

SEVENTIETH REPORT

PUBLIC ACCOUNTS COMMITTEE (2012-13)

FIFTEENTH LOK SABHA

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2008-09)

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-second Report (15th Lok Sabha)]

Presented to Lok Sabha on 21.03.2013

Laid in Rajya Sabha on 21.03.2013



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2012-2013)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Dr. M. Thambidurai
6. Shri T.K.S. Elangovan
7. Shri Anant Kumar Hegde
8. Shri Bhartruhari Mahtab
9. Shri Sanjay Nirupam
10. Shri Shripad Yesso Naik
- *11. Shri Abhijit Mukherjee
12. Shri Ashok Tanwar
- †13. Shri Takam Sanjoy
14. Dr. Girija Vyas
15. Shri Dharmendra Yadav

Rajya Sabha

16. Shri Prasanta Chatterjee
17. Shri Prakash Javadekar
18. Shri Satish Chandra Misra
19. Shri Sukhendu Sekhar Roy
20. Shri J.D. Seelam
21. Shri N.K. Singh
22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri D.R. Mohanty — *Deputy Secretary*
3. Smt. Anju Kukreja — *Under Secretary*

* Elected *w.e.f.* 6th December, 2012 *vice* Shri Sarvey Sathyanarayana appointed as Minister on 28th October, 2012.

† Elected *w.e.f.* 6th December, 2012 *vice* Dr. Shashi Tharoor appointed as Minister on 28th October, 2012.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2012-13), having been authorised by the Committee, do present this Seventieth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-second Report (Fifteenth Lok Sabha) on 'Excesses over Voted Grants and Charged Appropriations (2008-09)'.

2. The Twenty-second Report was presented to Lok Sabha/laid in Rajya Sabha on 31st August, 2010. Replies of the Government to the Observations/Recommendations contained in the Report were received from the Ministries of Finance, Home Affairs, Defence and Railways. The Public Accounts Committee considered and adopted Seventieth Report at their sitting held on 19th March, 2013. Minutes of the sitting are given at *Appendix-I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in *Appendix-II*.

4. 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.

5. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the Twenty-second Report (Fifteenth Lok Sabha) is given at *Appendix-III*.

NEW DELHI;
19 March, 2013
28 Phalgun, 1934 (Saka)

DR. MURLI MANOHAR JOSHI
Chairman,
Public Accounts Committee.

CHAPTERI

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-second Report (15th Lok Sabha) on '**Excesses over Voted Grants and Charged Appropriations (2008-09)**'.

2. The Twenty-second Report (15th Lok Sabha) which was presented to Lok Sabha/laid in Rajya Sabha on 31st August, 2010 contained 15 Observations/Recommendations. Action Taken Notes on all the Observations/Recommendations have been received from the Ministries/Departments concerned and are categorized as under:—

(i) Observations/Recommendations of the Committee which have been accepted by the Government:

Paragraph Nos. 1—7 and 9—15

Total: 14
Chapter-II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

—NIL—

Total: NIL
Chapter-III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Paragraph No. 8

Total: 01
Chapter-IV

(iv) Observations/Recommendations in respect of which the Government have furnished interim replies:

—NIL—

Total: NIL
Chapter-V

I. Delay in submission of Action Taken Notes

3. In accordance with the time limit prescribed by the Committee, Notes indicating the Action Taken by Government on the Observations/Recommendations contained in their Reports are required to be furnished by the Ministries/Departments concerned within six months of the presentation of the Reports. But an analysis of the receipt of the Action Taken Notes from the Ministries/Departments concerned has revealed that there has been a delay of six months by the Ministry of Finance beyond the stipulated period in the submission of the Action Taken Notes.

4. The Committee are deeply concerned to observe that the import of their oft-repeated recommendations to make concerted efforts for timely finalization and submission of Action Taken Notes by the prescribed time schedule is yet to be fully realized. Persistent delay in furnishing of Action Taken Notes on the part of the Ministry of Finance is all the more distressing. Since delay in explaining financial irregularities/deficiencies/aberration fuel public distrust, the Committee, therefore, reiterate it would be in their own interest, if ATNs are furnished within the prescribed time to the Committee for their appraisal. As additional responsibility rests with the Ministry of Finance, being the nodal agency, not only in finalising/submitting their own Action Taken Notes but in respect of other Ministries/Departments also, the Committee desire that a time schedule should be laid down for taking action at various stages involved in the finalization/vetting of the Action Taken Notes, which would go a long way in eliminating delay in submission of these Notes to the Committee. The Committee trust that necessary steps would be taken in this direction and they be apprised.

5. The Action Taken Notes furnished by the Ministries/Departments concerned to the Committee's Observations/Recommendations contained in their Twenty-second Report have been reproduced in the relevant Chapters of this Report. *The Committee will now deal with action taken by Government on some of their Observations/Recommendations which either need reiteration or merit comments.*

II. Percentage of Excess Expenditure over total Grants/Appropriations

(Recommendation Para No. 4)

6. In their Twenty-second Report, the Committee had observed that in 6 cases, the percentage of excess expenditure was more than 5 per cent over the Original Grant viz. 7.95 per cent in respect of Grant No. 54—Other Expenditure of the Ministry of Home Affairs; 5.40 per cent in Grant No. 23—Defence Services—Air Force; 11.93 per cent in Grant No. 24—Defence Ordnance Factories; 12.30 per cent in Appropriation No. 3—General Superintendence and Services; 5.20 per cent in Appropriation No. 5—Working Expenses—Repairs and Maintenance of Motive Power; and 99.34 per cent in case of Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital respectively. The Committee had further observed that incurring excess expenditure of more than 5 per cent of the Total Grant despite obtaining Supplementary Grant/Appropriation was a pointer towards the total failure of the Ministries concerned in anticipating the funds required for which special efforts were needed in future to

avoid recurrence of such instances. They had, therefore, recommended that in future the Ministries concerned should ensure that under no circumstances the excess over final Grants should exceed more than 5 per cent.

7. The Ministry of Finance (Department of Economic Affairs) in their Action Taken Note have stated as under:—

“Ministry of Finance has been reiterating the need for strict expenditure control and close monitoring of expenditure by the Financial Advisers of various Ministries/Departments. Emphasis has also been laid upon the need to strengthen the institutional arrangements; so that the progress of expenditure is strictly monitored and timely action is taken to ensure that expenditure is incurred within the limits authorized by Parliament.

All the Ministries/Departments have been instructed to consider taking the following immediate remedial measures with a view of minimize/eliminate the incidence of such irregularities in the judicious management of budgetary provisions and to ensure that expenditure is with the original/supplementary appropriation or valid re-appropriation as the case may be. All the Ministries/Departments have been suggested to take following steps:—

- (a) Preparation and circulation of Monthly Financial Review Analysis to the Administrative Heads for monitoring the progress of expenditure, and also to enable them to take remedial action where required;
- (b) Convening regular internal meetings with all spending units for effecting expenditure control;
- (c) Ensuring realistic projection of Budget Estimates/Supplementary Estimates and also ensuring that expenditure incurred is within the Budget as envisaged in General Financial Rules, 2005 so that there is no occasion for incurring excess expenditure;
- (d) Putting in place/reviewing/strengthening systems for monthly monitoring of the flow/trends of expenditure so as to avoid recurrence of excess expenditure; and
- (e) The above measures will be monitored through the periodical meetings of Financial Advisors with Secretary (Expenditure), to achieve the desired result to curtailing the incidence of excess expenditure.”

8. **The Committee note that in pursuance of their recommendation, the Ministry of Finance (Department of Economic Affairs—Budget Division) have instructed all the Ministries/Departments to take immediate remedial measures, as suggested by them above, to ensure judicious management of budgetary provisions. However, the Committee find that the Ministry had issued instructions on 11.07.2011 i.e. after eleven months of the presentation of their Twenty-second Report. Further, instructions so issued appear to be routine in nature and no stringent measures have apparently**

been prescribed against the defaulting Ministries, to avoid excess expenditure. What is further disquieting is that despite the oft-repeated concern expressed by the Committee and issuing of necessary instructions from time to time by the Ministry of Finance, Parliament is being presented with a *fait accompli* of unremitting excess expenditure phenomenon. The fact that no concrete results have been achieved despite issuance of routine instructions, the situation warrants bold and stringent measures including provision for penal action against the officers responsible for not detecting and reporting timely the excess expenditure to overcome the recurring problem of the excess expenditure over Voted Grants and Charged Appropriations. The Committee would like the Government to take this issue with utmost seriousness so that excess expenditure is reduced to the barest minimum.

III. Reasons for Excess Expenditure

(Recommendation Para No. 5)

9. In their Twenty-second Report, the Committee had observed that the major contributory factors for the excess expenditure incurred by the Civil Ministries were receipt of more claims due to implementation of the Sixth Central Pay Commission recommendations, more payments made for settlement of claims of displaced persons, additional payments of dearness allowance to freedom fighters/pensioners etc. In case of excess expenditure incurred by the Defence Ministry, the major causes were increase in security related expenditure and foreign exchange variations, issue of operating platform for CRN-91 guns, higher supply to DRDO etc. Further, according to the Ministry of Railways the reasons for excess expenditure were taking up of more activities relating to the repair and maintenance of rail infrastructure, operating expenses of rolling stock and equipment, more expenditure towards staff cost due to implementation of recommendations of the Sixth Central Pay Commission, higher payment of dividend to General Revenues on account of higher booking in capital as compared to Budget Estimates etc. Having observed that the Ministries had not accorded due importance to the guiding force of budgeting, the Committee had urged upon the Ministry of Finance to find innovative steps for ushering in the next level of budgeting and financial management in the country, whereby the exercise was not only made more accurate, logical and practicable but also eliminate major budgetary and financial irregularities so that the scarce financial resources were utilized appropriately, judiciously and productively on the laid down targets thus facilitating economy, efficiency and efficacy in the financial transactions.

10. The Ministry of Finance (Department of Expenditure) in their Action Taken Note have *inter alia* stated as under:—

“... ...with the help of IT initiative taken by office of the Controller General of Accounts, a closer watch on the expenditure position has now been enabled and Budget Division of Ministry of Finance reviews them very closely towards the close of financial year, particularly with a view to include cases where there is likelihood of excess expenditure, to include them in the last batch of Supplementary Demands for Grants, so that instances of excess expenditure are reduced. Further, the Ministry of Finance requests other Ministries/

Departments at the time of final batch of Supplementary Demands for Grants to assess the expenditure position with reference to approved Revised Estimates which may result in excess expenditure and come up with suitable Supplementary Demands for Grants so that excess expenditure is avoided in any grant or appropriation. Details of steps taken by Ministry of Finance in this regard were explained in the ATN on the Observations/Recommendations contained in para 51 of 80th Report of PAC (2008-09) (14th Lok Sabha) on 'Excess Over Voted Grants and Charged Appropriations (2006-07)';

Owing to the attention accorded to this issue and the Government efforts in reducing the excess expenditure over the years, the excess expenditure has been brought down from ₹ 97,205 crore in 2005-06 to ₹ 1012.82 crore in 2008-09. This was possible due to the concerted efforts and continued monitoring of the expenditure by the Government. In fact, the excess expenditure after excluding Defence and Pensions is only ₹ 79.39 crores, and refers to a single grant relating to other payments of MHA. Even in the Demands relating to Ministry of Defence and Centralised Grant Pensions, the excess expenditure was largely due to implementation of the Recommendations of 6th Central Pay Commission. This position indicates that with the concerted efforts made, the seriousness impressed upon the Ministries over a period and other measures taken, the problem of excess expenditure is in control and, perhaps, is within an acceptable margin. It is further assured that this tempo will be maintained and will not be allowed to lose focus. It is, therefore, submitted that the present system is sufficient and adequate, coupled with the additional measures already taken."

11. The Committee are informed that due to the Ministry of Finance's concerted efforts and continued monitoring, the excess expenditure has been brought down from ₹ 97,205 crore in 2005-06 to ₹ 1012.82 crore in 2008-09. The Ministry have assured the Committee that this tempo would be maintained by them and would not be allowed to lose focus. However, the Committee find that during 2009-10, the excess expenditure has increased to ₹ 14575.08 crore *i.e.* more than ₹ 13,500 core *vis-a-vis* the excess expenditure in the preceding year. The Committee view this dismal picture with grave concern and are the firm view that the present system of budgetary control is far from "sufficient and adequate". Therefore, there is an imperative need to devise an effective mechanism with a view to imposing financial discipline on all the Ministries/Departments to avoid excess expenditure. The Committee recommend the Ministry of Finance to impress upon the Departmental Heads of all the Ministries/Departments to carry out periodical checks for strict application of the prescribed Financial Rules and deal sternly with cases of aberration noticed so that recurrence of huge excess expenditure is avoided.

IV. Delay in submission of Explanatory Notes

(Recommendation Para No. 8)

12. Upon noticing delay in submission of Explanatory Notes on excess expenditure by various Ministries/Departments which impeded the examination of excess expenditure, direct consequence of which was delay in the regularization of the unauthorized expenditure by Parliament, the Committee in their earlier Report desired the Ministry of Finance to put in place a centralized monitoring network to check the status of the preparation and submission of Explanatory Notes at every stage by various Ministries/Departments so that any delay on this count was eliminated. The Committee had also recommended that in future the contributory reasons for delay in submission of Explanatory Notes should invariably be appended in the relevant Explanatory Notes submitted for the purpose.

13. The Ministry of Finance (Department of Expenditure) in their Action Taken Note have, *inter-alia*, stated as under:—

"In compliance of PAC Recommendations, necessary instructions have been issued to the Secretaries of the Government of India *vide* CGA's DO letter dated 05/08/2010 to ensure that the contributory reasons for delay in submission of Explanatory Notes should invariably be mentioned in the relevant Explanatory Notes. Further, in pursuance of PAC's Recommendations for computerized monitoring of the submission of Explanatory Notes, a computerized web based monitoring system known as Audit Para Monitoring System (APMS) has been recently developed in the office of CGA in consultation with National Informatics Centre (NIC) and is presently being tested prior to installation at the regular Server at NIC data center at Hyderabad. The scope of this software is proposed to be expanded to cover computerized monitoring of submission of PAC paras and Explanatory Notes by Ministries/ Departments in the second phase. PAC will be apprised later on with the progress of development/commissioning of the system for computerized monitoring of submission of Explanatory Notes by Ministries/Departments."

14. The Committee are pleased to note that in pursuance of their recommendation, the Ministry of Finance (Department of Expenditure) have developed Audit Para Monitoring System (APMS) in the Office of Controller General of Accounts (CGA) for computerized monitoring of submission of replies to the Audit Paras and Explanatory Notes on excess expenditure by the Ministries/Departments to the Public Accounts Committee. The Committee trust that with the development of APMS, the Ministry of Finance would be able to keep a strict vigil over processing of Audit Paras/Explanatory Notes so that the same could be made available to the Committee within the prescribed time limit. The Committee would, like to be apprised of the latest status of the development/commissioning of the system and specific improvements brought in after the introduction of the system.

V. Excess Expenditure incurred under Grant No. 39—Pensions

(Recommendation Para No. 9)

15. In their earlier Report the Committee had noted that during the year 2008-09, the Ministry of Finance (Department of Expenditure) incurred an excess expenditure of ₹ 163.18 crore under Revenue Section (Voted) of Grant No. 39—Pensions. The excess was mainly due to higher expenditure than estimated, the receipt of more scrolls from the authorized banks and clearance of outstanding scrolls. The Committee also found that there was lack of comprehensive network amongst pension account related offices across the country and the prevailing pensions data management and accounting information systems were not in order and marked by lack of precise information regarding region/circle-wise number of pensioners. Upon noticing that Central Pension Accounting Office in the Ministry had introduced e-scroll system which would help in checking the expenditure, the Committee had desired to be apprised of the efficacy of the e-scroll system and its impact on correctly assessing the expenditure on pensions. They had also impressed upon the Ministry of Finance to adopt e-governance model and utilize the Information Technology Services/tools thereby establishing a centralized database of the pensioners and networking of all the banks so as to arrive at a correct estimation of pension liability and expenditure in a particular year.

16. The Ministry of Finance (Department of Expenditure) in their Action taken Note have stated as follows:—

“The observations of the Public Accounts Committee have been noted and corrective actions in the interim are in hand, in the longer run a project to revamp the system of budget formulation and execution in respect in being envisaged.

In the interim two measures are being adopted. The e-scroll project is being finalized to enable an early rolling out to all banks who act as pension disbursing agencies and account for more than half of the disbursements under the Grant. Simultaneously, it is envisaged to institute an electronic mechanism of budget formulation and execution through a common portal, connecting the accounting circles of the Government of India that operate on the Grant directly and account for a little less than half the pensions disbursed. This project is being formulated by CPAO in consultation with the office of the Controller General of Accounts. Commensurate enhancement of manpower is under the anvil.

The project on e-scroll has since been finalized. The delay was due to prolonged stakeholders consultations in the Technical Committee to enable systems integration between CPAO and the participating banks. It has not been feasible to implement a system where debit to Government account would be authorized only on post certification of e-scrolls received by CPAO due to a variety of reasons. However, the banks are being asked to shift to a system of Central Pension Processing Centre (CPPC) and claim reimbursement through a single focal point branch. This would enable the banks to send to the CPAO e-scrolls simultaneously with the memo seeking reimbursement

from RBI. It would also enable implementation of a closely coordinated system between the banks, Central Accounts Section of RBI and the Central Pension Accounting Office.

The project document is being issued to the concerned banks and pilot testing of the project is presently slated to commence from June 2011 and is expected to conclude by August 2011. The results of the testing would, thereafter, be incorporated in the software and the same shall also be sent for security and systems certification. It is, accordingly, expected that Phase-I of the e-scroll project, comprising all banks presently on a centralized pension processing platform, shall commence in the last quarter of 2011-12. The transition to the CPPC platform is being pursued in respect of remaining banks. Phase II of the project, comprising remaining banks, shall roll out in FY 2012-13.

The efficacy of the E-scrolls systems and its impact on correctly assessing the expenditure on pensions are described below:

- (a) The system envisages that the E-scrolls be sent to the CPAO simultaneously with the memo seeking reimbursement from RBI. The accounting of CPAO of pensions disbursed by banks will therefore be simultaneous with the debit to the Government Cash Balance. As the Banks disburse more than half of the quantum provided for in this composite Grant, the availability of this information on a timely basis will, if necessary, enable interventions to supplement budget within the fiscal.
- (b) This project will enable the initial master date reconciliation by banks, check of payments claimed by the bank and incorporate on-going change information into the database.
- (c) Change information will be incorporated through this system into the data base enabling a scientific budget forecasting of pension disbursements likely in a year. The status on payments will be made available to the pensioner to enable timely corrections. Lags between authorization by CPAO and credit to pension accounts by banks will be known both for corrective measures and for proper budget estimation.”

17. Subsequent to the Audit's vetting comments on the above reply, the Ministry have further stated as under:—

“The 'database' referred to in the ATN is the 'centralised database of pensioners in Central Pension Accounting Office' containing records pertaining to over nine lakh pensioners, including authorizations issued by CPAO as well as data collected on pre-1990 pensioners. So far as the completion of database of pre-1990 pensioners is concerned, as mentioned in Para 6 of the ATN, the initial reconciliation of the master database of Central Pension Accounting

Office with that of the bank will lead to incorporation of residual pre-1990 pensioners into the database. Thereafter, all payments made by the banks will be verified by the Central Pension Accounting Office against this master database.”

18. The Committee note that with a view to obviate excess expenditure under the Grant No. 39—Pensions, the Ministry of Finance (Department of Expenditure) have finalised e-scroll project to enable an early rolling out to all Banks. The Ministry expected that the Phase I of the project comprising all Banks presently on the centralized pension processing platform would commence in the last quarter of F.Y. 2011-12 and the IIInd Phase thereof comprising remaining Banks shall roll out in F.Y. 2012-13. The Committee hope that such project will be effectively implemented and regularly monitored so as to revamp the system of budget formulation and execution as well as to avoid excess expenditure in future under this Grant. Taking note that the Ministry are yet to establish a centralized database of the pensioners and compile the database of pre-1990 pensioners, the Committee also desire that in the larger interest of correct estimation of pension liability and in order to achieve a sound fiscal discipline under this Grant in future, the Ministry should make concerted efforts to complete the database by compiling the information at the earliest and apprise the Committee of the final outcome in the matter including the progress of the e-scroll project.

VI. Excess Expenditure incurred by the Ministry of Defence

(Recommendation Para No. 11)

19. The Committee in their Twenty-second Report had noted that excess expenditure to the tune of ₹. 610.37 crore and ₹ 132.25 crore had been incurred both under Revenue Section (voted) of Grant No. 23—Defence Service-Air Force and Grant No. 24—Defence Ordnance Factories respectively during the year 2008-09. The committee had also found that the Ministry of Defence had incurred excess expenditure amounting to ₹ 27.50 crore and ₹ 13.33 lakh respectively under Grant No. 19—Ministry of Defence and Grant No. 20—Defence Pensions pertaining to Civil Sector but operated by them. These altogether put the total excess expenditure to ₹ 770.25 crore incurred by the Ministry during the year 2008-09. Having found that the Ministry had failed to take necessary steps to check or minimize excess expenditure under the Grants operated by them, the Committee had recommended that apart from re-circulation of their old instructions which had proved ineffective in rectifying the loopholes and deficiencies responsible for incurring of excess expenditure under the Grants operated by them, the Ministry of Defence should introspect the inadequacies of the existing arrangements for checking excess expenditure and devise some concrete ways and means in consultation with the Ministry of Finance to overhaul their budgeting mechanism so that incurring of excess expenditure was either avoided altogether or minimized drastically.

20. The Ministry of Defence, in their Action Taken Notes have stated as follows:—

"In order to have strict control on Civil Estimates and Defence Pensions Budget and to check large scale savings/excess, the Ministry have issued

instructions from time to time to all the budget holding authorities and asked for proper implementation of these instructions. Such instructions were issued on 28.6.2010 in respect of Civil Estimates and 29.06.2010 in respect of Defence Pensions whereby while reiterating the instructions already issued earlier, it was instructed that in order to ensure even flow of expenditure and to avoid any excess expenditure/savings in any Grant, concrete remedial action must be taken. The utmost caution and accuracy should be adopted while estimating requirement of funds after taking into account all the instruction issued by Ministry of Finance from time to time".

21. The Committee are concerned to note that the Ministry of Defence have not taken any tangible steps in consultation with the Ministry of Finance for implementation of their recommendation for devising ways and means to overhaul the existing budgetary mechanism, except issuing routine instructions to all the budget holding authorities. Notably, despite issuing instructions the instances of excess expenditure under Grants/Appropriations operated by the Ministry of Defence continued to recur during the years 2009-10 and 2010-11. Obviously, the existing budgeting mechanism of the Ministry is ineffectual as excess expenditure continues to recur. The Committee feel that mere issuing of instructions would not serve the purpose unless the progress of expenditure is strictly monitored and timely action taken to ensure that expenditure is incurred within the limits authorized by Parliament and individual responsibility assigned. They, therefore, desire the Ministry of Defence to thoroughly review their budgetary mechanism so that necessary corrective action, wherever warranted, could be taken to overcome the systemic lacunae/loopholes for elimination of the perennial problem of excess expenditure. The Ministry should also put in place a robust mechanism for monthly monitoring of the flow/trend of expenditure by the Administrative Heads so as to avoid recurrence of excess expenditure.

VII. Excess Expenditure incurred by the Ministry of Railways

(Recommendation Para No. 12)

22. In their Twenty-second Report, the Committee had found that during the year 2008-09 the Ministry of Railways incurred a total excess expenditure of ₹ 519.81 crore in 9 cases of 8 excess registering Grants/Appropriation, which was 10 times more than the excess expenditure of ₹ 51.22 crore incurred by them during the year 2007-08 . The contributory factors for this excess expenditure were reported to be implementation of the recommendations of the 6th Central Pay Commission, more drawal of stores from stock, materialization of more contractual obligations; more direct purchase than anticipated; more adjustment of wages and materials on periodical overhauling etc. The Committee concluded that the Ministry of Railways had either failed to undertake proper homework before finalizing their budgeting estimates or did not possess correct data regarding the number of officers and staff on their payroll, purchase record etc. Upon noticing that the Ministry had paid scant regard to enforcing fiscal discipline while incurring excess expenditure during the year 2008-09, the Committee had desired the Ministry of Railways to strive earnestly for ensuring realistic estimation of their budgetary requirements under various sub-heads of the

Grants/Appropriations operated by them so that the existing lapses/loopholes were properly arrested.

23. In their Action Taken Notes, the Ministry of Railways have stated as follows:—

"The concern of the committee is noted and this Ministry has already urged recently the spending units under its control, *viz* the zonal Railways, the need to adhere to the fiscal discipline as desired by the Committee."

24. In response to the Audit observation on the above reply, the Ministry have *inter alia* further stated as under:—

"The Railways do have a well-set budgetary and monitoring mechanism of expenditure as a result of which the incidence of excess could gradually be brought down to 0.03% in 2007-08 despite the vast spectrum and spending units of railway network spread along the length and breadth of the country. However, in 2008-09 and 2009-10, the excess expenditure has risen mainly due to the difficulty in assessing the impact of implementing the recommendations of 6th CPC. Ministry of Railways, nonetheless would take steps to strengthen the system and procedures that will help in controlling the expenditure within the sanctioned Appropriation/Grants. Due care will also be taken in seeking Supplementary Demands, if necessary, in time."

25. Deploring the steep rise in excess expenditure incurred by the Ministry of Railways during the year 2008-09, the Committee in their earlier Report had urged the Ministry of Railways to strive earnestly for ensuring realistic estimation of their budgetary requirements under various sub-heads of the Grants/Appropriations operated by them. However, the Ministry have given a tepid response thereto that the concern of the Committee has been noted and the Ministry had urged the zonal railways to adhere to the fiscal discipline. No mention has been made in the reply regarding measures taken to review the existing mechanism for realistic estimation of budgetary requirements. Keeping in view the magnitude of the recurring excess expenditure in case of Grants/Appropriations operated by the Ministry of Railways, the Committee are of the firm opinion that the extant budgetary exercise and the monitoring mechanism is far from sound and adequate. While reiterating their earlier recommendation, the Committee desire the Ministry of Railways to revisit their budgetary and expenditure control system so as to ensure strict financial discipline.

CHAPTERII

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observations/Recommendations No.1

The Committee's examination of the four Appropriation Accounts of the Union Government relating to the Civil, Defence Services, Postal services and Railways for the financial year 2008-09 has revealed that a total excess expenditure of ₹ 1532.63 crore was incurred in 15 cases under 14 Grants/Appropriation in the fiscal year 2008-09. The defaulting Ministries are — Ministry of Finance (Grant No. 39—Pensions); Ministry of Home Affairs (Grant No. 54— Other Expenditure of the Ministry of Home Affairs); Ministry of Defence (Grants *i.e.* Grant No. 19 — Ministry of Defence (Civil), Grant No. 20 — Defence Pensions, Grant No. 23—Defence Services—Air Force, and Grant No. 24—Defence Ordnance Factories); and Ministry of Railways (9 cases under 8 Grants/Appropriation *i.e.* Grant No. 4—Repairs and Maintenance of Permanent Way and Works; Grant No. 5—Repairs and Maintenance of Motive Power; Grant No. 6—Repairs and Maintenance of Carriages and Wagons; Grants No. 7—Repairs and Maintenance of Plant and Equipment; Grant No. 8—Operating Expenses—Rolling Stock and Equipment; Grant No. 15—Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-capitalization; Appropriation No. 3—General Superintendence and Service; Appropriation No 5—Repairs and Maintenance of Motive Power; and Appropriation No. 16—Assets Acquisition, Construction and Replacement—Capital). This amount of excess expenditure incurred during the financial year under review showed a steep increase over the preceding year, wherein a total excess expenditure of about ₹ 223.58 crore in 16 cases of 14 Grants/Appropriations was recorded. The Committee feel that incurring such huge amounts of excess expenditure over and above the budgetary provisions sanctioned by the Parliament at different stages of budget do not augur well for ensuring proper and judicious utilization of public funds besides undermining the Parliamentary financial control. The unabated large excess expenditure by these Ministries is self-manifestation of the fact that they are still far from taking any noteworthy and suitable remedial measures to ensure proper budgeting and subsequent monitoring of the expenditure flow. This is deplorable considering the fact that the Committee have been emphasizing over the years for plugging the existing loopholes and deficiencies with a view to restricting the quantum of excess expenditure to the barest minimum in future.

[Para 1 of the 22nd Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Finance (Dept. of Expenditure)

The observations of the Public Accounts Committee on excess expenditure incurred in 2008-09 in Grant No. 39—"Pensions" have been noted. The corrective actions in the interim are in hand; in the long run a project to revamp the system of budget formulation and execution is envisaged.

In the interim, two measures are being adopted. The E-scroll project has been finalized and the project document has been prepared and issued to the three pilot banks. This pilot is underway. All banks have been directed to shift to a system of Central Pension Processing Centres (CPPCs). The electronic mechanism of budget formulation and execution for the accounting circles of Government of India is being devised.

The centralized database of pensioners in CPAO contains records pertaining to more than 9,70,000 pensioners. Reconciliation of master data by banks for the pilot project is underway and pre 1990 data pertaining to these pilot banks/CPPCs provided during this process are also being incorporated.

Vetted by Director General of Audit (Central Expenditure) *vide* their U.O. No. RR/I-35/11-12/374 dated 11-8-2011.

Sd/-

Joint Secretary and Financial Advisor
Ministry of Finance

Action Taken by the Ministry of Home Affairs

It has already been stated in the 'Detailed Explanatory Note for Excess', submitted to the Public Accounts Committee (copy enclosed), that excess expenditure under Grant No. 54 — Other Expenditure of Ministry of Home Affairs during the financial year 2008-09 was due to over-booking of expenditure under 'Swatantrata Sainik Samman Pension Scheme'. It is reiterated that there is no direct control of this Ministry on the said scheme and the role of this Ministry (Ministry of Home Affairs) is limited to making budgetary provision under the scheme, on the basis of the expenditure trends of the previous years, the making re-imbursement of the amount booked by Central Pension Accounting Office, functioning under the administrative control of Ministry of Finance, on this count. Hence, any unexpected increase in the amount of pensions of the freedom fighters or their dependents by the Government of India, during a financial year, leads to over-lapping of the budgetary provision under this scheme, as it did happen during the financial year 2008-09. Since this Ministry comes to know about the exact amount of the expenditure booked under the scheme long after close of a financial year, leaving no scope to augment the provision at any stage of budgeting, the excess expenditure incurred under Revenue Section (Voted) of Grant No. 54—Other Expenditure of Ministry of Home Affairs during the financial year 2008-09 may not be attributed to the cause of failure of this Ministry either on account of budget formulation or restricting expenditure over the budgetary provision.

Sd/-
(Vishwapati Trivedi)

Additional Secretary & Financial Adviser (Home)

(This 'Action Taken Note' have been vetted by O/O DGACE *vide* their U.O. No. RR/6-30/10-11/814 dated 01.11.2010).

[Ministry of Home Affairs' O.M. No. 28/15/2010-Bgt.I dated 25.11.2010]

Action Taken by the Ministry of Defence

In so far as Ministry of Defence (Civil) & Defence Pensions are concerned, the Committee's main observation in this paragraph is that under Grant No. 19—Ministry of Defence (Civil)—an excess expenditure of ₹ 27.50 Cr. and under Grant No. 20—Defence Pensions - an excess expenditure of ₹ 27.50 Cr. and under Grant No. 20—Defence Pensions — an excess expenditure of ₹ 13.33 lakh were incurred during the year 2008-09. The Committee has expressed that the Ministry is still far from taking any noteworthy and suitable remedial measures to ensure proper budgeting and monitoring of expenditure flow although the Committee have been emphasizing over the years for plugging the existing loopholes and deficiencies to restrict the quantum of excess expenditure to the barest minimum in future.

The excess expenditure of ₹ 27.50 Cr. under Grant No. 19—Ministry of Defence (Civil) was mainly due to revised salaries & allowances of troops on account of Implementation 6th CPC and higher trend of booking due to increase in rate of Kerosene, POL & provisions etc. in r/o JAKLI, and implementation of 6th CPC in r/o MoD Secretariat. The excess expenditure is also supplemented by enhanced recruitment drive to fill vacancies against Government Sanctions and enhanced operational deployment of ships post 26/11 in r/o Coast Guard Organisation. The excess expenditure of ₹ 13.33 lakh under Grant No. 20—Defence Pension was incurred due to impact of payment of arrears of pensions on account of 6th CPC. In this regard it is mentioned that payment of Pension is obligatory expenditure and has to be fulfilled. Further, it is submitted that the excess is under prescribed permissible limit *i.e.* 5% as the variation is upto 0.33% under Grant No. 19—Ministry of Defence (Civil) and upto 0.0007% under Grant No. 20—Defence Pensions over final Grants.

However, as a measure of control, the Govt. of India in the Ministry of Defence have been advising all the budget estimating authorities of Civil and Defence Pensions to keep strict watch on the expenditure and ensure that expenditure should be as per the grant and in case any excess is visualised, its provision should be made at RE stage. Keeping in view these instructions, as well as the recommendations of PAC in their Seventh Report (Para No. 47), this office has issued the instructions to Departments and IFA concerned in r/o Civil and Defence Pensions to keep strict watch on expenditure flow to avoid recurrences of excess expenditure in future. Necessary monitoring and follow up action in this regard would be ensured.

Sd/-

(Ramesh Kumar)
JS & Addl. FA (R)

Action Taken by the Ministry of Railways

The above recommendation is general in nature and takes into account the excess expenditure incurred by various Central Ministries as a whole. The observation of the Committee is, nonetheless, noted.

Audit vide their U.O. No. 122-RA-III/2-1/10 dated 10.11.2010 have vetted the Action Taken Note with the following comments:

"Seen".

Sd/-

(Rashmi Kapoor
Adviser Finance
Railway Board

[Ministry of Railways' case No. 2010-BC-PAC/XV/22, dated 15.02.2011].

(Observation/Recommendation No. 2)

"The Committee find that out of the total excess expenditure of ₹ 1532.63 crore incurred during the 2008-09 fiscal year, the bulk of the excess was registered by the Defence Services and Railways, which respectively accounted for 48.45 per cent (₹ 742.61 crore under 2 Grants) and 33.92 per cent (₹ 519.81 crore under 6 Grants and 3 Appropriation Accounts) of the total excess disbursement. The remaining 17.63 per cent of the total excess expenditure (₹ 270.21 crore under 4 Grants) was incurred in the Civil sector. The Committee's scrutiny has revealed that in 6 cases, there was misclassification of expenditure in the Grants/Appropriations operated by the Ministry of Railways viz.—₹ (+) 2,51,65,892 under Grant No. 4 — Working Expenses —Repairs and Maintenance of Permanent Way and Works; ₹ (+) 7,84,14,221 under Grant No. 5 — Working Expenses — Repairs and Maintenance of Motive Power; ₹ (+) 7,55,63,115 under Grant No. 6 — Working Expenses — Repairs and Maintenance of Carriages and Wagons; ₹ (-) 2,86,37,475 under Grant No. 7 — Working Expenses — Repairs and Maintenance of Plant and Equipment; ₹ (-) 2,75,51,187 under Grant No. 8 —Operating Expenses — Rolling Stock and Equipment; and ₹ (+) 1,25,662 under Appropriation No. 3 — Working Expenses — General Superintendence and Services. Taking into account the effect of these 6 cases of misclassification, the actual excess expenditure relating to the Ministry of Railways comes to ₹ 532,12,06,588 instead of ₹ 519,81,26,360 as indicated in the Indian Railways Appropriation Accounts (2008-09). Accordingly, the total amount of actual excess expenditure incurred during the financial year 2008-09, which has to be regularized by Parliament under Article 115 (1) (b) of the Constitution, is of the order of ₹ 1544.94 crore."

[Para 2 of the 22nd Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Home Affairs

It is submitted that there was no excess expenditure under any of the Grants controlled by this Ministry on account of misclassification of expenditure. Hence, no action on the part of this Ministry seems necessary in this regard. However, observation/recommendation of the Committee has been noted with consideration and will be taken care of to avoid such situations in respect of the Grants controlled by this Ministry.

Sd/-
(Vishwapati Trivedi)

Additional Secretary & Financial Adviser (Home)

(This 'Action Taken Note' has been vetted by O/O DGACE vide their U.O. No. RR/6-30/10-11/814 dated 01.11.2010).

[Ministry of Home Affairs' O.M. No.28/15/2010-Bgt. I dated 25.11.2010]

Action Taken by the Ministry of Defence

In this paragraph, the Committee has recommended that the amount of actual excess expenditure incurred during the financial year 2008-09 has to be regularized by Parliament under Article 115(1) (b) of the Constitution.

The Demand for Excess Grants for ₹ 27,49,86,122 under Demand No. 19—Ministry of Defence (Civil) and for ₹ 13,32,985 under Demand No. 20 — Defence Pensions relating to the financial year 2008-09 have already been passed by the Lok Sabha and the connected Appropriation Bill (No. 6), 2010 have also been passed by the Parliament and assented to by the President of India on December 11, 2010 and the Act has been published in the Gazette of India (Extra-ordinary) dated December 13, 2010 as Act No. 45 of 2010.

Sd/-
(Ramesh Kumar)
JS & Addl. FA (R)

Action Taken by the Ministry of Railways

The excess expenditure of ₹ 532.12 cr incurred by Ministry of Railways during 2008-09 will be got regularized by Parliament in its ensuing winter session (2010).

Audit *vide* their U.O. No. 122-RA-III/2-1/10 dated 10.11.2010 have vetted the Action Taken Note with the following comments:

"Seen".

Sd/-
(Rashmi Kapoor)
Adviser Finance
Railway Board

[Ministry of Railways' case No. 2010-BC-PAC/XV/22 dated 15-2-2011]

Observation/Recommendation No. 3

Scrutiny of the cases of excess registering Grants and Appropriation for the financial year 2008-09 indicate that there are huge variations in the quantum of excess expenditure incurred in 14 Grants/Appropriations with the bulk of the excess registering in the Grants relating to Defence Services, so much so that 82.19% *i.e.* ₹ 610.37 crore of the total excess expenditure pertaining to Defence Services was disbursed under Grant No. 23 — Defence Services—Air Force alone. The remaining 17.81% *i.e.* ₹ 132.25 crore was incurred under Grant No. 24 — Defence Ordnance Factories. As regards the Railways, while 93.06% of the total excess was incurred under four Grants *i.e.* (i) ₹ 106.58 crore under Grant No. 4—Working Expenses—Repairs and Maintenance of Permanent Way and Works; (ii) ₹ 103.09 crore under Grant No. 5—Working Expenses—Repairs and Maintenance of Motive Power; (iii) ₹ 157.25 crore under Grant No. 6—Working Expenses—Repairs and Maintenance of Carriages and Wagons; and (iv) ₹ 128.30 crore under Grant No. 8 — Operating Expenses — Rolling stock and Equipment, the remaining amount was registered under 2 Grants and 3 Appropriation Accounts (₹ 13.07 crore under Grant No. 7 — Working Expenses — Repairs and Maintenance of Plant and Equipment; ₹ 6.71 crore under Grant No. 15 — Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortization of Over Capitalization; ₹ 2.30 lakh under Appropriation No. 3 — Working Expenses — General Suprudence and Services; ₹ 1.20 lakh under Appropriation No. 5—Working Expenses — Repairs and Maintenance of Motive Power and ₹ 17.09 crore under Appropriation No. 16 — Assets — Acquisition, Construction and Replacement — Capital). In so far as Civil Ministries are concerned, out of the total excess expenditure incurred, 60.42% *i.e.* ₹ 163.18 crore was under Grant No. 39 — Pensions operated by the Ministry of Finance, 29.40% *i.e.* ₹ 79.39 crore was under Grant No. 54 — Other Expenditure of the Ministry of Home Affairs; and the remaining 10.18% was registered under 2 Grants *i.e.* ₹ 27.50 crore under Grant No. 19 — Ministry of Defence (Civil); and ₹ 13.33 lakh under Grant No. 20 — Defence Pensions.

[Para 3 of the 22nd Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Finance (D/o Expenditure)

The observations of the Public Accounts Committee on excess expenditure incurred in 2008-09 in Grant No. 39 — "Pensions" have been noted. Remedial measures being taken have been explained in details in ATN on Para 9 (copy enclosed) of the 22nd report of Public Accounts Committee (15th Lok Sabha).

Vetted by Director General of Audit (Central Expenditure) *vide* their U.O. No. RR/I-35/11-12/374 dated 11.8.2011.

Sd/-

Joint Secretary and Financial Advisor
Ministry of Finance

Action Taken by the Ministry of Home Affairs

The Ministry is very much concerned about the excess expenditure that occurred under Grant No. 54—Other Expenditure of the Ministry of Home Affairs during the financial year 2008-09.

This Ministry cannot restrict expenditure under '**Swatantrata Sainik Samman Pension Scheme**', a cause for excess booking of expenditure under the above-stated Grant during the financial year 2008-09. The concerned Divisional Head has been requested (**copy enclosed — D.O. No. 28/12/2010-Bgt. I dated 21st June 2010**) to look into this matter personally, by taking it up with the highest authorities of the organizations involved in the whole process of booking of expenditure under the said scheme, to fix the problem. In the year 2010-11, internal audit of this scheme is also being undertaken.

Sd/-

(Vishwapati Trivedi)

Additional Secretary & Financial Adviser (Home)

(This 'Action Taken Note' has been vetted by O/O DGACE vide their U.O. No. RR/6-30/10-11/814 dated 01.11.2010).

[Ministry of Home Affairs' O.M. No. 28/15/2010-Bgt. dated 25.11.2010]

Action Taken by the Ministry of Defence

(a) In this paragraph, the Committee has observed that in so far as Civil Ministries are concerned, out of 60.42 per cent 10.18 per cent was registered under 2 Grants *i.e.* ₹ 27.50 crore under Grant No. 19 — Ministry of Defence (Civil) and ₹ 13.33 lakh under Grant No. 20 — Defence Pensions. The excess under Grant No. 19 — Ministry of Defence (Civil) was mainly due to 6th CPC implementations and enhanced recruitment drive and operation exploitation of ships and aircrafts post 26/11. Accordingly, the fuel consumption and expenditure thereof, has increased in r/o Coast Guard Organisation. The excess under Grant No.—20 Defence Pension were incurred due to higher rate of payment of pensions and dearness relief due to implementation of 6th CPC recommendations and payment of pension which is an obligatory expenditure and has to be fulfilled.

The observation made by PAC has been noted by the Ministry of Defence (Civil) for future guidance and for compliance.

Sd/-

(Ramesh Kumar)

JS & Addl. FA (R)

Action Taken by the Ministry of Railways

The para brings out the Grant-wise factual position of excess expenditure incurred by various Central Ministries including the Railways. In case of Railways, the bulk of excess of ₹ 532.12 cr. has been incurred in four Grants *i.e.* 4, 5, 6 and 8. Most of this excess has occurred due to steep rise in the staff cost consequent upon implementation of the recommendations of the 6th Central Pay Commission (6th CPC). Since the implementation of the recommendations of 6th CPC started from the latter part of 2008-09 in piece-meal manner, an accurate assessment of the impact thereof was quite difficult resulting in excess expenditure in these Grants.

Audit *vide* their U.O.144 RA-III/2-1/10 dated 11.2.2011 desired that their comments dated 10.11.2010 may be appended below audit observations along with Ministry's comments:

"Seen. However, with the proper assessment of staff cost based on number of staff/officers on roll and monitoring of expenditure of salary, etc., the magnitude of excess expenditure due to hike in staff cost under these grants could have minimized."

Ministry's Comments

The impact of the implementation of 6th CPC has been much larger than expected. There certainly is always a scope for better assessment. All efforts were made to make sufficient provision for implementation of 6th CPC in 2008-09. However, the provision made was found short in some of the Demands, particularly in light of the multiplicity of the recommendations of 6th CPC further modified by the Government, the implementation of which began only in the latter part of 2008-09 with orders coming in piece-meal manner. Despite this and the fact that recommendations of 6th CPC involved benefit accruing to about 14 lakh serving employees and more than 11 lakh pensioners, the excess expenditure in 2008-09 was contained within ₹ 532 cr. limited only to a few Demands for Grants.

The Railways do have a well-set budgetary and monitoring mechanism of expenditure as a result of which the incidence of excess could gradually be brought down to 0.03% in 2007-08 despite the vast spectrum and spending units of railway network spread along the length and breadth of the country. However, in 2008-09 and 2009-10, the excess expenditure has risen mainly due to the difficulty in assessing the impact of implementing the recommendations of 6th CPC. Ministry of Railways, nonetheless, would take steps to strengthen the system and procedures that will help in controlling the expenditure within the sanctioned appropriation/grants. Due care will also be taken in seeking Supplementary Demands, if necessary, in time.

Sd/-

(Rashmi Kapoor)
Adviser Finance
Railway Board

[Ministry of Railways' case No. 2010-BC-PAC/XV/22 dated 15.2.2011]

Observation/Recommendation No. 4

An analysis of the Appropriation Accounts and Explanatory Notes furnished by the defaulting Ministries shows that the percentage of excess expenditure over the Total Grant ranged from 0.0007 per cent (Grant No. 20—Defence Pensions) to—76.96 per cent (Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital). In 6 cases, the percentage was more than 5 per cent over the Original Grant *viz.*, 7.95 per cent in respect of Grant No. 54—Other expenditure of the Ministry of Home Affairs; 5.40 per cent in Grant No. 23—Defence Services—Air Force; 11.93 per cent in Grant No. 24—Defence Ordnance Factories; 12.30 per cent in Appropriation No. 3—General Superintendence and Services; 5.20 per cent in Appropriation No. 5—Working Expenses—Repairs and Maintenance of Motive Power; and 99.34 per cent in case of Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital, respectively. The Committee express their displeasure over incurring such huge amount of excess expenditure over the Total/Original Grants, which is a clear indication of poor budgeting on the part of Ministries concerned. The Committee feel that incurring excess expenditure of more than 5 per cent of the Total Grant despite obtaining Supplementary Grant/Appropriation is a pointer towards the total failure of the Ministries concerned in anticipating the funds required for which special efforts are needed in future to avoid recurrence of such instances. They also recommend that in future the concerned Ministries should ensure that under no circumstances the excess over Final Grants should exceed more than 5 per cent.

[Para 4 of 22nd Report of PAC (Fifteenth Lok Sabha)]

Action Taken by the Ministry of Finance (D/o Economic Affairs—Budget Division)

Ministry of Finance has been reiterating the need for strict expenditure control and close monitoring of expenditure by the Financial Advisers of various Ministries/Departments. Emphasis has also been laid upon the need to strengthen the institutional arrangements; so that the progress of expenditure is strictly monitored and timely action is taken to ensure that expenditure is incurred within the limits authorized by Parliament.

2. All the Ministries/Departments have been instructed (Annexure-A) to consider taking the following immediate remedial measures with a view to minimize/eliminate the incidence of such irregularities in the judicious management of budgetary provisions and to ensure that expenditure is within the original/supplementary appropriation or valid re-appropriation as the case may be. All the Ministries/Departments have been suggested to take following steps:—

- (a) Preparation and circulation of Monthly Financial Review Analysis to the Administrative Heads for monitoring the progress of expenditure, and also to enable them to take remedial action wherever required;
- (b) Convening regular internal meetings with all spending units for effecting expenditure control;

- (c) Ensuring realistic projection of Budget Estimates/Supplementary Estimates and also ensuring that expenditure incurred is within the Budget as envisaged in General Financial Rules, 2005 so that there is no occasion for incurring excess expenditure;
- (d) Putting in place/reviewing/strengthening systems for monthly monitoring of the flow/trends of expenditure so as to avoid recurrence of excess expenditure.

3. The above measures will be monitored through the periodical meetings of financial Adviser with Secretary (Expenditure), to achieve the desired result of curtailing the incidence of excess expenditures.

4. This has been vetted by Audit *vide* its U.O. No. DGACR's/RR/1-33/11-12/352 dated August 03, 2011.

Sd/-

(Shaktikanta Das)

Additional Secretary (Budget)

[Ministry of Finance, Department of Economic Affairs O.M. No. F. 7(3)-B(SD)/2010
dated August 30, 2011]

ANNEXURE A

F.7 (3)-B (SD) 2010
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
(BUDGET DIVISION)

New Delhi, dated the 11th July, 2011

OFFICEMEMORANDUM

Subject: Control of expenditure against the sanctioned grant/appropriation—
Observations of the Public Accounts Committee.

The Public Accounts Committee in their 22nd Report (15th Lok Sabha) relating to 'Excess Expenditure over the Voted Grants and Charged Appropriation (2008-2009)' have taken a serious view of expenditure incurred in excess of the provisions authorised by the Parliament. It has been observed therein that the percentage of excess expenditure over the Total Grant ranged from 0.0007 per cent (Defence-Pension) to 76.96 per cent (Railways Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital). In six cases, the percentage was more than 5 per cent over the Original Grant. The Committee has expressed their displeasure over incurring such huge amount of excess expenditure over the Total/Original Grants, which is a clear indication of poor budgeting on the part of Ministries concerned. Further, the Committee feels that incurring excess expenditure of more than 5 per cent of the Total Grant despite obtaining Supplementary Grant/Appropriation is a pointer towards the total failure of the Ministries concerned in anticipating the funds required for which special efforts are needed in future to avoid recurrence of such instances. It has also been recommended that in future the concerned Ministries should ensure that under no circumstances the excess over Final Grants should exceed more than 5 per cent.

2. Ministry of Finance has been issuing instructions in the past emphasising the need of control of expenditure with reference to the sanctioned Grant/Appropriation. Keeping in view the observations of the Public Accounts Committee and the extant rules/instructions, it is once again emphasised that strict watch should be kept over the flow of expenditure against the sanctioned grant by regular monitoring as provided in Rules 54, 58, 59, 60 and 61, Chapter 3 of General Financial Rules, 2005 so that the expenditure does not exceed the amounts authorised by the Parliament.

3. All the Ministries/Departments may consider taking necessary measures with a view to minimize/eliminate the incidence of excess expenditure by having in place judicious management of budgetary provisions and also ensure that expenditure is within the original/supplementary appropriation or valid re-appropriation as the case may be. Some of the steps suggested are:—

- (a) Preparation and circulation of Monthly Financial Review Analysis to the Administrative Heads for monitoring the progress of expenditure, and also to enable them to take remedial action wherever required;
- (b) Convening regular internal meetings with all spending units for effecting expenditure control;
- (c) Ensuring realistic projection of Budget Estimates/Supplementary Estimates and also ensuring that expenditure incurred is within the Budget as envisaged in General Financial Rules, 2005 so that there is no occasion for incurring excess expenditure;
- (d) Putting in place/reviewing/strengthening systems for monthly monitoring of the flow/trends of expenditure so as to avoid recurrence of excess expenditure.

4. The above instructions if implemented are expected to achieve the desired result of curtailing the incidence of excess expenditures.

5. This issues with the approval of Secretary (Expenditure).

Sd/-

(Shaktikanta Das)
Additional Secretary (Budget)

To
All Financial Advisers
Ministries/Departments
(as per standard mailing list)

Action Taken by the Ministry of Home Affairs

It is stated that the percentage of excess expenditure of 7.95%, as shown above in respect of Grant No. 54—Other Expenditure of Ministry of Home Affairs, is with reference to the Original Grant of ₹ 999.03 and comes to 5.52% of the Total/Final Grant of ₹ 1437.58 crore, if the Supplementary Grant of ₹ 438.55 crore is also taken into account. Though it is still slightly more than 5% of the Total/Final Grant, the maximum limit of excess expenditure the Committee have desired the Ministries/Departments to ensure not to exceed under any circumstances.

In this regard, it will be pertinent to mention here that sometimes funds proposed at different stages of budgeting for various projects/schemes do not get the nod of Ministry of Finance and reduced substantially. In such cases, where there is a committed liability of the Government, the excess booking of expenditure cannot be ruled out completely.

As mentioned erstwhile, the excess expenditure during the financial year 2008-09 under Grant No. 54—Other Expenditure of the Ministry of Home Affairs was due to over-booking of expenditure under '**Swatantrata Sainik Samman Pension Scheme**'. Had this over-booking not happened, the Grant would not have exceeded the budgetary provision. The Division concerned of the Ministry has been requested to find a solution to this problem. An internal audit of this scheme is also being undertaken during the year 2010-11.

Sd/-
(Vishwapati Trivedi)
Additional Secretary & Financial Adviser (Home)

(This 'Action Taken Note' has been vetted by O/O DGACE *vide* their U.O. No. RR/6-30/10-11/814 dated 01.11.2010).

[Ministry of Home Affairs' O.M. No. 28/15/2010-Bgt.I dated 25.11.2010]

Action Taken by the Ministry of Defence

In this paragraph, the Committee has observed that the percentage of excess expenditure over the Total Grant ranged from 0.0007 per cent in Grant No. 20—Defence Pensions to 79.96 per cent in Appropriation No. 16 Assets—Acquisition, Construction and Replacement-Capital. The Committee express their displeasure over incurring such huge amount of excess expenditure over the Total/Original Grants, which is a clear indication of poor budgeting on the part of the Ministries concerned. The Committee also recommends that in future the concerned Ministries should ensure that under no circumstances the excess over Final Grants should exceed more than 5 per cent. In this regard it is to mention that the percentage of excess over final Grants under both the Grants are below 5 per cent *i.e.* 0.33 per cent under Grant No. 19—Ministry of Defence (Civil) and 0.0007 per cent under Grant No. 20—Defence Pensions. However, instructions have been issued to the budget utilizing authorities and IFAs concerned to avoid recurrence of excess expenditure in future.

Sd/-
(Ramesh Kumar)
JS&Addl.FA(R)

Action Taken by the Ministry of Railways

Even though the excess has been high in terms of percentage in a few appropriations of the Railways, the amounts involved are not much. However, the recommendation of the Committee that Ministries should ensure that under no circumstances the excess over Final appropriations should exceed more than 5 per cent is noted.

Audit *vide* their U.O. No. 112-RA-III/2-1/10 dated 10.11.2010 have vetted the Action Taken Note with the following comments:

"Seen".

Sd/-
(Rashmi Kapoor)
Adviser Finance
Railway Board

[Ministry of Railways' case No. 2010-BC-PAC/XV/22 dated 15.2.2011]

Observation/Recommendation No. 5

The Committee note that the major contributory factors for the excess expenditure according to the Civil Ministries were on account of receipt of more claims due to implementation of the VI Central Pay Commission recommendations, more payments made for settlement of claims of displaced persons, additional payments of dearness allowance to freedom fighters/pensioners etc. In respect of Defence Ministry, the major causes of excess expenditure are stated to be increase in security related expenditure and foreign exchange variations, issue of operating platform for CRN-91 guns, higher supply to DRDO etc. Likewise, the Ministry of Railways attributed the reasons for excess expenditure to taking up of more activities relating to repair and maintenance of rail infrastructure, operating expenses of rolling stock and equipment, more expenditure towards staff cost due to implementation of the recommendations of the VI Central Pay Commission, higher payment of dividend to General Revenues on account of higher booking in Capital as compared to Budget Estimates etc. Though the Committee appreciate difficulties faced by the Ministries in exactly estimating the likely expenditure due to the exigencies arising out of unforeseen circumstances, nevertheless, incurring huge amount of excess expenditure to the tune of thousands of crore year after year is totally inexplicable and cannot be attributed to unforeseen factors or the extraordinary situations alone. This is endemic of system failure arising out of lack of proper attention and alacrity in budgetary estimations and failure to ensure observance of strict fiscal discipline etc. Further, the instances of recurring excess expenditure of large sums by the Union Ministries particularly Finance, Defence and Railways indicate that they have not accorded due importance to the guiding force of budgeting *i.e.* to ensure judicious and equitable distribution of scarce financial resources for achieving all round growth of different sectors and instead continued to persist with their flawed budgeting mechanism besides giving scant respect to the Rules/Provisions put in place for containing the expenditure within the authorized limits. The Committee once again urge upon the Ministry of Finance to find innovative steps for ushering in the next level of budgeting and financial management in the country, whereby the exercise is not only made more accurate, logical and practicable but also able to eliminate major budgetary and financial irregularities and the scarce financial resources are utilized appropriately, judiciously and productively on the laid down targets thus facilitating economy, efficiency and efficacy in the financial transactions which are also the guiding tenets of budgeting.

[Para 5 of 22nd Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Finance (Dept. of Expenditure)

In so far as specific instances of excesses occurred in Ministry of Defence (4 grants *i.e.*, Grant No. 19 — Ministry of Defence (Civil), Grant No. 20 — Defence Pensions, Grant No. 23 — Defence Services — Air Force, and Grant No. 24 — Defence Ordnance Factories) and Ministry of Railways (9 cases under 8 Grants and Appropriation *i.e.*, Grant No. 4 — Repairs & Maintenance, of Permanent Way & Works, Grant No. 5 — Repairs and Maintenance of Motive Power, Grant No. 6 — Repair and Maintenances of Carriages and Wagons, Grant No. 7 — Repair and Maintenance of Plant and Equipment, Grant No. 8 — Operating Expenses — Rolling stock and Equipment, Grant

No. 15, — Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of over-capitalization, Appropriation No. 3 — General Superintendence and Services, Appropriation No. 5 — Repairs and Maintenance of Motive power and Appropriation No. 16 — Assets —Acquisition, construction and replacement — Capital) are concerned, while the primary responsibility is discharged by the respective Departments, Ministry of Finance, being the nodal Ministry in respect of Expenditure Management has consistently taken effective steps to regulate the expenditure within the sanctioned grant by line Ministries. Further, the Budget circular of 2010&11 issued on 11.9.2009 to all Ministries in Para 5 referred to the PAC's 23rd report (13th Lok Sabha) on the Excesses Over Voted Grants and the Charged Appropriations (1998-99), and suggested that effective coordination between various estimating and disbursing authorities be put in place with the help of sound data-base and other IT facilities so that the excess expenditure could be avoided altogether. Further, an Office Memorandum has been issued on 25th January, 2010 to all Secretaries of Govt. of India, who are Chief Accounting Authorities of their Department advising them to adhere to Rule 64 of GFR and ensure rigid enforcement of prescribed financial rules and to see that no instance of excess expenditure takes place in future for reasons which can be anticipated and taken care of in advance either in BE or Supplementary grants. Further, after preparation of ATRs in respect of recommendations in 54th Report of PAC, a series of meetings were taken with FAs of concerned Departments to impress upon them to see that excess expenditure does not take place. All Secretaries to GoI were also advised by Secretary, Expenditure that (i) starting Financial year 2010&11 the position of ATNs in respect of the important Audit observations, included in the Annual Report, as well as those included in earlier Annual Reports, may also be furnished in the Annexure to the Annual Report.

The excess expenditure under Grant No. 39 (Pensions) was incurred mainly due to the following reason:—

"Pension, a committed liability, is authorized to bank branches across the country through Pension Payment Orders for disbursing monthly pension without any pre-check by Pay and Account Offices; delayed receipt of scrolls from these authorized banks; delayed receipt of claims; and unforeseen cases of voluntary retirement/death. The main constraint for augmenting budget, given the extant system of disbursement of pension and retirement benefits through Banks without pre check control, the absence of connectivity and current reporting."

There used to be heavy excess expenditure on the appropriations "Repayment of Debt" and "Interest Payments". Effective steps have been taken to improve the quality of estimation of "Repayment of Debt" and "Interest Payment" in consultation with RBI resulting in zero excess expenditure during the year 2007-08 and 2008-09. In addition, it is stated that with the help of IT initiative taken by office of the Comptroller General of Accounts, a closer watch on the expenditure position has now been enabled and Budget Division of Ministry of Finance reviews them very closely towards the close of financial year, Particularly with a view to include cases where there is likelihood of excess expenditure, to include them in the last batch of supplementary demands for

grants, so that instances of excess expenditure are reduced. Further, the Ministry of Finance requests other Ministries/Departments at reduced. Further, the Ministry of Finance requests other Ministries/Departments at the time of final batch of Supplementary Demands for Grants to assess the expenditure position with reference to approved Revised Estimates which may result in excess expenditure and come up with suitable Supplementary Demands for Grants so that excess expenditure is avoided in any grant or appropriation. Details of steps taken by Ministry of Finance in this regard were explained in the ATN on the observations/recommendations contained in para 51 of 80th report of PAC (2008-09) (14th Lok Sabha) on Excess Over Charged Grants and Charged Appropriations (2006-07).

Owing to the attention accorded to this issue and the Government efforts in reducing the excess expenditure over the years, the excess expenditure has been brought down from ₹ 97,205 crore in 2005-06 to ₹ 1012.82 crore in 2008-09. This was possible due to the concerted efforts and continued monitoring of the expenditure by the Government. In fact, the excess expenditure after excluding Defence and Pensions is only ₹ 79.39 crores, and refers to a single grant relating to Other Payments of MHA. Even in the Demands relating to Ministry of Defence and Centralized Grant-Pensions, the excess expenditure was largely due to implementation of the recommendations of 6th Central Pay Commission. This position indicates that with the concerted efforts made, the seriousness impressed upon the Ministries over a period and other measures taken, the problem of excess expenditure is in control and, perhaps, is within an acceptable margin. It is further assured that this tempo will be maintained and will not be allowed to lose focus. It is, therefore, submitted that the present system is sufficient and adequate, coupled with the additional measures already taken.

This has been vetted by Audit *vide* U.O. No. RR/1-88/10-11/2 dated 01.04.2011

Sd/-
 (H. Pradeep Rao)
 Joint Secretary & Financial Adviser

Action Taken by the Ministry of Home Affairs

It is evident from the 'Detailed Explanatory Note for Excess', submitted to the Public Accounts Committee (copy enclosed), that expenditure under certain heads of account was incurred in excess of the Original Budget Provision (BE) as requirement of additional funds under these heads of account had arisen after commencement of the financial year 2008-09. The expenditure under all these heads of account, barring the **sub-head 2235.60.107.03 — Central Government Pension (Swatantrata Sainik Samman Pension Scheme)**, was, however, covered with adequate means available under the rules for meeting additional requirements of funds, like obtaining Supplementary Grants from the Parliament through Ministry of Finance/Re-appropriation of funds with the due approvals of the Competent Authorities. As regard the **sub-head 2235.60107.03 — Central Government Pension (Swatantrata Sainik Samman Pension Scheme)**, the position of the Ministry has already been made clear in the preceding replies of this Ministry.

It is also submitted that excess expenditure under Grant No. 54—Other Expenditure of Ministry of Home Affairs is not a recurring phenomenon. There has not been any excess expenditure under this Grant during the last few years, which is indication of the fact that there is no system failure arising out of lack of proper attention and alacrity in budgetary estimations and failure to ensure observance of strict fiscal discipline. As desired by the Committee, the Ministry of Home Affairs will scrupulously follow all the instruction/directions issued in this regard.

Sd/-
 (Vishwapati Trivedi)
 Additional Secretary & Financial Adviser (Home)

(This 'Action Taken Note' has been vetted by O/O DGACE *vide* their U.O. No. RR/6-30/10-11/814 dated 01.11.2010).

[Ministry of Home Affairs' O.M. No. 28/15/2010-Bgt. I dated 25.11.2010]

Action Taken by the Ministry of Defence

In this paragraph, the Committee have urged upon the Ministry of Finance to find innovative steps for ushering in the next level of budgeting and financial management in the country in order to eliminate major budgetary and financial irregularities.

Necessary action in this regard is to be taken by Ministry of Finance. Ministry of Defence would take follow up action on the instructions issued by Ministry of Finance.

Sd/-
 (Ramesh Kumar)
 JS & Addl. FA (R)

Action Taken by the Ministry of Railways

The recommendation is particularly addressed to Ministry of Finance. However, concern of Committee is noted. Ministry of Railways has already urged recently the spending units under its control, *viz.*, the zonal Railways, the need to adhere to the fiscal discipline as desired by the Committee. A copy of each of the letters is enclosed Annexure I.

Audit *vide* their U.O. No. 144 RA-III/2-1/10 dated 11.2.2011 desired that their comments dated 10.11.2010 may be appended below audit observations along with Ministry's comments:

"Seen. Though the Committee urged upon Ministry of Finance to find innovative steps for better budgetary and financial regularities, it does not absolve Ministry of Railways, which is presenting a separate budget for Railways, of its responsibilities of controlling expenditure within the authorized allocations. Mere issue of instructions would not serve the purpose as incurring expenditure over and above the sanctioned allocations is a

recurring phenomenon in Railways. Ministry of Railways needs to take corrective action both while assessing the requirements at various stages and controlling the expenditure so that expenditure remains within the sanctioned allocations. Strengthen the procedure of constant monitoring through computerization and networking both at zonal railways level and at Ministry's level would help in controlling the expenditure."

Ministry's Comments

The impact of the implementation of 6th CPC has been much larger than expected. There certainly is always a scope for better assessment. All efforts were made to make sufficient provision for implementation of 6th CPC in 2008-09. However, the provision made was found short in some of the Demands, particularly in light of the multiplicity of the recommendations of 6th CPC further modified by the Government, the implementation of which began only in the later part of 2008-09 with orders coming in piecemeal manner. Despite this and the fact that the recommendations of 6th CPC involved benefit accruing to about 14 lakh serving employees and more than 11 lakh pensioners, the excess expenditure in 2008-09 was contained within ₹ 532 cr. limited only to a few Demands for Grants.

The Railways do have a well-set budgetary and monitoring mechanism of expenditure as a result of which the incidence of excess could gradually be brought down to 0.03% in 2007-08 despite the vast spectrum and spending units of railway network spread along the length and breadth of the country. However, in 2008-09 and 2009-10, the excess expenditure has risen mainly due to the difficulty in assessing the impact of implementing the recommendations of 6th CPC. Ministry of Railways, nonetheless, would take steps to strengthen the system and procedure that will help in controlling the expenditure within the sanctioned appropriation/grants. Due care will also be taken in seeking Supplementary Demands, if necessary, in time.

Sd/-
 (Rashmi Kapoor)
 Advisor Finance
 Railway Board

[Ministry of Railways' case No. 2010-BC-PAC/XV/22 dated 15.2.2011]

ANNEXURE I

भारत सरकार/Government of India
रेल मंत्रालय/Ministry of Railways
(रेलवे बोर्ड/Railway Board)

सं 2010-बी-343

नई दिल्ली/New Delhi, तारीख dated 21-06-2010

महाप्रबन्धक The General Managers,
सभी क्षेत्रीय रेल सहित मेट्रो रेल/कोलकाता
All Zonal Railways including metro Railway/Kolkata.

विषय/Subject: नियंत्रक महालेखा परिक्षा का रिपोर्ट सं CA 11 of 2009-10 (रेलवे)/&AG's
Report No. CA II of 2009-10 (Railways)

While commenting on the Appropriation Accounts for 2008-09, the Audit in its subject report *vide* Para No. 1.12.6 pointed out to the following instances of unnecessary/excessive/inadequate supplementary provisions:—

Grant/Appropriation	Supplementary taken	Year-end-excess(+) / Savings(-)	Remarks	(₹ in cr.)
Grant No. 10	567.37	(-) 301.30	53% of the Supplementary taken remains unutilized	
Grant No. 12	353.57	(-) 501.33	Supplementary taken remains fully unutilized	
Grant No. 13	3065.36	(-)1320.47	43% of the Supplementary taken remains unutilized	
Appropriation No. 7	0.02	(-)0.06	Supplementary taken remains fully unutilized	
Appropriation No. 10	39.23	(-)30.05	77% of the Supplementary taken remains unutilized	
Appropriation No. 11	0.16	(-)0.45	Supplementary taken remains fully unutilized	
Appropriation No. 12	34.32	(-)15.58	45% of the Supplementary taken remains unutilized	
Appropriation No. 13	0.05	(-)0.13	Supplementary taken remains unutilized	
Grant No. 4	432.51	(+)104.05	In sufficient Supplementary taken	
Grant No. 6	845.19	(+)149.69	In sufficient Supplementary taken	
Grant No. 8	540.28	(+)131.06	In sufficient Supplementary taken	

The above table indicates the negligent manner in which the Railways have projected their requirement at supplementary stage leading to huge savings/excess over the supplementary obtained. The Railways are cautioned to assess their requirement accurately in their Final Modification Estimates so that the last batch of supplementary grants can be based on the realistic requirement to avoid the possibility of any excess/savings.

The Audit, *vide* Para No. 1.12.9, has also pointed out to incurring excess expenditure without any provision in the original estimates/supplementary demands and without any re-appropriation to this effect. The details are given below:—

			(₹ in lakh)
Appropriation No.	Railway involved	Expenditure incurred without any provision	
4	South Western Railway	11.31	
5	Southern Railway	1.20	
12	South Western Railway	18.58	

Grant No. 16—Assets—Acquisition, Construction and Replacement				
Source	Plan head	Railway/Unit involved	Expenditure incurred	Ministry of Railways' Remarks
Capital	Doubling	East Central	97.94	Wrong booking as Doubling was financed through only Capital fund in 2008-09
	Bridge works	South Western	1.80	Expenditure booked without provision
	Miscellaneous Advances—Capital	Central Organisation for Railway Electrification	1.87	Expenditure booked without provision
	Track Renewal	Western	2.47	Wrong booking as per rules of allocation
Open Line Works—Revenue	Bridge works	Western	3.85	Expenditure booked without provision
	Staff Quarters	South Western	4.11	Wrong booking as per rules of allocation
	Amenities for Staff	North Central	2.74	Expenditure booked without provision

The Zonal Railways concerned may examine the reasons for not projecting the above expenditure in time in Revised/Final Modification stages to enable allotment through re-appropriations in these stages or for inclusion in the supplementary demands, otherwise. They are also cautioned not to incur any expenditure without provision of funds.

Sd/-

संजीव जैन
निदेशक वित्त (बजट)
रेलवे बोर्ड
(Sanjeev Jain)
Director, Finance (Budget)
Railway Board.

Observation/Recommendation No. 6

The Committee note with concern that out of the total 15 cases of excess registering Grants/Appropriations, an excess expenditure of ₹ 1544.92 crore was incurred in as many as 14 cases even after obtaining Supplementary Grants/Appropriations to the extent of ₹ 13938.19 crore. The percentage of excess expenditure over the Supplementary Grants in respect of these 14 Grants/Appropriations ranged from 0.003 per cent (Grant No. 20—Defence Pensions) to 341.72 per cent (Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital) and in 7 cases, this percentage was more than 18 per cent. To give the Ministry-wise details Supplementary Grants to the tune of above ₹ 8349.17 crore, ₹ 3061.15 crore and ₹ 2527.87 crore pertaining to the Civil, Defence and Railways Ministries respectively fell short of the actual expenditure by ₹ 270.21 crore, ₹ 742.61 crore and ₹ 532.12 crore in that order. The excess registering Grants/Appropriations operated by the Civil Ministries *i.e.* Grant No. 19—Ministry of Defence (Civil), Grant No. 20—Defence Pensions, Grant No. 39—Pension, and Grant No. 54—Other Expenditure of the Ministry of Home Affairs obtained a Supplementary Grant each of ₹ 606.25 crore, ₹ 4669.20 crore, ₹ 2635.17 crore and ₹ 438.55 crore respectively. However, in all these Grants, excess expenditure was incurred, the respective amounts being ₹ 27.50 crore ₹ 13.33 lakh, ₹ 163.18 crore and ₹ 79.39 crore. Similarly, the excess registering Grants pertaining to Defence Service *i.e.* Grant No. 23—Defence Services—Air Force, and Grant No. 24—Defence Ordnance Factories obtained a Supplementary Grant each of ₹ 1345.39 crore and ₹ 1715.76 crore respectively. Still then the actual expenditure on these two Grants exceeded the budgetary provisions by ₹ 610.37 crore and ₹ 132.25 crore respectively. In respect of the Railways, out of the total 9 excess registering cases, 8 were such cases where large sums of Supplementary Grants proved inadequate to meet the actual requirement of funds. A Supplementary Grant each of ₹ 432.51 crore, ₹ 258.62 crore, ₹ 845.19 crore, ₹ 371.08 crore, ₹ 540.28 crore, ₹ 75.08 crore, ₹ 10.89 lakh and ₹ 5 crore was allocated under Grant No. 4—Working Expenses—Repairs and Maintenance of Permanent Way and Works; Grant No. 5—Working Expenses—Repairs and Maintenance of Motive Power; Grant No. 6—Working Expenses—Repairs and Maintenance of Carriages and Wagons; Grant No. 7—Working Expenses—Repairs and Maintenance of Plant and Equipment; Grant No. 8—Operating Expenses—Rolling Stock and Equipment; Grant No. 15—Dividend to General Revenues, Repayment of Loans Taken from General Revenues and Amortisation of Over-Capitalizations; Appropriation No. 5—Working Expenses—Repairs and Maintenance of motive Power; and Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital, respectively. In spite of allocating these additional funds, the abovementioned Grants/Appropriations registered excess expenditure amounting to ₹ 106.58 crore; ₹ 103.09 crore; ₹ 157.25 crore; ₹ 13.07 crore; ₹ 128.30 crore; ₹ 6.71 crore; ₹ 1.20 lakh; and ₹ 17.09 crore respectively. The Committee deplore the tendency of these Ministries in resorting to excess expenditure despite obtaining huge sums of Supplementary Grants in a routine manner. What is more perplexing is that in 10 cases, most of the Supplementary Grants were obtained in February-March 2009 *i.e.* just 1 or 2 months before the end of the financial year. This is a clear indication of not only bad budgeting but also deep malaise in the extant budgeting method/mechanism, which

has failed to ensure proper assessment and accurate projection of the fund requirement at all the stages of budgeting. It also exposes the failure of the Ministries concerned to monitor their expenditure flow and trend. The persistence of this lapse would only render the entire budgeting exercise a mere guess work without any objective or vision. The Committee, therefore, recommend that the concerned Ministries particularly the Ministry of Finance have to probe into the causes of this chronic problem and find novel ways and means to make the mechanism of estimating Supplementary Grants more realistic and pragmatic to ensure accurate projection and utilization of the Supplementary Grants so that no subsequent excess expenditure is incurred and fiscal discipline is maintained.

[Para 6 of 22nd Report of PAC (Fifteenth Lok Sabha)]

Action Taken by the Ministry of Finance (Dept. of Economic Affairs—Budget Division)

During the year 2008-09, excess expenditure occurred in 6 Grants (Other than Ministry of Railways) as follows:—

No. and name of Grant	Total Grant	Actual Expenditure	Excess Expenditure	(₹ in crore)	
				Percentage of excess over Total Grant	
19-Ministry of Defence (Civil)	8363.22	8390.72	27.50	0.33	
20-Defence Pensions	20232.95	20233.08	0.13	0.0007	
39-Pensions	10565.93	10729.11	163.18	1.54	
54-Other Expenditure of the Ministry of Home Affairs	1437.58	1516.97	79.39	5.52	
23-Defence Services—Air Force	12632.21	13242.58	610.37	4.83	
24-Defence Ordnance Factories	2824.75	2957.00	132.25	4.68	
Total			1012.82		

- Percentage of excess over Total Grant of the Ministry/Department ranges from 0.0007% to 5.52%, which is very low given the overall Budgeted Expenditure;
- Ministry of Finance issues Budget Circular every year bringing out various Government instructions and also steps to be undertaken to formulate the Budget. While seeking proposals for Supplementary Demands for Grants also, instructions are issued to make realistic projections, so that neither there is an occasion for huge surrender of Budget provisions nor there are huge excesses. The Budget circular is followed up by meetings with the Financial Advisers of various Ministries/Departments, so that a micro review is undertaken at the apex level of Ministry of Finance for realistic Budget requirement;

- During the pre-budget discussions held by Ministry of Finance, review of expenditure is done Scheme-wise in respect of all Ministries/Departments, so that realistic budget is framed and approved by the Parliament. Ministry of Finance during the three batches of Supplementary Demands for Grants, also take an opportunity to frame realistic assessment of the expected expenditure for the year;
- **Trend of excess Grants for the past five years reveal that the incidence of excess expenditure has reduced considerably in respect of Ministries/Department other than Railways from ₹ 42,227.20 crore in FY 2003-2004 to ₹ 1,012.82 crore in FY 2008-09;**
- *In para 4 of the present report, PAC themselves have recommended that concerned Ministries should ensure that under no circumstances the excess over Final Grants should exceed more than 5 per cent. In all the cases brought out above except the 'Other Expenditure of the Ministry of Home Affairs', the excess is less than 5 percent. Even in respect of the 'Other expenditure of the Ministry of Home Affairs', the excess is slightly above 5 percent at 5.52%; and*
- Given the complex nature and variety of Government spending, it is not feasible to precisely estimate in advance all the expenditure requirements for the financial year, as well as the requirements arising out of the unanticipated/unforeseen developments during the course of the year. However, Ministry of Finance is taking proactive action for precisely estimating the expenditure and will continue to do so in future also, so that the incidence of excess is kept at the minimum and below 5 per cent of the Final Grant as recommended by the PAC, if not nil.

This Note has been vetted by Audit *vide* their U.O. No. RR/1-68/10-11/875 dated the November 12, 2010.

Sd/-
(Shaktikanta Das)
Joint Secretary (Budget)

[Ministry of Finance, Department of Economic Affairs (Budget Division),
O.M. No. F7(3)-B(SD)/2010 dated the November, 2010]

Action Taken by the Ministry of Home Affairs

It is stated that out of the total Supplementary Grant of ₹ 438.55 crore obtained under Revenue Section (Voted) of Grant No. 54—Other Expenditure of the Ministry of Home Affairs during the financial year 2008-09, an amount of ₹ 84.35 crore (19.23% of the total Supplementary Grant) was obtained in the 1st batch and the rest of the amount *i.e.* ₹ 354.20 crore (80.77% of the total Supplementary Grant) in the 3rd and Final Batch of the Supplementary Demands for Grants for the year 2008-09.

In this context, it is submitted that there were only two cases where the expenditure exceeded the Total Grant, even after obtaining Supplementary Grants. These cases were—**2235.60.107.03—Central Government Pension (Swatantrata Sainik Samman Pension Scheme)** and **3601.01.343.06—Jammu and Kashmir Relief & Rehabilitation**. It has already been explained erstwhile that it is very difficult to exactly anticipate the expenditure under the first scheme. As regards the second scheme *i.e. 3601.01.343.06—Jammu and Kashmir Relief & Rehabilitation*, it is stated that an additional requirement of ₹ 100.00 crore was felt under this scheme during the financial year 2008-09 in the wake of Assembly Elections in the State. It was decided to meet this additionally partly (₹ 70.00 crore) by obtaining a Supplementary Grant in the 3rd & Final Batch and partly (₹ 30.00 crore) by re-appropriation of funds. Hence, although the expenditure under this scheme exceeded the Total Grant (Original + Supplementary) by an amount of ₹ 29.99 crore, it was well covered with adequate re-appropriation of funds of ₹ 30.00 crore, which was carried out with the due approval of Secretary expenditure, Ministry of Finance.

In view of the above stated facts, it may not be concluded that projections of this Ministry for the Supplementary Grants were not on realistic basis, but a mere guess.

Sd/-
(Vishwapati Trivedi)
Additional Secretary & Financial Adviser (Home)

(This 'Action Taken Note' has been vetted by O/O DGACE *vide* their U.O. No. RR/6-30/10-11/814 dated 01.11.2010)

[Ministry of Home Affairs' O.M. No. 28/15/2010-Bgt.I dated 25.11.2010]

Action Taken by the Ministry of Defence

In this paragraph, the Committee have noted that in most of the excess registered in grants, the excess took place despite the Ministries obtaining huge sums of Supplementary Grants. The excess registering Grants pertaining to Civil Ministries *i.e.* Grant No. 19—Ministry of Defence (Civil), and Grant No. 20-Defence Pensions obtained a Supplementary Grant each of ₹ 606.25 crore and ₹ 4669.20 crore respectively. Even then the actual expenditure on these two Grants exceed the budgetary provisions by ₹ 27.50 crore and ₹ 0.13 crore respectively. The Committee deplores the tendency of the Ministries in resorting to excess expenditure despite obtaining huge sums of Supplementary Grants in a routine manner. The Committee have, therefore, recommended that the concerned Ministries, particularly the Ministry of Finance have to probe into the causes of this chronic problem and find novel ways and means to make the mechanism of estimating Supplementary Grants more realistic and pragmatic to ensure accurate projection and utilization of the Supplementary Grants so that no subsequent excess expenditure is incurred and fiscal discipline is maintained.

In this regard the Ministry of Defence has issued, from time to time instructions to exercise strict control on progress of Expenditure in order to avoid any large-scale savings or excess under any grant relating to Civil Estimates and Defence Pensions.

In so far as putting in place novel ways and means to make the mechanism of estimating Supplementary Grants more realistic and pragmatic is concerned, this Ministry would take follow up action on the instructions of Ministry of Finance in this regard.

Sd/-
(Ramesh Kumar)
JS & Addl. FA(R)

Action Taken by the Ministry of Railways

The recommendation is particularly addressed to Ministry of Finance. However, it may be mentioned that most of the excess incurred by Ministry of Railways during 2008-09 was mainly under staff cost because the implementation of the recommendations of the 6th CPC started from the latter part of 2008-09 in piece-meal manner, the accurate assessment of the impact whereof was quite difficult resulting in excess expenditure under most of the Railway Grants.

Audit *vide* their U.O. No. 144 RA-III/2-1/10 dated 11-2-2011 desired that their comments dated 10.11.2010 may be appended below audit observations along with Ministry's comments:

"Seen. As brought out against Recommendation no. 5, steps may be taken for accurate budgeting constant monitoring the flow and trend of expenditure at all level and seeking, Supplementary Demands, in time, based on accurate projections to minimize the cases of excess expenditure."

Ministry's Comments

The impact of the implementation of 6th CPC has been much larger than expected. There certainly is always a scope for better assessment. All efforts were made to make sufficient provision for implementation of 6th CPC in 2008-09. However, the provision made was found short in some of the Demands, particularly in light of the multiplicity of the recommendations of 6th CPC further modified by the Government, the implementation of which began only in the later part of 2008-09 with orders coming in piecemeal manner. Despite this and the fact that the recommendations of 6th CPC involved benefit accruing to about 14 lakh serving employees and more than 11 lakh pensioners, the excess expenditure in 2008-09 was contained within ₹ 532 cr. Limited only to a few Demands for Grants.

The Railways do have a well-set budgetary and monitoring mechanism of expenditure as a result of which the incidence of excess could gradually be brought down to 0.03% in 2007-08 despite the vast spectrum and spending units of railway network spread along the length and breadth of the country. However, in 2008-09 and 2009-10, the excess expenditure has risen mainly due to the difficulty in assessing the impact of implementing the recommendations of 6th CPC. Ministry of Railways,

nonetheless, would take steps to strengthen the system and procedures that will help in controlling the expenditure within the sanctioned, appropriation/grants. Due care will also be taken in seeking Supplementary Demands, if necessary, in time.

Sd/-
 (Rashmi Kapoor)
 Adviser Finance
 Railway Board

[Ministry of Railways' case No. 2010-BC-PZC/XV/22 dated 15-2-2011]

Observation/Recommendation No. 7

The Committee are constrained to observe that the two key Ministries *viz.* Finance and Railways had been persistently incurring huge sums of excess expenditure during the financial years 2001-02 to 2008-09 while the Ministry of Defence had been spending much above the authorized expenditure during each of the financial years 2003-04 to 2008-09. To elucidate, the Ministry of Finance incurred an excess expenditure of ₹ 759.75 crore in 2 cases in 2001-02, ₹ 1793.26 crore in 2 cases in 2002-03, ₹ 42184.73 crore in 2 cases in 2003-04, ₹ 33783.55 crore in a single case in 2004-05, ₹ 96874.09 crore in 3 cases in 2005-06, ₹ 36637.16 crore in 2 cases in 2006-07, ₹ 98.24 crore in a single case in 2007-08, and ₹ 163.18 crore in single 9 case in 2008-09. Similarly, the Ministry of Railways incurred excess expenditure of —₹ 349.40 crores in cases in 1998-99, ₹ 56.76 crores in 8 cases in 1999-2000, ₹ 0.14 crore in 5 cases in 2000-01, ₹ 210.71 in crores in 10 case in 2001-02, ₹ 323.65 crores in 11 case in 2002-03, ₹ 1136.92 crores in 13 case in 2003-04, ₹ 2151 .99 in crores in 13 cases in 2004-05, ₹ 2322.46 crores in 15 cases in 2005-06, ₹ 365.16 crores in 13 case in 2006-07, ₹ 51.22 crores in 10 cases in 2007-08, and ₹ 532.12 crores in 9 cases in 2008-09. The Committee also find that the Ministry of Defence incurred an excess expenditure of ₹ 37.50 crore in a single case in 2003-04, ₹ 41.99 crore in 2 cases in 2004-05, ₹ 44.84 crore in 2 cases in 2005-06, ₹ 667.17 crore in a single case in 2006-07, ₹ 71.19 crore in a single case in 2007-08 and ₹ 770.25 crore in 4 cases (2 cases under Defence Services and 2 cases pertaining to Civil sector) in 2008-09.

This recurring phenomenon of wide variations between the budgetary provisions and the actual expenditure by these important Ministries over such long periods has led the Committee to arrive at the conclusion that the Ministry of Finance, which has been entrusted with the responsibility of preparing the Union Budget, have not yet made any concerted efforts to overhaul their own budgeting and accounting system. Apparently, the estimation of requirement of funds is still done without any definite vision leading to variations between the budgetary provisions projected and the actual expenditure incurred under various Grants/appropriations. The Committee finds it surprising that the Ministry of Finance, which ought to be a role model for other Ministries, have once again been found wanting in fiscal discipline and the prescribed financial rules besides failing to act upon the Committee's considered suggestions for

avoiding or at least minimizing the persistent excess expenditure especially after obtaining Supplementary Grants. Needless to say the existing budgeting mechanism still suffers from various loopholes and lacunae, which are nullifying the attempts of the Government to enhance accuracy level of their budgetary projections to achieve the desired improvements. The continuance of this situation is bound to encourage further deterioration in maintaining fiscal discipline even to the point of taking many *ad hoc* financial decisions without any concrete aim and objective. The Committee, therefore, impress upon the Ministry of Finance to overhaul their budgetary mechanism in a practicable and tangible manner so that other Ministries/Departments take a cue from it and effectively replicate the same in their respective sphere of activities. While urging the Government to shed their tendency of leaving things to take their own course in regard to incurring excess expenditure in various forms, the Committee would appreciate a proactive role in monitoring the expenditure flow *vis-à-vis* the physical and financial progress of various schemes/projects at fixed intervals in order to arrive at a precise and accurate estimation of requirements of funds at a various stages of budgeting exercise.

[Para 7 of 22nd Report of PAC (15th Lok Sabha)].

Action Taken by the Ministry of Finance (Dept. of Economic Affairs—Budget Division)

The following table indicates the Grant/Appropriation-wise details of excess expenditure occurred in the Grant/Appropriations controlled by the Ministry of Finance:

Year	Appropriation			(₹ in crore)
	Interest Payments	Repayment of Debt	Others Grants of Ministry of Finance	
	1	2	3	
2001-02	28.39	..	731.36	759.75
2002-03	1792.90	..	0.36	1793.26
2003-04	..	42182.74	1.99	42184.73
2004-05	..	33783.55	..	33783.55
2005-06	3343.02	93529.22	1.85	96874.09
2006-07	3587.89	33049.27	..	36637.16
2007-08	98.24	98.24
2008-09	163.18	163.18

2. As may be seen from the table above the recurring excess expenditure were reported mainly during the period from 2001-02 to 2006-07 in Appropriation—Interest

Payments and Appropriation—Repayment of Debt, the Centralized Appropriation controlled by Ministry of Finance. The excess expenditure occurring in these two appropriations is due to the reasons unique to these appropriations, which are not applicable to other Grants and Appropriations of other Ministries/ Departments.

3. Based on the recommendations of 'Working Group' constituted with representatives from Budget Division, Ministry of Finance, office of the Chief Controller of Accounts, Ministry of Finance and Reserve Bank of India, Government has taken concrete steps to bring improvement in the quality of estimation of Repayment of Debt and Interest Payments. As a result of implementation of the some of the measures, there has been no excess expenditure in these two Appropriations *viz.*, Interest Payments and Repayment of Debt for the years 2007-08 and 2008-09.

4. Of the excess expenditure of ₹ 98.24 crore and ₹ 163.18 crore reported in 2007-08 and 2008-09 respectively, the excess expenditure was incurred in Demand—Pensions, the Centralized Grant of Ministry of Finance . The occurrence of excess expenditure was largely due to more pension and other retirement claims of Civil Pensioners than anticipated in 2007-08 and attributed to unforeseen cases of voluntary retirement and death than anticipated in 2008-09. This being a centralized Grant and since the expenditure depends on cases of retirements, voluntary retirements, death, implementation of the recommendations of 6th Central Pay Commission, timely reporting of expenditure by authorized banks, etc., precise estimation is not possible in such cases. However, the excess expenditure as percentage of authorized amount in this Centralized Grant works out to 1.14% and 1.54% only in 2007-08 and 2008-09 respectively. Considering the huge amounts of funds provided in the Centralized Grants—Pensions, the variations of this magnitude may require to be assumed as normal. In fact, as a result of concerted efforts of Ministry of Finance and other remedial measures, there has been no excess expenditure occurred in Centralized Grant—Pensions in the year 2009-10.

5. As regards the Committee's observation on the role of Ministry of Finance in overhauling the budgetary mechanism, it may be mentioned that this Ministry has been issuing instructions time and again to line Ministries/Departments impressing upon the need to avoid excess expenditure in the grants/appropriations controlled by them. Ministry of Finance, Department of Expenditure had *vide* its Office Memorandum dated 25.1.2010, issued instructions to the Secretaries of the Ministries/Departments inviting the observations of the Public Accounts Committee (2008-09) and advising them to ensure rigid enforcement of prescribed financial rules and to see that no instance of excess expenditure takes place in future for reasons which can be anticipated and taken care of in advance either in Budget Estimates or Supplementary Grants, except in case of exceptional circumstances. A copy of the O.M. Dated 25.1.2010

issued by this Ministry is enclosed. These steps will continue to be taken by Ministry of Finance and adequate mechanism for monitoring of Government expenditure are put in place to arrest the recurrence of excess expenditure over appropriations authorized by Parliament.

6. Ministry of Finance has also been reviewing the expenditure of Ministries/ Departments through mid-year review and additional sums are provided through supplementary demands for grants wherever necessary.

7. This has been vetted by Audit *vide* their U.O. No. RR/1-3/11/12/50 dated 7.6.2011.

Sd/-
(Shaktikanta Das)
Additional Secretary (Budget)
F.No. 7(7)-B(R)/2010 dated 30.6.2011

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

New Delhi, dated the 25th January, 2010

Office Memorandum

Subject: Excess expenditure over voted grants—regarding.

In its Eightieth Report, the Public Accounts Committee (2008-09) has observed in Paras 50 and 59 that some Ministries/Departments of Union Government continue to display indifferent attitude towards rules laid down for containing the expenditure within the authorized limits. While viewing the state of affairs with grave concern, the Committee emphasised and reiterated from their past Reports that the Secretary, Department of Expenditure in the Ministry of Finance should strongly and effectively draw the personal attention of the concerned Secretaries in the Ministries/Departments of the Union Government depicting excess expenditures to ensure financial discipline, which is now all the more necessary with the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 in operation. The Committee also desired the Ministry of Finance, being a nodal Ministry to control the exchequer of the Government of India to impress upon all the Ministries to ensure rigid enforcement prescribed financial rules and procedure so as to contain the instances of excess expenditure to the bare minimum. It has been recommended that action should also be taken to deal sternly with cases where any slackness is noticed inobservance of prescribed financial rules.

2. In terms of Rule 52(1) of the GFRs, Departments of the Central Government shall be responsible for the control of expenditure against the sanctioned grants and appropriations placed at their disposal. The control shall be exercised through the heads of Departments and other controlling officers, if any, and disbursing officers subordinate to them. Rule 52(23) further provides that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the contingency fund. The GFRs also lay down detailed instructions on the procedure for effective control over expenditure by the Department controlling and disbursing officers. The ultimate responsibility of control of expenditure against the grant/appropriation lies with the authority administering a grant/appropriation.

3. Instructions have already been issued to all Financial Advisers on 26th October 2009 to forward separate reports on a quarterly basis on pending ATNs in respects of paras selected by PAC. It is now advised that necessary steps may be taken by Secretaries to Government of India, being the Chief Accounting Authorities as per

Rule 64 of GFR, to ensure rigid enforcement of prescribed financial rules and to see that no instance of excess expenditure takes place in future for reasons which can be anticipated and taken care of in advance either in BE or supplementary grants, except in rare or exceptional circumstances. Special attention of Deptt. of Economic Affairs, M/o Defence, M/o Railways, Company Affairs and M/o Mines is invited to ensure that the phenomena of excess expenditure is not repeated.

Sd/-
 (Sushama Nath)
 Secretary (Expenditure)

1. All Secretaries to Government of India.
2. All Financial Advisers.

Action Taken by the Ministry of Defence

(b) In view of the persistence recurrence of excess expenditure in the Ministry of Finance, Ministry of Railways, Ministry of Defence etc., the Committee have in this paragraph impressed upon the Ministry of Finance to overhaul their budgetary mechanism in a practical and tangible manner so that other Ministries/Departments take a cue from it and effectively replicate the same to check incurring of excess expenditure. In this context, it is to mention that excess under Ministry of Defence (Civil) estimate and Defence pension is not a recurring instance and excess under both of these Grants has not been registered for earlier financial years till 2008-09.

Necessary action in this regard would need to be taken by Ministry of Finance. Any instruction issued by Ministry of Finance in this regard would be followed by this Ministry.

Sd/-
 (Ramesh Kumar)
 JS & Addl. FA(R)

Action Taken by the Ministry of Railways

The para is mainly on persistent excess expenditure from 2001-02 to 2008-09 by Ministry of Railways. In this regard, it may be mentioned that the excess on Ministry of Railways has consistently decreased after 2005-06 and was a meagre 0.03% of the total grant in 2007-08. But due to implementation of 6th CPC, the impact of which has been quite difficult to be accurately assessed, a higher excess has occurred in 2008-09.

Audit vide their U.O. No.144 RA-III/2-1/10 dated 11.2.2011 desired that their comments dated 10.11.2010 may be appended below audit observations along with Ministry's comments:

"Seen. However, the facts remains that the incurrence of expenditure more than the sanctioned grants/appropriations indicates that budget estimations

are not being prepared accurately based on future projections. Further, system of monitoring the expenditure at different levels keeping in view the physical and financial progress of the various projects etc. is not sound enough to contain the expenditure within the sanctioned provisions."

Ministry's Comments

The impact of the implementation of 6th CPC has been much larger than expected. There certainly is always a scope for better assessment. All efforts were made to make sufficient provision for implementation of 6th CPC in 2008-09. However, the provision made was found short in some of the Demands, particularly in light of the multiplicity of the recommendations of 6th CPC further modified by the Government, the implementation of which began only in the later part of 2008-09 with orders coming in piecemeal manner. Despite this and the fact that the recommendations of 6th CPC involved benefit accruing to about 14 lakh serving employees and more than 11 lakh pensioners, the excess expenditure in 2008-09 was contained within ₹532 cr. limited only to a few Demands for Grants.

The Railways do have a well-set budgetary and monitoring mechanism of expenditure as a result of which the incidence of excess could gradually be brought down to 0.03% in 2007-08 despite the vast spectrum and spending units of railway network spread along the length and breadth of the country. However, in 2008-09 and 2009-10, the excess expenditure has risen mainly due to the difficulty in assessing the impact of implementing the recommendations of 6th CPC. Ministry of Railways, nonetheless, would take steps to strengthen the system and procedures that will help in controlling the expenditure within the sanctioned appropriation/grants. Due care will also be taken in seeking Supplementary Demands, if necessary, in time.

Sd/-
 (Rashmi Kapoor)
 Adviser Finance,
 Railway Board

[Ministry of Railways' case No. 2010-BC-PAC/XV/22 dated 15.2.2011]

Observation/Recommendation No. 9

Scrutiny of select cases of excess registering Grants/Appropriations reveals that the Ministry of Finance (Department of Expenditure) incurred an excess expenditure of ₹163.18 crore under Revenue Section (Voted) of Grant No. 39-Pensions, which was the net effect of total excess of ₹350.30 crore and total savings of ₹187.12 crore under various sub-heads of this Grant during the financial year under review. This Grant along accounted for about 60.39 per cent of the total excess expenditure incurred in the civil sector. The Explanatory Note furnished by the Ministry of Finance *inter-alia* states that the excess was mainly due to higher expenditure than estimated, the receipt of more scrolls from the authorized banks and clearance of outstanding scrolls. The Ministry have also informed the Committee that pensions are a committed liability of Government and are disbursed by more than 40 thousand branches of

Public and Private Sector banks in 63 accounting circles of the Central Pension Accounting Office direct to the pensioners residing across the country. As the banks are not under the administrative control of pension sanctioning authorities unlike the departmental DDOs in the Ministries, pension payment is not subject to a pre-check system of payment, which is otherwise applicable for other expenditure transactions. The Committee's examination has revealed that this Grant had also registered an excess expenditure of ₹98.24 crore during the previous financial year 2007-08. An analysis of the causes of the excess expenditure on account of pension payments especially during the last two fiscals suggests that there is lack of a comprehensive network amongst pension account related offices across the country and the prevailing pensions data management and accounting information systems are not in order and marked by lack of precise information regarding region/circle-wise number of pensioners. This clearly shows that the Ministry has not taken any concrete measures to revamp the system so that the pension liability can be correctly forecast and factored into the budgetary estimations, which is regrettable. Consequently, when the recommendations of the 6th Central Pay Commission were implemented, the flow of funds was thrown out of gear. As a remedial measure to improve the situation, the Committee has been informed by the Ministry that the Central Pension Accounting Office has now introduced e-scroll system, which will help in checking the expenditure. The Committee would like to be apprised of the efficacy of the e-scroll system and its impact on correctly assessing the expenditure on pensions. The Committee also desire that the Ministry of Finance should look into all aspect for taking necessary corrective action so that the existing deficiencies and shortcomings in the pension payment are rectified and recurrence of excess expenditure is either avoided or greatly minimized in future. The Ministry should also adopt e-governance model and utilize the information Technology services/tools so as to establish a centralized data base of the pensioners and networking of all the banks so as to arrive at a correct estimation of pension liability and expenditure in a particular year.

[Para 9 of the 22nd Report of PAC (15th Lok Sabha)].

Action Taken by the Ministry of Finance (Dept. of Expenditure)

The observations of the Public Accounts Committee have been noted and corrective actions in the interim are in hand; in the longer run a project to revamp the system of budget formulation and execution in respect is being envisaged.

2. In the interim two measures are being adopted. The e-scroll project is being finalised to enable an early rolling out to all banks who act as pension disbursing agencies and account for more than half of the disbursements under the grant. Simultaneously it is envisaged to institute an electronic mechanism of budget formulation and execution through a common portal, connecting the accounting circles of the Government of India that operate on the Grant directly and account for a little less than half the pensions disbursed this project is being formulated by CPAO in consultation with the office of the Controller General of Accounts. Commensurate enhancement of manpower is under the anvil.

3. In response to the observations of the Public Accounts Committee at para 54 of the 7th Report of the Public Accounts Committee (15th Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2007-08)", it had been stated in our Action Taken Note that—

"While noting the observations of the Hon'ble Committee with regard to taking necessary corrective action to avoid/minimize the recurrence of Excess Expenditure, it is submitted that as pension is a commitment, budget control in a dispersed payment system may not be presently possible. Therefore, timely budget revision based on concurrent inputs seems to be the best option available and the Central Pension Accounting Office is working towards strengthening the same. In this regard, the system of getting manual scrolls from authorized banks is limiting the efforts of CPAO towards better budget and expenditure management. In the current practice of banks getting reimbursement first from RBI and thereafter sending scrolls to CPAO, there is no disincentive for not submitting the scrolls to CPAO. Hence, banks are being pursued to submit electronic scrolls in place of manual scrolls to ensure better budget and expenditure management. The pilot project on e-scrolls is being sought to be initiated with three banks namely, SBI, Axis Bank and Bank of Baroda all of which are on Centralized Pension Payment System at present. A Technical Committee has already been constituted with representatives of NIC (CPAO); the above mentioned banks and RBI, CAS, Nagpur to study the technical and system interfaces, and changes thereto between the participating entities. Given the complexity of the exercise it may not be possible to stipulate a fixed deadline for the pilot. However, it shall be CPAO's endeavour to have the pilot completed during the current fiscal. Further sealing up will depend on the result of the pilot. The project once rolled out and stabilized, will provide more efficient control in respect of budgeting and accounting arising out of.

- (i) Receipt of electronic scrolls on daily basis; and
- (ii) Debit to Government Account being authorized only post certification of e-scrolls received by CPAO".

4. The project on e-scroll has since been finalized. The delay was due to prolonged stakeholder consultations in the Technical Committee to enable systems integration between CPAO and the participating banks. It has not been feasible to implement a system where debit to Government account would be authorized only on post certification of e-scrolls received by CPAO due to a variety of reasons. However, the banks are being asked to shift to a system of Central Pension Processing Centres (CPPC) and claim reimbursement through a single focal point branch. This would enable the banks to send to the CPAO e-scrolls simultaneously with the memo seeking reimbursement from RBI. It would also enable implementation of a closely coordinated system between the banks, Central Accounts Section of RBI and the Central Pension Accounting Office.

5. The project document is being issued to the concerned banks and pilot testing of the project is presently slated to commence from June, 2011 and is expected to conclude by August, 2011. The results of the testing would, thereafter, be incorporated in the software and the same shall also be sent for security and systems certification. It is, accordingly, expected that Phase-I of the e-scroll project, comprising all banks presently on a centralized pension processing platform, shall commence in the last quarter of 2011-12. The transition to the CPPC platform is being pursued in respect of remaining banks. Phase-II of the project comprising remaining banks, shall roll out in FY 2012-13.

6. The efficacy of the e-scrolls system and its impact on correctly assessing the expenditure on pensions are described below:—

- (a) The system envisages that the e-scrolls be sent to the CPAO simultaneously with the memo seeking reimbursement from RBI. The accounting in CPAO of pensions disbursed by banks will therefore be simultaneous with the debit to the Government Cash Balance. As the banks disburse more than half of the quantum provided for in this composite Grant, the availability of this information on a timely basis will, if necessary, enable interventions to supplement budget within the fiscal.
- (b) This project will enable the initial master data reconciliation by banks, check of payments claimed by the bank and incorporate on-going change information into the database.
- (c) Change information will be incorporated through this system into the data base enabling a scientific budget forecasting of pension disbursements likely in a year. The status on payments will be made available to the pensioner to enable timely corrections. Lags between authorisation by CPAO and credit to pension accounts by banks will be known, both for corrective measures and for proper budget estimation.

Audit Comments

Ministry has not included any comment in the ATN on establishing a centralized database of the pensioners. This point has been raised time and again by audit also and CPAO, in its ATN on para 8.3 of Report No. I of 2008-09 had replied that 'while CPAO, established in 1990 has a robust database of post 1990 pensioners, the same is not continuously updated because a lack of receipt of change information from banks and information on the pre-1990 pensioners'. Ministry may include a comment on how it proposes to overcome these deficiencies especially in case of pre-1990 pensioners and establish a comprehensive database of pensioners.

Reply of Ministry of Finance

The "database" referred to in the ATN is the "Centralised database of pensioners in Central Pension Accounting Office" containing records pertaining to over nine lakh pensioners, including authorisations issued by CPAO as well as data collected on pre-1990 pensioners. So far as the completion of database of pre-1990 pensioners is

concerned, as mentioned in Para 6 of the ATN, the initial reconciliation of the master database of Central Pension Accounting Office with that of the bank will lead to incorporation of residual pre-1990 pensioners into the database. Thereafter, all payments made by the banks will be verified by the Central Pension Accounting Office against this master database.

As also mentioned in Para 6 the project will enable incorporation of the ongoing changes into the database. Therefore, the database will be more comprehensive after the stabilization of e- scroll project.

Vetted by Director General of Audit (Central Expenditure) *vide* their U.O. No. RR/1-92/10-11/27 dated 07/04/2011

Sd/-

Joint Secretary and Financial Adviser
Ministry of Finance

Observation/Recommendation No.10

During the financial year under review, the Ministry of Home Affairs incurred an excess expenditure of ₹79.39 crore under Revenue Section (Voted) of Grant No. 54—Other Expenditure of the Ministry of Home Affairs. This was the net effect of total excess of ₹186.91 crore and total savings of ₹107.52 that occurred under various sub-heads of the Grant. Scrutiny of the Explanatory Note furnished by the Ministry shows that the excess expenditure was mainly due to requirement of additional funds towards settlement of claims of displaced persons, making payment of increased dearness allowance on the pensions under the 'Swatantrata Sainik Samman Pension Scheme' and other security related expenditure. The Committee have been informed that expenditure in the Ministry is reviewed periodically at the highest level with the Heads of the Budget Controlling Authorities so that remedial action could be taken timely. Considering that considerable amount of excess expenditure had been incurred despite the prevalence of this system, the Committee are skeptical of the efficacy of the current expenditure review system of the Ministry specially when it comes to managing funds under such a wide covering and encompassing Grant as Grant No. 54—Other Expenditure of the Ministry of Home Affairs which, by its very nature, can be evoked for funding various miscellaneous and emergent activities of the Ministry. The Committee urge upon the Ministry to overhaul their prevailing expenditure review system whereby a system is evolved and enforced to provide sufficient checks and balances against any possible wanton sanction and utilization of funds under this Grant and the requisite transparency and accountability is maintained. The Committee, therefore, desire that precise action should be taken in this regard at the earliest."

[Sl. No. 10, Appendix-II, Para 1 of the twenty-second Report of Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Ministry of Home Affairs

It is stated that out of the total excess of ₹ 186.91 crore under Revenue Section (Voted) of the Grant No. 54—Other Expenditure of Ministry of Home Affairs during the financial year 2008-09, an amount of ₹ 79.39 crore can only be stated to be as 'Unauthorized' as the rest of the excess was either covered with adequate re-appropriations of funds or was set off against the available savings. It will be pertinent to mention here that the exact amount of excess booking under the '**Swatantrata Sainik Samman Pension Scheme**' was ₹ 109.73 crore, which was partly set off by the available savings of ₹ 30.34 crore. Hence, it cannot be said that the prevailing expenditure review system in the Ministry totally failed to ensure fiscal discipline. It has repeatedly been said barring the above stated scheme, that the expenditure did not exceed the available budgetary provision under any other scheme controlled by this Ministry and if any additional requirement of funds was there, it was met through the available means *i.e.* either by obtaining Supplementary Grants or through re-appropriations of funds with the due approval of the Competent Authority. The use of available means to meet additional requirements of funds for some unforeseen expenditure does not fall under the category of 'unauthorized' expenditure. As regards the excess booking of expenditure under the scheme of '**Swatantrata Sainik Samman Pension Scheme**', it is reiterated there are some limitations of this Ministry, details of which have already been explained to the Committee in earlier replies. This Ministry alone is not in a position to reach some concrete solution in this matter as other Government Departments are also involved in it. Inspite of this, the concerned Divisional Head has been requested to look into the matter and find some suitable remedy to this problem.

Sd/-

(Vishwapati Trivedi)
Additional Secretary & Financial Adviser (Home)

(This 'Action Taken Note' has been vetted by O/O DGACE vide their U.O. No. RR/6-30/10-11/814 dated 01.11.2010)

[Ministry of Home Affairs, O.M. No.28/15/2010-Bgt.I, dated 25.11.2010]

Observation/Recommendation No. 11

The Committee note that huge quantum of excess expenditure to the tune of ₹ 610.36 crore and ₹ 132.25 crore had been incurred both under Revenue Section (Voted) of Grant No. 23—Defence Services—Air Force and Grant No. 24—Defence Ordnance Factories respectively during the year under review. The excess in respect of the Grant No. 23 was the net effect of total excesses of ₹ 666.70 crore and total savings of ₹ 56.34 crore under various minor heads of the Grant. Similarly, the excess incurred under Grant No. 24 was also the effect of total excesses of ₹ 237.48 crore and total savings of ₹ 105.3 crore under various sub-heads of the Grant. The excess expenditure under both the Grants were incurred despite obtaining a Supplementary

Grant of ₹ 1345.39 crore and ₹ 1715.76 crore respectively. In respect of the Grant No. 23, the contributory reasons, according to the Ministry of Defence were—higher expenditure due to implementation of the VI Central Pay Commission recommendations, higher booking on Travelling Allowance/Dearness Allowance, emergent requirement for operational maintainability of the fleet, exchange rate variations in foreign payment, more payment due to increase in prices of Aviation Turbine Fuel/supplies, more drawal of supplies due to fluctuation of troops etc. As regards, the Grant No. 24, the main contributory reasons adduced were higher booking in Defence Security Corps, non-matching of expenditure with the projected figures, foreign exchange rate variations, issue of operating platform for CRN-91 guns and higher supply to Defence Research and Development Organisation. The Committee do not consider these reasons for incurring excess expenditure to be convincing, as many of these could have been anticipated well in advance and factored into at the time of finalisation of Grants. Further, the quantum of unauthorized excess expenditure could have been greatly reduced with proper care and attention to detail, which is highly expected of a Ministry dealing with defence personnel whose spirit and character are supposed to be the epitome of professionalism and discipline. In this context, the Committee also find that the Ministry of Defence had also incurred excess expenditure amounting to ₹ 27.50 crore and ₹ 13.33 lakh respectively under Grant No.19—Ministry of Defence and Grant No.20—Defence Pensions pertaining to the Civil sector but operated by them. These altogether put the total excess expenditure incurred by the Ministry during the 2008-09 fiscal year at ₹ 783.44 crore. This sudden spurt in the quantum of excess expenditure proves that the Ministry has failed to take necessary steps to check or minimize excess expenditure under the Grants operated by them. Thus, apart from re-circulation of their old instructions which has proved ineffective in rectifying the loopholes and deficiencies responsible for incurring of excess expenditure under the Grants operated by them, it is imperative for the Ministry of Defence to introspect the inadequacies of their current arrangement for checking excess expenditure and devise some concrete ways and means in consultation with the Ministry of Finance to overhaul their budgeting mechanism and incurring of excess expenditure is either avoided altogether or minimized drastically. The Committee would like to be apprised of the specific corrective measures taken by the Ministry in this direction.

[Para No. 11 of 22nd Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Defence

In view of the sudden spurt in the quantum of excess expenditure, the Committee have in this paragraph recommended that apart from re-circulation of their old instructions, it is imperative for the Ministry of Defence to introspect the inadequacies of their current arrangement for checking excess expenditure and devise some concrete ways and means in consultation with the Ministry of Finance to overhaul their budgeting mechanism and incurring of excess expenditure is either avoided altogether or minimized

drastically. The Committee have also desired to be apprised of the specific corrective measures taken by the Ministry in this direction.

In order to have strict control on Civil Estimates and Defence Pensions Budget and to check large scale savings/excess, the Ministry have issued instructions from time to time to all the budget holding authorities and asked for proper implementation of these instructions. Such instructions were issued on 28.06.2010 in r/o Civil Estimates and 29.06.2010 in r/o Defence Pensions whereby while reiterating the instructions already issued earlier, it was instructed that in order to ensure even flow of expenditure and to avoid any excess expenditure/savings in any Grant, concrete remedial action must be taken. The utmost caution and accuracy should be adopted while estimating requirement of funds after taking into account all the instructions issued by Ministry of Finance from time to time.

Sd/-
(Ramesh Kumar)
JS & Addl. FA (R)

Observation/Recommendation No. 12

Examination of the Union Government Appropriation Accounts (Railways) for the financial year 2008-09 has revealed that the Ministry of Railways incurred a total excess expenditure of ₹ 519.81 crore in 9 cases of 8 excess registering Grants/Appropriations. This excess expenditure was 10 times more than the preceding financial year's total of ₹ 51.22 crore incurred by the Railways in 10 cases of 8 excess registering Grants. The total Railways' expenditure of ₹ 28073.67 crore during the fiscal under review exceeded the approved provisions by ₹ 502.70 crore in six Revenue Voted Grants while in respect of three charged Appropriations (two in Revenue and one in Capital), expenditure of ₹ 39.74 crore was in excess of the sanctioned provisions by ₹ 17.11 crore. Scrutiny of the Explanatory Note revealed that out of the total excess expenditure of ₹ 519.81 crore, the bulk of the excess expenditure i.e. ₹ 480.05 crore constituting about 92.35 per cent was incurred under 4 Grants only i.e. Grant No. 4—Repairs and Maintenance of Permanent way and Works (₹ 104.05 crore); Grant No. 5—Repairs and Maintenance of Motive Power (₹ 95.25 crore); Grant No. 6—Repairs and Maintenance of Carriage and Wagons (₹ 149.69 crore); and Grant No. 8—Operating Expenses—Rolling Stock and Equipment (₹ 131.06 crore). According to the Ministry, the excess expenditure and occurred mainly due to implementation of the recommendations of the VI Central Pay Commission; more drawal of stores from stock, materialization of more contractual obligations and more direct purchases than anticipated; more adjustment of wages and materials on Periodical Overhauling and also due to materialization of more contractual payments than anticipated; etc. The Committee observe that while anticipating the requirements of funds by the Railways, estimations for various Sub-heads could have been projected more realistically by analysing properly the total monetary effect of salary hike, prevailing expenditure trail, upcoming demands/

requirements, rising cost etc. The Committee cannot but conclude that the Ministry of Railways have not taken any timely corrective measures to improve their budgeting mechanism with a view to avoiding such a huge unauthorized expenditure. It indicates that they have either failed to undertake proper homework before finalizing their budgetary estimates or do not possess correct data regarding the number of officers and staff on their payroll, purchase records etc. Deplorably, there is no mention in the Explanatory Notes about the specific remedial measures taken by the Ministry to contain this persisting excess expenditure. It is apparent that the Ministry has paid scant respect to enforcing fiscal discipline while incurring excess expenditure, which is anything but regrettable. The Committee take a serious note of lack of concern and sustained efforts on the part of the Ministry in observing fiscal discipline and they, therefore, desire the Ministry of Railways to strive earnestly for ensuring realistic estimation of their budgetary requirements under various sub-heads of the Grant/ Appropriations operated by them so that their existing lapses/loopholes are properly addressed and huge amounts of public fund are not spent without prior authorization.

[Para No. 12 of 22nd Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Railways

The concern of the Committee is noted and this Ministry has already urged recently the spending units under its control, *viz.*, the zonal Railways, the need to adhere to the fiscal discipline as desired by the Committee. A copy of each of the letters is enclosed in Annexure II.

Audit *vide* their U.O.No.144 RA-III/2-1/10 dated 11.2.2011 desired that their comments dated 10.11.2010 may be appended below audit observations along with Ministry's comments:

"Seen. However, as brought out against Recommendation No.5, mere issue of instructions to the spending units would not absolve the Ministry of its responsibilities to control the expenditure within the sanctioned allocations. Corrective measures to improve the budgeting mechanism need to be taken to avoid expenditure in excess of sanctioned allocations."

Ministry's Comments

The impact of the implementation of 6th CPC has been much larger than expected. There certainly is always a scope for better assessment. All efforts were made to make sufficient provision for implementation of 6th CPC in 2008-09. However, the provision made was found short in some of the Demands, particularly in light of the multiplicity of the recommendations of 6th CPC further modified by the Government, the implementation of which began only in the later part of 2008-09 with orders coming in piecemeal manner. Despite this and the fact that the recommendations of 6th CPC

involved benefit accruing to about 14 lakh serving employees and more than 11 lakh pensioners, the excess expenditure in 2008-09 was contained within ₹ 532 cr. limited only to a few Demands for Grants.

The Railways do have a well-set budgetary and monitoring mechanism of expenditure as a result of which the incidence of excess could gradually be brought down to 0.03% in 2007-08 despite the vast spectrum and spending units of railway network spread along the length and breadth of the country. However, in 2008-09 and 2009-10, the excess expenditure has risen mainly due to the difficulty in assessing the impact of implementing the recommendations of 6th CPC. Ministry of Railways, nonetheless, would take steps to strengthen the system and procedures that will help in controlling the expenditure within the sanctioned appropriation/grants. Due care will also be taken in seeking Supplementary Demands, if necessary, in time.

Sd/-
(Rashmi Kapoor)
Adviser Finance
Railway Board

[Ministry of Railways' case No. 2010-BC-PAC/XV/22, dated 15-2-2011]

ANNEXURE II

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.2009-B-342

New Delhi, dated 11.02.2010.

The General Managers,
All Indian Railways.

Subject: — Excess over Voted Grants/ Charged Appropriations — 2007-08

In 2007-08, Railways incurred an excess expenditure of ₹ 51.22 cr. in the following Demands:—

Demand No.	Grant	Appropriation	Total
5	..	3,04	3,04
6	..	2,79	2,79
8	..	12,93	12,93
10	..	6,98,48	6,98,48
12	22,32,95	..	22,32,95
13	..	9,67	9,67
15	20,80,86	..	20,80,86
16	..	81,08	81,08
Total	43,13,81	8,07,99	51,21,80

The above 'Excess' has been viewed seriously by the Public Accounts Committee (15th Lok Sabha) *vide* 7th Report. The Committee, while expressing serious concern has made the following observations/recommendations:—

1. The Committee observe that Ministry of Railways had been persistently incurring huge sums of excess expenditure during the financial year 2001-02 to 2007-08. The continuous wide variations between the budgetary provision and the actual expenditure leads the Committee to a conclusion that the various remedial measures reported to have been implemented by them for overhauling their budgetary

mechanism, financial transaction etc. with the central motive of enhancing accuracy level of their budgetary projections and performance are yet to generate the desired improvements.

2. The Committee feel that incurring of excess expenditure despite obtaining Supplementary Grants, is yet another indication of the fallibility of the extant budgeting method and mechanism evolved to ensure proper assessment and accurate projection of the fund requirement even at the revised estimate stage. The Committee, therefore, recommend that the mechanism of estimating Supplementary Grants be made more realistic and pragmatic to ensure accurate projection and utilization of the Supplementary Grants so that no subsequent excess expenditure is incurred and fiscal discipline is maintained.

3. The Committee find that out of the excess expenditure of ₹ 51.22 crore incurred by the Ministry of Railways during the financial year 2007-08, the bulk of the excess expenditure (₹ 22.23 crore) were incurred under 'Grant No. 12' Miscellaneous Working Expenses. Railways have been incurred persistent excess under Demand No. 12. This trend has flown in 2008-09 also. The Committee observe that while anticipating the requirement of funds under this Grant estimations for various Sub-Heads could have been projected more realistically by analyzing properly the prevailing expenditure trail, upcoming demands/requirements, rising cost etc.

4. The Committee are not happy with such lack of concern on the part of the Ministry for observing fiscal discipline and they therefore desire the Ministry of Railways to strive earnestly for ensuring realistic estimation of their budgetary requirements under various Sub-Heads of the Grants/Appropriations operated by them so that money irrespective of quantum are not spent without prior authorization.

In view of the above observations, the Railways are required to take immediate action to curb the excess expenditure especially under Demand No.12. They are requested to assess their requirement accurately in their Final Modification Estimates for 2009-10 so that the last batch of supplementary grants can be based on the realistic requirement to avoid the possibility of any excess/savings.

Sd/-
 (Jagmohan Gupta)
 Executive Director, Finance (Budget)
 Railway Board

Observation/Recommendation No. 13

The Committee are concerned to note that despite their repeated exhortations the Ministry of Railways have not been able to contain the instances of misclassification of expenditure in the accounts of the Ministry of Railways. During the last 11 financial years, the Committee have come across 51 cases of misclassification of expenditure, the details being 5 in 1998-99, 3 in 1999-2000, 1 in 2000-01, 5 in 2001-02, 3 in 2002-03, 5 in 2003-04, 9 in 2004-05, 6 in 2005-06, 5 in 2006-07, 3 in 2007-08 and 6 in 2008-09. This unabated trend of persistent misclassification of expenditure is endemic of system failure, which indicates the Ministry's failure to even eliminate the basic mistakes such

as misclassification of expenditure as also their inability to revamp the budgetary mechanism to check the recurring problem of misclassification of expenditure. It is quite apparent that no action has been taken by the Ministry either to fix responsibility for avoidable errors leading to misclassification or to remove any ambiguity in defining and classifying different forms of expenditure under a particular heading or sub-heading. The Committee recommend that the existing budgetary mechanism in the Railways needs to be thoroughly reviewed and revamped so that necessary corrective action, wherever, warranted could be taken to overcome systemic lacunae/loopholes and progressive elimination of the perennial misclassification syndrome. The persons responsible for this malady should be identified and responsibility fixed. Necessary corrective should also be put in place in order to avoid misclassification of expenditure in future.

[Para No. 13 of 22nd Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Railways

The concern expressed by the PAC on the need for stringent measures to prevent misclassifications in expenditure has been noted for adherence of the above recommendation. Further, it is submitted that existing budgetary mechanism over Indian Railways is robust and detailed instructions already exist on internal checks of accounting transactions. Necessary directions are also issued to the Railways from time to time to scrupulously follow the existing guidelines and also strengthen/tighten their internal check mechanism including classification of expenditure, both at pre-audit and post audit stages and to take corrective action wherever warranted. Efforts are also on to minimize the instances of misclassification through concurrent reviews and computerizations of accounting activities to the extent possible. Instructions issued to the Railways also provide for regular reporting on action taken for errors detected on this account. The cases, which arise as a result of lack of care, are viewed seriously and responsible staff/officials are taken up for lapses.

It shall be the endeavour of Ministry of Railways to minimize the incidences of misclassification.

Audit *vide* their U.O. No. 142-RA-III/2-1/10 dated 03.2.2011 have desired that their observations dated 12.1.2011 may be appended below the Action Taken Note along with Ministry's comments:—

"Instances of misclassification of expenditure, despite repeated instructions from the Ministry of Railways, still persist. Railways need to strengthen its internal check mechanism and speed up the computerization with inbuilt control to eliminate the cases of misclassification of expenditure."

Ministry's Comments

The instructions have been reiterated to the Zonal Railways for strengthening/tightening the internal check on classification of expenditure, both at the pre-audit and post-audit stages. Efforts are being taken to expedite the computerizations process

and it is hoped that a significant reduction in the incidence of misclassification will be achieved in the ensuing years.

Sd/-
(Rashmi Kapoor)
Adviser Finance
Railways Board

[Ministry of Railways' case No. 2010-BC-PAC/XV/22, dated 15-2-2011]

Observation/Recommendation No. 14

To sum up, the Committee note with concern that no appreciable remedial measures have been taken as yet by the Government to avoid or minimize the quantum as well as number of cases of excess expenditure in the entire budgetary exercise orchestrated by the Ministry of Finance and followed by the other Ministries/Departments. This inaction has led the Ministries/Departments to indulge in indiscreet financial transaction with impunity on the notion that the Parliamentary regularization thereof is only a matter of formality. The Committee take a serious view of the casual approach on the part of the Ministries/Departments, which if left unchecked, would derail the entire budgetary exercise and lead to unhealthy budgetary practices. The Committee, therefore, would like the Ministry of Finance to introduce and implement immediate remedial measures to check this chronic malady.

[Paragraph 14 of 22nd Report of PAC (Fifteenth Lok Sabha)]

Action Taken by the Ministry of Finance (Dept. of Economic Affairs-Budget Division)

During the year 2008-09, excess expenditure occurred in 6 Grants (Other than Ministry of Railways) as follows:—

No. and Name of Grant	Total Grant	Actual Expenditure	Excess Expenditure	(₹ in crore)	
				Percentage of excess over Total Grant	
19-Ministry of Defence (Civil)	8363.22	8390.72	27.50	0.33	
20-Defence Pensions	20232.95	20233.08	0.13	0.0007	
39-Pensions	10565.93	10729.11	163.18	1.54	
54-Other Expenditure of the Ministry of Home Affairs	1437.58	1516.97	79.39	5.52	
23-Defence Services-Air Force	12632.21	13242.58	610.37	4.83	
24-Defence Ordnance Factories	2824.75	2957.00	132.25	4.68	
Total			1012.82		

- Percentage of excess over Total Grant of the Ministry/Department ranges from 0.0007% to 5.52%, which is very low given the overall Budgeted Expenditure;
- Ministry of Finance issues Budget Circular every year bringing out various Government instructions and also steps to be undertaken to formulate the Budget. While seeking proposals for Supplementary Demands for Grants also, instructions are issued to make realistic projections, so that neither there is an occasion for huge surrender of Budget provisions nor there are huge excesses. The Budget circular is followed up by Meetings with the Financial Advisers for various Ministries/Departments, so that a micro review is undertaken at the apex level of Ministry of Finance for realistic Budget requirement;
- During the pre-budget discussions held by Ministry of Finance, review of expenditure is done Scheme-wise in respect of all Ministries/Departments, so that realistic budget is framed and approved by the Parliament. Ministry of Finance during the three batches of Supplementary Demands for Grants, also take an opportunity to frame realistic assessment of the expected expenditure for the year;
- **Trend of excess Grants for the past five years reveal that the incidence of excess expenditure has reduced Considerably in respect of Ministries/ Departments other than Railways from ₹ 42,227.20 crore in FY 2003-2004 to ₹ 1,012.82 crore in FY 2008-2009;**
- In para 4 of the present report, PAC themselves have recommended that concerned Ministries should ensure that under no circumstances the excess over Final Grants should exceed more than 5 percent. In all the cases brought out above except the 'Other Expenditure of the Ministry of Home Affairs' the excess is less than 5 percent. Even in respect of the 'Other expenditure of the Ministry of Home Affairs', the excess is slightly above 5 percent at 5.52%; and
- Given the complex nature and variety of Government spending, it is not feasible to precisely estimate in advance all the expenditure requirements for the financial year, as well as the requirements arising out of the unanticipated/unforeseen developments during the course of the year. However, Ministry of Finance is taking proactive action for precisely estimating the expenditure and will continue to do so in future also, so that the incidence of excess is kept at the minimum and below 5 percent of the Final Grant as recommended by the PAC, if not nil.

This Note has been vetted by Audit *vide* their U.O. No. RR/1-68/10-11/875 dated the November 12, 2010.

Sd/-

(Shaktikanta Das)
Joint Secretary (Budget)

[Ministry of Finance, Department of Economic Affairs (Budget Division),
O.M. No. F.7 (3)-B (SD)/2010 dated the November, 2010]

Action Taken by the Ministry of Home Affairs

This Ministry is very much concerned about an excess expenditure, if it occurs under any of the Grants controlled by this Ministry. It will not be out of place to mention here that this Ministry controls 10 Demands for Grants and a very large number of Budget Controlling Authorities/Expenditure Booking Units (PAOs) are involved under these 10 Demands of Grants. Although efforts are made to ensure that all the budgetary provisions are strictly followed, it sometimes becomes beyond the control of the Ministry, as it happened in the present case of excess expenditure. But from such instances, it may not be concluded that the Ministry have a very casual approach to such serious lapses. The budgetary provisions, as prescribed under various rules of the Government of India, are also brought to the notice of all concerned from time to time for strict compliance. After completion of the financial year 2008-09 also, necessary instructions to all concerned were issued this regard, which *inter alia* included to have a check on the expenditure trends so as to avoid any excess expenditure under any of the Grants of the Ministry. A copy of these instructions (U.O. No. 10/29/2009-Bgt. I dated 6th May 2009) is enclosed.

If the Ministry of Finance, being the nodal Ministry, introduces some effective remedial measures in this regard, as desired by the Committee, all the guidelines/instructions issued thereunder would be followed scrupulously.

Sd/-
(Vishwapati Trivedi)
Additional Secretary and Financial Adviser (Home)

(This 'Action Taken Note' has been vetted by O/O DGACE vide their U.O. No. RR/6-30/10-11/814 dated 01.11.2010).

[Ministry of Home Affairs' O.M. No. 28/15/2010-Bgt. I, dated 25.11.2010]

Action Taken by the Ministry of Defence

In this paragraph, the Committee have taken a serious view of casual approach on the part of the Ministries/Departments, which it left unchecked, would derail the entire budgetary exercise and lead to unhealthy budgetary practices. The Committee, therefore, have desired the Ministry of Finance to introduce and implement immediate remedial measures to check this chronic malady.

Necessary action in this regard would need to be taken by Ministry of Finance. This Ministry would take necessary follow up action on the instructions issued by the Ministry of Finance to check the menace of excess expenditure.

Sd/-
(Ramesh Kumar)
JS & Addl. FA (R)

Action Taken by the Ministry of Railways

The recommendation is particularly addressed to Ministry of Finance.

Audit *vide* their U.O. No. 122-RA-III/2-1/10 dated 10.11.2010 have vetted the Action Taken Note with the following comments:

"Seen".

Sd/-
(Rashmi Kapoor)
Adviser Finance
Railway Board

[Ministry of Railways' Case No. 2010-BC-PAC/XV/, dated 15.2.2011]

Observation/Recommendation No. 15

Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in paragraph 14 of Part-I of this Report be regularized in the manner prescribed in Article 115(1)(b) of the Constitution of India.

[Para 15 of 22nd Report of PAC (Fifteenth Lok Sabha)]

Action Taken by the Ministry of Finance (Dept. of Economic Affairs-Budget Division)

As recommended by the Public Accounts Committee, the Demands for Excess Grants for Expenditure of the Central Government (excluding Railways) relating to 2008-09 were submitted to Parliament in the *Winter Session*, 2010. The Parliament has passed the Excess Demands for Grants. Necessary Appropriation Bill for regularising the money drawn in excess of the amounts authorised by the Parliament for the year 2008-09, has also been passed and the corresponding Act published in the Gazette of India (Extraordinary) Part II, Section I dated December 13, 2010 as Act No. 45 of 2010, after obtaining assent of the President. In view of this, the excess amount drawn in 2008-09 stands regularised. Action taken in this regard is, therefore, completed.

This Note has been vetted by Audit *vide* their U.O. No. RR/I-84/10-11/1123 dated the January 27, 2011.

Sd/-
(Shaktikanta Das)
Joint Secretary (Budget)

[Ministry of Finance, Department of Economic Affairs (Budget Division),
O.M. No. F.7 (3)-B (SD)/2010 dated February 02, 2011]

F. 7(3)-B(SD)/2010

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

(BUDGET DIVISION)

New Delhi, the December, 13, 2010

Subject: Demands for Excess Grants relating to 2008-2009

The undersigned is directed to state that the Demands for Excess Grants relating to 2008-2009 have been passed by the Lok Sabha. The connected **Appropriation Bill (No. 6) 2010** has also been passed by Parliament and assented to by the President of India on **December 11, 2010** and the Act has been published in the Gazette of India (Extraordinary) Part II, Section I dated **December 13, 2010 as Act No. 45 of 2010**.

1. The Secretary Defence (Finance) (**Smt. Nita Kapoor**), (Demand Nos. 19-Ministry of Defence, 20-Defence Pensions, 23-Defence Services-Air Force & 24-Defence Ordnance Factories), Ministry of Defence (Finance), South Block, New Delhi-110 001 (**4 copies**).
2. Joint Secretary and Financial Adviser (**Shri H. Pradeep Rao**), (Demand No. 39-Pensions) Ministry of Finance, North Block, New Delhi-110 001.
3. Additional Secretary and Financial Adviser, (**Shri Vishwapati Trivedi**), (Demand No. 54-Other Expenditure of MHA) Ministry of Home Affairs, North Block, New Delhi-110 001.
4. The Finance Library (Publication Section), (**10 copies**) with the request that copies of the Gazette of India (Extraordinary) Part-II, Section I dated **December 13, 2010 as Act No. 45 of 2010** be obtained from the Manager of Publication and supplied to Comptroller & Auditor General of India, 10-Bahadur Shah Zafar Marg, New Delhi-110 002.
5. The Parliament Library, Lok Sabha Secretariat, New Delhi (**5 Copies**).
6. The Lok Sabha Secretariat (PAC Branch), Parliament Annexe, New Delhi-110 001 (**5 Copies**).
7. Director General of Audit, Central Revenues (R-I), AGCR Building, New Delhi-110 002 (**10 Copies**).
8. Director General of Audit, Posts & Telecom, Sham Nath Marg, Civil Lines, Delhi-54 (**10 Copies**).

9. The Director General of Audit, Defence Services, New Delhi-110 001 (**5 Copies**).
10. Comptroller and Auditor General of India, 10-Bahadur Shah Zafar Marg, New Delhi-110 002 (**10 Copies**).
11. Finance Library, North Block, New Delhi-110 001 (**10 Copies**).
12. Joint Secretary (PF-I), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
13. Joint Secretary (PF-II), Department of Expenditure, Ministry of Finance, North Block, New Delhi.
14. The Controller General of Accounts, Lok Nayak Bhawan, New Delhi (**10 Copies**).
15. The Adviser FR/Member FR, Planning Commission, Yojana Bhawan, New Delhi-110 001 (**2 Copies**).
16. Finance Secretary.
17. Secretary (Expenditure).
18. Secretary (Revenue).
19. Secretary (Financial Services).
20. PS to JS (Budget).
21. Director (NMJ), Deputy Secretary (BN), Deputy Secretary (RP), Deputy Secretary (PS).
22. Director (OL), DD (Hindi).
23. Manager (Budget Press).
24. All USs/Deputy Directors in Budget Division.
25. All Sections in Budget Division and PF-I & PF-II Divisions.



2008-2009

के संबंध में

केन्द्रीय सरकार के व्यय के लिए अतिरिक्त अनुदानों की मांगें
(रेलवे को छोड़कर)

DEMANDS FOR EXCESS GRANTS

for

EXPENDITURE OF THE CENTRAL GOVERNMENT

(Excluding Railways)

RELATING TO

2008-2009

संविधान के अनुच्छेद 115 के खण्ड (1)(ख) के अनुसरण में लोक सभा में प्रस्तुत

**Presented to the Lok Sabha in pursuance of clause (1) (b) of Article 115 of the
Constitution**

[राष्ट्रपति की सिफारिश, जो मांगों को प्रस्तुत करने के लिए संविधान के अनुच्छेद 115
के खण्ड (1)(ख) और (2) के साथ पठित अनुच्छेद 113 के खण्ड (3) के
अधीन आवश्यक है, प्राप्त कर ली गई है]

**[The recommendation of the President, required under clause (3) of Article 113
read with clauses (1)(b) and (2) of Article 115 of the Constitution for making the
Demands has been obtained]**

नवम्बर/November, 2010

INTRODUCTORY NOTES

The Demands for Excess Grants contained in this Volume represent the actual expenditure incurred during 2008-2009 under certain Demands which are in excess of the amounts granted by the Parliament for that year.

2. Out of 100 Grants and 5 Appropriations in 2008-2009, the excess expenditure occurred in 6 Grants amounting to a total of ₹1,012.82 crore under Revenue Section.

3. The reasons for excess expenditure in respective demands have been explained in the Excess Demand Statements contained in this booklet.

4. The above excess have been scrutinised by the Public Accounts Committee, who, *vide* paragraph 15 read with paragraph 14 of Part-I of their Twenty-Second Report (Fifteenth Lok Sabha), have recommended their regularisation under Article 115(1)(b) of the Constitution of India.

2008-2009 DEMANDS FOR EXCESS GRANTS

Statement showing the expenditure incurred in excess of the Grants Voted made by Parliament during 2008-2009

Sl. No.	No. & Title of Grant	Final Grant ₹	Actual Expenditure ₹	Excess Expenditure ₹	Ref. to pages ₹
I. EXPENDITURE MET FROM REVENUE					
19	Ministry of Defence	Voted: 8363,22,00,000	8390,86,71,122	2749,86,122	1
20	Defence Pensions	Voted: 20232,95,00,000	20233,08,32,985	13,32,985	2
23	Defence services - Air Force	Voted: 12632,21,00,000	13242,57,59,389	610,36,59,389	3
24	Defence Ordnance Factories	Voted: 2824,75,00,000	2956,99,87,268	132,24,87,268	4
39	Pensions	Voted: 10565,93,00,000	10729,11,09,424	163,18,09,424	5
54	Other Expenditure of the Ministry of Home Affairs	Voted: 1437,58,00,000	1516,97,22,929	79,39,22,929	6
GRAND TOTAL		56056,64,00,000	57069,45,98,117	1012,81,98,117	
Charged:					
Voted:	56056,64,00,000		57069,45,98,117	1012,81,98,117	

DEMAND NO.19

MINISTRY OF DEFENCE

Amount expended in excess of the Grant for the year ended 31st March, 2009, in respect of the MINISTRY OF DEFENCE under MINISTRY OF DEFENCE.

Voted: Twenty-seven crore forty-nine lakh eighty-six thousand one hundred twenty two rupees.

Section	Final Grant	Actual Expenditure	Excess
Revenue	₹	₹	₹
Voted:	8363,22,00,000	8390,71,86,122	27,49,86,122

The Original grant of ₹ 7756,97,00,000 was augmented by a supplementary grant of ₹ 354,39,00,000 obtaind in October, 2008 and ₹ 251,86,00,000 obtained in February, 2009. Against the final grant of ₹ 8363,22,00,000 the actual expenditure was ₹ 8390,71,86,122 resulting in an excess expenditure of ₹ 27,49,86,122 which requires regularization. The excess expenditure was incurred due to implementation of the Sixth Central Pay Commission recommendations; operational requirement of enhanced deployment of ships; spill-over of expenditure incurred during 2007-2008 by Coast Guard Organization (CGO); and higher trend of bookings due to increase in rate of Kerosene, POL, Provisions, etc. by Jammu & Kashmir Light Infantry (JAKLI). The excess of ₹ 27,49,86,122 was the net effect of total excess of ₹ 105,28,01,122 less total savings of ₹ 77,78,15,000 under various sub-heads of the Grant.

DEMAND NO. 20

DEFENCE PENSIONS

Amount expended in excess of the Grant for the year ended 31st March, 2009, in respect of the DEFENCE PENSIONS under MINISTRY OF DEFENCE

Voted: Thirteen lakh thirty-two thousand nine hundred eighty five rupees.

Section	Final Grant	Actual Expenditure	Excess
Revenue	₹	₹	₹
Voted:	20232,95,00,000	20233,08,32,985	13,32,985

The Original grant of ₹ 15563,75,00,000 was augmented by a supplementary grant of ₹ 1941,00,00,000 obtained in October, 2008 and ₹ 2728,20,00,000 obtained in December, 2008. Against the final grant of ₹ 20232,95,00,000 the actual expenditure was ₹ 20233,08,32,985 resulting in an excess expenditure of ₹ 13,32,985 which requires regularization. The excess expenditure was incurred due to revision of Pension at higher rate on implementation of the Sixth Central Pay Commission recommendations; payment of arrears of Pension; and the increase in the balance of Earned Leave at credit than assessed.

DEMAND NO. 23**DEFENCE SERVICES—AIR FORCE**

Amount expended in excess of the Grant for the year ended 31st March, 2009, in respect of the DEFENCE SERVICES—AIR FORCE under MINISTRY OF DEFENCE.

Voted: Six hundred ten crore thirty-six lakh fifty-nine thousand three hundred eighty nine rupees.

Section	Final Grant	Actual Expenditure	Excess
	₹	₹	₹
Voted:	12632,21,00,000	13242,57,59,389	610,36,59,389

The Original grant of ₹ 11286,82,00,000 was augmented by a supplementary grant of ₹ 1120,79,00,000 obtained in October, 2008 and ₹ 224,60,00,000 obtained in February, 2009. Against the final grant of ₹ 12632,21,00,000 the actual expenditure was ₹ 13242,57,59,389 resulting in an excess expenditure of ₹ 610,36,59,389 which requires regularization. The excess expenditure was incurred due to implementation of the Sixth Central Pay Commission recommendations; higher bookings under Travelling allowance; emergent requirement of certain critical items of operational maintainability of fleet; exchange rate variation in foreign payment of Hindustan Aeronautics Limited (HAL); fluctuation in strength of troops drawing ration, coal, firewood and LPG; fluctuation in price of ration commodities and Aero Turbine Fuel(ATF); unconfirmed supplies received from Director General Ordnance Factories (DGOF); heavy bookings during the month of March, 2009 at two stages, (i) 4th week of March and (ii) supplementary compilations.

DEMAND NO. 24**DEFENCE ORDNANCE FACTORIES**

Amount expended in excess of the Grant for the year ended 31st March, 2009, in respect of the DEFENCE ORDNANCE FACTORIES under MINISTRY OF DEFENCE.

Voted: One hundred thirty-two crore twenty-four lakh eighty-seven thousand two hundred sixty eight rupees.

Section	Final Grant	Actual Expenditure	Excess
	₹	₹	₹
Voted:	2824,75,00,000	2956,99,87,268	132,24,87,268

The Original grant of ₹ 1108,99,00,000 was augmented by a supplementary grant of ₹ 100,00,00,000 obtained in October, 2008 and ₹ 1615,76,00,000 obtained in February, 2009. Against the final grant of ₹ 2824,75,00,000 the actual expenditure was ₹ 2956,99,87,268 resulting in an excess expenditure of ₹ 132,24,87,268 which requires regularization. The excess expenditure was incurred due to higher bookings than estimated after February, 2009 in Defence Security corps; foreign exchange rate variation; issue of operating platform for CRN-91; and higher supply to Defence Research and Development Organisation (DRDO).

DEMAND NO. 39

PENSIONS

Amount expended in excess of the Grant for the year ended 31st March, 2009, in respect of the PENSIONS under MINISTRY OF FINANCE.

Voted: One hundred Sixty-three crore eighteen lakh nine thousand four hundred twenty four rupees.

Section	Final Grant	Actual Expenditure	Excess
Revenue	₹	₹	₹
Voted:	10565,93,00,000	10729,11,09,424	163,18,09,424

The Original grant of ₹ 7930,76,00,000 was augmented by a supplementary grant of ₹ 2050,00,00,000 obtained in October, 2008 and ₹ 585,17,00,000 obtained in February, 2009. Against the final grant of ₹ 10565,93,00,000 the actual expenditure was ₹ 10729,11,09,424 resulting in an excess expenditure of ₹ 163,18,09,424 which requires regularization. The excess expenditure was incurred due to disbursing monthly pension without any pre-check by Pay and Accounts Offices; delayed receipt of scrolls from the authorized banks; delayed receipt of claims; and unforeseen cases of voluntary retirement and death.

DEMAND NO.54

OTHER EXPENDITURE OF THE MINISTRY OF HOME AFFAIRS

Amount expended in excess of the Grant for the year ended 31st March, 2009, in respect of the OTHER EXPENDITURE OF THE MINISTRY OF HOME AFFAIRS under MINISTRY OF HOME AFFAIRS.

Voted: Seventy-nine crore thirty-nine lakh twenty-two thousand nine hundred twenty nine rupees.

Section	Final Grant	Actual Expenditure	Excess
Revenue	₹	₹	₹
Voted:	1437,58,00,000	1516,97,22,929	79,39,22,929

The Original grant of ₹ 999,03,00,000 was augmented by a supplementary grant of ₹ 84,35,00,000 obtained in October, 2008 and ₹ 354,20,00,000 obtained in February, 2009. Against the final grant of ₹ 1437,58,00,000 the actual expenditure was ₹ 1516,97,22,929 resulting in an excess expenditure of ₹ 79,39,22,929 which requires regularization. The excess expenditure was incurred due to Settlement of Claims of Displaced Persons From Pak-occupied Kashmir (₹ 47.00 crore); increased Dearness Relief payment under Swatantrata Sainik Samman Pension Scheme (₹ 109.73 crore); and security related expenditure (₹ 29.99 crore) on Assembly Elections in the state of Jammu & Kashmir. The excess of ₹ 79.39 crore (rounded) was the net effect of total excess of ₹ 186.91 crore (rounded) which was partially set off by savings of ₹ 107.52 crore (rounded) under various sub heads of the Grant.

Action Taken by the Ministry of Home Affairs

The regularization of excess expenditure from the Parliament, as recommended by the Committee, would be carried out by Ministry of Finance in respect of all the Ministries/Departments in a consolidated form. The information/documents to required by Ministry of Finance in this regard would be made available to them as per their requirements.

Sd/-

(Vishwapati Trivedi)

Additional Secretary & Financial Adviser (Home)

(This 'Action Taken Note' has been vetted by O/o.DGACE *vide* their U.O. No. RR/6-30/10-11/814, dated 01.11.2010).

[Ministry of Home Affairs' O.M. No. 28/15/2010-Bgt. I, dated 25.11.2010]

Action Taken by the Ministry of Defence

The Committee has recommended that the excess expenditure referred to in the preceding paragraphs be regularized in the manner prescribed in Article 115(1)(b) of the Constitution of India.

As stated in Action Taken Note on Para No. 2, the Demand for Excess Grants for ₹ 27,49,86,122 under Demand No. 19—Ministry of Defence (Civil) and for ₹ 13,32,985 under Demand No. 20—Defence Pensions relating to the financial year 2008-09 have already been passed by the Lok Sabha and the connected Appropriation Bill (No. 6), 2010 have also been passed by the Parliament and assented to by the President of

India on December 11, 2010 and the Act has been published in the Gazette of India (Extraordinary) dated December 13, 2010 as Act No. 45 of 2010.

Sd/-
(Ramesh Kumar)
JS & Addl. FA(R)

Action Taken by the Ministry of Railways

The excess expenditure of ₹ 532.12 cr. incurred by Ministry of Railways during 2008-2009 will be got regularized by Parliament in the ensuing winter session (2010).

Audit vide their U.O. No. 122-RA-III/2-1/10 dated 10.11.2010 have vetted the Action Taken Note with the following comments:

"Seen".

Sd/-
(Rashmi Kapoor)
Adviser Finance
Railway Board

[Ministry of Railways' case No. 2010-BC-PAC/XV/22, dated 15.2.2011]

CHAPTER III

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

—NIL—

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Observation/Recommendation No. 8

The Committee find that the Explanatory Notes pertaining to the excess registering Grants as highlighted in the Appropriation Accounts (Civil) and the Appropriation Accounts (Defence Services) were due for submission to the Committee on or before 7th May, 2010. However, the Ministries of Finance and Home Affairs furnished their Explanatory Notes after a delay of 1 month and 18 days and 2 month respectively while the Ministry of Defence could submit their Explanatory Notes relating to Defence Services after a delay of 2 month and 24 days. Not finding any valid justification for the delay in submission of Explanatory Notes by various Ministries/ Departments, the Committee are surprised to find that even the Ministry of Finance, despite being the nodal Ministry in the matter, delayed forwarding of their Explanatory Notes to the Committee. The Committee would like to impress upon all the Ministries that delay in submission of Explanatory Notes by them impedes the Committee's examination of excess expenditure, a direct consequence of which is delay in the regularization of the unauthorized expenditure by the Parliament. The Committee regret to observe that despite their oft-repeated suggestions for the Ministries/Departments to make concerted efforts to ensure timely collection and compilation of the requisite information for facilitation of submission of the Explanatory Notes to the Committee by the prescribed time schedule, some Ministries/Departments are paying little heed to it. The Committee would, therefore, like the Ministry of Finance to evolve a proper procedure in this regard and put in place a centralized monitoring network to check the status of the preparation and submission of Explanatory Notes at every stage by various Ministries/Departments so that any delay on this count is eliminated. The Committee further recommend that in future the contributory reasons for delay in submission of Explanatory Notes should invariably be appended in the relevant Explanatory Notes submitted for the purpose.

[Para 8 of the 22nd Report of the PAC (15th Lok Sabha)]

Action Taken by the Ministry of Finance (Dept. of Expenditure)

As per extant procedure prescribed by the Controller General of Accounts, Explanatory Notes for saving of Rs. 100 crore or more and for all excesses are to be submitted with the head-wise Appropriation Accounts Stage-III to the Directorate General of Audit (Central Revenues).

2. Accordingly, the said Explanatory Note in respect of Grant No. 39—Pensions was prepared and submitted to Directorate General of Audit (Central Revenues) on 07/11/2009 *i.e.* on the day of submission of Appropriation Accounts Stage III to them. The Directorate General of Audit (Central Revenues), however, intimated that vetting of Excess Note would be done only after finalization of Appropriation Accounts (Final Stage).

3. As per time schedule issued by office of the Controller General of Accounts *vide* O.M. No. G25018/CGA-AA/Time Schedule/2008-09 /667, dated 15/01/2009 Appropriation Accounts Stage IV was to be submitted after clearance of condensed Accounts by C&AG of India and further communication from CGA office (copy enclosed). The clearance from CGA office was received in CPAO on 22/04/2010 *vide* Joint CGA D.O. letter No. G-25018/CGA-AA/Stage-IV/2008-09/26, dated 20/04/2010 (copy enclosed). Immediately thereupon the Final Stage (IVth Stage) of the Appropriation Accounts was submitted to the Controller General of Accounts on 23/04/2010; concomitantly the Excess Note was again forwarded to Audit for vetting, as per their advice received earlier (Chronological sequence of events is enclosed at Annexure).

4. The Excess Note, duly vetted, was received back in CPAO only on 03/06/2010 and immediately thereafter forwarded for Hindi translation on 07/06/2010. After complying with the necessary procedural formalities, the Excess Note was finally submitted to the Monitoring Cell, Department of Expenditure on 24/06/2010.

5. It would be seen from the chronological sequence of events annexed that the delay was because of the involvement of the multiple agencies of Government. In future, it shall be our endeavour to adhere to the timelines prescribed by the Public Accounts Committee through close coordination by escalation to higher authorities where necessary.

6. In compliance of PAC recommendations, necessary instructions have been issued to the Secretaries of the Government of India *vide* CGA's DO letter dated 05/08/2010 (copy enclosed) to ensure that the contributory reasons for delay in submission of Explanatory Notes should invariably be mentioned in the relevant Explanatory Notes. Further, in pursuance of PAC's recommendations for computerized monitoring of the submission of Explanatory Notes, a computerized web based monitoring system known as Audit para Monitoring System (APMS) has been recently developed in the office of CGA in consultation with National Informatics Center (NIC) and is presently being tested prior to installation at the regular Server at NIC data center at Hyderabad. The scope of this software is proposed to be expanded to cover computerized monitoring of submission of PAC Paras and Explanatory Notes by Ministries/ Departments in the second phase. PAC will be apprised later on with the progress of development/commissioning of the system for computerized monitoring of submission of Explanatory Notes by Ministries/Departments.

Vetted by Director General of Audit (Central Expenditure) *vide* their U.O. No. RR/1-70/10-11/1266, dated 09.03.2011.

Sd/-
(Signature of Joint Secretary)

Action Taken by the Ministry of Home Affairs

It is stated that the required 'Explanatory Note for Excess', for the excess expenditure that occurred under Revenue Section (Voted) of Grant No. 54—Other Expenditure of Ministry of Home Affairs for the year 2008-09, was sent to Office of the DG (Audit) on 14th October 2009 by the Principal Accounts Office of this Ministry alongwith Stage-III of Head-wise Appropriation Account of the Grant for vetting, as per the established procedure. A copy of the letter sent by Principal Accounts Office, MHA to Office of the DG (Audit) is enclosed [(No. 11-9/Pr. A.O. (A/Cs)MHA/AA-54/2008-09/2291 to 2292 dated 14.10.2009]. On 7th December 2009, the Budget Division of the Ministry sent a reminder to Office of the DG (Audit) requesting them to vet the 'Explanatory Note for Excess' at an early date (copy enclosed — MHA U.O. No. 28/16/2009-Bgt.I dated 7th December 2009). The Office of the DG (Audit), in turn, informed the Ministry *vide* its U.O. No. RR/6-79/09-10/1077 dated 7th January 2010 (copy enclosed) that the 'Explanatory Note for Excess' would be vetted after finalization of the 'Head-wise Appropriation Accounts (Final stage) of the Grant, which was yet to be finalized by that time. The Budget Division remained in constant touch with Principal Accounts Office of the Ministry to know when the Head-wise Appropriation Account of the Grant was finalized. As soon as the Budget Division came to know about finalization of the Head-wise Appropriation Account of the Grant, Office of the DG (Audit) was requested (copy enclosed—O.M. No. 28/16/2009-Bgt. I dated 12th May 2010) to carry out the required vetting of the 'Explanatory Note for Excess' so that it could be made available to the Public Accounts Committee as early as possible. Another reminder to Office of the DG (Audit) was sent on 31st May 2010 to expedite the matter (copy enclosed—O.M. No. 28/16/2009-Bgt. I dated 31st May 2010). The Officer of the DG (Audit), *vide* its U.O. No. RR/6-79/09-10/34 dated 26th May 2010, received in the Ministry on 2nd June 2010 (copy enclosed), sought a revised 'Explanatory Note for Excess' after adopting some pencil corrections made by them on the body of the 'Explanatory Note'. The revised 'Explanatory Note for Excess' was sent to the Office of the DG (Audit) on 4th/7th June 2010 (copy enclosed—O.M. No. 28/16/2009-Bgt. I dated 4th/7th June 2010). The Office of the DG (Audit), *vide* its U.O. No. RR/6-79/09-10/203 dated 15th June 2010 (copy enclosed) cleared the 'Explanatory Note for Excess' paving way to submit the same to the Public Accounts Committee. The Ministry, after getting the 'Explanatory Note' translated into Hindi, furnished it, with prescribed number of copies in English and Hindi Version to Ministry of Finance, Department of Expenditure (Monitoring Cell) on 30th June 2010 (copy enclosed—O.M. No. 28/16/2009-Bgt. I dated 30th June 2010) for onward transmission to Lok Sabha Secretariat (PAC Branch).

It may be seen from the above that the Ministry did not take the issue of submission of 'Explanatory Note for Excess' to the Public Accounts Committee in a casual way. At no time, the Ministry was reluctant in making available the 'Explanatory

Note for Excess' to the Committee as early as possible. Hence, it may be said that whatever delay occurred in furnishing the 'Explanatory Note for Excess' to the Public Accounts Committee, was totally procedural and not intentional.

If the Ministry of Finance evolve a proper procedure in this regard and put in place a centralized monitoring network to check the status of the preparation and submission of Explanatory Note at every stage to eliminate any delay on this count, as desired by the Committee from Ministry of Finance, this Ministry (Ministry of Home Affairs) will not be an exception to the newly developed system.

The recommendation of the Committee that in future the contributory reasons for delay in submission of Explanatory Notes should invariably be appended in the relevant Explanatory Notes submitted for the purpose, has been noted and will be complied with.

Sd/-
 (Vishwapati Trivedi)
 Additional Secretary & Financial Adviser (Home)

(This 'Action Taken Note' has been vetted by O/o. DGACE *vide* their U.O. No. RR/6-30/10-11/814, dated 01.11.2010).

[Ministry of Home Affairs' O.M. No. 28/15/2010-Bgt. I, dated 25.11.2010]

Action Taken by the Ministry of Defence

In this paragraph, the Committee has urged upon the Ministry of Finance to evolve a proper procedure and put in place a centralized monitoring network to check the status of the preparation and submission of Explanatory Notes pertaining to excess registering Grants at every stage by various Ministries/Departments so that any delay on this count is eliminated. The Committee have further recommended that in future the contributory reasons for delay in submission of Explanatory Notes should invariably be appended in the relevant Explanatory Notes submitted for the purpose. In this regard it is to state the Explanatory notes regarding excess in Financial Year under review in r/o Grant No. 19—Ministry of Defence (Civil) and Grant No. 20—Defence Pensions were submitted to MoF (Monitoring cell) on 12.01.2010 and 19.12.2009 respectively. Further, aforesaid Explanatory notes have been submitted by MoF to the Committee on 19.01.2010 and 01.01.2010, four months earlier to due date *i.e.* 07.05.2010 for submission of the same.

Further, necessary action in this regard would need to be taken by Ministry of Finance. This Ministry have however noted the Committee's recommendation for future compliance.

Sd/-
 (Ramesh Kumar)
 JS & Addl. FA (R)

CHAPTER V

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

—NIL—

NEW DELHI;
19 March, 2013
28 Phalguna, 1934 (Saka)

DR. MURLI MANOHAR JOSHI
Chairman,
Public Accounts Committee.

APPENDIX I

MINUTES OF THE TWENTY-SEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2012-13) HELD ON 19TH MARCH, 2013

The Committee sat on Tuesday, the 19th March, 2013 from 1500 hrs. to 1615 hrs. in Room No. '62', Parliament House, New Delhi.

PRESENT

Dr. Murli Manohar Joshi—*Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Shir Sandeep Dikshit
4. Shri Bhartruhari Mahtab
5. Shri Shripad Yesso Naik
6. Shri Abhijit Mukherjee
7. Shri Ashok Tanwar
8. Dr. Girija Vyas

Rajya Sabha

9. Shri Prasanta Chatterjee
10. Shri Prakash Javadekar
11. Shri J.D. Seelam
12. Shri N.K. Singh

SECRETARIAT

1. Shri Devender Singh	—	<i>Joint Secretary</i>
2. Shri Abhijit Kumar	—	<i>Director</i>
3. Shri M.L.K. Raja	—	<i>Deputy Secretary</i>
4. Shri D.R. Mohanty	—	<i>Deputy Secretary</i>
5. Smt. A. Jyothirmayi	—	<i>Deputy Secretary</i>
6. Shri S.L. Singh	—	<i>Under Secretary</i>
7. Smt. Anju Kukreja	—	<i>Under Secretary</i>

Representatives of the Office of the Comptroller and Auditor General of India

1.	Ms. Shubha Kumar	—	Director General (Report Central)
2.	Shri Venkatesh Mohan	—	Director General of Audit
3.	Ms. Anim Cherian	—	Principal Director (ST)
4.	Shri Rajiv Kumar Pandey	—	Principal Director of Audit

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the C&AG of India to the sitting of the Committee. The Chairman, then, apprised that the meeting had been convened to consider the following Draft Reports of the Committee:

(i) Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-second Report (15th Lok Sabha) on **‘Excesses over Voted Grants and Charged Appropriations (2008-09)’**.

(ii)	***	***	***
(iii)	***	***	***
(iv)	***	***	***
(v)	***	***	***
(vi)	***	***	***
(vii)	***	***	***
(viii)	***	***	***
(ix)	***	***	***
(x)	***	***	***

3. Giving an overview of the issues contained in the Draft Reports and the comments of the Committee thereupon, the Chairman solicited the views/suggestions of the Members.

4. After some discussions, the Committee adopted the above mentioned Draft Reports. The Committee, then, authorized the Chairman to finalise the Reports in the light of the factual verifications, if any, made by the Audit and present them to Parliament on a convenient date.

5. The Chairman thanked the Members for their active participation in the consideration and adoption of the Reports.

The Committee then adjourned.

***Matter not related to this Report.

APPENDIX II
STATEMENT OF OBSERVATIONS/RECOMMENDATIONS

Sl. No.	Para No.	Ministry/Department	Observations/Recommendations
1	2	3	4
1.	4	Finance (Department of Economic Affairs)	<p>The Committee are deeply concerned to observe that the import of their oft-repeated recommendation to make concerted efforts for timely finalization and submission of Action Taken Notes by the prescribed time schedule is yet to be fully realized. Persistent delay in furnishing of Action Taken Notes on the part of the Ministry of Finance is all the more distressing. Since delay in explaining financial irregularities/deficiencies/aberration fuel public distrust, the Committee, therefore, reiterate it would be in their own interest, if ATNs are furnished within the prescribed time to the Committee for their appraisal. As additional responsibility rests with the Ministry of Finance, being the nodal agency, not only in finalizing/submitting their own Action Taken Notes but in respect of other Ministries/Departments also, the Committee desire that a time schedule should be laid down for taking action at various stages involved in the finalization/vetting of the Action Taken Notes, which would go a long way in eliminating delay in submission of these Notes to the Committee. The Committee trust that necessary steps would be taken in this direction and they be apprised.</p>
2.	8	Finance (Department of Economic Affairs)	<p>The Committee note that in pursuance of their recommendation, the Ministry of Finance (Department of Economic</p>

1	2	3	4
			Affairs — Budget Division) have instructed all the Ministries/Departments to take immediate remedial measures, as suggested by them, to ensure judicious management of budgetary provisions. However, the Committee find that the Ministry had issued instructions on 11.07.2011 <i>i.e.</i> after eleven months of the presentation of their Twenty-second Report. Further, instructions so issued appear to be routine in nature and no stringent measures have apparently been prescribed against the defaulting Ministries, to avoid excess expenditure. What is further disquieting is that despite the oft-repeated concern expressed by the Committee and issuing of necessary instructions from time to time by the Ministry of Finance, Parliament is being presented with a <i>fait accompli</i> of unremitting excess expenditure phenomenon. The fact that no concrete results have been achieved despite issuance of routine instructions, the situation warrants bold and stringent measures including provision for penal action against the officers responsible for not detecting and reporting timely the excess expenditure to overcome the recurring problem of excess expenditure over Voted Grants and Charged Appropriations. The Committee would like the Government to take this issue with utmost seriousness so that excess expenditure is reduced to the barest minimum.
3.	11	Finance (Department of Economic Affairs)	The Committee are informed that due to the Ministry of Finance's concerted efforts and continued monitoring, the excess expenditure has been brought down from ₹ 97,205 crore in 2005-06 to ₹ 1012.82 crore in 2008-09. The Ministry have assured the Committee that this tempo would be maintained by them and

would not be allowed to lose focus. However, the Committee find that during 2009-10, the excess expenditure has increased to ₹ 14575.08 crore *i.e.* more than ₹ 13,500 crore *vis-à-vis* the excess expenditure in the preceding year. The Committee view this dismal picture with grave concern and are of the firm view that the present system of budgetary control is far from "sufficient and adequate". Therefore, there is an imperative need to devise an effective mechanism with a view to imposing financial discipline on all the Ministries/ Departments to avoid excess expenditure. The Committee recommend the Ministry of Finance to impress upon the Departmental Heads of all the Ministries/Departments to carry out periodical checks for strict application of the prescribed Financial Rules and deal sternly with cases of aberration noticed so that recurrence of huge excess expenditure is avoided.

4. 14 Finance (Department of Expenditure) The Committee are pleased to note that in pursuance of their recommendation, the Ministry of Finance (Department of Expenditure) have developed Audit Para Monitoring System (APMS) in the Office of Controller General of Accounts (CGA) for computerized monitoring of submission of replies to the Audit Paras and Explanatory Notes on excess expenditure by the Ministries/ Departments to the Public Accounts Committee. The Committee trust that with the development of APMS, the Ministry of Finance would be able to keep a strict vigil over processing of Audit paras/ Explanatory Notes so that the same could be made available to the Committee within the prescribed time limit. The Committee would, like to be apprised of

1	2	3	4
			the latest status of the development/commissioning of the system and specific improvements brought in after the introduction of the system.
5.	18	Finance (Department of Expenditure)	The Committee note that with a view to obviate excess expenditure under the Grant No. 39—Pensions, the Ministry of Finance (Department of Expenditure) have finalised e-scroll project to enable an early rolling out to all Banks. The Ministry expected that the Phase I of the project comprising all Banks presently on the centralized pension processing platform would commence in the last Quarter of F.Y. 2011-12 and the IIInd Phase thereof comprising remaining Banks shall roll out in F.Y. 2012-13. The Committee hope that such project will be effectively implemented and regularly monitored so as to revamp the system of budget formulation and execution as well as to avoid excess expenditure in future under this Grant. Taking note that the Ministry are yet to establish a centralized database of the pensioners and compile the data-base of pre-1990 pensioners, the Committee also desire that in the larger interest of correct estimation of pension liability and in order to achieve a sound fiscal discipline under this grant in future, the Ministry should make concerted efforts to complete the database by compiling the information at the earliest and apprise the Committee of the final outcome in the matter including the progress of the e-scroll project.
6.	21	Defence	The Committee are concerned to note that the Ministry of Defence have not taken any tangible steps in consultation with the Ministry of Finance for implementation of their recommendation for devising ways and means to overhaul

the existing budgetary mechanism, except issuing routine instructions to all the budget holding authorities. Notably, despite issuing instructions the instances of excess expenditure under Grants/Appropriations operated by the Ministry of Defence continued to recur during the years 2009-10 and 2010-11. Obviously, the existing budgeting mechanism of the Ministry is ineffectual as excess expenditure continues to recur. The Committee feel that mere issuing of instructions would not serve the purpose unless the progress of expenditure is strictly monitored and timely action taken to ensure that expenditure is incurred within the limits authorized by Parliament and individual responsibility assigned. They, therefore, desire the Ministry of Defence to thoroughly review their budgetary mechanism so that necessary corrective action, wherever warranted, could be taken to overcome the systemic lacunae/loopholes for elimination of the perennial problem of excess expenditure. The Ministry should also put in place a robust mechanism for monthly monitoring of the flow/trend of expenditure by the Administrative Heads so as to avoid recurrence of excess expenditure.

7. 25 Railways

Deploring the steep rise in excess expenditure incurred by the Ministry of Railways during the year 2008-09, the Committee in their earlier Report had urged the Ministry of Railways to strive earnestly for ensuring realistic estimation of their budgetary requirements under various sub-heads of the Grants/Appropriations operated by them. However, the Ministry have given a tepid response thereto that the

concern of the Committee has been noted and the Ministry had urged the Zonal Railways to adhere to the fiscal discipline. No mention has been made in the reply regarding measures taken to review the existing mechanism for realistic estimation of budgetary requirements. Keeping in view the magnitude of the recurring excess expenditure in case of Grants/ Appropriations operated by the Ministry of Railways, the Committee are of the firm opinion that the extant budgetary exercise and the monitoring mechanism is far from sound and adequate. While reiterating their earlier recommendation, the Committee desire the Ministry of Railways to revisit their budgetary and expenditure control system so as to ensure strict financial discipline.

APPENDIX III

(Vide Para 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR TWENTY-SECOND REPORT (FIFTEENTH LOK SABHA)

(i)	Total No. of Observations/Recommendations:	15
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para No.1	Total: 28 Percentage-93.34%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:	Total: 0 —Nil— Percentage-0%
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para No. 8	Total: 01 Percentage-6.66%
(v)	Observations/Recommendations in respect of which Government have furnished interim replies:	—Nil— Total: 0 Percentage-0%

PARLIAMENTARY PUBLICATIONS CAN ALSO BE OBTAINED FROM THE FOLLOWING AUTHORISED AGENTS:—

Sl.No.	Name of Agent	Sl.No.	Name of Agent
	ANDHRA PRADESH		
1.	M/s. Ashok Book Centre, Benz Circle, Vasavya Nagar, Vijaywada-520006. (A.P)	13.	M/s. Jayna Book Depot, Chowk Chhapparwala, Bank Street, Karol Bagh, New Delhi-110005.
	BIHAR	14.	M/s. Standard Book Co., 125, Municipal Market, Connaught Place, P.B. No. 708, New Delhi-110001. (T. No. 23411919)
2.	M/s. Progressive Book Centre, Zila School, Pani Tanki Chowk, Ramna, Muzaffarpur-842002. (Bihar)	15.	M/s. D.K. Agencies (P) Ltd. A/15-17, Mohan Garden, Najafgarh Road, New Delhi-110059.
	DELHI	16.	M/s. Vijay Book Service C-D/123/C, Pitam Pura, New Delhi-110034.
3.	M/s. Jain Book Agency, C-9, Prem House, Connaught Place, P.B. No. 1113, New Delhi-110001.		MADHYA PRADESH
4.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110009.	17.	M/s. Suvidha Law House, 28 Malviya Nagar, Roshanpura, Bhopal-462003.
5.	M/s. Rajendra Book Agency, IV-D-50, Lajpat Nagar, Old Double Storey, New Delhi-110024. (T. Nos. 26412362 & 26412131)		MAHARASHTRA
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9.	M/s. Biblia Impex Pvt. Ltd., 2/18, Ansari Road, New Delhi-110002. (T.No. 23262515)	20.	Editor of Debates, Legislative Assembly Department, Puducherry-605001.
10.	M/s. Universal Book Traders, 80, Gokhale Market, Opp. New Courts, Delhi-110054. (T. No. 23911966)		TAMILNADU
11.	M/s. Seth & Co. Room No. 31 D, Block-B, Delhi High Court, Sher Shah Road, New Delhi-110003.	21.	M/s. M.M. Subscription Agencies, 123, Third Street, Tatabad, Coimbatore-641012.
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		23.	M/s. Law Publishers, Sardar Patel Marg, P.B. No. 1077, Allahabad (U.P)
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