HUNDRED A[illegible]TY-SIXTH REPORT

PUBLIC ACCOUNTS COMMITTEE (1983-84)

(SEVENTH LOK SABHA)

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (1981-82)

AND

Action Taken on 121st Report (Seventh Lok Sabha)

Presented in Lok Sabha on......
Laid in Rajya Sabha on.........

LOK SABHA SECRETARIAT
NEW DELHI

July, 1983/Sravana, 1905 (Saka)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 166th Report on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts & Telegraphs) and (Railways) for the year 1981-82 and action taken by Government on the recommendations of the Public Accounts Committee contained in their 121st Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1980-81. The Report also includes final replies in respect of those recommendations contained in the 57th Report (Seventh Lok Sabha) in respect of which interim replies had been furnished by Government earlier.

2. The Appropriation Accounts (Civil) and (Defence Services) for the year 1981-82 were laid on the Table of the House on 15 April, 1983 while the Appropriation Accounts (Posts and Telegraphs) and (Railways) were laid on the Table of the House on 26 April, 1983 and 9 May, 1983 respectively.

3. During the year 1981-82, expenditure in excess of the funds authorised by parliament occurred under 16 Voted Grants and 4 Charged Appropriations and aggregated to Rs. 462.69 crores which was the highest during the decade 1972—82. Bulk of the excess of Rs. 206.80 crores on the Civil side was contributed by one Grant *viz.*, Grant No. 12—Foreign Trade and Export Production. Three Grants operated by the Ministry of Defence contributed to an overall excess of Rs. 115.59 crores, while the Ministry of Communiactions contributed to an excess of Rs. 51.64 crores. In the case of Railways the excess expenditure was Rs. 88.62 crores.

4. Year after year, the Committee have been expressing concern over excess expenditure. The Committee, however, find it distressing that instead of improving, the position has been deteriorating. During the year 1981-82, the aggregate excess expenditure was the highest during the decade 1972—82. It was nearly 130 per cent of that 1980-81, 330 per cent of that in 1979-80 and 1100 per cent of that in 1978-79. That the position should have deteriorated in spite of repeated exhortations of the Committee and the repeated instructions issued by the Ministry of Finance is a matter of serious concern. An analysis of the explanations given by the Ministries shows that, as in the past, defective estimation of requirement of funds, absence of a continuous watch over the flow of

expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto and absence of adequate provision for adjustment of past liabilities continue to be main reasons for excesses. The fact that the same causes for the excess should persist year after year has led the Committee to believe that the matter has not been viewed by the Ministries with the seriousness it deserved. According to the Committee, the only contingency in which such expenditure is understandable is when a ned for unavoidable expenditure has arisen suddenly which could not have been anticipated or foreseen and there is no time left for a Ministry to approach Parliament for a Supplementary Grant/Appropriation. Even in such cases advance from the Contingency Fund should be taken. The Committee have urged upon Government to tighten their financial control with a view to ensure that the excesses are reduced to the barest minimum, if not altogeher eliminated. The Committee has also suggested that the financial systems in the 3 sectors viz., Railways, Defence and Posts and Telegraphs should be reviewed in depth by a team of high level officials.

5. The Committee examined the Excesses in the light of the Explanatory Notes furnished by the Ministries/Departments concerned (Appendices I to XIV) at their sitting held on 19 July, 1983. The Minutes of the sitting form Part II of the Report.

6. The Committee's 121st Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1980-81 was presented to the House on 5 November, 1982. The action taken notes furnished by Government in pursuance of the recommendations contained in this Report were also considered by the Committee at the aforesaid sitting and have been discussed in Chapter III of the Report.

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

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

NEW DELHI;
July 23, 1983.
Sravana 1. 1905 (*Saka*)

SUNIL MAITRA
CHAIRMAN,
PUBLIC ACCOUNTS COMMITTEE

PART I REPORT

CHAPTER I

GENERAL OBSERVATIONS

1.1 This 166th Report of the Committee deals with Excess Expenditure over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1981-82 and on the action taken by Government on the recommendations of the Public Accounts Committee contained in their 121st Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1980-81. The Report also includes final replies in respect of those recommendations contained in the 57th Report (Seventh Lok Sabha) on which interim replies had been furnished by Government earlier.

1.2. The Appropriation Accounts (Civil) and (Defence Services) for the year 1981-82 were laid on the Table of the House on 15 April, 1983 while the Appropriation Accounts (Posts and Telegraphs) and (Railways) were laid on the Table of the House on 26 April, 1983 and 9 May, 1983 respectively.

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

CHAPTER II

EXCESS GRANTS/APPROPRIATIONS

2·1 During the year ended 31 March, 1982, excess expenditure occurred under the following 18 Voted Grants and/or Charged Appropriations :

Appropriation Accounts	No. and Name of Grant/Appropriation	Ministry/Department	Excess Expenditure (Rs. in lakhs)	
Civil	12—Foreign Trade and Export Production	Commerce	1,68,93·46	
	15—Overseas Communication Service	Communications	1,87·23	
	32—Ministry of Finance	Finance (Economic Affairs) . .	10·33	
	53—Delhi	Home Affairs	22,68·30	
	55—Andaman & Nicobar Islands	Home Affairs	2,85·68	
	56—Dadra and Nagar Haveli	Home Affairs	16·98	
	91—Public Works	Works & Housing	10,12·46	
	103—Department of Space	Department of Space . . .	8·51	
	104—Lok Sabha	Lok Sabha Secretariat . . .	0·70	
				2,06,83·65
Defence Services	20—Defence Services-Army	Defence	88,79·78	
	21—Defence Services-Navy	Defence	5,47·52	
	24—Capital outlay on Defence Services	Defence	21,31,33	
				1,15,58·63

Posts & Telegraphs	18—Capital outay on Posts and Telegraphs	Communications (P&T Board) . .	51,63·71	
				51,63·71
Railways	4—Working Expenses—Repairs and Maintenance of Permanent Ways and Works	Railways (Railway Board) . .	1,08·71	
	6—Working Expenses—Repairs and Maintenance of Carriages and Wagons	Do.	12,56·48	
	10—Working Expenses—Operating Expenses-Fuel	Do.	11,43·21	
	11—Working Expenses—Staff Welfare and Amenities.	Do.	·04	
	16—Assets-Acquisition, Construction and Replacement—'Other Expenditure'	Do.	63,53·10	
				88,61·54
		Grand Total :		4,62,67·54

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

Sl. No.	No. and Name of Grant	Ministry/Department	Final Grant	Actual Expenditure	Excess Expenditure	Date of receipt of Explanatory Note
1	2	3	4	5	6	7
	I. *Appropriation Accounts (Civil), 1981-82*					
	A. *Voted Grants*					
	(a) *Revenue Section*					
1	15—Overseas Communication Service	Communications	21,38,17,000	23,25,40,223	1,87,23,223	31-5-83
2	32—Ministry of Finance	Finance (Economic Affairs)	45,87,44,000	45,97,18,609	9,74,609	20-4-83
3	53—Delhi	Home Affairs	234,35,58,000	240,34,12,527	5,98,54,527	30-5-83
4	55—Andaman and Nicobar Islands	Home Affairs	35,85,36,000	38,71,04,419	2,85,68,419	31-5-83
5	56—Dadra and Nagar Haveli	Home Affairs	3,55,29,000	3,72,26,547	16,97,547	27-5-83
6	91—Public Works	Works and Housing	1,61,48,15,000	1,71,60,61,039	10,12,46,039	24-5-83
7	103—Department of Space	Department of Space	55,23,76,000	55,24,28,355	52,355	24-5-83
	(b) *Capital Section*					
8	12—Foreign Trade and Export Production	Commerce	1,87,88,01,000	3,56,81,46,998	1,68,93,45,998	31-5-83
[illegible]	53—Delhi	Home Affairs	1,56,03,35,000	1,72,73,10,744	16,69,75,744	30-5-83

B *Charged Appropriations*

	(a) *Revenue Section*					
2	32—Ministry of Finance	Finance (Economic Affairs)	25,000	83,088	58,088	20-4-83
9	104—Lok Sabha	Lok Sabha Secretriat	1,78,000	2,48,169	70,169	25-5-83
	(b) *Capital Section*					
7A	103—Department of Space;	Department of Space	9,12, 000	17,10,160	7,98,160	30-5-83
					206,83,64,878	

II. *Appropiation Accounts (Defence Services)*, 1981-82

A. *Voted Grants*

	(a) *Retenue Section*					
10	20—Defence Services—Army	Defence	26,59,37,40,000	27,48,17,18,556	88,79,78,556	31-5-83
11	21—Defence Seivices-Navy	Defence	3,13,24,20,000	3,18,71,71,761	5,47,51,761	31-5-83
	(b) *Caoital Sectipn*					
12-	Capital outlay on Defence Services	Defence	4,60,57,00,000	4,81,88,33,010	21,31,33,010	31-5-83
					1,15,58,63,327	

III. *Appropriation Accounts (posts Telegraphs)*, 1981-82

A. *Noted Grabts*

13	18—Capital outlay on Posts and Telegraphs	Communications (P&T Board)	5,12,00,75,000	5,63,64,46,150	51,63,71,150	31-5-83
					51,63,71,150	

1	2	3	4	5	6	7
	IV *Appropriation Accounts (Railways)*, 1981-82					
	A. *Voted Grants*					
	(a) *Revenue Section*					
14	4—Working Expenses-Repairs and Maintenance of Permanent way and works	Railways (Railway Board)	2,94,63,21,000	2,95,76,54,480	1,08,70,480*	31-5-83
15	—Working Expenses-Repairs and Maintenance of Carriages and wagons	Railways (Railway Board)	3,36,18,14,000	3,48,69,57,396	12,56,47,481@	31-5-83
16	10—Working Expenses-Operating Expenses-Fuel	Railways (Railway Board)	6,78,94,36,000	6,9037,57,457	11,43,21,457	31-5-83
	(b) *Capital Section*					
17	16—Assets-Acquiision, Construction and Replacement - "Other Expenditure"	Railways (Railway Board)	26,32,99,28,000	26,96,52,11,599	63,53,10,057	31-5-83
	B. *Charged Appropriations*					
18	11—Working Expenses-Staff Welfare and Amenities	Railways (Railway Board)	1,16,000	1,20,408	4,408	31-5-83
					88,61,53,885	

*An excess expenditure of Rs. 1,13,33,480 had been reflected in the relevant Appropriation Acccunts. After taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 1,08,70,480.

@An excess expenditure of Rs. 12,51,43,396 had been reflected in the rele ant Appropira.ion Accounts. After taking into the misclassifications between Grants, the real excess to be regularised works out to Rs. 12,56,47,481.

†An excess expenditure of Rs. 63,52,83,599 had been reflected in the relevant Appropriation Acccunts. After taking into account the misclassifications between Grants, the real excess to be regularise work out to Rs. 63,53,10,057

2.2 It will be seen from the above statement that in 13 out of 18 cases of excesses over voted grants and/or charged appropriations, the excess expenditure was over a Crore of rupees. In the case of one grant No. 12-Foreign Trade and Export Production, operated by the Ministry of Commerce, the excess was as high as Rs. 168.93 crores and in the case of 3 Grants operated by the Ministry of Defence, the excess was Rs. 115.59 crores. The Grants/Appropriations administered by the Ministry of Railways contributed to an overall excess of Rs. 88.62 crores and those operated by the Ministry of Communications contributed to an excess of Rs. 51.64 crores.

2.3 The following table indicates the four different sectors of Central Government in which excesses have arisen during 1981-82 and the percentage of the excess to the budget provisions:

Sector of Central Government	Total budget Provision (in crores of Rupees)	Amount of excess involved (in crores of Rs.) Percentage with reference to amount in column 2
1	2	3
Railways	6,513·67	88·62 (1·36)
Defence Services	4,831·21	115·59 (2·39)
Posts & Telegraphs (P&T and Telecommunication)	1,810·21	51·64 (2·81)
Civil (Ministries/Deptts.)	81,779·38	206·84 (0·25)
Total :	94,934·47	462·69

2.4 The following table indicates the aggregate excess expenditure under various Grants and Charged Appropriations (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) during the past decade:

(In crores of rupees)

Year	No of Voted Grants	No of Charged Approrpriations	Total	Excess Expenditure
1	2	3	4	5
1972-73 . . .	28	7	25	126·33
1973-74 . . .	23	4	27	10·06
1974-75 . . .	27	8	35	266·52

1	2	3	4	5
1975-76 . . .	45	7	52	201·47
1976-77 . . .	17	10	27	111·18
1977-78 . . .	15	2	17	82·52
1978-79 . . .	8	3	11	42·28
1979-80 . . .	13	6	19	140·86
1980-81 . . .	26	1	27	359·16
1981-82 . . .	16	4	20	462·69

2.5 Only a year ago, the Public Accounts Committee (1982-83) had, in paragraph 2:6 of their 121st Report (7th Lok Sabha), commented as follows:

"During the year under review viz. 1980-81, excess expenditure had occurred under 27 Voted Grants and 2 Charged Appropriations and aggregated to Rs. 359.16 crores as against Rs. 42.28 crores and Rs. 140.86 crores respectively during the years 1978-79 and 1979-80. The aggregated excess during 1980-81 is the highest during the decade 1971—81. The Committee view this situation with concern. An analysis of the causes for excess expenditure during 1980-81, which have been discussed in some detail in the succeeding paragraphs of this Report. indicates that defective estimation of requirements of funds, lack or proper and timely review of the progress of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto, absence of adequate provision for adjustment of past liabilities etc. have as in the past but in a bigger way contributed to the excesses. The departmentalisation of Union Government Accounts (Civil) in 1976/1977, coupled with the introduction of the scheme of Integrated Financial Advisers should, according to the Ministry of Finance, have resulted in better control over expenditure vis-a-vis the budgetary provision. The Committee are constrained to point out that these expectations have failed to materalise in a substained manner.

The Committee have been repeatedly pointing out that the system of estimation of and control over expenditure is faulty and year after year, Parliament is being presented with a *fait accompli* of unremitting excess, phenomenon. Though the Ministry of Finance have been dutifully circulating the recommendations of the Committee to the Ministries/ Departments of the Government for compliance, financial discipline remains still a distant goal. The Committee would urge Govrenment to undertake an indepth study to analyse the reasons why the system of departmentalised accounts and itegrated financial advice has failed as an instrument of effective control of and concurrent check over public expenditure. This study may be remitted to a team of experts in public finance, some of whom could be drawn from outside Government."

2.6. In their action taken note dated 31 May, 1983, the Ministry of Finance (Department of Expenditure) have informed the Committee as under:

"Excess expenditure aggregating to Rs. 359.16 crores has risen during 1980-81. The following table indicates the four different sectors of Central Government in which excesses have arisen and the percentage of the excess to the budget provision.

Sector of Central Government	Total budget Provision (in crores of Rupees)	Amount of excess involved (in crores of Rs.) Percentage with reference to amount in column 2.
1	2	3
Railways	5041·44	247·20 (4·91%)
Defence (& Defence (Civil))	4037·11	58·67 (1·45%)
Post & Telegraph (P & T and Tele Communication)	1537·41	19·50 (1·27%)
Civil (Ministries/Deptts.)	67889·83	33·70 (0·05%)

It will be seen that out of the agreegate excess of Rs. 359.16 crores, Civil Ministries contributed only to the extent of 33.70 crores or 9.5 per cent and the rest of the excess i.e. Rs. 325.46 crores or 90.5 per cent by Railways, Defence and P&T. It may be mentioned that while the departmentalisation of accounts and Integrated Financial Advisors Scheme was introduced in Civil Ministries|Departments in 1976-77, Railways, Defence and P&T have had their own Financial Advisers' system for several decades, whereas the IFA Scheme has been operating on the Civil side since 1976-77. In other words, the bulk of the excess expenditure has taken place in sectors not covered by the IFA Scheme.

A statement showing the total budget provisions and excesses in the four sectors of Central Government during the period 1975-76 to 1980-81 and the percentage of the excess to the budget provisions is enclosed.* It will be seen therefrom that the excess on the Civil side which was of the order of Rs. 59-39 crores in 1975-76 (pre-departmentalisation year) came down to Rs. 33.70 crores in 1980-81. In percentage terms the excess declined from 0.29 per cent in 1975-76 to 0.05 per cent in 1980-81. The same trend is, however, not noticed in the other three sectors viz., Railways, Defence and P&T. While, on the Railways side, the excess has increased from Rs. 85.76 crores (2.78 per cent) in 1975-76 to Rs. 247.29 crores ((4.91 per cent) in 1980-81, the excess in Defence and P&T have come down in 1980-81 as compared to 1975-76 but not in the same proportion as on the Civil side. In absolute terms, the excesses in Railways and P&T were the highest in 1980-81 during the 6 years period.

In view of the position explained above, the Committee may kindly consider whether a review of the departmentalisation of accounts and I.F.A. Scheme obtained in Civil Ministries/Departments is still called for and that whether the proposed review should cover only the financial systems in the three other sectors, namely, Railways, Defence and P&T which have contributed largely to the excess expenditure. For this purpose, the Railways, Defence and P&T have been requested to forward their vews/comments to the Committee."

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

Year after year, the Committee have been expressing concern over excess expenditure. The Committee are however distressed to note that instead of improving, the position has been deteriorating. During the year 1981-82, the aggregate excess expenditure was the highest during the decade 1972—82. It was nearly 130 per cent of that in 1980-81,

*Reproduced under Appendix XV.

330 per cent of that in 1979-80 and 1100 per cent of that in 1978-79. That the position should have deteriorated in spite of repeated exhortations of the Committee and the reported instructions issued by the Ministry of Finance is a matter of serious concern. An analysis of the explanations given by the Ministries shows that, as in the past, defectvie estimation of requirement of funds, absence of a constinuous watch over the flow of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto and absence of adequate provision for adjustment of past liabilities continue to be the main reasons for excesses. The fact that the same causes for the excesses should persist year after year leads the Committee to believe that the matter has not been viewed by the Ministries with the seriousness it deserved. The Committee would like the Ministries to bear in mind that excess expenditure is "unauthorised expenditure" and it betrays lack of financial discipline. The only contingency in which such expenditure is understandable is when a need for unavoidable expenditure has arisen suddenly which could not have been anticipated or foreseen and there is no time left for the Ministry to approach Parliament for a Supplementary Grant/Appropriation. Even in such cases advance from the Contingency Fund should be taken. The Committee would like Government to tighten their financial control with a view to ensure that the excesses are reduced to the barest minimum, if not altogether eliminated.

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

2.9 The Committee will now proceed to deal with some individual cases of excess expenditure disclosed in the Appropriation Accounts (1981-82).

APPROPRIATION ACCOUNTS (CIVIL)

1981-82

MINISTRY OF COMMERCE

2.10. Grant No. 12 — Foreign Trade and Export Production.

Capital Section

Voted expendture	Rupees
Original Grant	62,38,00,000
Supplementary Grant	1,25,50,01,000
Final Grant	1,87,88,01,000
Actual Expenditure	3,56,81,46,998
Excess	1,68,93,45,998

2.11. In a note, explaining the reasons for the excess expenditure, the Ministry of Commerce have stated as follows:

"The original grant of Rs. 62.38 lakhs was augmented by obtaining Supplementary Grants of Rs. 50.01 lakhs in December, 1981 and of Rs. 125 crores in March, 1982. Against the final grant of Rs. 187,88.01 lakhs, actual expenditure, however, amounted to Rs. 3,56,81,46,998 leaving an uncovered excess of Rs. 1,68,93,45,998 which requires to be regularised.

The following table will show the original Budget provision, drawals upto 31-1-1982, the Revised estimates and actual drawals of technical credits during 1981-82 (except A.R.E.):

Rs. crores

	Budget Estimate	Drawals upto 31-1-82	Revised Estimate	Actuals
German Democratic Republic	12·00	3·00	12·00	3·00
Poland	23·00	8·42	9·00	15·00
Romania	4·00	—	—	—
Czechoslovakia	10·00	14·11	15·00	27·23
USSR	Nil	105·20	138·00	299·66
Total :	49·00	130·73	174·00	344·89

Keeping in view the trend of drawals upto 31-1-1982, especially by Czechoslovakia and USSR, total gross drawals during the financial year were projected at Rs. 174 crores at the Revised Estimates stage. The Supplementary Grant of Rs. 125 crore obtained in March, 1982 was finalised on this basis.

In the case of Czechoslovakia which started drawing technical credit only from November, 1981, the expectation that its drawals during the last two months of the year would not be significant and that the total drawals during the year may be around Rs. 15 crores did not materialise. Czechoslovakia's drawals during February, 1982 amounted to Rs. 4.25 crores and to Rs. 8.87 crores in March 1982 *i.e.* Rs. 12.23 crores more than the year's Revised Estimates.

In the case of USSR, no provision had been made in the original Budget as that country had not made any drawal during the previous year. But as drawals of Rs. 105.20 crores had been made by USSR upto January 1982, the Revised Estimate for the year was adopted at Rs. 138 crores. However, drawals during the months of February and March, 1982 were very heavy being Rs. 64.49 crores and Rs. 129.97 crores respectively, the excess under technical credits to USSR occurred in these circumstances. Since there is no ceiling for this country, the pace of drawals could not be checked.

As the proposals for the last batch of supplementary Grants presented to Parliament in March, 1982 had to be finalised by the middle of February, 1982, it was not possible to take into account drawals of technical credits during February and March, 1982 as may be seen from the above.

The Budget estimates for drawal of technical credits are prepared in consultation with the Department of Economic Affairs taking into account factors like the ceiling for the particular country, past pattern of drawals and repayments and expected volume and flow of trade between India and the particular country. By their very nature these factors are not susceptible of a precise estimation of the likely drawal of technical credits, as it is extremely difficult to anticipate to what extent they can draw. It may also be noted that the budget provision is made on the principle of gross budgeting and represent drawals anticipated to be made from time to time without offsetting repayments which are taken credit for as receipts. Even though the net outstanding at any given time will be within the ceiling, the gross drawals of technical credits (without taking into account repayments) depending upon the number of occasions during a year in which the country resorts to drawals might exceed the ceiling limit. It is thus not possible to forecast the number of such occasions on which such drawals would be resorted to.

Pursuant to the recommendations of the Public Accounts Committee in their First Report (Seventh Lok Sabha), the Department of Commerce reviewed the reporting arrangements in consultation with the Department of Economic Affairs and the Reserve Bank of India. But as the latter could only report actual drawals of weekly basis, this information was not of much avail as significant drawals take place in the last 2-3 months of the financial year, leaving no time to cover the excess through Supplementary Grant.

In view of the situation explained, it is requested that the excess of Rs. 168.93 lakhs may kindly be recommended for regularisation in accordance with the Article 115(1)(b) of the Constitution."

2.12. The original capital grant of Rs 62.38 crores in respect of Foreign Trade and Export Production was augmented to Rs. 187.88 crores by supplementary grants but the actual expenditure was of the order of Rs. 356.81 crores. The Committee have carefully considered the explanation offered by the Ministry of Commerce for the incredible excess

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

Ministry of Communications

2.13. Grant No. 18—*Capital outlay on posts and telegraphs*

Capital section

Voted Expenditure	Rupees.
Original Grant	512,00,73,000
Supplementary Grant	2,000
Final Grant	512,00,75,000
Actual Expenditure	563,64,46,150
Excess	51,63,71,150

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

> "The Grant provides for meeting the expenditure on Capital Outlay of the P & T Department covering Works portion and Stores and Manufacture Suspense.

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

	Head of Account	(In crores of Rupees)	
		Excess	Savings
A—1	Administrative Offices	0·42	..
A—2	Post Offices	3·16	..
A—3	Staff Quarters	..	4·52
A—4	R.M.S. Vans	..	0·53
B—1	Telegraph Systems	..	1·74
B—2	Local Telephone Systems	46·59	..
B—3	Long Distance Switching Systems	..	5·87
B—4	Transmission Systems	..	14·17
B—5	Ancillary Systems	..	16·48
B—6	Other Land & Buildings	2·73	..
B—7	General	42·05	..
		94·95	43·31

The gross excess of Rs. 94.95 crores was mainly due to rapid progress in construction of buildings for operative offices, receipt of more lines and wires materials than anticipated for the Local Telephone Systems, escalation in cost of Apparatus and Plant equipments and larger procurement of stores by the Stores and Civil Engineering Organisations. This was partly offset by saving to the extent of Rs. 43.31 crores available under other heads largely due to receipt of less Apparatus and Plant equipments, Microwave and Trunk Cables, UHF and BHF equipments for the Transmission and Ancillary Systems and slow progress in construction of staff quarters, leaving the net uncovered excess of Rs. 51.64 crores. The main items of excesses are explained here under:

(i) In the earlier two years 1979-80 and 1980-81 the supply of equipment and maintenance stores was much less with the result that considerable amount of allotted funds could not be utilised (as against the sanctioned grant of Rs. 403.86 crores for 1979-80 the expenditure was only Rs. 308.22 crores and in 1980-81 against the sanctioned grant of Rs. 451.59 crores, the expenditure was only Rs. 315.09 crores). With a view, therefore, to ensure adequate supply of stores larger orders were placed in 1981-82. Even then the supplies lies till January, 1982 were only Rs. 136.61 crores as against the sanctioned grant of Rs. 171.19 crores for procurement ot stores by the General Manager, Telecommunica.ion Stores, Calcutta. Most of the supplies were actually received in February and March 1982 and could be finally brought into account only in March Supplementary Accounts, as would be clear from the fact that the expenditure upto February 1982 was only Rs. 370.54 crores and upto March preliminary 1982 accounts was only Rs. 447.62 crores as against the sanctioned grant of Rs. 512.01 crores. In these circumstances the Department could not go in for a Supplementary Grant.

(ii) The excess of Rs. 42.05 crores under General was mainly due to more procurement of stores, more advance payments for steel and less issue of raw materials partly offset by more issue of stores to capital works and less import purchases. The Stores Organisation and Civil Wing of the Department have the machinery to control the expenditure. They are allotted funds for procurement of stores and are required to keep the expenditure within the allotment. The progress of expenditure in procurement of stores and on civil works is also being watched in the territorial circles and in the Directorate. In this case, however, the excess expenditure had been incurred in the Stores and Civil Wing Organisations in the circumstances explained in paras above. They have been suitably instructed in the matter and copies of the letters addressed to them are enclosed.*

In the circumstances explained above, the net excess of Rs. 51,63,71,150 may kindly be recommended for regularisation by the Parliament under Articles 115(I)(b) of the Constitution of India."

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

Year	Excess Expenditure
	(in crores of Rupees)
1971-72	14·50
1972-73	0·70

*Reproduced under Appendix III.

Year	Excess expenditure) (in crores of Rupees
1973-74	2·58
1974-75	9·04
1975-76	11·95
1976-77	16·20
1977-78	—
1978-79	—
1979-80	9·37
1980-81	19·50
1981-82	51·64

2.16 There was an overall excess of Rs. 51.64 crores under Grant No. 18—Capital Outlay on Posts and Telegraphs. Against the final grant of Rs. 512.01 crores, the actual expenditure amounted to Rs. 563.64 crores. The Committee note that but for savings to the extent of Rs. 43.31 crores under ctrtain heads, the excess expenditure under this Grant would have been as high as Rs. 94.95 crores. The net excess is the highest since 1971-72 and has been attributed by the Ministry to rapid progress in construction of buildings for operative offices, receipt of more lines and wires materials than anticipated for the local telephone systems, escalation in the cost of apparatus and plant equipments and larger procurement of stores by the Stores and Civil Engineering Organisations. In extenuation, the Ministry have stated that in the earlier two years viz., 1979-80 and 1980-81, the supply of equipment and maintenance stores was much less with the result that considerable amount of allotted funds could not be utilised. As against the sanctioned grant of Rs. 403.86 crores in 1979-80, the expenditure was only Rs. 308.22 crores and in 1980-81, against the sanctioned grant of Rs. 451.59 crores, the expenditure was only Rs. 351.09 crores. According to the Ministry, larger orders were placed in 1981-82 with a view to ensure adequate supply of stores. However, it has not been stated that the works suffered on account of inadequacy of stores in the past. In any case, the Committee are not convinced by this explanation. Both sets of figures, one of underspending (Rs. 95.64 crores in 1979-80 and Rs. 100.50 crores in 1980-81) and the other of overspending (Rs. 51.64 crores in 1981-82) speak eloquently of the callous disregard for any short of financial discipline. The huge gap between the estimates and actuals only reveals the utter failure of the Ministry to anticipate expenditure on a logical and raitonal basis. Not to purchase stocks well in time within the sanctioned amount this leading to so

called savings is decidedly not a virtue, nor is it to purchase stocks over-zealously subsequently by over-spending in these days of rising prices. The Committee trust that in future past expreience serving as a guide, the Ministry will be careful and cautious both in estimation and in spending so that such violent variations are avoided as far as practicable.

Ministry of Defence

2.17. Grant No. 20-*Defence Services-Army*

Voted Expenditure	Rupees
Original Grant	2424,42,51,000
Supplementary Grant	234,94,89,000
Final Grant	2659,37,40,000
Actual Expenditure	2748,17,18,556
Excess	88,79,78,556

2.18 In a note, explaining the reasons for excess expenditure, the Ministry of Defence have stated as follows:

> "The excess of Rs. 88,79,78,556 was the net result of excesses/savings under the various Sub-Heads in the Grant. It was mainly attributable to the excess of Rs. 42.43 crores under the Sub-Head A-6 Ordnance Factories, Rs. 43.11 crores under the Sub-Head A-9 Stores and Rs. 8.32 crores under the Sub-Head. A-4 Transportation and Rs. 8.90 crores under sub-Head A-10 Works.

A-6 Ordnance Factories (Rs. 42.43 *crores)*

The original provision under 'A'-6 Ordnance Factorie's was Rs. 555.22 crores which was augmented to Rs. 682 34 crores by obtaining a Supplementary Grant of Rs. 127.12 crores in March, 1982. The actual expenditure however, amounted to Rs. 724.77 crores resulting in an excess of Rs. 42.43 crores. This excess consists of Rs. 6.58 crores on account of payment of instalments of Additional Dearness Allowance and corresponding increase in payment of OTA, Rs. 32.07 crores in 'Purchase of Material' and Rs. 3.28 crores under 'Customs Duty' due to larger materialisation of supplies and Rs. 0.51 crore under 'Revenue Works' due to increase in cost of materials.

'A'-9 Stores (Rs. 43.11 *crores)*

The original grant under this head was Rs. 572.16 crores. A supplementary grant amounting to Rs. 18.40 crores was obtained in March, 1982. The provision was decreased by Rs. 15.49 crores due to non/delayed finalisation of contracts for planned schemes 1980—85. The actual expenditure under this head amounted to Rs. 618.19 crores leading to an excess of Rs. 43.11 crores. This excess was attributable to:—

(a) more materialisation and price escalation in the case of AOC stores;

(b) larger expenditure on POL as a result of extra mileage sanctioned and under drawal of POL items by other services resulting in lesser recoveries;

(c) advance payment of Food Corporation of India against purchases for 1982-83 in the case of ASC stores; and

(d) larger payment of sales tax, Central Excise duty in the case of Engineer Stores and advance payments made to a certain undertaking which were not catered for.

'A' 4 *Transportation (Rs.* 8.32 *crores)*

The excess was due to booking of expenditure of Rs. 7.54 crores on rail charges pertaining to the earlier year (1980-81) which came to light in February/March 1982 and receipt of a large number of vouchers from Railways towards the end of financial year.

'A'-10 *Revenue Works (Rs.* 8.90 *crores)*

The original grant under this head was Rs. 128 crores. Supplementary grant of Rs. 27.76 crores was obtained in March, 1982 and additional amount of Rs. 1.26 crores was provided by reappropriation at MA stage making a total provision of Rs. 157.02 crores. The actual expenditure amounted to Rs. 165.92 crores. The excess of Rs. 8.90 crores was due to rise in cost of stores and POL, grant of Additional Dearness Allowance to the employees, revision in furniture list and increase in tariff rates for supply of water and electricity to enactments.

The above excesses were partly offset to some extent by savings under other sub-heads in the Grant leaving a net excess of Rs. 88.80 crores which requires regularisation.

In pursuance of the recommendations contained in para 2.31 of the 57th Report of the PAC (7th Lok Sabha) on the excess over voted grants and charged appropriations (1979-80) the Works Study Group in the Ministry of Defence has in consultation with the Ministry of Finance (Defence) since conducted a detailed study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget. A copy of the Report submitted by the Work Study Group has been sent to the Lok Sabha Secretariat alongwith the Action Taken Note on the PAC's recommendation contained in para 2.31 of their 57th Report (7th Lok Sabha). It is expected that with the implementation of the measures suggested by the Work Study Group there would be improvement in the existing system and cases of large variations between the sanctioned grant and actual expenditure would be minimised. The results of this exercise will be watched in future years.

In the circumstances explained above, the excess of Rs. 88,79,78,556 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution."

2.19. Grant No. 21—*Defence Services—Navy*

Voted Expenditure	Rupees
Original Grant	299,25,50,000
Supplementary Grant	13,98,70,000
Final Grant	313,24,20,000
Actual Expenditure	318,71,71,761
Excess	5,47,51,761

2.20. Explaining the reasons for excess expenditure the Ministry of Defence have stated:

"The excess of Rs. 5,47,51,761 was the net result of excess/savings under various Sub-heads in the Grant was mainly attributable to excess of Rs. 6.96 crores under the Sub-head A.5-Stores.

A.5—Stores (Rs. 6.96 crores)—The original budget provision of Rs. 177.31 crores was finally increased to Rs. 177.98 crores by Supplementary Grant of Rs. 1.30 crores and reappropriation of (—) Rs. 0.63 crores. The actual expenditure amounted to Rs. 184.94 crores resulting in an excess of Rs. 6.96 crores.

The excess expenditure was mainly under (i) Naval Stores, (ii) Clothing Stores, (iii) Spare parts and Machinery, due to more materialisation of Stores, (iv) Oil Fuel, to meet the operational commitment of ships and aircraft, (v) Aviation Stores due to change in delivery schedule and increase in prices of certain Aviation Stores. These excesses were partly offset by savings under some other items in the same sub-head such as (a) Aircraft Stores due to delay in supply of certain aircraft, (b) Gun mounting Stores, due to less expenditure, (c) Armament Stores, due to slippage in delivery schedules in certain cases and (d) Provision and water due to non-availability of certain provisions and reduced drawal of fresh rations.

With a view to avoiding such excess expenditure in future, the Estimating Authorities have been advised to maintain and make proper use of liability registers and ensure that the estimates are framed on realistic basis. Besides, in pursuance of the recommendations of the PAC (1981-82) contained in para 2.31 of their 57th Report (7th Lok Sabha) the Work Study Group in the Ministry of Defence undertook in consultation with the Ministry of Finance (Defence), a study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the Budget with a view to evolving a suitable procedure for containing expenditure within the sanctioned grant. The Study Group in its Report have made a number of suggestions for improvement in the existing procedure so as to avoid incurring of expenditure in excess of sanctioned grants. A copy of the Report submitted by the Study Group has already been submitted to the Lok Sabha Secretariat. The results of the implementation of the Report of Study Group would be watched in future years.

In the circumstances explained above, the excess of Rs. 5,47,51,761 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution."

221 *Grant No. 24—Defence Services—Capital outlay Capital Section*

Voted Expenditure	Rupees
Original Grant	403,64 00,000
Supplementary Grant	56 93,00,000
Final Grant	460 57,00,000
Actual Expenditure	481,88,33,010
Excess	21,31,33 010

2.22. In a note, explaining the reasons for excess expenditure, the Ministry of Defence have stated as follows :

"The excess of Rs. 21,31,33,010 was the net result of excesses/ savings under various Sub-heads in the Grant and was mainly attributable to excess under Sub-heads 'A-1-Army', 'A-2-Navy', A-3-Air Force' as explained below:

(Rs. 17.02 crores under Sub-Head A-1 Army)

Against the final grant of Rs. 118.40 crores, the actual expenditure amounted to Rs. 135.42 crores resulting in an excess of Rs. 17.02 crores. This excess was mainly under Construction Works (Rs. 16.67 crores) due to accelerated progress of works and purchase of larger quantities of steel and other stores for time bound projects.

(Rs. 2.97 crores under Sub-head A-2 Navy)

Against the final grant of Rs. 220 crores the actual expenditure had been Rs. 222.97 crores, resulting in an excess of Rs. 2.97 crores. The excess was mainly under Construction Works (including Naval Dockyards) due to accelerated progress of works increase in cost of stores and payments of final bills.

(Rs. 4.22 crores under Sub-head A-3 Air Force)

Against the final grant of Rs. 42.82 crores under this sub-head the actual expenditure was Rs. 47.04 crores. Thus there was an excess of Rs. 4.22 crores. The excess was mainly under construction works due to accelerated progress of works, contractual payments to contractors and increase in cost of stores. In order to avoid such excesses in future a closer watch is being maintained.

In the circumstances explained above, the excess of Rs. 21,31,33, 010 may kindly be recommended for regularisation by Parliament under Article 115(I)(b) of the Constitution."

2.23. The excess of Rs. 88.89 crores under Grant No. 20 (Revenue Section)—Defence Services—Army is mainly attributable to the excess of Rs. 42.43 crores under Sub-head A-6-Ordnance Factories, Rs. 43.11 crores under the Sub-head A-9 Stores, Rs. 8.32 crores under the Sub-head A-4-Transportation and Rs. 8.90 crores under Sub-head A-10-Works. Similarly, the excess of Rs. 5.48 crores under Grant No. 21-Defence Services-Navy is mainly attributable to gross excess of Rs. 6.96 crores under the sub-head A-5-Stores. The excess of Rs. 21.31 crores under Grant

No. 24-Defence Services-Capital Outlay was mainly attributable to Construction Works under sub-heads 'A-1-Army', 'A-2-Navy' and 'A-3-Air Force'.

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

The Committee have been informed that in pursuance of the recommendation contained in paragraph 2.31 of the 57th Report of the Committee (1981-82), the Works Study Group in the Ministry of Defence has, in consultation with the Ministry of Finance (Defence), since conducted a detailed study of the system of regulating the work of supplies, their receipt and their adequate financial provisioning in the budget. The Ministry expect that with the implementation of the measures suggested by the Works Study Group there would be improvement in the existing system and the variations between the sanctioned grant and actual expenditure would be minimised. According to the Ministry, full impact of the measures aimed at tightening up the system of monitoring and control of expenditure could be felt only in the subsequent years and it is too early to assess the same as the instructions were circulated only in June, 1982. The Committee would like the Ministry to keep a close watch over the position and ensure that the budgetary control is truly effective in future.

Ministry of Home Affairs

2.24. *Grant No. 53—Delhi.*

Voted Expenditure	Rupees
1	2
Revenue Section	
Original Grant	212,64,09,000
Supplementary Grant	21,71,49,000
Final Grant	234,35,58,000
Actual Expenditure	240,34,12,527
Excess	5,98,54,527

1	2
Capital Section	
Original Grant	128,93,81,000
Supplementary Grant	27,09,54,000
Final Grant	156,03,35,000
Actual Expenditure	172,73,10,744
Excess	16,69,75,744

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

"**Revenue Section (Voted)**

The original provision of Rs. 212,64,09,000 under Revenue Section (Voted) was augmented by obtaining a Supplementary Grant of Rs. 21,71,49,000 in March, 1982. The actual expenditure, however, amounted to Rs. 240,34,12,527 against the total sanctioned provision. of Rs. 234,35,58,000 leaving an uncovered excess of Rs. 5,98,54,527 which needs to be regularised.

The overall excess of Rs. 5,98,54,527 was the net result of excesses and savings under the various heads in the Revenue Section (Voted) of the Grant and occurred mainly under the following head for the reasons given thereunder:—

Major Head '259'

A.14-Public Works

A.14(6)-Suspense Rs. 7,88,53,000

The excess was due to purchase of more building materials at higher costs following voluminous increase in construction work connected with Asiad 82. The cost of stores actually received during the year is initially debited to the 'Suspense' head and the debit subsequently transferred to the Works to which the stores are actually issued. This resulted in reflection of the same transaction under 'Suspense' a number of times in the accounts owing to inter-divisional transfer of stores. A revised accounting procedure has since been introduced by the Ministry of Works and Housing in consultation with C&AG and the Ministry of Finance from the financial year 1982-83 *vide*

Ministry of Works and Housing O.M. No. 15011/12/78-N-2 dated 27-4-82. (copy enclosed)* With the adoption of the revised procedure by Central Public Works Department, it is expected that the booking of expenditure under normal budgetary suspense accounts will be confined to the provisions appearing in the budget.

Capital Section (voted)—(Rs. 16,69,75 lakhs)

The original provision of Rs. 128,93,81,000 was augmented by obtaining a Supplementary Grant of Rs. 27,09,54,000 in March, 1982. The actual expenditure however, amounted to Rs. 172,73,10,744 against the total grant of Rs. 156,03,35,000 leaving an uncovered excess of Rs. 16,69,75,744 which needs to be regularised.

The overall excess of Rs. 16,69,75,744 was the net result of excesses and savings under various heads in the Capital Section (Voted) and occurred mainly under the following heads for the reasons given thereunder:

Major Head '484'

BB.5-Capital Outlay on Urban Development

BB.5(1)-Delhi Capital Development

BB.5(1) (1)-Land

BB.5(1)(1)(1)-Large scale Asquisition/
Development and disposal
of land in Delhi: Rs. 16,69,60,000

Out of total excess expenditure of Rs. 16,69,60 lakhs, Rs. 990.86 lakhs represent non-remittance by D.D.A. of the surplus of receipts over expenditure to the Revolving Fund, prior to the close of financial year, as required under the prescribed accounting procedure. As a result thereof, the surplus receipts were treated as advance to D.D.A., resulting in excess over budget provision. All efforts are now being made by the Administration to persuade D.D.A. to observe the accounting procedure strictly and start remittance of receipts realised by them on account of premium etc. to the Revolving Fund, vide Delhi Admn. D.O.No.F.19(1)/82/L&B/F&A dated 29-4-83 (copy enclosed).*

Reproduced under Appendix VIII.

The remaining excess of Rs. 678.74 lakhs was mainly on account of payment of deficiency charges to the Municipal Corporation of Delhi in respect of land developed by Municipal Corporation of Delhi, development of land in respect of residential scheme, horticultural work undertaken on a massive scale in connection with Asian Games and due to escalation in the cost of material etc.

At the time of finalisation of Revised Estimates for 1981-82, it was assessed that this expenditure will be covered within the additional funds of Rs. 14.50 crores agreed to in Revised Estimates 1981-82 and later on provided for by Supplementary Grant. But the final expenditure under the head was more than anticipated due to escalation of work, leaving an uncovered excess of Rs. 1669.60 lakhs.

Major Head '533'

CC.10-Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects:

CC.10(2)—Drainage Projects—Non-Commercial

CC.10(2)(1)—Other expenditure

CC.10(2)(1)(3)-Suspense Rs. 101,96,000

Out of the total excess of Rs. 101.96 lakhs, an excess Rs. 94.09 lakhs was anticipated and provided for by the re-appropriation of funds. The balance excess is due to adjustment of demand note on the purchase of one crane costing Rs. 8.00 lakhs at the fag end of the year. The debit for purchase of crane which was expected to materialise next year was actually received in the ensuing financial year i.e. 1981-82.

In the circumstances explained above, the excesses mentioned above may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution."

2.26 There was an excess expenditure of Rs. 5.99 crores and Rs. 16.70 crores respectively in the Revenue and Capital Sections (voted) of Grant No. 53-Delhi. But for savings under certain heads, the overall excess in Revenue Section would have been Rs. 7.89 crores and in the Capital Section Rs. 17.72 crores. During the year 1980-81, the excess was to the tune of Rs. 11.73 crores. As in the previous year, bulk of the excess in 1981-82 in the Revenue Section was due to purchase of more building materials at escalated costs following voluminous increase in construction work connected with Asian Games, 1982. The Committee not inter alia **that in pursuance of an earlier recommendation of the Committee, a revised accounting procedure has since been introduced by the Ministry of**

Works and Housing from the financial year 1982-83 and it is expected that the booking of expenditure under normal budgetary suspense accounts will be confined to the provisions appearing in the budget. The Committe have also been informed that the Delhi Administration has also introduced a system of Management Accounting from the quarter ending 30 June, 1982 to enable the Heads of Departments to review the monthly progress of expenditure. The Committee desire that the Ministry should ensure that there is no significant excess expenditure over the voted grant in future.

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

2.27 **Grant No. 55—Andamans and Nicobar Islands**
Revenue Section

Voted Expenditure	Rupees
Original Grant	34,81,58,000
Supplementary Grant	1,03,78,000
Final Grant	35,85,36,000
Actual Expenditure	38,71,04,419
Excesss	2,85 68,419

2.28 Explaining the reasons for the excess expenditure, the Ministry of Home Affairs have stated:

"The overall excess of Rs. 2,85,68,419 was the net result of excesses and savings under the various heads in the Revenue Section of the Grant and occurred mainly under the following heads, for the reasons given thereunder:

Major Head '259'

A.12-Public Works

A.12(5)-Suspense

A.12(5)(2)-Purchase (Rs. 1,37,65,713)

The suspense head "Purchase" accommodates payments made for materials received for the Andaman Public Works Department (APWD). The budget provision under this head is also meant for making payment of pending bills, which are watched through a liability register. Materials are partly received directly at Port Blair and the rest are received at Madras and Calcutta by the respective Store Sub-Divisions for subsequent transshipment to Port Blair. This arrangement suffers from the inherent difficulty in keeping liability register upto date. Payment of debit memos amounting to Rs. 1.41 crores from account received from Accountant General and Pay and Accounts Officer (Supplies) for 1979-80 and 1980-81 was made in 1981-82. A part of the excess requirement of the said Rs. 1.41 crores over the Budget Estimates of Rs. 3.80 crores under the sub-head was met by obtaining a Supplementary grant of Rs. 50 lakhs and by re-appropriation Rs. 40.35 lakhs (total provision Rs. 4.70 crores), against which expenditure was Rs. 5.68 crores. Real excess was, therefore, Rs. 98 lakhs.

The Chief Secretary, Andaman and Nicobar Islands has been asked to take remedial action for avoiding such excesses in future, vide letter No. U-15020/1/83-ACII dated 16-4-1983 (copy enclosed).*

A.12(5)(3)-Miscellaneous P.W. Advances: Rs. 37,18,006

Expenditure initially incurred by APWD and later recovered from other Divisions/Departments are booked under the head "Miscellaneous PW Advances". Such expenditure includes works on making arrangements for ceremonial occasions, supply of trucks to District administration/Police for law and order purposes and local purchase of materials made by the Stores sub-Divisions, Calcutta on behalf of PWD Divisions/other Departments. Sometimes unanticipated local purchases are made in emergent circumstances when rate contract firms fail to supply the requisite materials. Excess under the above head has occurred due to adjustment of more debits pending recovery from other Division/Departments.

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*Reproduced under Appendix IX.

The Chief Secretary has been addressed to examine the correctness of booking expenditure on ceremonial occasions under the suspense head instead of relevant service head, **vide,** letter No. U-15020/1/83-ACII dated 16-4-83 (Copy enclosed).*

A.12(6)—Other expenditure: Rs. 24,39,957

The excess occurred due to unavoidable increase in the cost of maintenance of Rural Water Supply Scheme under Governments' Minimum Needs Plan Programme.

Chief Secretary, Andaman, Islands has been advised to frame the estimates more realistically in future, vide letter No. U-15020/1/83-ACII dated 16-4-83 (copy enclosed)*

Major Head '335'

C.13-Ports, Lighthouses & Shipping

C.13(1)-Ports and Pilotage

C.13(1)(1)-Construction and Repairs

C.13(1)(1)(1)-Maintenance of jetties: Rs. 50,04,883

The works relating to maintenance of jetties in Andaman and Nicobar Islands have been entrusted to the Principal Engineer (Marine) of the Ministry of Shipping and Transport. Budget estimates for maintenance of jetties are approved by the said Ministry. Against the Budget Estimates of Rs. 43.96 lakhs, a Revised Estimate accepted by them was Rs. 57.30 lakhs for the year 1981-82, but the actual expenditure was Rs. 99.01 lakhs. Ministry of Home provided Rs. 62.75 lakhs under the sub-head by re-appropriation. Real excess under the sub-head was thus Rs. 36.26 lakhs. On the basis of accounts sent by the Principal Engineer (Marine), Andaman Harbour Works, debits are raised by the Pay & Accounts Officer, Lighthouse and Lightships, New Delhi. There is considerable time lag for the communication and adjustment of Debits. Due to this time lag expenditure pertaining to the period from September 1981 to March 1982 could not be adjusted in 1981-82. Receipts and adjustment of more of past debits (than anticipated) resulted in the said excess. The excess was mainly due to unprecedented increase in cost of material, increase in labour charges etc.

The Chief Secretary, Andaman and Nicobar Islands has been asked to take remedial action to avoid such excesses in future vide letter No. U-15020/1/83-AC.II dated 16-4-83 (copy enclosed).*

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*Reproduced under Appendix IX.

C.13(1)(4) Dockyard & Dry Docking Rs. 40,76,306

Out of the total sanctioned grant of Rs. 73.67 lakhs, Director General Supplies and Disposals bills for Rs. 35.25 lakhs pertaining to two years 1978-79 and 1979-80 were received in 1980-81 and 1981-82 and adjusted in the year 1981-82. In Andaman and Nicobar Islands water transport is the only means of communication between different parts of the Union Territory. Considering the essential nature of the service, expenditure on the repair and maintenance of ships could not be postponed. Thus belated adjustment of debit and unavoidable expenditure on water transport resulted in excess of expenditure under this head. Part of the excess was covered by re-appropriation of savings of Rs. 4.93 lakhs from other heads in the Grant. Keeping in view the said past liability of Rs. 35.26 lakhs, the Revised Estimates proposed by the A&N Administration was Rs. 94.20 lakhs, but that accepted by the Ministry of Shipping Transport was Rs. 74.20 lakhs, because the proposal was received by the Ministry after the estimates had been finalised. The Chief Secreary, Andaman and Nicobar Islands has been asked to intimate as to why provision for past liabilities could not be taken into consideration at the Budget Estimates stage of 1981-82. He has also been asked to avoid such excesses in future vide letter No. U-15020/1/83-AC.II dated 16-4-1983 (copy enclosed)*

In the circumstances explained above, the excesses mentioned above may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution."

2.29 There was an overall excess of Rs. 2.86 crores under Revenue Section of Grant No. 55-Andaman and Nicobar Islands administered by the Ministry of Home Affairs. This Grant had been exceeded in 1980-81 also by Rs. 2.94 crores. The excess during 1981-82 occurred under Sub-heads 'A-12(5)(2)-Purchase' Rs. 1.38 crores), 'A-12(5)(3) Miscellaneous P.W. Advances' (Rs. 0.37 crore) and 'A-12(6)-Other Expenditure' (Rs. 0.24 crore) of Major head "259", and Sub-head 'C-13(1)(4)-Maintenance of Jetties (Rs. 0.50 crores), and 'C-13(1)(4)-Dockyard and Dry Docking (Rs.0.41 crore) of Major head "335". The excess expenditure is mainly attributable to adjustment of debits for past liabilities, which could have been antcipated and provided for fully through a closer liaison between the indenting authorities, procurement agencies and the accounts

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*Reproduced under Appendix IX.

organisation as also through proper maintenance of liability register. The Committee are constrained to record their displeasure over the persistent tendency on the part of the Andaman and Nicobar Administration to exceed the budgetary ceilings.. The Committee note that the Ministry have issued instructions to the Andaman and Nicobar Administration to observe strict financial discipline and avoid excess expenditure in future. They note that similar instructions had been issued by the Ministry last year also. The Committee need hardly point out that the instructions have meaning only if they are complied with both in letter and spirit. The Committee trust that the Ministry of Home Affairs will ensure that this is done and their instructions are scrupulously followed.

MINISTRY OF WORKS AND HOUSING

2.30 *Grant No. 91-Public Works*

Revenue Section

Voted Expenditure	Rupee
Original Grant	1,24,11,35,000
Supplementary Grant	37,36,80,000
Final Grant	1,61,48,15,000
Actual Expenditure	1,71,60,61,039
Excess	10,12,46,039

2.31 In a note explaining the reasons for excess expenditure, the Ministry of Works and Housing have stated:

"The Original Grant of Rs. 1,24,11,35,000 was augmented to Rs. 1,61,48,15,000 by obtaining a Supplementary Grant of Rs. 37,36,80,000 in March, 1982. The actual expenditure during the year, however, amounted to Rs. 1,71,60,039, resulting in an excess of Rs. 10,12,46,039. This excess was the net result of excesses and shortfalls under certain heads in the Grant and was mainly due to an excess of Rs. 11,17,16,683 under the Head 'A-7-Suspense', partly counter-balanced by savings under other Heads/Sub-heads.

A provision of Rs. 87.56 crores was made in the Budget Estimates 1981-82 under the Head 'A.7-Suspense' for (i) Purchase of building materials e.g., cement, steel, billets etc., and for maintaining adequate stocks thereof; and (ii) Miscellaneous Public Works Advances, in respect of construction works to be executed by CPWD. This provision was augmented by a Supplementary Grant of Rs. 35.32 crores based on revised assessment at the time of preparation of Revised Estimates. However, the actual expenditure/debits upto the end of the year exceeded the total final grant on account of the following:

(i) Procurement of larger quantities of cement, steel, billets, bitumen, etc., than those envisaged at Revised Estimate stage to meet full requirements of Works including those of aerodromes, roads, CRPF works, etc.;

(ii) reflection of the same transactions under 'suspencc' a number of times in the accounts owing to inter-divisional transfer of stores;

(iii) increase in the cost of cement, steel, other materials, etc.

(iv) unexpected receipt of steel against past indents (placed on DGS&D in 1979) in the last week of March, 1982; and

(v) payment of freight charges in cash to the Railways during March, 1982 due to abolition of Credit Note facility.

It would be observed that one of the reasons for excess as brought out at (ii) above is that the transactions under 'Suspense' get reflected a number of times in the accounts owing to inter-divisional transfers of stores required in exigencies of executing the works on time. It may be mentioned in this connection that in pursuance of the recommendations of the Public Accounts Committee (7th Lok Sabha) in their First Report (para 2.38 and 2.39), and 24th Report of the (7th Lok Sabha) (para 2.9 and 2.21), a revised accounting procedure has since been introduced with effect from 1-4-1982 in consultation with the Comptroller and Auditor General of India and the Ministry of Finance. A copy of this Ministry's O.M. No. 15011/12/78-W2 dated the 27th April, 1982 regarding the revised procedure is enclosed* for ready reference. It may be observed that the excess under the Head 'A.7-Suspense' has occurred mainly under the sub-head 'A.7(1)-Sstock'. This revised procedure referred to above provides *inter-alia* that when stores are issued from the stock of one division to other division for stock purposes, the issuing Division should adjust the value of the

*Reproduced under Appendix XI.

stores issued as a minus debit under the head 'Suspense-Stock' (and not as a credit as was being done previously) and as a result, the debit earlier accounted for under this head (in the issuing Division) would be wiped out. Under the revised procedure, unnecessary inflation of expenditure under the head 'Suspense-Stock' on account of inter-divisional transfers of stores would be avoided and this would be conducive to better budgetary control in future.

In view of the circumstances explained above and the remedial measures since taken, the net excess of Rs. 10,12,46,039 under Grant No. 91-Public Works may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution."

2.32. An excess of Rs. 10.12 crores occurred under Revenue Section of Grant No. 91-Public Works operated by the Ministry of Works and Housing. The excess works out to 6.27 per cent of the final allocation of Rs. 161.48 crores. This Grant had been exceeded by Rs. 1.89 crores in 1980-81 also. As in the past, one of the reasons for excess is that the transctions under the Head Suspense get reflected a number of times in the accounts owing to inter-divisional transfer of stores required in exigencies of executing the work on time. In pursuance of an earlier recommendation of the Public Accounts Committee (1980-81) in their 1st Report (7th Lok Sabha) and 24th Report (7th Lok Sabha) a revised accounting procedure has since been introduced with effect from 1 April, 1982 in consultation with the Comptroller and Auditor General of India and Ministry of Finance. According to the Ministry of Works and Housing, unnecessary inflation of expenditure under the head 'Suspense stock' on account of inter-divisional transfer of stores would be avoided through the revised procedure and this would be conducive to better budgetary control in future. The Committee would like to watch the working of the revised procedure through future Appropriation Accounts.

Appropriation Accounts (Railways), 1981-82

2.33 During the year 1981-82, the actual expenditure under the Grants administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allocation in 4 Grants and 1 Charged Appropriation. The excess expenditure during the year 1981-82 aggregated to Rs. 88.62 crores (after taking into account misclassifications of expenditure), as compared to the excess of Rs. 35.76 crores in 1979-80 and Rs. 247.29

crores in 1980-81. The excess during the year 1981-82 occurred under the following Grants|Appropriations :

Sl. No.	Name of Grant/ Appropriation	Final Grant	Actual expenditure	Excess (inclusive)/ exclusive of misclassifi-cations)
		Rs.	Rs.	Rs.
1.	No. 4—Working expenses Repairs and Maintenance of Permanent Way and Works	2,94,63,21,000	2,95,76,54,480	1,08,70,480
2.	No. 6—Working expenses Repairs and Maintenance of Carriages and Wagons	3,36,18,14,000	3,48,69,57,396	12,56,47,481
3.	No. 10—Working expenses—Operating expenses—Fuel	6,78,94,36,000	6,90,37,57,457	11,43,21,457
4.	No. 16—Assets—Acquisition, Construction & Replacement—"Other Expenditure"	26,32,99,28,000	26,96,52,11,599	63,53,10,057
5.	No. 11—Working expenses—Staff Welfare and Amenities	1,16,000	1,20,408	4,408

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

> "During the year 1981-82, there was an overall excess of Rs. 42.21 crores over the final grants and appropriation resulting from an aggregate of excess of Rs. 88.61 crores (excess disclosed in Appropriation Accounts Rs. 87.56 crores inclusive of saving under OLWR, Rs. 1.05 crores within grant No. 16) under 4 Grants (No. 4, 6, 10 and 16) and 1 appropriation (No. 11) and aggregate saving of Rs. 45.35 crores under 12 grants (No. 1, 2, 3, 5, 7, 8, 9, 11, 12; 13; 14 and 15) and 12 Appropriations (No. 2, 3, 4, 5, 6, 7, 8, 9, 10; 12; 13 & 16). (Reference Para 6.5 of the Report of the Comptroller and Auditor General of India for the year 1981-82 Union Government (Railways) and Para 25—Excess over voted grants—Para 27—excess under Appropriation—Para 26 Saving under voted grants and para 28—Saving under Appropriation of the Appropriation Accounts of the Railways in India for the year 1981-82—Part I Review).

The excesses under 4 Grants and 1 Appropriation are explained as under:

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

	Voted Rs.
Original Grant	2,60,19,68,000
Supplementary Grant	34,43,53,000
Total sanctioned Grant	2,94,63,21,000
Actual expenditure	2,95,76,54,480
Excess	1,13,33,480
Percentage of excess over the final grant	0·38%

A grant of Rs. 260.20 crores was obtained in the Budget. Two supplementary grants of Rs. 34.43 crores (26.44 crores in December 81 and Rs. 7.99 crores in March 82) were obtained for special repairs due to unprecedented floods and breaches, increase in cost of materials and stores, post-budgetary increase on account of additional dearness allowance instalments, more payment to casual labour due to grant of regular scales of pay, Ardh Kumb Mela and other miscellaneous causes.

The excess of Rs. 1.13 crores occurred mainly under sub-head 'Maintenance of Permanent Way' and 'other repairs' including special reapirs due to breaches accidents etc. Primary unit wise, the above excesses were under cost of materials (Rs. 1.35 crores) and other expenses (Rs. 0.81 crore) offset by savings under Dearness Allowance (Rs. 0.38 crore), Contractual payment (Rs. 0.36 crore) and other minor variations (Rs. 0.29 crore). Of the total excess, the largest excess occurred on Central Railway on account of maintenance of permanent way and special repairs.

There was a misclassification of Rs. 4,63,000 on account of expenditure relating to other grant but wrongly booked under this grant. Taking into account the effect of misclassification, the real excess requiring regularisation by Parliament works out to Rs. 1,08,70,480 i.e., 0.36 per cent over the final grant.

(ii) **Grant No. 6—Working expenses—Repairs and Maintenance of Carriages and Wagons**

	Voted Rs.
Original Grant	2,95,18,32,000
Supplementary Grant	40,99,83,000
Total sanctioned Grant	3,36,18,14,000
Actual expenditure	3,48,69,57,396
Excess	12,51,43,396
Percentage of excess over final grant	3·72%

A grant of Rs. 295.18 crores was obtained in the Budget. Two supplementary grants of Rs. 41.00 crores (Rs. 28.62 crores in December, 1981 and Rs. 12.38 crores in March, 1982) were obtained on account of increase in cost of materials and stores, increase in P.O.H., outturn activities, post budgetary increase on account of additional dearness allowance instalments and Ardh Kumb Mela contingencies etc.

The excess of Rs. 12.51 crores was mainly under sub-heads 'Wagons' and 'Coaches' due to more periodical over hauls, intensive special repairs and cost of materials thereon. Primary units wise, the excesses were under cost of materials (Rs. 13.41 crores) offset by savings under salaries and wages, dearness allowances, other allowances etc. (Rs. 0.90 crore). Of the total excess, largest excess occurred on Western Railway followed by Southern Railway on account of periodical overhaul and special repairs to wagons etc.

The expenditure to the extent of Rs. 5,04,085 relating to this grant was wrongly booked under other grants. Thus taking into account the effect of misclassification, the real excess requiring regularisation by Parliament works out to Rs. 12,56,47,481 i.e., 3.73 per cent over the final grant.

(iii) **Grant No. 10—Working expenses—Operating expenses—Fuel**

	Voted Rs.
Original Grant	6,23,86,66,000
Supplementary Grant	55,07,70,000
Total sanctioned Grant	6,78,94,36,000
Actual Expenditure	6,90,37,57,457
Excess	11,43,21,457
Percentage of excess over final grant	1·68%

A grant of Rs. 623.87 crores was obtained in the Budget. A supplementary grant of Rs. 55.08 crores was obtained during December 1981 on account of increase in the price of petroleum products, increase in electric tariff rates, increase in the consumption of P.O.L., increase in freight and handling charges, Ardh Kumb Mela etc.

The excess of Rs. 11.43 crores was mainly under sub-heads 'Diesel' and 'Electric' traction due to more consumption of diesel oil and electricity for traction purposes. Primary units wise, the above excesses were under other expenses (Rs. 7.28 crores) contractual payments (Rs. 2.46

crores), cost of material from stock and direct purchase (Rs. 1.47 crores) and aggregate of excess and saving under other heads (Rs. 0.22 crore). Of the excess ,the largest excess occurred on Western Railway followed by Central Railway on account of adjustments due to fuel expenses and cost of materials. There was no misclassification under this grant and the excess requiring regularisation by Parliament works out to Rs. 11,43,21, 457 i.e., the same as disclosed in the Appropriation Accounts.

(iv) **Grant No. 16—Assets—Acquisition, Construction and Replacement—'other Expenditure'**

	Voted Rs
Original Grant	22,37,56,33,000
Supplementary Grant	3,95,42,95,000
Total sanctioned Grant	26,32,99,28,000
Actual Expenditure	26,96,52,11,599
Excess	63,52,83,599
Percentage of excess over final grant	2.41%

A grant of Rs. 2237.56 crores was obtained in the Budget. Three supplementary grants of Rs. 395.43 crores (Rs. 7.29 crores in August, 1981, Rs. 369.75 crores in December, 1981 and Rs. 18.39 crores in March, 1982) were obtained to meet with (i) the additional cost of construction of new BG lines (ii)—additional provision under suspense heads, Works, Rolling stock, Machinery and Plant, Investment in Road services and nationalisation of railway lines owned by private companies *viz.*, Chaparmukh Silighat Railway and Katakhal-Lala Bazar Railway and (iii) additional provision on account of price escalation and payment of excise duty on imported steel.

The grant, however, proved inadequate, the actual expenditure having exceeded the provision by Rs. 52.25 crores under Capital, by Rs. 11.37 crores under D. R. F. and by Rs. 0.42 crore under A.C.S.P.F. offset by savings under D.F. (Rs. 0.51 crore).

The excess of Rs. 63.53 crores was mainly under the following plan heads:

(a) Track Renewal (Rs. 27.87 crores)— speedier progress of works due to better availability of material, more receipt of permanent way materials; and increase in cost of rails and sleepers. Largest excess occurred on Western Railway followed by South Central, South Eastern, Central Eastern and N. F. Railways.

(b) Stores Suspense (Rs. 22.55 crores)—Increase in the cost of H.S.D. oil and receipt of more oil, more receipt of 'Returned Stores' from consuming department as a result of special drive etc. The largest excess occurred on Western Rly. followed by North Eastern Rly., South Eastern, Northern and Southern Railways.

(c) Manufacture Suspense (Rs. 7.41 crores)—More purchase of non-stock items required in connection with the P.O.H. of carriages and wagons and for manufacture of RCC sleepers and tools and plants. The largest excess occurred on Southern Railway followed by Central and Northern Railways.

(d) Gauge Conversion (Rs. 4.24 crores)—More receipt of permanent way materials, supply of more steel, cement and signalling materials. The largest excess occurred on North Eastern Railway followed by South Central and Western Railways.

(e) Electrification Projects (Rs. 2.98 crores)—Procurement of more materials including imported steel for electrification projects.

(f) Signalling & Tele-Communication (Rs. 1.93 crores)—More receipt of signalling cables and other materials due to accelerated progress of work.

(g) Traffic Facilities (Rs. 1.93 crores) — Speedier progress of works, more receipt of material, rails and other equipments.

(h) New Lines (Rs. 1.01 crores)—Accelerated progress of works, more receipt of material. ..

(i) Aggregate of minor variations under other specified works. other Electrical Works, Amenities for staff, Passenger Amenities etc. (Rs. 3.12 crores).

Partly offset by savings under:

(i) Miscellaneous Advance — Capital (Rs. 4.93 crores) — Transfer of debits relating to issue of wheel sets|components to the Zonal Railways.

(ii) Rolling stock (Rs. 2.66 crores)—less adjustment of bulk order items.

(iii) Machinery and Plant (Rs. 1.92 crores) — Non-receipt of machines and other equipments from the firms during the year than anticipated.

The net effect of misclassification was Rs. 26,458 on account of expenditure relating to this grant, but wrongly booked under other grants or *vice versa.* Thus taking into account the effect of misclassifications the real excess requiring regularisation by Parliament works out to Rs. 63,53,10,057, i.e., 2.41 per cent over the final grant.

Grant No. 11—Working Expenses—Staff Welfare and Amenities

	Charged Rs.
Original Appropriation	1,16,000
Supplementary Appropriation	—
Total sanctioned Appropriation	1,16,000
Actual Expenditure	1,20,408
Excess	4,408
Percentage of excess over final Appropriation	3·80%

The excess occurred on North-Eastern Railway due chiefly to more decretal payments than anticipated.

There was no misclassification under this Appropriation and the excess requiring regularisations works out to Rs. 4,408 i.e., the same as disclosed in the Appropriation Accounts.

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

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

2.35 The following table indicates the excess expenditure recorded under various Voted Grants/Charged Appropriations administered by the

Ministry of Railways during the years 1972-73 to 1981-82:—

Year	No. of Grant and appropriations wherein excess occurred	Amount of Expenditure (Rs in crores)
1972-73	5	10·21
1973-74	—	—
1974-75	6	17·96
1975-76	13	85·79
1976-77	7	67·67
1977-78	6	41·36
1978-79	4	13·00
1979-80	7	35·76
1980-81	11	247·29*
1981-82	5	88·62*

*After taking into account the effect of misclassifications.

2.36 Commenting on the large scale excesses noticed in the Grants/Appropriations administered by the Ministry of Railways (Railway Board), the Public Accounts Committee (1982-83) had, in paragraph 2.61 of their 121st Report (7th Lok Sabha) observed as under:

"An analysis of the reasons for excess expenditure over authorised allocations as disclosed in the Railway Appropriation Accounts inidicates once again that defective estimation of requirements of funds, lack of proper and timely review and monitoriing of the progress of expenditures, failure to anticipate properly and provide fully for "contractual payments have contributed to most of the excess expenditure. Deploring this tendency, the Committee had, in paragraph 2.40 of their 57th Report (7th Lok Sabha) observed that "that this should be so despite the repeated comments by the Committee and the oft-repeated assurances held out by the Railway Administration, is indicative of the fact that effective steps were not taken to check recurrence of such types of excess expenditure." Had the Railway administration exercised stricter budgetary discipline by effectively monitoring supplies and the provision made therefor, the Committee are positive that excesses could have been avoided to a great extent. The Committee expect that greater care would be exercised in future through close watch over the flow of expenditure and better anticipation of requirements for making timely additional provision at least at the Revised Estimates stage."

2.37 In their Action Taken Note dated 8 June, 1983 the Ministry of Railways (Railway Board) have furnished the following reply:

"The Committee's recommendations have been noted.

Soon after the excesses in expenditure over Voted Grants for the year 1980-81 came to light, a number of measures were taken to tighten up the control machinery so as to avoid recurrence of such instances of excess expenditure. The expenditure control machinery was re-vamped and was put under the direct personal charge of an additional General Manager (Expenditure Control) on each Zonal Railway headquarter and an additional Divisional Railway Manager (Expenditure Control) on each division. These officers were to devote themselves fully to expenditure control work and be responsible for controlling expenditure, through exercise of control over consumption of materials, inventry control, economies in personnel, fuel consumption and in other facets of railway working.

Periodic meetings of the General Managers of the Railways and their Heads of Departments were held at the Board's level to impress upon them the imperative need for economies and for containing expenditure within the sanctioned allotment.

The booking of expenditure was closely monitored and likely areas of excess were brought to the notice of the Railways. Directives were also issued at the highest level for ensuring strict control over expenditure.

As a cumulative result of the above measures, a meaningful awareness of expenditure control has been created from top to the bottom line and it is gratifying to note that in the year 1981-82, the variation in the Revenue Demands (No. 3 to 13) was only Rs. 12.21 crores in the net on Revised Estimate of Rs. 2940.50 crores, which works out to less than half a percent. The excess in the case of the Works Grants, though much higher than in the case of the Revenue Grants, is still far below the excess that occurred in 1980-81. It is only about 6 per cent compared to 21 per cent in 1980-81 in the net.

The measures initiated for expenditure control are being kept up without any let up and it is expected that the actuals for 1982-83 will show even better results."

2.38 Expressing concern over the problem of recurring misclassifications of expenditure in the Railways, the Public Accounts Committee (1982-83) had, in paragraph 2.66 of their 121st Report recommended as follows:—

"The Committee find it disconcerting that during the year under review viz., 1980-81 out of the II Grants wherein excess expenditure is sought to be regularised, there have been misclassifications of expenditure in 9 Grants involving an aggregate amount of Rs. 92.76 lakhs. The Committee are led to conclude that the repetitive instructions issued by the Ministry have failed to goad the Railways, Production Units and Metropolitan Transport Projects to tackle the problem of misclassifications of expenditure for erroneous adjustments. It seems that effective reconciliation of subsidiary books with general books is not being attended to promptly and from month to month for rectification of errors. The Commission also find that in the Explanatory notes furnished to them, the Ministry have not adduced any grounds for recurrence of such large scale misclassifications or the measures contemplated to obviate the same in future. It is obvious that either the procedure prescribed for prompt reconciliation of expenditure figures is imperfect or the supervisory and other officers have failed to exercise effective control over the accounts. The Committee would like to have a further explanation for such repeated lapses. They would also like to reiterate the earlier recommendation that a thorough scrutiny of the reasons for large scale misclassifications should be undertaken soon after their occurrence and staff responsibility invariably fixed for the failure with a view to taking appropriate action. The Committee should be apprised of the specific steps taken to avoid recurrence of such patent errors."

2.39 In their action taken note dated 8 June, 1982, the Ministry of Railways (Railway Board) have stated as follows:

"Reconciliation of subsidiary books with general books is a process of tallying figures recorded in the two sets of books to ensure their accuracy. Except when the figures do not tally under certain heads and the discrepancies cannot be located, the process does not invlove reference to the allocation given or individual vouchers and therefore, the same does not bring out erroneous adjustment/misclassifications. Besides ensuring effective reconciliation of subsidiary books with general books, the Railway administrations including Production Units etc. have been directed to ensure correctness of allocation at the initial stage i.e., while recording on the initial vouchers. They have also been asked to prescribe test check of 'Allocation' at the gazetted level, for which they will fix percentages depending upon the local circumstances. Instructions have been issued *vide* letter No. 81|APP|7-2|80-81|Para 2.65 and 2.66 dated 4-5-1983.

This has been seen by Audit who have made the following observation:

"As regards action taken note on para 2.66 we have no remarks to offer for the present. A further reference to the Board will be made, if considered necessary on reecipts of reports from all the Directors of Audit on this matter."

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

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

2.41 The Committee take a serious view of the persistent misclassification of expenditure in Railways. During the year under review, there have been misclassifications of expenditure in 3 Grants, involving an aggregate

amount of Rs. 9.94 lakhs. In reply to earlier recommendations of the Committee in regard to specific steps taken to avoid recurrence of such patent errors, the Ministry have stated (June, 1983) that besides ensuring effective reconciliation of subsidiary books with general books, the Railway Administrations including Production Units etc. have been directed to ensure correctness of allocation at the initial stage i.e., while recording on the initial vouchers. **The Committee hope that in future foolproof measures would be devised to obviate the recurrence of misclassifications or erroneous adjustments, as these vitiate sound budgetary control.**

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

CHAPTER III

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 121ST REPORT (7TH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATION FOR THE YEAR 1980-81 AND ACTION TAKEN ON 57TH REPORT (SEVENTH LOK SABHA).

3.1 The 121st Report (Seventh Lok Sabha) of the Public Accounts Committee on Excesses over Voted Grants and Charged Appropriations (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1980-81 was presented to Lok Sabha on 5 November, 1982. Action Taken Notes on all the 31 recommendations or observations (except two at Sl Nos. 10 and 25) contained in the Report have been furnished by the concerned Ministries and/or Departments. Of these, 4 recommendations (Sl. Nos. 1, 2, 29 and 30) pertained to more than one Ministry.

3.2 The Action Taken Notes received from Government have been broadly categorised as follows:

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

1, 4—7, 11, 13, 17-18, 20—24, 26—31

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

*2, 3, 8, 12, 14, 19

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

16

(iv) Recommendations or observations in respect of which Government have furnished interim replies/no replies

9, 10, 15 and 25

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

*Please see para 2.6 of the Report.

3.4 In accordance with the time schedule prescribed by the Committee in their 5th Report (Fourth Lok Sabha) notes on the Action Taken by Government on the recommendations or observations contained in the Committee's 121st Report were required to be furnished by 5 May, 1983. An analysis of the receipt of Action Taken Notes from Ministries (in some cases from more than one Ministry), however, discloses the following position.

	Name of the Ministry
(i) Number of Notes received by due date i.e. 5-5-1983 . .	20
(ii) Number of Notes received by extended time (last extension was upto 5-7-1983)	16
(iii) Number of Notes not received upto 15-7-1983 . . .	2 Defence (Sl. No. 10,) Railways (Sl. No. 25)

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

Provision for likely payments against decrees|awards (Paragraph 2.39)

3.6. Commenting on the excess of Rs. 2.47 crores under the Capital (Charged) Section of Grant No. 53—Delhi against the final appropriation of Rs. 3.55 crores the Public Accounts Committee (1982-83) had, in paragraph 2.39 of their 121st Report (Seventh Lok Sabha) observed as under:

> *As against the final charged appropriation of Rs. 3.55 crores under the Capital Section, the actual expenditure amounted to Rs. 6.02 crores, leaving an uncovered excess of Rs. 2.47 crores, representing 69.58 per cent of the total provision. The

*Reproduced in Appendix XV.

excess, according to the Ministry was due to more payment on account of enhanced compensation of decretal amounts in respect of land acquisition cases, than was anticipated. The Committee would like to know when exactly the enhanced compensation was announced, and whether the decretal awards could have been provided for at the time of revised budget allocation."

3.7. In their Action Taken note dated 28 June, 1983 the Ministry of Home Affairs have furnished the following reply:

"The Delhi Administration has informed that there were 504 cases in which enhanced compensation was calculated by the different Land Acquisition Commissioners for payment. The relevant 504 files and connected records are required to be scrutinised for compilation and submission of information called for by the Public Accounts Committee. The Administration has scrutnised 391 files/cases and submitted the requisite details in respect of these cases as per statement enclosed.* As may be seen therefrom, significant number of the claims were agreed to at the fag end of the financial year when it was too late to make any provision in the revised estimate (s.) Efforts are being made by the Administration to scrutinise the remaining 113 files/cases as soon as possible. As some of the concerned files are not readily available|traceable, the assignment may take another two months. Since these were the decretal awards the Administration had no other option but to make payment within the financial year."

3.8 As against the final charged appropriation of Rs. 3.55 crores under the Capital Section o Grant No. 53—Delhi during 1980-81, the actual expenditure amounted to Rs. 6.02 crores, leaving an uncovered excess of Rs. 2.47 crores. The excess according to the Ministry, was due to more payment on account of enhanced compensation of decretal amounts in respect of land acquisition cases than anticipated.. In para 2.30 of their 121st Report (Seventh Lok Sabha) the Committee had desired to know when exactly the enhanced compensation was announced and whether the decretal awards could have been provided for at the time of revised budget allocation. The Committee regret to observe that even after a lapse of eight months, the Ministry have given only an incomplete reply. The Committee have not been informed as to when the Court decree was passed for enhanced compensation though this point has been specifically raised by

*Reproduced in Appendix XV

them. The Committee would await the information. It, however, appears from the reply that there was avoidable delay in determining the enhanced compensation payable as per the Court decree and that although in a large number of cases the payment was made during the year 1980-81, before December, 1981, no attempt was made to provide for them in a supplementary appropriation for authorisation by parliament during the year itself. . . While the Committee would await further details promised by the Ministry in this regard, they would expect the Ministry ot ensure that in future prompt action is taken to make the payment of compensation and provide for it in the Budget/Supplementary Budget.

NEW DELHI;
July 23, 1983.
Sravana 1, 1905 (*S*).

SUNIL MAITRA,
Chairman,
Public Accounts Committee.

PART II

Minutes of the sitting of the Public Accounts Committee (1982-83) held on 19 July, 1983

MINUTES OF THE SIXTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1983-84) HELD ON 19 JULY, 1983

The Public Accounts Committee sat from 1100 hours to 1245 hours on 19 July, 1983 in Committee Room No. 50, First Floor, Parliament House, New Delhi. The following were present:

Shri Sunil Maitra—*Chairman*

MEMBERS

2. Shrimati Vidyavati Chaturvedi
3. Shri G. L. Dogra
4. Shri Bhiku Ram Jain
5. Shri K. Lakkappa
6. Shri Mahavir Prasad
7. Shri Jamilur Rahman
8. Shri Uttam Rathod
9. Shri Harish Rawat
10 Shri Ram Singh Yadav
11. Dr. Sankata Prasad
12. Shri Syed Rahmat Ali
13. Dr. (Shrimati) Sathiavani Muthu
14. Dr. Harekrushna Mallick
15. Shri Nirmal Chatterjee

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

1. Shri R. K. Chandrasekharan, A.D.A.I.(R)
2. Shri G. N. Pathak—D.A.D.S.
3. Shri A.S. Mahindra—Joint Director, D.A.C.R.
4. Shri A.N. Mukhopadhyay—Jt. Director (R.C.)
C&AG's Office

5. Shri R.S. Gupta—Joint Director, D.A.D.S.

6. Shri K. H. Chhaya—Joint Director (Railways)
C&AG's Office

7. Shri N.R. Rayalu—Jt. Director (Reports)
C&AG's Office

8. Shri T.G. Srinivasan,—Jt. Director, D.A.P&T

SECRETARIAT

1. Shri T. R. Krishnamachari—*Joint Secretary*

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

3. Shri Ram Kishore—*Senior Financial Committee Officer*

2. The Committee took up for consideration the draft Report on Excesses over Voted Grants and Charged Appropriations as disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs), and (Railways) for the year 1981-82 and on action taken by Government on the recommendations of the Public Accounts Committee (1982-83) contained in their 121st Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriation for the year 1980-81, and adopted the same with certain modifications/amendments as shown in the Annexure.

The Committee also authorised the Chairman to incorporate in the Report, certain other modifications/amendments arising out of factual verification of the same by Audit.

The Committee then adjourned.

ANNEXURE

LIST OF MODIFICATIONS/AMENDMENTS MADE BY THE PUBLIC ACCOUNTS COMMITTEE IN THE REPORT ON EXCESS EXPENDITURE (1981-82)

Page	Para	Line (s)	Modifications/Amendments
21	2·12	1	Delete 'so as'
25—26	2·16		The last three sentences in this para . 'The Committee are not convinced.............. in future' may be *substituted* by the following : 'However, it has not been stated that the works suffered on account of inadequacy of stores in the past. In any case, the Committee are not convinced by this explanation. Both sets of figures, one of underspending (Rs. 95·64 crores in 1979-80 and Rs. 100·50 crores in 1980-81) and the other of overspending (Rs. 51·64 crores in 1981-82) speak eloquently of the callous disregard for any sort of financial discipline. The huge gap between the estimates and actuals only reveals the utter failure of the Ministry to anticipate expenditure on a logical and rational basis. Not to purchase stocks well in time within the sanctioned amount thus leading to so-called savings is decidedly not a virtue, nor is it to purchase stocks overzealously subsequently by over-spending in these days of rising prices. The Committee trust that in future past experience serving as a guide, the Ministry will be careful and cautious both in estimation and in spending so that such violent variations are avoided as far as practicable.'
	39	2·26	The last four lines in this para may be *substituted* by the following : 'Prior to the close of the financial year and that the Ministry should have remained a helpless spectator still trying to "persuade" the D.D.A. The Committee desire that the D.D.A. should strictly follow the prescribed accounting procedure in future.'
43	2·29		*Add* 'and their instructions are scrupulously followed.' at the end of the para after 'done.'
66	3·8		*Insert* 'during 1980-81', after 'Delhi'.

APPENDICES

APPENDICES I TO XIV

(*Vide* Paragraph 1.3 of the Report)

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

5,47,51,761.

APPENDIX I

MINISTRY OF COMMERCE

Grant No. 12—Foreign Trade and Export Production

Capital Section (Voted)	Rupees
Original Grant	62,38,00,000
Supplementary Grant	1,25,50,01,000
Final Grant	1,87,88,01,000
Actual Expenditure	3,56,81,46,998
Excess	1,68,93,45,998

The original grant of Rs. 6238 lakhs was augmented by obtaining Supplementary Grants of Rs. 50.01 lakhs in December, 1981 and of Rs. 125 crores in March, 1982. Against the final grant of Rs. 187,88,01 lakhs, actual expenditure, however, amounted to Rs. 3,56,81,46,998 leaving an uncovered excess of Rs. 1,68,93,45,998 which requires to be regularised.

2. The following table will show the original Budget provision, drawals upto 31-1-1982, the Revised estimates and actual drawals of technical credits during 1981-82 (Except A R E):

Rs. crores

	Budget Estimate	Drawals upto 31-1-82	Revised Estimate	Actuals
Germen Democratic Republic	12·00	3·00	12·00	3·00
Poland	23·00	8·42	9·00	15·00
Romania	4·00	—	—	—
Czechoslovakia	10·00	14.11	15·00	27·23
USSR	Nil	105·20	138·00	299·66
Total :	49·00	130·73	174·00	344·89

Keeping in view the trend of drawals upto 31-1-1982, especially by Czechoslovakia and USSR, total gross drawals during the financial year were projected at Rs. 174 crores at the Revised Estimates stage. The Supplementary Grant of Rs. 125 crores obtained in March, 1982 was finalised on this basis.

In the case of Czechoslovakia which started drawing technical credit only from November, 1981, the expectation that its drawals during the last two months of the year would not be significant and that the total drawals during the year may be around Rs. 15 crores did not materialise. Czechoslovakia's drawals during February, 1982 amounted to Rs. 4.25 crores and to Rs. 8.87 crores in March, 1982 i.e. Rs. 12.23 crores more than the year's Revised Estimates.

In the case of USSR, no provision had been made in the original Budget as that country had not made any drawal during the previous year. But as drawals of Rs. 105.20 crores had been made by USSR upto January, 1982, the Revised Estimates for the year was adopted at Rs. 138 crores. However, drawals during the months of February and March, 1982 were very heavy being Rs. 64.49 crores and Rs. 129.97 crores respectively, the excess under technical credits to USSR occurred in these circumstances. Since there is no ceiling for this country, the pace of drawals could not be checked.

As the propsals for the last batch of supplementary Grants presented to Parilament in March, 1982 had to be finalised by the middle of February, 1982, it was not possible to take into account drawals of technical credits during February and March, 1982 as may be seen from the above.

3. The Budget estimates for drawal of technical credits are prepared in consultation with the Department of Economic Affairs taking into account factors like the ceiling for the particular country, past pattern of drawals and repayments and expected volume and flow of trade between India and the particular country. By their very nature these factors are not susceptible of a precise estimation of the likely drawal of technical credits, as it is extremely difficult to anticipate to what extent they can draw. It may also be noted that the budget provision is made on the principle of gross budgeting and represent drawals anticipated to be made from time to time without offsetting repayments which are taken credit for as receipts. Even though the net outstanding at any given time will be within the ceiling, the gross drawals of technical credits (without taking into account repayments) depending upon the number of occasions during a year in which the country resorts to drawals might exceed the ceiling limit. It is thus not possible to forecast the number of such occasion on which such drawals would be resorted to.

4. Pursuant to the recommendations of the Public Accounts Committee in their First Report (Seventh Lok Sabha), the Department of Commerce

reviewed the reporting arrangements in consultation with the Department of Economic Affairs and the Reserve Bank of India. But as the latter could only report actual drawals on weekly basis, this information was not of much avail. As significant drawals take place in the last 2-3 months of the financial year, leaving no time to cover the excess through Supplementary Grant.

5. In view of the situation explained, it is requested that the excess of Rs. 168,93 lakhs may kindly be recommended for regularisation in accordance with the Article 115(1) (b) of the Constitution.

6. This note has been vetted by Audit.

APPENDIX II

MINISTRY OF COMMUNICATIONS

Grant No. 15—Overseas Communications service

Revenue Section (Voted)	Rs.
Original Grant	21,38,17,000
Supplementary Grant	Nil
Final Grant	21,38,17,000
Actual Expenditure	23,25,40,223
Excess	1,87,23,223

2. The excess of Rs. 187.23 lakhs in the Revenue Section of the Grant as compared to the sanctioned provision, was mainly under the following heads:—

(i) A. 1(5) Other Expenditure—A.1(5)(2) Interest (Rs. 187.80 lakhs).

Overseas Communication Service being a departmental Commercial undertaking, provision is made for adjustment of interest on capital outlay under the service major head by *per contra* credit to the revenue receipt head. Original Budget included a provision of Rs. 375 lakhs for adjustment on this account. The actual liability on this account, however, worked out to Rs. 562.80 lakhs i.e. an additional liability of Rs. 187.80 lakhs. This, however, did not involve any additional outgo from the Consolidated Fund of India because of the corresponding increase in revenue receipts. The excess under this head was partly offset by saving of Rs. 180.24 lakhs under the sub-head 'A 1(5) (4)—Depreciation' and of Rs. 10,000 under A 1(5)(5) Write-off/Lossess.

(ii) A.1(2)—Operation and Maintenance—A.1(2)(5)—Payments for Professional and Special Services (Rs. 163.12 lakhs).

Original Budget included a provision of Rs. 460 lakhs for payments to the Commonwealth Telecommunications Bureau under the Commonwealtn Telecommunication Financial Arrangements, 1973. The actual liability on this account could not be assessed fully at the Revised Estimate stage because the audited settlement statement in respect of Indian National Body's liability was not available with the Bureau. The Revised Estimates were, therefore, placed at Rs. 250 lakhs on the basis of information available at that time. The settlement statement was received towards the end of 1981-82 showing a liability of Rs. 646.63 lakhs. Since payment beyond 31st March, 1982 would have entailed penal interest of Rs. 4471 *per day*, the same could not be deferred. The excess under CTFA payments was partly offset by savings under certain other sub-heads under the same group sub-head, *viz.*, Satellite utilisation charges and Rent of Land lines.

(iii) A.1 (2)—Operation and Maintenance—A.1 (2) (8) Maintenance (Rs. 33.04 lakhs).

The excess was due to (i) more consumption of electricity and revision in electricity tariff (ii) increase in expenditure on repairs and maintenance of buildings, plant and machinery, vehicles, etc. (iii) increase in price of telegraph stationery.

3. The above additional requirements were met to the extent of savings available within Revenue section of the Grant, leaving a net excess of Rs. 1,87,23,223 which needs to be regularised.

4. In view of the circumstances explained above, the net excess of Rs. 1,87,23,223 under Revenue Section of Grant No. 15-Overseas Communications Service for 1981-82 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

5. This note has been vetted by Audit.

APPENDIX III

MINISTRY OF COMMUNICATIONS

Grant No. 18—'*Capital Outlay on Posts and Telegraphs*

Capital Section (Voted)	Rupees
Original Grant	512,00,73,000
Supplementarty Grant	2,000
Final Grant	512,00,75,000
Actual Expenditure	563,64,46,150
Excess	51,63,71,150

2. The Grant provides for meeting the expenditure on Capital Outlay of the P&T Department covering Works portion and Stores and Manufacture Suspense.

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

Head of Account	(In crores on Rupees)	
	Excess	Saving
A—1 Administrative Offices	0·42	
A—2 Post Offices	31·6	
A—3 Staff Quarters		4·52
A—4 R.M.S. Vans		0·53
B—1 Telegraph ystems		1·74
B—2 Local Telephone Systems	46·59	
B—3 Long Distance Switching Systems		5·87
B—4 Transmission Systems		14·17
B—5 Ancilliary Systems		16·48
B—6 Other Land and Buildings	2·73	
B—7 General	42·05	
Total	94·95	43·31

4. The gross excess of Rs. 94.95 crores was mainly due to rapid progress in construction of buildings for operative offices, receipt of more lines

and wires materials than anticipated for the Local Telephone Systems, escalation in cost of Apparatus and Plant equipments and larger procurement of stores by the Stores and Civil Engineering Oranisations. This was partly offset by saving to the extent of Rs. 43.31 crores available under other heads largely due to receipt of less Apparatus and Plant equipments, Microwave and Trunk Cables, UHF and VHF equipments for the Transmission and Ancillary Systems and slow progress in construction of staff quarters, leaving the net uncovered excess of Rs. 51.64 crores. The main items of excesses are explained hereunder:

(i) In the earlier two years 1979-80 and 1980-81 the supply of equipment and maintenance stores was much less with the result that considerable amount of allotted funds could not be utilised (as against the sanctioned grant of Rs. 403.86 crores for 1979-80 the expenditure was only Rs. 308.22 crores and in 1980-81 against the sanctioned grant of Rs. 451.59 crores, the expenditure was only Rs. 351.09 crores) With a view, therefore, to ensure adequate supply of stores, larger orders were placed in 1981-82. Even then the supplies till January 1982 were only Rs. 136.61 crores as against the sanctioned grant of Rs. 171.19 crores for procurement of stores by the GM Telecommunication Stores, Calcutta. Most of the supplies were actually received in February and March 1982 and could be finally brought into account only in March Supplementary Accounts, as would be clear from the fact that the expenditure upto February 1982 was orly Rs. 370.54 crores and upto March preliminary 1982 accounts was only Rs. 447.62 crores as against the sanctioned grant of Rs. 512.01 crores. In these circumstances the Department could not go in for a Supplementary Grant.

(ii) The excess of Rs. 42.05 crores under General was mainly due to more procurement of stores, more advance payments for steel and less issue of raw materials partly offset by more issue of stores to capital works and less import purchases.

5. The Stores Organisation and Civil Wing of the Department have the machinery to control the expenditure. They are allotted funds for procurement of stores and are required to keep the expenditure within the allotment. The progress of expenditure in procurement of stores and on civil works is also being watched in the territorial circles and in the Directorate. In this case, however, the excess expenditure had been incurred in the Stores and Civil Wing Organisations in the circumstances explained in paras above. They have been suitably instructed in the matter and copies of the letters addressed to them are enclosed.

6. In the circumstances explained above, the net excess of Rs. 51,63,71,150 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

This note has been vetted by the Audit.

Copy of D.O. Letter No. 4—6/82-B dated 6 April, 1983 from the Dy. Director General (FB) Office of the Director General Posts and Telegraphs, New Delhi to the Chief Engineer (Civil) P & T Directorate, New Delhi.

In 1981-82, the expenditure under Grant No. 18 Capital Outlay on P & T exceeded the Voted Grant by Rs. 51.64 Crores. A sizeable portion of the excesses to the extent of Rs. 10.47 crores has been under Building and Civil Engineering Suspense Account, presumably due to expenditure on some building works having been undertaken without ensuring availability of funds and larger procurement of building material.

The Ministry of Finance, have asked for the reasons for the excess and th steps taken to avoid recurrence. As you are aware, the Public Accounts Committee and the Estimates Committee of Parliament take a serious view of excess over sanctioned grant. I would, therefore, request you to instruct the Supdt. Engineers and E.E. to take suitable steps to avoid any excesses over the allotment. With co-ordination with the Telecom. Circles and Districts it should be possible to exercise control of expenditure on building works. A copy of the instruction issued to the SEs|EEs may please be endorsed to the Budget Section.

Copy of D.O. letter No. 4-6|82-B. dated 6 April, 1983 from the Dy. Director General (F.B.). Office of the Director General, Posts and Telegraphs, New Delhi to the General Manager, Telecommunication Stores, Calcutta, with copy to D.D.G. (MM).

In 1981-82, the expenditure under Grant No. 18 Capital Outlay on P & T exceeded the Voted grant by Rs. 51.64 Crores. This was largely due to procurement of more stores than provided in th sanctioned Grant. The Ministry of Finance have asked for the reasons for the excess expenditure. As you would be aware, the Public Accounts Committee and the Estimates Committee of Parliament take a very serious view of any excess of expenditure over the sanctioned grant. Please ensure that while ordering stores, the budget allotment is kept in view so that there is no scope for excess expenditure. Suitable instructions may be issued to Regional Store Depots as well.

Please acknowledge this letter.

APPENDIX IV

MINISTRY OF DEFENCE

Grant No. 20—Defence Services—Army

Revenue Section (Voted)	Rupees
Original Grant	2424,42,51,000
Supplementary Grant	234,94,89,000
Final Grant	2659,37,40,000
Actual Expenditure	2748,17,18,556
Excess Expenditure	88,79,78,556

2. The Original grant of Rs. 2424,42,51,000 under the voted portion was augmnted to Rs. 2659,37,40,000 by obtaining a Supplementary Grant of Rs. 234,94,89,000 in March, 1982. The actual expenditure during the year, however, amounted to Rs. 2748,17,18,556 resulting in an uncovered excess of Rs. 88,79,78,556.

3. The excess of Rs. 88,79,78,556 was the net result of excesses| savings under the various Sub-Heads in the Grant. It was mainly attributable to the excess of Rs. 42.43 crores under the Sub-Head A-6 Ordnance Factories. Rs. 43.11 crores under the Sub-Head A-9 stores and Rs. 8.32 crores under the Sub-Head A-4 Transportation and Rs. 8.90 crores under Sub-Head A-10 Works.

3.1 *A-6 Ordnance Factories (Rs. 42.43 crores)*

The original provision under 'A' 6 Ordnance Factories' was Rs. 555.22 crores which was augmented to Rs. 682.34 crores by obtaining a Supplementary Grant of Rs. 127.12 crores in March, 1982. The actual expenditure however, amounted to Rs. 724.77 crores resulting in an excess of Rs. 42.43 crores. This excess consists of Rs. 6.58 crores on account of payment of instalments of Additional Dearness Allowance and corresponding increase in payment of OTA; Rs. 32.07 crores in 'Purchase of Material' and Rs. 3.28 crores under 'Customs' Duty due to larger meterialisation or supplies and Rs. 0.51 crores under 'Revenue Works' due to increase in cost of materials.

3.2 *'A'-9 Stores (Rs. 43.11 crores)*

The original grant under this head was Rs. 572.16 crores. A supplementary grant amounting to Rs. 18.41 crores was obtained in March, 1982. The provision was decreased by Rs. 15.49 crores due to non-delayed finalisation of contracts for planned schemes 1980-85. The actual expenditure under this head amounted to Rs. 618.19 crores leading to an excess of Rs. 43.11 crores. This excess was attributable to:—

(a) more materialisation and price escalation in the case of A.O.C. Stores;

(b) larger expenditure on POL as a result of extra mileage sanctioned and under drawal of POL items by other services resulting in lesser recoveries

(c) advance payment to Food Corporation of India against purchases for 1982-83 in the case of ASC stores; and

(d) larger payment of sales tax. Central Excise duty in the case of Engineer Stores and advance payments made to a certain undertaking which were not catered for.

3.3 *'A'-4 Transportation (Rs. 8.32 crores)*

The excess was due to booking of expenditure of Rs. 7.54 crores on rail charges pertaining to the earlier year (1980-81) which came to light in February/March 1982 and receipt of a large number of vouchers from Railways towards the end of financial year.

3.4 *'A'-10 Revenue Works—(Rs. 8.90 crores)*

The original grant under this head was Rs. 128 crores. Supplementary grant of Rs. 27.76 crores was obtained in March, 1982 and additional amount of Rs. 1.26 crores was provided by reappropriation at MA stage making a total provision of Rs. 157.02 crores. The actual expenditure amounted to Rs. 165.92 crores. The excess of Rs. 8.90 crores was due to rise in cost of stores and POL, grant of Additional Dearness Allowance to the employees, revision in furniture list and increase in tariff rates for supply of water and electricity to cantonments.

4. The above excesses were partly offset to some extent by savings under other sub-heads in the Grant leaving a net excess of Rs. 88.80 crores which requires regularisation.

5. In pursuance of the recommendations contained in para 2.31 of the 57th Report of the PAC (7th Lok Sabha) on the excess over voted grants and charged appropriations (1979-80) the Works Study Group

in the Ministry of Defence has in consultation with the Ministry of Finance (Defence), since conducted a detailed study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget. A copy of the Report submitted by the Work Study Group has been sent to the Lok Sabha Secretariat along with the Action Taken Note on the PAC's recommendation contained in para 2.31 of their 57th Report (7th Lok Sabha). It is expected that with the implementation of the measures suggested by the Work Study Group there would be improvement in the existing system and cases of large variations between the sanctioned grant and actual expenditure would be minimised. The results of this exercise will be watched in future years.

6. In the circumstances explained above, the excess of Rs. 88,79,78,556 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

7. D.A.D.S. has seen.

APPENDIX V

Ministry of Defence

Grant No. 21 *Defence Services-Navy*

Revenue Section (Voted)	Rupees
Original Grant	299,25,50,000
Supplementary Grant	13,98,70,000
Final Grant	313,24,20,000
Actual Expenditure	318,71,71,761
Excess	5,47,51,761

2. The Original Grant of Rs. 299,25,50,000 under 'Voted' portion was augmented by obtaining a Supplementary Grant of Rs. 13,98,70,000 in March, 1982. The actual expenditure during the year, however, amounted to Rs. 318, 71,71,761 resulting in an uncovered excess of Rs. 5,47,51,761.

3. The excess of Rs. 5,47,51,761 was the net result of excess savings under various Sub-heads in the Grant was mainly attributable to excess of Rs. 6.96 crores under the Sub-head A.5-Stores.

4. *A.5-Stores (Rs. 6.96 crores)*—The Original budget provision of Rs. 177.31 crores was finally increased to Rs. 177.98 crores by Supplementary Grant of Rs. 1.30 crores and reappropriation of (—) Rs. 0.69 crore. The actual expenditure amountted to Rs. 184.94 crores resulting in an excess of Rs. 6.96 crores.

The excess expenditure was mainly under (i) Naval Stores, (ii) Clothing Stores. (iii) Spare parts and Machinery, due to more materialisation of Stores (iv) Oil Fuel, to meet the operational commitment of ships and aircraft, (v) Aviation Stores, due to change in delivery schedule and in crease in prices of certain Aviation Stores. These excesses were partly offset by savings under some other items in the same sub-head such as (a) Aircraft Stores due to delay in Supply of certain aircraft, (b) Gun maintaining Stores, due to less expenditure, (c) Armament Stores, due to slippage in delivery schedules in certain cases and (d) Provision and water due to non-availability of certain provisions and reduced drawal of fresh rations.

5. With a view to avoiding such excess expenditure in future, the Estimating Authorities have been advised to maintain and make proper use of a liability registers and ensure that the estimates are framed on realistic basis. Besides, in pursuance of the recommendations of the PAC (1981-82) contained in para 2.31 of their 57th Report (7th Lok Sabha) the Work Study Group in the Ministry of Defence undertook in consultation with the Ministry of Finance (Defence), a study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the Budget with a view to evolving a suitable procedure for containing expenditure within the sanctioned grant. The Study Group in its Report have made a number of Suggestions for improvement in the existing procedure so as to avoid incurring of expenditure in excess of sanctioned grants. A copy of the Report submitted by the Study Group has already been submitted to the Lok Sabha Secretariat. The result of the implementation of the Report of Study Group would be watched in future years.

6. In the circumstances explained above. the excess of Rs. 5,47,51,761 the implementation of the Report of Study Group would be watched in clc 115(1)(b) of the Constitution.

7. D.A.D.S. has seen.

APPENDIX VI

MINISTRY OF DEFENCE

Grant No. 24—Defence Services—Capital Outlay

Capital Section (Voted)	Rupees
Original Grant	403 64 00 000
Supplementary Grant	56 93 00 000
Final Grant	460 57 00 000
Actual expenditure	481 88 33 010
Excess	21 31 33 010

2. The original Grant of Rs. 403,64,00,000 under voted portion was augmented by obtaining two Supplementary Grants of Rs. 1,000 (September 1981) and Rs. 56,92,99,000 (March 1982). The actual expenditure during the year, however, amounted to Rs. 481, 88,33,010 resulting in excess of Rs. 21,31,33,010.

3. The excess of Rs. 21,31,33,010 was the net result of excesses/saving under various Sub-Heads in the Grant and was mainly attributable to excess under Sub-Heads 'A'-1-Army' 'A-2-Navy', 'A-3-Air Force' as explained below:—

3.1 (*Rs.* 17.02 *crores under Sub-Head A*-1 *Army*)

Against the final grant of Rs. 118.40 crores, the actual expenditure amounted to Rs. 135,42 crores resulting in an excess of Rs. 17.02 crores. This excess was mainly under Construction Works (Rs. 16.67 crores) due to accelerated progress of Works and purchase of larger quantities of steel and other stores for time bound projects.

3.2 (*Rs.* 2.97 *crores under Sub-Head A*-2 *Navy*)

Against the final grant of Rs. 220 crores the actual expenditure had been Rs. 222.97 crores, resulting in an excess of Rs. 2.97 crores. The excess was mainly under Construction Works (including Naval Dockyards) due to accelerated progress of works increase in cost of stores and payments of final bills.

3.3 (*Rs.* 4.22 *crores under Sub-Head A-*3 *Air Force*)

Against the final grant of Rs. 42.32 crores under this sub-head the expenditure was Rs. 47.04 crores. Thus there was an excess of Rs. 4.22 crores. The excess was mainly under construction works due to accelerated progress of Works, contractual payments to contractors and increase in cost of stores.

4. In order to avoid such excesses in future a closer watch is being maintained.

5. In the circumstances explained above, the excess of Rs. 21,31,33,010 may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution.

6. DADS has seen.

APPENDIX VII

MINISTRY OF FINANCE

[Department of Economic Affairs (Integrated Finance Branch)]

Grant No. 32—Ministry of Finance

Revenue Section	Voted Rs.	Charged Rs.	Total Rs.
Original Grant . . .	42 61 08 000	25 000	42 61 33 000
Supplementary Grant . . .	3 26 36 000	—	3 26 36 00
Final Grant	45 87 44 000	25 000	45 87 69 000
Actual Expenditure	45 97 18 609	83 088	45 98 01 697
Excess	9 74 609	58 088	10 32 697

2. The original Grant of Rs. 42,61.33,000 was augmented by obtaining a Supplimentary Grant of Rs. 3,26, 36.000. Against the final grant of Rs. 45,87,69.000, the actual expenditure amounted to Rs. 45.98,01,697 leaving an overall excess of Rs. 10,32,697 comprising Rs. 9.74,609 (Voted) and Rs. 58.088 (Charged). This excess was the net result of excesses and savings under various heads in the Grant.

3. The excess of Rs. 9,74,609 in the voted portion and Rs. 58,088 in the charged portion of the Grant mainly occurred under the head A—Secretariat—General Services. A-2 Other Offices. A-2(1) Defence Accounts Department under the Sub-head A-2(1)(1) 'Salaries'. The provision of Rs. 30,41.32.000 in the voted portion in BE 1981-82 under this Sub-head was augmented by Rs. 2,32,39,000 by obtaining a Supplementary Grant. This was further augmented by Rs. 10.90.000 by reappropriation of savings from other Sub-heads in the Grant. The final Grant under this Sub-head was, therefore, Rs, 32.85,15.000. However. the actual expenditure on this account was Rs. 33.16.36,147 resulting in an excess of Rs. 31.21,147. Part of this excess was off-set by savings under other Sub-heads of the Grant resulting in an overall excess of Rs. 9.74.609 which represents 0.2 per cent of the Final Grant. The excess was due to payment in respect of more cases of Leave Travel Concession and Medical Reimbursement claims than anticipated. These items of expenditure under the Sub-head 'Salaries' being of an obligatory nature, payment had to be made against all admissible claims.

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4. A provision of Rs. 25,000 was made in the Charged portion of the Sub-head 'Salaries in BE' 1981-82 but the actual expenditure was Rs. 83,088 resulting in an excess of Rs. 58,088. The excess in the charged portion occurred only because of a specific direction from the High Court of Delhi on a writ petition filed by some officers for fixing their pay in the senior time scale of the IDAS from the date they were appointed to the IDAS cadre. The petition was finally heard on 12-2-82 and the Court directed the Department to pay the petitioners in the senior time scale of pay and furher directed that the arrears be paid within one month from 12-2-82. Since sufficient funds were not available with the Department in 1981-82, the Court was requested to extend the limit so that the payment could be deferred to the financial year 1982-83. This request was not granted by the Court and the Department made the payment on the advice of the Government Standing Counsel as otherwise it could amount to contempt of Court.

5. In order to avoid recurrence of similar excesses in further, all Controllers of Defence Accounts have been directed by the Defence Accounts Department to follow the laid down procedure correctly and scrupulously. A copy of their D.O. letter No. AN|VII|7228|82-83 dated 21-2-83 adressed to all Controllers of Defence Accounts is annexed.

6. It is requested that the excess of As. 9,74,609 (Voted) and Rs. 58,088 (Charged) may kindly be recommended or regularisation by Parliament under Article 115 (1)(b) of the Constitution of India.

This note has been vetted by audit.

Copy of D.O. letter No. AN|VII|7228|82-83 dated 21 February, 1983 from the Dy. C.G.D.A. (AN), Office of the Controller General of Defence Accounts, New Delhi to all the Controller of Accounts (by name).

This is in regard to control over expenditure under Grant No. 32. The expenditure under the above Grant during 1981-82 exceeded the allotted amount in respect of most Controllers' organisations. This expenditure was made without ensuring availability of funds resulting in excess expenditure over the allotted funds. Under the pre-check system of payment, normally no bill can be passed in the absence of specific budget provision therefor. The Ministry of Finance have viewed the excesses very seriously and have instructed that efforts should be made to ensure more accurate budgeting and steps should be taken to safeguard against such excesses occuring in future.

2. In this connection, I am directed to state that the detailed procedure has been laid down in the GF. Rules regarding control of expenditure. Further the compiled actuals and actual expenditure as per records available with you, which constitute the basis for the preparation of the Revised Estimates/Supplementary Grants/Final requirement of funds are required to be scrutinised carefully *vis-a-vis* the progress of booking of expenditure as reflected in the printed compilation If such scrutiny is carried out,

excess expenditure over the allotted amount, could be avoided. If a contingency in regard to an inevitable payment of a bill arises towards the close of the financial year and the expenditure is likely to result in excess over the allotment, additional funds are required to be obtained from this office and then only the expenditure should be incurred.

3. You may further be aware that Budget figures can hardly be adjusted on the basis of the final requirement of funds. Efforts are, therefore, to be made to keep the expenditure during the current financial year under constant review and limited within the funds allotted to your organisation. If necessary, you may take action to stop payments in respect of items which could be postponed to next financial year. In this connection, the sub-units viz. salary for officers, establishment, dearness allowance and other allowances may please be treated as one unit for expenditure.

APPENDIX VIII

MINISTRY OF HOME AFFAIRS

Grant No. 33—Delhi.

	Rupees
Revenue Section (Voted)	
Original Grant	212.64.09.000
Supplementary Grant	21.71.49.000
Total Sanction Grant	234.35.58.000
Actual Expenditure	240.34.12.527
Excess	5.98.54.527
Capital Section (Voted)	
Original Grant	128.93.81.000
Supplementary Grant	27.09.54.000
Total Sanctioned Grant	156.03.35.000
Actual Expenditure	172.73.10.744
Excess	16.69.75.744

Revenue Saction (Voted)

The original provision of Rs. 212,64,09,000 under Revenue Section (Voted) was augmented by obtaining a Supplementary Grant of Rs. 21.71, 49,000 in March, 1982. The actual expenditure, however, amounted to Rs. 240,34,12,527 against the total sanctioned provision of Rs. 234, 35, 58,000 leaving an uncovered excess of Rs. 5,98,54,527 which needs to be regularised.

The overall excess of Rs. 5,98,54,527 was the net result of excesses and savings under the various heads in the Revenue Section (Voted) of the Grant and occurred mainly under the following head, for the reasons given thereunder—

Major Head '259'
A. 14—Public Works
A. 14(6)—Suspense Rs. 7,88,53.000

The excess was due to purchase of more building materials at higher costs following Voluminous increase in construction work connected with Asiad 82. The cost of stores actually received during the year is initially debited to the 'Suspense' head and the debit subsequently transferred to the Works to which the stores are actually issued. This resulted in reflection of the same transaction unider 'Suspense' a number of times in the accounts owing to inter divisional transfer of stores. A revised accounting procedure has since been introducted by the Ministry of Works & Housing in consultation with C&AG and the Ministry of Finance from the financial year 1982-83 *vide* Ministry of Works and Housing O.M. No. 15011/. 12/78-N-2 dated 27-4-82. (copy enclosed*) With the adoption of the revised procedure by Central Public Works Department, it is expected that the booking of expenditure under normal budgetary suspense accounts will be confined to the provisions appearing in the budget.

Capital Section (Voted)—(Rs. 16,69.75 lakh)

The original provision of Rs. 128,93,81,000 was augmented by obtaining a Supplementary Grant of Rs. 27,09,54,000 in March, 82. The actual expenditure however, amounted to Rs. 172,73,10,744 against the total grant of Rs. 156,03,35,000 leaving an uncovered excess of Rs. 16, 69,75,744 which needs to be regularised.

The overall excess of Rs. 16,69,75,744 was the net result of excesses and savings under various heads in the Capital Section (Voted) and occurred mainly under the following heads for the reasons given thereunder:—

Major Head '484'

BB. 5—Capital Outlay on Urban Development

BB. 5(1)—Delhi Capital Development

BB. 5(1) (1)—Land

BB. 5(1) (1) (1)—Large scale Acquistion

Development and disposal of land in Delhi:

Rs. 16,69,60,000

Out of total excess expenditure of Rs. 16,69.60 lakh Rs. 990.86 lakhs represent non-remittance by D.D.A. of the surplus of receipts over expenditure to the Revolving Fund, prior to the close of financial year, as required under the prescribed accounting procedure. As a result thereof, the surplus receipts were treated as advance to D.D.A., resulting in excess

*Reproduced under Appendix XI.

over budget provision. All efforts are now being made by the Administration to persuade D.D.A. to observe the accounting procedure strictly and start remittance of receipts realised by them on account of premium etc. to the Revolving Fund, *vide* Delhi Administration D.O.No. F. 19(1)|82|L&B/F&A dated 29.4.83 (copy enclosed)

The remaining excess of Rs. 678.74 lakhs was mainly on account of payment of deficiency charges to the Municipal Corporation of Delhi in respect of land developed by Municipal Corporation of Delhi, development of land in respect of residential schemes, horticultural work undertaken on a massive scale in connection with Asian Games and due to escalation in the cost of material etc.

At the time of finalisation of Revised Estimates for 1981-82, it was assessed that this expenditure will be covered within the additional funds of Rs. 14.50 crores agreed to in Revised estimates 81-82 and later on provided for by Supplementary Grant. But the final expenditure under the head was more than anticipated due to escalation of work, leaving an uncovered excess of Rs. 1669.60 lakhs.

Major Head '533'

CC.10—Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects:

CC.10(2)—Drainage Projects-Non-Commercial

CC. 10(2)(1)—Other Expenditure

CC. 10(2)(1)(3)—Suspense Rs. 101,96,000

Out of the total excess of Rs. 101.96 lakhs, an excess Rs. 94.09 lakhs was anticipated and provided for by the re-appropriation of funds. The balance excess is due to adjustment of demand note on the purchase of one crane costing Rs. 8.00 lakhs at the fag end of the year. The debit for purchase of crane which was expected to materialise next year was actually received in the ensuring financial year i.e. 1981-82.

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

This 'Note' has been seen by the Audit.

Copy of D.O. letter No. F.19(1)/82/L&B F&A dated 29 April, 1983 from the Accounts Officer (fin.), Delhi Administration to the Chief Accounts Officer, Delhi Development Authority, New Delhi.

Kindly refer to your D.O. letter No. ACS. 10(9)/80-81/Acctts.|Pt:|848 dated 22-1-83 addressed to Shri S.C. Pandey, Secretary (L&B) regarding remittance of the outstanding payment to Revolving Fund as on the close of Financial Year 1981-82.

I have examined the position of the outstanding payment to Revolving Fund with reference to the remarks furnished under your above D.O. The present position of the outstanding is as under:

(i) Cost of land utilised by DDA under various G.K. Schemes including shops—Rs. 2,43,00,480.00:—

Although it was ensured that a provision of Rs. 6.00 and Rs. 8.00 have been made in R.E. 82-83 and B.E. 83-84 for payment to Revolving Fund, no amount has so far been paid to Revolving Fund.

(ii) Cost of land utilised under JJR Scheme—Rs. 5,54,98,672/—

Inspite of our best efforts made in this regard no payment could be obtained for credit to Revolving Fund. This Admn. was, therefore, constrained to obtain sanction of Finance Secretary, Delhi Admn. to adjust the same against the funds to be released to DDA in respect of plan schemes during 82-83. The matter was further discussed with Financial Advisor (H) and Vice-Chairman DDA. As a result of these discussions, a sum of Rs. 1.50 crore was received through cheque No. OC/67-547081 dated 15-3-83 towards this end, leaving thus a balance of Rs. 4.04,98,672.00 still due to Revolving Fund as on date.

(iii) Excess of receipt over expenditure of the scheme of large scale Acquisition, Development & Disposal of land Rs. 47,64,417/—.

(iv) Amount of ground rent not accounted for/adjusted in the accounts—Rs. 6.07,87,715|—.

(v) Amount for enhanced compensation Rs. 63.16,132/—.

It has been stated by your office that sum of Rs. 9.28 crores has been remitted to Revolving Fund on that account during 81-82. In this connection I am constrained to note that the funds released during 81-82 are maunly for the acquisition of land/enhanced compensation payable for the curret acquisition of land/awards. The payment of Rs. 9.28 crores in no way, it is considered, has any releavance with the outstanding amounts noted on the margin. These are still outstanding against your Deptt. for remittance to Revolving Fund. Further, it is also requested that suitable steps may kindly be taken to pay the amount relating to Ground rent, direct to Govt. of India under intimation to this Administration.

(vi) Cost of land in respect of Kalkaji Complex-Rs. 10,00,00,000|—.

With reference to the comments offered under your letter No. FE.14 (26)/81-KW/6091 dated 13.10.82 I am to say that the amount is rightly payable to R.F. and there seems no justification for the with holding of the receipts in question. In this connection this Admn. letters bearing No. F. 18(4)|81-L&B|F&A dated 9-11-82 and even No. dated 2-2-83 and 18.3.83 be reffered to.

In view of the foregoing, I would like to advise you to kindly review the position afresh and to take concrete steps to remit the above outstanding amount to the tune of Rs. 23,66.67,416|- to this Admn. at your earliest. This is basically to strengthen the position of the Revolving Fund which is at its lowest ebb and to ensure that this Admn. as well as DDA may not be put in an emberrassing position at a later stage.

With regards,

APPENDIX IX

MINISTRY OF HOME AFFAIRS

Grant No. 55—Andamans and Nicobar Islands

Revenue Section (Voted)	Rupees
Original Grant	34,81,58,000
Supplementary Grant	1,03,78,000
Final Grant	35,85,36,000
Actual Expenditure	38,71,04,419
Excess	2,85,68,419

The original provision of Rs. 34,81,58,000 under Revenue Section (Voted) was augmented by obtaining a Supplementary Grant of Rs. 8,00,000 in September, 1981 and Rs. 95,78,000 in March, 1982. The actual expenditure, however, amounted to Rs. 38,71,04,419 against the total sanctioned provision of Rs. 35,85,36,000 leaving an uncovered excess of Rs. 2,85,68,419 which needs to be regularised.

The over all excess of Rs. 2,85,68,419 was net result of excesses and savings under the various heads in the Revenue Section of the Grant and occured mainly under the following heads, for the reasons given thereunder:

Major Head '259'

A.12-Public Works

A.12 (5) Suspense

A.12(5)(2)-Purchase (Rs. 1,37,65,713)

The suspense head "Purchase" accommodates payments made for materials received for the Andaman Public Works Department (APWD). The budget provision under this head is also meant for making payment of pending bills, which are watched through a liability register. Materials are partly received directly at Port Blair and the rest are received at Madras and Calcutta by the respective Store Sub-Divisions for subsequent transshipment to Port Blair. This arrangement suffers from the inherent difficulty in keeping liability register upto data. Payment of debit memos amounting to Rs. 1.41 crores from account received from Accountant General and Pay and Accounts officer (Supplies) fo r 979-80 and 1980-81 was made in 1981-82. A part of the excess requirement of the said Rs. 1.41 crores over the BE of Rs. 3.80 crores under the sub-head was met by obtaining a Supplementary grant of Rs. 50 lakhs and by re-appropriation Rs. 40.35 lakhs-(total provision Rs. 4.70 crores), against which expenditure was Rs. 5.668 crores. Real excess was. therefore, Rs. 98 lakhs.

The Chief Secretary, Andàman & Nicobar Islands has been asked to take remedial action for avoiding such excesses in future. vide letter No. U—15020/1/83-ACII dated 16.4.83 (Copy enclosed).

A.12(5)(3)—Miscellaneous P.W. Advances: Rs. 37,18,006

Expenditure initially incurred by APWD and later recovered from other Divisions/Departments are booked under the head "Miscellaneous PW Advances". Such expenditure includes works on making arrangements for ceremonial occasions, supply of trucks to District administration/Police for law and order purposes and local purchase of materials made by the Stores sub-Divisions, Calcutta on behalf of PWD Divisions/other Departments. Sometimes unanticipated local purchases are made in emergent circumstances when rate contract firms fail to supply the requisite materails, Excess under the above head has occurred due to adjustment of more debits pending recovery from other Division/Departments.

The Chief Secretary has been addressed to examine the correctness of booking expenditure on ceremonial occasions under the suspense head instead of relevant service head, *vide* letter No. U-15020/1/83-ACII dated 16-4-83.

(Copy enclosed).

A.12(6)-Other Expendiutre Rs. 24,39,957

The execss occurred due to unavoidable increase in the cost of maintenance of Rural Water Supply Schemes under Governments' Minimum Needs Plan Programme.

Chief Secretary, Andaman Islands has been advised to frame the estimates more realistically in future. vide letter No. U-15020/1/83-ACII dated 16-4-1983 (Copy enclosed).

Major Head "335"

C.13-Ports, Lighthouses, & Shipping

C.13(1)-Ports & Pilotage

C.13(1)(1)-Construction and Repairs

C.13(1)(1)(1)-Maintenance of jetties: Rs. 50,04,883

The works relating to maintenance of jetties in Andaman and Nicobar Islands have been entrusted to the Principal Engineer (Marine) of the Ministry of Shipping and Transport. Budget estimates for maintenance of jetties are approved by the said Ministry. Against the BE of Rs. 43.96 lakhs, a Revised Estimate accepted by them was Rs. 57.30 lakhs for the year 1981-82, but the actual expenditure was Rs. 99.01 lakhs. Ministry of Home provided Rs. 62.75 lakhs under the sub-head by re-appropriation Real excess under the sub-head was thus Rs. 36.26 lakhs. On the basis of accounts sent by the Principal Engineer (Marine), Andaman Harbour Works, debits are raised by the Pay & Accounts Officer, Lighthouse and Lightships, New Delhi. There is considerable time lag for the communication and adjustment of debits. Due to this time lag expenditure pertaining to the period from September 1981 to March 1982 could not be adjusted in 1981-82. Receipts and adjustment of more of past debits (than anticipated) resulted in the said excess. The excess was mainly due to unprecedented increase in cost of material, increase in labour charges etc.

The Chief Secretary, Andaman & Nicobar Islands has been asked to take remedial action to avoid such excesses in future vide letter No. U-15020/1/83-AC.II dated 16-4-83 (copy enclosed).

C.13(1)(4) Dockyard & Dry Docking Rs. 40,76,306

Out of the total sanctioned grant of Rs. 73.67 lakhs, Director General Supplies and Disposals bills for Rs. 35.25 lakhs pertaining to two years 1978-79 and 1979-80 were received in 1980-81 and 1981-82 and adjusted in the year 1981-82. In Andaman and Nicobar Islands water transport is the only means of communication between different parts of the Union Territory. Considering the essential nature of the service, expenditure on the repair and maintenance of ships could not be postponed Thus belated adjustment of debit an unavoidable expenditure on water transport resulted in excess of expenditure under this head. Part of the excess was covered by reappropriation of savings of Rs. 4.93 lakhs from other heads in the Grant. Keeping in view the said past, liability of Rs. 35.26 lakhs, the RE proposed by the A&N Administration was Rs. 94.20 lakhs, but that accepted by the Ministry of Shipping and Transport was Rs. 74.20 lakhs, because the proposal was received by the Ministry after the estimates had been finalised. The Chief Secretary, Andaman & Nicobar Islands has been asked to intimate as to why provision for past liabilities could not be takan into consideration at the BE stage of 1981-82. He has also been asked to avoid such excesses in future vide letter No. U-15020/1/83-AC. II dated 16.4.83 (copy enclosed).

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

This note has been vetted by audit.

Copy of S.O. letter No. U.15020/1/83-AC.II dated 16 April, 1983 from the financial Adviser (Home), Ministry of Home Affairs to the Chief Secretary, Andaman and Nicobar Islands, Port Blair.

Please refer to your A.O.Letter No. F.4(2)-B/83 dated 4th April, 1983, regarding excess expenditure under Grant No. 55-Andaman and Nicobar Islands for 1981-82

Following comments are offered:

A. 12(5)(2)—Purchase.

According to the instructions contained in paragraph 8.53 of the Civil Accounts Manual, all the debit memos. have to be adjusted within one week of receipt. It is seen from enclosure to your office letter No. D-30 (3)/A & B/81-82|1066 dated 26th March, 1983, that the claims received in 1979-80 and 1980-81 were paid only in 1981-82. Declining to accept the debits (in 1979-80 and 1980-81) for want of funds was not in order, vide Government of India decision No. 3(iv) below rule 75 of GFRs.

Under the said decision of Government of India, liability Register has to be posted at the time of placing an order, and incurring authority has to ensure that the provision has been made or will be made in the budget from which the expenditure is likely to be incurred. The approved budget provision including suppiementary for 1981-82 was Rs. 4.30 crores. After excluding past liabilities of Rs. 2.21 crores, amount available for expenditure in 1981-82 was only Rs. 2.09 crores plus Rs. 40.35 lakhs by re-appropriation. Remedial action for avoiding excesses may kindly be takan in future.

A.12(5)(8)-MPWA.

As regards booking of expenditure on arrangements on ceremonial occasions initially under this head, it may kindly be examined, why the expenditure could not be correctly anticipated, and provided for under the relevant service head, for better cotnrol. This course of action may kindly be taken for future.

A.12(6)—Other Expenditure and C 14(1)(1)—Rural Roads.

Estimates may kindly be framed more realistically in future to avoid these excesses.

C.13(1)(1)(1)—Maintenance of Jetties.

Against the 1981-82 budget estimated of Rs. 48.96 lakhs, old liabilities for 1980-81 were Rs. 38.36 lakhs provision available for maintenance of Jetties for 1981-82 was thus Rs. 10.60 lakhs plus Rs. 13.79 lakhs by re-appropriation. If the admistrative sanction is issued by your Administration, why the expenditure could not be limited to the accepted revised estimates, needs to be examined. Remedial action may kindly be taken to avoid excess in future.

C.13(1)(4)—Dockyard and Shipping:

Approved R.E. 1981-82 was Rs. 78.60 lakhs including past liability of Rs. 35.25 lakhs, leaving a balance of Rs. 43.351 lakhs for expenditure in 1981-82. Had the liability/Register been maintained, why provision for past anticipated unpaid liabilities "for 1978-79 to 1979-80" was not made at the BE. stage of 1981-82. need to be examined. Remedial action may kindly be taken for future.

A copy of the instructions issued may kindly be sent to me immediately.

APPENDIX X

MINISTRY OF HOME AFFAIRS

Grant No. 56—Dadra and Nagar Haveli

Revenue Section (Voted)	Rupees
Original Grant	3,29,55,000
Supplementary Grant	..
Final Grant	3,55,29,000
Actual Expenditure	3,72,26,547
Excess	16,97547

Against the original grant of Rs. 3,55,29,000 the actual expenditure amounted to Rs. 3,72,26,547 resulting in an excess of Rs. 16,97,547.

2. This excess, which was the net result of excesses and savings under various sub-heads in the Grant, occured mainly under the Major Head 259-A 13-Public Works —A. 13 (6)-Suspense (Rs. 17,89,571). The excess under this head was on account of receipt of unanticipated debits in March, 1982 for the stores procured through Directorate General of Supplies and Disposal when it was too late to provide the funds by Supplementary.

In the circumstances explained above the excess of Rs. 16,97,547 under Revenue Section (Voted) of the Grant may kindly by recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution of India.

The 'Note' has been seen by the Audit.

APPENDIX XI

MINISTRY OF WORKS AND HOUSING

Grant No. 91—Public Works.

Revenue Section (Voted)	Rupees
Original Grant	1,24,11,35,000
Supplementary Grant	37,36,80,000
Final Grant	1,61,48,15,000
Actual Expenditure	1,71,60,61,039
Excess	10,12,46,039

2. The Original Grant of Rs. 1,24,11,35,000 was augmented to Rs. 1,61,48,15,000 by obtaining a Supplementary Grant of Rs. 37,36,80,000 in March, 1982. The actual expenditure during the year, however, amounted to Rs. 1,71,60,61,039 resulting in an excess of Rs. 10,12,46,039. This excess was the net result of excesses and shortfalls under certain heads in the Grant and was mainly due to an excess of Rs. 11,17,16,683 under the Head 'A'. 7—Suspense', partly counter-balanced by savings under other Heads/Sub-heads.

3. A provision of Rs. 87.56 crores was made in the Budget Estimates 1981-82 under the Head 'A. 7—Suspense' for (i) Purchase of building materials e.g., cement, steel, billets etc., and for maintaining adequate stocks thereof; and (ii) Miscellaneous Public Works Advances, in respect of construction works to be executed by the CPWD. This provision was augmented by a Supplementary Grant of Rs. 35.32 crores based on revised assessment at the time of preparation of Revised Estimates. However, the actual expenditure/debits upto the end of the year exceeded the total final grant on account of the following:—

(i) procurement of large quantities of cement, steel, billets, bitumen, etc., than those envisaged at Revised Estimate stage to meet full requirements of Works including those of aerodromes, roads, CRPF works, etc.;

(ii) reflection of the same transactions under 'Suspense' a number of times in the accounts owing to inter-divisionl transfer of stores;

(iii) increase in the cost of cement, steel, other materials, etc.

(iv) unexpected receipt of steel against past indents (placed on DGS&D in 1979) in the last week of March, 1982; and,

(v) payment of freight charges in cash to the Railways during March, 1982 due to abolition of Credit Note facility.

4. It would be observed that one of the reasons for excess as brought out at (ii) above is that the transactions under 'Suspense' get reflected a number of times in the accounts owing to inter-divisional transfers of stores required in exigencies of executing the works on time. It may be mentioned in this connection that in pursuance of the recommendations of the Public Accounts Committee (7th Lok Sabha) in their First Report (para 2.38 and 2.39), and 24th Report of their Lok Sabha (Para 2.9 and 2.21), a revised accounting procedure has since been introduced with effect from 1-4-1982 in consultation with the Comptroller and Auditor General of India and the Ministry of Finance A copy of this Ministry's O.M. No. 15011/12/78-W2 dated the 27th April, 1982 regarding the revised procedure is enclosed for ready reference. It may be observed that the excess under the Head 'A. 7-Suspense' has occurred mainly under the sub-head 'A. 7(1)-Stock'. This revised procedure referred to above provides inter alia that when stores are issued from the stock of one Division to another Division for stock purposes, the issuing Division should adjust the value of the stores issued as a minus debit under the head 'Suspense-Stock' (and not as a credit as was being done previously) and as a result, the debit earlier accounted for under this head (in the issuing Division) would be wiped out. Under the revised procedure, unnecessary inflation of expenditure under the head 'Suspense-stock' on account of inter-divisional transfers of stores would be aovided and this would be conducive to better budgetary control in future.

5. In view of the circumstances explained above and the remedial measures since taken, the net excess of Rs. 10,12,46,039 under Grant No. 91-Public Works may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

6. This note has been vetted by Audit.

Copy of O.M. No. 15011/12/78-W2 dated 27 April, 1982 from the Ministry of Works and Housing (Works Division), New Delhi to the Director General (Works), Central P.W.D. New Delhi and others.

Subject : Revised accounting procedure for the stores transaction in Central Public Works Divisions of the Central Public Works Department.

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

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

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

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

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

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

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

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

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

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

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

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

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

Stores Divisions from which the Stores are to be procured falls for carrying out the necessary adjustments as stated above.

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

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

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

APPENDIX XII

DEPARTMENT OF SPACE

Grant No. 103—Department of Space

	Rupees
1. (a) *REVENUE SECTION* (*Voted*)	
Original Grant	55,23,76,000
Supplementary Grant	—
Final Grant	55,23,76,000
Actual Expenditure	55,24,28,355
Excess	52,355
(b) *CAPITAL SECTION* (*Charged*)	
Original Appropriation	1,00,000
Supplementary Appropriation	8,12,000
Final Appropriation	9,12,000
Actual Expenditure	17,10,160
Excess	7,98,160

2. **Revenue Section (Voted):** The excess of Rs. 52,355 is the net result of excesses and savings under various sub-heads in the grant and constitutes less than 0.01 per cent of the total voted Grant. It occurred mainly due to belated communication of some inter-centre adjustments and certain book adjustments under head 'C-Scientific Services and Research' intimation of which was received towards the close of the financial year.

3. **Capital Section (Charged):** (a) Payment of an amount of Rs. 8,98,124/- was made as against the original appropriation of Rs. 1,00,00/- under the head '479' AA.-Capital Outlay on Scientific Services & Research: AA. 1-Space Research; AA. 1(1)-Space Technology; AA. 1(1) (3)-Ancillaries AA. 1(1) (3) (2)-Sriharikota Centre (Charged). The expenditure was made up of (i) payment of Rs. 0.45 lakh against an award in Arbitration proceedings to a Contractor for a work in SHAR Centre; and (ii) payment of Rs. 8.53 lakhs made by the Civil Engineering

Division of the Department at SHAR Centre on an Award passed by a Sole Arbitrator in the matter of disputes between the Department and a Contractor, after the High Court of Madras confirmed the Award and ordered payment of the amount within one month with interest at the rate of 9 per cent from 16-2-1982 (date of decree). In compliance with the orders of the High Court and in order to avoid payment of interest of Rs. 200/- per day (Approximately), the claim was paid in March 1982. This resulted in an excess of Rs. 7,98,124 over the Appropriation. (b) A Supplimentary Appropriation of Rs. 8,12,000/- was obtained under the head of account 479 AA-Capital Outlay on Scientific Services and Research; AA. 1-Space Research; AA. 1(1)-Space Technology; AA. 1(1)(2)-Facilities; AA. 1(1)(2)(2.—Sriharikota Centre' **(Charged)** for payment of Court decree on an arbitrator's award on certain items for the Solid Propellant Space Booster Plant. The actual payment was Rs. 8,12,036/- resulting in an excess of Rs. 36 only over the Appropriation. The total excess thus amounted to Rs. 7,98,160 in the Capital Section **(Charged)**, which needs to be regularised.

4. The Chief Engineer, Civil Engineering Division, has been advised to provide for likely payments during a year on the basis of past trend and other information available with them at the time of framing the estimates to avoid recurrence of excess in future.

5. In the circumstances, it is requested that the excess expenditure of Rs. 52,355 in the Revenue Section (Voted) and of Rs. 7,98,160 in the Capital Section **(Charged)** may be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

6. This note has been seen by Audit.

Copy of letter No. CCA/DOS/16 dated 28 February, 1983 from the Chief Controller of Accounts, Department of Space, to the Chief Engineer, Civil Engineering Division, Department of Space.

Sub : Decretal payments—Estimates—ref.

A reference is invited to your note No. CED/CO/C|1|241|727 dated January 21, 1983 on the subject indicated above. According to Sl. No. 17 of para 2.6 of the Budget Circular No. F. 2(136)-B(D)/82 dated 13th Sept. 1982 of the Government of India, Ministry of Finance, Department of Economic Affairs, Budget Division, where decrees/ awards are a normal feature, Ministries/Departments may include provision for likely payments during a year, on the basis of past trend and other information available with them at the time of framing the estimates. Hence, it will be quite in order to estimate the likely payments to be made on this account and to include them in the budget estimates. The necessity for obtaining an advance from the Contingency Fund every time a decree/award is made will be obviated if payments likely to be made against such decreetal amounts are estimated and included in the Budget Estimates. Hence it is suggested that estimates towards this payment may be made with reference to the information available regarding the pending cases, past trend and other relevant factors.

APPENDIX XIII

LOK SABHA SECRETRIAT

Grant No. 104—Lok Sabha

Revenue Section (Charged)	Rupees
Original Appropriation	1,78,000
Supplementary Appropriation	..
Final Appropriation	1,78,000
Actual Expenditure	2,48,169
Excess	70,169

2. Against the final appropriation of Rs. 1,78,000 the actual expenditure during the year amounted to Rs. 2,48,169 resulting in an excess of Rs. 70,169.

3. The above excess was mainly due to overall increase in Parliamentary activities and more expenditure on travel expenses due to increase in Air fares and transportation charges. This could not be foreseen at the time of framing the revised estimates for obtaining the Supplementary Grant.

4. In view of the circumstances explained above, the excess of Rs. 70,169 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India.

This has been seen by Audit.

APPENDIX XIV

MINISTRY OF RAILWAYS

(Railway Board)

1.1 During the year 1981-82, there was an overall excess of Rs. 42.21 crores over the final grants and appropriation resulting from an aggregate of excess of Rs. 88.61 crores (Excess disclosed in Appropriation Accounts Rs. 87.56 crores inclusive of saving under O.L.W.R., Rs. 1.05 crores within Grant No. 16) under 4 grants (No. 4, 6, 10 & 16) and 1 Appropriation (No. 11) and aggregate saving of Rs. 45.35 crores under 12 Grants (No. 1, 2, 3, 5, 7, 8, 9, 11, 12, 13, 14 & 15) and 12 Appropriations (No. 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13 & 16). [Reference Para 6.5 of the report of the Comptroller and Auditor General of India for the year 1981-82 Union Government (Railways) and Para 25—Excess over Voted Grants—Para 27—excess under Appropriation—Para 26—Saving under Voted Grants and Para 28—Saving under Appropriations of the Appropriation Accounts of the Railways in India for the year 1981-82—Part I—Review].

1.2 The excesses under 4 Grants and 1 Appropriation are explained as under:

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

Revenue Section (Voted)	Rupees
Grant	2,60.19.68,000
Supplementary Grant	34.43.53.000
Total Sanctioned Grant	2.94,63.21,000
Actual Expenditure	2.95.76.54.48
Excess	1,13.33.480
Percentage of excess over the final grant	0.2%

A grant of Rs. 260.20 crores was obtained in the Budget. Two supplementary grants of Rs. 34.43 crores (Rs. 26.44 crores in Decmeber 81 and Rs. 7.99 crores in Marh 82) were obrained for special repairs due to unprecedented floods and be breaches, increase in cost of materials and stores, post-budgetary increase on account of additional dearness allowance instalments, more payment to casual labour due to grant of regular scales of pay, Ardh Kumb Mela and other miscellaneous causes.

The excess of Rs. 1.13 crores occurred mainly under sub head 'Maintenance of Permanent Way' and 'other repairs' including special repairs due to breaches, accidents etc. Primary unit-wise, the above excesses were under cost of materials (Rs. 1.35 crores) and other expenses (Rs. 0.81 crore), offset by savings under Dearness Allowance (Rs. 0.38 crore), Contractual payment (Rs. 0.36 crore) and other minor variations (Rs. 0.29 crore). Of the total excess, the largest excess occurred on Central Railay on account of maintenance of permanent way and special repairs.

There was a misclassification of Rs. 4,63,000 on account of expenditure relating to other grant but wrongly booked under this grant. Taking into account the effect of misclassification, the real excess requiring regularisation by Parliament works out to Rs. 1,08,70,480 i.e. 0.36% over the final grant.

(ii) Grant No. 6— Working Expenses— Repairs and Maintenance of Carriages and Wagons.

Revenue Section (Voted)	Rupees
Original Grant	2,95,18,32,000
Supplementary Grant	40.99.82,000
Total Sanctioned Grant	36,18,14,000
Actual Expenditure	3,48,69,57,396
Excess	12,51,43,396
Percentage of excess over final grant	3.72%

A grant of Rs. 295.18 crores was obtained in the Budget. Two supplementary grants of Rs. 41.00 crores (Rs. 28.62 crores in December,81 and Rs 12.38 crores in March, 82) were obtained on account of increase in cost of materials and stores, increase in P.O.H., outturn activities, post budgetary increases on account of additional dearness allowance instalments and Ardh Kumb Mela, contingencies etc.

The excess of Rs. 12.51 crores was mainly under sub-heads 'Wagons' and 'Coaches' due to more periodical overhausls, intensive special repairs and cost of materials thereon. Primary units-wise, the excesses were under-cost of materials (Rs. 13.41 crores), offset by savings under salaries & wages, dearness allowances, other allowances etc. (Rs. 0.90 crores). Of the total excess, largest excess occurred on Western Railway folowed by Southern Railway on account of periodical overhaul and special repairs to wagons etc.

The expenditure to the extent of Rs. 5,04,085 relating to this grant was wrongly booked under other grants. Thus taking into account the effect of misclassification, the real excess requiring regularisation by Parliamentary works out to Rs. 12,56,47,481 *i.e.* 3.73% over the final grant.

(iii) Grant No. 10—Working Expenses—Operating Expenses Fuel.

Revenue Section (Voted)	Rupees
Original Grant	6,23,86,66,000
Supplementary Grant	55,07,70,000
Total Sanctioned Grant	6,78,94,36,000
Actual Expenditure	6,90,37,57,457
Excess	11,43,21,457
Percentage of excess over final grant	1.68%

A Grant of Rs. 623.87 crores was obtained in the Budget. A supplementary grant of Rs. 55.08 crores was obtained during December 1981 on account of increase in the price of petroleum products, increase in electric tariff rates, increase in the consumption of P.O.L., increase in freight and handling charges, Ardh Kumbh Mela etc.

The excess of Rs. 11.43 crores was mainly under Sub-heads 'Diesel' and 'Electric' traction due to more consumption of diesel oil and electricity for traction purposes. Primary units-wise, the above excesses, were under other expenses (Rs. 7.28 crores), contractual payments (Rs. 2.46 crores), cost of material from stock and direct purchase (Rs. 1.47 crores) and aggregate of excess and saving under other heads (Rs. 0.22 crore). Of the excess, the largest excess occurred on Western Railway followed by Central Railway on account of adjustments due to fuel expenses and cost of materials. There was no misclassification under this grant and the excess requiring regularisation by Parliamentary works out to Rs. 11,43,21,457 *i.e.* the same as disclosed in the Appropriation Accounts.

(iv) Grant No. 16—Assets-Acquisition, Construction and Replacement—"Other Expenditure"

Capital Section (Voted)	Rupees
Original Grant	22,37,56,33,000
Supplementary Grant	3,95,42,95,000
Total Sanctioned Grant	26,32,99,28,000
Actual Expenditure	26,96,52,11,599
Excess	63,52,83,599
Percentage of excess over final grant	2.41%

A grant of Rs. 2237.56 crores was obtained in the Budget. Three supplementary grants of Rs. 395.43 crores (Rs. 7.29 crores in August, 1981, Rs. 369.75 crores in Decmber, 1981 and Rs. 18.39 crores in March, 82)e were obtained to meet with (i) the additional cost of construction of new BG lines (ii) additional provision under suspense heads, Works, Rolling Stock, Machinery and Plant, Investment in Road services and nationalisation of railway lines owned by private companies *vis.*, Chaparmukh Silighat Railway and Katakhal-Lala Bazar Railway and (iii) additional provision on account of price escalation and payment of excise duty on imported steel.

The grant, however, proved inadequate, the actual expenditure having exceeded the provision by Rs. 52.25 crores under Capital, by Rs. 11.37 crores under D.R.F. and by Rs. 0.42 crore under A.C.S.P.F. offset by savings under D.F. (Rs. 0.51 crore).

The excess of Rs. 63.53 crores was mainly under the following plan heads:

(a) Track Renewal (Rs. 27.87 crores)—Speedier progress of Works due to better availabilty of material, more receipt of permanent way materials, and increase in cost of rails & sleepers. Largest excess occurred on Western Railway followed by South Central, South Eastern, Central, Eastern and N.F. Railways.

(b) Stores Suspense (Rs. 22.55 crores)—Increase in the cost of H.S.D. oil and receipt of more oil, more receipt of 'Returned Stores' from consuming department as a result of special drive etc. The largest excess occurred on Western Rly. followed by North Eastern Rly., South Eastern, Northern and Southern Railways.

(c) Mnufacture Suspense (Rs. 7.41 crores) More purchase of non-stock items required in connection with P.C.H. of carriages and wagons and for manufacture of RCC sleepers and tools and plants. The largest excess occurred on Southern Railway followed by Central and Northern Railways.

(d) Gauge Conversion (Rs. 4.24 crores)—More receipt of permanent way materials, supply of more steel, cement and signalling materials. The largest excess occurred on North Eastern Railway followed by South Central and Western Railways.

(e) Electrification Projects (Rs. 2.98 crores)—Procurement of more materials including imported steel for electrification projects.

(f) Signalling & Telecommunication (Rs. 1.93 crores)—More receipt of signalling cables and other material due to accelerated progress of work.

(g) Traffic Facilities (Rs. 1.93 crores)—Speedier progress of works, more receipt of material, rails and other equipments.

(h) New Lines (Rs. 1.01 crores) Accelerated progress of works, more receipt of material.

(i) Aggregate of minor variations under other specified works, Other Electrical Works, Amenities for staff, Passenger Amenities etc. (Rs. 3.12 crores).

Partly offset by savings under:

(i) Miscellaneous Advance—Capital (Rs. 4.93 crores)—Transfer of debits relating to issue of wheel sets/components to the Zonal Railways.

(ii) Rolling Stock (Rs. 2.66 crores)—Less adjustment of bulk order items.

(iii) Machinery and Plant (Rs. 1.92 crores)—Non-receipt of machines and other equipments from the firms during the year than anticipated.

The net effect of misclassification was Rs. 26.458 on account of expenditure relating to this grant, but wrongly booked under other grants or *vice versa*. Thus taking into account the effect of misclassifications the real excess requiring regularisation by Parliament works out to Rs. 63,53,10,057 i.e. 2.41% over the final grant.

Grant No. 11—Working Expenses—Staff Welfare and Amenities

Charged Appropriation	Rs.
Original Appropriation	1.16,000
Supplementary Appropriation	—
Total Sanctioned Appropriation	1.16,000
Actual Expenditure	1.20,408
Excess	4.408
Percentage of excess over final Appropriation	3.80%

The excess occurred on North Eastern Railway due chiefly to more decretal payments than anticipated.

There was no misclassification under this Appropriation and the excess requiring regularisation works out to Rs. 4,408 i.e. the same as disclosed in the Appropriation Accounts.

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

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

This has been seen by Audit.

APPENDIX XV

(Vide Paragraph 3.1 of the Report)

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee find that while the Appropriation Accounts (Defence Services) and (Posts and Telegraphs) for the year 1980-81 were laid on the Table of the House on 5 April and 23 April 1982, respectively the presentation of the Appropriation Accounts (Civil) and (Railways) for the same year was delayed till 9 July, 1982 presumably because the Budget Session of Lok Sabha which was scheduled to last till 6 May, 1982 was adjourned *sine die* on 30 April, 1982. The Appropriation Accounts (Civil) and (Railways) for the year 1980-81 duly certified by the Comptroller and Auditor General of India were ready only on 1 May, 1982 that is, after the Session had ended. The Committee trust that earnest endeavour would be made in future towards timely finalisation of the Appropriation Accounts and getting them audited so that it is possible to lay them on the Table of the House in the Budget Session of Parliament.

[Serial No. 1—Appendix XX-para 1.5 of Hundred and Twenty First Report of Public Accounts Committee (7th Lok Sabha]

Action Taken

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

Appropriation Accounts (Civil) for the years 1980-81 were signed by Finance Secretary on 24th April, 1982 and supplied to Director of Audit, Central Revenues, New Delhi on 26th April, 1982 for audit certification and presentation to Parliament during the Budget Session.

The Accounts were signed by the Comptroller and Auditor General on 1st May, 1982; these could not be presented to Parliament because the Budget Session of the Lok Sabha which was scheduled to last till 6th May, 1982 was adjourned *sine die* on 30th April, 1982.

The recommendations of the Committee have, however, been noted and earnest efforts would be made in future to further expedite the finalisation and presentation of Civil Appropriation Accounts to Parliament.

This note has been seen by Audit.

[Ministry of Finance (Department of Expenditure Controller General of Accounts) O.M. No. G. 25018/1/83-AA/PAC/121st Report/1467 dt. 10 February, 83].

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

The observations of the Committee have been noted for future guidance Necessary arrangements have been made to lay the Appropriation Account for the year 1981-82 before the two House of Parliament during the next Budget Session.

[Ministry of Railways (Railway Board's) OM No. 82/BC/PAC/VII/121 dated 8 June, 1983.]

Recommendation

The Committee had, only a year ago, commented on the tendency of under-utilisation of funds ear-marked for some of the vital sectors of the economy thereby not only slowing down development in these sectors but also depriving the other important sectors of the much needed resources for development. In para 2·5 of their 57th Report (7th Lok Sabha) the Committee had pointed out that large scale savings were indicative not only of bad budgeting but also of the failure of the Departments concerned to make full use of resources provided for the betterment of the people. The Committee had urged the Government to analyse the reasons for this recurring phenomenon with a view to initiate timely remedial measures. These observations were brought to the notie of all Ministries/Departments by the Ministry of Finance on 25th Septemberc, 1981. The observations of the Committee have also been brought to the notice of the Planning Commission who were to discuss and finalise the annual plan allocations for the Schemes/Projects for the year 1982-83 so that the Plan Budget is framed on a more realistic basis. The Committee trust that the machinery would be geared up to achieve this end. They would watch with interest the results of improvements sought to be brought about when they examine the future Appropriations Accounts.

[Sl. No. 4—Appendix XX—Para 2-8 of the 121 st Report of the Public Accounts Committee (Seventh Lok Sabha]

Action Taken

The observations made by the Public Accounts Committee have been circulated amongst Ministries/Departments/Financial Advisers who have been advised to ensure that the Plan Budget for 1983-84 is framed on more realistic basis and criticism against over-pitching of the estimates without corresponding efforts to utilise them gainfully is avoided. In this connection a copy of this Ministry's O.M. No. F. (124)-E (Coord)/82 dated 20-12-1982 is enclosed. The recommendation of the Committee has also been brought to the notice of the Planning Commission, who are in the midst of finalisation of the Annual Plan for 1983-84, for similar action.

[Ministry of Finance (Department of Expenditure) O.M.No. 12(4)-E (Coord)/82 dated 7th January, 1983].

Copy of O.M. No. F. 12(4)-E (Coord)/82 dated 20 December, 1982 from the Ministry of Finance (Department of Expenditure), New Delhi to all Ministries/Departments of the Government of India and all Financial Advisers.

SUBJECT :— *121st Report of the Public Accounts Committee (Seventh Lok Sabha)* (1982-83) *regarding excesses over Voted Grants and Charged Appropriations* (1980-81)—*Recommendations made in para* 2.8 of the *Report.*

The undersigned is directed to say that in their 57th Report (Seventh Lok Sabha) the Public Accounts Committee had commented on the tendency

of underutilisation of funds earmarked for some of the vital sectors of the economy, thereby not only slowing down development in these sectors but also depriving the other important sectors of the muc needed resources for development. The Committee had also pointed out that large scale savings were indicative not only of bad budgeting but als of the failure of the Departments concerned to make full use of resources provided for the betterment of the people. The observations of the Committee were circulated amongst Ministries/Departments/Financial Advisers for compliance *vide* this Ministry O.M. No.F. 12(4)-E (Coord)/81 dated 25-9-1981.

2. In their 121st Report presented to the Lok Sabha on 5-11-1982, the Committee has again referred to their earlier recommendation made in the 57th Report and has expressed the hope that the machinery would be geared up to achieve the desired end. They have also stated that they would watch with interest the results of improvements sought to be brought about when they examine the future Appropriation Accounts. In this connection an extract of para 2.8 (Recommendation No. 4) is enclosed.*

3. Ministries/Departments/Financial Advisers are requested kindly to note the observations made by the P.A.C. for compliance and to ensure that the Plan Budget for 1983-84 is framed on more realistic basis and criticism against over-pitching of the estimates without corresponding efforts to utilise them gainfully is avoided.

Recommendation

According to the revised time schedule as desired by Government and agreed to by the Committee in April, 1974, explanatory notes on expenses over voted grants and charged appropriations are required to be furnished to the Committee by 31 May or immediately after the r presentation of the Appropriation Accounts to Parliament, whichever is later. It is observed that while the explanatory notes relating to 16 Grants/Appropriations operated by various Ministries (other than the Ministry of Railways) were received within the stipulated period, the Explanatory Note(s) relating to 11 Grants administered by the Ministry of Railways were received on 18 August, 1982, although the Appropriation Accounts were laid on the table of the House on 9 July, 1982. Since the Appropriation Accounts (Railways) for the year 1980-81, were certified on 1 May, 1982 explanatory notes could have been furnished to the Committee immediately after the presentation of Appropriation Accounts on 9 July, 1982. In this connection, it is relevant to point out that all the notes relating to Appropriation Accounts (Civil) were received by 7 July, 1982, even before the presentation of the Accounts. The delayed submission of explanatory notes by the Ministry of Railways has undoutedly hampered the timely processing and finalisation of this Report by the Committee. As the Committee are anxious that excesses over Voted Grants and Charged Appropriations are brought before Parliament for regularisation as expeditiously as possible, they would like the Ministry of Railways to ensure strict adherence to the prescribed time schedule in future.

[S.No. 5 Para 2.9 of 121st Report of PAC—1982-83) Lok Sabha.]

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*Reproduced in the earlier part of the Report.

Action Taken

The recommendations of the Public Accounts Committee have been noted for strict adherence to the time schedule in future.

[Ministry of Railways (Railway Board)'s O.M. No. 82-89-PAC/VII/121 dated 8 June, 1983]

Recommendation

"The Committee find that there was on overall excess of Rs. 1·14 lakhs under the Revenue Section (Voted) of Grant No. 11-Ministry of Commerce. The excess was mainly due to increased expenditure under the head 'Travel Expenses' (Rs. 2·89 lakhs) in respect of both the Departments of the Ministry viz., the Department of Commerce and Department of Textiles. The excess, according to the Ministry of Commerce ocurred 'due to adjustment of debits received after the close of the financial year from Missions abroad in respect of travel expenses of the Ministry's officials while on tour abroad. This is a case of avoidable excess expenditure. Had the Departmental officers followed the procedure outlined in the Handbook of Accounting Instructions under the Departmentalised Accounting System, the inter-departmental adjustments could have been effected before March Supplementary Accounts. The instructions under para 10·70 f Chapter II of Hand Book ibid require maintenance of a register of Inward Claims and Annexure 'B' to Chapter IV of the said Hand Book, requires that a portion of the allotment to meet the cost of services rendered or supplies made is to be kept separately and *prima facie* adjustable claims are to be entere in the Expenditure Control Register maintained by the Department.

The Committee have been informed that to avoid such excesses and to have an effective control over the expenditure, the control register and the procedure (indicated in Annexure 'B' to Chapter IV of the Hand Book of Accounting Instructions) is being followed. The Committee would impress upon the Ministry the need to initiate timely action to provide fully for the anticipated expenditure consistent of course, with the need for economy in travel expenses".

[S. No. 6 Appendix XX,] Para 2·13 of 121st Report of P.A.C. (7th Lok Sabha].

Action Taken

The observations made by the Public Accounts Committee have been noted. Steps have been taken to ensure effective control of expenditure. Copy of circular issued to all officers, in this connection, is attached herewith.

This has been seen by Audit.

[Ministry of Commerce (Department of Commerce) O.M. No. G-25017/1/83-E III dated the 30 June, 1983.]

Copy of circular No. G-20014/2/83-Cash II dated 22 June, 1983 from The Ministry of Commerce to all officers and Sections in the Ministry.

SUB : *Report of the P.A.C. (Seventh Lok Sabha) on "Excess over vote. grants/charged Appropriations (Civil) for the year 1980-81.*

The P.A.C. in its 121st report on the excess over voted grants/charged appropriations (Civil) for the year 1980-81 has commented adversely on the excess expenditure on T.A. and called for a strict check on such expenditure. The reasons adduced for excess expenditure on T.A. that particulars of the expenditure incurred on/by officers while on tour abroad are not received by C.P.A.O. in time from the Missions abroad was not considered tenable and correct by the P.A.C.

2. In order to avoid such adverse criticism and to have an effective control, it is desirable that committed liabilities in respect of "travel expenses" is assessed within the financial year itself. Hence, all officers are requested to hand over copies of the hotel bills/vouchers ect. received by them while on tour abroad to Cash II Section alongwith their T.A. claims.

Recommendation

The Committee note that a gross excess expenditure of Rs. 20·10 crores occurred on five items under the Revenue Section (voted) of Grant No. 17-Posts and Telegraphs which contributed to the over-all excess of Rs. 19·50 crores under the Grant. The excess was mainly due to adjustment of larger debits than anticipated (Rs. 6·99 crores) for stores purchased through DG S&D, expenditure on purchase of furniture and other items of office use (Rs. 4·70 crores), expectation about savings becoming available within the grant to meet the additional expenditure on payment of Additional Dearness Allowances instalments (Rs. 4·41 crores) not materialising; revision of haulage charges payable to Railways (Rs. 2·83 crores) and maintenance of Postal buildings (Rs. 1·26 crores). In the opinion of the committee, anticipated expenditure and liabilities on the above counts should have been provided for at the time of framing of the Revised Estimates to the extent possible. The Committee expect that adequate care will be exercised by the Ministry of Communications in this regard in future.

[Sl. No. 7 para 2·16 of Appendix XX to the 121st Report of Public Accounts Committee (7th Lok Sabha) (1982-83)].

Action Taken

The observations of the Public Accounts Committee have been noted for future guidance.

[Ministry of Communications (Posts and Telegraphs) O.M. No. 16-48/82-B dated 7 January, 1983].

Recommendation

The Committee are concerned to note that excess expenditure to the tune of nearly Rs. 53 crores was incurred under Grants No. 21, 22 and 23 operated by the Ministry of Defence during 1980-81. The Ministry of Defence have claimed that existing system provides for adequate arrangements for monitoring and control of expenditure with reference to Budget provisions. However, the problem basically relates to ineffective implementation of the existing instructions by keeping a close and constant watch on the trend of expenditure with reference to budgetary provisions. The Committee expect that suitable steps to tighten up the system of monitoring and expenditure control would be taken without delay in the light of the suggestions given by the Works Study Group referred to earlier. The Committee Would like to be apprised of the results of these efforts.

[Sl. No. 11 (Para 2·26) of Appendix XX to the 121st Report of the P.A.C. (Seventh Lok Sabha). 1982-83].

Action Taken

On a review of the existing arrangements for the monitoring and control of Defence expenditure in consultation with the Services HQrs./Departments and the Ministry of Finance (Defence), it transpired that the problem basically related to the effective implementation of the existing instructions regarding framing of the estimates on a realistic assessment of the requirement and exercising a close and constant watch on the trend of expenditure with reference to sanctioned provision. Instructions have been issued time and again to the various controlling authorities reiterating the need for exercising effective control over expenditure and indicating some of the important aspects requiring their particular attention.

2. A number of meetings have been held by the Ministry of Defence with the Service HQrs. and the Ministry of Finance (Defence) regarding progres of expenditure so as to contain the same within the Revised Estimates 1982-83 on the basis of the trend of expenditure as revealed in its monthly scrutiny by Ministry of Finance (Defence). Requisite instructions have also been issued to the Service HQrs. etc. on the lines proposed by the Ministry of Finance (Defence).

3. As regards the results of the measures envisaged in the report of the Works Study Group of the Ministry of Defence made in pursuance of para 2·31 of the 57th Report of the PAC to tighten up the system of monitoring and control of expenditure, it is expected that the full impact of the same could be felt only in the subsequent years. It is too early to assess the same, as the instructions of the Works Study Group were circulated only in June, 1982 *vide* Ministry of Defence I.D. Note No. 11 (28)/81/D (Budget) dated 14-6-1982 (copy enclosed).

This has been seen by Audit.

[Ministry of Defence O.M. No. 11 (15)/82/D (Budget) dated 18 May, 1983].

Copy of I.D. Note No. 11 (28)/81/D (Budget) dated 14 June, 1982 from the Ministry of Defence to all Joint Secretaries in the Ministry.

SUBJECT :— Regulation of work of supplies, their receipts and adequate financial provisioning in the Budget of the Defence Services.

In 57th Report of the Public Accounts Committee (1981-82) (7th Loks Sabha), the Committee in para 2·31 recommended the setting up of a Work Study Group within the Ministry of Defence which should go into the systems of regulating the work of supplies, the receipts and their adequate financial provisioning in the Defence Budget with a view to bringing about effective monitoring of supplies and necessary provision made thereof so as to prevent recurring excesses.

2. The Work Study Group was set up with DS (O & M) as the convener dnDira (Plg-Budget), Ministry of Finance, DS (Budget) Ministry of Defence

and representatives from CGDA, three Services HQrs., DGOF and R&D Organisation as members. Requisite assistance was also rendered by the Internal Work Study Unit of the Ministry of Defence for case studies in certain selected areas. The Study Group have made several recommendations with a view to avoiding recurring wide variations between the voted budget grants and the actual expenditure. A copy of the Report given by the Study Group is forwarded herewith.

3. The estimating/controlling authorities concerned with the Defence expenditure are accordingly requested to keep in view the recommendations of the Study Group contained in the Report enclosed, while formulating budget proposals/estimates and reviewing the progress of expenditure vis-a-vis sanctioned budget grants. They are also requested to ensure that all other instructions issued from time to time for achieving effective control over expenditure are followed strictly by all concerned.

Ministry of Defence

(IWS-Cum-O&M Unit)

Report of the Work Study Group on the systems of regulating work of supplies, their receipts and adequate financial provisioning in the Budget of the Defence Services.

Introduction—In 57th Report of the Public Accounts Committee (1981-82) (7th Lok Sabha) while discussing excess over the voted grant and charged appropriation—1979-80 of the Defence Budget, the Committee in para 2·31 recommended the setting up of a Work Study Group within the Ministry of Defence which should go into the systems of regulating the work of supplies, the receipts and their adequate financial provisioning in the Defence Budget and they desired that the report of this work Study Group should be submitted by 31st December 1981 and later on this period was extended on request of the Defence Ministry to 31st March 1982.

2. The observations of the Committee in this connection are reproduced below :—

"2·31. The Committee note from the foregoing paragraphs that out of total excesses amounting to Rs. 140·85 crores, Rs. 86·47 crores of excess have been contributed by the two grants of the Ministry of Defence. This constitutes about 61 per cent of the total excessess. This reflects badly on the budgetary-control of the Ministry of Defence. The Committee further note that excess of about Rs. 70 crores arose mainly under purchase of materials and stores due to stores supplies materialising earlier than anticipated. The Committee feel that the aforesaid excess could have been avoided if there had been effective monitoring of supplies and provision made therefor. The Committee would recommend that the Work Study Group within the Ministry of Defence should go into the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget and submit their report in this regard by December, 1981".

3. To initiate the studies in regard to the problem raised by the PAC, a Work Study Group was set up with DS (O&M) as the convener, Dir (Plg.

Budget), Ministry of Finance, DS (Budget) Ministry of Defence and representatives from CGDA, three Services Headquarters, DGOF and Research & Development Organisation were associated with this Group. This Study Group held a number of meetings to make in depth study of the problem. Assistance was also sought from the Internal Work Study Unit of the Ministry of Defenc e for case studies in certain selected areas. As result of these efforts, there is a broad consensus among the participants of the Group and from the conclusions arrived at to stop the recurring wide variations between the voted budget grants and the actual expenditure a number of recommendations have emerged which are given in the following paragraphs :

4. **Recommendations :**

(i) *Preparation of Budget Estimates :* Budget estimates should be prepared more realisticalty anc whiie working out the estimaie for requirement of funds, factors like payment of outstanding liabilities (as per the Liability Register), finalisation of contracts, delivery schedule, change In exchange rate etc. should be fully taken into account. There should be proper and timely reconciliations between figures available departmentally and figures booked by CGDA.

(ii) *Revised Estimates :* The Revised Estimates should be more realistic and should cover the expenditure incurred and accommodate all anticipated materialisation of supplies and payments to be made. Cuts imposed at the time of Revised Estimates should be abosorbed ensuring that the essential items are fully aid for. A view on the non-essential items should be taken so that the same could be spilled over if need be. After having done so, the spending authorities should remain within the revised financial allocations.

(iii) *Timely submission of Returns :* The estimates can be more realistic if the time-lag between the physical deliveries of stores received by the user organisations and payments made therefor is reduced from the existing 3 to 4 months to the maximum of 2 months. The detailed drill should be devised by the accounting organisation in consultation with the users.

(iv) *Need for close Liaison :* User organisations are advised to keep close liaison with CsDA concerned and they should take initiatives for getting the requisite information timely from the Controllers.

(v) *Early submission of Returns :* CGDA should issue instructions to all its subordinate officers to send the statement of accounts to the concerned authorities expenditiously and for this purpose due dates should be prescribed. CGDA should ensure that the target dates of submission of accounts are adhered to.

(vi) *Improvement in Monitoring System :* The user organisations should gear up their system of monitoring expenditure and the information system should be so strengthened that the estimating authorities have necessary feed back information every month regularly in time from the concerned Directorates/Spending Units regarding progress in the placement of indents, conversion of indents into firm contracts, execution of contracts and receipt of inspection notes/invoices.

(vii) *Submission of detailed information :* Not only the CGDA compilation is received late but it also lacks the detailed information. It only gives the total amount booked for the month for a particular code head and the details such as the items against which the expenditure has been incurred are not mentioned

It is suggested that the statement should be made more comprehensive so as to be of actual help to the user organisations in monitoring their financial expenditure. For this purpose the necessary changes should be made in the format on the following lines. The information should include, inter alia, the following details :

Mame of Major/Minor Head	Contract No.	Total Value	Description of Stores	Amount pfaid	Balance
1	2	3	4	5	6

(viii) *Change in procedure for submission of returns* : To eliminate the delay in forwarding information, it is suggested that all authorities concerned with the initial booking of accounts such as PAO (DGS&D), Controller of Accounts—(ISM London) while sending the copies of the statements of accounts to their next superior should also endorse simultaneously copies to the user organisations and Controllers of Defence Accounts. Sim'larly CDA while sending the copies to CGDA should endorse the same to the user organisations. Similarly CGDA while sending the compilation of information to the Ministry of Defence and Ministry of Finance (Def), should endorse its copies to the user organisation.

(ix) *Regulation of Local Purchase* : In order o avoid rush of expenditure on local purchase during the last 3 months of the year, it is suggested that a stricter control should be exercised by the user organisations on it by evenly spreading the local purchases throughout the year, and because it is amenable to greater control by the spending authorities, they should apply a self-imposed discipline.

(x) *Str amlining of Procedure in ISM London* : It has been observed that ISM London and ISM Washington are not following uniform procedure in regard to commnication of payment position to Contro'lers of Defence Account. In the case of ISM Washington there is less time lag than in the case of ISM London. The procedure in the case of ISM London should be streamlined on the lines of ISM, Washington. If necessary, detailed procedure should be evolved by the Ministeries of Defence and Finance in consultation with the Ministry of External Affairs/CGDA for ensuring regular and timely receipt of information about payments made/to be made, supplies already effected/to be effected through ISM London, ISM Washington and DGS&D.

(xi) *Simultaneous endorsement of copies to Users Organisations by ISM/London—Washington* : Contractwise/indentwise break-up of expenditure should be furnished by ISM London/Washington and to cut delays, while sending copies to CDA Hqrs., copies should also be endorsed simultaneously to user organisations and concerned Controllers as he present system of routing the sa me through ME . and CDA Hqrs. results in avoidable delays.

(xii) *R&D Organisation exemption certificates from customs duty* : One reason for variation in the expenditure was found to be on account of payment of customs duty. R&D Organisations should as far as possible avoid payment o customs duty on the imported items which are meant to be used for research exclusively by the. Them present arrangement of paymInt of customs duty in the absence of budget provision to this effect and later getting refund after the production of customs duty exemption certificatI is not considered satisfactory. Instead of referring individual cases to the Ministry of Defence for getting customs-duty exemption certificate, R&D Organisation should authorise their local officers to record such certificates on the invoices. As their officers working in the laboratories have already been given the powers to authenticate the documents on behalf of the President of India, it should not be difficult for them to issue the customs duty exemption certificates.

Recommendation

The Committee find that an excess expenditure of Rs 5.75 crores occurred under Grant 39-Pensions. The bulk of the excess during 1980-81 *viz.*, Rs. 4·89 crores was due to payment of pensionary benefits in respect of those who unfortunately died while in service and those who were compulsoril y retired or who sought voluntary retirement. The Committee have been informed that pursuant to the earlier observations of the Committee (1981-82) instructions have been issued in October-December, 1981 to all Controllers of Accounts/Directors of Audit/Accountants Geneal to frame the estimates in respect of pension payments, in a more precise and realistic manner to avoid such excesses in future. The Committee trust that the extant instructions would be strictly observed.

[S. No. 13—Appendix XX—Para 2.32 of the 121st Report of the Public Accounts Committee (Seventh Lok Sabha].

Action Taken

The observations made by the Public Accounts Committee in paragraphs 2.31 and 2g32 of their 121st Report have been brought to the notice of Chief Controllers/Controllers of Accounts of the vaious Ministries/Departments. Their attention has been drawn to this Ministry's earlier circulars dated 26th October and 23rd November, 1981 wherein the need for a more accurate estimation was stressed. They have been further advised to watch the flow of expenditure against the sanctioned provision of funds and where the expenditure is likely to exceed the sanctioned proision, take timely steps to secure additional funds. In this connection a copy of this Ministry's letter No. F.4(30)-B(D)/82 dated the 10th January, 1983 is enclosed. PAC's observations have also been brought to the notice of Directors of Audit and Accountants General, etc. by the Comptroller and Auditor General in his circular letter No. 697-Rep(C)/20-83 dated the 19th April, 1983 (copy enclosed).

This note has been seen by Audit.

[Ministry of Finance, (Department of Eonomic Affairs) No. F.4(30)-B(D) 82 dated 2nd May, 1983.]

Copy of letter No. F.4(30)-B(D)82 dated 10 January, 1983 from the Ministry of Finance Department of Economic Affairs to all Chief Controllers and Controllers of Accounts (Budget Division)

SUBJECT :—121st *Report of the Anblic Accounts Committee (7th Lek Sabha)*

I am directed to send herewith a copy of the extracts of paras 2·30, 2.31, 2·32 from 121st Report of the Public Accounts Committee (7th Lok Sabha) on excess in the voted portion of Grant No. 39-Pensions for the year 1980-81.

2. In this connection attention is invited to this Ministry's Circular letters No. F.4(8)-B(D)/81 dated 26th October, 1981 and dated 23rd November, 1981 wherein the need for a more accurate estimation was stressed. The provision of funds relating to the portion concerning your Ministry/Department as incorporated in the "Pensions" Demand is communicated to your office by the Controller of Accounts, Ministry of Finance, Department of Economic Affairs. It is again requested that the flow of expenditure may kindly be watched against the sanctioned provision, and where the expenditure is likely to exceed the sanctioned provision, timely steps may be taken to secure additional funds from this Ministry through the Controller of Accounts, Department of Economic Affairs.

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

Copy of Circular letter No. 697-Rep(c)/20-83 dated 19 April, 1983 from the office of the Comptroller and Auditor General of India, New Delhi to all Directors of Audit/Accountants General and Pay and Accounts Officers of Indian Audit and Accounts Department.

SUB : 121*st Report of the Public Accounts Committee (7th Lok Sabha).*

A copy of Ministry of Finance, Department of Economic Affairs (Budget Division) letter No. F.4(30)-B(D)/82 dated 10th January 1983 along with a copy of extracts of paras 2·30, 2·31 and 2·32 from 121st Reports of the Public Accounts Committee (7th Lok Sabha) on excess in the Voted portion of Grant No. 39-Pensions for the yea 1980-81, is sent herewith for* information and guidance.

2. In this connection attention is invited to this office circular letter No· 2394-Rep(c)/250-81 dated 10/16-12-1981 enclosing a copy of Ministry's circular letter No. F.4(8)-B(D)/81 dated 26th October 1981 as amended Vide their letter dated 23rd November 1981 wherein the need for a more accurate estimation was stressed. It is again requested that flow of expenditure may please be watched against the sanctioned provision and where the expenditure is likely to exceed the sanctioned proision, timely steps may kindly be taken to secure additional funds.

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

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*Not reproduced.

Recommendation

The Committee find that the excess under the Revenue Section (Voted) of the Grant No. 55-Andaman and Micobar Islands occurred mainly under the Major Head "259", sub-head 'A.12(5)(1)-Stock' (Rs. 2·34 Crores) and A.12(5)(2)-Purchase'. (Rs. 1·20 Crores). After setting off the savings under other heads, the net excess comes to Rs 2·94 Crores. The Committee note that excess under this Grant administered by the Ministry of Home Affairs has been a recurring phenomenon in the past. The Committee are unable to appreciate why increase in cost of stores, materials and transportation as also debits for past liabilities could not be anticipated and provided or fully through a closer, liaison between the indenting authorities, procurement agencies and the accounts organisation. As far back as in April, 1977, the Ministry had informed the Committee (1977-78) that this problem would be overcome to a large extent after installation of departmentalised accounting system. Although such a system has already been introduced in the Union Territory, the excess expenditure during the year 1980-81 has been the highest since 1967-68. The Committee desire that the Ministry should not remain content with issuing fresh instructions, but should ensure strict compliance with the earlier instruction.

[S. No. 17 Appendix XX para 2·44 121st Report of P.A.C. (Seventh Lok Sabha].

Action Taken

The observations of the Committee were brought to the notice of the A&N Administration for strict compliance'The Administration was also asked to intimate about the functioning of Departmentalised Accounting Organisation, maintance of liability register, reasons for not providing funds at appropriate time and remedial steps to prevent recurrence of excesses in furutre. The Administration has replied that instructions are being issued to ensure strict compliance of all the provisions regarding control of expenditure and maintenance of liability rgister. They have also informed that revised accounting procedure has been introduced by the Government of India for the transanctions under the Suspense head 'Stock' and 'Purchase' with effect from 1-4-1982, and with the introduction of this, it is expected that the possibility of excesses over the sanctioned grants occuring under these heads will be reduced.

The Note has been seen by 'Audit'.

(Ministry of Home Affairs V.O. No. V. 15030/1/82-Ac. II dated 2nd May, 1982).

Recommendation

The Committee observe that during the year 1980-81 the excess in Revenue Section (voted) of Grant No. 81-Mines and Minerals occurred under the heads 'B.1(3)(2)-Machinery and Equipment (Rs. 4·14 crores) and 'B.2(5)(1)—price differential on gold acquired by Government (Rs. 2·47 crores). This to some extent offset by savings under other heads resulted in uncovered net excess of Rs 3·11 crores, Clearly estimates have been over-pitched in respect of the other heads.

The excess under 'B.1(3)(2)-Machinery and Equipment' (mineral exploration) is attributed to (a) receipt of unanticipated supplied of Russian drills for coastal surveys and (b) belated adjustment of debts for stores purchased through DGS&D and Indian Supply Mission washington. This case of avoidable excess expenditure undrlines once again the need for an effective watch over materialisation of supplies contracted for and payments therefore by the various paying authorities. The Committee have been informed that steps have been taken by the Ministry in this direction although reodal instructions already exist on proper maintenance of liability rgisters. The Committee expect the Ministry to ensure strict adherence by the controlling officers.

The excess under the head 'B.2(5)(1)-Price differential on gold acquired by Government' is stated to be on account of increased price differential paid to Bharat Gold Mines Ltd. and Hindustan Copper Ltd. owing to increase in the international price of gold. The committee consider that the position should have been reviewed at the time of preparing revised estimates and necessary provision made in the light of prevailing prices.

[S. No. 18, Appendix XX para 2·47 of 121st Reportof PAC (7th Lok Sabha].

Action Taken

In respect of excess under B.1(3)(2)-Machinery and Equipment, Geological Survey of India have been instructed to take suitable steps for remedy of such situation leading to excess over voted grants. A copy of the instruction *vide* No. 4(1)/83-IF dated 8-4-1983 is enclosed.

With regards to excess under head B.2(5)(1)-Price differential on gold acquired by Government, it may be stated that when an excess over the sanctioned grant occurs, all excesses over the sanctioned grant are required to be explained even if they have been anticipated and provided for by re-appro priation. The excess under price differential is one such case the additional requirement on which have been reviewed and funds proided for by re-appropriation.

[Ministry of steel and Mines (Department of Mines) O.M. No. F.4(1)/83-IF dated 2 May, 1983]

Copy of letter No. 4(1)/83-IF dated 8 April, 1983 from the Dy. Financial Adviser, Ministry of Steel and Mines (Department of Steel) to the Director General, Geological Survey of India, Calcutta etc.

SUB :- *Excess over voted Grants during* 1980-81.

I am directed to enslose extracts from para 2·47 of Recommendation No. 18 contained in the 121st Report of Public Accounts Committee (Seventh Lok Sabha) on "Excess over voted Grants and charged Appropriations during 1980-81." It may be observed that the excess of Rs. 4·14 crores occuring under Machinery and Equipment is mainly atributed to unanticipated supplies and belated adjustmetns of debits for stores purchased through DGS&D and India Supply Mission, Washington. The Committee felt that such case of avoidable excess expenditure once again underlined the need for an effective watch over materialisation of supplies contracted for an payments therefor by various paying authorities. Careful attention need to be paid to the following:

(1) Maintenance of Liability Registers.

(2) Prompt and regular reconcilation of accounts.

(3) Regular follow up with Central Procurement agencies.

(4) Timely complilation of expenditure figures received from various DDOs and comparing this with consolidated figures furnished by Central Accounts Office.

In respect of item 1, already there exists codal instructions in the G.F.R. you are requested to ensure that this is followed very scrupulously. For item 2, instruction were issued by the Department every year for reconciliation of expenditure figures and monthly return had also been prescribed. In this connection, a reference is invited to this Department's letter No. 1(41)/82-IF dated 30-7-1982 (Appendix-I). It may be ensured that the reconciliation is regularly done. In respect of item 3, necessary instruction may be issued at your end to vrious procuring divisions of your organisation. This will enable to ascertain the status of various orders placed. For item 4, instruction was issued *vide* this Deptt.'s letter No. 8(8)/81-IF (Appendix-II) dated 9-7-81. You may kindly ensure that the instruction is followed scrupulously.

APPENDIX X

(COPY)

GOVERNMENT OF INDIA

MINISTRY OF STEEL AND MINES

DEPARTMENT OF MINES

No. 1(41)/82-IF

New Delhi the 30th July, 1982.

To

The Dy. Director General,
Geological Survey of India,
4, Chowringhee, Lane,
Calcutta.

The Controller General,
Indian Bureau of Mines,
New Sectt. Building,
Nagpur.

SUB. :—*Reconciliation of expr. figures booked by the pay and Accounts offfce during the year* 1982-83.

Sir,

I am directed to say that the reconciliation of figures booked by the pay & Accounts Officer in respect of your office is required to be done every month. We are not aware whether the same is done by your office regularly. You are, therefore requseted to furnish this Deptt. monthly report on this aspect.

Your faithfuy,
(Sd/-
(Ashok Chakrabarty)
Section officer

Copy to US(F) for similar action in respect of Sectt. proper.
Copy also forwarded for information to :—

1. Shri S. R. Das, Controller of Accounts, Principal Pay and Account Office, GSI, 16-A Brabourne Road, Calcutta.
2. Shri O.P.S. Paul, Accounts Officer, Deptt. of Mines, Lok Nayak Bhavan, New Delhi.
3. Pay & Accounts Officer, Indian Bureau of Mines, New Sectt. Building, Nagpur.

Sd/- (Ashok Chakrabarty)
Section Officer

APPENDIX-II

(COPY)

Most Immediate

GOVERNMENT OF INDIA
MINISTRY OF STEEL AND MINES
DEPARTMENT OF MINES

No. 8(8)/81-IF New Delhi, the 9th July, 1981.

To

Shri S. S. Roy Choudhury,
Sr. Dy. Director General (F)
Geological Survey of India,
4, Chowringhee Lane, Calcutta.

SUB :—*Monthly statement of expenditure in respect of GSI.*

Sir,

I am directed to refer to your letter No. 831R/4/1/80-81/13 (Budget) dated 10-6-81 forwarding therewith the expenditure statement upto the end of Feb. 1981 in respect of your organisation. This statement as well as those for earlier months i.e. Dec. January, etc. had reached as after a gap of three to four months. You would appreciate that late receipt of such important statements reduces their utility. As of now these statements are only of academic interest cannot be used for purposes of administering the budget. It is, therefore necessary to ensure a flow of information to enable intelligent control of expenditure.

In this connection, we presume that you might already be receiving the expenditure figures from your vaious DDOs and pay and Account officers in the i.e. by 10th of the following month for ex-chequer control at your end. If these figures are compiled in your Finance wing you could probably furnish unreconciled figures of expenditure to the Ministry by 15th of the following month and the trend of expenditure could be known to this Department.

I am, therefore, to request you that the unreconcile statement of expenditure during the current financial year may please be furnished by 15th of the following month based on the figures received from your variou DDO's/PAOs. As no expenditure statements during the current financial year have been received so far, you are requested to furnish the expenditure figures upto the end of June 1981 by 15th of July, 81 and there after, these may be furnished reguarly.

Your faithfully,

(Sf/-

(R.S.V. Subramanian)
Deputy Financial Adviser.

Copy to :—

1. Controller of Accounts, Deptt. of Mines, Ydyog Bhavan, New Delhi.
2. Shri S. R. Das, Controlller of Accounts, GSI, 16-A Brabourne Road, Calcutta.
3. DS(V)

Copy for information to :—JS(J).

Sd/- (R.S.V. Subramanian)
Deputy Financial Adviser

Recommendation

The excess under the Revenue Section (voted) of Grant No. 91-Public Works has been to the tune of Rs. 1·89 crores. This is made up of excess savings under the various heads. The Committee note from the Appropriation (Accounts (Civil) that there was excess expenditure of Rs. 8·60 crores under the head 'A.7(1)-Stock'. The Committee desire that this extraordinary excess of 21 per cent of the final Budget provision of Rs. 40·95 crores should be examined critically and more seriously than hitherto so as to take necessary steps that would made for realistic estimation of requirements of funds.

[S. No. 20 of Appendix XX-Para 2.54 of the 121st Report of P.A.C. (7th Lok Sabha)].

Action Taken

Of the total excess of Rs. 8·60 crores under the Head "A.7(1)-Stock". The excess of Rs. 6·02 crores has been due to the advance payment made to the Steel Authority of India for purchase by the C.P.W.D. of Japanese steel. The excess to the extent of another Rs. 1·99 crores was due to receipt by the C.P.W.D. of heavy consignment of cement and steel at the fag and of the year and increase in its cost. The remaining excess of Rs. 0 69 crores was due to the multiplication of transactions under the Suspense Sub-head "Stock", as a result of the accounting procedure then being followed in the C.P.W.D.

2. Accounting procedure in the C.P.W.D. has been revised with effect from 1-4-1982 *vide* Ministry's O.M. No. 15011/12/78-W2, dated 27-4-1982 (copy enclosed), and it is hoped that as a result of revised accounting procedure, multiplication of transactions under the Suspense Sub-head "Stock" will now be avoided. Instructions (copy enclosed) have also been issued by the Office of the Director General of Woris, C.P.W.D. *vide* D.O. letter No. 10(1)/82-B (DGW) dated 4-1-1982 to the Chief Engineers of the Department to ensure that the budget is prepared by the Superintending Engineers/Executive Engineers very carefully, and the allotment of funds is not exceeded to.

Copy of O.M. No. 15011/12/78-W2 dated 27 April, 1982 from the Ministry of Works and Housing (Works Division) to the Director General (Works) C.P.W.D. and others.

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

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

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

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

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

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

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

(3) In the accounts of the Division issuing the stores, the cost of the stores supplied by it to a Division indenting for it shall be debited to the suspense

head-'Cash Settlement Suspense Account' under the major head '858-Suspense Accounts', by :

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

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

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

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

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

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

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

8. The balances remaining outstanding upto the close of the financial year 1982-81 under the Suspense sub-head 'Purchases' of the major head '259-Public Works' shall be transferred to the Suspense minor-head 'Material Purchase Settlement Suspense Account' now proposed to be opened under the major head '858-Suspense Accounts', on a *proforma*, basis after the amount out-standing for more than three years under suspense sub-head 'Purchases' have been sorted out and credited to revenue.

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

ANNEXURE

Division A indents stores worth Rs. 10,000/- from Central Division out of Stores worth Rs. 10,000/-, worth Rs. 2,000/- are for stock and Rs. 8,000/- for issue direct to work.

	Present		Under the New Procedure	
		Rs.		Rs.
A Divn.	Division work	8,000	Division work	8,000
	tock	2,000	stock	2,000
	Credit	10,000	Credit 858 Material Purchase Settlement Suspense Account	10,000
Stores Divn.	Division Cash Settlement Suspense Account	10,000	Division Cash Settlement Suspense Account	10,000
			Credit to Stock	8,000
	Credit Suspense Stock	10,000	Minus debit to Stock	20,000

While Budgetings :

Division A requires Rs. 40,000/- for stock as under:—

	Rs
Direct Purchase from Suppliers	20,000
Indent from Stores	20,000

The Divisional Office will prepare Budget in two parts (i) Direct Purchase (ii) Indent from Stores.

At the Zonal level the total amount of Stores to be indented will be reduced from the requirement of Stores Division so that double Budgeting is avoided.

In case of such cases in Zones other than the Zones in which the Stores Division falls the amount will be intimated to the Zonal Chief Engineer of the Stores Division for carrying out necessary adjustment.

Copy of D.O. letter No. 10(1)/82-B(*DGW*) *dated* 4 *January*, 1983 *from the Director General of Works, C.P.W.D. to the Chief Engineers of the Department.*

The excess of Rs. 8.60 crores over the budget grant 1980-81 under SHA-7 (1) Stock MH 259-PW Grant No. 91 has been viewed seriously as per para 2.54 of the 121st report of the Public Accounts Committee (1982-83) (7th Lok Sabha) and it has been desired that the matter may be given serious consideration for taking appropriate action to avoid excess of this magnitude in future

In this connection I would draw your kind attention to the Revised Accounting procedure for the transaction relating to stores introduced vide Ministry of Works & Housing O.M. No. 15011/12/78-W2, dated 27-4-82 and circulated vide this directorate memo No. 10(2)/82-B (DGW) dated 24-5-82 and request for ensuring its implementation so that the chances of excess under SH A.7(1)Stock on account of multiplication of transactions are eliminated. I will also request you to issue appropriate instructions to all EEs/SEs in your Zone to ensure that the budget is prepared very carefully and after fixation of their allotments they do not exceed the same without proper authority/assurance from the Central office. A copy of structions issued in this regard may be endorsed to this office.

Recommendation

2·60 Only a year ago, the Committee had expressed concern over the extent of deterioration in the position of overall excesses as disclosed in the Appropriation Accounts (Railways). The aggregate amount of excess expenditure during the year 1980-81 was Rs. 247·29 crores. It is the highest during the past decade and seven times more than in the previous year. The Comttee are constrained to record their displeasure over the deteriorating position. This should be a matter of serious concern to Government.

[Sl. No. 21 (para 2·60) of Appendix XX to 121st Report (7th Lok Sabha)]

Action Taken

After having experienced heavy excess in expenditure in 1980-81, the machinery was geared up for a closer monitoring of expenditure vis-a-vis budget provision during 1981-82. Directives were issued at the highest level emphasising stricter control of expenditure. This important subject was specially discussed in the periodical meetings with the General Managers and Heads of Departments when the need for containing expenditure within the budget allotments was impressed upon them. As a result of the various measure taken, there was a noticeable improvement in the positon during 1981-82.

This year again, Railway Board are continuing to closely watch and monitor with the Railways the control of expenditure vis-a-vis budgetary allotments. The spending officers have been warned that serious view will be taken of any substantial excesses over sanctioned allotments. A copy of the important instructions issued to the Railways is attached. (Annexures I to VI).

This has been seen by Audit.

[Ministry of Railways (Railways Board) O.M. No. 82-BC-PAC/VII/121 dated 8 June, 1983]

ANNEXURE I

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. 81-B-220 New Delhi, dt. 2-6-1981.

The General Managers,
Central, Eastern, Northern, North-eastern, Northeast Frontier,
Southern, South Central, South-eastern and Western Railways.

SUB :—Expenditure Control of on Railways.

The subject of expenditure control on the Railways came up for detailed consideration in the Conference of the General Managers held in Board's Office on 1-5-1981 and there was consensus that it is the fundamental and paramount responsibility of the top executive to see that the financial health of his organisation is sound. For achieving this objective, it is considered that an immediate revamping of the existing machinery and methods on the Railways is called for so as to exercise effective control over expenditure.

2. It has, accordingly, been decided that one of the existing posts of AGMs on Railways should be redesignated as AGM (Expenditure Control). The incumbent of this post will be fully responsible for expenditure control through material control, inventory control, economies in personnel, fuel consumption as well as in other facets of Railway working and he should devot himself fully to expenditure control work. He should devise and improve management strategies and methods for ensuring optimum utilisation of the existing manpower and assets. Likewise, one ADRM on each Division should be re-designated as ADRM (Expenditure Control) and he should be entrusted with similar responsibility for expenditure control so far as the particular Division is concerned.

3. The AGM (Expenditure Control) and the ADRM (expenditure Control) should evolve their own strategies in the matter of expenditure control and the results achieved by them should be reported by the GMs to the Board as the first item in the PCDO. The reporting should be in positive and concrete terms capable of evaluation in solid monetary value. Each Railway should ensure a minimum of 10% economy in expenditure during the year 1981-82.

Please acknowledge receipt.

Sd/—

(N.K. REWARI)

DIRECTOR, FINANCE (BUDGET)
RAILWAY BOARD

ANNEXURE II

CONFIDENTIAL

MINISTER FOR RAILWAYS
INDIA

D.O. No. 81-B-359. New Delhi, dt. 29-8-1981.

My dear (All GMs)

I am extremely distressed to see the dismal financial performance of the Railways in the year 1980-81. Perhaps, never in the Ministry of Indian Railways has such disastrous position occurred. The traffic receipts fell far short of the Revised Estimates while fund allotments both under working expenses and works expenditure, were recklessly burst.

2. This has caused considerable concern to the Government, and the position had to be reviewed jointly by me and the Finance Minister along with the Board and officers of the Finance Ministry. The review revealed that the systems and procedures for exercising meaningful budgetary controls have either failed or not been implemented faithfully. This situation needs to be corrected immediately.

3. During the current year, this vital aspect has been brought home to you personally by the Railway Board in their meetings with you very early in May and June. The Board have made it very clear that the Government would not accept any over-run of expenditure this year. To provide you necessary assistance in this area an expenditure control macninery has been set up with an Additional General Manager in the headquarters and an Additional Divisional Railway Manager on each division for continuously watching the progress of expenditure and devising ways and means for keeping it within the sanctioned allotments. They were also expected to explore ways and means of achieving a minimum of 10% economy in expenditure during the year for absorbing post-budgetary increase. I trust that you would make full use of this machinery and not fail us this time.

4. In this context, I need hardly emphasise that the responsibility for the control of expenditure against the sanctioned allotments is *entirely* that of the General Manager as the Chief Controlling Authority on the Zonal Railway. While the respective heads of departments and the Divisional Railway Managers will be responsible for their respective areas, the General Manager will have to evolve his own strategies in the matter of over all expenditure control. A well-organised integrated finance/accounting system exists on the Railway and the FA& CAOs are expected to render you all possible assistance in discharging your over all responsibility.

5. You would be shortly sending us your August Review Estimates. We may at best provide additional funds for meeting the cost of increased D.A. instalments sanctioned in February and April this year; price increase of fuel in January and July as also payment of mileage allowance for the running staff; and recent rise in price of cement. Any other increase in Dearness Allowance or prices of materials etc. taking place will have to be fully absorbed by you within the sanctioned allotments by economies to be achieved.

6. It appears that there is a mistaken beliefs that mere asking for fun at the appropirate time will give the right to spend in excess of the allotments. This needs to be dispelled. Managerial competence lies in regulating the activities within the resources available. I desire that you should personally realise the gravity of the situation and also inculcate this awareness amongst your other colleagues and down the line.

7. Finally I must caution you that any excess in expenditure this year would straightaway attract your *personal resposibility and* accountability. I would like you to adopt the same attitude towards your HODs, DRMS and branch offiers etc.

8. Please let me know immediately the concrete steps that you are taking in this area. You come fully prepared for discussing that various aspects of this at the next Conference of General Managers.

Yours sincerely

Sd/-

(Kedar Panday)

ANNEXURE III

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

A.V. POULOSE,
FINANCIAL COMMISSIONER (RLYS)

D.O. No. 81-B-359 New Delhi, dated 2-9-1981

My dear

I am enclosing a copy of D.O. letter of even number dated 29-8-81 which Minister of Railways has written to your General Manager in regard to the financial performance of the Railways during 1980-81 and the vigilance to be exercised during the current year.

That D.O. letter is self-explanatory. I would like to reiterate that an over all responsibility is also cast on the FA & CAOs to see that the spending departments exercise proper checks and keep effective control over expenditure. The need for tightening up the budgetary and appropriation control is paramount.

It must be remembered that under provisions of the Constitution of India, no expenditure can be incurred unless it is voted by Parliament. In cases of laxity it should be the duty of the FA & CAO and his organisation to report to the next higher authority so that the erring parties could be suitably taken up. It is your duty to apprise General Manager of any defect in the machinery of control that comes to your notice. Your role, therefore, in implementing what M.R. has said is crucial.

The performance of last year has amply shown that the Finance & Accounts Organisation on the Railways is not effectively discharging their responsibility in the manner expected of them. Considerable slackness and indifference towards effective functioning appears to have crept in at all levels The system of control of expenditure as provided in the various codes/rules is sound and well-founded. Unfortunately, it is in the implementation of the system that the control mechansim seems to have totally failed. It has, therefore, become imperative that you should immediately personally examine the observance of various rules and regulations made for the purpose and so tighten up the machinery that compliance is fully secured and a situat on of the type as it occurred last year is not repeated.

I may also like to advise you that any failure on the part of your organisation will equa ly attract your personal responsibility and accountability.

I would like to have a line in reply assuring me of the concrete steps you have taken in this direction.

Yours sincerely,
Sd/-
(A.V. POULOSE)

ANNEXURE IV

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. 81-B-220 I. New Delhi, dated 3rd Sept. 1981.

The General Managers,
Central, Eastern, Northern, North Eastern, Northeast Frontier, Southern, South Central, South Eastern and Western Railways.
CLW, DLW, ICF.,
Wheel and Axle Plant, 18 Millers Road, Bangalore,
Metro Rail, Calcutta.

The Chief Administrative Officers.
M.T.P. (Railways), Bombay, Delhi and Madras and
D.C.W., Patiala.

The Chief Administrative Officer, Central Organisation for Modernisation of Workshops,
1-Eastern Avenue, Maharani Bagh, New Delhi-65.

The Chief Engineer, Railway Electrification, Allahabad and

The Director General, R.D.S.O., Lucknow.

SUB :—Expenditure control on Railways.

From the periodical reports which have so far been received through the PCDO letters or otherwise about the activities of the special Expenditure Control Organisation set up on the Railways it is seen that attention is being concentrated only on identifying a few areas where economies can be achieved. It is hereby clarified that the scope of the activities of this Organisation includes an effective budgetary control as well.

2. If the present state of railway finances is to be reformed, a concerted all round drive is needed for achieving economies of scale in expenditure Exchange of information is very vital and for this purpose your Additional General Manager (Expenditure Control) should set up an effective means of communication with other railways so that best advantage could be achieved all round. The Board desire that your AGEM (Expenditure Control) should prepare a detailed paper indicating the spheres where economies have been achieved or are likely to be achieved and circulate copies to all other railways, with a copy to th undersigned,by the 20th instant so that all the railways could come full prepared for a meaningful discussion of the subject of "Expenditure Control" at the forthcoming General Managers' Conference.

3. No control over expenditure can be effective unless a regular watch is kept over the progress of expenditure under each activity so that the aggregate expenditure remains within the allotments placed at the disposal of the railway. The prescribed system provides for a month review of expenditure both at the divisional level and at the headquarters so that significant fluctuations against the allotments activity-wise/grant-wise are precisely identified, examined in depth and approrpriate timely corrective action taken to regulate expenditure so as not to exceed the funds allotted. It must be remembered that under the provisions of the Constitution of India, no expenditure can be incurred unless it is voted by Parliament. Hence, the imperative need for a tightening up of the existing machinery for control over expenditure by the various spending officers under your administrative control. The FA&CAO and his officers are required to render all possible assistance by furnishing the requisite data and figures relevant for the exercise of control over expenditure.

4. The Board attaches great importance to the regular and proper preparation of monthly financial reviews both at the headquarters and divisional level and their purposeful scrutiny at the meetings of the principal heads of departments and divisional officers. With a view to streamlining the procedure, it has been decided that it should be the joint duty of the Additional General Manager (Expenditure Control) and FA&CAO at headquarters and that of ADRM (Expenditure Control) and Sr. DAOs/DAOs on the divisions to have such financial reviews prepared once a month, in sufficient details so that timely identification of important excesses/savings is done and remedial measures initiated before irreparable damage is done. There appears to be a mistaken notion prevailing amongst spending officers that excess expenditure can be incurred in anticipation of allotment of funds. As already pointed out, our Constitution does not provide for such an excess of expenditure. However, in case of extreme emergency, withdrawals fromContingency Fund to a limited extent are permitted but these powers rest with the Railway Board.

5. It hardly needs emphasis that efficiency of any financial review essentially depends on correct working out of the budgetary proportion absence of which can lead to the projection of a distorted financial picture vitiating the requisite controls. This proportion has to be worked out not simply by rule of thumb but scientifically and after in-depth analysis of all relevant factors such as throw-forward expenditure of previous years periodical adjustments of current year's liabilities and expenditure and disturbing factors, if any.

This control system also envisages proper and efficient maintenance of funds/liability/works registers as prescribed under the rules. This again, is an area where utmost laxity seems to prevail. It has been noted that senior officers have not realised the vital importance of these basic control registers. These registers are in fact the very key stones on which the entire system of control over expenditure is founded. It is through these registers that the basic rule "that no liability can be incurred unless availability of funds is certified" can be implemented. As an immediate important step, the AGMs/FA&CAOs should nominate a team of administrative accounts officers not below the rank of junior administrative grade officers to exercise a check on these registers to ensure that these registers are properly maintained and no lacuna is left in the procedure for anyone to incur expenditure without proper certification of funds. The procedures should be adequate and effective to prevent over-indenting of stores, making of emergency purchases without curtailment of the quanities already on order, frequent write-back from revenue heads to capital heads of expenditure or *vice versa*, under-estimation of debits expected from DGS&D or other railways and so on. It would also be essential that while making assessment of the liabilities to be liquidated during the year, the element of price variation is kept in view and availability of funds is assessed correctly so that over commitment could be controlled.

6. The Board would like to be assured that effective steps for control of expenditure have been taken and existing looph oles have been plugged. A report regarding the action taken may please be sent to the undersigned well before the forthcoming General Managers' Conference.

Sd/-

(N.K. Rewari)

Director, Finance (Budget)

Railway Board.

DA/Nil.

Copy to FA & CAOs, Central Eastern, Northern, Northeastern, Northeast Frontier, Southern, South Central, Southeastern and Western Railways and CLW, DLW, ICF, MTP/Calcutta, MTP/Bombay, MTP/Delhi, Wheel and Axle Plant, COEMOW, R.E. Allahabad and D.C.W. Patiala for information and necessary action.

Sd/-

(N.K. Rewari)

Director, Finance (Budget)

Railway Board.

ANNEXURE V

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)**

M.S. GUJRAL
CHAIRMAN, RAILWAY BOARD,

D.O. No. 82-B-262 New Delhi, dated 6-11-1982.

My dear

SUB :— Economy in overtime allowance.

You will recall that in my wireless No. E (LL) 81/HER/2-10 dated 9-4-1981, that Railways were asked to open overtime control cells at all places and to exercise effective check to ensure that no undue overtime was paid to any category of running staff including guards. With a view to assessing the result of this measure, the FA & CAOs were asked *vide* Additional Director Finance (Budget)'s D.O. letter No. 81-B-274 dated 29-4-1981 to send quarterly reports on expenditure on overtime. Position obtained from these reports for the period ending 30-6-1982 of your Railway reflects a depressing situation. The payment of overtime has shown no abatement. On the contrary, the actual payment during the first quarter of 1982-83 has exceeded the budget proportion for the quarter.

Your personal attention is once again drawn to this important area where sizeable reduction can be made. You will recall that this matter had also come up in the various meetings held by us with you when you were asked to pay your personal attention to this important aspect of economy and control over expenditure.

A closer watch must be kept on the payment of overtime allowance from month to month so that it does not exceed the budget proportion fixed for the subsequent quarters of the year 1982-83. It must be ensured that the measures outlined in this Ministry's letter No. E (LL) 77/HER/55 dated 7-3-1981 are strictly followed. I take it that "Overtime Control Cells" are operating at all the crew/guard booking points. Please let me have your confirmation by return.

Yours sincerely,

Sd/-
(M.S. Gujral)

ANNEXURE II

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

N.K. Rewari,
Director Finance (Budget)

D.O. No. 82-B-359. New Delhi, dated 24/28-12-1982

My dear

SUB :— Review of Works Expenditure—Grant No. 16—Assets, Acquisition, Construction and Replacement for 1982-83.

A review of the booking of Capital and Other Works expenditure to end of September 1982 v s-a-vis sanctioned Budget Grant reveals the following abnormal features.

The expenditure chargeable to Capital (net) is already more than 50% of the allotments made for the full year. It appears that credit under Suspense heads and credits for released materials have not been realised fully and in proportion to the gross expenditure already incurred. Further, on the overall basis, the booking of Capital and Other Works expenditure (net) is almost 50% of the total Grant.

You are fully aware that a sizeable proportion of the expenditure re ating to Capital and Other Works s normally booked towards the end of the year. As trends of expenditure show, it is apprehended that the Railways may not be able to conta'n within the sanctioned Budget Grant during the remaining months unless effective measures are taken even from now on and expendiure strictly regulated to remain within the sanctioned budget.

As you know, there is absolutely no possibility of getting additional funds during 1982-83 over and above those already made available to your through the Budget Order and Supplementary Grant obtained in August 1982. It is, therefore, imperative that the pace of expenditure is again reviewed and so regulated that there are no repeat no excesses over sanctioned Grant under any circumstances.

In this connection, attention is again invited to the very clear directive given by the Board during the discussion of the Works Programme with you about non-availab:lity of additional funds under Grant No. 16 and various letters issued on the subject from time to time particularly F.C.'s D.O. letter No. 82-B-359 dated 6-8-1982 and my D.O. letter of even number dated 3-9-1982.

Kindly Acknowledge receipt,

Yours sincerely,

Sd/-

(N.K. Rewari)

Recommendation

An analysis of the reasons for excess expenditure over authorised allocations as disclosed in the Railways Appropriation Accounts indicates once again that defective estimation of requirements of funds, lack of proper and timely review and monitoring of the progress of expenditure, failure to anticipate properly and provide fully for "contractual payments" have contributed to most of the excesses expenditure. Deploring this tendency, the Committee had, in paragraph 2.40 of their 57th Report (7th Lok Sabha) observed that "that this should be so despite the repeated comments by the Committee and the oft-repeated assurances held out by the Railway Administration, is indicative of the fact that effective steps were not taken to check recurrence of such types of excess expenditure." Had the Railway administration exercised stricter budgetary discipline by effectively monitoring supplies and the provision made therefore, the Committee are positive that excesses could have been avoided to a great extent. The Committee expect that greater care would be exercised in future through close watch over the flow of expenditure and better anticipation of requirements for making timely additional provision at least at the Revised Estimate stage.

[Sl. No. 22 (para 2.61) of Appendix XX to 121st Report (17th Lok Sabha)]

Action Taken

The Committee's recommendations have been noted.

Soon after the excesses in expenditure over Voted Grants for the year 1980-81 came to light, a number of measures were taken to tighten up the control machinery so as to avoid recurrence of such instances of excess expenditure. The expenditure control machinery was re-vamped and was put under the direct personal charge of an Additional General Manager (Expenditure Control) on each Zonal Railway headquarter and an Additional Divisional Railway Manager (Expenditure Control) on each Division. These officers were to devote themselves fully to expenditure control work and be responsible for controlling expenditure through exercise of control over consumption of materials, inventory control, economies in personnel, fuel consumption and in other facets of railway working.

Periodic meetings of the General Managers of the Railways and their Heads of Departments were held at the Board's level to impress upon them the imperative need for economies and for containing expenditure within the sanctioned allotment.

The booking of expenditure was closely monitored and likely areas of excess were brought to the notice of the Railways. Directivees were also issued at the highest level for ensuring strict control over expenditure.

As a cumulative result of the above measures, a meaningful awareness of expenditure control has been created from top to the bottom line and it is gratifying to note that in the year 1981-82, the variation in the Revenue Demands (Nos. 3 to 13) was only Rs. 12.21 crores in the net on Revised Estimate of Rs. 2940.50 crores, which works out to less than half a per cent. The Excess in the case of the Works Grant, though much higher than in the case of the Revenue Grants, is still far below the excess that occurred in 1980-81. It is only about 6% compared to 21% in 1980-81 in the net.

The measures initiated for expenditure control are being kept up without any let up and it is expected that the actuals for 1982-83 will show even better results.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 82-EC-PAC/VII/121 dated 8 June, 1983].

Recommendation

The Committee note that "additional dearness allowance, increase in salaries and wages and other allowances" contributed to excesses in Grants Nos. 3, 4, 5, 6, 9 and 12. As there is normally no element of uncertainly or unforseability in the expenditure on pay and allowances, there should be hardly any excess on this account. This has been repeatedly emphasised by the Committee in the past.

[Sl. No. 23 (para 2.62) of Appendix XX to 121st Report of PAC (17th Lok Sabha)].

Action Taken

The recommendations of the Committee are noted.

A number of measures have already been initiated to check the excesses of the type that occurred in 1980-81. For details, kindly see reply to Recommendation No. 22—para No. 2.61.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 82-EC-PAC/VII/121 dated 8 June, 1983].

Recommendation

The Committee also note that an excess of Rs. 10.58 crores occurred under Grant No. 13—'Provident Fund, Pension and Other Retirement Benefitls' owing chiefly to more payment of Death-cum-Retirement Gratuity and receipt of heavier debits from the Accountant General for pensionary charges etc. The excess represents 9.47 per cent of the authorised allocation. The Grant relating to Pensionary Charges—Pension Fund had been exceeded for three years in succession from 1976-77 be 1978-79 and the excess during 1978-79 was of the tune of Rs. 7.16 crores.

[Sl. No. 24 (para 2.63) of Appendix XX to 121 Report of PAC (7th Lok Sabha)].

Action Taken

The recommendation is noted.

Guidelines have been issued for correct estimation of budget provision and the Railways directed to review and establish a proper system in this regard.

This has been seen by Audit who have made the following observations :

"Seen thanks. Impact of the measures initiated now would be known during audit of subsequent years accounts."

[Ministry of Railways (Railway Board) O.M. No. 82-BC-PAC/VII/121 dated 8 June, 1983].

Recommendation

2.65. Referring to the large scale misclassification of expenditure in the grants administered by the Ministry of Railways, the Committee had in paragraph 2.7 (Sl. No. 3) of their 57th Report (Seventh Lok Sabha) pointed out that the instructions issued by the Ministry have not had the desired effect in so far as there had been further deterioration in the position as witnessed in the Appropriation Accounts for the year 1979-80. The Committee (1981-82) had, therefore, *inter alia*, desired that a thorough scrutiny of the reasons for misclassification should be undertaken promptly and staff responsibility invariably fixed for failures. While taking note of the above recommendations, the Ministry of Railways have issued further instructions to the Railways/Units vide their letter No. 80/App/7-2/79-80 dated 16-10-1981.

[Sl. No. 26 (para 2.65) of Appendix XX to 121st Report of PAC (7th Lok Sabha)].

Action Taken

The observations of the Public Accounts Committee have been noted. In view of this and also taking note of PAC 's recommendations vide para 2.66 of their report further instructions have also been issued to the Railways, Production Units etc. to ensure correct recording of allocation at the initial stage and also to fix staff responsibility in all cases for taking suitable action for filaures (Railway Board's letter No. 81 App/7-2/80-81/Paras 2.65 & 2.66 dated 4-5-1983).

This has been seen by Audit.

[Ministry of Railways (Railway Board's) O.M. No. 82-BC-PAC/VII/121 dated 8 June, 1983].

Recommendation

2.66. The Committee find it disconcerting that during the year under review viz. 1980-81, out of the 11 Grants wherein excess expenditure is sought to be regularised, there have been misclassifications of expenditure in 9 Grants involving an aggregate amount of Rs. 92.76 lakhs. The Committee are led to conclude that the repetitive instructions issued by the Ministry have failed to goal the Railways, Production Units and Metropolitan Transport Projects to ackle the problem of misclassifications of expenditure or erroneous adjustments. It seems that effective reconcillation of subsidiary books with general books is not being attended to promptly and from month to month for rectification of errors. The Committee also find that in the Explanatory notes furnished to them, the Ministry have not adduced any grounds for recurrence of such large scale misclassifications or the measures contemplated to obviate the same in future. It is obvious that either the procedure prescribed for prompt reconciliation of expenditure figures is imperfect or the supervisory and other officers have failed to exercise effective control over the accounts. The Committee would like to have a further explanation for such repeated lapses. They would also like to reiterate the earlier recommendation that a thorough scrutiny of the reasons for large scale misclassifications should be undertaken soon after their occurrence and staff responsibility invariably fixed for the failure with a view to taking appropriate action. The Committee should be apprised of the specific steps taken to avoid recurrence of such patent errors.

[S. No. 27 (para 2.66) of Appendix XX 121st Report of PAC 1982-83—VII Lok Sabha)].

Action Taken

Reconciliation of subsidiary books with general books is a process of tallying figures recorded in the two sets of Books to ensure their accuracy. Except when the figures do not tally under certain heads and the discrepancies cannot be located, the process does not involve reference to the allocation given or individual vouchers and therefore, the same does not bring out erroneous adjustments/misclassifications. Besides ensuring effective reconciliation of subsidiary books with general books, the railway administrations including Production Units etc. have been directed to ensure correctness of allocation at the initial stage i.e., while recording on the initial vouchers. They have also been asked to prescribe text check of 'Allocation' at the gazetted level, for which they will fix percentages depending upon the local circumstances. Instructions have been issued vide letter No. 81/App/7-2/80-81/Para 2.65 and 2.66 dated 4-5-1983.

This has been seen by Audit who have made the following observation :

"As regards action taken note on para 2.66 we have no remarks to offer for the presnt. A further reference to the Board will be made, if considered necessary on receipt of reports from all the Directors of Audit on this matter."

[Ministry of Railways (Railway Board's) O.M. No. 82-BC-PAC/VII/121 dated 8 June, 1983)].

Recommendation

Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in paragraph 2·1 of this Report be regularised in the manner prescribed in Article 115(1)(b) of Constitution of India.

(Sl. No. 28 Appendix XX Para 2·67 of 121st Report of the Public Accounts Committee (Seventh Lok Sabha)]

Action Taken

The Demands for Excess Grants (excluding Railways) for 1980-81 were passed by the Lok Sabha on 19th March, 1983. The connected Appropriation Bill as passed by the Lok Sabha on 19th March, 1983 and returned by the Rajya Sabha on 22nd March, 1983, was assented to by the President on 26th March, 1983.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 7(105)-B (RA)/82 dated 29th April, 1983].

Recommendation

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

[S.N. 29 Para 3.3 of 121st Report of PAC 1982-83 (7th Lok Sabha)].

The Committee further note that there was wrong booking of expenditure owing to errencous double adjustment of labour charges aggregating to Rs. 13.36 crores accounted for twice under Manufacture Suspense under Grant No. 16. The Committee take a serious note of such patent accounting errors which could have been detected if adequate attention had been paid to prompt check and reconciliation of the accounts figures and careful observance of the existing codal provisions. They desire that responsibility for the lapses, partiularly at the supervisory level should be fixed for appropriate action against the erring officials. The Committee also expect that greater care would be exercised in future to avoid serious mistakes in the proper upkeep and maintenance of books of accounts.

[Sl. No. 19 Para 2·43 of PAC's 57th Report (1981-82) VII Lok Sabha)].

Action Taken

The Northern Railway has since fixed staff responsibility for the lapse and these staff have been warned to avoid such excess and ensure correct upkeep and maintenance of Accounts books. It has been observed as a result that this type of misclassification has not recurred in 1981-82 Accounts.

This has been seen by Audit.

[Ministry of Railsays (Railway Board)'s O.M. No. 82-BC-PAC/VII/121 [dated, 8 June, 1983]

Recommendation

The Committee have been commenting upon avoidable delays in the receipt of Action Taken Notes. While 21 notes were received by the due date i.e. 27 February, 1982, and 8 Notes within the extended time *viz.*, 21-4-82 from the Ministry of Railways, 2 notes each pertaining to the Ministries of Defence. and Communications were received after the extxnded period *viz.*, 21-4-82 Since the delayed submission of Action Taken Notes by the Ministries up-sets the schedule of finanlisation of Action Taken Report by the Committee, they would once again like to stress the need to ensure strict adherence to the presdribed time schedule.

[Sl. No. 30—Appendix XX—Para 3·5 of Hundred and Twenty-First Report of Public Accounts Committee (Seventh Lok Sabha)].

Action Taken

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

The above recommendation has been circulated to all the Ministries/ Departments of the Government of India, *vide* this Ministry's O.M. No. F. 12(4)-E (Coord)/82 dated the 11th December, 1982 (copy enclosed) for information and compliance.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12(4)-E(Coord)/82 dated the 23rd December, 1982).

Copy of O.M. No. F. 12(4)-E (Coord)/82 dated 11 December, 1982 from the Ministry of Finance (Department of Expenditure) to all Ministries/ Departments of the Government of India and all Financial Advisers.

Subject :— 121st Report of the Public Accounts Committee (Seventh Lok Sabha) (1982-83) regarding excesses over Voted Grants and Charged Appropriations (1980-81) and action taken on 57th and 61st Reports.

Reference is invited to this Ministry's O.M. No. F. 12(16)-E(Coord)/ 78 dated 14th April, 1981 wherein the improtance and urgency of finalisation of action on the recommendations/observations of the Public Accounts Committee was emphasised and the Ministries/Departments were requested to ensure that the Action Taken Notes were sent to the Committee within the prescribed time schedule. In para 3·5 of their above Report, the Committee has again stressed the need to ensure strict adherence to the prescribed time schedule while sending Action Taken Notes. An extract of the recommendation made by the Committee is enclosed.*

2. Ministries/Departments are once again requested to ensure that the Action Taken Notes are sent to the Lok Sabha Secretariat within the prescribed time-limit of 6 months or within such extended period as may be granted by the Committee.

* Reproduced in the earlier part of the Report.

3. Ministries of Defence and Communications are also requested to note in particular the recommendation made by the Committee and to forward to the Lok Sabha Secretariat under intimation to this Department their Action Taken Note on the aforesaid recommendation.

(ii) *Ministry of Chemicals and Fertilisers (Finance Division)*:

Instructions have been noted for compliance.

[Ministry of Chemicals & Fertilizers O.M. No. 7(7)/82-Fin. I(C&F) dated 14 January, 1983].

(iii) *Ministry of Communications (Posts and Telepgraphs)*

The observations of the Public Accounts Committee have been noted for compliance.

[Ministry of Communications (Posts and Telegraphs) O.M. No. 16-48/82-83 dated 6 January, 1983].

Recommendation

Although in the classification of the replies given in Chapter III, Paragraphs 2.31 & 2.32 have been included among the recommendations which have been accepted by the Government, the Committee would like to point out that the desired improvements are not reflected in the appropriation Accounts (Defence Services) 1980-81. The Committee would, therefore like to be apprised of the specific steps taken to occure implementation of the instructions in this behalf by the organisations concerned.

[Sl. No. 31 Para 3.8 of Appendix XX to the 121st Report of the PAC (Seventh Lok Sabha)].

Action Taken

As desired by the PAC (1981-82) (Seventh Lok Sabha) in Para 2.31 of their 57th Report, on a review of the existing arrangements for the monitoring and control of Defence Expenditure by the Work Study Group in consultation with Service Hqrs/Departments in the Ministry of Finance (Defence), it was revealed that there was no apparent shortcoming in the procedure laid-down in this regard. The problem basically related to the effective implementation of the existing instructions regarding framing of the estimates on a realistic assessment of the requirement and exercising a close and constant watch on the trend of expenditure with reference to sanctioned provision. The Work Study Group which was constituted on 17.10.81, submitted its report on 27.3.1982. The recommendations of the Work Study Group were circulated to all estimating authorities only in June 1982 *vide* Ministry of Defence I.D. Note No. 11(28)/81/D(Budget) dated 14.6.1982. The various estimating authorities in turn, have also issued further instructions to the lower formations

2. However, the impact of the measures envisaged in the Report of the Work Study Group of Ministry of Finance (Defence) made in pursuance of Paras 2.31 and 2.32 of the 57th Report of the PAC, would be felt only in the Subsequent years.

This has been seen by Audit and approved by JS (P&C).

[Ministry of Defence O.M. No. 11(5)/83/D (Budget), dated 23 May, 1983.]

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

Recommendation

During the year under review *viz.*, 1980-81, excess expenditure had occurred under 27 Voted Grants and 2 Charged Appropriations and aggregated to Rs. 359.16 crores as against Rs. 42.28 crores and Rs. 140.86 crores respectively during the years 1978-79 and 1979-80. The aggregate excess during 1980-81 is the highest during the decade 1971—1981. The Committee view this situation with concern. An analysis of the causes for excess expenditure during 1980-81, which have been discussed in some detail in the succeeding paragraphs of this Report, indicates that defective estimation of requirements of funds, lack of proper and timely review of the progress of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto, absence of adequate provision for adjustment of past liabilities etc. have as in the past but in a bigger way contributed to the excesses. The departmentalisation of Union Government Accounts (Civil) in 1976/1977, coupled with the introduction of the scheme of Integrated Financial Advisers should, according to the Ministry of Finance, have resulted in better control over expenditure vis-a-vis the budgetary provision. The Committee are constrained to point out that these expectations have failed to materialise in a sustained manner.

The Committee have been repeatedly pointing out that the system of estimation of and control over expenditure is faulty and year after year, Parliament is being presented with a *fait accompli* of unremitting excess phenomenon. Though the Ministry of Finance, have been dutifully circulating the recommendations of the Committee to the Ministries/Departments of the Government for compliance, financial discipline remains still a distant goal. The Committee would urge Government to undertake an indepth study to analyse the reasons why the system of departmentalised accounts and integrated financial advice has failed as an instrument of effective control of and concurrent check over public expenditure. This study may be remitted to a team of experts in public finance, some of whom could be drawn from outside Government

[Sl. No. 2—Appendix XX—Para 2.6 of the 121st Report of the Public Accounts Committee (Seventh Lok Sabha)].

Action Taken

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

Excess expenditure aggregating to Rs. 359.16 crores has arisen during 1980-81. The following table indicates the four different sectors of Central

Government in which excesses have arisen and the percentage of the excess to the budget provision.

Sector of Central Government	Total budget Provision (in crores of Rupees)	Amount of excess involved (in crores of Rs.) Percentage with reference to amount in column 2
1	2	3
Railways	5041·44	247·29 (4·91%)
Defence & Defence (Civil)	4037·11	58·67 (1·45%)
Posts & Telegraphs (P&T and Telecommunication)	1537·41	19·50 (1·27%)
Civil (Ministries/Deptts.)	67889·83	33·70 (0·05%)

It will be seen that out of the aggregate excess of Rs. 359.16 crores, Civil Ministries contributed only to the extent of Rs. 33.70 crores or 9.5% and the rest of the excess i.e. Rs. 325.46 crores or 90.5% by Railways, Defence and P&T. It may be mentioned that while the departmentalisation of accounts and Integrated Financial Advisers Scheme was introduced in Civil Ministries/ Departments in 1976-77, Railways, Defence and P&T have had their own Financial Advisers' system for several decades, whereas the IFA Scheme has been operating on the Civil side since 1976-77. In other words, the bulk of the excess expenditure has taken place in sectors *not* covered by the I.F.A. Scheme.

2. A statement showing the total budget provisions and excesses in the four sectors of Central Government during the period 1975-76 to 1980-81 and the percentage of the excess to the budget provisions is enclosed. It will be seen therefrom that the excess on the Civil side which was of the order of Rs. 59.39 crores in 1975-76 (pre-departmentalisation year) came down to Rs. 33.70 crores in 1980-81. In percentage terms the excess declined from 0.29% in 1975-76 to 0.05% in 1980-81. The same trend is, however, not noticed in the other three sectors viz. Railways, Defence and P&T. While, on the Railways side, the excess has increased from Rs. 85.97 crores (2.79%) in 1975-76 to Rs. 247.29 crores (4.91%) in 1980-81, the excess in Defence and P&T have come down in 1980-81 as compared to 1975-76 but not in the same proportion as on the Civil side. In absolute terms, the excesses in Railways and P&T were the highest in 1980-81 during the 6 year period.

3. In view of the position explained above, the Committee may kindly consider whether a review of the departmentalisation of accounts and I.F.A. Scheme obtaining in Civil Ministries/Departments is still called for and that whether the proposed review should cover only the financial systems in the

three other sectors, namely, Railways, Defence and P&T which have contributed largely to the excess expenditure. For this purpose, the Railways, Defence and P&T have been requested to forward their views/comments* to the Committee.

[Ministry of Finance, Department of Expenditure O.M.No.F.12(4)-E (Coord)/82 dated the 31 May, 1983 and corrigenda of even number dated 20 June, 1983].

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*Not received.

Statement showing the total budget provisions and the excess in the four sectors of Central Government during the period 1975-76 to 1980-81 and the percentage of the excess to the budget provisions.

Period	Civil@		Railways@		Defence@		P&T @	
	*Total budget provision	Excess (%)	*Total budget provision	Excess (%)	*Total budget provision	Excess (%)	*Total budget provision	Excess (%)
1	2		3		4		5	
Pre-departmentalisation year								
1975-76	20659.26	59.39 (0.29%)	3082.62	85.97 (2.79%)	2588.94	68.68 (2.65%)	739.94	11.95 (1.61%)
Post-departmentalisation years								
1976-77	24662.76	20.65 (0.08%)	3497.24	67.68 (1.93%)	2818.50	6.66 (0.24%)	941.16	16.20 ((1.72%)
1977-78	29851.00	39.42 (0.13%)	3802.47	41.36 (1.09%)	2958.13	1.64 (0.06%)	1121.35	—
1978-79	46588.82	29.29 (0.06%)	3927.33	13.00 (0.33%)	3202.03	00.03 (0.00%)	1186.98	—)
1979-80	44163.21	9.25 (0.02%)	4411.04	35.76 (0.81%)	3503.53	86.47 (2.47%)	1388.61	9.37 (0.67%)
1980-81	67889.83	33.70 (0.05%)	5041.44	247.29 (4.91%)	4037.11	58.67 (1.45%)	1537.41	19.50 (.127%)

* As per Appropriation Accounts
@ As per P.A.C's Reports.

(*ii*) *Ministry of Finance* (*Defence/Budget*):

While commenting on the excess expenditure incurred in different grants during the year 1980-81, the Public Accounts Committee recommended, in para 2.6 of their 121st Report, that an in-depth study be made to analyse the reasons as to why the system of departmentalisation of accounts and integrated financial advice has failed as an instrument of effective control of, and concurrent check over, public expenditure. While forwarding a copy of the Action Taken Note—OM No. 12(4)-E(Coord)/82 dated 23 March 1983 the Ministry of Finance Department of Expenditure requested the Ministry of Finance (Defence Division) to forward views/comments on the Defence Services budget to the Committee directly.

2. It may be mentioned at the out et that the system of Integra'ed Financial Advice does not cover the entire Defence Ministry and in respect of Defence Service the earlier system of financial advice from the Ministry of Finance still continues. As, however, there have been some cases of exces expenditure, the following remarks are offered :—

(i) A statement showing the excess/savings in the Defence Services Budget for the years 1975-76 onwards is enclosed. This statement would show that while there have been excesses in absolute term in some grants, the overall net effect for Defence Services as a whole has been savings in the first 3 years of post-departmentalisation period and marginal excesses varying from 1.35% to 1.48% in the subsequent 3 years.

(ii) In pursuance of recommendations contained in para 2.31 of the 57th Report of the PAC (1981-82) a work-study group was formed by the Ministry of Defence in which the Ministry of Finance (Def) was also associated. The recommendations of this Study Group were forwarded to various controlling authorities in June 1982. While it is somewhat early to assess at this stage the impact of recommendations made by the Study Group, it is hoped that there would be improvement in the position in the years to come. In fact, the PAC themselves have made a reference to this (para 2.26 of the 121 st Report) and have desired to be apprised of the results of these efforts. A reply to the PAC on this will be sent by the Ministry of Defence.

(iii) In addition, in order to have an effective control over the expenditure a number of meetings were held during 1982-83 at different levels with the Representatives of the controlling authorities and suitable instructions at the level of Addl. Secretary (Defence) were issued from time to time.

(iv) Certain items of expenditure, such as Customs Duty, Payments made abroad by our missions and payments made by other major Civil Departments like Railways are incurred by various agencies, but booked to Defence Services at a much later date. Such adjustments constituting a sizeable amount come to our notice only after the close of the year. It is proposed to evolve a system of continuous reporting of such expenditure, based on our experience of 1982-83 accounts in order to initiate suitable remedial measures and achieve closer estimations in the years to come.

3. It is hoped that all the steps indicated above would result in more effective control over public expenditure, in so far as Defence Services are concerned.

4. This Note has been seen by the Ministry of Defence also.

(Ministry of Finance (Defence/Budget) U.O. No. 17 10/83/3879/BI dated 20 June, 1983).

Defence Services Statement Showing Excesses/Savings (Gross)

(In crores of Rs.)

Sl. No.	Year	Total Gross provision	Actuals (Gorss)	Eccess/Savings		Percentage
1	1975-76	2588.94	2638.39	Excess	68.68	2.65
				Savings	19.23	0.74
				Net effect	(+) 49.45	1.91
2	1976-77	2818.50	2756.53	Excess	6.65	0.24
				Savings	68.62	2.43
				Net effect	(−) 61.97	2.02
3	1977-78	2958.13	2813.21	Excess	1.64	0.05
				Savings	146.56	4.95
				Net effect	(−) 144.92	4.90
4	1978-79	3202.04	3060.52	Excess	0.02	0.0006
				Savings	141.54	4.42
				Net effect	(−) 141.52	4.42
5	1979-80	3503.53	3551.06	Excess	86.48	2.47
				Savings	38.95	1.11
				Net effect	(+) 47.53	1.35

6	1980-81	. . . .	4037.11	4094.37	Excess	58.67	1.45
					Savings	1.41	0 03
					Ne effect	(+) 57.26	1.42
7	1981-82	. . . .	4831.21	4902.97	Excess	115.58	2.39
					Savings	43.83	0.90
					Net effect	(+) 71.76	1.48

REEOMMENDATION

While on the one hand, there was expenditure in excess of voted grants and charged appropriations to the extent of over Rs. 359 crores there were saving to the extent of Rs. 1641.76 crores.

The Approriation Accounts (Civil) alone disclosed savings of Rs. 927.03s crores. (approx). Out of voted grants of Rs. 15812·57 crores The Committee are constrained to point out once again that large scale savings have been reported in such developmental and welfare activities as agriculure (Rs. 26.13 crores) Irrigation (Rs. 11.41 crores), Energy (Rs. 112.95 crores), Village and Small Industries (Rs. 12.73 crores), Rural Reconstruction (Rs. 10.46 crores), Social Welfare (Rs. 24.47 crores) etc.

It is disheartening for the Committee to find that while energy remains the biggest bottleneck in our developmental efforts, savings to the tune of nearly Rs. 113 crores out of total budgetary provision of Rs. 652.34 crores should have cocured. Most of the shortall occurred in the cauital section of the Grant-the saving being of the order of Rs. 111.56 crores against the budgetary allocation of Rs. 579.81 crores i. e. more than 19 percent of the outlay was surrendered. As energy is vital for the country'sgrowth and affects both jndustrial and agricultural production, the Committee consider it extremely unfortunate that such a heavy shortfall should have occurred under this head. The Committee would like to be apprised of the precis ereasons for the inability of the Ministry to utilise the budgetary allocations and the steps taken to avoid such situations in future.

[Sl. No. 3 Para 2.7 of Appendix XX of 121st Report of P. A. C. 7th Lok Sabha]

PEPLY OF THE GOVERNMENT

(In crores of Rupees)

		Actuals	avings(—)
Revenue Section (Voted)			
Original Grant	65·96		
Supplementary Grant obtained in March, 1981 Session of Parliament	6·57		
	72·53	71·15	(—)1·38
Capital Section (Voted) !			
Original Grant	539·82		
Supplementary Grant obtained in December 1980 Session of Parliament	40·00		
	579·82	468·25	(—)111·57

PREVENUE SECTION

The original budget provision of Rs. 65..96 crores augmented to Rs. 72.53 crores by obtaining a Supplementary Grant of Rs. 6.57 crores in March, 1981. The Supplementary Grant had been necessitated to step put provision for operation and Maintenance of Badarpur Thermal Power Station due to higher consumption of Oil and Coal, because of non-stabilisation of Unit IV and also on account of escalation of price of oil etc. Against the Budget provision of Rs. 53.70 crores of the Power Station, the revised requirements were then placed at Rs. 62.29 crores. As savings to the extent of Rs. 2.02 crores were available in the Revenue Section of the Grant, a Supplementary Grant for the balance amount of Rs. 6.57 crores was sought. The actual expenditure, however, revealed an overall saving of Rs. 1.38 crores. The saving occurred under the following sub-heads :—

(Rs. in lakhs)

	Budget Estimates	Actuals 1980-81	Variations (—) saving (+) Excess
	(1)	(2)	(3)
B. Water and Power Development Services			
B.1—Power Development			
B.1(1)—Central Electricity Authority . .			
1. B.1(1)(3)—Training	24·20	13·48	(—)10·72
2. B.1(1)(5)—consultancy	106·90	96·83	(—)10·07
3. B.1(1)(8)—Other Expenditure . . .	104·75	70·89	(—)33·89
4. B.1(2)(2)—Central Power Research Institute—Bangalore	319·35	55·00	(—)164·35
5. B.1(4)(1)—Geo-thermal Investigations . .	41·30	15·05	(—)26·25
6. B.1(4)(6)—Investigation of New Thermal and Hydro Electric Projects	119·00	45·00	(—)74·00
7. 2—Thermo Electric Schemes C.2(1)—Badarpur Thermal Power Station Supplementary Grant . .	3,70·11 6,56·29	6224·93	(—)198·53
8. C.3(1)(2)—Subsidy to BHEL	74·16	41·75	(—)32·41
9. D.1(1)(1)—Special Welfare Schemes—Investigation of Power Projects . . .	70·00	95·00	(—)25·00
10. Other Miscellaneous Items	466·47	456·48	(—)9·99
Total: Including Supplementary Grant . .	7252·56	7114·41	(—)138·15

From the above details, it will be seeen that the main items which contributed to the bulk of the saving are Central Power Research Institute, Bangalore and Investigation of New Thermal and Hydro Electric Projects under Sl No. 4 & 6.

The less release of grants-in-aid to Central Power Research Institute, Bangalore was mainly due to delay in supply of two transformers by the suppliers for balance equipment project and construction of sub-station by Karnataka

Electricity Board, as also due to improvement in revenue realisation to augment the internal resources. In regard to investigation of new Thermal and Hydro Electric Projects, the savings are on account of less grants-in-aid to National Hydro Electric Power Corporation due to delay in resolving certain inter-state issues, which were linked to the execution and ownership of hydro electric projects.

The saving under training is mainly due to less expenditure on imported equipment than anticipated, non-finalisation of proposals for creation of aditional posts, non-utilisation of provision for cost of foreign experts on account of delay in procurement of Hotline Tools etc.

The saving under 'Consultancy' was mainly due to delay in finalisation of proposals for creation of posts non-filling up of vacant posts and economy measures.

The saving under the other expenditure was mainly due to non-creation non-filling up of posts etc. because of economy measures and/or non-availability of suitable hands.

The saving in respect of Geo-thermal Investigations was to delay in drilling activitives in United Nations Development Programme Projects slippage in drilling activities by Geological Survey of India in Puga Project, and economy meausres.

The saving under subsidy to Bharat Heavy Electricals Limited was due to non-utilisation of loan by BHEL in connection with the scheme of Central Stocking of Spare Parts for imported machinery as a result of delay in supply of spare parts by the Foreign suppliers and consequent claims of less subsidy by the Company.

Other Miscellaneous items included provision mainly for Secretariatof the Department of Power, Technical and Control Supervision, Regional Coordination, Fundamental and Basic Research, Training, Other Schemes, Tidal Power Generation, Provision for Energy Conservation and utilisation, lump provisio for Additional Dearness Allowances etc. The overall saving of about Rs. 10 lakhs occurred mainly under Technical Control and Supervision survey and Investigation, Regional Coordination, Tidal Power Generation, Provision for Energy Conservation and Utilisation, lump provision for Additional Dearness Allowance partly offset by excess expentiture for Secretariat proper, International Cooperation, Fundamental and Basic Research, Training and Other Schemes.

CAPITAL SECTION

(i) The original budget of Rs. 539·82 crores was augmented to Rs. 579 82 crores by obtaining a Supplementary Grant of Rs. 40.00 crores for Rural Electrification Corporation in December, 1980 The Supplementary Grant was necesitated to tep up budgetary support to the Corporation in order to meet the gad in its resources for financing the approved outlay of Rs. 131.50 crores for normal programme o Rura Electrification Corporation. The Budgetary support was urther augmented by Rs. 18·50 crores at the Revised Estimates stage.

II. Item-wise break-up of the provision of Rs 579.82 crores and the saving of Rs. 111.57 crores is indicated below:—

(Rs. in crores)

	Sanctioned provision 1980-81	Actual 1980-81	Variations (—)Saving (+)Excess
VOTED			
National Thermal Power Corporation			
BB.1(2)(1)—Investment (Equity) . . .	216·10	203·58	(—)12·52
DD1. (1)—Loans	59·10	47·94	(—)21·16
	285·20	251·52	(—)33·68
N.R. .C.			
BB 2(5)(1)—Investment (Accounting Provision for Salal Project Transfer) (Non-Plan) . . .	121·50	..	(—)121·50
Other Sub-heads			(—)1·45
BB.2(2)— Salal H.B. Project	24·07	31·30	(+)7·23
National Hydro Electric Power Corporation			
SB. 2(5)(1)—Investment (Equity) . . .	8·00	14·62	(+)6·62
DD.2—(1)—Loans	18·00	30·71	(+)12·71
	26·00	45·33	(—)19·33
R.E.C. (Including Supplementary Grants of Rs. 40.00 crores)	82·50	101·00	(+)18·50
			(+)45·06
			(—)111·57

It will be seen from the above that the total saving of Rs. 156.63 crore were partly off-set by excess under Salal Hydro Electric Project. Investment and Loans for National Hydro Electric Power Corporation and Loans to Rural Electrification Corporation.

(iii) The saving under National Hydro Electric Power Corporation (Rs. 121.50 crores) was due to non-materialisation of the proposed transfer of Salal Hydro Electric Project to the Corporation during 1980-81. The provision of Rs. 121.50 crores was made for adjustment of the assets of the project (a departmental scheme) on its formal transfer to the Corporation. However, owing to non-completion of certain legal and administrative formalities, the expected transfer did not amaterialise and the entire provision of Rs. 121.50 crores became surplus : this had no impact on the Budget, in that it did not invove any outgo of cash.

(iv) The saving under National Thermal Power Corporation (Rs. 33.68 crores) was mainly due to less utilisation of funds for Koraba Rs. 2·87 crores), Farakka (Rs. 20.36 crores) and Ramagundam Project (Rs. 11.24 crores) The less utilisation was due to non-materialisation of supplies by Bharat Heavy Electricals Limited: delay in placement of orders for main equipment and also consequential shift in placement of orders for structural steel, and coal handling plants and generator transformers for Farakka Project; and rephasing of transmission lines based on final configuration of lines for Ramagundam project.

It may be added that against the original Budget Estimates 1980-81 of Rs. 427·76 crores under Plan Capital, the actual expenditure during the year came to Rs. 476·21 crores. The surrender was basically under Non-Plan/Capital (Rs. 121·50 crores). This was in the nature of an accounting provision to reflect the intended transfer of the assets already built at Salal Project (through Plan Capital expenditure in earlier years) to National Hydro Electric Power Corporation. Since the book adjustment could not be carried out during the year, pending completion of legal and administrative formalities, this provision had to be surrendered. However, this had no impact on execution of Salal Project during 1980-81 for which separate provision existed in Budget Estimates 1980-81 under Plan Capital.

[Ministry of Energy (Department of Power) O.M. No. G-25017/7/82-Bud. dated 4 July, 1983].

Recommendations

The Committee note that the excess of Rs. 45·96 crores under the Revenue Section (Voted) of Grant No. 21—Defence Services Army was the net result of excesses/savings under the various sub-heads in the Grant and was mainly attributable to the excess of Rs. 107·05 crores under the sub-head "A. 6-Ordnance Factories Against the final Budget provision of Rs. 507 40 crores, and the proposed re-appropriation to the extent of Rs. 38·83 crores to this sub-head, the actual expenditure amounted to Rs. 614·45 crores. The increase of Rs. 68·22 crores over the Revised Estimates was, according to the Ministry, mainly under the item 'Purchase of Material : and was due to larger purchase for achieving higher production, heavy carry-over payment, larger receipt of supplies than anticipated and larger booking of expenditure under Central purchases towards the end of the year'.

[Sl. No. 8 to the Appendix of the 121st Report of the PAC (7th Lok Sabha)]

Action Taken

The excess of Rs. 68·22 crores (the excess gets reduced to Rs. 58·11 crore n the basis of Final Appropriation of Rs. 556·34 crores) under Sub-Head A 6. Ordnance Factories, in 1980-81 under Grant No. 21-Defence Services Army, was on account of the following :—

(i) Pay & Allowances	Rs. 4·65 Crores
(ii) Material (inclusive of Customs Duty)	Rs. 61·36 Crores
(iii) Revenue Works	Rs. 2·71 Crores

2. The excess expenditure of Rs. 4·65 Crores on Pay & Allowances was mainly due to revision in the rates of Additional Dearness Allowance and also its impact on the rates of overtime payments to the workers in the Ordnanc

factories. The excess of Expenditure on the purchase of 'Materials' was necessary for meeting the production of essential items and achievements of targets laid down in consultation with the Army Hqrs. It was decided by Government that the needs of security and defence preparedness could not be sacrificed by slowing down the production programme and it was necessary to maintain the tempo of production for meeting the critical requirements of Army. The gross value of production of Ordnance Factories in 1980-81 increased to Rupees 671 Crores (as compared to Rs. 600 crores) in 1979-80. The value of production in the Ordnance Factories in 1981-82 increased to Rs. 780 Crores. The above excess in expenditure was also partly due to increase in prices of steel, copper etc. which could not be anticipated. The balance increase of Rs. 2·71 Crores on Revenue Works was due to increase in the price of steel; increase in the rate of electricity and execution of certain special repair works.

3. The Ordnance Factory Board have taken necessary steps to monitor the progress of expenditure on a monthly basis and suitable corrective action is now being taken as and when necessary. The progress of expenditure is also reviewed periodically at the High Level Committee in the Department of Defence Production, presided over by Secretary (DP) and comprising Chairman, Ordnance Factory Board and Financial Adviser (Defence Services). A close watch is also kept on the inventory holdings in the Ordnance Factories with a view to avoiding any excess or shortfall in the approved Budget Estimates.

[Ministry of Defence (Department of Defence Production) O.M. No. 13 (6)/83/D (Projects) dated 9 June, 1983].

Recommendation

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

The Committee are concerned over the persistent failure on the part of General Managers of Mints and Presses in foreseeing and making adequate provision for anticipated needs. The Committee would like the Ministry to examine the reasons for such repetitive lapses. In particular

they would like the details of wrong adjustments in accounts which vitiated the estimate of final requirements of funds during 1980-81 for appropriate action in case any serious negligence on the part of supervisory officials is noticed.

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

Action Taken

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

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

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

4. The details of the wrong adjustments that vitiated the estimate of funds during the year 1980-81 have been looked into. In the case of India Government Mint, Bombay, it has been noticed that the losses in the process of coinage for the months of February and March, 1981, were inadvertently shown as gain during these months which came to light only after the closure of the preliminary account of March, 1981. By that time, an amount of Rs. 1.12 lakhs was surrendered from the available grant as surplus. This wrong posting of debits was rectified in the final accounts for March, 1981. The General Manager has taken measures to check expenditure before booking it so that such mis-postings can be avoided hereafter. The General Manager, India Government Mint, Calcutta has also reported that the non-inclusion of operative losses in the final Revised Estimate for the year 1980-81 has led to the excess. The General Manager has also assured that efforts would be made in future to contain expenditure within the sanctioned grant. No serious negligence

on the part of supervisory officials calling for action against them has been noticed.

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

I. Copy of D.O. No. F7|8|82—Coin dated 4 February, 1983 from the Deputy Secretary (M&P), Ministry of Finance (Department of Economic Affairs) to the General Manager of various Mints and Presses.

Subject:—121st Report of Public Accounts Committee (1982-83) Para 2.29 relating to Grant No. 38—Currency, Coinage and Mint-Action taken on the recommendation contained in.

The Appropriation Accounts, 1980-81 relating to Grant No. 38-Currency, Coinage and Mint disclosed that an exces expenditure of Rs. 3,26,333 occurred in the Revenue section (Voted) of the Grant. A note explaining the reasons for the excess, as vetted by Audit, was sent to the Public Accounts Committee for regularisation of the excess. Para 2.29 of the Report of the Committee on the excess is reproduced below;

2.29 The excess under the Revenue Section (Voted) of Grant No. 38-Currency, Coinage and Mint has been to the tune of Rs. 3,26,333. But for savings under certain sub-heads, the excess would have been much more. It is significent to note that this Grant was exceeded in the year 1974-75, 1976-77, 1977-78, 1979-80 as well. An unanticipated excess of Rs. 4.39 lakhs occurred under the sub-head. "A4(I) loss on destruction of withdrawn coins" during 1980-81. The Ministry has informed that while working out the final requirement of funds under this sub-head the debits pertaining to February and March, 1981 could not be assessed very accorately and there were also some wrong adjustments in accounts which Vitiated the estimate of final requirements. The Committee have also been informed that the General Managers of the Mints and Presses have been instructed to ensure that such lapses do not recur. They have also been directed to ensure financial discipline, proper estimation of requirement of funds, proper and timely review of the progress of expenditure and proper classifications and adjustments.

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

2. Thus, while observing that the Grant was exceeded in the years 1974-75, 1976-77, 1977-78, 1979-80 as well, the Committee have expressed their concern over the persistant failure on the part of General Managers of Mints and Presses in foreseeing and making adequate provision for anticipated needs. As advised by the Committee, the reasons for such repeotive lapses have been looked into by us with reference to the overall excess obtained in the years 1974-75, 1975-76, 1976-77, (1978-88 noexcess 1979-80 and 1980-81. It is soon that one or more of the following factors have contributed the excess in various years:—

(a) Unforeseen expenditure;

(b) Misclasification of voted items as charged expenditure;

(c) Settlement of debits which were not expected to materialise in a particular year;

(d) Inacurate estimation of the requirement; e

(e) Omission of inclusion of debits while working out final requirements; and

(f) Worng adjustments.

3. Whenever excess occurred and at suitable times, you have been advised to ensure financial discipline. In this connection, you may kindly refer to aur d. o. letter No. F. 6/24/81- Coin dated 12-11-1981. Please ensure particularly that the factors responsible for excess expenditure indicated in the previous para, do not recur.

4. As you are aware, the procedure for achieving an effective control over expenditure is contained in Rudes 65-66 of General Financial Rules and the Government of India's decisions thereunder. The rules also prescribe maintenance of various Control Registers. We generally observe that the monthly Statement of Control of Expenditure is not furnished by due date (Viz. 15th of the following month) and that the Column relating to estimated expenditure for the remaining part of the financial year is filled in as a matter of routine. You may like to get such defects corrected.

5. In the above-mentioned background, you may please ensure that such lapses do not occur. Govt. will be constrained to take disciplinary action against the officers responsible for such lapses.

6. In 1980-81, the actual expenditure exceeded the sanctioned grant by Rs. 3.26,333 (net) under the sub-head "A4(1)—Loss on destruction of withdrawn coins". The original grant was Rs. one crore and the final

grant was fixed at Rs. 117.20 lakhs but the actual expenditure was Ds. 121.59 lakhs resulting an excess of Rs. 4.39 lakhs which after taking into account the saving from elsewhere, caused a net excess of Rs. 3,26,333 as stated above. The General Managers of the Mints should, therefore, explain the reasons for the excess under the above-mentioned sub-head.

7. Kindly furnish your reply by 16 February, 1983 positively.

II. Copy of D.O. No. F. 7/8/82-Coin dated 22 April, 1983 from the Under Secretary (Coin) Ministry of Finance (Department of Economic affairs) to the General Managers of various Mints and Presses.

Subject:—121st Report of PAC (1982-83)-Para 2.23 relating to Grant No. 38 Currency, Coinage and Mint-Action Taken on the recommendation contained in. ——

Please refer to Shri L. K. Malhotra's d.o. letter of even number dated the 4th February, 1983 on the subject cited. In addition to the instructions contained therein, you may kindly ensure the following aspects while ensuring financial descipline:

(i) The progress of bocking vis-a-vis funds allotted is kept under constant review personally by the General Manager.

(ii) Before final adjustment is made, availablity of budget provisions should be checked first. Expenditure on discretionary items should be incurred only when budget provision is available.

(iii) Expenditure should be watched every month not only with reference to the budget estimates and also the corresponding expenditure for the same item for the same period in the last two years, with a view to easier location of unusual trends of expenditure requiring more detailed scriting. Kindly asknowlodge the receipt of this letter.

Recommendation

The Committee find that an excess of Rs. 33.58 lakhs occurred under BB 1(1) (1) Construction of residential accommodation by the Ministry of Home Affairs. The excess mainly occurred under BB (1) (1) (1)—Construction of residential accommodation for Assam Rifles. The excess under this head is attributed mainly to abnormal rise in the cost of material and labour (more than 20 per cent) in the North Eastern Region. The Committee have carefully considered the explanation given but are unable to contribute to the view that the work sites being spread over farflung areas of North Eastern Region, the progress reports on the actual expenditure could not be received in time to-re-schedule the works within the available funds or to obtain supplementary Grant for meeting the additional requirements of funds. The Committee would like to have fuller explanation why the effect of rise in the cost of materials and labour could not be anticipated at least at the time of preparation of revised estimates and adequate funds provided for thorough supplementary Grant,

S. No. 14 Appendix XX para 2.35 of 121st Report of PAC (Seventh Lok Sabha)

Action Taken

The observations of the Committee have been examined in consulation with Assam Rifles. A provision of Rs. 3.11 crores was proposed by the Assam Rifles in Revised Estimates 1980-81 for construction of buildings and Residential Accommodation for Assam Rifles, as against the santioned budget grant of Rs. 1.90 crores. The budget proposals of the Assam Rifles were examined and it was seen that the actual expenditure during the last three years (1977-78, 1978-79 and 1979-80) was Rs. 49.98 lakhs, Rs. 48.52 lakhs and Rs. 79.82 lakhs respectively. The actual expenditure during the first five months of the financial year (1980-81) was Rs. 48.55 lakhs. In the year 1980-81 the construction work was entrusted to the Border Roads Organisation and Military Engineering Services apart from the C.P.W.D./State P.W.D., to whom the works were being entrusted hithertofore. Keping in view the past actuals, acceleration in work due to change in executing agencies, and alowing margin of escalation in the cost of materials, etc. the sanctioned grant of Rs. 1.90 crores, which was more than double of last year's expenditure was retained in Revised Estimates 1980-81. However, during 1980-81, the situation of the North Eastern Region was highly disturbed resulting in abnormal rise in the cost of materials, transpertation and labour charges than anticipated. Change of executing agencies also resulted in an excess of Rs. 33.58 lakhs over the allotted funds. The Assam Rifles have stated that they have taken all steps to ensure that the sanctioned budget grant is not exceeded in future.

The Note has been vetted by Audit.

(Ministry of Home Affairs V.O. No. 34/1/82-ACI dated 12 April, 1983).

Recommendation

The excess in three sub-heads of the voted sections of Grant No. 84— Supplies & Disposals aggregating to Rs. 19.90 lakhs attracts attention on two counts. That the overall excess under the Grant as a whole was only Rs. 8.07 lakhs hightlight the extent to which estimates were over-pitched in respect of some other sub-heads. The excesses were mainly due to payment of additional instalments of dearness alsowance, post-budget increase in rail and air fares, postal and telephone charges, increase in rent and increase in pay and allowances of canteen staff, as also unanticipatel adjustment of debits on account of machinery and equipment. The

Committee would like to point out once again that since there is usually no element of uncertainty or unforseability in the expenditure on pay and allowances, there should normally be no excess on this account. Similarly, the adjustment of debits and increases in tariff rates should have been provided for at the time of obtaining supplementary grant in December| March. The Committee have been informed that steps have been taken to avoid recurrence of excesses of this nature by effective monitoring of the flow of expenditure by maintaining a close coordination between payment and budget appropriation sections on adjustment of debits. The Committee trust that adequate care would be taken in future to avoid such excesses.

[S. No 19 Appendix XX Para 2.50 of 121st Report of P,A,C. (Seventh Lok Sabha)]

Action Taken

The recommendations|observations contained in para 2.50 of the 121st Report of the P.A.C. in respect of Grant No. 84—Supplies & Disposale have been noted.

As regards overall excess under the Grant No 84. it is stated that the explanantions for overall excess computed on the basis of individual excesses under different group heads, are furnished on the basis of the original budget grant puls Supplementary Grant excluding re-appropriation of lumpsum of Rs. 18.27 lakhs for D.A. already included in the Demands for Grants 1980-81 and the actual expenditure. It may be stated here that the Supplementary Grant of Rs. 24.00 lakhs for meeting the additional requirements under DA was in fact obtained in the month of March 1981 after taking into account the savings|excesses under different items of expenditure and the lumpsum of Rs. 18.27 lakhs included in the Demands for Grants, 1980-81 for D.A. Thus, there is no element of undertainty or unforseability on the expenditure of Pay & Allowances while seeking a supplementary grant in March 1981 and the net excess of Rs. 8.07 lakhs was in relation to the Final Grant plus Supplementary Grant.

As regards adjustment of debits and increase in Tariff rates. it is stated that the adjustment of debits and payment of increased tariff rates were effected after the Final Grant was fixed by this Department. The voted expenditure in this Grant includes provision for N. T. H. Plan Scheme involving mainly purchase of new sophisticated Machinery & Equipments for testing, both indigenous and imported, for Calcutta, Bombay. Madras and Ghaziabad Test Houses. Some timelag between receipt of supplies and actual payment|adjustment of debits by the different paying agencies in India and abroad and communication thereof to the main Accounting Organisation is unavoidable.

Suitable steps have already been taken to avoid recurrence of excess of this nature by effective monitoring of the flow of expenditure and by maintaining a close coordination between payment and budget appropriation sections on adjustment of debits. These steps have proved to be effective in subsequent year 1981-82.

Every effort is bing made to ensure that no excess expenditure occurs in the Demands controlled by this Deparment in future by effective exchequer control.

[Ministry of Supply, O.M. No. G-21014|3|82-FV dated, 3, May, 1983.]

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

RECOMMENDATION

As against the final charged appropriation of Rs. 3.55 crores under the Capital Section, the actual expenditure amounted to Rs. 6.02 crores, leaving an uncovered excess of Rs. 2.47 crores, representing 69.58 per cent of the total provision. The excess, according to the Ministry was due to more payment on account of enhanced compensation of decretal amounts in respect of land acquisition cases, than was anticipated. The Committee would like to know when exactly the enhanced compensation was announced, and whther the decretal award could have been provided for at the time of revisd budget allocation.

[Sl. No. 16 Appendix XX para 2.39 of 121st Report of P.A.C. (Seventh Lok Sabha)]

Action Taken

The Delhi Administration has informed that there were 504 cases in which enhanced compensation was calculated by the different Land Acquisition Commissioners for payment. The relevant 504 files and connected records are requird to be scrutinised for compilation and submission of information called for by the Public Accounts Committee. The Administration has scrutinised 391 files|cases and submitted the requisite details in respect of these cases as per statement enclosed*. As may be seen therefrom. significant number of the claims were agreed to at the fag end of the financial year when it was too late to make any provision in the revised estimate. Efforts are being made by the Administration to scrutinise the remaining 113 files|cases as soon as possible. As some of the concerned files are not readily available|traceable, the assignment may like to take another two months. Since these were the decretal awards the Administration had no other option but to make payment within the financial year.

The note has been seen by Audit.

[Ministry of Home Affairs U. O. No. U-15030|1|82-Ac. II dated 28 June, 1983]

*Not printed. Five copies. placed in the Parliament Library.

IV. RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM OR NO REPLIES

Recommendation

"An excess of Rs. 5.97 crores occurred under the Revenue Section (Voted) Grant No. 22 Defence Services—Navy and was attributable to excess expenditure under the sub-heads 'A-5-Pay and Allowances of Navy' (Rs. 129.79 lakhs), 'A-5-Stores' (Rs. 326.27 lakhs) and 'A-77 Other Expenditure' (Rs. 172.47 lakhs). The excess under the sub-head 'A-I Pay and Allowance of Navy' was due to payment of one additional instalment of Dearness allowance with effect from 1st September 1980 and also due to higher per capita rates than anticipated at the Revised Estimates stage. The excess under the sub-head 'A-7 other Expenditure', according to the Ministry was mainly due to (a) more expenditure on deputation/training in a foreign country (b) larger supplies through DGS&D than anticipated and (c) additional payments to a foreign country for repairs and refits of ships. The excess under the sub-head 'A-5-Stores' was actually Rs. 9.76 crores after taking into account the reduction of the provisions by reappropriation to the extent of (—) M 6.50 crores. The excess is reported to be on account of larger receipt of supplies of stores, spare parts and machinery than anticipated, misclassification of expenditure under 'Clothing Stores' and increase in 'customs duty' increased expenditure on POL. The Committee have been informed that "Clothing Stores' are being looked into". Since misclassifications vitiate sound budgetary control, the Committees desire that responsibility for failure to reconcile the expenditure figures and to ensure timely rectification thereof should be fixed and appropriate action taken if any gross negligence is noticed on examination of the details."

[Sl. No. 9 (para 2.24) of Appendix to 121st Report of the PAC (7th Lok Sabha) 1982-83.]

Action Taken

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

Excess expenditure on clothing stores has been investigated in Naval Headquarters and by CDA(N) CDA(CC) and CDA(Hqrs). The excess is attributed to misclassification during the encoding of booking by the HCI, London, from whom the requisite clarifications details have not been received. The matter is now being persued through Ministry of External

Affairs with the HCI, London by Ministry of Defence. It is expected that the necessary clarifications will be received from the HCI, London shortly. The Ministry would then determine and fix responsibility on the authority or persons consemed. It may be noted that responsibility can be fixed only after all details are known to the Ministry.

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

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

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

Recommendation

The Committee note that there was an excess expenditure of Rs. 3.66 Crores and Rs. 5.60 Crores respectively in the Revenue and Capital Sections (Voted) and Rs. 2.47 crores in the Capital Section (Charged) of Grant No. 53-Delhi. But for savings to the fund of Rs. 1.49 crores in Revenue Section (Voted), Rs. 3.43 crores in Capital Section (Voted) and Rs. 1.38 crores in Capital Section (Charged), the overall excess under this Grant would have been much more. This Grant was exceeded in 1975-76, 1978-79 and 1979-80 also. The excess during 1980-81 under the Voted Sections have been generally attributed to accelerated progress to works and cost escalation of materials for works connected with Asian Games. 1982. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. It seems that the instructions issued in the past have had little effect on the Delhi Administration. The Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to curb this tendency. The Committee are of the view that anticipated expenditure on the above counts as also adjustment of more debits should have been ascertained more precisely at least at the time of framing the Revised Estimates and necessary Supplementary Grant obtained. The Committee expect that in future the Delhi Administration will display better sense of financial discipline.

[Sl. No. 15 Appendix XX para 2.38 of 121st Report of P.A.C. (Seventh Lok Sabha).]

Action Taken

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

The Note has been seen by Audit.

[Ministry of Home Affairs U.O. No. 15030/1/82-Ac.II dated 7 July, 1983.]

ANNEXURE

The salient features of the report of special Audit Team are as follows :—

1. The PWD and Irrigation & Floods Departments should follow the revised procedure of booking of expenditure under sub-head "Suspense" as introduced by the Ministry of Works & Housing.

2. In the event of increase in the revised plan allocation which is generally finalised in the month of February/March, there should be a corresponding increase in the provision under the head "Suspense", as the Suspense head affects both Plan & Non-plan expenditure.

3. The Ministry of Home Affairs may be requested to take immediate action in consultation with the Department of Banking of the Government of India to introduce separate cheque books by the Banks for plan & non-plan funds separately so that the money released for plan projects is not diverted to non-plan expenditure.

4. Letter of Credit should be issued to the PWD and the Irrigation & Floods Department after taking into account the element of departmental charges and budget under the "Suspense" head.

5. All the Departments should maintain liability register as provided for in Rule 66 of G.F.Rs as amended by Ministry of Finance by OM No. F. 11(7)-E.II/(A)/79 dated the 29th March, 1982.

6. The attention of the Heads of the Departments may again be drawn to the provisions of Govt. of India's decision No. I given below Rule 71 of General Financial Rules, 1963, which enjoins that no expenditure shall be incurred which may have the effect of exceeding the total grant placed at the disposal of the Controlling Officer, without the approval of the Finance Department.

7. The Pay and Accounts Officers should exercise a greater vigil in the matter of ensuring that the expenditure of the Officers attached with the concerned Pay and Accounts Office does not exceed the budget provision placed at the disposal of the respective office, without the approval of the Finance Department.

Copy of Memorandum No. F. 1/32/81-AC dated 15 May, 1983 from the Delhi Administration (Finance Accounts), Department.

Sub :—Management Accounting System in Delhi Administraion.

Following the separation of accounts from audit, the Pay and Accounting Organisation was set up in Delhi Administration w.e.f. 1-4-1977. The copy of the detailed scheme has been already sent to the Departments vide our letter No. F.1/8/77-DA!C dated 31-3-77.

2. With a view to provide accounting information to assist in the formulation of policy and in the day-to-day functioning of the Departments, we propose to gradually introduce a system of Management Accounting both in respect of plan and Non-plan. As a first steps to a fulfleged sytem we propose to supply to all the Secretaries, in respect of the Departments under their control figures of expenditure reported by the Pay and Accounts Offices in the proforma enclosed in respect of Plan Schemes. Steps are also afoot to supply similar information in respect of Non-plan Scheme in due course of time.

3. To facilitate the assimilation of this information as regards the plan schemes, we have prepare a Plan-Budget Link. A copy of this Link for the year 1982-83 is enclosed. Such a Link would be prepared every year.

4. Since the accounting is done as per budget provisions, the figures of expenditure reported to the Departments will also be under various

major heads/minor heads/sub-heads and detailed heads as appearing in the Demands of Grants and which are controlled by the Departments. This information will cover the expenditure under Revenue/Capital and Loan sanctions of the Demands. The Plan Budget Link will enable the Departments to Quickly co-relate this expenditure with the corresponding Plan Schemes.

5. It is possible that the figures are reported by the controller of Accounts may in certain cases vary from the figures as booked in the Departments. In such cases it is obvious that the Deptts. have failed to get their figures re-conciled with the Pay & Accounts Offices and, therefore, it would be necessary for the Departments to ensure that such re-conciliation is done immediately.

6. The need for ensuring that the expenditure is regulated in accordance with the provisions is extremely important especially in the light of certain observations of the PAC in the past. This information will also enable the Departments to make correct forecast of their requirements in the Revised Estimates and also making requests for Supplementary grant/re-appropriation.

7. The Controller of Accounts has made arrangements to supply this information for the first quarter of the current year by the 20th of July and thereafter he would supply this information monthly by the 20th of each month.

8. The need for ensuring even-flow of expenditure so as to avoid heavy rush of expenditure during the last quarter of the year has been stressed time and again. This information is intended to assist you to take note of and undertake corrective steps in case there is significant shortfall or fast progress of expenditure.

9. It is important to reiterate here that Heads of Deptt. should not only keep themselves informed of the actual expenditure against grant/appropriation but also that they know the liabilities which have been incurred and have ultimately to be discharged during the financial year. For this purpose it is necessary that the Deptt. should maintain a liability Register in the prescribed form showing the liabilities assumed and to be discharged during the course of the year or have to be spilled over to the next year with the approval of the competent authority.

10. Similarly Rule 66(2) of the General Financial Rules enjoins the responsibility both on the Heads of Deptt. and the Pay & Accounts Officer for the proper reconciliation of the figures of expenditure booked in the Deptts. and those booked in the Pay & Accounts Offices. The Deptts. may please ensure that the reconciliation of accounts is carried out by their Deptts. regularly and timely with those booked in the Pay & Accounts Offices. Unless this work is kept up-to-date it may not be possible

for the Deptts. to watch flow of expenditure against the sanctioned grant/appropriation.

11. Supply of information is one thing and making use of it is another It is requested that on the basis of the information received and also after taking into account the liabilities assumed the Secretaries may have a review at their own level not only to monitor the progress of expenditure, but also to take corrective actions to regulate the expenditure in future. It may be noted that the purpose of supplying this information is to ensure that the Secretaries/Head of Deptts. may carry out the functions of Planning. controlling and decision making more effectively and efficiently.

APPENDIX XVI

(*Vide* paragraph 1.1 of the Report)

Statement showing action taken by Government on the recommendations contained in Chapter III (Appendix XVIII) wherein interim replies or no replies were furnished earlier in respect of 57th Report (Seventh Lok Sabha).

RECOMMENDATION

During the year under review vis., 1979-80, excess expenditure had occurred under 13 Voted Grants and 6 Charged Appropriations and aggregated to Rs. 140.86 crores, as against Rs. 82.42 crores and 42.28 crores respectively during the years 1977-78 and 1978-79. Only a year ago the Committee had expressed satisfaction over the declining trend in the aggregate amount of excess expenditure evidenced during the year 1978-79 and had hoped that every endeavour would be made by the Ministries|Department to ensure that the position was not allowed to deteriorate once again. The Committee are, however, concerned to note that the position deteriorated so soon to a considerable extent. They are constrained to point out that the system of estimation of expenditure is faulty and year after year Parliament is being presented with a fait accompli.

In hist connection the Committee are also constrained to point out that as against the total Grants to the tune of Rs. 21,831.33 crores voted by Parliament, the Appropriation Accounts reveal savings to the extent of Rs. 1,940.49 crores i.e. 8.8 per cent of the voted provision. The Appropriation Accounts (Civil) disclosed savings of Rs. 1,479.96 crores out of voted amount of Rs. 12,534.79 crores (i.e. 11.8 per cent) and savings of Rs. 1,711.16 crores out of Charged Amount of Rs. 31,628.43 crores (i.e. 5.4 per cent). Thus total savings amounted to Rs. 3,192.12 crores out of total Voted and Charged amount of Rs. 44,163.22 crores (i.e. 7.2 per cent of the sanctioned provision). Some of the vital sectors of the economy in which large scale savings have been reported in the Capital Section are Agriculture, Fisheries, Rural Development, Irrigation, Communication, Power Development, Medical and Public Health, Industry Village and Small Industry, Textiles—Handloom and Handicrafts, Petroleum and Petro-chemicals Industry, Chemicals and Fertilizer Industry, Roads, Ports, Light Houses and Shipping, Public Works, Housing and

Urban Development etc. etc. The reasons for heavy shortfall in expenditure, particularly in the rural sector need to be adequately explained to the Committee.

Such large scale savings are indicative of not only bad budgeting but also of the failure of the Department concerned to make full use of resources provided to them for the betterment of the people. Over-pitching of the estimates without corresponding efforts to utilise them gainfully deprives the other equally vital sectors of the economy of the much needed resources for development. Since Parliamentary control over governmental expenditure calls for financial discipline, the Committee would like Government once again to analyse in depth the reasons for this recurring phenomenon with a view to initiate timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/contained within the funds authorised by Parliament.

[Serial No. 1—Appendix XIII—Para 2, 5 of 57th Report of Public Accounts Committee (7th Lok Sabha).]

Action Taken

(i) *Ministry of Works and Housing*:

The total budget provision under Demand No. 90—Public Works and Demand No. 92—Housing & Urban Development for the year 1979-80 was of the order of Rs. 259.17 crores out of which Rs. 127.34 crores constituted the Capital Section. The savings under consideration related only to the Capital Section in the two Grants. The position about budget provision, actual expenditure and the savings is as follows:—

(*Rs. in crores*)

Grant No.	Budget Provision	Actual Expenditure	Savings
(*Capital Section*)			
90—Public Works	29·18	23·64	5·54
92—Housing & Urban Development	98·16	52·19	45·97

2. Reasons for the savings in the two Grants are explained below:

A. *Over-all economy cuts*: In pursuance of the decision of the Cabinet, the Ministry of Finance had advised in their D.O. comunication No F.7(8)-E(Coord)/79 dated 19-6-1979, (copy enclosed) that effective steps should be taken by the Ministries to effect economy wherever possible. It was, therefore, decided at the level of Secrteary of this Ministry that economy cuts to the extent of Rs. 19.70 crores as shown in

Annexure 'A' should be imposed on verious items of expenditure Demand Nos. 90—Public Works and 93—Housing Urban Development.

B. The demand-wise position is as follows :—

(i) *Demand No. 90—Public Works—Total savings Rs.* 5.54 *crores.*

It would seen from Annexure 'A' that economy cut of Rs. 6.00 crores was imposed on the construction of non-residential and institutional buildings in the meeting held in the room of Secretary on 4-8-1979. However, the actual savings achieved was to the extent of Rs. 5.54 crores only on account of the fact that a number of works had already reached an advanced stage of completion.

(ii) *Demand No. 92—Housing & Urban Development—Total savings Rs.* 45.97 *crores.*

(a) *Integrated Development of Metropolitan Cities and Areas of National Importance — Savings Rs.* 37.75 *crores including* (*Rs.* 10 *crores as economy cut—Sub-para 'A' above*).

An amount of Rs. 40.00 crores was provided in BE 79-80 for this purpose. Later on, it was decided at the instance of NDC to restructure the scheme as a new scheme for Integrated Development of Small and Medium Towns. Consequently, a sum of Rs. 20.00 crores out of the provision of Rs. 40.00 crores was transferred to the States. Out of the remaining provision of Rs. 20.00 crores a sum of Rs. 10.00 crores was surrendered as a measure of economy as indicated in Annexure 'A' (A copy of the surrender order is enclosed). Of the balance of Rs. 10.00 crores, only 2.25 crores could be utilised as the modified scheme could be given a shape andguidelines for the release of grant-in-aid under the scheme could be finalised in consultation with the Planning Commission and circulated to the State Governments; only by December, 1979. The State Governments also took a long time in preparing and submitting specific projects meriting Central assistance as this new Scheme had never figured earlier in their plans. Thus, on account of the teething difficulties there was a shortfall of Rs. 7.75 crores after accounting for the committed savings of Rs. 30.00 crores. It may be added that keeping in view the slow progress in the submission of schemes by the State Governments, R.E. 1978-79 were kept at a lower figure of Rs. 5.00 crores.

The Central Government have since taken steps to assist the State Governments/local authorities in the preparation of project reports according to the prescribed guidelines. Workshops and seminars have been conducted to train the officers of State Governments/local authorities in the preparation of the project reports. The scheme is also being continuously reviewed by a high level Sanctioning Committee headed by the Secretary, Works and Housing. These measures have had a considerable impact on stepping up the tempo of formulation and implementation of these schemes.

(b) *Development of National Capital Region—Savings Rs.* 0.5560 *crores.*

A budget provision of Rs. 0.76 crores was made for the year 1979-80. Out of this, only Rs. 0.20 crores could be spent for the following reasons:

(1) The question of continuance of the NCR scheme in the present form remained under consideration of the Government.

(2) Pending final decision on the continuance of the scheme, it was decided to release assistance for five ring towns for on-going schemes only.

(3) Out of the five ring towns, assistance was released to the extent of Rs. 20.40 crores for the ongoing schemes for Alwar town only. The State Governments did not submit project reports for execution of the projects in other four towns which could have helped in releasing further assistance to thet States.

It has since been decided by the Government to revitalise the National Capital Region Scheme and progress of expenditure is likely to pick up during the current and subsequent years.

(c) *Hindustan Prefab, Ltd.,—Savings Rs.* 0.35 *crores.*

An amount of Rs. 0.25 crores under Investments in HPL with Rs. 0.10 crores on account of short-fall in loans to HPL was saved during the year. This undertaking had been incurring losses for some time and the question whether to continue it on a long term basis was under consideration of the Government. As such the release of the amount indicated above was withheld resulting in savings.

A decision has since been taken to continue the firm on a long term basis beyond 31-3-81 and the provisions for investments and loans to HPL are being fully utilised during the subsequent years.

(d) *Andhra Pradesh State Electricity Board—Savings Rs.* 0.058 *crores.*

This savings was on account of non-release of loans to APSEB for Housing purposes as the requisite demand from the State Government was not received.

No provision had been made in subsequent years under this sub-head.

(e) *Delhi Development Authority — Savings Rs.* 1 *crore.*

Against a budget provision of Rs. 10 crores in the Budget Grant of 1979-80, a sum of Rs. 9 crores only was released to DDA as Loans.

thereby saving Rs. 1 crore as a measure of economy. (Please also see Annexure 'A').

(f) *Construction of Residential Accommodation — Savings Rs.* 3,5637 *crores* (*plus Rs.* 2.70 *crores*) *as economy cut—Para 'A' above*)

The savings were due to the following reasons:

(i) Non-acquisition of land and non-availability of site;

(ii) Delay in finalisation of details of works, layout, etc. by client departments;

(iii) Non-completion of codal formalities;

(iv) Revision of schemes by client departments; and

(v) Retardation of progress of works due to labour problem and scarcity of building materials.

3. It would be seen from the above that out of the total shortfall of Rs. 51.51 crores, there was a committed surrender of Rs. 39.70 crores. The remaining short fall of Rs. 11.81 crores was monstly on account of the reasons explained in the preceding paragraphs. Thus it would be seen that as against the over-all provision of Rs. 259.17 crores in the two Grants including Rs. 127.34 crores in the Capital Section and after excluding the committed surrender, the total short-fall in the Capital Section has been only Rs. 11.81 crores for reasons explained in the preceding paragraphs.

4. As an additional safeguard, appropriate instructions have also been issued *vide* this Ministry's O.M. No. G-25015/5/81-Bt. dated 30-11-81 and O.M. No. 8(4)/81-B(DGW) dated 15-5-82 (copy enclosed) requesting all concerned to ensure that the prescribed rules and procedures and such other procedures as may be considered necessay, are scrupously followed, so as to avoid incidence both of excess expenditure as also of savings in future.

5. This note has been vetted by Audit.

[Ministry of Works and Housing O.M. No. F. No. G-25015/5/81-Bt. dated 16 June, 1983]

ANNEXURE — 'A'

Ministry of Works and Housing

(Budget Section)

Statement showing economy cuts in the Capital Expenditure in Grants—Nos. 90 & 92 under the Plan and Non-Plan items of expenditure

(Figures in crores of Rupees)

Demand No.	Major Head	Scheme	Cuts proposed/ accepted
90			
(A) Plan	..	..	..
(B) Non-Plan	459	Construction of Non-residential Institutional buildings.	6·00
92			
(A) Plan	683	Delhi Development Authority	1·00
	760	Integrated Urban Development Programme	10·00
(B) Non-Plan	483	Residential Accommodation outside General Pool.	2·70
		Total Demand Nos. 90 & 92	19·70

Copy of D.O. letter M. F. 7(8)-E (Coord.)/79 dated 19th June, 1983 from the Finance Secretary, Ministry of Finance (Department of Expenditure) to the Secretaries of all Ministries/Departments with copy to .Finanacial Advisers.

Recently Cabinet considered a paper prepared by the Department of Economic Affairs on "Prices and Production: The Economic Outlook for 1979-80". One of the conclusions in the aforesaid papers was to the following effect:

> "If the monetary stimulus of the budget deficit of Rs. 1375 crores is to be contained within safe limits, non-developmental spending at the Centre will have to be contained within budgeted levies. This requires firm though tactful handling of demand for bonus on the part of railwaymen and other government servants. At the same time, the State Governments must be told firmly that if they are unable to mobilise recources as agreed to with the Planning Commission, they must be prepared to face a cut in

their plan size. Besides, in fixing the size of State Plans due account must be taken of the manifest limitations on absorptive capacity which are now evident in a number of States. In addition, States must be told that resort to unauthorised overdrafts from the Reserve Bank will not be allowed under any circumstances. The State Government must also adopt all reasonable measures, to facilitate timely recovery of co-operative dues."

On Considering this, the Cabinet has taken the following decision:

"Economies should be affected in all expenditures whether developmental or non-developmental, and the State Governments must be told firmly that in case of inability to mobilise resources their plan sizes would be reduced. Effective steps should be taken to prevent the States from resorting to unauthorised overdrafts from the Reserve Bank, and they should be asked to adopt all reasonable measures to facilitate timely recovery of cooperative dues".

2. In pursuance of the above decision of the Cabinet, I am to request you to identify areas in your Ministry where economies can be effected in expenditure, both developmental or non-developmental and to take effective steps to achieve economies.

I shall be grateful if the progress made in the matter is intimated to us by 25th July 1979.

With best regards,

(COPY)

No. G-20017/18 79-Bt.

Government of India

Nirman Aur Awas Mantralaya

Nirman Aur Awas Mantralay

(Finance Division-Budget Section)

New Delhi, dated the 7th Feb. 1980.

Office Memorandum

The undersigned is directed to refer to the Ministry of Finance (Plan Finance Divisions') U.O. No. F3 (7)/PF-II/79 dated 2nd February, 1980 and to enclose a revised statements showing funds to be surrendered on account of transfer of schemes to State Plan sectoı.

..Sd/—
(Chandar Sain)
Under Secretary to the Government of India.

1. Ministry of Finance.
   Joint Secretary (Budget)
   (Shri A. C. Tewari)

2. Ministry of Finance,
   Department of Expenditure,
   Plan Finance Division,.
   (Shri T. G. Subramanian-Dy. Director (PF),
   New Delhi.

Statement showing funds to be surrendered on account of Transfer of Schemes to State Plan Sectors

(Rupees in thousands)

Sl. No.	Particulars	Category of the scheme	B.E. 79-80	Amount intimated earlier in D.O. No. 7653-Bt. 79 dated 2-11-79	Amount finally surrendered now
(1)	(2)	(3)	(4)	(5)	(6)
	Demand No. 91-Water Supply and Sewerage				
126	Accelerated Rural Water Supply .	I	80,00,00	Nil	15,00,00*
130	Conversion of dry latrines . .	III	26.00	26.00	26.00
131	*Urban Solid Waste Disposal Scheme*				
	(i) Urban Waste Disposal Scheme	III	64.10	69.10	68,00
	(ii) Urban Waste Disposal (Project Management Cell .		50	Nil	Nil
	(iii) Evaluation of Composting Plan		40	40	Nil
	Total .		80,96,00	95.50	15,94,00
	Demand No.: 92—Housing and Urban Development				
128	Integrated Urban Development .	II	40,00,00	20,00,00	20,00,00**
	Total .		40,00,00	20,00,00	20,00,00
	Grand Total .		1,20,96,00	20,95.50	35,94,00

*An additional sum of Rs. 5 crores over and above the Revised Outlay of Rs. 60 crores is required as rupee equivalent for the import of rigs for Accelerated rural water supply programme. This was discussed with Member Secretary, Planning Commission and Secretary (Expenditure) on 29-1-1980 when it was decided that the Ministry would be approaching Fiance Ministry for additional requirment. This is being done separatey.

**In addition to Rs. 20 crores surrender under the N.D.C. decision of transfer of schemes, an amount of Rs. 15 crores is proposed to be surrended as per Revised Estimate 1979-80 S.A.D. already sent to Ministry of Finance separately because of slow progress with the implementation of the revised scheme of IUDP for medium and sm ll towns.

No. G-25015/5|81-Bt.

Government of India

Ministry of Works and Housing

Nirman Aur Awas Mantralaya

(Finance Division—Budget Section)

New Delhi, dated the 30 *Nov.* 1981.

Office Memorandum

SUBJECT:—*Excesses and shortfalls in expenditure—57th Report of the Public Accounts Committee (7th Lok Sabha)*

The Public Accounts Committee (7th Lok Sabha) in their 57th Report have *inter-alia* expressed their unhappiness over large scale savings during 1979-80 in the Capital Section of 2 Grants pertaining to "Public Works" and "Housing and Urban Development" and have stressed the need for preparation of Budget Estimates more precisely. In this connection. extract of para 2.5 of the relevant recommendation is enclosed.

2. The procedure for achieving effective control over expenditure is contained in Rules 65 to 68 of General Financial Rules, 1963 and the Government of India's decisions thereunder. The Rules also provide for maintenance of various control registers to achieve the objective. Similarly, detailed guidelines already exist in Rules 50 to 53 *ibid* read with Appendix 3 thereof regarding preparation of Budget Estimates. Government of India's Decision (1) below Rule 7 of the Delegation of Financial Powers Rules. 1978 also purports to ensure adequate scrutiny and control in planning. programming and implementation of the schemes before making even token provisions.

3. All the Joint Secretaries and Heads of Deptts./Offices etc., under this Ministry are requested to ensure that the prescribed rules and procedures and such other procedures as may be considered necessary are scruplously followed by them so as to avoid incidence both of excess expenditure as that of savings.

4. A statement showing the shortfalls which occurred during 1979-80 in the Capital Section of the grants "Public Works" and "Housing and Urban Development" is enclosed. JS(W) and JS(HUD) are requested to intimate detailed reasons for heavy shortfalls shown under column 5 thereof in the usual form of submitting Action Taken Notes, get it vetted by the Audit

and forward the material to the Budget Section immediately, *but not later than 31st December,* 1981.

Sd/—

(Chandar Sain)

Under Secretary to the Government of India.

To

1. All Joint Secretaries in the Ministry.
2. All Heads of Departments/Head of Organisations etc.

No. 8(4)/81-B(DGW)

Government of India

Directorate General of Works

Central Public Works Department

New Delhi, dated the 15th May, 1982.

SUBJECT:—*Excess and shortfall in expenditure-57th Report of the P.A.C. (7th Lok Sabha).*

There was a saving of Rs. 10.51,47,000 in the year 1979-80 out of the Budget Grant of Rs. 66,55,47,000 in the Capital Section of both the grants 91 and 92. The shortfall was mainly on account of following reasons.

1. Non-receipt of Admn. Approval and Expedr. Sanction.
2. Slow progress of works for shortfalls of steels Cement and other materials.
3. Non-precurement of property by the client Department.
4. Late award of work.
5. Non-acquisition of land.
6. Miscellaneous reasons such as non receipt of equipments and other material from firms.
7. Corresponding saving in DCs. on account of saving in works Outlay.

From the above it would be observed that there had been a substantial savings which could have been avoided if appropriate action was taken in time especially in regard to works provided in the Book of Demands for Grants for which Administrative Approval and Revised A/A and E|S was awaited. The Chief Engineers are required to conduct a review of such works immediately after a receopt of books of Demand for Grants. This review for the year 1982-83 may now be taken in hand and statements of such works for each Deptt. may be got prepared and referred to the Ministry concerned from whom the A|A and E|S is awaited. A copy of the reference may be also endorsed to Under Secretary, Budget, Ministry of Works and Housing for necessary action at their level.

Attention of Chief Engineers is also invited to instructions contained in Rule 65 to 68 of GFR 1963 G.C.I.'s decision thereunder laying down the procedure for achieving effective control over expenditure. The rules also provide for maintenance of various control registers to achieve the objective. Similarly, detailed quidelines already exist in Rule 50 to 53 *ibid* read with Appendix III there of regarding preparation of Bt. Estimates with a view to controllingexpenditure to avoid shortfall of this magnitude as happeend during the year 1979-80 on the lines of necessary instructions contained in G.F.R. in this regard may be issued to S.Es|E:Es etc: of the Znes for strict compliance. A copy of Ministry of Works and Housing Memo No.25015/5/81-Bt. dated 11|81 on the above subject also enclosed for information and ensuring compliance necessary compliance.

During the review of B.G. 82-83, Capital Section as suggested above, if any chances of shortfall in the expenditure are foreseen, the reasons thereof may be reported to this office alongwith details so that appropriate action is taken immediately.

Sd/-......

(Vipan Chand)

F.C. to Director General (Works)

To

1. Chief Engineer (NDZ), CPWD, New Delhi.
2. Chief Engineer (CZ), CPWD, New Delhi.
3. Chief Engineer (NZ), CPWD), New Delhi.
4. Chief Engineer (Food), CPWD, New Delhi.
5. Chief Engineer (EZ), CPWD, Calcutta.
6. Chief Engineer (WZ), CPWD, Bombay.
7. Chief Engineer (SZ), CPWD, Madras.

Copy of O.M. No. G-25015/5/81-Bt., dated 11/81 from Ministry of Works & Housing (Finance Division-Budget Section) addressed to All Joint Secretaries in the Ministry etc. etc.

-0O0-

Sub:—Excesses and shortfalls in expenditure-57th Report of the Public Accounts Committee (7th Lok Sabha).

The Public Accounts Committee (7th Lok Sabha) in their 57th Report have *inter-alia* expressed their unhappiness over large scale saving during 1979-80 in the Capital Section of 2 Grants pertaining to "Public Works" and "Housing and Urban Development and have stressed the need for preparation of Budget Estimates more precisely. In this connection, extract of para 2.5 of the relevant recommendation is enclosed.

2. The procedure for achiving effective control over expenditure is contained in Rules 65 to 68 of General Financial Rules, 1963 and the Government of India's decisions thereunder. The Rules also provide for maintenance of various control registers to achieve the objective. Similarly, detailed guidelines already exist in Rules 50 to 53 *ibid* read with Appendix 3 thereof regarding preparation Budget Estimates. Government of India's Decision (i) below Rule 7 of the Delegation of Financial powers Rules, 1978 also purports to ensure adequate scrutiny and control in planning programming and implementation of the schemes before making even token provisions.

3. All the Joint Secretaries and Heads of Depts./Offices etc., under this Ministry are requested to ensure that the prescibed rules and procedures and such other procedures as may be considered necessary, are scruplously followed by them so as to avoid incidence both of excess expenditure as that of savings.

A statement showing the shortfalls which occurred during 1979-80 in the Capital Section of the grants "Public Works" and "Housing and Urban Development" is enclosed. JS(W) and JS(HUD) are requested to intimate detailed reasons for heavy shortfalls shown under column 5 thereof in the usual form of submitting Action Taken Notes: get it vetted by the Audit and forward the material to the Budget Section immediately but not later than 31st December, 1981.

Extract of para 2.5 (Recommendation No. 1) in Appendix XIII of the Public Accounts Committee (1981-82) (Seventh Lok Sabha 57th Report regarding Excesses over Voted Grants and Charged Appropriations (1979-80).

2.5 During the year under review viz., 1979-80, excess expenditure had occurred under 13 Voted Grants and 6 Charged Appropriations and aggregated to Rs. 140.85 crores; as against Rs. 82.42 crores and Rs. 42.28 crores respectively during the years 1977-78 and 1979-80. Only a year ago the Committeee had expressed satisfaction over the declining trend in the aggregate amount of excess expenditure evidenced during the year 1978-79 and had hoped that every endeavour would be made by the Ministries/Departments to ensure that the position was not allowed to deteriorate once again. The Committee are, however, concerned to note that the position deteriorated so soon to a considerable extent. They are constrained to point out that the system of estimation of expenditure is faulty and year after year Parliament is being presented with a fait accompli.

In this connection the Committee are also constrained to point out that as against the total Grants to the tune of Rs. 21,831.33 crores Voted by Parliament the Appropriation Accounts reveal savings to the extent Rs. 1,940.49 crores i.e. 8.8 per cent of the Voted provisions. The Appropriation Accounts (Civil) disclosed savings of Rs. 1,479.96 crores out of voted amount of Rs. 12,534.79 crores, i.e. 11.8 per cent (Rs. 31,628.43 crores (i.e. 5.4 per cent). Thus total savings amounted to Rs. 3,192.12 crores out of total Voted and Charged sanctioned provision. Some of the vital sectors of the economy in which large scale savings have been reported in the Capital Section are Agriculture, Fisheries, Rural Devlopment Irrigation, Communication, Power Development, Medical and Public Health, Industry, Village and Small Industry, Textile-Handlooms and Handicrafts, Petroleum and Petrol Chemicals Industry, Chemicals and Fertilizer Industry, Roads, Ports, Light Houses and Shipping, Public Works, Housing and Urban Development etc. etc. The reasons for heavy shortfalls in expenditure particularly, in the rural sector need to be adequately explained to the Committee.

Such large scale savings are indicative of not only bad budgeting but also of the failure of the Department concerned to make full use of resources provided to them for the betterment of the people. Over-pitching of the estimates without corresponding efforts to utilize them gainfully deprive the other equally vital sectors of the economy of the much needed resources for development. Since Parliamentary Control over Government expenditure calls for financial discipline the Committee would like Govt. once again to analyse in depth the reasons for this recurring phenomenon with a view to initiate timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred|contained within the funds authorised by the Parliament.

Statement showing shortfalls occurring during 1979-80 in the Capital section of the Grants "Public Works" and "Housing and Urban Development".

Sl. No.	Area of Expenditure	Actual Shortfall	Surrender already Committed in pursuance of economy cuts imposed/ funds transferred to state sectors as per National Development Council decision	Remaining shortfalls
1	2	3	4	5
1.	'Works'	10·5147	6·00	4·5147
2.	National Capital Region Integrated and Urban Development Programme.	38·3060	10·00 (Committed) 20·00 (transferred)	8·3060*

To be explained by
6.

DG(W), CPWD
UD Division
3

* Even out of this Rs. 5·00 crores were reduced at the time of R.E. 79-80 for slow progress of the implementation of revised scheme of development of Small & Medium Towns

(ii) *Ministry of Industry (Department of Industrial Development)*

Consequent upon the inclusion of the poly-vastra programme of Khadi and Village Industries Commission in the Village Industries Scheme vide Gazette notification dated 16-4-1979 (Copy enclosed), taking it out from their khadi scheme, an amount of Rs. 100.00 lakhs had to be transferred from khadi loan to Village Industries loan. · This was done by reappropriation of the said amount of Rs. 100.00 lakhs, on the request of the Commission vide their note dated 26-2-80 (copy enclosed) from sub-head CC.2(1)(1)(1)-Development of Khadi to CC.3(1)(1)-Khadi and Village Industries Commission with the approval of the competent authority vide letter No. G-20014(5)/79-KVI(II) dated the 6-3-80 (copy enclosed). The reappropriated amount had been utilised and hence there has been no shortfall under the total loan component of the KVIC.

[Ministry of Industry Department of Industrial Development Office Memorandum No. G-25020(2)/KVI(II) dated 25 March, 1983.]

Note for the consideration of the Commission:

Subject: Reappropriation of Rs. 1 crore from Khadi Loan fund to V.I. Loan fund during 1979-80.

The original budget estimates for V. I. Loan submitted to Government was for an amount of Rs. 37.48 crores. This was substantially scaled down in the revised budget estimates to Rs. 21.81 crores keeping in view the overall allocations for the KVI Sector and the estimated utilisation of Bank Finance for K.V.I. programmes. Against the net requirement of Rs. 21.81 crores, the Government allocation for 1979-80 for V.I. Loan is Rs. 18 crores only. In other words the Government's sanction under Village Industries loan is Rs. 3.81 crores less than the actual requirements in the current year. In addition to this, the Poly-Vastra programme, which was not included in the V.I. Loan estimates as it was originally intended to be a programme of Khadi, has subsequently been included as one of the village industries. This means that out of Rs. 18 crores sanctioned by the Government under village industries loan funds, the needs of the Poly Vastra programme would also have to be met. As intimated by the Director, Poly Vastra, a total amount of Rs. 1.03 crores has already been sanctioned by the Standing Finance Committee for the programmes under Poly Vastra.

In the light of above, since the short-fall for village industries programme is to the extent of Rs. 3.81 crores, it is for consideration as to whether an amount of Rs. 1 crore may be reappropriated from Khadi Loan to V.I. Loan with the prior approval of the Government.

C.E.O., and F.A. have agreed to place the proposal before the Commission for its consideration.

Sd|-D. K. Ghosh, 27-2-80
Dy. Chief Executive Officer (V.I.)
Khadi and Village Industries
Commission.

(Copy)

Most Immediate Budget

No. G-20014(5)/79-KVI(II)
Government of India
Ministry of Rural Reconstruction
K.V.I.(II) Section (

New Delhi, the 6th March, 1980.

To
Shri R. K. Ganguly,
Chief Executive Officer,
Khadi and V.I. Commission,
Irla Road, Vile Parle (West),
Bombay-400056.

Sub.:—Reappropriation of Rs. 1 crore from Khadi Loan fund to Village Industries Loan fund during 1979-80 Khadi and Village Industries Commission, Bombay.

Sir,

I am directed to refer to the additional item No. 14(9) of the agenda circulated in the Khadi and Village Industries Commission's meeting held on 29-2-80. on the subject cited above and to say that pending receipt of your proposal, the matter has been considered in this Ministry and it has been held that there is no objection to the reappropriation of Rs. 1 crore from Khadi Loan fund to Village Industries Loan fund by KVIC the year 1979-80.

Yours faithfully,
Sd/-
(S. B. Goel)
Dy. Secretary to the Govt. of India.

(To be published in the Gazette of India, Extraordinary Part II, Section B, Sub Section (1)

Ministry of Industry
(Department of Industrial Development)

New Delhi, the 16th April, 1979.
26th Chaitra, 1901

NOTIFICATION

G. S. R. . . . . . IN EXERCISE of the powers conferred by sub-section 3 of the Khadi and Village Industries Commission Act, 1956 (61 of

1956), the Central Government hereby adds to the Schedule to the said Act, the following village industry, namely:—

> "Poly Vastra" which means any cloth woven on handloom in India from yarn handspun in India from a mixture of man-made fibre with either cotton, silk or wool or with any two or all of then or from a mixture of man-made fibre yarn handspun in India with either cotton, silk or woollen yarn handspun in India or with any two or all of such yarns.

Sd/- S. J. Coelho, Joint Secretary

(iii) Ministry of Rural Development:

The Budget provision of Rs. 10.43 lakhs (Rs. 10.00 lakhs under Plan and Rs. 0.43 lakhs under non-plan) was made under the Major Head 505 Sub head BB(1)(i)—Agricultural Marketing Laboratories, during 1979-80. The provision of Rs. 10.00 lakhs under Plan was proposed to cover initial expenditure of Rs. 5.00 lakhs each for construction of Agmark Laboratories (at Bombay and Delhi) and for the construction of Hostel and Workshop for the Market Planning and Design Centre. This provision was made on a token basis to cover the anticipated expenditure of inciden-tal and or of advance nature to the main work as mentioned below in details in respect of each project. The provision of Rs. 0.43 lakhs under non-plan was provided for maintenance and repairs of Central Agmark Laboratory, Nagpur in 1979-80 on requisition from CPWD. This provision was, however, revised to Rs. 0.20 lakhs by CPWD resulting unavoidable savings of Rs. 0.23 lakhs.

The revised estimates of Rs. 11,96,664.00 submitted by CPWD in June, 1977 for Laboratory building at Bombay were submitted to the Ministry for Administrative approval and expenditure sanction in April, '78. The Administratve approval and expenditure sanction for Rs. 11.97 lakhs was issued in September, 1979. However the CPWD intimated in Novem-ber, 1979 that the construction cost had gone up due to reasons stated below and the sanctioned provision would be totally inadequate. The revised estimates submitted by CPWD in June, 1977 had to be further revised due to change in Bombay Municipal By-laws 1979. The work could not be undertaken during 1979-80. The budget provision as men-tioned in the note above could not be utilised resulting in unavoidable savings.

1. Abnormal increase (85.5 per cent) in cost index over the rates in original estimates which come to Rs. 10.26 lakhs.

2. Demand of the Laboratory for water and electricity which resulted in the increase of Rs. 2.25 lakhs.

3. Structural provision to resist earthquakes forces at a cost of Rs. 0.83 lakhs which was not included in the original estimates as the soil investigations were done afterwards.

(2) The Regional Agmark Laboratory Building proposed at New Delhi. besides being a functional building requiring specialised provisions to accommodate the Veterinary and Biological Control Cell within the premises and at the same time keep it as much isolated as possible to prevent bacteriological contamination etc. After a number of trials on the part of CPWD, the most appropriate building plan was obtained and thereupon approval accorded by the D.M.I. These were then submitted by the Executing Agency CPWD to DDA for building approval. In view of the special provisions to meet the functional requirements which indicated in the drawing but did not occur in the normal course, approval to the building drawings was delayed. Certain provisions which are essential for effective functioning but were not in conformity with DDA's building bye-laws were not insisted upon to avoid further delay. Such specific issues were proposed to be submitted for DDA's approval as special issues for training the operation of the relevant building bye-laws. The DDA was also requested in July, 1979 to grant extension of time for completing the construction work. The building approval was delayed on account of procedural formalities and the work could not be started by CPWD during 1979-80 resulting in unavoidable savings.

(3) The proposed trainee Hostel and Workshop were proposed to be located on the available vacant land at the rear of the existing Central Agmark Laboratory (double storeyed) building at Nagpur. Since the proposed buildings were expected to be about 4 storeyed and it was also felt that the special machines foundation would be needed in the workshop. soil investigations at the site especially on account of the observed black cotton soil strata were referred to CPWD in September, 1977. The CPWD intimated in June, 1978 that about two months time will be taken by that office to commence the field soil conservation for the above work. This work could not, however, be undertaken during 1979-80 as scheduled and the designs for the project could also not be finalised as the FAO Experts joined later than expected. They could finalise the requirements of the Hostel and Workshop in May, 1980 only. The budget provision could not be utilised resulting in unavoidable savings.

In view of the position explained above, Public Accounts Committee will appreciate that in anticipation of the works to be undertaken during 1979-80 and the expenditure to be incurred to cover the anticipated expenditure of incidental and/or of advance nature to the main work, the budgeting was done correctly. but due to unforeseen circumstances which were beyond our control delayed the works, causing unavoidable savings.

An Expenditure Review Committee has now been formed in the Ministry which meets quarterly to review the progress of expenditure against budget provisions on various heads regularly.

[Ministry of Rural Development O.M. No. G. 25011/17/81-B and A Dated 21 February, 1983]

Recommendation

The Committee find that the overall excess under the Appropriation 'Interest Payments' after setting off savings comes to Rs. 3.59 crores. It is significant that but for savings, the real excess would have been Rs. 8.13 crores. The Committee are informed that interest payments are spared over a large number of Post Offices in India and are, by their very nature, not susceptible to precise estimation. Further, interest in some cases is not claimed in the same year in which it becomes due and the arrears of interest are claimed in a subsequent year. A part of the increase was also on payment of commission to small savings agents due to large investments in small savings than anticipated earlier. The Committee are unable to appreciate why additional liabilities on this account, especially on investments in small savings, could not have been assessed more realistically by adequate liaison with Posts and Telegraphs Department and provided for at least in the supplementary Budget. They would like to be apprised of the concrete measures taken or contemplated to effect improvements in this behalf.

[Serial No. 7, Appendix XIII para 2.20 of 57th Report of PAC (7th Lok Sabha].

Action Taken

The observations of the Public Accounts Committee have been carefully considered by the Department of Economic Affairs in consultation with Director General, Posts & Telegraphs (Postal Accounts) and the National Savings Commissioner. The requirements of additional data for making a more precise estimation of the interest payments and commission payments in respect of small savings schemes have been examined in detail. Director (Postal Accounts) in the Directorate General of Posts & Telegraphs has since been requested to furnish, by the end of January every year, the actual figures for the first nine months of the financial year (April to December) relating to deposits, withdrawals/encashments and interest payments in respect of each small savings scheme/security for which a detailed head of account is kept in the account, together with actual figures for the previous year (copy enclosed). A break-up of outstanding deposits as at the end of the previous financial year for each category of savings certificates and for each year of issue will also be furnished by him. In the case of Bank series of savings certificates, the Chief Controller of Accounts Department of Economic Affairs, has been similarly requested to furnish actual figures for the first nine months of the year by the end of January (copy enclosed).

2. As regards commission payments to small savings agents, the data to be furnished by the Director (Postal Accounts), as indicated above, will also cover actual payments of commission to agents under the Standardised Agency System and to Extra Departmental Post Masters during the first nine months of the year. In the case of commission payments made under the Pay Roll Savings Scheme in Government offices, the Chief Controller of Accounts, Department of Economic Affairs has been requested to furnish similar data. National Savings Commissioner has been requested to furnish such data in the case of commission payments made by Regional Directors, National Savings, to agents under the Mahila Pradhan Kshetriya Bachat Yojana and Pay Roll Savings Group Leaders in non-Government establishments (copy enclosed).

3. It is expected that with the help o f these data, which will be more up-to-date and complete than the data available in the past, it will be possible to prepare Revised Estimates of interest payments in a better manner and seek additional provision of funds through Supplementary Demand to the extent required.

[Ministry of Finance (Department of Economic Affairs). O.M. No. 11/2/81-NS dated the 8 June, 1983]

Govt. of India

Ministry of Finance

V. Lakshminarayanan, Department of Economic Affairs

Director (Budget)

D.O. No. F. 11/12/82-NS 23rd April, 1983.

Dear Shri Bhat,

Kindly refer to our D.O. letter No. PA, EB-II|S.II|82-83|527 dated 7th September, 1982 regarding data required for framing Budget Eestimates for interest payments on small savings securities. I also discussed this matter with you some time ago and it was explained by you that details relating to premature payments and post-maturity holdings or discharges in each year are not readily available, as these are not built into the accounting data. During our discussions it was also appreciated that far too many detailed heads would have to be opened in the accounts for recording such particulars and considering a large number of primary accounting cumber units (about 900 head post offices), such a proliferation of detailed heads would, apart from making the accounts cumbersome, also increase the scope for serious arrears and misclassifications in the accounts, which will defeat the very purpose of opening the new heads. You also informed me after consulting Director (SB) in your Organisation that such details are not available from other (non-account) sources as well.

2. During the discussions, it was, however, stressed that relevant data to the extent possible, should be made available to us for purpose of preparing Revised Estimates and it was agreed that it would be possible for your office to furnish the following information by the last week of January:—

(i) Actuals for first 9 months (April to December) in the current year:

(ii) Actuals for the previous year;

(iii) A break-up of outstanding deposits as at the end of the previous financial year according to year of issue in respect of each category of savings certificates.

3. I shall be grateful if you will kindly arrange to furnish these figures and in the case of (i) and (ii) above separately in respect of each category of accounts/securities for which detailed heads of account are kept under Major Heads 801—Savings Bank, 802—Savings Certificates and 249—Interest Payments. In the case of Major Heads 801 and 802, gross deposits and withdrawals may be given separately. In the case of Major Head 239, the figures need be given only for the various heads relating to Interest on Savings Deposits, Interest on Savings Certificates and Management of Small Savings. In addition, the figures may also be given for Major Head 601—Public Debt relating to 5—Year Prize Bonds and Premium Prize Bonds 1963 and 1964.

4. In this connection, it was mentioned that an extract from Abstract Statement of Accounts (receipt or capital and Expenditure) for the month of December would meet these requirements. You may, accordingly, arrange to send us relevant extracts of the Statement if they covered all

the items mentioned above; otherwise, you may kindly have a separate statement prepared and sent to us giving the details on the lines mentioned above.

5. While the data referred to above will be helpful in preparing the Revised Estimates, it will be necessary for us to have more up-to-date information by the begining of March for purpose of reappropriation and surrender of funds. It is, therefore, requested that a Statement showing the corresponding figures up to January, i.e., for first 10 months of the year, may kindly be sent to us by 1st March.

6. I shall be grateful if the Statements, as requested above, are arranged to be furnished to us without delay every year. Other returns already being sent to the Budget Division by your office may continue to be furnished as usual.

Kindly acknowledge receipt of this letter.

With regards.

Sd/-

(V. Lakshminarayanan)

Shri U. V. Bhat,

Director (Postal Accounts),

DGP&T.

Sardar Patel Bhawan,

New Delhi.

Copy forwarded for information and necessary action to Shri R. S. Raghavan, Dy. Controller General of Accounts, Office of the C.G.A., Lok Nayak Bhavan, New Delhi.

Sd/-

(V. Lakshminarayanan)

V. Lakshminarayanan

Director (Budget)) ....

D.O. No. F.11|12|82-NS

Government of India

Ministry of Finance

Department of Economic Affairs

New Delhi- the 23rd April, 1983

Dear Shri Tandon,

With reference to an extent over the Appreciation which occured under the Head 249—Interest Payments during 1979-80, the Public Accounts Committee have observed that the estimates of inerest paymens and commission payments relating to small savings schemes should be made more realistically and adequate funds provided at least in the Supplementary Budget. While the bulk of these payments are being made by the post offices, certain payments in this regard are also accounted for by your organisation. These are mainly the Interest payments made on Bank series of National Savings Certificates and National Development Bonds (sold through Banks).

The other payments relate to agency commission disbursed under Pay Roll Savings Scheme in Government offices. So far as the Central Government departments are concerned, the establishments make the payment to the Pay Roll Savings Group Leaders (agents) and book the expenditure directly under the Head '249-Interest Payments-Interest on Small Savings. Provident Funds, etc.-Management of Small Savings-Other Expenses in connection with Small Savings Scheme. The Controller of Accounts of various Ministries/Departments are to furnish monthly reports to your office in this regard. In the case of commission paid in State Government offices, the State Accountant General pass on the debits to your office for settlement.

To enable us to take these payments ino account for purpose of Revised Estimates, it is requested that the following details may be furnished to us by the last week of January every year:—

(i) Actual figures of gross deposits and repayments under each detailed head of Major Head 802-Savings Certificates, during the first 9 months, i.e., April-December.

(ii) Gross deposits and repayments during the previous financial year under each of these detailed heads.

(iii) Interest payment during the first 9 months of the current year, i.e., April-December, for each category of certificate for which detailed head is kept under Major Head 802-Savings Certificates.

(iv) Commission payment accounted for in the first 9 months, i.e., April-December under the Head 249-Interest Payments, as mentioned above.

2. Similar figures for the first 10 months, i.e. April-January may also kindly be sent to us by 1st March for purpose of reappropriation|surrender of funds.

3. Since the details mentioned above are essential for determining the requirement of funds in each year and avoid excess over sanctioned provision, I shall be greatful if these details are furnished to us without delay every year.

The receipt of this letter may kindly be acknowledged.

With regards,

Yours sincerely

Sd|- V. Lakshminarayanan

Shri G. N. Tandon,

Chief Controller of Accounts

Department of Economic Affairs,

New Delhi.

Copy forwarded for information and necessary action to Shri R. S. Raghavan, Dy. Controller General of Accounts, Office of the C.G.A. Lok Nayak Bhavan, New Delhi.

Sd|- V. Lakshminanarayan

Director

V. Lakshminarayanan
Director (Budget))

D.O. No. F.11|12|87-NS
Government of India
Ministry of Finance
Department of Economic Affairs
New Delhi, the 23rd April, 1983

Dear Shri Jain,

Kindly refer to your letter No. 33671|1(1)|81|Stt. dated 24-7-1982 regarding excess over Appropriation for interest payments during 1979-80.

While we appreciate the difficulties explained by your office in preparing the estimates, we feel that in so far as the commission payments made by the Regional Directors to MPKBY agent and to Pay Roll Savings Group Leaders in private sector establishments are concerned, it should be possible to improve upon the exiting arrangements for preparing the Revised Estimates. For this purpose, it is requested that the Regional Directors may be asked to send you the figures relating to

(i) actual payment of commission during the first 9 months i.e. April-December; and

(ii) Commission likely to be paid during January-March, taking into the accounts the claims pending with them, the claim likely to be received and other relevant factors.

These figures may be obtained from the RDs and consolidated figures intimated to us by the third week of January every year for purpose of Revised Estimates.

Similarly, the actuals for the first 10 months, i.e. April-January and the likely amounts for February-March may be obtained and reported to us by 1st March for purpose of re-appropriation and surrender of funds.

2. In the light of PAC's observations, it is considered necessary to make all efforts to estimate the requirements of funds at the RE stage more precisely and to avoid excess over the sanctioned provision of funds. It shall, therefore, be grateful if you will kindly take steps to obtain and furnish data as requested above without any delay every year. The other estimates and information which are being sent by you for purpose of Budget Estimates may, however, continue to be furnished to us as usual.

The receipt of this letter may kindly be acknowledged.

With regards,

Yours sincerely,

Sd|-

(*V. Lakshminarayanan*)

Shri S. B. Jain,
National Savings Commissioner,
Post Box No. 96,
Nagpur.

APPENDIX XVII

(*Vide* Introduction)

Statement of Conclusions/Recommendations

Sl. No.	Para No	Ministry/Deptt.	Recommendation
1	2	3	4
1	2·7	Finance (Expenditure)	During the year under review *viz.*, 1981-82, excess expenditure had occurred under 16 Voted Grants and 4 Charged Appropriations and aggregated to Rs. 462.69 crores as against Rs. 140.86 crores and Rs. 359.16 crores respectively during the years 1979-80 and 1980-81. The Committee note that bulk of the excess on the Civil side *viz.*, Rs. 168.93 crores out of the aggregate excess of Rs. 206.84 crores was contributed by one Grant *viz.*, Grant No. 12 —Foreign Trade and Export Production. Three Grants operated by the Ministry of Defence contributed to an overall excess of Rs. 115.59 crores, while the Ministry of Communications contributed to an excess of Rs. 51.64 crores. In the case of Railways, the excess was Rs. 88.62 crores. Year after year, the Committee have been expressing concern over excess expenditure. The Committee are however distressed to note that instead of improving, the position has been deteriorating. During the year 1981-82, the aggregate excess expenditure was the highest during the decade 1972-82. It was nearly 130 per cent of that in 1980-81, 330 per cent of that in 1979-80 and 1100 per cent of that in 1978-79. That the position should have deteriorated in spite of repeated exhortations of the Committee and the repeated instructions issued by the Ministry of Finance is a matter of serious concern. An analysis of the explanations given by the Ministries shows that, as in the past,

			defective estimation of requirement of funds, absence of a continuous watch over the flow of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto and absence of adequate provision for adjustment of past liabilities continue to be the main reasons for excesses. The fact that the same causes for the excesses should persist year after year leads the Committee to believe that the matter has not been viewed by the Ministries with the seriousness it deserved. The Committee would like the Ministries to bear in mind that excess expenditure is "unauthorized expenditure" and it betrays lack of financial discipline. The only contingency in which such expenditure is understandable is when a need for unavoidable expenditure has arisen suddenly which could not have been anticipated or foreseen and there is no time left for the Ministry to approach Parliament for a Supplementary Grant/Appropriation. Even in such cases advance from the Contingency Fund should be taken. The Committee would like Government to tighten their financial control with a view to ensure that the excesses are reduced to the barest minimum, if not altogether eliminated.
2	2.8	Finance (Expediture/Railways/ Deffence/Communication/ (P&T Board)	The Committee had, only a year ago, viewed with concern the presistant phenomenon of excess expenditure. The Committee note that as in the previous year the bulk of the excess expenditure during 1981-82 (leaving aside Grant No. 12 Foreign Trade and Export Production, which has been dealt with later in this Report) taken place in Railways, Defence and P&T. The Committee agree with the Ministry of Finance that rather than a review of the departmentalisation of accounts and IFA Scheme obtaining in Civil Ministeries/Departments, the financial systems in the three other sectors should be reviewed in depth to take steps to obviate such large scale excess expenditure. The Committee would accordingly recommend an indepth review of the financial system in Railways, Defence and P&T by a team of high level officials. They would suggest that representatives of the C&AG of India and the Ministry of Finance must also be associated with it. The Committee would await the outcome of the review and steps taken on the basis thereof.

1	2	3	4
3	2·12	Commerce	The original captial grant of Rs. 62·38 crores in respect of Foreign Trade and Export Production was augmented to Rs. 187·88 crores by supplementary grants but the actual expenditure was of the order of Rs. 356·81 crores. The Committee have carefully considered the explanation offered by the Ministry of Commerce for the incredible excess expenditure of Rs. 168.93 crores under the grant. The excess was on account of unanticipated drawal of technical credits by foreign countries under the rupee trade agreements. In pursuance of an earlier recommendation of the Committee the Ministry of Commerce had informed (June 1981) that a decision had been taken that actual drawals of funds would henceforth be limited to the extent possible to approved budget provisions and that the Reserve Bank of India had agreed to furnish weekly debits of gross drawals of technical credits, which it was hoped would have enabled the Ministry of Commerce to keep a watch and issue additional budgetary sanction as and when required after obtaining provisions. The Committee have now been informed that the weekly report of the R.B.I. is not of much avail as significant drawals take place in the last 2-3 months of the financial year, leaving no time to cover the excess through supplementry grant. This virtually means that the expenditure cannot be regulated within the grant, which the Committee cannot accept. The Committee would, therefore, like the Ministry of Commerce to once again review the existing procedures in consultation with the Ministry of Finance (Department of Economic Affairs) and the Reserve Bank of India and also if necessary in consultation with the rupee trading countries to ensure more accurate estimation and effective watch over the flow of drawals.
4	2·16	Communications	There was an overall excess of Rs. 51·64 crores under Grant No. 18- Capital Qutlay on Posts and Telegraphs. Against the final grant of Rs. 512·01

crores, the actual expenditure amounted to Rs. 563·64 crores. The Committee note that but for savings to the extent of Rs. 43.31 crores under certain heads, the excess expenditure under this Grant would have been as high as Rs. 94·95 crores. The net excess is the highest since 1973-74 and has been attributed by the Ministry to rapid progress in construction of buildings for operative offices, receipt of more lines and wires materials than anticipated for the local telephone systems, escalation in the cost of apparatus and plant equipments and larger procurement of stores by the Stores and Civil Engineering Organisations. In extenuation, the Ministry have stated that in the earlier two years *viz* , 1979-80 and 1980-81, the supply of equipment and maintenance stores was much less with the result that considerable amount of allotted funds could not be utilised. As against the sanctioned grant of Rs. 403·86 crores in 1979-80, the expenditure was only Rs. 308·22 crores and in 1980-81, against the sanctioned grant of Rs. 451·59 crores, the expenditure was only Rs. 351·09 crores. According to the Ministry, larger orders were placed in 1981-82 with a view to ensure adequate supply of stores. However, it has not been stated that the works suffered on account of inadequacy of stores in the past. In any case, the Committee are not convinced by this explanation. Both sets of figures, one of underspending (Rs. 95·64 crores in 1979-80 and Rs. 100·50 crores in 1980-81) and the other of overspending (Rs. 51·64 crores in 1981-82) speak eloquently of the callous disregard for any sort of financial discipline. The huge gap between the estimates and actuals only reveals the utter failure of the Ministry to anticipate expenditure on a logical and rational basis. Not to purchase stocks well in time within the sanctioned amount thus leading to so-called savings is decidedly not a virtue, nor is it to purchase stocks overzealously subsequently by overspending in these days of rising prices. The Committee trust that in future past experience serving as a guide, the Ministry will be careful and cautious both in estimation and in spending so that such violent variations are avoided as far as practicable.

1	2	3	4
5	2·23	Defence	The excess of Rs. 88·80 crores under Grant No. 20 (Revenue Section) Defence services—Army is mpinly attributable to the excess of Rs. 42·43 crores under Sub-head A-6-Ordnance Factories, Rs. 43·11 crores under the sub-head A-9-Stores, Rs. 8·32 crores under the Sub-head A-4-Transportation and Rs. 8·90 crores under Sub-head A-10-Works. Similarly, the excess of Rs. 5·48 crores under Grant No. 21-Defence services - Navy is mainly attributable to gross excess of Rs. 6·96 crores under the Sub-head A-5 Stores. The excess of Rs. 21·31 crores under Grant No. 24 Defence services-Capital Outlay was mainly, attributable to Construction Works under sub-heads 'A-1-Army' 'A-2-Navy' and 'A-3-Air-Force.' The Committee note that the aggregate excess expenditure under the various Grants relating to the Ministry of Defence is more than twice of that in the preceding year. As in the past, increase in cost of stores an POL, accelerated progress of works, failure to anticipate properly and provide for the receipt of stores and debits relating thereto as also failure to exercise proper control over the progress of expenditure were the main reasons for excesses. The Committee have been informed that in pursuance of the recommendation contained in paragragh 2·31 of the 57th Reportof the Committee (1981-82), the Works study Groupin the Ministry of Defence has, in consultation with the Ministry of Finance (Defence) since conducted a detailed study of the system of regulating the work of supplies, their receipt and their adequate financial provisioning in the budget. The Ministry expect that with the implementation of the measures suggested by the Works Study Group there would be improvement in the existing system and the variations between the sanctioned grand and actual

			expenditure would be minimised. According to the Ministry, full impact of the measures aimed at tightening up the system of monitoring and control of expenditure could be felt only in the subsequent years and it is too early to assess the same as the instructions were circulated only in June, 1982. The Committee would like the Ministry to keep close watch over the position and ensure that the budgetary control is truly effective in future.
6	2·26	Home Affairs	There was an excess expenditure of Rs. 5·99 crores and Rs. 16·70 crores respectively in the Revenue and Capital Sections (voted) of Grant No. 53-Delhi. But for savings under certain heads the overall excess in Revenue Section would have been Rs. 7·89 crores and in the Capital Section Rs. 17·72 crores. During the year 1980-81, the excess was to the tune of Rs. 11·73 crores. As in the previous year, bulk of the excess in 1981-82 in the Revenue Section was due to purchase of more building materials at escalated costs following voluminous increase in construction work connected with Asian Games, 1982. The Committee note *inter alia* that in pursuance of an earlier recommendation of the Committee, a revised accounting procedure has since been introduced by the Ministry of Works and Housing from the financial year 1982-83 and it is expected that the booking of expenditure under normal budgetary suspense accounts will be confined to the provisions appearing in the budget. The Committee have also been informed that the Delhi Administration has also introduced a system of Management Accounting from the quarter ending 30 June, 1982 to enable the Heads of Departments to review the monthly progress of expenditure. The Committee desire that the Ministry should ensure that there is no significant excess expenditure over the voted grant in future.
			The Committee note that out of the total excess expenditure of Rs. 16·70 crores under the capital section of the Grant, Rs. 9·91 crores represented non-remittance by the Delhi Development Authority of the

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			surplus of receipts over expenditure to the Revolving Fund, prior to the close of the financial year, as required under the prescribed accounting procedure. As a result, the surplus receipts were treated as advance to the D.D.A., resulting in excess over the budget provision. The Ministry have assured that all efforts are now being made to persuade the D.D.A. to observe the accounting procedure strictly and start remittance of receipts realised by them on account of premium, etc. to the Revolving Fund before the close of the financial year. The Committee are surprised that the D.D.A. should have, in disregard of the prescribed procedure, failed to remit the surplus receipts to the Revolving Fund, prior to the close of the financial year and that the Ministry should have remained a helpless spectator still trying to "persuade" the D.D.A. The Committee desire that the D.D.A. should strictly follow the prescribed accounting procedure in future.
7	2·29	Home Affairs	There was an overall excess of Rs. 2786 crores under Revenue Section of Grant No. 55-Andaman and Nicobar Islands administrered by the Ministry of Home Affairs. This Grant had been exceeded in 1980-81 also by Rs. 2.94 crores. The excess during 1981-82 occurred under Sub-heads 'A.12(5)(2) - Purchase' (Rs. 1.38 crores), 'A.12(5)(3) Miscellaneous P.W. Advances' (Rs. 0·37 crore) and 'A. 12(6)-Other Expenditure' (Rs. 0.24 crore) of Major head "259", and Sub-head 'C.13(1)(1)(1)-Maintenance of Jetties (Rs. 0·50 crores), and 'C.13(1)(4)-Dockyard and Dry Docking (Rs. 0·41 crore) of Major head "335". The excess expenditure is mainly attributable to adjustment of debits for past liabilities, which could have been anticipated and provided for fully through a closer liaison between the indenting authorities, procurement

			agencies and the accounts organisation as also through proper maintenance of liability register. The Committee are constrained to record their displeasure over the persistent tendency on the part of the Andaman and Nicobar Administration to exceed the budgetary ceilings. The Committee note that the Ministry have issued instructions to the Andaman and Nicobar Administeration to observe strict financial discipline and avoid excess expenditure in future. They note that similar instructions had been issued by the Ministry last year also. The Committee need hardly point out that the instructions have meaning only if they are complied with both in letter and Spirit The Committee trust that the Ministry of Home Affairs will ensure that this is done and their instructions are scrupulously followed.
8	2·32	Works and Housing	An excess of Rs. 10.12 crores occurred under Revenue Section of Grant No. 91 - Public Works operated by the Ministry of Works and Housing. The excess works out to 6.27 per cent of the final allocation of Rs. 161·48 crores.This Grant had been exceeded by Rs. 8·60 crores in 1980-81 also. As in the past, one of the reasons for excess is that the transactions under the Head Suspense get reflected a number of times in the accounts owing to inter-divisional transfer of stores required in exigencies of executing the works on time. In pursuance of an earlier recommendation of the Public Accounts Committee (1980-81) in their 1st Report (7th Lok Sabha) and 24th Report (7th Lok Sabha) a revised accounting procedure has since been introduced with effect from 1 April, 1982 in consultation with the Comptroller and Auditor General of India and the Ministry of Finance. According to the Ministry of Works and Housing, unnecessary inflation of expenditure under the head 'Suspense stock' on account of inter-divisional transfer of stores would be avoided through the revised procedure and this would be conducive to better budgetary control in future. The Committee would like to watch the working of the revised procedure through futrue Appropriation Accounts.

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9	2·40	Railway (Railways Board)	The aggregate amount of excess expenditure under 4 Grants & I Charged Appropriation administered by the Ministry of Railways (Railways Board) during the year 1981-82 was Rs. 88.62 crores. The excess during the year 1980-81 aggregated Rs. 247·29 crores and was the highest during the decade. An analysis of the rasons for excess expenditure over authorised allocation as disclosed in the Appropriation Accounts (Railways) indicates that once again defective estimation of requirement of funds, lack of proper and timely review and monitoring of funds, failure to anticipate properly and provide fully for cost of material for special repairs due to breaches. overhauls of coaches, and increased electric tariff rates etc. have contributed to most of the excesses.It seems that taking note of the comments of the Committee (1982-83) the Railwayd Board have issued directives at the highest level emphasising stricter control of expenditure. The Committee have also been informed that soon after the excesses in expenditure over voted Grants for the year 1980-81 came to light. A number of measures were initiated by the Railways Administration to tighten up the Railways Administration control machinery. The expenditure control machinery was revamped and put under the direct charge of an Additional General Manager (Expenditure Control) on each Zonal Railway headquarter and an Additional Dvivisional Railway Manager (Expenuiture Control) on each Division. The Committee have also been assured that the measures initiated for expenditure control are being kept up without any let up and the Ministry of Railway expect that the actual for 1982-83 will show even better results. The Committee would like to watch the impact of the measure initiated in 1982t hrough future appropriatiou Accounts.

10	2·41	Railways (Railway Board)	The Committee take a serious view of the persistent misclassification of expenditure in Railways. During the year under review, there have been misclassifications of expenditure in 3 Grants, involving an aggregate amount of Rs. 9·94 lakhs. In reply to earlier recommendations of the Committee in regard to specific steps taken to avoid recurrence of such patent errors, the Ministry have stated (June, 1983) that besides ensuring effective reconciliation of subsidiary books with general books, the Railway Administrations including Production Units etc. have been directed to ensure correctness of allocation at the initial stage i.e., while recording on the initial vouchers. The Committee hope that in future foolproof measures would be devised to obviate the recurrence of misclassifications or erroneous adjustments, as these vitiate sound budgetary control.
11	2·42	Finance (Expenditure)	Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in paragraph 2·1 of this Report be regularised in the manner prescribed in Article 115 (1) (b) of the Constitution of India.
12	3·3	Defence/Railways	The Committee hope that final replies in regard to the recommendations to which only interim replies have been furnished will be furnished to them expeditiously after getting the same vetted by Audit.
13		Defence/Railways	The Committee havebeen commenting upon avoidable delay in the submission of Action Taken Notes, as also stressing that the Notes should invariably be furnished to them within the stipulated time limit of six months. While 20 notes were received by the due date *viz.* 5 May 1983 and 16 notes within the extended time *viz.* 5 July, 1983, 2 notes one each from the Ministry of Defence and the Ministry of Railways were not received even after the extended period. Since delayed submission of Action Taken notes by the Ministries upsets the schedule of finalisation of action taken Report by the Committee, they would once again like to stress the need to ensure strict adherence to the prescribed time schedule.

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14	3·8	Home Affairs	As against the final charged appropriation of Rs. 3·55 crores under the Capital Section of Grant No. 53-Delhi during 1980-81, the actual expenditure amounted to Rs. 6·02 crores, leaving an uncovered excess of Rs 2·47 crores. The excess, according to the Ministry, was due to more payment on account of enhanced compensation of decretal amounts in respect of land acquisition cases than anticipated. In para 2·39 of their 121st Report (Seventh Lok Sabha) the Committee had desired to know when exactly the enhanced compensation was announced and whether the decretal awards could have been provided for at the time of revised budget allocation. The Committee regret to observe that even after a lapse of eight months, the Ministry have given only an incomplete reply. The Committee have not been informed as to when the Court decree was passed for enhanced compensation though this point had been specifically raised by them. The Committee would await the information. It, however, appears from the reply that there was avoidable delay in determining the enhanced compensation payable as per the Court decree and that although in a large number of cases the payment was made during the year 1980-81, before December, 1980, no attempt was made to provide for them in a supplementary appropriation for authorisation by Parliament during the year itself. While the Committee would await further details promised by the Ministry in this regard, they would expect the Ministry to ensure that in future prompt action is taken to make the payment of compensation and provide for it in the Budget/Supplementary Budget.

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