

PUBLIC ACCOUNTS COMMITTEE

1958-59

THIRTEENTH REPORT

(SECOND LOK SABHA)

[APPROPRIATION ACCOUNTS OF THE GOVERNMENT OF
DELHI FOR THE YEARS 1954-55 AND 1955-56 AND
FINANCE ACCOUNTS FOR THE YEAR 1954-55
AND AUDIT REPORTS THEREON]



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1959

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PUBLIC ACCOUNTS COMMITTEE 1958-59

*Shri N. G. Ranga—*Chairman*.

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2. Shri V. Subramanian—*Deputy Secretary*.
3. Shri M. C. Chawla—*Under Secretary*.

*Shri N. G. Ranga was appointed as Chairman of the Committee on the 11th September, 1958 for the unexpired portion of the term of the Committee ending on the 30th April, 1959 *vice* Shri T. N. Singh, resigned from Lok Sabha.

†Elected on the 23rd September, 1958 *vice* Shri T.N. Singh, resigned from Lok Sabha.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, having been authorised by the Committee to present on their behalf, present this Thirteenth Report on the Appropriation Accounts of the Government of Delhi for the years 1954-55 and 1955-56 and Finance Accounts, 1954-55 and Audit Reports thereon.

2. With the coming into force of the States Reorganisation Act, 1956, the erstwhile Part 'C' State of Delhi became a Union territory with effect from the 1st November, 1956. The Accounts and Audit Reports under report relate to the pre-reorganisation period. These Accounts were laid on the Table of the Lok Sabha on the dates mentioned against each:

Appropriation Accounts, 1945-55 and Audit Report 1955 . . . 2-9-1957

Appropriation Accounts, 1955-56 and Audit Report, 1957 . . . 28-4-1958

Finance Accounts, 1954-55 and Audit Report, 1955 . . . 21-8-1958

The Committee considered these Accounts and Audit Reports at their sittings held on the 26th and 29th July, 1958 and also examined the representatives of the Ministries of Home Affairs, Rehabilitation and the Delhi Administration. The Committee, as the successor to the Public Accounts Committee of the Delhi State Vidhan Sabha (now defunct), also examined the statements* showing action taken by the Delhi Administration on the recommendations made by the Committee in their First and Second Reports and their observations in this behalf are set forth in Chapter IV of the Report.

3. The Appropriation Accounts of the Government of Delhi for the period 1st April, 1956 to 31st October, 1956 and Audit Report, 1958 were also laid on the Table of the House on the 24th November, 1958. The Audit Report mainly deals with the incomplete and improper maintenance of Accounts in the Rehabilitation Department of the erstwhile Delhi State, a reference to which has been made in para 20 *et seq* of this Report. It also deals with non-recovery of loans paid to Displaced Persons to the extent of about Rs. 19 lakh outstanding on the 31st October, 1956. In the former case, the Government of India have already set up a Departmental Committee and the Report of that Committee is still awaited. In the latter case, no progress has been made in effecting the recoveries. *The Committee would impress upon the Ministry to expedite the submission of*

*See Appendices I & II.

the Report of the Enquiry Committee and apprise them of the action taken or proposed to be taken by the Government of India to fix responsibility for such grave lapses and to set the Accounts on a satisfactory footing.

4. A brief record of the proceedings of each sitting of the Committee has been maintained and forms part of the Report.

5. The Committee considered and approved this Report at their sitting held on the 3rd March, 1959.

6. A statement showing the summary of the main conclusions and recommendations of the Committee has been appended to this report (Appendix IX). For facility of reference, these have been printed in italics in the body of the Report.

7. The Committee place on record their appreciation of the assistance rendered to them in their examination of these Accounts by the Comptroller and Auditor General of India.

N. G. RANGA,

Chairman, of

Public Accounts Committee.

NEW DELHI;

The 5th March, 1959.

Phalguna 14, 1880 (Saka).

This Report was passed by the Committee at their Sitting held on the 3rd March, 1959. In the absence of Prof. N. G. Ranga, Chairman, P. A. C., Shri H. C. Dasappa was chosen to act as Chairman for that Sitting in terms of sub-rule (a) of Rule 258 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifth edition).

**FINANCIAL RESULTS OF THE GOVERNMENT OF DELHI
FOR THE YEARS 1954-55 AND 1955-56**

With the enactment of the Government of Part 'C' States (Amendment) Act, 1954, the scope of the Consolidated Fund of the State was enlarged to include, in addition to the State's revenues and Central grants, all loans advanced to the State from the Consolidated Fund of India and all moneys received by the State in repayment of loans. The Act also provided for the establishment of a Contingency Fund for the State. The State Legislature voted in November, 1954 for the transfer of Rs. 10 lakhs from the Consolidated Fund to the Contingency Fund. The State Government assumed liability for its Capital Expenditure with effect from the 1st October, 1954.

2. The budget for 1954-55 was presented to the defunct State Legislative Assembly in March, 1954. During this year, the total voted grant stood at Rs. 6,60,44,000 (Rs. 5,15,71,000 original and 1,44,73,000 supplementary) and the appropriation for charged expenditure at Rs. 1,20,000 (Original). The total expenditure against these grants and appropriation was Rs. 5,32,58,927 and Rs. 1,00,828 respectively viz. Rs. 4,24,50,580 on Revenue Account, Rs. 34,13,173 on Capital Account and Rs. 74,96,002 on disbursement of Loans and Advances.

3. In the subsequent year viz. 1955-56 the total voted grant during the year stood at Rs. 11,01,91,000 (Rs. 10,91,74,000 original and Rs. 10,17,000 supplementary) and the Appropriation for charged expenditure at Rs. 21,45,000. The total expenditure against these grants and appropriations was Rs. 7,60,41,994 and Rs. 99,252 respectively viz. Rs. 4,87,10,346 on Revenue Account, Rs. 1,18,04,647 on Capital Account and Rs. 1,56,26,253 on disbursement of Loans and Advances.

In addition, provisions amounting to Rs. 1,57,75,000 and Rs. 1,61,28,000 were made in the Central Budget for reserved subjects like Police, Public Order, etc. under Section 21 of the Government of Part 'C' States Act, 1951, during 1954-55 and 1955-56 respectively.

4. The following statement compares the total grants and appropriations with actual expenditure during the years under review:

(In lakhs of Rupees)

	1954-55			1955-56		
	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure
I	2	3	4	5	6	7
Expenditure from Revenue (Voted)	515.71	530.96	423.50	597.00	606.15	486.11
Expenditure met from Capital (Voted)	..	43.52	34.13	254.69	255.71	118.05
Disbursements of Loans & Advances (voted)	..	85.96	74.96	240.05	240.05	156.26
TOTAL VOTED	515.71	660.44	532.59	1091.74	1101.91	760.42
Expenditure met from Revenue (Charged)	1.20	1.20	1.01	6.45	6.45	0.99
Expenditure met from Capital (Charged)	..	..	..	..	..	..
Disbursements of Loans and Advances (Charged)	..	..	..	15.00	15.00	..
TOTAL (Charged)	1.20	1.20	1.01	21.45	21.45	0.99
Total Expenditure met from Revenue	516.91	532.16	424.51	603.45	612.60	487.10
Total Expenditure met from Capital	..	43.52	34.13	254.69	255.71	118.05
Disbursements of Loans and Advances	..	85.96	74.96	255.05	255.05	156.26
GRAND TOTAL	516.91	661.64	533.60	1113.19	1123.36	761.41

5. The statement given below compares at a glance the savings in Voted Grants and Charged appropriations for the years 1952-53 to 1955-56:

(In thousands)

Year	Final grant or Appropriation	Savings	Percentag of Savings
	Rs.	Rs.	
1952-53	3,97,01	39,87	16.5
1953-54	4,45,53	62,23	14.0
1954-55	6,61,64	1,28,04	19.4
1955-56	11,23,36	3,61,95	32.2

6. *Excesses over Voted Grants:* Despite the large over-all savings as stated in para 5 above, the actual expenditure in certain cases exceeded the voted grants during the year 1954-55 as shown below:

S. No.	No. and name of Grant	Final Grant	Actual Expenditure	Excess
1.	14. Public Health	17,73,000	18,40,129	67,129
2.	26. Community Development Projects & National Extension Services	8,69,000	8,89,917	20,917
3.	Construction of Irrigation, Navigation, Embankment and Drainage Works	..	1,649	1,649
4.	Capital Account of Other State Works outside the Revenue Account	..	766	766

Prior to the enactment of the States Reorganisation Act, 1956, the excesses over Grants or Appropriations of the Part 'C' State of Delhi were regularised by the Legislature of the State under Section 31 (1) (b) of the Government of Part 'C' States Act, 1951. The Government of Part 'C' States Act, 1951 was repealed by Section 130 of the States Reorganisation Act, 1956 and Delhi became a Centrally administered territory with effect from the 1st November, 1956.

The Committee recommend that the excesses noted above may be got regularised by the issue of an appropriate order by the President under Section 72(2) of the States Reorganisation Act, 1956.

II

BUDGETING AND CONTROL OVER EXPENDITURE

7. *Control over expenditure:* The object of control over expenditure is to secure as close an approximation as possible between the actual expenditure and the final grant or appropriation under each unit of appropriation. The following paragraphs will indicate that the control was defective.

(i) In the year 1954-55, savings totalling Rs. 127·85 lakhs occurred in as many as 28 out of 31 voted grants; the percentage ranging from 7 to 100. Supplementary grants to the extent of Rs. 144·73 lakhs were obtained during this year which resulted in an overall saving of 19·4 per cent of the final Grant. There were 8 cases (Grant Nos. 7, 9, 12, 13, 17, 25, 28 & 29) in which the Supplementary Grants obtained during the course of the year proved to be eventually unnecessary or excessive. (Out of the total gross savings of Rs. 127·85 lakhs on Voted Grants, a sum of Rs. 71·84 lakhs was, however, surrendered before the close of the year). There was a saving of Rs. 19,172 (*i.e.* 16 per cent) in one charged appropriation out of which Rs. 18,000 were surrendered before the close of the year.

(ii) In the year 1955-56, savings aggregating Rs. 341·49 lakhs occurred in all the 35 Voted Grants, the percentage of saving ranging from 1·9 to 100. Supplementary Grants to the extent of Rs. 10·17 lakhs were obtained resulting in an overall saving of 31 per cent of the final grant. There were 5 cases (Grant Nos. 10, 18, 26, 28 and 32) in which the Supplementary Grants obtained during the year proved to be eventually unnecessary or excessive. (Savings aggregating Rs. 280·78 lakhs were, however, surrendered before the close of the year). In the Charged Appropriations, savings of Rs. 20·46 lakhs occurred in all the four charged appropriations; in three of them the entire provisions remaining unutilised. A sum of Rs. 14·35 lakhs was surrendered.

(iii) There were also several cases of irregular and unnecessary re-appropriations during both the years 1954-55 and 1955-56.

8. *The results disclosed in the foregoing paragraphs led the Committee to the conclusion that there was definitely much scope for improvement in the control over expenditure.*

In his evidence, the representative of the Delhi Administration attributed the large savings over grants mainly due to three reasons

viz. non-sanction of certain schemes by the Finance Department for which lump sum provision had been made in the budget without drawing up the detailed schemes, non-receipt of materials and stores indented through the D.G.S. & D. and non-execution of certain works of capital nature, budget provision in respect of which was made for the first time from October, 1954. He, however, assured the Committee that the first defect had since been remedied and provision was now made only in respect of those schemes which had been approved for inclusion in the schedule of new demands.

The Committee deprecate the tendency on the part of the Departments preparing the estimates to include provisions for schemes details for which have not been worked out or which have no possibility of being executed during the budget year. They would in this connection draw the attention of the Delhi Administration to their recommendation in para 7 of their Eighth Report (Second Lok Sabha).

III

IMPORTANT OBSERVATIONS ON INDIVIDUAL DEPARTMENTS

9. In the following paragraphs, the Committee shall refer to some of the important points they considered in the course of examination of the Appropriation Accounts of the Government of Delhi for the years 1954-55 and 1955-56 and Finance Accounts, 1954-55 and Audit Reports thereon.

Central Public Works Department

(Civil Works)

Review of Works Expenditure, Pages 85-86, Appropriation Accounts, 1954-55 and pages 83 and 112—114, Appropriation Accounts, 1955-56.

10. The statements at pages 85-86 and 83 of the Appropriation Accounts for the years 1954-55 and 1955-56 respectively disclosed savings in the Works Expenditure as indicated below:

Year	Original Grant	Final Grant	Expenditure	Savings compared with	
				Original Grant	Final Grant
(In thousands of Rupees)					
1954-55	24,32	21,53	13,03	—11,29	—8,50
1955-56	23,22	20,50	15,54	—4,68	—4,96

The savings were attributed to non-completion of codal requirements, non-execution of works, slow progress, non-receipt of administrative approval, etc.

In evidence, it was stated that the delay in the execution of the works was due to want of suitable sites and shortage of cement, etc.

As regards the delay in obtaining the administrative approval, it was stated that the State Government's powers in this respect were limited to Rs. 3 lakhs. As the estimated costs of some of the schemes (e.g., S. Nos. 1 and 8 of the Appropriation Accounts, 1955-56 at pages 112-114) were in excess of this limit they had to be referred to the Government of India for administrative approval. Further, they had to depend upon the Works Advisory Committee and the Chief Engineer, C.P.W.D. on the technical side.

The Committee feel that difficulties of this nature are not unusual in the case of Works and the Public Works Department should in

fact have taken these factors into account and framed the estimates in a realistic manner. The Committee would also suggest that the existing schedule of powers of the Union Territories in according administrative approval and technical sanction to the execution of a project might be reviewed with a view to ensuring the speedy execution of the Projects and avoiding lapse of funds.

Co-operative Department

Loans to Co-operative Societies—page 16, para 19—Audit Report, 1956

11. With a view to granting loans to the urban displaced persons and to Refugee Co-operative Societies, sums amounting to Rs. 14,00,000 and Rs. 8,50,000 were placed at the disposal of the Departments concerned during the years 1948-49 and 1949-50 respectively. The amounts were drawn in full and placed in a private current account with a co-operative bank in accordance with the instructions issued by the Government.

Out of the total amount of Rs. 22,50,000, loans totalling Rs. 16,55,451 were advanced upto November, 1954. The balance of Rs. 5,94,549 remained deposited in the Bank. Audit urged repeatedly from 1952 onwards that the amount be withdrawn from the bank and refunded to Government. But orders to credit the money to Government were issued only in February, 1956. Out of Rs. 5,94,549, a sum of Rs. 5,90,305 was credited to the Government on the 12th March, 1956 and the balance (Rs. 4,244) was withheld by the Bank as dues for services rendered.

In extenuation, it was stated that the account was opened in the name of the Deputy Registrar of Co-operative Societies as a personal ledger account under orders of the Government of Delhi. *The Committee would like to point out that such an account with a private bank even in the official capacity of an officer was objectionable as it meant withdrawal of money from the Consolidated Fund of the State and keeping it outside Government account. Further, the withdrawal of money not required for immediate disbursement was in contravention of Rule 290 of the Central Treasury Rules, Vol. I.*

From a note (*Appendix IV) furnished by the Delhi Administration, the Committee find that the implementation of the scheme for the grant of loans to urban refugees and to the Refugee Co-operative Societies lost its tempo after 1952. In March, 1953, the State Government proposed to utilise the unspent balance on some other schemes. But none of these Schemes could be finalised and orders

were, therefore, issued in March, 1956 for the refund of the money to Government. The funds required for other schemes could have been drawn from the Treasury after the schemes were finalised.

The Committee are not convinced of the reasons for the delay of four years in withdrawing the money from the private bank and crediting it to Government. The Committee deplore the tendency on the part of the Administration of utilising funds obtained for specific purposes for other purposes. They would caution against such a practice in future as it is not free from considerable risks.

Withdrawal of money to avoid lapse of grant—Page 16, Para 20, Audit Report, 1956

12. To prevent lapse of grant, two sums of Rs. 20,000 each were sanctioned and drawn on the 31st March, 1953 for granting subsidies to various co-operative societies for the construction of seed and grain stores and for purchase of implements on 50 per cent contributory basis. The actual payments therefrom were made during the following year and in some cases before the sites were selected for the purpose.

It was stated in evidence that although the Deputy Registrar of Co-operative Societies applied for sanction of subsidies at Rs. 2,000 each to 10 Co-operative Multi-purpose Societies in February, 1953, the sanction was actually issued by Government on the 31st March, 1953. There was some delay in disbursing the grants to the societies as they were matching grants and certain societies could not deposit or declare their willingness to deposit their share. There was also delay in the submission of certificates of completion in the case of four co-operative societies. This was chiefly due to the fact that the sites originally selected by the Societies had to be changed and in some cases legal difficulties arose which could not be resolved earlier. These societies could not, therefore, spend any amount till the new sites were selected. The amounts were actually disbursed to the societies on the 27th April, 1953.

The Committee consider that the withdrawal of money from the Treasury in advance of the date on which it is required particularly at the close of the year is highly irregular. In their opinion, such drawings of funds to avoid lapse of grants should be discouraged.

The Committee would also like to observe that the procedure followed in this case was not in accordance with the usual practice of disbursing matching grants. Normally, the Societies should invest their money in the first instance and on the progress of the actual work done, the portion of the contribution should be paid by Govern-

ment. The Committee, however, understand that the amounts in question were ultimately utilised by the Societies and the certificates of completion of works and proper utilization of funds had been furnished by them to Audit.

The Committee trust that such irregularities would not occur in future and the Administration would ensure that matching grants are paid on a recoupment basis.

Finance Department

Land Revenue—page 24—Note 3—Appropriation Accounts, 1954-55

13. The following are the receipts and expenditure of the Land Revenue Department during 1953-54 and 1954-55:

Year	Receipts	Expenditure
1953	5,22,546	3,32,434
1954-55	2,53,742	2,81,794

This shows a decrease of over 50% in the Receipts of land revenue, which is quite disproportionate to the corresponding decrease in expenditure.

In evidence, the representative of the Delhi Administration stated that the fall in the receipts during 1954-55 was due to the enactment of the Delhi Land Reforms Act which came into effect from 20th July, 1954 necessitating a revision in the assessment of land revenue. Collection at the revised rates could not be made as the validity of the Act was challenged in the Court and the latter decided the case only in 1956.

The Committee understand that the collection of land revenue as revised is now proceeding. The *bhumidhars* had represented to the Administration that the arrears of land revenue should not be collected from them in one instalment. Orders had, therefore, been issued by the Administration that the arrears of land revenue should be recovered from the *bhumidhars* in convenient instalments.

The Committee would like to know the period over which the collection of arrears of land revenue has been spread and the progress made in collection so far.

Jails

Tools and Plants—Page 52—Grant No. 11—Jails and Convict Settlements—Note III—Appropriation Accounts, 1954-55

14. According to the review of the Store Accounts of the District Jail, Delhi, tools worth Rs. 1,949 were purchased during the year 1954-55.

The Electric driven machines (Band saw, Oil Kohlus and Flour Mill) purchased for Rs. 4,848 in 1953 could not be brought into use as the administrative approval of the final estimates for the installation of the wiring, etc., was not received from the State Government. Depreciation of Rs. 1,170 at 15% had been charged off to the value of Tools and Plants (Rs. 7,802) in use on 1st April, 1954.

In evidence, the Committee learnt that an estimate of Rs. 14,000 for the wiring and service connection was prepared by the C.P.W.D. in April 1954. But after protracted correspondence with the C.P.W.D., it was decided on the 7th July, 1955 that it would not be advisable to incur the expenditure for wiring as the jail was expected to be shifted to the new premises in a year. The Superintendent, District Jail was, therefore, advised to instal the machinery in the new Jail building. This was actually done in 1958 when the jail shifted to the new premises.

The Committee regret that there was lack of proper planning and foresight on the part of the Jail authorities. They should not have ordered for the machinery without getting sanction for the electrical installations. The Committee trust that the Delhi Administration will issue suitable instructions to all Departments to see that proper coordination is ensured between the various Departments in such cases.

Medical Department

Loss of stores in a Hospital—Appropriation Accounts, 1954-55, page 61, (Note 5)

15. A sum of Rs. 1,019, representing the value of stores lost in a hospital was written off by Government in November, 1954. The Committee wanted to know the circumstances leading to the loss of these stores and whether any responsibility had been fixed for the same.

The Committee were informed that a Departmental Enquiry Committee, which went into this case in detail, reported that the loss of linen worth Rs. 1,019 had occurred by continuous pilferage over a period of several months by the attendants of the patients and the visitors coming to the Children's Ward. No member of the staff working in the said ward could be held directly responsible for the losses, but two Sisters and two Staff Nurses were found guilty of negligence in the performance of their duties as they had failed to report the losses to the higher authorities and also failed to check linen stocks in their custody. After obtaining their explanations to

the charge-sheets, one Nursing Sister and two Staff Nurses have been severely reprimanded.

The Committee enquired how it was proposed to stop such pilferages in future. The representative of the Delhi Administration observed that any attempt to search each and every visitor to the Children's Ward at the time of his departure would be resented. *The Committee feel that the responsibility for the proper custody of such articles in the ward should be on the staff in-charge.*

Rehabilitation Department

Unauthorised opening of current accounts in a Bank outside Government account—pages 12-13, para 15, Audit Report, 1956

16. The Director, Women's Section, Ministry of Rehabilitation opened several private current accounts with the Imperial (now State) Bank of India in 1948 without the sanction of the competent authority.

Sums aggregating about Rs. 1,50,000 were drawn from the Treasury for the purchase of stores towards the close of the financial year 1953-54 and deposited into the current accounts. The money was actually spent in the next year on the purchase of certain stores. The departmental revenue receipts, Central grants for disbursement of loans and sums, received in repayment of loans instead of being credited into the Treasury, as required under the rules, were deposited into the current accounts. At the close of every financial year, the balances in the current accounts were carried forward to the following year and not credited to Government as required by the rules.

17. As regards the withdrawal of money from the Treasury towards the close of the year, the Ministry of Rehabilitation have stated in a note (*Appendix V) that due to heavy rush of work at the close of the financial year, the amount could not be paid to the suppliers of goods before the close of the year and delivery obtained. The amount was not surrendered since the payment thereof was expected to be made any moment. As the amount involved was heavy, it was not considered safe to keep the money within the office premises and accordingly, it was kept in the current account pending disbursement to the parties concerned.

18. As regards the deposit of departmental receipts into the current accounts, the Ministry have stated that the departmental revenue receipts, the sums received in repayment of loans, etc.

*Advance copy. Not vetted by Audit.

were credited to the current account under some misapprehension. However, at the close of each month, the amounts collected during the month were credited into the Treasury under proper heads.

19. The Committee observe that in this case not only were the current accounts with the Bank opened without prior consultation of the Accountant General, Central Revenues, as enjoined in Rule 623(c) of the Central Treasury Rules, Vol. I, but also, they were not closed till February and October, 1958 despite the objection raised by Audit in 1950 and instructions to close the accounts issued by the Government in June, 1953. The Committee are amazed at the manner in which the Delhi Administration disregarded the orders of the Government of India for 5 years in closing the Accounts. They would like their displeasure to be communicated to the various officers responsible for the state of affairs.

Incomplete and Improper maintenance of accounts—Pages 13-14, Para 16, Audit Report, 1956

20. Houses, tenements and shops constructed for displaced persons by the Central Government were handed over to the State Government in several lots, as and when constructed for allotment. The State Government set up an Organisation in August, 1949 for—

- (a) effecting recoveries of rent including ground rent and monthly instalments of payment for tenements sold under hire purchase system;
- (b) issue of building materials (upto November, 1953) to holders of plots against cash deposits; and
- (c) rendering financial aid to the squatters under the sector-wise clearance scheme.

21. The following important irregularities were noticed by Audit in May, 1953 and again in March, 1955.

(i) *Cash Accounts*

Cash receipts were not entered in that cash book immediately after receipts were issued. Large amounts were also advanced to subordinate officers on unpassed bills.

(ii) *Property Registers*

No property Registers were maintained and, therefore, it could not be ensured that the entire property had been taken into account for assessment of rents. In one locality alone several buildings escaped assessment resulting in loss of revenue amounting to several thousands of rupees per year ever since 1949-50.

- (iii) *Rent Registers,*
- (iv) *Ground Rent Registers, and*
- (v) *Registers for watching the monthly premia of tenements purchased under the Hire Purchase System.*

The monthly assessment and realisations were not checked or totalled up, nor were the entries reconciled with the amounts credited in the Cash Book. In certain cases, the arrears of rent, outstanding against the allottees who ceased to be in occupation of the building or who subsequently purchased them on hire-purchase basis, were not carried over to the new registers and the progressive outstandings were not shown against the respective allottees in many cases.

According to Audit, the arrears in August, 1956 as reported by the Organisation were Rs. 1.93 crores. Assessment was throughout made on a provisional basis as the rents and the premia had not been finally fixed. An Officer who had not rendered accounts of rents collected on a number of receipt books had absconded. The case had been under Police investigation since March, 1956.

22. In evidence, it transpired that there had been grave irregularities in the maintenance of accounts, etc. in the Housing and Rent Office. The Secretary, Ministry of Rehabilitation stated that this work was transferred back to the Ministry of Rehabilitation, Government of India in February, 1957. A full enquiry was then instituted into the maintenance of accounts, registers, etc. in this Organisation which disclosed a very unsatisfactory position. Since then, the Ministry had taken steps to reconstruct the cash accounts and to bring them up-to-date, and to prepare a complete list of properties and up-to-date ground rent ledger account. Active steps had also been taken to realise the arrears, etc. that had been outstanding for a long time and attempts have been made to bring the property register, the cash accounts and rent ledger accounts up-to-date.

The Committee would like Audit to scrutinize these Registers, Cash Books and Rent Ledgers Accounts as reconstructed and report to them irregularities, if any, detected therein.

The Committee were concerned at the deplorable state of the accounts in the Housing and Rent Office under the Delhi State. The Committee were told that a number of persons who were responsible had already been prosecuted and a number of cases were under inquiry. As regards the fixation of responsibility against the individuals concerned for non-maintenance of accounts etc. the Secretary, Ministry of Rehabilitation pleaded that it would be difficult at this

stage, because most of the staff who were employed for the purpose were temporary and a good number of them had left service.

23. When the Committee pointed out that any blurring of responsibility as was noticeable in this case would lead to dilution of administrative control, the Secretary, Ministry of Rehabilitation undertook to institute a Departmental Enquiry into the matter and to submit a Report to the Committee by the 31st October, 1958. This Report was to cover inter alia the working of the Organisation which was looking after the houses, tenements, shops, etc. constructed for displaced persons in Delhi and steps taken to tone it up. This Report is still awaited.

24. The Committee also desired that a note stating the progress made in the realisation of rents from the displaced persons and the amounts still outstanding for recovery on different accounts, viz. rent including ground rent and monthly instalments of payments for tenements sold under hire-purchase system and the measures adopted to ensure the proper maintenance of accounts, property registers, etc. should be furnished to them. They regret to point out that although a period of more than six months has elapsed, the Ministry of Rehabilitation have failed to furnish the requisite information.

The Committee are, therefore, obliged to defer further consideration of this matter till such time as the Report of the Departmental Committee referred to above, as also the information about the clearance of arrears amounting to about two crores of rupees, is furnished to them.

Water Charges—Page 14—Para 16 (vii)—Audit Report, 1956

25. According to Audit, the State Government continued to pay water charges to the Delhi Municipal Committee after October, 1954, instead of recovering them from the holders of the tenements and paying them to the Committee. Recovery from tenements was, however, effected in a few cases. No accounts had been maintained to watch recovery of the amounts paid by the Government.

26. The Committee were informed that there were public hydrants provided in the rehabilitation colonies. While the Government tried to realise some money by *ad hoc* levies, it was not possible to close down water supply in those areas simply because the users did not pay the levies. The Secretary, Ministry of Rehabilitation assured the Committee that efforts were being made to collect the dues.

The Committee would like to be informed of the progress made in this regard.

Expenditure on Relief and Rehabilitation of Displaced Persons

- (i) *Pages 14-15—para 17 of Audit Report, 1956.*
- (ii) *Page 17—para 22 of Audit Report, 1956.*
- (iii) *Page 13—para 14 of Audit Report, 1957.*

Outstanding recoveries of loans

27. The total expenditure on relief and rehabilitation of displaced persons incurred by the Delhi State amounted to Rs. 42,14,757 upto 31st March, 1956. The expenditure mainly consisted of house building grants to the displaced persons, grant of scholarships to displaced students, grants-in-aid to college students, work centres and establishment of Social Welfare and Rehabilitation Directorate and Housing and Rent Office, etc. Part of the expenditure amounting to Rs. 41,70,096 was met from grants paid for the purpose by the Central Government.

The loans paid to the displaced persons upto the 31st March, 1956. *They regret to observe that the outstandings have been for recovery by the 31st March, 1956 remained outstanding on that date. Rs. 3,273 representing the outstanding recoveries of loans including interest were written off by Government (Rs. 1,082 in October, 1953 and Rs. 2,191 in March, 1957).*

The Committee also note that a sum of Rs. 18,73,522 due for recovery from displaced persons was outstanding on the 31st October, 1956. *They regret to observe that the outstandings have been increasing. They would emphasise that the Ministry of Rehabilitation should pursue vigorously the question of recovery as otherwise the chances of recovery will become poorer as years pass by.*

Personal Ledgers

28. The Committee also learn that personal ledgers were not properly maintained to watch repayments of loans granted to Displaced Persons by the State Government and the acceptance of the borrowers of the balances outstanding against them had not been obtained; nor were notices for repayments issued regularly. The sanctioning authority had not taken adequate steps in all cases to ensure that the loans were utilised for the purpose or purposes for which they were granted.

While the Secretary, Ministry of Rehabilitation, Government of India admitted in evidence that the accounts had not been maintained properly in the cases referred to in para 17 of the Audit Report,

1956 and were in 'a state of mess' for over a period of eight years, he assured the Committee that these were now being straightened out and brought up-to-date. *The Committee would emphasise that special steps should be taken to bring these accounts up-to-date and ensure their proper up-keep in future. It is needless to stress that absence of proper account records, will by itself be a big handicap in effecting recoveries.*

Audit Notes

29. It was brought to the notice of the Committee that although four inspections of the accounts of the Rehabilitation Department of the Delhi Administration had been conducted by Audit from 1953, none of the Inspection reports had been answered in spite of reminders. In evidence, it was pleaded by the representative of the Delhi Administration that since there was no experienced person in the Department, it was difficult to furnish the replies to the inspection reports. Efforts were being made to obtain the services of an experienced Accounts Officer since 1954-55 for maintenance of proper accounts but in vain.

The Committee were not satisfied with the explanations offered by the Administration. At their instance, the Secretary, Ministry of Rehabilitation undertook to institute a full inquiry into the circumstances under which these things had happened. The Committee would like to be apprised of the results of this enquiry, the action taken against the persons at fault and steps taken to set matters on a proper footing.

Transport Department

Irregularities in the accounts of the Motor Vehicle Licences—Audit Report, 1956—pages 15-16, para 18.

30. About 40 cases were handed over to Audit for special examination and in 20 cases out of these, court fee stamps worth Rs. 28,058 were missing, although they had been actually paid and accounted for in the collection register. In the remaining 20 cases, the stamps were found to be in order. In a number of cases stamps had been re-used because they had not been cancelled properly. There were also cases of temporary mis-appropriation by the stamp vendors. A stamp vendor received the cheques for the money and encashed them but supplied the stamps long after.

In evidence, the representative of the Delhi Administration explained that the mis-use of the stamps was facilitated by the defects in the procedure of filing them. The stamps, instead of being kept in his safe custody by the Licensing Officer, went into the individual files and from there they found their way back to the stamp

vendor because the staff of the Licensing Officer and the stamp vendor were in collusion. With a view to avoiding such malpractices, the Government proposed to change the mode of payment by cash or cheque and the Rules were stated to be under revision.

31. From a note (*Appendix VI) furnished by the Delhi Administration, the Committee observe that the rules for the accounting of the Motor Vehicles and Taxation receipts, etc. have not yet been finalised. All that the Administration have done is that they have issued instructions to the effect that all moneys received by money orders and by post under registered cover should be credited under a challan into the Treasury to avoid embezzlement. The Committee also find that under the present system, the Licensing Officer checks only a small percentage (about 10 per cent) of the court fee stamps with the daily Collection Registers of the Tax clerks. In extenuation, the Delhi Administration have urged that it was not possible for the Licensing Officer himself to check the large number of applications and the court fee stamps and, therefore, the work had been distributed amongst the senior staff available.

The Committee are unable to accept the above view. In their opinion if that officer had exercised proper vigilance and discharged his duties in a more discreet manner, he could have detected the fraud that was being committed in his office. The Committee understand that an Accountant, two Clerks and two stamps-vendors, who were prosecuted in this case, were acquitted by the court and Delhi Administration were now taking disciplinary action departmentally against those who had been found to be guilty. The Committee desire to be informed of the departmental action instituted against the guilty officials. They would also like that suitable action should be taken against the Motor Licensing Officer for the lapse on his part.

IV

OUTSTANDING RECOMMENDATIONS

Development Department

Milk Supply Scheme—Page 22—Chapter VI—Section VI—Para 7—Second Report of P.A.C. of Delhi Vidhan Sabha (now defunct)—Item No. 7—Statement showing action taken on the Outstanding Recommendations of the Committee.

32. A note tracing the history of the Delhi Milk Supply Scheme and the various steps taken to implement it from time to time is contained in Appendix II to the Second Report of the Public Accounts Committee of the Delhi Vidhan Sabha (1956). That Committee had emphasised that planning of the scheme should be finalised without delay and concrete steps taken to implement it expeditiously.

Explaining the action taken on the above recommendation, the representative of the Delhi State Government informed the Committee in evidence that pending enactment of the necessary Legislation an *ad hoc* Board consisting of the representatives of the Ministries of Agriculture and Works, Housing and Supply and Planning Commission had been constituted. The sites had already been acquired for 30 milk supply centres within 50 miles of Delhi. Milk would be collected through Co-operative Societies and the Central Dairy, which would be located near the Patel Nagar Railway Station, would start functioning within 9-12 months.

The Committee, while endorsing the observations made by the State Public Accounts Committee, emphasise that this scheme which had been pending for more than 5 years should be started without further delay as considerable expenditure has already been incurred on it.

Education Department

Disciplinary action against the Headmaster of a School—Page 28, Chapter V—Para 2(a)—First Report of the Public Accounts Committee of Delhi Vidhan Sabha—Statement showing action taken on the outstanding recommendations of the Committee—Item 16.

33. This case relates to the loss of Government money in a school and an enquiry was stated to be pending against the Headmaster of that School. The Public Accounts Committee of the Delhi Vidhan Sabha suggested that a departmental enquiry should be held and proper disciplinary action taken against the Headmaster concerned.

In evidence, the Committee were informed that the Departmental enquiry could not be instituted immediately because the Headmaster had filed an appeal and certain documents, which were in the custody of the Court, could not be released. After two years, these documents were released and Government were now enquiring into the matter.

To avoid such situations in future, the Committee would invite attention to para 30 of their Fifth Report (1952-53) wherein they had suggested that whenever original documents were required to be filed with a court the Department concerned should invariably keep photostat copies of such documents as have got an important bearing on the disposal of the case involving disciplinary action against the delinquent officers.

Disposal of outstanding Audit Objections—page 30—Chapter V—Para 2(c)—First Report of Public Accounts Committee of Delhi Vidhan Sabha—Item 18.

34. The Committee understand that a number of audit objections are remaining outstanding without adequate and prompt action on the part of the authorities concerned. The following figures reveal a disquieting situation:

Year	No. of Items outstanding
1949-50	92
1950-51	10
1951-52	87
1952-53	84
1953-54	961
1954-55	283
1955-56	241
TOTAL	1758

The total amount involved in these cases is stated to be of the order of Rs. 9 lakhs.

The Committee would like to draw the attention of the Delhi Administration to the recommendation made in para 38 of their First Report (1951-52) and suggest that the Finance Department of the Delhi Administration should call for quarterly statements from the Departments concerned showing the progress made in the disposal of audit objections pending in the various Departments and to see that they are replied to in time. The Executive Officers should also, while inspecting the subordinate offices, make it a point to ensure about the disposal of audit objections and the improvements effected in the procedure as a result thereof.

Relief and Rehabilitation

Relief and Rehabilitation—losses—Pages 16-17—Chapter VI—Section III—Second Report of the P.A.C. of Delhi Vidhan Sabha.

35. The case reported in para 15 of the Audit Report, 1955 could not be examined by the Public Accounts Committee of the Delhi State Vidhan Sabha as the Department was not able to trace the relevant papers from the records, and that Committee had recommended that further search for the papers might be made in the Office concerned.

The Committee were informed by the representative of the Delhi Administration that these papers had not been traced yet. The Committee take a serious view of such cases where official papers are stated to be lost. They note that the officer concerned is still in the service of the Government of India. They, therefore, desire that the matter should be pursued with vigour and attempts made by the Delhi Administration to trace these papers and to institute further proceedings against the officials at fault.

NEW DELHI:
The 5th March, 1959.
Phalguna 14, 1880 (Saka).

N. G. RANGA,
Chairman,
Public Accounts Committee.

PART II

Proceedings of the sittings of the public Accounts
Committee held on the 26th and 29th July, 1958 and
3rd March, 1959.

PROCEEDINGS OF THE FIFTEENTH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON SATURDAY THE 26TH
JULY, 1958.

36. The Committee sat from 10-00 to 13-15 hours.

PRESENT

Shri T. N. Singh—*Chairman*.

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Shri Rameshwar Sahu
6. Shri T. Sanganna
7. Shri Prabhat Kar
8. Shri N. G. Ranga
9. Shri H. C. Dasappa
10. Shri Khushwaqt Rai
11. Shri N. Siva Raj
12. Shri Jaipal Singh
13. Shri Amolakh Chand
14. Rajkumari Amrit Kaur
15. Shri T. R. Deogrikar
16. Shri S. Venkataraman
17. Shri Rohit Manushankar Dave
18. Shri M. Basavapunnaiiah

Shri A. Kalyanaraman, *Deputy Comptroller and Auditor
General of India*.

Shri S. Venkataramanan, *Accountant General, Central Re-
venues*.

SECRETARIAT

Shri V. Subramanian, *Deputy Secretary*.

Shri M. C. Chawla, *Under Secretary*.

WITNESSES

Ministry of Home Affairs

Shri Hari Sharma, *Joint Secretary.*

Shri R. S. Bahl, *Deputy Secretary.*

Ministry of Finance

Shri Indarjit Singh, *Joint Secretary.*

Delhi State Administration

Shri A. D. Pandit, *Chief Commissioner.*

Shri S. K. Chhibber, *Chief Secretary.*

Shri C. B. Dube, *Deputy Secretary.*

Shri K. L. Rathee, *Secretary, Finance.*

Shri K. G. Mathur, *Secretary, Local Self-Government Medical and Public Health. Food and Civil Supplies and Transport.*

Shri P. R. V. Bhiman, *Secretary, Development.*

Shri B. D. Bhatt—*Officer on Special Duty and ex-officio Secretary, Education. Industries and Labour.*

Shri A. N. Banerjee, *Director of Education.*

Shri G. R. Hingorani, *Superintending Engineer, Delhi State Circle.*

Shri R. L. Mehra, *Superintendent, Medical Services.*

Shri B. R. Seth, *Director of Industries and Labour.*

Shri J. C. Chuhan, *Deputy Registrar, Co-operative Societies.*

Shri Ram Lal Varma, *Director of Public Relations.*

[Shri R. G. Kamat, Chairman, Public Accounts Committee, Mysore Legislature accompanied by Shri K. S. Thimappa Gowda, Assistant Secretary, Mysore Legislature Secretariat were also present to watch the proceedings.]

37. The Committee took up consideration of the Appropriation Accounts relating to the Government of Delhi for the years 1954-55 and 1955-56 and Finance Accounts for 1954-55 and Audit Reports thereon.

Savings under Voted Grants and Charged Appropriations

38. Out of the total number of 31 Grants in 1954-55, savings occurred in 28 grants, the percentage of savings being 19·4. The Committee noticed that the position continued to be unsatisfactory in

respect of 1955-56 when savings occurred in all the 35 grants and the percentage rose to 31. The Committee also noticed many instances of over-budgeting. In some cases, large savings occurred under the same heads during the years 1954-55 and 1955-56. Under Charged Appropriations also, the savings were to the tune of 16 per cent in 1954-55 and 95.4 per cent in 1955-56. The Committee were very critical of the manner in which the State Government had acted in the matter of budgeting and control over expenditure.

While stressing the need for more careful budgeting, proper administrative control of expenditure and keeping to the limit set by the budgeted grants, the Chairman referred to the implications of large savings, which meant locking up of public money which could be usefully utilised for other purposes.

The representative of the Delhi Administration stated that the large savings were attributable mainly to three reasons, *viz.*

- (i) Lumpsum provision in the budget without the schemes being properly drawn up. Later on when the schemes were drawn up and submitted for financial scrutiny to the Finance Department, many defects were found therein, resulting in non-approval of these schemes.
- (ii) Non-receipt of materials and stores indented through the D.G.S. & D.
- (iii) Non-execution of certain schemes of capital nature, in respect of which capital budget was allowed from October, 1954. Besides, the problem of land acquisition also complicated and delayed matters.

In reply to a question arising from (i) above as to how without the plans being properly examined and estimates prepared, lumpsum grants were asked for from Legislature, the Chief Commissioner, Delhi cited the case of the Low-Cost Housing Scheme in respect of which a sum of Rs. one crore was provided for in the Budget. The money was to be disbursed in the form of Loans to the people of small means at the rate of Rs. 8,000 per house, the condition being that a person taking loan must have a developed plot of land in his possession. On receipt of applications for loans, it was found that most of them did not qualify for the loan because they did not have any land and there was no developed land in Delhi. This aspect of the problem was realized after a year's experience and then some attempts were made to provide money for developing land. Later on, it was found that the Administration did not have the engineering personnel for developing land for which much resources were required. He admitted that there was lack of foresight in this case.

Continuing the Chief Commissioner stated that now no money was being provided for in the Budget in the form of lumpsum grant. Budget provision was being made only for schemes which had already been approved for inclusion in the schedule of new demands. He also assured the Committee that the three basic stages applicable to all works were gone through (*viz.* administrative approval, expenditure sanction and technical sanction).

In reply to a question why the development of rural areas had been neglected, the Chief Commissioner stated that the amounts surrendered in respect of forests, veterinary, etc., which affected the rural areas were comparatively small. These were mainly small schemes and visualised only the opening of new dispensaries, appointment of new Agricultural officers, etc. For technical staff, they had no cadre of their own and they had mainly to depend on the Punjab Government and to a certain extent on the Uttar Pradesh Government. They had sometimes to drop a scheme for want of technical staff. This matter he added, had engaged the attention of the Northern Zonal Council and certain proposals were under way so that more Training Institutions might be opened in the zone itself and the personnel would be available and exchanged between the units in the zone.

Page 5, Items 14 and 15—Appropriation Accounts 1954-55—Savings on voted grants.

(i) 27—Capital Outlay on Buildings

(ii) 28—Capital Outlay on Roads.

39. On being pointed out that there was no provision in the original grant in these cases and as such how the need for Supplementary Grant arose, the Chief Commissioner stated that it was only in October, 1954, that the State Government assumed liability for the capital expenditure. The Budget, had already been passed at that time and the requisite provision could only be made through a Supplementary Grant.

In reply to a question, it was stated that all the projected schemes were placed before the Delhi Development Advisory Board and their advice taken. Progress in regard to these schemes was reported to the Board quarterly. They had also formed an Implementation Committee to see that there was no delay in the issue of financial sanction.

Pages 112—114—Appropriation Accounts—1955-56—Serial Nos. 1, 8 and 12—Expenditure on Important New Works

(i) S. No. 1—Construction of Nursing Home in the Irwin Hospital.

(ii) S. No. 8—Construction of 100 more beds in the Maternity Block in the Irwin Hospital.

(iii) S. No. 12—Expansion of Irwin Hospital (Provision of 120 additional beds).

40. The Committee noticed that in these cases the construction work had not been completed though the estimates had long been sanctioned and wanted to know the reasons therefor.

The Chief Commissioner explained that the power of the State Government to accord administrative approval was limited to Rs. 3 lakhs. All these schemes were considerably in excess of their financial powers and they had to be referred to the Government of India for administrative approval. Further they had to depend upon the Works Advisory Committee and the Chief Engineer of the C.P.W.D. for the technical side. There had sometimes been considerable delays in getting the administrative approval and technical sanction.

When the Committee pointed out that it was permissible to make a small provision in the original budget and then cover it up by a Supplementary Grant after more details had been worked out, the Chief Commissioner stated that so far as the building schemes were concerned, the Ministry of W. H. & S. had issued orders that no provision should be included for any building in the Budget in the first year. Only a small provision might be made to cover the cost of acquisition of land in the first instance. Only after the acquisition of land, the requisite provision for the actual construction work should be made so that there might not be any lapse of funds due to non-availability of land. In extenuation, he stated that the schemes in question were mostly extensions in the hospitals and the question of land acquisition did not arise. In these cases, it was possible for the P.W.D. to give preliminary estimates and it was only when the full detailed estimates were drawn up and they had to go for technical sanction higher up, that delay occurred.

Lapse of Grants

- (i) Page 4—*Appropriation Accounts 1954-55—Grant No. 4—Forest.*
- (ii) Page 4—*Appropriation Accounts 1955-56—Grant No. 4—Forest.*

41. Under the Head 'Forest', there was a saving of 93 per cent. in 1954-55 and 99 per cent. in the year 1955-56. In the first year, a sum of Rs. 13,320 was spent and in the next year only Rs. 1758 were spent as against the budget grant of Rs. 1,81,000 and 1,84,000 respectively. Explaining these savings, the Chief Commissioner stated that the whole scheme for the afforestation in the Mehrauli tract depended

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on getting a Soil Conservation officer which they hoped to get from one of the States.

Milk Supply Scheme

42. To a question as to what was the present position of the scheme for dairy farming and Milk Supply in Delhi, the Chief Commissioner stated that originally the State Government wanted to take over the Scheme and the matter remained under discussion with the Government of India for 2 or 3 years. Ultimately, it was decided that it should be handled by the Union Ministry of Agriculture. Pending legislation called the Milk Board Act, an *ad hoc* Board consisting of the representatives of the Ministries of Agriculture, W. H. S., Planning Commission, etc., had been constituted. They had already acquired sites for 30 milk supply centres within 50 miles of Delhi. Milk would be collected through co-operative societies. The Central Dairy, he said would be near the Patel Nagar Railway Station. The building was being put up for the Processing Plant and a part of the machinery had also arrived.

The Dairy would start functioning within 9—12 months. To begin with, 2,000 to 3,000 maunds of milk would be distributed but the ultimate capacity would be 10,000 maunds which would be reached gradually.

On being questioned as to why in spite of the controversy between the Delhi Administration and the Central Agricultural Ministry, lump sum provisions were made in the Budget every year, the Chief Commissioner explained that the Government of India wanted to implement the scheme themselves right from the beginning. But the then Government of Delhi were equally keen to launch the scheme themselves and so, they were providing the money in the Budget as the matter remained under reference with the Government of India.

In reply to a question, the Chief Commissioner stated that the Delhi Administration had not spent any amount on this scheme. On being pointed out by the Audit that a sum of nearly Rs. 17,000 was spent on staff etc. during the years 1954-55 and 1955-56, he said that the amount was spent on the survey work.

Education Department

Pages 53-54—Grant No. 12—Appropriation Accounts 1955-56—Group Head J—Schemes under the Revised Five Year Plan

43. Out of the total provision of Rs. 9 lakhs, an expenditure of about 2½ lakhs only was incurred during the year 1955-56. The provision was apparently made for schemes which were not mature and the Committee desired to know the reasons therefor.

The Chief Commissioner stated that the general principles on the subject of Circulating Libraries or Museums, adult literacy, etc. were enunciated by the Ministry of Education. The details had to be worked out at the State level and they were to be sent to the Central Government for administrative approval. The schemes were sent to the Ministry of Education in May or June, 1955 for approval which was received in September, 1955. The Director received the sanction in November or December and he took three months to implement them. The Chief Commissioner admitted that the Finance Department took a very long time to accord final sanction to the schemes.

Pages 53-54—Grant No. 12—Education—Appropriation Accounts, 1955-56—Head J4—Scheme for relieving Educated Unemployment.

44. This scheme envisaged the opening of a large number of one-teacher schools for the unemployed. It was sponsored by the Ministry of Education.

The Chief Commissioner stated that it was hardly possible to make out a feasible scheme and so, the whole thing should have been ruled out.

Page 52, Grant No. 12—Education—Appropriation Accounts—1955-56—Group Head G3—Scholarships

45. Under this head, a saving of Rs. 9,350 occurred due to less scholarships to Delhi cadets (Air and Navy). To an enquiry as to why it was not possible to utilise the scholarships, the Chief Commissioner replied that they had expected to select 4 or 5 cadets but only three cadets were chosen.

Pages 16-17, Para 21, Audit Report, 1956—Delay in the fixation of pay of teachers

46. The State Government took over the control and management of 20 Municipal Schools in 1947 and 153 District Board Schools in 1950. The orders of the Government of India for the fixation of initial pay of the teachers of these schools in the prescribed scales were not issued upto May, 1956. In the case of the teachers of the District Board Schools, the Chief Commissioner decided in October, 1950 that pending issue of Government orders they could draw the minimum of the prescribed scale or the pay they were actually drawing prior to their transfer, whichever was higher. It was noticed in September, 1953 from some arrear claims post-audited by Audit that the Department had fixed the pay of some teachers in the prescribed scale after allowing them the full benefit of their length of service (one increment for each year of service) under the local bodies instead of at the minimum of the prescribed scale resulting in over-payments, part of

which proved irrecoverable owing to retirement of some of the teachers.

The Chief Commissioner stated that all these cases had since been regularised.

- (i) Page 58 (Note 6)—*Appropriation Accounts, 1954-55—Losses—Radio-sets.*
- (ii) Page 55 (Note 4) of *Appropriation Accounts, 1955-56—Losses—Radio-sets.*

47. A sum of Rs. 630 on account of loss of three Radio sets (2 by theft in August, 1950 and January, 1951 and one by accidental fire in March, 1952) was written off in March, 1954. In the subsequent year also, a sum of Rs. 420 on account of loss of 2 radio sets was written off in January, 1956.

The Chief Commissioner stated that the radio sets were kept in the Community centres and where there were no Community Centres, they were kept with some respectable persons in the villages.

The Education Secretary (Delhi) stated that enquiries were instituted in these cases and the losses were written off.

Outstanding Recommendations

Page 28 Chapter V—Para 2(a)—First Report of the Public Accounts Committee of Delhi Vidhan Sabha

48. This case relates to loss of Government money and an enquiry was pending against a Headmaster. The Public Accounts Committee of Delhi Vidhan Sabha (now defunct) suggested that a departmental enquiry should be held and proper disciplinary action taken against

The Education Secretary (Delhi) stated that the departmental enquiry could not be instituted immediately because the Headmaster filed an appeal and certain documents which were in the Court could not be released. After 2 years, these documents were released and they were now enquiring into the matter.

Page 30—Chapter V—Para 2(c)—First Report of the Public Accounts Committee of Delhi Vidhan Sabha—Disposal of outstanding Audit Objections

49. According to the Audit, there were 92 items relating to 1949-50 involving Rs. 14,000; 10 items of 1950-51 involving Rs. 12,450; 87 items of 1951-52; 84 items of 1952-53; 961 items of 1953-54; 282 items of 1954-55; and 241 items of 1955-56 which were pending with the Education Department. The total amount involved was of the order of over Rs. 9 lakhs. It was pointed out normally, no audit objection should be

kept pending for over a year. As far as possible they should be settled within the following year. In this case, some objections were outstanding for the last 6 or 7 years.

Page 30 Chapter VI—Para 8, Second Report of the Public Accounts Committee of Delhi Vidhan Sabha

50. The Public Accounts Committee of the Delhi Vidhan Sabha (now defunct) had recommended that Government should set up an enquiry Committee to look into the working of the Poor House and *Nari Niketan* Delhi and initiate action against the defaulters within 3 months.

The Chief Commissioner stated that as a result of enactment of the Suppression of the Immoral Traffic Act, the position had now changed. The Government of India had appointed a separate body consisting of the representatives of the Central Social Welfare Board, Delhi Administration, Social Welfare Workers and some officials to look after the rehabilitation of the 'fallen' women. In reply to a question, he stated that it was a difficult problem and it would largely depend on the enthusiasm with which the social workers and non-official workers could look after these institutions.

Medical Department

Pages 56—58 (Note 1)—Grant No. 13—Medical—read with serial No. 4 of Para 5 at pages 4 and 6 of Appropriation Accounts—1955-56.

51. There was a saving of about Rs. 13·14 lakhs out of the voted grant of Rs. 73,55,000 mainly due to vacancies and non-starting of a T.B. clinic. The Committee wanted to know as to why the T.B. Clinic could not be started.

The Chief Commissioner explained that it was mainly due to lack of site and non-supply of stores. Indents for purchase of stores worth about Rs. 8 lakhs had been placed with the D.G.S. & D. sufficiently in advance but supplies were not received. Being not considered so very essential, sanction to purchase of these stores was not accorded later on.

Page 61 (Note 5)—Appropriation Accounts—1954-55—loss of stores in a hospital

52. A sum of Rs. 1,019, representing the value of stores lost in a hospital, was written off by Government in November, 1954. The Committee wanted to know the circumstances leading to the loss

of these stores and whether any responsibility had been fixed for the loss.

The Chief Commissioner stated that it was a case of loss of linen worth Rs. 1,019 in the Irwin Hospital. It was due to pilferage by patients' attendants in the Children's ward. The loss was discovered only when a Sister handed over charge to another. The Medical Superintendent in his observations on the report of the Enquiry Committee recommended the charge-sheeting of the Sister concerned. It was pointed out that in a similar case, the person concerned was ordered to make good the loss and that resulted in deterioration of the relations of the staff and the attendants, and the nursing staff began to look upon every attendant as a potential thief. The theft was not committed by the staff in the hospital, as in the Children's ward, a number of patients stayed and there were also many visitors.

As regards the action taken, all the staff, the Sisters and other attendants, in the ward were transferred from there and new staff was brought in. On the matter, however, being further pressed by the Committee, the Chief Commissioner stated that he was not quite satisfied with the action taken in this case and undertook to look into it again.

Page 61—Appropriation Accounts—1955-56—Grant No. 14—Public Health Sub-head-E—Anti-Rabic treatment

53. The total expenditure under this Head was about Rs. 5,000 per annum. In reply to a question as to what establishment was being maintained, the Chief Commissioner stated that one whole-time lower Division Clerk was appointed to register cases for anti-rabic treatment. The cost of serum and vaccine was also met from this grant. The salaries of doctors, etc. were met from other heads.

In reply to another question, it was stated that there were about 15 cases daily, out of which 2 or 3 were new cases.

Co-operative Department

Page 16—Para 19—Audit Report, 1956 Loans to Co-operative Societies Societies

54. With a view to granting loans to the urban displaced persons and to Refugee Cooperative Societies, sums amounting to Rs. 14,00,000 and Rs. 8,50,000 were placed at the disposal of the

Departments concerned during 1948-49 and 1949-50 respectively. The amounts were drawn in full and placed in current account with a cooperative bank in a private account in accordance with the instructions issued by Government. Out of the total amount of Rs. 22,50,000, loans totalling Rs. 16,55,451 were advanced upto November, 1954. The balance of Rs. 5,94,549 remained in the bank. The question of withdrawing the amounts from the bank and refunding them to the Government was repeatedly brought to the notice of the Government from 1952 onwards by Audit; but the requisite orders were issued only in February, 1956. Out of Rs. 5,94,549, a sum of Rs. 5,90,305 was credited to the Government on 12-3-1956 and the balance was withheld by the bank as dues for services rendered.

When the propriety and regularity of these transactions were questioned by the Committee, the Chief Commissioner stated that the account was opened in the name of the Deputy Registrar of Co-operatives as a personal ledger account and the Administration issued the necessary authority to keep the money in the personal ledger in the Co-operative Bank.

Page 16—Para 20—Audit report, 1956—withdrawal of money to avoid lapse of grant

55. Two sums of Rs. 20,000 each were sanctioned and drawn on the 31st March, 1953 for granting subsidies to the various Co-operative Societies for the construction of seed and grain stores and purchase of implements on 50 per cent. contributory basis. The actual payments therefrom were made during the following year and in some cases even before the sites were selected.

The Chief Commissioner stated that the Deputy Registrar of Co-operative Societies applied for sanction of subsidies at Rs. 2,000 each to ten cooperative Multipurpose societies on 21-2-1953. The sanction was issued on the 31st March, 1953. The amounts were disbursed to the Societies on 27-4-1953 at a function presided over by the then Chief Minister on the declaration that they would deposit Rs. 2,000, being their contribution, and that they had also selected the site for the construction of the seeds storage godowns, and that they had already been started. The delay in the submission of certificates of completion occurred in the case of 4 societies. This was chiefly due to the fact that owing to consolidation of holdings operations, the sites originally selected by the societies had to be changed and in some cases legal difficulties occurred which could not be solved earlier. These societies did not spend any sum till the new sites were selected.

According to Audit, the following two irregularities occurred in this case—

- (i) Withdrawing the money and keeping it in the cash chest till such time as the money was disbursed to the various societies; and
- (ii) certain payments were made to the cooperative societies before the sites were actually selected.

This was a case of matching grant. In such cases, the societies were asked to invest their money and on their producing evidence that some work was being done and on the progress of the work, a portion of the contribution was given.

Accepting the position as such and admitting that these irregularities had been committed, the Chief Commissioner said that the amounts were utilised by the Societies and they had furnished the certificates that all works had been constructed and all the amounts had been properly utilised.

Jails

*Page 52—Grant No. 11—Jails and Convict Settlements—Note II—
Raw Materials—Appropriation Accounts 1954-55*

56. Raw materials valuing Rs. 26,084 which were purchased for manufacturing kit boxes could not be consumed for want of strap hinges for which the Controller of Stores, Punjab had entered into a contract but the contractors could not supply them. Risk purchase was not resorted to as it was not permitted by the Controller of Stores due to legal complications.

The Chief Commissioner stated that as he did not have full facts of the case with him, he would make a statement at the next sitting.

*Page 52—Grant No. 11—Jails and Convict Settlement—Note III—
Appropriation Accounts—1954-55—Tools and Plants*

57. Electric driven machines valuing Rs. 4,848 purchased in 1953 could not be brought into use as the administrative approval of the final estimates for the installation of the wiring, etc. was not received from the State Government.

The Chief Commissioner stated that an estimate of Rs. 14,000 for the wiring and service connection was received from the P.W.D. in 1954. On 7-7-1955, the Superintendent Delhi District Jail

was informed that it would not be advisable to incur the expenditure for wiring in view of the fact that the jail was expected to be shifted to new Premises in a year or so. The machinery had been installed in the new building.

In reply to a question as to why the machines were purchased without getting sanction for the wiring, the Chief Commissioner admitted that the machinery should not have been purchased.

Civil Works

- (i) *Pages 85-86—Appropriation Accounts, 1954-55 Review of Works Expenditure.*
- (ii) *Page 83—Appropriation Accounts, 1955-56 Review of Works Expenditure.*

58. The statements at pages 85-86 of the Appropriation Accounts, 1954-55 and page 83 of the Appropriation Accounts, 1955-56 disclosed savings in the works expenditure due to non-completion of coal requirements, non-execution of works, slow progress, non-receipt of administrative approval, etc.

The Superintendent Engineer, C.P.W.D., Delhi State Circle stated that the delays in execution were due to non-availability of sites and sometimes for want of materials, shortage of cement, etc. The Government had sometimes to call for tenders several times to get a favourable tender.

To a question as to whether any contractor was penalised for delay on his part, no satisfactory reply was given.

Page 86—Appropriation Accounts 1954-55—Note-4—Review of Works Expenditure.

59. In two cases, budget provision was made for works which had not even been administratively approved in disregard of the departmental rule.

On the Chief Commissioner's saying that there was no such rule before (namely provision should not be made unless the scheme was administratively approved) and that suitable instructions had since been issued, the Deputy Controller and Auditor General pointed out that under para 6 of Appendix 6 to the Central Public Works Account Code, demands for new works chargeable to "50—Civil Works" and "78—Initial expenditure on a New Capital at Delhi" were required to be forwarded by the Heads of Departments

to the Budget authority concerned by the 15th September every year. They should, as a rule, be confined to those works only which had received administrative approval. The Chief Commissioner urged that the words 'as a rule' appearing in the C.P.W.A. code meant ordinarily.

Page 11—Page 12 (vi)—Appropriation Accounts—1954-55—Unauthorised Expenditure.

60. The entire expenditure under the following heads remained uncovered for want of any original or supplementary grant:

<i>Page No.</i>	<i>Major head of A/c</i>	<i>Expenditure</i>
		<i>Rs.</i>
112	Construction of Irrigation, Navigation, Embankment and Drainage Works.	1,649
113	Capital account of other State Works outside the Revenue Account.	766

The Chief Commissioner stated that originally it was not anticipated to incur any expenditure during the year 1954-55 on the main work of the Industrial Housing Scheme due to non-availability of site. Later on a site was selected and the C.P.W.D. incurred a small expenditure on survey work but debited the same to the head "57—Works" pending decision on proper classification of the work. The expenditure was readjusted under the proper head. On being pointed out that if it had been debited to proper Heads, the advances from the Contingency Fund or Supplementary grant could have been obtained, the Chief Commissioner agreed that the correct procedure was not followed.

Page 66 (Note 3) Grant No. 15—Agriculture Appropriation Accounts—1955-56—Remission of Taccavi loans.

61. There was a remission of taccavi loans during the year 1955-56 amounting to Rs. 4,60,800. The Committee wanted to know the reasons therefor.

The Chief Commissioner stated that under the 'Grow More Food' Campaign, half of the amount of loan was remitted if the well was functioning. On being pointed out that normally the taccavi loans were not remitted, but only the recovery was postponed, he agreed that it would be more appropriate to say that the loans were converted into subsidies and not remitted.

The Committee then adjourned to meet at 10-00 hours on Tuesday, the 29th July, 1958.

PROCEEDINGS OF THE SIXTEENTH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON TUESDAY, THE 29TH JULY,
1958

62. The Committee sat from 10-00 to 13-30 hours.

PRESENT

Shri T. N. Singh—*Chairman.*

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri T. Sanganna
7. Shri Upendranath Barman
8. Shri Prabhat Kar
9. Shri N. G. Ranga
10. Shri H. C. Dasappa
11. Shri Khushwaqt Rai
12. Shri N. Siva Raj
13. Shri Aurobindo Ghosal
14. Shri Jaipal Singh
15. Shri Amolakh Chand
16. Rajkumari Amrit Kaur
17. Shri T. R. Deogirikar
18. Shri S. V. Venkataraman
19. Shri Rohit Manushankar Dave
20. Shri M. Basavapunnaiah.

Shri A. Kalyanaraman, *Deputy Comptroller and Auditor
General.*

Shri S. V. Venkataramanan, *Accountant General, Central
Revenues.*

SECRETARIAT

Shri M. C. Chawla—*Under Secretary.*

WITNESSES

Ministry of Home Affairs

Shri Hari Sharma, *Joint Secretary.*

Shri R. S. Bahl, *Deputy Secretary.*

Ministry of Finance

Shri Indarjit Singh, *Joint Secretary.*

Shri K. L. Rathee, *Deputy Secretary, Ministry of Finance and Finance Secretary, Delhi Administration.*

Ministry of Rehabilitation

Shri Dharma Vira, *Secretary.*

Delhi Administration

Shri A. D. Pandit, *Chief Commissioner.*

Shri C. B. Dube, *Deputy Commissioner.*

Shri S. K. Chhiber, *Chief Secretary.*

Shri K. G. Mathur, *Secretary, Local Self-Government, Medical and Public Health, Food and Civil Supplies and Transport.*

Shri P. R. V. Bhiman, *Secretary, Development.*

Shri Hans Raj, *Secretary, Law and Judicial.*

Shri B. D. Bhatt, *Officer on special duty and ex-officio Secretary Education, Industries and Labour.*

Shri B. R. Seth, *Director of Industries and Labour.*

Shri L. B. Mathur, *Additional Settlement Commissioner.*

Shri L. C. Kripalani, *State Motor Transport Controller.*

[Shri R. G. Kamat, Chairman, Public Accounts Committee, Mysore Legislature accompanied by Shri K. S. Thimappa Gowda, Assistant Secretary, Mysore Legislature Secretariat were also present to watch the proceedings.]

63. The Committee took up further consideration of the Appropriation Accounts of the Government of Delhi for the years 1954-55 and 1955-56 and Finance Accounts for the year 1954-55 and Audit Reports thereon.

Jails

Page 52, Appropriation Accounts, 1954-55 Review of stores accounts of District Jail, New Delhi Note II—Raw materials—Non-supply of strap hinges.

64. The Chief Commissioner, Delhi made a statement (Appendix VII) on the non-supply of strap hinges required for manufacturing the kit boxes in the district Jail, New Delhi as promised by him at the last sitting of the Committee when they examined this case.

Rehabilitation

Pages 13-14, Para. 16, Audit Report, 1956—Incomplete and improper Maintenance of Accounts.

65. Houses, tenements and shops constructed for the displaced persons by the Central Government were handed over to the Delhi State Government in several lots as and when constructed for allotment. The State Government set up an organisation in August, 1949 for (i) effecting recoveries of rent including ground rent and monthly instalments of payment for tenements sold under hire purchase system, (ii) issue of building materials to holders of plots against cash deposits, and (iii) rendering financial aid to the squatters under the sector-wise clearance scheme. In May, 1953, Audit found that there were grave irregularities in the maintenance of accounts and no property registers were maintained.

The Committee desired to know the steps taken to set things right. The representative of the Ministry of Rehabilitation stated that in fact there had been grave irregularities in the maintenance of accounts, etc. in the Housing and Rent Office. The work had been transferred back to the Ministry of Rehabilitation in February, 1957. A full enquiry was then instituted into the maintenance of accounts, registers, etc. in this organisation and it was found that the position was very bad. Since then, they had taken steps to reconstruct the cash accounts and to bring them up-to-date, and to prepare a complete list of properties and up-to-date ground rent ledger account. They had also taken active steps to realise the arrears, etc. that had been outstanding for a long time. The result was that the property register had been completed, and cash accounts and rent ledger accounts were brought up-to-date. They had put a little more staff to collect rents, etc. and there was some improvement in regard to recoveries of rent. As the arrears of rent had been allowed to accumulate over a number of years, it was difficult, he added, to realise them quickly in view of the economic position of the displaced persons. Besides, they were not

permitted to use any coercive processes for recovery of arrears against these persons.

Continuing, the Secretary, Ministry of Rehabilitation stated that a lot of arrears was due from those persons who were claimants. So far as they were concerned, the arrears were being adjusted against their claims and the Government would realise the entire amount due from them. As regards the non-claimants, he confessed that the prospects of recovery from them were not bright but they would do their best to recover whatever they could.

In reply to a question as to why the system of guarantees and sureties was not adopted, it was stated that the personal guarantees were only in regard to loans and they were not really good because they had to take personal guarantees, without regard to their having any property.

The Secretary, Ministry of Rehabilitation further stated that they had now prepared the individual property registers. According to Audit, in the rent ledgers maintained for 1957-58, the outstanding balance on 31st March, 1957 was brought forward. They had appointed an Accounts Officer to bring the accounts up-to-date and were trying to reconstruct the entire Accounts from the beginning.

In reply to a question as to whether any attempt was made to fix the responsibility for failure to maintain the accounts, the Secretary, Rehabilitation Ministry said that it was not possible to fix responsibility on any particular individual, since there had been many rapid changes in the organisation.

Audit pointed out that four inspections had been conducted by them but none of the Inspection reports had been answered in spite of reminders. The Chief Commissioner, Delhi stated that there was no experienced person in the Department and it was difficult to furnish the replies to these inspection reports. He further stated that the fact that no proper accounts were being maintained in the Department was brought to his notice in November or December, 1956 when some Rent Control Inspector disappeared with large sums of money. It was discovered that he used to operate on several books. They, thereafter, drew up a set of rules in consultation with the Ministry of Finance according to which the accounts were to be maintained. The Government were trying to obtain the services of an experienced Accounts Officer since 1954-55 for maintenance of proper accounts but could not get one.

The Committee noted with concern that there was what amounted to a deliberate attempt on the part of the Department concerned

to suppress the audit notes and to conceal the facts for all these years and it was, therefore, necessary to fix the responsibility. The representative of the Rehabilitation Ministry agreed to institute a full inquiry into the circumstances under which these things happened.

In reply to a question, the representative of the Rehabilitation Ministry stated that no directions were issued to the Department when the work was handed over to the State Government as they normally expected the State Government to maintain accounts, etc., according to the normal rules and with due care. To another question as to whether the Central Government were calling for periodical reports, he said that they were not getting any reports from the State Government. He further said that so far as the Centrally Administered Areas were concerned, no moneys were given to them. They constructed the houses which were handed over to the State Administration for allotment to eligible persons.

The responsibility for the realisation of rent or instalment dues for the houses given on hire-purchase system from them also devolved on the State Administration. He added that there was a certain procedure according to which properties used to be handed over to the State Governments and the State Governments managed them on behalf of the Government of India. There were several checks in the shape of inspections by the Accountant-General to make sure that the money or the property that was handed over to the State Governments was utilised for the purpose or purposes for which it was intended.

In view of these checks the Government of India had not been following the practice of getting periodical reports as to whether these properties were being put to the use for which they were intended. It was expected that the checks that had been evolved were sufficient to ensure that the properties were being utilised for the purpose for which they were given.

With regard to the question of realisation of instalment dues of property which was given under the hire-purchase system, he said that this scheme was started in 1955 when the compensation scheme came into force. At that time, two systems were brought into force. Persons who were claimants were allowed to adjust the value of the properties in their possession. With regard to the non-claimants, they were allowed to retain the property upto a certain value in their possession on payment of the first instalment and thereafter, in equated annual instalments spread over a number of years. So far as the compensation claims were concerned, steps had been taken to ensure

that in respect of anybody who was in possession of any property belonging to Government, the value of that property or any dues outstanding against the persons were adjusted first against the compensation before the claim was paid to them. So far as the non-claimants were concerned, they had taken steps not to transfer the proprietary rights in these properties unless the first payment was made. If anybody refused to pay the first instalment the property was auctioned. He said that the position was not bad and they would be able to realise all the money either by getting instalments from the people or by sale of the properties, if they were unable to pay.

To a question as to what action had been or was proposed to be taken against persons who had committed irregularities with regard to accounting etc., the Secretary, Rehabilitation Ministry stated that a number of persons who were responsible in this behalf had already been prosecuted and a number of cases were under inquiry. So far as the individual person's responsibility for non-maintenance of accounts was concerned, it would be difficult to fix responsibility now because most of the staff that was employed for the purpose was temporary and a good number of them had left the service.

The Committee, however, pointed out that any blurring of responsibility as was noticeable in this case would lead to dilution of administrative control. On this the representative of the Ministry of Rehabilitation undertook to institute an enquiry into the matter which would *inter alia* include the working of the organisation in charge of the houses, tenements, shops, etc., constructed for displaced persons in Delhi and take necessary steps.

The Committee also desired that a note stating the progress made in the realisation of rents from the displaced persons and the amounts still outstanding for recovery on different accounts, *viz.*, rent including ground rent and monthly instalments of payments for tenements sold under hire-purchase system and the measures adopted to ensure the proper maintenance of accounts, property registers, etc. should be furnished to them.

66. In sub-para. (vi) (b), it has been stated that building materials worth Rs. 1,80,000 intended for issue to displaced squatters were lying in a "Stores Division" from 1951-52 at the risk of the Organisation without any periodical verification as to quantity and quality. The Committee enquired as to who was responsible and what action was taken against the persons concerned and what was the present position with regard to these stores.

The Secretary, Ministry of Rehabilitation stated that the building materials were collected for being given to the displaced persons for constructing their houses on the basis of demands that came from them from time to time. That was the residue of large quantities of building materials acquired and stored for the purpose. As the house-building loans started dwindling with the progress of Rehabilitation, the demand became less and less. The C.P.W.D. had since taken over all these materials and the credit therefor had been afforded to the Ministry of Rehabilitation.

Para 16 (vii)—Water Charges.

67. According to Audit, the State Government continued to pay water charges to the Delhi Municipal Committee after October, 1954, instead of recovering them from the holders of the tenements and paying them to the Committee. Recovery from tenants was, however, effected in a few cases. No accounts had been maintained to watch recovery of the amounts paid by the Government.

The Committee wanted to know the position of these outstanding. The Secretary, Rehabilitation Ministry stated that there were public hydrants provided in the rehabilitation colonies. While they tried to realise some money by *ad hoc* levies, it was not possible to shut down water-supply in those areas on failure of the users to pay these levies. As there was no regular way of collecting money so far as these persons were concerned, they had not realised much from them. They were trying to collect these dues.

Page 15, Para 17, Audit Report, 1956. Outstanding recoveries of loans to displaced persons from Urban areas.

68. According to Audit, the personal ledgers were not properly maintained to watch the repayments of the loans granted to the displaced persons by the State Government and the acceptance of the borrowers of the balances outstanding against them had not been obtained, nor were notices for repayments issued regularly. The sanctioning authority had not taken adequate steps in all cases to ensure that the loans were utilised for the purpose for which they were granted.

In extenuation, the Secretary, Rehabilitation Ministry stated that these loans were given to the displaced persons on the advice of a Committee appointed for the purpose and were granted to rehabilitate them. He added that these were not ordinary loans and there were bound to be losses. As regards the maintenance of accounts, these were being brought up-to-date.

Page 17—Para 22—Audit Report—1956—Expenditure on Relief and Rehabilitation.

69. According to the Audit Report the total expenditure on relief and Rehabilitation of displaced persons during the year 1954-55 amounted to Rs. 41,60,534. The entire expenditure was met from grants paid for the purpose by the Central Government. The expenditure mainly consisted of house-building grants and scholarships etc., to displaced persons. The Committee wanted to know as to whether these grants were spent on the purposes for which they were sanctioned. The representative of the Rehabilitation Ministry assured the Committee that these grants were utilised for the purpose for which they were given.

Pages 12-13—Para 15—Audit Report, 1956—Unauthorised opening of current accounts in a Bank outside Government account.

70. The Chief Commissioner stated that he would submit a note later on the above point.

State Excise

(i) *Page 26—Note 3—Appropriation Accounts, 1954-55—State Excise.*

(ii) *Page 22—Note 2—Appropriation Accounts 1955-56—State Excise.*

71. The Committee enquired the reasons for increase in expenditure on State Excise from Rs. 1,66,449 in 1953-54 to Rs. 19,71,222 in 1954-55 and Rs. 41,45,505 in 1955-56 although the receipts have not increased in the same proportion.

According to Audit, the fluctuation in figures for the years 1953-54 and 1954-55 related to the fact that the cost of power alcohol was provided for under the expenditure side in subsequent years instead of as a reduction on the receipt side as here before. It was an accounting change that accounted for the apparent variation.

Page 26—Note 1—Appropriation Accounts—1954-55—State Excise.

72. During the year 1954-55, there was a saving of Rs. 20,39,778 under this Grant, out of which a sum of Rs. 9,86,000 was surrendered.

Explaining the reasons for savings, the Finance Secretary, Delhi Administration stated that the amount was surrendered when they were informed by the Government of India that due to shortage of molasses, they could not get the full quota of power alcohol. Later on, there were some adjustments which had to be carried out. One of the items was for Rs. 5,07,620 which was wrongly shown as "deduct-receipts" instead of as expenditure. Bills for Rs. 1,79,523 were

passed by the Administration but the distilleries failed to encash the bills before the end of the financial year. The third item was for Rs. 2,30,000 for which the bills were not received from the distilleries. The fourth item was for Rs. 53,000 in respect of which the bills for freight charges were not received. Lastly, there was an item of Rs. 67,039 on account of short supply of power alcohol.

When asked whether the revenue on the wines and spirits was going up or down, the Finance Secretary (Delhi) stated that the consumption of foreign liquor in 1955-56 was 2,27,000 gallons; in 1956-57 it was 2,65,000 gallons and in 1957-58 it was 2,52,000 gallons. So far as the country liquor was concerned it was 1,18,000 gallons in 1955-56; in 1956-57, it was 83,000 gallons and in 1957-58, it was 1,01,000 gallons of 50 degree strength (i.e., the net consumption was 63,000 gallons of 80 degree strength). Although the consumption was going down, it had not affected the revenue because the price of the liquor had not been correspondingly reduced. In fact, the duty had been raised from the 1st April, 1958.

Opium

73. To a question as to why the revenue from opium was going down, the Finance Secretary (Delhi) stated that the consumption of opium had been going down because under the International Agreement, they had to reduce that by 10 per cent. every year.

Land Revenue

Page 24 (Note 3)—Appropriation Accounts—1954-55—Land Revenue.

74. In reply to a question as to why there was a decrease in the receipts of land revenue from Rs. 5,22,546 in 1953-54 to Rs. 2,53,742 in 1954-55, the Chief Commissioner stated that under the Land Reforms Act which was brought into force in Delhi in 1954, common tenants became *bhumidhars* and proprietors of certain lands were also made *bhumidhars* and the Government were advised by the Law Department that they could not recover land revenue on the old basis after 1954 and that only after conferring the rights under the Act they could recover land revenue for these years. This Act was challenged and litigation had been going on for two years. There was a stay order and, therefore, the process of implementation of the Act started only in 1956. Collection of land revenue was now proceeding. He further said that there was a request from the *bhumidhars* that the arrears should not be collected in one instalment. They had issued orders that these should be collected in convenient instalments.

Sales Tax

75. To a question as to whether the revenue had been affected as a result of the rationalisation of sales tax on an All-India basis, the Finance Secretary (Delhi) stated that the Revenue had decreased by 40 lakhs.

Transport Department

Pages 15—16, Para 18—Audit Report, 1956—Irregularities in the accounts of the Motor Vehicle Licences.

76. According to Audit Report, about 40 cases were handed over to Audit for special examination and in 20 cases out of these court fee stamps worth Rs. 28,058 were missing although they had been actually paid for and accounted for in the collection register. In the remaining 20 cases, Audit found the stamps in order. Audit also found a number of cases where stamps had been re-used because they had not been cancelled properly. There were cases of temporary misappropriation by the stamp vendors. They received the cheque for the money but did not credit the stamps for one or two months.

In reply to a question, it was stated that the Motor Licensing and Registration Office did not handle any cash or cheques. The Motor Licensing Fees were tendered in the form of stamps. The owners or their agents came to the vendor, purchased the stamps from the vendor and made them over to the Licensing Office. But what had happened in these cases was that these stamps, instead of being kept in the safe custody by the Licensing officer, went into the individual files and from there they found their way back to the vendor; the clerks who were handling the files and the vendor were in collusion; the clerks were passing on the used stamps to the vendor and the stamp vendor in turn was selling these stamps to the owners or their agents and the same stamps would go back to the licensing clerk.

As regards the revenue received by the Licensing Officer, it was stated that he did not know how much total revenue had been received by him because the revenue was received by the stamp issuing authority and the Licensing Officer only received the stamps. At the end of the year, necessary adjustments were made. The representative of the Finance Department added that they were now changing the procedure. As a result of the discussion between the representatives of the A.G.C.R., the Ministry of Transport and the Delhi Administration, it had been decided that instead of receiving the fee in stamps, it should either be received by cash or by cheque and a separate account kept. This procedure, he said, would be

foolproof. It was further stated that draft rules had not been finalised and in the meantime, payments of Rs. 100 or above were being received by means of treasury challans and for small amounts, they were still receiving the payments through stamps.

As regards the action taken against the officials concerned, the Chief Commissioner stated that they were prosecuted but all of them had been acquitted. They were, now, under suspension and departmental action was being taken against them. The departmental enquiry he said, would be completed within two months.

In reply to a question as to what amount of revenue out of the receipts from motor licensing fee was being given to the local bodies, the Finance Secretary (Delhi) stated that the provision made for this year for being given to the Delhi Municipal Corporation was Rs. 11.64 lakhs.

At the end, the Committee asked for a note stating the various stages involved in the processing of applications for Motor Vehicle licences and the measures taken to prevent the recurrence of frauds in future.

Finance Accounts, 1954-55

Page 13, Para 8—Financial Results of Irrigation Works.

77. To a question as to why the administrative accounts of Delhi State Government for 1954-55 were not prepared, the Chief Commissioner said that they had no revenue yielding work. The only irrigation work which they had was the shahdara bund which had been debited to the major head 68—construction of Irrigation, Navigation, Embankment, etc.

Page 58—Details of loans taken from the Central Government

- (i) *S. No. 3—Loan for development of Cottage and Small Scale Industries.*
- (ii) *S. No. 6—Loan for expenditure on financing Capital Expenditure.*
- (iii) *S. No. 10—Loan for grant of Taccavi Advances.*

78. The Committee wanted to know the reasons why the Government of India had not specified the rate of interest, terms and conditions etc., for repayment of loans granted by them to the Government of Delhi. The Chief Commissioner Delhi stated that after the 31st October, 1956 when the Part 'C' States ceased to exist, the loans made by the Central Government could be treated as loans to the third parties directly.

The representative of the Finance Ministry intervened and said that normally no loan should be given or disbursed until the terms and conditions had been given in the sanction letter; but sometimes in certain schemes allocations were decided subject to the terms and conditions being worked out later during the year.

In the present cases, however, he promised to look into the reasons for not doing the needful and to submit a note to the Committee.

Excesses over voted grants

79. The Committee recommended the regularisation of the following excesses over voted grants disclosed in the Appropriation Accounts of the Government of Delhi for the year 1954-55: —

- (i) Grant No. 14—Public Health—Rs. 67,129.
- (ii) Grant No. 26—Community Development Project and National Extension Services—Rs. 20,917.
- (iii) Construction of Irrigation, Navigation, Embankment and Drainage works—Rs. 1,649.
- (iv) Capital account of other State works outside the Revenue Account—Rs. 766.

Outstanding Recommendations

- (i) *Pages 6-7—Para 3 of Chapter II—First Report of the Public Accounts Committee of Delhi Vidhan Sabha—item No. 1—Statement showing action on the outstanding recommendations of the Committee.*
- (ii) *Pages 2-3—para 2 of Chapter II—Second Report of the Public Accounts Committee of Delhi Vidhan Sabha—Item No. 1—statement showing action taken on the outstanding recommendations of the Committee.*

80. The Public Accounts Committee of Delhi Vidhan Sabha had in their First and Second Reports recommended regularisation of the following excesses:

Year	Grant	Excesses
1952-53	3-Stamps	Rs. 15,199
	22-Miscellaneous	Rs. 11,763
1953-54	6-Charges on accounts of Motor Vehicles Ac's.	Rs. 20,584

The Ministry of Finance accordingly got these excesses regularised by the President in exercise of the powers conferred on him by

clause (a) of sub-section (2) of Section 72 of the State Re-organisation Act. A notification issued by the Ministry of Finance in this behalf appeared in the Gazette of India (Part II—Section III) of the 20th July, 1957.

It was pointed out by the Committee that the regularisation of these excesses by the President under section 72(2) of the States Reorganisation Act was not in order and that such excesses needed to be regularised in accordance with the provisions of Article 115(1)(b) of the Constitution by Parliament in the changed set up—the stand taken by the representative of the Ministry of Finance when the Committee examined such cases relating to the Himachal Pradesh accounts earlier examined by them. The representative of the Home Ministry, however, undertook to look into this aspect of the matter.

Pages 16-17—Section III—Chapter VI—Second Report of the Public Accounts Committee of Delhi Vidhan Sabha—Relief and Rehabilitation—losses

81. The case reported in para 15 of the Audit Report, 1955 could not be examined as the Department was not able to trace the relevant papers from the records, and the office concerned had been abolished. The Public Accounts Committee of the Delhi Vidhan Sabha (now defunct) had recommended that further search for the papers might be made in the Office.

To a question, the Chief Commissioner said that the Relief and Rehabilitation Commissioner was incharge of these papers and they had not been able to trace them.

The Committee suggested that action should be taken against the Relief and Rehabilitation Commissioner who was still in the service of the Government of India.

Page 35—Para 4—Rationing and Civil Supplies Department—First Report of the Public Accounts Committee of Delhi Vidhan Sabha—Item No. 25—of the statement showing action taken on the Outstanding recommendations.

82. A case was reported in para 18 of the Audit Report, 1954 wherein it was stated that the Agents appointed by the State Government for receiving, storing and distributing the rationed food-grains in the State had overdrawn large sums of money by altering the amounts in the cheques given in their favour. Moreover, the system of payment of freight by assents was such as would have enabled them to draw refunds of over-charges without the knowledge of

Government. The amounts thus mis-appropriated by the Agents were not exactly worked out. There were other irregularities and breaches of contract too.

The Chief Commissioner said that this case was *sub-judice*.

Page 18—Para 6 (b)—Rationing Department—First Report of the Public Accounts Committee of Delhi Vidhan Sabha—item No. 24 of the statement showing action taken on the outstanding recommendations.

83. There was a theft of gunny bags valued at Rs. 1,625 in November, 1950, in the Rationing Department. The culprits could not be traced and the chowkidars were removed from service. The Public Accounts Committee of the Delhi Vidhan Sabha (now defunct) recommended that steps should be taken to obtain the Government of India's sanction for writing off the loss.

The Chief Commissioner stated that the necessary sanction to the write off of the amount had already been accorded.

The Committee then adjourned to meet at 10·00 hours on the 30th July, 1958.

PROCEEDINGS OF THE FORTY-SIXTH SITTING OF THE PUBLIC
ACCOUNTS COMMITTEE HELD ON TUESDAY, THE 3RD MARCH,
1959

84. The Committee sat from 16·00 hours to 17·45 hours.

PRESENT

*Shri H. C. Dasappa—*Chairman*

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Shri N. R. M. Swamy
5. Pandit Jwala Prasad Jyotishi
6. Shri Rameshwar Sahu
7. Shri T. Sanganna
8. Shri Upendranath Barman
9. Shri Prabhat Kar
10. Shri Raghubar Dayal Misra
11. Shri Khushwaqt Rai
12. Shri Aurobindo Ghosal
13. Shri Amolakh Chand
14. Shri T. R. Deogirikar
15. Shri Rohit Manushankar Dave

Shri A. Kalyanaraman, *Deputy Comptroller and Auditor
General of India.*

Shri S. Venkataramanan, *Accountant General, Central
Revenues.*

Shri P. V. R. Rao, *Director of Audit, F.R.S.C.S. & M.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

Shri K. Ranganadham—*Under Secretary.*

*In the absence of Prof. N. G. Ranga, Chairman, the Committee chose Shri H. C. Dasappa to act as Chairman for that sitting under Rule 258(3) of Rules of Procedure and Conduct of Business in Lok Sabha [Fifth Edition].

85. At the outset, the Committee considered the Memorandum regarding the regularisation of the excesses over Grants and charged Appropriations disclosed in the Accounts of the former Part C States of Delhi and Himachal Pradesh (Appendix VIII). The Committee agreed with the views expressed by the Ministries of Law and Finance that the excesses relating to the year 1955-56 or earlier years could be regularised by the President by virtue of the powers vested in him by Section 72(2) of the State Reorganisation Act, 1956, while those relating to the first seven months of the year 1956-57 (1st April, 1956 to 31st October, 1956) were to be regularised by Parliament in the manner prescribed in Article 115(1) (b) of the Constitution.

86. The Committee then considered and approved the under-mentioned draft Reports subject to a few additions and alternations here and there:

- (i) Draft Twelfth Report on the Appropriation Accounts of the Government of Himachal Pradesh for the years 1954-55, 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Finance Accounts for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon;
- (ii) Draft Thirteenth Report on the Appropriation Accounts of the Government of Delhi for the years 1954-55 and 1955-56 and Finance Accounts for the year 1954-55 and Audit Reports thereon.

The Committee then adjourned till Wednesday, the 18th March, 1959.

APPENDICES

APPENDIX I

Statement showing action taken or proposed to be taken on the Outstanding Recommendations made in the First Report of the Public Accounts Committee of the erstwhile Delhi Vidhan Sabha

Sl. No.	Chapter Paras	Department concerned	Recommendations (Conclusions)	Action taken by Government	Remarks	
1	2	3	4	5	6	7
I	II	3	All Departments	Excesses should not be allowed to occur under any circumstances. Steps should be taken by departments to watch the progress of expenditure and avoid such excesses in future.	Necessary steps have been taken by departments to watch the progress of expenditure through Registers maintained by them to avoid such excesses in future.	No comments.
<p style="text-align: center;"><i>Excess over Voted Grants</i></p> <p style="text-align: center;">There were excesses in the Grants No. 3—Stamps and No. 22 — Miscellaneous amounting to Rs. 15,199</p> <p style="text-align: center;"><i>Since regularised</i></p> <p style="text-align: center;">(Vide notification of the Government of India, Ministry of Finance, Department of Economic</p>						

1	2	3	4	5	6	7
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and Rs. 11,763 respectively which require vote of the Assembly.

Affairs in part II—Section 3 of the Government of India Gazette published on the 6th July, 1957) MF. 21 (8)-B/57.

2	III	4(a)	All Departments .	<p>Administrative departments should maintain necessary registers to show the progress of expenditure under the grants controlled by them, and reconcile from time to time the departmental accounts with those compiled by the Accountant General, Central Revenues.</p>	<p>Necessary registers to show the progress of expenditure under grants controlled by Administrative Departments are being maintained by them, and monthly statements of progress of expenditure are being furnished to Finance Department. The figures are being reconciled with the figures booked in the Accountant General, Central Revenues Office, by the departments concerned and necessary certificates are also being furnished to Finance Department.</p>	No comments.
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3	III also	4&4(a) 9(a)	Finance Department should watch the progress of expenditure grantswise. The Finance Department should function as an overall controlling body over other departments in the financial matters.	The progress of expenditure is being watched by the Finance Department, which is functioning as the co-ordinating authority in financial matters.	No comments.
4	III	4(b)	All Departments . Adjustment of debits for supplies received should be carried out without delay. Indenting department should maintain close liaison with the supplying department to expedite adjustments.	Noted.	No comments.
5	III	4(c)	All Departments Provision for expenditure on schemes should not be made in the budget unless it is certain that they would be implemented during the year. If at all anticipated events do not materialise the funds should be surrendered in-time so as to be utilised elsewhere.	Necessary instructions were issued to all the Administrative Departments [vide Para 3. I. (A) of Finance Department Circular No. F.9(2)/54-56-Finance dated the 2nd January, 1957 (Appendix III)]. The instructions are generally being followed by all the departments.	No comments.
6	III	4(d)	All Departments, Finance Department. Lump sum provisions in the budget should be avoided. Finance Department should issue suitable instructions in the matter.	Necessary instructions have been issued to all the departments requesting them to take steps in the early part of a year	No comments.

to have their schemes finalised with proper details and obtain necessary approval of the competent authority in order to avoid last minute necessity of proposing lump sum provision for incomplete schemes [*vide* para 3.1 (A) of Finance Department Circular No. F. 9 (2)/54-56—Finance dated the 2nd January, 1957, Appendix III]. The instructions are now being followed by all the departments, except in unavoidable circumstances.

7 III

4(e)

All Departments.
Finance
Department.

Rush of expenditure in March should be avoided. The progress of expenditure should be kept even and watched regularly. Finance Department should take more effective steps than merely issuing routine instructions.

Instructions to purchase furniture and stores by the end of November and the submission of grants-in-aid cases earlier in October each year (which are the main causes for the rush of expenditure during March) have been issued *vide*

No comments.

8	III IV	4(f) 7	All Departments .	Each department should have for its accounting work, men well qualified in the principles and system of Government accounting.	<p>para 3-II (b) of Finance Department. Circular No. F. 9 (2)/54-56—Finance dated the 2nd January, 1957. In cases in which respective departments do not act upon the instructions of Finance, the matter is reported to higher administrative authorities.</p> <p>Qualified men conversant with principles and system of Government accounting are not easily available. Necessary efforts are, however, being made to obtain the services of such persons for accounts work and to secure S. A. S. qualified Accountants from the Indian Audit Department and the Defence Accounts Department wherever possible.</p>	No comments.
9	IV	5(a)	All Departments .	Departmental enquiries should be held promptly whenever a case of irregularity or loss comes to notice. It should be held irrespective of whether it is sent to Police or Court.	Noted.	No comments.

1	2	3	4	5	6	7
10	IV	5(b)	All Departments	Proper action should be taken against the officers concerned on account of whose slackness in supervision cases of losses occur.	Noted.	No comments.
11	IV	5(c)	All Departments	Proper securities should be taken from men handling cash. Suitable allowance may be given to cashiers to compensate the risk involved in their duties.	Noted.	No comments.
12	IV	6(a)	All Departments Finance Department.	No amount should be drawn from treasury unless required for immediate disbursement. In any case amount undisbursed on or before 31st March of a year should be refunded to Government.	Noted.	No comments.
13	V	1(d)	Development Department All Departments	Heads of departments and especially of Development Department should	Enhanced powers have been delegated to the Development Commissioner	No comments.

				be given some more financial powers to expedite implementation of several schemes.	and the Block Development Officers.	
14	V	1(e)	Development Department All Departments	Schemes should be well planned and all aspects such as their practicability, getting suitable personnel, equipment etc. should be taken into account before making provision therefor in the Budget.	Noted.	No comments.
15	V	1(h)	Development Department.	The extent to which the Government contractor, driver, fishermen and other Government servants are responsible for the loss should be investigated and proper disciplinary action taken against the defaulters.	The two concerned watchers are no more in the service of the Fisheries Department and no contractor is now attached to that Department.	No comments.
16	V	2(a)	Education Department.	Departmental enquiry be held in the matter; proper disciplinary action against the headmaster concerned should be taken.	Departmental action against the Headmaster is pending.	See para 33 of the Report.
17	V	2(b)	Education Department.	Proper classification of large amounts provided in the budget should be given.	Noted.	No comments.

1	2	3	4	5	6	7
18	V	2(c)	Education Department.	Steps may please be taken to clear the large outstanding audit objections against this department.	Steps are being taken accordingly.	See para 34 of the Report.
19	V	3(a)	Medical Department.	The Directorate of Health Services Office should be properly organised so that such embezzlements on large scale may not recur.	The Directorate of Health Services was re-organised and posts of Accounts Officer and Accountant have been sanctioned to keep the accounts properly and check embezzlements etc. The Delhi Municipal Corporation has come into existence and most of the establishment has been taken over by the Corporation. The Directorate which has been redesignated as the office of the Superintendent Medical Services has now been left with a skeleton staff.	No comments.
20	V	6	Appointment (B) Department.	This department which controls Grants under stationery should act as	Cash and Accounts Department was entrusted with the duty to function as the	No comments.

a Centrally controlling department. It should watch department-wise receipts of supplies and progress of expenditure by maintaining proper registers.

Centrally Controlling Department and keeping registers as recommended by the Public Accounts Committee. On the abolition of Part C—State, however, the grant for Stationery and Printing is now again placed by the Central Government with Controller of Printing and Stationery who functions as a Central Agency.

21 V 7(b) Local Self Government Department
All Departments

Advance indents on Director General, Supplies and Disposals wherever possible should be placed. This would avoid unnecessary lapses when delay occurs in receiving supplies from Director General, Supplies and Disposals.

Noted.

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No comments.

83

22 V 9(a) Finance Department

Finance Department should exert an overall control over all the Departments.

Noted.

[Vide Finance Department Circular No. F. 9 (2)/54-56 Finance dated the 2nd January, 1957 (Appendix III)]

No comments.

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| 23 | IV | 7 | Finance Department | Departmental or internal Audit system may be introduced by creating a suitable body either in each department or Centrally, in order to minimise irregularities, losses etc. as well as Audit objections. | The Inspectorate of Local Offices has been functioning as a Central Inspection Organisation of Government Offices. Similarly, an Inspectorate of Local Bodies has been functioning as a Central Organisation of the Delhi Administration for Local Bodies under it, Semi-Government Boards, Committees etc. | No comments. |
| 24 | IV | 6(b) ¹ | Rationing Department. | Steps should be taken to obtain Government of India's sanction for writing off the loss early by personal contacts at higher level, if necessary, as it has not yet been regularised. (Loss of Rs. 1,625,- due to theft of gunny bags in November, 1950 in a Rationing Issue Depot.) | Sanction of the Chief Commissioner to the writing off of an amount of Rs. 1,650/- being the cost of 2,200 empty gunny bags, which were stolen from the Subzimandi Issue Depot, Delhi on the 26th November, 1950, has already been accorded <i>vide</i> Chief Secretary to Delhi State letter No. F. 14(14)/51-C. S. dated the 14th July, 1953. | No comments. |

4 Rationing and
Civil Supplies
Department.

A case was reported in para 18 of the Audit Report wherein it was stated that the Agents appointed by the State Government for receiving, storing and distributing the rationed foodgrains in the State had overdrawn in the cheques given in their favour. Moreover, the system of payment of freight by the Agents was such as would have enabled them to draw refunds of over charges without the knowledge of Government. The amounts thus mis-appropriated by the Agents were not exactly worked out.

There were other irregularities and breaches of contract too. When the examination of the department was taken up, the Secretary submitted that the case was already being tried in the court, and was *sub judice*. The Committee thereupon decided to postpone the discussion.

The case is still *sub judice*.

See para 81 of the Report. The Committee would like to be informed in due course of the outcome of this case.

APPENDIX II

Statement showing action taken or proposed to be taken on the Outstanding Recommendations made in the Second report of the Public Accounts Committee of the erstwhile Delhi Vidhan Sabha

Serial No	Chapter of the Report	Para No. of the Department concerned	Recommendations	Action taken or proposed to be taken	Remarks	
1	2	3	4	5	6	7
1	II	2	Transport Department.	<i>Excess to be regularised</i> Grant No. 6 Charges on account of Motor Vehicles Acts Rs. 20,584.	Since regularised (vide notification of the G.I. Ministry of Finance Deptt. of Economic Affairs) in Part II, section 3 of the Government of India Gazette published on the *6th July, 1957 No. 21(8)-B/57.	No comments.
2	VII	1	All Departments.	The recommendation in last report may be referred as they apply with equal force in respect of accounts for 1953-54.	Action taken as indicated in the First Report of P.A.C. on Appropriation Accounts for 1952-53.	No comments.

*Printed in the Gazette of India, Part II, Section III, dated the 20th July, 1957.

3 VI	Section Education Depart- XII & ment. Appendix I	The Committee paid a surprise visit on 10-3-56 to (1) Poor House (2) Nari Niketan (3) Children's Home and observed serious irregularities and malpractices. The Committee recommended that Govt. should set up an enquiry committee immediately against the concerned officers and proper action should be taken against the defaulters within three months.	Necessary enquiries into the working of the Poor House and Nari Niketan were made in the light of the observations made by the P.A.C. and the results were communicated to the Vidhan Sabha Secretariat (now defunct). As regards Children Home Re-organisation Committee was set up by the Delhi Administration and re-organisation in accordance with its recommendations is already in progress.	No comments
4 VI	Sec. Education Depart- XII ment. Para 2	The Committee recommends that the Audit authorities be satisfied in the matter in the first instance. The issue would be taken up again by the Committee in its further meetings.	The contractors supply old tents and they maintain them throughout the period of hire for giving service to the schools concerned. Since the contractors deal in large quantities of tents they can afford to maintain them. It would not be economical for Government to purchase tents and maintain them. The work of construction of buildings is being accelerated. A number of buildings	No comments.

have already been completed.

VI 4 Education Department. The Committee appreciates the views of the Government spokesman, but recommends that grant should be paid sufficiently in time so as to be expended during the year. This would avoid audit objections. Procedure for payment of advance grants-in-aid is being evolved in consultation with the Accountant-General, Central Revenues. No comments.

5 VI 2 Transport Department. The finalisation of the case should be expedited by approaching the Police authorities concerned and not delayed any longer. The Committee would also like to recommend system of cash payments as it would be convenient for the public as well as would do away with the middle man, namely stamp vendors. Necessary action has been taken as recommended and enquiry has been completed. In consultation with the A. G. C. R. and the Ministry of Transport it has been decided to introduce the system of cash-cum-cheque payments. The draft rules are under consideration. See paras 30-31 of the Report.

6	VI Sec. V para 4.	Law and Judicial Department.	The Committee desires that the Secretary of the Department should get the question settled early by looking Personally into the matter.	The terms and conditions of the Standing Counsel have been settled.	No comments.
7	VI Sec. VI para 7.	Development Department.	The Committee considers that the problems of proper supply of milk to the city people and removal of cattle sheds from the city areas are urgent ones and require to be tackled early. For this purpose a meeting of the representatives of all the departments concerned of the State as well as of Central Government should be held, and the planning of the Scheme should be finalised without delay and concrete steps taken to implement it expeditiously.	The Committee's observations have been noted	See para 32 of the Report.
8	VI Sec. X.	Industries and Labour Department.	General instructions regarding proper maintenance of Cash Book, taking security from Cashier, periodical physical verification	Noted.	No comments.

1	2	3	4	5	6	7
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of cash, proper maintenance of contingent register, Stock register etc. purchase of stock by inviting tenders should be observed.

9 VI Sec. XII Education
para 6. Department.

The Committee cannot appreciate the manner in which several schemes are implemented by the officials. There was sufficient provision in the budget and the Finance Minister in his speech had stated that the scheme provided for ten schools in different Mohallas of the city for children of the age of 3 to 5 years. The Committee fails to understand why in spite of the promises in the House and provision in the Budget, such an urgent scheme should not be implemented. The scheme after all was a simple one and needed no elaborate staff for implementing.

In built up areas schools in tents cannot be set up. Suitable building could not be requisitioned.

No comments

10	VI	Sec. XII para 7.	Education Department.	<p>(i) A sum of about Rs. 4,00,000 was surrendered under this sub-head. One of the items which contributed to the savings was that of Rs. 15,000 worth of material provided for Janta College, but which was not purchased because the number of trainees did not go up to the full expectations. The Committee next enquired as to whether the Chief Secretary had come across the recommendations of the Estimates Committee on Janta College to the effect that it should be merged with another training institute run by the Development Department in the same area. The Chief Secretary promised to look into the matter.</p>	<p>The matter was examined in detail and ultimately it was decided to keep the College as a separate entity in the interest of efficient running.</p>	No comments.
11	VI	Sec. XII para 7.	Education Department.	<p>Another item was of Rs. 28,000 in respect of radio sets. During the examination of officials, it was brought to the notice of the officials by the Committee that certain radios were kept by some in-</p>	<p>Radios are now kept with the Social Education Workers or Village Level Workers. Those with the private individuals are being withdrawn and the process will be completed by the end of this year.</p>	No comments.

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dividuals in their own
houses as there were no
Community Centres in
their areas. The Director
of Education promised to
check up and to stop the
misuse.

APPENDIX III

DELHI SECRETARIAT, DELHI

(Finance Department)

No. F9 (2) | 54-56 Finance

Dated the 2nd Jan., 1957.

From:

Shri S. K. Majumdar,
Secretary, Finance,
Delhi.

To

The Chief Secretary | All Other Secretaries,
Delhi.

Sub: *Reports of the Public Accounts Committee on the Appropriation and Finance Accounts for 1952-53 and Audit Report thereon and Appropriation Accounts for 1953-54 and Audit Report thereon.*

Sir,

I am directed to invite a reference to the above-mentioned reports of the P.A.C. of the Vidhan Sabha, Delhi and to the Chief Secretary's circular letter No. F.13/15/55-A.A. dated the 1st June, 1956, issued in connection therewith. It is presumed that in accordance with the said circular the Administrative Deptts. are taking necessary action regarding the various recommendations of the P.A.C. falling in categories (b) and (c). The recommendations falling in category (b) may be referred to Finance Deptt. as desired by the Chief Secretary and copies of any instructions issued or replies sent to Vidhan Sabha Secretariat in respect thereof may also please be furnished to this Deptt. for information.

2. It will be observed that the P.A.C. have made certain general remarks regarding defective budgeting and lack of adequate control over expenditure which come under category (a) of Chief Secretary's circular quoted above. The Committee have further laid stress that Fin. Deptt. should function as an over-all controlling body over other departments in such financial matters, should issue suitable instructions in these matters and should also take, where

necessary, more effective steps than issue of routine instructions, in order to improve the state of affairs in budgetary and expenditure control *vide* paras 3 and 4 of Chapter III of P.A.C.'s report for 1952-53 and paras 2, 3, 4 and 5, Chapter III of its report for 1953-54.

3. It may be mentioned that relevant rules on these matters are already contained in the Central Govt. compilation of G.F. Rules, mainly in Chapter 5 thereof and instructions have also been issued from time to time by the Finance Deptt. inviting attention of the Administrative Deptts. to such rules. The recommendations of the P.A.C. are, however, now specifically brought to the notice of the Administrative Departments with the request that relevant rules and instructions in these matters may kindly be strictly observed in future. Some of the important points on which the PAC has laid stress may be recapitulated as in the following paragraphs:—

(I) DEFECTIVE BUDGETING

(A) *Lump sum provision*

As prescribed in para 73 (3) (IX) of G.F.R. Vol. 1 and also mentioned in para C. (iii) part II Explanatory Note of F.D.U.O. No. F.2/56-Fin. dated the 27th July, 1956 proposals for lump sum provisions should normally be avoided. As pointed out by the PAC such lump sum provisions not only deprive the Legislature from legitimate scrutiny in the absence of any details but also lead to large savings when on working out the details the proposals do not materialize as a result of the ultimate scrutiny exercised thereon or due to other factors. The Administrative Departments are, therefore, requested to take adequate steps in the early part of a year say before August each year to have their schemes finalised with proper details and obtain necessary approval of competent authority in order to avoid last minute necessity of proposing lump sum provisions for half cooked schemes.

(B) *Unnecessary supply grants and incorrect re-appropriations*

Several instances have been pointed out by PAC of unnecessary supply grants and a re-appropriation in the wrong directions.

In this connection attention is invited to para 98 of the G.F.R. Vol. I and the instructions issued in F.D.U.O. No. F.1/56-Fin. of the 27th/29th December, 1955 inviting proposals for supply grant for 1955-56. In order to provide funds for an object for which no or inadequate provision exists in the original budget it is necessary

for the Administrative Deptts. to assess the requirements for the grant as a whole. Additional funds should only be asked for when there is absolutely no scope in the existing grant as a whole to accommodate the new item and also when the expenditure cannot be postponed to next year.

Similarly, while proposing re-appropriations to provide for an item for which no or inadequate funds exist in the original budget the position regarding the availability of funds from the very sub-head to which it is debitible should be fully explored before proposals are made to divert funds from other sub-heads.

(C) *Schemes of new expenditure*

The PAC has pointed out that large savings in certain Deptts. have been due to non-implementation of new schemes and non-appointment of staff. Attention is invited in this connection to para 75 of the G.F.R. Vol. I prescribing that no scheme of new expenditure will be included in the Budget unless it is complete and finally approved and that administrative difficulties and delays in sanctioning processess should always be borne in mind while proposing budget provision for such new expenditure. A reference is also invited to paras I(c) and II(a) of Explanatory Note, Part II circulated under F.D.U.O. No. F.2/56-Finance dated the 27th July, 1956, in which necessary instructions have been issued for exercising due care to make budget provision only to the extent the expenditure can reasonably be anticipated to be incurred in the financial year concerned. I am to request that the rules and instructions in this respect may kindly be scrupulously observed in future in order to minimise the extent of savings as is occurring at present and to which the PAC has taken strong exception.

(II) CONTROL OVER EXPENDITURE

(A) *Expenditure Registers and Monthly Statements*

Attention is invited in this connection to paras 11, 12, 88 and 89 of the G.F.R. Vol. I and to Fin. Department endorsement No. F.188/54-Fin., dated the 2nd August, 1954 and recent circular letter No. 188/56-Fin. dated the 4th Dec., 1956 prescribing amplified form for furnishing returns of monthly expenditure. As prescribed in paras 11 and 12 quoted here the Controlling Officers/Heads of Deptts. are responsible for observing all relevant financial rules and regulations and to assume before Govt. and PAC complete responsibility for departmental expenditure and to explain or justify any instances of excess or financial irregularity. In para I (11) of Fin. Deptt.

circular letter No. 464-ST/Fin. dated the 11th August, 1952 it was made clear that Administrative Deptts. of this Secretariat were to be responsible for control of expenditure against the sanctioned appropriations for the subjects with which they were concerned. Accordingly the Administrative Deptts. are to maintain control registers in the prescribed forms in respect of the grant under their control by posting therein the monthly expenditure returns furnished to them by the subordinate officers. By proper maintenance of these registers progress of expenditure should be closely watched so that there may be even flow of expenditure throughout the year and subsequent large excesses and savings may be avoided. As recommended by the PAC visual charts may also be prepared from monthly totals of these registers. Similar expenditure control registers are to be maintained also by the Fin. Deptt. which Deptt. may be supplied regularly monthly expenditure statements as per instructions issued in the circular No. F.188/56-Fin. dated the 4th December, 1956. It should also be ensured that the disbursing officers reconcile their expenditure with that booked by the A.G.C.R. and furnish in the prescribed form the monthly reconciliation certificate both to the Administrative and Finance Departments.

It is also considered that it will go a long way to improve the departmental control over expenditure if the Administrative Secretaries invite their subordinate Heads of Deptts./Offices in periodical meetings to review the progress of expenditure in respect of grants with which they are concerned. In these meetings a representative of Fin. Deptt. may also be invited and any difficulties encountered in the matter of progress of expenditure and remedial steps necessary therefor could be discussed therein. It is requested that action in this respect may be taken very early under intimation to the Finance Department.

(B) *Rush of expenditure in March*

It has been observed in recent years that there has been an extreme rush of expenditure in last month of the year. In this connection attention is invited to para 96 of the G.F.R. Vol. I which provides that such a rush is ordinarily regarded as a breach of financial regularity.

The rush of expenditure in March is mostly on account of:—

- (i) Payments of grants-in-aid.
- (ii) Contingent expenditure relating to purchases of furniture, stores etc.

In such cases there is little justification for deferring the expenditure to the closing months of the year. In this connection it is suggested that:—

(a) The Administrative Deptts. should call upon the offices under their administrative control to submit proposals for the purchase of furniture, store and equipments in April of each year or near about that. Such proposals should be supported by data regarding the existing stock, total requirements according to the prescribed scales or according to consumption during the preceding years etc. and the actual additional requirements. When some delay is anticipated in obtaining necessary sanction, it should be possible to invite in the meanwhile quotations and complete formalities so that immediate action could be taken to make purchases as soon as sanction is received. Such purchases should be finalised at any rate by about November, each year. After making purchases of stores etc. it is also very essential to see that debits therefor are raised by supplying Deptts. promptly so as to adjust expenditure in the accounts of the same year.

(b) As regards the cases of grants-in-aid, the audited statements of accounts of various institutions together with the requisite certificate should be obtained in July or at the latest by August by which time the institution usually have their audited accounts ready. There is no reason for not taking up the cases of grants-in-aid during August, September and October. Any cases left over may be sent to Fin. Deptt. with detailed explanations as to why they could not be sent earlier. The Administrative Secretaries may in this connection prepare complete lists of the cases of grants-in-aid to be dealt with by their respective Deptt. and call for monthly statements of outstanding cases indicating the reasons for non-submission of the cases to the Finance Department. This will enable the Secretaries to exercise an effective control over payment of grants-in-aid and will thus help in removing one of the main causes of rush of expenditure towards the close of the year.

Yours faithfully,

S. K. MAJUMDAR,

Secretary, Finance, Delhi.

APPENDIX IV

[Vide para 11 of the Report]

Note on paragraph 19 of Appropriation Accounts of the Government of Delhi for the year 1954-55 regarding Loans to Co-operative Societies.

The scheme started with a letter No. RDB/L/51/48 dated 25th June, 1948 from the Ministry of Relief and Rehabilitation addressed to Provincial Governments. Subsequently the Assistant Registrar, Co-operative Societies wrote vide D.O. letter No. 2628/ARD dated 26th July, 1948 to Shri Gautam, Deputy Secretary, Ministry of Relief and Rehabilitation suggesting that the amount sanctioned which was Rs. 2 lacs at that time may be placed in the current account of the Co-operative Bank. This letter was forwarded by the Government of India Ministry of Relief and Rehabilitation with a covering letter No. RH-532(9) dated the 6th August, 1948 stating that necessary action may be taken in consultation with our Financial Adviser. The suggestion made by the Assistant Registrar of keeping the amount in the current account was approved by the Secretary, Relief and Rehabilitation to the Chief Commissioner and referred to Assistant Secretary Finance for concurrence. The Assistant Secretary (Shri Chopra) pointed out that the proposal involves keeping Government money outside the Treasury in a private bank. He remarked that as the Ministry of Relief and Rehabilitation had left it to be decided in consultation with the Financial Adviser it should be referred to him. The Financial Adviser saw the papers and agreed to the issue of the draft placed on the file. The letter so issued is No. F(8)/48-R&R, dated the 31st August, 1948. The letter reads as follows:—

“Sir, I am directed to say that with the previous approval of the Governor General, the Chief Commissioner is pleased to authorise you to place in the current account of Delhi Finance Central Cooperative Bank Ltd., Delhi a sum of Rs. 2 lacs from the allotment of Rs. 13 lacs placed at your disposal for grant of loans to urban refugees. The bank should be advised that necessary instruction regarding the disposal of this money will be issued to the bank by this office shortly.” A copy of this was also forwarded to the Deputy Accountant General (Food and Relief) New Delhi. Subsequent sanctions were also worded in the same manner.

Instructions issued from the Chief Commissioner's Office in September, 1948 envisage that the amounts will be advanced to the Cooperative Bank for further payment of loans to Cooperative Societies. Against this background there was no question of withdrawing money from the consolidated fund when not required for immediate disbursement because disbursement would take the simple form of advancing the amount in a lump sum to the Cooperative Bank. In actual working, however, it appears that the money was ordered to be placed in the current account with the Cooperative Bank.

But the following statements will show that the amounts were drawn from the Treasury in instalments and that utilization of the amounts was a continuous process.

1. Statement of sanctions authorising withdrawal (amount in lakhs)

	Rs.
31/8/1948	2·00
16/9/1948	2·00
27/10/1948	4·00
3/1/1949	1·00
25/1/1949	5·00
17/3/1950	2·00
29/3/1950	6·50
	22·50

II. Statement of advances made to Cooperative Societies

<i>Period</i>	<i>Amount</i>
	Rs.
Upto 31-3-49	11,14,180
1-4-49 to 31-3-50	2,81,671
1-4-50 to 31-3-51	1,22,800
1-4-51 to 31-3-52	98,800
1-4-52 to 31-3-53	8,000
After 31-3-53	30,000
	16,55,451

Refund of Un-utilized Amount

The implementation of the original scheme lost its tempo after 1952. The State Government wanted to utilize the unspent balance in other schemes. In March, 1953 it was proposed that the money could be utilized to enable the allottees of 100 sq. yards plots in the Jheel Khuranja Colony to make for themselves better houses than they could make with the meagre amount of Rs. 5.30 given by the Rehabilitation Department. It was pointed out that this will prevent the growth of slum conditions in the area. But the scheme was not approved by the Government on account of the wide repercussions which it will have all over the country. Subsequently another scheme was under consideration for forming the residents of the area into Thrift and Cooperative Societies. Still another scheme was to utilize the money in forming Milkmen's Cooperative Societies. None of these schemes could be finalised but in anticipation of their finalisation the amount was considered to be best placed in the Co-operative Bank, from where it could be easily available. Finally, however, during the course of a meeting with the Secretary to the Ministry of Rehabilitation, Government of India in January, 1956 it became clear that there was no chance of any of these schemes being approved and, therefore, orders were issued for the refund of the money to Government which was done in March, 1956.

As stated in para 3, the original scheme was for the Co-operative Bank to handle issue of loans. In that scheme the Bank was to charge 2½% from Societies and credit to Government 2¼% interest, the margin being meant to cover Bank charges. But actually, a Committee set up by Government examined the credit worthiness of the applicant Societies and asked the Bank to advance the loans recommended. Interest at the full rate of 2½% was also credited to Government. The Bank has claimed its ¼% interest and the matter has been referred to the Ministry of Rehabilitation for final sanction.

APPENDIX V

[Vide para 17 of the Report]

Note on para 15 of the Appropriation Accounts of the Government of Delhi for the year 1954-55 regarding opening of current accounts in a Bank outside Government account.

The Social Welfare and Rehabilitation Directorate was originally started in 1947 in the name of Women's Section under the charge of a Director, as a subordinate office of the Ministry of Rehabilitation. This section controlled the various Homes and Training Centres for training of displaced persons and had to handle a heavy amount required for their running. The bills for expenses were preferred by the Women's Section with the Accountant General, Central Revenues/Deputy Accountant General, Food and Rehabilitation and cheques were issued in its name. On account of the large amounts involved in these transactions as also the inadequate arrangements for the safe custody of the balances a current account was got opened in the name of the Director, Women's Section by the Ministry of Rehabilitation with the then Imperial Bank of India, New Delhi (Now State Bank of India). The necessity of issuing a formal sanction for the opening of the current account was, however, lost sight of through oversight. However, all the transactions passing through this account were duly checked by audit and nothing serious was found.

As regards the irregularities noticed by the audit the position is as under:—

- (i) Several sanctions for the purchase of yarn, oil, cloth, furniture, equipment, etc. required for use in the various Training-cum-work Centres and Homes were issued during the months of December, 1953 to March, 1954. On receipt of the sanctions, the Social Welfare, Rehabilitation Directorate made arrangements for procuring these articles by calling quotations from the local market. Firm orders were placed on the suppliers during the month of March, 1954 for the supply of these goods. As most of suppliers insisted upon delivering the goods against cash payment they were asked to submit advance bills against which bills were

preferred with the Treasury Officer for payment of the amounts. The bills for most of these amounts were received from the Treasury Officer on 30th or 31st March, 1954. Due to heavy rush of work on account of close of the year the amounts could not be paid to the suppliers before the close of the year and delivery of goods obtained. The amount was not surrendered since payment thereof was expected to be made any moment. As the amount involved was heavy it was not considered safe to keep the money in cash within the office premises and accordingly it was kept in the current account pending disbursement to the parties concerned. Cheques were issued by 17-4-1958.

- (ii) The departmental revenue receipts, sums received in repayment of loans etc. were credited to the current account under some mis-apprehension. However, at the close of each month the amounts collected during the months were credited into the Treasury under proper heads.
- (iii) The balances in the current account at the close of the financial year generally comprised of the following items:—
 - (a) Balance in hand out of revolving capital.
 - (b) Amounts required for payment of Maintenance Allowances.
 - (c) Un-disbursed Pay and Allowances etc.
 - (d) Donations.
 - (e) Funds drawn in advance for purchase of stores.

Since none of these items except (e) above was liable to lapse with the close of the financial year, the balances were carried forward to the next year. As regards (e) the omission has been explained in (i) above.

2. The audit objected to the continuance of the current account for the first time in 1950 when the matter was taken up by the Social Welfare, Rehabilitation Directorate with the authorities concerned for regularisation thereof. Ultimately it was only in February, 1956 that it was decided, in a meeting held with the audit, that these accounts may be closed. It was also decided in that

meeting that the amounts lying in the current account on account of Revolving Capital and maintenance allowance may be transferred to Personal Ledger Accounts and the remainder amount credited to the appropriate heads. Steps were taken for opening of Personal Ledger Accounts and this matter remained under consideration upto the end of 1957 when it was decided not to open Personal Ledger Accounts for these amounts. Steps were thereafter taken for the disposal of the balance amount lying in the current account which was finally closed in February, 1958.

APPENDIX VI

[Vide para 31 of the Report]

Note Regarding Processing of Applications for Motor Vehicle Licences

According to the rules of procedure of accounting of the Motor Vehicles and Taxation office framed in about the year 1936, the payment of motor dues may be received in court fee stamps, by cheque, money order or in cash through the post. Cheques should be endorsed by the Accountant in the name of the stamp vendors to convert them into court fee stamps and affix them on the applications. Money orders are entered in the Money Order Register after which the money is converted into court fee stamps. The dues received through the post or registered or insured letters should also be entered in the Money Order Register. All these amounts should be later converted into court fee stamps and affixed on the applications.

The counter clerks on receipt of an application for a driving licence, permit, payment of tax, etc., assesses the amount on the application and directs the applicant to affix the required court fee stamps. The court fee stamps are purchased by the applicants directly from the stamp vendors. Actually the applicants already know the amount of fee or tax to be paid and, therefore, they purchase the court fee stamps in advance. The court fee stamps may be purchased from the stamp vendors sitting in the premises of the transport office or from those in the Courts. The stamp vendors insert on each adhesive court fee stamps the name.....of the purchaser, the date of sale and signature of the vendor *vide* rule 28(xii) of the Punjab Stamp Rules, 1934.

According to the rules, the record keeper was responsible for the disposal of cheques but since there has been no record keeper for the last so many years the cheques were handled by the Accountant. After cheques had been endorsed to the stamp vendors they were entered in the Cheque Register and handed over to the stamp vendors whose signature were obtained.

Stamp Vendors' Duties

The stamp vendors' duties as regards cheques were to receive files and cheques and acknowledge them in the Cheque Register. They had then immediately to convert the cheques into court fee stamps, stamp the applications and pass them on to the counter clerks concerned and obtain counter clerks' signature in the Cheque Register which was in the custody of the Accountant. Cheques are not handed over to the stamp vendors since August, 1952. Three cheques received since then have been credited to the Treasury through the Bank.

Duties of Driving Licence Clerk

The licence clerk on an application being presented to him, assesses the dues and satisfies himself that correct amount has been paid and defaces the stamps (punches and cancels the stamps). The clerk maintains a Daily Collection Register in which the applications for licences issued or renewed with their respective tax amount are entered. The Motor Licensing Officer and the Inspectors initial the court fee stamps while signing the licences. The licence clerk then sends all applications to the Checking Accountant with his Daily Collection Register who checks the entries and signs the register in token of having checked the applications which have been disposed of.

Duties of Registration and Taxation Clerks

The Tax Clerks deal with the taxation of Motor vehicles and the Registration Clerks deal both with the registration and taxation of new vehicles. The Clerks maintain Daily Collection Registers. The applications received by them with the court fee stamps are checked and the court fee stamps are punched and cancelled and entered in their Daily Collection Registers. The clerks send their daily Collection Registers with the applications to the Checking Accountant for check. The tax tokens are issued by the clerks directly as it is not possible for the Motor Licensing Officer to sign tax tokens of 23,000 vehicles on road every quarter.

Duties of Permit Clerks

The permit clerks receive applications with court fee stamps from the applicants and after assessing the fee due, necessary documents are prepared and put up to the Secretary/Assistant Secretary of the State Transport Authority for signatures. The court fee stamps are punched and cancelled by the permit clerks and they are initialled by the Secretary/Assistant Secretary while signing the permits. The

permit clerks then make entries of the court fee stamps in their Daily Collection Registers and submit them to the Checking Accountant for check as in the case of driving licence fee and motor taxes.

The amount of fees and taxes paid are assessed by the counter clerks and checked with the relevant registers.

At present one Senior Clerk checks the court fee stamps with the counterfoils of the tax tokens and also with the entries made in the tax registers. The court fee stamps are again checked by the Checking Accountant with the Daily Collection Registers of the counter clerks. The Inspectors of the Department also check the court fee stamps with the counterfoils of the tax tokens. The Motor Licensing Officer checks a certain percentage (about 10%) of the court fee stamps with the Daily Collection Registers of the tax clerks. Over two lacs of applications are received per year and they are affixed with over 5 lacs of court fee stamps. It is not possible for the Motor Licensing Officer to check such a large number of applications and the court fee stamps and, therefore, the work has been distributed amongst the senior staff available.

After the court fee stamps have been checked by the Checking Accountant certain percentage i.e. about 10% of the applications are checked by the Motor Licensing Officer with the Collection Registers.

Only percentage check of the Collection Registers is made. The Officers sign permits, driving licences, new registrations, duplicate copies of Registration Certificates and other documents and check the stamps while signing these documents. Some Driving Licences are also signed by the Inspectors who check the court fee stamps. Initials of the Officers concerned are put on the court fee stamps while signing these documents.

The stamps are cancelled and punched by the counter clerks and they are initialled by the persons checking them as mentioned above.

It is proposed to change the mode of payment into cash-cum-cheque system and rules have already been drafted as it is not possible to take care of over 60,000 files containing applications with court fee stamps received off and on.

So long the court fee stamps system continues, the cheques will not be accepted unless they are received from out-stations and the D.T.U., who have to pay large sums of money, are required to credit

the amounts into the Treasury directly since September, 1952. The cheques received from out-stations will be credited into the Treasury through the bank without conversion into court fee stamps. All court fee stamps required by the applicants for amounts exceeding Rs. 100 are purchased from the Treasury or a Clerk of the Treasury Officer sitting in the Transport Office for the purpose. The court fee stamps are checked by the different persons. Since over 5 lacs of court fee stamps are received every year, it will not be possible for one Officer to check them and initial them personally. The Motor Licensing Officer has to supervise the inspection of transport vehicles in the morning and has to interview not less than 50 visitors and complainants per day and dispose of a large number of files.

Instructions have also been issued that all moneys received by money orders and by post under registered cover should be credited under challan into the Treasury to avoid embezzlement.

APPENDIX VII

[Vide para 64]

Statement made by the Chief Commissioner, Delhi, regarding purchase of strap hinges for the District Jail, New Delhi (vide page 52, Appropriation Accounts, 1954-55—Note II—Raw materials—non-supply of strap hinges).

The Controller of Stores, Punjab, placed an order on 22nd June, 1954 with Messrs. N. M. Kapur & Sons, Delhi, for 4,000 strap hinges at Rs. 2/4/- per dozen to be supplied within 15 days from the date of issue of the letter, that is, before the 7th July, 1954. The firm did not supply the goods by the fixed date. The Jail authorities brought this to the notice of the Controller on the 15th July, 1954 and asked him if they could purchase the article at the contractor's risk. The Controller wrote to the firm on the 31st July, 1954 and warned them that risk purchase would be permitted if the supply was not made within the terms of the contract. The firm replied that they had quoted Rs. 2/4/- per doz. for ordinary hinges of ordinary gauge and had quoted a rate of Rs. 3/11/- per doz. for the specified hinges. The contract, however, specified Rs. 2/4/- for these hinges, and they asked the Controller to increase the rate to Rs. 3/11/- to enable them to execute the order. The Controller did not agree and insisted upon supply at the stipulated rate. On the 16th October, 1954, the jail authorities again requested for permission to buy the hinges elsewhere up to the value of Rs. 200 as they had emergent orders to fulfil. The Controller did not allow this purchase which would have enabled the jail to consume in time the timber purchased for the purpose. In his letter dated 3-1-1955, he referred to clause 9 of the contract which runs as follows:

“Without prejudice to other rights of the Controller or indenting officer, the contractor shall be liable to pay at the rate of 10 per cent of the value of the order by way of liquidated damages which shall be recoverable from any amount due to the contractor whether under this or under any other contract.”

He further intimated that risk purchase should be made subject to this clause. The purchase was decided by the Purchase Committee on the 15th February, 1955 allowing 15 days for supply. There was thus only a month left till the end of March, 1955 and the timber could not be consumed within this period. As directed by the Controller, 10 per cent of the value of the order, that is Rs. 63/5/- was recovered from the firm as penalty.

APPENDIX VIII

[Vide para 85]

LOK SABHA SECRETARIAT

MEMORANDUM No. IX

Committee on Public Accounts

SUBJECT:—*Regularisations of excesses over Grants and charged appropriations disclosed in the Accounts of the former Part C States of Delhi and Himachal Pradesh.*

During the course of examination of the Appropriation Accounts of the Government of Himachal Pradesh for the years 1954-55, 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956), the Public Accounts Committee were informed by the representative of the Ministry of Finance that according to the advice given by the Ministry of Law, the Accounts and Audit Reports in respect of the former Part C States of Himachal Pradesh and Delhi relating to the pre-reorganisation period were to be dealt with exactly in the same manner as the Accounts and Audit Reports of the Central Government under Article 151 (1) of the Constitution (See Annexure I) and *ipso facto* any excesses disclosed therein would have to be regularised by Parliament. The relevant extracts from his evidence before the Committee when they examined the question of regularisation of the Excesses in question at their sitting held on 16th June, 1958 are reproduced below:

* * * * *

(Shri Shivnaubh Singh): * * * *

“In regard to the Union Territories of Himachal Pradesh and Delhi, the Law Ministry’s opinion is that they revert to what they were before 1950-51. The Part C States Act was rescinded and they became Union Territories. In their case, the entire procedure applicable to the normal Government of India expenditure will have to be applied.

* * * * *

“With the repeal of the Government of Part C States Act, 1951, under Section 130 of the States Reorganisation Act, Government were advised that the accounts of Part C

States should be regarded as part of the accounts of the Union which are regulated under Article 151(1) of the Constitution. Accordingly these had to be submitted to the President for being laid before Parliament * * * * Therefore, only in respect of Delhi and Himachal Pradesh the procedure would be exactly as applicable to any department of the Central Government.”

2. The Public Accounts Committee accordingly decided to examine under Rule 308(4) of the Rules of Procedure and Conduct of Business in Lok Sabha (5th Edition) (Annexure III), the excesses disclosed in the accounts of the former States of Himachal Pradesh and Delhi relating to the pre-reorganisation period and recommend regularisation thereof to Parliament.

3. During the course of examination of the Appropriation Accounts of the Government of Delhi for the years 1954-55 and 1955-56, the Public Accounts Committee noted from the statement showing action taken by Government on the Reports of the Public Accounts Committee of the Delhi State Legislative Assembly (now defunct) that there were two cases of excesses relating to the years 1952-53 and 1953-54 which had been recommended by the State Public Accounts Committee, for regularisation by the State Assembly. Government had got these excesses regularised by the President in the exercise of the power conferred on him by Clause (a) of sub-section (2) of Section 72 of the States Reorganisation Act, 1956 (Annexure IV) and a notification to this effect was published in the Gazette of India dated the 20th July, 1957. It was, however, pointed out by the Committee that the regularisation of these excesses by the President under Section 72(2) of the States Reorganisation Act, 1956 was not in accordance with the view expressed by the representative of the Ministry of Finance during the examination of the Himachal Pradesh Accounts. The Committee, therefore, desired that the matter should be further examined by Government.

As desired by the Committee, the matter was referred to the Ministry of Finance who in consultation with the Ministry of Law examined it further. A copy of the note received from the Ministry of Finance in this connection is contained in Annexure I to this Memorandum.

The matter was placed for consideration by the Working Group of the Public Accounts Committee on the Accounts relating to Himachal Pradesh and Delhi State, who decided at their sitting held on the 25th February, 1959, that the point might be considered by

the Main Committee when they took up consideration of the Draft 12th Report on the Himachal Pradesh Accounts at their sitting fixed on the 2nd March, 1959.

Parliament House,

New Delhi, the 25th February, 1959

Phalgunā 6, 1880 (Saka)

To

The Chairman and members of the Public Accounts Committee.

ANNEXURE I

MINISTRY OF FINANCE

(Budget Division)

SUBJECT:—*Regularisation of excesses of the former Part C States of Delhi and Himachal Pradesh under section 72(2) of the States Reorganisation Act.*

Will the Lok Sabha Secretariat kindly refer to their U.O. No. 2(III) (2)-PAC/58, dated the 4th August, 1958 regarding the regularisation of excesses of Part C States under section 72(2) of the States Reorganisation Act?

2. As desired by the Committee, the position has since been further examined in consultation with the Law Ministry. The view taken earlier was that as article 151(2)* of the Constitution was not applicable to Part C States, section 72** of the States Reorganisation

*See Annexure II.

**See Annexure IV.

Act was also not applicable to them and that, with the repeal of the Part C States Act, 1951, by section 130 of the State Reorganisation Act, 1956, the accounts and reports relating to Part C States in respect of any period prior to the 31st October, 1956 should be dealt with under article 151(1)* of the Constitution. On further consideration the Law Ministry have come to the conclusion that the view regarding the non-applicability of section 72 of the S.R. Act to Part C States would be correct only with reference to sub-section (1) thereof. In so far as sub-section (2) of section 72 is concerned, a specific mention is made therein about Part C States and Parliament in enacting this provision cannot be deemed to have been unaware of the fact that there could not be any reports of the Comptroller and Auditor General under article 151(2) in respect of Part C States. The reports in respect of the former Part C States are covered by the provisions of section 38B** of the Government of Part C States Act, which is almost identical in its content with article 151(2) of the Constitution. When, therefore, section 72(2) of the States Reorganisation Act mentions "the reports referred to in sub-section (1)" it seems to be reasonable to take the view that it covers both the reports falling under article 151(2) of the Constitution as well as the reports under section 39 B of the Government of Part C States Act since it does not expressly include the phrase "referred to in clause (2) of article 151" occurring in sub-section (1) of section 72. This conclusion is supported by the fact that a specific mention of Part C States has been made in sub-section (2), which would otherwise have no meaning whatever.

3. The Law Ministry have accordingly advised, that in so far as Part C States of Delhi and Himachal Pradesh are concerned, the power has been specifically given to the President to regularise by order any excess expenditure in respect of the financial year 1955-56 or any earlier year. This Ministry are in agreement with the Law Ministry. The regularisation of excesses relating to the former Part C State of Delhi for the years 1952-53 and 1953-54 by an order issued by the President in terms of Notifications Nos. S.R.O. 2350 and 2351 dated 6th July, 1957 was, therefore, in order. Similarly, any excess for the subsequent period ending 1955-56 could be regularised by the President by invoking the power conferred upon him under section 72(2).

4. Section 72(2) of the States Reorganisation Act does not, however, make any provision for the excesses relating to the seven

*See Annexure II.

**See Annexure V.

months of 1956-57 prior to the coming into force of the States Reorganisation Act, 1956. The excesses, if any, relating to this period in respect of the former Part C States of Delhi and Himachal Pradesh would, therefore, have to be regularised by Parliament in accordance with the provisions of articles 112 to 117 of the Constitution.

Sd/- (Shiv Naubh Singh)
Additional Budget Officer to the Government of India.

Lok Sabha Secretariat (P.A.C. Branch)

M/F (Budget Division) U.O. 21 (36)-B/58, dated 30-1-1959.

ANNEXURE II

The Constitution of India

Article 151(1) The reports of the Comptroller and Auditor-General of India relating to the accounts of the Union shall be submitted to the President, who shall cause them to be laid before each House of Parliament.

(2) The reports of the Comptroller and Auditor-General of India relating to the accounts of a State shall be submitted to the Governor * * * of the State, who shall cause them to be laid before the Legislature of the State.

ANNEXURE III

Rules of Procedure and Conduct of Business in Lok Sabha

Rule 308(4) If any money has been spent on any service during a financial year in excess of the amount granted by the House for that purpose, the Committee shall examine with reference to the facts of each case the circumstances leading to such an excess and make such recommendation as it may deem fit.

ANNEXURE IV

The States Reorganisation Act, 1956

Section 72(1) Where the whole or any part of the territory of an existing State has been transferred to another existing State or to a new State by the provisions of Part II, the reports of the Comptroller and Auditor-General of India referred to in clause (2) of article 151 relating to the accounts of that existing State

in respect of any period prior to the appointed day, shall be submitted to the Governor of such State or of each of such States as the President may by order specify and the Governor shall thereupon cause them to be laid before the Legislature of that State.

(2) The President may by order—

- (a) declare any expenditure incurred out of the Consolidated Fund of Bombay, Madhya Pradesh or Punjab or of any Part B or Part C State on any service during the financial year 1955-56 or any earlier financial year in excess of the amount granted for that service and for that year as disclosed in the reports referred to in sub-section (1) to have been duly authorised, and
- (b) provide for any action to be taken on any matter arising out of the said reports.

ANNEXURE V

The Government of Part C States Act, 1951

No. XLIX of 1951

Section 39B. Audit Reports—The reports of the Comptroller and Auditor-General of India relating to the Accounts of a State where a Legislative Assembly has been established under section 3 shall be submitted to the Chief Commissioner, who shall cause them to be laid before the Legislative Assembly of the State.

APPENDIX IX

Summary of the conclusions/recommendations of the Thirteenth Report of the Public Accounts Committee on the Appropriation Accounts of the Government of Delhi for the years 1954-55 and 1955-56 and Finance Accounts for the year 1954-55 and Audit Reports thereon.

Serial No.	Para No.	Ministry or Department concerned	Conclusions/Recommendations
1	2	3	4
1	3 (Introd.)	Rehabilitation Home Affairs	The Committee would impress upon the Ministry to expedite the submission of the Report of the Enquiry Committee, appointed to look into the working of the Organisation which was looking after the houses, tenements, shops, etc., constructed for displaced persons in Delhi and apprise them of the action taken or proposed to be taken by the Government of India to fix responsibility for the grave lapses for incomplete and improper maintenance of Accounts in the Rehabilitation Department of the erstwhile Delhi State and to set the Accounts on a satisfactory footing.
2	6	Finance Delhi Administration.	The Committee recommend that the excesses disclosed in the Appropriation Accounts, 1954-55 may be got regularised by the issue of an appropriate order by the President under Section 72(2) of the States Re-organisation Act, 1956.
3	8	Delhi Administration	(i) From a number of cases of irregular and unnecessary re-appropriations, large savings, etc., disclosed in the accounts for the

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years 1954-55 and 1955-56 the Committee have come to the conclusion that there was definitely much scope for improvement in the control over expenditure.

(ii) The Committee also deprecate the tendency on the part of the Departments preparing the estimates to include provisions for schemes details for which have not been worked out or which have no possibility of being executed during the budget year. They would in this connection draw the attention of the Delhi Administration to their recommendation made in para 7 of their Eighth Report (Second Lok Sabha).

4 10 W.H. & S.
Home Affairs
Delhi Administration.

The Committee feel that the delays in obtaining the administrative approval, etc., are not unusual in the case of Works and the Public Works Department should in fact have taken these factors into account and framed the estimates in a realistic manner. The Committee would also suggest that the existing schedule of powers of the Union Territories in according administrative approval and technical sanction to the execution of a project might be reviewed with a view to ensuring the speedy execution of the Projects and avoiding lapse of funds.

5 11 Delhi Administration

(i) The Committee would like to point out that opening a personal ledger account with a private bank even in the official capacity of an officer was objectionable, as it meant withdrawal of money from the Consolidated Fund of the State and keeping it outside Government.

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account. Further, the withdrawal of money not required for immediate disbursement was in contravention of Rule 290 of the central Treasury Rules, Vol. I.

(ii) The Committee are not convinced of the reasons for the delay of four years in withdrawing the money from the private bank and crediting it to Government. The Committee deplore the tendency on the part of the Delhi Administration of utilising funds obtained for specific purposes for other purposes. They would caution against such a practice in future as it is not free from considerable risks.

6 12 Delhi Administration
 All Ministries

(i) The Committee consider that the withdrawal of money from the Treasury in advance of the date on which it is required particularly at the close of the year is highly irregular. In their opinion, such drawings of funds to avoid lapse of grants should be discouraged.

(ii) The Committee would also like to observe that the procedure followed in this case was not in accordance with the usual practice of disbursing matching grants. Normally, the Societies should invest their money in the first instance and on the progress of the actual work done, the portion of the contribution should be paid by Government. The Committee, however, understand that the amounts given to the Co-operative Societies were ultimately utilised by the Societies and the certificates of completion of works and proper utilization of funds had been furnished by them to Audit. n

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			(iii) The Committee trust that such irregularities would not occur in future and the Administration would ensure that matching grants are paid on a recoupment basis.
7	13	Home Affairs <hr/> Delhi Administration	The Committee would like to know the period over which the collection of arrears of land revenue has been spread and the progress made in collection so far.
8	14	Delhi Administration	The Committee regret that there was lack of proper planning and foresight on the part of the Jail authorities in the matter of purchase of tools worth Rs. 1,949 during 1954-55. They should not have ordered for the machinery without getting sanction for the electrical installations. The Committee trust that the Delhi Administration will issue suitable instructions to all Departments to see that proper co-ordination is ensured between the various Departments in such cases.
9	15	Delhi Administration	The Committee feel that the responsibility for the proper custody of stores in the ward of a hospital should be on the staff in-charge.
10	19	Home Affairs <hr/> Rehabilitation <hr/> Delhi Administration	The Committee observe that not only were the current accounts opened by the Director, Women's Section with the Imperial (now State) Bank of India in 1948 without prior consultation of the Accountant General, Central Revenues, as enjoined in Rule 623(c) of the Central Treasury Rules, Vol. I, but also they were not closed till February and

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October, 1958 despite the objection raised by Audit in 1950 and instructions to close the accounts issued by the Government in June, 1953. The Committee are amazed at the manner in which the Delhi Administration disregarded the orders of the Government of India for 5 years in closing the Accounts. They would like their displeasure to be communicated to the various Officers responsible for this state of affairs.

11 22- Rehabilitation

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(See also
S. No. 1
ibid.)

- (i) The Committee would like Audit to scrutinise Rent Registers, Property Registers, Ground Rent Registers, Cash Books, Rent Ledgers Accounts, etc. as reconstructed by the Housing and Rent Office under the Delhi State and report to them irregularities, if any, detected therein.
- (ii) As regards the fixation of responsibility against the individuals concerned for non-maintenance of accounts, etc., the Secretary, Ministry of Rehabilitation undertook to institute a Departmental Enquiry into the matter and to submit a Report to the Committee by the 31st October, 1958. This Report was to cover *inter alia* the working of the Organisation which was looking after the houses, tenements, shops, etc. constructed for displaced persons in Delhi and steps taken to tone it up. This Report is still awaited.
- (iii) The Committee also desired that a note stating the progress made in the realisation of rents from the displaced persons and the amounts still outstanding for recovery on

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			<p>different accounts <i>viz.</i>, rent including ground rent and monthly instalments of payments for tenements sold under hire-purchase system and the measures adopted to ensure the proper maintenance of accounts, property registers, etc. should be furnished to them. They regret to point out that although a period of more than six months has elapsed, the Ministry of Rehabilitation have failed to furnish the requisite information.</p>
			<p>(iv) The Committee are, therefore, obliged to defer further consideration of this matter till such time as the Report of the Departmental Committee referred to above, as also the information about the clearance of arrears amounting to about two crores of rupees, is furnished to them.</p>
12	26	Rehabilitation	<p>The Committee would like to be informed of the progress made in the recovery of water charges from the holders of the tenements in the Rehabilitation Colonies in Delhi.</p>
13	27	Do. ⁵	<p>The Committee regret to observe that the outstandings on account of recovery of loans paid to the displaced persons have been increasing. They would emphasise that the Ministry of Rehabilitation should pursue vigorously the question of recovery as otherwise the chances of recovery will become poorer as years pass by.</p>
14	28	Do.	<p>The Committee would emphasise that special steps should be taken to bring the personal ledgers up-to-date and ensure their proper up-keep in future.</p>

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			It is needless to stress that absence of proper account records, will by itself be a big handicap in effecting recoveries.
15	29	<u>Rehabilitation</u> _____ Delhi Administration	The Secretary, Ministry of Rehabilitation undertook to institute a full inquiry into the circumstances under which the Audit Inspection reports remained unanswered by the Rehabilitation Department of Delhi State. The Committee would like to be apprised of the results of this enquiry, the action taken against the persons at fault and steps taken to set matters on a proper footing.
16	31	Delhi Administration	In the opinion of the Committee, if the Motor Licensing Officer had exercised proper vigilance and discharged his duties in a more discreet manner, he could have detected the fraud that was being committed in his office. The Committee understand that an accountant, two clerks and two stamp-vendors, who were prosecuted were acquitted by the court and the Delhi Administration were now taking disciplinary action departmentally against those who had been found to be guilty. The departmental action instituted against the guilty officials should be intimated to the Committee. They would also like that suitable action should be taken against the Motor Licensing Officer.
17	32	<u>Agriculture</u> _____ Delhi Administration	The Committee, while endorsing the observations made by the Public Accounts Committee of Delhi Vidhan Sabha (now defunct), emphasise that the Delhi Milk Supply Scheme which had been pending for more than 5

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			years should be started without further delay as considerable expenditure has already been incurred on it.
18	33	Delhi Administration	The Committee would invite attention to para 30 of their Fifth Report (1952-53) wherein they had suggested that whenever original documents were required to be filed with a court, the Department concerned should invariably keep photostat copies of such documents as have got an important bearing on the disposal of the case involving disciplinary action against the delinquent officers.
19	34	Do.	The Committee would like to draw the attention of the Delhi Administration to the recommendation made in para 38 of their First Report (1951-52) and suggest that the Finance Department of the Delhi Administration should call for quarterly statements from the Department concerned showing the progress made in the disposal of audit objections pending in the various Departments and to see that they are replied to in time. The Executive Officers should also, while inspecting the subordinate officers, make it a point to ensure about the disposal of audit objections and the improvements effected in the procedure as a result thereof.
20	35	Home Affairs <hr/> Rehabilitation <hr/> Delhi Administration	The Committee take a serious view of the cases where official papers are stated to be lost. They note that the officer concerned in the case referred to in para 15 of Audit Report, 1955 (Government of Delhi) is still in the service of

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the Government of India. They, therefore, desire that the matter should be pursued with vigour and attempts made by the Delhi Administration to trace these papers and to institute further proceedings against the officials at fault.

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