

EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2015-16)

PUBLIC ACCOUNTS COMMITTEE (2017-18)

EIGHTY-EIGHTH REPORT

SIXTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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Presented to Lok Sabha on:

09/02/2018

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09/02/2018

LOK SABHA SECRETARIAT
NEW DELHI

February 2018/Magha 1939 (Saka)

CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2017-18)	(v)
INTRODUCTION	(vi)
 REPORT	
	Part – I
A. INTRODUCTORY	1-4
(a) Annual Appropriation Accounts of the Union Government	1-2
(b) Rules/Provisions for controlling excess expenditure	2
(c) Procedure for regularization of excess expenditure	2-3
(d) Union Government Appropriation Accounts (2015-16)	3-4
B. EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATION (2015-16)	4-15
(a) Details of Excess Disbursement over Voted Grants/Charged Appropriation (2015-16)	4-6
(b) Actual Excess Expenditure incurred by the Ministry of Railways	6-7
(c) Total Actual Excess Expenditure for the financial year 2015-16 requiring regularization under Article 115(1)(b) of the Constitution	7
(d) Reasons for incurring Excess Expenditure	7-8
(e) Excess Expenditure despite obtaining Supplementary Grants	8-9
(f) Recurring Excess Expenditure	9-10
(g) Persistent excess in Grants/Appropriations	10-11
C. EXAMINATION OF SELECT CASES OF EXCESS EXPENDITURE	11
(a) Appropriation Accounts – Civil	12-13
Grant No. 15 – Department of Telecommunications (Revenue-Voted)	12-13
(b) Appropriation Accounts-Railways	13-15
(i) Grant No. 2 – Miscellaneous Expenditure (General)	13-14
(ii) Recurring Excess Expenditure incurred by the Ministry of Railways	14

(iii) Misclassification of Expenditure under Excess registering 14-15
Grants/Appropriations operated by the Ministry of Railways

Part – II

OBSERVATIONS/RECOMMENDATIONS

16-25

ANNEXURES

*I-VII Explanatory Notes furnished by the Ministries of Defence, Communications (Department of Telecommunications) and the Ministry of Railways on the Excess Expenditure incurred under various Grants/Appropriations during 2015-16.

APPENDICES

*I. Minutes of the Twentieth Sitting of Public Accounts Committee (2017-18) held on 30.01.2018.

*II. Statement of Observations and Recommendations.

* Not appended to the cyclostyled copy of the Report

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2017-18)**

Shri Mallikarjun Kharge - **Chairperson**

MEMBERS

LOK SABHA

2. Shri Sudip Bandyopadhyay
3. Shri Subhash Chandra Baheria
4. Shri Prem Singh Chandumajra
5. Shri Nishikant Dubey
6. Shri Gajanan Chandrakant Kirtikar
7. Shri Bhartruhari Mahtab
8. Smt. Riti Pathak
9. Shri Neiphiu Rioh
10. Shri Abhishek Singh
11. Prof. Ram Shanker
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar C. Udasi
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Bhubaneswar Kalita
19. Shri Mohd. Ali Khan
20. Shri Sukhendu Sekhar Roy^{*}
21. Shri Ajay Sancheti
22. Shri Bhupender Yadav

SECRETARIAT

1. Shri A.K. Singh - Additional Secretary
2. Shri T.Jayakumar - Director
3. Smt. Anju Kukreja - Under Secretary

^{*} Elected w.e.f. 29 December, 2017 in lieu of vacancy caused due to retirement of Shri Shantaram Naik.

[†] ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 18 August, 2017 and re-elected w.e.f. 29 December, 2017.

INTRODUCTION

I, the Chairperson, Public Accounts Committee, having been authorised by the Committee, do present on their behalf this Eighty-eighth Report (Sixteenth Lok Sabha) on "Excesses over Voted Grants and Charged Appropriations (2015-16)".

2. The Union Government Appropriation Accounts (Civil) 2015-16; the Union Government Appropriation Accounts (Postal Services) 2015-16; the Union Government Appropriation Accounts of the Defence Services 2015-16; and the Report of the Comptroller & Auditor General of India for the year ended March 2016, No. 34 of 2016, Union Government (Accounts of the Union Government) were laid on the Table of the House on 15 December, 2016 and 16 December, 2016 respectively. The Indian Railways Appropriation Accounts Part-I — Review, 2015-16; the Indian Railways Appropriation Accounts Part-II — Detailed Appropriation Accounts, 2015-16; the Indian Railways Appropriation Accounts Part-II — Detailed Appropriation Accounts (Annexure-G), 2015-16; and the Report of the Comptroller & Auditor General of India for the year ended March 2016, Report No. 37 of 2016, Union Government (Railways) Railways Finances were laid on the Table of the House on 10 March, 2017.

3. The Committee examined the cases of excess expenditure incurred by the Ministries of Defence, Communications (Department of Telecommunications) and Railways of the Union Government in the 2015-16 fiscal on the basis of the Appropriation Accounts; observations of Audit as contained in the relevant Reports of the Comptroller & Auditor General of India; and the Explanatory Notes furnished by the Ministries/Departments concerned. The Committee considered and finalised this Report at their sitting held on 30 January, 2018. Minutes of the sitting are given at Appendix-I.

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

5. The Committee would like to express their thanks to the representatives of the Ministries of Defence, Communications (Department of Telecommunications) and Railways for the cooperation extended by them in furnishing the requisite information to the Committee.

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

NEW DELHI;
January, 2018
Magha, 1939 (Saka)

MALLIKARJUN KHARGE
Chairperson,
Public Accounts Committee

REPORT

PART-I

A. INTRODUCTORY

(a) Annual Appropriation Accounts of the Union Government

Appropriation Accounts are annual statements detailing Grant/Appropriation-wise sums spent by the Government in a financial year compared with the several sums specified in the schedule appended to the Appropriation Acts passed under Articles 114 and 115 of the Constitution of India and also indicate unspent provisions/excess expenditure under each Voted Grant and Charged Appropriation as a whole during that financial year.

2. Presently, four Appropriation Accounts are presented to Parliament viz. Civil, Defence Services, Postal Services and Railways. The Appropriation Accounts in respect of Grants/Appropriations covered under the Civil Sector are prepared by the Controller General of Accounts (CGA) in the Ministry of Finance. The Non-Civil Ministries/Departments like Defence, Posts and Railways prepare their own annual Appropriation Accounts. These Appropriation Accounts are audited and certified by the Comptroller and Auditor General (C&AG) of India who also submits separate Audit Reports thereon to the President who, in turn, causes them to be laid before each House of Parliament in terms of Article 151 of the Constitution of India.

3. After their presentation to Parliament, these annual Appropriation Accounts and Audit Reports thereon stand referred to the Public Accounts Committee for examination under the provisions of Rule 308[†] of Rules of Procedure and Conduct of Business in Lok Sabha.

4. In scrutinizing the Appropriation Accounts of the Government of India and the Reports of the Comptroller and Auditor General of India thereon, it is the duty of the Committee to satisfy themselves: -

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

* In a Demand for Grants, provision for voted expenditure is called a Grant and for charged expenditure it is called an Appropriation.
† This Rule defines the functions of the Public Accounts Committee.

(c) that every re-appropriation has been made in accordance with the provisions made in this behalf under Rules framed by the competent authority.

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

(b) Rules/Provisions for controlling excess expenditure

6. The following Constitutional Provisions and Rules are laid down for control of excess expenditure by the Government:

- (i) Article 114 (3) of the Constitution provides that subject to the provisions of Articles 115 and 116, no money shall be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article.
- (ii) Further, Rule 52 (3) of the General Financial Rules (GFR), 2005 stipulates that no disbursements be made which might have the effect of exceeding the total Grant or Appropriation authorised by Parliament for a financial year except after obtaining a Supplementary Grant or an advance from the Contingency Fund.
- (iii) Article 115(1) (b) of the Constitution stipulates that if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.
- (iv) Indian Railway Financial Code, Volume-I also addresses the issue of excesses over Grants in so far as Railway finances are concerned. According to paragraph 371 of this code, the Railway administration shall be responsible to ensure that no expenditure is incurred in excess of the Budget allotments made to them. Similar provisions also exist under paragraphs 782 and 783 of Postal Manual, Volume II (Fourth Revised Edition) which, *inter-alia* prescribe that control in relation to budget allotments must secure that expenditure is not incurred under any head in excess of the funds allotted to that head.

(c) Procedure for regularization of excess expenditure

7. According to the procedure laid down for regularization of the excess expenditure, the Ministries/Departments of the Government of India are required to furnish to the Public Accounts Committee, Explanatory Notes detailing the reasons for

or the circumstances leading to the excesses under each excess registering Grant/ Appropriation along with the relevant Appropriation Accounts. Thereafter, the Public Accounts Committee proceed to examine, in the light of the Explanatory Notes furnished by the Ministries/Departments concerned, the circumstances leading to such excesses and present a Report thereon to Parliament recommending *inter-alia* regularization of the excesses subject to such Observations/Recommendations as they may choose to make. Pursuant to the Observations/Recommendations made in the Report of the Committee, the Government initiate necessary action to have the excesses regularized by Parliament, under Article 115 (1) (b) of the Constitution, either in the same Session in which the Committee present their Report or in the Session following it.

(d) Union Government Appropriation Accounts (2015-16)

8. The details of the four Union Government Appropriation Accounts (2015-16) viz. the dates of laying of these Accounts on the Table of the House, the number of Grants/Appropriations operated under each of the four Appropriation Accounts and the relevant Chapters/Paragraphs of the Audit Reports highlighting the Audit findings are given below:-

Sl. No.	Appropriation Accounts	Date of laying on the Table of the House	No. of Grants/ Appropriations highlighted	C&AG's Report in which audit findings are highlighted
1.	Civil	16.12.2016	109	Chapter 3 (Para 3.4 and 3.5) of C&AG's Report No. 34 of 2016, Union Government, Accounts of the Union Government, (Financial Audit)
2.	Defence Services	15.12.2016	6	Chapter 3 (Para 3.4 and 3.5) of C&AG's Report No. 34 of 2016, Union Government, Accounts of the Union Government, (Financial Audit)
3.	Postal Services	16.12.2016	1	Chapter 3 (Para 3.4 and 3.5) of C&AG's Report No. 34 of 2016, Union Government, Accounts of the Union Government, (Financial Audit)
4.	Railways	10.03.2017	16	Chapter 3 (Para 3.4 and 3.5) of C&AG's Report No. 34 of 2016, Union Government, Accounts of the Union Government, (Financial Audit) and Chapter 2 of C&AG's Report No. 37 of 2016, Union Government (Railways) Railways Finances
Total No. of Grants/Appropriations:				132

9. In this Report, the Committee have examined the cases of those Grants/Appropriations where money has been spent in excess of the amount authorized by Parliament for specified services for the year 2015-16 and which require regularization by Parliament under Article 115(1)(b) of the Constitution of India.

B. EXCESS EXPENDITURE OVER VOTED GRANTS AND CHARGED APPROPRIATIONS (2015-16)

10. Scrutiny of the four Appropriation Accounts (2015-16) revealed that, there was an excess disbursement of ₹ 286,23,84,065 (₹ 286.24 crore) over the authorization from the CFI during 2015-16. There was an excess disbursement of ₹ 210,36,86,254 (₹ 210.37 crore) in two segments of two Grants/Appropriations in Civil Ministries/Departments and ₹ 75,86,97,811 (₹ 75.87 crore) in six segments of six Grants/Appropriations of the Ministry of Railways. These are illustrated below in a tabular form:

(In unit of ₹)

Sl. No.	Name of Appropriation Accounts	No. of excess registering Grants/Appropriations	No. of cases involved	Amount of excess expenditure incurred
1.	Civil	2	2	210,36,86,254
2.	Defence Services	0	0	NIL
3.	Posts	0	0	NIL
4.	Railways	6	6	75,86,97,811
Total		8	8	286,23,84,065

(a) Details of Excess Disbursement over Voted Grants/Charged Appropriations (2015-16)

11. The details of eight cases of eight Voted Grants/Charged Appropriations under which the actual expenditure had exceeded the sanctioned provision during the financial year 2015-16 as shown in the relevant Union Government Appropriation Accounts/Explanatory Notes furnished by the Ministries/Departments concerned are given below:-

(In unit of ₹)

Sl. No.	No. & Name of Grant/ Appropriation	Administrative Ministry/ Department	Original Grant/Appropriation (O) Supplementary Grant/Appropriation (S) Total Grant/ Appropriation (T)	Actual Expenditure	Excess Expenditure	Percentage of excess expenditure over total Grant/ Appropriation
1	2	3	4	5	6	7
I – APPROPRIATION ACCOUNTS - CIVIL						
Revenue (Voted)						
1.	15- Department of Telecommunications	Telecommunications	O-13284,10,00,000 S- 7675,11,00,000 T-20959,21,00,000	21169,43,20,526	210,22,20,526	1.00
Revenue (Charged)						
2.	22- Defence Pensions	Defence	O-74,00,000 S-2,26,00,000 T-3,00,00,000	3,14,65,728	14,65,728	4.89
Total (Civil) -			20962,21,00,000	21172,57,86,254	210,36,86,254	1.00
II APPROPRIATION ACCOUNTS - RAILWAYS						
Revenue (Voted)						
3.	02- Miscellaneous Expenditure (General)	Railways	O-905,31,32,000 S-0 T-905,31,32,000	980,94,25,767	75,62,93,767	8.35
Revenue (Charged)						
4.	03-Working Expenses- General Superintendence and Services-	Railways	O-1,16,30,000 S-1,44,13,000 T-2,60,43,000	2,70,78,362	10,35,362 [‡]	3.98
5.	04-Working Expenses- Repairs and maintenance of permanent way and works	Railways	O-38,61,000 S-66,81,000 T-1,05,42,000	1,05,84,943	42,943 [§]	0.41
6.	06- Working Expenses- Repairs and Maintenance of Carriage and Wagons	Railways	O-0 S-2,21,000 T-2,21,000	2,21,158	158	0.07

[‡] There was an excess expenditure of ₹10,35,362 under this appropriation. However, taking into account the misclassification of ₹67,328, the actual excess expenditure requiring regularization works out to ₹11,02,690

[§] There was an excess expenditure of ₹ 42,943 under this appropriation. However, taking into account the misclassification of ₹ 13,61,830, the actual excess expenditure requiring regularization works out to ₹ 14,04,773

7.	11- Working Expenses-staff Welfare and Amenities	Railways	O-0 S-57,000 T-57,000	57,200	200	0.35
8.	13- Working Expenses-Provident Fund, Pension and other retirement benefits	Railways	O- 51,60,000 S-15,20,000 T-66,80,000	80,05,381	13,25,381	19.84
Total (Railways)			909,66,75,000	985,53,72,811	75,86,97,811	8.34
Grand Total			21871,87,75,000	22158,11,59,065	286,23,84,065	1.31

12. The above statement reveals that out of two cases of excess expenditure incurred under the Grants/Appropriations operated by Civil Ministries/Departments, the Department of Telecommunications incurred excess expenditure of ₹210.22 crore which is 73.44 percent of the total excess expenditure incurred during the year 2015-16. In case of Grants/Appropriations administered by the Ministry of Railways, an excess expenditure of ₹ 75.87 crore (Before misclassification of expenditure) i.e. 8.34 percent of total excess expenditure was incurred in six cases.

(b) Actual Excess Expenditure incurred by the Ministry of Railways

13. A comparative scrutiny of the Union Government Appropriation Accounts (Railways) for the year 2015-16 and the Explanatory Notes furnished by the Ministry of Railways indicating the detailed reasons for excess expenditure incurred by them over Voted Grants/Charged Appropriations revealed that there was a misclassification of expenditure of ₹ (+) 67,328 under Appropriation No. 3 Working Expenses – General Superintendence and Services, ₹(+) 13,61,830 under Appropriation No. 4 – Working Expenses-Repairs and Maintenance of Permanent Way and Works and ₹(+) 6,07,032 under Appropriation No. -13- Working Expenses-Provident Fund, Pension and other Retirement Benefits. Taking into account the effect of this misclassification, the actual excess expenditure incurred by the Ministry of Railways during the year 2015-16 works out to ₹76,07,34,001 instead of ₹75,86,97,811 as indicated in Indian Railways Appropriation Accounts (2015-16).

** There was an excess expenditure of ₹ 13,25,381 under this appropriation. However, taking into account the misclassification of ₹ 6,07,032 the actual excess expenditure requiring regularization works out to ₹ 19,32,413

(c) Total Actual Excess Expenditure for the financial year 2015-16 requiring regularization under Article 115(1)(b) of the Constitution.

14. Thus, the total amount of actual excess expenditure incurred during the financial year 2015-16, which requires regularization by Parliament under Article 115(1)(b) of the Constitution is of the order of ₹ 286,44,20,255 incurred in eight cases of eight excess registering Grants/Appropriations.

(d) Reasons for incurring Excess Expenditure

Sl.No.	No. and name of Grant/Appropriation	Excess Expenditure incurred (₹ in crore)	Reasons for excess as stated by the Ministries/Departments concerned
1.	15 – Deptt. of Telecommunications	210.22	Adjustment of more Pensionary charges at the fag end of the year.
2.	22-Defence Pensions	0.15	Implementation of Court Judgements.
3.	2- Miscellaneous Expenditure (General)	75.63	More expenditure on staff cost and non-provision of budget for expenditure under Mumbai Urban Transport Project (MUTP) surcharge, slow progress of certain survey works, etc.
4.	3-Working Expenses-General Superintendence and Services	0.10	materialization of more decretal Payments, than anticipated
5.	4- Working Expenses-Repairs and Maintenance of permanent Way and Works	0.004	Materialization of more decretal payments, than anticipated.
6.	6-Working Expenses-Repairs and Maintenance of	0.00002	Actual decretal payment was slightly more than anticipated.

	Carriage and Wagons		
7.	11-Working Expenses-staff welfare & Amenities	0.00002	Materialization of more decretal payments, than anticipated.
8.	13-Working Expenses-Provident Fund, Pension & other Retirement benefits	0.13	Materialization of more decretal payments, than anticipated earlier.

(e) Excess Expenditure despite obtaining Supplementary Grants

15. A scrutiny of the relevant Appropriation Accounts and Explanatory Notes received from the Ministries/Departments concerned revealed that during the financial year 2015-16, out of eight cases of excess registering Grants/Appropriations, the excess expenditure had been incurred even after obtaining Supplementary Grants/Appropriations in the following seven cases by the respective Ministries/Departments to meet their additional requirements:

(In unit of ₹)

Sl. No.	No. and name of Grant/Appropriation	Amount of Supplementary Grant/Appropriation obtained	Amount of excess expenditure incurred	Percentage of excess over Supplementary Grants/Appropriations
1	2	3	4	5
I. APPROPRIATION ACCOUNTS - CIVIL Revenue(voted)				
1. 15- Department of Telecommunications				
1.	15- Department of Telecommunications	76,75,11,00,000	210,22,20,526	2.74
Revenue (charged)				
2.	22-Defence Pensions	2,26,00,000	14,65,728	6.49
	Total (Civil)	7677,37,00,000	210,36,86,254	2.74
II. APPROPRIATION ACCOUNTS – RAILWAYS Revenue (charged)				
3.	3- Working Expenses-General Superintendence and Services	1,44,13,000	10,35,362	7.18
4.	4-Working Expenses-Repairs & maintenance of Permanent Way & Works	66,81,000	42,943	0.64

5.	6-Working Expenses-Repairs & Maintenance of Carriages & Wagons	2,21,000	158	0.07
6.	11- Working Expenses- staff Welfare& Amenities	57,000	200	0.35
7.	13-Working Expenses-Provident Fund, Pension and other Retirement Benefits	15,20,000	13,25,381	87.20
TOTAL (Railways)		2,28,92,000	24,04,044	10.50
Grand Total		7679,65,92,000	210,60,90,298	2.74

16. Scrutiny of the above statement has revealed that in the fiscal year 2015-16, excess expenditure was incurred even after obtaining large sums as Supplementary Grants. Supplementary Grants to the tune of ₹ 7677.37 crore was allocated for the two excess registering Grants/Appropriations operated by the Civil Ministries/Departments but this fell short by ₹ 210.37 crore. In respect of Railways, out of six cases of excess registering Grants/Appropriation, Supplementary Grant of ₹ 2.29 crore was obtained in 5 cases, still an excess expenditure of ₹ 0.24 crore was incurred.

(f) Recurring Excess Expenditure

17. Article 114(3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India (CFI) except under appropriations made by law passed in accordance with the provisions of this Article. Further, General Financial Rule (GFR) 52(3) stipulates that no disbursement be made which might have the effect of exceeding the total Grant or Appropriation authorized by Parliament for a financial year except after obtaining a Supplementary Grant or an advance from the Contingency Fund. Contrary to this, the incurrence of excess expenditure has been a recurring phenomenon in the past despite recommendations of the Public Accounts Committee and subsequent issuance of instructions by the Ministry of Finance from time to time. The comparative data given below indicates the position regarding excess expenditure incurred by various Ministries/Departments during the last ten years:

(₹ in crore)

Year	Appropriation Accounts -Civil		Appropriation Accounts - Defence Services		Appropriation Accounts Postal Services		Appropriation Accounts - Railways		Total	
	No. of Excess register ing Grants/ Appropriations	Excess expenditure incurred	No. of Excess register ing Grants/ Appropriations	Excess expenditure incurred	No. of Excess register ing Grants/ Appropriations	Excess expenditure incurred	No. of Excess register ing Grants/ Appropriations	Excess expenditure incurred	Total of Columns 3, 5, 7, 9	Total of Columns 4, 6, 8
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2006-07	4	6637.20	1	667.17	-	-	8	365.16	13	37669.53
2007-08	4	100.14	1	71.19	1	-	8	51.22	14	222.57
2008-09	4	270.21	2	742.61	-	-	8	532.12	14	1544.94
2009-10	4	9218.89	2	2615.23	1	818.13	9	1922.84	16	14575.08
2010-11	7	3384.10	4	4239.34	1	366.63	10	3056.86	22	11046.93
2011-12	5	6545.33	1	567.91	1	400.04	4	1049.86	11	8563.14
2012-13	4	4565.39	3	195.53	1	160.14	8	1675.96	16	6597.02
2013-14	3	39.59	3	733.72	-	-	12	2734.91	18	3508.22
2014-15	3	15640.55	1	0.001	1	70.41	6	496.99	11	16207.95
2015-16 (year under review)	2	210.37	-	-	-	-	6	76.07	8	286.44

18. It is seen from above that the various Civil Ministries/Departments and the Ministry of Railways have been incurring large amount of excess expenditure continuously during the last ten fiscals. However, it has been revealed that there is considerable decline in excess expenditure incurred by the Civil Ministries/Departments as well as Ministry of Railways during the year 2015-16.

(g) Persistent excess in Grants/Appropriations

19. A scrutiny of the Grants/Appropriations registering persistent excess for the five years period i.e. from 2011-12 to 2015-16 revealed that in Revenue-Charged segment of three Appropriations persistent excesses occurred. The Appropriation-wise and year-wise details of persistent excesses against allocations are given below:

(Amount in ₹)

Sl.No.	Description of Grant/Appropriation	2011-12	2012-13	2013-14	2014-15	2015-16
	Civil - Revenue (Charged)					

Sl.No.	Description of Grant/Appropriation	2011-12	2012-13	2013-14	2014-15	2015-16
	Civil - Revenue (Charged)					
1.	21- Defence Pensions					
	Excess-Expenditure-Appropriation-	28,54,467 82,54,467 54,00,000	3,99,60,400 4,81,60,400 82,00,000	74,86,943 4,97,86,943 4,23,00,000	4,54,50,236 14,54,50,236 10,00,00,000	14,65,728 3,14,65,728- 3,00,00,000
	Railway - Revenue (Charged)					
2.	03- General Superintendence and Services					
	Excess-Expenditure-Appropriation-	27,29,201 30,34,201 3,05,000	41,82,995 42,73,995 91,000	38,47,888 88,78,888 50,31,000	23,862 1,37,56,862 1,37,33,000	10,35,362 2,70,78,362 2,60,43,000
3.	13 – Provident Fund, Pension & other Retirement Benefits					
	Excess-Expenditure-Appropriation-	4,09,113 62,67,113 58,58,000	15,63,329 73,83,329 58,20,000	16,38,105 74,45,105 58,07,000	21,01,513 86,64,513 65,63,000	13,25,381 80,05,381 66,80,000

20. Scrutiny of the above statement revealed that the Ministry of Defence under Grant No. 22 Defence Pensions, had incurred excess expenditure recurring for the years 2011-12 to 2015-16 under Revenue-Charged Section of the Grant. In the case of Grants/Appropriations operated by the Ministry of Railways it has been observed that recurring excess expenditure under Appropriation No. 03 – General Superintendence & Services had been incurred for the last five years i.e. from 2011-12 to 2015-16. Grant No. 13 – Provident Fund, Pension and other Retirement Benefits had also incurred recurring excess expenditure during the years 2011-12 to 2015-16.

(C) EXAMINATION OF SELECT CASES OF EXCESS EXPENDITURE

21. In the succeeding paragraphs, the Committee have dealt with some of the prominent cases involving excess expenditure during the financial year 2015-16 in the light of the facts brought out in the relevant Appropriation Accounts, Audit observations thereon, Explanatory Notes furnished by the Ministries/Departments concerned and the written replies received from the Ministries/Departments concerned.

(a) **APPROPRIATION ACCOUNTS (CIVIL)**

Grant No. 15 – Department of Telecommunications (Revenue-Voted)

22. During the Financial Year 2015-16, the Ministry of Communications (Department of Telecommunications) incurred an excess expenditure of ₹ 210.22 crore under Revenue (Voted) section of Grant No. 15- Department of Telecommunications.

23. Under Revenue Section (Voted) of Grant No. 15 –Department of Telecommunications for 2015-16, the total provision was ₹ 13284.10 crore. This was augmented to ₹ 20959.21 crore by obtaining Supplementary Grant of ₹ 7675.11 crore. Against this, the actual expenditure of ₹ 21169.43 crore was incurred resulting in an excess expenditure of ₹ 210.22 crore.

24. Scrutiny of the Explanatory Note furnished by the Ministry of Communications (Department of Telecommunications) revealed that the excess expenditure under this Section of the Grant was the net effect of total excess of ₹ 752.93 crore and total savings of ₹ 542.71 crore under various Sub-Heads of the Grant. The Sub-Heads under which the excess expenditure of ₹ 1 crore and above incurred and reasons thereof as attributed by the Ministry of Communications are given below:

Sl. No.	Sub-Head	Amount of excess expenditure incurred (₹ in crore)	Contributory reasons as stated by the Ministry
1.	3451.00.091.03- Centre Development Telematics	20.00	Due to booking of expenditure pertaining to the head 2552.00.208.01-Centre-for Development of Telematics North East Area.
2.	3451.00.091.09 – Administrator Universal Service Fund Communication Accounts	2.02	Due to more expenditure under professional Services
3.	2071.01.101.01 – Superannuation and Retirement allowances	76.59	As the more pensionary charges were adjusted at the fag end of the year by the Banks proper provision could not be made.

4.	2071.01.105.02 – Family Pension	295.83	-do-
5.	3275.00.103.01 – Compensation to Service providers for Universal Service Obligation	326.25	Booking of expenditure pertaining to the head 2552.00.498.01- Compensation to service providers for Universal Service Obligation-North East Area.
6.	3275.00.800.07 – Refund of upfront charges of BWA spectrum in respect of BSNL	29.34	Due to refund of more upfront charges of BWA spectrum in respect of BSNL managed by savings with in the Grant.
7.	3451.00.091.12 – Controller Communications Accounts	1.96	Excess was due to more expenditure on Salaries.

(b) APPROPRIATION ACCOUNTS -RAILWAYS

25. During the financial year 2015-16, the Ministry of Railways incurred an excess expenditure of ₹ 76.07 crore (after misclassification) in six cases of six Grants/ Appropriations. The details of these excess registering Grants/Appropriations have already been given in Paragraph 11 of this Report. The Explanatory Notes furnished by the Ministry of Railways in this regard have been reproduced at Annexure -III to this Report.

26. Scrutiny of the Explanatory Notes revealed that out of the total excess expenditure of ₹ 76.07 crore incurred by the Ministry of Railways during the fiscal 2015-16, the maximum excess expenditure of ₹ 75.63 crore was incurred under Grant No. - 2 –Miscellaneous Expenditure (General). Detailed scrutiny of this Grant is given as under:

(i) Grant No. 2 – Miscellaneous Expenditure (General)

27. Under Grant No. 2 – Miscellaneous Expenditure (General), Ministry of Railways obtained an Original Grant of ₹ 905.31 crore against this the actual expenditure was ₹ 980.94 crore registering thereby an excess expenditure of ₹75.63 crore.

28. Scrutiny of the Explanatory Note furnished by the Ministry of Railways revealed that excess expenditure under this Grant was mainly incurred under the following Minor Heads:

- (a) **Research Designs & Standards Organization (₹5.60 crore)** - Mainly, due to more expenditure towards staff cost and retirement benefits during the year, than anticipated.
- (b) **Cost of statutory Audit (₹ 65.43 crore)** - Due to more expenditure towards staff cost than anticipated.
- (c) **Miscellaneous Charges (₹ 119.78 crore)** - Mainly due to more expenditure towards MUTP Surcharges, than anticipated.

(ii) **Recurring Excess Expenditure incurred by the Ministry of Railways**

29. Excess expenditure under the Grants/Appropriations operated by the Ministry of Railways is a recurring feature. The figures in this regard for the last ten years are given as under:

SI No.	Financial Year	No. of cases of Grants/Appropriations which recorded excesses	Amount of excess expenditure (₹ in crore)
1.	2006-07	8	365.16
2.	2007-08	8	51.22
3.	2008-09	8	532.12
4.	2009-10	9	1922.84
5.	2010-11	10	3056.86
6.	2011-12	4	1049.86
7.	2012-13	8	1675.96
8.	2013-14	19	2734.91
9.	2014-15	6	496.99
10.	2015-16 (Year under review)	6	76.07

(iii) **Misclassification of Expenditure under Excess registering Grants/Appropriations operated by the Ministry of Railways**

30. The scrutiny of Explanatory Note furnished by the Ministry of Railways revealed that during the year 2015-16, there were three cases of misclassification of expenditure of ₹ 20,36,190 under Appropriation Nos. 3,4&13. The comparative figures of misclassification for the last 10 years is as follows:

Sl No.	Financial Year	No. of cases of misclassification of expenditure under excess registering Grants/Appropriations	Amount involved in the misclassification of expenditure (in unit of ₹)
1.	2006-07	5	209,80,86,273
2.	2007-08	3	1,12,71,617
3.	2008-09	6	23,54,57,552
4.	2009-10	7	30,92,58,533
5.	2010-11	9	29,70,49,848
6.	2011-12	2	174,75,509
7.	2012-13	1	571,55,478
8.	2013-14	13	15,15,23,021
9.	2014-15	1	6,62,56,108
10.	2015-16 (year under review)	3	20,36,190

PART-II

Observations/Recommendations

1. The Committee's examination of the Appropriation Accounts of the Union Government relating to the Civil, Defence Services, Postal Services and Railways for the financial year 2015-16 has revealed that a total expenditure of ₹ 286.24 crore (before misclassification) was incurred in eight cases of eight excess registering Grants/Appropriations. The Ministries/Departments which have incurred excess expenditure during the year 2015-16 are the Ministry of Communications (Department of Telecommunications under Grant No. 15), the Ministry of Defence (Grant No. 22 – Defence Pensions) and the Ministry of Railways (six cases under six Grants/Appropriations i.e. Grant Nos. 02, 11 and 13 and Appropriation Nos. 03, 04 and 06). The Committee note that bulk of the excess expenditure was on the Civil side viz. ₹ 210.37 crore which is 73.49 percent of total excess expenditure incurred during the year 2015-16. The Committee further find that in the Civil side the almost entire of excess expenditure was incurred by Ministry of Communications (Department of Telecommunications) which incurred excess expenditure of ₹ 210.22 crore under Revenue - Voted section of Grant No. 15 – Department of Telecommunications which is 73.44 percent of the total excess expenditure incurred during the year 2015-16. In case of Grants/Appropriations operated by the Ministry of Railways, an excess expenditure of ₹75.87 crore which is 26.51 percent of the total excess expenditure was incurred under six Grants/Appropriations.

The Committee observe that the various Civil Ministries/Departments and Ministry of Railways have been incurring excess expenditure year after year. However, the excess expenditure incurred by them has witnessed a considerable decline in comparison to previous year in case of Civil Ministries/Departments and previous seven years in case of Ministry of Railways. An analysis of the reasons for excess expenditure during 2015-16 indicate that the lack of proper monitoring of the progress of expenditure, inadequate review and analysis of the financial requirement and non-observance of the prescribed financial rules were the main contributory factors in the incurrence of such excess expenditure. The

Committee cannot help observing that the concerned authorities in the various Ministries/Departments continue to display their negligence and callous attitude towards rules prescribed for containing the expenditure within the sanctioned provisions. The Committee view this situation with concern and emphasize that the Ministry of Finance should devise suitable mechanism for tightening the exchequer control.

Emphasizing the need for exercising effective control over expenditure, the Committee in their 36th Report (16th Lok Sabha) had recommended to constitute an Expert Group in each Ministry/Department representing all the budget controlling authorities which undertake a thorough study of the instances where expenditure had exceeded the budgetary allocations during the last five years. Upon noticing that no steps in this regard have been taken by the Government, the Committee in their 68th Report (16th Lok Sabha) had once again impressed upon to constitute such Expert Groups in each and every Ministry and furnish Report thereof indicating the reasons for such a high excess expenditure and suggestions to obviate the same in future. But no action taken in this regard has been furnished by the Ministry of Finance. The Committee are constrained to express their dissatisfaction over the delay of over two years in taking any concrete action in this direction and desire the Ministry of Finance to fix responsibility in this matter and inform the Committee of the action taken in this regard within a period of three months.

2. The scrutiny of the Union Government Appropriation Accounts (Railways) for the year 2015-16 and the Explanatory Notes furnished by the Ministry of Railways indicating the detailed reasons for excess expenditure incurred by them over Voted Grants/Charged Appropriations revealed that there was a misclassification of expenditure of ₹ 20,36,190 under Appropriation No. 3 – Working Expenses-General Superintendence and Service (₹67,328), Appropriation No.- 4-Working Expenses –Repairs and Maintenance of permanent way and works (₹13,61,830) and Appropriation No. -13- Working Expenses – Provident Fund, Pension and other retirement benefits (₹6,07,032). Taking into account the effect

of this misclassification, the actual excess expenditure incurred by the Ministry of Railways during the year 2015-16 works out to ₹ 76,07,34,001 instead of ₹ 75,86,97,811 as indicated in Indian Railways Appropriation Accounts. Thus, the total amount of actual excess expenditure incurred during the financial year 2015-16, which requires regularization by Parliament under Article 115 (1) (b) of the Constitution is of the order of ₹ 286,44,20,255 (₹286.44 crore) incurred in eight cases of eight excess registering Grants/Appropriations.

3. The Committee are constrained to observe that out of eight cases of excess registering Grants/Appropriations the excess expenditure had been incurred even after obtaining Supplementary Grants in as many as seven cases. The percentage of excess expenditure over the Supplementary Grants in respect of these seven cases ranged from 0.07 percent in Appropriation No. 6- Working Expenses –Repairs and maintenance of Carriages and wagons to 87.20 percent in Appropriation No. – 13- Working Expenses-Provident Fund, Pension and other Retirement Benefits. To illustrate the sector-wise details, Supplementary Grants to the tune of ₹ 7677.37 crore was allocated for the two excess registering Grants/Appropriations operated by the Civil Ministries/Departments but this fell short by ₹ 210.37 crore. In respect of Railways, out of six cases of excess registering Grants/Appropriations, Supplementary Grants of ₹ 2.29 crore was obtained in five cases, still an excess expenditure of ₹ 0.24 crore was incurred. In this regard, the Committee have repeatedly cautioned the Ministries/Departments in the past against incurring expenditure not authorized by Parliament As the trend of incurring excess expenditure despite obtaining Supplementary Grants continues, the Committee are inclined to conclude that not only the Budget Estimates are not adequately made, even at the supplementary Demands stage, requirements projected are not realistic. The Ministries/Departments have made the mockery of this system. They have been obtaining Supplementary Grants without conducting a proper scrutiny of the expenditure incurred or likely to be incurred by them during the financial year as there are no cogent reasons for the inevitability of excess expenditure when the Ministries/Department get opportunities to present the Supplementary Demands for Grants during the three

Sessions of Parliament in a year, the Committee would like to remind the defaulting Ministries/Departments about the sanctity of General Financial Rules which stipulate that no expenditure should be incurred which might have the effect of exceeding the total Grant or Appropriation authorized by Parliament by law for a financial year except by way of obtaining Supplementary Grants or an advance from the Contingency Fund. The Committee therefore, recommend that the Ministries/Departments concerned should probe into the cause of this chronic malaise and find effective ways and means to make the mechanism of estimating Supplementary Grant more realistic and fix responsibility on the Budget Controlling Officers and Financial Advisors so as to avoid recurrence of excess expenditure despite obtaining Supplementary Grants.

In their 68th Report (16th Lok Sabha) the Committee had desired the Ministry of Finance (Department of Economic Affairs) to give serious attention to this aspect and evolve an effective mechanism in coordination with budget cell of all the Ministries/Departments, C&AG of India and CGA in the Ministry of Finance (Department of Expenditure) to restrict the use of supplementary demands only to rare and emergent cases. Keeping in view the same instances this year, the Committee observe that no concrete measures have been initiated so far in this direction. The Committee would like the Ministry of Finance (Department of Economic Affairs) to give serious attention to this aspect and apprise the Committee of the action taken in this regard.

4. The scrutiny of the excess expenditure incurred during the last ten years has revealed that Civil Ministries/Departments and the Ministry of Railways have been incurring large amount of excess expenditure continuously during the last ten fiscals. However, it has been observed that there is considerable decline in excess expenditure incurred by the Civil Ministries/Departments as well as Ministry of Railways during the year 2015-16 in comparison to previous year. It has also been observed that excess expenditure incurred by the Ministry of Railways during 2015-16 is the lowest during the last seven years i.e. from 2008-09 to 2014-15. The Committee express their satisfaction over the decrease in

excess expenditure during the financial year under review as compared to that of the last one but still express their concern over the continuing cases of excess expenditure by various Ministries/Departments. The Committee, therefore, desire that the Government should remain more vigilant in their budgeting exercise and monitor the expenditure pattern with utmost care and alacrity so that instances and quantum of excess expenditure are pruned down to the barest minimum in the coming years, if not eliminated altogether.

The Committee further find that the Ministry of Defence under Revenue-charged portion of Grant No. 22-Defence Pensions, had incurred excess expenditure recurrently for the years 2011-12 to 2015-16. Further, in case of Grants/Appropriations operated by the Ministry of Railways it has been observed that Appropriation No. - 03 - General Superintendence and Services and Grant No. – 13 - Provident Fund, Pension and other Retirement Benefits had also incurred recurring excess expenditure during the years 2011-12 to 2015-16. Apparently no efforts have been made by the Ministry of Defence and Railways to examine the factors contributing to such a dismal state of affairs and take corrective action. What is further disquieting to observe is that despite the oft-repeated concern expressed by the Committee on the recurring phenomenon of excess expenditure under the aforesaid Grants/Appropriations operated by Ministry of Defence and Railways situation has not been improved. Expressing their concern over this state of affairs, the Committee in their 36th Report had desired for constitution of a high level inter-Ministerial Group under the Chairmanship of the Cabinet Secretary and the C&AG of India. The recurring excess expenditure by these Ministries is axiomatic of the fact that no sincere efforts have been made in this direction. The Committee while reiterating their earlier recommendation recommend that the Ministry of Finance take a serious note of it and fix responsibility for the recurrent excess expenditure. Taking note of the recurring excess expenditure under Grants operated by the Ministry of Defence, the Committee in their 68th Report had desired the Ministry of Defence to constitute a high-level Committee consisting the budget controlling authorities of Ministry of Defence, Ministry of Finance (Department of Economic Affairs) and officers from

the CGA (Department of Expenditure) to identify the loopholes in the budgeting procedures of the Ministry of Defence and to obviate the same in order to avoid the recurring phenomenon of excess expenditure under the Grants operated by them. The Committee are pleased to note that in pursuance of their recommendation a high level Committee with AS & FA (Acquisition) as Chairperson and representative from Army, Navy, Air Force, IDS DGAFMS & representative from Department of Economic Affairs and CGA has been set up to identify the loopholes in the budgetary process. The Committee therefore, desire to be apprised of the findings/recommendations of that high-level Committee to curb the tendency of recurring excess expenditure under the Grants operated by the Ministry of Defence in future.

5. A scrutiny of select cases of excess registering Grants/Appropriations reveals that during the Financial year 2015-16, the Ministry of Communications (Department of Telecommunications) incurred an excess expenditure of ₹ 210.22 crore under Revenue (Voted) section of Grant No. 15 – Department of Telecommunications. Under this Section of the Grant the total provision was ₹ 13284.10 crore. This was augmented to ₹ 20959.21 crore by obtaining Supplementary Grants of ₹ 7675.11 crore. Against this, the actual expenditure of ₹ 21169.43 crore was incurred resulting in an excess expenditure of ₹ 210.22 crore. Excess expenditure under this section of the Grant was the net effect of total excess of ₹ 752.93 crore and total savings of ₹ 542.71 crore under various sub-heads of the Grant. The Committee are perturbed to note that but for the savings under various heads of the Grant, the overall excess expenditure under this Grant would have been much larger. The contributory reasons as stated by the Ministry were more expenditure under professional services, more pensioner charges adjusted at the fag end of the year by the Banks, compensation to service providers for Universal Service Obligation-North East Area, due to refund of more upfront charges of BWA spectrum in respect of BSNL etc. The Committee are of the view that many of these could have been foreseen and provided for at least at the Supplementary Grant stage before the close of the financial year. In the opinion of the Committee the facts enumerated above are a sad commentary on

the manner in which this Grant was administered by the Department of Telecommunications which miserably failed not only in precisely estimating their requirement of funds even at the fag-end of the year but also in providing fully for requirement of funds under various Sub-Heads of this Grant. Taking note of the fact that there was not only wide spread diversion of funds but also unbridled flouting of financial disciplines in operation of this Grant, the Committee recommend that the matter be looked into to pinpoint the responsibility and to drive home the need for strictly adhering the principles of financial propriety and discipline.

6. The Committee's examination of Indian Railways Appropriation Accounts for the year 2015-16 revealed that there was an overall excess expenditure of ₹ 76.07 crore (after misclassification) in six cases of six excess registering Grants/Appropriations. Out of this, excess expenditure under Grant No. 2 – Miscellaneous Expenditure (General) was the main contributor having an excess of ₹ 75.63 crore which is 99.42 percent of the total excess expenditure incurred by the Ministry of Railways. An analysis of the reasons causing the excess expenditure indicates that the excess under Grant No. -2- was mainly due to more expenditure on staff cost and non-provision of budget for expenditure under Mumbai Urban Transport Project (MUTP) surcharge. The Committee feel that these activities are routine in nature and these could have been realistically assessed at Budget/revised estimate stage. Furthermore, under Grants/Appropriations Nos. 3,4,6,11 and 13 the excess expenditure was due to materialization of more decretal payments, than anticipated. Deploring this, the Committee expect the Ministry of Railways to ensure that in future, prompt action is taken to make the decretal payments and provide for it in the original/supplementary Budget. The Committee, therefore, like to emphasise that through proper control over expenditure and with more accurate estimation of liabilities, much of the excess expenditure can be avoided. If at all the requirement of more funds is felt after the budget estimates, additional provisions at the revised estimates should be made with more precision. The Committee are pleased to note that in pursuance of their recommendation, the Ministry of

Railways have constituted an Expert Group vide order dated 20.07.2016 to study persistent trend of excess expenditure with a view to find out reasons for the same and evolve a mechanism to curb instances of excess expenditure. The Expert Group made several recommendations to curb the instances of recurring excess expenditure. The Committee while appreciating the steps initiated in this regard desire that the recommendations of the Expert Group should be followed by the Ministry of Railways so as to atleast minimize the instances of excess expenditure if not completely eradicating the same.

7. Yet another area where Inherent shortcomings were observed by the Committee related to the manner in which Supplementary Grants had been obtained by the Ministry of Railways. The Committee's examination of the relevant Appropriation Accounts has revealed the supplementary provisions of ₹ 2.29 crore were obtained in five out of six cases of excess registering Grants/Appropriations. The Committee's scrutiny has also revealed that under Appropriation Nos. 06 and 11, the original provisions were not available and only Supplementary Grants were obtained for this purpose. Further under Grant No. 2, no Supplementary Grant was obtained although there was excess expenditure under this Grant. In fact Supplementary Grants were ill conceived without conducting a proper and close scrutiny of the expenditure. The Committee are concerned over such a state of affairs and recommend that the Ministry of Railways should evolve a mechanism to access and project realistic requirement of funds at the Supplementary Grants stage so that the excess expenditure could be avoided as far as possible. The Committee are further observe that with Virtual Private Network enabled Rail Budget system of the Ministry of Railways, though the excess expenditure has shown a considerable decline during the fiscal 2015-16, it is still occurred despite obtaining Supplementary Grants and much more need to be done to avoid instances of excess expenditure despite obtaining Supplementary Grants. The Committee, therefore, desire that supplementary provisions are obtained only in cases where it is really and genuinely required and the Ministry of Railways should not make indiscriminate use of this mechanism. They also desire the Ministry to make optimum use of the

Private Network enabled Rail Budget for framing their Budget estimates most accurately and resort to supplementary demands only in rare and emergent cases.

8. Another disconcerting feature noticed by the Committee is the extent of misclassification of expenditure under the Grants/Appropriations operated by Ministry of Railways during the year under review. There have been misclassification of expenditure of ₹ 20,36,190 in as many as three Appropriations which have recorded excess expenditure. As the amount of misclassification of expenditure is very huge, this cannot be considered as a mere technical or procedural irregularity on the part of the Ministry. It is a serious issue warranting immediate attention and prompt action. Even though the Ministry has taken some remedial measures to improve the situation, the Committee cannot but conclude that systemic flaws as well as human laxity have continued to contribute to this malaise. The Ministry of Railways should therefore, look into the matter afresh and initiate credible action that will yield visible results in the forthcoming years for better planning and performance on the expenditure side.

9. The instance of excess expenditure that have occurred under various Grants/Appropriations during the year 2015-16 only highlight the growing malaise of not learning lessons from past mistakes. It is further seen that excess expenditure is occurring even in cases where the expenditure could have been easily anticipated and incorporated in the budget estimates or the Supplementary Grants. In some cases, even the routine types of expenditure were not taken into account resulting in excess expenditure. This clearly shows that the Government particularly the Ministry of Finance, as the nodal agency, have not been paying the requisite attention to this issue. In this connection, the Committee would like to point out that as per the extant Financial Rules, the Secretary to the Government of India, who heads the Department should take responsibility for ensuring financial discipline in the concerned Ministry/Department with a view to restricting excess expenditure to the barest minimum. Considering the recurring malaise of excess expenditure, the Committee would now like the matter to be

reviewed at the highest level. The Committee accordingly recommend that the Government should constitute a Inter-Ministerial Group of the Secretaries of all the Ministries/Departments to examine this recurring issue and apprise the Committee about the steps taken to rectify the problems.

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

NEW DELHI;
February, 2018
Magha 1939 (Saka)

MALLIKARJUN KHARGE
Chairperson
Public Accounts Committee

Government of India
 Ministry of Communications & Information Technology
 DEPARTMENT OF TELECOMMUNICATIONS

Excess Expenditure Note:

Note for Public Accounts Committee in respect of excess expenditure occurred under Revenue Section (Voted) of Grant No.15 Ministry of Communications & Information Technology as disclosed in the Union Government Appropriation Accounts (Civil) for 2015-16.

Revenue Section (Voted)

	(Rs in thousands)
Original Grant	13284,10,00
Supplementary Grant	7675,11,00
Total Grant	20959,21,00
Actual expenditure	21169,43,21
Excess	210,22,21

2. Under Revenue Section (Voted) of Grant No.15 – Ministry of Communications & Information Technology/Department of Telecommunications for 2015-16 the total provision was Rs13284,10,00 thousand. This was augmented to Rs 20959,21,00 thousands by obtaining Supplementary Grant of Rs 7675,11,00 thousand. Against this, the actual expenditure of Rs 21169,43,21 thousands was incurred resulting an excess expenditure of Rs 210,22,21 thousand.

3. Excess expenditure of Rs 210,22,21 thousand was the net effect of total excess of Rs752,93,26 thousand and total saving of Rs542,71,05 thousand under various sub-heads of the Grant. The sub-heads under which excess of Rs. one crore and above occurred and reasons therefore are explained in the Annexure 'A'.

4. This has been vetted by the Director General of Audit P&T, Civil Lines, Delhi with the remarks "Ministry may take adequate steps to ensure that balances under funds are optimally utilized for the purposes for which they have been earmarked and projection of funds is done in such a manner that excess/ savings under various heads could be avoided" vide DGA P&T U.O. No. प्रति. (प्र. प्रक. 3) प्र-20/प्रिवियोजन लेख/खंड-II/2015-16/319 दिनांक 15/09/16

(Prahlad Singh)
 Member (Finance)

Revised Annexure- A (Revenue) (Rs in Lakh)

List of cases of involving excess of Rs one crore and above under each sub head under Revenue Section in Grant No 15
Department of Telecommunications for the year 2015-16

Sl. No	Sub head	Original Grant	Supplementary Grant	Total	Actual Expenditure	Excess Expenditure	Reasons for Variations
							Reasons for Variations
1	3451.00.091.08 Centre for Development of Telematics	14000	13751	27751	29751	2000	Excess was due to booking of expenditure pertaining to the head 2552.00.208.01 Centre for Development of Telematics North East Area.
2	3451.00.091.09 Administrator Universal Service Fund Communication Accounts	338	0	338	540	202	Excess was due to more expenditure under Professional Services,
4	2071.01.101.01 Superannuation and Retirement Allowances.	392000	74920	466920	474579	7659	As the more Pensionary Charges were adjusted at the fag end of the year by the Banks proper provision could not be made.
5	2071.01.105.02 Family Pension.	75000		75000	104583	29583	As the more Pensionary Charges were adjusted at the fag end of the year by the Banks proper provision could not be made.
6	3275.00.103.01 Compensation to Service Providers for Universal Service Obligation	212700	63475	276175	308800	32625	Booking of expenditure pertaining to the head 2552.00.498.01 Compensation to Service Providers for Universal Service Obligation- North East Area.
7	3275.00.800.07 Refund of Upfront charges of BWA Spectrum in respect of BSNL	83000	334050	417050	419984	2934	Excess expenditure was due to Refund of more Upfront charges of BWA Spectrum in respect of BSNL managed by savings with in the Grant.


 Director (B&PF)

Revenue

Statement showing the Excess and Savings under Revenue Section for the year 2015-16						
Sl No	Head of A/C	Original Grant	Supplementary Grant	Total	Rs in Thousands	
					Actual Expenditure	Excess
						Saving
1	3451.00.090.08 Secretariat - Ministry of Communications	54800	0	54800	42065	-12735
2	3451.00.091.01 Directorate (Voted)	1058400	119500	1177500	1085802	-92298
3	3451.00.091.02 Telecommunication Engineering Centre	337500	0	337500	282020	-55480
4	3451.00.091.03 Centre for Development of Telematics	1400000	1375100	2775100	2973100	200000
5	3451.00.091.04 Maintenance	17000	0	17000	7472	-9528
6	3451.00.091.05 Audit Charges	26000	0	25000	23000	0
7	3451.00.091.07 Amenities to staff	16500	0	16500	13081	-3419
8	3451.00.091.08 Stationery and Printing	4000	0	4000	2693	-1310
9	3451.00.091.09 Administrator USF	33800	0	33800	34047	20247
10	3451.00.091.10 Telecom Testing and Security Certification Centre	0	0	0	0	0
11	3451.00.091.11 TERM Cells	673700	0	673700	683053	9363
12	3451.00.091.12 Controller of Accounts	1069500	0	1069500	1089114	19814
13	3451.00.795.01 Tribal Area Sub Plan	0	24900	24900	14900	0
14	Deduct					0
15	Total 3451	4890200	1519500	6209700	6204154	-245224
16	2552.00.208.01 Centre for Development of Telematics	0	200000	200000	0	-200000
17	2552.00.498.01 Compensation to Service providers	2600000	1803000	3200000	0	-3200000
18	Total	2600000	800000	3400000	0	-3400000
19	2071.01.101.01 Superannuation and Retirement Allowances	59200000	7452000	46692000	47457929	765919
20	2071.01.102.01 Commuted Value of Pension	8300000	813200	8118200	7814021	-1298179
21	2071.01.103.01 Compassionate Allowance	100	0	100	0	-100
22	2071.01.104.01 Gratuities	13150000	364500	13514600	13250137	-224463
23	2071.01.105.02 Family Pension	7500000	0	7500000	10458273	2950273
24	2071.01.107.01 Contribution to Pensions and Gratuities	600	0	600	136	-462
25	2071.01.115.01 Leave encashment	150000	0	150000	127533	-27607
26	2071.01.127.01 Govt. Contribution for Defined contribution Pension Scheme	23000	0	23000	23212	-568
27	2071.01.200.01 Other Pension	500	0	500	201	-219
28	Total 2071	63930200	8869800	72700000	73156484	-3751202
29	3275.00.101.01 Wireless Planning and Co-ordination	98900	0	98900	74941	-23959
30	3275.00.102.01 Wireless Monitoring	279700	30000	299700	254835	-44704
31	3275.00.103.01 Compensation to Service providers	21270000	6347500	27617500	30880000	3262500
32	3275.00.795.01 Tribal Area Sub Plan	0	0	0	0	0
33	3275.00.796.02 Compensation to Service providers	130000	0	130000	119674	-10326
34	3275.00.797.01 Transfer to Reserve Fund	24000000	7000000	31000000	31000000	0
35	3275.00.798.01 International Telecommunication Union Geneva	239900	0	239900	220003	-19900
36					0	0
37	3275.00.798.02 Asia Pacific Telecommunication Union Bangkok	24000	0	24030	771	-16629
38	3275.00.798.03 Commonwealth Telecommunication Organisation London	10000	0	10000	0	-10000

2/3/17

39	3275.00.798.04 Pakistan Telecom Company Ltd	0	775500	775500	775500	0	0
40	3275.00.800.05 Technology Development and Investment Promotion	19000	0	19000	9333	0	-9407
41	3275.00.800.07 Refund of Upfront charges of BWA spectrum in respect of GSNL	8300000	33405000	41705000	41998400	288400	
42	3275.00.800.09 Interest on MTNL Bonds	100	3870000	3870100	3849457		-26533
43	3275.00.800.12 Financial Support to MTNL on account of liability arising from levy of Minimum Alternate Tax (MAT)	100	4922500	4922600	4921600	0	0
44	3275.00.800.13 Subvention to PSUs for Infra Project of Government	370000	0	370000	570000	0	0
45	3275.00.800.14 Compensation for Surrender of CDMA Spectrum	0	5981100	5981100	5981100	0	0
46	3275.00.800.40 ITI Bangalore (Voted)	1559800	3440200	5000000	5000000	0	0
47	3275.00.800.50 Telecom, Regulatory Authority of India	680000	0	680000	568900	0	-91100
48	3275.00.800.60 Telecom Disputes Settlement and Appellate Tribunal	149100	0	149100	135259	0	-13741
49	3275.00.800.90 Training	90000	0	90000	61982	0	-28018
Total 3275		57220600	65761800	122982400	120243183	3155900	-294617
Total		132861000	76751100	207591100	211694024	7525326	-5427105

DR. M. A.
DIRECTOR (B&P)

ANNEXURE - II

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE (FINANCE)
(MAIN OFFICE)

EXCESS NOTE

Note for Public Accounts Committee for regularization of excess expenditure of Rs. 14.66 Lakhs occurred in Revenue Section (Charged) of Grant No. 22-Defence Pensions as disclosed in Appropriation Accounts (Defence Pensions) for 2015-16

REVENUE SECTION (Charged)

		(Rs. In thousand)
(i)	Original Grant	74,00
	Supplementary	2,26,00
	Total Grant	3,00,00
	Actual Expenditure	3,14,56
	Excess	14,66

2. Under Revenue Section(Charged) portion of Grant No. 22 Defence Pensions for 2015-16, original provision was Rs. 74,00 thousand. This was augmented to Rs. 3,00,00 thousands on obtaining Supplementary Grant of Rs. 2,26,00 thousands. Against this the expenditure of Rs. 3,14,66 thousand was incurred resulting an excess of Rs. 14,66 thousand.

3. The excess of Rs. 14,66 thousand was the net effect of total excess of Rs. 41,82 thousand less total savings of Rs. 27,16 thousand under various sub heads of the Grant. The Sub-heads below Major Head 2071 under which excess occurred and reasons thereof are explained below :-

4. The sub-heads below Major Head 2071 under which excess occurred and reasons thereof are explained below:-

(I) 2071.02.101 Army (Minor Head)

(i) 2071.02 Defence (SMH)
2071.02.101 Army (Minor Head)
2071.02.101.01 Pension and other Retirement Benefits (Sub Head)

(Rs. In thousand)

Original Grant	:	56,00
Supplementary	:	84,00
Re-appropriation	:	(-) 7,00
Total Grant	:	1,33,00
Actual Expenditure	:	1,68,82
Excess	:	(+) 35,82

The excess of Rs.35,82 thousand under this head is mainly due to the implementation of more Court Judgements.

(II) 2071.02.102 NAVY (Minor Head)

(ii) 2071.02 Defence (SMH)
2071.02.102 Navy (Minor Head)
2071.02.102.03 Leave Encashment (Sub Head)

Original Grant	:	(Rs. In thousand) 2,00
Supplementary	:	3,00
Total Grant	:	5,00
Actual Expenditure	:	11,00
Excess	:	(+) 6,00

The excess of Rs. 6,00 thousand under this head is mainly due to the implementation of more Court Judgements which is an obligatory expenditure.

4. The Total grant under the Charge Portion of the Revenue Section of the Grant is Rs. 3,00,00 thousand and excess amount of Rs. 14,66 thousand has been incurred in r/o Grant No. 22 Defence Pensions as disclosed in Appropriation Accounts (Defence Pensions) for 2015-16. The excess expenditure has been incurred due to the implementation of Court Decree which is an obligatory expenditure and it is difficult to forecast the exact budget provision under the Charged Portion in advance. In the circumstances explained above the total excess of Rs. 14.66 Lakh may kindly be recommended for regularization by the parliament under Article 115(I) (b) of the constitution.

Remedial Action Taken

5. Necessary instructions have been issued vide ID No. -2(6)/MO/2015-16 dated 29/07/2016 (Copy enclosed) to all concerned to prepare their Budgetary proposals on realistic basis taking into consideration all the related aspects such as commitments, trend of expenditure and the anticipated expenses and to an optimum level necessary remedial measures/corrective action should be taken promptly.

This has been vetted by Audit vide DGADS UO No.
444/AA-2/2015-16 dt. 13/12/2016

F. No. 2(6) /MO/2015-16 dt. 31/12/2016

V. A. N. Das
(A.N. Das)
Addl. FA & Joint Secretary

50/A

Ministry of Defence (Finance)

Main Office

Subject: Instructions/Caution for preparation of Revised/Budget estimates on realistic basis to avoid savings or excess w. r. t. total allocations/ grant under each sub/detailed head.

While going through the Appropriation Account (Stage-II) in r/o Defence Pensions, it has been observed that during the Financial Year 2015-16 an excess expenditure of Rs. 14.66 Lakh has been incurred under Charged Section, against the sanctioned provision of Rs.300.00 Lakh.

2. It is observed that for the last few years (i.e. after FY 2011-12) there has been steep increase in expenditure under Charged portion of Revenue Section in r/o Defence Pension due to sudden/sharp increase in the number of court cases by Defence Pensioners. However, on the contrary, it is observed that O/o CGDA/PCDA(P) Allahabad is not projecting the Budget Estimates under Charged portion after taking into account the trend of expenditure incurred during the last Financial Year. This seems to be one of the main reasons for excess expenditure under Charge portion of Defence Pensions.

3. It is accordingly, once again reiterated that utmost caution and accuracy be adopted while estimating requirement of funds after taking into account the instructions issued by Ministry of Finance from time to time and adhere to the expenditure control during the current/ensuing financial year as well. In order to ensure that the budgetary projections are made after an accurate and realistic assessment of the requirements and visualization of the actual/anticipated expenditure, detailed reasons by giving the numerical impact in respect of each components of the respective detailed/sub-head should invariably be recorded where the estimations are increased or decreased by 10% or more w. r. t. the actual expenditure during the last financial year.

4. The PAC commented very adversely in its 64th, 70th and 92nd, 19th and 28th Report on repeated Excess expenditure on Defence Pensions for the last few years which clearly indicate systemic weakness in budgetary Control.

5. Regarding excess expenditure of Rs. 14.66 Lakh under Charged Portion of Revenue Section of Defence Pensions for the Financial Year 2015-16, O/o the CGDA/PCDA (P) Allahabad is again requested that while projecting the Budget all possible factors including the trend of expenditure of previous years may be taken into account.

6. This issues with the approval of JS & Addl.FA(A).

Maulishree Pande
(Maulishree Pande)
Director (Budget)
Tel: 2301- 2554

1. Jr. CGDA (A/Cs & Budget)
Palam, Delhi Cantt.

2. Pr. CDA (P) Allahabad.

MoD (Fin) ID No. 2(6)/MO/2015-16 dt. 29/07/2016.

**EXPLANATORY NOTE FOR PUBLIC ACCOUNTS COMMITTEE FOR
REGULARISATION OF EXCESS OVER VOTED/CHARGED PORTION OF
GRANTS/APPROPRIATIONS DURING THE YEAR 2015-16**

During the year 2015-16, there was an overall net saving of ₹ 37052.61 crore under all Grants and Appropriations, which constitutes 10.95 percent of the total provision of ₹ 338368.80 crore.

The net saving was the result of gross saving of ₹ 37128.48 crore under fifteen Voted Grants (i.e. fourteen Revenue Grants viz. 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 & 15 and three segments of Works Grant No. 16 viz. Capital, Railway Funds and Safety Fund) and six Charged Appropriations (i.e. five Revenue Appropriations viz. 5, 7, 8, 9, & 12 and three segment of Works Appropriation No. 16 viz. Capital, Railway Funds and Railway Safety Fund) and gross excess of ₹ 75.87 crore under one Voted Grants (i.e. one Revenue Grants no. 2) and five Charged Appropriations viz. 3, 4, 6, 11, 13.

The gross excess of ₹ 75.87 crore comprise of ₹ 75.63 crore under Voted Grants and ₹ 0.24 crore under Charged Appropriations constituting 0.08% of the total provision of ₹ 92473.15 crore under those Grants/Appropriations in which excess occurred.

The gross savings amounting to ₹ 37128.48 crore comprise of ₹ 37088.77 crore under Voted Grants and ₹ 39.71 crore under Charged Appropriations constituting 15.10 % of the total provision of ₹ 245895.65 crore under the Grants/ Appropriations, registering savings. (Reference Para. 26 to 29 - Excess/Saving over Voted Grants and Charged Appropriations of the Appropriation Accounts of Indian Railways for the year 2015-16 – Part - I - Review).

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

1.2 Excess under Charged Appropriations & Voted Grants

There is an excess under five Charged Appropriations (3, 4, 6, 11, 13) and in one Voted Grant no. 2 explained as under:-

(a) Charged Appropriations

(i) Appropriation No. 3:- Working Expenses – General Superintendence and Services

	<u>In unit of ₹</u>
Original Appropriation	1,16,30,000
Supplementary Appropriation	1,44,13000
Total Sanctioned Appropriation	2,60,43,000
Actual Expenditure	2,70,78,362
Excess	10,35,362
Misclassification	67,328
Excess requiring regularisation	11,02,690

A Supplementary Charged Appropriation of ₹ 144.13 lakh was sanctioned for decretal payments not anticipated earlier. The actual payments exceeded the provision by ₹ 1102690. Thus, the excess requiring regularisation is ₹ 1102690, as disclosed in the Appropriation Accounts.

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

	<u>In unit of ₹</u>
Original Appropriation	38,61,000
Supplementary Appropriation	66,81,000
Total Sanctioned Appropriation	1,05,42,000
Actual Expenditure	1,05,84,943
Excess	42,943
Misclassification	13,61,830
Excess requiring regularisation	14,04,773

A Supplementary Charged Appropriation of ₹ 66.81 lakh was sanctioned for decretal payments not anticipated earlier. The actual payments exceeded the provision by ₹ 1404773. Thus, the excess requiring regularisation is ₹ 1404773, as disclosed in the Appropriation Accounts.

(iii) Appropriation No. 6:- Working Expenses – Repairs & Maintenance of Carriage & Wagons

	<u>In unit of ₹</u>
Original Appropriation	0
Supplementary Appropriation	2,21,000
Total Sanctioned Appropriation	2,21,000
Actual Expenditure	2,21,158
Excess	158
Misclassification	0
Excess requiring regularisation	158

A Supplementary Charged Appropriation of ₹ 2.21 lakh was sanctioned for decretal payments not anticipated earlier. The actual payments exceeded the provision by ₹ 158. Thus, the excess requiring regularisation is ₹ 158 as disclosed in the Appropriation Accounts.

(iv) Appropriation No. 11:- Working Expenses – Staff Welfare & Amenities

	<u>In unit of ₹</u>
Original Appropriation	0
Supplementary Appropriation	57,000
Total Sanctioned Appropriation	57,000
Actual Expenditure	57,200
Excess	200
Misclassification	0
Excess requiring regularisation	200

A Supplementary Charged Appropriation of ₹ 57000 were sanctioned for decretal payments not anticipated earlier. The actual payments exceeded the provision by ₹200.

Thus, the excess requiring regularisation is ₹ 200 as disclosed in the Appropriation Accounts.

(v) Appropriation No. 13:- Working Expenses – Provident Fund, Pension & Other Retirement benefits

	<u>In unit of ₹</u>
Original Appropriation	51,60,000
Supplementary Appropriation	15,20,000
Total Sanctioned Appropriation	66,80,000
Actual Expenditure	80,05,381
Excess	13,25,381
Misclassification	6,07,032
Excess requiring regularisation	19,32,413

Charged Appropriation of ₹ 51.60 lakh was obtained at the Budget Estimate Stage. A Supplementary Charged Appropriation of ₹ 15.20 lakh was sanctioned due to more decretal payments than anticipated earlier. The actual payments exceeded the provision by ₹ 1932413 as more decretal payments materialized. Thus, the excess requiring regularisation is ₹ 1932413, as disclosed in the Appropriation Accounts.

(b) Voted Grants

(i) Grant No. 2: Miscellaneous Expenditure (General)

	<u>In unit of ₹</u>
Original Grant	905,31,32,000
Supplementary Grant	0
Total Sanctioned Grant	905,31,32,000
Actual Expenditure	980,94,25,767
Excess	75,62,93,767
Misclassification	0
Excess requiring regularisation	75,62,93,767

A Grant of ₹ 905.31 crore was obtained at the Budget Estimate stage. The actual expenditure of ₹ 980.94 crore was ₹ 75.63 crore more than the total sanctioned provision of ₹ 905.31 crore. The excess mainly occurred under the following Minor heads:-

(a) **Research Designs & Standards Organization** (₹5.60 crore), mainly due to more expenditure towards staff cost and retirement benefits during the year, than anticipated. (b) **Cost of Statutory Audit** (₹ 65.43 crore) due to more expenditure towards staff cost than anticipated **Miscellaneous Charges** (₹ 119.78 crore), mainly due to more expenditure towards MUTP Surcharges, than anticipated.

The excess was partly offset by saving under the following Minor heads:-

(a) Surveys (₹ 18.02 crore), mainly due to slow progress of certain survey works, non-finalization of tenders of some works and less materialisation contractual payments than anticipated. (b) Miscellaneous Establishments (₹ 97.14 crore), due to non materialisation of direct purchase and incurrence of less expenditure towards training cost and also conducting of less number of examinations by various Railway Recruitment Boards. (c) Payment to Worked Lines (₹ 0.02 crore) due to less payments made in proportion with the earning, than anticipated.

The excess, therefore, requiring regularisation from Parliament works out to ₹ 756293767 (i.e. 8.35% of the total sanctioned provision).

APPENDIX II
STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl. No.	Para No. (Part II)	Ministry/Department concerned	Observations/Recommendations
1	1	Finance (Economic Affairs), Defence, Department of Telecommunications and Railways	<p>The Committee's examination of the Appropriation Accounts of the Union Government relating to the Civil, Defence Services, Postal Services and Railways for the financial year 2015-16 has revealed that a total expenditure of ₹ 286.24 crore was incurred in eight cases of eight excess registering Grants/Appropriations. The Ministries/Departments which have incurred excess expenditure during the year 2015-16 are the Ministry of Communications (Department of Telecommunications under Grant No. 15), the Ministry of Defence (Grant No. 22 – Defence Pensions) and the Ministry of Railways (six cases under six Grants/Appropriations i.e. Grant Nos. 02, 11&13 and Appropriation Nos. 03, 04 and 06). The Committee note that bulk of the excess expenditure was on the Civil side viz. ₹ 210.37 crore which is 73.49 percent of total excess expenditure incurred during the year 2015-16. The Committee further find that in the Civil side the almost entire of excess expenditure was incurred by Ministry of Communications (Department of Telecommunications) which incurred excess expenditure of ₹ 210.22 crore under Revenue - Voted section of Grant No. 15 – Department of Telecommunications which is 73.44 percent of the total excess expenditure incurred during the year 2015-16. In case of Grants/Appropriations operated by the Ministry of Railways, an excess expenditure of ₹ 75.87 crore which is 26.51 percent of the total excess expenditure was incurred under six Grants/Appropriations.</p>

The Committee observe that the various Civil Ministries/Departments and Ministry of Railways have been incurring excess expenditure year after year. However, the excess expenditure incurred by them has witnessed a considerable decline in comparison to previous year in case of Civil Ministries/Departments and previous seven years in case of Ministry of Railways. An analysis of the reasons for excess expenditure during 2015-16 indicate that the lack of proper monitoring of the progress of expenditure, inadequate review and analysis of the financial requirement and non-observance of the prescribed financial rules were the main contributory factors in the incurrence of such excess expenditure. The Committee cannot help observing that the concerned authorities in the various Ministries/Departments continue to display their negligence and callous attitude towards rules prescribed for containing the expenditure within the sanctioned provisions. The Committee view this situation with concern and emphasize that the Ministry of Finance should devise suitable mechanism for tightening the exchequer control.

Emphasizing the need for exercising effective control over expenditure, the Committee in their 36 Report (16th Lok Sabha) had recommended to constitute an Expert Group in each Ministry/Department representing all the budget controlling authorities which undertake a thorough study of the instances where expenditure had exceeded the budgetary allocations during the last five years. Upon noticing that no steps in this regard have been taken by the Government, the Committee in their 68th Report (16th Lok Sabha) had once again impressed upon to constitute such Expert Groups in each and every Ministry and furnish Report thereof

			indicating the reasons for such a high excess expenditure and suggestions to obviate the same in future. But no action taken in this regard has been furnished by the Ministry of Finance. The Committee are constrained to express their dissatisfaction over the delay of over two years in taking any concrete action in this direction and desire the Ministry of Finance to fix responsibility in this matter and inform the Committee of the action taken in this regard within a period of three months.
2.	2	Railways	The scrutiny of the Union Government Appropriation Accounts (Railways) for the year 2015-16 and the Explanatory Notes furnished by the Ministry of Railways indicating the detailed reasons for excess expenditure incurred by them over Voted Grants/Charged Appropriations revealed that there was a misclassification of expenditure of ₹ 20,36,190 under Appropriation No. 3 – Working Expenses-General Superintendence and Service (₹67,328), Appropriation No.- 4-Working Expenses –Repairs and Maintenance of permanent way and works (₹13,61,830) and Appropriation No. -13- Working Expenses – Provident Fund, Pension and other retirement benefits (₹6,07,032). Taking into account the effect of this misclassification, the actual excess expenditure incurred by the Ministry of Railways during the year 2015-16 works out to ₹ 76,07,34,001 instead of ₹75,86,97,811 as indicated in Indian Railways Appropriation Accounts. Thus, the total amount of actual excess expenditure incurred during the financial year 2015-16, which requires regularization by Parliament under Article 115 (1) (b) of the constitution is of the order of ₹ 286,44,20,255 (₹286.44 crore) incurred in eight cases of eight excess registering Grants/Appropriations.

3.	3	Economic Affairs	<p>The Committee are constrained to observe that out of eight cases of excess registering Grants/Appropriations the excess expenditure had been incurred even after obtaining supplementary Grants in as many as seven cases. The percentage of excess expenditure over the Supplementary Grants in respect of these seven cases ranged from 0.07 percent in Appropriation No. 6- Working Expenses -Repairs and maintenance of Carriages and wagons to 87.20 percent in Appropriation No. - 13- Working Expenses-Provident Fund, Pension and other Retirement Benefits. To illustrate the sector-wise details, Supplementary Grants to the tune of ₹ 7677.37 crore was allocated for the two excess registering Grants/Appropriations operated by the Civil Ministries/Departments but this fell short by ₹ 210.37 crore. In respect of Railways, out of six cases of excess registering Grants/Appropriations, Supplementary Grants of ₹ 2.29 crore was obtained in five cases, still an excess expenditure of ₹ 0.24 crore was incurred. In this regard, the Committee have repeatedly cautioned the Ministries/Departments in the past against incurring expenditure not authorized by Parliament As the trend of incurring excess expenditure despite obtaining Supplementary Grants continues, the Committee are inclined to conclude that not only the Budget Estimates are not adequately made, even at the supplementary Demands stage, requirements projected are not realistic. The Ministries/Departments have made the mockery of this system. They have been obtaining Supplementary Grants without conducting a proper scrutiny of the expenditure incurred or likely to be incurred by them during the financial year as there are no cogent reasons for the inevitability of excess expenditure when</p>
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the Ministries/Department get opportunities to present the Supplementary Demands for Grants during the three Sessions of Parliament in a year, the Committee would like to remind the defaulting Ministries/Departments about the sanctity of General Financial Rules which stipulate that no expenditure should be incurred which might have the effect of exceeding the total Grant or appropriation authorized by Parliament by law for a financial year except by way of obtaining Supplementary Grants or an advance from the Contingency Fund. The Committee therefore, recommend that the Ministries/Department concerned should probe into the cause of this chronic malaise and find effective ways and means to make the mechanism of estimating Supplementary Grant more realistic and fix responsibility on the budget controlling officers and Financial Advisors so as to avoid recurrence of excess expenditure despite obtaining Supplementary Grants.

In their 68th Report (16th Lok Sabha) the Committee had desired the Ministry of Finance (Department of Economic Affairs) to give serious attention to this aspect and evolve an effective mechanism in coordination with budget cell of all the Ministries/Departments, C&AG of India and CGA in the Ministry of Finance (Department of Expenditure) to restrict the use of supplementary demands only to rare and emergent cases. Keeping in view the same instances this year, the Committee observe that no concrete measures have been initiated so far in this direction. The Committee would like the Ministry of Finance (Department of Economic Affairs) to give serious attention to this aspect and apprise the Committee of the action taken in this

			regard.
4.	4	Railways, Defence, Finance (Economic Affairs)	<p>The scrutiny of the excess expenditure incurred during the last ten years has revealed that Civil Ministries/Departments and the Ministry of Railways have been incurring large amount of excess expenditure continuously during the last ten fiscals. However, it has been observed that there is considerable decline in excess expenditure incurred by the Civil Ministries/Departments as well as Ministry of Railways during the year 2015-16 in comparison to previous year. It has also been observed that excess expenditure incurred by the Ministry of Railways during 2015-16 is the lowest during the last seven years i.e. from 2008-09 to 2014-15. The Committee express their satisfaction over the decrease in excess expenditure during the financial year under review as compared to that of the last one but still express their concern over the continuing cases of excess expenditure by various Ministries/Departments. The Committee, therefore, desire that the Government should remain more vigilant in their budgeting exercise and monitor the expenditure pattern with utmost care and alacrity so that instances and quantum of excess expenditure are pruned down to the barest minimum in the coming years, if not eliminated altogether.</p> <p>The Committee further find that the Ministry of Defence under Revenue-charged portion of Grant No. 22-Defence Pensions, had incurred excess expenditure recurring for the years 2011-12 to 2015-16. Further, in case of Grants/Appropriations operated by the Ministry of Railways it has been observed that recurring excess expenditure under Appropriation No. - 03 - General Superintendence and Services and Grant</p>

		<p>No. - 13 - Provident Fund, Pension and other Retirement Benefits had also incurred recurring excess expenditure during the years 2011-12 to 2015-16. Apparently no efforts have been made by the Ministry of Defence and Railways to examine the factors contributing to such a dismal state of affairs and take corrective action. What is further disquieting to observe is that despite the oft-repeated concern expressed by the Committee on the recurring phenomenon of excess expenditure under the aforesaid Grants/Appropriations operated by Ministry of Defence and Railways situation has not been improved. Expressing their concern over this state of affairs, the Committee in their 36th Report had desired for constitution of a high level inter-Ministerial Group under the Chairmanship of the Cabinet Secretary and the C&AG of India. The recurring excess expenditure by these Ministries is axiomatic of the fact that no sincere efforts have been made in this direction. The Committee while reiterating their earlier recommendation recommend that the Ministry of Finance take a serious note of it and fix responsibility for the recurrent excess expenditure. Taking note of the recurring excess expenditure under Grants operated by the Ministry of Defence, the Committee in their 68th Report had desired the Ministry of Defence to constitute a high-level Committee consisting the budget controlling authorities of Ministry of Defence, Ministry of Finance (Department of Economic Affairs) and officers from the CGA (Department of Expenditure) to identify the loopholes in the budgeting procedures of the Ministry of Defence and to obviate the same in order to avoid the recurring phenomenon of excess expenditure under the Grants operated by</p>
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			them. The Committee are pleased to note that in pursuance of the said recommendation of the Committee a high level Committee with AS & FA (Acquisition) as Chairperson and representative from Army, Navy, Air Force, IDS DGAFMS & representative from Department of Economic Affairs and CGA has been set up to identify the loopholes in the budgetary process. The Committee therefore, desire to be apprised of the findings/recommendations of that high-level Committee to curb the tendency of recurring excess expenditure under the Grants operated by the Ministry of Defence in future.
5.	5	Department of Telecommunications	A scrutiny of select cases of excess registering Grants/Appropriations reveals that during the Financial year 2015-16, the Ministry of Communications (Department of Telecommunications) incurred an excess expenditure of ₹ 210.22 crore under Revenue (Voted) section of Grant No. 15 – Department of Telecommunications. Under this Section of the Grant the total provision was ₹ 13284.10 crore. This was augmented to ₹ 20959.21 crore by obtaining Supplementary Grants of ₹ 7675.11 crore. Against this, the actual expenditure of ₹ 21169.43 crore was incurred resulting in an excess expenditure of ₹ 210.22 crore. Excess expenditure under this section of the Grant was the net effect of total excess of ₹ 725.93 crore and total savings of ₹ 542.71 crore under various sub-heads of the Grant. The Committee are perturbed to note that but for the savings under various heads of the Grant, the overall excess expenditure under this Grant would have been much larger. The contributory reasons as stated by the Ministry were more expenditure under professional services, more pensioner charges adjusted at the fag end of the

			<p>year by the Banks, compensation to service providers for Universal Service Obligation-North East Area, due to refund of more upfront charges of BWA spectrum in respect of BSNL etc. The Committee are of the view that many of these could have been foreseen and provided for at least at the Supplementary Grant stage before the close of the financial year. In the opinion of the Committee the facts enumerated above are a sad commentary on the manner in which this Grant was administered by the Department of Telecommunications which miserably failed not only in precisely estimating their requirement of funds even at the fag-end of the year but also in providing fully for requirement of funds under various Sub-Heads of this Grant. Taking note of the fact that there was not only wide spread diversion of funds but also unbridled flouting of financial disciplines in operation of this Grant, the Committee recommend that the matter be looked into to pinpoint the responsibility and to drive home the need for strictly adhering the principles of financial propriety and discipline.</p>
6.	6	Railways	<p>The Committee's examination of Indian Railways Appropriation Accounts for the year 2015-16 revealed that there was an overall excess expenditure of ₹ 76.07 crore (after misclassification) in six cases of six excess registering Grants/Appropriations. Out of this, excess expenditure under Grant No. 2 – Miscellaneous Expenditure (General) was the main contributor having an excess of ₹ 75.63 crore which is 99.42 percent of the total excess expenditure incurred by the Ministry of Railways. An analysis of the reasons causing the excess expenditure indicates that the excess under Grant No. -2- was mainly due to more expenditure on staff cost and non-provision of budget</p>

			for expenditure under Mumbai Urban Transport Project (MUTP) surcharge. The Committee feel that these activities are routine in nature and these could have been realistically assessed at Budget/revised estimate stage. Furthermore, under Appropriation Nos. 3,4,6,11 and 13 the excess expenditure was due to materialization of more decretal payments, than anticipated. Deploring this, the Committee expect the Ministry of Railways to ensure that in future, prompt action is taken to make the decretal payments and provide for it in the original/supplementary Budget. The Committee, therefore, like to emphasize that through proper control over expenditure and with more accurate estimation of liabilities, much of the excess expenditure can be avoided. If at all the requirement of more funds is felt after the budget estimates, additional provisions at the revised estimates should be made with more precision. The Committee are pleased to note that in pursuance of their recommendation, the Ministry of Railways have constituted an Expert Group vide order dated 20.07.2016 to study persistent trend of excess expenditure with a view to find out reasons for the same and evolve a mechanism to curb instances of excess expenditure. The Expert Group made several recommendations to curb the instances of recurring excess expenditure. The Committee while appreciating the steps initiated in this regard desire that the recommendations of the Expert Group should be followed by the Ministry of Railways so as to atleast minimize the instances of excess expenditure if not completely eradicating the same.
7.	7	Railways	Yet another area where inherent shortcomings were observed by the

		<p>Committee related to the manner in which Supplementary Grants had been obtained by the Ministry of Railways. The Committee's examination of the relevant Appropriation Accounts has revealed the supplementary provisions of ₹ 2.29 crore were obtained in five out of six cases of excess registering Grants/Appropriations. The Committee's scrutiny has also revealed that under Appropriation Nos. 06 and 11, the original provisions were not available and only Supplementary Grants were obtained for this purpose. Further under Grant No. 2, no Supplementary Grant was obtained although there was excess expenditure under this Grant. In fact Supplementary Grants were ill conceived without conducting a proper and close scrutiny of the expenditure. The Committee are concerned over such a state of affairs and recommend that the Ministry of Railways should evolve a mechanism to access and project realistic requirement of funds at the Supplementary Grants stage so that the excess expenditure could be avoided as far as possible. The Committee are further observe that with Virtual Private Network enable Rail Budget system of the Ministry of Railways, though the excess expenditure has shown a considerable decline during the fiscal 2015-16, it is still occurred despite obtaining Supplementary Grants and much more need to be done to avoid instances of excess expenditure despite obtaining Supplementary Grants. The Committee, therefore, desire that supplementary provisions are obtained only in cases where it is really and genuinely required and the Ministry of Railways should not make indiscriminate use of this mechanism. They also desire the Ministry to make optimum use of the Private Network enabled Rail Budget for framing their Budget estimates most accurately</p>
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			and resort to supplementary demands only in rare and emergent cases.
8.	8	Railways	<p>Another disconcerting feature noticed by the Committee is the extent of misclassification of expenditure under the Grants/Appropriations operated by Ministry of Railway during the year under review. There have been misclassifications of expenditure of ₹ 20,36,190 in as many as three Appropriations which have recorded excess expenditure. As the amount of misclassification of expenditure is very huge, this cannot be considered as a mere technical or procedural irregularity on the part of the Ministry. It is a serious issue warranting immediate attention and prompt action. Even though the Ministry has taken some remedial measures to improve the situation, the Committee cannot but conclude that systemic flaws as well as human laxity have continued to contribute to this malaise. The Ministry of Railways should therefore, look into the matter afresh and initiate credible action that will yield visible results in the forthcoming years for better planning and performance on the expenditure side.</p>
9.	9	Finance (Economic Affairs)	<p>The instance of excess expenditure that have occurred under various Grants/Appropriations during the year 2015-16 only highlight the growing malaise of not learning lessons from past mistakes. It is further seen that excess expenditure is occurring even in cases where the expenditure could have been easily anticipated and incorporated in the budget estimates or the Supplementary Grants. In some cases even, the routine types of expenditure were not taken into account resulting in excess expenditure. This clearly shows that the Government particularly the Ministry of Finance, as the</p>

			nodal agency, have not been paying the requisite attention to this issue. In this connection, the Committee would like to point out that as per the extant Financial Rules, the Secretary to the Government of India, who heads the Department should take responsibility for ensuring financial discipline in the concerned Ministry/Department with a view to restricting excess expenditure to the barest minimum. Considering the recurring malaise of excess expenditure, the Committee would now like the matter to be reviewed at the highest level. The Committee accordingly recommend that the Government should constitute a Inter-Ministerial Group of the Secretaries of all the Ministries/Departments to examine this recurring issue and apprise the Committee about the steps taken to rectify the problems.
10.	10	Finance (Economic Affairs), Defence, Department of Telecommunications and Railways	Subject to the observations/recommendations made in the preceding paragraphs, the Committee recommend that the expenditure referred to in para 14 of Part -I of this Report be regularized in the manner prescribed in Article 115 (1) (b) of the Constitution of India.