

PUBLIC ACCOUNTS COMMITTEE (1968-69)

THIRTY-FIRST REPORT (FOURTH LOK SABHA)

**[Excesses over Voted Grants and Charged Appropriations
disclosed in the Appropriation Accounts (Civil), (Posts
& Telegraphs), (Railways) and (Defence Services)
for the year 1966-67**

and

**Action taken by Government on the recommendations
of the Public Accounts Committee contained in
their Sixty-Ninth Report (Third Lok Sabha) and
Twelfth Report (Fourth Lok Sabha) relating
to Excesses over Voted Grants and
Charged Appropriations]**



**LOK SABHA SECRETARIAT
NEW DELHI**

October, 1968/Astina, 1897 (Saka)

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CORRIGENDA TO THE THIRTY-FIRST REPORT OF PAC (1968-69)
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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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(iii)	App.XXX	Col. 3	Railway	Railways
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		20	duly	duty
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75		last	"New	"News

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		21	relating	resulting
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		19	32.20	32,20
141		7	savings	saving
		10	augument	augment
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C O N T E N T S

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(v)
INTRODUCTION	(vi)
CHAPTER I—General Observations	I
CHAPTER II—Excess Grants/Appropriations	2
CHAPTER III—Delays in Regularisation of Excesses over Voted Grants and Charged Appropriations	36
CHAPTER IV—Action taken on Outstanding Recommendations of the Public Accounts Committee contained in their 69th Report (Third Lok Sabha) and 12th Report (Fourth Lok Sabha)	40

APPENDICES

Appendix	Grant/ Appropriation	Ministry/Department	
I	1—Ministry of Commerce	Commerce	43
II	9—Ministry of Education	Education	46
III	10—Education	Education	48
IV	12—Survey of India	Education	52
V	13—Botanical Survey	Education	53
VI	14—Zoological Survey	Education	55
VII	21—Taxes on Income including Corporation Tax, etc.	Finance	57
VIII	121—Other Capital Outlay of the Ministry of [Finance	Finance	62
IX	45—Cabinet	Home Affairs	65
X	58—Ministry of Industry	Industrial Development and Company Affairs	68
XI	62—Ministry of Information & Broadcasting	Information & Broadcasting	69
XII	63—Broadcasting	—do—	72
XIII	130—Capital Outlay of the Ministry of Information & Broadcasting	—do—	77

<i>Appendix</i>	<i>Grant/Appropriation</i>	<i>Ministry/Department</i>	<i>PAGE</i>
XIV	71—Chief Inspector of Mines	Labour, Employment & Rehabilitation	79
XV	77—Other Revenue Expenditure of the Ministry of Law	Industrial Development & Company Affairs	81
XVI	78—Ministry of Mines, & Metals	Mines & Metals	87
XVII	85—Other Revenue: Expenditure of the Ministry of Supply & Technical Development	Work's Housing & Supply	90
XVIII	86—Ministry of Transport & Aviation	Transport & Shipping	92
XIX	92—Aviation	Tourism & Civil Aviation	98
XX	94—Ministry of Works, Housing & Urban Development	Works, Housing & Supply	103
XXI	144—Capital Outlay of the Department of Atomic Energy	Atomic Energy	105
XXII	104—Other Revenue: Expenditure of the Department of Communications	Communications	111
XXIII	128—Capital Outlay of the Ministry of Home Affairs	Home Affairs	112
XXIV	89—Communications including National Highways	Transport & Shipping	114
XXV	137—Capital Outlay on Roads	—do—	119
XXVI	19—Customs	Finance	129
XXVII	Interest on Debt and other Obligation and Reduction or Avoidance of Debt.	Finance	130
XXVIII	123—Loans and Advances by the Central Government	Finance	133
XXIX	145—Capital Outlay on Posts and Telegraphs (Not met from Revenue)	Communications (Posts & Telegraphs Board)	137

<i>Appendix</i>	<i>Grant/Appropriation</i>	<i>Ministry/Department</i>	<i>PAGE</i>
XXX	2—Miscellaneous Railway Expenditure and 13—Open Line Works (Revenue)	Railway	144
XXXI	8—Defence Services—Non- effective	Defence	146
XXXII	Statement showing action taken by Government on the Recommendations of the Public Accounts Committee made in their 69th Report (Third Lok Sabha)		148
XXXIII	Statement showing action taken by Government on the Recommendations of the Public Accounts Committee made in their 12th Report (Fourth Lok Sabha)		196
XXXIV	Summary of main conclusions/recommendations		226

PART II*

Minutes of the sitting of the Public Accounts
Committee held on the 10th October, 1968 .

*Not printed. One cyclostyled copy laid on the Table of the House and five copies
placed in the Parliament Library.

PUBLIC ACCOUNTS COMMITTEE

(1968-69)

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Shri M. R. Masani

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3. Shri K. Anirudhan
4. Shri S. M. Banerjee
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Shri Avtar Singh Rikhy—*Deputy Secretary*.

Shri K. Seshadri—*Under Secretary*.

*Declared elected on the 19th August, 1968 vice Shri M. M. Dharia resigned from the Committee.

REPORT ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS DISCLOSED IN THE APPROPRIATION ACCOUNTS (CIVIL), (P&T), (RAILWAYS) AND (DEFENCE SERVICES), 1966-67.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Thirty-First Report on Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), Appropriation Accounts (Civil), Appropriation Accounts (Posts and Telegraphs) and Appropriation Accounts (Defence Services) for the year 1966-67. These Accounts were laid on the Table of the House on the 13th March, 3rd April, 30th April and 6th May, 1968, respectively.

2. The Committee have examined the Excesses at their sitting held on the 10th October, 1968 in the light of the explanations furnished by the Ministries/Departments concerned (Appendices I to XXXI).

3. In the past, the Reports of the Committee on excesses related to grants covered by the Appropriation Accounts (Civil) only. The observations of the Committee in regard to the excesses under the grants relating to Railways, Defence Services and Posts and Telegraphs did not form part of this Report, but were included in the main Reports of the Committee on the relevant Appropriation Accounts and Audit Reports. These Reports were generally presented to the House well after the Report on excesses disclosed in Appropriation Accounts (Civil). As, under the existing procedure, the Demands for Excess Grants are brought before the House for regularisation only after the Committee have reported on the excesses, the old practice led to considerable delay in the regularisation of excesses relating to Railways, Defence Services and Posts and Telegraphs. To avoid such a situation in future and to facilitate speedy regularisation by the House of the excesses under all the grants, the Committee have decided that hereafter their Report on excesses should cover not only excesses disclosed in the Appropriation Accounts (Civil), but also those disclosed in the Appropriation Accounts (Railways), Appropriation Accounts (Defence Services) and Appropriation Accounts (Posts and Telegraphs). The present Report is the first such consolidated Report.

(viii)

4. The Committee have taken note of the concern expressed in the House over the delay in regularisation of excesses. The delay has been due to the time taken by the Ministries/Departments of Government in submitting notes to the Committee in explanation of the excesses. If the delay is to be eliminated, the existing procedure for submission of notes will need to be streamlined. Suggestions for streamlining this procedure are set forth in Chapter III of this Report.

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

M. R. MASANI,
Chairman,
Public Accounts Committee.

NEW DELHI;
October 12, 1968.
Asvina 20, 1890 (Saka).

GENERAL OBSERVATIONS

This THIRTY-FIRST Report deals with Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), Appropriation Accounts (Civil), Appropriation Accounts (Posts and Telegraphs) and Appropriation Accounts (Defence Services) for the year 1966-67. These Accounts were laid on the Table of the House on the 13th March, 3rd April, 30th April and 6th May, 1968, respectively.

1.2 The Committee have examined the Excesses in the light of the explanations furnished by the Ministries/Departments concerned (Appendices I to XXXI).

1.3 The Committee in their successive Reports on Excesses over Voted Grants/Charged Appropriations have been commenting upon the delays on the part of Ministries/Departments in furnishing notes stating the reasons for or circumstances leading to such excesses and emphasising the need for submission of these notes within the prescribed time-limit of two months from the date of presentation of the Accounts to the House. They had also urged the Ministry of Finance in para 1.5 of their 45th Report (Third Lok Sabha) to devise ways and means to avoid such chronic delays on the part of Ministries. They regret to observe that this year also there was no improvement. Not a single note relating to Excesses disclosed in the Appropriation Accounts (Civil) was received within the stipulated time-limit of two months. It is hardly necessary to point out that such delays not only disturb the programme of work of the Committee but also result in avoidable delay in the regularisation of excesses by Parliament.*

1.4. The Committee would also like to observe that although they have been repeatedly urging upon Ministries/Departments to make every effort to avoid excesses, there has been no improvement in the matter. During the year under report, Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil) aggregated Rs. 5.09 crores and Rs. 4.34 crores respectively as against Rs. 2.95 crores and Rs. 1.99 crores respectively during the preceding year. The Committee would like Ministries not to lose sight of the fact that an excess over the amount voted by the Legislature represents an unauthorised expenditure which vitiates Parliamentary control. The Committee would like the Ministry of Finance to take suitable measures to ensure that such excesses over expenditure are reduced to the bare minimum.

* Please also see paras 3.1 to 3.10 of the Report (Chapter III)
1869 (A) LS-2

II

EXCESS GRANTS/APPROPRIATIONS

2.1 During the year ended 31st March, 1967, the actual expenditure exceeded the Voted Grants Charged Appropriations in the following cases :—

Sl. No.	No. & Name of Grant	Ministry Department concerned	Final Grant/ Appropriation	Actual Expenditure	Excess	Date of receipt of note (due date 3-6-68)
1	2	3	4	5	6	7

Appropriation Accounts (Civil), 1966-67

VOTED GRANTS

			Rs.	Rs.	Rs.	
1.	1—Ministry of Commerce	Commerce	44,96,000	*45,61,740	*65,740	8-10-68
2.	9—Ministry of Education	Education	87,23,000	*87,31,920	*8,920	12-6-68
3.	10—Education	Education	45,63,84,000	***	***	11-6-68

4	12—Survey of India	Education	4,23,69,000	4,23,99,834	30,834	11-6-68
5	13—Botanical Survey	Education	32,24,000	32,77,517	53,517	22-6-68
6	14—Zoological Survey	Education	24,95,000	24,99,434	4,434	21-6-68
7	21—Taxes on Income including Corporation tax, etc.	Finance	10,62,51,000	10,66,86,138	4,35,138	24-6-68
8	121—Other capital Outlay of the Ministry of Finance	Finance	3,56,82,00,000	*358,61,07,352	1,79,07,352	24-6-68
9	45—Cabinet	Home Affairs	62,11,000	63,19,748	1,08,748	16-6-68
10	58—Ministry of Industry	Industry	46,38,000	47,07,886	69,886	19-6-68
11	62—Ministry of Information & Broadcasting	Information & Broadcasting	18,50,000	19,46,567	96,567	27-6-68
12	63—Broadcasting	Do.	7,90,00,000	8,06,19,566	16,19,566	1-7-68
13	130—Capital Outlay of the Ministry of Information & Broadcasting	Do.	2,24,46,000	2,27,71,978	3,25,978	29-6-68
14	71—Chief Inspector of Mines	Labour, Employment & Rehabilitation	41,42,000	41,67,052	25,052	7-10-68
15	77—Other Revenue Expenditure of the Ministry of Law	Industrial Development & Company Affairs.	48,79,000	49,59,344	80,344	13-6-68
16	78—Ministry of Mines & Metals	Mines & Metals	18,89,000	19,16,653	27,653	10-6-68

1	2	3	4	5	6	7
			Rs.	Rs.	Rs.	
17	85—Other Revenue Expenditure of the Ministry of Supply & Technical Development.	Works, Housing & Supply.	58,80,000	58,96,617	16,617	22-6-68
18	86—Ministry of Transport and Aviation..	Transport Shipping	1,38,85,000	*1,45,30,840	*6,45,840	2-7-68
19	92—Aviation . . .	Tourism & [Civil Aviation	9,31,68,000	9,37,84,166	6,16,166	7-9-68
20	94—Ministry of Works, Housing & Urban Development.,	Works, Housing and Supply ..	24,60,000	24,88,677	28,677	14-6-68
21	144—Capital Outlay of the Deptt. of Atomic Energy.	Atomic Energy	57,08,50,000	57,17,53,244	19,03,244	14-6-68
22	104—Other Revenue Expenditure of the Deptt. of Communications.	Communications	30,59,000	30,72,615	13,615	20-6-68
23	128—Capital Outlay of the Min. of Home Affairs.	Home Affairs	5,39,70,000	**	**	27-7-68
24	89—Communications (including National Highways).	Transport & Shipping	11,49,32,000	*12,15,15,292	*65,83,292	10-10-68
25	137—Capital Outlay on Roads	Rs.	48,12,69,000	*49,26,31,206	*1,13,62,206	10-10-68

CHARGED APPROPRIATIONS

26	19—Customs	Finance	40,000	42,579	2,579	26-6-68
27	Interest on Debt and other obligations and Reduction or avoidance of Debt.	Finance	1,62,85,67,000	4,63,50,33,605	64,66,605	17-6-68
28	123—Loans and Advances by the Central Government	Finance	9,16,15,37,000	9,19,84,24,917	3,68,87,917	17-6-68
29	137—Capital Outlay on Roads . . .	Transport & Shipping	9,000	*1,34,197	*1,25,197	10-10-68

Appropriation Accounts (P&T), 1966-67

VOTED GRANT

30	145—Capital Outlay on Posts & Telegraphs (Not met from Revenue)	Communications (P. & T.)	54,59,00,000	57,57,23,395	2,98,23,395	24-8-68 (Due date 30-6-68)
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Appropriation Accounts (Railways), 1966-67

VOTED GRANT

31	2—Miscellaneous Railway Expenditure	Railways	3,89,15,000	3,96,83,074	7,68,074	13-5-68 (Due date 13-5-68)
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1	2	3	4	5	6	7
			Rs.	Rs.	Rs.	
CHARGED APPROPRIATION						
32	13—Open Line Works (Revenue)	Railways	26,000	26,479	479	13-5-68 (Due date 13-5-68)

Appropriation Accounts (Defence Services), 1966-67

VOTED GRANT

33	8—Defence Services— Non-effective	Defence	24,47,40,000	24,56,80,225	9,40,225	2-7-68 (Due date 6-7-68)
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*These figures represent the finally verified *actuals* and vary somewhat from those published in the Audit Report (Civil), 1968 due to mis-classifications subsequently detected.

**This does not require regularisation in terms of para 2-52 of the Report.

***This does not require regularisation in terms of para 7 of the 16th Report of the PAC (First Lok Sabha).

2.2. The Committee find from the notes furnished by the Ministries that defective estimation at the time of framing the Budget and revised estimates and that failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of past liabilities, erroneous adjustments and lack of proper control over expenditure continued to be the main causes for excesses during the year under report. Another factor which contributed to heavy excesses this year was lack of coordination between the Central Ministries of Finance and Irrigation and Power and between the Central Ministries of Finance and Transport on the one hand and State Governments on the other.

2.3. The Committee will now proceed to deal with some individual cases of excesses.

APPROPRIATION ACCOUNTS (CIVIL), 1966-67

MINISTRY OF HOME AFFAIRS

(i) Grant No. 45—Cabinet (Excess Rs. 1,08,748)

2.4. The excess was mainly under the sub-head 'A3-Tour Expenses' (under the Group-head 'A. Cabinet') wherein there was an excess of Rs. 1,77,129.

2.5. In a note furnished by the Ministry of Home Affairs, it has been stated:

"This item of expenditure is of an extremely fluctuating nature and depends on the nature and number of tours undertaken by Ministries/Deputy Ministers which are necessitated by the exigencies of work and internal and external situation. The circumstances vary from year to year and again from time to time in the same year. Thus, it is neither possible to assess with any exactitude the requirement for the purpose before the commencement of the year nor does the trend of the expenditure during a part of the year give a correct indication of the expenditure during the remaining part of the year. In the absence of any other methods, the budget provision for the purpose

is made on the basis of the trend of actuals during the past years..... Accordingly, during the year 1966-67, a provision of Rs. 9,25,000 was made in the original budget under the sub-head A.3—Tour Expenses. When the position of the grant was reviewed in the month of December, 1966, in the light of actuals for the first 8 months and estimated expenditure for the remaining 4 months, it was estimated that the requirement under "Tour Expenses" during the year would be Rs. 12,00,000. After taking into account the savings under other group heads in the Grant, the net additional requirement under this head came to Rs. 2,20,000. A supplementary grant for this amount was, accordingly obtained in March, 1967 to cover this additional requirement".

2.6 "The final review of the grant on the basis of the actuals for the first 10 months and estimated expenditure during the remaining 2 months revealed in March, 1967 that the requirement for "Tour Expenses" of the Ministers/Deputy Ministers would amount to Rs. 12,30,500. Thus, an amount of Rs. 85,500 was provided by reappropriation from the savings under other sub-heads in this grant over and above the supplementary grant of Rs. 2,20,000 obtained earlier so as to enhance the grant under sub-head A.3 Tour Expenses to Rs. 12,30,500".

2.7. "The Appropriation Account for 1966-67, however, revealed that, against the final grant of Rs. 12,30,500, the actual expenditure during the year under "Tour Expenses" came to Rs. 14,07,629 resulting in an excess of Rs. 1,77,129. This was due to more tours undertaken by the Ministers/Deputy Ministers towards the later part of the year for which the debits were raised and adjustments made after the close of the financial year. It was not possible to anticipate this expenditure at the time of applying for supplementary grant. It may be mentioned that upto March (Prel.) the expenditure under this sub-head was only Rs. 12,12,900 which was within the amount provided. An adjustment of Rs. 1,94,729 on account of "Tour Expenses" was made in March (Final) and March (Suppl.) accounts. It was not possible to anticipate this additional expenditure even in the month of March, 1967, and to provide additional funds by obtaining an advance from the Contingency Fund of India."

2.8. The Committee note that excess occurred under the sub-head 'A3-Tour Expenses', where the actual expenditure amounted

to Rs. 14,07,629, against the original provision of Rs. 9,25,000 and the finally revised provision of Rs. 12,30,500. They are not convinced by the argument that the debits in respect of tours from the other Ministries could not have been anticipated. As the Committee understand the position, the debits are periodically raised by the Railway and Defence Departments. Since these debits arise out of requisitions issued by the Ministry of Home Affairs for railway accommodation and security arrangements for tours undertaken by Ministers, it is not clear why it was not possible for the Ministry of Home Affairs before they came up with a demand for Supplementary Grant in March 1967, to review the position of outstanding requisitions on which debits had not been received and to make suitable provision for the expenditure on that account.

MINISTRY OF INFORMATION AND BROADCASTING

(ii) *Grant No. 62—Ministry of Information and Broadcasting (Excess Rs. 96,567)*

2.9. The excess occurred mainly under sub-heads 'A3-Allowances, Honoraria, etc.' (Rs. 7,679) and 'A4-Other Charges' (Rs. 87,911).

2.10. In a note furnished to the Committee, the Ministry have explained the main reasons for the excess as under:

(1) *Allowances, Honoraria etc. (+) Rs. 7,679*

The excess is mainly due to—

(a) more tours undertaken by officers and staff than anticipated in the original Budget Grant; there was a provision of Rs. 47,000 for Travelling Allowance in the original Budget Grant which was enhanced to Rs. 56,000 by a Supplementary Grant, against which the actual expenditure amounted to Rs. 59,656 leading to an excess of Rs. 3,656. The tours were unavoidable and necessary in the public interest.

(b) payment of more overtime allowance to the staff than anticipated. A provision of Rs. 21,000 was included in the Budget Grant for 1966-67 for "Overtime Allowance". This provision was enhanced to Rs. 34,543 by supplementation, against which the actual expenditure amounted to Rs. 43,896 resulting in an excess of Rs. 9,353, part of which was off-set by savings under other detailed heads, an excess of about Rs. 4,000 still remaining uncovered.

(2) *Other Charges (+) Rs. 87,911.*

The excess under the following heads had to be incurred in spite of enforcing the maximum economy:—

	(Figures round ed to '000) Rs.
(a) Rent on telephone lines	(+) 43,000
(b) Purchase and maintenance of staff cars	(+) 26,000
(c) Cart hire and Mazdoor charges	(+) 4,000
(d) Entertainment and hospitality charges	(+) 7,000
(e) Service Postage stamps and Telegram Charges	(+) 8,000
Total	<u><u>88,000</u></u>

(a) *Rent on telephone lines (+) Rs. 43,000.*

The original Budget grant amounted to Rs. 50,000. By supplementation, the provision was raised to Rs. 87,000 against which the actual expenditure amounted to Rs. 1,30,875 resulting in excess of Rs. 43,875. The excess expenditure had to be incurred on the basis of actual requirements.

(b) *Purchase and maintenance of staff cars (+) Rs. 26,000*

The excess is partly due to the purchase of an additional staff car (Rs. 14,891) and partly due to the increase in maintenance costs of the three vehicles as against the two provided for in the Budget.

(c) *Cart hire and Mazdoor charges (+) Rs. 4,000*(d) *Entertainment and hospitality charges (+) Rs. 7,000*(e) *Service Postage stamps and Telegram charges (+) Rs. 8,000*

The following table will indicate the budget provision originally made and the actual expenditure incurred during the year 1966-67:—

Item of Expenditure	Budget	Actual	Excess
	Grant	Expenditure	
Cartage	Rs.	Rs.	Rs.
Cartage	3,000	7,333	4,333
Entertainment	1,500	9,061	7,561
Service postage stamps	15,000	24,338	9,338*
			*(offset by Rs. 1000 by saving under other heads).

The excess expenditure had to be incurred on the basis of actual requirements.

It is regretted that an advance from the Contingency Fund of India was not taken to cover the excess.

During the year 1965-66 also, there was an excess of Rs. 35,318 in this grant, which was not covered by an advance from the Contingency Fund."

2.11. The Committee note that there has been an excess in this Grant for the second year in succession. During both the years, the Ministry had failed to obtain funds through Supplementary Grants to meet the excess expenditure.

2.12. The Committee understand from Audit that in one of the files of Ministry, the Ministry of Finance had observed as follows:—

"That there is no adequate budgetary control in the Ministry of Information & Broadcasting and that the Ministry are incurring expenditure without regard to the sanctioned Grant and general instructions issued by Government from time to time. Ministry of Information & Broadcasting purchased a Staff Car when it was really not needed."

2.13. The Committee find it difficult to comprehend how the Ministry failed even to make provision for a staff car which, in any case, the Ministry of Finance appear to have considered unnecessary. Even if the staff car had been purchased towards the close of the year, the proposal for its purchase should have been mooted and finalised well in advance and it should have been possible to have provided funds at the stage the proposal was being finalised.

2.14. The Committee deprecate the tendency on the part of the Ministry of Information and Broadcasting to incur expenditure without regard to the sanctioned Grant and the financial instructions issued by Government. If Ministries start exceeding the sanctioned allotments in this manner, Parliamentary control over expenditure loses its meaning. The Committee trust that the Ministry will henceforth strictly comply with financial instructions and keep their expenditure within the allotment.

(iii) *Grant No. 63—Broadcasting (Excess ..s. 16,19,586)*

2.15. According to a note furnished by the Ministry, the following are the main reasons for the excess:

	Final Grant 1966-67	Actual Expenditure 1966-67	Excess(+) -
	Rs.	Rs.	Rs.
B—Broadcasting station	4,77,62,000	4,86,76,943	(+) 9,14,943

Other Charges:

Rs.

(a) Payment of bills 2,94,000 relating to previous year in respect of papers, printing charges, increase in printing charges cost of white paper instead of news print relating to Betar Jagat, Akashi and Vanoli and Vani. (It is certified that the Liability Register is being maintained by the respective units of AIR).

(b) Purchase and adjustment of cost of cars at Jaipur, Jabalpur, Delhi and Calcutta (Rs. 71,600) increase in the rental of trunk call charges relating to telephones purchase of typewriters, more expenditure on power consumption, levy of surcharges on power supply at 15% (Jaipur), adjustment of debits relating to maintenance of buildings and lands, payment of subsidy to Canteens, increase in the rental

of building and commissioning of new 50 kw mw Transmitter at Hyderabad. The amount in respect of cars (Rs. 71,600) mainly relate to expenditure on replacement of duty cars for which orders were placed in previous years, with the sanction of the competent authority. This was an inescapable expenditure and could not be foreseen at the time of budget. The bulk amount being debits.

(c) Central Stores Issue 3,25,400

of stores to new stations/centres, increase in the requirements of stations and particularly those of border stations increase in the price due to increase in customs duty and devaluation of Rupee.

Minor excess under 8,543
remaining heads

C—Research Department: 8,89,100 9,20,324 + 31,224

This excess was due to assessment of Customs Duty which could not be anticipated. This excess is accounted for under 'Other Charges'

News Services Division 46,85,700 48,49,328 (+) 1,63,628

Allowances Honoraria.

Due to payment of unforeseen air-fare charges to Air lines. 9,075

Other Charges :

Payment on account of 1,46,115
 unforeseen press bearing
 charges (Rs. 21,000)
 revision of rates of
 PTI (Rs. 30,400) pay-
 ment of unforeseen
 telephone call char-
 ges (Rs. 32,000) ad-
 justment of cost of
 tyres and tubes (Rs.
 5,400) adjustment
 relating to cost of
 Stationery (Rs. 34,100)
 hiring of taxis (Rs.
 21,800) and minor
 excess (Rs. 1,415)

Other minor excesses 8,799
 under 'Pay of Officers
 (Rs. 3,276) and
 Allowances to Artis-
 ts (Rs. 5,523)

Total excess . . . 1,63,967

Partly off-set by saving 359
 under 'Pay of Esta-
 blishments'

Net Excess . . . 1,63,628

External Services Division 21,29,000 22,47,636 (+) 1,18,636

This excess is mainly under 'Other Charges' which is due to rental
 payment of A Hi-Fi-Line in advance to P&T Department.

Television Centre 22,54,500 25,96,239 (+) 3,41,739

Allowances to Artists (+) 40,653

This excess was due to
 (i) payment of arrears
 fees etc. to Staff Arti-
 sts due to fixation of
 their pay in the fee
 scales: (ii) introduc-
 tion of 'Krishi Dar-
 shan' programmes and
 inadquacy of the
 grant, due to cover-
 age of General Elec-
 tions.

Other Charges : +2,77,184

This excess was due to (i) increased expenditure on purchase of raw stock of films and utility of films for coverage of news items ports and also coverage of programmes of foreign VIPS visiting India, (ii) Prime Minister's Press conferences and (iii) adjustment of debits relating to previous year(s).

Ford Foundation Educational T.V. Project +24,667

This excess was due to un-anticipated aid received from Ford Foundation.

Total Excess	Rs. 3,42,504
Party-off-set by savings and other heads	765
Net Excess	3,41,739

D-Suspense 61,52,000 62,37,766 +85,766

This excess is due to receipt of more debits from Accountant General Central Revenues than anticipated."

2.16. The Ministry have further stated that most of the items of expenditure on account of which the excess resulted could not be anticipated and were of unavoidable nature. At that time of the year, it was too late to restrict the expenditure to the desired extent. It was also not possible to make an application for advance from the Contingency Fund of India as the exact picture of the excess expenditure particularly due to adjustment of bills, was not available.

2.17. The Committee are not impressed by most of the reasons given by the Ministry for the excess. It is not clear why the Ministry failed to provide for payment of bills relating to the previous year, as it would have been hardly reasonable to suppose that debits would remain unadjusted for two years. Nor is it clear whether the increase in printing charges occurred so unpredictably as to make provision for it impracticable. As regards the purchase of staff cars, the Committee find from the explanation of the Ministry that the orders were placed in the previous year. In the cir-

circumstances, it is not clear how the necessity for a provision on this account escaped the notice of the Ministry. Mention has been made in the explanation of the increase in the price of stores due to devaluation and increase in customs duty. Devaluation occurred in June, 1966 and no increases in customs duty also were made towards the close of the financial year. The explanation of the Ministry in this regard can, therefore, be hardly regarded as tenable.

2.18. The Committee also notice that the excess under the Television Centre is substantial. Here even the liability for payment of arrears of fees to staff artistes seems to have been ignored while provision of funds was made. The bulk of the excess was due to purchase of film which accounts for more than two-thirds of the excess under this head. The Committee would like the Ministry to examine, in consultation with the Ministry of Finance, whether adequate and satisfactory arrangements for control of expenditure on the Television Centre exist, as the excess amounts to as much as 14 per cent of the original grant.

2.19. The Committee observe that during the previous year also, there was an excess under this Grant to the tune of Rs. 43 lakhs. Commenting upon the excess, the Public Accounts Committee (1967-68) had desired the Ministry to tighten the procedure of control over expenditure so that such excesses did not recur.

2.20. In a note furnished by the Ministry pursuant to the above recommendation of the Public Accounts Committee (1967-68), it has been stated as follows:—

"In order to tighten up the procedure of control over expenditure, the Directorate General, A.I.R. have issued instructions to the various Units of the A.I.R. that no vacant posts for which no provision exist in the sanctioned budget should be filled in; that all tours should be restricted to the absolute minimum; that all avoidable purchases should be given up and the strictest control exercised over the purchase of stationery, furniture, musical instruments etc.; that trunk calls should be eliminated unless absolutely essential; that even local calls should be restricted; that strictest economy in the use of electricity and power should be observed; that strict economy in the consumption of petrol and other motor oil should be achieved by reducing the number of trips of vehicles to the minimum;

that hiring of taxis should be discontinued except in unavoidable circumstances and that programmes should be repeated on tape to the maximum extent possible."

2.21. The Committee feel that these instructions have value only if the field organisations in fact act on them in letter and spirit and ensure that the sanctioned budget allotment is not exceeded. The Committee would like to watch this through the future Appropriation Accounts relating to this grant of the Ministry of Information & Broadcasting.

MINISTRY OF TRANSPORT & SHIPPING

(ROADS WING)

(iv) (a) *Grant No. 89—Communications (including National Highways)—Excess Rs. 65,32,227.*

(b) *Grant No. 137—Capital Outlay on Roads*

Excess over Charged Appropriation (Rs. 73,002).

Excess over Voted Grant (Rs. 114,10,827).

2.22. Out of the total excess of Rs. 65,32,227 in Grant No. 89—Communications (including National Highways), the bulk (Rs. 63,12,344) relates to sub-head B-1-Maintenance of National Highways; During the year 1965-66 also, there was an excess under this sub-head to the tune of Rs. 19,12,945.

2.23. In a note furnished by the Ministry of Transport & shipping (Road Wings) it has been stated that the budget estimate under this sub-head amounted to Rs. 725 lakhs. But in view of the economy drive, a provision of Rs. 700 lakhs was accepted for inclusion in the Revised Estimates. According to the Ministry, "the inadequacy of the provision was felt even when the budget was finalised but it was not found possible to obtain a larger allocation in view of the continuing constraint on the general resources position of the country."

2.24. The Ministry have further stated:

"The road works are executed through the agencies of the State Public Works Departments and the Central Public Works Department. Provision in the budget is made on the basis of estimates received from the various executive agencies. They in turn are guided by their subsidiary establishments such as the Chief Engineer, Superintending

Engineer, Divisional Engineer etc. who are in charge of actual execution of the works. The Government of India invariably impress upon the States the need for restricting the expenditure to the amount of the allotment and this stipulation is also made in the various letters sanctioning the allotment of funds. In view of these instructions, it was not expected that the grant would be exceeded. In the absence of any firm indication from the States about the likelihood of additional expenditure being incurred by them upto the end of January 1967, the question of obtaining any supplementary demand did not arise, particularly since the budget provision was reduced at the revised estimate stage as a result of financial stringency. For the same reason no steps could be taken to obtain an advance from the Contingency Fund of India. But some of the States failed to restrict the expenditure to the allotment made to them."

2.25. As regards Grant No. 137—Capital Outlay on Roads it has been stated, in a note furnished by the Ministry, that there was an excess of Rs. 1,20,29,983 under sub-head A-1 of the Voted Grant—Construction of National Highways. This excess was mainly made up as under:—

- (i) Accelerated progress on certain works (Rs. 14,70,962);
- (ii) Belated adjustments carried out in the A.G., U.P's Office in December 1966 Accounts (Rs. 1,93,767); and
- (iii) Variations not explained till June; Madhya Pradesh (Rs. 2,57,662); Maharashtra (Rs. 2,35,119); Assam (Rs. 14,05,408); West Bengal (Rs. 32,93,869); Punjab (Rs. 19,07,385) and Delhi (Rs. 61,09,742)— (These excesses were partly counter balanced by saving from other States and Union Territories).

2.26. It has been further stated that against the budget Grant of Rs. 18.50 crores, the States had asked for a sum of Rs. 27.86 crores in the Revised Estimates, 1966-67. In view of the need for effecting the maximum possible economy in civil expenditure, a final allotment of Rs. 1989.55 lakhs only could be ultimately made to the States for the year 1966-67 for covering expenditure on the construction of National Highways in the various States. It was not anticipated even towards the close of the year 1966-67 that the expenditure on

works would attain such a momentum as to exceed the allotments by any appreciable margin. Some of the State Governments however failed to restrict their expenditure to the amount of allotments and an overall excess of expenditure over sanctioned grant became unavoidable. In the absence of intimation from any of the States about the likelihood of expenditure exceeding the allotment, prior action could not be taken for obtaining a supplementary grant or an advance from the Contingency Fund of India to avoid an excess of expenditure over the sanctioned grant.

2.27. The Committee note that in the case of both the Grants under consideration—Nos. 89 and 137—the estimated requirements were purposely reduced in view of the constraint on the general resources position of the country. The purpose had, however, been partly defeated by heavy excesses in both the grants. It is evident that the Ministry's instructions to State Governments to restrict expenditure to the sanctioned allotments had no visible effect and that the latter exceeded the allotments at will. The lack of coordination between the Ministry of Transport and Shipping and State Governments revealed in these cases is distressing. It has been stated in the Ministry's note on Grant No. 137 that the Ministry had not received intimation from any of the State Governments about the likelihood of their expenditure exceeding the allotments. In the case of the same Grant, variations in respect of excesses amounting to over Rs. 1.30 crores had not been explained by the State agencies to the Ministry even three months after the close of the financial year. The Committee would like the Ministry of Transport and Shipping/Finance to examine this aspect further in consultation with the State Governments concerned so that the agencies undertaking the work on behalf of the Central Government do not exceed the allotment without prior approval.

The Committee further observe that out of the said Rs. 1.30 crores incurred as excess expenditure, Rs. 61 lakhs related to the Union Territory of Delhi. The Committee are surprised that even in the case of road development works being carried out in the capital and its vicinity, it should not have been possible for the executive agency—the C.P.W.D in this case—to explain variations. The Committee need hardly emphasise the imperative need of close co-ordination between the Ministry and State Governments/Union Territory Administrations.

2.28. The Committee have been informed by the Ministry that in pursuance of the recommendation of the P.A.C. (1967-68) made in para 2.35 of their Twelfth Report (Fourth Lok Sabha), necessary instructions have been issued to all the State Governments and Union Territories to furnish monthly expenditure returns by specified dates in respect of road development works financed from the Central Funds.

2.29. The Committee would like to watch the implementation of these instructions through future Audit Reports.

MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY AFFAIRS

(DEPARTMENT OF COMPANY AFFAIRS)

(v) *Grant No. 77—Other Revenue Expenditure of the Ministry of Law (Excess Rs. 80,344).*

2.30. The excess related to the year 1966-67, when the Department of Company Affairs was under the Ministry of Law.

2.31. In a note furnished by the Ministry of Industrial Development & Company Affairs (Department of Company Affairs), the following main reasons for the excess have been given:

“Registrar, Joint Stock Companies.

Rs.

(+)29,277 D.A. at enhanced rates sanctioned by Government to the Officials in the offices of the Registrar of Companies, Kanpur, Calcutta, Delhi, Bombay, Madras and Ernakulam.

(+)3,247 More expenditure on postage stamps by Registrar of Companies, Bombay as the procedure to issue default notices was revised.

Official Liquidator under Companies Act.

Rs.

(+)7,059 Filling up of certain non-gazetted vacant posts from 1st August, 1966 at Official Liquidator, Bombay for which less grant was sanctioned than asked for due to paucity of funds.

(+)19,092 Payment of arrears of honorarium from 22-3-58 to 30-11-66 to Official Liquidator, Hyderabad for which no provision was made.

Rs.

(+)8,854 D.A. at enhanced rates to the Officials of the Offices of the Official Liquidators, Jodhpur, Ernakulam, Bombay and Calcutta.

Company Law & Investment Administration.

Rs.

(+)1,599 Arrears of pay of officers on account of refixation of pay in Company Law Board Services in the Office of the Regional Director, Madras.

(+)605 Payment of D.A. at enhanced rates to the Officers and staff of the Regional Director, Calcutta.

(+)2,604 Increased expenditure due to installation of new telephones for Joint Director, Inspection, Calcutta and in the Office of the Regional Director, Kanpur.

(+)4,977 Purchase of Roneo Signature machines by Regional Director, Bombay for supplying to Registrar of Companies Offices in his region for which orders were already placed and the payment could not be deferred.

(+)566 Essential repairs to staff car of Regional Director, Calcutta."

Public Trustee

The excess of Rs. 2,367 is mainly due to encashment of the pay bill of the Public Trustee for the month of March, 1966 on 1st April, 1966 amounting to Rs. 2,242 for which no provision could be included in the final grant for 1966-67 as this came to notice later."

2.32. The Ministry have further stated that with a view to determining the quantum of the Supplementary Grant, the budgetary position was reviewed in January, 1967 on the basis of the actual expenditure incurred during the first nine months and the expenditure likely to be incurred during the remaining three months of the financial year. The review revealed that additional funds to the tune of Rs. 3,53,100 would be required. The Ministry of Finance, however, agreed to provide only Rs. 1,44,000 by way of Supplementary Grant after taking into account the saving of Rs. 75,000 located under one of the sub-heads of the grant. At the time of fixing the final requirements, the grant as a whole was again reviewed on the basis of actual expenditure incurred during the first eleven months and the expenditure likely to be incurred during the remaining one month of the year 1966-67. This review revealed an additional requirement of Rs. 1,19,000 as against the earlier estimated requirement of Rs. 2,09,000.

The additional requirement, according to a note sent by the Ministry of Min. of Finance, was due to expenditure through payment of enhanced rate of D.A., additional posts created in the Office of the Official Liquidator, Bombay and Madras, inevitable liability relating to payment of rent for the building occupied by the Registrar of Company and Regional Director Madras". The Ministry have added that "the matter was again taken up with the Ministry of Finance in March, 1967 and on their advice telegraphic instructions were issued to the field offices to defer the expenditure to the next financial year." It has been further stated that concerted efforts were also made to exercise utmost economy in expenditure, with the result that the gap was narrowed down to Rs. 80,344 only.

2.33. The Ministry have stated that no advance was taken from the Contingency Fund, as it would have been very difficult to assess the exact requirements of funds within the short period of ten days. The information had to be collected from organisations outside the Headquarters.

2.34. The Committee are not convinced by the explanation given. It is clear from the facts of the case that had the Department of Company Affairs exercised a close watch over the progress of expenditure during the course of the year, it would have been possible for them to cover the excess and that sufficient care was not taken while making a review of their requirements for additional funds.

2.35. The Committee also notice that out of the total excess of Rs. 80,344, a little over one-fourth (Rs. 29,277) was due to payment of Dearness Allowance at enhanced rates to employees at Kanpur, Calcutta, Delhi, Bombay, Madras and Ernakulam. The Committee find that the orders for enhancement of Dearness Allowance with retrospective effect were issued by the Ministry of Finance well before the close of the financial year, i.e., on 19th October, 1966. It is not, therefore, clear why the Department of Company Affairs had any difficulty in estimating their expenditure for Dearness Allowance and in making provision therefor. The Committee would like to know whether the Department did estimate their requirements and, if this was done, why the excess occurred.

2.36. The Committee are surprised to learn that the Ministry of Finance, who are expected to give a lead to other Ministries in the matter of financial discipline, should have advised the Ministry to issue telegraphic instructions to field offices to defer the expenditure to the next financial year which was not only in contravention of

Rule 75 of the General Financial Rules but also against the repeated observations made by the Public Accounts Committee in their successive Reports on Excesses. The Committee take a serious view of this.

2.37. While examining a similar case, the Public Accounts Committee (1966-67), in para 3.8 of their 69th Report (Third Lok Sabha), had expressed surprise that instructions to postpone payments to avoid the excess should have been issued. Pursuant to the above recommendation, the Committee have been informed by the Ministry of Finance that, to obviate such cases, necessary instructions had already been issued by them on 10th August, 1966. The Committee regret to observe that the advice given by the Ministry of Finance to the Department of Company Affairs in this case was in direct contravention of their own earlier instructions. The Committee trust that such contraventions of the Financial Rules by Ministries will not occur in future.

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

(vi) Grant No. 123—Loans and advances by the Central Government (Excess over Charged Appropriation Rs. 3,68,87,917).

2.38. In a note furnished to the Committee, the Ministry of Finance Department of Economic Affairs) have stated:

"The excess occurred mainly because certain payments made at the instance of the Ministry of Irrigation & Power during the year were overlooked at the time of the regularisation of the Grant at the end of the year and because the ways and means advances made to certain States during the year for Plan schemes exceeded the amounts finally sanctioned by the Ministry|Departments by way of loans/Grants to those States, as explained below:

2.39. (a). The Ministry of Irrigation and Power did not arrange necessary funds for the adjustment of an equipment loan of Rs. 1,17,22,081 received by the Government of composite Punjab/Haryana for Delhi 'C' Thermal Power Station during the year 1966-67 under the A.I.D. Programme. The Accounting procedure in respect of equipment received under the A.I.D. programme provides that the rupee equivalent of the dollar cost of the equipment will be treated as a loan from A.I.D., this being adjusted as a credit

under "Public Debt—Debt raised outside India", and that an equivalent amount will be advanced as a loan to the receiving authority i.e., the State Government, this being adjusted as a debit under the Loan head. In accordance with the Accounting procedure, the adjustments are carried out by the Accounts Officers concerned on the strength of advices issued by the Ministry of Finance regarding drawal from A.I.D. funds and not on the basis of the formal loan sanctions to be issued by the Ministry of Irrigation and Power in favour of the recipient authorities. Consolidated sanctions covering the disbursements made during a year are later issued by the Ministry of Irrigation and Power, indicating also the terms and conditions for the repayment of the loans. The Ministry of Irrigation and Power issued the necessary sanction in this case in the next financial year on 29th January, 1968 but action was not taken to provide necessary funds in the financial year 1966-67."

2.40. (b) The Ministry of Irrigation and Power did not also provide funds amounting to Rs. 46.49 lakhs for the adjustment of two loans sanctioned to the Government of U.P. as arrear assistance. It has been stated that "In both these cases, the Ministry of Irrigation and Power omitted, through oversight, the arrear assistance released by the then Department of Coordination to the Government of U.P., while intimating the final requirement for the regularisation of the grant."

2.41. (c) "Central assistance for State Plan and Centrally Sponsored schemes (excluding assistance for Irrigation and Power Projects and assistance released through the National Cooperative Development Corporation) is released in the form of monthly ways and means advances to the State Governments on the basis of the ceilings of assistance communicated to them at the commencement of each year. These advances are initially debited entirely to the Loan Head but are written back before the close of the year to the relevant Heads (Loan or Grant-in-aid to States as the case may be) on the basis of formal sanctions issued by the Ministries/Departments concerned. To the extent these Ways and Means advances remain uncleared, they are treated as loans to the State Governments and recovered immediately as in the case of other over-payments."

3.42. "Until 1965-66, 3/4th of the total Central assistance used to be released in 9 equal monthly instalments commencing from May each year. As some of the State Governments were facing ways and means difficulties, it was decided in April, 1966 to release 10/12th of the total Central assistance in 10 equal monthly instalments com-

mencing from April 1966. In the course of the year, certain further allocations were made to the States for additional Plan schemes and the additional assistance was either released in cash by the administrative Ministries or the ways and means advances were revised to take these additional allocations into account. Later in that year, in response to requests received from several State Governments, it was decided to release one additional instalment on the 1st February, 1967 and thus in all 11/12th of the committed total Central assistances was released in advance to the State Governments in that year."

2.43. "The allocation of Central assistance to States are determined on the basis of the outlays approved for the various sectors in the State Plans. If the approved outlays materialise, the entire Central assistance allocated to the States has to be paid to them. It was on this basis that Plan advances were released to the State Governments with reference to the ceilings of Central assistance communicated to them. However, due to shortfalls in performance in some of the States under certain sectors e.g. village and Small Scale Industries, Medical and Public Health, Housing, etc. ways and means advances to the extent of Rs. 2,85,39,264 sanctioned to them remained uncleared after adjustments on the basis of formal sanctions issued by the administrative Ministries|Departments had been carried out by the Accounts Officers. Immediate action was, however, initiated in the following year to effect recovery of the uncleared advances and interest thereon, as soon as these were brought to the notice of the Ministry of Finance by the State Accountants General".

2.44. The Committee observe from the note that the adjustment of the equipment loan under the A.I.D. programme is done by Accounts Officers on the strength of advice issued by the Ministry of Finance. Out of the total excess of Rs. 3,68,87,917 the adjustment of the equipment loan (Rs. 1,17,22,081) accounts for the bulk. It is not clear to the Committee why the Ministry of Finance, having issued the advice for adjustment, failed to ask the Ministry of Irrigation and Power to provide the requisite funds.

2.45. The Committee also observe from the note that there was delay on the part of Government in recovering ways & means advances given to certain States. They desire that the Central Government should invariably initiate immediate steps for the recovery of uncleared advances, together with interest, after these come to notice.

2.46. Commenting upon excess of Rs. 1,98,38,131 in the same Grant which occurred during the preceding year (1965-66), the P.A.C. (1967-68) had expressed surprise that payments sanctioned by Government should have escaped the notice of Ministries of Irrigation and Power and Health while estimating their final requirements.

2.47. The Committee observe that the excess in this Grant during the year 1966-67 was caused by the same factors which were responsible for the excess during the preceding year. This indicates that even after the initial error had come to notice, no remedial steps were taken and the lack of coordination between the Ministries of Finance and Irrigation and Power persisted. This the Committee consider highly regrettable. They would therefore desire that the present procedure may be reviewed and lacuna, if any, removed, so that requisite funds, if necessary, are provided in time.

MINISTRY OF INFORMATION & BROADCASTING

(vii) *Grant No. 130—Capital Outlay of the Ministry of Information and Broadcasting (Excess Rs. 3,25,978).*

2.48. The excess mainly occurred under A-5-Suspense.

From a note furnished by the Ministry of Information and Broadcasting, the Committee observe that while there was an excess of Rs. 3,56,539 on account of receipt of more debits than anticipated in respect of equipment under Suspense, there was at the same time a saving of Rs 2,75,047 on account of delay in receipt of debts from and acceptance of debits by other Departments' offices concerned under the same Group-Head.

2.49. This indicates the need for closer liaison between the purchase and budget wings. The Committee trust that necessary remedial steps will be taken in the matter.

MINISTRY OF HOME AFFAIRS

(viii) *Grant No. 128—Capital Outlay of the Ministry of Home Affairs*

2.50. The Appropriation Accounts show an excess of Rs. 58,44,447 in the Grant as a whole.

2.51. In a note furnished to the Committee, the Ministry of Home Affairs have explained the circumstances leading to this excess as follows.

After the creation of the Union Territory of Chandigarh on the 1st November, 1966 as a result of the reorganisation of the erstwhile Punjab State, provision under the group-head "Chandigarh Capital Outlay" was made through a Supplementary Demand obtained in November, 1966. Under the sub-head "D-6-Suspense", the Chandigarh Administration did not propose any provision, because, prior to reorganisation of Punjab, the Chief Engineer, Chandigarh who was operating this sub-head, used to make only net provision under the minor head "Suspense". After the reorganisation of Punjab, the same system of accounting of net provision under the head "Suspense" continued to be followed by the Administration, in the absence of any orders for changing the accounting procedure in regard to these transactions. The Accountant General, however, exhibited the gross expenditure under this head without taking into account the recoveries which should have been taken in reduction of expenditure in the Appropriation Accounts. The value of stores which had been accounted for under the head "Suspense" during the year 1966-67 amounted to Rs. 114.15 lakhs. This whole expenditure was shown as an excess under the head in question in the Appropriation Accounts in the absence of provision to cover the debits pertaining to the cost of stores. The Ministry of Finance who were consulted in the matter opined that the excess in the Appropriation Accounts was the result of the compilation of the Appropriation Accounts in a manner which was neither usual nor contemplated, and that therefore, it was not necessary to obtain a formal excess Grant to regularise the excess. Credits which have been exhibited by the Accountant General, Punjab, Haryana and Himachal Pradesh in the Appendix to the Grant, amount to Rs. 105.44 lakhs. But for the elimination of these credits under "Suspense" from Column 3 of the Appropriation Account, the figure of actual expenditure against "Nil" provision under the group-head "Suspense" (D.6) in the grant would work out to Rs. 8.71 lakhs only, and consequently, the net excess of Rs. 58.44 lakhs in the voted portion of the Grant as a whole would also have been converted into a net saving of Rs. 47.00 lakhs. The C & A G to whom the matter was referred agreed with the view of the Finance Ministry.

2.52. The Committee concur in the views of the Ministry of Finance and the C. & A.C. that the excess in the present case should be treated as a misclassification. They, accordingly, recommend that, in consonance with the principle enunciated in para 7 of their 16th Report (First Lok Sabha), the excess in this case should not be considered as requiring a fresh vote of Parliament for regularisation under Article 115 of the Constitution.

DEPARTMENT OF ATOMIC ENERGY

(ix) *Grant No. 144—Capital Outlay of the Department of Atomic Energy.*

(Excess Rs. 9,03,244)

2.53. The excess was mainly due to larger expenditure under the Group-Head 'A.1(7)—Nuclear Power Stations'.

2.54. From a note furnished by the Department of Atomic Energy, the Committee observe that there was an excess of Rs. 81,47,265 under the Rajasthan Atomic Power Station (First Unit) and an excess of Rs. 3,58,636 under the Tarapur Atomic Power Station. The excesses under these sub-heads were to a large extent counter-balanced by savings under other Group-heads and other sub-heads of this Group-Head, leaving a net excess of Rs. 9,03,244 over the total Voted Grant.

2.55. The Department of Atomic Energy have given the following item-wise break-up of the excess of Rs. 81.47* lakhs under the Rajasthan Atomic Power Station (First Unit): (i) Machinery and equipment (Rs. 48.37 lakhs); (ii) Consultancy Charges (Rs. 21.08 lakhs); and Customs duty (Rs. 15.81 lakhs).

2.56. As regards the excess of Rs. 48.37 lakhs under 'Machinery and equipment', the Department have stated that this excess was caused mainly by the difficulties in estimating the actual payments which would be made by the Export Credit and Insurance Corporation of Canada during the closing months of the financial year to the suppliers in Canada from the ECIC† loan for the Project. During 1966-67, as against an estimated payment of Rs. 424.26 lakhs, for which necessary provision was made in the final estimates, the actual payments amounted to Rs. 493.06 lakhs i.e. Rs. 68.80‡ lakhs more than estimated by the Project authorities. The Department have in this connection explained that under the procedure laid down for disbursement out of the Loan for supplies procured in Canada, the suppliers' claims are initially scrutinised by the Department's Consultants in Canada—Messrs. Montreal Engineering Co. Ltd., Canada and approved by the Department's Liaison Officer at

*This figure has been arrived at after deducting a saving of Rs. 3.79 lakhs under other items.

†The foreign exchange expenditure of the Rajasthan Atomic Power Station is met out of Loan of Canadian \$ 43.5 million provided by Canada through Export Credit and Insurance Corporation of Canada.

‡This excess was set off to the extent of Rs. 20.43 lakhs in the provision made for the procurement of indigenous machinery and equipment, resulting in a net excess of Rs. 48.37 lakhs.

Montreal. The approved invoices are then presented to the Export Credit and Insurance Corporation of Canada (ECIC) for effecting payments. Since there is always a time-lag between the presentation of invoices and their actual settlement by ECIC, the Department's Liaison Officer is not in a position to assess accurately the extent of the payments that would be made by the ECIC against invoices presented by him. Provision to cover the payments effected by ECIC is, therefore, made in the final grant only on an estimated basis and consequently some variation between the final provision made by the Department and the actual payments disbursed by ECIC is inevitable.

2.57. As regards the excess of Rs. 21.08 lakhs under consultancy charges, it has been stated that the procedure for payment to the Atomic Energy of Canada Limited (AECL) for technical services rendered in Canada is similar to that followed in the case of 'Machinery and Equipment'. As the amount of actual payments that would be effected by ECIC during a financial year cannot be known in advance, provision to cover such expenditure can be made in the final grant only on estimation. Against the provision of Rs. 118.52 lakhs included in the final grant to defray the expenditure on consultancy charges, the actual expenditure amounted to Rs. 130.60 lakhs.

2.58. The Committee feel that the variations between the final estimates approved by the Department's Liaison Officer in Montreal and the actual payments made by ECIC on account of Machinery and Equipment (Rs. 68.80 lakhs) and Consultancy Charges (Rs. 21.08 lakhs) are too wide, even after making due allowance for the time-lag between the presentation of invoices and their final settlement by the Export Credit and Insurance Corporation of Canada. The Committee would like to know whether the Department maintains close liaison for purpose of budgeting with its Liaison Officer in Montreal and whether the latter furnishes periodical reports to the Department about the progress of payments by the ECIC.

2.59. As to the excess on account of customs duty (Rs. 15.81 lakhs) the Department have stated that two items of equipment viz. Tubes for the Steam Condenser and Tubes for Calandria, which were expected to be received from Canada during 1967-68, were received ahead of schedule, i.e., in March 1967 and had to be cleared immediately after payment of customs duty. Arrangements were not made to cover the excess by drawal from the Contingency Fund as it was then anticipated that it would be met from savings in the grant.

2.60. The Committee understand from Audit that the bulk of the goods were shipped in the months of January and early February (Vide bills of lading dated 21st January, 1967, 11th January, 1967 and the February, 1967). These were received and cleared from the Customs in the first and second weeks of March, 1967. Customs duty payments were made on the 7th and 9th March, 1967.

2.61. The Committee feel that the Department could have, after receiving the bills of lading, provided for their liability on account of customs duty.

2.62. As regards the Tarapur Project, the Department have stated:

"The net excess of Rs. 3.59 lakhs in Tarapur Project was mainly due to the debit of about Rs. 2.80 lakhs for departmental charges raised by the Ministry of Works, Housing and Supply during 1966-67 on the payments made to General Electric of USA through United States Banks under the Letters of Credit arranged by the India Supply Mission, Washington. This debit was not anticipated as no such charges were levied in the past. The debit appears to have been raised on the assumption that services of the India Supply Mission, Washington have been utilised for the procurement of Stores for the Project from General Electric of U.S.A. As stores for the project have been supplied by the General Electric of U.S.A. directly as per the contract with them and as no services have been rendered by the India Supply Mission, Washington in this regard, except opening of the letters of credit with United States Banks for foreign exchange payments out of the AID Loan, it has been suggested by the Department of Atomic Energy to the Ministry of Works, Housing and Supply that these charges should not be levied and should be withdrawn. Final reply of the Ministry of Works, Housing and Supply is awaited."

2.63. The Committee understand from Audit that according to the orders contained in the Ministry of Works, Housing and Supply letter No. P-II/21 (2)/58(i) dated 17th February, 1968, the departmental charges @0.1 per cent of the contract value of stores leviable from non-commercial civil Departments of Central Government are meant to cover expenditure in connection with bank charges. Since no bank charges have been incurred by I.S.M. in the present case, departmental charges do not appear to be leviable.

2.64. The Committee would like the Ministry of Works, Housing and Supply and the Department of Atomic Energy to look into the matter and resolve it at an early date. They would also like Government to issue suitable instructions to prevent the recurrence of such cases.

APPROPRIATION ACCOUNTS (P & T), 1966-67

DEPARTMENT OF COMMUNICATIONS

(P & T BOARD)

Grant No. 145—Capital Outlay on Posts and Telegraphs (Not met from Revenue) Excess Rs. 2,98,23,395.

2.65. According to a note furnished by the Department of Communications, the final excess of Rs. 298.23 lakhs was made up of:—

	Rs. in lakhs
(i) Stores and Manufacture Suspense	186.64
(ii) Works portion	111.59
TOTAL	298.23

2.66. The Department have given the following explanation for the excess under the head 'Stores and Manufacture Suspense':

"The original grant under this head was Rs. 13,52 lakhs (Rs. 12,26 lakhs under Stores Suspense and Rs. 1,26 lakhs under manufacture Suspense). A review of this position was made while fixing the revised estimates based on likely supplies and devaluation of the rupee from 6th June, 1966. A supplementary grant of Rs. 82 lakhs was obtained and accommodated under (i) Stores Suspense Rs. 48 lakhs towards procurement of Mild Steel sheets, dry core cables and larger quantity of zinc; partly off-set by larger issues of stores to works; (ii) Manufacture Suspense Account Rs. 34 lakhs to achieve higher production targets. The revised estimates as well as the Final grant under 'Stores and Manufacture Suspense' was fixed at Rs. 14,34 lakhs. The actuals, however, stood at Rs. 16,20.64 lakhs resulting in an excess of Rs. 186.64 lakhs."

2.67. The Committee feel that at the time of making a review of their requirements for additional funds under this head, the Department had not been realistic in their assessment.

2.68. As regards the excess under the Works portion, the explanation of the Department is as follows:—

"(a) *Capital Outlay on New Assets: (+) Rs. 359.56 lakhs.*

(i) The original grant of Rs. 25.55 crores under this head was increased by Rs. 6.65 crores by obtaining a supplementary grant in March, 1967 based on the value of the materials supplied/likely to be supplied by the three state-owned factories, viz., ITI, HCL and HTL and the stores and workshops organisation and taking into account the consequential increase due to the devaluation of the Indian currency with effect from 6th June, 1966.

(ii) The additional requirement on the above accounts was estimated at Rs. 9.45 crores. The supplementary grant was, however, restricted to Rs. 6.65 crores as expenditure relating to Railway Electrification Scheme booked under this head under the rules for allocation of expenditure prior to 1st April, 1960 then estimated at Rs. 280 lakhs was to be transferred to the head 134-B Renewals Reserve Fund. While fixing the Final grant a sum of Rs. 1.30 lakhs was reappropriated from 134-B Renewals Reserve Fund to this head. Thus against a Final Grant of Rs. 32.20 lakhs, the actuals stood at Rs. 3579.56 lakhs resulting in an excess of Rs. 359.56 lakhs. This excess was mainly the net result of variations under the following heads, included in the Appropriation Accounts.

"(b) *134 A II Telegraphs General Projects (-) Rs. 64.42 lakhs.*

The excess was mainly on account of increased supply of stores by the stores organisation on lines and wires and Trunk works. This position was anticipated and a reappropriation of Rs. 24.78 lakhs was made in the Final Grant which was held as not in order by A.G.P. & T. in February, 1968.

"(c) *134 A-IV Telephones General Projects: (+) Rs. 460.45 lakhs.*

The excess has been on account of (i) increased supplies from ITI as well as payment of escalation charges due to devaluation of the rupee from 6th June, 1966 (ii) adjustment of customs duty on imported cross-bar equipment received in 1965-66, and (iii) more receipt of Stores from Stores Organisations. These factors were taken into account while framing the Revised Estimates. Though a supplementary grant of Rs. 685 lakhs was justified it was reduced to Rs. 401 lakhs in view of the savings of Rs. 284 lakhs on account of transfer of expenditure relating to Railway Electrification Scheme as well as Radios and Microwave projects. This saving was to be reappropriated to 134-A-IV Telephones-A-General projects at the Final Grant

stage. In addition a sum of Rs. 200 lakhs was reappropriated to augment the provision under this head thus making the total reappropriation to Rs. 484 lakhs. In February, 1968 not only the deduction expenditure under Railway Electrification Scheme was cancelled but the appropriation order was also held void on technical grounds resulting in this excess."

"The total excess on the works portion was partly counter balanced by savings as below:—

(d) 134-A-IV Radios: (—) Rs. 8.04 lakhs.

The savings are on account of non-receipt of Stores from ITI; Bharat Electronics and Stores Organisation.

(e) 134-A-IV-Microwave Projects: (—) Rs. 99.51 lakhs.

Mainly on account of short supply of equipment by ITI, non-materialisation of land acquisition cases as well as lesser execution of building works. These were anticipated and provisions were reduced in the revised estimates and further by reappropriation. The non-acceptance of the reappropriation orders resulted in the savings.

(f) 134-AA-I-Postal: (—) Rs. 11.00 lakhs.

Mainly on account of non-finalisation of acquisition proceedings and non-execution of buildings works.

(g) 134-AA-IV Telephones: (—) Rs. 11.90 lakhs.

Mainly on account of non-finalisation of acquisition proceedings and non-execution of buildings works.

(h) 134-B-RR Fund I Postal: (—) Rs. 4.82 lakhs.

Due to less execution of replacement works.

(i) 134-B-II Telegraphs A. General Projects: (—) Rs. 105.99 lakhs.

Due to non-receipt of anticipated Stores and less supply of ITI equipment.

(j) 134-B-IV Telephones. A. general projects: (—) Rs. 62.84 lakhs.

Due to slow progress in building works due to short supply of stores and ITI equipment.

(k) 134-B-IV Telephones C. Coaxial Trunk Cable Scheme: (—) Rs. 12.39 lakhs.

Due to lesser supply of cables by M/s. Hindustan Cables Ltd."

2.69. The Committee note from the explanation for the excess that one of the contributory factors was the supply of stores by organisations like the Indian Telephone Industries in excess of the original anticipations of the Department. However, the Department have also simultaneously explained savings under the grant as due inter-alia to non-receipt of stores from the Indian Telephone Industries and other sources. This would appear to suggest that the existing procedure for watching receipt of stores ordered by the Department and assessing the requirements of funds for such purchases needs to be improved.

2.70. Incidentally, the Committee note from the Department's explanation that they were unable to cover the excess under the head "134-A.IV-Telephones" inter-alia, because an order for reappropriating funds to this head from the head "134-AII-B" was held to be invalid by Audit. On this point Audit have made the following observations:

"The reappropriation orders were held invalid by Audit as a minus reappropriation of Rs. 245 lakhs under the head '134-A-II-B' was made when the original provision available was only Rs. 40 lakhs."

2.71. The Committee are surprised to note that the Department passed a reappropriation order under the head for a sum in excess of the provision made in the Budget.

2.72. During the course of their examination of excesses, the Committee came across a number of cases in which more expenditure on account of pay and allowances to the staff was adduced as one of the main reasons for excesses. In one such case (Grant No. 13—Botanical Survey of India), wages paid to the labour force in the Indian Botanic Garden, Calcutta, which had been in employment even before the Garden had been taken over by the Central Government, was stated to be principal reason for excess in that Grant. In another cases [Grant No. 21—Taxes on Income (including Corporation tax, etc.) a part of the excess was stated to have been caused by payment of arrears of pay and allowances to the probationary I.T.Os. In a particular circle for which no provision was made. Additional expenditure on account of filling up of vacant posts was also stated to have contributed to the excess. In yet another case relating to Department of Company Affairs (Grant No. 77—Other Revenue Expenditure of Ministry of Law) payment of arrears of pay to officers

in Company Law Board Services and filling up of certain vacant posts in the Office of the Official Liquidator, were cited inter-alia as reasons for excess.

2.73. The Committee would in this connection like to observe that, as there is usually no element of uncertainty or unforeseeability in expenditure on pay and allowances, there should normally be no excess on this account.

2.74. Subject to these observations, the Committee recommend that the excesses referred to in para 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution.

III

DELAYS IN REGULARISATION OF EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS

3.1. The question of delay in the regularisation of Excesses over Voted Grants/Charged Appropriations has come up before Parliament from time to time. During the 13th Session of the Lok Sabha (July to September, 1956) which Government approached Parliament for regularisation Excesses relating to the year 1951-52, some Members drew pointed attention to the delay and desired that a procedure should be devised whereby the excesses could be expeditiously regularised and the time-lag between the disclosure of the excesses and their regularisation by Parliament reduced to the minimum.

3.2. The Public Accounts Committee (1956-57), who considered the matter, laid down a revised procedure for regularisation of Excesses (vide paras 8 and 9 of their 21st Report—November, 1956).

3.3. According to the revised procedure, which is now in force, after the Appropriation Accounts disclosing Excesses are laid on the Table of the House, the Ministries concerned are required to furnish Notes explaining the circumstances leading to Excesses to the Committee within a period of two months. Thereafter, the Public Accounts Committee examine the Excesses, in the light of the Notes furnished by the Ministries, and recommend regularisation, subject to such observations as they may like to make.

Thereafter, the Demands for Excess Grants are brought before the House by the Minister of Finance/Minister of Railways for regularisation under Article 115, either in the same Session in which the Committee present the Report or in the subsequent Session.

3.4. Experience, however, has shown that there is delay on the part of the Ministries in furnishing the requisite Notes. Successive Reports of Public Accounts Committees have commented upon the delay and urged the Ministries to furnish the Notes within the prescribed time-limit. In para 1.5 of their 45th Report (Third Lok Sabha), the P.A.C. (1965-66) urged the Ministry of Finance to devise ways and means to avoid such chronic delays on the part of the

Ministries. There has, however, been no improvement and the delays in the submission of Notes persist. The result is that the consideration of Excesses by the Public Accounts Committee is delayed and this, in turn, delays the regularisation of Excesses by Parliament.

3.5. The question again came up before the House on the 20th and 26th August, 1968 during the course of discussions on the Demands for Excess Grants relating to the year 1965-66, when the Members expressed concern over the delay in regularisation of Excesses by Parliament.

3.6. The attention of the Ministry of Finance was invited to the concern expressed by Members in the House on the 20th and 26th August, 1968. They were asked to re-examine the whole matter, in consultation with the Comptroller and Auditor General of India, and to suggest concrete steps to be taken to ensure that Excesses were not only brought before Parliament at the earliest possible opportunity but also that the explanations of the Ministries in respect of Excesses, duly vetted by Audit, were furnished to the Committee within the minimum time possible.

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

"The question of minimising the delays in the submission of Notes on Excesses by the concerned Ministries has been examined in consultation with the Comptroller and Auditor General and it is proposed to lay down the following procedure for being observed in future:

- (i) As soon as the Appropriation Accounts are finalised by Audit and sent to the Press for the first proof, Audit will inform the Ministries concerned of the cases in which Excesses have occurred, under intimation to the Budget Division of the Ministry of Finance. It is expected that this will be done by the end of December each year.
- (ii) The concerned Ministries will be required to take steps to ensure that the Notes for submission to the Committee are furnished to the Budget Division latest by the 1st of March.
- (iii) The Notes will be examined in the Budget Division as

and when received and will be forwarded to Audit for vetting within 15 days of their receipt.

- (iv) Audit will return the Notes duly vetted within a fortnight of their receipt, to the concerned Ministries direct, under intimation to the Budget Division after which the Ministries will be required to submit the Notes to the Committee immediately after the presentation of the Appropriation Accounts to Parliament or by the 10th April whichever is later.
- (v) After the Committee have examined the Notes submitted by the Ministries and presented their Reports on the Excesses relating to Civil, Defence and P & T Grants Appropriations, which presumably will be possible before the end of the Budget Session, the Demands for Excess Grants will be presented by the Ministry of Finance in the Budget Session, if possible or in the next following Session of Parliament. Similar action will, it is hoped, be taken by the Ministry of Railways also.
- (vi) The Ministries will be required to reconcile their departmental figures of expenditure with those booked in the Accounts Offices throughout the year so that all discrepancies are reconciled in time, in turn making it possible for them to furnish the Notes explaining the Excesses within the period indicated in (ii) above."

3.8. The Ministry have further stated:

"If the above time schedule is approved by the Public Accounts Committee, every effort will be made to implement it with effect from the Excesses relating to 1967-68. If, however, for any reason, it is not found possible to adhere to the above time schedule a further submission will be made to the Committee for revising the proposed time schedule."

2.9. The Committee are in broad agreement with the suggestions of the Ministry of Finance contained in paras 3.7 and 3.8 above. In regard to the suggestion contained in sub-para 3.7 (iv), however, they would like to observe that their experience of the receipt of direct Notes on Excesses from the individual Ministries has not

been very happy. They, therefore, desire that the submission of Notes on Excesses, duly vetted by Audit, should be centralised in the Budget Division of the Ministry of Finance, who should be responsible for furnishing them to the Committee immediately after the presentation of the Appropriation. Accounts to Parliament or by the 10th of April, whichever is later. Subject to this modification, the Committee desire that the procedure suggested by the Ministry of Finance in paras 3.7 and 3.8 above may be introduced with effect from the Excesses relating to the year 1967-68.

3.10. The Committee also desire that the new procedure, as set forth in paras 3.7-3.8 of this Chapter, should also be followed with necessary modifications by the Ministry of Railways in respect of Grants relating to that Ministry. X

IV

ACTION TAKEN ON OUTSTANDING RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 69TH REPORT (THIRD LOK SABHA) AND 12TH REPORT (FOURTH LOK SABHA)

4.1. The 69th Report (Third Lok Sabha) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), 1964-65 was presented to the House on the 28th March, 1967. Replies of Government have been received in respect of all the 14 recommendations. These are reproduced in Appendix XXXII.

The replies of Government have been categorised under the following heads:—

- (1) Recommendations/Observations that have been accepted by Government—
S. Nos. 1, 2, 3, 5, 6, 8, 10, 12, 13 & 14.
- (2) Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Government—
S. Nos. 4, 9, 7 & 11.

The 12th Report (Fourth Lok Sabha) on Excesses over Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), 1965-66 was presented to the House on 12th December, 1967. Replies of Government have been received in respect 17 out of 18 recommendations. These are reproduced in Appendix XXXIII.

The replies of Government have been categorised under the following heads:—

- (1) Recommendations/Observations that have been accepted by Government—
S. Nos. 1, 2, 3, 4, 5, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17 & 18.
- (2) Recommendation/Observation in respect of which Government have furnished an interim reply.

NEW DELHI;

October 12, 1968.

Asvina 20, 1890 (Saka).

M. R. MASANI.

Chairman,

Public Accounts Committee.

APPENDICES

APPENDIX I

MINISTRY OF COMMERCE

Note for the Public Accounts Committee for Regularisation of Excess over Voted Grant in respect of Grant No. 1—Ministry of Commerce as disclosed in the Appropriation Accounts (Civil) 1966-67.

The total excess under Grant No. 1 which relates to expenditure of the Secretariat of the Ministry, as shown in the Appropriation Accounts (Civil), 1966-67 was Rs. 1,36,660. This works out to 3.04 per cent of total sanctioned grant of Rs. 44.96 lakhs for the year. The excess occurred due to the following reasons:—

	Rs.
(a) Larger adjustment of debits than that anticipated on account of passage bills, advances of T.A. and cost of transport of personal effects in respect of staff transferred from Commercial Sections abroad to the Ministry	61,260
Increased expenditure under other Allowances mainly due to larger payments of Overtime Allowance claims during the closing months of the year	8,128
(c) Increased expenditure under Other Charges due to passing of some outstanding Telephone bills to avoid disconnection of Telephones	66,420
(d) Adjustment to this Ministry's grants of debits similar to (a) above pertaining to staff who joined the Ministry of External Affairs (These debits should have been adjusted under Grant No. 16—External Affairs)	45,880
(e) Misclassification in March, 67 Final and Supplementary accounts of certain items of debits pertaining to other grant—Grant No. 2—Foreign Trade.	25,040
	<hr/>
	2,06,728

The above excess of Rs. 2,06,728 is partly counterbalanced by savings under Pay of Officers/Establishment due to minor reasons (Rs. 10,315) and under Delegations Going Abroad due to non-payment of bills for air passages of members of Trade Delegations and less adjustment of debits for their Daily Allowance and Hotel Accommodation charges than anticipated (Rs. 59,753) leaving a net excess of Rs. 1,38,680.

2. Regarding (a) above, it may be stated that Ministry of Finance reduced the provision under Travelling Allowance from a Budget Grant of Rs. 2.25 lakhs to Rs. 1.90 lakhs in the Revised Estimates. The progressive expenditure booked under the head during the closing month of the year were as follows:—

Upto the end of December, 1966	.	.	.	.	82,495
" " January, 1967	.	.	.	.	1,22,342
" " February, 1967	.	.	.	.	1,53,511
" " March, 1967	.	.	.	.	1,75,249

From the trend of booked expenditure upto February, 1967, it was felt that the provision in Revised Estimates will be sufficient. Due to unanticipated heavy adjustment of debits received from Missions abroad in March, 1967. Final and Supplementary accounts, the total expenditure for the year came to Rs. 2.51 lakhs which exceeded the Revised Estimate and Final Grant by Rs. 0.61 lakhs.

Regarding (c) above, as a result of a special drive initiated by P. & T. Department for realisation of outstanding telephone dues, disconnection notices were received in respect of some telephones in the Ministry. Hence telephone bills had to be passed and returned to the P. & T. Department at the end of the year although the funds earmarked for the purpose had been exhausted. It may be stated that additional funds of Rs. 1.75 lakhs were obtained through Supplementary Grant during the year 1967-68 to clear further outstanding telephone bills relating to previous years.

3. The misclassifications at items (d) and (e) of para 1 above could not be noticed before the accounts of the year were finally closed. Taking these into account and excluding them under para 7 of Public Accounts Committee's Sixteenth Report Vol. I (First Lok Sabha) the net excess requiring regularisation is Rs. 65,740. It is

requested that the same may be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution.

4. This note has been vetted by Audit.

Sd. (H. K. KOCHAR),
Joint Secretary to the Govt. of India.

Audit Observation

The net excess of Rs. 65,740 under the grant, which is sought to be regularised was mainly on account of adjustment of debits received from the Indian Missions abroad in March, 1967—Final and Supplementary Accounts. The bulk of the excess could have been avoided if discharge of these liabilities had been properly watched through the Liability Register required to be maintained under the General Financial Rules of Government.

Sd. M. K. JAIN,
5-6-1968.
Accounts Officer.

APPENDIX II

No. F. 15-9-68-Accounts—I

GOVERNMENT OF INDIA

MINISTRY OF EDUCATION

**SUBJECT:—Regularisation of excess over the Voted Grant—Grant
No. 9—Ministry of Education—1966-67.**

Final Grant	Rs.
(1966-67) Original Grant	82,74,000
Supplementary Grant	4,49,000
TOTAL GRANT	87,23,000
Actual expenditure	87,69,102
Excess	46,102

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

2. The above excess of Rs. 46,102 against the total grant of this Ministry for the year 1966-67 works out after taking into account, the savings under other primary Units. The details of Rs. 46,102 and the reasons for the excess are as follows:—

(a) The excess in the accounts of the Ministry for the year 1966-67 was mainly due to the adjustment of Rs. 42,087 by the Accountant General, Central Revenues, representing printed charges amounting to Rs. 37,182 for the work done by the Government of India Press, Faridabad, and charges for printing blocks amounting to Rs. 4,905. The debit of Rs. 37,182 was raised by the Government of India Press, Faridabad against this Ministry treating it as a commercial/paying department, whereas this Ministry is actually a non-commercial and non-paying Department. The printing charges of Rs. 37,182 should not, therefore, have been debited against the grant of this Ministry. The

question for the withdrawal of the wrong booking of Rs. 37,182 in the accounts of this Ministry was taken up with the Government of India Press, Faridabad vide this Ministry letter No. F. 16-1/67-Accounts-II, dated the 7th September, 1967, endorsing a copy each thereof to the Pay and Accounts Officers (W.H. & S.) and Accountant General Central Revenues. The Government of India Press, Faridabad ultimately agreed to withdraw the debit of Rs. 37,182 from this Ministry's Accounts vide their letter No. 21-1/66-67 (Vol. II/13763) dated 28-12-1967. The Accountant General, Central Revenues, was duly intimated vide this Ministry's D.O. letter No. F. 16-1/67-Accounts-II, dated 29th December, 1967, that the Government of India Press, Faridabad had agreed to withdraw the wrong debits through their Pay and Accounts Officer (W.H. & S.) but the debits could not be reversed in time due to non-receipt of advice from the Pay and Accounts Officer.

- (b) Some other unanticipated debits amounting to Rs. 8,367 and Rs. 562.50 relating to the indents placed by the Ministry in the previous year (1965-66) were adjusted by the Accountant General, Central Revenues (vide his Vouchers Nos. 4245 & 4107) in the accounts for March, 1967 (Final).

The Liability Register is maintained by the Ministry and is kept upto-date, but through an oversight the debits of Rs. 8,367 and Rs. 562.50 were left out.

After excluding the wrong adjustment of Rs. 37,182 from the total excess, on the analogy of para 7 of the Public Accounts Committee's 16th Report (1st Lok Sabha), the net excess works out to Rs. 8,920. This may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

The 'note' has been seen by the Audit.

Sd/- (N. D. SUNDARAVADIVELU)

Joint Educational Adviser (A).

APPENDIX III

Note on excess in Grant No. 10—Education as disclosed in Appropriation Accounts, 1966-67.

	Rs.
Total Grant	45,63,84,000
Actual Expenditure	45,66,36,433
Excess	(+) 2,52,433

The net excess of Rs. 2,52,433 in the grant occurred in the circumstances explained below:—

Appropriation Accounts, 1965-66, disclosed a saving of Rs. 27,28,845 under sub-head D2(3)-Grants for Technical Education in Maharashtra Circle of accounts in Grant No. 16-Education. On receiving the Appropriation Accounts, it was pointed out to the Accountant General, Maharashtra that according to the records of the Ministry of Education there was a saving of Rs. 75,045 only under the sub-head. On 9-2-1967 the Accountant General, Maharashtra informed this Ministry that vouchers for Rs. 24,02,000 relating to March, 1966 accounts had been misplaced in the office of the Pay and Accounts Officer, Maharashtra, and had not been received in Accountant General, Maharashtra's office in time and that this amount had been adjusted in 1966-67 accounts on receiving certificates of payment in respect of the missing credits. In the same communication this Ministry was advised that in view of the Office Memo No. 8(3)-B/66, dated 17-9-1966, of the Ministry of Finance (Dept. of Economic Affairs) (copy enclosed for ready reference) no fresh provision for Rs. 24,02,000 so adjusted by the Accountant General, Maharashtra would be necessary during 1966-67.

No provision for this amount was, therefore, made during the year 1966-67. When this amount was adjusted during 1966-67, a sum of Rs. 2,52,433 only remained to be set off by savings from other heads.

In terms of paragraph 4.26 of P.A.C's 45th Report (1965-66) in cases where payments against funds voted upon by Parliament

have actually been made but the provision for that year appears in the accounts as unutilised merely as a result of an accounting omission, the rectification of this omission in the subsequent year, if it causes an excess in that year, need not be considered as requiring, a fresh vote of Parliament. In view of this and on the analogy of the provisions in paragraph 7 of the 16th Report of P.A.C. (1st Lok Sabha), the excess in this case does not require regularisation.

Sd/- (N. D. SUNDARAVADIVELU)
Joint Educational Adviser.

(COPY)

No. F. 8(3)-B 66

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

New Delhi, the 17th September, 1966

OFFICE MEMORANDUM

SUBJECT:—45th Report of the P.A.C. (Third Lok Sabha) Action on

The undersigned is directed to invite a reference to S. No. 14 of Appendix XXIII (paragraph 4.26) of the 45th Report of the P.A.C. which is reproduced below:—

“4.26. In the opinion of the Committee, in this and other rare cases, where payments against funds specifically voted upon by the Parliament have actually been made but the budget provision for that year appears in the accounts as unutilised merely as a result of an accounting omission, it would be reasonable to treat the provision as actually utilised in that year. They, therefore, recommend that the rectification of the omission in the subsequent year, if it causes an excess in that year, need not be considered as requiring a fresh vote of Parliament on the analogy of the provisions in para 7 of the Sixteenth Report of P.A.C. (First Lok Sabha), according to which the amount of

1966 (Aii) 1s-5.

actual due to be regulated under Article 115 of the Constitution, is to be worked out after taking into account misclassification in accounts which may have come to notice after the closing of the annual accounts."

2. The implications of this recommendation have been examined in consultation with the C. & A.G. and are clarified below:—

The recommendation of the Public Accounts Committee is intended to apply to only rare cases where payments against funds specifically voted by Parliament have been made and there has been an actual outgo from the cash balance of the Government in the year in which the funds were provided but the Budget provision for that year appears in the accounts as unutilised merely as a result of an accounting omission. The expression "funds specifically voted upon" will cover only those cases where the provision of funds is traceable in the original or supplementary Grant/ Appropriation and not where funds have been provided by reappropriation. The expression "accounting omission" would cover all cases of non-adjustment of debits except those on account of delay in deciding the correct final head. In case where only a part of the excess can be adjusted against the budget provision of the previous year which has appeared in the accounts as unutilised because of an accounting omission, regularisation through a vote of Parliament would be necessary only for that portion of the excess which cannot be adjusted against the utilised provision of the previous year.

2. It is requested that the excesses, if any, arising in future may be examined with reference to the above clarifications before sending notes thereon for the P.A.C. to the Accounts Officers concerned for vetting. This Ministry may be consulted in case of doubt.

Sd/- (MANJIT SINGH)

Under Secretary to the Government of India.

To

All Ministries etc.

Copy forwarded for information to the Comptroller and Auditor General with reference to his U.O. No. 1682-Rep(179-66, dt. 9-8-1966.

2. Copy forwarded to the Department of Expenditure Co-ordination and Revenue and Insurance and all Branches in the Department of Economic Affairs.

Sd/- (MANJIT SINGH)
Under Secretary to the Government of India.

APPENDIX IV
GOVERNMENT OF INDIA
MINISTRY OF EDUCATION

Note explaining the reasons for the excess over voted Grant in respect of Grant No. 12—Survey of India during 1966-67.

	Rs.
Original Grant	4,23,69,000
Actual Expenditure during 1966-67	4,23,99,834
Excess over the voted Grant	30,834

The excess occurred mainly under the Group head 'C-Survey Parties—General' and amounts to less than 0.1 per cent of the original grant. The excess was mainly due to the adjustment of certain Book Debit invoices on account of suppliers' supplementary claims etc. by the Accountant General, Uttar Pradesh in February—March, 1967 (Final) accounts and reconciled by the Survey of India during the months of April—July, 1967. No provision was made for these debits in 1966-67. The expenditure could not also be met out of savings under other heads even though maximum possible economy was effected by the department to restrict the expenditure to the sanctioned grant.

2. In view of the position explained above, it is requested that the excess of Rs. 30,834 over the voted Grant may be recommended for regularisation.

3. This note has been vetted by Audit.

Sd/- (L. S. CHANDRAKANT)
Joint Educational Adviser.

APPENDIX V

(Ref. paras 2.72-2.73 of Report)

MINISTRY OF EDUCATION

Note explaining the reasons for the excess over Grant No. 13-Botanical Survey of India, during 1966-67.

	Total Grant	Actual Expenditure	Excess +
	Rs.	Rs.	Rs.
Original	30,76,000		
Supplementary	1,48,000	32,24,000	32,77,517 +53,517
Amount surrendered during the year			Nil

The reasons for the excess are explained below:—

I. (a) Botanical Survey:

Out of the total excess of Rs. 53,517 an excess of Rs. 53,407 occurred under the sub-head 'Other Charges' in respect of the Indian Botanical Garden, (Sibpur), Calcutta. The Garden was taken over by the Government of India from the Government of West Bengal in January 1963, with the express aim of developing it into a premier Botanical Research Centre in the country. The Garden is spread over an area of 273 acres and is one of the biggest botanic gardens in the East. After the Government of India over the administrative control of the Garden, the expenditure on the Garden has been gradually increasing with a view to its rapid development. At the time of its taking over, the Government of West Bengal was spending about Rs. 4½ lakhs per year on the Garden. The expenditure under the Government of India has been as follows:—

	Rs. Lakhs.
1963-64	4.85
1964-65	7.24
1965-66	8.02

In 1966-67, the Ministry of Education, after taking into account the maximum economy that could be effected, proposed a provision of Rs. 7,76,800 for the Garden, but the Ministry of Finance restricted the expenditure to Rs. 6,26,000. The overall budget of the Botanical Survey of India was also restricted to Rs. 30.53 lakhs (excluding Rs. 22,000 on account of Charges in England) against the minimum demand of Rs. 32 lakhs. There was, therefore, no scope for readjustment of funds from other heads to the Botanic Garden. In the Revised Estimates, the Ministry of Finance only agreed to a sum of Rs. 1.40 lakhs (excluding Rs. 8,000/- under "Charges in England") to meet the additional expenditure on account of increased rates of Dearness Allowance sanctioned after the Budget Estimates of 1966-67 were voted by the Parliament.

The expenditure in the various units of the Botanical Survey of India including the Indian Botanic Garden was kept under close watch and restricted to the minimum. The only way to bring the expenditure within the sanctioned grant was to retrench the labour force in the Indian Botanic Garden which has been working there even before the Garden was taken over by the Government of India from the Government of West Bengal. Considering the political conditions, particularly in respect of the labour class in Howrah, where the Indian Botanic Garden is situated, it was not considered advisable to resort to any large-scale retrenchment of the labour force working in the Garden, with the result that expenditure on the wages of the labour force became inevitable expenditure of the Garden. Efforts were also being made upto the last moment, (viz. 31st March 1967) to restrict the expenditure within the sanctioned grant (including the supplementary grant) with the result that an advance could not be taken from the Contingency Fund of India to cover the excess. Hence the excess.

(b) *Charges in England:*

The balance excess of Rs. 110 in this sub-head is negligible. It occurred due to unanticipated additional expenditure on advance of T.A. paid to the officer holding the post of Botanist (a post under the B.S.I. located in U.K.) at the Kew Garden, U.K. on his transfer to India consequent on the abolition of the post.

2. The excess of Rs. 53,517 may kindly be recommended for regularisation by Parliament under Art-115 of the Constitution.

Sd/- (L. S. CHANDRAKANT)

Deputy Educational Adviser.

APPENDIX VI

Note explaining the reasons for the excess over the Budget Grant in respect of Grant No. 14—Zoological Survey of India, 1966-67.

	Total Grant	Actual Expenditure	Excess +
	Rs.	Rs.	Rs.
Voted	24,95,000	24,99,434	+4,434
Amount surrendered during the year			Nil

The reasons for the excess are explained below:—

While framing the Budget Estimates for the year 1966-67, the Ministry of Education proposed a sum of Rs. 30,07,000/- for the Zoological Survey of India. The Ministry of Finance agreed to a sum of Rs. 24,95,000 (Rs. 24,53,000 + 42,000) only. In the Revised Estimates for 1966-67, this amount was further reduced to Rs. 24,39,800. While considering the Revised Estimates, the details of the additional amount required on account of the increased rates of Dearness Allowance sanctioned during 1966-67 (vide Ministry of Finance Office Memoranda Nos. 1(1)-EII(B)166 dated 7-2-1966 and 1(36)-EII(B)166 dated 19-10-1966), were not available. However, before the Revised Estimates were finalised, the Director, Z.S.I. intimated that an additional sum of Rs. 1,13,900 would be required on account of the increased rates of Dearness Allowance. This was brought to the notice of the Ministry of Finance, but that Ministry did not agree to increase the provision of Rs. 24,39,800 accepted as Revised Estimates and remarked that they were "quite hopeful that the Organisation should be able to manage their affairs within the sanctioned amount, if necessary by effecting some economy on avoidable expenditure and that in any case, at that stage they were unable to agree to any additional provision".

In spite of every attempt by the Director, Zoological Survey of India to effect economy in expenditure under 'Other Charges' T.A. etc., a small excess of Rs. 4,434 could not be avoided. This small

excess was thus mainly caused by the expenditure on the increased rates of Dearness Allowance sanctioned by Government, for which no provision had been made, even though a major part of this expenditure was off-set by savings under other sub-heads. Efforts were being made upto the last moment, (viz. 31st March, 1967) to adjust the expenditure from within the sanctioned grant, with the result that the advance could not be taken from the Contingency Fund of India to cover the excess.

The excess of Rs. 4,434 may kindly be recommended for regularization.

Sd/- (L. S. CHANDRAKANT)

Joint Educational Adviser.

APPENDIX VII

(Ref. Paras 2.72-2.73 of Report)

F. No. 22/2/68-Ad. VII

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

Excess in the Voted section of Grant No. 21—Taxes on Income including corporation Tax etc.

Original grant (including Supplementary grant) 1966-67	Rs.	Actual	Excess(+)
		Expenditure 1966-67	Rs.
	10,62,51,000	10,66,86,138	+ 4,35,138

The original budget provision in the grant was Rs. 9,83,36,000 which was subsequently raised to Rs. 10,62,51,000 by obtaining a supplementary grant of Rs. 79,15,000 in March, 1967 for meeting the additional expenditure on account of the upward revision of the rates of Dearness Allowance with effect from 1.12.65 and 1.8.66, revision of rates of City Compensatory Allowance and House Rent Allowance with effect from 1.12.65, and increased expenditure under contingencies. The actual expenditure was, however, Rs. 10,66,86,138 which revealed an excess of Rs. 4,35,138 over the final grant. As a percentage of the final grant, the excess works out to 0.41 per cent only. The above excess is made up as under:—

Major head and Group-head	Final Grant or Appropriation	Actual	Excess(+) or Savings(—)
		Expenditure	
I	2	3	4
MAJOR HEAD "4"			
A. 1(1) D.I. (IT)	3,24,200	3,25,526	(+)1,326
A. 1(2) D. I. (Inv.)	5,43,800	5,39,041	(-)4,759

	1	2	3	4
A. 1(3) D. I. (R.S. & P)		10,35,200	10,84,600	(+)49,400
A. 2 Collection of I.T.		10,24,95,600	10,28,94,064	(+)3,98,464
A. 3. I. T. A. T.		18,52,200	18,42,907	(-)92,933
TOTAL		10,62,51,000	10,66,86,138	(+)4,35,138

The excess occurred mainly under the Group-heads A. 1(3) DI (R.S. & P.) and A. 2-Collection of Income-tax, and has been due to the reasons explained below:—

A. 1 (3) D. I. (R.S. & P.): The excess of Rs. 49,400 occurred mainly due to the incurring of expenditure more than anticipated on the purchase of Hollerith machines and Hollerith Cards ordered by the Directorate. The book adjustments were carried out at the fag end of the year as a result of which adequate funds could not be provided to meet the extra expenditure.

A. 2—Collection of Income tax:

The position of the final grant, actual expenditure and Excess/ Savings under the various sub-heads of this Group-head, is given below:—

Sub-head	Final Grant Appropriation	Actual Expenditure	Excess(+) Savings(—)
	Rs.	Rs.	Rs.
Pay of Officers	1,88,85,600	1,90,33,707	(+)1,48,107
Pay of Establishment	3,82,66,100	3,83,06,676	(+)40,576
Allowances Hon. etc.	3,44,06,854	3,46,74,110	(+)2,67,256
Other Charges (Voted)	97,94,546	1,00,55,863	(+)2,61,317
Estt. Charges paid to other Govts. Deptts.	10,11,300	7,47,281	(-)2,64,019
Secret Service Exp.	76,000	14,529	(-)61,471
Grants-in-aid	55,200	61,898	(+)6,698
TOTAL	10,24,95,600	10,28,94,064	(+)3,98,464

The excess occurred mainly under the sub-heads "Pay of Officers", "Allowances, Honoraria etc." and "Other Charges (Voted)". The factors leading to the excess under these sub-heads are briefly explained below:—

Pay of Officers.

Of the total excess expenditure of Rs. 1,48,107 under this sub-head, the excess of as much as Rs. 58,134 occurred in the Nagpur charge (Maharashtra Circle of account) which was due to the payment of arrears of pay of the Probationary I.T.Os. which was not expected to be drawn during 1966-67 and for which no provision was made. The rest of the excess under this sub-head occurred mostly in the charges of Bombay City, Assam, U.P., Madras and Nagpur (Madhya Pradesh Circle of account) and the amount involved in each case came to Rs. 10-12 thousand only. The Commissioners of Income-tax had been told to keep the expenditure down to the minimum possible except where filling up of some of the vacant posts became necessary in the interest of assessment work.

The same factor led to a small excess under the sub-head "Pay of Establishments" also.

Allowances, Honoraria etc.

The excess occurred mainly in the Maharashtra, Madras, Assam, Gujarat, West Bengal, Mysore and Punjab Circles of account and has been due to the following factors:

- (i) Payment of arrears of allowances to the probationary ITOs for which no provision was made (Maharashtra Circle of account).
- (ii) Additional expenditure on account of filling up of vacant posts in the interests of assessment work.
- (iii) The actual expenditure under "Medical Charges" and "Children Education Allowance" was much more than anticipated. Expenditure under these items are of a fluctuating nature and hence not amendable to very accurate estimation which is generally based on the previous year's figures. The actual expenditure under these items

during 1965-66 and 1966-67 was as under:

	1965-66	1966-67	Increase in 1966-67 over that of the previous year
	Rs.	Rs.	Rs.
Medical Charges	17,93,327	19,33,814	(+)1,40,487
Children Education allowance	7,87,238	8,78,732	(+)91,494

Other Charges (Voted).

This sub-head consists of various items of contingent expenditure such as rent, rates and taxes; service postage and telegrams; Telephones; Water and Electricity Charges; Law Charges; Railway freight; Stationery; Reward to informers; etc. Most of these items of expenditure are of an inevitable character and hence inescapable; yet they are also of a fluctuating nature and, therefore, it sometimes becomes difficult to estimate the expenditure accurately. The rising cost of commodities and services also tend to increase the expenditure under these items beyond the amount anticipated on the basis of previous years' figures. During the year 1966-67, the actual expenditure under some items exceeded the actuals for the previous year, as shown below:—

	Actual Expenditure during 1965-66	1966-67	Increase during 1966-67 over that of 1965-66
	Rs.	Rs.	Rs.
Rent, rates, & taxes	9,71,201	10,95,617	(+)1,24,416
Telephones	8,75,163	12,27,453	(+)3,52,290
Water & Electricity Charges	2,78,104	5,06,160	(+)2,28,056
Reward to Informers	1,74,688	3,23,069	(+)1,48,381
Railway Freight	3,99,114	3,54,290	(+)1,55,176

Every effort was made to effect the utmost economy under the various items and necessary instructions were issued in August and November, 1966 to all Heads of Department accordingly. It was expected that with the Supplementary grant asked for, it would be possible to keep the expenditure within the final sanctioned grant, and, therefore, no advance from the contingency fund of India was applied for. The actual expenditure, however, exceeded the expected limits, thus resulting in an overall excess of Rs. 4,35,138, which as a percentage of the final grant works out to 0.41 percentage only. The excess requires regularisation.

Sd. (R. N. MUTTOO)

Joint Secy. to the Government of India.

APPENDIX VIII
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS)

SUBJECT:—Note for regularisation of excess over voted Grant
No. 121—Other Capital Outlay of the Ministry of
Finance of as disclosed in Appropriation Accounts (C)
1966-67

Original Grant	Supplemen- tary Grant	Total Grant	Actual Expendi- ture	Excess
Rs.	Rs.	Rs.	Rs.	Rs.
3,31,32,00,000	25,50,00,000	3,56,82,00,000	3,58,96,65,276	2,14,65,276

This excess has occurred in respect of material and equipment received from Canada under the Colombo Plan. In consonance with the existing procedure, raw materials and newsprint procured from Canada under the Colombo Plan are arranged by the Consuming units themselves who are mostly in private sector from the Canadian suppliers. The Canadian Government pays the F.A.S. price in Canada to the Canadian suppliers against the shipping documents which are then transmitted to the Government of India who hand them over to the Indian consumers on their payment of the rupee equivalent of the dollar cost. The accounting arrangement in respect of the import of raw materials and newsprint is that on receipt of the shipping documents from the Canadian Government, the value of the materials is credited to the Special Development Fund by per-contra debit to the Capital head "124-Capital Outlay on schemes of Government Trading", the amount recovered from the Indian manufacturers being adjusted in reduction of expenditure under the capital head. The Accounting of the value of imports made under the grants is thus only a notional adjustment and does not constitute any real expenditure (outgo from the Consolidated Fund of India) as far as making of budget provision is concerned. Any increase in figures under these two items in any one year

only indicates that the value of the materials imported from Canada under the grant has increased.

2. The excess expenditure under "Grant No. 121-Other Capital Outlay of the Ministry of Finance" for 1966-67 has been as under. The position in respect of Group-head 'B.2(i) (1) & B.2(i) (2)' in which the excess occurred is as under:—

	Final Grant	Actual Expenditure as reported by Audit (in Rs. lakhs)	Excess†
Raw materials	467.00	637.34	+170.34
Newsprint	200.00	258.30	+58.30
		Total	+228.64

3. The figures of actual expenditure booked by the A. G. C. R. however include a sum of Rs. 35,57,924 on account of wrong adjustments and double counting. The actual expenditure according to our records is (a) Raw Material—Rs. 601.76 lakhs and (b) Newsprint—Rs. 258.30 lakhs. Taking these two figures as the base, the excess is explained as under:—

(a) Raw Materials	(i) Expenditure in 1966-67	Rs. 481.73 lakhs
	(ii) Expenditure pertaining to Account year 1965-66 but adjusted during the account for the year 1966-67	Rs. 120.03 lakhs
		Rs. 601.76 lakhs

(b) Newsprint (i) Expenditure in 1966-67 Rs. 258.30 lakhs. It will, therefore, be observed that the major reason for the excess has been due to the fact that the expenditure pertaining to the account year 1965-66 was adjusted in the account year 1966-67 and due to larger imports than expected. The liability of 1965-66 could not be properly provided for in the 1966-67 Budget Estimates.

4. For raw materials expected to be imported from Canada the original provision in the budget for the year 1966-67 was Rs. 476 lakhs. As a result of the devaluation of the rupee, normally this provision would have been enhanced to Rs. 654 lakhs. However, at the time of formulation of the revised budget estimates for the year 1966-67 the imports indicated a downward trend and based on the then expected imports the revised estimates were placed at Rs. 467 lakhs. In the case of Newsprint import the provision in the original budget estimate was Rs. 44 lakhs. As larger imports were clearly indicated subsequently, the provision was increased to Rs. 200 lakhs in the revised estimates. There had, however, actually been a further increase in the import of newsprint than what was anticipated at the time of revised Budget estimates resulting in an excess of Rs. 58.30 lakhs over the revised estimates.

5. It will thus be seen that the excess in fact represents only an excess in the value of Canadian Aid which we have received and utilised and that no "real expenditure" in the common parlance has taken place.

6. Excluding the amount of Rs. 35,57,924 on account of wrong/ double adjustment, on the analogy of Paragraph 7 of the PAC's 16th Report (1st Lok Sabha), the net excess works out to Rs. 1,79,07,352. This may kindly be recommended for regularisation under Article 115 of the Constitution.

7. This note has been seen and vetted by Audit.

Sd/- N. R. REDDY
Joint Secretary.

APPENDIX IX

(Ref. paras 2.4—2.8 of Report)

MINISTRY OF HOME AFFAIRS

Note regarding the regularisation of excess of Rs. 108,748 in Grant No. 45-Cabinet—as disclosed in the Appropriation Accounts for 1966-67.

Final grant	Actual Expenditure	Excess
Rs. 59,91,000	Rs. 62,11,000	Rs. 108,748
Rs. 2,20,000		

The excess was mainly under the sub-head A.3-Hour Expenses (under the group head 'A. Cabinet') wherein there was an excess of Rs. 1,77,129. The circumstances in which the excess occurred are explained in the paragraphs 2 to 6 below:—

2. This item of expenditure is of an extremely fluctuating nature and depends on the nature and number of tours undertaken by Ministers Dy. Ministers which are necessitated by the exigencies of work and internal and external situation. The circumstances vary from year to year and again from time to time in the same year. Thus, it is neither, possible to assess with any exactitude the requirement for the purpose before the commencement of the year nor does the trend of the expenditure during a part of the year give a correct indication of the expenditure during the remaining part of the year. In the absence of any other method, the budget provision for the purpose is made on the basis of the trend of actuals during the past years. The following table will show the actual expenditure on Tour Expenses including payments to Railways and Defence Departments during the past few years:—

Year	Expenditure on 'Tour Expenses'
1961-62	9,09,322
1962-63	8,26,532
1963-64	7,72,362
1964-65	9,39,157

Accordingly, during the year 1966-67, a provision of Rs. 9,25,000 was made in the original budget under the sub-head A.3-Tour Expenses.

3. When the position of the grant was reviewed in the month of December, 1966, in the light of actuals for the first 8 months and estimated expenditure for the remaining 4 months, it was estimated that the requirement under "Tour Expenses" during the year would be Rs. 12,00,000. After taking into account the savings under other groupheads in the Grant, the net additional requirement under this head came to Rs. 2,20,000. A supplementary grant for this amount was, accordingly, obtained in March, 1967 to cover this additional requirement.

4. The final review of the grant on the basis of the actuals for the first 10 months and estimated expenditure during the remaining 2 months, revealed in March 1967 that the requirement for "Tour Expenses" of the Ministers Dy. Ministers would amount to Rs. 12,30,500. Thus, an amount of Rs. 85,500 was provided by re-appropriation from the savings under other sub-heads in this grant over and above the supplementary grant of Rs. 2,20,000 obtained earlier so as to enhance the grant under sub-head A.3 Tour Expenses to Rs. 12,30,500.

5. The Appropriation Account for 1966-67, however, revealed that, against the final grant of Rs. 12,30,500, the actual expenditure during the year under "Tour Expenses" came to Rs. 14,07,629 resulting in an excess of Rs. 1,77,129. This was due to more tours undertaken by the Ministers Dy. Ministers towards the later part of the year for which the debits were raised and adjustments made after the close of the financial year. It was not possible to anticipate this expenditure at the time of applying for supplementary grant. It may be mentioned that upto March (Prel.) the expenditure under this sub-head was only Rs. 12,12,900 which was within the amount provided. An adjustment of Rs. 1,94,729 on account of "Tour Expenses" was made in March (Final) and March (Suppl.) accounts. It was not possible to anticipate this additional expenditure even in the month of March 1967, and to provide additional funds by obtaining an advance from the Contingency Fund of India. The excess of Rs. 1,77,129 was counter-balanced to some extent by savings under other sub-heads bringing down the net excess under the Grant as a whole to Rs. 1,08,748.

6. In accordance with Article 115 of the Constitution the excess

expenditure of Rs. 1,08,748 is required to be regularised by the Parliament.

7. This note has been seen by Audit and the observation made by them is given in the note appended (Annexure I).

ANNEXURE 1

Audit Observation

It is noticed from the data given in the note that the expenditure on tours of the Ministers Deputy Ministers, which was about Rs. 9 lakhs per annum during the years 1961-62 to 1964-65, has increased by about 50 per cent to Rs. 14.08 lakhs in 1966-67.

APPENDIX X

MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY AFFAIRS

(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

Note for the Public Accounts Committee for regularisation of Excess over noted grant in respect of Grant No. 58-Ministry of Industry as disclosed in the Appropriation Accounts (Civil) 1966-67.

Voted:—

Original	42,83,000
Supplementary	3,55,000
Total Grant	46,38,000
Actual Expenditure	47,07,886
Excess (+)	69,886

The total excess under Grant No. 58-Ministry of Industry as shown in the Appropriation Accounts (Civil), 1966-67 was Rs. 69,886 under the following group-head:—

A-Secretariat		Final Grant	Actual Expenditure	Excess
O	42,74,000	46,24,000	46,95,802	+71,802
S	3,55,000			
R(—)	5,000	..	..	..
B—Charges in England.				
O	9,000	14,000	12,084	(—)1,916
R	5,000	..	..	..
		46,38,000	47,07,886	+69,886

The excess occurred under the sub-head A-4 other charges and was mainly due to increased expenditure on telephones and other office contingencies than anticipated.—90,944.

The total excess was offset by saving under other Sub-heads leaving a net excess of Rs. 69,886.

This has been vetted by Audit vide A.G.C.W. & M., U. O. Note No. REP. I-9 (242) /Excess/66-67/301, dated 17th June, 1968.

Sd. (K. J. GEORGE),
Joint Secretary to the
Govt. of India.

APPENDIX XI

(Ref. Paras 2.9—2.14 of Report)

MINISTRY OF INFORMATION AND BROADCASTING

SUBJECT:—Regularisation of excess over voted Grant No. 62—Ministry of Information and Broadcasting for the year 1966-67

Original Grant	Supplementa- tary Grant	Total Grant	Actual Expenditure	Excess
Rs.	Rs.	Rs.	Rs.	Rs.
16,63,000	1,87,000	18,50,000	19,46,567	96,567

The details of actual expenditure under different heads in respect of Grant No. 62—Ministry of Information and Broadcasting for the year 1966-67 are as follows:—

S. No.	Sub-head	Final Grant	Actual Expenditure	Excess (+) Savings(—)
1	2	3	4	5
		Rs.	Rs.	Rs.
1	A—Secretariat			
2	A. 1—Pay of Officers	5,13,900	5,16,257	(+) 2,357
3	A. 2—Pay of Establishments	5,96,500	5,95,120	(—) 1,380
4	A.3—Allowances, Hono- raria etc.	5,52,200	5,59,879	(+) 7,679
5	A.4—Other Charges	1,87,400	2,75,311	(+) 87,911
TOTAL		18,50,000	19,46,567	(+) 96,567

2. The reasons for the variations shown in column (5) with reference to column (3) above, are as follows:—

- (1) *Pay of Officers* (+) Rs. 2,357
- (2) *Pay of Establishments* (—) Rs. 1,380
The variations are negligible.
- (3) *Allowances, Honoraria etc.* (+) Rs. 7,679
The excess is mainly due to—

(a) more tours undertaken by officers and staff than anticipated in the original Budget Grant; there was a provision of Rs. 47,000 for Travelling Allowance in the original Budget Grant which was enhanced to Rs. 56,000/- by a Supplementary Grant, against which the actual expenditure amounted to Rs. 59,656/- leading to an excess of Rs. 3,656/- The tours were unavoidable and necessary in the Public interest.

(b) payment of more overtime allowance to the staff than anticipated. A provision of Rs. 21,000 was included in the Budget Grant for 1966-67 for "Overtime Allowance". This provision was enhanced to Rs. 34,543/- by supplementation, against which the actual expenditure amounted to Rs. 43,896/- resulting in an excess of Rs. 9,353/-, part of which was off-set by savings under other detailed heads, an excess of about Rs. 4,000 still remaining uncovered.

(4) Other Charges (+) Rs. 87,911.

The excess under the following heads to be incurred in spite of enforcing the maximum economy:—

(Figures rounded to '000')

	Rs
(a) Rent on telephone lines	(+ 43,000)
(b) Purchase and maintenance of staff cars	(+ 26,000)
(c) Cart hire and Mazdoor charges	(+ 4,000)
(d) Entertainment and hospitality charges	(- 6,000)
(e) Service Postage stamps and Telegram Charges	(+ 18,000)
TOTAL	(+ 88,000)

(a) Rent on telephone lines (+) Rs. 43,000

The original Budget grant amounted to Rs. 50,000. By supplementation, the provision was raised to Rs. 87,000 against which the actual expenditure amounted to Rs. 130,875 resulting in excess of Rs. 43,875/-. The excess expenditure had to be incurred on the basis of actual requirements.

(b) Purchase and maintenance of staff cars (+) Rs. 26,000

The excess is partly due to the purchase of an additional staff car (Rs. 14,891) and partly due to the increase in maintenance costs of the three vehicles as against the two provided for in the Budget.

(c) *Cart hire and Mazdoor charges* (+) Rs. 4,000

(d) *Entertainment and hospitality charges* (+) Rs. 7,000

(e) *Service Postage stamps and Telegram charges* (+) Rs. 8,000

The following table will indicate the budget provision originally made and the actual expenditure incurring during the year 1966-67:

Item of Expenditure	Budget	Actuals	Excess
	Grant	Expenditure	
Cartage	3,000	7,333	4,333
Entertainment	1,500	9,001	7,501
Service postage stamps	15,000	24,338	9,338*

(*off-set by Rs. 1000 + by savings under other heads).

The excess expenditure had to be incurred on the basis of actual requirements.

It is regretted that an advance from the Contingency Fund of India was not taken to cover the excess.

3. During the year 1965-66 also, there was an excess of Rs. 35,318 in this grant, which was not covered by an advance from the Contingency Fund.

4. The overall excess of Rs. 96,567, which remained uncovered in the Budget Grant for 1966-67, may please be recommended for regularisation under Article 115 of the Constitution of India.

APPENDIX XII

(Ref: paras 2.15—2.21 of Report)

MINISTRY OF INFORMATION & BROADCASTING

Note explaining reasons for excess disclosed under grant No. 63—Broadcasting for the year 1966-67.

Grant No. 63—Broad-casting	Total Grant	Actual expenditure	Excess (+)
	Rs.	Rs.	Rs.
Original Grant	6,69,33,000		
Supplementary Grant	1,20,67,000		
Voted	7,9,00,000	8,06,19,566	(+ 16,19,566)

Against the final grant of Rs. 7,90,00,000 for 1966-67, the actual expenditure incurred during the year was Rs. 8,06,19,566 resulting in an excess of Rs. 16,19,566. The percentage of this excess is about 2.5. The reasons for this excess are as follows:—

"B—Broadcasting Stations	Final Grant 1966-67	Actuals Expenditure 1966-67	Excess (+)
1	2	3	4
	Rs.	Rs.	Rs.
Other Charges!	4,77,62,000	4,86,76,943	(+ 9,14,943)
(a) Payment of bills relating to previous year in respect of papers, printing charges, increase in printing charges cost of white paper instead of news print relating to Betar Jagat, Akashi and Vanoli and Vani. (It is certified that the Liability Register is being maintained by the respective units of AIR)	2,94,000		

	1	2	3	4
(b) Purchase and adjustment of cast of cars at Jaipur, Jabalpur, Delhi and Calcutta (Rs. 71,600) increase in the rental of trunk call charges relating to telephones, purchase of typewriters, more expenditure on power consumption, levy of surcharges on power supply at 15% (Jaipur), adjustment of debits relating to maintenance of buildings and lands, payment of subsidy to Cafeteens increase in the rental of buildings and commissioning of new 50 kw/mw Transmitter at Hyderabad. The amount in respect of cars (Rs. 71,600) mainly relate to expenditure on replacement of duly cars for which orders were placed in previous years, with the sanction of the competent authority. This was an inescapable expenditure and could not be foreseen at the time of budget. The bulk amount being debits.		2,87,000		
(c) Central Stores		3,25,400		
Issue of stores to new stations/ centres, increase in the requirements of stations and particularly those of border stations, increase in the price due to increase in customs duty and evaluation of Rupee. Minor excess under remaining heads		8,543		
C. Research Department	8,29,100	9,20,324	31,224	

This excess was due to assessment of Customs Duty which could not be anticipated. This excess is accounted for under 'Other Charges'.

1	2	3	4
<i>News Services Division</i>	46,85,700	18,49,328	(+) 1,63,628
<i>Allowances, Hono. etc.</i>			
Due to payment of unforeseen air-fare charges to Air Lines	9.075		
<i>Other Charges :</i>			
Payment on account of unforeseen Press bearing charges (Rs. 21,000) revision of rates of PTI (Rs. 30,400) payment of unforeseen telephone call charges (Rs. 32,000) adjustment of cost of tyres and tubes (Rs. 5,400) adjustment relating to cost of Stationery (Rs. 34,100) hiring of taxis (Rs. 21,800) and minor excess (Rs. 1,415)	1,46,115		
Other minor excesses under 'Pay of Officers' (Rs. 3,276) and Allow to Artists (Rs. 5,523)	8.799		
Total excess	11,63,967		
Partly off-set by savings under 'Pay of Establishments'	359		
Net Excess	1,63,628		
<i>External Services Division</i>	21,29,000	22,47,636	(+) 1,18,636
This excess is mainly under 'Other Charges' which is due to rental payment of Hi-Fi Line in advance to P&T Department.			
<i>Television Centre</i>	22,54,500	25,96,239	(+) 3,41,739
<i>Allowances to Artists</i>	+40,653		
This excess was due to (1) payment of arrears of fees etc. to			

	1	2	3	4
Staff Artists due to fixation of their pay in the fee scales ; (ii) introduction of Krishi Darshan programmes and inadequacy of the grant, due to coverage of General Elections				
<i>Other Charges</i>			+2,77,184	
This excess was due to (i) increased expenditure on purchase of raw stock of films and utility of films for coverage of news items, sports and also coverage of programmes of foreign VIPS visiting India (ii) Prime Minister's Press conferences and (iii) adjustment of debits relating to previous year(s).				
<i>Ford Foundation Educational T. V. project</i>			+2,4,667	
This excess was due to un-anticipated aid received from Ford Foundation				
TOTAL EXCESS			3,42,504	
Partly-off-set by savings under other heads			765	
NET EXCESS			3,41,739	
		Final Grant 1966-67	Actual Expenditure 1966-67	Excess (+)
<i>D—Suspense</i>		61,52,000	62,37,766	(+) 85,766

This excess is due to receipt of more debits from Accountant General Central Revenues than anticipated.

Excess explained under "B-Broadcasting Stations"; "Research Department", "New Services Division"; "External Services Divi-

sion"; "Television Centre" and "D-Suspense" works out to Rs. 16,55,936 which was partly off-set by savings of Rs. 36,370 under other Group heads. Thus the net excess remained at Rs. 16,19,566.

Mostly the items of expenditure on account of which the excess resulted could not be anticipated and were of unavoidable nature. At that time of the year it was too late to restrict the expenditure to the desired extent. It was also not possible to make an application for advance from the Contingency Fund of India as the exact picture of the excess expenditure particularly due to adjustment of bills was not available.

All possible efforts have been taken to control and watch the expenditure. Instructions have been issued to the Stations|Units in this regard, such as non-filling of vacant posts, restriction on tour, strictest control over purchase of stationery etc., moreover trunk calls economy in the use of electricity etc. Steps have been taken to avoid recurrence of excess in the Grant in future.

In view of this the net excess of Rs. 16,19,566 may kindly be recommended for regularisation.

APPENDIX XIII

(Ref. paras 2.48-2.49 of Report)

MINISTRY OF INFORMATION AND BROADCASTING

No. 4(7)68-BD

SUBJECT: Regularisation of excess of Rs. 3,25,978 over Voted Grant No. 130—Capital Outlay of the Ministry of Information and Broadcasting for the year 1966-67.

Original Grant	Supplementary Grant	Total Grant	Actual Expenditure	Excess
Rs.	Rs.	Rs.	Rs.	Rs.
1,87,81,000	36,65,000	2,24,46,000	2,27,71,978	3,25,978

2. The excess is mainly under A-5 Suspense. The details for the excess expenditure are given below:—

Group Head A-5 Suspense

The excess under A-5 Suspense is mainly due to:—

	Rs.
(i) Receipt of debits for the works undertaken under Industrial Security Scheme.	2,97,000
(ii) Receipt of more debits than anticipated in respect of equipment.	3,56,539
(iii) Cost of surplus stores diverted to suspense stock from Emergency Projects.	17,871
TOTAL EXCESS:	6,71,410

Partly counter-balanced by Savings due to:—

(i) Receipt of less stores than anticipated.	16,306
--	--------

(ii) Delay in receipt of debits from and acceptance of debits by other departments/offices concerned.	Rs. 2,75,047
TOTAL SAVINGS:	2,91,352
Total excess under A-5 Suspense	6,71,410
Total savings under A-5 Suspense	2,91,353
Net Excess:	3,80,057
Or say Rs.	3.80 lakh

3. The excess on account of expenditure on the works undertaken under the Industrial Security Scheme (Rs. 2.97 lakhs) was due to the expenditure having been initially booked under A-5 Suspense, pending decision on its correct classification. This was subsequently decided to be adjusted against Major Head "36-Broadcasting".

4. The excess on account of receipt of more equipment than anticipated i.e., Rs. 3,56,539 was mostly counter-balanced by savings due to, (i) receipt of less stores than anticipated; and (ii) delay in receipt of debits from and acceptance of debits by other departments/offices concerned under the same sub-head. The net excess on account of receipt of more equipment than anticipated was Rs. 28,978.

5. The adjustment of book debits is watched through the Liability Register which is maintained as prescribed under the rules. However, as the debits for the equipment (Rs. 3,56,539) were not anticipated to be adjusted before the close of the financial year, no provision therefor was made. These debits were adjusted in the Second Supplementary Accounts only.

6. In the circumstances, excess of Rs. 3,25,978 over the Voted Grant may kindly be recommended for regularisation under Article 115 of the Constitution.

APPENDIX XIV

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION

(DEPARTMENT OF LABOUR & EMPLOYMENT)

NOTE

SUBJECT:—*Regularisation of excess over voted Grant disclosed in the Appropriation Accounts (Civil) 1966-67—Grant No. 71—Chief Inspector of Mines (now Director General of Mines Safety).*

	Rs.
Voted Grant	41,42,000
Actual expenditure	41,67,052
Net Excess	25,052

1. The actual excess of Rs. 25,052 occurred in the following sub-heads:—

	Rs.
(a) A-1—Establishment Charges (+)	22,930
(b) A-2—Examinations (+)	564
(c) A-3.—Barrier Survey Scheme in Coal Mines (Plan) (+)	1,358
TOTAL	(+25,052)

The excess of Rs. 22,930 is due to:—

- (i) Payment of arrears of Pay/allowances of officers towards the end of March, 1967 as their pay slips for deputation period abroad were received late (Rs. 13,100) and adjustment of telephone bills (Rs. 9,800)
- (ii) Drawal of Travelling Allowance bills towards the end of March 1967, payment of which could not be held up under the heads "A.2-Examinations\A.3-Barrier Survey Scheme in Coal Mines (Rs. 564+Rs. 1,558).

2. Since the excess of Rs. 25,052 could not be anticipated earlier and came to the notice of the Department only after the close of the financial year (1966-67) no supplementary grant or advance from the Contingency Fund of India could be obtained. The excess may be recommended for regularisation by parliament under Article of the Constitution of India.

Dated New Delhi
the 28th Sept. 1968.

Sd./- (N. N. CHATTERJEE)
Joint Secy. to the Govt. of India.

(Voted *vide* A.G.C.R. U.O. No. RR 12-1/68-69/541 dated 27-9-1968)

APPENDIX XV

(Ref. para's 2.30-2.37 of Report)

MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS

DEPARTMENT OF COMPANY AFFAIRS

SUBJECT:—*Appropriation Accounts (Civil) 1966-67 in respect of Grant No. 77—Other Revenue Expenditure of the Ministry of Law—A 'note' for the Public Accounts Committee for regularisation of excess.*

During the year 1966-67, the Department of Company Affairs was under the Ministry of Law. The Appropriation Accounts (Civil) 1966-67 show an excess of Rs. 80,344 under Grant No. 77—Other Revenue Expenditure of the Ministry of Law:—

Original Grant	Final Grant	Actual Expenditure	Excess
----------------	-------------	--------------------	--------

Major Head "26"

O	Rs.	39,69,000	42,03,700	42,82,315	(+)78,615
R	"	90,700			
S	"	1,44,000			

Major Head "71"

O	Rs.	7,66,000	6,75,300	6,77,029	(+)1,729
R	"	90,700			
			48,79,000	49,59,344	(+)80,344

2. The following factors which were the post-budget decisions contributed to the excess expenditure in the grant as a whole:—

- (i) The rates of Dearness Allowance admissible to Central Government employees were enhanced from 1st December 1965, as per the orders of the Ministry of Finance issued on the 7th February, 1966, by which time the Budget Estimates had already been finalised. Dearness

Allowance at a flat rate of Rs. 100 p.m. was also granted to officers in the salary range of Rs. 1,000 to Rs. 2,250 with effect from 1st March, 1966, the orders in respect of which were issued on 6th May, 1966. The financial effect of the above increased rates in Dearness Allowance was 1,44,400.

- (ii) In connection with the reorganisation of the office of the Official Liquidator, Bombay, the Ministry of Finance, after lengthy discussions ultimately agreed on the 3rd May, 1966, to the creation of requisite additional posts to implement the recommendations of the Staff Inspection Unit. The Ministry of Finance, stated that the administrative Department should take effective steps for economy and, if possible, meet the additional expenditure by re-appropriation from the sanctioned budget grant for 1966-67. If this could not be met from the Budget provision for 66-67 they may come up for supplementary grant as the expenditure involved seemed to be inescapable.
- (iii) A portion of the building of the Institute of Chartered Accountants at Madras was let out to accommodate the offices of the Regional Director and the Registrar of Companies Madras, from 13th December, 1962. The rent of the space occupied by these offices was fixed at Rs. 2,750 p.m. by the C.P.W.D. and the Institute accepted the above fixation of rent by the C.P.W.D. after a protracted correspondence in February 1966. Budget provision was not made all these years under an impression that the rent would be paid by the C.P.W.D. as was practice before these offices moved to this building. But the Ministry of W. & H. stated on 8th June, 1966 that the provision for such purposes should be made by the Ministry concerned in their own Demand. The Ministry of Finance agreed on 6th July, 1966 to a Supplementary Grant of Rs. 1,41,800 for the payment of rent from 13th December 1962 to 31st March 1967 subject to the condition that the savings, if any, that may be located in the grant as a whole may be utilised towards reducing the quantum of the additional funds and that the case of Supplementary Grant may be examined towards the later part of the year.
- (iv) The other significant factor which disturbed the Revised Estimates for 1966-67 was the orders issued on 19th

October, 1966 for the slightly upward revision of the Dearness Allowance with retrospective effect from 1st December, 1965 and the grant of further increased rates of Dearness Allowance with effect from 1st August, 1966 to the Central Government Employees. The financial effect of this item was Rs. 1,11,300.

3. The financial effect of the above factors was as follows:—

	Rs.
(i) Dearness Allowance	1,44,400
(ii) Re-organisation of the Office of the Official Liquidator, Bombay	1,40,000
(iii) Rent of Office premises of the Office of the Regional Director and the Registrar of Companies, Madras	1,41,800
(iv) Dearness Allowance not included in the Revised Estimates (as per item iv in the preceding para)	1,11,300
TOTAL	5,37,500

4. With a view to determining the quantum of the Supplementary Grant the budgetary position was reviewed in January, 1967 on the basis of the actual expenditure incurred during the first nine months and the expenditure likely to be incurred during the remaining three months of the financial year 1966-67. The review revealed that additional funds to the tune of Rs. 3,53,100 as per details given below, would be required:—

	Excess(+) Savings(-)
1. Registrar of Companies	(+1,65,500) ..
2. Official Liquidators	(+94,900) ..
3. Regional Directors	(+2,33,600) ..
4. Public Trustee	(-)51,000 ..
5. Companies Tribunal	(-)14,900 ..
6. Grants-in-aid Contributions, etc. (Controlled by the Department of Legal Affairs)	(-)75,000 ..
	(+)4,94,000
	(-)1,40,900
Net additional requirement Rs. (+)3,53,100	

5. The Ministry of Finance agreed to provide only Rs. 1,44,000 by way of Supplementary Grant after taking into consideration the savings of Rs. 75,000 which was located under sub-head "B.2-Grants-in-Aid, Contributions etc. B.2(2)-Other Grants". A Supplementary Grant Rs. 1,44,000 was therefore, obtained in the March session of the Parliament with the expectation that it would be possible to keep the expenditure within the provision accepted in Revised Estimates 1966-67. But it will be seen from the following paragraphs that the expenditure could not be kept within that provision as some expenditure had to be incurred on inescapable items.

6. At the time of fixing the final requirements, this Grant as a whole was again reviewed on the basis of actual expenditure incurred during the first eleven months and the expenditure likely to be incurred during the remaining one month of the year 1966-67. This review revealed a net deficit of Rs. 1,19,000 as against the earlier estimated deficit of Rs. 2,09,000. The matter was again taken up with the Ministry of Finance in March, 1967 and on their advice telegraphic instructions were issued to the field offices to defer the expenditure to the next financial year.

7. Concerted efforts were also made to exercise utmost economy in expenditure by way of filling only those posts which were absolutely essential, non-filling of the short term vacancies, curtailment of expenditure on tours, rigorous check on office expenses, etc. Our efforts did yield the desired effect in as much as the gap was narrowed down to Rs. 80,344 only.

8. The reasons for the excess are broadly given below :—

Registrar, Joint Stock Companies

(+)Rs. 29,277 D.A. at enhanced rates sanctioned by Government to the Officials in the offices of the Registrar of Companies, Kanpur, Calcutta, Delhi, Bombay, Madras and Ernakulam.

(+)3,247 More expenditure on postage stamps by Registrar of Companies, Bombay as the procedure to issue default notices was revised.

Official Liquidator under Companies Act.

(+) Rs. 7,059 Filling up of certain non-gazetted vacant posts from 1st August, 1966, at Official Liquidator Bombay for which

less grant was sanctioned than asked for due to paucity of funds.

(+)Rs. 19,092 Payment of arrears of honorarium from 22-3-58 to 30-11-66 to Official Liquidator Hyderabad for which no provision was made.

(+)Rs. 8,854 D.A. at enhanced rates to the Offices of the Official Liquidators, Jodhpur, Ernakulam, Bombay and Calcutta.

Company Law and Investment Administration

(+) 1,599 Arrears of pay of officers on account of refixation of pay in Company Law Board Services in the Office of the Regional Director, Madras.

(+) 605 Payment of D. A. at enhanced rates to the officer and staff of the Regional Director, Calcutta.

(+) 2,604 Increased expenditure due to installation of [new telephones for Joint Director, Inspection, Calcutta and in the Office of the Regional Director, Kanpur.

(+) 4,977 Purchase of Roneo Signature machines by Regional Director, Bombay for supplying to Registrar of Companies Offices in his region for which orders were already placed and the payment could not be deferred.

(+) 566 Essential repairs to staff car of Regional Director Calcutta.

Public Trustee

The excess of Rs. 2,367 is mainly due to encashment of the pay bill of the Public Trustee for the month of March, 1966 on 1st April, 1966 amounting to Rs. 2,242 for which no provision could be included in the final grant for 1966-67 as this came to notice late.

9. It will be observed from the foregoing paragraphs that concerted efforts were made all along to effect economy in expenditure as is evidenced from the fact that the gap was narrowed down to Rs. 80,344 only. The excess works out only to about less than 2 per cent of the total Budget provision (Rs. 48,79,000). It is however,

regretted that no advance was taken from the Contingency Fund of India to meet the above excess, as it would have been very difficult to assess exact requirements of funds within that short period of ten days. The information had to be collected from organisations outside the headquarters.

10. It is requested that the excess of Rs. 80,344 over the sanctioned grant may kindly be recommended for regularisation.

11. This has been vetted by the Accountant General, Central Revenues, New Delhi, *vide* his U.O. No. RR18-1/68-69/131 dated 11th June, 1968.

Sd./- (A. C. BOSE),
Joint Secretary to the Government of India.

F. 12(5) BGT/68.

APPENDIX XVI

MINISTRY OF STEEL, MINES & METALS (DEPARTMENT OF MINES AND METALS)

Notes for Public Accounts Committee explaining the reasons for the excess over the Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), 1966-67—Grant No. 78, Ministry of Mines and metals.

Original provision	•	•	•	•	17,20,000
Supplementary provision	•	•	•	•	1,69,000
Total Grant	•	•	•	•	18,89,000
Actual Expenditure	•	•	•	•	19,16,653
Excess					(+) 27,653

A provision of Rs. 17.20 lakhs was made in the Budget Estimates for the year 1966-67 under Grant No. 78 relating to the Major Head 19-A. Secretariat (of the Ministry of Mines & Metals). Subsequently this provision was augmented by a Supplementary Grant of Rs. 1.69 lakhs to Rs. 18.89 lakhs. However, the actual expenditure under the Grant No. 78 for the year 1966-67 was Rs. 19,16,653. Thus the Voted Grant was exceeded by Rs. 27,653.

The detailed position of Final Grants, actual expenditure and excess or savings under each Sub-head in respect of the Grant No. 78 is given below:—

Major Head and Sub-head	Final Grant Appropriation	Actual Expenditure	Excess+ Savings—
1	2	3	4
<i>Major Head 19.</i>			
A. Secretariat.			
A.1-Pay of Officers.	5,75,000	5,70,365 (—)	4,635

1	2	3	4
A. 2-Pay of Establishment.	4,70,000	4,67,429 (—)	2,571
A. 3-Allowances Hons. etc.	5,12,000	5,08,692 (—)	3,308
A. 4-Other Charges.	2,72,000	3,10,265 (+)	38,265
A. 5-Payment of fees to a firm of consultants.	3,96,000	30,550 —	50
A. 6-Lump Provision for increase in Dearness allowance	Nil		
A. 7-Payment to National coal Development Corporation.	18,000	18,000	Nil
A. 8-Hospitality & Entertainment Expenses.	2,400	2,345 (—)	55
Total : Secretariat	18,89,000	19,16,653 (+)	27,653
Total Grant No. 78	18,89,000	19,16,653 (+)	27,653

It will be observed from the above statement that excess expenditure over the Voted Grants was incurred only under the Sub-head "Other Charges". This is mainly due to the reason that during the financial year the erstwhile Department of Mines & Metals was converted into a full-fledged Ministry and the additional expenditure on items of furniture, weather comforts, stationery & other contingent items, which was inevitable owing to the joining of more staff/officers, could not be correctly assessed while going in for a Supplementary Grant. In addition, certain debits were received towards the close of the financial year which unfortunately could not be foreseen. Other Voted items on which the expenditure exceeded the provision made thereof were; (i) telephones-owing to increase of telephone rents and rates of telephone calls; (ii) postage-extra expenditure was also incurred on postage. The general increase in the price of contingent items during the year, which could not be foreseen also contributed to the excess.

As soon as it was observed that the provision made under the Sub-head "Other Charges" was likely to be exceeded, all out efforts were made to effect savings under other Sub-heads so as to minimise the net excess expenditure for the Grant as a whole. It will thus be seen that the Department succeeded in effecting some savings

(even marginal savings) under all the other Sub-heads included under the Major Head 19 of the Grant No. 78. Thus while the gross excess under the Sub-head "Other Charges" was Rs. 38,265, the Department succeeded by effecting savings, in reducing the net overall excess to Rs. 27,653.

The revised estimate for the year 1966-67 relating to Grant No. 78 was Rs. 18,89,000. The excess of only Rs. 27,653 which as explained above, was for reasons beyond the control of the erstwhile Ministry of Mines & Metals is not substantial and may be regularized. Every effort will be made in future to ensure that the actual expenditure for the Secretariat of the Department of Mines & Metals does not exceed the Voted Grant or Charged Appropriation.

This note has been vetted by the Accountant General, Commerce, Works & Miscellaneous, New Delhi, vide their u.o. No. Rep-1-9 (242) | Excess/66-61/223, dated 1st June, 1968.

NEW DELHI:

Sd/- (N. D. GUPTA).

June 3, 1968.

Joint Secretary to the Government of India.

APPENDIX XVII
MINISTRY OF WORKS, HOUSING AND SUPPLY
(DEPARTMENT OF SUPPLY)

Note for the Public Accounts Committee regarding regularisation of excess over the Voted Grant No. 85—Other Revenue Expenditure of the Ministry of Supply and Technical Development, disclosed in the Appropriation Accounts (Civil), 1966-67.

	Rs.
Orginal Grant	54,90,000
Supplementary Grant	3,90,000
Actual Expenditure	58,96,617
Excess	(+) 16,617

The Grant No. 85—Other Revenue Expenditure of the Ministry of Supply and Technical Development comprises of two separate Major Heads viz. "35—Industries" and "71—Miscellaneous". Break up of the final grants under these Major Heads is as under:—

<i>Major Head 35—Industries</i>	<i>Rs.</i>
A.I.-D.G.T.D.	52,77,000
<i>Major Head 71—Miscellaneous</i>	
B.1—Miscellaneous and Unforeseen Charges	15,000
B.2—Loss or Gain by Exchange	14,000
B.3—Miscellaneous Charges on Supply of Stores to India	5,74,000
	<hr/>
	58,80,000

The total Grant of Rs. 58,80,000 is for both the above-mentioned Major Heads. The minor excess of Rs. 16,617 which requires regularisation represents 0.28% of the total sanctioned grant. This excess has resulted on account of expenditure under sub-head "B. 3—Miscellaneous Charges on Supply of Stores to India" exceeding the final grant by Rs. 18,482 offset by a saving of Rs. 1,865 under other

primary units in the Grant. The net excess is due mainly to the miscellaneous payments such as payment of advertising charges (Rs. 7,245), adjustment of debits in respect of parcels lost (Rs. 2,667) and spare parts (Rs. 273), etc., which became due and were made after the finalisation of the estimates. As this sub-head covers a multiple of claims from various sources such as advertising of tenders, dock and harbour dues, clearance and agency charges, road transport charges, cost and shipping charges of freight cases, solicitor's fees and general average etc. which cannot be predicted in advance, final estimates could not be framed with greater accuracy.

In the circumstances explained above the minor excess of Rs. 16,617 in Grant No. 85 as a whole, may please be recommended for regularisation under Article 115 of the Constitution.

Dated 21st June, 1968.

B. R. PATEL,

Secretary to the Government of India.

APPENDIX XVIII
GOVERNMENT OF INDIA
MINISTRY OF TRANSPORT & SHIPPING
(TRANSPORT WING)

Note regarding the regularisation of the excess over voted grant No. 88—Ministry of Transport and Aviation, as disclosed in the Appropriation Accounts (Civil), 1966-67.

	Rs.
Original Grant	1,36,60,000
Supplementary Grant	2,25,000
Total Voted Grant	1,38,85,000
Actual Expenditure	1,45,34,414
Excess	6,49,414

The net Excess of Rs. 6,49,414/- is made up of variations under the following Group Heads, as shown below :

Major Head and Group Head	Final Grant	Actual Expenditure	(+) Excess (-) Saving
Major Head "19"			
A. Department of Transport, Shipping and Tourism.			
1. Secretariat	30,73,000	35,25,197	(+) 4,52,197
2. Roads Wing	92,85,000	94,38,217	(+) 1,53,217
3. Staff Car Pool	1,02,000	1,27,052	(+) 25,052
B. Department of Aviation			
1. Secretariat	8,59,500	8,84,450	(+) 24,950
2. Railway Inspection	5,60,500	5,47,479	(-) 13,021
C. Charges in England			
1. Other Charges	5,000	12,019	(+) 7,019
Total	138,85,000	145,34,414	(+) 6,49,414

The reasons for the excess of expenditure over the Final Grant are as detailed below:

A. I. Secretariat: The excess of expenditure of Rs. 4,52,197 is under the following heads:

	Final Grant	Excess
	Rs.	Rs.
1. Pay of Officers	9,05,000	18,751 (a)
2. Pay of Establishments	8,61,000	12,256 (a)
3. Allowances & Honoraria	9,53,000	85,400 (b)
4. Other Charges	3,54,000	3,35,790 (c)
Total	30,73,000	(+) 4,52,197

(a) The excess of expenditure under the "Pay of Officers and Pay of Establishments", in relation to the final Grant is not very much and may not require an explanation. (b) The excess under the "Allowances and Honoraria" is mainly due to Travelling Allowances and was unavoidable due to rapid expansion in the activities of this Ministry, necessitating more tours to be undertaken by the officers. (c) The excess under the head "Other Charges" is due to partly on account of shifting of the office from North Block to Transport Bhavan, necessitating huge expenditure on the purchase of Air Conditioners, Room Coolers, Heaters, Water Coolers etc., and partly due to more expenditure incurred on postage, Telephones and Telex. The nature of the Chartering Organisation of this Ministry is such that frequent use of Telephones and Telex is unavoidable.

2. Roads Wing.—The excess relates to (1) Roads Wing (Main) and (2) Border Roads Development Board.

(1) Roads Wing (Main).—The overall excess of Rs. 95,930/- is under the sub-Heads:

	Final Grant	Excess/ Savings
	Rs.	Rs.
Pay of Officers	22,92,000	(-) 74,813
Pay of Establishments	11,18,000	(-) 14,053

	Final grant Rs.	Excess savings Rs.
3. Allowances & Honoraria	15,21,000 (+)	47,127
4. Other Charges	6,00,000 (+)	137,669
Total	55,29,000 (+)	95,930

The overall excess of Rs. 95,930/- under the Roads Wing (Main) is due to the increased rates of Dearness Allowance and House Rent Allowance due to Officers drawing pay upto Rs. 500/- p.m. being allowed to draw HRA without production of rent receipts. (ii) Purchase of Jeeps and Trailors for Lateral Road Project, provision for which was not included in the Budget Estimate 1966-67 and (iii) the payments of rents for accommodations hired by the Regional Offices.

The actual figures of expenditure of the Roads Wing include the expenditure incurred by the nine Regional Offices, located all over the country. The firm final requirements for 1966-67 of these offices were not available in March 1967, when the estimates of the final requirements were framed. The actual expenditure of these offices exceeded the amounts provided for them due to greater expenditure on travelling allowance and contingencies such as rent for office accommodation maintenance and operation of jeeps and purchase of furniture etc. Since the excess expenditure was not anticipated at the time of framing final estimates, a supplementary grant to cover the excess could not be obtained. It may be added that the net excess works out to Rs. 95,930/- and is less than 2% of the final grant of Rs. 55,29,000/-.

(2) Border Roads Development Board

The overall excess of Rs. 57,287 is as detailed below:

	Final Grant (in lakh of Rupees)	Excess Savings
1. Pay of Officers	11.70 (+) 0.40(a)	
2. Pay of Establishments	12.83 (-) 0.09	
3. Allowances & Honoraria	11.30 (+) 0.05(b))	
4. Other Charges	1.73 (+) 0.31(c)	
Total	37.56 (+) 0.57	

(a) & (b) The excess under pay of Officers and allowances & Honoraria is due to adjustment of pay and allowances of the officers pertaining to the year 1965-66 in the accounts of the year 1966-67.

(c) (i) An amount of Rs. 3,574/- pertaining to postal equipment and forms supplied to Border Roads Organisation was debited to Major Head "19" of this Grant, instead of the Major Head "103" of Grant No. 137. The discrepancy came to notice after the close of accounts when it was not possible to rectify it.

(ii) Provision for the debits on account of Hot & Cold Weather amenties, service, postage, repairs to typewriters, duplicators etc. adjusted by the DCDA (Pay) in the accounts for March final, 1967 could not be made as these adjustments were not expected initially and were intimated after the middle of March, 1967 only.

(iii) Payment of certain telephone bills were not expected to be made in the year 1966-67; but the same actually materialized.

A. 3. Staff Car Pool:

The excess of Rs. 25,052 occurred due to unanticipated major repairs to the Staff cars damaged during the disturbances on 7th November, 1966.

B. Department of Aviation

	Total voted Grant	Actual Expenditure	(+) Excess Savines
	Rs.	Rs.	Rs.
B. 1—Secretariat	8,50,000	8,84,450	(+) 34,450
B. 2—Railway Inspection	5,69,900	5,47,479	(—) 22,421
Total (B.—Dept. of Aviation)	14,19,900	14,31,929	(+) 12,029

2. It will be seen that there is an overall excess of Rs. 12,029 on the voted grant for the Group head "B" Department of Aviation. The excess is mainly on the Secretariat side which was on account of

the appointment of the personal staff of the Minister of State, for which no Budget Provision was made in the Budget Estimate 1966-67.

3. At the time of the framing of Budget Estimates 1966-67, the Ministry of Transport and Aviation was under the charge of a Minister of State and his personal staff was provided by the Department of Transport. Consequently, no budget provision was made on this account. The council of Ministers was reconstituted in February, 1966 when the Ministry of Transport and Aviation was placed under the charge of a Cabinet Minister assisted by a Minister of State and Deputy Minister. It was accordingly arranged that personal staff for Minister and Dy. Minister would be provided by the Department of Transport while the Staff for the Minister of State would be provided by the Department of Aviation. In these circumstances the excess expenditure on this account could not be anticipated and consequently no provision was made in the Budget Estimates 1966-67.

4. The excess expenditure was duly noticed during the course of the year when a review of expenditure under the grant was made in January, 1967. It was noticed that a saving of Rs. 32,900 was anticipated in group head "B.2-Railway Inspection" which counterbalanced the excess under "B. 1-Secretariat". As a result, no supplementary grant was applied for.

5. It was later found in the month of March, 1967 that due to certain unforeseen expenditure coupled with slight increase in expenditure when a review of expenditure under the grant was made 'B-2-Railway Inspection' could not be achieved. Since the information was received only in the month of March, 1967, no supplementary grant could be applied for and consequently there was an excess of Rs. 12,029 under the Group head "B. Department of Aviation."

C. Charges England

Final Grant Rs.	Excess Rs.
5,000	7,019

The excess is based on actuals as intimated by the High Commission of India, London and was due to more expenditure in March, 1967 than the expenditure anticipated by him at the time of finalising the estimate.

In the circumstances explained above, the excess of Rs. 6,45,840/- [Rs. 6,49,414/- (—) Rs. 3,574/-] after excluding the misclassification of Rs. 3,574/- in the Voted Grant may be recommended in terms of para 7 of P.A.C's Sixteenth Report (First Lok Sabha) for regularisation under the Article 115 of the Constitution of India.

The note has been seen by Audit.

R. DORAI SWAMY,
Joint Secretary to the Government of India.

Dated the 1st July, 1968.

APPENDIX XIX
MINISTRY OF TOURISM & CIVIL AVIATION

Subject:—Regularisation of Excess over voted Grants and Charged Appropriations disclosed by the Appropriation Accounts (Civil) 1966-67 under Grant No. 92-Aviation—Major Head "56-Aviation".

	Rs.
Original Grant	7,19,64,000
Supplementary Grant	2,12,04,000
Final Grant	9,31,68,000
Actual Expenditure	<u>9,37,84,166</u>
Excess	<u>6,16,166</u>
percentage of excess over the Final Grant	0.66%

2. The excess of Rs. 6,16,166 occurred mainly under the following group heads:—

Group Head	Original Grant	Final Grant	Actual Expenditure	Excess
D—Aeronautical Communication & Other Services	1,31,76,100	1,43,19,600	1,44,57,092	1,37,492
G—Works	1,28,56,000	1,80,55,800	1,85,82,861	5,27,061
Total	2,60,32,100	3,23,75,400	3,30,39,953	6,64,553

This excess was partly counter balanced by savings elsewhere in the Grant leaving a net excess of Rs. 6,16,166 in the Grant.

3. The Excess under the Group-heads 'D-Aeronautical Communication and other services' and 'G-Works' occurred due to the following reasons:—

Rs.	
(i) <i>D. Aeronautical Communication and Other Services.</i>	
(a) More expenditure on overtime, T.A. and medical charges towards the end of the year	58,142

Rs.

(b) more expenditure on telephones and other miscellaneous contingencies at various Aeronautical Communication Stations which was not known at the time of applying for the Supplementary Grant in January, 1967 or later in the year	88,352
Total Excess	1,46,492
partly counterbalanced by savings due to non-drawal of pay/leave salary by some officers	9,000
Net Excess	1,37,492

(ii) G - Works

(a) execution of more essential minor works at various stations	91,914
(b) adjustment of excess expenditure in the Assam & Nagaland Audit Circle which did not come to notice at the time of reconciliation done by the C.P. W.D. authorities. In the absence of Division-wise break up the details of expenditure are not known	29,333
(c) change in classification of expenditure on Locator Beacon at Port Blair from Capital to Revenue Head	13,927
(d) unanticipated increase in the consumption of electricity and water at various aerodromes and increase in the rates of electricity charges by some of the electric suppliers	2,49,943
(e) rental bill for the period 14th June, 65 to 13th June, 1966 for direct lines from P & T Department adjusted in 3/67 supplementary account. No provision was made for this liability	1,66,400
(f) unforeseen consumption of more repair stores towards the end of the years	51,227
TOTAL EXCESS	6,02,744

The above excess of Rs. 6,02,744 was partly counterbalanced by savings bringing down the net excess under this Group head to Rs. 5,27,061.

4. Due to acute financial stringency, an additional requirement of funds to the extent of Rs. 2,09,04,000 was accepted by the Ministry of Finance at the time of finalisation of the estimates towards the end of December, 1966 to meet the inescapable requirement of the

Civil Aviation Department, mainly arising out of the enhanced rate of the dearness allowance, special repairs, minor repairs, purchase of additional equipment etc. The proposal for the supplementary grant received from the Director General of Civil Aviation in January, 1967 involved an additional expenditure of Rs. 2,52,14,000 over the original grant. In view of the fact that the revised estimates had been examined closely and finalised in consultation with Ministry of Finance only a short time ago, keeping in view the need for economy and the fact that a small variation in the budget of this size was inevitable, it was decided to accept the demand for supplementary grant for an amount of Rs. 2,12,04,000. The Director General of Civil Aviation was requested on 25.1.67 to take suitable steps to ensure that the expenditure was restricted to the ceilings already fixed.

5. While the major portion of the excess of expenditure over the original grant was anticipated and provided for, yet a small excess of Rs. 6,16,166.00 which is only 0.66% has occurred over the final grant which requires regularisation. Excess over voted grants had occurred also in 1963-64, 1964-65 and 1965-66 to the extent of Rs. 48,32,006, Rs. 44,23,609 and Rs. 8,43,983 respectively. The amount of excess in the year 1966-67 was the lowest of the excesses recorded in those years. In view of the fact that excesses have occurred for the past few years in succession, instructions have recently been issued on 6.6.1968 to the Director General of Civil Aviation (copy enclosed) to tighten control over the expenditure.

6. In view of the above, the P.A.C. are requested to recommend the regularisation of the excess of Rs. 6,16,166 under Article 115 of the Constitution.

Sd/- (J. N. GOYAL)
Joint Secretary to the Government of India.
Dated:—4th September, 1968.

No. 1-VB (24) /67

GOVERNMENT OF INDIA

MINISTRY OF TOURISM & CIVIL AVIATION

New Delhi, 6th June, 1968.

To

The Director General of Civil Aviation,
New Delhi.

SUBJECT:—*Control of expenditure under Major Head "56-Aviation" and "112-Capital Outlay on Civil Aviation."*

Sir,

I am directed to say that, as the Director General of Civil Aviation is aware, expenditure in excess of final grants has been incurred during the consecutive 3 years from 1963-64 onwards under the Group-heads "G-Works" and "L-Suspence" under the Major Head "56-Aviation". Again, there have been large savings for some years under the Major Head "112-Capital Outlay on Civil Aviation". This situation calls for remedial measures so as to avoid variations between the final grant and the actual expenditure. It has, therefore, been decided that in future the following requirements should be strictly observed to exercise more effective control over expenditure:—

- (a) *Liability Registers* should be properly maintained and checked so that the commitment made or to be made for any particular work and the anticipated dates of liquidation of liabilities are known in advance.
- (b) *Reconciliation of expenditure:* The departmental figures of expenditure should be reconciled timely with those maintained by the Audit.
- (c) *Monthly returns of expenditure* indicating the actuals as also the estimated expenditure during the remaining

period of the financial year, should be submitted in time by all your subordinate offices and by the CPWD in so far as Aviation Works are concerned, and in turn to Government by you, as required under para 65 of the General Financial Rules (Revised and Enlarged, 1963).

(d) Periodical review of expenditure should be carried out at more frequent intervals, say, after two or three months, as required in the late Ministry of Transport and Communications (Departments of Communications and Civil Aviation) letter No. 24-P(66)61-pt., dated 13.9.1962 (copy enclosed). For this purpose the latest figures of expenditure and the liabilities already incurred or to be incurred during the remaining period of the financial year concerned, should be taken into account. In the case of works costing more than Rs. 5 lakhs, and equipment the progress made in delivery/execution should be kept in view.

2. A copy of the instructions issued in this regard by you may also be forwarded to this Ministry for information and record.

Yours faithfully,

Sd/- (J. N. GOYAL)
Joint Secretary to the Government of India.

No. 1-VB (24) /67.

dated 6-6-1968.

Copy forwarded to the Ministry of Works, Housing and Supply/
Engineer-in-Chief, CPWD/A.G.C.R., New Delhi.

Sd/- (P. PRASAD)
Under Secretary to the Government of India.

APPENDIX XX

MINISTRY OF WORKS, HOUSING AND SUPPLY

(DEPARTMENT OF WORKS & HOUSING)

Note for the Public Accounts Committee relating to regularisation of excess in Grant No. 94—Ministry of Works, Housing & Urban Development, 1966-67.

	Rs.
Original grant	22,66,000
Supplementary grant	1,94,000
Actual Expenditure	24,88,677
Excess	28,677

The excess disclosed in the Appropriation Account of the above-mentioned grant is as under:—

Excess over the voted grant Rs. 28,677

The excess is under A. 1(1)-Secretariat—Rs. 26,501 and A. 2 Housing Division—Rs. 2,176/- under the Major Head '19'—General Administration-Department of Works & Housing and this requires regularisation.

The budget for 1966-67 provided a sum of Rs. 22,66,000/- to meet expenditure under Major Head '19' General Administration in Grant No. 94—Ministry of Works, Housing and Urban Development. This was increased by Supplementary Grant of Rs. 1,94,000/- to Rs. 24,60,000/- to cover the excess requirements for various categories of posts not provided for in the budget, as they were expected to be abolished by the end of 1965-66 but later had to be continued. Against the final grant of Rs. 24,60,000/- the actual expenditure amounted to Rs. 24,88,677/- resulting in an excess of Rs. 28,677/-.

The increase was mainly due to excess expenditure under dearness allowance amounting to Rs. 22,200/- and purchase of staff car of Rs. 16,185/-. The additional requirement under dearness allowance was expected to be covered by savings accruing as a result of reorganisation of Accommodation Section. Unfortunately, the savings did not materialise to the extent expected.

The provision for staff-car was not made in the Supplementary Grant, as some delay was expected in the allocation. However, this was actually received and paid for before the end of the year.

As the excess could not be foreseen at the time of taking the Supplementary Grant, an advance from the Contingency Fund was applied for on 31-3-67. It was, however, considered too late by the Ministry of Finance to grant the advance as there was hardly any time for completing the formalities of preparing Expenditure Finance Committee Memorandum and Statement of Supplementary Grant. The excess expenditure, therefore, requires regularisation.

In the circumstances explained above, the excess of Rs. 28,677 (Voted) may now be recommended for regularisation by Parliament.

Sd/- (P. K. SEN)
Joint Secretary to the Government of India.

APPENDIX XXI
(Ref. paras 2.53-2.64 of Report)
DEPARTMENT OF ATOMIC ENERGY

Note on the excess disclosed in the Appropriation Accounts (civil) 1966-67 under grant No. 144—Capital Outlay of the Department of Atomic Energy.

The Appropriation Accounts for 1966-67 relating to Grant No. 144—Capital Outlay of the Department of Atomic Energy disclosed a net excess of Rs. 9,03,244 over the voted grant for the year, as indicated below, which requires regularisation under article 115 of the constitution:—

	Rs.
Original Grant	52,08,50,000
Supplementary Grant	5,00,00,000
	<hr/>
Total grant	57,08,50,000
Actual Expenditure	<hr/> 57,17,53,244
Excess	

2. Annexure I to this Note gives the Voted and Final Grants, actual expenditure and Excess/savings with reference to final Grant under the various Group Heads in the Grant. It will be seen from the Annexure that the Voted Grant has been exceeded mainly due to the larger expenditure under the Group Head 'A.1(7)-Nuclear Power Stations'. The voted grant under this Group Head was Rs. 3675.60 lakhs. Soon after devaluation of the rupee in June 1966, the position regarding the funds required to meet the additional expenditure on account of devaluation was reviewed. After taking into account the possible savings under the other Group Heads in the voted Grant and adjustment of the cut imposed by the Economy Committee of Secretaries, the additional requirements of funds were estimated at Rs. 791.50 lakhs; against which a supplementary grant of Rs. 500 lakhs, to meet the additional requirements of Tarapur and Rajasthan Atomic Power Stations under this Group Head, was obtained in November 1966. It was then the intention to obtain the balance of requirements, after taking into account any further savings that may accrue, through a further supplementary demand in February-March 1967, if found necessary. Out of the supplementary Grant of Rs. 500 lakhs obtained in November 1966, Rs. 300 lakhs were for Tarapur Atomic Power Station and Rs. 200 lakhs for Rajasthan Atomic Power Station (1st Unit).

3. In March 1967, the Department reviewed the position regarding final requirements of funds for the various projects for 1966-67. The review indicated that the expenditure during the year was not likely to exceed the voted Grant of Rs. 5708.50 lakhs (including Rs. 500 lakhs obtained in November 1966) and consequently no further demand for supplementary grant was sponsored.

4. The statement below gives the details of voted Grant, final grant, actual expenditure and excess/savings with reference to final grant under the Group head 'A.1(7)-Nuclear Power Stations':—

Sub-heads	Voted Grant	Final Grant	Actual expenditure	Excess/ Savings w. r. to final grant.
A. 1 (7) (1)—Tarapur Atomic Power Sta- tion. (S) 300,00,000	2576,60,000 }	3612,88,000	3616,46,636 (+)	3,58,636
A. 1 (7) (2)—Rajasthan Atomic Power Sta- tion (1st Unit). (S) 200,00,000	875,00,000 }	1145,78,000	1227,25,265 (+)	81,47,265
A. 1 (7) (3)—Rajasthan Atomic Power Sta- tion (2nd Unit)	50,00,000	1,00,000	..	(—) 10,00,00
A. 1 (7) (4).—Madras Atomic Power Sta- tion.	158,00,000	25,00,000	22,59,207 (—)	2,40,793
(7) (5)—Preliminary expenditure on Other Power Station	16,00,000	35,00,000	26,58,027 (—)	8,41,973
	<u>4175,60,000</u>	<u>4819,66,000</u>	<u>4892,89,135</u> (+)	<u>73,23,135</u>

(S) denotes Supplementary Grant.

The excess of Rs. 73.23 lakhs over the final grant under this Group head was set off to the extent of Rs. 64.20 lakhs by savings from the other Groups heads, resulting in a net excess of Rs. 9.03 lakhs over the total voted Grant.

4.1. The net excess of Rs. 3.59 lakhs in Tarapur Project was mainly due to the debit of about Rs. 2.80 lakhs for departmental charges raised by the Ministry of Works, Housing and Supply during 1966-67 on the payments made to General Electric of U.S.A. through United States Banks under the Letters of Credit arranged by the India supply Mission, Washington. This debit was not anticipated as no such charges were levied in the past. The debit appears to have been raised on the assumption that services of the India Supply Mission, Washington have been utilised for the procurement of Stores for the Project from General Electric of U.S.A. As stores for the project have been supplied by the General Electric of U.S.A. directly as per the contract

with them and as no services have been rendered by the India Supply Mission, Washington in this regard, except opening of the letters of credit with United States Banks for foreign exchange payments out of the AID Loan, it has been suggested by the Department of Atomic Energy to the Ministry of Works, Housing and Supply that these charges should not be levied and should be withdrawn. Final reply of the Ministry of Works, Housing and Supply is awaited. The balance amount of excess of Rs. 0.79 lakh is due to the net excesses and savings under other items of expenditure.

4.2. The item-wise break-up of the excess of Rs. 81.47 lakhs under the Rajasthan Atomic Power Station (1st Unit) over the final grant is as detailed below:—

	Rs. lakhs
(i) Machinery and equipment	48.37
(ii) Consultancy charges	21.08
(iii) Customs duty	15.81
(iv) Cumulative effect of savings/excess under other items (—)	3.79
	Rs. 81.47

The reasons for the above excess are explained below:—

(i) Machinery and Equipment:

The excess under this item was caused mainly by the difficulties in estimating the actual payments which would be made by ECIC during the closing months of the financial year to the suppliers in Canada from the ECIC loan for the Project. In this connection it may be explained here that the foreign exchange expenditure of the Rajasthan Atomic Power Station is met out of Loan of Canadian \$ 43.5 million provided by Canada through Export Credit and Insurance Corporation of Canada. During 1966-67, as against an estimated payment of Rs. 424.26 lakhs, for which necessary provision was made in the final estimates, the actual payments amounted to Rs. 493.06 lakhs i.e. Rs. 68.80 lakhs more than estimated by the Project authorities. This excess has been set off to the extent of Rs. 20.43 lakhs in the provision made for the procurement of indigenous machinery and equipment, resulting in a net excess of Rs. 48.37 lakhs. Under the procedure laid down for disbursement out of the Loan for supplies procured in Canada, the suppliers' claims are initially scrutinised by the Department's Consultants in Canada—Messrs. Montreal Engineering Co. Ltd. Canada and approved by the Department's Liaison Officer at Montreal. The approved invoice are then presented to the Export Credit and Insurance Corporation of Canada (ECIC) for effecting payments. Since there is always a time lag between the presentation of invoices and their actual settlement by ECIC, the Deptt's Officer is not in a position to assess accurately the extent of the payments.

that would be made by the ECIC against invoices presented by him. Provision to cover the payments effected by ECIC is, therefore, made in the final grant only on an estimated basis and consequently some variation between the final provision made by the Department and the actual payments disbursed by ECIC is inevitable. During 1966-67, the payments authorised by ECIC exceeded the provisions made by Rs. 48.37 lakhs.

(ii) **Consultancy charges:**

Under the Consultancy agreement with the Atomic Energy of Canada Limited (AECL), technical services provided by them both in Canada and India are paid on a cost plus basis. Expenditure on services rendered in Canada is met out of the ECIC Loan while for the services rendered in India payment is made in rupees. The procedure for payment to AECL for technical services rendered in Canada is similar to that followed in the case of 'Machinery and Equipment'. As the amount of actual payments that would be effected by ECIC during a financial year cannot be known in advance provision to cover such expenditure can be made in the final grant only on estimation. Against the provision of Rs. 118.52 lakhs included in the final grant to defray the expenditure on consultancy charges, the actual expenditure amounted to Rs. 139.60 lakhs.

(iii) **Customs duty:**

Two items of equipment viz. Tubes for the Steam Condenser and Tubes for Calandria, which were expected to be received from Canada during 1967-68, were received ahead of schedule i.e. in March 1967 and had to be cleared immediately after payment of customs duty, which was an inevitable payment. Arrangements were not made to cover the excess by drawal from the Contingency Fund as it was then anticipated that it would be met from savings in the grant.

5. From the facts furnished above, it would be noted that the excess has mainly occurred on account of (a) payments in Canada from ECIC Loan for Rajasthan Atomic Power Station (1st Unit), the extent of which could not be assessed accurately for the reasons explained in para 4.2(i) above and (b) due to unanticipated and inevitable payment of customs duty towards the close of the financial year.

6. In the circumstances set out above, it is requested that the Public Accounts Committee may kindly recommend to Parliament the regularisation of the excess.

Sd/- A. V. VENKATESWARAN
Joint Secretary.
Department of Atomic Energy.

ANNEXURE I

Group Head/Sub-head	Voted Grant 1966-67	Final Grant 1966-67	Actual Expenditure 1966-67	Excess/savings w.r. to Final Grant
<i>I</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
	Rs.	Rs.	Rs.	Rs.
<i>Major Head '96'</i>				
A. 1—Atomic Energy Development				
A. 1(1)—Department of Atomic Energy	23,50,000	10,35,000	10,19,137	(—) 15,863
A. 1(2)—Atomic Energy Establishment	621,50,000	529,30,000	501,54,558	(—) 27,75,442
A. 1(3)—Fuel Fabrication Facilities	290,00,000	40,42,000	35,38,976	(—) 5,03,024
A. 1(4)—Heavy Water Plant	225,00,000	2,000	500	(—) 1,500
A. 1(5)—Atomic Minerals Division	7,50,000	2,00,000	1,81,851	(—) 18,149
A. 1(6)—Jaduguda Mines Project	106,00,000	112,77,000	105,99,088	(—) 6,77,912
A. 1(7)—Nuclear Power Stations	3675,60,000	4819,66,000	48,92,89,135	(+) 73,23,135
	(+)500,00,000(S)			
A. 1(8)—Cosmic Ray Research Laboratories	2,02,000	4,000	4,256	(+) 256
A. 1(9)—Uranium Ore Mill	42,89,000	48,00,000	48,00,000	..
A. 1(10)—Suspense	26,50,000	26,50,000	24,88,988	(—) 1,61,012
A. 1(11)—Tools and Plant	50,000	55,000	18,181	(—) 36,819
A. 1(12)—Space Research Programme	131,99,000	72,94,000	71,00,829	(—) 1,93,171

(S) Supplementary Grant

1	2	3	4	5
A. 1(13)—Inter University Centres	1,00,000	15,00,000	15,00,000	..
A. 1(14)—Electronics Factory	40,00,000	16,45,000	10,57,745	(—) 5,87,255
<i>Major Head '124'</i>				
B. 1(2)—New Projects Cost of materials, etc. under Colombo Plan (for Food Irradiation Processing Laboratory)	14,50,000	14,50,000	..	(—) 14,50,000
TOTAL	<u>57,08,50,000</u>	<u>57,08 50,000</u>	<u>57,17,53,244</u>	<u>(+) 9,03,244</u>

APPENDIX XXII

DEPARTMENT OF COMMUNICATIONS

Note explaining the reasons for the excess expenditure of Rs. 13,615 over the voted section under grant No. 104—Other Revenue Expenditure of the Department of Communications for the year 1966-67.

	Rs.
Total Grant	30,59,000/-
Total Expenditure	30,72,615/-
Excess	13,615/-

As against the total grant of Rs. 30,59,000 for the year 1966-67, the total actual expenditure for the year was Rs. 30,72,615 resulting in an excess of Rs. 13,615. The excess occurred under the group head 'A-1-(1)-Monitoring Organisation'.

2. The excess expenditure was mainly due to the adjustment of customs duty bills amounting to about Rs. 1,75,000 in respect of the wireless equipment imported under U.S. Aid Programme, while the provision of Rs. 1,00,000 only on this account was kept in the final grant. No duty bill was debited till February, 1967 and it was anticipated that the duty bills amounting to Rs. 75,000 which were under dispute because of wrong assessment for customs duty, and for which the appeals for reassessment at the concessional rate had been filed with the Customs authorities, would not be adjusted in 1966-67. But it turned out that all the duty bills were adjusted in 1966-67 towards the close of the financial year notwithstanding the appeals for the reassessment of the customs duty pending with the Customs authorities.

3. The excess expenditure, as explained above, was largely off-set by the saving of about Rs. 62,000 which was mainly due to non-receipt of some wireless equipment, vans, etc., ordered through the Directorate General, Supplies and Disposals.

4. The excess of Rs. 13,615 had thus occurred due to unavoidable reasons and may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

Sd/- (L. C. JAIN)
Secretary to the Government of India.

APPENDIX XXIII

(Ref. paras 2.52—2.53 of Report)

MINISTRY OF HOME AFFAIRS

Note regarding the amount expended in excess of the Grant for the year ended 31-3-1967 in respect of Grant No. 128—Capital Outlay of Ministry of Home Affairs for 1966-67.

Voted	Final Grant	Actual Expenditure	Excess(+) Saving(-)
Original 2,40,78,000			
Supplementary—			
2,98,92,000	5,39,70,000	5,98,14,447	(+)58,44,447

The appropriation accounts show an excess of Rs. 58,44,447 in the Grant as a whole. This has been occasioned mainly by an excess of Rs. 114.15 lakhs shown in the Appropriation Account under the head 'D-Chandigarh Capital Outlay—D.6-Suspense'.

The circumstances leading to this excess are explained below:—

The Union Territory of Chandigarh was created on the 1st November, 1966 as a result of the reorganisation of the erstwhile Punjab State. Provision under the group-head "Chandigarh Capital Outlay" was, therefore, made through a Supplementary Demand obtained in November, 1966. Under the sub-head "D.6-Suspense", the Chandigarh Administration did not propose any provision, because, prior to reorganisation of Punjab, the Chief Engineer, Chandigarh who was operating this sub-head, used to make only *net* provision under the minor head "Suspense". After the reorganisation of Punjab, the same system of accounting of *net* provision under the head "Suspense" continued to be followed by the Administration, in the absence of any orders for changing the accounting procedure in regard to these transactions. The Accountant General, however, exhibited the gross expenditure under this head without taking into account the recoveries which should have been taken in reduction of expenditure in the Appropriation Account. The value of stores which has

been accounted for under the head "Suspense" during the year 1966-67 amounted to Rs. 114.15 lakhs. This whole expenditure has been shown as an excess under the head in question in the Appropriation Accounts in the absence of provision to cover the debits pertaining to the cost of stores. The Ministry of Finance who were consulted in the matter opined that the excess in the Appropriation Accounts was the result of the compilation of the Appropriation Accounts in a manner which was neither usual nor contemplated, and that therefore, it was not necessary to obtain a formal excess Grant to regularise the excess. Credits which have been exhibited by the Accountant General, Punjab, Haryana and Himachal Pradesh in the Appendix to the Grant, amount to Rs. 105.44 lakhs. But for the elimination of these credits under "Suspense" from Column 3 of the Appropriation Account, the figure of actual expenditure against "Nil" provision under the group-head "Suspense" (D.6.) in the grant would work out to Rs. 8.71 lakhs only, and consequently, the net excess of Rs. 58.44 lakhs in the voted portion of the Grant as a whole would also have been converted into a net saving of Rs. 47.00 lakhs.

The C. & A.C. to whom the matter was referred, has agreed with the view of the Finance Ministry that the excess in this case may be treated as misclassification and omitted for the purpose of regularisation by Parliament under Act 115 of the Constitution of India in terms of para 7 of sixteenth Report of P.A.C. (First Lok Sabha).

2. In view of the position stated above no regularisation of excess expenditure under this Grant is necessary.
3. The above has been seen by Audit.

Sd/- (A. D. PANDE)
Joint Secretary to the Government of India.

APPENDIX XXIV

(Ref. paras 2.22—2.29 of Report)

MINISTRY OF TRANSPORT & SHIPPING (ROADS WING)

Note regarding the Regularisation of Excess over Voted Grant No. 89—Communications (including National Highways) in Appropriation Accounts, 1966-67.

	Total grant Rs.	Actual Expenditure Rs.	Excess Rs.
	1149,32,000/-	1214,64,227/-	(+)65,32,227/-
Amount surrendered during the year	16,37,000/-		

The excess of Rs. 65,32,227/- is made up of variations under the different sub-heads in Grant No. 89—Communications (including National Highways) as shown below:—

Sub-head	Final grant	Actual Expenditure	Excess(+) Saving(—)
1	2	3	4
	Rs.	Rs.	Rs.
A. 1.—Minor Works .	3,00,000	7,97,304	(+)4,97,304
B. 1.—Maintenance of National Highways .	700,00,000	763,12,344	(+)63,12,344
B. 2.—Other Communica- tions . . .	30,00,00	43,50,854	(+)13,50,854
B. 3.—Maintenance of Border Roads . . .	194,85,000	196,27,636	(+)1,42,636
C.—Tools and Plant .	50,000	3,244	(—)46,756

1	2	3	4
D. 1.—Original Works . . .	78,00,000	76,86,446	(—)1,13,554
D. 2.—Repairs . . .	46,61,000	46,87,599	(+26,599
E.—Repayment of Capital Expenditure . . .	79,99,000	79,98,800	(—) 200
Surrenders or withdrawals within Grant . . .	16,37,000		(—)16,37,000
TOTAL . . .	1149,32,000	1214,64,227	(+)65,32,227

2. The excess of Rs. 4,97,304/- under 'A.1' occurred mainly due to incurring of additional expenditure (Rs. 2,23,967/-) on urgent and inescapable works in N.E.F.A. where works were required to be completed with the utmost expedition keeping in view the defence needs of the eastern sector of the country. The other States where the excess occurred are Andaman and Nicobar Islands (Rs. 95,504/-) and Dadra and Nagar Haveli (Rs. 1,77,833/-). These are backward areas and it was essential that the progress of works should not be allowed to lag behind.

3. As regards the excess of Rs. 63,12,344/- under the sub-head "B.1", it may be stated that the Budget Estimate 1966-67 under this sub-head amounted to Rs. 725 lakhs. The expenditure on the maintenance and repairs of National Highways in the States and Union Territories, provision for which is made under this sub-head, is characterised as non-plan expenditure. In view of the constant drive to effect economy in this type of expenditure, a provision of Rs. 700 lakhs only was accepted for inclusion in the Revised Estimate 1966-67 and the allotments to States had, therefore, to be restricted to that amount. The inadequacy of the provision was felt even when the budget was finalised but it was not found possible to obtain a larger allocation in the budget in view of the continuing constraint on the general resources position of the country. The National Highways are the main arterial roads in the country and it is imperative that these are kept in a fit state of repair. The position gets worse when there occur extensive damages to these roads by floods and other natural calamities and the States have to carry out the restoration of such damages from within the allotment placed at their disposal.

4. The total excess expenditure in States amounted to Rupees 81,68,012/- as shown below:—

Andhra Pradesh (Rs. 33,39,256/-), Assam (Rs. 5,80,699/-)

Manipur (Rs. 1,64,673/-), Bihar (Rs. 11,58,667/-),

Maharashtra (Rs. 1,24,593/-), Madhya Pradesh (Rs. 3,49,861/-), Madras (Rs. 40,885/-), Mysore (Rs. 1,61,261/-), Orissa (Rs. 10,643/-), Punjab (Rs. 16,25,721/-), West Bengal (Rs. 5,10,069/-), and Delhi (Rs. 1,01,684/-).

With the savings in other States amounting to Rs. 18,55,668/- the net excess under the sub-head in question got reduced to Rs. 63,12,344/-. This excess was due to States incurring extra expenditure in order to keep the lines of communications in tact.

In the case of grants for maintenance and repairs, a lump sum allotment is made to the State Governments leaving it to them to distribute the amount for expenditure on the various repair works which are considered necessary. The actual adjustments of expenditure are made in the various States circles of account by the field officers of the State Public Works Departments and the Ministry of Transport do not thus have any precise information about the liabilities carried over from one financial year to the next. In the circumstances, no liability registers are being maintained and it is not, therefore, possible to take into account the old liabilities, if any, while making the budget provision unless the State Governments specifically bring out the necessity for an additional provision on this account.

5. The excess of Rs. 13,50,854/- under the sub-head "B.2" was due to the following reasons:—

Andaman and Nicobar Islands.—Incurring of expenditure on urgent and inescapable repair works (Rs. 3,97,393/-) and petty excesses (Rs. 1,474/-).

Sikkim.—(Rs. 1,54,143/-) and NEFA (Rs. 7,27,103/-): Incurring of expenditure on urgent and inescapable repair works on roads in these border areas.

Dadra and Nagar Haveli.—Incurring of extra expenditure on urgent repair works (Rs. 10,518).

6. It will be seen from the table given in para 1 above that the grant under the sub-head "C.-Tools and Plan" remained unutilised to the extent of Rs. 46,756/-. Actually an expenditure of Rs. 60,223/- was incurred by the administration of Andaman and Nicobar Islands under this group head but the expenditure was wrongly booked under the group head 'B.2—Other Communications'. If the adjustments had been correctly carried out, there would have been an

excess of Rs. 13,467/- under the group head 'C.—Tools and Plant' with a corresponding reduction in the amount of the expenditure adjusted under the group head 'B.2—Other Communications', thereby reducing the excess under this sub-head to Rs. 12,90,631/- The actual excess of Rs. 13,467/- under the sub-head "Tools and Plant", was due to increased expenditure on the running and maintenance of trucks which was not anticipated earlier.

7. The excess of Rs. 1,42,636/- under the sub-head 'B.3.—Maintenance of Border Roads' was the net result of small excesses on maintenance of strategic roads in the border areas.

8. The excess of Rs. 26,599/- under the sub-head 'D.2.' was due to the cumulative effect of small excesses on a number of repair works and is negligible being less than one percent of the final grant.

9. The road works are executed through the agencies of the State Public Works Departments and the Central Public Works Department. Provision in the budget is made on the basis of estimates received from the various executive agencies. They, in turn, are guided by their subsidiary establishments such as the Chief Engineer, Superintending Engineer, Divisional Engineer, etc., who are in charge of actual execution of the works. The Government of India invariably impress upon the States the need for restricting the expenditure to the amount of allotment and this stipulation is also made in the various letters sanctioning the allotment of funds. In view of these instructions, it was not expected that the grant would be exceeded. In the absence of any firm indication from the States about the likelihood of additional expenditure being incurred by them upto the end of January 1967, the question of obtaining any supplementary grant did not arise, particularly since the budget provision was reduced at the Revised Estimate stage as a result of financial stringency. For the same reason, no steps could be taken to obtain an advance from the Contingency Fund of India. But some of the States failed to restrict the expenditure to the allotment made to them. It will be observed from the appropriation accounts that the excess occurred mainly under the sub-heads 'B.1' and 'B.2' which provide for expenditure on the maintenance and repairs of "National Highways" and "roads other than National Highways".

10. In accordance with the existing instructions, the State Governments are required to furnish monthly returns of expenditure against the grants sanctioned by the Government of India. These returns are scheduled to be received by the 20th of the month

following the one to which they relate. Experience has, however, shown that the submission of these returns by the States is not very regular. In pursuance of the recommendations of the Public Accounts Committee (1967-68) in para 2.35 of their Twelfth Report (Fourth Lok Sabha) necessary follow up instructions have been issued to the States and the imperative need for the prompt submission of these returns has once again been impressed upon them. A fresh attempt to restrict expenditure to the amount of the sanctioned grant is also being exercised through the Regional Offices set up in the various regions and it is hoped that the position would improve in the following years. Certain further measures to tighten the control further are also under the active consideration of the Government of India.

11. An expenditure of Rs. 51,065/- incurred by the Delhi Administration which was correctly debitible to the sub-head 'D.1.—Original Works' in Grant No. 89—Communications (including National Highways), was erroneously adjusted under the sub-head 'A.3—Construction of Other Roads' in Grant No. 137—Capital Outlay on Roads. For purposes of regularisation, the amount of the overall excess in "Grant No. 137—Capital Outlay on Roads" has been reduced by a sum of Rs. 51,065/. This sum, therefore, requires to be added to the amount of excess under Grant No. 89. The net excess, which requires to be regularised by the Parliament will thus amount to Rs. 65,83,292/- as shown below:—

	Rs.
Total excess under the group heads 'A', 'B. 1', 'B. 2' 'D. 3' and 'D. 2'	83,29,737/-
Expenditure erroneously debited to Grant No. 137	51,065/-
	<hr/>
	83,80,802/-
Total saving under the group head 'C', 'D. 1', and 'E'	1,60,510/-
Amount surrendered	16,37,000/-
	<hr/>
Net excess	65,83,292/-

The excess of Rs. 65,83,292/- which was due to the reasons explained above, may be recommended for regularisation under Article 115 of the Constitution.

12. This note has been seen and concurred in by Audit.

Sd/-

R. DORAISWAMY,
Joint Secretary to the Government of India.

APPENDIX XXV
(Ref. paras 2.22—2.29 of Report)
MINISTRY OF TRANSPORT & SHIPPING
(ROADS WING)

Note regarding excess over the Charged Appropriation and over Voted Grant under Grant No. 137—Capital Outlay on Roads in the Appropriation Accounts (Civil) 1966-67.

	Total Grant	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
Charged	9,000	82,002	73,002
Voted	48,12,69,000	49,27,30,892	114,61,892

The excesses of Rs. 73,002 'Charged' and Rs. 114,61,892 'Voted' are made up of variations under the different sub-heads in Grant No. 137—Capital Outlay on Roads of the following:—

Sub-head	Final grant	Actual Expenditure	Variation Excess(+) Saving(—)
	Rs.	Rs.	Rs.
I	2	3	4

Charged Appropriation

A. 1—Construction of National Highways.

Gujarat	.	67,742	(+) 67,742
Kerala	.	5,357	(+) 5,357
Punjab	.	466	(+) 466

A. 2—Construction of Border Roads	.	9,000	8,070	(—) 930
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A. 3—Construction of Other Roads.

Delhi.	367	(+) 367
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	1	2	3	4
<i>... and Grant.</i>				
A. 1—Construction of National Highways	19,89,54,718	21,09,84,703	(+) 120,29,985	
A. 2—Construction of Border Roads	19,69,97,000	19,74,73,353	(+) 4,76,353	
A. 3—Construction of Other Roads	74,04,282	95,91,677	(+) 21,87,395	
A. 4—Tools and Plant	216,41,000	220,30,411	(+) 3,89,411	
B. 1—Construction of Border Roads	526,93,000	526,49,834	(-) 43,166	
Loss or gain by Exchange	...	914	(+) 914	
Surrender within the grant	35,79,000	...	(-) 35,79,000	
TOTAL:— Charged	9,000	82,002	(+) 73,002	
Voted :	48,12,69,000	49,27,30,892	(+) 114,61,892	

Excess over Charged Appropriation

2. Payments made in satisfaction of arbitral tribunal or court decrees, are charged on the Consolidated Fund of India *vide Article 112(3) (f)* of the Constitution.

A supplementary grant of Rs. 9,000 (Rs. 1,000 in August, 1966 and Rs. 8,000 in March, 1967) was obtained during 1966-67 for meeting expenditure in satisfaction of a court decree against Government under sub-head 8.2—Construction of Border Roads. However, an expenditure amounting to Rs. 73,565 and Rs. 367 under 'charged' appropriation was booked by the Governments of Gujarat, Kerala Punjab and Delhi under the sub-heads 'A1—Construction of National Highways and A. 3—Construction of Other Roads during the year 1966-67 as per details below:—

(i) *Gujarat*—There was no provision under charged Section in Grant No. 137—Capital Outlay on Roads during 1966-67. An expenditure of Rs. 67,742 was however, booked under the 'charged' sub-head in satisfaction of decretal payments in respect of four works pertaining to National Highways in Gujarat State. Inadvertantly no funds were demanded by the State Government to cover this expenditure and no provision could be made in the absence of any intimation from the State Government.

(ii) *Kerala*—The Government of Kerala booked an expenditure of Rs. 5,357 under charged during 1966-67 without asking for provision of funds. The State Chief Engineer who had earlier certified to the correctness of adjustment of above expenditure later on intimated in March, 1968 that a sum of Rs. 4,957/- does not represent payment to the court in satisfaction of any court decree and is correctly chargeable to voted grant. As the accounts for 1966-67 were finally closed, the Accountant-General, Kerala sent a note to the office of the A.G.C.R. explaining the position with regard to the misclassification of expenditure under charged section. In view of this an expenditure of Rs. 400 only remains to be treated as charged and the balance of Rs. 4,957/- is required to be added in voted grant for the purpose of regularisation.

(iii) *Punjab*—The Public Works Department, Punjab had booked a 'Charged' expenditure of Rs. 466 on National Highway work without asking for provision of funds.

(iv) *Delhi*—An expenditure of Rs. 367 'Charged' was incurred by the Delhi Administration during 1966-67 on the work 'Extension of Shantipath from South Moti Bagh to Gurgaon Road' on account of the enhanced compensation awarded by the Court. No provision under charged Section was made during the year 1966-67.

Excess over Voted Grant

3. Sub-head 'A.1—Construction of National Highways—The excess of Rs. 120.30 lakhs under this sub-head was mainly made up as under:—

- (i) Accelerated progress on certain works—Andhra Pradesh (Rs. 12,47,059); Orissa (Rs. 37,057); Mysore (Rs. 30,099) and Uttar Pradesh (Rs. 1,22,117);
- (ii) Payment of land compensation—Mysore (Rs. 8,345);
- (iii) (a) Execution of emergent works—(Rs. 8,409);

- (b) Inevitable payments for works let out on regular contract (Rs. 20,770);
- (iv) Some adjustments carried out in A.G.'s office in December, 1966 accounts—Uttar Pradesh (Rs. 1,93,787);
- (v) Variations for which the reasons are awaited from the State Governments (October, 1968)—Madhya Pradesh (Rs. 2,57,662); Maharashtra (Rs. 2,35,119); Assam (Rs. 14,05,408); West Bengal (Rs. 32,93,869); Punjab (Rs. 19,07,385); Delhi (Rs. 61,09,742); and Uttar Pradesh (Rs. 4,71,385):

These excesses were partly counter balanced by savings from other executives agencies; Nagaland, Manipur, Bihar, Gujarat, Jammu & Kashmir, Kerala, Madras, Haryana, Himachal Pradesh, Rajasthan and C.P.W.D. (J.T.).

4. It may be stated that against the budget grant of Rs. 18.50 crores, the States had asked for a sum of Rs. 26.25 crores in the Revised Estimate, 1966-67. In view of the need for effecting the maximum possible economy in civil expenditure, a final allotment of Rs. 1989.55 lakhs only could be ultimately made to the States for the year 1966-67 for covering expenditure on the construction of National Highways in the various States. It was not anticipated even towards the close of the year 1966-67 that the expenditure on works would attain such a momentum as to exceed the allotments by any appreciable margin. Some of the State Governments however, failed to restrict their expenditure to the amount of allotments and an overall excess of expenditure over sanctioned grant became unavoidable. In the absence of intimation from any of the States about the likelihood of expenditure exceeding the allotment, prior action could not be taken for obtaining a supplementary grant or an advance from the Contingency Fund of India to avoid an excess of expenditure over the sanctioned grant.

5. In accordance with the existing instructions, the State Governments are required to furnish monthly returns of expenditure against the grants sanctioned by the Government of India. These returns are scheduled to be received by the 20th of the month following the one to which they relate. Experience has, however, shown that the submission of these returns by the States is not very regular. In pursuance of the recommendations of the P.A.C. (1967-68) in para 2.35 of their Twelfth Report (Fourth Lok Sabha) necessary follow-up instructions have been issued to the States and

the imperative need for the prompt submission of these returns has once again been impressed upon them. A fresh attempt to restrict expenditure to the amount of the sanctioned grant is also being exercised through the Regional Offices set up in the various regions and it is hoped that the position would improve in the following years. Certain further measures to tighten the control further are also under the active consideration of the Government of India.

6. *Sub-head—A.2—Construction of Border Roads*—Against the final grant of Rs. 1969.97 lakhs during 1966-67, an expenditure of Rs. 1974.73 lakhs was incurred by them resulting in an excess of Rs. 4.76 lakhs over the final grant. The excess was due to non-adjustment of anticipated credits from the Army as the basis of the adjustment could not be decided during 1966-67. These credits may be adjusted in 1967-68. The excess was partly offset by saving on certain other items mainly minus booking against suspense holdings due to non receipt of debits for stores.

7. *Sub-head A.3—Construction of Other Roads*—Against a final allotment of Rs. 74.04 lakhs for meeting expenditure on the construction of other roads in Union Territories, an expenditure of Rs. 95.92 lakhs was however incurred thereby resulting in an excess of Rs. 21.87 lakhs over the final allotments. The excess was due to following reasons:

- (i) incurring of expenditure on urgent and inescapable works—Andaman and Nicobar Islands (Rs. 2,89,806): N.E.F.A. (Rs. 20,03,562);
- (ii) erroneous adjustment of expenditure—Delhi (Rs. 51,065). This expenditure which was appropriately chargeable to sub-head D.1—Original works—D. Grants-in-Aid Contributions [Demand No. 89—Communications (including National Highways)] has been booked under sub-head 'A.3—Construction of Other Roads'—Demands No. 137—Capital Outlay on Roads. But for this, the excess would have been only Rs. 21,36,330; partly offset by saving due to post budget decision regarding reclassification of expenditure and slow progress of works—Dadra and Nagar Haveli (Rs. 1,57,038).

8. *Sub-head—A.4—Tools and Plant*—It may be mentioned that against the budget grant of Rs. 500.00 lakhs, the State Governments had demanded a total grant of Rs. 588.94 lakhs in the Revised Estimate 1966-67, but due to economy drive in civil expenditure a final allotment of Rs. 216.41 lakhs only was made to the various

State Governments for the purchase of road making machinery for the construction of road works in the various States during 1966-67. An expenditure of Rs. 220.30 lakhs was incurred by them resulting in an excess of Rs. 3.89 lakhs over the final allotment. The excess was mainly due to the adjustment of cost of machinery being slightly more than what was originally anticipated.

9. A sum of Rs. 3,574 representing expenditure incurred on account of postal equipment and forms supplied to Border Roads Organisation was erroneously adjusted under Grant No. 86—Ministry of Transport and Aviation instead of under Grant No. 137—Capital Outlay on Roads (Voted). For the purposes of regularisation the amount of overall excess under Grant No. 86—Ministry of Transport and Aviation has been reduced by a sum of Rs. 3,574. This sum therefore requires to be added to the amount of excess under Grant No. 137—Capital Outlay on Roads.

10. In terms of para 7 of the 16th Report of the P.A.C. (First Lok Sabha), the misclassified amount of Rs. 51,065, which was correctly chargeable to Grant No. 89—Communications (including National Highways) sub-head D.1—Original D.1—Grants-in-aid Contributions but was erroneously booked under Grant No. 137—Capital Outlay on Roads sub-head A.3—Construction of Other Roads is required to be excluded from the scope of regularisation and the amount of Rs. 3,574 which was correctly chargeable to Grant No. 137—Capital Outlay on Roads but was erroneously adjusted under Grant No. 86—Ministry of Transport and Aviation has to be added to the amount of excess under Grant No. 137—Capital Outlay on Roads. The amount of Rs. 4,957/- which was correctly chargeable to the voted grant but was erroneously booked as charged expenditure in the Kerala Circle of Account vide para 2(ii) above is also required to be added to the amount of the excess of the voted portion of the grant in question. The net excess thus is Rs. 114,19,358/- (Voted) (Rs. 114,61,892 minus Rs. 51,065 and plus Rs. 3,574 and Rs. 4,957) and Rs. 68,045 (Charged) (Rs. 73,002/- minus Rs. 4,957/-) in the Grant may be recommended for regularisation under Article 115 of the Constitution.

11. The note has been seen by Audit. Their observation is reproduced below:—

"A sum of Rs. 57,152 on account of decretal payments made by N.E.F.A. Administration to the courts was booked under Group Head A.3—Construction of Other Roads

under the Voted portion of the grant instead of as charged expenditure under charged Appropriation. This will reduce the excess under voted portion from Rs. 114,19,358 to Rs. 113,62,206 and correspondingly increase the excess under charged Appropriation from Rs. 68,045 to Rs. 1,25,197'.

Sd./-

Joint Secretary to the Government of India.

GOVERNMENT OF INDIA
MINISTRY OF TRANSPORT AND SHIPPING
(ROADS WING)

To

All State Governments/Union Territories (without legislature).

SUBJECT:—Excess over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil) 1965-66— Recommendation of the Public Accounts Committee (1967-68) Twelfth Report (Fourth Lok Sabha).

Sir,

I am directed to reproduce hereunder the recommendations of the Public Accounts Committee (1967-68) contained in para 2.35 of their Twelfth Report (Fourth Lok Sabha) for information and necessary action:—

"2.35. The Committee are of the opinion that there should be closer coordination between the Ministry of Transport and State Governments concerned to avoid such excesses in future. They suggest that the Ministry should ask the State Governments to furnish a return on the likely liabilities to be incurred by them monthly in the last quarter of the year so that trends of expenditure are determined more realistically and if necessary, adequate supplementary grant is taken in time".

2. According to the procedure evolved in pursuance of the recommendations of the Public Accounts Committee (1963-64) contained in para 7(viii) of their 16th Report, the State Governments are re-

quired to forward to the Government of India monthly returns showing the expenditure incurred on National Highways (Original) Works, Maintenance and Repairs of National Highways and other Centrally Sponsored Schemes by the 20th of the month following the month to which the expenditure relates. In other words, the action required to be taken in terms of the above recommendations is already required to be taken by the State Government/Union Territories Administration.

3. It has, however, come to the notice of the Government of India during the past years that the desired regularity in the submission of the expenditure returns is not maintained by most of the State/Union Territories with the result that at no stage are the Government of India in a position to know with reasonable accuracy the total expenditure incurred by all the States/Union Territories against the sanctions grants for the year. This naturally leads to difficulties in regard to proper regulation and control of expenditure to avoid excesses/shortfalls against the sanctioned Grants.

4. Therefore in order to enable the Government of India to determine more realistically the trend of expenditure, it is imperative that the expenditure returns in question should reach this Ministry positively, by the due date. If this requirement is complied with, it will be possible for the Government of India to get the State Government to reconcile in time any discrepancy between the departmental figures of the State Government/Local Administration and the figures of expenditure booked by the Accountant General concerned and reach a realistic decision as the additional funds to be allotted to, or the amount that can be diverted from the Government/Administration concerned so that the available funds are fully spent and no appreciable excesses or savings occur. On comparison of the departmental figures of expenditure furnished by the State authorities during the course of the last financial year, it was observed that there were appreciable variations between both sets of expenditure figures. These variations were brought to the notice of the States concerned from time to time but no useful result. In order to ensure that the situation does not recur, the State Government/Local Administration are requested kindly to ensure that proper reconciliation of the departmental figures of expenditure and those of Accountant General is effected.

5. According to the existing procedure, the State/Local Administration authorities are furnishing consolidated figures of expenditure. In case any charged expenditure is included in it, it may not be

possible to detect it and take further follow up action. This will obviously lead to the incurring of charged expenditure without appropriate provision therefor in the Budget. It is, therefore, necessary that the monthly expenditure returns should show distinctly the charged expenditure, if any, incurred during the course of the month under report. In this connection I am to point out that expenditure is "charged" on the Consolidated Fund of India only if a court decree is against the Union Government. In case the decree is against the State Government the expenditure involved will be treated as charged only so far as the State Government is concerned and will be met in the first instance from the State's own funds. So far as the centre is concerned, it is merely a case of reimbursement of expenditure to the State Government and can therefore be reimbursed by the Central Government from the "Voted Grant".

6. It is requested that all concerned authorities under the State Government/Local Administration may be advised suitably to ensure that the instructions contained in the preceding paragraphs are complied with strictly.

7. The receipt of this communication may kindly be acknowledg-

Yours faithfully,

Sd/- D. A. R. WARRIOR,
Under Secy. to the Govt. of India.

APPENDIX XXVI

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

Note regarding the regularisation of excess over the charged Appropriation Under Grant No. 19-Customs disclosed in the Appropriation Accounts (C) 1966-67.

Total Grant or Appropriation	Actual Expenditure	Excess
Rs.	Rs.	Rs.
40,000	42,579	(+)2,579

As against the Budget provision of Rs. 40,000 in the charged section of the grant the actual expenditure incurred amounted to Rs. 42,579. The nominal excess of Rs. 2,579 was due to more payment on account of Courts' decrees against the Department than anticipated during the year.

2. Charged expenditure under this Grant relates to payments which have necessarily to be made at short notice to honour the Courts' awards, decrees etc. In various cases filed by/against the Department, judgments of the Courts cannot be anticipated and no accurate forecast in regard to the opposite parties costs etc., that may be decreed by various Courts, can be made. Thus the expenditure is of an uncertain nature and entirely depends upon the Courts' decrees against the Department.

3. In the circumstances the excess expenditure of Rs. 2,579 may kindly be recommended for regularisation under Article 115 of the Constitution of India.

M. G. ABROL,
Joint Secy. to the Govt. of India.

F. No. 11 (6) /68-Adm. IV-A.

APPENDIX XXVII

No. F.7(18)-B/68

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

New Delhi, the 14th June, 1968.

SUBJECT:—Regularisation of excess in the Appropriation "Interest on Debt and other obligations and Reduction or Avoidance of debt" in Appropriation Accounts (Central) Civil, 1966-67.

	Rs.
Original Appropriation	4,14,85,67,000
Supplementary Appropriation	48,00,00,000
Final Appropriation	4,62,85,67,000
Actual Expenditure	4,63,50,33,605
Excess	64,66,605

The Appropriation covers:—

- (i) provision for interest charges on the entire debt of the Government of India, whether internal or external, including interest on the depreciation and other Reserved Funds of the Government commercial Departments, and
- (ii) an annual provision of Rs. 5 crores for Reduction or Avoidance of Debt.

Both the items are 'charged' on the Consolidated Fund of India, in accordance with clause (c) of Article 112(3) of the Constitution of India.

2. The net excess of Rs. 64.86,605 which is only 0.14 per cent (approximately) of the total Appropriation, resulted mainly from an excess of Rs.1.20.13 lakhs under the Group head 'C.6(3) Income Tax Annuity Deposits', the rest of the excess being covered by savings under other sub-heads of the Appropriation.

The deposits made under the Annuity Deposit Scheme are repayable in 10 annual equated instalments of principal and interest (at rates notified by Government in respect of deposits relating to each year), the first annuity becoming due one year after the date, on which the deposit was made. While the deposits are adjusted under the Head 'Unfunded Debt,' the annuities paid during a year are apportioned by the Accounts Officer into principal and interest the former being adjusted under 'Unfunded Debt' and the latter under 'Interest'. The accounting procedure prescribed in this regard in consultation with the Comptroller and Auditor General envisaged that interest should be calculated on the balance outstanding under 'Unfunded Debt' at the end of the previous year. This procedure was drawn up on the basis that the annuities that fell due in a particular year would be claimed and paid in that year. In practice, however, this ideal situation did not materialise. Thus, during 1965-66 annuities amounting to Rs. 2.18 crores remained unpaid and at the end of 1966-67 the unpaid annuities amounted to Rs. 4.1 crores. As a result, during the year 1966-67, the adjustments made by the Accounts Officer in accordance with the procedure mentioned above, included an element of interest in respect of annuities which were not paid in that year and this resulted in a national excess in the Appropriation. The question of modifying of the accounting procedure, so that the adjustment of the interest element was related to the actual annuities paid in a year, was considered in consultation with Audit last year. The proposal was acceptable to Audit but as the Annuity Deposit Scheme has since been discontinued, it has not been considered necessary to modify the accounting procedure. Adequate steps have, however, been taken to ensure that adequate funds to cover fully the adjustments on account of interest are provided.

3. This excess came to light in July, 1967 i.e. only after the close of the financial year when it was not possible to provide additional funds even by obtaining an advance from the Contingency Fund.

4. Excesses also occurred under sub-heads "C.4(1)-Post Office Savings Bank deposits (Rs. 90.88 lakhs) and E.1 (1)-Depreciation Reserve Fund—Railways (Rs. 25.39 lakhs). In so far as the first item is concerned, a provision of Rs. 24.37 crores had been made in the Budget for payment of interest on Post Office Savings Bank

deposits. On the basis of estimates furnished by the Accountant General, Post and Telegraphs, a sum of Rs. 37 lakhs was re-appropriated to other heads in the Appropriation at the end of March, 1967. However, a sum of Rs. 24,90.88 lakhs was actually adjusted as interest, the excess being due to receipt of more deposits than anticipated. As regards the interest on Depreciation Reserve Fund (Railways), the Railways withdraw less from the Fund than estimated thus leaving a larger balance in the Fund, leading consequently to more payment of interest to the Fund. These excesses were however, fully counterbalanced by savings under other sub-heads in the Appropriation.

5. In view of the position stated above, it is requested that the net excess of Rs. 64,66,605 over the sanctioned appropriation may kindly be recommended for regularisation under Article 115(1) (b) of the Constitution.

6. This has been seen by audit.

A. R. SHIRALI,
Joint Secretary to the Govt. of India.

To

The Chairman and Members of the
Public Accounts Committee.

APPENDIX XXVIII

(Ref. paras 2.38—2.46 of Report)

No. F.6(12)-B/68

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

New Delhi, the 14th June, 1968

MEMORANDUM

SUBJECT:—*Excesses in the Appropriations as reported in the Appropriation Accounts for 1966-67 relating to the Ministry of Finance.*

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

	Rs.
Original Appropriation (Charged)	6,59,41,87,000
Supplementary Appropriations (Charged)	2,56,73,50,000
Final Appropriation (Charged)	9,16,15,37,000
Actual Expenditure (Charged)	9,19,84,24,917
Excess (Charged)	3,68,87,917

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

Administrative Ministries and other authorities who operate on and control the respective allotments placed at their disposal, subject to re-appropriations where necessary being made by Finance Ministry.

2. The excess occurred mainly because certain payments made at the instance of the Ministry of Irrigation and Power during the year were over-looked at the time of the regularisation of the Grant at the end of the year and because the ways and means advances made to certain States during the year for Plan schemes exceeded the amounts formally sanctioned by the Ministries/Departments by way of Loans/Grants to those States for Plan schemes, as explained below:

(a) The Ministry of Irrigation and Power did not arrange necessary funds for the adjustment of an equipment loan of Rs. 1,17,22,081 received by the Government of composite Punjab/Haryana for Delhi 'C' Thermal Power Station during the year 1966-67 under the A.I.D. Programme. The accounting procedure in respect of equipment received under the A.I.D. programme provides that the rupee equivalent of the dollar cost of the equipment will be treated as a loan from A.I.D., this being adjusted as a credit under "Public Debt—Debt raised outside India", and that an equivalent amount will be advanced as a loan to the receiving authority i.e., the State Government, this being adjusted as a debit under the Loan-head. In accordance with the accounting procedure, the adjustments are carried out by the Accounts Officers concerned on the strength of advices issued by the Ministry of Finance regarding drawal from A.I.D. funds and not on the basis of the formal loan sanctions to be issued by the Ministry of Irrigation and Power in favour of the recipient authorities. Consolidated sanctions covering the disbursements made during a year are later issued by the Ministry of Irrigation and Power, indicating also the terms and conditions for the repayment of the loans. The Ministry of Irrigation and Power issued the necessary sanction in this case in the next financial year on 29th January, 1968 but action was not taken to provide necessary funds in the financial year 1966-67.

(b) The Ministry of Irrigation and Power did not also provide necessary funds for the adjustment of the following two loans sanctioned to the Government of Uttar Pradesh as arrear assistance:

(i) Rs. 16.52 lakhs sanctioned vide Ministry of Finance, Department of Coordination letter No. 2(51)-P/65, dated 29th February, 1967 as arrear assistance for flood control schemes for the year 1964-65.

(ii) Rs. 29.97 lakhs sanctioned vide Ministry of Finance, Department of Coordination letter No. 2(64)-P/64 dated the 6th October, 1966 as arrear assistance for rural electrification schemes for the year 1963-64.

Under the procedure for the release of arrear Plan assistance to States, while the amounts due to States on the basis of departmental/audited figures of expenditure are sanctioned by the Ministry of Finance (Plan-Finance—then Department of Coordination) funds therefor are provided for by the concerned Ministry which had released the assistance on a provisional basis. In both these cases the Ministry of Irrigation and Power omitted through oversight, the arrear assistance released by the then Department of Coordination to the Government of Uttar Pradesh while intimating the final requirement for the regularisation of the Grant.

(c) Central assistance for State Plan and Centrally Sponsored schemes (excluding assistance for Irrigation and Power Projects and assistance released through the National Cooperative Development Corporation) is released in the form of monthly ways and means advances to the State Governments on the basis of the ceilings of assistance communicated to them at the commencement of each year. These advances are initially debited entirely to the Loan Head but are written back before the close of the year to the relevant Heads (Loan or Grant-in-aid to States as the case may be) on the basis of formal sanctions issued by the Ministries/Departments concerned. To the extent these Ways and Means advances remain uncleared, they are treated as loans to the State Governments and recovered immediately as in the case of other over-payments.

Until 1965-66, $\frac{1}{12}$ th of the total Central assistance used to be released in 9 equal monthly instalments commencing from May each year. As some of the State Governments were facing ways and means difficulties, it was decided in April, 1966 to release $\frac{1}{12}$ th of the total Central assistance in 10 equal monthly instalments commencing from April, 1966. In the course of the year, certain further allocations were made to the States for additional Plan schemes and the additional assistance was either released in cash by the administrative Ministries or the ways and means advances were revised to take these additional allocations into account. Later in that year, in response to requests received from several State Governments, it was decided to release one additional instalment on the 1st February, 1967 and thus in all $\frac{11}{12}$ th of the committed total Central assistance was released in advance to the State Governments in that year.

The allocations of Central assistance to States are determined on the basis of the outlays approved for the various sectors in the State Plans. If the approved outlays materialise, the entire Central assistance allocated to the States has to be paid to them. It was on this basis that Plan advances were released to the State Governments with reference to the ceilings of Central assistance communicated to them. However, due to shortfalls in performance in some of the States under certain sectors e.g. Village and Small Scale Industries, Medical and Public Health, Housing, etc. ways and means advances to the extent of Rs. 2,85,39,264 sanctioned to them remained uncleared after adjustments on the basis of formal sanctions issued by the administrative Ministries/Departments had been carried out by the Accounts Officers. Immediate action was, however, initiated in the following year to effect recovery of the uncleared advances and interest thereon, as soon as these were brought to the notice of the Ministry of Finance by the State Accountants General.

The total excess of Rs. 4,49,10,345 was partly counterbalanced by savings of Rs. 80,22,428 under other provisions for loans to States leaving an uncovered excess of Rs. 3,68,87,917. The excess came to light after the close of the year when it was not possible to provide additional funds.

3. The Ministry of Irrigation and Power have been advised that they should take adequate steps to ensure that the releases to State Governments in the form of equipment loans or arrear assistance are taken into account in reckoning their final estimates under the Loan Grant.

4. The procedure for the advance release of Plan assistance to State Governments was reviewed during the year 1967-68 and it was decided that henceforth only 10/12th of the committed Central assistance should be released in 10 equal monthly instalments to avoid the contingency of ways and means advances remaining unadjusted at the close of the year as had happened in 1966-67.

5. In view of the position explained above, it is requested that the net excess of Rs. 3,68,87,917 over the sanctioned Appropriation may kindly be recommended for regularisation under Article 115 of the Constitution.

6. This Memorandum has been seen by Audit.

A. R. SHIRALI,

Joint Secretary to the Government of India.

To

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

APPENDIX XXIX

(Ref. paras. 2.65—2.71 of Report)

No. 7-7/68-B

DEPARTMENT OF COMMUNICATIONS

(P. & T. BOARD)

Dated, New Delhi-1, the 23rd August, 1968.

OFFICE MEMORANDUM

SUBJECT:—Excess over grant No. 145—Capital Outlay on Posts and Telegraphs (Not met from Revenue) for the year 1966-67—Regularisation of (Para 6 of Audit Report, Post and Telegraph 1968).

1. The appropriation Accounts Posts and Telegraphs 1966-67 show an excess of Rs. 2,98,23,395 over the voted grant No. 145 capital outlay on Posts and Telegraphs (Not met from Revenue) as per details below:—

	Rs.
Total Grant	54,59,00,000
Actual Expenditure	57,57,23,395
Excess over the Grant	2,98,23,395

2. The excess was the net result of variations in sub-heads as shown hereunder:—

Major Head and sub Head	Final grant or appropriation	Actual Expenditure	Excess/ Savings
I	2	3	4
(i) 134 A—Capital outlay on New Assets			
Original 25,55,00,000			
Supply 6,65,00,000	32,20,00,000	35,79,55,722	(+)3,59,55,722
Re-appropriation ...			

	1	2	3	4
(ii) 134-A—Expenditure debitable to P & T Development Fund :				
Original 10,00,000 Supply 15,00,000 Reappropriation	25,00,000	2,10,120	(—) 122,8180	
(iii) 134-B—Expenditure debitable to Renewals Reserve Fund :				
Original 3,60,00,000 Supply 4,20,00,000 Reappropriation	7,80,00,000	5,54,92,935	(—) 25,07,054	
(iv) 134-C—Stores Suspense Account :				
Original 12,26,00,000 Supply 48,00,000 Reappropriation	12,74,00,000	14,69,73,445	+ 1,25,03,445	
(v) 134—Manufacture Suspense Account :				
Original 1,26,00,000 Supply 34,00,000 Reappropriation	1,60,00,000	1,50,71,175	(—) 9,28,825	
TOTAL				
Original 42,77,00,000 Supply 11,82,00,000	54,59,00,000	57,57,23,395	(+) 2,98,23,395	

The final excess of Rs. 298.23 lakhs was thus made up of:—

	Rs.
(i) Stores and Manufacture Suspense [items (IV) and (V)]	186.64 lakhs
(ii) Works portion [items (i) to (iii)]	111.59 lakhs
TOTAL	298.23 lakhs

2. The reasons for the excess Savings are explained in the following paragraphs:

(1) Stores and manufacture suspense Account:—

Excess Rs. 186.64 lakhs:—

The grant under this sub-head is for the net debit i.e. total procurement less issues of stores within the grant. Any increase in the procurement or decrease in the issue of stores goes to increase the net debit i.e., grant.

The original grant under this head was Rs. 13.52 lakhs (Rs. 12.26 lakhs under Stores Suspense and Rs. 1.26 lakhs under manufacture Suspense). A review of this position was made while fixing the revised estimates based on likely supplies and devaluation of the rupee from 6th June, 1966. A supplementary grant of Rs. 82 lakhs was obtained and accommodated under (i) above Store Suspense Rs. 48 lakhs towards procurement of Mild Steel sheets, dry crore cables and larger quantity of zinc; partly off-set by larger issues of stores to works. (ii) Manufacture Suspense Account Rs. 34 lakhs to achieve higher production targets. The revised estimates as well as the Final grant under 'Stores and manufacture Suspense' was fixed at Rs. 14.34 lakhs. The actuals however stood at Rs. 16,20.64 lakhs relating in an excess of Rs. 186.64 lakhs. This excess is mainly made up of excess under the following heads as detailed in the Appropriation Account:—

(a) General Stores: (+) Rs. 23.94 lakhs:

This excess is mainly on account of (i) more procurement of stores than anticipated, (ii) payment of escalation charges to ITI and (iii) effect of devaluation of the Indian rupee partly counter balanced by rapid off-take of stores warranted by the increased tempo of telecommunications, Capital works, as well as Savings under other debit heads.

(b) Workshop Stores: (+) Rs. 128.84 lakhs:

The excess was mainly on account of procurement of zinc and Russian sheets for the workshops as well as payment of escalation charges to ITI and devaluation of the Indian rupee.

(c) Civil Engineering Stores: (+) Rs. 29.24 lakhs:

Due to more procurement of Civil Engineering Stores as well as unexpected transfer of balances of old CPWD Division to the Civil Wing (P. & T.).

(d) Purchase: (+) Rs. 11.47 lakhs:

Unanticipated clearance of 'Credit Suspense Items' by debiting to this head in certain P. & T. Circles.

(e) Misc. Civil Engineering Works Advances: (+) Rs. 2.45 lakhs:

Mainly due to provisional exhibition of loss under 'Stock' in the profit and loss account of a certain Civil Engineering Divisions. This excess have been partly off-set by savings under some other heads.

3. II. Capital outlay net met from revenue (works Portion) Excess Rs. 111.59 lakhs.

(a) Capital outlay on New Assets: (+) Rs. 359.56 lakhs:

(i) The original grant of Rs. 25.55 crores under this head was increased by Rs. 6.65 crores by obtaining a supplementary grant in March, 1967 based on the value of the materials supplied likely to be supplied by the three state owned factories viz. ITI, HCL and HTL and the stores and workshops organisation and taking into account the consequential increase due to the devaluation of the Indian currency with effect from 6th June, 1966.

(ii) The additional requirement on the above accounts was estimated at Rs. 9.45 crores. The supplementary grant was however restricted to Rs. 6.65 crores as expenditure relating to Railway Electrification Scheme booked under this head under the rules for allocation of expenditure prior to 1st April, 1960 then estimated at 280 lakhs was to be transferred to the head 134-B Renewals Reserve Fund. While fixing the Final grant a sum of Rs. 1.30 lakhs was re-appropriated from 134-B Renewals Reserve Fund to this head. Thus against a Final grant of Rs. 32.20 lakhs, the actuals stood at Rs. 3579.56 lakhs resulting in an excess of Rs. 359.56 lakhs. This excess was mainly the net result of variations under the following heads, included in the Appropriation Accounts.

(b) 134-A-II-Telegraphs General Projects: (+) Rs. 64.42 lakhs:

This excess was mainly on account of increased supply of stores by the stores organisation on lines and wires and Trunk works. This position was anticipated and a reappropriation of Rs. 24.78 lakhs was made in the final Grant which was held as not in order by A.G.P. & T. in February, 1968.

(c) 134-A-IV Telephones General Projects: (+) Rs. 400.45 lakhs:

The excess has been on account of (i) increased supplies from ITI as well as payment of escalation charges due to devaluation of the rupees from 6th June, 1966, (ii) adjustment of customs duty on

imported cross-bar equipment received in 1965-66, and (iii) more receipt of Stores from Stores Organisations. These factors were taken into account while framing the Revised Estimates. Though a supplementary grant of Rs. 685 lakhs was justified it was reduced to 401 lakhs in view of the savings of 284 lakhs on account of transfer of expenditure relating to Railway Electrification Scheme as well as Radios and Microwave projects. This savings was to be reappropriated to 134-A-IV-Telephones-A-General projects at the Final Grant stage. In addition a sum of Rs. 200 lakhs was reappropriated to augment the provision under this head thus making the total reappropriation of Rs. 484 lakhs. In February, 1968 not only the deduction expenditure under Railway Electrification Scheme was cancelled but the appropriation order was also held void on technical grounds resulting in this excess.

The total excess on the works portion was partly counter balanced by savings as below:—

(d) 134-A. III. Radios: (—) Rs. 8.04 lakhs:

The Savings are on account of non-receipt of Stores from ITI; Bharat Electronics and Stores Organisation.

(e) 134-A-IV Microwave Projects: (—) Rs. 19.51 lakhs:

Mainly on account of short supply of equipment by ITI, non-materialisation of land acquisition cases as well as lesser execution of build works. These were anticipated and provisions were reduced in the revised estimates and further by reappropriation. The non-acceptance of the reappropriation orders resulted in the savings.

(f) 134-AA-I Postal: (—) Rs. 11.00 lakhs:

Mainly on account of non-finalisation of acquisition proceedings and non-execution of building works.

(g) 134-AA-IV Telephones: (—) Rs. 11.90 lakhs:

Mainly on account of non-finalisation of acquisition proceedings and non-execution of building works.

(h) 134-RR Fund I Postal: (—) Rs. 4.82 lakhs:

Due to less execution of replacement works.

(i) 134-B-II Telephones: (—) Rs. 195.99 lakhs:
A. General Projects: (—) Rs. 195.99 lakhs:

Due to non-receipt of anticipated Stores and less supply of ITI equipments.

(j) 134-B-IV Telephones. A General project: (—) Rs. 62.84 lakhs:

Due to slow progress in building works due to short supply of stores and ITI equipments.

(k) 134-B-IV Telephones C-Coaxial Trunk Cable Scheme: (—) Rs. 12.39 lakhs:

Due to lesser supply of cables by M s. Hindustan Cables Ltd.

The above contingencies were anticipated while drawing the final estimates and the provision under 134-B was reduced by a re-appropriation of 130 lakhs. As the reappropriation orders was not acceptable to audit, a saving has occurred under this head.

4. The excess may be recommended for regularisation under Article 115 of the Constitution.

5. This Memo. has been seen by Accountant General, Posts and Telegraphs and Audit observation is annexed.

Sd/- (K. N. R. PILLAI,

Member (Telecom. Development).

To

The Chairman and Members
of the Public Accounts Committee.

Audit Observation

The reappropriation order referred to in sub-paras 3II(b) and (c) and in the last sub-para of para 3 of the Ministry's note were held invalid by Audit as a minus reappropriation of Rs. 245 lakhs under Head '134-A-II-B' was made when the original provision available was only Rs. 40 lakhs.

The Supplementary Grant referred to in Para 3II(c) was restricted to Rs. 6.65 crores as the Department thought that an expenditure of Rs. 2.80 crores relating to Railway Electrification Scheme incurred in the previous years and booked this and which was decided to be transferred to Renewals Reserve Fund would be debited to the head 134-B Renewals Reserve Fund by reduced of expenditure under this head. Audit, however, pointed out that the adjustment of this expenditure should correctly be made by debiting '134-B' (for which necessary provision had been made) and taking the corresponding recovery to part IV outside the grant and not as a reduction of expenditure within the grant as that would militate against legislative control over expenditure.

APPENDIX XXX

Explanatory notes on excesses over a Voted Grant and a Charged Appropriation during 1966-67—Para 7 at page 7 of Audit Report, Railways, 1968.

Only one voted grant, namely Grant No. 2—Misc. Railway Expenditure was exceeded during the year 1966-67 apart from a marginal excess of Rs. 479 under Charged Appropriation No. 13—Open Line Works (Revenue). During 1965-66 excesses had occurred under four Voted Grants. As explained in detail in the succeeding paragraph, the excess under Grant No. 2 occurred primarily due to an adjustment made through A.G.C.R. several months after the close of the year, i.e., in June, 1967 for an amount much higher than anticipated in the circumstances explained in para 2.3 below; in para 3 it is brought out that the excess under Charged Appropriation No. 13 was due to rounding off.

2.1. This Grant, as its name signifies, covers expenditure on multitude of items like Surveys, the Research, Designs and Standards Organisation, which is attached to, but not part of, the Railway Ministry, other Miscellaneous Central Establishments dealing with problems affecting the working of the Railways as a whole, but not part of the Ministry (like the Railway Inspectorate, the Central Bureau of Investigation, the Railway Liaison Office, the Staff College at Baroda etc.). Cost of Audit and a variety of other Miscellaneous Charges such as the Railways' contribution to the experimental Research station at Khadakwasla, subscriptions to the International Railway Congress Association, enrolment of the Indian Railways as an Associate Member of the International Union of Railways (U.I.C.) etc.

2.2. The excess of Rs. 8 lakhs was over the final voted grant of Rs. 389.15 lakhs which included a token supplementary grant of Rs. 1 thousand taken for obtaining Parliament's approval for a new survey sanctioned out of an advance of Rs. 1 thousand from the Contingency Fund of India in January 1967 when the Parliament was not in session; this supplementary grant was for re-payment to the aforesaid Fund.

2.3. The excess was chiefly under "Miscellaneous Establishments" and occurred because the debit raised by the A.G.C.R. on account of Railways' share of expenditure relating to the Central Bureau of Investigation was heavier than the provision therefor in the final allotment. The original provision of Railways' share in this expendi-

ture advised by the C.B.I. (including the cost of R.S.Os) was Rs. 43 lakhs or excluding the cost of R.S.Os. Rs. 39.05 lakhs; the corresponding revised estimate was Rs. 49.50 lakhs (i.e. Rs. 45.52 lakhs for the C.B.I. and the balance in respect of R.S.Os). In reply to Railway Board's reference dated 9th February, 1967 requesting for final estimates for 1966-67, the C.B.I. indicated that it was "not practicable to intimate the actual figures of recovery at this stage" and that "for the Budget purposes the provision of Rs. 45,52,000 made in the Revised Estimates 1966-67 may be taken as the final estimates for 1966-67." The actual debit on this account was Rs. 63 lakhs against the final estimate of Rs. 49.48 lakhs (Rs. 45.52 lakhs for the C.B.I. and Rs. 3.96 lakhs for R.S.Os.) and this resulted in an excess of Rs. 13.52 lakhs under this head. This excess was, however, partly offset by savings of comparatively small magnitude resulting chiefly from receipt of less debits for printing and publicity charges etc. (Rs. 3.34 lakhs), certain vacancies not filled up towards the close of the year (Rs. 1.13 lakhs) and aggregate of minor variations (Rs. 1.37 lakhs).

2.4. As an excess under this Grant on account of the debit for Railway share of expenditure of the C.B.I. has recurred in recent years, the matter was gone into at a high level meeting between the representatives of the Railway Board and the Director, C.B.I. In the light of the discussion, a revised procedure for assessing the debit to be passed on to the Railways has been suggested to the C.B.I. for their consideration. The matter is being pursued further to finalise the issue.

3. The original provision of Rs. 2,000 under this Charged Appropriation was increased to Rs. 26,000 by obtaining Supplementary Appropriation (ones in November, 1966 for Rs. 20,000 and again in March, 1967 for Rs. 4,000). The former was taken to recoup in advance taken from the Contingency Fund of India to cover an unforeseen payment on a particular Railway and the small addition of Rs. 4,000 was sanctioned in March, 1967 to cover certain payments in satisfaction of court decrees. The actual amount that had to be paid exceeded the aggregate allotment by a small amount of Rs. 479.

4. It is requested that the P.A.C. may be pleased to recommend that the aforesaid excesses be regularised by Parliament in the manner prescribed under Article 115 of the Constitution.

This has been seen by Audit.

Director, Accounts,
Railway Board.
6-5-1968.

APPENDIX XXXI
MINISTRY OF DEFENCE
D. (BUDGET)

SUBJECT:—Regularisation of excess over Voted Grant under Grant No. 8 Defence Services—Non-Effective, for 1966-67.

	Grant No. 8		Defence Services Non-Effective
Voted Grant	Original Supplementary	Rs. ..	23,90,00,000 57,40,000
Actual Expenditure	TOTAL	Rs. ..	24,47,40,000 24,56,80,225
Excess		Rs.	9,40,225

The actual expenditure exceeded the sanctioned budget by Rs. 9,40,225. This excess is to be regularised by Parliament, under Article 115 of the constitution. As shown above it was realised during the course of the year that the original Grant would not be adequate and as such, a Supplementary Grant of Rs. 57.40 lakhs was obtained in March, 1967. However, this proved to be inadequate resulting in a small excess of Rs. 9.40 lakhs which works out to less than 1/2 per cent of the total sanctioned grant.

2. There are certain factors which make it difficult for the estimating authorities to forecast the requirements to a very precise extent and strict control on the actual expenditure is not possible as it is obligatory expenditure. The actual payment of pension is effected by different authorities and there is some time-lag between the actual payment and the receipt of debits by the accounts authorities who prepare the estimates. It is also not possible to forecast precisely the amount of pensions likely to be paid towards the close of the year, as some pensioners depending upon their convenience may or may not draw pension during March.

The estimates are prepared having regard to the actual expenditure in the previous years as also the trend of actual expenditure

during the preceding months of the current year and other known factors. As there were General Elections in February 1967 and also a strike by Government servants in Uttar Pradesh, it was considered that the actuals of February 1967 were not fully representative of the trend in expenditure and this factor was taken into account while framing the Final Estimates for the year 1966-67. It however transpired that some of the payments which could not be made in February 1967 due to Elections etc.—were made at the end of the year. The cumulative effect of heavier payments than anticipated during the month of March 1967, belated receipt of accounts, etc. has resulted in a small excess over the sanctioned grant.

3. In the circumstances explained above, the excess of Rs. 9,40,225 which is 0.38 per cent of the sanctioned grant, may be recommended for regularisation by Parliament under Article 115 of the Constitution.

4. D.A.D.S. has seen.

Sd/- N. D. BUCH.

Joint Secretary (P. & C.) 27-6-1968.

APPENDIX XXXII

Statement showing Action Taken on the recommendations of the Public Accounts Committee made in their 69th Report (Fourth Lok Sabha).

I

Recommendations, Observations that have been accepted by Govt.

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

Recommendation

The Committee have been repeatedly commenting upon the delays on the part of the Ministries etc. in furnishing notes stating the reasons for or circumstances leading to such excesses. They had also urged upon the Ministry of Finance in para 1.5 of their 45th Report (Third Lok Sabha) to devise ways and means to avoid such chronic delays on the part of the Ministries. They regret, however, that this year also there was no improvement in the matter in that notes in respect of not a single grant were received within the stipulated time of two months.

[S. No. 1 of Appendix XLI to 69th Report, (3rd Lok Sabha)].

Action taken

The recommendation of the Committee was brought to the notice of the Ministries in April 1967, demi-officially at Joint Secretary level requesting them to ensure that the prescribed time limit of two months is strictly adhered to. A copy of the D.O. letter was also sent to the Lok Sabha Secretariat vide endorsement No. F.8(5)-B/67 dated 22nd April, 1967.

Recommendation

The Committee are surprised to note that despite the recommendations made by them and instructions issued by Government from time to time, such failures in budgeting and control over expenditure are continuing. They would, therefore, urge upon the Ministries/Departments to make greater efforts to ensure that the extent procedure is properly followed by all concerned so as to improve the position.

[Sl. No. 2 (para 2.3) of Appendix XLI to the 69th Report of the P.A.C. (3rd Lok Sabha)].

Action taken

The observations of the Committee are noted and have been brought to the notice of all the Mins./Deptts. for information and compliance (vide copy enclosed of O.M. No. F.12(14)-E(Coord) /67, dated 18th August, 1967, (Annexure).

Recommendation

The Committee regret that despite repeated recommendations made by them in the past and instructions issued by Government for the maintenance of liability register, the Ministry are taking suitable steps only now in the matter. The Committee desire that the Ministry of Finance should issue general instructions to all Ministries concerned for strict compliance with the existing orders/instructions issued by Government from time to time.

[Sl. No. 3 (para 3.3.) of Appendix XLI to the 69th Report of the P.A.C. (3rd Lok Sabha)].

Action taken

As desired by the Committee, suitable instructions have been issued to all the Ministries/Departments (vide O.M. No. F.12(14)-E(Coord)/67, dated 18th August, 1967, (Annexure).

ANNEXURE

No. F.12(14)-E(Coord)/67

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

New Delhi, the 18th August, 1967

SUBJECT:—69th Report of the P.A.C. (Third Lok Sabha)—Recommendations at S. Nos. 2, 3 & 8 of—control over expenditure.

The undersigned is directed to invite the attention of the Ministry of Commerce etc., to the observations of the P.A.C. at S. Nos. 2, 3 and 8 of Appendix XLI to the 69th Report of the P.A.C. Third Lok Sabha regarding control over expenditure, maintenance of liability register and proper accounting of transactions relating to purchase of stores.

2. The need for realistic budgeting and effective control over expenditure with reference to sanctioned grants has been stressed time and again by the P.A.C. and also in the various instructions issued by the Ministry of Finance from time to time. Apart from the detailed instructions contained in Chapter 5 of G.F.Rs regarding budgeting and control of expenditure, the attention of the Ministries is also invited to the Ministry's Office Memorandum No. F. 14(58)-E (Coord)/65-I, dated the 28th January, 1966, and No. F. 15(2)-E (Coord)/66, dated the 30th December, 1966. A systematic review of the progress of expenditure at frequent intervals by the controlling authorities coupled with the maintenance of up-to-date Liability Registers regarding all the commitments entered into and to be discharged during the year will help the Ministries to a large extent to ensure that the expenditure corresponds very closely to the budget grant and that the gap between the budget grants and actual expenditure is minimised as far as possible.

3. Detailed instructions exist in the General Financial Rules, (vide Government of India decision No. 5 under Rule 66 and the Government of India decision No. (1) below Rule 71), regarding the maintenance of the Liability Registers by the controlling officers and subordinate authorities incurring the expenditure. The forms

in which the Liability Register should be maintained are prescribed in forms G.F.R. 6/G.F.R. 6-A which are appended to the compilation of General Financial Rules. A procedure has also been laid down by which the paying department should give an advance intimation to the Consignees about the debits being raised soon after the payments are made to enable the Consignee/Indenting Department to watch the clearance of anticipated liabilities and to make requisite provision of funds to cover the debits where necessary (vide Government of India's decision No. 4 below Rule 66 G.F.Rs.) as amended by this Ministry's Office Memorandum No. F.20(2)-EGI (B) '63, dated 17th September, 1963 and F.15(1)-E(Coord) 66, dated 27th February, 1967).

4. In regard to purchase of stores, it is an obvious requirement that the necessary budget provision is made in the financial year in which the payments/debits for the purchases are expected to be actually accounted for/accepted. This has to be ensured by keeping a record of all such commitments in the Liability Register and by having a close watch over the time schedule for the discharge of these commitments. The unsatisfactory situation pointed out in the recommendation at S. No. 8 would have been avoided had the prescribed procedure been followed duly by the administrative authorities concerned.

5. The Ministry of Commerce etc., are requested to note the observations of the P.A.C. and also issue suitable instructions to all controlling officers under them for ensuring strict observance of the existing rules and instructions in this regard.

N. N. K. NAIR.

Deputy Secretary to the Government of India.

To

All Ministries/Departments of the Government of India.

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

Recommendation

It is surprising that despite timely intimation from the Delhi Administration the Ministry did not arrange to make necessary provision in the capital grant to accommodate the adjustment for which the final sanction was issued on the 7th April, 1965. It is not also clear why the Ministry of Finance who concurred in the sanction did not verify the existence of necessary provision for the purpose. The Committee would like the Ministry of Finance to look into the reasons for these failures and take remedial action.

[Sl. No. 5 (para 3.6) of Appendix XLI to the 69th Report of the P.A.C. (Third Lok Sabha)].

Action taken by Government.

The matter is under examination and a separate note will follow.

[Min. of Fin. U.O. No. F. 12(14)-E(Coord) 67, dated 27-10-1967].

Further Information

In continuation of the Note submitted by the Ministry of Education to the Lok Sabha Secretariat on 20th April, 1968, it is stated that this Ministry concurred in the issue of the sanction letter No. F.5/7/64-BSE.3 dated 7th April, 1965 on the basis of the information furnished to the Ministry of Education by the Delhi Administration that funds to the extent of Rs. 5.95 lakhs were available from out of savings in the budget grant for the year 1964-65, and Ministry of Education's endorsement of the same. Unfortunately, the prior checking of the existence of adequate funds during 1964-65 under the head "124-Capital Outlay" to admit of the adjustment, escaped the notice of the Ministry of Education. It turned out later that only Rs. 3,84,967 was available for the purpose in the Capital Outlay Grant with the result that there was a net excess of Rs. 2,10,033 in the Appropriation Account (Civil), 1964-65.

The observations made by the Public Accounts Committee have been noted and the Ministry of Education have been advised that

greater care should be exercised in certifying availability of funds in future.

(O.M. No. F.1(18) Ed.Un/67, dated 24-7-1968).

MINISTRY OF EDUCATION

Recommendation

It is surprising that despite timely intimation from the Delhi Administration the Ministry did not arrange to make necessary provision in the Capital Grant to accommodate the adjustment for which the final sanction was issued on 7th April, 1965. It is not also clear why the Ministry of Finance who concurred in the sanction did not verify the existence of necessary provision for the purpose. The Committee would like the Ministry of Finance to look into the reasons for these failures and take remedial action.

Serial No. 5 Appendix XLI to 69th Report (3rd Lok Sabha).

Action taken

The observations made by the P.A.C. have been duly brought to the notice of the Ministry of Finance who have advised us that greater care should be exercised in certifying the availability of funds in future.

As stated in reply to the P.A.C. observation in the earlier para, the sanction for the value of the gift paper received by the Delhi Administration could not be issued during 1963-64 for the reasons stated above. After the close of the financial year the Delhi Administration was advised to make budget provision for the value of the paper in the Area Demand of the Delhi Administration 1964-65. Though the Delhi Administration informed us in January 1965 that the amount will be met by adjustment in the final excess and savings, it is regretted that prior checking of the existence of adequate funds during 1964-65 to admit of the entire adjustment escaped the notice of the Ministry of Education. It turned out later that only Rs. 3,84,967 was available for the purpose in the Capital Outlay Grant with the result that the size of the net excess came to Rs. 2,10,033. However, to minimise the chances of any such lapses in future a new procedure has since been brought into operation. According to the new procedure it is necessary to obtain a certificate of availability of funds from the Coordinating Budget Section before issuing any expenditure sanction.

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIRS)

Recommendation

The Committee are surprised to learn that the Department issued such instructions to the Pay & Accounts Officer in March, 1965 which were in contravention of the provisions in the Financial Rules (Rule 75 of General Financial Rules) and of the recommendations of the Public Accounts Committee contained in para 6(vi) of their 41st Report (Second Lok Sabha) and para 7 (iii) of their 16th Report (Third Lok Sabha). The Committee hope that such contravention of Financial Rules by the Ministries will not occur in future.

S. No. 6 of Appendix XLI to the 69th Report—3rd Lok Sabha.

Action taken

Necessary instructions have already been issued in pursuance of Para 7 (iii) of 16th Report of the Public Accounts Committee (3rd Lok Sabha) vide this Ministry's O. M. No. F. 8(3)-B 64 dated 10th August, 1966—copy forwarded to the Lok Sabha Sectt. vide this Ministry's O.M. bearing the same number dated 19-8-1966.

GOVERNMENT OF INDIA

MINISTRY OF FOOD, AGRI., CD & COOPERATION

(DEPARTMENT OF AGRICULTURE)

Recommendation

The Committee are surprised to learn that the Department issued such instructions to the Pay & Accounts Officer in March, 1965, which were in contravention of the provisions in the Financial Rules (Rule 75) of General Financial Rules and of the recommendations of the Public Accounts Committee contained in para 6 (VI) of their 41st Report (Second Lok Sabha) and para 7 (iii) of their 16th Report (Third Lok Sabha). The Committee hope that such contravention of Financial Rules by the Ministries will not occur in future. [Sl. No. 6 of Appendix XLI (Para 3.8) of 69th Report (Third Lok Sabha).]

Action taken

Noted.

Recommendation

When the stores for which indents were placed in 1963-64 were not received during that year, but in the following year; necessary provision should have been made in that year *viz.* 1964-65. Had this been done, the excess would have been avoided. The Committee would like the Min. of Finance to issue suitable instructions on the subject.

[Sl. No. 8 (para 3.11) of Appendix XLI to the 69th Report of the P.A.C. (3rd Lok Sabha)].

Action taken

As desired by the Committee necessary instructions have been issued to the Ministries Deptts. (vide O. M. No. F.12(14)-E(Coord)| 67, dated 18-8-1967. (See Annexure to Sl. No. 1).

MINISTRY OF HEALTH, FAMILY PLANNING AND URBAN DEVELOPMENT

(DEPTT. OF HEALTH & U. D.)

Recommendation

When the stores for which indents were placed in 1963-64 were not received during that year, but in the following year, necessary provisions should have been made in that year *viz.* 1964-65. Had this been done, the excess would have been avoided. The Committee would like the Ministry of Finance to issue suitable instructions on the subject.

[S. No. 8 of Appendix XLI para No. 3.11 of the sixty ninth Report of the Public Accounts Committee (Third Lok Sabha)].

Action taken

Necessary instructions have been issued by the Ministry of Finance vide their O. M. No. F. 12 (14)-E (Coord)|67, dated 18th August, 1967 which are being followed in this Department. As regards non provision of the excess expenditure in the Budget of 1964-65 it may be stated that in the past, Liability Registers were not maintained and as such no budget provisions was made. Liability Registers are now being maintained.

It may also be added that this Ministry have now an Internal Financial Adviser who has been entrusted with the task of seeing that there is proper control over expenditure and supplementary

provisions are provided for whenever the excess expenditure exceeds or is likely to exceed the sanctioned Budget Grant.

This 'note' has been vetted by Audit.

[F. 26.2/67-E G., Dt., 7.9.1968.]

MINISTRY OF WORKS, HOUSING & SUPPLY

(DEPARTMENT OF WORKS & HOUSING)

Recommendation

The Committee feel that there has been failure in both these cases to provide for required funds due to the failure of the authorities concerned to ask for the funds to meet expenditure which was obviously unavoidable. They hope that the authorities will be more careful in future.

[S. No. 10 of Appendix XLI, para 3.15 of the 69th Report of the Public Accounts Committee (1966-67) (Third Lok Sabha)].

Action taken

The recommendation of the Committee has been noted for compliance.

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION

(DIRECTORATE GENERAL OF EMPLOYMENT AND TRAINING)

Recommendation

The Committee feel that "Technical difficulties" cannot be accepted as justification for incurring excess expenditure. They desire that the so called "technical difficulties" should be resolved, in consultation with the Ministry of Finance and Audit to avoid a recurrence of this nature.

[S. No. 12 Appendix XLI to 69th Report (Third Lok Sabha) to the Public Accounts Committee (1966-67)].

Action taken

The observations of the Public Accounts Committee have been noted. The procedure for the adjustment of the customs duty and other incidental charges in respect of the U.S. equipment received for Craftsmen Training Scheme was settled in consultation with the Finance Ministry and the Comptroller and Auditor General of

India and the revised arrangement has been given effect to from the accounts for 1965-66. The "Technical difficulties" have thus already been resolved in this case.

The above note has been vetted by the Accountant General, Central Revenues, New Delhi.

MINISTRY OF FINANCE
((DEPARTMENT OF EXPENDITURE))

Recommendation

The Committee desire that the question of suitably amending the form of the liability Register may be taken up by the Min. of Finance in consultation with Audit, so that it may give a clearer picture for correctly assessing the quantum of expenditure likely to be incurred in a current year, for the purpose of budgetary control.

[Sl. No. 13(para 3.20) of Appendix XI.I to the 69th Report of the P.A.C. (3rd Lok Sabha)].

Action taken

The matter is under examination in consultation with the C. & A.G., and the Committee will be informed of the decision in due course.

[Min. of Fin. U.O. No. F. 12(14)-E(Coord) '67, dt. 27-10-1967.].

Further Information

As desired by the Committee the matter was taken up with the C. & A.G. and the existing form of liability Register has been suitably modified in consultation with him, *vide* Ministry of Finance O.M. No. F. 12(26)-E(Coord) '67, dated 2-12-1967 (Annexure).

[Min. of Fin. O.M. No. F. 12(26)-E(Coord) '67 dt. 15-2-1968].

ANNEXURE

No. F. 12(26)-E (Coord)/67

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

New Delhi, the 2nd December, 1967

OFFICE MEMORANDUM

SUBJECT:—69th Report of the P.A.C. (Third Lok Sabha) Recommendation No. 13 (para 3.20)—Suggestion for amending the form of liability register.

The Public Accounts Committee, while commenting on a case of excess over the sanctioned grant during 1964-65 due to the defective maintenance of the Liability Register by a Ministry, had suggested that the question of suitably amending the form of the Liability Register should also be examined so that it might give a clear picture of correctly assessing the quantum of expenditure likely to be incurred in a current year for the purpose of budgetary control.

2. The matter has been examined by this Ministry in consultation with the C. & A.G. At present the existing columns in the Register for recording probable expenditure, actual record of payment and the balance of liabilities, do not provide for indicating these particulars year-wise, as it was intended that a note of these would be kept in the Remarks column of the Liability Register in cases where the liabilities are expected to be cleared over a period exceeding one financial year. With a view, however, to place the position beyond doubt and in the interests of better and effective budgetary control by the controlling authorities, it has been decided that the columns 11,12,14 and 15 of the existing Form GFR 6 and Parts II and III of G.F.R.

6-A. (as inserted by Correction Slip No. 29 to G.F.Rs. 1963) should be amplified as indicated below:—

(a) In Form G.F.R. 6:

(Cols. 11 & 12)	(Col. 14)	(Col. 15)
Probable month and year in which the expenditure will be accounted for in the departmental expenditure statement	Record of payment (Col. 10—col. 14(b))	Balance Commitments (Col. 10—col. 14(b))
Month & year	Amount of expdr. likely to be incurred	Month & year Amount (a) (b) (a) (b)* Year(s) in which it is likely to be discharged.

(b) In Form G.F.R. 6-A:

The columns 3 and 4 of Part II and column 3 of Part III of Form G.F.R. 6-A will consequently be modified as follows:—

Part II of Form G.F.R. 6-A

(col. 3)	(col. 4)
Record of Payment	Balance commitment
(a) Month & year.	(b) Amount (a) Amount (b)* Year(s) in which the balance of commitments is likely to be discharged.

Part III of Form G.F.R. 6-A

(Col. 3)	(b)* Year(s) in which the balance of commitment is likely to be discharged.
(a) Amount	(b)* Year(s) in which the balance of commitment is likely to be discharged.

*If the balance of commitment is to be discharged during more than one financial year, the year-wise break-up of the amount should be indicated.

3. The Ministry of Transport and Shipping etc., are requested to note the above changes for compliance and also issue suitable instructions to all authorities under them for ensuring proper maintenance of the Liability Register in the revised amplified form.

4. The necessary amendments to the compilation of General Financial Rules will be issued **separately**.

N. N. K. NAIR,

Deputy Secretary to the Government of India.

To

All Ministries/Deptts. of the Govt. of India.

Copy forwarded for information to:—

- (i) All Expenditure Branches.
- (ii) E. II. (A) Branch.
- (iii) Lok Sabha Sectt. (P.A.C. Branch).
- (iv) A. G. C. R., New Delhi.
- (v) C. & A. G. (with 140 copies) with reference to his endorsement No. 2679-TA. II/358-67, dated 20-10-1967.

N. N. K. NAIR,
Deputy Secretary to the Government of India.

Recommendation

Subject to these observations the Committee recommend that the excess referred to in para 2.1 above be regularised in the manner prescribed in article 115 of the Constitution.

[S. No. 14 of Appendix XLI to the 69th Report-3rd Lok Sabha].

Action taken

Demands for Excess Grants for 1964-65 have since been presented to the Lok Sabha.

—II—

Recommendations observations which the Committee do not desire to pursue in view of the replies of Government.

MINISTRY OF EDUCATION

Public Accounts Committee

Recommendations

It is not clear to the Committee as to why necessary budget provision was not obtained immediately after the allocation of paper to the Delhi Administration and the transaction not adjusted in the accounts of the year in which it took place.

Serial No. 4 Appendix XLI to 69th Report (3rd Lok Sabha)

Action taken

It has been explained in our earlier note dated 7-7-1966 that this Ministry had been receiving 2,000 tons of printing paper every year from Australia during 1962-63, 1963-64 and 1964-65 under the Colombo Plan Agreement. Although the papers started arriving in 1962-63, the accounting procedure in respect of this paper could be finalised by the Ministry of Finance (Department of Economic Affairs) only in December, 1962 and detailed instructions issued *vide* their circular letter No. F. 8(29)-ECA(A)/62 dated the 18th December, 1962 addressed to all the Accountant Generals, with endorsement copies to the State Governments. Further, it was in October, 1963 when it was decided that the Ministry of Education should provide budget provision for Australian gift paper in the Central accounts. By this time the first year's paper had already arrived and half of the second year's paper had also started arriving. According to the procedure the budget provision was to be made by creating counterpart funds and making equivalent provisions in the Capital and Revenue Grants of the Ministry to cover the Rupee equivalent of the C.I.F. value of the paper received during the particular year.

Since the last date, *viz.* (12-11-63) for submission of budget estimates for the year 1964-65 under the scheme of staggering of budget proposals had already long passed by the time the budgetary procedure had been determined, it was not possible for the Ministry of Education to make budget provision either in the Revised Estimates,

for 1962-63 or in the Budget Estimates for 1963-64. The only alternative course was, therefore, to provide necessary funds in the Revised Estimates for 1963-64 and Budget Estimates for 1964-65. The Ministry of Education, therefore, took steps to propose budget provision for the purpose in October, 1963, both under Revenue and Capital Outlay of Accounts. A consolidated provision was thus made in the Revised Estimates for 1963-64 to cover the cost of 4,000 tons of paper received during the year 1962-63 and 1963-64. Likewise a provision was also made in the budget of 1964-65 to cover the cost of 2,000 tons which was the quota for that year.

As there was no original budget provision for the purpose in 1963-64 for reasons explained above, the Ministry had to go in for a supplementary Grant for 4,000 tons of paper i.e. (2,000 tons for each of the two years). Accordingly a Supplementary Grant of Rs. 83 lakhs was obtained in February-March, 1964 and 18 adjustment sanctions including the one for the Delhi Administration in respect of paper supplied during 1962-63 and 1963-64 were referred to the Ministry of Finance for concurrence before issue. The adjustment sanctions in respect of States were concurred in by the Ministry of Finance on 26-3-64. The adjustment sanction for the Delhi Administration had to be deferred to the next financial year (1964-65) as the Ministry of Finance had advised (26.3.64) that funds to meet the revenue part of expenditure should appropriately be found from the Area Demand of the Delhi Administration and not from the Central Demand of Grants-in-aid to States and Union Territory Governments. It was, therefore, too late to advise the Delhi Administration to provide the budget in their Revenue Grant for the value of paper allotted to them. It will thus be seen that despite the Ministry's anxiety to do its best up to the end of the financial year, it was not possible to sanction adjustment in respect of the Union Territory during 1963-64 because the circumstances were beyond their control.

GOVERNMENT OF INDIA

MINISTRY OF FOOD, AGRICULTURE, C D & COOPERATION
(DEPARTMENT OF AGRICULTURE)

Recommendations

In the note furnished by the Ministry, it has been stated that the expenditure upto 15th March, 1965, had already exceeded the budget provision. If so, the Committee are unable to understand why the question of additional provision of funds, if necessary, by obtaining an advance from the Contingency Fund of India was not examined

by the Department of Agriculture immediately after the Pay and Accounts Officer noticed the excess.

[S. No. 7 of Appendix XLI (Para 3.9) of 69th Report (Third Lok Sabha)].

Action taken

The reasons for excess expenditure under Grant No. 36 Ministry of Food and Agriculture during 1964-65 have been explained in Part II—Appendix III of the 69th Report (Third Lok Sabha). As regards provision of additional funds by obtaining an advance from the Contingency Fund of India, it is submitted that though the expenditure had exceeded according to the amounts booked by the Pay and Accounts Office, this Department came to know of this excess only when it was brought to its notice by the Pay and Accounts Office in his letter No. BBA. 8(1)/64-65/1955-56 dated the 25th March, 1965. As this Grant contained provisions for Department of Agriculture, Department of Food and Office of the Pay & Accounts Officer, Ministry of Food and Agriculture, it was not possible for want of time, to assess the overall net excess under this Grant so as to get the necessary advance from the Contingency Fund in time for Appropriations on the 31st March.

MINISTRY OF IRRIGATION & POWER

Recommendations

In the opinion of the Committee, an excess expenditure of more than Rs. 6.13 crores against a final grant of Rs. 17.21 crores does indicate lack of proper control over expenditure. In the latter part of February, 1965, Chief Engineer, Farakka Barrage Project had estimated his final requirements at Rs. 18.81 crores. Had the Ministry initiated proper action to meet these requirements, this heavy excess could have been avoided. The Committee desire that the failure to do so should be inquired into and responsibility fixed.

[S. No. 9 Appendix XLI of 69th Report (Third Lok Sabha)].

Action taken

The requirement of the Chief Engineer was received in the Ministry of Irrigation and Power on the 20th February, 1965. The Financial Adviser and Chief Accounts Officer's comments were received on the 27th February, 1965 vide his U.O. note No. 21/Finance/84/1555.

dated the 25th February, 1965 (copy enclosed). The Financial Adviser and Chief Accounts Officer examined item by item the requirements of the Chief Engineer, Farakka Barrage Project. The note is self revealing. The Chief Engineer had been varying his demands frequently. Even at the time of the second quarterly review in December, 1964, he was not convinced of its reality. The Financial Adviser and Chief Accounts Officer also did not consider the demand as justified. He did not also make any definite recommendation in this regard. The Chief Engineer, Farakka Barrage Project, himself in his letter No. 3052(3), dated the 3rd March, 1965 (received in the Ministry on 6th March, 1965), curtailed his demand to Rs. 16.21 crores. As the demand of the Project was fluctuating from the time the Budget Estimates for 1964-65 were framed, it was felt that the expenditure will not reach the figure of Rs. 16.21 crores. The expenditure during February, 1965, was Rs. 2.90 crores and Rs. 5.50 crores was adjusted in March, 1965 alone against the average of Rs. 1.14 crores per month in the first ten months of the financial year 1964-65. The expenditure during the last two months of the year was therefore unusually heavy.

Although the Ministry was aware of the probable excess in expenditure towards the fag end of the financial year 1964-65, it was considered that in view of the instructions issued to the Chief Engineer, Farakka Barrage Project, that unavoidable expenditure may be incurred but reasons for excess should be suitably explained in each case at the time of appropriation accounts, it would be possible to restrict the expenditure. In view of this the question of obtaining an advance from the Contingency Fund of India was not initiated by this Ministry. The omission is regretted.

Sd/- (BALESHWAR NATH),

Joint Secretary to the Government of India.

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION & POWER

OFFICE OF FINANCIAL ADVISER & CHIEF ACCOUNTS OFFICER, FARAKKA
BARRAGE PROJECT

Will the Under Secretary to the Government of India, Ministry of Irrigation and Power (FBP) kindly refer to Chief Engineer's letter No. B. 5 (Pt. VIII) /2194(3) dated 16th February, 1965 forwar-

ding a review of the Budget position for 1964-65? Ministry's telegram endorsed to me under No. 6(9)/65-FBP dated 11 February, 1965 also refers.

2. My comments are as below:

(i) It has been stated by the Chief Engineer that the requirement of funds in 1964-65 was "drastically reduced at the suggestion of the F.A. & C.A.O." and that there was not much time left for going into more details before the submission of the Budget. In this connection I have to observe as under:

In his U.O. No. 3746 dated 7th December, 1964 the Chief Engineer endorsed the second Quarterly Review to me stating as follows:

"The present demand appears to me to be absurd. I have already talked to F.A. He desires to make a thorough scrutiny in consultation with each S.E. individually. I should await F.A.'s scrutiny."

(ii) In the letter forwarding the second Quarterly Review, the Chief Engineer has stated that the review has been made in consultation with me. As will be seen from para 1 of my U.O. No. 21/Fin/64-65/1033 dated 30th December, 1964 the review was taken up at the instance of the Chief Engineer and my recommendations were accepted by him. The reductions were also accepted by the Superintending Engineers when the budget was discussed with them.

(iii) I would also point out that the details as suggested in my U.O. dated 30th December, 1964 have not been furnished for the present review with the result that my recommendations were delayed and even now have to be based on conclusions made on the basis of my own figures.

3. A (5) (1) *Farakka Barrage*:-

Against a figure of Rs. 4.37 crores included in the second Quarterly Review the present demand is shown at Rs. 5.14 crores i.e. additional requirements of Rs. 76.19 lakhs.

But the break-up of this figure shows as follows:

(i) *A. Preliminary*:- Against Rs. 1.73 lakhs included in the II Review the present provision is Rs. 1.60 lakhs i.e. a saving of Rs. 7000/-. The break-up as seen from C.E.'s file shows Rs. 2,55,000 included in Rs. 5.14 crores. Therefore

Rs. 5.14 crores has to be reduced by Rs. 90,000/- and limited to Rs. 5.13 crores.

(ii) **B-Land**:—Against Rs. 10.80 lakhs provided in the II Review, the proposal is to reduce this to Rs. 8.80 lakhs. This may be accepted.

(iii) **C-Works**:—Against Rs. 71.87 lakhs in II Quarterly Review, the present proposal is to reduce this to Rs. 70.59 lakhs. (The break-up given to the Chief Engineer shows Rs. 70.49 lakhs and is to be corrected). This may be accepted.

(iv) **K-Buildings**:—Against Rs. 1.02 crores in the II Review, the requirement now shown is Rs. 1.16 crores.

This increase is accounted as follows :—

Division	II Revised	Present Demand	Expenditure up to 1/65	Excess
L. B. Division	7 lakhs	8.91 lakhs	7.79 lakhs	+1.91 lakhs
Workshop Divn.	1 lakh	1.68 ..	0.36 ..	+0.68 ..
Electrical Division	..	0.57 ..	..	+0.57 ..
Lock Division	40 lakhs	50.61 ..	40.34 ..	+10.61 ..
Township Divn.	44 ..	44.46 ..	35.13 ..	+0.46 ..
R.B.B.D. III	7 ..	7.00 ..	5.52 ..	
Civil Stores	0.50 ..	0.50 ..	0.19 ..	
Quary	2.00 lakhs	2.00 lakhs	1.25 lakhs	
Mechanical Stores				
Division	0.50 ..	0.50 ..	0.13 ..	
	102.00 lakhs	116.23 lakhs	90.71 lakhs	14.23 lakhs

The above shows that against an average monthly expenditure of Rs. 8 to 9 lakhs (October-January, 1965), they intend to spend 26 lakhs in 2 months. The rate of expenditure from October, 1964 onwards is also more or less constant. With the above, it is difficult to anticipate any sudden spurt.

(v) **O-Miscellaneous**: In the II Revised we have provided Rs. 1.01 crores. The present demand is Rs. 0.47 crores i.e. a saving of Rs. 0.54 crores.

(vi) *P-Maintenance* :—II Revised : 1.37 lakhs
 Present Demand : 1.31 „

The expenditure up to 1/65 is only Rs. 0.31 lakhs.

(vii) *Q-Special T & P* :— II Revised: . . Rs. 1.48 crores
 Present Demand: . . Rs. 2.68 crores

Expenditure up to 1/65 is Rs. 1.25 crores.

This is as follows :

Division	II Revised	Present Demand	Expenditure up to 1/65
Civil Stores	47.50 lakhs	47.50 lakhs	19.26 lakhs
Quary	—	—	0.49 „ *
Workshop	85.00 lakhs	205 lakhs	106.00 „
Mechanical Stores	15.00 „	15.00 „	0.43 „
	147.50 lakhs	267.50 lakhs	126.18 lakhs

*Left out of account as no demand is made.

Workshop Division which has asked for about Rs. 120 lakhs more has spent:

up to 9/64 . . . . .	.....	Rs. 10.74 lakhs
10/64 . . . . .	.....	1.05 „
11/64 . . . . .	.....	28.40 „
12/64 . . . . .	.....	16.37 „
1/65 . . . . .	.....	49.35 „
		105.91 lakhs

No details have been furnished nor were any available in the division. Without details of anticipated arrivals etc. It is difficult to accept the proposal 'in toto'.

4. A(5)(1)(2) Establishment :

II Revised Rs. 26 lakhs

Present Demand Rs. 30.14 lakhs

Expenditure up to 1/65 Rs. 21 lakhs

The II revised was provided on a pro rata basis. In 6 months they spent Rs. 10.55 lakhs and in 10 months Rs. 21 lakhs which shows that the 'pro rata' assessment is safe.

5. A(5)(1)(3) - T & P :

II Revised	Rs. 6.97 lakhs
Present Demand	Rs. 7.22 ,,
Expenditure up to 1/65	Rs. 3.68 ,,

The major requirements are from workshop Division who have increased their demand from 3 lakhs to 3.65 lakhs with an expenditure of Rs. 2.62 lakhs up to end of 1/65. Against this, Mechanical Stores Division which had a provision of Rs. 2 lakhs has spent only Rs. 0.61 lakhs up to 1/65. Existing funds can be redistributed.

6. A(5)(1)(4) - Suspense :

DEBITS : II Revised	Rs. 7.97 crores (Dr.)
Present Demand	Rs. 11.59 crores (Dr.)
Dr. to end of 1/65	Rs. 7.72 crores**

** up to 9/64 taken from II Revised.

10/64 - 1/65 figures from F.A. & C.A.O.

Circle	II Revised	Present Demand	Debits Upto 1/65
R.B.B.C.	37.31 lakhs	37.31 lakhs	25.07 lakhs
Canal	45.74 ,,	51.36 ,,	20.49 ,,
Resources	603.27 ,,	776.49 ,,	555.86 ,,
P & M	100.13 ,,	225.14 ,,	125.50 ,,
L.B.B.C.	10.23 ,,	68.30 ,,	48.97 ,,
	796.68 ,,	1158.60 ,,	771.89 ,,

In the case of LBBC, their provision was reduced as they were also operating Suspense for the same stores for which Civil Stores had provision. This was explained to the S.B. and the figure reduced. But in the present demand the figure originally asked for has been partly reinstated.

CREDITS :	II Revised	Present Demand	Rs. 6.85 crores (Cr.)
	Present Demand		Rs. 9.03 crores (Cr.)
	Cr. to end of 1/65		Rs. 5.57 crores (Cr.)

Circle	II Revised	Present Demand	Credit to end of 1/65
R.B.B.C.	34.42 lakhs	34.42 lakhs	12.85 lakhs
Canal	41.24 ..	69.36 ..	52.66 ..
Resources	517.80 ..	598.31 ..	369.43 ..
P & M	84.23 ..	190.78 ..	114.96 ..
I.B.B.C.	7.73 ..	10.30 ..	7.00 ..
	685.42 ..	903.17 ..	556.90 ..

The final position will be—

	II Revised	Present Demand	Upto 1/65
Dr.	796.68	1158.60	771.89
Cr.	685.42	903.17	556.90
NET	111.26 lakhs	255.43	214.99 lakhs

No details for the increase are available except that it is perhaps based on average rate. This is no basis as it is seen that (presuming correct figures) the amounts more than doubled in the last 4 months.

7. A(5)(2)(i)—Feeder Canal :

(i) *A—Preliminary* :—

II Revised	Rs. 10,000/-
Present Demand	Rs. 50,000/-
Expenditure up to 1/65	Rs. 9,000/-(CE's figures)

Even on the basis of expenditure there is no justification for increase as no details have been given.

(ii) *B-Land* :—

II Revised	Rs. 13.80 lakhs
Present Demand	Rs. 50.00 lakhs
Expenditure up to 1/65	NIL

The present demand reinstates the cut made in the Review. The anticipations are perhaps based on land debits coming in by 31-3-1965. No details are available.

(iii)

II Revised	Rs. 46 lakhs
Present Demand	Rs. 46.20 lakhs
Expenditure up to 1/65	Rs. 23.44 lakhs

Rs. 20,000/- only is asked for no change seems necessary.

8. *A(5)(2)(2) Establishment* :—

II Revised	Rs. 2.60 lakhs
Present Demand	Rs. 3.50 lakhs
Expenditure to end of 1/65	Rs. 2.73 lakhs

The excess is perhaps due to some wrong adjustment as there is considerable saving under "Establishment" in Jangipur Barrage. (Please see para. 12 below).

9. *A(5)(2)(3)—T & P* :—

II Revised	Rs. 15,000
Present Demand	Rs. 22,000
Expenditure up to 1/65	Rs. 19,000 (CE's figures) Rs. 12,000 (EA's figures)

The figures of expenditure taken by C.E. are to be verified. On the figures booked by me no further provision is needed.

10. *A(5)(2)(4) Suspense* :—

II Revised	Dr. 0.40 lakhs
	Cr. 0.20 lakhs
Present Demand	Dr. 29.01 lakhs
	Cr. 0.87 lakhs

In the II Revised, the figures asked for by the circles were provided and no cut was made. It is not clear why present increase would not be anticipated.

11. *A(5)(3)(1)—Jangipur Barrage* ;—

(i) *Preliminary* :

II Revised	Rs. 0.10 lakhs
Present Demand	Rs. 0.05 lakhs
Expenditure up to 1/65	Rs. 0.10 lakhs

(adjustment expected and hence the reduction.)

(ii) *B—Land* :—

Revised II	Rs. 1.00 lakhs
Present Demand	Rs. 6.44 lakhs
Expenditure up to 1/65	NIL

Please see comments under *B—Land* in A(5)(2)—Feeder Canal.

(iii) *K—Buildings* :—

II Revised	Rs. 3 lakhs
Present Demand	Rs. 4.55 lakhs
Expenditure up to 1/65	Rs. 1.31 lakhs

Division	II Revised	Present Demand	Expenditure upto 1/65
Feeder Canal	1.50 lakhs	1.55 lakhs	0.28 lakhs
Jangipur Barrage	1.50 lakhs	3.00 lakhs	1.12 lakhs
	2.00 lakhs	4.55 lakhs	1.40 lakhs

The expenditure figures do not justify any increase.

(iv) *O—Miscellaneous* :—

II Revised	Rs. 0.64 lakhs
Present Demand	Rs. 0.69 lakhs
Expenditure up to 1/65	Rs. 0.15 lakhs

Expenditure figures for do not justify any increase.

12. *A(5)(3)(2)—Establishment* :—

II Revised	Rs. 1.11 lakhs
Present Demand	Rs. 0.63 lakhs
Expenditure up to 1/65	Rs. 0.33 lakhs

There is a reduction in expenditure. Please see my comments under A(5)(2)(2).

13. *A(5)(3)(3)—I & F* :—

II Revised	Rs. 0.11 lakhs
Present Demand	Rs. 0.20 lakhs
Expenditure up to 1/65	Rs. 0.02 lakhs

Expenditure does not justify increase.

14. A (5)(3)(4)—*Suspense* :—

II Revised	•	•	•	Dr. 10 lakhs Cr. 2 lakhs
Present Demand	•	•	•	Dr. 20 lakhs Cr. 3 lakhs
Figures up to 1'65	•	•	•	Dr. 6.99 lakhs (FACAO's Cr. 2.05 lakhs figure)

On the basis of the above no change is necessary.

MINISTRY OF WORKS, HOUSING AND SUPPLY

(DEPTT. OF W & H)

Recommendation

The committee desire that as this matter raises an important issue, it should be carefully considered in consultation with the Ministry of Law and other authorities concerned at an early date.

S. No. 11 of Appendix XLI
(Para 3.17 of the 69th Report.)

Action Taken

By virtue of the provisions of Section 154 of the Government of India Act, 1935 and Article 285 of the Constitution, the property of the Central Government is exempted from payment of all taxes imposed by a State or by an authority within a State, except those properties which were liable to tax before the 1st April, 1937. In the latter case also the Government are liable to pay only such taxes as were being paid before the 1st April, 1937 except in the case of properties in Union Territories. However, on representations from the various local bodies that notwithstanding the constitutional provisions, the Government should agree at least to the payment of charges for services rendered by local authorities, the Government of India agreed that payment should be made w.e.f. the 1st April, 1954 to local bodies for service charges in respect of Central Government properties for specific services rendered by the local authorities. The payment of such service charges is not to be treated as payment of taxes but as compensation payable under quasi-contract. The detailed basis on which such service charges are payable was laid down by the Ministry of Finance (Dept. of Economic Affairs) *vide* their letter No. 14(1)-P/52-1, dated the 10th May, 1954 (copy enclosed).

2. The basis on which the quantum of such service charges would be arrived at was reconsidered and laid down *vide* the Ministry of W.H.&S. letter No. Cont. 23(13)59, dated the 2nd August, 1961 (copy enclosed). However, the basis laid down in the above mentioned two letters was not considered adequate and the question remained

under consideration in consultation with the various Ministries and a revised basis was laid down vide the Ministry of Finance (Deptt. of Co-ordination) letter No. 4(7)-P/65, dated the 29th March, 1967 (copy enclosed).

3. As regards the Central Government properties in the Union Territory of Delhi, procedure for payment of taxes/service charges was laid down by the Ministry of Home Affairs vide their O.M. No. 20/11/63-Delhi, dated the 30th April, 1964, (copy enclosed). According to these orders, even on properties constructed on or after the 26th January, 1950, taxes on buildings and lands as leviable under the Punjab Municipal Act, 1911 is payable upto the 17th March, 1954 and service charges at 75 per cent of such taxes on buildings and lands from the 1st April, 1954. These orders were issued by the Ministry of Home Affairs after consulting the Ministry of Law. A copy of the Ministry of Law u.o. No. 594 Advice (B), dated the 1st February, 1964 is enclosed. The Ministry of Law who were again consulted in April, 1968 have stated that the legal position as stated in that u.o. note remains unchanged.

Delhi was a Chief Commissioner's Province under the Government of India Act, 1935. It was a Part 'C' State under the Constitution until 1st November, 1956. On that date it became a Union Territory. The immunity conferred on property of the Government of India under Section 154 of the Government of India Act, 1935, was not available to the property situated in the Chief Commissioner's Province. Similarly, the immunity under article 285 of the Constitution also did not extend to such properties situated in Delhi. Even after 1st November, 1956 when Delhi became a Union Territory, article 285 of the Constitution did not apply to Delhi as the expression 'State' occurring in article 285 of the Constitution does not include a Union Territory. Hence exemption from state taxation conferred by the said article in respect of the property of the Union does not apply in relation to any taxes imposed by an authority in a Union Territory. Property of the Union was therefore liable to taxes imposed by an authority within the Union Territory of Delhi subject to such exemptions as were available under the relevant laws in force in Delhi from time to time.

4. While explaining the excess under head "B-Repairs" under grant No. 91-Public Works 1964-65, it was stated by this Ministry that the excess was mainly attributable to inevitable payments made towards the close of the year towards the payment of arrears of property tax paid to local bodies, not provided for. In fact, the

excess related to the arrears of property tax as well as service charges paid to local bodies in accordance with the orders referred to above. The commission is not mentioning the payment of service charges in addition to the property taxes in the note submitted by this Ministry while explaining the excess was caused inadvertently and is greatly regretted.

A copy of the Audit observation is also attached, as desired by the A.G.C.W&M.

New Delhi
Dated the 24 June, 1968.

Copy of letter No. 14(1)-P|52-I, dated the 10th May, 1954 from the Ministry of Finance (Department of Economic Affairs), New Delhi to the Chief Secretaries to the Government of All Part 'A' and Part 'B' States (Except Jammu and Kashmir) etc.

Subject.—Payment of service charges to local bodies in respect of Central Government properties.

Under clause (1) of Article 285 of the Constitution the properties of the Government of India are exempt from all taxes imposed by local authorities in the States. It has been represented to the Government of India that notwithstanding this Article the Government should agree at least to the payment of charges for services rendered by local authorities. The Government of India have given careful consideration to such representations in the light of the recommendations made by the local Finance Enquiry Committee in regard to taxes in Central Government properties. They have decided that payment should be made with effect from 1st April, 1954 to local bodies for "service charges" in respect of Central Government properties on the following basis:—

- (1) The Central Government will make payment in respect of their properties for *specific services* rendered by local authorities but such payments of such "service charges" shall be treated not as payment of taxes but of compensation payable in quasi-contract. *Specific Services* will include not only direct services such as water and electric supplies, scavenging etc., but also general services such as street lighting, town drainage, approach roads connecting the Central Government properties, etc. But such items as educational, medical or public health facilities will be excluded.
- (2) For large and compact blocks of their properties the Central Government will not pay for such specific services as they themselves arrange.
- (3) As regards assessment, no difficulty should arise in respect of items like metered water or electricity etc., or where services like drainage and scavenging, etc., are charged

for separately. But where some or all such specific services are not charged for separately, but are part of a consolidated house or property tax, a suitable percentage of such consolidated tax, representing the element of specific services, will be paid by the Government. The State Government concerned may kindly fix this percentage, on behalf of the Central Government, for each local body concerned and intimate such percentage to the Ministry of W.H.&S. who will arrange to intimate them to all other Ministries of the Government of India and through them to all the Central Government Offices concerned. Similarly, the valuation of the Central Government property may be done by the agency which undertakes the valuation of the State Government property and any references regarding changes in valuation should be made to the Ministry of Railways (Railway Board) in the case of Railways properties and to the Ministry of W.H.&S. in other cases (where any question of the principle is involved, the Ministry of Railways will act in consultation with Ministry of W.H.&S.).

- (4) A Ministry of the Government of India may also enter into separate contract with any local authority for the supply of water and electricity or scavenging or any other services.
- (5) The above arrangements will be subject to review, either in case the Taxation Enquiry Commission suggests any modification or at the end of ten years, to see whether any payment due to local bodies has been denied by the Central and whether the Central Government has accepted a larger liability than is warranted.
- (6) Properties which are already paying service or property taxes under Clause (2) of Article 285 of the Constitution will not come within the purview of these orders; nor will properties of Central Government industrial undertaking constituted into private limited companies under the Indian Companies Act.
- (7) These arrangements do not affect the legal rights conferred under the appropriate laws on any property held by the Central Government within the jurisdiction of local bodies.

I am to request that the decision of the Government of India conveyed in this letter may kindly be intimated to the local authorities within your State.

Sd/-

(C. S. KRISHNA MOORTHI),
Deputy Secretary to the Govt. of India.

Copy of letter No. Cont-23(13)59 dated the 2nd August, 1963 from Ministry of Works, Housing and Supply, New Delhi to the Chief Secretaries to all State Governments, etc.

Subject:—Service charges for Central Govt. properties situated in States—Fixation of rates of.

The position regarding exemption of Union Government properties from payment of local taxes (imposed by Municipal and local bodies) was brought out in the Ministry of Finance Government of India, letter No. 14(1)-P|52-1, dated the 10th May, 1954 (copy enclosed for ready reference). The decision of the central Government to pay service charges in respect of specific services with certain exceptions was also conveyed therein. The Principle to be adopted for computing service charges in respect of Union Govt. properties has been considered by this Ministry and it has now been decided to adopt the following procedure in this regard.

2. It has already been clarified in the Ministry of Finance letter quoted above that items like educational, medical or public health facilities, will be excluded from the scope of service charges. It has also been clarified therein that, in respect of large and compact blocks of their properties, the Central Government will not pay service charges for such services as they themselves arrange.

3. Central Municipalities compute the property tax as the sum total of specific service charges at prescribed percentages of the annual rateable value of the property. In such cases, the service charges payable by the Central Government would be the sum of the charges in respect of only those items of service that are availed of by them (charges in respect of education, medical and public health facilities will, as already stated, be excluded). Some Municipalities, however, do not relate the property tax to specific services but levy it at a prescribed percentage of the annual rateable value of the property. In such cases, the service charges payable by Government will have to be related to the actual expenditure incurred by the Municipalities on these items of service that are actually availed of by Government. The service charges payable in respect of a Central Government property will bear to the property tax the same ratio as the expenditure incurred by the local body on the

specific services availed of by Government bears to the total expenditure incurred on all the services normally covered by the property tax. The figures of such expenditure, furnished by the local bodies to the State Governments in this connection will be accepted by the Government of India if these are certified by the Examiners of Local Fund Accounts of the State Governments. It has also been decided that services charges will be calculated on the average expenditure for three years and that the service charges so fixed will remain in force for three years at the expiration of which the charges will be reviewed.

4. These orders will not apply to the Municipal Corporations of Bombay, Calcutta, and Madras regarding which separate orders will issue in due course.
5. Service charges on the basis indicated above will be payable with effect from the 1st April, 1954.
6. You are requested kindly to take early action, on the basis indicated above, to work out the dues payable to the local bodies by the Central Government in respect of their properties in your State.

No. 4(7)-P/65

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF COORDINATION)

New Delhi, the 29th March, 1967.

From,

Shri J. Murli,

Under Secretary to the Govt. of India.

To

The Chief Secretaries of all the State Governments.

SUBJECT:—Payment of service charges to local bodies in respect of Central Government properties.

Sir,

I am directed to refer to this Ministry's letter No. 14(1)-P/52-1, dated the 10th May, 1954 and the Ministry of Works, Housing and Supply letter No. Cont.23(13)59, dated the 4th August, 1961 on the subject cited above.

2. The procedure for arriving at the quantum of service charges payable to the local bodies has been further examined by the Government of India and it has been decided that the service charges should be calculated in the following manner:—

(i) In respect of isolated Central Government properties where all services are availed of by the Central Government in the same manner as in respect of private properties, the Central Government will pay service charges equivalent to 75 per cent of the property tax realised from private individuals.

(ii) In the case of large and compact colonies which are self-sufficient with regard to services or where some of the services are being provided by the Central Government Departments themselves the service charges will be calculated in the following manner:—

(a) In the case of colonies which do not directly avail of civic services within the area and are self-sufficient in

all respects, the payment of service charges will be restricted to 33 1/3 per cent of the normal rate of property tax applicable to private properties.

- (b) In respect of colonies where only a partial use of the services is made, service charges will be paid as 50 per cent of the normal property tax rate.
- (c) In respect of colonies where all the services normally provided by the municipal body to the residence of other areas within its limits are being availed of, service charges will be paid as 75 per cent of the property tax rate realised from private individuals.
- (iii) The net rateable value/annual value for the purposes of these instructions shall be 9 per cent of the 'Capital Value' of the property concerned, both in respect of residential and non-residential properties. The 'capital value' shall include the cost of acquiring or constructing the building including the cost of site, its preparation and any other capital expenditure incurred after acquisition or construction or when this is not known, the present value of the building including the value of site, as borne on C.P.W.D. records or those of the Department concerned.
- (iv) The existing arrangements arrived at between the Railways authorities or any Central Government Departments and local bodies in respect of property tax/service charges including the arrangements envisaged regarding Central Government properties in Calcutta and as regards the properties in Delhi will not be disturbed by this decision.

3. I am to request that the decision of the Government of India conveyed in this letter may kindly be intimated to the local authorities within your State.

Yours faithfully,

Sd -

J. MURLI,

Under Secretary to the Govt. of India.

No. 4(7)-P/65

Copy forwarded for information to:—

1. All Ministries/Departments of the Central Government.
2. Comptroller and Auditor General of India, New Delhi.

Sd/-

(J. MURLI),

Under Secretary to the Govt. of India.

IMMEDIATE

No. 20/11/63-Delhi.

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi-11, the 30th April, 1964/10th Vaisakha, 1886

OFFICE MEMORANDUM

SUBJECT:—*Payment of property tax/service charges in respect of Central Government properties in the Union Territory of Delhi.*

The undersigned is directed to say that the question of payment of property tax/service charges to the Delhi Municipal Corporation and the New Delhi Municipal Committee on Union properties in the Union Territory of Delhi has been under consideration of the Government. In consultation with the Ministry of Finance, it has now been decided that the property tax/service charges on Government properties will be paid to these bodies calculated on the rateable value/annual value as determined in accordance with the principles specified in paragraph 2 and as detailed in paragraph 3 below.

2. The net rateable value/annual value shall be 9 per cent of the "capital value" of the property concerned whether it is residential or non-residential. The "capital value" shall include the cost of acquiring or constructing the building including the cost of site, its preparation and any other capital expenditure incurred after acquisition or construction or when this is not known, the present value of the building including the value of site.

3. Tax on property or service charges in lieu will be paid to these bodies on the following basis:—

A. Union Government properties within the area of the Municipal Corporation of Delhi.

(i) Properties constructed before the 26th January, 1950.

Tax on buildings and land as leivable under the Punjab Municipal Act, 1911 upto the 7th April, 1958. From 7th April 1958, General Tax as specified in paragraph (d)

of sub-Section (i) of Section 114 of the Delhi Municipal Corporation Act, 1957.

(ii) Properties constructed on or after the 26th January, 1950.

Tax on buildings and land as leviable under the Punjab Municipal Act, 1911, upto the 17th March, 1954 (inclusive) and service charges at 75 per cent of such tax on buildings and land from the 1st April 1954 to the 6th April, 1958, and service charges at 75 per cent of the general tax leviable under para (d) of sub-section (1) of Section 114 of the Delhi Municipal Corporation Act, 1957 from the 7th April, 1958.

(iii) All properties whether constructed before or after the 26th January, 1950.

Service charges at 75 per cent of other property taxes, namely, water tax, scavenging tax and fire tax specified in paragraphs (a), (b) and (c) of sub-section (1) of Section 114 of the Delhi Municipal Corporation Act, 1957 from the 7th April, 1958 subject to the condition that such tax or taxes are otherwise leviable on the property if the provisions of sub-section (1) of Section 119 of the Act are not applicable.

B. Union Government properties within the area of the New Delhi Municipal Committee.

(i) Properties constructed before the 26th January, 1950:

Tax on buildings and Land as leviable under the Punjab Municipal Act, 1911.

(ii) Properties constructed after the 26th January, 1950.

Tax on Buildings and land as leviable under the Punjab Municipal Act, 1911 upto the 17th March, 1954 and service charges at 75 per cent of the tax on buildings and land from 1st April, 1954.

4. This decision will apply with retrospective effect from the commencement of the financial year 1952-53.

5. The Ministry of Works and Housing etc. are requested to make payment of property tax/service charges including arrears if any

to the local bodies in accordance with the above decisions with the least possible delay.

6. The Commissioner, Municipal Corporation of Delhi and the President, New Delhi Municipal Committee have been requested to prefer necessary claims in accordance with the decisions mentioned above in respect of property tax|service charges. To enable these authorities to prefer the claim, full particulars regarding the varicus items which are included in the "capital value" of the property mentioned in paragraph 2 above should be furnished early. In the absence of these particulars, the concerned authorities will base their calculations on the present value of the buildings|properties including the value of site.

7. The basis laid down in the preceding paragraphs shall apply until further orders to all types of Government properties irrespective of the purpose for which they are used.

8. This issues with the concurrence of the Ministry of Finance vide their U. O. No. 2839-W/64 dated 27-4-1964.

9. Receipt of this communication may please be acknowledged.

Sd/- (A. V. VENKATASUBBAN)

Deputy Secretary to the Govt. of India.

To

Ail the Ministries|Deptts. of the Govt. of India.
No. 20/11/63-Delhi. Dated the 30th April, 1964|10th Vaisakha, 1886.

Copy forwarded to the:—

Comptroller and Auditor General of India, New Delhi.

Accountant General, Central Revenues, New Delhi.

Accountant General, Commerce, Works and Miscellaneous.

Director of Audit, Defence Services.

Director of Commercial Audit.

Controller General of Defence Accounts for information.

Sd/- (A. V. VENKATASUBBAN)
Deputy Secretary to the Govt. of India.

No. 2011/63-Delhi. Dated, the 30th April, 1964/10th Vaisakha, 1886.

Copy forwarded for information to the:—

Commissioner, Municipal Corporation, Delhi.

President, New Delhi Municipal Committee, New Delhi.

and for necessary action as mentioned in paragraph 5 of the office memorandum.

2. Receipt of this communication may kindly be acknowledged.

Sd/- (A. V. VENKATASURBAN)
Deputy Secretary to the Govt. of India.

No. 13|7|64-Delhi

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi-11, the 31st August, 1964|9th Bhadra, 1886.

OFFICE MEMORANDUM

SUBJECT:—Payment of property tax/service charges in respect of Central Government properties in the Union Territory of Delhi.

The undersigned is directed to refer to this Ministry's O. M. No. 20|11|63-Delhi, dated the 30th April, 1964 on the above subject and to say that a doubt has been raised whether the words "properties constructed" used in the office memorandum include "properties acquired". As the liability to pay property tax and service charges to local bodies is the same for all Government properties irrespective of whether the properties are constructed or acquired, the words "properties constructed" used in that memorandum may taken to include "properties acquired" also.

Sd/- (A. V. VENKATASUBBAN)

Dy. Secretary to the Govt. of India.

To

All Ministries|Departments of the Government of India.

No. 13|7|64-Delhi. Dated, 31st August, 1964|9th Bhadra, 1886.

Copy forwarded for information to:—

1. Comptroller and Auditor General of India, New Delhi.
2. Accountant General, Central Revenues, New Delhi.
3. Accountant General, Commerce, Works and Miscellaneous.
4. Director of Audit, Defence Services.
5. Director of Commercial Audit.
6. Controller General of Defence Accounts, for information.

Sd/- (A. V. VENKATASUBBAN)

Dy. Secretary to the Govt. of India.

No. 13/7/64-Delhi. Dated, the 31st August, 1964/9th Bhadra, 1886.

Copy forwarded for information to:—

1. Commissioner, Delhi Municipal Corporation, Delhi .
2. President, New Delhi Municipal Committee.

Sd/- (A. V. VENKATASUBBAN)

Dy. Secretary to the Govt. of India.

MINISTRY OF LAW
(DEPARTMENT OF LEGAL AFFAIRS)

The question for consideration is whether the Delhi Municipal Corporation and the NDMC can levy the building tax on buildings owned by the Government of India in the Union Territory of Delhi.

2. The Province of Delhi was created in 1912 by a Proclamation of the Governor-General in Council and the Province then comprised of a portion of former district of Delhi in the Punjab. Section 2 of the Delhi Laws Act, 1912, continued the operation of the Punjab Laws in the Province of Delhi. Thus the Punjab Municipal Act, 1911, section 61 of which enables the imposition of a tax on buildings by a municipality, applied to the Province of Delhi. In 1915, by another Proclamation of the Governor-General-in-Council, certain villages of the United Provinces of Agra and Oudh were added to the Province of Delhi. Section 2 of the Delhi Laws Act, 1915, applied to these villages the Laws which were in force in the Punjab areas of the provinces of Delhi. Thus, the Punjab Municipal Act, 1911, came to be in force in the entire Province of Delhi including the added areas from the United Provinces of Agra and Oudh.

3. The Delhi Municipal Committee constituted in 1916 and the New Delhi Municipal Committee constituted in 1933 had the power to impose building taxes under the Punjab Municipal Act. Neither the Government of India Act, 1915, 1919, nor the Punjab Municipal Act, 1911, exempted the property of the Government of India from such taxation. However, section 71(1) of the Punjab Municipal Act, 1911, as in force in the Province of Delhi, enabled the Chief Commissioner of Delhi to exempt in whole or in part from the payment of any such tax any person or class of persons or any property or description of property. It is not known whether any order of exemption in exercise of this power was ever made by the Chief Commissioner after the two Municipalities were constituted. If there is no such order, the buildings of the Government of India could be validly levied a building tax.

4. On 1st April, 1937, the Government of India Act, 1935, came into force. Section 154 of this Act exempted property vested in His

Majesty for purposes of the Government of the Federation from all taxes "imposed by, or by any authority within, a Province or Federated State" but further provided that, until any federal law otherwise provided, any such property which was immediately before, 1st April, 1937, "Liable, or treated as liable, to any such tax, shall, so long as that tax continues, continue to be liable, or treated as liable, thereto." A question arises whether this section applied to Government Property in Delhi, which was constituted by that Act as a Chief Commissioner's Province. Section 46(3) of the Government of India Act, 1935, provided that in that act the expression "Province" meant, unless the context otherwise required a Governor's Province. Section 154 exempted Government property for all taxes imposed by a Province or by any authority within a Province. A Chief Commissioner's Province had no power to impose any tax and necessarily therefore, the reference to a Province in the section is to a Governor's Province only and not also to a Chief Commissioner's Province. The expression "any authority within a Province" in that section also ought to be construed as referring to an authority in a Governor's Province, for, the expression "a Province" cannot be construed differently as referring to a Governor's Province in the context of imposition of the tax by a Province and as including a Chief Commissioner's Province in regard to the imposition of a tax by an authority within a Province. In my opinion, section 154 did not apply to imposition of taxes by, or by an authority within a Chief Commissioner's Province, with the result that a municipality within a Chief Commissioner's Province was not precluded from imposing a building tax on Government Property. There is no change in the substance of section 154 when the Government of India Act, was adapted after India became independent. For the reasons stated above, section 154 of the Act, as adapted, also did not apply to taxes imposed by an authority within a Chief Commissioner's Province.

5. On the commencement of the Constitution, article 285 provided for exemption of the Union Property from all taxes "imposed by a State or by any authority within a State". This article also did not apply to the then Part C States as article 264(b) expressly stated that the expression "State" did not include a Part C State in the part of the Constitution in which article 285 appears. Thus, there was no exemption from taxation of Government property by authorities in Part C States.

5A. On 18th March, 1954, a new section, section 21A was inserted in the Government of Part C States Act, 1951, providing that the property of the Union shall be exempted from all taxes imposed by a Part C State or by any authority within a part C State unless any

such property was "liable or treated as liable" immediately before the commencement of the Constitution. The effect of this exemption is that the Government buildings in existence at the commencement of the Constitution were leviable to tax if they were liable or treated as liable to tax immediately before the commencement of the Constitution and the Government buildings which came into existence after the commencement of the Constitution were not liable for any tax after 18th March, 1954.

6. This position continued until 1st November, 1956 when the Government of Part C States Act was repealed by the State Reorganisation Act, 1956.

7. After 1st November, 1956, all Government buildings including those which were constructed after the commencement of the Constitution were leviable to building tax in the absence of any exemption.

8. In 1957, the Delhi Municipal Corporation Act was passed and the Punjab Municipal Act, 1911, was repealed in its application to the Union Territory of Delhi except New Delhi and Delhi Cantonment. The result was that the Punjab Municipal Act continued to be in force in New Delhi. Section 113(1) of the Delhi Municipal Corporation Act enable the Corporation to levy property taxes, which, as set out in section 114(1), include water tax, scavenging tax, fire tax and general tax. It may be observed that the general tax, though different in nomenclature, is, in character and nature, identical with the building tax leviable under the Punjab Municipal Act. The other property taxes, however, were not authorised under the Punjab Municipal Act. Section 119 of the Act exempts lands and buildings belonging to the Union from all the property taxes specified in section 114 unless any of these lands and buildings were liable or treated as liable to any of the said taxes immediately before 26th January, 1950. Since the Government buildings in existence before 26th January, 1950 within the Delhi Municipal Corporation area were liable to building tax under the Punjab Municipal Act, which is renamed as general tax in the Delhi Municipal Corporation Act, these buildings continue to be liable to the general tax, though they are not liable for other property taxes. The buildings which were constructed after 26th January, 1950 are not liable to any of the property taxes from 7th April, 1958 when section 119 of the Act came into force.

9. To sum up—

(1) All Government buildings both in the New Delhi Municipal Committee area and the Delhi Municipal Corporation

area constructed before 18th March, 1954 were liable to building tax until 18th March, 1954, under the Punjab Municipal Act, 1911, unless the Chief Commissioner of Delhi had at any time exempted all or any of the these buildings from the payment of such tax in whole or in part.

- (2) Government buildings which were constructed on or after 26th January, 1950, whether within the New Delhi Municipal Committee area or within the Delhi Municipal Corporation area, were exempt from building tax from 18th March, 1954 to 1st November, 1956 but Government buildings constructed before 26th January, 1950 within this area were liable to building tax during this period also under the Punjab Municipal Act, 1911, unless exempted by the Chief Commissioner of Delhi wholly or partly.
- (3) From 1st November, 1956 to 7th April, 1958 all Government building whether within the New Delhi Municipal Committee area or Delhi Municipal Corporation area and whether constructed before or after the 26th January, 1950, were liable to building tax under the Punjab Municipal Act, 1911, unless any of them were wholly or partly exempted from the tax by an order of the Chief Commissioner.
- (4) From 7th April, 1958 onwards all Government buildings in New Delhi Municipal Committee area, whether constructed before or after the commencement of the Constitution are liable to building tax under the Punjab Municipal Act, unless an order of exemption exists.
- (5) From 7th April, 1958 Government buildings within the Delhi Municipal Corporation Area which were constructed before 26th January, 1950 are liable to general tax under the Delhi Municipal Corporation Act (and to no other property taxes) but Government buildings constructed on or after 26th January, 1950 are not liable to any of the property taxes.

10. This note may perhaps be shown to Shri Hari Sharma who might, if necessary discuss with me the above conclusions.

Sd/- B. N. LOKUR,

Secretary.
31.1.1964.

Min. of Finance (Shri V. T. Dehejia)

Ministry of Law u.o. No. 594/Advice (B) dated 1-2-1964.

I understand that Shri Hari Sharma has discussed this with Shri Lokur.

Sd/- V. DEHEJIA,
20-2-64.

Adl. Secy. MHA.

Ministry of Finance (Works Branch) u.o. No. 1190-W dated 21-2-64.

Audit Observations

In respect of the buildings constructed after 26th January, 1950 there were periods during which taxes were not legally leviable. To remedy this situation, the Government of India in the Ministry of Home Affairs O.M. No. 2011/63-Delhi dated 30th April, 1964 sanctioned the payment of 'Service charges' in lieu of property tax, as follows:-

Period	Tax leviable	Payment as decided by the Ministry of Home Affairs in the O.M. dated 30-4-1964
<i>D.M.C.</i>		
(i) from 1-4-1954 to 31-10-1956	No building tax was leviable as due to insertion of a new Section 21(A) in Government part C States Act, 1951 from 18-3-1954 provisions of Article 285(1) of Constitution of India were applicable.	Service charges calculated at 75% of tax on buildings and land.
(ii) from 1-11-1956 to 6-4-1958	General Tax leviable under Punjab Municipal Act, 1911.	Service charges at 75% of the tax on buildings and land.
(iii) from 7-4-1958 onwards.	No buildings tax leviable as Punjab Municipal Act, 1911 was repealed in its application to the Union Territory of Delhi by Delhi Municipal Corporation Act, 1957 with effect from the 7-4-1958 consequent on which Article 285 of the Constitution of India become operative.	Service charges at 75% of General and other property tax, water tax, scavenging tax and fire tax specified in Section 114 of Delhi Municipal Corporation Act, 1957.

Period	Tax leviable	Payment as decided by the Ministry of Home Affairs in O.M. dated 30-4-64
N.D.M.C		
(i) from 1-4-1954 to 31-12-1956.	No Building tax leviable.	Service charges at 75% of the tax on buildings and land.
(ii) from 1-11-1956 onwards.	Building tax as leviable under Punjab Municipal Act, 1911.	Do.

Sd/- M. K. JAIN,
1-6-68.
Accounts Officer (R)

APPENDIX

Statement showing action taken on the recommendation of the Public Accounts Committee made in their 12th Report (Fourth Lok Sabha)

I

Recommendations/Observations that have been accepted by Govt.

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

Recommendation

The Committee have been repeatedly commenting upon the delays on the part of the Ministries/Departments etc. in furnishing notes stating the reasons for the circumstances leading to such excesses and emphasizing the need for submission of these notes within the prescribed time-limit of two months from the date of presentation of the Accounts to the House. They had also urged the Ministry of Finance in para 1.5 of their 45th Report (Third Lok Sabha) to devise ways and means to avoid such chronic delays on the part of the Ministries. The Committee regret, however, that this year also there has been no perceptible improvement in the matter in that only one note was received within the stipulated time-limit of two months.

(S. No. 1 of Appendix XXIX to the 12th Report—4th Lok Sabha)

Action taken

Necessary instructions have been issued to the Ministries for strict adherence to the prescribed time-limit of two months vide this Ministry's O.M. No. F8(9)-B/68, dated the 10th June, 1968 (Annexure).

[No. F.8(9)-B/68, Dt. 11-6-1968].

ANNEXURE
No. F8(9)-B/68
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

New Delhi, the 10th June, 1968

OFFICE MEMORANDUM

Subject:—12th Report of the Public Accounts Committee (Fourth Lok Sabha)—Action on.

The undersigned is directed to invite the attention of the Ministry of Commerce, etc. to the observations of the Public Accounts Committee at S. Nos. 1 and 7 of Appendix XXIX to their 12th Report (4th Lok Sabha) which are reproduced below:—

S. No. 1 (Para 1.2).—“The Committee have been repeatedly commenting upon the delays on the part of the Ministries/Departments etc., in furnishing notes stating the reasons for the circumstances leading to such excesses and emphasizing the need for submission of these notes within the prescribed time-limit of two months from the date of presentation of the Accounts to the House. They had also urged the Ministry of Finance in para 1.5 of their 45th Report (Third Lok Sabha) to devise ways and means to avoid such chronic delays on the part of the Ministries. The Committee regret, however, that this year also there has been no perceptible improvement in the matter in that only one note was received within the stipulated time-limit of two months.”

S. No. 7 (Para 2.13) “In Para 4(a) (i) of the Ministry’s Note, it has been stated that the excess of Rs. 16.44 lakhs under the group head “Bhutan Subsidy” includes an amount of Rs. 1,72,368, the debit for which was erroneously raised by the Controller of Defence Accounts, Patna in his Exchange Account for December, 1959. This represents an arithmetical error in calculating the value of 440 bags of rice and the error has been accepted by the Controller of Defence Accounts, Patna and the A.G.C.R. New Delhi. As the excess of Rs. 1,72,368 has arisen due to an arithmetical error, the Committee recommend that the principle enunciated in Para 7 of their Sixteenth Report (1st Lok Sabha) may be extended to this case as well as to

other similar exceptional cases where excess under a grant has arisen due to an arithmetical error but could not be set right before the close of the year. Such cases need not be considered as requiring a fresh vote of Parliament for regularisation under Article 115 of the Constitution."

2. The Public Accounts Committee have repeatedly been criticising these delays and instructions have been issued by this Ministry from time to time requesting the Ministries to avoid such delays. This can be achieved by initiating action in this regard immediately when the excess comes to notice at the draft Appropriation Accounts stage and by collecting the requisite information, etc. required in connection with the said excess before the receipt of printed Appropriation Accounts. This will save time, enable the Ministries to send the note for vetting to Audit as soon as Appropriation Accounts are laid before Parliament and help in avoiding delays. It is hoped that suitable steps will be taken in this regard and the delays in the submission of notes avoided in future.

3. The recommendations of the Committee in Para 2.13 of their Report may please be noted carefully and similar excesses, if any, arising in future examined in the light of the above recommendations before submitting the notes to the Public Accounts Committee. Doubtful cases may be referred to this Ministry for clarification, if necessary, in consultation with the Comptroller and Auditor-General.

4. Ministry of Home Affairs, etc. may kindly note the above observations, recommendations of the Committee and the instructions in Paras 2 and 3 for necessary action.

(MANJIT SINGH)

Under Secretary to the Government of India.

To

All the Ministries, etc.

**MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)**

Recommendation

"The Committee find from the notes furnished by the Ministries that defective estimation at the time of the framing of the budget and revised estimates, failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of old liabilities, erroneous adjustments and lack of proper control over expenditure continued to be the main causes for the excesses.

The Committee note that pursuant to the earlier recommendations on the subject Government have issued instructions from time to time. They hope that the Ministries/Departments would continue to make efforts to improve the standard of budgeting and control over expenditure."

[S. No. 2 (Paras Nos. 2.2 and 2.3) of Appendix XXIX to the 12th Report (4th Lok Sabha)].

Action taken

The observations of the Committee have been noted and also brought to the notice of all Ministries/Departments for information and issue of suitable instructions to all concerned, *vide* Ministry of Finance O.M. No. F.12(5)-E(Coord) /68, dated 2-9-1968 (Annexure).

[Min. of Fin. O.M. No. F.12(5)-E(Coord) /68, dt. 24-9-1968].

ANNEXURE

No. F.12(5)-E (Coord) /68

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)

New Delhi, dated 2nd September, 1968.

OFFICE MEMORANDUM

SUBJECT:—12th Report of the P.A.C. (4th Lok Sabha)—Recommendation No. 2—Preparation of budget estimates and control over expenditure.

The Public Accounts Committee, in paras 2.2 and 2.3 of their 12th Report (4th Lok Sabha) dealing with excesses over voted Grants and charged Appropriation disclosed in the Appropriation Accounts (Civil) 1965-66 have observed as follows:—

“The Committee find from the notes furnished by the Ministries that defective estimation at the time of the framing of the budget and revised estimates, failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of old liabilities, erroneous adjustments and lack of proper control over expenditure continued to be the main causes for the excesses.”

“The Committee note that pursuant to the earlier recommendations on the subject Government have issued instructions from time to time. They hope that the Ministries/ Departments would continue to make efforts to improve the standard of budgeting and control over expenditure”.

As the Ministries/Departments are aware instructions have been issued from time to time for the realistic framing of budget estimates, proper maintenance of liability and other control registers, and for keeping a close watch on the progress of expenditure against sanctioned grants.

The Ministry of Home Affairs etc. are requested to note the observations of the Committee and issue suitable directions to all concerned for the proper observance of the instructions.

Sd/- (N. N. K. NAIR).
Deputy Secretary to the Govt. of India..

To

All Ministries/Departments of the Govt. of India.

MINISTRY OF TOURISM & CIVIL AVIATION

Recommendations

The Committee regret to observe that the instructions were issued to defer some payments to avoid excess over the Grant. The Committee have in their previous Reports (c.f. Para 3.8 of the 69th Report (Third Lok Sabha) taken a serious view of the postponement of inevitable payments to avoid excess during the year which is against the General Financial Rules. They hope that such instances will not occur in future.

[Serial No. 3 Para 2.6 of Appendix XXIX to 12th Report (4th Lok Sabha)].

Another disquieting feature of this case is that the excesses under the two Group Heads in question have occurred for three successive years from 1963-64 onwards under similar circumstances. This shows that there is defective control over expenditure which needs remedial action.

[Serial No. 4 Para 2.7 of Appendix XXIX to 12th Report (4th Lok Sabha)].

Action taken

Instructions have now been issued by this Ministry to all concerned strictly to adhere to the provisions of Rule 75 of the General Financial Rules regarding inevitable payments and to exercise tighter control over expenditure vide this Ministry's letter No. 2-VB(1)/67 dated 12-6-1968 (Annexure).

Joint Secretary to the Govt. of India.

ANNEXURE

No. 2-VR(1)/67

GOVERNMENT OF INDIA

MINISTRY OF TOURISM & CIVIL AVIATION

Dated New Delhi, the 12th June, 1968.

To

The Director General of Civil Aviation, New Delhi.

The Director General of Observatories, New Delhi.

The Director General of Tourism, New Delhi.

The Commissioner of Railway Safety, Lucknow.

SUBJECT:—Twelfth Report of the Public Accounts Committee (Fourth Lok Sabha—1967-68)—Need to avoid irregularity involved in deferring payments to avoid excess over the grant and to take remedial action to exercise effective control over expenditure.

Sir,

The Public Accounts Committee in their Twelfth Report (Fourth Lok Sabha—1967-68) have adversely commented on the facts that instructions were issued to defer certain payments during the financial year with a view to reducing the amount of expenditure during that year, and that the expenditure was incurred in excess of the final grant for the third year in succession. The Committee has emphasised the need to avoid the issuance of such instructions and to take remedial action to achieve effective control over expenditure. The recommendations of the Committee in this regard are reproduced below:—

Para 2.6.—The Committee regret to observe that the instructions were issued to defer some payments to avoid excess over the Grant. The Committee have in their previous Reports (c.f. para 3.8 of the 69th Report (Third Lok Sabha) taken a serious view of the postponement of inevitable payments to avoid excess during the year which is against the General Financial Rules. They hope that such instances will not occur in future.

Para 2.7.—Another disquieting feature of this case is that the excesses under the two Group Heads in question have occurred for three successive years from 1963-64 onwards under similar circumstances. This shows that there is defective control over expenditure which needs remedial action.

Government have accepted these recommendations which are brought to your notice for information and guidance.

In so far as para 2.7 of the Committee's Report is concerned, for D.G.C.A. only your attention is also invited to instructions issued *vide* this Ministry's letter No. 1-VB(24) /67, dated 6th June, 1968 (Enclosure).

Yours faithfully,

Sd./- (P. PRASAD),

Under Secretary to the Government of India.

ENCLOSURE

No. 1-VB (24) | 67

GOVERNMENT OF INDIA

MINISTRY OF TOURISM AND CIVIL AVIATION

New Delhi, 6th June, 1968.

To

The Director General of Civil Aviation, New Delhi.

SUBJECT:—Control of expenditure under Major Head "56-Aviation" and "112-Capital Outlay on Civil Aviation."

Sir,

I am directed to say that, as the Director General of Civil Aviation is aware, expenditure in excess of final grants has been incurred during the consecutive 3 years from 1963-64 onwards under the Group-heads "G-Works" and "L-Suspense" under the Major Head "56-Aviation". Again, there have been large savings for some years under the Major Head "112-Capital Outlay on Civil Aviation". This situation calls for remedial measures so as to avoid variations between the final grant and the actual expenditure. It has, therefore, been decided that in future the following requirements should be strictly observed to exercise more effective control over expenditure:—

(a) *Liability Registers* should be properly maintained and checked so that the commitment made or to be made for any particular work and the anticipated dates of liquidation of liabilities are known in advance.

(b) *Reconciliation of expenditure*.—The departmental figures of expenditure should be reconciled timely with those maintained by the Audit.

(c) *Monthly returns of expenditure* indicating the actuals as also the estimated expenditure during the remaining period of the financial year, should be submitted in time by all your subordinate offices and by the CPWD in so far as Aviation Works are concerned, and

in turn to Government by you, as required under para 65 of the General Financial Rules (Revised and Enlarged, 1963).

(d) *Periodical review of expenditure* should be carried out at more frequent intervals, say, after two or three months, as required in the late Ministry of Transport and Communications (Departments of Communications and Civil Aviation) letter No. 24-P(66)/61-pt. dated 13-9-1962 (copy enclosed). For this purpose the latest figures of expenditure and the liabilities already incurred or to be incurred during the remaining period of the financial year concerned, should be taken into account. In the case of works costing more than Rs. 5 lakhs, and equipment the progress made in delivery/execution should be kept in view.

2. A copy of the instructions issued in this regard by you may also be forwarded to this Ministry for information and record.

Yours faithfully,

Sd/- (J. N. GOYAL),

Joint Secretary to the Government of India.

No. 1-VB(24)/67

Dated 6th June, 1968.

Copy forwarded to the Ministry of Works, Housing and Supply|
Engineer-in-Chief, CPWD/A.G.C.R., New Delhi.

Sd/- (P. PRASAD),

Under Secretary to the Government of India.

MINISTRY OF HOME AFFAIRS

Recommendation

This is a clear case of failure to maintain a Liability Register and to make adequate provision for the liabilities of the past years. The Committee hope that the Government would ensure that these instructions are strictly followed in future.

[S. No. 5 Appendix XXIX Para 2.9 of the 12th Report of PAC—Fourth Lok Sabha].

Action taken

NEFA Administration have been instructed to ensure that Liability Registers are maintained properly by all Departments of the Administration so as to prevent recurrence of such excesses in future, *vide* this Ministry's Letter No. 212/68-Ac. II dated 10-1-1968 (Annexure).

ANNEXURE

M. K. Nair

No. 21/2/68-Ac.II

Dy. Financial Adviser

Government of India

MINISTRY OF HOME AFFAIRS

New Delhi-1, the 10th January, 1968.

Dear Shri Krishnan,

Please find enclosed herewith a copy of extract of paras 2.8 and 2.9 of the 12th Report of the Public Accounts Committee (Fourth Lok Sabha) 1967-68, regarding excess under grant No. 22—Tribal Areas during 1965-66. It will be seen that the PAC has observed that the failure to maintain a liability Register was responsible for the excess in the aforesaid grant during 1965-66. I would, therefore, request you to ensure that liability Registers are maintained properly by all Departments of the NEFA Administration, so that past liabilities which may have to be met during a financial year are provided for in the budget for the relevant year at the appropriate time, so as to prevent recurrence of such excesses in future.

Yours sincerely,

Sd./- M. K. NAIR,

Shri S. Krishnan,
Financial Adviser,
NEFA, Shillong.

MINISTRY OF FINANCE

(DEPARTMENT OF ECONOMIC AFFAIR)

Recommendation

In para 4(a)(i) of the Ministry's Note, it has stated that the excess of Rs. 16.44 lakhs under the group head "Bhutan Subsidy" includes an amount of Rs. 1,72,368, the debit for which was erroneously raised by the Controller of Defence Accounts, Patna in his Exchange Account for December, 1959. This represents an arithmetical error in calculating the value of 440 bags of rice and the error has been accepted by the Controller of Defence Accounts, Patna and the A.G.C.R. New Delhi. As the excess of Rs. 1,72,368 has arisen due to an arithmetical error, the Committee recommend that the principle enunciated in Para 7 of their Sixteenth Report (1st Lok Sabha) may be extended to this case as well as to other similar exceptional cases where excess under a grant has arisen due to an arithmetical error but could not be set right before the close of the year. Such cases need not be considered as requiring a fresh vote of Parliament for regularisation under Article 115 of the Constitution.

(S. No. 7 of Appendix XXIX to the 12th Report—4th Lok Sabha)

Action taken

The recommendation of the Committee has been noted and has also been brought to the notice of all the Ministries vide this Ministry's O.M. No. F.8(9)-B/68 dated the 10th June, 1968. (See Annexure to Sl. No. I).

MINISTRY OF HOME AFFAIRS

Recommendation

The Committee find that despite the reiteration by the NEFA Administration in January, 1966 that a Supplementary Grant of Rs. 25 lakhs was required in the light of the actual flow of expenditure for the first eight months and the expected liabilities, the Ministry did not take up the matter with the Ministry of Finance to revise the demand upwards from Rs. 10 lakhs to Rs. 25 lakhs. The Committee are unable to accept the explanation of the Ministry that the NEFA Administration was not sure of the adjustment of the debits and, therefore, did not consider it necessary to take up the matter with the Ministry of Finance. The Committee would like the Ministry to exercise greater judgment in making provision for Supplementary Grants in the light of the actual expenditure for the preceding months, so as to avoid such excesses.

[S. No. 8 Appendix—XXIX, para 2.15 of 12th Report—Fourth Lok Sabha.]

Action taken

The Committee's observations have been noted for future guidance.

MINISTRY OF HOME AFFAIRS

Recommendation

The Committee feel, that re-appropriation of a sum of Rs. 0.46 lakh under this group-head showed that no watch was kept over the expenditure. The Committee feel that it should have been possible to avoid excess in these cases by closer co-ordination with the accounts authorities and by coming up in time for the Supplementary Grants.

[Sl. No. 10, Appendix XXIX Para 2.21 of the Twelfth Report (Fourth Lok Sabha)].

Action taken

The Laccadive, Minicoy and Amindivi Islands Administration has been instructed to ensure a proper watch over the progress of expenditure and closer coordination with accounts authorities so as to avoid recurrence of cases of this type in future. (Vide d.o. letter No. 22/1/68-AC.II, dated 10th January, 1968—Annexue).

ANNEXURE

Copy of d.o. letter No. 22/1/68-AC.II dated the 10th January, 1968 from Shri M. K. Nair, Deputy Financial Adviser, Ministry of Home Affairs to Shri C. H. Naire, Administrator, L.M.&A. Islands, Kavaratti Island.

Kindly find enclosed herewith extracts of paras 2.18 to 2.21 of the Twelfth Report of the Public Accounts Committee (1967-68) (Fourth Lok Sabha) containing their observations in regard to the excess in Grant No. 62-L.M.&A. Islands for 1965-66.

2. We shall be grateful if you could please ensure that a proper watch over the progress of expenditure and closer coordination with accounts authorities are maintained so as to avoid recurrence of cases of this type, in future.

3. Kindly acknowledge receipt.

MINISTRY OF INFORMATION & BROADCASTING
(DIRECTORATE GENERAL, ALL INDIA RADIO)

Recommendation

"The Committee feel that the excess in respect of most of the items could have been covered if the Ministry had kept a close watch on the progress of expenditure during the course of the year. The Ministry could have avoided the excess either by going in for a Supplementary Grant or by obtaining an advance from the Contingency Fund of India before the close of the year. The Committee desire that the Ministry should tighten the procedure of control over the expenditure so that such excess does not recur".

[S. No. 11 Appendix XXIX of Twelfth Report (Fourth Lok Sabha].

Action taken

As already explained in the notes to the Public Accounts Committee, reasons for the excess during 1965-66 were mainly subsequent increase in rates of Dearness Allowance and other inevitable payments which could not be covered by the Supplementary Grant sanctioned by the Ministry of Finance and the advance from the Contingency Fund of India could not be obtained as there was no time left for going in for the same. In order to tighten up the procedure of control over expenditure, the DG AIR have issued instructions (Annexure) to the various Units of the AIR that no vacant posts for which no provision exists in the sanctioned budget should be filled in; that all tours should be restricted to the absolute minimum; that all avoidable purchases should be given up and the strictest control exercised over the purchase of stationery, furniture, musical instrument etc; that trunk calls should be eliminated unless absolutely essential; that even local calls should be restricted; that strictest economy in the use of electricity and power should be observed; that strict economy in the consumption of petrol and other motor oil should be achieved by reducing the number of trips of vehicles to the minimum; that hiring of taxis should be discontinued except in unavoidable circumstances and that programmes should be repeated on tape to the maximum extent possible.

ANNEXURE

Madhuri Srivastava,
Deputy Director of Administration.

Most Immediate
Express Delivery

GOVERNMENT OF INDIA
DIRECTORATE GENERAL, ALL INDIA RADIO

No. 1/68/67-B&A

Dated New Delhi, the 24th February, 1968.

Dear Shri,

This is in connection with the budgetary position of All India Radio during the current financial year. As you are already aware according to Para 71 of the General Financial Rules no expenditure should be incurred which may have the effect of exceeding the total grant or appropriation authorised by Parliament by law for the financial year except after obtaining a Supplementary Grant or Appropriation or an Advance from the Contingency Fund of India. Public Accounts Committee also take a serious view and criticise adversely the unauthorised expenditure over the sanctioned budget grant by Government Departments. It has been pointed out by the Committee on several occasions that the expenditure must be kept within the sanctioned budget grant. It is, therefore, of utmost importance that the expenditure of All India Radio remains within the authorised allotment of funds to the utmost extent if possibly could.

2. We have recently examined the statements of accepted Revised Estimates for 1967-68 for several units of All India Radio and have observed that some units may not find it feasible to confine their expenditure to the sanctioned budget grant during the current financial year. We have therefore once again approached the Ministry of I&B and Finance and have requested for a Supplementary Grant of Rs. 135.20 lakhs so as to cover all the needs and adjust all the debits of all the units. However, it has not been possible for the Ministry of Finance to give more than Rs. 67-68 lakhs over the sanctioned budget allotment for the year by way of Supplementary Grant. You will appreciate that the Financial resources have their own limitations and we have to assure our best cooperation.

3. It is, imperative now for all of us to make personal efforts to see that utmost economy is achieved in expenditure during the

current financial year. We must ensure that every single penny is spent judiciously with the strictest standard of the minimum requirement. We must save whatever little we can under the smallest item of expenditure, as this would enable us to meet shortages where they cannot really be helped. I would only like to suggest on behalf of D.G. the following items for your scrutiny in the last month:—

Travelling and other Allowances:

We must stop all tours in this month except where it cannot at all be helped. We must also be ruthlessly serve in respect of overtime and other allowances.

Other Charges:

This is another sub-head which has suffered heavy cut as usual. Also this is the sub-head under which saving could be effected. It is, therefore, necessary that all avoidable purchase must be given up and strictest control should be exercised over the purchase of stationery, furniture musical instruments etc. Under this will also fall the expenditure on telephones and trunk call bills. We must, therefore, eliminate trunk calls unless we really desparately need to make one. Trunk Calls should include STD (Subscriber's direct dialling for long distance) calls also. Even on local calls there needs to be severe control. Although this measure would not effect the expenditure in current financial year now yet it is important. Also it is presumed that instructions given earlier in this regard are already being followed.

Similarly complete economy in the use of electricity by switching off lights and heaters etc. when not required in the room, may be ensured. There is also ample scope for economy in consumption of petrol and of by strict use of staff ears. The reduction can be effected by reducing the number of trips and by sending four or five persons together in one trip. The hiring of taxis may also be discontinued except for emergent occasions. Local purchase of stationery should also be stopped forthwith, also the use of telegrams when express letters can do, be discontinued.

3. None of the suggestions given above are new and are mere repetitions of what we have been advising in 1966-67 and 1965-66. This is just to remind and invite attention to them afresh. You must have been taking these measures already since April, 1967.

4. We have also received from you individual references regarding the budgetary position. In order therefore to assess your exact requirements on the basis of actual expenditure it is essential that the statement of expenditure for February, 1968 and the anticipated amount required for essential and inescapable items of expenditure for the month of March, 1968 are seen by you personally item-wise. I would, therefore, advise you to include all accepted debits and bills in the statement of your expenditure upto February, 1968 and include only those items of expenditure in anticipated requirements upto March, 1968 which you are dam sure of spending by 30th March, 1968. Any amount about which you have the slightest doubt that it may not materialise should not be included. You should not bother if the figures shown by you now do not tally with the anticipated requirement shown by you heretofore or your overall statement records savings whereas you have earlier been asking for more funds under any particular head of expenditure. Please also see that that you do not defer or postpone any debits or payments to the next financial year as this is irregular and has been objected to by Public Accounts Committee. Moreover it may upset your budget for next year. Having done all this please see personally that the statement for February, 1968 in any case reaches this Directorate at the latest by 6th March, 1968 positively. This matter has to be given priority over all other office work and under the circumstances deserves your personal attention. In the event of your statement reaching later than 6th March, there will be chances of your requirement left out leading to difficulty of having to explain your excess or saving being as the case may be. Kindly record a certificate at the bottom of the statement that this has been scrutinised by you personally. Since the expenditure of All India Radio has been recording excess in the past 2-3 years which is against all the financial propriety we have to take all possible and permissible steps so as to be able to explain the excess over the sanctioned budget grant to the Public Accounts Committee.

5. Kindly also send the information in the proforma enclosed along with the expenditure statement in duplicate.

6. I shall be grateful of your kind cooperation in this regard so that the accurate information reaches this Directorate at the earliest and in no case later than 6th March, 1968.

Yours sincerely,
Sd. MADHURI SRIVASTAVA

MINISTRY OF PETROLEUM & CHEMICALS

Recommendation

The Committee desire that the Ministry should devise a proper procedure for obtaining periodical statements of payments made or likely to be made to the Railways so that proper and timely provision for it is made.

[Sl. No. 12 of Appendix XXIX of 12th Report (Fourth Lok Sabha)]

Action Taken

A proper procedure has been devised for obtaining periodical statements of (i) forecast/actual movement of furnace oil to public utilities for power generation, (ii) bill of charges from the Railways on account of freight concession on furnace oil and (iii) book adjustments made by the Accounts Officer against the bills preferred by the Railways. This procedure will enable the Ministry to frame more accurate estimates of expenditure on account of freight concession on furnace oil.

Dated, 17th July, 1968.

Sd. (MADHAV RAJWADE)

Joint Secretary to the Government of India.

MINISTRY OF STEEL, MINES & METALS

DEPTT. OF MINES & METALS

Conclusion/Recommendations	Action taken
<p>The Committee feel that, with closer co-ordination with the Indian Bureau of Mines and Geological Survey of India, it should have been possible to make a realistic estimate and make provisions accordingly to avoid excess.</p> <p>[S. No. 13 of Appendix XXIX of 12th Report (Fourth Lok Sabha]</p>	<p>The orders relating to the merger of the Exploration Wing of the Indian Bureau of Mines with the Geological Survey of India with effect from 1-1-1966, was issued only on the 10th December, 1965. The work relating to the merger was very heavy and intricate involving taking over of a number of big operational wings along with a very large number over 3000 of technical and other personnel and huge amount of stores and equipments. It took considerable time to settle the various details arising out of the merger. The anticipated requirements of the Exploration Wing for the period from 1-1-1966 to 31-3-1966, were required to be assessed in January, 1966. Due to the reasons mentioned above it was not possible for the Geological Survey of India to calculate precisely the various items of expenditure of each section of the Exploration Wing and as such the estimates were prepared in consultation with the Indian Bureau of Mines on <i>ad-hoc</i> basis. The observation of the Public Accounts Committee has, however, been noted for future compliance.</p>

GOVERNMENT OF INDIA
MINISTRY OF TRANSPORT AND SHIPPING

Recommendation

The Committee are of the opinion that there should be closer coordination between the Ministry of Transport and the State Governments concerned to avoid such excesses in future. They suggest that the Ministry should ask the State Governments to furnish a return on the likely liabilities to be incurred by them monthly in the last quarter of the year so that trends of expenditure are determined more realistically and if necessary, adequate Supplementary Grant is taken in time.

[Sl. No. 14 of Appendix No. XXIX Para No. 2.35 of PAC (1967-68)
Twelfth Report (4th Lok Sabha)].

Action Taken

In pursuance of the recommendations of the Public Accounts Committee (1967-68), necessary instructions were issued by this Ministry to all the State Governments and Union Territory Administration (without legislature) impressing upon them the need to furnish monthly expenditure returns by the specified dates in respect of road-development works financed from Central funds *vide* the Government of India letter No. B-29(2)/68, dated the 19th April 1968, a copy of which is enclosed (Annexure). The question will be pursued further with the State Governments if these instructions are not complied with and implemented. It is hoped that the situation will improve in the following years.

2. This has been seen and concurred in by the Audit.

ANNEXURE
GOVERNMENT OF INDIA
MINISTRY OF TRANSPORT & SHIPPING
(ROADS WING)

TELEGRAMS: **TRANSPORT BHAVAN**
'ROADIND' **NO. 1. PARLIAMENT STREET**
No. B-29 (2) 68. **New Delhi-1, the 19th April (1968.**
Chaitra, 1890.

To

All State Governments, Union Territories (without legislature).

SUBJECT: Excess Over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil) 1965-66—Recommendation of the Public Accounts Committee (1967-68) Twelfth Report (Fourth Lok Sabha).

Sir,

I am directed to reproduce hereunder the recommendations of the Public Accounts Committee (1967-68) contained in para 2.35 of their Twelfth Report (Fourth Lok Sabha) for information and necessary action:—

“2.35. The Committee are of the opinion that there should be closer coordination between the Ministry of Transport and State Governments concerned to avoid such excesses in future. They suggest that the Ministry should ask the State Government to furnish a return on the likely liabilities to be incurred by them monthly in the last quarter of the year so that trends of expenditure are determined more realistically and if necessary, adequate supplementary grant is taken in time”.

2. According to the procedure evolved in pursuance of the recommendations of the Public Accounts Committee (1963-64) contained para 7(viii) of their 16th Report, the State Governments are required to forward to the Government of India monthly returns showing the expenditure incurred on National Highways (Original) Works, Maintenance and Repairs of National Highways and other

Centrally Sponsored Schemes by the 20th of the month following the month to which the expenditure relates. In other words, the action required to be taken in terms of the above recommendations is already required to be taken by the State Government/Union Territory Administration.

3. It has, however, come to the notice of the Government of India during the past years that the desired regularity in the submission of the expenditure returns is not maintained by most of the State/Union Territories with the result that at no stage are the Government of India in a position to know with reasonable accuracy the total expenditure incurred by all the States/Union Territories against the sanctioned grants for the year. This naturally leads to difficulties in regard to proper regulation and control of expenditure to avoid excesses/shortfalls against the sanctioned Grants.

4. Therefore in order to enable the Government of India to determine more realistically the trend of expenditure, it is imperative that the expenditure returns in question should reach this Ministry positively, by the due date. If this requirement is complied with, it will be possible for the Government of India to get the State Government to reconcile in time any discrepancy between the departmental figures of the State Government/Local Administration and the figures of expenditure booked by the Accountant General concerned and reach a realistic decision as the additional funds to be allotted to, or the amount that can be diverted from the Government/Administration concerned so that the available funds are fully spent and no appreciable excesses or savings occur. On comparision of the departmental figures of expenditure furnished by the State authorities during the course of the last financial year, it was observed that there were appreciable variations between both sets of expenditure figures. These variations were brought to the notice of the States concerned from time to time but with no useful result. In order to ensure that the situation does not recur, the State Government/Local Administration are requested kindly to ensure that proper reconciliation of the departmental figures of expenditure and those of Accountant General is effected.

5. According to the existing procedure, the State/Local Administration authorities are furnishing consolidated figures of expenditure. In case any charged expenditure is included in it, it may not be possible to detect it and take further follow up action. This will obviously lead to the incurring of charged expenditure without appropriate provision therefor in the Budget. It is, therefore, necessary that the monthly expenditure returns should show

distinctly the charged expenditure, if any, incurred during the course of the month under report. In this connection I am to point out that expenditure is "charged" on the Consolidated Fund of India only if a court decree is against the Union Government. In case the decree is against the State Government, the expenditure involved will be treated as charged only so far as the State Government is concerned and will be met in the first instance from the State's own funds. So far as the centre is concerned, it is merely a case of reimbursement of expenditure to the State Government and can therefore be reimbursed by the Central Government from the "Voted Grant."

6. It is requested that all concerned authorities under the State Government/Local Administration may be advised suitably to ensure that the instructions contained in the preceding paragraphs are complied with strictly.

7. The receipt of this communication may kindly be acknowledged.

Yours faithfully,

D. A. RAMA WARRIOR,

Encl. Nil.

Under Secy. to the Govt. of India.

MINISTRY OF WORKS, HOUSING AND SUPPLY

(Department of Works and Housing)

Recommendations

The Committee regret to observe that funds for departmental charges were not provided by two Central Public Works Divisions and this resulted in excess in this case. They note that necessary instructions have been issued by the Chief Engineer and hope that such omissions will not occur in future.

[Sl. No. 15 (Para 2.37) of Appendix XXIX of the PAC 12th Report (Fourth Lok Sabha)].

The recommendation of the Committee has been noted for compliance.

Recommendation

The Committee are surprised to note that the Ministries of Health and Irrigation and Power omitted to take into account the payments sanctioned by Government while intimating their final requirements. The Committee would like the Government to examine whether these omissions were due to any defect in procedure. The Committee have no doubt that adequate steps will be taken to rectify procedural defects, if any. If, however, the existing procedure is considered adequate, action should be taken to ensure its proper implementation.

[Sl. No. 16 of Appendix XXIX to the 12th Report—4th Lok Sabha].

Action taken

The existing procedure requires that the Ministries, while intimating their requirements, in respect of composite Grants controlled by this Ministry, should take into account all the sanctions issued by them and/or expected to be issued by them before the close of the financial year and any other information available with them. They are also required to keep a close watch on the progress of expenditure. It is, therefore, felt that there is no defect in the extent procedure and that it does not require any modification. The Ministries concerned have, however, been requested to strictly observe the procedure in future.

The Committee are surprised to learn that a sanction issued for Rs. 1:45 crores was through an oversight, reckoned as Rs. 1:45 lakhs. The Committee stress the need for a thorough checking to avoid such discrepancies in future.

[Sl. No. 17 of Appendix XXIX to the 12th Report (Fourth Lok Sabha)].

Action taken

The observations of the Committee have been noted.

Recommendation

Subject to the above observations, the Committee recommend that the excesses referred to in paragraph 2.1 above be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

[Sl. No. 18 of Appendix XXIX to the 12th Report (4th Lok Sabha)]

Necessary action is being taken to present the Excess Demands in the July-August, 1968 Session of Parliament.

II

Recommendations, observations in respect of which Government have furnished an interim reply.

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

Recommendation

The Committee are surprised to note that the Customs authorities over-assessed Customs Duty to the extent of Rs. 43.48 lakhs while making the provisional assessment on imported paper, which was not a new item. The Committee are also not satisfied regarding the delay in the settlement of the claims for refund of excess duty specially when the assessee is a Government Department. They would like to be informed of the latet position regarding refund.

[Sl. No. 9 of Appendix XXIX to the 12th Report (4th Lok Sabha)].

Action taken

The requisite information will be submitted shortly.

[No. F.8(9)-B/68, dt. 11-6-69].

APPENDIX XXXIV

Summary of main conclusions/ recommendations

No.	Para No. of Report	Ministry/Dept. Concerned	Conclusions	Recommendations
1	2	3	4	
1	1.3	Finance All Ministries	The Committee in their successive Reports on Excesses over Voted Grants/Charged Appropriations have been commenting upon the delays on the part of Ministries/ Departments in furnishing notes stating the reasons for or circumstances leading to such excesses and emphasising the need for submission of these notes within the prescribed time-limit of two months from the date of presentation of the Accounts to the House. They had also urged the Ministry of Finance in para 1.5 of their 45th Report (Third Lok Sabha) to devise ways and means to avoid such chronic delays on the part of Ministries. They regret to observe that this year also there was no improvement. Not a single note relating to Excesses disclosed in the Appropriation Accounts (Civil) was received within the stipulated time-limit of two months. It is hardly necessary to point out that such delays not only disturb the programme of work of the Committee but also result in avoidable delay in the regularisation of excesses by Parliament.	

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7	1.4	Finance All Ministries	The Committee would also like to observe that although they have been repeatedly urging upon Ministries/Departments to make every effort to avoid excesses, there has been no improvement in the matter. During the year under report, Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil) aggregated Rs. 5.09 crores and Rs. 4.34 crores respectively as against Rs. 2.95 crores and Rs. 1.99 crores respectively during the preceding year. The Committee would like Ministries not to lose sight of the fact that an excess over the amount Voted by the Legislature represents an unauthorised expenditure which vitiates Parliamentary control. The Committee would like the Ministry of Finance to take suitable measures to ensure that such excesses over expenditure are reduced to the bare minimum.
3	2.2	Finance Irrigation & Power Transport & Shipping All other Ministries	The Committee find from the notes furnished by the Ministries that defective estimation at the time of framing the Budget and revised estimates and that failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of past liabilities, erroneous adjustments and lack of proper control over expenditure continued to be the main causes for excesses during the year under report. Another factor which contributed to heavy excesses this year was lack of coordination between the Central Ministries of Finance and Irrigation & Power and between the Central Ministries of Finance and

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			Transport on the one hand and State Government's on the other.
4	2.8	Home Affairs	The Committee note that excess occurred under the sub-head 'A.3-Tour Expenses', where the actual expenditure amounted to Rs. 14,07,629, against the original provision of Rs. 9,25,000 and the finally revised provision of Rs. 12,30,500. They are not convinced by the argument that the debits in respect of tours from the other Ministries could not have been anticipated. As the Committee understand the position, the debits are periodically raised by the Railway and Defence Departments. Since these debits arise out of requisitions issued by the Ministry of Home Affairs for railway accommodation and security arrangements for tours undertaken by Ministers, it is not clear why it was not possible for the Ministry of Home Affairs before they came up with a demand for Supplementary Grant in March 1967, to review the position of outstanding requisitions on which debits had not been received and to make suitable provision for the expenditure on that account.
5	2.11	Information & Broadcasting	The Committee note that there has been an excess in this Grant for the second year in succession. During both the years, the Ministry had failed to obtain funds through Supplementary Grants to meet the excess expenditure.
6	2.13	Information & Broadcasting	The Committee find it difficult to comprehend how the Ministry failed even to make provision for

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a staff car which, in any case, the Ministry of Finance appear to have considered unnecessary. Even if the staff car had been purchased towards the close of the year, the proposal for its purchase should have been mooted and finalised well in advance and it should have been possible to have provided funds at the stage the proposal was being finalised.

7 211. Information &
Broadcasting

The Committee deprecate the tendency on the part of the Ministry of Information and Broadcasting to incur expenditure without regard to the sanctioned Grant and the financial instructions issued by Government. If Ministries start exceeding the sanctioned allotments in this manner, Parliamentary control over expenditure loses its meaning. The Committee trust that the Ministry will henceforth strictly comply with financial instructions and keep their expenditure within the allotment.

8 217. Information &
Broadcasting

The Committee are not impressed by most of the reasons given by the Ministry for the excess. It is not clear why the Ministry failed to provide for payment of bills relating to the previous year, as it would have been hardly reasonable to suppose that debits would remain unadjusted for two years. Nor is it clear whether the increase in printing charges occurred so unpredictably as to make provision for it impracticable. As regards the purchase of staff cars, the Committee find from the explanation of the Ministry that

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the orders were placed in the previous year. In the circumstances, it is not clear how the necessity for a provision on this account escaped the notice of the Ministry. Mention has been made in the explanation of the increase in the price of stores due to devaluation and increase in customs duty. Devaluation occurred in June, 1966 and no increase in customs duty were made towards the close of the financial year. The explanation of the Ministry in this regard can, therefore, be hardly regarded as tenable.

6 2.18 Information & Broadcast

The Committee also notice that the excess under the Television Centre is substantial. Here even the liability for payment of arrears of fees to staff artists seems to have been ignored while provision of funds was made. The bulk of the excess was due to purchase of film which accounts for more than two-thirds of the excess under this head. The Committee would like the Ministry to examine, in consultation with the Ministry of Finance, whether adequate and satisfactory arrangements for control of expenditure on the Television Centre exist, as the excess amounts to as much as 14% of the original grant.

10 2.21 Information & Broad- casting.

The Committee feel that these instructions have value only if the field organisations in fact act on them in letter and spirit and ensure that the sanctioned budget allotment is not exceeded. The Committee would like to watch this through the future Appropriation Accounts relating

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to this grant of the Ministry of Information & Broadcasting.			

11 2.27 Transport & Shipping (i) The Committee note that in the case of both the Grants under consideration—Nos. 89 and 137—the estimated requirements were purposely reduced in view of the constraint on the general resources position of the country. The purpose had, however, been partly defeated by heavy excesses in both the grants. It is evident that the Ministry's instructions to State Governments to restrict expenditure to the sanctioned allotments had no visible effect and that the latter exceeded the allotments at will. The lack of coordination between the Ministry of Transport and Shipping and State Governments revealed in these cases is distressing. It has been stated in the Ministry's note on Grant No. 137 that the Ministry had not received intimation from any of the State Governments about the likelihood of their expenditure exceeding the allotments. In the case of the same Grant, variations in respect of excesses amounting to over Rs. 1.30 crores had not been explained by the State agencies to the Ministry even three months after the close of the financial year. The Committee would like the Ministry of Transport and Shipping/Finance to examine this aspect further in consultation with the State Governments concerned so that the agencies undertaking the work on behalf of the Central Government do not exceed the allotment without prior approval.

12 2.27 Transport & Shipping (ii) The Committee further observe that out of the said Rs. 1.30 crores incurred as excess expen-

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diture, Rs. 61 lakhs related to the Union Territory of Delhi. The Committee are surprised that even in the case of road development works being carried out in the capital and its vicinity, it should not have been possible for the executive agency—the C.P.W.D. in this case to explain variations. The Committee need hardly emphasise the imperative need of close co-ordination between the Ministry and State Governments/Union Territory Administrations.

13 2.29 Ministry of Transport & Shipping The Committee would like to watch the implementation of the instructions issued by the Ministry of Transport & Shipping pursuant to the recommendation of the P.A.C. (1967-68) made in para 2.35 of their Twelfth Report Fourth Lok Sabha, through future Audit Reports

14 2.34 Department of Company Affairs. The Committee are not convinced by the explanation given by the Department of Company Affairs for the Excess in Grant No. 77. It is clear from the facts of the case that had the Department of Company Affairs exercised a close watch over the progress of expenditure during the course of the year, it would have been possible for them to cover the excess and that sufficient care was not taken while making a review of their requirements for additional funds.

15 2.35 Department of Company Affairs. The Committee also notice that out of the total excess of Rs. 80,344, a little over one-fourth (Rs. 29,277) was due to payment of Dearness Allowance at enhanced rates to employees at Kanpur, Calcutta, Delhi

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Bombay, Madras and Ernakulam. The Committee find that the orders for enhancement of Dearness Allowance with retrospective effect were issued by the Ministry of Finance well before the close of the financial year, *i.e.*, on 19th October, 1966. It is not, therefore, clear why the Department of Company Affairs had any difficulty in estimating their expenditure for Dearness Allowance and in making provision therefor. The Committee would like to know whether the Department did estimate their requirements and, if this was done, why the excess occurred.

16 236 Finance

The Committee are surprised to learn that the Ministry of Finance who are expected to give a lead to other Ministries in the matter of financial discipline, should have advised the Ministry to issue telegraphic instructions to field offices to defer the expenditure to the next financial year which was not only in contravention of Rule 75 of the General Financial Rules, but also against the repeated observations made by the Public Accounts Committee in their successive Reports on Excesses. The Committee take a serious view of this.

17 237 Finance

The Public Accounts Committee (1966-67), in para 3.8 of their 69th Report (Third Lok Sabha), had expressed surprise that instructions to postpone payments to avoid the excess should have been issued. Pursuant to the above recommendation, the Committee have been informed by the Ministry of Finance that, to obviate such cases, necessary instructions had already been issued by them on 10th August,

1966. The Committee regret to observe that the advice given by the Ministry of Finance to the Department of Company Affairs in this case was in direct contravention of their own earlier instructions. The Committee trust that such contraventions of the Financial Rules by Ministries will not occur in future.

18 2.44 Finance

Irrigation & Power

The Committee observe from the note furnished by the Ministry of Finance that the adjustment of the equipment loan under the A.I.D. programme is done by Accounts Officers on the strength of advice issued by the Ministry of Finance. Out of the total excess of Rs. 3,68,87,917, the adjustment of the equipment loan (Rs. 1,17,22,081) accounts for the bulk. It is not clear to the Committee why the Ministry of Finance, having issued the advice for adjustment, failed to ask the Ministry of Irrigation & Power to provide the requisite funds.

19 2.45 Finance

All Ministries

The Committee also observe from the note furnished by the Ministry of Finance that there was delay on the part of Government in recovering ways & means advances given to certain States. They desire that the Central Government should invariably initiate immediate steps for the recovery of uncleared advances, together with interest, after these come to notice.

20 2.47 Finance

Irrigation & Power

The Committee observe that the excess in this Grant during the year 1966-67 was caused by the same factors which were responsible for the excess during the preceding year. This indicates

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that even after the initial error had come to notice, no remedial steps were taken and the lack of coordination between the Ministries of Finance and Irrigation & Power persisted. This the Committee consider highly regrettable. They would therefore desire that the present procedure may be reviewed and lacuna, if any, removed, so that requisite funds, if necessary, are provided in time.

21 2.48 Information
2.49 Broadcasting

The Committee observe that while there was an excess of Rs. 3,56,539 on account of receipt of more debits than anticipated in respect of equipment under Suspense, there was at the same time a saving of Rs. 2,75,047 on account of delay in receipt of debit from and acceptance of debits by other Departments/Offices concerned under the same Group-Head. This indicates the need for closer liaison between the purchase and budget wings. The Committee trust that necessary remedial steps will be taken in the matter.

22 2.52 Finance

The Committee concur in the views of the Ministry of Finance and the C&A.G. that the excess in the present case should be treated as a misclassification. They, accordingly, recommend that, in consonance with the principle enunciated in para 7 of their 16th Report (First Lok Sabha), the excess in this case should not be considered as requiring a fresh vote of Parliament for regularisation under Article 115 of the Constitution.

23 2.58 Atomic Energy

The Committee feel that the variations between the final estimates

approved by the Department's Liaison Officer in Montreal and the actual payments made by the Export Credit and Insurance Corporation of Canada on account of Machinery and Equipment (Rs. 68.80 lakhs) and Consultancy Charges (Rs 21.08 lakhs) are too wide even after making due allowance for the time-lag between the presentation of invoices and their final settlement by the ECIC. The Committee would like to know whether the Department maintains close liaison for purpose of budgeting with its Liaison Officer in Montreal and whether her latter furnishes periodical reports to the Department about the progress of payments by the ECIC.

24 2.61 Atomic Energy

The Committee feel that the Department could have, after receiving the bills of lading, provided for their liability on account of customs duty.

25 2.64 Atomic Energy
Works, Housing &
Supply

The Committee would like the Ministry of Works, Housing & Supply and the Department of Atomic Energy to look into the matter and resolve it at an early date. They would also like Government to issue suitable instructions to prevent the recurrence of such cases.

26 2.67 Posts & Telegraphs

The Committee feel that at the time of making a review of their requirements for additional funds under the head 'Stores and Manufacture Stores,' the Department had not been realistic in their assessment.

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27	2.60	Pests & Telegraphs	The Committee note from the explanation for the excess, that one of the contributory factors was the supply of stores by organisations like the Indian Telephone Industries in excess of the original anticipations of the Department. However, the Department have also simultaneously explained savings under the Grant as due <i>inter alia</i> to non-receipt of stores from the Indian Telephone Industries and other sources. This would appear to suggest that the existing procedure for watching receipt of stores ordered by the Department and assessing the requirements of funds for such purchases needs to be improved.
28	2.71	Pests & Telegraphs	The Committee are surprised to note that the Department passed a reappropriation order under the head for a sum in excess of the provision made in the Budget.
29	2.73	<u>Finance</u> All other Ministries	The Committee would like to observe that, as there is usually no element of uncertainty or unforeseeability in expenditure on pay and allowances, there should normally be no excess on this account.
30	2.74	Finance	Subject to the above observations, the Committee recommend that the excesses referred to in para 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution.
31	3.9	<u>Finance</u> All Ministries	The Committee are in broad agreement with the suggestion of the Ministry of Finance contained in paras 3.7 and 3.8 above. In regard to the suggestion contained in sub-para 3.7 (iv), however, they

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would like to observe that their experience of the receipt of direct Notes on Excesses from the individual Ministries has not been very happy. They, therefore, desire that the submission of Notes on Excesses, duly vetted by Audit, should be centralised in the Budget Division of the Ministry of Finance, who should be responsible for furnishing them to the Committee immediately after the presentation of the Appropriation Accounts to Parliament or by the 10th of April, whichever is later. Subject to this modification, the Committee desire that the procedure suggested by the Ministry of Finance in paras 3.7 and 3.8 above may be introduced with effect from the Excesses relating to the year 1967-68.

32 37th Railways

The Committee also desire that the new procedure, as set forth in paras 3.7—3.8 of this Chapter, should also be followed with necessary modifications by the Ministry of Railways in respect of Grants relating to that Ministry.

