FIFTY-SEVENTH REPORT

PUBLIC ACCOUNTS COMMITTEE

(1986-87)

(EIGHTH LOK SABHA)

Excesses Over Voted Grants and Charged Appropriations
(1984-85)
and
[Action Taken on Seventeenth Report]

Presented in Lok Sabha on 13.8.1986

Laid in Rajya Sabha on 13.8.1986

LOK SABHA SECRETARIAT

NEW DELHI

August, 1986/Sravana, 1908 (Saka)

Price : *Rs.* 5.30

CORRIGENDA TO 57TH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE (8TH LOK SABHA)

Page	Para	Line	For	Read
Contents	-	1-2 (from bottom)	reservations	observations
2	2.1	5	civi	Civil
5	2.5	1	exces	excess
8	2.11	13	excessee	excesses
11	2.14	27	has been not	has not
20	2.24	2	(c.f.para22)of	(c.f.Para 22 of
20	"	20	have been taken	have taken

CORRIGENDA TO 57TH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE (3TH LOK SABHA)

Page	Para	Line	For	Read
Contents	-	1-2 (from bottom)	reservations	observations
2	2.1	5	civi	Civil
5	2.5	1	exces	excess
8	2.11	13	excessee	excesses
11	2.14	27	has been not	has not
20	2.24	2	(c.f.para22)of	(c.f.Para 22 of
20	"	20	have been taken	have taken

CONTENTS

1673 LS—1.

PUBLIC ACCOUNTS COMMITTEE
(1986-87)

CHAIRMAN

Shri E. Ayyapu Reddy

MEMBERS

Lok Sabha

2. Shri J. Chokka Rao
3. Shri Amal Datta
4. Shri Ranjit Singh Gaekwad
5. Shrimati Prabhawati Gupta
6. Shri G. S. Mishra
7. Shri Vilas Muttemwar
8. Shri G. Devaraya Naik
9. Shri Rameshwar Neekhra
10. Shri Rajmangal Pande
11. Shri H. M. Patel
12. Shrimati Jayanti Patnaik
13. Shri S. Singaravadivel
14. Shri Simon Tigga
15. Shri Girdhari Lal Vyas

Rajya Sabha

16. Shri Bhuvnesh Chaturvedi
17. Shri K L .N Prasad
18. Shri Ghulam Rasool Kar

19. Shri A. K. Antony

20. Shri Nirmal Chatterjee

21. Shri M. S. Gurupadaswamy

22. Shri Virendra Verma

SECRETARIAT

1. Shri N. N. Mehra, *Joint Secretary*.

2. Shri K. H. Chhaya, *Chief Financial Committee Officer*.

3. Shri Brahmanand, *Senior Financial Committee Officer*.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fifty-seventh Report on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1984-85 and on the action taken by Government on the recommendations of the Public Accounts Committee contained in their 17th Report (8th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1983-84.

2. The Appropriation Accounts (Posts and Telegraphs) (Defence Services) and (Civil) for the year 1984-85 were laid on the Table of the House on 7 May, 1986. The Appropriation Accounts (Railways) for the year 1984-85 were laid on the Table of the House on 8 May, 1986.

3. During the year 1984-85 excess expenditure aggregating Rs. 64.87 crores occurred under 9 Voted Grants|Charged Appropriations. The Ministry of Defence recorded the maximum excess expenditure (Rs. 22.43 crores) followed by the Posts and Telegraphs (Rs. 20.23 crores). It has been noticed that there was a progressive decline in the excess expenditure from the year 1981-82 onwards. During the last five years excess expenditure (Rs. 462.69 crores) was at its peak in 1981-82 and it was reduced to Rs. 64.87 crores during 1984-85.

4. Grant No. 16—Assets—Acquisition, Construction and Replacement, has been formed by amalgamating four different grants dealing with Railway's expenditure on capital as well as expenditure from Railway Funds. While approving amalgamation of these grants, the Estimates Committee in their 18th Report (7th Lok Sabha) had stipulated that re-appropriation between various sub-heads of this Grant No. 16 would not be permissible. During the course of examination of the excess expenditure incurred by the Department of Railways during 1984-85 under Grant No. 13, the Committee noticed that the Department of Railways had re-appropriated savings under 'Capital' to 'Depreciation Reserve Fund' and 'Development Fund' under Railway Funds under Grant No. 16.

The Committee have taken a serious view of the irregular re-appropriation made by the Department of Railways.

5. The Committee examined the excesses in the light of the Explanatory Notes (Appendices I to VIII) furnished by the Ministries|Departments concerned at their sitting held on 29 August, 1986. The Minutes of the sitting form Part II of the Report.

6. The Committee's 17th Report (8th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1983-84 was presented to the House on 10 December, 1985. The action taken notes furnished by Government in pursuance of the recommendations contained in this Report were also considered by the Committee at the aforesaid sitting and have been discussed in Chapter III of the Report.

7. For facility of reference, the conclusions and|or recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions and|or recommendations have also been re-produced in a consolidated form in Appendix X to the Report.

8. The Committee would like to place on record their appreciation of the assistance rendered to them in this regard by the office of the Comptroller and Auditor General of India.

NEW DELHI;
4 September, 1986
13 Bhadra, 1908 (*Saka*)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

REPORT

PART I

CHAPTER I

GENERAL OBSERVATIONS

This Report of the Committee deals with Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1984-85. The Report also deals with the action taken by Government pursuant to the Committee's recommendations contained in their 17th Report (8th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1983-84.

1.2 The Appropriation Accounts (Civil), (Defence Services) and (Posts and Telegraphs) for the year 1984-85 were laid on the Table of the House on 7 May, 1986. The Appropriation Accounts (Railways) for the year 1984-85 were laid on the Table of the House on 8 May, 1986.

1.3 In the succeeding paragraphs of this Report, the Committee have examined the excess expenditure disclosed in the relevant Appropriation Accounts in the light of explanations furnished by the Ministries and|or Departments concerned. The Explanatory notes furnished by the Ministries concerned in this regard are reproduced in Appendices I to VIII of this Report.

CHAPTER II

EXCESS GRANTS|CHARGED APPROPRIATIONS

2.1 During the year ended 31 March, 1985, the excess expenditure occurred under the following voted grants|charged appropriations:

Appropriation Accounts	No. and name of grant/ Appropriation	Ministry/ Department	Excess Expenditure (Rs. in lakhs)
Civi	39 — Currency, coinage and Mint	Finance	341·61
	57 — Chandigarh	Home Affairs	1210·14
	59 — Dadra and Nagar Haveli	Do.	40·78*
	94 — Atomic Energy Research, Development and Industrial Projects	Atomic Energy	1·69
			1594·22
Defence Services	20 - Defence Services-Navy	Defence	2215·38**
	22 - Defence Services Pensions	Do.	27·54
			2242·92
Posts & Telegraphs	17 — Capital Outlay on Posts and Telegraphs	Communications	2022·81
			2022·81
Railways	13 — Provident Fund, Pensions and other Retirement Benefits	Railways	627·34
			627·34
	GRAND TOTAL :		6487·29

* Includes Rs. 34·32 Lakhs having occurred on account of erroneous booking in the accounts, does not require regularisation in terms of Paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha).

** Includes Rs. 500 lakhs pertaining to grant No. '20-Defence Services-Navy' erroneously adjusted in Grant No. '23-Capital Outlay on Defence Services'.

2.2 Details of Voted Grants|Charged Appropriations under which the actual expenditure exceeded the budgetary provision during the year under review are given below:

Sl. No.	No. and name of Grant/ Appropriation	Ministry/Department	Final Grant	Actual Expenditure	Excess Expenditure	Date of receipt of Explanatory note
1	2	3	4	5	6	7
			I. APPROPRIATION ACCOUNTS (CIVIL) 1984-85			
			A. Voted Grant			
1.	39—Currency, Coinage and Mint	Finance	106,05,10,000	109,46,71,165	341,61,165	30-5-1986
2.	57—Chandigarh	Home Affairs	63,00,93,000	75,01,08,368	12,00,15,368	30-5-1986
3.	59—Dadra and Nagar Haveli	Home Affairs	6,21,36,000	6,62,14,334	40,78,334*	30-5-1986
			B. Charged Appropriations			
4.	57—Chandigarh	Home Affairs	1,74,31,000	1,84,29,833	9,98,833	30-5-1986
5.	94—Atomic Energy Research, Development and Industrial Project	Atomic Energy	..	1,68,612	1,68,612	29-5-1986

*Includes Rs. 34.32 lakhs having occurred on accounts of erroneous booking in the accounts, does not require regularisation in terms of Paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha).

1	2	3	4	5	6	7
		II. APPROPRIATION ACCOUNTS (DEFENCE SERVICES) 1984-85				
			A. Voted Grants			
6.	20–Defence Services-Navy	Defence	503,68,90,000	520,84,28,252	22,15,38,252*	16-5-1986
			B. Charged Appropriation			
7.	22–Defence Services–Pension	Defence	35,01,00,000	35,28,53,727	27,53,727	16-5-1986
		III. APPROPRIATION ACCOUNTS (POSTS & TELEGRAPHS) 1984-85				
			A. Voted Grants			
8.	17–Capital Outlay on Posts and Telegraphs	Communications	8,75,31,30,000	8,95,54,10,919	20,22,80,919	20-5-1986
			B. Charged Appropriation			
			NIL			
		IV. APPROPRIATION ACCOUNTS (RAILWAYS) 1984-85				
			A. Voted Grants			
9.	13–Provident Fund, Pension and other retirement benefits	Railways	268,92,85,000	275,20,18,758	6,27,33,758	25-7-1986
			B. Charged Appropriation			
			NIL			

*Includes Rs 500 lakhs pertaining to grant No. 20- 'Defence Services-Navy' erroneously adjusted in Grant No. 23—Capital Outlay on Defence Services.

2.3 It will be seen from the above statement that in 5 out of 9 cases of excesses over Voted Grants and/or Charged Appropriations, the excess expenditure was over a crore of rupees. In the case of Grant No. 17—Capital outlay on Posts and Telegraphs operated by the Ministry of Communications, the excess was as high as Rs. 20.23 crores. Out of 5 grants operated by the Ministry of Defence, the excess expenditure was incurred in 2 grants aggregating Rs. 22.43 crores. In the case of civil accounts, Grant No. 57—Chandigarh operated by the Ministry of Home Affairs recorded an excess of Rs. 12.10 crores followed by Grant No. 39—Currency, Coinage and Mint (Rs. 3.42 crores), Grant No. 59—Dadra and Nagar Haveli (Rs. 0.41 crore) and Grant No. 94—Atomic Energy Research, Development and Industrial Projects (Rs. 0.02 crore). As regards the excess expenditure incurred by the Department of Railways, Grant No. 13—Provident Fund, Pension and Other Retirement Benefits recorded an excess of Rs. 6.27 crores.

The above statement also shows that the explanatory notes in respect of all cases except one relating to the Department of Railways, were received within the prescribed time limit *i.e.* by 31 May, 1986. The explanatory note in respect of the excess expenditure incurred by the Department of Railways under grant No. 13—Provident Fund, Pension and Other Retirement Benefits, was received on 25th July, 1986.

2.4 The following table indicates the aggregate excess expenditure under various grants and Charged Appropriations (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) during the past five years:

Year	No. of Voted Grants	No. of Charged Appropriation	Total	Excess Expenditure (Rs. in crores)
1980-81 . . .	26	1	27	359·16
1981-82 . . .	16	4	20	462·69
1982-83 . . .	18	3	21	364·94
1983-84 . . .	12	0	12	115·62
1984-85 . . .	7	2	9	64·87

2.5 During the year under review viz., 1984-85, exces expenditure aggregating Rs. 64.87 crores had occurred under 9 Voted Grants/Charged Appropriations. Defence Services took the lead over all other Departments in incurring excess expenditure which was of the order of Rs. 22.43 crores. The other sectors *viz.*, Posts and Telegraphs, Civil and Railways registered excess expenditure to the tune of Rs. 20.23 crores, Rs. 15.94 crores and Rs. 6.27 crores, respectively.

2.6 The Committee are glad to observe that during the last 5 years, i.e., 1980-81 to 1984-85, there was noticeable decline in the aggregate amount of excess expenditure as well as in the number of Grants/Charged Appropriations that recorded excess expenditure during the year 1984-85. The excess expenditure of Rs. 462.69 crores was at its peak during 1981-82 and it was reduced to Rs. 64.87 crores during 1984-85. The number of grants which registered excess expenditure during the years 1980-81, 1981-82, 1982-83 and 1983-84 were 27,20,21 and 12 respectively, while the number of grants which registered excess expenditure during 1984-85 were 9. It would seem that the Ministries/Departments of Government of India have begun to realise that excess expenditure is tantamount to unauthorised expenditure and lack of financial discipline. The Committee hope that the Ministries would further tighten their financial control and see that the declining trend is sustained. The Committee of course would like to see excess expenditure being eliminated altogether.

2.7 According to the time schedule, the Explanatory Notes on Excesses over Voted Grants and Charged Appropriations are required to be furnished to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts whichever is later. It is observed that while the Explanatory Notes relating to 8 Grants and Appropriations operated by the various Ministries/Departments of Government of India (other than the Department of Railways) were received within the prescribed period, the Explanatory Note relating to one Grant administered by the Department of Railways was received as late as 25 July, 1986. The Appropriation Accounts (Railways) 1984-85 were certified on 29 April, 1986 and laid on the Table of the House on 8 May, 1986. As such the Railways had sufficient time to submit the Explanatory Note on the excess expenditure incurred by them during the year within the prescribed time limit. The Committee had only last year to comment upon the delayed submission of Explanatory Notes by the Ministry of Railways. The Committee take a serious view of lapse of this nature continuing year after year and desire that the Department of Railways should fix responsibility for such laxity and ensure timely submission in future of the Explanatory Notes to the Committee. The Committee need not point out that delayed submission of these Notes by even one Ministry results in delay in the finalisation of the Report by the Committee on excess expenditure.

2.8. The Appropriation Accounts for 1984-85 disclosed savings in the voted portion (both Revenue and Capital Sections) of the grants as follows:

	Total grant	Total savings (in Rupees)
Civil	288,49,97,58,000	22,38,24,65,898
Defence	76,01,89,77,000	1,79,03,78,635
Posts & Telegraphs	27,75,07,76,000	1,31,91,84,427
Railways	92,65,52,92,000	2,84,81,56,672
	484,92,48,03,000	28,34,01,95,632

The Public Accounts Committee had also noticed large scale savings during the years 1982-83 and 1983-84. While commenting on the savings during the said years, the Committee had desired the Government to analyse the reasons for the recurring phenomenon of savings and take remedial measures to ensure that budget estimates are framed more precisely *vide* Para 2.8 of 17th Report (8th Lok Sabha).

2.9. The Committee find that as against the aggregate amount of voted provision of Rs. 48492.48 crores there was savings of Rs. 2834.02 crores during the year 1984-85. While the appropriation accounts (Civil) for 1984-85 reported savings of Rs. 2238.25 crores, the appropriation accounts (Railways) (Defence Services) and (Posts & Telegraphs) reported savings of Rs. 284.81 crores, Rs. 179.04 crores and Rs. 131.92 crores respectively. These savings could have been utilised for other important and needy areas of the economy if the estimates had been made realistically. The Committee had also noticed large scale savings during the years 1982-83 and 1983-84 and had desired the Government to analyse the reasons for the recurring phenomenon of savings and take remedial measures to ensure that budget estimates were framed more precisely. The Committee are still to see improvement in the position. They, therefore, reiterate their earlier recommendation contained in Para 2.8 of the 17th Report (8th Lok Sabha) and would like to be apprised of the measures proposed to be taken in the matter.

APPROPRIATION ACCOUNTS (P&T) 1984-85

Ministry of Communications

2.10 Grant No. 17—Capital Outlay on Posts and Telegraphs Capital Section (Voted)

Original Grant	826,31,30,000
Supplementary Grant	49,00,00,000
Total Sanctioned Grant	875,31,30,000
Actual Expenditure	895,54,10,919
Excess	20,22,80,919

2.11 In an explanatory note, the Ministry of Communications have stated:

"The Grant provides for meeting the expenditure on Capital Outlay on P&T Department covering expenditure on (i) Construction of Post Office buildings, administrative offices and staff quarters, (ii) Telegraphs & Telephone systems, (iii) long distance switching systems (iv) long distance transmission system including remote area telecommunication services through satellite and (v) support systems of telecommunication factories, stores organisation, telecommunication research and development, training centres and P&T Civil Wing.

The above mentioned excess is the net result of excesses/savings under the various heads as indicated below:—

Head of Accounts	In crores of rupees	
	Excess	Savings
A—1 Administrative Offices	0·29	..
A—2 Postal Net Work	..	1·24
A—3 Staff Quarters	3·67	..
A—4 Training	0·17	..
A—5 Mechanisation and Modernisation	..	0·61

1	2	3
A—6 R.M.S. Vans	0·30	..
B—1 Telegraph Systems	..	9·65
B—2 Local Telephone Systems	78.98	..
B—3 Long Distance Switching Systems	..	27·48
B—4 Transmission Systems	..	24·79
B—5 Ancillary Systems	..	15·08
B—6 Other Land & Buildings	3·71	..
B—7 General	11.76	..
Total	99.08	78·85

The excess under Local Telephones Systems was mainly due to additional expenditure in meeting escalation charges for equipment supplied by I.T.I./H.C.L. increased labour charges and rapid progress in construction of buildings.

Additional expenditure also had to be incurred under Staff Quarters for payment of advances for purchase of ready-made buildings from State Housing Boards in some cases and due to accelerated progress of construction in other cases. Larger procurement of stores and less issues than anticipated by the stores organisation accounts for excess under B-7. This was partly off set by savings under Long Distance Switching Systems, Transmission System and Ancillary System, due to non receipt of imported equipment reducing thereby the net excess under all the Capital Heads, taken together, to Rs. 20.23 crores.

5. In the circumstances explained above, the net excess of Rs. 20,22,80,919 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution of India.

6. This has been vetted by Audit *vide* their *U.O. Note No.* RR III/1/(b)400/84-85/66 *dated 14-5-1986."*

2.12 The Committee note that during the year 1984-85, the Ministry of Communications sought and was given a supplementary grant of Rs. 49 crores. It nevertheless incurred excess expenditure

of the order of Rs. 20.23 crores under Grant No. 17—Capital outlay on Posts and Telegraphs. The excess expenditure constitutes 41.29 per cent of the supplementary grant. In this connection, it is to be noted that the gross excess expenditure during the year was of the order of Rs. 99.08 crores and it was because of the savings of Rs. 78.85 crores under some heads of account that the net excess expenditure came to Rs. 20.23 crores. It is thus obvious that the estimates of the Ministry of Communications were formulated most unrealistically. The Committee, therefore, desire that the Ministry exercises greater care in this regard.

APPROPRIATION ACCOUNTS (CIVIL) (1984-85)

Ministry of Home Affairs

2.13 Grant No. 59—Dadra & Nagar Haveli.

Revenue Section (Voted)	Rupees
Original Grant	5,76,37,000
Supplementary Grant	44,99,000
Total sanctioned grant	6,21,36,000
Actual expenditure	6,62,14,334
Excess	40,78,334

2.14 In an explanatory note, the Ministry of Home Affairs have stated:

"The original provision of Rs. 5,76,37,000 under Revenue Section (Voted) of grant No. 59—Dadra & Nagar Haveli was augmented by obtaining a supplementary grant of Rs. 44,99,000 in March 1985. The actual expenditure was reported to be Rs. 6,62,14,334 against the total sanctioned provision of Rs. 6,21,36,000 leaving an uncovered excess of Rs. 40,78,334 which needs to be regularised.

The overall excess of Rs. 40,78,334 was the net result of excess and savings under the various heads in the Revenue Section of the grant and occurred mainly under the following head for the reasons given there under:

Major Head '259'—Public Works Department

A. 13(1)—Direction & Administration.

A. 13(6)—Suspense (Rs. 37,45,399)

The Dadra & Nagar Haveli Administration have reported that due to the faulty booking of expenditure in the suspense account by their Public Works Department, the excess expenditure was not correctly reflected in the Appropriation Accounts. According to the procedure adopted, the Public Works Department, on receipt of materials, debited the presumptive value of the material to the Purchase Account and subsequently, on receipt of debit note from the Accountant General, the Department debited the value of the material to the stock account without giving a minus debit to the Purchase Account. This resulted in an inflated amount of expenditure being included in the suspense Account. The P.W.D. department has since been instructed by Dadra & Nagar Haveli Administration to follow the correct procedure as laid down under the Accounts Code for maintenance of Suspense Account for the Public Works Department. This procedure has now been followed for the year 1985-86. This will avoid excess over the expenditure in future. The actual excess of expenditure was only Rs. 6.46 lakhs and this excess had resulted on account of pending debits received from the Accountant General, Gujarat pertaining to the years 1983-84, and 1984-85 for the purchases made by the Public Works Department.

In the circumstances explained above, the excess mentioned above may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

The note has been not been finally vetted by the Audit."

2.15 The Committee note that during 1984-85 excess expenditure of Rs. 40.78 lakhs was incurred over the sanctioned grant of Rs. 621 lakhs under Revenue Section (Voted) of Grant No. 59—Dadra and Nagar Haveli. This happened despite the fact that a supplementary grant of Rs. 44.99 lakhs was obtained by the Ministry under the Grant in March, 1985. The excess expenditure constitutes 90.64 per cent of the supplementary grant. According to the explanatory note furnished by the Ministry of Home Affairs the excess expenditure of Rs. 6.46 lakhs got inflated to Rs. 40.78 lakhs due to faulty operation of Suspense Accounts by the Public Works Department of the Dadra and Nagar Haveli Administration. This is obviously a case of carelessness and the *Committee would like responsibility to be fixed,* and appropriate disciplinary action taken.

Department of Atomic Energy

2.16. Grant No. 94—Atomic Energy Research, Development and Industrial Projects.

Revenue Section (Charged)	Rupees
Original appropriation .	
Supplementary appropriation .	
Final appropriation .	..
Actual expenditure . . .	1,68,612
Excess expenditure .	1,68,612

2.17. In a note, the Department of Atomic Energy explained the excess expenditure as follows:

"In Bhabha Atomic Research Centre, Trombay and in Nuclear Fuel Complex, Hyderabad (the two Units of this department) payments of Rs. 1,62,236 and Rs. 6,376 were made in April 1984 and December 1984 respectively to satisfy the court decrees for payment of arrears of pay and allowances of two employees of this Department who were reinstated in service on the basis of court verdict. This expenditure was initially misclassified in the accounts as 'voted'. This misclassification came to notice late in March 1985. By that time the last date fixed for presenting the Supplementary Demand was over. In view of the provision of Article 112(3(f) of the Constitution and the clarification issued by the Government of India, Ministry of Finance, Department of Economic Affairs O.M. No. F. 1(8)-B(AC)/82 dated the 26th May, 1982, this misclassification could not be allowed to stand in the accounts uncorrected. This misclassification was, therefore, rectified in March (Supplementary) 1985 Accounts, by transferring the amount from 'voted to charged' Section.

Necessary instructions have been issued to all the Units to avoid such misclassification in future....

In view of the circumstances explained above, the excess expenditure of Rs. 1,68,612 may kindly be recommended for regularisation by Parliament under Article 115(1) of the Constitution.

This has been vetted by Audit."

2.18. The Committee note that the excess expenditure of Rs. 1.69 lakhs recorded under the Charged Section (Revenue) of Grant No. 94—Atomic Energy Research, Development and Industrial Projects, as disclosed in the Appropriation Accounts (Civil) for the year 1984-85, was the result of payments made in April/December 1984 to two employees of the Department in satisfaction of court decrees. Though there was no provision for the Charged portion of the Grant, the Department should have obtained Supplementary grant to meet the expenditure. According to the provisions of Article 112(3)(f) of the Constitution, the expenditure incurred by the Department of Atomic Energy for satisfying the Court decree for payment of arrears of Pay and Allowances of its two employees who were reinstated in service on the basis of Court verdict, should have been classified under the Charged portion initially instead of erroneous booking under Voted Section. The Committee expect the Department of Atomic Energy to be more vigilant in this regard in future. The Ministry should issue necessary guidelines to avoid such recurrence in future.

APPROPRIATION ACCOUNTS (DEFENCE) 1984-85

Ministry of Defence

2.19 Grant No. 20—Defence Services—Navy

Revenue Section (Voted)	Rupees
Original Grant	503,68,90,000
Supplemetary Grant .	Nil
Total sanctioned Grant .	503,68,90,000
Actual Expenditure .	520,84,28,252
Excess Expenditure	17,15,38,252

2.20 In the explanatory note, the Ministry of Defence have stated:

"Against the Original Grant of Rs. 503,68,90,000 an expenditure of Rs. 520,84,28,252 has been incurred resulting in net excess of Rs. 17,15,38,252. Whereas the actual excess would have been Rs. 22,15,38,252 but for the fact that an on account payment of Rs. 5 crores made to M/s Mazagon Dock Ltd. for the refit and modernisation of a certain ship actually to be compiled to Grant No. 20 Major Head 270—Defence Services Navy Minor Head 7 Sub-head B "Repair and

Refits", was inadvertantly compiled to Grant No. 23—Capital Outlay Defence Services—Major Head 469 Sub-Major Head B Navy Minor Head 3—purchase of Naval Fleet and Vessels. Since the erroneous booking came to notice after the accounts for the year were closed read-justment could not be carried out. The proforma correction to Capital outlay balances is being initiated separately.

The excess of Rs. 17,15,38,252 was mainly occurred under the following sub-heads:

(a) *A-1 Pay and Allowances of Navy* (*Rs.* 3.72 *crores*)

The original provision under this head was Rs. 66.72 crores which was enhanced to Rs. 69.30 crores by re-appropriating Rs. 2.58 crores in March, 1985. The actual expenditure, however, amounted to Rs. 73.02 crores leading to an excess of Rs. 3.72 crores. The increased expenditure occurred mainly due to increased outflow on account of grant of Additional Dearness Allowances, Interim Relief, Bonus over and above what was provided in March 1985. The late adjustment of local allowances such as Ration Allowance, Children Education Allowance etc. was another factor that lead to the excess expenditure.

(b) *A-3.—Pay and Allowances of Civilians—Navy* (*Rs.* 0.99 *crores*)

The excess was mainly due to grant of Additional Dearness Allowance, Interim Relief and Bonus.

(c) *A.5—Stores* (*Rs.* 17.07 *crores*)

The excess was mainly attributable to (i) more materialisation of Naval Stores and devaluation of rupees as against Pound Sterling (ii) major payments being made for certain air-craft and devaluation of rupees (iii) Oil and Fuel due to more movement of ships on non-planned exercises and, (iv) Customs Duty due to enhanced procurement of Supplies from abroad.

(d) *A.6—Works* (*Rs.* 1.58 *crores*)

The excess of Rs. 1.58 crores was mainly under (i) Maintenance of Buildings and Communication due to rise in maintenance cost (ii) Departmental charges on Works Services rendered by Military Engineering Services due to booking of expenditure at the end of the year.

The above excesses were partly offset by savings under other sub-heads leaving net excess of Rs. 17,15,38,252.

4. The relevant recommendation of High level Official Committee set up under the chairmanship of the Controller General of Accounts to review the financial systems in the three departments *viz*. Defence, Railways and Posts and Telegraphs has been circulated to all concerned for strict compliance in regard to framing the Defence Budget estimates on realistic basis depending on the requirement and to exercise a close and constant watch over the trend of expenditure with reference to the sanctioned grants. The progress of Defence expenditure is analysed periodically and instructions are issued to Service HQRs etc. to contain the expenditure within the allocated budget. Apart from the above, a number of measures have also been taken to identify and arrest the trend of belated bookings.

In regard to remedial corrective action to avoid recurrence of erroneous bookings strict instructions have been issued to all concerned to be more careful in preparing Punching Medium and to ensure the classification is done strictly with reference to the letter of sanction. Instructions have also been issued that in cases where the amounts are more than Rs. 1 lakh the Accounts Officer will endorse a certificate to the effect that the code heads operated are correct with reference to the sanctions.

5. In view of the circumstances explained above the excess of Rs. 17,15,38,252 may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

6. DA (AF&N) has seen."

2.21 During the year 1984-85, the Ministry of Defence incurred an excess expenditure of Rs. 22.15 crores (inclusive of Rs. 5 crores pertaining to this grant wrongly debited to Grant No. 23—Capital Outlay on Defence Services) over the sanctioned amount of Rs. 503.69 crores under Voted portion of Grant No. 20—Defence Services—Navy. The excess expenditure under this Grant occurred mainly under the sub-head A.5—Stores (Rs. 17.07 crores). The Committee find that this sub-head has been the major contributor to the excess expenditure in 1983-84 also. The excess expenditure under the grant was

Rs. 15.87 crores during that year and the sub-head stores was responsible for contributing excess to the tune of Rs. 12.71 crores. This shows that the Ministry of Defence have not been able to anticipate, assess and plan properly the provision for the purchase of stores and raising debits relating thereto. The Committee are of the view that unless some concrete steps are taken to ensure realistic assessments of the extent of stores likely to materialise, the position is not going to improve. The Committee would like to be apprised of the concrete steps taken by the Ministry of Defence in this direction within next six months.

APPROPRIATION ACCOUNTS (RAILWAYS) (1984-85)

2.22 During 1984-85, the actual expenditure under the Grants administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allocation in one grant (voted) as disclosed in the Appropriation Accounts (Railways). The excess expenditure during the year 1984-85 was Rs. 6.27 crores under Grant No. 13.

2.23 In the explanatory note furnished to the Committee, the Ministry of Railways have explained the reasons for excess expenditure as under:

> "During the year 1984-85, there was an overall saving of Rs. 298.52 crores over the final grants and Appropriation resulting from an aggregate savings of Rs. 304.79 crores under 15 Grants (No. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 and 16) and 12 Appropriations (No. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 16) and excess of Rs. 6.27 crores under Grant No. 13 [Reference para 6.4 of the Report of Comptroller and Auditor General of India for the year 1984-85 Union Government (Railways), Para 25—Excess over Voted Grants—Para 26—Saving under voted grants, Para 27—saving under charged Appropriations of the Appropriation Accounts of Railways in India for the year 1984-85—Part I—Review].

The excess under grant No. 13 is explained as under:

Grant No. 13—Provident Fund, Pension and other Retirement Benefits

Original grant	2,33,62,28,000
Supplementary grant	35,30,57,000
Total sanctioned grant	2,68,92,85,000
Actual expenditure	2,75,20,18,758
Excess	6,27,33,758
Misclassification	NIL
Excess required regularisation	6,27,33,758
Percentage of excess	2·33%

A grant of Rs. 233.62 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 35.31 crores was obtained in March, 1985 on account of more payment of supperannuation and Retiring Pension, Commuted pension, Family Pension, Death-cum-Retirement Gratuity and also taking into account the post-budgetary increase on account of Additional instalments of Dearness Allowance to Pensioners during the course of the year.

The excess occurred mainly under the sub-head superannuation and Retiring Pension (Rs. 10.23 crores), Commuted Pension (Rs. 0.87 crore); off set by saving under Death-*cum*-Retirement Gratuity (Rs. 2.42 crores), Gratuities and special contribution to Provident Fund (Rs. 1.41 crores), contribution to Provident Fund (Rs. 0.44 crore), Family Pension (Rs. 0.43 crore) and under other heads (Rs. 0.13 crore).

The highest excess occurred under superannuation and Retiring Pension on Northern Railway (Rs. 5.13 crores) and followed by North Eastern Railway (Rs. 3.52 crores) and Central Railway (Rs. 3.26 crores).

The excess requiring regularisation by Parliament is Rs. 6,27,33,758 (2.33%) i.e. the same as disclosed in the Appropriation Accounts.

In the circumstances explained above, the excess of Rs. 6,27,33,758 under Grant No. 13 may kindly be recommended for regularisation by Parliament under Article 115(i) (b) of the Constitution of India.

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

This has been seen by Audit who have observed as under:

"The memorandum deals with only the excess under Grant No. 13 brought out in Para 6.4 of the Report of C&AG for the year 1984-85. No mention has been made of the reappropriation of savings under Capital to meet the excess expenditure under DRF for which specific vote of Parliament was not taken as envisaged in the recommendations of the Estimates Committee (1981-82) contained in their 18th Report (Seventh Lok Sabha). In this connection sub-para 9(b) of Para 6.2 of the Report of the Comptroller and Auditor General of India—Union Government (Railways) 1984-85 may be referred to.

As there was no specific Vote of Parliament, the modified requirement remained a demand not granted by Parliament and as such the reappropriation of funds between Capital and DRF under Grant No. 16 having different sources of financing would require regularisation by Parliament. Therefore, the above aspect may also kindly be brought out suitably in the proposed draft memorandum for the consideration of the Public Accounts Committee."

The view point of the Department of Railways, is that the manner in which the funds under Grant No. 16 were being utilised during the course of the year was specifically brought out in the Supplementary Demands for Grants at page 22, and, therefore, there was perhaps no further need of regularisation from the Parliament and submission of a Memorandum to the Public Accounts Committee.

However, since the Audit have not fully agreed with the comments of the Department of Railways, the matter is, being submitted before the Public Accounts Committee with a request that the Committee may kindly approve of the procedure followed in so far as the year 1984-85 is concerned.

Further, in compliance with the point taken by the Audit, the Department of Railways agree that, in future, after explaining the saving or excess under Capital and Railway Funds, it will be specifically mentioned in the Supplementary Demands book, submitted to the Parliament for approval, that it was being proposed to re-appropriate funds from capital to Railway Funds or *vice-versa* (as the case may be) which may also be approved by the Parliament.

P.A.C. may kindly approve the above proposal."

2.24 The Department of Railways have *vide* their O.M. dated 8 August, 1986, added the following audit observations alongwith their own remarks thereto:

"It has been stated by the Railway Board in their U.O.I. No. 85-App|7-4|84-85 dated 5-6-1986 that Department of Railways did fully comply with the requirement of placing before Parliament the Supplementary Demand No. 16 incorporating the latest requirement of Funds under 'other expenditure—Capital' and 'Railway Funds' and that considering the constitutional requirement that has rightly been followed by the Department of Railways there was no irregular re-appropriation under Demand No. 16 within the segments under 'other expenditure'.

2. The fact is that there was saving under 'Capital' which was appropriated to meet the excess expenditure under 'Depreciation Reserve Fund'. The sources of financing of these segments of Demand/Grant No. 16 are different. The task Force (1973) appointed by the Railways for restructuring the demands for Grants recommended that there should be no power of re-appropriation with the Railways under Demand No. 16 between 'Capital', 'Railway Funds' and 'Revenue'. The erstwhile Ministry of Railways had approached the Estimates Committee for approval of the proposal for restructuring of demands for grants with a positive statement that the proposal

"will not envisage any dilution in the extent of control at present being exercised by Parliament, (c.f. Para 22) of Eighteenth Report of Estimates Committee (1981-82) (Seventh Lok Sabha).

3. The Estimates Committee (1981-82) observed in para 25 of its above mentioned Report that it would not like the Parliamentary Control to be diluted and if the grant of powers of re-appropriation under unified Demand No. 16 were agreed to, it would dilute Parliamentary Control.

4. "While the Department of Railways, as stated above, mentioned the latest requirements of funds under different segments of unified Grant No. 16 on page 21 of the Supplementary Demand for Grants—March 1985 the fact that a sum of Rs. 21.33 crores saved under Capital would be reappropriated to meet excess expenditure under DRF and DF and this required the approval of Lok Sabha was not mentioned on page 20 where the supplementary demands requiring vote of Parliament were indicated. Had this fact been mentioned at the appropriate place, the Lok Sabha would have been taken note of the requirements while giving their assent to the supplementary demands as envisaged in Arts.113(2) of the Constitution of India and a bill to provide for extra funds under DRF introduced for the approval of Lok Sabha. This was necessary in view of restrictions imposed by the Estimates Committee (1981-82) on the powers of erstwhile Ministry of Railways for re-appropriation under different segments of unified Grant No. 16. This not having been done, the re-appropriation of funds between Capital and DRF remained to be specifically approved by the Lok Sabha."

Remarks of the Department of Railways (*Railway Board*)

"During 1984-85, although there has been no overall excess in the Demand No. 16, there has been an excess of Rs. 19.32 crores under DRF and Rs. 2.01 crores under DF by a corresponding saving under Capital as will be seen from the under noted figures:—

Category of expenditure	Source of Financing		Budget Grant 1984-85	Modified Grant 1984-85	Variation	Modified Grant 1984-85	Latest requirement 1984-85	Variation
Other Expenditure	Cap.	V.	28068645	28076645	+80,00	28076645	27863390	—213255
		Ch.	12850	12850	..	12850	14830	+19,80
	DRF	V.	8728602	8728702	+ 1,00	8728702	8921877	+ 193175
		Ch.	2000	2000		2000	100	—19,00
	DF	V.	399900	399900		399900	419980	+ 20080
		Ch.	100	100		100	20	— 80
	ACSPF	V.	251953	252953	+10,00	252953	252953	
		Ch.						
	Revenue	V.	149950	149950		149950	149950	
	OLWR	Ch.	50	50	..	50	123	+73
Total		V.	37599050	37608150	+91,00	37608150	37608150	..
		Ch.	15000	15000	..	15000	15073	+73

Although there has been no overall excess under Grant No. 16 under the Voted portion of the expenditure under the category of "other Expenditure" it was specifically brought out in the Supplementary Demand at page 22 of the Book of Supplementary Demands for Grants—1984-85 that there has been increase under DRF and DF by corresponding saving under Capital. Audit, while vetting the Appropriation Accounts, raised a point that as there are no powers with the Department of Railways to re-appropriate the funds from Capital to other Railways' funds, the constitutional requirement of getting the excess under DRF and DF voted by the Parliament has not been met with. The Audit have suggested that this excess under DRF|DF by a corresponding saving under Capital should again be brought to the notice of the Public Accounts Committee for obtaining their recommendation for the purpose of regularisation of excess under DRF|DF (although there is no overall excess under Grant No. 16).

The view point of the Department of Railways is that the manner in which the 'funds under Grant No. 16 were being utilised during the course of the year was specifically brought out in the Supplementary Demands for Grants at page 22 and, therefore, there was perhaps no further need of regularisation from the Parliament and submission of a Memorandum to the Public Accounts Committee.

However, since the Audit have not agreed with the comments of the Department of Railways, the matter is being submitted before the Public Accounts Committee with a request that the Committee may kindly approve of the procedure followed in so far as the year 1984-85 is concerned.

Further, in compliance with the point taken by the Audit, the Department of Railways agree that, in future, after explaining the saving or excess under Capital and Railway Funds, it will be specifically mentioned in the Supplementary Demands book, submitted to the Parliament for approval, that it was being proposed to re-appropriate funds from Capital to Railway Funds or *vice-versa* (as the case may be) which may also be approved by the Parliament.

P.A.C. may kindly approve of the above proposal."

2.25 Grant No. 16—Assets—Acquisition, Construction and Replacement, covers the entire plan requirements met out of three sources *viz.* (i) Capital provided by General Revenues for acquisition of assets on additional account, (ii) Railway Funds *viz.* Depreciation Reserve Fund (for replacement), Development Fund (for unremunerative operation improvement and labour welfare works) Accident, compensation, safety and passenger amenities funds (for safety works) and (iii) Open line Works Revenue from Railway Revenue. While the Open Line Works comes under the classification head 'Revenue', the Capital and Railway Fund are *clubbed under 'Other Expenditure'. No re-appropriation* of funds is permissible between Capital, Railway Fund and Revenue.

2.26 The Estimates Committee (7th Lok Sabha) in paras 22, 24 to 26 of the 18th Report had made the following observations|recommendations:

"22. Prior to Budget for 1979-80, existing Works Demand No. 16 of Railway Budget consisted of four (old) demands Nos. 13, 14, 15 and 22. The Task Force (1973) appointed by the Railways recommended restructuring of Demands for Grants for Railways and as part of the scheme, they recommended that there should be no power of re-appropriation with the Railways under Demand No. 16 between Capital, Railway Funds and Revenue. This restriction on power of re-appropriation was recommended by the Task Force to meet a possible objection that unification of the four old Demands into one new Demand (No. 16) would enhance the existing powers of re-appropriation of funds in respect of works expenditure. The Ministry of Railways accepted the Task Force's recommendations including the restriction on power of re-appropriation under Demand No. 16 and approached the Estimates Committee for approval of the proposal for restructuring of Demands for Grants with a positive statement that the proposal "will not envisage any dilution in the extent of control at present being exercised by Parliament..." The Railways gave an assurance that under the restructured Demand No. 16, no re-appropriation of funds will be made between Capital, Railway Funds and Revenue though re-appropriation will be permissible between various sub-heads of the Demand so long as this does not cut across the source of financing.

24. The Ministry of Railways have now approached the Estimates Committee with a request that in view of certain difficulties the restrictions on their powers of re-appropriation under Demand No. 16 may be removed. The main difficulty pointed out by the Railways is that they have to approach Parliament for a Supplementary Grant under one of the classification heads of Demand No. 16 even when there are equivalent surrenders under another source of finance within the Grant...

25. The Committee would not like the Parliamentary control over Government finances to be diluted, and admittedly, the grant of powers of re-appropriation under the unified Demand No. 16, if agreed to would dilute Parliamentary

control. The difficulties stated to be experienced by the Ministry of Railways on account of lack of powers of re-appropriation can be resolved by recourse to Supplementary Demands which, according to the Ministry of Finance, should ordinarily create no difficulty if the Parliament is in Session; on the occasion when the Parliament is not in Session and the need for the funds is urgent, the advance from the Contingency Fund of India can be available by valid re-appropriation.

26. After considering all these aspects, the Committee have come to the conclusion that, as at present, there is no justification to remove restrictions on the Ministry of Railways' powers of re-appropriation under Demand No. 16 which were introduced at the recommendation of the Task Force (1973) for valid reasons.

2.27 In March 1985, at the final grant stage, anticipating increase in expenditure under Depreciation Reserve Fund (Rs. 19.32 crores) and Development Fund (Rs. 2.01 crores) and saving under Capital (Rs. 21.33 crores), the Ministry of Railways reappropriated the said saving under Capital to Depreciation Reserve Fund and Development Fund under Railway Funds after presenting a modified grant as per latest requirement in a supplementary grant presented to Parliament.

2.28 According to sub-para (9) (b) of Para 6.2 of the Report of the C&AG of India for the year 1984-85, Union Government (Railways) no specific vote of Parliament was taken for providing additional funds under Depreciation Reserve Fund and Development Fund. The Audit para makes a mention of the reply given to the audit observation as under:

> "The Railway Board stated (March 1986) that the reappropriation carried out under various segments of 'other expenditure' within the total grant available being in the nature of adjustments only could not be construed to be an irregular reappropriation as it was placed before Parliament along with the Supplementary Demands for Grants for 1984-85."

2.29 Grant No. 16—Assets—Acquisition, Construction and Replacement is an amalgam of four grants which were in operation prior to 1979-80. The amalgamation was made on the recommendation of a Task Force appointed in 1973 by the earstwhile Ministry of Railways. While recommending unification of four old grants,

the Task Force, keeping in view the different sources of finance of the constituents of the unified grant, placed restrictions on the powers of the Ministry in regard to reappropriation of funds from one segment to another segment of the grant i.e. Capital, Railway Funds and Revenues. Finding it difficult to accept the recommendation of the Task Force, the Ministry of Railways approached the Estimates Committee for removal of restrictions imposed by the Task Force. The Estimates Committee, after considering all the aspects of the matter, came to the conclusion that there was no justification for removing the restrictions imposed by the Task Force on the powers of the Ministry under Demand No. 16 [vide Para 26 of 18th Report (7th Lok Sabha) of Estimates Committee]. That Committee had also observed in Para 25 of their 18th Report (7th Lok Sabha) that in case the power of reappropriation was granted under unified grant No. 16, it would mean dilution of Parliamentary control over Government finances.

2.30. Despite the restrictions imposed by the Estimates Committee, the Department of Railways resorted to reappropriation of savings under Capital (Rs. 21.33 crores) to Depreciation Reserve Fund (Rs. 19.32 crores) and Development Fund (Rs. 2.01 crores) under Railway Funds during 1984-85. This is most objectionable. The Department of Railways has no authority to reappropriate funds from one segment to another segment of the Grant even at Supplementary Grants stage. The plea taken by the Department of Railways that the reappropriation under various segments of the Grant was in the nature of adjustment only, is not at all tenable, in view of the fact that unlike other Grants, this Grant No. 16 consists of three watertight compartments, namely, Capital, Railway Funds and Revenue, amongst which no adjustment or reappropriation is permissible. The action of the Department of Railways has the effect of cutting across the sources of finance. It is regrettable that the Department of Railways have transgressed the area about which a specific prohibition has been laid down. The proper course with the Railways was to seek specific vote of Parliament for providing additional funds under the Depreciation Reserve Fund and the Development Fund and to introduce an Appropriation Bill to provide for extra funds to cover the excess expenditure under the specific head under Grant No. 16. In case of any doubt, the Department of Railways could have approached the Estimates Committee for guidance in the matter. Unfortunately, that Department has ignored the norms prescribed by the Estimates Committee and has not followed the proper course.

2.31. While the Committee recommend regularisation of the irregular re-appropriation made under Grant No. 16, they would expect *the Department of Railways to respect and act on the recommendations of* the Parliamentary Committee in this regard in future.

2.32. Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in paragraph 2.1 of this Report be regularised in the manner prescribed in article 115(1)(b) of the Constitution of India.

CHAPTER III

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR SEVENTEENTH REPORT (8TH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1983-84.

Seventeenth Report (8th Lok Sabha) of the Public Accounts Committee (1985-86) on Excesses over Voted Grants and Charged Appropriations for the year 1983-84 was presented to Lok Sabha on 10 December, 1985. The Report contains 14 recommendations/observations. Of these, one recommendation (Sl. No. 13) pertains to more than one Ministry. Action Taken Notes on all recommendations except those at Sl. Nos. 4 and 12 have been received and are reproduced at Appendix IX. The recommendations have been categorised as follows:

(i) Recommendations or observations that have been accepted by Government:

Sl. Nos. 1, 2, 3, 7, 8, 9, 10, 11, 13 and 14

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

Sl. Nos. 5 and 6

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

Nil

(iv) Recommendations or observations in respect of which Government have furnished interim replies/no replies:

Sl. Nos. 4 and 12

3.2 The Committee hope that replies in regard to the recommendations to which no replies have been furnished, will be furnished to them after getting the same vetted by Audit.

1673 LS—3.

3.3 In terms of the time schedule prescribed by the Public Accounts Committee in their Fifth Report (Fourth Lok Sabha) action taken notes on recommendations contained in their 17th Report (8th Lok Sabha) were required to be furnished by Government by 9th June, 1986. An analysis of the receipt of action taken notes from the Ministries, however, discloses the following position:

No. of notes received by the due date	8
No. of notes received after the due date . .	3
No. of notes received by the extended time (i.e. upto 31-7-86) . .	1

3.4. The Committee regret to find that out of 17 action taken notes required to be furnished by the Ministries/Departments of Government of India on the recommendations contained in their 17th Report (8th Lok Sabha), only 8 action taken notes were furnished within the prescribed period of 6 months from the date of presentation of the Report to the House. Two action taken notes were furnished after the expiry of the prescribed period and one action taken note was furnished within the extended period. The Committee have from time to time, stressed the need for timely submission of the action taken notes. The Ministries/Departments of Government of India are still to show the necessary improvement in this regard. The Committee once again urge upon the Ministries and Departments of Government of India to adhere strictly to the prescribed time limit in future.

NEW DELHI;
29 August, 1986
7 Bhadra, 1908 (Saka)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee

PART II

Minutes of the Sitting of the Public Accounts Committee held on 29 August, 1986

MINUTES OF THE 15TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 29 AUGUST, 1986

The Public Accounts Committee sat from 1500 hours to 1640 hours on 29th August, 1986 in Committee Room 'B', Parliament House Annexe, New Delhi. The following were present:

CHAIRMAN

Shri E. Ayyapu Reddy

MEMBERS

2. Shri Amal Datta
3. Shrimati Prabhawati Gupta
4. Shri G. S. Mishra
5. Shri Rameshwar Neekhra
6. Shri Rajmangal Pande
7. Shri H. M. Patel
8. Shrimati Jayanti Patnaik
9. Shri Simon Tigga
10. Shri Girdhari Lal Vyas
11. Shri Bhuvnesh Chaturvedi
12. Shri Ghulam Rasool Kar
13. Shri A. K. Antony
14. Shri Nirmal Chatterjee
15. Shri Virendra Verma

REPRESENTATIVES OF THE OFFICE OF THE C & AG

1. Shri T. M. George—Addl. Deputy Comptroller and Auditor General of India (Reports—Central)
2. Shri P. C. Asthana—Addl. Deputy Comptroller and Auditor General of India (Railways)
3. Shri M. Parthasarthy—Director of Audit (Defence Services)
4. Shri A. K. Jain—Director of Audit, Central Revenue-I.

5. Shri Baldev Rai—Director of Audit, Receipt Audit-I

6. Shri C. V. Srinivasan—Director of Audit (Air Force and Navy)

7. Shri K. Thyagrajan—Director of Audit (P&T)
8. Shri Gopal Singh—Joint Director (P&T)
9. Shri N. R. Rayalu—Joint Director (Reports—Central)
10. Shri P. N. Misra—Joint Director (Railways)
11. Shri N. L. Chopra—Joint Director (Defence Services)
12. Shri P. K. Jena—Joint Director (Air Force and Navy)
13. Shri K. Krishnan—Joint Director of Receipt Audit-I

SECRETARIAT

Shri K. H. Chhaya—*Chief Financial Committee officer*

2. * * * * *

3. The Committee then took up consideration of the following draft Reports:—

(i) * * * * *

(ii) Excess over Voted Grants and Charged appropriations (1984-85) and action taken by Government on the recommendations of the Committee contained in their 17th Report (8th Lok Sabha).

4. The Committee adopted these reports subject to certain modifications as shown in the Annexure II.

5. The Committee authorised the Chairman to incorporate in the reports certain other minor modifications/amendments arising out of factual verification of the same by Audit. The Committee also authorised the Chairman to present these reports in the House.

The Committee then adjourned.

ANNEXURE II

Modifications/amendments made by the Public Accounts Committee in the Report on Excesses over Voted Grants and Charged Appropriations (1984-85) and action taken on 17th Report (Eighth Lok Sabha)

Page	Para	Line	Modifications/Amendments
7	2·6	6-9	*For* 'The excess expenditure incurred.......... Rs. 64.87 crores'.
			Substitute 'The excess expenditure of Rs. 462.69 crores was at its peak during 1981-82 and it was reduced to Rs. 64.87 crores during 1984-85'.
8	2·7	17	*Fot* 'had occasions only the last year'
			Substitute 'had only last year'.
8		—	*Add new Paragraphs after Para 2.7 as follows:*

2.8 'The Appropriation Accounts for 1984-85 disclosed savings in the voted portion (both Revenue and Capital Sections) of the grants as follows:

	Total grant	Total savings (in Rupees)
Civil	288,49,97,58,000	22,38,24,65,898
Defence	76,01,89,77,000	1,79,03,78,635
Posts & Telegraphs	27,75,07,76,000	1,31,91,84,427
Railways	92,65,52,92,000	2,84,81,56,672
	484,92,48,03,000	28.34,01,95,632

The Public Accounts Committee had also noticed large scale savings during the years 1982-83 and 1983-84. While commenting on the savings during the said years, the Committee had desired the Government to analyse the reasons for the recurring phenomenon of savings and take remedial measures to ensure that budget estimates are framed more precisely *vide* Para 2.8 of 17th Report (8th Lok Sabha).

2.9 The Committee find that as against the aggregate amount of voted provision of Rs. 48492.48 crores there was savings of Rs. 2834.02

crores during the year 1984-85. While the appropriation accounts (Civil) for 1984-85 reported savings of Rs. 2238.25 crores, the appropriation accounts (Railways), (Defence Services), and (Posts and Telegraphs) reported savings of Rs. 284.81 crores, Rs. 179.04 crores and Rs. 131.92 crores respectively. These savings could have been utilised for other important and needy areas of the economy if the estimates had been made realistically. The Committee had also noticed large scale savings during the years 1982-83 and 1983-84 and had desired the Government to analyse the reasons for the recurring phenomenon of savings and take remedial measures to ensure that budget estimates were framed more precisely. The Committee are still to see improvement in the position. They, therefore, reiterate their earlier recommendation contained in Para 2.8 of the 17th Report (8th Lok Sabha) and would like to be apprised of the measures proposed to be taken in the matter.'

9-31	2.8 to 2.30	—	*Renumber* the existing para Nos. 2.8 to 2.30 *as* 2.10, 2.11, 2.12, 2.13, 2.14, 2.15, 2.16, 2.17, 2.18, 2.19, 2.20, 2.21, 2.22, 2.23, 2.24, 2.25, 2.26, 2.27, 2.28, 2.29, 2.30, 2.31, and 2.32.
19	2.21 (Renumbered)	9-16	*For the existing lines.*
			Substitute 'excess expenditure in 1983-84 also. The excess expenditure under the grant was Rs. 15.87 crores during that year and the sub-head stores was responsible for contributing excess to the tune of Rs. 12.71 crores.'
29	2.29 (Renumbered)	19	*Delete* 'of the matter'
31	2.30 (Renumbered)	4-5	*For* 'unfortunately......proper course.'
			Substitute 'Unfortunately, that Department has ignored the norms prescribed by the Estimates Committee and has not followed the proper course.'
31	2.31 (Renumbered)	8-9	*For* 'direct the Department ......in future.'
			Substitute 'expect the Department of Railways to respect and act on the recommendations of the Parliamentaly Committee in this regard in future.'

APPENDICES

APPENDICES—I to VIII

(*Vide* paragraph 1.3 of the Report)

Explanatory Notes received from various Ministries/Departments on the excess over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1984-85.

APPENDIX I

MINISTRY OF COMMUNICATIONS

Grant No. 17—Capital Outlay on P&T

The final accounts for the year 1984-85 revealed an excess of Rs. 20,22,80,919 over Voted Grant No. 17 Capital Outlay on Posts and Telegraphs as detailed below:—

	Rupees
Original Grant	826,31,30,000
Supplementary Grant.	49,00,00,000
Total Sanctioned Grant	875,31,30,000
Actual Expenditure	895,54,10,919
Excess	20,22,80,919

2. The Grant provides for meeting the expenditure on Capital Outlay on P&T Department covering expenditure on (i) Construction of Post Office buildings, administrative offices and staff quarters, (ii) Telegraphs & Telephone system, (iii) long distance switching systems, (iv) long distance transmission systems including remote area telecommunication services through satellite, and (v) support systems of telecommunication factories, stores, organisation, telecommunication research and development, training centres and P&T Civil Wing.

3. The above mentioned excess is the net result of excesses/savings under the various heads as indicated below:—

Head of Account	In crores of rupees	
	Excesses	Savings
A-1 Administrative Offices.	0·29	
A-2 Postal Net Work.		1·24
A-3 Staff Quarters.	3·67	

Head of Accoun	The crores of Rupees	
	Excesses	Savings
A-4 Training.	0·17	
A-5 Mechanisation and Modernisation . .		0·61
A-6 R.M.S. Vans.	0·50	
B-1 Telegraph Systems.		9·65
B-2 Local Telephone Systems. . .	78·98	
B-3 Long Distance Switching System		27·48
B-4 Transmission Systems.		24·79
B-5 Ancillary Systems.		15·08
B-6 Other Land & Buildings.	3·71	
B-7 General.	11·76	
Total :	99·08	78·85

4. The excess under Local Telephone Systems was mainly due to additional expenditure in meeting escalation charges for equipment supplied by I.T.I./H.C.L., increased labour charges and rapid progress in construction of buildings.

Additional expenditure also had to be incurred under Staff Quarters for payment of advances for purchase of readymade buildings from State Housing Boards in some cases and due to accelerated progress of construction in other cases. Larger procurement of stores and less than anticipated issues by the stores organisation accounts for excess under B-7. This was partly off set by savings under Long Distance Switching Systems, Transmission Systems and Ancillary Systems, due to non receipt of imported equipment reducing thereby the net excess under all the Capital Heads, taken together, to Rs. 20.23 crores.

5. In the circumstances explained above, the net excess of Rs. 20,22,80,919 may kindly be recommended for regularisation by the Parliament under Article 115(1)(b) of the Constitution of India.

6. This has been voted by Audit *vide* their U.O. Note No. RR III/ 1(b)400/84-85/66 dated 14-5-1986.

APPENDIX II

MINISTRY OF DEFENCE

Grant No. 20—Defence Services—Navy

	Voted
	Rs.
Original Grant	503,68,90,000
Supplementary Grant . .	Nil
Total sanctioned Grant .	503,68,90,000
Actual Expenditure . .	520,84,28,252
Excess Expenditure	17,15,38,252

2. Against the Original Grant of Rs. 503,68,90,000 an expenditure of Rs. 520,84,28,252 has been incurred resulting net excess of Rs. 17,15,38,252. Whereas the actual excess would have been Rs. 22,15,38,252 but for the fact that an on account payment of Rs. 5 crores made to M/s Mazagon Dock Ltd. for the refit and modernisation of a certain ship actually to be compiled to Grant No. 20 Major Head 270—Defence Services Navy Minor Head 7 Sub-head B "Repair and Refits", was inadvertantly compiled to Grant No. 23—Capital Outlay Defence Services—*Major Head 469 Sub-Major Head B* Navy Minor Head 8—purchase of Naval Fleet and Vessels. *Since the* erroneous booking came to notice after the accounts for the year were closed readjustment could not be carried out. The proforma correction to Capital outlay balances is being initiated separately.

3. The excess of Rs. 17,15,38,252 was mainly occurred under the following sub-heads:—

(a) *A-1—Pay and Allowances of Navy* (*Rs.* 3.72 *crores*).

The original provision under this head was Rs. 66.72 crores which was enhanced to Rs. 69.30 crores by re-appropriating Rs. 2.58 crores in March 1985. The actual expenditure, however, amounted to Rs. 73.02 crores leading to an excess of Rs. 3.72 crores. The increased expenditure occurred mainly due to increased outflow on account of grant of Additional Dearness Allowance, Interim Relief, Bonus over and above what was provided in March 1985. The late adjustment of local allowances such as Ration Allowance, Children Education Allowance etc. was another factor that led to the excess expenditure.

(b) *A-3—Pay and Allowances of Civilians—Navy* (*Rs.* 0.99 *crores*).

The excess was mainly due to grant of Additional Dearness Allowance, Interim Relief and Bonus.

(c) *A-5—Stores (Rs. 17.07 crores)*

The excess was mainly attributable to (*i*) more materialisation of Naval Stores and devaluation of rupee as against Pound Sterling (ii) major payments being made for certain aircraft and devaluation of rupee (iii) [illegible] Fuel due to more movement of ships on non-planned exercises and (iv) Customs Duty due to enhanced procurement of Supplies from abroad.

(d) *A-6—Works* (*Rs.* 1.58 *crores*)

The excess of Rs. 1.58 crores was mainly under (i) Maintenance of Buildings and Communications due to rise in maintenance cost (ii) Departmental charges on Works Services rendered by Military Engineering Services due to booking of expenditure at the end of the year.

The above excesses were partly offset by savings under other sub-heads leaving net excess of Rs. 22,15,38,252 (including Rs. 5 crores pertaining to this grant erroneously adjusted under Grant No. 23—Capital Outlay on Defence Services).

4. The relevant recommendation of High level Official Committee set up under the chairmanship of the Controller General of Accounts to review the financial systems in the three departments viz. Defence, Railways and Posts and Telegraphs has been circulated to all concerned for strict compliance in regard to framing the Defence Budget estimates on realistic basis depending on the requirement and to exercise a close and constant watch over the trend of expenditure with reference to the sanctioned grants. The progress of Defence expenditure is analysed periodically and instructions are issued to Service HQRs etc. to contain the expenditure within the allocated budget. Apart from the above, a number of measures have also been taken to identify and arrest the trend of belated bookings.

In regard to remedial corrective action to avoid recurrence of erroneous bookings strict instructions have been issued to all concerned to be more careful in preparing Punching Medium and to ensure the classification is done strictly with reference to the letter of sanction. Instructions have also been issued that in cases where the amounts are more than Rs. 1 lakh the Accounts Officer will endorse a certificate to the effect that the code heads operated are correct with reference to the sanctions.

5. In view of the circumstances explained above the excess of Rs. 22,15,38,252 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

6. DA (AF&N) has seen.

APPENDIX III

MINISTRY OF DEFENCE

Grant No. 22—Defence Services—Pensions

	Charged Rs.
Original Appropriation .	35,01,00,000
Supplementary Appropriation . .	Nil
Total Appropriation	35,01,00,000
Actual expenditure . . .	35,28,53,727
Excess Expenditure . . .	27,53,727

2. Against the original Appropriation of Rs. 35,01,00,000 and expenditure of Rs. 35,28,53,727 has been incurred resulting in an uncovered excess of Rs. 27,53,727.

3. The excess of Rs. 27,53,727 has occurred under Army as given below:—

A. 1—ARMY

A. 1 (1) (2)—*Arrears payable due to Supreme Court Judgment* (*Rs. 1.16 crores*)

The original appropriation under this head was Rs. 24.00 crores which was enhanced to Rs. 32.93 crores by re-appropriating Rs. 8.93 crores. The actual expenditure however amounted to Rs. 34.09 crores leading to an excess to Rs. 1.16 crores. The excess occurred mainly due to receipt of more claims than anticipated for the revision of pension on the basis of Supreme Court Judgment.

The above excess was partly off-set by savings under other sub-heads, leaving a net excess of Rs. 27,53,727 which requires regularisation.

4. The relevant recommendation of High level Official Committee set up under the Chairmanship of the Controller General of Accounts

to review the Financial systems in the three departments viz Defence, Railways and Posts and Telegraphs has been circulated to all concerned for strict compliance in regard to framing the Defence Budget Estimates on realistic basis depending on the requirement and to exercise a close and constant watch over the trend of expenditure with reference to the sanctioned grants. A copy of Ministry of Defence, I.D.N. 11(13)/84/B/D (Budget) dated 26-4-1985 in this regard is enclosed (Annexure)). The progress of Defence Expenditure is analysed periodically and instructions are issued to the authorities concerned to keep the expenditure within the allocated budget.

5. In view of the circumstances explained above, the excess of Rs. 27,53,727 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

6. DADS has seen.

ANNEXURE

Copy of Ministry of Defence I.D. No. 11(13)84/B/D (Budget) dated 26-4-1985 addressed to All Joint Secretaries in the Ministry of Defence including Department of Defence Production and Supplies, R&D and Integrated Finance.

SUBJECT.—*Action taken on the recommendations contained in the 222nd Report (7th Lok Sabha) of the Public Accounts Committee on Excesses over voted Grants and Charged Appropriation (1982-83) and Action Taken on 166th Report (7th Lok Sabha).*

In pursuance of the recommendation contained in para 2.6 and 2.19 of the 222nd Report of PAC, 1983-84, (7th Lok Sabha) on 'Excesses over Voted Grants and Charged appropriation' 1982-83, and action taken on 166th Report of PAC, a Committee under the Chairmanship of CGA was set up to review indepth the financial system in the three sectors viz. Railways. Defence and P&T. The Committee has since submitted its Report which has already been forwarded to the Directorates of Financial Planning of the Services HQrs. The Summary of observations/recommendations are however, enclosed for ready reference.

It is, requested that the observations/recommendations of the Committee may be kept in view while formulating budget proposals/estimates and reviewing the progress of expenditure *vis-a-vis* sanctioned budget Grants. The expenditure should be carefully monitored from time to time and instructions issued in this regard should be strictly followed.

Summary of observations/recommendations:

(i) It is not necessary that separate budget heads should be provided for each estimating authority with a view to monitoring the progress of expenditure from the data called out from the accounts as seems to be the view of the Ministry of Defence (para 8).

(ii) With a view to providing a system under which reliable data may become available with sufficient promptness, for periodical, meaningful and purposeful financial reviews at all levels, and considering the large number of spending units scattered all over the country, which each of the three Departments has, recording of expenditure and preparation of connected compilations should be computerised at the earliest (para 8).

(iii) In regard to expenditure on transportation effective steps should be taken by the Defence Department to reduce the time-lag in the adjustment of the charges (para 9).

(iv) As regards the excess on account of pay and allowances, including adidtional instalments of D.A. sanctioned by the Government retrospectively, and revision of pay scales, there is no reason why the Departments cannot correctly assess the additional requirement of funds with all the requisite data regarding the categories of employees, their number etc. which is normally expected to be available with them. As for the additional instalment of D.A., usually, sufficient time is available to the Ministries/Departments of the Government to provide additional funds in the budget through R.E./Supplementary Grants and there is no reason why there should be any excess on this account (para 10).

(v) As regards excess under stores, there is no reason why the Departments cannot regulate the budgetary provision and why there should be any excess on account of factors, like over-materialisation of supplies/receipt of stores earlier than anticipated, or receipt of re-imbursement claims at the fag end of the year when possibly there is no scope for providing additional funds by obtaining Supplementary

Grants, if liability registers in Form CEF 6/6-A as prescribed in the General Financial Rules of Government are maintained properly and updated from time to time, and the progress of supplies/payments periodically monitored (para 11).

(vi) Handling of defence purchases from India instead of through ISM, London earlier is expected to lead to better control over expenditure (para 12).

(vii) Accelerated progress of works should also not result in larger payments than those budgeted for, if the progress of execution of Works is reviewed periodically, as required, the budget provision can always be modified suitably, taking into account the quantum of work already executed during the year and that expected during the rest of the year (para 13).

(viii) Retrospective revision of the cost of the inputs like cement, steel, coal, diesel etc. were notified on dates which, by and large, left sufficient time for the Departments to work out the extra liability and to provide for it in the R. E. of the respective years. There should, therefore, be no reasons why these revisions should be the cause for excesses beyond the control of the Departments (para 14).

(ix) If revision of rail tariff has been notified at a time when the possibility of making additional provision of funds by Supplementary Grants is ruled out, the Department will be well within its rights to postpone discharging its liability to the Railways, to the next year, after ensuring proper budget provision, and there is no justification for any excess to be allowed to occur by making payment in the same financial year, if the provision of funds in that year is not adequate to cover the charge (para 15).

(x) The Committee deprecate the tendency of the spending authorities to assume that additional funds to take care of some of the more important post-budgetary factors will be provided at the R. E. stage (para 16).

(xi) Where a Department cannot manage with the reduced allocation of funds even by slowing down/curtailing some of the on-going projects/schemes, due to firm commitments having already been made for purchase of equipment in pursuance of plans earlier approved by the planning Commission, the request for provision of funds should be favourably considered by the Planning Commission and the Finance Ministry, since curtailment of proposed outlay, or approving a lower one, in fact, does not serve any purpose (para 17).

(xii) Subject to what has been recommended by the Committee as above, in conclusion, it is not any particular fault in the existing systems of financial control in these cases, as such, that causes excess over the voted grants/charged appropriations, but the lack of proper implementation of the existing systems (para 17).

APPENDIX IV

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

Grant No. 39 Currency, Coinage and Mint

Revenue Section (Voted)	Rupees
Original Grant	79,03,60,000
Supplementary Grants	27,01,50,000
Final Grant	106,05,10,000
Actual expenditure	109,46,71,165
Excess	3,41,61,165

2. The original provision of Rs. 79,03,60,000 was augmented to Rs. 106,05,10,000 by Supplementary Grants obtained in July, 1984 (Rs. 18,25,00,000) and March, 1985 (Rs. 8,76,50,000). As against it, the actual expenditure amounted to Rs. 109,46,71,165 resulting in an excess of Rs. 3,41,61,165.

3. This excess which was the net result of excesses and savings under various sub-heads in the Grant, mainly occurred under sub-head A.2(2)—Operation and maintenance relating to Bank Note Press (Rs. 713.75 lakhs), A.1(1)—Management relating to Currency Note Press (Rs. 58.06 lakhs) and 'A.3(3)—Other expenditure' relating to Security Paper Mill (Rs. 60.52 lakhs).

4. The Bank Note Press had to import security paper and ink, to make up the shortfall in their supply from indigenous sources to cope with the increased demand for bank notes. Contracts for the imports were entered into on 31-12-84 and 11-1-85, *i.e.* late in the financial year after the revised estimates 1984-85 (on which the Supplementary Demand for the last batch was based) were finalised and the expectation was that the additional expenditure would be met by re-appropriation of savings in the Grant. However, the payments which had actually to be made for the imports by the close of the financial year exceeded the sanctioned provision of Rs. 10.05 crores under the sub-head 'A 2(2) Operation & maintenance' and re-appropriation of Rs. 4.48 crores made to it from other sub-heads. The customs duty payable on imports was incorrectly calculated

@ 75 per cent instead of 182 per cent and this had also made the estimates inaccurate.

As a remedial measure, the Bank Note Press, Dewas etc. have been advised to ensure that henceforth no contract for import of materials which may result in incurring expenditure beyond the sanctioned provision as entered into and that committed liabilities are fully covered by sanctioned funds. [Copy of letter No. 1(6)/85-CY(JAO)III dt. 19-5-86 is enclosed (Annexure)].

5. As against the sanctioned provision of Rs. 719.08 lakhs (Original Grant Rs. 614.08 lakhs plus Supplementary Grant Rs. 105 lakhs) under sub-head A.1(1) Management, the actual expenditure was Rs. 777.14 lakhs. The excess was due to obligatory expenditure on payment of instalments of additional D.A. sanctioned during the year and consequential increase in overtime allowace and incentive payments to staff, the total impact of which could not be accurately forecast at the time the last batch of Supplementary Demands were finalised.

6. The excess under sub-head A.3(3)—Other expenditure (Actual expenditure Rs. 350.52 lakhs as against sanctioned provision of Rs. 290 lakhs) was mainly due to un-anticipated payments of entry tax, including arrears for three years, which were to be made to Madhya Pradesh Government after the last batch of Supplementary Demands were finalised.

7. The excess of Rs. 3,41,61,165/- which is about 3.22 per cent of the total grant may kindly be recommended for regularisation by the Parliament under article 115(1)(b) of the Constitution of India.

8. This note has been vetted by Audit.

ANNEXURE

Copy of M/o Finance letter No. 1(6)/85-CY/(JAO)III dated 19-5-1986 addressed to the General Managers:

1. India Govt. Mint., Bombay/Calcutta/Hyderabad.
2. Bank Note Press, Dewas.
3. India Security Press, Nasik Road.
4. Security Paper Mill, Hoshangabad.
5. Currency Note Press, Nasik Road.
6. Security Printing Press, Hyderabad.
7. New Mint, Project, NOIDA.

SUBJECT.—*Appropriation Accounts 1984-85 Regularisation of excesses and Remedial actions.*

I am directed to refer to the amount spent in excess of the sanctioned grants during 1984-85. In a few cases these excesses were not covered by Supplementary grants or reappropriations. The responsibility for which lies squarely on the management of the units concerned. Some of examples are:—

1. *Currency Note Press, Nasik Road.*—A sum of Rs. 71.70 lakhs was spent in excess of the sanctioned grant for payment of several instalments of ADA and consequent additional payment on account of over time allowance and incentive.

2. *Bank Note Press, Dewas.*—There was an excess of Rs. 262.35 lakhs over the sanctioned grant due to making payment for import of paper and Security Ink against contracts dated 31-12-84 and 11-1-85. These contracts were unforeseen at the time of framing the BE 84-85 and RE 84-85.

3. *Loss on Coinage.*—More operative losses in Mints due to increased coin production—Rs. 1.14 lakhs.

4. *Mints.*—An excess of Rs. 8.49 lakhs was mainly due to more expenditure under 'Travel Expenses' by IGM, Calcutta on account of foreign tours of officers in connection with procurement of coin blanks; and more expenditure by IGM, Hyderabad under 'Payments for Professional and Special Services', whereas in the former case the tour of officers of IGM Calcutta was essential in view of the acute shortage of coins in the country, and it might not have been possible to anticipate the extra expenditure, in the latter case the excess was obviously due to not foreseeing the requirements accurately.

In the light of the above observations you are requested to please make realistic assessment of your requirements and propose BE/RE accordingly in all the cases in future and wherever there are instructions that provisions already made should in no case be exceeded, such instructions may be strictly adhered to. The provisions available should be kept in mind while allowing payments as per new contracts and also while signing new contracts for import of materials from abroad.

It may please be noted that any disregard of these guidelines may result in incurring excess expenditure year after year, and invite adverse comments from the Public Accounts Committee. It may also give a very bad picture of the financial management of your organisations.

APPENDIX V

MINISTRY OF HOME AFFAIRS

Grant No. 57-Chandigarh	Rupees
Revenue Section (*Charged*)	
Original Appropriation .	1,56,82,000
Supplementary Appropriation .	17,49,000
Final Appropriation .	1,74,31,000
Actual Expenditure .	1,84,29,833
Excess . .	9,98,833
Revenue Section (*Voted*)	
Original Grant . . .	57,95,99,000
Supplementary Grant	5,04,94,000
Final Grant	63,00,93,000
Actual Expenditure .	75,01,08,368
Excess . .	12,00,15,368

Under the Revenue section of the Grant No. 57—Chandigarh for the year 1984-85 against the final Appropriation of Rupees 1,74,31,000 (Charged) the actual expenditure amounted to Rupees 1,84,29,833 (Charged) resulting in an excess of Rs. 9,98,833 (Charged) and against the final Grant of Rs. 63,00,93,000 (Voted) the actual expenditure amounted to Rs. 75,01,08,368 (Voted) resulting in an excess of Rs. 12,00,15,368 (Voted).

The above excesses which were the net result of excesses and savings under various sub-heads in the Revenue Section of the Grant occurred mainly under the following sub-heads:—

Revenue Section

Major Head "214"

A.2-Administration of Justice

A.2(1) High Courts

A.2(1) (1)-Salaries

(Charged) (9,99,872)

Major Head "259"

A.17-Public Works

A.17(5)-Suspense

(Voted) (12,28,28,506)

Under High Courts, the excess is due to non-provision for Interim Relief. The orders extending Interim Relief to the employees of U.T. of Chandigarh were issued on 17-11-84. The Administration was asked to make necessary budget provision in RE 1984-85 to meet the additional liability on account of Interim Relief. However, due to over sight no provision (Charged) could be proposed by the Admn. for High Courts. The provision for other heads was provided in RE 1984-85 and Supplementary Grant was also finalised in January, 1985. The Admn. sent their requirement for meeting the liability for Interim Relief to the employees of High Court in March, 1985. By that time Supplementary Grants were already finalised and it was too late to make any additional provision. The Admn. was instructed to locate savings to meet the expenditure. The savings could not be located and the expenditure ultimately resulted in excess. The Chandigarh Admn. has been advised to take timely action for inclusion of provision for such foreseen liabilities in future.

As regards excess expenditure under Major Head "259". Suspense, the Chandigarh Admn. has stated that under the above subhead net budgeting procedure was followed and the expenditure continued to be compiled on this basis up to the year 1982-83. A similar excess was disclosed in the Appropriation Accounts (Civil) in respect of Grant No. 57—Chandigarh for the year 1983-84. In this Ministry's 'Note' for the Public Accounts Committee for regularisation of excess expenditure (*Vide* u.o. No. U.15022|1|84-RC.II Dated 30-5-85) it was explained that as the excess was only as result of depicting the figures of debits and credits on gross basis, there was no net cash out go from the Consolidated Fund of India. It may be added that excess expenditure involving roughly two Crore rupees occurred under certain other heads also mainly on account of grant of additional dearness allowance, interim relief, bonus to the employees and expenditure on labour Courts and scholarships etc. to students but the same was counter balanced by the savings under other heads.

In the circumstances explained above, the excess of Rs. 9,98,833 (Charged) and Rs. 12,00,15,368 (Voted) in Revenue Section may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India.

The Note has been seen by the Audit.

APPENDIX VI

MINISTRY OF HOME AFFAIRS

Grant No. 59-Dadra & Nagar Haveli :	Rs.
Revenue Section (Voted)	
Original Grant	5,76,37,000
Supplementary Grant	44,99,000
Total sanctioned grant	6,21,36,000
Actual expenditure . .	6,62,14,334
Excess	40,78,334

The original provision of Rs. 5,76,37,000 under Revenue Section (Voted), of grant No. 59—Dadra & Nagar Haveli was augmented by obtaining a supplementary grant of Rs. 44,99,000 in March, 1985. The actual expenditure was reported to be Rs. 6,62,14,334 against the total sanctioned provision of Rs. 6,21,36,000 leaving an uncovered excess of Rs. 40,78,334 which needs to be regularised.

The overall excess of Rs. 40,78,334 was the net result of excess and savings under the various heads in the Revenue Section of the grant and occurred mainly under the following head for the reasons given there under:

Major Head '259'—Public Works Department:

A.13 (1)—Direction & Administration.

A.13 (6)—Suspense (Rs. 37,45,399)

The Dadra & Nagar Haveli Administration have reported that due to the faulty booking of expenditure in the suspense account by their Public Works Department, the excess expenditure was not correctly reflected in the Appropriation Accounts. According to the procedure adopted, the Public Works Department, on receipt of materials, debited the presumptive value of the material to the Purchase Account and subsequently, on receipt of debit note from the Accountant General, the Department debited the value of the material to the stock Account without giving a minus debit to the Purchase Account. This resulted in an inflated amount of expenditure being included in the suspense Account. The P.W.D. department has since been instructed by Dadra & Nagar Haveli Administration to follow the correct procedure as laid down under the

Accounts Code for maintenance of Suspense Account for the Public Works Department. This procedure has now been followed for the year 1985-86. This will avoid excess over the expenditure in future. The actual excess of expenditure was only Rs. 6.46 lakhs and this excess had resulted on account of pending debits received from the Accountant General, Gujarat pertaining to the years 1983-84, and 1984-85 for the purchases made by the Public Works Department.

In the circumstances explained above, the excess mentioned above may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

The note has been seen by the Audit.

APPENDIX VII

DEPARTMENT OF ATOMIC ENERGY

Grant No. 94—Atomic Energy Research, Development and Industrial Projects

The Appropriation Accounts for the year 1984-85 revealed an excess of Rs. 1,68,612 under the Grant No. 94—Atomic Energy Research, Development and Industrial Projects in 'Charged' Section (Revenue). The details are given below:

	Rs.
Original appropriation	..
Supplementary appropriation	..
Final appropriation	..
Actual expenditure	1,68,612
Excess expenditure	1,68,612

2. In Bhabha Atomic Research Centre, Trombay and in Nuclear Fuel Complex, Hyderabad (the two Units of this department) payments of Rs. 1,62,236 and Rs. 6,376 were made in April, 1984 and December, 1984 respectively to satisfy the court decrees for payment of arrears of pay and allowances of two employees of this Department who were reinstated in service on the basis of court verdict. This expenditure was initially misclassified in the accounts as 'voted'. This misclassification came to notice late in March, 1985. By that time the last date fixed for presenting the Supplementary Demand was over. In view of the provision of Article 112(3) (f) of the Constitution and the clarification issued by the Government of India, Ministry of Finance, Department of Economic Affairs O.M. No. F.1(8)-B(AC)/82 dated the 26th May, 1982, this misclassification could not be allowed to stand in the accounts uncorrected. This misclassification was, therefore, rectified in March (Supplementary) 1985 Accounts by transferring the amount from 'voted' to 'charged' Section.

Necessary instructions have been issued to all the Units to avoid such misclassification in future *vide* letter No. PrAO/Book/1(1)/84-85/52 dt. 20-5-1985 (Annexure).

3. In view of the circumstances explained above, the excess expenditure of Rs. 1,68,612 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

This has been vetted by Audit.

ANNEXURE

Copy of Circular No. PR.AO|Book|1 (1) |84-85|52 dated 20.5.1985 issued by the Deptt. of Atomic Energy to all PAOs.

SUBJECT:—*Reinstatement of ex-employees on Court Order—classification of the payment of arrears of salary thereof—*

A case has come to notice where an employee was reinstated in service in satisfaction of the Bombay High Court decree and he was paid the arrears of salary. But the payment of such arrears was made out of the normal allocation. According to the provisions of Article 112 (3) (f) of the Constitution of India such payment of arrears of salary made in satisfaction of a Court decree is required to be classified as "charged" but the said expenditure was erroneously classified by the concerned P&AO under "voted" provision. Normally, in such cases where the provision for payment of charged expenditure does not exist. an advance from the Contingency Fund of India is taken, if the payment is required to be made urgently and supplementary demand is floated at the earliest opportunity and the advance taken is recouped. It is, therefore, necessary that such expenditure is classified as "charged" even though there is no "charged" provision for the same.

2. According to the provisions of paras 4.2.3 and 4.2.4 of the Civil Accounts Manual the Pay and Accounts Officers are required to check against provision of funds primarily to ascertaining that the money sought to be expended is applied to the purpose or purposes for which the Grants or Appropriations specified in the Schedule to the Appropriation Act passed under Article 114 of the Constitution were intended to provide and that the amount of expenditure against each Grant or Appropriation does not exceed the amount included in that Schedule. The pre-check to be applied to all payments by departmentalised Accounts Offices includes a check of the classification of the expenditure also.

3. It is, therefore, requested that if there are any cases, where payment has been made in satisfaction of a Court decree and such payment has been classified under "voted" Grant instead of "charged" Appropriation, the same may be transferred to the charged appropriation in March (Supplementary) Account now in hand, even though it may result in excess under the "charged" portion of the Grant, so that the provisions of Article 112 (3) (f) are satisfied. Such excess will be got regularised under Article 115 (1) (b) of the Constitution.

4. Receipt of this circular may please be acknowledged.

APPENDIX VIII

MINISTRY OF TRANSPORT

(DEPARTMENT OF RAILWAYS)

During the year 1984-85, there was an over all saving of Rs. 298.52 crores over the final grants and Appropriation resulting from an aggregate savings of Rs. 304.79 crores under 15 Grants (No. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15 & 16) and 12 Appropriations (No. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 & 16) and excess of Rs. 6.27 crores under Grant No. 13 (Reference para 6.4 of the Report of Comptroller & Auditor General of India for the year 1984-85—Union Government (Railways), Para 25—Excess over Voted Grants—Para 26—Saving under voted grants, para 27—saving under charged Appropriations of the Appropriation Accounts of Railways in India for the year 1984-85—Part I—Review).

1.2 **The excess under grant No. 13 is explained as under:—**

Grant No. 13—Provident Fund, Pension and other Retirement Benefits.

Original grant	2,33,62,28,000
Supplementary Grant	35,30,57,000
Total sanctioned Grant	2,68,92,85,000
Actual expenditure	2,75,20,18,758
Excess	6,27,33,758
Misclassification	NIL
Excess required regularisation	6,27,33,758
Percentage of excess	2·33%

A grant of Rs. 233.62 crores was obtained at the Budget Estimate stage. A supplementary Grant of Rs. 35.31 crores was obtained in March, 1985 on account of more payment of superannuation and Retiring Pension, commuted pension, Family pension, Death-cum-Retirement Gratuity and also taking into account the post-budgetary increase on account of Additional instalment of Dearness Allowance to Pensioners during the course of the year.

The excess occurred mainly under the sub-head superannuation and Retiring Pension (Rs. 10.23 crores), commuted Pension (Rs. 0.87 crore); off set by saving under Dealth-cum-Retirement Gratuity (Rs. 2.12 crores), Gratuities and special contribution to Provident Fund

(Rs. 1.41 crores), contribution to Provident Fund (Rs. 0.44 crore), Family Pension (Rs. 0.43 crore) and under other heads (Rs. 0.13 crore).

The highest excess occurred under superannuation and Retiring Pension on Northern Railway (Rs. 5.13 crores) and followed by North Eastern Railway (Rs. 3.52 crores) & Central Railway (Rs. 3.26 crores).

The excess requiring regularisation by Parliament is Rs. 6,27,33,758 (2.33 per cent) i.e. the same as disclosed in the Appropriation Accounts.

In the circumstances explained above, the excess of Rs. 6,27,33,758 under Grant No. 13 may kindly be recommended for regularisation by Parliament under Article 115(i) (b) of the Constitution of India.

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

This has been seen by Audit who have observed as under:—

"The memorandum deals with only the excess under Grant No. 13 brought out in para 6.4 of the Report of C & AG for the year 1984-85. No mention has been made of the reappropriation of savings under Capital to meet the excess expenditure under DRF for which specific vote of Parliament was not taken as envisaged in the recommendations of the Estimates Committee (1981-82) contained in their 18th Report (Seventh Lok Sabha). In this connection sub-para 9(b) of para 6.2 of the Report of the Comptroller and Auditor General of India—Union Government (Railways) 1984-85 may be referred to.

As there was no specific Vote of Parliament the modified requirement remained a demand not granted by Parliament and as such the reappropriation of funds between Capital and DRF under Grant No. 16 having different sources of financing would require regularisation by Parliament. Therefore, the above aspect may also kindly be brought out suitably in the proposed draft memorandum for the consideration of the Public Accounts Committee."

The view point of the Department of Railways, is that the manner in which the funds under Grant No. 16 were being utilised during the course of the year was specifically brought out in the Supplementary Demands for Grants at page 22, and, therefore, there was perhaps no further need of regularisation from the Parliament and submission of a Memorandum to the Public Accounts Committee.

However, since the Audit have not fully agreed with the comments of the Department of Railways, the matter is, being submitted before the Public Accounts Committee with a request that the Committee may kindly approve of the procedure followed in so far as the year 1984-85 is concerned.

Further, in compliance with the point taken by the Audit, the Department of Railways agree that, in future, after explaining the saving or excess under Capital and Railway Funds, it will be specifically mentioned in the Supplementary Demands book, submitted to the Parliament for approval, that it was being proposed to re-appropriate funds from Capital to Railway Funds or vice-versa (as the case may be) which may also be approved by the Parliament.

P.A.C. may kindly approve the above proposal.

Annexure to the Explanatory note for Public Accounts Committee for the year 1984-85 *sent under note dated* 25-7-86 *in regard to Grant No.* 16—*Assets, Acquisition, Construction & Replacement.*

Audit Observations—(Contained in their u.o. I. No. 246-RA-III/RR/2-1/ 86 dated 3-7-86).

It has been stated by the Railway Board in their U.O.I. No. 85-App/7/4/84-85 dated 5-6-1986 that Department of Railways did fully comply with the requirement of placing before Parliament the Supplementary Demand No. 16 incorporating the latest requirement of Funds under other expenditure—'Capital' and 'Railway Funds' and that considering the constitutional requirement that has rightly been followed by the Department of Railways there was no irregular re-appropriation under Demand No. 16 within the segments under 'other expenditure'.

2. The fact is that there was saving under 'Capital' which was appropriated to meet the excess expenditure under 'Depreciation

Reserve Fund'. The sources of financing of these segments of Demand|Grant No. 16 are different. The task Force (1973) appointed by the Railways for restructuring the demands for Grants recommended "that there should be no power of re-appropriation with the Railways under Demand No. 16 between 'Capital', 'Railway Funds' and 'Revenue'". The erstwhile Ministry of Railways had approached the Estimates Committee for approval of the proposal for restructuring of demands for grants with a positive statement that the proposal will not envisage any dilution in the extent of control at present being exercised by Parliament, c.f. Para 22 of Eighteenth Report of Estimates Committee (1981-82) Seventh Lok Sabha.

3. The Estimates Committee (1981-82) observed in para 25 of its above mentioned Report that it would not like the Parliamentary Control to be diluted and if the grant of powers of re-appropriation under unified Demand No. 16 were agreed to, it would dilute Parliamentary Control.

4. "While the Department of Railways, as stated above, mentioned the latest requirements of funds under different segments of unified Grant No. 16 on page 21 of the Supplementary Demands for Grants—March, 1985 the fact that a sum of Rs. 21.33 crores saved under Capital would be re-appropriated to meet excess expenditure under DRF and DF and this required the approval of Lok Sabha was not mentioned on page 20 where the supplementary demands requiring vote of Parliament were indicated. Had this fact been mentioned at the appropriate place, the Lok Sabha would have been taken note of the requirements while giving their assent to the supplementary demands as envisaged in Art. 113(2) of the Constitution of India and a bill to provide for extra funds under DRF introduced for the approval of Lok Sabha. This was necessary in view of restrictions imposed by the Estimates Committee (1981-82) on the powers of erstwhile Ministry of Railways for re-appropriation under different segments of unified Grant No. 16." This not having been done, the re-appropriation of funds between Capital and DRF remained to be specifically approved by the Lok Sabha.

Remarks of the Department of Railways (Railway Board)

1. During 1984-85, although there has been no overall excess in the Demand No. 16, there has been an excess of Rs. 19.32 crores

under DRF and Rs. 2.01 crores under DF by a corresponding saving under Capital as will be seen from the under noted figures:—

Category of Expenditure	Source of Financing	Budget Grant 1984-85	Modified Grant 1984-85	Variation	Modified Grant 1984-85	Latest requirement 1984-85	Variation
Other Expenditure	Cap. V.	28068645	28076645	+ 80,00	28076645	27863390	213255
	Ch.	12850	12850	..	12850	14830	+19,80
	DRF V.	8728602	8728702	+ 1,00	8728702	8921877	+193175
	Ch.	2000	2000	..	2000	100	19,00
	DF V.	399900	399900	..	399900	419980	+20080
	Ch.	100	100	..	100	20	− 80
	ACSPF V.	251953	252953	+10,00	252953	252953	..
	Ch.	..	..	..	..	..	..
	Revenue V.	149950	149950		149950	149950	..
	OLWR Ch.	50	50		50	123	+73
Total	V.	37599050	37608150	+91,00	37608150	37608150	..
	Ch.	15000	15000	..	15000	15073	+ 73

2. Although there has been no overall excess under Gr. No. 16 under the Voted portion of the expenditure under the category of "other Expenditure" it was specifically brought out in the Supplementary Demand at page 22 of the Book of Supplementary Demands for Grants—1984-85 that there has been increase under *DRF and DF by corresponding saving under* Capital. Audit, while *vetting the Appropriation Accounts*, raised a point that as there are no powers with the Deptt. of Railways to reappropriate the funds from Capital to other Railways' funds, the constitutional requirement of getting the excess under DRF and DF voted by the Parliament has not been met with. The Audit have suggested that this excess under DRF/DF by a corresponding saving under Capital should again be brought to the notice of the Public Accounts Committee for obtaining their recommendation for the purpose of regularisation of excess under DRF/DF (although there is no overall excess under Gr. No. 16).

3. The view point of the Department of Railways is that the manner in which the funds under Grant No. 16 were being utilised during the course of the year was specifically brought out in the Supplementary Demands for Grants at page 22, and, therefore, there

was perhaps no further need of regularisation from the Parliament and submission of a Memorandum to the Public Accounts Committee.

4. However, since the Audit have not agreed with the comments of the Department of Railways, the matter is being submitted before the Public Accounts Committee with a request that the Committee may kindly approve of the procedure followed in so far as the year 1984-85 is concerned.

5. Further, in compliance with the point taken by the Audit, the Department of Railways agree that, in future, after explaining the saving or excess under Capital and Railway Funds, it will be specifically mentioned in the Supplementary Demands book, submitted to the Parliament for approval, that it was being proposed to re-appropriate funds from Capital to Railway Funds or *vice-versa* (as the case may be) which may also be approved by the Parliament.

6. P.A.C. may kindly approve of the above proposal.

APPENDIX IX

(*Vide* Para 3.1 of the Report)

I. *Recommendations/Observations which have been accepted by Government*

Recommendation

According to the time schedule, the Explanatory Notes on excesses over Voted Grants and Charged Appropriations are required to be furnished to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts whichever is later. It is observed that while the Explanatory Notes relating to 8 Grants operated by the various Ministries (other than the Ministry of Railways) were received within the stipulated period; the Explanatory Note(s) relating to 4 Grants administered by the Ministry of Railways were received on 21 August 1985, although the Appropriation Accounts were laid on the Table of the House on 26 July, 1985. Since the Appropriation Accounts (Railways) for the year 1983-84 were certified on 18 June, 1985, the Explanatory Note could have been furnished to the Committee immediately after the presentation of Appropriation Accounts on 26 July, 1985. The Committee take serious view of delayed submission of Explanatory Notes. The delayed submission of these notes leads to the delay in finalisation of the Report by the Committee. The Committee desire the Ministry of Railways to ensure strict adherence to the prescribed time schedule in future.

[S. No. 1, Appendix-XII, para 2.4 of 17th Report of PAC (1985-86) 8th Lok Sabha]

Action taken

The Recommendations of the Public Accounts Committee have been noted for compliance.

This has been seen by Audit.

[Ministry of Transport, Department of Railways (Railway Board)'s O.M. No. 85-PAC/VIII/17 dated 21-3-1986]

Recommendation

The Committee are satisfied to find that as compared to previous years *i.e.* 1979-80 to 1982-83, there was significant reduction in the aggregate amount of excess expenditure as well as in the number of grants that registered excess expenditure during the year 1983-84. The excess expenditure incurred during the years 1979-80 to 1982-83 ranged between Rs. 140.86 crores to Rs. 462.69 crores while the excess expenditure incurred during 1983-84 was Rs. 115.62 crores. Further the total number of grants which contributed to the excess expenditure were 12 during the year 1983-84 as against 19, 27, 20 and 21 during the years 1979-80, 1980-81, 1981-82 and 1982-83, respectively. The Committee hope that the Ministries and Departments of Government of India would make every endeavour to sustain this declining trend in future as well.

[Serial No. 2—Appendix XII—Para 2.5 of the 17th Report of the Public Accounts Committee (Eighth Lok Sabha)]

Action taken

The above recommendation has been noted by the Government and circulated to all the Ministries/Departments of the Government of India *vide* O.M. No. F. 12(7)-E(Coord)|85|Vol. II, dated 24th February, 1986. (Annexure).

This has been vetted by audit.

[Ministry of Finance (Department of Expenditure) F. No. 12(7)-E (Coord)/85-Vol.-II, dated 25-3-1986.]

ANNEXURE

No. F. 12(7)-E(Coord)/85 Vol. II

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

New Delhi, the 24th February, 1986

OFFICE MEMORANDUM

SUBJECT:—*17th Report of the Public Accounts Committee (8th Lok Sabha)* (1985-86) *regarding excess over voted grants and charged appropriations* (1983-84)

The undersigned is directed to forward herewith for information and necessary action an extract of para 2.5 (Recommendation No. 2) in Appendix XII) of the Report of the Public Accounts Committee mentioned above. It will be seen that the Committee have expressed satisfaction that there was a noticeable reduction in the excess expenditure as well as in the number of grants that registered excess expenditure during the year 1983-84 as compared to the previous 4 years. The Committee expect that sustained endeavours would be made by the Ministries/Departments to ensure the declining trend in future as well.

(M. S. MATHUR)
Director

To

1. All Ministries/Departments of the Govt. of India.
2. All Financial Advisers including Financial Commissioner (Railways).

Extract of para 2.5 (Recommendation No. 2) in Appendix XII of the 17th Report of the Public Accounts Committee (Eighth Lok Sabha) (1985-86).

2.5. The Committee are satisfied to find that as compared to previous years *i.e.* 1979-80 *to* 1982-83, there was significant reduction in the aggregate amount of excess expenditure as well as in the number of grants that registered excess expenditure during the year 1983-84. The excess expenditure incurred during the years 1979-80 to 1982-83 ranged between Rs. 140.86 crores to Rs. 462.69 crores while the excess expenditure incurred during 1983-84 was Rs. 115.62 crores. Further the total number of grants which contributed to the excess expenditure were 12 during the year 1983-84 as against 19, 27, 20 and 21 during the years 1979-80, 1980-81, 1981-82 and 1982-83 respectively. The Committee hope that the Ministries and Departments of Government of India would make every endeavour to sustain this declining trend in future as well.

Recommendation

While there was declining trend in the excess expenditure, it was the other way round in the case of savings. The aggregate amount of savings as disclosed in the Appropriation Accounts for 1983-84 was Rs. 7,209.05 crores as against the savings of Rs. 2,183.90 crores during the year 1982-83. The Appropriation Accounts (Civil) alone disclosed savings of Rs. 1,769.38 crores against voted grant of Rs. 22,937.52 crores and savings of Rs. 4,732.66 crores against charged amount of Rs. 1,22,251.16 crores. Thus, the total savings during the year 1983-84 as disclosed by the Appropriation Accounts (Civil) was of the order of Rs. 6,502.04 crores which constituted 4.48 per cent of total sanctioned provision of voted and charged amounts of Rs. 1,45,188.68 crores. Some of the vital sectors of the economy in which large scale savings have been reported are Agriculture (Rs. 254.54 crores), Animal Husbandry and Dairy Development (Rs. 73.58 crores), Chemical and Fertilizers (Rs. 41.57 crores) Foreign Trade and Export Production (Rs. 249.90 crores), Petroleum (Rs. 99.21 crores), Power (Rs. 58.29 crores), Coal (Rs. 38.90 crores), Irrigation (Rs 19.99 crores), Public Works (Rs. 26.81 crores), Mines (Rs. 30.41 crores), Labour and Employment (Rs. 19.07 crores). The Committee had, in their earlier Reports viz. 57th and 121st Report (7th Lok Sabha), deprecated the tendency of under-utilisation of funds earmarked for some of the vital sectors of the economy, thereby not only slowing down development in those sectors but also depriving other important sectors of the much needed resources. The Committee were then informed that the scheme of Integrated Financial Advisers had been introduced to ensure realistic budget estimates. From the extent of savings reported during 1982-83 and 1983-84, it is quite evident that the position instead of improving has deteriorated. The Committee once again like the Government to analyse the reasons for the recurring phenomenon of savings and take timely remedial measures to ensure that budget estimates are framed more precisely. The Committee would like to be apprised of the measures proposed to be taken in the matter.

(Serial No. 3—Appendix XII—Para 2.8 of the 17th Report of the Public Accounts Committee (Eighth Lok Sabha).]

Action taken

The observations made by the Public Accounts Committee have been circulated amongst Ministries/Departments/Financial Advisers with a view to ensuring that there is neither considerable shortfalls in expenditure nor unforeseen excesses while framing Budget Estimates. In this connection a copy of this Ministry's O.M. No. F. 12(7)-E(Coord)/85-Vol. II, dated 25-2-86 is enclosed (Annexure). Financial Advisers have also been requested to send Action Taken Notes to the Public Accounts Committee explaining the reasons for heavy short-falls in expenditure in the Sector with which they are concerned.

This has been vetted by audit.

[Ministry of Finance, Department of Expenditure No. F. 12(7)-E (Coord)/85-Vol. II, dated 27-3-1986.]

ANNEXURE

No. F. 12(7)-E(Coord)/85 Vol. II

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

New Delhi, the 25th February, 1986.

OFFICE MEMORANDUM

SUBJECT.—*17th Report of the Public Accounts Committee (8th Lok Sabha)* (1985-86) *regarding excess over voted grants and charged appropriations* (1983-84)—*Recommendation made in para* 2.8 *of the Report.*

The undersigned is directed to say that the Public Accounts Committee had been commenting on the tendency of under-utilisation of funds earmarked for some of the vital sectors of the economy, thereby not only slowing down development in these sectors but also depriving the other important sectors of the much needed resources for development. Attention in this connection is invited to this Department O.M. No. F. 12(4)-E(Coord)/82 dated 20-12-82. The Committee have again expressed their unhappiness over large scale savings in some of the vital sectors of the economy vide para 2.8 of the recommendation contained in the above Report.

2. With the introduction of the Scheme of Integrated Financial Advisers, the responsibility of framing Budget Estimates on a realistic basis as also post-budget vigilance to ensure that there is neither considerable short-falls in expenditure nor unforeseen excesses devolves on the Financial Advisers. For achieving this objective the Financial Advisers may, ensure that the prescribed rules and procedures and such other steps as may be considered neceesary are followed by the Ministries/Departments with which they are concerned.

3. Ministries/Departments/Financial Advisers are requested to note the observations made by the Public Accounts Committee for compliance. Financial Advisers are also requested to send Action Taken Notes to the Public Accounts Committee explaining the reasons for heavy short-fall in expenditure in the Sector with which they are concerned under intimation to this Ministry.

Sd/-

(M. S. MATHUR)

Director.

To

1. All Ministries/Departments of the Govt. of India.
2. All Financial Advisers including Financial Commissioner for Railways (by name).

Action Taken

Ministry of Commerce

The observations contained in para 2.3 in Appendix XII of the 17th Report of the PAC (8th Lok Sabha) (1983—86) regarding the Appropriation Account for the year 1983-84 have been noted. Out of the total savings of Rs. 249.90 crores accrued under Grant No. 11, Rs. 147.67 crores were under the major head "765" pertaining to foreign Governments, *i.e.*, Technical Credit extended to Rupee Payment countries of East Europe. Rs. 87.50 crores under major head "297—B7(1) Product Promotion and Commodity Development, Rs. 11.16 crores under "B9(2)—Payment to Foreign Governments in terms of Trade and Payments Agreements" and the balance Rs. 3.57 crores under certain 'other sub-heads' in the Grant. The reasons for major savings are explained below:—

(a) The saving under Technical Credit was due to lesser drawals by the rupee payment partner countries than what was anticipated at the time of finalisation of the revised Estimates, and this was in turn due to their curtailing their imports from India with a view to returning/reducing the outstandings under the technical credit arrangements.

Till 1983-84, the procedure of 'Gross Budgeting' was in vogue. According to this procedure, 'repayments' and 'drawals' in respect of technical credit were accounted for under the receipt and expenditure heads respectively. Such a procedure resulted in showing the cumulative amount of 'drawals' under the major head '765' and giving an inflated picture of actual utilisation of technical credit by the rupee payment countries *viz.* GDR, Poland, Czechoslovakia, Romania and USSR. Due to this procedure, even though the net outstanding amount at any given time would be within modest limits the gross drawals of technical credits (without taking into account repayments) could be high depending upon the number of occasions during a year in which the rupee payment countries resorted to drawals. Correct assessment of gross receipt and expenditure in this method was found to be difficult.

In order to reduce this problem of excess or saving, the procedure of 'Net Budgeting' has been introduced according to which, the outstanding technical credit amount at the end of the previous year will be first set off against the repayments from the rupee payment countries treated as receipts. The balance amount repaid will go towards reduction of the technical credit advanced during the year and the net amount outstanding only will be debited to the budget. The expenditure in 1984-85 has been accounted for in accordance with this revised procedure of 'Net Budgeting'.

It is expected that with the introduction of this system of 'Net Budgeting', the dimension of the problem regarding the excess or savings will be minimised considerably in the future.

(b) Having regard to the growth of expenditure on CCS in the past few years, normal growth in exports, etc., an average 10% increase was assumed over the revised estimates for CCS assisted exports for 1982-83 and the budget provision for 1983-84 was kept under major head '297' Demand No. 11—Foreign Trade and Export Production B.7 (1)—Product Promotion and Commodity Development at Rs. 519 crores.

Although there had always been an upward trend in the expenditure of CCS, the trend for the year 1983-84 had been different. There was also a sharp decline in the disbursement in the first four months of 1983-84. The average monthly expenditure based on the period April—July, 1983 was Rs. 29 crores as against an average of Rs. 40.64 crores during 1982-83 and Rs. 36.23 crores during 1981-82 respectively for the same period. There had also been a declining trend of exports on which CCS was paid during 1983-84 on the basis of the following figures:

(Rupees in crores)

	1981-82	1982-83	1983-84
Total f.o.b. value of exports during the first four months i.e. April to July.	1133·31	1381·61	1061·65

This declining trend was attributable to some extent to the revised rates of CCS which came into force w.e.f. 1-10-1982.

Keeping in view the above factor amongst other things, the revised provision for 1983-84 under this Head was brought down to Rs. 450 crores.

Subsequently on review in March '84 it was found that the actual expenditure under this head was booked only to the tune of Rs. 320.21 crores for the period ending January, 1984 and a further payment of Rs. 111.29 crores could only be made on this account during February and March, 1984, and thus the total requirements for 1983-84 came down to Rs. 431.50 crores only, resulting in a saving of Rs. 87.50 crores due to non-materialisation of anticipated disbursement of CCS.

(c) As regards savings of Rs. 11.16 crores pertaining to foreign Governments in terms of Trade and Payments Agreement *i.e.* expenditure on revaluation of balances, it may be stated that these were due to the fact that less payment was made to the Foreign Governments in terms of Trade and Payments Agreements under this head on account of revaluation not being necessary to the extent earlier anticipated.

(d) *Other Sub-heads*: The saving of Rs. 3.57 crores was under a number of sub-heads due to slow pace of verification of claims by the Custodian of Enemy Property, shortfall in expenditure on various schemes and non-approval of some of the schemes of the Rubber Board.

This Action Taken Note has been vetted by Audit.

[Ministry of Commerce O.M. No. 92(6)/85-FT(EE)
dated 30 May, 1986]

The Ministry of Home Affairs (Department of Internal Security) Rehabilitation Division

The Rehabilitation Division under Ministry of Home Affairs (formerly Department of Rehabilitation) is to look after the work relating to rehabilitation of displaced persons from former East Pakistan, Indian Nationals repatriated from other countries, like Burma, Sri Lanka, Vietnam etc. and displaced persons affected by Indo-Pak Conflict, 1971 through various Schemes. This Division is also in charge of the rehabilitation of Tibetan Refugees and residual problems connected with the refugees from former West Pakistan.

The policies and programmes/schemes for relief and rehabilitation of displaced persons etc. are drawn up in the Department and these schemes are implemented directly through various agencies for this purpose and through State and Union Territory Governments. The Schemes implemented through State Governments are financed through loans and Grants-in-aid.

2. This Division had a provision of Rs. 41.95 crores during the year 1983-84 as against the overall budget of Rs. 1,45,188.68 crores of the Central Government.

3. There was no excess expenditure over the total grant of this Division during 1983-84. However, there was a saving of Rs. 9.73 crores.

4. The savings are attributed to the following reasons:—

(i) Due to non-finalisation of transfer of assets to Governments of Orissa and Madhya Pradesh in the normalised 3 zones of Dandakarnaya Project;

(ii) Receipt of less reimbursement claims from the Governments of Karnataka, Madhya Pradesh, Uttar Pradesh and Maharashtra;

(iii) Non-receipt and less receipt of loan proposals from the Governments of West Bengal, Madhya Pradesh, Maharashtra, Bihar, Uttar Pradesh and Andhra Pradesh than anticipated; and

(iv) Non-materialisation of schemes, delay in sanction of Phase II and III Schemes of TANTEA, non-availability of land and less arrival of repatriates from Sri Lanka.

It is sometime not possible to avoid the savings even after preparing the budget precisely according to the requirements owing to some unforeseen and unavoidable circumstances. However, necessary steps are being taken to prepare the budget in future with greater accuracy and as realistically as possible.

[Ministry of Home Affairs O.M. No. G-25015/2/86-Bud dated 4-8-1986]

Action Taken by the Ministry of Agriculture (Deptt. of Agr. and Cooperation)

I. There was a saving of Rs. 254.54 crores under Demand No. 2—Agriculture. Major Items of savings were, as under:—

(1) Saving of Rs. 10.85 lakhs was due to non-materialisation of imports of mobile repair workshop, training aids and gift equipment for soil testing and fertiliser quality control laboratories.

As a result of the visit of an expert from U.K. in 1978 for strengthening of fertilisers quality control and soil testing laboratories in India, it was agreed to accept a gift of equipment, training of experts in U.K. and providing the British Experts Services for a period of two years under the Indo-British Cooperation on Quality Control Laboratories for Fertiliser and Soil Testing Laboratories. While accepting the proposal, it was agreed to implement it in phases. In the first phase, 25 atomic absorption spectrophotometers (AAS) were imported. These were received in 1981-82. The implementation of the remaining phases of the programme, *viz.*, import of mobile repair workshop, training of experts abroad and availing of the services of British experts was subject to the installation of the AAS imported under the first phase. The installation took considerable time. Hence, the provision of Rs. 10.85 lakhs made in the Budget for 1983-84 could not be utilised.

As a result of constantly pursuing the matter with the British High Commission Authorities and the State Governments, 23 AAS have been installed so far. Efforts are being made to get the remaining 2 spectrophotometers also installed. The import of mobile repair workshop, training aids, etc. will be taken up with the British Authorities after all the 25 spectrophotometers have been installed.

Three training courses for the Officers/Staff of the concerned laboratories had been provided during 1984-85 and 1985-86. The last one has been completed only in December 1985. Thus training of all concerned officials has already been completed for handling of these equipments. After the remaining two equipments are installed, the action on the second phase would be initiated.

The mobile repair workshops proposed to be imported, being very sophisticated, need special engineering expertise to handle, which may not be available presently in the areas where they are to be provided. However, based on the experience of our existing AAS, the import of the mobile repair workshops would be suitably phased. The training of Indian experts in U.K. and the visit of the British Experts will be organised after the full complement of equipments provided under the aid has been set up.

The Public Accounts Committee would be informed as soon as the remaining two Atomic Absorption Spectrophotometers have been installed.

(2) Saving of Rs. 20 lakhs was due to non-utilisation of funds for data processing on Computer.

The funds were provided (i) to meet the expenses on pay and allowances of officers and staff of the Computer Cell created in the Fertiliser Division and (ii) to pay rental for using the computer of National Informatics Centre (NIC) for processing the data of Fertiliser Division. It was expected that the Director (Computer) alongwith other supporting staff would be in position early in the year 1983-84 and that it would be possible to make full use of the Computer facilities of the NIC. The finalisation of Recruitment Rules for the post of Director (Computer) as well as for the other posts took more time than was anticipated.... The unforeseen delay in finalisation of the Recruitment Rules and selection of the officers and staff resulted in delay in making use of the Computer services. Hence, neither there was any expenditure on payment of pay and allowances nor was any rental paid to NIC.

(3) Saving of Rs. 39.00 lakhs was due to non-utilisation of funds for assistance to State Farms Corporation for establishment of Elite Progeny Orchards for Horticulture.

The Scheme was sanctioned in February, 1982. The Scheme is to be implemented as Central Sector Scheme with 100 per cent financial assistance from the Central Government. The Scheme is being implemented through State Farms Corporation of India on their farms located in different parts of the country. The following expenditure was incurred by the S.F.C.I. during the first, second and third year of the implementation:—

Year (From July to June)	Expenditure incurred (Rs. in lakhs)
1981-82	1·44
1982-83	24·51
1983-84	33·11

The main reasons why funds could not be utilised are as under:

During the year 1983-84 a sum of Rs. 39.00 lakhs was provided in the Budget. This amount could not be utilised because of the following reasons:—

(a) It took quite some time before the staff support including the technical hands could be provided at the Headquarters as well as at the different farms. Till the end of 1983-84 there were hardly a few officers in position including two Horticulturists and one Junior Horticulturist. As a matter of fact, most of the farms where the actual work had to be done, (the progress of expenditure depended upon the work done in these farms) did not have any staff support till the end of 1983-84. This was the main reason for the short-fall in expenditure.

(b) The actual programmes and planting of progeny material could be taken up only after the preparatory work relating to farm development and infrastructural facilities had been completed. This included site selection, land development, development of irrigation channels, roads and lay-out of farms, fencing etc. Only after the completion of these essential items, other works such as purchase of equipment, construction of Green Houses/Glass Houses could be taken up.

As a result of the above factors, it was not possible to utilise the amount provided in the Budget for 1983-84, particularly because adequate funds were lying in balance with the S.F.C.I. from the grants released during the previous years.

Further it might be added that utilisation of funds has considerably improved since then. During 1984-85 a sum of Rs. 49.03 lakhs was utilised. The position is likely to improve further.

It may be added that out of ten farms, nine farms are now in a position to supply planting material of various fruits and vegetables.

(4) Saving of Rs. 93.66 lakhs was in respect of National Project on Development and use of bio-fertilisers.

National Project on Development and Use of Bio-fertilisers is a Central Sector Scheme, which was approved by the E.F.C. in Marcha, 1983. The major components of the Scheme are: (a) Purchase of equipment, glassware and chemicals for the six Regional Bio-fertiliser Development Centres and one National Centre; and (b) Recruitment of the newly created staff for the National and Regional Bio-fertiliser Development Centres.

Due to delay in the finalisation of the Recruitment Rules, the staff created under the project could not be recruited in time. Due to non-recruitment of the Staff, the equipment, chemicals and glassware could also not be purchased. Hence, the expenditure could not be incurred to the desired extent. However, during 1983-84, 21 BGA sub-Centres were approved in different states under the Project and for these sub-Centres, grant amounting to Rs. 6.30 lakhs at the rate of Rs. 30,000 per Centre (Rs. 20,000 as non-recurring and Rs. 10,000 as recurring) was released. Thus, during 1983-84 there was an expenditure of Rs. 6.34 lakhs only against the prbvision of Rs. 100.00 lakhs, resulting in a saving of Rs. 93.66 lakhs.

The Budget provision of Rs. 100 lakhs was kept with the intention that all infrastructural facilities, like purchase of equipment, glassware and chemicals for setting up the six regional Bio-fertiliser Development Centres and one National Centre and also BGA Sub-Centres, would be completed but the finalisation of the locations of these Centres and the negotiations with the concerned institutions/authorities could not materialise in time and also the staff under the Project could not be recruited due to non-finalisation of Recruitment Rules.

The Recruitment Rules for all the posts have since been finalised. In view of the ban imposed by the Finance Ministry on filling up of vacant posts, it has been agreed to fill up 7 posts only (one post of Director at National Centre and 6 posts of Regional Directors at Regional Centres). Necessary steps are being taken to fill up these posts. It is also proposed to obtain sanction for filling up a few more essential posts in relaxation of the ban orders.

(5) Saving of Rs. 73.04 lakhs was due to non-utilisation of funds by the Dte. of Extension for Plan Schemes during 1983-84.

Saving was mainly due to:

(a) As many as 67 Consultants were selected for being deputed to different States for reviewing World Bank assisted Reorganised Agricultural Extension Project in operation in those States. Due to non-confirmation of the itinerary from most of the States only 27 Consultants could visit their allotted States.

The proposal in regard to procurement of equipment for the Press of the Directorate could not materialise as the issue of administrative-cum-financial sanction took longer that anticipated. It was also necessary to undertake a survey of the equipment available in the Press so as to determine which of these had outlived their lives. These could be sorted out only during the next financial year and action had been taken to procure necessary equipment.

For remedial measures, the State Govts. have been asked to send confirmation of the itineraries of Consultants on top priority basis so that programmes drawn up are not held up and funds ear-marked for the purpose are fully utilised. Instructions have also been issued to all concerned officers for obtaining Administrative/financial sanction of the Schemes immediately in the beginning of the financial year so that all formalities for procurement of equipment be completed in time and the provision made utilised before the close of the financial year.

(b) Budget Provision had been made for purchase of one Jeep/Van, one duplicating machine, two typewriters and one water cooler for Extension Education Institutes at Anand and Rajendranagar.

The Issue of administrative-cum-financial sanction for operation of the Scheme during 6th Plan took a longer time than anticipated. The sanction for release of grant-in-aid was issued deleting purchase of equipment etc. as there was no time left to procure them.

Instructions have been issued to the Extension Education Institutes to forward actual expenditure figures of the previous year in the beginning of the next financial year so that the proposal for release of Grant-in-aid could be taken up in time.

Under the Scheme 'Higher Training for Women Personnel', Grants-in-aid were being given to Allahabad Agricultural Institute for admission of Women Extension Functionaries for a two years diploma course. Against the target of 25, only 13 women functionaries actually joined the course. It may be stated that out of the total 25 nominations received from the State Governments, 23 nominations were considered eligible for admission under the Scheme at Allahabad Agricultural Institute during the year 1983. But, in all 17 persons actually joined the course. Out of these, 4 left the course on grounds of health.

Grants-in-aid were also being giving to Extension Wing of Home Science Colleges for Admission in B.Sc. and M.Sc. courses. The actual admissions were less than the targets.

For the reasons stated above, there was a saving of Rs. 5.71 lakhs under 'Grants-in-aid'.

(c) The Scheme 'Stipend to Gramsevaks/Gramsevikas and Extension Officers' provides for grant of stipend to Gramsevaks/Gramsevikas and Extension Officers of the States for acquiring higher professional competence. A physical target of 268 V.L.Ws. was made. Against this target, only 79 V.L.Ws. were admitted, which was much below the target. The reasons for short-fall are, as follows:—

(i) The State Agricultural Universities have prescribed a minimum standard and eligibility criteria for admission to B.Sc. (Agri.) degree. The V.L. Ws. working in the field have passed Matriculation Examination long back. Even after going through the training of two years, after matriculation, most of them do not become eligible as per the University norms. As such, they are not admitted in the Universities.

(ii) Most of the Universities are not giving due weightage to the field experience the V.L.Ws. have acquired during their long service in the field. Originally, it was considered that due weightage for the practical experience will be given for their admission to B.Sc. (Agri.) Degree.

(iii) Some of the State Agricultural Universities have stated that they do not have requisite physical and other infrastructural facilities for instituting a separate course for the V.L.Ws. for B.Sc. (Agri.) Degree.

All India Crop Competition Scheme a new Scheme could not be taken up for implementation as the Rules for arranging the Competitions were under reference to the State Governments. Further, recruitment action for filling up of the posts sanctioned under the Scheme could not also be finalised.

Deputation of Indian farmers to U.S.A. and U.S.S.R. could not materialise as the whole programme was under review.

Recruitment action for filling up the posts sanctioned under the Scheme 'Senior Extension Officers and Extension Officers' could not be finalised and hence, field visits could not be organised.

For the reasons stated above, there was a saving of Rs. 17.12 lakhs under 'Other Charges.'.

(d) The new Scheme 'Incentive to Extension Personnel in the form of cash prizes and Study Tours' could not be implemented because the procedure to be followed for the operation of the Scheme was under correspondence with State Governments. This resulted in a saving of Rs. 33.50 lakhs.

(e) A token provision of Rs. 5.00 lakhs was made for a new Scheme 'National Agricultural Extension Project'. The Scheme was to be appraised by the World Bank and hence, could not be taken up for implementation during 1983-84.

(f) Similarly, there were savings of Rs. 1.98 lakhs as the 'Study Tours of Farmers from one State to another' could not be taken up because of the adverse weather conditions, Rs. 1.00 lakhs as the Scheme "Insat 82" could not be taken up because of the failure of Insat-IA, Rs. 2.00 lakhs because the new Scheme 'Training of Women in Agriculture' could not be taken up for implementation as the details of the Schemes were still being worked out and Rs. 3.86 lakhs because the new Scheme 'Improved Training Programmes for Extension Services' to be taken up with UNDP assistance could not be implemented due to non-clearance of the Scheme.

(6) Saving of Rs. 1.12 crores was due to non-utilisation of funds by the Directorate of Extension for 'Development of hill areas (Mandi Type Project)'.

The Indo-German Fertiliser Education Project, Calcutta had sent Fourteen Demand Drafts for a total amount of Rs. 1.20 crores in March, 1980 to the Directorate of Extension for depositing the same into the 'Deposit Account for Assistance provided by the Government of Federal Republic of Germany to the Indo-German Agricultural Advisory Projects.' These Bank Drafts for an amount of Rs. 1.20 crores were credited into the concerned Head of Account of the Projects. In October, 1980 the Department of Economic Affairs decided and advised this Directorate that the amount of Rs. 1.20 crores would be utilised for financing various measures for another FRG—assisted project entitled 'Integrated Watershed Management in the Catchments of Flood Prone Rivers' being implemented by the Department of Agriculture. It, therefore, became necessary to provide for this amount of Rs. 1.20 crores in the Budget of the Directorate of Extension. Accordingly, a provision of Rs. 1.33 crores, which included an amount of Rs. 13.10 lakhs for the on-going Indo-German Agricultural Development Project and Rs. 1.20 crores for financing the other FRG—assisted on going project referred to above. Savings were, due to non-finalisation of externally aided project for integrated watershed management in flood prone areas.

(7) Saving of Rs. 1.81 crores was in respect of the Scheme 'Establishment of Farmers Agro-Service Centres.'

A Budget provision of Rs. 231.50 lakhs had been made in 1983-84 for the implementation of the Scheme. However, the Scheme which was intended for custom hiring and popularisation of improved Agricultural Implements and Hand Tools could only be launched for implementation in the States|Union Territories during December, 1983. Because of less demand from the States|Union Territories due to late launching of the Scheme, the Revised Estimates for 1983-84 were Rs. 51.00 lakhs. However, an amount of Rs. 50.58 lakhs was actually released to the States during 1983-84.

The Scheme was continued during 1984-85 and also spilled over to the first year of the Seventh Five Year Plan i.e., 1985-86.

(8) Saving of about Rs. 40 crores was due to non-utilisation of funds provided in the Budget for 1983-84 for the Scheme 'Assistance to Small and Marginal Farmers for Increasing Agricultural Production in the country.'

A sum of Rs. 10 lakhs was provided in the Budget for 1983-84 for the Centrally Sponsored Scheme of Assistance to Small and Marginal Farmers for Increasing Agricultural Production. The Scheme was approved by the Government in early 1983-84. Secretary (Agriculture and Cooperation) vide his telex message No. 214|Secy. (A&C)|83 dated 30th April, 1983 (copy attached as Annexure-I) requested the Chief Secretaries and Agriculture Production Commissioners of all States and Union Territories to give their consent for providing matching contribution, by 10th May, 1983.

A provision of Rs. 125 crores was obtained through Supplementary Grants in Monsoon Session, 1983 for the implementation of the Scheme (Rs. 0.80 crore under Major Head 305 —A.13(1), Rs. 120.00 crores under Major Head 360—G. 3(6) (1) and Rs. 4.20 crores under Major Head 361—H.2(5) (1). The Supplementary Grant was obtained on the basis of the Central share of Rs. 5.00 lakhs per IRD

Block in the Union Territories and Rs. 2.50 lakhs per IRD Block in the States.

It took sometime before the details of the Scheme could be worked out and the Scheme could be accepted by the States|Union Territories for effective implementation. The Scheme could be taken up for implementation by the States|Union Territories not earlier than July, 1983 and by some States|Union Territories even much later. Further, in October, 1983 the total outlay under this Scheme was reduced by the Ministry of Finance from Rs. 125.10 crores to Rs. 85.10 crores by imposing a cut of Rs. 40 crores. As a result of this cut, the actual amount available under the Scheme was only Rs. 85.10 crores. The amount released to the States and Union Territories during 1983-84 was Rs. 85.00 crores whereas the actual expenditure incurred, as reflected in the Appropriation Accounts for 1983-84, was Rs. 84.58 crores.

(9) Saving of Rs. 11 crores was due to non-receipt of gift fertilisers from Italy.

The anticipated gift fertilisers from Italy were not received during the year 1983-84 and they were actually received during the year 1984-85. Delay in delivery period could not be foreseen till the later part of the financial year 1983-84 and the entire provision, therefore, remained unutilised.

In order to obviate such contingencies, the fertiliser Division are now in constant touch with all concerned quarters so as to monitor the possibility whether the gift fertilisers would materialise or not during the financial year itself.

(10) Saving of Rs. 62.22 lakhs was due to non-sanction of new additional posts, non-installation of Computer Cell|M.T. Machines and less purchase of Buff Cards under Plan Schemes.

The main reasons are as under:—

(i) *Comprehensive Scheme for Studying the cost of Cultivation of Principal Crops.*

An amount of Rs. 35.31 lakhs provided in the Budget for 1983-84 could not be utilised due to ban on creation/filling up of vacant posts sanctioned in the EFC Memo for the Sixth Plan. As a result, the order for purchase of machine(s) could not be placed for want of the supporting staff.

(ii) *Installation of Computer Data Processing.*

The Computer Terminal was installed in November, 1984 by National Informatics Centre (NIC). Department of Electronics. However, other linking facilities could not be provided due to the ban on creation of new posts. Similarly the required direct data entry machines could also not be purchased because of the non-availability of manpower to handle them. Steps are now been taken to get the sanction of the newly created posts and machines in the new EFC memo for the Seventh Plan.

(iii) *Strengthening of S.C./S.T. Cell and Monitoring of 20-Point Programme.*

The amount of Rs. 10 lakhs provided for this Scheme could not be utilised due to ban on creation of new posts.

The ban on creation of new posts has been periodically extended thereby making it impossible to formulate the Budget Estimates on a realistic basis. The original proposals of the new posts required for smooth functioning of the Plan Schemes are still relevant and therefore, steps are being taken to seek exemption from the ban in respect of the posts which are directly connected with computerization/modernization of data processing and analysis.

(11) Saving of Rs. 84.73 lakhs was due to non-utilisation of funds towards 'Contribution to World Food programme.'

The provision under the programme is for fulfilment of pledges made to World Food programme to supply commodities, like, Tea, Canned Fruit, Sugar, Dried Fish, etc., to other developing countries at the instance of W.F.P. under their Commodity Aid Programme. Since the World Food Programme did not ask us to supply the commodities for the entire pledged amount, the Budget provision could not be fully utilised. However, the amount not utilised in a particular financial year is carried forward to the subsequent financial year.

(12) Saving of Rs. 98 lakhs was due to under-utilisation of funds for the Scheme 'Crop Insurance in States.'

A pilot Crop Insurance Scheme was in operation in the country from 1979-80 to 1984-85. The Scheme was implemented by the General Insurance Corporation of India (GIC) in collaboration with the State Governments. Initially, the Scheme was implemented by three

State Governments, namely; Gujarat, Tamil Nadu and West Bengal, but during the last year of the Sixth Plan, *i.e.*, 1984-85, 12 State Governments, namely, Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, Uttar Pradesh and West Bengal implemented the Scheme. The total coverage under the Scheme was of the order of 6.92 lakh hectares against the projected target of 5.00 lakh hectares during the Sixth Plan.

The Plan outlay for Crop Insurance was Rs. 20.00 crores. The expenditure during 1981-82 was Rs. 0.43 lakh and in 1982-83 it was of the order of Rs. 1.13 lakh. Since, the Government of India decided to continue to release 50 per cent subsidy on matching basis to the State Governments in respect of small and marginal farmers during 1983-84, a budget provision of Rs. 1.00 crore was made for the purpose. The State Governments were repeatedly requested to furnish proposals for release of Government of India's share of subsidy. On the basis of review of progress made in the implementation of the Scheme it was decided in October, 1983 to reduce the projected target of Rs. 100 lakhs to Rs. 5 lakhs at the Revised Estimates stage. The Ministry waited for the proposals of the State Governments for subsidy till 15-3-1984 and eventually, on the basis of proposals received by then, an amount of Rs. 3.00 lakhs was further surrendered. The balance amount of Rs. 2.00 lakhs was utilised fully.

It may be observed from the above that constant monitoring had been done with regard to expenditure under the Scheme. The main reason for savings under the Scheme was the non-furnishing of the proposals by the State Governments during 1983-84.

(13) Saving of Rs. 50 lakhs was due to non-utilisation of funds for the Scheme 'National Oilseeds Development Project.'

A provision of Rs. 50.00 lakhs was made on a token basis for National Oilseeds Development Project. The object was to prepare an integrated National Oilseeds Development project integrating the different component schemes, in place of the existing Intensive Oilseeds Development Programme. The aim was to have a project approach and exploit the potentialities of increased production fully. Since the project preparation required detailed scrutiny and consultation with the State Governments and other research and development agencies it could not be given the final shape during 1983-84. Hence the amount of Rs. 50.00 lakhs was surrendered.

It might be noted that funds provided in Budget for the on-going National Oilseeds Development Project during 1984-85 were utilised to the extent of Rs. 2866.16 lakhs against Rs. thirty crores. In other words, the utilisation of funds for the Oilseeds Development programme as such was fully satisfactory (95.5 per cent).

(14) Saving of Rs. 1.22 crores was due to non-utilisation of funds for the Scheme 'Intensification of vegetable production around selected large Cities.'

During 1983-84 a sum of Rs. 122.00 lakhs was provided in the Budget of this Ministry for the Centrally Sponsored Scheme for Intensification of Vegetable Production around selected large Cities. This provision was made in the Major Head 360 of Demand No. 2 of this Department as it was proposed to take up this Scheme as a Centrally Sponsored one. However, subsequently in view of the nature of the programme which involved setting up of vegetable complexes around selected cities and close technical support and supervision, it was decided to take up this programme in the Central Sector with adequate technical support. This involved identification of suitable land in the concerned States for locating the complexes under the Scheme. The State Governments were to provide land for the purpose free of cost.

As mentioned above, the nature of the Scheme was such that a careful selection had to be made of the land where the project was to be taken up after giving due consideration to the soil conditions and other related facilities. This also required prior consultation with the State Governments and other agencies. These complexes were to serve as model for demonstrating improved horticultural practices besides producting high quality vegetable seeds of desired varieties and educate the growers/field workers in modern Horticultural practice and technology. In many cases, the land for setting up complexes offered by the State Governments was not found suitable for the purpose and efforts had to be made for locating alternative sites. It was also necessary to formulate the Scheme in such a manner that its benefits percolated to the common farmers specially small and marginal ones with assured outlet for marketing of the produce. All these factors took some time and the Scheme could not be approved in its final form during 1983-84. In the above circumstances, the amount provided in the Budget of this Ministry for this Scheme could not be utilised and had to be surrendered.

(15) Saving of Rs. 185.95 crores was on account of reduction in the quantum of imports of fertilisers and non-receipt of bills in some areas.

A provision of Rs. 707.62 crores was made in the Budget for 1983-84 for import of 30 lakh tonnes of fertilisers. However, due to a variety of reasons, like, delay in release of foreign exchange, delay in finalisation of contracts with foreign suppliers, etc., the actually receipt of fertilisers during the year 1983-84 was only 25.47 lakh tonnes which resulted in a saving of about Rs. 76 crores on account of cost of fertilisers alone. During this year, there was a drop in the prices of fertilisers in the international Market as compared to the price level that prevailed at the time of preparation of the Budget Estimates. This resulted in a saving of approximately Rs. 35 crores. With a lesser volume of arrival of fertilisers, the handling charges required to be paid to various handling agencies were also less than what was initially anticipated. This saving was about Rs. 43 crores.

While preparing the Budget Estimates for 1983-84 a provision of Rs. 25 crores had been included under the head AA. 3(1) Purchase of Fertilisers for payment towards inventory charges of Food Corporation of India but due to non-receipt of Bills alongwith necessary details from the Food Corporation of India, this payment of Rs. 25 crores could also not be arranged by 31st March, 1984. There was a further saving of Rs. 6.95 crores on account of less payment of demurrage etc. The overall saving, therefore, worked out to Rs. 185.95 crores against the Budget Estimates.

(16) There was a saving of Rs. 4.58 crores against the total provision made for Bulk Fertilisers un-loading and handling Project.

During the year 1983-84, a provision of Rs. 4.60 crores was made for expenditure under the Plan Schemes 'Development of Fertiliser Un-loading and Storage Facilities at Ports' which was a Central Sector Plan Scheme. The details of the provision were as under:—

Development of Fertiliser Un-loading and Storage Facilities at Ports

Name of Scheme with components	Outlay (Rs. in lakhs)	Expenditure
1. Haldia Project . . .	85·00	
2. Madras High-Speed Project .	265·00	—
3. Portable bagging hoppers from NORAD.	—	0·57
4. Kandla Bagged godown .	100·00	—
5. Construction of workshop/garage at Kandla.	10·00	1·74
Total :	460·00	2·31

The reasons for non-utilisation of all the provisions made in the annual plan are given, as under:—

1. *Haldia Project*

This is a joint sector project where Department of Surface Transport (formerly Ministry of Shipping and Transport) and Ministry of Agriculture are participating. The actual execution of the Project is being done by Calcutta Port Trust and overseeing of the project is by the Department of Surface Transport. The role of Ministry of Agriculture in so far as this Project is concerned is to make provision under the budget head of the Ministry of Agriculture and release the amount as and when a demand is received from the Department of Surface Transport towards the share of this Ministry. A sum of Rs. 85.00 lakhs was provided during 1983-84 in anticipation of the demand. However, the Department of Surface Transport did not make any request for release of the said amount. The Project was not being completed on time on account of several factors; one of which was that the contractors, namely, M|s Garden Reach Ship Builders and Engineers were lagging behind in keeping up the schedule. The amount provided for this project had, therefore, to be surrendered.

2. *Madras High-Speed Project.*

A sum of Rs. 265.00 lakhs was provided for expenditure on a high-speed project at Madras. This project was planned so that the handling operation of fertiliser vessels at Madras port is machanised enabling quick turn around of the vessels. Due to unexpected fall in the import of fertilisers during 1983-84, it was considered that expenditure projected in this regard will not be worthwhile since adequate number of fertiliser vessels would not be calling at the Madras port to make full use of the Project. On account of re-thinking on installation of mechanical plant, provision made had to be surrendered.

3. *Kandla Bagging Godown.*

A sum of Rs. 100.00 lakhs was provided for construction of bagging godown on the site which was to be allotted by Kandla Port Trust. We had requested Kandla Port Trust to offer us the site adjacent to existing bagging Plant so that there would be less cost in moving bagged material from the bagging plant to the godowns. However, Kandla Port Trust had offered a site at a place which was considered unsuitable. The site offered would involve extra expenditure in moving the bagged material from the bagging plant to the proposed godown to be constructed. Besides, our bagging plant was still having some problems. Due to these reasons, we had no other alternative except to give up the plan for construction of bagging godown and the amount provided had, therefore, to be surrendered.

4. *Construction of workshop|garage at Kandla.*

A sum of Rs. 10 lakhs was provided for this Scheme. The Scheme was to be implemented by the Kandla Port Trust, since the work had to be undertaken within the port premises. The Kandla Port Trust could not complete the formalities for implementing the Scheme. The provision was made in anticipation that Port Trust will be demanding the full amount for completing the Scheme. However, the Kandla Port Trust made a request only for a limited work involving an expenditure of Rs. 174 lakhs for the work which could be done during 1983-84. It was considered prudent not to release all the amount to the Kandla Port Trust and to keep the amount with us and release it as and when the project makes progress. Accordingly, the difference between Rs. 10 lakhs and Rs. 1.74 lakhs had to be surrendered during 1983-84.

(17) Saving of Rs. 2.21 crores was due to non-finalisation of the purchase of a helicopter for Agricultural Aerial Spraying Unit.

During 1983-84, a provision of Rs. 240.00 lakhs was made for the purchase of aircraft|helicopters for the Directorate of Agricultural Aviation, New Delhi. The proposal to acquire three helicopters had been approved by this Ministry on 16.6.1981. However, later on, it came to the notice of this Ministry that M|s Hindustan Aeronautics Limited had certain spare Cheetah Helicopters which they had manufactured for the I.A.F. The provision of Rs. 240.00 lakhs made in B.E. 1983-84, referred to in C&AG's Report for 1983-84 was for the purchase of three Cheetah Helicopters. The matter was further considered in the light of the facts that Cheetah Helicopters was only Turbine-Engined while the requirements of helicopters in India were both for Piston-Engined as well as Turbine-Engined helicopters because of different terrains and different altitudes at which the helicopters have to operate for aerial spraying of Crops|Plantations. After protracted deliberations, it was decided to purchase one Cheetah Helicopter readily available with HAL and two Hiller Helicopters from U.S.A. The saving of Rs. 2.21 crores in 1983-84 was thus, because of the above factors and the money was again provided in the next year's Budget, i.e., 1984-85.

II. There was a saving of Rs. 73.58 crores under Demand No. 4—Animal Husbandry and Dairy Development. Major Items of savings were as under:—

(1) Saving of Rs. 67.68 crores was due to less receipt of aid materials from European Economic Community (EEC).

On the basis of information received from Indian Dairy Corporation, the implementing agency for Operation Flood II programme, a budget provision of Rs. 50.92 crores was made under non-Plan (Major Head 267) and Rs. 50.79 crores under Plan (Major Head 311) for receipt of gift commodities from EEC. The above Budget Provisions were also meant for the Foot and Mouth Disease vaccine Plant at Hyderabad and the Foot and Mouth Disease Pilot Scheme in Nilgiris. The actual utilisation during the year 1983-84 was only Rs. 1693.31 lakhs under plan and Rs. 1685.23 lakhs under non-Plan. The savings were accordingly, Rs. 3385.88 lakhs under Plan and Rs. 3406.76 lakhs under non-Plan, making a total of Rs. 6792.64 lakhs. Re-appropriations totalling Rs.36.04 lakhs were made from these savings.

(2) Saving of Rs. 2.28 crores was due to short-fall in Grants—in-aid to Institute of Rural Management for Training of Dairy Personnel.

The Expenditure Finance Committee in its meeting held on 3-3-1982 had approved the Scheme for setting up of Institute of Rural Management, Anand (IRMA) at an estimated cost of Rs. 467.00 lakhs, comprising Rs. 50.00 lakhs under Operation Flood II, Rs. 20.00 lakhs as grant from Ford Foundation and the balance amount of Rs. 397.00 lakhs as assistance from the Swiss Government. A provision of Rs. 500.00 lakhs was made in the Budget for 1983-84 for IRMA keeping in view the enhanced financial assistance agreed to by the Government of Switzerland in terms of the agreement signed on 11-12-1982. As all the formalities for seeking approval of EFC for enhanced outlay could not be completed in time, the provision of Rs. 500.00 lakhs in B.E. 1983-84 was reduced to Rs. 272.00 lakhs in R.E. 1983-84 so that the overall release of funds to IRMA against Swiss assistance would not exceed the approved amount of Swiss assistance of Rs. 397.00 lakhs after taking into account the release of Rs. 125.00 lakhs made in earlier years. In the circumstances, there was a saving of Rs. 228.00 lakhs in Grants-in-aid to IRMA during 1983-84.

(3) Saving of Rs. 1.37 crores was due to less Demand made by the State Governments for cross breeding of cattle with exotic dairy breeds, etc.

A budget provision of Rs. 377.50 lakhs was made in 1983-84 for providing financial assistance to the State Governments under the Scheme 'Cross Breeding of Cattle with exotic dairy breeds and improvement of buffaloes using Frozen Semen technique outside Operation Flood areas.' The assistance was to be released to State Governments on hundred per cent basis for developing|creating necessary infrastructure for introducing Frozen Semen Technology under the Scheme. In all, proposals for assistance were received from 10 States. It was noticed that some of the proposals received were not complete in that (i) some of them were not cleared formally by the State Governments and (ii) in some others it could not be certified that the areas proposed to be covered under the Project were outside Operation Flood as per conditions of the Scheme. Accordingly, the Projects from Jammu and Kashmir, West Bengal, Meghalaya and Manipur could not be sanctioned. Anticipating a lesser demand for assistance. the requirements of funds were reduced to Rs. 240.34 lakhs in the R.E. 1983-84. There was, therefore a saving of Rs. 1.37 crores.

(4) In the Capital Section of the Grant (Charged), a saving of Rs. 44.25 lakhs occurred under the Scheme 'Assistance to State Governments for New Dairies.' due mainly to the non-finalisation of the revised cost of Projects.

(5) In the Capital Section of the Grant (Voted), saving occurred to the extent of Rs. 100.00 lakhs under the Scheme 'Investment in Slaughter Houses Corporation' due to non-implementation of the Scheme and Rs. 129.66 lakhs under the Scheme 'Capital Outlay on Dairy Development' due to purchase of less machinery than anticipated.

As regards remedial/corrective action taken to avoid savings in the grant instructions are issued every year regarding the need for preparing the Budget Estimates in a realistic manner. The savings referred to in the preceeding paragraphs have occurred due to:—

(i) Non finalisation of Schemes;

(ii) Non receipt of aid materials from abroad;

(iii) Fall in international prices of fertilisers and reduction in the quantum of imports keeping in view indigenous production as also consumption, after the finalisation of the Budget Estimates;

(iv) Non filling up of vacant posts due to the economy instructions received from the Ministry of Finance; and

(v) Delay in receipt of proposals for grant-in-aid, etc., from State Governments, autonomous bodies, etc.

As regards (i) instructions have been issued recently by the Ministry of Finance that no provision should be made for Schemes without a pre budget scrutiny unless circumstances are exceptional. Strict enforcement of this will in future eliminate savings on the account. Item (ii) is not strictly within the control of this Department as delay in receipt of the aid materials budgeted for is due to delay on the part of the foreign agency, delay in shipment, etc. However, instructions are being issued to ensure close coordination with the foreign agency and for the preparation of Budget Estimates on as realistic a basis as possible. Item (iii) is not within the control of this Department as the quantum of imports may need to be varied after the Budget Estimates have been finalised, keeping in view various post budget factors, like-wise fall in the international prices of fertilisers is due to fluctuations in the value of the dollar and is beyond our control. As regards item (iv) orders regarding the ban on filling up of vacancies are being modified from time to time. Instructions are being issued to ensure that Budget Estimates are prepared keeping in view the latest instructions of the Ministry of Finance, so that budget provision is made only for posts likely to be filled up. As regards item (v), instructions will be issued to ensure that there is effective coordination with State Governments, autonomous bodies etc., so that their proposals are received well in time, etc., and that budget provision for grants-in-aid, etc., are not surrendered, due to proposals not being received.

[Department of Agriculture & Cooperation File No. 1-2/86-Budget dt. 4-6-1996]

ANNEXURE-I

TELEX

FROM

S. P. MUKERJI
SECRETARY TO THE GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE
NEW DELHI.

TO

THE CHIEF SECRETARY
GOVERNMENT OF
THE AGRICULTURE PRODUCTION COMMISSIONER
GOVERNMENT OF

NO. 214/SECY (A&C) /83 APRIL 30, 1983

REFERENCE MY TELEX MESSAGE NO. 196/SECY (A&C) /83 OF THE 22ND APRIL 1983 ON PRIME MINISTER'S PROGRAMME OF ASSISTANCE TO SMALL AND MARGINAL FARMERS FOR AGRICULTURAL PRODUCTION (.) ON THE BASIS OF NUMBER OF BLOCKS IN YOUR STATE AND RUPEES FIVE LAKHS PER BLOCK THE TOTAL ALLOCATION FOR YOUR STATE IS ——————————————————

THE CENTRAL SHARE IS———— TO BE MATCHED BY AN EQUAL AMOUNT BY THE STATE GOVERNMENT (.) KINDLY CONFIRM BY THE 10TH MAY 1983 THAT THE STATE GOVERNMENT WILL PROVIDE FOR THEIR SHARE OF———————— FOR 1983-84 (.) IF THE STATE GOVERNMENT IS NOT ABLE TO PROVIDE FOR THIS AMOUNT THE AMOUNT WHICH THEY WILL PROVIDE MAY BE INDICATED AND THE SHARE OF THE CENTRAL GOVERNMENT WILL BE REDUCED ACCORDINGLY (.) IF THE STATE GOVERNMENT IS PREPARED TO GIVE MORE THAN THE MATCHING SHARE THE SAME ALSO CAN BE INDICATED SO THAT THE POSSIBILITY OF INCREASING CENTRAL SHARE IS CONSIDERED (.) IF NO REPLY IS RECEIVED TELEGRAPHICALLY OR OTHERWISE BY THE 10TH MAY 1983 IT WILL BE PRESUMED THAT THE STATE GOVERNMENT CANNOT PROVIDE FOR ANY MATCHING CONTRIBUTION (.) IN THAT CASE THE CENTRAL SHARE FOR YOUR STATE MAY HAVE TO BE DIVERTED TO SOME OTHER

STATE WHICH IS WILLING TO PROVIDE MORE FUNDS FOR THIS PROGRAMME

N. T. T. Sd/- S. P. Mukerji

Secretary (Agri. & Coopn.)

Copy by post in confirmation to:

1. Chief Secretary to the Government of......
2. Agriculture Production Commissioner, Government of......

Copy also to:

1. Shri M. G. Padhye, Secretary, Ministry of Irrigation, New Delhi.

2. Shri A. K. Majumdar, Secretary, Ministry of Rural Development, New Delhi.

3. Shri M. Narasimham, Secretary, Deptt. of Economic Affairs, New Delhi.

4. Shri K. V. Ramanathan, Secretary, Planning Commission, New Delhi.

5. Shri T. R. Satish Chandran, Secretary, Deptt. of Power, New Delhi.

6. Shri K. P. A. Menon, Chairman, National Seeds Corporation, New Delhi.

7. Shri P. S. Kohli, Addl. Secy. (K), Deptt. of Agri. & Coopn., New Delhi.

8. Shri K. C. S. Acharya, Addl. Secy. (A), Deptt. of Agri. & Coopn., New Delhi.

9. Shri N. D. Bachketi, I. G. F., Deptt. of Agri. & Coopn., New Delhi.

10. Shri Harbans Singh, A. C., Deptt. of Agri. & Coopn., New Delhi.

11. Shri M. Subramanian, Addl. Secretary (A), Ministry of Rural Development.

12. Shri K. P. Geotha Krishnan, Jt. Secy. (Plan Finance), Deptt. of Expenditure.

13. Shri K. N. Ardhanareeswaran, J.S. (C&DD), Deptt. of Agri. & Coopn.

14. Shri M. S. Chahal, Jt. Secy. (Fort.) Deptt. of Agri. & Coopn.

15. Shri H. L. Chawala, E. S. A., Deptt. of Agri. & Coopn.

16. Shri P. D. Srivastava, Commr. (Coord.), Deptt. of Agri. & Coopn.

17. Shri M. Y. Priolkar, F.A. & J.S., Deptt. of Agri. & Coopn.

18. Shri S. S. Chauhan, Addl. Commr. (Oil Seeds), Deptt. of Agri. & Coopn.

19. Shri R. S. Saxena, Chief Engineer (Minor Irrigation), Min. of Irrigation.

Sd/- S. P. Mukerjee

Secretary (Agri. & Coopn.)

State/U.T.	Total number of Blocks in the State	Funds to be allocated @ Rs. 5.0 lakh per block	Central share
		Rs. in crores	Rs. in crores
1. Andhra Pradesh	324	16·20	8·100
2. Assam	134	6·70	3·350
3. Bihar	587	29·35	14·675
4. Gujarat	218	10·90	5·450
5. Haryana	87	4·35	2·175
6. Himachal Pradesh	69	3·45	1·725
7. Jammu & Kashmir	75	3·75	1·875
8. Karnataka	175	8·75	4·375
9. Kerala	144	7·20	3·600
10. Madhya Pradesh	458	22·90	11·450
11. Maharashtra	296	14·80	7·400
12. Manipur	26	1·30	0·650

	Rs. in crores	Rs. in crores	
13. Meghalaya	24	1·20	0·600
14. Nagaland	21	1·05	0·525
15. Orissa	314	15·70	7·850
16. Punjab	117	5·85	2·925
17. Rajasthan	232	11·60	5·800
18. Sikkim	4	0·20	0·100
19. Tamil Nadu	377	18·85	9·425
20. Tripura	17	0·85	0·425
21. Uttar Pradesh	876	43·80	21·900
22. West Bengal	335	16·75	8·375
23. Andaman & Nicobar Islands	5	0·25	0·125
24. Arunachal Pradesh	48	2·40	1·200
25. Chandigarh	1	0·05	0·025
26. Dadra & Nagar Haveli	1	0·05	0·025
27. Delhi	5	0·25	0·125
28. Goa, Daman & Diu	12	0·60	0·300
29. Lakshadweep	5	0·25	0·125
30. Mizoram	20	1·00	0·500
31. Pondicherry	4	0·20	0·100
Total :	5011	250·55	125·275
		or say 250·00	or say 125·00

Further information

Out of 25 Atomic Absorption Spectrophotometers (AAS) imported under Indo-U.K. Bilateral Programme, 24 were distributed to 18 State Government Laboratories and one to the Central Laboratory at Faridabad. These Spectrophotometers being very sophisticated electronic equipments needed special facilities for proper working. The State Governments were to provide the pre-installation facilities, like, airconditioning LPG/Acetylene gas, air compressor, fume hood and stabilisers. The State Governments *took considerable time to* provide all these pre-installation facilities. After these facilities were provided, 22 AAS had been installed till 1985-86. One more has been installed at Patna in the current year. The 2 remaining laboratories at Gauhati (Assam) and Meerut (UP) had been inspected for installation of the equipment. These could not, however, be installed due to lack pre-installation facilities to be provided by these two State Governments and breakage of a few parts of the equipment at both these places. However, the staff of both these laboratories were trained in handling of these sophisticated equipment through a training programme organised by the Government of India. These two State Governments are being persuaded to provide the pre-installation facilities as early as possible and steps are being taken to repair/replace the broken parts of the equipment for early installation of the equipment.

[Department of Agriculture & Cooperation File No. 1-2/86-Budget Dt. 8-8-1986]

Recommendations

The aggregate excess expenditure of Rs. 59.2 crores was incurred by the Ministry of Defence under three Grants viz., Grant No. 20 (Revenue Section)—Defence Services (Navy) (Rs. 15.87 crores), Grant No. 22 (Revenue Section)—Defence Services (Pensions) (Rs. 15.26 crores) and Grant No. 23 (Capital Section)—Capital outlay on Defence Services (Rs. 28.07 crores). The excess of Rs. 15.87 crores under Grant No. 20—Defence Services (Navy) was mainly attributable to the excess of Rs. 0.60 crore under the Sub-Head A. 1—Pay & Allowance Rs. 0.21 crore under the Sub-Head A. 4—Transportation, Rs. 12.71 crores under the Sub-Head A. 5—Stores, Rs. 1.17 crores under the Sub-Head A. 6—Works and Rs. 1.06 crores under the Sub-Head A.7—Other expenditure. Similarly, under Grant No. 22 Defence Services (Pensions) the excess of Rs. 15.26 crores was attributable to the excess of Rs. 17.86 crores under Sub-Head A. 1(1)—Pensions and other retirement benefits of Army and Rs. 2.76 crores under the Sub-Head A. 3(1)—Pensions and other retirement benefits of Air Force. The excess of Rs. 28.07 crores under Grant No. 23—Capital Outlay on Defence Services was mainly attributable to excesses of Rs. 1488 crores under Sub-Head A. 1(1)—Army (Land), Rs. 2.50 crores under Sub-Head A. 1(2)—Army (Construction Works). Rs. 4.92 crores under Sub-Head A. 2(2)—Navy (Construction Works), Rs. 14.55 crores under Sub-Head A. 2(3)—Naval Fleet, Rs. 1.38 crores under Sub-Head A. 2(4)—Naval Dockyards and excess of Rs. 13.17 crores under Sub-Head A. 4(2)—Ordnance Factories machinery and equipment.

While no Supplementary Grant was obtained in the case of Grant No. 23—Capital Outlay on Defence Services, Supplementary Grants of Rs. 47.4 crores and Rs. 16.77 crores were obtained under the other two Grants No. 20—Defence Services (Navy) and 22—Defence Services (Pensions), respectively. The excess expenditure which occurred under Grant Nos. 20 and 22 constitutes 33.50 per cent and 90.99 per cent of the Supplementary Grants, respectively. This has happened in spite of the reappropriation under some heads. This shows how unrealistic the revised estimates of these two Grants were. The Ministry have informed the Committee that the High Level Official Committee set up under the Chairmanship of the Controller General of Accounts to review the financial systems in three Departments, namely, Defence, Railways and Posts and Telegraphs has since submitted its Report.

In its Report the High Level Official Committee has expressed the opinion that for a proper budgetary control it is necessary to provide a system under which reliable data may become available with utmost promptitude for periodical, meaningful and purposeful financial reviews at all levels. Keeping in view the large number of spending units scattered all over the country, that Committee has rightly recommended that recording of expenditure and preparation of connected compilations should be computerised at the earliest. The Committee would like to be apprised of the action taken by Government to implement the above recommendations of the High Level Committee and results achieved thereby.

[S. Nos. 7, 8 & 9 of Appendix XII, Paras 2.23, 2.24 and 2.25 of 17th Report of PAC 8th Lok Sabha 1985-86]

Action Taken

The relevant recommendation of the High Level Official Committee set up under the Chairmanship of the Controller General of Accounts to review the financial systems in the three departments *viz.* Defence, Railways and Posts & Telegraphs has been circulated to all concerned for strict compliance. As regards the computerisation of recording of Defence expenditure, the Department switched over to computers in the early seventies itself. To expand and modernise the same, the Department is setting up a number of computers at nodal stations. Apart from the computerisation aspect, a number of measures have been taken to identify and arrest the trend of belated bookings. The following areas contribute largely to belated booking:—

(a) Purchases through Central Purchase Organisation.

(b) Expenditure incurred by other Ministries on behalf of the Defence Services such as Ministry of Railways, External Affairs etc.

(c) Pension disbursement by Civil treasuries and Post Offices, accounts of which are not rendered to the CDA (Pensions) in time to enable him to compile the expenditure.

For items under 'a' and 'b' the concerned Ministries/Departments have been addressed to strictly follow the time schedule for rendering the accounts. Regarding 'c' the issue has been taken up with the States furnishing details of the defaulting treasuries. With these measures it is expected that there will be improvement in the booking of expenditure.

[M/o Defence F. No. 10(7)/BI/84 dated 19-3-2986]

Recommendation

The Committee note that four Grants (Nos. 4, 9, 10 & 13) administered by the Ministry of Railways recorded an excess expenditure aggregating Rs. 34.67 crores during the year 1983-84. While the excess expenditure under Grant No. 4—Working expenses—repairs and maintenance of permanent way and works (Rs. 0.77 crores) and Grant No. 9—operating expenses—traffic (Rs. 1.86 crores) constituted 0.18 per cent and 0.43 per cent of the total sanctioned provision of Rs. 431.14 crores and Rs. 433.07 crores, respectively, the excess expenditure under the other two Grants *viz.*, Grant No. 10 Operating expenses—fuel (Rs. 26.36 crores) and Grant No. 13 Provident Fund, pension and other retirement benefits (Rs. 5.67 crores) constituted 3.11 per cent and 2.59 per cent of the total sanctioned Grants of Rs. 848.37 crores and Rs. 218.79 crores, respectively. The Committee find that even supplementary grants obtained by the Ministry of Railways proved to be inadequate. The most glaring example of unrealistic estimates by the Ministry before obtaining Supplementary Grants in March 1984, was that of Grant No. 10—Operating Expenses—fuel. Under this Grant the excess expenditure (Rs. 26.36 crores) constituted 69.5 per cent of the supplementary grant (Rs. 37.91 crores). The Committee find that there is still need for improvement in the mechanism of framing of the budget estimates/revised estimates on rational basis. The Committee, however, note that a High Level Official Committee set up by Government under the Chairmanship of Controller General of Accounts to review the financial systems of three Departments, namely, Railway, Defence and Posts and Telegraphs inter alia recommended computerisation of data for periodical, meaningful and purposeful financial reviews at all levels and also for preparation of connected compilation. The Ministry of Railways have informed that "such reviews based on computerised data is undertaken even now on some Railways. Its extension to cover all railways at appropriate levels is already envisaged for which purpose computer software is being developed to suit the new computers replacing the existing outdated machines". The Committee hope that with the implementation of the proposed measures the Ministry of Railways would be able to overcome the problem of excess expenditure.

[S. No. 10, Appendix XII, para 2.30 of 17th Report of PAC—VIII Lok Sabha 1985-86]

Action Taken

The observations of the Committee are noted.

2. In this connection, it may be stated that in the 'Action Taken Note' on para 2.61 of the recommendations of the Public Accounts Committee contained in their 121st Report for 1982-83, the measures taken by the Government to tighten the expenditure control machinery and to avoid recurrence of excess expenditure were outlined.

During 1983-84, against the total excess of Rs. 34.67 crores under Demands 4, 9, 10 & 13, Demand No. 10—Operating Expenses (Fuel) has accounted for an excess of Rs. 26.36 crores (3.11 per cent). This was mainly due to increase in traffic and consequent increase in consumption of both Coal and Diesel oil and adjustment of their Cost at a higher average rate. The excess of Rs. 5.67 crores (2.59 per cent) under Demand No. 13 was mainly on account of more expenditure on Superannuation/Retiring Pension and Commuted Pension. The excess under Demand No. 4 & 9 was marginal *viz.* 0.18 per cent and 0.43 per cent respectively.

3. As a result of the steps already taken by Government, the spending authorities have been made fully aware of the need to avoid excess over the voted grants. In addition, a computerised system for prompt and purposeful financial review has already been developed and implemented on one of the Zonal Railways. The same system would be extended on other Railways soon after the new computers are installed.

This has been seen by Audit.

[Ministry of Transport, Department of Railway (Railway Board)'s O.M. No. 86-BC-PAC/VIII/17 dated 16-6-1986]

Recommendation

Subject to the observations contained in the preceding Paragraphs of the Report, the Committee recommend that the expenditure referred to in Paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115(1) (b) of the Constitution of India.

[Serial No. 11 Appendix XII para 2.31 of 17th Report of the Public Accounts Committee (8th Lok Sabha)]

Action Taken

The Demands for Excess Grants (excluding Railways) for 1983-84 were passed by the Lok Sabha on 17th March, 1986. The connected Appropriation Bill, as passed by the Lok Sabha on 17th March, 1986 and returned by the Rajya Sabha on 20th March, 1986 was assented to by the President on 25th March, 1986.

[Ministry of Finance (DEA) O.M. No. F.7(34)-B(RA)|85 dated 16-4-1986]

Recommendation

Despite the Committee's repeated exhortations made from time to time in their various earlier reports for timely submission of action taken notes, the Ministries/Departments of Government of India are yet to show improvement in this regard. Out of 15 action taken notes required to be furnished by the Ministries on the recommendations contained in 222nd Report of Public Accounts Committee (7th Lok Sabha), only 6 action taken notes were furnished within the prescribed time *i.e.*, within six months after the presentation of the Report to the House. Six action taken notes were furnished within the extended period and three action taken notes *i.e.* one each by the Ministry of Railways, Ministry of Communications and Ministry of Home Affairs, were furnished after the expiry of the extended period. The Committee once again like to emphasise the need for finalisation of the action taken notes by the Ministries and Departments of Government of India with utmost expedition and furnishing the same within the prescribed period. The Committee hope that the Ministy would take necessary steps in this regard.

[Serial No. 13—Appendix XII—Para 3.4 of the 17th Report of the Public Accounts Committee (8th Lok Sabha)]

Action Taken

Ministry of Finance

The observations made by the Public Accounts Committee have been circulated amongst the Ministries/Departments with a view to ensuring that the Action Taken Notes (duly vetted by Audit) are finalised and submitted to the Lok Sabha Secretariat within the prescribed period of 6 months after the presentation of the Report to the Lok Sabha vide this Ministry's Office Memorandum No. F. 12(7)-E(Coord)/85 dated the 10th January, 1986. (Annexure).

[Ministry of Finance, Department of Expenditure, *F. No. 12(7)—E* (Coord)|85 dated the 11th February, 1986]

ANNEXURE

No. F.12(7)-E(Coord)|85

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

New Delhi, the 10th January, 1986.

OFFICE MEMORANDUM

SUBJECT.—*17th Report of the Public Accounts Committee* (1985-86) *(8th Lok Sabha)—Timely submission of Action Taken Notes.*

The undersigned is directed to forward herewith for information and necessary action the extracts of paragraph 3.4 (recommendation No. 13 in Appendix XII)* of the Public Accounts Committee Report mentioned above. It will be observed therefrom that the Public Accounts Committee has taken a serious view of the delays on the part of the Government in initiating and reporting Action Taken on their recommendations|observations in time.

2. In view of the importance and urgency for finalisation of Action on the recommendations|observations of the Public Accounts Committee, this Ministry has been requesting the various Ministries| Departments from time to time for ensuring that the Action Taken Notes are submitted within the prescribed period of six months

*Reproduced above.

from the date the relevant PAC Report is presented to the Lok Sabha. Attention in this connection is invited to this Ministry's Office Memoranda noted in the margin. The Ministries/Departments of the Government of India are once again requested to ensure that the Action Taken Notes (duly vetted by Audit) should be finalised and submitted to the Lok Sabha Secretariat within the prescribed period of six months.

No. F.12(24)-E(Coord)/76 dated the 28th July, 1976.

No. F.12(38)-E(Coord)|76 dated the 18th January, 1977.

No. F.12(2)-E(Coord)|78 dt. 19-6-78

No. F.12(12)-E(Coord)/78 dt 26-10-78

No. F.12(4)-E(Coord)|79 dt. 30-6-79

No. F.12(16)-E(Coord)|78 dt. 14-4-81

(M. S. MATHUR)
Director

To

All Ministries|Departments of the Government of India.

Ministry of Communications

(Deptt. of Telecommunications)

PAC recommendations have been noted. All efforts will be made to ensure submission of the ATNs within the prescribed period.

This has been vetted by Audit *vide* their U.O.No. RR|Co-ordn|ATNS/85-86/1360 dated 24-3-86.

Deptt. of Railways

The Committee's recommendations has been noted. In order to avoid delays of this nature, instructions (Annexure) have since been issued to all concerned in this Department for ensuring timely submission of Action Taken Notes on the Committee's recommendations.

[Ministry of Transport, Department of Railways (Railway Board)'s O.M. No. 85-BC-PAC/VIII/17 dated19-6-86]

ANNEXURE

GOVERNMENT OF INDIA|BHARAT SARKAR

MINISTRY OF TRANSPORT/PARIWAHAN MANTRALAYA

DEPARTMENT OF RAILWAYS|RAIL VIBHAG

(Railway Board)

OFFICE ORDER NO. 39 OF 1986

SUBJECT.—*Disposal of Audit paras|recommendations of Public Accounts Committee*

It has come to Board's notice that Audit Paras, Recommendations of the Public Accounts Committee and other Parliamentary Committees are not disposed of within the prescribed time limit. Although the delay in finalisation of such cases has been taken up from time to time by the Public Accounts Committee and the Addl. Dy. Comptroller & Auditor General of India (Railways), the situation continues to be unsatisfactoy. The Public Accounts Committee (8th Lok Sabha) in their 12th Report, while taking a serious view of the careless manner in dealing with their recommendations, have urged that in all cases of inordinate delays, the officials concerned should be taken up for disciplinary action.

2. It is well-known that the recommendations of the Public Accounts Committee Audit Paras and other related issues should be accorded utmost importance and promptitude. Whenever an irregularity is brought to the notice by Audit either through Draft Para or Review Note, remedial action, wherever necessary, ought to be taken immediately to prevent recurrence of such cases. It has been observed that these cases are processed in a routine manner resulting in financial loss to the Railways due to delayed action in arresting accumulation of overpayments etc. In case any additional information is necessary to deal with the aforesaid issues the same may be obtained either through telephone or through personal discusscion with the concerned Officer of the Railways. The cases should be processed with a sense of urgency at a sufficiently high level.

3. The principal reason for delay in finalisation of Action Taken Notes on the recommendations of the Public Accounts Committee is the unduly long time taken for securing vetting by Audit due to our Department's reply being incomplete or too general which

results in such cases being shuttled to and from Audit. It is, therefore, imperative that our Action Taken Notes on the Committee's recommendations should satisfactorily and in sufficient detail answer the points raised, backed up with adequate and verified data.

4. All Executive Directors may, therefore, please ensure scrupulous adherence to the following time-frame:—

(i)	Disposal of Drafts Paras	:	3 weeks
(ii)	Finalisation of Action Taken Notes on Audit Paras.	:	1 month from the date of presentation of the Report.
(iii)	Finalisation of Action Taken Notes on Public Accounts Committee's recommendations.	:	6 months from the date of presentation of the Report (including time taken for Audit vetting).

5. In order to ensure effective handling, an Officer may be nominated in each Directorate to oversee the progress in the disposal of these cases. A special drive needs to be launched to clear on priority the present backlog in this office.

(Hindi version will follow)

(A. N. WANCHOO)
Secretary, Railway Board.

No. 85-BC-Genl|1
Dated 2-5-1986
To

All Executive Directors.
All Officers and Branches in Board's Office.

Recommendation

The High Level Committee has, after making, an indepth study of the financial system 3 sectors Railways, Defence and Posts and Telegraphs, made valuable recommendations, the implementation of which should go a long way in over-coming the problem of excess expenditure. The Ministries of Railways and Defence have initiated action for implementation of the recommendations of that Committee. The Ministry of Communications have not yet intimated the action taken by them on those recommendations. The Committee hope that the Ministry of Communications should have by now processed the recommendations made in the Report of the High Level Official Committee. The Committee would like to know the action taken or proposed to be taken by the Ministry of Communications on the recommendation of that Committee.

[Sl. No. 14 Appendix XII, Para 3.8 of Seventeenth report of PAC (Eighth Lok Sabha)]

Action Taken

Action has been taken on the recommendations of the Committee set up to conduct an indepth review of financial system in Defence, Railways and P&T and instructions have been issued to all the units (Copies enclosed).

A report is enclosed. (Annexure)

As regards para 8 of the report of the Committee regarding computerisation, a decision has been taken to computerise recording of expenditure and preparation of connected compilation in the central office in the first instance. The modalities are being worked out.

This has been vetted by Audit *vide* their U.O. No. URIII/1(8) 406|Ch.II-1982-83 (General) Vol. II|328 Dated 12-3-86 with the following observation:

> "The position may be reviewed after a year to see how far the instructions issued by the department on the recommendations of the High Level Officials Committee have been effective and results reported to the PAC/Audit".

This will be done.

[M|o Communications (Deptt. of Telecommunications) U.O. No. 6-1|83-CB(PT) dt. 3-4-1986]

ANNEXURE

A copy of the report of the Committee appointed to examine the financial system of the P&T, Defence & Railways was received from the Ministry of Finance with O.M. dated 7-2-85.

The major recommendations of the Committee in relation to P&T Department are as follows:—

(i) Liability registers as prescribed in the general financial rules should be maintained properly and up dated from time to time and the progress of supplies|payments periodically monitored so that there is no excess on account of factors like over materialisation of supplies, receipt of stores earlier than anticipated or receipt of reimbursement claim at the fag end of the year when possibly there is no scope for providing additional funds by obtaining supplementary Grants.

(ii) Acceleration of works should not result in larger payments than those budgetted for, if the progress of execution of works is reviewed periodically, the budget provision can always be modified suitably taking into account quantum of work already executed during the year and that expected during the rest of the year.

(iii) The tendency of the spending units to assume that additional funds to take care of some of the more important post budgetary factors will be provided at the RE stage and to incur expenditure in anticipation of such provision should be curbed.

(iv) Recording of expenditure and preparation of connected compilation should be computerised at the earliest.

(v) Budgetary impact of additional D.A. etc. should be worked out accurately.

Action Taken

(i) Liability registers are maintained in the Department under rule 786 of P&T manual volume II and rule 193 of P&T Financial hand book volume III. Instructions have been issued to the units to strictly ensure that the register is maintained upto date in all the units and liabilities are fully taken into account in projecting budget estimates and while examining availability of funds before incurring expenditure against allotments. A copy of the circular issued is enclosed.

(ii) Even before the convening of the High Power Committee and finalisation of its recommendations action had been taken in the Department to avoid excess of expenditure over allotment. A copy of a D.O. letter No. 6-1|83-CB dated 14-12-83 issued by the Secy (C) to each head of circle by name is enclosed. As a result of such action the variation in expenditure in 1983-84 was within 0.7 per cent of the sanctioned grant. In 1984-85, field units were again instructed to ensure strict control over expenditure against allotment. Copies of circulars letters (i) No. 6-1|83-CB Dated 30-4-84, over the signature of DDG(PF) to all Heads of Circle (ii) D.O. No. 6-1|83-CB Dated 26-11-84 from Member (F) to Heads of Circles which had exceeded allotment in earlier year, (iii) D.O. No. 6-1|83-CB Dated 26-11-84 from Member (Finance) to all Heads of Circles and (iv) No. 9-6|84-W (P&T) Dated 31-1-85 from Member (Admn) to all Superintending Engineers (Civil) are enclosed. In the light of the Committee's recommendations circulars reiterating the earlier instructions have again been issued under number 13-1|84-CB Dated 20-12-85. Copies thereof are enclosed.

(iii) Instructions have also been issued to the Heads of Circles to review the progress of projects and expenditure thereon methodically to enable correct assessment of requirement of funds and regulation of expenditure within the allotment and to avoid incurring of expenditure in anticipation of budget provision. Copies of the instructions issued are enclosed.

(iv) A decision has been taken to computerise recording of expenditure and preparation of connected compilation of the Central Office in the first instance. The modalities are being worked out.

(v) Instructions to work out budgetary impact of additional Dearness Allowance and similar items more accurately have been noted for future guidance.

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATION

DEPARTMENT OF TELECOMMUNICATIONS

No. 6-1|83-CB Dated, at New Delhi, the 20-12-85

SUBJECT.—*Measures to avoid excess of expenditure over budget allotments maintenance of a liability register.*

As per Government of India decision No. 1 below rule 71 of the General Financial Rules, any subordinate authority incurring expenditure will be responsible for seeing that the allotment placed at its disposal is not exceeded and where any excess over allotment is apprehended, for obtaining additional allotment before incurring the excess expenditure and for this purpose the authorities incurring expenditure should maintain a liability register in form G.F.R. 6. Again as per rule 786 of P&T Manual Volume II accepted liabilities should also be taken into account in assessing the requirements of funds. Register of liabilities in form ACE 20 is also prescribed in rule 193 of P&T F.H.B. Volume III to take note of liabilities incurred against estimates for works.

Though the register of liabilities generally maintained, cases have come to notice where the register is not kept up-to-date. A high level Committee under the Chairmanship of Controller Generals of Accounts which examined the causes of persistent excess of expenditure over allotment in the Railways, Defence and P&T Department has pointed that if the liability register is properly maintained and timely provision is made for the liabilities. There should be no occasion for incurring excess expenditure on account of unanticipated supplies or over materialisation of stores.

It may please be ensured that the prescribed liability register is maintained properly and kept up-to-date in the Circle office as well as the subordinate units and liabilities are fully taken into account while making budget provisions and while examining availability of funds before incurring expenditure. Expenditure over allotments on the plea of unanticipated receipt of stores or equipment is liable to be viewed seriously by the Public Accounts Committee. The internal check parties should give special attention to the maintenance of liability registers and bring to the notice of the Head of the Circle any deficiency noticed in this regard. This letter may please be acknowledged to Shri Francis Director (PFR)

Sd|-
(N. BALAKRISHNAN)
for Deputy Director General (PF)

To

1. All Heads of Telecom Circles/Districts.

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATION
DEPARTMENT OF TELECOMMUNICATIONS

No. 12-1/84-CB Dated at New Delhi the 20-12-85

To

All Heads of Circles

SUBJECT—*Measures to avoid excess of expenditure over budget allotments.*

A Committee appointed in pursuance of the recommendations of the PAC under the Chairmanship of the C.G.A. to make an indepth review of the financial systems in P&T, Railways, Defence in the light of persistent excesses on sanctioned grants has been examining the reasons for variations between allotments and expenditure. One of the reasons generally adduced for excess of expenditure is accelerated progress of work. The observations of the Committee on this are as below:—

> "The Committee is also not convinced of the reasons advanced in certain cases that accelerated progress of works resulted in larger payments than those budgetted for. If the progress of execution of works is reviewed periodically, as required, the budget provision can always be modified suitably, taking into account the quantum of work already executed during the year and that expected during the rest of the year. It is common knowledge that progress of works generally picks up after the South-West monsoon is over, *i.e.* after October and the bulk of the expenditure is accounted for during the last quarter of the year".

The observations of the Committee may please be noted carefully. Instructions have already been issued by this office under No. 9-6/84-W(P&T) to all Superintending Engineers (Civil) to effectively review the position of actual expenditure against budgetary allotments before taking up new works and in the last resort to curtail expenditure on ongoing works also, if need be, and to ensure expenditure is contained within the budget allotments (Copy enclosed). You may also take up methodical review of the progress of works and of expenditure thereon to ensure that any requirement of additional funds is brought out well in time and further progress is regulated in the light of funds available. This letter may please be acknowledged to Shri Francis (DIR PFR).

Sd/-

(N. BALAKRISHNAN)

Deputy Director General (PF)

INDIAN POSTS AND TELEGRAPHS DEPARTMENTS

OFFICE OF THE DIRECTOR GENERAL, POSTS & TELEGRAPHS

No. 9-6/84-W(P&T)

Sanchar Bhavan, 20 Ashoka Road,
New Delhi, January 31, 1985

To

All Superintending Engineers,
(Civil and Electrical)

SUBJECT.—*Limiting the expenditure on building works to budgetary allocations.*

The necessity of keeping expenditure on building works within the budgetary allocations was emphasised in the office letter of even number dated the 6th March, 1984. All the Superintending Engineers were advised to keep the expenditure within the allotted funds even at the risk of temporarily stopping some selected ongoing works. It has, however, been brought to my notice that in spite of these instructions, the expenditure on building works in 1983-84 exceeded the budgetary allotment by almost 50 per cent. This is very unsatisfactory. The Public Accounts Committee has taken a very serious view of such excess expenditure.

In order to avoid recurrence of this phenomenon in 1984-85 effective steps are required to be taken right now. Before starting any work the Superintending Engineer will please ensure from the Head of the concerned Postal|Telecom Circle that adequate funds are available. All the Superintending Engineers are advised to review the position of expenditure *Vis-a-vis* the budgetary allotment under various Heads of expenditure. In case the funds allotted under a particular head of account are less than the requirements, new works under that head should not be started. If even then, the expenditure on ongoing works is likely to be in excess of the funds allotted, some selected ongoing works should be temporarily stopped. Expenditure in excess of allotted funds should not be incurred on the plea that additional funds have been sought for in the Revised Estimates.

For any deviation from the above instructions it is necessary to obtain prior approval of the Directorate and violation of the instructions will be viewed seriously.

Sd|-

(R. K. KISHORE)

Member (Administration)

Copy to:—

1. Chief Architect
2. All Chief Engineers (Civil)
3. Chief Engineer (Electrical)
4. All Heads of Postal & Telecom. Circle/Districts
5. DDG(PF)|PAF, DDG(S)|DDC (P&S)

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS

DEPARTMENT OF TELECOMMUNICATIONS

No. 13-1/84-CB Dated, at New Delhi, the 20-12-85

To

All Heads of Circles

SUBJECT.—*Appropriation accounts cases of persistent excess of expenditure over allotment under Capital Heads.*

A Committee appointed in pursuance of the recommendations of the PAC, under the Chairmanship of the Controller General of Accounts to make an indepth review of the financial systems in P&T, Railways & Defence in the light of persistant excesses over sanctioned grants has been examining the reasons for variation between allotments and expenditure. One of the reasons advanced by some units is that expenditure has been incurred during the course of the year in anticipation of additional covering allotments. The Committee could not accept the reasons as valid and has observed as follows:—

As regards the tendency of the spending authorities to assume the additional funds to take care of some of the more important post budgetary factors will be provided at the R.E. stage, the Committee can only depreciate this tendency. The Departments cannot take it for granted that additional funds would be provided and go on spending without ensuring provision of additional funds.

The observations of the Committee may please be noted and expenditure regulated strictly within allotments.

This letter may please be acknowledged.

Sd/-

(N. BALAKRISHNAN)

Deputy Director General (PF)

Copy to I.F.A.

K. Thomas Kora,
Director General

Office of the Director General
Posts and Telegraphs
New Delhi-1.
D.O. No. 6-1/83-CB
Dated the 14 Dec. 83

My dear

The Public Accounts Committee have in their 166th Report commented adversely on the excess expenditure over allotment and have emphasised the need for observing financial discipline.

The Revised allotment for 1983-84 has been issued recently. You should keep a personal watch on the expenditure to ensure that the expenditure is kept strictly within the allotment for your Circle.

With best wishes.

Yours Sincerely
Sd/-
(K. THOMAS KORA)

V. Devarajan
Member (Finance)

Office of the Director General
Posts and Telegraphs
D.O. No. 6-1/83-CB
Dated 26th Nov. 84

My dear

Please refer to Secy(C)'s D.O. letter No. 6-1/83-CB Dated 14-12-83 regarding control over expenditure. The revised allotment for the year 1984-85 is being issued separately. Please ensure that *expenditure during the current financial year is also kept strictly within the allotment for your circle.*

With best wishes.

Yours Sincerely
Sd/-
(V. DEVARAJAN)

Shri.——————————

V. Devarajan
Member (Finance)

Office of the Director General
Posts and Telegraphs
New Delhi-1.
D.O. No. 6-1/83-CB
Dated : 26th Nov. 84

My dear

Please refer to Secy(C)'s D.O. letter No. 6-1/83-CB dated 14-12-83 regarding control over expenditure. You were required to keep a personal watch on the expenditure so as to ensure that it is kept strictly within the allotment. In spite of the instructions issued, your circle exceeded the allotment during 1983-84 under Capital outlay.

2. The Public Accounts Committee has been very critical of the excess over voted grant and have specifically mentioned that expenditure over and above the allotment is unauthorised and shows lack of financial discipline.

3. The revised allotment for 1984-85 is being issued separately. I would request you to exercise stricter control during the current financial year to keep the expenditure within the allotment, as any excess over the budget allotment will be viewed with displeasure by the Govt.

With best wishes.

Yours Sincerely

Sd/-
(V. DEVARAJAN)

Shri,——————

INDIAN POSTS AND TELEGRAPHS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL POSTS AND TELEGRAPHS

No. 6-1/83-CB Dated at New Delhi, the 30th April, 1984

To

All Heads of Telecom Circles/Districts.

In a number of cases, the expenditure under stores exceeded the allotment of funds during the last two years. It appears that many Sub-Divisions and Divisions release indents for stores for petty works and minor works without taking into consideration the availability of funds and this results in the expenditure exceeding the allotment. To avoid this, it is necessary that the petty works and minor works programmes are fixed for the Divisions keeping in view the available funds. The receipt of stores and the progress of works should also be reviewed regularly to avoid over indenting of stores.

Sd/-
(N. BALAKRISHNAN)
Dy. Director General (PF)

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

Recommendations

The Committee note that excess expenditure incurred by the Ministry of Shipping and Transport in respect of Grant No. 78-roads, under Revenue Section (Voted), amounted to Rs. 33,36,832 during the year 1983-84. It is significant that but for the savings under various other heads, the real excess expenditure would have been as high as Rs. 9,67,72,880. Of all the heads, the most conspicuous excess had occurred under the head "A.2(1)(1)-Maintenance by Roads Wing", which was of the order of Rs. 8,17,35,097. This was in spite of the supplementary grant of Rs. 5 crores having been obtained, under that head, by the Ministry. The Ministry have explained that excess was mainly due to excessive repairs of the National Highways necessitated as a result of severe damage by floods/rains in various parts of the country and increase in the cost of road building material. While the Committee agree that accurate forecasting of the extent of damage likely to be caused to the roads by the unpredictable floods cannot be made, the escalation in the cost of road building materials could well be foreseen and sufficient provision made therefor.

[S. No. 5 of Appendix XII—Para 2.15 of 17th Report of P.A.C. (Eighth Lok Sabha)]

Action Taken

The Government of India are primarily responsible for the development and maintenance of roads declared as National Highways in the country. However, the works both on the development and maintenance of National Highways are being executed by the respective State/Union Territory Governments as agents of the Central Government and they are paid 9 per cent agency charges for this purpose.

The expenditure is initially incurred by the State/Union Territory Governments from their own resources and subsequently they claim reimbursements through their Accountants General from the Regional Pay & Accounts Offices of this Ministry situated in different parts of the country.

The excess of Rs. 8,17,35,097/- over the sanctioned grant of Rs. 60,00,00,000/- on the maintenance of National Highways during

1983-84 was mainly due to extensive repairs of the National Highways necessitated as a result of severe damage by floods/rains in different parts of the country and increase in the cost of road building material. As regards the Committee's observation that the escalation in the cost of road building material could well be foreseen, it may be stated that against the BE 1983-84 provision of Rs. 55.00 crores under sub-head A.2(1)(1)—Maintenance by Roads Wing, this Ministry had projected a requirement of Rs. 71.90 crores under RE 1983-84 which included Rs. 5.60 crores towards increase in the prices of material and wages. However, the Revised Estimate was agreed to at Rs. 60.00 crores due to financial constraints.

This note has been seen and vetted by Audit.

[Ministry of Transport, Department of Surface Transport (Roads Wing)'s O.M. No. RW/WA-18(5)/85, dated the 22-7-1986]

Recommendations

The Ministry have also informed the Committee that prior to 1981, the reimbursements of expenditure incurred by the State Governments for the maintenance of the National Highways were restricted to the sanctioned budget allocations. This procedure had been relaxed with a view to avoiding withholding of the claims of the State Governments. The Ministry are considering revision of existing accounting procedure in consultation with the Controller General of Accounts. The Committee be apprised of the decision taken in the matter.

[S. No. 6 of Appendix XII—Para 2.16 of 17th Report of the P.A.C. (Eighth Lok Sabha)]

Action taken

The Government of India are responsible for the development and maintenance of National Highways. The execution of the works is entrusted to the State|Union Territory Governments who initially incur the expenditure and claim reibursement through the State Accountants General against monthly accounts rendered. The budget provision for such expenditure exists only in the Central budget and not in the State Governments' Budgets. Therefore, such expenditure is not subject to the normal budgetary and accounting control of the State Governments. Since the expenditure is automatically reimbursed to the State Governments there is lack of accountability on their part. The arrangement is fraught with the risk of excess expenditure over the budget provision of the Central Government. Due to possible delay in the receipt of monthly accounts, budget savings are also likely to arise. Delay in reimbursement of funds may adversely affect the ways and means position of the State Governments.

2. To deal with the problem the Task Force appointed by the Ministry of Finance recommended that the funds for National Highway works should flow from the Consolidated Fund of India to the Consolidated Funds of the State requiring suitable budget provision in the State Budgets. A Revised Accounting Procedure was finally drawn up in consultation with the Ministry of Finance (Budget Division and the Controller General of Accounts) and the Comptroller and Auditor General of India in June, 1985.

The matter was recently considered in an inter-departmental meeting by Secretary (Expenditure) on 24th March 1986. It was decided in the meeting that in view of an almost similar time schedule and budget calendar of the Central and State Governments practical difficulties are likely to arise in routing the funds for construction and maintenance of National Highways in each financial year under each major head through the budgets of the State|Union Territory Governments. The problem would be further aggravated if there was delay in finalisation of the plan provision by the Planning Commission. Besides, this would also impair the flexibility of the Department of Surface Transport in diverting funds from the non-spending to the needy State|Union Territory Govt. Therefore, it was decided that the Revised Accounting Procedure would be difficult to implement and the existing procedure may continue. To ensure, however, that reimbursement to the State Governments is not unduly delayed, it was decided in the meeting that the existing procedure may be supplemented by 'On Account' payments to the State| Union Territory Govts. in quarterly instalments on the basis of formal sanctions by the Department of Surface Transport based on the physical and financial progress of the National Highway works in the State|Union Territory Govt. The advance paid will be adjusted on receipt of monthly account from the State Accountants General under the existing procedure.

[Ministry of Transport, Department of Surface Transport (Roads Wing)'s O.M. No. RW|WA-18(5)|85, dated the 29th July, 1986]

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

—NIL—

IV. RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES/NO REPLIES

Recommendations

The Committee note that the Capital Section (Voted) of Grant No. 34—Customs, recorded an excess of Rs. 72,70,828 during the year 1983-84. The excess expenditure occurred mainly under the sub-head "AA.1(2)—Acquisition of Ships and Vessels", which was of the order of Rs. 161.95 lakhs. This excess got reduced to Rs. 72,70,828 because of savings available under the head "AA.(1) (1)—'Major Works', of the Coast Guard Organisation. The Committee have been informed that in order to avoid excess expenditure in future (i) a Financial Planning Cell has been created within the Coast Guard Headquarters for close Monitoring of Expenditure; (ii) the Controller of Defence Accounts (Navy) has been requested to forward monthly booking statements within 10 days of the following month; and (iii) Coast Guard Over-seeing Cells at Garden Ship Builders Engineers and Mazagaon Dock Ltd. have been constituted to effectively watch and monitor the work on the ship under construction and for certifying the availability of funds on every bill preferred on Controller of Defence Accounts (Navy) by the Shipyards". The Committee hope that with the implementation of the proposed measures, the Ministry would be able to make more realistic estimates in future so as to contain excess expenditure.

[Sl. No. 4 Appendix XII Para 2.12 of 17th Report of PAC (8th Lok Sabha)]

Action taken

Action Taken awaited from the Ministry of Finance.

Recommendations

In Paragraph 2.26 of their 166th Report (7th Lok Sabha), the Public Accounts Committee (1983-84) had desired that the D.D.A. should in future strictly follow the prescribed accounting procedure in regard to remittance to the Revolving Fund. In their Action *Taken Note, the Ministry of Home Affairs* have stated that according to the accounting procedure relating to the scheme of 'Large

Scale Acquisition, Development and Disposal of Land in Delhi prescribed in 1961, all receipts are to be credited to the Revolving Fund and the expenditure is to be met out of it exclusively by drawal of cheques. This procedure remained in force till January 1966, when, due to some financial difficulties of the D.D.A., it was decided by then Financial Adviser, Delhi Administration that as a temporary measure, the D.D.A. may be allowed to utilise receipts raised on behalf of Delhi Administration towards expenditure on the clear understanding that it would remit surplus of receipts over expenditure regularly. The Government of India were approached by the Delhi Administration in 1976 for regularisation of the above relaxation, but the Ministry of Works and Housing did not agree. However, the D.D.A. did not discontinue the practice of utilising the receipts directly, not did it regularly remit the surplus of receipts to the Revolving Fund. In the circumstances, the Administration was left with no option but to show the withheld funds as advance to the D.D.A. resulting in excess expenditure. The matter was examined in consultation with the Controller of Accounts, Delhi Administration and it was suggested to the D.D.A. that surplus of receipts over budgeted figure may be deposited in the Revolving Fund after restricting the advances to their Development Divisions to the extent of budgeted allotment. Finance Member, D.D.A. however expressed some practical difficulties in adopting this procedure and suggested that there should be a quarterly reconciliation of figures and the final overall cash settlement may take place in June each year. The Ministry of Home Affairs have stated that the Delhi Administration is being requested to hold a meeting with the representatives of the Ministry of Works and Housing and the D.D.A. to take a final decision on the point whether the prescribed procedure should be enforced or some relaxation has to be made. While the Committee desire that a final decision on the point may be taken without any further loss of time, they cannot help observing with regret that a subordinate statutory authority like the D.D.A. should have been allowed to become a law upto itself and allowed to continue to contravene the prescribed accounting procedure with impunity for 18 long years and both the Delhi Administration and the Union Government should have acted only as helpless spectators all along.

[Sl. No. 12 (Appendix XIX) Para 3.8 of 222nd Report of P.A.C. (7th Lok Sabha)]

Action taken

A meeting was arranged by the Ministry of Works and Housing with the senior officers of the Land and Building Department, Delhi Administration, Delhi Development Authority and Ministry of Finance including the representative of the Controller General of Accounts. A view was taken in this meeting that D.D.A. should be able to revert to the prescribed procedure of June, 1961 prospectively at some reasonable time, if not immediately. The Ministry of Works and Housing has now intimated that according to Vice Chairman's report, he does not consider it possible for the D.D.A. to revert to the prescribed procedure. He has suggested that it could be possible for the D.D.A. to have quarterly reconciliation of their accounts, to work out the total receipts and advances (expenditure) from time to time as also at the end of the financial year. The difference between the total receipts and the advances can be settled by cash payments by D.D.A. before the financial year closes.

The procedure suggested by the Vice-Chairman, D.D.A. is acceptable to Delhi Administration and the Ministry of Works and Housing for being adopted immediately. That Ministry have requested Secretary (Expenditure) with the approval of their Financial Adviser to agree to the modified procedure now suggested by the D.D.A. The P.A.C. will be informed as soon as the Secretary (Expenditure) accords his approval in the matter.

This Note has been seen by the Audit.

[Ministry of Home Affairs U.O. No. 15030/2/83-Ac.II dated 25-7-1985]

Further information.

Awaited

APPENDIX X

STATEMENT OF RECOMMENDATIONS AND OBSERVATIONS

Sl. No.	Para No.	Ministry/Department	Recommendations/observations
1	2	3	4
1	2·6	Finance (Deptt. of Expenditure)	The Committee are glad to observe that during the last 5 years, i.e., 1980-81 to 1984-85, there was noticeable decline in the aggregate amount of excess expenditure as well as in the number of Grants|Charged Appropriations that recorded excess expenditure during the year 1984-85. The excess expenditure of Rs. 462.69 crores was at its peak during 1981-82 and it was reduced to Rs. 64.87 crores during 1984-85. The number of grants which registered excess expenditure during the years 1980-81, 1981-82, 1982-83, and 1983-84 were 27,20,21 and 12 respectively, while the number of grants which registered excess expenditure during 1984-85 were 9. It would seem that the Ministries|Departments of Government of India have begun to realise that excess expenditure is tantamount to unauthorised expenditure and lack of financial discipline. The Committee hope that the Ministries would further tighten their financial control and see that the declining trend is sustained. The Committee of course would like to see excess expenditure being eliminated altogether.
2	2·7	Railways	According to the time schedule, the Explanatory Notes on Excesses over Voted Grants and Charged Appropriations are required to be

1	2	3	4
			furnished to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts whichever is later. It is observed that while the Explanatory Notes relating to 8 Grants and Appropriations operated by the various Ministries|Departments of Government of India (other than the Department of Railways) were received within the prescribed period, the Explanatory Note relating to one Grant administered by the Department of Railways was received as late as 25 July, 1986. The Appropriation Accounts (Railways) 1984-85 were certified on 29 April, 1986 and laid on the Table of the House on 8 May, 1986. As such the Railways had sufficient time to submit the Explanatory Note on the excess expenditure incurred by them during the year within the prescribed time limit. The Committee had only last year to comment upon the delayed submission of Explanatory Notes by the Ministry of Railways. The Committee take a serious view of a lapse of this nature continuing year after year and desire that the Department of Railways should fix responsibility for such laxity and ensure timely submission in future of the Explanatory Notes to the Committee. The Committee need not point out that delayed submission of these Notes by even one Ministry results in delay in the finalisation of the Report by the Committee on excess expenditure.
3	2·9	Finance (Exp.) Defence, Railways, Communicatious	The Committee find that as against the aggregate amount of voted provision of Rs. 48492.48 crores there was savings of Rs. 2834.02 crores during the year 1984-85. While the appropriation accounts

			(Civil) for 1984-85 reported savings of Rs. 2238.25 crores, the appropriation accounts (Railways), (Defence Services) and (Posts & Telegraphs) reported savings of Rs. 284.81 crores, Rs. 179.04 crores and Rs. 131.92 crores respectively. These savings could have been utilised for other important and needy areas of the economy if the estimates had been made realistically. The Committee had also noticed large scale savings during the years 1982-83 and 1983-84 and had desired the Government to analyse the reasons for the recurring phenomenon of savings and take remedial measures to ensure that budget estimates were framed more precisely. The Committee are still to see improvement in the position. They, therefore, reiterate their earlier recommendation contained in Para 2.8 of the 17th Report (8th Lok Sabha) and would like to be apprised of the measures proposed to be taken in the matter.
4	2.12	Communications	The Committee note that during the year 1984-85, the Ministry of Communications sought and was given a supplementary grant of Rs. 49 crores. It nevertheless incurred excess expenditure of the order of Rs. 20.23 crores under Grant No. 17—Capital outlay on Posts and Telegraphs. The excess expenditure constitutes 41.29 per cent of the supplementary grant. In this connection, it is to be noted that the gross excess expenditure during the year was of the order of Rs. 99.08 crores and it was because of the savings of Rs. 78.85 crores under some heads of account that the net excess expenditure came to Rs. 20.23 crores. It is thus obvious that the estimates of the Ministry of Communications were formulated most unrealistically. The Committee, therefore, desire that the Ministry exercises greater care in this regard.

1	2	3	4
5	2·15	Home Affairs	The Committee note that during 1984-85 excess expenditure of Rs. 40.78 lakhs was incurred over the sanctioned grant of Rs. 621 lakhs under Revenue Section (Voted) of Grant No. 59—Dadra and Nagar Haveli. This happened despite the fact that a supplementary grant of Rs. 44.99 lakhs was obtained by the Ministry under the Grant in March, 1985. The excess expenditure constitutes 90.64 per cent of the supplementary grant. According to the explanatory note furnished by the Ministry of Home Affairs the excess expenditure of Rs. 6.46 lakhs got inflated to Rs. 40.78 lakhs due to faulty operation of Suspense Accounts by the Public Works Department of the Dadra and Nagar Haveli Administration. This is obviously a case of carelessness and the Committee would like responsibility to be fixed, and appropriate disciplinary action taken.
6	2·18	Atomic Energy	The Committee note that the excess expenditure of Rs. 1.69 lakhs recorded under the Charged Section (Revenue) of Grant No. 94—Atomic Energy Research, Development and Industrial Projects, as disclosed in the Appropriation Accounts (Civil) for the year 1984-85, was the result of payments made in April|December 1984 to two employees of the Department in satisfaction of court decrees. Though there was no provision for the Charged portion of the Grant, the Department should have obtained Supplementary grant to meet the expenditure. According to the provisions of Article 112(3)(f) of the Constitution, the expenditure incurred by the Department of Atomic Energy for satisfying the

			Court decree for payment of arrears of Pay and Allowances of its two employees who were reinstated in service on the basis of Court verdict, should have been classified under the Charged portion initially instead of erroneous booking under Voted Section. The Committee expect the Department of Atomic Energy to be more vigilent in this regard in future. The Ministry should issue necessary guidelines to avoid such recurrence in future.
7	2.21	Defence	During the year 1984-85, the Ministry of Defence incurred an excess expenditure of Rs. 22.15 crores (inclusive of Rs. 5 crores pertaining to this grant wrongly debited to Grant No. 23-Capital Outlay on Defence Services) over the sanctioned amount of Rs. 503.69 crores under Voted portion of Grant No. 20—Defence Services—Navy. The excess expenditure under this Grant occurred mainly under the sub-head A.5—Stores (Rs. 17.07 crores). The Committee find that this sub-head has been the major contributor to the excess expenditure in 1983-84 also. The excess expenditure under the grant was Rs. 19.87 crores during that year and the sub-head stores was responsible for contributing excess to the tune of Rs. 12.71 crores. This shows that the Ministry of Defence have not been able to anticipate, assess and plan properly the provision for the purchase of stores and raising debits relating thereto. The Committee are of the view that unless some concrete steps are taken to ensure realistic assessments of the extent of stores likely to materialise, the position is not going to improve. The Committee would like to be apprised of the concrete steps taken by the Ministry of Defence in this direction within next six months.

1	2	3	4
			partment of Railways to respect and act on the recommendations of the Parliamentary Committee in this regard in future.
11	2·32	Finance (Expenditure) Railways	Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in paragraph 2.1 of this Report be regularised in the manner prescribed in article 115(1)(b) of the Constitution of India.
12.	3.2	Finance (Deptt. of Exp.) Home Affairs.	The Committee hope that replies in regard to the recommendations to which no replies have been furnished, will be furnished to them after getting the same vetted by Audit.
13	3·4	Finance (Deptt of Exp) Railways Home Affairs.	The Committee regret to find that out of 17 action taken notes required to be furnished by the Ministries|Departments of Government of India on the recommendations contained in their 17th Report (8th Lok Sabha), only 8 action taken notes were furnished within the prescribed period of 6 months from the date of presentation of the Report to the House. Two action taken notes were furnished after the expiry of the prescribed period and one action taken note was furnished within the extended period. The Committee have from time to time, stressed the need for timely submission of the action taken notes. The Ministries|Department of Government of India are still to show the necessary improvement in this regard. The Committee once again urge upon the Ministries and Departments of Government of India to adhere strictly to the prescribed time limit in future.

GMGIPMRND—LS II—1673 LS 10-11-86—1150.

1	2	3	4
8	2.29	Railways	Grant No. 16—Assets—Acquisition, Construction and Replacement is an amalgam of four grants which were in operation prior to 1979-80. The amalgamation was made on the recommendation of a Task Force appointed in 1973 by the erstwhile Ministry of Railways. While recommending unification of four old grants, the Task Force, keeping in view the different sources of finance of the constituents of the unified grant, placed restrictions on the powers of the Ministry in regard to reappropriation of funds from one segment to another segment of the grant i.e. Capital, Railway Funds and Revenues. Finding it difficult to accept the recommendation of the Task Force, the Ministry of Railways approached the Estimates Committee for removal of restrictions imposed by the Task Force. The Estimates Committee, after considering all the aspects of the matter, came to the conclusion that there was no justification for removing the restrictions imposed by the Task Force on the powers of the Ministry under Demand No. 16 [*vide* Para 26 of 18th Report (7th Lok Sabha) of Estimates Committee]. That Committee had also observed in Para 25 of their 18th Report (7th Lok Sabha) that in case the power of reappropriation was granted under unified grant No. 16, it would mean dilution of Parliamentary control over Government finances.
9	2.30	Railways	Despite the restrictions imposed by the Estimates Committee, the Department of Railways resorted to reappropriation of savings under

Capital (Rs. 21.23 crores) to Depreciation Reserve Fund (Rs. 19.32 crores) and Development Fund (Rs. 2.01 crores) under Railway Funds during 1984-85. This is most objectionable. The Department of Railways has no authority to reappropriate funds from one segment to another segment of the Grant even at Supplementary Grants stage. The plea taken by the Department of Railways that the reappropriation under various segments of the Grant was in the nature of adjustment only, is not at all tenable, in view of the fact that unlike other Grants, this Grant No. 16 consists of three water-tight compartments, namely, Capital, Railway Funds and Revenue, amongst which no adjustment or reappropriation is permissible. The action of the Department of Railways has the effect of cutting across the sources of finance. It is regrettable that the Department of Railways have transgressed the area about which a specific prohibition has been laid down. The proper course with the Railways was to seek specific vote of Parliament for providing additional funds under the Depreciation Reserve Fund and the Development Fund and to introduce an Appropriation Bill to provide for extra funds to cover the excess expenditure under the specific head under Grant No. 16. In case of any doubt, the Department of Railways could have approached the Estimates Committee for guidance in the matter. Unfortunately, that Department has ignored the norms prescribed by the Estimates Committee and has not followed the proper course.

10 2.31 Railways

While the Committee recommend regularisation of the irregular reappropriation made under Grant No. 16, they would expect the De-