

# **PUBLIC ACCOUNTS COMMITTEE 1958-59**

## **SIXTEENTH REPORT**

**(SECOND LOK SABHA)**

[Excesses over Voted Grants/Charged Appropriations disclosed  
in the—

- (i) Appropriation Accounts (Defence Services), 1955-56;
- (ii) Audit Report (Defence Services), 1958;
- (iii) Appropriation Accounts (Civil), 1956-57 and  
Audit Report, 1958; and
- (iv) Appropriation Accounts of the Government of Delhi  
for the year 1956-57 (1st April, 1956 to 31st October,  
1956) and Audit Report, 1958.]



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1959*

*Price Rs. 1.10 nP.*

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## PUBLIC ACCOUNTS COMMITTEE 1958-59

### *Chairman*

\*Shri N. G. Ranga

### *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 H. C. Dasappa
12. Shri Khushwaqt Rai
13. Shri N. Siva Raj
14. Shri Aurobindo Ghosal
15. Shri Jaipal Singh
16. Rajkumari Amrit Kaur
17. Shri Amolakh Chand
18. Shri T. R. Deogirikar
19. Shri S. Venkataraman
20. Shri M. Govinda Reddy
21. Shri Rohit Manushankar Dave
22. Shri M. Basavapunnaiiah.

### SECRETARIAT

Shri S. L. Shakdher—*Joint Secretary.*

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

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\*Shri N. G. Ranga was appointed as a 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.

**Report on the Excesses over Voted Grants and Charged Appropriations disclosed in the—**

- (i) **Appropriation Accounts (Defence Services), 1955-56;**
- (ii) **Audit Report (Defence Services), 1958;**
- (iii) **Appropriation Accounts (Civil), 1956-57 and Audit Report, 1958; and**
- (iv) **Appropriation Accounts of the Government of Delhi for the year 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Report, 1958.**

**I**

**INTRODUCTION**

I, the Chairman of the Public Accounts Committee, having been authorised to present the Report on their behalf, present this Sixteenth Report on the Excesses over Voted Grants and Charged Appropriations disclosed in the (i) \*Appropriation Accounts (Defence Services), 1955-56; (ii) \*\*Audit Report (Defence Services), 1958; (iii) †Appropriation Accounts (Civil), 1956-57 and Audit Report, 1958 and (iv) ‡Appropriation Accounts of the Government of Delhi for the year 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Report, 1958.

✓ 2. In their Tenth Report, while dealing with the Excesses over Voted Grants/Charged Appropriations disclosed in the Appropriation Accounts (Civil), 1955-56, the Public Accounts Committee had commented upon the delay on the part of the Ministries concerned in furnishing the notes explaining the reasons or the circumstances leading to such excesses and had stressed that the Ministries of the Government of India should furnish these notes to the Secretariat of the Committee within a period of four weeks from the date of presentation of the Appropriation Accounts and Audit Report to Parliament. As the notes in question were not received from the Ministries concerned within the prescribed time-limit the Committee had to summon the representatives of the following Ministries which had not furnished the requisite information at their sitting held on the 17th March, 1959:

**Ministries of Defence; External Affairs; Home Affairs; Information and Broadcasting; Commerce and Industry; Steel, Mines and Fuel (Department of Mines & Fuel); Works, Housing and Supply and Finance.**

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\*Laid on the Table of the House on 4-9-1958.

\*\*Laid on the Table of the House on 17-12-1958.

†Laid on the Table of the House on 19-12-1958.

‡Laid on the Table of the House on 24-11-1958.

In evidence, it was urged by the representatives of the Ministries that they were unable to furnish the requisite explanations to the Committee within the prescribed time-limit of four weeks, as in some cases information had to be called for from various subordinate/attached offices under the control of the Ministry concerned and it naturally entailed time. Besides, the explanations had to be routed through the Ministry of Finance and Audit.

The Committee are not quite convinced with the above explanation. They feel that it should be possible for the Ministries to adhere to the time-limit prescribed by them, if the Ministries initiate action to get the explanatory notes relating to the excesses as soon as the actuals are made available to them by their Accounts Officers soon after the closure of the accounts relating to a year without waiting for the publication of the Appropriation Accounts. *However, in view of their experience during the last two years, the Committee are inclined to extend this time-limit to two months. They trust that the Ministries would take steps to stick to this time-limit strictly in future.*

3. The Committee examined the Voted Grants/Charged Appropriations in question at their sittings held on the 27th October, 1958 and 17th March, 1959 in the light of the explanations furnished by the Ministries concerned (Appendices I to XIV) and also the evidence given by their representatives.

4. The Committee considered and approved this Report at their sitting held on the 5th April, 1959.

5. A brief record of the proceedings of the above-mentioned sittings of the Committee has been maintained and forms part of the Report.

## II

### (a) APPROPRIATION ACCOUNTS (DEFENCE SERVICES), 1955-56

#### GRANT No. 15—NON-EFFECTIVE—CHARGED PAGE 4, FOOT-NOTE WITH A SIDE ASTERISK MARK

6. Due to misclassification an amount of Rs. 97,81,135 on account of interest portion of equated payments in respect of commuted value of pensions and interest portion of the capital outlay on sterling pensions, which should have been correctly shown as Charged expenditure, has been included in Voted expenditure under Grant No. 15—Defence Services—Non-Effective. Had the expenditure been correctly classified in the accounts, there would have been a net excess of Rs. 97,76,505 in the Charged portion of the Grant. This excess requires regularisation according to the principle enunciated by the Committee in para 7 of their Sixteenth Report (First Lok Sabha).

*The Committee accordingly recommend that the excess may be regularised by Parliament in the manner prescribed in Article 115(1) (b) of the Constitution.*

### (b) AUDIT REPORT (DEFENCE SERVICES), 1958

7. During the year 1956-57, there were three cases of excesses over Charged Appropriations as shown below:—

No. and name of Appropriation	Sanctioned Appropriation	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
12—Army	2,44,000	4,36,786	1,92,786
14—Air Force	..	46,904	46,904
117—Defence Capital Outlay	11,74,000	13,15,087	1,41,087

The above excesses were the result of accounting of payments made in satisfaction of court decrees and arbitration awards as "charged" while provision therefor had been made erroneously under "Voted". The Committee understand that the correct classification of such expenditure is being followed now. *The excesses, being technical, the Committee recommend that these might be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.*

**III**

**APPROPRIATION ACCOUNTS (CIVIL), 1956-57 AND AUDIT REPORT, 1958**

8. During the year ended the 31st March, 1957, the actual expenditure exceeded the Voted Grants/Charged Appropriations in the following cases:—

Sl. No.	No. and Name of Grant or Appropriation	Ministry concerned	Final Grant or Appropriation	Actual Expenditure	Excesses
1	2	3	4	5	6
			Rs.	Rs.	Rs.
<b>VOTED GRANTS</b>					
1	25—Miscellaneous Expenditure	External Affairs	5,53,000	6,98,121	1,45,121
2	47—Ministry of Health	Health	11,48,000	11,49,733	1,733
3	54—Police	Home Affairs	2,66,07,000	3,01,19,949	35,12,949
4	56—Privy Purses and Allowances of Indian Rulers.	Home Affairs	2,70,000	3,58,775	88,775
5	57A—Laccadive, Minicoy etc. Islands	Home Affairs	3,00,000	3,55,398	55,398



		Rs.	Rs.	Rs.	
6	64—Broadcasting . . . . .	Information and Broadcasting	3,16,25,000	*3,40,19,460	*23,94,460
7	89—Other Organisations under Ministry of Production	Commerce and Industry/Steel, Mines and Fuel.	13,21,31,000	13,90,61,638	66,30,638
8	102—Supplies . . . . .	Works, Housing and Supply .	2,44,70,000	2,48,98,827	4,28,827
9	103—Other Civil Works . . . . .	Works, Housing and Supply .	19,58,84,000	26,11,17,504	6,52,33,504
10	106—Department of Atomic Energy	Department of Atomic Energy	7,10,000	*7,12,953	*2,953
11	135—Other Capital Outlay . . . . .	Irrigation and Power . . . . .	43,69,000	72,59,218	28,90,218
<b>CHARGED APPROPRIATIONS</b>					
12	41—Pre-partition payments . . . . .	Finance . . . . .	13,08,000	15,03,557	1,95,557
13	123—Commuted Value of Pensions	Finance . . . . .	10,000	13,860	3,860
14	128—Purchase of Foodgrains . . . . .	Food and Agriculture . . . . .	..	69,225	69,225
15	103—Other Civil Works . . . . .	Works, Housing and Supply .	26,64,000	38,11,326	11,47,326

\*In the Audit Report (Civil), 1958, the following figures of Actual Expenditure and Excesses under these Grants have been shown :

	Actual Expenditure	Excesses
(i) Grant No. 64—Broadcasting	3,40,21,052	23,96,052
(ii) Grant No. 106—Deptt. of Atomic Energy	7,13,584	3,584

The figures shown against these Grants, however, represent the actual Excess requiring regularisation after taking into account certain misclassifications in accordance with the principle enunciated by the Committee in para 7 of their Sixteenth Report (First Lok Sabha).

9. From the explanations furnished by the Ministries both in the written memoranda and in oral evidence, the Committee understand that the excesses were primarily due to receipt of unanticipated debits by the Ministries or belated adjustment of debits for stores supplied or services rendered by other Departments. In some cases, the excesses were also due to defective budgeting or control over the progress of expenditure. *The Committee were not fully convinced with the explanations as, in their view, such situations could be avoided by better control. They were assured that the Ministries would take necessary steps to improve the technique of estimating and control over expenditure.*

10. The Committee would now proceed to deal with a few individual cases of excesses over Voted Grants/Charged Appropriations which clearly indicated laxity of control over expenditure, etc.

#### MINISTRY OF COMMERCE AND INDUSTRY

(i) *Grant No. 89 (Voted)—Other Organisations under the Ministry of Production—Sub-head J1(1)—Village Industries—Excess Rs. 43,69,758.*

Out of the total excess of Rs. 43,69,758 under this sub-head, excess to the extent of Rs. 18.58 lakhs was due to the omission on the part of the All-India Khadi and Village Industries Board to refund to Government unutilised balances before the close of the year 1956-57. According to the orders in force, the Personal Ledger Account opened for the All-India Khadi and Village Industries Board should have been closed and the unutilised balance in that account should have been surrendered to Government on the 31st day of March of each year. It was stated that as 30th and 31st March, 1957 happened to be Bank holidays, the unspent balances could not be refunded to Government within the financial year. The explanation was hardly convincing and the Secretary, Ministry of Commerce and Industry admitted that the excess in this case could have been avoided with a little foresight on the part of the officers who were dealing with this case. *The Committee trust that the Ministry will ensure that such omissions will not occur again.*

#### MINISTRY OF INFORMATION AND BROADCASTING

(ii) *Grant No. 64 (Voted)—Broadcasting—Excess Rs. 23,94,460*

In evidence, the Secretary, Ministry of Information and Broadcasting stated that the adjustment of debits relating to previous years mostly accounted for the excess in this case. In 1956-57, the progress of expenditure disclosed till the last quarter of the financial year, a considerable shortfall as compared to the budget grant. Special

steps were, therefore, taken to get the outstanding debits of previous years adjusted. The adjustments were continued to be made in the accounts even after the close of the financial year and ultimately, the amounts adjusted were much in excess of the available provision in the budget. To avoid such a situation, the Secretary suggested that the Accounts Officer should be entrusted with the responsibility to see that adjustments did not exceed the provision available in the budget.

*The Committee regret to observe that they cannot approve of this suggestion which may operate against the Ministry of Information and Broadcasting itself, in cases where it happens to be the creditor party. In their opinion, such a course would amount to a manipulation of accounts and will vitiate control over expenditure by the Ministry concerned. Further, it would lead to the postponement of inevitable payments for want of provision which will be in contravention of the financial rules. Provision in the budget for a year should cover not only the current expenditure anticipated during that year but also unadjusted debits relating to past years. In this connection, the Committee would draw attention to the Ministry of Finance Office Memorandum No. F.15(1)-E.G.I./55, dated the 3rd August, 1955 requiring the maintenance of a Liability Register to watch the progress of expenditure. If the Ministries maintain this register properly and watch the progress of expenditure closely, excesses and savings would not result.*

The Committee also noticed that the excess was partly due to certain payments not specifically provided for in the Budget, e.g., the payment of Rs. 2.90 lakhs to the Press Trust of India. In extenuation, the Secretary of the Ministry stated that when the sanction for the payment was issued towards the end of March, 1957, a saving of Rs. 29 lakhs was anticipated in the Grant as a whole and it was thought that there would be no difficulty in finding funds for this payment by re-appropriation. But the expectation did not materialise eventually. *The Committee regret to observe that the control exercised by the Ministry over expenditure was very defective.*

#### MINISTRY OF WORKS, HOUSING AND SUPPLY

(iii) Grant No. 102 (Voted)—Supplies—Excess Rs. 4,28,827

The excess under this Grant is mainly under the Group head "Expenditure in England". Against the budget grant of Rs. 54,45,000, the actual expenditure was Rs. 60,17,787. This excess of Rs. 5,72,787 was partly offset by savings to the extent of Rs. 1,43,960 under the various sub-heads of the Demand, leaving a net excess of Rs. 4,28,827. It was explained by the representative of the Ministry that the Chief Accounting Officer in the High Commission in

London, did not submit any proposal for supplementary grant to the Ministry although he was reminded once in January and again in February, 1957. In the absence of any such proposal for additional funds, no supplementary Grant was applied for. The expenditure in England under this Grant towards the close of the year revealed an excess of Rs. 7,06,000 over the budget grant. As a supplementary Grant from Parliament was out of question at that time, an attempt was made on the 28th March, 1957 to cover the excess by an advance from the Contingency Fund as a special case but the Ministry of Finance turned down the request on the 30th March, 1957 on the following grounds:

- (a) the late submission of the application for the grant of advance from the Contingency Fund; and
- (b) the advance from the Contingency Fund, as held by the Ministry of Law, can only be granted to meet the unforeseen expenditure that has yet to be incurred and not to meet expenditure which has already been incurred.

*It was disclosed to the Committee in evidence that it was not the practice for the Chief Accounting Officer in the High Commission, London, to submit proposals for supplementary grants as presumed by the Ministry. The Ministry should have initiated necessary action on the basis of the figures intimated by the Chief Accounting Officer. It is, therefore, regrettable that the Ministry had overlooked this. When they discovered this mistake, it was too late.*

*The Committee would also like to draw attention here to the fact that the Chief Accounting Officer should also review the progress of expenditure and see that he did not exceed his allotment.*

*The Committee understand that the Ministry of Works, Housing and Supply have since issued necessary instructions to the Chief Accounting Officer, High Commission of India, and other budgetary authorities under that Ministry, to exercise a stricter control over the expenditure and to submit proposals for Supplementary Grants in time. They trust that such omissions will not occur again.*

(iv) Grant No. 103 (Charged)—Other Civil Works—Excess Rs. 11,47,326

(v) Grant No. 103 (Voted)—Other Civil Works—Excess Rs. 6,52,33,504

In evidence, the representative of the Ministry of Works, Housing and Supply stated that the excesses under the above Grants were mainly under 'Suspense' which was a transit head and it accommodated certain adjustments from time to time. The excesses under this head occurred because of the change-over to gross system of

budgeting from 1952-53. The Committee understand that the revised procedure for budgeting under this head is under discussion between the Ministries of Works, Housing and Supply and Finance with a view to simplifying the accounting procedure. The new procedure will avoid such accounting excesses in future. The Committee consider that the matter is taking an unduly long time (nearly six years). They would reiterate their observation on a similar excess last year, viz., that "Suspense" heads should not be used as a cloak to camouflage excessive purchase of stores.

11. Subject to the above observations, the Committee would recommend that the excesses referred to in para 8 above might be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

#### IV

### APPROPRIATION ACCOUNTS OF THE GOVERNMENT OF DELHI FOR THE YEAR 1956-57 (1ST APRIL, 1956 TO 31ST OCTOBER, 1956) AND AUDIT REPORT, 1958.

12. The Appropriation Accounts of the Government of Delhi for the period from 1st April, 1956 to 31st October, 1956 disclosed the following excess over Voted Grant:

No. and name of Grant	Final Grant	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
10—Administration of Justice	11,97,000	13,18,921	1,21,921

13. The reasons leading to the excess in this case have been given in the note (Appendix XIV) furnished by the Delhi Administration. The Committee note that this excess had been caused by a belated adjustment of debit towards cost of work done at the High Court at Chandigarh and its Circuit Bench at Delhi on behalf of the Delhi State.

*The Committee recommend that the above excess might also be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.*

14. The Committee would like to place on record their appreciation of the assistance rendered to them by the Comptroller and Auditor-General in examining the above excesses.

**NEW DELHI:**  
*The 5th April, 1959*  
Chaitra 15, 1881 (Saka).

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

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**PART II**

**PROCEEDINGS OF THE SITTINGS OF THE PUBLIC ACCOUNTS  
COMMITTEE HELD ON THE 27TH OCTOBER, 1958, 17TH  
MARCH AND 5TH APRIL, 1959.**

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PROCEEDINGS OF THE TWENTY-SIXTH SITTING OF THE  
PUBLIC ACCOUNTS COMMITTEE HELD ON MONDAY, THE  
27TH OCTOBER, 1958.

15. The Committee sat from 10.00 hours to 13.00 hours.

PRESENT

Prof. N. G. Ranga—*Chairman.*

MEMBERS

2. Dr. Ram Subhag Singh
3. Shri Arun Chandra Guha
4. Pandit Jwala Prasad Jyotishi
5. Shri Rameshwar Sahu
6. Shri Upendranath Barman
7. Shri Prabhat Kar
8. Shri Raghubar Dayal Misra
9. Shri H. C. Dasappa
10. Shri Khushwaqt Rai
11. Shri N. Siva Raj
12. Shri Jaipal Singh
13. Shri Amolakh Chand
14. Shri M. Govinda Reddy
15. Shri M. Basavapunnaiah.

Shri A. K. Chanda, *Comptroller & Auditor General of India.*

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

Shri P. K. Basu, *Director of Audit, Defence Services.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

WITNESSES

*Ministry of Defence*

Shri O. Pulla Reddy—*Secretary.*

Shri R. P. Sarathy—*Additional Secretary.*



Shri B. N. Verma—*Joint Secretary.*

Shri L. M. Nadkarni—*Joint Secretary.*

Shri S. D. Nargolwala—*Joint Secretary.*

Rear-Admiral D. Shanker, *Director General of Ordnance Factories.*

Major-General R. E. Aserappa, *Engineer-in-Chief, Army Headquarters.*

*Ministry of Finance*

Shri S. Jayasankar—*Financial Adviser (Defence).*

Shri Shiv Naubh Singh—*Additional Budget Officer (Department of Economic Affairs).*

Shri M. K. Hariharan—*Additional Financial Adviser (Defence) I.*

Shri D. S. Nakra—*Additional Financial Adviser (Defence) II.*

Shri R. Bhaktavatsalu—*Joint Financial Adviser (Defence).*

Shri Phul Chand—*Controller General of Defence Accounts.*

**APPROPRIATION ACCOUNTS (DEFENCE SERVICES), 1955-56**

*Page 4, Foot-note with a single asterisk mark—Regularisation of Expenditure.*

16. It had been reported that the excess of Rs. 97,76,505 under charged portion of Grant No. 15 required regularisation.

The representative of the Ministry of Finance (Defence) stated that there had been a technical irregularity in this case and the correct procedure was being followed from the year 1956-57.

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**PROCEEDINGS OF THE FORTY-SEVENTH SITTING OF THE  
PUBLIC ACCOUNTS COMMITTEE HELD ON TUESDAY, THE  
17TH MARCH, 1959.**

17. The Committee sat from 15.00 to 17.20 hours.

**PRESENT**

Prof. N. G. Ranga—*Chairman.*

**MEMBERS**

2. Shri Arun Chandra Guha
3. Pandit Jwala Prasad Jyotishi
4. Shri Rameshwar Sahu
5. Shri T. Sanganna
6. Shri Upendranath Barman
7. Shri Raghubar Dayal Misra
8. Shri Khushwaqt Rai
9. Shri N. Siva Raj
10. Shri Aurobindo Ghosal
11. Shri Amolakh Chand
12. Shri S. Venkataraman
13. Shri M. Govinda Reddy
14. Shri Rohit Manushankar Dave.

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

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

Shri P. V. Raghava Rao, *Director of Audit, Food, Rehabili-  
tation, Supply, Commerce, Steel and Mines.*

Shri P. K. Basu, *Director of Audit, Defence Services.*

**SECRETARIAT**

Shri V. Subramanian, *Deputy Secretary.*

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

Shri K. Ranganadham, *Under Secretary.*

## WITNESSES

*Ministry of Finance*

Shri H. S. Negi, *Joint Secretary.*

Shri S. S. Shiralkar, *Joint Secretary.*

*Ministry of Defence*

Shri R. P. Sarathy, *Additional Secretary.*

Shri S. Jayasankar, *Financial Adviser.*

*Ministry of Works, Housing and Supply*

Shri M. R. Sachdev, *Secretary.*

Shri K. S. Krishnaswamy, *Joint Secretary.*

Shri N. G. Dewan, *Chief Engineer, C.P.W.D.*

*Ministry of Commerce and Industry*

Shri S. Ranganathan, *Secretary.*

Shri N. Subrahmanyam, *Joint Secretary.*

Shri C. S. Ramachandran, *Joint Secretary.*

Shri K. T. Satarwala, *Joint Secretary.*

*Ministry of Steel, Mines and Fuel (Department of Mines and Fuel).*

Shri S. S. Khera, *Secretary.*

Shri N. S. Mani, *Joint Secretary.*

Shri A. V. Venkateswaran, *Financial Adviser.*

Shri A. Zaman, *Coal Controller.*

*Ministry of Information and Broadcasting*

Shri R. K. Ramadhyani, *Secretary.*

*Ministry of Food and Agriculture*

Shri C. A. Ramakrishnan, *Director General of Food.*

*Ministry of Home Affairs*

Shri V. Viswanathan, *Special Secretary.*

Shri Hari Sharma, *Additional Secretary.*

Shri Fateh Singh, *Joint Secretary.*

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

*Delhi Administration*

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

18. At the outset, the Chairman referred to the delay on the part of the Ministries concerned in furnishing to the Committee notes explaining the reasons or the circumstances leading to the excesses and stressed that the notes in question should be submitted to the Committee within the time-limit fixed by them. He observed that it was also the duty of the Ministry of Finance to see that the time-limit prescribed by the Committee in this behalf was adhered to by all the Ministries and Departments of the Government of India and that the Ministry of Finance should ensure that in future such notes were furnished to the Committee in time. The representative of the Ministry of Finance stated that the delay was partly due to the fact that they were absorbed in the Budget work and they had also to collect information from other Ministries. He added that the Ministry of Finance had also addressed all the Ministries requesting them to see that the explanatory notes required by the Committee should not be delayed. The representatives of the various Ministries also assured the Committee that they would see that in future the explanatory notes required by the Committee in this regard would be furnished to them in time.

19. The Committee then took up consideration of the excesses disclosed in the Audit Report (Defence Services), 1958; (ii) Appropriation Accounts (Civil), 1956-57 and Audit Report, 1958 and (iii) Appropriation Accounts of the Government of Delhi for the year 1956-57 (1st April 1956 to 31st October, 1956) and Audit Report, 1958 which were required to be regularised by Parliament under Article 115(1) (b) of the Constitution.

#### AUDIT REPORT (DEFENCE SERVICES), 1958

##### *Excesses over Charged Appropriations*

- (i) Grant No. 12—Army—Rs. 1,92,786.
- (ii) Grant No. 14—Air Force—Rs. 46,904.
- (iii) Grant No. 117—Defence Capital Outlay—Rs. 1,41,087.

20. The Committee considered the note furnished by the Ministry of Defence and decided to recommend the regularisation of these excesses over charged appropriations.

**APPROPRIATION ACCOUNTS (CIVIL), 1956-57 AND AUDIT REPORT, 1958**

- (i) *Grant No. 41 (Charged)—Pre-partition Payments—Excess*  
Rs. 1,95,557.
- (ii) *Grant No. 123 (Charged)—Commutated Value of Pensions—*  
*Excess* Rs. 3,860.

21. The Committee considered the note (Appendix XII) furnished by the Ministry of Finance and decided to recommend the regularisation of these excesses over charged appropriations.

**MINISTRY OF WORKS, HOUSING AND SUPPLY**

*\*Grant No. 102 (Voted)—Supplies—Excess* Rs. 4,28,827.

22. The representative of the Ministry of Works, Housing and Supply stated that the excess under this Grant was mainly under the Group head "Expenditure in England". On the 21st January 1957, all the Organisations under the Ministry were requested to review the grants under their control and to forward the proposals for Supplementary Grant, if any, by the 31st January, 1957. To this communication, there was no response from the Chief Accounting Officer, Indian High Commission in London. In the absence of any proposal for additional funds from that organisation, no supplementary grant was applied for. Since the progress of actuals indicated a possibility of excess over the budget grant, the Director General, India Stores Department, London was requested on the 18th February, 1957 to see that the grant was not exceeded on any account and, if necessary, to postpone to the following financial year, certain items which were not of an obligatory nature. This was followed by a cable to the Chief Accounting Officer on the 13th March, 1957 calling for final estimates of expenditure. The final requirement of the High Commissioner revealed an excess of Rs. 7,06,000. When the High Commissioner was asked as to why the proposals for Supplementary grant were not sent by him immediately after the receipt of the Ministry's communication dated the 21st January, 1957, he stated that the Mission held the view that apart from the consolidated printed estimates furnished by them to the Ministry of Finance showing the distribution of the various Ministries, no separate proposals for supplementary Grant were required to be sent to the Ministries. This was due to a misunderstanding of the position and the Ministry of Works, Housing and Supply, the representative of the Ministry added, had issued suitable instructions to the Chief Accounting Officer in this regard.

At the end, the Committee desired to be furnished with copies of the correspondence between the Ministry of Works, Housing and Supply and the Chief Accounting Officer in this regard and also of the statements of expenditure which were being periodically supplied

*\*See also Appendix VIII.*

by the Chief Accounting Officer, London during the year under report.

- (i) \*Grant No. 103 (Charged)—Other Civil Works—Excess—  
Rs. 11,47,326.
- (ii) \*Grant No. 103 (Voted)—Other Civil Works—Excess—  
Rs. 6,52,33,504.

23. The Chief Engineer, C.P.W.D. stated that the excess under this Grant was mainly under the 'Suspense' head. The 'Suspense' head he explained, was a transit head and it accommodated certain adjustments made from time to time. The excess under this head (which created the excess over the Demand as a whole) was because of the change over in making budget provision from 1952-53. He added that the matter was under discussion between the Ministries of Works, Housing and Supply and Finance with a view to simplifying the accounting procedure.

Explaining the reasons for not obtaining a supplementary demand in time, the Secretary, Ministry of Works, Housing and Supply, informed the Committee that the proposals for the supplementary grant were finalised and sent to the Ministry of Finance on the 12th February, 1957. The case had later to be withdrawn for inclusion of certain additional provision required on other account. It was then referred to the Budget Division, Department of Economic Affairs, on the 25th February, 1957, who suggested that the adjustments under the head 'Suspense' might be postponed for the next year as it was too late then.

#### MINISTRY OF INFORMATION AND BROADCASTING

*Grant No. 64—Broadcasting—Excess—Rs. 23,94,460.*

24. Explaining the reasons for the excess under this Grant, the Secretary, Ministry of Information and Broadcasting stated that the adjustment of debts relating to previous years had mostly accounted for the large excess over the budget grants in 1956-57. In support of his statement, he stated that the accounts of the various units of AIR revealed a saving of Rs. 10·68 lakhs in 1954-55, of which Rs. 7·73 lakhs was due to non-receipt of debts. Again, in 1955-56, there was a saving of Rs. 36·43 lakhs of which Rs. 21·59 lakhs was due to non-adjustment of debts.

In 1956-57, the progress of expenditure till the last quarter of the financial year disclosed a considerable shortfall in the actual expenditure which had been booked compared to the budget grant. Special steps were, therefore, taken to get the debts adjusted. The

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\*See also Appendix IX.

adjustments were usually made long after the 31st of March and it was found that the amounts adjusted were much in excess of the available provision in the budget and related to the earlier years also. In order to over-come such situations in future, he suggested that the booking of expenditure against a particular year which was at present being done by A.G.C.R. should be limited to the budget provision and the balance, if any, carried over to the next year. The Deputy Comptroller and Auditor General pointed out that it would not be correct to do so. The suggestion of the Ministry of Information and Broadcasting was not also favoured by the representative of the Ministry of Finance, who stated that, if accepted, it would have the effect of divesting the Ministry of the control over expenditure and transferring it to the Accounting Officers.

The Committee, however, noticed that the excess was partly due to certain payments not specifically provided for in the budget. The payment of Rs. 2·90 lakhs to the Press Trust of India was one such case. In reply to a question as to how this payment of Rs. 2·90 lakhs to Press Trust of India was made without verifying whether funds were available or not, the Secretary observed that the payment was under examination following the recommendations of the Press Commission and the case was decided in the last quarter of the year and sanction for the payment was issued towards the end of March, 1957. Since the progress of actuals at that time showed that there would be a saving of about Rs. 29 lakhs, it was thought that there would be no difficulty in finding funds for this payment.

#### MINISTRY OF COMMERCE AND INDUSTRY

*\*Grant No. 89 (Voted)—Other Organisations under the Ministry of Production—sub-head J-3—Development of Khadi Industries—  
Excess Rs. 38,57,993.*

25. The Secretary, Ministry of Commerce and Industry stated that the production of traditional *khadi* considerably exceeded the target of production and the All-India Khadi and Village Industries Board had no alternative but to pay larger amounts on rebate and subsidy than was anticipated. They had already obtained the cotton and it was too late to stop production. This resulted in an excess of Rs. 24·31 lakhs.

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*\*See also Appendix VI.*

\*Grant No. 89 (Voted)—Other Organisations under the Ministry of Production—Sub-head J1(1)—Village Industries—Excess Rs. 43,69,758.

26. The Secretary, Ministry of Commerce and Industry stated that the reasons for the excess expenditure under this sub-head were: Retention of unutilised balances relating to trading operations—Rs. 7·20 lakhs; Omission to refund unutilised balances before the close of the year—Rs. 18·58 lakhs; Non-refund of unutilised grants by State Governments—Rs. 15 lakhs and transfer of a portion of the expenditure on exhibitions from the *khadi* account to the Village Industries accounts—Rs. 1·98 lakhs. These excesses were accounting excesses. He further stated that 30th and 31st March, 1957 happened to be Bank Holidays and as such, the unspent balances could not be refunded to Government within the financial year and this resulted in excess expenditure. He, however, agreed with the Committee that it could have been avoided with a little foresight on the part of the persons who handled this case.

\*Grant No. 89 (Voted)—Other Organisations under the Ministry of Production—Sub-head J. 1(2)—Silk Industries—Rs. 1,35,020.

27. The Secretary, Ministry of Commerce and Industry stated that the excess in this case was due to delay in adjustments. The amount of Rs. 1,19,610 was surrendered by the Central Silk Board on the 29th March, 1957 but it could not be adjusted in the accounts of the same year as the credit was received by the Accounts Officer concerned in the accounts for 1957-58.

#### MINISTRY OF STEEL, MINES AND FUEL

##### (DEPARTMENT OF MINES AND FUEL)

†Grant No. 89 (Voted)—Other Organisations under the Ministry of Production—Sub-head—C—Coal Controller—Excess Rs. 2,22,199.

28. The Secretary of the Ministry stated that the excess in this case was mainly due to certain expenditure debitable to other sub-heads under this grant having been wrongly booked under the sub-head "C-Coal Controller" by the late Controller of Coal Accounts.

#### MINISTRY OF EXTERNAL AFFAIRS

‡Grant No. 25 (Voted)—Miscellaneous Expenditure—Write off of cash lost in floods—Rs. 49,517.

29. The Special Secretary, Ministry of External Affairs stated that the flood came overnight and the Gyantse treasury was washed away during 1954 floods along with the cash held by it. The amount of cash balance thus lost in the floods was written off.

\* See also Appendix VI.

† See also Appendix VII.

\* See also Appendix I.



\*Grant No. 25 (Voted)—*Miscellaneous Expenditure Ex-gratia payments to the Ex-employees of the Ex-Municipal Council, Shanghai—Excess Rs. 19,350.*

30. The Special Secretary of the Ministry stated that the original allotment for the above purpose was for Rs. 1,20,000. The expenditure incurred as reported by the States upto February, 1957 was about Rs. 42,000 while in the books of the Accountant General it was Rs. 58,000 or so. They allowed for an expenditure of Rs. 5,000 in March, 1957 itself. The actual expenditure in March, 1957 was about Rs. 7,000. In the circumstances, debits amounting to about Rs. 19,000 could not be anticipated and, there was, therefore, an excess of Rs. 19,350 eventually.

\*Grant No. 25 (Voted)—*Miscellaneous Expenditure—Loss by Exchange on Local Transactions—Excess Rs. 72,073.*

31. The Committee noted that one of the reasons for the excesses was that the actual losses could not be foreseen with exactitude as rendition of accounts by the Missions was delayed. Explaining this, the representative of the Ministry of External Affairs stated that the previous practice was that the average for the fluctuations in exchange for the whole year was taken and then the loss was calculated. The procedure had since been revised and now the last month's average formed the basis for the accounting rate for the next month. He further said that the matter had to be discussed with the Ministry of Finance and Audit and it took a considerable time to finalise it. In the meantime, it was not known to the Missions as to whether they had to take the annual average or the monthly average and the Missions could not, therefore, send the accounts in time.

#### MINISTRY OF FOOD AND AGRICULTURE

*Grant No. 128 (Charged)—Purchase of Foodgrains—Excess Rs. 69,225.*

32. The Committee considered the note (Appendix XIII) furnished by the Ministry of Food and Agriculture and decided to recommend the regularisation of the excess over the charged appropriation in this case.

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\* See also Appendix I:

## MINISTRY OF HOME AFFAIRS

\*Grant No. 54 (Voted)—Police—Excess Rs. 35,12,949.

33. The excess in this case occurred mainly due to duplicate payments/adjustments carried out in respect of certain items. In reply to a question as to why the double payments were made to the State Governments, the representative of the Ministry of Home Affairs stated that this occurred as a result of adjustments having been made on the basis of expenditure statements as also on the basis of sanctions issued. The Special Secretary, Ministry of Home Affairs, however, assured the Committee that they were taking every step to ensure that such cases did not occur in future.

### APPROPRIATION ACCOUNTS OF THE GOVERNMENT OF DELHI FOR THE YEAR 1956-57 (1ST APRIL, 1956 TO 31ST OCTOBER, 1956) AND AUDIT REPORT, 1958.

\*\*Grant No. 10 (Voted)—Administration of Justice—Excess  
Rs. 1,21,921.

34. The Chief Commissioner, Delhi stated that the budget of the Government of Delhi during the year 1956-57 was framed in two parts—one from 1st April, 1956 to 31st October, 1956 and the other from 1st November, 1956 to 31st March, 1957 as a result of the re-organisation of the State. The amount of Rs. 13,81,921, which should have been adjusted in the latter budget, where provision existed, was not adjusted in that budget but it was adjusted in the former part. This, he added, accounted for the excess.

35. The Committee then adjourned *sine die*.

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\*See also Appendix III.

\*\*See also Appendix XIV.

PROCEEDINGS OF THE FORTY-NINTH SITTING OF THE  
PUBLIC ACCOUNTS COMMITTEE HELD ON SUNDAY, THE  
5TH APRIL, 1959.

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36. The Committee sat from 10.00 hours to 12.10 hours.

PRESENT

Prof. N. G. Ranga—*Chairman.*

MEMBERS

2. Dr. Ram Subhag Singh.
  3. Shri Arun Chandra Guha
  4. Shri N. R. M. Swamy
  5. Shri Rameshwar Sahu
  6. Shri Upendranath Barman
  7. Shri Raghubar Dayal Misra
  8. Shri Aurobindo Ghosal
  9. Rajkumari Amrit Kaur
  10. Shri Amolakh Chand
  11. Shri T. R. Deogirikar
  12. Shri S. Venkataraman
  13. Shri M. Govinda Reddy
  14. Shri Rohit Manushankar Dave
  15. Shri M. Basavapunnaiiah
- 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. and M.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

37. The Committee considered and approved the following draft Reports subject to certain minor modifications here and there:

- I. Fourteenth Report on the Audit Report on the Accounts of the Damodar Valley Corporation for the year 1956-57.
- II. Sixteenth Report on the Excesses over Voted Grants/Charged Appropriations disclosed in the—
  - (i) Appropriation Accounts (Defence Services), 1955-56;
  - (ii) Audit Report (Defence Services), 1958;
  - (iii) Appropriation Accounts (Civil), 1956-57 and Audit Report, 1958; and
  - (iv) Appropriation Accounts of the Government of Delhi for the year 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Report, 1958.

38. The Committee then adjourned *sine die*.

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**APPENDICES**

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**APPENDIX I**  
**MINISTRY OF EXTERNAL AFFAIRS**

*Regularisation of excess over Voted Grant—Grant No. 25—Miscellaneous Expenditure under the Ministry of External Affairs*

The original as well as the final grant under "Demand No. 25—Miscellaneous Expenditure under the Ministry of External Affairs" was Rs. 5,53,000. The actual expenditure incurred and booked was Rs. 6,98,121. There was thus an overall excess of Rs. 1,45,121 over the original and final grant.

2. The circumstances leading to the excess over the Grant are explained below:—

(a) *Loss by Exchange on Local Transactions*

The original allotment under the sub-head "B. Other Charges—(including loss by exchange on Local transactions)" was Rs. 1,04,000. On the basis of departmental figures of expenditure upto February 1957 and the anticipated requirements for the month of March 1957, the final requirements were estimated to be of the order of Rs. 2,11,200. Accordingly an amount of Rs. 1,07,200 was provided by re-appropriation of anticipated savings accruing under other heads. However, as against the final grant of Rs. 2,11,200 the actual expenditure booked was Rs. 2,83,273. The reasons for the excess of Rs. 72,073 are as follows:—

(1) *Actual losses could not be foreseen with exactitude as rendition of accounts by the Missions was delayed.*

Indian Embassy, Buenos Aires	.. Rs. 24,691
Indian Embassy, Rio-de-Janerio	.. Rs. 17,792

(2) *Unforeseen expenditure arising out of fluctuations in the middle of 1956 in the rates of exchange of some foreign currencies.*

Indo-China Commissions	.. Rs. 16,905
Indian Embassy, Phnom-Penh	.. Rs. 2,349
Indian Embassy, Vientiane	.. Rs. 1,616

(3) *Non-observance of the prescribed method of computing requirements by some Missions.*

Indian Embassy, Rome.	.. Rs. 902
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	Rs.
Indian Embassy, Berne.	1,619
Consulate General, Geneva	762
Net result of small savings and excess under other Missions	Rs. (—) 1,171
(4) <i>Non-allocation of expenditure</i>	
Indian Embassy, Tokyo	6,608
	<hr/>
	72,073
	<hr/>

The restrictive factors in the matter of precise estimating of requirements in this case are as follows:—

- (i) The system of fixed exchange rates was introduced in 1952 with a view to simplifying accounting procedure and stabilising fluctuations in exchange rates. According to this system the Loss/Gain by exchange which is adjustable by the Accounts Office under the head "57/XLVI-Misc." represents the difference between the amount actually spent and of rupees arrived at by conversion at the fixed exchange rate. Expenditure on this account will, therefore, arise only when the rate of exchange departs from the fixed exchange rate. In this context, the additional expenditure arising from the unforeseen fluctuations in the exchange rates of some currencies could not be anticipated and provided for. Revised instructions have since been issued in this Ministry's Memo. No. F. 14(6)/B&A. II/58 (C.O. No. 436/58) dated 19-11-1958 with a view to rationalise the existing practices.
- (ii) The Indian Missions are required to under-take transactions on behalf of the Ministries of Government of India etc. The expenditure on loss by exchange is to be allocated amongst the concerned Ministries, but the Accounts Officer has been hitherto debiting the entire expenditure to the grant of this Ministry. The additional expenditure accounted for in the accounts of the Indian Embassy, Tokyo was attributable to this factor. The Accounts Officer has since informed that they have no objection in carrying out the requisite adjustments provided the Missions intimate to them the amounts to be adjusted against different Ministries controlling the different sections of the Mission.
- (iii) In 1956-57, South American currencies fluctuated very violently and a system of fixing accounting rates compatible with the requirements had to be devised with

a view to iron out the differences between the rates of actual conversion and the accounting rates. Decision in the matter proved time consuming and the rendition of accounts by the missions at Buenos Aires and Rio-de-Janerio was delayed with the result that actual Losses could not be foreseen with exactitude.

(b) *Miscellaneous and Unforeseen Charges.*

(1) *Ex-gratia payments to the ex-employees of the Ex-Municipal Council Shanghai Rs. 19,350.*

The original allotment under the sub-head "C-Miscellaneous and Unforeseen Charges" was Rs. 1,20,000. The provision was primarily intended to cover expenditure on account of *ex-gratia* payments to the ex-employees of the defunct Municipal Council, Shanghai. The persons concerned on their repatriation settled in the various States in India and as such the functions relating to establishment of identity, verification of claims and payments to the amounts admissible were entrusted to the respective States. Sanction to the *ex-gratia* payments was issued in April 1955 and the expenditure anticipated on this account was of the order of Rs. 1,60,000. According to the terms of sanction, about one thousand Indian National scattered all over India became entitled to the *ex-gratia* payment. The payment to each of them was to be restricted to 25 per cent of the verified claims in respect of gratuity, deferred pay etc., subject to a maximum of Rs. 1,000 and to a minimum of Rs. 250 in each case, provided claims amounting to less than Rs. 250 should be restricted to the actual amount. The actual expenditure incurred and accounted for in 1955-56 was Rs. 55,961. The pace of payments was, however, conditioned by the time-consuming formalities required to be complied with in the case, and in the circumstances it was anticipated on the basis of the departmental figures of actual expenditure Rs. 42,334 incurred upto February, 1957 (the accounts figure for the corresponding period were Rs. 58,799) and of the magnitude of expenditure for 1955-56, that the requirements for 1956-57 would be of the order of Rs. 47,300, thus allowing for an expenditure of Rs. 5,000 in March 1957 itself. After keeping a sum of Rs. 47,300 under this head, the balance of Rs. 72,700 in the original allotment was re-appropriated to cover anticipated excesses under the head relating to expenditure on loss by exchange on local transactions. In the circumstances, debits amounting to Rs. 19,350 could not be anticipated and there was, therefore, an excess of Rs. 19,350 eventually.

(2) *Write off of cash lost in floods—Rs. 49,517*

The Gyantse treasury was washed away during 1954 floods, along with the cash held by it. The amount of cash balance thus lost in



the floods was written off. As the incidence of expenditure in question was not specified in the original sanction to the write-off, but in a subsequent letter of 13th August, 1956, the necessity of covering provision was not spot-lighted, and, therefore, the book adjustment for Rs. 49,517 was not anticipated at the time of determining the final requirements in March, 1957. To prevent recurrence of the cases of the type, suitable instructions have been issued.

*(3) Payments for which provision was not made through oversight*

In addition to payments to ex-employees of ex-municipal council of Shanghai and adjustment of Rs. 49,517 on account of cash lost by floods, certain small payments amounting to Rs. 3,206 were also made. Provision for them was not made through oversight.

3. It is requested that for the reasons explained above the excess of Rs. 1,45,121 may be recommended for regularisation.

P. N. HAKSAR,

*Joint Secretary to the Government of India.*

**APPENDIX II**  
**MINISTRY OF HEALTH**

*Note on the excess of Rs. 1,733 under Grant No. 47—Ministry of Health disclosed in the Appropriation Accounts (Civil), 1956-57*

The excess of Rs. 1,733 under Grant No. 47—Ministry of Health is the net result of the following excesses and savings under the various sub-heads of the Grant.

Major Head & sub-head	Final Grant	Actual Expenditure	Excess + Saving—
Major Head "25—General Administration".			
A.— <i>Secretariat:</i>			
A.1—Pay of Officers:			
O.      3,31,800	}      3,50,500	3,51,296	- 796
S.      22,800			
R.      -4,100			
A.2—Pay of Establishments			
O.      3,56,700	}      3,54,000	3,51,877	- 2,123
S.      4,200			
R.      -6,900			
A.3—Allowances, Hon. etc.			
O.      2,75,300	}      3,11,000	3,09,896	- 1,104
S.      47,700			
R.      -12,000			
A.4—Other Charges			
O.      90,200	}      1,32,500	1,36,571	+ 4,071
S.      18,300			
R.      24,000			
B.— <i>Charges in England:</i>			
B.1—Other Charges:			
O.      1,000	}      ..	93	+ 93
R.      -1,000			
<b>TOTAL</b>	<b>11,48,000</b>	<b>11,49,733</b>	<b>+ 1,733</b>

From the above, it will be seen that the excess occurred mainly under sub-head A. 4—Other Charges. This was due to book adjustments of Rs. 4,000 on account of telephone bills relating to the year 1955-56 which were raised in March, 1957 for which provision was

not made through oversight at the time of drawing up the final estimates. This is regretted.

The overall excess of Rs. 1,733 is very nominal. It works out to about .2 per cent. of the final grant. It is requested that the excess may be recommended for regularisation.

V. K. B. PILLAI,  
*Secretary.*

**APPENDIX III**  
**MINISTRY OF HOME AFFAIRS**

*Note in respect of Grant No. 54—Police (All Voted) for the year  
1956-57*

	Rs.
Original Grant . . . . .	2,11,51,000
Supplementary Grant . . . . .	54,56,000
Final Grant . . . . .	2,66,07,000
Actual Expenditure . . . . .	3,01,19,949
Excess . . . . .	35,12,949

The excess occurred mainly under sub-head 'C. I.—Lump sum charges paid to State Governments, due to duplicate payments/adjustments carried out in respect of the following items:—

	Rs.
(a) Payments on account of police deployed in Jammu and Kashmir . . . . .	38,65,820
(b) Payment to the Government of Rajasthan on account of police employed on behalf of Central Government . . . . .	71,368
(c) Payments to the Government of Bombay on account of police employed on behalf of the Central Government . . . . .	6,28,017

2. As regards (a) above, duplicate payment of Rs. 38,65,820 to the Government of Jammu and Kashmir was made on the basis of sanctions issued by the Ministry in their letters No. F.16(74)-K/56, dated 29th March, 1957, and 3/2/57-A.C.I., dated 30th March, 1957, which sanctions were not very clearly worded. The excess came to notice after the accounts for 1956-57 were finally closed and as the rectification involved monetary settlement between the Government of Jammu and Kashmir and the Government of India, the error has been rectified in the accounts for 1957-58 and the amount recovered from the State Government has been credited to receipt head 'XXIII—Police'.

3. With regard to (b) above, the A.G., Rajasthan, made a duplicate payment of Rs. 71,368, to the Government of Rajasthan during

1956-57, on account of police employed on border check post at Munabao. The payments were made once on the basis of expenditure statement furnished by the departmental officer and again on the basis of sanction issued by the Ministry in their letter No. 3/2/57-A.C.I., dated the 29th March, 1957. The double payment came to the notice of the Government of India in June, 1957, through the statements of actual expenditure furnished by the A.G., Rajasthan. Thereon the matter was taken up with the A.G., Rajasthan, who has ultimately carried out necessary adjustment in the accounts for November, 1958.

4. In regard to (c) the following sanctions were issued for payments to the Government of Bombay on account of police employed on Indo-Portuguese border (Dinkar Scheme):—

- |   |          |
|---|----------|
| (1) Letter No. 2/72/56-F.I. dated 28th Nov., 1956<br>(Re-imburement for 1955-56)                      | 6,28,017 |
| (2) Letter No. 2/72/56-F.I. dated 9th March, 1957.<br>(Re-imbursed for the period 1-4-56 to 31-10-56) | 4,40,373 |

These payments were made by the Accountant General, Bombay and Ministry were informed accordingly by him on 4th December, 1956, and 27th March, 1957, respectively. A payment of Rs. 10,68,400 was again authorised in Ministry's letter No. 3/2/57-A.C.I., dated the 29th March, 1957, for re-imburement to the Government of Bombay. In fact this was intended to be a consolidated sanction and was not to be treated as a new sanction. As the language of the sanction was defective, the Accountant General, Bombay, considering that Rs. 4,40,373 had already been paid as re-imburement of expenditure for 1956-57, paid the balance of Rs. 6,28,027. Thus an excess payment of Rs. 6,28,027 occurred.

*Dated 16th March, 1959.*

FATEH SINGH,  
*Joint Secretary*

**APPENDIX IV**  
**MINISTRY OF HOME AFFAIRS**

*Note in respect of Appropriation Accounts (Civil) for 1956-57, relating to Grant No. 56-Privy Purses and Allowances of Indian Rulers (Voted)*

Sub-head	Final Grant	Actual Expenditure	Variation between Cols. 2 & 3
1	2	3	4
	Rs.	Rs.	Rs.
B.—Allowances to Relations, etc. of Rulers of former Indian States	2,70,000	3,58,775	-88,775

The excess of Rs. 88,775, in the voted portion of the Grant is due to the payment of allowances to the relatives of the Rulers of former Indian States in Himachal Pradesh pertaining to the period from 1st November, 1956, to 31st March, 1957, from the Central Budget. While at the time of framing budget estimates for 1956-57, the provision of funds for the purpose was appropriately made in the budget of the erstwhile Part C State of Himachal Pradesh, the need for this change arose as a result of reorganisation of States with effect from 1st November, 1956, whereby Himachal Pradesh became a Union Territory.

2. At the time of considering the question of providing funds in the Central Budget for meeting this expenditure for the period from 1st November, 1956, to 31st March, 1957, i.e., after Himachal Pradesh became a Union Territory, it was not considered necessary to go in for a supplementary grant.

3. The note has been seen by Audit.

**V. VISWANATHAN,**  
*Special Secretary.*

## APPENDIX V

### MINISTRY OF HOME AFFAIRS

*Note in respect of Grant No. 57A—Laccadive, Minicoy and Amindivi Islands*

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	Rs.
Original Grant . . . . .	Nil.
Supplementary Grant . . . . .	3,00,000
Actual Expenditure . . . . .	3,55,398
Excess . . . . .	55,398

The above excess is mainly due to an expenditure of Rs. 56,795-2-0 incurred by the Port Officer, Mangalore, in October, 1956, under the Coir Monopoly Scheme. This expenditure was misclassified under sub-head A. 4—Other Charges whereas it actually pertained to sub-head 'D—Purchase of Coir'. The Port Officer, Mangalore, had incurred this expenditure for the purchase of rice in exchange of Coir and issued bills to the parties concerned for an aggregate amount of Rs. 56,795-2-0. The bills for Rs. 27,916-10-2 were issued on 31st October, 1956 and for the remaining amount of Rs. 28,878-7-10 on 3rd November, 1956. The expenditure related to transactions which took place prior to 1st November, 1956 though due to certain delays on the part of the merchants, the parties concerned cashed the bills in November, 1956. The entire expenditure was booked by the Treasury Officer, Mangalore, in the books of the Madras State.

However, as with effect from 1st November, 1956, the head of account in the books of the Madras State to which expenditure of Laccadive, Minicoy and Amindivi Islands was debited, became inoperative, the Accountant General, Mysore, transferred the debit relating to the above amount to the Comptroller, Kerala, for adjustment in his books in March (Preliminary) accounts, 1957.

In consultation with the Ministry of Finance, the Administrator was advised to pass on the debit for the amount of Rs. 56,795-2-0 initially to the Principal successor State, namely, the Madras State, under the provisions of section 91 of the States Reorganisation Act, 1956. The Madras Government, however, did not accept the debit as they were of the view that in the matter of assets and liabilities arising out of the reorganisation of State, arrear claims pertaining exclusively to the territory of Laccadive, Minicoy and Amindivi Islands after the 31st October, 1956, should be a charge on the Administration.

The Madras Government proposed that the provision of Section 87 of the S.R. Act, 1956, relating to the contracts may be applied either directly or by way of analogy to the extent possible for financial settlement in regard to the Laccadive, Minicoy and Amindivi Islands which became a Union Territory with effect from 1st November, 1956. The Ministry of Finance accepted the proposal of the Madras Government. This was concurred in by this Ministry and the Administrator was asked in December, 1958 to advise the Comptroller, Kerala to accept the debit for adjustment in the central section of his books.

As the debit of this amount in the Central Budget was not in sight during the year 1956-57, no funds were provided to meet it.

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*Dated 16th March, 1959.*

HARI SHARMA,  
*Additional Secretary.*



## APPENDIX VI

### MINISTRY OF COMMERCE AND INDUSTRY

*Note for the Public Accounts Committee in respect of excess of Rs. 66,30,638 disclosed in the Appropriation Accounts (Civil 1956-57) under Grant No. '89—Other Organisations under the Ministry of Production'.*

The original grant of Rs. 7,79,68,000 under Demand No. '89—Other Organisations under the Ministry of Production' was increased to Rs. 13,24,31,000 by Supplementary Grants of Rs. 2,28,45,000 for Development of Khadi Industries and Rs. 3,16,18,000 for Contribution to the Fund for the Development of Handloom and Khadi Industries. The grant was reviewed in March, 1957 and a sum of Rs. 12,83,000 was surrendered by the Production Ministry.

This Ministry, as at present constituted, is concerned only with the excesses under the following sub-heads in Grant No. '89—Other Organisations under the Ministry of Production' in the Central Government Appropriation Accounts (Civil 1956-57) and the Audit Report 1958—Volume 'XVI—Ministry of Production'.

	Rs.
1. A.—National Instruments Factory:	
A.5.—Purchase of Stores . . . . .	51,481
2. I.—All India Handicrafts Board . . . . .	5,411
3. J.1(1).—Village Industries . . . . .	43,69,758
4. J.1(2).—Silk Industries . . . . .	1,35,020
5. J.3.—Development of Khadi Industries . . . . .	38,57,993
TOTAL . . . . .	<u>84,19,663</u>

A portion of this excess has been counterbalanced by the non-utilization of funds under other sub-heads in the Grant. The net uncovered excess thus comes to Rs. 66,30,638 under the Grant as a whole, which is mainly due to more expenditure in respect of Khadi and Village Industries.

Individual notes explaining the excesses relating to this Ministry are attached. These notes have been vetted by the Audit concerned.

The Ministry of Steel, Mines and Fuel is also concerned with the excess of Rs. 2,22,199 under the Sub-head "C—Coal Controller". They will no doubt furnish the Public Accounts Committee with a note on the subject.

S. RANGANATHAN,

Secretary to the Government of India.

Dated the 14th March, 1959.

NATIONAL INSTRUMENTS FACTORY, CALCUTTA

*Extracts from Central Government Appropriation Accounts (including Proforma Commercial Accounts) (Civil) 1956-57 in respect of "A-5—Purchase of Stores" relating to the National Instruments Factory, Calcutta, are reproduced below:—*

Grant No. 89—Other Organisations under the Ministry of  
Production  
(All voted)

Major Head and Sub-head	Final Grant	Actual Expenditure	Excess + Saving —
1	2	3	4
Major Head "43—Industries"			
A.—National Instruments			
A.5.—Purchase of Stores			
O. 6,00,000	5,50,000	5,01,481	+51,481
R. -50,000			
Col. 4—Receipt of unanticipated debits.			

The final grant was Rs. 5,50,000 whereas the actual expenditure shown in the accounts booked was Rs. 6,01,481. There was thus an excess of Rs. 51,481 under this appropriation. The final grant was fixed on the basis of stores actually received for which payment and consequent debit was expected to be booked in the accounts within the financial year. As, however, the booking of actual expenditure in the Accounts Office upto February 1957, as communicated to the National Instruments Factory on the 27th March 1957, was only Rs. 4,41,959 (and even in March preliminary accounts communicated to the Factory on 29th April 1957, the figure was Rs. 4,73,675), provision was maintained only for such items of expenditure which were expected to be booked in the accounts within the financial

year. In actual practice it was, however, found that in the March Final, heavy amounts of unanticipated expenditure amounting to Rs. 1,30,551 were booked in the accounts in March Final resulting in the excess. The total excess of Rs. 51,481 is due to the following:—

- (i) Rs. 34,739—Mainly due to excess expenditure in the accounts upto 3/57 (supplementary) for which no provision was kept in the final estimates owing to low booking upto March preliminary accounts.
- (ii) Rs. 16,742—Advance payments against which stores had not been received by the Factory during the year and as such no provision was maintained.

*Audit Comments :*

Comments of the Deputy Director of Audit (Food, Rehabilitation, Supply, Commerce, Steel and Mines), Calcutta, on the Stock Accounts of the National Instruments Factory (1956-57) are as follows:—

“Certain special types of items, required to be verified annually under the Rules were not verified. Some items were not verified either in 1955-56 or 1956-57 though the rules provide that every item should be checked at least once in two years.

Large quantities of raw materials, tools and stores were procured even though the stocks in hand were substantial and far in excess of the probable requirements of the year. There was no consumption of some of the items of stores during the year.

Many items of stores which were purchased as far back as 1945 have not been utilised so far. Retention of stores in excess of probable requirements involves locking up of Government money and may ultimately result in loss to Government due to deterioration and obsolescence.

Small tools to the extent of Rs. 20,995 were issued to different shops in the factory, but they were not properly accounted for by the shops”.

As regards audit comments on verification of stores, it is stated that certain types of stores required to be verified annually could not be verified in 1955-56 due to their removal from 1, Wood Street (old Factory) to the new Factory at Jadavpur but verification of these stores was completed in April 1957 and audit objection on this

score was dropped by them in their letter No. K/OA/Stock A/Cs/ 55-56/Prov./2166 dated the 3rd March 1958.

As regards accumulation of raw materials, tools etc., it is stated that these points were under correspondence with the Deputy Accountant General (P. C. & I), Calcutta, in the Factory's D.O. letter No. 09/Z-89-M/Pt.VII/AC dated the 25th August 1958 to Shri M. K. Banerjee, Assistant Audit Officer, Office of the Deputy Director of Audit (F.R.S.C.S. & M.), Calcutta. It was intimated that most of these over-stocks were mainly due to a large quantity of non-moving and slow-moving stores carried over from the period when the Factory was an Ordnance Factory. With a view to select the items of such non-moving stores which should be disposed of, a Survey Committee was constituted which has since finalised its Report. This report was duly considered by the Board of Directors and it has been decided to dispose of 2,322 items of stores, tools, components etc. book valued at Rs. 5,24,698. This position has also been communicated to the Deputy Director of Audit, F.R.S.C.S. & M., Calcutta, in National Instruments (P) Ltd.'s letter No. A1-/Z-89-M/Pt. VII/AC/6769 dated the 3rd November 1958. When these stores are disposed of, the over-stocks pointed by the Audit will automatically be reduced. [The Deputy Director of Audit, F.R.S.C.S. & M., Calcutta, has stated that as the Factory's letter dated the 3rd November 1958 was issued subsequent to the withdrawal of the Local Audit Party (i.e., 31-10-1958) the statement made by the Factory in the above letter could not be verified by the Local Audit Party. Audit have not accordingly been able to offer any comments against this para at this stage.]

NFW DELHI;

N. SUBRAHMANYAM,

The 12th March, 1959.

Joint Secretary to the Govt. of India.

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*Note on excess over Voted Grants disclosed in the Appropriation Accounts (Civil), 1956-57—Grant No. 89 Group head I—All India Handicrafts Board.*

The All India Handicrafts Board was constituted on the 5th November, 1952 and functioned under the administrative control of the Development Wing of the Ministry of Commerce and Industry, till it became an independent administrative unit from June 1956. Upto 1954-55, there was no separate Budget provision for this organisation, this being included in the budget of the Development Wing and of the Development Commissioner.

The final modified grant for 1956-57 was Rs. 3,68,600 in respect of I—All India Handicrafts Board, the actual expenditure being Rs. 3,71,669. This resulted in an excess expenditure of Rs. 3,069; the details are as follows:

	Rs.
I.1.—Pay of Officers . . . . .	—2,342
I.2.—Pay of Establishment . . . . .	+193
I.3.—Allowances and Honoraria . . . . .	+3,712
I.4.—Other Charges . . . . .	+1,506
Net Excess . . . . .	+3,069

*Pay of Establishment* + Rs. 193.

No comments.

*Allowances and Honoraria* + Rs. 3,712

With the growing activities of the Board its Officers had to undertake more intensive tours to various handicrafts centres to different parts of the country than was originally anticipated for collection of data and statistics for the preparation of handicrafts schemes. Against the final grant of Rs. 1,38,700 which was also the budget provision, the expenditure incurred was Rs. 1,42,412.

*Other Charges* +Rs. 1,506.

The final grant was fixed at Rs. 34,200. The expenditure was Rs. 35,706 resulting in an excess of Rs. 1,506 over the final grant. This excess was mainly incidental to the expanding activities of the Board.

K. T. SATARAWALA,

*Joint Secretary to the Govt. of India.*

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*Note regarding Regularisation of excesses over Voted Grants disclosed in the Appropriation Accounts (Civil) 1956-57—'J. 1(2)—Silk Industries' in Grant No. 89—Other Organisations under the Ministry of Production.*

The Central Silk Board was constituted in 1949 under the Central Silk Board Act, 1948 (61 of 1948), for the purpose of promoting the development of Silk Industry in India.

2. As against the budget provision of Rs. 35 lakhs, the total of grants-in-aid released to the State Governments and the Central

Silk Board during 1956-57 was Rs. 21,28,399-0-11. Details are given below:—

	Rs.	As.	Ps.
1. Amount released to the State Governments . . . . .	15,68,488	0	5
2. Debits received from State Governments . . . . .	55,116	0	6
3. Grants to the Central Silk Board towards administrative expenditure and other expenditure . . . . .	5,04,795	0	0
TOTAL . . . . .	21,28,399	0	11

3. The amount refunded by the State Governments on account of unutilised balances of grants during the financial year 1956-57 was Rs. 93,379-2-6 and by the Central Silk Board to the Government of India was Rs. 1,19,610-1-0 which amounts to Rs. 2,12,989-3-6. Thus the net expenditure during 1956-57 under the 'Silk Industries' was Rs. 19,15,409-13-5. i.e., excess expenditure of Rs. 15,409-13-5 over the final modified grant of Rs. 19 lakhs. This was on account of debits raised by the Accountant General, Mysore, Bangalore in respect of the following schemes:—

	Rs.	As.	Ps.
1. Rearing of Chawki worms . . . . .	301	10	0
2. Establishment of Nursery Station in Bombay State . . . . .	1,243	8	0
3. Purchase of cocoons from agriculturists . . . . .	4,645	10	0
4. Expenditure till end of September, 1956 on the maintenance of Silk Conditioning and Testing House . . . . .	8,925	4	6
TOTAL . . . . .	15,116	0	6
Miscellaneous expenditure . . . . .	293	13	2
TOTAL . . . . .	15,409	13	8

4. Though the amount of Rs. 1,19,610 was surrendered by the Central Silk Board on the 29th March, 1957, it could not be adjusted in the accounts of the same year as the credit was received by the Accounts Officer concerned in the accounts for 1957-58.

5. For the reasons stated in paragraphs 3 and 4 above, the excess expenditure of Rs. 1,35,020 was mainly due to:—

	Rs.	As.	Ps.
(a) Non-adjustment of amount surrendered by the Central Silk Board on 29-3-57 representing the unspent balance in the Personal Ledger Account with the Reserve Bank of India, Bangalore. (This refund was occasioned mainly by non-utilisation of certain amounts earmarked for a scheme of deputation of officers to Japan and certain administrative proposals of the Central Silk Board which did not materialise during the year.)	1,19,610	1	0
(b) Unforeseen debits raised by the Accountant General, Mysore, Bangalore	15,116	0	6
(c) Unforeseen debits raised by the Accountant General, Central Revenues, in respect of salary of Technical correspondent of the Board in Japan for 3 months @ Rs. 100/- per month which had not been passed through the Personal Ledger Account of the Board	330	0	0
TOTAL	1,35,056	1	6
Less miscellaneous adjustments	36	0	0
NET TOTAL	1,35,020	1	6

Dated 14th March, 1959.

C. S. RAMACHANDRAN,

*Joint Secretary to the Govt. of India.*

*Note explaining the uncovered excess under J-1(1) Village Industries and J-3 Development of Khadi Industries*

**SUB:—APPROPRIATION ACCOUNTS—1956-57—GRANT No. 89.—OTHER ORGANISATIONS UNDER THE MINISTRY OF PRODUCTION SUB-HEAD J-1(1) VILLAGE INDUSTRIES AND SUB-HEAD J-3 KHADI INDUSTRIES.**

*J-1(1) Village Industries.*

A provision of Rs. 1.50 crores was made in the Budget Estimates for 1956-57 for the development of village industries under the All-

India Khadi & Village Industries Board. The actual expenditure incurred during that year was Rs. 1,93,69,758. Thus there was an excess expenditure of Rs. 43,69,758 over the budget provision. The main reasons for the excess expenditure are:—

	Rs.
(i) Retention of unutilised balances relating to trading operations . . . . .	7.20 lakhs.
(ii) Omission to refund unutilised balances before the close of the year . . . . .	18.58 ..
(iii) Non-refund of unutilised grants by State Governments . . . . .	15.00 ..
(iv) Transfer of a portion of the expenditure on exhibitions from the Khadi account to the Village Industries account . . . . .	1.98 ..

2. The position in respect of these is as follows:—

(i) Retention of unutilised balances

Under the orders governing the Personal Ledger Accounts opened for the former All-India Khadi and Village Industries Board, the unutilised balances in the Accounts on the 31st day of March used to be surrendered to the D.A.G. (P.C. & I.), Bombay. As a mission under Section 4 of the Khadi & Village Industries Commission under Section 4 of the Khadi & Village Industries Commission Act, 1956 (61 of 1956), it was decided, in consultation with the Ministry of Finance, that the unutilised balances in Personal Ledger Account III-D may be retained by the Khadi & Village Industries Commission which took over the functions of the All-India Khadi & Village industries Board on 1-4-1957. As this decision had been taken practically at the close of the financial year, it was not possible to make necessary budget provision to meet this expenditure.

(ii) *Omission to refund unutilised balances before the close of the year*

Here again the unutilised balances in various Personal Ledger Accounts should normally have been surrendered on the 31st March 1957. This meant that the Board should have closed the cash book on the last working day and should have refunded the unspent balances to Government. Unfortunately, however, 30th and 31st March 1957, happened to be Bank Holidays and as such the unspent balances could not be refunded to Government within the financial year. Due to an oversight by the All-India Khadi & Village Industries Board, these holidays were not anticipated. The unspent



balances amounting to Rs. 18·58 lakhs were therefore refunded during 1957-58, and this has resulted in an excess expenditure of Rs. 18·58 lakhs during 1956-57.

(iii) *Non-refund of unutilised grants by State Governments*

As against the previous practice of releasing funds to the State Governments for meeting expenditure on the schemes undertaken by them after the expenditure had actually been incurred by them, orders were issued on 5th December 1956, that funds should be released as follows immediately on receipt of Government sanction:—

- (a) for schemes where the central grant is more than Rs. 5 lakhs—25 per cent.
- (b) for schemes where the central grant is more than Rs. 1 lakh—but less than Rs. 5 lakhs 33-1/3 per cent.
- (c) for schemes where the central grant is less than Rs. 1 lakh—50 per cent.

As a result of these orders, it was anticipated by the Board that the budget provision might prove inadequate. In view, however, of the fact that sanctions in most of the cases were issued very late during the financial year, it was felt that the State Government might not be in a position to utilise more than one-third of the amounts actually released to them. Surrenders to the extent of Rs. 15 lakhs out of a total of Rs. 22·45 lakhs which were released were, therefore, expected from the State Governments; and the Board was advised to utilise these savings instead of a supplementary provision being made in the budgets. The Board, therefore, incurred expenditure in excess of the Budget provision to the extent of Rs. 15 lakhs. Since the refund of Rs. 15 lakhs from State Governments did not materialise, it resulted in excess expenditure to the extent of Rs. 15 lakhs.

(iv) *Transfer of portion of the expenditure on exhibitions from the Khadi Account to the Village Industries Account*

Out of total expenditure on exhibitions incurred during 1956-57 an expenditure of Rs. 1·98 lakhs was transferred to Village Industries Fund being the proportionate share debitable to the village industries account.

The remaining excess amounting to Rs. ·94 lakhs is mainly due to miscellaneous reasons, e.g., unexpected establishment charges especially T.A. and contingency in the month of March, 1957.

*J-3 Development of Khadi Industries*

3. A provision of Rs. 407·00 lakhs was made in the Budget Estimates for 1956-57 for the development of Khadi Industries. Later,

in November, 1956, due to the introduction of the Ambar Charkha Programme a supplementary grant of Rs. 2,28,45,000 was obtained for the Khadi industries. The actual expenditure booked for this year, however, totalled to Rs. 6,74,02,993. Thus, there was an excess expenditure of Rs. 38,57,993. The reasons for the excess expenditure mainly are:—

(i) Omission to provide funds for redemption of Khadi hundies	Rs. 7.24 lakhs.
(ii) more expenditure on traditional Khadi	24.31 ..
(iii) omission to authorise book adjustments of the unutilised balances in the PLAs	7.02 ..

4. The position in respect of these reasons is as follows:—

(i) *Omission to provide funds for redemption of Khadi hundies*

Khadi hundies used to be sold through post offices. In view of the time lag between the sale of the Khadi hundies and the crediting of the sale proceeds to the DAG, PC & I, Bombay, the All-India Khadi & Village Industries Board had to redeem from the funds in Personal Ledger Account IB the price of hundies to the institutions which sold khadi goods against these hundies. Credits from DAG, P. & T. in regard to the sale of khadi hundies were adjusted up to the end of March, 1957 to PLA-IB. A sum of Rs. 13,37,241 had been incurred by the Board during the year 1956-57 (upto the end of March 1957) by way of payment to institutions on account of redemption of Khadi hundies. Net credit, however, for Rs. 6,13,252 had been received from the Deputy Accountant General, Posts & Telegraphs upto 31st March 1957. This has resulted in an excess expenditure of Rs. 7,23,989.

(ii) *More expenditure on traditional Khadi than anticipated*

During April to August, 1956, i.e. in the first five months of the year, a production of 7.6 million yards of cloth was reported under the traditional khadi programme. On this basis, it was estimated that the total production during 1956-57 would not exceed 24 million yards, particularly, when the Ambar Charkha Programme was expected to slow down and replace the production of traditional khadi. According to a recommendation made by the Khera Committee on the Ambar Charkha Programme and accepted by Government the production of khadi on the traditional charkha was to be kept at the minimum. Accordingly at the time of finalising budget estimates for 1956-57, the previous policy was kept in view and provision was

made only for a production of 24 million yards under the traditional khadi programme. The Board was directed to keep expenditure within the budget provision. In January, 1958, when explaining the excess, the Board stated: "even though Government had allotted the reduced provision, it was not possible to check the momentum gained owing to the incentive provided since the formation of the Board." The All-India Khadi & Village Industries Board allowed the production of Khadi to go ahead unrestricted for, in their view, had the momentum been checked, it would have resulted in the displacement of spinners and weavers who were employed in the production of Khadi. The result was that the production of traditional khadi considerably exceeded the target of production and the former Board had no alternative but to pay larger amounts on rebate and subsidy than was anticipated on the basis of the earlier lower target of production. This has resulted in an excess expenditure of Rs. 24.31 lakhs.

(iii) *Omission to authorise book adjustment of the unutilised balances in the PLAs.*

The position is the same as explained in sub-para (i) under the sub-head J-1(1) Village Industries.

5. This note has been seen and vetted by the Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines, New Delhi.

NEW DELHI;  
March 14, 1959.

K. T. SATARAWALA,  
*Joint Secretary to the Govt. of India*

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**APPENDIX VII**  
**MINISTRY OF STEEL, MINES AND FUEL**

**(Department of Mines and Fuel)**

*\*Note on excesses in the Appropriation Accounts for 1956-57 in respect of the Sub-head "C. Coal Controller" under Grant No. 89, relating to the late Ministry of Production.*

Out of the total sum of Rs. 22,70,499 booked as actual expenditure under this sub-head, only a sum of Rs. 19,89,372 represents the actual expenditure in respect of the Coal Controller's Organisation. The apparent excess of Rs. 2,22,199 over the sanctioned grant is due to certain expenditure debitable to other sub-heads under this grant having been wrongly booked under sub-head C by the late Controller of Coal Accounts. The late Coal Commissioner's Organisation was bifurcated into two Organisations, namely those of the Coal Controller and the Coal Production & Development Commissioner respectively in February 1956. Budget provision for both the Organisations had originally been made under the Sub-head "B. Coal Commissioner" but subsequently at the time of re-appropriation provisions were allocated separately to each Organisation under the sub-heads 'C' and 'D' respectively. As it took some time for the administrative separation of the two Organisations, it is quite possible that the expenditure debitable to the sub-head "D. Coal Production & Development Commissioner" was booked by the late Controller of Coal Accounts under the sub-head "C. Coal Controller" through an error.

	Expenditure as booked in the Accounts	Actual Expenditure	Amount of wrong adjustment by Accounts officer
	Rs.	Rs.	Rs.
1. Pay of Officers	3,51,362	2,88,582	62,780
2. Pay of Establishment	9,59,185	8,74,927	84,258
3. Allowances and Hon. etc.	7,71,598	6,94,087	77,511
4. Other Charges	1,88,354	1,31,776	56,578
	22,70,499	19,89,372	2,81,127

\*Not vetted by Audit.

2. The expenditure of Rs. 19,89,372 with which Coal Controller's Organisation was concerned was incurred under this Sub-head during the year mainly comprises pay and allowances of Gazetted and non-gazetted staff engaged in Coal Controller's Organisation for production, movement and distribution of Coal and Coke and miscellaneous office expenses.

3. Reasons for excesses in respect of each sub-head relating to the Coal Controller's Organisation are given below.

*C. Coal Controller*

*C. 1—Pay of Officers.*

		Rs.
Col. 4.	Final Grant . . . . .	2,92,800
	Actual expenditure . . . . .	3,51,362
		<hr/> (+) <u>58,562</u>

More expenditure of Rs. 58,562 was on account of:—

	Rs.
(a) Wrong adjustment made by the late Controller of Coal Accounts in the Coal Controller's A/Cs instead of Coal Production & Development Commissioner's A/C . . . . .	(+) <u>62,780</u>
(b) the above excess was Counterbalanced by a saving of Rs. 4,218/- on account of non-adjustment of the debits by the late Controller of Coal Accounts for the pay of Junior Coal Allotment Officer, Nagpur for the months from July to December 1956 Rs. 4170+Rs. 48/- for rounding off Grant . . . . .	(—) <u>4,128</u>
	<hr/> (+) <u>58,562</u>

*C-2—Pay of Establishment.*

		Rs.
Col. 4.	Final Grant . . . . .	8,91,300
	Actual expenditure . . . . .	9,59,185
		<hr/> (+) <u>67,885</u>

More expenditure of Rs. 67,885 was on account of:—

	Rs.
(a) Wrong adjustment made by the late Controller of Coal Accounts in Coal Controller's A/Cs instead of Coal Production & Development Commissioner's AC/s.	(+ )84,258
(b) The above excess was Counterbalanced by a saving of Rs. 16,374/- on A/C. of non-adjustment of the debits by late Controller of Coal Accounts on a/c of Pay of Staff at Allotment Office, Asansol and Pay of Allotment Office at Dhanbad for June, 1956 to August, 1956 and for December, 1956 to February, 1957 (—Rs. 8,869—Rs. 7,528) plus Rs. 24/- for rounding off Grant	(—)16,373
	<hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> (+ )67,885

C. 3—Allowances & Hon. etc.

	Rs.
Col. 4. Final Grant	7,04,600
Actual Expenditure	7,71,598
	<hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> (+ )66,998

More expenditure of Rs. 66,998 was on account of:—

	Rs.
(a) Wrong adjustment made by the late Controller of Coal Accounts in Coal Controller's A/C instead of Coal Production and Development Commissioner's A/C.	(—)77,511
(b) The above excess was Counterbalanced by a saving of Rs. 10,513 on account of non-adjustment of the debits by the late Controller of Coal accounts in respect of the corresponding allowances against items "C.1" Col. 4 (b) & "C.2" Col. 4(b)(—) Rs. 10,483/- (—) Rs. 34/- for rounding off Grant	(—)10,513
	<hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> (+ )66,998

## C. 4—Other Charges

Col. 4.	Final Grant . . . . .	Rs. 1,59,600
	Actual Expenditure . . . . .	1,88,354
		<hr/>
		(+) 28,754
		<hr/>

Excess in expenditure is on account of:—

		Rs.
(a)	Wrong adjustment made by the late Controller of Coal Accounts in the Coal Controller's A/C. instead of Coal Production & Development Commissioner's A.C. . . . .	(+)56,578
(b)	The above excess was Counterbalanced by a saving of Rs. 27,824/- on a/c. of non-adjustment of the debits by the late Controller of Coal Accounts in respect of F.S. Contribution of S/Shri N.R. Dutta Gupta for 1-4-55 to 31-3-56, A.E. Ritchin for 15-8-47 to 29-2-56 and P.C. Bartariya for 1-7-56 to 15-10-56. Corresponding Misc. Charges against items "C. 1" Col. 4(b) and "C. 2" Col. 4(b), telephone and Trunk Calls and rounding off Grant. [—Rs. 18,886 (—) Rs. 6,568 (—) Rs. 2,325 (—) Rs. 45'-] respectively . . . . .	(—)27,824
		<hr/>
		(+)28,754

It will be seen that actually there is no excess, but on the other hand there has been a saving of Rs. 58,988 which has been mainly due to non-adjustment of debits by the Controller of Coal Accounts. The apparent excess of Rs. 2,22,199 was due to the wrong adjustment of expenditure under the head relating to the Coal Controller by the late Controller of Coal Accounts.

## APPENDIX VIII

### MINISTRY OF WORKS, HOUSING & SUPPLY

*Note for the regularisation of excess of Rs. 4,28,827 in the Appropriation Accounts 1956-57 under Grant No. 102-Supplies—(Voted)*

Against the total budget allotment of Rs. 2,44,70,000 (Voted) under Grant No. 102-Supplies for the year 1956-57, the actual expenditure amounted to Rs. 2,48,98,827, resulting in an excess of Rs. 4,28,827.

The excess is mainly under the Group head "Expenditure in England". Here against the budget grant of Rs. 54,45,000, the actual expenditure was Rs. 60,17,787. This excess of Rs. 5,72,787 was partly offset by savings to the tune of Rs. 1,43,960 under the various sub-heads of the Demand, leaving a net excess of Rs. 4,28,827. The reasons for the excess are as follows:—

On 21st January 1957, all the organisations under this Ministry, including the Chief Accounting Officer, High Commissioner of India, London, were requested to review the grants under their control and to forward the proposals for Supplementary grant, if any, to this Ministry by 31st January, 1957. To this communication, there was no response from the Chief Accounting Officer, H. C. of India, London. In the absence of any proposal for additional funds from that organisation, no Supplementary grant was applied for.

Since, however, the progress of actuals indicated a possibility of excess over the budget grant, the Director General, India Stores Department, London, was requested on 18th February, 1957, to see that the grant was not exceeded on any account, and if necessary, to postpone certain items which were not of an obligatory nature, to the following financial year. This was followed by a cable to the Chief Accounting Officer on the 13th March, 1957, calling for final estimates of expenditure.

The final requirements of the High Commissioner, as communicated by the Ministry of Finance (Department of Economic Affairs) on 14th March, 1957, and by the Chief Accounting Officer, on 18th March, 1957, revealed an overall excess of Rs. 7,06,000 over the budget grant. The reasons given for the excess were as follows:—

1. Increase in the salaries of the Railway Cell.



2. Increase in travelling and more officers drawing house rent and other allowances.
3. Increased inspection of stores on account of accelerated activities of the H.C.
4. Increase in the miscellaneous expenditure viz. passages of officers deputed to the I.S.D., foreign service contributions, contingencies of the Railway Cell etc.

Since savings to the extent of Rs. 7,06,000 were not available under other sub-heads of the Demand, it was not possible to cover the excess by re-appropriation. It was also too late to apply for Supplementary grant (the last date for submission of these proposals to the Ministry of Finance was 7th February, 1957). Hence the Ministry of Finance were requested on 28th March, 1957, to grant an advance from the Contingency Fund of India, as a special case. On 30th March, 1957, the Ministry of Finance regretted their inability to do so on the following grounds:—

- (i) the late submission of the application for the grant of advance from the Contingency Fund, and
- (ii) the advance from the Contingency Fund, as held by the Ministry of Law, can only be granted to meet the unforeseen expenditure that has yet to be incurred and not to meet expenditure which has already been incurred.

Under these circumstances, there was no other alternative but to leave the excess expenditure uncovered, to be regularised by Parliament at a subsequent stage. The High Commissioner was, however, asked why the proposals for Supplementary Grant were not sent by him immediately after the receipt of this Ministry's communication dated 21st January, 1957. His reply was that the Mission held the view that apart from the consolidated printed estimates furnished by them to the Ministry of Finance showing the distribution for the various Ministries, for scrutiny and acceptance, together with such modifications as were permissible, by letter or telegram, no separate proposals for Supplementary Grant are required to be sent to the Ministries. These statements do not contain justification for variations in support of excess funds required. In the absence of such information, it is not possible to apply for Supplementary Grant as it has to be supported by complete and exhaustive notes so that sufficient information was available to the Parliament for adequate discussion.

However, in order to avoid the recurrence of such a contingency in future, instructions were issued *vide* this Ministry's Memorandum No. B-1(15)/57 dated 9th May 1957 (*See Annexure*) to the Chief Accounting Officer, High Commission of India, and other budgetary authorities under this Ministry, to exercise a stricter control over the expenditure and to see that excess expenditure was not incurred without obtaining additional funds for that purpose in advance.

NEW DELHI;

M. R. SACHDEV,

*Dated the 10th March, 1959. Secretary to the Government of India.*

## ANNEXURE

No. B-1(15)/57

### MINISTRY OF WORKS, HOUSING AND SUPPLY

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*New Delhi, the 9th November, 1957.*

#### MEMORANDUM

**SUBJECT:**—*Incurring expenditure in excess of sanctioned grant.*

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Instances have been brought to the notice of this Ministry that certain departments of the Government of India have incurred expenditure in excess of sanctioned grants. This is against the provisions contained in paras 88—92 of the General Financial Rules, Vol. 1. If proper control is exercised over the expenditure and their progress continuously watched by maintaining necessary control registers, any tendency to incur excess expenditure over the budgeted grant would hardly arise. If, however, the trend of actuals support the necessity for Supplementary Grant, the budgetary authority could conveniently approach the Ministry for a Supplementary Grant in time. Laxity of control in this respect leads to variations between the final grant and actual expenditure which very often has to be explained not only before the Public Accounts Committee but to Parliament also for regularisation of excess expenditure. In order to avoid such a contingency in future, the undersigned is directed to request that the disbursing officers should exercise proper control over the expenditure by maintaining necessary control registers. Proposals for Supplementary Grant, if any, should be submitted to this Ministry in time in a complete form. In no case should expenditure be incurred without obtaining necessary funds for the purpose.

R. ANANDA KRISHNA,

*Deputy Secretary to the Government of India.*

To

The Chief Accounting Officer,  
The High Commission of India, *London*.

Copy forwarded to all Budgetary authorities under this Ministry.

Copy also forwarded to the C.P. & A.O. Ministry of Works,  
Housing and Supply, New Delhi for information.

R. ANANDA KRISHNA,  
*Deputy Secretary to the Government of India.*

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## APPENDIX IX

### MINISTRY OF WORKS, HOUSING & SUPPLY

*Note for the Public Accounts Committee relating to regularization of excesses in Grant No. 103—Other Civil Works for 1956-57*

The excesses in the above mentioned Grant are as under:—

	Rs.
(1) Excess over Charged Appropriations . . . . .	11,47,326
<i>and</i>	
(2) Excess over Voted Grant . . . . .	6,52,33,504

The reasons for the above excesses are given below :—

(1) *Excess over Charged Appropriation (Rs. 11,47,326/-):*

The excess of Rs. 11,47,326 is made up as under :—

Sub-head	Final Grant	Actual Expenditure	(+ )Excess (—)Saving
	Rs.	Rs.	Rs.
A-Original Works . . . . .	3,17,000	3,45,116	(+ )28,116
B-Repairs . . . . .	17,84,300	18,45,457	(+ )61,157
C-Establishments . . . . .	29,100	28,958	(—)142
D-Tools and Plant . . . . .	33,600	32,041	(—)1,559
G-Suspense . . . . .	5,00,000	5,59,754	(+ )10,59,754
TOTAL . . . . .	26,64,000	38,11,326	(+ )11,47,326

2. It will be seen from the above statement that the bulk of the excesses is under "A-Original Works", "B-Repairs" and "G-Suspense" which together was responsible for the overall excesses of Rs. 11,49,027 under the Charged Appropriation. The excess was partly covered by a saving of Rs. 1,701 under the remaining sub-heads leaving a net excess of Rs. 11,47,326 requiring regularisation.

The reasons for the excess under the sub-heads are explained below:—

At the time of the final review of grants the additional provision to be made available was fixed at Rs. 10 lakhs for which a Supplementary Appropriation was proposed (but not got sanctioned) but actual expenditure resulted in excess of this amount by Rs. 1.47 lakhs (roundly).

*A-Original Works:* Rs. 28,116.—In the Budget for 1956-57, a sum of Rs. 84,700 was provided for "Original Works—Minor Works" and the amount subsequently enhanced to Rs. 86,500 in the final grant. But actual expenditure for the year under this head amounted to Rs. 1,14,825 resulting in an excess of Rs. 28,325 which was partly covered to the extent of Rs. 209 by savings under other sub-heads for original works.

The Military Secretary to the President wanted an additional provision of Rs. 48,700 for meeting expenditure on a number of urgent minor works required to be carried out in Rashtrapati Bhavan. The works were mainly for providing ceiling fans, light points, and other electric installations, facility for air-conditioning refrigerators, Khas Khas tatties etc. No Supplementary Grant for the additional provision of Rs. 48,700 asked for by the Military Secretary to the President was applied for as the Ministry doubted whether the entire provision would be utilized for the purpose for which it was asked for.

*B-Repairs* Rs. 61,157.—The original provision of Rs. 17,22,700 was increased to Rs. 17,84,300 in the final appropriation by reappropriation against which the actual expenditure for the year amounted to Rs. 18,45,457 leaving an uncovered expenditure of Rs. 61,157. The excess is due to urgent repair works carried out in *Rashtrapati Nilayam, Hyderabad* and also in *Rashtrapati Bhavan, New Delhi*. Besides expenditure in connection with the visits of V.I.P.s was also more than anticipated at the time of framing the original grant. In this case also the M.S.P. had asked for additional funds to the tune of Rs. 3,65,000 but Supplementary Appropriation was not obtained for the reasons stated above.

*Suspense (+)* Rs. 10,59,754.—The original grant of Rs. 5 lakhs (which was distributed to stock, Rs. 3 lakhs, and other Suspense Accounts—Charges Rs. 2 lakhs) was allowed to remain without any modification in the final appropriation. But actual expenditure for the year exceeded the final appropriation by Rs. 10,59,754, Rs. 2,16,140 under 'Stock' and Rs. 8,43,614 under 'Other Suspense Accounts Charges'. The excess is due to procurement of more building mate-

rials for 'works' and for 'stocks' purposes for meeting the demands of works at *Rashtrapati Nilayam, Hyderabad*. Military Secretary to the President had asked for additional funds of Rs. 10,56,500 to meet the expenditure. A Supplementary appropriation of Rs. 10,00,000 was applied for, but it could not be obtained for the reasons explained in the last para of the note.

(2) *Excesses over Voted Grants (Rs. 6,52,33,504)*.—At the time of final review of the grant, the additional provision to be made available was fixed at Rs. 474.45 lakhs, Rs. 440 lakhs under head Suspense and Rs. 34.45 lakhs under Grant-in-Aid. Actual expenditure, however, resulted in excess of Rs. 652.34 lakhs over the sanctioned grant because of the difficulty to control the expenditure under Suspense head.

The following table indicates the final grant under various sub-heads, the actual expenditure and excesses/savings under them.

Grants-heads	Final Grant	Actual Expdr.	(+)Excesses (-)Savings.
	Rs.	Rs.	Rs.
A-Original Works .	71,27,297	72,02,164	(-)74,867
B-Repairs . .	2,53,88,213	2,65,33,914	(+)11,45,701
C-Establishment .	2,75,56,786	2,73,39,561	(-)2,17,225
D-Tools & Plant .	23,79,404	17,77,881	(-)6,01,523
E-Furniture . .	6,70,200	6,09,432	(-)60,768
F-Grants-in-Aid .	29,51,900	28,57,248	(-)94,652
G-Suspense . .	12,97,36,900	19,47,86,920	(+)6,50,50,020
I-Material and Equip- ment under TCA Programme .	61,000	—	(-)61,000
K-Charges in England .	9,000	10,384	(+)1,384
Surrenders or with- drawals within Grants . .	3,300	—	(-)3,300
<b>TOTAL . .</b>	<b>19,58,84,000</b>	<b>26,11,17,504</b>	<b>(+)6,52,33,504</b>

It will be seen from the above table that the bulk of excesses is under 'Repairs' and 'Suspense' which together was responsible for

overall excess of Rs. 6,61,95,721 under the Voted grant. A part of the excess under these heads as well as excess under other sub-heads were covered by savings in the other sub-heads in the grant. The net excess after adjusting the savings amounts to Rs. 6,52,33,504.

The reasons for major excesses under "Repairs" and "Suspense" are given below:—

(ii) *Repairs*—(Rs. 11,45,701/-)

The excess is mainly attributable to the Central PWD.

	Rs.
(i) Payment of compensation in March, 1957 for Anandparbat Estate and Thapar House . . . . .	2,00,000
(ii) Adjustment of arrears of Contractors' Bills, House Tax, Rent and adjustment of Transfer Debits . . . . .	4,00,000
(iii) Execution of repairs works to various office and residential buildings . . . . .	5,45,701
TOTAL . . . . .	<u>11,45,701</u>

(iii) *Suspense* (Excess Rs. 6,50,50,020/-)

The excess is made up as under:—

	Rs.
1. Central P.W.D. . . . .	5,44,93,277
2. Central P.W.D., Coorg . . . . .	16,83,716
3. Delhi . . . . .	21,79,648
4. Himachal Pradesh . . . . .	56,24,810
5. Manipur . . . . .	6,77,966
6. Tripura . . . . .	6,02,847
7. Kutch . . . . .	3,64,964
8. Estate Office . . . . .	1,028
9. Andaman & Nicobar . . . . .	(—)5,78,236
TOTAL . . . . .	<u>6,50,50,020</u>



In the budget for the year 1956-57 a sum of Rs. 12,83,02,500 was provided under the 'Suspense' head and a further sum of Rs. 14,34,400 was re-appropriated and the final grant was fixed at Rs. 12,97,36,900. The actual expenditure for the year, however, was Rs. 19,47,86,920 thereby leading to an excess of Rs. 6,50,50,020. On the basis of the latest figures of estimated expenditure then available a Supplementary Grant of Rs. 4,50,00,000 was proposed to be taken but it could not be obtained for the reasons stated in the last para.

Reasons for the excess are briefly explained below:—

*Central P.W.D.*—Due to the expanding activities of the Government it has been found necessary to undertake huge construction programme for which materials had to be procured and accounted for under the Suspense.

At the time of final review of the grant under the sub-head 'Suspense' for the year 1956-57, the excesses disclosed were of the order of Rs. 536·98 lakhs against which a Supplementary Grant of Rs. 400·00 lakhs only was applied for, keeping a margin for over estimation by Divisional Officers/Superintending Engineers. But the final actuals amounted to Rs. 1763·93 lakhs thus resulting in an overall excess of Rs. 544·93 lakhs as detailed below:—

	Budget Grant	Requirements as received from S. Es.	Final demands made to the Government of India	Actual Expenditure	Excess
	Rs.	Rs.	Rs.	Rs.	Rs.
<i>F.—Suspense</i>					
<i>F.1—Stock</i>					
F.1(1)—Charges .	5,00,00,000	7,14,00,000	6,60,00,000	7,93,31,858	2,93,31,858
<i>F.2—London Charges</i>					
F.2(1)—Charges . . . . .	..	..	..	1,940	1,940
<i>F.3—Other Suspense Accounts</i>					
F.3(1)—Charges . . . . .	7,19,00,000	10,41,98,000	9,59,00,000	9,70,59,479	2,51,59,479
<b>TOTAL . . . . .</b>	<b>12,19,00,000</b>	<b>17,55,98,000</b>	<b>16,19,00,000</b>	<b>17,63,93,277</b>	<b>5,44,93,277</b>

Nearly half of the excess has accrued to the adjustments carried out in the Supplementary accounts, as would be evident from the figures, given (below) for which no firm estimates could be framed.

Sub-head	Amount Adjusted in Supplemen- tary Accounts (approximately)
	Rs.
<i>G.—Suspense</i>	
G. 1.—Stock . . . . .	43.33
G. 1. (1).—Charges . . . . .	42.33 lakhs
<i>G. 2.—London Stores</i>	
G. 2(1).—Charges . . . . .	0.02 lakhs
<i>G. 3.—Other Suspense Accounts</i>	
G. 3(1).—Charges . . . . .	214.49 lakhs

Further, the excess under 'stock' has resulted from the fact that, in accordance with para. 344 of the C.P.W.A. Code, the materials received during the closing months of the year and to end of March, 1957 had to be accounted in the accounts for that month as the adjustment thereof could not be postponed to the next financial year. As regards 'Other Suspense Accounts' the adjustments of debits for the purchases made in the closing month of the year through Directorate General of Supplies & Disposals, after the close of the year, in the supplementary accounts, was mainly responsible for the excess thereunder.

In spite of the repeated instructions issued to all the disbursing officers to keep close liaison with the supplying departments, it has not been found possible to make any realistic assessment of such transactions for budgetary purposes under each detailed head.

*Delhi, Himachal Pradesh, Manipur, Tripura, Coorg, etc.*—Consequent on the States Reorganisation from the 1st November, 1956, expenditure on the Union Territories was required to be provided for in the Central Budget. Accordingly, provision required for expenditure under “50—CWC” was proposed to be included in the budget by a Supplementary Grant. The provision proposed for Suspense head is as follows:—

Tripura . . . . .	10,00,000
Himachal Pradesh . . . . .	20,00,000
Manipur . . . . .	10,00,000

Delhi did not suggest any additional provision under this head and the figures in respect of Coorg were not available. The Supplementary Demand could not, however, be obtained for the reasons explained below. The expenditure under the head resulted in excess over the Supplementary grant earlier proposed mainly because of the difficulties of assessing the requirements under the ‘Suspense’ head for budgeting.

The proposal for the Supplementary Grant was to reach the Finance Ministry on the 7th February, 1957 and this Ministry had fixed 31st January, 1957 as the last date for receipt of proposals from the various budgetary authorities. Though the proposals from the Central PWD were received on 1st February, 1957 and from the Military Secretary on the 2nd February, 1957, those from the Union Territories of Himachal Pradesh and Tripura were received only on 5th February, 1957. The proposals were finalised and sent to the Ministry of Finance on 12th February, 1957. The case had, however, to be withdrawn for inclusion of additional provision required for the All India Institute of Medical Sciences. After inclusion, the papers were sent to Finance Ministry on the 16th February, 1957 and the approval of Finance Minister obtained on 24th February, 1957. The proposal was then referred to the Department of Economic Affairs on 25th February, 1957 who found it impossible to accept for the reasons that the acceptance of the proposed Supplementary Demand not only involved changes in the Supplementary Demand but also corrections in the Revised Estimates, corrections in the Budget Notes, Book of Demands and the Budget Statement for the coming year, which had already been finalised and firm figures drawn up. It was, therefore, suggested

by the E.A. Department that the adjustments under the 'Suspense' head might be postponed for the next year. This was agreed to by this Ministry. However, in actual practice due to difficulty over control over adjustments made by the various Divisional Officers, the total adjustments far exceeded the original estimate.

NEW DELHI;  
The 17th March, 1959.

K. S. KRISHNASWAMY,  
Joint Secretary to the Govt. of India.

**APPENDIX X**  
**DEPARTMENT OF ATOMIC ENERGY**

*Note regarding Excess in the Grants as reported in the Appropriation Accounts (Civil) for 1956-57 relating to the Department of Atomic Energy.*

*Grant No. 106—Department of Atomic Energy*

**Excess** **Rs. 3,584 (Voted)**

The excess of Rs. 3,584 is the net result of minor excesses under a number of sub-heads partly offset by minor savings under some other sub-heads. The main excess occurred in the sub-heads A.1.—Pay of Officers (Rs. 3,734), A.3—Allowances and Honoraria etc., (Rs. 6,454), A.7.—Charges payable to other Governments, Departments etc., (Rs. 1,361), while the savings occurred mainly under the sub-heads A.2.—Pay of Establishments (Rs. 6,493) and A.4.—Other Charges (Rs. 1,455).

2. The detailed reasons for the excess/savings are given below:—

(a) *Excess*

(i) A.1—Pay of Officers (Rs. 3,734).

The excess was due to payments of arrears of pay during the first week of March 1957 not originally anticipated to be made before the close of the financial year.

(ii) A.3—Allowances and Honoraria etc. (Rs. 6,454).

This excess occurred as a result of belated adjustments of book debits received from Missions abroad intimation whereof was received in this Department on 25th July, 1957 i.e. after the close of year, on account of deputation of an Officer, the amount of which could not be anticipated with precision at the time of final re-appropriation of funds.

(ii) A.7—Charges payable to Other Governments, Departments (Rs. 1,361).

This excess is partly due to adjustment of Rs. 631 under this Grant instead of to the head "36-Scientific Departments" under Grant No. 107 and partly due to additional adjustments of Rs. 730 not anticipated during the year carried out during February, March

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and March 1957 (final), intimation whereof was received after the close of the year.

(b) *Savings.*

(i) A.2—Pay of Establishment (Rs. 6,493).

This saving occurred due to non-filling of sanctioned posts due to difficulties in obtaining suitable hands.

(ii) A.4—Other Charges (Rs. 1,455).

The saving in this case was caused due to re-classification and transfer of expenditure on account of a part of rental of office accommodation from the head "25-General Administration" to the head "36-Scientific Departments" as a result of a late decision taken by Government.

3. The excess in the grant as a whole is very small and represents 0·4 per cent of the grant voted by the Parliament. The net excess requiring regularisation is Rs. 2,953.

P. N. THAPAR,

*Member for Finance and Administration.*

## APPENDIX XI

### MINISTRY OF IRRIGATION & POWER

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*Excess of Rs. 28,90,218 under Grant No. 135.—Other Capital Outlay of the Ministry of Irrigation & Power for the year 1956-57*

The above-mentioned excess is mainly on account of "Electricity Schemes in Himachal Pradesh:—

C. 1.—Hydro-electric Schemes

C. 1.(4)—Suspense".

2. Before the re-organisation of States on 1st November, 1956, provision for capital expenditure in respect of Part 'C' States with Legislatures was made in the State budget of the respective States. As a result of the re-organisation, the State of Himachal Pradesh became a Union territory and the expenditure on the various services became chargeable to the Consolidated Fund of India. Since the Union Government took over the direct control of these territories in the middle of the year, no provision had been made to meet the expenditure in the original budget and it became necessary to obtain the funds required for the period 1st November, 1956, to 31st March, 1957, through a supplementary Grant.

3. The Himachal Pradesh authorities had originally asked for a provision of Rs. 8,41,000 under the head mentioned above but subsequently they reduced their requirements to Rs. 2 lakhs, and accordingly only Rs. 2 lakhs were provided in the final Grant for the year. After the year was over, it came to notice that the Himachal Administration had arrived at the figure of Rs. 2 lakhs after taking into account the anticipated recoveries as reduction of expenditure. According to the principles of budgeting followed by the Central Government, the provision in the budget is required to be made for the gross expenditure i.e., anticipated credits and recoveries are not taken as reduction of expenditure but are shown separately below the Demands. The Himachal Administration, in formulating their budget proposals, had not therefore followed the correct procedure and this fact also did not come to the notice of the Ministry until the Appropriation Account for 1956-57 was received.

4. Against the provision of Rs. 2 lakhs made in the final Grant for this sub-head, the actual expenditure has amounted to Rs. 34,42,757. Against this expenditure the recoveries amount to Rs. 31,83,032. The net expenditure, therefore, works out to Rs. 2,59,725 only as against the net provision of Rs. 2 lakhs. There would have been no difficulty in meeting this small excess by savings under other sub-heads in the same Grant.

5. It would be seen from the above that this actual excess is purely due to the fact that correct procedure for budgeting was not followed by the Himachal Administration.

**T. SIVASANKAR.**

*Secretary to the Government of India.*



**APPENDIX XII**  
**MINISTRY OF FINANCE**

(DEPARTMENT OF ECONOMIC AFFAIRS)

*Note regarding the excesses in the Grants and Appropriations as reported in the Appropriation Accounts (Civil) for 1956-57 relating to the Ministry of Finance.*

*Grant No. 41—Pre-partition Payments.*

Excess	Rs. 1,95,557 (Charged).
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The excess occurred mainly under sub-head "A-30 Defence Services" and represents an expenditure incurred in satisfaction of court decrees/arbitration awards etc.

As a result of Constitutional changes, the Defence Services Budget which, prior to 15th August, 1947, was non-voted came into the category of Voted expenditure with the exception of certain categories of expenditure such as debt charges, payments relating to court decrees, arbitration awards, etc., which in accordance with the provisions of Article 112(3) of the Constitution were charged on the Consolidated Fund of India. Through an oversight, the payments in satisfaction of court decrees/arbitration awards continued to be accounted for until 1956-57 under the 'Voted' portion of the Grants of the Defence Services.

In pursuance of the decision to follow the correct classification from the year 1956-57, two Supplementary Appropriations for Rs. 1,26,000 and Rs. 10,51,000 were obtained under the above sub-head in December 1956 and March 1957 sessions of the Parliament for meeting payments in satisfaction of court decrees/arbitration awards in respect of the cases known at that time. After the close of the year, however, it came to light that apart from the cases for which the above Supplementary Appropriations were obtained, there were some other cases in which payments had been made out of the 'Voted' portion of the Grant, the rectification of classification in respect of which caused the above excess. Omission to include these cases as well for purposes of obtaining supplementary appropriation was due to the fact that full implications of the change in classification were not clear to all the controlling authorities at the time.

*Grant No. 123—Commuted Value of Pensions.***Excess****Rs. 3,860 (Charged).**

The excess occurred under sub-head "A. 1(5)-Payments of Commuted Value of Pensions charged on the Consolidated Fund of India and recovered from the States under Article 290 of the Constitution of India". An original appropriation of Rs. 1,00,000 under this head was included in the Book of Demands which was increased by Rs. 10,000 by obtaining a supplementary appropriation. Although the amount of Rs. 1 lakh was shown as "Charged" in the Book of Demands, this amount was inadvertently included in the total amount of Rs. 46.76 lakhs voted by the Lok Sabha at the stage of giving notices for motions and consequently added to the 'Voted' portion in the Schedule of the Appropriation Act. For purposes of Appropriation Accounts, therefore, the final appropriation has to be taken as Rs. 10,000 for which provision was obtained through a supplementary appropriation in March, 1957, thus leading to an excess of Rs. 3,860. Necessary remedial measures have been taken to ensure that such errors do not recur in future.

This note has been seen by Audit.

H. S. NEGI,

*Joint Secretary to the Govt. of India.*

**APPENDIX XIII**  
**MINISTRY OF FOOD & AGRICULTURE**

(DEPARTMENT OF FOOD)

*Regularisation of excess over voted Grants and Charged Appropriation disclosed in the Appropriation Accounts (Civil) 1956-57—Excess of Rs. 69,225 in the 'Charged portion of Grant No. 128—Purchase of Foodgrains.*

The Appropriation Accounts (Civil) 1956-57 discloses an excess of Rs. 69,225 in the 'Charged' portion of Grant No. 128—Purchase of Foodgrains. The brief facts of the case and reasons leading to the excess are as follows:—

2. The Clearing and Handling Agents for foodgrains at the port of Bombay asked on 29th October, 1954 for arbitration of the Secretary, Ministry of Food & Agriculture, or his nominee, in respect of certain disputed claims pertaining to their agreement with this Ministry. The Secretary, Ministry of Food and Agriculture, appointed an arbitrator on 3rd August, 1955.

3. The arbitrator gave an award on 31st December, 1956 in favour of the contractors for a sum of Rs. 84,225 which included a sum of Rs. 15,000 on account of refund of Security Deposit lodged by the contractors. The amount was paid to the contractor on 1st February, 1957, and the entire amount was classified as 'Voted expenditure' in the accounts for 1956-57 under a misapprehension that the provisions of Article 112(3) (f) of the Constitution, whereby a sum of Rs. 69,225 should be treated as 'Charged Expenditure', would apply only to the awards given by 'Arbitral Tribunals', appointed by a Court of Law in respect of the disputed claims.

4. The matter was subsequently referred to the Ministry of Law on 13th October, 1958 and they advised on 24th October, 1958 that since the party, in whose favour the award is made by the arbitrator, gets the award filed in a Court of Law and the Court of Law passes a decree in terms of the award, the award merges into a decree and any sums required to satisfy the decree will, therefore, be an expenditure charged on the Consolidated Fund of India. By the

time the position was clarified by the Ministry of Law, the accounts for 1956-57 had been closed and the misclassification of Rs. 69,225 in the 'Voted' Section of the grant could not be rectified in the accounts of the year. A note of misclassification was however made in the Accounts Office records and in the Appropriation Accounts; due to the close of the financial year 1956-57 it was also not possible to obtain a supplementary grant from the Parliament to cover the payment.

5. The above excess is reported to the Public Accounts Committee in pursuance of Sub-Rule (4) of Rule 308 of the Rules of Procedure and Conduct of Business in Lok Sabha.

*Dated 3rd March, 1959.*

C. A. RAMAKRISHNAN,

*Director General of Food and  
Joint Secretary to the Govt. of India.*

**APPENDIX XIV**  
**DELHI ADMINISTRATION**

*Note regarding excess of Rs. 1,21,921 under Grant No. 10 "Administration of Justice" of the erstwhile Delhi State for the year 1956-57 (Pre-Reorganisation Period).*

A total budget provision of Rs. 11,97,000 existed in the budget estimates for 1956-57 under Grant No. 10—"Administration of Justice". This provision included *inter alia* a provision of Rs. 4,36,000 under the head A-1—High Courts and Chief Courts, which had been made to accommodate the adjustment of debit expected to be received from the Punjab Government on account of work done at the High Court at Chandigarh and its Circuit Bench at Delhi on behalf of the Delhi State. Against this provision, a debit of Rs. 4,13,584 pertaining to pre-reorganization period of 1956-57 was adjusted by the Accountant General, Central Revenues, on receipt of the same from the Accountant General, Punjab. Another debit amounting to Rs. 4,58,092 pertaining to the year 1955-56 for similar work done by the High Court, Punjab, for the Delhi State Government was outstanding. The Administration requested the Accountant General, Central Revenues, in January, 1957 for the adjustment of this debit in the accounts for 1955-56 but this could not be done, as the accounts had been finally closed. This adjustment was however made in the accounts for pre-reorganisation period of 1956-57. In fact the erstwhile Delhi State Government did not envisage that the debit in question will not be adjusted in the accounts for 1955-56.

2. When the information was received from the Accountant General, Central Revenues, in February, 1957 that the debit of Rs. 4,58,092 could not be adjusted in the accounts for 1955-56, the Accountant General, Central Revenues, was informed in April, 1957 that budget provision actually made was as follows:—

	Rs.
Demand No. 10-Administration of Justice of Delhi State for the year 1956-57	
"27-Administration of Justice" A-High Courts and Chief Courts	4,36,000
Demand No. 53-Delhi of the Central Govt. for the year 1956-57 (1st November, 1956 to 31st March, 1957)	
"27-Administration of Justice" C. 3-High Courts & Chief Courts	5,21,600

A request was accordingly made that adjustment may be made in the books of the Accountant General, Central Revenues, according

to the budget provision actually existing [copy\* of letter No. F. 4(1)/56-Judicial dated 26th April, 1957 attached].

3. Both the amounts pertaining to the year 1956-57 (pre-reorganisation period) as well as the prior period of 1955-56 had however been adjusted in the October, 1956, Final and Supplementary Accounts. A total amount of Rs. 13,18,921 was thus adjusted under Demand No. 10—Administration of Justice for 1956-57 as against the budget provision of Rs. 11,97,000 thereunder, causing an excess of Rs. 1,21,921.

4. It will be observed from the above that this excess had been caused by an arrear adjustment in the Accountant General's books which had not been envisaged by the erstwhile Delhi State at the time of preparation of budget for 1956-57.

5. This note has been seen by Audit.

A. D. PANDE,

*Chief Secretary, Delhi Administration,  
Delhi.*

\*Not printed.

