

**REVISION OF CEILINGS FOR EXCEPTION
REPORTING IN APPROPRIATION ACCOUNTS**

[Action Taken by the Government on the Observations/Recommendations of
the Committee contained in their 1st Report (17th Lok Sabha)]

**MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)**

**PUBLIC ACCOUNTS COMMITTEE
(2020-21)**

TWENTY-NINTH REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

TWENTY-NINTH REPORT

PUBLIC ACCOUNTS COMMITTEE **(2020-21)**

(SEVENTEENTH LOK SABHA)

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[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their First Report (17th Lok Sabha)]

MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)



Presented to Lok Sabha on:

Laid in Rajya Sabha on:

LOK SABHA SECRETARIAT
NEW DELHI

February, 2021/Magha, 1942 (Saka)

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Public Accounts Committee Report for 2020-21

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

(2020-21)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Rajeev Chandrasekhar
17. Shri Naresh Gujral
18. Shri C. M. Ramesh
19. Shri Sukhendu Sekhar Ray
20. Shri Bhupender Yadav
21. Vacant
22. Vacant

SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri M.L.K Raja - Director
3. Smt. Anju Kukreja - Deputy Secretary

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2020-21), having been authorised by the Committee, do present this Twenty-ninth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their First Report (Seventeenth Lok Sabha) on '**Revision of Ceilings for Exception Reporting in Appropriation Accounts**' relating to Ministry of Finance (Department of Expenditure).

2. The First Report was presented to Lok Sabha/laid in Rajya Sabha on 6th December, 2019. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the Twenty-ninth Report at their sitting held on 4th February, 2021. 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 **bold** 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 Committee Secretariat and 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 First Report (Seventeenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
February, 2021
Magha, 1942 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

REPORT

PART – I

The Appropriation Account is an aid for the Parliament and the Public Accounts Committee to ascertain performance of the Government against the budgeted provisions. These accounts contain information regarding re-appropriation of the sanctioned provision from one unit of appropriations to another, savings and excess of expenditure, if any, against these appropriations as well as the supplementary grants. Keeping in line with the objectives for which these accounts were designed, a need to simplify the form of Appropriation Accounts is felt necessary by the Ministry of Finance (Department of Expenditure - Controller General of Accounts) for making it brief, lucid and analytical and less exhaustive.

2. According to the Ministry of Finance (Department of Expenditure) over the last decade, with the increase of 28 times in the budgetary allocation for the Government there is resultant increase in the amount of variation under a number of heads resulting in increase in volume of printed Appropriation Accounts (Civil). Therefore, the Ministry of Finance (Department of Expenditure) submitted a proposal for upward revision of financial limits for recording reasons for variations in the head-wise union Government Appropriation Accounts (Civil). The proposal was initiated as an attempt to improve the presentation of accounts so that the materiality of reporting is adequate. It was felt that having lower threshold of reporting implied that the number of reasons in the accounts would be too many and the material deviations may be lost because of large number of reported deviations.
3. The Committee have been informed that the proposed changes do not limit in any way the scope of Appropriation Audit which would continue to be reported to Parliament and these changes do not in any way change the basic structure of Appropriation Accounts.
4. On receipt of this proposal from the Ministry of Finance (Department of Expenditure), the Committee considered the justification and need for the upward revision of financial limits for recording reasons for variations in the Head-wise Union Government Appropriation Accounts (Civil) and finalised their First Report (17th Lok Sabha) on the subject "Revision of Ceilings for Exception Reporting in Appropriation Accounts" which was presented to Lok Sabha/laid in Rajya Sabha on 6th December, 2019, contained five Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from the Ministry of Finance (Department of Expenditure). A scrutiny of these Action Taken Notes reveals that all the Recommendations of the Committee made in their First Report have been accepted by the Government.

5. This Report of the Committee deals with the action taken by Government on the Observations/Recommendations of the Committee contained in their First Report (17th Lok Sabha). The Action Taken Notes received from the Ministry are reproduced in Chapter - II of the Report.
6. While expressing their agreement with the proposed revision in the Appropriation Accounts (Civil), the Committee in Para 4 of their First Report (17th Lok Sabha) recommended the Ministry of Finance (Department of Expenditure) to devise an effective monitoring mechanism so as to ensure proper implementation of revised financial limits by each and every Ministry/Department.
7. In their Action Taken Note, the Ministry of Finance (Department of Expenditure) have stated as under:
- "The Union Government Appropriation Accounts (Civil) for the year 2018-19 have been prepared and finalized on the basis of the revised financial limits. The necessary instructions to adhere to the revised financial limits have also been issued."
8. **While approving the proposed revision of financial limits for recording reasons for variations (excess and savings) in the Head wise Appropriation Accounts (Civil), the Committee impressed upon the Ministry of Finance (Department of Expenditure) to devise an effective monitoring mechanism so as to ensure proper implementation of revised financial limits by each and every Ministry/Department. In this regard the necessary instructions are stated to have been issued by the Ministry of Finance (Department of Expenditure) to adhere to the revised financial limits. The Committee hope that the Ministry of Finance (Department of Expenditure) would take necessary steps to ensure that these guidelines would be strictly observed by each and every Ministry/Department and any slackness in complying with the said revision is strictly dealt with.**
9. While observing that Appropriation Accounts relating to Railways, Defence and Postal Services are not in line with the said proposal of revision of financial limits in Appropriation Accounts (Civil) for the year 2018-19 and onwards, the Committee in Para 5 of their First report (17th Lok Sabha) had recommended the Ministry of Finance (Department of Expenditure) to apprise the said changes to the aforesaid Ministries so that they may take suitable steps for carrying out those changes in their respective Appropriation Accounts atleast from the year 2019-20 and onwards after obtaining concurrence from the C&AG in order to maintain parity among the preparation and presentation of all the Appropriation Accounts.

10. In their Action Taken Note, the Ministry of Finance (Department of Expenditure) have stated as under:

"The office of Controller General of Accounts prepared the Union Government Appropriation Accounts (Civil). The Appropriation Accounts of Railways, Post and Defence are prepared by the respective Departments. These Departments have been informed about the revision of ceilings and asked to take up the matter with the Office of C&AG for necessary compliance."

11. While appreciating the steps taken by the Ministry of Finance (Department of Expenditure) by way of informing the Ministry of Railways, Defence and Department of Posts about the revision of ceilings and asking them to take the matter with the office of C&AG for necessary compliance, the Committee impress upon the Ministry of Finance (Department of Expenditure) to ensure that these Ministries/Departments comply with the instructions issued in this regard at the earliest so as to make parity among the four Appropriation Accounts from the year 2019-20 and onwards after obtaining concurrence of the office of C&AG and the Committee be apprised of the action taken in this regard.

NEW DELHI;
February, 2021
Magha, 1942 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

Observations/Recommendations have been accepted by the Govt

Ministry of Finance
Department of Expenditure

Observation/ Recommendation:

Para 1:- "The Appropriation Account is an aid for the Parliament and the Public Accounts Committee to ascertain performance of the Government against the budgeted provisions. These accounts contain information regarding re-appropriation of the sanctioned provision from one unit of appropriations to another, savings and excess of expenditure, if any, against these appropriations as well as the supplementary grants. Keeping in line with the objectives for which these accounts were designed, a need to simplify the form of Appropriation Accounts is felt necessary by the Ministry of Finance (Department of Expenditure – Controller General of Accounts) for making it brief, lucid and analytical and less exhaustive."

(Para No. 1 of the 1st
Report of the Public Accounts Committee
(17th Lok Sabha)

Action Taken

Observation of Public Accounts Committee. Not for comments.

2. This Action Taken Note has been vetted by Office of the C&AG of India vide their U.O. No.....dated.....

Annie G. Mathew

(Annie G. Mathew)

Additional Secretary to the Govt. of India

Ministry of Finance, Department of Expenditure
F.No.12(9)/E.Coord/2017 Dated 5th June, 2020

Ministry of Finance
Department of Expenditure

Observation/ Recommendation:

Para 2:- "According to the Ministry of Finance (Department of Expenditure) over the last decade, with the increase of 28 times in the budgetary allocation for the Government there is resultant increase in the amount of variation under a number of Heads resulting in increase in volume of printed Appropriation Accounts (Civil). Therefore, the Ministry of Finance (Department of Expenditure) submitted a proposal for upward revision of financial limits for recording reasons for variations in the head-wise union Government Appropriation Accounts (Civil). The proposal was initiated as an attempt to improve the presentation of accounts so that the materiality of reporting is adequate. It was felt that having lower threshold of reporting implied that the number of reasons in the accounts would be too many and the material deviations may be lost because of large number of reported deviations."

(Para No. 2 of the 1st
Report of the Public Accounts Committee
(17th Lok Sabha)

Action Taken

Observation of Public Accounts Committee. Not for comments.

2. This Action Taken Note has been vetted by Office of the C&AG of India vide their U.O. No..... dated.....

Annie G. Mathew

(Annie G. Mathew)

Additional Secretary to the Govt. of India

Ministry of Finance, Department of Expenditure
F.No.12(9)/E.Coord/2017 Dated 5th June, 2020

Ministry of Finance
Department of Expenditure

Observation/ Recommendation:

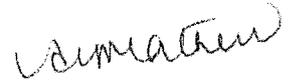
Para 3:- "The Committee have been informed that the proposed changes do not limit in any way the scope of Appropriation Audit which would continue to be reported to Parliament and these changes do not in any way change the basic structure of Appropriation Accounts."

(Para No. 3 of the 1st
Report of the Public Accounts Committee
(17th Lok Sabha)

Action Taken

Observation of Public Accounts Committee. Not for comments.

2. This Action Taken Note has been vetted by Office of the C&AG of India vide their U.O. No.....dated.....



(Annie G. Mathew)

Additional Secretary to the Govt. of India

Ministry of Finance, Department of Expenditure
F.No.12(9)/E.Coord/2017 Dated 5th June, 2020

Ministry of Finance
Department of Expenditure

Observation/ Recommendation:

Para 4:- "Considering that the proposal has been finalized after obtaining the concurrence of the office of the Comptroller and Auditor General of India, and the adequate justifications provided by the Ministry of Finance for the need for upward revision of financial limits for recording reasons for variations (excess and savings) in the Head-wise Union Government Appropriations (Civil), the Committee are in consonance with the proposed revision in the Appropriation Accounts for the year 2018-19 and onwards and recommend the same. In this regard, the Committee would like to impress upon the Ministry of Finance (Department of Expenditure) to devise an effective monitoring mechanism so as to ensure proper implementation of revised financial limits by each and every Ministry/Department."

(Para No. 4 of the 1st
Report of the Public Accounts Committee
(17th Lok Sabha)

Action Taken

The Union Government Appropriation Accounts (Civil) for the year 2018-19 have been prepared and finalized on the basis of the revised financial limits. The necessary instructions to adhere to the revised financial limits have also been issued (copy enclosed).

2. This Action Taken Note has been vetted by Office of the C&AG of India vide their U.O. No.....dated.....

Annie G. Mathew

(Annie G. Mathew)
Additional Secretary to the Govt. of India

Ministry of Finance, Department of Expenditure
F.No.12(9)/E.Coord/2017 Dated 5th June, 2020

Ministry of Finance
Department of Expenditure

Observation/ Recommendation :

Para 5:- "The Committee understand that Appropriation Accounts relating to Railways, Defence and postal Services are not in line with the said proposal of revision of financial limits in Appropriation Accounts (Civil) for the year 2018-19 and onwards. The Committee, therefore, recommend that these Ministries may be apprised of the said changes so that they may take suitable steps for carrying out those changes in their respective Appropriation Accounts atleast from the year 2019-20 and onwards after obtaining concurrent from the C&AG in order to maintain parity among the presentation of all the Appropriation Accounts. The Committee would like to be apprised of the steps taken in this regard."

(Para No. 5 of the 1st
Report of the Public Accounts Committee
(17th Lok Sabha)

Action Taken

The O/o Controller General of Accounts prepares the Union Government Appropriation Accounts (Civil). The Appropriation Accounts of Railways, Post and Defence are prepared by the respective Departments. These Departments have been informed about the revision of ceilings and asked to take up the matter with the Office of C&AG for necessary compliance (copy enclosed).

2. This Action Taken Note has been vetted by Office of the C&AG of India vide their U.O. No.....dated.....

W. Mathew

(Annie G. Mathew)

Additional Secretary to the Govt. of India

Ministry of Finance, Department of Expenditure
F.No.12(9)/E.Coord/2017 Dated 5th June, 2020

MINUTES OF THE TENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2020-21) HELD ON 4TH FEBRUARY, 2021.

The Public Accounts Committee (2020-21) sat on Thursday, the 4th February, 2021 from 1430 hrs to 1440 hrs in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

Members

LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shree Sudheer Gupta
5. Shri Bhartruhari Mahtab
6. Shri Ajay (Teni) Misra
7. Shri Jagdambika Pal
8. Shri Vishnu Dayal Ram
9. Shri Rahul Ramesh Shewale
10. Shri Rajiv Ranjan Singh alias Lalan Singh
11. Dr. Satya Pal Singh
12. Shri Jayant Sinha
13. Shri Balashowry Vallabhaneni

RAJYA SABHA

14. Shri Rajeev Chandrasekhar
15. Shri C. M. Ramesh
16. Shri Bhupender Yadav

LOK SABHA SECRETARIAT

1. Shri T.G.Chandrasekhar - Joint Secretary
2. Shri S.R.Mishra - Director
3. Smt. Bharti S.Tuteja - Additional Director

OFFICERS OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Shri Deepak.Anurag - Director General
2. Shri K.S. Subramaniam - Director General
3. Ms. Kavita Prasad - Director General
4. Shri S. V. Singh - Principal Director

2. At the outset, Hon'ble Chairperson welcomed the Members and Officers of the office of C&AG of India to the Sitting of the Committee. Thereafter, he invited suggestions of the Members on the following Draft Reports:-

- i. *****
- ii. *****
- iii. *****
- iv. *****
- v. *****
- vi. Draft Report on the Action Taken by the Government on the Observations/Recommendations contained in 1st Report (17th Lok Sabha) on the subject "Revision of Ceilings for Exception Reporting in Appropriation Accounts".
- vii. *****

3. After some deliberations, the Committee adopted the aforesaid Draft Reports without any modification and authorised the Chairperson to finalise the Reports in the light of factual verification done by the Audit.

The Committee then adjourned.

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 FIRST REPORT (SEVENTEENTH LOK SABHA)**

(i)	Total number of Observations/Recommendations	05
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1 to 5	Total : 05 Percentage: 100%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: Para No. - 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