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**EXCESSES OVER VOTED GRANTS  
AND CHARGED APPROPRIATIONS  
(2001-2002)**

**PUBLIC ACCOUNTS  
COMMITTEE  
2003-2004**

**FIFTY-EIGHTH REPORT**

**THIRTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

# FIFTY-EIGHTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (2003-2004)

(THIRTEENTH LOK SABHA)

## EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2001-2002)



*Presented to Lok Sabha on 22.12.2003*

*Laid in Rajya Sabha on 22.12.2003*

LOK SABHA SECRETARIAT  
NEW DELHI

*December, 2003/Agrahayana, 1925 (Saka)*

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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2003-2004)**

**PRESENT**

Sardar Buta Singh

*Chairman*

**MEMBER**

*Lok Sabha*

2. \*Shri Haribhai Chaudhary
3. Shri Priya Ranjan Dasmunsi
4. Shri M.O.H. Farook
5. Dr. Madan Prasad Jaiswal
6. Shri Raghunath Jha
7. \*\*Shri Bhartruhari Mahtab
8. Dr. K. Malaisamy
9. Dr. M.V.V.S. Murthi
10. Shri Rupchand Pal
11. Shri Mohan Rawale
12. Dr. Nitish Sengupta
13. Shri Raghuraj Singh Shakya
14. Shri Brij Bhushan Sharan Singh
15. Shri Kirit Somaiya

*Rajya Sabha*

16. Shri Santosh Bagrodia
17. Shri Prasanta Chatterjee
18. Shri K. Rahman Khan
19. Shri Bachani Lekhraj
20. Dr. Alladi P. Rajkumar
21. \*\*\*Vacant
22. Prof. Ram Gopal Yadav

## SECRETARIAT

1. Shri P.D. Achary	-	<i>Additional Secretary</i>
2. Shri S.K. Sharma	-	<i>Joint Secretary</i>
3. Shri Raj Shekhar Sharma	-	<i>Deputy Secretary</i>
4. Shri B.S. Dahiya	-	<i>Under Secretary</i>

\* Shri Haribhai Chaudhary, MP resigned *w.e.f.* 9th May, 2003 and re-elected *w.e.f.* 30th July, 2003.

\*\* Shri Bhartruhari Mahtab, MP elected *w.e.f.* 30th July, 2003 *vice* Shri Chinmayanand Swami ceased to be a Member on his appointment as Union Minister *w.e.f.* 24th May, 2003.

\*\*\* Shri C.P. Thirunavukkarasu, MP retired *w.e.f.* 6th October, 2003

## INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, do present this Fifty-eighth Report (Thirteenth Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2001-2002)".

2. The Committee examined the cases of excess expenditure incurred by various Ministries/Departments of Union Government in 2001-2002 on the basis of relevant Appropriation Accounts, observations of Audit as contained in the Reports of the C&AG for the year ended 31 March, 2002 the explanatory notes and other information furnished by the various Ministries/Departments concerned. The Committee considered and finalised this Report at their sitting held on 17 December, 2003. Minutes of the sitting form Part II of the Report.

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-V to the Report.

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

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

NEW DELHI;  
17 December, 2003  
26 Agrahayana, 1925 (Saka)

SARDAR BUTA SINGH,  
Chairman,  
Public Accounts Committee.

## REPORT

### EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2001-2002)

#### ANNUAL APPROPRIATION ACCOUNTS OF THE UNION GOVERNMENT

##### Appropriation Acts

1.1. The Government introduces an Appropriation Bill to provide for appropriation out of the Consolidated Fund of India (CFI), as per provisions of Article 114 of the Constitution of India, soon after the House of the people passes the demands for grants under Article 113. The Appropriation Act passed by Parliament contains the authority to appropriate the specified sums supplementary or additional grants by subsequent Appropriation Acts in terms of Article 115 of the Constitution. The Appropriation Acts include the disbursements, which have been voted by Parliament under various grants in terms of Articles 114 and 115, and the disbursements, charged on the CFI in terms of Article 112(3) as well as Article 293(2) of the Constitution.

##### Appropriation Accounts

1.2. The Appropriation Accounts of the Union Government are prepared every year showing the details of expenditure actually incurred on various specified services by Government in a financial year compared with the grants/appropriations authorised by Parliament for those particular services in that financial year as specified in the Schedules appended to the Appropriation Acts.

1.3. The Appropriation Accounts in respect of Grants/Appropriations covered under Civil Sector are prepared by the Controller General of Accounts in the Ministry of Finance. The Ministries of Defence and Railways and the Department of Posts prepare the Appropriation Accounts of their respective grants. All these Appropriation Accounts are audited and certified by the Comptroller and Auditor General of India who also submits separate Audit Reports thereon to the President who, in turn, causes them to be laid before each House of Parliament in terms of Article 151 of the Constitution of India.

1.4. The Annual Appropriation Accounts of the Union Government and Audit Reports thereon on presentation to Parliament stand referred to the Public Accounts Committee for examination under the provisions of Rule 308 of Rules of Procedure and Conduct of Business in Lok Sabha.

1.5. In scrutinizing the Appropriation Accounts of the Government of India and the reports of the Comptroller and Auditor General of India thereon, it is the duty of the Committee to Satisfy themselves:—

- (a) that the moneys shown in the accounts as having been disbursed were legally available for, and applicable to the service or purpose to which have been applied or charged;

- (b) that the expenditure conforms to the authority which governs it; and
- (c) that every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent authority.

1.6. If any money has been spent on any service during a financial year in excess of the amount granted by the House for that purpose, the Committee examine, with reference to the facts of each case, the circumstances leading to such an excess and make such recommendations as it may deem fit.

## 2. UNION GOVERNMENT APPROPRIATION ACCOUNTS FOR 2001-2002

2.1. The following table indicates the dates on which the Appropriation Accounts of Union Government for the year 2001-02 were laid on the Table of the House:—

Appropriation Accounts	Date on which laid on the Table of the House
Civil	22.04.2003
Defence Services	22.04.2003
Postal Services	22.04.2003
Railways	22.04.2003

2.2. The results of the examination by Audit of the aforesaid Appropriation Accounts (2001-02) have been brought out in the following Audit Reports:—

Sl. Appropriation Accounts No.	Report in which audit findings are highlighted
1. Civil	Chapter 7 of Audit Report No 1 of 2003
2. Defence Services	Chapter 7 of Audit Report No. 1 of 2003
3. Postal Services	Chapter 7 of Audit Report No. 1 of 2003
4. Railways	Paragraph 1.8 of Audit Report No. 8 of 2003

2.3. Details of demands for grants and appropriations of various Ministries/ Departments during 2001-02 are as follows:—

Sector of activity	Number of demands for grants/appropriations
Civil	94
Defence Services	5
Postal Services	1
Railways	16
<b>Total</b>	<b>116</b>

2.4. In this Report, the Committee have examined the cases of those grants/appropriations where moneys have been spent in excess of the amount authorised by Parliament for specified services for the year 2001-02 and which required regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

### 3. RULES LAID DOWN FOR CONTROL OF EXPENDITURE

3.1. Article 114(3) of the Constitution stipulates that subject to the provisions of articles 115 and 116, no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law passed in accordance with the provisions of article 114. The Constitution also specifies under article 267(1) that Contingency Fund of India will be at the disposal of the executive to enable advances to be made for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure by Parliament by law under articles 115 and 116.

3.2. Further, Rule 71 of General Financial Rules clearly enjoins that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund.

3.3. Annexure "A" to Rules 66 and 75 of the General Financial Rules lays down the detailed procedure to be followed by the Pay and Accounts Offices (PAOs) regarding check against provision of funds. This procedure prescribes that where a payment would lead to excess over the provision under any "unit of appropriation", the payment may be made by PAO only on receipt of an assurance in writing from the Ministry/Head of Department controlling the grant that necessary funds to accommodate the expenditure will be provided for in time by issue of re-appropriation order etc. In cases of inevitable payments towards the close of the financial year where the grant as a whole is likely to get exceeded, the orders of the Financial Adviser on behalf of the Chief Accounting Authority would have to be sought.

3.4. Indian Railway Financial Code, Volume-I also addresses the issue of excesses over grants insofar as Railway finances are concerned. According to paragraph 371 of this code, the Railway administration shall be responsible to ensure that no expenditure is incurred in excess of the Budget allotments made to them. Similar provisions also exist under paragraphs 782 and 783 of P&T Manual, Volume II which *inter alia* prescribe that control in relation to budget allotments must secure that expenditure is not incurred under any head in excess of the funds allotted to that head.

### 4. PROCEDURE FOR REGULARISATION OF EXCESS EXPENDITURE

4.1. Any expenditure incurred by the Union Government in excess of the authorised grants/appropriations in a financial year requires regularisation by Parliament in terms of Article 115(1)(b) of the Constitution which stipulates that if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.

4.2. According to the procedure laid down for the regularisation of excess expenditure, the Ministries and Departments of Government of India are required to

furnish to the Public Accounts Committee explanatory notes containing the reasons for or circumstances leading to the excesses under each excess registering grant/appropriation alongwith the relevant Appropriation Accounts. Thereafter, the Public Accounts Committee proceed to examine, in the light of explanatory notes/evidence furnished by the Ministries, the circumstances leading to such excesses and present a report thereon to Parliament recommending regularisation of the excesses subject to such observations/recommendations as they may choose to make. Pursuant to the Report of the Committee, Government initiate necessary action to have the excesses regularised by Parliament, under Article 115(1)(b) of the Constitution, either in the same Session in which the Committee present their Report or in the following Session.

## 5. EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS 2001-02

### (a) Cases of excess registering Grants/Appropriations

5.1. A scrutiny of the Union Government Appropriation Accounts for the year 2001-02 revealed the following position about the excess registering grants/appropriations and the break-up of excess expenditure during the year under review:—

(In unit of Rs.)

Sl. No.	Name of Appropriation No. Accounts	No. of Grants/ Appropriations	Amount of excess expenditure
1.	Civil	5	878,67,03,678
2.	Defence Services	—	—
3.	Posts	1	16,28,000
4.	Railways	8	216,41,37,886
	Total	14	1095,24,69,564

### (b) Excess disbursements under Appropriations Accounts (Railways)

5.2. The explanatory note furnished by the Ministry of Railways for regularisation of excess expenditure incurred by them over Voted Grants/Charged Appropriations during 2001-02 revealed that there was a misclassification of expenditure of Rs. (-) 608,06,954 under Grant No. 12. Misc. Working Expenses and (+) Rs. 2,45,448 under Appropriation No. 3—Working Expenses—General Superintendence and Services, (-) Rs. 6,01,951 under Appropriation No. 4—Working Expenses—Repairs & Maintenance of Permanent Way and Works, Rs. (+) 1,68,755 under Appropriation No. 8—Operating expenses—Rolling Stock and Equipment, (+) Rs. 70,555 under Appropriation No. 9—Working Expenses—Operating Expenses—Traffic and (+) Rs. 17,23,323 under Appropriation No. 16—Assets—Acquisition, Construction and Replacement—Capital.

**(c) Actual excess expenditure incurred by the Ministry of Railways during 2001-02**

5.3. Taking into account the effect of these cases of misclassification, the actual excess expenditure relating to Railways worked out to Rs. 210,70,50,825 instead of Rs. 216,41,37,886 as indicated in the relevant Appropriation Account.

**(d) Total excess expenditure requiring regularisation under Article 115(1)(b) of the Constitution**

5.4. Thus, the amount of actual excess expenditure during the year 2001-02 which requires regularization by Parliament under Article 115(1)(b) of the Constitution is of the order of Rs. 1089,53,82,503 incurred in 17 cases of 14 excess registering grants/appropriations.

**(e) Details of Voted Grants/Charged Appropriations registering excess disbursements**

5.5. The details of Voted Grants/Charged Appropriations under which the actual expenditure had exceeded the sanctioned provisions during the year 2001-02 are given below:—

(in unit of Rs.)

Name of Appropriation Accounts	No. & Name of Grant/Appropriation	Ministry/Department involved	Amount of Excess expenditure
<b>Civil</b>			
Revenue-Charged	26-Interest Payments	Finance	2839,19,677
Capital-Voted	12-Deaprtment of Telecommunications	M/o Communications	114,36,47,956
	25-Payments to Financial Institutions	Finance	731,35,86,493
Capital-Charged	80-Urban Development 44-Other Expenditure of Ministry of Home Affairs	Urban Development and Poverty Alleviation Home Affairs	449,75,952 573,600
<b>Posts</b>			
Revenue-Voted	11-Dept. of Posts	M/o Communications	45,000
Capital-Charged	11-Dept. of Posts	M/o Communications	1583,000
<b>Railways</b>			
Revenue-Voted	15-Dividend to General Revenues- Repayment of Loans taken from General Revenues and Amoritisation of Capitalisation	Railways	20958,57,115

Name of Appropriation Accounts	No. & Name of Grant/Appropriation	Ministry/Department involved	Amount of Excess expenditure
Revenue-Charged	3-Working Expenses—General Superintendence and Services	Railways	655,479*
	4-Working Expenses—Repairs & Maintenance of Permanent Way & Works	-do-	707,849**
	7-Working Expenses—Repairs & Maintenance of Plant & Equipment	-do-	383,181
	8- Operating Expenses—-do—Rolling Stock & Equipment	-do-	89,081***
	9- Working Expenses—-do—Operating Expenses—Traffic	-do-	20,67,315****
	11-Working Expenses—-do—Staff Welfare & Amenities	-do-	8,13,804
	16-Assets—Acquisition, Construction Replacement—Capital	-do-	33,84,815*****
	16-Assets—Acquisition, Construction — Replacement—RSF	-do-	1,39,186
	16-Assets—Acquisition, Construction & Replacement—SRSF	-do-	29,53,000

- \* There was an excess expenditure of Rs. 4,10,031 under this appropriation. However, after taking into account the misclassification of expenditure of Rs. (+)2,45,448, the real excess expenditure under this grant requiring regularisation worked out to Rs. 6,55,479.
- \*\* There was an excess expenditure of Rs. 13,09,800 under this appropriation. However, after taking into account the misclassification of expenditure of Rs. (-)6,01,951, the real excess expenditure under this appropriation requiring regularisation worked out to Rs. 7,07,849.
- \*\*\* There was a savings of Rs. 79,674 under this appropriation. There was also a misclassification of Rs. (+)1,68,755 on account of expenditure relating to Charged Appropriation having been wrongly booked to Voted Grant. Thus, taking into account the effect of misclassification the real saving turned into excess requiring regularisation worked out to Rs. 89,081.
- \*\*\*\* There was an excess expenditure of Rs. 19,96,760 under this appropriation. However, after taking into account the misclassification of expenditure of Rs. (+)70,555, the real excess expenditure under this appropriation requiring regularisation worked out to Rs. 20,67,315.
- \*\*\*\*\* There was an excess expenditure of Rs. 16,61,592 under this Appropriation. However, after taking into account the misclassification of expenditure of Rs. (+)17,23,223, the real excess expenditure under this appropriation requiring regularisation worked out to Rs. 33,84,815.

5.6. It is clear from the above statement that the Ministry of Finance (Department of Economic Affairs) under Grant No. 25—Payments to Financial Institutions along accounted for a highest excess expenditure of Rs. 731.36 crore of the total excess expenditure incurred by various Ministries/Departments of the Union Government during 2001-02 followed by the excess expenditure of Rs. 209.59 crore incurred under Grant No. 15—Dividend to General Revenues—Repayment of loans taken from General Revenues and Amortization of over—Capitalization operated by the Ministry of Railways and excess expenditure of Rs. 114,36,47,000 incurred under Grant No. 12—Department of Telecommunications operated by Department of Telecommunications. It would also be seen that under Grant No. 11—Postal Services operated by Department of Posts the excess expenditure was incurred under both the charged sections of the Grant i.e. Revenue-Charged (Rs. 45,000) and Capital Charged (Rs. 1583,000).

## 6. EXCESS EXPENDITURE DESPITE OBTAINING SUPPLEMENTARY GRANT

6.1. According to GFR 71 no disbursements should be made which might have the effect of exceeding the total grant or appropriation authorised by Parliament for a financial year except after obtaining a Supplementary grant or an advance from the Contingency Fund. A scrutiny of the relevant Appropriation Accounts however, revealed that the excess expenditure during 2001-2002 had occurred even after obtaining supplementary grant of Rs. 6429.59 crore in 12 cases. The details in this regard are tabulated below:

Sl. No. & Name of Grant/ No. Appropriation	Amount of Supplemen- tary Grant/ Appropriation	Amount of Excess Expenditure	(Rs. in crore)
<b>Civil</b>			
1 12-Dept. of Telecommunications	500.00	114.36	
2 25-Payments of Financial Institutions	5021.60	731.36	
3 11-Postal Services (Capital Charged)	5.85	0.16	
4 80-Urban Development	858.14	4.50	
<b>Railways</b>			
5 3-Working Expenses-General Superintendence and Services	0.06	0.07	
6 4-Working Expenses-Repairs & Maintenance of Permanent Way & Works	0.15	0.07	
7 7-Working Expenses-Repairs & Maintenance of Plant & Equipment	0.01	0.04	

Sl. No. & Name of Grant/ No. Appropriation	Amount of Supplemen- tary Grant/ Appropriation	Amount of Excess Expenditure
8. 9-Working Expenses-Operating Expenses-Traffic	0.05	0.21
9. 11-Working Expenses-Staff Welfare & Amenities	0.006	0.08
10. 16-Assets-Acquisition, Constitution & Repalcement- Capital	10.37	0.34
11. 8-Operating Expenses-Rolling Stock and Equipment	0.05	0.01
12. 15-Dividend to General Revenues- Repayment on Loans taken from General Revenues and Amortisation of over-Capitalisation.	33.31	209.59
Total	6429.59	1060.79

6.2. It would be seen from the above table that in six cases the amount of Supplementary Grant obtained was proved inadequate as the excess expenditure incurred in five cases was more than the supplementary grant obtained.

## 7. PERSISTENT EXCESS EXPENDITURE

7.1. There has been a persisting trend in the incurrence of excess expenditure by various Ministries/Departments of Union Government. The table given below indicates the position regarding excess expenditure incurred during the proceeding five years.

(Rs. in crore)

Financial Year	No. of excess registering grants/appropriations	Excess expenditure
1997-98	10	530.41
1998-99	55	12,758.63
1999-2000	11	57.36
2000-2001	07	230.45
2001-2002	14	1089.54

7.2. The above table indicates that during the year 2001-2002 there was an increase in no. of excess registering grants/appropriations as well as excess expenditure incurred during that period as compared to the earlier two years.

## 8. DELAY IN FURNISHING EXPLANATORY NOTES

8.1. As per the recommendation made by the Committee in para 8.3 of their 23rd Report (13th Lok Sabha) from the financial year 2001-2002 onwards the defaulting Ministries/Departments were required to forward the explanatory notes on excess expenditure incurred by them to the Ministry of Finance within such a time limit that these explanatory notes could be made simultaneously available alongwith the Appropriation Accounts to the Public Accounts Committee.

8.2. The dates on which the Appropriation Accounts of Union Government for the year 2001-02 were laid on the table of the House and the explanatory notes received by the Committee are given below:

As on 19 September, 2003

Appropriation Accounts	Date on which laid on the Table of the House	No. & Name of excess registering grant/Appropriation	Date of explanatory notes furnished to the Committee	Delay
Civil	22.04.2003	12-Department of Telecommunications	27.03.2003	—
		25-Payments to financial Institutions	10.07.2003	2½ months
		26-Interest Payments	28.08.2003	more than four months
		44-Other expenditure of Ministry of Home Affairs	Not yet received	—
		80-Urban Development	-do-	—
Posts	22.04.2003	11-Postal Services	12.04.2003	—
Railways	22.04.2003	Grant/Appropriation Nos. 3, 4, 7, 9, 11, 12, 15 and 16	22.04.2003	—

8.3. It is observed from the above table that while the explanatory notes on excess expenditure relating to Grants/Appropriations operated by Ministry of Railways, Department of Posts and Telecommunications were received within the stipulated period, the explanatory note relating to grants operated by Ministry of Finance (Grant/ Appropriation Nos. 25 and 26) were received with the delay of 2½ months and more than four months respectively. Similarly, the explanatory notes pertaining to Ministry of Home Affairs and Urban Development have not been received so far though the Appropriation Accounts (Civil) were laid on the table of the House on 22.04.2003.

8.4. Commenting on the delay in submission of explanatory notes on excess expenditure incurred during 2000-01 the Committee in para 20.4 of their 40th Report

(13th Lok Sabha) hoped that the explanatory notes on excess expenditure be made available to the Public Accounts Committee alongwith the Appropriation Accounts failing which they would consider it a cogent enough ground to send for the Departmental head for their oral examination.

8.5. In their ATN submitted to the Committee the Ministry of Finance [Department of Expenditure—Monitoring Cell] stated:

"The observations of the Committee have been brought to the notice of all the Ministries/Departments for strict compliance and follow up *vide* O.M. No. 1/40/2003-MC dated 18.03.2002. Besides, immediately on receipt of information in respect of grants/appropriations involving excess expenditure or savings of Rs. 100 crores and above, instructions are issued to all concerned to furnish explanatory notes relating to these so that these notes are simultaneously made available to Public Accounts Committee alongwith the Appropriation Accounts. Thereafter the submission of explanatory notes is pursued with the concerned Ministries/Departments by way of periodical reminders o concerned Financial Advisers/Secretary through demi-official letters from Additional Controller General of Accounts, Controller General of Accounts."

## 9. EXAMINATION OF SELECT CASES OF EXCESS EXPENDITURE

9.1. In the succeeding paragraphs, the Committee have dealt with some of the prominent cases of excess expenditure during 2001-02 in the light of the facts brought out in the relevant Appropriation Accounts, Audit observations thereon and the explanatory notes furnished by the Ministries/Departments concerned.

### (A) Appropriation Accounts (Civil)

9.2. The details of excess disbursements over grants/appropriations under Appropriation Accounts (Civil) for the year 2001-02 and the contributory reasons as stated by Government are detailed below:

Sl. No. & Name of No. Appropriation	Details of excess expenditure (Rs. in crores)	Contributory reasons as stated by Government	
1	2	3	4
<b>Revenue-Charged</b>			
1. 26-Interest Payments	Appropriation-114144.35 Expenditure-114172.74  Excess-28.39	Due to more payment of interest following higher market borrowing, hike in notified amount, increased resource to ways and means advances etc.	

1 2

3

4

**Capital-Voted**

2. 12-Department of Telecommunications	Grant-502.00 Expenditure-616.36 Excess-114.36	Due to more clearance of unadjusted transactions/ balances of previous years from remittances/suspense head for transferring the reconciled assets/liabilities to Bharat Sanchar Nigam Limited.
3. 25-Payments to Financial Institutions	Grant-5183.95 Expenditure-5915.31 Excess-731.36	To provide additional loans for transferring National Industrial Credits
4. 80-Urban Development	Grant-1292.53 Expenditure-1297.03 Excess-4.50	To provide additional funds for improving the quality of civic services in the urban local bodies owing to increase in urban population

**Capital-Charged**

5. 44-Other Expenditure of Ministry of Home Affairs	Appropriation-12.21 Expenditure-12.27 Excess-0.06	To clear the equity portion of Rangandi Transmission line project in anticipation approval of the Ministry of Finance.
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**(a) Grant No. 12- (Capital Section-Voted) Department of Telecommunications**

9.3. Under the Capital Section (Voted) of Grant No. 12-Department of Telecommunications for the year 2001-02, the total provision was of Rs. 2.00 crore. This was augmented to Rs. 502.00 crore by obtaining a Supplementary Grant of Rs. 500.00 crore. Against this, the expenditure of Rs. 616.36 crore was incurred, resulting in an excess of Rs. 114.36 crore.

9.4. A copy of the explanatory note furnished by the Department of Telecommunications on the excess expenditure under this grant is enclosed at Appendix-I.

9.5. A scrutiny of explanatory note reveals that the excess expenditure of Rs. 114.36 crore under this Grant was the net effect of total excess of Rs. 580.56 crore

and the total unspent provision of Rs. 466.19 crore under various sub-heads of the Grant. The sub-head under which the excess occurred are detailed below:

(Rs. in lakhs)

Sl. No.	Sub-head Plan	Total Grant	Actual Expenditure	Excess
1.	5225 01 201 00 Telegraph Offices	0	9.25	9.25
2.	5225 02 201 00 Telephone Exchange (automatic)	0	37944.87	37944.87
3.	5225 02 202 00 Telephone Exchange (manual)	0	-98.38	-98.38
4.	5225 03 201 00 Trunk Auto Exchange	0	221.82	221.82
5.	5225 03 202 00 STD & Other Trunk Dialing Systems	0	13.70	13.70
6.	5225 03 203 00 Manual Trunk Exchanges	0	19.52	19.52
7.	5225 04 201 00 Co-axial cables system	0	-446.00	-446.00
8.	5225 04 202 00 Other Trunk Cable System	0	65.57	65.57
9.	5225 04 203 00 Microwave Radio Relay system	0	2514.22	2514.22
10.	5225 04 204 00 UHF and VHF Relay systems	0	837.24	837.24
11.	5225 04 205 00 Open wire and carrier system	0	121.85	121.85
12.	5225 04 208 00 Satellite Schemes	0	821.84	821.84
13.	5225 04 209 00 Optical Fibre Cable System	0	13279.98	13279.98
14.	5225 04 210 00 Village Panchayat Telephone	0	2467.30	2467.30
15.	5225 05 202 00 Training Centre	0	105.03	105.03
16.	5225 05 208 00 Telecom Computer systems	0	114.35	114.35
17.	5225 06 203 00 Staff Quarters	0	51.17	51.17

9.6. Explaining the reasons for ther excess expenditure of Rs. 114.36 crore under Capital Section (Voted) of this Grant, the Department of Telecommunications, in their explanatory note, stated as follows:

"The reason for the excess expenditure was the clearance of unadjusted transactions that had occurred over several previous years under the Major Heads 8662- Suspense and 8782-Remittance under the Public Account and their transfer to the Major Head 5225- Capital Outlay on Telecom Services under the Consolidated Fund of India. This action was necessitated for transferring the reconciled assets and liabilities to the Bharat Sanchar Nigam Limited, which was created on 01-10-2000. Thus the excess did not involve any cash outgo in the year 2001-02 but was merely a book adjustment whereby transactions/expenditure from past years was passed on to Capital."

9.7. In their action taken note submitted to the Committee in response to the recommendation made in paragraph 48 of their 6th Report (13th Lok Sabha) presented to the House on 27.04.2000, the Department of Telecommunication stated that they took steps to frame the estimates more realistically and with the formation of Bharat Sanchar Nigam Ltd. on 01.10.2000, the budgetary and accounting systems have now been completely revamped.

**(b) Grant No. 25—(Capital Section—Voted)—Payments to Financial Institutions**

9.8. During the year 2001-02, the Original provision under Capital Section (Voted) of the Grant No. 25— Payments to Financial Institutions was Rs. 162.35 crore which was augmented by the Supplementary provision of Rs. 5021.60 crore. Against the total provision of Rs. 5183.95 crore, the actual expenditure was Rs. 5915.31 crore resulting in excess expenditure of Rs. 731.36 crore. According to the Ministry of Finance (Department of Economic Affairs) the aforesaid excess expenditure was the net result of total excess of Rs. 1740.61 crore and the total unspent balances of Rs. 1009.26 crore under various Sub-heads of the Grant.

9.9. The scrutiny of Appropriation Accounts of this Grant revealed that in the Capital Section of the grant, Supplementary Grant of Rs. 5021.60 crore was obtained in August, 2001 and March, 2002. Although the actual expenditure exceeded the sanctioned provision by Rs. 731.36 crore, Rs. 98.83 crore was surrendered by the Ministry.

9.10. The explanatory notes furnished by the Ministry of Finance (Department of Economic Affairs) on the excess expenditure under this Grant is enclosed at Appendix-II.

9.11. The scrutiny of the explanatory note revealed that the actual expenditure exceeded the total sanctioned provision under the various sub-heads of the Grant. The heads under which the excess of Rs. 50 lakh and above occurred are mainly:

- (i) sub-head-6416.00.190.03—Loans to National Bank for Agricultural & Rural Development (NABARD) (excess of Rs. 85.15 lakh) was due to more claims for reimbursement of external aided loans submitted by the NABARD, which could not be anticipated at the time of framing the BE 2001-02.
- (ii) Sub-head-6885.01.190.01—Industrial Bank of India (IDBI)—(excess of Rs. 51,373.35 lakh);
- (iii) Sub-head -6885.01.190.03—Industrial Finance Corporation of India (IFCI)—(excess of Rs. 39,841.37 lakh); and
- (iv) 6885.01.190.09—Small Industrial Development Bank of India (SIDBI) (excess of Rs. 82,761.20 lakh) was occurred mainly due to more requirement for transferring National Industrial Credit (Loan Term Operations) Loan as reported by the Reserve Bank of India.

9.12. The Ministry in their explanatory note further stated that the aforesaid excess in the Grant was purely unforeseen and beyond the control of the Department. Nevertheless, the Head of the Banking Division has been requested to instruct the concerned functionaries to ensure that expenditure incurred is within the authorised limits so that such large scale excesses are avoided in future.

**(c) Appropriation No. 26—(Revenue Section—Charged)—Interest Payments**

9.13. Under Revenue Section (Charged) of Appropriation No. 26—Interest Payments for 2001-02, the original as well as the total appropriation was Rs. 114144,35,00 thousands. Against this, the actual expenditure was Rs. 114172,74,20 thousands resulting in excess expenditure of Rs. 28,39,20 thousands.

9.14. The explanatory notes furnished by the Ministry of Finance (Department of Economic Affairs) on the excess expenditure under this Grant is enclosed at *Appendix-III*.

9.15. According to Department of Economic Affairs the aforesaid excess expenditure was the net result of total excess of Rs. 1772,02,25 thousands and total unspent provisions of Rs. 1743,63,05 thousands under various sub-heads of the Appropriations. The heads under which the excess of Rs. 10 crore and above occurred and reasons therefore are as under:—

Sl. No.	Major Head/sub-head	excess expenditure incurred (Rs. in crore)	Contributory reasons
1	2	3	4
1.	2049-01-101—Interest on Market Loans	355.98	Higher market borrowing than anticipated
2.	2049-01-103-01—discount on Treasury Bills 91 Days Treasury Bills	183.62	Hike in notified amount from Rs. 100 crore to Rs. 250 crore per auction
3.	2049-01-115—Interest on ways and Means Advances	43.53	Increased resources to Ways & Means Advances
4.	2049-01-200-03—Compensation and other Bonds	161.86	Actual requirement under various relief bonds schemes turning out to be more than anticipated at the time of initial provisioning
5.	2049-02-213—Interest on loans from Interenational Development Association	17.00	More drawals than anticipated and also increase in SDR-US Dollar exchange rate
6.	2049-02-249—Interest on loans from Asian Development Bank	33.13	Introduction of new loans where budget provion was not made and due to payment of Front End Fee on three new loans signed during March, 2002

1	2	3	4
7.	2049-03-109-09—Special Deposits of E.S.I.C.	68.48	Less than anticipated withdrawal from the fund resulting in more payment of interest
8.	2049-03-109-10—Special Deposits of Provident Superannuation Gratuity Fund	796.06	Spill-over payments pertaining to the previous year
9.	2049-03-111-01—Interest on Deposits Scheme for retiring Government employees	31.79	More collection under the Scheme
10.	2049-05-101-01—Railway Depreciation Reserve Fund	18.68	Higher appropriation than the withdrawal
11.	2049-60-101-17—Interest under Section 16(3) of Swadeshi Cotton Mills Co. Ltd.	12.37	Recalculation of interest in accordance with the statutory provisions which were earlier inadvertently misinterpreted

9.16. The Department of economic Affairs in their explanatory note further stated that in a large number of items coming under "Appropriation Interest Payments", precise estimation is not possible, as the post budget development which have a direct bearing on the interest payments are numerous.

9.17. Taking a considered view on the excess expenditure of Rs. 2882.39 crore incurred under this Grant during the year 1998-99 the Committee in para 8.5 of their 23rd Report (13th L.S.) presented to Parliament on 25.07.2001 desired that in the IT age with internetting facilities available, effective coordination between various estimating and disbursing authorities can be procured and with the help of sound data base and the mechanism of obtaining Supplementary Demands, it should be quite possible to avoid excess expenditure altogether.

9.18. In response to the aforesaid recommendation of the Committee the Department of Economic Affairs have stated that instructions have been issued to the various estimating authorities through Budget Circular for the year 2003-2004 to put in place effective coordination between estimating and disbursing authorities with the help of sound data-base and other IT facilities so that the excess expenditure could be avoided altogether.

## 10. RECURRING EXCESS EXPENDITURE IN CIVIL MINISTRIES/DEPARTMENTS

10.1. The incurring of excess expenditure by the Civil Ministries has been a recurring phenomenon and the comparative figures of excess expenditure incurred by

them during the last ten years is detailed below:

Year	No. of Cases	Amount of excess expenditure incurred (Rs. in crore)
1992-93	6	28.26
1993-94	7	6.72
1994-95	7	47.03
1995-96	2	8.44
1996-97	8	67.29
1997-98	2	13.66
1998-99	56	11112.77
1999-2000	2	0.57
2000-2001	1	0.44
2001-2002 (year under review)	5	878.67

10.2. The above table indicates that in the past two years i.e. year 1999-2000 & 2000-2001 the No. of cases as well as the excess expenditure incurred under Appropriation Accounts (Civil) showed the declining trend while during the year under review the position is totally reversed wherein the excess expenditure incurred under civil Ministries has touched a high figure of Rs. 878.67 crore which is substantially higher than the excess expenditure incurred during the last two years.

#### (b) Appropriation Accounts (Railways)

11.1. During 2001-02, the actual expenditure under the Grants/Appropriations administered by the Ministry of Railways exceeded the sanctioned provision by Rs. 210.71 crore in two Grants (Nos. 12 and 15) and 6 Appropriations (Nos, 3,4,7,9, 11 and three segments of Appropriation No. 16 ie. Capital, RSF & SRSF). However, taking into account the factor of misclassification of expenditure, the details of the excess registering grants/appropriations are as under:

No. & Name of Grant/ Appropriation	Final Grant	Excess Expendi- ture	Misclas- sification of expen- diture	(in unit of Rs.)	
				Actual excess expen- diture regulari- sation	5
1	2	3	4	5	
3-Working Expenses— General Superintendence and Services	6,77,000	4,10,031	2,45,448	6,55,479	

1	2	3	4	5
4-Working Expenses— Repairs & Maintenance of Permanent Way & Works	18,28,000	13,09,800	(-6,01,951)	7,07,849
7-Working Expenses— Repairs & Maintenance of Plant & Equipment	1,12,000	3,83,181	-	3,83,181
8-Operaing Expenses— Rolling Stock & Equipment	6,26,000	79,674*	1,68,755	89,081
9-Working Expenses— Operating Expenses— Traffic	6,66,000	19,96,760	70,555	20,67,315
11-Working Expenses— Staff Welfare & Amenities	1,35,000	8,13,804	-	8,13,804
15-Dividend to General Renenues— Repayment of loans taken from General Revenues and Amortization of over-capitalization	1385,30,54,000	209,58,57,115	-	209,58,57,115
16-Assets—Acquisition Construction and Replacement—Capital	1536,54,000	16,61,592	17,23,223	33,84,815
16-Assets—Acquisition Construction and Replacement— Railway Safety Fund	-	1,39,186	-	1,39,186
16-Assets— Acquisition, Construction and Replacement— Special Railway Safety Fund	-	29,53,000	-	29,53,000
Total excess expenditure requiring regularisation			Rs. 210,70,50,825	

\* Savings

11.2. It has been observed from the above table that Grant No. 15—Dividend to General Revenues— Repayment of Loans taken from General Revenues and Amortisation of over— Capitalisation alone accounts for highest excess expenditure (Rs. 209,58,57,115) among the ten cases of eight excess registering grants/ Appropriations operated by Ministry of Railways during the year 2001-02 which is 99.47 percent of the total excess expenditure incurred by the Ministry of Railways during 2001-02. It is also indicated that under the Appropriation No. 16-Assets—

Acquisition Construction & Replacement—Railway Safety Fund and Special Railway Safety Fund neither original budget provision was sanctioned nor the Supplementary Appropriation was obtained for this purpose.

11.3. The explanatory notes furnished by the Ministry of Railways for regularisation of excess expenditure incurred during the year 2001-02 are enclosed at *Appendix-IV*.

#### Wrong booking of expenditure

11.4. The scrutiny of explanatory notes submitted by the Ministry of Railways reveals that there were two cases of wrong booking of expenditure during the year 2001-02. One operating Expenses—Rolling Stock & Equipment under Appropriation No. 8 due to misclassification of expenditure of Rs. 1,68,755 unspent provisions of Rs. 79,674 turned into excess expenditure of Rs. 89,081 while in another case Excess expenditure under Grant No.12—Miscellaneous Working Expenses turned into unspent provisions on account of misclassification of expenditure of Rs. (-) 6,08,06,954.

### 12. RECURRING EXCESS EXPENDITURE IN MINISTRY OF RAILWAYS

12.1 the excess expenditure in Ministry of Railways persists years after year as would be seen from the following:

(Rs. in crore)

Year	No. of Excess Registering Grants/ Appropriations	Actual Excess Expenditure
1997-98	7	160.34
1998-99	9	349.40
1999-2000	8	56.79
2000-2001	5	0.14
2001-2002 (Year under review)	8	210.71

12.2. It is seen from the above table that the excess expenditure which witnessed significant decline during the year 2000-2001 again showed sharp increase in excess expenditure as well as the number of excess registering grants/appropriations during the year under review.

12.3. Commenting on the significant decline in excess expenditure during the year 2000-01 the Committee in paragraph 20.7 of their 40th Report (13th Lok Sabha) *inter-alia* recommended:

"Though the overall excess expenditure in the Ministry of Railways has come down progressively, the Committee would like to reiterate the need for more greater accuracy in estimation of monetary requirements and better budgetary control so as to avoid excess expenditure."

12.4. In their action taken notes the Ministry of Railways *inter-alia* stated:

"The concern of the Committee in controlling the incidence of excess expenditure has been noted. It has been endeavour of the Ministry of Railways to avoid occurrences of the excess expenditure to the extent possible. The Committee has also appreciated this effort, as they too have observed that the incidence of excess expenditure in the Railways has come down progressively. While due care is taken to formulate the Budget/Supplementary proposals as accurately as possible, the Committee may agree that sometimes, the exact requirement for satisfying such Court decrees becomes difficult to forecast, resulting in such excesses. the concern of the Committee regarding unauthorized expenditure under Appropriation No. 7 & 16-OLWR have been noted. The Ministry of Railways will, however, continue its efforts to improve upon the estimations so as to minimize, if not eliminate, the incidences of excess."

**13. 6.6 PERSISTENT EXCESS EXPENDITURE UNDER APPROPRIATION NO. 3—WORKING EXPENSES—GENERAL SUPERINTENDENCE AND SERVICES**

13.1. Incidentally, the Appropriation No. 3 — Working Expenses—General Superintendence and Services has been persistently recording excess expenditure from the year 1996-97 onward as per details given below:—

(In unit of Rs.)

Year	Amount of Excess Expenditure
1996-97	5,59,900
1997-98	17,943
1998-99	25,520
1999-2000	1,37,852
2000-2001	4,942
2001-2002	6,55,479

13.2. It would be seen from the above table that during the year under review the Appropriation No. 3 registered the highest excess expenditure during the past six years *i.e.* from 1996-97 to 2001-2002. The scrutiny of this Grant also reveals that the excess expenditure under this Appropriation was incurred even after obtaining Supplementary Appropriation of Rs. 6,27,000 and constitute 96.82 per cent of the total sanctioned provision.

**14. EXCESS EXPENDITURE INCURRED BY MINISTRY OF RAILWAYS DESPITE OBTAINING SUPPLEMENTARY PROVISIONS**

14.1. The scrutiny of explanatory notes submitted by the Ministry of Railways reveals that expenditure under the following Grants/Appropriations exceeded the sanctioned provisions even after obtaining supplementary provisions:

Sl. No. & Name of Grant/Appropriation No.	Supplementary provision	Excess expenditure
1. 3-Working Expenses-General Superintendence & Services	6,27,000	6,55,479
2. 4-Working Expenses-Repairs & Maintenance of Permanent Way & Works	15,28,000	7,07,849
3. 7-Working Expenses -Repairs & Maintenance of Plants & Equipment	1,12,000	3,83,181
4. 8-Operating Expenses-Rolling Stock & Equipment	5,26,000	89,081
5. 9-Working Expenses-Operating expenses-Traffic	4,66,000	20,67,315
6. 11-Working Expenses-Staff Welfare & Amenities	55,000	8,13,804
7. 15-Dividend to General Revenues- Repayment of Loans taken from General Revenues and Amortisation of over-Capitalisation	33,30,54,000	209,58,57,115
8. 16-Assets-Acquisition, Construction & Replacement-Capital	1036,54,000	33,84,815

14.2. It is seen from the above table that the excess expenditure incurred by the Ministry of Railways during 2001-02 despite obtaining Supplementary provisions in eight out of ten cases of excess registering grants/appropriations. It is also seen that under Appropriation Nos. 3,7,9,11 and 15 the excess expenditure incurred was much more than the Supplementary Grants obtained.

**15. REASONS FOR EXCESS EXPENDITURE INCURRED UNDER THE GRANTS/APPROPRIATION OPERATED BY MINISTRY OF RAILWAYS DURING 2001-02**

15.1. It is revealed from the explanatory notes furnished by the Ministry of Railways that excess expenditure during 2001-02 incurred under all the nine cases of excess registering Grants/Appropriations operated by Ministry of Railways was mainly due to more decretal Payments than anticipated materialised at the fag end of the year.

## 16. MISCLASSIFICATION OF EXPENDITURE BY THE MINISTRY OF RAILWAYS

16.1. It is seen from the explanatory note furnished by the Ministry of Railways that under the following cases of excess registering grants/appropriations there was misclassification of expenditure.

(In unit of Rs.)

Sl. No. & Name of Grant/ No. Appropriation	Excess Expenditure	Misclassifi- cation of expendi- ture	Excess requiring regulari- sation
1. 3-Working Expenses- General Superintendence & Services	4,10,031	2,45,448	6,55,479
2. 4-Working Expenses- Repairs & Maintenance of permanent way & works	13,09,800	(-)6,01,951	7,07,849
3. 8-Operating Expenses- Rolling Stock & Equipment	(-)79,674*	1,68,755	89,081
4. 9-Working Expenses-operating expenses—Traffic	19,96,760	70,555	20,67,315
5. 16-Assets-Acquisition, Construction & Replacement-Capital	16,61,592	17,23,223	33,84,815

\*There was a saving under Appropriation No. 8 but, taking into account the factor of misclassification of expenditure, this saving turned into excess.

16.2. While appreciating the efforts made by the Ministry of Railways to prevent misclassification of expenditure the Committee in para 20.9 of their 40th Report (13th Lok Sabha) had hoped that with the strict implementation of the proposed measures the Ministry of Railways would be able to overcome the problem of misclassification of expenditure in future.

16.3. In their Action Taken Note submitted to the Committee in response to the aforesaid recommendation of the Committee the Ministry of Railways stated that, 'it is and shall remain the endeavour of the Ministry of Railways to curb misclassifications. Towards achievement of this objective, further instructions/guidelines as may be found necessary shall be issued and results monitored.'

## 17 CONCLUSIONS AND RECOMMENDATIONS

17.1. The Committee find from the scrutiny of Appropriation Accounts relating to Civil, Defence, Postal Services and Railways for the year 2001-02 that there was an excess expenditure of Rs. 1089.54 crore incurred under 17 cases of 14 excess registering grants/appropriations as against Rs. 57.36 crore and 230.45 crore respectively during the years 1999-2000 and 2000-2001. The Committee note that bulk of the excess expenditure was on the Civil side *viz.*, Rs. 878.67 crore out of which the Ministry of Finance (Department of Economic Affairs) under Grant No. 25-Payment to Financial institutions alone accounted for a highest excess expenditure of Rs. 731.36 crore. Eight Grants/Appropriations operated by Ministry of Railways contributed to an overall excess of Rs. 216.41 crore while under Grant No. 11-Postal Services operated by Department of Posts, the excess expenditure of Rs. 0.17 crore was recorded under both the charged sections of the Grant i.e. Revenue Charged (Rs. 45,000) and Capital Charged (Rs. 15,83,000). It is further discerning to note that during the year 2001-2002 there was an increase in number of excess registering grants/appropriations as well as expenditure incurred during that period as compared to the earlier two years. That the excesses over Voted Grants and charged Appropriations administered by Ministry of Finance, Railways, Department of Posts and Telecommunications had persisted, only serve to reinforce the Committee's off repeated observations that adequate and serious attention was not being paid by Ministries/Departments to the implementation of the Committee's recommendations. Though the Ministry of Finance have been dutifully circulating the recommendations of the Committee to the Ministries/Departments of the Government for compliance, however financial discipline remains still a distant goal. The Committee are of the considered view that there appears a systemic defect requiring immediate rectification. The Committee, therefore, desire that a detailed review of the existing system be undertaken by the concerned Ministry/Department particularly by the Ministry of Finance and Railways to devise suitable and effective measures with a view to removing the inherent defects in the existing system. The Committee would like to be apprised of the outcome of the review and the steps taken thereon.

17.2. The Committee are distressed to find that the excess expenditure during 2001-02 has occurred even after obtaining supplementary grant of Rs. 6429.59 crore in 12 out of 17 cases of excess registering grants/appropriations. Strangely, the Ministry of Railways obtained supplementary Grants in eight cases of excess registered grants/appropriations. There were also three instances in Civil Appropriation Accounts where excess expenditure had occurred despite having obtained supplementary grants. The scrutiny of the cases of excess expenditure incurred despite obtaining of supplementary Grant reveals that in 5 cases, the amount of supplementary grant obtained had proved inadequate as the excess expenditure incurred in five cases was more than the supplementary grant obtained. The Committee are of the opinion that the instrument of obtaining supplementary grants was not operated judiciously by certain Ministries/Departments during the year under review. The Committee view this situation with grave concern and express their displeasure over the irresponsible attitude displayed by various Ministries/Departments while

obtaining supplementary grants during the year under review. They, therefore, desire the concerned Ministries/Departments to thoroughly review and scrutinize the budget estimates at the supplementary grant stage itself so as to obtain the supplementary demands not so casually but in rare and emergent cases only.

17.3. though the observations of the Committee were brought to the notice of all the Ministries/Departments *vide* para 8.3 of their 23rd Report (13th LS), the Committee find that delay still continues to persist in the submission of explanatory notes on excesses over voted grants and charged appropriations. The Committee note that during the year under review while the explanatory notes on excess expenditure relating to Grants/Appropriations operated by Ministry of Railways, Department of Posts and Telecommunications were received within the stipulated period, the explanatory notes relating to grants operated by Ministry of Finance (Grant/ Appropriation No. 25 and 26) were received with the delay of 2½ months and more than four months respectively. Surprisingly, the explanatory note pertaining to the Ministries of Home Affairs and Urban Development and Poverty Alleviation have not yet been received though the Appropriation Accounts (Civil) were laid in the House on 22.04.2003. The Committee take a serious view of the delay despite the recommendations of the Committee and desire fixation of responsibility for appropriate action. The Committee need hardly point out that time and again it has been emphasized that any delay in the submission of these notes to the Committee thwart the process of expeditious finalization of the Report on Excesses over Voted Grants and Charged Appropriation, presentation thereof to Parliament and delaying the regularisation of the excess expenditure. The Committee would once again like to stress the need for making all out efforts by all concerned to eliminate the avoidable delays in future by ensuring strict adherence to schedule prescribed in this regard so that the excesses are expeditiously brought before Parliament and regularised accordingly.

17.4. The scrutiny of Appropriation Accounts (Civil) for the year 2001-02 reveals that there was excess expenditure of Rs. 878.67 crore incurred under five Grants/ Appropriations operated by Ministry of Finance (Department of Economic Affairs) (two grants), Department of Telecommunications, Ministry of Home Affairs and Ministry of Urban Development (one grant each). The contributory reasons attributed to the excess expenditure by the concerned Ministries/Departments indicate that there is a need on the part of these Ministries/Departments to review their budgetary assumptions or/and efficiency of their programme management. The Committee's scrutiny of Appropriation Accounts (Civil) for the past ten years reveal that in the past two years i.e. year 1999-2000 (Rs. 0.57 crore in two cases) (Rs. 0.44 crore in one case) the no. of cases as well as the excess expenditure incurred showed the declining trend while during the year under review the position is totally reversed wherein the excess expenditure incurred under Civil Ministries has touched the high figure of Rs. 878.67 crore which is substantially higher than that incurred during the last two years. The Committee are, however, constrained to note that the position deteriorated so soon and to such an extent. The Committee would like the concerned Civil Ministries/

Departments to once again analyse in depth the reasons for recurring phenomenon of excess expenditure with a view to initiating timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/ contained within the funds authorised by Parliament for the purpose.

17.5. The scrutiny of select cases of grants/appropriations under Appropriation Accounts (Civil), reveals that the Department of Telecommunications incurred and excess expenditure of Rs. 114.36 crore during 2001-2002 under Capital (Voted) Section of Grant No. 12-Department of Telecommunications which was the net effect of total excess of Rs. 580.56 crore and the total unspent provision of Rs. 466.19 crore under various sub-heads of the Grant. The Committee further note that in the capital section of the grant, although supplementary Grant of Rs. 500.00 crore was obtained in March, 2002 and Rs.199 lakhs was surrendered, the expenditure exceeded the sanctioned provision by Rs.114.36 crore. According to the Department of Telecommunications, the excess expenditure was due to the clearance of unadjusted transactions/balances of previous years from remittances/suspense head for transferring the reconciled assets/liabilities to Bharat Sanchar Nigam Limited. The Committee are not convinced with these reasons attributed to incurring of excess expenditure under this Grant as none of the reasons mentioned by the Department of Telecom fall in the category of "Unforeseen" or "unanticipated" expenditure. The Committee would like to know as to why the effect of the increase in the expenditure could not be anticipated at least at the time of preparation of revised estimates and adequate funds provided for in the Supplementary Budgets. In pursuance of their earlier recommendations, the Committee have been informed that the Department of Telecom took steps to frame the estimates more realistically and with the formation of Bharat Sanchar Nigam Ltd. the budgetary and accounting systems have now been completely revamped. The Committee would like to watch the impact of the steps taken by the Department of Telecom in this regard in future Appropriation Accounts.

17.6. The Committee note that under Capital (Voted) Section of Grant No. 25- Payments to Financial Institutions, the Ministry of Finance (Department of Economic Affairs) incurred excess expenditure of Rs.731.36 crore. The excess expenditure under this Grant was incurred despite obtaining Supplementary grant of Rs. 5021.60 crore in August, 2001 and March 2002. According to the Department of Economic Affairs the excess expenditure was mainly due to more claims for reimbursement of external aided loans and more requirement for transferring National Industrial Credit (Long Term Operations) Loan as reported by the Reserve Bank of India. According to them the aforesaid excess in the Grant was purely unforeseen and beyond the control of the Department. In this regard the Committee have been informed that the Head of the Banking Division has been requested to instruct the concerned functionaries to ensure that expenditure incurred is within the authorised limits so that such large scale excesses are avoided in future. The Committee are not convinced with the reasons put forth by the Department of Economic Affairs in this regard and would, therefore, like the Ministry of Finance (Department of Economic Affairs) to once again review the existing procedures in consultation with the Reserve Bank of India to ensure more accurate estimation and effective watch over the flow of expenditure so that such variations are avoided as far as practicable.

17.7. The Committee note that against the final appropriation of Rs.114144.35 crore sanctioned under Revenue section (charged) of Appropriation No.—26—Interest Payments, the Department of Economic Affairs incurred expenditure of the order of Rs. 114172.74 crore resulting in an excess expenditure of Rs.28.39 crore in spite of the fact that Rs.450.55 crore was surrendered by the Department. The scrutiny of explanatory notes revealed that the excess expenditure under various heads of the Appropriations was incurred mainly due to higher market borrowing than anticipated, increased resources to Ways and Means Advances, actual requirement under various relief bonds schemes turning out to be more than anticipated at the time of initial provisioning, introduction of new loans where budget provision was not made and higher appropriation than withdrawal etc. According to Deptt. of Economic Affairs, in a large number of items precise estimation is not possible, as the post-budget developments which have a direct bearing on the interest payments are numerous.

17.8. The Committee further note that in response to their recommendation made in 23rd Report (13th Lok Sabha) on excess expenditure incurred under this appropriation during the year 1998-99 the Department of Economic Affairs had issued instructions to the various estimating authorities to put in place effective coordination between estimating and disbursing authorities with the help of sound data-base and other IT facilities so that excess expenditure could be avoided altogether. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. It seems that the instructions issued in the past have had little effect on the estimating and disbursing authorities. The Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to curb this tendency. The Committee are of the considered view that the anticipated expenditure on the above counts should have been ascertained more precisely. The Committee expect that in future the Ministry of Finance (Dept. of Economic Affairs) will display better sense of financial discipline.

17.9. The Committee note that during the year 2001-02 the actual expenditure under the Grants/Appropriations administered by the Ministry of Railways exceeded the sanctioned provision by Rs.210.71 crore in two Grants (No. 12 and 15) and six appropriations (Nos. 3,4,7,9,11 and three segment of Appropriation No.16 i.e. Capital, RSF and SRSF) out of which Grant No.15 Dividend to General Revenues—Repayment of loan taken from General Revenues and Amortisation of over-capitalisation alone accounted for higher excess expenditure of Rs.209.59 crore which is 99.47 percent of the total excess expenditure incurred by the Ministry of Railways during 2001-02. The Committee observe that under Appropriation No.16—Assets—Acquisition construction and Replacement—Railways Safety Fund and Special Railway Safety Fund neither original budget provision has been sanctioned nor the supplementary Appropriation obtained for this purpose. The excess expenditure of Rs. 210.71 crore was incurred by the Ministry of Railways during 2001-02 despite having supplementary provisions in eight out of ten cases of excess registering grants/appropriations. In their explanatory notes, the Ministry of Railways have attributed the excess expenditure incurred under almost all the grants/appropriations during 2001-02 to more decretal payments than anticipated materialised at the fag end of the year. The Committee would like to know when exactly was the decretal payments

made in all the cases and whether these payments could have been provided for at the time of revised budget allocation. It, however, appears that no attempt was made to provide for them in a supplementary appropriation for authorisation by Parliament during the year itself. The Committee would, therefore, expect the Ministry of Railways to ensure that in future, prompt action is taken to make the decretal payments and provide for it in the budget/supplementary budget.

17.10. The Committee further observe that the excess expenditure incurred by Ministry of Railways which witnessed significant decline during the year 2000-01 again showed sharp increase in excess expenditure as well as the number of excess registering grants/appropriations during the year 2001-02. Commenting on the significant decline in excess expenditure during 2000-01, the Committee in para 20.7 of their 40th Report (13th Lok Sabha) desired the need for more accuracy in estimation of monetary requirements and better budgetary control so as to avoid excess expenditure. In their Action Taken Notes, the Ministry of Railways stated that they will, continue their efforts to improve upon the estimations so as to minimise, if not eliminate, the incidences of excess. In the view of the Committee, the huge excess expenditure incurred by the Ministry of Railways during the year 2001-02 only shows that the various expenditure control measures initiated by the Ministry have not borne the desired fruit. The Committee hope that the Ministry of Railways will make concerted efforts which will have a meaningful and result-oriented efforts in the fiscal management.

17.11. The Committee observe that the Appropriation No. 3, Working Expenses-General Superintendence and Services has been persistently recording excess expenditure from the year 1996-97 onwards. The Committee again observe that during the year under review the Appropriation No. 3 registered the highest excess expenditure (Rs. 6,55,479) during the past six years i.e. from 1996-97 to 2001-02. The scrutiny of this Grant for the year 2001-02 revealed that the excess expenditure under this appropriation was incurred even after obtaining supplementary Appropriation of Rs. 6,27,000 and constitute 96.82 per cent of the total sanctioned provisions. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. Recurrence of excess expenditure for the past six years under this Grant confirms the belief that there is some inherent defect in the estimation of expenditure which needs to be urgently remedied. The Committee desire that the existing procedures should be critically re-examined and suitably revised on an urgent footing so as to eliminate recurrent excesses under this Grant. The Committee would like to be apprised of the steps taken in this direction.

17.12. While examining the excess expenditure in the Grants/Appropriations operated by the Ministry of Railways during the year 2001-02, the Committee had noticed the cases of misclassification/wrong booking of expenditure. The scrutiny of explanatory notes submitted by the Ministry of Railways revealed that taking into account the factor of misclassification of expenditure, the unspent provisions under Appropriation No.8 turned into excess expenditure and excess expenditure under Grant No. 12 turned into unspent provisions. The Committee take a serious note of such errors which could have been detected if adequate attention had been paid

to prompt checking and reconciliation of the accounts figures. Only last year, while appreciating the efforts made by the Ministry of Railways to prevent misclassification of expenditure the Committee had hoped that with the strict implementation of the proposed measures the Ministry of Railways would be able to overcome the problem of misclassification of expenditure in future. Pursuant to the above recommendation of the Committee, the Ministry of Railways had issued further instructions/guidelines on the subject. It seems that the instructions issued have not had the desired results in the sense that there has been further deterioration in the position as witnessed in the Appropriation Accounts for the year 2001-02. The Committee, therefore, desire that responsibility for the lapses, particularly at the supervisory level should be fixed for appropriate action against the erring officials urgently. The Committee also expect that greater care would be exercised in future to avoid serious mistakes in the proper upkeep and maintenance of books of accounts so that misclassification/wrong booking of expenditure, if any, were detected well in time and rectified.

17.13. Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in paragraph 20 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India.

NEW DELHI;  
17 December, 2003  
26 Agrahayana, 1925 (Saka)

SARDAR BUTA SINGH,  
 Chairman,  
 Public Accounts Committee.

## APPENDIX-I

Government of India  
Ministry of Communications & Information Technology  
Department of Telecommunications

### Note on Excess Expenditure

Note for Public Accounts Committee for regularization of excess expenditure under CAPITAL SECTION (Voted) of Grant No. 12—Ministry of Communications & Information Technology, Department of Telecommunications—as disclosed in the Union Government Appropriation Accounts (Civil) for 2001-02.

Capital Section (voted)	(Rupees in lakhs)
Original Grant	2,00
Supplementary Grant	500,00
Total Grant	502,00
Actual Expenditure	616,36
Excess	114,36

Under the Capital Section (Voted) of Grant No. 12—Ministry of Communications & Information Technology, Department of Telecommunications, for 2001-02, the total provision was of Rs. 2,00,00 thousands. This was augmented to Rs. 502,00,00 thousands by obtaining a Supplementary Grant of Rs. 500,00,00 thousands. Against this, the expenditure of Rs. 616,36,47 thousands was incurred, resulting in an excess of Rs. 114,36,47 thousands.

2. The net effect of the total excess of Rs. 580,55,76 thousands and the total saving of Rs. 466,19,29 thousands under various sub-heads of the Grant was Rs. 114,36,47 thousands. The sub - heads under which the excess occurred are mentioned in the Annexure.

3. The reasons for the excess expenditure was the clearance of unadjusted transactions that had occurred over several previous years under the Major heads 8662—Suspense and 8782—Remittance under the Public Account and their transfer to the Major head 5225—Capital Outlay on Telecom Services under the Consolidated Fund of India. This action was necessitated for transferring the reconciled assets and liabilities to the Bharat Sanchar Nigam Limited, which was created on 1-10-2000. Thus the excess did not involve any cash outgo in the year 2001-02 but was merely a book adjustment whereby transactions/expenditure from past years was passed on to Capital.

4. Out of the provision of Rs. 200 lakhs in BE 2001-02 for the Telecom Engineering Centre, Rs. 199 lakhs was surrendered as petty works undertaken instead of Capital Works.

5. This has been vetted by Audit *vide* their U.O. No.60/ RR.III/1(b)400 App A/cs/ 2001-02/860 dated 3-2-2003.

Enclosure: 1

SD/-

(N. Parthasarathy)  
Member (Finance)

*File No. 1-16/2002-B*

*Dated 28.2.2003.*

Annexure I

List of cases of involving excess of Rs. five lakhs or above under each sub-head under Capital Section in Grant No. 12—Department of Telecommunications for the year 2001-2002.

Sl. No	Sub-head	Original Grant	Supplementary Grant	Total Grant	Actual Expenditure	(Rs. in Lakhs)	
						Plan	Excess
1.	52250120100	Telegraph Offices	0	0	0	9.25	9.25
2.	52250220100	Telephone Exchange (automatic)	0	0	0	37944.87	37944.87
3.	52250220200	Telephone Exchange (manual)	0	0	0	-98.38	-98.38
4.	52250320100	Trunk Auto Exchange	0	0	0	221.82	221.82
5.	52250320200	STD and Other Trunk Dialing Systems	0	0	0	13.70	13.70
6.	52250320300	Manual trunk Exchanges	0	0	0	19.52	19.52
7.	52250420100	Co-axial cable system	0	0	0	-446.00	-446.00
8.	52250420200	Other Trunk Cables System	0	0	0	65.57	65.57
9.	52250420300	Microwave Radio Relay System	0	0	0	2514.22	2514.22
10.	52250420400	UHF and VHF Realy systems	0	0	0	837.24	837.24
11.	52250420500	Open wire and carrier system	0	0	0	121.85	121.85
12.	52250420800	Satellite Schemes	0	0	0	821.84	821.84
13.	52250420900	Optical Fibre Cables System	0	0	0	13279.98	13279.98
14.	52250421000	Village Panchayat Telephone	0	0	0	2467.30	2467.30
15.	52250520200	Training Centre	0	0	0	105.03	105.03
16.	52250520800	Telecom Computer systems	0	0	0	114.35	114.35
17.	52256020300	Staff Quarters	0	0	0	51.17	51.17

## APPENDIX-II

Government of India  
Ministry of Finance & Company Affairs  
Department of Economic Affairs  
Integrated Finance Branch

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### EXCESS NOTE

Note of Public Accounts Committee in respect of excess occurred under Capital Section (Voted) of Grant No. 25—Payments of Financial Institutions, as disclosed in the Union Government Appropriation Accounts (Civil) for 2001-02

(Rupees in Thousands)

#### **Capital section (Voted)**

Original Provision	162,35,00
Supplementary Provision	5021,60,00
Total Provision	5183,95,00
Actual Expenditure	5915,30,87
Excess	731,35,87

2. Under Capital Section (Voted) of Grant No. 25—Payments to Financial Institutions for 2001-02, the total provision was Rs. 5183,95,00 thousands. Against this the actual expenditure was Rs. 5915,30,87 thousands resulting in excess expenditure of Rs. 731,35,87 thousands

3. The above mentioned excess expenditure was the net result of total excess of Rs. 1740,61,43 thousands and the total savings of Rs. 1009,25,56 thousands under various sub-heads of the Grant. The heads under which the excess of rupees fifty lakh and above occurred and reasons therefore, are as under:—

(i) **6416.00.190.03—Loans to National Bank for Agricultural & Rural Development (NABARD)**

(Rs. in Lakhs)

Original Grant	20,00.00
Supplementary Grant	13,43.00
Original/Total Provision	33,43.00
Actual Expenditure	34,28.15
Excess	85.15

The excess has occurred owing to more claims for reimbursement of external aided loans submitted by the National Bank for Agricultural & Rural Development (NABARD), which could not be anticipated at the time of framing the BE 2001-02. The expenditure in this case is dependent on external aid received from the Donor

Agencies from abroad. The expenditure was purely obligatory transfer of foreign aid and hence, resource neutral.

**(ii) 6885.01.190.01—Industrial Development Bank of India (IDBI)**

(Rs. in Lakhs)

Original Grant	Nil
Supplementary Grant	64,329.00
Original/Total Provision	64,329.00
Actual Expenditure	1,15,702.35
Excess	51,373.35

The excess has occurred mainly due to more requirement for transferring National Industrial Credit (Long Term Operations) Loan as reported by the Reserve Bank of India.

**(iii) 6885.01.190.03—Industrial Finance Corporation of India (IFCI)**

(Rs. in Lakhs)

Original/Total Provision	556.00
Actual Expenditure	40,397.37
Excess	39,841.37

The excess has occurred mainly due to more requirement for transferring National Industrial Credit (Long Term Operations) Loan as reported by the Reserve Bank of India.

**(iv) 6885.01.190.09—Small Industrial Development Bank of India (SIDBI)**

(Rs. in Lakhs)

Original Grant	Nil
Supplementary Grant	1,34,519.00
Original/Total Provision	1,34,519.00
Actual Expenditure	2,17,280.20
Excess	82,761.20

The excess has occurred mainly due to more requirement for transferring National Industrial credit (Long Term Operations) Loan as reported by the Reserve Bank of India.

4. It may further be explained that RBI had through their letter dated 12th February, 2002, given institution-wise details on the basis of which budget provision was made by Banking Division. However, there was error in the statement by RBI and by the time correction was conveyed by RBI, the details were already

incorporated in the supplementary of Final Batch. A copy of RBI's aforesaid letter is enclosed herewith for information. It may be observed that the above mentioned excess in the Grant was purely unforeseen and beyond the control of the Department. Nevertheless, the Head of the Banking Division has been requested to instruct the concerned functionaries to ensure that expenditure incurred is within the authorized limits so that such large scale excesses are avoided in future.

5. This has been vetted by Audit *vide* their U.O.No. RR/11-1/2002-03 dated 19.6.03

Sd/-

(P.J. VINCENT)  
FINANCIAL ADVISER(FIN.)

(DEA U.O.F.No. 2/12/2002 - IFA dated, 1st July, 2003)

उप गवर्नर  
DEPUTY GOVERNOR

भारतीय रिजर्व बैंक  
केन्द्रीय कार्यालय,  
शहीद भगतसिंह मार्ग,  
मुंबई-400 001 भारत  
RESERVE BANK OF INDIA  
CENTRAL OFFICE,  
SHAHEED BHAGAT SINGH ROAD,  
MUMBAI-400 001. INDIA

IDMC. DO. No. 3687/10.05.01/2001-02

February 12, 2002

Dear Shri Vasudev,

**Transfer of assets on account of loans and advances extended by the RBI to  
Development Financial institution out of National Industrial Credit (Long  
Term Operations) Fund NIC (LTD)**

Please refer to my D.O. letter DGBA. Accts. No. 971/63.04.006/2001-02 dated January 7, 2002 on the restructuring of NIC (LTO) advances portfolio in RBI's balance sheet and the subsequent meeting convened by Ministry of Finance on 5th February, 2002 to consider the Bank's proposal regarding transfer of loans and advances made to DFIs out of NIC (LTO) fund as proposed in my letter. A revised scheme in this regard is enclosed in Annexure based on the yield curve of January 31, 2002. Annex II gives the detailed workings, institution-wise. In this context, it may be mentioned that the figures given above are only illustrative and the actual transaction will be based on the yield curve prevailing on the date when the actual transaction takes place.

2. We have got the above proposal examined and found the same to be legally feasible. Since the proposal involves three parties, viz. the borrowers (DFI's) original lender (RBI) and substituted lender (Government of India), it may be necessary to enter into a tripartite agreement..

3. The Government's concurrence to the above proposals may be indicated to us to enable us to take further action in this regard.

With regards

Shri C.M. Vasudev  
Secretary (Economic Affairs)  
Ministry of Finance,  
Department of Economic Affairs,  
Government of India,  
New Delhi 110 001

Yours Faithfully,

Sd/-  
(Y.V.REDDY)

The salient features of the scheme are as follows:

1. The NIC(LTO) loans currently in the books of Reserve Bank of India will be transferred to Government will take exchange for 20 years GoI rupee security.
2. The exchange will take place at market related rates without applying credit spreads.
3. The transaction has two legs:
  - a. Transfer of the loans and advances portfolio of NIC(LTO) to GoI by RBI
  - b. Issue of an existing Government of India stock of residual tenor of approximately 20 years and transferring of the same to RBI. The stock selected for this purpose is 10.25% 2021, in which there is outstanding balance of Rs. 10,000 crore. This security can be reissued.
4. The transaction is structured so as to make the cash considerations of the first leg exactly equal to the cash considerations of the second leg. *i.e.* the transaction is cash neutral to both the parties.
5. The cash consideration of the first leg is arrived at by calculating the present value of the loan portfolio at prevailing yields plus accrued interest till the date of the transaction from the last coupon payment date. This amount is then worked out to an equivalent value of the 10.25% 2021 based on the prevailing price of this stock in the secondary market. This will give the face value of this security to be issued by the Government.

The scheme as outlined above has been worked out with prevailing yields as on 31 January, 2002 and the summary results are detailed below:

Face value of the existing portfolio in RBI's books	Rs. 3791.75 crore
Book value of the existing portfolio in RBI's books	Rs. 3791.75 crore ( <i>i.e.</i> the loans are being held at the books of the RBI at face value)
Present value of the NIC(LTO) Loan portfolio	Rs. 3937.40 crore*
Face value of 10.25% 2021 acquired by RBI for NIC (LTO) loan portfolio	Rs. 3305.83 crore
Book Value of 10.25 of 2021 acquired by RBI for NIC (LTO) loan portfolio	Rs. 3964.69 crore**
Cash consideration of any leg of the transaction	Rs. 4021.16***

\*The present value of the loan portfolio is higher than the face value as the loan portfolio, on the whole, offers higher interest rates than that is currently available for equivalent tenor in the

market and the 'premium' represents the discounted value over the tenor of the loans, of the excess interest that the loans are offering, relative to current yields.

\*\*For the same reason as cited above, the face value of 10.25% 2021 is less than the book value. The issuer of the security, is getting compensated upfront by the "premium" for offering higher coupon *i.e.* 10.25%, relative to the current yield for equivalent tenor, which is approximately 8.18%.

\*\*\*Cash consideration of any leg of the transaction is higher than the present value of the loan portfolio or the value of 10.25%2021 as the cash consideration equals to the value of the loan portfolio (or, the market value of 10.25% ) and the accrued interest on the loan portfolio (or 10.25% 2021) from their last coupon dates to the date of the transfer. Incidentally, cash consideration of both legs of the transaction are same, rendering the whole transaction cash neutral.

Annexe II shows the working of the above.

In this context, it may be mentioned that the figures given above are only illustrative and the actual transaction will be based on the yield curve prevailing on the date when the actual transfer takes place.

S.No.	Date of Maturity	Amt. (Rs. Crore)	Coupon	Institution	Price (as on 31/09/02)			Accrd. Int. (Rs. 100)	Total (Rs. 100)	Dirty price (Rs. 100)	Cash Consd (Rs crore)
					6	7	8				
1.	28-07-02	90	0.0700	EXIM	100.202698	0.0389	100.2416	90.22			
2.	07-09-03	95	0.0700	EXIM	100.433029	2.7806	103.2136	98.05			
3.	30-08-04	25	0.0600	EXIM	98.21118167	2.5000	100.7112	25.18			
4.	12-08-05	400	0.0600	EXIM	97.43585425	2.8000	100.2359	400.94			
5.	18-11-06	10	0.0800	EXIM	103.976782	1.6000	105.5768	10.56			
6.	16-01-07	75	0.0800	EXIM	103.9849637	0.3111	104.2961	78.22			
7.	22-03-07	15	0.0800	EXIM	104.0318567	2.8444	106.8763	16.03			
8.	20-03-07	50	0.0900	EXIM	108.2775811	3.2500	111.5276	55.76			
Total		760		Total consideration					774.97		
				F.V. of 10.25% Gol Stock, 2021					637.11		
				Book Value of the stock					764.08		
9.	30-07-02	360	0.0800	IBDI	100.6898221	0.0000	100.6898	362.48			
10.	20-09-03	25	0.0600	IBDI	98.90904948	2.1667	101.0757	25.27			
11.	18-10-04	375	0.0800	IBDI	102.9930951	2.2667	105.2598	394.72			
Total		760		Total consideration					782.48		
				F.V. of 10.25% Gol Stock, 2021					643.38		
				Book Value of the stock					771.49		
12.	04-09-02	20	0.0600	IBBI	99.65449959	2.4333	102.0878	20.42			
	06-09-03	375	0.0800	IBBI	101.9231104	3.2000	105.1251	394.22			
14.	08-08-04	95	0.0700	IBBI	100.5435711	3.3444	103.8880	98.69			
15.	26-07-05	120	0.0700	IBBI	100.5370615	0.0778	100.6148	120.74			
16.	12-11-06	20	0.0900	IBBI	107.9800977	1.9500	109.9301	21.99			
17.	22-03-07	135	0.0800	IBBI	104.0318567	2.8444	106.8763	144.28			
18.	16-01-07	25	0.0900	IBBI	108.1120647	0.3500	108.4621	27.12			
Total		790		Total consideration					827.45		
				F.V. of 10.25% Gol Stock, 2021					680.26		
				Book Value of the stock					815.83		

1	2	3	4	5	6	7	8	9
19	13-08-05	3.5	0.0600	SIDBI	97.43306675	2.7833	100.2164	35.08
2.0	04.10-06	50	0.0800	SIDBI	103.975044	2.5778	106.5528	53.28
2.1	11-11-06	60	0.0800	SIDBI	103.9762466	1.7556	105.7318	63.44
2.2	03-02-07	15	0.0800	SIDBI	103.9902402	3.9333	107.9236	16.19
2.3	26-03-07	120	0.0800	SIDBI	104.0356029	2.7556	106.7912	128.15
2.4	26-03-07	37	0.0900	SIDBI	108.2944192	3.1000	111.3944	41.22
2.5	19-04-08	155	0.0800	SIDBI	104.3781911	2.2444	106.6226	165.27
2.6	24-03-09	185.75	0.0800	SIDBI	104.3418298	2.8000	107.1418	199.02
2.7	02-01-10	200	0.0850	SIDBI	106.1006208	0.6611	106.7617	213.52
2.8	27-09-10	224	0.0950	SIDBI	111.9954055	3.2458	115.2412	258.14
2.9	04-11-11	125	0.0950	SIDBI	112.4626709	2.2694	114.7321	143.42
3.0	19-03-12	100	0.0950	SIDBI	112.6520751	3.4569	116.1090	116.11
3.1	25-03-13	175	0.0950	SIDBI	112.95926	3.2986	116.2579	203.45
Total		1481.75		Total consideration	1636.27			
				F.V. of 10.25% GOI Stock, 2021	1345.19			
				Book Value of the stock	1613.29			
				Total consideration				
				F.V. of 10.25% GOI Stock, 2021				
				Book Value of 10.25% 2021				
				Book Value of existing portfolio				

**APPENDIX-III**  
 Ministry of Finance  
 Department of Economic Affairs  
 (Budget Division)

**Explanatory Note for Public Accounts Committee on excess expenditure occurred in Appropriation No. 26—Interest Payments for the Year 2001-2002**

Explanatory Note for Public Accounts Committee in respect of excess expenditure occurred under Revenue section (Charged) of Appropriation No. 26—Interest Payments, as disclosed in the Union Government Appropriation Accounts for 2001-2002.

Revenue Section (Charged)	(Rupee in thousands)
Original Appropriation	114144,35,00
Supplementary appropriation	Nil
Total Appropriation	114144,35,00
Actual Expenditure	114172,74,20
Excess Expenditure	28,39,20

2. Under Revenue Section (Charged) of Appropriation No. 26—Interest Payments for 2001-2002, the original as well the total appropriation was Rs. 114144,35,00 thousands. Against this, the actual expenditure was Rs. 114172,74,20 thousands resulting in excess expenditure of Rs. 28,39,20 thousands.

3. The above mentioned excess expenditure was net result of total excess of Rs. 1772,02,25 thousands and total savings of Rs. 1743,63,05 thousands under various sub-heads of the Appropriation. Statement—I and Statement—II enclosed herewith indicate the excess and savings respectively which occurred under various sub-heads of the Appropriation. The heads under which the excess of Rs. Fifty lakhs and above occurred and reasons therefor are as under:

		(Rs. in lakhs)
(i)	2049-01-101-Interest on market Loans	
	Original/Total Provision	54668,00,00
	Actual Expenditure	55023,98,30
	Excess	355,98,30
	Excess was due to higher market borrowing than anticipated.	
(ii)	2049-01-103-01-Discount on Treasury Bills—91 Days Treasury Bills	
	Original/Total Provision	161,00,00
	Actual Expenditure	344,62,05
	Excess	183,62,05

Excess was due to hike in notified amount from Rs. 100 crore to Rs. 250 crore per auction.

(Rs. in lakhs)

(iii) 2049-01-111—Interest on Gold Bonds, 1998	
Original/Total Provision	...
Actual Expenditure	95.86
Excess	95.86
Excess was due to belated claims by the holders.	
(iv) 2049-01-115—Interest on Ways and Means Advances	
Original/Total Provision	438,00.00
Actual Expenditure	481,52.94
Excess	43,52.94
Excess was due to increased recourse to Ways & Means Advances.	
(v) 2049-01-200-03—Compensation and other Bonds	
Original/Total Provision	1301,92.00
Actual Expenditure	1463,77.72
Excess	161,85.72

Excess was due to actual requirement under various relief bonds schemes turning out to be more than anticipated at the time of intial provisioning.

(Rs. in lakhs)

(vi) 2049-02-208—Interest on loans from the Government of France	
Original/Total Provision	101,31.54
Actual Expenditure	103,15.68
Excess	1,84.14
Excess was due to addition of new repayment schedule.	
(vii) 2049-02-209—Interest on loans from the Government of Federal Republic of Germany	
Original/Total Provision	100,28.57
Actual Expenditure	104,43.67
Excess	4,15.10

Excess was due to upward exchange rate movement and less demand than anticipated.

(viii) 2049-02-213—Interest on loans from International Development Association	
Original/Total Provision	654,89.39
Actual Expenditure	671,89.88
Excess	17,00.49

Excess was due to more drawings than anticipated and also due to increase in SDR-US Dollar exchange rate.

(Rs. in lakhs)

(ix) 2049-02-220—Interest on loans from the Government of Netherlands	
Original/Total Provision	47,99.03
Actual Expenditure	49,50.30
Excess	1,51.27

Excess was due to upward movement of exchange rate *vis-a-vis*-rupee.

(x) 2049-02-249—Interest on loans from Asian Development Bank	
Original/Total Provision	779,08.69
Actual Expenditure	812,21.71
Excess	33,13.02

Excess was due to introduction of new loans where budget provision was not made and due to payment of Front End Fee on three new loans signed during March, 2002.

(xi) 2049-03-108-06—Postal Insurance and Life Annuity Fund	
Original/Total Provision	500,00.00
Actual Expenditure	506,06.39
Excess	6,06.39

Excess was due to more receipt than anticipated.

(xii) 2049-03-109-09—Special Deposits of E.S.I.C.	
Original/Total Provision	287,94.00
Actual Expenditure	356,38.54
Excess	68,44.54

Excess was due to less than anticipated withdrawal from the fund resulting in more payment of interest.

(xiii) 2049-03-109-10—Special Deposits of Provident Superannuation Gratuity Fund	
Original/Total Provision	10500,00.00
Actual Expenditure	11296,05.86
Excess	796,05.86

Excess was due to spill-over payments pertaining to the previous year.

(Rs. in lakhs)

(xiv)	2049-03-110-01—Bonus for undisbursed Pay of India Ranks	
	Original/Total Provision	42,79.00
	Actual Expenditure	47,59.43
	Excess	4,80.43
	Excess was due to higher accumulations of credit balance in IRLA's of PBORs.	
(xv)	2049-03-111-01—Interest on Deposits Scheme for retiring	
	Government employees	
	Original/Total Provision	27,00.00
	Actual Expenditure	58,78.59
	Excess	31,78.59
	Excess was due to more collection under the scheme.	
(xvi)	2049-03-111-02—Interest on Deposits Scheme for retiring	
	employees of Public Sector Undertakings	
	Original/Total Provision	3,00.00
	Actual Expenditure	11,13.76
	Excess	8,13.76
	Excess was due to more collection under the scheme.	
(xvii)	2049-03-111-03—Other Expenses relating to Deposit Scheme for	
	retiring employees	
	Original/Total Provision	20.20
	Actual Expenditure	1,43.72
	Excess	1,23.52
	Excess was due to increase in the anticipated collection under the deposit	
	scheme for retiring employees resulted in upward revision of the estimates for payment	
	of other charges.	
(xviii)	2049-05-101-01—Railway Depreciation Reserve Fund	
	Original/Total Provision	5,37.06
	Actual Expenditure	24,04.62
	Excess	18,67.56

Excess was due to higher appropriation than the withdrawal so the net accretion to the fund increased during the year.

(xix) 2049-05-105-01—Railway Pension Fund

Original/Total Provision	7,93.51
Actual Expenditure	16,96.69
Excess	9,03.18

Excess was due to higher appropriation than the withdrawal so the net accretion to the fund increased during the year.

(xx) 2049-60-101-04—Interest under Section 18(6) of Sick Textiles

Undertakings (Nationalisation) Act, 1974	—
Original/Total Provision	—
Actual Expenditure	2,36.45
Excess	2,36.45

Excess was due to recalculation of interest in accordance with the statutory provisions which were earlier inadvertently misinterpreted.

(xxi) 2049-60-101-17—Interest under Section 16(3) of Swadeshi Cotton Mills Co.Ltd.

Original/Total Provision	—
Actual Expenditure	12,37.48
Excess	12,37.48

Excess was due to recalculation of interest in accordance with the statutory provisions which were earlier inadvertently misinterpreted.

(xxii) 2049-60-101-22—Interest on Deposits of National Backward Classes Finance Development Corporation

Original/Total Provision	7,00.00
Actual Expenditure	9,89.76
Excess	2,89.76

Excess was due to late release of deposit to National Backward Classes Finance Development Corporation.

(xxiii) 2049-60-101-26—Interest/Incentive on Mahila Samridhi Yojana

Original/Total Provision	3,00.00
Actual Expenditure	8,17.89
Excess	5,17.89

Excess was mainly due to adjustment of expenditure pertaining to previous years from 1993-94 to 2000-2001 by some circles *i.e.* Gujarat, West Bengal, Uttar Pradesh and Karnataka.

4. It may be noted that in a large number of items coming under "Appropriation—Interest Payments", precise estimation is not possible, as the post budget developments which have a direct bearing on the interest payments are numerous.

5. It may also be mentioned that based on the recommendations of Public Accounts Committee in its 23rd Report (13th 'Lok Sabha), instructions have been issued to the various estimating authorities through 'Budget Circular for the year 2003-2004' to put in place effective coordination between estimating and disbursing authorities with the help of sound data-base and other IT facilities so that the excess expenditure could be avoided altogether.

6. This has been vetted by the Audit *vide* their U.O. No. RR/11-2/2002-03/984 dated 25.03.2003.

Lok Sabha Secretariat (PAC Branch  
Parliament House Annexe, New Delhi  
F.No.6(1)/B(AC)/2003 dated 28.8.2003

Sd/-  
Additional Secretary (Budget)

**Statement I**

*Statement showing Excesses occurred in Appropriation  
No. 26-Interest Payment for the year 2001-2002*

Sl. No.	Head of Account	Original	Actual	Excess
		Provision	Expenditure	(in thousands of Rupees)
1	2	3	4	5
1.	2049-01-101-Interest on Market Loans	546680000	550239830	3559830
2.	2049-01-103-01-Discount on Treasury Bills- 91 Days Treasury Bills	1610000	3446205	1836205
3.	2049-01-111-Interest on Gold Bond, 1998	0	9586	9586
4.	2049-01-115-Interest on Ways and Means Advances	438000	4815294	435294
5.	2049-01-122-Interest on Investment in Special Government of India securities issued against net collections of small savings from 1999-2000	22058800	22058813	13
6.	2049-01-200-03-Compensation and other Bonds	13019200	14637772	1618572
7.	2049-02-202-Interest on Loans from the Federal Austrian Government	25910	27204	1294
8.	2049-02-203-Interest on Loans from the Government of the Kingdom of Belgium	3788	3988	200
9.	2049-02-205-Interest on Loans from the Government of Czechoslovakia Republic	3716	5854	2138
10.	2049-02-207-Interest on Loans from European Economic Community	10216	10658	442
11.	2049-02-208-Interest on Loan from the Government of France	1013154	1031568	18414
12.	2049-02-209-Interest on Loans from the Government of Federal Republic of Germany	1002857	1044367	41510
13.	2049-02-212-Interest on Loans from the Government of Italy	90823	91859	1036
14.	2049-02-213-Interest on Loans from International Development Association	6548939	6718988	170049
15.	2049-02-220-Interest on Loans from the Government of Netherlands	479903	495030	15127

1	2	3	4	5
16.	2049-02-226-01-Interest on Loans from the Agency for International Development, U.S.A.: US Aid	1298865	1301542	2677
17.	2049-02-227-Interest on Loans from the Government of USA under PL-480 Convertible local currency credits	345947	347999	2052
18.	2049-02-228-Interest on other Miscellaneous loans from the Government of U.S.A.	21610	22434	824
19.	2049-02-233-Interest on Loans from the Government of Sweden	11001	11306	305
20.	2049-02-249-Interest on Loans from Asian Development Bank	7790869	8122171	331302
21.	2049-02-250-Interest on Loans from the Government of Spain	31277	31508	231
22.	2049-03-108-06-Postal Insurance and Life Annuity Fund	5000000	5060639	60639
23.	2049-03-109-09-Special Deposits of E.S.I.C.	2879400	3563854	684454
24.	2049-03-109-10-Special Deposits of Provident Superannuation Gratuity Fund	105000000	112960586	7960586
25.	2049-03-110-01 -Bonus for undisbursed Pay of India Ranks	427900	475943	48043
26.	2049-03-111-01-Interest on Deposits Scheme for retiring Government employees	270000	587859	317859
27.	2049-03-111-02-Interest on Deposits Scheme for retiring employees of Publics Sector Undertakings	30000	111376	81376
28.	2049-03-111-03-Other Expenses relating to Deposit Scheme for retiring employees	2020	14372	12352
29.	2049-05-101-01-Railways Depreciation Reserve Fund	53706	240462	186756
30.	2049-05-101-03-Opium and Alkaloid Factories Depreciation Reserve Fund	7500	9815	2315
31.	2049-05-103-Interest on Railways Development Fund	302	358	56
32.	2049-05-105-01-Railway Pension Fund	79351	169669	90318

1	2	3	4	5
33.	2049-60-101-04-Interest under Section 18(6) of Sick Textiles Undertakings (Nationalisation) Act, 1974	0	23645	23645
34.	2049-60-101-07-Interest under Section 17(3) of Hindustan Tractors Ltd., (Acquisition and Transfer of Undertakings) Act, 1978	574	577	3
35.	2049-60-101-09-Coal Mines Deposit Linked Insurance Fund	46048	46257	209
36.	2049-60-101-17-Interest under Section 16(3) of Swadeshi Cotton Mills Co. Ltd.,	0	123748	123748
37.	2049-60-101-22-Interest on Deposits of National Backward Classes Finance Development Corporation	70000	98976	28976
38.	2049-60-101-26-Interest/Incentive on Mahila Samridhi Yojana	30000	81789	51789
	Total	720323676	738043901	17720225

Sd/-

Additional Secretary (Budget)

**Statement II**

*Statement showing Savings occurred in Appropriation  
No. 26-Interest Payments for the year 2001-2002*

Sl. No.	Head of Account	Original Provision	Actual Expenditure	Savings (in thousands of Rupees)
1	2	3	4	5
1.	2049-01-103-02-Securities issued to Reserve Bank of India in Conversion of Treasury Bills	46836300	46836256	44
2.	2049-01-108-Interest on 182 days Treasury Bills	1210000	120733	1089267
3.	049-01-110-Interest on 364 days Treasury Bills	18110000	13259856	4850144
4.	2049-01-116-14 Days Treasury Bills	1680000	871462	808538
5.	2049-01-118-Interest on marketable securities issued in conversion of special securities	23990000	23990000	0
6.	2049-201-121-Interest on Investment in Special Government of India securities issued against outstanding balances of small savings as on 01.04.1999	202654100	202654058	42
7.	2049-01-200-04-Bonds against Iraq Exports	1354900	557182	797718
8.	2049-01-305-Management of Debt	1570000	1558693	11307
9.	2049-02-204-Interest on Loans from the Government of Canada	185	180	5
10.	2049-02-214-Interest on Loans from International Fund for Agricultural Development	101407	100098	1309
11.	2049-02-216-Interest on Loans from the IBRD	15072390	13128425	1943965
12.	2049-02-2217-Interest on Loans from the Government of Japan	10086501	9781891	304610
13.	2049-02-218-Interest from Loans from Kuwait Fund for Arab Economic Development	88994	88008	986
14.	2049-02-221-Interest on Loans from OPEC Special Fund	25164	23540	1624
15.	2049-02-223-Interest on Loans from the Government of Swiss Confederation and Swiss Banks	43580	43205	375

1	2	3	4	5
16.	2049-02-224-Interest on Loans from the Saudi Fund for Development	18065	17709	356
17.	2049-02-230-Interest on Loans from Government of U.S.S.R.	460988	397436	63552
18.	2049-02-242-Interest on Loans from Government of Australia	7251	7189	62
19.	2049-03-104-01-General Provident Fund	21165901	20388542	777359
20.	2049-03-104-02-Other State Provident Funds	11643821	10109479	1534342
21.	2049-03-104-04-State Railway Provident Fund	8503081	7440381	1062700
22.	2049-03-104-05-Railways Conference Association Employees Contributory Provident Fund	100	0	100
23.	2049-03-106-Incentive Bonus to Provident Fund	9	0	9
24.	2049-03-108-01-Bombay Family Pension Fund of Government Servants Life Assurance	1	0	1
25.	2049-03-108-02-Family Pension-cum-Life Assurance Funds for Industrial Workers	16629204	16497004	132200
26.	2049-03-108-03-Central Government Employees Group Insurance Scheme	3700000	3449913	250087
27.	2049-03-108-04-Union Territory Government Employees Group Insurance Scheme	146787	132477	14310
28.	2049-03-108-05-Hindu Family Annuity Fund	1	0	1
29.	2049-03-109-02-Special Securities Issued to Nationalised Banks	18076000	17908400	167600
30.	2049-03-109-05-Deposits of LIC and GIC	3634600	3061451	573149
31.	2049-03-109-11-Special Securities issued to UTI	3709200	3709200	0
32.	2049-03-109-12-Special Deposits of EPF/EDLI	1555700	1385923	169777
33.	2049-05-101-04-Lighthouse and Lightships Depreciation Reserve Fund	60750	59542	1208
34.	2049-05-101-06-Badarpur Thermal Power Station Depreciation Reserve Fund	827150	795814	31336
35.	2049-05-105-02-Railway Staff Benefit Fund	1347	967	380

1	2	3	4	5
36.	2049-05-105-04-Interest on Railway Capital Reserve Fund	44028	14794	29234
37.	2049-60-101-02-National Defence Fund	228786	217806	10980
38.	2049-60-101-03-Interest under Section 18(5) of the Coal Mines (Nationalisation) Act, 1973	3000	0	3000
39.	2049-60-101-05-Interest under Section 16(4) of Maruti Limited (Acquisition and Transfer of Undertakings) Act, 1980	1273	1273	0
40.	2049-60-101-10-Deposits of Public Sector Undertakings	2830100	877916	1952184
41.	2049-60-101-12-Interest on Employees Deposit Linked Insurance Scheme	2037600	2037600	0
42.	2049-60-101-14-Commissioner of Payments for Transformers and Switch-gears Ltd. Madras	189	188	1
43.	2049-60-101-15-Interest on the Deposits of Indian Railway Finance Corporation	600000	231246	368754
44.	2049-60-101-16-Interest on Deposits on NRI Bonds Scheme	86050	7279	78771
45.	2049-60-101-18-Interest on Exim. Bank of Japan Loan to I.R.F.C.	89455	73851	15604
46.	2049-60-101-21-Interest on Deposits of Gratuity and Commuted value of pension of Employees absorbed in N.A.A.	5050	649	4401
47.	2049-60-101-25-Interest on deposit of Gratuity and Commuted value of Pension DAE deputationists absorbed in NPCIL	77000	51179	25821
48.	2049-60-101-27-Interest on Swarnajayanti Fellowship Deposits	85500	82000	3500
49.	2049-60-106-Interest on Special Bonds to Oil Companies against OCC liabilities	404300	404250	50
50.	2049-60-701-01-Charges payable to IMF for utilisation of SDRs	1656900	1308338	348562
51.	2049-60-701-03 Other Expenditure	7116	136	6980
Total		421119824	403683519	17436305

Sd/-  
(D. Swarup)  
Additional Secretary (Budget)

## APPENDIX-IV

### EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR REGULARISATION OF EXCESS OVER VOTED/CHARGED PORTION OF GRANTS/APPROPRIATION DURING THE YEAR 2001-02

During the year 2001-02, there was an overall net saving of Rs. 5080.14 crore under all Grants and Appropriations, which constitutes 7.34 per cent of the total provision of Rs. 69205.91 crore.

The net saving was the result of gross saving of Rs. 5296.55 crore under 14 Grants and 7 Charged Appropriations and an excess of Rs. 216.41 crore under 2 Grants and 6 Charged Appropriations. The gross saving of Rs. 5296.55 crore was made up of Rs. 5287.60 crore under Grants and Rs. 8.95 crore under Charged Appropriations constituted 7.99 per cent of the total provision of Rs. 66299.64 crore under those Grants/Appropriations where saving occurred. The gross excess amounting to Rs. 215.44 crore under Grants and Rs. 0.97 crore under Charged Appropriations constituted 7.45 per cent of the total provision of Rs. 2906.27 crore under the excess registering Grants/Appropriations. (Reference Para 26 to 29—Excess/Saving over Voted Grants and Charged Appropriations of the Appropriation Accounts of Indian Railways for the year 2001-02-Part-I Review).

All savings involving Rs. 100 crore and above under each Grant and all excesses grant-wise, is being explained in detail in the ensuing paras.

#### 1.2 Excess under Charged Appropriation & Voted Grants

There is an excess under six Charged Appropriations (3,4,7,9,11 and three segments of Appropriation No. 16 i.e. Capital, RSF & SRSF) and two Grants (12 and 15). However, taking into account the factor of misclassification of expenditure, the saving under Appropriation No. 8 turned into excess and excess under Grant No. 12 turned into saving. These Appropriations/Grants are explained as under:—

##### (a) Charged Appropriations

(i) Appropriation No. 3—Working Expenses—General Superintendence and Services.		Rupees
Original Appropriation		50,000
Supplementary Appropriation		6,27,000
Total Sanctioned Appropriation		6,77,000
Actual Expenditure		10,87,031
Excess		4,10,031
Misclassification		2,45,448
Excess requiring regularisation		6,55,479
Percentage of Excess		96,82

Charged Appropriation of Rs. 0.50 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of Rs. 6.27 lakhs was sanctioned for additional payments towards satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate, the actual expenditure having exceeded the provision as more decretal payments materialised at the fag end of the year.

There was a misclassification of Rs. 2,45,448/- on account of expenditure relating to Charged Appropriation having been wrongly booked as Voted. Thus taking into account the effect of misclassification the real excess requiring regularisation works out to Rs. 6,55,479/-

**(ii) Appropriation No. 4:—Working Expenses—Repairs & Maintenance of Permanent Way & Works.**

	Rupees
Original Appropriation	3,00,000
Supplementary Appropriation	15,28,000
Total Sanctioned Appropriation	18,28,000
Actual Expenditure	31,37,800
Excess	13,09,800
Misclassification	(-) 6,01,951
Excess requiring regularisation	7,07,849
Percentage of Excess	38,72

Charged Appropriation of Rs. 3.00 lakh was obtained at Budget Estimate Stage. A Supplementary Appropriation of Rs. 15.28 lakhs was sanctioned for additional payments towards satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate. The actual expenditure exceeded the provision due to more decretal payments than anticipated.

There was a misclassification of Rs. (-) 6,01,951/- on account of expenditure debitible to Voted Grant (Rs. 10,78,000/-) having wrongly been booked as Charged Appropriation as also the expenditure of Rs. 4,76,049/- relating to Charged Appropriation having wrongly been allocated to Voted Grant. Thus taking into account the effect of misclassification the real excess requiring regularisation works out to Rs. 7,07,849/-

**(iii) Appropriation No. 7:— Working Expenses—Repairs & Maintenance of Plant & Equipment.**

	Rupees
Original Appropriation	—
Supplementary Appropriation	1,12,000
Total Sanctioned Appropriation	1,12,000
Actual Expenditure	4,95,181
Excess	3,83,181

Misclassification	
Excess requiring regularisation	3,83,181
Percentage of Excess	342,13

A Supplementary Charged Appropriation of Rs. 1.12 lakh as obtained for payments towards satisfaction of court decrees, proved to be inadequate. The actual expenditure exceeded the provision by Rs. 3,83,81/- due to unanticipated decretal payments at the fag end of the year.

The excess requiring regularisation is Rs. 3,83,181/-, which is the same as disclosed in the Appropriation Accounts.

**(iv) Appropriation No. 9:— Working Expenses—Operating Expenses Traffic.**

	Rupees
Original Appropriation	2,00,000
Supplementary Appropriation	4,66,000
Total Sanctioned Appropriation	6,66,000
Actual Expenditure	26,62,760
Excess	19,96,760
Misclassification	70,555
Excess requiring regularisation	20,67,315
Percentage of Excess	310.41

Charged Appropriation of Rs. 2.00 lakh was obtained at the Budget Estimate Stage. A Supplementary Appropriation of Rs. 4.66 lakh was sanctioned for additional payments towards satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate, the actual expenditure having exceeded the provision as more decretal payments materialised at the fag end of the year.

There was a misclassification of Rs. 70,555/- on account of expenditure relating to Charged Appropriation having been wrongly booked as Voted. Thus taking into account the effect of misclassification the real excess requiring regularisation works out to Rs. 20,67,315/-.

**(v) Appropriation No. 11—Working Expenses-Staff Welfare & Amenities.**

	Rupees
Original Appropriation	80,000
Supplementary Appropriation	55,000
Total Sanctioned Appopriation	1,35,000
Actual Expenditure	9,48,804
Excess	8,13804
Misclassification	
Excess requiring regularisation	8,13,804
Percentage of Excess	602.82

Charged Appropriation of Rs. 0.80 lakh was obtained at the Budget Estimate Stage. A Supplementary Appropriation of Rs. 0.55 lakh was sanctioned for additional payments towards satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate, the actual expenditure having exceeded the provision by Rs. 8,13,804/- as more decretal payments materialised at the fag end of the year.

The excess requiring regularisation is Rs. 8,13,804/- which is the same as disclosed in the Appropriation Accounts:—

**(vi) Appropriation No. 16 Assets—Acquisition, Construction and Replacement—Capital.**

	Rupees
Original Appropriation	500,00,000
Supplementary Appropriation	1036,54,000
Total Sanctioned Appropriation	1536,54,000
Actual Expenditure	1553,15,592
Excess	16,61,592
Misclassification	17,23,223
Excess requiring regularisation	33,84,815
Percentage of Excess	2.20

Charged Appropriation of Rs. 500.00 lakhs was obtained at the Budget Estimate Stage. A Supplementary Appropriation of Rs. 1906.54 lakhs was sanctioned for additional payments towards satisfaction of court decrees.

The Charged Appropriation, however, proved to be inadequate, the actual expenditure having exceeded the provision as more decretal payments materialised at the fag end of the year.

There was a misclassification of Rs. 17,23,223/- on account of expenditure relating to Charged Appropriation having been wrongly booked as Voted. Thus taking into account the effect of misclassification the real excess requiring regularisation works out to Rs. 33,84,815/-

**(vii) Appropriation No. 16 — Assets — Acquisition, Construction and Replacement — RSF.**

	Rupees
Original Appropriation	—
Supplementary Appropriation	—
Total Sanctioned Appropriation	—
Actual Expenditure	1,39,186
Excess	1,39,186
Misclassification	—
Excess requiring regularisation	1,39,186
Percentage of Excess	—

The actual expenditure of Rs. 1,39,186/- incurred without any budget provision towards unanticipated decretal payments.

This excess of Rs. 1,39186/- requiring regularisation, is the same as disclosed in the Appropriation Accounts.

**(viii) Appropriation No. 16 — Assets—Acquisition, Construction and Replacement—SRSF.**

	Rupees
Original Appropriation	—
Supplementary Appopriation	—
Total Sanctioned Appropriation	—
Actual Expenditure	29,53,000
Excess	29,53,000
Misclassification	—
Excess requiring regularisation	29,53,000
Percentage of Excess	£

The actual expenditure of Rs. 29,53,000/- incurred without any budget provision was due to satisfy court decree arised at the fag end of the year.

This excess of Rs. 29,53,000/- requiring regularisation, is the same as disclosed in the Appropriation Accounts.

**(b) Saving in Appropriation No. 8 turned into Excess**

There was a saving under Appropriation No. 8. But , taking into account the factor of misclassification of expenditure, this saving turned into excess, which is explained as under:—

**(i) Appropriation No. 8—Operating Expenses — Rolling Stock & Equipment.**

	Rupees
Original Appropriation	1,00,000
Supplementary Appropriation	5,26,000
Total Sanctioned Appropriation	6,26,000
Actual Expenditure	5,46,326
Saving	79,674
Misclassification	1,68,755
Saving turned into Excess	89,081
Percentage of Excess	14.23

Charged Appropriation of Rs. 1.00 lakh was obtained at the Budget Estimate Stage. A Supplementary Appropriation of Rs. 5.26 lakh was sanctioned for additional payments towards satisfaction of court decess. The saving comes to Rs. 0.80 lakhs. There was a misclassification of Rs. 1,68,755/-on account of expenditure relating to Charged Appropriation having been wrongly booked to Voted Grant. Thus taking into account the effect of misclassification the real saving turned into excess requiring regularisation works out to Rs. 89,081/-.

**(c) Voted Grants**

**(i) Grant No. 15—Dividend to General Revenues—Repayment of Loans taken from General Revenues and Amortisation of over-capitalisation.**

	<i>Rupees</i>
Original Grant	1352,00,00,000
Supplementary Grant	33,30,54,000
Total Sanctioned Grant	1385,30,54,000
Actual Expenditure	1594,89,11,115
Excess	209,58,57,115
Misclassification	—
Excess requiring regularisation	209,58,57,115
Percentage of Excess	15.13

A Grant of Rs. 1352.00 crore was obtained at the Budget Estimate stage and a Supplementary Grant of Rs. 33.31 crore was obtained in March' 02 for payment of Dividend Revenues and for payment of interest.

The Grant, however, proved to be inadequate, the actual expenditure having exceeded by Rs. 209.59 crore of the total sanctioned provision due to materialisation of higher surplus enabling repayment of loan of Rs. 249 crore taken from the General Revenues for Capital Fund in 2000-01, which is 15.13 % of the total sanctioned provision.

The excess of Rs. 209,58,57,115/- requiring regularisation, which is the same as disclosed in the Appropriation Accounts.

**(d) Excess Grant turned into Saving**

There was an excess under Grant No. 12. But, taking into account the factor of misclassification of expenditure, this excess turned into saving, which is explained as under:—

**(i) Grant No. 12 — Miscellaneous Working Expenses**

	<i>Rupees</i>
Original Grant	1458,22,34,000
Supplementary Grant	47,03,33,000
Total Sanctioned Grant	1505,25,67,000
Actual Expenditure	1511,11,80,417
Excess	5,86,13,417
Misclassification	(-)6,08,06,954
Excess turned into Saving	(-)21,93,537
Percentage of Saving	0.01

A Grant of Rs. 1458.22 crore was obtained at Budget Estimate stage and a Supplementary Grant of Rs. 47.03 crore was obtained in March'02. The actual expenditure having exceeded by Rs. 5.86 crore to the sanctioned provision. There was a misclassification of Rs. (-) 6,08,06,954/- on account of expenditure relating to Grant No. 12 (Rs. 52,24,593/-) having been wrongly booked to Grant No. 3 (Rs. 9,83,713/-), Grant No. 6 (Rs. 1,96,790/-), Grant No. 7 (Rs. 9,70,628/-), Grant No. 9 (Rs. 15,52,987/-), Grant No. 10, (Rs. 3,78,022/-) and Grant No. 16-Capital (Rs. 11,42,453/-) as also the expenditure of Rs. 6,60,31,547/- debitable to Grant No. 4 (Rs. 233,16,810/-), Grant No. 11 (Rs. 146,15,514/-), Grant No. 12 (Charged) (Rs. 218,05,138/-), Grant No. 13 (Charged) (Rs. 39,493/-) and Grant no. 16-Capital (Rs. 62,54,592/-) having wrongly been booked to Grant No. 12 (Voted).

Taking into account this effect of misclassification, the real excess turned into saving, which is not required to be explained.

2. The Grant-wise excesses are relatively small, considering the total volume of transactions spread over the entire Railway System. As a result, on overall basis there is a net saving of Rs.5080.14 crore, consisting 7.34 per cent of the total provision of Rs.69205.91 crore. It is submitted that every care has been taken (a) to assess the expenditure under various Appropriation/Grants as precisely as possible and (b) to obtain supplementary allotments where necessary so that excess is avoided to the maximum extent possible.

3. The excess over the Appropriation/Grant as brought out in Para 1.2 (a), (b) & (c) may kindly be recommended for regularisation by Parliament under Article 115 (1) (b) of the Constitution of India.

4. This has been seen by the Audit.

(Sd/-)

(A.S. Tewari)  
Addl. Member (Finance),  
Railway Board.

The Chairman & Members of the  
Public Accounts Committee,  
New Delhi.

## APPENDIX-V

### STATEMENT OF CONCLUSIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/Dept.	Coclusions/Recommendations
1	2	3	4
1.	17.1	Finance, Posts, Telecommunications and Railways.	<p>The Committee find from the scrutiny of Appropriation Accounts relating to Civil, Defence Postal Services and Railways for the year 2001-02 that there was an excess expenditure of Rs. 1089.54 crore incurred under 17 cases of 14 excess registering grants/appropriations as against Rs. 57.36 crore and 230.45 crore respectively during the years 1999-2000 and 2000-2001. The Committee note that bulk of the excess expenditure was on the Civil side viz. Rs. 878.67 crore out of which the Ministry of Finance (Department of Economic Affairs) under Grant No. 25 — Payment to Financial Institutions alone accounted for a highest excess expenditure of Rs. 731.36 crore. Eight Grants/Appropriations operated by Ministry of Railways contributed to an overall excess of Rs. 216.41 crore, while under Grant No.11- Postal Services operated by Department of Posts, the excess expenditure of Rs.0.17 crore was recorded under both the charged sections of the Grant <i>i.e.</i> Revenue Charged (Rs. 45,000) and capital charged (Rs. 15,83,000). It is further discerning to note that during the year 2001-2002 there was an increase in number of excess registering grants/appropriations as well as expenditure incurred during that period as compared to the earlier two years. That the excesses over Voted Grants and Charged Appropriations administered by Ministry of Finance, Railways, Department of Posts and Telecommunications had persisted, only serve to reinforce the Committee's oft repeated observations that adequate and serious attention was not being paid by Ministries/Departments to the implementation of the Committee's recommendations. Though the Ministry of Finance have been dutifully</p>

circulating the recommendations of the Committee to the Ministries/Departments of the Government for compliance, however financial discipline remains still a distant goal. The Committee are of the considered view that there appears a systemic defect requiring immediate rectification. The Committee, therefore, desire that a detailed review of the existing system be undertaken by the concerned Ministry/Department particularly by the Ministry of Finance and Railways to devise suitable and effective measures with a view to removing the inherent defects in the existing system. The Committee would like to be apprised of the outcome of the review and the steps taken thereon.

2. 17.2 Finance, Posts, Telecommunications Urban Development and Poverty Alleviation and Railways.

The Committee are distressed to find that the excess expenditure during 2001-02 has occurred even after obtaining supplementary grant of Rs. 6429.59 crore in 12 out of 17 cases of excess registering grants/appropriations. Strangely, the Ministry of Railways obtained supplementary Grants in eight cases of excess registering grants/appropriations. There were also three instances in Civil Appropriation Accounts where excess expenditure had occurred despite having obtained supplementary grants. The scrutiny of the cases of excess expenditure incurred despite obtaining of supplementary Grant reveals that in five cases, the amount of supplementary Grant obtained had proved inadequate as the excess expenditure incurred in five cases was more than the supplementary grant obtained. The Committee are of the opinion that the instrument of obtaining supplementary grants was not operated judiciously by certain Ministries/Departments during the year under review. The Committee view this situation with grave concern and express their displeasure over the irresponsible attitude displayed by various Ministries/Departments while obtaining supplementary grants during the

year under review. They, therefore, desire the concerned Ministries/Departments to thoroughly review and scrutinize the budget estimates at the supplementary grant stage itself so as to obtain the supplementary demands not so casually but in rare and emergent cases only.

3. 17.3 Finance, Home Affairs and Urban Development and Poverty Alleviation. Although the observations of the Committee were brought to the notice of all the Ministries/Departments *vide* para 8.3 of their 23rd Report 13th L.S), the Committee find that delay still continues to persist in the submission of explanatory notes on excesses over voted grants and charged appropriations. The Committee note that during the year under review while the explanatory notes on excess expenditure relating to Grants/Appropriations operated by Ministry of Railways, Department of Posts and Telecommunications were received within the stipulated period, the explanatory notes relating to grants operated by Ministry of Finance (Grant/Appropriation No. 25 & 26) were received with the delay of 2½ months and more than four months respectively. Surprisingly, the explanatory note pertaining to the Ministries of Home Affairs and Urban Development and Poverty Alleviation have not yet been received though the Appropriation Accounts (Civil) were laid in the House on 22.04.2003. The Committee take a serious view of the delay despite the recommendations of the Committee and desire fixation of responsibility for appropriate action. The Committee need hardly point out that time and again it has been emphasized that any delay in the submission of these notes to the Committee thwart the process of expeditious finalization of the Report on Excesses over Voted Grants and Charged Appropriation, presentation thereof to Parliament and delaying the regularisation of the excess expenditure. The Committee would once again like to stress the need for making all out efforts

by all concerned to eliminate the avoidable delays in future by ensuring strict adherence to schedule prescribed in this regard so that the excesses are expeditiously brought before Parliament and regularised accordingly.

4. 17.4 Finance (Dept. of Economic Affairs), Telecommunications, Home Affairs and Urban Development and Poverty Alleviation.

The scrutiny of Appropriation Accounts (Civil) for the year 2001-02 reveals that there was excess expenditure of Rs. 878.67 crore incurred under five Grants/Appropriations operated by Ministry of Finance (Department of Economic Affairs) (two grants), Department of Telecommunications, Ministry of Home Affairs and Ministry of Urban Development (one grant each). The contributory reasons attributed to the excess expenditure by the concerned Ministries/Departments indicate that there is a need on the part of these Ministries/Departments to review their budgetary assumptions or/and efficiency of their programme management. The Committee's scrutiny of Appropriation Accounts (Civil) for the past ten years reveal that in the past two years *i.e.* year 1999-2000 (Rs.0.57 crore in two cases) (Rs. 0.44 crore in one case) the no. of cases as well as the excess expenditure incurred showed the declining trend while during the year under review the position is totally reversed wherein the excess expenditure incurred under Civil Ministries has touched the high figure of Rs.878.67 crore which is substantially higher than that incurred during the last two years. The Committee are, however, constrained to note that the position deteriorated so soon and to such an extent. The Committee would like the concerned Civil Ministries/Departments to once again analyse in depth the reasons for recurring phenomenon of excess expenditure with a view to initiating timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/contained within the funds authorised by Parliament for the purpose.

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5. 17.5 Telecommunications The scrutiny of select cases of grants/appropriations under Appropriation Accounts (Civil), reveals that the Department of Telecommunications incurred an excess expenditure of Rs. 114.36 crore during 2001-2002 under Capital (Voted) Section of Grant No. 12—Department of Telecommunications which was the net effect of total excess of Rs. 580.56 crore and the total unspent provision of Rs. 466.19 crore under various subheads of the Grant. The Committee further note that in the capital section of the grant, although supplementary Grant of Rs. 500.00 crore was obtained in March, 2002 and Rs. 199 lakhs was surrendered, the expenditure exceeded the sanctioned provision by Rs. 114.36 crore. According to the Department of Telecommunications, the excess expenditure was due to the clearance of unadjusted transactions/balances of previous years from remittances/suspense head for transferring the reconciled assets/liabilities to Bharat Sanchar Nigam Limited. The Committee are not convinced with these reasons attributed to incurring of excess expenditure under this Grant as none of the reasons mentioned by the Department of Telecom fall in the category of "Unforeseen" or "unanticipated" expenditure. The Committee would like to know as to why the effect of the increase in the expenditure could not be anticipated at least at the time of preparation of revised estimates and adequate funds provided for in the Supplementary Budgets. In pursuance of their earlier recommendations, the Committee have been informed that the Department of Telecom took steps to frame the estimates more realistically and with the formation of Bharat Sanchar Nigam Ltd. the budgetary and accounting systems have now been completely revamped. The Committee would like to watch the impact of the steps taken by the Department of Telecom in this regard in future Appropriation Accounts.

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6. 17.6 Finance (Dept. of Economic Affairs).

The Committee note that under Capital (Voted) Section of Grant No. 25—Payments to Financial Institutions, the Ministry of Finance (Department of Economic Affairs) incurred excess expenditure of Rs. 731.36 crore. The excess expenditure under this Grant was incurred despite obtaining Supplementary grant of Rs. 5021.60 crore in August, 2001 and March, 2002. According to the Department of Economic Affairs the excess expenditure was mainly due to more claims for reimbursement of external aided loans and more requirement for transferring National Industrial Credit (Long Term Operations) Loan as reported by the Reserve Bank of India. According to them the aforesaid excess in the Grant was purely unforeseen and beyond the control of the Department. In this regard the Committee have been informed that the head of the Banking Division has been requested to instruct the concerned functionaries to ensure that expenditure incurred is within the authorised limits so that such large scale excesses are avoided in future. The Committee are not convinced with the reasons put forth by the Department of Economic Affairs in this regard and would, therefore, like the Ministry of Finance (Department of Economic Affairs) to once again review the existing procedures in consultation with the Reserve Bank of India to ensure more accurate estimation and effective watch over the flow the expenditure so that such variations are avoided as far as practicable.

7. 17.7 Finance (Dept. of Economic Affairs).

The Committee note that against the final appropriation of Rs. 114144.35 crore sanctioned under Revenue section (charged) of Appropriation No.—26-Interest payments, the Department of Economic Affairs incurred expenditure of the order of Rs. 114172.74 crore resulting in an excess expenditure of Rs. 28.39 crore in spite of the fact that Rs. 450.55 crore was surrendered by the Department. The scrutiny of explanatory notes revealed that the excess expenditure under various heads of the

Appropriations was incurred mainly due to higher market borrowing than anticipated, increased resources to Ways and Means Advances, actual requirement under various relief bonds schemes turning out to be more than anticipated at the time of initial provisioning, introduction of new loans where budget provision was not made and higher appropriation than withdrawal etc. According to Deptt. of Economic Affairs, in a large number of items precise estimation is not possible, as the post-budget developments which have a direct bearing on the interest payments are numerous.

8 17.8 Finance (Dept. ~  
of Economic Affairs).

The Committee further note that in response to their recommendation made in 23rd Report (13th Lok Sabha) on excess expenditure incurred under this appropriation during the year 1989-99 the Department of Economic Affairs had issued instructions to the various estimating authorities to put in place effective coordination between estimating and disbursing authorities with the help of sound data-base and other IT facilities so that excess expenditure could be avoided altogether. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. It seems that the instructions issued in the past have had little effect on the estimating and disbursing authorities. The Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to curb this tendency. The Committee are of the considered view that the anticipated expenditure on the above counts should have been ascertained more precisely. The Committee expect that in future the Ministry of Finance (Dept. of Economic Affairs) will display better sense of financial discipline.

9. 17.9 Railways

The Committee note that during the year 2001-02 the actual expenditure under the Grants/Appropriations administered by the Ministry of Railways exceeded the sanctioned

provision by Rs. 210.71 crore in two Grants (No. 12 and 15) and six appropriations (Nos. 3,4,7,9,11 and three segment of Appropriation No. 16 *i.e.* Capital RSF and SRSF) out of which Grant No. 15 Dividend to General Revenues—Repayment of loans taken from General Revenues and Amortisation of over-capitalisation alone accounted for higher excess expenditure of Rs. 209.59 crore which is 99.47 percent of the total excess expenditure incurred by the Ministry of Railways during 2001-02. The Committee observe that under Appropriation No. 16—Assets— Acquisition construction and Replacement—Railways Safety Fund and Special Railway safety Fund neither orginal budget provision has been sanctioned nor the supplementary Appropriation obtained for this purpose. The excess expenditure of Rs. 210.71 crore was incurred by the Ministry of Railways during 2001-02 despite having supplementary provisions in eight out of ten cases of excess registering grants/appropriations. In their explanatory notes, the Ministry of Railways have attributed the excess expenditure incurred under almost all the grants/appropriations during 2001-02 to more decretal payments than anticipated materialised at the fag end of the year. The Committee would like to know when exactly was the decretal payments made in all the cases and whether these payments could have been provided for at the time of revised budget allocation. It, however, appears that no attempt was made to provide for them in a supplementary appropriation for authorisation by Parliament during the year itself. The Committee would therefore expect the Ministry of Railways to ensure that in future, prompt action is taken to make the decretal payments and provide for it in the budget/supplementary budget.

#### 10. 17.10 Railways

The Committee further observe that the excess expenditure incurred by Ministry of Railways which witnessed significant decline during the

year 2000-01 again showed sharp increase in excess expenditure as well as the number of excess registering grants/appropriations during the year 2001-02. Commenting on the significant decline in excess expenditure during 2000-01, the Committee in para 20.7 of their 40th Report (13th Lok Sabha) desired the need for more accuracy in estimation of monetary requirements and better budgetary control so as to avoid excess expenditure. In their Action Taken Notes, the Ministry of Railways stated that they will, continue their efforts to improve upon the estimations so as to minimise, if not eliminate, the incidences of excess. In the view of the Committee, the huge excess expenditure incurred by the Ministry of Railways during the year 2001-02 only shows that the various expenditure control measures initiated by the Ministry have not borne the desired fruit. The Committee hope that the Ministry of Railways will make concerted efforts which will have a meaningful and result-oriented efforts in the fiscal management.

#### 11. 17.11 Railways

The Committee observe that the Appropriation No. 3- Working Expenses — General Superintendence and Services has been persistently recording — excess expenditure from the year 1996-97 onwards. The Committee again observe that during the year under review the Appropriation No. 3 registered the highest excess expenditure (Rs. 6,55,479) during the past six years *i.e.* from 1996-97 to 2001-02. The scrutiny of this Grant for the year 2001-02 revealed that the excess expenditure under this appropriation was incurred even after obtaining supplementary Appropriation of Rs. 6,27,000 and constitute 96.82 per cent of the total sanctioned provisions. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. Recurrence of excess expenditure for the past six years under this Grant confirms the belief

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that there is some inherent defect in the estimation of expenditure which needs to be urgently remedied. The Committee desire that the existing procedures should be critically re-examined and suitably revised on an urgent footing so as to eliminate recurrent excesses under this Grant. The Committee would like to be apprised of the steps taken in this direction.

12. 17.12 Railways

While examining the excess expenditure in the Grants/Appropriations operated by the Ministry of Railways during the year 2001-02, the Committee had noticed the cases of explanatory notes submitted by the Ministry of Railways revealed that taking into account the factor of misclassification of expenditure, the unspent provisions under Appropriation No. 8 turned into excess expenditure and excess expenditure under Grant No. 12 turned into unspent provisions. The Committee take a serious note of such errors which could have been detected if adequate attention had been paid to prompt checking and reconciliation of the accounts figures. Only last year, while appreciating the efforts made by the Ministry of Railways to prevent misclassification of expenditure the Committee had hoped that the strict implementation of the proposed measures the Ministry of Railways would be able to overcome the problem of misclassification of expenditure in future. Pursuant to the above recommendation of the Committee, the Ministry of Railways had issued further instructions/guidelines on the subject. It seems that the instructions issued have not had the desired results in the sense that there had been further deterioration in the position as witnessed in the Appropriation Accounts for the year 2001-02. The Committee, therefore, desire that responsibility for the lapses, particularly at the supervisory level should be fixed for appropriate action against the erring officials urgently. The Committee also expect that greater care would be exercised in future to avoid serious mistakes in the proper upkeep and maintenance of books of accounts

so that misclassification/wrong booking of expenditure, if any, were detected well in time and rectified.

13. 17.13 Finance, Posts, Telecommunications, and Railways

Subject to the observations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in paragraph 20 of this Report be regularised in the manner prescribed in Article 115(1)(b) of the Constitution of India.

## PART-II

### MINUTES OF THE FOURTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2003-2004) HELD ON 17 DECEMBER, 2003

The Committee sat from 1500 hrs. to 1530 hrs. on 17 December, 2003 in Room No. "51", Parliament House, New Delhi.

#### PRESENT

Sardar Buta Singh — *Chairman*

#### *Lok Sabha*

2. Shri Hari Bhai Chaudhary
3. Dr. Madan Prasad Jaiswal
4. Shri Raghunath Jha
5. Shri Nitish Sengupta

#### *Rajya Sabha*

6. Shri Santosh Bagrodia
7. Shri Prasanta Chatterjee

#### SECRETARIAT

1. Shri P.D.T. Achary — *Additional Secretary*
2. Shri Raj Shekhar Sharma — *Deputy Secretary*
3. Shri B.S. Dahiya — *Under Secretary*

#### *Office of C&AG of India*

Ms. Subha Kumar — Pr. Director of Audit (E&SM)

2. At the outset, the Chairman, Public Accounts Committee welcomed the members of the Committee. Thereafter, the Committee took up for consideration and adoption of the following three draft reports:—

- (i) **Excesses over Voted Grants and Charged Appropriations (2000-01).**
- (ii) **Action taken on 33rd Report of Public Accounts Committee (13th Lok Sabha) on "Acquisition of SU-30 Aircraft."**
- (iii) **Action taken on 29th Report of Public Accounts Committee (13th Lok Sabha) on "Aircraft Accidents in Indian Air Force."**

3. The Committee adopted the above-mentioned draft reports without any modifications/amendments.

4. The Committee authorized the Chairman to finalise the draft reports in the light of changes arising out of the factual verification by Audit, if any, and also to present the same to Parliament in the current Session.

*The Committee then adjourned.*