

**EXCESSES OVER VOTED GRANTS AND CHARGED
APPROPRIATIONS (2013-14)**

[Action Taken by the Government on the Observations/Recommendations of the
Committee contained in their 36th Report (16th Lok Sabha)]

**PUBLIC ACCOUNTS COMMITTEE
(2018-19)**

ONE HUNDRED AND SIXTEENTH REPORT

SIXTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

**ONE HUNDRED AND
SIXTEENTH REPORT**

**PUBLIC ACCOUNTS COMMITTEE
(2018-19)**

(SIXTEENTH LOK SABHA)

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CHARGED APPROPRIATIONS (2013-14)***

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Presented to Lok Sabha on: 14.12.2018

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**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2018 /Agrahayana, 1940 (Saka)

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**Not appended to the cyclostyled copy of the Report*

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2018-19)

Shri Mallikarjun Kharge - Chairperson

M E M B E R S **L O K S A B H A**

2. Shri Subhash Chandra Baheria
3. Shri Sudip Bandyopadhyay
4. Shri Prem Singh Chandumajra
5. Shri Gajanan Chandrakant Kirtikar
6. Shri Bhartruhari Mahtab
7. Smt. Riti Pathak
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Janardan Singh Sigriwal
10. Shri Abhishek Singh
11. Shri Gopal Shetty
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Chanabasappa Udasi
15. Dr. Ponnusamy Venugopal

R A J Y A S A B H A

16. Prof. M. V. Rajeev Gowda
17. Shri Bhubaneswar Kalita
18. Shri Shwait Malik
19. Shri Narayan Lal Panchariya
20. Shri Sukhendu Sekhar Roy
21. Shri C.M. Ramesh
22. Shri Bhupender Yadav

SECRETARIAT

1. Shri A.K. Singh - Additional Secretary
2. Shri T. Jayakumar - Director
3. Smt. Anju Kukreja - Under Secretary
4. Shri Ashikho Alemo - Senior Executive Assistant

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2018-19), having been authorised by the Committee, do present this One Hundred and Sixteenth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-Sixth Report (Sixteenth Lok Sabha) on '**Excess Over Voted Grants and Charged Appropriations (2013-14)**' relating to various Ministries/ Departments.

2. The Thirty-Sixth Report was presented to Lok Sabha /laid in Rajya Sabha on 26th April, 2016. Replies of the Government to all the Observations/ Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the One hundred and Sixteenth Report at their sitting held on 5th December, 2018. Minutes of the sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

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

5. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the Thirty-Sixth Report (Sixteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
December, 2018
Agrahayana, 1940 (*Saka*)

MALLIKARJUN KHARGE
Chairperson,
Public Accounts Committee

REPORT

PART – I

INTRODUCTORY

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Thirty-sixth Report (16th Lok Sabha) on "**Excesses Over Voted Grants and Charged Appropriations (2013-14)**" relating to various Ministries/Departments concerned.

2. The Thirty Sixth Report (16th Lok Sabha), which was presented to Lok Sabha and laid in Rajya Sabha on 26th April, 2016 contained 16 Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from Ministries/ Departments concerned are broadly categorized as under:

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

Para Nos. 1-16

**Total: 16
Chapter - II**

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

Para Nos. Nil

**Total: NIL
Chapter - III**

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

Para Nos. Nil

**Total: NIL
Chapter - IV**

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

Para Nos. Nil

**Total: NIL
Chapter – V**

3. The Thirty-Sixth Report dealt with the Appropriation Accounts of the Union Government relating to the Civil, Defence Services, DoPT and Railways for the financial year 2013-14. The gists of important Observations/Recommendations contained in the Report are given as under:

- i) The Committee were concerned to note an increase in number of excess registering Grants/Appropriations as well as excess expenditure in case of Defence Services and Ministry of Railways during the year 2013-14 in comparison to the previous year.
- ii) The Committee had recommended that an Expert Group may be constituted in each Ministry and Department representing all budgeting authorities to undertake a study on the instances of excess expenditure to find out the reasons as to why the existing expenditure control mechanism failed and evolve a monthly expenditure monitoring system.
- iii) The Committee urged upon defaulting Ministries to study the best practices of the other Ministries/Departments who do not incur excess expenditure and best international practices as well. As the problem of exceeding budgetary/Supplementary Grant is non-traceable with the use of IT and e-governance, the Committee impressed upon the defaulting Ministries to tighten their financial administration and fix responsibility against the budget controlling authorities in case their estimation go awry to such a large extent.
- iv) The Committee desired to constitute a high level Inter- Ministerial Group under the Chairmanship of the Cabinet Secretary and the C&AG of India also be associated with this process to combat the problem of recurring expenditure.

- v) The Committee had recommended that the concerned Ministries should evolve an effective mechanism to assess and project realistic requirement of funds both at Budgetary and Supplementary stages so that money irrespective of the quantum are not spent without prior authorization of Parliament.

4. The Action Taken Notes furnished by the Ministries/ Departments concerned in respect of all Observations and Recommendations of the Committee have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the Action Taken by the Government on the Observations and Recommendations made in the Original Report which either need reiteration or merit comments.

(Recommendation Para No. 1)

5. 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 2013-14 revealed that a total excess expenditure of ₹ 3508.22 crore was incurred in 26 cases of 18 excess registering Grants/Appropriations.

The Committee while observing an improved performance of the Government in containing the quantum of excess expenditure as it shows a declining trend during the last five years had expressed their concern over the increase in number of excess registering Grants/Appropriations as well as excess expenditure in case of Defence Service and Railways during the year 2013-14 in comparison to the previous year. The Committee were again perturbed to find that in eight cases the excess expenditure was more than ₹ 100 crore, out of which three cases pertains to Ministry of Defence and five cases to Ministry of Railways. This excess was occurred despite issuance of elaborate instructions at regular intervals by the Ministry of Finance in pursuance of oft- reiterated recommendations of the Public Accounts Committee to contain the excess expenditure to the barest minimum. In the opinion of the Committee, such gross negligence on the part of different

Ministries particularly the Ministry of Defence and Railways, speaks volumes about the scant regard being shown by them towards prescribed financial discipline. Needless to say that excess expenditure is 'unauthorized expenditure' portraying lack of financial discipline, as this fact ought to be kept in mind by all concerned Ministries/Departments.

In view of the persistent trend of incurring of excess expenditure going unchecked, the Committee recommended that an Expert Group in each Ministry/Department representing all the budget controlling authorities be constituted immediately with a mandate to submit its findings within a period of six months. The Expert Group should undertake a thorough study of the instances where expenditure had exceeded the budgetary allocations during the last five years in order to find out the precise reasons as to why the existing mechanism for control of expenditure has failed to effectively check the trend of expenditure and to evolve monthly expenditure monitoring system to keep an eye on the trend of expenditure incurred by various Ministries/Departments.

(Recommendation Para No. 2)

6. The Committee further found that in 13 cases the percentage of excess expenditure over the total budgeted Grant was exceedingly high. Such a trend also indicated that the defaulting Ministries had not accorded due importance to the guiding principles of budgeting and abdicated their responsibilities. The Committee, therefore, urged upon the defaulting Ministries to study the best practices of the other Ministries/Departments who do not incur excess expenditure and best international practices as well. As the problem of exceeding budgetary/Supplementary Grant is not non-traceable with the use of IT and e-governance, the Committee impressed upon the defaulting Ministries to tighten their financial administration and fix responsibility against the budget controlling authorities in case their estimation go awry to such a large extent.

(Recommendation Para No. 4)

7. The Committee noted with profound concern that out of total 26 cases of excess registering Grants/Appropriations, the excess expenditure had been incurred even after obtaining Supplementary Grant in as many as 21 cases. The percentage of excess expenditure over the supplementary Grant in respect of these 21 cases ranged from 0.63% in Appropriation No. 7 – Working Expenses-Repairs and Maintenance of Plant and Equipment to 8111.89% under Appropriation No.9- Working Expenses- Operating Expenses-Traffic operated by Ministry of Railway. In six cases this percentage was more than 50% and in 13 cases it was more than 10%.

The Committee were inclined to conclude that Supplementary Grant in most of the cases were obtained without proper assessment with the result that even the additional provision proved inadequate to meet the actual requirement of funds by the Ministries/Department concerned. The Committee were again concerned to note that during the course of examination of excess expenditure for the year 2012-13, Secretary, Department of Economic Affairs had promised the Committee that in the next four-five months they would try to do a paper of the international practice in this regard and present it to PAC. However, such a study has not been initiated so far. Further in their 19th Report (16th Lok Sabha) the Committee had recommended that the Ministries/Departments should evolve an effective mechanism in Coordination with the Ministry of Finance (Department of Economic Affairs) C&AG of India and the CGA in the Department of Expenditure to strictly monitor the progress of Expenditure. However, the same also could not be evolved as yet. The Committee thus again reiterated their aforesaid recommendation and desired that the same be implemented without further loss of time. Besides, the Committee impressed upon their budget controlling authorities to thoroughly examine their proposals for additional funds with due farsightedness and ensure proper review of the requests for Supplementary Grant before presenting the same to Parliament for approval.

(Recommendation Para No. 5)

8. The Committee found that the excess expenditure incurred during the last five years i.e. 2009-10 to 2013-14 revealed that although the excess expenditure had shown a declining trend, but the same could not be curtailed to a considerable extent. During the year 2013-14, though there had been decline in excess expenditure incurred by the Civil Ministries/Departments it had increased in case of Defence Services and Railways. Further, from the scrutiny of excess registering Grants/Appropriations for the last five years i.e. from 2009-10 to 2013-14, the Committee found that in 11 cases of nine Grants/Appropriations Grant No.21 – Defence Pensions, Grant No. 32 – Ministry External Affairs, Grant No. 23 – Defence Services – Navy and Grants /Appropriations No 3,5,6,8,10 and 13 persistent excesses occurred at least in three out of five years. It had further been observed that the Ministry of Defence under Grant No. 21- Defence Pensions, had incurred excess expenditure recurringly for the six years i.e. from 2008-09 to 2013-14. Out of this excess expenditure for the years 2009-10 to 2012-13 was more than ₹ 3000 crore. Further, in case of Grants/Appropriation operated by the Ministry of Railways it was observed that out of 16 Grants/Appropriations 6 Grant Appropriations witnessed excess expenditure consecutively for a period of three years or more.

Needless to say that the existing budgeting mechanism in these Ministries suffered from various loopholes and lacunae which were negating the attempts of the Government to exercise strict control on the progress of expenditure. In order to keep check of recurring phenomenon of excess expenditure the Committee in their earlier Report had desired to constitute a high level Inter- Ministerial Group under the Chairmanship of the Cabinet Secretary and the C&AG of India also be associated with this process. However, no steps in this regard had been resorted to by the Government. Therefore, in order to combat the problem of recurring expenditure, the Committee once again impressed upon the Government to constitute the aforesaid Group with a view to effectively check the unabated trend of excess expenditure and apprise the Committee thereof.

9. Action Taken Notes as received from the Ministries/Departments concerned on the aforesaid recommendations are given as under:

I. Action taken by the Ministry of Finance (Department of Economic Affairs) (Recommendations Para Nos. 1, 2, 4 & 5)

10. The Ministry of Finance (Department of Affairs) in their Action Taken Notes to Recommendation Para No.1,2,4 & 5 have stated as under:

“The recommendations/observations of the Public Accounts Committee have been noted.

2. It is submitted that the following table brings out a comparative picture of the excess expenditure incurred by Civil Ministries (including Ministry of Defence) and Ministry of Railways in the past three years:
(₹ crore)

| Year | Civil | Railways |
|---------|---------|----------|
| 2011-12 | 7513.28 | 1048.14 |
| 2012-13 | 4921.06 | 1670.24 |
| 2013-14 | 773.31 | 2719.75 |

It may be seen from the above that the excess expenditure incurred by Ministries/Departments (including Defence) has been coming down over a period and the excess expenditure incurred by Ministry of Railways has been on the increase.

3. The excess expenditure under civil side during the afore-said period is largely, attributable to interest payments, defence expenditure and defence pensions. These payments, which are obligatory in nature, contribute to overall expenditure of the Government. In case of Defence Pensions, the excess expenditure has arisen mainly on account of revision of entitlements and increase in number of pensioners.

4. This Ministry has already started implementing Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocations (QEP) for monitoring the progress of expenditure by the Ministries/Departments. Ministry of Railways has also been asked to come under the ambit of MEP and QEP consequent upon merger of Railway Budget with General Budget.

5. In addition to the above, payments and expenditure control are being monitored through implementation of Public Financial Management System (PFMS) with the use of IT.

6. This Ministry has also issued instructions to Ministries that the provisions under Rule 209(6)(iii) of GFR shall be strictly be complied so that the releases to the various implementing agencies (IAs) have to be regulated/rationalised keeping in view the bank balance of the recipients before making every fresh release. Specific instructions were also issued for

use of PFMS portal for all types of payments, including 'just in time releases' to the extent possible.”

II. Action Taken by the Ministry of Railways (Recommendation Para No. 1)

11. The Ministry of Railways in their Action Taken Notes to Recommendation Para No. 1 have stated as under:

“Ministry of Railways is very sensitive to Audit’s and hon’ble PAC’s observations on ‘excess’ and have consistently tried to improve systems. As a result, the incidences and quantum of excess expenditure in grants have been significantly reduced in 2014-15 & 2015-16, whereby the excess expenditure has been eliminated in most of the grants.

The excess incurred under Ordinary Working Expenses (OWE- Demand No.03 to 13) & Demand No.16 during 2013-14 & 2014-15 are given below.

| (Gross ₹ in crore) | | |
|-------------------------|---------|---------|
| Item | 2013-14 | 2014-15 |
| O.W.E. (Demand 3 to 13) | 1715 | 0.68 |
| Demand 16 | 851 | 33 |

This fact finds a mention in C&AGs Report No. 53 of 2015 that has made an encouraging observation stating at para 2.2.1 that “MoR has applied the mechanism of budgetary control during 2014-15 and succeeded to some extent”.

The concerns of the Committee have been conveyed to the field units and repeated in all budgetary reviews undertaken with the FA&CAOs and General Managers vide letter no.2016-B-200 dt.27.04.2016.

Pursuant to Committee’s recommendation, an Expert Group 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 has also been constituted vide Order No. ERB-I/2016/23/37 dated 20.07.2016.”

III. Action Taken by the Ministry of Railways (Recommendation No. 2)

12. The Ministry of Railways in their Action Taken Note to Recommendation Para No. 2 have stated as under:

"Though the excess has been high in terms of percentage under Appropriation No.9 the amount involved is only ₹ 3.06 crore. Nonetheless, the observations of the Committee have been conveyed for strict compliance by the Zonal Railways.

The Hon'ble Committee has already been apprised about usage of IT in budget formulation. Due to efforts undertaken we have successfully put in place, in 2014-15, a VPN (Virtual Private Network) enabled Rail Budget System connecting all Zonal Railways and production units across IR, which enables realistic assessment 'instant connectivity with field Units', timely submission of estimates by the Units and more in-depth scrutiny of the budget proposals and as a result, the incidences and quantum of excess expenditure in most of the grants have been nearly eliminated in 2014-15 & 2015-16."

IV. Action Taken by the Ministry of Defence (Recommendation Para No. 1)

13. The Ministry of Defence in their Action Taken Notes to Recommendation Para No. 1 have stated as under:

- "In this regard, the actual Position under Grant No.-21- Defence Pensions for the Financial Year 2013-14 is as under :

| Revenue Section | Total Approved Amount | Actual Expenditure | Saving(-) Excess (+) |
|------------------------|--|---------------------------|-----------------------------|
| Charged | O- 69,00 S- 3,54,00 T- 4,23,00 | 4,97,87 | +74,87 |
| Voted | O- 44499,31,00 S - 996,46,00 45495,77,00 | 45494,56,01 | -1,20,99 |
| Total | 45500,00,00 | 45499,53,88 | -46,12 |

- There is an excess expenditure to the tune of ₹ 74.87 lakhs over and above the sanctioned grant under Revenue (Charged) portion of Grant No. 21- Defence Pensions. The excess expenditure was due to implementation of Court Judgments. The charged expenditure is an obligatory expense based on Court Decrees and due to its uncertain nature the accurate projection of the same becomes difficult to be made in advance.
- As a measure of control, the Ministry of Defence have been advising the budget estimating authorities of Defence Pensions to prepare their budget with utmost caution and accuracy while estimating requirement of funds and the budgetary projections be made after an accurate and realistic assessment of the requirements and visualization of the actual/anticipated expenditure."

V. Action taken by the Ministry of Defence (Recommendation Para No.2)

14. The Ministry of Defence in their Action Taken Note to Recommendation Para No. 2 have stated as under:

“• The actual Position under Revenue -Charge Section of Grant No.-21-Defence Pensions for the Financial Year 2013-14 is as under :

(₹ in thousands)

| Revenue Section | Total Approved Amount | Actual Exp. | Saving(-) Excess (+) | % excess to total grant |
|-----------------|--------------------------------------|-------------|----------------------|-------------------------|
| Charged | O- 69,00 S- 3,54,00 T- 4,23,00 | 4,97,87 | +74,87 | 17.70 |

• The original Grant under the charged expenditure was ₹ 69.00 lakhs. As practically, it is not possible to accurately forecast court decrees and their impact in terms of charged expenditure during the year, a Supplementary Grant of ₹ 3,54 lakhs was obtained consequent to materialization of more court cases. However, despite obtaining Supplementary Grant, excess occurred due to finalization of more court cases and the booking of this obligatory expenditure by certain Controllers towards the fag end of the financial year leading to the said excess. However, as per the Appropriation Accounts (Stage –IV) in respect of Defence Pensions provided by O/o the CGDA, there is an overall saving of Rs.46.12 lakhs under Grant No.-21 Defence Pensions in the Financial Year 2013-14.

• As a measure of control, the Ministry of Defence have been advising the budget estimating authorities of Defence Pensions to prepare their budget with utmost caution and accuracy while estimating requirement of funds and the budgetary projections be made after an accurate and realistic assessment of the requirements and visualization of the actual/anticipated expenditure.

• Further, any guidelines issued by Ministry of Finance mentioning the best practices followed in other civil ministries which did not incur excess expenditure will be strictly adhered.”

VI. Action taken by the Ministry of the Defence (Recommendation Para No. 5)

15. The Ministry of Defence in their Action Taken Notes to Recommendation Para No. 5 have stated as under:

“This Ministry is of the view that non availability of sufficient funds for payment of Defence Pension which is a committed liability and payment of which cannot be stopped for want of funds, is the biggest and most important reason

for excess under Grant No.-21- Defence Pensions over the total Grant during the last few years.

- Moreover, the expenditure under Pension head has increased with addition of new pensioners and pension revision by government and recent implementation of One Rank One Pensions but there is no commensurate increase in budget allotment. Details of the last five year's projected vis-à-vis approved allocation is given below:

(Amount in Crore)

| F/Y | Projected BE | Approved BE | Projected RE | Approved RE | RBI Cash Flow | Actual Expen. | Excess/ Saving Booking |
|---------|--------------|-------------|--------------|-------------|---------------|---------------|------------------------|
| 2008-09 | 16744 | 15564 | 21758 | 20233.20 | 22949.00 | 20233.27 | 0.07 |
| 2009-10 | 26761 | 21790 | 27841 | 26000.00 | 35820.00 | 34999.45 | 8999.45 |
| 2010-11 | 24872 | 25000 | 37697 | 34000.00 | 36975.87 | 37336.41 | 3336.41 |
| 2011-12 | 39904 | 34000 | 37547 | 34000.00 | 38797.12 | 37569.39 | 3569.10 |
| 2012-13 | 40041 | 39000 | 41785 | 39500.00 | 43039.02 | 43367.71 | 3867.71 |
| 2013-14 | 45304 | 44500 | 49976 | 45500.00 | 49846.64 | 45499.54 | -0.46 |

- It may be seen from the above that except in the Financial Year 2009-10 the RBI cash flow for the last five years are close to the projected RE for the same financial year. Had the projected amount been approved, the booking of expenditure would have been close to the projection.
- Notwithstanding above, as a measure of control, time and again the Govt. of India in the Ministry of Defence have been advising all the budget estimating authorities of Defence Pensions to prepare their budget proposals on realistic basis taking into consideration all the related aspects such as commitments, trend of expenditure and the anticipated expenditure.
- Instructions were also issued to PCDA(P) Allahabad and O/o the CGDA, New Delhi vide ID No. 2(6)/MO/2011 dt. 12/7/2012 wherein it was advised to adopt e-governance model to utilize the information technology/tools so as to establish a centralized data base of Pensioners and networking of all the banks so as to arrive at a correct estimation of pension liability and expenditure in a particular year. Necessary monitoring and follow up action in this regard would be ensured. O/o the CGDA vide their letter No. A/B/I/ 0107/AA-DP/10-11 dt. 6/6/2012 have informed under mentioned measures to promote e-governance model and use of IT .
- i) New computer application for pension sanction is being developed to create pension data base at the time of issue of PPOs.
- ii) In order to automate disbursement and accounting of pension payments made by department PDA i.e. DPDO, a web based on line application has been implemented in all 61 DPDOs.

iii) Pension disbursement agencies viz. Banks have been approached for transmission of pension payment data electronically so as to enable PCDA(P) Allahabad to ensure correct and timely booking of pension expenditure by automating classification & accounting system.

- The latest instructions to avoid excess expenditure were issued by MoD(Fin) vide ID No.2(6)/MO/2013-14/656 dt. 30/9/2013, vide MoD (Fin) ID No.2(6)/MO/2013/848 dt. 22/10/2014 & subsequently vide MoD (Fin) ID No. 2(6)/MO/2015 dt. 04/09/2015 advising the user Department to adopt utmost caution and accuracy while estimating requirement of funds for Budget Estimates and Revised Estimates 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. Further it was also advised to i) ensure that the budgetary projections are made after an accurate and realistic assessment of the requirements and visualization of the actual/anticipated expenditure & ii) detailed reasons, by giving the numerical impact in respect of each components of the respective detailed/sub-head, should invariably be recorded where the estimation are increased or decreased by 10% or more w.r.t. the actual expenditure during the last financial year.

- Also, as per the directions of Min of Finance, to review the existing arrangement of Reporting and Accounting of Defence Pensions, an Internal Audit was conducted by O/o the CGDA, and a brief report was furnished vide their letter No. A/B/I/9130-Study Report/2012 dt. 11/5/2012 wherein various measures to improve the system were suggested by O/o the CGDA. The report was forwarded to Min of Finance vide this Office ID No.2(8)/REBE/MO/2009/187 dt. 19/6/2012. The following recommendations/suggestions contained in the Report have been initiated:-

i) The issue of incorrect or invalid PPO Nos., missing details in the scrolls has been taken up with banks specifically with SBI, the largest PDA.

ii) PCDA(P), Allahabad has been asked to take into account pending scrolls of the previous years while estimating budget for the next years.

iii) The office has undertaken an exercise, named 'Project Sangam', in order to create an up-to-date Pensions database in collaboration with PCDA(P), Allahabad and various pension disbursing agencies.

iv) PCDA(P) has taken up with Banks to provide Pension payment scrolls on electronic format.

v) Further, Department of Banking, Ministry of Finance, GOI has proposed to form a committee for working out uniform format for transfer of pension payment data by the banks on electronic format and manner of data exchange.

- Regarding completion of digitization of up-to-date pension database of 23 lakh pensioners, it is mentioned that O/o the CGDA vide their letter No. A/B/I/0107/AA-DP/2013-14 dt. 14/10/2014 intimated that the digitization

process has been completed during the month of Sept. 2014. Regarding implementation of 'Pension Accounting System' it is mentioned that the application for using electronic scrolls has been successfully implemented by PCDA(P) Allahabad w.e.f. November 2013.

- In short, implementation of the following measures to strengthen budgetary mechanism, will significantly reduce the time-lag between payment of pensions by the banks, the receipt of scrolls and accounting thereof by the PCDA(P) Allahabad and also improve preparation of budget estimates for Defence pensions:

(a) Computerized Database of Pensioners

Computerization of pensioners data in respect of old defence pensioners has been completed, implementing "Project Sangam", which aimed at issue of Corrigendum PPOs in respect of pre-2006 defence pensioners. Further, pension sanction system has been fully computerized and implemented in PCDA(P) Allahabad. This database of pensioners is available for improved budget estimation and accounting.

(b) Pension Accounting System

E-pension accounting system using electronic scrolls has been successfully implemented by PCDA(P) Allahabad w.e.f. November 2013. Out of 29 banks disbursing defence pensions, three major banks accounting for 70% (approx.) pension payments namely State Bank of India, Punjab National Bank and Allahabad Bank are submitting e-scrolls regularly in proper format and expenditure is being booked on current basis through the computerized system. Out of total 29 Public Sector Banks covered under Pension Accounting System, 22 banks have fully implemented submission of electronic scrolls while the remaining 7 banks are in the process. This will ensure a robust and efficient pension accounting system.

(C) Statutory audit by C&AG on "Accounting system of Defence Pensions".

Moreover, Ministry of Finance also favoured a statutory audit to be done by C&AG on "Accounting system of Defence Pensions", so that any lack of control in the financial reporting is clearly brought out through the audit process. Audit by C&AG would also assist the Government in taking necessary corrective action to address any lack of internal controls in the Pension reporting system. The advise of the Min of Finance has been agreed to by Ministry of Defence (Fin) and presently O/o DGA DS is conducting a statutory audit on 'Accounting system of Defence Pensions', the outcome of the same is yet to be received by this Ministry.

- Further as recommended by the Committee, it is mentioned that Ministry of Defence has no role in formation of Inter-Ministerial Group. As and when such group is formed and Ministry of Defence is made part of such group, a necessary follow up action will be taken."

16. The Committee note that in pursuance to their recommendations the Ministry of Finance (Department of Economic Affairs) have started implementing Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocations (QEP) for monitoring the progress of expenditure by the Ministries/Departments. The Ministry of Railways had been asked to come under the ambit of MEP and QEP consequent upon merger of Railway Budget with General Budget. In addition, payments and expenditure control are being monitored through implementation of Public Financial Management System (PFMS) with the use of IT. The Ministry had also issued instructions to Ministries/Departments that the provisions under Rule 209(6)(iii) of GFR shall be strictly complied so that the releases to the various Implementing Agencies (IAs) can be regulated/rationalised, keeping in view the bank balance of the recipients, before making every fresh release. Specific instructions were also issued for use of PFMS portal for all types of payments, including 'just in time releases' to the extent possible.

In compliance to the recommendation of the Committee, the Ministry of Railways had constituted an Expert Committee representing all budgeting authorities to study the persistent trend of excess expenditure to find out the reasons for the same and evolve a mechanism to curb instances of excess expenditure. However, the report of the Committee is awaited.

The Committee also note from the ATN furnished by Ministry of Defence that in order to improve preparation of budget estimates for Defence Pensions, the pension sanction system in PCDA (P) Allahabad had been fully computerized and e-pension accounting system using electronic scrolls has been successfully implemented. Out of the 29 Public Sector Banks covered under Pension accounting system, 22 PSBs have fully

implemented submission of electronic scrolls while the remaining 7 banks are in the process. The Committee desire that e-pension accounting using electronic scrolls need to be introduced in the remaining banks to ensure coverage of all defence pensioners under e-pension accounting system so that realistic budget estimates based on accurate data can be prepared.

The Committee note with serious concern that the replies of the concerned Ministries and Departments are silent in about their recommendation to constitute a high level Inter-Ministerial Group under the Chairmanship of the Cabinet Secretary in association with the C&AG. Noting the persistent trend of excess expenditure, year after year, and the inability of the Ministries/Departments in arresting this trend, the Committee, while emphasizing on the need for a robust expenditure control mechanism, reiterate their earlier recommendation regarding constitution of a high level Inter-Ministerial Group with a view to effectively check the unabated trend of excess expenditure. The Committee are disconcerted to find that despite issuing instructions year after year, the Ministry of Finance could not achieve the desired result to keep a check on excess expenditure. The Committee are pained to note that no concrete mechanism has yet been instituted by the concerned Ministries/Departments in this regard. Moreover, the recommendation of the Committee to constitute an Expert Group in each Ministry and Department representing all budgeting authorities to undertake a study on the instances of excess expenditure to find out the reasons as to why the existing expenditure control mechanism has failed and evolve a monthly expenditure monitoring system, has not been implemented. The Committee, taking a very serious note on the inalcitrant attitude of the Ministries/Departments towards their recommendation, once again recommend that each Ministry/Department should constitute an Expert

Group representing all budgeting authorities within their Ministry/Department to undertake a study and find out reasons for excess expenditure and intimate the Committee of the action taken in this regard within three months of presentation of this Report. The Committee also, desire that the Ministry of Finance (Department of Economic Affairs) should monitor the measures taken by every Ministry/Department in this direction and if necessary, stringent action be initiated against the errant Chief Accounting authorities so as to ensure that the excess expenditure in respect of the Ministries relating to Civil, Defence, Railways and Posts is reduced to the minimum level, if not completely eliminated.

(Recommendation Para No.3)

17. A comparative scrutiny of the Union Government Appropriation Accounts (Railways) for the year 2013-14 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 ₹ (+) 15,15,23,021 (₹ 15.15 crore) under Grant Nos. 5,6,8,10,13 &16 and Appropriation Nos. 4,7,9,11,13, 16-Captial & 16 Railway Funds. Taking into account the effect of this misclassification, the actual excess expenditure incurred by the Ministry of Railways during the year 2013-14 works out to ₹ 2734,90,64,750 (₹2734.91) crore instead of ₹ 2719,75,41,729 (₹ 2719.75 crore) as indicated in Indian Railways Appropriation Accounts (2013-14). Thus, the total amount of actual excess expenditure incurred during the financial year 2013-14 which requires regularization by Parliament under Article 115(1)(b) of the Constitution is of the order of ₹ 3508,21,69,233 (₹ 3508.22 crore) incurred in 26 cases of 18 excess registering Grants/Appropriations.

VII. Action Taken by the Ministry of Railways

18. The Ministry of Railways in their Action Taken Notes have stated as under:

“The matter has been examined. The position exhibited in the Observation is factually correct. The items mentioned in PAC report are the cases of excesses in Grants/Charged Appropriations for the year 2013-14, requiring regularization by Parliament, which are dealt by Budget dte. It is pertinent to mention that similar Recommendations/observations of PAC were dealt by Budget dte. for the year 2012-13. However, necessary instructions to FA&CAOs of all zonal Railways/Production Units have been issued to take corrective action to prevent excess expenditure and instances of misclassification in future.”

18. The Committee in their 36th Report (16th Lok Sabha) had pointed out that due to misclassification of the excess expenditure over Voted Grants/ Charged Appropriations incurred by the Ministry of Railways during the year 2013-14 under different Grants and Appropriations, there was mismatch in the actual excess expenditure incurred during the financial year 2013-14 which required regularization by the Parliament under Article 115(1)(b) of the Constitution. The Committee have now been apprised that the Ministry had issued necessary instructions to FA&CAOs of all Zonal Railways/Production Units for taking corrective action to prevent excess expenditure and instances of misclassification of excess expenditure in future. The Committee are of the view that in addition to issuing timely instructions to concerned Zonal Railways, the Ministry should also undertake periodic reviews to evaluate and ensure strict compliance of their instructions. Besides, the Committee would like the Ministry of Railways to review this matter at the highest level and initiate credible action that will yield visible results in the forthcoming years. The field formations should also be sensitized about this issue and officials made accountable for lapses of such recurring nature. The Committee, therefore, desire to be apprised of the action taken by the Ministry as well as the Zonal Railways/Production Units in this regard within three months of presentation of this Report.

**NEW DELHI;
December, 2018
Agrahayana, 1940 (*Saka*)**

**MALLIKARJUN KHARGE
Chairperson,
Public Accounts Committee**

APPENDIX-II
(Vide Paragraph 5 of Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE
CONTAINED IN THEIR THIRTY-SIXTH REPORT (SIXTEENTH LOK SABHA)**

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| (i) | Total number of Observations/Recommendations | 16 |
| (ii) | Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1 to 16 | Total : 16 Percentage: 100% |
| (iii) | Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: Para Nos. - Nil | Total : 0 Percentage: 0 |
| (iv) | Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para Nos. - Nil | Total : 0 Percentage: 0 |
| (v) | Observations/Recommendations in respect of which the Government have furnished interim replies: Para Nos. - Nil | Total : 0 Percentage: 0 |