

**EXCESSES OVER VOTED GRANTS
AND CHARGED APPROPRIATIONS
(1991-92)**

**PUBLIC ACCOUNTS
COMMITTEE
1994-95**

NINETY-SIXTH REPORT

TENTH LOK SABHA

**NINETY-SIXTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1994-95)**

(TENTH LOK SABHA)

**EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS (1991-92)**

*[Action Taken on 74th Report of Public
Accounts Committee (10th Lok Sabha)]*



सत्यमेव जयते

*Presented to Lok Sabha on 25 April, 1995
Laid in Rajya Sabha on 25 April, 1995*

**LOK SABHA SECRETARIAT
NEW DELHI**

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CORRIGENDA TO 96TH REPORT OF PAC (10TH LOK SABHA)

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**COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE
(1994-95)**

Shri Bhagwan Shankar Rawat — Chairman

MEMBERS

Lok Sabha

2. Shri Bandaru Dattatraya
3. Shri Anil Basu
4. Shri Dileep Singh Bhuria
5. Sqn. Ldr. Kamal Chaudhry
6. Dr. K.V.R. Chowdary
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18. Shri Triloki Nath Chaturvedi
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21. Smt. Jayanthi Natarajan
22. Shri G.G. Swell

Secretariat

1. Shri S.N. Mishra — *Additional Secretary*
2. Shri G.C. Malhotra — *Joint Secretary*
3. Smt. P.K. Sandhu — *Director*
4. Shri P. Sreedharan — *Under Secretary*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Ninety-Sixth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 74th Report (Tenth Lok Sabha) on Excesses Over Voted Grants and Charged Appropriations (1991-92).

2. While examining the case of excess expenditure of Rs. 65.04 crores incurred by the Ministry of Communications during 1991-92 under the Capital Section (Voted) of Grant No. 15-Telecommunication Services, the Committee in their Seventy-Fourth Report (10th Lok Sabha) had found that this excess expenditure had occurred under one of the plan schemes viz., Local Telephone Systems due to more receipt of cables and apparatus and plant. Taking a serious view of this unauthorised expenditure of substantially high magnitude incurred by the Ministry without proper authorisation by Parliament, the Committee had desired to be informed as to when the cables, apparatus and plants had actually been received and the reasons for not having taken into account the expenditure incurred on these items while obtaining the supplementary grants in March, 1992. The Committee had also desired the Ministry to make special efforts to correctly estimate their requirement of funds so as to avoid any scope for excess expenditure. After considering the Action Taken Note furnished by Department of Telecommunications, the Committee have in this Report felt the absence of a proper system in the Department for monitoring of the progress of expenditure being incurred by various field units and timely review of their financial requirements corresponding to the physical targets. The Committee have, therefore, recommended that the Department should evolve a sound mechanism for assessing realistically their requirement of funds and also for keeping a close and constant watch over the expenditure incurred by numerous field units *vis-a-vis* their budgetary allocations. They would also like the Department to issue clear-cut instructions to the spending units at field level impressing upon them to keep their expenditure within budgetary ceilings so as to avoid any scope for excess expenditure in future.

3. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 18 April, 1995. Minutes of the sitting form Part-II of the Report.

4. For facility of reference and convenience, the recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix of the Report.

5. The Committee place on record their appreciation of the Assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

NEW DELHI;

21 April, 1995

1 Vaisakha, 1917 (Saka)

BHAGWAN SHANKAR RAWAT,

Chairman,
Public Accounts Committee.

CHAPTER-I REPORT

1.1 The Seventy-Fourth Report (10th Lok Sabha) of the Public Accounts Committee on Excesses over voted grants and charged appropriations for the year 1991-92 was presented to Lok Sabha on 28 April, 1994. The Report contained 11 recommendations/observations. The Action Taken Notes on all these recommendations/observations have been received from Ministries/Departments concerned and the same are re-produced in the relevant Chapters of the Report. The Action Taken replies received from the various Ministries have been categorised as follows:

- (i) Recommendations or observations which have been accepted by Government.
Sl. Nos. 1-7 and 9-11.
- (ii) Recommendations or observations which the Committee do not desire to pursue in view of the replies received from the Government.
-Nil-
- (iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration.
Sl. No. 8.
- (iv) Recommendations or observations in respect of which Government have furnished interim replies.
-Nil-

Delay in submission of Action Taken Notes

1.2 In terms of the time limit of six months for submission of Action Taken Notes as prescribed by the Public Accounts Committee in their Fifth Report (Fourth Lok Sabha), the Action Taken Notes on recommendations contained in 74th Report (10th Lok Sabha) were required to be furnished to the Committee by the Ministries/Departments concerned by 27 October, 1994. An analysis of the receipt of complete Action Taken Notes from the various Ministries/Departments in respect of the recommendations pertaining to them, however, reveals the following position:

Name of the Ministry	Extended date, if any by which submission of Action Taken Notes allowed by the Committee	Date when complete Action Taken Notes furnished
Home Affairs		5.10.94

Name of the Ministry	Extended date, if any by which submission of Action Taken Notes allowed by the Committee	Date when complete Action Taken Notes furnished
Railways	---	23.11.94
Communications (Deptt. of Telecom.)	28.11.94	25.11.94
Finance (Deptt. of Expenditure)	20.1.95	31.3.95

1.3 According to the time schedule prescribed by the Public Accounts Committee in their Fifth Report. (Fourth Lok Sabha), Action Taken Notes on the recommendations/observations contained in the various Reports of the Committee are required to be submitted to them by the Ministries/Departments concerned within six months from the date of presentation of the relevant Report to the House. The Committee are, however, constrained to point out that despite their repeated exhortations made from time to time in various earlier reports for timely submission of Action Taken Notes, the Ministries/Departments of Government of India are yet to show necessary improvements in this regard. Out of four Ministries/Departments which were required to furnish Action Taken Notes on the recommendations/observations contained in Seventy-fourth Report of Public Accounts Committee (10th Lok Sabha), only Ministry of Home Affairs furnished complete Action Taken Notes within the stipulated period of six months. While the Ministry of Communications sought extension of time for furnishing their replies and submitted the same within the extended period, the complete action taken notes from the Ministry of Railways were received after a delay of about a month. What has caused more concern to the Committee is the fact that despite grant of extension of time of nearly four months i.e. upto 20 January, 1995 for submission of Action Taken Notes, the Ministry of Finance (Department of Expenditure) failed to furnish complete Action Taken Notes even within the extended period and it was only after repeated reminders that the complete notes could be obtained from them on 31 March, 1995. The Committee take a serious view of this delay in submission of action taken replies especially in the case of Ministry of Finance (Department of Expenditure) which is supposed to be a model for others to emulate in this matter. The Committee trust that the Government would examine the factors contributing to such delays and take effective steps to ensure that action taken notes are finalised by all concerned with utmost expedition and furnished to the Committee within the time limit prescribed for the purpose.

Excess Expenditure incurred in 1991-92

→ 1.4 Commenting on the excess expenditure of Rs. 398.28 crores incurred by various Ministries and Departments of Government of India during the year 1991-92 over Voted Grants and Charged Appropriations under 16 grants/appropriations, the Committee in their Seventy-fourth Report had concluded that the existing machinery for the control of expenditure and the process of forecasting budgetary requirements needed to be thoroughly revamped and made adequately responsible and accountable. During the course of examination of the various Appropriation Accounts, the Committee had also noticed large scale savings during 1991-92. They had, accordingly, desired the Ministry of Finance to initiate necessary steps to make budgetary exercise meaningful and more realistic so as not only to minimise large scale variations between the estimates and the actuals but also to gainfully utilise the scarce resources to meet the pressing demands of various sectors of economy.

1.5 In their Action Taken Notes now furnished to the Committee on the subject, the Ministry of Finance (Department of Expenditure) have referred to the Action Taken Notes furnished by them earlier in response to the recommendations contained in the Sixtieth Report (10th Lok Sabha) of the Public Accounts Committee on excesses over voted grants and charged appropriations during 1990-91 which was presented to the House on 23 February, 1994. In the relevant action taken note, it had been stated that all Ministries/Departments had been instructed on 17 October, 1994 to form the budget estimates accurately after careful indepth examination of the requirement of funds. The Ministry of Finance also stated that the Ministries/Departments had also been asked through the instructions issued on 23 May, 1994 to devise effective mechanism for proper and continuous monitoring of the progress of expenditure so as to avoid excess expenditure or savings. In their instructions, the Ministry of Finance have also brought to the notice of the Ministries/Departments that they will be fully accountable for control of expenditure against sanctioned provisions and that any slackness would be viewed seriously.

1.6 The Committee have already dealt with those Action Taken Notes and made suitable observations/recommendations in their Eighty-eighth Report (10th Lok Sabha) presented to Lok Sabha on 30 March, 1995.

Proper assessment of requirement of funds

(Paragraph 1.33—Serial No. 8)

1.7 While commenting on the excess expenditure of Rs. 65.04 crores incurred by the Ministry of Communications during 1991-92 under the Capital Section (voted) of Grant No. 15—Telecommunication Services, the

Committee in Paragraph 1.33 of their Seventy-fourth Report (10th Lok Sabha) had observed as follows:

“Under the Capital Section (Voted) of Grant No. 15—Telecommunication Services, the Ministry of Communications incurred an excess expenditure amounting to Rs. 65.04 crores against the total provision of Rs. 2857.99 crores during 1991-92. The Committee find that this excess has occurred despite obtaining a supplementary grant of Rs. 222 crores. According to the Ministry, this excess expenditure has occurred under one of the Plan Schemes, namely, Local Telephone Systems due to more receipt of cables and apparatus and plant. The committee take a serious view of this unauthorised expenditure of substantially high magnitude incurred by the Ministry without proper authorisation by Parliament. They would like to be informed as to when the cables, apparatus and plants had actually been received and the reasons for not having taken into account the expenditure incurred on these items while obtaining the supplementary grants as late as March, 1992. Evidently, the authorities administering this grant neither kept vigil over the trend of expenditure nor assessed properly their actual needs of funds even at the supplementary grant stage. The Committee therefore, desire that a detailed note on the circumstances leading to this excess expenditure may be furnished to them. They also desire the Ministry to make special efforts to correctly estimate their requirement of funds so as to avoid any scope for excess expenditure.”

1.8 In their action taken reply, the Ministry of Communications have stated as under:

“The observations of the Committee have been noted for guidance and existing systems, procedures and control mechanism are being further streamlined.

As has been explained earlier, excess expenditure of Rs. 65.04 crores in 1991-92 constitutes only 2.28% of the total capital budget of Rs. 2857.99 crores in that year.

Further it may be submitted that Macro level planning & budgeting is done in the Department of Telecommunications taking into account the demand for telephone connections scattered over 16,000 exchanges in the country. Depending upon estimation as regards the availability of equipment and funds, physical targets for a particular year are decided and plan funds provided in the budget. Over 12,000 individual projects are then executed through field level formations called Circles, SSA units & even taluk level offices such as SDOs etc. spread all over the country. These works vary in size from about

5 lakhs in terms of financial value to even 50 crores in big cities. Actual expenditure against these works is controlled by a large number of units and in many cases the demand for telephone lines in the course of execution is found to be at variance with that estimated earlier.

Moreover, there is usually bulking of indents for major items such as exchanges etc. for centralised procurement so as to have the advantages of economies of scale, better inventory management and greater control over expenditure. There is in addition incurrence of expenditure by the field units directly covering a large variety of equipment in small quantities such as drop wires, jointing kits, L&W equipment, etc. It is, therefore, somewhat difficult to exactly correlate the process of procurement of materials, estimate by estimate, with provision in the budget, specially where such a large number of small, medium and large size projects are under execution at a time all over the country.

Exact correlation between the two at the Supplementary Grant stage also becomes somewhat difficult for the same reasons as elucidated above.

However, notwithstanding these practical difficulties and the size of the network, all attempts are being made by means of strict enforcement of rules, procedures and policy guidelines to ensure that field units remain within the allotted budget."

1.9 While examining the case of excess expenditure of Rs. 65.04 crores incurred by the Ministry of Communications during 1991-92 under the Capital Section (Voted) of Grant No. 15—Telecommunication Services, the Committee in Paragraph 1.33 of their Seventy-Fourth Report (10th Lok Sabha) had found that this excess expenditure had occurred under one of the plan schemes viz., Local Telephone Systems due to more receipt of cables and apparatus and plant. Taking a serious view of this unauthorised expenditure of substantially high magnitude incurred by the Ministry without proper authorisation by Parliament, the Committee had desired to be informed as to when the cables, apparatus and plants had actually been received and the reasons for not having taken into account the expenditure incurred on these items while obtaining the supplementary grants in March, 1992. The Committee had also desired the Ministry to make special efforts to correctly estimate their requirement of funds so as to avoid any scope for excess expenditure. In their Action Taken reply, the Department of Telecommunications have explained that while macro level planning and budgeting is done in the Department taking into account the demand for telephone connections scattered over 16,000 exchanges, the individual projects numbering over 12,000 are executed through field level formations spread all over the country. The Department have also stated that the actual

expenditure under these projects is controlled by a large number of units and in many cases the demand for telephone lines in the course of execution is found to be at variance with that estimated earlier. Moreover, besides centralised procurement of major items, expenditure is also incurred by the field units directly for a large variety of equipments in small quantities. According to the Department, these factors make it somewhat difficult for them even at the supplementary grant stage to exactly correlate the process of procurement of material, estimate by estimate, with provisions in the budget. The Committee are aware of the extent of Telecommunications network in the country. They, however, feel constrained in pointing out that the Action Taken reply is clearly indicative of absence of a proper system in the Department for monitoring of the progress of expenditure being incurred by various field units and timely review of their financial requirements corresponding to the physical targets. The Committee, therefore, recommend that the Department should evolve a sound mechanism for assessing realistically their requirement of funds and also for keeping a close and constant watch over the expenditure incurred by numerous field units *vis-a-vis* their budgetary allocations. They would also like the Department to issue clear cut instructions to the spending units at field level impressing upon them to keep their expenditure within budgetary ceilings so as to avoid any scope for excess expenditure in future.

CHAPTER II

RECOMMENDATIONS OR OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that an expenditure of Rs. 398.28 crores has been incurred in excess of the aggregate sanctioned provision of Rs. 22166.82 crores under 12 Voted Grants and four Charged Appropriations during the year 1991-92. This excess expenditure had occurred despite obtaining supplementary provisions of the order of Rs. 981.71 crores under 13 Grants/Appropriations out of 16 excess registering Grants/Appropriations. Considering the fact that all these supplementary provisions were obtained only in March 1992, the Committee are convinced that the Budget Wings of the concerned Ministries have once again failed to assess their actual requirement of funds under the grants operated by them even at the fog-end of the year. Evidently, the supplementary provisions under these excess registering grants were obtained without proper assessment with the result that these provisions also proved inadequate to meet the actual requirement of funds of the concerned Ministries.

[Sl. No. 1 Appendix-X Para 1.16 of 74th Report of Public Accounts Committee (10th Lok Sabha)].

Recommendation

Yet another disturbing feature noticed by the Committee is that excess expenditure of over Rs. 1 crore had occurred in as many as 11 out of total 12 Voted Grants. What is worse is the fact that excess expenditure had exceeded Rs. 1 crore each in all the excess registering Grants operated by the Ministry of Railways. Although instructions are stated to have been issued by the Government from time to time to avoid excess expenditure, the Committee cannot help observing from these facts that the concerned authorities in the various Ministries/Departments continue to display negligence in checking the expenditure beyond the sanctioned provisions. The Committee view this situation with grave concern.

[Sl. No. 2 Appendix-X Para 1.17 of 74th Report of Public Accounts Committee (10th Lok Sabha)].

From the foregoing the Committee are inclined to conclude that the existing machinery for the control of expenditure and the process of forecasting budgetary requirements needs to be thoroughly revamped and made adequately responsible and accountable. In this context, it is relevant

to point out that the Committee had in their 60th Report presented to Parliament on 23rd February, 1994 during the current Session had *inter alia* desired that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provision and any slackness in following the established financial procedure should be sternly dealt with. The Committee trust that the Government would initiate expeditious action in this regard.

[Sl. No. 3 Appendix-X Para 1.18 of 74th Report of Public Accounts Committee (10th Lok Sabha)].

Action taken by the Ministry of Finance

The above mentioned observations of the Public Accounts Committee are similar to the recommendations contained in paras 1.19 and 1.20 of the 60th Report of the Public Accounts Committee (10th Lok Sabha) and the combined Action Taken Note on these paras after getting it vetted by the Audit has been sent to the Lok Sabha Secretariat *vide* this Department's O.M. No. 12(2)E. (Coord)94 dated: 1920.01.1995. A copy of the same is enclosed for ready reference.

This has been vetted by the Audit *vide* their U.O. No. RR1-259495/1063 dated: 16.02.1995.

Sd/-

(D. SWARUP)

Jt. Secretary to the Govt. of India

Ministry of Finance

Department of Expenditure

E. (Coord) O.M. No. 12(4)E(Coord)94 dated 18.02.1995

Recommendation of the Public Accounts Committee

The Committee note that an expenditure of sizeable magnitude of Rs. 900.24 crores had been incurred in excess of the aggregate sanctioned provision of Rs. 23579.92 crores under 19 grants/appropriations during the year 1990-91. The percentage of excess expenditure to the sanctioned provision under relevant grants/appropriations during the year 1990-91 works out to 3.82 as against 2.60 per cent during the year 1989-90. The Committee are particularly astonished at the substantially high excess expenditure of 17% over the sanctioned provisions in the case of Civil Ministries/Departments excluding Railways, Post and Telecommunication Services). The Committee view this deteriorating position with grave concern. They express their unhappiness over the fact that their oft-repeated concern for observing greater financial discipline to contain the

excess expenditure has not yielded desired results and the various Ministries/Departments of Government of India continued to indulge in spending beyond the sanctioned limits.

[Sl. No. 1 Appendix-X Para 1.19 of 60th Report of Public Accounts Committee (10th Lok Sabha)].

Recommendation

While examining the excess expenditure incurred during 1984-85, the Committee had in Paragraph 2.6 of their 57th Report (8th Lok Sabha) expressed satisfaction over the declining trend of excess expenditure during the years 1980-81 to 1984-85 and had hoped that the declining trend would be sustained. However, the hope of the Committee was belied in the subsequent years when the position altered and took a worse turn in 1989-90 when the excess expenditure touched an unprecedented high of Rs. 976.82 crores under 20 grants/appropriations. The situation during the year under Report i.e. 1990-91 is also no better and presents a dismal picture of the prevailing state of affairs in preparation of budget estimates and control of expenditure by the various Ministries/Departments of Government of India. What is further distressing is the fact that the excess expenditure in 1990-91 had occurred in 13 grants/appropriations in which supplementary grant of Rs. 1374.86 crores was obtained. In the light of the fact that bulk of the supplementary provisions are made at the fag-end of the year when the Ministries have sufficient data for estimating their actual requirements of funds, the Committee find no plausible explanations for incurring substantial excess expenditure under these grants or appropriations. Another feature observed by the Committee was that excess expenditure of over Rs. 1 crores had occurred in as many as 11 cases out of the total 19 cases of excesses over Voted Grants and Charged Appropriations during 1990-91. Surprisingly, excess expenditure had exceeded rupees one crore each in all the grants operated by Ministry of Railways in which excess expenditure had occurred. This reinforces the Committee's view that lack of proper monitoring of the progress of expenditure and failure to assess actual requirements of funds in time by the concerned Ministries/Departments are the main factors giving rise to excess expenditure. The Committee have no doubt that the problem of excess expenditure can be tackled effectively only by keeping unrelenting vigil over the trend of expenditure and by assessing properly the actual need of funds at the revised estimates stage as well as supplementary grant stage. The Committee, therefore, desire that concrete steps should be taken by the Ministry of Finance to impress upon the Ministries to devise effective mechanisms for proper and continuous monitoring over the progress of expenditure and indepth examination of the requirements of funds so that the excess expenditure may be kept to the barest minimum if not eliminated altogether. They also desire that the authorities administer-

ing a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provisions and any slackness in following the established financial discipline should be sternly dealt with.

[Sl. No. 2 Appendix-X Para 1.20 of 60th Report of Public Accounts Committee (10th Lok Sabha)].

Action taken by the Ministry of Finance

The observations of Public Accounts Committee have been noted. All Ministries/Departments have been instructed *vide* O.M.No. 1(14)-E.II(A)/94 dated 17.10.1994 (copy enclosed) to form their budget estimates accurately after careful indepth examination of the requirement of funds.

The Ministries/Departments have also been asked to devise effective mechanism for proper and continuous monitoring of the progress of expenditure so as to avoid excess expenditure or savings. Instructions No. 2(102)IB(CDN)94 dated 23.5.1994 issued to all the Financial Advisers in this regard are enclosed. It has also been brought to the notice of the Ministries/Departments that they will be fully accountable for control of expenditure against sanctioned provisions and any slackness would be viewed seriously.

This has been vetted by Audit vide their U.O. No. RR/1-21/9495954 dated: 10.01.1995.

(D. SWARUP)

Joint. Secretary to the Government of India

Ministry of Finance

Department of Expenditure

E. (Coord) Branch O.M. No. 12(2)-E(Coord)-94 dated 18.01.1995

No. F1(14)-E.II(A)94
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 17th October, 1994

25th Asvina, 1916 (Saka)

OFFICE MEMORANDUM

Subject: Action taken on the recommendations of the Public Accounts Committee (10th Lok Sabha) made in its 60th Report and 74th Report on Excesses over Voted Grants/Charged Appropriations.

The undersigned is directed to say that the Public Accounts Committee (10th Lok Sabha) in its 60th Report (1990-91) and its 74th Report (1991-92) have observed that excess expenditure had occurred under various Grants/Appropriations despite obtaining supplementary provisions. Since the bulk of the supplementary provisions are made at the fag end of the year when the Ministries have sufficient data for estimating their actual requirements, the Committee have found no plausible explanation for incurring substantially high expenditure. The Committee have expressed grave concern at the continued inability of Ministries/Departments to check the expenditure beyond the sanctioned estimates.

2. The Committee have also observed with concern the large-scale savings under various Grants/Appropriations. In certain cases, substantial savings had occurred due to procurement of supplementary provisions far in excess of actual requirements. The Committee have desired that in future detailed notes in respect of the savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to them alongwith the explanatory notes regarding excess expenditure incurred.

3. Instructions have been issued *vide* this Ministry's O.M. No. F. 1(9)-E.II(A)92 dated 3.11.1992, urging upon Ministries/Departments to observe strict financial discipline by regulating expenditure in such a way that budgetary allocations are not exceeded. In view of the above observations of the Public Accounts Committee, it is again emphasized that estimates should be framed accurately after a careful and indepth examination of the requirement of funds. Ministries/Departments should also devise an effective mechanism for proper and continuous monitoring over the progress of expenditure so as to avoid either excess expenditure or savings. In exceptional cases, where supplementary Grants become necessary, an accurate estimate of the likely savings should be made so that the supplementary estimates are kept to the minimum, if they cannot be avoided altogether. It may also be noted that the authorities administering a grant/allocation shall be fully accountable for the control of expenditure against sanctioned estimates and any slackness will be viewed seriously.

4. All the Ministries/Departments are requested to keep the above instruction in view for strict compliance.

5. Hindi version of this O.M. is enclosed.

Sd/-

(D. SWARUP)

Joint Secretary to the Government of India

To

All the Ministries/Departments of the Government of India, etc.

No. F.1 (14)-E. II(A)/94

Copy forwarded to the Comptroller and Auditor General of India, UPSC, setc. as per standard endorsement list.

Sd/-

(D. SWARUP)

Joint Secretary to the Government of India

IMMEDIATE

N.P. Bagchee
Addl. Secretary (Budget)
Tel: 3012804

D.O. No. F 2 (102)-B (CDN)/94
Government of India
Ministry of Finance
Department of Economic Affairs

New Delhi, May 23, 1994.

Dear Smt. Makhan,

Government is committed that the fiscal deficit in the current year will be contained at the level envisaged in the Budget. To achieve this, it is necessary to bring about substantial improvement in the overall fiscal performance. This will require institution of a more effective system of monitoring of flow of funds, both expenditure and receipts, on a continuous basis. Past experience have shown that while expenditure flows conform to Budget provisions and even tend to exceed them, the inflow of receipts generally remains sluggish and the actual realisation often turns out to be less than the budgeted targets, resulting in deterioration in the deficit position. Thus, realisation of dues to Government like, dividends, recovery of loans and advances by the Government, interest thereon is as much important as regulation of expenditure.

2. Last year we introduced a system of monthly phasing of receipts and expenditure of D.O. letter No. F. 16 (1)-B(CDN)/92 dated 2.4.1993 from AS (Budget). In the current year, while the expenditure outflow will be regulated on a monthly basis, the receipts will be monitored on the basis of quarterly targets.

3. In so far as expenditure is concerned the month-wise Budget as in the previous year should normally be approximately 1/12th of the budgetary

allocation. I am forwarding herewith a proforma (Annexure 1) in which the monthly limit of expenditure outflow may be worked out and forwarded to Budget Division.

4. Estimates of receipts of your Ministry/Department which have been finally adopted in the Budget are indicated in Annexure 2. The estimates of recoveries of loans and advances and interest receipts (from PSEs. etc.) shown therein take into account the outstandings due to Government carried forward from the previous years. For the reasons stated in para 1 above, special steps would need to be taken to realise these dues in full. On the basis of these estimates, you are requested to work out and intimate the targets expected to be realised at the end of 30th June, 30th September, 31st December and 31st March. The details may be given in Annexure 2.

The information in Annexure 1 & 2 may please be furnished to Budget Division by the end of this month. A separate communication will follow on Public Accounts transactions.

Secretary(E) has seen,

With regards,

Yours sincerely,

Sd/-

(N.P. BAGCHEE)

Smt. A. Makhan,
Financial Adviser,
Ministry of Finance,
New Delhi
(ALL FAs)

Annexure 1

Monthly Expenditure Budget

Ministry/Department of

(Rs. crore)

	B.E. 1994-95	Monthly targets at the end of
		April, May, June, July, August & so on
Gross Expenditure		
This is an example total for the Ministry's demands may be given here.	Demand No. 1 and 2 Demand No. 30— Loan to Government servants, etc. Total—Expenditure (gross) Less: Recoveries taken in reduction of expenditure (Below the line in the Demand) Net	

Annexure 2

Quarterly Receipts Target

Department of Revenue

(Rs. crore)

	B.E. 1994-95	Quarterly targets at the end of			
		June	September	December	March
Receipts					
Recoveries of loans and advances	0.00				
Interest receipts	0.00				
Dividend	0.00				
Other non-tax Revenue receipts	73.45				
Total (Receipts)	73.45				

Annexure 2

Quarterly Receipts Target
Department of Expenditure

(Rs. crore)

	B.E. 1994-95	Quarterly targets at the end of			
		June	September	December	March
Receipts					
Recoveries of loans and advances	33.34				
Interest receipts	118.57				
Dividend	0.00				
Other non-tax Revenue receipts	0.60				
Total (Receipts)	152.51				

Annexure 2

Quarterly Receipts Target
Department of Economic Affairs

(Rs. crore)

	B.E. 1994-95	Quarterly targets at the end of			
		June	September	December	March
Receipts					
Recoveries of loans and advances	210.85				
Interest receipts	435.94				
Dividend	310.00				
Other non-tax Revenue receipts	1509.03				
Total (Receipts)	2465.82				

**Quarterly Receipts Target
Audit**

(Rs. crore)

B.E. 1994-95		Quarterly targets at the end of			
		June	September	December	March
Receipts					
Recoveries of loans and advances	0.00				
Interest receipts	0.00				
Dividend	0.00				
Other non-tax Revenue receipts	21.87				
Total (Receipts)	21.87				

Action taken by the Ministry of Railways

The observations of the Committee have been noted. Necessary instructions are issued to the Railways.

[M/o Railways (Railways Board's) Case No. 94/APP/7-2/91-92, dated 29-12-94.]

Recommendation

The Committee note that an expenditure of Rs. 398.28 crores has been incurred in excess of the aggregate sanctioned provision of Rs. 22166.82 crores under 12 Voted Grants and four charged Appropriation during the year 1991-92. This excess expenditure had occurred despite obtaining supplementary provisions of the order of Rs. 981.71 crores under 13 Grants / Appropriations out of 16 excess registering Grants / Appropriations. Considering the fact that all these supplementary provisions were obtained only in March 1992 the Committee are convinced that the Budget Wing of the concerned Ministries have once again failed to assess their actual requirement of funds under the grants operated by them even at the fag-end of the year. Evidently, the supplementary provisions under these excess registering grants were obtained without proper assessment with the result that these provisions also proved inadequate to meet the actual requirement of funds of the concerned Ministries.

[Sl. No. 1, Para 1.16 of 74th Report of PAC (10th Lok Sabha)]

Action taken by the Department of Telecommunications

1. The observation of the Committee have been noted for guidance.

2. As far as Grant No. 15—5225—Capital Outlay (including non plan) is concerned, against the sanctioned grant of Rs. 2857.99 crores the actual expenditure stood at Rs. 2923.03 crores resulting in an excess of Rs. 65.04 crores which constitutes 2.28% of the sanctioned grant.

3. The detailed reasons for excess over the sanctioned grant have already been explained in the ATN in respect of Para No. 1.33. However budgetary discipline has been tightened further and instructions have already been issued to all subordinate units to keep their expenditure within their budget allotment.

This has the approval of Member(F).

Vetted by the Director General of Audit (P&T) Delhi, *vide* U.O. No. RR. III/1(b)400/Chapter V/1991-92/649, dated. 10-11-94.

Sd/-

(A. PRASAD)

Dy. Dir. General (B & A)

[Deptt. of Telecom. F. No. 6-2/92-CB Dated 20-9-94]

Recommendations

Yet another disturbing feature noticed by the Committee is that excess expenditure of over Rs. 1 crore had occurred in as many as 11 out of total 12 Voted Grants. What is worse is the fact that excess expenditure had exceeded Rs. 1 crore each in all the excess registering Grants operated by the Ministry of Railways. Although instructions are stated to have been issued by the Government from time to time to avoid excess expenditure, the Committee cannot help observing from these facts that the concerned authorities in the various Ministries/Departments continue to display negligence in checking the expenditure beyond the sanctioned provisions. The Committee view this situation with grave concern.

[Sl. No. 2, Para 1.17 of 74th Report of PAC (10th Lok Sabha)]

Action taken by the Department of Telecommunications

1. The observations of the Committee have been noted for guidance.

2. As far as Grant No. 15—5225—Capital Outlay (including non plan) is concerned, against the sanctioned grant of Rs. 2857.99 crores, the actual expenditure stood at Rs. 2923.03 crores resulting in an excess of Rs. 65.04 crores which constitutes 2.28% of the sanctioned grant.

3. The detailed reasons for the excess over the sanctioned grant have already been explained in the ATN in respect of Para No. 1.33. It has been explained therein *inter alia* that budgetary discipline has been tightened further and instructions have already been issued to all subordinate units to keep their expenditure within their budget allotment.

This has the approval of Member(F).

Vetted by the Director General Audit (P&T) Delhi *vide* U.O. No. RR. III/1(b)400/Chapter-V/1991-92/649 dated 10-11-94.

Sd/-

(A. PRASAD)

Dy. Dir. General (B & A)

[Deptt. of Telecom. F. No. 6-2/92-CB Dated 20-9-94]

Recommendation

From the foregoing the Committee are inclined to conclude that the existing machinery for the control of expenditure and the process of forecasting budgetary requirements needs to be thoroughly revamped and made adequately responsible and accountable. In this contest, it is relevant to point out that the Committee had in their 60th Report presented to Parliament on 23rd February, 1994 during the current session had *inter-alia* desired that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against the sanctioned provision and any slackness in following the established financial procedure should be sternly dealt with. The Committee trust that the Government would initiate expeditious action in this regard.

[Sl. No. 3, Para 1.18 of 74th Report of PAC (10th Lok Sabha)]

Action taken by the Department of Telecommunications

1. The observation of the Committee have been noted for guidance.
2. Instructions have already been issued to all concerned to strictly observe budgetary discipline and to keep their expenditure within their budget allotment. (Copy enclosed).

This has the approval of Member(F).

Vetted by the Director General of Audit/Delhi *vide* U.O. No. RR. III/1(b)400/Chapter V/1991-92/649 dated 10-11-94.

Sd/-

(A. PRASAD)

Dy. Dir. General (B & A)

[Deptt. of Telecom. F. No. 6-2/92-CB Dated 20-9-94]

Recommendation

The Committee's examination of the Appropriation Accounts of Civil, Defence, Railways, Telecommunication and Postal Services have also revealed large scale savings aggregating Rs. 26466.65 crores in as many as 256 items under both Voted Grants and Charged Appropriations during the year 1991-92. Strangely enough, in certain cases substantial savings had occurred due to procurement of supplementary provisions far in excess of actual requirements. The Committee are also surprised to find that the savings under 14 grants/appropriations have exceeded Rs. 100 crores

during the year under review. Expressing their concern over the increasing quantum of savings in the recent past, the Committee had, in their 60th Report presented to Parliament during the current Session, desired that in future detailed notes in respect of the savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to the Committee. The Committee trust that besides furnishing such notes in future to the Committee, the Ministry of Finance would also initiate necessary steps to make budgetary exercise meaningful and more realistic so as not only to minimise large scale variations between the estimates and the actuals but also to gainfully utilise the scarce resources to meet the pressing demands of various sectors of economy.

[Sl. No. 4, Appendix X Para 1.19 of 74th Report of Public Accounts Committee (10th Lok Sabha)].

Action taken by the Ministry of Finance

The above mentioned observation of the Public Accounts Committee is similar to the recommendations contained in paras 1.22 and 1.24 of the 60th Report of the Public Accounts Committee (10th Lok Sabha) and the combined Action Taken Note on these paras, after getting it vetted by the Audit, has already been sent to the Lok Sabha Secretariat *vide* this Department's O.M. No. 12(2)/E(Coord)/94 dated: 19/20.01.1995. A copy of the same is enclosed for ready reference.

This has been vetted by the Audit *vide* their U.O. No. RR/1-26/94-95/1065 dt. 17.02.1995.

Sd/-

(D. SWARUP)

Joint Secretary to the Govt. of India.

Ministry of Finance,

Department of Expenditure,

[E. (Coord) Branch OM No. 12(4)/E(Coord)/94 dated: 28.02.1995]

Recommendation

While there had been a sizeable amount of excess expenditure over Voted Grants and Charged Appropriations, during 1990-91, the Committee are astonished to note that the year also witnessed large scale savings. The Committee's scrutiny of the Appropriation Accounts of Civil, Defence, Railways, Telecommunication Services and Postal in this regard revealed that savings aggregating Rs. 43,872.55 crores had occurred in as many as 244 items during the year 1990-91. Out of these, the Appropriation Accounts (Civil) alone accounted for savings of Rs. 42,644.26 crores in 206 items of expenditure under both Voted Grants and Charged Appropriations. The Committee also observe that 150 items of expenditure under

various Appropriation Accounts have registered savings of over Rs. 1 crore each. What has surprised the Committee most is the fact that savings have exceeded even more than Rs. 100 crores each in 14 items of expenditure under Civil Accounts and two items under Defence Services and one item in Telecommunication Services. The Committee desire the Ministry of Finance to investigate the circumstances which led to a substantial savings of Rs. 100 crores and above in a Grant or Appropriation during 1990-91 and take suitable remedial steps.

[Sl. No. 4, Appendix-X Para 1.22 of 60th Report of Public Accounts Committee (10th Lok Sabha)].

The Committee are concerned to note that over the years the quantum of savings has sharply increased and it has assumed a high magnitude during the year under review. In the opinion of the Committee such savings indicate both poor budgeting and shortfall in performance and it is unfortunate that it should have occurred in developmental areas of economy such as Agriculture, Rural Development, Power etc. Clearly the Ministries are not exercising due farsightedness while forecasting their monetary requirements with the results that substantial savings had taken place leading to inefficient utilisation of funds sanctioned by Parliament. The Committee would like the Ministry of Finance to address themselves to this issue seriously and take appropriate measures to overcome this unfortunate situation. They also desire that in future detailed notes in respect of the savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to the Committee along with the explanatory notes regarding excess expenditure incurred.

[Sl. No. 6, Appendix-X Para 1.24 of 60th Report of Public Accounts Committee (10th Lok Sabha)].

Action taken by the Ministry of Finance

The observation made by the Public Accounts Committee has been brought to the notice of all the Ministries/Departments *vide* O.M. No. 1(14)E.II(A)94 dated 17.10.1994 (Copy enclosed). It has been emphasised that the Ministries/Departments should prepare their budget estimates carefully and accurately so that large scale savings do not occur. It has also been brought to the notice of all the Ministries/Departments in the O.M. dt. 17.10.1994, referred to herein above, that detailed notes in respect of the savings involving Rs. 100 crores and above be furnished to the Public Accounts Committee alongwith the explanatory notes regarding excess registering grants. These instructions have particularly been brought to the notice of Financial Advisers of Ministries/Departments in whose case the saving is over Rs. 100 crores. They have been requested to carefully prepare their budget estimates so that large scale savings do not take place.

A copy of the communication issued enclosed.

This has been vetted by Audit *vide* their U.O. No. RR/1-2394-95952
dated: 10.01.1995

Sd/-

(D. SWARUP)

Joint Secretary to the Govt. of India

Ministry of Finance,

Department of Expenditure

[E. (Coord) Branch OM No. 12(2)/E(Coord)94 dated: 18.01.1995]

No. F1(14)-E.II(A)/94
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 17th October, 1994
25th Asvin, 1916 (Saka)

OFFICE MEMORANDUM

Subject: Action taken on the recommendations of the Public Accounts Committee (10th Lok Sabha) made in its 60th Report and 74th Report on Excesses over Voted Grants/Charged Appropriations.

The undersigned is directed to say that the Public Accounts Committee (10th Lok Sabha) in its 60th Report (1990-91) and its 74th Report (1991-92) have observed that excess expenditure had occurred under various Grants/Appropriations despite obtaining supplementary provisions. Since the bulk of the supplementary provisions are made at the fag end of the year when the Ministries have sufficient data for estimating their actual requirements, the Committee have found no plausible explanation for incurring substantially high expenditure. The Committee have expressed grave concern at the continued inability of Ministries/Departments to check the expenditure beyond the sanctioned estimates.

2. The Committee have also observed with concern the large-scale savings under various Grants/Appropriations. In certain cases, substantial savings had occurred due to procurement of supplementary provisions far in excess of actual requirements. The Committee have desired that in future detailed notes in respect of the savings made in a grant or appropriation during each year involving Rs. 100 crores and above be furnished to them alongwith the explanatory notes regarding excess expenditure incurred.

Instructions have been issued *vide* this Ministry's O.M. No. F. 1(9)-E. II(A)/92 dated 3.11.1992, urging upon Ministries/Departments to observe strict financial discipline by regulating expenditure in such a way that budgetary allocations are not exceeded. In view of the above observations of the Public Accounts Committee, it is again emphasized that estimates should be framed accurately after a careful and indepth examination of the requirement of funds. Ministries/Departments should also devise an effective mechanism for proper and cotinuous monitoring over the progress of expenditure so as to avoid either excess expenditure or savings. In exceptional cases, where supplementary Grants become necessary, an accurate estimate of the likely savings should be made so that the supplementary estimates are kept to the minimum if they cannot be avoided altogether. It may also be notes that the authorities administering a grant/allocation shall be fully accountable for the control of expenditure against sanctioned estimated and any slackness will be viewed seriously.

4. All the Ministries/Departments are required to keep the above instruction in view for strict compliance.

5. Hindi version of this O.M. is enclosed.

Sd/-

(D. SWARUP)

Joint Secretary to the Government of India

To

All the Ministries/Departments of the
Government of India, etc.

No. F. 1 (14)-E. II(A)94

Copy forwarded to the Comptroller and Auditor General of India,
UPSC, setc. as per standard endorsement list.

Sd/-

(D. SWARUP)

Joint Secretary to the Government of India

No. 12(2)/E (Coord)/94
 Government of India
 Ministry of Finance
 Department of Expenditure

New Delhi, the 19th Dec., 1994.

OFFICE MEMORANDUM

Subject: Action taken on the recommendations contained in the 60th Report of the Public Accounts Committee (10th Lok Sabha) on Excess over Voted Grants/Charged Appropriations (1990-91) and action taken on 51st Report (10th Lok Sabha) on Excesses over Voted Grants/Charged Appropriations (1989-90).

The Public Accounts Committee in its above Report in paras 1.22 and 1.24 has observed that large scale savings under certain demand indicate both poor budgeting and shortfall of performance. In case of your Ministry the savings are over Rs. 100.00 crores.

The Committee has, in the matter, observed that the Ministries/Departments are not exercising due foresightedness while forecasting their monetary requirements with the result that large scale savings take place leading to inefficient utilisation of funds. The large scale savings have particularly been noticed in case of your Ministry. This Ministry has time and again been asking the Ministries/Departments to propose their requirement carefully so that large scale savings may not take place. On the basis of the recommendations of the PAC, the matter has again been examined and detailed instructions issued to all the Ministries/Departments (copy enclosed for information and necessary action). In future detailed notes in respect of savings made in the grant of appropriations during each year including Rs. 100.00 crores and above be furnished to PAC alongwith the explanatory note.

Sd/-
 (V. SEKAR)
 Director

1. FA (Defence)
2. FA (Commerce)
3. Fin. Commn. (Railways)
4. FA (Agriculture)
5. FA (Rural Development)
6. FA (Fertiliser)
7. FA (Power)
8. FA (Textiles)
9. FA (Atomic Energy)
10. FA (Petroleum)
11. Member Finance (Telecom)

Action taken by Ministry of Railways

The observations of the Committee have been noted. Necessary instructions are being issued to the Railways.

[M/o Railways (Railway Board's) case No-94/APP/7-2/91-92 dated 29.12.94]

Recommendation

Under Revenue Section (Voted) of Grant No. 28-Pensions, the Ministry of Finance had incurred an expenditure of Rs. 32.51 crores over and above

the sanctioned provision of Rs. 548.84 crores during the year 1991-92. Explaining their difficulties in precisely estimating the requirements of funds under this Grant, the Ministry of Finance in their explanatory note have stated that Grant No. 28-Pensions is a composite grant operated by many agencies and any error in estimation of funds by any such agency would effect the ultimate consolidation of estimates in Central Pension Accounting Office. The Ministry have also stated that the procedure for disbursement of Pensions in vogue is "peculiar" and "there cannot be any pre-check control by the Central Pension Accounting Officer over the pension disbursement" thus making it difficult for them to make a correct estimate of the expenditure of pension payments. In this context, it is relevant to point out that while examining excess expenditure incurred under this Grant during the year 1985-86, the Committee had in their 106th Report (Eighth Lok Sabha) desired the Ministry of Finance to examine the feasibility of decentralising the grant with a view to make each Ministry individually responsible for the provision made for pension. In their action taken note the Ministry of Finance informed the Committee that the proposal for decentralising the work relating to pension demands had been deferred and another proposal for setting up a separate organisation called National Pension Accounts Office for controlling the pension demands was under consideration. While furnishing their subsequent action taken note in December, 1989 the Ministry of Finance informed that a new Central Pension Accounting Office in the Ministry had since started functioning and that organisation has been asked to take into consideration the need for building into the procedures and systems, necessary data base etc., for estimation of payments under the grant.

[Sl. No. 5 Appendix X Para 1.26 of 74th Report of Public Accounts Committee (10th Lok Sabha)].

In view of the difficulties being experienced by the Ministry of Finance in making correct estimates of expenditure on pension payments, it is apparent that even after more than four years, the creation of Central Pension Accounting Office in the Ministry of Finance have not yielded the desired results in the elimination of variations between budgetary allocations and actual expenditure. The Committee, therefore, desire that the Ministry of Finance should look into the matter urgently for appropriate remedial action.

[Sl. No. 6 Appendix X Para 1.27 of 74th Report of Public Accounts Committee (10th Lok Sabha)].

Action taken by the Ministry of Finance

1. The Grant relating to pensions is a composite grant based on estimates of 86 Agencies including Defence (Civil & Main), 24 Accountants General and Director of Audit (Central Revenues), which are ultimately consolidated in the Central Pension Accounting Office. The Accountants General have now ceased to operate Central Section of

Accounts as per Government decision. Most of the pension disbursements are, however, through Public Sector Banks and a few through Treasuries and concerned Pay & Accounts Offices/Drawing and Disbursement Offices. After the payment is made, Central Pension Accounting Office gets vouchers and scrolls based on which the accounts are compiled.

2. The excess expenditure has been on account of receipt of more claims and payments by Public Sector Banks and Treasuries. The excess expenditure is also on account of periodical Dearness relief granted and increase in number of pensioners than anticipated. The expenditure on pension is dependent on the number of pensioners or their families drawing family pension. Moreover, changes keep occurring throughout the year on account of change in entitlement due to death of a pensioner and change in the amount of family pension, due to switch over for drawal of pension from Treasury/PAO to bank system, due to revision in the pension of some old cases, due to changes in DA/relief enhanced from time to time and due to new pensioners added or old ones deleted as a result of voluntary retirement and deaths. All these events do not allow for making any precise or correct estimation by CPAO/Ministry on the pension expenditure. While CPAO has correct data bank for cases processed from 1.1.90 when this office was established it is estimated that there are about three lacs pensioners who are currently drawing pension through Public Sector Banks, through treasury counters and through PAO counters whose records are not yet available in the data bank of CPAO. It is not always feasible to get the exact details of pension, family pension, DA/relief etc. from over 70,000 bank scrolls received every month from 464 Reimbursing banks spread all over the country. Added to this is the case of voluntary retirements and unforeseen deaths etc. which also bring in an element of uncertainty and consequential difficulties in making correct or precise estimation of pension expenditure. It is, therefore, not always possible that the actual expenditure will be hundred percent same as the budgeted expenditure. The variation between the budgeted and the actual expenditure has, therefore, to be seen in the correct perspective with reference to the percentage variation against the estimated (budgeted) expenditure as elucidated in para 3 below.

3. After the setting up of Central Pension Accounting Office it may kindly be seen that there has been gradual but definite improvement in estimating the expenditure on civil pensions. For the year 1991-92 the percentage of variation of actuals over budgeted amount was 5.92 per cent; in the year 92-93 this variation came down to 2.33 per cent and for the year 93-94 the excess expenditure of Rs. 6.41 crores (budget of Rs. 809.27 crores and actual expenditure Rs. 815.68 crores) was only 0.79 per cent of the budgeted amount.

4. As regards remedial steps, several checks and follow-up action have been initiated to make better estimation of expenditure on pensions. All the accounting circles have been asked to furnish their estimates more

realistically to avoid expenditure in excess of budgeted provision. The accounting circles have also been asked vide CPAO letter No. MF/CPAO/A&B/8/93-94/306 dated 29.10.93 (copy enclosed) to furnish the information with regard to the number of pensioners so that reasonable estimates of pension expenditure could be worked out. The accounting circles have also been asked to furnish the excesses/savings statement and reasons thereof while furnishing their annual expenditure figures *vis-a-vis* the Budget provision so that the reasons for excesses could be determined.

5. In the year 1991-92, there was no data available with the Central Pension Accounting Office in regard to number of Central Civil pensioners who were drawing pension. The budget estimate for that year was prepared on the basis of the previous years' trend of budget and expenditure in the Pension Grant. Hence, one of the tasks taken up by the Central Pension Accounting Office after its inception was to create data bank, which is voluminous and difficult. But for this, Central Pension Accounting Office has to depend on the information furnished by the office of about 24 Accountant Generals, about 600 Treasury Officers, 464 Reimbursing Banks and about sixty other offices. Though Central Pension Accounting Office has now created the data bank based on the information supplied by the Accountants General and Public Sector Banks, but this is not cent percent as it does not contain full and correct information. However, the Central Pension Accounting Office is constantly endeavouring to update and complete data bank in respect of pre-1990 pensioners.

This has been vetted by the Audit vide their U.O. No.
 _____ dated _____.

Sd/-

Joint Secretary to the Government of India

[Ministry of Finance Department of Expenditure E. (Coord) Branch
 O.M. No. 12(4)/E(Coord)/94 dt. 30.3.95]

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
CENTRAL PENSION ACCOUNTING OFFICE
274, SHAHEED CAPT, GAUR MARG
SRINIVASPURI, NEW DELHI-65**

No. MF/CPAO/A&B/8/93-94/306

Date: 29-10-93

To,

Spare Copy

Sub: Regularisation of Funds under Grant No. 33-Pensions for 1993-94

Sir,

Reference is invited to your letter vide which proposal for Revised Estimates for 1993-94 and Budget Estimates for 1994-95 in respect of Grant No. 33-Pensions was submitted to this office.

2. As may be seen, there are some excess/savings under each sub-head of Grant No. 33. This needs to be regularised promptly. Therefore, you are requested to send detailed statement showing the excess/savings under the above grant in the enclosed proforma alongwith reasons for variations *urgently by 31.12.93* as we have to compile and consolidate all statements for submission to Budget Division for regularisation. The information should be upto the level of detailed head as given in the Demand for Grant for the year 1993-94.

3. *Important Additional Information* — As may be seen in the enclosed

proforma, a new column calling for the information on the number of pensioners has been added. This information has been called for by the Main Finance in order to determined the final figures/amounts for final R.E. 1993-94 and B.E. 1994-95.

Yours faithfully,

Sd/-

(I.K. NAYAR)

Dy. Controller of Accounts

Encl. As above.

STATEMENT OF FINAL REQUIREMENTS UNDER DEMAND NO. 33-PENSIONS FOR THE YEAR
1994-95

Heads	Original Grant 1994-95	Total No. of Pension-ers anticipated in 94 to Dec. 94	Total No. of Pension-ers anticipated in 94 to Dec. 94	Further re-quirement for 3 months from 01/95 to 3/95	Final re-estimated No. of Pension-ers for 94-95	Final re-quirement for the year 94-95 (4+5)	Excess re-Saving (7-2) Number (3-6)	(+) (-) Am-t. (7-2)	Reasons for excess/savings	Esti-mated No. of Officials likely to retire in a year 95-96 and amount	
1	2	3	4	5	6	7	8	9	10	11	12

MH 2071

MH 2235

SIGNATURE

Recommendation

The Committee note that the Ministry of Home Affairs incurred an excess expenditure of Rs. 5.01 crores despite obtaining a supplementary grant of Rs. 27.32 crores under Revenue Section (Voted) of Grant No. 97-Chandigarh during the year 1991-92. A scrutiny of the explanatory note furnished by the Ministry revealed that the faulty budgetary estimation was the main factor responsible for this excess expenditure. Regrettably, this is not the first time that this grant has registered excess expenditure. In fact, excess expenditure under the Grant-Chandigarh has been regularly incurred year after year from 1984-85 onwards. From these facts, the Committee are inclined to conclude that this Grant is being administered by the Ministry of Home Affairs in a rather perfunctory manner without making any critical and careful examination of requirement of funds. What is more distressing is the fact that submission of the explanatory notes to the Committee for regularisation of such excess expenditure under this grant has been persistently delayed by the Ministry for over six months during the preceding three years. While deploring the casualness displayed by the Ministry of Home Affairs in administering the Grant, the Committee desire the Ministry of Home Affairs to take effective steps to tighten their financial control over the spending units of this Grant in order to ensure avoidance of excess expenditure being incurred in future.

[Sl. No. 7 Appendix X para 1.30 of 74th Report of the Public Accounts Committee (10th Lok Sabha).]

Action taken by the Ministry of Home Affairs

Keeping in view the Committee's recommendation, the matter relating to budgetary control has been reviewed. The lapses on the part of Drawing and Disbursing Officers/Head of Departments had been the main cause of incurring excess expenditure over and above the sanctioned budget grant during the previous years. As a remedial action, suitable instructions have been issued by the Union Territory of Chandigarh Administration to all the concerned units for keeping the expenditure within the sanctioned budget grant. Officers who were found responsible for incurring excess expenditure have also been cautioned and warned to be more careful in future. Necessary mechanism to ensure appropriate budgetary control over the expenditure has been evolved through periodical review. The Letter of Credit system which was introduced in the Engineering Department of the Union Territory Administration with effect from 1st April, 1992 has been further reviewed and a revised elaborate system is being introduced from the financial year 1994-95. The Union Territory Administration has also been asked to introduce the Letter of Credit system in all the Departments. At present the Accounts of the Union Territory of Chandigarh are maintained by the Accountant General. Introduction of the Pay and Accounts system and computerisation of the treasury is under consideration.

2. There had been delay in submission of the Notes for regularisation of excess expenditure during the preceding three years, mainly on account of resolution of points and observations raised by Audit, in consultation with the Union Territory Administration. Instructions have been issued by Chandigarh Administration to all its Departments for furnishing the information and clarifications promptly and carefully.

This has been vetted by Audit vide their U.O.No. RR/6-16/94-95/583 dated 26th September, 1994.

Sd/-

(G. GANESH)

Financial Adviser and Joint Secretary to the Govt. Of India
[Ministry of Home Affairs O.M. No. U-15030/2/94-Bgt. II Dated 29-9-1994. 5-10-94]

Recommendation

“1.37 The Committee are constrained to point out that the excess expenditure incurred by the Ministry of Railways during the year under review is the highest among all Ministries/Departments both in terms of quantum and the number of grants/appropriations registering excess expenditure. In fact, the excess registered by Railways was also the highest in the preceding five years. The Committee's examination has revealed that as compared to the excess expenditure of Rs. 273.08 crores under 8 grants/appropriations during the preceding year 1990-91, the excess expenditure in 1991-92 has touched a high of Rs. 295.18 crores under 9 grants/appropriations. Keeping in view the fact that an excess of over Rs. 1 crore had occurred in each excess registering grant operated by the Ministry of Railways, the Committee are of the considered view that the situation has gone from bad to worse and the Ministry have not learnt any lesson from their past experience. Regrettably, the Ministry of Railways have attributed these excesses *inter alia* to such items which are of routine and anticipatory nature like rolling stock, track renewals, more expenditure under allowances, superannuation payments etc. The Ministry have also not explained in their notes the precise reasons for other failure to make provision for those items at the various stages of budget estimation. To say the least, these facts only reveal violation of the financial principles and failure on the part of the Ministry of Railways in framing budget estimates on realistic basis as also making subsequent revisions with precision. At this stage, the Committee can only trust that effective steps would be taken in the Ministry of Railways to ensure stricter observance of financial principles with a view to containing the excess expenditure to the barest minimum.”

Action Taken by the Ministry of Railways

The observations of the Committee have been noted. Necessary instructions are being issued to the Railways.

M/o Railways (Railway Board)'s case No. 94-B-342/2.

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 94-B-342/2

New Delhi, dated 16.9.1994

The General Managers,
All Indian Railways

Sub: Excess over Voted Grants/Charged
Appropriations (1991-92).

During the year 1991-92, Railways have incurred an excess expenditure of Rs. 295.18 cr. comprising of an excess of Rs. 295.16 cr. under Voted portion and Rs. 1.86 lakhs under charged Appropriations. The Grants/Appropriations where such excess has occurred are given below:—

GRANTS

Demand	(Rs. in Cr.) Amount of Excess
6	16.75
8	7.69
13	37.80
14	87.36
15	94.68
16 — Capital	16.32
— Rly. Funds	34.56

APPROPRIATIONS

Demand	(Rs. in Lakhs) Amount of Excess
4	0.65
7	1.21

While recommending regularisation of the aforesaid excess, Public Accounts Committee (PAC) (10th Lok Sabha) in their 74th Report have

vehemently criticised the Railways for not keeping their expenditure within the sanctioned grants and have taken a very serious view of the position as can be seen from the extracts of paras 1.17, 1.18 & 1.37 of their Report reproduced below:—

“1.17 Yet another disturbing feature noticed by the Committee is that excess expenditure of over Rs. 1 crore had occurred in as many as 11 out of total 12 Voted Grants. What is worse is the fact that excess expenditure had exceeded Rs. 1 crore each in all the excess registering Grants operated by the Ministry of Railways. Although instructions are stated to have been issued by the Government from time to time to avoid excess expenditure, the Committee cannot help observing from these facts that the concerned authorities in the various Ministries/Departments continue to display negligence in checking the expenditure beyond the sanctioned provisions. The Committee view this situation with grave concern.”

“1.18 From the foregoing the Committee are inclined to conclude that the existing machinery for the control of expenditure and the process of forecasting budgetary requirements needs to be thoroughly revamped and made adequately responsible and accountable. In this context, it is relevant to point out that the Committee had in their 60th Report presented to Parliament on 23rd February, 1994 during the current Session had *inter alia* desired that the authorities administering a grant/appropriation should be held personally responsible for the control of expenditure against a sanctioned provision and any slackness in following the established financial procedure should be sternly dealt with. The Committee trust that the Government would initiate expeditious action in this regard.”

“1.37 The Committee are constrained to point out that the excess expenditure incurred by the Ministry of Railways during the year under review is the highest among all Ministries/Departments both in terms of quantum and the number of grants/appropriations registering excess expenditure. In fact, the excess registered by Railways was also the highest in the preceding five years. The Committee's examination has revealed that as compared to the excess expenditure of Rs. 273.08 crores under 8 grants/appropriations during the preceding year 1990-91, the excess expenditure in 1991-92 has touched a high of Rs. 295.18 crores under 9 grants/appropriations. Keeping in view the fact that an excess of over Rs. 1 crore had occurred in each excess registering grant operated by the Ministry of Railways, the Committee are of the considered view that the situation has gone from bad to worse and the Ministry have not learnt any lesson from their past experience. Regrettably, the Ministry of Railways have attributed these excesses *inter alia* to such items which are of routine and anticipatory nature like rolling stock, track renewals, more expenditure under allowances, superannuation pay-

ments etc. The Ministry have also not explained in their notes the precise reasons for their failure to make provision for those items at the various stages of budget estimation. To say the least, these facts only reveal violation of the financial principles and failure on the part of the Ministry of Railways in framing budget estimates on realistic basis as also making subsequent revisions with precision. At this stage, the Committee can only trust that effective steps would be taken in the Ministry of Railways to ensure stricter observance of financial principles with a view to containing the excess expenditure to the barest minimum."

What is found most disturbing is that the Railways have over spent heavily, particularly in Demands 6, 8 & 13, even when they were provided almost fully what they projected in their Final Modification Estimates. A comparative statement for introspection by the Railways responsible for excess in the above demands is enclosed as Annexure. In this context the PAC have passed very strong strictures on Ministry of Railways in Para 2 of Introduction to their Report as reproduced below:—

"The excess expenditure during the year 1991-92 which requires regularisation by Parliament is of the order of Rs. 398.28 crores under 16 grants/appropriations. The Committee have observed that this excess expenditure had occurred despite obtaining supplementary provision of Rs. 981.71 crores under 13 out of 16 grants/appropriations those registered excess expenditure. In the light of the fact that these supplementary provisions were obtained only in March, 1992, the Committee have concluded that the Budget wings of the concerned Ministries have once again failed to assess their actual requirement of funds even at the fag end of the year. Another disturbing feature noticed by the Committee is that excess expenditure of over Rs. 1 crore had occurred in as many as 11 cases out of total 12 excess registering Voted Grants during 1991-92 and that excess expenditure had exceeded Rs. 1 crore each in all the excess registering Grants operated by the Ministry of Railways. Expressing their concern over this situation, the Committee have observed that the authorities in the various Ministries/Departments continue to display negligence in checking the expenditure beyond the sanctioned provision. They have therefore concluded that the existing machinery for the control of expenditure and the process of forecasting budgetary requirements needs to be thoroughly revamped and made adequately responsible and accountable."

In this regard, attention is invited to Para 2 of Board's letter No. 94-B-342/1 dt. 02-6-1994 conveying PAC's remarks on 'Excess over Voted Grants/Charged Appropriations 1990-91'. Wherein the need for furnishing Budget Estimates particularly Final Modification Estimates in time as also keeping within the sanctioned grant was emphasised upon. It is a matter for regret that effective action was not taken in time to avoid excess of

expenditure in the sanctioned grant. The same is reiterated again. Any slackness in this regard will be viewed seriously hereafter as the PAC has again strongly recommended personally holding the administering authority, which in this case are Railways and Production Units, responsible for any excess incurred.

The excess in 1991-92 under various grants should be looked into immediately with a view to taking all effective steps to avoid recurrence of excess. Action initiated in this regard may also please be advised to the Board.

The receipt of this letter may please be acknowledged.

(B. RAM)
Executive Director, Finance (Budget)
Railway Board

1991-92

**RAILWAY-WISE POSITION OF EXCESS (VOTED) IN
DEMANDS 6, 8 & 13**

Railway					(Rs. in crs.)
	BE	FM (ASKED)	FG DEMAND NO.6	ACTUAL	Variation Actl.-FM
CR	150.0	149.3	149.3	152.2	2.9
ER	180.5	184.5	184.5	184.7	.2
NR	142.0	144.5	144.5	156.5	12.0
NE	59.8	60.6	59.7	61.5	1.8
NF	41.8	42.0	42.0	43.4	1.4
SC	93.6	91.5	91.5	93.6	2.1
WR	152.7	153.4	153.3	154.5	1.2

DEMAND NO. 8

CR	124.1	124.4	124.4	127.1	2.7
ER	145.2	149.9	149.9	150.3	.4
NR	151.2	155.5	155.5	154.7	.2
NE	42.3	38.8	38.8	40.6	1.8
NF	66.8	63.4	63.4	66.8	3.4
SC	109.8	107.2	106.2	109.9	3.7
WR	107.5	104.8	104.8	106.3	1.4

DEMAND NO. 13

ER	154.1	178.7	178.7	201.2	22.5
NR	137.0	149.2	149.2	163.3	14.1
NE	65.7	75.7	75.7	83.9	8.1
NF	119.0	126.1	126.1	127.8	1.7
SC	84.3	88.7	88.7	89.2	.5
WR	128.6	126.9	126.9	130.1	3.2

Recommendation

The Committee find that the misclassification of expenditure has become a recurring phenomenon in the case of Railway Accounts and it has affected 5 Grants (both Capital and Revenue Sections) operated by the Ministry of Railways during the year 1991-92. The Committee take a serious view of these misclassifications noticed in the Railway Accounts from the year 1988-89 onwards. They desire that the cases of misclassifications in expenditure should be sternly dealt with and the Committee apprised of the precise action taken against the officers held responsible for these lapses.

[Sl. No. 10, Para 1.38 of 74th Report of PAC (10th Lok Sabha)]

Action Taken by the Ministry of Railways

Recommendations of P.A.C. regarding misclassification of expenditure have been noted. Necessary instructions have been reiterated to General Managers of all the Zonal Railways and Production Units, *vide* D.O. No. 91/APP/7-2/90-91/Para 2.6 dated 27th May, 1994. Three reports received from Zonal Railways/Production Units in reference to the recommendations of the P.A.C. in their 60th Report, indicate that indepth review as contemplated in D.O. reference of 27th May, 1994 was undertaken. As a result thereof the staff responsibility has been fixed and officials concerned severely warned in number of cases. It is hoped that the above mentioned measures initiated by the Ministry of Railways would bring the incidence of misclassification to the barest minimum. It is seen that the percentage of misclassification to total expenditure in respect of grants affected has also come down, since the position reflected in 74th Report (0.01%) to the position in 1992-93 (0.006%)

However close review of misclassified items of expenditure is concurrently undertaken by Railways and action initiated to fix responsibilities in individual cases of misclassification. It will be the constant endeavour of the Railways to arrest the incidence of misclassifications while booking the expenditure and any instance of misclassification would be viewed severely and taken up with the defaulting Railways/Production Units for determination of responsibility for the misclassification.

This has been seen & vetted by Audit vide their U.O. No. 71-RAIII
RR/2-1/93 dated 11.11.94

(R.C. MAGAN)
Jt. Dir. Fin. (BC)
Railway Board.

M/o Railways (Railway Board)'s case No. 94. APP/7-2/91-92 dated
29.12.94]

Recommendation

Subject to the observations made in the preceding paragraph, the Committee recommend that the expenditure of Rs. 398.28 crores referred to in Para 1.3 of this Report be regularised in the manner prescribed in Article 115 (1) (b) of the Constitution of India.

[Sl. No. 11 Appendix-X Para 1.39 of 74th Report of Public Accounts
Committee (10th Lok Sabha).]

Action taken by the Ministry of Finance

The Demands for Excess Grants (excluding Railways) for 1991-92 were passed by Lok Sabha on 9.8.94. The connected Appropriation Bill as passed by Lok Sabha was returned by Rajya Sabha on 22.8.1994. It was assented to by the President of India on 25.8.1994.

This has been vetted by Audit vide their U.O. No. RR / 1-20 /94-95 /
666 dated 7-10-1994.

(N.P. BAGCHEE)
Additional Secretary (Budget)

[Ministry of Finance, Department of Economic Affairs (Budget Division) O.M. No. F.4 (53)-B (SD)/94 dated 20-10-1994]

Action taken by the Ministry of Railways

As desired, necessary action in being taken for regularisation of the Demands for Excess Grants in the ensuing Session of Parliament *i.e.* Monsoon Session.

[M/o Railways (Railway Board)'s case No. 94-APP/7-2/91-92 dated
29.12.94]

CHAPTER III

Recommendations or Observations which the Committee do not desire to pursue in view of the replies received from the Government.

—Nil—

CHAPTER IV

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

Recommendations

1.33 Under the Capital Section (voted) of Grant No. 15—Telecom Services, the Ministry of Communications incurred an excess expenditure amounting to Rs. 65.04 crores against the total provision of Rs. 2857.99 crores during 1991-92. The Committee find that this excess has occurred despite obtaining a supplementary grant of Rs. 222 crores. According to the Ministry, this excess expenditure has occurred under one of the Plan schemes, namely, Local Telephone System due to more receipt of cables and apparatus and plant. The Committee take a serious view of the unauthorised expenditure of substantially high magnitude incurred by the Ministry without proper authorisation by Parliament. They would like to be informed as to when the cables, apparatus and plants had actually been received and the reasons for not having taken into account the expenditure incurred on these items while obtaining the supplementary grants as late as March 1992. Evidently, the authorities administering this grant neither kept vigil over the trend of expenditure nor assessed properly their actual needs of funds even at the supplementary grant stage. The Committee, therefore, desire that a detailed note on the circumstances leading to this excess expenditure may be furnished to them. They also desire the Ministry to make special efforts to correctly estimate their requirement of funds so as to avoid any scope for excess expenditure.

[Sl. No. 8 Para 1.33 of 74th Report of PAC (10th Lok Sabha)]

Action taken by the Department of Telecommunications

The observation of the Committee have been noted for guidance and existing systems, procedures and control mechanism are being further streamlined.

2. As has been explained earlier, excess expenditure of Rs. 65.04 crores in 91-92 constitutes only 2.28% of the total capital budget of Rs. 2857.99 crores in that year.

3. Further, it may be submitted that Macro level planning & budgeting is done in the Deptt. of Telecom. taking into account the demand for telephone connections scattered over 16,000 exchanges in the country. Depending upon estimation as regards the availability of equipment and funds, physical targets for a particular year are decided and plan funds provided in the budget. Over 2,000 individual projects are then executed

through field level formations called Circles, SSA units & even taluk level offices such as SDOs etc. spread all over the country. These works vary in size from about 5 lakhs in terms of financial value to even 50 crores in big cities. Actual expenditure against these works is controlled by a large number of units and in many cases the demand for telephone lines in the course of execution is found to be at variance with that estimated earlier.

4. Moreover, there is usually bulking of indents for major items such as exchanges etc. for centralised procurement so as to have the advantages of economies of scale, better inventory management and greater control over expenditure. There is in addition, incurrence of expenditure by the field units directly covering a large variety of equipment in small quantities such as drop wires, jointing kits, L&W equipment, etc. It is, therefore, somewhat difficult to exactly correlate the process of procurement, of materials, estimate by estimate, with provision in the budget, specially where such a large number of small, medium and large size projects are under execution at a time all over the country.

5. Exact correlation between the two at the Supplementary Grant stage also becomes somewhat difficult for the same reasons as elucidated above.

6. However, notwithstanding these practical difficulties and the size of the network, all attempts are being made by means of strict enforcement of rules, procedures and policy guidelines to ensure that field units remain within the allotted budget.

This has got approval of Member (F).

Vetted by the Director General of Audit (P&T) Delhi, vide U.O. No. RR.III/1(b)400/Chapter-V/1991-92/649 dt. 10-11-94.

[Deptt. of Telecom. F. No. 6-2/92-CB dated: 17-8-94]

(A. Prasad)
Dy. Dir. General (B&A)

CHAPTER V

RECOMMENDATIONS OR OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

—Nil—

APPENDIX

RECOMMENDATIONS AND OBSERVATIONS

Sl. No.	Para No.	Ministry/ Deptt.	Recommendation/Observation
1	2	3	4

- | | | | |
|----|-----|--------------------------|---|
| 1. | 1.3 | Finance
(Expenditure) | According to the time schedule prescribed by the Public Accounts Committee in their Fifth Report (Fourth Lok Sabha), Action Taken Notes on the recommendations/observations contained in the various Reports of the Committee are required to be submitted to them by the Ministries/Departments concerned within six months from the date of presentation of the relevant Report to the House. The Committee are, however, constrained to point out that despite their repeated exhortations made from time to time in various earlier reports for timely submission of Action Taken Notes, the Ministries/Departments of Government of India are yet to show necessary improvements in this regard. Out of four Ministries/Departments which were required to furnish Action Taken Notes on the recommendations/observations contained in Seventy-Fourth Report of Public Accounts Committee (10th Lok Sabha), only Ministry of Home Affairs furnished complete Action Taken Notes within the stipulated period of six months. While the Ministry of Communications sought extension of time for furnishing their replies and submitted the same within the extended period, the complete action taken notes from the Ministry of Railways were received after a delay of about a month. What has caused more concern to the Committee is the fact that despite grant of extension of time of nearly four months i.e. upto 20 January, 1995 for submission of Action Taken Notes, the Ministry of Finance |
|----|-----|--------------------------|---|

1 2 3

4

(Department of Expenditure) failed to furnish complete Action Taken Notes even within the extended period and it was only after repeated reminders that the complete notes could be obtained from them on 31 March, 1995. The Committee take a serious view of this delay in submission of action taken replies especially in the case of Ministry of Finance (Department of Expenditure) which is supposed to be a model for others to emulate in this matter. The Committee trust that the Government would examine the factors contributing to such delays and take effective steps to ensure that action taken notes are finalised by all concerned with utmost expedition and furnished to the Committee within the time limit prescribed for the purpose.

- 2 1.9 Communica- While examining the case of excess expenditure
tions of Rs. 65.04 crores incurred by the Ministry of
(Telecom- Communications during 1991-92 under the Capital
munications) Section (Voted) of Grant No. 15-Telecommunica-
tion Services, the Committee in Paragraph 1.33 of
their Seventy-Fourth Report (10th Lok Sabha) had
found that this excess expenditure had occurred
under one of the plan schemes viz., Local Tele-
phone Systems due to more receipt of cables and
apparatus and plant. Taking a serious view of this
unauthorised expenditure of substantially high
magnitude incurred by the Ministry without proper
authorisation by Parliament, the Committee had
desired to be informed as to when the cables,
apparatus and plants had actually been received
and the reasons for not having taken into account
the expenditure incurred on these items while
obtaining the supplementary grants in March,
1992. The Committee had also desired the Minis-
try to make special efforts to correctly estimate
their requirement of funds so as to avoid any
scope for excess expenditure. In their Action

1 2 34

Taken reply, the Department of Telecommunications have explained that while macro level planning and budgeting is done in the Department taking into account the demand for telephone connections scattered over 16,000 exchanges, the individual projects numbering over 12,000 are executed through field level formations spread all over the country. The Department have also stated that the actual expenditure under these projects is controlled by a large number of units and in many cases the demand for telephone lines in the course of execution is found to be at variance with that estimated earlier. Moreover, besides centralised procurement of major items, expenditure is also incurred by the field units directly for a large variety of equipments in small quantities. According to the Department, these factors make it somewhat difficult for them even at the supplementary grants stage to exactly correlate the process of procurement of material, estimate by estimate, with provisions in the budget. The Committee are aware of the extent of Telecommunications network in the country. They, however, feel constrained in pointing out that the Action Taken reply is clearly indicative of absence of a proper system in the Department for monitoring of the progress of expenditure being incurred by various field units and timely review of their financial requirements corresponding to the physical targets. The Committee, therefore, recommend that the Department should evolve a sound mechanism for assessing realistically their requirement of funds and also for keeping a close and constant watch over the expenditure incurred by numerous field units *vis-a-vis* their budgetary allocations. They would also like the Department to issue clear cut instructions to the spending units at field level impressing upon them to keep their expenditure within budgetary ceilings so as to avoid any scope for excess expenditure in future.

PART II

MINUTES OF THE TWENTY-FIFTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1994-95) HELD ON 18 APRIL, 1995

The Committee sat from 1100 to 1145 hrs. on 18 April, 1995 in Room No. 51 (Chairman's Chamber), Parliament House, New Delhi.

PRESENT

Shri Bhagwan Shankar Rawat — *Chairman*

MEMBERS

2. Shri Bandaru Dattatraya
3. Shri Dileep Singh Bhuria
4. Sqn. Ldr. Kamal Chaudhry
5. Dr. K.V.R. Chowdary
6. Shri Sharad Dighe
7. Shri Jagat Veer Singh Drona
8. Shrimati Krishnendra Kaur (Deepa)
9. Shrimati Geeta Mukherjee
10. Shri Mohan Singh
11. Shri Somappa R. Bommai
12. Shri Triloki Nath Chaturvedi

SECRETARIAT

1. Shri S.N. Mishra — *Additional Secretary*
2. Shri G.C. Malhotra — *Joint Secretary*
3. Smt. Paramjeet Kaur Sandhu — *Director*
4. Shri P. Sreedharan — *Under Secretary*

REPRESENTATIVES OF THE AUDIT

1. Shri B.M. Oza — *Dir. Gen. of Audit (CR)*
2. Shri Vijay Kumar — *Dir. Gen. of Audit (P&T)*
3. Shri Vikram Chandra — *Pr. Director of Audit*
4. Shri B.C. Mahey — *Pr. Dir. of Audit (E&SM)*
5. Shri A. Mukhopadhyay — *Director (E&SM)*

2. The Committee considered the following draft Reports:

(i) **** **** *** ****

- (ii) Excesses over Voted Grants and charged Appropriations

(1991-92) [Action Taken on 74th Report of PAC (10th Lok Sabha)].

The Committee adopted the above mentioned draft Reports without any amendment/modification.

3. The Committee authorised the Chairman to finalise these draft Reports in the light of the comments of Audit arising out of factual verification and also to present the Reports to the House.

The Committee then adjourned.

