary increase on account of additional instalment of dearness allowance to the pensioners during the course of 1982-83 etc.

The excess of Rs. 22.57 crores was mainly due to receipt of more debits including arrear debits for superannuation and retirtng pension (Rs. 17,57 crores), Family pension (Rs. 4.91 crores), Commuted pension (Rs. 3.40 crores), minor variation under other heads (Rs. 0.12 crores); partly off set by saving under depth-*cum*-retirement gratuity (Rs. 1.00 crore), gratuity and special contribution to provident fund (Rs. 1.23 crores) and contribution to provident fund (Rs. 1.20 crores).

There was no misclassification under this grant and therefore, the excess requiring regularisation by Parliament works out to Rs. 22,56,85,397 *i.e.* the same as disclosed in the Appropriation Accounts.

(*vi*) *Grant No. 15—Dividend to General Revenues—Repayment of Loans taken from General Revenues and Anortisation of Over Capitalisation*

Original Grant	—479,33,20,000
Supplementary Grant	— 21,75,34,000
Total Sanctioned Grant	—501,08,54,000
Actual Expenditure	—521,98,87,732
Excess	— 20,90,33,732
Percentage of excess over the final Grant	— 4.17%

A Grant of Rs. 479.33 crores was fixed at the Budget Estimate stage. A supplementary grant of Rs. 21.75 crores was obtained in March 1983 on account of payment of dividend to General Revenues (including arrears for the year 1980-81 and 1981-82 computed at a higher rate of dividend recommended by R.C.C. 1980 (Rs. 53.06 crores), payment of more interest on outstanding loans obtained from General Revenues for Development Fund (Rs. 0.56 crore). This was partly offset by less provision made for payment of Deferred Dividend Liability prior to 1978-79 (Rs. 31.87 crores).

The excess of Rs. 20.90 crores was mainly due to more surplus having been generated during the year resulting in more liquidation of Deferred Dividend Liability payment relating to the period prior to 1978-79 than anticipated.

In the circumstances explained above the excess in the above grants may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

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

This has been seen by Audit."

2.28 The aggregate amount of excess expenditure under six Grants/Appropriations administered by the ministry of Railways (Railway Board) during the year 1982-83 was Rs. 65.05 crords, even after obtaining supplementary Grants amounting to Rs. 134.24 crores. An analysis of the reasons for excess expenditure over authorised allocations indicates that, as in the past, defective estimation of requirement of funds, lack of proper and timely review and monitoring of funds, failure to anticipate properly and provide fully for cost of materials for periodical overhauls and special repairs to wagons etc., have mainly contributed to the excess expenditure The Committee have no doubt that by a better control over expenditure and more accurate estimation of liabilities, much of the excess expenditure could have been avoided. The Committee also note that a sizeable part of the excess expenditure was on account of pay and allowances/retirement benefits. The Committee have repeatedly emphasised that there should be no excess expenditure on account of pay and allowances as there is no element of uncertainty on this account.

The Committee had been informed only last year that soon after the excess expenditure over Voted Grants for the year 1980-81 came to light, a number of measures were initiated by the Railway Administration to tighten up their control machinery. The expenditure control machinery was revamped and put under the direct charge of an dditional General Manager (Expenditure Control) on each Zonal Railway headquarter and an Additional Divisional Railway Manager (Expenditure Control) on each Division. The Committee had been assured that the measures initiated for expenditure control were being kept up without any let up and the Ministry of Railways expected that the actuals for 1982-83 would show better results That there have been huge excesses during the year 1982-83 also only shows that the various expenditure control measures initiated by the Ministry have not yet led to the desired improvement. The Committee hope that the Ministry will continue their efforts to further improve the position.

2.29 The Committee find that misclassification of expenditure in Railways has become almost a regular feature. During the year under review, there have been misclassifications of expenditure in as many as four Grants out of the six Grants which have recorded excess expenditure. The Committee are led to the inescapable conclusion that the Ministry of Railways have failed to effectively tackle the problem of misclassifications of expenditure between various grants. The Committee would again urge the Ministry of Railways to undertake a thorough scrutiny of the reasons for large scale misclassifications and to devise fool-proof measures to obviate recurrence of misclassifications, which only vitiate sound budgetary control. The Committee would also like the Ministry to fix responsibility for such patent crrors as soon as they occur.

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

CHAPTER III

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 166TH REPORT (7TH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1981-82 AND ACTION TAKEN ON 121ST REPORT (7TH LOK SABHA)

3 1 166th Report (7th Lok Sabha) of the Public Accounts Committee (1983-84) on Excesses over Voted Grants and Charged Appropriations for the year 1981-82 was presented to Lok Sabha on 18 November, 1983. The Report contains 14 recommendations/observations, Action Taken Notes on all recommendations except Sl. No. 10 have been received from the Ministries concerned and are reproduced in Appendix XVII. Of these, 3 recommendations (Sl. No. 2 12 & 13) pertained to more than one Ministry. These have been categorised as follows :

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

Sl. No. 1,3,4,7-9, 11-13

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

Sl. No. 5&14

(iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration :

Sl. No 6

(iv) Recommendations or observations in respect of which Government have furnished interim replies/no replies :
Sl. No. 2&10

3.2 In accordance with the time schedule prescribed by the Committee in their 5th Report (4th Lok Sabha), notes on the action taken by Government on the recommendations contained in their 166th Report were required to be furnished by 17 May, 1984. An analysis of the receipt of action taken notes from the Ministries (in some cases from more than one Ministry), however, discloses the following position :

			Name of the Ministry
(i)	Number of notes received by due date *i.e.* 17-5-1984	9	
(ii)	Number of notes received by extended time (*i.e.* 30-6-8)	3	
(iii)	Number of notes received after 30-6-84	1	Communications (P&T Board) (Received on 21-7-84)
(iv)	Number of notes not received even after the extended time (*i.e.* 30-6-84)	1	Railways (Railway Board)

3 3 The Committee have been commenting upon avoidable delay in submission of action taken notes, as also stressing that the notes should invariably be furnished to them within the stipulated time limit of 6 months. While 9 notes were received by the due date *viz.* 17-5 1984, 3 notes; one fr m the Ministry of Defence and 2 notes from the Ministry of home Affairs were received by the extended period. One note from the Ministry of Communications has been received on 21-7-84. One note from the Ministry of Railways (Railway Board) has not yet been received. The Committee would once again like to stress on the Ministries/ Departments concerned *i.e.* the Ministry of Communications (P&T Board) and the Ministry of Railways (Railway Board) the need to ensure strict adherence to the prescribed time schedule.

NON-REMITTANCE BY D.D.A. OF SURPLUS RECEIPTS OVER EXPENDITURE TO THE REVOLVING FUND (PARAGRAPH 2.26)

3.4 Commenting on the non-remittance by the Delhi Development authority of the surplus of receipts over expenditure to the Revolving Fund, prior to the close of financial year, as required under the prescribed accounting procedure, the Committee had, in paragraph 2.26 of their 166th Report (Seventh Lok Sabha) observed as under :

"There was an excess expenditure of Rs. 5.99 crores and Rs. 16 70 crores respectively in the Revenue and Capital Sections (voted) of Grant No. 53-Delhi. But for savings under certain heads the overall excess in Revenue Section would have been Rs. 7.89 crores and in the Capital Section Rs. 17.72 crores. During the year 1980 81, the excess was to the tune of Rs. 11.73 crores. As in the previous year bulk of the excess in 1 81-82 in the Revenue Section was due to purchase of more building materials at escalated costs following voluminous increase in construction work connected with Asian Games, 1982. The Committee note *inter alia* that in pursuance of an earlier recommendation of the Committee, a revised accounting procedure has since been introduced by the Ministry of Works and Housing from the financial year 1982-83 and it is expected that the booking of expenditure under normal budgetary suspense accounts will be confined to the provisions appearing in the budget. The Committee have also been informed that the Delhi Administration has also introduced a system of Managment Accounting from the quarter ending 30 June, 1982 to enable the Heads of Departments to review the monthly progress of expenditure. The Committee desire that the Ministry should ensure that there is no significant excess expenditure over the voted grant in future.

The Committee note that out of the total excess expenditure of Rs. 16 70 crores under the Capital section of the Grant Rs. 9.91 crores represented non-remittance by the Delhi Development Authority of the surplus of receipts overexpenditure to the Revolving Fund, prior to the close of the financial year, as required under the prescribed accounting procedure. As a result, the surplus receipts were treated as advanced to the D. D. A., resulting in excess over the budget provision. The Ministry have assured that all efforts are now being made to persuade the D. D. A. to observe the accounting procedure strictly and start remittance of receipts realised by them on account of premium, etc. to the Revolving Fund before the close of the financial year. The Committee are surprised that the D. D. A. should have, in disregard of the prescribed procedure, failed to remit the surplus receipts the Revolving Fund, prior to the close of the financial year and that the Ministry should have remained a helpless spectator still trying to "persuade" the D. D. A. The Committee desire that the D. D. A. should strictly follow the prescribed accounting procedure in future."

3.5 In their action taken note* dated 25 June, 1984, the Ministry of Home Affairs have stated :

"The observations of the Committee have been brought to the notice of the Ministry of Works and Housing who provide the budget provision for 'Works' and the Delhi Administration who control expenditure for strict compliance.

The Accounting procedure relating to scheme of 'Large Scale Acquisition, Development and Disposal of Land' in Delhi prescribed in 1961 provides that all receipts are to be credited to the Revolving Fund and expenditure is to be met out of it exclusively by drawal of cheques. This procedure remained in force till January, 196\ when, due to some financial difficulties of DDA, it was decided by the then Financial Adviser, Delhi Administration, that as a temporary measure, the DDA may be allowed to utilise receip s realised on behalf of Delhi Administration in 1976 for regularisation of the above relaxation. The Delhi Administration wrote to the Vice-Chairman, DDA requesting that direct utilisation of receipts towards expenditure may be discontinued forthwith and the receipts should be remitted to the Administration for credit to the Personal Ledger Account of the Housing Commissioner every month and DDA's requirement of expenditure on development of Land may also be sent to the Administration for issue of cheques in their favour.

Since the DDA did not discoutinue the practice of utilising the receipts directly and did not regularly remit the surplus

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* Not vetted in Audit.

of receipts to the Revolving Fund, the Administration has no option but to show the with-held funds as advances to DDA thereby resulting in excess expenditure over the budgeted amount. The matter was examined in consultation with the Controller of Accounts, Delhi Administration and it was suggested to the DDA that surplus of receipts over the budgeted figure may be deposited in the Revolving Fund after restricting the advances to their Development divisions to the extent of budgeted allotment Finance Member, DDA, however, expressed some practical difficulties in adopting this procedure. He has suggested that there should be a quarterly reconciliation of figures relating to receipts and expenditure with a view to arrive at the amount payable to and from the Revolving fund. The final overall cast settlement may take plac in June each year (taking into account the c uals covering January to March as well).

The Dehi Administration is being requested to hold a meeting with the representatives of the Ministry of Works and Housing and the DDA to take final decision on the point whether the prescribed proced re should be enforced or some relaxation has to be made."

3.6 In paragraph 2 26 of their 166th Report (7th Lok Sabha), the Public Accounts Committee (1983-84) had desired that the D.D.A. should in future strictly follow the prescribed accounting procedure in regard to remittance to the Revolving Fund. In their Action Taken note, the Ministry of Home Affairs have stated that accordingt o the accounting procedure relating to the Scheme of 'Large Scale Acquisition, Development and Disposal of Land' in Delhi prescribed in 1961, all receipts are to be credited to the Revolving Fund and [the expenditure is to be met out of it exclusively be drawal of cheques. This procedure remained in force till January 1966, when, due to some financial difficulties of the D.D.A., it was decided by the then Financial Adviser, Delhi Administration that as a temporary measure, the D D.A. may be allowed to utilise receipts raised on behalf of Delhi Administration towards expenditure on the clear understanding that it w uld remit surplus of receipts over expenditure regularly. The Government of India were approached by the Delhi Administration in 1976 for regularisation of the above relaxation, but the Ministry of Works and Housing did not agree. However, the D.D.A. did not discontinue the practice of utilising the receipts directly, nor did it regularly

remit the surplus of receipts to the Revolving Fund. In the circumstances, the Administration was left with no option but to show the withheld funds as advances to the D.D.A. resulting in excess expenditure. The matter was examined in consultation with the Controller of Accounts, Delhi Administration and it was suggested to the D.D.A. that surplus of receipts over budgeted figure may be deposited in the Revolving Fund after restricting the advances to their Development Divisions to the extent of budgeted allotment. Finance Member, D.D.A., however, expressed some practical difficulties in adopting this procedure and suggested that there should be a quarterely reconciliation of figures and the final overall cash settlement may take place in June each year. The Ministry of Home Affairs have stated that the Delhi Administration is being requested to hold a meeting with the representatives of the Ministry of Works and Housing and the D.D.A. to take a final decision on the point whether the prescribed procedure should be enforced or some relaxation has to be made. While the Committee desire that a final decision on the point may be taken without any further loss of time, they cannot help observing with regret that a subordinate statutory authority like the D.D.A. should have been allowed to become a law unto itself and allowed to continue to contravene the prescribed accounting procedure with impunity for 18 long years and both the Delhi Administration and the Union Government should have acted only as helpless spectators all along.

NEW DELHI;
August 13, 1984
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Sravana 22, 1906 (Saka)

SUNIL MAITRA,
Chairman,
Public Accounts Committee.

PART II

Minutes of the sitting of the Public Accounts Committee (1984-85) held on 7 August, 1984 (AN)

MINUTES OF THE ELEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1984-85) HELD ON 7 August, 1984.

The Public Accounts Committee sat from 1500 hours to 1730 hours on 7 August 1984 in Committee Room No. 62, First Floor, Parliament House, New Delhi. The following were present :

Shri Sunil Maitra—*Chairman.*

MEMBERS

2. Shri G. L. Dogra
3. Shri Bhiku Ram Jain
4. Shri Uttam Rathod
5. Shri Suraj Bhan
6. Shri Ram Singh Yadav
7. Shri Bhim Raj
8. Shri Nirmal Chatterjee
9. Dr. (Shrimati) Najma Heptulla
10. Shri Ramanand Yadav

REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Shri S. Sethuraman, ADAI (R)
2. Shri F. P. Gugnani, ADAI (Railways)
3. Shri M. Parthasarthi, DADS
4. Shri Shiv Subramaniam, DRA-II
5. Shri S. P. Joshi, DAP & T
6. Shri O. P. Goel, DACR
7. Shri R. Balasubramaniam
8. Shri Gopal Singh, JDAP & T
9. Shri N. R. Rayalu, JD(Defence)

10. Shri A. C. Das, JD(R)
11. Shri G. R. Sood, JD(R-P & T)
12. Shri K. H. Chhaya, JD(Rlys.)
13. Shri R. S. Gupta, JDA
15. Shri S. K. Gupta, JD

SECRETARIAT

1. Shri M. S. Kohli, *Chief Financial Committee Officer*
2. Shri K. K. Sharma, *Senior Financial Committee Officer*
3. Shri V. Jayaraman, *Senior Financial Committee Officer*

2. The Committee considered the following Draft Reports and adopted the same with certain modifications/amendments as shown in Annexures I & II.

1. Draft Report on Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1982-83 and Action Taken on 166th Report of the Committee (1983-84) on Excesses over Voted Grants and Charged Appropriations (1981-82).

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5. The Committee also authorised the Chairman to finalise the Reports, after incorporating therein certain minor modifications/amendments arising out of factual verifications by Audit and present the same to Parliament.

The Committee then adjourned.

ANNEXURE I

List of modifications/amendments made by the Public Accounts Committee in their 222nd Report on Excess Expenditure (1982-83).

Page	Para	Line (s)	Modifications/Amendments	
			For	*Read*
15	2.12	22	They had last year desired.........	They had last year desired in paragraph 2.7 of their 166th Report (7th Lok Sabha) ....
20	2.16	20	rescheduling them.	"rescheduling" them.
30	2.25	7	paragraph	paragraph 7
41	2.30	3	refer to	referred to

APPENDICES

APPENDICES I TO XVI

(*Vide* Paragraph 1.3 of the Report)

Explanatory Notes received from various Ministries/Departments on the excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1980-81.

APPENDIX I

MINISTRY OF COMMERCE
[FT (EE) DIVISION]

Grant No. 12—Foreign Trade and Export Production

Capital Section (Voted)	Rupees
Original Grant	109,00,57,000
Supplementary Grant	1201 02,08,000
Total Grant	1310,02,65,000
Actual Expenditure	1398,65,20,673
Excess	88,62,55,673

2. The excess of Rs. 88,62,55,673 in the Capital Section occurred because of the excess expenditure of Rs. 88,68,56,886 under Technical Credits incorporated in Trade Agreements. The original grant of Rs. 80 crores for these credits was augmented by obtaining Supplementary Grants of Rs. 1200 crores (Rs. 480 crores in the first batch and Rs. 720 crores in the last batch.) Against the final grant of Rs. 1280 crores, the actual expenditure amounted to Rs. 1368,68,56,886. Of the excess of Rs. 88,68,56,886 an amount of Rs. 6,01,213 was met from savings under the Heads other than Technical credits within the Capital Section of the Grant, leaving an uncovered excess of Rs. 88.62,55,673 which needs to be regularised.

3. Technical credits to foreign Governments are by way of advances for use when these Governments run short of funds required to pay for their purchases from India, because the funds generated by their exports to India are found short of the requirements. The Technical credit to the foreign Governments is in the nature of temporary ways and means advance and is intended to ensure that the flow of Indian exports to these countries is not hampered by temporary shortfall in rupee availability in their Central account in India. The technical credits are, thus, in the nature of export promotion measures as th y

help the foreign Governments concerned to proceed with the tempo of their purchases from India notwithstanding seasonal gaps in resources. These advances are automatically returned as soon as funds in favour of the rupee payment countries reach its Central Account.

4. The budget provisions for technical credits during a year are worked out well in advance, in consultation with the Ministry of Finance (Department of Economic Affairs) after taking into account such relevant factors as the past pattern of drawals, expected trade turnover pace of deliveries etc. The amounts of the supplementary demands are also determined in the light of actual and likely drawals over a specified period and the amount of the supplementary to be obtained in the last batch is generally finalised by the middle of January. The drawals of advances by the foreign Governments depend on the flow of contracting for various items of imports and goods shipment etc. Estimation or forecast of drawals under the technical credit arrangement by the foreign Governments is a complex and difficult exercise. At times, despite best efforts made at the time of estimation to foresee, as accurately as possible the actual expenditure exceeds the voted grants. It is not always possible to estimate precisely the timing of contracting, the flow of deliveries and payments for the various commodities involved as these are imponderable factors. The Government closely tries to monitor the matter. It may be appreciated that even after the revised estimates are finally drawn up in January, changes take place in February and March in the anticipated flow of contracting, deliveries, payments etc.

5. The technical credit arrangement is considered an important element in sustaining the tempo of Indian exports to the rupee payment countries. Any attempt to restrict the technical credits to the amount of the provision available, even when larger credits are required by the Foreign Governments, will only result in reduction of exports from India. The Government will, however, continue to try its best to estimate the requirements of funds as carefully and realistically as possible.

6. The Budget provison for Technical credits was, hitherto' being made on the basis of gross budgeting and represented drawals anticipated to be made from time to time, without off-setting repayments, credit for which was being taken as receipts. Even though the net outstanding at any given time was within the ceiling the gross drawals of technical credits (without taking into account repayments) depending upon

the number of occasions during a year in which the Government concerned resorted to drawals, exceeded the ceiling limit. The gross system of budgeting tended to inflate the Budget and, at times, led to excess in grants, though, after taking into account repayments during the year, there was not any real excess. The said procedure has since been revised, in consultation with the Comptroller and Auditor General of India, and it has been decided to switch over to net budgeting from now on. The revised procedure would involve adjustment of repayments received from Foreign Governments against the balance of outstanding credit at the beginning of the year and the remaining amounts out of such repayments would be adjusted against fresh credits afforded during the year, budgeting being restricted to the actual amount outstanding out of the credits afforded during the year, after adjusting the repayments as mentioned above. It is hoped that the revised procedure would help in avoiding the excess or atleast in reducing the magnitude of the exeess amounts in future.

7. In view of the foregoing, it is requested that the excess of Rs. 88,62,55,673/- may kindly be recommended for regularisation in accordance with the provisions of Article 115(1)(b) of the Constitution.

8. This note has been vetted by Audit.

APPENDIX II

MINISTRY OF COMMUNICATIONS

Grant No. 18—Capital Outlay on Posts and Telegraphs

The final accounts for the year 1982-83 revealed an excess of Rs. 91,30,48,798 over the Voted Grant No. 18 Capital Outlay on Posts and Telegraphs as detailed below :

Capital Section (Voted)	Rupees
Original Grant	547,33,50,000
Supplementary Grant	4,000
Final Sanctioned Grant	547,33,54,000
Actual Expenditure	638,64,02,798
Excess	91,30,48,798

The Grant provides for meeting the expenditure on Capital Outlay on the P&T Department covering expenditure on (i) construction of post office buildings, administrative offices and staff quarters, (ii) telegraph and telephone systems (iii) long distance switching system, (iv) long distance transmission system including remote area teleeommunication services through satellite, and (v) support systems of telecommunication factories, stores organisation, telecommunication research and development, training centres and P&T Civil Wing.

The above mentioned excess is the net result of excesses/savings under the various heads as indicated below :

(In crores of Rupees)

Head of Account	Excess	Savings
1	2	3
A-1 Administrative Offices		1.16
A-2 Post Offices	0.38	
A-3 Staff Quarters	0.23	

1		2	3
A-4	R.M.S. Vans		0.60
B-1	Telegraph Systems	9.29	
B-2	Local Telephone Systems	62.51	
B-3	Long Distance Switching Systems	12.19	
B-4	Transmission Systems	10.43	
B-5	Ancillary Systems		9.95
B-6	Other Land & Buildings	6.41	
B-7	General	1.57	
	Total :	103.01	11.71

The net excess of Rs. 91.30 crores was mainly due to rapid progress in construction of buildings for operative offices, escalation in cost of apparatus and plant equipments and lines and wire material due to price rise of base material and receipt of more lines and wire materials, than anticipated.

Out of the sanctioned grant of Rs. 442 crores under plan Major Head 556-Telecom Services Rs. 328 crores were proposed to be utilised on direct procurement of materials from imports, indigenous sources of I. T. I, H. C. L. Telecommunination factories, expenditure on Land and Buildings, installation and overhead charges. The balance of Rs. 114 crores was available to the units for procurement of stores through the Telecommunication Stores organisation which was also authorised to make local purchase of stores to the extent of Rs. 31.35 crores. The expenditure of stores organisation however, on direct purchase was Rs. 126.73 crores largely because of the orders already placed taking into consideration the lead time for such supplies which generally varies from 6 months to 24 months. A sizeable portion of the stores were received in the closing months of the year. The supplies were mostly from small scale Industries and their payment could not be withheld due to contractual obligation. The supply of stores to the units to meet the requirements of works in progress and for new works amounted to Rs. 203.48 crores against the allocation of Rs. 114 crores.

Instructions have been issued to all concerned to keep the expenditure within the sanctioned grant-by reviewing the pending Purchase orders and if necessary, re-scheduling them so as to avoid any possibility of excess expenditure over the sanctioned grant.

In the circumstances explained above, the net excess of Rs. 91,30,48,798 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

This has been vetted by Audit *vide* his U.O. Note No. RR-III-232/1(b)406/82-83/Ch. II dated 29-5-1984.

APPENDIX III

MINISTRY OF DEFENCE

Grant No 20—Defence Service—Army	Voted
Revenue Section (Voted)	Rupees
Original Grant	2919,60,42,000
Supplementary Grant	124,31,58,000
Final Sanctioned Grant	3043,92,00,000
Actual Expenditure	3159,80,13,416
Excess Expenditure	115,88,13,416

2. The original grant of Rs. 2919,60,42,000 under 'Voted' portion was augmented to Rs 3043,92,00,000 by obtaining a Supplementary Grant of Rs. 124,31,58,000 in March, 1983. The actual expenditure during the year, however, amounted to Rs.3159,80,13,416 resulting in an uncovered excess of Rs. 115,88,13,416.

3. The excess of Rs. 115,88,13,416 was the net result of excesses/savings under the various Sub-Heads in the Grant. It was mainly attributable to the excess of Rs. 94.49 crores under the Sub-Head A 9 Stores, Rs. 22.80 crores under the Sub-Head A.10-Works, Rs. 8.66 crores under the Sub-Head A.1-Pay and Allowances and Rs. 5.50 crores under the Sub-Head A.4-Transportation, and saving of Rs. 28.02 crores under Sub-Head A.6-Ordance Factories.

3.1 *A 1—Pay and Allowances of Army (Rs.8.66 crores)*

The original grant under this head was Rs 865.17 crores which was increased to Rs. 894.16 crores by obtaining a supplementary Grant of Rs 28.99 crores in March, 1983. This was further increased to Rs. 968 58 crores by reappropriation. The expenditure under this head was Rs. 977 24 crores leading to an excess of Rs.8.66 crores. The excess was mainly due to (i) higher expenditure on Leave Travel Concession for Officers, (ii) higher per capita rate of pay Allowances of Junior Commissioned Officers/Other Ranks and ration allowances for Junior Commissioned Officers/Other Ranks and Defence Security Corps-personnels.

3.2 *A.4—Transporation (Rs.5.50 crores)*

The original grant under this head was Rs. 48.11 crores which was increased to Rs. 57.00 crores by reappropriation. The actual expenditure under this head amounted to Rs. 62.50 crores leading to an excess of Rs. 5.50 crores. This excess was due to transportation of imported stores by rail within the country.

3.3 *A.9—Stores (Rs 94.49 crores)*

The original grant under this head was Rs. 784.10 crores. This was reduced to Rs. 671.30 crores by reappropriation. The actual exdenditure under this head amounted to Rs. 765.79 crores leading to an excess of Rs. 94.49 crores. This excess was attributable to (i) more materialisation of Army Ordnance Crops, Medical and Veterinary Stores than anticipated, (ii) price escalation of various Army Service Corps Stores including Petrol, Oil and Lubricants. (iii) stoppage of piecemeal movement of wagons by Railway Board resulting in payment of higher State Sales Tax on local drawals of Petrol, Oil and Lubricants and (iv) booking of expenditure on road transportation from Indian Oil Corporation installations to Petrol, Oil and Lubricants Depots.

3.4 *A.10—Works (Rs.22.80 crores)*

The original grant under this head was Rs. 169.50 crores, which was increased to Rs. 176.63 crores by reappropriation. The actual expenditure amounted to Rs. 199.43 crores leading to an excess of Rs.22.80 crores. The excess was mainly due to (i) steep rise in cost of Stores, Spares and Labour, (ii) urgent and inescapable Special repairs, (iii) increase in consumption of water, electricity and the tariff rates thereof and (iv) more expenditure on procurement of Stores for Parks and Divisional stocks.

4. The above excesses were partly offset by saving of Rs. 28.02 crores under Sub-Heads A 6-Ordnance Factories leaving a net excess of Rs. 115.88 crores, which requires regularisation.

5. Instructions already exist for framing the Defence Budget Estimates on realistic basis depending on the requirement and to exercise a close and constant watch on the trend of expenditure with reference to sanctioned provision. The progress of Defence expenditure is analysed periodically and instructions are issued to the Services Hqrs., etc., to contain the expenditure within the allocated budget. Further, as per the recommendation contained in para 2.8 of the 166th Report of PAC, 1983-84, 7th Lok Sabha, on excess over Voted Grants and Charged Appropriations 1981-82 and action taken by Government on 121st Report of PAC (7th Lok Sabha), a team of high level officials headed by controller General of Accounts has been constituted to review the financial systems in the Defence, Railway and P&T sectors. Necessary further action to contain the expenditure within the funds allocated will be taken on receipt of Government decision on the recommendations of this team.

6. In view of the circumstances explained above, the excess of Rs. 115,88,13,416 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

7. DADS has seen.

APPENDIX IV

MINISTRY OF DEFENCE

Grant No.22—Defence Services—Air Force

Revenue Section (Voted)	Rupees
Original Grant	1143,37,60,000
Supplementary	112,29,50,000
Final Sanctioned Grant	1255,67,10,000
Actual Expenditure	1257,15,38,226
Excess Expenditure	1,48,28,226

2. The original grant of Rs. 1143,37,60,000 under the voted portion was augmented to Rs. 1255,67,10,000 by obtaining a Supplementary Grant of Rs. 112,29.50,000 in Mrrch, 1983. The actual expenditure during the year, however, amounted to Rs. 1257,15,38,226 resulting in uncovered excess of Rs. 1,48,28,226,

3. The excess Rs. 1,48,28,226 was the net result of excesses/savings under the various sub-heads in the Grant. It was mainly attributable to the excess of Rs. 6.73 crores under the Sub-Head A.6-Works. Rs.1.67 crores under the Sub-Head A.1-Pay and Allowonces of Air Force and Rs. 1.35 crores under the Sub-Head A.8-other expenditure.

3.1 *A.1—Pay and Allowances of Air Force (Rs.1.67 crores)*

The original provision under this head was Rs. 149.60 crores which was augmented to Rs 167.00 crores by obtaining a Supplementary Grant of Rs. 17 40 crores in March, 1983. The actual expenditure, however. amounted to Rs. 168.67 crores leading to an excess of Rs. 1.67 crores The increased expenditure occured due mainly to let adjustment of local allowances such as Ration Allowance, Children Education Allowance & Tution Fee Claims etc.

3 2. *A.6-Works (Rs 6.73 crores)*

The original provision under A.6-Works was Rs .43.00 crores which was augmented to Rs. 52.00 crores by obtaining a Supplementary Grant of Rs. 9.00 crores in march, 1983. The actual expenditure, however, amounted to Rs. 58.73 crores resulting in an excess of Rs. 6.73 crores. The excess was due to (i) accelerated progress of Works and increase in cost stores, (ii) obligatory payments of increased tariff rates of water and electricity charges to keep the installations operationally fit and (iii) more expenditure under Departmental Charges.

3.3. *A.8—Other Expenditure (Rs.1 35 Crores)*

The original provision under A.8 Other Expenditure was Rs.10.50 crores which was augmented to Rs. 12.97 crores by obtaining a Supplementary Grant of Rs. 2.47 crores. The actual expenditure, however, amounted to Rs.14.32 crores resulting in an excess of Rs.1.35 crores. The excess was due to increased expenditure under (i) Printing and stationery and (ii) Unit Allowences and Miscellaneous expenditure as a result of escalation in the cost of articles purchased and obligatory payments for the training courses of Officers/Personnel.

4. The above excesses were partly offset by savings under other Such-Heads leaving a net excess of Rs 1.48 crores which requires regularisation.

5. Instructions already exist for framing the Defence budget estimates on realistic basis depending on the requirement and to exercise a close and constant watch on the trend of expenditure with reference to sanctioned provision. The progress of Defence expenditure is analysed periodically and instructions are issued to the Services Headquarters, etc. to contain the expenditure within the allocated budget. Further, as per the recommendations contained in para 2.8 of the 166th Report of PAC, 1983-84, 7th Lok Sabha, on excess over Voted Grants and Charged Appropriations 1981-82 and action taken by Government on 121st Report of PAC (7th Lok Sabha), a team of high level officials headed by Controller General of Accounts has been constituted to review the financial systems in the Defence, Railways and P&T sectors. Necessary further remedial action to contain the expenditure within the allocated funds will be taken on receipt of Government decision on the recommendations of this Team.

6. In view of the circumstances explained above, the excess of Rs.1,48,28,226 may kindly be recommended for regularisation by Parliament under Articles 115(1)(b) of the Constitution.

7. DADA has seen.

APPENDIX V

MINISTRY OF EDUCATION & CULTURE (ARCHAEOLOGICAL SURVEY OF INDIA)

Grant No.28—Archaelegy

Revenue Section (Voted)	Rupees
Original Grant	7,99,48,000
Supplementary Grant	57,21,000
Final Grant	8,56,69,000
Actual Expendtiure	8,60,66,476
Excess	3,97,476

Excess was maily due to increa ed expenditures under the sub-heads A.1(2)-Conservation Ancient Monuments and A.1(4)-Works, caused by payment of increased rates of A.D.A., urgent special repairs to monuments and re-imbursement of more expenditure than anticipated for providing flood-lights and toilets in Monuments at Agra and Delhi in connection with Asiad'82 and Non-Aligned conference.

2. In the circumstances explained above an excess of Rs.3,97,476 may kindly be recommended for regularisation by parliament under Article 115(1)(b) of the Constitution of India.

3. This has also been seen by the Director of Audit, Central Revenues.

APPENDIX VI

MINISTRY OF FINANCE

(Department of Economic Affairs)

Grant No. 32 Ministry of Finance

Revenue Section (Voted)	Rs.
Original Grant	47,31,72,000
Supplementary Grant	5,12,28,000
Final Grant	52,44,00,000
Actual Expenditure	53,09,78,429
Excess	65,78.429

The original Grant of Rs. 47,31,72,000 in the Revenue Section (Voted) was augmented by obtaining a Supplementary Grant of Rs. 5,12,28,000 in March 1983. Against the Total Grant of Rs. 52,44,00,000 the actual expenditure amounted to Rs. 53, 09,78,429 resulting in an excess of Rs 6 ,78,429.

2. This excess. which was the net result of excesses and savings under various heads in the Revenue Section of the Grant, is mainly attributable to the excess expenditure of Rs. 92,76 028 under sub head 'A.2(1)—Defence Accounts Department. The sanctioned provision under this sub-head amounted to Rs. 42,28,79,000 (original) Grant Rs. 38 01,54,000 plus Supplementary Grant Rs. 4,27,25,000) but the actual expenditure amounted to Rs. 4[illegible], 1,5 ,0 8. This excess occurred mainly because the full extent of expenditure on payments of (i) additional instalments of dearness allowance sanctioned during the year; (ii) arrears of pay and allowances consequent on retrospective revision of scale of pay of Selection Grade Auditors and (iii) claims under Leave Travel Concession, could not be forecast accurately at the time of finalisation of the last batch of Supplementary Demands for Grants in 1982-83. As these payments were of an obligatory nature, these could neither be restricted nor deferred. Steps have however, been taken to ensure that the estimates are framed more accurately in future so that the excesses of this type do not recur.

3. It is requested that the excess of Rs. 65,78,429 may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution.

4. This note has been vetted by Audit.

APPENDIX VII

MINISTRY OF FINANCE

(Department of Revenue)

Grant No. 35—Taxes on Income, Estate Duty, Wealth-tax and Gift-tax.

Revenue Section (Voted)	Rupees
Origional Grant	69,88,83,000
Supplementary Grant	8,75,76,000
Total Grant	78,64,59,000
Acual Expenditure	76,66,03,091
Excess	1,44,091

The origional Grant of Rs. 69,88,83,000 in the Revenue Section (Voted) was augmented by obtaining a Supplementary Grant of Rs. 8,75,76,000 in March, 1983, Against the Total Grant of Rs. 78,64,59,000 the actual expenditure amounted to Rs. 78,66,03,091 resulting in an excess of Rs. 1,44,091. This excess works out to .01% of the sanctioned provision in the Grant.

This excess, which was the net result of excesses and savings under various heads in the Revenue Section of the Grant, is attributable to the excess expenditure of Rs. 28,01,712 under the sub-head 'A.2(1)—Commissioners and their Offices'. The sanctioned provision under this sub-head amounted to Rs. 75,29,33,000 (original Grants : Rs. 36,98,05,000 plus Supplementary Grant: Rs. 8,31,28,000) while the expenditure was Rs. 75,57,34,712. The excess occurred because there was increased expenditure on payment of claims relating to Leave Travel Concession following liberalisation of the scheme and extention of the facility for going to home town for block years 1978 to 1981 for six months beyond December 1982, medical reimbursements and travel expenses with the intensification of revenue collection work. The full impact of expenditure on these items could not be anticipated at the time of finalisation of estimates for the last batch of Supplementary Demands for Grants in 1982-83. Steps have been taken to ensure that the concerned authorities formulate the estimates more accurately and tie up the actual expenditure with the available sanctioned grants so that excesses of this type do not recur.

It is requested that the excess of Rs. 1,44,091 may, kindly be recommended for regularisation in accordance with article 115 (1)(b) of the Constitution.

This note has been vetted by Audit.

APPENDIX VIII

MINISTRY OF FINANCE
(Department of Economic Affairs)

Grant No. 42—Other Expenditure of the Ministry of Finance.

Capital Section (Charged)	Rupees
Original Appropriation	—
Supplementary Original Appropriation	1,02,83,000
Final Appropriation	1,02,83,000
Actual Expenditure	1,03,12,626
Excess	29,626

Messrs. Visvesvaraya Iron & Steel Ltd., (VISL) a jointly owned Company of Steel Authority of India Ltd., and Government of Karnataka obtained through Kfw (West Germany) loans totalling DM 87.9 million during the year 1964-68, the repayment of the loans being made through semi annual instalments. The instalment amounting to DM 2,495,655.38 which fell due on 31-12-1982 was not paid by the Company and as guarantor to the loan of Kfw the Government of India had to make this payment. Since there was no Budget provision, a sum of Rs. 1,02,82,100.00 (representing the rupee equivalent of DM 2,495,655.38 at DM 1=Rs. 4 12 exchange rate prevailing on 28-12-82) was sanctioned as an advance from the Contingency Fund of India. This was recouped subsequently through the final Supplementary Grant obtained in March, 1983. The payment which was actually made on 14-1-1983 was charged to Government of India to the extent of Rs. 1,03,12,625.54 because of a change in exchange rate (Rs. 100=DM 24 20 i. e. DM 1- Rs. 4.13) by the time the accounting adjustment was made of the amount that was paid there was no time to go in for a Supplementary Grant or for an advance from the Contingency Fund of India to meet additional expenditure of Rs. 29,626.00 due to conversion of the payment of DM 2495,655.38 at a slightly different exchange rate on the date of payment.

It is requested that that excess of Rs. 29,626 may kindly be recommended for regularisation in accordance with Article 115(1) (B) of the Constitution.

APPENDIX IX

MINISTRY OF HOME AFFAIRS

Grant No. 56—Dadra & Nagar Haveli

Revenue Section (Voted)	Rupees
Original Grant	3,90,34,000
Supplementary Grant	8,05,000
Final Grant	3,98,39,000
Actual Expenditure	4,00,07,214
Excess	1,68,214

The original grant of Rs. 3,90,34,000 under Revenue Section (Voted) was augumented to Rs. 3,98,39,000 by obtaining a supplementary grant of Rs. 8,05,000 in March, 1983. Against this the actual expenditure amounted to Rs. 4,00,07,214 resulting in an excess of Rs. 1,68,214.

2. This excess, which was net result of excesses and savings under various sub-heads occurred mainly under the Major Head 334-C, 14-Power Projects, C. 14 (1) (2)—Other Expenditure (Rs. 14,50,913). The excess under this head was due to payment of monthly electricity Energy charges for bulk purchase of power from Gujarat Electricity Board for redistribution. As payment for energy supplied by the Gujarat Electricity Board is of committed nature, it could not be deferred. At the time of eight monthly review, it was assessed by the Administration that the approved RE 82-83 will not be sufficient to meet the extra expenditure on account of increase in contract Demand from 2600 K.V.A. to 3500 K V.A. per month from July, 1982 and increase in tariff by Gujarat Electricity Board w.e.f. August, 1982. The Dadra and Nagar Haveli Administration therefore requested the Ministry of Energy on 18-1-1983 to allot an additional amount of Rs. 12.00 lakhs for purchase of power and Rs. 2.56 lakhs for other materials etc. The Ministry of Energy scrutinised the requirements and recommended an additional provision

of Rs. 10.56 lakhs to the Ministry of Home Affairs on 22d February, 1983. However, by that time the Revised Estimate for 82-83 and proposals for Supplementary Grants were already finalised. To avoid problems like total stopage of power supply from the Gujarat Electricity Board and to continue to provide the essential service, the Dadra and Nagar Haveli Administration had to incur this extra expenditure over and above the final grant. Efforts were made to meet the excess requirements from the anticipated savings under other heads which resulted in the reduction of excess to Rs. 1,68,214.

3. In the circumstances explained above the excess of Rs. 1,68,214 which constitutes only about 0.42 percent of the total sanctioned provision of Rs. 3,98,39,000 under Revenue Section (Voted) of the grant may kindly by recommended for regularisation by Parliament under Article .15 (1)(b) of the Constitution.

The note has been vetted by the Audit.

APPENDIX X

MINISTRY OF HOME AFFAIRS

Grant No. 57—Lakshadweep.

Capital Section (Voted)	Rupees
Original Grant	2,57,65,000
Supplementary Grant	16,65,000
Final Grant	2,74,30,000
Actual Expenditure	2,78,44,634
Excess	4,14,634

1. The original Grant of Rs. 2,57,65,000 under 'Voted' portion was augmented to Rs. 2.74,30,000 by obtaining a Supplementary Grant of Rs. 16,65,000 in March, 1983. The actual expenditure dur ng the year, however, amounted to Rs. 2,78,44,634 resulting in an uncovered excess of Rs. 4,14,63 . An amount of Rs. 3,54,070 has been erroneously adjusted under Capital Section instead of Revenue Section of the Grant. The real excess works out to Rs. 60,564. To avoid misclassification of expenditure, the Administration has been asked to ensure the completion of reconciliation work in time *vide* d. o. letter No. U.15026/2 83—Ac. II dated 25-5-1984 (copy enclosed).

2. The excess of Rs. 60,564 which was the net result of excesses and savings under various sub-heads in the Grant, occurred mainly under the Major Head 537-CC. 5-Capital outlay on Roads and Bridges, CC. 5(1)—District and other Road CC. 5(1) (1)—Other Roads (Rs. 23,21,523) excluding the misclassification of Rs. 3,54,070. Under the 20 point programme, to meet the pressing necessities of the rural population of the Islands, It was decided to construct 9 Kilometer cement concrete road in place of 3 Kilometer originally provided for in the Budget. At that time it was assessed that sufficient savings would be available to cover the extra expenditure on construction of roads. Hence Rs. 24 lakhs was provided under this head by re-appropriation. But the

actual expenditure under the Capital Section turned out to be higher than framed at that time leaving an uncovered excess of Rs. 60,564.

3. In the circumstances explained above the excess of Rs. 60,564 under the Capital Section of the Grant which constitutes only about 0.22 per cent of the total sanctioned provision of Rs. 2,74,30,000 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

The note has been seen by Audit.

Copy of D.O. letter No. U-15026/2/84—Ac. II dated 24 May, 1984 from the under Secretarr (Accounts), Minister of Home Affairs, Government of India. New Delhi to the Administrator, Union Territory of Lakshadweep Kavaratti.

Kindly refer to your d. o. latter No. 7-1-83—F & A(A) dated the Ist April, 1984 regarding Appropriation Accounts in respect of Grant No. 57-Lakshadweep for 1982-83.

The Director of Audit has observed that erroneous adjustment shonld have been brought to the notice of that office before the finalisation of appropriation Accounts. It is felt that the Administration should pay more attention to reconciliation work. Under rule 66(2) of the G.F.R. the Head of Department is responsible to ensure that the reconciliation work is completed every month and that is not allowed to remain in arrears. As the figures booked by the Audit are ultimately adopted in Appropriation Accounts, it is of vital importance that any item of expenditure misclassified and wrongly debited to a head or grant should be picked up and charged to the appropriate head grant as otherwise eloborate explanations have to be given for excesses or savings resulting from such wrong debits which are both cumbersome and avoidable. I shall be grateful if you kindly issue suitable instructions to the officers concerned directing them to take up reconciliation of departmental figures of expenditure on priority basis so as to nullify the possibility of erroneous adjustment in future.

APPENDIX XI

MINISTRY OF IRRIGATION

Grant No. 64—Ministry of Irrigation

Revenue Section	Voted
Original Grant	85,46,22,000
Supplementary Grant	5,00,01,000
Final grant	90,46,23,000
Actual Expenditure	90,99,20,716
Excess	52,97,716

The original grant of Rs. 85,46,22,000 was augmented by obtaining Supplementary Grant of Rs. 5,00,01,000 against which the actual expenditure was Rs. 90,99,20,716, leading to an overall excess of Rs. 52,97,716. This excess was the net result of excesses and savings under various Heads in the Grant.

The reasons for excess under various Major Heads are given below :—

(*i*) *Major Head '267'*

(*1*) *B. a(1)—Value of Gift Material and Equipment for Central Ground Water Board for Betwa Project* :

No amount was provided in the original budget as the details of the material to be received were not known. On receipt of aid material provision was made in the Revised Estimates reappropriation as overall savings were anticipated in the Revenue Section of the Grant. No supplementary demand for the amount was sought.

(*b*) *2(2)(1)—Coastal Engineering Research Centre and Development of Hydraulic Instrumentation* :

Provision for aid material and equipment for the scheme 'Coastal

Enginerring Research Centre and Development of Hydraulic Instr mentation' to be received from the United Nations Development Programme was originally made at the depreciated value. However, as clarified by the Ministry of Finance, the equipment was to be purchased or the basis of the actual cost which resulted in excess of Rs. 52,72,103 over the original budget.

(ii) *Major Head '306'*
C.1 (1)—Central Ground Water Board:

Against an original grant of Rs. 10,50,93,000 expenditure incurred by the Central Ground Water Board was Rs. 12,59,09,948. The excess expenditure was mainly due to the release of instalments of Additional D.A., creation of new divisions/Regions as recommended by S.D.U. Under Suspense Stock against Budget provision of Rs. 1,50,00,000, the expenditure incurred (including the cost of bits transferred from T P to stock and also those booked on account of receipt of material from other Divisions) was Rs. 2 72,75,000 and expenditure under 'Other Charges' was Rs. 2,00,43,000 against budget estimates of Rs. 1,00,00,000. The main excess expenditure for the Board occurred under these two subheads which was mainly due to clearance of un-adjusted bills of previous year for purchases made through the DGS & D. transfer of bits from T & P to Stock and Inter-Divisional transfer of stores. Another reason for the excess expenditure was due to the fact that part of the Board functions of the Civil Accounts Procedure and part on CPWA code. Under CPWA system, the cost of stores actually received during the year is initially debited to the 'Suspense' head and the debit subsequently transferred to the Works to which the stores are actally issued. This results in reflection of the same transaction under 'Suspense' a number of items in the accounts owing to inter-divisional transfer of stores. As a similar problem was being faced in the CPWD, a revised accounting procedure has since been introduced by the Ministry of Works and Housing far stores transactions of CPWD in consultation with C & AG and the Ministry of Finance from the financial year 1982-83 *vide* Ministry of Works and Housing O. M. No. 15011/12/78-W-2 dated 27-4-82 (Annexure-A).

This Ministry has taken up the matter *vide* letter No. 6/5/PAO—IRR/83-84 dated 12-3-84. (Annexure-B) with the office of the CGA to introduce this revised accounting procedure in the CGWB by which it is expected that the booking of expenditure under Suspense account will be confined to the provisions appearing in the budget. Reply from the CGA has since been received and all concerned offices are being instructed to follow the revised accounting procedure.

(*iii*) *Major Head '331'*

(*a*) *D.1 (1)—Technical Control and Supervision* :

Excess expenditure to the tune of R. 10,47,596 was incurred due to release of instalments of Additional D.A. and clearance of the previous year's liabilities for the production of documentary films on National Perspective for Water Development.

(*b*) *Data Collection—D.1 (2)(1)* :

Against B. E. of Rs. 58,37,000 expenditure of Rs. 60,52,200 was incurred which was mainly due to the release of instalments of Additional D.A.

(*c*) *D.1 (3)(3)—Central Water & Power Research Station' Pune.*

Against the original budget provision of Rs. 3,01,10,000 the actual expenditure was Rs. 3,31,80,178 leading to over all excess expenditure of Rs 30,70,118. Excess was made due to the release of Additional D. A., erecting of fencing around the Staff Company and payment for equipment indented for 1981-82 but received during 1982-83.

(*d*) *D.1 (4)—Training* :

Against original budget provision of Rs. 19,69,000 excess expenditure of Rs, 3,52,631 was incurred which was due to the training programme 'Better Water Use Programme' and payment of instalments of Additional D.A.

( ) *D 1 (5) (3)—Hydrological Obesvations and Water Studies in Ganga Basin.*

Excess expenditure of Rs. 12,79,017 which was provided by re-appropriation was on account of payment of instalments of Additional D.A. and increase in the maintenance cost.

(*f*) *D.1 (5) (6)—Drought Prone Are Studies* :

Provision for this scheme was Rs. 10,00,000 only as it was expected to be completed by September, 1932. However, as scheme was finally closed in January, 1983, excess expenditure to the tune of Rs. 39,54,828 was incurred.

(*g*) *D.1 (5) (11)—Central Stores for investigation Projects* :

Excess expenditure of Rs. 1,96,559 was incurred due to release of Additional D.A., more adjustments of AG Memos and increase in the maintenance cost.

(*h*) *D.1 (6)—Consultancy* :

Excess expenditure of Rs. 8,70,920 was incurred due to grant of instalments of Additional D.A., and increase in the rate of liveries allowance.

(*i*) *D.1 (7)(1)—Central Water Commission* :

Against Rs. 15,78,000 in the original budget, expenditure was Rs. 16,52,516. Excess was due to excess expenditure on the head 'Pay and Allowance'.

(*j*) *D.1 (7)(3)—Brahmaputra Board* :

Flood Control Works in the Brahmaputra Valley, which were being carried out by the Government of Assam was taken over by the Brahmaputra Board. To cover the liabilities passed on by the Government of Assam, excess expenditure of Rs. 3,19,99,000 was incurred. Approval of Parliament to this additional grant was obtained through a token Supplementary Demand.

(*k*) *D.1 (7)(4)—Survey of Flood Plain Zoning and Aerial Photography.*

Accelerated progress in the works undertaken by the Survey of India led to excess expenditure of Rs. 10,00,000.

(*l*) *D.1 (9)(1)(3)—Strengthening of Planning Cell*:

Excess expenditure of Rs. 8,20,251 was due to additional payment to Water and Land Managment institute for the studies undertaken by them.

(*m*) *D.1 (9)(2)—Other Schemes* :

Excess expenditure of Rs. 10,41,735 was incurred mainly on account of payment of instalments of Additional D.A. and extension of Schemes during the year for which only a token provision was made initially.

(*n*) *F.1 (1)(1)—Gandak, Western Kosi Canal and Jalpapur Flood Control Works* :

Provision for Grants to the Government of Uttar Pradesh for Gandak Project was not made in the original budget as their audited expenditure figures had not been received at the time of budget formulation. Later on this amount was provided in the Revised Estimates leading to an excess of Rs. 11,92,000.

(*IV*) *Maj r Head '360'*

(*a*) *F.2(2)(1)—Commend Area Development Programme* :

Against Rs. 32,30,00,000 provided in the Budget Estimates for 1982-83 for Grants-in-aid to the State Governments, the actual releases was Rs. 35,27,45,000.

Construction of field channels is a core activity under the Command Area Development Programme since it is a necessary requirement for efficient water utilisation below the outlet level. Against the national target of 8.90 lakhs hectares for construction of field channels in 1982-83, the achievement during 1982-83 was 11.51 lakh hectare. More than 50% of the ashievement was due to Uttar Pradesh where 5.92 lakh hectares were covered by field channals aganist the original target of 3.50 lakh hectares. Due to this major increase in achievement under this item by Uttar Pradesh the State Government of Uttar Pradesh sent an increased demand for Central funds in 1982-83. As against the original demand received in July, 1982 of Rs 823.49 lakhs, in the later part of 1982-83 the Uttar Pradesh Government sent a demand for Central share of Rs. 1232.29 lakhs. The major increase in the demand was in respect of construction of field channels (Rs. 275.00 lakhs to Rs. 550.00 lakhs). Thus it would be seen that although there was an excess expenditure of Rs. 2 97 crores in 1982-83 it was justified by the increase in actual physical performance under the item of construction of field channels. As the demands were received only February, 83 it was not possible to ask for supplementary demand.

(*b*) *F 3 (1) (1)—Strengthening of Ground and Surface Water Organisation* :

Against a provision of Rs. 130.00 lakhs in Budget Estimates on the basis of Demands received from the States, an amount of Rs. 191.20

lakhs was released for purchase of equipment. As the demands were received only in March, 83, it was not possible to go in for Supplementary demand. The additional funds were, therefore, met by reappropriation.

The reason for excess expenditure indicated above were all of an obligatory nature and could not be deferred. Some of the items like payment of ADA was expected to be met by savings under other heads in the Grant and as such no supplementary grant was obtained. It is requested that excess expenditure of Rs. 52,97,716 (Voted) in Revenue Section of Grant No. 64, Ministry of Irrigation for the year 1982-83 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

This note has been vetted by Audit.

ANNEXURE—A

Copy of O.M. No. 15011/12/78-W2 dated 27th April, 1982
from the Ministry of Works and Housing
(Work Division)

SUBJECT : Revised accounting procedure for the stores transaction in Central Public Works Division of the Central Public Works Department.

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

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

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

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

(1) The operation of the sub-head 'Purchase' under the minor head 'Suspense of the major head '25/'—Public Works' small be dispensed with. Instead the cost of stores not paid for in the same month in which they were received shall be accounted through a new suspense minor head 'Material Purchase Settlement Suspense Account' in the Public Account of India under the major head '858'—Suspense Accounts'. This suspense minor head will be cleared when supplied received are actually paid for.

(2) While placing indents on the Central Stores Division/other 'Divisions' the Divisions of the CPWD requiring the stores shall indicate prominently on the indent itself, whether the stores indented for are required for specific Works or for stock purchases.

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

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

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

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

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

head will be cleared when cost of stores is actually paid to the Division supplying the stores.

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

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

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

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

9. Formal amendment to the CPWA Code will be issued separately in due course.

[Copy]

ANNEXURE—B

Dated 12-3-84
No. 6(5)/PRG—IRR/83-84-4271

To

The Deputy C.G.A.
Ministry of Finance
Deptt. of Expenditure
8th Floor, Lok Nayak Bhawan
NEW DELHI

SUBJECT : Revised Accounting for the stores transaction.

Madam,

In terms of Ministry of Works & Housing Office Memo. No. 15011/12/78-102 dated 27-4-82 the operation of the sub-head 'Purchases' under the Minor Head 'Suspense' of the Major Head '259—Public Works has been dispensed with. For the purpose a new suspense Minor Head 'Material purchase Settlement Suspense Account has been opened in the Public Account of India under the Major Head '858—Suspense Account' for accounting the cost of stores where the payment had not been made in the same month of receipt of stores. Accordingly, a head 'Material Purchase Settlement Suspense Account' has been inserted in the list of Major and Minor heads *vide* Correction slip No. 273 dated 19-7-82.

The Ministry of Irrigation is at present operating a dual system of accounting. The Civil Accounting system and public works accounting system both are being operated. In the case of Public Works accounting system the guidelines as contained in CPW cases aud manual are being followed *mutat is mutandis*.

As per instructions contained in the above said note O.M. the Ministry of W&H has dispensed with the sub-head 'Purchases' under the Minor Head 'Suspense' of the Major Head '259' Public Works. The

Ministry of Irrigation has the Minor Head 'Suspense' under Major Head 306 and 331. This office is not certain whether this Minor Head can be dispensed with as there are no specific instructions from your office on the subject, as it is felt that the instructions issued by the Ministry of Works & Housing are meant for the Public Works Division only.

You are, therefore, requested to examine the matter and clarify the position whether the Department, who are following the Public Works System of accounting are also required to follow the procedure by dispensing with the Sub-Head 'Purchases' from their respective Major Heads *i.e.* Head 306 and 331 as far as this Minitstry is concerned.

An early reply in the matter is requested.

Yours faithfully,
Sd/-
(illegible)
PAO/CA

APPENDIX XII

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS

Grant No. 67—Ministry of Law, Justice and Company Affairs.

Revenue Section (Charged)	Rupees
Original Appropriation	....
Supplementary Appropriation	....
Final Appropriation	....
Actual Expenditure	53,66,306
Excess	53,66,306

The excess of Rs. 53,66,306 occurred in the charged portion of the Grant on account of payment towards rent for the period from 31st January, 1978 to 28th February, 1983 in respect of a building hired by the Department of Company Affairs. The payment was made in terms of an interim order of the High Court of Delhi passed on 26-10-1982.

2. There was a dispute about the rent payable and the arbitrator's award was not accepted by the Department which went to appeal to the High Court. On the basis of the Court's interim order, part payment of Rs 53,66,306 was made to the owners of the building towards rent for the aforesaid period. Although the payment was initially treated as voted expenditure, it was later thought that it should be charged on the Consolidated Fund of India. As there was no provision under the charged portion, this payment resulted in excess.

3. In February, 1984 the Ministry of Law clarified that payment made in persuance of final decree of a Court should only be treated as 'charged' on the Consolidated Fund of India in terms of Article 112(3)(f) of the Constitution. Thus, the expenditure has resulted on account of erroneous classification in the accounts which would not require regularisation in veiw of the recommendations of the Public Accounts Committee (First Lok Sabha) contained in paragraph 7 of their 16th Report. There were sufficient savings in the Voted Grant to cover this additional expenditure.

4. This note has been vetted by Audit.

APPENDIX XIII

MINISTRY OF WORKS AND HOUSING

Grant No. 91—Public Works

Revenue Section (Charged)	Rupees
Original Appropriation	10,000
Supplementary Appropriation	33,000
Final Appropriation	43,000
Actual Expenditure	58,194
Excess	15,194

2. The original Appropriation of Rs. 10,000 was augmented to Rs. 43,000 by obtaining a Supplementary Appropriation of Rs. 33,000 in March, 1983. The actual expenditure during the year, however, amounted to Rs. 58,194 resulting in an excess of Rs. 15,194. This excess was the net result of excesses and shortfalls under certain heads in the Appropriation and was mainly due to an excess of Rs. 25,194 under the sub-head 'A. 3(1)—Repairs of Buildings', partly counter-balanced by savings under other sub-heads.

3. There was no provision under this sub-head in the charged portion in Budget Estimates 1982-83 to meet payment of the unexpected arbitration award relating to compensation payable to the heirs of a hawker who died near Hanuman Mandir at New Delhi due to collapse of a wall. The Chief Engineer, New Delhi Zone has reported that the Revised Estimates 1982-83 were finalised in the last week of October 1982 and at that stage the court had already passed a decree and approximate compensation was Rs. 35,000. The payment was made by the concerned CPWD Division in November 1982. Supplementary appropriation of Rs. 33,000 was obtained in the last batch of supplementaries in March, 1983 and it was anticipated that savings in other sub-heads may be enough to meet expenditure under this sub-head.

However, the total payments worked out to Rs. 58,194 as detailed below :—

(i) Rs. 9,538 payable on the basis of arbitration award. The award was accepted by Chief Engineer (New Delhi Zone).

(ii) Rs. 48,656 comprising of Rs. 35,000 as compensation, Rs. 11,032 as interest for the period 28-3-1980 to 10-1-1982, Rs. 2490.40 and Rs. 127.65 as cost of suit and Rs. 5.75 as cost of execution payable to the heirs of deceased in the satisfaction of the court decree. As there was no time to obtain further supplementary provision, payment was made resulting in excess appropriation.

4. In view of the circumstances explained above, the net excess of Rs. 15,194 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

5. This note has been vetted by Audit.

APPENDIX XIV

MINISTRY OF WORKS AND HOUSING

Grant No. 94—Stationery and Printing

Revenue Section (Voted)	Rupees
Original Grant	49,77,57,000
Supplementary Grant	4,18,54,000
Final Grant	53,96,11,000
Actual Expenditure	54,52,10,399
Excess	55,99,399

2. The original grant of Rs. 49,77,57,000 was augmented to Rs. 53,96,11,000 by obtaining a Supplementary Grant of Rs. 4,18,54,000 in March 1983. The actual expenditure during the year, however, amounted to Rs. 54,52,10,399 resulting in an excess of Rs. 55,99,399 in the Revenue Section (Voted) of the grant. The excess occurred mainly under the following heads :—

A.—Stationery and Printing.

A I—Purchase and Supply of Stationery Stores.

A. I(1)—Controller of Stationery.

The original budget grant of R. 26,31,93,000 under this head was augmented by obtaining a supplementary grant of Rs. 4,18,54,000. The actual expenditure, however, came to Rs. 32,49,61,638. The excess was due to :—

(a) purchase of more paper and stationery stores than anticipated, to meet the increased demand for these items from Govt. departments/offices.

(b) Improved supply position in the market resulting in quicker supplies than anticipated, and

(c) reimbursement of more leave travel concession and medical charges claims.

3. Under the head A. 4—Cost of Printing by other sources: A. 4(1)—Printing at private presses, the original budget grant was Rs. 20,00,000. Against this the actual expenditure, however, was Rs. 43,98,960 resulting in excess expenditure. The excess was due to more printing work arranged at private presses for Ministry of Rural Development, Lok Sabha and Rajya Sabha Secretariate than anticipated.

4. To avoid such excess in future following remedial measures have been taken:

(i) Principal Accounts Officer, Ministry of Works and H using *vide* their letter No. Pr. AO/R&A/G-23017/1(7) AA/82-83/Vol. II/1005-07 dated 13-1-84 has instructed all the Pay and Accounts Officers that in future they should ensure that no expenditure is incurred without specific allotment of funds by the grant controlling authority.

(ii) Directorate of Printing *vide* their D.O. No. G-23011/1/84-B&A dated 24-2-84 have issued similar instructions to the Pay and Accounts Officers.

5. As the above excesses were partly offset by savings under other heads in the Grant, the net excess expenditure comes to Rs. 55,99,399. In view of the circumstances explained above the net exce s of Rs. 55,99,399 under Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of Constitution.

6. This note has been vetted by Audit.

APPENDICS XV

DEPARTMENT OF ELECTRONICS

Grant No. 98—Department of Electronics

Capital Section (Voted)	Rupees
Original Grant	24,18,50,000
Supplementary Grant	10,85,01,000
Final Grant	35,03,51,000
Actual Expenditure	35,43,90,002
Excess	40,39,002

Under the technical co-operation agreement between the Government of India (GOI) and the Government of Federal Republic of Germany (FRG), an agreement for the project "Quality Improvement of Electronics Products" under the Standardisation Testing and Quality Control Programme of the Department of Electronics was signed on 26 9-1980 by the Ministry of Finance (Department of Economic Affairs) and charge de affairs (Embassy of FRG). Department of Electronics (DOE) is the implementing agency for the project from the Indian side. Under this project, Government of FRG had agreed to supp y equipment to the tune of DM 6 667 million, the value of which, as per the existing orders, is to be reflected in Government account both at the time of receipt of materials and at the time of their issue, but these book adjustment do not involve and cash outflow from the Consolidated Fund of India. The book-adjustment of the actual receipt of equipments in India depends upon the delivery schedule from the suppliers, integration of the system in West Germany training to be accorded to the Indian engineers in West Germany, transit period of shipment, and custom clearance at both West Germany and Indian ports.

2. These equipment is to be installed at Electronics Regional Test Laboratory (ERTL, West), Bombay, ERTL (North) Delhi and Electronics Test and Development Centres (ETDCs) at Mohali, Bangalore, Jaipur and Hyderabad. The four ETDCs were earlier under the State Governments concerned, but subsequently, a decision was taken by

DOE to take over the ETDCs under its administrative control to have an effective and optimal utilisation of the aid inputs. The actual take-over of ETDCs could, however, be affected only after discussions with State Governments concerned and after an agreement having been reached with them. While taking over of ETDCs at Jaipur, Mohali and Bangalore has been completed, issue is still pending with the Government of Andhra Pradesh as far as ETDC Hyderabad is concerned. In this back-ground the decision to allocate the equipment received during 1982-83 to respective centres could only be taken towards the end of 1982-83 and at that stage it was too late to seek necessary supplementary grants for reflecting the book-adjustments.

3. The Excess in Capital Section of the Grant occured under various Heads, which was partially counter-balanced (offset) by savings under other Heads, leaving an uncovered excess of Rs. 40,39,002. This excess was mainly under the following Heads :—

Head	Original Provision	Actual Expenditure	Reasons for excess
AA1 (1) (2) (2) Regional Evaluation Laboratories	Rs. 91,50,000	Rs. 1,71,08,559	(a) Excess of Rs. 52,50,000 was due to payment of customs dity on equipments.
			(b) Excess of Rs. 27,08,559 was due to book - adjustment of the value of aid equipment received from the Govt. of Federal Republic of Germany under INDO-FRG Programme.
AA1 (1) (2) (7) Electronics Test and Development Centres.	...	Rs. 18,67,845	Entire excess was due to book-adjustment of the value of aid equipment received from the Govt. of Federal Republic of Germany under INDO-FRG Programme.

Thus it is clear from above that the excess expenditure of Rs. 40,39,002 over Budget Estimates in the Capital Section of the Grant was due to carrying out necessary accounting adjustments for Rs. 46,57,067 in respect of value of equipments received from the Govt. of Federal Republic of Germany under INDO-FRG Programme. However, these adjustments did not involve any cash-outgo from the Consolidated Fund of India.

The excess expenditure, which has been caused by book-adjustment, of Rs. 40,39,002 in 1982-83 in Capital Section of the Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

The 'Note' has been seen/vetted by the Audit.

APPENDIX XVI

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

During the year 1982-83 there was an over all saving of Rs. 5.60 crores over the final Grants and Appropriation resulting from an aggregate savings of Rs. 70.44 crores under 10 Grants (No. 1,2,3,7,8,9, 11,12,14 and 16) and 12 Appropriations (No. 3,4,5,6,7,8,9,10,11,12,13 and 16) and aggregate excess of Rs. 64.84 crores under 6 Grants (4,5,6, 10,13 and 15). [Reference. Para 6.7 of the report of Comptroller and Auditor General of India for the year 1982-83 Union Government (Railways), para 25—Excess over Voted grants—para 26—Savings under Voted grants and Para 27—Savings under Charged Appropriation of the Appropriation Accounts of the Railways in India for the year 1982-83—Para 1.—Review)].

1.2 The excesses under 6 Grants are explained as under :-

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

Original Grant	—	340,87,96,000
Supplementary Grant	—	18,45,77,000
Total Sanctioned Grant	—	359,33,73,000
Actual Expenditure	—	368,80,07,734
Excess	—	3,45,34,734
Percentage of excess over the final grant	—	0.90%

A grant of Rs. 340.88 crores was obtained at the Budget Estimate Stage. A Supplementary Grant of Rs. 18.46 crores was obtained in March, 1983 on account of post-budgetary impact of additional dearness allowance instalments, de-casualisation of labour, Productivity Linked Benus,increase in cost of material, contractual payments, contingent expenses, other allowances etc.

The excess of Rs. 3.46 crores occurred mainly under subhead Maintenance of Permanent way. Primary unit wise, the above excesses were under Contractual payments (Rs. 1.18 crores), cost of material (Rs. 0.87 crore), dearness allowances (Rs. 0.62 crore), other expenses (Rs. 0.55 crore) and aggregate of minor variation under other heads (Rs. 0.24 crores). Of the total excess, the largest excess (Rs. 2.45 crores) occurred on Eastern Railway due to its failure to make adequate provision made for various items of expenditure such as D.A., Salary and Wages, cost of material and directly purchased and other allowances.

There was a misclassification of Rs. 54,08,084 on account of expenditure relating to other grants, but wrongly booked under this. Grant. Thus taking into account the effect of misclassification, the real excess requiring regularisation by Parliament works out to be Rs. 2,92,26,650 i.e. 0.81% over the final grant.

(ii) Grant No. 5—Repairs and Maintenance of Motive Power.

Original Grant	—	2,97,01,95,000
Supplementary Grant	—	2,00,89,000
Total Sanctioned Grant	—	2,99,02,84,000
Actual Expenditure	—	3,03,94,41,106
Excess	—	4,91,57,206
Percentage of excess over final grant	—	1.64%

A Grant of Rs. 297.02 crores was obtained at the Budget Estimate stage. A supplementary grant of Rs. 2.01 crores was obtained in March 1983, on account of post-budgetary impact of additional dearness allowance, contractual payments, productivity linked bonus, other expenses and other allowances etc.

The excesses were mainly under subhead 'Steam Locomotives' (Rs. 1.61 crores) and 'Diesel Locomotives' (Rs. 2.70 crores) due to more expenditure under cost of materials and other expenditure off set by savings under subhead 'Establishment in offices' (Rs. 0.24 crore)

Primary unitwise, the above excess (Rs. 4.91 crores) were under other expenses (Rs. 2.79 crores), cost of material (Rs. 2.20 crores) partly off set by aggregate of minor variation under other heads

(Rs. 0.08 crore) etc. Of the total excess, the lagest excess occurred on Central Railway under Diesel Locomotives mainly on stores and material and running repairs to diesel locos etc. There was a misclassification of Rs. 30,37,796 on account of expenditure relating to this Grant having been wrongly booked under other grants. Thus, taking into account the effect of misclassification the real excess requiring regularisation by the Parliament works out to Rs. 5,21,94,902 i.e. 1.75% over the final grant.

(iii) Grant No. 6—Repairs and Maintenance of Carriages and Wagons

Original Grant	—	410,41,01,000
Supplementary Grant	—	20,10,20,000
Total Sanctioned Grant	—	430,51 21,000
Actual Expenditure	—	431,78,85,624
Excess	—	1,27,64,624
Percentage of Excess over the Final Grant	—	0.30%

A grant of Rs. 410.41 crores was obtained at the Budget Estimate stage. A supplementary grant of Rs. 20.10 crores was obtained in March, 1983 on account of post-budgetary impact of additional dearness allowance, other allowances, other expenses, productivity linked bonus, contingent expenses, contractual payments, etc.

The excess of Rs 1.28 crores was mainly under sub-heads "Carriages" and "Miscellaneous Repairs and Maintenance Expenses" offset by major saving under "Wagons". Primary unit wise excesses were recorded under other expenses (Rs. 1.18 crores) and cost of materials (Rs 0.56 crore) offset by aggregate savings under other heads (Rs. 0 46 crore). Of the total excess, largest excess occurred on Central Railway mainly due to increase in periodical overhauls and special repairs to wagons.

The expenditure to the extent of Rs. 13,53,298 relating to this grant was wrongly booked under other grants. Thus, taking into account the effect of misclassification the real excess requiring regularisation by the Parliament works out to Rs. 1,41,17,922 i.e. 0.33% over the Grant.

(iv) Grant No. 10—Operating Expenses—Fuel

Original Grant	—	718,61,82,000
Supplementary Grant	—	51,99,19,000
Total Sanctioned Grant	—	770,61,01,000
Actual Expenditure	—	782,32,73,785
Excess	—	11,71,72,785
Percentage of Excess over the final Grant	—	1.52%

A grant of Rs. 718.62 crores was obtained at Budget Estimate stage. A supplementary grant of Rs. 51.99 crores was obtained in March, 1983 on account of revision in the price of coal, revision in the Electric tariff announced by State Electricity Boards, increase in G.T. Kms.; freight and handling charges, other expenses and staff cost, partly offset by savings in consumption of coal due to decrease in traffic on this traction and less generation of power in Railway Power Houses etc.

The excess of Rs. 11.72 crores was mainly under Sub Head 'Steam Traction" and "Diesel Traction"

Under 'Steam traction' the largest excess occurred on North Eastern Railway mainly on consumption of coal due to increase in the number of passenger trains run drop in average speed, etc.

Under 'Diesel traction' the largest excess occurred on Northern Railway owing to more haulage of traffic in the latter part of the year than anticipated offset by aggregate of minor savings under other heads.

The primary unit-wise excesses were recorded under cost of material (Rs. 7.15 crores), other expenses (Rs. 4.62 crores) offset by savings under other heads (Rs. 0 05 crore).

There was a misclassification of Rs. 31,00,015 on account of expenditure relating to this grant wrongly booked under another grant. Thus taking into account the effect of misclassification, the real excess requiring regularisation by the Parliament works out to be Rs. 12,02,72,?00 i.e. 1.56%.

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

Original Grant	—	151,87,31,000
Supplementary Grant	—	19,92,74,000
Total Sanctioned Grant	—	171,80,05,000
Actual Expenditure	—	194,36,90.397
Excess	—	22,56,95,397
Percentage of excess over the final Grant	—	13.14%

A Grant of Rs. 151.87 crores was obtained at Budget Estimate stage. A Supplementary grant of Rs. 19.93 crores was obtained in March, 1983 on account of more payment of D.C.R G., superannuation and retiring pension, commuted pension, family pension and also on account of post-budgetary increase on account of additional instalment of dearness allowance to the pensioners during the course of 1982-83 etc.

The excess of Rs. 22.57 crores was mainly due to receipt of more debits including arrears debits for superannuation and retiring pension (Rs. 17.57 crores), Family pension (Rs. 4.91 crores), Commuted pension (Rs. 3.40 crores), minor variation under other heads (Rs. 0.12 crore); partly offset by saving under death-cum-retirement gratuity (Rs. 1.00 crore), gratuity and special contribution to provident fund (Rs. 1.23 crores) and contribution to provident fund (Rs. 1.?0 crores).

There was no misclassification under this grant and therefore, the excess requiring regularisation by Parliament works out to Rs. 22,56,85,397 i.e. the same as disclosed in the Appropriation Accounts.

(vi) Grant No. 15—Dividend to General Revenues—Repayment of Loans taken from General Revenues and Amortisation of Over Cepitalisation.

Original Grant	—	479,33,20,000
Supplementary Grant	—	21,75,34,000

Total Sanctioned Grant	—	501,08,54,000
Actual Expenditure	—	521,98,87,732
Excess	—	20,90,33,732
Percentage of excess over the final Grant	—	4.17%

A grant of Rs. 479.33 crores was fixed at the Budget Estimate stage. A supplementary grant of Rs. 21.75 crores was obtained in March 1983 on account of payment of dividend to General Revenues (including arrears for the years 1980-81 and 1981-82 computed at a higher rate of dividend recommended by R.C.C. 1980 (Rs. 53.06 crores), payment of more interest on outstanding loans obtained from General Revenues for Development Fund (Rs. 0.56 crore). This was partly offset by less provision made for payment of Deferred Dividend Liability prior to 1978-79 (Rs. 31.87 crores).

The excess of Rs. 20.90 crores was mainly due to more surplus having been generated during the year resulting in more liquidation of Deferred Dividend Liability payment relating to the period prior to 1978-79 than anticipated.

In the circumstances explained above, the excess in the above grants may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

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

This has been seen by Audit.

Sd/-

(M.N. SWAMINATHAN)
Director (Accounts),
Ministry of Railways,
Railway Board,
New Delhi.

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

APPENDIX XVII

(*Vide* Paragraph 3.1 of the Report)

I. RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

During the year under review *viz*., 1981-82, excess expenditure had occurred under 16 Voted Grants and 4 Charged Appropriations and aggregated to Rs 462.69 crores as against Rs.140.86 crores and Rs.359.16 crores respectively during the years 1979-80 and 1980-81. The Committee note that bulk of the excess on the Civil side *viz*., Rs.168.93 crores out of the aggregate excess of Rs.206.84 crores was contributed by one Grant *viz*., Grant No.12—Foreign Trade and Export Production. Three Grants operated by the Ministry of Defence contributed to an overall excess of Rs.115.59 crores, while the Ministry of Communications contributed to an excess of Rs.51.64 crores. In the case of Railways, the excess was Rs.88.62 crores.

Year after year, the Committee have been expressing concern over excess expenditure. The Committee are however distressed to note that instead of improving, the position has been deteriorating. During the year 1981-82, the aggregate excess ependiture was the highest during the decade 1972-82. It was nearly 130 per cent of that in 1980-81, 330 per cent of that in 1979-80 and 1100 per cent of that in 1978-79. That the position should have deteriorated in spite of repeated exhortations of the Committee and the repeated instructions issued by the Ministry of Finance is a matter of serious concern. An analysis of the explanations given by the Ministries shows that, as in the past, defective estimation of requirement of funds, absence of a continuous watch over the flow of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto and absence of adequate provision for adjustment of past liabilities continue to be the main reasons for excesses. The fact that the same causes for the excesses should persist year after year leads the Committee to believe that the matter has not been viewed by the Ministries with the seriousness it deserved. The

Committee would like the Ministries to bear in mind that excess expenditure is "unauthorised expenditure" and it betrays lack of financial discipline. The only contingency in which such expenditure is understandable is when a need for unavoidable expenditure has arisen suddenly which could not have been anticipated or foreseen and there is no time left for the Ministry to approach Parliament for a Supplementary Grant/Appropriation. Even in such cases advance from the Contingency Fund should be taken. The Committee would like Government to tighten their financial control with a view to ensure that the excesses are reduced to the barest minimum, if not altogether eliminated.

[Serial No.—1—(Appendix XVII)-Para 2.7 of the 166th Report of the Public Accounts Committee (Seventh Lok Sabha)].

Action taken

The observations made by the Public Accounts Committee have been circulated amongst Ministries/Departments/Financial Advisers for compliance and to ensure that there is no unforeseen excesses in expenditure *vide* this Ministry's Office Memorandum No F.12(3)-E(Coord)/84 dated 31.3.1984 (copy enclosed).

2. F.A. (Commerce) has been specifically requested to furnish his comments with regard to the bulk of excess expenditure during 1981-82 in respect of Grant No 12-Foreign Trade-Export Production.

[Ministry of Finance, (Department of Expenditure) F.No 12(3)-E(Coord)/84) dated 14 April, 1984.]

Copy of O.M. No. F-12(3)-(Coord)/84 dated 31 March, 1984 from the Ministry of Finance (Department of Expenditure) to all Ministries/Departments of the Government.

Subject :— 166th Report of the Public Accounts Committee (Seventh Lok Sabha)-excess over voted grants and charged appropriation 1981-82.

The undersigned is directed to say that in their 166th Report (Seventh Lok Sabha), the Public Accounts Committee have expressed concern over the increase in the aggregate amount of excess expenditure during the year 1981-82 as compared to 1980-81. The Committee have urged Government to tighten their financial control with a view to ensure that the excesses are reduced to the barest minimum if not altogether eliminated, In this connection an extract of para 2.7 of their recommendation contained in the above report is enclosed*.

2. With the introduction of the scheme of Integrated Financial Advisers, the responsibility of framing Budget Estimates on a realistic basis as also post-budget vigilance to ensure that there is no unforeseen excesses devolves on the Financial Advisers. For achieving this objective the Financial Advisers may ensure that the prescribed rules and procedures and such other procedures as may be considered necessary are followed by the Ministries/Departments with which they are concerned.

3. Ministries/Departments/Financial Advisers are requested to note the observations made by the Public Accounts Committee for compliance. Financial Advisers are also requested to send Action Taken Note to the Public Acconnts Committee explaining the reason for excess expenditure in the sector with which they are concerned under intimation to this Ministry.

Hindi version of this O.M. will follow.

Reccommendation

The original capital grant of Rs. 62.38 crores in respect of Foreign Trade & Export Production was augmented to 187.88 crores by supplementary grants but the actual expenditure was of the order of Rs. 356.81 crores. The Committee have carefully considered the explanation offered by the Ministry of Commerce for the incredible excess expenditure of Rs.168.93 crores under the grant. The excess was on account of unanticipated drawal of technical credits by foreign countries under the rupee trade agreements. In pursuance of an earlier recommendation of the Committee, the Ministry of Commerce had informed (June, 1981) that a decision had been taken that actual drawals of funds would be henceforth limited to the extent possible to approved budget provisions and that the Reserve Bank of India had agreed to furnish weekly debits of gross drawals of technical credits which it was hoped would have enabled the Ministry of Commerce to keep a watch and issue additional budgetary sanction as and when required after obtaining provisions. The Committee have now been informed that the weekly report of the R.B.I, is not of much avail as significant drawals take place in the last 2-3 months of the financial year, leaving no time to cover the excess through supplementary grant. This virtually means that the expenditure

*Reproducded on preceding page.

cannot be regulated within the grånt which the Committee cannot accept. The Committee would, therefore, like the Ministry of Commerce to once again review the existing procedures in consultation with the Ministry of Finance (Department of Economic Affairs) and the Reserve Bank of India and also if necessary in consultation with the rupee trading countries to ensure more accurate estimation and effective watch over the flow of drảwals.

[S. No. 3 (Appendix XVII) para 2.12 of the 166th Report of the PAC (7th Lok Sabha)]

Action taken

The prrcedure for drawal by the Reserve Bank of India for providing technical credits to East European countries having rupee trade arrangements with India has been reviewed once again in consultation with the Ministry of Finance (Department of Economic Affairs) and the Reserve Bank of India. It has been the experience that imports from and exports to India by the rupee trading countries take place with varying flows although these are of a continuous process and drawal of technical credits, repayments thereof or generation of rupee balances arise in the course, as transitory phases at different points of time during a year.

2. It has since been decided in consultation with the C&AG, that the requirements of funds for technical credits should be worked out on the basis of likely drawals in a financial year reduced by likely repayments against such drawals, that is to say on the basis of the net amounts required. When there are any outstandings at the end of the previous financial year against a foreign Government, repayments by hat Government during the budget year will, to the extent of that outstanding balance, be taken as receipt in the accounts and only the repayments thereafter need be taken for Net Budgeting. It is hoped that this arrangement will reduce the diamension of the problem and ensure presentation of a more realistic picture to the extent feasible of drawal of technical credits by foreign Governments.

This Action Taken Note has been vetted by Audit.

Sd/-
A S. Chatha
Joint Secretary to the Govt. of India.

[Ministry of Commerce (Department of Commerce) O.M. No.92/7/-83-FT(EE) dated 7 May, 1984.]

Recommendation

There was an overall excess of Rs. 51.64 crores under Grant No. 18—Capital Outlay on Posts and Telegraphs. Against the final grant of Rs. 512.01 crores, the actual expenditure amounted to Rs. 563.64 crores. The Committee note that but for savings to the extent of Rs. 43.31 crores under certain heads, the excess expenditure under this Grant would have been as high as Rs. 94.95 crores. The net excess is the highest since 1973-74 and has been attributed by the Ministry to rapid progress in construction of buildings for operative offices, receipt of more lines and wires materials than anticipated for the local telephone systems, escalation in the cost of apparatus and plant equipments and larger procurement of stores by the stores and Civil Engineering Organi ations. In extenuation, the Ministry have stated that in the earlier two years *viz.* 1979-80 and 1980-81, the supply of equipment and maintenance stores was much less with the result that considerable amount of allotted funds could not be utilised. As against the sanctioned grant of Rs. 403.86 crores in 1979-80, the expenditure was only Rs. 308.22 crores and in 1980-81 against the sanctioned grant of Rs. 451.59 crores the expenditure was only Rs. 351.09 crores. According to the Ministry, larger orders were placed in 1981-82 with a view to ensure adequate supply of stores. However, it has not been stated that the works suffered on account of inadequacy of stores in the past. In any case, the Committee are not convinced by this explanation Both sets of figures, one of under spending (Rs. 95.64 crores in 1979-80 and Rs. 100.50 crores in 1980-81) and the other of overspending (Rs. 51.64 crores in 1981-82) speak elequently of the callous disregard for any sort of financial discipline. The huge gap between the estimates and actuals only reveals the utter failure of the Ministry to anticipate expenditure on a logical and rational basis. Not to purchase stocks well in time within the sanctioned amount thus leading to so called savings is decidely not a virtue, not is it to purchase stocks overzealously subsequently by overspending in these days of rising prices. The Committee trust that in future past experience serving as a guide, the Ministry will be careful and cautious both in estimation and in spending so that such violent variations are avoided as far as practicable.

[S.No. 4 (Appendix XVII) Para 2.16 of 166th Report of PAC (1983-84) (Seventh Lok Sabha)].

Action taken

The observations of the Committee have been noted for guidance. Strict instructions have been issued to the General Manager Telecom.

Stores Calcutta and to the other Heads of Circles for keeping the expenditure within the allotment. Copies of the D.O. Letters No.—6-1/83-CB Dated 8-12-83 and 14-12-83 written by Secretary Copies are enclosed).

This has been vetted by Audit vide their U.O. No. RRIII/315/I(D) 406/81-82/CH. II Dated 7-7-84.

ATN has been approved by Member (Finance).

[Ministry of Communications (P&T Board) O.M.No. 6-1/82-CB dated 21 July, 1984]

Copy of D O. letter No. 6—1/83-CB dated 8 December, 1983 from the Director General, Posts and Telegraphs to the General Manager, Telecommunication Stores, Calcutta

The Public Accounts Committee in their 166th Report on excesses over Voted Grant and Charged Appropriation have viewed with concern the excess expenditure during 1980-81. They have pointed out that an analysis of cause for excess expenditure indicates defective estimation of the requirement of funds, lack of proper and continuous review of the progress of expenditure, failure to anticipate properly and provide for receipt of stores and debits relating thereto.

2. D.D.G (FB) has already written to you in April, 1983 emphasising the need for keeping the expenditure within the Sanctioned Grant.

3. I find that during 1982-83, against the sanctioned grant of Rs. 41.84 crores for purchases from private suppliers, the actual expenditure was as much as Rs. 126.73 crores. This shows absence of adequate budget control and financial discipline. I would like you to examine why such large excess have occured both during 1981-82 and 1982-83 and take immediate steps to ensure that the expenditure is kept strictly within the Sanctioned Grant.

4. I would also like you to review the pending purchase orders and, if necessary, reschedule them so as to avoid any possibility of excess expenditure this year.

5. It would also be desirable if you could ensure that debits against the indenting units are raised promptly and adjustments watched. If all the debits are raised during the closing month of the year, it would be very difficult for the indenting units to control their budget.

Copy of D.O. letter No. 6—1/83-CB dated 14 December, 1983 from the Director General, Posts and Telegraphs to Heads of Postal Circles

The Public Accounts Committee have in their 166th Report commented adversely on the excess expenditure over allotment and emphasised the need for observing financial discipline.

The revised allotment for 1983-84 has been issued recently. You should keep a personal watch on the expenditure to ensure that the expenditure is kept strictly within the allotment for your circle.

GOVERNMENT OF INDIA

Ministry of Home Affairs

Action taken by the Govt. on the recommendations of the Public Accounts Committee's 166th Report (7th Lok Sabha).

Recommendation

There was an overall excess of Rs. 2.86 crores under Revenue Section of Grant No. 55—Andaman and Nicobar Islands administered by the Ministry of Home Affairs. This Grant had been exceeded in 1980-81 also by Rs. 1.94 crores. The excess during 1981-82 occurred under Sub heads 'A. 12(5)(2)—Purchase' (Rs. 1.38 crores), 'A. 12(5)(3)—Miscellaneous P.W. Advances' (Rs. 0.37 crores) and 'A. 12(6)—Other Expenditure' (Rs. 0.24 crores) of Major Head "259", and Sub-Head 'C 13(1)(1)(1)—Maintenance of Jetties (Rs. 0.50 crores), and C 13(1)(4)—Dockyard and Dry Docking (Rs. 0.41 crores) of Major Head "335". The excess expenditure is mainly attributable to adjustment of debits for past liabilities, which could have been anticipated and provided for fully through a closer liaison between the indenting authorities, procurement agencies and the accounts organisation as also through proper maintenance of liability register. The Committee are constrained to record their displeasure over the persistant tendency on the part of the

Andaman and Nicobar Administration to exceed the budgetary ceilings. The Committee note that the Ministry have issued instructions to the Andaman and Nicobar Administration to observe strict financial discipline and avoid excess expenditure in future. They note that similar instructions had been issued by the Ministry last year also. The Committee need hardly point out that the instructions have meaning only if they are complied with both in letter and Spirit. The Committee trust that the Ministry of Home Affairs will ensure that this is done and their instructions are scrupulously followed.

[S. No. 7 (Appendix XVII) para 2.29 of 166th Report of P.A.C. (Seventh Lok Sabha)]

Action Taken

The observations of the committee have been noted and brought to the notice of the Andaman & Nicobar Administration *vide* D.O. No. U. 15030/1/83-Ac. II dated 22 December, 1983 for compliance (copy enclosed). As a result of measures taken by the A&N Islands Administration, the expenditure has not exceeded the sanctioned grant under Grant No. 55 A&N Islands for 1982-83.

The Note has been seen by Audit.

[Ministry of Home Affairs D.O. No. U. 15030/1/83-Ac. II Dated 23 March, 1984]

Copy of D.O. letter No. 15030/1/83-AC. II dated 22 December, 1983 from the Financial Advisor, Ministry of Home Affairs Government of India to the Chief Secretary, Andaman and Nicobar Islands, Port Blair

Please find enclosed a copy of 166 Report of the Public Accounts Committee (1983-84) on excesses over voted grants and Charged Appropriation (1931-82).

In para 2.29 of their report the Public Accounts Committee have commented upon the excess of Rs. 285.68 lakhs in Revenue Section of Grant No. 55—A&N Islands for 1981-82. The Committee have shown their displeasure over the persistent tendency on the part of the Administration to exceed the budgetary ceilings and stressed that the instructions regarding observance of strict financial discipline should be complied with both in letter and spirit.

I shall be grateful if you could bring the observations of the Public Accounts Committee to the notice of all the Drawing and Disbursing Officers and impress upon them the need to enforce strict financial discipline. You may also like to direct your Finance Secretary to keep a close watch on expenditure so as to ensure that expenditure does not exceed the final grant under any Major Head.

Please acknowledge receipt.

GOVERNMENT OF INDIA
Ministry of Works & Housing
(Works Division)

Recommendation

An excess of Rs. 10.12 crores occurred under Revenue Section of Grant No. 91—Public Works operated by the Ministry of Works and Housing. The excess works out to 6.27 per cent of the final allocation of Rs. 261.48 crores. This Grant had been exceeded by Rs. 8.60 crores in 1980-81 also. As in the past, one of the reasons for excess is that the transactions under the Head Suspense get reflected a number of times in the accounts owing to inter-divisional transfer of stores required in exigencies of executing the work on time. In pursuance of an earlier recommendation of the Public Accounts. Committee (1980-31) in their Ist Report (7th Lok Sabha) and 24th Report (7th Lok Sabha) a revised accounting procedure has since been introduced with effect from 1st April, 1982 in consultation with the Comptroller and Auditor General of India and the Ministry of Finance. According to the Ministry of Works & Housing, unnecessary inflation of expenditure under the head 'Suspense Stock' on account of inter-divisional transfer for stores would be avoided through the revised procedure and this would be conducive to better budgetary control in future. The Committee would like to watch the working of the revised procedure through future Appropriate Accounts.

[S. No. 8 (Appendix XVII) para 2.32
of the 166th Report of P.A.C.
(7th Lok Sabha).]

Action Taken

The observation has been noted.

[Ministry of Works and Housing (Works Division) O. M. No. G-25015/3/83-Bt. dated 27th March, 1984].

Recommendation

The aggregate amount of excess expenditure under 4 Grants and 1 charged Appropriation administered by the Ministry of Railways (Railway Board) during the year 1981-82 was Rs. 88.62 crores. The excess during the year 1980-81 aggregated Rs. 247.29 crores and was the highest during the decade. An analysis of the reasons for excess expenditure over authorised allocation as disclosed in the Appropriation Accounts (Railways) indicates that once again defective estimation of requirement of funds lack of proper and timely review and monitoring of funds, failure to anticipate properly and provide fully for cost of material for special repairs due to breaches, overhauls of coaches, and increased electric tariff rates etc. have contributed to most of the excesses. It seems that taking note of the comments of the Committee (1982-83), the Railway Board have issued directives at the highest level emphasising stricter control of expenditure.

The Committee have also been informed that soon after the excess in expenditure over voted Grants for the year 1980-81 came to light, a number of measures were initiated by the Railway Administration to tighten up the Railway Administration control machinery. The expenditure control machinery was revamped and put under the direct charge of an additional General Manager (Expenditure Control) on each Zonal Railway Headquarter and an Additional Divisional Railway Manager (Expenditure control) on each division. The Committee have also been assured that the measures initiated for expenditure control are being kept up without any let up and the Ministry of Railways expect that the actuals for 1982-83 will show even better results. The Committee would like to watch the impact of the measures initiated in 1982 through future Appropriation Accounts.

[S. No. 9 (para 2.40 of Appendix XVII) to 166th Report of P.A.C.
(7th Lok Sabha)]

Action Taken

The observations of the Committee have been noted.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 83-BC-PAC/VII/166
dated 25 February, 1984]

Recommendation

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

[Sl. No. 11 (Appendix XVII) Para 2.42 of 166th Report of the Public Accounts Committee (Seventh Lok Sabha].

Action Taken

The Demands for Excess Grants (excluding Railways) for 1981-82 were passed by the Lok Sabha on 14-3-1984. The connected Appropriation Bill as passed by the Lok Sabha on 14-3-1 84 and returned by the Rajya Sabha on 19-3-1984. was assented to by the President on 23-3-1984.

[Ministry of Finance (Department of Economic Affairs) O.M.N.F. 7(89)-B(RA)/83 dated 6 April, 1984]

Recommendation

The Committee hope that final replies in regard to the recommendations to which only interim replies have been furnished will be furnished to them expeditiously after getting the same vetted by Audit.

[Sl No 12(Para 3.3) of Appendix XVII to the 166th Report of the PAC(7th Lok Sabha). 1983-84].

Action Taken

The recommendations of the work study group in the Ministry of Defence which was set up following the the recommendations of the Public Accounts Committee in its 57th Report (1981-82) have been implemented by all the Estimating Authorities under Air Headquarters. Liability registers have been opened which indicate the carry over liabilities of the previous year, new indents/orders placed during the year as well as dates when the supplies are expected to materialise. These registers also contain full information regarding contracts/orders, agreement under which supplies are to be made. The estimating authorities examine these registers at the time of budgetary reviews and more realistic estimates are now framed. The Controlling authorities at Air Hq. are also exercising effective control on placing orders and regularly monitoring the progress of expenditure from month to month and taking necessary steps to eliminate, variation between sanctioned grant and actuals.

2. As a result of these corrective measures in the year 1982-83, the over-all variation between the sanctioned grant and actual expenditure has been (+) Rs. 1.48 crores *i.e.* (+) 0.1% on the revenue side and (—) Rs. 0.93 crores i.e. (—) 1.7% on the capital side.

3. This has been seen by Audit.

[Ministry of Defence O. M. No. 58(2)/82/D (Air I) dated 21 July, 1984]

Recommendation

The Committee have been commenting upon avoidable delay in the submission of Action Taken Notes, as also stressing that the Notes should invariably be furnished to them within the stipulated time limit of six months. While 20 notes were received by the due date *viz* 5 May, 1983 and 16 notes within the extended time *viz* 5 July, 1983, 2 notes one each from the Ministry of Defence and the Ministry of Railways were not received even after the extended period. Since delayed submission of Action Taken Notes by the Ministries upsets the schedule of finalisation of action taken Report by the Committee, they would once again like to stress the need to ensure strict adherence to the prescribed time schedule.

[Sl. No. 13(Para 3.5) of Appendix XVII to 166th Report of PAC, 1983-84, (Seventh Lok Sabha)]

Action Taken

(i) *Ministry of Defence* :

The observations/recommendations of the Committee have been noted and instructions have also been issued to all concerned to note this recommendation of the Committee for future guidance/compliance. A copy of the instructions issued is enclosed.

2. DADS has seen.

[Ministry of Defence (D-Budget) O.M. No. F. 11(22)/83/D(Budget) dated 16 January, 1984]

[COPY]

MINISTRY OF DEFENCE
D(BUDGET)

Subject : Submission of Action Taken Note on the 166th Report of PAC (1983-84) (7th Lok Sabha) Sl.No. 13

The Public Accounts Committee at Sl. No. 13 of the Appendix of their 166th Report (1983-84) (7th Lok Sabha) on 'Excesses over Voted Grants and Charged Appropriations (1981-82) and Action Taken on 121st Report (Seventh Lok Sabha) presented in the House on 18th November 1983 have observed as under :-

Sl. No.13 'The Committee have been commenting upon avoidable delay in the submission of Action Taken Notes, as also stressing that the Notes should invariably be furnished to them within the stipulated time limit of six months. While 20 notes were received by the due date *viz* 5 May 1983 and 16 notes within the extended time *viz*. 5 July, 1983, 2 notes one each from the Ministry of Defence and the Ministry of Railways were not received even after the extended period. Since delayed submission of Action Taken Notes by the Ministries upsets the schedule of finalisation of action taken Report by the Committee, they would once again like to stress the need to ensure strict adherence to the prescribed time schedule'.

2. The above mentioned recommendation of the PAC to adhere strictly to the prescribed time schedule for furnishing the Action Taken Note in respect of PAC Reports may please be noted for future guidance/compliance.

Sd -
(ASHIM CHATTERJI)
JOINT SECRETARY (P&C)

All Joint Secretaries in the Ministry of Defence.

M of D ID No. F. 11(22)/83/D (Budget) dated 21-12-1983

Copy to :

All Directors/Deputy Secretaries/Branch Officers.

(*ii*) *Ministry of Railways (Railway Board)*:

The observations of the Committee have been noted.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 83-BC-PAC/VII/166 dated 22 February, 1984].

Recommendation

As against the final charged appropration of Rs. 3.55 crores under the Capital Section of Grant No. 53-Delhi during 1980-81, the actual expenditure amounted to Rs. 6.02 crores, leaving an uncovered excess of Rs. 2.47 crores. The excess, according to the Ministry, was due to more payment on account of enhanced compensation of decretal amounts in respect of land acquisition cases than anticipated. In para 2.39 of their 121st Report (Seventh Lok Sabha) the Committee had desired to know when exactly the enhanced compensation was announced and whether the decretal awards could have been provided for at the time of revised budget allocation. The Committee regret to observe that even after a lapse of eight months, the Ministry have given only an incomplete reply. The Committee have not been informed as to when the Court decree was passed for enhanced compensation though this point had been specifically raised by them. The Committee would await the information. It however, appears from the reply that there was avoidable delay in determining the enhanced compensation payable as per the Court decree and that although in a large number of cases the payment was made during the year 1980-81, before December, 1980, no attempt was made to provide for them in a supplementary appropriation for authorisation by Parliament during the year itself. While the Committee would await further details promised by the Ministry in this regard, they would expect the Ministry to ensure that in future prompt action is taken to make the payment of compensation and provide for it in the Budget Supplementary Budget.

[S. No. 14 (Appendix XVII) para 3.8 of 166th Report of P.A C. (Seventh Lok Sabha)]

Action Taken

Out of 504 cases in which enhanced compensation was calculated by the different Land Acquisition Commissioners, details of 391 cases were sent to the Lok Sabha Secretariat. *vide* U.O. No. U. 15030/1/82—Ac. II, dated 28-6-83. The details of 97 cases were sent on 1st October, 1983 *vide* O.M. No. U-15030/1/82-Ac. II. Out of the remaining 16 cases, one case pertains to 1979-80. Information in respect of 15 cases are enclosed at Annexure 'A'.

2. The matter has again been examined in consultation with the Delhi Admn. The Admn. has stated that there was a sanctioned budget of Rs. 1.70 crores for the year 1980-81 for payment of enhanced compensation to Land-owners. Till 31st October, 1980, an expenditure of Rs. 1,49,87,462.98 p. was incurred on payment of enhanced compensation to the Land owners under orders of the Courts. Keeping in view the tempo of acquisition of land, an expenditure of Rs. 6 00 crores was anticipated during the year. Budget proposal for making provision of this amount was accordingly sent to the Ministry of Works & Housing on 31st October 1980. Against the proposed provision of Rs. 6.00 crores, the Ministry of Works & Housing accepted a provision of Rs. 3.50 crores only in R. E. 1980-81. This intimation was received by the Admn. from Ministry of Works & Housing on 31st Decemcer 1980. By that time the total expenditure incurred come to Rs. 2,45,05,358 51 p. Since the provision accepted in RE was inadequate, the Secretary, Land & Building Deptt. of the Delhi Admn. approached the Ministry of Works & Housing on 16-1-1981 for enhancement of this provision. Chairman, DDA/Lt. Governor also took up the matter with the Minister of Works & Housing on Feb. 1-2-1981 for enhancement of the provision. The Minister's reply expressing inability to accept any additional provision in 1980-81 was received by the Admn. on 27-3-1981. Since the amounts were decreed by the court and any delay would have involved payment of interest @ 6%, payments amounting to Rs. 3,53,20,654 34 p. were made during the period 1-1-1981 to 31-3-1981. A statement showing month-wise expenditure is enclosed at Annexure 'B'.

3. The observations of the Committee have been brought to the notice of Ministry of Works & Housing who provide the budget provision and the Delhi Admn. who control the budget for strict compliance.

[Ministry of Home Affairs U.O. No. U15030/2/83-Ac. II
dated 25 June, 1984]

ANNEXURE 'A'

S. No.	Award No.	Village	File No.	Date of award	Compensation paid	Date of compen-sation paid	Area	Amount paid	Date	Date of Judge-ment Court decree by ADJ.
1	2	3	4	5	6	7	8	9	10	11
1.	1456	Bahapur	F.19(63)/73-Lit. III Shiv Raj Vs. UOI	22-10-62	9,776.00	9-1-63	4.05	9,981.21	28-2-81	2-1-71
2.	2119	Sahipur	F.19(84)/83/ Lit.III Sher Singh Vs.UOI	28-6-68	9,179.36	11-7-68	12.18	3,552.51	10-3-81	30-5-80
3.	1836	Nangal Dewat	F.13(14)/62/ Lit III Sh. Lallu Vs.UOI	12-7-65	12,765.00	—	5.00	4,639.77	9-3-81	—
4.	1948	Pritam Pura	F.13(1163)/67 Lit.I Sh. Sher Singh	7-3-67	15,20,173.00	14-3-67	33.13	75,443.56	15-1-81	3-9-79

5.	54/6970	Karkar Dooma	F.13(147)/70 Lit.I Sh.Ram Kishan etc.	30-3-70	18,22,612.38	—	56.19	4,07,771.42	10-3-81	24-1-80
6.	61/7273	Jhilmil Tahpur	Sh. Ram Pd.	17-11-72	55,383.14	22-12-72	4.11	53,885.89	20-5-80	22-3-79
7.	13/7677	Sadhora Khurd	F.13(66)/76/ Lit. I Smrat Coop.	13-9-76	6,66,501.43	4-6-77	28.03	9,810.73	28-3-81	30-4-80
8.	1928		F.27(81)/78/ Lit. II Sh. Bhagat Singh	10-1-67	15,295.00	20-1-67	3.16	7,832.48	1-1-81	31-10-79
9.	54/69-70	Karkar Dooma	F.13(165)/70 Lit.IIX Ghasi Ram.	30-3-70	18,22,612.38	—	1447.8	3,43,212.19	27-5-80	31-10-79
10.	1162		F.27(380)-68/Lit.II Sh. Prabhu Dayal Vs. UOI	13-11-62	6,953.47	11-9-61	2.08	8,187.51	10-3-81	5-3-79
11.	1241 Bahapur		F.27(125)/70/Lit. II M/s Navin Coop. Threft Society	13-11-62	1,16,863.36	28-9-62	22.11	1,33,415.93	29-11-80	8-5-79

1	2	3	4	5	6	7	8	9	10	11
12.	1672 Mangol-Pur Kalan		F.27(175)/69/Lit.II Attar Singh Vs. UOI	27-2-64	2,12,117.50	6-3-64	48.01	1,34,950.79	28-9-80	19-7-79
13.	1282	Bahapur	F.27(113)/68 Lit. III Mrs. Suraj Rani	24-4-62	26,565.00	—	11.11	24,825.53	9-5-80	9-5-79
14.	28-B	Khichripur	F.13(188)/75 Lit. XXI, Chander Pal and others	7-11-75	25,14,750.78	—	2177.07	34,384.91	27-9-80	21-5-79
15.	1804	Karkardooma	F.27(86)/75 Lit. I Sis Ram & others.	—	21,75,646.80	—	3154.4	14,56,452.75	20-1-81	29-3-79

ANNEXURE 'B'

STATEMENT OF EXPENDITURE

Month	Provision available 1st day of month	Liabilities Enhanced Comp. paid.	Total	Total expdr. during the month
2	2	3	4	5
April '80	82,00,000.00	60,00,142.86	0,00,142.86	60,00,142.86
May '80	86,99,857.14 (Balance 21,99,857.14 +65,00,000 released by Land & Building Deptt. of Delhi Administration.	88,74,383.25	88,74,383.25	88,74,383.25
June '80	(—) 1,74,526.11	Nil	Nil	Nil
July '80	(—) 1,74,526.11	Nil	Nil	Nil
August '80	(—)1,74,526.11	20,350.58	20,350.58	20,350.58
Sept. '80	(—)1,94,876.69	50,510,38	50,510.38	50,510.38
Oct. '80	(—)2,45,387.07	42,075.91	42,075.91	42,075.91
Nov. '80	(—)2,87,462.98 (+)23,00,000.00(Recd. from L & B —20,12,537.02	20,08,712.84	20,08,712.84	20,08,712.84
Dec. '80	Recd. 1,56,52,961.00 from + 3,824.18 L &B 1,56,56,785.18	75,09,182.69	75,09,182.69	75,09,182.69

1	2		3	4	6
Jan. '81	81,47,602.49		59,39,827.04	59,39,827.04	59,39,827.04
	+ 23,47,039.00	(Recd. from L & B)			
	1,04,94,641.49				
Feb. '81	45,54,814.45		1,74,18,234.31	1,74,18,234.31	1,74,18,234.31
	+2,33,43,063.00	(Recd. from L & B)			
	2,78,97,877.45				
March '81	1,04,79,643.14		1,19,62,593.08	1,19,62,593.08	1,19,62,593.08
	+ 10,02,134.31	(Recd. from Courts & other Deptts.)			5,98,26,012.94
	1,14,81,777.45				
	Rs. 4,80,815 63 —	Excess Payment made from the Pmt current account of A. D. M. (L. A.)			

II. RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

Recommendation

The excess of Rs.88.80 crores under Grant No.20 (Revenue Section) Defence Services—Army is mainly attributable to the excess of Rs.42.43 crores under sub-head A-6-Ordnance Factories, Rs.43.11 crores under the sub-head A-9-Stores, Rs.8.32 crores under the Sub-head A-4 Transportation and Rs.8.90 crores under Sub-head A-10-Works. Similarly, the excess of Rs.5.48 crores under Grant No.21-Defence Services-Navy is mainly attributable to gross excess of Rs.6.96 crores under the Sub-head A-5 Stores. The Excess of Rs. 21.31 crores under Grant No.24 Defence, Services-capital Outlay was mainly, attributable to Construction Works under sub-head 'A-1-Army', 'A-2-Navy' and 'A-3Air Force'.

The Committee note that the aggregate excess expenditure under the various Grants relating to the Ministry of Defence is more than twice of that in the preceding year. As in the past increase in cost of stores and POL, accelerated progress of works, failure to anticipate properly and provide for the receipt of stores and debits relating thereto as also failure to exercise proper control over the progress of expenditure were the main reasons for excesses.

The Committee have been informed that in pursuance of the recommendation contained in paragraph 2 31 of the 57th Report of the Committee (1981-82), the Work Study Group in the Ministry of Defence has, in consultation with the Ministry of Finance (Defence) since conducted a detailed study of the system of regulating the work of supplies, there receipt and their adequate financial provisioning in the budget. The Ministry expect that with the implementation of the measures suggested by the Works Study Group their would be improvement in the existing system and the variations between the sanctioned grant and actual expenditure would be minimised. According to the Ministry, full impact of the measures aimed at tightening up the system of monitoring and control of expenditure could be felt only in the subsequent years and it is too early to assess the same as the instructions were circulated only in June, 1982. The Committee would like the Ministry to keep close watch over the position and ensure that the budgetary control is truly effective in future.

[(Serial No.5 (Appendix XVII) para No.2.23 of 166th Report PAC, 1983-84, (Seventh Lok Sabha).]

Action Taken

Instructions already exist for framing the Defence budget estimates or realistic basis depending on the requirement and to exercise a close and constant watch on the trend of expenditure with reference to sanctioned provision. The progress ef Defence expenditure is analysed periodically and instructions issued to the Services HQrs. etc. to contain the expenditure within the allocated budget.

2. DADS has seen.

[Ministry of Defence O.M. No. *F-11/83/E (Budget): dated* 3 February, 1984]

III. RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

There was an excess expenditure of Rs. 5.99 crores and Rs. 16.70 crores respectively in the Revenue and Capital Sections (Voted) of Grant No. 53—Delhi. But for savings under certain heads the overall excess in the Revenue Section would have been Rs.7.89 crores and in the Capital Section Rs.17.72 crores. During the year 1980-81, the excess was to the tune of Rs.11.73 crores. As in the previous year, bulk of the excess in 1981-82 in the Revenue Section was due to purchase of more building meterials at escalated costs following voluminous increase in construction work connected with Asian Games, 1982. The Committee note *inter alia* that in pursuance of an earlier recommendation of the Committee, a revised accounting procedure has since been introduced by the Ministry of works and Housing from the financial year 1982-83 and it is expected that the booking of expenditure under normal budgetary suspenses accounts will be confined to the provisions appearing in the budget. The committee have also been informed that the Delhi Administration has also introduced a system of Management Accounting from the quarter ending 30 June, 1982 to enable the Heads of Departments to review the monthly progress of expenditure. The Committee desire that the Ministry should ensure that there is no significant excess expenditure over the voted grant in future.

The Committee note that out of the total excess expenditure of Rs.16.70 crores under the capital section of the Grant, Rs.9.91 crores represented non-remittance by the Delhi Development Authority of the surplus of receipts over expenditure to the Revolving Fund, prior to the close of the financial year, as required under the prescribed accounting procedure. As a result, the surplus receipts were treated as advance to the D.D.A., resulting in excess over the budget provision. The Ministry have assured that all efforts are now being made to persuade the D.D.A. to observe the accounting procedure strictly and start remittance of receipts realised by them on account of premium, etc. to the Revolving Fund before the close of the financial year. The Committee are surprised that the D.D.A. should have, in disregard of the prescribed procedure, failed to remit the surplus receipts to the Revolving Fund, prior to the close of the financial year and that the Ministry should have remained a helpless spectator still trying to "persuade" the D.D.A. The Committee desire that the D.D.A. should strictly follow the prescribed accounting procedure in future.

[S. No.6(Appendix XVII) para 2.26 of 166th Report of PAC. (Seventh Lok Sabha).]

Action Taken

The observations of the Committee have been brought to the notice of the Ministry of Works & Housing who provide the budget provision for 'Works' and the Delhi Admn. who control the expenditure for strict compliance.

The Accounting procedure relating to scheme of 'Large Scale Acquisition, Development and Disposal of Land' in Delhi prescribed in 1961 provides that all receipts are to be credited to the Revolving Fund and expenditure is to be met out of it exclusively by drawal of cheques. This procedure remained in force till Jan., 1966 when, due to some financial difficulties of DDA, it was decided by the then Financial Adviser, Delhi Administration, that as a temporary measure the DDA may be allowed to utilise receipts realised on behalf of Delhi Administration, towards expenditure on the clear understanding that they would remit surplus of receipts over expenditure regularly. The Government of India was approached by the Delhi Administration in 1976 for regularisation of the above relaxation. The Ministry of Works & Housing did not agree for relaxation. The Delhi Administration wrote to the Vice-Chairman, DDA requesting that direct untilisation of receipts towards expenditure may be discontinued forthwith and the receipts should be remmitted to the Administration for credit to the Personal Leadger Account of the Housing Commissioner every month and DDA,s requirement of expenditure on development of land may also be sent to the Administration for issue of cheques in their favour.

2. Since the DDA did not discontinue the practice of utilising the receipts directly and did not regularly remit the surplus of receipts to the Revelving Fund, the Admn. has no option but to show the withheld

funds as advances to DDA thereby resulting in excess expenditure over tne budgetted amount. The matter was examined in consultation with the controller of Accounts, Delhi Administration and it was suggested to the DDA that surplus of receipts over the budgetted figure may be deposited in the Revolving Fund after restricting the advances to their Development divislons to the extent of budgetted allotment. Finance Member, DDA, however, expressed, some practical difficulties in adopting this procedure. He has suggested that there should be a quarterly reconciliation of figures relating to receipts and expenditure with a view to arrive at the amount payable to and from the the Revolving Fund. The final overall cash settlement may take place in June each year (taking into account the Actuals covering January to March as well).

3. The Delhi Administration is being requested to hold a meeting with the representatives of the Ministry of Works & Housing and the DDA to take final decision on the point whether the prescribed procedure should be enforced or some relaxation has to be made.

[Ministry of Home Affairs U.O. No. U.15030/2/83-Ac. II dated 25 June, 1984.]

IV. RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee had, only a year ago, viewed with concern the pre-sistant phenomenon of excess expenditure. The Committee note that as in the previous year the bulk of the excess expenditure during 1181-82 (leaving aside Grant No.12 Foreign Trade and Export Production, which has been dealt with later in this Report) taken place in in Railways, Defence and P&T. The Committee agree with the Ministry of Finance that rather than a review of the departmentalisation of accounts and IFA Scheme obtaining in Civil Ministries/Departments, the financial systems in the three other sectors should be reviewed in depth to take steps to obviate such large scale excess expenditure. The Committee would accordingly recommend an indepth review of the financial system in Railways, Defence and P&T by a team of high level officials. They would suggest that representatives of the C&AG of India and the Ministry of finance must also be associated with it. The Committee would await the outcome of the review and steps taken on the basis thereof.

[Serial No. 2-(Appendix XVII)-para 2.8 of the 166th Report of the Public Accounts Committee (Seventh Lok Sabha)]

Action Taken

In pursuance of the Public Accounts Committee's recommendations a Committee has been sat up under the Chairmanship of Controller General of Accounts to make an indepth review of the financial systems in Railways, Defence and P&T Sectors. The Public Accounts Committee would be informed of the outcome of the review that may be made by the Committee so set up and steps taken on the basis thereof.

[Ministry of Finance, Department of Expenditure) F. No 12(2)-E(Coord)/84, dated 10 May, 1984].

(i) *Ministry of Finance (Department of Expenditure) :*

(ii) *Ministry of Communications (P&T Board)*:

A Committee has been been constituted for an indepth review of the financial system in the three sectors *viz.* Railways, Defence and P&T *vide* Ministry of Finance (Department of expenditure) No.12 (21/E(Coord)84 dt. 16.3.84 with Controller General of Accounts as the Chairman. The Committee would submit its report within six weeks.

This has been approved by DDG (PF).

This has been vetted by Director of Audit (P&T) Delhi *vide* their U.O. No. RR-III-266/1 (b) 406/81-82/CH-II dt. 28.6.84. However the Audit wanted a copy of the decision arrived at on the basis of the report of the Committee. This will be done.

[Ministry of Communications (P&T Board) O.M. No. 16-31/84-B dated 21 July, 1984]

(iii) *Ministry of Railways (Railway Board)*:

In pursuauce of the above recommendation, the Ministry of Finance have set up a Committee under Controller General of Accounts with a representative each from Railways, P&T, Defence and Finance Ministries. The findings of this Committee's report will be advised to the Public Accounts Committee by the Ministry of Finance in due course.

This has been seen by Audit.

[Ministry of Railways (Railway Board)'s O.M. No.83-BC-PAC/VII/166 dated 29, May, 1984.

APPENDIX XVIII

(*Vide* paragraph 1.1 of the Report)

Statement of showing action taken by Government on the recommendations contained in Chapter III (Appendix XV) wherein interim replies or no replies were furnished earlier in respect of 121st Report (7th Lok Sabha)

Recommendation

An excess of Rs. 5.97 crores occurred under the Revenue Section (Voted) Grant No. 22-Defence Services-Navy and was attributable to excess expenditure under the sub-heads 'A'. 1—Pay and allowances of Navy (Rs. 129.79 lakhs), 'A.5-Stores' (Rs. 326.27 lakhs) and 'A 7-other Expenditure (Rs. 172.47 lakhs). The excess under the sub-head 'A.1-Pay and Allowances of Navy' was due to payment of one additional instalment of Dearness allowance with effect from 1 September 1980 and also due to higher *p r capita* rates than anticipated at the revised Estimates stage. The excess under the sub-head 'A.7-other expenditure, according to the Ministry was mainly due to (a) more expenditure on deputation/training in a foreign country (b) larger supplies through DGS&D than anticipated and (c) additional payments to a foreign country for repairs and refits of ships. The excess under the sub-head 'A.5-stores' was actually Rs. 9.76 crores after taking into account the reduction of the provision by reappropriation to the extent of (—) 6 50 crores. The excess is reported to be on account of larger receipt of supplies of stores, spare parts and machinery than anticipated misclassification of expenditure under 'Clothing Stores' and increase in 'Customs duty' increased expenditure on POL. The Committee have been informed that "details in regard to the misclassification of expenditure under 'Clothing stores' are being looked into". Since misclassifications vitiate sound budgetary control, the Committee desire that responsibility for failure to reconcile the expenditure figures and to ensure timely rectification thereof should be fixed and appropriate action taken, if any gross negligence is noticed on examination of the details

[Sl. No. 2 (Para No. 2.24) of Appendix XX of 121st Report of PAC (7th Lok Sabha)]

Action Taken

With a view to inculcate greater consciousness regarding budgetary procedures and controls comprehensive guidelines have been promulgated *vide* Office Acquaint 13/81, "Financial Management in the Navy". It is expected that this would result in tighter budgetary control and monitoring at various levels.

Excess expenditure on clothing stores has been investigated in Naval Headquarters and by CDA (N) CDA (CC) and CDA (Hqrs.) The excess is attributed to misclassification during the encoding of booking by the HCI, London, from whom the requisite clarifications details have not been received. The matter is now being persued through Ministry of External Affairs with the HCI, London by Ministry of Defence. It is expected that the necessary clarifications will be received from the HCI, London shortly. The Ministry would then determine and fix responsibility on the authority or persons concerned. It may be noted that responsibility can be fixed only after all details are known to the Ministry.

The expenditure on account of oil fuel is being regularly monitored by Naval Headquarters and kept commensurate with operational and training requirements of ships and aircraft Large scale exercises involving large number of naval units have also been undertaken. Monitoring meetings have been instituted at Naval Headquarters to monitor the expenditure oil fuel.

Naval Stores, Spare parts & Machinery—Efforts at various levels were made to ensure timely supply of Naval stores which resulted in materialisation of stores in excess of anticipated levels and as such, in higher expenditure in this regard. The supply of spare parts and machinery also materialised at levels higher than anticipated initially.

[Ministry of Defence O M. No F 2 (1)/83/D(N-III) dated 24 May, 1983].

Further Information

The recommendations of the work study group in the Ministry of Defence which was set up following the recommendations of the Public Accounts Committee in its 57th Report (1981-82) have been implemented by all the Estimating authorities under Air Headquarters. Liability registers have been opened which indicate the carry over liabilities of the previous year, new indents/orders placed during the year as well as dates when the supplies are expected to materialise. These registers also contain full information regarding contracts/orders, agreement under which supplies are to be made. The estimating authorities examine these registers at the time of budgetary reviews and more realistic estimates are now framed. The controlling authorities at Air Hq. are also exercising effective control on placing orders and regularly monitoring the progress of expenditure from month to month and take necessary steps to eliminate, variation between sanctioned grant and actuals.

2. As a result of these corrective measures in the year 1982-83, the overall variation between the sanctioned grant and actual expenditure has been (+) Rs. 1.48 crores *i.e.* (+) 0.1% on the revenue side and (−) Rs. 0.93 crores *i.e.* (−) 1.7% on the capital side.

3. This has been seen by Audit.

[Ministry of Defence O. M. No. 58(2)/82/D(Air-I) Dated 21-7-1984].

Further Information

In reply to the Sl. No. 9 (Para 2.24) of appendix to 121st Report of the PAC (7th Lok Sabha) 1982-83, it was stated that :—

> "Excess expenditure on clothing stores has been investigated in Naval Headquarters and by CDA(N) CDA(CC) and CDA (H Qrs). The excess is attributed to misclassification during the encoding of booking by the HCI, London, from whom the requisite clarifications/details have not been received. The matter is now being pursued through Ministry of External Affairs with the HCI, London by Ministry of Defence. It is expected that the necessary clarifications will be received from the HCI, London shortly. The Ministry would then determine and fix responsibility on the authority or person concerned. It may be noted that responsibility can be fixed only after all details are known to the Ministry.

The matter has been investigated and the High Commission of India, London has now intimated that the excess expenditure under "Clothing Stores" of the Navy was due to the use of wrong computer code head whilst encoding the expenditure at HCI, London. They have also stated that since the financial year has already expired and accounts closed, it is not possible to make any re-adjustment to the bookings already made to the various Heads of accounts.

In view of the above, it is clear that the Ministry of Defence is not at fault in this case. Moreover, this Ministry has requested the Ministry of External Affairs to issue requisite instructions/guidelines to High Commission of India, London to institute safeguards against the recurrence of such lapses.

[Min. of Def. U. O. No. 2(11)/83/D(N-III) dated 3-8-84].

Recommendations

The excess under the Revenue Section (Voted) of Grant No. 38-Currency, Coinage and Mint has been to the tune of Rs. 3,26,333. But for savings under certain sub-heads the excess would have been much more. It is significant to note that this Grant was exceed d in the years 1974-75, 1976-77, 1977-78, 1979-80 as well. An unanticipated excess of Rs. 4.39 lakhs occurred under the sub-head "A.4 (1)—Loss on destruction of withdrawn coins" during 1980-81 as well. The Ministry has informed that while working out the final requirement of funds under this sub-head the debits pertaining to February and March, 1981 conld not be assessed very accurately and there were also some wrong adjustments in accounts which vitiated the estimates of final requirements. The Committee have also been informed that the General Managers of the Mints and Presses have been instructed to ensure that such lapses do not recur. They have also been directed to ensure financial discipline, proper estimation of requirements of funds, proper and timely review of the progress of expenditure and proper classifications and adjustments.

The Committee are concerned over the persistent failure on the part of General Managers of Mints and Presses in foreseeing and making adequate provision for anticipated needs. The Committee would like the Ministry to examine the reasons for such repetitive lapses. In particular they would like the details of wrong adjustments in accounts which vitiated the estimate of final requirements of funds during 1980-81 for appropriate action in case any serious negligence on the part of supervisory officials is noticed.

[S. No. 12 (Para 2.29) Appendix XX to 121st Report on PAC (7th Lok Sabha)]

Action Taken

The reasons for excess in the past have been looked into. The excess was either due to inaccurate estimation of requirement or due to misclassification of voted item as charged. The excess occurred in the past due to the fault of one on the other of various organisati ns, namely, Security Paper Mill, Hoshangabad, Currency Note Press, Nasik and the three Mints at Bombay, Calcutta and Hyderabad. The General Managers of the organisations have taken care not to repeat the same mistake.

2. The observation of the Committee have brought to the notice of the General Managers of these organisations and that of Bank Note Press, Dewas, the expenditure of which is accounted for in the Grant. The General Mangers have been instructed suitably to ensure financial discipline by exercising particular vigil over the factors that led to the excess in the previous years. Copies of the two instructions issued in this regard are attached.

3. The excess from the years 1975-76 has been declining and has always been below one per cent over the final grant. For the year 1980-81, the excess is only 0.07 per cent.

4. The details of the wrong adjustments that vitiated the estimate of funds during the year 1980-81 have been looked into. In the case of India Government Mint, Bombay, it has been noticed that the losses in the process of coinage for the months of Febuary and March, 1981, were inadvertently shown as gain during these months which came to light only after the closure of the preliminary account of March, 1981. By that time, an amount of Rs. 1.12 lakhs was surrendered from the available grant as surplus. This wrong posting of debits was rectified in the final accounts for March, 1981. The General Manager has taken measures to check expenditure before booking it so that such mispostings can be avoided hereafter. The General Manager, India Government Mint, Calcutta has also reported that the non-inclusion of operative losses in the final Revised Estimate for the year 1980-81 has led to the excess. The General Manager has also assured that efforts would be made in future to contain expenditure within the sanctioned grant.

*Reproduced under Appendix XV (pp 133–135) to 17th Report (7th Lok Sabha).

No serious negligence on the part of supervisory officials calling for action against them has been noticed.

[Ministry of Finance (Department of Economic Affairs) O. M. No. F- 7/6/82-Coin dated 23 April, 1983.

Further Information

A note indicating the measures taken by General Managers to check expenditure before booking and to keep the same within the sanctioned grant, as reported by the General Managers, is appended herewith.

[Ministry of Finance (Department of Economic Affairs) O. M. No. 7/8/82-Coin dated 5 October, 1983].

Measures to check the expenditure and keep the same within sanctioned Grant

The General Managers of Mints and Presses have each reported the measures taken by them to check expenditure and keep the same within the sanctioned grant. These are given below :

1. India Government Mint—Calcutta

(1) The register for the booking of expenditure is kept under constant Review.

(2) Expenditure is being watched every month, corresponding within the trend of expenditure of previous years.

(3) The Section concerned has been educated and alerted to keep vigorous watch so that the expenditure is kept within the sanctioned grant.

2. Currency Note Press, Nasik Road

A close watch over expenditure as compared to sanctioned budget grant is proposed to be achieved by maintaining a register in which expenses under various heads are noted monthly and this will be put up to General Manager every month. In this register the expenditure for the past 2 years under each sub-minor head of account will be kept recorded. This will facilitate the comparison of expenditure at a glance with reference to past years. Final adjustment is always made keeping in view the availability of Funds and Expenditure on discretionary items is incurred only if budget provision is available. This system will continue to be followed.

3. Bank Note Press, Dewas

The provision of FR 65 and 66 and the instructions issued *vide* D. O. No. 718/82-Coin dated 4-2-1983 are being followed. Besides, the progressive monthly expenditure is being analysed every month and the reasons for variation with reference to proportionate B. E. are worked out to ensure correct booking of expenditure. After submission of R. E. (final) in the first week of March, the progressive expenditure is worked out almost daily to avoid any excess of expenditure over estimate.

4. India Government Mint, Hyderabad

It is ensured that budget provision exists before the bills are passed, Flow of expenditure is watched every month by prompt reconciliation with accounts compiled by P.A C. Statements in the prescribed form relating to control of expenditvre are also submitted to the Government.

5. Security Paper Mill, Hoshangabad

The budget provision is being checked before incurring expenditure and also corrct head of account before booking the expenditure.

6. India Government Mint, Bombay

Register of control of expenditure for various heads of Accounts has been opened. All bills are certified with an endorsement about availability of funds by a Section Officer before expenditure is incurred, Monthly statement of expenditure is reviewed for variations and put up for General Manager's personal perusal. Accounts officer has been instructed to ensure proper checking of postings by fixing responsibility at appropriate level. No expenditure is incurred without budget provision as far as possible except statutory items such as electricity BMC water, property taxes, telephones postage telex PAO claims etc.

Recommendation

The Committee note that there was an exess expenditure of Rs. 3 66 crores and Rs. 5.60 crores respectively in the Revenue and Capital

Sections (Voted) and Rs. 2 47 crores in the Capital Section (Charged) of Grant No. 53—Delhi. But for savings to the fund of Rs. 148 crores in Revenue Section (Voted), Rs. 3.43 crores in Capital Section (Voted) and Rs. 1.38 crores in Capital Section (Charged), the overall excess under this Grant would have been much more. This Grant was exceeded in 1975-76, 1978-79 and 1979-80 also. This excess during 1980-81 under the Voted Sections have been generally attributed to accelerated progress to works and cost escalation of materials for works connected with Asian Games, 1982. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. It seems that the instructions issued in the past have had little effect on the Delhi Administration. The Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to curb this tendency. The Committee are of the view that anticipated expenditure on the above counts as also adjustment of more debits should have been ascertained more precisely at least at the time of framing the Revised Estimates and necessary Supplementary Grant obtained. The Committee expect that in future the Delhi Administration will display better sense of financial discipline.

[Sl. No 15 Appendix XX (Paragraph 2 38) of 121st Report of P.A.C. (Seventh Lok Sabha)].

Action Taken

The observations of the Committee were brought to the notice of the Delhi Administration for strict compliance. The Administration was also asked to intimate about the maintenance of liability register, reasons for not providing funds at appropriate times and remedial steps to prevent recurrence of excesses in future. The Delhi Administration has noted the observations of the Committee. Regarding maintenance of liability register, a special Audit was deputed by the Administration to check the reasons for excess expenditure incurred by the Departments. The Audit team has submitted its report, the salient features of which are given in the enclosed Annexure.* The Report is being examined by the Administration. The action taken on the Report will be intimated to the Public Accounts Committee. The introduction of revised accounting procedure in the transactions under the Suspense Heads with effect from 1-4-82 is expected to reduce the possibiliiy of excesses over the sanctioned grant. The Administration has also introduced a system of Management Accounting from the quarter ending the 30th June, 1982 to enable the Heads Departments of reviews the monthly progress of expenditure. A copy of instructions issued *vide* Administration's Memorandum No. F 1/32/81-PAC dt. 15-5-82 is enclosed.*

The Note has been seen by Audit.

(Ministry of Home Affairs U.O. No. 15030/1/82-ACII dated 7 July, 1983).

Further Information

The undersigned is directed to refer to this Ministry's O.M. of even number dated the 7th July, 1983 forwarding therewith 40 copies of Action Taken Note on para 2.30 of 121st Report of PAC—7th Lok Sabha. As desired by the Audit, 40 copies of the Delhi Administration's letter No. F. 9/3/82-Fin(B) dated the 11th August, 1983 indicating action taken by the Administration on the report of Special Audit Team are sent herewith for the information of the Public Accounts Committee.

(Ministry of Home Affairs U.O. No. 15030/1/82-AC. II dated 9th September, 1983)

[Copy]

DELHI ADMINISTRATION : DELHI

FINANCE (BUDGET) DEPARTMENT

No. F. 9/3/82-Fin. (B) Dated the 11-8-1983

To

All Secretaries/Heads of Departments,
Delhi Administration,
Delhi.

Sub : Incurring of excess expenditure over sanctioned budget allotment.

Sir,

I am directed to invite your attention to this Administration O. M. No. F. 9/3/81-Fin. (B) dated 25-11-81 wherein all Head of Departments

* Appended at Appendix XV to 121st Report of PAC (7th Lok Sabha) (pp. 161-164)

were requested to ensure that no excess expenditure is incurred over and above the sanctioned budget allotment without the prior concurrence of Finance Department as envisaged in Government of India's decision No. 1 below G. F. R. 71 which states that no expenditure shall be incurred which may have the effect of exceeding the total grant of appropriation for a financial year except after obtaining additional allotment of funds. Instances have, however, come to notice where some Departments have incurred expenditure over and above the sanctioned budget allotment. It appears that the instructions contained in this Administration letter dated 25-11-81, referred to above, are not being strictly adhered to by the Heads of Departments. It is once again emphasised that no excess expenditure should be incurred over sanctioned budget without obtaining prior concurrence of the Finance Department.

2. The procedure for reconciliation has been laid down in Rule 67 and Annexure to chapter 5 of the General Financial Rules. Further instructions in this connection were issued vide Finance Secretaries' D.O. letter F. 10/15/77-Fin (B) dated the 13th July, 1977 and F. 16/1/77-Fin. (B) dated the 3rd March, 19'8. These were reiterated in circular letter No. Pr. AQ/APPRO/82-83/77-144 dated the 19th April, 1982 of the controller of Accounts, Delhi Administration. These instruction should be scrupulously followed.

3. In the event of increase in the revised plan outlay which is generally finalised in the month of February/March, the concerned Departments should immediately get in touch with the Finance Department for corresponding increase in the provision under the Head 'Suspense' wherever necessary so as to avoid excess expenditure booking under this sub-head of account.

4. The Public Works Department and Irrigation & Floods Department should strictly follow the revised procedure of booking of expenditure under sub head 'Suspense' in respect of certain purchases as introduced by the Ministry of Works and Housing.

5. The Controller of Accounts will issue necessary authorisation for opening of letter of credit to Public Works Deptt. and Irrigation and Floods Department after taking into account the element of departmental charges, provision made under 'Suspense' and other provision made under 'deduct recoveries' etc.

6. All the Heads of Departments should maintain liability register as provided in Government of India's decision No. 6 below Rule G.F.R. 66 as amended by the Ministry of Finance *vide* O.M. No. F. 11(17)-E. II(A)/79, dated the 29th March, 1982.

7 The Pay and Accounts officers should obtain primary unit-wise allocation duly approved by the Finance Department in respect of lump provisions existing in the budget to enable them to exercise proper control over the flow of expenditure. They should also exercise a greater vigil in the matter of ensuring that the expenditure of the offices attached wi h the concerned Pay and Accounts Office does not exceed the budget provisions placed at the disposal of the respective office. The heads of the Departments will further issue suitable instructions to the Heads of Offices and Drawing and Disbursing Officers, as may be considered necessary for proper control of expenditure.

8. The Heads of Department and Accounts Officers (Junior Accounts Officers and D D.O's where there are no posts of Accounts Officers Junior Accounts Officers) shall be personally responsible for any excess in the expenditure.

Yours faithfully,
Sd/-
R. M. VATS
Secretary Finance

Recommendation

The Committee have considered the explanation offered by the Department of Commerce for the excess expenditure of Rs. 3885 08 lakhs which occurred under Grant No. 16—Foreign Trade and Export Production. It is significant that but for savings under various heads in the Capital Section of the Grant, the real excess would have been as high as Rs. 9661.23 lakhs. While appreciating that the drawals of technical credits by USSR (in respect of which no ceiling existed) during the last four weeks of the year 1977-78 amounted to Rs 31.20 crores, the Committee feel that there is a lacunae in the existing financing and banking arrangements under which whenever the Reserve Bank of India finds that there are no balances in the rupee accounts maintained by foreign Government with it, the payments made on behalf of the foreign Governments by the Indian Banks to the Indian exporters are automatically debited to Government account, without waiting for any release of funds from the Government. The Committee would, therefore, recommend that the Department of Commerce might review the existing procedure in consultation with the Ministry of Finance and the Reserve Bank of India so that advance information of such payments could, if possible, be given to Government for making necessary provision in the supplementary demands for grants.

[Sl. No. 8 (Para 2.16 of Appendix XV to Ist Report of PAC (7th Lok Sabha]

Action Taken

The existing procedure for drawal of funds by the Reserve Bank of India by debit to Government accounts for providing Technical Credit facilities to East European countries having Rupee Trading. Arrangements with India has been reviewed in consultation with the Budget and Foreign Trade Divisons of the Ministry of Finance, Department of Economic Affairs and the Reserve Bank of India. It ha since been decided that actual drawals of funds would henceforth be limited to the extent possible to approved Budget provisions. The Reserve Bank of India has been advised *vide* Ministry of Commerce letter No 9 /'/80-FT (EE) dated 1st Aprsl, 1981 (copy enclosed)* to approach the Ministry of Commerce as and when additional funds over and above the approved Budget provisions are required with estimates of funds required for the remaining part of the financial year for a Government sanction so as to enable the Ministry to provide for additional funds with the approval of the competent authority with a view to avoiding excess over the approved budget.

The Reserve Bank of India has agreed to furnish weekly debits of gross drawals of Technical Credits This would enable this Ministry to keep a watch and issue additional budgetary sanction as and when required after obtaining provisions in accordance with the prescribed procedure.

[Ministry of Commerce O.M. No 43(1)/75-FT(EE) dated 15 June, 1981].

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*Reproduced under Appendix I to 61st Report of PAC 7th (Lok Sabha) [pp. 21-22]

Further Information

The Public Accounts Committee in para 2.16 Appendix XV of their First Report (Seventh Lok Sabha) presented to the Parliament on the 15th December, 1980 had recommended that the Ministry of Commerce might review the existing budgetary procedure for technical credits in order to ensure that these were extended to Foreign Governments within the provisions approved by the Parliament.

2. In the Action Taken Note sent to the Committee *vide* O.M. No. 43 (1)/75-FT(EE) dated the 15th June, 1981, the Ministry of Commerce had indicated that the existing procedure for drawal of funds by the Reserve Bank of India for providing technical credits to East European Countries having rupee trading arrangements with India had been reviewed in consultation with the Budget and Foreign Trade Divisions in the Department of Economic Affairs of the Ministry of Finance and the Reserve Bank of India and that it had been decided that the actual drawal of funds would be limited to the approved Budget provision and for this purpose the Reserve Bank would monitor the drawal of funds. Pursuant to this decision, the Ministry of Commerce had arranged for reporting by Reserve Bank of actual weekly drawals for keeping a watch and taking action for augmentation of Budget provision in accordance with the prescribed procedure.

3 Under the bilateral Trade and Payment Agreements with India, technical credits are drawn by Foreign Governments whenever their rupee balances fall short of their requirements. It is seen that despite the monitoring arrangements, drawals in excess of the sanctioned provisions have taken place towards the end of financial year leaving no time to cover them through the last batch of Supplementary Demands for Grants. This situation was discussed at an inter ministerial meeting held in the Ministry of Commerce on the 8th July, 1982, which was attended by the representatives of the C.G.A. (Department of Expenditure) Budget Division of Department of Economic Affairs of the Ministry of Finance, the Comptroller & Auditor General of India. It was observed that imports from and exports to India by them is a continuous process and drawal of technical credits, repayment thereof or creation of rupee balances arose in the process as transitory phases at different points of time during a year, which justified an integrated approach in regard to budgeting. It was, therefore, agreed at the meeting that the requirement of funds for technical credits should, from

1983-84 onwards, be worked out on the basis of likely drawals in a financial year reduced by likely repayments against such drawals, that is to say, for the net amount. When there are any outstandings at the end of the previous financial year against a foreign government, repayments by that Government during the Budget year will, to the extent of that outstanding balance, be taken as a receipt in the accounts and only the repayments thereafter will be taken for net budgeting. It is hoped that this arrangement will ensure presentation of a more accurate picture of drawal of technical credits by foreign governments and result in a more meaningful Parlimentary control over these transactions.

This Action Taken Note has been vetted by Audit.

[Ministry of Commerce (Department of Commerce) O.M. No. 43 (1)/75-FT(EE) dated 2nd July, 1984].

APPENDIX XIX

Statement of Conclusions and Recommendations

Sl. No.	Para No.	Ministry/ Deptt.	Recommendation
1	2	3	4
1	2.5	Finance (Expenditure)	During the year under review *viz.*, 1982-83, excess expenditure had occurred under 21 Voted Grants/Charged Appropriations and aggregated to Rs. 365 15 crores as against Rs. 359 16 crores and Rs. 462.69 crores during the years 1980 81 and 1981-82 respectively. The Committee find that as in the last year, the bulk of the excess expenditure on the Civil side i.e., 88.63 crores was contributed by one Grant alone *viz.*, Grant No. 12—Foreign Trade and Export Production. Two Grants operated by the Ministry of Defence witnessed an overall excess expenditure of Rs. 117.36 crores, while in respect of one of the Grants administered by the Ministry of Communications, there was an excess of Rs. 91.30 crores. Six Grants administered by the Ministry of Railways contributed to an overall excess of Rs. 65.05 crores

			The Committee have been repeatedly expressing concern ovar the phenomenon of evcess expenditure. Yet, year after year, Parliament is being presented with a *fait accompli* of unremitting excess expenditure. The Committee have impressed upon the Ministries/Departments to bear in mind that excess expenditure is "unauthoried expenditure" and it betrays lack of financial discipline. The Committee, however, regret to observe that there is no improvement in position. An analysis of the explanations given by the Ministries/Departments shows that, as in past, defective estimation of requirements of funds, absence of a continuous watch over the flow of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto and absence of adequate provision for adjustment of past liabilities continue to be the main reasons for excesses. The conclusion is therefore inescapable that the Ministries/Departments concerned have not made any serious attempt to remedy the situation. The Committee are constrained to emphasise once again the need for a more accurate estimation of monetary requirements and better budgetary control so as to minimise excesses over Voted Grants and Charged Appropriations, if not to eliminate them altogether.
2	2.6	Finance/ Railways/ Defence/	In pursuance of a recommendation made by the Committee, Government have set up a Committee under the chairmanship of Controller General of Accounts to make an indepth review of the

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		Communications	financial systems in Railways, Defence and P&T Sectors to take steps to obviate large scale excess expenditure. The Committee desire that the review should be conducted expeditiously and the steps proposed to be taken on the basis of the review intimated to the Committee.
3	2.12	Commerce	The Capital Section of "Grant No. 12—Foreign Trade and Export Production" as whole recorded an excess of Rs. 88.63 crores on account of extra expenditure of the order of Rs. 88.69 crores under Technical Credits incorporated in Trade Agreements. This extra expenditure was in spite of the augmentation of the original provision of Rs. 80 crores by Rs. 1200 crores (15 times) for this purpose. This shows how inadequate was the original provision. As in the past, the excess was on account of unanticipated drawal of technical credits by foreign countries under rupee trade agreements. It has been urged that the estimation or forecast of drawals under the technical credit arrangements by the foreign Governments is a complex and difficult exercise and that it is not always possible to estimate precisely the timing of contracting, the flow of deliveries and payments for the various commodities involved as these are imponderable factors. Nevertheless the Committee do not like to be presented with a *fait accompli* year after year. They had last year, desired in paragraph 2.7 of their 166th Report (7th Lok Sabha) the

			Ministry to review the existing procedure and take steps to ensure more accurate estimation and effective watch over flow of drawals of Technical Credits by foreign countries. The Committee have now been informed that it has since been decided in consultation with the Comptroller and Auditor General of India to switch over to net budgeting to mitigate the problem and ensure presentation of a more realistic picture in future. The Committee would watch the outcome.
4	2.16	Communications (P & T Board)	There was an overall excess of Rs. 91.30 crores under Capital Section of Grant No. 18–Capital Outlay on Posts and Telegraphs. Against the final Grant of Rs. 547.34 crores, the actual expenditure amounted to Rs. 638.34 crores. The net excess is the highest since 1971-72. The excess expenditure was largely due to the fact that the value of stores supplied to the units to meet the requirements of works-in progress and for new works, was far higher than that provided for in the Budget. The actual value of such stores was Rs. 205.48 crores as against the allocation of Rs. 114 crores. The Committee fail to understand why it should not have been possible for the Ministry to find out well before the close of the financial year that the expenditure on this account was going to be far in excess of the original allocation. This points to a serious deficiency in the existing system of monitoring and expendi-ture control in the Ministry. The Committee note that the Ministry have issued instructions to all concerned to keep the expenditure

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			within the sanctioned grant by reviewing the pending purchase orders and, if necessary, by "rescheduling" them. The Committee trust that the Ministry will ensure that the instructions issued by them in this regard are complied with by the lower formations in letter and spirit. The Committee will also like the Ministry to take all other necessary steps to tighten up the existing system of monitoring and expenditure control in the Ministry.
5	2.19	Defence	The Committee find that bulk of the net excess of Rs. 115.88 crores under Grant No. 20—Defence Services—Army, is contributed by sub heads A.9—Stores (Rs. 94.49 crores) and A.10—Works (Rs. 22.80 crores). But for savings under other sub-heads, the excess under this Grant would have been much more *i.e.*, Rs. 143.90 crores. As in the past, more materialisation of stores than anticipated, price escalation of stores including petrol, oil and lubricants, increased tariff rates of water and electricity charges and accelerated progress of works have been stated to be the main reasons for excess expenditure. The Committee are concerned to note that the excess under this Grant has become an almost recurring phemenon and the position has been deteriorating, instead of improving. The very fact that year after year, the excess is attributed to the same causes indicates that no serious efforts have been made by the Ministry to go deep into the malady and to apply effective correctives. However.

			the Committee would await the outcome of the indepth review of the Financial System in Defence Sector referred to earlier in this Report.
6	2.22	Home Affairs	There has been an erroneous adjustment of Rs. 3,54,0 ,0 in the Capital Section of Grant No. 57 Lakshdweep instead of Revenue Section of the Grant which shows that timely reconciliation of departmental figures of expenditure is not undertaken. Since erroneous adjustments vitiate sound budgetary coctrol The Committee hope that in future fool-proof measures would be devised to obviate recurrence of misclassifications. Mere issue of instructions to the Administration, as has been done, may not serve the desired objective unless responsibility for such lapses in fixed invariably at the superviso y level for appropriate action.
7	2.25	Law, Justice & Company Affairs	The Committee note that the excess expenditure of Rs. 53,65,306 recorded under the charged portion of the Revenue Section of Grant No. 67—Ministry of Law, Justice & Company Affairs as a result of erroneous classification of a 'Voted' item of expenditure as a 'Charged' item, does not require regularisation in terms of paragraph 7 of the Committeee's 16th Report (First Lok Sabha). Even so, the Committee are surprised how the expenditure initially correctly classified as 'Voted' expenditure came to be viewed as 'Charged' expenditure and how only belately Law Ministry's clarification was obtained in February, 1984 resulting in its remain-

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			ing recorded in the books of accounts relating to the Department of Company Affairs as 'Charged' expenditure. The Committee hope that the Department of Company Affairs will be more alert in future and avoid such misclassifications in the final accounts.
8	2.28	Railways	The aggregate amount of excess expenditure under six Grants/Appropriations administered by the Ministry of Railways (Railway Board) during the year 1982-83 was Rs. 65.05 crores, even after obtaining supplementary Grants amounting to Rs. 134.24 crores. An analysis of the reasons for excess expenditure over authorised allocations indicates that, as in the past, defective estimation of requirement of funds, lack of proper and timely review and monitoring of funds, failure to anticipate properly and provide fully for cost of materials for periodical overhauls and special repairs to wagons etc., have mainly contributed to the excess expenditure. The Committee have no doubt that by a better control over expenditure and more accurate estimation of liabilities, much of the excess expenditure culd have been avoided. The Committee also note that a sizeable part of the exeess expenditure was on account of pay and allowances/retirement benefits. The Committee have repeatedly emphasised that there should be no excess expenditure on account of pay and allowances as there is no element of uncertainty on this account.

		—do—	The Committee had been informed only last year that soon after the excess expendidure over Voted Grants for the year 1980-81 came to light, a number of measures were initiated by the Railway. Administration to tighten up their control machinery. The expenditure control machinery was revamped and put under the direct charge of an Additional General Manager (Expenditure Control) on each Zonal Railway headquarter and an Additional Divisional Railway Manager (Expenditure Control) on each Division. The Committee had been assured that the measures initiated for expenditure control were being kept up without any let up and the Ministry of Railways exected that the actuals for 1982-83 would show better results. That there have been huge excesses during the year 1982-83 also only shows that the various expenditure control measures initiated by the Ministry have not yet led to the desired improvement. The Committee hope that the Ministry will continue their efforts to further improve the position.
9	2.29	Railways (Railway Board)	The Committee find that misclassification of expenditure in Railways has become almost a regular feature. During the year under review, there have been misclassifications of expenditure in as many as four Grants out of the six Grants which have recorded excess expenditure. The Committee are led to the inescapable conclusion that the Ministry of Railways have failed to effectively tackle the problem of misclassifications of expenditure between various grants. The Committee would again urge the Ministry of

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		—do—	Railways to undertake a through scrutiny of the reasons for large scale misclassifications and to devise fool-proof measures to obviate recurrence of misclassifications, which only vitiate sound budgetary control. The Committee would also like the Ministry to fix responsibility for such patent errors as soon as theyo ccur.
10	2.30	Finance (Economic Affairs)	Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115 (1) (b) of the Constitution of India.
11	3.5	Communications (P&T Board) Railways (Railway Board)	The Committee have been commenting upon avoidable delay in submission of action taken notes, as also stressing that the notes should invariably be furnished to them within the stipulated time limit of 6 months. While 9 notes were received by the due date *viz.* 17-5-1984, 3 notes; one from the Ministry of Defence and 2 notes from the Ministry of Home Affairs were received by the extended period. One note from the Ministry of Communications has been received on 21-7-84. One note from the Ministry of Railways (Railway Board) has not yet been received. The Committee would once again like to stress on the Ministries/Departments concerned *i.e.* the Ministry of Communications (P&T Board) and the Ministry of Railways (Railway Board) the need to ensure strict adherence to the prescribed time schedule.

12	3.8	Home Affairs	In Paragraph 2.26 of their 166th Report (7th Lok Sabha), the Public Accounts Committee (1983-84) had desired that the D.D A. should in future strictly follow the prescribed accounting procedure in regard to remittance to the Revolving Fund. In their Action Taken note, the Ministry of Home Affairs have stated that according to the accounting procedure relating to the Scheme of 'Large Scale Acquisition, Development and Disposal of Land' in Delhi prescribed in 1961, all receipts are to be credited to the Revolving Fund and the expenditure is to be met out of it exclusively by drawal of cheques. This procedure remained in force till January 1966, when, due to some financial difficulties of the D.D.A., it was decided by then Financial Adviser, Delhi Administration that as a temporary measure, the D.D.A. may be allowed to utilise receipts raised on behalf of Delhi Administration towards expenditure on the clear understanding that it would remit surplus of receipts over expenditure regularly. The Government of India were approached by the Delhi Administration in 1976 for regularisation of the above relaxation, but the Ministry of Works and Housing did not agree. However, the D. D. A. did not discontinue the practice of utilising the receipts directly, nor did it regularly remit the surplus of receipts to the Revolving Fund. In the circumstances, the Administration was left with no option but to show the withheld funds as advances to the D D.A., resulting in excess expenditure. The matter was examined in consultation with the Controller of Accounts, Delhi Administration and it was suggested to the D.D.A.

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			that surplus of receipts over budgeted figure may be deposited in the Revolving Fund after restricting the advances to their Development Divisions to the extent of budgeted allotment. Finance Member, D.D.A., however, expressed some practical difficulties in adopting this procedure and suggested that there should be a quarterly reconciliation of figures and the final overall cash settlement may take place in June each year. The Ministry of Home Affairs have stated that the Delhi Administration is being requested to hold a meeting with the representatives of the Ministry of Works and Housing and the D.D A. to take a final decision on the point whether the prescribed procedure should be enforced or some relaxation has to be made. While the Committee desire that a final decision on the point may be taken without any further loss of time, they cannot help observing with regret that a subordinate statutory authority like the D.D.A. should have been allowed to become a law unto itself and allowed to continue to contravene the prescribed accounting procedure with impunity for 18 long years and both the Delhi Administration and the Union Government should have acted only as helpless spectators all along.

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