

HUNDRED AND TWENTY-FIRST REPORT

PUBLIC ACCOUNTS COMMITTEE (1982-83)

(SEVENTH LOK SABHA)

**EXCESSES OVER VOTED GRANTS AND
CHARGED APPROPRIATIONS (1980-81)**

AND

**ACTION TAKEN ON 57TH AND 61ST REPORTS
(SEVENTH LOK SABHA)**



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

**LOK SABHA SECRETARIAT
NEW DELHI**

September, 1982/Asvina, 1904 (Saka)

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...

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(v)	1	3	Excess	Excesses
15	2.7	5	(appro)	(approx)
16	2.9	4	requirel	required
19	2.15	8	Pyaments	Payments
25	2.20	2	sumbitted	submitted
25	2.20	6	Articles	Article
			115(i)(b)	115(1)(b)
26	2.21	17	accelerattd	accelerated
27	2.23	2	Marterials	Materials
29	2.28	6	Expenditurt	Expenditure
30	2.29	13	Manager	Managers
37	2.38	7-8	This was	This Grant was
		8	excess	excesses
40	2.43	23	Estimates	Estimating
43	2.47	14	watch	watch over
		15	for	for and
50	2.57	1-2	explaising	explaining the
			the easons	reasons
62	2.61	7	excesses	excess
65	3.1	6	urnishtd	furnished
		8	conctrned	concerned
83	2	8	accurated	accurately
110	5	4	increast	increase
113	4(iii)	2	electricity	electricity
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133		24	echieving	achieving
158		28	elminate	eliminate
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166		29	acocunts	accounts
168	(6 from		unds	funds
	(bottom			
170		11	deviewed	reviewed
170		21	computed	commuted
174			<u>Substitute</u> the second line with	
			"Recommendation"	
174	(3 from		niherent	inherent
	(bottom			
175		2-3	<u>Delete</u> "The accounts...head"	

176	25-26	nimportant	important
181	15	<u>Delete</u> 'a' after 'Supply'	
190	4-5 from bottom	The existing lines may be substituted by 'Recommendation'	
193	Chapter III	Add 'NIL' under this Chapter.	
195	2.20 3	Add 'for' after 'but'	
196	9	date	data
196	14	POSE	POSB
203	27	Mnistry	Ministry
205	4	Theq	They
	5	alto	also
	16	culd	could
	18	Take	Taken
206	2	See1	Steel.
	17	as	an
207	22	procedure	procedural
209	1	within	with
222	2.29 1	<u>Add</u> 'Grant No. 38-currency,' before 'Coinage'	
225	2.35 2	<u>Substitute</u> the existing line with the following : "under the voted capital section of Grant No. 50-Police administer -	
226	2.38 4	fund	tune
228	2.44 11	or	for
233	2.63 4	erceipt	receipt
234	2.66 2	<u>viz.</u>	<u>viz.</u>

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	9—Operating Expenses Traffic	Do.	"
	10—Operating Expenses Fuel	Do.	"
	11—Staff Welfare and Amenities	Do.	"
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PUBLIC ACCOUNTS COMMITTEE
(1982-83)

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Shri Satish Agarwal

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3. Shrimati Vidyavati Chaturvedi
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1. Shri T. R. Krishnamachari—*Joint Secretary.*
2. Shri K. C. Rastogi—*Chief Financial Committee Officer.*
3. Shri Ram Kishore—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 121st Report on Excess over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services) (Posts and Telegraphs) and (Railways) for the year 1980-81, and on the action taken by Government on the recommendations of the Public Accounts Committee contained in their 57th Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1979-80. The Report also includes statement of action taken on the recommendations contained in Chapters I and II of 61st Report (Seventh Lok Sabha) and final replies in respect of recommendations on which interim replies had been furnished by Government earlier.

2. The Appropriation Accounts (Defence Services) and (Posts and Telegraphs) for the year 1980-81 were laid on the Table of the House on 5 April and 23 April, 1982 respectively, while the Appropriation Accounts (Civil) and (Railways) were laid on the Table of the House on 9 July, 1982.

3. During the year 1980-81, expenditure in excess of the funds authorised by Parliament occurred under 27 Voted Grants and Charged Appropriations, and aggregated to Rs. 359.15 crores. The excess occurred mainly in the Grants and Appropriations operated by the Ministry of Railways (Rs. 247.29 crores) and the Ministry of Defence (Rs. 58.67 crores).

4. On the other hand, there were savings to the extent of Rs. 1,641.76 crores, and these were in such development and welfare activities as Agriculture (Rs. 26.13 crores), Irrigation (Rs. 11.41 crores), Energy (Rs. 112.95 crores), Village and Small Industries (Rs. 12.73 crores), Rural Reconstruction (Rs. 10.46 crores), Social Welfare (Rs. 24 crores) etc. It is disheartening to find that while energy remains the biggest bottleneck in our development efforts, savings to the tune of nearly Rs. 113 crores out of total budgetary provision of Rs. 652.34 crores should have occurred. As energy is vital for the country's growth and affects both industrial and agricultural production, it is extremely unfortunate that such a heavy shortfall should have occurred under this head.

5. The Committee examined the Excesses in the light of the Explanatory Notes furnished by the Ministries/Departments concerned (Appendices I to XVII) at their sitting held on 25 September, 1982. The Minutes of the sitting form Part II of the Report.

6. The Committee's 57th Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1979-80 was presented to the House on 28 August 1981. The Action Taken Notes furnished by Government in pursuance to the recommendations contained in this Report were also considered by the Committee at the aforesaid sitting and have been discussed in Chapter III of the Report.

7. For facility of reference, the conclusions and/or recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience the conclusions and/or recommendations have also been produced in a consolidated form in Appendix XX to the Report.

8. The Committee would like to place on record their appreciation of the assistance rendered to them in this regard by the Office of the Comptroller and Auditor General of India.

SATISH AGARWAL

Chairman,

Public Accounts Committee.

October 1, 1982,

Asvina 9, 1904 (S)

PART I

REPORT

CHAPTER I

GENERAL OBSERVATIONS

1.1 This 121st Report of the Committee deals with Excess Expenditure over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1980-81 and on the action taken by Government on the recommendations of the Public Accounts Committee contained in their 57th Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1979-80. The Report also includes statement of Action Taken on the recommendations contained in Chapters I and II of 61st Report (Seventh Lok Sabha) and final/ conclusive replies in respect of recommendations on which interim replies had been furnished by Government earlier

1.2 The Appropriation Accounts (Defence Services) and (Posts and Telegraphs) for the year 1980-81 were laid on the Table of the House on 5 April and 23 April, 1982 respectively, while the Appropriation Accounts (Civil) and (Railways) were laid on the Table of the House on 9 July, 1982.

1.3 The departmentalisation of Civil Accounts of the Union Government (with a few exceptions) was introduced in five stages with effect from 1 April, 1976, 1 July 1976, 1 October 1976, 1 April 1977 and 1 June 1977. As a result, in respect of most of the Civil Departments of the Union Government, the responsibility for compilation of monthly accounts devolved on the respective Ministries/Departments etc. partially for the accounts pertaining to 1976-77 and for the accounts pertaining to 1977-78. The Ministry of Finance (Department of Expenditure) had, in their communications dated 15 November, 1978, and 12 March, 1979, assured the Committee that earnest endeavour would be made towards finalisation of the Appropriation Accounts in time during the relevant budget sessions of Parliament. Commenting on the delay in the compilation and presentation of the Appropriation Accounts (Railways) for the year

1977-78, the Committee (1980-81) had, in paragraph 1.6 of their 1st Report (Seventh Lok Sabha) observed as under:

"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, 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."

1.4 In their replies dated 11 February, 1981 and 21 August, 1981, Ministry of Railways (Railway Board) and the Ministry of Finance (Department of Expenditure) had informed the Committee as follows:

(i) *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.

(ii) *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:

Year of Accounts	Date on which submitted in Parliament
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.

1.5 The Committee find that while the Appropriation Accounts (Defence Services) and (Posts and Telegraphs) for the year 1980-81 were laid on the Table of the House on 5 April and 23 April 1982, respectively the presentation of the Appropriation Accounts (Civil) and (Railways) for the same year was delayed till 9 July, 1982 presumably because the Budget Session of Lok Sabha which was scheduled to last till 6 May, 1982 was adjourned sine die on 30 April, 1982. The Appropriation Accounts (Civil) and (Railways) for the year 1980-81 duly certified by the Comptroller and Auditor General of India were ready only on 1 May, 1982 that is, after the Session had ended. The Committee trust that earnest endeavour would be made in future towards timely finalisation of the Appropriation Accounts and getting them audited so that it is possible to lay them on the Table of the House in the Budget Session of Parliament.

1.6 In the succeeding paragraphs of this Report, the Committee have examined the excess expenditure disclosed in the Appropriation Accounts in the light of explanations furnished by the Ministries and/or Departments concerned. These explanatory notes are reproduced in Appendices I to XVII of this Report.

CHAPTER II

EXCESS GRANTS/APPROPRIATIONS

2.1 During the year ended 31 March, 1981, excess expenditure occurred under the following 27 Voted Grants and Charged Appropriations:

Appropriation Accounts	No. and Name of Grant Appropriation	Ministry/Department	Excess Expenditure (Rs. in lakhs)
Civil	11 Ministry of Commerce	Commerce	1.14
	38 Currency, Coinage and Mint	Finance (Economic Affairs)	3.26
	39 Pensions	Finance (Economic Affairs)	575.10
	Repayment of debt	Finance (Economic Affairs)	780.85
	50 Police	Home Affairs	33.58
	53 Delhi	Home Affairs	1173.09
	55 Andaman and Nicobar Islands	Home Affairs	293.65
	81 Mines and Minerals	Steel and Mines	311.38
	83 Department of Supply	Supply and Rehabilitation (Supply)	0.29
	84 Supplies and disposals	Supply and Rehabilitation (Supply)	8.07
	91 Public Works	Works & Housing	189.42
			<u>33,69.83</u>
Defence Services	21 Defence Services—Army	Defence	4595.82
	22 Defence Services—Navy	Defence	596.55
	23 Defence Services—Air Force	Defence	306.13
	24 Defence Services—Pensions	Defence	368.09
			<u>58,66.59</u>

1	2	3	
Posts and Telegraphs	17 Posts and Telegraphs . . .	Communications (P & T Board)	1949.67
Railways	3 General Superintendence and Services	Railways (Railway Board)	206.16
	4 Repairs and Maintenance of Permanent way and works)	Do.	354.42
	5 Repairs and Maintenance of Motive Power	Do.	496.58
	6 Repairs and Maintenance of carriages and wagons	Do.	1003.80
	7 Repairs and Maintenance of Plant and Equipment.	Do.	577.09
	9 Operating Expenses-Traffic	Do.	657.61
	10 Operating Expenses—Fuel	Do.	1023.53
	11 Staff Welfare and Amenities	Do.	355.15
	12 Miscellaneous working expenses	Do.	825.27
	13 Provident Fund, Pension and other retirement benefits		1057.90
	16 Assets-Acquisition, Construction and Replacement		18171.37
			<u>24728.88</u>

Details of the Voted Grants/Charged Appropriations under which the actual expenditure exceeded the budgetary provision are given below :

Sl. No.	No. and Name of Grant	Ministry of Department	Final Grant	Actual Expenditure	Excess Expenditure	Date of receipt of Explanatory Note
1	2	3	4	5	6	7
I. APPROPRIATION ACCOUNTS (CIVIL), 1980-81						
A. Voted Grants						
(a) Revenue Section						
1.	11-Ministry of Commerce	Commerce	1,78,17,000	1,79,30,982	1,13,982	5-7-82
2.	38-Currency, Coinage and Mint	Finance (Economic Affairs)	44,51,30,000	44,54,56,333	3,26,333	6-7-82
3.	39-Pensions	Do.	78,56,96,000	84,32,05,752	5,75,09,752	3-5-82
4.	53-Delhi	Home Affairs	187,32,71,000	190,98,64,506	3,65,93,506	3-7-82
5.	55-Andaman and Nicobar Islands	Do.	31,23,48,000	34,17,12,712	2,93,64,712	3-6-82
6.	81-Mines and Minerals	Steel and Mines	59,09,30,000	62,20,67,588	3,11,37,588	6-5-82
7.	83-Department of Supply	Supply and Rehabilitation (Supply)	25,06,000	25,34,897	28,897	7-7-82
8.	84-Supplies and Disposals	Do.	8,14,14,000	8,22,21,234	8,07,234	7-7-82
9.	91-Public Works	Works and Housing	125,15,00,000	127,04,41,943	1,89,41,943	14-6-82
(b) Capital Section						
10.	50-Police	Home Affairs	9,89,00,000	10,22,57,969	33,57,969	25-5-82
10A.	53-Delhi	Do.	102,32,11,000	107,32,31,192	5,60,20,192	3-7-82

B. Charged Appropriations

(b) Capital Section

11.	Repayment of Debt	.	.	.	.	Finance (Economic Affairs)	42,949,74,93,000	42,957,55,78,407	7,80,85,407	3-5-82
11A.	53-Delhi	.	.	.	.	(Home Affairs)	3,54,98,000	6,01,93,494	2,46,95,494	3-7-82

II. APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

A. Voted Grants

12.	21-Defence Services-Army	.	.	.	.	Defence	22,60,31,19,000	23,06,27,01,358	45,95,82,358	27-5-82
13.	22-Defence Services-Navy	.	.	.	.	Do.	2,34,54,50,000	2,40,51,04,577	5,96,54,577	28-5-82
14.	23-Defence Services-Air Force	.	.	.	.	Do.	9,48,95,00,000	9,52,01,12,952	3,06,12,952	27-5-82
15.	24-Defence Services-Pensions	.	.	.	.	Do.	2,63,19,65,000	2,66,87,73,901	3,68,08,901	27-5-82

III. APPROPRIATION ACCOUNTS (POSTS AND TELEGRAPHS)

A. Voted Grants

(a) Revenue Section

16.	17-Posts and Telegraphs	Communications (P&T Board)	8,65,59,54,000	8,85,09,20,591	19,49,66,591	26-5-82
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IV. APPROPRIATION ACCOUNTS (RAILWAYS)

A. Voted Grants

(a) Revenue Section

17.	3-General Superintendence and Services	Railways (Railway Board)	1,39,95,88,000	1,42,02,30,745	2,06,16,289*	18-8-82
18.	4-Repairs and Maintenance of Permanent way and works	.	.	.	.	Do.	2,41,19,28,000	2,44,88,33,833	3,54,41,845@	18-8-82
19.	5-Repairs and Maintenance of Motive Power	.	.	.	.	Do.	2,11,18,71,000	2,16,32,88,527	4,96,57,9307	18-8-82

1	2	3	4	5	6	7
20.	6-Repairs and Maintenance of Carriage and Wagons	Railways (Railway Board)	2,59,00,87,000	2,69,00,25,305	10,03,79,527\$	18-8-82
21.	7-Repairs and Maintenance of Plant and Equipment	Do.	1,28,68,53,000	1,34,43,51,131	5,77,08,884%	18-8-82
22.	9-Operating Expenses—Traffic	Do.	2,83,30,31,000	2,89,87,91,855	6,57,60,855	18-8-82
23.	10-Operating Expenses—Fuel	Do.	4,99,64,43,000	5,09,81,69,524	10,23,53,364†	18-8-82
24.	11-Staff Welfare and Amenities	Do.	91,95,82,000	95,61,39,395	3,55,14,944‡	18-8-82
25.	12-Miscellaneous Working Expenses	Do.	1,33,07,99,000	1,41,26,22,889	8,25,26,575**	18-8-82
26.	13-Provident Fund, Pension and other retirement benefits	Do.	1,11,72,93,000	1,22,30,83,209	10,57,90,209	18-8-82
(b) Capital Section						
27.	16-Assets-Acquisition, Construction and Replacements	Do.	19,58,99,18,000	21,40,40,61,991	181,71,37,208+	18-8-82

*An excess expenditure of Rs. 2,06,42,745 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 2,06,16,289.

@An excess expenditure of Rs. 3,69,05,833 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassification between Grants, the real excess to be regularised works out to Rs. 3,54,41,845.

£An excess expenditure of Rs. 5,14,17,527 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 4,96,57,930.

\$An excess expenditure of Rs. 9,99,38,305 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 10,03,79,527.

+An excess expenditure of Rs. 5,74,98,131 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 5,77,08,884.

†An excess expenditure of Rs. 10,17,17,524 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 10,23,53,364.

‡An excess expenditure of Rs. 3,65,57,395 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 3,55,14,944.

**An excess expenditure of Rs. 8,18,23,889 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 8,25,26,575.

+An excess expenditure of Rs. 181,41,43,991 had been reflected in the relevant Appropriation Accounts. After taking into account the misclassifications between Grants, the real excess to be regularised works out to Rs. 181,71,37,208.

2.2 It will be seen from the above statement that in 22 out of 27 cases of excesses over voted grants or charged appropriations, the excess expenditure was over a crore of rupees. In the case of 4 grants operated by the Ministry of Defence, the excess was as high as Rs. 58.67 crores and under grant No. 17 operated by Ministry of Communications (P&T Board), the excess was Rs. 19.50 crores. The Grants administered by the Ministry of Railways (Railway Board) contributed to an overall excess of Rs. 247.29 crores.

2.3 The above statement also shows that explanatory notes relating to 10 Voted Grants/Charged Appropriations were received by 31 May, 1982, and those relating to 6 grants by 9-7-82. The notes from the Ministry of Railways (Railway Board) on 11 grants were received on 18-8-82.

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

Year	No. of Voted Grants	No. of Charged Appropriations	Total	Excess Expenditure
1971-72	29	7	36	223.81
1972-73	28	7	35	126.33
1973-74	23	4	27	10.06
1974-75	27	8	35	266.52
1975-76	45	7	52	201.47
1976-77	17	10	27	111.18
1977-78	15	2	17	82.52
1978-79	8	3	11	42.28
1979-80	13	6	19	140.86
1980-81	26	1	27	350.15

2.5 The Appropriation Accounts (1980-81) reveals savings of the following order from out of the amount of Voted Grants and Charged Appropriations:

(Rupees in Crores)

Appropriation Accounts	Total amount of Grants	Savings	Total amount of Appropriation	Savings
CIVIL	VOTED		CHARGED	
Revenue	8746.09	486.03	5867.86	68.10
Capital	7066.48	441.00	46209.40	164.85
DEFENCE SERVICES:				
Revenue	3707.00	—	1.04	0.09
Capital	326.47	1.21	2.60	0.11
POSTS & TELEGRAPHS :				
Revenue }	1537.40	231.82	0.02	0.02
Capital }				
RAILWAYS				
Revenue }	5036.80	247.76	4.64	1.64
Capital }				
	26,420.24	1406.82	52,085.56	234.81

The Grants (Civil) wherein significant savings occurred during the year 1980-81 are indicated below:

No. & Name of Grant	Amount of Grant		Saving (Figures in Rupees)	
	Revenue	Capital	Revenue	Capital
2—Agriculture	9, 12,87,000	1328,58,83,000	18,19,89,602	7,92,57,393
3—Fisheries	19,30,59,000	20,61,01,000	4,89,96,015	7,64,40,311
4—Animal Husbandry & Dairy Development	132,54,95,000	23,99,93,000	34,08,64,927	2,02,96,019
6—Cooperation	26,23,00,000	62,35,25,000	8,67,07,231	..
10—Ministry of Irrigation	32,41,31,000	9,39,50,000	8,15,19,874	3,26,08,644
13—Textiles, Handloom & Handicrafts	145,23,13,000	77,54,45,000	3,50,93,320	31,70,560
30—Ministry of Energy	72,52,56,000	579,81,59,000	1,38,15,282	111,56,56,659
45—Medical and Public Health	169,74,67,000	72,84,53,000	27,55,25,385	16,76,43,585
46—Family Welfare	155,09,66,000	..	18,80,73,354	..
60—Village & Small Industries	29,01,44,000	2,14,00,000	11,84,14,443	89,02,156
69—Petroleum and Petro-chemical Industries	90,57,14,000	153,17,31,000	34,71,30,000	8,66,25,764
74—Ministry of Rural Reconstruction	553,34,45,000	84,96,70,000	8,02,88,188	2,43,63,233
76—Roads	131,03,67,000	124,65,57,000	1,26,90,403	3,42,35,123
77—Ports, Light Houses and Shipping	68,03,99,000	203,49,89,000	4,69,99,436	35,03,21,825

79—Ministry of Social Welfare	70,89,68,000	93,00,000	24,47,46,027	..
82—Department of Coal	108,32,86,000	559,55,91,000	6,20,62,167	79,66,38,297
85—Department of Rehabilitation	24,54,06,000	10,15,75,000	2,64,39,928	1,19,02,429
91—Public Works	125,15,00,000	29,96,35,000	..	4,93,04,069
92—Water Supply & Sewerage	109,98,01,000	..	5,74,61,278	..
93—Housing and Urban Development	22,68,60,000	54,24,77,000	15,10,225	10,79,53,414
98—Department of Electronics	11,34,60,000	8,65,50,000	3,82,64,280	1,39,68,128
102—Department of Space	40,77,83,000	56,03,31,000	24,76,753	14,45,43,741

- The Charged Appropriation (Civil) wherein savings exceeding a crore of rupees occurred during the year 1980-81 are indicated below:

No. & Name of Grant	Amount of Appropriation		Savings	
	(Figures in Rupees)			
	Revenue	Capital	Revenue	Capital
10—Ministry of Irrigation . . . . .	..	28,56,00,000	..	4,25,52,329
27—Education . . . . .	..	4,01,00,000	..	1,23,25,890
30—Ministry of Energy . . . . .	..	10,84,49,000	..	1,49,34,000
41—Transfers to State Governments	3098,37,12,000	2895,75,80,000	2,37,29,566	138,32,02,800
52—Other Expenditure of the Ministry of Home Affairs	88,66,83,000	1,22,25,000	2,50,22,017	19,98,000
60—Village and Small Industries	5,00,00,000	4,00,00,000	1,67,44,230	2,48,28,000
93—Housing and Urban Development	87,15,000	25,13,70,000	6,472	11,94,79,667

2.6 During the year under review viz., 1980-81, excess expenditure had occurred under 27 Voted Grants and 2 Charged Appropriations and aggregated to Rs. 359.16 crores as against Rs. 42.28 crores and Rs. 145.86 crores respectively during the years 1978-79 and 1979-80. The aggregate excess during 1980-81 is the highest during the decade 1971-81. The Committee view this situation with concern. An analysis of the causes for excess expenditure during 1980-81, which have been discussed in some detail in the succeeding paragraphs of this Report, indicates that defective estimation of requirements of funds, lack of proper and timely review of the progress of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto, absence of adequate provision for adjustment of past liabilities etc. have as in the past but in a bigger way contributed to the excesses. The departmentalisation of Union Government Accounts (Civil) in 1976/1977, coupled with the introduction of the scheme of Integrated Financial Advisers should, according to the Ministry of Finance, have resulted in better control over expenditure vis-a-vis the budgetary provision. The Committee are constrained to point out that these expectations have failed to materialise in a sustained manner.

The Committee have been repeatedly pointing out that the system of estimation of and control over expenditure is faulty and year after year, Parliament is being presented with a fait accompli of unremitting excess phenomenon. Though the Ministry of Finance, have been dutifully circulating the recommendations of the Committee to the Ministries/Departments of the Government for compliance, financial discipline remains still a distant goal. The Committee would urge Government to undertake an indepth study to analyse the reasons why the system of departmentalised accounts and integrated financial advice has failed as an instrument of effective control of and concurrent check over public expenditure. This study may be remitted to a team of experts in public finance, some of whom could be drawn from outside Government.

2.7 While on the one hand there was expenditure in excess of voted grants and charged appropriations to the extent of over Rs. 359 crores, there were savings to the extent of Rs. 1641.76 crores.

The Appropriation Accounts (Civil) alone disclosed savings of Rs. 927.03 crores (appro) out of voted grants of Rs. 15,812.57 crores. The Committee are constrained to point out once again that large scale savings have been reported in such developmental and welfare activities as Agriculture (Rs. 26.13 crores), Irrigation (Rs. 11.41 crores), Energy (Rs. 112.95 crores), Village & Small Industries (Rs. 12.73 crores), Rural Reconstruction (Rs. 10.46 crores), Social Welfare (Rs. 24.47 crores) etc.

It is disheartening for the Committee to find that while energy remains the biggest bottleneck in our developmental efforts, savings to the tune of nearly Rs. 113 crores out of total budgetary provision of Rs. 652.34 crores should have occurred. Most of the short-falls occurred in the capital section of the Grant the saving being of the order of Rs. 111.56 crores against the budgetary allocation of Rs. 579.81 crores i.e. more than 19 per cent of the outlay was surrendered. As energy is vital for the country's growth and affects both industrial and agricultural production, the Committee consider it extremely unfortunate that such a heavy shortfall should have occurred under this head. The Committee would like to be apprised of the precise reasons for the inability of the Ministry to utilise the budgetary allocations and the steps being taken to avoid such situations in future.

2.8 The Committee had, only a year ago, commented on the tendency of under-utilisation of funds earmarked for some of the vital sectors of the economy, thereby not only slowing down development in these sectors but also depriving the other important sectors of the much needed resources for development. In para 2.5 of their 57th Report (7th Lok Sabha) the Committee had pointed out that large scale savings were indicative not only of bad budgeting but also of the failure of the Departments concerned to make full use of resources provided for the betterment of the people. The Committee had urged the Government to analyse the reasons for this recurring phenomenon with a view to initiate timely remedial measures. These observations were brought to the notice of all Ministries/Departments by the Ministry of Finance on 25 September, 1981. The observations of the Committee have also been brought to the notice of the Planning Commission who were to discuss and finalise the annual plan allocations for the Schemes/Projects for the year 1982-83 so that the Plan Budget is framed on a more realistic basis. The Committee trust that the machinery would be geared up to achieve this end. They would watch with interest the results of improvements sought to be brought about when they examine the future Appropriation Accounts.

2.9 According to the revised time schedule as desired by Government and agreed to by the Committee in April, 1974, explanatory notes on excesses over voted grants and charged appropriations are required to be furnished 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 16 Grants/Appropriations operated by various Ministries (other than the Ministry of Railways) were received

within the stipulated period, the Explanatory Note(s) relating to 11 Grants administered by the Ministry of Railways were received on 18 August, 1982, although the Appropriation Accounts were laid on the Table of the House on 9 July, 1982. Since the Appropriation Accounts (Railways) for the year 1980-81 were certified on 1 May, 1982 explanatory notes could have been furnished to the Committee immediately after the presentation of Appropriation Accounts on 9 July, 1982. In this connection, it is relevant to point out that all the notes relating to Appropriation Accounts (Civil) were received by 7 July, 1982, even before the presentation of the Accounts. The delayed submission of explanatory notes by the Ministry of Railways has undoubtedly hampered the timely processing and finalisation of this Report by the Committee. As the Committee are anxious that excesses over Voted Grants and Charged Appropriations are brought before Parliament for regularisation as expeditiously as possible, they would like the Ministry of Railways to ensure strict adherence to the prescribed time schedule in future.

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

APPROPRIATION ACCOUNTS (CIVIL) 1980-81

MINISTRY OF COMMERCE

2.11 Grant No. 11—Ministry of Commerce Revenue Section

Voted Expenditure	Rupees
Original Grant	1,65,91,000
Supplementary Grant	12,26,000
Final Grant	1,73,17,000
Actual Expenditure	1,79,30,982
Excess	1,13,982

2.12 In a note, explaining the reasons for the excess expenditure, the Ministry of Commerce have stated as follows:

“The excess was mainly due to increased expenditure of Rs. 2.89 lakhs over and above the budget provision of Rs. 16.08 lakhs under the head ‘Travel expenses’ in respect

of both the Departments. The excess occurred due to adjustment of debits received after the close of the financial year from Missions abroad in connection with the Ministry's officials while on tour abroad in connection with export promotion activities and attending international meetings. The excess was partly met out of savings within the grant, leaving an uncovered excess of Rs. 1,13,982.

To avoid such excess and to have an effective control over the expenditure, a control register is being maintained for record of expenditure on tours abroad on the basis of sanctions issued by various Divisions in the Ministry. In addition, the portion of budget provision meant for travel expenses abroad will be kept separate to enable a strict control on expenditure on foreign tours. Moreover, to accommodate the debits expected to be received from the Ministry of External Affairs, a portion of the provision has been exclusively earmarked.

In the circumstances explained above, the excess which works out to only 0.6 per cent of the sanctioned Grant, may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution."

2.13 The Committee find that there was an overall excess of Rs. 1.14 lakhs under the Revenue Section (Voted) Grant No. 11—Ministry of Commerce. The excess was mainly due to increased expenditure under the head 'Travel Expenses' (Rs. 2.89 lakhs) in respect of both the Departments of the Ministry viz., the Department of Commerce and Department of Textiles. The excess, according to the Ministry of Commerce occurred 'due to adjustment of debits received after the close of the financial year from missions abroad in respect of travel expenses of the Ministry's officials while on tour abroad'. This is a case of avoidable excess expenditure. Had the Departmental officers followed the procedure outlined in the Handbook of Accounting Instructions under the Departmentalised Accounting System, the inter-departmental adjustments could have been effected before March Supplementary Accounts. The instructions under para 10.7 of Chapter II of Hand Book *ibid* require maintenance of a register of Inward Claims and Annexure 'B' to Chapter IV of the said Hand Book, requires that a portion of the allotment to meet the cost of services rendered or supplies made is to be kept separately and *prima facie* adjustable claims are to be entered in the Expenditure Control Register maintained by the Department.

The Committee have been informed that to avoid such excesses and to have an effective control over the expenditure, the control register and the procedure (indicated in Annexure 'B' to Chapter IV of the Hand Book of Accounting Instructions) is being followed. The Committee would impress upon the Ministry the need to initiate timely action to provide fully for the anticipated expenditure consistent of course, with the need for economy in travel expenses.

APPROPRIATION ACCOUNTS (POSTS & TELEGRAPHS)
1980-81

Ministry of Communications
(P & T Board)

2.14 Grant No. 17—Posts and Telegraphs
Revenue Section

Voted Expenditure	Rupees
Original Grant	8,260,454,000
Supplementary Grant	39,55,00,000
Final Grant	8,65,59,54,000
Actual Expenditure	8,85,09,20,591
Excess	19,49,66,591

2.15 In a note explaining the reasons for the excess expenditure, the Ministry of Communications, have stated as follows:

“The excess of Rs. 19.50 crores occurred mainly due to the following:—

(a) Dearness Allowance	Rs. 4.41 crores
(b) Office Expenses	Rs. 4.70 crores
(c) Material and Supplies	Rs. 6.99 crores
(d) Payments to Railways	Rs. 2.83 crores
(e) Maintenance of Postal Buildings	Rs. 1.26 crores
Total	Rs. 20.19 crores

Dearness Allowance

During the year 1980-81, four more A.D.A. instalments with effect from 1-2-1980, 1-5-1980, 1-7-1980 and 1-9-1980 were sanctioned. Supplementary Grant amounting to Rs. 18.20

crores only was obtained for this purpose, on the expectation that some savings would become available within the Grant to meet the additional expenditure. This expectation did not fully materialise, resulting in the actual expenditure exceeding the estimates.

Office Expenses

The increase under this head occurred due to opening and upgradation of more Post Offices and new Postal Divisions which necessitated more expenditure on purchase of furniture and other essential items of office use. These activities being spread over far-flung areas, the progress of expenditure could not be monitored accurately.

Material and Supplies

The excess was mainly due to adjustment of larger debits than anticipated for stores purchased through the D.G.S&D in earlier years, some of the supplies, which were expected in 1981-82 also materialised during 1980-81.

Payments to Railways

Orders relating to the revision of haulage charges payable to Railways were issued in March, 1981 with retrospective effect from 1-4-1976. The settlement of some arrear bills by circles arising out of this revision, during 1980-81 itself, resulted in excess expenditure.

Maintenance of Postal Buildings

The maintenance works for the dilapidated Postal buildings, execution of which had been postponed in previous years due to non-availability of sufficient material, were carried out during the year on supplies of requisite materials materialising towards the closing months of the year. This, coupled with escalation in the cost of labour and material, resulted in excess expenditure under this head.

The total gross excess of Rs. 20.19 crores was covered to the extent of Rs. 0.69 crores by savings under other heads, leaving the uncovered amount of Rs. 19.50 crores. In the circumstances mentioned above, the net excess of Rs. 19,49,66,591 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India."

2.16 The Committee note that a gross excess expenditure of Rs 20.19 crores occurred on five items under the Revenue Section (Voted) of Grant No. 17—Posts and Telegraphs which contributed to the overall excess of Rs. 19.50 crores under the Grant. The excess was mainly due to adjustment of larger debits than anticipated (Rs. 6.99 crores) for stores purchased through the DGS&D, expenditure on purchase of furniture and other items of office use (Rs. 4.70 crores), expectations about savings becoming available within the grant to meet the additional expenditure on payment of Additional Dearness Allowance instalments (Rs. 4.41 crores) not materialising; revision of haulage charges payable to Railways (Rs. 2.83 crores) and maintenance of postal buildings (Rs. 1.26 crores). In the opinion of the Committee, anticipated expenditure and liabilities on the above counts should have been provided for at the time of framing of the Revised Estimates to the extent possible. The Committee expect that adequate care will be exercised by the Ministry of Communications in this regard in future.

APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

Ministry of Defence

2.17 Grant No. 21—Defence Services—Army
Revenue Section

Voted Expenditure	Rupees
Original Grant	2152,34,67,000
Supplementary Grant	101,96,52,00
Final Grant	2260,31,19,000
Actual Expenditure	2306,27,01,358
Excess	45,45,82,358

2.18 In a note, explaining the reasons for the excess expenditure, the Ministry of Defence have stated as follows:

“The Excess of Rs. 45,95,82,358 was the net result of excess/savings under the various sub-heads in the Grant and was mainly attributable to the excess of Rs. 107.05 crores under the Sub-head ‘A.6—Ordnance Factories’.

The original Budget contained a provision of Rs. 458.90 crores under the sub-head ‘A.6—Ordnance Factories’ While obtaining the Supplementary Grant in March, 1981, the

requirement under this sub-head was estimated at Rs. 546.23 crores i.e. an increase of Rs. 87.33 crores over the original provision. However, savings under other sub-heads amounting to Rs. 65.61 crores were expected to be available, of which Rs. 38.83 crores were proposed to be reappropriated to this sub-head. Hence the Supplementary Grant was restricted to Rs. 48.50 crores. However the actual expenditure under the sub-head amounted to Rs. 614.45 crores i.e. an increase of Rs. 68.22 crores over the Revised estimates. This increase was mainly under the item 'Purchase of materials' and was due to larger purchases for achieving higher levels of production, heavy carry-over payments, larger receipts of supplies than anticipated and larger booking of expenditure under Central Purchases towards the end of the year.

In pursuance of the recommendations contained in para 2.31 of the 57th Report of the PAC (7th Lok Sabha) on the excess over voted grants and charged appropriations (1979-80) the Works Study Group in the Ministry of Defence has since conducted a detailed study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget. A copy of the Report submitted by the Works Study Group has been sent to the Lok Sabha Secretariat along with the Action Taken Note on the PAC's recommendations contained in para 2.31 of their 57th Report (7th Lok Sabha). It is expected that with the implementation of the measures suggested by the Works Study Group there would be improvement in the existing system and cases of large variations between the sanctioned grant and actual expenditure would be substantially minimised if not altogether eliminated.

The above excess was offset, to some extent, by savings under other sub-heads, leaving a net excess of Rs. 45,95,82,358 requiring regularisation.

In the circumstances explained above, the excess of Rs. 45,95,82,358 which was only about 2 per cent of the total sanctioned grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution."

2.19 Grant No. 22—Defence Services—Navy Revenue Section

Voted Expenditure	Rupees
Original Grant	216,54,60,000
Supplementary Grant	17,99,90,000
Final Grant	234,54,50,000
Actual Expenditure	240,51,04,577
Excess	5,96,54,577

2.20 In a note, explaining the reasons for excess expenditure, the Ministry of Defence have stated as under:

“The excess of Rs. 5,96,54,577 was the net result of excesses/savings under various Sub-heads in the Grant and was attributable to excess under the following sub-heads of the Grant:

A-1—Pay & Allowance of Navy	Rs. 129.79 lakhs
A-5—Stores	Rs. 326.27 lakhs
A-7—Other Expenditure	Rs. 172.47 lakhs

A-1—Pay & Allowances of Navy (Rs. 129.79 lakhs)

The Original provision under Sub-head A-1—Pay & Allowances of Navy was Rs. 3750.00 lakhs. This was augmented by Rs. 139.00 lakhs by taking a supplementary grant in March 1981. The actual expenditure, however, amounted to Rs. 4018.79 lakhs resulting in excess of Rs. 129.79 lakhs. The excess was due to the payment of one additional instalment of Dearness Allowance with effect from 1st September, 1980, sanctioned after submission of the Revised Estimates and also due to higher per capita rates than anticipated at the Revised Estimates stage.

A-5—Stores (Rs. 326.27)

The excess was due to (i) larger receipt of supplies of Naval stores, spare parts and machinery for dockyards than anticipated earlier, (ii) increase in payments under ‘Customs

Duty' because of more supplies having materialised than anticipated, (iii) misclassification of expenditure under 'clothing stores' and (iv) increased expenditure on POL on account of certain unscheduled exercises, partly offset by saving under (a) 'Aircraft' due to non-conclusion of contracts, (b) 'Gun mounting Stores' due to non-utilisation of funds earmarked for conversion of certain type of guns to Naval version and (c) 'Aviation Stores' due to cancellation of certain orders and non-receipt of claims for stores through Air Force. The details in regard to the misclassification of expenditure under 'clothing stores' are being looked into.

A-7—Other Expenditure (Rs. 172.47 lakhs)

The original provision under this head was Rs. 1707 lakhs, which was augmented by taking a supplementary grant of Rs. 59 lakhs in March, 1981. Against this, the actual expenditure under this head was Rs. 1938.47 lakhs resulting in an excess of Rs. 172.47 lakhs. The excess expenditure was mainly due to (a) more expenditure on deputation/training in a foreign country (b) larger supplies through DGS&D than anticipated and (c) additional payments to a foreign country for repairs and refits of ships.

The excess expenditure as indicated above was offset by savings to the extent of Rs. 1,46.04 lakhs under other sub-heads in the grant leaving a net excess of Rs. 5,96,54,577 requiring regularisation.

With a view to avoiding such excess expenditure in future, the Estimating Authorities have been advised to maintain and make proper use of a liability register and ensure that the estimates are framed on realistic basis. Besides, in pursuance of the recommendation of the PAC contained in para 2.31 of their 57th report (7th Lok Sabha) the Work Study Group within the Ministry of Defence undertook a study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the Budget with a view to evolving a suitable procedure for containing expenditure within the sanctioned grant. The Study Group in its Report have made a number of suggestions for improvement in the existing procedure so as to avoid incurring of expenditure in excess of sanctioned

grants. A copy of the Report submitted by the Study Group has since been submitted to the Lok Sabha Secretariat.

In the circumstance explained above the excess of Rs. 5,96,54,577 may kindly be recommended for regularisation by Parliament under Articles 115(i) (b) of the Constitution. D.A.D.S. has seen."

2.21 Grant No. 23—Defence Services—Air Force Revenue Section

Voted Expenditure	Rupees
Original Grant	866,48,20,000
Supplementary Grant	82,46,80,000
Final Grant	948,95,00,000
Actual Expenditure	952,01,12,952
Excess	3,06,12,952

2.22 In a note explaining the reasons for excess expenditure, the Ministry of Defence have stated as follows:

The excess of Rs. 3,06,12,952 was the net result of excesses/savings under various sub-heads in the Grant and was mainly attributable to excess under the sub-head 'A-6—Works', and sub-head A-1—Pay and Allowance of Air Force.

The Original provision under sub-head 'A-6—Works' was Rs. 3299.50 lakhs. This was augmented by taking a supplementary grant of Rs. 1 crore in March 1981 to meet increased expenditure on operation and maintenance of installations. The actual expenditure, however, amounted to Rs. 4188.81 lakhs resulting in an excess of Rs. 789.31 lakhs.

(a) The main items under the sub-head A 6-Works which accounted for the excess expenditure and the reasons for the excesses are explained below:

(i) Major Works (Rs. 82.94 lakhs)—due to accelerated progress of works, adjustments of Central Purchase Vouchers and increase in cost of Stores.

- (ii) Maintenance of Buildings, Communication etc. (Rs. 188.27 lakhs)—due to increase in cost of stores and payment of additional Dearness Allowance instalments to Work charged staff.
- (iii) Maintenance and operation—Installations (Rs. 276.96 lakhs)—due to increase in price of POL, water/electricity charges and payment of additional Dearness Allowance instalments to Work Charged staff.
- (iv) Departmental Charges on Works Services (Rs. 245.63 lakhs)—due to overall additional expenditure incurred on works on which such charges are leviable.
- (b) The excess under sub-head A.1—Pay and Allowances of Air Force, (Rs. 106.69 lakhs) occurred due to late booking of certain local allowances of air men.

In order to avoid such excesses in future a closer watch is being maintained on the expenditure on a monthly basis. Suitable general instructions in this regard have also been issued in December, 1981 to all concerned authorities (copy enclosed).*

The above excess was offset to the extent of about Rs. 589.87 lakhs by savings under other sub-heads in the Grant leaving a net excess of Rs. 306,12,952 requiring regularisation.

In the circumstances explained above, the excess of Rs. 3,06,12,952 which was only about 0.3 per cent of the total sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution."

2.23 The Committee note that the excess of Rs. 45.96 crores under the Revenue Section (Voted) of Grant No. 21—Defence Services—Army was the net result of excesses/savings under the various sub-heads in the Grant and was mainly attributable to the excess of Rs. 107.05 crores under the sub-head 'A.6—Ordnance Factories'. Against the final Budget provision of Rs. 507.40 crores, and the proposed reappropriation to the extent of Rs. 38.33 crores to this sub-head, the actual expenditure amounted to Rs. 614.45 crores. The increase

*Reproduced under Appendix XIV to the Report.

of Rs. 68.22 crores over the Revised Estimates was, according to the Ministry, mainly under the item 'Purchase of Marterials' and was due to larger purchases for achieving higher production, heavy carry-over payments, larger receipt of supplies than anticipated and larger booking of expenditure under Central Purchases towards the end of the year.

2.24 An excess of Rs. 5.97 crores occurred under the Revenue Section (Voted) of Grant No. 22—Defence Services—Navy and was attributable to excess expenditure under the sub-heads 'A.1—Pay and Allowances of Navy' (Rs. 129.79 lakhs), A.5—Stores' (Rs. 326.27 lakhs) and 'A 7—other Expenditure' (Rs. 172.47 lakhs). The excess under the sub-head 'A.1—Pay and Allowances of Navy' was due to payment of one additional instalment of Dearness allowance with effect from 1 September 1980 and also due to higher per capita rates than anticipated at the Revised Estimates stage. The excess under the sub-head 'A.7—other Expenditure', according to the Ministry was mainly due to (a) more expenditure on deputation/training in a foreign country (b) larger supplies through DGS&D than anticipated and (c) additional payments to a foreign country for repairs and refits of ships. The excess under the subhead 'A.5 stores' was actually Rs. 9.76 crores after taking into account the reduction of the provision by reappropriation to the extent of (—) 6.50 crores. The excess is reported to be on account of larger receipt of supplies of stores, spare parts and machinery than anticipated, misclassification of expenditure under 'Clothing Stores' and increase in 'Customs duty', increased expenditure on POL. The Committee have been informed that "details in regard to the misclassification of expenditure under 'Clothing stores' are being looked into". Since misclassifications vitiate sound budgetary control, the Committee desire that responsibility for failure to reconcile the expenditure figures and to ensure timely rectification thereof should be fixed and appropriate action taken, if any gross negligence is noticed on examination of the details.

2.25 An excess of Rs. 3.06 crores occurred under the Revenue Section (Voted) of Grant No. 23—Defence Services—Air Force. The overall excess was mainly on account of excess expenditure under the heads 'A.1—Pay and Allowances of Air Force' and 'A.6 Works' to the extent of Rs. 8.96 crores. As in the past increase in cost of stores, POL, water/electricity charges, payment of additional Dearness Allowance instalments and late booking of certain local allowances of airmen are stated to be the main reasons for excess expenditure.

The Committee have been informed that in pursuance of the recommendations contained in para 2.31 of the 57th Report of the Committee (1981-82), the Works Study Group in the Ministry of Defence has since conducted a detailed study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget. The estimating authorities have been advised to maintain and make proper use of the liability register besides framing the estimates on a realistic basis. The Ministry of Defence expects that with the implementation of the measures suggested by the Works Study Group, there would be improvement in the existing system and cases of large variations between the sanctioned grant and actual expenditure would be substantially minimised, if not altogether eliminated.

In this context, that Committee would like to recall that in pursuance of the recommendations contained in paras 1.8—1.10 of their 38th Report (Sixth Lok Sabha) (1977-78) the Ministry of Defence had earlier conducted a review of the reasons for excesses during the past few years which showed that these occurred mainly under (i) Pay and Allowances, (ii) Transportation (iii) Stores and (iv) Works expenditure due to inaccurate/under estimation under these heads. In the instructions issued in 1978, the Ministry of Defence had impressed upon the estimating authorities that it was possible to realistically estimate the overall effect of upward revision of Pay and Allowances and tariff rates of Railways/electricity/water etc. as also the position in regard to materialisation of supplies.

2.26 The Committee are concerned to note that excess expenditure to the tune of nearly Rs. 55 crores was incurred under Grants Nos. 21, 22 and 23 operated by the Ministry of Defence during 1980-81. The Ministry of Defence have claimed that the existing system provides for adequate arrangements for monitoring and control of expenditure with reference to budget provisions. However, the problem basically relates to effective implementation of the existing instructions by keeping a close and constant watch on the trend of expenditure with reference to budgetary provisions. The Committee expect that suitable steps to tighten up the system of monitoring and expenditure control would be taken without delay in the light of the suggestions given by the Works Study Group referred to earlier. The Committee would like to be apprised of the results of these efforts.

Ministry of Finance (Department of Economic Affairs)

2.27 Grant No. 38—Currency, Coinage and Mint. Revenue Section

Voted Expenditure	Rupees
Original Grant	44,51,30,00
Supplementary Grant	
Final Grant	44,51,30,000
Actual Expenditure	44,54,56,333
Excess	3,26,333

2.28 In a note, explaining the reasons for excess expenditure, the Ministry of Finance (Department of Economic Affairs) has stated as follows:

“This excess, which was the net result of excesses and savings under various sub-heads in the Grant, mainly occurred under sub-head ‘A.3(3)—Other Expenditure’ relating to the Security Paper Mill, Hoshangabad. The additional expenditure under this sub-head, which amounted to Rs. 78.32 lakhs over the sanctioned grant of Rs. 225 lakhs, was mainly due to payment of railway freight charges at an enhanced rate, from a retrospective date, on consignments of security paper and larger payments of excise duties on security paper as a result of an upward revision in the rates, etc. Additional funds to meet these increases were provided by reappropriation of savings anticipated under other heads in the grant and these were adequate to cover the expenditure of the Security Paper Mill.

Despite the above, the excess under the Grant as a whole arose because under certain sub-heads, mainly ‘A.4(1)—Loss on destruction of withdrawn Coins’, the actual expenditure exceeded the final grant.

The original grant of Rs. 1 crore under the sub-head ‘A.4(1)—Loss on destruction of withdrawn Coins’ was augmented by Rs. 17,20,000/— at the final grant stage. The actual expenditure, however, amounted to Rs. 1,21,58,998 resulting in an excess of Rs. 4,38,998.

Taking into account savings under certain other sub-heads, the excess under the Grant amounted to Rs. 3,26,333.

The difference between the face value of uncurrent and withdrawn coins received by the Mints from the Banks and Treasuries and the metal value thereof and the losses sustained in the process of coinage are accounted for under the sub-head 'A.4(1)'. While working out the final requirement of funds under the sub-head, the debits pertaining to February and March 1981 could not be assessed very accurately. There were also some wrong adjustments in accounts which vitiated the estimate of final requirements of funds under this sub-head and these came to light after the close of the year and were corrected in March (Final) accounts.

The General Managers of the Mints and Presses have been instructed to ensure that such lapses do not recur. They have also been directed to ensure financial discipline, proper estimation of requirements of funds, proper and timely review of the progress of expenditure and proper classifications and adjustments.

The excess of Rs. 3,26,333 which is about 0.07 per cent of the total Grant may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution of India."

2.29 The excess under the Revenue Section (Voted) of Grant No. 38—Currency, Coinage and Mint has been to the tune of Rs. 3,26,333. But for savings under certain sub-heads, the excess would have been much more. It is significant to note that this Grant was exceeded in the years 1974-75, 1976-77, 1977-78, 1979-80 as well. An unanticipated excess of Rs. 4.39 lakhs occurred under the sub-head "A.4(1) loss on destruction of withdrawn coins" during 1980-81. The Ministry has informed that while working out the final requirement of funds under this sub-head, the debits pertaining to February and March, 1981 could not be assessed very accurately and there were also some wrong adjustments in accounts which vitiated the estimate of final requirements. The Committee have also been informed that the General Manager of the Mints and Presses have been instructed to ensure that such lapses do not recur. They have also been directed to ensure financial discipline, proper estimation of requirement of funds, proper and timely review of the progress of expenditure and proper classifications and adjustments.

The Committee are concerned over the persistent failure on the part of General Managers of Mints and Presses in foreseeing and making adequate provision for anticipated needs. The Committee would like the Ministry to examine the reasons for such repetitive lapses. In particular they would like the details of wrong adjustments in accounts which vitiated the estimate of final requirements of funds during 1980-81 to be examined for appropriate action in case any serious negligence on the part of supervisory officials is noticed.

2.30 Grant 39—Pensions

Revenue Section

Voted Expenditure	Rupees
Original Grant	67,23,96,000
Supplementary Grant	11,33,02,000
Final Grant	78,56,96,000
Actual Expenditure	84,32,05,752
Excess	5,75,09,752

2.31 In a note furnished to the Committee, the Ministry of Finance (Department of Economic Affairs) have stated:

“The bulk of the excess was due to payment of pensionary benefits in respect of those who unfortunately, died while in service and those who were compulsorily retired or who sought voluntary retirement. The incidence of expenditure on this account alone during the year was Rs. 4.89 crores. The balance of the excess was due to larger expenditure than anticipated, owing to liberalisation of pensionary benefits, e.g., grant of several instalments of relief in pension, the incidence of which could not be estimated accurately at the time of Budget. It may be reiterated that while the Grant is controlled by the Ministry of Finance, pension payments are made through a large number of treasuries spread all over the country (rendering account to the Accountants General), the public sector banks and the Pay and Accounts Offices under the departmentalised accounting set-up. The estimates drawn up by this Ministry are based on those furnished by the Accountants General/Directors of Audit, and the Pay and Accounts Offices.

Pursuant to the observations of the Public Accounts Committee contained in para 2.17 of their 57th Report (Seventh Lok sabha), instructions have been issued in October—December, 1981 to all Controllers of Accounts, Directors of Audit/Accountants General (copies enclosed)* to frame the estimates in respect of pensions payments, in a more precise and realistic manner, to avoid such excesses in future. It is hoped that the position would improve in future years.

In view of the circumstances explained above, the excess of Rs. 5,75,09,752 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India."

2.32 The Committee find that an excess expenditure of Rs. 5.75 crores occurred under Grant 39—Pensions. The bulk of the excess during 1980-81 viz., Rs. 4.89 crores was due to payment of pensionary benefits in respect of those who, unfortunately died while in service and those who were compulsorily retired or who sought voluntary retirement. The Committee have been informed that pursuant to the earlier observations† of the Committee (1981-82), instructions have been issued in October—December, 1981 to all Controllers of Accounts/Directors of Audit/Accountants General to frame the estimates in respect of pension payments, in a more precise and realistic manner, to avoid such excesses in future. The Committee trust that the extant instructions would be strictly observed.

Ministry of Home Affairs

2.33 Grant No. 50—Police
Capital Section

Voted Expenditure	Rupees
Original Grant	9,89,00,000
Supplementary Grant	—
Final Grant	9,89,00,000
Actual Expenditure	10,22,57,969
Exces	33,57,969

*Reproduced under Appendix III.

†[e.f. para 2.17 of 57th Report (1981-82)]

2.34 In a note, explaining the reasons for excess expenditure, the Ministry of Home Affairs have stated:

“The excess occurred mainly under the schemes of “Construction of Buildings for Assam Rifles and Construction of residential accommodation for Assam Rifles.” The excess was mainly due to abnormal rise in the cost of material and labour in the North Eastern Region, where the actual cost of construction had gone up by more than 20 per cent. The work sites being spread over far-flung areas of the North Eastern Region, the progress reports on the actual expenditure could not be received in time to assess the additional requirements and take steps either to re-schedule the works within the available funds or to obtain Supplementary Grant for meeting the additional requirements of funds.

In the circumstances explained above, the excess of Rs. 33,57,969 may kindly be recommended for regularisation by Parliament under the Article 115(1) (b) of the Constitution.”

2.35 The Committee find that an excess of Rs. 33.58 lakhs occurred under the voted capital section of Grant No. 50—Police administered by the Ministry of Home Affairs. The excess mainly occurred under BB 1 (1) (1)—Construction of residential accommodation for Assam Rifles’. The excess under this head is attributed mainly to abnormal rise in the cost of material and labour (more than 20 per cent) in the North Eastern Region. The Committee have carefully considered the explanation given but are unable to contribute to the view that the work sites being spread over far-flung areas of North Eastern Region, the progress reports on the actual expenditure could not be received in time to re-schedule the works within the available funds or to obtain supplementary Grant for meeting the additional requirements of funds. The Committee would like to have fuller explanation why the effect of rise in the cost of materials and labour could not be anticipated at least at the time of preparation of revised estimates and adequate funds provided for through supplementary Grant.

2.36 Grant No. 53—Delhi

Voted/Charged Expenditure	Rupees
Revenue Section (Voted)	
Original Grant	171,87,42,000
Supplementary Grant	15,45,29,000
Total Sanctioned Grant	187,32,71,000
Actual Expenditure	190,98,64,506
Excess	3,65,93,506
Capital Section (Voted)	
Original Grant	98,84,50,000
Supplementary Grant	3,47,61,000
Total Sanctioned Grant	102,32,11,000
Actual Expenditure	107,92,31,192
Excess	5,60,20,192
Capital Section (Charged)	
Original Appropriation	1,70,00,000
Supplementary Appr. priation	1,84,98,000
Total Sanctioned Appropriation	3,54,98,000
Actual Expenditure	6,01,93,494
Excess	2,46,95,494

2.37. In a note, explaining the reasons for excess expenditure, the Ministry of Home Affairs have stated as follows:

'Revenue Section (Voted)—Rs. 3,65,93,506

The original provision of Rs. 171,87,42,000 under Revenue Section (Voted) was augmented by obtaining a supplementary Grant of Rs. 15,45,29,000 in March, 1981. The actual expenditure however, amounted to Rs. 190,98,64,506 against the total sanctioned provision of Rs. 187,32,71,000 leaving an uncovered excess of Rs. 3,65,93,506 which needs to be regularised.

The overall excess of Rs. 3,65,93,506 was the net result of excesses and savings under the various heads in the Revenue Section (Voted) of the Grant and occurred mainly

under the following head, for the reasons given thereunder:

Major Head '259'

A. 14-Public Works

A. 14(6) Suspense (Rs. 5,27,12,219)

The cost of stores actually received during the year is initially adjusted under the 'Suspense' head and subsequently recovered from the works to which the stores are actually issued. The excess under the above head during 1980-81 was due to cost escalation of materials procured for Works connected with Asian Games, 1982 executed through various agencies, resulting in additional liabilities which could not be anticipated and also due to adjustment of more debits than anticipated received from other Agencies. A part of the excess requirement was met by re-appropriation of savings under other heads leaving an uncovered excess of Rs. 3,65,93,506. However, to avoid recurrence of excess expenditure in future instructions have been issued to the Delhi Administration. They have also been asked to maintain strict financial discipline and issue necessary fresh instructions in this regard to all the concerned authorities.

Capital Section (Voted) Rs. 5,60,20,192

The original provision of Rs. 98,84,50,000 was augmented by obtaining a Supplementary Grant of Rs. 3,47,61,000 in March, 1981. The actual expenditure however, amounted to Rs. 1,07,92,31,192 against the total grant of Rs. 1,02,32,11,000 leaving an uncovered excess of Rs. 5,60,20,192 which needs to be regularised.

The overall excess of Rs. 5,60,20,192 was the net result of excesses and savings under various heads of Capital Section (Voted) and occurred mainly under the following heads for the reasons given thereunder:

Major Head '533'

CC. 10-Capital Outlay on Irrigation,

Navigation, Drainage and Flood Control
Projects.

CC. 10(2)-Drainage Projects Non-commercial

CC. 10(2) (1)-Other Expenditure

CC. 10(2) (1) (3)-Suspense—Rs. 1,04,09,798

The excess under this head was due to accelerated progress of works, procurement of more material, purchase of more machines and higher costs of materials, than anticipated. This head also incorporates all inter-division transactions and it was difficult to foresee the exact requirement on account of adjustment of such transactions and provide for the same in time.

Major Head '537'

CC. 11-Capital Outlay on Roads and Bridges

CC. 11(1)-District and other Roads (Rs. 5,47,82,064)

The excess under this head was due to more expenditure on Works connected with Asian Games, 1982, such as construction of flyovers and widening of roads etc., as a result of accelerated progress of the works and increase in the cost of materials.

A part of the excess requirement under the above heads was met by re-appropriation of savings under other heads, leaving an uncovered excess of Rs. 5,60,20,192.

Capital Section (Charged) Rs. 2,46,95,494

The original provision of Rs. 1,70,00,000 under Capital Section (Charged) was augmented by obtaining a Supplementary Appropriation of Rs. 1,84,89,000 in March, 1981. The actual expenditure however, amounted to Rs. 6,01,93,494 leaving an uncovered excess of Rs. 2,46,95,494 which needs to be regularised.

The overall excess of Rs. 2,46,95,494 was the net result of excesses and savings under the various heads in the Capital Section (Charged) of the Grant and occurred mainly under the following heads for the reasons given thereunder:

Major Head '484'

BB. 5-Capital Outlay on Urban Development

BB. 5(1)-Delhi Capital Development

BB.5(1) (1)(1)-Large Scale Acquisition, Development and Disposal of Land in Delhi (Rs. 2,48,26,013)

The excess was due to more payment on account of enhanced compensation of decretal amounts, in respect of land acquisition cases than anticipated.

In the circumstances explained the excesses mentioned above may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution."

2.38 The Committee note that there was an excess expenditure of Rs. 3.66 crores and Rs. 5.60 crores respectively in the Revenue and Capital Sections (voted) and Rs. 2.47 crores in the Capital Section (charged) of Grant No. 53—Delhi. But for savings to the tune of Rs. 1.49 crores in Revenue Section (Voted), Rs. 3.43 crores in Capital Section (Voted) and Rs. 1.38 crores in Capital Section (Charged), the overall excess under this Grant would have been much more. This was exceeded in 1975-76, 1978-79 and 1979-80 also. The excess during 1980-81 under the Voted Sections have been generally attributed to accelerated progress of works and cost escalation of materials for works connected with Asian Games, 1982. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. It seems that the instructions issued in the past have had little effect on the Delhi Administration. The Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to curb this tendency. The Committee are of the view that anticipated expenditure on the above counts as also adjustment of more debits should have been ascertained more precisely at least at the time of framing the Revised Estimates and necessary supplementary Grant obtained. The Committee expect that in future the Delhi Administration will display better sense of financial discipline.

2.39. As against the final charged appropriation of Rs. 3.55 crores under the Capital Section, the actual expenditure amounted to Rs. 6.02 crores, leaving an uncovered excess of Rs. 2.57 crores, representing 69.58 per cent of the total provision. The excess, according to the Ministry was due to more payment on account of enhanced compensation of decretal amounts in respect of land acquisition cases, than was anticipated. The Committee would like to know when exactly the enhanced compensation was announced, and whether the decretal awards could have been provided for at the time of revised budget allocation.

2.40 Grant No. 55—Andaman and Nicobar Islands Revenue Section
Revenue Sections

Voted Expenditure	Rupees
Original Grant	30,81,88,000
Supplementary Grant	41,60,00
Final Grant	31,23,48,000
Actual Expenditure	34,17,12,712
Excess	2,93,64,712

8.41 In a note, explaining the reasons for excess expenditure, the Ministry of Home Affairs have stated as follows:

“The overall excess of Rs. 2,93,64,712 was the net result of excesses and savings under the various heads in the Revenue Section of the Grant and occurred mainly under the following heads, for the reasons given thereunder;

Major Head “259”

A.12-Public Works

A.12(5)-Suspense

A.12(5)(1)-Stock (Rs. 2,34,19,898)

A.12(5)(2)-Purchases (Rs. 1,19,63,008)

The excess under the above heads was due to increase in the cost of stores, materials and transportation charges and also due to payment for past liabilities of material received through DGS&D. A part of the excess requirement was met by re-appropriation of savings under other heads leaving an uncovered excess of Rs. 2,93,64,712/-.

The provision for past liabilities and the increase in the cost of stores and transportation charges were foreseen to some extent and were duly provided but all the debit memos which were received and adjusted in the accounts for the year 1980-81 could not be anticipated. However, to avoid recurrence of excess expenditure in future and to ensure making of adequate provision for past liabilities of materials and stores received through DGS&D, instructions have been issued to Andaman and Nicobar Administration. They have

also been asked to maintain strict financial discipline and issue necessary fresh instructions in this regard to all the concerned authorities. Moreover departmentalised accounting system has already been installed in the Union Territory to keep close watch over the expenditure to avoid such type of recurrences.

Incidentally, the above excess under the head 'Suspense' was more than matched by increased recoveries under the same head which are adjusted in accounts in reduction of expenditure and as a result, there was no increase in net expenditure. However, on gross budgeting basis, the excess needs to be regularised.

In the circumstances explained above the excess mentioned above may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution."

2.42 The excess expenditure under the Grant relating to the Andaman and Nicobar Administration operated by the Ministry of Home Affairs has been noticed in a number of years in the past. The following statement shows details of the excess expenditure under this Grant:

(Rupees in lakhs)

Year	Excess Expenditure
1967-68	64.51
1968-69	23.34
1969-70	22.62
1972-73	91.58
1973-74	43.22*
1974-75	78.51
1975-76	148.08
1976-77	104.13

*Out of this amount, a sum of Rs. 24.03 lakhs did not required regularisation by Parliament, the excess having been caused by duplicate booking/mis-classification expenditure.

2.43 Commenting on the excess expenditure under this Grant during the year 1976-77, the Public Accounts Committee (1978-79) had, in paragraph 2.37 of their 104th Report observed as under:

"The Committee note that a gross expenditure of Rs. 140.16 lakhs was incurred under head "259-A.12(5)(1)—Public Works—Suspense Stock." The net excess after taking into account saving from other heads of the grant, comes to Rs. 104.13 lakhs. As in the previous years, the excess was mainly on account of failure to make adequate provision for past liabilities. The Committee, while taking adverse note of this state of affairs in August, 1976, had urged the Ministry to take earnest measures to check the apparently persistent tendency on the part of the Administration not to make adequate provisions for past liabilities. That such instances of failure to make adequate provision for adjustment of past liabilities should continue to recur in spite of repeated comments by the Committee in the past is regrettable. It seems the codal instructions and Government directions on the proper maintenance of liability registers to keep a strict watch over the past liabilities in proposals for Budget/Revised Estimates are observed more in breach than in compliance by the concerned Estimates Authorities. This case of avoidable excess expenditure underlines once again the need for a closer liaison between the indenting authorities, procurement agencies and/or Accounts Organisation, as the case may be. The Committee would like to be informed of the concrete measures taken to avoid recurrence of such excesses in future. The Committee also desire that the effect of installation of departmentalised accounting system introduced in stages during 1976 in overcoming this problem may be critically assessed under advice to them."

2.38 In their Action Taken Note dated 7 August, 1979, the Ministry of Home Affairs informed the Committee that:

"The Public Accounts Committee's observations regarding failure to make adequate provision for adjustment of past liabilities and the concrete measures taken to avoid excesses over grants in future have been examined in consultation with the Union Territory of Andaman and

Nicobar Islands Administration who have taken the following measures in this regard:

All concerned Heads of Departments/Offices have been instructed not to incur excess expenditure over the allotment without consulting Administration about provision of additional funds nor to incur any liability without obtaining any positive indication regarding provision of Additional funds from Administration for meeting the eventual liability. They have been asked to keep close liaison with Accounts Officers/Accountant General for prompt adjustment of debit memos for the stores/materials soon after receipt by ensuring necessary provision thereof at appropriate stages. In PWD, where major excesses occurred, the Principal Engineer, CPWD has been instructed to exercise strict budgetary control. He has also apportioned the total sanctioned provision under the various functional major heads controlled by the department division-wise and instructions have been issued to all divisions not to incur any expenditure over and above the provision allocated to them. Accounting information from outlying areas is being obtained by wireless wherever necessary, for effective budgetary control. The Administration have stated that adequate provision for meeting past liabilities with full details hereof is since being made in the budget proposals. Copies of latest instructions dated 8-3-79 and 9-3-79 issued by Andaman and Nicobar Administration for maintenance of strict financial discipline are appended hereto.*

.....

Regarding the Committee's observations with regard to the effect of installation of the departmentalised accounting system introduced in stages during 1976 it is stated that while the system was installed in the Ministry of Home Affairs with effect from 1-10-76 it was extended to the Union Territory of Delhi with effect from 1-4-77. The system has not yet been extended to the Union Territory of Andaman and Nicobar, which is expected to be covered by this system shortly."

2.44. The Committee find that the excess under the Revenue Section(voted) of the Grant No. 55—Andaman and Nicobar Islands occurred mainly under the major Head "259", sub-head 'A. 12(5)(1)—

*Not reproduced.

Stock' (Rs. 2.34 crores) and 'A.12(5)(2)—Purchase' (Rs. 1.20 crores); After setting off the savings under other heads, the net excess comes to Rs 2.94 crores.. The Committee note that excess under this Grant administered by the Ministry of Home Affairs has been a recurring phenomenon in the past. The Committee are unable to appreciate why increase in cost of stores, materials and transportation as also debits for past liabilities could not be anticipated and provided for fully through a closer liaison between the indenting authorities, procurement agencies and the accounts organisation. As far back as in April, 1977, the Ministry had informed the Committee (1977-78) that this problem would be overcome to a large extent after installation of departmentalised accounting system. Although such a system has already been introduced in the Union Territory, the excess expenditure during the year 1980-81 has been the highest since 1967-68. The Committee desire that the Ministry should not remain content with issuing fresh instructions, but should ensure strict compliance with the earlier instructions.

2.45 Grant No. 81—Department of Mines

Revenue Section

Voted Expenditure	Rupees
Original Grant	56,09,29,000
Supplementary Grant	3,00,01,000
Final Grant	59,09,30,000
Actual Expenditure	62,20,67,588
Excess	3,11,37,588

2.46 In a note, explaining the reasons for excess expenditure, the Ministry of Steel and Mines (Department of Mines) have stated as follows:

"The net excess of a little over Rs. 3.11 crores mainly occurred under the following heads, partly off-set by savings in certain other heads of the grant:—

A. B. 1(3)—*Mineral Exploration*: B. 1(3) (2)—*Machinery and Equipment*.

The actual expenditure under this head was Rs. 10.37 crores as against the sanctioned provision of Rs. 6.23 crores. The

excess of Rs. 4.14 crores was mainly due to (a) receipt of unanticipated supplies of Russian drills for the Marine Geology Division for coastal surveys and (b) belated adjustment of debits for stores purchased through the Directorate General of Supplies and Disposals, Indian Supply Mission, Washington, and of payments made by banks against letters of credit in favour of overseas suppliers for stores purchased directly by the Geological Survey of India.

Steps have since been taken to keep an effective watch on receipt of supplies contracted for and payments there against by the various paying authorities.

(B) B. 2(5)—Other Expenditure

B. 2(5) (1)—Price differential on gold acquired by Government.

As against the total sanctioned provision of Rs. 18.80 crores, the actual expenditure was Rs. 21.27 crores. The excess of Rs. 2.47 crores was on account of increased price differential paid to Bharat Gold Mines Ltd. and Hindustan Copper Ltd., owing to increase in the international price of gold.

In the circumstances explained above, the excess of Rs. 3,11,37,588 in the Grant may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution of India."

2.47. The Committee observe that during the year 1980-81, the excess in Revenue Section (voted) of Grant No. 81—Mineral and Minerals occurred under the heads 'B.1(3) (2) Machinery and Equipment' (Rs. 4.14 crores) and 'B.2(5) (i) Price differential on gold acquired by Government' (Rs. 2.47 crores). This to some extent offset by savings under other heads resulted in uncovered net excess of Rs. 3.11 crores. Clearly estimates have been over-pitched in respect of the other heads.

The excess under B.1(3) (2)—Machinery and Equipment (mineral exploration) is attributed to (a) receipt of unanticipated supplies of Russian drills for coastal surveys and (b) belated adjustment of debts for stores purchased through DGS&D and Indian Supply Mission, Washington. This case of avoidable excess expenditure underlines once again the need for an effective watch materialisation of supplies contracted for payments therefor by the various paying authorities. The Committee have been informed that steps have been taken by the Ministry in this direction although codal

instructions already exist on proper maintenance of liability registers. The Committee expect the Ministry to ensure strict adherence by the controlling officers.

The excess under the head 'B.2(5)(1)—Price differential on gold acquired by Government' is stated to be on account of increased price differential paid to Bharat Gold Mines Ltd. and Hindustan Copper Ltd., owing to increase in the international price of gold. The Committee consider that the position should have been reviewed at the time of preparing revised estimates and necessary provision made in the light of prevailing prices.

2.48 Grant No. 84—Supplies and Disposal; Revenue Section.

Voted Expenditure	Rupees
Original Grant	7,90,14,000
Supplementary Grant	24,00,000
Final Grant	8,14,14,000
Actual Expenditure	8,22,21,234
Excess	8,07,234

2.49 In a note, explaining the reasons for the excess expenditure, the Ministry of Supply and Rehabilitation (Department of Supply) have stated as follows:

"The excess of Rs. 8,07,234/- was the net result of excesses/savings under various sub-heads in the Grant and occurred mainly in the sub-head "A2(1)—Director General of Supplies (Inspectorate)', A. 4(1)—National Test House", and "A5(1) Chief Controller of Accounts Department of Supply".

The original provision under A2(1)—Director General of Supply (Inspectorate) was Rs. 1,90,67,000. The actual expenditure however, amounted to Rs. 1,97,80,042 resulting in an excess of Rs. 7,13,042 which was mainly due to:

- (i) Payment of additional instalments of dearness allowance;
- (ii) Post-Budget increase in Rail and Air Fares, Postal and telephone charges; (iii) payment of arrears of expenditure on professional and special services; (iv) payment of arrears of rent and increase in rent and (v) payment of arrears of pay and dearness allowance to Canteen Staff.

The original provision under A4(1)—National Test House was Rs. 93,33,000. The actual expenditure, however amounted to Rs. 96,54,334 resulting in an excess of Rs. 3,21,334 which was mainly due to:

- (i) Payment of additional instalments of dearness allowance and
- (ii) unanticipated adjustment of debits on account of machinery and equipment etc.

The original provision under Sub-head A5(1) Chief Controller of Accounts, Department of Supply was Rs. 1,53,02,000/-. The actual expenditure, however, amounted to Rs. 1,62,57,872/- resulting in an excess of Rs. 9,55,872/-. This was mainly due to:

- (i) Payment of additional instalments of dearness allowance
- (ii) post budget increase in postal and telephone charges
- (iii) increase in Pay and Allowances of Canteen Staff.

Suitable steps have been taken to avoid recurrence of such excess expenditure by more effective monitoring of the flow of expenditure and by maintaining a close co-ordination between payment section and Budget Appropriation section, regarding adjustment of debits towards the close of the financial year.

The above excesses were partly offset by savings under the other sub-heads of the Grant leaving a net excess of Rs. 8,07,234/- requiring regularisation.

In the circumstances explained above, the excess of Rs. 8,07,234/- which was only 1 per cent of the total sanctioned grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India.

2.50. The excess in three sub-heads of the voted Section of Grant No. 84—Supplies and Disposals aggregating to Rs. 19.90 lakhs attracts attention on two counts. That the overall excess under the Grant as a whole was only Rs. 8.07 lakhs highlights the extent to which estimates were over-pitched in respect of some other sub-heads. The excesses were mainly due to payment of additional instalments of dearness allowance, post-budget increase in rail and air fares, postal and telephone charges, increase in rent and increase in pay and allowances of Canteen Staff, as also unanticipated adjustment of debits on account of machinery and equipment. The Committee would like to point out once again that since there is usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this

account. Similarly, the adjustment of debits and increases in tariff rates should have been provided for at the time of obtaining supplementary grant in December/March. The Committee have been informed that steps have been taken to avoid recurrence of excesses of this nature by effective monitoring of the flow of expenditure and by maintaining a close coordination between Payment and Budget Appropriation Sections on adjustment of debits. The Committee trust that adequate care would be taken in future to avoid such excesses.

Ministry of Works and Housing

2.51 Grant No. 91—Public Works; Revenue Section

Voted Expenditure	Rupees
Original Grant	1,10,65,97,000
Supplementary Grant	14,49,03,000
Final Grant	1,25,15,00,000
Actual Expenditure	1,27,04,41,943
Excess	1,89,41,943

2.52 In a note furnished to the Committee, the reasons for excess expenditure have been explained by the Ministry as follows:

“This excess was a part of the total excess of Rs. 2,30,35,274 under the head ‘A-Public Works; A. 7-Suspense’ which is partly counterbalanced by savings under other sub-heads of the Grant.

A provision of Rs. 78.63 crores was made in the Budget Estimates 1980-81 under the head ‘A-7-Suspense’ for (i) purchase of building material e.g., cement and steel for construction of office and residential accommodation by CPWD, (ii) for maintaining adequate stock thereof, and (iii) also for Miscellaneous Public Works Advances connected with the works. Based on the revised requirements, as assessed in October, 1980, a proposal was submitted in January, 1981 for a Supplementary Grant of Rs. 14.49 crores as indicated in the table above (which included the additional requirement of Rs. 12.20 crores under this head) which was voted by the Parliament in March, 1981. However, the actual expenditure (Rs. 93.13 crores) upto

the end of the year under 'A. 7- 'Suspense' exceeded the final Grant of Rs. 90.83 crores. This was due to the following factors:

- (i) Advance payment made to the Steel Authority of India Ltd. for purchase of Japanese steel. This advance was sanctioned in January, 1981 and the actual payment was made in February, 1981.
- (ii) Reflection of the same transactions under 'Suspense' a number of times in the accounts owing to Inter-divisional transfer of stores.
- (iii) Purchase of more bricks and materials for works of emergent nature relating to the Trade Fair Authority of India at Delhi & CRP and BSF at Srinagar which could not be clearly visualised at the Revised Estimate stage.
- (iv) Increase in prices of stores/materials.
- (v) Receipt of more cement from various sources towards the end of the year.

The procedural defects as mentioned in para..... (ii) above had been commented upon adversely by the Public Accounts Committee in their First Report of the 7th Lok Sabha (paras 2.38 & 2.39) and 24th Report of the 7th Lok Sabha (para 2.9 & 2.21). That Committee had desired that remedial action should be taken to avoid these accounting excesses. A revised accounting procedure has since been finalised in consultation with the Comptroller and Auditor General of India and the Ministry of Finance and is being introduced from the financial year 1982-83. Orders in this behalf have since been issued under the Ministry's O.M. No. 15012/78-W2, dated 27-4-1982. (copy enclosed for ready reference).*

In view of the circumstances explained above, and of the remedial measures already taken, the net excess of Rs. 1,89,41,943 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution."

2.53. The excess expenditure that occurred under the Grant 'Public Works' continuously from 1968-69 onwards is indicated in the following table:

Year	Excess (Rs. in lakhs)
1968-69	21.90
1969-70	19.58
1970-71	492.72
1971-72	330.41
1972-73	660.22
1973-74	224.20
1974-75	0.83
1975-76	1.53
1976-77	..
1977-78	449.10
1978-79	128.53
1979-80	0.12

2.54 The excess under the Revenue Section (voted) of Grant No. 91—Public Works has been to the tune of Rs. 1.89 crores. This is made up of excesses savings under the various heads. The Committee note from the Appropriation Accounts (Civil) that there was excess expenditure of Rs. 8.60 crores under the head 'A.7(1)—Stock'. The Committee desire that this extraordinary excess of 21 percent of the final Budget Provision of Rs. 40.95 crores should be examined critically and more seriously than hitherto so as to take necessary steps that would make for realistic estimation of requirements of funds.

APPROPRIATION ACCOUNTS (RAILWAYS)

1980-81

2.55. During the year 1980-81, the actual expenditure under the Grants administered by the Ministry of Railways (Railway Board) exceeded the sanctioned allocation in 11 Grants. The excess expenditure during the year 1980-81 aggregated to Rs. 247.29 crores (after taking into account misclassifications) as against Rs. 13 crores in

1978-79 and Rs. 35.76 crores in 1979-80 and occurred under the following Grants:

Sl. No.	Name of Grant/Appropriation	Final Grant	Actual Expenditure	Excess (Inclusive/Exclusive of misclassifications)	Percentage of Variation
1.	No. 3—General Superintendence and Services	1,39,95,88,000	1,42,02,30,745	2,06,16,289	1.47
2.	No. 4—Repairs and Maintenance of Permanent Way and Works	2,41,19,28,000	2,44,88,33,833	3,54,41,845	1.46
3.	No. 5—Repairs and Maintenance of Motive Power	2,11,18,71,000	2,16,32,88,527	4,96,57,827	3.35
4.	No. 6—Repairs & Maintenance of Carriage and Wagons	2,59,00,87,000	2,69,00,25,305	10,03,79,527	3.87
5.	No. 7—Repairs & Maintenance of Plant and Equipment	1,28,68,53,000	1,34,43,51,131	5,77,08,131	4.48
6.	No. 9—Operating Expenses—Traffic	2,83,30,31,000	2,89,87,91,855	66,57,60,855	2.32
7.	No. 10—Operating Expenses—Fuel	4,99,64,43,000	5,09,81,60,524	10,23,53,364	2.04
8.	No. 11—Staff Welfare and Amenities	91,95,82,000	95,61,39,395	3,55,14,944	3.86
9.	No. 12—Miscellaneous working expenses	1,33,07,99,000	1,40,26,22,889	8,25,26,575	6.20
10.	No. 13—Provident Fund, Pension and other retirement benefits	1,11,72,93,000	1,22,30,83,209	10,57,90,209	9.47
11.	No. 16—Assets—Acquisition, Construction and Replacements	19,58,99,18,000	21,40,40,61,991	1,81,71,37,991	9.27

2.56. The following table indicates the excess expenditure recorded under various Voted Grants/Charged Appropriations during the years 1971-72 to 1980-81:

Year	No. of Grant and appropriations where in excess occurred	Amount of Expenditure (Rs. in crores)
1971-72	10	46.21
1972-73	5	10.21
1973-74 . . . . .	..	..
1974-75	6	17.96
1975-76	13	85.79
1976-77	7	67.67
1977-78	6	41.36
1978-79	4	13.00
1979-80	7	35.76
1980-81	11	247.29*

*After taking into account the effect of misclassification.

2.57. In the note(s) furnished to the Committee, explaining the reasons for the excesses, the Ministry of Railways (Railway Board) have stated as follows: ..

“During the year 1980-81, there was an overall saving of Rs. 1.18 crores over the final grants and appropriations resulting from an aggregating saving of Rs. 248.40 crores under 5 grants (No. 1,2,8,14 & 15) and 12 Appropriations (No. 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 & 16) and aggregate excess of Rs. 247.22 crores under 11 grants (No. 3, 4, 5, 6, 7, 9, 10, 11, 12, 13 & 16). (Reference paras 6.2, 6.4 and 6.5 of the report of the Comptroller and Auditor General of India for the year 1980-81—Union Government (Railways and para 24—Excess over voted grants—para 25—Saving under voted grants and para 26—Saving under Appropriation of the Appropriation Accounts of the Railways in India for the year 1980-81—Part I—Review).

1.2. The excesses under 11 Grants are explained as under:

(i) *Grant No. 3—Working Expenses—General Superintendence and Services*

	Voted Rs.
Original Grant	1,35,80,17,000
Supplementary Grant	4,15,71,000
Total sanctioned Grant	1,39,95,88,000
Actual Expenditure	1,42,02,30,745
Excess	2,06,42,745
Percentage of excess over the final grant	1.47%

A Grant of Rs. 135.80 crores was obtained in the Budget. A supplementary grant of Rs. 4.16 crores was obtained for upward revision in the rate of dearness allowance sanctioned upto September, 1980 and other miscellaneous causes.

The excess of Rs. 2.06 crores occurred mainly due to more expenditure under other expenses (Rs. 0.75 crore), more payment of dearness allowance (Rs. 0.62 crore), contingent expenses (Rs. 0.56 crore) and aggregate of variations under other heads (Rs. 0.13 crore). Of the total excess the largest excess—Rs. 0.69 crore occurred on Central Railway on account of additional dearness allowance, contingent expenses and other expenses.

There was a misclassification of Rs. 26,456 on account of expenditure relating to other grants, but wrongly booked under this grant. Taking into account the effect of misclassification, the real excess requiring regularisation by the Parliament works out to Rs. 2,06,16,289. The amount of misclassification being small, there is no change in the percentage of excesses shown above.

(ii) *Grant No. 4—Working Expenses—Repairs and Maintenance of Permanent way and works*

	Voted Rs.
Original Grant	2,33,04,50,000
Supplementary Grant	8,14,78,000
Total sanctioned Grant	2,41,19,28,000
Actual Expenditure	2,44,88,33,833
Excess	3,69,05,833
Percentage of excess over the final grant	1.53%

A Grant of 233.04 crores was obtained in the Budget. A supplementary grant of Rs. 8.15 crores was obtained for improvement in the rate of casual labour and revision in the rate of dearness allowance.

The excess of Rs. 3.69 crores occurred mainly due to more expenditure towards cost of materials (Rs. 1.10 crores) more contractual payments (Rs. 1.10 crores), more payment of salaries and wages (Rs. 0.57 crore) and casual, labour (Rs. 0.19 crore) the remaining excess (Rs. 0.73 crore) being aggregate of variations under other heads. Of the total excess, the largest excess—Rs. 1.76 crores occurred on the Northern Railway on account of contractual payments, salaries and wages and cost of materials.

The net effect of misclassifications was Rs. 14,63,988 on account of expenditure relating to other grants wrongly booked under this grant or *vice versa*. Taking into account the effect of misclassifications, the real excess requiring regularisation by Parliament works out to Rs. 3,54,41,845 i.e. 1.46 per cent over the final grant.

(iii) *Grant No. 5—Working Expenses—Repairs and Maintenance of Motive Power*

	Voted Rs.
Original Grant	2,08,65,97,000
Supplementary Grant	2,52,74,000
Total sanctioned Grant	2,11,18,71,000
Actual Expenditure	2,16,32,88,527
Excess	5,14,17,527
Percentage of excess over the final grant	2.43%

A Grant of Rs. 208.66 crores was obtained in the Budget. A supplementary grant of Rs. 2.53 crores was obtained for adjustment of wages/materials on periodical over-hauls and upward revision in the rates of dearness allowance etc.

The excess of Rs. 5.14 crores occurred mainly due to more expenditure under other expenses which *inter alia*, include expenditure for periodical overhaul (POH) etc. (Rs. 2.98 crores) and towards cost of materials (Rs. 2.07 crore) and aggregate of variations under other heads (Rs. 0.09 crores). Of the total excess, the excess of Rs. 2.60 crores occurred on Northern Railway on account of cost of material and other expenses and Rs. 1.45 crores on South Eastern Railway mainly on account of cost of material.

The net effect of misclassifications was Rs. 17,59,597 on account of expenditure relating to other grants but wrongly booked under this grant or *vice versa*. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament works out to Rs. 4,96,57,930 i.e. 2.35 per cent over the final grant.

(iv) *Grant No. 6—Working Expenses—Repairs and Maintenance of Carriages and wagons*

	Voted Rs.
Original Grant	2,57,21,30,000
Supplementary Grant	1,79,57,000
Total sanctioned Grant	2,59,00,87,000
Actual Expenditure	2,69,00,25,305
Excess	9,99,38,305
Percentage of excess over the final grant	3.86%

A Grant of Rs. 257.21 crores was obtained in the Budget. A supplementary grant of Rs. 1.80 crores was obtained for payment of dearness allowance etc.

The excess of Rs. 9.99 crores was mainly due to more expenditure towards cost of materials (Rs. 5.78 crores), under other expenses which includes adjustment of debits on account of periodical overhaul and other repairs from Railway workshops (Rs. 3.68 crore) and a aggregate of variations under other heads (Rs. 0.53 crore). Of the total excess, the largest excesses occurred on South Eastern

Railway (Rs. 2.74 crores) on account of cost of material and other expenses and Central Railway (Rs. 3.08 crores) also on account of increase in cost of material resulting from price escalation.

There were misclassifications for Rs. 4,41,222 on account of expenditure relating to this grant but wrongly booked under other grants. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament works out to Rs. 10.03, 79,527 i.e. 3.87 per cent over the final grant.

(v) *Grant No. 7—Working Expenses—Repairs and Maintenance of Plant and Equipment*

	Voted Rs.
Original Grant	1,24,73,89,000
Supplementary Grant	3,94,64,000
Total sanctioned Grant	1,28,68,53,000
Actual Expenditure	1,34,43,51,131
Excess	5,74,98,131
Percentage of excess over the final grant	4.47%

A Grant of Rs. 124.74 crores was obtained in the Budget. A supplementary grant of Rs. 3.95 crores was obtained for increase in the cost of materials and upward revision in the rates of dearness allowance etc.

The excess of Rs. 5.75 crores was mainly due to more expenditure towards cost of materials (Rs. 3.19 crores), more expenditure under other expenses including adjustment of wages and material on periodical overhaul (Rs. 2.13 crores) and aggregate of variations under other heads (Rs. 0.43 crore). Of the total excess, the largest excess—Rs. 1.78 crores related to Central Railway on account of cost of material and other expenses.

There was a net effect of misclassifications to the extent of Rs. 2,10,753 on account of expenditure relating to this grant, but wrongly booked under other grant or *vice versa*. Thus taking into account the effect of misclassifications, the real excess requiring regularisation by Parliament works out to Rs. 5,77,08,884 i.e. 4.48 per cent.

(vi) *Grant No. 9—Working Expenses—Operating Expenses—Traffic*

	Voted Rs.
Original Grant	2,75,80,28,cco
Supplementary Grant	7,50,03,000
Total sanctioned Grant	2,83,30,31,0
Actual Expenditure	2,89,87,91,85 ₃
Excess	6,57,60,85 ₃
Percentage of excess over the final grant	2.32%

A Grant of Rs. 275.80 crores was obtained in the Budget. A supplementary grant of Rs. 7.50 crores was obtained for upward revision in the rates of dearness allowance and increase in cost of materials etc.

The excess of Rs. 6.58 crores occurred mainly due to more expenditure under other expenses (Rs. 2.01 crores), more payment of other allowances (Rs. 1.46 crores), contingent expenses (Rs. 1.19 crores), more contractual payments (Rs. 0.94 crore), cost of material (Rs. 0.69 crore) and aggregate of variations under other heads (Rs. 0.29 crore). Of the total excess, the largest excess—Rs. 1.98 crores occurred on Central Railway on account of contingent expenses (Rs. 0.59 crore), cost of material (Rs. 0.72 crore) and other expenses (Rs. 0.44 crore).

There was no misclassification under this grant and the excess requiring regularisation by Parliament works out to Rs. 6,57,60,855 i.e. the same as disclosed in the Appropriation Accounts.

(vii) *Grant No. 10—Working Expenses—Operating—Expenses—Fuel*

	Voted Rs.
Original Grant	4,64,87,21,cco
Supplementary Grant	34,77,22,000
Total Sanctioned Grant	4,99,64,43,cco
Actual Expenditure	5,09,81,60,524
Excess	10,17,17,524
Percentage of excess over the final grant	2.04%

A Grant of Rs. 464.87 crores was obtained in the Budget. A supplementary grant of Rs. 34.77 crores was obtained for more expenditure on fuel including increase in the cost of H.S.D. oil and increase in the rate of Electricity tariff etc.

The excess of Rs. 10.17 crores was mainly due to more expenditure towards cost of materials due to increase in prices (Rs. 5.84 crores), under other expenses (Rs. 4.79 crores), more contractual payments (Rs. 0.59 crore) and partly offset by saving under other allowances (Rs. 1.05 crores). Of the total excess, the largest excess—Rs. 4.72 crores occurred on Central Railway on account of cost of material and other expenses.

There were misclassifications for Rs. 6,35,840 on account of expenditure relating to this grant but wrongly booked under other grants. Thus, taking into account the effect of misclassifications the real excess requiring regularisation by Parliament works out to Rs. 10,23,53,364 i.e. 2.04 per cent.

(viii) *Grant No. 11—Working Expenses—Staff Welfare and Amenities*

	Voted Rs.
Original Grant	91,85,96,000
Supplementary Grant	9,86,000
Total Sanctioned Grant	91,95,82,000
Actual Expenditure	95,61,39,395
Excess	3,65,57,395
Percentage of excess over final grant	3.98%

A Grant of Rs. 91.86 crores was obtained in the Budget. A supplementary grant of Rs. 0.10 crore was obtained for upward revision in the rate of dearness allowance and more provision required for medical, health and welfare services etc.

The excess of Rs. 3.66 crores was mainly due to more contractual payments (Rs. 1.92 crores), cost of materials (Rs. 1.04 crores) and remaining excess (Rs. 0.70 crore) being under other heads. Of the total excess the largest excess of Rs. 1.08 crores occurred on Eastern Railway on account of cost of material and contractual payments.

There were misclassifications for Rs. 10,42,451 on account of expenditure relating to other grants but wrongly booked under this grant. Thus taking into account the effect of misclassifications, the real excess requiring regularisation by Parliament works out to Rs. 3,55,14,944 i.e. 3.36 per cent over the final grant.

(ix) .Grant No. 12—Miscellaneous Working Expenses

	Voted Rs.
Original Grant	1,27,37,07,000
Supplementary Grant	5,70,92,000
Total Sanctioned Grant	1,33,07,99,000
Actual Expenditure	1,41,26,22,889
Excess	8,18,23,889
Percentage excess over final grant	6.15%

A Grant of Rs. 127.37 crores was obtained in the Budget. A supplementary grant of Rs. 5.71 crores was obtained on account of more provision required for missing coal wagons, upward revision in the rate of dearness allowance, adjustment of arrear debits from State Government for Order Police and under suspense and other heads.

The excess of Rs. 8.18 crores occurred mainly due to more adjustments under suspense (Rs. 4.21 crores), more expenditure under other expenses (Rs. 1.67 crores), more cost of materials (Rs. 1.54 crores), more dearness allowance (Rs. 0.58 crore) and aggregate of variations under other heads (Rs. 0.18 crore). The major excess under Suspense (Rs. 4.21 crores) was due mainly to more liquidation of liabilities under Demands Payable (Rs. 2.06 crores) and fluctuation in adjustment of miscellaneous transactions (such as rents, taxes, incidental charges on imported stores etc.) passing through this head (Rs. 2.15 crores). Of the total excess, the largest excess occurred under Southern Railway under 'Suspense' (Rs. 1.72 crores). This amount includes an adjustment under 'Demands Payable' (Rs. 1.29 crores) and was due to revenue liabilities to be discharged after 31 March, 1981 being adjusted in the 1980-81 accounts.

The net effect of misclassifications was Rs. 7,02,686 on account of expenditure booked under other grants instead of this grant or

vice versa. Thus taking into account the effect of misclassifications, the real excess requiring regularisation by Parliament works out to Rs. 8,25,26,575 i.e. 6.20 per cent over the final grant.

(x) *Grant No. 13—Provident Fund, Pension and other Retirement Benefits*

	Voted Rs.
Original Grant	1,05,20,76,000
Supplementary Grant	6,52,17,000
Total Sanctioned Grant	1,11,72,93,000
Actual Expenditure	1,22,30,83,209
Excess	10,57,90,209
Percentage of excess over final grant	9.47%

A Grant of Rs. 105.21 crores was obtained in the Budget. A supplementary grant of Rs. 6.52 crores was obtained for more payment of death-cum-Retirement Gratuity, Commuted Pension etc.

The excess of Rs. 10.58 crores was mainly due to receipt of more debits including arrear debits for superannuation and retiring pension (Rs. 5.06 crores), received from Civil Accounts Offices and Banks, commuted pension (Rs. 4.56 crores), DCRG payments (Rs. 1.20 crores) and debits on account of family pension (Rs. 1.12 crores), partly offset by saving under other heads (Rs. 1.36 crores). Of the total excess, Rs. 2.82 crores related to Western Railway on account of debits for superannuation and retiring pension and Rs. 2.30 crores related to Central Railway on account of debits for commuted pension. Northeast Frontier and South Eastern Railways accounted for a major excess of Rs. 2.37 crores on account of receipt of more debits under superannuation pension. South Central Railway also accounted for an excess of Rs. 1.20 crores on account of superannuation and commuted pensions.

There was no misclassification under this grant and the excess, requiring regularisation by Parliament works out to Rs. 10,57,90,209 i.e. the same as disclosed in the Appropriation Accounts.

(xi) Grant No. 16—Assets-Acquisitions, Construction and Replacement

	Voted Rs.
Original Grant	18,27,72,24,000
Supplementary Grant	1,31,26,94,00
Total Sanctioned Grant	19,58,99,18,000
Actual Expenditure	21,40,40,61,99
Excess	1,81,41,43,99 ¹
Percentage of excess over final grant	9.26%

A Grant of Rs. 1827.72 crores was obtained in the Budget. A supplementary grant of Rs. 131.27 crores was obtained mainly under inventories i.e. Suspense heads, works, Electrification Project, MTPs etc.

The excess of Rs. 181.41 crores was mainly under the following plan heads:

- (1) Stores Suspense: Excess of Rs. 81.12 crores was mainly due to purchase of more stores, and escalation in prices of stores, coal and HSD oil. The largest excess occurred on Eastern (Rs. 17.49 crores) followed by Western (Rs. 14.21 crores), South Eastern (Rs. 13.18 crores), Northern (Rs. 13.07 crores) and Southern (Rs. 7.87 crores) Railways.
- (2) Manufacture Suspense: Excess of Rs. 27.13 was due to more outturn and less clearance of items to final heads, and more payments dearness allowance and other allowances) to shop labour and direct purchase of materials. The largest excess (Rs. 9.65 crores) occurred on Central Railway followed by Northern (Rs. 4.83 crores), Eastern (Rs. 4.25 crores) and Southern (Rs. 4.04 crores) Railways.
- (3) Track Renewals: Excess of Rs. 23.36 crores was due to more procurement of materials including imported rails at higher cost and accelerated progress of works. The largest excess occurred on Southern Railway (Rs. 5.32 crores).

- (4) Miscellaneous advances: Excess of Rs. 12.25 crores under this plan head was due mainly to more issue of stores for manufacture operations and fabrication. The largest excess was in the Diesel Locomotives Works (DLW) (Rs. 6.40 crores) followed by the South Eastern Railway (Rs. 1.70 crores).
- (5) Rolling Stock: Excess of Rs. 12.44 crores was due to procurement of more bulk order items such as rolling stock and components arranged by the Railway Board under contracts concluded by them to meet the requirements of the Railways on replacement and Capital Account.

The net effect of misclassifications was Rs. 29,93,217 on account of expenditure relating to this grant, but wrongly booked under other grants or vice versa. Thus taking into account the effect of misclassifications, the real excess requiring regularisation by Parliament works out to Rs. 181,71,37,208 i.e. 9.27 per cent over the final grant.

2. In the circumstances explained above, the excess in the above grants may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

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

4. This has been seen by Audit."

2.58 It is seen from the Explanatory Note (s) that there have been misclassifications of expenditure or erroneous adjustments between different grants in 9 cases out of the 11 Grants administered by the Ministry of Railways wherein excess expenditure is sought to be regularised. Noticing a similar disconcerting feature in the Appropriation Accounts for the year 1979-80, wherein misclassification had occurred in 5 Grants and 1 Appropriations, the Public Accounts Committee (1981-82) had, in paragraph 2.7 of their 57th Report (Seventh Lok Sabha) commented as under:

"Another disconcerting feature noticed by the Committee is the extent of misclassification of expenditure in the compilation of accounts, specially of the Railways, during the year under review. There have been mis-classifications of expenditure or erroneous adjustments in 5 Grants and

1 Appropriation out of 6 Grants and 1 Appropriation administered out of 6 Grants and 1 Appropriation administered by the Ministry of Railways wherein excess expenditure is sought to be regularised. Taking a serious view of the recurrence of mis-classifications, the Public Accounts Committee (1978-79) had, in paragraph 2.18 and 2.19 of their 87th Report (Sixth Lok Sabha) desired that positive instructions should be issued by the Railway Administration to the effect that effective reconciliation of subsidiary books with general books should be attended to promptly, every month, so that rectification of erroneous adjustments and/or mis-classifications, if any, detected is effected in time, thereby eliminating altogether chances of such mis-classifications. Pursuant to the above recommendation of the Committee, the Ministry of Railways had issued a further directive on the subject on 27-1-1979 to the General Managers, All India Railways, including Production Units and Chief Administrative Offices, Metropolitan Transport Projects, for carrying out review of expenditure and effective reconciliation of books from month to month. It seems that the instructions issued have not had the desired effect in that there has been further deterioration in the position as witnessed in the Appropriation Accounts for the year 1979-80. The Committee, therefore, desire that a thorough scrutiny of the reasons therefor should be undertaken promptly and staff responsibility invariably fixed for the failure with a view to taking appropriate action. They would also like to reiterate the recommendation contained in paragraph 2.10 of their 24th Report (Seventh Lok Sabha) that suitable remedial measures should be taken to ensure that reconciliation of expenditure figures was conducted meticulously and annual certificates of reconciliation were furnished by the Financial Advisers after careful scrutiny so that mis-classifications, if any, were detected well in time and rectified."

2.59 In their action taken note dated 21/23 April, 1982, the Ministry of Railways (Railway Board) stated as follows:

"The recommendations of the Public Accounts Committee have been noted. In this connection, it is submitted that necessary further instructions to the railways/units have been issued *vide* this Ministry's No. 80APP/7-2/70-80 Para 2.7 dated 16-10-81."

.....

2.60 Only a year ago, the Committee had expressed concern over the extent of deterioration in the position of overall excesses as disclosed in the Appropriation Accounts (Railways). The aggregate amount of excess expenditure during the year 1980-81 was Rs. 247.29 crores. It is the highest during the past decade and seven times more than in the previous year. The Committee are constrained to record their displeasure over the deteriorating position. This should be a matter of serious concern to Government.

2.61 An analysis of the reasons for excess expenditure over authorised allocations as disclosed in the [Railways Appropriation Accounts indicates once again that defective estimation of requirements of funds, lack of proper and timely review and monitoring of the progress of expenditure, failure to anticipate properly and provide fully for "contractual payments" have contributed to most of the excesses expenditure. Deploring this tendency, the Committee had, in paragraph 2.40 of their 57th Report (7th Lok Sabha) observed that "that this should be so despite the repeated comments by the Committee and the oft-repeated assurances held out by the Railway Administration, is indicative of the fact that effective steps were not taken to check recurrence of such types of excess expenditure." Had the Railway administration exercised stricter budgetary discipline by effectively monitoring supplies and the provision made therefor, the Committee are positive that excesses could have been avoided to a great extent. The Committee expect that greater care would be exercised in future through close watch over the flow of expenditure and better anticipation of requirements for making timely additional provision at least at the Revised Estimates stage.

2.62 The Committee note that "additional dearness allowance, increase in salaries and wages and other allowances" contributed to excesses in Grants Nos. 3,4,5,6,9 and 12. As there is normally no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should be hardly any excess on this account. This has been repeatedly emphasised by the Committee in the past.*

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- *1. 31st Report (4th Lok Sabha), paragraph 2.73
 - 2. 83rd Report (4th Lok Sabha), paragraph 2.9
 - 3. 123rd Report (4th Lok Sabha), paragraph 2.53
 - 4. 227th Report (5th Lok Sabha), paragraph 2.48
 - 5. 38th Report (6th Lok Sabha), paragraph 2.19, 2.65 & 2.66
 - 6. 87th Report (6th Lok Sabha), paragraph 2.32
 - 7. 1st Report (7th Lok Sabha), paragraph 2.45
 - 8. 24th Report (7th Lok Sabha), paragraph 2.35
 - 9. 57th Report (7th Lok Sabha), paragraph 2.41

2.63 The Committee also note that an excess of Rs. 10.58 crores occurred under Grant No. 13—'Provident Fund, Pension and other retirement benefits' owing chiefly to more payment of Death-cum-Retirement Gratuity and receipt of heavier debits from the Accountants General for pensionary charges etc. The excess represents 9.47 per cent of the authorised allocation. The Grant relating to Pensionary Charges—Pension Fund had been exceeded for three years in succession from 1976-77 to 1978-79 and the excess during 1978-79 was of the tune of Rs. 7.16 crores.

2.64 While some variation between the estimates and actuals is understandable on account of pensionary charges, the Committee are positive that large variations as had occurred in the Grants administered by the Ministry of Railways, were hardly justified. The Committee are convinced that the efforts made in the past to restrict expenditure within the budget allocation and to keep variations to the minimum possible extent have failed to yield the desired results. The Committee desire that a detailed review of the existing arrangements should be undertaken by the Ministry of Railways in consultation with the Ministry of Finance with a view to removing the inherent defects in the existing budgetary control system on the Railways.

2.65 Referring to the large scale misclassification of expenditure in the grants administered by the Ministry of Railways, the committee had in paragraph 2.7 (Sl. No. 3) of their 57th Report (Seventh Lok Sabha) pointed out that instructions issued by the Ministry have not had the desired effect in so far as there had been further deterioration in the position as witnessed in the Appropriation Accounts for the year 1979-80. The Committee (1981-82) had therefore, inter alia desired that a thorough scrutiny of the reasons for misclassification should be undertaken promptly and staff responsibility invariably fixed for failures. While taking note of the above recommendations, the Ministry of Railways have issued further instructions to the Railways/Units vide their letter No. 80/APP/7-2/79-80 dated 16-10-1981.

2.66 The Committee find it disconcerting that during the year under review viz., 1980-81, out of the 11 Grants wherein excess expenditure is sought to be regularised, there have been misclassifications of expenditure in 9 Grants involving an aggregate amount of Rs. 92.76 lakhs. The Committee are led to conclude that the repetitive instructions issued by the Ministry have failed to goad the Railways Production Units and Metropolitan Transport Projects to tackle the problem of misclassifications of expenditure or erroneous

adjustments. It seems that effective reconciliation of subsidiary books with general books is not being attended to promptly and from month to month for rectification of errors. The Committee also find that in the Explanatory notes furnished to them, the Ministry have not adduced any grounds for recurrence of such large scale misclassifications or the measures contemplated to obviate the same in future. It is obvious that either the procedure prescribed for prompt reconciliation of expenditure figures is imperfect or the supervisory and other officers have failed to exercise effective control over the accounts. The Committee would like to have a further explanation for such repeated lapses. They would also like to reiterate the earlier recommendation that a thorough scrutiny of the reasons for large scale misclassifications should be undertaken soon after their occurrence and staff responsibility invariably fixed for the failure with a view to taking appropriate action. The Committee should be apprised of the specific steps taken to avoid recurrence of such patent errors.

2.67 Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the 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.

CHAPTER III

Review of Action Taken by Government on the Recommendations of the Public Accounts Committee contained in their 57th Report (Seventh Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1979-80

3.1 The 57th Report (Seventh Lok Sabha) of the Public Accounts Committee on Excesses over Voted Grants and Charged Appropriations (Civil), (Defence Services), (Posts and Telegraphs) and (Railways) for the year 1979-80 was presented to Lok Sabha on 28 August, 1981. Action Taken Notes on all the 21 recommendations or observations contained in the Report have been furnished by the concerned Ministries or Departments. Two of the recommendations (viz., Sl. Nos. 1 and 2 (Paras 2.5 and 2.6) concerned more than one Ministry.

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

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

1-6, 10, 12-13, 15-18, 20 and 21.

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

8, 9, 11 and 14.

- (iii) Recommendations or observations replies to which have not been accepted by the Committee and which require re-iteration.

Nil.

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

7 and 19.

3.3. The Committee hope that final replies in regard to the recommendations to which only interim replies have been furnished will be furnished to them after getting the same vetted by Audit.

3.4 In accordance with the time schedule prescribed by the Committee in their 5th Report (4th Lok Sabha), notes on the Action Taken by Government on the recommendations or observations con-

tained in the Committee's 57th Report were required to be furnished by 27 February, 1982. 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) Number of Notes received by due date	21
(ii) Number of Notes received by extended time	8
(iii) Number of Notes received after 30-4-82	4 Defence (S.No. 9 and 12) Communi- cations (P&T Board) (S. No. 2 and 14)

3.5 The Committee have been commenting upon avoidable delays in the receipt of Action Taken Notes. While 21 notes were received by the due date i.e. 27 February, 1982, and 8 notes within the extended time viz. 21-4-82 from the Ministry of Railways, 2 notes each pertaining to the Ministries of Defence and Communications were received after the extended period viz., 21-4-82. Since the delayed submission of Action Taken Notes by the Ministries upsets the schedule of finalisation of Action Taken Report by the Committee, they would once again like to stress the need to ensure strict adherence to the prescribed time schedule.

3.6 Arrangements for monitoring and control of Defence Expenditure

In paragraph 2.31 and 2.32 of their 57th Report (Seventh Lok Sabha), the Committee had recommended that:

"The Committee note from the foregoing paragraph that out of total, excess amounting to Rs. 140.85 crores, Rs. 86.47 crores of excess have been contributed by the two grants of the Ministry of Defence. This constitutes about 61 per cent of the total excesses. This reflects badly on the budgetary control of the Ministry of Defence. The Committee further note that excess of about Rs. 70 crores arose mainly under purchase of materials and stores due to stores supplies materialising earlier than anticipated. The Committee feel that the aforesaid excess could have been avoided if there had been effective monitoring of supplies and provision made therefor. The Committee would recommend that the Works Study Group within the Ministry of Defence should go into the system of regulating the

work of supplies, their receipts and their adequate financial provisioning in the budget and submit their report in this regard by December, 1981'.

The Committee observe that for a closer concurrent scrutiny of the expenditure of the Ministry of Defence a suitable machinery should be evolved."

3.7 In their Action Taken Notes dated 5-2-82 and 12-5-82, the Ministry of Defence have stated as follows:

2.31 "As desired by the Committee the Works Study Group within the Ministry of Defence had undertaken a study of the system of regulating the work of supplies their receipts and their adequate financial provisioning in the budget. The work Study Group which was constituted on 17-10-1981 submitted their report on 27-3-1982. A copy of the report submitted by the Group is enclosed.*

2.32 The existing arrangements for the monitoring and control of Defence expenditure have been reviewed in consultation with the Ministry of Finance (Defence). The Ministry is of the view that there is no apparent shortcoming in the procedures laid down in this regard. The Ministry of Finance (Defence Division) also share this view.

The problem basically relates to the effective implementation of the existing instructions relating to the framing of the estimates on a realistic assessment of the requirement and for the exercise of a close and constant watch on the trend of expenditure with reference to the sanctioned provisions. Instructions have been issued to the various controlling authorities reiterating the need for exercising effective control over expenditure and indicating some of the important aspects requiring their particular attention. A copy of the instructions issued is enclosed".*

3.8. Although in the classification of the replies given in Chapter III, paragraphs 2.31 and 2.32 have been included among the recommendations which have been accepted by the Government, the Committee would like to point out that the desired improvements are not reflected in the Appropriation Accounts (Defence Services)

*Reproduced elsewhere in the Report. (cf. Appendix XVIII).

1980-81. The Committee would therefore like to be apprised of the specific steps taken to secure implementation of the instructions in this behalf by the organisations concerned.

NEW DELHI;

October 1, 1982

Asvina 9, 1904 (Saka).

SATISH AGARWAL

Chairman.

Public Accounts Committee.

PART II

**Minutes of the sitting of the Public Accounts Committee (1982-83)
held on 25 September, 1982 (AN)**

MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE HELD ON 25-9-1982 (A.N.)

The Public Accounts Committee sat on 25 September, 1982 in Committee Room No. 50, First Floor, Parliament House, New Delhi from 1500 to 1700 hrs. The following were present:

PRESENT

SHRI SATISH AGARWAL—*Chairman*

MEMBERS

2. Shrimati Vidyavati Chaturvedi
3. Shri G. L. Dogra
4. Shri Bhiku Ram Jain
5. Shri Mahavir Prasad
6. Shri Sunil Maitra
7. Shri Dhanik Lal Mandal
8. Shri Harish Rawat
9. Shri Ram Singh Yadav
10. Smt. Pratibha Singh
11. Shri Syed Rehmat Ali
12. Shri B. Satyanarayan Reddy
13. Shri Nirmal Chatterjee

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

1. Shri P. P. Dhir, *Additional Deputy Comptroller & Auditor General of India (Railways)*
2. Shri R. K. Chandrasekharan, *Additional Deputy Comptroller & Auditor General of India (R)*
3. Shri L. P. Khanna, *Director of Audit, P&T*
4. Shri M. M. Mehta, *Director of Audit, Central Revenues*
5. Shri G. N. Pathak, *Director of Audit, Defence Services*
6. Shri G. R. Sood, *Joint Director (Reports)*
7. Shri R. S. Gupta, *Joint Director, Defence Services*
8. Shri K. H. Chhaya, *Joint Director (Railways)*

SECRETARIAT

1. Shri K. C. Rastogi—*Chief Financial Committee Officer*
2. Shri K. K. Sharma—*Senior Financial Committee Officer*

2. The Committee took up for consideration the draft 121st Report on Excesses over Voted Grants and Charged Appropriations (1980-81) and on the action taken by Government on the recommendations of the Committee contained in their 57th Report (7th Lok Sabha) on Excesses over Voted Grants and Charged Appropriations for the year 1979-80, and adopted the same with certain modifications/amendments as shown in the Annexure. The Committee authorised the Chairman to incorporate in the Report, certain other minor modifications/amendments arising out of factual verification of the same by respective Audit.

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The Committee then adjourned.

ANNEXURE

List of modifications/amendments made by the Public Accounts Committee, in their 121st Report on Excess Expenditure (1980-81).

Page	Para	Line	Modifications / Amendments	
			<i>For</i>	<i>Read</i>
4	1.5	18	awaited	"audited"
17	2.8	7	<i>Delete</i> 'recorded' after 'highest'	
19	2.9	22	<i>Delete</i> 'provided' after 'outlay'	
36	2.23	27	<i>Add</i> 'also' before 'due'	
51	2.38	56	"But for savings under certain heads."	"But for savings to the tune of Rs. 1.49 crores in Revenue Section (Voted), Rs. 3.43 crores in Capital Section (Voted) and Rs. 1.38 crores in Capital Section (Charged)".
59	2.47	18	thereagainst	therefor
63	2.50	18-19	'They are also positive that'	"Similarly' the"
64	2.50	1	" <i>Delete</i> the sentence regrettable".	"That this was not done is"
		2	<i>Delete</i> 'however' after 'have'	
68	2.54	9-10	'critically gone into take such steps as.'	"examined critically and more seriously than hither to so as to take necessary steps that".
68	2.54	11-13	<i>Delete</i> the last sentence in this para	
84	2.58	12	<i>Add</i> 'was' before 'of'	
85	2.60	7	in that	in so far as
86	2.61	22	<i>Add</i> "and staff responsibility invariably fixed for the failure with a view to taking" and <i>Delete</i> 'for' before 'appropriate action.'	
91	3.5	last	<i>Add</i> 'time' before	'schedule'
94	3.8	4	'has'	'have'

APPENDICES

APPENDICES I TO XVII

(Vide Paragraph 1.3 of the Report)

Explanatory Notes received from various Ministries/Departments on the Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts for the year 1980-81.

APPENDIX I

MINISTRY OF COMMERCE

Grant No. 11—Ministry of Commerce

Revenue Section (Voted)	Rupees
Original Grant	1,65,91,000
Supplementary Grant	12,26,000
Final Grant,	1,78,17,000
Actual Expenditure	1,79,30,892
Excess	1,13,982

2. This Grant accommodates expenditure of the Secretariat of the Department of Commerce and Department of Textiles of the Ministry of Commerce. The original provision of Rs. 165.91 lakhs was augmented to Rs. 178.17 lakhs by a Supplementary Grant of Rs. 12.26 lakhs obtained in March, 1981. The actual expenditure amounted to Rs. 1,79,30,982 resulting in an excess of Rs. 1,13,982.

3. The excess was mainly due to increased expenditure of Rs. 2.89 lakhs over and above the budget provision of Rs. 16.08 lakhs under the head 'Travel expenses' in respect of both the Departments. The excess occurred due to adjustment of debits received after the close of the financial year from Missions abroad in respect of travel expenses of the Ministry's officials while on tour abroad in connection with export promotion activities and attending international meetings. The excess was partly met out of savings within the grant leaving an uncovered excess of Rs. 1,13,982.

4. To avoid such excess and to have an effective control over the expenditure, a control register is being maintained for record of expenditure on tours abroad on the basis of sanctions issued by various Divisions in the Ministry. In addition, the portion of budget provision meant for travel expenses abroad will be kept separate to enable a strict control on expenditure on foreign tours. Moreover, to accommodate the debits expected to be received from the Ministry

of External Affairs, a portion of the provision has been exclusively earmarked.

5. In the circumstances explained above, the excess which works out to only 0.6 per cent of the sanctioned Grant, may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

6. This note has been vetted by Audit.

APPENDIX II

MINISTRY OF FINANCE

(Department of Economic Affairs)

Grant No. 38—Currency, Coinage and Mint

Revenue Section (Voted)	Rupees
Original Grant	44,51,30,000
Supplementary Grant . . . . .	..
Final Grant	44,51,30,000
Actual Expenditure	44,64,56,333
Excess	3,26,333

Against the original Grant of Rs. 44,51, 30,000, the actual expenditure amounted to Rs. 44,54,56,333 resulting in an excess of Rs. 3,26,333.

2. This excess, which was the net result of excesses and savings under various sub-heads in the Grant, mainly occurred under sub-head 'A.3(3)—Other Expenditure' relating to the Security Paper Mill, Hoshangabad. The additional expenditure under this sub-head, which amounted to Rs. 78.32 lakhs over the sanctioned grant of Rs. 225 lakhs, was mainly due to payment of railway freight charges at an enhanced rate, from a retrospective date, on consignments of security paper and larger payments of excise duties on security paper as a result of an upward revision in the rates, etc. Additional funds to meet these increases were provided by reappropriation of savings anticipated under other heads in the grant and these were adequate to cover the expenditure of the Security Paper Mill.

3. Despite the above, the excess under the Grant as a whole arose because under certain sub-heads, mainly 'A.4(1)—Loss on destruction of withdrawn Coins', the actual expenditure exceeded the final grant.

4. The original grant of Rs. 1 crore under the sub-head 'A.4(1)—Loss on destruction of withdrawn Coins' was augmented by Rs. 17,20,000/- at the final grant stage. The actual expenditure,

however, amounted to Rs. 1,21,58,998 resulting in an excess of Rs. 4,38,998. Taking into account savings under certain other sub-heads, the net excess under the Grant amounted to Rs. 3,26,333.

5. The difference between the face value of uncurrent and withdrawn coins received by the Mints from the Banks and Treasuries and the metal value thereof and the losses sustained in the process of coinage are accounted for under the sub-head 'A.4(1)'. While working out the final requirement of funds under the sub-head, the debits pertaining to February and March 1981 could not be assessed very accurately. There were also some wrong adjustments in accounts which vitiated the estimate of final requirements of funds under this sub-head and these came to light after the close of the year and were corrected in March (Final) accounts.

6. The General Managers of the Mints and Presses have been instructed to ensure that such lapses do not recur. They have also been directed to ensure financial discipline, proper estimation of requirements of funds, proper and timely review of the progress of expenditure and proper classifications and adjustments.

7. The excess of Rs. 3,26,333 which is about 0.07 per cent of the total Grant may kindly be recommended for regularisation by the Parliament under article 115(1) (b) of the Constitution of India.

This note has been vetted by Audit.

APPENDIX III **MINISTRY OF FINANCE**

(Department of Economic Affairs)

Grant No. 39—Pensions

Revenue Section (Voted)	Rupees
Original Grant	67,23,96,000
Supplementary Grant	11,33,00,000
Final Grant	78,56,96,000
Actual Expenditure	84,32,05,752
Excess	5,76,09,752

2. The original provision of Rs. 67,23,96,000 was enhanced to Rs. 78,56,96,000 by a Supplementary Grant of Rs. 11,33,00,000 obtained in March, 1981. As against this, the actual expenditure amounted to Rs. 84,32,05,752 resulting in an excess of Rs. 5,75,09,752.

3. The bulk of the excess was due to payment of pensionary benefits in respect of those who, unfortunately, died while in service and those who were compulsorily retired or who sought voluntary retirement. The incidence of expenditure on this account alone during the year was Rs. 4.89 crores. The balance of the excess was due to larger expenditure than anticipated, owing to liberalisation of pensionary benefits, e.g. grant of several instalments of relief in pension, the incidence of which could not be estimated accurately at the time of Budget. It may be reiterated that while the Grant is controlled by the Ministry of Finance, pension payments are made through a large number of treasuries spread all over the country (rendering account to the Accountants General), the public sector banks and the Pay and Accounts Offices under the departmentalised accounting set up. The estimates drawn up by this Ministry are based on those furnished by the Accountants General/Directors of Audit, and the Pay and Accounts Offices.

4. Pursuant to the observations of the Public Accounts Committee contained in para 2.17 of their 57th Report (Seventh Lok Sabha),

instructions have been issued in October-December, 1981 to all Controllers of Accounts, Directors of Audit/Accountants General (copies enclosed) to frame the estimates in respect of pension payments, in a more precise and realistic manner, to avoid such excesses in future. It is hoped that the position would improve in future years.

5. In view of the circumstances explained above, the excess of Rs. 5,75,09,752 may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution of India.

6. This note has been seen by Audit.

Copy of letter No. F. 4(8)-B(D)/81 dated 26 October, 1981 from the Ministry of Finance (Department of Economic Affairs) to all Chief Controllers/Controllers of Accounts.

SUBJECT:—57th Report of the Public Accounts Committee.

I am directed to state that the following observations have been made by the Public Accounts Committee in their 57th Report (7th Lok Sabha) on excess in the voted portion of Grant No. 39—Pensions for the year 1979-80:—

“The Committee note that during 1979-80, excess expenditure of Rs. 413.92 lakhs had been incurred under Grant No. 39—Pensions, controlled by the Department of Economic Affairs, against the final grant of Rs. 6001.30 lakhs, which works out to 6.89 per cent of the provision. This excess occurred mainly on account of commuted value of pensions, gratuities and payments under the Central Government Employees’ Insurance Scheme. The Committee are informed that the excesses were largely due to liberalisation of pensionary benefits and a larger number of cases of voluntary retirements and cases of death of employees while in service. They are of the view that most of the above factors and particularly the effect of liberalisation of pensionary benefits could normally have been foreseen with some precision and provided for in the budget estimates before the close of the financial year. Similarly, there is always a time-lag between the notice seeking voluntary retirement and the date of actual retirement or between the finalisation of applications for commutation and the drawal of commuted value of pension by those pensioners who opt for it. Therefore, the magnitude of entitlements should be ascertainable in respect of such factors. The Committee consider that with better concurrent control over expenditure, the excess to the tune of Rs 4.14 crores could have been avoided to a large extent.”

2. Consolidated estimates under the 'Pensions' Grant are received by the Budget Division of the Ministry of Finance from the Controller of Accounts, Ministry of Finance (Department of Economic Affairs) for the entire Departmentalised Accounting Units. These estimates are largely based on the past actuals, the current trend of actuals and the latest known information. In view of the excesses that have persistently occurred in the 'Pensions' Grant, the need for a more accurate estimation is imperative. I am, therefore, to request you kindly to take suitable steps in the light of the PAC's observations so that such excesses in the Grant could be avoided in future.

3. The provision of funds relating to your circle as incorporated in the Demand is communicated to your office by the Controller of Accounts, Ministry of Finance (Department of Economic Affairs). The flow of expenditure may kindly be watched against the sanctioned provision, and where the expenditure is likely to exceed the sanctioned provision, timely steps may kindly be taken to secure additional funds from this Ministry through the Controller of Accounts, Department of Economic Affairs.

4. The receipt of this letter may kindly be acknowledged.

Copy of letter No. F. 4(8)-B(D)/81 dated 23 November, 1981 from the Ministry of Finance (Department of Economic Affairs) to all Chief Controllers/Controllers of Accounts.

Subject: 57th Report of the Public Accounts Committee (7th Lok Sabha)—Formulation of expenditure estimates in respect of the Grant "Pensions".

Attention is invited to this Ministry's O.M. of even number dated the 26th October, 1981 on the subject referred to above. It is requested that the following may be substituted for the 2nd sentence of para 2 of the aforesaid Office Memorandum:—

"These estimates are largely based on the past actuals, the current trend of actuals and the latest known position e.g. expenditure that would be involved in settling during the year, the pensionary benefits (including payments due under the Central Government Employees' Insurance Scheme), in respect of those:

- (i) who have actually retired or who would be retiring during the year (periodical statements of such cases are required to be supplied to the Pay and Accounts Officers by the concerned Ministry/Department); and

(ii) who, unfortunately, died while in service, taking due note of the fact that a vast majority of the pensioners now-a-days seek commutation of the maximum permissible amount of pension."

Copy forwarded to the Comptroller & Auditor General of India in continuation of this Ministry's endorsement of even number dated 26th October, 1981.

It is requested that similar instructions may also kindly be issued to the Pay and Accounts Officers of the Indian Audit and Accounts Department.

Copy alongwith a copy of this Ministry's O.M. dated 26th October, 1981 forwarded to the Controller General of Accounts, Ministry of Finance, Department of Expenditure, Lok Nayak Bhavan, New Delhi-110003.

Copy of letter No. 2394-REP(c)/250-81 dated 10/16 December, 1981 from the Joint Director (R.C.), office of the Comptroller and Auditor General of India to all Pay and Accounts officers of the Indian Audit and Accounts Department and all Accountants General.

Sub:—57th Report of the Public Accounts Committee (7th Lok Sabha) Formulation of expenditure estimates in respect of the Grant 'Pensions'.

A copy of the Ministry of Finance (Department of Economic Affairs), New Delhi O.M. of even number dated 23-11-1981 on the above subject addressed to all Chief Controllers/Comptrollers of Accounts and copy endorsed to this office, is sent herewith for information and guidance. It is requested that suitable steps in the light of the PAC's recommendations may please be taken so that excesses in the Grant could be avoided in future. The flow of expenditure may please be watched against the sanctioned provision and where the expenditure is likely to exceed the sanctioned provision, timely steps may kindly be taken to secure additional funds.

2. The receipt of this letter may be acknowledged.

APPENDIX IV

MINISTRY OF FINANCE

(Department of Economic Affairs)

Appropriation: Repayment of Debt.

Capital Section (Charged)	Rupees
Original Appropriation	26988,23,54,000
Supplementary Appropriation	15961,51,39,000
Final Appropriation	42949,74,93,000
Actual Expenditure	42957,55,78,407
Excess	7,80,85,407

2. Against the final appropriation of Rs. 42949,74,93,000, the actual expenditure in this Appropriation amounted to Rs. 42957,55,78,407, leaving an uncovered excess of Rs. 7,80,85,407, which requires to be regularised.

3. The excess is the net result of excesses and savings under the various sub-heads of the Appropriation and occurred mainly under the following sub-head:—

(Rupees in crores)

Sub-head	Sanctioned provision	Actual Expenditure	Excess
AA. 2. Treasury Bills	41961.51	42007.43	(+)45.92

Budget for 1980-81 included a provision of Rs. 26,000 crores for discharge of treasury bills. Owing to larger investments by commercial banks etc. than anticipated, a supplementary appropriation of Rs. 12200 crores was obtained in December, 1980 taking the sanctioned provision to Rs. 38200 crores. Even this proved to be inadequate and at the Revised estimate stage, the requirement was estimated at Rs. 42,000 crores. At that stage savings to the extent of Rs. 38.49 crores were also anticipated under certain other sub-heads.

The supplementary appropriation in March, 1981 was, therefore, restricted to Rs. 3761.51 crores. The fact that the estimated requirement for discharge of treasury bills was Rs. 42,000 crores and that the supplementary appropriation was being obtained for a smaller amount on account of anticipated savings under other sub-heads was specifically mentioned while obtaining the supplementary appropriation in March, 1981 *vide* page 39 of the second supplementary demands for grants for expenditure of the Central Government (March, 1981).

At the stage of final grant towards the close of the year, further savings were anticipated under other sub-heads and hence a sum of Rs. 51.82 crores was reappropriated to the sub-head AA, 2 Treasury Bills. The total appropriation under the sub-head amounted to Rs. 42013.33 crores. The actual expenditure amounted to Rs. 42007.43 crores which is well within the total appropriation for this sub-head.

The final excess under the Appropriation "Repayment of Debt", however, arose because, of an omission while estimating the savings available under the sub-head "AA.4(2) International Monetary Fund". Budget for 1980-81 included a provision of Rs. 60 crores under this sub-head for meeting encashment of rupee securities issued to IMF. During the year there were three encashments amounting to Rs. 41.30 crores. However, while estimating the final requirement, one encashment amounting Rs. 28.60 crores was inadvertently omitted and hence Rs. 47.30 crores was computed as saving under the sub-head available for reappropriation to other heads. This omission which led to the final excess in the Appropriation is regretted. Steps have been taken to prevent recurrence of such omissions in future.

Taking into account the excesses and savings in other sub-heads the net excess in the Appropriation as a whole worked out to Rs. 7,80,85,407. This excess which is less than 0.09 per cent. of the total sanctioned provision for the Appropriation may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

This Note has been vetted by Audit.

APPENDIX V
MINISTRY OF HOME AFFAIRS
Grant No. 50—Police

Capital Section (Voted)	Rupees
Original Grant	9,89,00,000
Supplementary Grant . . . . .	..
Final Grant	9,89,00,000
Actual Expenditure	10,22,57,969
Excess	33,57,969

2. Against the sanctioned budget grant of Rs. 9.89 crores in the capital section of the above Grant, the actual Expenditure was Rs. 10,22,57,969 resulting in an uncovered excess of Rs. 33,57,969.

3. The excess occurred mainly under the schemes of "construction of Buildings for Assam Rifles and Construction of residential accommodation for Assam Rifles". The excess was mainly due to abnormal rise in the cost of material and labour in the North Eastern Region, where the actual cost of construction had gone up by more than 20 per cent. The work sites being spread over far-flung areas of the North Eastern Region, the progress reports on the actual expenditure could not be received in time to assess the additional requirements and take steps either to re-schedule the works within the available funds or to obtain Supplementary Grant for meeting the additional requirements of funds.

4. In the circumstances explained above, the excess of Rs. 33,57,969 may kindly be recommended for regularisation by Parliament under the Article 115(1) (b) of the Constitution.

5. This has been seen by Audit.

APPENDIX VI

MINISTRY OF HOME AFFAIRS

Grant No. 53—Delhi	Rupees
<i>Revenue Section (Voted)</i>	
Original Grant	171,37,42,000
Supplementary Grant	15,45,29,000
Total Sanctioned Grant	187,32,71,000
Actual Expenditure	190,98,64,506
Excess	3,65,93,506
<i>Capital Section (Voted)</i>	
Original Grant	98,84,50,000
Supplementary Grant	3,47,61,000
Total Sanctioned Grant	102,32,11,000
Actual Expenditure	107,92,31,192
Excess	5,60,20,192
<i>Capital Section (Charged)</i>	
Original Appropriation	1,70,00,000
Supplementary Appropriation	1,84,98,000
Total Sanctioned Appropriation	3,54,98,000
Actual Expenditure	6,01,98,494
Excess	2,46,95,494
<i>Revenue Section (Voted)</i>	
	3,65,93,506

The original provision of Rs. 171,87,42,000 under Revenue Section (Voted) was augmented by obtaining a supplementary Grant of Rs. 15,45,29,000 in March, 1981. The Actual expenditure, however, amounted to Rs. 190,98,64,506 against the total sanctioned provision of Rs. 187,32,71,000 leaving an uncovered excess of Rs. 3,65,93,506 which needs to be regularised.

The overall excess of Rs. 3,65,93,506 was the net result of excesses and savings under the various heads in the Revenue Section (Voted) of the Grants and occurred mainly under the following head, for the reasons given thereunder:—

Major Head '259'

A. 14-Public Works

A. 14(6) Suspense (Rs. 5,27,12,219).

The cost of stores actually received during the years is initially adjusted under the 'Suspense' head and subsequently recovered from the Works to which the stores are actually issued. The excess under the above head during 1980-81 was due to cost escalation of materials procured for Works connected with Asian Games, 1982 executed through various agencies, resulting in additional liabilities which could not be anticipated and also due to adjustment of more debits than anticipated received from other Agencies. A part of the excess requirement was met by re-appropriation of savings under other heads leaving an uncovered excess of Rs. 3,65,93,506. However, to avoid recurrence of excess expenditure in future instructions have been issued to the Delhi Administration. They have also been asked to maintain strict financial discipline and issue necessary fresh instructions in this regard to all the concerned authorities.

Capital Section (Voted) Rs. 5,60,20,192

The original provision of Rs. 98,84,50,000 was augmented by obtaining a Supplementary Grant of Rs. 3,47,61,000 in March, 1981. The actual expenditure however, amounted to Rs. 1,07,92,31,192 against the total grant of Rs. 102,32,11,000, leaving an uncovered excess of Rs. 5,60,20,192 which needs to be regularised.

The overall excess of Rs. 5,60,20,192 was the net result of excesses and savings under various heads of Capital Section (Voted) and occurred mainly under the following heads for the reasons given thereunder:—

Major Head '533'

CC.10-Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects.

CC.10(2)-Drainage Projects Non Commercial

CC.10(2) (1)-Other Expenditure

CC.10(2) (3)-Suspense (Rs. 1,04,09,798)

The excess under this head was due to accelerated progress of works, procurement of more material, purchase of more machines and higher costs of materials, than anticipated. This head also incorporates all inter-division transactions and it was difficult to foresee the exact requirement on account of adjustment of such transactions and provide for the same in time.

Major Head '537'

CC.11-Capital Outlay on Roads and Bridges

CC.11(1)-District and other Roads (Rs.5,47,82,064)

The excess under this head was due to more expenditure on Works connected with Asian Games, 1982, such as construction of flyovers and widening of roads etc., as a result of accelerated progress of the works and increase in the cost of materials.

A part of the excess requirement under the above heads was met by re-appropriation of savings under other heads, leaving an uncovered excess of Rs. 5,60,20,192.

Capital Section (Charged) Rs. 2,46,95,494.

The original provision of Rs. 1,70,00,000 under Capital Section (Charged) was augmented by obtaining a Supplementary Appropriation of Rs. 1,84,98,000 in March, 1981. The actual expenditure however, amounted to Rs. 6,01,93,494 leaving a uncovered excess of Rs. 2,46,95,494 which needs to be regularised.

The overall excess of Rs. 2,46,95,494 was the net result of excesses and savings under the various heads in the Capital Section (Charged) of the Grant and occurred mainly under the following head for the reasons given thereunder:—

Major Head '484'

BB.5-Capital Outlay on Urban Development

BB.5(1)-Delhi Capital Development

BB.5(1) (1) (1)-Large Scale Acquisition, Development and
Disposal of Land in Delhi. (Rs. 2,48,26,013)

The excess was due to more payment on account of enhanced compensation of decretal amounts, in respect of land acquisition cases than anticipated.

In the circumstances explained the excesses mentioned above may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

This has been seen by Audit.

APPENDIX VII

MINISTRY OF HOME AFFAIRS

Grant No. 55—Andaman and Nicobar Islands

Revenue Section (voted)	Rupees
Original Grant	30,81,88,000
Supplementary Grant	41,60,000
Total Sanctioned Grant	31,23,48,000
Actual Expenditure	34,17,12,712
Excess	2,93,64,712

The original provision of Rs. 30,81,88,000 under Revenue Section (voted) was augmented by obtaining a Supplementary Grant of Rs. 41,60,000 in March, 1981. The actual expenditure, however, amounted to Rs. 34,17,12,712 against the total sanctioned provision of Rs. 31,23,48,000 leaving an uncovered excess of Rs. 2,93,64,712 which needs to be regularised.

The overall excess of Rs. 2,93,64,712 was the net result of excesses and savings under the various heads in the Revenue Section of the Grant and occurred mainly under the following heads, for the reasons given thereunder:—

Major Head “259”

A.12-Public Works

A.12 (5) -Suspense

A.12 (5) (1) -Stock (Rs. 2,34,19,398)

A.12 (5) (2) -Purchases (Rs. 1,19,63,008)

The excess under the above heads was due to increase in the cost of stores, materials and transportation charges and also due to payment for past liabilities of material received through DGS&D. A part of the excess requirement was met by re-appropriation of savings under other heads, leaving an uncovered excess of Rs. 2,93,64,712/-.

The provision for past liabilities and the increase in the cost of stores and transportation charges were foreseen to some extent and were duly provided but all the debit memos which were received and adjusted in the accounts for the year 1980-81 could not be anticipated. However, to avoid recurrence of excess expenditure in future and to ensure making of adequate provision for past liabilities of materials and stores received through DGS&D, instructions have been issued to Andaman and Nicobar Administration. They have also been asked to maintain strict financial discipline and issue necessary fresh instructions in this regard to all the concerned authorities. Moreover, departmentalised accounting system has already been installed in the Union Territory to keep close watch over the expenditure to avoid such type of recurrences.

Incidentally, the above excess under the head 'Suspense' was more than matched by increased recoveries under the same head which are adjusted in accounts in reduction of expenditure and as a result, there was no increase in net expenditure. However, on gross budgeting basis, the excess needs to be regularised.

In the circumstances explained above the excess mentioned above may kindly be recommended for regularisation by Parliament under article 115(1) (b) of the Constitution.

This Note has been seen by Audit.

APPENDIX VIII

MINISTRY OF STEEL AND MINES (Department of Mines)

Grant No. 81—Mines and Minerals

Revenue Section (Voted)	Rupees
Original Grant	56,09,29,000
Supplementary Grant	3,00,01,000
Total sanctioned Grant for 1980-81	59,09,30,000
Actual Expenditure	62,20,67,588
Excess	3,11,37,588

The original grant (voted) of Rs. 56.09.29 lakhs in the Revenue Section was augmented to Rs. 59.09.30 lakhs by Supplementary Grants totalling Rs. 300.01 lakhs obtained in December, 1980/ March, 1981. The actual expenditure during the year, however, turned out to be Rs. 62,20,67,588, resulting in an excess of Rs. 3,11,37,588. The net excess of a little over Rs. 3.11 crores mainly occurred under the following heads, partly off-set by savings in certain other heads of the grant:

(A) B.1(3)-Mineral Exploration:

B.1(3) (2)-Machinery & Equipment:

The actual expenditure under this head was Rs. 10.37 crores as against the sanctioned provision of Rs. 6.23 crores. The excess of Rs. 4.14 crores was mainly due to (a) receipt of unanticipated supplies of Russian drills for the Marine Geology Division for coastal surveys and (b) belated adjustment of debits for stores purchased through the Directorate General of Supplies and Disposals/Indian Supply Mission, Washington, and of payments made by banks against letters of credit in favour of overseas suppliers for stores purchased directly by the Geological Survey of India.

Steps have since been taken to keep an effective watch on receipt of supplies contracted for and payments thereagainst by the various paying authorities.

(B) B.2(5)-Other Expenditure:

B.2(5) (1)-Price differential on gold acquired by Government:

As against the total sanctioned provision of Rs. 18.80 crores, the actual expenditure was Rs. 21.27 crores. The excess of Rs. 2.47 crores was on account of increased price differential paid to Bharat Gold Mines Ltd. and Hindustan Copper Ltd., owing to increase in the international price of gold.

2. In the circumstances explained above, the excess of Rs. 3,11,37,588 in the Grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India.

APPENDIX IX

MINISTRY OF SUPPLY AND REHABILITATION

(Department of Supply)

Grant No. 83—Department of Supply

Voted	Rupees
Original Grant	25,06,000/-
Supplementary Grant . . . . .	..
Final Grant	25,06,000/-
Actual Expenditure	25,34,897/-
Excess	28,897/-

2. The sanctioned grant was Rs. 25,06,000/-. The actual Expenditure, however, amounted to Rs. 25,34,897/- resulting in an excess of Rs. 28,897/-.

3. The excess of Rs. 28,897/- was the net result of excesses/savings under various sub-heads in the Grant and was mainly attributable to excess under the sub-head "A1(3)-Travel Expenses and A1(4)-Office Expenses."

The sanctioned budget provision under sub-head A1(3)-Travel Expenses was Rs. 1,04,000/-. The actual expenditure, however, amounted to Rs. 1,29,360/- resulting in an excess of Rs. 25,360/-. This excess was mainly due to more payment of Indian Airlines Bills and adjustment of certain T.A. Bills than anticipated. The sanctioned budget provision under Sub-head A1(4)-Office Expenses was Rs. 2,05,000/-. The actual expenditure, however, amounted to Rs. 2,37,961/- resulting in an excess of Rs. 32,961/-. This excess was mainly due to additional requirement of furniture, additions and alterations for Deputy Minister's office room and increase in prices of petrol/oil.

4. The above excess was partly offset by savings under other sub-heads of the Grant, leaving the net excess of Rs. 28,897/- requiring regularisation.

5. Steps have been taken by Accounts Office to ensure that such excesses do not occur in future by keeping a close coordination between Payment and Budget Appropriation Sections.

6. In the circumstances explained above, the excess of Rs. 28,897/- which was only about 1.15 per cent of the total sanctioned grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India.

This note has been seen by Audit.

APPENDIX X

MINISTRY OF SUPPLY AND REHABILITATION (Department of Supply)

Grant No. 84—Supplies and Disposals

Voted	Rupees
Original Grant	7,90,14,000
Supplementary Grant	24,00,000
Final Grant	8,14,14,000
Actual Expenditure	8,22,21,234
Excess	8,07,234

2. The original Grant of Rs. 7,90,14,000/- was augmented by a Supplementary Grant of Rs. 24,00,000/- obtained in December, 1980. The actual Expenditure, however, amounted to Rs. 8,22,21,234/- resulting in an excess of Rs. 8,07,234/-.

3. The excess of Rs. 8,07,234/- was the net result of excesses/savings under various sub-heads in the Grant and occurred mainly in the sub-head "A2(1)-Director General of Supplies (Inspectorate)", A.4(1)-National Test House", and "A5(1) Chief Controller of Accounts Department of Supply".

The original provision under A2(1)-Director General of Supply (Inspectorate) was Rs. 1,90,67,000/-. The actual expenditure however, amounted to Rs. 1,97,80,042/- resulting in an excess of Rs. 7,13,042/- which was mainly due to:—

- (i) payment of additional instalments of dearness allowance
- (ii) Post-Budget increase in Rail and Air Fares, Postal and telephone charges; (iii) payment of arrears of expenditure on professional and special services; (iv) payment of arrears of rent and increase in rent and (v) payment of arrears of pay and dearness allowance to Canteen Staff.

The original provision under A4(1)-National Test House was Rs. 93,33,000/-. The actual expenditure, however, amounted to Rs. 96,54,334/- resulting in an excess of Rs. 3,21,334/- which was mainly due to:

- (ii) Payment of additional instalments of dearness allowance and
- (ii) unanticipated adjustment of debits on account of machinery and equipment etc.

The original provision under Sub-head A5(1) Chief Controller of Accounts, Department of Supply was Rs. 1,53,02,000/-. The actual expenditure, however, amounted to Rs. 1,62,57,872/- resulting in an excess of Rs. 9,55,872/-. This was mainly due to:

- (i) payment of additional instalments of dearness allowance
- (ii) post budget increase in postal and telephone charges
- (iii) increase in Pay and Allowances of Canteen Staff.

4. Suitable steps have been taken to avoid recurrence of such excess expenditure by more effective monitoring of the flow of expenditure and by maintaining a close co-ordination between payment section and Budget Appropriation section, regarding adjustment of debits towards the close of the financial year.

5. The above excesses were partly offset by savings under the other sub-heads of the Grant leaving a net excess of Rs. 8,07,234/- requiring regularisation.

6. In the circumstances explained above, the excess of Rs. 8,07,234/- which was only 1 per cent of the total sanctioned grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution of India.

This note has been seen by Audit.

APPENDIX XI

MINISTRY OF WORKS AND HOUSING

Grant No. 91—Public Works

Revenue Section (Voted)	Rupees
Original Grant	1,10,65,97,000
Supplementary Grant	14,49,03,000
Final Grant	1,25,15,00,000
Actual Expenditure	1,27,04,41,943
Excess	1,89,41,943

2. The original Grant of Rs. 1,10,65,97,000 was augmented to Rs. 1,25,15,00,000 by a Supplementary Grant of Rs. 14,49,03,000 obtained in March, 1981. The actual expenditure during the year, however, amounted to Rs. 1,27,04,41,943 leaving an uncovered excess of Rs. 1,89,41,943. This excess was a part of the total excess of Rs. 2,30,35,274 under the head 'A-Public Works; A.7-Suspense' which is partly counterbalanced by savings under other sub-heads of the Grant.

3. A provision of Rs. 78.63 crores was made in the Budget Estimates 1980-81 under the head 'A-7-Suspense' for (i) purchase of building materials e.g., cement and steel for construction of office and residential accommodation by CPWD (ii) for maintaining adequate stock thereof and (iii) also for Miscellaneous Public Works Advances connected with the works. Based on the revised requirements, as assessed in October, 1980, a proposal was submitted in January, 1981 for a Supplementary Grant of Rs. 14.49 crores as indicated in the table above (which included the additional requirement of Rs. 12.20 crores under this head) which was voted by the Parliament in March, 1981. However, the actual expenditure (Rs. 93.13 crores) upto the end of the year under 'A.7-Suspense' exceeded the final Grant of Rs. 90.83 crores. This was due to the following factors:—

- (i) Advance payment made to the Steel Authority of India Ltd. for purchase of Japanese steel. This advance was sanctioned in January, 1981 and the actual payment was made in February, 1981.
- (ii) Reflection of the same transactions under 'Suspense' a number of times in the accounts owing to Inter-divisional transfer of stores.
- (ii) Purchase of more bricks and materials for works of emergent nature relating to the Trade Fair Authority of India at Delhi & CRP and BSF at Srinagar which could not be clearly visualised at the Revised Estimate stage.
- (iv) Increase in prices of stores/materials.
- (v) Receipt of more cement from various sources towards the end of the year.

4. The procedural defects as mentioned in para 3(ii) above had been commented upon adversely by the Public Accounts Committee in their First Report of the 7th Lok Sabha (paras 2.38 & 2.39) and 24th Report of the 7th Lok Sabha (paras 2.9 & 2.21). That Committee had desired that remedial action should be taken to avoid these accounting excesses. A revised accounting procedure has since been finalised in consultation with the Comptroller and Auditor General of India and the Ministry of Finance and is being introduced from the financial year 1982-83. Orders in this behalf have since been issued under the Ministry's O.M. No. 15012/78-W2, dated 27-4-1982. (copy enclosed for ready reference),

5. In view of the circumstances explained above, and of the remedial measures already taken, the net excess of Rs. 1,89,41,943 may kindly be recommended for regularisation by the Parliament under Article 115(1) (b) of the Constitution.

6. This has been vetted by Audit.

Copy of O.M. No. 15011/12/78-W2 dated 27 April, 1982 from the Ministry of Works and Housing (Work Division).

SUBJECT: Revised accounting procedure for the stores transactions in Central Public Works Divisions of the Central Public Works Department.

The undersigned is directed to say that the question of revision of procedure for accounting of stores transactions in the CPWD has been under examination for some time past in the light of repeated criticism by the Public Accounts Committee of the excess, which occurred in the Grant 'Public Works' during successive financial year.

2. Under the existing procedure, the cost of stores purchased but not paid for in the month in which they are received, is adjusted in the accounts of the Public Works Division by debit to the account of the work if they have been purchased for specific works, or to the sub-head 'stock' of the major/minor head '259-Public Works Suspense' if they have been procured for stock purposes, with a contra credit to another sub-head 'purchases' of the major/minor head '259-Public Works-Suspense'.

3. The sub-head 'Purchases' is debited when payment of the cost of stores is actually made. The sub-head 'Stock' is credited when the stores are issued for utilisation on a work or issued to another Public Works Division again for stock purposes. The debits under the two sub-heads 'Purchases' and 'Stocks' do not get netted with the credits under these heads as the latter are exhibited in the budget as recoveries below the line. Budgeting under these two sub-heads is thus done on a gross basis. The debits and credits under these sub-heads get multiplied, depending on the number of times a particular stock item gets transferred from one Division to another. All this has made accurate budgeting in respect of these two Suspense sub-heads a very difficult exercise and led to large variation for the same.

4. After a careful consideration of the various issues involved in consultation with the Comptroller and Auditor General of India, the Controller General of Accounts and the Budget Division of the Ministry of Finance, the following revised procedure is prescribed will effect from the financial year 1982-83:—

- (1) The operation of the sub-head 'Purchase' under the minor head 'Suspense' of the major head '259-Public Works' shall be dispensed with. Instead the cost of stores not paid for in the same month in which they were received shall be accounted through a new suspense minor head 'Material Purchase Settlement Suspense Account' in the Public Account of India under the major

head '858-Suspense Accounts'. This suspense minor head will be cleared when supplies received are actually paid for.

- (2) While placing indents on the Central Stores Divisions/ other Divisions, the Divisions of the CPWD requiring the stores shall indicate prominently on the indent *itself*, whether the stores indented for are required for *specific Works* or for *stock purchases*.
- (3) In the accounts of the Divisions issuing the stores, the cost of the stores supplied by it to a Division indenting for it shall be debited to the suspense head 'Cash Settlement Suspense Account' under the major head '858-Suspense Accounts', by:
 - (a) credit to the head '259-Public Works—Suspense—stock', if the stores supplied had been indented for utilisation on specific works; and
 - (b) minus debit to the aforesaid suspense head, if stores supplied had been indented for stock purposes.

The suspense head 'Cash Settlement Suspense Account' will be cleared when payment for the cost of stores supplied is actually received from the indenting Division.

- (4) In the accounts of the Division receiveing the stores, the cost of stores shall be debited to the account of the work or the head '259-Public Works-Suspense Stock' depending upon whether stores have been acquired for works/stock purposes, with a per contra credit to the head '858-Suspense Accounts—Material Purchase Settlement Suspense Account' if the stores received have not been paid for in the same month. The latter head will be cleared when cost of stores is actually paid to the Division supplying the stores.

5. Unclaimed balances for more than three complete account years under the suspense sub-head 'Material Purchase Settlement Suspense Account' would be credited to revenue as hither to was being done in respect of the balances remaining outstanding for more than 3 years under the suspense sub-head 'Purchases' as per provisions of the CPWA Code.

6. With a view to avoid budgeting difficulties on account of the adoption of the new system of Stores Accounting as stated above, it has been decided that the Central Stores Division will prepare their budget on the basis of their requirements as at present. The working Divisions will, however, prepare their budget for stock in two parts viz. (i) direct purchases, and (ii) by indenting on Stores Divisions. Provisions for stock under category (iii) by the Working Divisions will then be reduced from the provisions of Stores made by the Central Stores Divisions at Zonal levels. In respect of such provisions made by the Working Divisions not falling under the same Zonal Chief Engineer, under which the Central Stores Division from which the stock is intended to be procured falls, such provisions will be worked out by the concerned Zonal Chief Engineer on the basis of the data received by them and intimated to the Zonal Chief Engineers concerned under whose jurisdiction the Central Stores Division from which the Stores are to be produced falls for carrying out the necessary adjustments as stated above.

7. This procedure shall come into effect from the financial year 1982-83. Since the budget estimates for the year 1982-83 have already been finalised, these should be revised in the light of the instructions contained in para 6 above at R.E. stage.

8. The balances remaining outstanding upto the close of the financial year 1981-82 under the Suspense sub-head 'Purchases' of the major head '259-Public Works' shall be transferred to the Suspense minor-head 'Material Purchase Settlement Suspense Account' now proposed to be opened under the major head '858-Suspense Accounts', on a *proforma* basis after the amount outstanding for more than three years under suspense sub-head 'Purchases' have been sorted out and credited to revenue.

9. Formal amendment to the CPWA Code will be issued separately in due course.

APPENDIX XII

MINISTRY OF DEFENCE

Grant No. 21—Defence Services—Army

Voted	Rupees
Original Grant	21,58,34,67,000
Supplementary Grant	1,01,96,52,000
Total Sanctioned Grant	22,60,31,19,000
Actual Expenditure	23,06,27,01,358
Excess Expenditure	45,95,82,358

2. The original grant of Rs. 2158,34,67,000 under the Voted portion was augmented by obtaining a Supplementary Grant amounting to Rs. 101,96,52,000 in March, 1981. The actual expenditure during the year, however, amounted to Rs. 2306,27,01,358 resulting in an uncovered excess of Rs. 45,95,82,358.

3. The excess of Rs. 45,95,82,358 was the net result of excess/savings under the various sub-heads in the Grant and was mainly attributable to the excess of Rs. 107.05 crores under the Sub-head 'A 6—Ordnance Factories'.

The original Budget contained a provision of Rs. 458.90 crores under the sub-head 'A.6—Ordnance Factories'. While obtaining the Supplementary Grant in March, 1981 the requirement under this sub-head was estimated at Rs. 546.23 crores i.e. an increase of Rs. 87.33 crores over the original provision. However, savings under other sub-heads amounting to Rs. 65.61 crores were expected to be available, of which Rs. 38.83 crores were proposed to be reappropriated to this sub-head. Hence the Supplementary Grant was restricted to Rs. 48.50 crores. However the actual expenditure under the sub-head amounted to Rs. 614.45 crores i.e. an increase of Rs. 68.22 crores over the Revised estimates. This increase was mainly under the item 'Purchase of materials' and was due to larger purchases for

achieving higher levels of production, heavy carry-over payments, larger receipts of supplies than anticipated and larger booking of expending under Central Purchases towards the end of the year.

5. In pursuance of the recommendations contained in para 2.31 of the 57th Report of the PAC (7th Lok Sabha) on the excess over voted grants and charged appropriations (1979-80) the Works Study Group in the Ministry of Defence has since conducted a detailed study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget. A copy of the Report submitted by the Works Study Group has been sent to the Lok Sabha Secretariat along with the Action Taken Note on the PAC's recommendations contained in para 2.31 of their 57th Report (Seventh Lok Sabha). It is expected that with the implementation of the measures suggested by the Work Study Group there would be improvement in the existing system and cases of large variations between the sanctioned grant and actual expenditure would be substantially minimised if not altogether eliminated.

6. The above excess was offset, to some extent, by savings under other sub-heads, leaving a net excess of Rs. 45,95,82,358 requiring regularisation.

7. In the circumstances explained above, the excess of Rs. 45,95,82,358 which was only about 2% of the total sanctioned grant may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the Constitution.

DADS has seen.

APPENDIX XIII

MINISTRY OF DEFENCE

Grant No. 22—Defence Services—Navy

Voted	Rupees
Original Grant	216,54,60,000
Supplementary Grant	17,99,90,000
Total Sanctioned Grant	234,54,50,000
Actual Expenditure	240,51,04,577
Excess	5,96,54,577

2. The Original Grant of Rs. 216,54,60 (thousands) under 'Voted' portion was augmented by obtaining Supplementary Grant of Rs. 17,99,90 (thousands) in March 1981. The actual expenditure during the year however, amounted to Rs. 240,51,04,577 resulting in an uncovered excess of Rs. 5,96,54,577.

3. The excess of Rs 5,96,54,577 was the net result of excesses/savings under various Sub-heads in the Grant and was attributable to excess under the following sub-heads of the Grant:

A-1—Pay & Allowances of Navy	Rs. 129.79 lakhs
A-5—Stores	Rs. 326.27 „
A-7—Other Expenditure	Rs. 172.47 „

4. A—1—Pay & Allowances of Navy (Rs. 129.79 lakhs)

The original provision under Sub-head A—1—Pay and Allowances of Navy was Rs. 750.00 lakhs. This was augmented by Rs. 139.00 lakhs by taking a supplementary grant in March 1981. The actual expenditure however, amounted to Rs. 4018.13 lakhs resulting in excess of Rs. 129.79 lakhs. The excess was due to the payment of one additional instalment of Dearness Allowance w.e.f. 1st September, 1980, sanctioned after submission of the revised estimates and also due to higher per capita rates than anticipated at the Revised Estimates stage.

5. A—5—Stores (Rs. 326.27 lakhs)

The excess was due to (i) larger receipt of supplies of Naval stores, spare parts and machinery for dockyards than anticipated earlier, (ii) increase in payments under 'Customs Duty' because of more supplies having materialised than anticipated, (iii) misclassification of expenditure under 'clothing stores' and (iv) increased expenditure on POL on account of certain unscheduled exercises, partly offset by saving under (a) 'Aircraft' due to non-conclusion of contracts, (b) 'Gun mounting Stores' due to non-utilisation of funds earmarked for conversion of certain type of guns to Naval version and (c) 'Aviation Stores' due to cancellation of certain orders and non-receipt of claims for stores through Air Force. The details in regard to the misclassification of expenditure under 'clothing stores' are being looked into.

6. A—7—Other Expenditure (Rs. 172.47 lakhs)

The original provision under this head was Rs. 1707 lakhs, which was augmented by taking a supplementary grant of Rs. 59 lakhs in March, 1981. Against this, the actual expenditure under this head was Rs. 1938.47 lakhs resulting in an excess of Rs. 172.47 lakhs. The excess expenditure was mainly due to (a) more expenditure on deputation/training in a foreign country (b) larger supplies through DGS&D than anticipated and (c) additional payments to a foreign country for repairs and refits of ships.

7. The excess expenditure as indicated above was offset by savings to the extent of Rs. 1,46,04 lakhs under other sub-heads in the grant leaving a net excess of Rs. 5,96,54,577 requiring regularisation.

8. With a view to avoiding such excess expenditure in future, the Estimating Authorities have been advised to maintain and make proper use of a liability register and ensure that the estimates are framed on realistic basis. Besides, in pursuance of the recommendation of the PAC contained in para 2.31 of their 57th Report (7th Lok Sabha) the Works Study Group within the Ministry of Defence undertook a study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the Budget with a view to evolving a suitable procedure for containing expenditure within the sanctioned grant. The Study Group in its Report

have made a number of suggestions for improvement in the existing procedure so as to avoid incurring of expenditure in excess of sanctioned grants. A copy of the report submitted by the Study Group has since been submitted to the Lok Sabha Secretariat.

9. In the circumstances explained above the excess of Rs. 5,96,54,577 may kindly be recommended for regularisation by Parliament under Article 115(7)(b) of the Constitution.

D. A. D. S. has seen.

APPENDIX XIV

MINISTRY OF DEFENCE

Grant No. 23—Defence Services—Air Force

Voted	Rupees
Original Grant	866,48,20,000
Supplementary Grant	82,46,80,000
Total Sanctioned Grant	948,95,00,000
Actual Expenditure	952,01,12,952
Excess	3,06,12,952

2. The Original Grant of Rs. 866,48.20 lakhs under 'Voted' portion was augmented by obtaining a Supplementary Grant of Rs. 82, 46.80 lakhs in March, 1981. The actual expenditure during the year, however, amounted to Rs 952,01,12,952 resulting in an uncovered excess of Rs. 3,06, 12, 952.

3. The excess of Rs. 3,06,12,952 was the net result of excesses/savings under various sub-heads in the Grant and was mainly attributable to excess under the sub-head 'A—6—Works', and sub-head A—1—Pay and Allowances of Air Force.

The Original provision under sub-head 'A. 6—Works' was Rs. 3299.50 lakhs. This was augmented by taking a supplementary grant of Rs. 1 crore in March 1981 to meet increased expenditure on operation and maintenance of installations. The actual expenditure however, amounted to Rs. 4188.81 lakhs resulting in an excess of Rs. 789.31 lakhs.

4. (a) The main items under the sub-head A.6—Works which accounted for the excess expenditure and the reasons for the excesses are explained below.

- (i) Major Works (Rs. 82.94 lakhs)—due to accelerated progress of works, adjustments of Central Purchase Vouchers and increase in cost of Stores.

- (ii) Maintenance of Buildings, Communications etc. (Rs. 188.27 lakhs)—due to increase in cost of stores and payment of additional Dearness Allowance instalments to Work Charged staff.
- (iii) Maintenance and Operation—Installations (Rs. 276.96 lakhs)—due to increase in price of POL, water/electricity charges and payment of additional Dearness Allowance instalments to Work Charged staff.
- (iv) Departmental Charges on Works Services (Rs. 245.63 lakhs)—due to overall additional expenditure incurred on works on which such charges are leviable.

(b) The excess under sub-head A-1—Pay and Allowances of Air Force, (Rs. 106.69 lakhs) occurred due to late booking of certain local allowances of air men.

5. In order to avoid such excesses in future a closer watch is being maintained on the expenditure on a monthly basis. Suitable general instructions in this regard have also been issued in December, 1981 to all concerned authorities (copy enclosed).

6. The above excess was offset to the extent of about Rs. 589.87 lakhs by savings under other sub-heads in the Grant leaving a net excess of Rs. 306,12,952 requiring regularisation.

7. In the circumstances explained above, the excess of Rs. 3,06,12,952 which was only above 0.3% of the total sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115(1)(b) of the Constitution.

DADS has seen.

Copy of Instructions dated 9-12-1981, from the Ministry of Defence [D. (Budget)]

SUBJECT.—*Evolving a suitable machinery for a closer concurrent scrutiny of Defence expenditure.*

The Appropriation Accounts for the year 1979-80 (Defence Services) had revealed an excess of Rs. 62.06 crores under Grant No. 20—Defence Services—Army and an excess of Rs. 24.42 under Demand No 22—Defence Services—Air Force. Explanatory notes bringing out the circumstances leading to excess expenditure were prepared in consultation with the concerned estimating authorities/

administrative Sections in the Ministry of Defence and submitted to the Public Accounts Committee with a view to obtaining Parliament's approval to the regularisation of excess expenditure. The Public Accounts Committee in their 57th Report (1981-82) (7th Lok Sabha) have made certain observations/recommendations about the excesses which had occurred under these Grants. In para 2.32 thereof, the Public Accounts Committee have observed that for a closer concurrent scrutiny of the expenditure of the Defence Ministry, a suitable machinery should be evolved.

2. The need for taking effective steps to avoid expenditure in excess of sanctioned grants and for conducting periodical review of the progress of expenditure had been stressed in the instructions issued from time to time to the various estimating/controlling authorities. A reference is invited in this connection to Ministry of Defence u.o. No. F. 11(3)/78-D (Budget) dated 17-7-1978 and I.D. No. 13(3)/81-D (Budget) dated 30-4-1981. In pursuance of the recommendation made by the Committee, in para 2.32 of their 57th Report the existing arrangements for the monitoring and control of Defence expenditure have been reviewed and the matter was also discussed in a meeting taken by Director (B & FP) on 6-11-1981 which was attended by representatives from the Ministry of Defence, Ministry of Finance (Defence), Services Headquarters, R & D Organisation and CGDA.

It appears that there is no inherent defect or shortcoming in the existing system which provides for adequate arrangements for the monitoring and control of Defence expenditure with reference to budget grants. The problem basically relates to effective implementation of the existing procedure by keeping a close and constant watch on the trend of expenditure with reference to budget grants. For this purpose it is necessary for the User Services/Departments to make the maximum use of the feed back information received from Accounts and other sources to ensure that the requirements of funds are assessed on a realistic basis and the expenditure is contained within the budget grants. Some of the important aspects which need particular attention are indicated below:—

- (i) A 'Liability Register' should be maintained, as provided in the existing rules and proper use made thereof for formulating budget proposals;
- (ii) timely reconciliation should be made between the figures of expenditure booked by the Controllers of Defence Accounts and that available departmentally so that the

budget estimates are framed on the basis of a more realistic assessment of the trend of expenditure;

- (iii) figures of expenditure which is likely to be booked in the closing months may be estimated after taking into consideration the amount booked for the corresponding period during the last two/three years and all other known factors; and
- (iv) it should be ensured that the expenditure under the head 'Local Purchases' is kept under constant review to avoid any excess over the budget provision. There has been excess expenditure on this account in the past few years, particularly in the case of Ordnance Factories. It is, therefore, necessary that this area is more effectively monitored and controlled with a view to avoiding repetition of past budgetary overruns.

3. The estimating/controlling authorities concerned with the Defence expenditure are, therefore, requested to keep the position indicated in the preceding para in view while formulating budget proposals/estimates and reviewing the progress of expenditure vis-a-vis sanctioned budget grants. They are also requested to ensure that the instructions issued from time to time for achieving effective control over expenditure are followed strictly by all concerned.

APPENDIX XV

MINISTRY OF DEFENCE

Grant No. 24—Defence Services—Pensions

Voted	Rupees
Original Grant	2,28,51,78,000
Supplementary Grant	34,67,87,000
Total Sanctioned Grant	263,19,65,000
Actual Expenditure	2,66,87,73,901
Excess	3,68,08,901

The Original Grant of Rs. 228.52 crores was augmented to Rs. 263.20 crores by obtaining a Supplementary Grant of Rs. 34.68 crores in March, 1981. The actual expenditure, however, amounted to Rs. 266.88 crores resulting in an excess of Rs. 3.68 crores over the Sanctioned Grant.

2. Estimates of pension payments are consolidated by Controller of Defence Accounts (Pensions) taking into account, *inter-alia*, the progress of expenditure and other relevant information including adjustments likely to be made after the close of the year as provided by the pension disbursing offices. The disbursing authorities, numbering over a thousand, include State treasuries, P&T Department, banks and the pension payment offices of the Defence Account Department. The adjustments during the year 1980-81 turned out to be much more than in earlier years. Between Preliminary Actuals and the Final Actuals, the adjustments were of the order of Rs. 79.39 crores in 1980-81 as against Rs. 48.74 crores in 1978-79 and Rs. 67.42 crores in 1979-80.

3. By its very nature, the expenditure on pensions, including the commutations sought by the pensioners, is not amenable to precise estimates. Pensions drawn in arrears often upset the estimates. While every effort is made to frame the estimates in as realistic a manner as possible, for the reasons mentioned above, including the

trends of adjustment after the close of the year, it is not possible to altogether eliminate some savings or excesses in a Grant like this. In the case of 1980-81, the excess expenditure was a little over 1 per cent only of the sanctioned Grant.

4. The various paying authorities have however been asked to advise bookings promptly so that adjustments after the close of the year are minimised to the extent possible. A copy of the instructions issued in this regard is enclosed.

5. In the circumstances explained above it is requested that the excess of Rs. 3,68,08,901 over the sanctioned Grant may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution.

DADS has seen.

[COPY]

No. A/

Office, of the C.D.A. (Pensions)

Allahabad, dated /Feb., 1980.

To

The Finance Secretary,
.....Government
.....

SUBJECT:—*Non submission of Treasury Accounts in respect of payments made to Defence Pensioners within the prescribed time.*

Sir,

I am directed to bring to your notice that the accounts in respect of payments made to Defence pensioners are not being received within the stipulated time from some of the Treasuries functioning under your control. I am enclosing the names of the Treasury officers of your state who have not submitted the pension accounts for the last few months, with particulars of the month's accounts which are still awaited *vide* Annexure 'A' to this letter.

2. It will be appreciated that timely submission of the accounts is vital for reimbursement of the expenditure to the State Govt., for which claims are preferred by the Accountants Generals. This in turn

has a bearing on the ways and means of the state Govt. as also on budgetary control by this office. Above all, delayed submission or non-submission of accounts is fraught with the risk of irregular payments (or embezzlement of public funds) not being detected in time.

3. I am directed to request that suitable instructions may be issued to all the treasuries to comply with the instructions contained in note 3 below Article 159 of Account Code, Vol. IV issued by the Comptroller and Auditor General of India. Instructions may also be issued to the Trys. listed in Annexure 'A' to submit immediately the wanting accounts.

Yours faithfully,

Sd/-

(B. D. SINGH)

Joint Controller of Defence Accounts

(Pensions)

Statement showing booking of expenditure under Major Head 272—Defence Services
Pensions during the period from April, 1979 to December, 1979

[illegible]

APPENDIX XVI

Grant No. 17—Posts and Telegraphs—Working Expenses

Revenue Section (<i>Voted</i>)	Rupees
Original Grant	8,26,04,54,000
Supplementary Grant	39,55,00,00,00
Total Sanctioned Grant	8,65,59,54,000
Actual Expenditure	8,85,09,20,591
Excess	19,49,66,59

The Original Grant of Rs. 8,26,04,54,000 was augmented to Rs. 8,65,59,54,000 by obtaining a Supplementary Grant of Rs. 39,55,00,000 in December, 1980.

2. The excess of Rs. 19.50 crores occurred mainly due to the following:—

(a) Dearness Allowance	Rs. 42.1 crores
(b) Office Expenses	Rs. 4.70 crores
(c) Material and Supplies	Rs. 6.99 crores
(d) Payments to Railways	Rs. 2.83 crores
(e) Maintenance of Postal Buildings	Rs. 1.26 crores
TOTAL	Rs. 20.19 crores

Dearness Allowance

During the year 1980-81, four more A.D.A. instalments with effect from 1-2-1980, 1-5-1980, 1-7-1980 and 1-9-1980 were sanctioned. A supplementary Grant amounting to Rs. 18.20 crores only was obtained for this purpose on the expectation that some savings would become available within the Grant to meet the additional expenditure. This expectation did not fully materialise, resulting in the actual expenditure exceeding the estimates.

Office Expenses

The increase under this head occurred due to opening and up-gradation of more Post Offices and new Postal Divisions which necessitated more expenditure on purchase of furniture and other essential items of office use. These activities being spread over far-flung areas, the progress of expenditure could not be monitored accurately.

Material and Supplies

The excess was mainly due to adjustment of larger debits than anticipated for stores purchased through the D.G.S. & D. in earlier years, some of the supplies, which were expected in 1981-82 also materialised during 1980-81.

Payments to Railways

Orders relating to the revision of haulage charges payable to Railways were issued in March, 1981 with retrospective effect from 1-4-1976. The settlement of some arrear bills by circles arising out of this revision, during 1980-81 itself, resulted in excess expenditure.

Maintenance of Postal Buildings

The maintenance works for the dilapidated Postal buildings, execution of which had been postponed in previous years due to non-availability of sufficient material, were carried out during the year on supplies of requisite materials materialising towards the closing months of the year. This, coupled with escalation in the cost of labour and material, resulted in excess expenditure under this head.

3. The total gross excess of Rs. 20.19 crores was covered to the extent of Rs. 0.69 crore by savings under other heads, leaving the uncovered amount of Rs. 19.50 crores. In the circumstances mentioned above, the net excess of Rs. 19,49,66,591 may kindly be recommended for regularisation by Parliament under Article 115(1) (b) of the constitution of India.

4. This note has been vetted by Audit.

APPENDIX XVII

MINISTRY OF RAILWAYS

(Railway Board)

1.1 During the year 1980-81, there was an overall saving of Rs. 1.18 crores over the final grants and an appropriation resulting from an aggregating saving of Rs. 248.40 crores under 5 grants (No. 1, 2, 8, 14 and 15) and 12 appropriations (No. 3, 4, 5, 6, 7, 8; 9; 10; 11, 12, 13 and 16) and aggregate excess of Rs. 247.22 crores under 11 grants (No. 3, 4, 5, 6, 7, 9, 10; 11; 12, 13 and 16). [Reference paras 6.2, 6.4 and 6.5 of the report of the Comptroller and Auditor General of India for the year 1980-81—Union Government (Railways) and para 24—Excess over voted grants—para 25—Saving under voted grants—and para 26—Saving under Appropriation—of the Appropriation Accounts of the Railways in India for the year 1980-81—Part I—Review].

1.2 The excesses under 11 Grants are explained as under:—

(i) Grant No. 3—*Working Excesses—General Superintendence and Services*

	Voted Rs.
Original Grant	1,35,80,17,000
Supplementary Grant	4,15,17,000
Total sanctioned Grant	1,39,95,88,000
Actual Expenditure	1,42,02,30,745
Excess	2,06,42,745
Percentage of excess over the final grant	1.47%

A Grant of Rs. 135.80 crores was obtained in the Budget. A supplementary grant of Rs. 4.16 crores was obtained for upward revision in the rate of dearness allowance sanctioned up to September, 1980 and other miscellaneous causes.

The excess of Rs. 2.06 crores occurred mainly due to more expenditure under other expenses (Rs. 0.75 crore), more payment of dearness allowance (Rs. 0.62 crore), contingent expenses (Rs. 0.56 crore) and aggregate of variations under other heads (Rs. 0.13

crore). Of the total excess the largest excess—Rs. 0.69 crore occurred on Central Railway on account of additional dearness allowance, contingent expenses and other expenses.

There was a misclassification of Rs. 26,456 on account of expenditure relating to other grants, but wrongly booked under this grant. Taking into account the effect of misclassification, the real excess requiring regularisation by the Parliament works out to Rs. 2,06,16,289. The amount of misclassification being small, there is no change in the percentage of excesses shown above.

(ii) Grant No. 4—*Working Expenses—Repairs and Maintenance of Permanent way and works.*

	Voted Rs.
Original Grant	2,33,04,50,000
Supplementary Grant	8,14,78,000
Total sanctioned Grant	2,41,19,28,000
Actual Expenditure	2,44,88,33,833
Excess	3,69,05,833
Percentage of excess over the final grant	1.53%

Grant of Rs. 233.04 crores was obtained in the Budget. A supplementary grant of Rs. 8.15 crores was obtained for improvement in the rate of casual labour and revision in the rate of dearness allowance.

The excess of Rs. 3.69 crores occurred mainly due to more expenditure towards cost of materials (Rs. 1.10 crores), more contractual payments (Rs. 1.10 crores), more payment of salaries and wages (Rs. 0.57 crore) and casual labour (Rs. 0.19 crore), the remaining excess (Rs. 0.73 crore) being aggregate of variations under other heads. Of the total excess, the largest excess—Rs. 1.76 crores occurred on the Northern Railway on account of contractual payments, salaries and wages and cost of materials.

The net effect of misclassifications was Rs. 14,63,988 on account of expenditure relating to other grants wrongly booked under this grant or *vice versa*. Taking into account the effect of misclassifications, the real excess requiring regularisation by Parliament works out to Rs. 3,54,41,845 i.e. 1.46 per cent over the final grant.

(iii) Grant No. 5—Working Expenses—Repairs and Maintenance of Motive Power.

	Voted Rs.
Original Grant	2,08,65,97,000
Supplementary Grant	2,52,74,000
Total sanctioned Grant	2,11,18,71,000
Actual Expenditure	2,16,32,88,527
Excess	5,14,17,527
Percentage of excess over the final grant	2.43%

A Grant of Rs. 208.66 crores was obtained in the Budget. A supplementary grant of Rs. 2.53 crores was obtained for adjustment of wages/materials on periodical overhauls and upward revision in the rates of dearness allowance etc.

The excess of Rs. 5.14 crores occurred mainly due to more expenditure under other expenses which *inter-alia*, include expenditure for periodical overhaul (POH) etc. (Rs. 2.98 crores) and towards cost of materials (Rs. 2.07 crores) and aggregate of variations under other heads (Rs. 0.09 crore). Of the total excess, the excess of Rs. 2.60 crores occurred on Northern Railway on account of cost of material and other expenses and Rs. 1.45 crores on South Eastern Railway mainly on account of cost of material.

The net effect of misclassifications was Rs. 17,59,537 on account of expenditure relating to other grants but wrongly booked under this grant of *vice versa*. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament works out to Rs. 4,96,57,930 i.e. 2.35 per cent over the final grant.

(iv) Grant No. 6—Working Expenses—Repairs and Maintenance of Carriages and Wagons.

	Voted Rs.
Original Grant	2,57,21,30,000
Supplementary Grant	1,79,57,000
Total Sanctioned Grant	2,59,00,87,000
Actual Expenditure	2,69,00,25,305
Excess	9,99,38,305
Percentage of excess over the final grant	3.86%

A Grant of Rs. 257.21 crores was obtained in the Budget. A supplementary grant of Rs. 1.80 crores was obtained for payment of dearness allowance etc.

The excess of Rs. 9.99 crores was mainly due to more expenditure towards cost of materials (Rs. 5.73 crores), under other expenses which includes adjustment of debits on account of periodical overhaul and other repairs, from Railway Workshops (Rs. 3.68 crores) and aggregate of variations under other heads (Rs. 0.53 crore). Of the total excess, the largest excesses occurred on South Eastern Railway (Rs. 2.74 crores) on account of cost of material and other expenses and Central Railway (Rs. 3.08 crores) also on account of increase in cost of material resulting from price escalation.

There were misclassifications for Rs. 4,41,222 on account of expenditure relating to this grant but wrongly booked under other grants. Thus taking into account the effect of misclassification the real excess requiring regularisation by Parliament works out to Rs. 10,03,79,527 i.e. 3.87 per cent over the final grant.

(v) *Grant No. 7—Working Expenses—Repairs and Maintenance of Plant and Equipment.*

	Voted Rs.
Original Grant	1,24,73,89,000
Supplementary Grant	3,94,64,000
Total Sanctioned Grant	1,28,68,53,000
Actual Expenditure	1,34,43,51,131
Excess	5,74,98,131
Percentage of excess over the final grant	4.47%

A Grant of Rs. 124.74 crores was obtained in the Budget. A Supplementary grant of Rs. 395 crores was obtained for increase in the cost of materials and upward revision in the rates of dearness allowance etc.

The excess of Rs. 5.75 crores was mainly due to more expenditure towards cost of materials (Rs. 3.19 crores), more expenditure under other expenses including adjustment of wages and material on periodical overhaul (Rs. 2.13 crores) and aggregate of variations under other heads (Rs. 0.43 crore). Of the total excess, the largest excess—Rs. 1.73 crores related to Central Railway on account of cost of material and other expenses.

There was a net effect of misclassifications to the extent of Rs. 2,10,753 on account of expenditure relating to this grant, but wrongly booked under other grant or *vice versa*. Thus taking into account the effect of misclassifications, the real excess requiring regularisation by Parliament works out to Rs. 5,77,98,834 i.e. 4.48 per cent.

(vi) Grant No. 9—*Working Expenses—Operating Expenses—Traffic.*

	Voted Rs.
Original Grant	2,75,80,28,000
Supplementary Grant	7,50,03,000
Total Sanctioned Grant	2,83,30,31,000
Actual Expenditure	2,89,87,91,855
Excess	6,57,60,855
Percentage of excess over the final grant	2.32%

A Grant of Rs. 275.80 crores was obtained in the Budget. A supplementary grant of Rs. 7.50 crores was obtained for upward revision in the rates of dearness allowance and increase in cost of materials etc.

The excess of Rs. 6.58 crores occurred mainly due to more expenditure under other expenses (Rs. 2.01 crores), more payment of other allowances (Rs. 1.46 crores), contingent expenses (Rs. 1.19 crores), more contractual payments (Rs. 0.94 crore), cost of material (Rs. 0.69 crore) and aggregate of variations under other heads (Rs. 0.29 crore). Of the total excess the largest excess—Rs. 1.96 crores occurred on Central Railway on account of contingent expenses (Rs. 0.59 crore), cost of material (Rs. 0.72 crore) and other expenses (Rs. 0.44 crore).

There was no misclassification under this grant and the excess requiring regularisation by Parliament works out to Rs. 6,57,60,855 i.e. the same as disclosed in the Appropriation Accounts.

(vii) Grant No. 10—*Working Expenses—Operating—Expenses—Fuel.*

	Voted Rs.
Original Grant	4,64,87,21,000
Supplementary Grant	34,77,22,000
Total Sanctioned Grant	4,99,64,43,000
Actual Expenditure	5,09,81,60,524
Excess	10,17,17,524
Percentage of excess over the final grant	2.04%

A Grant of Rs. 464.87 crores was obtained in the Budget. A supplementary grant of Rs. 34.77 crores was obtained for more expenditure on fuel including increase in the cost of H.S.D. oil and increase in the rate of Electricity tariff etc.

The excess of Rs. 10.17 crores was mainly due to more expenditure towards cost of materials due to increase in prices (Rs. 5.84 crores), under other expenses (Rs. 4.79 crores), more contractual payments (Rs. 0.59 crore) and partly offset by saving under other allowances (Rs. 1.05 crores). Of the total excess, the largest excess—Rs. 4.72 crores occurred on Central Railway on account of cost of material and other expenses.

There were misclassifications for Rs. 6,35,840 on account of expenditure relating to this grant but wrongly booked under other grants. Thus, taking into account the effect of misclassifications the real excess requiring regularisation by Parliament works out to Rs. 10,23,53,364 i.e. 2.04 per cent.

(viii) Grant No. 11—*Working Expenses—Staff Welfare and Amenities.*

	Voted Rs.
Original Grant	91,85,96,000
Supplementary Grant	9,86,000
Total Sanctioned Grant	91,95,82,000
Actual Expenditure	95,61,39,395
Excess	3,65,57,395
Percentage of excess over final grant	3.98%

A Grant of Rs. 91.86 crores was obtained in the Budget. A supplementary grant of Rs. 0.10 crore was obtained for upward revision in the rate of dearness allowance and more provision required for medical health and welfare services etc.

The excess of Rs. 3.66 crores was mainly due to more contractual payments (Rs. 1.92 crores) cost of materials (Rs. 1.04 crores) and remaining excess (Rs. 0.70 crore) being under other heads. Of the total excess the largest excess of Rs. 1.08 crores occurred on Eastern Railway on account of cost of material and contractual payments.

There were misclassifications for Rs. 10,42,451 on account of expenditure relating to other grants but wrongly booked under this grant. Thus taking into account the effect of misclassifications, the real excess rerequiring regularisation by Parliament works out to Rs. 3,55,14,944 i.e. 3.86 per cent over the final grant.

(ix) Grant No. 12—*Miscellaneous Working Expenses*

	Voted Rs.
Original Grant	1,27,37,07,000
Supplementary Grant	5,70,92,000
Total Sanctioned Grant	1,33,07,99,000
Actual Expenditure	1,41,26,22,889
Excess	8,18,23,889
Percentage excess over final grant	6.15%

A Grant of Rs. 127.37 crores was obtained in the Budget. A supplementary grant of Rs. 5.71 crores was obtained on account of more provision required for missing coal wagons, upward revision in the rate of dearness allowance, adjustment of arrear debits from State Government for Order Police and under suspense and other heads.

The excess of Rs. 8.18 crores occurred mainly due to more adjustments under suspense (Rs. 4.21 crores), more expenditure under other expenses (Rs. 1.67 crores), more cost of materials (Rs. 1.54 crores), more dearness allowance (Rs. 0.53 crore) and aggregate of variations under other heads (Rs. 0.18 crore). The major excess under suspense (Rs. 4.21 crores) was due mainly to more liquidation of liabilities under Demands Payable (Rs. 2.06 crores) and fluctuation in adjustment of miscellaneous transactions (such as rents, taxes, incidental charges on imported stores etc.) passing through this head (Rs. 2.15 crores). Of the total excess, the largest excess occurred under Southern Railway under 'suspense' (Rs. 1.72 crores). This amount includes an adjustment under 'Demands Payable' (Rs. 1.29 crores) and was due to revenue liabilities to be discharged after 31st March, 1981 being adjusted in the 1980-81 accounts.

The net effect of misclassifications was Rs. 7,02,686 on account of expenditure booked under other grants instead of this grant or

vice versa. Thus taking into account the effect of misclassifications, the real excess requiring regularisation by Parliament works out to Rs. 8,25,26,575 i.e. 6.02 per cent over the final grant.

(x) Grant No. 13—*Provident Fund, Pension and other Retirement Benefits.*

	Voted Rs.
Original Grant	1,05,20,76,000
Supplementary Grant	6,52,17,000
Total Sanctioned Grant	1,11,72,93,000
Actual Expenditure	1,22,30,83,209
Excess	10,57,90,209
Percentage of excess over final grant	9.47%

A Grant of Rs. 105.21 crores was obtained in the Budget. A supplementary grant of Rs. 6.52 crores was obtained for more payment of Death-cum-Retirement Gratuity, Commuted Pension etc.

The excess of Rs. 10.58 crores was mainly due to receipt of more debits including arrear debits for superannuation and retiring pension (Rs 5.06 crores), received from Civil Accounts Offices and Banks, commuted pension (Rs. 4.56 crores), DCRG payments (Rs. 1.20 crores) and debits on account of family pension (Rs. 1.12 crores); partly offset by savings under other heads (Rs. 1.36 crores). Of the total excess, Rs. 2.82 crores related to Western Railway on account of debits for superannuation and retiring pension and Rs. 2.30 crores related to Central Railway on account of debits for commuted pension. Northeast Frontier and South Eastern Railways accounted for a major excess of 2.37 crores on account of receipt of more debits under superannuation pension. South Central also accounted for an excess of Rs. 1.20 crores on account of superannuation and commuted pensions.

There was no misclassification under this grant and the excess, requiring regularisation by Parliament works out to Rs. 10,57,90,209 i.e. the same as discussed in the Appropriation Accounts.

(xi) Grant No. 16—Assets-Acquisition, Construction and Replacement

	Voted Rs.
Original Grant	18,27,72,24,000
Supplementary Grant	1,31,26,94,000
Total Sanctioned Grant	19,58,99,18,000
Actual Expenditure	21,40,40,61,991
Excess	1,81,41,43,991
Percentage of excess over final grant	9.26%

A Grant of Rs. 1,827.72 crores was obtained in the Budget. A supplementary grant of Rs. 131.27 crores was obtained mainly under inventories i.e. Suspense Heads, Works, Electrification Project, MTPs etc.

The excess of Rs. 181.41 crores was mainly under the following plan heads:

- (1) *Stores suspense*: Excess of Rs. 81.12 crores was mainly due to purchase of more stores, and escalation in prices of stores, coal and HSD oil. The largest excess occurred on Eastern (Rs. 17.49 crores) followed by Western (Rs. 14.21 crores), South Eastern (Rs. 13.18 crores), Northern (Rs. 13.07 crores) and Southern (Rs. 7.87 crores) Railways.
- (2) *Manufacture Suspenses*: Excess of Rs. 27.13 crores was due to more out-turn and less clearance of items to final heads, and more payments (dearness allowance and other allowances) to shop labour and direct purchase of materials. The largest excess (Rs. 9.65 crores) occurred on Central Railway followed by Northern (Rs. 4.83 crores), Eastern (Rs. 4.25 crores) and Southern (Rs. 4.04 crores) Railways.
- (3) *Track Renewals*: Excess of Rs. 23.36 crores was due to more procurement of materials including imported rails at higher cost and accelerated progress of works. The largest excess occurred on Southern Railway (Rs. 5.32 crores).
- (4) *Miscellaneous advances* Excess of Rs. 12.95 crores under this plan head was due mainly to more issue of stores for manufacture operations and fabrication. The largest excess

was in the Diesel Locomotives Works (DLW) (Rs. 6.40 crores) followed by the South Eastern Railway (Rs. 1.70 crores).

- (5) *Rolling Stock*: Excess of Rs. 12.44 crores was due to procurement of more bulk order items such as rolling stocks and components arranged by the Railway Board under contracts concluded by them to meet the requirements of the Railways on replacement and Capital Account.

The net effect of misclassifications was Rs. 29,93,217 on account of expenditure relating to this grant, but wrongly booked under other grants or *vice versa*. Thus taking into account the effect of misclassifications, the real excess requiring regularisation by Parliament works out to Rs. 181,71,37,208 i.e. 9.27 per cent over the final grant.

2. In the circumstances explained above, the excess in the above grants may kindly be recommended for regularisation by Parliament under Article 115 of the Constitution of India.

3. It may be submitted that every care is taken.

(a) to assess the expenditure under various grants/appropriations as precisely as possible and (b) to obtain supplementary allotments, where necessary so that the excesses are avoided to the maximum extent possible.

4. This has been seen by Audit.

APPENDIX XVIII

(Vide paragraph 3.1 of the Report)

I. RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

During the year under review *viz.*, 1979-80, excess expenditure had occurred under 13 Voted Grants and 6 Charged Appropriations and aggregated to Rs. 148.86 crores, as against Rs. 82.42 crores and Rs. 42.28 crores respectively during the years 1977-78 and 1978-79. Only a year ago, the Committee had expressed satisfaction, over the declining trend in the aggregate amount of excess expenditure evidenced during the year 1978-79 and had hoped that every endeavour would be made by the Ministries/Departments to ensure that the position was not allowed to deteriorate once again. The Committee are, however, concerned to note that the position deteriorated so soon to a considerable extent. They are constrained to point out that the system of estimation of expenditure is faulty and year after year Parliament is being presented with a *fait accompli*.

In this connection the Committee are also constrained to point out that as against the total Grants to the tune of Rs. 21,831.33 crores voted in Parliament the Appropriation Accounts reveal savings to the extent of Rs. 1,918.49 crores, i.e. 8.8 per cent of the voted provision. The Appropriation Accounts (Civil) disclosed savings of Rs. 1,479.96 crores out of voted amount of Rs. 12,534.79 crores (i.e. 11.8 per cent) and savings of Rs. 1,711.16 crores out of Charged amount of Rs. 31,628.43 crores (i.e. 5.4 per cent). Thus total savings amounted to Rs. 3,191.12 crores out of total Voted and Charged amount of Rs. 44,163.22 crores (i.e. 7.2 per cent) of the sanctioned provision. Some of the vital sectors of the economy in which large scale savings have been reported in the Capital Section are Agriculture, Fisheries, Rural Development, Irrigation, Communication, Power Development, Medical and Public Health, Industry, Village and Small Industry, Textiles—Handloom and Handicrafts, Petroleum and Petrochemicals Industry, Chemicals and Fertilizer Industry, Roads, Ports, Light Houses and Shipping, Public Works, Housing and Urban Development etc. etc. The reasons for heavy shortfalls in expenditure, particularly in the rural sector need to be adequately explained to the Committee.

Such large scale savings are indicative of not only bad budgeting but also of the failure of the Department concerned to make full use of resources provided to them for the betterment of the people. Over-pitching of the estimates without corresponding efforts to utilise them gainfully deprives the other equally vital sectors of the economy of the much needed resources for development. Since Parliamentary Control over Governmental expenditure calls for financial discipline, the Committee would like Government once again to analyse in depth the reasons for this recurring phenomenon with a view to initiate timely remedial measures, whereby budget estimates are prepared more precisely and the actual expenditure is incurred/contained within the funds authorised by Parliament.

[Sl. No. 1—Appendix XII—(Para 2.5) of the 57th Report of the Public Accounts Committee (Seventh Lok Sabha)]

Action Taken

(i) Ministry of Finance (Department of Expenditure)

With the introduction of the Scheme of Integrated Financial Advisers, the responsibility of framing Budget Estimates on a realistic basis as also post-budget vigilant to ensure that there is neither considerable shortfalls in expenditure nor unforeseen excesses devolves on the Financial Advisers. The observations made by the Public Accounts Committee have, therefore, been circulated amongst Ministries/Departments/Financial Advisers for compliance. The Financial Advisers have also been advised to ensure that the prescribed rules and procedures and such other procedures as may be considered necessary are followed by the Ministries/Departments with which they are concerned for achieving effective control over expenditure. They have also been requested to send Action Taken Notes to the Public Accounts Committee explaining the reasons for heavy shortfalls in expenditure in the Sectors with which they are concerned. In this connection a copy of this Ministry's O.M. No. F.12 (4)—E (Coord) / 81 dated the 25th September, 1981 is enclosed. The observations of the Committee have also been brought to the notice of the Planning Commission who will be discussing and finalising in the next few months the annual Plan allocations for the Schemes/Projects of the Ministries|Departments etc. for the next year so that the Plan Budget is framed on a more realistic basis.

(Ministry of Finance, Department of Expenditure O.M. No. F. 12 (4)—
(Coord)/81 dated 3/6 November, 1981)

Copy of O. M. No. F. 12(4)-E (coord)| 81 dated 24 September, 1981 from The Ministry of Finance (Department of Expenditure) to all Ministries|Departments of the Government and all the Financial Adv.sers.

SUBJECT: *Excesses and short-falls in expenditure—57th Report of the Public Accounts Committee (Seventh Lok Sabha).*

The Public Accounts Committee (Seventh Lok Sabha) in their 57th Report have expressed concern over the increase in the aggregate amount of excess expenditure during the year 1979-80 as compared to 1978-79. The Committee have also expressed their unhappiness over large scale savings in the Capital section of certain grants and have observed that "over-pitching of the estimates without corresponding efforts to utilise them grainfully deprives the other equally vital sectors of the economy of the much needed, resources for development." The Committee have also stressed the need for preparation of Budget Estimates more precisely and of ensuring that actual expenditure is incurred within the funds authorised by Parliament. In this connection an extract of para 2.5 of their recommendation contained in the above Report is enclosed.*

2. The procedure for achieving effective control over expenditure is contained in Rules 65 to 68 of General Financial Rules, 1963 and the Government of India's decisions appearing thereunder. The Rules also prescribe the maintenance of various control registers for achieving the objective. Similarly, detailed guide lines already exist in Rules 50 to 53 ibid road with Appendix 3 thereof regarding the preparation of Budget Estimates. It has also been provided in Government of India's Decision (1) below Rule 7 of the delegation of Financial Powers Rules, 1978 that inclusion of lump-sum provision in the Budget in advance of pre-budget scrutiny should be avoided as far as possible as such as step is likely to pre-empt options and hamper the exercise of adequate scrutiny and control in planning, programming and implementation besides the likelihood of giving rise to avoidable savings later.

3. With the introduction of the Scheme of the Integrated Financial Advisers, the responsibility of framing Budget Estimates on a realistic basis as also post-budget vigilance to ensure that there is neither considerable short-falls in expenditure nor unforeseen excesses devolves on the Financial Advisers. For achieving this objective, the Financial Advisers may ensure that the prescribed rules and procedures and such other procedures as may be considered necessary are

*Reproduced in earlier part of the Report.

followed by the Ministries|Departments with which they are concerned.

4. Ministries|Departments|Financial Advisers are requested to note the observations made by the Public Accounts Committee for compliance. Financial Advisers are also requested to send Action Taken Notes to the Public Accounts Committee explaining the reasons for heavy short-fall in expenditure in the Sector with which they are concerned under intimation to this Ministry.

Hindi version of this O. M. will follow.

(ii) *Ministry of Defence:*

1. In so far as the Defence Services Estimates are concerned the Appropriation Accounts for 1979-80 reveal excess|savings under certain Grants as indicated below:—

SECTION IV—APPROPRIATION ACCOUNTS

12. *Summary of Appropriation Accounts for 1979-80.*

(in thousands of Rupees)

No. and Name of Grant.		Total Amount of Grant / Appropriation.	Expenditure	Excess	Saving
20—Defence Services—Army	Charged Voted	28 00 19,69,31,34	25,87 20,31,37,06	62,05,72	2,13
21—Defence Services—Navy	Charged Voted	1,50 2,12,59,00	5 2,06,86,94		1,45 5,72,06
22—Defence Services—Air Force	Charged Voted	2,00 8,32,44,70	1,10 8,56,86,38	24,41,68	90
23—Defence Services—Pensions	Charged Voted	80 1,92,41,28	19 1,91,99,93		61 41,35
Total expenditure met from Revenue.	Charged Voted	32,30 32,06,76,32	27,21 32,87,10,31	86,47,40	5,09 6,13,41
24—Capital outlay on Defence Services	Charged Voted	1,00,00 2,95,45,00	95,81 2,62,72,38		4,19 32,72,62
GRAND TOTAL	Charged Voted	1,32,30 35,02,21,32	1,23,02 35,49,82,69	86,47,40	9,28 38,86,03

2. As regards excess expenditure, from the figures given above, it would be seen that an excess of Rs. 62.06 crores occurred under Grant No. 20-Defence Services-Army and Rs. 24.42 crores under Grant No. 22-Defence Services-Air Force during the year 1979-80. Detailed explanatory notes indicating the reasons for these excesses and the remedial measures taken to avoid their recurrence in future were submitted to the PAC for regularisation of excess expenditure. The Committee's observations/recommendations with regard to these excesses are contained in Paragraphs 2.6, 2.26, 2.27, 2.30, 2.31 and 2.32 of their 57th Report (7th Lok Sabha) on Excesses over Voted Grants and Charged Appropriation (1979-80). 'Action Taken Notes' on paragraphs 2.6, 2.27, 2.30 and 2.32 have since been submitted to the Committee (Copies enclosed*). The observations/recommendations of the Committee in paragraph Nos. 2.26 and 2.31 are being examined and necessary 'Action Taken Notes' on them would be submitted to the Committee as soon as finalised.

3. The main savings under the Defence Services Estimate occurred under Grant No. 21—Defence Services—Navy (Rs. 5.72 crores—Voted) and Grant No. 24—Capital Outlay on Defence Services (Rs. 32.73 crores—Voted.) The sub-heads under which savings mainly occurred under these Grants and the reasons therefor are briefly as under:—

(a) *Grant No. 21—Defence Services—Navy (Rs. 5.72 crores).*

Under this Grant, savings occurred mainly under the following sub-heads:—

(i) *Sub-Head A.5—States (Rs. 2.80 crores)*

The saving was mainly due to lesser materialisation of supplies than anticipated, delay in payments and lesser drawal of provisions by establishments than anticipated.

(ii) *Sub-Head A.7—Other expenditure (Rs. 2.18 crores)*

The savings was mainly under Repairs and Refits, Telephone charges and other miscellaneous expenses due to delay in receipt of bills.

(b) *Grant No. 24—Capital Outlay on Defence Services*

(i) *Sub-Head A.1 (2)—Construction Works.*

A decrease of Rs. 5.00 crores at the Final Estimates stage was due to delay in supply of cement and steel. This

*Reproduced elsewhere in the Report.

decrease was partly off-set by excess of Rs. 1.05 crores in the Final Grant due to increase in cost of steel and accelerated progress of works.

(ii) *Sub-Head A.1(3) 'Stock Suspense'*

A provision of Rs. 255 lakhs was made at the Final Estimates stage due to adjustment of the cost of steel to this head instead of against individual Works Projects. There was saving of Rs. 24 lakhs in the Final Grant due to more credits than anticipated on account of issue of steel to Works Projects.

(iii) *Sub-Head A.1(4)—Ministry Farms.*

A decrease of Rs. 14 lakhs at the Final Estimates stage was due to low trend of actuals. A saving of Rs. 16 lakhs in the Final Grant was due to delay in procurement of plant and machinery.

(iv) *Sub-Head A.2(1)—Land.*

A decrease of Rs. 143 lakhs was due to lesser expenditure than anticipated.

(v) *Sub-Head A.2(2)—Construction Works.*

A decrease of Rs. 152 lakhs was due to slow progress of works.

(vi) *Sub-Head A.2(3)—Naval Fleet.*

A decrease of Rs. 13.96 crores at the Final Estimates stage was mainly due to slow progress in construction of ships by shipyards. There was a further saving of Rs. 1.45 crores in the Final Grant due to delay in certain payments for Naval Vessels.

(vii) *Sub-Head A.2(4)—Naval Dockyard.*

A decrease of Rs. 4.76 crores at the Final Estimates stage was due to delay in procurement of stores, non-conclusion of contracts and slow progress of works by contractors. There was a further saving of Rs. 1.16 crores in the Final Grant mainly due to non-receipt of Central Purchase Vouchers as well as some equipment from abroad.

(viii) *Sub-Head A.3(1)—Land.*

The decrease of Rs. 5 lakhs at the Final Estimates stage was due to slow progress in acquisition of land. The saving of Rs. 16 lakhs in the Final Grant was due to non-finalisation of some land acquisition cases.

(ix) *Sub-Head A.3(2)—Construction Works.*

The decrease of Rs. 283 lakhs at the Final Estimates stage was due to delay in issue of sanctions for some works and in release of works. There was, however, an excess of Rs. 153 lakhs in the Final Grant due to better progress of works than anticipated.

(x) *Sub-Head A.3(3)—Special projects.*

The decrease of Rs. 87 lakhs was due to slow progress of works.

(xi) *Sub-Head A.4(1)—Construction Works.*

A saving of Rs. 48 lakhs was due to slow progress of works and non-clearance of bills.

(xii) *Sub-Head A.4(2)—Machinery and Equipment.*

The saving of Rs. 238 lakhs in the Final Grant was mainly due to less expenditure on Customs Duty on imported machinery than anticipated and delay in procurement of certain machines.

(xiii) *Sub-Head 4(3)—Suspense.*

The decrease of Rs. 5 lakhs at the Final Estimates stage was due to low trend of actuals and saving of Rs. 62 lakhs in the Final Grant was due to lesser materialisation of supplies than anticipated.

(xiv) *Sub-Head A.5—R&D Organisation.*

An increase of Rs. 34 lakhs was due to good progress of work and sanction of more new works.

(xv) *Sub-Head A.6—Inspection Organisation.*

The decrease of Rs. 50 lakhs at the Final Estimates stage was due to delay in sanction/release of works, retreating in respect of certain works and slow progress

of works, and the saving of Rs. 38 lakhs in the Final Grant was due to delay in sanction/release of work and re-tendering in respect of certain contracts.

Instructions have been issued to all Controlling/Estimating Authorities concerned with the Defence Services Estimates to ensure that the estimates are framed on a realistic basis and a close watch is kept on the progress of expenditure so that large variations do not occur between the sanctioned Budget Provision and actual expenditure.

This has been seen by Audit.

[Ministry of Defence No. 11(30)/81/D (Budget)
dated 25 February, 1982]

(iii) *Ministry of Communications (P. & T. Board):*

The figures shown below indicate the savings that had occurred under Grant No. 18-Capital Outlay on Posts and Telegraphs during the year 1979-80.

Head	Sanctioned Grant.	Actual Expenditure.	Savings (—)
(1)	(2)	(3)	(4)
	(in lakhs)		
B—1 Telegraphs systems	1028.00	546.41	481.59
B—2 Local Telephone systems. . . .	18970.00	16450.99	2519.01
B—4 Transmission systems. . . .	11321.01	6514.00	4807.01
B—5 Ancillary systems. . . .	1502.00	489.92	1012.08
B—6 Other Land & buildings. . . .	1000.18	615.54	384.64
B—7 General	4196.58	3351.70	844.88

The above savings were off-set to the extent of Rs. 242.62 lakhs due to excess expenditure under B-3 Long Distance Switching system (42.61), A-1 Administrative Offices (19.54) and A-2 Post Offices (178.47). Further more, the bulk of the savings (6462.40) was foreseen at RE and Final Grant stages and surrendered before the end of the financial year.

The Department has analysed in depth the reasons for the above savings, the details of which are furnished in Appendix to this Note.

However the observations of the PAC have been taken note of for future guidance.

This issues with the approval of Member (F).

[Ministry of Communications (P&T Board)—OM No.6-2/82-CB
dated 26-3-82]

APPENDIX

Head	Sanctioned Grant	Actual expenditure	Savings	Reasons for Savings
(In lakhs of Rupees)				
1	2	3	4	5
B-1 Telegraph Systems	1028.004	546.41	481.59	Savings was due to short supply of Telegraph and Telex equipments from HTL.
B-2 Local Telephone Systems	18970.00	16450.99	2519.01	Savings was mainly for the following reasons: (i) Non-finalisation of acquisition of land due to imposition of Urban Land Ceiling Act- (246.55) (ii) Delay in construction of buildings due to difficulties in obtaining adequate and timely supplies of cement and steel (404.85) (iii) Less supplies of instruments by III (2120.36) The above savings was partially off set due to more receipt of Cables (167.70) and L&W Stores (85.05)
B-4 Transmission Systems	11321.01	6514.00	4807.01	Savings was due to less receipt of Micro-wave and UHF equipments and non-receipt of satellite equipments from abroad as a result of some constraints in import policy.
B-5 Ancillary Systems	1502.00	489.92	1012.08	Savings was due to— (i) Less receipt of TRC and Telecom. Factory Equipments from abroad and Less receipt of instruments from III (620.35) (ii) Less receipt of L&W Stores (29.68)

(iii) Delay in construction of buildings for want of adequate and timely supply of Steel & Cement (339.27)

(iv) Non-finalisation of acquisition of land due to imposition of Urban Land Ceiling Act (22.78)

B-6 Other Land and Buildings

1000.18

615.54

384.64

Savings was due to—

(i) Non Finalisation of acquisition of land due to imposition of Urban Land Ceiling Act (10.12) and

(ii) Delay in construction of buildings for want of adequate and timely supply of Steel and Cement (365.52)

B-7 General

4196.58

3351.70

844.88

(1) Stores Suspense Account (Rs. 6.74 Crores)

The saving was mainly due to less Import Purchases (18.48) Crores), less procurement of stores (3.80 Crores under General Stores and 0.60 Crores under Factory Stores) Less receipt of manufactured articles from Telecom. Factories (3.65 Crores in General Stores and 1.60 Crores in Factory Stores), more issues under Civil Engineering Stores (2.89 Crores) and less advance payments for Steel etc. For Civil Engineering Stores (0.63 Crores). The saving as mentioned above was further reduced by lesser issues to Capital Works from Stores (10.85 Crores), more material recovered from works (0.34 Crores) more purchases under Civil Engineering Stores (0.12 Crores), less issue of raw material to manufacture suspense (7.0 Crores) and more procurement under Civil Engineering Stores (6.60 Crores).

1	2	3	4	5

(2) *Manufacture Suspense (Rs. 1.71 Crores)*

The saving was due to less drawal of raw material (7.00 Crores) less on cost (0.54 Crores) partly off-set by more labour and lesser issues of manufactured articles from Telecom. Factories** Crores under General Stores and (1.60 Crores) under Factory Stores.

*Other Charges (0.56 Crores)

**3.67 crores.

(iv) Ministry of Energy (Department of Power)

The provision made in BE 1979-80 and savings against these in the Capital Budget are indicated below:—

(Rs. in crs.)			
	B.E. 79-80	Actuals	Vari- ations
Capital	393.74	343.99	(-)49.75
A broad item-wise break of this is indicated below:			
	B.E.	Actuals	varia- tion
1. N.P.C.C.	1.42	2.00 (+)	0.58
2. Badarpur Thermal Power Project	34.27	33.16 (-)	1.11
3. N.T.P.C.	167.75	162.28 (-)	5.47
4. Salal H.E. Project	29.98	25.11 (-)	4.87
5. Lower Lagy ap H.E. Project.	3.19	5.03 (+)	1.84
6. N.H.P.C.	95.50	..	(-)95.50
7. Load Despatching Centres	7.73	2.28 (-)	5.45
8. R.E.C.	20.00	82.00 (+)	62.00
9. N.H.P.C.	16.50	22.50 (+)	6.00
10. B.H.E.L. (Supply) ³	2.45	2.45	..
11. Inter-State Transmission Lines	14.50	7.07 (-)	7.43
12. Other Items	0.46	0.10 (-)	0.36

2. From the above details it will be seen that the single item which has contributed to the bulk of the saving is the provision made for N.H.P.C under S. No. 6.

This was an accounting provision for adjustment of the assets of the Salal Hydro Electric Project in the books of Government on its formal transfer to the National Hydro Electric Power Corporation. As the transfer could not be effected during the year pending completion of certain legal and Administrative formalities, the entire provision was rendered surplus. However, an amount of Rs. 62 crores

was re-appropriated for providing additional loan assistance to R.E.C. for which initially full budgetary provision was not made.

3. The significant savings under other heads are:—

- (i) Investment in N.T.P.C.
- (ii) Salal Hydro Electric Project.
- (iii) Load Despatching Stations.
- (iv) Inter-State Transmission Lines.

In case of NTPC and Salal Hydro Electric Project cuts of Rs. 5 crores and Rs. 5 crores respectively were effected as a measure of economy in pursuance of Cabinet directives. In the case of Load Despatching Stations, the saving was mainly due to economy measures (Rs. 5 crores) and slow progress of works executed by Central Public Works Department and delay in allotment of land by the Government of Karnataka. As regards Inter-State Transmission Lines, funds are released to the States on reimbursement basis after the Electricity Boards initially incur the expenditure. Since the progress of works on transmission Lines was slow owing to delay in availability of funds with the State Electricity Boards, Underakings and non-availability of key-in-puts such as steel for towers, aluminium fire conductors etc. the budget provision could not be utilised fully.

4. It will thus be seen that if the accounting provision of Rs. 95.50 crores is taken out, overall there was an excess of expenditure to the extent of Rs. 45.75 crores. While making re-appropriation for meeting this additional expenditure, approval of Parliament was obtained where necessary through supplementary. However, it may be mentioned that every effort is made to frame the Budget as realistically as possible and the various guidelines contained in GFRs in this regard are strictly followed.

[Ministry of Energy (Department of Power) O.M. No. G-20017/
21/81-Bud. dated 2 July, 1982]

(v) *Ministry of Petroleum, Chemicals and Fertilizers (Department of Chemicals and Fertilizers.)*

Instructions of the Committee have been noted for compliance.

2. The main objectives of the Department of Chemicals and Fertilizers are to plan, develop, regulate and control industries in

the field of Chemicals, Fertilizers, Drugs and Pharmaceuticals. This Department had, under the Capital Section a voted grant of Rs. 338.32 crores comprising Rs. 279.44 crores for plan and Rs. 58.88 crores for non-Plan expenditure for the year 1979-80 under Grant No. 71. A supplementary demand for Rs. 38.00 crores (Rs. 0.33 crores—Plan and Rs. 37.67 crores—non-plan) was obtained during the year for additional capital expenditures. This was mainly for Fertilizer Corporation of India Limited and National Fertilizers Limited in the fertilizer sector and Indian Drugs & Pharmaceuticals Limited, Bengal Chemicals & Pharmaceuticals Limited and Bengal Immunity Company Limited in the Drugs and Pharmaceuticals Sector.

3. Against this final Grant of Rs. 376.32 crores, actual expenditure was of the order of Rs. 370.85 crores leaving an un-spent balance of Rs. 5.47 crores which was surrendered. The funds surrendered account for only 1.45 per cent of the funds placed at the disposal of this Department and the percentage of unutilised funds is far below the over all percentage of savings i.e., 11.8 per cent disclosed by the Appropriation Accounts (Civil) as pointed out by the Committee. The savings under Plan were of the order of Rs. 5.16 crores; Actual surrender —5.18 crores, entirely in respect of Rashtriya Chemicals & Fertilizers Limited and were due mainly to delay in receipt of imported and indigenous plant and equipment for Trombay V Project and delay in implementation of Thal plants owing to delay in the final selection of consultants for Ammonia and Urea Plants. The delay in the execution of the civil works on account of non-availability of sand in the Bombay region due to strike, also retarded the pace of the utilisation of funds. These were not anticipated at the time of finalisation of the Revised Estimate. The savings under non-Plan of the Order of Rs. 0.31 crores related to the loans for setting up of Urea Fertilizer Project in Sri Lanka. This saving was due to receipt of less debits from the Bank for adjustment of payment made under the agreement for aid-assistance than anticipated. Thus it would be evident that the very small saving of Rs. 5.17 crores against the total budget provision of Rs. 376.32 crores was not such as could have been foreseen. Every endeavour will, however, be made to guard against even such an eventuality.

[Ministry of Petroleum, Chemicals & Fertilizers (Department of Chemicals & Fertilizers) O.M. No. 7(3) |81-Fin.(C&F) dated

2-11-1981]

*(vi) (a) Ministry of Supply and Rehabilitation***(DEPARTMENT OF SUPPLY)**

The Department of Supply is concerned with two demands, one dealing with the Secretariat proper and the other relating to DGS&D, CCAs Office and NTH (Plan and Non-Plan). In 1979-80 the final Grant under Demand No. 82 (Secretariat) was fixed at Rs. 24.65 lakhs against the sanctioned Budget Grant of Rs. 22.78 lakhs. The excess requirements of Rs. 1,87,000 in the Budget, which were met through a supplementary Grant were meant for meeting the additional requirements under D.A. As regards Demand No. 83—Supplies & Disposals, it is stated that the Final Grant for 1979-80 was also fixed at the same level as that of Budget Grant of Rs. 748.70 lakhs. The additional requirements under D.A. due to revision of rates under Non-Plans expenditure were met by appropriation of savings to the extent of Rs. 16.28 lakhs from Plan to Non-Plan with the approval of Secretary (Exp). The savings under Plan execution were due mainly to delay in the procurement of certain Equipment and Machinery for the Test Houses, contrary to anticipation.

The Director General, National Test House, Calcutta has been advised to devise a method for even distribution of funds throughout the year by planning the Purchase of Machinery/Equipment and placement of indents for the same, well in advance, so that the expenditure may be distributed evenly throughout the year.

[Ministry of Supply and Rehabilitation (Department of Supply—Integrated Finance Wing—O.M. No. G—17/20/81-FV dated 14 January, 1982.]

(vi) (b) Ministry of Supply and Rehabilitation (Department of Rehabilitation)

The Department of Rehabilitation is dealing with the work relating to the rehabilitation of displaced persons from former East Pakistan, Indian Nationals repatriated from other countries like Burma, Sri Lanka and displaced persons affected by Indo-Pak Conflict, 1971 through various Schemes. The Department is also in charge of the rehabilitation of Tibetan Refugees and residual problems connected with the refugees from former West Pakistan. The policies and programmes/Schemes for relief and rehabilitation of displaced persons etc. are drawn up in the Department and these schemes are implemented directly through various agencies for this purpose and through State and Union Territory Governments. The schemes implemented through State Governments are

financed through loans and Grants-in-aid.

2. This Department had a budget of Rs. 48.06 crores in 1979-80, against the over-all provision of Rs. 44,163.22 crores of the Government as a whole.

3. There was no excess expenditure over the total grant of this Department during 1979-80. However, there was a saving of Rs. 10.61 crores out of total grant of Rs. 48.06 crores during 1979-80.

Out of the total saving of Rs. 10.61 crores, a saving of Rs. 7.11 crores occurred in the schemes being implemented through State Governments and the balance of Rs. 3.50 crores under the schemes being implemented directly by this Department through various agencies.

These savings were mainly due to the delayed movement of displaced persons to rehabilitation sites in Rajasthan, lesser return of deserter families and lesser number of displaced persons at rehabilitation sites in Dandakaranya project, slow pace of progress of Potteru Irrigation Project being executed by Government of Orissa, non-evacuation of villagers from reservoir area of Malkangiri Dam Orissa by the State Government and inadequate availability of cement, steel, explosives etc. and also due to non-finalisation of certain Plantation Schemes for repatriates.

However, the position improved greatly in 1980-81 when there was a saving of Rs. 4.51 crores only against the total provision of Rs. 51.15 crores (including Supplementary Grant of Rs. 5.50 crores under Capital Charged) for that year.

4. It may be appreciated that the expenditure on rehabilitation schemes, which is dependent mainly on human factors cannot be estimated in advance with great accuracy. However, necessary steps are being taken to make the future budget estimates as realistic as possible.

[Ministry of Supply and Rehabilitation (Department of Rehabilitation) O.M. No. G-25015/4/81-Bud. dated 19 January, 1982]

(vii) (a) *Ministry of Rural Development*

The undersigned is directed to refer to para 2.5 (Recommendation No. 1) in Appendix XIII of the P.A.C. (1981-82) (Seventh .

Lok Sabha) on the above subject and to state that in so far as the Ministry of Rural Development is concerned, there were three schemes under which large scale savings have been reported in the Appropriation Accounts (Civil) (1979-80). These schemes are as under:

Grant No. 7—Department of Rural Development

- | | |
|---|------------------|
| (a) AA.1(1)—Investment in Debentures of land Development Bank | Rs. 717.00 lakhs |
| (b) BB.1(1)—Agricultural Marketing Laboratory | Rs. 9.73 lakhs |

Grant No. 60—Village and small Industries

- | | |
|--|------------------|
| (c) CC.2(1) (1) (1)—Development of Khadi | Rs. 100.00 lakhs |
|--|------------------|

The schemes at (a) and (c) above, have since been transferred from this Ministry to the Department of Agriculture and Co-operation and the Ministry of Industry (Department of Industrial Development) respectively and they have been requested to send the Action Taken Notes direct to the P.A.C. in respect of the scheme with which they are concerned.

2. Similarly, the scheme for 'Assistance to new assignees of land on imposition of ceiling on Agricultural holdings' under which there was a saving of Rs. 250.00 lakhs during 1979-80 and which was under the administrative control of the Department of Agriculture and Cooperation till 1979-80, has since been transferred to this Ministry. The Action Taken Notes in respect of this scheme will be furnished by this Ministry.

3. In view of the above, this Ministry is required to send the Action Taken Notes in respect of the following two schemes:

- | | |
|---|------------------|
| (i) Agricultural Marketing Laboratory | Rs. 9.73 lakhs |
| (ii) Assistance to new assignees of land on imposition of ceiling on agricultural holdings. | Rs. 250.00 lakhs |

The requisite information in regard to these two schemes has been called for from the concerned Sections in the Ministry and the same will be sent to the Lok Sabha Secretariat shortly.

[Ministry of Rural Development O.M. No. G-25011/17/81-R&A, dated 25 February, 1982.]

(vii) (b) *Ministry of Rural Development**F.F.2(1) (1)-Assistance to new assignees of land on imposition of ceiling on agricultural holdings*

A Central Sector Scheme for financial assistance to new assignees of ceiling surplus land was formulated in 1975 providing assistance @ Rs. 1000/- per hectare—(a) 50 per cent as short-term assistance (as outright grant) (b) 50 per cent as land development assistance (half grant and half loan). Land development assistance was available in respect of 50 per cent of the area for which short-term assistance was to be given. Assistance under this scheme was not available for allottees in areas where other central sector schemes were in vogue and those who had been allotted such lands prior to 1-1-75. The entire assistance for the scheme was given by the Central Government. For the financial year 1979-80 a total budget provision of Rs. 10 crores was made which included Rs. 2.5 crores as loan assistance. Consequent upon the decision taken by National Development Council on 24th February, 1979 that the cost of the scheme should be shared equally between Central and the State Governments from the financial year 1979-80, the scope and pattern of assistance of this scheme were revised in September, 1979. Under the revised pattern, the entire assistance of Rs. 1000/- per hectare has been given as grant to be shared equally between the Central and State Governments and it does not provide for any loan component. Hence the entire sum of Rs. 2.50 crores intended to meet the loan requirements during 1979-80 under the pre-revised scheme was surrendered.

The note has been vetted by Audit.

[Ministry of Rural Development O.M. No. G-25011/17/81-B&A, dated 28 August, 1982.]

(viii) *Department of Electronics*

Reference is invited to Para 2.5 (recommendation No. 1) in Appendix-III of the Public Accounts Committee (1981-82) (7th Lok Sabha)—57th Report regarding excesses over Voted Grants and charged appropriation. As desired by Ministry of Finance, Department of Expenditure in their O.M. No. F. 12(4) E(Coord.) Rs. 81 dated 25th Sept. 1981, the position of Grants No. 99 (1979-80) in respect of the Department of Electronics is as under.

2. Out of the total budget provision of Rs. 18.67 crores for the year 1979-80 the total expenditure was Rs. 13.95 crores. Thus, there was a saving of Rs. 4.72 crores. The reasons for savings are given in the Annexure.

3. A more realistic assessment of requirements as recommended by Public Accounts Committee has already been attempted by this Department. The comparative position of surrenders in the years 1978-79, 1979-80 & 1980-81 is given below, which will indicate that the short-fall in expenditure *vis-a-vis* original provision is being gradually made up. The percentage of savings has declined from 37.4 per cent savings of Rs. 306 lakhs Rs. 242 lakhs pertain to Semiconductor Complex Ltd. which could not utilise the provision, pending finalization of the terms of collaboration agreement. However, the recommendations of the Committee have been not for compliance.

(Rs. in lakhs)				% of savings to Budget Estimate
	Budget	Actuals	Savings	
1978-79	2459.57	1541.25	918.32	37.4
1979-80	1867.00	1394.73	472.27	25.3
1980-81	1784.09	1477.77	306.32	17.1

[Department of Electronics letter No. 6(7)/79-IFA dated 29 October, 1981.]

ANNEXURE

In the year 1979-80 against the total provision of Rs. 18.67 crores, the actual expenditure was 13.95 crores. The short fall in expenditure (Rs. 4.72) crores was primarily due to the following reasons:

Sl. No.	Programme	Reasons	Amount (Rs. in Lakhs)
---------	-----------	---------	-----------------------

- | | | |
|---|--|---|
| 1 | National Radar Council Project Programme | Post-budget decision was taken to fund an R&D Project under the National Radar Council (Rs. 27 Lakhs) on the basis of reimbursement of actual expenditure, instead of as grant-in-aid as originally contemplated. Further, a loan of Rs. 21 lakhs could not be released due to the fact that two projects could not be finally cleared during the year. |
|---|--|---|

Sl. No.	Programme	Reasons	Amount (Rs. in Lakhs)
2	Technology Development Council Project Programme	Savings was due to post-budget decision to fund an R&D Project by Loan instead of Grants-in-aid and also due to the release of funds kept in abeyance by DOE in respect of one Project pending acceptance of the pre-recommendations of the concerned Steering Committee by the executing agency.	28
3	National Centre for Software Development & Computing Techniques	Due to improvement in funds position of NCSDCT no revenue support was needed by the Centre.	11
4	Special Microwave Production Unit.	Non-release of funds pending final decision on the organisational form of Special Microwave Production Unit (now a part of TIFR).	46
5	Assistance to Computer Centres	Non-release of funds to Computer Centres due to Non-finalisation of decision on the mode of assistance.	75
6	Industrial Electronics Promotion Programme	Slow progress of the work on "Industrial Electronics Promotion Programme" due to setback in the manpower position of the grantee institution, CMPDT, Ranchi.	17
7 (a)	Standardisation Activities	Post Budget decision was taken to run the Regional Test Laboratory at Bombay as Projects of Department of Electronics instead of through the Department of Atomic Energy.	15
(b)	Standardisation Activities	Non-release of funds to Electronics Test and Development Centre at Delhi owing to Centres organisational & technological unpreparedness (Rs. 4 lakhs) and also due to less demands from State Governments for the Test and Development Centres (12 lakhs).	16
8 (a)	Defence Projects	Delay in placement of orders pending Technical evaluation of equipments and components.	47
(b)	Do.	Delay in delivery of material ordered for by Defence Project Cell of DOE.	56
9	Pilot Plant Evaluation Programme	Non-receipt of full debits from the Department of Atomic Energy executing Beryllium Metal & Alloy Plant and also due to Non-release of funds pending final decision for "Copper Alloy Formed Products Programme."	31
10		Less release to Computer Maintenance Corporation due to critical examination of fund position of the Company.	30
11		Due to non-filling up of vacant posts and enforcement of economy measures.	44
12		Miscellaneous	8
			472

(ix) (b) *Ministry of Industry (Department of Industrial Development)*

The Ministry of Industry, Department of Industrial Development is concerned with the following Sub-heads under Grant No. 60—Village & Small Industries where the Public Accounts Committee (PAC) has pointed out shortfalls in expenditure during 1979-80 in its 57th Report.

<i>Head</i>	<i>Provision</i> (in Rs. lakhs)	<i>Saving</i>
(d) D.1(2)(1)—Grants to State Governments for District Industries Centres	31,15.00	22,73.52
(c) DD.1(1)(1)—Loans to State Governments for District Industries Centres.	7,62.00	5,58.49
(d) D.D.2(1)(1)—Loans to State Governments for the scheme "Seed/Margin Money to entrepreneurs."	3,31.52	3,31.52

(b) and (c). As regards shortfalls in expenditure under Sub-head D. 1(2)(1)-Grants to State Governments for District Industries Centres and DD. 1(1)(1)—Loans to State Governments for District Industries Centres it may be stated in this connection that the District Industries Centres Scheme a Centrally sponsored scheme was initiated in May, 1978. In 1979-80 after the Budget was passed the provision was cut down by 50 per cent in view of the decision of the National Development Council that the District Industries Centres expenditure was to be shared between the Centre and the State Government on 50:50 basis. The saving in expenditure in the sub-heads mentioned above was due to an unanticipated change in the pattern of Central assistance for this programme at a time when the State budgets were already passed. Initially, it was agreed that the entire non-recurring expenditure upto Rs. 5 lakhs and 75 per cent of the recurring expenditure not exceeding Rs. 3.75 lakhs per annum per District Industries Centre would be borne by the Government of India. Subsequently, the National Development Council in March, 1979 decided that both in respect of non-recurring and recurring expenditure as well loan component, of the Scheme, the share of the Central Government should be limited to 50 per cent. Since the State

budgets were already passed, the State Governments had to get the provision under supplementary budget towards the year end. For the major part of the year, the State/UT Governments had to some-how run the programme drawing from contingencies and other funds. As such, the filling of vacant posts, expenditure on promotional schemes and loan were delayed. With the result that the overall expenditure for the year 1979-80 was much less than what was anticipated.

(d) Regarding saving in Sub-head DD. 2(1)(1)—Loans to State Governments for the scheme "Seed/Margin Money to entrepreneurs" it may be stated that the Planning Commission took a decision to merge the Seed/Margin Money Scheme with District Industries Centres Scheme with effect from the year 1979-80. The Scheme, therefore, stands discontinued as a Central Scheme with effect from 1-4-1979 but will continue as a State scheme and the loan component of District Industries programme should be utilized by the State Governments/Union Administrations as Seed/Margin Money. In view of the decision of the Planning Commission there was no expenditure incurred during the year 1979-80. Thus the saving in the sub-head Db. 2(1)(1)—Loans to State Governments for the scheme "Seed/Margin Money to entrepreneurs."

[Ministry of Industry (Department of Industrial Development)
R.O. No. 4(10)/81-SSI (II) dated 31-8-1982.]

(ix) *Ministry of Industry (Department of Industrial Development):*

In regard to Hindustan Paper Corporation, the actual funds drawn by the Corporation during 1979-80 were Rs. 66.28 crores (including 100 crore working capital loan for Marketing Division) as against sanctioned budget of Rs. 100.78 crores as under:—

	Capital	Loan	Total
	(Rupees in crores)		
Sanctioned provision as per central budget	69.54	31.33	100.78
Actual drawal from the Government	46.53	19.75	66.28
Savings	22.92	11.58	34.50

2. Hindustan Paper Corporation Ltd. is engaged in the setting up of under mentioned projects:

<i>Name of Project</i>	<i>Capacity</i>	<i>Cost of Project (Rs. in crores)</i>
Kerala Newsprint Project . . .	30,000 tonnes per annum of newsprint.	82.88 To be revised to 151.90
Nagaland Pulp and Paper Project . . .	33,000 tonnes of Paper.	62.12 To be revised to 83.73
Nowgong Paper Project . . .	1,00,000 tonnes of Paper.	114.25 to be revised to 228.44
Cachar Paper Project . . .	1,00,000 tonnes of Paper.	114 to be revised to 226.32

3. HPC has a subsidiary unit *viz.*, Mandya National Paper Mills Limited., Karnataka.

4. During 1979-80, HPC was also asked to work and proposals steps for the rehabilitation of a sick unit India Paper Pulp Co., Calcutta.

5. Taking into account the tempo of implementation of the projects in hand and with reference to proposals to rehabilitate India Paper Pulp Co. managed by HPC, the provision of a sum of Rs. 100.78 crores for the year 1979-80 was made. However due to reasons beyond the control of HPC, implementation of the project was not at the expected rate and therefore, the expenditure on the Projects was also less than that expected resulting in savings.

6. Reasons for savings in expenditure are as follows:

(a) *Kerala Newsprint Project:*

The progress was slow due to (a) failure on the part of the suppliers to adhere to delivery schedule; (b) delay in shipment of machine clothing; (c) slow work by CPWD in Township Works. As a remedial measures additional houses were taken up for construction by the Corporation directly.

(b) *Nowgong Paper Project:*

Failure on the part of the suppliers to adhere to original delivery schedules and slow progress of work by CPWD affected the construction activities of the Project. Consequently the agreement with CPWD was terminated.

(c) *Cachar Paper Project:*

Delay in handling over of land by the State Government; delay in shifting of high tension power; delay in finalising engineering specifications caused the slow progress of the Project. All out effort was made in the following years in place the orders for long delivery items.

(d) *Nagaland Pulp and Paper Co. Ltd.:*

The shortfall was mainly due to late delivery of certain instruments, piping and fittings; delay in power distribution work, dearth of resourceful contractors.

(e) *India Paper Pulp Co.:*

The Savings in expenditure was resulted because rehabilitation scheme of the Company was under reconsideration and revision.

[Ministry of Industry (Department of Industrial Development O.M. No. 17(3)/81-Paper dated 18 May, 1982.]

(x) *Ministry of Steel and Mines (Department of Mines)*

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

Under Grant No. 81—Mines and Minerals, the shortfall in expenditure during 1979-80 constituted only 2.57 per cent of the authorised Budget provision for that year.

The requirements prescribed in the General Financial Rules and Delegation of Financial Power Rules in respect of control and monitoring of expenditure have once again been brought to the notice of the controlling authorities for compliance vide instructions dated 10th December, 1981 (Copy enclosed).

[Ministry of Steel and Mines (Department of Mines) O.M. No. 4 (11)/81-IF) dated 27th January, 1982]

(COPY)

GOVERNMENT OF INDIA
MINISTRY OF STEEL AND MINES

Department of Mines

No. 4(11)081-IF

New Delhi, the 10th December, 1981.

To

1. Shri J. Swaminath, Director General, Geological Survey of India, 4, Chowringhee Lane, Calcutta.

2. Shri D. N. Bhargava, Controller, Indian Bureau of Mines, Nagpur.

Sub:—*Excesses and short-falls in expenditure—57th Report of the PAC (Seventh Lok Sabha).*

Sir,

The Public Accounts Committee (Seventh Lok Sabha) in their 57th Report have expressed concern over the increase in the aggregate amount of excess expenditure during the year 1979-80 as compared to 1978-79. The Committee have also expressed their unhappiness over large scale savings in the Capital Section of certain grants and have observed that "over-pitching of the estimates without corresponding efforts to utilise them gainfully deprives the other equally vital sectors of the economy of the much needed resources for development." The Committee have also stressed the need for preparation of Budget Estimates more precisely and of ensuring that actual expenditure is incurred within the funds authorised by Parliament. In this connection an extract of para 2.5 of their recommendation contained in the above Report is enclosed.

2. The procedure for achieving effective control over expenditure is contained in Rules 65 to 68 of General Financial Rules, 1963 and the Government of India's decisions appearing thereunder. The rules also prescribed the maintenance of various control registers for achieving the objective. Similarly, detailed guidelines already exist in Rules 50 to 53 *ibid* read with Appendix-3 thereof regarding the preparation of Budget Estimates. It has also been provided in Government of India's decision (1) below Rules 7 of the Delegation of Financial Powers Rules, 1978 that inclusion of lump-sum provision in the Budget in advance of pre-budget scrutiny should be avoided.

as far as possible as such a step is likely to prompt options and hamper the exercise of implementation besides the likelihood of giving rise to avoidable savings later.

3. As such you are requested to frame Budget Estimates on a realistic basis and to exercise post-budget vigilance to ensure that there is neither considerable short-falls in expenditure or there is excess over the approved Budget Estimate. To achieve these objectives, it is reiterated that the rules and procedures laid down for the purpose in DEDRS and GFRS are scrupulously followed.

Yours faithfully,

Sd/- (R. S. V. Subramanian)

Deputy Financial Adviser.

Copy to DS(A) with a request to keep vigilance in respect of Sectt. proper.

Copy for information to Dir. (Vs)/DS(V).

Sd/- (R. S. V. Subramanian)

Deputy Financial Adviser.

(xi) Department of Science and Technology:

Saving of Rs. 877.44 lakhs out of the total grant of Rs. 3403.73 Lakhs for 1979-80 is mainly as a result of rephrasing/postponement of some of the plan schemes such as Instrument Development Programme, second phase of National Museum of Natural History, National Information System for Science and Technology and Ocean Science Technology Agency as a economy measures at the instance of the Ministry of Finance. Ministry of Finance was informed of the saving due to the above to the tune of Rs. 650 Lakhs as early as September 1979. Further savings resulted due to slow progress on M.H.D. project, delay in sanctioning of second phase of National Remote Sensing Agency and also due to less receipt of equipment from Federal Republic of Germany for National Remote Sensing Agency.

In the above cases, the savings were due to reasons beyond the control of the Department and due to post Budget development which could not be visualised at the time of preparation of Budget Estimates for 1979-80. Major amount of saving (Rs. 864 Lakhs) was surrendered before the close of the year as soon the savings were visualised.

The directives of the Committee have been noted for strict compliance. All officers in Department of Science & Technology, as also in subordinate offices have been requested to note carefully the foregoing directives of the Committee and the instructions contained in Ministry of Finance, Department of Expenditure O. M. No. 12(4)—E(coord)/81 dated 25th September 1981, for compliance in future.

[Department of Science and Technology O.M. No. 25018(2)/81-A/cs.
dated 1 March, 1982.]

(xii) *Ministry of External Affairs:*

As far as the Budget Estimates for the year 1979-80 of Ministry of External Affairs are concerned it may be said that the actual expenditure of the Ministry during 1979-80 was within the Demand No. 31 voted by the Parliament. Actually there were savings which caused surrender of Rs. 13 crores. But it does not mean that the Budget Estimates were over-pitched. In this connection the surrender Orders issued by Ministry of Finance, Deptt. of Economic Affairs No. OF. 7(11)W&W/79 dated 28-3-1980 and OF. 7(11)W&W/79 dated 31-3-1980 (copy each of the orders is enclosed for ready reference) may be referred to.

It may be seen from the surrender orders that the savings arrived at under Revenue Heads (Major Head '261 & 364') and Capital Head Major Head '765' Loans to Government of Bangladesh were due to unfavourable political conditions which were beyond the control of the Government of India and this Ministry. As regards surrender of funds in Capital Section under Major Head '459' & '483' which relates to purchase and construction of Chancery and Residential buildings it is stated that variation on account of acquisition/construction of property abroad is difficult to eliminate altogether because of special nature of problems that we encounter our Missions abroad. The factual position is that our estimates for allotment of particular amount in the budget are no more than the reflection of prices which our Missions transmitted to the Ministry.

Regarding utilisation of funds allotted gainfully, it is stated that in 1979-80 where it was noticed that some of our Missions abroad would not be able to utilise the funds, a specially constituted Purchase Team was sent to certain selected target Missions to help them in purchases of Lands and buildings. This resulted in purchase of 24 houses in London and two houses in Washington.

In view of the above it may safely be concluded that Budget Estimates for 1979-80 of Ministry of External Affairs were consciously prepared and full care was taken to utilise the funds gainfully keeping the expenditure within the funds voted by the Parliament.

Note has been seen by Audit.

[Ministry of External Affairs, New Delhi No. Q/Bud/734/1/81 dated 25th February, 1982.]

Copy of O.M. No. Q/Bud.-731/3/80 dated 22 March, 1980 from the Ministry of External Affairs to the Ministry of Finance
(DEPARTMENT OF ECONOMIC AFFAIRS)

SUBJECT.—*Surrender of savings in the Grant for 1979-80 Demand No. 31—Ministry of External Affairs.*

The undersigned is directed to communicate the surrender of Rs. 1100.00 lakhs from the original sanctioned Grant against Demand No. 31—Ministry of External Affairs—under the Revenue and Capital Section as under:—

REVENUE SECTION

Major Head '261'

(In lakhs of Rupees)

C1—External Affairs

C.3—Special Diplomatic Expenditure.

C.3(1)—Discretionary Expenditure

C.3(1)(1)—Other Charges 1100.00

C.7—Other Expenditure

C.7(6)—Loss by Exchange 75.00

Major Head '364'

E.—Technical and Economic Co-operation with other countries

E.1—Co-operation with other countries

E.1(1)—Aid to Bangladesh 414.00

E.1(5)—Technical and Economic Co-operation with developing countries

E.1(5)(1)—Contributions 178.00

TOTAL 767.00

CENTRAL SECTION*Major Head '459'*

AA.—Capital outlay in Public Works

AA.1—Construction

AA.1(1)—Original works—External Affairs 100.00

Major Head '483'

BB—Capital Outlay on Housing

BB.1—Government Residentail Buildings

BB.1(1)—Construction

BB.1(1)(1)—Buildings—External Affairs 100.00

Major Head '765'

CC. Advances to Foreign Governments

CC.1—Loans to Government of Bangladesh 133.00

TOTAL 333.00

TOTAL—Revenue Section + Capital Section Rs.1100.00 Lakhs

The savings leading to the above surrenders are due to the following:—

Major Head '261'

The savings is due to non-materialization of some schemes and change in incidence of cost of 'Loss on exchange' from Major Head '261' to Major Head '268' under the grant of Ministry of Finance.

*Major Head '364'**E. 1(1)—Aid to Bangladesh*

Due to non-payment of FCI's claim in respect of excess supplies of foodgrain during Indo-Bangladesh Liberation war. The claim requires to be scrutinised in greater detail.

Major Head '364'—E. 1(5) (1)—Contributions:—

Due to delay in finalisation of various ITEC programmes and schemes.

Major Head '459' & '483'

Due to non-materialisation of certain proposals relating to purchase of chancery and residential buildings.

Major Head '765'—Loans to Bangladesh

Due mainly to non-availing lesser utilisation of credits under the various credit agreements e.g. Rs. 10 crores Railway credit and Rs. 10 crores commodity credit.

Copy of O.M. No. Q/Bud.-731-3-80 dated 27 March, 1980 from the Ministry of External Affairs (Budget Section) to the Ministry of Finance (Department of Economic Affairs).

New Delhi, dated 27th March, 1980

OFFICE MEMORANDUM

SUBJECT.—Surrender of Savings in the grant for 1979-80—Demand No. 31—Ministry of External Affairs.

The following corrections may be made in the Head of Account mentioned in the Office Memorandum of even number dated the 22nd March 1980.

For

Substitute

C. 7(6)—Loss by Exchange

C. 7(3) Other Schemes

C. 7(3) (5) Other Items

Copy of O.M. No. Q/Bud.-731 (3)-80 dated 31 March, 1980 from the Ministry of External Affairs (Budget Section) to the Ministry of Finance (Department of Economic Affairs)

SUBJECT.—Surrender of Savings in the Grant for 1979-80 Demand No. 31—Ministry of External Affairs.

The undersigned is directed to communicate the further surrender of Rs. 200.00 lakhs from the original sanctioned grant against Demand No. 31—Ministry of External Affairs—under the Capital Section as under:—

Capital Section

Major Head '459'

AA—Capital Outlay on public works

AA. 1—Construction

AA. 1(1)—Original Works—External Affairs.....

Rs. 200.00 lakhs

Rs. 200.00 lakhs

The saving is due to non-materialialisation of purchase of Chancery buildings to the extent originally envisaged.

Copy of Audit Order No. O.F. 7 (11) W & M/79 dated 28th March, 1980 from the Ministry of Finance (Department of Economic Affairs) to the Controller of Accounts, Ministry of External Affairs etc. -

SUBJECT.—*Surrender of savings in Grant No. 31—Ministry of External Affairs for 1979-80.*

The President has been pleased to accept the surrender of savings of Rs. 1100.00 lakhs (Rupees Eleven crores) in Grant No. 31—Ministry of External Affairs for the year 1979-80 proposed by the Ministry of External Affairs in their Office Memorandum No. Q/Bud-731-3-80 dated 22-3-1980 and 27-3-1980 (Copies enclosed).

Copy of Audit Order No. O.F. 7 (11) / W. & M.-79 dated 31st March, 1980 from the Ministry of Finance (Department of Economic Affairs) to the Controller of Accounts, Ministry of External Affairs etc.

SUBJECT.—*Surrender of savings in Grant No. 31—Ministry of External Affairs for 1979-80.*

In continuation of this Ministry's Audit Order of even number dated 28-3-1980 the President has been pleased to accept further surrender of savings of Rs. 200.00 lakhs (Rupees Two crores only) in Grant No. 31 Ministry of External Affairs for the year 1979-80 proposed by the Ministry of External Affairs in their Office Memorandum No. Q/Bud.-731 (3)-80 dated 31-3-1980 (Copy enclosed).*

(xiii) *Ministry of Irrigation:*

The *erstwhile* Department of Irrigation against a budget provision of Rs. 63.93 crores (Rs. 36.22 crores Plan and Rs. 27.71 crores Non-Plan) for 1979-80, surrendered an amount of Rs. 15.56 crores (Rs. 9.05

*Reproduced earlier.

crores Plan and Rs. 6.51 crores Non-Plan), which was 24.4 per cent of the total provision. The main reasons for the surrender of the provision during 1979-80 were (i) less release of grants-in-aid and loans and advances to the State Governments than provided in the B.E. 1979-80 as the State Governments could not spend the money on the Projects/Schemes, (ii) shortfall in the Plan Schemes of Central Water Commission, Central Soil and Materials Research Station etc. and (iii) less expenditure incurred by Farakka Barrage Project (Plan) due to slow progress of work.

The recommendation of the Public Accounts Committee has been taken note of and in future budget estimates would be prepared more precisely.

[Ministry of Irrigation O.M. No. 3(2)/81—B & T dated
16 November, 1981.]

Recommendation

“According to the revised time schedule as desired by Government and agreed to by the Committee in April, 1974, explanatory notes on excesses over voted grants and charged appropriations are required to be furnished 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 10 Voted Grants/Charged Appropriations operated by various Ministries (other than the Ministry of Defence and Railways) were received within the period stipulated in the revised time schedule i.e. by 31 May, 1981, the Explanatory Notes relating to 7 Voted Grants/Charged Appropriations administered by the Ministry of Railways were received on 4 June, 1981. The explanatory notes relating to 2 Grants administered by the Ministry of Defence were received on 15 and 20 June, 1981. The delay that has occurred in the submission of the explanatory notes on the part of the Ministry of Defence is highly regrettable. Such delays hamper the timely processing and finalisation of the reports of the Committee and also tend to dislocate the time-schedule pertaining to consideration and reporting on other Audit paras selected for examination by the Committee during the year. The Committee also find that some of the explanatory notes particularly those submitted by the Ministry of Railways were not in proper form. The Committee desire that the explanatory notes should indicate clearly the details of Voted Grants/Appropriations and the actual expenditure and excesses (gross as well as net) under each Grant separately followed by detailed explanatory notes for each case of excess expenditure. Such

notes should be duly signed and dated by the officer not below the rank of Joint Secretary”.

[(S. No. 2—Appendix XIII (Para 2.6) of the 57th Report of the PAC) (7th Lok Sabha)].

Action Taken

(i) Ministry of Defence:

The observations made by the Public Accounts Committee have been noted for strict compliance.

This has been seen by Audit.

[Ministry of Defence O.M. No. 11(24)/81-D (Budget),
dated 17-11-1981.]

(ii) Ministry of Railways (Railway Board):

The observations of the Committee regarding the delay in the submission of the “Memorandum on the Excesses” for the year 1979-80 and on their preparation in the proper form have been noted. Steps have been taken to ensure timely submission of “Notes on Excesses” in future in the proper form as used by the Ministry of Defence for the year 1979-80. The same will also be signed by an Officer not below the rank of a Director i.e. equal to a Joint Secretary.

This has been seen by Audit.

[Ministry of Railways (Railway Board)’s O.M. No. 81-D(C)—
PAC/VII-57 dated 21-4-1982.]

Recommendation

Another disconcerting feature noticed by the Committee is the extent of misclassifications of expenditure in the compilation of accounts, specially of the Railways, during the year under review. There have been misclassifications of expenditure or erroneous adjustments in 5 Grants and 1 Appropriation out of 6 Grants and 1 Appropriation administered by the Ministry of Railways wherein excess expenditure is sought to be regularised. Taking a serious view of the recurrence of misclassifications the Public Accounts Committee (1978-79) had, in paragraphs 2.18 and 2.19 of their 87th Report (Sixth Lok Sabha) desired that positive instructions should be issued by the Railway Administration to the effect that effective reconciliation of subsidy books with General Books should be attended to promptly, every month, so that rectification of erroneous adjust-

ments and/or misclassifications, if any, detected is effected in time, thereby eliminating altogether chances of such misclassifications. Pursuant to the above recommendation of the Committee, the Ministry of Railways had issued a further directive on the subject on 27-1-1978 to the General Managers All Indian Railways, Production Units and Metropolitan Transport Projects for carrying out review of expenditure and effective reconciliation of books from month to month. It seems that the instructions issued have not had the desired effect in that there has been further deterioration in the position as witnessed in the Appropriation Accounts for the year 1979-80. The Committee, therefore, desire that a thorough scrutiny of the reasons therefor should be undertaken promptly and staff responsibility invariably fixed for the failure with a view to taking appropriate action. They would also like to reiterate the recommendation contained in paragraph 2.10 of their 24th Report (Seventh Lok Sabha) that suitable remedial measures should be taken to ensure that reconciliation of expenditure figures was conducted meticulously and annual certificates of reconciliation were furnished by the Financial Advisers after careful scrutiny so that misclassifications, if any, were detected well in time and rectified.

[Sl. No. 3, (Para) 2.7 of 57th Report of PAC—(Seventh Lok Sabha)]

Action Taken

The recommendations of the Public Accounts Committee have been noted. In this connection, it is submitted that necessary further instructions to the railways/units have been issued *vide* this Ministry's letter No. 80-App./7-2-79—80 Para 2.7 dated 16-10-81.

This has been seen by Audit.

[Ministry of Railways (Railway Board)'s O.M. No. 81-D(C)—PAC/VII-57 dated 21-4-1982.]

Recommendation

The Committee note that an excess expenditure of Rs. 82.25 lakhs occurred under Grant No. 32—Ministry of Finance. The excess occurred mainly under the head 'A—Secretariat General Services—A.2 Other Offices—A.2(1) Defence Accounts Department'. Against the total provision of Rs. 2899.53 lakhs under this head, the actual expenditure was Rs. 2993.46 lakhs leading to an excess of Rs. 93.93 lakhs. The excess under this head was mainly due to excess expenditure of Rs. 87.64 lakhs incurred under the sub-head 'A2(1)

(4)--Payments for professional and special services'. The Committee have been informed that the excess occurred because of adjustment of some pending claims of the P&T Department for pension payments arranged on behalf of the Defence Accounts Department mainly pertaining to the previous year (Rs. 82.06 lakhs) which were stated to be inadvertently omitted to be taken into account in taking provision of funds under the Grant. Even though this adjustment between two Departments of Central Government did not involve any net outgo from the Consolidated Fund of India, this is a case of avoidable excess expenditure. The Committee would like to be apprised of the measures taken by the Defence Accounts Department to avoid excesses of this type in future.

[Sl. No. 4 of Appendix XIII (para 2.11) of 57th Report
(7th Lok Sabha)]

Action Taken

As against a sum of Rs. 65 lakhs provided in BE 1979-80 for "Payment for Professional and Special Services" in the Defence Accounts Department, the expenditure actually booked was Rs. 1,52,64,727 resulting in an excess of Rs. 87.64 lakhs over the estimates. The excess is due mainly to bookings made by the Controller of Defence Accounts (Pensions) Allahabad on account of the commission payable to the Postal Department for making pension payments on their behalf at the rate of 2½ per cent of the net disbursements made by them. Of the total expenditure of Rs. 1,39,56,123/- booked by CDA(P) in the accounts for 1979-80 under this head, a sum of Rs. 82.06 lakhs pertained to the year 1978-79, in respect of which debits received from the Postal Department in 1978-79 were adjusted only in 1979-80. It transpires that the unadjusted accounts of 1978-79 were not kept in view, while formulating the Revised Estimates for 1979-80. As the expenditure booked upto March, 1980 was only Rs. 59,49,898.82, no additional funds over and above the budget allotment of Rs. 65 lakhs were asked for on this account even at the stage of calculating the final requirement of funds under the Grant.

The existing instructions for accounting of pension payments in the Defence Accounts Department provide for:

- (a) Prompt adjustment of the pension payment accounts by CDA(P), when received from the Pension Disbursing officers, and

- (b) Review of the progress of the expenditure compiled vis-a-vis the funds allotted.

In the present case, the excess over allotment occurred primarily because of the non-compliance of the above instructions in CDA(P)'s office which had accumulated heavy arrears of work during the period in question, due to a number of factors including disturbed conditions in that office which have since improved. CDA(P) has also been asked to take effective steps, and ensure that the existing instructions are observed scrupulously. A copy of letter No. AN/VII/7226/Vol. I dated 22nd August, 1981 issued by the office of the Controller General of Defence Accounts to the CDA (Pension) Allahabad in this regard is enclosed.

[Ministry of Finance (Department of Economic Affairs—Integrated Finance Branch) O.M. No. F.2/13/81-IFA dated February, 1982.]

No. AN/VII/7226/III/Vol. I

Office of the Controller General of Defence Accounts
West Block—V, R.K. Puram, New Delhi—22.

Dated the 22nd August 1981.

The C.D.A. (Pensions),
Allahabad.

Sub: Adjustment of debits on account of payments of professional and special services.

Ref: Correspondence resting with D.O. letter No. A/VII/3799/X/DAD dated 29.4.81 from Shri Amit Cowshism, ACDA (AN) to Shri S. K. Chari, ACGDA (AN).

It is observed that most of the debits pertaining to the year 1978-79, amounting to Rs 82.06 lakhs were received prior to March 1979, but were not adjusted in the accounts for 1978-79. The adjustment was made, without ensuring availability of funds, only in 1979-80, resulting in excess expenditure, over the allotment, under Grant No. 32.

2. In accordance with para 26 of O.M. Part IV— Vol. I, monetary transactions appearing in the books of the Post Masters, relating to defence pensions, including commission charges payable to the Postal Department (calculated at the rate of 2/1-2 per cent of the total net payments) are to be settled with the Director of Audit and Accounts, P&T Nagpur. for adjustment of pension accounts, detailed instructions exist in para 17 at seq of O.M. Part IV Vol. I *ibid*. It is evident that compliance of these instructions was not ensured, with the result that debits pertaining to the year 1978-79, although received prior to 1979, were actually adjusted in October, 1979 (for North-Western circle and Srinagar) March 80 (Delhi Circle). This has resulted in excess over the budgetary allotment for 1979-80 as attracting adverse comments from higher authorities. You are requested to take special steps to ensure timely adjustment of pension accounts, and to have the position in regard to adjustment watched from time to time, at an appropriate level.

3. The facts which have come to light in the present case, also point to the need for tightening up the budgetary control. The compiled actuals which constitute the basis for the preparation of the preliminary revised estimate/revised estimate/modified appropriation, are required to be scrutinised carefully, vis-a-vis the progress of the adjustment of accounts, as reflected in the expenditure compiled. If such scrutiny had been carried out, non-adjustment of a large number of pension accounts pertaining to the year 1978-79, in the accounts of that year, would have come to notice. If there were valid reasons why the pension accounts in question could not be got adjusted in 1978-79 itself, requisite funds could have been provided for in the year 1978-80 in this case, appropriate action was not taken at any stage, in respect of either 1978-79 or 1979-80. TTI7

4. In the light of the lapses which have come to notice, you are requested to ensure that the requirements pointed out in the preceding paras are scrupulously complied with, so that the estimate of funds projected for any year is based on a realistic assessment of the requirements for the year, and the progress of the bookings vis-a-vis the funds allotted, is also kept under constant review, and corrective action, as found necessary, taken at the earliest appropriate stage.

Sd/-

(S. K. SUNDARAM)

Addl. Controller General of Def. ACCOUNTS.

Recommendation

The Committee note that an excess expenditure of Rs. 38.76 lakhs occurred under the head 'A.5-cost of One Rupee Note Forms of Grant No. 38-Currency, Coinage and Mint'. This Grant is also operated by the Department of Economic Affairs. The Committee find that the excess resulted on account of the fact that the debit in respect of the cost of one rupee note forms supplied in the quarter ending December, 1979 for an amount of Rs. 55.45 lakhs was inadvertently omitted to be included in working out the final requirement of funds for the year under this head. Even though the excess expenditure did not involve any net additional outgo from the Exchequer as the provision made under this head is for an accounting adjustment, assuming an equivalent amount as a receipt of the Currency Note Press, the Committee would expect from the Department of Economic Affairs, entrusted with the responsibility of ensuring better financial control, to set an example to other Departments/Ministries by exercising greater care in budgeting.

S. No. 5 Appendix XIII (Para 2.14) of 57th Report of PAC (7th Lok Sabha).....

Action Taken

The observations of the PAC have been brought to the notice of the General Managers of the India Government Mints at Bombay, Calcutta and Hyderabad, Currency Note Press, Nasik, India Security Press, Nasik, Bank Note Press, Dewas, Security Printing Press, Hyderabad and Security Paper Mill, Hoshangabad. They have been asked to ensure financial discipline by a proper estimation of requirements, timely review and monitoring of the progress of expenditure and proper classification and adjustments.

2. The excess referred to in the PAC's report had occurred in the year 1979-80 in respect of Currency Note Press, Nasik Road. At that time, the Currency Note Press, was part of the composite India Security Press Nasik. The organisation had only one Chief Accounts and Administrative Officer and only one Accounts Officer to control expenditure under 2 separate Grants viz. "38—Stamps" and "38—Currency, Coinage and Mint". With the separation of the Currency Note Press w.e.f. October, 1980 under a separate General Manager and with the posting of a separate Chief Accounts and Administrative Officer and an Accounts Officer for this organisation, the functional weakness in exercising control over expenditure has

been removed. Now the expenditure to be controlled falls under one Grant and one Major Head viz., "38—Currency, Coinage and Mint" and "246—Currency, Coinage and Mint". Through the Chief Accounts Administrative Officer and the Accounts Officer, a close watch on the expenditure is being kept. A control register has already been opened which shows the progressive expenditure month to month as against the budget provision. The Chief Accounts and Administrative Officer holds periodical meetings with the supervisory staff of the Accounts Wing in which, among other points, control over expenditure|reconciliation of figures with Pay and Accounts Office figures is also deviewed.

3. With the above arrangements, it is expected that better financial control would be ensured in the Currency Note Press, Nasik.

(Ministry of Finance (Department of Economic Affairs) O.M. No. 6/30/81—Coin dated 8-2-1982.)

Recommendation

2.17. The Committee note that during 1979-80, excess expenditure of Rs. 413.92 lakhs had been incurred under Grant No. 39—Pensions controlled by the Department of Economic Affairs, against the final grant of Rs. 6001.30 lakhs, which works out to 6.89 per cent of the provision. This excess occurred mainly on account of computed value of pension, gratuities and payments under the Central Government Employees' Insurance Scheme. The Committee are informed that the excesses were largely due to liberalisation of pensionary benefits and a larger number of cases of voluntary retirements and cases of death of employees while in service. They are of the view that most of the above factors and particularly the effect of liberalisation of pensionary benefits could normally have been foreseen with some precision and provided for in the budget estimates before the close of the financial year. Similarly, there is always a time-lag between the notice seeking voluntary retirement and the date of actual retirement or between the finalisation of applications for commutation and the drawal of commuted value of pension by those pensioners who opt for it. Therefore, the magnitude of entitlements should be ascertainable in respect of such factors. The Committee consider that with better concurrent control over expenditure, the excess to the tune of Rs. 4.14 crores could have been avoided to a large extent.

(Serial No. 6 of ppendix XIII (Para 2.17) of 57th Report (Seventh Lok Sabha.)

Action Taken

The Committee's observations have been noted and have also been brought to the notice of all the estimating authorities. The need for more accurate estimation of the provisions for pensions has been stressed on all the Chief Controllers|Controllers of Accounts of the various Ministries|Departments. The office of the Comptroller and Auditor-General of India has also issued suitable instructions in this regard on 16th December, 1981 to all the Accountants General who too are responsible for estimation of the expenditure in respect of pension payments. Copies of this Ministry's letter No. F.4(8)-B(D)|81 dated 26th October, 1981 and O.M. of even number dated the 23rd November, 1981 and Comptroller and Auditor-General's circular letter No. 2394-Rep(C)|250-81 dated 16th December, 1981, in this regard are enclosed for the Committee's perusal.

This Note has been vetted by Audit.

(Ministry of Finance (Department of Economic Affairs) O.M. No. F. 4(B)-(D)|81 dated 5-1-1982.)

Copy of letter No. F. 4(8)-B (D)|81 dated 26 October, 1981 from the Ministry of Finance (Department of Economic Affairs) to all the Chief Controllers|Controllers of Accounts.

Subject:—57th Report of the Public Accounts Committee.

I am directed to state that the following observations have been made by the Public Accounts Committee in their 57th Report (7th Lok Sabha) on excess in the voted portion of grant No 49—Pensions for the year 1979-80:—

“The Committee note that during 1979-80, excess expenditure of Rs. 413.92 lakhs had been incurred under Grant No. 49 Pensions, controlled by the Department of Economic Affairs, against the final grant of Rs. 6001.30 lakhs, which works out to 6.89 per cent of the provision. This excess occurred mainly on account of commuted value of pensions gratuities and payments under the Central Government Employees' Insurance Scheme. The Committee are informed that the excesses were largely due to liberalisation of pensionary benefits and a larger number of cases of voluntary retirements and cases of death of employees while in service. They are of the view that most of the above factors and particularly the effect of liberalisation

of pensionary benefits could normally have been foreseen with some precision and provided for in the budget estimates before the close of the financial year. Similarly, there is always time-lag between the notice seeking voluntary retirement and the date of actual retirement or between the finalisation of applications for commutation and the drawal of commuted value of pension by those pensioners who opt for it. Therefore, the magnitude of entitlements should be ascertainable in respect of such factors. The Committee consider that with better concurrent control over expenditure, the excess to the tune of Rs. 4.14 crores could have been avoided to a large extent."

edT

2. Consolidated estimates under the 'Pensions' Grant are received by the Budget Division of the Ministry of Finance from the Controller of Accounts, Ministry of Finance (Department of Economic Affairs) for the entire Departmentalised Accounting Units. These estimates are largely based on the past actuals, the current trend of actuals and the latest known information. In view of the excesses that have persistently occurred in the 'Pensions' Grant, the need for a more accurate estimation is imperative. I am, therefore, to request you kindly to take suitable steps in the light of the PAC's observations so that such excesses in the Grant could be avoided in future.

3. The provision of funds relating to your circle as incorporated in the Demand is communicated to your office of the Controller of Accounts, Ministry of Finance (Department of Economic Affairs). The flow of expenditure may kindly be watched against the sanctioned provision, and where the expenditure is likely to exceed the sanctioned provision, timely steps may kindly be taken to secure additional funds from this Ministry through the Controller of Accounts, Department of Economic Affairs.

4 The receipt of this letter may kindly be acknowledged

Copy of letter No. F. 4(8)-B (D)/81 dated 23 November, 1981 from the Ministry of Finance (Department of Economic Affairs) to all the Chief Controllers/Controllers of Accounts.

Subject:—57th Report of the Public Accounts Committee (7th Lok Sabha)—Formulation of expenditure estimates in respect of the Grant "Pensions"

Attention is invited to this Ministry's O.M. of even number date the 26th October, 1981 on the subject referred to above. It is

requested that the following may be substituted for the 2nd sentence of para 2 of the aforesaid Office Memorandum:—

“These estimates are largely based on the past actuals, the current trend of actuals and the latest known position e.g. expenditure that would be involved in settling during the year, the pensioners’ benefits (including payments due under the Central Government Employees’ Insurance Scheme), in respect of those:

- (i) who have actually retired or who would be retiring during the year (periodical statements of such cases are required to be supplied to the Pay and Accounts Officers by the concerned Ministry/Department); and
- (ii) who, unfortunately, died while in service,

Taking due note of the fact that a vast majority of the pensioners now-a-days seek commutation of the maximum permissible amount of pension.”

Copy forwarded to the Comptroller & Auditor General of India in continuation of this Ministry’s endorsement of even number dated 26th October 1981.

It is requested that similar instructions may also kindly be issued to the Pay and Accounts Officers of the Indian Audit and Accounts Department.

Copy of letter No. 2394-REP(C)/250—81 dated 10/16 December, 1981, from the office of the Comptroller and Auditor General of India to all Pay and Accounts Officers of the Indian Audit and Accounts Department and all Accountants General.

Sub:—57th Report of the Public Accounts Committee (7th Lok Sabha) Formulation of expenditure estimates in respect of the Grant ‘Pensions’.

A copy of the Ministry of Finance (Department of Economic Affairs), New Delhi O.M. of even number dated 23.11.1981 on the above subject addressed to all Chief Controllers/Controllers of Accounts and copy endorsed to this office, is sent herewith for information and guidance. It is requested that suitable steps in the light of the PAC’s recommendations may please be taken so that excesses in the Grant could be avoided in future. The flow of expenditure may please be watched against the sanctioned provision and where the expenditure is likely to exceed the sanctioned provision, timely steps may kindly be taken to accrue additional funds.

2. The receipt of this letter may please be acknowledged.

accounts, specially of the Railways, during the year under review

The Committee also find that excess of Rs. 33.12 crores under sub-head—'A—7—Research and Development Organisation' had—occurred under Section "Purchase of Material" and has been attributed to payment of customs duty on stores which are exempted from payment of such duty and materialisation of stores. The Committee have been informed that some remedial measures have been taken or are proposed to be taken to avoid excess expenditure under this sub-head. They would like to be apprised of the outcome of these measures.

(Sl. No. 10—(Para 2.27) of Appendix—XIII to the 57th Report of the PAC (7th Lok Sabha)

Action Taken

The excess expenditure of Rs. 33.12 crores during 1979-80 under sub-head A-7 Research and Development Organisation under Grant No. 20—Defence Services—army was mainly attributable to payments of customs duty on stores which are exempted from payment of such duty and unusual heavy adjustment of bills for purchase of stores by the Controllers of Defence Accounts during the later part of the year. The outcome of the remedial measures taken to avoid excess expenditure under this sub-head is indicated below:—

(i) Customs Duty

All out efforts made by the R&D Organisation for the prompt submission of relevant documents to customs authorities to avoid spot payment of such duty had yielded positive results during the year 1980-81. As against the customs duty booking of Rs. 16.50 crores in 1979-80 the duty paid during 1980-81 worked out to only Rs. 3.75 crores.

(ii) Adjustment of bills for procurement of Stores

In so far as local purchases within the country are concerned, a strict control is being exercised and the expenditure is not allowed to exceed the budget provision at any stage. The problem, however, still continues in case of central purchases as a large number of Departments are involved and there is inherent time lag in receiving the adjustment vouchers from the Pay & Accounts Officers abroad by the Controller of Defence Accounts and adjustment of

corresponding debits against the budget head. The accounts of a particular debits against the budget head. The accounts of a particular financial year are kept open for about six months even after 31st March and correct forecasting becomes difficult at the Revised Estimates stage considering the long time lag till the final closure of accounts. In pursuance of the recommendation contained in para 2.31 of the 57th Report of the Public Accounts Committee (7th Lok Sabha) the Work Study Group within the Ministry of Defence has undertaken a study of the system of regulating the work of supplies their receipts and their adequate financial provisioning in the budget and necessary remedial/corrective action in the matter which would cover R&D Organisation also will be taken in the light of the results of this study.

This has been seen by Audit.

(Ministry of Defence No 11(19)|81|D(Budget) dated 16.2.1982.)

Recommendation

The Committee note from the foregoing paragraph that out of total excesses amounting to Rs. 140.85 crores. Rs. 86.47 crores of excess have been contributed by the two grants of the Ministry of Defence. This constitutes about 61 per cent of the total excesses. This reflects badly on the budgetary control of the Ministry of Defence. The Committee further note that excess of about Rs. 70 crores arose mainly under purchase of materials and stores due to stores supplies materialising earlier than anticipated. The Committee feel that the aforesaid excess could have been avoided if there had been effective monitoring of supplies and provision made therefor. The Committee would recommend that the Works Study Group within the Ministry of Defence should go into the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget and submit their report in this regard by December, 1981.

[Sl. No. 12—Appendix XIII, (Para 2.31) of the 57th Report of the PAC (Seventh Lok Sabha)]

Action Taken

As desired by the Committee, the Works Study Group within the Ministry of Defence had undertaken a study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget. The Work Study Group which was

constituted on 17-10-1981 submitted their report on 27-3-1982. A copy of the report submitted by the Group is enclosed.

DADS has seen.

[Ministry of Defence O.M. No. 11(28)/81/D(Budget), dated 12-5-1982.]

Recommendation

The Committee observe that for a closer concurrent scrutiny of the expenditure of the Ministry of Defence a suitable machinery should be evolved.

[Sl. No. 13—Appendix XIII, (Para 2.32) of the 57th Report of the PAC (Seventh Lok Sabha)]

Action Taken

The existing arrangements for the monitoring and control of Defence expenditure have been reviewed in consultation with the Services/Departments and the Ministry of Finance (Defence). The Ministry is of the view that there is no apparant shortcoming in the procedures laid down in this regard. The Ministry of Finance (Defence Division) also share this view.

The problem basically relates to the effective implementation of the existing instructions relating to the framing of the estimates on a realistic assessment of the requirements and for the exercise of a close and constant watch on the trend of expenditure with reference to the sanctioned provisions. Instructions have been issued to the various controlling authorities reiterating the need for exercising effective control over expenditure and indicating some of the nimportant aspects requiring their particular attention. A copy of the instructions issued is enclosed.*

This has been seen by Audit.

[Ministry of Defence O.M. No. 11(28)/81/D(Budget), dated 5-2-1982.]

Recommendations

2.39 The extent of deterioration in the position of overall excesses which aggregate to Rs. 35.76 crores under various Grants/Appropriations administered by the Ministry of Railways causes concern to the Committee.

*Reproduced under Appendix XIV.

2.40 An analysis of the reasons for excess expenditure over authorised allocation indicates that defective estimation of monetary requirements lack of proper and timely review and monitoring of the progress of expenditure, failure to anticipate properly and provide fully for "contractual payments" and avoidable misclassifications and erroneous adjustments have contributed to excesses. That this should be so despite the repeated comments by the Committee and the oft-repeated assurances held out by the Railway Administration, is indicative of the fact that effective steps were not taken to check recurrence of such types of excess expenditure. This is highly deplorable. The Committee have commented upon the unusual increase in cases involving misclassifications in the earlier Section of this Report. The salient cases of excess expenditure are discussed in the following paragraphs.

2.41 The Committee find that excess occurred under Grant No. 3—Working Expenses—General Superintendence and Services, Grant No. 4—Working Expenses—Repairs and Maintenance of permanent way and works, Grant No. 7—Working Expenses—Repairs and Maintenance of Plant and Equipment, Grant No. 11—Working Expenses—Staff Welfare and Amenities. The excess expenditure on all these Grants has been attributed to payment of dearness allowance/additional dearness allowance and payment under the scheme of productivity linked bonus. The Committee are firmly of the view that since there is no element of uncertainty on expenditure relating to dearness allowance, the excess on this account should not have occurred. The Committee see no reason why expenditure on payment of bonus could not be covered by obtaining additional provision. The Committee trust that stricter budgetary discipline and monitoring shall be attempted in future through close watch over the flow of expenditure and better anticipation thereof for making timely additional provision.

2.42 The Committee note that excess expenditure had been incurred under Grant No. 16—Assets—Acquisition Construction and Replacement(s) and aggregated to Rs. 27.32 crores. It is significant in this context that but for savings under Depreciation Reserve Fund, Development Fund, Accident Compensation Fund and Open Line Works Revenues the excesses under Capital expenditure would have been to the tune of Rs. 75.66 crores as shown in the Audit Report and Appropriation Accounts. Even after taking into account the set-off due to misclassification, etc., the excess in the Capital Section would be Rs. 62.00 crores. The excess of Rs. 40.98 crores shown in the Appropriation Accounts was due to increase in manufacture suspense

(Rs. 25.67 crores), stores suspense (Rs. 13.68 crores). Gauge conversion (Rs. 5.22 crores), new lines (Rs. 2.58 crores), Rolling Stock (Rs. 2.53 crores) etc. The Committee have been informed that two supplementary grants amounting to Rs. 71.37 crores were obtained in January/ March 1980 to meet increased expenditure under Stores suspense and other suspense heads due to rise in prices of Railway Stores, imported electrics and electrical equipment and ad hoc payment of 15 days wages as a part of the scheme of Productivity Linked Bonus. The Committee are unable to appreciate why the additional requirements on this account could not be assessed precisely and in time.

[Sl. Nos. 15—18, (paras 2.39 to 2.42) of 57th Report of PAC (7th Lok Sabha).]

Action Taken

The concern expressed by the Committee over the excesses during 1979-80 has been noted.

It is submitted that due to complexities of working of the Railway system and the multiplicity of factors to which Railway expenditure is vulnerable, it is difficult to make a very accurate forecast of the expenditure. Some approximation in the formulation of the Budget/ Revised Estimates is inherent and the resulting variations cannot be wholly avoided. The rapidly increasing prices at certain points of time have also contributed to the difficulties in restricting expenditure within the budget allotments. Efforts are, however, always made to restrict expenditure to the sanctioned level and to keep variations to the minimum possible extent. Whenever any significant modification in the estimates is anticipated, the vote of Parliament is obtained as was done twice during the year under review.

It may further be stated that in order to avoid recurrence of heavy excesses in future, the Ministry of Railways have set up expenditure control machinery on the Railways. One of the existing posts of Additional General Manager has been redesignated as Additional General Manager (Expenditure Control). The Additional General Managers will be fully responsible for control over revenue and work expenditure and take effective steps to achieve economies in personnel, stores and fuel consumption as well as in other facets of Railway working and would devote themselves fully to these items of work. The Additional General Manager (Expenditure Control) at Headquarters will be assisted by one Additional Divisional Railway Manager (Expenditure Control) at the Divisional level and he would be similarly responsible in so far as his Division is concerned.

With the setting up of this machinery, the Railway Ministry expects that variations between the actual expenditure and the budgetted level of expenditure will be restricted to the minimum unavoidable limit.

[Ministry of Railways (Railway Board's) O.M. No. 81-BC-PAC/VII/57 dated 15 April, 1982.]

Recommendation

The Committee further note that an excess of Rs. 14.07 lakhs occurred under Appropriation 'Assets, Acquisition, Construction and Replacement(s)' as a result of decretal payment on one of the Railways (Rs. 32.28 lakhs) having been wrongly classified as 'Voted' Expenditure. The Committee are surprised that decretal payment from a Court should have been misclassified as 'Voted' expenditure when it was distinctly to be classified as "Charged". That this was so despite the repeated comments by the committee and renewed instructions issued by the Department of Economic Affairs on 20 November, 1975 pursuant thereto, would suggest that effective steps are necessary to obviate such misclassifications.

[Sl. No. 20, Para 2.44 of PAC's 57th Report (7th Lok Sabha)]

Action Taken

The instructions of the Public Accounts Committee have been noted. In this connection, it is submitted that necessary instructions to the Railway responsible for the mistake have been issued vide letter No. 80-App/7-2/79-80 para 2.44 dated 24.10.1981 to obviate such misclassifications.

This has been seen by Audit.

[Ministry of Railways (Railway Board's) O.M. No. 81-BC-PAC/VII/57 dated 21-4-1982.]

Recommendation

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

[Sl. No. 21 Appendix XIII (Para 2.45) of 57th Report of the Public Accounts Committee (Seventh Lok Sabha)]

Action Taken

The Demands for Excess Grants (excluding Railways) for 1979-80 were passed by the Lok Sabha on 16-12-1981. The connected Appropriation Bill as passed by the Lok Sabha on 16-12-1981 and returned by the Rajya Sabha on 23-12-1981, was assented to by the President on 28-12-1981.

[Ministry of Finance (Department of Economic Affairs) O.M. No. F. 7(83)—B(RA/81 dated 4-2-1982.)]

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

Recommendation

The excess expenditure under the Capital Section of Grant No. 54-Chandigarh attracts attention on two counts. Firstly, it is significant that the gross excess under the Major Head '482' was Rs. 45.63 lakhs and was reduced to Rs. 16.05 lakhs on account of reappropriation by savings from other heads. Secondly, the committee find that in the project estimate for the scheme of augmentation of Water supply for Chandigarh, provision was made for providing pre-stressed cement pipes. However, on the basis of subsequent analysis made on 20th November, 1979, it was decided to use steel pipes as was being done in similar project at Bangalore with a view to accelerating the progress of work. Supply a order for procurement of M.S. Steel Pipes was placed on 8th February, 1980 with the Steel Authority of India Ltd., for an amount of Rs. 377.00 lakhs. The cost of these pipes was paid on 1st March, 1980. The Committee are unable to appreciate why the liability on this account was not fully provided for in the Supplementary Budget after the decision was taken on 20 November, 1979 to use steel pipes. The circumstances under which provision for meeting this expenditure was not made may be examined with a view to taking necessary remedial measures.

[Sl. No. 8 Appendix XIII (para 2.23) of 57h Repor of P.A.C.
(Seventh Lok Sabha)]

Action Taken

The circumstances which led to the excess expenditure under Major Head 482—Capital Outlay on Public Health, Sanitation and Water Supply, have been examined in consultation with the Chandigarh Admin. A Provision of Rs. 150.00 lakhs was made in B.E. 79-80 on the basis of Plan Outlay approved by the Planning Commission for that year. The decision to use Steel pipes instead of pre-stressed pipes was taken on 20-11-1970 and supply order of Mild Steel pipes was placed on 8-2-1980 with the Steel Authority of India Ltd. for the amount of Rs. 377.00 lakhs. The Steel Authority of India asked for immediate advance payment for the pipes to be supplied during

the year. As the anticipated expenditure was more than the approved outlay, Planning Commission were requested for the approval of Inter-Sectoral Adjustment providing therein an outlay of Rs. 235.00 lakhs for the scheme against the original outlay of Rs. 150.00 lakhs. The Planning Commission approved the inter-sectoral adjustments and on the basis of revised plan outlay, the Admn. requested the Ministry of Works & Housing on 23-1-80 to approve Rs. 235.00 lakhs in R.E. 79-80. The proposal of the Admn. was examined by the Ministry of Works & Housing in consultation with their Internal Finance Division and it was felt that it would be difficult to increase the provision under the revised estimate at that stage since the time limit for submitting the Supplementary Grant was already over. The Ministry of Works & Housing therefore suggested that the Admn. could try to secure a loan of Rs. 3 crores from the Life Insurance Corporation of India to meet their immediate requirements.

Keeping in view the immediate requirement of funds for the scheme and also the fact that it was not possible to obtain loan from the Life Insurance Corporation before the close of the year 1979-80 and that no time was left for obtaining Supplementary Grant, the Admn. had to resort to re-appropriation of savings available, under Major Head 484-Capital Outlay on Urban Development due to less expenditure on construction works following shortage of building materials which resulted in the reduction of excess from Rs. 45,62,542 to Rs. 16,04,555, Non-availability of building materials could not be foreseen at the time of framing Budget Estimates for 1979-80.

To check such occurrence in future the Chandigarh Admn. have made it imperative on all the Drawing and Disbursing officers to ensure that the actual expenditure does not, in any case, exceed the budget grant and no such irregularity happens in future.

The note has been vetted by the Audit.

(Ministry of Home Affairs No. U. 15030/7/81-Ac. II Dated 6.2.82.)

Recommendation

The Committee note that the real excess of Rs. 62.06 crores under Grant No. 20—Defence Services—Army was the net result of excesses and savings under various minor heads in the Grant and was mainly attributed to the excess under sub-head 'A—6—Ordnance Factories' (Rs. 46.48 crores) and 'A—7—R&D Organisation' (Rs. 33.12 crores). It is seen that out of the gross excess of Rs. 46.48 crores under sub-head 'A—6—Ordnance Factories', Rs. 32.37 crores arose under Section

'Purchase of Material' for the reason (i) that certain advance payments involving about Rs. 7 crores had to be made, (ii) quicker pace of materialisation of stores during the closing months, and (iii) larger expenditure on inputs due to faster rise in prices than anticipated. The Committee are of the view that had a proper watch on the supplies been kept by the Ministry by a more effective monitoring of the materialisation of supplies and advance payments relating thereto, the excess could have been avoided by making timely provision.

In regard to an unspecified excess out of the excess of Rs. 46.48 crores under sub-head 'A—6—Ordnance Factories' the Committee have been informed that information regarding the extent of excess on account of over-time expenses and the reasons for which this excess could not be covered by obtaining additional provision are being ascertained (20 June, 1981) and a separate note will be submitted as soon as the information is available. The same has not been made available to the Committee till the finalisation of this Report. The Committee take adverse note of the fact that even though more than a year has elapsed since the excess was detected on closing of accounts after March 1980, vital information even on the extent of excess on account of overtime expenses was not compiled and analysed. The Committee are further of the view that since there is usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account.

In this regard, the Committee note from the Appropriation Accounts (Defence Services) for 1979-80 for Grant No. 20 that increase of Rs. 11.86 crores was due to (i) grant of Additional Dearness Allowance, (ii) more expenditure on overtime allowance and (iii) Customs Duty. The Committee would like to know the excess amount due to each of these three factors.

The Committee further note from page 16 of the Appropriation Accounts for 1979-80 that the total amount of overtime allowance paid in Ordnance Factories was Rs. 14.55 crores (1978-79) and Rs. 17.79 crores (1979-80); it is also mentioned therein that the overtime payments were not justifiable by the needs of production. The Committee would like to have an elucidation of the aforesaid comment in the Appropriation Accounts. The Committee would also like to know the amounts of excess due to overtime payments.

[Sl. No. 9 (Para 2.26) of Appendix XIII to 57th Report of the PAC (Seventh Lok Sabha)]

Action Taken

Out of the excess expenditure of Rs. 46.48 crores under sub-head A. 6—Ordnance Factories in 1979-80 under grant No. 20—Defence Services—Army, Rs. 32.37 crores was on account of purchase of materials. The excess of Rs. 32.37 crores has been analysed and it is noted that it was due to:—

(a) advance payments to certain Public Sector Undertakings, with placement of orders	Rs. 7.00 cr.
(b) Excess materialisation of stores than anticipated/estimated	Rs. 1.72 cr.
(c) Escalation in Costs	Rs. 23.65 cr.
	<hr/> Rs. 32.37 cr.

The observation made by the Committee that with a proper watch on materialisation of supplies and by a more effective monitoring of payments, the excess could have been avoided by making timely provision, has been noted. It may, however, be mentioned that while making provision for Revised Estimates 1979-80, escalation factor had been taken into account, but the actual escalation in prices was more than what was anticipated and thus the major portion of the excess expenditure was on account of escalation in prices. The Ordnance Factory Board is monitoring the progress of expenditure on a monthly basis and suitable corrective action is taken as and when necessary. The progress of expenditure is also revised periodically at a High Level Committee in the Department of Defence Production, presided over by Secretary (DP) and comprising Chairman, Ordnance Factory Board and Financial Adviser, Defence Services. A close watch is kept on the inventory holdings in the Ordnance Factories, with a view to avoiding any excess or shortfalls in the approved Budget Estimates.

2. It has already been intimated to the Lok Sabha Secretariat vide Ministry of Defence note dated 10 August, 81 printed in the Report at page 79 that the excess on account of Overtime in 1979-80 was Rs. 4.59 crores, being the difference between the actual expenditure of Rs. 20.50 crores and the sanctioned amount of Rs. 15.91 crores. This excess in overtime expenditure was due mainly to the enhanced rate of Overtime allowance, as a result of grant of additional instalments of DA in 1979-80.

3. The increase of Rs. 11.86 crores referred to in the Appropriation Accounts (Defence Services) for 1979-80 for Grant No. 20 was on account of the difference between the modified appropriation of

Rs. 483.09 crores and the sanctioned grant of Rs. 471.23 crores. As desired by the PAC, the excess amount due to the three factors was as shown below:—

- (i) Rs. 5.47 crores for grant of Additional DA.
- (ii) Rs. 3.65 crores on more expenditure on Over-time Allowance.
- (iii) Rs. 2.74 crores on account of Customs Duty.

4. As regards the observations of the Committee regarding the comments in the Appropriation Accounts for 1979-80, about the over-time payments not being justifiable by the needs of production, it is stated that according to the audited Annual Accounts of the Ordnance Factories, the actual overtime payments in Ordnance Factories in 1978-79 and 1979-80 were as given below:

1978-79	1979-80
Rs. 16.65 cro.	Rs. 20.50 cro.

The figures of Rs. 14.55 crores and Rs. 17.79 crores mentioned in Appropriation Accounts (Defence Services) for the year 1979-80 did not include all the Ordnance Factories. The increase in overtime allowance payments in 1979-80 was of the order of about 23 per cent but the increase in OT man-hours was only 14 per cent from 600 lakhs in 1978-79 to 685 lakhs in 1979-80. The balance 9 per cent increase was on account of increase in OT rates consequent upon the increase in the allowances of the workers. The increase in OT Man-hours was dictated by the needs of production in 1979-80 [the value of production (gross) was Rs. 600.06 crores as compared to Rs. 550.52 crores in 1978-79]. The extra 85 lakh OT man-hours were required to achieve higher levels of production, with almost the same level of staff in 1979-80 as compared to 1978-79. The increase in the value of production in 1979-80 was not only in financial terms, but also in physical terms, as would be seen from the following examples:

Weapons	1978-79	1979-80
106 mm RCL Gun	50	75
84 mm Cral Gustaf . . . . .	..	200
105 mm Tank Gun spare barrel	116	125
<i>Ammunition</i>		
105 mm Tank Gun DS/APDS	75,196	80,297
105 mm HESH/SHP	1.02 lakh	1.24 lakh
Cartg 105 mm IFG	1.33 lakh	1.68 lakhs

5. It would be seen that overtime payments in 1979-80 were justified by the needs of production. The High Level Committee in the Department of Defence Production also keeps a close watch on Overtime payments made in Ordnance Factories, to ensure that overtime working in these Factories is resorted to only in the interests of production and adequate provision is made for Overtime working depending upon the needs of production.

D.A. D.S. has seen.

[Ministry of Defence O.M. No. 11 (20)/81-D (Budget), dated 19-6-1982]

Recommendation

The Committee note that an excess expenditure of Rs. 24.42 crores occurred under Grant No. 22—Defence Services—Air Force. The excess has been attributed mainly to gross excess of Rs. 22.05 crores under the sub-head 'A—5—Stores' and Rs. 3.46 crores under the sub-head 'A—6—Works'. The Committee also find that mainly Aviation Stores and POL accounted for the excess under sub-head 'A—5—Stores' and it was attributed to over-materialisation of supplies/payments than anticipated, effect of hike in petrol prices and increase in prices having bearing on maintenance and operation of installations. The Committee are constrained to note that the specific items under aviation stores which contributed to excess expenditure have not been identified by the Ministry so far. While the excess expenditure is recommended for regularisation, the details thereof should be furnished to them as promised by the Ministry.

[Sl. No. 11 Appendix XIII (Para 2.30) of 57th Report of PAC
(7th Lok Sabha)]

Action Taken

The specific items under Aviation Stores which mainly contributed to excess expenditure have since been identified and details thereof furnished to the Committee vide further Explanatory Note submitted on 10th August, 1981 and reproduced in Appendix X of the Fifty-Seventh Report. As intimated in the Ministry of Defence O.M. No. PC 9(15)/80/D(Budget), dated 31st August, 1981, the DADS had seen the Explanatory Note.

DADS has seen.

[Ministry of Defence O.M. No. F. 11(21)/81/D (Budget)
dated 14-10-1981]

Copy of Report of the Work Study Group on the systems of regulating work of supplies, their receipts and adequate financial provisioning in the Budget of the Defence Services.

Introduction—In 57th Report of Public Accounts Committee (1981-82) (7th Lok Sabha) while discussing excess over the voted grant and charged appropriation—1979-80 of the Defence Budget, the Committee in para 2.31 recommended the setting up of a Work Study Group within the Ministry of Defence which should go into the systems of regulating the work of supplies, the receipts and their adequate financial provisioning in the Defence Budget and they desired that the report of this Work Study Group should be submitted by 31st December 1981 and later on this period was extended on request of the Defence Ministry to 31st March 1982.

2. The observations of the Committee in his connection are reproduced below:—

“2.31. The Committee note from the foregoing paragraphs that out of total excesses amounting to Rs. 140.85 crores, Rs. 86.47 crores of excess have been contributed by the two grants of the Ministry of Defence. This constitutes about 61 per cent of the total excesses. This reflects badly on the budgetary control of the Ministry of Defence. The Committee further note that excess of about Rs. 70 crores mainly under purchase of materials and stores due to stores supplies materialising earlier than anticipated. The Committee feel that the aforesaid excess could have been avoided if there had been effective monitoring of supplies and provision made therefor. The Committee would recommend that the Work Study Group within the Ministry of Defence should go into the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget and submit their report in this regard by December, 1981.”

3. To initiate the studies in regard to the problem raised by the PAC, a Work Study Group was set up with DS (O&M) as the convener, Dir. (Bld. Budget), Ministry of Finance, DS(Budget) Ministry of Defence and representatives from C.G.D.A, three Services Headquarters, DGOF and Research & Development Organisation were associated with this Group. This Study Group held a number of meetings to make in depth study of the problem. Assistance was also sought from the Internal Work Study Unit of the Ministry of Defence for case studies in certain selected areas. As a result of these efforts, there is a broad consensus among the participants of the Group and from the conclusions arrived at to stop the recurring

wide variations between the voted budget grants and the actual expenditure a number of recommendations have emerged which are given in the following paragraphs:

4. Recommendations:

(i) *Preparation of Budget Estimates*: Budget estimates should be prepared more realistically and while working out the estimates for requirement of funds, factors like payment of outstanding liabilities (as per the Liability Register), finalisation of contracts, delivery schedule, changes in exchange rates etc. should be fully taken into account. There should be proper and timely reconciliations between figures available departmentally and figures booked by CGDA.

(ii) *Revised Estimates*: The Revised Estimates should be more realistic and should cover the expenditure incurred and accommodate all anticipated materialisation of supplies and payments to be made. Cuts imposed at the time of Revised Estimates should be absorbed ensuring that the essential items are fully paid for. A view on the non-essential items should be taken so that the same could be spilled over if need be. After having done so, the spending authorities should remain within the revised financial allocations.

(iii) *Timely submission of Returns*: The estimates can be more realistic if the time-lag between the physical deliveries of stores received by the user organisations and payments made therefor is reduced from the existing 3 to 4 months to the maximum of 2 months. The detailed drill should be devised by the accounting organisation in consultation with the users.

(iv) *Need for close liaison*: User organisations are advised to keep close liaison with CsDA concerned and they should take initiative for getting the requisite information timely from the Controllers.

(v) *Early submission of Returns*: CGDA should issue instructions to all its subordinate officers to send the statement of account to the concerned authorities expeditiously and for this purpose due dates should be prescribed. CGDA should ensure that the target dates of submission of accounts are adhered to.

(iv) *Improvement in Monitoring System*: The user organisations should gear up their system of monitoring expenditure and the information system should be so strengthened that the estimating

authorities have necessary feed back information every month regularly in time from the concerned Directorates/Spending Units regarding progress in the placement of indents, conversion of indents into firm contracts, execution of contracts and receipt of inspection notes/invoices.

(vii) *Submission of detailed information:* Not only the CGDA compilation is received late but it also lacks the detailed information. It only gives the total amount booked for the month for a particular code head and the details such as the items against which the expenditure has been incurred are not mentioned. It is suggested that the statement should be made more comprehensive so as to be of actual help to the user organisations in monitoring their financial expenditure. For this purpose the necessary changes should be made in the formation the following lines. The information should include, *inter alia*, the following details:

Name of Major/ Minor Head	Contract No.	Total Value	Description of Stores	Amount paid	Balance
1	2	3	4	5	6

(viii) *Change in procedure for submission of returns:* To eliminate the delay in forwarding information, it is suggested that all authorities concerned with the initial booking of accounts such as PACs (DGS&D), Controller of Accounts—(ISM London) while sending the copies of the statements of accounts to their next superior should also endorse simultaneously copies to the user organisations and Controllers of Defence Accounts. Similarly CsDA while sending the copies to CGDA should endorse the same to the user organisations. Similarly CGDA while sending the compilation of information to the Ministry of Defence and Ministry of Fin. (Def.), should endorse its copies to the user organisation.

(ix) *Regulation of Local Purchase:* In order to avoid rush of expenditure on local purchase during the last 3 months of the year, it is suggested that a stricter control should be exercised by the user organisations on it by evenly spreading the local purchases throughout the year, and because it is amenable to greater control by the spending authorities, they should apply a self-imposed discipline.

(x) *Streamlining of Procedure in ISM London:* It has been observed that ISM London and ISM Washington are not following uniform procedure in regard to communication of payment position

with the Ministry of External Affairs/CGDA for ensuring regular and there is less time lag than in the case of ISM London. The procedure in the case of ISM London should be streamlined on the lines of ISM, Washington. If necessary, detailed procedure should be evolved by the Ministries of Defence and Finance in Consultation with the Ministry of External Affairs/SGDA for ensuring regular and timely receipt of information about payments made/to be made, supplies already effected/to be effected through ISM London, ISM Washington and DGS&D.

(xi) *Simultaneous endorsement of copies to Users Organisations by ISM London/Washington:* Contract/indentwise break-up of expenditure should be furnished by ISM London/Washington and to cut delays, while sending copies to CDA HQrs., copies should also be endorsed simultaneously to user organisations and concerned Controllers as the present system of routing the same through MEA and CDA HQrs. results in avoidable delays.

(xii) *R&D Organisation exemption certificates from customs duty:*

One reason for variation in the expenditure was found to be on account of payment of customs duty. R&D Organisation should as far as possible avoid payment of customs duty on the imported items which are meant to be used for research exclusively by them. The present arrangement of payment of customs duty in the absence of budget provision to this effect and later getting refund after the production of custom duty exemption certificate is not considered satisfactory. Instead of referring individual cases to the Ministry of Defence for getting custom-duty exemption certificate, R&D Organisation should authorise their local officers to record such certificates on the invoices. As their officers working in the laboratories have already been given the powers to authenticate the documents on behalf of the President of India, it should not be difficult for them to issue the customs duty exemption certificates.

Name of the Ministry: Ministry of Communications

Name of the Department: Posts and Telegraphs

The Committee note that an excess expenditure of Rs. 9.37 crores was incurred under Grant No. 16—Posts and Telegraphs, working Expenses during the year under review. The excess occurred mainly

due to liberalisations of pensionary benefits and additional dearness allowance. As early as in 1968-69, the Public Accounts Committee had observed, in paragraph 2.73 of their 31st Report (Fourth Lok Sabha) that as there was usually no element of uncertainty or unforseeability in the expenditure on pay and allowances, there should normally be no excess on this account. The Committee are concerned to note that during 1979-80 also, considerable excess expenditure was incurred under this Grant. The Committee find that pensionary benefits in respect of Central Government employees were liberalised in May, 1979 with retrospective effect and additional relief in pension was also granted in May, 1979 with retrospective effect from 1-12-1978. Even so, the committee are of the considered view that provision in respect of superannuation and retirement allowances, commuted value of pensions, Gratuities, etc. and additional dearness allowance could and should have been made with some precision. This is a clear case of avoidable excess expenditure and the Committee are unable to appreciate why full financial impact of liberalisations announced in May, 1979 could not be estimated with some exactitude at the time of obtaining supplementary grants. They trust that the Ministry would take adequate care in future to avoid excess on this account.

[S. No. 14 (Para 2.35) of Appendix XII of the 57th Report of PAC (7th Lok Sabha)]

Action Taken

The figures shown below indicate the variations that had occurred under the Grant relating to P. & T. Working Expenses during the last 5 years ending with 1979-80:

Year	Sanctioned Grant	Actual expenditure	Vairation	
			Amount	Percentage
1975-76	511.89	505.39	(-) 6.50	(-) 1.3
1976-77	554.09	539.34	(-) 14.75	(-) 2.7
1977-78	611.07	567.66	(-) 43.41	(-) 7.1
1978-79	653.05	644.53	(-) 8.52	(-) 1.3
1979-80	726.16	735.53	(+) 9.37	(+) 1.3

It may thus be seen that the expenditure has remained well within the sanctioned Grant during all these years.

During 1979-80 the expenditure, however, had exceeded the sanctioned provision by Rs. 9.37 crores (1.3 per cent) and this was mainly due to liberalisation of pensionary benefits (830 crores) and payment of additional Dearness Allowance (1.10 crores) partly offset by savings under other heads.

In May, 1979, the Government liberalised the pensionary benefits in respect of Central Government employees by allowing a portion of Dearness Allowance to be treated as pay for the purposes of pensionary benefits. The persons who retired on or after 30th September, 1977 were also given the option to have their pension and DCRG re-calculated after taking into account the element of dearness pay. The last date for exercising this option was 30th June, 1980. As the full impact of this order could be known only after all the options from the pensioners were received, the Department had no other alternative than to make a provision for the pensionary charges for 1979-80 with reference to the trend of expenditure known at that time and the Supplementary Grant was obtained accordingly. This, however, fell short of the requirements by Rs. 8.30 crores.

As regards additional dearness allowance, the Government announced in April, 1979 and October, 1979 respectively the grant of further instalments to its employees with effect from 1-12-1978 and 1-8-1979. The impact of these post-budget announcements was calculated and it was estimated that the budget provision of Rs. 104.63 crores for dearness allowance would need to be raised to Rs. 111.30 crores and accordingly a supplementary Grant of Rs. 6.67 crores was obtained to meet the shortage. But the actual expenditure exceeded the grant slightly (Rs. 1.10 crores) and stood at Rs. 112.40 crores. The excess in this case was less than 1 per cent.

The Department has, however, noted the observations of the PAC and will take greater care in formulating the estimates more precisely in future.

This has been vetted by Audit *vide* their U.O. No. RR III—867/1(b) 406-79-80/ch II dated 16-3-1982.

[Ministry of Communications (P & T Board) O.M. No. 16—65/81-B dated 22-3-1982].

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

IV. RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee find that the overall excess under the Appropriation 'Interest payments' after setting off savings comes to Rs. 3.59 crores. It is significant that but for savings, the real excess would have been Rs. 8.13 crores. The Committee are informed that interest payments are spread over a large number of Post Offices in India and are, by their very nature, not susceptible to precise estimation. Further, interest in some cases is not claimed in the same year in which it becomes due and the arrears of interest are claimed in a subsequent year. A part of the increase was also on payment of commission to small savings agents due to larger investments in small savings than anticipated earlier. The Committee are unable to appreciate why additional liabilities on this account, especially on investments in small savings, could not have been assessed more realistically by adequate liaison with Posts and Telegraphs Department and provided for at least in the Supplementary Budget. They would like to be apprised of the concrete measures taken or contemplated to effect improvements in this behalf.

[Serial No. 7, Appendix XIII (Para 2.20) of 57th Report of
PAC (7th Lok Sabha)].

Action Taken

The observations of the Public Accounts Committee have been carefully considered by the Department of Economic Affairs. The requirements of additional data for making a more precise estimation of the interest payments in respect of different small savings schemes have been examined and the Department has written to the Director General, Posts and Telegraphs and the National Savings Commissioner in this regard *vide* this Ministry's D.O. letter No.

F. 11/13/81-NS dated 29th December, 1981 (copy enclosed). Their replies are awaited. On receipt of their replies, the matter will be considered further and steps taken to ensure that the estimates are made with greater precision. The Public Accounts Committee will be appraised of the precise position in due course.

(A. C. TIWARI)

Joint Secretary to the Govt. of India.

[Ministry of Finance (Department of Economic Affairs) O.M.
No. F. 7 (83)-B(RA)/81 dated 19 February, 1982 (vetted
Note dated 10 June, 1982)]

Copy of D.O. letter No. F. 11/13-81-NS dated 29 December, 1981 from the Director (Budget), Ministry of Finance (Department of Economic Affairs) to the Controller of Accounts, D.G. P. & T. and copy to Joint National Savings Commissioner.

Kindly refer to para 2.20 of the Fifty-Seventh Report of the Public Accounts Committee (Seventh Lok Sabha)—1981-82, in which the Committee have made the following observations with regard to the excess over appropriation for interest payments during 1979-80:—

“2.20. The Committee find that the overall excess under the Appropriation “Interest Payments” after setting off savings comes to Rs. 3.59 crores. It is significant that but savings, the real excess would have been Rs. 8.13 crores. The Committee are informed that Interest Payments are spread over a large number of Post Offices in India and are, by their very nature, not susceptible to precise estimation. Further, interest in some cases is not claimed in the same year in which it becomes due and the arrears of interest are claimed in a subsequent year. A part of the increase was also on payment of commission to small savings agents due to larger investments in small savings than anticipated earlier. The Committee are unable to appreciate why additional liabilities on this account, especially on investments in small savings, could not have been assessed more realistically by adequate liaison with Posts and Telegraphs Department and provided for at least in the Supplementary Budget. They would like to be apprised of the concrete measures taken or contemplated to effect improvements in this behalf.”

2. The matter has been examined in this Ministry. The incidence of interest differs from one small savings scheme to another and the provisions relating to payment of interest are not uniform for all the schemes. Taking these factors into account, the type of data which would facilitate better estimation of the funds required for payment of interest on various categories of small savings securities is indicated in the enclosed note. I shall be grateful if you could kindly look into this matter and arrange to send the data for BE 1982-83 and RE 1981-82 accordingly. The date may also be sent to the National Savings Commissioner, Nagpur.

(COPY)

Data for R.E. 1981-82 and B.E. 1982-83

1. For interest payment in respect of each detailed head in the Demand (i.e. POSE Deposits, CTD, RD, 5-year TD, 3-year TD, 2-year TD, 1-year TD, NSC I Issue/II Issue/III Issue/IV Issue/V Issue, NSAC, NDB, etc.), the following figures may be given:—

- (i) Actuals for 1979-80
- (ii) Actuals for 1980-81
- (iii) Actuals for the first 7 or 8 months (as available) in 1981-82.*
- (iv) Likely payments during the rest of 1981-82.
- (v) Likely payments during 1982-83.

In addition, for checking the estimates, the following information may be furnished.

2. *POSB Deposits*—(i) Figures may be given for outstanding deposits as at the end of 1978-79, 1979-80 and 1980-81.

(ii) Gross deposits and withdrawals for the first 7 or 8 months (as available) in 1981-82.

(iii) Probable gross deposits and withdrawals during the rest of 1981-82.

*Actuals for 9 months April-December, 1981 may be furnished separately by the end of January, 1982.

Since the rate of interest is lower in the case of public accounts, security deposit accounts (other than motor-vehicle security deposit accounts) and 'other accounts', the above data may be given separately for these categories, if possible.

3. *Cumulative Time Deposit accounts*—The deposits received during a financial year may relate to accounts opened in different years. For interest estimates, it is necessary to have an idea of the accounts maturing for payment during 1981-82 and 1982-83.

(i) 10-year CTD accounts opened in 1971-72 and 1972-73 mature during 1981-82 and 1982-83 respectively. Accordingly, total *monthly* deposits may be given for—

- (a) 10-year CTD accounts opened in 1971-72 or earlier and not closed as on 31-3-1981.
- (b) 10-year CTD accounts opened in 1972-73 and not closed so far.

(ii) Similarly, for 15-year CTD accounts, such information may be given for—

- (a) accounts opened in 1966-67 or earlier and not closed as on 31-3-81.
- (b) accounts opened in 1967-68 and not closed so far.

(iii) 5-year CTD accounts have been discontinued. However, accounts not closed so far have to be considered. Total *monthly* deposits in respect of such outstanding account may be indicated.

4. *Recurring Deposit accounts*—This is similar to CTD accounts. However, unlike CTD accounts, RD accounts are only for five years, with provision for continuing the accounts for a further period of five years with or without *monthly* deposits during the extended period. Accordingly, total *monthly* deposits may be given for—

- (a) accounts opened in 1976-77 and not closed as on 31-3-81.
- (b) account opened in 1977-78 and not closed so far.
- (c) accounts opened in each year from 1970-71 to 1975-76 and outstanding as on 31-3-81.
- (d) out of (c), accounts closed so far in 1981-82.

Under (c) and (d), information may be given separately, if possible, for accounts in which monthly deposits are made during the extended period and accounts in which such deposits are not made.

5. *Post Office Time Deposits*—On these accounts interest is payable annually, and post-maturity interest at POSB rate is allowed only for a period of two years.

(i) The total outstanding deposits as at the end of 31st March, 1981 may be given for— ..

(a) accounts not matured up to 31-3-1981.

(b) accounts matured in 1979-80 and 1980-81 but not closed.

The information may be given separately for 5-year, 3-year, 2-year and 1-year accounts.

(ii) For purpose of BE 1982-83, it would be necessary to have an idea of the likely outstanding deposits at the end of March, 1982. For this purpose, gross deposits and withdrawals during 1979-80, 1980-81 and the first 7 and 8 months (as available) in 1981-82 as also the probable gross deposits and withdrawals for the rest of the current year may be given. This information will be required separately for 5-year, 3-year, 2-year and 1-year accounts.

6. *NSC III ISSUE/IV ISSUE*—The position is similar to Time Deposits with the difference that there is no provision in the rules for post-maturity interest.

Figures may be given for—

(a) the total face value of certificates issued during 1974-75 and earlier years and outstanding as on 31-3-1981.

(b) the total face value of certificates issued during 1975-76 and not discharged so far.

7. *NSC II ISSUE/V ISSUE*—These certificates yield interest at maturity and the amount of interest varies depending on the period of issue. The certificates issued in 1974-75/1975-76 mature for payment in 1981-82/1982-83.

(i) Figures may be given for—

(a) the total face value of certificates issued in 1974-75 and in each of the previous years and outstanding as on 31st March, 1981.

- (b) the total face value of certificates issued in 1975-76 and not discharged so far.

(ii) For premature encashment of certificates purchased in the later years, an estimate of interest payment may be given for RE 1981-82 and BE 1982-83 based on past experience, if data is available.

8. *National Savings Annuity Certificates*—The scheme was introduced in April, 1976. On the certificates sold in 1976-77, monthly payments start in different months during 1981-82.

(i) Figures may be given for—

- (a) the total face value of the certificates sold during 1976-77 and outstanding as on 31st March, 1981.
- (b) the total face value of certificates sold during 1977-78 and not discharged so far.

Under (a) and (b), the figures may be given for each month in 1976-77/1977-78, if possible.

(ii) There is a provision in the rules for premature encashment of the certificates. An estimate of interest payment on premature encashment may be given for RE 1981-82 and BE 1982-83 on the basis of past experience if data is available.

9. *National Development Bonds*—The scheme was introduced on 31st August, 1977. The Bonds yield interest only at maturity and there is no provision for premature encashment. There would, therefore, be no interest payment in 1981-82. However, from September, 1982, some of the Bonds may mature for payment. For purpose of BE 1982-83, the total face value of the Bonds sold during 1977-78 and not discharged so far may be given.

10. *Old Certificates*—In these cases, estimate may be given based on the past trends and the available data regarding outstanding deposits.

11. *NSC VI/VII Issue (introduced from 1st May 1981)*—For NSC VI Issue, no interest payment arises in 1982-83. However, for BE 1982-83, a token provision may be made for interest payable on encashment of certificate in certain specified circumstances like death of the holder.

On NSC VII Issue, interest is payable half-yearly. The sale of certificates upto 30-9-1981 is relevant for RE 1981-82 and the sale

(estimated) during 1981-82 and April-September 1982 is relevant for BE 1982-83. Interest estimate may be proposed accordingly.

12. *Commission payment to small savings agents*—This is provided for under the detailed head 'A. 3 (3) (2). Other expenses in connection with small savings schemes' in the Appropriation 'Interest Payments'. So far as P & T Department is concerned, the commission paid by the post offices to SAS agents and EDBPMs is relevant. Figures in this regard may be furnished as follows:—

- (i) Actuals for first 7 or 8 months and for the rest of 1979-80.
- (ii) Actuals for first 7 or 8 months and for the rest of 1980-81.
- (iii) Actuals for the first 7 or 8 months of 1981-82 and likely payments for the rest of the year. (Actuals for 9 months upto December 1981 may be separately given by the end of January, 1982).

Recommendation

The Committee further note that there was a wrong booking of expenditure owing to erroneous double adjustment of labour charges aggregating to Rs. 13.36 crores accounted for twice under Manufacture Suspense under Grant No. 16. The Committee take a serious note of such patent accounting errors which could have been detected if adequate attention had been paid to prompt check and reconciliation of the accounts figures and careful observance of the existing codal provisions. They desire that responsibility for the lapses, particularly at the supervisory level should be fixed for appropriate action against the erring officials. The committee also expect that greater care would be exercised in future to avoid serious mistakes in the proper upkeep and maintenance of books of accounts.

[Sl. No. 19, (Para 2.43) of PAC's 57th Report (7th Lok Sabha)]

Action Taken

The instructions of the Public Accounts Committee have been noted. The defaulting Railway has been addressed *vide* letter No. 80-App/7-2/79-80 Para 2.43 dated 29-10-81 to fix responsibility for the lapse, to be more vigilant in future to avoid such errors, and also to ensure correct upkeep and maintenance of accounts books.

This has been seen by Audit.

[Ministry of Railways (Railway Board's) O.M. No. 81-RC-PAC/VII/57, dated 21-4-1982].

APPENDIX XIX

(Vide paragraph 1.1 of the Report)

Statement showing action taken by Government on the recommendations contained in Chapters I and II and final replies in respect of Part IV of Appendices I and II of 61st Report (Seventh Lok Sabha) on Action Taken on 1st and 24th Reports (Seventh Lok Sabha)

Recommendation

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 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.

[Sl. No. 1—Appendix III—(Para 1.3) of Sixty-first Report of Public Accounts Committee (Seventh Lok Sabha)].

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. 17th 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.

[Sl. No. 3—Appendix III—(Para 2.5) of Sixty-first Report of Public Accounts Committee (Seventh Lok Sabha)].

Action Taken

(i) Ministry of Finance (Department of Expenditure)

The observations of the Public Accounts Committee regarding the delay in the submission of the Action Taken Notes on recommendations made at Sl. Nos. 1, 4 and 5 of their 1st Report and Sl. No. 4 of the 24th Report have been noted. Every effort will be made in future to ensure adherence to the time schedule prescribed in this regard.

[Ministry of Finance (Department of Expenditure) O.M. No.
F. 12(3)-E(Coord.)/82 dated 8 September, 1982].

(ii) Ministry of Railways (Railway Board)

While noting the observations of the Committee for submission of final action taken notes within the stipulated time limit of six months, the Ministry of Railways would like to submit the following factual information in regard to submission of action taken notes by them on the recommendations made in the 1st and 24th Reports.

1st Report—Out of 22 recommendations made in this report by the Committee, Ministry of Railways were required to furnish action taken notes in respect of only 6 recommendations, viz., Sl. Nos. 1, 2, 6, 16, 17 and 19 by the target date 15-6-1981. The actual date of submission of action-taken notes in respect of these recommendations was as under:

Recommendation No.	Date of submission	Final or Advance
1	12-2-81	Final
2	19-5-81	Final
6	13-3-81	Final
16	23-7-81	Advance
17	18-6-81	Final
19	9-4-81	Final

It will be seen that excepting one recommendation (Sl. No. 16) time-limit of 6 month was observed in respect of the other 3 recommendations.

24th Report—Out of 14 recommendations made in this report, this Ministry was required to furnish action-taken notes in respect of only 3 recommendations viz. Sl. Nos. 10, 11 and 12 by 17-6-1981. Final action-taken note in respect of recommendation No. 10 was furnished on 14-4-1981 whereas in respect of recommendations Sl. Nos. 11 and 12 advance action taken notes were furnished on 23-7-1981.

The Ministry of Railways nevertheless assures the Committee that the recommendations made by them receive the due attention in this Ministry.

This has been seen by the Audit.

[Ministry of Railways (Railway Board) O.M. No. 82-BC-PAC/VII/61 dated 9-9-1982].

(iii) Ministry of External Affairs: (Sl. No. 1 only). E

The Public Accounts Committee's general observation as contained in Para 1.3 of its 61st Report on the subject noted above, has been duly noted by this Ministry for strict compliance in future.

(Ministry of External Affairs O.M. No. Q/Accts. I/7340/2/82 dated 16/17.9.1982)

(iv) **Ministry of Petroleum, Chemicals and Fertilizers** (Sl. No. - only
(Department of Chemicals and Fertilizers)

On receipt of the communication No. 20/9/5/79-PAC dated the 15th December, 1980 regarding action taken note on the recommendations contained in the 1st Report of the PAC 1980-81 (7th Lok Sabha) on excess over voted grants/charged appropriations (Civil), (Railways), (P&T) and for the (Defence Services) for the year 1977-78 and on the action taken by the Government on the recommendations of the Public Accounts Committee contained in their 87th and 104th Reports (Sixth Lok Sabha), reply to the Recommendation at S. No. (20) of Appendix XV (Para 4.7) was sent to the Ministry of Finance vide this Department's O.M. No. 7(8)/80-Fin. (C&F) dated the 6th January, 1981 in the belief that the final reply would be consolidated by the Ministry of Finance as the recommendation related to five different departments including Ministry of Finance. However on 11th September, 1981 Ministry of Finance desired that 40 copies of the English and 10 copies of the Hindi version of the action taken note have to be furnished by the each and individual Department to the Public Accounts Committee Branch of the Lok Sabha Secretariat. This

was immediately done but it was late in so far as the stipulated period had expired on 14th June, 1981. The delay is regretted and the observations of the Public Accounts Committee have been noted and it would be ensured that the time schedule is adhered to in future.

[Ministry of Petroleum, Chemicals & Fertilizers (Department of Chemicals & Fertilizers) O.M. No. 7(8)/80—Fin. (C & F) dated 6-8-1982]

Recommendation

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 CPWD 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 work.' The Committee would like to be apprised of the decision.

[Sl. No. 2(Para No. 1.7 of Appendix III to 61st Report of the Public Accounts Committee (7th Lok Sabha.)]

The stores accounting procedure of the C.P.W.D., has since been revised and introduced vide Ministry's O.M. No. 15011/12/78-W2, dated the 27th April, 1982, copy enclosed.*

[Ministry of Works & Housing (Works Division) O.M. No. G-25015/3/82-BC dated 30-9-1982.]

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-Payments 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 Bureaux 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.

*Reproduced under Appendix XI to the Report.

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.

[S. No. 7(para No. 211) 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 coordination 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 & Education) O.M. No. 4(2)/78-Budget (ICAR)/DARE dated 3-11-1981].

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 appropriate 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

"Stock", it has been attributed to procurement of more quantities of seel 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 later one.

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

Action Taken

An Action Taken Note was sent to the Lok Sabha Secretariat on 22nd July, 1981 explaining the system of procurement of stores by the Divisions of the CPWD and maintenance of accounts in respect of these stores. It was pointed out therein that in view of the system of accounting being followed in the CPWD, it was difficult to arrive at the figures relating to excesses due to multiplicity of transactions or due to procurement of excess quantities of stores. Nevertheless, as exercise was started to determine these figures.

2. he exercise has not proved successful, and the conclusions drawn have confirmed the earlier belief that under the system of accounting being followed in the CPWD, it is not practicable to identify the excesses due to multiplicity of transactions in monetary terms. The figures collected as a result of the exercise will, therefore have to be termed as based on approximation only. According to these figures, out of the total excess of Rs. 370.00 lakhs under Suspense head "Stock", the excess on account of multiplicity of transaction is of the order of Rs. 57.13 lakhs only while the remaining excess is on account of procurement of more quantities of steel, cement etc.

3. The stores accounting procedure of the CPWD has since been revised and introduced vide Ministry's O.M. No. 15011/12/78—W2 dated 27 April, 1982, copy enclosed.*

[Ministry of Works and Housing (Works Division) O.M. No. G—25015/2/80—Bt. dated 16 July, 1982.]

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

*Reproduced under Appendix XI.

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 pressed 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 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 procedure matter so that excess persisting over a number of years under the Grant 'Public Works' may not occur in future.

[S. No. 15 of Appendix XV (Para 2.39) of the First Report of PAC (Sventh Lok Sabha)].

Action Taken

An interim Action Taken Note was sent to the Lok Sabha Secretariat on 22/6/81 indicating the progress made in evolving a revised stores accounting procedure for the CPWD.

2. Revised stores accounting procedure for the CPWD has since been evolved and introduced vide Ministry's O.M. No. 15011/12/78-W2 dated 27/4/82 (copy enclosed).

[Ministry of Works and Housing (Works Division) O.M. No. G—25015/2/80—Bt dated 24 July, 1982.]

Recommendation

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 decisions 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.

SSL No. 22—Appendix XV—(Para 4.15) of First Report of Public Accounts Committee (Seventh Lok Sabha).

Acton Taken

(i) Ministry of Works and Housing (Works Division)

Since inspite of prolonged correspondence a viable alternative to this existing system could not be agreed upon, a meeting was held in the Ministry of Works and Housing on 29-8-81, which was attended among others by the representatives of the C. & A. G. of India, Ministry of Finance (Budget Division) and CPWD for working out a suitable procedure for the accounting of stores—transaction in the C.P.W.D. Broad decisions taken at the meeting were:—

- (1) To eliminate the inflated budgeting, the operation of the Suspense Head "Purchases" may be dispensed with, and in its place, the Suspense Head "Material Purchase Settlement Suspense Account" may be opened under the Major Head "858—Suspense Account" outside the budgetary Heads of Accounts with a view to accounting for the amount of purchases not paid in the same month. This Suspense Head will be cleared, while making payment for the supplies received.
- (2) The CPWD Division while indebteding stores from the Central Stores Divisions/other Divisions would henceforth indicate whether the Stores indented are required for "Specific Works" or for "Stock", as usually by contra debit to the Suspense Head "Cash Settlement Suspense Account" by the Central Stores Divisions or the other Divisions by whom the stores are issued. Stores, issued for stock purposes, should be minus debited to the Suspense Head "Stock" by per contra debit to the Suspense Head "Cash Settlement Suspense Account" by the Stores Supplying Division.

(3) Within a view to avoiding budgeting difficulties due to the adoption of the new system of stores accounting as stated above, the Central Stores Division would prepare their budget on the basis of their requirements at present. The Working Divisions would, however, prepare their budget for stock in two parts, viz.

- (i) direct purchases from market, and (ii) by indenting from Stores Divisions. Provisions for stock under Category (ii) made by the Working Divisions will then be reduced from the provision of Stores made by the Central Stores Divisions at Zonal Levels. In respect of such provisions made by the Working Divisions, not falling under the same Zonal Chief Engineer, under which the Central Stores Division from which the stock is indented to be procured falls, such provisions will be worked out by the concerned Zonal Chief Engineer on the basis of the data received by them and intimated to the Zonal Chief Engineers concerned, under whose jurisdiction the Central Stores Divisions, from which the Stores are to be procured, falls, for carrying out the necessary adjustment as stated above.

(4) This procedure may come into effect from the financial year 1982-83. The Budget Estimates for the year 1982-83 should, therefore, be prepared accordingly.

(5) The balance remaining outstanding upto the close of the financial year 1981-82 under the Suspense Head 'Purchases' shall be transferred to Suspense Head "Material Purchase Settlement SuspenseAccount" now proposed to be opened outside the budgetary heads of accounts on proforma basis.

2. A copy each of the draft minutes of the meeting and draft order proposed to be issued by the Ministry was sent on 29-9-81 to the Officers mentioned above for their concurrence. The concurrence of the C. & A.G. office has been received *vide* D.O. No. 191—TA II 226-80 dated 12-2-82 and further necessary action is being taken for issue of the orders in consultation with Ministry of Finance (Deptt. of Economic Affairs).

[Ministry of Works and Housing (Works Division) O.M. No. G—25015/1/81-Bt, dated 22 June, 1982.]

Further Information

Two interim Action Taken Notes were sent to the Lok Sabha Secretariat on 22-6-81 and 7-4-82 respectively indicating the progress made in evolving a revised stores accounting procedure for the CPWD.

2. Necessary instructions on the subject have since been issued *vide* this Ministry's O.M. No. 15011/12/78—W2 dated 27-4-82 (copy enclosed).*

[Ministry of Works and Housing (Works Division) O.M. No. G—25015/2/80—Bt dated 28 July, 1982.]

(ii) Ministry of Finance (Department of Expenditure):

An interim Action Taken Note was sent to the Lok Sabha Secretariat on 21-8-1981 indicating that the Ministry of Works & Housing was examining the question of introducing the system of Net budgeting in CPWD in consultation with the concerned Departments. The matter has since been finalised by the Ministry of Works & Housing who have issued orders prescribing a revised accounting procedure for store transactions in the C.P.W.D. *vide* their O.M. No. 15011/12/78-W2 dated 27-4-82 a copy of which was sent to the Committee with that Ministry's O.M. No. G—25015/2/80-81, dated 28-7-82.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 12 (3)—E(Coord)/82 dated 8 September, 1982.]

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. (Seventh Lok Sabha)]

*Reproduced under Appendix XI.

Action Taken

An interim Action Taken Note was sent to the Lok Sabha Secretariat on 23rd June, 1981 indicating the progress made in evolving a revised stores accounting procedure for the CPWD.

2. Revised stores accounting procedure for the CPWD has since been evolved and introduced *vide* Ministry's O.M. No. 15011/12/78—W2 dated the 27th April, 1982 (copy enclosed).*

[Ministry of Works and Housing (Works Division) O.M. No. G—25015/1/81—Bt, dated 27 July, 1982.]

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 counter-balanced 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 2nd 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 Appendix IX—(Para 2.21) of Twenty Fourth Report of P.A.C. (Seventh Lok Sabha)].

*Reproduced under Appendix XI.

Action Taken

An interim Action Taken Note was sent to the Lok Sabha Secretariat on 23rd June, 1981 indicating the progress made in evolving a revised stores accounting procedure for the CPWD.

2. Revised stores accounting procedure for the CPWD has since been evolved and introduced *vide* Ministry's O.M. No. 15011/12/78-W2 dated the 27th April, 1982 (copy enclosed).*

[Ministry of Works and Housing (Works Division) O.M. No. 6-25015/1[81-Bt, dated 22 July, 1982.]

APPENDIX XX

(Vide Introduction)

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS

S.No.	Para No.	Ministry/Deptt.	Recommendation
1	2	3	4
1	1.5	Finance (Expenditure) Railways	<p>The Committee find that while the Appropriation Accounts (Defence Services) and (Posts and Telegraphs) for the year 1980-81 were laid on the Table of the House on 5 April and 23 April 1982, respectively the presentation of the Appropriation Accounts (Civil) and (Railways) for the same year was delayed till 9 July, 1982 presumably because the Budget Session of Lok Sabha which was scheduled to last till 6 May, 1982 was adjourned <i>sine die</i> on 30 April, 1982. The Appropriation Accounts (Civil) and (Railways) for the year 1980-81 duly certified by the Comptroller and Auditor General of India were ready only on 1 May, 1982 that is, after the Session had ended. The Committee trust that earnest endeavour would be made in future towards timely finalisation of the Appropriation Accounts and getting them audited so that it is possible to lay them on the Table of the House in the Budget Session of Parliament.</p>

During the year under review viz, 1980-81, excess expenditure had occurred under 27 Voted Grants and 2 Charged Appropriations and aggregated to Rs. 359.15 crores as against Rs. 42.28 crores and Rs. 140.86 crores respectively during the years 1978-79 and 1979-80. The aggregate excess during 1980-81 is the highest during the decade 1971-81. The Committee view this situation with concern. Analysis of the causes for excess expenditure during 1980-81 which have been discussed in some detail in the succeeding paragraphs of this Report, indicates that defective estimation of requirements of funds, lack of proper and timely review of the progress of expenditure, failure to anticipate properly and provide for the receipt of stores and debits relating thereto, absence of adequate provision for adjustment of past liabilities etc. have as in the past but in a bigger way contributed to the excesses. The departmentalisation of Union Government Accounts (Civil) in 1976/1977, coupled with the introduction of the scheme of integrated Financial Advisers should, according to the Ministry of Finance, have resulted in better control over expenditure vis-a-vis the budgetary provision. The Committee are constrained to point out that these expectations have failed to materialise in a sustained manner.

.....

The Committee have been repeatedly pointing out that the system of estimation of and control over expenditure is faulty and year after year, Parliament is being presented with a *fait accompli*

of untempering excess phenomenon. Though the Ministry of Finance, have been dutifully circulating the recommendations of the Committee to the Ministries/Departments of the Government for compliance, financial discipline remains still a distant goal. The Committee would urge Government to undertake an indepth study to analyse the reasons why the system of departmentalised accounts and integrated financial advise has failed as an instrument of effective control of and concurrent check over public expenditure. This study may be remitted to a team of experts in public finance, some of whom could be drawn from outside Government.

3

2-7

Finance (Expenditure)/
Energy

While, on the one hand, there was expenditure in excess of voted grants and charged appropriations to the extent of over Rs. 359 crores there were savings to the extent of Rs. 1641.76 crores.

The Appropriation Accounts (Civil) alone disclosed savings of Rs. 927.03 crores (approx) out of voted grants of Rs. 15,812.57 crores. The Committee are constrained to point out once again that large scale savings have been reported in such developmental and welfare activities as Agriculture (Rs. 26.13 crores), Irrigation (Rs. 11.41 crores), Energy (Rs. 112.95 crores), Village & Small Industries (Rs. 12.73 crores), Rural Reconstruction (Rs. 10.46 crores), Social Welfare (Rs. 24.47 crores) etc.

It is disheartening for the Committee to find that while energy remains the biggest bottleneck in our developmental efforts, savings to the tune of nearly Rs. 113 crores out of total budgetary

provision of Rs. 652.34 crores should have occurred. Most of the shortfall occurred in the capital section of the Grant—the saving being of the order of Rs. 111.56 crores against the budgetary allocation of Rs. 579.81 crores i.e. more than 19 per cent of the outlay was surrendered. As energy is vital for the country's growth and affects both industrial and agricultural production, the Committee consider it extremely unfortunate that such a heavy shortfall should have occurred under this head. The Committee would like to be apprised of the precise reasons for the inability of the Ministry to utilise the budgetary allocations and the steps taken to avoid such situations in future.

216

Finance (Expenditure)

The Committee had, only a year ago, commented on the tendency of under-utilisation of funds earmarked for some of the vital sectors of the economy, thereby not only slowing down development in these sectors but also depriving the other important sectors of the much needed resources for development. In para 2.5 of their 57th Report (7th Lok Sabha) the Committee had pointed out that large scale savings were indicative not only of bad budgeting but also of the failure of the Departments concerned to make full use of resources provided for the betterment of the people. The Committee had urged the Government to analyse the reasons for this recurring phenomenon with a view to initiate timely remedial measures. These observations

were brought to the notice of all Ministries/Departments by the Ministry of Finance on 25 September, 1981. The observations of the Committee have also been brought to the notice of the Planning Commission who were to discuss and finalise the annual plan allocations for the Schemes/Projects for the year 1982-83 so that the Plan Budget is framed on a more realistic basis. The Committee trust that the machinery would be geared up to achieve this end. They would watch with interest the results of improvements sought to be brought about when they examine the future Appropriation Accounts.

According to the revised time schedule as desired by Government and agreed to by the Committee in April, 1974, explanatory notes on excesses over voted grants and charged appropriations are required to be furnished 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 16 Grants/Appropriations operated by various Ministries (other than the Ministry of Railways) were received within the stipulated period, the Explanatory Note (s) relating to 11 Grants administered by the Ministry of Railways were received on 18 August, 1982, although the Appropriation Accounts were laid on the table of the House on 9 July, 1982. Since the Appropriation Accounts (Railways) for the year 1980-81 were certified on 1 May, 1982 explanatory notes could have been furnished to the Committee immediately after the presentation of Appropriation Accounts on

9 July, 1982. In this connection, it is relevant to point out that all the notes relating to Appropriation Accounts (Civil) were received by 7 July, 1982, even before the presentation of the Accounts. The delayed submission of explanatory notes by the Ministry of Railways has undoubtedly hampered the timely processing and finalisation of this Report by the Committee. As the Committee are anxious that excesses over Voted Grants and Charged Appropriations are brought before Parliament for regularisation as expeditiously as possible, they would like the Ministry of Railways to ensure strict adherence to the prescribed time schedule in future.

6

2-13

Commerce

The Committee find that there was an overall excess of Rs. 1.14 lakhs under the Revenue Section (Voted) of Grant No. 11—Ministry of Commerce. The excess was mainly due to increased expenditure under the head 'Travel Expenses' (Rs. 2.89 lakhs) in respect of both the Departments of the Ministry viz., the Department of Commerce and Department of Textiles. The excess, according to the Ministry of Commerce occurred 'due to adjustment of debits received after the close of the financial year from Missions abroad in respect of travel expenses of the Ministry's officials while on tour abroad'. This is a case of avoidable excess expenditure. Had the Departmental officers followed the procedure outlined in the Handbook of Accounting Instructions under the Departmentalised Accounting System, the inter-departmental adjustments could have been effected

before March Supplementary Accounts. The instructions under para 10.7 of Chapter II of Hand Book ibid require maintenance of a register of Inward Claims and Annexure 'B' to Chapter IV of the said Hand Book, requires that a portion of the allotment to meet the cost of services rendered or supplies made is to be kept separately and prima facie adjustable claims are to be entered in the Expenditure Control Register maintained by the Department.

The Committee have been informed that to avoid such excesses and to have an effective control over the expenditure, the control register and the procedure (indicated in Annexure 'B' to Chapter IV of the Hand Book of Accounting Instructions) is being followed. The Committee would impress upon the Ministry the need to initiate timely action to provide fully for the anticipated expenditure consistent of course, with the need for economy in travel expenses.

7

2.16

Communications
(P & T Board)

The Committee note that a gross excess expenditure of Rs. 20.19 crores occurred on five items under the Revenue Section (Voted) of Grant No. 17—Posts and Telegraphs which contributed to the overall excess of Rs. 19.50 crores under the Grant. The excess was mainly due to adjustment of larger debits than anticipated (Rs. 6.99 crores) for stores purchased through the DGS&D, expenditure on purchase of furniture and other items of office use (Rs. 4.70 crores), expectations about savings becoming available within the grant to meet the additional expenditure on payment of Additional Dearness Allowance instalments (Rs. 4.41 crores) not materialising; revision

of haulage charges payable to Railways (Rs. 2.83 crores) and maintenance of postal buildings (Rs. 1.26 crores). In the opinion of the Committee, anticipated expenditure and liabilities on the above counts should have been provided for at the time of framing of the Revised Estimates to the extent possible. The Committee expect that adequate care will be exercised by the Ministry of Communications in this regard in future.

8

2-23

Defence

The Committee note that the excess of Rs. 45.96 crores under the Revenue Section (Voted) of Grant No. 21—Defence Services—Army was the net result of excesses/savings under the various sub-heads in the Grant and was mainly attributable to the excess of Rs. 107.05 crores under the sub-head 'A.6—Ordnance Factories'. Against the final Budget provision of Rs. 507.40 crores, and the proposed re-appropriation to the extent of Rs. 38.83 crores to his sub-head, the actual expenditure amounted to Rs. 614.45 crores. The increase of Rs. 68.22 crores over the Revised Estimates was, according to the Ministry, mainly under the item 'Purchase of Materials' and was due to larger purchases for achieving higher production, heavy carry-over payments, larger receipt of supplies than anticipated and larger booking of expenditure under Central Purchases towards the end of the year.

An excess of Rs. 5.97 crores occurred under the Revenue Section (Voted) Grant No. 22—Defence Services—Navy and was attributable to excess expenditure under the sub-heads 'A.1-Pay and Allowances of Navy' (Rs. 129.79 lakhs), 'A.5-Stores' (Rs. 326.27 lakhs) and 'A.7-other Expenditure' (Rs. 172.47 lakhs). The excess under the sub-head 'A.1-Pay and Allowances of Navy' was due to payment of one additional instalment of Dearness allowance with effect from 1 September 1980 and also due to higher per capita rates than anticipated at the Revised Estimates stage. The excess under the sub-head 'A.7-other Expenditure', according to the Ministry was mainly due to (a) more expenditure on deputation/training in a foreign country (b) larger supplies through DGS&D than anticipated and (c) additional payments to a foreign country for repairs and refits of ships. The excess under the sub-head 'A 5-stores' was actually Rs. 9.76 crores after taking into account the reduction of the provision by reappropriation to the extent of (—) 6.50 crores. The excess is reported to be on account of larger receipt of supplies of stores, spare parts and machinery than anticipated, misclassification of expenditure under 'Clothing Stores' and increase in 'Customs duty' increased expenditure on POL. The Committee have been informed that "details in regard to the misclassification of expenditure under 'Clothing stores' are being looked into". Since misclassifications vitiate sound budgetary control, the Committee desire that responsibility for failure to reconcile the expenditure figures and to ensure timely rectification thereof should be fixed and appropriate action

taken, if any gross negligence is noticed on examination of the details.

10

225

Defence

An excess of Rs. 3.06 crores occurred under the Revenue Section (voted) of Grant No. 23—Defence Services—Air Force. The overall excess was mainly on account of excess expenditure under the heads 'A.1—Pay and Allowances of Air Force' and 'A.6—Works' to the extent of Rs. 8.96 crores. As in the past increase in cost of stores, POL, water/electricity charges, payment of additional Dearness Allowance instalments and late booking of certain local allowances of airmen are stated to be the main reasons for excess expenditure.

NCC

The Committee have been informed that in pursuance of the recommendations contained in para 2.31 of the 57th Report of the Committee (1981-82), the Works Study Group in the Ministry of Defence has since conducted a detailed study of the system of regulating the work of supplies, their receipts and their adequate financial provisioning in the budget. The estimating authorities have been advised to maintain and make proper use of the liability register besides framing the estimates on a realistic basis. The Ministry of Defence expects that with the implementation of the measures suggested by the Works Study Group, there would be improvement in the existing system and cases of large variations between the sanc-

tioned grant and actual expenditure would be substantially minimised, if not altogether eliminated.

In this context, the Committee would like to recall that in pursuance of the recommendations contained in paras 1.8—1.10 of their 29th Report (Sixth Lok Sabha) (1977-78) the Ministry of Defence had earlier conducted a review of the reasons for excesses during the past few years which showed that these occurred mainly under (i) Pay and Allowances, (ii) Transportation, (iii) Stores, and (iv) Works Expenditure due to inaccurate/under estimation under these heads. In the instructions issued in 1978, the Ministry of Defence had impressed upon the estimating authorities that it was possible to realistically estimate the overall effect of upward revision of Pay and Allowances and tariff rates of Railways|electricity|water etc. as also the position in regard to materialisation of supplies.

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2-26

Defence

The Committee are concerned to note that excess expenditure to the tune of nearly Rs. 53 crores was incurred under Grants Nos. 21, 22 and 23 operated by the Ministry of Defence during 1980-81. The Ministry of Defence have claimed that existing system provides for adequate arrangements for monitoring and control of expenditure with reference to budget provisions. However, the problem basically relates to ineffective implementation of the existing instructions by keeping a close and constant watch on the trend of expenditure with reference to budgetary provisions. The Committee expect that suitable steps to tighten up the system of monitoring and expenditure

control would be taken without delay in the light of the suggestions given by the Works Study Group referred to earlier. The Committee would like to be apprised of the results of these efforts.

12

2.29

Finance
(Economic Affairs)

The excess under the Revenue Section (Voted) of Coinage and Mint has been to the tune of Rs. 3,26,333. But for savings under certain sub-heads, the excess would have been much more. It is significant to note that this Grant was exceeded in the year 1974-75, 1976-77, 1977-78, 1979-80 as well. An unanticipated excess of Rs. 4.39 lakhs occurred under the sub-head "A.4(1)-loss on destruction of withdrawn coins" during 1980-81. The Ministry has informed that while working out the final requirement of funds under this sub-head, the debits pertaining to February and March, 1981 could not be assessed very accurately and there were also some wrong adjustments in accounts which vitiated the estimate of final requirements. The Committee have also been informed that the General Managers of the Mints and Presses have been instructed to ensure that such lapses do not recur. They have also been directed to ensure financial discipline, proper estimation of requirement of funds, proper and timely review of the progress of expenditure and proper classifications and adjustments.

The Committee are concerned over the persistent failure on the part of General Managers of Mints and Presses in foreseeing and

making adequate provision for anticipated needs. The Committee would like the Ministry to examine the reasons for such repetitive lapses. In particular they would like the details of wrong adjustments in accounts which vitiated the estimate of final requirements of funds during 1980-81 to be examined for appropriate action in case any serious negligence on the part of supervisory officials is noticed.

13 2.32 Finance
 (Economic Affairs)

The Committee find that an excess expenditure of Rs. 5.75 crores occurred under Grant 39—Pensions. The bulk of the excess during 1980-81 viz., Rs. 4.89 crores was due to payment of pensionary benefits in respect of those who, unfortunately died while in service and those who were compulsorily retired or who sought voluntary retirement. The Committee have been informed that pursuant to the earlier observations* of the Committee (1981-82) instructions have been issued in October-December, 1981 to all Controllers of Accounts/Directors of Audit/Accountants General to frame the estimates in respect of pension payments, in a more precise and realistic manner, to avoid such excesses in future. The Committee trust that the extant instructions would be strictly observed.

14 2.35 Home Affairs

The Committee find that an excess of Rs. 33.58 lakhs occurred under 'BB 1 (1) (1)—Construction of residential accommodation by the Ministry of Home Affairs. The excess mainly occurred under BB(1) (1) (1)—Construction of residential accommodation

*[c.f. para 2.17 of 57th Report (1981-82)]

-do-

for Assam Rifles'. The excess under this head is attributed mainly to abnormal rise in the cost of material and labour (more than 20%) in the North Eastern Region. The Committee have carefully considered the explanation given but are unable to contribute to the view that the work sites being spread over farflung areas of North Eastern Region, the progress reports on the actual expenditure could not be received in time to re-schedule the works within the available funds or to obtain supplementary Grant for meeting the additional requirements of funds. The Committee would like to have fuller explanation why the effect of rise in the cost of materials and labour could not be anticipated at least at the time of preparation of revised estimates and adequate funds provided for through supplementary Grant.

The Committee note that there was an excess expenditure of Rs. 3.66 crores and Rs. 5.60 crores respectively in the Revenue and Capital Sections (voted) and Rs. 2.47 crores in the Capital Section (charged) of Grant No. 53—Delhi. But for savings to the fund of Rs. 1.49 crores in Revenue Section (voted), Rs. 3.43 crores in Capital Section (voted) and Rs. 1.38 crores in Capital Section (charged), the overall excess under this Grant would have been much more. This Grant was exceeded in 1975-76, 1978-79 and 1979-80 also. The excess during 1980-81 under the Voted Sections

have been generally attributed to accelerated progress of works and cost escalation of materials for works connected with Asian Games, 1982. The Committee are constrained to record their displeasure over the persistent tendency to exceed the budgetary ceilings. It seems that the instructions issued in the past have had little effect on the Delhi Administration. The Committee apprehend that fresh instructions are also likely to meet the same fate unless earnest measures are taken to curb this tendency. The Committee are of the view that anticipated expenditure on the above counts as also adjustment of more debits should have been ascertained more precisely at least at the time of framing the Revised Estimates and necessary supplementary Grant obtained. The Committee expect that in future, the Delhi Administration will display better sense of financial discipline.

227

16

2-39

Home

1

As against the final charged appropriation of Rs. 3.55 crores under the Capital Section, the actual expenditure amounted to Rs. 6.02 crores, leaving an uncovered excess of Rs. 2.47 crores, representing 69.58 percent of the total provision. The excess, according to the Ministry was due to more payment on account of enhanced compensation of decretal amounts in respect of land acquisition cases, than was anticipated. The Committee would like to know when exactly the enhanced compensation was announced, and whether the decretal awards could have been provided for at the time of revised budget allocation.

1	2	3	4
17	2.44	Home Affairs	<p>The Committee find that the excess under the Revenue Section (voted) of the Grant No. 55—Andaman and Nicobar Islands occurred mainly under the Major Head “259”, sub-head ‘A.12(5) (1)—Stock’ (Rs. 2.34 crores) and ‘A.12(5) (2)—Purchase’ (Rs. 1.20 crores). After setting off the savings under other heads, the net excess comes to Rs. 2.94 crores. The Committee note that excess under this Grant administered by the Ministry of Home Affairs has been a recurring phenomenon in the past. The Committee are unable to appreciate why increase in cost of stores, materials and transportation as also debits for past liabilities could not be anticipated and provided or fully through a closer liaison between the indenting authorities, procurement agencies and the accounts organisation. As far back as in April, 1977, the Ministry had informed the Committee (1977-78 that this problem would be overcome to a large extent after installation of departmentalised accounting system. Although such a system has already been introduced in the Union Territory, the excess expenditure during the year 1980-81 has been the highest since 1967-68. The Committee desire that the Ministry should not remain content with issuing fresh instructions, but should ensure strict compliance with the earlier instructions.</p>
18	2.47	Steel and Mines	<p>The Committee observe that during the year 1980-81, the excess in Revenue Section (voted) of Grant No. 81-Mines and Minerals occurred under the heads ‘B1 (3) (2) Machinery and Equipment’</p>

(Rs. 4.14 crores) and 'B.2(5) (1) price differential on gold acquired by Government' (Rs. 2.47 crores). This to some extent offset by savings under other heads resulted in uncovered net excess of Rs. 3.11 crores. Clearly estimates have been over-pitched in respect of the other heads.

The excess under B.1(3) (2)—Machinery and Equipment (mineral exploration) is attributed to (a) receipt of unanticipated supplies of Russian drills for coastal surveys and (b) belated adjustment of debits for stores purchased through DGS&D and Indian Supply Mission Washington. This case of avoidable excess expenditure underlines once again the need for an effective watch over materialisation of supplies contracted for and payments therefor by the various paying authorities. The Committee have been informed that steps have been taken by the Ministry in this direction although codal instructions already exist on proper maintenance of liability registers. The Committee expect the Ministry to ensure strict adherence by the controlling officers.

The excess under the head 'B.2(5) (1)—Price differential on gold acquired by Government' is stated to be on account of increased price differential paid to Bharat Gold Mines Ltd. and Hindustan Copper Ltd., owing to increase in the international price of gold. The Committee consider that the position should have been reviewed at the time of preparing revised estimates and necessary provision made in the light of prevailing prices.

1	2	3	4
19	2.50	Supply and Rehabilitation (Supply)	<p>The excess in three sub-heads of the voted Section of Grant No. 84—Supplies and Disposals aggregating to Rs. 19.90 lakhs attracts attention on two counts. That the overall excess under the Grant as a whole was only Rs. 8.07 lakhs highlights the extent to which estimates were over-pitched in respect of some other sub-heads. The excesses were mainly due to payment of additional instalments of dearness allowance, post-budget increase in rail and air fares, postal and telephone charges, increase in rent and increase in pay and allowances of Canteen Staff, as also unanticipated adjustment of debits on account of machinery and equipment. The Committee would like to point out once again that since there is usually no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should normally be no excess on this account. Similarly, the adjustment of debits and increases in tariff rates should have been provided for at the time of obtaining supplementary grant in December/March. The Committee have been informed that steps have been taken to avoid recurrence of excesses of this nature by effective monitoring of the flow of expenditure and by maintaining a close coordination between Payment and Budget Appropriation Sections on adjustment of debits. The Committee trust that adequate care would be taken in future to avoid such excesses.</p>

20 2.54 Works and
 Housing

The excess under the Revenue Section (voted) of Grant No. 91—Public Works has been to the tune of Rs. 1.89 crores. This is made up of excesses savings under the various heads. The Committee note from the Appropriation Accounts (Civil) that there was excess expenditure of Rs. 8.60 crores under the head 'A.7(1)—Stock'. The Committee desire that this extraordinary excess of 21 per cent of the final Budget provision of Rs. 40.95 crores should be examined critically and more seriously than hitherto so as to take necessary steps that would make for realistic estimation of requirements of funds.

21 2.60 Railways

Only a year ago, the Committee had expressed concern over the extent of deterioration in the position of overall excesses as disclosed in the Appropriation Accounts (Railways). The aggregate amount of excess expenditure during the year 1980-81 was Rs. 247.29 crores. It is the highest during the past decade and seven times more than in the previous year. The Committee are constrained to record their displeasure over the deteriorating position. This should be a matter of serious concern to Government.

22 2.61 Railways

An analysis of the reasons for excess expenditure over authorised allocations as disclosed in the Railways Appropriation Accounts indicates once again that defective estimation of requirements of funds, lack of proper and timely review and monitoring of the progress of expenditure, failure to anticipate properly and provide fully for "contractual payments" have contributed to most

of the excesses expenditure. Deploring this tendency, the Committee had, in paragraph 2.40 of their 57th Report (7th Lok Sabha) observed that "that this should be so despite the repeated comments by the Committee and the oft-repeated assurances held out by the Railway Administration, is indicative of the fact that effective steps were not taken to check recurrence of such types of excess expenditure." Had the Railway administration exercised stricter budgetary discipline by effectively monitoring supplies and the provision made therefor, the Committee are positive that excesses could have been avoided to a great extent. The Committee expect that greater care would be exercised in future through close watch over the flow of expenditure and better anticipation of requirements for making timely additional provision at least at the Revised Estimates stage.

The Committee note that "additional dearness allowance, increase in salaries and wages and other allowances" contributed to excesses in Grants Nos. 3, 4, 5, 6, 9 and 12. As there is normally no element of uncertainty or unforeseeability in the expenditure on pay and allowances, there should be hardly any excess on this

account. This has been repeatedly emphasised by the Committee in the past.*

24 2.63 Railways

The Committee also note that an excess of Rs. 10.58 crores occurred under Grant No. 13—'Provident Fund, Pension and other retirement benefits' owing chiefly to more payment of Death-cum-Retirement Gratuity and receipt of heavier debits from the Accountants General for pensionary charges etc. The excess represents 9.47 per cent of the authorised allocation. The Grant relating to Pensionary Charges—Pension Fund had been exceeded for three years in succession from 1976-77 to 1978-79 and the excess during 1978-79 was of the tune of Rs. 7.16 crores.

25 2.64 -do-

While some variation between the estimates and actuals is understandable on account of pensionary charges, the Committee are positive that large variations as had occurred in the Grants administered by the Ministry of Railways, were hardly justified. The Committee are convinced that the efforts made in the past to restrict expenditure within the budget allocation and to keep variations to the minimum possible extent have failed to yield the

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- * 1. 31 st Report (4 th Lok Sabha), paragraph 2.73
 - 2. 83 rd Report (4 th Lok Sabha), paragraph 2.9
 - 3. 123 rd Report (4 th Lok Sabha), paragraph 2.53
 - 4. 227 th Report (5th Lok Sabha), paragraph 2.48
 - 5. 38 th Report (6 th Lok Sabha), paragraph 2.19
2.65 & 2.66
 - 6. 87 th Report (6 th Lok Sabha), paragraph 2.32
 - 7. 1 st Report ((7 th Lok Sabha), paragraph 2.45
 - 8. 24 th Report (7 th Lok Sabha), paragraph 2.35
 - 9. 57 th Report (7 th Lok Sabha), paragraph 2.41

desired results. The Committee desire that a detailed review of the existing arrangements should be undertaken by the Ministry of Railways in consultation with the Ministry of Finance with a view to removing the inherent defects in the existing budgetary control system on the Railways.

26 2.65 Railways

Referring to the large scale misclassification of expenditure in the grants administered by the Ministry of Railways, the Committee had in paragraph 2.7 (Sl. No. 3) of their 57th Report (Seventh Lok Sabha) pointed out that the instructions issued by the Ministry have not had the desired effect in so far as there had been further deterioration in the position as witnessed in the Appropriation Accounts for the year 1979-80. The Committee (1981-82) had, therefore, *inter alia*, desired that a thorough scrutiny of the reasons for misclassification should be undertaken promptly and staff responsibility invariably fixed for failures. While taking note of the above recommendations, the Ministry of Railways have issued further instructions to the Railways/Units *vide* their letter No. 80/APP/7-2/79-80 dated 16-10-1981.

27 2.66 -do-

The Committee find it disconcerting that during the year under review *vis.*, 1980-81, out of the 11 Grants wherein excess expenditure is sought to be regularised, there have been misclassifications

of expenditure in 9 Grants involving an aggregate amount of Rs. 92.76 lakhs. The Committee are led to conclude that the repetitive instructions issued by the Ministry have failed to goad the Railways, Production Units and Metropolitan Transport Projects to tackle the problem of misclassifications of expenditure or erroneous adjustments. It seems that effective reconciliation of subsidiary books with general books is not being attended to promptly and from month to month for rectification of errors. The Committee also find that in the Explanatory notes furnished to them, the Ministry have not adduced any grounds for recurrence of such large scale misclassifications or the measures contemplated to obviate the same in future. It is obvious that either the procedure prescribed for prompt reconciliation of expenditure figures is imperfect or the supervisory and other officers have failed to exercise effective control over the accounts. The Committee would like to have a further explanation for such repeated lapses. They would also like to reiterate the earlier recommendation that a thorough scrutiny of the reasons for large scale misclassifications should be undertaken soon after their occurrence and staff responsibility invariably fixed for the failure with a view to taking appropriate action. The Committee should be apprised of the specific steps taken to avoid recurrence of such patent errors.

Subject to the observations contained in the preceding paragraphs of the Report, the Committee recommend that the expenditure referred to in paragraph 2.1 of this Report be regularised in

1	2	3	4
29	3.3	Finance (Economic Affairs) Railway	<p>the manner prescribed in Article 115 (1) (b) of the Constitution of India.</p> <p>The Committee hope that final replies in regard to the recommendations to which only interim replies have been furnished will be furnished to them after getting the same vetted by Audit.</p>
30	3.5	Finance (Expenditure)/ Communications (P & T Board)	<p>The Committee have been commenting upon avoidable delays in the receipt of Action Taken Notes. While 21 notes were received by the due date i.e. 27 February, 1982, and 8 notes within the extended time viz., 21.4.82 from the Ministry of Railways, 2 notes each pertaining to the Ministries of Defence and Communications were received after the extended period viz., 21-4-82. Since the delayed submission of Action Taken Notes by the Ministries upsets the schedule of finalisation of Action Taken Report by the Committee, they would once again like to stress the need to ensure strict adherence to the prescribed time schedule.</p>
31	3.8	Defence	<p>Although in the classification of the replies given in Chapter III, paragraphs 2.31 & 2.32 have been included among the recommendations which have been accepted by the Government, the Committee would like to point out that the desired improvements are not reflected in the appropriation Accounts (Defence Services) 1980-81. The Committee would therefore like to be apprised of the specific steps taken to secure implementation of the instructions in this behalf by the organisations concerned.</p>

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI.			33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
24.	Jain Book Agency, Connaught Place, New Delhi.	11	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	36.	Hind Book House, 82, Janpath, New Delhi.	95
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	37.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.	96
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	MANIPUR		
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	AGENTS IN FOREIGN COUNTRIES		
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	39.	The Secretary, Establishment Department, The High Commission of India India House, Aldwych, LONDON, W. C.-2	59
32.	Jayana Book Depot, Chaparwala Kuan, Karol-Bagh, New Delhi.	65			

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