

**TWENTY-FOURTH REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(1980-81)**

**(SEVENTH LOK SABHA)**

**EXCESS OVER VOTED GRANTS AND CHARGED**  
**APPROPRIATIONS (1978-79)**



*Presented in Lok Sabha on*  
*Laid in Rajya Sabha on*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*September 1980/Bhadra 1902 (S)*

*Price: Rs. 2.80*

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA  
SECRETARIAT PUBLICATIONS**

**ANDHRA PRADESH**

1. Andhra University General Co-operative Stores Ltd., Waltair (Visakhapatnam).

**BIHAR**

2. M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).

**GUJARAT**

3. Vijay Stores, Station Road, Anand.

**MADHYA PRADESH**

4. Modern Book House, Shiv Volas Palace, Indore City.

**MAHARASHTRA**

5. M/s. Sunderdas Gianchand, 601, Girgaum Road, near Princess Street, Bombay-2.
6. The International Book House Pvt., 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.
7. The International Book Service, Deccan Gymkhana, Poona-4.
8. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
9. M/s. Usha Book Depot, 585/A, Chira Bazar Khan House, Girgaum Road, Bombay-2.

10. M & J Services, Publishers, Representatives Accounts & Law Book Sellers, Bahri Road, Bombay-15.

11. Popular Book Depot, Dr. Bhadkamkar Road, Bombay-400001.

**MYSORE**

12. M/s. Peoples Book House, Opp. Jaganmohan Palace, Mysore-1.

**UTTAR PRADESH**

13. Law Book Company, Sardar Patel Marg, Allahabad-1.
14. Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad—U.P.

**WEST BENGAL**

15. Granthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24-Parganas.
16. W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.
17. Mrs. Manimala, Buys & Sells, 128, Bow Bazar Street, Calcutta-12.

**DELHI**

18. Jain Book Agency, Connaught Place, New Delhi.
19. M/s. Sat Narain & Sons, 3141, Mohd Ali Bazar, Mori Gate, Delhi.

20. Atma Ram & Sons,  
Kashmere Gate,  
Delhi-6.
21. J. M. Jaina & Brothers,  
Tori Gate, Delhi.
22. The English Book Store,  
7-L, Connaught Circus,  
New Delhi.
23. Bahree Brothers,  
188, Lajpatrai Market,  
Delhi-8.
24. Oxford Book & Stationery  
Company, Scindia House,  
Connaught Place,  
New Delhi-1.
25. Bookwell,  
4, Sant Narankari Colony,  
Kingsway Camp,  
Delhi-9.
26. The Central News Agency,  
23/90, Connaught Place,  
New Delhi.
27. M/s. D. K. Book Organisations,  
74-D, Anand Nagar (Inder Lok),  
P.B. No. 2141,  
Delhi-110035.
28. M/s. Rajendra Book Agency,  
IV-D/50, Lajpat Nagar,  
Old Double Storey,  
Delhi-110024.
29. M/s. Ashoka Book Agency,  
2/27, Roop Nagar,  
Delhi.
30. Books India Corporation,  
B-967, Shastri Nagar,  
New Delhi.

## CONTENTS

	Page
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1980-81). . . . .	(iii)
INTRODUCTION . . . . .	(v)
 CHAPTER I General Observations . . . . .	 1
CHAPTER II Excess Grants/Appropriations . . . . .	2

### APPENDICES

	Grants/Appropriations	Ministry/ Department	Page
I.	39—Pensions. . . . .	Ministry of Finance (Deptt. of Economic Affairs)	32
II.	43—Loans to Govt. servants etc. . . . .	Ministry of Finance (Department of Economic Affairs (Budget Division))	34
III.	53—Delhi . . . . .	Ministry of Home Affairs	73
IV.	90—Public Works . . . . .	Ministry of Works and Housing.	38
V.	92—Housing and Urban Development . . . . .	Ministry of Works and Housing	40
VI.	19—Ministry of Defence . . . . .	Ministry of Defence	42
VII.	24—Capital outlay on Defence services . . . . .	Ministry of Defence	43
VIII.	14—Construction of New Lines—Capital & Depreciation Reserve Fund	Ministry of Railways (Railway Board)	45
	16—Pensionary Charges—Pension Fund	Do.	
	17—Repayment of Loans from General Revenues and interest thereon—Development Fund.	Do.	
	18—Appropriation to Development Fund	Do.	
IX.	Statement of Conclusions and/or Recommendations. . . . .		51

### PART II

\*Minutes of the sitting of the Public Accounts Committee held on 9 September 1980(AN)

\*Not printed. (One cyclo-styled copy laid on the Table of the House and five copies placed in Parliament Library).

**PUBLIC ACCOUNTS COMMITTEE**

**(1980-81)**

**CHAIRMAN**

**Shri Chandrajit Yadav**

**MEMBERS**

**Lok Sabha**

2. Shri Satish Agarwal
3. Shri Subhash Chandra Bose Alluri
4. Shri Tridib Chaudhuri
5. Shri K. P. Singh Deo
6. Shri V. N. Gadgil
7. Shri Ashok Gehlot
8. Shri Sunil Maitra
9. Shri Gargi Shankar Mishra
10. Shri M. V. Chandrashekara Murthy
11. Shri Ahmed Mohammed Patel
12. Shri Hari Krishna Shastri
13. Shri Satish Prasad Singh
14. Shri Jagdish Tytler
15. Shri K. P. Unnikrishnan

**Rajya Sabha**

16. Smt. Purabi Mukhopadhyay
17. Shri N. K. P. Salve
18. Shri Tirath Ram Amla
19. Smt. Maimoona Sultan
20. Shri Patitpaban Pradhan
21. Prof. Rasheeduddin Khan
22. Shri Indradeep Sinha.

**SECRETARIAT**

1. Shri H. G. Paranjpe—*Joint Secretary.*
2. Shri D. C. Pande—*Chief Financial Committee Officer.*
3. Shri T. R. Ghai—*Senior Financial Committee Officer.*

## **CHAPTER I**

### **GENERAL OBSERVATIONS**

1.1. This Twenty-fourth Report of the Committee deals with **Excess Expenditure over Voted Grants and Charged Appropriations** disclosed in the Appropriation Accounts (Civil), (Railways) and (Defence Services) for the year 1978-79.

1.2. The Appropriation Accounts (Railways) and (Defence Services) for the year 1978-79 were laid on the Table of the House on 19 March and 26 March, 1980 respectively, while the Appropriation Accounts (Civil) were laid on the Table of the House on 12 June, 1980. There were no excesses over Voted Grants and Charged Appropriations in the case of the Appropriation Accounts (Posts & Telegraphs) which were laid on the Table of the House on 12 June, 1980.

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

## CHAPTER II

### EXCESS GRANTS/APPROPRIATIONS

2.1. During the year ended 31 March, 1979, excess expenditure occurred under the following Voted Grants and Charged Appropriations:—

	Sl. No. and Name of Grant/Appropriation	Ministry/ Department	Excess Expendi- ture (Rs. in lakhs)
Civil—	39—Pensions	Finance (Economic Affairs)	602.46
	43—Loans to Government Servants etc.	Do.	2178.69
	53—Delhi	Home Affairs	0.73
	90—Public Works	Works & Housing	128.53
	92—Housing and Urban Develop- ment	Do.	.05
Railways—	14—Construction of new lines	Railways	279.25
	16—Pensionary Charges;	Do.	716.27
	17—Repayment of loans etc.	Do.	15.14
	18—Appropriation to Development Fund	Do.	289.4
Defence—	29—Ministry of Defence	Defence	14.01
	24—Capital outlay on Defence Ser- vices	Do.	3.05
Total:			4227.64

Details of the Grants/Appropriations under which the above excesses occurred and the extent of actual excess in each case are given overleaf. During the year ended 31 March, 1979, the actual

Expenditure exceeded the Voted Grants and Charged Appropriations  
in the following Grants.

1978-79

S.No. and Name of Grant	Ministry/Department	Final Grant Rs.	Actual Expenditure Rs.	Excess Expenditure	Date of receipt of Explanatory Note
1	2	3	4	5	6
<b>I. APPROPRIATION ACCOUNTS (CIVIL), 1978-79</b>					
<i>A. Voted Grants</i>					
<i>(a) Revenue Section</i>					
1. 39—Pensions	Finance (Economic Affairs)	44,50,00,000	50,52,45,538	6,02,45,538	1-5-80
2. 90—Public Works	Works and Housing	85,99,71,000	87,28,24,254	1,28,53,254	31-5-80
<i>(b) Capital Section</i>					
3. 43—Loans to Government Servants etc.	Finance (Economic Affairs)	1,25,51,00,000	1,47,29,69,418	21,78,69,418	1-5-80
<i>Charged Appropriations</i>					
<i>(a) Revenue Section</i>					
4. 53—Delhi	Home Affairs	62,762,86,000	63,59,047	73,047	30-6-80
5. 92—Housing and Urban Development	Works and Housing	72,89,000	77,77,546	4,679*	3-6-80

\*The excess under this Grant as per the Appropriation Accounts is Rs. 4,88,546 and includes an amount of Rs. 4,83,867 wrongly booked as "Charged expenditure". Had the latter amount been correctly classified as "Voted Grants" the actual excess would have been Rs. 4,679.



1 2 3 4 5 6

APPROPRIATION ACCOUNTS (RAILWAYS), 1978-79

A-Voted Grants

Revenue Section

6. 18—Appropriation to Development Fund Railways 31,76,23,000 34,67,68,892 2,89,45,692 3-5-80

Capital Section

7. 14—Construction of New Lines—Capital and Depreciation Reserve Fund—C—Disbursement under J—Reserve Funds Railways 67,80,17,000 70,62,01,660 2,79,24,770@ 3-5-80

8. 16—Pensionary Charges—Pension Fund Railways 56,03,05,000 63,19,31,776 7,16,26,776 3-5-80

9. 17—Repayment of Loans from General Revenues and interest thereon—Development Fund Railways 8,58,79,000 8,73,92,723 15,13,723 3-5-80

B. Charged Appropriations

Nil

Ministry of Defence

A. Voted Grants

Revenue Section

10. 19—Ministry of Defence Defence 93,16,54,000 93,30,54,769 14,00,769 3-5-80

B. Charged Appropriations

Capital Section

11. 24—Capital outlay on Defence Services . Defence 48,00,000 49,85,161 9,05,948 29-5-80

1,85,161  
 + 79,625  
 3,64,786  
 - 59,600  
 3,05,186

@An excess expenditure of Rs.2,81,84,660 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassification between Grants, the real excess to be regularised works out to Rs. 2,79,24,770.

"The excess under this Grant as per the Appropriation Accounts is Rs. 1,85,161 and excludes an amount of Rs. 1,79,625 erroneously booked as "Voted" instead of "Charged" and includes an amount of Rs. 59,438 wrongly adjusted as "Charged" instead of being booked as "Voted".

2.2. The following table indicates the aggregate excess expenditure under various Grants and Charged Appropriations (Civil), (Railways), (Posts and Telegraphs) and (Defence Services) during the past decade:

(Rupees in crores)

Year	No. of Voted Grants	No. of Charged Appropriations	Total	Excess Expenditure
1969-70	18	5	23	17.10
1970-71	29	8	37	55.76
1971-72	29	7	36	223.81
1972-73	28	7	35	126.33
1973-74	23	4	27	10.06
1974-75	27	8	35	266.52
1975-76	45	7	52	201.47
1976-77	17	10	27	111.18
1977-78	15	2	17	82.42
1978-79	8	3	11	42.28

2.3. The following table indicates the excess expenditure that occurred under the Grant "Public Works" administered by the Ministry of Works and Housing during the past decade:

(Rupees in Lakhs)

Year	Excess Expenditure
1969-70	19.58
1970-71	494.80
1971-72	330.41
1972-73	662.15
1973-74	227.50
1974-75	0.83
1975-76	1.53
1976-77	Nil
1977-78	449.10
1978-79	128.53

2.4. It is seen from the Explanatory Notes furnished by the Ministries that out of 11 Voted Grants|Charged Appropriations operated by them, in which excess expenditure had occurred, there were misclassifications or erroneous adjustments in respect of 3 Grant|Appropriations viz., Appropriation No. 92—Housing and Development, administered by the Ministry of Works and Housing, Grant No. 14—Construction of New Lines, administered by the Ministry of Railways and Appropriation No. 24—Capital Outlay on Defence Services, administered by the Ministry of Defence.

2.5. The Committee had also noticed misclassifications of expenditure in a number of cases during the year 1975-76. Commenting on such misclassifications, the Public Accounts Committee (1977-78) had, in paragraphs 2.11 and 2.12 of their 38th Report (Sixth Lok Sabha), observed as under:

“The Committee are concerned to note that during the year 1975-76, there have been misclassifications of expenditure under eight grants administered by Ministry of Railways on a fairly large scale. In spite of the instructions repeated in D.O. letter No F. 11(8)|N&M|75 dated the 25th April, 1975, by the Ministry of Finance, (Department of Economic Affairs), that ‘reconciliation work has to be attended to promptly every month so that rectification of errors, misclassifications, if any, is effected in time, resulting in better control over expenditure *vis-a-vis* the budgetary provision’, the Committee are constrained to observe that the important work of reconciliation of departmental figures with those accounted for in the Accounts offices appears ineffective.”

Taking a serious view of the matter, the Public Accounts Committee (1975-76) in paragraph 2.4 of their 180th Report (Fifth Lok Sabha) had observed as follows:

‘That this should be so despite earlier recommendations of the Committee emphasising the need for prompt reconciliation of accounts would indicate that adequate attention is not being paid by the concerned Ministries to this important aspect of accounting and that the instructions issued from time to time in this regard have failed to produce the desired effect. As such misclassifications vitiate sound budgetary control, the Committee desire that necessary remedial measures should be taken to eliminate the default.’

The Committee deplore such recurrent lapses and desire that positive instructions should be issued by the Ministry of

**Finance and the Ministry of Railways to eliminate such misclassifications in future. The Committee would also like to have a categorical statement from the Ministry of Finance whether a certificate to the effect that the reconciliation work has been completed by the due date is invariably furnished by the Internal Financial Adviser concerned to their Budget Division, as per instructions issued by them on the 25th April, 1975."**

2.6. In their Action Taken Note dated 17 May, 1978, the Ministry of Finance (Department of Economic Affairs) had stated:—

"The Union Government (Civil) Accounts were departmentalised in three stages during the year 1976-77 whereupon the Comptroller and Auditor General of India has been relieved of the responsibility for compiling the accounts of Union Government (Civil) except those relating to Pensions, Indian Audit and Accounts Department and Union Territories Administration except Delhi.

Under the scheme of departmentalisation of Accounts, the Secretary to the Ministry/Department of the Government of India is the Chief Accounting Authority for the Ministry/Department concerned and he discharges these functions through the Financial Adviser of the Ministry. The Departmentalised Accounts Organisation is responsible for the payment, compilation and consolidation of Accounts including preparation of Appropriation Accounts and functions under the direct control of the Financial Advisers.

As the accounts are compiled Deptt.-wise, by the Accounts Department functioning along side the executive, the detailed drill prescribed in the General Financial Rules for the reconciliation of departmental figures with that appearing in the Accounts have undergone some changes. Taking into account these aspects, revised instructions have since been issued for the reconciliation of expenditure as per books of the departmental offices with those compiled by the Departmental Pay and Accounts Officers *vide* circular No. S.11012/Misc.78/880 dated 4th May, 1978. Under the provisions of para 2(5) of these instructions, the Head of the Department should certify the correctness of the figures booked in accounts by the Principal Accounts Officers every quarter. It is hoped, that with the issue of these instructions, the monthly reconciliation of expenditure between accounts

and Departmental figures will be effective and misclassification, if any, will be detected and rectified in time. This coupled with the departmentalisation of Union Government (Civil Accounts) will result in better control over expenditure *vis-a-vis* the budgetary provision.

The question whether, consequent on the departmentalisation of accounts of the Central Government, the maintenance of figures of expenditure by the executive offices, should not be dispensed with, had been under the Government's consideration. It has been decided that the executive offices should continue to maintain the figures of expenditure and, as mentioned above, instructions for reconciliation of figures of expenditure have also since been issued on 4th May, 1978.

As the Appropriation Accounts of the Central Government are now being compiled by the Controller General of Accounts in the Ministry of Finance, Department of Expenditure, instructions have also been issued under circular No. S.11021|1|77-MFCGA|985 dated 17th May, 1978 to the effect that the concerned Financial Advisers will now furnish a certificate of reconciliation of figures of expenditure annually to that office alongwith the Appropriation Accounts."

2.7. The aggregate amount of expenditure incurred in excess of the provisions authorised by Parliament under various Voted Grants and Charged Appropriations ranged from Rs. 10.06 crores to Rs. 266.52 crores, during the decade from 1969-70 to 1978-79. The Committee note with some satisfaction the declining trend in expenditure incurred in excess of authorised allocations, as is evidenced by the fact that the excess expenditure over authorised provision during the year 1978-79 aggregated to Rs. 42.28 crores, as against Rs. 111.18 crores and Rs. 82.42 crores respectively during the year 1976-77 and 1977-78. Similarly, the number of Voted Grants and Charged Appropriations which witnessed excess expenditure during the year 1978-79 was 11, as against 27 and 17 respectively during the years 1976-77 and 1977-78. The Committee trust that every endeavour would be made by the Ministries/Departments to ensure that the position is not allowed to deteriorate once again as had often happened in the past.

2.8. It is gratifying to note that the Grants and Appropriations operated by Posts and Telegraphs Department have not witnessed any excess expenditure successively for the second year ended on 31 March, 1979.

2.9. The Committee are constrained to record their displeasure over the excesses that have persisted over the years except during 1976-77 in the Grant relating to "Public Works" operated by the Ministry of Works and Housing. Later in this Report, the Committee have examined in some detail the factors contributing to this persistent tendency of excesses under this Grant. The recurring phenomenon of excess under this Grant underlines the need for evolving sound budgetary procedures and controls by the Ministry on priority basis.

2.10. The Committee are also concerned to note that during the year under review, there have been misclassifications of expenditure in a number of cases. It is significant in this context that these misclassifications or erroneous adjustments could not be detected even at the time of compilation of Appropriation Accounts. This implies that the reconciliation of figures of expenditure was not done carefully. As such misclassifications vitiate sound budgetary control, the Committee desire that suitable remedial measures should be taken to ensure that the reconciliation of expenditure figures is conducted meticulously and annual certificates of reconciliation are furnished by the Financial Advisers of the Ministries after careful scrutiny so that misclassification, if any, are detected well in time and rectified.

2.11. The Committee will now proceed to deal with some individual cases of excess expenditure disclosed in the Appropriation Accounts.

#### APPROPRIATION ACCOUNTS (CIVIL)—1978-79

##### Department of Economic Affairs

##### 2:12. Grant No. 43—Loans to Government Servants, etc.

(Capital Section)

Voted Expenditure	Rupees
Original Grants . . . . .	70,00,00,000
Supplementary Grant . . . . .	55,51,00,000
Final Grant . . . . .	1,25,51,00,000
Actual Expenditure . . . . .	1,47,29,69,418
Excess . . . . .	21,78,69,418

2.13. In a note explaining the reasons for the excess expenditure, the Ministry of Finance (Department of Economic Affairs) have *inter alia*, stated:

“.....The excess of Rs. 21.79 crores occurred mainly under the following Heads.

(In crores of Rupees)

AA—Loans to Government Servants, etc.	
AA. 1—House Building Advances . . . . .	1.72
AA. 4—Festival Advances . . . . .	6.96
AA. 5—Other Advances . . . . .	16.12
	24.80
Total . . . . .	24.80

The above excess of Rs. 24.80 crores was partly offset by savings in provisions for advances for purchase of motor and other conveyances.

#### AA. 1-House Building Advances

The power to sanction House Building Advances to Central Government employees was decentralised and delegated to individual Ministries/Departments with effect from 1st April, 1978. The excess mainly occurred in the Ministry of Communications (P & T Department) due to larger payments of advances towards the close of the year, than provided for. It was not found possible to deny payment of house building advances already committed, as such a course would have caused monetary loss and financial hardship to the employees, apart from causing administrative problems to the Department.

#### AA. 4-Festival Advances.

The quantum of festival advances payable to individual employees was increased from Rs. 100 to Rs. 200 in August, 1978. The provision under this head was, on this account, augmented by Rs. 9.65 crores by a Supplementary Grant obtained in March, 1979. In view, however, of the increase in the number of requests from the employees towards the close of the financial year, even the augmented provision proved inadequate, leading to excess.



### AA. 5-Other Advances.

The provision under this head is mainly for advances to Government employees for providing relief to those whose properties are severely damaged by natural calamities. Owing to heavy floods and cyclones in various parts of the country during 1978-79, the provision under this head was augmented by Rs. 44.78 crores by a Supplementary Grant obtained in March, 1979. The requests for advances, however far exceeded the anticipations and the augmented provision also proved inadequate, leading to the excess.

It may be mentioned in this connection that the Grant "Loans to Government Servants, etc." is a composite Grant, which includes provision for catering to the needs of over 3 million Central Government employees, including Defence, Posts and Telegraphs and Railways, with their field formations scattered all over the country. Provision for various types of advances to the Government employees is necessarily based on the requirements intimated by the various Ministries/Departments of the Government, who, in turn, depend on their field-formations for the estimates of their requirements. Instructions have, however, since been issued in this Ministry's O.M. No. F2(107)-B(AC)/79 dated 5th January, 1980 (copy enclosed)\* to all the Ministries/Departments of the Government to ensure that the allocated provisions of funds are not exceeded and excesses over the budgeted grant avoided in future.

The recommendation of the PAC is sought for the regularisation of this excess expenditure of Rs. 21,78,69,418 under Article 115(1)(b) of the Constitution of India."

2.14. It is seen that the final Grant relating to Loans to Government Servants, etc. had been exceeded during the year 1976-77 also. Commenting on the excess expenditure of Rs 10.08 crores, the Public Accounts Committee (1978-79) had then in paragraphs 2.26 and 2.27 of their 104th Report (Sixth Lok Sabha) observed as follows:—

"The excess expenditure of Rs. 10.08 crores occurred under sub-head "A-1-House Building Advances" against the final grant of Rs. 13.59 crores under this sub-head. The excess represents 74.17 per cent of this final grant. There was a similar excess of Rs. 4.18 crores under sub-head. 'E' A.

---

\*Reproduced in Appendix II.

Loans to Government Servants etc.—Housing Building Purposes' during the year 1972-73 also. As in the past, the excess is attributed, *inter alia*, to spurt in construction activity and allotment of large number of ready built flats by the Delhi Development Authority and other housing societies/agencies. The Committee do not fully appreciate the reasons advanced for such huge excess of Rs. 13.59 crores. While realising that the actual releases of house building advances are made by the various Ministries or Departments and Offices under them, the Committee also observe that all individual applications have to be approved by the Ministry of Works and Housing. The Ministry of Works and Housing, who thus exercise overall control for the grant of such advance could have minimised the excess expenditure by more precise quantification of the additional anticipated requirements while augmenting the original budget provision. That the uncovered excess was brought down to a figure of Rs. 1.10 crores, only highlights the extent to which the estimates were over-pitched in so far as other sub-heads in the grant are concerned.

The Committee find that with effect from 1 April, 1978, power to sanction house building advances to Central Government servants has been decentralised and that individual Ministries or Departments will now be responsible for control over disbursement of advances to their staff against the funds allotted to them. The Committee would like to observe through the next year's Appropriation Accounts how far the decentralisation has helped to improve the overall Budgetary control."

2.15. In their Action Taken Note furnished on 1 June, 1979, in response to the afore-mentioned observations of the Committee, the Ministry of Finance (Department of Economic Affairs) had stated:—

"The House Building Advance for purchase of a ready-built flat/house is paid to the applicant in one go while advance for construction is paid in 3 or 4 instalments. When the work relating to grant of House Building Advances was centralised in the Ministry of Works and Housing, the Ministry issued only approvals to the grant of advance. Such approvals, when conveyed in the second half of the year, were likely to be acted upon by the concerned

Ministries/Departments in the following year in the case of construction as various legal formalities had to be gone through before the 1st instalment was released and second and subsequent instalments were released at various stages of a construction spread over a period of time. This position has been accepted in the HBA Rules also as recovery is commenced after the completion of the house or 18 months from the release of the 1st instalment for construction. The Ministry of Works and Housing had accorded approvals to the grant of HBA in excess of the actual grant on the normal assumption that actual expenditure would be incurred during the subsequent years. However, with the Ministries sanctioning house building advances for purchase of ready-built flats and construction in a large number of cases, the anticipation made by the Ministry of Works and Housing that substantial amount of the advance approved would be actually paid in the subsequent year did not materialise and the expenditure exceeded the budget grant. This is attributable mostly to the following factors:

- (i) Heavy drawals due to spurt in construction activity on account of easy availability of cement and other building materials.
- (ii) Allotment of large number of ready-built flats by the DDA and other Housing Societies/Agencies.
- (iii) Because of the factors at (i) above, the sanctions issued during the previous years were also acted upon resulting in the fullest utilisation of the advance.

To avoid recurrence of the situation as far as possible, the work relating to grant of house building advances was decentralised w.e.f. 1st April, 1978 and available funds are now placed at the disposal of the Ministries/Departments for grant of house building advances to the employees under their control. To monitor the expenditure incurred by the various Ministries/Departments, a 6-monthly return covering the period April—September followed by 3 bi-monthly returns have also been prescribed. The need to regulate sanction of expenditure strictly within the limits of funds allocated has been impressed upon the Ministries. It is felt that

with these steps, the variations between the final grant and the actual expenditure would be reduced to the minimum possible level. Copies of the orders issued in this regard are enclosed." (not appended).

2.16. The Committee note that an excess expenditure of Rs. 21.79 crores occurred under Grant No. 43-Loans to Government Servants, etc. There was an excess of Rs. 10.08 crores under this Grant during the year 1976-77 also. The Committee were informed by the Ministry of Finance in June, 1979 that to avoid recurrence of such a situation as far as possible, the work relating to grant of house building advances was decentralised with effect from 1 April, 1978 and that to monitor the expenditure incurred by the various Ministries/Departments one 6-monthly return covering the period April—September followed by 3 bi-monthly returns had also been prescribed. The need to regulate sanction of expenditure strictly within the limits of funds allocated had also been impressed upon the Ministries in October, 1978 and again in January, 1980. That the excess should persist even after decentralisation despite earlier recommendations of the Committee and the instructions issued by the Ministry of Finance would suggest that further steps are necessary to tighten-up the existing monitoring system. The Committee would also like to have a specific report whether the periodical returns prescribed in this behalf were received regularly and in time and whether any follow-up action was taken thereon by the Budget Division of the Department of Economic Affairs in the Ministry of Finance. The Committee would impress upon the Ministry of Finance to ensure timely receipt from other Ministries/Departments of the returns prescribed in respect of House Building Advances for timely and meaningful review of the position as also to consider the desirability of prescribing similar returns in respect of Festival Advances and other Advances in which bulk of the excess occurred in 1978-79 (Rs. 23.08 crores).

2.17. The Committee are positive that this is a case of avoidable excess expenditure and the Ministry ought to have contained it within the final allocation. The Committee, therefore, view with seriousness that excess expenditure should have occurred on this account even after obtaining a substantial supplementary provision of over Rs. 55 crores and would like to have fuller clarification why it was not possible for the Ministry to keep the payments in conformity with the allocated provisions. The Committee are of the view that unless there are extra-ordinary developments after the presentation of the original estimates e.g., floods and other natural calamities, supplementary provision should, as far as possible, be avoided under this head.

**Ministry of Works and Housing**

**2.18. Grant No. 90—Public Works.**

*Revenue Section*

Voted expenditure	Rupees
Original . . . . .	77,22,25,000
Supplementary Grant . . . . .	8,77,46,000
Final Grant . . . . .	85,99,71,000
Actual expenditure . . . . .	87,28,24,254
Excess . . . . .	1,28,53,254

2.19. In a note furnished to the Committee, explaining the reasons for the excess, the Ministry of Works and Housing have stated as follows:

“This excess was mainly as a result of an excess of Rs. 3.55 crores under the head A-Public Works. A. 7-Suspense, A. 7(1)-Stock (the actual expenditure under this head being Rs. 26.57 crores as against the sanctioned provision of Rs. 23.02 crores), partly counterbalanced by savings under other heads of the Grant.

A provision of Rs. 18.50 crores was made in the Budget 1978-79 under the head A. 7(1)-Stock for the acquisition of building material, e.g. cement and steel, etc. for construction of office and residential accommodation by the CPWD. The estimate of expenditure on this account went up owing to the CPWD having undertaken the Construction of 20,000 residential quarters for Government employees and two-roomed Hostel accommodation at Lodhi Road in New Delhi in connection with the UNIDO Conference held in January/February 1980, based on the revised requirements worked out in 1979, a Supplementary Grant of Rs. 4.52 crores was obtained in March, 1979. However, owing to the rise in the prices of cement, steel and other building material, the actual requirement turned out to be much larger. Moreover the full position about the inter-divisional transfers of stock (see para below) was not precisely known at the time of obtaining the Supplementary Grant which consequently proved to be insufficient resulting in the excess.

Under the existing accounting procedure, transactions in respect of stock get reflected a number of times in the accounts owing to the multiplicity of the number of inter-

divisional transfers of stock, a factor which also contributes to the excess. As mentioned in para 4 of this Ministry's note (seeking regularisation of the excess in Grant No. 95-Public Works for 1977-78) forwarded to the Lok Sabha Secretariat under the Ministry of Finance O.M. No. F. 4 (3)-B (SC)/79 dated 29 May, 1979 pursuant to the recommendations made by the PAC in their 104th Report (6th Lok Sabha) a Committee consisting of a Superintending Engineer of the Central Public Works Department and the Controller of Accounts of the Ministry had been set up in November, 1978. The suggestions made by the Committee in its report submitted on 2 April, 1979, are being considered by an "Empowered Committee" of the Ministry set up on 16 July, 1979. A final decision in the matter is expected to be taken soon in consultation with the Controller General of Accounts and the Comptroller and Auditor General of India.

In view of the circumstances explained above, the net excess of Rs 1,28,53,254 over the Voted Grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India."

2.20. In another note\* furnished at Committee's instance in September, 1980, the Ministry of Works and Housing have stated:

"The Committee submitted its Report, in April, 1979, which was examined by an Empowered Committee, comprising JS(W), JS(F), DG(W), Joint Controller General of Accounts of Ministry of Finance and Director (Budget Division), Ministry of Finance. The Empowered Committee remitted certain issues for elaboration, to the earlier Committee, which submitted its supplementary report dated 7th January, 1980 and a final report dated 17th January, 1980. The Empowered Committee later submitted its conclusions|decision to this Ministry, which, after Considering the entire matter in depth, sent a proposal to the C&AG through the Ministry of Finance (Department of Economic Affairs) on 27th May, 1980 for adoption of a revised accounting procedure in one of the Zones of CPWD.

Though no formal reply/intimation has yet been received from the Ministry of Finance C&AG, it has been informally learnt that this Ministry's proposals are presently under active consideration of the C&AG."

2.21. The Committee find that an excess expenditure of Rs. 1.29 crores was incurred under the head "A—Public Works. A.7—Suspense, A.7(1)—Stock". The actual expenditure under this head was Rs. 26.57 crores, against the sanctioned provision of Rs. 23.02 crores, partly counterbalanced by savings under other heads of the Grant. In other words, but for savings, the real excess would have been to the tune of Rs. 3.55 crores. The gross excess of Rs. 3.55 crores works out to 15.42 per cent of the final Grant of Rs. 23.02 crores. As in the past, the existing accounting procedure whereby transactions in respect of stock get reflected a number of times in the accounts owing to the multiplicity of the number of inter-divisional transfers of stock, has inter alia, been ascribed as a contributory factor to the excess. The Committee were earlier (May 1980) informed that the suggestions made by a study team in its Report submitted on 2 April, 1979 were being considered by an Empowered Committee of the Ministry of Works and Housing set up on 16th July, 1979. From the information furnished now (September 1980) at the Committee's instance, they find that the Empowered Committee has since submitted its conclusions/decisions to the Ministry of Works and Housing, which sent a proposal to the Comptroller and Auditor General through the Ministry of Finance on 27th May, 1980 for adoption of a revised accounting procedure in one of the zones of Central Public Works Department. It is stated that the Ministry's proposal is presently under consideration of the Comptroller and Auditor General of India. The Committee trust that the proposal would be pursued to its logical conclusion and that finality would soon be reached in this important procedural matter, so that the excesses persisting over the years under the Grant "Public Works" may be brought under better control."

## 2.22. Grant No. 92—Housing and Urban Development

### Revenue Section

Voted/Charged Expenditure	Rupees
Original Appropriation . . . . .	69,57,000
Supplementary Appropriation . . . . .	3,32,000
Final Appropriation . . . . .	72,89,000
Actual Expenditure . . . . .	77,77,546
Excess . . . . .	4,88,546*

\*The excess under this Grant as per the Appropriation Accounts is Rs. 4,88,546 and included an amount of Rs. 4,33,867 wrongly booked as "charged expenditure". Had this amount been correctly classified as "Voted", the actual excess would have been Rs. 4,679.

2.23. In a note, explaining the reasons for the excess expenditure, the Ministry of Works and Housing have stated:

“.... This excess is mainly on account of on excess of Rs. 5.62 lakhs under the head A. 3-Government Residential Buildings. A. 3(3)-Maintenance and Repairs-A. 3(3) (1)—Ordinary Repairs (the actual expenditure booked under this head being Rs. 25.34 lakhs against the sanctioned appropriation of Rs. 19.72 lakhs).

On detailed scrutiny after the printing of the Appropriation Accounts for 1978-79, it was noticed that an expenditure of Rs. 4,83,867 under the head “283-A. Housing A-3-Government Residential Buildings—A. 3(3) Maintenance and Repairs. A3(3) (1) Ordinary Repairs” had been erroneously classified in the finalised accounts under “Charged” instead of as “Voted” expenditure. Had the amount been booked correctly, the total expenditure in the ‘Revenue’.

Section of the Grant would be:

		Sanctioned Provision	Actual Expenditure	Excess (+) Savings(—)
<i>Charged</i>				
Original		69,57,000		
Supplementary		3,32,000	72,89,000	72,93,679 (+)4,679
<i>Voted</i>				
Original		15,49,86,000		
Supplementary		1,15,89,000	16,65,75,000	16,24,83,631 (—)40,91,369

This small excess of Rs. 4.679 in the Charged portion is due to unavoidable additional repairs which had to be carried out urgently.

The reasons for the non-detection of the above misclassification in the accounts before printing of the Appropriation Accounts are being investigated and appropriate remedial measures will be taken to avoid its recurrence in future.

In view of the circumstances explained above, the net excess of Rs. 4,679 in the Charged portion of the Grant may kindly be recommended for regularisation by Parliament under Article 115(1) of the Constitution of India.”



2.24. The Committee observe that an expenditure of Rs. 4.84 lakhs under the head "283-A. Housing. A-3—Government Residential buildings—A.3(3). Maintenance and Repairs. A.3(3)(1) Ordinary Repairs" had been erroneously classified in the finalised Appropriation Accounts for 1978-79 under "Charged" instead of as "Voted" expenditure. Had the amount been booked correctly, the actual excess under Revenue Section of the Charged Appropriation would have been Rs. 4,679. The Committee have, however, been informed that the reasons for non-detection of the above misclassification in the accounts before printing of the Appropriation Accounts are being investigated and appropriate remedial measures will be taken to avoid its recurrence in future. The Committee desire that responsibility, particularly at the supervisory level, should be fixed for this lapse, with a view to take appropriate action. The Committee would await a further report in this regard

2.25. The Committee would like to be apprised whether the circumstances in which the misclassification in the accounts remained undetected, have since been investigated and also what remedial measures have been taken to avoid recurrence of such mistakes. They would like to have a specific report in this regard.

#### APPROPRIATION ACCOUNTS (RAILWAYS) 1978-79

2.26. During the year 1978-79, the actual expenditure under the grants and appropriations administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allocation in four Voted Grants. The excess expenditure during the year 1978-79 aggregated to Rs. 13.03 crores, as against Rs. 41.36 crores in 1977-78 and Rs. 67.67 crores in 1976-77, and occurred under the following Grants:

Sl. No.	Name of Grant	Final Grant Rs.	Actual Expenditure Rs.	Excess	Percentage of Variation
1.	Grant No. 14 Construction of New—Lines—Capital & Depreciation Reserve Fund	67,80,17,000	70,62,01,660	2,79,24,770*	4.12
2.	Grant No. 16—Pensionary Charges—Penion Fund	56,03,05,000	63,19,31,776	7,16,26,776	12.78
3.	Grant No. 17—Repayment of Loans from General Revenues and interest thereon Development Fund	8,58,79,000	8,73,92,723	15,13,723	1.76
4.	Grant No. 18—Appropriation to Development Fund	31,78,23,000	34,67,68,892	2,89,45,892	9.11
Total:		164,20,24,000	177,32,95,051	13,00,11,161	

\*An excess expenditure of Rs. 2,81,84,660 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassification between Grants, the real excess to be regularised works out to Rs. 2,79,24,770.

2.27. The following table indicates the excess expenditure recorded under various Voted Grants/Charged Appropriations during the years 1969-70 to 1978-79:

Year	No. of Grants and Appropriations wherein excess occurred	Amount of Expenditure (Rupees in crores)
1969-70 . . . . .	6	2.35
1970-71 . . . . .	4	0.22
1971-72 . . . . .	10	46.21
1972-73 . . . . .	5	10.21
1973-74 . . . . .	..	..
1974-75 . . . . .	6	17.96
1975-76 . . . . .	13	85.79
1976-77 . . . . .	7	67.67
1977-78 . . . . .	6	41.36
1978-79 . . . . .	4	13.00

2.28. In a note furnished to the Committee on 3-5-1980, explaining reasons for the excess expenditure, the Ministry of Railways (Railway Board) have, *inter alia*, stated:

“During the year 1978-79, there was an overall saving of Rs. 282.33 crores over the final grants and appropriations resulting from an aggregate saving of Rs. 295.36 crores under 17 grants and all the 12 appropriations and an aggregate excess of Rs. 13.03 crores under 4 grants. There was no variation under 2 grants namely Grant No. 11—Appropriation to Depreciation Reserve Fund and Grant No. 11A—Appropriation to Pension Fund. The amount of excess in each of the four grants has been shown in para 7 of the Report of the Comptroller and Auditor General of India for the year 1978-79—Union Government (Railways) as also in para 33 of the Appropriation Accounts of Railways in India for the year 1978-79 Part—I—Review.

The excesses under the 4 grants are explained in the attached detailed note.

As the excesses to be regularised by Parliament are to take into account the effect of misclassifications also (repro-

duced below) the detailed note shows (a) figures of excesses as printed in the above mentioned two publications and (b) figures of real excesses after taking into account the effect of the misclassifications.

The Public Accounts Committee are requested to recommend the regularisation of the excess by Parliament in the manner prescribed under Article 115 of the Constitution of India.

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

**Grant No. 14—Construction of new lines—Capital and Depreciation Reserve Fund.**

This grant deals with expenditure on the construction of new lines etc.

A grant of Rs. 65.70 crores was obtained in the Budget for the Construction of new lines. Two Supplementary grants aggregating to Rs. 2.10 crores, were obtained (Rs. 0.60 crores in November, 1978 and Rs. 1.50 crores in March, 1979).

The excess of Rs. 2.82 crores occurred mainly due to accelerated progress on certain works on Southern Railway (Rs. 1.77 crores) and consequently procurement of more material and more payments to contractors (Rs. 9.97 crores) and aggregate of minor excesses (Rs. 0.26 crore) partly (Rs. 0.18 crore).

The excess works out to 4.16 per cent over the final grant.

There was misclassification amounting to Rs. 2,59,890 as brought out in Annexure 'A' and 'B' (cf. Appendix VIII) and the excess requiring regularisation, therefore, is Rs. 2,79,24,770.

**Grant No. 16—Pensionary Charges—Pension Fund**

This grant deals with the payment of Pensionary charges to the Railway Staff covered by the Pension benefits.

A grant of Rs. 46.23 crores was obtained in the Budget for meeting the payment expected to be made to the staff, who retired from Railway service under the Pensionary form of retirement benefits. Supplementary grant of Rs. 9.80 crores was obtained in March, 1979 for meeting the anticipated increased payments.

The excess of Rs. 7.16 crores occurred mainly due to ~~more~~ debits than anticipated received from Civil Accounts Offices (Rs. 6.06 crores) and finalisation of a larger number of family pension and commuted pension cases (Rs. 1.10 crores).

The excess works out to 12.78% over the final grant.

There was no misclassification relating to this grant and excess requiring regularisation, therefore, is Rs. 7,16,26,776.

**Grant No. 17—Repayment of loans from General Revenue and interest thereon—Development Fund**

This grant deals with repayment of loans taken temporarily from General Revenues to finance the Railway Development Fund in accordance with recommendations of the Railway Convention Committee, 1954, which were also endorsed subsequently by Railway Convention Committees—1960, 1965 and 1971.

A grant of Rs. 8.54 crores was obtained in the Budget for the purpose. A supplementary grant of Rs. 0.05 crores was obtained in March, 1979 to cover the increased interest payments to General Revenues on account of more loan to be taken due to non-materialisation of the anticipated surplus and partly due to increase in rate of interest from 5.60 per cent to 5.63 per cent for 1978-79.

The excess of Rs. 0.15 crore was due to non-provision for payment of interest for half year in respect of loans obtained during the year.

The excess works out to 1.76 per cent of the final grant.

There was no misclassification relating to this grant and the excess requiring regularisation, therefore, is Rs. 15,13,723.

**Grant No. 18—Appropriation to Development Fund**

This grant deals with appropriation to Development Fund out of surplus for the year.

In the Budget Estimate an amount of Rs. 31.78 crores was provided for appropriation to the Development Fund out of anticipated revenue surplus of Rs. 65.43 crores. However, the actual revenue surplus was Rs. 36.66 crores (including an amount of Rs. 8.28 crores) on account of various reliefs granted by the Railway Convention Committee (1977). Consequently, Appropriation to Develop-

ment Fund was increased to Rs. 34.68 crores, resulting in excess over the grant.

The excess works out to 9.11 per cent of the final grant.

There was no misclassification relating to the grant and the excess requiring regularisation, therefore, is Rs. 2,89,45,892."

2.29. It is seen from the Explanatory Note furnished by the Ministry of Railways that out of 4 Voted Grants in which excess expenditure had occurred during the year 1978-79, there was misclassification [amounting to Rs. 2.60 lakhs (approx.)] in respect of Grant No. 14—Construction of New lines—Capital and Depreciation Reserve Fund.

2.30. Misclassifications had been noticed in the Appropriation Accounts for the years 1974-75, 1975-76 and 1976-77. Commenting on such misclassifications, the Public Accounts Committee (1978-79) had, in paragraphs 2.18 and 2.19 of their 87th Report (Sixth Lok Sabha) observed in this connection as under:

"2.18. The Committee are concerned to note that during the year 1976-77, there have been misclassifications under Grant No. 7—Revenue-Ordinary Working Expenses—Operation (Fuel). In the case of Grant No. 9, the gross amount involved, exceeded rupees one lakh. The Committee have been informed by the Ministry in March, 1978 that the earlier recommendations of the P.A.C. contained in their 38th Report (Sixth Lok Sabha) have been brought to the notice of the General managers of the Zonal Railways, Production Units and Metropolitan Transport Projects (Railways), for a thorough scrutiny of the reasons for the deterioration in the position and for exercising an effective reconciliation of the subsidiary books with the general books from time to time in order to eliminate the chances of any misclassification remaining undetected and unadjusted at the close of accounts for the year.

2.19. As such misclassifications vitiate sound budgetary control, the Committee take a serious view of the recurrence of misclassifications, and desire that positive instructions should be issued by the Railway Administration to the effect that effective reconciliation of subsidiary books with general books should be attended to promptly, every month, so that rectification of erroneous adjustments and/or misclassifications, if any, detected is effected in time,

thereby eliminating altogether chances of such misclassifications.

2.31. In their Action Taken Note dated 17 November, 1978 furnished to the Committee in response to the above observations, the Ministry of Railways (Railway Board) had stated:

“In continuation of the circular letter issued by this Ministry to the General Managers, *vide* letter No. 76-App/7-2/75-76 dated 27-1-78, relating to misclassifications detected in the Appropriation Accounts for the year 1975-76, a further directive has been issued to the General Managers, All Indian Railways Production Units and M.T.Ps (Metropolitan Transport Projects) for carrying out review of expenditure and effective reconciliation of the subsidiary books with general books from month to month so that any misclassification or mistake detected as a result of this monthly review and reconciliation, is set right at the end of each month. This would help in avoiding any item of misclassifications/mistake remaining undetected and unadjusted at the close of the year's account.

The General Managers have also been directed to examine each of the items of misclassification and mistake as listed in the printed Annexure-J—Statement of important misclassifications and mistakes for the year 1976-77, with a view to bringing out (a) reasons for each misclassification, (b) reason why it could not be detected and set right in year's accounts and (c) staff responsibility for the failure, if any.”

2.32. The final Grant (No. 16) relating to Pensionary Charges—Pension Fund, administered by the Ministry of Railways (Railway Board) had been exceeded persistently in the past as well. The following table indicates the excesses that occurred under this Grant from 1975-76 onwards:

(Rupees in crores)

Year	Excess Expenditure	
1975-76	..	4.22
1976-77	..	2.73
1977-78	..	4.30

2.33. The Committee note that of the excess of Rs. 2.82 crores under Grant No. 14—Construction of new lines—Capital and Depreciation Reserve Fund, a sum of Rs. 2.60 lakhs relating to other Grants was erroneously booked under Grant No. 14. The Committee had, in the past, expressed concern about significant misclassifications that

occurred in certain Grants and desired Railway Administration to issue instructions towards prompt and effective reconciliation of subsidiary books with general books every month for rectification of errors so detected, thereby eliminating altogether chances of mis-classifications. The Committee were informed that a further directive had been issued to the General Managers of Zonal Railways, Production Units and Metropolitan Transport Projects (Railways) for carrying out review of expenditure and reconciliation from month to month. Since mis-classification vitiate budgetary control, the Committee desire that the existing procedures should be further tightened up and responsibility particularly at the supervisory level should be fixed and action taken intimated to the Committee.

2.34. The Committee find that during the year 1978-79, excess expenditure to the tune of Rs. 7.16 crores had been incurred under Grant No. 16—Pensionary Charges—Pension Fund. Earlier also, there was excess expenditure of Rs. 4.30 crores in 1977-78, Rs. 2.73 crores in 1976-77 and Rs. 4.22 crores in 1975-76 under this Grant. The excess of Rs. 7.16 crores during 1978-79 represents 12.78 per cent. of the final Grant. Bulk of it, i.e. Rs. 6.06 crores is attributed to receipt of more debits than anticipated from Civil Accounts Offices; excess of Rs. 1.10 crores occurred mainly due to finalisation of a larger number of family pension and commuted pension cases. The Committee are firmly of the view that much of the expenditure could have been foreseen and adequately provided for at least at the time of obtaining Supplementary Grant in March, 1979. Since there was usually no element of uncertainty or unforeseeability in the outgo on pensions and drawal of commuted value of pension by pensioners, the magnitude of entitlements should be easily ascertainable.

2.35 As the cases of excesses under the head "Pensionary Charges" are substantially on the increase, the Committee would like the Ministry of Railways to examine whether there are any inherent defects in the existing procedure, so as to take remedial measures for ensuring that adequate provision is made at least at the Revised Estimates stage for meeting the pensionary charges.

#### APPROPRIATION ACCOUNTS (DEFENCE SERVICES)—1978-79.

##### Ministry of Defence

#### 2.36. Grant No. 24—Capital outlay on Defence Services.

Charged expenditure	Rupees
Original Appropriation . . . . .	30,00,000
Supplementary Appropriation . . . . .	18,00,000
Total Appropriation . . . . .	48,00,000
Actual Expenditure . . . . .	49,85,161
Excess . . . . .	1,85,161

2.37. In a note explaining the reasons for the excess expenditure, the Ministry of Defence have, *inter alia*, stated:

“As mentioned above, the compiled accounts show an excess of Rs. 1,85,161 over the sanctioned Appropriations. However, two cases of misclassification of expenditure have since come to notice. In one case, a sum of Rs. 1,79,625 was erroneously booked as Voted instead of as Charged. In the other case, an expenditure of Rs. 59,438 which was to be booked as Voted, was erroneously adjusted as Charged. The circumstances under which these two cases of misclassification had occurred are being looked into in consultation with the CGDA for such remedial measures as may be considered appropriate. After taking into account the effect of these misclassifications, the actual excess over the Final Appropriation works out to Rs. 3,05,348 requiring regularisation.

- The excess of Rs. 3,05,348 occurred mainly under Sub-heads A. 1 Army and A.3—Air Force, due to more payments than anticipated in satisfaction of court decrees/arbitration awards, partly counterbalanced by savings under other heads. Such payments, by their very nature, cannot be foreseen precisely and provided for.

In the circumstances explained above, the excess of Rs. 3,05,348 over the sanctioned appropriation may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.”

2.38. The Committee observe that apart from the excess expenditure of Rs. 1.85 lakhs shown in the compiled Appropriation Accounts, two cases of misclassifications involving Rs. 2.39 lakhs were detected and after taking into account the effect of these misclassifications, the actual excess over final Appropriation works out to Rs. 3.05 lakhs. In one case, a sum of Rs. 1.80 lakhs was erroneously booked as “Voted” instead of as “Charged” and in the other case, an expenditure of Rs. 0.59 lakh which was to be booked as “Voted” was erroneously adjusted as “Charged”. The Committee have been informed that the circumstances under which these two cases of misclassification had occurred are being looked into in consultation with the Controller General of Defence Accounts for such remedial measures as may be considered appropriate.

The Committee would like to be apprised urgently of the outcome of investigation made into these cases of misclassifications and  
1878 L.S.—3.



desire fixation of responsibility particularly at the supervisory level, for appropriate action. They would also like to be apprised of the steps taken to avoid recurrence of such patent mistakes.

It has further been stated that the excess of Rs. 3.05 lakhs (after taking into account the misclassifications) occurred due to more payments than anticipated in satisfaction of court decrees. The Committee would like to know whether the payments came to be known before or after the supplementary grant was submitted.

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

NEW DELHI;

CHANDRAJIT YADAV;  
Chairman,

October 17, 1980.

Public Accounts Committee.

Asvina 25, 1902 (Saka).

---

---

**APPENDICES**

---

---

APPENDICES I TO VIII

(Vide Para 1.3 of the Report)

\* \* \* \* \*

Explanatory Notes received from various Ministries/Departments on the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1978-79.

\* \* \* \* \*

**APPENDIX I**  
**MINISTRY OF FINANCE**  
**[Department of Economic Affairs]**  
**Grant No. 39—Pensions.**

Revenue Section (Voted)	Figures in Rupees
Original Grant . . . . .	44,50,00,000
Supplementary Grant . . . . .	..
Final Grant . . . . .	44,50,00,000
Actual Expenditure . . . . .	50,52,45,538
Excess . . . . .	6,02,45,538

Against the final Grant of Rs. 44,50,00,000, the actual expenditure amounted to Rs. 50,52,45,538, resulting in an excess of Rs. 6,02,45,538. This excess of a little over Rs. 6 crores occurred mainly under the following heads of the Grant:—

(In crores of Rs.)

Head	Sanctioned provision	Actual expenditure	Excess
<b>A. Pension and other Retirement Benefits :</b>			
<b>I.A. 1. Superannuation and Retirement Allowances :</b>			
A. 1(1). Ordinary Pensions . . . . .	24.05	24.42	0.37
<b>II.A. 2. Commuted Value of Pensions :</b>			
A.2(1). Ordinary Pensions . . . . .	3.70	5.78	2.08
<b>III.A.4. Gratuities . . . . .</b>			
III.A.4. Gratuities . . . . .	8.41	9.74	1.33
<b>IV. A.5. Family Pensions . . . . .</b>			
IV. A.5. Family Pensions . . . . .	3.50	3.85	0.35
<b>C. Social Security and Welfare :</b>			
<b>C.1. Other Social Security and Welfare Programmes:</b>			
<b>V.C.1.(3). Central Government Employees' Insurance Scheme . . . . .</b>			
V.C.1.(3). Central Government Employees' Insurance Scheme . . . . .	0.90	3.84	2.94
	<b>TOTAL</b>		<b>7.07</b>

The above excess were partly offset by savings under the other sub-heads of the Grant, viz. A. 2.—Commuted Value of Pensions—A. 2(2)—Central Share of State Pensions—provision Rs. 30 lakhs; expenditure Rs. 5.44 lakhs, and A. 9—Pensions to Legislators—provision Rs. 100 lakhs; expenditure Rs. 23.05 lakhs.

2. The excesses under the heads I to IV above are mainly attributable to larger payments of pensionary benefits than anticipated and debits on account of payments of pensionary benefits through public sector banks having turned out larger than anticipated.

3. The excess under the head mentioned at V above was mainly due to post-budget decision to adjust the transactions relating to Railways in respect of the Central Government Employees' Insurance Scheme in civil accounts.

4. While the Grant is controlled by the Ministry of Finance, pension payments are made by a large number of treasuries all over the country (rendering accounts to the State Accountants General) the public sector banks and the Pay and Accounts Offices under the departmentalised accounting set up. The quantum of actual payments depends on the number of retirements, requests for commutation of pensions, deaths of pensioners, etc. It is for these reasons that accurate and precise estimation becomes difficult. The estimates furnished by the Accountants General and the Pay and Accounts Officers are based on trend of actuals and even estimating authorities find it difficult to make an accurate estimate. In several cases, there is a time lag when pension payments become due and the time of actual payment. There are certain other factors, e.g. persons dying while in service, pensioners absorbed in Public Sector Undertakings (most of whom opt for commutation of the entire pension) and those seeking voluntary retirement, etc., which cannot be foreseen either at the time of Budget formulation or later at the time of preparing Revised Estimates. All these factors build up an inherent imprecision in the estimation for the Pension Grant.

5. In view of the circumstances explained above, the excess of Rs. 6,02,45,538 may kindly be recommended for regularisation by Parliament under article 115(1)(b) of the Constitution of India.

6. This note has been seen by Audit.

## APPENDIX II

### MINISTRY OF FINANCE

[Department of Economic Affairs (Budget Division)]

Grant No. 43—Loans to Government Servants, etc.

Capital Section Voted	(Figures in Rupees)
Original Grant . . . . .	70,00,00,000
Supplementary Grant . . . . .	55,51,00,000
Final Grant . . . . .	1,25,51,00,000
Actual Expenditure . . . . .	1,47,29,69,418
Excess . . . . .	21,78,69,418

The original grant of Rs. 70 crores was augmented to Rs. 125.51 crores by a Supplementary Grant of Rs. 55.51 crores obtained in March, 1979. Against this, the actual expenditure amounted to Rs. 1,47,29,69,418, resulting in an excess of Rs. 21,78,69,418. The excess of Rs. 21.79 crores occurred mainly under the following Heads:—

(In crores of Rs.)

AA—Loans to Government servants, etc:

AA. 1—House Building Advances	..	1.72
AA. 4—Festival Advances	..	6.96
A. 5—Other Advances	..	16.12
	TOTAL..	24.80

The above excess of Rs. 24.80 crores was partly offset by savings in provisions for advances for purchase of motor and other conveyances.

2. AA. 1—House Building Advances:

The power to sanction House Building Advances to Central Government employees was decentralised and delegated to individual

**Ministries/Departments with effect from 1st April, 1978.** The ~~ex-~~ **cesses** mainly occurred in the Ministry of Communication (P&T Department) due to larger payments of advances towards the close of the year, than provided for. It was not found possible to deny payment of house building advances already committed, as such a course would have caused monetary loss and financial hardship to the employees, apart from causing administrative problems to the Department.

### 3. AA. 4-Festival Advances

The quantum of festival advances payable to individual employees was increased from Rs. 100 to Rs. 200 in August, 1978. The provision under this head was, on this account, augmented by Rs. 9.65 crores by a Supplementary Grant obtained in March, 1979. In view, however, of the increase in the number of requests from the employees towards the close of the financial year, even the augmented provision proved inadequate, leading to excess.

### 4. AA. 5-Other Advances.

The provision under this head is mainly for advances to Government employees for providing relief to those whose properties are severely damaged by natural calamities. Owing to heavy floods and cyclones in various parts of the country during 1978-79, the provision under this head was augmented by Rs. 44.78 crores by a Supplementary Grant obtained in March, 1979. The requests for advances, however far exceeded the anticipations and the augmented provision also proved inadequate, leading to the excess.

5. It may be mentioned in this connection that the Grant "Loans to Government Servants etc." is a composite Grant, which includes provision for catering to the needs of over 3 million Central Government employees, including Defence, Posts and Telegraphs and Railways, with their field formations scattered all over the country. Provision for various types of advances to the Government employees is necessarily based on the requirements intimated by the various Ministries/Departments of the Government, who, in turn, depend on their field-formations for the estimates of their requirements. Instructions have, however, since been issued in this Ministry's O.M. No. F2(107)-B(AC)/79 dated 5th January, 1980 (copy enclosed) to all the Ministries/Departments of the Government to ensure that the allocated provisions of funds are not exceeded and excesses over the budgeted grant avoided in future.

6. The recommendations of the PAC is sought for the regularisation of this excess expenditure of Rs. 21,78,69,418 under article 115 (1) (b) of the Constitution of India.

7. This note has been vetted by Audit.

Copy of O.M. No. F2(107-B(AC)/79 dt. 5-1-1980 from Deptt. of Economic Affairs, Budget Division to All Ministries/Departments of Government of India etc.

Subject: *Control of Expenditure.*

Rule 71 of the General Financial Rules enjoins that no expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year, except after obtaining a Supplementary Grant or Appropriation, etc. Further, in terms of the Government of India Decision No. (1) below the aforesaid rule, a subordinate authority incurring the expenditure will be responsible for seeing that the allotment placed at its disposal is not exceeded and, where any excess over the allotment is apprehended, for obtaining additional allotment, before incurring the excess expenditure.

2. Funds to meet advances to Central Government employees, including house building advances, conveyance advances, festival advances etc. are provided in a Composite Grant 'loans to government servants' controlled by this Ministry and specific allotments are placed at the disposal of various Ministries/Departments of the Central Government who, in turn, allot funds to their various field formations to enable them to meet the expenditure on advances. It is noticed from the Appropriation Accounts for 1978-79 in respect of Grant No. 43-Loans to Government Servants, received from the Controller of Accounts, that there is a huge excess of expenditure over the Grant and that several Ministries/Departments and their field formations have exceeded the allotments placed at their disposal. Some of them have attributed the excess to 'larger number of applicants', etc., without explaining why the expenditure could not be contained within the allotment placed at their disposal. This has caused a lot of embarrassment to this Ministry, who would eventually have to go to the Public Accounts Committee with a note seeking their recommendation for regularisation of the excess.

3. The Ministry of Agriculture and Irrigation etc. are, therefore, requested kindly to ensure that, henceforth, commencing from 1979-80 onwards, they restrict the expenditure under the various sub-heads of the Grant, strictly to the allotments placed at their disposal, and on no account exceed the allocated provisions without the prior concurrence of the Budget Division of this Ministry. Suitable instructions in this regard may also kindly be issued to field formations to avoid repetition of the excesses mentioned above.

4. Receipt of this O.M. may kindly be acknowledged.

Sd./ M. K. JAIN,  
Deputy Secretary to the Govt. of India.



**APPENDIX III****MINISTRY OF HOME AFFAIRS**

Grant No. 53—Delhi

Revenue Section (Charged)	(Figures in Rupees)
Original Appropriation	62,86,000
Supplementary Appropriation	..
Final Appropriation	62,86,000
Actual Expenditure	63,59,407
Excess	73,407

Against the final Appropriation of Rs. 62,86,000, the actual expenditure amounted to Rs. 63,59,407, resulting in an excess of Rs. 73,047. This excess is the net result of excesses and savings under various heads of the Appropriation and occurred mainly under the head 'B.-Social and Community Services-B.1.-Secretariat-Social and Community Services-B.1(1). Secretariat-B.1(1) (4)-Land and Building Department'. The excess was due to belated decision to adjust payments of arbitral awards in land acquisition cases as 'Charged' expenditure. As payments made in satisfaction of all arbitral awards are not necessarily charged on the Consolidated Fund the precise nature of the arbitral awards in land acquisition cases had to be gone into in consultation with the Ministry of Law. Pending Law Ministry's advice which became available in April, 1979 after the close of the financial year, funds were provided by re-appropriation for this purpose on the voted side which eventually remained un-utilised.

2. In view of the circumstances explained above, the excess of Rs. 73,047 may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution of India.

3. This note has been seen by Audit.

## APPENDIX IV

### MINISTRY OF WORKS AND HOUSING

Grant No. 90—Public Works.

Revenue Sections (Voted)	(Figures in Rupees)
Original Grant	77,22,25,000
Supplementary Grant	8,77,46,000
Final Grant	85,99,71,000
Actual Expenditure	87,28,24,254
Excess	1,28,53,254

2. The original grant of Rs. 77,22,25,000 was augmented by a Supplementary Grant of Rs. 8,77,46,000 obtained in March, 1979. The actual expenditure during the year, however, amounted to Rs. 87,28,24,254, leaving an uncovered excess of Rs. 1,28,53,254. This excess was mainly as a result of an excess of Rs. 3.55 crores under the head A.—Public Works. A. 7 Suspense, A.7(1)-Stock (the actual expenditure under this head being Rs. 26.57 crores as against the sanctioned provision of Rs. 23.02 crores), partly counterbalanced by savings under other heads of the Grant.

3. A provision of Rs. 18.50 crores was made in the Budget 1978-79 under the head A.7(1)-Stock for the acquisition of building material, e.g. cement and steel, etc. for construction of office and residential accommodation by the CPWD. The estimate of expenditure on this account went up owing to the CPWD having undertaken the construction of 20,000 residential quarters for Government employees and two-roomed hostel accommodation at Lodhi Road in New Delhi in connection with the UNIDO Conference held in January/February, 1980. Based on the revised requirements worked out in 1979, a Supplementary Grant of Rs. 4.52 crores was obtained in March, 1979. However, owing to the rise in the prices of cement, steel and other building material, the actual requirement turned out to be much larger. Moreover, the full position

about the inter-divisional transfers of stock (see para 4 below) was not previously known at the time of obtaining the Supplementary Grant which consequently proved to be insufficient resulting in the excess.

4. Under the existing accounting procedure, transactions in respect of stock get reflected a number of times in the accounts owing to the multiplicity of the number of inter-divisional transfers of stock, a factor which also contributes to the excess. As mentioned in para 4 of this Ministry's note (seeking regularisation of the excess in Grant No. 95—Public Works for 1977-78) forwarded to the Lok Sabha Secretariat under the Ministry of Finance O.M. No. F.4(3)-B(SE)/79 dated 29th May, 1979, pursuant to the recommendations made by the PAC in their 104th Report (6th Lok Sabha), a Committee consisting of a Superintending Engineer of the Central Public Works Department and the Controller of Accounts of the Ministry had been set up in November, 1978. The suggestions made by the Committee in its report submitted on 2nd April, 1979, are being considered by an "Empowered Committee" of the Ministry set up on 16th July, 1979. A final decision in the matter is expected to be taken soon in consultation with the Controller General of Accounts and the Comptroller and Auditor General of India.

5. In view of the circumstances explained above, the net excess of Rs. 1,28,53,254 over the voted Grant 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.

**APPENDIX V**  
**MINISTRY OF WORKS AND HOUSING**

**Grant No. 92-Housing and Urban Development**

Revenue Section (Charged)	(Figures in Rupees)
Original Appropriation . . . . .	69,57,000
Supplementary Appropriation . . . . .	3,32,000
Final Appropriation . . . . .	72,89,000
Actual Expenditure . . . . .	77,77,546
Excess . . . . .	4,88,546*

2. The original Appropriation of Rs. 69,57,000 was augmented to Rs. 72,89,000 by a supplementary appropriation of Rs. 3,32,000 obtained in March, 1979. The expenditure during the year, however, worked out to Rs. 77,77,546 resulting in an excess of Rs. 4,88,546. This excess is mainly on account of an excess of Rs. 5.62 lakhs under the head A.3—Government Residential Buildings. A.3(3)-Maintenance and Repairs-A.3(3)(1)-Ordinary Repairs (the actual expenditure booked under this head being Rs. 25.34 lakhs against the sanctioned appropriation of Rs. 19.72 lakhs).

3. On detailed scrutiny after the printing of the Appropriation Accounts for 1978-79, it was noticed that an expenditure of Rs. 4,83,867 under the head "283-A. Housing A-3-Government Residential Buildings-A.3 (3)-Maintenance and Repairs 43 (3) (1) Ordinary Repairs" had been erroneously classified in the finalised accounts under "Charged" instead of as "Voted" expenditure. Had the amount been booked correctly, the total expenditure in the 'Revenue' Section of the Grant would be:

		Sanctioned Provision	Actual Expenditure	Excess (+) Savings(-)
<b>Charged</b>				
● Original . . . . .	69,57,000			
Supplementary . . . . .	3,32,000	72,89,000	72,93,679	(+ )4,679
<b>Voted</b>				
● Original . . . . .	15,49,86,000			
Supplementary . . . . .	1,15,89,000	16,65,75,000	16,24,83,631	(-)40,91,369

4. This small excess of Rs. 4,679 in the Charged portion is due to unavoidable additional repairs which had to be carried out urgently.

\*Read excess after excluding misclassifications comes to Rs. 4,679.

5. The reasons for the non-detection of the above misclassification in the accounts before printing of the Appropriation Accounts, are being investigated and appropriate remedial measures will be taken to avoid its recurrence in future.

6. In view of the circumstances explained above, the net excess of Rs. 4,679 in the Charged portion of the Grant may kindly be recommended for regularisation by Parliament under article 115(1), of the Constitution of India.

7. This has been vetted by Audit.

## APPENDIX VI

### MINISTRY OF DEFENCE

#### Grant No. 19—Ministry of Defence

Revenue Section	Figures in Rupees
Original Grant . . . . .	88,72,54,000
Supplementary Grant . . . . .	4,44,00,000
Final Grant . . . . .	93,16,54,000
Actual Expenditure . . . . .	93,30,54,769
Excess . . . . .	14,00,769

Against the Final Grant of Rs. 93,16,54,000, the actual expenditure amounted to Rs. 93,30,54,769 resulting in an excess expenditure of Rs. 14,00,769. The excess mainly relates to head "B. 1-Canteen Stores Department" on account of purchase of stores. To keep pace with the trend of sales during the year, a Supplementary Grant of Rs. 4.44 crores had been obtained in March 1979. The Supplementary Grant, however, proved inadequate because of rise in prices as also increase in demand for goods of daily necessity provided by the Canteen Stores Department to the troops resulting in an excess expenditure of Rs. 14,02,577. As the transactions took place towards the close of the year there was no time to seek additional funds for this purpose. It may be added that the Canteen Stores Department is a commercial organisation whose funds are self generated and the expenditure incurred is more than covered by the receipts realised from sales.

The excess to the extent of Rs. 1,808 was met out of savings in the Revenue Section of the Grant leaving an uncovered excess of Rs. 14,00,769 which requires to be regularised under article 115 (1) (b) of the Constitution of India. Recommendation of the Public Accounts Committee is solicited accordingly.

D.A.D.S. has seen.

## APPENDIX VII

### MINISTRY OF DEFENCE

#### Grant No. 24—Capital Outlay on Defence Services

Capital Section (Charged)	Figures in Rupees
Original Appropriation . . . . .	30,00,000
Supplementary Appropriation . . . . .	18,00,000
Total Appropriation . . . . .	48,00,000
Actual Expenditure . . . . .	49,85,161
Excess . . . . .	1,85,161*

2. A charged provision of Rs. 30,00,000 was made in the Budget Estimates for 1978-79 which was augmented by obtaining a Supplementary Appropriation of Rs. 18,00,000 in March, 1979. The expenditure during the year, as compiled in the accounts, however, amounted to Rs. 49,85,161 resulting in an uncovered excess of Rs. 1,85,161.

3. As mentioned above, compiled accounts show an excess of Rs. 1,85,161 over the sanctioned Appropriations. However, two cases of misclassification of expenditure have since come to notice. In one case, a sum of Rs. 1,79,625 was erroneously booked as Voted instead of as Charged. In the other case, an expenditure of Rs. 59,438 which was to be booked as voted, was erroneously adjusted as Charged. The circumstances under which these two cases of misclassification had occurred are being looked into in consultation with CGDA for such remedial measures as may be considered appropriate. After taking into account the effect of these misclassifications, the actual excess over the Final Appropriation works out to Rs. 3,05,348 requiring regularisation.

\*Real excess after taking into account misclassifications and erroneous adjustments comes to Rs. 3,05,348.

4. The excess of Rs. 3,05,348 occurred mainly under Sub-heads A.1-Army and A.3-Air Force, due to more payments than anticipated in satisfaction of court decrees/arbitration awards, partly counter-balanced by savings under other heads. Such payments, by their very nature, cannot be foreseen precisely and provided for.

5. In the circumstances explained above, the excess of Rs. 3,05,348 over the sanctioned appropriation may kindly be recommended for regularisation by Parliament under Article 115(i) (b) of the Constitution.

D.A.D.S. has seen.



## APPENDIX VIII

### MINISTRY OF RAILWAYS

Explanatory note on the excesses over grants during the year 1978-79 as detailed in para 7 (pages 15—17) of the Report of the Comptroller and Auditor General of India for the year 1978-79 and in para 33 (page 13) of the Appropriation Accounts of Railways in India for the year 1978-79.

#### *PART I—Review*

1.1. During the year 1978-79, there was an overall saving of Rs. 282.33 crores over the final grants and appropriations resulting from an aggregate saving of Rs. 295.36 crores under 17 grants and all the 12 appropriations and an aggregate excess of Rs. 13.03 crores under 4 grants. There was no variation under 2 grants namely Grant No. 11—Appropriation to Depreciation Reserve Fund and Grant No. 11-A—Appropriation to Pension Fund. The amount of excess in each of the four grants has been shown in para 7 of the Report of the Comptroller and Auditor General of India for the year 1978-79—Union Government (Railways) as also in para 33 of the Appropriation Accounts of Railways in India for the year 1978-79 Part I—Review.

1.2. The excesses under the 4 grants are explained in the attached detailed note.

1.3. As the excesses to be regularised by Parliament are to take into account the effect of misclassifications also, Annexure A, attached to the detailed note shows (a) figures of excesses as printed in the above mentioned two publications and (b) figures of real excesses after taking into account the effect of the misclassifications.

1.4. Public Accounts Committee are requested to recommend the regularisation of the excess by the Parliament in the manner prescribed under Article 115 of the Constitution of India.

1.5. 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 the excesses are avoided to the maximum extent possible.

1.6. This has been seen by Audit.

**PART II—Detailed Note furnished by the Ministry of Railways  
(Railway Board) in respect of Excesses under each of the  
Grants/Appropriations**

**Grant No. 14—Construction of new lines—Capital and Depreciation Reserve Fund—excess of Rs. 2,81,84,660 over final grant of Rs. 67,80,17,000.**

2.1. This grant deals with expenditure on the construction of new lines etc.

2.2. A grant of Rs. 65.70 crores was obtained in the Budget for the Construction of new lines. Two Supplementary grants, aggregating to Rs. 2.10 crores, were obtained (Rs. 0.60 crores in November 78 and Rs. 1.50 crores in March 79).

2.3. The excess of Rs. 2.82 crores occurred mainly due to accelerated progress on certain works on Southern Railway (Rs. 1.77 crores) and consequently procurement of more material and more payments to contractors (Rs. 0.97 crores) and aggregate of minor excesses (Rs. 0.26 crore) partly offset by less receipt of land debits (Rs. 0.18 crore).

2.4. The excess works out to 4.16 per cent over the final grant.

2.5. There was misclassification amounting to Rs. 2,59,890 as brought out in Annexure 'A' & 'B' and the excess requiring regularisation, therefore, is Rs. 2,79,24,770.

**Grant No. 16—Pensionary Charges Pension Fund—excess of Rs. 7,16,26,776 over the final grant of Rs. 56,03,05,000.**

3.1. This grant deals with the payment of Pensionary charges to the Railway Staff covered by the Pension benefits.

3.2. A grant of Rs 46.23 crores was obtained in the Budget for meeting the payments expected to be made to the staff, who retired from Railway service under the Pensionary form of retirement benefits. Supplementary grant of Rs. 9.80 crores was obtained in March 79 for meeting the anticipated increased payments.

3.3. The excess of Rs. 7.16 crores occurred mainly due to more debits than anticipated received from Civil Accounts Offices (Rs. 6.06 crores) and finalisation of a larger number of family pension and commuted pension cases (Rs. 1.10 crores).

3.4. The excess works out to 12.78 per cent over the final grant.

3.5. There was no misclassification relating to this grant and excess requiring regularisation, therefore, is Rs. 7,16,26,776.

*Grant No. 17—Repayment of Loans from General Revenues and interest thereon—Development Fund—Excess of Rs. 15,13,723 over the final grant of Rs. 8,58,79,000.*

4.1. This grant deals with repayment of loans taken temporarily from General Revenues to finance the Railway Development Fund in accordance with recommendations of the Railway Convention Committee 1954, which were also endorsed subsequently by Railway Convention Committees—1960, 1965 and 1971.

4.2. A grant of Rs. 8.54 crores was obtained in the Budget for the purpose. A supplementary grant of Rs. 0.05 crore was obtained in March, 79 to cover the increased interest payments to General Revenues on account of more loan to be taken due to non-materialisation of the anticipated surplus and partly due to increase in rate of interest from 5.60 per cent to 5.63 per cent for 1978-79.

4.3. The excess of Rs. 0.15 crore was due to non-provision for payment of interest for half year in respect of loans obtained during the year.

4.4. The excess works out to 1.76 per cent of the final grant.

4.5. There was no misclassification relating to this grant and the excess requiring regularisation, therefore, is Rs. 15,13,723.

*Grant No. 18—Appropriation to Development Fund—excess of Rs. 2,89,45,892 over the final grant of Rs. 31,78,23,000.*

5.1. This grant deals with appropriation to Development Fund out of surplus for the year.

5.2. In the Budget Estimate an amount of Rs. 31.78 crores was provided for appropriation to the Development Fund out of anticipated revenue surplus of Rs. 65.43 crores. However, the actual revenue surplus was Rs. 36.66 crores (including an amount of Rs. 8.28 crores on account of various reliefs granted by the Railway Convention Committee, 1977). Consequently, Appropriation to Development Fund was increased to Rs. 34.68 crores, resulting in excess over the grant.

5.3. The excess works out to 9.11 per cent of the final grant.

5.4. There was no misclassification relating to this grant and the excess requiring regularisation, therefore, is Rs. 2,89,45,892.

Statement showing excesses over grants as shown in para—7 of the Report of the Comptroller and Auditor General of India for the year 1978-79 and Para 33 of the Appropriation Accounts of the Railways in India for the year 1978-79 Part-I Review & also excesses worked out after taking into account the effect of misclassifications. (Figures in units of Rupees).

S. No.	No. and name of Grant	Original amount	Supplementary Grant	Final Grant (+4)	Actual Expenditure (Col. 3)	Excess (Col. 6- Col. 5)	Real excess after taking into account misclassification (as per Annexure-B)	%age of excess (Col. 7 to Col. 5)	%age of excess (Col. 8 to Col. 5)
1	2	3	4	5	6	7	8	9	10
1.	Grant No. 14—Construction of New lines Capital & Depreciation Reserve Fund	65,70,17,000	2,10,00,000	67,80,17,000	70,62,01,660	2,81,84,660	2,79,24,770	4.16	4.12
2.	Grant No. 16—Pensionary Charges—Pension Fund	46,23,16,000	9,79,89,000	56,03,5,000	63,19,31,776	7,16,26,776	7,16,26,776	12.78	12.78
3.	Grant No. 17—Repayment of loans from General Revenues and interest thereon—Department Fund	8,54,22,000	4,57,000	8,58,79,000	8,73,92,723	15,13,723	15,13,723	1.76	1.76
4.	Grant No. 18—Appropriation to Development Fund	31,78,23,000	..	31,78,23,000	34,67,68,892	2,89,45,892	2,89,45,892	9.11	9.11

## Statement showing working of the real excess under various grants.

S.No.	Particulars	Amount
1.	<i>Grant No. 14—Construction of New Lines—Capital and Depreciation Reserve Fund.</i>	
1.	Excess shown in Appropriation Accounts . . . . .	2,81,84,660
2.	Deduct—	
(a)	Expenditure relating to other grants booked under Grant No. 14 . . . . .	2,59,890
(b)	Add.—	
	Expenditure relating to Grant No. 14 booked under other Grants . . . . .	Nil
3.	Real Excess to be regularised by Parliament 1—2(a)+2 (b)	2,79,24,770
2.	<i>Grant No. 16—Pensionary charges Pension Fund.</i>	
1.	Excess shown in Appropriation Accounts . . . . .	7,16,26,776
2.	(a) Deduct.—	
	Expenditure relating to other grants booked under Grant No. 16 . . . . .	Nil
(b)	Add.—	
	Expenditure relating to Grant No. 16 booked under other Grants . . . . .	Nil
	Real Excess to be regularised by Parliament 1—2 (a)+2 (b)	7,16,26,776
3.	<i>Grant No. 17—Repayment of loan from General Revenues and interest thereon—Development Fund.</i>	
1.	Excess shown in Appropriation Accounts . . . . .	15,13,723
2.	(a) Deduct.—	
	Expenditure relating to other Grant booked under Grant No. 17 . . . . .	Nil
(b)	Add.—	
	Expenditure relating to Grant No.17 booked under other Grants . . . . .	Nil
3.	Real Excess to be regularised by Parliament 1-2(a)+2(b)	15,13,723

S.No.	Particulars	Amount
4.	<i>Grant No. 18—Appropriation to Development Fund.</i>	
	1. Excess shown in Appropriation Accounts . . . . .	2,89,45,882
	2. (a) Deduct.—	
	Expenditure relating to other grants booked under Grant No. 18	Nil
	(b) Add.—	
	Expenditure relating to Grant No. 18 booked under other Grants . . . . .	Nil
	3. Real Excess to be regularised by Parliament 1—2(a)+2(b)	2,89,45,882

## APPENDIX IX

### Conclusions and/or Recommendations

S. No.	Para No.	Ministry	Conclusions/Recommendations
1	2	3	
1	2.7	Finance (Expenditure)	<p>The aggregate amount of expenditure incurred in excess of the provisions authorised by Parliament under various Voted Grants and Charged Appropriations ranged from Rs. 10.06 crores to Rs. 266.52 crores, during the decade from 1969-70 to 1978-79. The Committee note with some satisfaction the declining trend in expenditure incurred in excess of authorised allocations, as is evidenced by the fact that the excess expenditure over authorised provision during the year 1978-79 aggregated to Rs. 42.28 crores, as against Rs. 111.18 crores and Rs. 82.42 crores respectively during the year 1976-77 and 1977-78. Similarly, the number of Voted Grants and Charged Appropriations which witnessed excess expenditure during the year 1978-79 was 11, as against 27 and 17 respectively during the years 1976-77 and 1977-78. The Committee trust that every endeavour would be made by the Ministries/Departments to ensure that the position is not allowed to deteriorate once again as had often happened in the past.</p>

2-8 ✓ Communications.

It is gratifying to note that the Grants and Appropriations operated by Posts and Telegraphs Department have not witnessed any excess expenditure successively for the second year ended on 31 March, 1979.

9 Finance (Expenditure) Works & Housing.

The Committee are constrained to record their displeasure over the excesses that have persisted over the years except during 1976-77 in the Grant relating to "Public Works" operated by the Ministry of Works and Housing. Later in this Report, the Committee have examined in some detail the factors contributing to this persistent tendency of excesses under this Grant. The recurring phenomenon of excess under this Grant underlines the need for evolving sound budgetary procedures and controls by the Ministry on priority basis.

4 2-10 Finance (Expenditure)

The Committee are also concerned to note that during the year under review, there have been misclassification of expenditure in a number of cases. It is significant in this context that these misclassifications or erroneous adjustments could not be detected even at the time of compilation of Appropriation Accounts. This implies that the reconciliation of figures of expenditure was not done carefully. As such misclassification vitiate sound budgetary control, the Committee desire that suitable remedial measures should be taken to ensure that the reconciliation of expenditure figures is conducted meticulously and annual certificates of reconciliation are furnished by the Financial Advisers of the Ministries after careful



scrutiny so that misclassifications, if any, are detected well in time and rectified.

Finance (Economic Affairs) The Committee note that an excess expenditure of Rs. 21.79 crores occurred under Grant No. 43-Loans to Government Servants, etc. There was an excess of Rs. 10.08 crores under this Grant during the year 1976-77 also. The Committee were informed by the Ministry of Finance in June, 1979 that to avoid recurrence of such a situation as far as possible, the work relating to grant of house building advances was decentralised with effect from 1 April, 1978 and that to monitor the expenditure incurred by the various Ministries/Departments one 6-monthly return covering the period April-September followed by 3 bi-monthly returns had also been prescribed. The need to regulate sanction of expenditure strictly within the limits of funds allocated had also been impressed upon the Ministries in October, 1978 and again in January, 1980. That the excess should persist even after decentralisation despite earlier recommendations of the Committee and the instructions issued by the Ministry of Finance, would suggest that further steps are necessary to tighten up the existing monitoring system. The Committee would also like to have a specific report whether the periodical returns prescribed in this behalf were received regularly and in time and whether any follow up action was taken thereon by the Budget Division of the Department of Economic Affairs in the Ministry of Finance. The Committee would impress upon the Ministry of Finance to ensure timely receipt from other Ministries/Departments of the returns prescribed in respect of House Building Advances for timely and

2.16

5

On 17/7/81  
after submission  
of the report

X  
 6  
 17/7/79  
 19/12/79  
 21

2.17

—do—

meaningful review of the position as also to consider the desirability of prescribing similar returns in respect of Festival Advances and other Advances in which bulk of the excess occurred in 1978-79 (Rs. 23.08 crores).

The Committee are positive that this is a case of avoidable excess expenditure and the Ministry ought to have contained it within the final allocation. The Committee, therefore, view with seriousness that excess expenditure should have occurred on this account even after obtaining a substantial supplementary provision of over Rs. 55 crores and would like to have fuller clarification why it was not possible for the Ministry to keep the payments in conformity with the allocated provisions. The Committee are of the view that unless there are extra ordinary developments after the representation of the original estimates e.g., floods and other natural calamities, supplementary provision should, as far as possible, be avoided under this head.

Works and Housing

2.21

The Committee find that an excess expenditure of Rs. 1.29 crores was incurred under the head "A—Public Works. A.7—Suspense, A.7(1)—Stock". The actual expenditure under this head was Rs. 26.57 crores, against the sanctioned provision of Rs. 23.02 crores, partly counterbalanced by savings under other heads of the Grant. In other words, but for savings, the real excess would have been to

19/12/79  
 21

the tune of Rs. 3.55 crores. The gross excess of Rs. 3.55 crores works out to 15.42 per cent of the final Grant of Rs. 23.02 crores. As in the past, the existing accounting procedure whereby transactions in respect of stock get reflected a number of times in the accounts owing to the multiplicity of the number of inter-divisional transfers, of stock, has *inter alia*, been ascribed as a contributory factor to the excess. The Committee were earlier (May 1980) informed that the suggestions made by a study team in its Report submitted on 2 April, 1979 were being considered by an Empowered Committee of the Ministry of Works and Housing set up on 16 July, 1979. From the information furnished now (September 1980) at the Committee's instance, they find that the Empowered Committee has since submitted its conclusions/decisions to the Ministry of Works and Housing, which sent a proposal to the Comptroller and Auditor General through the Ministry of Finance on 27th May, 1980 for adoption of a revised accounting procedure in one of the zones of Central Public Works Department. It is stated that the Ministry's proposal is presently under consideration of the Comptroller and Auditor General of India. The Committee trust that the proposal would be pursued to its logical conclusion and that finality would soon be reached in this important procedural matter, so that the excesses persisting over the years under the Grant "Public Works" may be brought under better control."

2-24 Works and Housing

The Committee observe that an expenditure of Rs. 4.84 lakhs under the head "283-A. Housing. A-3—Government Residential Buildings—A.3(3). Maintenance and Repairs. A.3(3)(1) Ordinary

Dr. Agil (veten)  
19/5/81

5

Repairs" had been erroneously classified in the finalised Appropriation Accounts for 1978-79 under "Charged" instead of as "Voted" expenditure. Had the amount been booked correctly, the actual excess under Revenue Section of the Charged Appropriation would have been Rs. 4,679. The Committee have, however, been informed that the reasons for non-detection of the above misclassification in the accounts before printing of the Appropriation Accounts are being investigated and appropriate remedial measures will be taken to avoid its recurrence in future. The Committee desire that responsibility, particularly at the supervisory level, should be fixed for this lapse, with a view to take appropriate action. The Committee would await a further report in this regard.

9 2.25 Works and Housing

The Committee would like to be apprised whether the circumstances in which the misclassification in the accounts remained undetected, have since been investigated and also what remedial measures have been taken to avoid recurrence of such mistakes. They would like to have a specific report in this regard.

2 33 Railways (Railway Board)

The Committee note that of the excess of Rs. 2.82 crores under Grant No. 14—Construction of new lines—Capital and Depreciation Reserve Fund, a sum of Rs. 2.60 lakhs relating to other Grants was erroneously booked under Grant No. 14. The Committee had, in the past, expressed concern about significant misclassifications that occurred in certain Grants and desired Railway Administration to

issue instructions towards prompt and effective reconciliation of subsidiary books with general books every month for rectification of errors so detected, thereby eliminating altogether chances of misclassifications. The Committee were informed that a further directive had been issued to the General Managers of Zonal Railways, Production Units and Metropolitan Transport Projects (Railways) for carrying out review of expenditure and reconciliation from month to month. Since misclassifications vitiate budgetary control, the Committee desire that the existing procedures should be further tightened up and responsibility particularly at the supervisory level should be fixed and action taken intimated to the Committee.

X 11

2 34 Railways (Railways Board)

↓  
See report of 1978-79

The Committee find that during the year 1978-79, excess expenditure to the tune of Rs. 7.16 crores had been incurred under Grant No. 16—Pensionary Charges—Pension Fund. Earlier also, there was excess expenditure of Rs. 4.30 crores in 1977-78, Rs. 2.73 crores in 1976-77 and Rs. 4.22 crores in 1975-76 under this Grant. The excess of Rs. 7.16 crores during 1978-79 represents 12.78 per cent of the final Grant. Bulk of it, i.e. Rs. 6.06 crores is attributed to receipt of more debits than anticipated from Civil Accounts Offices; excess of Rs. 1.10 crores occurred mainly due to finalisation of a larger number of family pension and commuted pension cases. The Committee are firmly of the view that much of the expenditure could have been foreseen and adequately provided for at least at the time of obtaining Supplementary Grant in March, 1979. Since there was usually no element of uncertainty of unforeseeability in the outgo on pensions

and drawal of commuted value of pension by pensioners, the magnitude of entitlements should be easily ascertainable.

2-35 Railways (Railway Board)

As the cases of excesses under the head "Pensionary Charges" are substantially on the increase, the Committee would like the Ministry of Railways to examine whether there are any inherent defects in the existing procedure, so as to take remedial measures for ensuring that adequate provision is made at least at the Revised Estimates stage for meeting the pensionary charges".

*Sub. Deptt.  
1/1/58*

2-38

Defence

The Committee observe that apart from the excess expenditure of Rs. 1.85 lakhs shown in the compiled Appropriation Accounts, two cases of misclassifications involving Rs. 2.39 lakhs were detected and after taking into account the effect of these misclassifications, the actual excess over final Appropriation works out to Rs. 3.05 lakhs. In one case, a sum of Rs. 1.80 lakhs was erroneously booked as "Voted" instead of as "Charged" and in the other case, an expenditure of Rs. 0.59 lakh which was to be booked as "Voted" was erroneously adjusted as "Charged". The Committee have been informed that the circumstances under which these two cases of misclassification had occurred are being looked into in consultation with the Controller General of Defence Accounts for such remedial measures as may be considered appropriate.

16/6/58  
checked by  
DADS

The Committee would like to be apprised urgently of the outcome of investigation made into these cases of misclassifications and desire fixation of responsibility, particularly at the supervisory level, for appropriate action. They would also like to be apprised of the steps taken to avoid recurrence of such patent mistakes.

It has further been stated that the excess of Rs. 3.05 lakhs (after taking into account the misclassifications) occurred due to more payments than anticipated in satisfaction of court decrees. The Committee would like to know whether the payments came to be known before or after the supplementary grant was submitted.

14 2:39 Finance (Expenditure)

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

P.A.C. No. 744

---

© 1966 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Sixth Edition) and printed by the General Manager, Government of India Press, Minto Road, New Delhi.

---