

PUBLIC ACCOUNTS COMMITTEE

(1971-72)

(FIFTH LOK SABHA)

TWENTY-NINTH REPORT

[Excesses over voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Posts and Telegraphs), (Railways) and (Defence Services) for the year 1969-70.]

AND

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 123rd Report (Fourth Lok Sabha) relating to Excesses over voted Grants and Charged Appropriations.]



LOK SABHA SECRETARIAT
NEW DELHI

December, 1971/Agrahayana, 1893 (Saka)

Price : Rs. 1.60

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATIONS

| Sl. No. | Name of Agent | Agency No. | Sl. No. | Name of Agent | Agency No. |
|-----------------------|---|------------|----------------------|--|------------|
| ANDHRA PRADESH | | | 12. | Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay. | 30 |
| 1. | Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam) | 8 | 13. | The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1. | 60 |
| 2. | G.R. Lakshmipathy Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District. | 94 | 14. | Deccan Book Stall, Ferguson College Road, Poona-4. | 65 |
| ASSAM | | | 15. | M/s. Usha Book Depot, 585/A, Chira Bazar, Khan House, Girgaum Road, Bombay-2 B.R. | 5 |
| 3. | Western Book Depot, Pan Bazar, Gauhati. | 7 | MYSORE | | |
| BIHAR | | | 16. | M/s. Peoples Book House, Opp. Jaganmohan Palace, Mysore-1. | 16 |
| 4. | Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur. | 37 | RAJASTHAN | | |
| GUJARAT | | | 17. | Information Centre, Government of Rajasthan, Tripolia, Jaipur City. | 38 |
| 5. | Vijay Stores, Station Road, Anand. | 35 | UTTAR PRADESH | | |
| 6. | The New Order Book Company, Ellis Bridge, Ahmedabad-6. | 63 | 18. | Swastik Industrial Works, 59, Holi Street, Meerut City. | 2 |
| HARYANA | | | 19. | Law Book Company, Sardar Patel Marg, Allahabad-1. | 48 |
| 7. | M/s. Prabhu Book Service, Nai Subzimandi, Gurgaon, (Haryana). | 14 | WEST BENGAL | | |
| MADHYA PRADESH | | | 20. | Granthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24 Parganas. | 10 |
| 8. | Modern Book House, Shiv Vilas Palace, Indore City. | 13 | 21. | W. Newman & Company Ltd., 3, Old Court House Street, Calcutta. | 44 |
| MAHARASHTRA | | | 22. | Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akkur Lane, Calcutta-12. | 82 |
| 9. | M/s. Sunderdas Gianchand, 601, Girgaum Road, Near Princess Street, Bombay-2. | 6 | 23. | M/s. Mukherji Book House, 8-B, Duff Lane, Calcutta-6 | |
| 10. | The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1. | 22 | | | |
| 11. | The International Book Service, Deccan Gymkhana, Poona-4. | 26 | | | |

**CORRIGENDA TO TWENTY NINTH REPORT OF P.A.C.
(1971-72) PRESENTED TO LOK SABHA ON 21-12-1971.**

| <u>Page</u> | <u>Para</u> | <u>Line</u> | <u>For</u> | <u>Read</u> |
|-------------|--------------|------------------|--|----------------------------------|
| Contents | - | 8 | (fourth Lok Sabha) | (Fourth Lok Sabha) |
| 2 | 2 | Item 4 Col 4 | 43,39,44,00 | 43,39,44,000 |
| 2 | 2 | Item 10 Col 2 | Miniser | Ministry |
| 2 | Foot Note | 2 | misclarifi- cations | misclassifi- cations |
| 9 | 2.13 | 5 | house taxi service charges | house tax/ service charges |
| 12 | - | 21-22 | The sentence "F.1(2)(5)-Dock yard charges: 50,000 3,44,124 2,94,124" may be read as heading for the subsequent para. | |
| 17 | - | 4 Last Col | 36, 85 | 36,285 |
| 24 | - | 33 | Bulget | Budget |
| 40 | App.V | 4 | 58 | 53 |
| 45 | App VII | 15 Col 4 | 16,56,55, 58 | 16,56,55,058 |
| 48 | App VIII | 4 | public Accounts Committee | Public Accounts Committee |
| 54 | - | 3 | vrious | various |
| 60 | - | 7 | Appropriation | Appropriation |
| 67 | - | 29 | that | than |
| 75 | 2.2 | 8 | Set-cum-rail | sea-cum-rail |
| 91 | - | 24 | Delote the words 'General' | |

CONTENTS

| | Page |
|---|-------|
| COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1971-72) . . . | (iii) |
| INTRODUCTION | (v) |
| CHAPTER I General Observations | 1 |
| CHAPTER II. Excess Grants/ Appropriations | 2 |
| CHAPTER III Action Taken on the recommendations of the Public Accounts Committee contained in their 123rd Report (fourth Lok Sabha) | 27 |

APPENDICES

| APPENDIX | Grant/Appropriation | Ministry / Department | |
|----------|---|--|----|
| 1 | 2 | 3 | |
| I | 23—Pensions and other Retirement Benefits . . . | Finance | 31 |
| II | 109—Commuted value of Pensions . . . | Finance | 33 |
| III. | 34—Ministry of Foreign Trade and Supply | Foreign Trade and Supply | 35 |
| IV. | 40—Public Works | Health and Family Planning and Works Housing and Urban Develop- ment | 37 |
| V. | 53—Andaman & Nicobar Islands . . . | Home Affairs | 40 |
| VI. | 62—Ministry of Information and Broadcasting | Information and Broadcasting | 43 |
| VII. | 77—Other Revenue Expenditure . . . | Petroleum and Chemicals | 45 |
| VIII. | 78—Ministry of Shipping and Transport | Shipping and trans- port. | 48 |
| IX. | 79—Roads | Do. | 51 |
| X. | 83—Ministry of Steel and Heavy Engineering | Steel and Heavy Engineering | 56 |
| XI. | 17—Taxes on Income including Corporation Tax | Finance | 59 |
| XII. | 123—Capital Outlay on Multipurpose River Schemes | Irrigation and Power | 60 |

336.3951 R

| 1 | 2 | 3 | PAGE |
|--------|--|----------------------------|------|
| XIII. | 131—Capital outlay on Aviation | Tourism and Civil Aviation | 63 |
| XIV. | 4—Defence Services, Effective-Air Force | Defence | 66 |
| XV. | 5—Defence Services, Non effective | Defence | 69 |
| XVI. | 103—Defence Capital outlay | Defence | 71 |
| XVII. | 7—Revenue—Working Expenses—Operation (Fuel) . | Railways | 74 |
| | 9—Revenue—Working Expenses— Miscellaneous Expenses | Railways | |
| | 16—Pensionary Charges—Pension Fund | Railways | |
| | 20—Payments towards amortisation of over capitalisation | Railways | |
| | 2—Revenue—Miscellaneous Expenditure | Railways | |
| | 14—Construction of New lines | Railways | |
| XVIII. | 94—P & T—Dividend to General Revenues, Appropriation to Reserve Funds' and Repayment of loan from General Revenues. | Communication | 81 |
| XIX. | Statement showing action taken by Government on the recommendations of the Public Accounts Committee made in thier 123rd Report (Fourth Lok Sabha) | | 84 |
| | 1. Recommendations/ observations that have been accepted by Government. | | |
| | 2. Recommendations/observations which the Committee do not desire to pursue in view of the replies of Govt. | | |
| | 3. Recommendations/observations replies to which have not been accepted by Government and which require reiteration . | | |
| | 4. Recommendations/ observations in respect of which Government have furnished interim replies. | | |
| XX. | Summary of Main Conclusions/Recommendations | | 122 |

PART II*

Minutes of the sitting of the Public Accounts Committee
held on the 20th December, 1971. (fore noon)

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

36620 (5)
7.6.72

PUBLIC ACCOUNTS COMMITTEE

(1971-72)

CHAIRMAN

Shri Era Sezhiyan.

MEMBERS

2. Shri Bhagwat Jha Azad
3. Shrimati Mukul Banerji
4. Shri C. C. Desai
5. Shri K. G. Deshmukh
6. Chaudhari Tayyab Husain Khan
7. Shri Debendra Nath Mahata
8. Shri Mohammad Yusuf
9. Shri B. S. Murthy
10. Dr. Laxminarain Pandey
11. Shri Ramsahai Pandey
12. Shrimati Savitri Shyam
13. Shri Vijay Pal Singh
14. Shri G. Venkatswamy
15. Shri Ram Chandra Vikal
16. Shri S. B. Bobdey
17. Shri B. K. Kaul
18. Shrimati Vidyawati Chaturvedi
19. Shri Jagadish Prasad Mathur
20. Shri Thillai Villalan
21. Shri Shyam Lal Yadav
22. Shri Sheel Bhadra Yajee.

SECRETARIAT

Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri B. B. Tewari—*Deputy Secretary.*

Shri T. R. Krishnamachari—*Under Secretary.*

CHAPTER I

1.1. This 29th Report deals with Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), (Defence Services), (P&T) and (Civil) for the year 1969-70. These Accounts were laid on the Table of the House on the 1st April, 7th June, 7th June and 22nd June, 1971 respectively.

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

1.3. During the year under report (1969-70), excesses occurred over 13 Voted Grants and 5 Charged Appropriations. These aggregated to Rs. 17.10 crores as against Rs. 27.78 crores and Rs. 3.78 crores during the year 1967-68 and 1968-69 respectively. The Committee are concerned to find that the position which showed improvement during 1968-69 over that of the previous year has deteriorated again. The Committee need hardly stress that concerted steps should be taken to improve budgetting procedures so as to minimise excesses over grants. They hope that all possible efforts will be made by the Ministries/Departments to improve the position.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Twenty-Ninth Reports on Excesses over Voted Grants/Charged Appropriations as disclosed in the Appropriation Accounts (Railways), (Defence Services), (Posts and Telegraphs) and (Civil) for the year 1969-70. These accounts were laid on the Table of the House on the 1st April, 7th June, 7th June and 22nd June, 1971 respectively.

2. The Committee examined the Excesses in the light of the explanations furnished by the Ministries/Departments concerned (Appendices I to XVIII) at their sitting held on the 20th December, 1971.

3. Action Taken Notes furnished by Government pursuant to the recommendations contained in the 123rd Report of the Public Accounts Committee (1970-71) on Excesses over Voted Grants/Charged Appropriations as disclosed in the Accounts for the year 1969-70 were considered by the Action Taken Sub-Committee at their sitting held on the 4th August, 1971. The Report of the Sub-Committee was approved by the Committee on the 20th December, 1971 and forms Chapter III of this Report.

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

NEW DELHI;
December 20, 1971.

Agrahayana 29, 1893 (S).

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

CHAPTER II

EXCESS/GRANTS/APPROPRIATIONS

2. During the year ended 31st March, 1970, the actual expenditure exceeded the Voted Grants/Charged Appropriations in the wing cases :—

| Sr. No. | No. and Name of Grants | Ministry/Department concerned | Final Grant/ Appropriation | Actual Expenditure | Excess |
|---|---|---|-------------------------------|-----------------------|------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| Appropriation Accounts (Civil), 1969-70 | | | | | |
| VOTED GRANTS | | | | | |
| 1 | 23—Pension and Other Retirement Benefits | Ministry of Finance | 8,31,76,000 | 8,35,67,954 | 3,91,954 |
| 2 | 109—Commuted Value of Pensions | Do. | 6,35,22,000 | 6,57,28,518 | 22,06,518 |
| 3 | 34—Ministry of Foreign Trade and Supply | Foreign Trade and Supply | 1,50,29,000 | 1,51,03,592 | 74,592 |
| 4 | 40—Public Works | Health, Family Planning, Works Housing & Urban Development | 43,39,44,00 | 43,59,01,848 | 19,57,848 |
| 5 | 53—Andaman and Nicobar Islands | Home Affairs | 9,90,37,000 | 10,12,98,685 | 22,61,685* |
| 6 | 62—Ministry of Information and Broad- casting. | Information & Broadcasting | 25,99,000 | 26,50,325 | 51,325 |
| 7 | 77—Other Revenue Expenditure of the Ministry of Petroleum and Chemicals and Mines and Metals. | Petroleum and Chemicals and Mines & Metals | 16,51,51,000 | 16,56,55,058 | 5,04,058 |

| | | | | | |
|----|--|-----------------------------|--------------|---------------|------------|
| 8 | 78—Ministry of Shipping and Transport | Shipping & Transport. | 1,41,52,000 | 1,44,03,005 | 2,51,005 |
| 9 | 79—Roads | Shipping & Transport | 20,01,76,000 | 20,86,65,601* | 84,89,601* |
| 10 | 83—Minister of Steel and Heavy Engineering | Steel and Heavy Engineering | 25,30,000 | 26,48,624 | 1,18,624 |

CHARGED APPROPRIATIONS

| | | | | | |
|----|---|-----------------------------|----------|----------|--------|
| 11 | 17—Taxes on Income including Corporation Tax etc. | Finance | 1,25,000 | 1,27,875 | 2,875 |
| 12 | 123—Capital Outlay on Multipurpose River Schemes | Irrigation & Power | .. | 5,339 | 5,339 |
| 13 | 79—Roads | Shipping & Transport | 5,10,000 | 5,46,285 | 36,285 |
| 14 | 131—Capital Outlay on Aviation | Tourism and Civil Aviation. | 2,50,000 | ** | ** |

APPROPRIATION ACCOUNTS (DEFENCE SERVICES) 1969-70 VOTED GRANTS

| | | | | | | |
|----|---|---------|----------------|----------------|-------------|---|
| 15 | 4—Defence Services, Effective Air Force | Defence | 1,97,71,60,000 | 2,00,37,14,717 | 2,65,54,717 | W |
| 16 | 5—Defence Services, Non-Effective | Defence | 34,65,00,000 | 34,65,18,642 | 18,642 | |
| 17 | 103—Defence Capital Outlay | Defence | 1,31,02,02,000 | 1,36,47,43,422 | 5,45,41,422 | |

APPROPRIATION ACCOUNTS (RAILWAYS) 1969-70 VOTED GRANTS

| | | | | | | |
|----|--|----------|----------------|----------------|-------------|--|
| 18 | 7—Revenue Operations—Fuel | Railways | 1,63,01,62,000 | 1,65,29,72,143 | 2,28,10,143 | |
| 19 | 9—Revenue—Misc. Expenses | ,, | 37,70,81,000 | 37,76,41,772* | 5,60,772* | |
| 20 | 16—Pensionary Charges—Pension Fund | ,, | 7,75,90,000 | 7,76,71,901 | 81,901 | |

*These figures represent the finally verified actuals and vary somewhat from the figures mentioned in the Audit Report due to misclassifications subsequently detected.

**The excess shown under this Charged Appropriation in the Audit Report was due to misclassifications and does not require regularisation in terms of paragraph 7 of the 16th Report of the Public Accounts Committee (first Lok Sabha).

| 1 | 2 | 3 | 4 | 5 | 6 |
|--------------------------------------|---|-------------------------------|--------------|--------------|-------------|
| 21 | 20—Payments towards Amortisation of over Capitalisation. | Railways | 33,37,000 | 33,37,088 | 88 |
| CHARGED APPROPRIATIONS | | | | | |
| 22 | 2—Revenue—Misc. Expenditure . . . | Railways | 3,01,000 | 3,01,414 | 414 |
| 23 | 14—Construction of New Lines . . . | ,, | 4,66,000 | 4,98,762 | 32,762 |
| APPROPRIATION ACCOUNTS (P&T) 1969-70 | | | | | |
| VOTED GRANTS | | | | | |
| 24 | 94—Post & Telegraphs dividend to general Revenue, Appropriation to Reserve Fund & Repayment of loan taken from general revenues | Communications (P&T) Board | 33,97,48,000 | 38,98,56,331 | 5,01,08,331 |

2.2. In terms of paragraph 3.8 of the 31st Report (Fourth Lok Sabha) of the Committee, the notes on excesses duly vetted by Audit should be furnished to the Committee immediately after the presentation of the Appropriation Accounts to Parliament or by 10th April, whichever is later. Appropriation Accounts (Civil), 1969-70 were presented to Parliament on 22-6-1971. However, the Committee find that the notes relating to grants "79—Roads", "131—Capital outlay on aviation" and "53—Andaman and Nicobar Islands" were received only on 5-8-1971, 6-9-1971 and 29-11-1971 respectively, with the result that this Report could not be finalised by the Committee in time to ensure regularisation of the excesses without delay. The Committee would, therefore, like to impress upon the Ministry of Finance the necessity of adhering strictly to the time schedule already laid down by them.

2.3. From the notes furnished by the Ministries, the Committee find that as in the past the defective estimation at the time of framing the Budget and Revised Estimates, lack of proper review of the progress of expenditure at the appropriate time, failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of past liabilities, erroneous adjustments and lack of proper control over expenditure were the main causes for excesses during the year under report.

2.4. The Committee further note that in regard to some of the cases of excess over charged Appropriations, although the extra liability was known in time, no action was taken by the departments concerned to obtain supplementary appropriation. In one case (Grant No. 123—Capital outlay on Multi-purpose River Schemes) the expenditure was incurred without any budget provision although the proper course would have been to take an advance from the Contingency Fund to be recouped by obtaining appropriation during the year. The Committee are surprised that the Ministries have explained these lapses as due to the ignorance of rules and procedure on the part of authorities concerned which cannot be accepted as a plea. The Committee trust that such lapses will not recur.

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

2.6. During 1967-68 and 1968-69 also the expenditure had exceeded the grant by Rs. 21,26,534 and Rs. 8,04,991 respectively.

2.8. In a note furnished to the Committee, the Ministry of Finance have given the following reasons for the Excess:—

"The expenditure under this Grant is some what of an unpredictable nature since it is not possible to anticipate precisely the payments of Pensions, Gratuities and Family Pensions to be made during the year. The estimates and final grant are fixed generally on the basis of the information furnished by the various Accounts Officers who in turn base them on the trend of past and current actuals and such other information as may be available with them. The excess has been caused by more drawal of Pensions and Family Pensions etc. than anticipated."

2.9. The Committee note that the expenditure had exceeded the grant for the third year in succession. As in the previous years, the excess during 1969-70 occurred mainly under the sub-head 'Superannuation and Retired Allowances' (actual expenditure Rs. 4.20 crores against total provision of Rs. 4 crores) and was due to more payment of pensions than anticipated. While the Committee concede that the

expenditure relating to payments of death gratuities and Family Pensions is of an unpredictable nature, they see no reason why expenditure on Superannuation and Retired Allowances could not be estimated accurately. The Committee feel that excess of 5 per cent over the provision for 'Superannuation and Retired Allowances' during 1969-70 was hardly justified and that there should normally be no excess on this account in future.

..

MINISTRY OF WORKS, HOUSING & URBAN DEVELOPMENT

| Grant No. 40—Public Works. | Rs. |
|-------------------------------|---------------|
| Original Provision | 40,63,50,000 |
| Supplementary Grant | 2,71,94,000 |
| Final Grant | 43,39,44,000 |
| Actual Expenditure | 43,59,01,848 |
| Excess | (+) 19,57,848 |

2.10. Excesses occurred mainly under (i) A.2(1). Buildings (Rs. 53.20 lakhs) and (ii) A.7(1)—Suspense Stock (Rs. 54.55 lakhs).

2.11. In a note furnished to the Committee, the Ministry of Works, Housing and Urban Development have *inter-alia* stated as follows:—

“The original provision of Rs. 40,67,50,000 in the voted section of this Grant was augmented by Rs. 2,71,94,000 by obtaining a Supplementary Grant in the March, 1970 session of Parliament. Against the final Grant of Rs. 43,39,44,000 the actual expenditure came to Rs. 43,59,01,848 leaving an uncovered excess of Rs. 19,57,848.

“The excess is the net result of excesses and savings under the various sub-heads of the Grant. The excess occurred mainly under the following sub-heads:

| Sub-heads | Final Grant | Actual expenditure | Excess |
|----------------------|-------------|--------------------|--------|
| 1 | 2 | 3 | 4 |
| (In lakhs of rupees) | | | |

A. Public Works :

A.2.—Repairs :

| | | | | | | |
|------------------------------|-------|---|--------|---------|---------|-------|
| A.2(1)—Buildings | Voted | O | 548.76 | 5,62.59 | 6,15.79 | 53.20 |
| | | S | 27.15 | | | |
| A. 3—Establishment | | R | 13.32 | | | |

| | | 1 | 2 | 3 | 4 |
|-------------------------------------|-------|---------------------|---------|----------|-------|
| A.3(2)—Executive Establishment | Voted | O 448.54 R 22.43 | 4,70.97 | 4,99.70 | 28.73 |
| A.3(3)—Other Establishment : | | | | | |
| A.3(3)(1).—Ordinary Establishment | Voted | O 14.46 R 0.63 | 13.83 | 16.68 | 2.85 |
| A. 5.—Furniture | Voted | 15.00 | | | |
| A. 7.—Suspense | Voted | O 949.99 S 50.00 | 9,91.04 | 10,45.59 | 54.55 |
| A.7(1)—Stock ; A.7(1)(1)—Charges | | R 8.95 | | | |

“The reasons for the excess under the above sub-heads are briefly explained below:—

A.2(1)—Building (Rs. +53.20 lakhs)

The excess is mainly due to an unanticipated payment on account of house tax/service charges including arrears of Rs. 37.02 lakhs to the New Delhi Municipal Committee in March, 1970 which could not be foreseen earlier. The claims of the NDMC for service charges, property tax etc. had been pending with Government for a considerable time as there were huge variations between their figures and those of the CPWD. As there were claims and counter-claims the NDMC were requested to reconcile the differences through personal efforts. The work of reconciliation which was started by NDMC in April, 1969 could be completed only in February/March, 1971. As the reconciliation was in progress the total liability was, therefore, not known to the Government earlier. In March, 1970 it was decided that the dues of the NDMC for the period ending 31-3-1970 as stated by them less dues of the CPWD should be paid. It was not possible to provide additional funds by obtaining a Supplementary Grant at that stage and this resulted in excess. A part of the excess was also due to unanticipated increased expenditure on maintenance works of an urgent and inescapable nature both in office buildings and residential bungalows in the New Delhi area.”

A. 3(2)—Executive Establishment: Rs. 28.73 lakhs and A.3(3) (1)—Ordinary Establishment: Rs. 2.85 lakhs.

"The excess is mainly due to errors in classification of expenditure within the Grant in respect of sub-heads under the Group-head A. 3—Establishment which could not be detected during the course of the year. As a result of this mis-classification, there was a corresponding saving under Direction and under 'Workcharged Establishment converted into regular establishment' under the Group head 'A. 3—Establishment'."

"Detailed instructions are being issued by Engineer-in-Chief to the Superintending Engineers/Executive Engineers to ensure that correct classification is recorded by them on the bills, so that cases of mis-classification are detected and rectified in time."

A. 5—Furniture: +2.58 lakhs.

"This excess was on account of supply of additional items of furniture on demand for Ministers and Members of Parliament and furnishing of the residence of the Vice-President."

A. 7—Suspense: A. 7(1) Stock: A.7(1) (1)—Charges— (+) Rs. 54.55 lakhs.

"This head represents the transactions connected with the purchase of materials both for buildings and roads, made by the Central P.W.D., for various works undertaken by them.

"The excess was mainly due to receipt of more cement and steel during the last quarter of the year than anticipated.

"The excess under the above sub-heads and minor excesses under certain other sub-heads were partly counter-balanced by savings under other sub-heads of the Grant leaving a net excess of Rs. 19,57, 848 as a whole in the Grant."

2.12. It is seen that the Supplementary Grant of Rs. 27.15 lakhs obtained in March, 1970 under the sub-head A.2(1)—Buildings proved insufficient. Even so the provision was reduced by Rs. 13.32 lakhs by reappropriation which increased the excess under the sub-head.

2.13. The Committee observe that significant excesses had occurred under the heads 'A2(1) Buildings' (Rs. 53.20 lakhs) and 'A7(1)—Suspense—Stock' (Rs. 54.55 lakhs). The excess under 'Buildings' is explained as mainly due to an unanticipated payment on account of house taxi service charges including arrears of Rs. 37.02 lakhs to the New Delhi Municipal Committee. The claims of the New Delhi

Municipal Committee in this regard had, however, been ~~pending~~ with Government for a considerable time. It is not, therefore quite clear as to why reconciliation between the departmental figures and those of the New Delhi Municipal Committee which started in April, 1969 could not be completed promptly and how a decision to pay the dues as stated by the New Delhi Municipal Committee less the amount claimed by CPWD could not be taken in time to suitably provide for the payment during the year while the reconciliation was in progress. That the liability could not be anticipated even at the stage of reappropriation when the provision under this head was actually reduced is unconvincing. The Committee hope that the Department will be careful in anticipating and providing for liabilities of this kind in future.

2.14. As regards the excess that occurred under 'Suspense-stock' due to receipt of more building material during the last quarter of the year than expected, the Committee need hardly stress that the department concerned should have a closer liaison with the purchase organisation/suppliers in respect of indented materials. They also wish that the supplies had been spread out to obviate concentration in last quarter and regulated according to the needs of the works and availability of funds.

MINISTRY OF HOME AFFAIRS

GRANT No. 53—Andaman and Nicobar Islands.

| | Rs. |
|-------------------------------|--------------|
| Original Grant | 7,84,26,000 |
| Supplementary Grant | 2,06,11,000 |
| Total Final Grant | 9,90,37,000 |
| Actual Expenditure | 10,15,70,443 |
| Excess | 25,33,443 |

2.15. During the years 1967-68 and 1968-69 also the expenditure had exceeded the grant by Rs. 64.51 lakhs and Rs. 23.34 lakhs respectively. Excess during 1969-70 occurred mainly under (i) 'E1(5)(2)—Other suspense Account' (Rs. 22.19 lakhs) and (ii) 'F1(2) Miscellaneous shore Establishment' (Rs. 15.00 lakhs). During 1967-68 and 1968-69 also the head 'E1(5)(2) Other Suspense Account' recorded excess of Rs. 22.49 lakhs and Rs. 9.14 lakhs respectively.

2.16. In a note furnished to the Committee, the Ministry of Home Affairs have *inter alia* stated as follows:—

“The original provision of Rs. 7,84,26,000 in the voted section of this grant was augmented by Rs. 2,06,11,000 by obtaining a Supplementary Grant in the March, 1970 session of Parliament. Against the final Grant of Rs. 9,90,37,000, the actual expenditure amounted to Rs. 10,15,70,443 leaving an uncovered excess of Rs. 25,33,443. The excess is the net result of excesses and savings under the various sub-heads of the Grant and occurred mainly under the following sub-heads for the reasons explained below the respective sub-heads:—

E. Public Works (including Roads)
and Schemes of Miscellaneous Public Improvements :

E. 1(4)—Public Works :

E.1(4)—Tools and Plant

| | Final Grant | Actual Expendi- ture | Exces s |
|---------------------------------------|----------------|----------------------------|----------|
| | Rs. | Rs. | Rs. |
| E.1(4)(1)—New supplies, Repairs, etc. | 6,54,300 | 12,26,244 | 5,71,944 |

The excess was due to (i) receipt of more spare parts towards the end of the year than anticipated and (ii) unavoidable delay in the adjustment of credits at the end of the year for hire charges of trucks in respect of material issued and debited to the works separately.

E. 1(5)—Suspense:

E. 1(5) (2) Other
Suspense Accounts :

E.1(5)(2)(1)—Charges 85,00,000 1,02,19,183 22,19,183

Due to increase in the demand of stores like cement, steel etc. consequent on increase in the building and road works in the Island additional funds were provided through Supplementary Grant but it proved inadequate due to (i) arrival of more stores than anticipated at the end of the year and (ii) adjustment of certain inevitable liabilities. Although the liability register was maintained, yet these liabilities could not be anticipated and

provided for during the year 1969-70 as the debits were accepted by the department towards the end of the year. As, however, there were correspondingly more recoveries on this account due to issue of stores to works there was no net cash outgo on this account.

F. Transport and Communications (other than Reads):

F. 1—Ports and Pilotage:

F. 1(2)-Miscellaneous Shore Establishment:

| | Final Grant | Actual Expend. | Excess |
|--------------|-------------|-------------------|--------|
| | Rs. | Rs | Rs. |
| F. 1(2) (4)— | | | |

Marine Stores

F. 1(2) (4) (1)—

| | | | |
|-------------------|-----------|-----------|-----------|
| Gross Expenditure | 20,79,900 | 35,80,550 | 15,00,650 |
|-------------------|-----------|-----------|-----------|

The excess was mainly due to payments in respect of past indents made directly to the suppliers by the Pay and Accounts Officer and adjusted by the Accounts Officer in March, 1970 (Final Accounts) without prior intimation to the Administration. Intimation regarding these adjustments was received only in July, 1970 when it could not be covered by additional funds. F. 1(2) (5)-Dock yard charges: 50,000; 3,44,124; 2,94,124.

The excess under this sub-head is mainly due to a wrong adjustment of Rs. 2,71,757.92 in accounts under the Major Head '53.-Ports and Pilotage' made in the accounts office which came to light after the accounts of the year were closed when it was too late to rectify the error.

In conformity with the recommendations contained in paragraph 7 of Sixteenth Report of the Public Accounts Committee (First Lok Sabha), this misclassified amount of Rs. 2,71,758 may be excluded from the scope of regularisation by Parliament. This position has also been accepted by the A.G.C.R., New Delhi.

8. The excess of Rs. 45.86 lakhs under the above sub-heads and minor excesses under other sub-heads were partly off set by savings under other sub-heads of the Grant leaving an uncovered excess of Rs. 25,33,443. After excluding the

amount of Rs. 2,71,758 representing the misclassifications referred to above, the net overall excess under this Grant requiring regularisation works out to Rs. 22,61,685."

2.17. Despite repeated comments by the Committee, excess under this grant has by now become an annual feature. As in the previous years, the bulk of the excess was due to failure to anticipate properly the receipt of stores and debits relating thereto and to make adequate provision for the adjustment of past liabilities. The excess was as high as 72 per cent and 87 per cent under the heads 'F1(2)(4)(1)—Marine stores suspense—Gross expenditure' and "E 1(4)(1)—Tools and plant—New supplies, repairs etc." respectively. There was neither an exercise of proper control over expenditure nor there had been an effective liaison both with the suppliers and the Accounts Officer. The Committee are unable to comprehend how the payments were made for the supplies by the Pay & Accounts Officer without the knowledge of the Andaman Administration and adjusted by the Accounts Officer belatedly which resulted in excess remaining uncovered by suitable additional provision under the head "F(1)(2) Miscellaneous Shore Establishments.

2.18. The Committee note that pursuant to their earlier recommendation, the Ministry of Home Affairs have impressed upon the Andaman Administration the need for strict compliance with the rules and instructions regarding control over expenditure and to maintain closer liaison with the suppliers on the one hand and Accounts Officer on the other to avoid such excesses in future. The Committee trust that the Andaman Administration will strictly comply with the instructions issued by the Ministry of Home Affairs. The Committee would like to watch this through the future Appropriation Accounts relating to this grant.

MINISTRY OF PETROLEUM AND CHEMICALS

GRANT No. 77.— Other Revenue Expenditure of the Ministry of Petroleum and Chemicals and Mines and Metals.

| | |
|-------------------------------|------------------|
| Original Provision | Rs. 15,89,80,000 |
| Supplementary Grant | Rs. 61,71,000 |
| Final Grant | Rs. 16,51,51,000 |
| Actual Expenditure | Rs. 16,56,55,058 |
| Excess | Rs. 5,04,058 |

2.19. Excess occurred mainly under 'Payments to the Railways on account of freight concessions on the despatches of Furnace Oil' (Rs. 88.67 lakhs).

2.20. In a note furnished to the Committee, the Ministry of Petroleum and Chemicals have stated as follows:

"The Original provision of Rs. 15,89,80,000 in the Voted section of this Grant was augmented by Rs. 61,71,000 by obtaining a Supplementary Grant in March, 1970 session of Parliament. Against the final Grant of Rs. 16,51,51,000 the actual expenditure amounted to Rs. 16,56,55,058 leaving an uncovered excess of Rs. 5,04,058 which requires to be regularised.

The excess, which is the net result of excesses and savings under the various sub-heads of the Grant occurred mainly under the sub-head 'C-3(5)-Payments to the Railways on account of Freight concessions on the Despatches of Furnace Oil' (Rs. 88.67 lakhs), due to the adjustment bills for the earlier period having been submitted by the Railways at the fag end of the year (Rs. 58.83 lakhs) and more subsidy to Railways during the year 1969-70 due to increase in despatches of Low Sulphur Heavy Stock, in view of the greater power generation than anticipated (Rs. 29.84 lakhs).

The Scheme of concessional freight on consignment of Furnace Oil in wagon loads booked by rail from certain ports and other transshipment points, in view of the difficulties experienced by industries located at longer distances from coal fields, was introduced with effect from 1st July, 1962. Under the scheme, consignment of furnace oil in wagon loads booked by rail from any of the designated ports was charged only half the freight leviable under the normal tariff rates subject to a certain net minimum charge, the difference between the full freight applicable and that actually charged being made good to the Railways as subsidy. This scheme had been modified from time to time. With effect from 1st July, 1968 the concession is available only in respect of Low Sulphur Heavy Stock Residual Fuel Oil produced wholly from indigenous crude and used by public utilities for power generation.

The expenditure under this sub-head represents the payments made to the Railways on account of the difference between

the full freight payable at normal rates and the Commercial freight charged for the transport of the Low Sulphur Heavy Stock/Residual Fuel Oil produced wholly from indigenous crude and used by public utilities for power generation from various ports to the points of consumption.

Normally expenditure sanctions against the Budget provision made in the grant are issued by the Department controlling the Grant. The procedure for the payment of subsidy to the Railways is that the Oil Company pays the freight to the Railways at the concessional rate and the Railways put in their claims to the Accountant General, Commerce, Works & Miscellaneous through their Accounts Officer for the reimbursement of the balance amount being the Government Oil rebate. The Accountant General, Commerce, Works & Miscellaneous accepts the debit raised and books the expenditure on the strength of a certificate of correctness furnished by the Railway Accounts Officer and affords necessary credit to the latter in the usual manner. No sanction in this regard is issued by the Department.

A sum of Rs. 30 lakhs was originally provided under the sub-head 'C-3(5)-Payments to the Railways on account of Freight concessions on the Despatches of Furnace Oil' during 1969-70. Out of this a sum of Rs. 1,18,925 was re-appropriated later on leaving a final Grant of Rs. 28,81,075. Though at the time of framing the revised estimates the concession likely to be availed of by the companies during 1969-70 was estimated at Rs. 58 lakhs, in view of the past actuals and the trend of current actuals which were always less than the Budget provision as shown below, no additional provision for the increased requirements was sought for:—

| Year | Budget Estimate | Concession availed by the Companies during the year | Actuals |
|---------|-----------------|---|-------------------------------|
| | Rs. | Rs. | Rs. |
| 1967-68 | 27,84,000 | 31,62,374 | 9,28,585 |
| 1968-69 | 10,00,000 | 47,06,249 | 10,84,435 |
| 1969-70 | 30,00,000 | 56,98,321 | (6,47,547) up to Feb. '70. |

Against the Final Grant of Rs. 28,81,075 the actual expenditure during the year, however, amounted to Rs. 1,17,48,310 resulting in an excess of Rs. 88,67,235. The expenditure

adjusted during the month of March, (Preliminary, Final and Supplementary) 1970, accounts alone amounted to Rs. 1,11,00,763. The excess expenditure was known too late to the Ministry to provide for additional funds on this account.

The total excess of Rs. 88,67,235 under the above sub-head and minor excess (Rs. 3,837) under other sub-heads were partly counter-balanced by savings Rs. 83,67,014 under other sub-heads of the Grants leaving a net excess of Rs. 5,04,058."

2.21. The Committee note that excess occurred mainly under 'Payments to the Railways on account of freight concessions on the despatches of furnace oil'. Against the final allotment of Rs. 28.81 lakhs under this head, the actual expenditure during the year amounted to Rs. 117.48 lakhs. As there were arrears of concession availed of by the oil companies awaiting adjustment to the extent of Rs. 58.56 lakhs in respect of the years 1967-68 and 1968-69 and at the time of framing revised estimates the concession likely to be availed of during 1969-70 was estimated as Rs. 58 lakhs, the Committee are at a loss to understand how the final allotment was reduced to Rs. 28.81 lakhs. The expectation that the adjustment of arrear claims would be delayed for more than two years is not justifiable.

2.22. The procedure for the payment of subsidy to the Railways as explained by the Ministry is that the oil company pays the freight to the Railways at the concessional rate and the Railways put in their claims to the Accountant General, Commerce, Works and Miscellaneous through their Accounts Officer for reimbursement of the balance amount being the Government oil rebate. The Accountant General, Commerce, Works & Miscellaneous accepts the debit raised and books the expenditure on the strength of a certificate of correctness furnished by the Railway Accounts Officer and affords credit to the Railways. The Committee feel that excess under this head could have been avoided had there been effective coordination between the department concerned, Railway authorities and the Accountant General.

2.3. The Committee see no reason why the Railways could not finalise their claims for the reimbursement of the oil rebate promptly. In order that Parliament may know the exact amount of subsidy during each year, the Committee wish that such claims pertaining to a year are settled in that year itself contemporaneously without any time lag as has occurred in the past.

MINISTRY OF SHIPPING AND TRANSPORT

Grant No. 79—Roads.

| | Total Grant | Actual Expenditure | (+) Excess |
|---------|----------------|-----------------------|------------|
| Charged | 5,10,000 | 5,46,285 | 36, 85 |
| Voted | 20,01,76,000 | 20,89,41,170 | 87,65,170 |

2.24. For the past several years the expenditure exceeded the grant continuously. Excesses occurred during 1969-70 also as in past over a decade mainly under "Maintenance of National Highways" (Rs. 84.60 lakhs). In the first sub-paragraph of paragraph 2.34 of their 123rd Report (Fourth Lok Sabha) the Committee have indicated the excesses that occurred under this head continuously from 1959-60 to 1968-69.

2.25. In a note furnished to the Committee, the Ministry of Shipping and Transport have stated as follows:—

"A. Excess in the Voted portion of Grants:

The overall excess of Rs. 87,65,170 in the Voted section, which is the net result of excesses and savings under the various sub-heads in the Grant, occurred mainly under the sub-heads 'A.4(1)-Maintenance of National Highways' (Rs. 84,60,071), 'A.4(3)-Maintenance of Border Roads' (Rs. 6,28,577) and 'B.1-Original Works' (Rs. 1,38,616) of the Grant as explained below:—

'A. 4(1)-Maintenance of National Highways' (Rs. 84,60,071):

A provision of Rs. 11,26,00,000 was made under this sub-head in the budget for 1969-70. A sum of Rs. 7,00,000 became available out of savings under other sub-heads in the Grant. Thus, allotments aggregating Rs. 11,33,00,000 were made to the States for the maintenance of National Highways during 1969-70.

In addition, an advance of Rs. 93 lakhs was obtained from the Contingency Fund of India for expenditure on restoration of damages caused to National Highways by the heavy floods in 1969. Actually, a sum of Rs. 79,88,241 was drawn against the advance of Rs. 93 lakhs.

Against the allotments of Rs. 11,33,00,000 referred to in para 2 above, the expenditure booked in the Consolidated Fund of India amounted to Rs. 12,17,60,071 resulting in an excess of Rs. 84,60,071

under this sub-head. There was actually an excess expenditure totalling Rs. 93,47,722 in certain States as shown below:—

Andhra Pradesh (Rs. 3,28,213), Assam (Rs. 16,65,228), Bihar (Rs. 19,01,714), Gujarat (Rs. 96,147), Haryana (Rs. 6,00,361), Madhya Pradesh (Rs. 5,59,654), Maharashtra (Rs. 14,98,861), Mysore (Rs. 7,15,771), Nagaland (Rs. 7,28,812), Rajasthan (Rs. 3,96,263), Tamil Nadu (Rs. 21,514), Uttar Pradesh (Rs. 4,13,398), West Bengal (Rs. 37,765), Delhi (Rs. 1,84,360), Himachal Pradesh (Rs. 10,073) and Manipur (Rs. 1,89,588).

The expenditure of Rs. 12,17,60,071 adjusted under this sub-head is exclusive of the expenditure incurred against the Contingency Fund Advance of Rs. 93 lakhs mentioned earlier.

As a result of savings amounting to Rs. 8,87,651 in other States the net excess under this sub-head was reduced to Rs. 84,60,071. This excess was mainly due to the fact that the States had to incur extra expenditure on unavoidable repairs in order to keep the lines of communications in-tact.

A. 4(3)—Maintenance of Border Roads (Rs. 6,28,577):

The excess under this sub-head was mainly due to the following factors:—

- (i) Unavoidable expenditure of emergent nature on the maintenance of Jammu-Srinagar road and unanticipated adjustment of liabilities pertaining to the year 1968-69 (Rs. 3.19 lakhs).
- (ii) Increased expenditure on the maintenance of certain roads in Himachal Pradesh with a view to keeping them fit for vehicular traffic through-out the year (Rs. 2.31 lakhs).
- (iii) Erroneous adjustment in the Divisional accounts of liabilities relating to a road on the border of Sikkim for the year 1960-61 when this road was maintained by the West Bengal Government (Rs. 1,37,668).

B. 1. Original Works' (Rs. 1,38,616):

The excess under this sub-head was mainly caused by misclassification of an expenditure of Rs. 1,37,901 under the major Head '52-Capital Outlay on Public Works' (i.e. within Revenue Account) instead of under the Major Head '103-Capital Outlay on Public Works' (i.e. outside Revenue Account). The expenditure was correctly adjustable under Grant No. '127-Capital Outlay on Roads'

where there were sufficient savings available to cover this expenditure. The misclassification came to notice after the accounts for 1969-70 had been closed. In terms of paragraph 7 of the 16th Report of the P.A.C. (First Lok Sabha) this misclassified amount is required to be excluded from the scope of regularisation.

The road works under the administrative control of this Ministry are executed through the agencies of the State Public Works Departments and the Central Public Works Department. Provision in the budget is made on the basis of estimates received from the various executive agencies. They in turn, are guided by their subsidiary establishments such as the Chief Engineer, Superintending Engineer Divisional Engineer, etc., who are in charge of actual execution of the works. The Government of India invariably impress upon the States the need for restricting the expenditure to the amount of the allotment and this stipulation is also made in the letters sanctioning the allotments of funds. In view of these instructions, it was not expected that the grant would be exceeded. Some of the States, however, failed to restrict the expenditure to the allotment made to them, which, as explained in para 1 above, became unavoidable as extra expenditure had to be incurred on inescapable repairs in order to keep the lines of communications in tact.

The Government of India are, however, fully seized of the problem of avoiding excesses over sanctioned grants and have already taken a number of measures in this behalf. In accordance with the existing instructions, the State Governments are required to furnish monthly returns of expenditure against the grants, sanctioned by the Government of India. These returns are scheduled to be received by the 20th of the month following the one to which they relate. Experience has, however, shown that the submission of these returns by the States is not very regular. In pursuance of the recommendations of the Public Accounts Committee in paragraph 2.35 of their Twelfth Report (Fourth Lok Sabha) necessary follow-up instructions were issued to the States *vide* Ministry's Circular Letter No. B-29(2)/68, dated the 19th April, 1968 and the imperative need for the prompt submission of the monthly returns of expenditure against the allotments sanctioned to them was once again impressed upon them. An attempt to restrict expenditure to the amount of the sanctioned grant is also being made through the Regional Offices set up in the various regions. In the light of the observations made by the Public Accounts Committee (Fourth Lok Sabha) in their Thirty-first Report, the question of streamlining the procedure for the execution of works on the National Highways, which also covers the problem of excess expenditure incurred by

the States, has been under consideration of this Ministry. Necessary instructions in the matter have since been issued to the various State and Union Territory Governments. The problem has also been taken up at the meeting of State Chief Engineers, Standing Committee on Roads of the Transport Development Council etc. At the latter Committee the Ministers-in-charge of roads in States are members and the Union Minister of Parliamentary Affairs, Shipping and Transport is the Chairman. It is hoped that the position would improve in the years to come.

In addition, certain further measures for controlling expenditure, pursuant to the recommendations contained in the 123rd Report of the Public Accounts Committee (Fourth Lok Sabha) are also under the active consideration of the Government of India.

B. Excess in the Charged portion of the Grant:

The excess occurred under the sub-head 'A. 2(4)-Grants-in-aid, Contributions, etc. (Charged). An amount of Rs. 5,00,000 was provided in the Original budget for 1969-70 by way of grant to the Delhi Administration for payments in satisfaction of court decrees in connection with the execution of road works financed from the Central Road Fund. The actual payments, however, amounted to Rs. 5,46,285 resulting in an excess of Rs. 46,285 under the above sub-head. The excess of Rs. 46,285 was counter-balanced by the non-utilisation of the provision of Rs. 10,000 made under the sub-head 'A. 4(3)-Maintenance of Border Roads' (Charged) leaving a net excess of Rs. 36,285 under the Charged portion of the Grant.

As the payments were made in satisfaction of court decrees, the expenditure was 'Charged' on the Consolidated Fund of India under Article 112(3)(f) of the Constitution. The expenditure over and above the sanctioned appropriation should have been incurred only after taking either a supplementary appropriation or an advance from the Contingency Fund of India. This is being brought to the notice of all concerned so as to ensure that no expenditure in excess of the sanctioned appropriation is incurred in future.

After excluding the amounts of Rs. 1,37,668 and Rs. 1,37,901 representing the misclassifications referred to in para 8(iii) and 9 above, the net overall excess in the Voted portion of this Grant requiring regularisation works out to Rs. 84,89,601."

2.26. The Committee are constrained to once again comment on the expenditure exceeding this grant persistently over more than a

decade. The excess under the head "Maintenance of National Highways" (Rs. 84.60 lakhs) during 1969-70 is the highest ever recorded in recent years. The Committee had in paragraph 2.34 of their 123rd Report (Fourth Lok Sabha) indicated the excesses that occurred under this head continuously from 1959-60 to 1968-69. It is evident that efforts made so far to improve the position have been of little avail; in fact the position has tended to deteriorate further. In the circumstances they would strongly urge Government to finalise without any further loss of time the question of streamlining the procedure of the execution of works on the National Highways with a view to inter alia obviate the excess expenditure incurred by the States and report the details to them. It is surprising that the matter is hanging fire for over three years now. The Committee are of the opinion that with a more rational and realistic allocation of funds, periodic reviews of progress of expenditure on the basis of monthly returns obtained promptly from the Works executing agencies and a better regulatory control through the Regional offices, the excesses could have been avoided.

APPROPRIATION ACCOUNTS (RAILWAYS), 1969-70 MINISTRY OF RAILWAYS

GRANT No. 7—Revenue Working Expenses.

| | Rs. |
|------------------------------|----------------|
| Final Grant | 1,63,01,62,000 |
| Actual Expenditure | 1,65,29,72,143 |
| Excess (+) | 2,28,10,143 |

2.27. According to the Report of the C. & A.G. (Railways) for the year 1969-70 "the bulk of the excess was caused by increased expenditure on freight and handling charges on coal and diesel oil (Rs. 88 lakhs) and more consumption of diesel oil (Rs. 36 lakhs) and coal (Rs. 33 lakhs). The balance of the excess occurred mainly on account of incorrect assessment of the average cost of coal and the unit rate of issue per train kilometre on the South Eastern Railway even at the final modification stage (Rs. 35 lakhs), loss of fuel being more than anticipated (Rs. 8 lakhs) and aggregate of minor variations (Rs. 28 lakhs). A supplementary grant of Rs. 665 lakhs obtained in March, 1970 mainly to cover post Budget increase in prices of coal from 1st October, 1969 and increase in sales tax on diesel oil (Rs. 186 lakhs), increase in passenger and other services (Rs. 212 lakhs), higher rate of consumption of coal incidental to relegation

of steam traction to inferior services (Rs. 137 lakhs) and certain arrear adjustments (Rs. 73 lakhs) proved inadequate."

2.28. In a note furnished to the Committee, the Ministry of Railways (Railway Board) have, *inter alia* stated as follows:—

"This grant deals with expenditure on Coal and other fuel, freight and handling charges, sales tax, excise duty and cess on coal, electric current for traction purposes and losses on fuel.

The excess of 2,28.10 lakhs is only 1.4 per cent of the final grant of Rs. 163.02 crores voted by Parliament. A supplementary grant amounting to Rs. 6.65 crores was obtained in March, 1970 mainly to cover post budget increases such as increase in passenger and other services (212.17 lakhs), higher average prices of coal and increase in sales tax (185.89 lakhs), higher rate of consumption of coal incidental to the relegation of steam traction to inferior services (136.62 lakhs), receipt of coal by the sea-cum-rail route and on account of variation in leads of coal (48.45 lakhs) and other minor causes including arrear adjustments (81.66 lakhs). This additional provision, however, proved insufficient resulting in the excess. The excess occurred mainly on the Central (68 lakhs), S.C. (45 lakhs), N.F. (28 lakhs), Southern (27 lakhs), S.E. (24 lakhs), Western (20 lakhs), Northern (8 lakhs), Eastern (5 lakhs), and N.E. (3 lakhs) Railways.

The excess was chiefly under cost of coal due largely to more expenditure owing partly to heavier consumption and partly to higher average prices of coal etc. (68 lakhs), fluctuations in adjustments under freight and handling charges (88 lakhs), consumption of diesel oil (36 lakhs) and minor variations such as fluctuations in adjustments in respect of losses of fuel, sales tax, excise duty and cess on coal etc. (36 lakhs)."

2.29. The Committee find that among other reasons excess consumption of fuel, incorrect assessment of average cost of coal and losses of fuel accounted for the excess expenditure under this grant. Although the excess consumption of fuel may be partly due to the relegation of steam traction to inferior services as explained by the Ministry, the Committee do not rule out the scope for economy on fuel. In this connection the Committee would like to stress that there should be stricter control over the consumption of fuel to avoid wastage, pilferage and theft.

2.30. As regards the incorrect assessment of the average cost of coal, the Committee observe that this occurred mainly on the South Eastern Railway even at the final modification stage which does not speak well of the method of estimation of cost. The Committee hope that such instances of lack of proper care will not recur.

APPROPRIATION ACCOUNTS (P & T), 1969-70

MINISTRY OF COMMUNICATIONS

P. & T. BOARD

Grant No. 94.—P. & T. Dividend to General Revenues, Appropriation to Reserve Funds and Repayment of loan from General Revenues.

| | Rs. |
|------------------------------|--------------|
| Original Grant | 33,97,48,000 |
| Actual Expenditure | 38,98,56,331 |
| Excess (+) | 5,01,08,331 |

2.31. In a note furnished to the Committee, the Ministry of Communications (P. & T. Board) have stated as follows:

“The final accounts for the year 1969-70 disclosed an excess of Rs. 5,01,08,331 over the voted Grant No. 94—Posts and Telegraphs—Dividend to General Revenues, Appropriations to Reserve Funds and Repayment of loans from General Revenues’ as detailed below:—

| | | |
|---------------------------------|-----|--------------|
| Amount of voted Grant | Rs. | 33,97,48,000 |
| Actual expenditure | Rs. | 38,98,56,331 |
| Excess over the Grant | Rs. | 5,01,08,331 |

This Grant provides for (i) payment of dividend to General Revenues on the Capital-at-charge, (ii) appropriation of surplus on the working of the P. & T. Department to its Reserve Funds and (iii) payment of interest on and repayment of principal of loans from the General Revenues taken for augmenting the P. & T. Revenue Reserve Fund so as to meet the shortfall in the dividend payable to General Revenues as well as the deficit, if any, in the working results of the Department. In accordance with the convention governing the relations between the P. & T. and General Revenues which came into effect from 1st

April, 1967, the P. & T. Department pays to the General Revenues a dividend calculated at the rate of 4.75 per cent on the net capital at charge outstanding on 31st March, 1964 reduced by its share of accumulated surpluses as on 31st March, 1960 and further reduced by the balance in the Renewals Reserve Fund as on 31st March, 1964 and at 6.75 per cent on the Capital advanced after 31st March, 1964 reduced by the increase in the balance in the Renewal Reserve Fund after 31st March, 1964 and the balance of the surplus is appropriated to its Reserve Funds. Any improvement in Receipts or reduction in Working Expenses has the effect of increasing the surplus anticipated in the Budget and results in larger appropriation to the Reserve Funds thereby causing an excess in this Grant unless it can be anticipated and provided for through Supplementary Demands for Grants.

The position of funds under this Grant as provided for in the original estimate compared with the actual expenditure during 1969-70 is indicated below:—

| | Original estimate for 1969-70 | Actuals for 1969-70 | Variation —Savings. (+)Excesses |
|--|--|---------------------------|---------------------------------------|
| Dividend to General Revenues | 13.17 | 12.84 | (—) 0.33 |
| Appropriation to P & T Revenue Reserve Fund | 10.40 | 13.38 | (+) 2.98 |
| Repayment of loan from General Revenues | 10.40 | 12.76 | (+) 2.36 |
| TOTAL | 33.97 | 38.98 | (+) 5.01 |

The excess occurred under the heads 'Appropriation to P. & T. Revenue Reserve Fund' and 'Repayment of Loan taken from General Revenues' as explained below:—

Appropriation to P. and T. Revenue Reserve Fund (Rs. 2.98 crores)

At the time of framing the original Budget for 1969-70, the surplus of the P. & T. Department was estimated at Rs. 23.57 crores. Out of this, the dividend liability was estimated at Rs. 13.17 crores leaving a surplus of Rs. 10.40 crores to be appropriated to the P. & T. Revenue Reserve Fund. At the time of framing the Revised Estimates the surplus was estimated at Rs. 19.85 crores only. However,

the actuals disclosed a surplus of Rs. 26.22 crores i.e. an increase of Rs. 2.65 crores over the Budget due to larger receipts than anticipated by Rs. 7.10 crores, partly off-set by increase in Net Working Expenses by Rs. 4.45 crores. The actual dividend liability worked out to Rs. 12.84 crores against the Budget of Rs. 13.17 crores due to less capital-at-charge during the year under review resulting in a saving of Rs. 0.33 crores. The balance of Rs. 13.38 crores being the surplus of the Department was appropriated to the P. & T. Revenue Reserve Fund, as against the B.E. 1969-70 of Rs. 10.40 crores resulting in an excess of Rs. 2.98 crores.

Repayment of loan from General Revenues (Rs. 2.36 crores)

As against the estimated liability of Rs. 10.40 crores in B.E. 1969-70 towards repayment of the second instalment of the loan taken from General Revenues in 1967-68 and also the first instalment of the loan taken during 1968-69 together with interest thereon, the actuals turned out to be Rs 10,19.60 lakhs due to reduction in the amount of the second loan actually taken from the General Revenues during 1968-69. After meeting this liability, a balance of Rs. 318.83 lakhs would have been left in the P. & T. Revenue Reserve Fund. It was, however, decided to repay the second instalment of Rs. 2,56,92,678 also of the second loan taken in 1968-69. The total payments to the General Revenues in regard to the repayment of instalments of loan with interest thereon amounted to Rs. 12,76.52 lakhs as against the original provision of Rs. 10,40.26 lakhs resulting in an excess expenditure of Rs. 2,36.26 lakhs. As, however, there was a corresponding recovery under the Grant (as the amount is met from P. & T. Revenue Reserve Fund), the net cash out—go out of the consolidated Fund of India was nil on this account."

2.32. The Ministry have further stated:

"The total excess on the above mentioned two heads amounts to Rs. 5.34 crores. This was partly counter balanced by savings of Rs. 0.33 crore under the head 'Dividend to General Revenues' leaving a net excess of Rs. 5,01,08,331."

2.33. The excess under this grant occurred as a result of incorrect estimation of surplus of the P. & T. Department which in turn was due to incorrect estimation of receipts and working expenses. The

Committee find that the accounts for the year 1969-70 disclosed a surplus of Rs. 26.22 crores as against Rs. 23.57 crores anticipated at the time of framing the budget. This was due to increase in receipts by Rs. 7.10 crores partly offset by increase in net working expenses by Rs. 4.45 crores. The Committee hope that the estimates of receipts and expenditure will be more realistically fixed in future.

2.34. Subject to the above observations, the Committee recommend that excess referred to in paragraph 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.

CHAPTER III

ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 123RD REPORT (FOURTH LOK SABHA)

3.1. The 123rd Report of the Public Accounts Committee (Fourth Lok Sabha) on Excesses over Voted Grants|Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Posts and Telegraphs), (Railways) and (Defence Services) for the year 1968-69, was presented to the House on the 13th August, 1970. Out of 19 recommendations contained in Chapters I & II of the Report, replies of Government have been received in respect of 18 recommendations. These are reproduced in Appendix XIX. Reply is still awaited in respect of recommendation at Serial No. 11.

3.2. Chapter III of the Report also contains a recommendation (*vide* Serial No. 19). This relates to the delay in submission of the action taken notes on the outstanding recommendations of the Committee contained in their 83rd Report (Fourth Lok Sabha). Action taken notes in respect of recommendation contained therein Serial No. 11 of Appendix XXIV is still awaited.

3.3. Replies of Government have been categorised under the following heads:—

- (i) *Recommendations/Observations that have been accepted by Government.*

Serial Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, 15, 16, 17, 18 and 19.

- (ii) *Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Government*

Serial No. 13.

3.4. The Committee regret the delay in the submission of action taken notes in the above cases. They desire that the Ministries! Departments should ensure hereafter that action taken notes on the outstanding recommendations of the Committee are invariably furnished to them within the stipulated time limit of six months.

NEW DELHI;
December 20, 1971.
Agrahayana 29, 1893 (S).

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

APPENDIX I

MINISTRY OF FINANCE

(Department of Economic Affairs)

SUBJECT:—*Note for Regularisation of Excess in Voted portion of Grants No. 23—Pensions and Other Retirement Benefits in the Appropriation Accounts (Civil) 1969-70.*

| | |
|----------------------------------|--------------|
| Original Grant (Voted) | 7,84,11,000 |
| Supplementary Grant | 47,65,000 |
| Final Grant | 8,31,76,000 |
| Actual Expenditure | 8,35,67,954 |
| | (+) 3,91,954 |

The excess, which is the net result of excesses and saving under the various sub-heads of the Grant, occurred mainly under the 'Voted' portion of the sub-heads 'A.-Superannuation and Retired Allowances (Rs. 19,59,393) and 'G.-Family Pensions' (Rs. 4,84,835) partly counterbalanced by savings chiefly under the sub-heads 'D.-Gratuities', 'F.-Contributions for Pensions and Gratities', 'J.-Donations to Provident Funds' and 'M.-Pensions to Former Employees of Sin, N.W.F.P., etc.'

2. The expenditure under this Grant is somewhat of an unpredictable nature since it is not possible to anticipate precisely the payments of Pensions, Gratuities and Family Pensions to be made during the year. The estimates and final grant are fixed generally on the basis of the information furnished by the various Accounts Officers who in turn base them on the trend of past and current actuals and such other information as may be available with them. The excess has been caused by more drawal of Pensions and Family Pensions

APPENDICES

etc. than anticipated. In the circumstances, the excess may kindly be recommended for regularisation under Article 115 of the Constitution.

3. This has been seen by Audit.

APPENDIX II

No. F. 3(50)-B/70

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

SUBJECTS—Regularisation of Excess in the Voted portion of Grant No. 109—Commuted Value of Pensions reflected in the Appropriation Accounts, 1969-70.

| | | |
|-------------------------------|-----|-------------|
| Original Grant | Rs. | 6,02,79,000 |
| Supplementary Grant | Rs. | 32,43,000 |
| Final Grant | Rs. | 6,35,22,000 |
| Actual Expenditure | Rs. | 6,57,28,518 |
| Excess (+) | Rs. | 22,06,518 |

The excess of Rs. 22,06,518 which is the net result of Excesses and Savings under the various sub-heads of the Grant occurred mainly under the sub-head 'A. 2-Defence Services Pensions' (Rs. 24.25 lakhs).

The estimates and the final grant under the sub-head 'A.2-Defence Services Pensions' are fixed on the basis of the requirements intimated by the Defence Accounts Officers. The Original provision of Rs. 5,81.00 lakhs under this sub-head was augmented by obtaining a Supplementary Grant of Rs. 9.98 lakhs on the basis of Revised Estimates. At the time of regularisation of the Grant, the requirements of the Defence Services were met in full and an additional sum of Rs. 3,000/- was provided by re-appropriation from savings under other sub-heads in the grant. The actual payment of commuted value of pensions, however, exceeded the sanctioned provision as a result of receipts of larger number of applications for commutation of their pensions from Defence Personnel, and unexpected payment in March 1970 in respect of certain claims that were anticipated

to be carried forward to 1970-71, resulting in an excess of Rs. 24.25 lakhs. A part of the excess was, however, set off from out of the savings under other sub-heads within the Grant leaving an uncovered excess of Rs. 22,06,518, which requires regularisation.

The expenditure under this Grant is of an unpredictable nature, as it is not possible to anticipate precisely the commutation cases which would be received and paid during the year. In the circumstances, the recommendation of the Public Accounts Committee is sought for the regularisation of the above excess under Article 115 of the Constitution.

This has been seen by Audit.

APPENDIX III

MINISTRY OF FOREIGN TRADE AND SUPPLY

Note for the Public Accounts Committee for regularisation of excess as disclosed in the Appropriation Accounts, Central (Civil), 1969-70.

| | Rs. |
|---|-------------|
| Original Grant | 1,39,96,000 |
| Supplementary Grant | 10,33,000 |
| Final Grant | 1,50,29,000 |
| Actual Expenditure | 1,51,03,592 |
| Excess | 74,592 |
| Percentage of excess over Final Grant | 0.49 % |

The original budget provision of Rs. 1,39,96,000 under this Grant was augmented by Rs. 10,33,000 by obtaining a Supplementary Grant in the March, 1970 session of Parliament. The actual expenditure during the year, however, amounted to Rs. 1,51,03,592 resulting in a small excess of Rs. 74,592 which requires to be regularised by Parliament.

2. Budget provision made under this Grant for 1969-70 was in respect of the Department of Foreign Trade, Department of Supply and Chief Pay and Accounts Office. There was an excess of Rs. 1,41,206 over the final grant relating to the Department of Foreign Trade which was partly off-set by net savings to the extent of Rs. 66,614 under the Department of Supply and Chief Pay and Accounts Office, leaving a net excess of Rs. 74,592.

3. The excess of Rs. 74,592 in this Grant is the net result of excesses and savings under the various sub-heads of the Grant. The excess occurred under the Sub-head 'A.1(2)-Travelling Expenses' (Rs. 1,78,917). This excess was mainly due to adjustment of book debits on account of expenditure on Daily Allowance and Hotel Accommodation Charges of members of Delegations sent abroad and Passage bills of staff of the missions transferred to the Ministry.

The activities of the Ministry are expending at a fast pace and with increasing stress laid on exports a number of delegations had to be sent abroad for exploring the foreign markets with a view to increasing our exports to those Countries. It is generally not found possible to anticipate precisely the expenditure on this account as details of all the delegations proposed to be sent during the year are not completely available even at the time of finalisation of Revised Estimates. Moreover, expenditure on Daily Allowance, Hotel Accommodation charges, etc. of members of Delegations is incurred by various Missions abroad and the relevant debits are received and adjusted by the Accounts Officer mostly in March Preliminary. Final and Supplementary Accounts i.e. after 31st March. In March Preliminary, March Final and March Supplementary Accounts, the debits thus adjusted came to Rs. 158,246 out of the total debit of Rs. 2,59,945 adjusted in those accounts under the Sub-head A.1(2) Travelling Expenses. The excess expenditure adjusted in accounts was known too late to provide additional funds through Supplementary Demands for Grants. In the light of the observations made by the Public Accounts Committee in Paragraph 2.9 of their 123rd Report (4th Lok Sabha) ways and means are being devised to improve the method of estimation so as to avoid such excesses in future.

4. The total excess of Rs. 1,78,917 as mentioned above was partly off-set to the extent of Rs. 1,04,325 by savings under other sub-heads of the Grant leaving a net excess of Rs. 74,592.

5. In the circumstances explained above the overall small excess of Rs. 74,592 which constitutes only 0.49 per cent of the total Grant, may kindly be recommended for regularisation under Article 115 of the Constitution of India.

6. The note has been vetted by Audit.

APPENDIX IV

MINISTRY OF HEALTH AND FAMILY PLANNING AND WORKS, HOUSING AND URBAN DEVELOPMENT

*Note for the Public Accounts Committee for regularisation of excess
in respect of Voted Grant No. "40-Public Works" as disclosed
in the Appropriation Accounts (Civil) for 1969-70.*

| | Final Grant | Actual Expenditure | Excess |
|-------------------------|----------------|-----------------------|------------|
| | Rs. | Rs. | Rs. |
| Original | 40,67,50,000 | | |
| Supplementary | 2,71,94,000 | | |
| | 43,39,44,000 | 43,59,01,848 | +19,57,848 |

- The original provision of Rs. 40,67,50,000 in the voted section of this Grant was augmented by Rs. 2,71,94,000 by obtaining a Supplementary Grant in the March, 1970 session of Parliament. Against the final Grant of Rs. 43,39,44,000 the actual expenditure came to Rs. 43,59,01,848 leaving an uncovered excess of Rs. 19,57,848 which requires to be regularised. The excess is the net result of excesses and savings under the various sub-heads of the Grant. The excess occurred mainly under the following sub-heads:—

| Sub-heads | Final Grant | Actual Expenditure | Excess |
|---------------------------------|--------------------------------|-----------------------|---------|
| (in lakhs of Rupees) | | | |
| A. Public Works : | | | |
| A.2.—Repairs : | | | |
| A.2 (1) Buildings . Voted | O 548·76 S 27·15 R 13·32 | 5,62·59 | 6,15·79 |
| A.3.—Establishment | | | |
| | | | |
| A.3(2)—Executive Voted | O 448·54 R 22·43 | 4,70·97 | 4,99·70 |
| A.3(3)—Other Estab- lishment | | | |

| Sub-heads | | | | Final Grant | Actual Expenditure | Excess |
|------------------------------------|-------|---|--------|----------------|-----------------------|--------|
| (in lakhs of Rupees) | | | | | | |
| A.3(3)(1)—Ordinary Establishment . | Voted | O | 14.46 | } 13.83 | 16.68 | 2.85 |
| | | R | 0.63 | | | |
| A. 5—Furniture . | Voted | | 15.00 | 15.00 | 17.58 | 2.58 |
| A. 7—Suspense | Voted | O | 949.99 | } 9,91.04 | 10,45.59 | 54.55 |
| A.7(1)—Stock : | | S | 50.00 | | | |
| A.7(1)(1)—Charges | | R | 8.95 | | | |

2. The reasons for the excess under the above sub-heads are briefly explained below:—

A. 2(1)—*Buildings* (Rs. +53.20 lakhs).

The excess is mainly due to an unanticipated payment on account of house tax|service charges including arrears of Rs. 37.02 lakhs to the New Delhi Municipal Committee in March, 1970 which could not be foreseen earlier. The claims of the N.D.M.C. for service charges, property tax etc. had been pending with Government for a considerable time as there were huge variations between their figures and those of the C.P.W.D. As there were claims and counter-claims the N.D.M.C. were requested to reconcile the differences through personal efforts. The work of reconciliation which was started by N.D.M.C. in April, 1969 could be completed only in February|March, 1971. As the reconciliation was progress the total liability was, therefore, not known to the Government earlier. In March, 1970 it was decided that the dues of the N.D.M.C. for the period ending 31st March, 1970 as stated by them less dues of the C.P.W.D.* should be paid. It was not possible to provide additional Funds by obtaining a Supplementary Grant at that stage and this resulted in excess. A part of the excess was also due to unanticipated increased expenditure on maintenance works of an urgent and inescapable nature both in office buildings and residential bungalows in the New Delhi area.

A.3(2)—*Executive Establishment*: Rs. 28.73 lakhs

and A.3(3) (1)—*Ordinary Establishment*: Rs. 2.85 lakhs.

The excess is mainly due to errors in classification of expenditure within the Grant in respect of sub-heads under the Group head A.3—Establishment which could not be detected during the course of the year. As a result of this misclassification, there was a corresponding saving under Direction and under "Workcharged Establishment converted into regular establishment" under the Group head "A. 3-Establishment".

Detailed instructions are being issued by Engineer-in-Chief to the Superintending Engineers|Executive Engineers to ensure that correct classification is recorded by them on the bills, so that cases of misclassification are detected and rectified in time.

A. 5-Furniture—Rs. +2.58 lakhs.

This excess was on account of supply of additional items of furniture on demand for Ministers and Members of Parliament and furnishing of the residence of the Vice-President.

A. 7—Suspense—A. 7(1) Stock—A. 7(1) (1)—Charges—
Rs. +54.55 lakhs.

This head represents the transactions connected with the purchase of materials both for buildings and roads, made by the Central P.W.D., for various works undertaken by them.

The excess was mainly due to receipt of more cement and steel during the last quarter of the year than anticipated.

3. The excess under the above sub-heads and minor excesses under certain other sub-heads were partly counter-balanced by savings under other sub-heads of the Grant leaving a net excess of Rs. 19,57,484 as a whole in the Grant which requires to be regularised by Parliament.

4. In the circumstances explained above, the excess of Rs. 19,57,848 which is only 0.45 per cent of the final Grant may be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

This Note has been vetted by Audit.

APPENDIX V

GRIHMANTRALAYA|MINISTRY OF HOME AFFAIRS

Note for the PAC for regularisation of excess in respect of voted Grant No. '58—Andaman and Nicobar Islands' as disclosed in the Appropriation Accounts (Civil) for 1969-70.

| | Rs. |
|-------------------------------|--------------|
| Original Grant | 7,84,26,000 |
| Supplementary Grant | 2,06,11,000 |
| Total Grant | 9,90,37,000 |
| Actual Expenditure | 10,15,70,443 |
| Excess | 25,33,443 |

2. The original provision of Rs. 7,84,26,000 in the voted section of this grant was augmented by Rs. 2,06,11,000 by obtaining a Supplementary Grant in the March, 1970 session of Parliament. Against the final Grant of Rs. 9,90,37,000, the actual expenditure amounted to Rs. 10,15,70,443 leaving an uncovered excess of Rs. 25,33,443. The excess is the net result of excesses and savings under the various sub-heads of the Grant and occurred mainly under the following sub-heads for the reasons explained below the respective sub-heads :—

- E. Public Works (including Roads)
and Schemes of Miscellaneous Public Improvements :
- E. 1(4)—Public Works :
- E. 1(4)—Tools and Plant :

| | Final Grant | Actual Expenditure | Excess |
|--|----------------|-----------------------|----------|
| | Rs. | Rs. | Rs. |
| E. 1(4) (1)—New supplies, Repairs, etc. | 6,54,300 | 12,26,244 | 5,71,944 |

The excess was due to (i) receipt of more spare parts towards the end of the year than anticipated and (ii) unavoidable delay

in the adjustment of credits at the end of the year for hire charges of trucks in respect of material issued and debited to the works separately.

E. 1(5)—Suspense :

E. 1(5) (2)—Other
Suspense Accounts :

| | | | |
|----------------------|-----------|-------------|-----------|
| E.1(5)(2)(1)—Charges | 80,00,000 | 1,02,19,183 | 22,19,183 |
|----------------------|-----------|-------------|-----------|

Due to increase in the demand of stores like cement, steel etc. consequent on increase in the building and road works in the Island additional funds were provided through Supplementary Grant but it proved inadequate due to (i) arrival of more stores than anticipated at the end of the year and (ii) adjustment of certain inevitable liabilities. Although the liability register was maintained, yet these liabilities could not be anticipated and provided for during the year 1969-70 as the debits were accepted by the department towards the end of the year. As, however, there were correspondingly more recoveries on this account due to issue of stores to works there was no net cash outgo on this account.

F. Transport and Communications (other than Roads) :

F. 1—Ports and Pilotage :

F. 1(2)—Miscellaneous Shore Establishment :

| | Final Grant | Actual Expenditure | Excess |
|-------------------------------------|----------------|-----------------------|-----------|
| | Rs. | Rs. | Rs. |
| F.1(2)(4)—Marine Stores Suspense | | | |
| F.1(2) (4) (1)—Gross Expenditure | 20,79,900 | 35,80,550 | 15,00,650 |

The excess was mainly due to payment in respect of past indent made directly to the suppliers by the Pay and Accounts Officer and adjusted by the Accounts Officer in March, 1970 (Final accounts) without prior intimation to the Administration. Intimation regarding these adjustments was received only in July, 1970 when it could not be covered by additional funds.

| | | | |
|--------------------------------|--------|----------|----------|
| F. 1(2) (5)—Dock yard charges: | 50,000 | 3,44,124 | 2,94,124 |
|--------------------------------|--------|----------|----------|

The excess under this sub-head is mainly due to a wrong adjustment of Rs. 2,71,757.92 in accounts under the Major Head '53-Ports

and Pilotage' made in the accounts Office which came to light after the accounts of the year were closed when it was too late to rectify the error.

In conformity with the recommendations contained in paragraph 7 of Sixteenth Report of the Public Accounts Committee (First Lok Sabha), this misclassified amount of Rs. 2,71,758 may be excluded from the scope of regularisation by Parliament. This position has also been accepted by the A.G.C.R., New Delhi.

3. The excess of Rs. 45.86 lakhs under the above sub-heads and minor excesses under other sub-heads were partly off set by savings under other sub-heads of the Grant leaving an uncovered excess of Rs. 25,33,443. After excluding the amount of Rs. 2,71,758 representing the misclassifications referred to above, the net overall excess under this Grant requiring regularisation work out to Rs. 22,61,685.

4. In the circumstances explained above the over all excess of Re. 22,61,685 which constitutes only 2.28 per cent of the Final Grant may kindly be recommended for regularisation in accordance with Article 115 of the Constitution of India.

This note has been vetted by audit.

APPENDIX VI

MINISTRY OF INFORMATION AND BROADCASTING

Note for the PAC for regularisation of excess over voted Grant No. '62—Ministry of Information and Broadcasting' as disclosed in the Appropriation Accounts, Central (Civil) for the year 1969-70.

Grant No. '62—Ministry of Information & Broadcasting

| | Rs. |
|-------------------------------------|-----------|
| Original Grant Voted | 25,79,000 |
| Supplementary Grant Voted | 2,20,000 |
| Total Grant Voted | 25,99,000 |
| Actual Expenditure Voted | 26,50,325 |
| Excess | 51,325 |

2. The original Grant of Rs. 23.79 lakhs was augmented by Rs. 2.20 lakhs by obtaining a Supplementary Grant in the March, 1970 session of Parliament. The actual expenditure however, came to Rs. 26,50,325 leaving an uncovered excess of Rs. 51,325 which requires to be regularised. The excess is the net result of excesses and savings under the various sub-heads of the Grant. The excess occurred mainly under the sub-heads indicated below:—

| Sub-head | Final Grant | Actual Expenditure | Excess |
|---|----------------|-----------------------|---------|
| | Rs. | Rs. | Rs. |
| A.1.—Establishment Charges | 19,61,000 | 20,08,632 | +47,632 |
| A.3.—Other Charges | 4,96,000 | 4,99,342 | +3,342 |
| B.1.—Hospitality and Entertainment Expenses | 17,000 | 17,567 | +567 |

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

(1) A. 1.—*Establishment Charges* (+) Rs. 47,632

More expenditure than anticipated on:

- (i) Overtime allowance (Rs. 26,970)
- (ii) Honorarium (Rs. 1,600)

- (iii) Reimbursements of Tuition Fees (Rs. 3,407) and
 (iv) Pay and Allowances due to charge of incumbents—both gazetted and non-gazetted (Rs. 15,655)
- (2) A. 3.—Other Charges (+) Rs. 3,342.

More expenditure on telephone charges and office contingencies on account of rise in prices.

- (3) B. 1.—Hospitality and Entertainment expenses Rs. +567.

The excess is negligible.

(4) The total excess of Rs. 51,541 under the above sub-heads was partly counter-balanced by saving under Sub-head A. 2.—'Traveling Expenses' (Rs. 2.16) leaving a net excess of Rs. 51,325 in the Grant which requires to be regularised.

(5) In the circumstances explained above, the excess of Rs. 51,325 which is 1.97 per cent only of the final Grant may be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

- (6) This note has been vetted by Audit.

APPENDIX VII

IMMEDIATE

BUDGET

GOVERNMENT OF INDIA

PETROLEUM AUR RASAYAN MANTRALAYA

MINISTRY OF PETROLEUM & CHEMICALS

Note for the Public Accounts Committee for regularisation of excess in the Voted section of Grant No. '77—Other Revenue Expenditure of the Ministry of Petroleum and Chemicals and Mines and Metals' as disclosed in the Appropriation Accounts (Civil) 1969-70.

| Original Grant | Supplementary Grant | Final Grant | Actual Expenditure | Excess | Percentage of Excess over Final Grant |
|----------------|---------------------|--------------|--------------------|----------|---------------------------------------|
| Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 15,89,80,000 | 61,71,000 | 16,51,51,000 | 16,56,55,58 | 5,04,058 | 0.3% |

The Original provision of Rs. 15,89,80,000 in the Voted section of this Grant was augmented by Rs. 61,71,000 by obtaining a Supplementary Grant in March, 1970 session of Parliament. Against the final Grant of Rs. 16,51,51,000 the actual expenditure amounted to Rs. 16,56,55,058 leaving an uncovered excess of Rs. 5,04,058 which requires to be regularised.

2. The excess, which is the net result of excesses and savings under the various sub-heads of the Grant occurred mainly under the sub-head 'C-3 (5)-Payments to the Railways on account of Freight concessions on the Despatches of Furnace Oil' (Rs. 88.67 lakhs), due to the adjustment bills for the earlier period having been submitted by the Railways at the fag and of the year (Rs. 58.83 lakhs) and more subsidy to Railways during the year 1969-70 due to increase in despatches of Low Sulphur Heavy Stock, in view of the greater power generation than anticipated (Rs. 29.84 lakhs).

3. The Scheme of concessional freight on consignment of Furnace Oil in wagon loads, booked by rail from certain ports and other transshipment points, in view of the difficulties experienced by industries located at longer distances from coal fields, was introduced with effect from 1st July, 1962. Under the scheme, consignment of furnace oil in wagon loads booked by rail from any of the designated ports was charged only half the freight leviable under the normal tariffs rates subject to a certain net minimum charge, the difference between the full freight applicable and that actually charged being made good to the Railways as subsidy. This scheme had been modified from time to time. With effect from 1.7.68 the concession is available only in respect of Low Sulphur Heavy Stock|Residual Fuel Oil produced wholly from indigenous crude and used by public utilities for power generation.

The expenditure under this sub-head represents the payments made to the Railways on account of the difference between the full freight payable at normal rates and the Commercial freight charged for the transport of the Low Sulphur Heavy Stock|Residual Fuel Oil produced wholly from indigenous crude and used by public utilities for power generation from various ports to the points of consumption.

4. Normally expenditure sanctions against the Budget provision made in the grant are issued by the Deptt. controlling the Grant. The procedure for the payment of subsidy to the Railways at the concessional rate and the Railways put in their claims to the Accountant General, Commerce, Works & Miscellaneous through their Accounts Officer for the reimbursement of the balance amount being the Government Oil rebate. The Accountant General, Commerce, Works & Miscellaneous accepts the debit raised and books the expenditure on the strength of a certificate of correctness furnished by the Railway Accounts Officer and affords necessary credit to the latter in the usual manner. No sanction in this regard is issued by the Department.

5. A sum of Rs. 30 lakhs was originally provided under the sub-head 'C-3(5)-Payments to the Railways on account of Freight concessions on the Despatches of Furnace Oil' during 1969-70. Out of this a sum of Rs. 1,18,925 was reappropriated later on leaving a final Grant of Rs. 28,81,075. Though at the time of framing the revised estimates the concession likely to be availed of by the companies during 1969-70 was estimated at Rs. 58 lakhs, in view of the past actuals and the trend of current actuals which were

always less than the Budget provision as shown below, no additional provision for the increased requirements was sought for:—

| Year | Budget Estimate | Concession availed by the Companies during the year | Actuals |
|---------|-----------------|---|---------------------------------|
| | Rs. | Rs. | Rs. |
| 1967-68 | 27,84,000 | 31,62,374 | 9,28,585 |
| 1968-69 | 10,00,000 | 47,06,249 | 10,84,435 |
| 1969-70 | 30,00,000 | 56,98,321 | (6,47,547) up to Feb. 70. |

6. Against the Final Grant of Rs. 28,81,075 the actual expenditure during the year, however, amounted to Rs. 1,17,48,310 resulting in an excess of Rs. 88,67,235. The expenditure adjusted during the month of March (Preliminary, Final and Supplementary) 1970, accounts along amounted to Rs. 1,11,00,763. The excess expenditure was known too late to the Ministry to provide for additional funds on this account.

- 7. The total excess of Rs. 88,67,235 under the above sub-head and minor excess Rs. 3837 under other sub-heads were partly counter-balanced by savings Rs. 83,67,014 under other sub-heads of the Grant leaving a net excess of Rs. 5,04,058 which require to be regularised by Parliament.

8. In the circumstances explained above, the overall excess of Rs. 5,04,058 which constitutes only 0.3 per cent of the Final Grant may be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

This has been vetted by Audit.

APPENDIX VIII **MINISTRY OF SHIPPING AND TRANSPORT** **(TRANSPORT WING)**

Note for the public Accounts Committee for regularisation of excess over voted Grant No. '78-Ministry of Shipping and Transport' as disclosed in the Appropriation Accounts (Civil) for the year 1969-70.

| | Final Grant | Actual Expenditure | Excess | Percentage of excess expendi- ture over final grant. |
|-------------------------|----------------|-----------------------|----------|---|
| | Rs. | Rs. | Rs. | |
| Original | 1,40,62,000 | | | |
| Supplementary | 90,000 | | | |
| | 1,41,52,000 | 1,44,03,005 | 2,51,005 | 1.77 % |

The original Grant of Rs. 1,40,62,000 was augmented by Rs. 90,000 by obtaining a Supplementary Grant in the March, 1970 session of Parliament. Against the final Grant of Rs. 1,41,52,000 the actual expenditure, however, amounted to Rs. 1,44,03,005 leaving an uncovered excess of Rs. 2,51,005 which requires to be regularised by Parliament.

2. The overall excess of Rs. 2,51,005 is the net result of excesses and savings under the various Group sub-heads of the Grant. The excess occurred mainly under the Group sub-heads 'A-1-Transport Wing' and 'A. 2(1)-Roads Wing (Main)' for the reasons explained below:—

| Group sub-head | Final Grant | Actual Expenditure | Excess |
|----------------------|----------------|-----------------------|---------|
| | Rs. | Rs. | Rs. |
| A. 1—Transport Wing. | | | |
| O. 39,36,000 | 40,43,000 | 41,07,721 | +64,721 |
| S. 90,000 | | | |
| R. 17,000 | | | |

The excess occurred under the sub-head 'A. 1(3)-Other Charges' (Rs. 1,38,718) partly counterbalanced by savings under other sub-heads within the Group sub-head. The excess was due to (i) purchase of a staff car for Rs. 99,591 for the use of the Minister in March, 1970 when the expenditure was expected to be met out of the savings anticipated within the Grant but the expectation did not materialise and (ii) adjustment of telephone bills pertaining to the previous years after the close of the year in March (Final and Supplementary), 1970 Accounts (Rs. 39,127).

| Group Sub-head | Final Grant | Actual Expenditure | Excess |
|------------------------------|-------------|--------------------|------------|
| | Rs. | Rs. | Rs. |
| A. 2 (1) - Roads Wing (Main) | | | |
| O. 53,78,000 } | 53,95,000 | 56,37,653 | + 2,42,653 |
| R. 17,000 } | | | |

The main factors leading to the excess are as follows:—

- (i) Increased expenditure (Rs. 45,948) under 'A.2(1) (1)-Establishment Charges' due to unanticipated adjustment of expenditure of the Regional Offices of the Roads Wing (Outside Delhi) pertaining to the previous years;
- (ii) More expenditure (Rs. 33,558) under 'A.2(1) (2)-Traveling Expenses' due to adjustment of bills of the previous years (Rs. 20,891) and increased tours by officers on account of the inspection of projects by International Development Association team for selection of Road and Bridge projects to be financed by World Bank (Rs. 12,667); and
- (iii) More expenditure (Rs. 1,63,147) under 'A.2(1) (3)-Other Charges' than anticipated due to payment of past liabilities on account of rent of office buildings hired by Regional Offices (Outside Delhi), petrol charges, etc., debits for which were received from other Accounts Offices and adjusted after the close of the financial year 1969-70.

3. The excess expenditure under the sub-heads mentioned above was mostly due to adjustments carried out by the Accounts Officer during March (Preliminary, Final and Supplementary), 1970 Accounts i.e. after the close of the financial year when it was not possible to cover it by additional funds. The liability register which was not maintained so far is being maintained by the Ministry for 1970-71 onwards.

4. The excesses (Rs. 3,81,371) under the above sub-heads as well as a minor excess of Rs. 1,901 under the sub-head 'A.3(1)-Running Expenses', were counter-balanced by savings (Rs. 1,32,267) under the remaining sub-heads of the Grant leaving a net excess of Rs. 2,51,005 which requires to be regularised.

5. In the circumstances explained above, the overall excess of Rs. 2,51,005 which constitutes only 1.77 per cent of the Final Grant may be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution of India.

6. The note has been vetted by Audit.

APPENDIX IX

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING AND TRANSPORT (ROADS WING)

Note for P.A.C. for regularisation of Excess over Grant No. '79-Roads' as disclosed in the Appropriation Accounts (Civil), 1969-70.

| | Total Grant | Actual Expenditure | Excess + |
|-------------------|----------------|-----------------------|-----------|
| | Rs. | Rs. | Rs. |
| Voted | 2001,76,000 | 2089,41,170 | 87,65,170 |
| Charged | 5,10,000 | 5,46,285 | 36,285 |

A. Excess in the Voted portion of Grant:

The overall excess of Rs. 87,65,170 in the Voted section, which is the net result of excesses and savings under the various sub-heads in the Grant, occurred mainly under the sub-heads 'A.4(1)-Maintenance of National Highways' (Rs. 84,60,071), 'A.4(3)-Maintenance of Border Roads' (Rs. 6,28,577) and 'B.1-Original Works' (Rs. 1,38,616) of the Grant as explained below:—

'A.4(1)-Maintenance of National Highways' (Rs. 84,60,071):

2. A provision of Rs. 1126,00,000 was made under this sub-head in the budget for 1969-70. A sum of Rs. 7,00,000 became available out of savings under other sub-head in the Grant. Thus, allotments aggregating Rs. 1133,00,000 were made to the States for the maintenance of National Highways during 1969-70.

3. In addition, an advance of Rs. 93 lakhs was obtained from the Contingency Fund of India for expenditure on restoration of damages caused to National Highways by the heavy floods in 1969. Actually, a sum of Rs. 79,88,241/- was drawn against the advance of Rs. 93 lakhs.

4. Against the allotments of Rs. 1133,00,000 referred to in para 2 above, the expenditure booked in the Consolidated Fund of India

amounted to Rs. 1217,60,071 resulting in an excess of Rs. 84,60,071 under this sub-head. There was actually an excess expenditure totalling Rs. 93,47,722 in certain States as shown below:—

5. Andhra Pradesh (Rs. 3,28,213), Assam (Rs. 16,65,228), Bihar (Rs. 19,01,714), Gujarat (Rs. 96,147), Haryana (Rs. 6,00,361), Madhya Pradesh (Rs. 5,59,654), Maharashtra (Rs. 14,98,861), Mysore (Rs. 7,15,771), Nagaland (Rs. 7,28,812), Rajasthan (Rs. 3,96,263), Tamil Nadu (Rs. 21,514), Uttar Pradesh (Rs. 4,13,398), West Bengal (Rs. 37,765), Delhi (Rs. 1,84,360), Himachal Pradesh (Rs. 10,073) and Manipur (Rs. 1,89,588).

6. The expenditure of Rs. 1217,60,071 adjusted under this sub-head is exclusive of the expenditure incurred against the Contingency Fund Advance of Rs. 93 lakhs mentioned earlier.

7. As a result of savings amounting to Rs. 8,87,651 in other States the net excess under this sub-head was reduced to Rs. 84,60,071. This excess was mainly due to the fact that the States had to incur extra expenditure on unavoidable repairs in order to keep the lines of communications in tact.

A.4(3).—*Maintenance of Border Roads* (Rs. 6,28,577):

8. The excess under this sub-head was mainly due to the following factors:—

- (i) Unavoidable expenditure of emergent nature on the maintenance of Jammu-Srinagar road and unanticipated adjustment of liabilities pertaining to the year 1968-69 (Rs. 3.19 lakhs).
- (ii) Increased expenditure on the maintenance of certain roads in Himachal Pradesh with a view to keeping them fit for vehicular traffic through out the year (Rs. 2.31 lakhs).
- (iii) Erroneous adjustment in the Divisional accounts of liabilities relating to a road on the border of Sikkim for the year 1960-61 when this road was maintained by the West Bengal Government (Rs. 1,37,668).

B.1.—*Original Works* (Rs. 1,38,616):

9. The excess under this sub-head was mainly caused by misclassification of an expenditure of 1,37,901 under the major Head '52-Capital Outlay on Public Works' (i.e. within Revenue Account) instead of under the Major Head '103-Capital Outlay on Public Works' (i.e. outside Revenue Account). The expenditure was correctly adjustable under Grant No. '127-Capital Outlay on Roads' where there

were sufficient savings available to cover this expenditure. The misclassification came to notice after the accounts for 1969-70 had been closed. In terms of paragraph 7 of the 16th Report of the P.A.C. (First Lok Sabha) this misclassified amount is required to be excluded from the scope of regularisation.

10. The road works under the administrative control of this Ministry are executed through the agencies of the State Public Works Departments and the Central Public Works Department. Provision in the budget is made on the basis of estimates received from the various executive agencies. They in turn, are guided by their subsidiary establishments such as the Chief Engineer, Superintending Engineer Divisional Engineer, etc., who are in charge of actual execution of the works. The Government of India invariably impress upon the States the need for restricting the expenditure to the amount of the allotment and this stipulation is also made in the letters sanctioning the allotments of funds. In view of these instructions, it was not expected that the grant would be exceeded. Some of the States, however, failed to restrict the expenditure to the allotment made to them, which, as explained in para 1 above, became unavoidable as extra expenditure had to be incurred on inescapable repairs in order to keep the lines of communications in tact.

11. The Government of India are, however, fully seized of the problem of avoiding excesses over sanctioned grants and have already taken a number of measures in this behalf. In accordance with the existing instructions, the State Governments are required to furnish monthly returns of expenditure against the grants, sanctioned by the Government of India. These returns are scheduled to be received by the 20th of the month following the one to which they relate. Experience has, however, shown that the submission of these returns by the States is not very regular. In pursuance of the recommendations of the Public Accounts Committee in paragraph 2.35 of their Twelfth Report (Fourth Lok Sabha) necessary follow-up instructions were issued to States vide Ministry's Circular letter No. B-29(2) 68, dated the 19th April 1968 and the imperative need for the prompt submission of the monthly returns of expenditure against the allotments sanctioned to them was once again impressed upon them. An attempt to restrict expenditure to the amount of the sanctioned grant is also being made through the Regional Offices set up in the various regions. In the light of the observations made by the Public Accounts Committee (Fourth Lok Sabha) in their Thirty-first Report, the question of streamlining the procedure for the execution of works on the National Highways, which also covers

the problem of excess expenditure incurred by the States, has been under consideration of this Ministry. Necessary instructions in the matter have since been issued to the various State and Union Territory Governments. The problem has also been taken up at the meeting of State Chief Engineers, Standing Committee on Roads of the Transport Development Council etc. At the latter Committee the Ministers-in-charge of roads in States are members and the Union Minister of Parliamentary Affairs, Shipping and Transport is the Chairman. It is hoped that the position would improve in the years to come.

12. In addition, certain further measures for controlling expenditure, pursuant to the recommendations contained in the 123rd Report of the Public Accounts Committee (Fourth Lok Sabha) are also under the active consideration of the Government of India.

B. Excess in the Charged portion of the Grant:

13. The excess occurred under the sub-head 'A.2(4)—Grants-in-aid, Contributions, etc. (Charged)'. An amount of Rs. 5,00,000 was provided in the Original budget for 1969-70 by way of grant to the Delhi Administration for payments in satisfaction of court decrees in connection with the execution of road works financed from the Central Road Fund. The actual payments, however, amounted to Rs. 5,46,285 resulting in an excess of Rs. 46,285 under the above sub-head. The excess of Rs. 46,285 was counter-balanced by the non-utilisation of the provision of Rs. 10,000 made under the sub-head 'A.4(3).—Maintenance of Border Roads' (Charged) leaving at net excess of Rs. 36,285 under the Charged portion of the Grant.

14. As the payments were made in satisfaction of court decrees, the expenditure was 'Charged' on the Consolidated Fund of India under Article 112(3) (f) of the Constitution. The expenditure over and above the sanctioned appropriation should have been incurred only after taking either a supplementary appropriation or an advance from the Contingency Fund of India. This is being brought to the notice of all concerned so as to ensure that no expenditure in excess of the sanctioned appropriation is incurred in future.

15. After excluding the amounts of Rs. 1,37,668 and Rs. 1,37,901 representing the misclassifications referred to in para 8(iii) and 9 above, the net overall excess in the Voted portion of this Grant requiring regularisation works out to Rs. 84,89,601. The excess of

Rs. 84,89,801 in the 'Voted' portion and Rs. 36,285 in the 'Charged' portion of the Grant may kindly be recommended for regularisation under Article 115 of the Constitution of India.

16. This note has been vetted by Audit.

APPENDIX X

MINISTRY OF STEEL AND HEAVY ENGINEERING

Note for the Public Accounts Committee for regularisation of excess over Voted Grant No. '83—Ministry of Steel and Heavy Engineering' as disclosed in the Appropriation Accounts Central (Civil) 1969-70.

| | Rs. |
|---|-----------|
| Original Grant | 82,80,000 |
| Supplementary Grant | 2,50,000 |
| Total Grant | 25,30,000 |
| Actual Expenditure | 26,48,624 |
| Excess | 1,18,624 |
| Percentage of excess over total Grant | 4.6% |

The Original Grant of Rs. 22,80,000 was augmented by Rs. 2,50,000 by obtaining a Supplementary Grant in the March, 1970 session of Parliament. Against the total Grant of Rs. 25,30,000, the actual expenditure amounted to Rs. 26,48,624 leaving a net excess of Rs. 1,18,624 which requires to be regularised by Parliament.

2. The overall excess of Rs. 1,18,624 is the net result of excesses and savings under the various sub-heads of the Grant and occurred mainly under the following sub-heads for the reasons explained below:—

| Sub-head | Final Grant Rs. | Actual Expenditure Rs. | Excess + Rs. |
|---------------------------|-----------------------|------------------------------|-----------------|
| A.1 Establishment Charges | | | |
| O. 15,12,500 | 15,85,000 | 16,35,944 | +50,944 |
| S. 32,000 | | | |
| R. 40,500 | | | |

The excess (Rs. 50,944) under this sub-head was due to adjustment of more debits than anticipated on account of leave salary of

IMP officers and leave salary contributions in respect of other Central Government Officers on deputation to the Ministry. Liabilities could not be foreseen and provided for as the extent of debits actually adjusted by the Accounts Officer Concerned during the year was not known at the time the Supplementary Demand estimated were finalised.

| Sub-head | Final Grant Rs. | Actual Expenditure Rs. | Excess + Rs. |
|---------------------------|--------------------|---------------------------|-----------------|
| A. 2— Travelling Expenses | 1,22,000 | 1,56,809 | +34,809 |

The excess (Rs. 34,809) under this sub-head was due to belated adjustment of certain arrear claims of officers who had gone abroad in the previous year, more tours by officers in the latter half of the year than anticipated and payment of certain arrear claims for Air Travel. The expectation that certain savings would be available in other sub-heads of the Grant to meet excess requirements, if any, under this sub-head also did not materialise.

| Sub-head | Final Grant Rs. | Actual Expenditure Rs. | Excess + Rs. |
|-----------------------|--------------------|---------------------------|-----------------|
| A.3—Other Charges | | | |
| O. 2,69,000 | 4,87,000 | 5,17,836 | +30,836 |
| S. 2,18,000 | | | |

The excess (Rs. 30,836) under this sub-head was mainly due to payment of bills on account of hire charges of conveyance in connection with the visit of two Soviet delegations in the months of January and February, 1970 (Rs. 7,500) and payment of charges for installation of two telephones under OYT Scheme and certain telephone bills in respect of Minister's Secretariat which were received towards the end of March, 1970 to avoid disconnections (Rs. 21,000).

3. The total excess of Rs. 1,20,713 under the above sub-head including minor excesses (Rs. 4,124) under sub-heads A.4(1)—Establishment Charges (Rs. 1,811) and A.4(3) Other Charges (Rs. 2,313) of the Grant (Rs. 4,124) was partly counter-balanced by savings of Rs. 2,089 under the sub-head 'A.4(2)—Travelling Expenses' leaving a net excess of Rs. 1,18,624 which requires to be regularised.

4. All known liabilities (existing and prospective) were kept in view at the time of framing the Revised Estimates. However, the

Grant went into excess as the actual provision made based on the assessment of the extent to which such liabilities would be claimed and liquidated during the year, proved insufficient.

5. In view of the circumstances explained above the overall excess of Rs. 1,18,624 which constitutes 4.6 per cent of the final Grant may be recommended for regularisation by Parliament in accordance with provisions of article 115 of the constitution of India.

6. This note has been vetted by Audit.

APPENDIX XI

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE AND INSURANCE)

Note for the Public Accounts Committee for regularisation of excess in the 'Charged' section of Grant No. '17—Taxes on Income including Corporation Tax, etc.' as disclosed in the Appropriation Accounts (Civil) for 1969-70.

| | Rs. |
|---|----------|
| | Charged |
| Original Appropriation | 1,25,000 |
| Supplementary Appropriation | Nil. |
| Actual Expenditure | 1,27,875 |
| Excess | 2,875 |
| • Percentage of excess over total Appropriation | 2.3% |

The excess of Rs. 2,875 over the final Appropriation of Rs. 1,25,000 occurred under the sub-head 'A.2(3)—Other Charges' (Charged) due to increased expenditure on decretal costs awarded by courts against the Government.

2. The expenditure under the above sub-head is somewhat of an unpredictable nature since it is not possible to anticipate precisely the payments to be made in satisfaction of decretal costs awarded by the courts during the year. This depends upon the court decisions, the number of cases decided by them and also the time taken by the parties to get the Bill of cost taxed and submitted to the Department.

3. A sum of Rs. 1,25,000 was originally provided under the sub-head 'A.2(3)—Other Charges' (Charged) during 1969-70. Though at the time of framing the revised estimates the requirements were estimated at Rs. 1,94,200, in view of past actuals and the trend of current actuals which were always less than the Budget provision as

shown below, no Supplementary Appropriation for the increased requirements was sought for:—

| Year | Budget Estimate Rs. | Actuals Rs. |
|-------------------|---------------------------|--------------------------------|
| 1967-68 | 1,34,000 | 68,146 |
| 1968-69 | 1,15,000 | 84,813 |
| 1969-70 | 1,25,000 (up | 1,23,409 February, 1970] |

4. Against the original Appropriation of Rs. 1,25,000 the actual expenditure during the year 1969-70, however, amounted to Rs. 1,27,875 resulting in a small excess of Rs. 2,875 which is 2.3 per cent of the final grant.

5. As the payments are in satisfaction of court decrees, the expenditure is to be 'charged' on the 'Consolidated Fund of India' under Article 112(3) (f) of the Constitution of India and any expenditure over and above the sanctioned appropriation can be incurred only after taking either a supplementary appropriation or an advance from the Contingency Fund of India. The correct procedure to be followed in such cases will be brought to the notice of all concerned to ensure that no expenditure in excess of the sanctioned appropriation is incurred in future.

6. In the circumstances, explained above, the excess of Rs. 2,875 may be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

7. This 'Note' has been vetted by Audit.

APPENDIX XII

No. G. 23015|3|70-Bud.

SINCHAI AUR VIDYUT MANTRALAYA MINISTRY OF IRRIGATION AND POWER

Note for regularisation of excess in the 'Charged' section of Grant No. '123-Capital Outlay on Multipurpose River Schemes', as disclosed in the Appropriation Account (Civil) for 1969-70.

| Final Appropriation | Actual Expenditure | Excess |
|---------------------|-----------------------|--------|
| (Rs.) | (Rs.) | (Rs.) |
| | 5,339 | 5,339 |

The excess of Rs. 5,339 in the 'Charged' portion of the Grant is on account of payments made in satisfaction of the following two court decrees:—

- (i) In an arbitration case between M|S Jain Builders and the General Manager, Farakka Barrage Project in connection with the construction of pucca surface Drain and Culverts of Farakka Township, a payment of Rs. 4,200 was awarded by the Arbitrator on 4th June, 1968 and the award was decreed by the court on 24th February, 1969 which was satisfied on 24th June, 1969.
- (ii) In another arbitration case between M|S Ajoy and Misra Construction and the General Manager, Farakka Barrage Project in connection with the construction of a colony road at Farakka, an award for the payment of Rs. 1139.31 was made a rule of the court on 5th August, 1969 which was satisfied on 12th March, 1970.

As both the payments were made in satisfaction of court decrees the expenditure was 'Charged' on the Consolidated Fund of India under Article 112(3) (f) of the Constitution. Since no budget provision existed on this account in the 'Charged' portion of the Grant, the expenditure should have been incurred only after taking an advance from the Contingency Fund of India. However, as the Project authorities were not conversant with the connected rules, they

did not take up the matter with the Ministry so as to enable it to arrange for necessary advance from the Contingency Fund before payments were actually effected and by the time, the Ministry was made aware of the requirements, it was too late to go in for a Supplementary Appropriation on this account. This resulted in excess. The correct procedure to be followed in such cases has already been brought to the notice of all concerned to ensure that no such omission occurs in future.

It is requested that the excess of Rs. 5,339 in the 'Charged' Section of the Grant may kindly be recommended for regularisation under Article 115 of the Constitution.

2. The note has been vetted by the Audit.

APPENDIX XIII

PARYATAN AUR NAGAR VIMANAN MANTRALAYA

MINISTRY OF TOURISM AND CIVIL AVIATION

Note for the P.A.C. for Regularisation of Excess in the 'Charged' portion of the Grant No. '131—Capital Outlay on Aviation' as Disclosed in the Appropriation Accounts (Civil), 1969-70.

| | Charged (Rs.) |
|---------------------------------------|------------------|
| Original Appropriation | 2,50,000 |
| Supplementary Appropriation | Nil. |
| Actual Expenditure | 4,03,572 |
| Excess | <u>1,53,572</u> |

The total excess of Rs. 1,53,572 over the final Appropriation occurred under the sub-head 'A.1(1) (2)-Special Services and Miscellaneous Expenditure' (Charged) and was due to following misclassifications in accounts:—

- (i) An expenditure of Rs. 6,345 incurred in the last week of March, 1970 on the purchase of court fee stamps for filing appeal in the land acquisition cases was misclassified in the Divisional accounts as 'Charged' expenditure instead of 'Voted' expenditure:
- (ii) Another sum of Rs. 7,090 on account of 'Departmental Charges' was wrongly adjusted by the Division under 'Charged' portion of the Grant instead of Voted portion under the above sub-head; and
- (iii) In a dispute arising out of the acquisition of land at Civil Aerodrome, Ahmedabad, the Assistant Judge and Arbitrator gave an award on 26-4-1968 against the Government. In August, 1969 the Collector, Ahmedabad, requested the Executive Engineer, C. P. W. D. to place a sum of Rs. six lakhs at his disposal to enable him to make payments on account of the said award. The Executive Engineer requested the Director General of Civil Avia-

tion to advise him regarding the payment to be made with necessary authorisation. The Director General requested the Executive Engineer to point out the Collector the existing procedure according to which payments in such cases would be initially made by the State Government from their own funds and the debit passed on to the concerned Divisional office of the C. P. W. D. However, before the Executive Engineer was made aware of these instructions, he had authorised in Collector to make the payment as the latter insisted on the funds being placed at his disposal as otherwise attachment warrant of Government property would be issued by the court. Against the authorisation of Rs. 6 lakhs an amount of Rs. 3,35,611 was drawn by the Collector and the payment made by him was directly debited against the Central Government. The debit was ultimately classified as 'Charged' expenditure in the accounts of the Central Government as the payment was in satisfaction of court decrees. But in accordance with the existing procedure the payments in satisfaction of court decrees or Arbitral Award given against State Governments in cases of disputes arising out of the acquisition of buildings and properties by States for the purposes of the Union Government are to be charged on Consolidated Fund of States concerned initially which is subsequently reimbursed by the Central Government. Although in this case the initial payment was made out of the Consolidated fund of India as explained earlier yet the provisions of Article 112(3) (f) of the Constitution of India are not attracted and the expenditure is not chargeable on the Consolidated Fund of India in as much as the decree was not enforceable against the Government of India. Thus it would be seen that a sum of Rs. 3,35,611 has been inadvertently misclassified as 'Charged' instead of as 'Voted' expenditure. The advice of the Comptroller and Auditor General of India was also sought and he has concurred in the above view.

2. If the above misclassifications amounting to Rs. 3,49,046 classified as 'Charge' expenditure in the accounts had been correctly classified and adjusted as 'Voted' expenditure there would have been a large saving under the 'Charged' portion of the Grant instead of an Excess of Rs. 1,53,572 as disclosed in the Appropriation Accounts (Civil) 1969-70. Also there is sufficient saving of Rs. 5.88 crores in the 'voted' portion of the Grant to cover the above misclassified amount.

The Public Accounts Committee, in para 7 of their 16th Report (First Lok Sabha) enunciated the principle that any established misclassification in the Appropriation Accounts which avoids the necessity for regularisation of any excess by Parliament would be taken into account in making their recommendations to Parliament. In consonance with this principle, the excess of Rs. 1,53,572 in the 'Charged' portion of this Grant, which is due to misclassifications would not require regularisation under Article 115 of the Constitution of India.

3. This Note has been vetted by Audit.

APPENDIX XIV

MINISTRY OF DEFENCE

Note for Regularisation of excess over voted Grant No. '4-Defence Services, Effective-Air Force' as disclosed in the Appropriation Accounts (Defence Services) for the year 1969-70.

| Grant No. '4—Defence Services, Effective-Air Force' | | Rs. |
|---|--|---------------|
| Final Grant | | 197,71,60,000 |
| Actual Expenditure | | 200,37,14,717 |
| Excess | | 2,65,54,717 |

Against the final Grant of Rs. 197,71,60,000, the actual expenditure amounted to Rs. 200,37,14,717 leaving an uncovered excess of Rs. 265,54,717 which requires to be regularised. The excess is the net result of excesses and savings under the various sub-heads of the Grant. The excess occurred under the sub-heads indicated below:—

| Sub-head | (In lakhs of Rupees) | | |
|--|----------------------|---------------------------|---------------|
| | Final Grant Rs. | Actual Expenditure Rs. | Excess Rs. |
| A.—Pay and Allowances of Air Force Personnel | | | |
| O. 40,60.00 | | | |
| Voted R. 1,51.00 | 42,11.00 | 42,18.63 | +7.63 |
| C.—Pay and Allowances of Civilians | | | |
| O. 10,90.00 | | | |
| Voted R. —37.00 | 10,53.00 | 10,64.08 | +11.08 |
| D.—Transportation and Miscellaneous | | | |
| O. 7,92.65 | | | |
| Voted R. —41.85 | 8,34.50 | 8,16.36 | +26.86 |
| E.—Stores | | | |
| O. 117,21.00 | | | |
| Voted R. 1,17.46 | 116,03.54 | 118,12.14 | +2,08.06 |
| F.—Works (Chargeable to Revenue) | | | |
| O. 10,40.00 | | | |
| Voted R. 90.00 | 11,30.00 | 11,42.25 | +12.25 |

The net excess of Rs. 265.55 lakhs works out to 1.34 percent of the final Grant and is mainly due to increased consumption of POL, more materialisation of supplies of stores and larger expenditure on Pay and Allowances of civilians as explained below:—

SUB-HEAD '*A-Pay and Allowances of Air Force Personnel*'-(+) Rs. 7.63 lakhs.

The excess under this head is on account of pay and allowances of officers and pay and allowances of Air men. The excess is minor which works out to 0.18 per cent only of the final Grant and is negligible.

SUB-HEAD '*C-Pay and Allowances of Civilians*'(+) 11.08 lakhs.

The excess of Rs. 11.08 lakhs over the final Grant under pay and allowances of civilians was mainly due to the following:—

- | | |
|---|----------------|
| (i) Payment to foreign technicians which could not be anticipated and provided for due to very late receipt of certain invoices during March, 1970 | Rs. 2.65 lakhs |
| (ii) Additional Expenditure on pay and allowance of Class II Class III and Class IV personnel due to slight increase in strength of personnel employed against airmen vacancies and more adjustments in March (Final and Supplementary) accounts for 1970 | Rs. 8.67 lakhs |

SUB-HEAD '*D-Transportation and Miscellaneous*'(+) Rs. 26.80 lakhs.

The excess of Rs. 26.86 lakhs was mainly due to larger adjustment of rail charges in March, 1970 due to more movement of personnel by rail (Rs. 22.42 lakhs), more adjustment during February and March, 1970 on account of Travelling and Outstation Allowances (Rs. 3.97 lakhs) which could not be anticipated and larger expenditure on Air Transportation due to more materialisation of stores that anticipated (Rs. 2.46 lakhs), partly counter balanced by minor savings under the remaining heads of this sub-head.

SUB-HEAD '*E-Stores*'(+) Rs. 207.60 lakhs.

The overall excess of Rs. 208.60 lakhs over the final grant under this head was mainly due to:—

- (i) More consumption of POL (Rs. 265.49 lakhs) and

(ii) More materialisation of supplies of Ordnance and Clothing Stores (Rs. 146 lakhs), and M.T. Stores (Rs. 48.70 lakhs).

Partly off set by lesser expenditure on air frames and engines, provisions, medical stores, coal and firewood and other miscellaneous stores.

SUB-HEAD 'F-Expenditure on works (Chargeable to Revenue) Maintenance, etc. (+) Rs. 12.25 lakhs.

The excess was mainly on account of increase in the departmental charges, due to more expeditious completion of Civil works by M. E. S., than anticipated.

The excesses under the above sub-heads amounting to Rs. 266.42 lakhs were partly off set by minor savings and the remaining sub-heads leaving a net excess of Rs. 265,54,717 requiring regularisation.

It is requested that the excess of Rs. 265,54,717 may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

DADS has seen.

APPENDIX XV

MINISTRY OF DEFENCE

D. (BUDGET)

SUBJECT:—Regularisation of Excess under Grant No. 5-Defence Services, Non-Effective for 1969-70.

GRANT NO. 5—DEFENCE SERVICES, NON-EFFECTIVE

| | Rs. |
|--------------------------------|--------------|
| Voted Grant Original | 32,80,00,000 |
| Supplementary. | 1,85,00,000 |
| Total | 34,65,00,000 |
| Actual Expenditure | 34,65,18,642 |
| Excess | 18,642 |

A provision of Rs. 32.80 crores was made in the effective charges for Defence Services. This was augmented by obtaining a Supplementary Grant of Rs. 1.85 crores in March, 1970 session of Parliament thus raising the total provision to Rs. 34.65 crores. The actual expenditure during the year, however, amounted to Rs. 34,65,18,642 resulting in a small excess of Rs. 18,642, which requires to be regularised by Parliament in accordance with Article 114 of the Constitution.

2. This Grant mainly covers pensionary charges of retired Defence Personnel. Due to a number of uncertain factors, it is not possible to make a precise estimate of the magnitude of the Non-effective charges. The actual payment of pensions is effected by different authorities like Pension Disbursing Officers, Post Offices, Treasuries, etc. and there is some time lag between the actual payment of pensions and the receipt of debits by the Accounts authorities, who prepare the estimates. Besides it is also not possible to forecast precisely the expenditure likely to be incurred towards the close of the year as some pensioners depending upon their needs and convenience may or may not draw their pensions during the month of March.

3. In the circumstances explained above it is requested that the excess of Rs. 18,642 which is negligible when compared with the sanctioned Budget may be recommended for regularisation by Parliament under Article 115 of the Constitution.

4. This 'note' has been vetted by Audit.

APPENDIX XVI

MINISTRY OF DEFENCE

Note for the P.A.C. for regularisation of excess over Voted Grant No. '103-Defence Capital Outlay' as disclosed in the Appropriation Accounts (Defence Services) for the year 1969-70.

Grant No. '103-Defence Capital Outlay'

| | | Rs. |
|-------------------------------|-------|----------------|
| Original Grant | Voted | 1,31,02,00,000 |
| Supplementary Grant | Voted | 2,000 |
| Total Grant | Voted | 1,31,02,02,000 |
| Actual Expenditure | Voted | 1,36,47,43,422 |
| Excess | | 5,45,41,422 |

2. The Original Grant of Rs. 1,31,02,00,000 was augmented by Rs. 2,000 by obtaining a Supplementary Grant in the March, 1970 session of Parliament. The actual expenditure come to Rs. 1,36,47,43,422 leaving an uncovered excess of Rs. 5,45,41,422 which requires to be regularised. The excess is the net result of excesses and savings under the various sub-heads of the Grant. The excess occurred under the sub-heads indicated below:—

(In thousands of rupees)

| Sub heads | | | | Final Grant | Actual Expenditure | Excess + |
|--------------|---------|----|-----------|-------------|--------------------|----------|
| A.—Army | . Voted | O. | 44,48,50 | 47,50,34 | 51,53,47 | +403,13 |
| | | R. | 3,01,84 | | | |
| B.—Navy | . Voted | O. | 28,51,70 | 27,88,98 | 28,14,13 | +25,15 |
| | | S. | 1 | | | |
| | | R. | 62,73 | | | |
| C.—Air Force | Voted | O. | 19,83,000 | 16,22,00 | 17,71,19 | +1,49,19 |
| | | R. | 3,61,00 | | | |

The main factors responsible for the excess under the above sub-heads are briefly explained below:—

'A—Army'—(+) Rs. 403.13 lakhs.

The excess of Rs. 403.13 lakhs over the final grant is mainly due to more expeditious completion of civil works than anticipated (Rs. 202 lakhs) and more expenditure on acquisition of land as a result of prompt settlement of cases (Rs. 201 lakhs).

'B—Navy'—(+) Rs. 25.15 lakhs.

The excess under this head was mainly due to larger expenditure on purchase of vessels on account of payment of certain charges which were not intimated by the firm earlier (Rs. 29 lakhs) and better progress of works than anticipated (Rs. 11 lakhs) partly offset by less expenditure on equipment for Vizag Project due to non-receipt of invoices and lesser payments made for acquisition of land due to late receipt of debit.

'C—Air Force'—(+) Rs. 149.19 lakhs.

The original provision of Rs. 1983 lakhs made under this sub-head was subsequently reduced by Rs. 3.61 lakhs at the Final Estimates stage on account of less expenditure anticipated (i) on civil works due to slow sanctions to new projects (Rs. 330 lakhs) and (ii) on acquisition of land mainly due to change in site for a project (Rs. 31 lakhs). The actual expenditure, however, amounted to Rs. 1771.19 lakhs resulting in an excess of Rs. 149.19 lakhs over the Final Grant. This excess was mainly on account of larger adjustments due to accelerated progress of civil works and more adjustments on acquisition of land in the closing months of the year than anticipated. It would be seen that compared to the original Grant of Rs. 19.83 crores the actual expenditure was Rs. 17.71 crores only resulting in a saving of Rs. 2.12 crores.

4. The total excess of Rs. 577.47 lakhs under the above heads was partly counterbalanced by saving under the sub-head 'D-Manufacture and Research Establishment' (Rs. 31.82 lakhs) mainly due to less expenditure on the purchase of stock pile for the factories and minor savings under the sub-head 'E-Outlay on Industrial and Other Organisations' (Rs. 0.24 lakh) leaving a net excess of Rs. 545.41 lakhs in the Grant which requires to be regularised.

5. In the circumstances explained above, the excess of Rs. 545,41,422 which is 4.16 per cent of the final grant may be recommended for regularisation by Parliament under Article 115 of the Constitution.

APPENDIX XVII

MINISTRY OF RAILWAYS

Explanatory Notes on Excesses over voted Grants and Charged Appropriations during 1969-60 vide Para 8 (Page 10—12) of Audit Report, Railways, 1971 and Para 28 (Page 11) of Appropriation Accounts of Railways in India for 1969-70—Part-I—Review.

Four voted grants out of twenty namely, Grants No. 7, 9, 16 and 20 were exceeded during the year 1969-70. Excess also occurred under two out of ten 'Charged' appropriations, namely Appropriations No. 2 and 14.

1.1. The excess was only 1.4 per cent in grant 7 and just over 0.1 per cent in each of the two grants viz. No. 9 and No. 16, and purely nominal in grant No. 20. The excess of Rs. 88 under grant No. 20 (referred to above) and of Rs. 414 under charged appropriation No. 2 were insignificant (*vide* subparas 5.1 and 6.1 below) and occurred owing to the provision having been rounded off to the nearest thousand rupees. It is regretted that while making the provision, the same was not fixed at the next higher instead of the nearest thousand. Appropriate action will be taken to avoid recurrence. The excess under charged appropriation No. 14 was 7.0 per cent of the sanctioned allotment. ..

1.2. Every care is taken to assess the expenditure under each Grant as precisely as possible and to take supplementary grants where necessary, so that excesses are obviated to the maximum extent.

1.3. Detailed explanations, grant by grant, are furnished below, and the position of the original and the supplementary grants *vis-a-vis* the actual expenditure in each case is shown in the statement at Annexure 'A' to these notes.

1.4. As the excesses to be regularised by Parliament have to take into account any erroneous adjustments as between grants, the figures listed in Annexure 'A' to this memorandum are of the excesses as shown in para 28 at page 11 of the Appropriation Accounts for 1969-70—Part I—Review (and also para 8 at pages 10—12 of the Report of the Comptroller and Auditor General of India for the year

1969-70) as well as the effect of the items of mis-classification of expenditure.

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

1.6. This memorandum has been seen by Audit.

Excess of Rs. 2,28,10,143 under Grant No. 7—Revenue Working Expenses—Operation (Fuel) (in relation to Voted final grant of Rs. 1,63,01,62,000)—1.4 per cent.

2.1. This grant deals with expenditure on Coal and other fuel, freight and handling charges, sales tax, excise duty and cess on coal, electric current for traction purposes and losses on fuel.

2.2. The excess of 2,28.10 lakh is only 1.4 per cent of the final grant of Rs. 163.02 crores voted by Parliament. A supplementary grant amounting to Rs. 6.65 crores was obtained in March, 1970 mainly to cover post budget increases such as increase in passenger and other services (212.17 lakhs), higher overage prices of coal and increase in sales tax (185.89 lakhs), higher rate of consumption of coal incidental to the relegation of steam traction to inferior services (136.62 lakhs), receipt of coal by the set-cum-rail route and on account of variation in leads of coal (48.45 lakhs) and other minor causes including arrear adjustments (81.66 lakhs). This additional provision, however, proved insufficient resulting in the excess. The excess occurred mainly on the Central (68 lakhs), S.C. (45 lakhs), N.F. (28 lakhs), Southern (27 lakhs), S.E. (24 lakhs), Western (20 lakhs), Northern (8 lakhs), Eastern (5 lakhs) and N.E. (3 lakhs) Railways.

2.3. The excess was chiefly under cost of coal due largely to more expenditure owing partly to heavier consumption and partly to higher average prices of coal etc. (68 lakhs), fluctuations in adjustments under freight and handling charges (68 lakhs), consumption of diesel oil (36 lakhs) and minor variations such as fluctuations in adjustments in respect of losses of fuel, sales tax, excise duty and cess on coal etc. (36 lakhs).

Excess of Rs. 5,50,123 under grant No. 9—Revenue—Working Expenses—Miscellaneous Expenses (in relation to the voted final grant of Rs. 37,70,81,000)—0.1 per cent.

3.1. This grant covers Government and special contribution to Provident Fund, Contributions and Grants, compensation in respect of railway accidents, subsidy on railway grainshop issues, catering department, Law charges, revenue expenditure on civil defence etc. and certain revenue transactions under 'Suspense', both credits and debits.

3.2. The excess of Rs. 5.50 lakhs was only 0.1 per cent of the total grant of Rs. 37.71 crores; a supplementary grant of 225 lakhs was obtained chiefly in respect of more transactions under Suspense (1.32, lakhs) and for more payment on account of rents, rates and taxes, etc. (96 lakhs) but it proved to be slightly inadequate. This was made up of an excess of Rs. 1.14 lakhs under 'Suspense', offset by savings of Rs. 1.08 lakhs under final heads. The excess of Rs. 1.14 lakhs under 'Suspense' comprised of an excess of Rs. 79 lakhs under 'Misc. Advances' and of Rs. 35 lakhs under 'Demands Payable'. The excess under 'Misc. Advances' was due chiefly to fluctuations in the amount of debits accommodated under this head for want of acceptance, full particulars, allocation, etc. (66 lakhs) and debits transferred to this head to clear the outstanding under 'Reserve Bank Suspense' (13 lakhs). The excess under 'Demands Payable' resulted chiefly from fluctuations in liabilities liquidated during the year [Includes excess credit provision in respect of certain liabilities on a Railway (Rs. 8 lakhs)]. The above excesses were partly offset by savings under final heads resulting from less expenditure on central emergency force, civil defence, etc. owing mainly to non-receipt of materials including fire fighting equipment, etc. (50 lakhs), less payments for gratuity and Special contribution to Provident Fund owing mainly to more staff opted for pension (16 lakhs), less expenditure under catering mainly on account of non-materialisation of certain catering services (13 lakhs) and other minor variations (29 lakhs).

3.3. After including the amount of misclassifications viz. Rs. 10,649 (c.f. Annexures 'A' & 'B'), the excess actually requiring regularisation by Parliament works upto Rs. 5,60,772 in relation to the Voted grant of Rs. 37,70,81,000, i.e. 0.1 per cent.

Excess of Rs. 81,901 under Grant No. 16—Pensionary Charges—Pension Fund (in relation to the voted final grant of Rs. 7,75,90,000)—0.1 per cent).

4.1. This Grant, as its name signifies, deals with expenditure on the payment of pensionary charges to railway employees governed by the pensionary form of retirement benefits.

4.2. The excess of Rs. 82 thousands was only 0.1 per cent of the total grant of Rs. 7.76 crores voted by Parliament which included a supplementary grant of 1.41 lakhs in respect of payments to Railway staff under pensionary form of retirement benefits which, however, proved to be slightly inadequate. The excess occurred mainly on the Central Railway (9 lakhs—about 8 lakhs on account of inadequate provision) and the N.E. Railway (12 lakhs—about 9 lakhs on account of inadequate provision) and was partly reduced by savings mainly on the Eastern (16 lakhs) and the S.C. (4 lakhs) Railways on account of fluctuations in receipt of debits from Civil Accounts Officers in respect of pension payments.

Excess of Rs. 88 under Grant No. 20—Payments towards amortisation of over-capitalisation (in relation to the voted final grant of Rs. 33,37,000).

- 5.1. One of the recommendations of the Railway Convention Committee 1965 approved by Parliament provides for the amortisation of the unproductive capital in the Railway undertaking commencing from 1966-67 by utilising the annual interest accruing to the Railway Revenue Reserve Fund (which may be supplemented by such appropriations from Railway revenues from time to time as may be possible). In the original budget for 1969-70 a provision of Rs. 28.26 lakhs was made for the amortisation of the element of over-capitalisation from the interest expected to be available. On the final closing of the accounts for 1968-69, however, it was observed that the amount of interest available for the purpose was Rs. 33.37 lakhs, i.e. Rs. 5.11 lakhs more than the original anticipation. Accordingly, a supplementary grant amounting to Rs. 5.11 lakhs was obtained from Parliament in March, 1970. The actual adjustment in units, however, amounted to Rs. 33,37,088, creating a small excess of Rs. 88 over the total voted grant which had been rounded off to the nearest thousand of rupees. This explains the minor excess of Rs. 88.

5.2. In order to avoid such excesses in future, the provision would be fixed at the next higher thousand instead of the nearest thousand.

Excess of Rs. 414 over charged Appropriation No. 2—Revenue—Miscellaneous Expenditure (in relation to final charged Appropriation of Rs. 3,01,000—0.1 per cent).

6.1. This charged Appropriation covers the cost of the Railway Wing of the Office of the Comptroller & Auditor General of India and other decretal payments in respect of miscellaneous establishments.

6.2. This minor excess occurred on the Research, Designs and Standards Organisation where a payment of Rs. 1,414 was made against the sanctioned allotment of Rs. 1,000, thus causing an excess by way of rounding off the allotment of funds.

6.3. In order to avoid such excesses in future, the provision would be fixed at the next higher thousand instead of the nearest thousand.

*Excess of Rs. 32,762 over the final charged Appropriation No. 14—
Construction of New Lines of Rs. 4,66,000—7.03 per cent.*

7.1. This Charged Appropriation relates to payments arising from Court decrees etc. on the construction of New Lines.

7.2. The excess of Rs. 33 thousands occurred due chiefly to more payment owing to enhancement of the daily rate of casual labour under Court's injunction. The injunction orders were vacated by the High Court, in December, 1969 but the stay orders granted upto 14th January, 1970, were further extended upto 7th February, 1970. The petitioners filed appeals against the judgement and the same were admitted. The appeals Court also granted an interim injunction on 24th February, 1970 which was extended upto 4th March, 1970, by stages. In view of the frequency of the short term stay orders and interim orders granted by the High Court on different dates, it was not possible to assess closely at the time of taking the supplementary Appropriation, the payments likely to be made before the close of the year.

ANNEXURE 'A'

Statement showing excesses over grants/appropriations shown in para 8 of the Railway Audit Report, 1971 as well as Excesses worked out after taking into account items of misclassification.

(Figures in units of Rs.)

| Sl. No. | Number and name of Grant | Original Grant | Supplementary Grant | Final Grant | Expenditure | Excess | Real excess after taking into account Misclassifications listed in Annexure-'B' | Percentage of excess to Col. 5) | percentage of real excess to Col. 5) |
|-------------------------------|---|----------------|---------------------|----------------|----------------|-------------|---|---------------------------------|--------------------------------------|
| I | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| VOTED GRANTS | | | | | | | | | |
| 1 | 7—Revenue—Working Expenses—Operation—Fuel | 1,56,36,83,000 | 6,64,79,000 | 1,63,01,62,000 | 1,65,29,72,143 | 2,28,10,143 | 2,28,10,143 | 1.4 | 1.4 |
| 2 | 9—Revenue—Working Expenses—Miscellaneous Expenses | 35,45,86,000 | 2,24,95,000 | 37,70,81,000 | 37,76,31,123 | 5,50,123 | 5,60,772 | 0.1 | 0.1 |
| 3 | 16—Pensionary charges—Pension Fund | 6,34,59,000 | 1,41,31,000 | 7,75,90,000 | 7,76,71,901 | 81,901 | 81,901 | 0.1 | 0.1 |
| 4 | 20—Amortisation of over-capitalisation | 28,26,000 | 5,11,000 | 33,37,000 | 33,37,088 | 88 | 88 | .. | .. |
| CHARGED APPROPRIATIONS | | | | | | | | | |
| 1 | 2—Revenue—Miscellaneous Expenditure | 3,00,000 | 1,000 | 3,01,000 | 3,01,414 | 414 | 414 | 0.14 | 0.14 |
| 2 | 14—Construction of New Lines | .. | 4,66,000 | 4,66,000 | 4,98,762 | 32,762 | 32,762 | 7.03 | 7.03 |

ANNEXURE 'B'

GRANT No. 9—REVENUE—WORKING EXPENSES—MISCELLANEOUS EXPENSES

| Sl. No. | Particulars | Amount |
|---------|--|----------|
| | | Rs. |
| 1. | Excess shown in the Appropriation Accounts | 5,50,123 |
| 2 (a) | Deduct :— | |
| | Expenditure relating to Grant No. 15 (Rs. 10, 849), Grant No. 10 (Rs. 2, 737) and Grant No. 5 (Rs. 1,05,419) booked under Grant No. 9 and rectification of previous year's misclassification for which specific provision was made in 1968-69 (Rs. 91,855) | 2,10,860 |
| (b) | Add :— | |
| | Expenditure relating to Grant No. 9 booked under Grant No. 8 (Rs. 35,246), Grant No. 5 (Rs. 24,904) and Deposit Works (Rs. 1,61,359) | 2,21,509 |
| | Real Excess to be regularised by Parliament (1)—2(a)+2(b) | 5,60,772 |

APPENDIX XVIII

No. 1-104/70-B.

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

(P & T BOARD)

Dated at New Delhi, 26th May, 1971.

Note for regularisation of excess over Voted Grant No. '94-P&T-dividend to General Revenues, Appropriation to reserve funds and repayment of loan from General Revenues' as disclosed in the appropriation accounts for the year 1969-70.

The final accounts for the year 1969-70 disclosed an excess of Rs. 5,01,08,331 over the voted Grant No. 94-Posts and Telegraphs—Dividend to General Revenues, Appropriations to Reserve Funds and Repayment of loans from General Revenues' as detailed below:—

| | Rs. |
|-----------------------------------|--------------|
| * Amount of voted Grant | 33,97,48,000 |
| Actual expenditure | 38,98,56,331 |
| Excess over the Grant | 5,01,08,331 |

2. This Grant provides for (i) payment of dividend to General Revenues on the Capital-at-charge, (ii) appropriation of surplus on the working of the P&T Department to its Reserve Funds and (iii) payment of interest on and repayment of principal of loans from the General Revenues taken for augmenting the P&T Revenue Reserve Fund so as to meet the shortfall in the dividend payable to General Revenues as well as the deficit, if any, in the working results of the Department. In accordance with the convention governing the relations between the P&T and General Revenues which came into effect from 1st April, 1967, the P&T Department pays to the General Revenues a dividend calculated at the rate of 4.75 per cent on the net capital at charge outstanding on 31st March, 1964 reduced by its share of accumulated surpluses as on 31st March, 1960 and further reduced by the balance in the Renewals Reserve Fund as on 31st March, 1964 and at 6.75 per cent on the Capital advanced after 31st

March, 1964 reduced by the increase in the balance in the Renewal Reserve Fund after 31st March, 1964 and the balance of the surplus is appropriated to its Reserve Funds. Any improvement in Receipts or reduction in Working Expenses has the effect of increasing the surplus anticipated in the Budget and results in larger appropriation to the Reserve Funds thereby causing an excess in this Grant unless it can be anticipated and provided for through Supplementary Demands for Grants.

3. The position of funds under this Grant as provided for in the original estimate compared with the actual expenditure during 1969-70 is indicated below:—

(Figures in crores of Rupees)

| | Original estimate for 1969-70 | Actuals for 1969-70 | Variation —Savings (†)Excess- es |
|---|--|---------------------------|---|
| Dividend to General Revenues | 13.17 | 12.84 | (—) 0.33 |
| Appropriation to P & T Revenue Reserve Fund | 10.40 | 13.38 | (†) 2.98 |
| Repayment of loan from General Revenues | 10.40 | 12.76 | (†) 2.36 |
| TOTAL | 33.97 | 38.98 | (†) 5.01 |

4. The excess occurred under the heads 'Appropriation to P&T Revenue Reserve Fund' and 'Repayment of Loan taken from General Revenues' as explained below:—

Appropriation to P and T Revenues Reserve Fund (Rs. 2.98 crores)

At the time of framing the original Budget for 1969-70, the surplus of the P&T Department was estimated at Rs. 23.57 crores. Out of this, the dividend liability was estimated at Rs. 13.17 crores leaving a surplus of Rs. 10.40 crores to be appropriated to the P&T Revenue Reserve Fund. At the time of framing the Revised Estimates the surplus was estimated at Rs. 19.85 crores only. However, the actuals disclosed a surplus of Rs. 26.22 crores i.e., an increase of Rs. 2.65 crores over the Budget due to larger receipts than anti-

pated by Rs. 7.10 crores, partly off-set by increase in Net Working Expenses by Rs. 4.45 crores. The actual dividend liability worked out to Rs. 12.84 crores against the Budget of Rs. 13.17 crores due to less capital-at-charge during the year under review resulting in a saving of Rs. 0.33 crore. The balance of Rs. 13.38 crores being the surplus of the Department was appropriated to the P&T Revenue Reserve Fund, as against the B.E. 1969-70 of Rs. 10.40 crores resulting in an excess of Rs. 2.98 crores.

Repayment of loan from General Revenues (Rs. 2.36 crores)

As against the estimated liability of Rs. 10.40 crores in B.E. 1969-70 towards repayment of the second instalment of the loan taken from General Revenues in 1967-68 and also the first instalment of the loan taken during 1968-69 together with interest thereon, the actuals turned out to be Rs. 10,19.60 lakhs due to reduction in the amount of the second loan actually taken from the General Revenues during 1968-69. After meeting this liability, a balance of Rs. 3,18.83 lakhs would have been left in the P&T Revenue Reserve Fund. It was, however, decided to repay the second instalment of Rs. 2,56,92.678 also of the second loan taken in 1968-69. The total payments to the General Revenues in regard to the repayment of instalments of loan with interest thereon amounted to Rs. 12,76.52 lakhs as against the original provision of Rs. 10,40.26 lakhs resulting in an excess expenditure of Rs. 2,36.26 lakhs. As, however, there was a corresponding recovery under the Grant (as the amount is met from P&T Revenue Reserve Fund), the net cash out—go out of the consolidated Fund of India was nil on this account.

The total excess on the above mentioned two heads amounts to Rs. 5.34 crores. This was partly counter balanced by savings of Rs. 0.33 crore under the head 'Dividend to General Revenues' leaving a net excess of Rs. 5,01,08,331. It is requested that this excess may kindly be recommended for regularisation by Parliament in accordance with Article 115 of the Constitution of India.

This has been seen by the Accountant General, P&T Delhi.

APPENDIX XIX

ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR 123RD REPORT (FOURTH LOK SABHA)

Recommendations/Observations that have been accepted by Government

Recommendation

"During the year under report (1968-69), Excesses occurred over 26 Grants (including two Sub-Major Heads of Grant No. 5) and four Charged Appropriations. These aggregated to Rs. 3.78 crores as against Rs. 12.58 crores and Rs. 27.78 crores during the years 1966-67 and 1967-68 respectively. The Committee are glad to note that there had been a substantial reduction in the aggregate amount of Excess during the year under review. They trust that every effort will be made by the Ministries/Departments to further improve the position.

[S. No. 1 (Para 1.3) of Appendix XXX to the 123rd Report (4th Lok Sabha)]

Action taken

The observations of the Committee have been brought to the notice of all the Ministries/Departments vide Ministry of Finance O.M. No. F. 12(45)-E(Coord)/70, dated the 16th October, 1970 (Copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12 (45)-E. Coord./70 dated the 8-1-71]

Recommendation

"From the notes furnished by the Ministries, the Committee find that defective estimation at the time of framing the Budget and revised estimates, lack of proper review of the progress of expenditure at the appropriate time, failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of past liabilities, erroneous adjustments and lack of proper control over expenditure continued to be the main causes for excesses during the year under report. Persistent lack of coordination between the Central Ministry of Shipping and Transport and State Governments in regard to execution of road works also contributed to a heavy excess.

[S. No. 2(Para 2.2) of Appendix XXX to the 123rd Report (4th Lok Sabha)]

Action taken

The observations of the Committee have been brought to the notice of all the Ministries/Departments for necessary action. They have again been enjoined to make further efforts towards making the budget estimates more realistic and the control over expenditure more effective vide O.M. No. F. 12(45)-E(Coord)/70, dated 16th October, 1970 (See Enclosure).

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12 (45)-E. Coord. dated 8-1-72]

ENCLOSURE

No. F. 12(45)-E(Coord)/70

GOVERNMENT OF INDIA

OFFICE MEMORANDUM

Department of Expenditure

New Delhi-2, the 16th October, 1970.

OFFICE MEMORANDUM

SUBJECT:—123rd Report of the Public Accounts Committee (4th Lok Sabha). Recommendations No. 1, 2 and 17).

The Public Accounts Committee while commenting on the cases of excesses over voted grants and charged Appropriations disclosed in the various Appropriation Accounts for the year 1968-69 have observed in paras 1.3, 2.2 and 2.53 of their 123rd Report as follows:—

Recommendation No. 1(Para 1.3)

During the year under report (1968-69, Excesses occurred over 26 Grants (including two Sub-Major Heads of Grant No. 5) and four Charged Appropriations. These aggregated to Rs. 3.78 crores as against Rs. 12.58 crores and Rs. 27.78 crores during the years 1966-67 and 1967-68 respectively. The Committee are glad to note that there had been a substantial reduction in the aggregate amount of Excess during the year under review. They trust that every effort will be made by the Ministries/Departments to further improve the position.

Recommendation No. 2(Para 2.2)

From the notes furnished by the Ministries, the Committee find that defective estimation at the time of framing the Budget and revised estimates lack of proper review of the progress of expenditure at the appropriate time, failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of past liabilities, erroneous adjustments and lack of proper control over expenditure continued to be the main causes for excesses during the year under report. Persistent lack of coordination between the Central Ministry of Shipping and Transport and State Governments in regard to execution of road works also contributed to a heavy excess.

Recommendation No. 17(para 2.53)

Commenting upon excesses on account of pay and allowances, the Public Accounts Committee (1968-69) had observed in paragraph 2.73 of their 31st Report (Fourth Lok Sabha) that as there was no element of uncertainty or unforeseeability in expenditure on pay and allowances, there should normally be no excess on this account. The Committee, however, regret to observe that during the year under review also, increased expenditure on pay and allowances had contributed to excess under a number of Grants. The Committee desire that the Ministries/Departments should take care to avoid excesses on this account.

2. The Ministry of Finance have laid down detailed procedures for achieving effective control over expenditure (vide rules 65 to 69 of G.F.Rs and the various Government of India decisions thereunder). The need for realistic budgeting and effective control over expenditure with reference to the sanctioned grants and appropriations has been stressed time and again by the Public Accounts Committee and their observations have been brought to the notice of all the Ministries/Departments. In this connection, attention is invited to Office Memoranda No. F. 12(44)-E(Coord)/68, dated 29-4-1969 and No. F. 12(46)-E(Coord)/69 dated 1-9-1969.

3. The Ministry of Home Affairs, etc. are once again requested to bear in mind the observations of the Committee and to pay special attention to the task of achieving the objectives of various rules and orders on budgeting and control over expenditure thereby avoiding the occurrence of excesses over sanctioned grants. Suitable instruc-

tions may also please be issued to all subordinate authorities concerned under them.

Sd.

Deputy Secretary to the Government of India.

To

All Ministries/Departments of Government of India.

No. F. 12(45)-E(Coord)/70

Copy forwarded to all Financial Advisers and Expenditure Branches for information. It is reiterated that the observations of the Committee may please be borne in mind while conducting the reviews regarding progress of expenditure against sanctioned grants early in January every year *vide* this Department's Memorandum No. F. 15 (2)-E(Coord)/66 dated 30th December, 1966, so as to ensure that all anticipated commitments are taken into account and necessary provision of funds made therefor, thereby obviating excesses over sanctioned grants.

Copy also forwarded to:—

1. C.&A.G. of India.
2. Supreme Court.
3. Election Commission.
4. Lok Sabha Secretariat (P.A.C. Branch).
5. A.G.C.R., New Delhi.
6. Economic Affairs Department (Budget Division).

Sd.

Deputy Secretary to the Government of India.

Copy for necessary action in so far as they are administratively concerned to:—

1. Defence Division.
2. A.&B. Branch.
3. E.G.I. Branch.
4. B.P.E.

Sd.

Deputy Secretary to the Government of India.

Recommendation

The Committee observe that there has been an excess under Grant No. I-Ministry of Commerce for the third year in succession. During the years 1967-68 and 1968-69, the excess was mainly caused by an excess under the head 'A-5 Delegations going abroad. Under this head, the excess was as high as 23 per cent of the final grant during 1967-68 and 17 per cent of the final grant during 1968-69. It has been urged by the Ministry of Foreign Trade in extenuation that the details of all delegations proposed to be sent during the year are not completely available even at the time of finalisation of Revised Estimates and it is, therefore, not found possible to anticipate precisely the expenditure under this sub-head. The Committee, however, note that the excess also occurred due to unanticipated adjustment of debits in respect of expenditure on Daily Allowances, Hotel Accommodation Charges etc. of the members of Delegations incurred by various Missions abroad. The Committee, therefore, desire that the Ministry of Foreign Trade should examine, in consultation with the Ministry of Finance, what improvements could be effected in the existing system of estimation and whether the various Missions abroad could not be asked to forward to the Ministry of Foreign Trade the details of expenditure involved on account of Daily Allowance, Hotel Accommodation Charges etc. whenever the delegations visit foreign countries so as to enable the Ministry of Foreign Trade to maintain a liability register.

[Sl. No. 3(para 2.9) of Appendix XXX to the 123rd Report (4th Lok Sabha)].

Action taken

The question of devising ways and means to avoid excesses over Voted Grant of the Ministry in future, has been considered in detail in consultation with the Ministry of Finance. Instructions have been issued on 12th February, 1971 (Annexure I) to Heads of all Missions abroad to furnish details of expenditure on Daily Allowance and Hotel Accommodation Charges etc. in respect of each member of the delegation as soon as the visit of the delegation is over. It has also been suggested to them that it would facilitate matters if they could send to the Ministry an authenticated copy of the statement of expenditure through the officer concerned himself on completion of his deputation to that country. It has also been decided to maintain a liability register. These measures will, it is hoped, enable this Ministry to keep track over the progress of expenditure and to provide for

additional funds, if necessary, in time to avoid such excesses to the extent possible.

[Ministry of Foreign Trade O.M. No. 7(49) B&A/70, dated 20-5-71]

ANNEXURE I

Copy of D.O. letter No. 2/17/69-E. III dated the 12th February, 1971 from Shri K. S. Bhatnagar, Joint Secretary, Ministry of Foreign Trade, New Delhi to Heads of All Missions (By name).

The Public Accounts Committee, in their 123rd Report (Fourth Lok Sabha) relating to Grants during 1968-69 observed that there had been an excess under Grant No. 1—Ministry of Commerce (now Ministry of Foreign Trade) for the third year in succession and, that the Ministry devise ways and means to remedy this disconcerting state of affairs. It is seen that during the years 1967-68 and 1968-69, the excess over Voted grant was mainly caused by excess under the head 'A-5 Delegations going abroad'. Under this head the excess was as high as 23 per cent of final grant during 1967-68 and 17 per cent of the final grant during 1968-69. A similar situation seems to be emerging financial year 1969-70.

2. Even though these excesses were largely due to the adjustment of debits in respect of expenditure on Daily Allowances, Hotel Accommodation Charges etc. of the members of delegations incurred by various Missions and booked by the concerned audit offices during the closing months of the relevant financial years, it is imperative that conscious efforts are made to avoid such situations which necessitate a specific vote for regularisation of Excess over the Grant and invite adverse criticism from the Public Accounts Committee.

3. In order to keep a strict watch over the progress of the expenditure under the Sub-head 'Travelling Expenses' and to avoid similar excesses in future, it is necessary that all our Missions should furnish to the respective Sections in this Ministry sponsoring sanctioning the delegation/deputation, a statement showing the details of the expenditure on Daily Allowance, Hotel Accommodation Charges etc. in respect of each member of the delegation as soon as the visit of the Delegation is completed. A copy of this statement may also be endorsed to the Cash II Section of this Ministry. It will, however, facilitate matters if the Mission could arrange to send authenticated copy of the statement through the officer concerned on completion of his deputation. This will enable this Ministry to keep track over the progress of expenditure and provide for additional funds, if necessary, in time to avoid such excesses. While furnishing the details

the Mission may kindly quote the Number and date of the sanction letter of this Ministry in pursuance of which the payment in question was made.

Kindly acknowledge receipt of this letter.

Recommendation

The Committee are not satisfied with the explanation the Ministry for the excess under this grant. In their opinion it is a case of lack of proper review of the progress of expenditure on the one hand and lack of coordination between the Ministry and the accounting authorities on the other. The Committee note that bulk of the excess under this Grant was to increased expenditure on allowances. As increase in allowances had been known well before the close of the financial year, the Ministry of Education & Youth Services could have assessed correctly the extra expenditure on this account and savings on other items with a view to covering the additional expenditure to the extent required on the basis of review of expenditure under the grant by the end of the year.

Sl. No. 4 Appendix XXX Para No. 2.11 of the Public Accounts Committee's 123rd Report (Lok Sabha).

Action taken

The remarks of the Public Accounts Committee have been noted.

The excess of Rs. 3,06,644/- which constitutes only 0.56 percent of the sanctioned budget grant of Rs. 5,38,47,000/- for the year 1968-69, had occurred primarily due to the merger of a portion of Dearness Allowance with pay, with effect from the 1st December, 1968 and consequential increases in other allowances. The payment of these dues was inevitable and could not be postponed. As the orders in this regard were issued by the Ministry of Finance at the fag end of the financial year vide their O.M. No. F.134 (E.II) (B) 68, dated the 18th January, 1969, it became difficult to provide for the expenditure at the close of the financial year. However, greater care will be exercised in future in reviewing the effect of such extra expenditure on budget provision.

[Ministry of Education and Youth Services L.S. O.M. No. G 25015]
13/70-Accounts dt. 28-1-71].

Recommendation

The Committee also regret the lack of coordination between the Ministry and the accounting authorities revealed in this case. The vouchers in respect of payments made at the treasuries in Assam and Bihar during the year 1967-68 were received in the Office of the Accountant General, Uttar Pradesh in December, 1968 by which time the accounts for the year 1967-68, had already been closed and were adjusted in the accounts of 1968-69. The Committee feel that with closer coordination with the accounting authorities, the Ministry could have anticipated the adjustment of debit in the accounts of 1968-69 and provided for it in time.

Sl. No. 5 Appendix XXX Para No. 2.12 of the P.A.C's 123rd Report (4th Lok Sabha).

Action taken

The observation of the Public Accounts Committee has been noted.

Till the year 1969-70, the accounts of the Survey of India were being maintained centrally by the Accountant General, Uttar Pradesh, Allahabad. Most of the Drawing Officers of the Survey of India (numbering about 100) scattered throughout the country, drew money from the various Treasuries under different Accountant General in different States. This necessitated the operation of exchange/settlement accounts between various Accountants General on the one hand and the Accountant General, Uttar Pradesh, Allahabad on the other, for final booking of the expenditure in the accounts under the Head of Accounts 'Survey of India'. Because of the very nature of the centralised accounts, this system despite the best efforts sometimes resulted in non-adjustment of debits through exchange accounts in a particular year, while in certain other cases, debits which were not expected to come up during the year, were unexpectedly adjusted through these exchange account in that year. To eliminate these difficulties, the accounts of the Survey of India have now been decentralised, with effect from the 1st April, 1970, and entrusted to the various Accountants General of the States where the Drawing Offices of the Survey of India are located. It is expected that with this change in the accounting system, recurrence of the cases of this type, would be avoided in future.

[Ministry of Education and Youth Services O.M. No. G 25015/13/70-Accounts, Dated 28-1-71].

Recommendation

Para No. 2.15:

The Committee note that the excess under the Grant was mainly due to excess under Sub-head 'A'. 3-Income Tax Appellate Tribunals'. The excess under this sub-head was caused by expenditure on pay and allowances of officers and staff, rent for office premises, purchase of typewriters, furniture etc. consequent upon the constitution of four new Benches of Income Tax Appellate Tribunals. This implies that the decision regarding the constitution of these Benches must have been taken well before the close of the financial year. In view of this, the Committee fail to understand why the Ministry could not provide for the above items of extra expenditure in time.

[Sreial No. 6 Para No. 2.15 of the Appendix XXX 123rd Report]

Action taken

The observations/recommendations made by the Committee have been noted. Provision for the excess expenditure could not be made by the Department of Revenue and Insurance since it was presumed that the Department of Legal Affairs would submit directly to the Department of Expenditure a proposal for additional grants. But the Department of Legal Affairs did not do so presuming that there will be some saving under the grant controlled by the Department of Revenue and Insurance. Necessary steps have now been taken to co-ordinate action in such circumstances and to prevent such contingencies in future.

(Vetted by Audit *vide* Comptroller and Auditor General U.O. No. 524-Rep|266-70 dated 20-3-1971).

[Ministry of Finance (Department of Revenue and Insurance)
O.M. No. 87|4|70-Ad VII dated the 30-3-71].

Recommendation

The Committee observe that there has been an excess under group sub-head 'A-3-Tour Expenses' for the second time in three years. As on the previous occasion the excess was mainly due to failure to anticipate properly and provide for debits on account of requisitions for Railway and air journey accommodation and security arrangements, issued in connection with Minister' tours.

It has been explained that while the requisitions for railway and air journey accommodation and security arrangements were issued by the Ministries concerned the debits were met by the Ministry of Home Affairs who came to know of the volume of debits only after the Ministries concerned had passed on the bills submitted by the Railway and Air companies for payment. The Committee note that as a remedial measure, the Ministries have now been asked to forward to the Ministry of Home Affairs, from October onwards, a statement showing the expenditure involved on account of anticipated debits arising out of requisitions issued on the Railways|Defence authorities to enable the Ministry of Home Affairs to maintain a liability register. The Committee trust that the requisite information will be furnished promptly in future by the Ministries concerned to the Ministry of Home Affairs who will make every effort to avoid excesses on this account. The Committee would like to watch the position.

[Serial No. 7-Para No. 2.19 of the 123rd Report of the Public Accounts Committee (Fourth Lok Sabha)].

Action taken

- The Observation of the Committee has been noted in this Ministry. It has also been brought to the notice of all the Ministries|Departments with the request to ensure that the statements, showing the expenditure involved on account of anticipated debits arising out of requisitions issued on Railway|Defence authorities|Air Companies for tours of the Ministers|Dy. Ministers, invariably reach this Ministry by the 15th of the month following the month to which it relates (Enclosure enclosed) from October onwards.

[Ministry of Home Affairs O.M. No. 52|2|70-ACI dated 6-11-70].

ENCLOSURE

No. 36|18|70-AC. I

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi-1, the 7th September, 1970

16 Bhadra, 1892

OFFICE MEMORANDUM

SUBJECT:—*Statement showing the expenditure involved on account of anticipated debits arising out of requisitions issued on*

the Railways|Defence Authorities|Air Companies by the Ministries|Departments on tours of the Ministers|Deputy Ministers.

The undersigned is directed to refer to this Ministry's Office Memorandum No. F. 2|3|70-AC. I dated the 3rd March, 1970, wherein the Ministries|Departments were requested to furnish to this Ministry each month, from October onwards, a statement showing the expenditure involved on account of anticipated debits arising out of requisitions issued by them on Railways|Air Companies|Defence Authorities on account of the tours of the Ministers|Deputy Ministers.

2. It is requested that it may please be ensured that the above-mentioned statement invariably reaches this Ministry by the 15th of the month following the month to which it relates. This is necessary to enable this Ministry to maintain a liability register for the purpose of provision of funds to cover these liabilities. The statement may please be furnished in the enclosed form (*Annexure attached*).

3. In this connection, attention is specifically invited to the concluding portion of the observations made by the P.A.C. in para 2.19 of their 123rd Report (Fourth Lok Sabha) which is reproduced below:—

"The Committee observe that there has been an excess under group sub-head 'A. 3.-Tour Expenses' for the second time in three years. As on the previous occasion, the excess was mainly due to failure to anticipate properly and provide for debits on account of requisitions for Railways and air journey accommodation and security arrangements, issued in connection with Ministers' tours. It has been explained that while the requisitions for railway and air journey accommodation and security arrangements were issued by the Ministries concerned, the debits were met by the Ministry of Home Affairs who came to know of the volume of debits only after the Ministries concerned had passed on the bills submitted by the Railway and air Companies for payment. The Committee note that as a remedial measure, the Ministries have now been asked to forward to the Ministry of Home Affairs, from October onwards, a statement showing the expenditure involved on account of anticipated debits arising out of requisitions issued on the Railways|Defence authorities to enable the Ministry of Home Affairs to maintain a liability register. The Committee trust that the requisite information will be furnished promptly in future by the

Ministries concerned to the Ministry of Home Affairs who will make every effort to avoid excesses on this account. The Committee would like to watch the position.

Receipt of this Office Memorandum may please be acknowledged.
AUTHORISED FOR ISSUE:

Sd|-

Under Secretary to the Government of India.

Sd|-

Section Officer.

To

All Ministries and Departments Attention: Under
Secretary (Admn).

No. 36|18|70-AC. I

Dated the 7th September, 1970

16th Bhadra, 1892

Copy forwarded to Cash Branch (MHA) for similar action.

Sd|-

Under Secretary to the Government of India.

ANNEXURE

Statement for the month of

Showing outstanding debits in respect of tours performed by the Ministers/Deputy Ministers

| Ministry and Minister | Name of | Dates of journey | Place visited | Journey by | | | Approx. amount of the debit |
|-----------------------|---------|------------------|---------------|------------|-----|--------|-----------------------------|
| | | | | Rail | Air | I.A.F. | |
| | | | | | | | |
| | | | | | | | |

MOST IMMEDIATE

No. 2|3|70-AC. I

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi-1, the 3rd March, 1970

12th Phalgun, 1891

OFFICE MEMORANDUM

SUBJECT:—*Final excess and saving statement on the basis of 10-monthly review in respect of the Grouphead A-Cabinet under Grant No. 44-Cabinet during 1969-70.*

As the Ministries|Departments are aware, the requisitions for railway and air accommodation are issued by the P.As.|P.Ss. to the Ministers|Deputy Ministers concerned and the Railways|Air Companies|Defence Authorities send the bills arising out of these requisitions to the Ministries concerned who accept and pass the same on to the Accountant General Central Revenues for adjustment. The Ministry of Home Affairs come to know of the tours undertaken by a Minister|Deputy Minister and the expenditure incurred thereon only when such expenditure is shown by the Ministry concerned in their monthly statements sent to the Ministry of Home Affairs. As these statements do not give any indication of the requisitions in respect of which the bills are pending and debits have not been raised, which ultimately results in excess expenditure at the close of the year, the Ministries|Departments were requested, in this Ministry's Office Memorandum No. 53|7|69-AC. I dated the 13th March, 1969 (copy attached) that every year, from the month of October onwards, a monthly statement showing the expenditure on account of anticipated debits arising out of the requisitions issued on the Railways|Air Companies|Defence Authorities may be furnished to this Ministry along with the usual monthly expenditure statement and it was further requested that the ten-monthly estimates in respect of this expenditure may be framed with special care in regard to the anticipated debits on account of tours undertaken|likely to be undertaken by the Ministers|Deputy Ministers.

It is regretted that the statement to be forwarded to this Ministry from October onwards, showing the expenditure involved on account of anticipated debits arising out of requisitions issued on the Railways|Air Companies|Defence Authorities has not been received from the Ministries|Departments. The Ministry of Finance

etc. are requested to forward the same urgently along with their proposals for the ten-monthly estimates which should be framed with special care to the anticipated debits on the requisitions issued by them.

Sd/-

Under Secretary to the Government of India.

To

All the Ministries and the P.M.'s Secretariat.

No. 53|7|69-AC. I

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi-1, the 13th March, 1969

22nd Phalgun, 1890

OFFICE MEMORANDUM

SUBJECT:—*Tours of the Ministers|Deputy Ministers—Retaining provisions therefor.* •

The Appropriation Accounts for the year 1966-67 in respect of Grant No. 45-Cabinet revealed an excess of Rs. 1,08,748. The excess was mainly under the sub-head "A. 3-Tour Expenses" under the group-head 'A-Cabinet'. The tour expenses of Ministers|Deputy Ministers are of an extremely fluctuating nature and depend on the nature and number of tours undertaken by Ministers|Deputy Ministers in view of the exigencies of work arising out of internal and external situation. The circumstances leading to the excess were accordingly explained in a Note to the Public Accounts Committee, a copy of which is enclosed. After an examination of the 'note' the Public Accounts Committee made the following observations in Para 2.8 of their 31st Report (Fourth Lok Sabha):—

"The Committee note that excess occurred under the sub-head "A. 3-Tour Expenses" where the actual expenditure amounted to Rs. 14,07,629 against original provision of Rs. 9,25,000 and the finally revised provision of Rs. 12,30,500. They are not convinced by the argument that the debits in respect of tours from the other Ministries could not have been anticipated. As the Committee understand the position, the debits are periodically raised by the Railway and Defence Departments. Since these debits arise out

of requisitions issued by the Ministry of Home Affairs for railway accommodation and security arrangements for tours undertaken by Ministers, it is not clear why it was not possible for the Ministry of Home Affairs before they came up with a Demand for Supplementary Grant in March, 1967, to review the position outstanding requisitions on which debits had not been received and to make suitable provision for the expenditure on that account."

2. It will be seen that the Public Accounts Committee have presumed that the debits raised by the Railway and Defence Departments in respect of the tours of Ministers|Deputy Ministers arise out of requisitions issued by the Ministry of Home Affairs for railway accommodation and security arrangements made for the tours. As the Ministries are aware, the requisitions for railway and air accommodation are not issued by the Ministry of Home Affairs. Nor are they informed of the nature and volume of the debits likely to be raised on account of these tours during the concluding months of the year. In order to avoid a similar situation in future, it is requested that every year, from the month of October onwards (i.e. after the proposals for Revised Estimates are framed), a monthly statement showing the expenditure involved on account of anticipated debits arising out of the requisitions issued on the Railways|Defence authorities may be furnished to this Ministry along with the usual monthly expenditure statement. It is further requested that the ten-monthly estimates in respect of this item may be framed with special care having regard to anticipated debits on account of the tours undertaken|likely to be undertaken by the Ministers|Deputy Ministers during the last two months of the year.

Sd|-

Under Secretary to the Govt. of India.

To

All the Ministries and the P.M.'s Secretariat.

'Copy'

MINISTRY OF HOME AFFAIRS

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

| | | Final Grant | Actual Expendi- ture | Excess |
|----|-----------|----------------|----------------------------|-----------|
| | | Rs. | Rs. | Rs. |
| O. | 59,91,000 | ₹62,11,000 | 63,19,748 | 41,08,748 |
| S. | 2,20,000 | | | |

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

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

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

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

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

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

5. The appropriation Account for 1966-67, however, revealed that, against the final grant of Rs. 12,30,500, the actual expenditure during the year under "Tour Expenses" came to Rs. 14,07,629 resulting in an excess of Rs. 1,77,129. This was due to more tours undertaken by the Ministers|Deputy Ministers towards the later part of the year for which the debits were raised and adjustments made after the close of the financial year. It was not possible to anticipate this expenditure at the time of applying for supplementary grant. It may be mentioned that upto March (Prel.) the expenditure under this sub-head was only Rs. 12,12,000 which was within the amount provided. An adjustment of Rs. 1,94,729 on account of "Tour Expenses" was made in March (Final) and March (Suppl.) accounts. It was not possible to anticipate this additional expenditure even in the month of March, 1967 and to provide additional funds by obtaining an advance from the Contingency Fund of India. The excess of Rs. 1,77,129 was counter-balanced to some extent by savings under other sub-heads bringing down the net excess under the Grant as a whole to Rs. 1,08,748.

6. In accordance with Article 115 of the constitution the excess expenditure of Rs. 1,08,748 is required to be regularised by the Parliament.

7. This note has been seen by Audit and the observation made by them is given in the note appended (Annexure 1).

ANNEXURE I

AUDIT OBSERVATION

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

Recommendations

2.24. The Committee observe that there was an excess under this Grant for the second year in succession. As in the previous year, the bulk of excess was due to failure to anticipate properly the receipt of stores and debits relating thereto and to make adequate provision for the adjustment of past liabilities. A proper watch over the progress of works was also not kept. In some cases, the Andaman's Administration had failed to cover even such expenditure was capable of reasonably accurate assessment e.g. expenditure on increased allowances, etc. under sub-head "G. 3(3)-Development Schemes".

2.25. Another factor to which the Committee would like to draw attention is the extent of lack of control over expenditure revealed in this case. The allotment under the head 'E.1(5)(2)-Other Suspense Accounts—Charges' was reduced by Rs. 10 lakhs by reappropriation but eventually there was an excess of Rs. 9,13,502 under this head. The Committee note that pursuant to the recommendation of the P.A.C. (1969-70) made in paragraph 2.8 of their 83rd Report, the Ministry have asked the Andaman's Administration to strictly follow the instructions issued from time to time regarding control of expenditure (including maintenance of Liability Register). The Committee desire that the Ministry of Home Affairs should also impress upon the Union Territory Administration the imperative need to maintain a close liaison with the supplier on the one hand and Accounts Officer on the other.

[Sl. Nos. 8 and 9 Appendix XXX Paras 2.24 and 2.25 of the 123rd Report (Fourth Lok Sabha)].

Action taken or proposed to be taken by Government

The observation of the Committee has been brought to the notice of Andaman Administration for guidance and strict compliance. The Andaman Administration has also been requested to impress upon all the Heads of offices the imperative need to maintain

a close liaison with the suppliers on the one hand and Accounts Officer on the other to avoid such excesses in future *vide* enclosed copy of d.o. letter No. 18/3/70-AC.II, dated 4-9-70.

[Ministry of Home Affairs O.M. No. 18/3/70-AC.III, dated 21-10-70].

Copy of letter No. 18/3/70-AC.II, dated 4-9-70 from the Government of India Ministry of Home Affairs addressed to Shri H. S. Butalia, Chief Commissioner, Andaman & Nicobar Islands, Port Blair.

Kindly find enclosed a copy of paras 2.24 and 2.25 of the Hundred and Twenty-third Report of the Public Accounts Committee (1970-71) (Fourth Lok Sabha) containing their observations in regard to the excess in Grant No. 48-A&N Islands for 1968-69.

2. It will be observed that the Public Accounts Committee are not satisfied with the reasons for the cesses as furnished to them. As in the previous year, the bulk of the excess was due to failure to anticipate properly the receipt of stores and debits relating thereto and to make adequate provision for the adjustment of past liabilities. A proper watch over the progress of works was also not kept. In some cases, the Administration had failed to cover even such expenditure as was capable of reasonably accurate assessment e.g. expenditure on increased allowances etc. under sub-head "G.3(3)-Development Schemes".

3. Another factor to which the Committee have drawn attention to the extent of lack of control over expenditure revealed in this case. This is despite specific instructions issued in this regard *vide* my D.O. letter No. 18/3/69-AC.II, dated the 11th August, 1969 pursuant to the recommendation of the Public Accounts Committee (1969-70) made in paragraph 2.8 of their 83rd Report.

4. I would request you to note the observations of the P.A.C. for guidance and strict compliance, and to impress upon all the Heads of offices the imperative need to maintain a close liaison with the suppliers on the one hand and Accounts Officer on the other to avoid excess on such account in future.

5. Kindly acknowledge receipt.

Recommendation

The Committee note that in this case also, there was an excess for the second year in succession. As in the previous year the bulk of the excess was due to failure to anticipate properly the receipt

of debits and to make adequate provision for the adjustment of past liabilities. There was neither an exercise of proper control over expenditure, nor had there been an effective liaison with the works executing agencies. As observed by the Committee in paragraph 2.13 of their 83rd Report (1969-70), it is imperative that the NEFA Administration should have a closer liaison with the purchase Organisation/suppliers in respect of indented stores and with the Accounts Officer, from whom debits for cost of stores are awaited, so that liabilities can be accurately anticipated in time and provision therefor made in the Budget. The Admn. should also have a closer contact with the works executing agencies. The Committee note that, pursuant to their recommendation, the Ministry of Home Affairs have impressed upon the NEFA Administration the need for strict compliance with the rules and instructions regarding control over expenditure. The Committee trust that the NEFA Admn. will strictly comply with the instructions issued by the Ministry of Home Affairs.

[Sl. No. 10 Appendix XXX Para 2.30 of the 123rd Report of P.A.C. (4th Lok Sabha)].

Action taken or proposed to be taken by the Government

The above observation of the Public Accounts Committee has been brought to the notice of NEFA Administration on 2-9-70 for guidance and strict compliance in future. The Admn. have also been requested to take suitable steps to ensure that no excess on similar account occurs in future (vide copy enclosed).

[Ministry of Home Affairs O.M. No. 21/2/70-AC.II, dated 13-10-70].

Copy of letter No. 21/2/70-AC.II, dated 2nd September, 1970 from the Under Secretary to the Government of India, Ministry of Home Affairs addressed to the Adviser to the Governor of Assam, NEFA, Shillong.

SUBJECT:—PAC—Hundred and Twenty Third Report—Excesses over voted Grants and charged Appropriations as disclosed in the Appropriation Accounts (Civil) for the year 1968-69.

In para 2.30 of their Hundred and Twenty Third Report (4th Lok Sabha) the Public Accounts Committee has made the following observation:—

“The Committee note that in this case also, there was an excess for the second year in succession. As in the pre-

vious year, the bulk of excess was due to failure to anticipate properly the receipt of debits and to make adequate provision for the adjustment of past liabilities. There was neither an exercise of proper control over expenditure, nor had there been an effective liaison with the works executing agencies. As observed by the Committee in paragraph 2.13 of their 83rd Report (1969-70), it is imperative that the NEFA Administration should have a closer liaison with the purchase Organisations/suppliers in respect of indented stores and with the Accounts Officer, from whom debits for cost of stores are awaited, so that liabilities can be accurately anticipated in time and provision therefor made in the Budget. The Administration should also have a closer contact with the works executing agencies. The Committee note that, pursuant to their recommendation, the Ministry of Home Affairs have impressed upon the NEFA Administration the need for strict compliance with the rules and instructions regarding control over expenditure. The Committee trust that the NEFA Administration will strictly comply with the instructions issued by the Ministry of Home Affairs."

The above observation of the P.A.C. is brought to the notice of NEFA Administration for guidance and strict compliance. It is requested that suitable steps may please be taken to ensure that no excess on similar account occurs, in future.

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

Observations of the Committee

The Committee note that according to the explanation of the Department of Works, Housing & Urban Development, the main reason for the excess of Rs. 40.95 lakhs under sub-head A.7(2)(1)—Other Suspense Accounts Charges was that while assessing the final requirements of funds for the Highway Projects in Nepal, the requirements in respect of one Project was "inadvertently omitted". It is surprising that there should have been an omission like this. The Committee would like to know the circumstances in which it occurred and how it could not be detected at any level before the close of the year. The Committee would also be interested to know the steps taken by the Ministry to ensure that such omissions do not occur in future.

[Sl. No. 12 (Para 2.37) of Appendix III to the 123rd Report (4th Lok Sabha)].

Reply/Action taken by the Government

Circumstances in which the omission occurred:

The final requirements of all the Chief Engineers in respect of different Circles of Accounts are consolidated in the Central Office of the C.P.W.D. Transport received from the various Zonal Chief Engineers are consolidated in a statement and the total requirements worked out. The Chief Engineering, I.C.M. Highway Projects indicated his requirements of funds for the two projects, namely Sonauli-Pokhara Road Project and the East West Highway Project separately. While posting these requirements to the statement, the requirements of the S.R.P. Project only were transferred and the requirements of the E.W.H. Project were left out due to a clerical error, which is regretted.

The circumstances in which the omission could not be detected at any level before the close of the year:

The totals of figures in the statements are examined in the light of trend of expenditure and readjustments made where necessary. In this case the cross checks with reference to Project Estimates and trend of actuals did not give any indication of the error as indicated below:

| A. 7(1)-stock charges | A. 7(2) other suspense Account (charges) | Total |
|------------------------|--|--------------|
| Budget grant | 10,10,41,000 | 14,24,25,300 |
| Estimates based on | | |
| Expend. for six months | 8,62,57,200 | 15,87,59,600 |
| Final grants | 8,70,35,300 | 15,36,87,000 |
| Actual Expenditure | 9,05,05,202 | 15,77,81,765 |
| | | 24,82,87,967 |

Although the six monthly estimates showed slight increase under "suspense", the overall indications were that the expenditure would not exceed the budget grant. The reasonableness of the estimates under "Suspense" was also viewed in the light of the estimates under Works Outlay, and since there was a surrender of nearly Rs. 4 crores under "104-Delhi Capital Outlay" and "103-Capital Outlay on Public Works", the reduction of Rs. 27,74,000 under the Suspense head from the Sanctioned Grant appeared to be justified and hence the omission could not be detected. The final allotment of funds was communicated to the Chief Engineer, I.C.M. Highway Projects in the last week of March, 1969 and thus, by the time the Chief Engineer of I.C.M. pointed out the omission to the Central Office, the year was over.

Steps taken to avoid such errors in future:

Checking of the work at clerical level in the Engineer-in-Chief Office has been intensified. The figures are got checked independently by a person different from the one preparing the original statements in addition to a more detailed test check exercised by the Supervisory staff.

The Engineer-in-Chief, C.P.W.D. has since issued detailed instructions in this regard, a copy is enclosed.

(This Note has been voted by Audit).

[Ministry of Health and Family Planning and Works, Housing and Urban Development O.M. No. G-25015/35/70-Bt, dated 19-12-70].

No. 10/6/69-B(E-in-C)

GOVERNMENT OF INDIA

CENTRAL PUBLIC WORKS DEPARTMENT

New Delhi, dated the 8th September, 1970.

OFFICE ORDER

In connection with the regularisation of the excesses over the Voted Grant in Grant No. 85-Public Works for the year 1968-69, the Public Accounts Committee has observed as follows:—

“The Committee note that according to the explanation of the Department of Works, Housing and Urban Development, the main reason for the excess of Rs. 40.95 lakhs under sub-head “A.7(2)(1)-Other Suspense Accounts—Charges” was that while assessing the final requirements of funds for the Highway Projects in Nepal, the requirement in respect of one project was “inadvertently omitted”. It is surprising that there should have been an omission like this. The Committee would like to know the circumstances in which it occurred and how it could not be detected at any level before the close of the year. The Committee would also be interested to know the steps taken by the Ministry ensure that such omissions do not occur in future.”

2. In order to ensure that the omissions of the above nature do not recur in future, the following procedure should be strictly followed.

2981 (Aii) LS—8.

lowed in compiling the budget estimates including Revised and Final Grants:—

The figures posted in the Broadsheet and the totals worked out these should be checked independently by a person different from that preparing the original statement in the Broadsheet. The Section Officer should exercise a more detailed test check for verification of the correctness of the figures. The requirements thus worked out should be cross-checked with the estimates under works outlay.

Sd/-
Engineer-in-Chief.

The Section Officer,
Budget (E-in-C) Section,
Central P.W.D., New Delhi.

Copy forwarded for information to the Deptt. of Works, Housing and Urban Development.

Sd/-
Engineer-in-Chief.

Recommendation

The Committee note that the excess of Rs. 3.56 crores under Sub head 'D' of Sub-Major Head '1-Army' was mainly due to a failure on the part of the Ministry of Defence to properly anticipate debits on account of rail charges and printing and stationery. Likewise the excess of Rs. 83.79 lakhs under Sub-Major Head '4-Defence Production' was principally due to a failure on the part of the Ministry to anticipate properly the receipt of indented stores and debits relating thereto. This, in the opinion of the Committee, under scores the need for a closer liaison with suppliers and other Departments like Railways and Controller of Printing and Stationery.

[Serial No. 14 of Appendix XXX to PAC's 123rd (Report 4th Lok Sabha) 1970-71.]

Action taken

The variations under Sub Head 'D' of Sub Major Head '1-Army' had occurred due to the heavier adjustment at the close of the year than anticipated consequent upon special steps taken to adjust outstanding debits in the year's accounts. This step became necessary because the flow of debits for other Accounts Officers like the

Railways during the course of the year was uneven. To avoid similar difficulties, in future, Railway Board have issued instructions to ensure an even flow of debits for adjustment against the Defence Estimates. A copy of the Railway Board letter No. 69 ACII/30/2, dated 23-4-1970, issued in this connection, is enclosed.

2. As regards the excess under 'Printing & Stationery', it has been intimated in the note submitted by this Ministry to Public Accounts Committee on 16-4-1970 in connection with the regularisation of excesses under the Army Demand for the year 1968-69 that the Chief Controller of Printing & Stationery had already issued necessary instructions to ensure an even flow of adjustments during the year. A copy of the instructions issued by the Controller of Printing & Stationery are enclosed.

3. The excess of Rs. 83.79 lakhs under Sub-Head "4-Defence Production" is mainly under purchase of raw materials for production by the Ordnance Factories. The estimates under this head are based on the anticipated materialisation of various indents which depend on agencies like the DGS&D, DG ISM, etc. Though the supply position is periodically reviewed, the actual materialisation at the end of the year is sometimes at variance from what was assumed while preparing the estimates. However, the review of the estimates by Government has been made more effective by a closer liaison through detailed discussions between the Financial Authorities, Ministry of Defence and the DGOF at the various periodical reviews.

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

[Ministry of Defence O.M. No. F.11(6)/70/D/Budget detail dated 8-6-71.]

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(Railway Board)

New Delhi, the 23rd April 1970/3rd Vaisakha, 1892.

No. 69 ACII/30/2

Duplicate

The General Managers,
All Indian Railways.

SUBJECT:—*Delay in raising debits on account of transportation charges against Military Credit Notes.*

The Board vide para 2 of their letter No. 64ACII/30/1, dated 25-2-64 desired that effective arrangements should be made to

ensure that debits against the Defence Department on account of transportation charges etc. are raised currently and in an even flow during the course of the year. But it has been observed from the statement received from the Ministry of Defence that bulk of the debits is being raised against Ministry in March Accounts, e.g. average monthly debits raised by all Railways from April to February of the year works out to Rs. 136.17 and Rs. 148.76 lakhs for 1967-68 and 1968-69 respectively as against the debits amounting to Rs. 1296.98 lakhs and Rs. 1835.98 lakhs in March, 68 and March, 69 respectively. This shows that the Board's instructions issued in February, 69 and also their subsequent instructions on the subject have generally not been followed. You will appreciate that non-issue of debits in time and in even flow not only vitiates the Budget control but also upsets the budget estimates of Defence Department as compared to actuals.

The Board would once again emphasise that effective steps should be taken to see that debits against the Defence Department and for that matter against all other State and Central Government Departments, are issued in time as well as in even flow in future.

Please acknowledge receipt.

Sd|-

Dy. Director, Finance (A)
Railway Board

New Delhi, dated 23-4-1970.

No. 69ACII|30|2.

Copy to Shri S. J. S. Ahluwalia, Under Secretary, Ministry of Defence, New Delhi, in reference to his DO letter No. (136)69-BI|PC|1618|D(Mov) dated 17-3-1970.

GOVERNMENT OF INDIA

OFFICE OF THE CHIEF CONTROLLER OF PRINTING AND STATIONERY

No. 9|8|68-B&A (II)

New Delhi, dated 6-10-1969.

SUBJECT:—*Complied actuals under Main Head 4-C (f) of the Defence Services Estimates.*

The Ministry of Defence has intimated that while reviewing the reasons for the variations between the actuals and modified appropriation for 1968-69, under Main Head 4-C(f) Printing and Stationery

of the Defence Services Estimates, it has been observed that reimbursement claims amounting to Rs. 1,26,29,975 in respect of Printing and Stationery have been adjusted in two months (i.e. February and March, 1969) only. This amount is nearly equal to the amount of claims adjusted in the earlier 10 months of the financial year 1968-69. This abrupt and heavy adjustment at the close of the financial year has upset the Budget Provision of the Defence Services Estimates by an excess of Rs. 75,41,744[-. This indicates that the debits for the supplies of stationery etc. and printing work done by the Government of India Presses are not being raised by the various units of the S&P Department regularly or are not adjusted by the various Accounts Officers in time. It appears that a heavy accumulation of arrear debits is kept pending and the same is raised at the fag end of the year. To avoid any variations between the Budget provisions and the actuals, which are susceptible to adverse criticism by the Public Accounts Committee, it is requested that not only even flow of supplies and services should be maintained throughout the year but debits therefor should also be raised regularly in time and no arrear debit should be kept outstanding.

Sd/-

Deputy Controller (Admn.)

For Chief Controller of Printing and Stationery.

To

The Heads of all the Government of India Presses and Branches.

Copy forwarded to:—

1. Pay and Accounts Officer, Ministry of WH&S, New Delhi.
2. Pay and Accounts Officer, Ministry of WH&S, Calcutta.
3. Pay and Accounts Officer, Ministry of WH&S, Bombay.
4. Pay and Accounts Officer, Ministry of WH&S, Madras.

It is requested that the debits advised by the various units of the Stationery and Printing Department against the Defence Department for stationery supplied and printing work done may please be adjusted immediately on receipts of the same and no debits should be kept pending for adjustment at the end of the year. Copy forwarded for information to the D.M.&M., Ministry of Defence, New Delhi, with reference to their memo. No. F.1(1)/68/4371|PF&S-I, dated 6-9-69.

Recommendation

2.51. The Committee note that there has been an excess under this Grant for the second year in succession. As in the past, the bulk of the excess was due to execution of larger number of works than anticipated by the Department. A part of the excess was also due to unanticipated receipt of stores from the Indian Telephones Industries. As regards the excess expenditure on account of works, the Committee note that pursuant to their recommendation, instructions have been issued by the Board to all Heads of Circles to ensure that the expenditure on works is regulated strictly according to allotment of funds for such works. The Committee trust that these instructions will be strictly complied with. The Committee would also like the P & T Board to take steps to ensure that budgeting for their works expenditure is streamlined and made accurate.

2.52. As regards the excess on account of unanticipated receipt of stores, the Committee feel that the Department would do well to have a closer liaison with the suppliers of indented stores (including the Indian Telephone Industries).

[Sl. Nos. 15 and 16 of Appendix XXX, Paras 2.51 and 2.52 of 123rd Report (Fourth Lok Sabha).]

Action taken

Compliance with the instructions mentioned in para 2.51 above is being watched. Endeavours are being made to ensure that budgeting is done with greater accuracy. Close liaison is also being maintained with the suppliers of Stores.

This has been seen by AGP&T.

[Department of Communications O.M. No. 27-10/70-B, dated 28-10-1970].

Recommendation

Commenting upon excesses on account of pay and allowances, the Public Accounts Committee (1968-69) had observed in paragraph 2.73 of their 31st Report (4th Lok Sabha) that as there was no element of uncertainty or unforeseeability in expenditure on pay and allowances, there should normally be no excess on this account. The Committee, however, regret to observe that during the year under review also, increased expenditure on pay and allowance

had contributed to excess under a number of Grants. The Committee desire that the Ministries|Departments should take care to avoid excesses on this account.

[S. No. 17(Para 2.53) of Appendix XXX to the 123rd Report (4th Lok Sabha)].

Action taken

The observations of the Committee have been brought to the notice of Ministries|Departments for necessary action *vide* Ministry of Finance O.M. No. F.12(45)-E(Coord)/70, dated 16th October, 1970 (Copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12-(45)-E(Coord)/70, dated 8-1-1971].

No. F.12(45)-E(Coord)/70

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Department of Expenditure

New Delhi-2, the 16th October, 1970.

OFFICE MEMORANDUM

SUBJECT:—123rd Report of the Public Accounts Committee (4th Lok Sabha). (Recommendations No. 1, 2 and 17).

The Public Accounts Committee while commenting on the cases of excesses over voted grants and charged Appropriations disclosed in the various Appropriation Accounts for the year 1968-69 have observed in paras 1.3, 2.2 and 2.53 of their 123rd Report as follows:—

Recommendation No. 1(Para 1.3)

During the year under report (1968-69), Excesses occurred over 26 Grants (including two Sub-Major Heads of Grant No. 5) and four Charged Appropriations. These aggregated to Rs. 3.78 crores as against Rs. 12.58 crores and Rs. 27.78 crores during the years 1966-67 and 1967-68 respectively. The Committee are glad to note that there had been a substantial reduction in the aggregate amount of Excess during the year under review. They trust that every effort will be made by the Ministries|Departments to further improve the position.

Recommendation

2.51. The Committee note that there has been an excess under this Grant for the second year in succession. As in the past, the bulk of the excess was due to execution of larger number of works than anticipated by the Department. A part of the excess was also due to unanticipated receipt of stores from the Indian Telephones Industries. As regards the excess expenditure on account of works, the Committee note that pursuant to their recommendation, instructions have been issued by the Board to all Heads of Circles to ensure that the expenditure on works is regulated strictly according to allotment of funds for such works. The Committee trust that these instructions will be strictly complied with. The Committee would also like the P & T Board to take steps to ensure that budgeting for their works expenditure is streamlined and made accurate.

2.52. As regards the excess on account of unanticipated receipt of stores, the Committee feel that the Department would do well to have a closer liaison with the suppliers of indented stores (including the Indian Telephone Industries).

[Sl. Nos. 15 and 16 of Appendix XXX, Paras 2.51 and 2.52 of 123rd Report (Fourth Lok Sabha).]

Action taken

Compliance with the instructions mentioned in para 2.51 above is being watched. Endeavours are being made to ensure that budgeting is done with greater accuracy. Close liaison is also being maintained with the suppliers of Stores.

This has been seen by AGP&T.

[Department of Communications O.M. No. 27-10/70-B, dated 28-10-1970].

Recommendation

Commenting upon excesses on account of pay and allowances, the Public Accounts Committee (1968-69) had observed in paragraph 2.73 of their 31st Report (4th Lok Sabha) that as there was no element of uncertainty or unforeseeability in expenditure on pay and allowances, there should normally be no excess on this account. The Committee, however, regret to observe that during the year under review also, increased expenditure on pay and allowance

had contributed to excess under a number of Grants. The Committee desire that the Ministries|Departments should take care to avoid excesses on this account.

[S. No. 17(Para 2.53) of Appendix XXX to the 123rd Report (4th Lok Sabha)].

Action taken

The observations of the Committee have been brought to the notice of Ministries|Departments for necessary action *vide* Ministry of Finance O.M. No. F.12(45)-E(Coord)/70, dated 16th October, 1970 (Copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12-(45)-E(Coord)/70, dated 8-1-1971].

No. F.12(45)-E(Coord)/70

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Department of Expenditure

New Delhi-2, the 16th October, 1970.

OFFICE MEMORANDUM

SUBJECT:—123rd Report of the Public Accounts Committee (4th Lok Sabha). (Recommendations No. 1, 2 and 17).

The Public Accounts Committee while commenting on the cases of excesses over voted grants and charged Appropriations disclosed in the various Appropriation Accounts for the year 1968-69 have observed in paras 1.3, 2.2 and 2.53 of their 123rd Report as follows:—

Recommendation No. 1(Para 1.3)

During the year under report (1968-69), Excesses occurred over 26 Grants (including two Sub-Major Heads of Grant No. 5) and four Charged Appropriations. These aggregated to Rs. 3.78 crores as against Rs. 12.58 crores and Rs. 27.78 crores during the years 1966-67 and 1967-68 respectively. The Committee are glad to note that there had been a substantial reduction in the aggregate amount of Excess during the year under review. They trust that every effort will be made by the Ministries|Departments to further improve the position.

Recommendation No. 2(Para 2.2)

From the notes furnished by the Ministries, the Committee find that defective estimation at the time of framing the Budget and revised estimates, lack of proper review of the progress of expenditure at the appropriate time, failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of past liabilities, erroneous adjustments and lack of proper control over expenditure continued to be the main causes for excesses during the year under report. Persistent lack of coordination between the Central Ministry of Shipping and Transport and State Governments in regard to execution of road works also contributed to a heavy excess.

Recommendation No. 17(Para 2.53)

Commending upon excesses on account of pay and allowances, the Public Accounts Committee (1968-69) had observed in paragraph 2.73 of their 31st Report (Fourth Lok Sabha) that as there was no element of uncertainty or unforeseeability in expenditure on pay and allowances, there should normally be no excess on this account. The Committee, however, regret to observe that during the year under review also, increased expenditure on pay and allowances had contributed to excess under number of Grants. The Committee desire that the Ministries|Departments should take care to avoid excesses on this account.

2. The Ministry of Finance have laid down detailed procedures for achieving effective control over expenditure (*vide* rules 65 to 69 of G.F.Rs. and the various Government of India decisions thereunder). The need for realistic budgeting and effective control over expenditure with reference to the sanctioned grants and appropriations has been stressed time and again by the Public Accounts Committee and their observations have been brought to the notice of all the Ministries| Departments. In this connection, attention is invited to Office Memoranda No. F.12(44)-E(Coord)|68, dated 29-4-1969 and No. F.12(46)-E. (Coord)/69, dated 1-9-1969.

3. The Ministry of Home Affairs, etc. are once again requested to bear in mind the observations of the Committee and to pay special attention to the task of achieving the objectives of various rules and orders on budgeting and control over expenditure thereby avoiding

the occurrence of excesses over sanctioned grants. Suitable instructions may also please be issued to all subordinate authorities concerned under them.

Sd/-

Deputy Secretary to the Government of India.

To

All Ministries|Departments of Government of India.

No. F.12 (45)-E (Coord) |70

Copy forwarded to all Financial Advisers and Expenditure Branches for information. It is reiterated that the observations of the Committee may please be borne in mind while conducting the reviews regarding progress of expenditure against sanctioned grants early in January every year vide this Department's Memorandum No. F.15 (2)-E (Coord) |66, dated 30th December, 1966, so as to ensure that all anticipated commitments are taken into account and necessary provision of funds made therefor, thereby obviating excesses over sanctioned grants.

Copy also forwarded to:—

1. C. & A.G. of India.
2. Supreme Court.
3. Election Commission.
4. Lok Sabha Secretariat (P.A.C. Branch).
5. A.G.C.R., New Delhi.
6. Economic Affairs Department (Budget Division).

Sd/-

Deputy Secretary to the Government of India.

Copy for necessary action in so far as they are administratively concerned to:—

1. Defence Division.
2. A & B Branch.
3. E.G.I. Branch.
4. B.P.E.

Sd/-

Deputy Secretary to the Government of India.

Recommendation

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

[S. No. 18 of Appendix XXX to 123rd Report of the Public Accounts Committee—4th Lok Sabha].

Action taken

The Demands for Excess Grants for 1968-69 were laid before Lok Sabha on the 28th August, 1970.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F 8(43)-E/70, dated 9-10-1970].

Recommendation

The Committee regret the delay in the submission of action taken notes in the cases referred to in para 3.1 above. They desire that the Ministries|Departments should ensure hereafter that action taken notes on the Outstanding Recommendations of the Committee are invariably furnished to them within the stipulated time limit of six months.

[S. No. 19 (Para 3.3) of Appendix XXX to 123rd Report (4th Lok Sabha)].

Action taken

The observations of the Committee have been noted and brought to the notice of all Ministries|Departments for compliance vide Ministry of Finance O.M. No. F.12(45)-E(Coord)/70, dated 16th October, 1970 (Copy enclosed).

(These notes have been vetted by A.G.C.R.)

[Ministry of Finance (Department of Expenditure) O.M. No. F 12(45)-E(Coord)/70, dated 8-1-1971].

No. F.12(45)-E(Coord)|70

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

Department of Expenditure

New Delhi-2, the 16th October, 1970.

OFFICE MEMORANDUM

SUBJECT:—123rd Report of the Public Accounts Committee (4th Lok Sabha). (Recommendation No. 19).

The Public Accounts Committee while commenting on the delay in the submission of action taken notes on certain recommendations contained in their 83rd report (4th Lok Sabha) have observed in para 3.3 of their 123rd Report (4th Lok Sabha) as follows:—

Recommendation No. 19 (Para 3.3)

The Committee regret the delay in the submission of action taken notes in the cases referred to in para 3.1 above. They desire that the Ministries/Departments should ensure hereafter that action taken notes on the Outstanding Recommendations of the Committee are invariably furnished to them within the stipulated time limit of six months.

The Ministry of Home Affairs etc. are requested to note the observations of the Committee for information and strict compliance. In this connection attention is invited to this Department's Office Memorandum No. F.12(30)-E(Coord)|67, dated 18-12-1967.

Sd|

Deputy Secretary to the Government of India.

To

All the Ministries|Departments of the Government of India.
No. F. 12(45)-E(Coord)|67.

Copy forwarded to:—

1. Heads of Divisions in the Department of Expenditure for information. In view of the P.A.C's observations that replies to various recommendations are not sent in time by the Administrative Ministries, the Financial Advisers are requested to actively assist the concerned administrative Ministries in finalising the cases, keep a close watch

on their progress and generally to ensure that prompt action is taken by the Ministries for submission of final replies to the P.A.C. within the prescribed time limit of six months.

2. All D.F.As/A.F.As. in the Civil Expenditure.
3. Defence Division (Coord. Section) with 20 spare copies.
4. Planning Branch and B.P.E.
5. Department of Revenue and Insurance (Coord. Section) and Department of E.A. (Budget Division).
6. Lok Sabha Secretariat (P.A.C. Branch).
7. Accountant General, Central Revenues, New Delhi.

Sd/-

Deputy Secretary to the Government of India.

RECOMMENDATIONS|OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

Recommendation

The Committee observe that the excess under Sub-major Head '1. Army' was principally caused by excess under Sub-heads 'A-Pay and Allowances' and 'D—Transportation and Miscellaneous'. The explanation of the Ministry of Defence for the excess under Sub-head 'A' (Rs. 82.72 lakhs) is that the per capita rates for "Pay and Allowances" of Junior Commissioned Officers/Other Ranks adopted at the final estimate stage proved "slightly inadequate". The Committee note that during the year 1967-68 also there was an excess of Rs. 1.16 crores under Sub-head 'A' on this account. The Ministry have, however, intimated that they are now examining in what manner improvement can be effected in the system of estimation of pay and allowances. The Committee desire that the Ministry should take an early decision in the matter.

[S. No. 13 (Para 2.45) of Appendix XXX to 123rd Report of the Public Accounts Committee (4th Lok Sabha)].

Action taken

The recommendations of the Committee have been noted.

2. It will be seen that the excess of Rs. 82.72 lakhs under Pay and Allowances pointed out represents only 0.36 per cent of the total

provision under the head Pay and Allowances of the Army. As explained to the Committee in this Ministry's Action Taken note with reference to their recommendation No. 13 of the 83rd Report (4th Lok Sabha) forwarded in this Ministry's O.M. No. F.11(15)|69|D (Budget), dated the 23rd April, 1970, the nature of budgeting for Pay and Allowances of the Defence Estimates is on the basis of averages of strength and rates and not on individual basis as in the civil side. This is necessary in view of the large numbers involved. Under this system, a variation of 0.36 per cent may not be considered as significant. It would also be seen that during the last few years the variation has been progressively on the decline and in 1969-70 the accounts of which has since been closed, the excess is only 0.33 per cent.

3. Even so the question of improving the existing system of budgeting for Pay and Allowances has been considered at length. One of the suggestions made was, to exhibit expenditure in the accounts separately for each of the allowances paid to the personnel instead of lumping all of them together as at present. However, under the machine accounting now in vogue in the Defence Accounts Offices, it has not been possible to give effect to this due to the constraint of the machine capacity and also existing system of forms and payment. The other proposal regarding computerisation is already on hand though it is still in an experimental stage. If computerisation is effected, the standard of budgeting would be expected to improve considerably, as more data with up-to-date figures, would become available. This would naturally take some time in view of the volume of transactions for which the system to be designed need for inbuilt satisfactory audit checks and choice of a system that would meet future demands.

[Ministry of Defence O.M. No. 11(5)|70|D|Budget, dated 18-1-1971].

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

—N I L—

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

APPENDIX XX

Summary of main Conclusions/Recommendations

| Sr. No. | Para No. of the Report | Ministry/ Department concerned | Recommendations |
|---------|------------------------|---|--|
| (1) | (2) | (3) | (4) |
| 1. | 1.3 | <u>Finance</u> All Ministries/Deptt. | During the year under report (1969-70), excesses occurred over 18 Voted Grants and 5 Charged Appropriations. These aggregated to Rs. 17.10 crores as against Rs. 27.78 crores and Rs. 3.78 crores during the year 1967-68 and 1968-69 respectively. The Committee are concerned to find that the position which showed improvement during 1968-69 over that of the previous year has deteriorated again. The Committee need hardly stress that concerted steps should be taken to improve budgeting procedures so as to minimise excesses over grants. They hope that all possible efforts will be made by the Ministries/Departments to improve the position. |
| 2. | 2.2 | do | In terms of paragraph 3.9 of the 31st Report (Fourth Lok Sabha) of the Committee, the notes on excesses duly vetted by Audit should be furnished to the Committee immediately after the presentation of the Appropriation Accounts to Parliament or by 10th April, whichever is later. The Appropriation Accounts (Civil), 1969-70 were presented to Parliament on 22-6-1971. However, the Committee find |

that the notes relating to grants "79—Roads", "131—Capital outlay on aviation" and "53—Andaman and Nicobar Islands" were received only on 5-8-1971, 6-9-1971 and 29-11-1971 respectively, with the result that this Report could not be finalised by the Committee in time to ensure regularisation of the excesses without delay. The Committee would, therefore, like to impress upon the Ministry of Finance the necessity of adhering strictly to the time schedule already laid down by them

3. 2.3 do

From the notes furnished by the Ministries, the Committee find that as in the past the defective estimation at the time of framing the Budget and Revised Estimates, lack of proper review of the progress of expenditure at the appropriate time, failure to anticipate properly the receipt of stores and debits relating thereto, absence of adequate provision for the adjustment of past liabilities, erroneous adjustments and lack of proper control over expenditure were the main causes for excesses during the year under report.

4. 2.4 do

The Committee further note that in regard to some of the cases of excess over charged Appropriations, although the extra liability was known in time, no action was taken by the departments concerned to obtain supplementary appropriation. In one case (Grant No. 123—Capital outlay on Multipurpose River Schemes) the expenditure was incurred without any budget provision although the proper course would have been to take an advance from the Contingency Fund to be recouped by obtaining appropriation during the

(1)

(2)

(3)

(4)

year. The Committee are surprised that the Ministries have explained these lapses as due to the ignorance of rules and procedure on the part of authorities concerned which cannot be accepted as a plea. The Committee trust that such lapses will not recur.

5. 2.9 Finance

The Committee note that the expenditure had exceeded the grant for the third year in succession. As in the previous years, the excess during 1969-70 occurred mainly under the sub-head 'Superannuation and Retired Allowances' (actual expenditure Rs. 4.20 crores against total provision of Rs. 4 crores) and was due to more payment of pensions than anticipated. While the Committee concede that the expenditure relating to payments of death gratuities and Family Pensions is of an unpredictable nature, they see no reason why expenditure on Superannuation and Retired Allowances could not be estimated accurately. The Committee feel that excess of 5 per cent over the provision for 'Superannuation and Retired Allowances' during 1969-70 was hardly justified and that there should normally be no excess on this account in future.

124

6. 2.13 Works, Housing and Urban Development

The Committee observe that significant excesses had occurred under the heads 'A.2(1) Buildings' (Rs. 53.20 lakhs) and 'A.7(1)—Suspense—Stock' (Rs. 54.55 lakhs). The excess under 'Buildings' is explained as mainly due to an unanticipated payment on account of house tax/service charges including arrears of Rs. 37.02 lakhs to the New Delhi Municipal Committee. The claims of the New Delhi

Municipal Committee in this regard had, however, been pending with Government for a considerable time. It is not, therefore, quite clear as to why reconciliation between the departmental figures and those of the New Delhi Municipal Committee which started in April, 1969 could not be completed promptly and how a decision to pay the dues as stated by the New Delhi Municipal Committee less the amount claimed by CPWD could not be taken in time to suitably provide for the payment during the year while the reconciliation was in progress. That the liability could not be anticipated even at the stage of reappropriation when the provision under this head was actually reduced is unconvincing. The Committee hope that the Department will be careful in anticipating and providing for liabilities of this kind in future.

125

7. 2.14 do

As regards the excess that occurred under 'Suspense-stock' due to receipt of more building material during the last quarter of the year than expected, the Committee need hardly stress that the department concerned should have a closer liaison with the purchase organisation/suppliers in respect of idented materials. They also wish that the supplies had been spread out to obviate concentration in last quarter and regulated according to the needs of the works and availability of funds.

8. 2.17 Home Affairs

Despite repeated comments by the Committee, excess under this grant has by now become an annual feature. As in the previous years, the bulk of the excess was due to failure to anticipate properly the receipt of stores and debits relating thereto and to make ade-

(1)

(2)

(3)

(4)

quate provision for the adjustment of past liabilities. The excess was as high as 72 per cent and 87 per cent under the heads 'F1 (2) (4) (1)—Marine stores suspense—Gross expenditure' and "E1 (4) (1)—Tools and plant—New supplies, repairs etc." respectively. There was neither an exercise of proper control over expenditure nor there had been an effective liaison both with the suppliers and the Accounts Officer. The Committee are unable to comprehend how the payments were made for the supplies by the Pay & Accounts Officer without the knowledge of the Andaman Administration and adjusted by the Accounts Officer belatedly which resulted in excess remaining uncovered by suitable additional provision under the head "F (1) (2) Miscellaneous Shore Establishments.

126

9. 2.18 Home Affairs

The Committee note that pursuant to their earlier recommendation, the Ministry of Home Affairs have impressed upon the Andaman Administration the need for strict compliance with the rules and instructions regarding control over expenditure and to maintain closer liaison with the suppliers on the one hand and Accounts Officer on the other to avoid such excesses in future. The Committee trust that the Andaman Administration will strictly comply with the instructions issued by the Ministry of Home Affairs. The Committee would like to watch this through the future Appropriation Accounts relating to this grant.

10. 2.21 Petroleum & Chemicals

The Committee note that excess occurred mainly under 'Pay-

ments to the Railways on account of freight concessions on the despatches of furnace oil'. Against the final allotment of Rs. 28.81 lakhs under this head, the actual expenditure during the year amounted to Rs. 117.48 lakhs. As there were arrears of concessions availed of by the oil companies awaiting adjustment to the extent of Rs. 58.56 lakhs in respect of the years 1967-68 and 1968-69 and at the time of framing revised estimates the concession likely to be availed of during 1969-70 was estimated as Rs. 58 lakhs, the Committee are at a loss to understand how the final allotment was reduced to Rs. 28.81 lakhs. The expectation that the adjustment of arrear claims would be delayed for more than two years is not justifiable.

II. 2.22

do

The procedure for the payment of subsidy to the Railways as explained by the Ministry is that the oil company pays the freight to the Railways at the concessional rate and the Railways put in their claims to the Accountant General, Commerce, Works and Miscellaneous through their Accounts Officer for reimbursement of the balance amount being the Government oil rebate. The Accountant General, Commerce, Works and Miscellaneous accepts the debit raised and books the expenditure on the strength of a certificate of correctness furnished by the Railway Accounts Officer and affords credit to the Railways. The Committee feel that excess under this head could have been avoided had there been effective coordination between the department concerned, Railway authorities and the Accountant General.

| (1) | (2) | (3) | (4) |
|-----|------|------------------------|---|
| 12. | 2.23 | Petroleum & Chemicals | <p>The Committee see no reason why the Railways could not finalise their claims for the reimbursement of the oil rebate promptly. In order that Parliament may know the exact amount of subsidy during each year, the Committee wish that such claims pertaining to a year are settled in that year itself contemporaneously without any time lag as has occurred in the past.</p> |
| 13. | 2.26 | Shipping and Transport | <p>The Committee are constrained to once again comment on the expenditure exceeding this grant persistently over more than a decade. The excess under the head "Maintenance of National Highways" (Rs. 84.60 lakhs) during 1969-70 is the highest ever recorded in recent years. The Committee had in paragraph 2.34 of their 123rd Report (Fourth Lok Sabha) indicated the excesses that occurred under this head continuously from 1959-60 to 1968-69. It is evident that efforts made so far to improve the position have been of little avail; in fact the position has tended to deteriorate further. In the circumstances they would strongly urge Government to finalise without any further loss of time the question of streamlining the procedure of the execution of works on the National Highways with a view to <i>inter alia</i> obviate the excess expenditure incurred by the States and report the details to them. It is surprising that the matter is hanging fire for over three years now. The Committee are of the opinion that with a more rational and realistic allocation of funds, periodic reviews of progress of expenditure on the basis of monthly returns obtained promptly from the Works</p> |

executing agencies and a better regulatory control through the Regional offices, the excesses could have been avoided.

14. 2.29 Railways (Railway Board)

The Committee find that among other reasons excess consumption of fuel, incorrect assessment of average cost of coal and losses of fuel accounted for the excess expenditure under this grant. Although the excess consumption of fuel may be partly due to the relegation of steam traction to inferior services as explained by the Ministry, the Committee do not rule out the scope for economy on fuel. In this connection the Committee would like to stress that there should be stricter control over the consumption of fuel to avoid wastage, pilferage and theft.

15. 2.30 do

As regards the incorrect assessment of the average cost of coal, the Committee observe that this occurred mainly on the South Eastern Railway even at the final modification stage which does not speak well of the method of estimation of cost. The Committee hope that such instances of lack of proper care will not recur.

129

16. 2.33 Communications (P & T Board)

The excess under this grant occurred as a result of incorrect estimation of surplus of the P&T Department which in turn was due to incorrect estimation of receipts and working expenses. The Committee find that the accounts for the year 1969-70 disclosed a surplus of Rs. 26.22 crores as against Rs. 23.57 crores anticipated at the time of framing the budget. This was due to increase in receipts by Rs. 7.10 crores partly offset by increase in net working

| (1) | (2) | (3) | (4) |
|-----|------|-----------------------|--|
| | | | <p>expenses by Rs. 4.45 crores. The Committee hope that the estimates of receipts and expenditure will be more realistically fixed in future.</p> |
| 17. | 2.34 | Finance | <p>Subject to the above observations, the Committee recommend that excess referred to in paragraph 2.1 above be regularised in the manner prescribed in Article 115 of the Constitution of India.</p> |
| 18. | 3.4 | All Ministries/Deptt. | <p>The Committee regret the delay in the submission of action taken notes in the above cases. They desire that the Ministries/Departments should ensure hereafter that action taken notes on the outstanding recommendations of the Committee are invariably furnished to them within the stipulated time limit of six months.</p> |

| Sl. No. | Name of Agent | Agency No. | Sl. No. | Name of Agent | Agency No. |
|--------------|---|------------|------------------------------------|---|------------|
| DELHI | | | 33. | Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1. | 68 |
| 24. | Jain Book Agency Connaught Place, New Delhi. | 11 | 34. | People's Publishing House, Rani Jhansi Road, New Delhi. | 76 |
| 25. | Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi | 3 | 35. | The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi. | 88 |
| 26. | Atma Ram & Sons, Kashmeri Gate, Delhi-6. | 9 | 36. | Hind Book House, 82, Janpath, New Delhi. | 95 |
| 27. | J. M. Jaina & Brothers, Mori Gate, Delhi. | 11 | 37. | Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9. | 96 |
| 28. | The Central News Agency, 23/90 Connaught Place, New Delhi. | 15 | MANIPUR | | |
| 29. | The English Book Store, 7-L, Connaught Circus, New Delhi. | 20 | 38. | Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal | 77 |
| 30. | Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi. | 23 | AGENTS IN FOREIGN COUNTRIES | | |
| 31. | Bahree Brothers, 188, Lajpatrai Market, Delhi-6. | 27 | 39. | The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON W.C.—2. | 59 |
| 32. | Jayana Book Depot, Chaparwala Kuan, Karol Bagh, New Delhi. | 66 | | | |

© 1972 BY LOK SABHA SECRETARIAT
PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE GENERAL
MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI.
