

# **PUBLIC ACCOUNTS COMMITTEE**

## **1957-58**

**(SECOND LOK SABHA)**

### **SECOND REPORT**

**[Excesses over Voted Grants and Charged Appropriations  
disclosed in the Appropriation Accounts (Civil) 1954-55.]**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

***December, 1957***

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## COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

1957-58

Shri T. N. Singh—*Chairman*.

### MEMBERS

2. Shri Ram Subhag Singh
3. Shri N. C. Laskar
4. Shri N. G. Ranga
5. Shri Radhelal Vyas
6. Shri A. C. Guha
7. Shri N. R. M. Swamy
8. Shri Upendranath Barman
9. Shri J. M. Mohamed Imam
10. Shri H. C. Dasappa
11. Shrimati Tarkeshwari Sinha
12. Shri Prabhat Kar
13. Shri Jaipal Singh
14. Shri N. Siva Raj
15. Shri Vijayarama Raju
16. Shrimati Pushpalata Das
17. Shri P. T. Leuva
18. Shri Shyam Dhar Misra
19. Shri R. M. Deshmukh
20. Shri M. Govinda Reddy
21. Shri Jaswant Singh
22. Shri J. V. K. Vallabharao.

### SECRETARIAT

Shri S. L. Shakdher—*Joint Secretary*.

Shri V. Subramanian—*Deputy Secretary*.

Shri R. C. Ghei—*Under Secretary*.

# REPORT ON EXCESSES<sup>1</sup> OVER VOTED GRANTS AND CHARGED APPROPRIATIONS DISCLOSED IN THE APPROPRIATION ACCOUNTS (CIVIL) 1954-55

## Introductory

1. The Chairman of the Public Accounts Committee, having been authorised to present the Report on their behalf, present this Second Report on the excesses over Grants/Appropriations as disclosed in the Appropriation Accounts (Civil) 1954-55 which were presented to the House on the 27th May, 1957.

2. In their Twenty-fourth Report dealing with the excesses over Grants/Appropriations relating to the year 1953-54, the Public Accounts Committee (1956-57) had commented upon the delay on the part of the Ministries in furnishing notes stating the reasons or the circumstances leading to such excesses and had urged that the Ministry of Finance should impress upon all the Ministries that the prescribed time-limit should be observed strictly by them in future. There has been no improvement in the situation and in many cases, notes were received in the Lok Sabha Secretariat after the expiry of more than five months since the presentation of these Accounts in May 1957 to Parliament. It is hardly necessary for the Committee to impress upon the Government the importance of furnishing, within the time-limit fixed, all the material necessary for a proper examination of cases considered by them. These abnormal delays impede the proper functioning of the Committee.

3. The Committee examined the excesses at their sitting held on the 22nd November, 1957 in the light of the explanations furnished by the Ministries concerned (Appendices I to IX).

## Excess Grants/Appropriations

4. During the year ended 31st March, 1955 in the following cases the actual expenditure exceeded the voted Grants/charged Appropriations:—(The excesses reported hereunder take note of all established errors of classification which have since come to notice).

S. No.	No. and Name of Grant or appropriation	Ministry concerned	Final Grant or appropriation	Actual Expenditure	Excesses
1	2	3	4	5	6
			Rs.	Rs.	Rs.
		<i>Voted Grants</i>			
1	3-Commercial Intelligence and Statistics.	Commerce & Industry.	51,14,000	51,31,068	17,068
2	18-Archaeology	Education.	48,79,000	49,17,342	38,342

1	2	3	4	5	6
			Rs.	Rs.	Rs.
3	38-Miscellaneous Departments and Expenditure under the Ministry of Finance.	Finance.	4,64,79,000	4,81,82,041	17,03,041
4	40-Miscellaneous Adjustments between the Union and State Governments.	Finance.	4,02,000	4,18,572	16,572
5	55-Police . . . .	Home Affairs.	1,54,45,000	1,65,57,082	11,12,082
6	64-Miscellaneous Departments and Expenditure under the Ministry of Irrigation and Power.	Irrigation & Power.	41,48,000	41,88,673	40,673
7	69-Civil Defence . . .	Labour.	1,20,000	1,20,853	853
8	104-Other Civil Works . .	Works, Housing and Supply.	15,27,94,000	17,87,26,048	2,59,32,048
<i>Charged Appropriations</i>					
1	38-Miscellaneous Departments and Expenditure under the Ministry of Finance.	Finance.	1,000	4,08,114	4,07,114
2	42-Prepartition Payments . .	Finance.	4,13,000	5,46,991	1,33,991
3	104-Other Civil Works . .	Works, Housing and Supply.	21,04,000	23,94,792	2,90,792
4	124-Other Capital Outlay of the Ministry of Food and Agriculture.	Food and Agriculture.	9,14,000	16,90,353	7,76,353

The Committee observe from the notes furnished by the Ministries that as in the previous years, one of the prime causes for the excesses is the non-receipt or non-anticipation or non-adjustment by the Ministries of debits either for stores supplied or services rendered by other departments. This only confirms that there has been lack of close liaison between the indenting and supplying Ministries or departments. In many cases, there was defective estimation both at the time of framing the budget and at the time of framing the revised estimates. In two cases, although the Grants have shown excess expenditure, the Ministries surrendered some amounts during the closing months of the year. The Committee are of the view that if the Ministries had exercised a better control over expenditure and greater foresight in obtaining supplementary Grants, many of these excesses could have been avoided.

6. The Committee give below a few cases of excesses which can be attributed to defective budgeting and control.

- (i) *Grant No. 38—Miscellaneous Departments and Expenditure under the Ministry of Finance—Excess over voted grant Rs. 17,03,041.*

The excess of Rs. 12.61 lakhs has been explained as due to the unanticipated debits raised by the Controller General of Defence Accounts in the Accounts for March, 1955 supplementary. The note furnished by the Ministry did not indicate when the Controller General of Defence Accounts noticed the likelihood of an excess and when he brought it to the notice of the Finance Ministry. But it is obvious that there is lack of co-ordination within the Ministry of Finance itself as the Controller General of Defence Accounts, is a subordinate officer of the Ministry of Finance (Defence) Division and the latter did not get timely intimation to provide funds for covering the excess.

- (ii) *Grant No. 55—Police—Excess Rs. 11,12,082.*

This excess has been explained as mainly due to the fact that figures of the approximate expenditure incurred were not made available by the Ministry of Defence (who initially incurred the expenditure) to the Ministry of Home Affairs in whose accounts the expenditure was finally adjusted. This again reveals lack of co-ordination between the Ministries of Defence and Home Affairs. This lack of co-ordination has been the subject of criticism by the Committee in the past.

- (iii) *Grant No. 64—Miscellaneous Departments and Expenditure under the Ministry of Irrigation and Power—Excess Rs. 40,673.*

In the explanation submitted by the Irrigation and Power Ministry reference has been unnecessarily made to the creation of a Flood Control Wing and the unprecedented and unexpected floods in the country. Actually there has been no excess expenditure in the Flood Control Wing. It seems, there was failure not only to provide for liabilities of earlier years brought forward into the year of account, but also for expenditure actually incurred and accounted for during the very year of account. The Ministry had no idea even in March when it surrendered a sum of Rs. 7,833, that there was going to be an excess expenditure of Rs. 40,673. All this shows a lack of adequate control and watch over progress of expenditure by the Ministry.

- (iv) *Grant No. 104—Other Civil Works—Excess over Voted Grant—Rs. 2,59,32,048.*

The excess has been explained as due to under-provision of funds (Rs. 209 lakhs), increase in cost of materials (Rs. 6 lakhs), inaccurate estimates and omission to provide for funds (Rs. 18 lakhs) and adjustment of unanticipated debits (Rs. 46 lakhs). The reports submitted by the Superintending Engineers in their six-monthly reviews indicated that the grant was likely to be exceeded. On the

basis of the current progress of expenditure, the Ministry considered that the flow of expenditure in the second half-year will be much less and the grant will not be exceeded. No action was therefore taken to obtain a supplementary vote. The Committee are surprised at the manner in which the Ministry dismissed the estimates furnished by responsible officers on the spot by holding that the requirements were not carefully scrutinised by them. It was the responsibility of the Ministry to watch the progress of expenditure continuously and have the final review conducted in time, more especially when they had been informed of the trend of expenditure by the Superintending Engineers.

In a note the Ministry says:

"The final review was conducted in the middle of February, 1955 after the final estimates were received from the Superintending Engineers of various Circles, which again reported excesses. The last date for applying for Supplementary Grant was notified by the Ministry of Finance on 20 January, 1955. The final excess was, therefore known too late to be covered by additional funds".

This explanation does not accord with the facts.

In the Committee's opinion, this cannot be brought within the category of unforeseen excesses, as exercise of care and foresight on the part of the Ministry might have avoided the excess. The Committee would like to emphasise that an excess expenditure is not a thing to be lightly incurred. In the Committee's view excesses can be called unforeseen only when they could not be anticipated and are discovered at the close of the financial year or when the accounts are finally made up. All other anticipated or established excesses during the course of the financial year should be reported to Finance immediately for regularisation. Otherwise the vote of Parliament under Article 115 of the Constitution will be a mere 'matter of form'.

7. Subject to these observations, the Committee would recommend that the excesses referred to in para 4 above might be regularised by the Parliament in the manner prescribed in Article 115 of the Constitution.

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

NEW DELHI,  
The 14th December, 1957.

T. N. SINGH,  
Chairman,  
Public Accounts Committee.

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## **APPENDICES**

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## APPENDIX I

### MINISTRY OF COMMERCE & INDUSTRY

SUBJECT:—*Grant No. 3—Commercial Intelligence and Statistics—  
Excess over Voted grants, 1954-55.*

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The net excess of Rs. 17,068 over the voted Grant No. 3—Commercial Intelligence and Statistics was due to the following contributory causes:—

*A.1-Directorate.*—The final estimate under the detailed head 'A.1(4)—Payments and subsidies to Railways, Steamship Companies and State Governments for Inland and Land Frontier Trade Registration' was fixed at Rs. 3,00,000 on the basis of the figure accepted by the Ministry of Finance in the Revised Estimates 1954-55 and the Director General, Commercial Intelligence and Statistics was advised to restrict acceptance of debits from the Railways upto that figure. There were, however, two debits for a total of Rs. 46,730 which had been accepted by Director General of Commercial Intelligence and Statistics pending adjustment. Efforts were made to get these two debits adjusted in the accounts for 1955-56 in view of the limited availability of funds during 1954-55 but as their acceptance had already been conveyed to the authorities concerned, their adjustment could not be postponed. This excess on account of the debits adjusted was partly offset by the non-presentation of certain bills by Railways amounting to Rs. 15,360.

*B. Trade Commissioners.*—The excess under this sub-head, which was mainly under the detailed head "B. 4—Other Charges", was due to payment of a sum of Rs. 28,800 by the High Commission for India, Karachi, on 10th March, 1955 as part of advance of rent for 2 years in respect of a building hired by him for purposes of residential accommodation for the staff of the Trade Section. Provision to meet the expenditure was neither made in the original estimates nor in the final grant which were furnished to this Ministry. The fact that a building was available in Karachi was reported to the Government of India in February, 1955. The High Commission was directed with the concurrence of the Ministry of Finance on 4th March, 1955, to take over the building on the terms and conditions stipulated by the Lessor and the High Commission was also asked to meet the expenditure from within the sanctioned budget grant. The High Commission, accordingly, took over the building on lease with effect from 10th March, 1955 and reported to this Ministry that the additional expenditure could be met partially if the final estimates were revised to the higher figure of the original budget grant. As the intimation was received in the Ministry on the 21st March, 1955, no action could be taken for the upward revision of the grant. The position that the excess had to be left uncovered was brought to the notice of Ministry of Finance.

The urgency in incurring this expenditure without provision of adequate funds in the budget was due to the fact that there was acute shortage of accommodation in Karachi and it was considered that the opportunity of taking the building in question, when it became available, should not be missed.

In addition to this unforeseen expenditure, there were certain unanticipated debits relating to the defunct Office at Buenos Aires (about Rs. 7,000).

The excess on account of the above item was for the large part offset by savings in the grant relating to "Commerce Department, London" (Rs. 47,493).

Sd./- K. V. VENKATCHALAM,  
*Joint Secretary to the Government of India.*

NEW DELHI;  
*The 29th August, 1957.*

## APPENDIX II

### GOVERNMENT OF INDIA

#### MINISTRY OF EDUCATION & SCIENTIFIC RESEARCH

*Note giving the main reasons for the excess expenditure of Rs. 44,342 over the final grant of Rs. 48,79,000 pertaining to grant No. 18.—Archaeology for the year 1954-55.*

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The excess of Rs. 44,342 is the net result of minor excesses under a number of sub-heads of the Grant, partly offset by minor savings under some other sub-heads. The actual net excess under this Grant was Rs. 38,342, since a sum of Rs. 6,000 representing expenditure on Buddhist Exhibition in Rangoon which was appropriately chargeable to Grant No. 20—Education, was erroneously adjusted under this Grant. The following two sub-heads are mainly responsible for the excess:—

(a) A. Directorate—A.4—Other Charges	Rs. 27,585.
(b) F. Charges in England—F.2 Stores	Rs. 19,030.

In regard to (a) the total expenditure booked by the Accountant General upto the close of March Accounts showed a saving under this sub-head. The ultimate excess was caused by the adjustment, after the close of the financial year, of some arrear debits pertaining to the office of the Assistant Archaeological Chemist, Hyderabad for which no provision had been made during the year. The delay in adjustment was due to the transfer of audit control of this office from the Accountant General, Madras to the Accountant General, Hyderabad.

In regard to (b), the provision in the budget estimates for "Charges in England" is made on the advice of the High Commission. There was no provision in the original budget for 1954-55 on this account. In October 1954, the High Commissioner suggested a revised estimate of £1,275 (which was subsequently increased to £1,350 in his final estimate) but no funds were actually provided through oversight. The amount of Rs. 19,030 booked under this sub-head was due to adjustment during 1954-55 of debits for stores acquired during the previous years.

Sd./-P. N. KIRPAL,  
Joint Educational Adviser.

**APPENDIX III**  
**MINISTRY OF FINANCE**  
**(Budget Division)**

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**SUBJECT:**—*Note regarding excesses in the Grants and Appropriation as reported in the Appropriation Accounts (Civil) for 1954-55 relating to the Ministry of Finance.*

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*Grant No. 38.—Miscellaneous departments and expenditure under the Ministry of Finance*

Excess	Rs. 17,03,041 (Voted)
	Rs. 4,07,114 (Charged)

(a) The excess in the voted portion occurs mainly under the head "Economic Aid to South and South East Asia under Colombo Plan". Under the scheme of economic assistance to friendly countries under the Colombo Plan, the Government of India undertook the construction of Tribhuvan Rajpath and maintenance of the Gauchar Air Field in Nepal, besides providing for minor irrigation works, triangulation and mapping survey, supply of fertilizers etc. The cost of the projects was to be debited to Nepal Government as a loan. But later on in the course of the year it was decided to treat the expenditure from 1952-53 on these projects as a grant-in-aid to the Nepal Government under the Colombo Plan. The arrangement was that the debit for the cost of the Rajpath and the Air Field which were executed by the Defence Department was to be passed on to the A.G.C.R. for final adjustment in the Civil Books. The total cost estimated at that time was Rs. 2.44 crores and accordingly the budget provision of Rs. 80 lakhs was increased by a Supplementary Grant of Rs. 1.06 crores and reappropriation of likely savings from other heads of Rs. 58 lakhs. Debits raised by the Controller General of Defence Accounts in the accounts for March 1955 Supplementary proved, however, to be larger than anticipated and resulted in an excess of about Rs. 12.61 lakhs. This excess debit raised by the Controller General of Defence Accounts did not come to the notice of the Ministry of Finance until after the close of the year. There was also an excess of Rs. 11 lakhs under the sub-head "B. 5—Loss by Exchange on Local Transactions" due mainly to the loss on exchange arising from the difference in the buying rate of dollars in terms of sterling for the quarter ended March 1955 during which period the actual remittances from London to India Supply Mission, Washington, proved to be abnormally high and from fluctuations in the average Canadian dollar—sterling rates. This was partly off-set by a saving of Rs. 4 lakhs under "B. 8(4)—Payments to Industrial Finance Corporation" due to the decision to treat the expenditure as "Charged" [referred to in (b) below] and partly due to a saving of Rs. 1.5 lakhs

under "B. 8(5)—Technical Aid to South and South East Asia under Colombo Plan", due to the fact that the training facilities provided for were not availed of by some of the countries concerned.

(b) The excess under the charged portion occurs under "Payments to the Industrial Finance Corporation".

Under Section 5 of the Industrial Finance Corporation Act, 1948, the Government have guaranteed a dividend of 2½ per cent. on the shares of the Corporation. Till the year 1954-55 it was assumed that the payment to the Corporation under this guarantee was votable and provision was made accordingly. In the year 1955-56, on the advice of the Law Ministry and after consultation with the Comptroller and Auditor General it was, however, decided that this payment should be treated as a charged expenditure for the following reasons:—

Under Article 112(3) (c) of the Constitution, debt charges for which the Government of India are liable are 'charged' on the Consolidated Fund of India. As defined in Article 366(8), 'debt' includes any liability under any guarantee and 'debt charges' are to be constituted accordingly. Under Section 5 of the I.F.C. Act, 1948, payment of the minimum annual dividend is guaranteed by the Central Government and such payments are 'debt charges for which the Government of India are liable' as provided in Article 112(3) (c). Such payments are, therefore, charged on the Consolidated Fund of India and are not to be submitted to the vote of Parliament under Article 113(1) as read with Article 112(3) (c) of the Constitution.

Although the above decision was taken in 1955-56 and a Supplementary Appropriation was obtained for the purpose in that year, the Audit Department gave effect to this decision from the year 1954-55 on the ground that the correct classification had to be followed as the Accounts for that year had not yet been closed.

Sd./ H. S. NEGI,  
Joint Secretary to the Government of India.

## APPENDIX IV

No. F. 10(12)-B/57

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 3rd July, 1957.

### OFFICE MEMORANDUM

**SUBJECT:**—*Note regarding the excesses in the Grants and Appropriations as reported in the Appropriation Accounts (Civil) for 1954-55 relating to the Ministry of Finance.*

*Grant No. 40.—Miscellaneous adjustments between the Union and State Governments.*

Excess . . . . . Rs. 16,072 (Voted)

The excess was due to larger payments on the basis of increased receipts of fees realised under the Petroleum, Explosives and Arms Acts.

These Acts are administered by the State Governments on behalf of the Union Government and an amount equivalent to the fees realised thereunder is paid back to the States to cover their expenditure on the administration of these Acts. The estimates of the amounts payable to the State Governments, for which provision is made in this grant are based on the information given by the Accounts Officers who are themselves guided by the trends of past and present actuals. Thus any unanticipated increase in receipts causes a corresponding excess in expenditure booked in this Grant.

It is not possible to estimate precisely in advance the fees to be realised under these Acts. With a view to prevent such excesses, in future, it was decided last year with the concurrence of the Comptroller and Auditor General of India, that the adjustments in the Central Accounts for payments to State Governments for the Administration of these Acts should be restricted to the revised estimates for the year and the differences on the basis of actuals adjusted in the payments for the following year. Such excesses are not, therefore, likely to arise in future.

*Grant No. 42.—Prepartition Payments.*

Excess . . . . . Rs. 1,33,991 (Charged)

2. The excess occurred mainly under the head "Interest on Ordinary Debt etc.", which accommodates interest on Public Debt notified for discharge before Partition and Interest on Savings Bank Deposits etc., for the pre-partition period. The excess was mainly due to certain adjustments and rectification of misclassification in certain Accounts Offices late in the year which were not anticipated and for which no intimation could be sent in advance for obtaining additional provision.

3. This note has been seen by Audit.

Sd./- H. S. NEGI,

*Joint Secretary to the Government of India.*

## APPENDIX V

*Note in respect of Grant No. 55—Police (all voted) for the year 1954-55*

Final Grant . . . . .	Rs. 1,54,45,000
Actual Expenditure . . . . .	Rs. 1,65,57,082
Excess . . . . .	Rs. 11,12,082

The excess occurred mainly under sub-head C.I.—Lump sum charges paid to State Governments. The following items reveal the factual position with regard to the expenditure on Police in Jammu and Kashmir adjusted under this sub-head—

Particulars of Expenditure	Final Grant	Actual Expenditure	Variations
	Rs.	Rs.	Rs.
(a) Bihar Police Battalions deputed to J. & K. . . . .	6,88,438	7,82,858	(+)94,420
(b) Madhya Pradesh Police Battalions deputed to J. & K. . . . .	9,03,000	12,78,531	(+)3,75,531
(c) Grant of facilities at par with Indian Troops to the personnel of Madhya Pradesh and Bihar Battalions deputed to J. & K. . . . .	9,55,154	21,27,648	(+)11,72,494
(d) Jammu & Kashmir Additional Police . . . . .	22,09,408	22,00,000	(-)9,408
(e) Indo-Pakistan Border—Maintenance of Kazakh, registration and surveillance of foreigners. . . . .	1,86,000	1,86,000	..
<b>TOTAL . . . . .</b>	<b>49,42,000</b>	<b>65,75,037</b>	<b>(+)16,33,037</b>

2. These excesses were counter-balanced by saving of Rs. 1,31,275 in other States. Thus the net excess under this sub-head was

Rs. 15,01,762. The excess expenditure as detailed above was mainly due to high adjustments pertaining to (i) leave and pension contributions and (ii) grant of facilities at par with Indian Troops to the personnel of Police Battalions in Jammu and Kashmir.

3. So far as (i) is concerned, the Government of Madhya Pradesh did not include the provision for "Leave and Pension Contributions" in their budget estimates for 1954-55. An annual adjustment of these charges was, as usual, made by the Accountant General, Madhya Pradesh after the 31st March, 1955. This resulted in an excess.

4. As regards (ii), the figures of approximate expenditure incurred in connection with the grant of facilities at par with the Indian Troops to the personnel of Madhya Pradesh and Bihar Police Battalions deputed to Jammu & Kashmir could not be made available by the Ministry of Defence who incurred the expenditure initially from the Defence Estimates and subsequently debited to Grant No. 55—Police. The provision made by us was only a guess work in the absence of the figures of actual or estimates expenditure.

This note has been seen by audit.

Sd/-HARI SHARMA,  
*Joint Secretary.*



## APPENDIX VI

### MINISTRY OF IRRIGATION & POWER

**SUBJECT:** Note stating the reasons leading to excess in Grant No. 64.—Miscellaneous Departments and Expenditure under the Ministry of Irrigation & Power for the year 1954-55.

Grant No. 64.—Miscellaneous Departments & Expenditure under the Ministry of Irrigation and Power mainly relates to the establishment charges of the Central Water & Power Commission. The original allotment under this head for the year 1954-55 was Rs. 34,64,000/- as detailed below:—

Sub-head	Amount in Rupees
Central Water & Power Commission (Water Wing) . . . . .	20,74,000
Central Water & Power Commission (Power Wing) . . . . .	13,86,000
Charges in England. . . . .	4,000
TOTAL . . . . .	34,64,000

2. Owing to the unprecedented floods in the country in the year 1954, it was decided to create a Flood Control Wing in the Central Water & Power Commission with a view to devising permanent preventive measures against the recurrence of floods. Some staff was also sanctioned for strengthening the existing Directorates of the Commission in order to enable it to cope with the responsibility devolved on it in connection with the execution of irrigation & power projects included in the Plan. To meet the requirements of funds for the additional staff etc., a supplementary grant of Rs. 6,84,000/- was obtained in December, 1954. This raised the original grant from Rs. 34,64,000/- to Rs. 41,48,000/-. A sum of Rs. 7,833/- was surrendered on the 21st March, 1955, as it was considered that this amount would not be required due to late filling of posts sanctioned in connection with flood control works.

3. The actual expenditure on the various services provided in the grant, amounts to Rs. 41,94,079/- as shown below:—

Sub-Head	Final allotment	Expenditure	Excess (+) Saving (—)
	Rs.	Rs.	Rs.
1. Central Water & Power Commission (Water Wing) . . . . .	25,71,600	26,46,574	(+ ) 74,974
2. Central Water & Power Commission (Power Wing) . . . . .	12,83,800	12,73,685	(— ) 10,135

Sub-Head	Final allotment	Expenditure	Excess (+) Saving (—)
	Rs.	Rs.	Rs.
3. Central Water & Power Commission (Flood Control Wing) . . . . .	2,28,233	2,10,497	(—) 17,736
4. Payment to the Government of Uttar Pradesh. . . . .	48,700	48,625	(—) 77
5. Charges in England. . . . .	15,667	14,720	(—) 947
TOTAL : . . . . .	41,48,000	41,94,079	(+) 46,079

4. The excess of Rs. 46,079/- is accountable as under:—

(i) Debits relating to the year 1953-54 adjusted in 1954-55.	Rs.	Rs.
(a) Expenditure on account of pay and allowances of an American Specialist appointed as a Member of the Plant & Machinery Committee for the period 23-10-1953 to 9-2-1954 (adjusted in 3/55-Sy. II accounts).	25,017	
(b) Bill relating to contingencies (adjusted in 11/54).	6,969	
(c) Debits on account of tuition fees etc. for foreign languages (Rs. 3720 adjusted in 9/54 and Rs. 2420 in 3/55, Final).	6,140	
TOTAL .	38,126	
Offset by savings in other charges. (—)	2,428	
	35,698	35,698

(ii) Expenditure on extra staff entertained during the last three months of the year (Dec. 54 to Feb. 55). Supplementary grant was not obtained as it was expected that the major portion of the expenditure would be met out of the savings anticipated under other sub-heads. This, however, did not materialise.	21,794
(iii) Pay & Allowances of certain Extra Asstt. Directors for the month of February, 1955 which were withheld due to non-fulfilment of audit requirements, paid at the fag end of the year. The provision for these posts had already been utilised to meet other items of excesses in the grant.	11,547
(iv) Adjustment of the pay of two officers in Grant No. 64 instead of Grant No. 63.—Multi-purpose River Valley Schemes. This could not be noticed in time.	5,406
(v) Petty excess.	529
	<hr/>
TOTAL :	74,974
Offset by savings:	28,895
	<hr/>
Excess Rs.	46,079

It was not known that the liability in respect of item (i) (a) & (c)—part, above, would be adjusted in the year 1954-55. As for items (i) (b) & (c)—part, it was expected that the amount would be met from savings under other sub-heads in the grant. This, however, did not materialise.

Had the erroneous adjustment mentioned in item (iv) above been rectified, the excess under this grant would have been Rs. 40,673/- and not Rs. 46,079/-. The actual excess requiring regularisation is Rs. 40,673/-.

Sd/- T. SIVASANKAR,  
Secretary to the Government of India.

## APPENDIX VII

### GOVERNMENT OF INDIA MINISTRY OF LABOUR & EMPLOYMENT

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*Appropriation Accounts (Civil) 1954-55.*

*Grant No. 69—Civil Defence*

*Sub-head-A—Expenditure connected with the War Injuries  
Scheme—Compensation (+Rs. 853/-)*

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The expenditure relates to pensions and allowances paid under the War Injuries Scheme. The payments under the Scheme are a statutory obligation of the Government of India and are normally made through the Post Offices. The expenditure during each year is reported to the Ministry through the returns submitted by the Deputy Accountants General, Posts and Telegraphs, Calcutta, Madras, Nagpur, Delhi and Kapurthala and the Deputy Commissioner, Naga Hills, Kohima. The budget estimates for any given year are usually based on the expenditure incurred during the previous year. A provision of Rs. 1,20,000/- was accordingly made in the Budget Estimates for the year 1954-55 for making payments under the War Injuries Scheme. At the time of reviewing the Grant in March, 1955, it was anticipated that there will be a saving of Rs. 1,000/- and accordingly that amount was surrendered reducing the final grant to Rs. 1,19,000/-. But, however, the grant resulted in an excess of Rs. 853/-. The excess was partly due to larger payments made during the last two months of the financial year 1954-55 than anticipated and partly to omission to take into account commission payable to the Posts and Telegraphs Department.

*Dated New Delhi the 27th June, 1957.*

*Sd/- P. M. MENON,  
Joint Secretary.*

## APPENDIX VIII

*Note for the Public Accounts Committee relating to regularisation of excesses in Grant No. 104—Other Civil Works for 1954-55.*

The excesses in the above mentioned Grant are as under:—

- (i) Excess over Charged Appropriation Rs. 2,90,792/- and
- (ii) Excess over Voted Grant Rs. 2,59,34,387/-. The reasons for the above excesses are given below:—

### (i) Excesses over Charged Appropriation

The Excess of Rs. 2,90,792/- is made up as under:—

Sub-heads	Final Grant	Actual Expendi- ture	Excess + Saving—
	Rs.	Rs.	Rs.
A.— Original Works . . . . .	1,45,250	1,30,924	+ 14,326
B.— Repairs . . . . .	15,07,600	15,69,205	+ 61,605
C.— Establishments . . . . .	24,400	25,248	— 848
D.— Tools and Plant . . . . .	5,000	3,330	+ 1,670
F.— Suspense . . . . .	4,21,750	6,66,085	+ 2,44,335
TOTAL . . . . .	21,04,000	23,94,792	+ 2,90,792

It will be seen from the above statement that the bulk of the excesses was under B.—Repairs and F.—Suspense which were together responsible for the overall excess of Rs. 2,90,792/- under the Charged Appropriation. These two excesses were due to:

#### (a) Repairs to Buildings and Repairs to Furniture

Many foreign V.I.Ps. visited India and stayed in the Rashtrapati Bhavan between December, 1954 and February, 1955. The expenditure on these visits was incurred at the close of the financial year, i.e. in February 1955 and accounted for after the submission of the final budget, when no provision for the expenditure could be made. Separate estimates also could not be prepared as the details of the repairs to be carried out in buildings, roads and furniture were not

known and the extra expenditure incurred was debited to the Annual Repairs estimates. The excess under this sub-head was mainly due to the special lighting arrangements made during the visit of the V.I.Ps. The cost of electric energy consumed during December 1954 and February 1955 and paid in January 1955 and March 1955 respectively amounted to Rs. 78,690/- (for two months) against the average consumption of Rs. 21,000/- per month. In addition to this, extensive repairs had to be carried out during December 1954 and February 1955 when V.I.Ps. from foreign countries visited India, which resulted in an excess of Rs. 12,000/- on the estimate of Annual Repairs to Rashtrapati Bhawan, New Delhi. In respect of furniture also there was an excess of Rs. 11,000/- on account of the visit of the V.I.Ps. The excess on the above items comes to about Rs. 62,000/-.

(b) *Suspense*

During January to March 1955 (inclusive of March Supplementary accounts) expenditure to the extent of Rs. 1,25,752/- was incurred and adjusted in accounts for building of stock for future works as detailed below:—

	<i>Amount</i>
	Rs.
January, 1955 . . . . .	39,790 10 3
February, 1955 . . . . .	26,603 13 0
March, 1955 . . . . .	47,224 10 3
March, 1955 1st Supply . . . . .	4,917 8 0
March, 1955 2nd Supply . . . . .	3,567 11 9
March, 1955 3rd Supply . . . . .	3,647 0 6
TOTAL . . . . .	<u>1,25,751 5 9</u>
Say . . . . .	1,25,752/-

Also, unanticipated debits to the extent of Rs. 1,42,444/- were received through adjustment Memos. and Advices of Transfer Debits which were accounted for towards close of the year. There was thus an overall excess of Rs. 2,44,335/- under F.—Suspense.

(ii) *Excesses over Voted Grant*

The following table will indicate the final grant under various sub-heads, the actual expenditure and excesses/savings subordinate to the Major Head "50-C.W.C." :—

Sub-heads	Final Grant	Actual Ex- penditure	Excess + Saving—
	Rs.	Rs.	Rs.
A. Original Works Build- ings . . . . .	84,90,077	74,67,482	--10,22,595
B. Repairs Buildings . . . . .	2,41,91,214	2,44,57,064	+2,65,850
C. Establishment . . . . .	1,97,92,662	1,93,24,571	--4,68,091
D. Tools and Plants . . . . .	16,65,470	16,52,684	--12,786
E. Grants-in-Aid . . . . .	28,86,000	23,53,789	--5,32,211
F. Suspense . . . . .	9,55,57,077	12,34,64,222	+2,79,07,145
I. Charges in England . . . . .	9,000	8,575	--425
Surrenders or with- drawal within the Grant . . . . .	2,02,500	..	--2,02,500
TOTAL	15,27,94,000	17,87,28,387	+2,59,34,387

It will be seen from the above table that the excess is mainly under 'Suspense'. Against the total excess of Rs. 2,79,07,145 under this sub-head, Rs. 2,38,16,631 pertains to the Central P.W.D.; Rs. 13,92,810 to Delhi State Division; Rs. 8,77,537 to Andaman and Nicobar Islands etc. all in India Circle of Accounts; to Manipur, Tripura in Assam Circle Rs. 17,97,469 and to Bilaspur in Punjab Circle Rs. 22,698.

The excess is partly due to under provision of funds, to the extent of Rs. 2,08,74,322, increase in cost of materials to the extent of Rs. 6,40,003, both in respect of Central P.W.D. inaccurate estimate and omission to provide funds to the extent of Rs. 17,97,469 in respect of Manipur and Tripura and Rs. 22,698 in respect of Bilaspur; and partly due to adjustment of unanticipated debits to the extent of Rs. 45,72,653 in respect of Central P.W.D. No Supplementary Grant was obtained to cover the excess as it was expected that the increase reported by the Superintending Engineers in their six monthly review would substantially go down at the time of final review of the grant. The expectation, however, did not materialise and it was then too late to apply for Supplementary Grant. The final review was conducted in the middle of February, 1955 after the final estimates were received from the Superintending Engine-

ers of various Circles, which again reported excesses. The last date for applying for Supplementary Grant was notified by the Ministry of Finance as 20-1-55. The final excess was, therefore, known too late to be covered by additional funds.

To eliminate these difficulties every effort is being made to establish closer liaison with the supply departments so that the errors may be minimised as far as possible.

An expenditure of Rs. 2,339/- representing repairs to quarters and shed, etc., under "Gosadan Scheme" which was executed by the Public Works Departments on behalf of the Agriculture Department of Tripura State was wrongly debited to this grant instead of to Grant No. 45—Agriculture in the Divisional accounts. This mistake was detected too late for rectification. The actual excess requiring regularisation by an excess vote of Parliament is, therefore, Rs. 2,59,32,048 (i.e. Rs. 2,59,34,387—Rs. 2,339).

*Dated New Delhi:*

(M. R. SACHDEV),

*Secretary.*

24-10-1957.

*Ministry of Works, Housing and Supply.*



## APPENDIX IX

No. 7-18/57-L

GOVERNMENT OF INDIA

MINISTRY OF FOOD AND AGRICULTURE

(Department of Agriculture)

New Delhi, the 4th November, 1957

*Regularisation of excess over charged appropriation in the Appropriation Accounts, 1954-55 (Civil)—Excess of Rs. 7,76,353 under Grant No. 124—Other Capital Outlay of the Ministry of Food and Agriculture 1954-55—B2. Land Reclamation Scheme—B2.(5). Interest charges—charged.*

The excess is due to the following reasons:—

(1) While framing the budget estimates for the Scheme the Central Tractor Organisation calculated the interest charges in two parts. The first part referred to the actual interest payable by the Government of India to the International Bank for Reconstruction and Development on account of the loan advanced by the latter. The second part related to the interest on the balance of the actual rupee expenditure, after making the necessary deduction in respect of the repayment of the dollar loan. This was due to the erroneous impression that the I.B.R.D. was financing the Land Reclamation Scheme. But as the loan to the C.T.C. was actually given by the Government of India and not by the International Bank, in calculating the actual interest only the rupee capital was taken into account. This difference in the method of calculation alone accounts for a sum of Rs. 5,06,000 out of the total excess of Rs. 7,76,353.

(2) The actual capital on 1.4.54 was Rs. 6,03,95,000/- against the estimated amount of Rs. 5,03,68,000/-. The difference in the interest charges on this account is Rs. 3,13,000/-. The actual rate of interest for the year 1954-55 was 3.19% against the rate of 3.12% adopted while calculating the interest charges for the purpose of budget estimates in October, 1953. (The rate of 3.17% fixed by the Ministry of Finance *vide* their letter No. F.2(66)B/53 dated 9.12.53 was not known at that time). The difference on this account works out to Rs. 37,000/-. In addition to this, a sum of Rs. 24,000/- was adjusted by the AGCR against the short adjustments made in the previous years. The additional amounts referred to above were partly offset due to the difference in the actual and estimated net expenditure during the year 1954-55. The reduction on this account works out to Rs. 1,03,000/- as per details given in the attached statement.

(3) During 1954-55, a supplementary grant of Rs. 30 lakhs was obtained by the Central Tractor Organisation in September, 1954 for purchase of certain machinery, stores and spare parts. This additional expenditure, taken with the increased outlay on account

of non-realisation of reclamation charges from certain State Governments, increased the interest charges payable by the Organisation on account of the capital invested in it. Further, as against the rate of interest which had been adopted as 3.12% as indicated above the actual rate worked out for the year was 3.19%. To meet these additional charges, the proposal for a supplementary appropriation for Rs. 5.35 lakhs was mooted in November, 1954. But in the meantime the Government of India, in consultation with the Comptroller and Auditor General, decided that it would not be necessary to make any adjustments in the regular accounts in respect of overheads on schemes of Government trading. Later, it was decided in consultation with the Comptroller and Auditor General that the *status quo* should be maintained in respect of interest charges on capital invested in the Land Reclamation Scheme. Since this decision was taken towards the close of the year, a Supplementary Appropriation could not be obtained to cover the excess.

A statement fully analysing the difference is attached.

This note has been vetted by audit.

(KRISHAN CHAND)

*Joint Secretary to the Govt. of India.*

## STATEMENT

*Particulars* (Interest rounded to nearest thousand)

Capital outlay on 1-4-54.

Estimated while calculating the Interest charges for Budget Estimates . . . .	5,03,68,000
Actuals on 1-4-54 . . . . .	<u>6,03,95,000</u>
Difference . . . . .	1,00,27,000

NOTE :—

The difference in capital is mainly due to less recovery of reclamation charges from the State Governments than anticipated during the year 1953-54.

Difference in the interest charges on this account viz. on 1,00,27,000 @ 3.12% . . . . . 3,13,000.

2. Difference due to Dollar expenditure having not been deducted :

Interest on Dollar expenditure amounting to Rs. 3,60,00,000 @ 3.12% . . . . .	11,23,200	}	5,06,000.
Actual interest paid to the bank . . . . .	6,17,400		

3. Difference due to increase in the rate of interest charges :—

Rate of interest adopted while calculating the interest charges for the Budget Estimates @ 3.12%.

Rate of interest for the year 1954-55 as intimated by AGCR 3.19%.

Difference in interest charges @ 0.7% (3.19 minus 3.12) on the mean capital.

Capital as on 1-4-54 . . . . .	6,03,95,000
1/4 the net expenditure during 1954-55 . . . . .	(—) 81,63,000

Mean capital . . . . .	5,22,32,000	37,000.
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4. Over adjusted by AGCR against the short adjustment made in previous years . . . . .		24,000.
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TOTAL . . . . .		<u>8,80,000</u>
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5. Interest charges on the difference between the actual and estimated net expenditure during the year 1954-55 .

Estimated expenditure . . . . .	(—) 97,33,000
Actual Net Expenditure . . . . .	(—) 1,63,27,800
	<hr/>
	65,94,800
Interest on 65,94,800 @ 3.12% for half the year . . . . .	(—) 1,03,000
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NET INCREASE . . . . .	7,77,000
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N.B.—The rate of 3.12% mentioned in the above statement is the actual rate that was adopted by the Central Tractor Organisation while calculating the interest for the budget estimates for the year 1954-55. The rate 3.17% per annum fixed by the Finance Ministry *vide* their letter No. F. 2(66)—B/53 dated the 9th December, 1953 was not known at that time *viz.* October, 1953.

