110

APPROPRIATION ACCOUNTS OF UNION GOVERNMENT FOR 1993-94

HUNDRED AND TENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

HUNDRED AND TENTH REPORT

PUBLIC ACCOUNTS COMMITTEE
(1995-96)

(TENTH LOK SABHA)

APPROPRIATION ACCOUNTS OF UNION GOVERNMENT FOR 1993-94

सत्यमेव जयते

Presented to Lok Sabha on 6 December, 1995
Laid in Rajya Sabha on 5 December, 1995

LOK SABHA SECRETARIAT
NEW DELHI

November, 1995/Agrahayana, 1917 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1995-96)

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3. Smt. P.K. Sandhu — *Director*
4. Shri P. Sreedharan — *Under Secretary*
5. Shri Rajeev Sharma — *Assistant Director*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Tenth Report on Appropriation Accounts of Union Government for 1993-94.

2. The Committee's examination of the relevant Appropriation Accounts have revealed certain disquieting trends in the system of budgeting, observance of prescribed financial rules/discipline and exercise of financial control by various Ministries/Departments which has resulted in the incurrence of excess expenditure of considerable magnitude, registering of large scale savings and occurence of several other financial irregularities/improprieties. In the light of the facts brought out in this Report and the findings of Audit on the various Appropriation Accounts for the year 1993-94, the Committee have desired the Government to take effective steps for streamlining their procedures with a view to making the budget exercise more realistic and meaningful, imparting financial discipline and effecting strict exchequer control.

3. During the course of examination of the various Appropriation Accounts, the Committee have found that an expenditure of unprecedented magnitude of Rs. 1240.35 crores had been incurred by the various Ministries/Departments during 1993-94 in excess of the provisions sanctioned under 16 grants/appropriations and the same requires regularisation by Parliament in terms of Article 115(1)(b) of the Constitution of India. Taking note of the fact that excess expenditure of Union Government has been persistently occurring year after year and has gone up from Rs. 398.28 crores in 1991-92 to Rs. 689.06 crores in 1992-93 and touched an all time high of Rs. 1240.35 crores in 1993-94, the Committee have concluded that the situation has been going from bad to worse despite issuance of elaborate instructions at regular intervals by the Ministry of Finance in pursuance of the oft-reiterated recommendations of the Public Accounts Committee to contain the excess expenditure to the barest minimum. Viewing this dismal picture with grave concern, the Committee have opined that mere issue of instructions have not yielded desired results and that there is an imperative need to devise an effective mechanism to ensure rigid enforcement of all those instructions with a view to imparting financial discipline on all Ministries/Departments to avoid excess expenditure. The Committee have, therefore, recommended that the Ministry of Finance should look into the matter and take appropriate steps to impress upon the Departmental Heads concerned to carry out checks for strict application of prescribed financial rules and deal sternly with cases of aberrations noticed during such checks so that recurrence of

huge excesses over Voted Grants/Charged Appropriations on this account could be avoided in future.

4. The Committee's detailed examination of the more glaring cases of excess expenditure has also brought to sharp focus not only the failure of the Ministries/Departments to assess requirement of additional funds even at the fag end of the year but also the inadequacies in the institutional arrangements in the Ministries/Departments in monitoring the trend of expenditure under various heads of accounts. The Committee have, accordingly, desired the Ministry of Finance to take concrete steps to ensure that all Ministries/Departments not only gear up their internal check arrangements to keep watch over the trend of expenditure against the sanctioned grant/appropriation but also to take timely corrective action to obtain additional funds whenever required so that the undesirable tendency of incurring excess expenditure could be minimised. In this context, the Committee have further recommended that the Ministry of Finance should consider the feasibility of introducing a system of letter of credit in the case of each grant so that the expenditure does not cross the sanctioned limits of the grant.

5. Besides instances of incurrence of excess expenditure of immense magnitude over voted grants and charged appropriations, the Committee have noticed that the year 1993-94 also witnessed large scale savings amounting to Rs. 24,456.67 crores. The Committee's scrutiny has also revealed that savings of even over Rs. 100 crores had occurred in as many as 22 grants/appropriations which *inter-alia*, included such developmental areas like Agriculture, Animal Husbandry and Dairying, Industrial Development, Power, Rural Development and Coal. An analysis of the contributory reasons attributed for the savings by the Ministries/ Departments concerned in some of such cases also revealed that the schemes in those areas had failed to materialise during the year as planned. While observing that such large scale savings are indicative of poor budgeting, planning and also inadequate scrutiny of estimates at various levels, the Committee have considered it unfortunate that the Ministries/Departments concerned woefully failed in efficiently utilising the funds sanctioned by Parliament even in the vital sectors of the economy meant to cater to the developmental and infrastructural requirements of the country.

6. On the basis of information furnished to them on this subject, the Committee have concluded that there is not only the absence of a scientific system in the Ministries/Departments for assessing properly their actual needs of funds at the various stages of estimation but also inadequacies in the Ministry of Finance in reviewing realistically the requirements of funds projected by various Ministries/Departments. The Committee have, therefore, desired the Ministry of Finance to impress upon the Financial Advisors of the Ministries to discharge their responsibilities properly by forecasting their monetary requirements after taking due note of the

essential requisites including the past trends, the stage of formulation/implementation of various schemes for which funds were being sought etc. They have also desired the Ministry of Finance to carefully review and scrutinise the budget estimates framed by the various Ministries/Departments and apply the necessary correctives to make budget exercise more realistic and meaningful.

7. The Committee have also observed certain shortcomings on the part of the Ministries/Departments for their non-adherence of the procedures prescribed for surrendering the savings. The Committee have noticed a number of cases where savings were not surrendered in time or were surrendered only on the last day of the financial year or the amount surrendered exceeded the overall savings or was surrendered even when no savings were available for surrenders. The Committee have taken a serious view of the laxity shown by the various Departments in this regard and they have desired the Ministry of Finance to ensure that the surrender of funds by the Ministries/Departments is made strictly in accordance with the rules so that the available savings may be effectively made use of in the much needed sectors of economy.

8. Yet another area which has engaged the attention of the Committee related to the manner in which supplementary demands had been obtained by the Ministries/Departments. The Committee's scrutiny of the Appropriation Accounts has revealed that there were as many as 24 cases in the Civil Sector where the supplementary provisions of Rs. 826.97 crores obtained proved unnecessary as the final savings in these cases exceeded the supplementary provisions. Similar case of procuring supplementary allocations far in excess of their requirements were also noticed in the case of Defence Services and Telecommunication Services. While observing that a number of Ministries/Departments have been resorting to obtaining the supplementary grants without conducting a proper scrutiny of the expenditure incurred or likely to be incurred by them during the financial year, the Committee have desired the Ministry of Finance to give serious attention to this aspect and impress upon the Budget Cells of all the Ministries to restrict their supplementary demands only to rare and emergent cases. They have also desired the Ministry of Finance to streamline their system for reviewing and scrutinising the requests for supplementary allocations made by Ministries/Departments before presenting the same to Parliament.

9. The Committee examined the issues related with Appropriation Accounts of the Union Government for 1993-94 in the light of the findings of the Audit contained in the relevant Reports of the C&AG for the year ended 31 March, 1994 and the explanatory notes and other information furnished by the various Ministries/Departments concerned. They also took oral evidence of the representatives of the Ministries of Finance (Department of Expenditure), Railways, Textiles and Industry (Department of Industrial Development) at their sitting held on 5 July,

1995. The Committee considered and finalised this Report at their sitting held on 20 November, 1995. Minutes of the sitting form Part-II* of the Report.

10. For facility of reference and convenience, the recommendations and conclusions 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 XII to the Report.

11. The Committee would like to express their thanks to the Ministries/ Departments concerned for the cooperation extended to them in giving information to the Committee.

12. 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;
24 November, 1995

3 Agrahayana, 1917 (Saka)

RAM NAIK,
Chairman,
Public Accounts Committee.

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

REPORT

APPROPRIATION ACCOUNTS OF UNION GOVERNMENT FOR 1993-94

I. Introductory

(A) Annual Appropriation Accounts

The Annual Appropriation Accounts of the Union Government present the details of sums expended in a financial year compared with the sums authorised in the Demand* for Grants or Appropriations for expenditure of Union Government as specified in the schedule appended to the Appropriation Acts passed under Articles 114 and 115 of the Constitution of India. Presently, the following five Appropriation Accounts of the Union Government are presented to Parliament according to the different sectors of the governmental activities:—

1. Civil
2. Defence Services
3. Postal Services
4. Telecommunication Services
5. Railways

2. After their presentation to Parliament, these Appropriation Accounts of the Union Government stand referred to the Public Accounts Committee which scrutinise them under the provisions of Rule 308 of Rules of Procedure and Conduct of Business in Lok Sabha.

(B) Excess Expenditure and regularisation thereof

3. Article 115(1)(b) of the Constitution stipulates that if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.

4. According to the procedure laid down for the regularisation of excesses in expenditure, the Ministries and Departments of Government of India are required to furnish to the Public Accounts Committee explanatory notes containing the reasons for or circumstances leading to

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* In a Demand for Grants, provision for the charged expenditure is called an appropriation and that for voted is called a grant.

the excesses under each excess registering grant or appropriation by 31 May or immediately after the presentation of the Appropriation Accounts, whichever may be later. Thereafter, the Public Accounts Committee proceed to examine, in the light of explanatory notes furnished by the Ministries/Departments, the circumstances leading to excesses and present a report thereon to Parliament recommending regularisation of the excesses subject to such observations/recommendations as they may choose to make. In pursuant to the Report of the Committee, Government initiate necessary action to have the excesses regularised by Parliament, under Article 115 of the Constitution, either in the same Session in which the Committee present their Report or in the following Session.

(C) Union Government Appropriation Accounts for 1993-94

5. The five Appropriation Accounts of the Union Government for the year 1993-94 were laid on the Table of the House on the dates indicated below:—

Appropriation Accounts	Date on which laid on the Table of the House
Postal Services	27.4.1995
Telecommunication Services	27.4.1995
Civil	3.5.1995
Defence Services	9.5.1995
Railways	9.5.1995

6. The number of Demands for grants/appropriations obtained by various Ministries/Departments during the year 1993-94 as reflected in the relevant Appropriation Accounts for that year is indicated below:—

Appropriation Accounts	Total number of grants/appropriations
1. Civil	99
2. Defence Services	5
3. Postal Services	1
4. Telecommunication Services	1
5. Railways	16
TOTAL	122

* In the Appropriation Accounts, the expenditure incurred by the various Ministries/ Departments is exhibited under two distinct sections *viz.*, Revenue and Capital which is further classified into grant or appropriation portions. Since voted and charged portions as also the Revenue and Capital sections of a grant/appropriation are distinct and reappropriation *inter-se* is not permissible, and excess in anyone section or portion is treated as an excess in the grant or appropriation. Similarly, a saving in any one section or portion is treated as a saving in that grant or appropriation.

7. The results of the examination of these Appropriation Accounts (1993-94) by Audit are contained in the following Reports of the C&AG for the year ended 31 March, 1994:—

	Name of Appropriation Accounts	C&AG's Reports in which Audit findings are highlighted
1.	Civil	Chapter-II of Audit Report No. 1 of 1995
2.	Defence Services	Chapter-I of Audit Report No. 8 of 1995
3.	Postal Services	Chapter 2 of Audit Report No. 7 of 1995
4.	Telecommunication Services	Chapter 6 of Audit Report No. 7 of 1995
5.	Railways	Paragraph 1.8 of Audit Report No. 10 of 1995

8. The scrutiny of the Appropriation Accounts of Union Government for 1993-94 by Audit had *inter-alia* revealed cases/instances:—

(i) of incurrence of excess expenditure under various grants/appropriations,

(ii) of large scale savings under various grants/appropriations,

(iii) of improprieties/irregularities in the surrender of savings,

(iv) where the requirements of funds were grossly over-estimated by certain Ministries while seeking supplementary grants with the result that such supplementary provisions remained wholly unutilised.

(v) of irregularities/improprieties regarding reappropriation of funds etc.

(vi) of incurrence of expenditure on "New Services/New Instrument of Service" without requisite approval etc.

9. In the succeeding Parts of this Report, the Committee have examined the Appropriation Accounts of the Union Government for the year 1993-94 and Audit observations thereon in the light of information made available to the Committee by Ministries/Departments concerned. The Committee also took oral evidence of the representatives of the Ministries

of Finance (Department of Expenditure), Railways, Textile and Industry (Department of Industrial Development).

II. Excess Expenditure over voted Grants and Charged Appropriations (1993-94)

(A) General

10. This part of the Report deals with the excess expenditure incurred during 1993-94 by various Ministries/Departments of Government of India over Voted Grants/Charged Appropriations sanctioned for that year.

11. The number of excess registering grants/appropriations and the break-up of excess expenditure as seen from the relevant Appropriation Accounts for the year 1993-94 is given below:—

Sl. No.	Appropriation Accounts	No. of excess registering grants/ appropriations	Amount of excess expenditure Rs.
1.	Civil	7	6.71, 95.101
2.	Defence Services	—	—
3.	Postal Services	1	16, 79, 91, 247
4.	Telecommunication Services	—	—
5.	Railways	8	1216, 87, 68, 637
	TOTAL	16	1240, 39, 54,985

12. However, the explanatory note furnished by the Ministry of Railways for regularisation of excess expenditure incurred by them over Voted Grants/Charged Appropriations during 1993-94 revealed that there were misclassification of expenditure of Rs. (—) 40, 11, 278 under Grant No. 11 and of Rs. 35,27,695 under Grant No. 16 (Capital). After taking into account the effect of this misclassification, the actual excess expenditure relating to Railways worked out to Rs. 1216,82,85,054 instead of Rs. 1216,87,68,637 as indicated in the relevant Appropriation Accounts. Thus, the amount of actual excess expenditure during 1993-94 requiring regularisation by Parliament under Article 115(1)(b) of the Constitution is of the order of Rs. 1240,34,71,402 incurred under 16 grants/appropriations.

13. The details of these 16 voted Grants/Charged Appropriations under which the expenditure had exceeded the sanctioned provisions during the year under review are given below:—

Sl. No.	No. & Name of Grant Appropriation	Ministry/ Department	Final Grant	Actual Expenditure	Excess Expenditure
1.	2.	3.	4.	5.	6.
		(in units of Rupees)			
		APPROPRIATION ACCOUNTS (CIVIL)			
		VOTED GRANTS			
REVENUE SECTION					
1.	33—Pensions	Finance	809,27,00,000	815,68,12,316	6,41,12,316
2.	61—Ministry of Non-Conventional Energy Sources	NCES	197,98,00,000	197,99,57,430	1,57,430
CAPITAL SECTION					
3.	57—Ministry of Labour	Labour	71,00,000	75,29,764	4,29,764
4.	65—Planning	Planning	18,35,00,000	18,44,13,192	9,13,192
5.	96—Dadra and Nagar Haveli	Home Affairs	18,18,00,000	18,18,22,477	22,417
		CHARGED APPROPRIATION			
REVENUE SECTION					
6.	97—Lakshadweep	Home Affairs	22,00,000	34,42,937	12,42,937
CAPITAL SECTION					
7.	44—Police	Home Affairs	25,30,00,000	25,33,16,985	3,16,985
		APPROPRIATION ACCOUNTS (POSTAL SERVICES)			
		VOTED GRANTS			
REVENUE SECTION					
8.	14—Postal Services	Communications (Deptt. of Posts)	1849,99,00,000	1866,78,91,247	16,79,91,247
		APPROPRIATION ACCOUNTS (RAILWAYS)			
		VOTED GRANTS			
9.	6—Working Expenses —Repairs and Maintenance of carriages and wagons	Railways	1381,49,29,000	1406,89,74,424	25,40,45,424
10.	8—Operating Expenses Rolling Stock and Equipments	Railways	1109,01,49,000	1144,57,75,915	35,56,26,915

1.	2.	3.	4.	5.	6.
11.	9—Operating Expenses —Traffic	Railways	2256,99,77,000	2259,27,17,307	2,27,40,307
12.	11—Staff Welfare & Amenities	Railways	470,59,79,000	473,61,98,428	2,62,08,150*
13.	12—Misc. Working expenses	Railways	665,16,18,000	666,85,15,633	1,68,97,633
	CAPITAL SECTION				
14.	16—Assests Acquisition, Construction and Replacement	Railways	2534,00,35,000	3682,83,37,680	1149,18,30,375**
		CHARGED APPROPRIATIONS			
REVENUE SECTION					
15.	6—Working Expenses —Repairs and Maintenance of Carriages & Wagons	Railways	1,53,000	2,14,329	61,329
16.	8—Operating Expenses —Rolling stock and Equipment	Railways	6,53,000	15,27,921	8,74,921

14. It would be seen from the above table that the Railways had accounted for aboutt 98% of the total excess expenditure incurred during 1993-94. It would also be seen that out of 16 cases of excesses over voted grants/charged appropriations, excess expenditure of rupees one crore had occurred in as many as eight cases. In the case of Civil Accounts, excess expenditure of over rupees one crore had been incurred under one voted grant *i.e.* Grant No. 33—Pensions (Revenue Section) which recorded an excess of Rs. 6.41 crores. In the case of Postal services, an excess expenditure of Rs. 16.80 crores had been incurred by the Ministry of Communications (Department of Posts) in the Revenue Section of Grant No. 14—Postal Services. In the case of the grants administered by the Ministry of Railways, all the six excess registering votted grants recorded an excess expenditure of over Rupees one crore with Grant No. 16 (Capital) alone accounting for an huge excess expenditure of Rs. 1149.18 crores followed by an excess of Rs. 35.56 crores and Rs. 25.40 crores in the Revenue Sections of Grant Nos. 8 and 6 respectively. The Revenue Sections of Grant Nos. 9, 11 and 12 had also registered an excess expenditure of over Rupees one crore.

15. According to t' e prescribed Financial Rules, no expenditure should be incurred which might have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year except

* There was an excess expenditure of Rs. 302,19,428 under this Grant. However, after taking into account the misclassification of expenditure of Rs. (-) 40,11,278, the real excess expenditure under this grant requiring regularisation worked out to Rs. 2,62,08,150.

** There was an excess expenditure of Rs. 1148,83,02,680 under this Grant. However, after taking into account the misclassification of expenditure of Rs. 35,27,695, the real excess expenditure under this grant requiring regularisation worked out to Rs. 1149,18,30,375.

after obtaining a supplementary grant or an advance from the Contingency Fund. Is is however, observed that despite recommendations of the Public Accounts Committee and issuance of instructions by the Ministry of Finance (Department of Expenditure) in pursuance thereof, various Ministries/Departments of the Union Government continue to indulge in excess expenditure year after year. The Table given below indicates the aggregate excess expenditure incurred by various Ministries/Departments over the voted grants/charged appropriations during the seven years preceding the year under review:—

Year	Excess Expenditure
	(Ruppes in crores)
1986-87	384.39
1987-88	304.15
1988-89	367.98
1989-90	976.82
1990-91	900.24
1991-92	398.28
1992-93	689.06
1993-94	(Year under review) 1240.35

16. In the light of the recurring phenomenon of excess expenditure, the Committee desired to know the system adopted in the Ministry of Finance for scrutinising the expenditure estimates submitted by the different Ministrires/Departments of the Union Government before the same are incorporated in the Budget. In his reply, the representative of the Department of Expenditure during evidence:

> ".......We have provided, under the existing system, Financial Advisors in each Minsitry in consultation with the Secretary of each administrative Ministry. They suggest the provisions to be made and on that basis we make provisions. Well, we take a certain amount of control in seeing how the provisions are realistic or not. But we go by the judgement of the Financial Advisor of the Ministry and the Administrative Secretary."

He also added:—

> "But in the year 1993-94 we have found that this judgement has not been adequately reflected in the actual positions."

17. In reply to a related question about the steps taken to ensure better exchequer control, the representative of the Department of Expenditure stated during evidence:—

> "As a result of the recommendations of the 60th Report of the Public Accounts Committee, Tenth Lok Sabha and its 74th Report, we have immediately taken action to bring it to the notice of the Financial Advisor and the Administrative Secretary

concerned of the need to observe extra carefulness in these matters..........As a result of this we have taken steps to devise suitable mechanism that each administrative Ministry and Financial Advisor will meet once in a month and once a quarter the Expenditure Secretary will review this situation. We hope that this will improve. We entirely agree with you that the existing mechanism is not working and revised instructions are to be issued very soon."

18. Taking note of the fact that substantial excess expenditure was being incurred by various Ministries/Departments year after year, the Committee desired to know during evidence whether the Ministry of Finance had at any stage asked the Ministries/Departments to introduce an internal mechanism to watch the progress of their expenditure so as to obviate recurrence of excess expenditure and other financial aberrations. The representative of the Department of Expenditure in his deposition stated:—

> "........I do agree that for the past seven or eight years this has been happening rather significantly and I will certainly convey the concern of tthis House. We hope that the revised procedure which we would be introducing will help us. We will try to improve the internal situation of the Ministries. we have been in touch with them in correspondence and in meetings about the need to observe proper financial discipline."

19. During evidence, the Committee also enquired whether the Ministry of Finance did not consider it appropriate to introduce a system of letter of credit in case of each grant so that the expenditure did not cross the sanctioned limits of grant. In his reply, the representative of the Department of Expenditure stated:—

> "In fact, the LC system entirely takes place on trust. But unfortunately, the money may be drawn and it may be kept out; later they may be kept outside the Government account. We will certainly consider what you have said."

20. As per prescribed procedure, the Ministries/Departments concerned have furnished to the Committee the explanatory notes for the excess expenditure incurred under various grants/appropriations operated by them during 1993-94 and the same are reproduced at Appendix I to IX of this Report.

(B) Examination of select cases of Excess Expenditure

21. In the succeeding Paragraphs, the Committee have dealt with some of the prominent cases involving excess expenditure during 1993-94 in the light of the facts brought out in the relevant Appropriation Accounts, Audit observations, the explanatory notes furnished by the Ministries/Departments concerned and the oral evidence tendered by the representatives of the Ministries/Department concerned.

(i) Appropriation Accounts (Railways)

22. During 1993-94, the actual expenditure under the grants/ appropriations adminsitered by the Minsitry of Railways exceeded the sanctioned provision by Rs. 1216.83 crores in six grants and two appropriations. The details of these excess registering grants/ appropriations are already given in paragraph 13 of this Report.

23. The incurring of excess expenditure by the Ministry of Railways has been a recurring phenomenon and the comparative figures of excess expenditure incurred by the Ministry of Railways during the last five years is detailed below:—

Year	No. of grants/ Appropriations which recorded excesses	Amount of excess expenditure (Rs in crores)
1988-89	8	104.97
1989-90	9	196.42
1990-91	8	272.51
1991-92	9	294.01
1992-93	3	539.28
1993-94	8	1216.83

It would be seen from the above table that the excess expenditure had been progressively going up over the years during the preceding five years and it has touched an astronomical figure of Rs. 1216.83 crores during the year under review.

24. The complete text of the explanatory notes furnished by the Ministry of Railways on this subject is enclosed at Appendix-IX. A scrutiny of the explanatory note reveals that out of this excess expenditure of Rs. 1216.83 crores, "Grant No. 16—Assets Acquisition, Construction and Replacement-Capital" alone accounted for an excess expenditure of Rs. 1149.18 crores against the total sanctioned grant of Rs. 2534.00 crores which represented an excess of 45.35 per cent over sanctioned provisions.

25. During evidence, the Committee desired to know the reasons for the budget extimates of the Railways going awry to such a large extent during the year udner review. Explaining the position, the representative of Railways Board stated:—

> ".......The excess of Rs. 1200 crore has occurred mainly under Demand No. 16. We introduced a new fund called 'Capital Fund' from 1.4.1993. The rules of allocation for this fund were under finalisation. Under this, the expenditure under inventory was to have been booked to 'Capital fund' and fund was provided as 'Capital fund'. But most of the railways followed the earlier method of booking that under 'Capital'. That is why there is an

excess of expenditure under Capital' and saving under 'Capital Fund'. This is basically due to a wrong understanding of the accounting principles. It is a sort of technical excess. There is only a saving if you look at overall position."

26. On being asked whether the Railway Board issued instructions to the Railways on how to operate the 'Capital fund', the representative of the Railway Board stated during evidence:

"In 1993-94, the intention was to show it under 'Capital fund' and instructions were issued and the budgetary provision was also made under that fund. Later, for 1994-95 we have modified these instructions to show it under Capital. But we had issued instructions that inventory should be shown under 'Capital fund' and budgetary provision was also made under 'Capital fund',".

27. In their Post-evidence note to the Committee on this subject, the Ministry of Railways *inter alia* stated as follows:

"In pursuance of the recommendations of the RCC-1991 in their Third Report, a new Head for source of funding in the Railway known as Capital Fund was introduced at the fag end of 1992-93. The object of this Fund was to provide from Railway's own resources for certain items of plan expenditure which were till then being met only through budgetary support from the general exchequer, which is booked under the head 'Capital'. The rules of allocation of expenditure charged to both these sources are the same.

This Fund was practically operated for the first time in 1993-94 for which instructions about operation of this fund with reference to rules of allocation, were issued in May, 1993. However, these instructions did not delineate the areas of expenditure which should be charged to these two sources".

28. In their note the Ministry of Railways further stated as follows:

"This problem surfaced only at the final stage of the 1993-94 accounts. Railways are working out a practical way to meet these difficulties and to modify the operating instruction in this regard. But they have still not been able to finalise them. A proposal has already been referred to Audit. Their comments on the same are still awaited. The matter is under detailed examination and it is expected that final instructions will be issued soon".

The Committee learnt that the proposal mentioned above was referred to Audit in February, 1995. They also learnt that the Ministry of Railways reportedly issued instructions only as an interim measure for operation of Capital Fund from accounts for July 1995.

29. When asked about the reasons for such misclassifications going undetected, the representative of the Railway Board stated:

> "......It could have been rectified at the final compilation stage but somehow it was overlooked."

30. On being asked about the internal check mechanism working in the Railways for control of expenditure, the representative of the Railway Board stated:

> "We generally take the total. Fund-wise, the check is done only at the last stage."

31. In reply to another related query, the witness stated:

> "We have a system of monthly review of expenditure at divisional level, at Zonal level and at the Railway Board level."

He also added:

> "...the system of monthly financial review is very much present. It is fully computerised and as soon as the accounts are closed, it is given to the various levels of management and at the Board level and division level also, we review it every month."

32. The Committee's examination of Grant No. 12—Miscellaneous Working Expenses also revealed that the Ministry of Railways surrendered a sum of Rs. 40.85 crores under this Grant at the time of final modification stage despite the fact that there was an excess expenditure of Rs. 1.69 crores under this Grant.

33. Explaining the reasons for excess of expenditure under the Grant No. 12, the representative of the Railway Board informed the Committee during evidence:

> "....A wrong booking of Rs. 55 crores has caused this excess. Instead of booking shown as minus debit, it was shown as a credit which was outside the scope of this demand."

He also stated:

> "It is a simple mistake which could have been rectified."

(ii) Appropriation Accounts (Postal Services)
(Revenue Section—Voted of Grant No. 14—Postal Services)

34. The summarised position of the expenditure in voted portion of the revenue section of this Grant against sanctioned provisions for the year 1993-94 is as follows:

(Amount in Rupees)

Original Grant	1688,26,00,000
Supplementary Grant	161,73,00,000
Total sanctioned Grant	1849,99,00,000
Actual Expenditure	1866,78,91,247
Excess Expenditure	16,79,91,247

35. A scrutiny of the relevant Appropriation Accounts has revealed that this excess expenditure of Rs. 16,79,91,247 had occurred despite obtaining supplementary provisions of Rs. 161.73 crores in March, 1994.

36. In their explanatory note for regularisation of excess expenditure, the Department of Posts stated that the following factors contributed towards excess expenditure:

(i) Excess expenditure was due to payment of Interim Relief and increase in the ceiling for payment of Productivity Linked Bonus.

(ii) Excess expenditure was due to expansion of Speed Post services in more areas and opening of more Post Offices in rural areas.

(iii) Non-acceptance of claims by the Deptt. of Telecommunications.

(iv) Excess expenditure was due to more payment to clearing offices and payment of Dearness Allowance.

(v) Excess expenditure was due to late introduction of the "Mahila Samridhi Yojana" and consequent delay in accounting decision".

37. In the context of excess expenditure incurred on account of introduction of "Mahila Samridhi Yojana" (MSY), Paragraph 2.3 of the Audit report No. 7 of 1995 has brought out that an expenditure of Rs. 45 lakhs on this scheme was incurred and booked under the "head-3201-A. 3(2)—Other expenditure" under which the funds were neither provided originally nor were made available by re-appropriation. The Department's explanation that the excess expenditure was mainly due to late introduction of the MSY and consequent delay in its accounting decision has not been found convincing by Audit as the MSY was introduced in October, 1993 but the department did not make any re-appropriation while issuing orders on 28 March, 1994.

(iii) *Appropriation Accounts (Civil)*
Revenue Section (Voted) of Grant No. 33—Pensions

38. Under Revenue Section (Voted) of Grant No. 33—Pensions, the original provision was Rs. 742.64 crores which was augmented to Rs. 809.27 crore through a supplementary grant of Rs. 66.63 crores obtained in March, 1994. Against this, the actual expenditure incurred by the Ministry of Finance (Department of Expenditure) was Rs. 815.68,12,316 resulting in excess expenditure of Rs. 6,41,12,316.

39. A scrutiny of the Appropriation Accounts of this grant reveals that but for the saving under various sub-heads, the overall excess under this grant would have been much more as an excess of Rs. 52.22 crores alone had occurred under Major Head "2071—Civil—Superannuation and Retirement Allowances Ordinary Pensions". The excess expenditure under this sub-head has occurred despite obtaining a supplementary grant of Rs. 42.64 crores and the reason advanced for this excess is attributed to "increase in the number of pensioners".

40. While obtaining supplementary grants, the Ministries/Departments concerned are required to exercise due caution in forecasting their additional budgetary requirement of funds and seeking supplementary provision. A scrutiny of the relevant Appropriation Accounts of this grant however, reveals that unnecessary supplementary grants under the following heads were obtained in March, 1994 and the same remained wholly unutilised:

Head of Account	Amount of Supplementary provisions obtained	Saving
	(Rs. in crore)	
Civil—Commuted Value of Pensions—		
Ordinary Pensions	11.84	27.01
Gratuities	11.11	14.66
Family Pensions	0.19	2.08

In the charged portion of this grant, the overall saving of Rs. 44.27 lakhs also exceeded the supplementary appropriation of Rs. 37.00 lakhs obtained in March, 1994.

41. It may be pointed out that the excess expenditure over the sanctioned budget in the grant "Pension" administered by Ministry of Finance has been a recurring feature since 1991-92 as would be seen from the following table:

Year	Amount of Excess Expenditure
1991-92	Rs. 32.51 crores
1992-93	Rs. 15.88 crores
1993-94	Rs. 6.41 crores

42. Enumerating their difficulties in precisely estimating the requirement of funds under the Grant—Pension, the Department of Expenditure in their explanatory note for regularisation of excess expenditure have, *inter-alia*, stated as follows:

> "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 1.1.1990 when this office was established, it is estimated that there are about three lakhs 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/reliefs 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."

43. During evidence, the Committee pointed out that there should not be any difficulty for the Department in anticipation the pension disbursements to be made as the number of retired/retiring officials and the rate of pensions is known to the Department. In his deposition, the representative of the Department of Expenditure stated:

"I entirely agree that as far as pensions are concerned, there should not be any variations particularly because we know the number of people who retire in a year. But I submit that variations occur because of some employees taking voluntary retirement, death while in service, because of revision of scales of pay due to promotions or because one is suddenly given a punishment of retirement, and so on. Suddenly, there are changes in the pensions to be paid..."

44. On being asked whether the Central Pension Accounting Office has been able to establish complete Data Bank of the pensioners, the representative of the Department of Expenditure deposed:

"...Still there are pensioners who are drawing pension from the Treasuries and we are making all efforts to get the details about them so that we have a complete Data Bank. In future, I think, we shall be able to have details of all the civil pensioners who are drawing their pension from the banks."

45. In their post evidence note, the Department intimated the following steps taken by them to make the budget estimates realistic and to reduce

the variations between budget estimate and actual expenditure under the Grant-Pensions:

"Creation of Data Bank to update the record of Pensioners in our Computer in respect of the Pensioners who retired prior to 1.1.90 (before creation of Central Pension Accounting Office) who/(or their family) are still drawing pension. This work is expected to be completed by 31.3.96 with inputs from Public Sector Banks, AsG and other offices.

The number of Pensioners expected to retire in a year is now being obtained since 1995-95 through a Circular letter issued to all the 61 Departments/Offices vide our letter dated 29th October, 1993.

While obtaining final requirements in the month of January each year, the departments/offices are also being asked to review their expenditure for the previous nine months and submit their demands alongwith reasons for excess/savings.

The above two requirements have also been reiterated to all the Departments vide our letter dated 13.1.95 while calling for the requirements for 1994-95.

Greater monitoring and follow-up with regard to receipt of bank scrolls from 462 reimbursing banks all over India.

A quarterly review of actual expenditure will be carried out in CPAO on 1st October and 1st February every year. All the Heads of Offices of the 61 Departments who project their demands to this office have also been advised to carry out such quarterly reviews.

All the Departments have been advised to carry out review and corrections and communicate the resultant surrenders/demands by means of Fax/Telex or Telegram in the month of January every year. This would enable a final review to be carried out by CPAO and making correct projections to Ministry of Finance indicating additional demands/surrenders, appropriation/reappropriation etc.-by the first week of March every Year."

III. Savings in Grants/Appropriations

(A) General

46. Saving in a grant or appropriation indicate that the expenditure could not be incurred as estimated, anticipated and planned. It may be indicative of poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. During the course of examination of Appropriation Accounts relating to Civil, Defence Services, Postal Services, Telecommunication Services and Railways for the year 1993-94,

the Committee have also noticed large scale gross savings (both under Voted Grants and Charged Appropriations) as per details given below:

Name of Appropriation Accounts	Total amount of savings both under Voted Grants and Charged Appropriations (Rupees in crores)
Civil	20824.03
Defence Services	143.16
Postal Services	10.16
Telecommunication Services	777.66
Railways	2701.66
	24456.67

47. The following table indicates the quantum of overall savings as disclosed by the various Appropriation Accounts in the five years preceding the year under review:

Year	Saving (Rs. in crore)
1988-89	72774.04
1989-90	38006.78
1990-91	43872.55
1991-92	26466.65
1992-93	13165.20

48. The extent of large scale savings in different grants and appropriations over the years had been engaging attention of Public Accounts Committee on earlier occasions also. The Committee had incessantly emphasised the need to take the issue seriously with appropriate measures to overcome the unfortunate situation of large savings. Taking note of the large scale savings in a number of grants and appropriation, the Public Accounts Committee had, in paragraph 1.24 of their 60th Report (1993-94—Tenth Lok Sabha) recommended that in future detailed notes in respect of savings made in a grant or appropriation during each year involving Rs.100 crores and above be furnished to them alongwith the explanatory notes for excess expenditure incurred. In pursuance of this recommendation of the Committee, the Ministry of Finance issued instructions to all the Ministries/Departments of Government on 19 December, 1994 stipulating that in future such notes on savings might be furnished to the Committee alongwith explanatory notes for the excess expenditure incurred. According to the time schedule

prescribed for the purpose, the explanatory notes for savings exceeding Rs. 100 crores in a grant or appropriation during the year 1993-94 were required to be furnished to the Committee by 31st May, 1995. The details of grants/appropriations which registered savings exceeding Rs. 100 crores and the submission of explanatory notes to the Committee by the Ministry/ Departments concerned are given below:

(As on 10.11.1995)

Sl. No.	Grant/Appropriation	Amount of savings (Rs. in crore)	Date on which explanatory notes furnished	Period of Delay
1	2	3	4	5
	APPROPRIATION ACCOUNTS CIVIL			
Revenue—Voted				
1.	1—Agriculture	232.74	7.7.1995*	1 Months, 7 Days
2.	4—Department of Animal Husbandry & Dairying	112.78	Not furnished	—
3.	29—Transfers to State Governments	388.92	-do-	—
4.	45—Other Expenditure of the M/o Home Affairs	126.55	-do-	—
5.	51—Department of Industrial Development	525.37	31.5.1995	In time
6.	68—Ministry of Power	108.50	Not furnished	—
7.	69—Department of Rural Development	167.09	26.6.1995	26 days
8.	78—Ministry of Textiles	172.85	31.10.1995	5 months
9.	94—Delhi	544.83	Separate Consolidated Fund of NCT, Delhi formed w.e.f. 1.12.1993	
Capital—Voted				
10.	10—Ministry of Coal	139.73	8.6.1995	8 days
11.	44—Police	120.93	3.11.1995	over 5 months
12.	94—Delhi	413.06	Separate consolidated Fund for NCT, Delhi formed w.e.f. 1.12.1993.	
Revenue—Charged				
13.	28—Appropriation Interest Payments	1259.45	Not furnished	—
14.	29—Transfers to State Governments	975.53	Not furnished	—
Capital—Charged				
15.	29—Transfers to State Governments	605.51	Not furnished	—

*. Not vetted by Audit.

1	2	3	4	5
16.	31—Appropriation Repayment of Debt	12289.46	Not furnished	—
	APPROPRIATION ACCOUNTS (DEFENCE SERVICES)			
Revenue—Voted				
17.	21—Defence Ordnance Factories	117.66	18.9.1995	3 months & 18 days
	APPROPRIATION ACCOUNTS (POSTAL SERVICES)			
	NIL			
	APPROPRIATION ACCOUTNS (TELECOMMUNICATIONS SERVICES)			
Revenue—Voted				
18.	15—Telecommunication Services	461.42	21.6.1995	21 days
	Captial—Voted			
19.	15—Telecommunication Services	315.97	21.6.1995	21 days
	APPROPRIATION ACCOUNTS (RAILWAYS)			
20.	10—Working Expenses—perating Expenses—Fuel	104.70	27.6.1995	27 days
21.	14—Appropriation to Funds	913.92	27.6.1995	27 days
22.	16—Railway Funds—(Depreciation Reserve Fund, Development Fund and Capital Fund)	1551.91	27.6.1995	27 days

49. As would be seen from the above Table, there were 16 cases on the Civil Accounts where the savings under a grant or appropriation exceeded Rs. 100 crores. The numbers of such cases in grants operated under Defence Services, Telecommunication Services and Railways were 1, 2 and 3 respectively. It will also be seen that large scale savings had occured in developmental areas like agriculture, animal husbandry and dairying, industrial development, power, rural development and coal. The contributory reasons attributed for the savings by the Ministries/ Departments also revealed that the schemes in these areas as planned during the year failed to materialise.

50. The Table given above also indicates that while the explanatory notes for savings of over Rs. 100 crores were received in time only from Department of Industrial Development, such notes were furnished within one month of the prescribed schedule by Department of Rural Development, Ministry of Coal, Ministry of Communications and Ministry of Railways. The delay in furnishing the relevant notes ranged from over one month to over five months in the case of Ministry of Agriculture, Ministry of Textiles, Ministry of Home Affairs and Defence Ordnance Factories. However, relevant notes pertaining to eight grants/ appropriations are yet to be furnished to the Committee by Department of Animal Husbandry & Dairying; Ministry of Home Affairs; Ministry of Power; and Ministry of Finance (5 cases).

51. The Committee's further scrutiny of Appropriation Accounts has also revealed that the following grants/appropriations had been recurringly registering savings of over Rs. 100 crores during the last four years.

(Rupees in crores)

Sl. No.	Name of Grant/ Appropriation	1990-91	1991-92	1992-93	1993-94
1.	Interest Payments	351.75 (Revenue—charged)	854.37 (Revenue—charged)	1424.53 (Revenue—charged)	1259.45 (Revenue—charged)
2.	Transfers to State Government	186.58 (Capital—charged)	1974.90 (Capital—charged) 127.29 (Revenue—voted)	305.17 (Revenue—voted) 617.10 (Capital—charged)	388.92 (Revenue—voted) 975.53 (Revenue—charged) 605.51 (Capital—charged)
3.	Repayment of debt	38147.52 (Capital—charged)	17287.09 (Capital—charged)	4569.87 (Capital—charged)	12289.46 (Capital—charged)
4.	Ministry of Textiles	156.62 (Revenue—voted)	185.08 (Revenue—voted)	377.22 (Capital—voted) 184.21 (Revenue—voted)	172.85 (Revenue—voted)

(B) Examination of select cases of savings

52. In the light of the fact that large scale savings under various grants had occurred during 1993-94 in areas like Industrial Development (Rs. 527.37 crores); Textiles (Rs. 172.85 crores); Rural Development (Rs. 167.09 crores); Coal (Rs. 139.73 crores) and Power (Rs. 108.50 crores), the Committee examined as test cases the nature of savings made under Revenue Sections of Grant No. 51 — Department of Industrial Development and Grant No. 78 — Ministry of Textiles and have dealt with the same in the succeeding paragraphs.

(i) *Grant No. 51—Department of Industrial Development*

53. The following statement indicates the position of the grant during 1993-94 under Revenue Section (Voted):—

(Rupees in crores)

Original Grant	:	806.30
Supplementary provisions	:	508.47
Total Grant	:	1314.77
Actual Expenditure	:	789.40
Savings	:	525.37
Amount surrendered during the year	:	-NIL-

54. It is also seen from Appropriation Accounts that the overall saving of Rs. 525.37 crores in this grant exceeded the supplementary grant of Rs. 508.47 crores obtained in December, 1993 and March, 1994.

55. In a note, the Department of Industrial Development stated that the savings in excess of Rs. 100 crores have taken place in the following two heads:—

(i) Transfer to National Renewal Fund — Rs. 320 crores.

(ii) Worker Compensation package and implementation of voluntary retirement schemes in Public Sector Undertakings Rs. 140.05 crores.

56. In their note on the above savings, the Department of Industrial Development explained the position as follows:—

"The National Renewal Fund (NRF) is maintained in the Public Account so that the budgetary allocation do not lapse with the end of the financial year and the schemes under NRF are not faced with the resource constraint. In the year 1993-94 in addition to the provision made for implementation of Voluntary Retirement Scheme (VRS) in Central PSUs, the Department of Industrial Development received proposals for VRS of State Public Sector Undertakings and Workers Compensation Packages in case of closure/revival amounting to Rs. 223 crores and a proposal for Area Regeneration Scheme amounting to Rs. 168 crores. Ministry of Finance had indicated that additional funds of Rs. 320 crores would be available for NRF by way of supplementaries. Based on the firm demands available with this Department for the aforesaid schemes, supplementary grants were sought for Workers compensation payment (Rs. 140.05 crores) and Workers Retraining Scheme and Area Rgeneration Scheme (Rs. 46.30 crores). It may be clarified that provisions of Rs. 140.05 crores and Rs. 46.30 crores were to be met from the allocation of Rs. 320 crores. The balance amount was allocated for VRS in Central PSUs. The Schemes regarding Workers Compensation Payments and Area Regeneration Scheme could not be implemented as the operational modalities for grant of assistance from the National Renewal Fund to the aforesaid schemes could not be finalised.

The entire provision of Rs. 320 crores could not be transferred to the Public Account as Ministry of Finance did not agree for this transfer in view of the funds constraints and availability of funds in the Public Account. As such, additional amount of Rs. 320 crores was not made available under the head 'Transfer to NRF'.

57. During evidence on this subject, the Secretary, Department of Industrial Development (ID) stated that some amount of incorrectness had crept into figures reported earlier which ought to be corrected. In this context, he deposed as follows:—

"Firstly, a major chunk of the amount of Rs. 525.37 crore which is mentioned is the Transfer to NRF which is Rs. 320 crores, second is the Workers Compensation Packages and VRS in State PSUs, the amount being Rs. 140.05 crore and the third is the Workers Counselling and Re-training and Area Regeneration Scheme the amount is Rs. 46.30 crore totalling Rs. 506.35 crore. I must say that in the month of March 1993 *i.e.* before the financial year 1993-94, there was a request from the Secretary, Industrial Development to the Finance Secretary saying that the NRF had started gaining momentum and that it would require Rs. 1364 and odd crore as budgetary provision for NRF during 1993-94. As against which the provision was only Rs. 700 crore. In June 1993, the Finance Secretary said that in their assessment only Rs. 320 crore in addition to Rs. 700 crore needed to be given. The break up of Rs. 320 crore was Rs. 270 crore for VRS and Rs. 50 crore for training, counselling and Area Re-generation Scheme. Sir, I will read out from the letter:

'It is possible that all this amount may not be spent but in order to ensure the release of the second tranche of funding and the co-financed amounts—the additional provision of Rs. 320 crore will have to be made through a supplementary demand in due course.'

So at the time when Rs. 320 crore was taken, we also had a feeling that it might not be utilised. There was some amount coming from the World Bank and in order to take that we had to put it through the budgetary process. This amount of Rs. 320 crore was needed to be transferred to the Public Account for National Renewal Fund: The amount of Rs. 270 crore is further sub-divided into Rs. 140 crore and Rs. 131 crore. As I mentioned earlier, Rs. 140 crore for Workers Compensation Package and Rs. 131 crore for VRS in Central PSUs. Rs. 131 crore was put in the NRF to be used by different Ministries. NRF Public Account gets money transferred from the budgeting resources and it is used by other Ministries also. The Finance

Ministry gives the allocation. There we do not have any control. But we were responsible for Rs. 140 crore and Rs. 46 crore of workers counselling and area re-generation scheme. We are therefore responsible for only Rs. 186 crore out of Rs. 320 crore. It looks as if the two amounts, *i.e.* Rs. 320 crore and Rs. 186 crore have been taken separately whereas Rs. 186 crore should have been the part of Rs. 320 crore. That is the anomaly which has come up in these figures and I wanted it to place before this august body."

58. On being enquired as to whether the Department brought this anomaly in figures to the notice of the C&AG's Organisation, the Secretary (ID) stated:—

"Sir, it was looked into more seriously while we were preparing for the oral evidence and to that extent there could be a slippage."

59. At the instance of the Committee, the Department of Industrial Development furnished a note from chief Controller of Accounts (Industry) clarifying the exact position in regard to the figures of savings shown in the Appropriation Accounts relating to them. The complete text of this note is reproduced at Appendix-X. A perusal of this note would reveal that the Chief Controller of Accounts has stated that it would not be correct to say that savings of Rs. 506.35 crores shown in the Appropriation Accounts of Grant No. 51 are incorrect.

60. In the context of the large scale savings under National Renewal Fund, the Committee desired to know the purpose for creation of this fund and problems faced by the Department is not being able to utilise the allocations made in this regard. In his deposition, the Secretary (ID) clarified the position as under:—

"National Renewal Fund was created as a result of the statement made by the Finance Minister while presenting the Budget for 1991-92 in which, he said that in order to protect the workers from the adverse impact of modernisation and transformation, this Fund is to be created so that it could provide them succour in terms of rehabilitation, retraining and redeployment. VRS benefits can also be paid to them.

When we went for the creation of NRF in the year 1992, certain guidelines were approved by the Cabinet and were issued. As part of those guidelines, there was supposed to be an Empowered Authority which was supposed to give clearance on its own up to Rs. 100 crore. It was on that basis, all these assessments were being made. But in the very first or second meeting of the Empowered Authority it was brought to the notice of the then Chairman of the Empowered Authority who was the Secretary, Industrial Development that till the Transaction of Business Rules was amended, sanctioning of expenditure upto Rs. 100 crores without going through the Expenditure Finance Committee, PIB route, will not be possible.

Since then, the operational modalities of the NRF are being worked out but unfortunately final sanction has not yet been given. So, we have floated another note for consideration of the Government saying that either the old guidelines should be reiterated or those should be revised in the light of the objections raised by the Ministry of Finance.

There are different points of view which till date have not been resolved. The file is now at a stage where we can with a little bit of effort, hope to take it to the CCEA may be in a month's time."

61. On being enquired whether no final decision had been taken for the utilisation of money available in this Fund, the Secretary (ID) stated:—

"Decision in regard to giving of VRS has been taken in which the Finance Ministry has agreed to. Decision in regard to pilot project for counselling and ratraining at the five centres which have been established which will be extended to 48 centres has been implemented.

It is my personal view. The main purpose of the National Renewal Fund of taking care of areas, Area Regeneration Scheme, the area where the industry had been prospering at a point of time has now become neglected, that area can be taken care of by this scheme. Rationalisation through retraining, counselling and redeployment, unfortunately because of these hassles, have not taken off to an extent they should normally have. We expect tc put a lot of force into this now."

(ii) *Grant No. 78—Ministry of Textiles*

62. The Appropriation Accounts of the Ministry of Textiles for the year 1993-94 revealed that in the Revenue Section of this grant, there was a saving of Rs. 172.85 crores which was 24.20 percent of the sanctioned provisions.

63. Explaining the reasons for such large scale savings in this grant, the representative of the Ministry of Textiles stated during evidence:—

"In the revenue account there is a saving of Rs. 172.95 crore. A major part of it — Rs. 139.07 crore—is accounted for by savings under the VRS head. Mainly it pertains to the National Textiles Corporation, the Elgin Mills and the Kanpur Mills which are subsidiaries of the British India Company. During 1993-94, the budgetary allocation for NTC was Rs. 175 crore; for the Elgin Mills, it was Rs. 17.15 crore and for the Kanpur Mills, it was Rs. 4.92 crore. This was based on a modernisation proposal prepared for all the three companies. In August 1992 it was approved by the Government. It was a large modernisation programme involving Rs. 532.78 crores on modernisation plus another Rs. 197.07 crore on VRS for 1993-94 for all these textile mills. In fact, the budgetary allocation is what was envisaged in the Cabinet note for 1993-94 and if it was accepted that the modernisation would be implemented, the VRS part of it would be spent. But subsequently what happened was that in the modernisation plan, out of Rs. 532.78 crore, the bulk of it— Rs. 404 crore — was to be provided by the financial institutions as loans. This proposal was approved in August, 1992. Subsequently, out of the nine subsidiaries of the NTC, eight subsidiaries were declared sick and they were referred to the BIFR. Naturally, the financial institutions were not willing to come forward and in a way the modernisation plan got delayed. On the other hand there were problems with the workers' unions. They did not fully agree with the type of VRS scheme that was thought of. These are the two main reasons because of which this amount could not be spent. Normally, under the VRS, the Ministry incurs the expenditure and then recovers the amount from the public deposit account. Actually in the case of NTC, out of Rs. 175 crore, Rs. 40 crore was spent and the remaining Rs. 135 crore was shown as saving. In the case of Elgin Mills, out of Rs. 17.15 crore, Rs. 16.50 crore was spent and Rs. 0.65 crore was the saving; in the case of Kanpur Mills, out of Rs. 4.92 crore, Rs. 1.5 crore was the expenditure and Rs. 3.42 crores was the saving."

64. Elaborating further on these savings, another representative of the Ministry of Textiles deposed:—

"Regarding NTC mills, looking to the fact that they were incurring losses every year, in 1992 a Corporate Plan was prepared. The bulk of the funds as per the Plan were to come from the financial institutions. Since the financial institutions did not come forward, there was slow pace in the implementation of the VRS Scheme. One reason is the financial institutions. Secondly there was resistance from the labour unions. They felt that without the modernisation programme being taken up, it would only lead to closure of mills and basically to retrenchment of workers without any kind of possibility of the mills becoming viable.

Therefore, in 1993 a decision was taken that a revised strategy would be prepared and the matter was referred to the Textile Research Associations in June, 1993. They have prepared a revised strategy which involved expenditure of around Rs. 2,005 crores for modernisation of these mills. This strategy has been approved only in 1995 and we are now in the process of working out the modalities. This entire expenditure will now be borne from the surplus funds available from the sale of land."

65. In reply to a question as to why did the Ministry asked for budgetary allocations far in excess of their demand, the witness stated:—

> "At the time we had gone to the Cabinet, we had presumed that the financial institutions would come forward. In 1991, there was an amendment in SICA (Sick Industrial Companies Act) the Act which the BIFR (Board for Industrial Finance and Reconstruction) is implementing whereby public sector undertakings were also covered under the provisions of SICA. In late 1992 and in early 1993, 8 out of the nine subsidiaries had to be referred to BIFR and subsequently declared sick in 1993 and 1994. This situation was not there when we had prepared the turn around strategy in 1992. When the corporate plan was approved, we were confident that we would be able to implement this plan for the NTC mills and Elgin/Kanpur Mills."

(C) Surrender of Savings

66. Savings in a grant or appropriation are required to be surrendered to the Government as soon as these are foreseen without waiting for the last day of the year.

67. It has been pointed out by Audit in para 2.5 of Report No. 1 of 1995 that against final savings of Rs. 20817.32 crores in the Appropriation Accounts (Civil), the amount surrendered was Rs. 14679.64 crores out of which 99 per cent (Rs. 14599.06 crores) were surrendered on the last day of the financial year. The C&AG's Report further pointed out that in 32 voted grants and 26 charged appropriations, the enitre savings amounting to Rs. 621.79 crores and Rs. 1262.35 crores respectively were not surrendered. The Audit Report has also brought out 44 instances where savings were greater that 20 per cent and amounted to more than Rs. one crore but were only partly surrendered to Government. A scrutiny of those cases reveals that the percentage of savings not surrendered to the total saving available under a grant/appropriation varied between 21.3 and 99.9 per cent.

68. It has also been brought out in the C&AG's aforesaid Report that in the following six voted grants and one charged appropriation, the amount surrendered exceeded the overall savings:

(Rs. in crores)

Sl. No.	Grant	Amount of saving	Amount surrendered
1	2	3	4
Revenue—Voted			
1.	2—Other Services of Department of Agriculture and Cooperation	31.14	31.28
2.	8—Department of Tourism	1.00	1.25
3.	77—Ports, Lighthouses and Shipping	5.62	13.84
4.	94—Delhi	544.83	544.94

1	2	3	4
	Capital Voted		
5.	10—Ministry of Coal	139.73	139.74
6.	75—Surface Transport	15.18	15.30
	Capital Charged		
7.	2—Other Services of Department of Agriculture and Cooperation	2.21	2.24
	Total	739.71	748.59

69. It is also seen from the Appropriation Accounts (Civil) for the year 1993-94 and the Report of the C & A G thereon (No. 1 of 1995) that Rs. 0.21 crore were surrendered although the expenditure exceeded the appropriation and no savings were available for surrender in cases of following two charged appropriations:

(Rupees in Crore)

Sl. No.	Grant	Amount of excess	Amount Surendered
	Revenue-Charged		
1.	97—Lakshadweep	0.12	0.02
	Capital-Charged		
2.	44—Police	0.03	0.19
	Total	0.15	0.21

IV. Supplementary Grants/Appropriations

70. If the amount provided for in the sanctioned budget for any service in a financial year is found to be insufficient for the purpose in that year or when a need has arisen during that year for supplementary or additional expenditure upon some 'new service' not contemplated in the original budget for that year, the Government is to arrange necessary supplementary grants or appropriations in accordance with the provisions of Article 115(1) of the Constitution.

71. The Ministry of Finance had also issued instructions to all Ministries/ Departments on 27 March, 1986 stipulating that supplementary demands should be severely restricted to genuine unforeseen expenditure. The Committee's examination of paragraph 2.4 of the C&AG's Report No. 1

of 1995 has, however, revealed that supplementary provision of Rs. 826.97 crores obtained in 24 cases by the concerned Ministries/Departments proved unnecessary as the final savings of Rs. 1292.85 crores in these cases exceeded the supplementary provisions. The details of these cases are given in Appendix-XI.

72. Similar position in respect of accounts relating to Defence Services and Telecommunication Services have also come to notice of the Committee as may be seen from the following table:

Sl. No.	No. & Name of Grant	Supplementary Provisions obtained	Final Savings
		(Rupees in crores)	
	Appropriation Accounts (Defence Services)		
	Revenue-Voted		
1.	21—Defence Ordnance Factories	115.63	117.66
	Revenue-Charged		
2.	18—Army	0.57	3.49
3.	19—Navy	0.30	2.49
	Capital-Charged		
4.	Capital Outlay on Defence Services	2.56	4.55
	Appropriation Accounts (Telecommunication Services)		
	Revenue-Voted		
5.	15—Telecommunication Service	34.00	461.42

73. The Committee's scrutiny of the relevant Appropriation Accounts has also revealed that despite obtaining supplementary grants/

appropriations of Rs. 272.22 crores to meet their additional requirement, the Ministries/Departments concerned had incurred excess expenditure during 1993-94 in the following eight cases out of 16 grants/appropriations those registered excess expenditure during that year:

Sl. No.	No. & Name of Grant/ Appropriation	Amount of Supplementary Grant/ Appropriation obtained	Amount of excess expenditure
		(In lakhs of rupees)	
	Civil Accounts		
1.	33—Pensions	6663.00	641.12
2.	44—Police	895.00	3.17
3.	61—Ministry of Non-Conventional Energy Sources	380.00	1.57
4.	96—Dadra and Nagar Haveli	100.00	12.43
	Postal Services		
5.	14—Postal Services	16173.00	1679.91
	Railways		
6.	Appropriation-8	6.53	8.75
7.	Grant-8	3000.00	3556.27
8.	Grant-16 (Capital)	4.00	114918.30

V. Expenditure on "New Service/New Instrument of Service"

74. On the recommendation of the Public Accounts Committee, Government have prescribed certain financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires prior approval of Parliament.

75. It is however, seen from audit paragraph 2.10 of C&AG's Report No. 1 of 1995 that during test check in audit of the Appropriation Accounts of Ministry of Textiles, it was noticed that the Ministry had incurred an expenditure of Rs. 10 crores towards grants-in-aid to National Jute Manufacturers Corporation under Voluntary Retirement Scheme against the budget provision of Rs. two crores. The additional expenditure of Rs. eight crores which was in excess of the prescribed limit of Rs. two crores was met by re-appropriation within the grant without prior approval of Parliament.

76. Explaining the position in this regard, the representative of the Ministry of Textiles *inter-alia* stated during evidence:

> "In the case of Jute Corporation, out of Rs. 139.07 crores of saving in VRS, Rs. 8 crores was diverted for making payments under the VRS though, strictly speaking, that was not permitted. This entire amount is meant for textile mills."

He also added:

> "In fact, Sir, the CAG observed in his report that prior approval of Parliament was necessary and we concede that point. It was shown to the Ministry of Finance and subsequently we took expost-facto approval."

77. Incidentally, a similar case of re-appropriation from within the grant by the Ministry of Textiles without the prior approval of Parliament had also come to the notice of the Committee at the time of examination of Appropriation Accounts for the previous year i.e. 1992-93.

78. To sum up, the Committee find that an expenditure of unprecedented magnitude of Rs. 1240.35 crores had been incurred by various Ministries/Departments of Union Government in excess of the provisions sanctioned under 16 grants/appropriations during the year 1993-94. The Committee are particularly astonished to find that bulk of this excess expenditure had been recorded under the grants/appropriations operated by the Ministry of Railways which accounted for over 98 per cent of the total excess expenditure incurred during that year. The fact that excess expenditure of Union Government has been persistently occurring year after year and has gone up from Rs. 398.28 crores in 1991-92 to Rs. 689.06 crores in 1992-93 and touched an all time high of Rs. 1240.35 crores in 1993-94 clearly indicate that the situation has been going from bad to worse despite issuance of elaborate instructions at regular intervals by the Ministry of Finance in pursuance of the oft-reiterated recommendations of the Public Accounts Committee to contain the excess expenditure to the barest minimum. The Committee view this dismal picture with grave concern and are of the firm opinion that mere issue of instructions have not yielded desired results and there is an imperative need to devise an effective mechanism to ensure rigid enforcement of all those instructions with a view to imparting financial discipline on all Ministries/Departments to avoid excess expenditure. The Committee, therefore, recommend that the Ministry of Finance should look into the matter and take appropriate steps to impress upon the Departmental Heads concerned to carry out checks for strict application of prescribed financial rules and deal sternly with cases of aberrations noticed during such checks so that recurrence of huge excess over Voted Grants/Charged Appropriations on this account could be avoided in future.

79. The Committee's examination of the Appropriation Accounts for 1993-94 has revealed that excess expenditure of over rupee one crore had been incurred in as many as eight voted grants out of which six grants were operated by the Ministry of Railways alone. Another disquieting aspect

observed by the Committee is that the excess expenditure in eight grants/appropriations had occurred despite obtaining supplementary provisions of Rs. 272.22 crores. The Committee's detailed examination of the more glaring cases of excess expenditure has brought to sharp focus not only the failure of the Ministries/Departments to assess requirement of additional funds even at the fag-end of the year but also the inadequacies in the institutional arrangements in the Ministries/Departments in monitoring the trend of expenditure under various heads of accounts. The Committee, therefore, desire the Ministry of Finance to take concrete steps to ensure that all Ministries/Departments not only gear up their internal check arrangements to keep watch over the trend of expenditure against the sanctioned grant/appropriation but also take timely corrective action to obtain additional funds whenever required so that the undesirable tendency of incurring excess expenditure could be minimised.

80. In this context, the Committee further recommend that the Ministry of Finance should consider the feasibility of introducing a system of letter of credit in the case of each grant so that the expenditure do not cross the sanctioned limits of the grant.

81. The Committee note that the Ministry of Railways incurred an overall excess expenditure to the tune of Rs. 1216.83 crores under eight Grants/Appropriations operated by them during the year 1993-94. This excess expenditure of sizeable magnitude occurred mainly under Grant No. 16 (Capital) which alone accounted for an excess of Rs. 1149.18 crores. The Ministry of Railways informed the Committee during evidence that the excess expenditure under Grant No. 16 (Capital) was due to "a wrong understanding of the accounting principles" as the expenditure under inventory was to have been booked under Grant No. 16 (Capital Fund) under which the relevant budgetary provisions were made. The Committee have also been informed that the "Capital Fund" was practically operated for the first time in 1993-94. According to the Ministry of Railways, instructions about operation of this funds with reference to Rules of Allocations were issued in May, 1993 but these instructions did not delineate the areas of expenditure which should be charged to these two sources i.e., "Capital" and "Capital Fund". In their defence, the Ministry of Railways have also pleaded that it was a sort of technical excess in view of the savings in "Capital Fund" under this Grant. The Committee are not inclined to agree with the assertions made by the Railway Ministry in this regard as "Capital" and "Capital Fund" are two different heads under Grant No. 16 and no re-appropriation of funds *inter-se* is stated to be permissible. On the other hand, they are of firm belief that this case is clearly illustrative of the lackadaisical approach followed by the Ministry of Railways in working out a proper accounting procedure for booking of expenditure under two distinct Heads, "Capital" and "Capital Fund" under Grant No. 16. This has frustrated the very purpose of creating the "Capital Fund" as recommended by the Railway Convention Committee in 1993. The Committee are

informed that the proper procedure for allocating expenditure of capital nature to "Capital" and "Capital Fund" was not evolved in time even for 1994-95 accounts. Although the Ministry of Railways are stated to have referred the draft procedure to audit in February 1995, the procedure proposed by the Ministry offended against the basic prohibition on re-appropriation between "Capital" and "Capital Fund". The Ministry are reported to have issued instructions only as an interim measure for operation of Capital Fund from accounts for July 1995. The Committee take a serious view of the unconscionable delay that has occurred in the matter. The Committee trust that necessary action would now at least be taken by the Ministry to ensure that a sound and proper system of allocation of capital expenditure between "Capital" and "Capital Fund" is worked out in consultation with Audit and communicated to the field formations so that the aberrations that occurred in the accounts for 1993-94 are avoided. The Committee would like to be kept informed of the procedure worked out by the Ministry.

82. The Committee are of the strong opinion that this case is also indicative of the lapse at all levels in the Ministry of Railways in keeping a close watch over the trend of expenditure during the year under two distinct Heads "Capital" and "Capital Fund" under Grant No. 16. Evidently, the Railway authorities miserably failed to take corrective action to rectify the mistake even at the stage of final compilation of the accounts. Although the Ministry are stated to have evolved a fully computerised system of monthly financial review at various levels of management, the Committee are in no doubt that such reviews were not effective atleast in this case. The Committee deplore the failure of the Ministry of Railways at various levels which resulted in gross distortion of accounts for 1993-94 and they would like responsibility to be fixed for the same. The Committee also trust that necessary action would atleast now be taken by the Ministry to ensure that such misclassifications resulting in distortion of figures in the accounts do not recur in future.

83. The Committee regret to find yet another instances of wrong booking of expenditure by the Ministry of Railways under Grant No. 12 where Rs. 55 crores were shown as a credit instead of minus debit which was outside the scope of this demand and resulted in excess expenditure. Equally distressing is the admission made during evidence by the representative of the Ministry that "it was a simple mistake which could have been rectified". The Committee take a serious view of the perfunctory manner in which the accounts were maintained by the Railway authorities where such errors escaped noticed and could not be rectified in time. They would also like that reasons for such glaring error be gone into and responsibility for the lapse fixed.

84. The Committee note that Revenue Section (Voted) of Grant No. 14-Postal Services recorded an overall excess of Rs. 16.80 crores during the year 1993-94. The Committee's examination of the relevant Appropriation Accounts has revealed that this excess expenditure had occurred despite

obtaining supplementary provision of Rs. 161.73 crores in March, 1994. On scrutiny of the explanatory note furnished by the Department of Post, the Committee find that this excess expenditure had occurred mainly due to payment of Productivity Link Bonus; expansion of speed post services in more areas and opening of more post offices in rural areas; more payment to clearing offices and payment of dearness allowance; and also non-acceptance of claims by the Department of Telecommunications. Apparently, most of these items were of such nature of which timely action to obtain additional funds could have been taken at the revised estimate stage and/or at supplementary grant stage. The Committee consider it to be another instance of unrealistic assessment of the additional funds on the part of the Department and they desire the Department of Post to exercise greater care in future.

85. The Committee are constrained to observe yet another deviation from the prescribed financial principles by the Department of Posts which introduced a new scheme called "Mahila Samridhi Yojana" in October, 1993 but failed to take any decision on accounting of expenditure under this scheme till the close of the financial year in March, 1994. The net result was that an expenditure of 45 lakhs on this scheme was incurred and booked under a Head where funds were neither provided originally nor were made available by re-appropriation. The Committee take a serious view of this aberration and they would like the Department of Posts to explain the circumstances which led to delay in taking accounting decision in this case and their failure to provide funds by way of re-appropriation in incurring of expenditure on this scheme.

86. Under Revenue Section (Voted) of Grant No.33-Pensions, the Central Pension Accounting Office (CPAO) in the Department of Expenditure had incurred an expenditure of Rs. 6.41 crores over and above the sanctioned provisions of Rs. 809.27 crores which included supplementary provisions of Rs. 66.63 crores obtained in March, 1994. Significantly, excess expenditure under this grant has been a recurring feature since 1991-92. The Committee's scrutiny of the Appropriation Accounts has revealed that but for the savings under various sub-heads, the overall excess expenditure under this grant would have been much more as an excess of Rs. 52.22 crores alone had occurred under the head "2071—Civil-Superannuation and Retirement Allowances Ordinary Pensions." Surprisingly, the excess expenditure under this head had occurred despite obtaining supplementary grant of Rs. 42.84 crores in March, 1994. The Committee's examination has further revealed that unnecessary supplementary grants of Rs. 23.14 crores were obtained by the CPAO in March, 1994 under three distinct sub-heads and the same remained wholly unutilised as the savings under those sub-heads exceeded the supplementary provisions. The Committee consider it to be an instance displaying lack of proper monitoring of trend of expenditure under various sub-heads as well as failure to assess actual requirement of

funds even at the fag end of the year. While attributing excess expenditure under this Grant to the increase in the number of pensioners than anticipated and grant of periodical dearness relief to pensioners, the Department conceded during evidence that they did not have the complete details in their Data Bank in respect of pensioners who retired prior to 1.1.1990. Obviously, any estimation of the budgetary requirements under the Grant-Pension in the absence of complete data would be nothing but an exercise based on guess work which would lead only to variations between the budgetary provisions projected and the actual expenditure under various heads of this Grant. The Committee trust that concerted efforts would be made by the Department to collect and compile the requisite data in the shortest possible time so that their budget estimates do not go awry as at present. The Committee would also like the CPAO office to revamp their existing set up with a view to building a sound accounting information system for keeping an unremitting vigil over the actual trend of expenditure *vis-a-vis* the sanctioned provisions under various heads of this Grant so as to effectively check the recurring feature of excess expenditure under this Grant.

87. While there had been instances of incurrence of excess expenditure of immense magnitude over voted grants and charged appropriations during the year 1993-94, the Committee are astonished to note that the year also witnessed large scale savings amounting to Rs. 24456.67 crores out of which the grant/appropriations covered under Appropriation Accounts (Civil) alone accounted for savings of Rs. 20824.03 crores. The Committee's scrutiny of the Appropriation Accounts of Civil, Defence, Postal Services, Telecommunication Services and Railways in this regard revealed that savings of even over Rs. 100 crores had occurred in as many as 22 grants/appropriations. Astonishingly, such large scale savings had occurred even in developmental areas like agriculture (Rs. 233 crores), Animal husbandry & dairying (Rs. 113 crores), Industrial development (Rs. 525 crores), Power (Rs. 109 crores), Rural development (Rs. 167 crores) and Coal (Rs. 140 crores). An analysis of the contributory reasons attributed for the savings by the Ministries/Departments in some of such cases also revealed that the schemes in those areas had failed to materialise during the year as planned. Obviously, this is indicative of poor budgeting, planning and also inadequate scrutiny of estimates at various levels. Further, the Committee consider it unfortunate that the Ministries/Departments concerned woefully failed in efficiently utilising the funds sanctioned by Parliament even in the vital sectors of the economy meant to cater to the developmental and infrastructural requirments of the country.

88. In this context, the Committee during the course of their examination found that in Revenue Section (Voted) of Grant No. 51 Department of Industrial Development, there was a saving of Rs. 525.37 crores in 1993-94. Curiously enough, the savings in this Grant exceeded even the Supplementary provision of Rs. 508.47 crores obtained by the Department in December, 1993 and March, 1994. On scrutiny of the explanatory note

furnished by the Department, the Committee found that substantial savings under this Grant were mainly in the two heads of account *viz.* (i) Transfer to National Renewal Fund (NRF) (Rs. 320 crores), and (ii) Workers Compensation Package and implementation of Voluntary Retirement Scheme in Public Sector Undertakings (Rs. 140.05 crores). According to the Department, the entire provision of Rs. 320 crores under NRF could not be transferred to the Public Accounts as anticipated because the Transaction of Business Rules and the operational modalities under NRF could not be finalised during that year. The Committee's further examination has revealed that this matter is still pending decision. Similarly, the budgetary provision of Rs. 140.05 crores under Workers Compensation Packages and implementation of Voluntary Retirement Scheme in Public Sector Undertakings remained unutilised due to non-materialisation of the scheme. Obviously, the Department projected their budgetary requirements under the aforesaid two heads without taking into account the ground realities relating to finalisation of operational modalities of NRF and the implementation of Workers Compensation Package and implementation of Voluntary Retirement Scheme in Public Sector Undertakings. The Committee cannot but express their displeasure over the failure of the Department in making a realistic assessment of their requirements particularly while seeking the supplementary demands at the fag end of the financial year in March, 1994. The Committee trust that the Department of Industrial Development would draw suitable lessons from this experience and exercise due farsightedness and caution while estimating their requirement of funds for various schemes in future.

89. Similarly, under Revenue section of Grant No. 78—Ministry of Textiles, there was a saving of Rs. 172.85 crores which was 24.20 percent of the provisions sanctioned under this Grant. The Committee have been informed during evidence that a major part of these savings was on account of the savings effected under the Voluntary Retirement Schemes pertaining to the National Textile Corporation (NTC), the Elgin Mills and the Kanpur Mills for which a modernisation proposal was prepared and approved by the Government in August, 1992. According to the Ministry, the budgetary proposal for 1993-94 were accordingly projected by them on the basis of the modernisation plan. The financial institutions who were to provide loans for the modernisation programme were, however, subsequently not willing to come forward as eight subsidiaries of the NTC were declared sick and referred to the Board for Industrial Finance and Reconstruction. As a result of this, the modernisation programme was delayed and the worker's unions also did not agree with the type of voluntary retirement scheme that was initially thought of. The Committee were also informed that these were the two reasons for the slow pace in the implementation of the voluntary retirement schemes which had accounted for a major part of the savings under this Grant. In view of the foregoing, the Committee are inclined to

conclude that the Ministry of Textiles were not alive to the situation and they did nothing to revise their estimates during 1993-94 for the Schemes which failed to materialise as anticipated by them earlier. At this stage, the Committee can only express their unhappiness over the poor spectacle of affairs in which the budgetary exercise was undertaken in the Ministry of Textiles during the year 1993-94.

90. During their examination of this subject, the Committee have been informed by the Ministry of Finance (Department of Expenditure) that they played a limited role in reviewing the budgetary requirements projected by the various Ministries/Departments of Union Government and they were generally guided by the judgement of the Secretary and the Financial Advisor of the Ministry/Department concerned. During evidence, the representative of the Department of Expenditure also admitted that the judgement on the budgetary requirements of the Ministries/Departments had "not been adequately reflected in the actual positions" in the year 1993-94. He also conceded that the existing mechanism was not working and revised instructions needed to be issued. This admission of fact clearly reveals not only the absence of a scientific system in the Ministries/ Departments for assessing properly their actual needs of funds at the various stages of estimation but also inadequacies in the Ministry of Finance in reviewing realistically the requirements of funds projected by various Ministries/Departments. The Committee were, however, informed by the representative of the Ministry of Finance (Department of Expenditure) during evidence that they have taken steps to devise suitable mechanism whereby each administrative Ministry and Financial Advisor would meet once in a month and the Expenditure Secretary would review the situation once in a quarter. While welcoming the steps taken by the Ministry of Finance, the Committee would like the Ministry of Finance to impress upon the Financial Advisors of the Ministries to discharge their responsibilities properly by forecasting their monetary requirements after taking due note of the essential requisites including the past trends, the stage of formulation/implementation of various schemes for which funds were being sought etc. They would also desire the Ministry of Finance to carefully review and scrutinise the budget estimates framed by the Ministries/ Departments and apply the necessary correctives to make budget exercise more realistic and meaningful.

91. The Committee's further scrutiny of Appropriation Accounts (Civil) has also revealed that savings of Rs. 100 crores in the grants/ appropriations relating to Interest Payment; Transfers to State Governments; Repayment of Debt; and Ministry of Textiles has been a recurring feature since 1991-92. In the opinion of the Committee this persistent occurrence of large scale savings in these grants/appropriations are indicative of both faulty budget estimation and also undesirable tendency of the Ministries/Departments concerned to grossly over estimate their requirement of funds which not only leads to inefficient utilisation of funds but also deprives other important sectors of the economy of much

needed resources. The Committee would like the Ministry of Finance to make a case study of these grants/appropriations and take suitable measures to make exchequer control over these grants/appropriations more realistic and meaningful.

92. In pursuance of the recommendations of the Committee made in Paragraph 1.24 of their 60th Report (10th Lok Sahha) and subsequent instructions issued by Ministry of Finance on 19 December, 1994, the explanatory notes of savings of Rs. 100 crores and above were required to be furnished to the Committee in respect of the Appropriation Accounts for 1993-94 and onwards as per the time schedule prescribed in this regard. Accordingly, the detailed notes on saving of Rs. 100 crores and above made during the year 1993-94 were required to be furnished to the Committee by 31 May, 1995. The Committee are however, deeply concerned to note the delay in the submission of such explanatory notes by the concerned Ministries. Out of the 22 such cases where explanatory notes were due, the same was received in time from Department of Industrial Development only; there were delays ranging upto five months in the submission of those notes by concerned Ministries in respect of 13 grants/appropriations. Surprisingly, the relevant notes pertaining to 8 grants/appropriations are yet to be furnished to the Committee by the Department of Animal Husbandary and Dairying; Ministry of Home Affairs; Ministry of Power and Ministry of Finance (in five cases). The Committee consider that the delays as well as non-submission of these explanatory notes are in no way justifiable especially in the case of Ministry of Finance who have themselves laid down a time schedule for furnishing those notes to the Committee. The Committee would like the Ministry of Finance (Department of Expenditure) to reiterate their instructions in this regard emphasising that the Ministries/ Departments should henceforth strictly adhere to the prescribed time schedule and that the responsibility be fixed for any laxity in this regard. The Committee would also like the defaulting Ministries to furnish the requisite notes without further delay after getting them duly vetted by Audit.

93. Another shortcoming observed by Committee on the part of Ministries/Departments related to the non-adherence to the procedures prescribed for surrendering the savings. According to the prescribed procedure, savings in a grant or appropriation are required to be surrendered by the Department concerned to the Government as soon as these are foreseen without waiting till the end of the year. The Committee, are however, distressed to find that as against the final savings of Rs. 20,817.32 crores in the grants/appropriations operated under the Civil Sector for 1993-94, the amount surrendered was Rs. 14679.64 crores out of which 99 percent (14599.06 crores) were surrendered only on the last day of the financial year. Surprisingly, the entire saving amounting to Rs. 621.79 crores and Rs. 1262.35 crores in 32 voted grants and 26 charged appropriations respectively were not surrendered at all in total disregard to the prescribed procedure. To the utter dismay of the Committee, there were

also instances where the amount surrendered exceeded the overall savings or was surrendered even when no savings were availablble for surrendering. The Committee take a serious view of the laxity shown by various Departments in this regard and they desire the Ministry of Finance to ensure that the surrender of funds by various Ministries/Departments is made strictly in accordance with the prescribed rules so that the available savings may by effectively made use of in the much needed sectors of the economy.

94. What has further concerned the Committee is the manner in which supplementary demands had been obtained by the Ministries/Departments. According to the instructions issued by the Ministry of Finance to all the Ministries/Departments on 27 March, 1986, the supplementary demands should be severely restricted to unforeseen expenditure. The Committee's examination has, however, revealed that the instrument of obtaining supplementary demands was not operated judiciously by certain Ministries/ Departments during the year under review. There were as many as 24 cases in the Civil Sector where the supplementary provision of Rs. 826.97 crores obtained proved unnecessary as the final saving of Rs. 1292.85 crores in these cases exceeded the supplementary provisions. Similar cases of procuring supplementary allocations far in excess of their requirement were also noticed in the case of Defence Services and Telecommunication Services. From the foregoing, the Committee are in no doubt that a number of Ministries/Departments have been resorting to obtaining the supplementary grants/appropriations without conducting a proper scrutiny of the expenditure incurred or likely to be incurred by them during the financial year. The Committee would like the Ministry of Finance to give serious attention to this aspect and impress upon the budget Cells of all the Ministries to restrict their supplementary demands only to rare and emergent cases. The Committee also desire the Ministry of Finance to streamline their system for reviewing and scrutinising the requests for supplementary allocations made by Ministries/Departments before presenting the same to Parliament.

95. In pursuance of the recommendations of the Public Accounts Committee made from time to time, the Ministry of Finance have prescribed financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires either prior approval of or Report to Parliament. However, a case from the Ministry of Textiles has been brought to the notice of the Committee where the Ministry incurred an additional expenditure of Rs. eight crores under a particular head which was in excess of the prescribed limit of Rs. two crores and required prior approval of Parliament. During evidence, the representative of the Ministry conceded that this case required prior approval of Parliament. Incidentally, a similar case of reappropriation within the grant by the Ministry of Textiles without the prior approval of Parliament had also come to the notice of the

Committee at the time of examination of Appropriation Accounts relating to the preceding year. In the opinion of the Committee, such cases are indicative of the utter disregard being displayed by Ministries towards financial discipline. They, therefore, recommend that the Ministry of Textiles should take effective steps to ensure observance of the prescribed rules on the issue. They would also like that the circumstances leading to such defaults may be thoroughly investigated and responsibility fixed therefor.

96. The foregoing paragraphs reveal certain disquieting trends in the system of budgeting, observance of prescribed financial rules/discipline and exercise of financial control by various Ministries/Departments of the Government of India. Evidently, the inadequacies/shortcomings on this score had resulted in the incurrence of excess expenditure of considerable magnitude, registering of large scale saving and occurrence of several other financial irregularities/improprieties. The Committee cannot but express their deep concern over this unsatisfactory State of affairs. During evidence, the representative of the Ministry of Finance (Department of Expenditure) while admitting the shortcomings in the existing mechanism stated that they were contemplating revision of procedures and issuance of modified instructions for improving the position and ensuring observance of financial discipline. The Committee desire that in the light of the facts contained in this Report and the findings of Audit on the Appropriation Accounts of the Union Government for the year 1993-94 contained in the relevant reports of C&AG for the year ended 31 March 1994, Government should take effective steps to stremline the procedures with a view to making the budget exercise more realistic and meaningful, imparting financial discipline and effecting strict exchequer control.

97. Subject to the observations made in the preceding paragraphs, the Committee also recommend that the expenditure referred to in Paragraph 12 of this Report be regularised in the manner prescribed in Article 115(1) (b) of the Contitution of India.

NEW DELHI;
24 November, 1995

3 Agrahayana, 1917(S)

RAM NAIK
Chairman,
Public Accounts Committee.

APPENDIX I

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
CENTRAL PENSION ACCOUNTING OFFICE

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No. 33-Pensions, as disclosed in the Union Government Appropriation Accounts (Civil) for 1993-94.

Grant No. 33-Pensions

Revenue Section (Voted)

	(Amount in Rupees)
Original Grant	742,64,00,000
Supplementary Grant	66,63,00,000
Total Grant	809,27,00,000
Actual Expenditure	815,68,12,316
Excess Expenditure	6,41,12,316

2. Under Revenue Section (Voted) of the Grant 'Pensions', the original provision for the year 1993-94 was Rs. 742,64,00,000. This was augmented to Rs. 809,27,00,000 through a supplementary grant of Rs. 66,63,00,000. Against this the actual expenditure was Rs. 815,68,12,316 resulting in an excess expenditure of Rs. 6,41,12,316.

3. The above mentioned excess expenditure was the net result of excesses and savings under various sub heads of the Grant. Statement I & Statement II are showing the excess expenditure and savings respectively under various sub-heads of the Grant. The different sub-heads under which the excess expenditure of Rs. 5 lakhs and above occurred and reasons therefor are as under:—

Major-Head 2071

(Rs. in thousands)

(i) A. Pensions and Other Retirement Benefits

A. 1-Civil

A.1 (1)—Superannuation and Retirement Allowances

A.1(1) (1)—Ordinary Pensions

Original Grant 426,61,40

Supplementary Grant	42,83,87
Total Grant	469,45,27
Acutal Expenditure	521,66,89
Excess	52,21,62

The excess expenditure was due to addition of more pensioners and increase in the rate of Dearness Relief.

(Rs. in thousands)

(ii) A.1(9)—Pension to Legislators

A.1(9)(1)—Members of Parliament

Original Grant	55,73
Supplementary Grant	14,04
Total Grant	69,77
Actual Expenditure	84,03
Excess	14,26

The excess expenditure was due to addition of more pensioners and increase in the rate of Dearness Relief.

4. 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 Accouting Office gets vouchers and scrolls based on which the accounts are compiled.

5. 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 switchover 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 1.1.1990 when this office was established. It is estimated that there are about three lakhs 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 for precise estimation of pension expenditure. It is therefore, not always possible that the actual expenditure will be hundred percent same as the budgeted expenditure.

6. 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 1992-93 this variation came down to 2.33 per cent and for the year 1993-94 the excess expenditure of Rs. 6.41 crores (budget off Rs. 809.27) crores and actual expenditure Rs. 815.68 crores) was only 0.79 per cent of the budgeted amount.

7. 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 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 excess/savings statement and reasons thereof while furnishing their annual expenditure figures *vis-a-vis* the Budget provision so that the reasons for variations could be determined.

8. One of the tasks taken up by the Central Pension Accounting Office after its inception on 1st Jan., 1990 was to create data bank, which is voluminous and difficult. But for this, Central Pension Accounting Offfice has to depend on the information furnished by the office of about 24 Accountants General, about 600 Treasury Officers, 464 Reimbursing Banks and about 60 other offices. Though, Central Pension Accounting Office has now created the data bank based on the information supplied by the Accontants General and Public Sector Banks, but this is not cent percent correct 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 and with the co-operation of Public Sector Banks and all the A.G.s we hope to complete by 31.03.96.

9. In view of the reasons explained above, the excess expenditure of Rs. 6,41,12,316, under Revenue Section (Voted) of Grant No. 33-Pensions for 1993-94 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

10. This has been vetted by the Office of the Director General of Audit, Central Revenues vide their U.O. No. RR/11-1/95-96/204 dated 12.06.95.

-Sd-

Financial Adviser (Finance)

(Ministry's file No. MF.CPAO/A&B/34/Apprn/Volume-II/1993-94)

Statement-I

Statement showing the excess expenditure incurred under various sub-heads of Revenue Section (Voted) of Grant No. 33—Pensions for 1993-94.

(Rupees in thousands)

Sl. No.	Sub-heads	Excess expenditure
1.	A.1(1)(1)—Ordinary Pensions	52,21,62
2.	A.1(9)(1)—Members of Parliament	14,26
3.	A.1(10)(4)—Ex-gratia Pensions to Indian Pensioners of Portuguese Colonies	0,60
4.	A.1(10)(7)—Ex-gratia/ad-hoc allowances to Burma/ Pakistan—Civil Pensioners/Family Pensioners	3,56
5.	A.1(11)(1)—Cost of Remittance of Pensions by Money Orders	1,37
	Total	52,41,41

-Sd-

Financial Adviser (Fin.)

Statement-II

Statement showing the Savings occurred under various sub-heads of Revenue Section (Voted) of Grant No. 33—Pensions for 1993-94.

(Rupees in thousands)

Sl. No.	Sub-heads	Savings
1	2	3
1.	A.1(2)(1)—Ordinary Pensions	27,01,03
2.	A.1(3) —Gratuities	14,66,36
3.	A.1(4)(1)—Family Pensions	2,07,94
4.	A.1(6) —Contributions to Pensions and Gratuities	41,10
5.	A.1(7) —Contributions to Provident Funds	28,46
6.	A.1(8) —Pensions to Employees of State-aided Educational Institutions	3,13

1		2	3
7.	A.1(10)(1)	—Pensions under the Indian Civil Service Family Pensions rules	2,55
8.	A.1(10)(3)	—Pensions under the President's Pensions Act	0,05
9.	A.1(10)(5)(1)	—Pensions	0,15
10.	A.1(10)(6)	—Miscellaneous Pensionery Payments	12,34
11.	A.1(10)(8)	—Ex-gratia Pension to Families of deceased CPF beneficiaries	1,00
12.	B.1(1)(1)	—Pensions etc. under War Risk Compensation Scheme	2,95
13.	B.1(1)(2)	—Old Age Pensions in Chandigarh	3,98
14.	B.1(2)	—Deposit Linked Insurance Scheme-Government Provident Funds	90,06
15.	B.1(3)(1)	—Central Government Employees Insurance Scheme	2,93
16.	B.1(4)	—Other Insurance Schemes	36,26
		Total	**46,00,29**

-Sd-

Financial Adviser (Fin.)

APPENDIX II

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (charged) of Grant No.44-Police, as disclosed in the Union Government Appropriation Accounts (Civil) for 1993-94.

CapitalL Ssection (Charged)	Amount in Rupees
Original Appropriation	16,35,00,000
Supplementary Appropriation	8,95,00,000
Total Appropriation	25,30,00,000
Actual Expenditure	25,33,16,985
Excess	3,16,985

2. In Capital Section (Charged) of Grant No.44-police for the year 1993-94, against the total appropriation of Rs.25,30,00,000 there was an actual expenditure of Rs.25,33,16,985 resulting in an excess expenditure of Rs.3,16,985 which requires regularisation by the Parliament. This excess expenditure was the net result of savings and excesses under various sub-heads in Capital Section (Charged) of the Grant. The sub-heads under which the excess expenditure occured and the reasons therefore are given below:—

Major Head "5054"	(Rupees in lakhs)
CC.—Capital Outlay on Roads & Bridges	
CC.1—Strategic and Border Roads	
CC.1 (1)—Roads Works	
CC.1 (1) (2)—Construction of Roads on Indo-Bangladesh Border	5.95

The excess expenditure was due to unanticipated payments made in satisfaction of Court Decree/Arbitration Award. On 26th February, 1993, the Arbitration Award was published with a date of payment by 23rd February, 1994. This Award was challenged on 27.4.1993 in the Court of the Assistant District Judge, Calcutta as advised by the Ministry of Law. The Hon'ble Court, however, upheld the Award of the Arbitrator on 2.2.1994 and directed the Government to pay the amount as per Award including the interest, at the rate mentioned in the Award, to the claimant within a month from the date of judgement of the Court. Since the Arbitration Award was challenged in the Court and the Government was anticipating Court decision in its favour, no budget provision was made towards the Arbitration Award. The Hon'ble Court passed the Decree on 2nd February, 1994 and there was no time for obtaining additional funds by Supplementary Appropriation.

CC 1. (1) (3)—Errection of Barbed Wire Fencing & Wire Obstacles on Indo-Pak Border 30.46

The excess expenditure was due to unanticipated payments made in satisfaction of Arbitration Award/Court Decree in connection with Border Security Fencing in various sectors alongwith Indo-Pak Border. The Arbitration Awards could not be anticipated that too when the executing Department was contesting with all possible efforts and such awards had been in the Court of Law as well. Since after the Awards were made rule of Court and the contractors had gone in for execution of Decree, the payments could not be deferred even though sufficient funds were not available to meet the expenditure.

The Director General of Works, Central Public Works Department, who is the executing agency for the project had not specifically asked for 'Charged' appropriation to meet this liability at the time of formulation of revised Estimates/Supplementary Demands for Grants for 1993-94 and hence adequate funds could not be provided resulting in excess expenditure.

The Central Public Works Department has intimated that requisite provision to meet the liability could not be proposed at the time of formulation of Revised Estimates/Supplementary Demands for Grants for 1993-94 due to oversight. However, the concerned officers have been cautioned and warned to be careful in future.

Major Head "7601"

DD —Loans and Advances to State Governments

DD.1—Loans for Non-Plan Schemes

DD.1 (2)—Police—Other Loans 5.00

The excess expenditure was due to grant of loans to State Governments on completion of recruitment action by them for raising of India Reserve Battalions.

3. In view of the circumstances explained above, the excess expenditure of Rs. 3,16,985 under Capital Section (Charged) of Grant No.44-Police for 1993-94 may kindly be recommended for regularisation by the Parliament under Article 115 (1) (b) of the Constitution of India.

This Note has been vetted by Audit vide their U.O.No.RR/11-3/95-96/ 253 dated 28th June, 1995.

-Sd-/

(G. GANESH)
Financial Adviser & Joint Secretary
to the Govt. of India

F.No.14/3/94-Bgt.I dated. 19th July, 1995

APPENDIX III

GOVERNMENT OF INDIA
MINISTRY OF LABOUR

Note for Public Accounts Committee for regularisation of execss expenditure incurred under Capital Section (Voted) of Grant No.57—Ministry of Labour, as disclosed in the Union Government Appropriation Accounts (Civil) for the year 1993-94.

Capital Section (Voted)	(Amount in Rupees)
Original Grant	71,00,000
Supplementary Grant	Nil
Total Grant	71,00,000
Actual Expenditure	75,29,764
Excess	4,29,764

2. Under Capital Section (Voted) of Grant No. 57—Ministry of Labour, the original as well as the total provision for the year 1993-94 was Rs.71,00,000. As against this, the actual expenditure amounted to Rs.75,29,764 resulting in an excess expenditure of Rs.4,29,764 resulting in an excess expenditure of Rs.4,29,764 in the Grant. This was the net result of excess (Rs.876 thousands) under sub-head AA.1 (1) Financial assistance to Co-operative Societies of beedi workers for construction of Godowns and Work sheds and saving (Rs. 447 thousands) under sub-head BB.1 (1)—Housing Schemes Loans of the Grant.

3. The excess expenditure was mainly due to the financial assistance to cooperative societies of beedi workers for construction of godowns and work sheds. The original proposals in this respect came from the field offices of Welfare Commissioners of Director General Labour Welfare located in various States. More proposals than anticipated were received during 1993-94. The actual expenditure in 1992-93 was Rs. 1.35 lakhs in comparison with actual expenditure of Rs. 29.76 lakhs in 1993-94. The proposals for incurring the expenditure were cleared by the Ministry of Finance (Department of Expenditure) vide their U.O. No. 45 (1)/PF. 11/94 dated 9.3.94 and by that time the last date for last batch of supplementary grant was over. This excess expenditure does not result in any net cash outgo as this is latter on recovered from Reserve Fund created out of cess collected from manufacturing of beedies.

4. Steps are being taken to avoid recurrence of such type of cases in future. The expenditure will be watched more closely so that this kind of excess expenditure is avoided. A circular has been issued to all concerned to strictly adhere to the sanctioned budget. As such this scheme is not an open-ended scheme. The case of 30 work sheds was only an exception. As regards modification of the scheme the matter is under consideration of this Ministry.

5. In View of the position explained above, the excess expenditure of Rs. 4,29,764 in Capital Section (Voted) of Grant No. 57—Ministry of Labour for the year 1993-94 may kindly be recommended for regularisation by the Parliament under Article 115 (1) (b) of the Constitution of India.

6. This Note has been vetted by the Office of the Director General of Audit, Central Revenues, New Delhi vide their U.O. No. RR/11-4/95-96/ dated 15th June 1995.

(Ministry's File No. G-23015/4/94-B&A)

-Sd/-
(VIVEK MEHROTRA)
Joint Secretary & F F.A.

APPENDIX IV

MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Voted) of Grant No.61 Ministry of Non-Conventional Energy Sources, as disclosed in the Union Government Appropriation Accounts (Civil) for 1993-94.

Revenue Section (Voted)	Rupees
Original Grant	1,94,18,00,000
Supplementary Grant	3,80,00,000
Total Grant	1,97,98,00,000
Actual Expenditure	1,97,99,57,430
Excess	1,57,430

2. Under Revenue Section (Voted) of Grant No. 61 Ministry of Non-Conventional Energy Sources the total budget provision was Rs.1,97,98,00,000 (including supplementary grant of Rs.3,80,00,000 for the year 1993-94) against which the actual expenditure was Rs.1,97,99,57,430 resulting in an excess expenditure of Rs.1,57,430 only. This excess expenditure was the net result of excesses and savings under various sub-heads of the Grant. The sub-heads under which the excess expenditure of Rs. 50 lakhs and above occurred and reasons therefore are mentioned below:—

(i) Under Sub-head: B.1 (1) National Project on Biogas Development, a sum of Rs.37,00,00,000 was provided for grants to State Nodal Agencies/Non-Governmental Organisation etc. The excess expenditure of Rs.9,01,38,000 was due to settlement of pending liabilities of the previous years and increase in the target to nodal agencies.

(ii) Under sub-head B.1 (3)—Community and Institutional Biogas Development, a sum of Rs.26,00,000 was provided against which there was an excess expenditure of Rs.3,47,50,000 due to increase in the target from 50 to 200 during 1993-94 without providing any additional outlay and also due to settlement of liabilities of the previous years.

(iii) Under sub-head, B.2 (1) (4)—Subsidy on Other Solar Thermal Systems, a sum of Rs. 8,60,00,000 was provided in the Budget Estimate and Revised Estimate during 1993-94. The excess expenditure to the tune of Rs.2,90,48,000 was due to receipt of more proposals from different agencies.

(iv) Under sub-head B.2 (2) (3)—Demonstration, a sum of Rs.10,00,00,000 was provided during 1993-94. The excess expenditure of Rs.94,81,000 was due to receipt of more proposals conforming to the policy.

(v) Under sub-head B.4 (2)—Energy from Urban and Agricultural Wastes, a sum of Rs. 1,00,00,000 was provided. The excess expenditure to the tune of Rs. 59,30,000 was on account of arbitration fees.

Major Head—3601

(vi) Under sub-head: C.2(1)—Bio-Energy-National Programme for Biogas Development, a sum of Rs. 27,68,00,000 was provided during 1993-94 for centrally sponsored plan scheme. The excess expenditure of Rs. 3,66,38,000 was due to payment/settlement of old liabilities and higher achievement of targets.

Remedial Action:

3. From the year 1994-95 onwards this Ministry is taking care to avoid any such excess expenditure by restricting the targets and the corresponding releases upto the level of the grant provided.

4. In view of the circumstances explained above, the excess expenditure of Rs. 1,57,430 under Revenue Section (Voted) of Grant No. 61—Ministry of Non-Conventional Energy Sources for the year 1993-94 may kindly be recommended for regularisation by approval of the Parliament under Article 115(1)(b) of the Constitution of India.

This has been vetted by Audit vide their U.O. No.RR/11-7/95-96 dated 2nd June, 1995.

-Sd-

(U.N. PANJIAR)
Joint Secretary to the Govt. of India

APPENDIX V
GOVERNMENT OF INDIA
MINISTRY OF PLANNING AND PROGRAMME IMPLMENTATION
PLANNING COMMISSION
(NATIONAL INFORMATTICS CENTRE)

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Voted) of Grant No.65—Planning, as disclosed in the Union Government Appropriation Account (Civil) for 1993-94.

(Amount in Rupees)

Capital Section (Voted)	
Original Grant	18,35,00,000
Supplementary Grant	Nil
Total Grant	18,35,00,000
Actual Expenditure	18,44,13,192
Excess	9,13,192

2. Under Capital Section (Voted) of Grant No. 65—Planning, the original as well as the total provision was Rs. 18,35,00,000. Against this, the actual expenditure was Rs. 18,44,13,192 resulting in an excess expenditure of Rs. 9,13,192 which requires regularisation by voting of excess grant by Parliament under Article 115(i) (b) of the Constitution of India. The reasons for excess expenditure are given below:

During the year 1993-94, the National Informatics Centre, Planning Commission issued 13 administrative sanctions in favour of Central Public Works Department for an amount of Rs. 31.93 lakhs for various works as per the procedure laid down in this regard. It was specifically indicated in these administrative sanctions that they are valid up to 28.2.1994. The National Informatics Centre compiled the information regarding expenditure incurred against the above 13 administrative sanctions by the respective Pay and Accounts Offices of Central Public Works Department. It was found that by the last week of March, 1994, against the sanctioned amount of Rs. 31.93 lakhs, an expenditure of Rs. 15.39 lakhs was incurred by Central Public Works Department. Since the National Informatics Centre had a few urgent proposals for payment, it spent the balance amount of Rs. 16.54 lakhs (Rs. 31.93 lakhs—Rs. 15.39 lakhs) available after ascertaining the expenditure during the fourth week of March, 1994 from Pay and Accounts Offices, Central Public Works Department.

Government of India
Planning Commission
National Informatics Centre
A-Block, CGO Complex, Lodi Road, New Delhi-110003

No. G-20026/1/93-IFS/111 Dated: 22.05.95

To

The Controller of Accounts
Ministry of Urban Development
Nirman Bhavan
New Delhi

SUBJECT: REPORTING OF EXPENDITURE BY CPWD

Sir,

NIC has been entrusting various civil and electrical works to CPWD. Money is placed at the disposal of respective CPWD offices as per the procedure laid down in Controller General of Accounts O.M. No. 18(3)/92/TA/90 dated 27th January, 1993.

The past experience shows that respective Pay and Accounts Offices do not send monthly expenditure statement and sanction-wise expenditure regularly. Expenditure is also being incurred beyond the validity of administrative sanction. For example, during the year, 1993-94, NIC had clearly indicated that administrative sanctions are valid up to 28th February, 1994, but CPWD went on incurring expenditure beyond the validity date also. You are kindly requested to advise the various CPWD, PAOs to send monthly and sanction-wise expenditure regularly so that expenditure can be properly monitored and controlled by NIC.

Yours faithfully,
-Sd-

(ZAIL SINGH)
AFA

APPENDIX VI

GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Capital Section (Voted) of Grant No. 96-Dadra and Nagar Haveli, as disclosed in the Union Government Appropriation Accounts (Civil) for 1993-94.

Amount in Rupees)

Capital Section (Voted)

Original Grant	17,18,00,000
Supplementary Grant	1,00,00,000
Total Grant	18,18,00,000
Actual Expenditure	18,18,22,477
Excess	22,477

2. Under Capital Section (Voted) of Grant No. 96—Dadra and Nagar Haveli for 1993-94, the original provision was Rs. 17,18,00,000 which was augmented to Rs. 18,18,00,000 by obtaining a supplementary grant of Rs. 1,00,00,000. Against the sanctioned budget of Rs. 18,18,00,000, there was an actual expenditure of Rs. 18,18,22,477 resulting in an excess expenditure of Rs. 22,477 which is required to be regularised by the Parliament. This excess expenditure had occurred due to accounting error as explained below:

> During the year 1993-94 the Union Territory Administration purchased tyres and tubes worth Rs. 40,740 through Director General of Supplies and Disposals. The Union Territory Administration had booked this expenditure, by transfer entries, under Major Head '2515' C.3—Other Rural Development Programmes, C.3(1)—Direction and Administration (Rs. 18,330) and Major Head 2225' A.13—Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes, A.13(1)—Welfare of Scheduled Tribes, A.13(1)(1)—Other Expenditure (Rs. 22,410). But the Public Works Department of the Union Territory Administration who is direct demanding authority for DGS&D Supplies also booked this expenditure in Form CPWD—80 under Major Head '4202' S.S.(2)—Capital Outlay on Education, Sports, Arts and Culture. This resulted in booking of excess expenditure to the tune of Rs. 40,740 under Major Head '4202' S.S.(2)—Capital Outlay on Education

Sports, Art and Culture, leading to overall excess of Rs. 22,477 in Capital Section (Voted) of the Grant. Had there not been an erroneous booking of expenditure, there would have been a saving to the extent of Rs. 18,263 in Capital Section (Voted) instead of an excess expenditure of Rs. 22,477 as disclosed in the Union Government Appropriation Account (Civil) for 1993-94 in respect of Grant No. 96—Dadra and Nagar Haveli.

3. The Union Territory Administration has taken note to avoid such lapses in future.

4. In view of the position explained above, the excess expenditure of Rs. 22,477 in Capital Section (Voted) of Grant No. 96—Dadra and Nagar Havali for the year 1993-94 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

5. This has been vatted by Audit vide their U.O.No. RR/11-2/95-96/272 dated 5-7-1995.

-Sd-

(G. GANESH)
Joint Secretary & Financial Adviser

No. U.15023/1/94-Budget-II Dated the 11 July, 1995

APPENDIX VII

GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

Note for Public Accounts Committee for regularisation of excess expenditure incurred under Revenue Section (Charged) of Grant No. 97—Lakshadweep, as disclosed in the Union Government Appropriation accounts (Civil) for 1993-94.

(Amount in Rupees)

Revenue Section (Charged)	
Original Appropriation	22,00,000
Supplementary Appropriation	—
Total Appropriation	22,00,000
Actual Expenditure	34,42,937
Excess	12,42,937

2. Under Revenue Section (Charged) of grant No. 97—Lakshadweep for 1993-94 the total provision was Rs. 22,00,000. Against the total provision, there was an actual expenditure to the tune of Rs. 34,42,937 resulting in an excess expenditure of Rs. 12,42,937 which is to be regularised by the Parliament. This excess expenditure was the net result of excesses and savings under various sub-heads in Revenue Section (Charged) of the Grant. The sub-heads under which the excess expenditure occurred and reasons therefor are given below:—

(Rupees in lakhs)

Major Head '2403'	
B.2.-Animal Husbandry	
B.2 (3)-Cattle and Buffalo Development	5.26

The excess expenditure was due to implementation of the judgement given by the Hon'ble Central Administrative Tribunal, Ernakulam relating to grant of temporary status to the casual labourers and consequential benefits from the dates earlier than 1st September, 1993 but after 7th June, 1988. Though the budget provision available under this sub-head was not sufficient to meet the full requirement, the Union Territory Administration of lakshadweep incurred the expenditure of Rs. 10.26 lakhs to avoid contempt of Court.

(Rupees in lakhs)

Major Head '2851' L.1-Village and Small Industries L.1 (3)-Coir Industries	10.36

The Excess expenditure was due to payment of arrears pursuant to the judgement given by the Hon'ble Central administrative Tribunal, Ernakulam relating to grant of temporary status to the casual labourers in the Industries Department. To avoid contempt of Court, the payment was made to the beneficiaeries by the Union Territory Administration of Lakshadweep even though sufficient budget provision was not available.

3. It may be mentioned that the Tribunal had also directed to verify and decide whether applicants were similarly situated like the applicants in earlier case (*i.e.* O.A. 44/90) for granting the benefits. There was four months time to take a decision in this regard. The decision to make payment was made when the applicants were not satisfied with the stand taken by the administration and moved the tribunal for Contempt of Court. By that time proposal for Supplementary Demand for Grant for the year 1993-94 was finalised and hence funds could not be obtained by Supplementary Demand for Grant.

4. It may, thus be observed that in both the above cases, the Union Territory Administration of Lakshadweep incurred an expenditure of Rs. 15.62 lakhs in excess of the budget provision to implement the awards given by the Hon'ble Central Administrative Tribunal, Ernakulam so as to avoid contempt petition.

5. In view of the position explained above, the excess expenditure of Rs. 12,42,937 incurred under Revenue Section (Charged) of Grant No. 97-Lakshadweep for 1993-94 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

6. This has been vetted by audit vide their U.O. NO. RR/11-6/95-96/193 Dated 7th June, 1995.

—Sd—
(G. GANESH)
Joint Secretary & Financial Adviser

F.NO. U-15026/2/94-Budget-II — Dated 16/6/95

APPENDIX VIII

DEPARTMENT OF POST
(POSTAL ACCOUNTS WING)
BUDGET SECTION

Note for the Public Accounts Committee for Regularisation of Excess over voted grant as detailed in the appropriation accounts of grant No. 14 Postal Services for the year 1993-94.

In the Revenue Section (Voted) of Grant No. 14 — Postal Service, there was an excess of Rs. 16.80 crores constituting 0.9% of the total sanctioned provision in that segment of the Grant as shown below:—

(Amount in thousand of Rupees)

Original Grant	1688,26,00
Supplementary Grant	161,73,00
Total Sanctioned Grant	1849,99,00
Actual Expenditure	1866,79,00
Excess Expenditure	16,80,00

2. Against the original Grant of Rs. 1688,26,00 thousands augmented to Rs. 1849,99,00 thousands by obtaining a supplementary grant of Rs. 161,73,00 thousands. An Expenditure of Rs. 1866,79,00 thosuands had been incurred during 1993-94 resulting in excess expenditure of Rs. 16,80,00 thousands. The following factors contributed towards excess expenditure:—

(i) Excess expenditure was due to payment of Interim Relief and increase in the ceiling for payment of Productivity Linked Bonus.

(ii) Excess expenditure was due to expansion of Speed Post services in more areas and opening of more Post Offices in rural areas.

(iii) Non-acceptance of claims by the Deptt. of Telecommunications.

(iv) Excess expenditure was due to more payment to clearing offices and payment of Dearness Allowance.

(v) Excess expenditure was due to late introduction of the "Mahila Samridhi Yojana" and consequent delay in accounting decision.

3. The excess of Rs. 16,80,00 thousands may be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

4. This has been vetted by the Audit vide their U No. RRC 1 (b)400/AppA/cs/93-94/163 dt. 22nd May, 1995.

5. This has the approval of Joint Secretary & Financial Adviser.

-Sd-
(P.C. MAHIRANIA)
Director (PA-I)

APPENDIX IX

Explanatory Note for Public Accounts Committee for regularisation of Excess Over Voted/Charged portion of Grants–Appropriation during 1993-94.

During the year 1993-94, there was an overall net savings of Rs. 1484.78 crore over the final Grants and Appropriations resulting from aggregate savings of Rs. 2701.66 crore under 11 Grants (1,2,3,4,5,7,10,13,14,15 and 16 (Railway Funds & OLWR) and 10 Appropriations (3,4,5,7,9,10,11,12,13 and 16 (Capital and Railway funds) and excess of Rs. 1216.88 crore under Six Grants (6,8,9,11, 12 and 16 (Capital) and Two Appropriations (6 and 8). (Reference para 26 to 29. Excess/saving over voted Grants and Charged Appropriations of the Appropriation Accounts of Railways in India for the year 1993-94 (Part-I—Review).

1.2 Excess under two Charged Appropriations and Six Grants is explaines as under:—

(i) Appropriation No. 6— Working Expenses—Repairs & Maintenance of Carriages & Wagons.

	Rupees
Original Appropriation	1,53,000
Supplementary Appropriation	—
Total Sanctioned Apprropriation	1,53,000
Actual Expenditure	2,14,329
Excess	61,329
Misclassification	—Nil—
Excess requiring regularisation	61,329
Percentage of excess	40.08

Charged Appropriation of Rs. 153 thousand was obtained at the Budget Estimate stage.

The Charged Appropriation, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 61 thousand due to more materialisation of decretal payments than anticipated.

The excess requiring regularisation is Rs. 61,329, which is the same as disclosed in the appropriation Accounts.

(ii) Appropriation No. 8—Working Expenses—Operating Expenses—Rolling Stock and Equipment.

	Rupees
Original Appropriation	—
Supplementary Appropriation	6,53,000
Total sanctioned Appropriation	6,53,000
Actual Expenditure	15,27,921
Excess	8,74,921
Misclassification	—Nil—
Excess requiring regularisation	8,74,921
Percentage of excess	133,98

A supplementary Charged Appropriation of Rs. 653 thousand was sanctioned in March, 1994, on account of more payments anticipated in satisfaction of Court decrees.

The Charged Appropriation, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 875 thousand due to delayed communication, (**)

The excess requiring regularisation is Rs. 8,74,921 which is the same as disclosed in the Appropriation Accounts.

(iii) Grant No. 6—Working Expenses—Repairs & Maintenance of Carriages & Wagons.

	Rupees
Original Grant	1381,49,29,000
Supplementary Grant	—
Total sanctioned Grant	1381,49,29,000
Actual Expenditure	1406,89,74,424
Excess	25,40,45,424
Misclassification	—Nil—
Excess requiring regularisation	25,40,45,424
Percentage of excess	1,84

A Grant of Rs. 1381.49 crore was obtained at the Budget estimate stage.

(**) demand from some of the Railways were received after the supplementary demands had already been presented in the first week of March' 94.

The Grant, however, proved to be inadequate the actual expenditure having exceeded the provision by Rs. 25.41 crore. The excess was mainly under subheads (c) Wagons (Rs. 18.61 crore) (a)- (b) Carriages (Rs. 5.01 crore) (b) (e) Electrical General Services, Light, Fans, Air conditioners (Rs. 1.46 crore),(f) Miscellaneous Repairs & Maintenance (Rs. 0.54 crore),

(d) Electrical Multiple Unit-Coaches (Rs. 0.24 crore); partly offset by saving under subhead (a) Establishment in Offices (Rs. 0.45 crore).

Primary Unitwise excess of Rs. 25.41 crore was mainly due to more adjustment of material on P.O.H (Rs. 10.26 crore), fluctuation in adjustment under transfer of Debit/Credit (Rs. 9.59 crore), more expenditure under cost of material from stock (Rs. 7.37 crore), Other Expenses (Rs. 0.86 crore), Travelling allowance including Air-travel (Rs. 0.21 crore), Other Allowances (Rs. 0.17 crore) more payment of Productivity Linked Bonus (Rs. 0.10 crore), Excise Duty (Rs. 0.07 crore), Night Duty Allowance (Rs. 0.06 crore), Contingent Expenses (Rs. 0.06 crore); partly offset by savings under payment of Dearness Allowance (Rs. 1.21 crore), less adjustment of Wages on P.O.H (Rs. 0.81 crore), less payment of Salaries & Wages (Rs. 0.68 crore), Over-time Allowance (Rs. 0.31 crore), less Expenditure under Direct Purchase (Rs. 0.14 crore), Contractual obligations (Rs. 0.09 crore), Fuel other than Traction (Rs. 0.07 crore), less payment of Fee & Honoraria (Rs. 0.02 crore), Sales Tax, (Rs. 0.01 crore).

Of the total excess, the highest occurred on South Eastern Railway (Rs. 9.59 crore), Northern Railway (Rs. 8.24 crore), Eastern Railway (Rs. 6.65 crore), South Central Railway (Rs. 3.07 crore), North Eastern Railway (Rs. 2.49 crore), Southern Railway (Rs. 1.41 crore), Northest Frontier Railway (Rs. 0.18 crore); partly offset by saving on Central Railway (Rs. 6.03 crore), Western Railway (Rs. 0.17 crore), Metro/ Calcutta (Rs. 0.02 crore).

The excess requiring regularisation by Parliament Works out to Rs. 25,40,45,424 which is the same as disclosed in the appropriation Accounts.

(a) Due to increase in work load of R O H of BCN Wagons, Air break power wagons over N. Rly. and more P O H cum corrosion repairs over E. Rly.

(b) Mainly due to more expenditure in improvement of quality of coaches over N. Rly. and more P O H of M.G. Wagons (S.C. Rly).

(iv) Grant No. 8—Working Expenses—Operating Expense—Rolling Stock and Equipments.

	Rupees
Original Grant	10,79,01,49,000
Supplementary Grant	30,00,00,000
Total sanctioned Grant	1109,01,49,000
Actual Expenditure	1144,57,75,915
Excess	35,56,26,915
Misclassification	—NIL—
Excess requiring regularisation	35,56,26,915
Percentage of excess	3.21

A Grant of Rs. 1079.01 crore was obtained at the Budget Estimate Stage. A Supplementary Grant of Rs. 30.00 crore was obtained in March, 1994 to meet with increase in expenditure on account of more payments of Kilometrage Allowance, Overtime Allowance, Travelling Allowance including Air-travel, Fuel for other than Traction, Cost of material from stores, Contractual payments, other Expenses and Other Miscellaneous factors; partly offset by less payments under Salaries and Wages, Dearness Allowance, Cost of material directly purchased, Transfer of Debits/ Credits.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 35.56 crore. The excess was mainly under Subheads (f) Traction (Other than Rolling Stock) & General Electrical services (Rs. 24.25 crore), due to increase in energy rates almost by all SEB's during 1993-94, ranging from 19 to 86% (b) Diesel Locomotives (Rs. 14.95 crore), mainly due to increase in rate of lubricant oil, increase in Kilometres running of Diesel locomotives instead of Steam since phased out (N.Rly) and use of superior type lubricant oil RE 407 instead of RE 408 category leading to increase being more expensive (C.Rly), (c) Electrical Locomotives (Rs. 3.84 crore), (e) Carriages & Wagons (Rs. 1.83 crore), (d) Electrical Multiple Unit Coaches (Rs. 0.17 crore), Partly offset by savings under Subheads (a) Steam Locomotives (Rs. 7.80 crore), (g) Signalling & Telecommunications (Rs. 0.01 crore), (h) Ferry Services & Rail Cars (Rs. 0.67 crore).

Primary Unitwise excess of Rs. 35.56 crore was chiefly due to fluctuation in adjustment under transfer of debit/credit (Rs. 15.48 crore), more payment under Contractual Obligations (Rs. 7.79 crores), more expenditure under cost of material from Stock (Rs. 4.82 crore), Other Expenses (Rs. 2.64 crore), Fuel other than traction (Rs. 1.74 crore), Direct, Purchase (Rs. 1.23 crore), Kilometrage Allowance (Rs. 0.83 crore) Travelling Allowance including Air-Travel (Rs. 0.32 crore), Other Allowances (Rs. 0.27 crore), more adjustment of material on P.O.H. (Rs. 0.23 crore), more expenditure under Contingent Expenses (Rs. 0.18 crore), more payment of Night Duty Allowance (Rs. 0.09 crore), more adjustment of Wages on P.O.H. (Rs. 0.04 crore), more payment of Productivity Linked Bonus (Rs. 0.02 crore), Excise Duty (Rs. 0.01 crore), partly offset by less payment of Dearness Allowance (Rs. 0.07 crore), Overtime Allowance (Rs. 0.04 crore), Salaries & Wages (Rs. 0.01 crore), Fee & Honoraria (Rs. 0.01 crore).

Of the total excess the highest occurred on South Eastern Railway (Rs. 14.48 crore), Central Railway (Rs. 5.73 crore), South Central Railway (Rs. 5.11 crore), Eastern Railway (Rs. 3.68 crore), Northern Railway (Rs. 3.36 crore), Western Railway (Rs. 2.94 crore), North Eastern Railway (Rs. 0.88 crore); Partly offset by saving on Metro Railway, Calcutta (Rs. 0.27 crore), Southern Railway (Rs. 0.19 crore), North East Frontier Railway (Rs. 0.16 crore).

The excess requiring regularisation by Parliament works out to Rs.35,56,26,915 which is the same as disclosed in the Appropriation Accounts.

(v) Grant No. 9—Working Expenses—Operating Expenses—Traffic.

	Rupees
Original Grant	2256,99,77,000
Supplementary Grant	—
Total sanctioned Grant	2256,99,77,000
Actual Expenditure	2259,27,17,307
Excess	2,27,40,307
Misclassification	—NIL—
Excess requiring regularisation	2,27,40,307
Percentage of excess	0.10

A grant of Rs. 2257.00 crore was obtained at the Budget Estimate Stage.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 2.27 crore. The excess was mainly under subheads (b) Station Operation (Rs. 3.83 crore), (c) Train Operation (Rs. 2.91 crore), (e) Yard Operation (Rs. 0.66 crore); partly offset by less expenditure under subheads (a) Establishment in Offices (Rs. 0.69 crore), (d) Transhipment & Repacking Operations (Rs. 0.12 crore), (f) Safety (Rs. 0.09 crore), (g) Other Miscellaneous Expenses (Rs. 4.23 crore).

Primary unitwise excess of Rs. 2.27 crore was mainly due to fluctuation in adjustment under transfer of Debit/Credit (Rs. 3.42 crore), more payment under Travelling Allowance including Air-Travel (Rs. 2.37 crore), Dearness Allowance (Rs. 2.33 crore), Other Allowances (Rs. 1.77 crore), Night Duty Allowance (Rs. 1.41 crore), Overtime Allowance (Rs. 0.99 crore), Salaries & Wages (Rs. 0.59 crore), Productivity Linked Bonus (Rs. 0.53 crore), Kilometrage Allowance (Rs. 0.04 crore), fuel other than Traction (Rs. 0.03 crore), Adjustment of wages on P.O.H. (Rs. 0.03 crore), partly offset by less expenditure under Other Expenses (Rs. 8.65 crore), Contractual payments (Rs. 1.14 crore), Contingent Expenses (Rs. 0.61 crore), less drawal of material from Stock (Rs. 0.42 crore), Direct Purchase (Rs. 0.19 crore), Adjustment of material on P.O.H. (Rs. 0.15 crore), less payment under Fees & Honoraria (Rs. 0.08 crore).

Of the total excess, the highest occurred on South Central Railway (Rs. 4.77 crore), North Eastern Railway (Rs. 2.92 crore), Eastern Railway (Rs. 2.60 crore), Southern Railway (Rs. 0.69 crore); partly offset by saving on South Eastern Railway (Rs. 3.02 crore), Northern Railway (Rs. 2.28 crore), Northeast Frontier Railway (Rs. 1.89 crore), Western Railway (Rs. 1.10 crore), Central Railway (Rs. 0.42 crore).

The excess requiring regularisation by Parliament Works out to Rs. 2,27,40,307 which is the same as disclosed in the Appropriation Accounts.

(vi) Grant No. 1—Working Expenses—Staff Welfare & Amenities.

	Ruppees
Original Grant	470,59,79,000
Supplementary Grant	—
Total sanctioned Grant	470,59,79,000
Actual Expenditure	473,61,98,428
Excess	3,02,19,428
Misclassification	(–) 40,11,278
Excess requiring regularisation	2,62,08,150
Percentage	0.56

A Grant of Rs. 470.60 crore was obtained at the Budget Estimate Stage.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 3.02 crore. The excess was mainly under subheads (e) Residential & Welfare Building Repairs & Maintenance (Rs. 5.51 crore), (b) Medical Services (Rs. 1.38 crore), (f) Miscellaneous Expenses (Rs. 0.31 crore); partly offset by less expenditure under subheads (a) Educational Facilities (Rs. 2.51 crore), (c) Health & Welfare Services (Rs. 1.51 crore), (d) Canten & Other Staff Amenities (Rs. 0.16 crore).

Primary Unit-wise the excess of Rs. 3.02 crore was chiefly due to fluctuation in adjustment under transfer of Debit/Credit (Rs. 2.52 crore), more expenditure under Contractual Obligations (Rs. 2.47 crore), Contingent Expenses (Rs. 0.98 crore), Other Expenses (Rs. 0.52 crore), Travelling Allowance including Air-Travel (Rs. 0.24 crore); Productivity Linked Bonus (Rs. 0.12 crore), Direct Purchase of Material (Rs. 0.11 crore), Night Duty Allowanee (Rs. 0.03 crore), Overtime Allowance (Rs. 0.02 crore); partly offset by less expenditure incurred under Dearness Allowance (Rs. 1.27 crore), Cost of material from Stock (Rs. 1.21 crore), Salaries & Wages (Rs. 0.69 crore), Other Allowances (Rs. 0.42 crore), Fuel other than Traction (Rs. 0.37 crore), Fees & Honorarium (Rs. 0.03 crore).

Of the total excess, the highest excess occurred on Central Railway (Rs. 2.45 crore), followed by Northern Railway (Rs. 1.86 crore), South Eastern Railway (Rs. 1.69 crore), Western Railway (Rs. 0.31 crore), South Central Railway (Rs. 0.18 crore); partly offset by saving on North-East Frontier Railway (Rs. 2.71 crore), Southern Railway (Rs. 0.38 crore), Eastern Railway (Rs. 0.26 crore), North Eastern Railway (Rs. 0.12 crore).

There was a misclassification of Rs. 40,11,278 on account of wrong booking of expenditure to Grant No. 11 instead of Grant No. 16 Railway Funds (D.R.F.). Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament works out to Rs. 2,62,08,150.

(vii) Grant No. 12— Miscellaneous Working Expenses.

	Rupees
Original Grant	665,16,18,000
Supplementary Grant	—
Total Sanctioned Grant	665,16,18,000
Actual Expenditure	666,85,15,633
Excess	1,68,97,633
Misclassification	—
Excess requiring regularisation	1,68,97,633
Percentage	0.25

Grant of Rs. 665.16 crore was obtained at the Budget Estimate Stage. The Grant, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 1.69 crore. The Excess was mainly under Subeads (h) Suspense head (Rs. 57.54 crore) (**), (f) Other Expenses (Rs. 9.14 crore), (g) Hospitality and Entertainment Expenses (Rs. 0.01 crore); Partly offset by saving under Subheads (a) Security (Rs. 8.81 crore), (d) Caterning (Rs. 5.46 crore) (b) Compensation Claimes (Rs. 4.66 crore), (e) Cost of Training of Staff (Rs. 4.03 crore), (c) Workmen's & Other Compensation Claims (Rs. 1.19 crore). In addition a sum of Rs. 40.85 crore surrendered at the time of final modification.

Primary Unitwise excess of Rs. 1.69 crore was mainly under Miscellaneous Advance (Revenue) (Rs. 48.10 crore), Travelling Allowance including Air-Travel (Rs. 0.30 crore), fluctuation in adjustment under transfer of Debit/Credit (Rs. 1.31 crore), Demands Payable (Rs. 9.43 crore); partly offset by less expenditure under Dearness Allowance (Rs. 5.34 crore), Other Expenses (Rs. 4.14 crore), Salaries & Wages (Rs. 2.57 crore), Direct Purchase (Rs. 1.89 crore), Other Allowances (Rs. 0.89 crore), Contractual Obligations (Rs. 0.65 crore), Cost of Material from Stock (Rs. 0.39 crore), Productivity Linked Bonus (Rs. 0.39 crore), Contingent Expenses (Rs. 0.15 crore), Overtime Allowance (Rs. 0.11 crore), Fuel other than Traction (Rs. 0.06 crore), Sales Tax (Rs. 0.01 crore) and aggregate Savings under other heads (Rs. 0.01 crore). In addition a sum of Rs. 40.85 crore surrendered at the time of final modification.

Of the total excess, the highest occurred on Central Railway (Rs. 36.19 crore) followed by Northern Railway (Rs. 12.30 crore), South Eastern Railway (Rs. 3.20 crore), Sourthern Railway (Rs. 2.38 crore), Eastern Railway (Rs. 0.07 crore); partly offset by Western Railway (Rs. 7.00 crore), South Central Railway (Rs. 2.05 crore), North East Frontier

** The main excess occurred over Central Railway, while clearing the debits for imported consignments through (−) Debit, expenditure of 55 crores was inadvertantly adjusted as credit to MAR instead of (−) Debit, thus the total under Debit/Credit were inflated without effecting the closing balance.

Railway (Rs. 1.45 crore), North Eastern Railway (Rs. 1.02 crore), Metro/Calcutta (Rs. 0.08 crore). In addition, a sum of Rs. 40.85 crore surrendered at the time of final modification.

The excess requiring regularisation is Rs. 1,68,97,633 which is the same as disclosed in the Appropriation Accounts.

(iii) Grant No. 16—Assets—Acquisition, Construction & Replacement-Other Expenditure—Capital, Railway Funds & O.L.W.R.

(Figures in Units of Rs.)

		Railway Funds			
	Capital	D.R.F.	D.F.	Capital Fund	O.L.W.R.
Original Grant	2533.96.35,000	2756.51.54.000	235.13.00.000	6027.30.87.000	45.04.00.000
Supplementary Grant	4.00,000	—	1.00.000	—	—
Total sanctioned Grant	2534.00.35.000	2756.51.54.000	235.14.00.000	6027.30.87.000	45.04.00.000.
Actual Expenditure	3682.83.37.680	2620.12.63.155	189.17.23.832	4657.75.68.857	31.28.58.349
Excess (+)/ Saving (−)	+1148.83,02.680	(−136.38.90.845	−45.96.76.168	−1369.55.18.143)	−13.75.41.651
			−1551.90.85.156		
Misclassification	+35.27.695	(+1.57.79.947	+42.000	−1.54.15.000)	
			4.06.947		
Excess requiring regularisation	+1149,18.30.375		−1551.86.78.209		
Percentage	45.35				

A Grant of Rs. 2533.96 crore was obtained at the Budget Estimate Stage. A supplementary Grant of Rs. 0.04 crore was obtained in August, 1993.

The Grant under 'Capital', however, proved inadequate and actual expenditure exceeded the provision by Rs. 1148.93 crore. There was a misclassification of Rs. 35,27,695. The real excess, thus requiring regularisation by Parliament works out to Rs. 1149,18,30,375. This was due to the fact that the amount of inventories budgeted under Capital fund were booked under Capital resulting excess to the extent of 1149.18 crore whereas Capital fund recorded saving of Rs. 1369.55 crores. Thus there was overall saving of Rs. 220.72 crore.

2. In view of the circumstances explained above, the excess over the Appropriation/Grants may kindly be recommended for regularisation by Parliament under Article 115(I) (b) of the Constitution of India.

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

4. This has been seen by Audit.

-Sd-
(N.P. SRIVASTAV)
Executive Director (Accounts),
Ministry of Railways,
Railway Board.

The Chairman & Members of
the Public Accounts Committee,
NEW DELHI.

APPENDIX X

Clarification funded by Chief Controller of Accounts (Industry) in respect of SAVINGS under Grant No. 51 Department of Industrial Development

The Appropriation Accounts in respect of Grant No. 51 pertaining to the Department of Industrial Development for 1993-94 reveal SAVINGS of Rs. 525.37 crores. The break-up is as under:—

	SAVINGS under Grant No. 51		*Rs. in Crores*
1.	Transfer to National Renewal Fund	320.00	
2.	Workers' Compensation Package and Implementation of VRS in State PSUs	140.05	506.35
3.	Workers Counselling, Retraining and Area Regeneration Schemes	46.30	
4.	National Productivity Council	2.41	
5.	Central Machine Tools Institute	1.50	
6.	Human Resource Development for Cement Industry	4.83	17.56
7.	Aid Materials & Equipment	8.82	
8.	Other Heads		1.46
	Total		525.37

Budget Provision at Sl. No. (1) is required for transferring funds into the 'National Renewal Fund', which is maintained in the Public Account; and Budget Provisions at Sl. No. (2) and (3) are required to enable incurring of expenditure out of 'National Renewal Fund' on Schemes administered by the Department of I.D. It would, therefore, NOT be correct to say that SAVINGS of Rs. 506.35 crores shown in the Appropriation Accounts of Grant No. 51 are incorrect. Moreover, these accounts were approved by the then Secretary (I.D.), and have since been laid before Parliament after being audited by C.A.G.

In December, 1993, a Supplementary Grant of Rs. 320 crores was obtained by the Department of I.D. at the instance of Ministry of Finance, as the Department of Economic Affairs was negotiating loan assistance of U.S. $ 250 millions from the World Bank, which included an element towards N.R.F. Besides, there were requests pending with the Department for (i) extending V.R.S. to State PSUs (Rs. 223 crores), and (ii) for

Counselling, Retraining, Area Regeneration Schemes (Rs. 168 crores). However, loan assistance of US $ 250 millions from the World Bank did not materialise and furthermore Schemes envisaged by the Department of I.D. for extending (i) V.R.S. to State PSUs and (ii) for Counselling, Retraining, Area Regeneration could not be finalised, due to unforseen difficulties in resolving modalities in releasing funds. Consequently, no expenditure could be incurred on these Schemes. As there was sufficient balance lying in the Public Account, Ministry of Finance did not agree to the transfer of Rs. 320 crores to N.R.F., even though a supplementary grant had been obtained for this purpose. It, therefore, led to SAVINGS of Rs. 320 crores in Grant No. 51 under 'Transfer to N.R.F.', besides generating additional savings (i) of Rs. 140 crores under VRS to State PSUs and (ii) Rs. 46.30 crores under Counselling, Retraining, Area Regeneration Schemes. Thus, TOTAL SAVINGS under above Heads came to Rs. 506.35 crores. In addition, there were SAVINGS under other Heads viz. National Productivity Council (Rs. 2.41 crores), Central Machine Tools Institute (Rs. 1.50 crores), Human Resource Development of Cement Industries (4.83 crores), and Aid Materials/Equipments (Rs. 8.82 crores).

APPENDIX XI

Cases of unnecessary supplementary grants/appropriations

(Rupees in lakhs)

Sl. No.	Grant/appropriation	Amount of Grant/Appropriation			
		Original	Supple-mentary	Actual expenditure	Saving
	Revenue-Voted				
	Ministry of Communication				
1.	13—Ministry of Communication	1073.00	40.00	714.08	398.92
	Ministry of Defence				
2.	16—Ministry of Defence	159636.00	528.00	155300.97	4863.03
	Ministry of Finance				
3.	27—Payments to Financial Institutions	109838.00	5049.00	105657.14	9229.86
4.	32—Department of Expenditure	915.00	35.00	830.52	119.48
5.	35—Department of Revenue	10005.00	440.00	9123.54	1321.46
	Ministry of Food Processing Industries				
6.	39—Ministry of Food Processing Industries	4079.00	556.00	3936.94	698.06
	Ministry of Health and Family Welfare				
7.	40—Department of Health	79952.00	6648.00	77095.66	9504.34
	Ministry of Human Resources Development				
8.	47—Department of Education	215596.00	3294.00	209633.27	9256.73
	Ministry of Industry				
9.	51—Department of Industrial Development	80630.00	50847.00	78939.51	52537.49
10.	53—Department of Public Enterprises	144.00	11.00	130.96	24.04
11.	54—Department of Small Scale Industries and Agro and Rural Industries	37629.00	201.00	34155.92	3674.08
	Ministry of Surface Transport				
12.	75—Surface Transport	10690.00	132.00	6314.44	4507.56
	Ministry of Water Resources				
13.	82—Ministry of Water Resources	35353.00	398.00	32443.24	3307.76
	Ministry of Welfare				
14.	83—Ministry of Welfare	56494.00	2931.00	55272.30	4152.70
Revenue-Charged					
	Ministry of Finance				
15.	33—Pensions	236.00	37.00	228.73	44.27

APPENDIX XI—*Contd.*

Cases of unnecessary supplementary grants/appropriations

(Rupees in lakhs)

Sl. No.	Grant/appropriation	Amount of Grant/Appropriation			
		Original	Supple-mentary	Actual expenditure	Saving
Capital-Voted					
	Ministry of Chemicals and Fertilisers				
16.	6—Department of Fertilisers	20560.00	801.00	19546.72	1814.28
	Ministry of Health and Family Welfare				
17.	40—Department of Health	26095.00	2211.00	25746.69	2559.31
	Ministry of Surface Transport				
18.	75—Surface Transport	5469.00	1451.00	5402.00	1518.00
19.	76—Roads	67670.00	858.00	65472.29	3055.71
20.	77—Ports Lighthouses and Shipping	26871.00	2602.00	22810.12	6662.88
	Ministry of Urban Development				
21.	79—Urban Development and Housing	23821.00	1765.00	19043.89	6542.11
22.	80—Public Works	14952.00	1387.00	14913.08	1425.92
	Ministry of Home Affairs-Urban Territories (without Legislature)				
23.	95—Andaman and Nicobar Islands	15254.00	422.00	13767.16	1908.84
Capital-charged					
	Ministry of Urban Development				
24.	79—Urban Development and Housing	2348.00	53.00	2243.18	157.82
	Total	**1005310.00**	**82697.00**	**958722.35**	**129284.65**
	Total (in crores)	**10053.10**	**826.97**	**9587.22**	**1292.85**

APPENDIX XII

Statement of Conclusions and Recommendations

Sl. No.	Para No.	Ministry/ Deppt. concerned	Conclusions and Recommendations
1	2	3	4
1.	78	Finance (Expenditure)	To sum up, the Committee find that an expenditure of unprecedented magnitude of Rs. 1240.35 crores has been incurred by various Ministries/Departments of Union Government in excess of the provisions sanctioned under 16 grants/appropriations during the year 1993-94. The Committee are particularly astonished to find that bulk of this excess expenditure had been recorded under the grants/appropriations operated by the Ministry of Railways which accounted for over 98 per cent of the total excess expenditure incurred during that year. The fact that excess expenditure of Union Government has been persistently occurring year after year and has gone up from Rs. 398.28 crores in 1991-92 to Rs. 689.06 crores in 1992-93 and touched an all time high of Rs. 1240.35 crores in 1993-94 clearly indicate that the situation has been going from bad to worse despite issuance of elaborate instructions at regular intervals by the Ministry of Finance in pursuance of the oft-reiterated recommendations of the Public Accounts Committee to contain the excess expenditure to the barest minimum. The Committee view this dismal picture with grave concern and are of the firm opinion that mere issue of instructions have not yielded desired results and there is an imperative need to devise an effective mechanism to ensure rigid enforcement of all those instructions with a view to imparting financial discipline on all Ministries/ Departments to avoid excess expenditure. The

1	2	3	4
			Committee, therefore, recommend that the Ministry of Finance should look into the matter and take appropriate steps to impress upon the Departmental Heads concerned to carry out checks for strict application of prescribed financial rules and deal sternly with cases of aberrations noticed during such checks so that recurrence of huge excess over Voted Grants/ Charged Appropriations on this account could be avoided in future.
2.	79	Finance (Expenditure) & Railways	The Committee's examination of the Appropriation Accounts for 1993-94 has revealed that excess expenditure of over rupee one crore had been incurred in as many as eight voted grants out of which six grants were operated by the Ministry of Railways alone. Another disquieting aspect observed by the Committee is that the excess expenditure in eight grants/appropriations had occurred despite obtaining supplementary provisions of Rs. 272.22 crores. The Committee's detailed examination of the more glaring cases of excess expenditure has brought to sharp focus not only the failure of the Ministries/Departments to assess requirement of additional funds even at the fag-end of the year but also the inadequacies in the institutional arrangements in the Ministries/Departments in monitoring the trend of expenditure under various heads of accounts. The Committee, therefore, desire the Ministry of Finance to take concrete steps to ensure that all Ministries/Departments not only gear up their internal check arrangements to keep watch over the trend of expenditure against the sanctioned grant/appropriation but also take timely corrective action to obtain additional funds whenever required so that the undesirable tendency of incurring excess expenditure could be minimised.

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3.	80	Finance (Expenditure)	In this context, the Committee further recommend that the Ministry of Finance should consider the feasibility of introducing a system of letter of credit in the case of each grant so that the expenditure do not cross the sanctioned limits of the grant.
4.	81	Railways	The Committee note that the Ministry of Railways incurred an overall excess expenditure to the tune of Rs. 1216.83 crores under eight Grants/Appropriations operated by them during the year 1993-94. This excess expenditure of sizeable magnitude occurred mainly under Grant No. 16 (Capital) which alone accounted for an excess of Rs. 1149.18 crores. The Ministry of Railways informed the Committee during evidence that the excess expenditure under Grant No. 16 (Capital) was due to "a wrong understanding of the accounting principles" as the expenditure under inventory was to have been booked under Grant No. 16 (Capital Fund) under which the relevant budgetary provisions were made. The Committee have also been informed that the "Capital Fund" was practically operated for the first time in 1993-94. According to the Ministry of Railways, instructions about operation of this fund with reference to Rules of Allocations were issued in May, 1993 but these instructions did not delineate the areas of expenditure which should be charged to these two sources *i.e.*, "Capital" and "Capital Fund". In their defence, the Ministry of Railways have also pleaded that it was a sort of technical excess in view of the savings in "Capital Fund" under this Grant. The Committee are not inclined to agree with the assertions made by the Railway Ministry in this regard as "Capital" and "Capital Fund" are two different heads under Grant No. 16 and no re-appropriation of funds *inter-se* is stated to be permissible. On the other hand, they are of firm belief that this case is clearly illustrative of the lackadaisical approach followed by the Ministry

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			of Railways in working out a proper accounting procedure for booking of expenditure under two distinct Heads, "Capital" and "Capital Fund" under Grant No. 16. This has frustrated the very purpose of creating the "Capital Fund" as recommended by the Railway Convention Committee in 1993. the Committee are informed that the proper procedure for allocating expenditure of capital nature to "Capital" and "Capital Fund" was not evolved in time even for 1994-95 accounts. Although the Ministry of Railways are stated to have referred the draft procedure to audit in "February 1995, the procedure proposed by the Ministry offended against the basic prohibition on reappropriation between "Capital" and "Capital Fund". The Ministry are reported to have issued instructions only as an interim measure for operation of Capital Fund from accounts for July 1995.The Committee take a serious view of the unconscinable delay that has occurred in the matter. The Committee trust that necessary action would now at least be taken by the Ministry to ensure that a sound and proper system of allocation of capital expenditure between "Capital" and "Capital Fund" is worked out in consultation with Audit and communicated to the field formations so that the aberrations that occurred in the accounts for 1993-94 are avoided. The Committee would like to be kept informed of the procedure worked out by the Ministry.
5.	82	Railways	The Committee are of the strong opinion that this case is also indicative of the lapse at all levels in the Ministry of Railways in keeping a close watch over the trend of expenditure during the year under two distinct Heads "Capital" and "Capital Fund" under Grant No. 16. Evidently, the Railway authorities miserably failed to take corrective action to rectify the mistake even at the stage of final compilation of the accounts. Although the Ministry are stated

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			to have evolved a fully computerised system of monthly financial review at various levels of management, the Committee are in no doubt that such reviews were not effective atleast in this case. The Committee deplore the failure of the Ministry of Railways at various levels which resulted in gross distortion of accounts for 1993-94 and they would like responsibility to be fixed for the same. The Committee also trust that necessary action would atleast now be taken by the Ministry to ensure that such misclassifications resulting in distortion of figures in the accounts do not recure in future.
6.	83	Railways	The Committee regret to find yet another instances of wrong booking of expenditure by the Ministry of Railways under Grant No. 12 where Rs. 55 crores were shown as a credit instead of minus debit which was outside the scope of this demand and resulted in excess expenditure. Equally distressing is the admission made during evidence by the representative of the Ministry that "it was a simple mistake which could have been rectified". The Committee take a serious view of the perfunctory manner in which the accounts were maintained by the Railway authorities where such errors escaped noticed and could not be rectified in time. They would also like that reasons for such glaring error be gone into and responsibility for the lapse fixed.
7.	84	Communi-cations (Posts)	The Committee note that Revenue Section (Voted) of Grant No. 14-Postal services recorded an overall excess of Rs. 16.80 crores during the year 1993-94. The Committee's examination of the relevant Appropriation Accounts has revealed that this excess expenditure had occurred despite obtaining supplementary provision of Rs. 161.73 crores in March, 1994. On scrutiny of the explanatory note furnished by the Department of Post, the Committee find that this excess expenditure had occurred mainly due to payment of Productivity

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			Link Bonus; expansion of speed post services in more areas and opening of more post offices in rural areas; more payment to clearing offices and payment of dearness allowance; and also non-acceptance of claims by the Department of Telecommunications. Appartently, most of these items were of such nature of which timely action to obtain additional funds could have been taken at the revised estimate stage and/or at supplementary grant stage. The Committee consider it to the another instance of unrealistic assessment of the additional funds on the part of the Department and they desire the Department of Post to exercise greater care in future.
8.	85	Communi-cations (Posts)	The Committee are constrained to observe yet another deviation from the prescribed financial principles by the Department of Posts which introduced a new scheme called "Mahila Samridhi Yojana" in October, 1993 but failed to take any decision on accounting of expenditure under this scheme till the elsoe of the financial year in March, 1994. The net result was that an expenditure of 45 lakhs on this scheme was incurred and booked under a Head where funds were neither provided originally nor were made available by re-appropration. The Committee take a serious view of this aberration and they would like the Department of Posts to explain the circumstances which led to delay in taking accounting decision in this case and their failure to provide funds by way of re-appropriation in incurring of expenditure on this scheme.
9.	86	Finance (Expenditure)	Under Revenue Section (Voted) of Grant No. 33-Pensions, the Central Pension Accounting office (CPAO) in the Department of Expenditure had incurred an expenditure of Rs. 6.41 crores over and above the sanctioned

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			provisions of Rs. 809.27 crores which included supplementary provisions of Rs. 66.63 crores obtained in March, 1994. Significantly, excess expenditure under this grant has been a recurring feature since 1991-92. The Committee's scrutiny of the Appropriation Accounts has revealed that but for the savings under various sub-heads, the overall excess expenditure under this grant would have been much more as an excess of Rs. 52.22 crores alone had occurred under the head "2071-Civil-Superannuation and Retirement Allowances Ordinary Pensions." Surprisingly, the excess expenditure under this head had occurred despite obtaining supplementary grant of Rs. 42.84 crores in March, 1994. The Committee's examination has further revealed that unnecessary supplementary grants of Rs. 23.14 crores were obtained by the CPAO in March, 1994 under three distinct sub-heads and the same remained wholly unutilised as the savings under those sub-heads exceeded the supplementary provisions. The Committee consider it to be an instance displaying lack of proper monitoring of trend of expenditure under various sub-heads as well as failure to assess actual requirement of funds even at the fag end of the year. While attributing excess expenditure under this Grant to the increase in the number of pensioners than anticipated and grant of periodical dearness relief to pensioners, the Department conceded during evidence that they did not have the complete details in their Data Bank in respect of pensioners who retired prior to 1.1.1990. Obviously, any estimation of the budgetary requirements under the Grant-Pension in the absence of complete data would be nothing but an exercise based on guess work which would lead only to variations between the budgetary provisions projected and the actual expenditure under various heads of this Grant. The Committee trust that concerted efforts would be made by the Department to collect and compile the requisite data in the shortest

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			possible time so that their budget estimates do not go away as at present. The Committee would also like the CPAO office to revamp their existing set up with a view to building a sound accounting information system for keeping an unremitting vigil over the actual trend of expenditure *vis-a-vis* the sanctioned provisions under various heads of this Grant so as to effectively check the recurring feature of excess expenditure under this Grant.
10.	87	Finance (Expenditure), Defence, Communi-cation (P&T) & Railways	While there had been instances of incurrence of excess expenditure of immense magnitude over voted grants and charged appropriations during the year 1993-94, the Committee are astonished to note that the year also witnessed large scale savings amounting to Rs. 24456.67 crores out of which the grant/appropriations covered under Appropriation Accounts (Civil) alone accounted for savings of Rs. 20824.03 crores. The Committee's scrutiny of the Appropriation Accounts of Civil, Defence, Postal Services, Telecommunication Services and Railways in this regard revealed that savings of even over Rs. 100 crores had occurred in as many as 22 grants/appropriations. Astonishingly, such large scale savings had occurred even in developmental areas like agriculture (Rs. 233 crores), Animal husbandry & dairying (Rs. 113 crores), Industrial development (Rs. 525 crores), Power (Rs. 109 crores), Rural development (Rs. 167 crores) and Coal (Rs. 140 crores). An analysis of the contributory reasons attributed for the savings by the Ministries/ Departments in some of such cases also revealed that the schemes in those areas had failed to materialise during the year as planned. Obviously, this is indicative of

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			poor budgeting, planning and also inadequate scrutiny of estimates at various levels. Further, the Committee consider it unfortunate that the Ministries/Departments concerned woefully failed in efficiently utilising the funds sanctioned by Parliament even in the vital sectors of the economy meant to cater to the developmental and infrastructural requirments of the country.
11.	88	Industry (Industrial Development)	In this context, the Committee during the course of their examination found that in Revenue Section (Voted) of Grant No. 51. Department of Industrial Development, there was a saving of Rs. 525.37 crores in 1993-94. Curiously enough, the savings in this Grant exceeded even the Supplementary provision of Rs. 508.47 crores obtained by the Department in December, 1993 and March, 1994. On scrutiny of the explanatory note furnished by the Department, the Committee found that substantial savings under this Grant were mainly in the two heads of account *viz.* (i) Transfer to National Renewal Fund (NRF) (Rs. 320 crores) and (ii) Workers Compensation Package and implementation of Voluntary Retirement Scheme in Public Sector Undertakings (Rs. 140.05 crores). According in the Department, the entire provision of Rs. 320 crores under MRF could not be transferred to the Public Accounts as anticipated because the Transaction of Business Rules and the operational modalities under NRF could not be finalised during that year. The Committee's further examination has revealed that this matter is still pending decision. Similarly, the budgetary provision of Rs. 140.05 crores under Workers compensation packages and implementation of Voluntary Retirement Scheme in Public Sector Undertakings 'remained

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			unutilised due to non-materialisation of the scheme. Obviously, the Department projected their budgetary requirements under the aforesaid two heads without taking into account the ground realities relating to finalisation of operational modalities of NRF and the implementation of Workers Compensation Package and implementation of Voluntary Retirement Scheme in Public Sector Undertakings. The Committee cannot but express their displeasure over the failure of the Department in making a realistic assessment of their requirements particularly while seeking the supplementary demands at the fag end of the financial year in March 1994. The committee trust that the Department of Industrial Development would draw suitable lessons from this experience and exercise due farsightedness and caution while estimating their requirement of funds for various schemes in future.
12.	89	Textiles	Similarly, under Revenue section of Grant No. 78—Ministry of Textiles, there was a saving of Rs. 172.85 crores which was 24.20 per cent of the provisions sanctioned under this Grant. The Committee have been informed during evidence that a major part of these savings was on account of the savings effected under the Voluntary Retirement Schemes pertaining to the National Textile Corporation (NTC), the Elgin Mills and the Kanpur Mills for which a modernisation proposal was prepared and approved by the Government in August, 1992. According to the Ministry, the budgetary proposal for 1993-94 were accordingly projected by them on the basis of the modernisation plan. The financial institutions who were to provide loans for the modernisation programme were, however, subsequently not willing to come forward as eight subsidiaries of the NTC were declared sick and referred to the Board for Industrial Finance and Reconstruction. As a result of this, the modernisation programme was delayed and the worker's unions also did not

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			agree with the type of voluntary retirement scheme that was initially thought of. The Committee were also informed that these were the two reasons for the slow pace in the implementation of the voluntary retirement schemes which had accounted for a major part of the savings under this Grant. In view of the foregoing, the Committee are inclined to conclude that the Ministry of Textiles were not alive to the situation and they did nothing to revise their estimates during 1993-94 for the schemes which failed to materialise as anticipated by them earlier. At this stage, the Committee can only express their unhappiness over the poor spectacle of affairs in which the budgetary exercise was undertaken in the Ministry of Textiles during the year 1993-94.
13.	90	Finance (Expenditure)	During their examination of this subject, the Committee have been informed by the Ministry of Finance (Department of Expenditure) that they played a limited role in reviewing the budgetary requirements projected by the various Ministries/Departments of Union Government and they were generally guided by the judgement of the Secretary and the Financial Advisor of the Ministry/Department concerned. During evidence, the representative of the Department of Expenditure also admitted that the judgement on the budgetary requirements of the Ministries/Departments had "not been adequately reflected in the actual positions" in the year 1993-94. He also conceded that the existing mechanism was not working and revised instructions needed to be issued. This admission of fact clearly reveals not only the absence of a scientific system in the Ministries/Departments for assessing properly their actual need of funds at the various stages of estimation but also inadequacies in the Ministry of Finance in reviewing realistically the requirements of funds projected by various Ministries/Departments. The Committee were, however, informed by the representative of the

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			Ministry of Finance (Department of Expenditure) during evidence that they have taken steps to devise suitable mechanism whereby each administrative Ministry and Financial Advisor would meet once in a month and the Expenditure Secretay would review the situation once in a quarter. While welcoming the steps taken by the Ministry of Finance, the Committee would like the Ministry of Finance to impress upon the Financial Advisors of the Ministries to discharge their responsibility properly by fore casting their. monetary requirements after taking due note of the essential requisites including the past trends, the stage of formulation/implementation of various schemes for which funds were being sought etc. They would also desire the Ministry of Finance to carefully review and scrutinise the budget estimates framed by the Ministries/Departments and apply the necessary correctives to make budget exercise more realistic and meaningful.
14.	91	Finance (Expenditure & Economic Affairs)	The Committee's further scruting of Appropriation Accounts (Civil) has also revealed that savings of Rs. 100 crores in the grants/appropriations relating to Interest Payment; Transfers to State Governments; Repayment of Debt; and Ministry of Textiles has been a recurring feature since 1991-92. In the opinion of the Committee this persistent occurrence of large scale savings in these grants/ appropriations are indicative of both faulty budget estimation and also undesirable tendency of the Ministries/Departments concerned to grossly over estimate their requirement of funds which not only leads to inefficient utilisation of funds but also deprives other important sectors of the economy of much needed resources. The Committee would like the Ministry of Finance to make a case study of these grants/ appropriations and take suitable measures to make exchequer control over these grants/ appropriations more realistic and meaningful.

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15.	92	Finance (Expenditure & Eco. Affairs) Home Affairs, Power, Agriculture (Animal Husbandary and Dairying)	In pursuance of the recommendations of the Committee made in Paragraph 1.24 of their 60th report (10th Lok Sabha) and subsequent instructions issued by Ministry of Finance on 19 December, 1994, the explanatory notes of savings of Rs. 100 crores and above were required to be furnished to the Committee in respect of the Appropriation Accounts for 1993-94 and onwards as per the time schedule prescribed in this regard. Accordingly, the detailed notes on saving of Rs. 100 crores and above made during the year 1993-94 were required to be furnished to the Committee by 31 May, 1995. The Committee are however, deeply concerned to note the delay in the submission of such explanatory notes by the concerned Ministries. Out of the 22 such cases where explanatory notes were due, the same was received in time from Department of Industrial Development only; there were delays ranging upto five months in the submission of those notes by concerned Ministries in respect of 13 grants/appropriations. Surprisingly, the relevant notes pertaining to 8 grants/ appropriations are yet to be furnished to the Committee by the Department of Animal Husbandary and Dairying; Ministry of Home Affairs; Ministry of Power and Ministry of Finance (in five cases). The Committee consider that the delays as well as non-submiss in of these explanatory notes are in no way justifiable especially in the case of Ministry of Finance who have themselves laid down a time schedule for furnishing those notes to the Committee. The Committee would like the Ministry of Finance (Department of Expenditure) to reiterate their instructions in this regard emphasising that the Ministries/Departments should henceforth strictly adhere to the prescribed time schedule and that the responsibility be fixed for any laxity in this regard. The Committee would also like the defaulting Ministries to furnish the requisite

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			notes without further delay after getting them duly vetted by Audit.
16.	93	Finance (Expenditure)	Another shortcoming observed by the Committee on the part of Ministries/Departments related to the non-adherence to the procedures prescribed for surrendering the savings. According to the prescribed procedure, savings in a grant or appropriation are required to be surrendered by the Department concerned to the Government as soon as these are foreseen without waiting till the end of the year. The Committee, are however, distressed to find that as against the final savings of Rs. 20,817.32 crores in the grants/appropriations operated under the Civil Sector for 1993-94, the amount surrendered was Rs. 14679.64 crores out of which 99 per cent (14599.06 crores) were surrendered only on the last day of the financial year. Surprisingly, the entire saving amounting to Rs. 621.79 crores and Rs. 1262.35 crores in 32 voted grants and 26 charged appropriations respectively were not surrendered at all in total disregard to the prescribed procedure. To the utter dismay of the Committee, there were also instances where the amount surrendered exceeded the overall savings or was surrendered even when no savings were available for surrendering. The Committee take a serious view of the laxity shown by various Departments in this regard and they desire the Ministry of Finance to ensure that the surrender of funds by various Ministries/Departments is made strictly in accordance with the prescribed rules so that the available savings may be effectively made use-of in the much needed sectors of the economy.
17.	94	-do-	What has further concerned the Committee is the manner in which supplementary demands had been obtained by the Ministries/Departments. According to the instructions issued by the Ministry of Finance to all the Ministries/Departments on 27 March, 1986, the

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			are supplemenatry demands should be severely restricted to unforeseen expenditure. The Committee's examination has, however, revealed that the instrument of obtaining supplementary demands was not operated judiciously by certain Ministries/Departments during the year under review. There were as many as 24 cases in the Civil Sector where the suplementary provision of Rs. 826.97 crores obtained proved unnecessary as the final saving of Rs. 1292.85 crores in these cases exceeded the supplementary provisions. Similar cases of procuring supplementary allocations far in excess of their requirement were also noticed in the case of Defence Services and Telecommunication Services. From the foregoing, the Committee are in no doubt that a number of Ministries/Departments have been resorting to obtaining the supplementary grants/ appropriations without conducting a proper scruting of the expenditure incurred or likely to be incurred by them during the financial year. The Committee would like the Ministry of Finance to give serious attention to this aspect and impress upon the budget Cells of all the Ministries to restrict their supplementary demands only to rare and emergent cases. The Committee also desire the Ministry of Finance to streamline their system for reviewing and scrutinising the requests for supplementary allocations made by Ministries/Departments before presenting the same to Parliament.
18.	95	Textiles	In pursuance of the recommendations of the Public Accounts Committee made from time to time, the Ministry of Finance have prescribed financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires either prior approval of or Report to Parliament. However, a case from the Ministry of Textiles has been brought to the notice of the Committee where the Ministry incurred an additional expenditure of Rs. eight

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			crores under a particular head which was in exccss of the prescribed limit of Rs. two crores and required prior approval of Parliament, During evidence, the representative of the Ministry conceded that this case required prior approval of Parliament. Incidentally, a similar case of reappropriation within the grant by the Ministry of Textiles without the prior approval of Parliament had also come to the notice of the Committee at the time of examination of Appropriation Accounts relating to the preceding year. In the opinion of the Committee, such cases are indicative of the uttar disregard being displayed by Ministries towards financial discipline. They, therefore, recommend that the Ministry of Textiles should take effective steps to ensure observance of the prescribed rules on the issue. They would also like that the circumstances leading to such defaults may be thoroughly investigated and responsibility fixed therefor.
19.	96	Finance (Expenditure & Economic Affairs), Communication (P&T), Defence and Railways.	The foregoing paragraphs reveal certain disquieting trends in the system of budgeting, observance of prescribed financial rules/ discipline and exercise of financial control by various Ministries/Departments of the Government of India. Evidently, the inadequacies/Shortcomings on this score had resulted in the incurrence of excess expenditure of considerable magnitude, registering of large scale savings and occurrence of several other financial irregularities/improprieties. The Committee cannot but express their deep concern over this unsatisfactory state of affairs. During evidence, the representative of the Ministry of Finance (Department of Expenditure) while admitting the shortcomings in the existing mechanism stated that they were contemplating revision of procedures and issuance of modified instructions for improving the position and ensuring observance of financial discipline. The Committee desire that in the light of the facts contained in this Report

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			and the findings of Audit on the Appropriation Accounts of the Union Government for the year 1993-94 contained in the relevant reports of C&AG for the year ended 31 March, 1994, Government should take effective steps to streamline the procedures with a view to making the budget exercise more realistic and meaningful, imparting financial discipline and effecting strict exchequer control.
20.	97	Finance (Expenditure), Communications (Posts) & Railways.	Subject to the observations made in the preceding paragraphs, the Committee also recommend that the expenditure referred to in Paragraph 12 of this Report be regularised in the manner prescribed in Article 115 (1) (b) of the Constitution of India.