

**SIXTY-FIRST REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(1981-82)**

(SEVENTH LOK SABHA)

[Action taken on the 1st and 24th Reports  
(Seventh Lok Sabha)]



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

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

*October, 1981/Asvina, 1903 (Saka)*

*Price : Rs. 3-50.*



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CORRIGENDA TO SIXTY-FIRST REPORT OF THE PUBLIC  
ACCOUNTS COMMITTEE (SEVENTH LOK SABHA)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(v)	2	1	Sub-Committees	Sub-Committee
2	1.4	7	passed	passed
3	-	20	Railway	Railways
4	1.7	7	'Public Workers'	'Public Works'
12	3	3	Ministries	Ministries
22	-	17	32,812	Rs. 32,812
23	-	10	accounts	account
27	-	7	ridder	rider
27	(v)	4	instigate	investigate
27	3	1	issued	issue
28	-	17	<u>Add</u> 'decision taken to send more delegations and the presentation of last' before 'batch'	
29	-	11	accounted	accounted
33	-	5	<u>Delete</u> the line 'obviated...The' and <u>add</u> 'observation made by the Committee and requested to issue suitable instruc-	
33	-	11	occurrence	occurrence
33	-	22	<u>Add</u> 'was' after 'there'	
35	-	19	charge	change
43	3	2	an anti-	a parti-
44	6	7	down	cut down
49	-	6	supplies	suppliers
51	-	2	matters	matter
52	-	13	year	years
54	-	3	detective	detection
59	-	23	dully	duly
62	-	17	receipts	receipt
71	4	1	alloting	allotting
77	-	3	<u>Add</u> 'may not occur in future' after 'Public Works'	



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## PUBLIC ACCOUNTS COMMITTEE

(1981-82)

### CHAIRMAN

Shri Satish Agarwal

### MEMBERS

#### *Lok Sabha*

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

#### *Rajya Sabha*

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

### SECRETARIAT

1. Shri H. G. Paranjpe, *Joint Secretary.*
2. Shri D. C. Pande, *Chief Financial Committee Officer.*
3. Shri K. C. Rastogi, *Senior Financial Committee Officer.*



## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Sixty-First Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their First and Twenty-Fourth Reports (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services) (Posts and Telegraphs) and (Railways), for the years 1976-77 and 1977-78. The Committee's First and Twenty-Fourth Reports (Seventh Lok Sabha) were presented to the House on 15 and 17 December, 1980 respectively.

2. On 1 July, 1981, the following 'Action Taken Sub-Committees' was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Public Accounts Committee in their earlier Reports:

1. Shri Satish Agarwal—*Chairman*

2. Shri K. P. Unnikrishnan
3. Shri K. P. Singh Deo
4. Shri Sunil Maitra
5. Shri Hari Krishna Shastri
6. Shri N. K. P. Salve

## Members

3. The Action Taken Sub-Committee of the Public Accounts Committee (1981-82) considered the Report at their sitting held on 10 September, 1981. The Report was finally adopted by the Public Accounts Committee (1981-82) on 1 October, 1981.

4. For reference facility and convenience, the conclusions and recommendations of the Committee have been printed in thick type in the body



of the Report and have also been reproduced in a consolidated form in Appendix III to the Report.

5. 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;  
October 3, 1981

Asvina 11, 1903 (S).

SATISH AGARWAL,  
Chairman,  
Public Accounts Committee.

## CHAPTER I

### REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR FIRST REPORT (SEVENTH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1977-78.

1.1. The 1st report (Seventh Lok Sabha) of the Public Accounts Committee on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1977-78 was presented to Lok Sabha on 15 December, 1980. In accordance with the time schedule prescribed by the Committee in their 5th Report (Fourth Lok Sabha), Notes showing Action Taken by Government on the recommendations and observations contained in the Committee's 1st Report (Seventh Lok Sabha) were required to be furnished by the concerned Ministries or Departments by June, 1981. An analysis of the receipt of Action Taken Notes (in some cases from more than one Ministry), however, discloses the following position:

		Ministry responsible for delay
(i)	No. of notes received by due date (15-6-81)	21
(ii)	No. of notes received after 15 June, 1981	4
(iii)	No. of notes which are interim ones	3 Works and Housing (Sl. Nos. 14, 15 and 22)
(iv)	No. of notes still awaited (7 Sept. 81)	7 Finance [Expenditure (Sl. No. 1, 4, 5 and 22) External Affairs (Sl. No. 10) Chemicals & Fertilisers (Sl. No. 20)]

1.2 The Action Taken Notes received from Government have been broadly categorised as follows:

- (i) Recommendations or observations that have been accepted by Government:
- SL. Nos. 1—13, 16—21



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

Nil

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

Nil

- (iv) Recommendations or observations in respect of which Government have furnished interim replies:

Interim replies: 4, 15 and 22

1.3. In spite of repeated exhortations by the Committee, inordinate delays continue to occur in the submission of conclusive and final action taken notes within the prescribed time limit of six months from the date of presentation of the Report. 11 out of 35 Action Taken Notes in respect of recommendations contained in the 1st Report were received after the due date. Three of the notes were received after protracted correspondence with consequent delay of two to three months. Consequently, finalisation of the Action Taken Report has been delayed. It is apparent that adequate attention is not being paid by the Ministries/Departments and the Minotoring Cell in the Ministry of Finance to the timely processing of the Committee's recommendations. The Committee take a serious view of such delay, particularly by the Ministries of Finance (Department of Expenditure, Agriculture, Railways, External Affairs, Chemicals and Fertilisers). They would like Government to take positive steps to ensure that final action taken notes on the Committee's recommendations are invariably furnished within the stipulated time-limit of six months.

#### Revised Accounting Procedure in the C.P.W.D.

1.4. The Committee had, in paragraphs 2.39 and 4.15 of their First Report (Seventh Lok Sabha) stated:

"The Committee find that since 1956, budgetary provision under 'suspense' head is made for gross amount instead of net amount. This procedure entails multiple budgetary provisions under 'Stock and Purchases' depending upon the number of intermediary stages through which the materials have passed from time of purchase till their ultimate utilisation. The Committee in paragraph 2.55 of their 134th Report (Fifth Lok Sabha), had *inter alia* desired that the Ministry should examine whether there were any inherent defects in the system in vogue and then devise suitable remedial measures. The Committee have been informed that the existing arrangements of budgeting have since been examined by a Study Team consisting of 2



a Superintending Engineer from the CPWD and Controller of Accounts from the Departmentalised Accounts Wing of the Ministry, which was set up in November 1978 in pursuance of the Committee's recommendations contained in 104th Report (Sixth Lok Sabha) and the suggestions made by the Study Team are being processed further. The Committee understand from the Explanatory Note submitted in respect of similar excess under the head 'Public Works' in 1978-79 that in pursuance of the report of the Study Team, an Empowered Committee was appointed on 16 July, 1979. This Committee had since submitted its Report and a proposal had been submitted to the Comptroller and Auditor General of India through the Ministry of Finance for adoption of revised accounting procedure. The Committee desire that finality should be reached soon in this important procedural matter so that excesses persisting over a number of years under the Grant 'Public Works' may not occur in future."

"The Committee find that the study of the Accounting and Budgeting of the Stores requirements of the CPWD vis-a-vis the centralised pattern followed by the Railway, has since been completed by the Ministry of Works and Housing and that the results of the Study are being examined. The Study has revealed that the system of net budgeting can be adopted in the CPWD and this would result in seeking Parliament's vote on this account for a more realistic figure in keeping with the actual requirements. The Committee have been informed that decision will be taken in the matter by Government shortly. The Committee would like the Government to take early decision in the matter of introduction of the system of 'Net Budgeting' in the CPWD."

1.5. In their Action Taken Note furnished to the Committee in June 1981, the Ministry of Works and Housing have stated:

"The Government has not yet been able to finalise revised stores accounting procedure of the CPWD. The C&AG has also been consulted. Since the longstanding procedure is proposed to be replaced by new one, each proposal for revision has to be weighed carefully and every consequences and probable difficulties considered. To expedite the matter, inter-departmental meetings are being organised so that diverging views of different Departments can be considered and a consensus reached urgently. A decision is expected shortly."



1.6. The Ministry of Works and Housing, however, assured the Committee (17 June 1981) that final decision shall be communicated shortly. The same is still awaited (Sept. 81).

1.7. The Committee are concerned to find that proposals made by a Study Team appointed by the Ministry of Works and Housing (November, 1978) and subsequently endorsed by an Empowered Committee for adoption of a revised accounting procedure in the C. P. W. D. have yet to be finalised by Government. The Committee urge that a decision in this regard may be taken without further loss of time so that excesses persisting over the years under the 'Suspense' head of Grant 'Public Workers' may not occur in future. The Committee would like to be apprised of the decision.

## CHAPTER II

REVIEW OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR TWENTY FOURTH REPORT (SEVENTH LOK SABHA) ON EXCESSES OVER VOTED GRANTS AND CHARGED APPROPRIATIONS FOR THE YEAR 1978-79.

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2.1. This Chapter of the Report deals with the action taken by Government on the Committee's recommendations and observations contained in their 24th Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriations Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1978-79.

2.2. The 24th Report of the Committee was presented to Lok Sabha on 17 December, 1980. Action Taken Notes have been received in respect of all the 14 recommendations and observations.

2.3. The Action Taken Notes received from Government have been broadly categorised as follows:

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

Sl. Nos. 1-2, 4—6 and 8—14.

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

NIL

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

NIL

- (iv) Recommendations or observations in respect of which Government have furnished interim replies:

Sl. Nos. 3 & 7



2.4. Notes on the action taken by Government on the recommendations and observations contained in the Committee's 24th Report (Seventh Lok Sabha) were required to be furnished by the concerned Ministries/Departments by 17 June, 1981. An analysis of the receipt of Action Taken Notes, however, discloses the following position:

*Ministries responsible for delay.*

(i) No. of notes received by the due date (17.6.1981)—9

(ii) No. of notes received after 17 June, 1981—5 Ministry of Finance (Department of Expenditure) (Sl. Nos. 4, 5 & 6) Ministry of Railways (Railway Board) (Sl. Nos. 11 & 12).

2.5. The Committee observe that action taken notes in respect of only 9 out of 14 recommendations contained in the 24th Report of the Committee were received by the due date i.e. 17 June, 1981. The Committee's observations in para 1.3 equally apply to the Ministries concerned with the implementation of the recommendations contained in the Report.

NEW DELHI;

October 3, 1981.

Asvina 11, 1903 (S).

SATISH AGARWAL,

*Chairman,*

*Public Accounts Committee.*

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## APPENDICES

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## APPENDIX I

(Vide paragraph 1.2 of the Report)

### RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### RECOMMENDATION

In their 104th Report (Sixth Lok Sabha), the Committee (1978-79) had taken note of the fact that while the Appropriation Accounts (Railways), (Posts and Telegraphs) and (Defence Services) for the year 1976-77 were laid on the Table of the House on 4th April, 1978, the Appropriation Accounts (Civil) for the same year were laid on the Table of the House on 24th August, 1978. However, the Committee (1978-79) had been assured by the Ministry of Finance (Department of Expenditure) that earnest endeavour would be made towards finalisation of the Appropriation Accounts (Civil) for 1977-78 in time so as to lay them on the Table of the House during April, 1979. The Committee find that while the Appropriation Accounts (Civil) for the year 1977-78 were laid on the Table of the House on 9th May, 1979 and those relating to Defence Services and Posts and Telegraphs on 18th May, 1979, the Appropriation Accounts (Railways), were laid on the Table on 9th July, 1979. The Committee trust that the Appropriation Accounts will hereafter be laid on the Table of the House in the Budget Session of Parliament. In particular, they would like the Ministry of Railways to ensure timely presentation of the Appropriation Accounts in future.

[Sl. No. 1 (Para 1.6) of Appendix XV to First Report of Public  
Accounts Committee (Seventh Lok Sabha)]

#### Action Taken

##### (i) Ministry of Finance (Department of Expenditure)

The Recommendations of the Public Accounts Committee have been complied with in regard to the submission of Appropriation Accounts (Civil) for the years 1978-79 and 1979-80. These accounts were laid on the Table of the House during the relevant budget sessions of Parliament as per the details given below:—



<i>Year of Accounts</i>	<i>Date on which submitted to Parliament</i>
1978-79	12th June, 1980 (Accounts signed by Comptroller and Auditor General on 5th April, 1980 but presentation delayed because February Session of Parliament ended on 28th March, 1980 after considering 'Vote on Account').
1979-80	27th April, 1981.

[Ministry of Finance (Department of Expenditure) O.M. No. F.12(1)E (Coord)/81, dated 21st August, 1981]

(ii) *Ministry of Finance (Defence):*

#### **Action Taken**

The above recommendation of the Public Accounts Committee has been noted.

D.A.D.S. has seen.

[Min. of Fin. (Def.) U.O. No. 213/1/81/1913-B.II dated 12-3-1981]

(iii) *Ministry of Communication (P & T Board):*

✓ Observations of the Committee have been noted for compliance.

This has been seen by the Director of Audit P&T Delhi.

[Ministry of Communications (P&T Board) O.M. No. 17-1/80-PA (BB-I) KW/79-80, dated 25-4-1981.]

(iv) *Ministry of Railways (Railway Board):*

The observations of the Committee have been noted for future guidance. In this connection it is submitted that the Appropriation Accounts of Railways for the year, 1978-79 were duly laid before the two Houses of Parliament before the Budget Session viz., on 9-3-1980.

• This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 80-BC-PAC/VII/1 dated 11-2-1981.]

#### **Recommendation**

2.3. The aggregate amount of excess expenditure over Voted Grants and Charged Appropriations during the past decade ranged between Rs. 3.78 crores in 1968-69 to Rs. 266.52 crores in 1974-75. The Committee had,



in para 2.4 of their 104th Report (1978-79) expressed satisfaction over the noticeable reduction in the aggregate amount of expenditure incurred in excess of the allocations authorised by Parliament as disclosed in the Appropriation Accounts (Civil), achieved during the year 1976-77 and had expressed the hope that sustained endeavour would be made by the Ministries and Departments to ensure that the position would not be allowed to deteriorate. During the year under review i.e., 1977-78 excess expenditure had occurred under 15 Voted Grants and 2 Charged Appropriations and aggregated to Rs. 82.42 crores. While the Committee feel satisfied about the reduction in the total amount of excess expenditure as compared to last year, they are concerned to note that bulk of the excess expenditure relating to Appropriation Accounts (Civil), viz., Rs. 32.85 crores had occurred under one Voted Grant viz., Foreign Trade and Export Production, and is attributable to drawal of technical credits having been resorted to by some foreign countries (an issue dealt with elsewhere in this Report). They are equally concerned over the extent of variation under some of the other Grants administered by the Ministry of Railways during the year 1977-78, such as Grant No. 19—Revenue Appropriation to Revenue Reserved Fund, excess whereunder arising out of increased revenue surpluses aggregated to Rs. 36.49 crores representing 66.18 per cent of the final Grant. The Committee would like the Ministries concerned to take appropriate and timely remedial measures to curb the recurring tendency of excess expenditure.

[Sl. No. 2 para 2.3 of Appendix XV to 1st Report of P.A.C. (1980-81)  
(Seventh Lok Sabha).]

### Action Taken

#### (i) Ministry of Finance (Department of Expenditure).

The above recommendation(s) have been circulated to all the Ministries/Departments of the Government of India vide this Ministry's O.M. No. F.12(1)-E(Coord)/81 dated the 18th April, 1981 (copy enclosed).

2. As regards timely submission of Action Taken Notes, comprehensive instructions have also been issued to all the Ministries/Departments vide this Ministry's O.M. No. F.12(16)-E(Coord)/78, dated the 14th April, 1981 (copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F.12  
(1)-E(Coord)/81, dated 23rd April, 1981.]



(COPY)

No. F.12(16)-E(Coord)/78

Government of India

Ministry of Finance

(Department of Expenditure)

New Delhi, the 14th April, 1981

## OFFICE MEMORANDUM

SUBJECT:—94th Report of the Public Accounts Committee (1978-79)  
(Sixth Lok Sabha)—timely submission of final Action Taken Notes.

The undersigned is directed to forward herewith for information and necessary action the extracts of para 1.3 (Recommendation No. 1) of the Public Accounts Committee Report mentioned above.

2. It will be observed that the Public Accounts Committee has commented adversely on the inordinate delay on the part of the Government in taking conclusive action on their recommendations and has stressed the importance of timely modification/revision of Action Taken Notes in the light of points raised by Audit, wherever necessary, and submission of finally vetted replies within the time limit of six months. In this connection, the Committee has also drawn attention to their observation made in para 1.11 of their 5th Report (Fourth Lok Sabha) (reproduced in the extracts referred to above).

3. In view of the importance and urgency for finalisation of action on the recommendations|observations of the Public Accounts Committee, this Ministry has been requesting the various Ministries|Departments from time to time for ensuring that the Action Taken Notes are submitted within the prescribed time-limit of six months from the date of presentation of the Reports to the Lok Sabha/Rajya Sabha. Attention in this connection is invited to this Ministry's Office Memoranda noted in the margin. The

No. M. 13(24)-E(Coord)/76 dated the 28th July, 1976
No. M.12(38)-E(Coord)/76 dated 18th January, 1977
No. F.12(2)-E(Coord)/78 dated the 19th June, 1978
No. F.12(12)-E(Coord)/78 dated the 26th Octobar, 1978
No. F.12(4)-E(Coord)/79 dated the 30th June, 1979

Ministries/Departments of the Government of India are once again requested to ensure that the Action Taken Notes duly modified/revised wherever necessary, in the light of the points raised by Audit and finally vetted by them are sent to the Lok Sabha Secretariat within the stipulated period of six months.

(Sd.-) A. V. SRINIVASAN,

Deputy Secretary to the Government of India.

To

All Ministries/Departments of the Government of India.



**Extract of para 1.3 (Recommendation No. 1) in Appendix of the Public Accounts Committee (Sixth Lok Sabha)—94th Report.**

1.3. The Committee are unhappy to note that Government have not furnished Action Taken Notes in respect of 6 recommendations so far. The Committee deplore the inordinate delay on the part of Government in taking conclusive action on their recommendations and apprising them of the final action taken by the Ministry. The Committee desire the Ministry of Agriculture and Irrigation (Department of Agriculture) to furnish expeditiously final replies, duly vetted by Audit, to 6 outstanding recommendations and those recommendations and observations in respect of which only interim replies have so far been furnished. The Audit have intimated that "The Action Taken Notes in respect of 97 recommendations of the Committee referred to in paragraph 1.2 of the Report were received by the Director of Commercial Audit from the Delhi Milk Scheme for vetting. These were duly returned to the Delhi Milk Scheme with the remarks wherever necessary, for revision of the Action Taken Notes. None of the Action Taken Notes were, however, received in this office for final vetting in accordance with the prescribed procedure." In this connection, the Committee would like to draw the attention of the Ministry to their observations made in paragraph 1.11 of their 5th Report (4th Lok Sabha) wherein it was stated that "it should be reasonably possible for Government to draft the replies on these recommendations/observations within four months of their receipt and that these should be got vetted by Audit in the next two months so that final replies, duly vetted by Audit, could be sent to the Committee not later than six months of the date of presentation of the Report". The Committee take a serious view of the failure of the Ministry of Agriculture to revise the Action Taken Notes and would like to know the reasons why the points raised by the Audit were not replied and vetted copies of the Action Taken Notes not furnished to the Committee till now. The Department of Expenditure (Ministry of Finance) should issue necessary instruction to all Departments.

No. F.12(1)-E(Coord)/81

Government of India

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

New Delhi, the 18th April, 1981

**OFFICE MEMORANDUM**

**SUBJECTS:—***First Report of the Public Accounts Committee (Seventh Lok Sabha) (1980-81) regarding excesses over Voted Grants and Charged Appropriations.*

The undersigned is directed to forward herewith for information and necessary action the extracts of paras 2.3, 3.4 and 4.7 (Recommendations



at Sl. Nos. 2, 19 and 20 respectively in Appendix XV) of the First Report of the Public Accounts Committee (Seventh Lok Sabha).

2. In para 2.3, the Committee has desired that the Ministries of Commerce and Railways should take appropriate and timely remedial measures to curb the recurring tendency of excess expenditure. The Ministries concerned are requested to note the observations of the Committee and to forward to the Lok Sabha Secretariat, under intimation to this Ministry (Department of Expenditure), their Action Taken Notes on the aforesaid recommendation.

3. Ministries of Chemicals and Fertilizers, Shipping and Transport, Works and Housing and Energy are also requested to note in particular the recommendation made by the Committee in para 4.7 and to forward to the Lok Sabha Secretariat under intimation on this Ministry (Department of Expenditure) their Action Taken Notes on the aforesaid recommendation.

(Sd.)- A. V. SRINIVASAN,  
*Deputy Secretary to the Government of India.*

To

All Ministries/Departments of the Government of India.

All Financial Advisers.

Extracts of para 2.3 (Recommendation No. 2), para 3.4 (Recommendation No. 19) and para 4.7 (Recommendation No. 20) in Appendix XV of the Public Accounts Committee (Seventh Lok Sabha) (1980-81)—First Report.

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2.3 The aggregate amount of excess expenditure over Voted Grants and Charged Appropriations during the past decade ranged between Rs. 3.78 crores in 1968-69 to Rs. 266.52 crores in 1974-75. The Committee had, in para 2.4 of their 104th Report (1978-79) expressed satisfaction over the noticeable reduction in the aggregate amount of expenditure incurred in excess of the allocations authorised by Parliament as disclosed in the Appropriation Accounts (Civil), achieved during the year 1976-77 and had expressed the hope that sustained endeavour would be made by



the Ministries and Departments to ensure that the position would not be allowed to deteriorate. During the year under review *i.e.*, 1977-78 excess expenditure had occurred under 15 Voted Grants and 2 Charged Appropriations and aggregated to Rs. 82.42 crores. While the Committee feel satisfied about the reduction in the total amount of excess expenditure as compared to last year, they are concerned to note that bulk of the excess expenditure relating to Appropriation Accounts (Civil) *viz.*, Rs. 32.85 crores had occurred under one Voted Grant *viz.*, Foreign Trade and Export Production, and is attributable to drawal of technical credits having been resorted to by some foreign countries (an issue dealt with elsewhere in this Report). They are equally concerned over the extent of variation under some of the other Grants administered by the Ministry of Railways during the year 1977-78, such as Grant No. 19—Revenue Appropriation to Revenue Reserve Fund, excess whereunder arising out of increased revenue surpluses aggregated to Rs. 36.49 crores representing 66.18 per cent of the final Grant. The Committee would like the Ministries concerned to take appropriate and timely remedial measures to curb the recurring tendency of excess expenditure.

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3.4 The Committee have been commenting upon avoidable delays in the receipt of Action Taken Notes, as also stressing that the Notes should invariably be furnished to them within the stipulated time-limit of six months. Despite the fact that in February, 1979 the Ministry of Finance had brought the observations contained in Paragraph 3.4 of their 87th Report (Sixth Lok Sabha) to the notice of all Ministries and /or Departments, delay continues to occur. Out of 22 Action Taken Notes in respect of recommendations contained in the 87th Report, 8 notes were received after the due date *i.e.*, 28th February, 1979. Out of these 8 notes, 3 pertained to the Ministry of Railways and 5 to the Ministry of Defence. The Committee desire that in future the Ministries should invariably ensure submission of Action Taken Notes within the stipulated time-limit of six months.

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4.7 As will be seen from above, the Committee had, in paragraph 3.7 of their 104th Report (Sixth Lok Sabha), drawn attention to the persistent delay that had been noticed in the submission of Action Taken Notes on their recommendations and observations. They had sought to be reassured that the recommendations of the Committee receive prompt attention and the time schedule prescribed for furnishing Action Taken Notes was scrupulously followed in future. It is seen that, as in the past, the Ministry of Finance have circulated the recommendations of the Committee to all



Ministries and Departments of the Government of India on 31 March, 1979. The Committee have also been informed that reminder would be issued by the Monitoring Cell in the Ministry of Finance more systematically to the Ministries and Departments for furnishing the final action taken notes within the stipulated time limit of six months. Yet, the position regarding submission of action taken notes in time, by some Ministries is far from satisfactory. Out of 38 Action Taken Notes, 16 notes were received by the due date i.e., 19 June, 1979. Out of the remaining 22 notes, 6 notes relating to the Ministries of Chemicals and Fertilizers, Shipping and Transport and Works and Housing were received with a delay of over two to seven months, and 15 notes from various Ministries were received after the due date with a delay ranging up to two months. The remaining 1 note due from the Ministry of Energy (Department of Coal) has not been received till the date of finalisation of this Report. The Committee take a serious view of such recurrent delays in the submission of Action Taken Notes within the stipulated time-limit and would like the Ministries concerned to adhere to the schedule prescribed in this behalf. The Committee express their strong displeasure that the Ministry of Energy (Department of Coal) has failed to submit its action taken note till the date of finalisation of this Report and would like the Secretary of Ministry of Energy to furnish an explanation for this kind of inordinate delay.

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(ii) *Ministry of Railways (Railway Board):*

The observation has been noted. Endeavours will continue to be made to improve upon the mechanism of framing budget/revised estimates of income and expenditure to avoid large scale variation in the actuals.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 80-BC-PAC/VII/1,  
dated 19-5-1981.]

(iii) *Ministry of Commerce:*

The remedial measures taken to avoid the excess over approved budget in respect of Technical Credits to Foreign Governments in the Grant "Foreign Trade and Export Production" have been indicated in the Action Taken Note on paragraph 2.16 of the Report sent separately. The observations of the Committee as contained in para 2.3 of the Report regarding the appropriate and timely remedial measures to be taken to avoid excess expenditure has been duly noted.

[Ministry of Commerce O.M. No. G.25015/2/81-13&A, dated  
20-8-1981.]



### Recommendation

The Committee note that the Grants and Appropriations operated by the Posts & Telegraphs Department have not witnessed any excess expenditure during the year 1977-78. The Committee trust that this healthy trend would be maintained in future.

[Sl. No. 3 (Para 2.4) of Appendix XV to the First Report of the PAC  
(7th Lok Sabha) 1980-81.]

### Action Taken

Recommendations/observations of the Committee have been noted.

This has been seen by the Director of Audit P&T Delhi.

[Ministry of Communications (P&T Board) O.M. No. 16-41/80-B,  
dated 25-4-1981.]

### Recommendation

The Committee observe that consequent on departmentalisation of accounts, certain changes were necessitated in the procedure prescribed in paragraphs 65—67 of the General Financial Rules on reconciliation of departmental figures with those booked in the accounts offices. Consequently, revised instructions were issued by the Controller General of Accounts, Ministry of Finance (Department of Expenditure) to all the Ministries and Departments for the reconciliation to expenditure as per the books of the departmental offices with those compiled by the Departmental Pay and Accounts Officers *vide* Circular No. S. 11012/Misc/78/880 dated 4th May, 1978. Under the provisions contained in these instructions, the Heads of the Departments are required to certify the correctness of the figures booked in accounts by the Principal Accounts Officers every quarter. With the issue of these instructions, the Ministry of Finance expects that the monthly reconciliation of expenditure between Accounts and Departmental figures would be effective. This, coupled with the departmentalisation of Union Government (Civil) Accounts, according to the Ministry, would result in better control over expenditure *vis-a-vis* the budgetary provision.

[Sl. No. 4—Appendix XV—Para 2.5 of First Report of Public Accounts  
Committee (Seventh Lok Sabha)]

The Committee would like to watch improvements effected by timely reconciliation of expenditure between Accounts and Departmental figures through future Appropriation Accounts.

[Sl. No. 5—Appendix XV—Para 2.6 of First Report of Public Accounts  
Committee (Seventh Lok Sabha.)]



### Action Taken

The Recommendations of the Committee have been noted. However, as mentioned in our reply to the recommendation at Sl. No. 4 (Para 2.10) of the 24th Report of the Public Accounts Committee (Seventh Lok Sabha) [Copy forwarded with this Ministry's O.M. No. F. 12(2)-E(Coord)/81 dated the 14th July, 1981], the circular instructions issued by this Ministry on 4th May, 1978 and 17th May, 1978 have generally proved effective for the timely detection and rectification of misclassification of expenditure in Government Accounts.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12(1)-E (Coord)/81 dated 21st August, 1981.]

### Recommendation

According to the revised time schedule agreed to by the Committee in April 1974 explanatory notes on Excesses Over Voted Grants and Charged Appropriations are required to be submitted to the Committee by 31 May or immediately after the presentation of the Appropriation Accounts to Parliament, whichever is later. It is observed that while the explanatory notes relating to 9 Voted Grants and 2 Charged Appropriations operated by various Ministries (other than the Ministry of Railways), were received within the period prescribed in the revised time schedule *i.e.*, by 31st May, 1979, the Explanatory notes relating to 6 Voted Grants administered by the Ministry of Railways were received on 9th August, 1979. The Committee trust that every endeavour would be made by all concerned to ensure scrupulous adherence to the schedule prescribed in this regard.

[Sl. No. 6 (Para 2.7) of Appendix XV to 1st Report of PAC (1980-81)—Seventh Lak Sabha.]

### Action Taken

The delay in the submission of the Memorandum on the excesses was caused partly by late placing of the Appropriation Accounts on the Table of the Parliament, on 7th July 1979. Necessary steps have, however been taken to ensure timely submission of the Appropriation Accounts to the Parliament and the submission of the note on the excesses to the Public Accounts Committee in future. The note on the excess for the year 1978-79 was submitted to the Public Accounts Committee on 3-5-80, is well within the target date of 31st May.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 80-BC-PAC/VII/1 dated 12-3-1981.]



### Recommendation

The Committee note that an excess of Rs. 9.43 lakhs occurred under the Sub-head "A—1(3)—Administration" under Major Head "305" of grant No. 9—Payment to Indian Council of Agricultural Research on account of over payment of grants to this autonomous organisation. It is stated that while releasing the final instalment of the Grants for the year 1977-78 to Indian Council of Agricultural Research on 29-3-1978, the authorisation of Rs. 9,42,850 already made by the Department of Agricultural Research and Education on 7-10-1977 through the Indian High Commission in U.K. for payment of contribution of I.C.A.R. to the Commonwealth Agricultural Bureau was inadvertently left out and not adjusted. This amount paid in excess to the I.C.A.R. has since been recovered from the I.C.A.R. by short payment of the grant payable to it in the year 1978-79.

The Committee are of the view that double adjustment of expenditure is a serious error in the proper upkeep and maintenance of books of accounts and could have been detected if adequate attention had been paid to prompt reconciliation of accounts. They would like to be informed as to who is responsible for this mistake and why it could not be detected at any of the supervisory levels. The specific steps taken to avoid recurrence of such errors may also be indicated.

[Sl. No. 7 (para No. 2.11) of Appendix XV to the 1st Report of the Public Accounts Committee (Seventh Lok Sabha)]

### Action Taken\*

The circumstances in which the double adjustment of expenditure was made was examined in detail in consultation with the departments concerned. It was found that this occurred mainly due to lack of proper co-ordination between the departments concerned and no individual person or department could be held responsible. Remedial measures to avoid recurrence of this have already been taken and brought into effect from the accounts of 1979-80. Under this system payments to Commonwealth Agricultural Bureau or other agencies will be made directly by the Government from the administrative department and not through Indian Council of Agricultural Research thereby removing the lacunae which contributed to the double adjustment under discussion.

[Ministry of Agriculture (Department of Agricultural Research and Education) O.M. No. 4(2)/78-Budget (ICAR/DARE dated 27th August, 1981.]

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\*Not vetted in Audit.



### Recommendation

The Committee have considered the explanation offered by the Department of Commerce for the excess expenditure of Rs. 3285.08 lakhs which occurred under Grant No. 16—Foreign Trade and Export Production. It is significant that but for savings under various heads in the Capital Section of the Grant, the real excess would have been as high as Rs. 9661.23 lakhs. While appreciating that the drawals of technical credits by USSR (in respect of which no ceiling existed) during the last four weeks of the year 1977-78 amounted to Rs. 31.20 crores, the Committee feel that there is a lacunae in the existing financing and banking arrangements under which whenever the Reserve Bank of India finds that there are no balances in the rupee accounts maintained by foreign Government with it, the payments made on behalf of the foreign Governments by the Indian banks to the Indian exporters are automatically debited to Government account, without waiting for any release of funds from the Government. The Committee would, therefore, recommend that the Department of Commerce might review the existing procedure in consultation with the Ministry of Finance and the Reserve Bank of India so that advance information of such payments could, if possible, be given to Government for making necessary provision in the supplementary demands for grants.

[Sl. No. 8 (Para 2.16) of Appendix XV to 1st Report of PAC (7th Lok Sabha).]

### Action Taken

The existing procedure for drawals of funds by the Reserve Bank of India by debit to Government account for providing Technical Credit facilities to East European countries having Rupee Trading Arrangements with India has been reviewed in consultation with the Budget and Foreign Trade Divisions of the Ministry of Finance, Department of Economic Affairs and the Reserve Bank of India. It has since been decided that actual drawals of funds would henceforth be limited to the extent possible to approved Budget provisions. The Reserve Bank of India has been advised vide Ministry of Commerce letter No. 92/5/80-FT(EE) dated 1st April, 1981 (copy enclosed) to approach the Ministry of Commerce as and when additional funds over and above the approved Budget provisions are required with estimates of funds required for the remaining part of the financial year for a Government sanction so as to enable the Ministry to provide for additional funds with the approval of the competent authority with a view to avoiding excess over the approved budget.

The Reserve Bank of India has agreed to furnish weekly debits of gross drawals of Technical Credits. This would enable this Ministry to keep a



watch and issue additional budgetary sanction as and when required after obtaining provisions in accordance with the prescribed procedure.

[Ministry of Commerce O.M. No. 43(1)/75-FT(EE) dated 15 June, 1981.]

(Copy)

No. 92/5/80-FT(EE)

Government of India

Ministry of Commerce

New Delhi, the 1st April, 1981.

To

The Chief Accountant,  
Reserve Bank of India,  
Bombay.

SUBJECT:—*Grant of Technical Credit to East European countries.*

Sir,

I am directed to say that Government of India provides to countries with whom we have rupee trading arrangements, viz. USSR, Poland, Czechoslovakia, Romania and GDR, technical credit facilities, subject to certain ceilings and other terms and conditions and in accordance with the Trade and Payments Agreements concluded with each of these countries. The ceilings upto which this facility is extended differs from country to country. The limit is in respect of net outstanding (i.e. gross drawals minus repayments at any point of time), in respect of each country during the currency of the Trade and Payments Agreement. There is, however, no such ceiling in respect of the USSR.

2. A budget provision is made by this Ministry, for each country, in each financial year, to which the drawals made by these countries are debited. The budget provisions are made taking into account the movement of trade and amounts utilised by each country during the preceding year. The Budget Estimates are provided on the basis of gross drawals during the financial year and not on net drawals. Thus for the year 1981-82, the following provisions have been made in the Major Head "765"-EE-Advances to Foreign Governments under Demand No. 12; subject to funds being voted by Parliament.

Country	Rs. lakhs
G.D.R.	1200
Poland	2300
Romania	400
Czechoslovakia	1000
U.S.S.R.	—



3. I am to request you to ensure that the gross drawals by each of the above mentioned countries do not exceed the budget estimates. If, however, drawal over and above the estimates indicated above becomes necessary, this Ministry may be approached immediately for a Government sanction with estimates of the amount required for the remaining part of the financial year in order to enable the Ministry to avoid unauthorised excess over the approved budget and to obtain additional funds with the approval of the competent authority.

Yours faithfully,

Sd/-

J. S. SANDHU,

Deputy Director.

### Recommendation

The Committee find that the overall excess under Grant No. 28-Department of Education, after setting off savings comes to Rs. 1.43 lakhs. It is seen that but for the savings, the real excess would have been Rs. 1.93 lakhs. The Committee observe that an expenditure of 32,812 on account of travelling expenses and Rs. 52,781 on office expenses incurred by the Departmentalised Accounting Organisation was inadvertently not taken into account while reviewing the Grant. Again, there was an inadvertant omission to make provisions for debits received from Controller of Accounts, Ministry of External Affairs on account of Travelling Expenses of foreign trips of official delegations deputations to the extent of Rs. 35,074 and debits to the extent of Rs. 75,257 on purchase of stores etc., received from time to time through the Department of Supply and the Railway authorities.

The Committee would like to be informed as to why the omission regarding expenditure on account of travelling and office expenses could not be detected in time during the course of the year at the time of reconciliation of accounts. Also, why the committed liability on account of travelling expenses of foreign trips of official delegations/deputations could not be provided for. The Committee would also like to be informed of the steps taken to prevent recurrence of such lapses resulting in excess expenditure.

[SI. No. 9 (Para 2.19) of Appendix XV to 1st Report of the PAC (7th Lok Sabha)]



### Action Taken

The observations of the Public Accounts Committee have been very carefully noted. The departmentalised Accounting Units in the Ministry of Education and Social Welfare (now Culture) were set up on 1st October, 1976. The development of proper adjustment between different organs of the system took some time and in 1977-78 the expenditure being booked in the Pay and Accounts Office (Education) was being reconciled by two different agencies. There being two such agencies responsible for reconciliation of expenditure figures, the amount spent by departmental accounting organisation was not taken into accounts which consequently led to inadvertent omission at the time of reviewing the grants. Similarly the payment for debits of Rs. 35,074 and Rs. 75,257 was made by the Pay & Accounts Office but it was overlooked by Cash Section. Ministry of Education and Culture have since noted the observations of the Committee and have streamlined the procedure both for the purpose of reconciliation as well as for inter departmental adjustments (copies of instructions dated 21-4-79 and 29-4-80 enclosed) so as to ensure that such mistake do not recur.

The note has been vetted by Audit.

[Ministry of Education & Culture O.M. No. G. 25015/1/80-IF. 4 dated 30-4-1981.]

(Copy)

No. Pr. A.O./Acc-19/78-79/Recon/1305

Government of India

Ministry of Education & Culture

Principal Accounts Office

Department of Education & Culture

Shastri Bhavan, New Delhi.

Dated: 29-4-1980

### OFFICE MEMORANDUM

SUBJECT: *Reconciliation of expenditure with accounts*

To further streamline the reconciliation procedure following guidelines are issued which may be followed during the financial year 1980-81:—

- (i) The Pay & Accounts Office will continue to reconcile expenditure figures with the drawing and disbursing officer and E.C. Unit as per the existing procedure.. In the case of local



D.D.Os, other than D.D.Os of Secretariat, their representatives would visit P.A.Os Office each month to reconcile figures and furnish the certificate of reconciliation to the Pay & Accounts Office. The outside D.D.O to whom P.A.O. will furnish monthly expenditure figures will also after verification furnish a certificate of reconciliation to the P.A.O. In their case, if they do not furnish a certificate of reconciliation within 15 days of the receipt of accounts figures, the accounts figures would be considered as final for all purposes. So far as Secretariat D.D.Os are concerned both for departments of Education and Culture, the Expenditure Control Unit will continue to reconcile expenditure figures with the P.A.Os.

- (ii) In case of Nehru Yuvak Kendras, as an exception, the P.A.O. (Education) will continue to send monthly consolidated statement of expenditure to the Deputy Secretary, N.Y.K. for reconciliation and furnishing of certificate of reconciliation.
- (iii) For inter-governmental and inter-departmental adjustments the Pay & Accounts Office will follow procedure outlined in this office circular letter No. Pr.A.O./Acc-19/78-79/Reconcl/1056 dated 21-4-79, (copy enclosed for ready reference). In addition to the procedure laid down in the above referred circular the Pay and Accounts Office will also intimate the figures of adjustments of debits to the I.F. Division of the Ministry for keeping a note in their Funds Availability Register.
- (iv) Principal Accounts Office will consolidate the accounts and give copy of the statement showing details of expenditure (detailed head wise as per Demands for Grants Part III) brought to account for and upto the end of a month as at present to E.C. Unit & Director General, Archaeological Survey of India for effecting reconciliation in respect of Head Quarter Office and having the discrepancies reconciled with P.A.Os concerned. In respect of D.D.Os of subordinate offices the expenditure figures will be communicated by the Principal Accounts Office in the prescribed form (Encl. I) to the Heads of Departments/Controlling Sections in the Ministry/Department for purposes of verification acceptance and certification. This will be done only in respect of Heads of Departments/Controlling Officers which have more than one D.D.O under them.

In the case of Heads of Departments/Controlling Officers which have only one D.D.O. under them, the certificate of acceptance of expenditure figures by the D.D.O. will be taken to have been done by Head of Department also.



The Expenditure Control Unit will reconcile figures with the Pay & Accounts Office in respect of Head Quarters Office. E.C. Unit will also invite representatives of concerned Sections in the Ministry, to check reconciled expenditure figures as per their records for final verification. The representatives of the Sections will after checking the figures of the progress of expenditure record a certificate in the books of E.C. Unit to indicate completion of reconciliation process.

The E.C. Unit will submit monthly progress report of reconciliation with the Pay & Accounts Offices and the concerned Sections of the Ministry to the Controller of Accounts.

These instructions are issued with the approval of the Financial Adviser, Ministry of Education & Culture, New Delhi.

Sd/-  
(N. C. AGGARWAL),  
Controller of Accounts.

(COPY)

No. Pr.A.O./Acc-19/78-79/Reconcl./1056

Government of India  
Ministry of Education & S.W.  
Principal Accounts Office  
Department of Education & Culture  
Shastri Bhavan, New Delhi.  
Dated: 21-4-79

Subject: *Inter-Governmental and Inter-departmental adjustments Transactions arising in the books of accounts offices of other Governments/Departments which are adjustable in the books of the Pay and Accounts Office.*

According to the instructions contained in Para 10.5 of Chapter II of Hand Book of Accounting System when payments have been made by another Government/Department, an account with supporting vouchers is received from the other party, alongwith a claim for reimbursement. The debit is classified under the final head of account by the P.A.O. and the monetary settlement is made by means of Cheque/draft. According to the instructions contained in Annexure 'B' to Chapter IV of the said Hand Book of Accounting Instructions, the Departmental Officers are required to keep with the PAO, a portion of the allotment relating to the Department so as to meet the cost of services rendered or supplied for which is eventually affected by the P.A.O. in cash by giving a cheque/draft. It has been observed that separate funds are not placed at the disposal of the



P.A.O. for the purpose and the procedure indicated in Annexure 'B' Chapter IV of the Hand Book of Accounting Instructions is not followed by the Departmental-Officers.

2. In supersession of the instructions contained in this office letter No. Pr.A.O./Accounts-19/78-79/Reconciliation/2864-71 dated 26-9-78, following instructions are issued for settlement of these claims:—

- (i) The accounts with supporting vouchers alongwith a claim for reimbursement will be received in the P.A.O. by the Section dealing with settlement of inter-Governmental/departmental adjustments. They will maintain a Register of Inward Claims for watching the settlement of accounts and claims from other Accounts Officers as required under Para 10.7 of Chapter II of Hand Book of Accounting Instructions under the Departmentalised Accounting system. On receipt of the claim, this section will send to the section which deals with pre-check of claims.
- (ii) The pre-check section will conduct the preliminary scrutiny of the claim and if it is found that the claim is *prima-facie* ad-justable in the books of the PAO, they will enter the claim in the Expenditure Control Register maintained by them under Annexure 'B' to Chapter IV of the Hand Book of Accounting Instructions, and return the vouchers to the Section dealing with settlement of Inter-Governmental/departmental adjust-ments. If the Claim in *prima-facie* scrutiny is found to be not adjustable in the books of P.A.O., it will be returned to the section dealing with settlement of Inter-governmental/departmental adjustments for being returned to the office which had raised the debit.
- (iii) The section dealing with settlement of inter-Governmental/ Departmental adjustments will then re-imburse the account and clarify it under the final head of account except in the case of adjustments to be made in the month of March. In respect of the adjustments to be made in the month of March, this section will reimburse the claim and classify the payment under the suspense Head "PAO Suspense" and then arrange prior acceptance of debit by the departmental officer concerned. On receipt of their acceptance they will relieve the sus-pense head by per contra debit to the final head of account. This can be done in March Supplementary Accounts.
- (iv) The Section dealing with Settlement of Inter-Government/ Departmental adjustments will simultaneously communicate the



3. These instructions issued with the approval of Financial Adviser, Ministry of Education & S.W.

(N. C. AGGARWAL)

(All P.A.Os including Pr. Accounts Office (by name))

D.C. (Social Welfare)

(N. C. AGGARWAL)

# PROFORMA

Ministry/Department of.....

Statement showing the booked figures for and upto the month of .....

198.....

Grant No.	Unit of appropriation	Budget provision	Booked Expenditure for 197—	Booked Expdr. for the year up-to 197—	Remarks
		Rs.	Rs.	Rs.	

Accounts Officer.



### Recommendation

The Committee note that bulk of the gross excess of Rs. 302.36 lakhs under head "C-7-Other Expenditure-C7(3)-Other Schemes" under Grant No. 34 is attributable to visit of more delegations to U.N.O. than anticipated and fluctuation in the rates of exchange for which, according to the Ministry, the extent of additional requirement could not be fully determined. After taking into account the savings under other heads in the Grant, the net excess is Rs. 181.60 lakhs.

The Committee are of the view that a more precise estimation of additional requirement of funds on visits of more delegations to the United Nations should have been possible at least at the time of framing Revised Estimates. Also the plea put forward by the Ministry that additional requirement as a result of fluctuations in rates of exchange could not be determined and that the excess came to notice after the close of the financial year, is not wholly convincing inasmuch as the fluctuations in the rates of exchange were nominal. Since there is necessarily some time lag between the batch of supplementary grants, the Committee express their deep concern for this lapse and desire that the reasons for not making adequate and timely provision should be identified with a view to fixing responsibility as also to take remedial measures to obviate excess expenditure on this account in future.

[S. No. 10 (Para 2.22) of Appendix XV to 1st Report of P.A.C. 7th Lok Sabha)]

### Action Taken

The details of the excess expenditure have been analysed. Of the total excess of Rs. 1.82 crores in the Revenue Section of the Grant in the year 1977-78, the excess under the head "Delegation to U.N. etc." amounted to Rs. 3.84 lakhs. The original Budget provision of Rs. 14 lakhs for this item was augmented to Rs. 17 lakhs at the final Grant stage by re-appropriation of savings from other heads. The actual expenditure, however, amounted to Rs. 17.84 lakhs, thus exceeding the Final Grant by Rs. 84,000. It will thus be seen that the additional requirements under the head "Delegation to U.N." were foreseen and provided for while fixing the Final Grant. The concerned Divisions of the Ministry have, however, been instructed to be more careful in future and avoid recurrence of excess under this head.

The bulk of the excess in the Revenue Section of the Grant, however, occurred under the head 'loss by exchange'. This is a notional head for accommodating the difference between the commercial rates of exchange at which funds are remitted to the Missions and the official accounting rate



at which the transactions are adjusted in the mission's account. The accounting rate is a predetermined rate which is prescribed to facilitate the booking of mission's expenditure while the commercial rate fluctuates.

In view of frequent fluctuations in exchange rates, the estimates under this head are not susceptible of precise estimation even at Revised Estimates Stage. This difficulty was not confined to Ministry of External Affairs alone. Further, receipts on account of gain by exchange were, until 1978-79, separately adjusted under the receipt minor head 'gain by exchange'. While adjustments on account of gain by exchange aggregated Rs. 15.93 crores during the financial year 1977-78, those relating to loss by exchange amounted to Rs. 9.96 crores that is to say the receipts on account of gain by exchange during that year far exceeded the loss by exchange.

The procedure for making budget provision for 'loss by exchange' has been revised with effect from the financial year 1979-80 and provision is at present made centrally by the Ministry of Finance in its Demand. In this connection, attention is invited to the Action Taken Statement on recommendation of the Committee in paragraph 2.23 of their 104th Report (Sixth Lok Sabha) submitted in July 1979.

The Note has been seen by the Audit.

The delay in vetting the Note by Audit in time is regretted as it took some time in processing and finalising with the Ministry of Finance (Budget Division/Department of Economic Affairs).

[Ministry of External Affairs O.M. No. Q/Accts.I/7340/1/80-dated 9 September, 1981.]

### Recommendation

The Committee note that the gross excess under head "A.1(i)—Department of Health" was mainly due to some delay in computing the leave salary payable in respect of deputations, (Rs. 1.92 lakhs), Office expenses on telephones, telegrams, postage, P.O.L., stationery articles, repairs of typewriters, electrical calculators etc. consequent on introduction of Rural Health Scheme from 2 October 1977 (Rs. 2.45 lakhs) and travel expenses as also settlement of Indian Airlines bills (Rs. 4.64 lakhs). Even though the trends of excess expenditure were noticed in February, 1978 a proposal for supplementary Grant was not processed by the Ministry in the hope that savings to the required extent from other sub-heads would be available. This expectation, however, did not materialise.

The Committee are firmly of the view that the excess expenditure under this head could have been obviated by making adequate provision to meet



the anticipated liabilities in the Supplementary demands for grants presented in March, 1978 or, in any case, by regulating disbursements towards the end of the financial year. The Committee would like to impress upon the Ministry the need to exercise greater care in ensuring that the expenditure is kept within the amount sanctioned in the grant. The Committee also trust that sounder budgetary control than what exists at present will be exercised by the Ministry in future to avoid recurrence of excesses of this nature.

[S. No. 11 (Para 2.25) of Appendix XV 1st Report of PAC (7th Lok Sabha)]

#### **Action Taken**

The Ministry re-assures that in future greater care would be taken to ensure that the expenditure is kept within the amount sanctioned in the grant and sounder budgetary control exercised.

[Ministry of Health and Family Welfare (Department of Health) O.M. No. G. 25015/5/80-E dated 17 January, 1981.]

#### **Recommendation**

The Committee note that an excess expenditure of Rs. 6.92 lakhs had been incurred in the Voted portion of the Capital section of Grant No. 54-Police-relating to the Ministry of Home Affairs. An excess has occurred under the Capital Section of this Grant for the second year in succession. Against the final Grant of Rs. 39.38 crores in the Appropriation Accounts for the year 1976-77, the excess expenditure incurred was Rs. 1.93 lakhs. According to the Ministry, the excess expenditure was on account of high cost of materials and labour for which the bills from CPWD were received for adjustment at the fag end of the year. The Committee are unable to appreciate why the increase in cost of materials and labour could not be anticipated in close coordination with the CPWD authorities and why the expenditure could not be regulated within the sanctioned provision. The Committee would like the Ministry of Home Affairs to ensure that such avoidable excesses do not recur in future.

[S. No. 12 (Para 2.28) Appendix XV of the 1st Report PAC (7th Lok Sabha)]

#### **Action Taken**

The observations of the PAC have been noted and all the subordinate Organisations and concerned authorities have been instructed to avoid recurrence of instances of incurring expenditure in excess. A copy of this Ministry's circular letter No. 34/1/81-Ac-I dated 13-3-1981 enclosed.

2. Incidentally, it may be mentioned that an excess of Rs. 93,000 and



not Rs. 1,93,000 occurred during 1976-77 in Capital portion of Grant "No. 54-Other Expenditure of the Ministry of Home Affairs" [page 83 of Appropriation Accounts (Civil) for 1976-77] whereas the excess of Rs. 691,636 occurred during 1977-78 in Capital section of Grant 'No' 54-Police' [page 93 of Appropriation Accounts (Civil) for 1977-78]. It will be observed, therefore, that the excess did not occur for two years in succession under the same grant.

The 'Note' has been vetted by Audit.

[Ministry of Home Affairs O.M. No. 34/1/81-Ac I dated 20 May, 1981]

[Copy]

No. 34/1/81-Ac. I

Government of India/Bharat Sarkar

Ministry of Home Affairs/Grih Mantralaya.

\* \* \* \*

New Delhi-110001, dated the 13 March, 1981.

SUBJECT.—Excess over voted grants (1977-78) under Capital Section of Grant No. 54—Police—Steps to be taken to ensure recurrence of such avoidable excesses.

Sir,

I am directed to say that the Public Accounts Committee has in para 2.28 of their 1st Report (Seventh Lok Sabha) observed as follows:—

"The committee note that an excess expenditure of Rs. 6.92 lakhs had been incurred in the voted portion of the Capital Section of Grant No. 54—Police—relating to the Ministry of Home Affairs. An excess has occurred under the Capital Section of this grant for the second year in succession. Against the final grant of Rs. 39.38 crores in the Appropriation Accounts for the year 1976-77, the excess expenditure incurred was Rs. 1.93 lakhs. According to the Ministry, the excess expenditure was on account of high cost of material and labour for which the bills from CPWD were received for adjustment at the fag end of the year. The Committee are unable to appreciate why the increase in cost of materials and labour could not be anticipated in close coordination with the CPWD authorities and why the expenditure could not be regulated within the sanctioned provision. The Committee would like the Ministry of Home Affairs to ensure that such avoidable excesses do not recur in future".



2. It is requested that all concerned authorities may note the above observations of the Public Accounts Committee. It should be ensured that the expenditure on no account is allowed to exceed the sanctioned budget grant. All the subordinate formations may be suitably instructed to avoid recurrence of instances of incurring expenditure in excess. Whenever, the anticipated expenditure is likely to exceed the sanctioned budget grant, it should be ensured that the excess expenditure is covered by valid reappropriation. A serious view will be taken if the above instructions are violated and responsibility will have to be fixed on the controlling officers for any lapse on their part.

3. The receipt of this communication may please be acknowledged.

Yours faithfully,

Sd/-

(ANAND SWARUP)

ASSISTANT FINANCIAL ADVISER.

No. 34/1/81-Ac. I, New Delhi 110001, dated the 13 March, 1981

Copy forwarded to: \*

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Sd/-

(ANAND SWARUP)

ASSISTANT FINANCIAL ADVISER.

No. 34/1/81-Ac. I, New Delhi 110001, dated the 13 March, 1981

Copy for information and necessary action to:—

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Sd/-

(ANAND SWARUP)

ASSISTANT FINANCIAL ADVISER.

### Recommendation

The Committee find that the excess expenditure of Rs. 36.81 lakhs under the head 'A-Scientific Survey and Research-Survey of India-A-3-Development Project Surveys' of Grant No. 78 was on account of arrears of salaries due to re-fixation of pay of Grade II (Now Group 'C') staff under the Central Civil Services (Revised Pay) Rules, 1973, as also payment of certain debits for freight charges etc. on photogrammetric machines received from the Pay and Accounts Officer, Department of Supply during the last days of March 1978. The net excess is of the order of Rs. 5.10 lakhs. The Committee are of the view that this excess expenditure could have been obviated by keeping a close watch over the flow of expenditure towards the end of the year.

[Sl. No. 13 (Para 2.31) of Appendix XV to 1st Report of Public Accounts Committee (7th Lok Sabha)].



### Action Taken

The Committee's observation that excess expenditure could have been obviated by keeping a close watch over the flow of expenditure towards the end of the year has been noted. Survey of India was informed of the obviated by keeping a close watch over the flow of expenditure towards the tion to their subordinate formations to have a close watch over flow of expenditure right from the beginning of the financial year and also to keep a closer watch over the expenditure towards the end of the year in future. Survey of India have issued instructions to the various Directors of the Survey of India, emphasising the need for effective control over the flow of expenditure so as to avoid occurrence of excess over the sanctioned grant.

This has been seen by Audit.

[Department of Science & Technology O.M. No. 6-3/78—SMP. I dated 3 June, 1981]

### Recommendation

The Committee find that an excess of Rs. 4.30 crores occurred under Grant No. 16—Pensionary Charges—Pension Fund. It works out to 9.28 per cent over the final grant of Rs. 46.33 crores. The excess is mainly attributed to receipt of unexpected more pensionary debits from civil accounts office (Rs. 4.03 crores) and settlement of more cases of death-cum-retirement gratuity (Rs. 0.51 crores). The Committee would like to point out that there usually no element of uncertainty or unforeseeability in the expenditure on Pensionary Charges and therefore, there should have been no excess on this account. The Committee desire that a procedure should be evolved for making budgetary provision on a more rational basis.

[Sl. No. 16, (Para 2.45) Appendix XV to 1st Report of the Public Accounts Committee (Seventh Lok Sabha)].

### Action Taken\*

It is seen that uneven flow of debits from the Civil Accounts Offices affects accurate assessment of pensionary liabilities. Excess expenditure was mainly due to heavier adjustments of debits from Civil Accounts Offices in the later part of the year.

In view of the excess expenditure incurred, the Railways were specifically alerted in November 1979 to frame their revised estimates 1979-80 and budget estimates 1980-81 on a realistic basis. It is seen that in 1979-80, no excess expenditure was incurred.

\*Not Vetted in Audit.



The position has again been brought to the notice of the railways in the recent FA & CAO's conference held in April 1981, so as to remove any remaining defects in the machinery.

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/I/24 dated 23 July, 1981]

### Recommendation

The Committee find that an excess of Rs. 36.49 crores has occurred under Grant No. 19-Revenue Appropriation to Revenue Reserve Fund. This grant has been exceeded for the second year in succession. The excess, according to the Ministry of Railways, occurred due to appropriation of more surplus to this Grant. The excess of Rs. 36.49 crores over the final Grant of Rs. 55.13 crores which works out to 66.18 per cent, was mainly due to saving of Rs. 44.37 crores in Revenue Expenditure and less Revenue Receipts (Rs. 7.97 crores) as compared to the Revised Estimates.

It appears that the General Managers of the Zonal Railways concerned have not followed the Instructions contained in Chapter VIII (of paras 843 and 849 to 851) of the Indian Railway General Code, Volume 1, which lay down norms and procedure for carrying out continuous and concurrent review of the revenue and expenditure vis-a-vis the budget. The Committee would urge the Ministry of Railways to evolve a fool-proof arrangement by which a concurrent review of the revenue as also expenditure vis-a-vis the provisions including anticipation of surplus is made. They would like to have a specific report in regard to implementation of the recommendation of the Committee.

[Sl. No. 17 (Para 2.46) of Appendix XV to 1st Report of PAC (Seventh Lok Sabha)]

### Action Taken

The Committee has commented upon the large excess that occurred in the surplus during 1977-78 and desired that fool-proof arrangement be made for concurrent review of the revenue as also expenditure vis-a-vis the provision including anticipation of surplus, etc.

As against the Revised Estimate of Rs. 89.32 crores the actual surplus during 1977-78 turned out to be Rs. 126.23 crores. While earnings from Passenger and Goods traffic were less than the Revised Estimate by Rs. 36.90 crores, the earnings from other coachings and Sundry earnings were slightly more than the Revised Estimates by Rs. 7.83 crores. In addition



the head 'Suspense' (which comprise of outstanding earnings of all categories to be received from other Govt. Deptts) against a Revised Estimate of Rs. 16.39 crores, the actual materialisation as a result of drives to clear the suspense was Rs. 4.49 crores. In the result gross traffic receipts were less than the Revised Estimate by Rs. 8.19 crores which works out to 0.39 per cent. The main reasons for large excess in surplus was a saving of Rs. 40.48 crores under the ordinary working expenses. The saving was mainly due to less shed & shops repairs (Rs. 20.94 crores) less procurement of S & T stores and spares (Rs. 16.46) observance of economy measures, etc.

Instructions already exist enjoining the Railway Administrations to carry out regular reviews of earnings and expenditure. In addition the position is continually watched at Board's level also and suitable corrective measures are taken wherever called for. The Budget Estimates both for earnings and expenditure are framed some time in December/January when on the one hand firm figures for the quarter ending December are not available and on the other performance for the full quarter from January to March is yet to take place. The assumptions made while framing the Revised Estimates often undergo change due to developments in the last quarter of the financial years. Under the circumstances some variation between the Revised Estimates and the actuals is inevitable. Efforts are, however, being made to frame the Revised Estimates on a more realistic basis taking note of all the factors that can be anticipated so as to avoid large scale variation in the actuals.

It may be pointed out that during 1978-79 there was an improvement in that the gap between the actuals and the revised Estimate of surplus had narrowed down to Rs. 8.93 crores which in a budget of over Rs. 2000 crores, is hardly 0.45 per cent.

The need for a constant watch on the revenue and expenditure with reference to the Budget provisions and necessary regulatory measures, wherever needed are repeatedly emphasised in the meetings of the General Manager/Head of Departments of Railway Administration with the Railway Board and through issue of suitable instructions from time to time.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 80-BC-PAC/VII/1  
dated 18-5-81]

### **Recommendation**

Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the excess expenditure referred



to in paragraph 2.1 of this Report be regularised in the manner prescribed in Article 115 (1) (b) of the Constitution of India.

[S. No. 18 (Para 2.47) of Appendix XV to the 1st Report of the P.A.C. (Seventh Lok Sabha)]

### **Action Taken**

The Demands for Excess Grants (excluding Railways) for 1977-78 were passed by the Lok Sabha on 16-3-1981. The connected Appropriation Bill as passed by the Lok Sabha on 16-3-1981 and returned by the Rajya Sabha on 18-3-1981 was assented to by the President on 23-3-1981.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 7(3)-(R&A)/81 dated 13-4-1981]

### **Recommendation**

3.4. The Committee have been commenting upon avoidable delays in the receipt of Action Taken Notes, as also stressing that the Notes should invariably be furnished to them within the stipulated time-limit of six months. Despite the fact that in February, 1979 the Ministry of Finance had brought the observation contained in Paragraph 3.4 of their 87th Report (Sixth Lok Sabha) to the notice of all Ministries and/or Departments, delay continues to occur. Out of 22 Action Taken Notes in respect of recommendations contained in the 87th Report, 8 notes were received after the due date i.e. 28 February, 1979. Out of these 8 notes, 3 pertained to the Ministry of Railway and 5 to the Ministry of Defence. The Committee desire that in future the Ministries should invariably ensure submission of Action Taken Notes within the stipulated time-limit of six months.

[Sl. No. 19—Appendix XV—Para 3.4 of First Report of Public Accounts Committee (Seventh Lok Sabha)]

4.7. As will be seen from above, the Committee had, in paragraph 3.7 of their 104th Report (Sixth Lok Sabha), drawn attention to the persistent delay that had been noticed in the submission of Action Taken Notes on their recommendations and observations. They had sought to be reassured that the recommendations of the Committee receive prompt attention and the time schedule prescribed for furnishing Action Taken Notes was scrupulously followed in future. It is seen that, as in the past, the Ministry of Finance have circulated the recommendations of the Committee to all Ministries and Departments of the Government of India on 31 March, 1979. The Committee have also been informed that reminder would be issued by the Monitoring Cell in the Ministry of Finance more systematically to the Ministries and Departments for furnishing the final action taken notes within the stipulated time limit of six months. Yet, the position regarding submission of action taken notes in time, by some Ministries is far from satisfactory. Out of 38 Action Taken Notes, 16



notes were received by the due date i.e. 19 June, 1979. Out of the remaining 22 notes, 6 notes relating to the Ministries of Chemicals and Fertilizers, Shipping and Transport and Works and Housing were received with a delay of over two to seven months, and 15 notes from various Ministries were received after the due date with a delay ranging upto two months. The remaining 1 note due from the Ministry of Energy (Department of Coal) has not been received till the date of finalisation of this Report. The Committee take a serious view of such recurrent delays in the submission of Action Taken Notes within the stipulated time-limit and would like the Ministries concerned to adhere to the schedule prescribed in this behalf. The Committee express their strong displeasure that the Ministry of Energy (Department of Coal) has failed to submit its action taken note till the date of finalisation of this Report and would like the Secretary of Ministry of Energy to furnish an explanation for this kind of inordinate delay.

[Sl. No. 20—Appendix XV—Para 4.7 of First Report of Public Accounts Committee (Seventh Lok Sabha)]

### **Action Taken**

#### **(i) Ministry of Finance (Department of Expenditure):**

The above recommendations have been circulated to all the Ministries/Departments of the Government of India vide this Ministry's O.M. No. F. 12(1)-E(Coord)/81 dated the 18th April, 1981 (copy enclosed).\*

2. As regards timely submission of Action Taken Notes, comprehensive instructions have also been issued to all the Ministries/Departments vide this Ministry's O.M. No. F.12(16)-E. (Coord)/78, dated the 14th April, 1981 (copy enclosed).\*

[Ministry of Finance (Department of Expenditure) O.M.No. F.12 (1)-E (COORD)/81, dated 23 April, 1981]

#### **(ii) Ministry of Railways (Railway Board):**

Public Accounts Committee's instructions have been noted for future guidance.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 80-BC-PAC/VII/1 dated 9-4-81].

#### **(iii) Ministry of Defence:**

The above recommendation of the Public Accounts Committee has been noted for compliance.

2. D.A.D.S. has seen.

[Ministry of Defence I.D. No. 11(2)/81D (Budget) dated 29-5-1981]

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\*R. produced under S. No. 2. (Para 2.3)



### Recommendation

As will be seen from above, the Committee had, in paragraph 3.7 of their 104th Report (Sixth Lok Sabha), drawn attention to the persistent delay that had been noticed in the submission of Action Taken Notes on their recommendations and observations. They had sought to be re-assured that the recommendations of the Committee received prompt attention and the time schedule prescribed for furnishing Action Taken Notes was scrupulously followed in future. It is seen that, as in the past, the Ministry of Finance have circulated the recommendations of the Committee to all Ministries and Departments of the Government of India on 31st March, 1979. The Committee have also been informed that reminder would be issued by the Monitoring Cell in the Ministry of Finance more systematically to the Ministries and Departments for furnishing the final action taken Notes within the stipulated time limit of six months. Yet, the position regarding submission of action taken notes in time, by some Ministries is far from satisfactory. Out of 38 Action Taken Notes, 16 notes were received by the due date i.e. 19 June, 1979. Out of the remaining 22 notes, 6 notes relating to the Ministries of Chemicals and Fertilizers, Shipping and Transport and Works and Housing were received with a delay of over two to seven months, and 15 notes from various Ministries were received after the due date with a delay ranging upto two months. The remaining 1 note due from the Ministry of Energy (Department of Coal) has not been received till the date of finalisation of this Report. The Committee take a serious view of such recurrent delays in the submission of Action Taken Notes within the stipulated time limit and would like the Ministries concerned to adhere to the schedule prescribed in this behalf. The Committee express their strong displeasure that the Ministry of Energy (Department of Coal) has failed to submit its action taken notes till the date of finalisation of this Report and would like the Secretary of Ministry of Energy to furnish an explanation for this kind of inordinate delay.

[S. No. 20 (Para 4.7) of Appendix XV to 1st Report of P.A.C.  
(7th Lok Sabha)]

#### (iv) Ministry of Works and Housing

The Recommendations of the Committee for strict adherence to the prescribed time schedule have been noted for compliance.

[Ministry of Works and Housing O.M. No. G-25015|2|80-Bt.  
dated the 26th May, 1981]

#### (v) Ministry of Shipping and Transport (Road-Wing)

Observations of the Committee have been noted for strict compliance in future. The contents of the above recommendation have also been



circulated to all officers concerned in the Ministry for strict compliance vide No. BPC-3/81 dated 26th February 1981 (Copy enclosed).

[Ministry of Shipping and Transport (Roads Wing) OM No. RW/B-5(1)/81 dated 14 May, 1981.]

(COPY)

GOVERNMENT OF INDIA  
MINISTRY OF SHIPPING AND TRANSPORT  
(TRANSPORT WING)  
BUDGET SECTION

No. BPC-3/81

New Delhi, dated the 26th Feb., 1981.

Subject: First Report of the Public Accounts Committee (1980-81) (Seventh Lok Sabha) on excess over voted grants and charged appropriations (1977-78).

In Recommendation No. 20, para 4.7 of their First Report (1980-81) (Seventh Lok Sabha), the Public Accounts Committee have made the following observations:—

“As will be seen from above, the Committee had, in paragraph 3.7 of their 104th report (Sixth Lok Sabha), drawn attention to the persistent delay that had been noticed in the submission of Action Taken Notes on their recommendations and observations. They had sought to be reassured that the recommendations of the Committee received prompt attention and the time schedule prescribed for furnishing Action Taken Notes was scrupulously followed in future. It is seen that, as in past, the Ministry of Finance have circulated the recommendations of the Committee to all Ministries and Departments of the Government of India on 31st March 1979. The Committee have also been informed that reminder would be issued by the Monitoring Cell in the Ministry of Finance more systematically to the Ministries and Departments for furnishing the Final Action Taken Notes within the stipulated time limit of six months. Yet, the position regarding submission of Action Taken Notes in time, by some Ministries is far from satisfactory out of 38 Action Taken Notes, 16 Notes were received by the due date i.e., 19 June 1979. Out of the remaining 22 Notes, 6 Notes relating to Ministries of Chemicals and Fertilisers, Shipping and Transport and Works and Housing were received with a delay of over two to seven months, and 15 notes from various Ministries were received after the due date with a delay ranging upto two months. The remaining 1 note due from the Ministry of Energy (Department of Coal) has not been received till the



date of finalisation of this Report. The committee take a serious view of such recurrent delays in the submission of Action Taken Notes within the stipulated time-limit and would like the Ministries concerned to adhere to the scheduled prescribed in this behalf. The Committee express their strong displeasure that the Ministry of Energy (Department of Coal) has failed to submit its Action Taken Notes till the date of finalisation of this Report and would like the Secretary of Ministry of Energy to furnish an explanation for this kind of inordinate delay."

2. It is observed that the Committee have taken a serious view of the persistent delay that had been taking place in the submission of Action Taken Notes despite repeated instructions issued from the Ministry of Finance from time to time. As per existing instructions, the Final Action Taken Notes, duly vetted by Audit on the recommendations/observations of the P.A.C. should invariably be furnished to the Lok Sabha Secretariat within the prescribed time limit of six months from the presentation of the Report to Parliament. But the Committee have noted that the Action Taken Notes from certain Ministries, including Ministry of Shipping and Transport were received after the expiry of the due date. The observations of the Committee are, therefore, brought to the notice of all officers concerned. It is once more reiterated kindly to ensure scrupulous adherence to the time schedule prescribed for submission of Action Taken Notes, duly vetted by Audit with a view to avoid adverse criticism from the P.A.C. in future. Attention is also invited in this connection to this Ministry's endorsement No. BPC-3/79, dated 19-3-79.

S/d-

(INDER JIT MURGAI)

Under Secretary to the Government of India.

To

1. DG (RD) & Addl. Secretary/JS(S)/JS (P)/JS(L)/US(T)/Secretary (BRDB)/C.C.C./Dir (MM)/Dir(C)/Dir (L)/C.E.&A (IWT)/DS(PD)/DS(PT)/DS(RT)/DS(E)/DS (P&B)/DS (R)/DS (BRDB).

2. All under Secretaries/Desk Officers/Sections in Transport Wing and Roads Wing.

(vi) Ministry of Petroleum, Chemicals and Fertiliser (Department of Chemicals and Fertilisers):

The observations of the Public Accounts Committee have been noted and every endeavour would be made by this Department to adhere to the time schedule in future.

[Ministry of Petroleum, Chemicals & Fertilisers, (Deptt. of Chemicals & Fertilisers O.M. No. 7(8)/80-Fin(C&F) dated 17 September, 1981]



**(vii) Ministry of Energy (Department of Coal)**

The recommendations of the Committee have been noted in so far as it relates to Department of Coal. Delay in furnishing Action Taken Notes on para 2.12 of Appendix XVII to 104th Report of Public Accounts Committee (6th Lok Sabha) is regretted. Copies of Action Taken Notes on the above mentioned recommendation of the Committee were sent with this office letter No. G-20012/3/80-Admn. I dated 16-10-1980. The Department has taken action to ensure that, in future, Action Taken Notes are furnished within the stipulated time.

[Ministry of Energy (Department of Coal) O.M. No. G.20012/3/80-Adm.  
I dated 22nd April, 1981]

**Recommendation**

The Committee were informed that with a view to avoiding excesses over sanctioned grants, action was in hand to evolve a revised procedure for payment to States of expenditure on the development and maintenance of National Highways under which the expenditure was intended to be routed through the Consolidated Funds of the State Government concerned. In this connection, a Task Force was constituted in December, 1972 to investigate the causes for persistent excesses and to suggest remedial measures. The Report of the Task Force was considered by Government in April, 1977. As there had developed certain doubts with regard to the modality of the procedure regarding payments for National Highways, it was decided to obtain the views of the Attorney General of India. A draft 'Statement of the case' was accordingly prepared for obtaining the views of the Attorney General of India. In spite of the fact that the Committee had, in their 104th Report (1978-79) expressed their distress over delay by Government in taking action on the suggestions of the Task Force, no tangible progress has been made in the matter. The Committee have now been informed by the Ministry of Shipping and Transport on 4 September, 1980 that after the draft 'Statement of the case' had been seen by the Ministry of Law, copies thereof were forwarded to that Ministry on 7 June, 1980 for processing it further. The 'Statement of the case' had still to be submitted to the Attorney General of India. The Committee regret to point out that although more than 7 years have elapsed since the Task Force was constituted, the finalisation of the case is nowhere in sight. The Committee consider this delay as a typical example of bureaucratic functioning and would like to have at the earliest the reasons why on such an important issue, so much delay has taken place.

[Sl. No. 21 (Para 4.12) of Appendix XV to the 1st Report of Public Accounts Committee (Seventh Lok Sabha)]



## Action Taken

### (i) Ministry of Finance (Department of Expenditure)

The opinion of the Attorney General was received in November, 1981.

The revised procedure for payment to States of expenditure on National Highways works, which will be effective from 1982-83, has since been finalised and communicated to the State Governments etc. on 20th July, 1981 *vide* Ministry of Shipping and Transport letter No. B-29(2)/80, copies of which have already been sent to the Public Accounts Committee with the Ministry of Shipping and Transport O.M. No. RW/B-5(1)/81-Pt.I dated 21st July, 1981 to the Lok Sabha Secretariat. The finalisation of the case took time as the constitutional issues involved had to be thoroughly discussed in consultation with the Comptroller and Auditor-General of India, Ministry of Law and the Attorney General of India.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12(1)-E  
COORD/81, 31 July, 1981]

### (ii) Ministry of Shipping and Transport (Roads Wing)

The revised procedure as recommended by the Task Force for payment of expenditure to States for development and maintenance of National Highways had to be evolved in consultation with various Departments of the Government of India including the Comptroller and Auditor General of India. As there developed certain doubts with regard to the modality of the proposed procedure from the Constitutional angle, it became necessary to obtain the views of the Attorney General of India and for this purpose a statement of the case was required to be prepared by the Ministry of Law which was mutually acceptable to all concerned and which would at the same time bring out clearly the points on which opinion of the Attorney General was required. Finalisation of the statement of the case and its processing further by the Ministry of Law for submission to the Attorney General of India for his advice took considerable time. The opinion of the Attorney General of India became available in November 1980 (Copy enclosed Annexure I) and the letter containing the revised procedure for payment in respect of National Highways has since been issued to the State Governments *vide* Copy enclosed (Annexure II). This has been vetted by Audit.

[Ministry of Shipping and Transport (Roads Wing) office Memorandum  
No. RW/B-5 (1)/81-Pt I, dated 13th August, 1981]



## ANNEXURE I

No. 7/AG/Opinion|80

## OPINION

**SUBJECT.**—Interpretation section 5 of the National Highways Act, 1956 with reference to entrustment of functions by Centre to States—whether the functions entrusted by Centre to States become the executive functions of the State and whether the State is competent to appropriate funds from the State Consolidated Fund and pass an Act thereof.

The Indian Constitution although federal is diluted with a heavy dose of features of unitary government. This is evident from the entire scheme of the Constitution. In line with this, Part XI, Chapter 2 provides for the administrative relations between the Union and the States. Article 256 clearly provides that the executive powers of every State shall be so exercised as to ensure compliance with the laws made by Parliament. It also provides that the executive powers of the Union shall extend to the giving of such directions to a State as may appear to the Government of India to be necessary for that purpose. The National Highways Act, 1956 is one of such laws. Section 5 of the Act enables the Central Government to give directions in respect of certain functions in relation to the execution of works pertaining to national highway and on the present occasion it is that power which has been exercised by the Central Government. Article 257(2) is also relevant in this connection.

2. Article 258(2) enlarges the executive powers of a State to enable it to perform the duties cast upon it arising out of a law made by Parliament in that respect. Reading Articles 256, 257 and 258(2), it is clear that the powers and the duties which are conferred upon the State by Article 257 or 258 by a Parliamentary law become part of the executive power and functions of the State. That is the clear import of Article 256.

3. Even apart from the Article 256 the functions of the State have been classified into legislative, judicial and executive. As soon as an particular function falls within the sphere of the State, it must be classified either as legislative, judicial or executive. It is now firmly established that the content of executive powers is large and it includes all such functions which are neither legislative nor judicial. From this point of view also such functions as are imposed by a parliamentary law on a State Government become the executive functions of the State Government.

4. Article 258(3) deals with the costs which may be incurred in the performance of functions imposed upon the State Government under a parliamentary law. It is clear from this clause that the ultimate burden of such costs is to be met by the Central Government. The amount of the



costs may be a matter of agreement between the State Government and the Government of India but even if there is no agreement, the costs in the first instance will have in the very nature of things to be incurred by the State Government and where there is no such agreement about the amount, clause (3) provides for its determination by an arbitrator appointed by the Chief Justice of India. The clause goes on further to use the expression that this arbitration relates to "Any extra costs of administration incurred by the State in connection with the exercise of those powers and duties". clearly therefore this relates costs which have actually been incurred by the State and have not been paid.

5. It is in the light of these considerations that the questions which have been formulated are to be answered. The provisions of the Constitution relating to procedure in financial matters of the State Government should if possible receive an interpretation which facilitates and not impedes the smooth operation of the provisions of Part XI, Chapter 2. If the State is obliged by the provisions of the Constitution to perform certain functions and to incur costs in that respect, it is impossible to read the financial procedure in a manner which will impede or sometimes defeat the operation of another chapter of the Constitution.

6. In view of these considerations, I am in agreement with the views reflected in paragraphs 12 to 32 of the Statement of case for Opinion and I do not therefore think it necessary to cover the same grounds in this opinion. I will, however, deal with one of the objections noticed in the statement. It is stated that there is some apprehension in some quarters that while passing the Appropriation Bill the State Legislature may modify, down or even refuse grants which may have the effect of frustrating the performance of the functions imposed upon the State Government by a parliamentary law. If such a contingency were to occur, the result will be that the Government in power in the State will stand voted out and a new Government will have to come in. The new Government will be under the same obligations and the funds will have to be provided by following the constitutional procedure. If there is repeated failure on the part of Governments to perform their statutory obligation, it will be a clear case for other actions which in such a situation are envisaged in the Constitution.

7. The answers to the questions are in the affirmative.

New Delhi;  
22nd September, 1980.

Sd/-  
(LALNARAYAN SINHA),  
Attorney General of India.



## ANNEXURE II

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING AND TRANSPORT

(ROADS WING)

Telegrams

'ROADINL'

No. B-29(2)/80

Transport Bhawan

No. 1, Parliament Street,

New Delhi-1, dated the 20th July, 1981.

To

All State Govts. and Union Territory Admns.

(Deptts. dealing with National Highways)

SUBJECT.—Revision of financial arrangements between the Central Government and the State Governments for meeting expenditure on the development and repairs of National Highways.

Sir,

At present funds for the execution of National Highway works, both original and maintenance works, are allotted to the State Governments by the Central Government and the expenditure incurred against these allotments is debitable directly against the Central cash balances. This has, however, not been working quite satisfactorily especially from the point of view of proper expenditure control. The Government of India have, therefore, for quite sometime past been considering the question of evolving an alternative procedure for meeting the expenditure on the National Highway works with a view to overcoming some practical difficulties experienced with the existing system, especially in the context of continuous excesses over sanctioned grants. Consequently, it has been decided that as against the present system for meeting the expenditure as direct expenditure by the Central Government it should be routed through the State/U.T. Government Consolidated Fund i.e. the money required to be provided to the Agent Organisations—State Governments should be regulated by flow of money from the Consolidated Fund of India into the Consolidated Fund of the State Government concerned, similar to the system of Grants-in-Aid and the actual expenditure should be met out of the funds provided in the Consolidated Fund of the States concerned. The transfer of funds from the Central Government to the State Government shall be described by the nomenclature 'Payment for services rendered' and shall be subject to the existing procedure and practices for ensuring qualitative and quantitative control and fixation of priority of various works to be undertaken by the Central Government from time to time.



2. The *Modus-Operandi* of the working the aforesaid system of 'Payment for services rendered' is proposed to be as follows:

- (i) In regard to budgeting, the State Government shall make necessary provisions in their budgets on an anticipatory basis keeping in view the works already in progress and past year's allotments and new works to be taken up during the year as per annual plan details and priorities settled by the Ministry. As soon as the Central budget is voted by the Parliament, the Central Government (Ministry of Shipping and Transport-Roads Wing) would intimate to the State Governments the provisions included in the voted budget.
- (ii) Keeping in view the funds earmarked for each State within the voted budget, the Ministry of Shipping and Transport shall issue sanctions (say, quarterly) authorising the Principal Accounts Officer, in the office of Controller of Accounts, Ministry of Shipping and Transport to pay specific amounts, to be indicated in the sanctions to the State Government concerned, through Reserve Bank of India (Central Accounts Section) by debit against provisions in the Central Budget and contra credit to the Consolidated Fund of the State. The sanctions would indicate broad details of the works for which payments have been authorised. The periodicity of the payments to be authorised shall be as follows:
  - (a) Payments for the first quarter to be released on an anticipated basis.
  - (b) Payments for the 2nd and 3rd quarters shall be released on the basis of actuals for the previous quarters.
  - (c) Payments for the 4th quarter shall be released on the basis of actuals for the first 3 quarters and estimated expenditure for the last quarter.

Periodicity of payments referred to above is, however, only tentative and is subject to revision in the light of actual experience. In any case, under all circumstances, care would be taken to ensure that the ways and means position of States is not affected in any case.

- (iii) On receipt of the sanctions for payments of specific amounts, the Controller of Accounts will transfer the amounts to the credit of the Consolidated Fund of the State through Central Accounts Section of Reserve Bank of India and actual expenditure will be debit to the funds provided in the State Budget.



- (iv) All the payments will be based on departmental figures of expenditure. The audited figures of expenditure will have to be related only to completed works for final adjustments, if any.

3. The revised procedure shall come into force with effect from 1982-83 and will be applicable for payments to be made from that year onwards. Detailed Accounting procedure will follow soon.

4. The receipt of this communication may please be acknowledged immediately.

Yours faithfully,

Sd/-

R. C. JAIN,

Deputy Secretary to the Govt. of India

Encl. Nil.

Copy for information and necessary action forwarded to:—

1. The Comptroller and Auditor General of India, New Delhi.
2. Finance Departments, All State and Union Territory Govts. concerned with NHs (Except Delhi).
3. Ministry of Finance (Department of Economic Affairs) Budget Division, New Delhi. (Shri M. K. Jain, Deputy Secy.).
4. Ministry of Finance (Deptt. of Expenditure-Coord), New Delhi
5. Internal Finance, Min. of Shipping & Transport, New Delhi. (with three spare copies).
6. Controller of Accounts, M|O Shipp. & Transt. N. Delhi.
7. All Accountants General including A.G.C.R., New Delhi.
8. All State Chief Engineers.
9. All R.Os/ELOs.

Sd/- R. C. JAIN,

Deputy Secretary to the Govt. of India.

Encl. Nil.

Copy also to all Chief Engineers at Headquarters and PS to ADG(B)/PS to ADG(R).

Sd/- R. C. JAIN,

Deputy Secretary to the Govt. of India.



## **II. RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT**

**NIL**

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

**NIL**

## **IV. RECOMMENDATION/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

### **Recommendation**

The excess under Grant No. 95-Public Works has been to the tune of Rs. 449.10 lakhs. But for savings under other sub-heads the excess expenditure would have been much more viz., Rs. 607.11 lakhs. The gross excess of Rs. 607.11 lakhs comprised Rs. 236.34 lakhs under Suspense head "Purchases" and Rs. 370.77 lakhs under the Suspense "Stock". The excess under "Purchases" has been stated to be due to adjustment of book debits of Rs. 236.34 lakhs in respect of transactions pertaining to pre-departmentalised period, the delay in adjustment being due to time-lag in the verification of claims in the Divisional Offices. The Committee are not able to appreciate as to why budgetary provision could not be made for the debits which had been received and were under verification in the Divisional Offices. In regard to the excess of Rs. 370.76 lakhs under "Stocks", it has been attributed to procurement of more quantities of steel and cement and the fact that under the existing accounting procedure the transactions of stock get reflected a number of times in accounts leading to overall excesses. In this connection the Committee would like to know the extent to which the excess was due to each of the factors, particularly, the latter one.

[Serial No. 14-(Para 2.38) of Appendix XV to the First Report of P.A.C. (1980-81) (Seventh Lok Sabha)]

### **Action Taken**

There are three main sources wherefrom the Divisions draw the supply of stores, viz., (a) direct from suppliers; (b) from Central Stores and (c) inter-Divisional transfer. It is only in respect of procurement of stores



from Central Stores Division and through inter-Divisional transfers by the Maintenance Divisions for the purpose of stock that the transactions get reflected a number of times in the accounts. Even receipt of materials in Division by way of returned stores, if taken to stocks, inflates the debit under stock to that extent. The Divisions do not maintain separate accounts in respect of stores procured direct from supplies and those procured from other sources and thus, these Divisions are not in a position to indicate the amount in respect of stores procured from Central Stores Division or through inter-Divisional transfers.

2. In view of the existing accounting system in the Central Public Works Department, as explained in the preceding paragraph, it is not possible directly to arrive at the figures relating to excesses due to multiplicity of transactions.

3. The figures relating to excess bookings under the head "Stock" has, therefore, to be arrived at not directly from the accounts of the Central Public Works Department but by collection of data from the field offices of Central Public Works Department in respect of the quantities of cement and steel procured by them from each of the different sources. Collection of such huge amount of data from field offices and processing of the voluminous data is a time-consuming process. However, the exercise has been started and the precise figures would be intimated to the PAC as soon as finalised.

4. In view of the difficulties encountered in the existing accounting procedure of the Central Public Works Department, as explained above, a concrete proposal for revision of the existing accounting procedure is already under consideration in consultation with C & A. G. In order to expedite a decision, inter-Departmental meetings have been arranged so that the diverging views of different departments can be considered and a consensus reached. A decision is expected shortly. PAC would be informed as soon as it is finalised.

[Ministry of Works & Housing O.M. No. 12011/3/81-W3 dated 22 July, 1981]

### Recommendation

The Committee find that since 1956, budgetary provision under 'Suspense' head is made for gross amount instead of net amount. This procedure entails multiple budgetary provisions under 'Stock and Purchases' depending upon the number of intermediary stages through which the materials have passed from the time of purchase till their ultimate utilisation. The Committee in paragraph 2.55 of their 134th Report (Fifth Lok Sabha) had, *inter alia* desired that the Ministry should examine whether there were



any inherent defects in the system in vogue and then devise suitable remedial measures. The Committee have been informed that the existing arrangements of budgeting have since been examined by a Study Team consisting of a Superintending Engineer from the CPWD and Controller of Accounts from the Departmentalised Accounts Wing of the Ministry, which was set up in November, 1978 in pursuance of the Committee's recommendations contained in 104th Report (Sixth Lok Sabha) and that the suggestions made by the Study Team are being processed further. The Committee understand from the Explanatory Note submitted in respect of similar excess under the head 'Public Works' in 1978-79 that in pursuance of the report of the Study Team, an Empowered Committee was appointed on 16th July, 1979. This Committee had since submitted its Report and a proposal had been submitted to the Comptroller and Auditor General of India through the Ministry of Finance for adoption of revised accounting procedure. The Committee desire that finality should be reached soon in this important procedural matter so that excesses persisting over a number of years under the Grant 'Public Works' may not occur in future.

[(S. No. 15 Para 2.39) of Appendix XV to ISL Report of P.A.C. (1980-81) (Seventh Lok Sabha)]

#### **Action Taken**

The Government has not yet been able to finalise revised stores accounting procedure of the CPWD. The C&AG has also been consulted. Since the longstanding procedure is proposed to be replaced by new one, each proposal for revision has to be weighed carefully and every consequences and probable difficulties considered. To expedite the matter, inter-departmental meetings are being organised so that diverging views of different Departments can be considered and a consensus reached urgently. A decision is expected shortly.

[Ministry of Works & Housing O.M. No. 12011/3/81-W3 dated 17 June, 1981.]

#### **Recommendation**

The Committee find that the study of the Accounting and Budgeting of the Stores requirements of the C.P.W.D. *vis-a-vis* the centralised pattern followed by the Railway, has since been completed by the Ministry of Works and Housing and that the results of the study are being examined. The study has revealed that the system of net budgeting can be adopted in the C.P.W.D. and this would result in seeking Parliament's vote on this account for a more realistic figure in keeping with the actual requirements. The Committee have been informed that decisions will be taken in the matter



by Government shortly. The Committee would like the Government to take early decision in the matters of introduction of the system of 'Net budgeting' in the C.P.W.D.

[Sl. No. 22 (Para 4.15) of Appendix XV to 1st Report of Public Accounts Committee (Seventh Lok Sabha)]

### Action Taken

#### (i) Ministry of Finance (Department of Expenditure).

The Ministry of Works and Housing is examining the question of introducing the system of Net budgeting in C.P.W.D. in consultation with the concerned Departments. It is expected that a final decision in the matter will be reached shortly.

[Ministry of Finance (Department of Expenditure) O.M. No. F.12(1)-E (Coord)/81 dated 21 August, 1981]

#### (ii) Ministry of Works & Housing.

The Government has not yet been able to finalise revised stores accounting procedure of the CPWD. The C&AG has also been consulted. Since the longstanding procedure is proposed to be replaced by new one, each proposal for revision has to be weighed carefully and every consequences and probable difficulties considered. To expedite the matter, inter-departmental meetings are being organised so that diverging views of different Departments can be considered and a consensus reached urgently. A decision is expected shortly.

[Ministry of Works and Housing O.M. No. 12011/3/81-W3 dated 17 June, 1981.]

### Action Taken

The above recommendation has been noted by the Government and circulated to all the Ministries/Departments of the Government of India vide the Ministry's O.M. No. F. 12(2)-E (Coord)/81 dated the 14th May, 1981 (copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12(2)-E (Coord)/81 dated 22 May, 1981.]



## **APPENDIX II**

(Vide paragraph 2.2 of the Report)

### **I. Recommendations/Observations that have been accepted by Government**

#### **Recommendation**

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

[Sl. No. 1—(Para 2.7) of Appendix IX to 24th Report of Public Accounts Committee (Seventh Lok Sabha)].

#### **Action Taken**

The above recommendation has been noted by the Government and circulated to all the Ministries/Departments of the Government of India *vide* this Ministry's O.M. No. F. 12(2)-E(Coord)/81 dated the 14th May, 1981 (copy enclosed).

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12(2)-E (Coord)/81 dated 22 May, 1981].



[copy]

No. F. 12(2)-E(Coord)/81

Government of India

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

New Delhi, the 14th May, 1981

## OFFICE MEMORANDUM

SUBJECT:—24th Report of the Public Accounts Committee (1980-81)  
(Seventh Lok Sabha) regarding excess over Voted Grants and  
Charged Appropriations (1978-79).

The undersigned is directed to forward herewith for information and necessary action the extracts of para 2.7 (Recommendation No. 1) in Appendix IX of the Report of Public Accounts Committee mentioned above. It will be seen that the Committee has expressed satisfaction over the declining trend in excess expenditure during the year under review, namely, 1978-79 as compared to the previous two years. The Committee, however, expect that every endeavour would be made by the Ministries/Departments to ensure that the position in this regard is not allowed to deteriorate as had often happened in the past.

2. Ministries/Departments of the Government of India are requested to note the above recommendation of the Public Accounts Committee and to make efforts on continuing basis to ensure that the aggregate amount of expenditure is confined to the amounts authorised by the Parliament under various Voted Grants and Charged Appropriations so as to avoid any excess over such amount.

Sd/- A. V. SRINIVASAN

Deputy Secretary to the Government of India.

To

All Ministries/Departments of the Govt. of India

All Financial Advisers.

Extracts of para 2.7 (Recommendation No. 1) in Appendix IX of the Public Accounts Committee (Seventh Lok Sabha) (1980-81)—24th Report—

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The aggregate amount of expenditure incurred in excess of the provisions authorised by Parliament under various Voted Grants and Charged Appropriations ranged from Rs. 10.06 crores to Rs. 266.52 crores, during the decade from 1969-70 to 1978-79. The Committee note with some satisfaction the declining trend in expenditure incurred in excess of authorised allocations, as is evidenced by the fact that the excess expenditure over authorised provision during the year 1978-79 aggregated to Rs. 42.28



crores, as against Rs. 111.18 crores and Rs. 82.42 crores respectively during the year 1976-77 and 1977-78. Similarly, the number of Voted Grants and Charged Appropriations which witnessed excess expenditure during the year 1978-79 was 11, as against 27 and 17 respectively during the years 1976-77 and 1977-78. The Committee trust that every endeavour would be made by the Ministries/Departments to ensure that the position is not allowed to deteriorate once again as had often happened in the past.

\* \* \* \* \*

### Recommendation

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

[Sl. No. 2 (Para 2.8) of Appendix IX to the 24th Report of PAC (7th Lok Sabha) 1980-81.]

### Action Taken

Observations of the Committee have been noted.

This has been seen by the Director of Audit P&T Delhi.

[Ministry of Communications (P&T Board) O.M. No. 16—40/80-B dated 25 April, 1981.]

### Recommendation

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

[Sl. No. 4-Appendix IX-Para 2.10 of 24th Report of Public Accounts Committee (Seventh Lok Sabha).]

### Action Taken

The circular instructions issued by this Ministry *vide* Office Memorandum Nos. S-11012/Misc.78/880 dated 4-5-1978 and S-11021/1/77-MF—CGA/965 dated 17-5-1978 have generally proved effective for the timely detective and rectification of misclassifications of expenditure in Government accounts. During the year 1978-79, there has been only one case on the Civil side namely, in the Ministry of Works and Housing, where the misclassification is reported (as explained in the Action Taken Note



submitted by that Ministry separately) to have remained undetected due to non-observance of the circular instructions referred to above. That Ministry has also taken necessary remedial action for preventing recurrence of similar cases in future. In the circumstances, and also considering that misclassification has taken place only in one isolated case, no further remedial action in the matter seems necessary.

2. As regards the cases of misclassification on the Railways and Defence side, separate notes have already been sent to the Public Accounts Committee.

[Ministry of Finance (Department of Expenditure) O.M. No. F12(2)-E (COORD)/81, dated 14 July, 1981]

### **Recommendation**

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

2.17. The Committee are positive that this is a case of avoidable excess expenditure and the Ministry ought to have contained it within the final allocation. The Committee, therefore, view with seriousness that excess expenditure should have occurred on this account even after obtaining a



substantial supplementary provision of over Rs. 55 crores and would like to have fuller clarification why it was not possible for the Ministry to keep the payments in conformity with the allocated provisions. The Committee are of the view that unless there are extra ordinary developments after the presentation of the original estimates e.g., floods and other natural calamities, supplementary provision should, as far as possible, be avoided under this head.

[S. Nos. 5 & 6 Appendix IX-Paras 2.16 and 2.17 of 24th Report (Seventh Lok Sabha)].

### Action Taken

The Grant "Loans to Government servants etc." is a composite one in which provision is made for loans and advances to the Central Government employees (including those of Defence, Railways and P&T) as well as to their cooperative societies and departmental canteens. The estimates under this Grant are framed on the basis of the requirements projected by various Ministries/Departments which, in turn, obtain the estimates of expenditure from their various field formations.

2. Provision in the Grant in respect of 'House Building Advances to Central Government employees' is administered by the Ministry of Works and Housing which makes allocations to various Ministries/Departments and also monitors the expenditure there against through periodical returns required to be rendered by the Ministries/Departments. According to the information furnished by the Ministry of Works and Housing, the prescribed periodical returns were not regularly received from the Ministries/Departments and follow-up action was taken by that Ministry with other Ministries/Departments, reiterating the need for timely submission of these returns. The latest in this direction was the Ministry of Works and Housing O.M. No. 1/17015/5/80-H.III dated the 23rd December, 1980 (copy enclosed). It may be mentioned in this context that there was no excess in respect of these advances during 1979-80.

3. In regard to other advances, instructions already exist, enjoining upon the Ministries/Departments to furnish monthly statements of expenditure to this Ministry. Instructions to the Ministries/Departments to ensure that the expenditure under the various sub-heads of the Grant are restricted strictly to the allotments placed at their disposal, have also been issued in this Ministry's O.M. No. F.2(107)-B(AC)/79 dated the 5th January, 1980 (*vide* page 36 of the PAC's 24th Report-Seventh Lok Sabha). These instructions have subsequently been reiterated in this Ministry's O.M.No. F.4(3)-B(AC)/80 dated the 23rd March, 1981 (copy enclosed).



4. The reasons for the excesses under various sub-heads of the Grant as already explained in this Ministry's earlier note (Appendix II to the Committee's 24th Report-Seventh Lok Sabha) were:—

- (i) larger payments of House Building Advances already committed, towards the close of the year, than provided for;
- (ii) increase in the quantum of Festival Advance from Rs. 100 to Rs. 200/- from August, 1978, and in the number of applicants towards the close of the financial year; and
- (iii) heavy floods and cyclones in various parts of the country during the year and the number of request for advances turning out to be larger than anticipated.

It has been specifically explained by some of the major spending Departments like Railways and Posts and Telegraphs that denial of these advances, apart from hardship to the employees, would have caused discontentment among them, leading to administrative problems. However, with the issue of the instructions dated 5th January, 1980 and 23rd March, 1981 referred to in para 3 above, the position is expected to improve in future.

5. The Committee have observed that unless there are extra-ordinary developments after the presentation of the original estimates, supplementary provision should, as far as possible, be avoided. In this connection, it is submitted that this Grant caters to the requirements of over 4 million Central Government employees involving a very large number of estimating authorities including those in the field offices scattered all over the country. The estimates are framed on the basis of the circumstances then prevailing, but there are post-budget developments e.g. natural calamities like floods, heavy rains, cyclones etc., as was the case in that year (1978-79), over which the Government have no control. Therefore, the original estimates have necessarily to be revised. Further, as mentioned in para 4 *Supra*, the quantum of Festival Advance was also raised from Rs. 100 to Rs. 200 in August, 1978 necessitating larger provision for Festival Advances. In such circumstances, Supplementary Grants become unavoidable.

[Ministry of Finance (Department of Economic Affairs) No. F.4(3)-B(AC) 80, dated 7-8-1981]



[COPY]

MOST IMMEDIATE

No. I/17015/5/80-HIII

GOVERNMENT OF INDIA

Ministry of Works and Housing

New Delhi, dated the 23rd December, 1980

## OFFICE MEMORANDUM

**SUBJECT :—***Submission of expenditure Returns for 1980-81 for the Grant of House Building Advance.*

Reference is invited to para 3 of this Ministry's O.M. No. I/20011/3/79-HIII dated 1-8-1979 wherein the Ministries/Departments were requested to furnish to this Ministry, four periodical expenditure returns. The first six monthly return, which was due by the 15th October, 1980 has not so far been received from most of the Ministries/Departments. In the absence of timely submission of these returns by various Ministries/Departments, the monitoring of expenditure cannot be carried out. It is, therefore, requested that the return may be furnished without any further delay. It may also be ensured that the other returns due on 15-1-1981, 10-3-1981 and 10-4-1981 are also sent by stipulated dates.

2. It is again emphasised that the expenditure has to be kept within the allocation made to them and no excess should be allowed to occur in any case. If the funds appear to be in excess of the requirements, the same may be surrendered to this Ministry for diversion to other Ministries which have pending pressing demands.

Sd/-

A. P. JAIN,

*Under Secretary to the Govt. of India*

To

1. All Ministries/Departments of Govt. of India.
2. Comptroller and Auditor General of India, New Delhi
3. Union Territories Administrations of Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Lakshadweep and Delhi.



Copy for information to:—

1. Ministry of Finance, Deptt. of E. A. (Budget Division)
2. Finance Division (Budget Division), Ministry of Works and Housing, New Delhi.
3. PS to JS(F).

Sd/-

A. P. JAIN,

*Under Secretary to the Gov. of India.*

[COPY]

No. F. 4(3)-B(AC)/80

GOVERNMENT OF INDIA

Ministry of Finance

(Department of Economic Affairs)

BUDGET DIVISION

New Delhi, the 23rd March, 1981

#### OFFICE MEMORANDUM

SUBJECT:—*Control of Expenditure*

In terms of this Ministry's O.M. No. F.3 (110)-B(PB)/77 dated 18th November, 1977, the Controller of Accounts of the Ministries/Departments were required to furnish to the Budget Division by the 5th of the second month following that to which the accounts relate, a statement in the *proforma* enclosed, showing the progress of expenditure adjusted in their books under the undermentioned grants/appropriations, dully consolidated for the Ministry/Department as a whole, to enable the Budget Division to exercise an effective budgetary control over the grants/appropriations administered by it:—

(i) Pensions

(ii) Interest payments

(iii) Loans to Government servants, etc. (Other than House Building Advances) i.e., motor Car advances, other motor conveyance advances, other conveyance advances, festival advances, other advances, etc.

It is noticed that the monthly statements as enjoined in the O.M. dated 18th November, 1977 referred to above are not being received regularly by the due dates. Non-receipt of the Statements makes it difficult for this Ministry to exercise an effective control of expenditure for the purpose of regulating the provision of funds in the grants/appropriations, leading to huge variations. The P.A.C. in their 24th report (Seventh Lok Sabha) have



taken a serious note of this. The Chief Controller of Accounts/Controllers of Accounts are kindly requested to ensure that the monthly statements are furnished to the Budget Division regularly by the prescribed dates.

2. Estimates relating to the 'Pensions' Grant, in so far as they relate to the departmentalised accounting units, are consolidated by the Controller of Accounts, Ministry of Finance, DEA, who forwards the consolidated estimates to the Budget Division for further consolidation with the estimates received from the other paying units e.g. State Accountants General. Accordingly, the monthly statements of expenditure relating to the 'Pensions' Grant may be forwarded by the Chief Controllers/Controllers of Accounts to the Controller of Accounts (Finance) DEA, who may send a consolidated monthly statement to the Budget Division.

3. In so far as the periodical returns in respect of 'House Building Advances' are concerned, they may continue to be furnished to the Ministry of Works and Housing pursuant to the separate instructions on the subject.

4. In this connection, a reference is also invited to this Ministry's O.M. No. F2 (107)-B(AC)/79 dated 5th January, 1980 requesting the Ministries/Departments to ensure that the expenditure under the various sub-heads of the Grant 'Loans to Government servants, etc.' is restricted strictly to the allotments placed at their disposal and that on no account, it should exceed the allocated provisions without the prior concurrence of the Budget Division of this Ministry.

Sd/-

Sd/- M. K. JAIN,

Deputy Secretary to the Government of India.

To

All Financial Advisers of the Ministries/Departments, including F.C. (Railways) and Member (Finance) P&T Board.

All Chief Controllers of Account/Controllers of Accounts.

Office of the Controller General of Accounts.

Office of the Comptroller & Auditor General of India.

#### PROFORMA

Ministry/Department of- - - - -

Statement showing the progress of expenditure under Grant/Appropriation No.- - - - - for the year, 198...

Sub heads, etc.	Expenditure adjusted in the accounts for the Month of .....	Progressive Expenditure up to the end of .....	Remarks
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Rs.

Rs.



### Recommendation

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

[Serial No. 8, Para 2.24 of Appendix IX to 24th Report of PAC (7th Lok Sabha)]

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

[Serial No. 9, Para 25 of Appendix IX to the 24th Report of the Public Accounts Committee (7th Lok Sabha)].

### Action Taken

The mis-classification in accounts remained undetected till the end because initially the classification of the item of expenditure was not properly checked by the Pay & Accounts Officer as required under the rules. The correction in the accounts proposed by the Pay & Accounts Office were not passed on by the consolidating accounts office to the Principal Accounts Office for final correction in the accounts. The Principal Accounts Office did not insist on specific acceptance of the department, for the excess.

The officers concerned have been warned to be more careful in future. Instructions have been issued to lay down the procedure to be followed, with a view to obviating such a contingency in future. (A copy of the instructions is placed below).

(Ministry of Works & Housing No. Pr. A.O./R&A/G. 23017-1/AA| WH/78-79—II dated 15 May, 1981).



[COPY]

PRINCIPAL ACCOUNTS OFFICE: MINISTRY OF WORKS & HOUSING ROOM NO. 314-B, NIRMAN BHAVAN, NEW DELHI—110011  
No. Pr.A.O./C&A/G. 21017/3/78/Recon/80-81/278 to 285 dated 6 April, 1981.

(Office Memorandum)

SUBJECT:—*Reconciliation between the figures as per accounts and those as per departmental Officers.*

It has recently come to notice that on receipt of the computerised accounts one PAO had proposed certain corrections to the accounts. The corrections on receipt in the Principal Accounts Office, were passed on to the consolidating PAO for necessary action but were not received back in the Principal Accounts Office. With the result that the mistake in the accounts remained un-rectified though the PAO concerned had proposed the corrections timely. This resulted adverse comments from the PAC on the Appropriation Accounts.

On receipts of the computerised Accounts the PAOs are required to propose proforma corrections to the accounts, to the consolidating PAO, a copy of the proforma corrections being simultaneously endorsed to the Principal Accounts Office. It has now been decided that the consolidating PAOs should on receipt of the corrections from the PAO, make a note of the same in a special register opened for the purpose and keep a special watch that the same is transmitted after necessary action to the Pr. AO.

The receipt of the proposed corrections from the PAOs and the transmission of the correction by the consolidating PAOs to the computerised accounts should be watched in the C&A section through a special register maintained for the purpose, separate pages being allotted to different PAOs. Each page should have quarterly columns. As soon as the proposed correction has been received it should be entered in the relevant page and column with the date of receipt from the PAO and date of its receipt back from the consolidating PAO. The consolidating PAO is to be reminded if no information is received from him within a week.

The Controller of Accounts desires that the above instructions should be rigidly followed.

Copy forwarded to:

1. C&A, R&A, T&C, Sections.
2. PA to CA, PA to FA & CAO.
3. PAO (WH) Estates
4. PAO (DGW).

Sd/-

S. C. SENGUPTA,  
Principal Accounts Officer.



[COPY]

PRINCIPAL ACCOUNTS OFFICE  
MINISTRY OF WORKS AND HOUSING  
ROOM NO. 314-B, NIRMAN BHAWAN  
NEW DELHI

No. Pr. AO/C&A/G. 21017/3/78|Recon.|80-81|271 to 277 dated  
6 April, 1981

To

1. Shri R. R. Sharma

Pay and Accounts Officer

Pay and Accounts Office, WH Estate

New Delhi.

2. Shri J. K. Jain

Pay and Accounts Officer

Pay and Accounts Office (DGW)

New Delhi.

SUBJECT:—*Consolidation of accounts through computer.*

Sir,

I am directed to invite a reference to this office letter No. Pr.A.O./C&A/G.21017/4-79/80 dated 14-11-79 on the above subject requesting you, *inter alia* to send expenditure statement showing the monthly figures and progressive figures in respect of the relevant heads, to the Controlling Officers. It has been observed that the submission of the statement to the Controlling Officers has been rather casual. In this connection it is emphasized that the casual submission of the expenditure statement to the Controlling Officers defeats the very purpose for which these are sent. Moreover, the consolidating PAOs should also ask for the acceptance of figures communicated, from the Controlling Officers. In this connection a copy of this office letter No. G.25012/1(2)77/Pr.A.O. dated 22-7-78 addressed to all heads of Departments is enclosed.

It has therefore been decided that the requirement of transmission of monthly and progressive expenditure statements to the Controlling Officers may be rigidly followed with the transmission of figures for and to the end of February, 1981 immediately. Thereafter, such statement should be sent within seven days of the transmission of the accounts formats to the Principal Accounts Office. The Controlling Officers should be asked to



communicate the acceptance or otherwise of the figures and the matter should be vigorously followed till its logical end. The monthly progress Report should invariably indicate the progress in this regard. This item of work may please be given top-importance since these figures form the basis of the compilation of detailed Appropriation Accounts.

The receipt of this communication may please be acknowledged.

Yours faithfully,

Sd/- S. C. SENGUPTA,

Pay and Accounts Officer

(Accounts)

Copy forwarded to:—

1. PA to CA.
  2. P.A. to FA&CAO (CPWD).
  3. C&A, R&A, T&C Sections for information and necessary action.
- It may please be ensured that the expenditure statements are regularly submitted by the consolidating PAOs, who also convey the acceptance of figures from the Controlling Officers.

Sd./-

PAY AND ACCOUNTS OFFICER



[COPY]

PRINCIPAL ACCOUNTS OFFICE  
MINISTRY OF WORKS AND HOUSING  
ROOM NO. 314-B, NIRMAN BHAWAN  
NEW DELHI-110011

No. G.25012|1|(2)|77|Pr. A.O.

Dated 22nd Feb., 78

To

## ALL HEADS OF DEPARTMENTS

SUBJECT :—*Reconciliation of figures of Receipt Expenditure.*

As you are aware, reconciliation of Departmental figures with those booked in the Accounts Offices is a continuous process and should receive timely and adequate attention, so that misclarifications or errors, if any, are rectified well in time. It has therefore, been decided that the following procedure which is similar to the one already being followed in respect of C.P.W.D. may be adopted with immediate effect.

The Pay and Accounts Offices will prepare a monthly statement of receipts and expenditure in the enclosed proforma in quadruplicate and send the statement in triplicate to the Drawing and Disbursing Officers in their jurisdiction. The drawing and Disbursing Officers will after necessary verification, return one copy of the Statement to the concerned Pay and Accounts Office and send the second copy to their Head of Department. The third copy of the statement will be retained by the D.O.Os. as their office copy. Where there are differences between Accounts figures and Departmental figures, the D.D.O. will take up the matter demi-officially with the concerned Pay and Accounts Office. Persistent differences should be settled by personal contact/visit to the Pay and Accounts Offices, where necessary.

For the current year i.e. 1977-78 the reconciliation of the figures upto December, 1977 may be undertaken and completed immediately and in any case not later than the 6th March, 1978. For this purpose officials may be deputed to the Pay and Accounts Offices, if considered necessary and completion of this reconciliation may please be intimated to me by 12th March, 1978. The reconciliation for the months of January, February and March may also be completed by the 15th of May, 1978.

Sd/-

(V. K. BHUSSRY)

Controller of Accounts.

Copy to all DDOs under PAOs Works and Housing.



STATEMENT OF EXPENDITURE/RECEIPT OF THE OFFICE OF-----FOR THE MONTH OF-----

S. No.	Major, Minor and Detailed Head	Allotment in case of expenditure heads only	Fresh allotment	Total	Expenditure / Receipt upto beginning of the month	Expenditure / Receipt during the month	Expenditure / Receipt to the end of month	REMARK <sup>S</sup>
1	2	3	4	5	6	7	8	9

Signature .....

Name .....

Designation .....

Office of the Pay and Accounts Office.....

Returned after verification. There is difference/a difference of Rs.....

between the Accounts figures and Department figures as per details given over leaf.



### Recommendation

The Committee note that of the excess of Rs. 2.82 crores under Grant No. 14—Construction of new lines—Capital and Depreciation Reserve Fund, a sum of Rs. 2.60 lakhs, relating to other Grants was erroneously booked under Grant No. 14. The Committee had, in the past, expressed concern about significant misclassifications that occurred in certain Grants and desired Railway Administration to issue instructions towards prompt and effective reconciliation of subsidiary books with general books every month for rectification of errors so detected, thereby eliminating altogether chances of misclassifications. The Committee were informed that a further directive had been issued to the General Managers of Zonal Railways, Production Units and Metropolitan Transport Projects (Railways) for carrying out review of expenditure and reconciliation from month to month. Since misclassifications vitiate budgetary control, the Committee desire that the existing procedures should be further tightened up and responsibility particularly at the supervisory level should be fixed and action taken intimated to the Committee.

[Sl. No. 10, Para 2.33 of 24th Report of PAC—1980-81—(7th Lok Sabha)]

### Action Taken

The Public Accounts Committee's instructions have been noted for future guidance. In this connection it is submitted that necessary instructions to the Railways who were responsible for misclassifications during the year 1978-79 were issued *vide* this Ministry's letter No. 79 APP/7-2/78-79 dated 29th April, 1980. General instructions to all the Railways/Units have also now been issued *vide* letter No. 79 APP/7-2/78-79/Para 2.33 dated 12th March, 1981.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 80-BC-PAC/VII|1. dated 13-4-1981]

### Recommendation

The Committee find that during the year 1978-79, excess expenditure to the tune of Rs. 7.16 crores had been incurred under Grant No. 16—Pensionary Charges-Pension Fund. Earlier also, there was excess expenditure "of Rs. 4.30 crores in 1977-78, Rs. 2.73 crores in 1976-77 and Rs. 4.22 crores in 1975-76 under this Grant. The excess of Rs. 7.16 crores during 1978-79 represents 12.78 per cent of the final grant. Bulk of it, *i.e.* Rs. 6.06 crores is attributed to receipt of more debits than anticipated from Civil Accounts Offices; excess of Rs. 1.10 crores occurred mainly due to finalisation of a larger number of family pension and commuted pension cases. The Committee are firmly of the view that much of



the expenditure could have been foreseen and adequately provided for at least at the time of obtaining Supplementary Grant in March, 1979. Since there was usually no element of uncertainty or unforeseeability in the outgo on pensions and drawal of commuted value of pension by pensioners, the magnitude of entitlements should be easily ascertainable.

[S. No. 11 (para 2.34) of Appendix IX to the 24th Report of the Public Accounts Committee (7th Lok Sabha)]

#### **Action Taken\***

It is seen that uneven flow of debits from the Civil Accounts Offices, affects accurate assessment of Pensionary liabilities. Excess expenditure was mainly due to heavier adjustment of debits from Civil Accounts Offices, in the later part of the Year. Liberalisation in the rules relating to commutation of pensions and exercise of options by larger number of staff in the course of the financial year have also contributed to the excess.

In view of the excess expenditure incurred, the Railways were specially alerted in November 1979 to frame their revised estimates 1979-80 and Budget estimates 1980-81 on a realistic basis. It is seen that in 1979-80, no excess expenditure was incurred.

[Ministry of Railways (Railways (Railway Board) O.M. No. 80-BC-PAC/VII/1. dated 23 July, 1981.]

#### **Recommendation**

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

[S. No. 12 (Para 2.35) of Appendix IX to the 24th Report of the Public Accounts Committee (7th Lok Sabha)]

#### **Action Taken**

The position has again been brought to the notice of the railways in the recent PA & CAOs Conference held in April, 1981, so as to remove any remaining defects in the machinery.

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\*Not voted in Audit.



The actual performance in 1980-81 will again be carefully scrutinised and individual railways where excess expenditure takes place will be taken up for corrective action.

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/VII/1. dated 23 July, 1981.]

### **Further Information**

This is in continuation of this Ministry's Note No. 11(3)/81/D(Budget), dated 16th June, 1981.

Disciplinary action against the concerned officer who was responsible for the misclassification of Rs. 59,438 in the other case, where the amount was erroneously booked as 'Charged' instead of as 'Voted', has since been finalised. He has been awarded an unrecorded warning.

D.A.D.S. has seen.

[Ministry of Defence O.M. No. 11(3)/81/D(Budget) dated 31-7-81.]

### **Recommendation**

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

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

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

[Serial No. 13, Appendix IX (para 2.38) of the 24th Report of the PAC (Seventh Lok Sabha).]



### Action Taken

The two cases of misclassifications which occurred during the year 1978-79 have been examined in consultation with Controller General of Defence Accounts. In the case in which an amount of Rs. 1,79,625/- was erroneously compiled as Voted under Major Head 269-Army instead of as Charged under Major Head 469-Capital Outlay on Defence Services, the Unit Accountant, Garrison Engineer, Dehra Dun was responsible for the erroneous compilation. This occurred due to rush of work during March. He has been awarded a warning. In the other case of misclassification of Rs. 59,438 where the amount was erroneously booked as Charged instead of as Voted, the explanation of the Unit Accountant, responsible for the misclassification, has been called for and suitable action will be taken on finalisation of the case.

2. As regards remedial measures required to be taken to avoid recurrence of such mistakes in future, necessary instructions have since been issued to all Controllers of Defence Accounts by the CGDA vide their letter No. A/1/11909/XXXIX, dated 12th June, 1980 (copy enclosed).

3. As regards the question as to whether the payments which caused the excess over Charged Appropriations under Capital Outlay on Defence Services during 1978-79 came to be known before or after submission of Supplementary Demands for Grants, it is clarified that at the time of submission of the Supplementary Appropriation of Rs. 18 lakhs, the actual Charged expenditure under Capital Outlay on Defence Services, as reported to Government by the Controllers of Defence Accounts through the monthly reports, amounted to about Rs. 10 lakhs only. Thus the payments which caused the excess came to be known only after the submission of Supplementary Demands for Grants. Though the actual expenditure at the time of submission of Supplementary Demands (viz. Rs. 10 lakhs) was much less than even the original budget provision of Rs. 30 lakhs, Supplementary Appropriation of Rs. 18 lakhs was considered necessary on the basis of payments anticipated to materialise against commitments noted, further cases expected to be finalised during the year and the past trends. It has to be appreciated that by their very nature, precise estimation in decretal cases is not possible.

D.A.D.S. has seen.

[Ministry of Defence O.M. No. 11(3)|81|D (Budget) dated 16 June, 1981.]



[COPY]

IMPORTANT CIRCULAR

No. A/1/11909/XXXIX

Office of the  
Controller General of Defence Accounts  
West Block-V, Ramakrishnapuram,  
New Delhi—110022.

Dated the 12th June, 1980.

To

All Controllers of Defence Accounts

SUBJECT :—*Charged expenditure—watching of expenditure against allotments.*

Ref :—*This office No. A/1/11909/XXXVIII/PC dated 1-6-79.*

It has been observed by this office that funds allotted by the authorities under charged grant at Headquarters and utilised during the course of the year are not promptly reported through the monthly charged expenditure statements. Instances have also come to our notice where the amounts not relating to "Charged Expenditure" have been included in the charged expenditure statements. There are also cases where the allotments have not been utilised. In a number of cases, it has come to notice that the C's.D.A. were not aware of these discrepancies and even when these were pointed out by this office, there was inordinate delay in getting the items adjusted. This has resulted, in a few cases, an excess over allotments for which explanation have to be furnished to the PAC by this Office.

2. In accordance with the instructions contained in note 2 below para 292 of Defence Account Code (1967 Edition), a register is to be maintained in the Accounts Section centrally in which all cases of charged expenditure will be entered and further progress of expenditure watched through the medium of this register. It is evident that the prescribed procedure is not being followed properly, resulting in delay in rendition/non-inclusion of charged amounts in the monthly charged expenditure statements sent to this office, Ministry of Finance (Defence) and D.A.D.S.

3. With a view to avoid such lapses in future and to ensure correct inclusion of amounts in the charged expenditure statements, it is imperative that instructions in this regard are scrupulously followed by all concerned.

4. Further, a consolidated statement showing sanctions issued allotting funds for meeting charged expenditure during 1979-80 against which payments/adjustments have not so far been reported by your office through



your monthly reports, is forwarded herewith. The cases may please be scrutinised and the position in respect of each item be intimated to this office, stating *inter-alia* as to whether or not the funds have been utilised during the current financial year.

5. In case allotment letters for the period 4/79 to 3/80 other than those listed in the enclosed statement have been received at your end and the payment/adjustment in respect of which is still outstanding the same may also please be included in your report and copy/copies of such allotment letters be furnished to this office through your report for March (Supply) corrections, so as to reach this office by 21st July, 1980 at the latest as laid down in our Circular No. A/1/133/11/79-80 dt. 20-5-80 to enable us to include the same in the consolidated report due to be rendered by us to higher authorities on 1-8-1980.

Please acknowledge receipt.

Sd/-

K. Sundararajan

for Controller General of Defence Accounts.

### **Recommendation**

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

[S. No. 14 Appendix IX Para 2.39 of 24th Report of the P.A.C. (Seventh Lok Sabha)]

### **Action Taken**

The Demands for Excess Grants (excluding Railways) for 1978-79 were passed by the Lok Sabha on 16-3-1981. The connected Appropriation Bill as passed by the Lok Sabha on 16-3-1981 and returned by the Rajya Sabha on 18-3-1981 was assented to by the President on 23-3-1981.

[Ministry of Finance (Department of Economic Affairs) O.M.No. F.7(5)-B(R&A)/81 dated 10-6-1981.]



## II. RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

NIL



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

**NIL**

### **IV. RECOMMENDATIONS/OBSERVATIONS IN RESPECT TO WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

#### **Recommendation**

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

[S. No. 3 of Appendix IX-Para 2.9 of Twenty-Fourth Report of P.A.C. (1980-81) (Seventh Lok Sabha)]

#### **Action Taken**

The Government has not yet been able to finalise revised stores accounting procedure of the Central Public Works Department. The C&AG has also been consulted. Since the long standing procedure is proposed to be replaced by a new one, each proposal for revision has to be weighed carefully and every consequences and probable difficulties considered. To expedite the matter, inter-departmental meetings are being organised so that diverging views of different Departments can be considered and a consensus reached urgently. A decision will be taken shortly.

[Ministry of Works and Housing (Works Division) O.M. No. 12011/2/81-W.3 dated 19 June, 1981]

#### **Recommendation**

The Committee find that an excess expenditure of Rs. 1.29 crores was incurred under the head "A-Public Works, A.7-Suspense, A.7 (1)-Stock". The actual expenditure under this head was Rs. 26.57 crores, against the sanctioned provision of Rs. 23.02 crores, partly counterbalanced by savings under other heads of the Grant. In other words, but for savings, the real excess would have been to the tune of Rs. 3.55 crores. The gross excess of Rs. 3.55 crores works out to 15.42 per cent of the



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

[S. No. 7 of Appedix IX-Para 2.21 of Twenty-Fourth Report of P. A. C. (1980-81) (Seventh Lok Sabha)]

#### **Action Taken**

The Government has not yet been able to finalise revised stores accounting procedure of the CPWD. The C & AG has also been consulted. Since the long standing procedure is proposed to be replaced by a new one, each proposal for revision has to be weighed carefully and every consequences and probable difficulties considered. To expedite the matter, inter-departmental meetings are being organised so that diverging views of different Departments can be considered and a consensus reached urgently. A decision will be taken shortly.

[Ministry of Works and Housing (Works Division) O.M. No. 12011/2/81-W.3 dated 19 June, 1981]



### APPENDIX III

#### CONCLUSIONS AND /OR RECOMMENDATIONS

Sl. No.	Para No.	Ministry/Department	Conclusions/Recommendations
1	1.3	Finance (Expenditure)/ Controller General of Accounts/Railways. (Railway Board)/External Affairs/Chemicals & Fertilizers.	In spite of repeated exhortations by the Committee, inordinate delays continue to occur in the submission of conclusive and final Action Taken Notes within the prescribed time limit of six months from the date of presentation of the Report. 11 out of 35 Action Taken Notes in respect of recommendations contained in the 1st Report were received after the due date. Three of the Notes were received after protracted correspondence with consequent delay of two to three months. Consequently, finalisation of the Action Taken Report has been delayed. It is apparent that adequate attention is not being paid by the Ministries/Departments and the Monitoring Cell in the Ministry of Finance to the timely processing of the Committee's recommendations. The Committee take a serious view of such delays, particularly by the Ministries of Finance (Department of Expenditure) Agriculture, Railways, External Affairs, Chemicals and Fertilisers. They would like Government to take positive steps to ensure that final action taken notes on the Committee's recommendations are invariably furnished within the stipulated time-limit of six months.
2	1.7	Works & Housing	The Committee are concerned to find that proposals made by a Study Team appointed by the Ministry of Works and Housing (November, 1978) and subsequently endorsed by an Empowered Committee for adoption of a revised accounting procedure in the C.P.W.D. have yet to be finalised by



3

2.5

Finance (Expenditure  
Railways (Railway  
Board)

Government. The Committee urge that a decision in this regard may be taken without further loss of time so that excesses persisting over the years under the 'Suspense' head of grant 'Publicwork'. The Committee would like to be apprised of the decision.

The Committee observe that Action Taken Notes in respect of only 9 out of 14 recommendations contained in the 24th Report of the Committee were received by the due date *i.e.* 17 June, 1981. The Committee's observations in para 1.3 equally apply to the Ministries concerned with the implementation of the recommendations contained in the Report.

---



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



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PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT  
OF BUSINESS IN LOK SABHA (SIXTH EDITION) AND PRINTED BY THE  
GENERAL MANAGER, GOVERNMENT OF INDIA PRESS,  
MINTO ROAD, NEW DELHI.