

**ESTIMATES COMMITTEE  
(1977-78)**

(SIXTH LOK SABHA)

**SECOND REPORT**

**MINISTRY OF FINANCE**

(DEPARTMENT OF EXPENDITURE)

**Action taken by Government on the Recommendations contained in the Ninety-eighth Report of the Estimates Committee (Fifth Lok Sabha) on Delegation of Financial Powers.**



Presented in Lok Sabha on

**23 DEC 1977**

**LOK SABHA SECRETARIAT  
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## ESTIMATES COMMITTEE

(1977-78)

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3. Shri Yashwant Borole
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19. Shri U.S. Patil
20. Shri Mohd. Shafi Qureshi
21. Shri K. Vijaya Bhaskara Reddy
22. Dr. Saradish Roy

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Elected w.e.f. 30-11-1977 *vice* Shri Samar Guha resigned and Shrimati Renuka Devi Borkataki, Sarvashri S. Kundu, Janeshwar Mishra, Fazlur Rehman and Sher Singh ceased to be members on their appointment as Ministers of State.

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24. **Shri Annasaheb P. Shinde**
25. **Shri Ganga Bhakt Singh**
26. **\*Shri Ugrasen**
27. **Shri K. P. Unnikrishnan**
28. **Shri Shankersinhji Vaghela**
29. **\*Shri Vinayak Prasad Yadav**
30. **\*Shri Roop Nath Singh Yadav**

**SECRETARIAT**

**Shri B. K. Mukherjee—*Joint Secretary***

**Shri K. S. Bhalla—*Chief Financial Committee Officer***

**Shri H. C. Bahl—*Senior Financial Committee Officer***

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**\*Elected w.e.f 30-11-1977 vice Shri Samar Guha resigned and Shrimati Renuka Devi Barkataki, Sarvashri S. Kundu, Janeshwar Mishra, Fazlur Rehman and Sher Singh ceased to be members on their appointment as Ministers of State.**

**STUDY GROUP 'G'**  
**ESTIMATES COMMITTEE**  
**(1977-78)**

1. Shri Satyendra Narayan Sinha—*Chairman*
2. Shri Mukhtiar Singh Malik—*Convener*
3. Smt. Mrinal Gore
4. Shri Krishan Kant
5. Shri Mohd. Shafi Qureshi
6. Shri Annasaheb P. Shinde
7. Shri K. P. Unnikrishnan.

## INTRODUCTION

1. the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Second Report on action taken by Government on the recommendations contained in the Ninety-eighth Report of the Estimates Committee (Fifth Lok Sabha) on the Ministry of Finance (Department of Expenditure)—Delegation of Financial Powers.

2. The Ninety-eighth Report was presented to Lok Sabha on 27 April, 1976. Government furnished their replies indicating action taken on the recommendations contained in that report during October to December, 1976. Further information called for by the Committee was furnished by Government during March to April, 1977. The replies were examined by the Study Group 'G' of Estimates Committee (1977-78) at their sitting held on 24 November, 1977. The draft report was adopted by the Estimates Committee (1977-78) on 3 December, 1977.

3. The Report has been divided into the following Chapters :—

I—Report

II—Recommendations which have been accepted by Government.

III—Recommendations which the Committee do not desire to pursue in view of the Government's replies.

IV—Recommendations in respect of which replies of Government have not been accepted by the Committee.

4. An analysis of the action taken by Government on the recommendations contained in the 98th Report of the Estimates Committee (Fifth Lok Sabha) is given in Appendix XXVIII. It would be observed therefrom that out of 58 recommendations made in the Report, 38 recommendations *i.e.* 65.5 per cent have been accepted by Government and the Committee do not desire to pursue 4 recommendations *i.e.* 7 per cent in view of Government's replies. Replies of Government have not been accepted by the Committee in respect of 16 recommendations *i.e.* 27.5 per cent.

5. The Committee place on record their appreciation of the commendable work done by the Action Taken Study-Group of Estimates Committee (1976-77) in obtaining additional information on the points arising from the Government's replies.

NEW DELHI ;  
December 12, 1977  
Agrahayana 21, 1899 (Saka)

SATYENDRA NARAYAN SINHA,  
Chairman,  
Estimates Committee.

## CHAPTER I

### REPORT

This Report of the Committee deals with the action taken by Government on the recommendations contained in their Ninety-eighth Report (Fifth Lok Sabha) on Delegation of Financial Powers.

1.2. Action taken notes and further information called from Government have been received in respect of all the 58 recommendations contained in the Report.

1.3. The action taken note on the recommendations of the Committee have been categorised as follows :

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

1, 3, 4, 6, 7, 9, 11, 13, 16, 17, 19, 20, 22, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 44 to 46, 50 to 55. (Chapter II)

(ii) Recommendations/observations which the Committee do not desire to pursue in view of Government's replies :

8, 15, 18, 28 (Chapter III).

(iii) Recommendations/observations in respect of which Government's replies have not been accepted by the Committee.

2, 5, 10, 12, 14, 21, 40 to 43, 47 to 49, 56 to 58. (Chapter IV)

1.4. The Committee will now deal with the action taken by Government on some of their recommendations.

#### **Forward Looking Budget—Recommendation No. 2 (Para 2.13—2.14 of 98th Report)**

1.5. The Committee had observed that in order to enable the administrative ministries/public undertakings to undertake long term planning of men and materials etc. in regard to their projects/schemes on a realistic basis, it is essential that they should have broad indications of the funds likely to be available over a reasonable period of time, say, for the next five years. The Committee, therefore, desired the Ministry of Finance to pay earnest attention to the Committee's recommendation in their 24th Report to frame a forward looking budget. According to the Committee, it should give broad indications of the likely availability of the resources and estimated expenditure for the next three to five years. The Committee considered that if this

exercise is done on an yearly basis it would not only provide Government with basic data and material to refine their budget proposals but would also bridge the gap and the period of suspense which invariably intervenes between the cessation of one Plan and the commencement of the next plan.

1.6. In their reply, the Ministry of Finance have stated that the need for forward looking budget cannot be denied. In this context it may be stated that the Five Year Plan Document prepared by the Planning Commission provided an estimate of likely availability of resources and their allocation to different sectors. With the sector, the outlays for various projects included in the Plan are also mentioned. These projects are reviewed every year and necessary allocation of funds is made in the light of progress of the projects, plan priorities, availability of resources, etc. Provision is also made in the Annual Plan for projects having long gestation periods spilling over to the next Plan. In the closing year of the Plan, funds are allocated for undertaking advance planning for projects proposed to be taken up in the next five year plan period.

1.7. From the social cost point of view, however, every effort has to be made to restrict the phasing of investment to the shortest practicable span of time, consistent with the feasible speed of implementation so that the returns to the economy start accruing without avoidable loss of time and public investments do not remain idle on account of unduly long gestation periods. It has also to be ensured that investment time phasing is strictly adhered to and matching outlays in annual budgets provided. This could be possible only if projects planning is done with full regard to a realistic assessment of the availability of resources over a given period of time.

**1.8. The Committee are not satisfied with the reply furnished by the Ministry. While the need for forward looking budget has been accepted, the Ministry have not intimated the steps taken for implementation of the recommendations of the Committee. In the opinion of the Committee, the Five Year Plan can hardly serve the purpose of a forward looking budget as suggested by the Committee. The Secretary of the Ministry of Finance (Department of Expenditure) in his evidence before the Estimates Committee (1975-76) had admitted "We do not have a rolling plan system and our quinquennial plan is essentially different." He had also agreed that the general proposition that every year we should look forward at least for 5 years was sound although its acceptance would involve some changes in the planning process. The Committee, therefore, reiterate their recommendation that Government should pay serious attention to the framing of forward looking budgets every year, giving broad indications of the likely availability of resources and estimated expenditure for the next 3 to 5 years.**

### **Sanctioning of Plan schemes—Recommendation No. 5 (Para 2.40)**

1.9. The Committee pointed out that in the case of plan schemes the administrative Ministries are required to furnish to the Planning Commission the broad details of the schemes including the estimates for obtaining their approval. These schemes are discussed in the annual plan discussions at which the Ministry of Finance is also represented. On the basis of the information furnished by the Ministries and after taking into account the priority of the schemes, the Planning Commission accepts these schemes in principle and fixes the total outlay thereon. These schemes are required to be submitted to the Ministry of Finance for sanction. The Committee considered that there should be an integrated examination of the broad details of the schemes, including the financial implications before these are approved and outlays fixed therefor by the Planning Commission. The detailed scrutiny and the sanctioning of expenditure on these schemes thereafter should be the responsibility of the administrative Ministries concerned.

1.10. In their reply, the Ministry of Finance have stated that the pre-budget/Annual Plan discussions do not always afford sufficient time for scrutiny by EFC/PIB. With the Ministries forwarding the schemes in outline just a few days before the discussions, the scope for integrated examination before inclusion in the Annual Plan/Budget was contingent upon the nature of formulation by the Ministry. Besides, programmes are considered for inclusion in the Plan generally based on an overview whereas investment approvals involve scrutiny of the reasonableness of the cost estimates, and examination of the actual phasing of investment in relation to other projects. It would not be appropriate to leave the scrutiny and sanctioning of expenditure to the administrative Ministries subject only to the inclusion of projects and programmes in the Plan.

**1.11. The Committee are not convinced by the reasons advanced by the Ministry for scrutiny and sanctioning of each project even after its inclusion in the Annual Plan. They see no reason why the Ministries should forward their schemes in outline for approval by the Planning Commission just a few days before the discussions on the Annual Plan resulting in inclusion of the schemes in the Annual Plan without their proper scrutiny and necessitating their re-examination by the Ministry of Finance for sanction. The Committee reiterate that the Ministries should forward their schemes well in time with all the broad details required by the Planning Commission and there should be an integrated examination of the schemes by the Planning Commission and the Ministry of Finance before these are approved and outlays fixed therefor by the Planning Commission. The detailed scrutiny and sanctioning of the expenditure on these schemes thereafter should be the responsibility of the administrative Ministries concerned.**



**Parameters for evaluation—Recommendation No. 10**

**(Para 2.46)**

1.12. The Committee suggested that the Ministry of Finance should develop suitable parameters for the evaluation of the programmes after their completion to determine the efficiency and economy in execution and to see how far the objectives have been fulfilled as envisaged. On the basis of such evaluation useful points of general application could be culled out which could be gainfully utilised to update the guidelines for the preparation and execution of projects/schemes.

In their reply, the Ministry of Finance has stated that determination of “parameters” for evaluating the implementation of projects and programmes for general application over different sectors of the economy would be difficult. In respect of matters such as construction, the BPE already examines the proposal in relation to the experience of other projects. Programmes are also evaluated by the PEO of the Planning Commission. Thus, there is already a system which takes care of the objective in view.

**1.13. The Committee are unable to appreciate as to how the projects and programme can be uniformly evaluated without having any general parameter for their evaluation. They see no reason why suitable parameters in broad terms cannot be evolved for the evaluation of the programmes after their completion. The Committee would like such parameters to be evolved on the basis of experience gained to determine the efficiency and economy in execution as also to see how far the objectives underlying the projects/schemes have been fulfilled as envisaged.**

**Evolution of work norms—Recommendation Nos. 12 and 14**

**(Paragraphs 3.15 and 3.17)**

1.14. The Committee were concerned to note that although in pursuance of the delegation of orders issued in June, 1962, internal work study units had been set up in 34 Ministries/Departments, progress made in regard to evolution of work norms by these units even after a lapse of 13 years had been tardy. The Committee urged that scientific work norms studies should at least now be carried out according to a time bound programme by all the Ministries/Deptts.

1.15. In their reply, the Ministry of Finance have *inter alia* stated that though orders were issued by the Ministry of Finance in June, 1962 for the setting up of internal work study units, it was only after the orders issued in October, 1968 that the erstwhile O & M units in Ministries/Deptts. were strengthened and converted into internal work study units to attend *inter-alia* to work measurement studies and fixation of norms for jobs peculiar to their Ministries/Departments.

1.16. The slow progress for the evolution of work norms is mainly due to internal work study units having been busy in O & M work and in carrying out staff studies during the earlier years of their formation. Government are already seized of the importance of evolving norms for proper assessment and control of staff requirements. The need for expeditious action in the matter has been emphasised *vide* Ministry of Finance O.M. dated the 19 March, 1977. The Committee have also been informed that keeping in view a number of far reaching changes that have been introduced in the Secretariat system of working in the recent past, an inter departmental study team was set up on 23 December, 1976 in the Cabinet Secretariat (Department of Personnel and Administrative Reforms) to conduct a comprehensive review of the functioning of the O & M/Internal Work Study Units in various Ministries/Departments. The team was likely to complete its work by middle of May, 1977. As soon as the report was submitted by the Team, immediate action would be taken to consider it and obtain Government's orders thereon.

1.17. The Committee regret to note that inspite of their recommendation, the progress made in carrying out the work norm studies by the Internal Work Study Units in various Ministries/Departments has not been satisfactory and no time bound programme has been prepared for carrying out these studies in respect of the various jobs as recommended by the Committee. The Committee hope that expeditious steps would be taken to improve the working of Internal Work Study Units on the basis of comprehensive review undertaken by the Department of Personnel and Administrative Reforms to make them effective units for carrying out work norm studies. A time bound programme may be drawn up for carrying out such studies in respect of various jobs to develop norms/standards which would be objective and serve as yardsticks for staff requirements for various jobs and thereby help in proper assessment and control of staff requirements.

#### **Delay in implementation of the recommendations of the Working Group on Financial Rules—Recommendation No. 21 (Paragraph 3.49)**

1.18. The Committee pointed out that it was in June, 1969 that the Administrative Reforms Commission submitted its Report on Delegation of Financial Powers commending for consideration by Government, the suggestions of the Working Group on Financial Rules. However, even after the lapse of six years, no significant progress had been made to implement even those suggestions of the Working Group which had been accepted by Government long ago. The Committee desired that the reason for the delay in implementing the decisions should be investigated and the responsibility fixed.

1.19. In their reply, the Ministry of Finance have narrated various stages through which the recommendations contained in the Report of the Working

Group were processed, and it has been stated that the delay in implementing the recommendations of the working group was inherent since the decisions concerned a variety of rules and various Ministries/Departments had to be consulted. The necessary orders for implementing the recommendations could be issued by various authorities only after detailed processing of the recommendations through various stages.

**1.20. The Committee are not satisfied with the reply furnished by the Ministry. There are no convincing reasons advanced for the inordinate delay in holding the meeting of the Committee of Secretaries, obtaining the approval of Group of Ministers and of Cabinet and in issuing orders, for actual implementation of the accepted recommendations of the Working Group. The Committee hope that the Ministry will guard against the recurrence of such instances.**

**Reporting System—Recommendations Nos. 40—43 (Paragraphs 4.34, 4.35, 5.11 and 5.12)**

1.21. The Committee pointed out that if the reporting system was to serve any useful purpose it should be such that the essential data on the financial as well as physical progress of the schemes/programmes was contemporaneously available to the administrative Ministries/Departments. The Ministries should evolve a system which would enable them to keep a special watch on crucial and strategic points and to take prompt remedial action. The Committee also considered that a detailed review of the reports presently obtained from various tiers of management was called for so that standard forms as to the contents for reporting, frequency of reports and their originating and destination points could be laid out to meet the requirements of a developing economy.

1.22. In their reply, the Ministry have stated that the recommendations of the Committee have been noted and brought to the notice of the Ministries/Deptts. concerned. The Committee have, however, been informed that no standard format has been evolved for reporting the financial and physical progress of the schemes/programmes. Each Ministry/Department has, however, devised statements/proformae for collecting information from the executing agencies to suit their own requirements. The frequency of the reports, viz. monthly, quarterly or half yearly has also been fixed by the Ministries/Departments keeping in view the nature of the schemes and the outlay involved. Generally the statements showing physical and financial progress of schemes are prepared on monthly basis. The originating point of the progress statements is the authority agency responsible for executing the schemes/projects and the destination point is the Secretary or Head of the Department/Division.

1.23. The Ministry of Finance have also stated that the various Ministries/Departments have expressed the view that the reporting system devised by them is by and large adequate for monitoring the progress of the schemes/programmes.

1.24. The Committee desire that the formats evolved for reporting the financial and physical progress of the schemes/programmes be periodically reviewed in the light of past experience. It should be ensured that the reporting system really serves the purpose of providing essential information on crucial and strategic points to enable the management to effectively monitor the physical and financial progress made in the execution of projects/schemes against physical/financial targets and to apply 'on course' correctives as required.

**Performance budgeting—Recommendation Nos. 47—49  
(Paragraphs 5.24—5.29)**

1.25. The Committee recommended that the technique of performance budgeting was deficient in various vital matters as pointed out in paragraph 5.21 of their report. The Committee recommended that meaningful performance budgeting should be introduced in all Ministries/Departments and lower formations charged with the execution of various programmes under a time bound programme.

1.26. In their reply, the Ministry of Finance have intimated that the recommendations of the Committee regarding performance budgeting have been noted. The deficiencies pointed out in the report of the Estimates Committee have been brought to the notice of the Ministries/Departments for necessary action. It was also stated that during 1976-77 certain structural changes in financial administration, such as integration of financial advisers and departmentalisation of accounts, have been introduced in all the Ministries/Departments of Govt. of India. It is hoped that the system that will be developed over a period of time after the introduction of these structural changes will enable the Ministries/Departments to make further refinements in performance budgeting, though no precise time schedule for this purpose can be drawn up as most of the new techniques contemplated like management accounting and management information system are still in a formative stage.

1.27. The Committee find that although various steps have been taken to improve the contents of performance budget documents, these are still deficient in various vital matters. The Committee have been informed that the various deficiencies pointed out by them have been brought to the notice of Ministries/Depts. for necessary action. They hope that

**effective steps would be taken by the Ministries/Departments to overcome these deficiencies expeditiously and to refine the technique of performance budgeting so as to develop it into a useful management tool for administrative and financial control for evaluating performance and for implementation of development programmes efficiently and economically. The performance budget documents should be such as would be useful to Parliament in reviewing and appraising activities and performance of various Ministries/Departments of Government in a proper perspective and would thereby act as means of accountability to Parliament.**

**Codification of Rules and Regulations—Recommendation Nos. 56—58  
(Paragraphs 6.8—6.10)**

1.28. The Committee pointed out that one of the factors which discourages the Ministries from using their powers is multiplicity of rules and regulations which are changed so often that it is difficult for officers of the Ministries to keep a track of these rules and know them fully. Moreover, the rules and procedures have a tendency to grow in volume and complexity. It is, therefore, necessary that rules and procedures are reviewed and updated periodically with a view to their simplification so that they do not become combersome in course of time resulting in undue delays. The Committee desired that immediate steps should be taken for setting up of a cell as suggested by the Administrative Reforms Commission for keeping up-to-date the rules and regulations etc. having a financial bearing. The copies of manuals of such up-to-date rules and regulations should also be made easily available to the officers concerned and the Members of the Public.

1.29. In their reply, the Ministry of Finance have stated that the rules and regulations required to be codified are being identified in consultation with the Deptt. of Personnel and Administrative Reforms. Staff proposals for setting up a codification cell have also been formulated and are at an advanced stage of consideration in the Department of Personnel and Administrative Reforms.

**1.30. The Committee regret to note that in spite of their recommendation to take immediate steps for setting up of a cell to keep up to date the rules and regulations, such a cell has not been set up so far even after a lapse of more than one year since the recommendation was made by the Committee. They urge that the cell be set up without any further delay and a time bound programme drawn up to codify and/or bring up to date all rules and regulations governing delegation of financial powers, etc.**

### **Implementation of recommendations**

**1.31. The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should keep a close watch so as to ensure expeditious implementation of the recommendations accepted by them. In cases where it is not possible to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.**

## CHAPTER II

### RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

#### **Recommendation (S. No. 1 Paras 2.5-2.6)**

The Committee note that according to Government's own admission contained in the draft Fifth Five Year Plan, the slow progress in the pace of investment in the Fourth Five Year Plan in respect of some of the sectors had been due to inadequate preparatory work *i.e.*, non-preparation of feasibility studies, etc. The Committee regret to observe that in spite of these observations, the administrative Ministries have not been able to prepare a shelf of projects in several sectors like Drugs and Pharmaceuticals etc. for expediting investment decisions during the Fifth Five Year Plan.

The Committee consider that with the devolution of powers to the administrative Ministries and the introduction of the scheme of Integrated Financial Adviser, it should be possible for the administrative Ministries to expedite the preparation of shelf of projects/schemes. In fact, the Committee expect that the administrative Ministries should carry their thinking beyond the formal preparation of schemes/projects, keeping in view the requirements of the developing economy, the constraint of resources both money and material, availability of expertise and know-how etc. so that cogent proposals are put forward for implementation.

#### **Recommendation (S. No. 9, Para 2.45)**

The Committee would suggest that the points about the feasibility and economics of the project which are taken into consideration at the time of scrutiny by the Public Investment Board may be specifically brought to the notice of the Ministries and Integrated Financial Advisers, so that these are kept in view *ab initio* while projects schemes are being processed in the administrative Ministries. This would not only save time but would make for meaningful examination of the projects/schemes.

#### **Reply of Government**

The above recommendations have been considered carefully in consultation with the representatives of the Planning Commission, Bureau of Public Enterprises, Financial Advisers of the various Ministries/Departments and the views/decisions taken are indicated below. These views/

decisions have been circulated among various Ministries/Departments *vide* O.M. No. F. 1(17)-PF. II/76 dated 20-11-1976 (Appendix I).

**Recommendation (S. No. 1 Paras 2.5 & 2.6)**

The importance of preparing a shelf of projects has already been impressed upon the various Ministries/Departments *vide* Ministry of Finance, Department of Expenditure O.M. No. F. 10(23)-E(Coord)/75 dated the 25th July, 1975 (copy enclosed). The instructions contained therein also provide for a mechanism as well as a frame work within which feasibility studies can be carried out in advance with or without reference to the Finance Ministry. These instructions have again been brought to the notice of the various Ministries/Departments *vide* O.M. No. F. 13(27)-E(Coord)/76 dated the 9th December, 1976. (Appendix II).

In the light of the above the preparation of Shelf of Projects as conceived by the Estimates Committee could be carried out within the frame work of existing instructions on project formulation.

**Recommendation (S. No. 9, Para 2.45)**

Guidelines for preparation of feasibility reports have already been formulated and circulated among the various Ministries/Departments.

The Institute of Economic Growth and the Indian Institute of Public Administration are conducting courses in project formulation/appraisal and the Administrative Ministries are deputing their officers for attending these courses to build up the requisite expertise.

The Department of Personnel and Administrative Reforms has also been provided with a sum of Rs. 15 lakhs during the current financial year to organise courses of training to enable the officers of the various Ministries/Departments to acquire the requisite expertise.

The overall projections of the Planning Commission made for sectoral planning purposes are taken as datum for investment planning. The Government have also emphasised that there should be an objective assessment of demand and supply of products/services in specified relation to the proposed time phase of implementation of the project and also justification for location of projects in terms of regional pattern of demand.

It would be seen from the above that necessary mechanism already exists for formulation/scrutiny of schemes/projects *ab initio*.

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(21)-E(Coord)/76, dated the 9th December, 1976].



### **Recommendations (S. Nos. 3 and 4 Para 2.32 to 2.34)**

The Committee note that no expenditure can be incurred on a new scheme/project at present without the Ministry of Finance having scrutinised and accepted it. They regret to note that there have been inordinate delays in the scrutiny and sanctioning of the schemes by the Ministry of Finance resulting in delay in their implementation. Although the Administrative Reforms Commission suggested a time limit of three months for the approval of the schemes by the Ministry of Finance, which was accepted by Government, the schemes have in several cases remained under consideration of the Ministry of Finance for more than a year after the first submission. A large number of back references had been made by the Ministry of Finance at various levels to the Administrative Ministries. In some cases, these reference had been made 8 & 9 times calling for additional information on various points instead of raising all points in one consolidated reference. It may be that some of these back references were due to the Ministry of Finance going into matters of details which could have been better left to the Administrative Ministries concerned.

The Committee would like Government to bring it home to all officers responsible for processing proposals/schemes that delays can prove very costly and can act as a drag to the development process. It is, therefore, imperative that all proposals are processed and finalised with due expedition and prudence.

The Committee have been informed that in regard to industrial projects, new detailed guidelines have been formulated for the preparation of feasibility Reports to reduce the large number of back reference to administrative Ministries calling for additional information. The Committee consider that the introduction of the system of Integrated Financial Adviser will enable the Ministries to undertake themselves the detailed financial scrutiny that hitherto had been done in the Department of Expenditure. The Committee need hardly point out that mere laying down of guidelines or introduction of the system of Integrated Financial Adviser are not by themselves going to achieve the objective of speedy processing and scrutiny of projects unless there is a purposeful and close sense of involvement by all concerned from the initial stages to work out meaningful details and finalise the projects which will be in the best national interest. The Committee hope that the revised system will expedite the process of formulation and implementation of the projects/schemes. They would, however, like to judge the revised system by the results achieved.

### **Reply of Government**

The recommendations/observations of the Committee have been noted and suitable instructions have been issued to the Ministries/Departments &

the Integrated F. As. *vide* O. M. No. F. 13(23)-E(Coord)/76, dated 8-7-1976 (Appendix III).

[Min. of Fin. Deptt. of Expenditure O.M. No. F. 13(23)-E(Coord)/76,  
dated 8-7-1976]

### **Recommendation (S. No. 6, Para 2.42)**

The Committee emphasise that there should be meaningful and speedy scrutiny of the programmes/schemes. In undertaking the scrutiny the following aspects should be prominently kept in view :—

- (a) the purpose/objectives which are proposed to be served by the schemes and their relative importance keeping in view the planned targets and priorities.
- (b) whether the programme/scheme serves best the objectives in view on the basis of the cost-benefit analysis or whether alternative programmes could serve the same objectives with less expenditure within the same time frame.
- (c) whether suitable norms/standards or other performance indicators have been included as an integral part of the scheme to provide the basis for effective management control and evaluation of the programme/scheme after its completion.

### **Reply of Government**

The recommendations/observations of the Committee have been noted and suitable instructions have been issued to all the Secretaries of the Ministries/Deptts. of the Government of India *vide* O.M. No. F. 1(17)/PF-11/76, dated 27-9-1976 (Appendix IV).

[Ministry of Finance, Department of Expenditure, O.M. No. 13(27)-E(Coord)/76, dt. 13-10-76]

### **Recommendation (S. No. 7, Para 2.43)**

In recent years it has come to be recognised that the ultimate responsibility for both economy and efficiency must be placed squarely on the shoulders of administrative Ministries/Departments. Centralisation of authority in regard to detailed scrutiny and approval of individual schemes in the Ministry of Finance leads not only to delays but also results in escalation of costs of schemes/projects. The Committee, therefore, consider that the Ministry of Finance should retain functions in conformity with their responsibility for providing broad guidelines and overall financial control through sanctioning of funds and making budget allocations to the

administrative ministries, taking into consideration the availability of resources, the competing demands of the various Ministries/Departments and plan priorities and the progress of the on going schemes/projects both in physical and financial terms.

#### **Reply of the Government**

The powers of the administrative Ministries are being enhanced from time to time. In the case of Ministries/Departments where the system of Integrated Financial Advisers has been introduced, their power to sanction expenditure has recently been enhanced from Rs. 50 lakhs to Rs. 1 crore *vide* this Ministry's O.M. No. F. 10(26)-E (Coord)/75, dated the 4th May, 1976 (Appendix V). The pre-budget scrutiny, however, continues to be carried out in the Ministry of Finance. Once a scheme has been included in the budget, the administrative Ministry/Department has full powers to sanction expenditure under its delegated powers, except where at the time of accepting the budget provision, it has been indicated that further details would be required to be given before issuing expenditure sanction.

[Ministry of Finance, Department of Expenditure O.M. No. F-13(21)-E (Coord)/76, dated the 6th December, 1976]

#### **Recommendation (S. No. 11, Para 3.14)**

The Committee cannot over-emphasises the need for rationalisation of methods of work adopted by the various Ministries/Departments and of evolving scientific work norms. Rationalisation of methods and fixing of norms is essential not only for effecting economy and improving overall efficiency in the Departments but for setting targets and measuring performance also. Moreover, it would be in the interest of Ministry/Department themselves to have such norms to dispel a general feeling that the Government Departments are over-staffed.

#### **Reply of Government**

The recommendation of the Estimates Committee emphasizes the usefulness of rationalisation of methods of work and evolution of work norms. We are in agreement with this recommendation. However, rationalisation of methods as a specific task is undertaken by the Department of Administrative Reforms and the Internal Work Study Units and the norm studies connected with staffing are undertaken by the Staff Inspection Unit in this Department. A list of norms studies completed by S.I.U. during the years 1973-75 and another list showing the programme of norms studies for 1976-77 is enclosed (Appendix VI).

[Ministry of Finance, Department of Expenditure, O.M. No. F. 13(28)-E(Coord)/76, dated 2nd November, 1976]

### **Recommendations (S. No. 13, Para 3.16)**

The Committee consider that evolution of norms is a pre-requisite to the delegation of further powers to the Ministries/Departments for creation of posts as the existence of suitable work norms could serve as a parameter for judging the requirements of the Ministries/Departments for additional staff.

### **Reply of Government**

The recommendation/observation of the Committee has been noted and suitable instructions have been issued to the Ministries/Departments *vide* O.M. No. F. 13(38)-E(Coord)/76, dated 19-10-76 (Appendix XI).

[Ministry of Finance, Department of Expenditure, O.M. No. F. 13(38)-E(Coord)/76, dated 19-10-1976]

### **Recommendation (S. No. 16, Para 3.19)**

The Committee find that the Administrative Reforms Commission suggested in September 1969 the introduction of the 'Desk Officer' system as a part of the scheme for re-organising the internal pattern of work in Ministries. They regret to note that it was only in January, 1973 *i.e.* after a lapse of five years that the Government accepted in principle the recommendation of the Commission and decided to introduce the scheme in a phased manner. The Committee also find that although it was decided that the 'Desk Officer' system should be effectively installed in at least one wing of a Ministry/Department by 31st March, 1974, the progress made in this regard has not been satisfactory. It is now proposed to introduce the system in various Ministries/Departments in a phased manner in a period of five years during 1975-1979. The Committee desire that the 'Desk Officer' system should be extended expeditiously to cover all the wings of the Secretariat that can be brought under it to effect rationalisation in staffing and to make the administration more action-oriented. The Committee suggest that this system should be particularly introduced in Departments having public dealings or where schemes/projects have to be executed with expedition and according to a time-bound programme.

### **Reply of the Government**

The introduction of the Desk Officer system throughout the Secretariat is a big change in the internal pattern of working in the Ministries. It has various implications particularly in regard to personnel as large number of staff in various categories like Section Officer, Assistant, Stenographer, UDC/LDC are affected. Accordingly the various aspects had to be care-

fully considered at different levels in the Government before a final decision in this regard could be taken. In view of all this, the processing of the recommendation of the Administrative Reforms Commission for introduction of the Desk Officer system took sometime. (The period was 3 years and 5 months and not five years). While accepting this recommendation it was also decided that the scheme should be phased over a period of time.

During the initial stages various problems like identification of areas suitable for introduction of the Desk Officer system, training of officers for the new system, framing and revision of relevant rules, incentive for desk functionaries etc. had to be resolved. Keeping all these in view the Ministries were asked to draw up a five year phased programme (1974-79) for switching over of all suitable areas of work to the Desk Officer system.

So far the Desk Officer system has been introduced in 100 Sections in 26 Ministries/Departments and it is expected that the Ministries will be able to implement the scheme over the five period.

The suggestion of the Committee that the system should be particularly introduced in Departments having public dealings or where schemes/projects have to be executed with expedition and according to a time-bound programme will be brought to the notice of the various Ministries/Departments and they will be asked to keep this in view when determining the areas suitable for introduction of the Desk Officer system.

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(36)-E(Coord)/76, dated 31st August, 1976]

#### **Further information called for by the Committee**

Please furnish a copy of the instructions issued in regard to introduction of Desk Officer System in Departments having public dealings or where schemes/projects have to be executed with expedition and according to the time bound programme. Please also intimate the action taken by the various Ministries on these instructions.

[Lok Sabha Sectt. O.M. No. 5/8/EC/76, dated 24th February, 1977]

#### **Further reply of Government**

The need for speedy introduction of the Desk Officer system on a time-bound programme is being emphasised on the various Ministries/Departments from time to time. In this connection, a copy of Cabinet Secretary's D.C. letter No. K-11011/5/75-AIR(B), dated 23-10-1976 to all the Secretaries requesting them to draw up a time-bound programme for conversion of all suitable areas into the Desk Officer system is enclosed. (Appendix XII). The progress in the implementation of the Desk Officer

system is also reviewed in the O&M Officers' meetings taken by the Deptt. of Personnel and Administrative Reforms. The recommendations of the Estimates Committee have specifically been brought to the notice of all O&M Officers attending these meetings.

2. A statement showing the Ministries/Departments in which the Desk Officer system has been installed and also the number of Sections actually converted into the Desk Officer system is also attached (Appendix XII). It would be seen therefrom that the system is now operating in 32 Ministries/Departments (as against 25 reported in August, 1976) with 166 Sections (as against 100 reported in August, 1976) functioning on Desk Officer system.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13 (1)-E(Coord)/77, dated the 18th March, 1977]

### **Recommendation No. 17 (Para 3.22)**

The Committee are surprised to find that in spite of recommendations made by the Group of Ministers as early as 1973 no action has been taken by Government to enhance the powers of the indenting Departments in respect of direct purchase of stores and the matter is awaiting consideration by another high powered Committee set up in December, 1974. The Committee regret to note the inordinate delay in this regard. If any discussion at high level was required, it should have been completed well in time and concrete proposals for delegation of enhanced powers in regard to direct purchase of stores etc. evolved by now.

The Committee would like to point out that genuine difficulties are being experienced by the Ministries/Departments due to lack of adequate powers in regard to purchase of stores and spare parts for machinery. For example, in Border Roads Organisation, vehicles and equipment of the value of Rs. 2.46 crores were lying unutilised as on 31st March, 1975 for want of spares. This is by no means an exceptional case. The Committee need hardly point out that the essential criteria in delegation of financial powers is the cost-benefit factor. It is obvious that if the Administrative Ministries/Departments have the authority to procure requisite stores, spares, etc. not only will they be able to maintain the equipment and machinery in fully operational condition but this would also greatly bring down the heavy inventories which are built up by the Government organisations due to a feeling of uncertainty about the timely availability of stores and spares. The Committee desire that with the introduction of the system of integrated Financial Adviser, suitable procedures should be evolved whereby it is possible for the Ministries/Departments to purchase expeditiously essential stores and spare parts for machinery and

equipment as per the procedure to be prescribed in this behalf to safeguard public interest. The Committee would like to be informed of the concrete action taken in this regard.

### **Action Taken by Government**

Government do realise the importance of suitably determining the direct purchase powers to be given to the various Ministries/Departments in order to ensure that their responsibilities are discharged smoothly. In this connection, it is pointed out that the normal direct purchase powers in respect of items centralised for purchase with the Central Purchase Organisation are limited to indents not exceeding Rs. 50,000/- in value in normal course and to purchases not exceeding Rs. 3,000/- in value in each case (subject to an annual limit of Rs. 25,000/-) where it is proposed to make purchase of an item available on Rate or Running Contract from sources other than the Rate or Running Contract sources. However, in certain specific cases, some special relaxations/special limits have been fixed as indicated in the Annexure enclosed (Appendix XIII).

The Government decided on 24th December, 1974 that there was need to set up a high level committee under the Chairmanship of the Minister of Supply and Rehabilitation to examine in depth the existing organisations and the methods and procedures adopted in purchasing stores by the Central Government Departments. The principal spending Ministries, three eminent members of industry, the Finance Secretary, the Comptroller and Auditor General, the Planning Commission etc. are represented in the Committee. The scope of the Committee's investigations covers the working of different Ministries/Departments of the Government with a view to achieving efficiency and economy in procurement and includes in its scope the optimum degree of centralisation of purchase as well. Therefore, though at one stage it was considered that a doubling of the powers enjoyed by the Ministries/Departments for direct purchase might be made, since this important aspect of policy also figured in the scope of High Powered Committee, it was decided not to anticipate the conclusions of that Committee by implementing any significant enhancement of direct purchase powers at this stage.

The Committee is, however, assured that no clearly desirable change is being deferred on this account. It is only the general and uniform enhancement of powers that is not being decided upon in anticipation of the High Powered Committee's deliberations. On the other hand, as would be observed from the Annexure, the necessary flexibility required for meeting the special circumstances of certain users/consuming Ministries is accommodated through appropriate powers/relaxations. Similarly, no request for direct purchase authorisation in any individual Ministry/Depart-

ment is turned down without due examination. The Committee would appreciate that the envisaged improvement in procurement procedures, will profoundly affect the assessment of the optimum level of centralisation on cost benefit basis and any long-term policy decisions would be possible only when the scope for improvement in procedures both in the Central Purchase Organisation and in the consuming Ministries/Departments are investigated thoroughly, spelt out and implemented. Pending this the Government would ensure that no legitimate enhancement/amendment of powers necessary in the interests of efficient functioning is postponed or turned down merely on the ground that the High Powered Committee has not yet given its recommendations.

Referring to the specific case of Director General Border Roads, as may be seen from entry 11 of the Annexure, emergency powers do exist for purchase of urgently needed spares. From entry 2 *ibid*, it can be seen that Director General Border Roads also enjoys higher powers than other Departments for purchase of MT spares in particular. Arising out of the observations of Estimates Committee in their recommendation under consideration, a meeting was held in the room of Secretary, Border Roads Development on 15-4-1976 and based thereon necessary steps to ensure timely coverage of DGBR's indents and to hold periodical review meeting between the DGBR and DGS&D in order to ensure that timely action is taken for prompt execution of supply orders, have been agreed upon.

[Ministry of Finance, Department of Expenditure, O.M. No. F. 13(37)-E(Coord)/76, dated 4th November, 1976].

### **Recommendation (S. No. 19, Paras 3.36—3.38)**

The Committee note that at present the Administrative Ministries/Departments have generally the powers to sanction and write off losses of stores upto Rs. one lakh provided the loss is not due to theft, fraud or negligence and upto Rs. 25,000 in other cases. All cases above these amounts are sent to the Ministry of Finance for sanction. The Committee feel that in the matter of loss of stores, the responsibility should be placed squarely on the administrative Ministries/Departments to make a thorough and searching investigation of such cases, to sanction write off of losses and to apply the lessons learnt therefrom to prevent the recurrence of such cases in future.

One of the reasons advanced for retaining powers by the Ministry of Finance in this regard is that they have to see whether such a loss was not due to any basic lacuna in the system itself. The Committee consider that this objective can be achieved by calling a periodical statement of losses together with reasons therefor and examining them to see if they reveal any defects in the system of work or any lacuna in the rules etc. Thereafter



suitable action can be taken by the Ministry of Finance to devise remedial measures in the shape of issuing guidelines or the amending of rules etc.

The Committee recommend that in the light of the above and the introduction of the system of Integrated Financial Adviser, Government may consider the question of suitably enhancing the powers of the administrative ministries to write off losses of stores. This should, however, not preclude any thorough investigation or probe being conducted by Ministries/Departments, where there are heavy losses, to pin-point responsibility and to obviate the chances of their recurrence. A periodical statement should be submitted to the Ministry of Finance showing the reasons for the losses and the remedial measures taken to ensure that such losses do not recur.

### **Reply of the Government**

The recommendation/observation of the Committee has been noted and the powers of the Ministries/Departments of the Central Government for write off of losses have since been enhanced upto Rs. 10 lakhs in respect of losses of stores not due to theft, fraud or negligence and upto Rs. 1 lakh in other cases, *vide* this Department's O.M. No. F. 1(5)-EII(A)/76, dated the 30th October, 1976 (Appendix XV). Provision has been included in the said O.M. for the submission of a quarterly statement of write off of losses by the Ministries/Departments to their Associate/Integrated Finance indicating the reasons for the loss, nature of the loss and the remedial measures taken to prevent the recurrence of that type of loss. It has also been stipulated in the said O.M. that wherever the loss reveals some basic defect in the rules or procedures requiring amendment of the Delegation of Financial Powers Rules, 1958, and/or the General Financial Rules, 1963, the Financial Advisers will bring the same to the notice of the Department of Expenditure for further necessary action.

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(13)-E(Coord)/76, dated the 22 November, 1976]

### **Recommendation (S. No. 20, Para 3.48)**

The Committee note that it was in June, 1969 that the Administrative Reforms Commission submitted its Report on Delegation of Financial powers commending for consideration by Government the suggestions of the Working Group on Financial Rules. It is regrettable that even after the lapse of six years, no significant progress has been made to implement even those suggestions of the Working Group which had been accepted by them long ago which included *inter alia* the suggestions for delegating enhanced powers to some of the Ministries/Departments like C.P.W.D.,

DGS&D, and Department of Printing and Stationery etc. In the opinion of the Committee, such inordinate delay in the actual implementation of their own decisions, do not speak well of the functioning of the administrative machinery. The Committee stress that the suggestions of the Working Group which have already been accepted by Government should at least now be implemented without any further delay and action taken in this regard intimated to them.

### **Reply of the Government**

The recommendations of the Working Group on Financial Rules, which have been accepted or those which have been accepted with modifications, have all since been implemented as indicated in the statements appended (Appendix XIV).

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(23)-  
E(Coord)/76, dated the 21st October, 1976.]

### **Recommendation (S. No. 22, Para 3.50)**

The Committee expect that Government would extend the principle of delegation of enhanced powers to all executing agencies in the interest of speedy execution of schemes/projects.

### **Recommendation (S. No. 23, Paras 3.58—3.60)**

The Committee need hardly emphasise that for a system of delegation of powers to be effective, there should not only be substantial devolution of financial powers from the Ministry of Finance to the administrative Ministries but there should be further delegation of powers to the field agencies which have the primary responsibility for execution of schemes and attaining set targets. It is essential that they should have adequate powers, commensurate with the responsibility to be discharged by them.

Further, the powers once delegated need to be reviewed periodically to see that these suit the changed circumstances and situations and are being exercised prudently. For instance financial powers delegated in regard to purchases, award of contracts, contingent expenditure, write off losses etc. may cease to be realistic after some time on account of changes in price level etc. Ignoring such changes means serious hinderance to prompt and effective administrative action.

The Committee regret to note that in spite of the emphasis laid down in the successive orders issued in 1962, 1968 and 1975 that the administrative Ministries should delegate to the maximum extent administrative financial powers to the heads of Departments and other subordinate authorities, there has not, been adequate delegation of powers to these

authorities. This is a sad state of affairs and calls for strict vigilance in ensuring actual implementation of the orders issued. The Committee recommend that a time-limit of not more than 6 months should be fixed for re-delegation of adequate powers to the subordinate/field authorities commensurate with the responsibility to be discharged by them. Complete and up-to-date schedules/statements of powers delegated to the subordinate/field organisations should also be prepared. The Committee also recommend that the powers delegated to subordinate organisations should be regularly reviewed once a year to see that these suit the changed circumstances.

### **Recommendation (S. No. 24, Para 3.61)**

The Committee further suggest that a comprehensive review should be carried out in the last year of the Five Year Plan to identify constraints and difficulties which may have come in the way of speedy implementation of the schemes/projects with a view to suitably enhance the powers so that these difficulties are not experienced in the ensuing plan period.

### **Reply of the Government**

The above recommendations have been accepted by Government.

In order that the powers are delegated to the actual executing agencies as envisaged in this Ministry's O.M. No. 10(13)-E(Coord)/75 dated 10-4-1975, all the Ministries/Departments, including those who have already completed the review in pursuance of the Department of Personnel and Administrative Reforms O.M. No. K. 12011/14/75-Cy. dated 4-9-1975, have been requested in this Department's O.M. No. F. 13(31)-E(Coord)/76 dated the 12th August, 1976 to review the powers of the executing agencies, sub-Ministry formations/levels and to send a report to this Department by 30-11-1976 at the latest, on the implementation of the re-delegations of powers.

2. All the Ministries/Departments have also been requested to prepare complete and up-to-date schedules/statements of powers delegated to the subordinate/field organisations. A report to the effect that this has been done has also been called for from all the Ministries/Departments by 30-11-1976.

3. All the Ministries/Departments have also been instructed to review the powers delegated to the executing agencies in the month of May every year to see that the existing delegated powers suit the changed requirements. The first review may thus be made in May, 1977. In addition, Ministries/Departments have been requested to carry out a comprehensive review of the delegated powers in the last year of the Five Year Plan to identify constraints and difficulties which may have come in the way of

implementation of the schemes/projects. The annual review to be taken in May, 1977 may therefore, be comprehensive. A report to the effect that the comprehensive review of the delegated powers has been carried out is required to be sent by all the Ministries/Departments to this Department by 30th June, 1977, *vide* this Department's O.M. No. F. 13(31) E(Coord)/76 dated the 12th August, 1976 (Appendix XVII).

**Further information called for by the Committee**

**Recommendation (S. Nos. 22-24, Paras 3.50—3.61)**

Please intimate the progress made in carrying out the review of the powers of the executive agencies, Sub-Ministry formation/levels by the various Ministries and action taken in pursuance thereof. The progress made by the Ministries/Departments in the preparation of complete and upto date schedule/statements of powers delegated to subordinate/field organisation may also be intimated.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977]

**Further reply of the Government**

The following Ministries/Departments have reported that :

- (a) Powers of executive agencies, sub-Ministry formations/levels have been reviewed and such additional powers as are considered necessary to match their requirements have been delegated to them.
- (b) A complete and upto date schedule/statement of powers delegated to the subordinate/field organisations has been compiled and kept on record by them.

*Ministry/Department*

1. Prime Minister's Secretariat
2. Ministry of Petroleum
3. Ministry of Chemicals & Fertilizers
4. Department of Space
5. Department of Justice
6. Department of Atomic Energy
7. Planning Commission
8. Department of Power
9. Ministry of Supply

10. Ministry of Civil Supplies & Cooperation
11. Department of Agriculture, Research & Education
12. Department of Statistics
13. Department of Food
14. Legislative Department
15. Ministry of Labour
16. Department of Electronics
17. Ministry of Communications
18. Ministry of Finance (Defence Division)
19. President's Secretariat
20. Department of Parliamentary Affairs
21. Department of Revenue & Banking (Banking Wing)
22. Ministry of Home Affairs
23. Department of Irrigation
24. Department of Mines
25. Ministry of Works & Housing
26. Ministry of Shipping & Transport
27. Ministry of External Affairs
28. Department of Industrial Development
29. Department of Economic Affairs

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E(Coord)/77 dated the 9th March, 1977].

**Recommendation (S. No. 25, Para 3.66)**

The Committee emphasise that while it is essential that there should be adequate delegation of powers to avoid delays, it is equally necessary to ensure that the powers delegated to various Ministries/Departments and subordinate offices are actually exercised by the officers at various levels. The unwillingness among officers to accept responsibility and to refer up the cases should be discouraged by the higher officers refusing to entertain cases where the lower authorities have adequate powers to take decision. The officers at all levels should be made to realise that they will not be allowed to play safe and shift the responsibilities on others but would have to take decision on matters falling within their jurisdiction. The Committee would like to point out that one of the ways to ensure that the delegated powers are actually exercised is to create a proper atmosphere for it. The delegation of powers should be in clear and precise terms and the

officers should be consciously encouraged to develop initiative and take decisions. It is essential that the officers are instilled with confidence that methodical and conscientious carrying out of duties and exercise of powers entrusted to them, will bring recognition and omissions and mistakes made bona fide, in the normal course, would not be held against them.

### **Reply of the Government**

The recommendation of the Committee has been accepted. The contents of the recommendation have also been brought to the notice of all Ministries/Departments of the Government of India *vide* copy of O.M. No. 13(36)-E(Coord)/76 dated 25th November, 1976 (Appendix XVIII).

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(36)-E(Coord)/76, dated 25-11-1976].

### **Recommendation (S. No. 26, Para 3.67)**

The Committee need hardly suggest that proper training with the help of case studies would promote undertaking and exercise of powers with due prudence in the larger public interest at all authorised levels.

### **Reply of the Government**

The recommendation has been accepted. Training programmes in this connection will be organised by the Department of Personnel and Administrative Reforms (Training Division) in consultation with the Ministry of Finance.

[Ministry of Finance, Department of Expenditure, O.M. No. F. 13(32)-E(Coord)/76, dated the 29th September, 1976].

### **Recommendation [S. No. 35, Para 4.31(vi)]**

Comprehensive schemes should be drawn up for organising proper training and orientation courses for the Integrated Financial Adviser as well as the other officers and staff of the Division particularly in areas like long range planning, capital budgeting, management accounting etc. Regular refresher courses should also be provided for them.

### **Reply of the Government**

The recommendation has been accepted. Training programmes for the Integrated Financial Advisers as well as other officers and staff of the Division will be arranged by the Department of Personnel and Administrative Reforms (Training Division) in consultation with the Ministry of Finance.

[Ministry of Finance, Department of Expenditure, O.M. No. F. 13(32)-E(Coord)/76, dated the 29th September, 1976].

### Further information called for by the Committee

(i) Please intimate the action taken by the Department of Personnel and Administrative Reforms in arranging the training programme.

(ii) Please intimate the action taken to arrange the training programmes by the Department of Personnel and Administrative Reforms.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977].

### Further reply of Government

An informal Group consisting of the Controller General of Accounts and one Additional Secretary and one Joint Secretary from the Ministry of Finance (Department of Expenditure) and one Joint Secretary and one Director from the Department of Personnel and Administrative Reforms has been formed to look into the training requirements of the officers and staff of the Ministry of Finance (including staff of the Controller General of Accounts) and to oversee organization of necessary training programmes. Action is being taken to arrange two kinds of training programmes :—

- (i) a series of weekend programmes for senior levels (Financial Advisers, Deputy Financial Advisers, Controllers of Accounts) on important topics of financial and general management like performance budgeting, network techniques, financial decision-making, etc. Arrangements are being made to start these programmes sometimes during the latter half of April.
- (ii) Comprehensive training programmes for the senior and junior level officials in general financial management. Before these programmes can be organised, the training needs have to be assessed precisely. The Administrative Staff College, Hyderabad, has been requested to study these needs. The project proposal received from the College is under examination and a decision is expected to be taken shortly. As launching of these programmes will require substantial preparation, it is anticipated that the actual courses will be starting only from about August, 1977.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E(Coord)/77, dated the 19th March, 1977].

### Recommendation (S. No. 27, Para 3.68)

The Committee also desire that specific mention should be made in the confidential reports of the officers about their capabilities and performance in the exercise of authority entrusted to them in the interest of timely and speedy disposal of work.

### **Reply of the Government**

The recommendation of the Committee has been accepted. The form of confidential report is being revised and it is proposed to include in a column the general comments, among others, on application of knowledge, delegated authority and conceptual and professional skills on the job.

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(31)-E(Coord)/76, dated 1st September, 1976].

#### **Recommendations (S. No. 29, Para 4.30)**

The scheme of Integrated Financial Adviser is claimed to be an improvement on the earlier scheme of Internal Financial Adviser. The success of this scheme would, however, depend on the manner and the spirit in which it is implemented. The Committee need hardly point out that in the implementation of this scheme, the Secretary, Ministry of Finance, the Secretary of the Administrative Ministry and the Integrated Financial Adviser have to play an important role. It is they who have to devise suitable measures for the implementation of the scheme in latter and spirit so as to achieve the desired results. The Committee stress that the Government should put to effective use the experience of the working of such schemes since 1958 and keep a contemporaneous and vigilant watch, on the implementation of the new scheme of Integrated Financial Adviser so as to resolve speedily difficulties/problems which may be encountered in the interest of achieving the objectives underlying it.

#### **Recommendation [S. No. 30, para 4.31(i)]**

The success of the scheme would depend largely on the attitude, orientation and lead given by the Officers selected as Integrated Financial Advisers. Such Officers should have wide experience of administrative matters in the field as well as of finance and accounts so that they can really play an effective and constructive role and bring their expertise to bear in assisting the Secretaries of the Ministries in carrying out the developmental programmes with economy and efficiency. They have to assist the administrative Ministries in planning, budgeting and reviewing their schemes. In fact, those officers have to involve themselves fully in the activities of the Ministries concerned. They should help in removing the inhibiting factors to the fully exercise of delegated powers by the Administrative Ministries.

#### **Recommendation [S. No. 31, Para 4.31(ii)]**

The Integrated Financial Adviser should help in selecting the best suited and most viable schemes out of various alternatives or shelf of schemes. He is not merely to point out the shortcomings and lacunae in the schemes but



has to play a positive and constructive role in advising and assisting the administrative Ministries in the formulation and finalisation of their schemes expeditiously and on sound economic principles. His advice/suggestions should be based on objective criteria such as cost-benefit analysis. He should also help on development of management techniques based on evaluation of financial implementations/effects.

### **Reply of the Government**

The above recommendations/conclusions of the Committee have been noted and have also been brought to the notice of all the Ministries/Departments of the Government of India in the Department of Expenditure O.M. No. F. 13(25)-(Coord)/76 dated 28th July, 1976 (Appendix XXX).

[Ministry of Finance, Department of Expenditure, O.M. No. F. 13(25)-E(Coord)/76, dated 17th August, 1977].

### **Further information called for by the Committee**

The details of officers selected as Integrated Financial Advisers and their experience in administrative matters as well as of finance and accounts may be intimated.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated the 24th February, 1977].

### **Further reply of Government**

The officers appointed as Integrated Financial Advisers have held senior posts in the respective Services to which they belong and during the course of their service have dealt with various types of administrative, etc. matters. The details of officers, the Service to which they belong and the Ministries/Departments where they have been posted as Financial Advisers are given in the Appendix XX.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E(Coord)/77, dated the 17th March, 1977].

### **Recommendation [S. No. 32, para 4.31(iii)]**

Suitable accounting and reporting system should be devised in each administrative Ministry to ensure sound financial management. The reporting system should be such that delays are reported for immediate attention and adoption of remedial measures. There should be an effective organisation for monitoring the progress of schemes to see that the actual progress made is in accordance with the targets therefor. In cases of variation the reasons should be analysed and bottlenecks, if any, removed.

Performance appraisal techniques should also be devised to ensure that the results achieved are commensurate with the expenditure incurred.

### **Reply of the Government**

The recommendation/observation of the Committee has been accepted and brought to the notice of the Ministries/Departments of the Government of India and their Financial Advisers *vide* Department of Expenditure O.M. No. 13(13)-E(Coord)/76 dated the 13th December, 1976. (Appendix XXI)

[Ministry of Finance, Department of Expenditure O.M. No. 13(13)-E(Coord)/76 dated 13-12-1976]

### **Further information called for by the Committee**

Please intimate the action taken by the Ministries/Departments to set up suitable organisation for monitoring and evaluation of the schemes.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977]

### **Further reply of Government**

The monitoring and evaluation of schemes is carried out in the Ministries/Departments generally by a reporting system and discussions in periodical meetings under the Chairmanship of Secretary/Head of Division. The periodicity of such meetings, *viz.*, monthly, quarterly and/or half yearly, is determined by the nature and outlay involved in the projects/programmes.

2. Some of the Ministries/Departments have set up Steering Committees, Monitoring and Evaluation Cells, Research and Development Panels, Construction Monitoring Organisation etc. to monitor the progress of important projects/schemes.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E(Coord)/77, dated the 26th April, 1977]

### **Recommendation [S. No. 33, Para 4.31(iv)]**

Quarterly reports should be submitted to the Ministry of Finance regarding the progress made in the execution of major schemes and expenditure thereon *vis-a-vis* the targets/estimates originally fixed therefor so as to keep the Ministry of Finance informed about the progress of the schemes both in physical and financial terms to enable them *inter alia* to have an overall view of public expenditure.

### **Recommendation [S. No. 44, Para 5.13]**

The Committee also stress that the implementing agencies should also periodically evaluate their programmes/schemes to see whether the results

achieved and benefits accrued are in accordance with the objectives aimed at and are commensurate with the expenditure incurred. With the introduction of Integrated Financial Advisers, it should be possible for the Secretary of the Ministry/Department to have periodical reviews, say once in a quarter but not less than once in six months, to see how far the physical progress made is in consonance with the flow of expenditure. For example, it should be possible to prepare a meaningful memorandum to bring out how cash, draw back of duties and other incentives given in the interest of stepping up export of manufactured and semi-manufactured commodities have resulted in actual increase (in physical as well as monetary terms) and how far the contribution made from the Exchequer to earn more foreign exchange is justified. To take another example, the price of different types of fertilisers has been varied from time to time by Government with a view to encourage its off-take in the interest of increased agricultural production and for ensuring balanced nutrient inputs for the soil. It should be possible by suitable accounting methodology to produce a flow chart showing the actual off-take, the burden borne by the public exchequer by way of subsidy and the results achieved by way of increased agricultural production so as to apply "on course" correctives without loss of time. The Committee stress that important schemes and projects should be so prepared and finalised, with the assistance of Integrated Financial Advisers, as to throw up identifiable parameters to judge the effectiveness of regulated expenditure and direction and enable the management of meaningfully monitor the actual progress made in the field and apply "on Course" correctives, as required.

### **Reply of the Government**

The above mentioned recommendations have been accepted by Government. All the Financial Advisers have been requested to periodically evaluate the programmes/schemes pertaining to the Ministries/Departments with which they are associated to see whether results achieved and benefits accrued are in accordance with the objectives aimed at and are in commensurate with the expenditure incurred. They have also been requested to submit quarterly reports to the Ministry of Finance in this regard so as to keep them informed about the progress of the schemes both in physical and financial terms to enable them, *inter alia*, to have an overall view of public expenditure.

[Ministry of Finance, Department of Expenditure O.M. No. 13(27)-  
E(Coord)/76 dated the 3rd December, 1976]

### **Recommendation [S. No. 34, Para 4.31(v)]**

Suitable measures should be devised to see that the expenditure is evenly distributed throughout the year so that there is no rush of expenditure towards the end, which usually results in wasteful expenditure.

### **Reply of the Government**

It has been laid down in the Ministry of Finance O.M. No. F. 10(3)-E(Coord)/67 dated 18-10-1968 that the Internal Financial Adviser in each Ministry/Department will watch and review the progress of expenditure against sanctioned grants through maintenance of necessary control registers and to issue timely warning to Controlling Authorities where the progress of expenditure is not even. With the introduction of the scheme of "Integrated" Financial Advisers and the transfer of the responsibility of maintenance of accounts to the Ministries/Departments, it is felt that the function to watch and review the progress of expenditure can be discharged more effectively. The intergrated Financial Advisers (Internal Financial Adviser where the scheme has not yet been introduced) have been asked to conduct monthly review so that a close watch is kept over the trend of expenditure against sanctioned grants. In this connection a copy of this Ministry O.M. No. 13(29)-E(Coord)/76 dated 8th September, 1976 is also attached. (Appendix XXII)

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(29)-E(Coord)/76 dated the 8th September, 1976]

### **Recommendation [S. No. 35, Para 4.31(vi)]**

Comprehensive schemes should be drawn up for organising proper training and orientation courses for the Integrated Financial Adviser as well as the other officers and staff of the Division particularly in areas like long range planning, capital budgeting, management accounting etc. Regular refresher courses should also be provided for them.

### **Reply of the Government**

The recommendation has been accepted. Training programmes for the Integrated Financial Advisers as well as other officers and staff of the Division will be arranged by the Department of Personnel and Administrative Reforms (Training Division) in consultation with the Ministry of Finance.

[Min. of Fin., Deptt. of Expenditure, O.M. No. 13(32)-E(Coord)/76 dt. 29th September, 1976]

### **Recommendation [S. No. 36, Para 4.31(vii)]**

There may be periodical inter-change of officers between the financial wing and other wings of the administration. This will not only enrich the experience of those who are thus inter-changed but the financial advice given by persons having administrative experience, will be more practical as they will have necessary perspective to appreciate the difficulties of officers in charge of administering and executing programmes.

### Reply of the Government

The above recommendation has been accepted by Government.

2. The Staff of the Associate Finance Divisions in the Department of Expenditure has for the present been transferred to administrative Ministry/ Department under the Integrated Financial Advice Scheme on the following basis :—

- (i) Officers of services other than the Central Secretariat Service are treated as on deputation to the Administrative Ministry instead of to the Finance Ministry ;
- (ii) Officers of the Central Secretariat Service including Grade I and Selection Grade are treated as transferred to the administrative Ministry;
- (iii) Members of the decentralised cadres of various grades of Central Secretariat Service are transferred on loan basis from their present cadre to the cadre of the administrative Ministry on a purely temporary basis.

Thus the Integrated Finance Divisions are at present manned by officers having varied experience.

3. The scheme also provides that the officers and staff of the integrated Finance Division would be required to have a background and training in Finance and Accounts and would be appointed in consultation with the Financial Adviser. The Ministries/Departments are free to have their officers/ staff with administrative experience trained in Finance and Accounts works. This would provide for the necessary inter-change of officers/staff from administration wings to the Finance Wing and *vice-versa*. Besides this, some officers would continue to be drawn on deputation from other All India and Central Services as at present.

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(25)-E (Coord)/76 dated the 3rd December, 1976]

#### Further information called for by the Committee

Please intimate the specific action taken by the Ministries (including instructions, if any, issued) in regard to periodical interchange of officers between financial wing and other wings of the Administration and the results achieved.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977]

#### Further reply of Government

As the Integrated Finance Divisions have come into being only recently the necessity for periodical inter-change of officers between financial wing

and other wings of the Administration has not arisen so far. The question of manning these Divisions in future is under active consideration. The recommendation of the Estimates Committee will be borne in view while taking a final decision in the matter.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E(Coord)/77 dated the 9th March, 1977]

**Recommendation [S. No. 37 (Para 4.31 (viii))]**

One of the criticism against Internal Financial Advisors was about making reference to the Ministry of Finance even where the Internal Financial Advisors had the necessary authority to clear the case. The Committee would like to stress that to make the new scheme of Integrated Financial Advisors a success, it should be ensured from the very beginning that the delegated powers are fully exercised and making of unnecessary references to the Ministry of Finance should be considered as a sign of unwillingness to shoulder the responsibility.

**Reply of the Government**

The recommendation/conclusion of the Committee has been brought to the notice of all the Ministries/Departments of the Govt. of India vide Department of Expenditure O.M. No. F. 13 (25)-E (Coord)/76 dated the 28th July, 1976. (Appendix XIX).

[Ministry of Finance, Deptt. of Expenditure, O.M. No. F. 13(25)-E (Coord)/76 dated 17th August, 1961].

**Recommendation [S. No. 38 (Para 4.32)]**

The Committee have been informed that the new system was expected to start functioning in 12 Ministries/Departments by the 1st April, 1976 and would be extended to all the Ministries/Departments during the course of the year 1976-77 except in the case of some miscellaneous group of Ministries/Departments where it is felt that these are too small to have separate financial advisers. The manner in which the financial advice work for these Departments/Ministries should be handled have not yet been decided. The Committee would stress that effective measures should be taken by the administrative Ministries/Ministry of Finance to ensure that the scheme is actually introduced in the 12 Ministries, from the 1st April, 1976. They would also like that specific time schedules are fixed for introducing this scheme in the remaining major ministries/departments during the course of the year 1976-77. The Committee would also like Government to take an early decision regarding the manner in which the financial advice work in the smaller depart-

ments would be handled where the scheme of integrated financial adviser is not proposed to be introduced so as to remove uncertainty in this regard.

### **Reply of Government**

The scheme of integrated financial advisers has already been introduced in the Ministries/Departments shown below annexure. The scheme will be introduced in the Department of Power as soon as the Financial Adviser has joined. As regards the Departments of Economic Affairs and Expenditure, the Department of Personnel and Administrative Reforms have been requested to suggest a suitable set-up for the purpose. The question of the financial advice work of the smaller Departments is also under review. In the meantime, the work is being looked after by an Additional Secretary in the Department of Expenditure in addition to his other duties. There is thus no uncertainty in this regard.

### **Ministries/Departments where Integrated FAs are in position**

<i>S. No.</i>	<i>Ministries</i>
1.	Tourism & Civil Aviation
2.	Industry & Civil Supplies
3.	Supply
4.	Information & Broadcasting
5.	Health & Family Planning
6.	Works & Housing
7.	External Affairs
8.	Science & Technology
9.	Shipping & Transport
10.	Commerce
11.	Steel & Mines
12.	Rehabilitation
13.	Coal
14.	Defence Production
15.	Defence Supplies
16.	Home Affairs & Personnel
17.	Labour
18.	Fert. & Chemicals
19.	Revenue & Banking

20. Food
21. Education
22. Irrigation
23. Agriculture
24. Petroleum

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(34)-E (Coord)/76, dated 26-11-1976].

**Recommendation (S. No. 39 Para 4.33)**

The Committee further desire that the Finance Secretary should hold a meeting with the Integrated Financial Advisers after three months of the introduction of the scheme i.e. in July, 1976 to review the progress of the working of the scheme and to remove bottlenecks, if any, experienced by the Integrated Financial Advisers in the implementation of the scheme. Thereafter, such meetings may be held every quarter till such time that the scheme is successfully implemented.

**Reply of Government**

A meeting with the Integrated Financial Advisers was taken by the Finance Secretary on 15th July, 1976 for reviewing the progress of the working of Integrated Financial Scheme. Such meetings will be held in future also at suitable intervals.

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(24)-E(Coord)/76, dated the 26th July, 1976].

**Further information called for by the Committee**

Please intimate the number of meetings held by the Finance Secretary with the Integrated Financial Advisers since July, 1976.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76, dated 24-2-1977].

**Further reply of Government**

The Finance Secretary has held three meetings with the Integrated Financial Adviser since July, 1976. These meetings were held on 23-8-1976, 25-10-1976 and 29-11-1976.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1) E(Coord)/77 dated the 9th March, 1977].

**Recommendations (S. Nos. 45 and 46, Paras 5.14 and 5.15)**

“The Committee would further stress that for proper evaluation of schemes/programmes it is essential to have an effective organisation for monitoring and evaluation. They regret to note that in spite of stress laid in the



draft Fifth Five Year Plan, the progress in this regard has not been satisfactory. Many of the Central Ministries have not yet set up these monitoring cells. Similarly, many of the State Governments have also not set up these cells, although under a central scheme, the State Governments are reimbursed two-third of the expenditure incurred on the setting up of these monitoring Cells. The Committee recommend that urgent steps should be taken for setting up effective cells staffed with suitably trained personnel for monitoring and evaluation of the schemes/projects at various levels.

The Committee also recommend that the Planning Commission should also make a regular periodical evaluation of the on-going programmes to see how far the planned targets have been achieved and served the desired objectives. The decisions in regard to further investment in these programmes/schemes should be taken on the basis of such evaluation."

### **Reply of Government**

The Planning Commission have advised the Central Ministries and the State Governments to set up monitoring and evaluation cells at different levels. Board guide-lines regarding the set up and functions of these cells have also been circulated. In continuation of this action, discussions were held with a number of Central Ministries regarding their monitoring set up. Specific proposals for manning these cells received from Ministries of Energy, Petroleum and Chemicals and Fertilizers were examined and cleared by the Planning Commission. Provision was also made in the Annual Plan for monitoring cell in the Department of Power (Central Electricity Authority).

As far as the States are concerned, detailed discussions were held in 1975-76 with representatives of number of States where their existing monitoring set-up was reviewed. Requirements of funds for monitoring set up have also been reviewed during the Annual Plan discussions, and funds have also been allocated to States which came up with well-formulated schemes, as a part of the Centrally sponsored scheme for strengthening of Planning Machinery at the State level. Monitoring and evaluation Cells have thus been approved in most of the major States as per list attached (Appendix XXIV). Besides, a number of training programmes have also been organised for State Officers in respect of the monitoring and evaluation systems to be established at various levels.

The Planning Commission have already formulated a proposal for strengthening their monitoring set up and establishing a Centralised Data Bank for making regular periodical evaluation of the on-going programmes with a view to comparing the progress with the Plan targets, indentifying areas of

short-fall and as a result of these monitoring and evaluation exercises, providing the necessary inputs for the Plan formulation process.

[Ministry of Finance, Department of Expenditure, O.M. No. F. 13(21)-E(Coord)/76 dt. the 23rd June, 1976].

**Further information called for by the Committee**

Please furnish the following information :—

- (i) the guidelines issued by the Planning Commission regarding the set up and functions of the monitoring and evaluation cells;
  - (ii) the names of the Ministries/Departments which have not yet set up such cells and the reasons therefor;
  - (iii) the action taken by the Planning Commission for strengthening their monitoring set up and establishing a Centralised Data Bank for making periodical evaluation of the on-going Programmes.
- [Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977].

**Further reply of Government**

- (i) The guidelines on Monitoring & Evaluation were included in the Draft Fifth Five Year Plan which was circulated to all Ministries on 4-12-73. Later, attention of Secretaries of Ministries of Steel & Mines/Petroleum & Chemicals/Irrigation & Power/Heavy Industry/Industrial Development/Chairman, Rly. Board was drawn to these guidelines and they were specifically requested to set up Monitoring & Evaluation Cell vide Shri B. D. Pande, Principal Planning Secretary's D.O. letter No. O-11018/1/73-EMO dated 10-12-1973. (Appendix XXV).
- (ii) All the Ministries dealing with the core-sector who were advised by the Planning Commission to set up Monitoring and Evaluation Cells, have either established such cells or have taken action to ensure that the functions envisaged for these cells are performed effectively by the existing in the Ministries;
- (iii) The Monitoring & Information Division is coordinating and integrating the Monitoring and Evaluation effort in the Planning Commission and additional expertise has been inducted to strengthen this activity. A Status Report is being prepared every quarter evaluating the progress and achievements in respect of major plan schemes in the core sectors. Structure for Data files for two sectors has been developed on a pilot basis as a part of the Centralised Data Bank. A more advanced Computer System is being installed which will facilitate the development

and operation of the Centralised Data Bank and help in better monitoring and evaluation of Plan Schemes.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E(Coord)/77, dated the 25th March, 1977].

#### **Recommendation (S. No. 50, Para 5.30)**

The Committee feel that this opportunity of separation of Accounts from Audit should be put to effective use by proceeding with the process of rationalisation, modernisation and mechanisation so as to take the accounting units result oriented and forward looking. In fact, the accounting units to be set up under administrative Ministries being the latest should be models of efficiency and compactness. These should be well-knit organisations where accent right from the very beginning is on quality and minimum staff.

#### **Reply of Government**

The recommendation/observation of the Committee have been noted and suitable instructions have been issued to the Integrated Financial Advisers of the various Ministries/Departments vide O. M. No. 11(9)/76-S.C. dated 25-8-76 (Appendix XXVI).

[Min. of Fin., Deptt. of Expenditure, O. M. No. F. 13(33)-E (Coord)/76 dt. 14th September, 1976]

#### **Recommendation (S. No. 51, Para 5.31)**

The Committee note the decision of the Government that each Ministry/Department should be made responsible for maintenance of its own accounts and for effecting payments which means the Secretary of each Ministry/Department would virtually be the Principal Accounting Officer also. The Committee attached great importance to the objective underlying the separation of accounts and audit and stress that this opportunity should be put to full use by rationalising the accounting heads so as to make performance budgeting meaningful as an aid to management to achieve best results for the money expended.

#### **Reply of Government**

The observations of the Committee have been noted. An Advisory Committee has been appointed under the Chairmanship of Finance Minister to consider and make recommendations regarding Management Accountancy Concepts and Management Information System. One of the terms of reference of the Committee is to evaluate the present status of performance budgeting in the Central Government and State Governments and

assess the scope for utilising performance budgeting techniques at various administrative levels for setting up standards and norms for measuring performance and for evolving procedures for comparison of actual performance with budgetary targets. It is expected that as part of the examination of the information base and in order to make performance budgeting meaningful as an aid to management, the Committee will consider the need for rationalising the Account Heads while also keeping in view the needs of Parliamentary control.

[Ministry of Finance, Department of Expenditure O. M. No. F. 13(26)-E(Coord)/76, dated the 13th December, 1976.]

### **Recommendation (S. No. 52, Para 5.32)**

The Committee note that Government have recently rationalised to a considerable extent the procedure and modalities for determining and effecting payment of salaries, allowances, increments, pensions, gratuities, provident Fund, etc. to the staff. The Committee feel that there is scope for similar rationalisation in other accounting procedures so as to provide significant flow charts which correlate expenditure to the actual physical progress made in the field, facilitate monitoring and help application of "on course" correctives.

### **Reply of Government**

The observations of the Estimates Committee have been noted. These are being kept in view in finalising the Schemes for Departmentalisation of Accounts for the various Ministries/Departments. Suitable instructions have been issued to the Integrated Financial Advisers of the various Ministries/Departments, vide O. M. No. 11(9)/76-S. C. dated 25-8-76.

[Ministry of Finance, Department of Expenditure, O. M. No. F.13(33)-E(Coord)/76 dated 14th September, 1976.]

### **Recommendation (S. No. 53, Para 5.33)**

The Committee need hardly recall that the objective of Integrated Financial Advisers is to get the best value for the public money expended. It is therefore of the utmost importance that the modalities of work and procedures and accounting should be such as to suoserve this objective by cutting out waste and effecting economies consistent with operational requirements.

### Reply of Government

The recommendation has been accepted and brought to the notice of all F. As. as also all the Ministries/Departments vide O. M. No. 13(24)-E(Coord)/76, dated the 25th November, 1976 (Appendix XXVII).

[Ministry of Finance, Department of Expenditure, O. M. No. F.13(24)-E(Coord)/76, dated 25th November, 1976.]

### Recommendation (S. No. 54, Paras 5.34-5.35)

It is imperative that the accounts are not only prepared and presented in time but that they are kept upto date and exhibit a meaningful correlation of expenditure with the units of performance. It is only then that the head of the Department/Ministry would be able to exercise effective check on performance by comparing the quantum of anticipated work output with the financial provision asked for in the budget and identify the weaker links of the chain which need to be strengthened.

In brief, accounting should become an effective aid to management of resources. The Committee would like to judge the success of the historical decision to separate the Accounts from Audit by the results achieved in better and more effective resources management and direction.

### Reply of Government

The observations of the Committee have been noted. These are being kept in view in finalising the Schemes for Departmentalisation of Accounts for the various Departments/Ministeries. Suitable instructions have been issued to the Integrated Financial Advisers of the Ministries/Departments vide this Department's O. M. No. 11(9)/76-S. C. dated 25-8-1976 (Appendix XXVI).

[Ministry of Finance, Department of Expenditure, O. M. No. F.13(33)-E(Coord)/76 dated 14th September, 1976.]

### Recommendation (S. No. 55, Para 6.7)

The Committee find that besides the General Financial Rules and the Delegation of Financial Powers Rules which govern the powers available to the administrative Ministries, executive orders have also been issued from time to time which have the effect of changing the Financial powers available to the administrative Ministries/Departments. This tendency to effect changes through executive orders in the delegation conferred by rules instead of through the amendments to the rules, was objected to by the Administrative Reforms Commission. In pursuance of the recommendation by ARC Government decided that whenever any modification or changes

have to be made in the delegations these should be ordinarily done through amendments to the Rules themselves and not through executive instructions. The Committee regret to note that inspite of this decision by Government, changes have been made in the delegation of powers to the administrative Ministries/Departments through executive orders issued by the Ministry of Finance without, simultaneously making the necessary amendments to the Rules.

### **Reply of Government**

The A. R. C. has recommended *inter alia* that whenever modifications or changes are to be made in the financial Rules these should be done through amendments to the rules themselves and not through executive instructions. This recommendation was accepted by Government, as reported in the Report of the Estimates Committee, in the Cabinet Secretariat (Department of Personnel & A. R.)'s O. M. No. 11013/4/71/CY-A dated 24-6-1974. Prior to the issue of this O.M. and to some extent after the issue of this O. M. the amendments to the Financial Rules *viz.*, General Financial Rules, 1963, and the Delegation of Financial Powers Rules, 1958 have been made in the form of executive orders and not in the form of amendments *ad initio* for the reasons mentioned below against each of these rules.

#### **(i) General Financial Rules, 1963**

As indicated in the Preface to the first edition of these rules, the provisions contained in the Compilation of the General Financial Rules (Revised and Enlarged), 1963 are being treated as executive instructions to be observed in common by all Departments and authorities under Government. Certain instruction, which need not form part of the rules themselves and are intended only for the guidance of the subordinate authorities and which explain the meaning of the rules, have been put in the form of Government of India's decisions wherever necessary below each rule. Since these rules have no statutory force, the question whether the rule should be amended *ab initio* in the form of an amendment or executive order, explaining the Government decision, is perhaps of not much significance. In fact, the piece-meal amendments to these rules have not been found to be of advantage as administrative Ministries are likely to lose tract of such piece-meal amendments. Further, due to urgency it sometimes becomes necessary to issue the decision in the form of an Office Memorandum. Thereafter all these executive instructions are confied, with necessary changes in the light of difficulties experienced in the administration of orders issued and thereafter the amendments are consolidated and are issued after consulting the C. & A. G. and other concerned authorities in the form of a priced publication. Such consolidated lists of amendments have been found

to be most suitable and convenient by the administrative authorities for the purpose of references. The consolidated lists are issued when there is a sufficient number of amendments to be carried out on these rules and sometimes, of course, there is a time lag of a year or so between two lists of amendments as the publications of the consolidated lists in the form of priced publications, with few amendments, have not been found to be of advantage financially to Government. The decision taken by the Government on the A. R. C.'s recommendations mentioned above will generally apply with some force to rules which are of statutory character and where non-issue of amendments to the rules themselves would not be legally in order. However, in view of the observations made by the Estimates Committee, the decision that may be taken hereafter from time to time, which may affect various provisions of the aforesaid rules would be issued in the form of amendments *ab-initio*.

### (ii) Delegation of Financial Powers Rules

The Delegation of Financial Powers Rules, 1958 are statutory rules issued by the President in pursuance of Clause 3 of Article 77 of the Constitution. These rules *inter-alia* indicate financial powers of the authorities subordinate to the President in relation to creation of permanent posts, creation of temporary posts, appropriation and re-appropriation, incurring of contingent expenditure, incurring of miscellaneous expenditure and write off of losses as specified in various Schedules attached to the rules. After the promulgation of these rules in 1958, the decisions taken, which required amendments of any of the provisions of these rules, were invariably given effect to in the form of amendments to the rules, and as a result the Finance Ministry had to issue a large number of piece-meal amendments to these rules frequently. However, it is also noticed that the drafting of the amendments, keeping in view the legal requirements, was found to be a time consuming process, because of the consultation with the Law Ministry and the C. & A. G. etc. As a result, the decision taken by Government could not be brought to the notice of all authorities concerned immediately thereafter. This difficulty could not be met at that time because there was no inherent dispensing powers vested in the Government under the aforesaid rule. With the issue of certain orders in 1961 delegating more powers to certain selected ministries on an experimental basis, and enabling provision was introduced in the rules enabling the President to relax the rule in a particular case. With the insertion of this enabling provision it was found possible for Government to issue further executive orders delegating more powers in 1962 as well as in 1968. Since all these delegation orders were considered to be more in the nature of experiment, formal amendments to the rules on the basis of those orders were not issued. However, where considered

necessary this Ministry had been issuing consolidated amendments to keep the rules up-to-date. In addition 5 compilations of the rules were brought out incorporating as **Appendices** the important executive orders issued in 1962 and 1968 for facility of reference purposes. Thus the main intention that the executive authorities should not lose track of the decision taken by Government has always been kept in view. However, in view of the observation made by the Estimates Committee, steps have been taken to issue new rules, incorporating therein the orders which have been issued so far either in the existing rules themselves or by introducing new rules. The new draft rules showing the up-to-date position are in the process of being finalised in consultation with Comptroller and Auditor General and other concerned authorities and are expected to be promulgated within the current year. It is also proposed to bring out a compilation of the new rules immediately after the promulgation with Government of India's decisions. After the promulgation of the new rules, efforts will also be made to amend the rules *ab-initio* in the form of amendments and not through executive instructions. But in cases of urgency, it may be necessary to issue executive instructions to give effect to Government's decisions as the procedure which has necessarily to be observed in amending the rules may defeat the very purpose of the executive decisions. Nevertheless, the number of such executive instructions will be kept to the barest minimum and steps will be taken to ensure that there is no delay in carrying out necessary amendments to the relevant rules.

[Ministry of Finance, Department of Expenditure, O. M. No. F.13(13)-  
E(Coord)/76, dated the 9th December, 1976]



## CHAPTER III

### RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

#### **Recommendation (S. No. 8, Para 2.44)**

The Committee have no doubt that the introduction of the system of Integrated Financial Adviser will provide the requisite expertise to the administrative Ministries for detailed scrutiny of the projects. The Ministry of Finance, if necessary, could issue suitable guidelines to ensure proper approach in scrutinising and sanctioning of the schemes.

#### **Reply of Government**

It is felt that since guidelines for preparation of feasibility report have already been circulated, the Institute of Economic Growth and Institute of Public Administration are conducting courses in project formulation appraisal and the administrative Ministries could depute officers for attending these courses, there should be no difficulty in scrutiny and sanction of schemes.

[Ministry of Finance Department of Expenditure O.M. No. F. 13 (21)-E(Coord)/76, dated the 9th December, 1976]

#### **Recommendation S. No. 15, Para 3.18)**

The Committee also consider that there should be a standing Committee of representatives of the Ministry of Finance and Department of Administrative Reforms, not below the rank of Joint Secretary, which should review once in six months the progress made in the evolution of norms and standards and the rationalisation of staff. The Committee also consider that the evolution of norms/standards would be an effective instrument for regulating staff strength of the Department/Ministry for dealing with any proposals for additional staff.

#### **Reply of Government**

As already stated in reply to recommendation No. 12 (Para 3.15), the Deptt. of A. R. have stated that since the SIU as the central authority has all the necessary expertise in work measurement field, it may not be

necessary for the Administrative Reforms Wing to get involved in such studies. Instructions have however been issued *vide* Deptt. of Expenditure O. M. No. F. 13(28)—E (Coord)/76 dated 19-10-76 for the progress made in the evolution of norms and standards and the rationalisation of staff being reviewed by an officer not below the rank of Joint Secretary.

[Ministry of Finance Department of Expenditure, O. M. No. F. 13(28)—E(Coord)/76, dated 19th October, 1976]

### **Recommendation (S. No. 18, Paras 3.30—3.32)**

The Committee are concerned at the inordinate delay in the issue of guidelines for the classification of expenditure as plan and non-plan. As early as October, 1971, the Team appointed by Government to consider certain matters relating to Accounts and Budget Heads suggested laying down of suitable guidelines in this regard. The Committee also in their 24th Report (1972-73) as well as in their 48th Report (1973-74) stressed the urgency of finalisation of these guidelines. It is unfortunate that these guidelines have not been finalised so far although the representative of the Planning Commission had informed the Committee in October, 1972 that these were expected to be finalised by the end of the financial year, 1972-73.

The Committee are unable to appreciate the reasons for the prolonged delay in issuing the guidelines when according to the Secretary of the Ministry of Finance, there is a 'practical working arrangement' regarding the items to be included under plan and non-plan expenditure. They urge that the guidelines for classification of expenditure as plan and non-plan should be finalised without any further delay and issued for the guidance of the Ministries/Departments so that developmental work does not suffer because of the present ambiguity regarding classification.

The Committee need hardly point out that a clear definition of plan and non-plan expenditure would also help in the proper classification for preparing the performance budgets and evaluation based thereon.

### **Reply of Government**

The question of classification of expenditure as Plan and non-Plan has been examined further. Broad guidelines as to what constitute expenditure under the Fifth Five year Plan and what might be regarded as committed expenditure were issued by the Planning Commission in December, 1972 and July, 1973 (Appendix XIV). It will be noticed from these guidelines that developmental expenditure of a capital nature is almost invariably classified as Plan. Further, new development expenditure on revenue account is also classified as Plan. However, certain developmental expenditure on revenue account which is regarded as committed expenditure is treated as non-Plan expenditure. Likewise certain items of defence

expenditure (particularly industries) have a developmental angle, but nevertheless have to be treated as non-Plan expenditure. It will not be feasible to make Plan classification co-extensive with development classification in view of the incremental basis of our plans. Further, any attempt to enlarge the scope of the Plan, to include all development expenditure, at this stage will, besides upsetting the basic framework of the Fifth Five Year Plan, also disturb the scheme of devolution recommended by the Sixth Finance Commission.

The team appointed by Government to consider certain matters relating to accounts and budget heads, while making the recommendation about Plan/non-Plan classification, mainly sought to dispel the misunderstanding that non-plan expenditure is invariably non-developmental in character. To remove any such misunderstanding, now-a-days the budget documents, *i.e.* the Budget at a Glance and the Explanatory Memorandum show the amount of developmental expenditure, both Plan and Non-Plan. Other documents like RBI's Report on Currency and Finance have also been exhibiting the developmental component of Public expenditure, irrespective of whether it is classified as Plan or non-Plan.

It may also be added that the existing arrangements regarding classification of expenditure as Plan/Non-Plan do not *per se* hamper developmental activities or performance budgeting. Performance budgeting is with reference to the function/programme as a whole, irrespective of whether the specific function/programme is classified wholly as Plan/non-Plan or partly as Plan and partly as non-Plan.

[Ministry of Finance, Department of Expenditure, O. M. No. F. 13(23)—E(Coord)/76 dated 29th October, 1976]

**Recommendation (S. No. 28, Paras 4.26 and 4.27)**

The Committee note that with the introduction of the scheme of delegation of financial powers, it was decided in 1958 to appoint Internal Financial Adviser in all the Ministries to assist them in the proper exercise of their financial powers. In 1966 the Secretaries of the Ministries were given the discretion to decide about the need or otherwise of an Internal Financial Adviser. They were also given the powers to overrule their Internal Financial Advisers including the officer of the Finance Ministry in matters falling within the field of delegated powers. In 1968 it was made incumbent on all the Ministries to appoint Internal Financial Advisers to ensure availability of competent financial advice internally within the administrative Ministries for the proper exercise of delegated powers and to avoid unnecessary reference to the Ministry of Finance. The Committee note that the scheme of Internal Financial Advisers has not fully subserved the objectives with which it was set up. For instance, in regard to the proposals for submission to the Finance Ministry "either the Internal

Financial Adviser was not associated at all with such proposals or his scrutiny was redundant and did not have any significance". Similarly, this system has not worked well in regard to the maintenance of up-to-date accounts and watching the progress of expenditure against sanctioned grants. The Committee consider that with their past experience of such schemes since 1958, the Ministry of Finance should have taken necessary measure to ensure that this scheme as amplified in 1968 with high hopes, was actually implemented in letter and spirit so as to achieve the objectives in view. It is unfortunate that neither the administrative Ministries nor the Ministry of Finance kept a critical watch contemporaneously on the working of this scheme, and it is only after a lapse of seven years, that the Ministry of Finance have revised it in order to introduce the system of Integrated Financial Adviser.

### **Reply of Government**

The process of delegation of financial powers by the Ministry of Finance started in a big way the issue of the Delegation of Financial Powers Rules, 1958. In September 1961, an experimental scheme based on devolution of a great measure of financial responsibility to administrative Ministries and exercise of control by the Finance Ministry mainly through pre-budget scrutiny and through random checks and work-studies was introduced in some of the selected Ministries. From June, 1962 this scheme was extended to all the Ministries with further delegations of financial powers. The arrangements for budgeting and financial control and delegation on financial powers were again revised and in October, 1968, the powers of Ministries, Heads of Departments and Heads of Offices for incurring contingent expenditure were liberalised and it was also made obligatory on each Ministry to have its own Internal Financial Adviser. The idea was to enable the Ministries to develop their own internal financial competence for the exercise of powers delegated to them. It will be observed that side by side with the delegation of powers, the orders issued by the Ministry of Finance also covered the requirement of development of proper internal financial competence within the administrative Ministries for the exercise of the additional responsibilities vested in them.

After the scheme of Internal Financial Advisers introduced in 1968 had been given a fair trial, the question of gearing up the financial administration again came up for consideration by the Sub-Group on Financial Administration in early 1973. As a result of the deliberations of this Group, the system of Management Accounting as an internal part of cash Department and the system of Integrated Financial Advisers is being introduced with a view to improving the competence of the administrative Ministries in the field of financial management.

[Min. of Fin. Department of Expenditure, O.M. No. F. 13(39)-E (Coord)/76 dated the 20th August, 1976]

**CHAPTER IV**  
**RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF**  
**GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE**  
**COMMITTEE**

**Recommendation (S. No. 2, Paras 2.13—2.14)**

The Committee consider that in order to enable the administrative ministries/public undertakings to undertake long term planning of men and materials etc. in regard to their projects/schemes on a realistic basis, it is essential that they should have broad indications of the funds likely to be available over a reasonable period of time, say for the next five years. The Committee, had therefore, stressed the need for preparing forward looking budgets in their 24th Report (1972-73) so that advance planning of schemes/projects both in financial and physical terms can be taken up seriously in time by the administrative Ministries and other authorities concerned. This recommendation was reiterated by the Committee in their 48th Report (1973-74) wherein they had urged Government to make every effort to improve the technique of forward planning of men and materials to obviate any shortfall in the achievement of targets in the Fifth Five Year Plan.

The Committee need hardly point out that the preparation of feasibility reports etc. is both a time consuming and money consuming process. It is, therefore, necessary that reasonable assurance of the projects going through should be available a few years in advance to facilitate the work regarding projects/schemes being taken up in right earnest. The Committee find that though the Government accepted the recommendation of the Committee to have a forward looking budget, nothing substantial has been done in this behalf. This may well be due to reason that economic difficulties of an unprecedented magnitude had overtaken the country in recent years. Now that conditions have been brought to near normalcy, the Committee would like the Ministry of Finance to pay earnest attention to the Committee's recommendation to frame a forward looking budget. It should give broad indication of the likely availability of resources and estimated expenditure for the next three to five years. The Committee consider that if this exercise is done on a yearly basis, it would not only provide Government with basic data and material to refine their budget proposals but would also bridge the gap and the period of suspense which invariably intervenes between the cessation of one Plan and the commencement of the next Plan.

### Reply of Government

The need for forward looking budget cannot be denied. In this context it may be stated that the Five Year Plan Document prepared by the Planning Commission provides an estimate of likely availability of resources and their allocation to different sectors. Within the Sector, the outlays for various projects included in the Plan are also mentioned. These projects are reviewed every year and necessary allocation of funds is made in the light of progress of the projects, plan priorities, availability of resources etc. Provision is also made in the Annual Plan for projects having long gestation periods spilling over to the next Plan. In the closing year of the Plan, funds are allocated for undertaking advance planning for projects proposed to be taken up in the next Five Year Plan Period.

From the social cost point of view, however, every effort has to be made to restrict the phasing of investment to the shortest practicable span of time, consistent with the feasible speed of implementation so that the returns to the economy start accruing without avoidable loss of time and public investments do not remain idle on account of unduly long gestation periods. It has also to be ensured that investment time phasing is strictly adhered to and matching outlays in annual budgets provided. This could be possible only if projects planning is done with full regard to a realistic assessment of the availability of resources over a given period of time.

[Ministry of Finance, Deptt. of Expenditure O.M. No. F. 13(13)-E(Coord)/76, dated 22nd November, 1976]

### Comments of the Committee

Please see para 1.8 of the Report—Chapter I.

### Recommendation (S. No. 5—Para 2.41)

The Committee note that in the case of Plan Schemes, the administrative Ministries are required to furnish to the Planning Commission the broad details of the schemes including the estimates for obtaining their approval. These schemes are discussed in the annual plan discussions at which the Ministry of Finance is also represented.

On the basis of the information furnished by the Ministries and after taking into account the priority of the schemes, the Planning Commission accepts these schemes in principle and fixes the total outlay thereon. These schemes are required to be submitted to the Ministry of Finance for sanction. The Committee consider that there should be an integrated examination of the broad details of the schemes, including the financial implications before these are approved and outlays fixed therefor by the Planning Com-

mission. The detailed scrutiny and the sanctioning of expenditure on these schemes thereafter should be the responsibility of the administrative Ministries concerned.

### **Reply of the Government**

The pre-budget/Annual Plan discussions do not always afford sufficient time for Scrutiny by BFC/PIB. With the Ministries forwarding the schemes in outline just a few days before the discussions, the scope for integrated examination before inclusion in the Annual Plan/Budget was contingent upon the nature of formulation by the Ministry. Besides, programmes are considered for inclusion in the Plan, generally based on an overview, whereas investment approvals involve scrutiny of the reasonableness of the cost estimates, and examination of the actual phasing of investment in relation to other projects. It would not be appropriate to leave the scrutiny and sanctioning of expenditure to the administrative Ministries subject only to the inclusion of projects and programmes in the Plan.

[Ministry of Finance (Deptt. of Expenditure O.M. No. F. 13(21)-E(Coord)/76 dated 9-12-1976)]

### **Comments of the Committee**

Please see para 1.11 of the Report—Chapter I.

### **Recommendation (S. No. 10—Para 2.46)**

The Ministry of Finance should also develop suitable parameters for the evaluation of the programmes after their completion to determine the efficiency and economy in execution and to see how far the objectives have been fulfilled as envisaged. On the basis of such evaluation, useful points of general application could be culled out which could be gainfully utilised to update the guidelines mentioned in earlier paragraphs.

### **Reply of Government**

The determination of “parameters” for evaluating the implementation of projects and programmes for general application over different sectors of the economy would be difficult. In respect of matters such as construction, the BPE already examines the proposal in relation to the experience of other projects. Programmes are also evaluated by the PEO of the Planning Commission. Thus there is already a system which takes care of the objective in view.

[Ministry of Finance (Deptt. of Expenditure O.M. No. F. 13(21)-E(Coord)/76 dated 9-12-76)]

### Comments of the Committee

Please see para 1.13 of the Report—Chapter I.

#### Recommendation (S. No. 12, Para 3.15)

The Committee note that the staff Inspection Unit of the Ministry of Finance has evolved 193 norms, covering about 45 Lakh employees working in house keeping sections which have been circulated for adoption to the various Ministries/Departments. The Committee are however concerned to note that although in pursuance of the delegation orders issued in June, 1962, Internal Work Study Units have been set up in 34 Ministries/Departments, progress made in regard to evolution of work norms by these units even after a lapse of thirteen years has been tardy. They further find that although these Internal Work Study Units were required to draw cyclical programmes for conducting such studies and were to send copies of such programmes as well as their study reports to the Staff Inspection Unit of the Ministry of Finance the programmes and reports are not being sent regularly by these Units. The Committee regret that the Ministry of Finance also did not keep a watch in regard to the receipt of such programmes and reports to ensure that suitable time-bound programmes for work studies are actually drawn up by the Internal Work Study Units and that studies carried out are in accordance with such programmes. The Committee urge that scientific work norms studies should at least now be carried out according to a time-bound programme by all the Ministries/Departments in respect of the various jobs. The Ministry of Finance and the Department of Administrative Reforms should help the Ministries in carrying out such studies by providing guidelines in regard to the methodology to be adopted and training personnel for conducting such studies.

#### Reply of the Government

Though orders were issued by the Ministry of Finance in June, 1962 for the setting up of Internal Work Study Units it was only after the orders issued in October, 1968 that the erstwhile O&M Units in Ministries/Departments were strengthened and converted into Internal Work Study Units to attend *inter alia* to work measurement studies and fixation of norms for jobs peculiar to their Ministries/Departments. The slow progress in the evolution of worknorms is mainly due to the Internal Work Study Units having been busy in O&M work and in carrying out staffing studies during the earlier years of their formation. Government are already seized of the importance of evolving norms for proper assessment and control of staff requirements. Since, however the evolution of norms is a complex and time consuming process the Ministries/Departments were requested *inter alia* to identify and list out the jobs in respect of which norms have to be evolved, indicating



the time schedule to which they propose to work and to furnish monthly reports on the work completed to the SIU. In this connection copy of the Department of Expenditure O.M. No. 5(6)-SIU/74, dated 11-6-1974 is enclosed (Appendix VII) Subsequently certain guidelines were also issued *vide* Department of Expenditure O.M. No. 5(6)-SIU/74 dt. 20-8-75 (Appendix VIII) on the methodology to be adopted in the evolution of work norms. The response from the Internal Work Study Units in this regard is good. Suitable observations are made on I.W.S. Us. reports and proper guidance is given whenever required. The observations/recommendations of the Estimates Committee have been brought to the notice of all the Ministries/Departments *vide* Department of Expenditure O.M. No. F. 13-(38)-E(Coord)/76 dated 18-10-76 (Appendix IX). As regards the association of the Department of Administrative Reforms, that Department have stated that I.W.S.Us. are hard pressed for conducting staffing studies and since the S.I.U. as the central authority has all the necessary expertise in work measurement field, it may not be necessary for the Administrative Reforms Wing to get involved in such studies.

As regards training of staff of Internal Work Study Units, the Institute of Secretariat Training & Management conducts courses in work study/work measurement, where persons employed in S.I.U. and Internal Work Study Units are sent for training. By and large the posts in the Internal Work Study Units are manned by persons trained in the techniques of Work Study. However, S.I.U. assists the personnel of Internal Work Study Units in case of any difficulties they encounter during the course of Work Studies. It is also the policy of S.I.U. to associate the Internal Work Study Units, while conducting the studies of the organisations concerned.

[Ministry of Finance, (Department of Expenditure), U.O. No. F. 13(38)-E (Coord)/76, dated 18th October, 1976]

#### **Further information called for the Committee**

Please furnish a note showing the action taken by the Ministries/Departments to identify and list-out the jobs in respect of which norms have to be evolved, the time schedule drawn for the purpose and the actual progress made thereagainst.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977]

#### **Further reply of the Government**

Instructions were issued in this Ministry's O.M. No. F. 13(38)-E(Coord)/76 dated 18th October, 1976 to all Ministries/Departments to send monthly reports about the progress achieved in identifying the jobs at Class III and Class IV levels where the work norms could be evolved. The

Ministries have represented that because of the time consuming and complex nature of the job, the progress has been slow. The slow progress is also partly due to the fact that apart from work measurement studies, the Internal Work Study Units also attend to other O&M work and have little time for handling norms work. However, in some Ministries action has been initiated and further progress is being watched. The progress reports so far received from the Ministries/Departments are summarised below. The need for expeditious action in the matter has however again been emphasized *vide* the Ministry of Finance O.M. No F. 13(1)-E(Coord)/77 dated the 19th March, 1977. (Appendix X)

A summary of action taken by Ministries/Departments *in evolution of work norms at Class III and IV levels.*

- A. Ministries/Departments who have evolved some norms (No. of posts covered not indicated).
1. Department of Posts & Telegraphs ;
  2. Ministry of Communications (CCS & Monitoring Org.) ;
  3. Ministry of External Affairs.
- B. Ministries/Departments where action to evolve norms initiated :
1. Ministry of Health & Family Planning
  2. Ministry of Tourism & Civil Aviation
  3. Ministry of Labour
  4. Department of Mines
  5. Ministry of Commerce
  6. Department of Social Welfare.
- C. Ministries/Departments where further action in respect of Subordinate Organisations is to be initiated :
1. Ministry of Agriculture & Irrigation
  2. Ministry of Finance, Department of Revenue & Banking, Department of Economic Affairs, Department of Expenditure
  3. Ministry of Home Affairs
  4. Ministry of Defence
  5. Ministry of Law, Justice & Company Affairs
  6. Department of Personnel & Administrative Reforms
  7. Department of Parliamentary Affairs
  8. Ministry of Petroleum
  9. Planning Commission
  10. Department of Rehabilitation
  11. Ministry of Shipping & Transport

12. Department of Science & Technology
  13. Ministry of Works & Housing
  14. Ministry of Fertilisers & Chemicals.
- D. Ministries/Departments who have not sent any progress reports :
1. Department of Coal
  2. Department of Company Affairs
  3. Ministry of Education & Culture
  4. Department of Irrigation
  5. Department of Power
  6. Department of Steel
  7. Department of Supply
  8. Department of Heavy Industry.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E(Coord)/77 dated the 19th March, 1977]

#### **Comments of the Committee**

Please see para 1.17 of the Report—Chapter I

#### **Recommendation (S. No. 14, Para 3.17)**

The Committee suggest that the O & M Unit in each Ministry should form an integral part of the integrated Financial Adviser's Division. This would help in developing norms/standards which would be objective and would fully take into account the cost benefit factors.

#### **Reply of Government**

Government propose to undertake a comprehensive review of the system of internal work study units keeping in view a number of far-reaching changes that have been introduced in the secretariat system of working in the recent past.

2. In most of the Ministries/Departments, the internal work study units are presently located as a part of the administrative set up; in a few cases, they are under the Internal Financial Adviser. It is proposed to continue these arrangements till the review referred to above is finalised.

[Ministry of Finance (Expenditure) C.M. No. F. 13(36)-E(Coord)/76 dated 15-10-1976]

### **Further information called for by the Committee**

Please intimate the time by which review of the system of Internal Work Study Units would become available. Please also furnish copy of the review and action taken thereon.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977]

### **Further reply of Government**

An inter-Departmental Study Team was set up on 23-12-1976 in the Cabinet Secretariat (Department of Personnel and Administrative Reforms) to conduct a comprehensive review of the functioning of O&M/Internal Work Study Units in various Ministries/Departments. The Team is likely to complete its work by the middle of May, 1977. As soon as the report is submitted by the Team, immediate action will be taken to consider it and obtain Government's orders thereon.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E (Coord)/77 dated the 24th March, 1977].

### **Comments of the Committee**

Please see para 1.17 of the Report—Chapter I.

### **Recommendation (S. No. 21, Para 3.49)**

The Committee would also like that the reasons for delay in implementation of the decisions should be investigated and the responsibilities fixed.

### **Reply of Government**

The Administrative Reforms Commission Report on "Delegation of Financial and Administrative Powers" was presented to the Govt. on 12-6-1969. The recommendations contained in the Report of the Working Group mentioned in the said Report covered a number of sectors and in examining the respective rules, experts had necessarily to be associated. As a large number of rules were involved, a number of sub-groups were set by the Ministry of Finance, each of which also included a representative of the C.&A.G. The reports of three of these sub-groups were also studied by an Apex Group on which a representative of the C.&A.G. was also represented. In September, 1970, papers were prepared for the consideration of the Committee of Secretaries after the approval/observations were received from the C.&A.G. on 15-6-1970 in respect of the proposals of the working Group for the delegation of powers to the officers of the C.&A.G.. In the meanwhile, due to the setting up of the Third Pay Commission and certain other developments, it became necessary to revise and update the papers prepared for the Committee of Secretaries.

The first meeting of the Committee of Secretaries to consider the ARC Report on "Delegation of Financial and Administrative Powers" and other connected proposals made by the Working Group on "Financial Rules" was held in November, 1971. The recommendations of the ARC along with the views of the Committee of Secretaries were submitted for the consideration of the Group of Minister in October, 1972. The Group of Ministers considered the recommendations at a meeting held in January, 1973. Since the financial decision in this respect had to be taken by the Cabinet in light of the consideration of the Group of Ministers, recommendations were placed before the Cabinet in May, 1974.

As will be clear from para 3.40 of the Estimates Committee Report, the delay in implementing the recommendations of the Working Group is inherent since the decisions concerned a variety of rules and various Ministries/Depts. had to be consulted. The necessary orders for implementing the recommendations could be issued by various authorities only after detailed processing of the recommendations through various stages, as mentioned above. As stated in reply to Recommendation No. 20, all the recommendations have since been implemented.

[Min. of Fin. (Expdr.) O.M. No. F. 13(23)-E(Coord)/76, dt. 13-10-76]

#### **Comments of the Committee**

Please see para 1.20 of the Report—Chapter I.

#### **Recommendation (S. No. 40, Para 4.34)**

The Committee would like to stress that the scheme of Integrated Financial Advisers poses challenge as well as affords an opportunity to the Secretaries of the Administrative Ministries to implement their developmental programmes. They have to ensure that the schemes and projects are well formulated and implemented within the stipulated time schedules as the plea for the delay in approving and sanctioning of the schemes on the part of the Ministry of Finance will no longer be tenable. It is for them to devise suitable management information system in consultation with their Integrated Financial Advisers, so as to keep a close watch on the progress in the implementation of the major schemes in the field both in physical and financial terms, and resolve bottlenecks, if any, in their timely implementation. They may also undertake evaluation of the performance of schemes/projects to see that the benefits accruing from their execution are in accordance with the objects aimed at and are commensurate with the expenditure incurred.

### **Recommendation No. 41. (Para 4.35)**

The Committee hope that the new scheme of Integrated Financial Advisers would make a qualitative difference in the functioning of the Ministries/Departments and would set in motion a new dynamism in the working of Ministries/Departments in the matter of expediting the formulation, approval and execution of schemes/programmes and their evaluation.

### **Reply of Government**

The above recommendations/conclusions of the Committee have been noted and have also been brought to the notice of all Ministries/Departments in the Govt. of India, in the Department of Expenditure O.M. No. F. 13(25)-E(Coord)/76 dated the 28th July 1976 (Appendix XIX).

[Min. of Fin., Deptt. of Expenditure O.M. No. 13(25)-E-(Coord)/76 dated the 17th August, 1976]

### **Further information called for by the Committee**

#### **Recommendation No. 40-41 (Para 4.34-4.35)**

Please furnish a note showing the management information system evolved by the Ministries for watching the progress in the implementation of the major schemes and the system evolved for the evaluation of performance of schemes/projects.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977]

### **Further reply of Government**

The Ministries/Departments have prescribed formats for collection of information from the executing agencies. The same vary according to the requirements of each Ministry/Department but contain uniform necessary data relating to physical and financial progress against physical/financial targets. Critical examination of the information furnished in the statements is done in meetings generally taken by the Secretary of the Ministry/Head of the Departments.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E (Coord)/77, dated the 26th April, 1977]

### **Comments of the Committee**

Pleas see para 1.24 of the Report—Chapter I.

### **Recommendations No. 42 and 43 (Paras 5.11 and 5.12)**

5.11. The Committee note that under the existing system the Ministries are required to submit periodically to the Ministry of Finance staff returns and copies of certain financial sanctions in regard to re-appropriation of funds, contingent expenditure etc. This elaborate reporting system does not appear to have served any useful purpose. The Committee have been informed that after the introduction of the scheme of Integrated Financial Advisers the reporting in such matters would be made to the Integrated Financial Advisers and not to the Ministry of Finance. The Committee consider that if the reporting system is to serve any useful purpose it should be such that the essential data on the financial as well as physical progress of the schemes/programmes is contemporaneously available to the administrative Ministries/Deptts. The Ministries should evolve a system which would enable them to keep a special watch on crucial and strategic points and to take prompt remedial action.

5.12. The Committee further consider that a detailed review of the reports presently obtained from various tiers of management is called for so that standard formats as to the contents for reporting, frequency of reports and their originating and destination points could be laid out to meet the requirements of a developing economy.

#### **Reply of Government**

The above recommendations of the Committee have been noted and brought to the notice of the Ministries/Departments *vide* this Department's O.M. No. F. 13(21)-E(Coord)/76, dated 30th October, 1976, (Appendix XXIV).

[Ministry of Finance, Deptt. of Expenditure, O.M. No. F. 13(21)-E(Coord)/76, dated 30th October, 1976.]

#### **Further information called for by the Committee**

Please furnish the standard format evolved for reporting in regard to financial and physical progress of the schemes/programmes, the frequency of reports and their originating and destination points, and the extent to which these have enabled better monitoring and taking of prompt remedial measures.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977]

#### **Further reply of Government**

No standard format has been evolved for reporting the financial and physical progress of the schemes/programmes. Each Ministry/Department

has, however, devised statements/proforma for collecting information from the executing agencies to suit their own requirements.

2. The frequency of the reports *viz.* monthly, quarterly or half yearly has also been fixed by the Ministries/Departments keeping in view the nature of the scheme and the outlay involved. Generally the statements showing physical and financial progress of schemes are prepared on monthly basis.

3. The originating point of the progress statements is the authority/agency responsible for executing the schemes/projects and the destination point is the Secretary or Head of the Department/Division.

4. The various Ministries/Departments have expressed the view that the reporting system devised by them is by and large adequate for monitoring the progress of the scheme programmes.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E (Coord)/77, dated the 6th April, 1977]

#### **Comments of the Committee**

Please see para 1.24 of the Report—Chapter I.

#### **Recommendations No. 47 to 49 (Paras 5.24, 5.26 & 5.29)**

The Committee had recommended as early as 1957-58 that performance-cum-programme system of budget would be ideal for a proper appreciation of the schemes and outlay included in the budget, especially in the case of large scale developmental activities, as such a budget focusses attention on the accomplishment, the general character and the relative importance of the work to be done rather than upon the means of accomplishments. Further, this system facilitates a review of the performance of the proposed programmes and is particularly suited to the requirements of overall budgetary planning. Again, in their 24th Report (1972-73), the Committee had stressed that all the stages for making performance budget a useful document should be completed without further delay and concrete action taken to see that performance budget is prepared by all Ministries/Departments which are charged with developmental and other plan activities. The Committee regret to note that a long time has been taken in introducing performance budgeting in the Ministries/Departments. Even though 32 Ministries/Departments have prepared and presented performance budgets during 1975-76, there are still large gaps in the presentation of useful data in these budgets as admitted by Government. The technique of performance budgeting is deficient in various vital matters as pointed in Para 5.21. For example, there is no correlation between inputs and outputs, unit cost data had not been worked in respect of important programmes, scientific norms and standards have not been evolved, targets



and achievements have not been indicated, techniques of performance budgets have not been followed down to each cost centre, future year costs of projects have not been projected, reasons for cost escalations have not been elaborated and relevance of individual schemes to the national objectives have not been evaluated, etc.

The Committee noted that it is only in August, 1975 that working Groups have been set up in three Ministries to study in depth the problem of improving the techniques of performance budgeting. Even out of these only one Working Group has met so far and identified the areas in which improvements have to be brought about. The Committee desire that the performance budgets in the three Ministries should be recast expeditiously so that these may serve as a model for other Ministries.

The Committee need hardly stress that performance budget should be made a meaningful document to assist the management as a tool of administrative and financial control for evaluating performance and for implementation of developmental programmes efficiently and economically. Such a budget will not only enable the management to put the scarce financial resources to maximum use but would also be useful to Parliament in reviewing and appraising activities and performance of various Ministries/Departments of Government in proper perspective and would thereby act as a means of accountability to Parliament.

The Committee strongly recommend that meaningful performance budgeting should be introduced in all other Ministries/Departments and lower formations charged with the execution of various programmes under a time-bound programme. The Committee would like to be informed of the precise progress made in this regard.

The Committee need hardly point out that accounting at present is largely being done in the same historical manner as in pre-Independence days. The need for rationalisation has, however, been widely recognised and some advance in this behalf has been made with the revised classification of accounting heads and introduction of performance budgeting but this has not yet reached a stage where it could be said that the underlying objectives of accountability and management have been achieved. The Committee consider that there is need to refine the technique of performance budgeting so as to develop it into a useful management tool by establishing units of output for each sub-head of Demand. For this it is necessary to identify responsibility centres so that each budgeted activity within a responsibility centre may have its corresponding units of performance. The Committee are of the view that with necessary delegation of authority to incur expenditure, the officer concerned should be legitimately held accountable for the budget within his own control.

### Reply of Government

The recommendations of the Committee regarding performance budgeting are noted. These recommendations are also being circulated by the Department of Economic Affairs to the Ministries/Departments for guidance and compliance.

2. Performance budgeting encompasses various management aids and techniques and some of these are already being used in matters of selection of programmes, preparation of project estimates, execution, control appraisal and performance reviews. It is, however, not possible to incorporate and reflect all these decision making control processes in the performance budget documents presented to the Parliament. The progress in implementation of performance budgeting should not, therefore, be judged only on the basis of the material contained in the performance budget documents.

3. As regards improvements in performance budgeting it is reiterated that it is a continuous process and refinements can be introduced from time to time as experience and the necessary training and skills are imparted all along the line. The pace of improvement can be accelerated once the schemes of integrated financial advisers and departmentalisation of accounts are put on a firm footing and management accounting is introduced progressively in all the Ministries/Departments.

4. Another important factor to be kept in view is that a large part of developmental expenditure provided in the Central Government's budget is incurred through State Govts. and Public Sector Undertakings and the direct expenditure of Central Ministries/Departments in these cases is mostly on administration and policy formulation. Though from 1975-76 performance budgets attempt to give an overview of the sectoral progress taking into account the total Plan outlays, performance budgeting at operating level, wherever lacking in these areas will have to be installed in the State Govts. or Public Sector Undertaking as the case may be.

5. It may, however, be pointed out that the Performance Budget documents for 1976-77 show improvements in quite a few areas as compared to the documents for 1975-76 (e.g. Department of Health has given more physical data relating to the National Malaria Eradication Programme; Deptt. of Power has shown additional performance and efficiency indices for the Badarpur-Thermal Power Station). Thus, it will be appreciated that attempts are being made to improve the performance budget documents, within the constraints mentioned above.

6. As regards the Committee's observation in para 5.25, as the management requirements differ from function to function and in fact from programme to programme, it is not feasible to draw up a model performance budget for adoption, by all the Ministries and Departments. Performance budgeting involved in a Ministry/Department should be suited to its own specific requirements. Though the performance budget documents of the Ministries are circulated to other Ministries, any emphasis on following a model rather than innovation would not be purposeful.

[Ministry of Finance, Deptt. of Expenditure, O.M. No. F. 13(26)-E(Coord)/76, dated the 21st October, 1976].

### **Further information called for by the Committee**

Please furnish the following information :

- (i) whether working groups set up in the three Ministries to study in depth the problems of improving the techniques of performance budgeting have completed their work;
- (ii) the action taken on the recommendations of the working groups;
- (iii) the action taken to overcome each of the deficiencies mentioned in Para 5.21 of the Report.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76 dated 24-2-1977].

### **Further reply of Government**

1. The deficiencies mentioned in paragraph 5.21 of the Report of the Estimates Committee have been brought to the notice of the Ministries/Departments for necessary action.

2. As stated in paragraph 3 of the earlier reply dated 21st October, 1976 on the recommendations contained in the 98th Report of Estimates Committee, improvement in performance budgeting has to be a continuous process and will necessarily be spread over a number of years. Every effort is made to overcome the deficiencies to the extent possible as exemplified in the performance budgets referred to in para below.

3. The three Ministries/Departments in which a study in depth of the problems of improving the techniques of performance budgeting was to be made, did some work to identify the areas in which the content of the performance budget documents could be improved and these efforts were reflected in the documents brought out for the year 1976-77. Some of the improvements made in these documents are indicated below :

(i) *Department of Agriculture :*

Till 1975-76 the overall performance in the field of agriculture was not being adequately depicted in the Performance Budget. The document for 1976-77 had sought to correct it. Thus, Chapter II of the document, reviewing the overall performance, highlighted (i) the performance in the agriculture sector in 1974-75, indicating the total production achieved, (ii) prospects of production in 1975-76, (iii) steps taken to ensure easy availability of inputs like fertilisers, seeds, provision of better irrigation facilities, (iv) programme relating to land reforms, (v) progress made in the development of animal husbandry and dairying on scientific lines, etc.

In Chapter IV of the document for 1976-77, the performance of individual schemes/projects, etc. has been generally brought out in greater detail, giving targets, achievements/likely achievements. For example, supporting physical data have been given to show the progress made in the implementation of the Command Area Development Programme, Intensive Oilseeds Development Programme, etc.

(ii) *Department of Power :*

The introductory chapter has been made more informative. It gives a complete picture of the organisational set up of the Department of Power, its attached offices and autonomous bodies/undertakings operating under it.

The second chapter on 'General Review' is more comprehensive than before. It gives, *inter alia*, the addition to the generating capacity achieved in 1974-75 and 1975-76 against the target set in the Fifth Plan. The total units of power actually generated for the period April—December, 1975 and the percentage of improvement in 1975-76 in power generation over the corresponding period in the previous year are also now indicated.

The steps taken to improve the performance of the generating units have also been enumerated.

A statement has been added at the end of Chapter II showing the new units commissioned during 1974-75 and 1975-76.

In Chapter IV "Performance of individual schemes/projects". The proforma showing physical progress and targets has been revised to make it more meaningful. Thus, for example, in the case of Badarpur Thermal Power Project, Salal, Loktak, Baira Siul Hydro-Electric Projects, etc. the total quantity or units for each item of work to be completed over the years has been given and the performance during the preceding two

years (1974-75 and 1975-76) in terms of quantity achieved/anticipated to be achieved and the percentage thereof to the total work has also been indicated. The programme for 1976-77 has been similarly indicated in terms of quantity and percentage to be covered.

In regard to Badarpur Thermal Power Station, additional performance and efficiency indices have been indicated and likely achievement in 1975-76 has been compared to achievement in 1974-75.

(iii) *Department of Health :*

In Chapter 3 dealing with the performance of each hospital/institution, selected work load data has been given for each hospital and institution functioning under the Department.

Prevention and control of communicable diseases like Malaria, Filariasis, Small Pox, etc. have been covered in greater detail, giving targets and achievements/likely achievements of each eradication programme launched by the Government. Thus, for example, in the case of National Malaria Eradication Programme, the number of units raised or targets for the three phases of the eradication programme, viz. Attack Phase, Consolidation Phase, and Maintenance Phase, and the results of the surveillance operations carried out to detect the incidence of Malaria have been indicated.

(iv) *Department of Family Planning (now Department of Family Welfare)*

In Chapter 5 on "Review of overall performance," targets set for IUD (Intra-Uterine Device) insertions, Sterilisation, Conventional Contraceptive uses, actual achievements and its comparison with the achievement in the preceding year are given at one place. It also contains a brief account of the performance in 1975-76. A table showing the Statewise targets for the Budget year has also been added. In Chapter 7 on "Performance of individual agencies/schemes" additional data have been given in a statement form in respect of Maternity and Child Health Programme.

4. It may be added that during 1976-77, certain structural changes in financial administration, such as integration of financial advisers and departmentalisation of accounts, have been introduced in all the Ministries/Departments of Government of India. It is hoped that the system that will be developed over a period of time after the introduction of these structural changes will enable the Ministries/Departments to make further refinements in performance budgeting, though no precise time schedule for this purpose can be drawn up as most of the new techniques con-

templated like management accounting and management information system are still in a formative stage.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-F. (Coord)/77 dated the 27th April, 1977].

### **Comments of the Committee**

Please see para 1.27 of the Report—Chapter I.

### **Recommendation (S. Nos. 56, 57 & 58 Paras 6.8, 6.9 and 6.10)**

The Committee have been informed that necessary steps to amend the Delegation of Financial Powers Rules to incorporate the enhanced powers, delegated through executive orders, have now been taken up. However, as certain changes of a far reaching character in the matter of accounting and related matters like, changing the system of maintenance of accounts, introduction of the system of Integrated Financial Adviser, etc. are under contemplation, a thorough overhaul of the existing procedures would be required. The Committee, therefore, recommend that instead of merely amending the Rules, steps may be taken for the codification afresh of the rules and regulations governing delegation of Financial Powers, etc. in simple and precise language under a time bound programme.

The Committee would like to point out that one of the factors which discourages the Ministries from using their powers is the multiplicity of rules and regulations which are changed so often that it is difficult for officers of the Ministries to keep a track of these rules and know them fully. Moreover, the rules and procedures have a tendency to grow in volume and complexity. It is, therefore, necessary that the rules and procedures are reviewed and updated periodically with a view to their simplification so that they do not become cumbersome in course of time, resulting in undue delays.

The Committee regret to note that in spite of the recommendation of the Administrative Reforms Commission, no single cell has been constituted in the Ministry of Finance for looking after the multifarious duties regarding compiling and keeping up-to-date the existing rules and regulations having a financial bearing, arranging for their periodical reprint and for the issue from time to time of correction slips etc. The various Regulation Branches in the Department of Expenditure administering the Rules and Regulations are stated to be responsible for this work. The Committee desire that immediate steps should be taken for setting up of a cell as suggested by the Administrative Reforms Commission for keeping up-to-date the rules and regulations etc., having a financial bearing. Copies of manuals of such updated rules and regulations should

also be made easily available to the officers concerned and the members of the public.

### **Reply of the Government**

The above recommendations have been accepted. Steps are being taken to create a cell in the Ministry of Finance (Department of Expenditure) for the codification afresh of the rules and regulations governing delegation of Financial Powers, etc., and for their periodical review and updating.

[Ministry of Finance, Department of Expenditure O.M. No. F. 13(33)-E (Coord)/76, dated the 25th November, 1976].

### **Further information called for by Committee**

Please intimate the actual progress made in revising the rules and regulations governing delegation of Financial Powers, etc.

[Lok Sabha Secretariat O.M. No. 5/8/EC/76, dated 24-2-1977].

### **Further reply of Government**

The rules/regulations required to be codified are being identified in consultation with the Department of Personnel & Administrative Reforms. Staff proposals for setting up a Codification Cell have also been formulated and are at an advanced stage of consideration in the Department of Personnel and Administrative Reforms.

[Ministry of Finance (Department of Expenditure) O.M. No. F. 13(1)-E (Coord)/77 dated the 9th March, 1977].

### **Comments of the Committee**

Please see para 1.30 of the Report—Chapter I.

New Delhi ;

Agrahayana, 21 1899 (Saka)

SATYENDRA NARAYAN SINHA

*Chairman,*

*Estimates Committee.*

## APPENDIX I

[*Vide* reply to recommendations at S. Nos. 1 and 9]

MOST IMMEDIATE

No. F. 1(17)/PF-II/76

GOVERNMENT OF INDIA/BHARAT SARKAR  
MINISTRY OF FINANCE/VITTA MANTRALAYA  
DEPARTMENT OF EXPENDITURE/VYAYA VIBHAG  
(PLAN FINANCE DIVISION/YOJANA VITTA PRABHAG)

*New Delhi, the 20th November, 1977*

*Kartika 29, 1898 (SAKA)*

### OFFICE MEMORANDUM

SUBJECT : *98th Report of Estimates Committee (1975-76) on Ministry of Finance (Deppt. of Expenditure) relating to Delegation of Financial Powers—preparation of Shelf of Projects/Schemes—consideration of Plan Schemes etc.*

The undersigned is directed to say that the Estimates Committee in their 98th Report has emphasised the need for the preparation of shelf of projects/schemes (Recommendation No. 1., paras 2.5 and 2.6) ; Consideration of Plan Schemes (Recommendation No. 5, para 2.41) ; issue of guidelines for scrutiny and sanction of projects (Recommendation No. 8—para 2.44) ; the criteria adopted by the Public Investment Board for scrutiny to be brought to the notice of administrative Ministries and Integrated Financial Advisers (Recommendation No. 9, para 2.45) ; and development of suitable parameters for evaluation of the programme (Recommendation No. 10, para 2.46).

2. The recommendations of the Estimates Committee have been carefully considered in consultation with the representatives of Planning Commission, Bureau of Public Enterprises, Financial Advisers and Integrated Financial Advisers of the various Ministries. The decision taken by Government on the recommendations of the Estimates Committee are indicated in the annexure to the letter for information and necessary action.

3. Secretary of the Ministry of Commerce etc. may kindly note the observations of the Committee and the decision of the Government thereon for necessary action.

R. K. KAUL,  
*Joint Secretary to the Govt. of India.*



## MINISTRY OF FINANCE

(Department of Expenditure)

(Plan Finance Division)

### *Recommendation of the Estimates Committee (1975-76)—98th Report—Ministry of Finance (Deptt. of Expenditure) and the Decision of the Govt.*

S. No. of the Recommendation	Recommendation	Decision of the Government
1 (paras 2.5 and 2.6)	<p>The Committee note that according to Government's own admission contained in the draft Fifth Five Year Plan, the slow progress in the pace of investment in the Fourth Five Year Plan in respect of some of the sectors had been due to inadequate preparatory work i.e. non-preparation of feasibility studies, etc. The Committee regret to observe that in spite of these observations administrative Ministries have not been able to prepare a shelf of projects, in several sectors like Drugs and Pharmaceuticals etc. for expediting investment decisions during the Fifth Five Year Plan.</p> <p>The Committee consider that with the devolution of powers to the administrative Ministries and the introduction of the scheme of Integrated Financial Advisers, it should be possible for the administrative Ministries to expedite the preparation of shelf of projects/schemes. In fact, the Committee expect that the administrative Ministries should carry their thinking beyond the formal preparation of schemes/projects and should have a more critical look at these projects/schemes, keeping in view the requirements of the developing economy, the constraints of resources both money and material, availability of expertise and know-how etc. so that cogent proposals are put forward for implementation.</p>	<p>The Government considered that :</p> <p>(i) the importance of shelf of projects had been recognised by the Public Investment Board and the Ministry of Finance and that the existing instructions provided a mechanism as well as a frame work within which feasibility studies could be carried out without reference to the Finance Ministry where the cost of such a study did not exceed Rs. 5 lakhs, and that where the cost exceeded Rs. 5 lakhs, the study could be taken up after furnishing to PIB a broad description of the need for the studies, their likely content and the project alternative to be considered.</p> <p>(ii) it was not operationally feasible to prepare projects for all alternative investment possibilities in advance of a Five-Year-Plan, so that the most economical of all feasible alternative investments in all sectors can be selected. However, the projects to be taken up, say, in the next two years, should be ready in the form of feasibility studies.</p> <p>(iii) there was need to draw a distinction between projects and programmes in view of the difficulties in projectising proposals in sectors like Shipping, oil exploration, coal and Agriculture etc. However, a clearly formulated annual programme say, for instance, for acquisition of vessels in the case of shipping, if traffic and revenue projections in justification of the proposals were also furnished could be considered by PIB.</p>
		<p>Analogous treatment was possible in other cases, if the Ministries set out in clear terms the background to formulation of programmes, spelling out the options considered such as hire/purchase, build/lease</p>

so that the cost effectiveness of various alternatives could be evaluated before an investment decision.

(iv) Even though the Planning Commission and the Finance Ministry were involved in consideration and the finalisation of Annual Plan of the Ministries this involvement would not be a substitute for the system of Scrutiny through EFC and PIB. Inclusion of projects and programmes in the Plan on a broad sectoral view was not the same as approving the size and phasing of investments on specific projects. Clear identification of projects and their consideration in detail before the plan finalisation can facilitate the implementation of projects within a plan period. Investment approval and sanction of expenditure depend on (i) the data provided by the Ministry for an examination of the reasonableness of cost estimates and technological viability (with reference to choice of technology, product mix, size of plants, scale of operations location etc. the growth of demand, inter-industry and sectoral relations); and (ii) availability of resources and priority of the project.

In the light of the above the preparation of shelf of projects as conceived by the Estimates Committee could be carried out within the frame work of the existing instructions on project formulation.

(para 2.41)

The Committee note that in the case of Plan Schemes, the administrative Ministries are required to furnish to the Planning Commission the broad details of the schemes including the estimates for obtaining their approval. These schemes are discussed in the annual plan discussions at which the Ministry of Finance is also represented.

On the basis of the information furnished by the Ministries and after taking into account the priority of the schemes, the Planning Commission accepts these schemes in principle and fixes the total outlay thereon. These schemes are required to be submitted to the Ministry of Finance for sanction. The Committee consider that there should be an integrated examination of the broad details of the schemes, including the financial implications before these are approved and outlays fixed therefor by the

The pre-budget/Annual Plan discussions do not always afford sufficient time for Scrutiny by EFC/PIB. With the Ministries forwarding the schemes in outline just a few days before the discussions, the scope for integrated examination before inclusion in the Annual Plan/Budget was contingent upon the nature of formulation by the Ministry. Besides programmes are considered for inclusion in the Plan generally based on an overview, whereas investment approvals involve scrutiny of the reasonableness of the cost estimates, and examination of the actual phasing of investment in relation to other projects. It would not be appropriate to leave the scrutiny and sanctioning of expenditure to the administrative Ministries subject only to the inclusion of projects and programmes in the Plan.

S. No. of the Recommendation	Recommendation	Decision of the Government
8 (para 2.44)	<p>Planning Commission. The detailed scrutiny and the sanctioning of expenditure on these schemes thereafter should be the responsibility of the administrative Ministries concerned.</p> <p>The Committee have no doubt that the introduction of the system of Integrated Financial Adviser will provide the requisite expertise to the administrative Ministries for detailed scrutiny of the projects. The Ministry of Finance, if necessary, could issue suitable guidelines to ensure proper approach in scrutinising and sanctioning of the schemes.</p>	<p>It is felt that since guidelines for preparation of feasibility report have already been circulated, the Institute of Economic Growth and Institute of Public Administration are conducting courses in project formulation appraisal and the administrative Ministries could depute officers for attending these courses, there should be no difficulty in scrutiny and sanction of schemes.</p>
9 (para 2.45)	<p>The Committee would suggest that the points about the feasibility and economics of the project which are taken into consideration at the time of scrutiny by the PIB may be specifically brought to the notice of the Ministries and Integrated Financial Advisers, so that these are kept in view <i>ab initio</i> while projects/schemes are being processed in the administrative Ministries. This would not only save time but would make for meaningful examination of the projects /schemes.</p>	<p>A provision of Rs. 15 lakhs has been made for the Deptt. of Personnel to provide training of the nature suggested by the Estimates Committee. On consideration of the various methods and criteria of appraisal, it appears that apart from the need to furnish details for evaluating financial and economic returns, the project formulations are sometimes deficient in projection of the demand for the product and services. The overall projections of the Planning Commission made for sectoral planning purposes are taken as datum for investment planning. The Government have considered it necessary to emphasise that there should be an objective assessment of demand and supply of products/services in specific relation to the proposed time phase of implementation of the project and also justification for location of projects in terms of regional pattern of demand.</p>
10 (para 2.46)	<p>The Ministry of Finance should also develop suitable parameters for the evaluation of the programmes after their completion to determine the efficiency and economy in execution and to see how far the objectives have been fulfilled as envisaged. On the basis of such evaluation, useful points of general application could be culled out which could be gainfully utilised to update the guidelines mentioned in earlier paragraphs.</p>	<p>Determination of "parameters" for evaluating the implementation of projects and programmes for general application over different sectors of the economy would be difficult. In respect of matters such as construction, the BPE already examines the proposal in relation to the experience of other projects. Programmes are also evaluated by the PEO of the Planning Commission. Thus there is already a system which takes care of the objective in view.</p>

## APPENDIX II

[*Vide* reply to recommendation at S. No. 1]

No. F. 13(27)-E(Coord)/76

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF EXPENDITURE)

*New Delhi, the 9th December, 1976*

### OFFICE MEMORANDUM

**SUBJECT :** *Feasibility studies for economic and social development programmes and for building up a shelf of schemes/projects.*

The undersigned is directed to invite reference to paras 2.5 and 2.6 of 98th Report of Estimates Committee (1975-76) reproduced below :—

“2.5 The Committee note that according to Government’s own admission contained in the draft Fifth Five Years Plan, the slow progress in the pace of investment in the Fourth Five Year Plan in respect of some of the sectors had been due to inadequate preparatory work i.e., non-preparation of feasibility studies, etc. The Committee regret to observe that in spite of these observations, the administrative Ministries have not been able to prepare a shelf of projects in several sectors like Drugs and Pharmaceuticals etc. for expediting investment decisions during the Fifth Five Year plan.”

“2.6 The Committee consider that with the devolution of powers to the administrative Ministries and the introduction of the scheme of Integrated Financial Adviser, it should be possible for the administrative Ministries to expedite the preparation of shelf of projects/schemes. In fact, the Committee expect that the administrative Ministries should carry their thinking beyond the formal preparation of schemes/projects and should have a more critical look at these projects/schemes, keeping in view the requirements of the developing economy the constraint of resources both money and material availability of expertise and know-how etc. so that cogent proposals are put forward for implementation.

2. The importance of "shelf of projects" had been recognised *vide* this Ministry's O.M. No. 10(23)-E(Coord)/75 dated 25th July, 1975 (copy attached for ready reference) (Annexure I). The said instructions also provide for a mechanism as well as a frame work within which feasibility studies could be carried out in advance with or without reference to the Finance Ministry to facilitate preparation of a "Shelf of Projects".

3. All the Ministries/Departments are requested to make full use of the existing facilities for carrying out feasibility studies in advance so that a "shelf of projects" in specified areas of activities of the Ministry/Department is available for expediting investment decisions at the appropriate time.

(J. P. DAS),  
*Joint Secretary to the Govt. of India*

## ANNEXURE I

Copy of Ministry of Finance (Department of Expenditure O.M. No. 10 (23)-E (Coord)/75 dated the 25th July, 1975.

**SUBJECT :** *Feasibility studies for economic and social development programmes and for building up a shelf of firm projects—lumpsum provision to be made in the Annual Budgets for—*

The undersigned is directed to state that in accordance with para 4 of this Ministry's Office Memorandum No. F. 10 (13)-E (Coord)/75, dated 10th April, 1975, inclusion of lumpsum provisions in the budget, in advance of pre-budget scrutiny should only be very rare exceptions, as such a step is likely to pre-empt options and hamper the exercise of adequate scrutiny and control in planning, programming and implementation. Note 6 below Rules 53 of the General Finance Rules, (1963) also refers to the restrictions about lumpsum provisions in the budget. According to these restrictions, while no lumpsum provision can be made in the budget except for minor works and for petty temporary establishment, lump sum provision for preliminary expenses and for such initial outlay as, for example, on collection of material, recruitment of skeleton staff etc. is also permissible for a new scheme planned to be taken up in a financial year, which has been accepted in principle and for which necessary details for normal budget provision are not available. Lump sum provision for undertaking feasibility studies in certain specified areas of activities of an Administrative Ministry is also made at present in the annual budget on the basis of rough indications given by that Ministry, but expenditure against such provision is incurred with the prior concurrence of the Ministry of Finance.

2. However, a shelf of firm projects should be available at the time of investment decisions in such a manner as to ensure full consideration of available options. It is necessary to have facilitative budgetary procedures for Ministries to undertake feasibility studies for investment projects. For executing other development programmes also different alternatives and combinations have to be studied to optimise the benefits from these programmes. No doubt provisions for such feasibility studies were being made by the Administrative Ministries from time to time in their budget on the basis of rough indications and expenditure incurred where necessary in consultation with the Ministry of Finance. While appropriate lump sum amounts in their budgets would continue to be provided to the Ministries for feasibility

studies of the above type, it has now been decided to further liberalise the post-budget arrangements as under :—

- (i) Where the feasibility studies cost upto Rs. 5 lakhs, the Ministries could undertake these studies on their own without any reference to the Ministry of Finance.
- (ii) Where such studies cost more than Rs. 5 lakh, the proposal should be referred to the Public Investment Board for their suggestions, and the Ministries should take into account the suggestions, if any, made by the Public Investment Board.

3. Lump-sum provisions for feasibility studies under these liberalised arrangements will be made available, according to requirements to the Administrative Ministries during the year 1975-76 itself either by re-appropriations or through supplementary demands.

Sd/-

(J. S. BAJAJ),

*Deputy Secretary to the Govt. of India*

### APPENDIX III

[*Vide* reply to recommendation at S. Nos. 3 and 4]  
No. F. 13(23)-E(Coord)/76

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

*New Delhi, the 8th July, 1976*

#### OFFICE MEMORANDUM

SUBJECT : *98th Report of Estimates Committee (5th Lok Sabha) on Ministry of Finance (Department of Expenditure) relating to the delegation of Financial Powers—recommendations regarding delays in processing and scrutiny of projects.*

In the context of the imperative need for streamlining the procedure for the formulation and scrutiny of project proposals within the time-limit of three months as recommended by the Administrative Reforms Commission in their Report on Finance, Accounts and Audit, comprehensive instructions were issued to all concerned *vide* Ministry of Finance Office Memorandum No. F. 10(9)-E(Coord)/69 dated 30th July, 1969 read with earlier reference mentioned therein. The procedure for clearance of projects and schemes was also carefully re-examined in 1972 by the Ministry of Finance and a Public Investment Board was constituted for quick appraisal and approval of projects *vide* Department of Expenditure (Plan Finance Division) Office Memorandum No. 26(6)/PF. II/70 dated 30th September, 1972.

2. The Estimates Committee in paragraphs 2.32 to 2.34 of their 98th Report have made the following observations/recommendations with regard to delays in the scrutiny and sanctioning of schemes by the Ministry of Finance.

2.32.

“The Committee note that no expenditure can be incurred on a new scheme/project at present without the Ministry of Finance having scrutinised and accepted it. They regret to note that



there have been inordinate delays in the scrutiny and sanctioning of the schemes by the Ministry of Finance resulting in delay in their implementation. Although the Administrative Reforms Commission suggested a time limit of three months for the approval of the schemes by the Ministry of Finance which was accepted by Government, the schemes have in several cases remained under consideration of the Ministry of Finance for more than a year after their first submission. A large number of back references had been made by the Ministry of Finance at various levels to the administrative Ministries. In some cases, these references had been made 8 to 9 times calling for additional information on various points instead of raising all points in one consolidated reference. It may be that some of these back references were due to the Ministry of Finance going into matters of details which could have been better left to the Administrative Ministries concerned.

2.33.

The Committee would like Government to bring it home to all Officers responsible for processing proposals/schemes that delays can prove very costly and can act as a drag to the development process. It is, therefore, imperative that all proposals are processed and finalised with due expedition and prudence

2.34.

The Committee have been informed that in regard to industrial projects, new detailed guidelines have been formulated for the preparation of feasibility Reports to reduce the large number of back references to Administrative Ministries calling for additional information. The Committee consider that the introduction of the system of Integrated Financial Adviser will enable the Ministries to undertake themselves the detailed financial scrutiny that hitherto had been done in the Department of Expenditure. The Committee need hardly point out that mere laying down of guidelines or introduction of the system of Integrated Financial Adviser are not by themselves going to achieve the objective of speedy processing and scrutinising of projects unless there is a purposeful and close sense of involvement by all concerned from the initial stages to work out meaningful details and finalise the projects which will be in the best national interest. The Committee hope, that the revised system will expedite the process of formulation and implementation of the projects/schemes. They would, however, like to judge the revised system by the results achieved.”.

3. The above recommendations have been accepted by Government. The Ministries/Departments and the Integrated Financial Advisers in the Ministries are requested to ensure that there is a purposeful and close sense of involvement by all concerned from the initial stages to work out meaningful details and finalise with due expedition and prudence the projects/schemes in the best national interest.

(J. S. BAJAJ),  
*Deputy Secretary to the Govt. of India.*

## APPENDIX IV

[Vide reply to recommendation at S. No.6]

No. F. 1(17)/PF-II/76

GOVERNMENT OF INDIA/BHARAT SARKAR  
MINISTRY OF FINANCE/VITTA MANTRALAYA  
DEPARTMENT OF EXPENDITURE/VAYAYA VIBHAAG  
(PLAN FINANCE DIVISION/YOJANA VITTA PRABHAAG)

New Delhi, the 27th September, 1976

Asvina 5, 1899 (SAKA)

### OFFICE MEMORANDUM

**SUBJECT :** *98th Report of Estimates Committee (1975-76) on Ministry of Finance (Department of Expenditure) relating to Delegation of Financial Powers—recommendations regarding a meaningful and speedy scrutiny of the Programmes/schemes.*

The undersigned is directed to say that the Estimates Committee in their 98th Report has emphasised the need for a meaningful and speedy scrutiny of the programmes/schemes. Relevant extracts of the para are given below. The following recommendations made by the Committee have been accepted by the Government :—

#### **Recommendation No. 6 (para 2.42)**

The Committee emphasise that there should be a meaningful and speedy scrutiny of the programmes/schemes. In undertaking the scrutiny the following aspects should be prominently kept in view :—

- (a) the purposes/objectives which are proposed to be served by the scheme and their relative importance keeping in view the planned targets and priorities.
- (b) whether the programmes/schemes serves best the objectives in view on the basis of the cost-benefit analysis or whether alternative programmes could serve the same objectives with less expenditure within the same time frame.
- (c) whether suitable norms/standards or other performance indicators have been included as an integral part of the scheme to

provide the basis for effective management control and evaluation of the programme/scheme after its completion.

Secretary of Ministry of Commerce etc. may kindly note the observations of the Committee for necessary action.

**V. K. SRINIVASAN,**  
*Deputy Secretary to the Govt. of India.*

## APPENDIX V

[Vide reply to recommendation at S. No. 7]  
No. F. 10(26)-E(Coord)/75

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF EXPENDITURE).

New Delhi, the 4th May, 1976

### OFFICE MEMORANDUM

SUBJECT : *Arrangement of budgeting and financial control and delegation of financial power to Ministries.*

The undersigned is directed to refer to this Department's O.M. No. F. 10(13)-E(Coord)/75 dated the 10th April, 1975 and to state that with a view to meeting the requirements of the Fifth Plan and in the context of the present day costs, the present financial powers delegated to the Administrative Ministries to sanction expenditure on a scheme with a total outlay not exceeding Rs. 50 lakhs have been reviewed. The President is pleased to decide that, with the setting up of the system of Integrated Financial Adviser, the powers of the Administrative Ministries under Rule 11 of the Delegation of Financial Powers Rules may be enhanced and they may be empowered to sanction expenditure on a scheme with a total outlay not exceeding Rs. 1 crore, provided the scheme has been accepted by the Ministry of Finance. Where, however, such schemes have a staffing Complement costing more than Rs. 10 lakhs per annum in the case of a Plan scheme and Rs. 5 lakhs in the case of a non-plan scheme, they will be outside the delegated powers of the Ministry and should accordingly be referred to the Integrated F. A. concerned for clearance on behalf of the Ministry of Finance, after obtaining the orders of Secretary (E)/Finance Secretary, where necessary.

2. Each Ministry may set up a Standing Committee on schemes under the chairmanship of the Secretary with Integrated F.A. and Joint Secretary/Director of the concerned Division as Members and with provision for inviting representative of the Planning Commission and any others that the Secretary/Integrated F. A. may suggest, for sanction of all such schemes.

The Standing Committee will exercise the delegated powers of the administrative Ministries viz. sanction of expenditure on schemes already approved by the Ministry of Finance.

3. It has been pointed out that even projects within the competence of the Ministry require prolonged inter-Ministrial consultations and approval from the Ministry of Finance and Planning Commission. To avoid this delay it has been suggested that a Project Implementation Committee should be constituted in each Ministry having representatives of the Ministry of Finance and Planning Commission etc. to take a final decision on all such proposals. The suggestion has been considered and it has been decided that each Ministry/Department should also have appropriate Project Implementation Committee, as may be deemed necessary.

4. The exercise of the enhanced powers will continue to be governed by procedural and other instructions issued by Government from time to time like general economy instructions, ban on creation of posts, ban on filling up of vacancies, ban on new construction etc.

5. These orders do not apply to the Ministry of Railways, Department of Atomic Energy and the Ministry of Defence in regard to expenditure met from the Defence Service Estimates, as they are governed by separate arrangements.

6. These orders will have effect for the date on which the scheme of Integrated Finance Advisers is introduced in the respective Ministries.

J. S. BAJAJ,  
*Deputy Secretary to the Govt. of India.*

## APPENDIX VI

..

[Vide reply to recommendation at S. No. 11]

List of Norms Studies completed by SIU during the years 1973—75

1. Registrar of Companies, Grade-I Offices.
2. D.G.S. & D.—Inspection Wing Test Check of norms for inspection of Engineering items.
3. Evolving standards for sanction of LSG Telegraph Masters & LSG Clerks for Telegraph Offices.
4. Fixation of Ratio of UDCs & LDCs in the Central Excise Department.
5. Fixation of Ratio of UDCs & LDCs in the Customs House, Bombay.
6. Office of the C.D.A. (Officers), Poona.
7. Employees Provident Fund Organisation—norms for Family Pension work in the offices of the Regional Provident Fund Commissioner.
8. Income-Tax Appellate Tribunals, Bombay, Madras & Calcutta.
9. Test check of Ramakant Committee—standards for Engineering Divisions and Class II Officers under P & T.
10. Pay & Accounts Offices (ORs) under C.G.D.A.
11. Test check of norms for the Tax Recoveries officers and their supporting staff evolved by the I.W.S.U. of the Income-Tax Deptt.
12. Test check of Report on the Internal Audit Parties of the Department : I-Tax.
13. Regional Telecommunication Training Centres—Test Check of norms for Instructional Staff—P & T Board.
14. Norms for Senior Accountants & Accounts Officers in Engineering Division & Minor Districts.

## Studies included in the Programme of SIU for 1976—77

1. Evolution of norms of Civil Engineering Wing of P & T Board.
2. Norms study for evolving standards for creation of posts of Post-masters in the Class I & II Post Offices.
3. Norms for Assistant Telegraph Masters in Telegraph Offices.
4. Review of Standards for Clerical Posts in Telegraph Offices.
5. Review of Standards for Telegraphists in Telegraph Offices.
6. Study of Telephone Engineering Division to evolve norms for conversion of Divisions into Districts.
7. Norms for A Es & DEs in Major Telephone Districts.
8. Norms for Regional Telecommunication Maintenance Organisation (P&T).
9. Norms for officers & staff in Instruments Rooms of Overseas Communication Service
10. Budgeting operations under Integrated Finance.
11. Appellate Collectors for Customs & Central Excises—Norms for disposal of appeals.
12. Norms for staffing Doordarshan (T.V.) Centre.



## APPENDIX VII

[Vide reply to recommendation at S. No. 12]

No. 5(6)-SIU/74

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE  
(STAFF INSPECTION UNIT)

*New Delhi, the 11th June, 1974.*

### OFFICE MEMORANDUM

SUBJECT :—*Evolution of work norms for posts at Class III and Class IV levels.*

In paragraph 22 of Chapter X of its Report on Personnel Administration, the Administrative Reforms Commission has made the following observations :—

“We would emphasise here, the urgent need for evolving work norms for various posts in Government, especially at the Class III and Class IV levels which account for 98 per cent of the Government personnel. Work at these levels is largely routine and repetitive and it should be easy to evolve suitable work standards and strictly adhere to them. Yet, this work has not been taken up on an appreciable scale, except for a small sector in the Railways and in the Posts & Telegraphs Departments. Evolving of such norms will result in a good deal of economy besides higher overall efficiency in the Departments. We, therefore, recommend that a target date for completing this work should be fixed for each Department and the resources of all units concerned with this work, namely, the O & M Units, the Staff Inspection Unit and the Department of Administrative Reforms should be pressed into service.”

Recommendation No. 67(1) which has been made on the above subject by the Administrative Reforms Commission reads as follows :—

“Work norms for various posts in Government, especially at Class III and Class IV levels should be evolved urgently. A target date for completing this work should be fixed for each Department and the resources of all units concerned with this

aspect, namely, the O&M Units, the Staff Inspection Unit and the Department of Administrative Reforms should be pressed into service."

2. After careful consideration the Government of India have accepted the above recommendation and it has been decided that the Internal Work Study Units in different Ministries and organisations will undertake the work connected with the evolution of work norms for various posts at Class III and Class IV levels so far as concerns the Ministries/organisations to which they are attached. The task will be executed in close cooperation and collaboration with the Staff Inspection Unit which has been entrusted with the implementation of the aforesaid recommendation.

3. Ministries/Departments are requested to take the following action urgently :

- (i) Identify and list out (in the attached pro forma) the jobs at Class III and Class IV levels which are performed—
  - (a) in the headquarters of the Ministry/Department ; and
  - (b) Attached and Subordinate Offices in respect of which norms have to be evolved ;
- (ii) Indicate the time schedule to which they propose to work. This may take the form of a programme spread over a year with monthwise details to facilitate reporting and watching progress ; and
- (iii) Furnish monthly reports on the work completed to the Associated Finance and SIU.

The first report may kindly be sent by the 31st of July 1974 and the subsequent reports may be furnished by the end of each month.

4. Under the arrangements set out in the Ministry's O.M. No. F. 10(3)-E(Coord)/67 dated 18-10-1968 the Internal Work Study Units in Ministries/Departments are already required, *inter alia*, to evolve standards of performance and norms of work relating to jobs peculiar to the Ministries/Departments, subject to review by the SIU. The IWSUs may be directed to forward the work norms formulated by them to the SIU for review and confirmation before they are enforced. Should the IWSUs require any assistance regarding the methodology to be adopted in conducting studies for the evolution of norms of work, etc., SIU may be approached direct.

5. These orders do not apply to the Ministry of Railways and the Ministry of Defence in regard to the expenditure met from Defence Services Estimates, as they are covered by separate arrangements.

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

M. K. NAIR,  
Jt. Secy. to the Govt. of India



## APPENDIX VIII

[*Vide* reply to recommendation at S. No. 12]

No. 5(6)-SIU/74

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

STAFF INSPECTION UNIT

*New Delhi, the 30th August, 1975*

### OFFICE MEMORANDUM

**SUBJECT :** *Evolution of work norms for posts at Class III and Class IV levels.*

The undersigned is directed to refer to this Ministry's O.M. of even number dated the 11-6-74, on the above subject and to say that a number of points have been raised by some of the Ministries and Departments in the matter. These have been examined and the following clarifications are made :—

- (i) The Internal Work Study Units, wherever they exist, should evolve norms only in respect of such jobs as are peculiar to their Ministry/Department/Organisation. The S.I.U. will evolve norms for tasks common to a number of Ministries and Departments.
- (ii) To start with, norms should be evolved in respect of such items of work at Class III and Class IV levels as are routine and repetitive in character, irrespective of whether they are performed by unclassified or work-charged staff. Later, the exercise can be extended to other items of work at Class III and IV levels, as well as Class I and II levels.
- (iii) It is not possible to specify the minimum number of posts in a particular category which would qualify for evolution of norms. Isolated posts would not justify the time and effort invested in the evolution of norms. For the remaining posts, an Internal Work Study Unit should so order its priorities that items of work accounting for a large portion of the time

of the work force are taken up for evolution of norms before items entailing less time.

- (iv) Autonomous/statutory organisations may be included in the exercise, provided they are taken up only after the work has been completed in the Ministries and Departments and their attached and subordinate offices.
- (v) Only staff trained in the theory and practice of work study techniques, with experience of studies in work measurement, should be utilised for work connected with the evolution of norms, since they would be conversant with the methodology to be employed. Of course, the S.I.U. would always be available for consultations in case of any particular difficulties confronted in the course of work.

2. The importance of evolution of norms in the context of improving efficiency and effecting economy in expenditure cannot be over emphasized. Ministries and Departments are requested kindly to take action urgently as requested in para 3 of this Ministry's O.M. No. 5(6)-SIU/74 dated the 11-6-74. Evolution of norms should find an equal place in the programme of work of Internal Work Study Units alongside method studies and work measurement assignments.

3. A report may kindly be sent by the 30th September, 1975 and subsequent reports may be furnished by the end of each month thereafter.

A. P. V. KRISHNAN,  
Additional Secretary (C&I)

## APPENDIX IX

[Vide reply to recommendation at S. No. 12]

No. F. 13(38)-E(Coord)/76

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

New Delhi, the 18th October, 1976

### OFFICE MEMORANDUM

**SUBJECT :** *Evolution of work norms for posts at Class III and Class IV levels.*

The undersigned is directed to refer to the Department of Expenditure O.M. No. 5(6)-SIU/74 dated the 11th June, 1974 and to state that the Estimates Committee in para 3.15 of their 98th Report have made the following observations/recommendations :—

“The Committee note that the staff Inspection Unit of the Ministry of Finance has evolved 193 norms, covering about 45 lakh employees working in house keeping section which have been circulated for adoption to the various Ministries/Departments. The Committee are however concerned to note that although in pursuance of the delegation orders issued in June, 1962, Internal Work Study Units have been set up in 34 Ministries/Departments progress made in regard to evolution of work norms by these units even after air lapse of thirteen years has been tardy. They further find that although these Internal Work Study Units were required to draw cyclical programmes for conducting such studies and were to send copies of such programmes as well as their study reports to the Staff Inspection Unit of the Ministry of Finance the programmes and reports are not being sent regularly by these Units. The Committee regret that the Ministry of Finance also did not keep a watch in regard to the receipt of such programmes and report to ensure that suitable time bound programmes for work studies are actually drawn up by the Internal Work Study Units and that studies carried out are in accordance with such program-

mes. The Committee urge that scientific work norms studies should at least now be carried out according to a time bound programme by all the Ministries/Departments in respect of the various jobs. The Ministry of Finance and the Department of Administrative Reforms should help the Ministries in carrying out such studies by providing guidelines in regard to the methodology to be adopted and training the personnel for conducting such studies."

2. It is requested that the monthly report prescribed in para 3 of the O.M. under reference may kindly be furnished to the Staff Inspection Unit regularly. It is also reiterated that should the Internal Work Study Units require any assistance regarding methodology to be adopted in conducting studies for the evolution of norms of work etc. the Staff Inspection Unit may be approached direct.

(J. P. DAS)

*Joint Secretary to the Govt. of India*

## APPENDIX . X

[Vide reply to recommendation at S. No. 12]

No. F. 13(1)-E(Coord)/77

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE

*New Delhi, the 19th March, 1977*

### OFFICE MEMORANDUM

SUBJECT : *Evolution of work norms for posts at Class III and Class IV levels.*

The undersigned is directed to refer to the Department of Expenditure O.M. Nos. 5(6)-SIU/74 dated 11-6-1974 and F. 13(38)-E(Coord)/76 dated 18-10-1976, on the subject mentioned above. In the O.M. dated the 11th June, 1974, the Ministries/Departments were *inter alia* requested to furnish monthly reports to the Associate Finance and S.I.U. in regard to the progress of the evolution of work norms. It has been represented by some Ministries/Departments that the evolution of work norms is a complicated and time-consuming process and therefore very little progress is achieved in evolving norms during one month. It has, therefore, been decided that instead of furnishing monthly reports, the Ministries/Departments may henceforth send to the S.I.U., a quarterly report in this regard. The first report may be sent to the S.I.U. by the 15th April, 1977 indicating the progress upto the end of March, 1977.

2. The Ministries/Departments are also requested to pay special attention to the evolution of work norms and complete the same as expeditiously as possible

(R. B. GUPTA)

*Deputy Secretary to the Government of India*



## APPENDIX XI

[*Vide* reply to recommendation at S. No. 13]

No. F. 13(38)-E(Coord)/76

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

*New Delhi, the 19th October, 1976*

### OFFICE MEMORANDUM

SUBJECT : *Evolution of work norms for posts at Class III and Class IV levels.*

The undersigned is directed to refer to the Deptt. of Expenditure O.M. No. 5(6)-SIU/74, dated the 20th August, 1975 and to state that the Estimates Committee in para. 3.16 of their 98th Report have made the following recommendation/observation :—

“The Committee consider that evolution of norms is a pre-requisite to the delegation of further powers to the Ministries/Departments for creation of posts as the existence of suitable work norms could serve as a parameter for judging the requirements of the Ministries/Departments for additional staff”.

The above recommendation has been accepted by Government. The importance of evolution of norms in the context of delegation of further powers to the Ministries/Deptts. for creation of posts cannot be overemphasized. The Ministry of Agriculture etc., are requested to note the above recommendation/observation of the Estimates Committee and to ensure that while considering the proposals for additional staff, the requirements are based on accepted norms evolved by the SIU or by the Internal Work Study Units, wherever such norms exist.

(J. P. DAS)

*Joint Secretary to the Government of India.*

## APPENDIX XII

[Vide reply to recommendation at S. No. 16]

B. D. Pande,  
Cabinet Secretary

D. O. No. K. 11011/5/75-AR(B)

23rd October, 1976

My dear

Please refer to my d.o. No. K. 11011/5/75-R(CY. B) dated the 2nd September, 75 enclosing a copy of the Department of Personnel & Administrative Reforms (Administrative Reforms) O.M. No. K. 11011/5/75-AR(Cy. B) dated the 29th August, 1975 regarding phased conversion to the desk officer system during 1975-79.

A recent review of the implementation of the System has revealed that the progress made so far has been poor, as a large number of ministries/departments have not yet introduced the system in any area. I would request you to kindly look into the matter and have a time-bound programme drawn up for conversion of all suitable areas into the desk officer system in the next three years. Action taken in this regard may kindly be intimated to the Additional Secretary (AR) in the Department of Personnel and Administrative Reforms.

Yours sincerely,

Sd/-

(B. D. PANDE)

Statement showing Ministries/Department's where desk officer system is functioning

Sl. No.	Ministry/Department	No. of sections reorganised on desk officer system
1	2	3
1.	Agricultural Research & Education	2
2.	Cabinet Secretariat	1

1	2	3
3.	Civil Supplies & Cooperation	4
4.	Company Affairs	2
5.	Commerce	7
6.	Chemicals & Fertilizers	7
7.	Defence	12
8.	Education	3
9.	Expenditure	1
10.	Family Planning	3
11.	Food	8
12.	Health	5
13.	Heavy Industry	4
14.	Home Affairs	18
15.	Industrial Development	11
16.	Information & Broadcasting	5
17.	Irrigation	2
18.	Labour	10
19.	Personnel	9
20.	Planning Commission	1
21.	Power	2
22.	P & T	3
23.	Revenue	2
24.	Railways	10
25.	Rehabilitation	2
26.	Science & Technology	1
27.	Shipping & Transport	5
28.	Steel	3
29.	Social Welfare	2
30.	U. P. S. C.	4
31.	Works & Housing	14
32.	Electronics	3
Total :		166

## APPENDIX XIII

[Vide reply to recommendation at S. No. 17]

### List of Indentors where direct purchase powers have been given for various items

Sl. No.	Name of the indentor	Store	Value
1	2	3	4
1.	Delhi Milk Scheme, Delhi.	Spare parts for vehicles (Rate Contract items)	Rs. 50,000/- per year.
2.	Ministry of Defence/DGBR.	M.T. Spares (Rate Contract items)	Rs. 10,000 at a time subject to ceiling of Rs. 1 lakh per year.
3.	All Scientific Deptts. (including Scientific Organ. under Admn. control of Mins. of Railways & Defence).		Rs. 1 lakh a year for proprietary articles.
4.	Ministry of Defence.	Items not covered by R/Cs and Rgc.	Rs. 50,000.
5.	General Manager, Diesel Locomotive Works, Varanasi.	For various spares	Full powers.
6.	Surveyor General of India.	Printing Stores	Full powers.
7.	DGO <sup>F</sup> and General Manager Ordnance Factories.	(i) Plant & Machinery (ii) Items for which forecast cannot be given (iii) Steel & Alloys (iv) All items (v) All items	(i) Full powers where special reason exist. (ii) No limit. (iii) No limit for purchase from public sector undertakings. (iv) No limit for items which fall below to the stock level and critical limits. (v) Full powers.
8.	Master of India, Govt. Mint, Bombay.	Printing Machinery & Chemicals	Full powers.
9.	Master of India Security Press, Nasik.	Printing Stores and Machinery Type metals, Litho Stores etc.	Full powers.

1	2	3	4
10.	Deptt. of Health/ DGHS, Min. of Defence/Rlys. /Railway Medical Authorities/Heads of P & T Circles controlling the P & T Directorates.	Drugs and Medicines.	Rs. 10,000/- at a time Rs. 50,000 in the aggregate in any one year (R/C).
11.	All Central Govt. Administrative Union Territories and Heads of Deptts. included in Schedule 1. DFPR 1958 (Grounds of emergency)		Rs. 5 lakhs with the concurrence of Internal Finance, above Rs. 5 lakhs with Min. of Finance.
12.	Chief Administrator, Dandakaranya Project.	M.T. Spare parts for vehicles.	Rs. 5,000 at a time Rs. 50,000 in the aggregate in any one year (R/C).
13.	Railways & P & T.	Spare parts for vehicles.	-do-

## APPENDIX XIV

[*vide* reply to recommendation at S. No. 18]

Guidelines for plan and Committed expenditure

No. PC(P)9/64/72

Government of India

PLANNING COMMISSION

Yojana Bhavan,  
New Delhi-1.  
December 5, 1972.

To

The Chief Secretaries/Planning  
Secretaries of State Governments  
and Union territories.

SUBJECT : *Plan and committed expenditure in the context of the Fifth Five Year Plan.*

Sir,

I am directed to enclose herewith broad guidelines in respect of Plan and committed expenditure in the context of the formulation of the Fifth Five Year Plan—States and Union Territories. It is requested that the committed liability in respect of the Fourth Plan schemes under implementation may kindly be worked out on this basis and the estimates along with necessary details and justifications may kindly be forwarded at a very early date to the Planning Commission.

Yours faithfully,

Sd/-

S. K. GANGOPADHYAY  
*Joint Secretary (State Plans)*

PROGRAMME ADMINISTRATION DIVISION

Plan and committed expenditure in the context of the formulation of the Fifth Five Year Plan—States and Union Territories.

In connection with the discussions on the Draft Fifth Five Year Plan of the Governments of States and Union Territories, it is considered neces-

sary to provide broad guidelines clearly to all concerned what constitute expenditure under the Five-Year Plan and what might be regarded as Committed Expenditure.

2. There will be four categories of development schemes in the Fifth Plan :

- (a) New Development schemes on capital account;
- (b) New development schemes on revenue account. (Some of these may in fact be of a capital nature);
- (c) Development schemes which are part of the Fourth Plan but, not being completed by 1973-74, a portion of the expenditure will be carried into the Fifth Plan, that is, only that portion of the expenditure which is expected to be incurred from 1974-75 is counted for the Fifth Plan;
- (d) Development schemes which represent additions to or extensions of development institutions or establishments which already exist and are part of the normal maintenance responsibilities of the Govt. or which being completed during the period of the Fourth Plan, should be deemed to become part of the future normal maintenance responsibilities of the Govt. In other words, in each such case, expenditure on their maintenance is committed expenditure, not to be regarded as part of the Fifth Plan. Only expenditure on additions or extensions of the programmes or establishments in such cases will reckon for the Fifth Plan.

3. The broad guidelines as to the items that should be treated as committed expenditure are;

- (i) Maintenance expenditure of development schemes completed in the preceding Plan period constitutes committed expenditure. Only expenditure on additions and extensions of programmes or establishments during the plan period would constitute Plan expenditure under the Fifth Plan.
- (ii) Maintenance expenditure on existing institutions.
- (iii) In case of activities of repetitive character, the expenditure on the headquarters' staff.
- (iv) Maintenance expenditure of existing research schemes. Only additional research schemes undertaken during the Plan period should be treated as Plan expenditure.
- (v) Grants-in-aid upto the level attained at the end of the last Plan period would constitute committed expenditure. Only increase

in grants-in-aid over that level would qualify for Plan expenditure in the Fifth Plan.

- (vi) Grants-in-aid for *ad hoc* outlays except for maintenance purposes and for expansion of existing new buildings and equipment for research and educational institutions would form part of the Plan expenditure.
- (vii) Stipends, fellowships and scholarships at the end of the previous Plan period would constitute committed expenditure. Only net increase in the value of these stipends, scholarships etc. would constitute Plan expenditure.

4. In support of the above criteria, some illustrations are indicated below :

- (i) The expenditure on new institutions and expenditure on provision of building, equipment and additional staff for the existing institutions should form part of the Fifth Plan. Only the expenditure on the maintenance of existing institutions is to be treated as committed expenditure.
- (ii) In the case of activities of a repetitive character, such as soil conservation, land reclamation, B.C.G. vaccination, anti-malaria measures, survey and settlement etc., all expenditure except that on headquarters staff is to be treated as part of the Fifth Plan.
- (iii) All expenditure on maintenance of existing research schemes has to be treated as committed expenditure. Expenditure on additional research schemes only is to be included in the Fifth Plan.
- (iv) All expenditure on existing staff and on the maintenance of existing schemes which are in the nature of offering facilities for promotion of welfare e.g., backward classes welfare, should be shown in the estimates of committed expenditure. Only the additional expenditure on such schemes would be included in the Fifth Plan.
- (v) In the case of schemes which are of capital nature but which, nevertheless, appear in the revenue budget, for example, roads, minor irrigation works, ect., all expenditure other than maintenance or ordinary repairs should be included in the Fifth Plan.
- (vi) Subsidies for the maintenance of existing institutions should be shown as part of committed expenditure, while subsidies of a



developmental character to new societies and additional subsidies to the existing societies should be included in the Fifth Plan. Regarding taccavi loans, the increase in net outstanding over 1973-74 level are to be shown in the Fifth Plan. Other loans of a developmental character whether medium or long-term should be shown in the Fifth Plan.

5. It is suggested that the expenditure should be reckoned as being carried over from the Fourth Plan to the Fifth Plan only in respect of the development schemes or projects which—

- (i) Were sanctioned in the Fourth Plan by the authority concerned as district units (e.g., an irrigation scheme, a road or a set of roads sanctioned against an estimate, an industrial project, a power plant, etc.);
- (ii) Form part of the capital budget or are of a capital nature even though they may appear in the revenue budget, e.g., a road or a minor irrigation scheme or a hospital or a school.
- (iii) There will be marginal cases in which it may be necessary to use discretion but, generally speaking it will be best not to treat, for instance, schools or dispensaries or key village centres on which no appreciable commitment has been made and which are not likely to commence during the period of the Fourth Plan as schemes to be carried over from one Plan to the next. They may of course be included as part of new schemes drawn up for the period of the Fifth Plan.

(iv) **SUBSIDY**

*Agriculture* : Four chemical fertilisers, improved seeds, etc., subsidy on account of total quantity and not the net increase over the level attained in the last year of the preceding Plan, forms part of Plan expenditure.

(v) **COOPERATION**

*Managerial Subsidy* : The provision in the Plan is on account of subsidy for *additional* managerial and supervisory staff.

(vi) **VILLAGE & SMALL INDUSTRIES**

*Handloom* : State Plans provide for the rebate on the *total* quantity of handloom products sold and yarn transported.

*Supervisory and management expenses* : State Plans provide for the subsidy on account of *additional* staff.

(vii) **STIPENDS & SCHOLARSHIPS**

*Education—General & Technical* : The provision in the plan is on account of the *net* increase in the value of stipends and

scholarships, i.e., the increase over the level attained at the end of the preceding Plan period.

*Welfare of Backward Classes* : The position as indicated for Education may also be followed under this head.

6. For Centrally sponsored schemes, the same criteria will have to be adopted except in respect of such schemes/programmes which have to run for a specified period of time. In the latter case, the total unspent outlay—both on revenue and capital accounts—by the end of the Fourth Plan will be treated as new expenditure for the Fifth Plan.

*Issued in July, 1973*

## PLANNING COMMISSION

(Economic Division)

As indicated in the Approach to the Fifth Plan, all capital formation is to be included in the Fifth Plan on *gross* basis. This has following implications :

### 1. *Public enterprises*

Plan outlay of public sector undertakings, which was hitherto being shown on net basis, i.e. after deducting provision for current replacement expenditure, will have to be taken on gross basis, i.e. without deducting provision for current replacement expenditure, for the Fifth Plan period. For example, the Plan outlay of road transport undertakings will have to be shown without deducting provision for replacement of buses, etc. Further, all additions to inventories of public enterprises will have to form part of their Fifth Plan outlay.

### 2. *Addition to stocks held by Government*

All outlaying additions to stocks of commodities held by State Governments or other Government authorities will have to be included in the Plan.

### 3. *Administrative and residential buildings*

All expenditure on administrative and residential buildings, which was hitherto being kept outside State Plans, will have to be included within the State Plans. Expenditure on police housing etc. financed from Central loans will have to form part of Central Plan outlay.

### 4. *Loans for Capital Formation*

All loans for capital formation will have to be included in the Fifth Plan. These will include loans to Government servants for housing, all long

and medium term loans for the development of industries, agriculture etc. Short-term loans will, however, be outside the Plan. Besides, loans for consumption purposes e.g. for meeting revenue deficits of local bodies, will be outside the Plan.

*5. Development outlay currently being incurred outside State Plans*

All development outlay, which is currently being incurred outside State Plans e.g. on the CMDA programme and certain specified projects, will form part of the State Plans.

The position explained above will have to be kept in view in the discussions with the States and Central Ministries on their Plan outlays for the Fifth Plan period.

## APPENDIX XV

[*vide* recommendation at S. No. 19]

No. F. 1(5)-E. II(A)/77

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(Department of Expenditure)

*New Delhi, the 30th October, 1976*

*8th Kartika, 1898 (Saka)*

### OFFICE MEMORANDUM

SUBJECTS :—*Delegation of enhanced powers for the write off of losses of stores or public money—Orders regarding.*

The undersigned is directed to say that according to item 15(i) of Annexure I to the Ministry of Finance O.M. No. F. 10(13)-E(Coord)/75, dated 10-4-1975, a Ministry/Department of the Central Government shall be competent to write off irrecoverable losses of stores, not due to theft, fraud or negligence, upto a monetary limit of Rs. 1 lakh and in other cases upto Rs. 25,000/-. The question whether the powers in this regard should be further enhanced has been considered in the light of the recommendations made by the Estimates Committee (1975-76) (Fifth Lok Sabha) in para 3.38 of their Ninety-eighty Report, which is reproduced below :—

“3.38 : The Committee recommend that in the light of the above and the introduction of the system of Integrated Financial Adviser, Government may consider the question of suitably enhancing the powers of the administrative Ministries to write off losses of stores. This should, however, not preclude any thorough investigation or probe being conducted by Ministries/Departments, where there are heavy losses, to pin-point responsibility and to obviate the chances of their recurrence. A periodical statement should be submitted to the Ministry of Finance showing the reasons for the losses and the remedial measures taken to ensure that such losses do not recur.”

2. After careful consideration, the President is now pleased to enhance the powers of the Ministries/Departments of the Central Government as follows :—

- Irrecoverable losses of stores or (i) Rs. 10 lakhs for loss of stores not public money. due to theft, fraud or negligence.  
(ii) Rs. 1 lakh in other cases.

3. The exercise of powers in this regard should be subject to the observance of the following conditions :—

- (a) The provisions of Note 1 below Schedule VII of the Delegation of Financial Powers Rules, 1958 and other relevant provisions of General Financial Rules, 1963 should invariably be observed.
- (b) Before the decision is taken to write off a loss, the administrative Ministry/Department etc. should make a thorough and searching investigation of the cases. The lessons learnt therefrom should be applied to prevent the recurrence of such cases in future.
- (c) A quarterly statement of write off of losses should be submitted to the Associate/Integrated Finance indicating the reasons for the loss, nature of the loss and the remedial measures taken to prevent the recurrence of that type of loss.
- (d) If the Integrated/Associate Finance finds that the loss reveals some basic defect in the rules or procedure, the amendment of which requires orders of some higher authority of this Ministry as indicated in condition (a) of Note 1 below Schedule VII to the Delegation of Financial Powers Rules, 1958, they should bring the same to the notice of the Establishment Division for further necessary action.

4. Hindi version is enclosed.

Sd/—

(S. K. DAS),

*Under Secretary to the Govt. of India*

Tele. No. 373159

## APPENDIX XVI

[Vide recommendation at S. No. 20]

## Statement I

The more important recommendations contained in Volume II of the Report of the Working Group of Financial Rules, which have been accepted with modification by the Committee of Joint Secretaries.

Sl. No. of the Report and Sl. No. thereof	Recommendation in brief	Modification suggested	Remarks	
1	2	3	4	5
1. Annexure I-A (Sl. No. 1)	A revised definition of duty has been attempted by the Working Group in order to minimise the occasions for exercising discretionary powers for treating particular periods as "duty". It has been proposed <i>inter alia</i> that periods during which a person may not be formally posted on return from leave, foreign service or on the revocation of an order of suspension should automatically be classified as duty.	Periods during which a person may not be formally posted on return from leave, foreign service or on the revocation of an order of suspension should not be automatically treated as duty. Such cases should continue to be considered by Govt. on individual merits.		Action already taken as indicated in Appendix II of the Report of the Committee.
2. Annexure I-B (Sl. No. 19)	Supplementary Rule 59 provides for a competent authority prescribing the headquarters of a Govt. servant in its discretion. The power is at present given to certain specified Heads of Departments. Working Group has recommended that the power may be given to all Ministries and Heads of Departments and also to such other authorities to whom they may delegate the power.	The power should be vested in Ministries and Heads of Depts. only.		-do-
3. Annexure I-B (Sl. No. 39-A)	Supplementary Rules 116 provides that when a Govt. servant is transferred, his family may be treated as accompanying him for purposes of travelling allowances if they follow him within 6 months from the date of his transfer or precedes him by not more than 1 month.	Heads of Departments should have power to extend the time-limit only upto 1 year and 3 months respectively instead of 6 months and 1 month.		Action already taken as indicated in Appendix II of the 98th Report.

These time limits can be extended by competent authorities in individual cases in special circumstances. The powers are at present vested in Ministries. It has been recommended that Heads of Departments may also be given the power.

- 4. Annexure II-A (Govt. decision No. 2 below Revised Rule 18)

Revised powers for Administrators in Union Territories have been recommended in regard to Sanctioning of works expenditure.

Powers to sanction expenditure on works have been delegated to Administrators in Union Territories vide MHA letter No. 13011/24/75-Fin. dated 31-5-76.

- 5. Annexure II-A (Revised Rule: 19)

It has been recommended that Ministries should have the power to sanction reasonable expenditure on preliminary items in cases where the feasibility report for a project has been approved by Govt., pending the preparation and acceptance of the detailed project report. The power should be up to 5% of the estimated cost of the project as disclosed in the feasibility report or Rs. 25 lakhs whichever is less.

As mentioned in para 3.42 of the 98th Report, orders in the matter have already been issued in September, 1975.

- 6. Annexure II-A (Revised Rule: 22)

Revised powers have been recommended for Ministries to sanction expenditure for purchases and execution of contracts. Thus, for normal purchases, the powers are proposed to be raised from Rs. 25 to Rs. 40 lakhs, for negotiated or single tender contracts from Rs. 10 to Rs. 20 lakhs, for proprietary stores from Rs. 5 to Rs. 10 lakhs and for emergency direct purchases from Rs. 5 to Rs. 10 lakhs.

While the increased powers as proposed may be accepted it is not necessary to make them applicable to all Ministries uniformly. Selected Ministries especially the servicing ones like the Ministry of Supply and Deptt. of WH&UD may be given these powers. The matter has to be examined in detail in consultation with the concerned Ministries.

Action already taken as indicated in Appendix II of the 98th Report of the Committee.

7. Annexure II-A  
(Revised Ruled 23)

The powers of Ministries for the purchase of commodities not intended for Govt. consumption but for sale or issue to the public State Governments or any authority, and for the fixation of prices in respect of direct trading operations of the Govt. are at present limited to Rs. 20 lakhs. It has been recommended that the limit should be raised to Rs. 50 lakhs.

8. Annexure II-E  
(Sl. No. 30)

Although some orders exist at present simplifying the procedure for the issue of pay authority by the Accountant General to Govt. servants for facilitating prompt receipt of their salary in various circumstances, the working Group took note of the persisting difficulties in certain circumstances e.g. on first appointment to Govt. service, on transfer to another post, or when, even while continuing in the same post, the officer is unable to draw his pay for want of requisite authority for the continuance of the post. It has accordingly been recommended that provision should be made empowering the Heads of offices to sanction advances of pay to gazetted officers under their administrative control in the above circumstances, pending receipt of the necessary authority from the A.G. such advances will be admissible for not more than 2 months and will be adjusted in full in the first salary bill submitted after the drawal of the advance.

9. Annexure II-B  
(Sl. No. 16)

At present, under the Treasury Rules, all bills in payment of claim against Govt. are to be presented at the Treasury, duly receipted and stamped where necessary. The Working Group, taking note of the criticism, that pre-receipting of bills is not appropriate and is of doubtful legal validity, have recommended doing away with such pre-receipting. Receipts are to be taken only at the time of payment.

The powers may be raised to Rs. 30 lakhs.

Action already taken as indicated in Appendix II of the 98th Report of the Committee.

The new provision is accepted with the modification that the advance should be limited to one month's pay subject to usual deductions. It should be payable only if the Officer does not get his pay in the normal course within one month of the event mentioned. It will be admissible only in the following circumstances: (i) In case of first appointment where sanction for the post is available but pay slip has not been received.

(ii) In cases of promotion; and  
(iii) In cases of continuing posts where the requisite authority for the continuance of the post is not forthcoming.

The determination of entitlements of gazetted officers is now being done by the Heads of Departments/Offices in which they are working and this obviates the problems referred to in the recommendation.

Bills presented by a departmental officer or personal claims preferred by Govt. officers should be duly receipted for payments and stamped where necessary. For all other payments, receipts duly stamped, where necessary, should be taken at the time of payment.

Deptt. of E.A. have issued orders amending Treasury Rule No. 131 vide correction slip No. 711 dt. 26-6-76.



1	2	3	4	5
10. Annexure II-E (Sl. No. 17)	<p>Arrear bills exceeding Rs. 100 and more than a year but less than 3 years old (except certain categories) cannot at present be paid at the Treasury without an Authority from the A.G. In view of large number of arrear bills which the A.Gs. have to scrutinise for pre-audit, it has been recommended that the limit of Rs. 100/- should be raised to Rs. 250/-.</p>	<p>The limit of Rs. 250 may be raised to Rs. 500 (C &amp; AG will be separately considering whether pre-audit cannot itself be altogether dispensed with).</p>	<p>Amendment to Treasury Rule No. 136 has since been issued vide correction slip No. 712 dt. 26-6-76.</p>	
11. Annexure III-B (Sl. No. 5)	<p>Increased powers as indicated below have been recommended to officers in CPWD in cases of award of work without calling tenders or by negotiations etc. where the approval of the CWA Board has not been obtained. The existing powers are shown within brackets :—</p> <p>Executive Engineer : Rs. 25,000 (Rs. 10,000)</p> <p>Superintending Engineer : Rs. 2½ lakhs for runway works &amp; Rs. 1 lakh for other work (Rs. 15,000)</p> <p>Chief Engineer/ Engineer-in-Chief : Rs. 10 lakhs for runway works &amp; Rs. 5 lakhs for other works (Rs. 50,000)</p>	<p>The powers may be raised as follow :</p> <p>Executive Engineer Rs. 15,000</p> <p>Superintending Engineer 25,000</p> <p>Chief Engineer/ Engineer-in-Chief : Rs. 1 lakh</p>	<p>The powers as suggested in column 4 have been delegated vide M/W&amp;H letter No. 17013(5)/76 EW1, dt. 14-5-76.</p>	

## Statement II

Some of the important recommendations contained in Volume II of the Report of the Working Group on Financial Rules which have been accepted by the Committee of Joint Secretaries

### *Service rules covered by Annexure I-A and I-B*

Increased powers have been recommended for Heads of Depts. in certain cases. For example, the powers for the grant of special disability leave, which are at present confined to the Ministries, are proposed to be given to Heads of Depts. also. (Sl. Nos. 26, 26-A of Annexure I-A); the powers of Head of Depts. for sanctioning the undertaking of work for which a fee is offered, which are at present limited to Rs. 1,200, are proposed to be raised to Rs. 3,000. (Sl. No. 3 of Annexure I-B); the powers of Heads of Depts. for permitting the grant of travelling allowance as for a journey on tour to a Govt. servant when he is required, while on leave, to undertake a journey to perform public duty at a place other than the one where he is spending his leave, which are at present confined to cases of non-gazetted employees, are proposed to be extended to cover all cases.

(Sl. Nos. 46-A and 46-B of Annexure I-B)

### *Delegation of Financial Powers Rules (Annexure I-A)*

(i) Higher powers have been recommended for Union Territories administrators in regard to expenditure on Works as well as other schemes. For example, the powers of the Administrators of Delhi, Manipur, Tripura and Goa are proposed to be raised from Rs. 25 lakhs to Rs. 50 lakhs in respect of schemes other than works; similarly the powers of these Administrators for works expenditure are proposed to be raised from Rs. 15 lakhs to full powers.

(Govt. decisions 1 & 2 below revised Rules 18)

(ii) As an exception to the rule that charges of remittance of money by postal money order in payment of Govt. dues shall ordinarily be borne by the payee and not by Govt., it has been recommended that remittance by money order of leave salary of Class IV Govt. servants should be made at Govt. expense.

[Schedule IV - Item 13(ii)(1)]

(iii) The powers of Ministries to write off losses of stores or public money, where the loss is not due to theft, fraud or negligence are proposed to be raised from Rs. 25,000 to Rs. 40,000

(Schedule VI—Item No 1)

### *Remarks*

As already indicated, under the C.C.S. (Leave) Rules, Ministries can delegate powers for sanction of special disability leave to any authority.

Necessary orders have since been issued vice O.M. 16012/2/E.II(B)-76, dt. 29-4-76, copy enclosed. Amendment to Supplementary Rules has since been issued vide correction slip No. 1080 dt. 25-8-76.

Powers have been delegated to Administrators of Union Territories vide M.H.A. letter No. 13011/24/75-Finance, dt. 31-5-76.

Action already taken as indicated in Appendix II of 98th Report of the Committee.

Action already taken as indicated in Appendix II of 98th Report.

*General Financial Rule (Annexure II-B)*

The powers of Ministries to make *ad hoc* payments in cases pertaining to arrears claims on account of pay and allowances of employees; where the Accounts Officers are unable to investigate the claim due to limited period of preservation of records or otherwise, are proposed to be raised from Rs. 500/- to Rs. 1,000 and Heads of Depts. who have no powers at present are proposed to be given powers upto Rs. 250 (Sl. No. 6).

-do-

*Central Treasury Rules (Annexure II-E)*

(i) *Simplification of payment procedures.*

It is proposed to allow the last payment of salary in respect of gazetted officers finally quitting service by retirement, resignation etc. to be made by the Head of the Office subject to the officer giving an undertaking that the outstanding dues, if any, may be recovered from the gratuity or other amounts payable by Govt. At present such payment cannot be made except with the clearance of A.G.

-do-

Instead of the existing procedure under which Govt. servants have to make their own arrangements for getting their leave salary remitted to them at the station of their leave, it is proposed to make the remittance the responsibility of the administrative authorities. On a specific request being made, the net leave salary should be sent to the Govt. officials at the station of their leave through demand draft at per by registered post; in the case of Class IV persons, however, their net dues are to be remitted by money order at Govt. expense.

-do-

The requirement of production of life certificate when a gazetted officer takes leave is proposed to be done away with, where the leave is earned leave other than L.P.R.

-do-

The payment of pensions on the last working day before holidays, which is at present made only to pensioners drawing pensions upto Rs. 200 and in cases where the first 4 days of the next month are holidays, is proposed to be extended to all pensioners and in cases where the first 2 days of the next month are holidays. This arrangement will, however, not apply to pensioners relating to the month of March.

-do-

It is proposed to authorise the officers in charge of Public Works Divisions, like their counterparts in the Forests Depts., to obtain funds required for all departmental disbursements by drawing cheques from Treasuries with which they may be placed in account by A.G. instead of the present procedure under which the PWD draws funds partly by means of presentation of bills and partly by means of cheques.

-do-

It is proposed to do away with the requirement of A.G.'s authority for the payment of deposits lying unclaimed in Treasuries for certain periods, except in cases where the Treasury does not maintain the detailed accounts of the deposits.

-do-

(ii) *Enhancement of powers for facilitating Treasury Procedures.*

The powers of the Treasury Officers for various purposes *e.g.* issue of receipts for amounts deposited, issue of receipts for supply of service stamps etc. are proposed to be raised.

The limit upto which salary of deceased Govt. servants can be authorised for payment by Heads of Offices without the production of usual legal authority is proposed to be raised from Rs. 2,500 to Rs. 5,000 and in other cases it is proposed to empower the Heads of Dep'ts. instead of the Ministries to authorise payment on production of indemnity bond.

The limit upto which arrears of pension, remaining undrawn for more than one year, can be paid without the previous sanction of the competent pension authority is proposed to be raised from Rs. 2,500 to Rs. 5,000.

*Delegation of Powers under the Account Codes etc. (Annexure II-F)*

The powers of Audit Authorities at various levels on items like foregoing recovery of irregular expenditure, waiving of irrecoverable amounts etc. are proposed to be raised. (This annexure concerns the C&AG entirely. While commenting on the recommendations, he has accepted most of them and suggested a few modifications also. Details of these are not given in this summary).

*Delegation of Powers in the CPWD (Annexure III-B)*

The powers of officers of the CPWD at different level are proposed to be raised in different types of cases. Thus, in cases of acceptance of single tenders, the powers of the Executive Engineer are proposed to be raised from Rs. 5000 to Rs. 10,000 and those of the Engineer-in-Chief/Chief Engineer from Rs. 15 lakhs to Rs. 25 lakhs. The powers of the Engineer-in-Chief/Chief Engineer for the award of work to the lowest tender, without the approval of the Central Works Advisory Board, are proposed to be raised from Rs. 25 lakhs to 40 lakhs. The Chief Engineer is also proposed to be given full powers for direct purchase of articles required in cases of extreme urgency from the whatever source they consider advisable so long as the rates are at par with or within the rates prescribed by DGS&D for the same articles or for articles of similar specifications.

*Delegation of powers in DGS&D (Annexure III-C)*

The powers of DGS&D for the purchase of proprietary articles by sealed tender are proposed to be raised from Rs. 5 lakhs to Rs. 8 lakhs in the matter of waiver of liquidated damages for delays in supply and also for waiving of recovery in cases of losses arising out of risk purchases, the powers of the DG and DDG are proposed to be raised from Rs. 1,000 to 2,500 and from Rs. 100 to Rs. 500 respectively.

Treasury Rules No. 100 & 103 have been suitably amended *vide* correction slips No. 713, 714 dt. 26-6-76.

Treasury Rule No. 234 has been suitably amended *vide* correction slip. No. 715 dt. 26-6-76.

Treasury Rule No. 369(1) has been suitably amended *vide* correction slip No. 640 dt. 29-3-72.

*Remarks*

Necessary orders enhancing the powers of Audit Officers in respect of waiver of objections, recoveries etc. were issued *vide* Min. of Fin. D/Expdr. letter No. F(81) EGI/70, dt. 21-8-72.

Necessary delegation orders have since been issued *vide* M/W&H letter No. 17013(5)/76 EWI, dt. 14-5-76.

Necessary delegation orders have since been issued *vide* M/Supply & Rehabilitation letter No. PIII 1(1)/76, dt. 16-8-76.

*Remarks**Delegation of powers in the Deptt. of Printing & Stationery (Annexure III-D)*

The powers of the various officers in the Deptt. for different categories of work are proposed to be raised. For instance, the powers of the C/P&S for execution of printing work on tender basis by accepting the lowest quotation, which are, at present, limited to cases not exceeding the scheduled rates by more than 50%, are proposed to be increased to cover cases where the quotations do not exceed the scheduled rates by more than 100%. His powers for execution of work without calling for tenders are proposed to be raised from Rs. 1,000 to Rs. 5,000. Similar increases are also proposed in respect of purchase of stationery stores; the powers of the C/P&S are proposed to be raised from Rs. 2 lakhs per item to Rs. 5 lakhs per item on each occasion.

*Recommendations of A.R.C. in modification of those contained in Volume II of the Report of the Working Group on Financial Rules which are proposed to be accepted.*

*(i) Delegation of Financial Powers rules (Annexure II-A)*

Ordinarily no Govt. property, movable or immovable, should be insured. Certain exceptions have, however, been prescribed. The working Group recommended that cases of departmentally run commercial undertakings should also be exempted from the ban on insurance, and insurance of raw materials, consumable stores, equipment and machinery in transit or in storage in respect of such undertakings may be undertaken at the discretion of the Head of the Organisation. A.R.C. do not agree with this recommendation and have observed that the prohibition on insurance should not be recovered.

(Para. 19 of Chapter V of the Report).

*(ii) Delegation of Powers in the CPWD (Annexure III-B)*

The Working Group have recommended higher powers for officers of the CPWD in various circumstances. In cases of acceptance of lowest tender, they have recommended no change in the existing powers which are Rs. 5,000 for the Assistant Engineer/Assistant Executive Engineer, Rs. 1 lakh for the Executive Engineer and Rs. 10 lakhs for the Superintendent Engineer. The A.R.C. have recommended the increase of the power of the Assistant Engineer/Asstt. Executive Engineer to Rs. 10,000 (para 19 of Chapter V of the Report).

*Statement III*

*Recommendations of the Working group on Financial Rules contained in Volume I which are not covered in Volume II of their Report or in the A.R.Cs., Report on Delegation of Financial and Administrative Powers which are proposed to be accepted.*

*Recommendation No.*

Necessary orders delegating the powers have since been issued vide M/W&H Memo. No. A.36016/2/75-Ptg., dt. 10-8-76.

Action taken is already indicated in Appendix-II of the 98th Report.

The powers of Asstt. Engineers/Asstt. Executive Engineers have since been enhanced vide M/W&H letter No. 28016(3)/76 W-4, dt. 28-9-76.

5. A comprehensive review and revision of those portions of the C.S.R.'s which are still extant i.e. mainly the rules relating to the pensions should be undertaken and they should be incorporated in a consolidated form in a Code.

6. The procedural details relating to the payment of pensions should be kept at one place only, mainly the Central Treasury Rules.

A comprehensive revision of the Central Treasury Rules has been kept in abeyance, pending finalisation of the various reforms in financial administration now in progress, updating of the Rule is in hand. The letter work is expected to be completed shortly. In the new scheme relief to the payment of pension through Public Sector Banks the procedural details have been consolidated vide O.M. No. 10/23-B(TR)/76, dt. 11-6-76, 10-9-76, 30-12-76 and 15-10-77.

7. Whenever any new provident Fund is to be constituted, Govt. should consider whether the existing rules as they stand could with suitable adaptations be applied to that fund. The feasibility of reducing the number of the Provident Fund Rules should be examined.

8. In the Fifth Schedule to the G.P.F. Rules, the reference to a head of dept. should be to the list as provided for under 2(e) of Delegation of Financial Powers Rules and not to the list prescribed with reference to Supplementary Rules 2(10).

15. The existing Central Govt. Treasury Rules issued in 1941 have become out of date and they are not in their present form, in step with the present day constitutional and administrative set up. Our suggestions in respect of modifications/chances etc. therein are contained in Annexure II-E. A fuller and more comprehensive revision of the C.T Rs. is called for in order to bring its provisions in line with the present day arrangements and the existing administrative systems.

16. Some rules of the Central Treasury Rules called for substantial changes or deletion altogether. It has not been possible for the Group to suggest in their case the precise form of amendment in the absence of the relevant facts or data. In such cases Govt. might consider, in consultation with the appropriate authority in each case, the precise form or shape which these rules should take or their deletion altogether, as the case may be.

17. Some amendments or modifications to the C.T R., as suggested by the Group might conceivably involve consequential amendments to, or changes in, other financial rules e.g. the Account Code Vol. II the G.F.Rs., the C.P.W.A. Code etc. The authorities concerned should initiate appropriate steps in this matter in due course.

Action already taken is indicated in Appendix II of the 98th Report.

Action Taken is already indicated in Appendix II of the 98th Report.

-do-

Vide remarks above against recommendation No. 6

-do-

Action taken already is indicated in Appendix II of the 98th Report.

27. The administrative authorities should be empowered so as to be in a position to sanction minor works as now defined in the Central Public Works Account Code.

28. The powers should be delegated to the administrative Ministries (including Ministry of Works, Housing and Supply) to issue 'expenditure sanction' in respect of major works costing upto Rs. 5 lakhs without reference to Finance. The present scheme of 'expenditure sanction' should be modified to this extent.

The administrative authorities are enjoying the powers to sanction Minor Works as defined in Central Public works Account Code, *vide* Rule 11(4) of DFP Rules 1958.

The requisite orders have already been issued *vide* Min. of Finance (Deptt. of Expenditure) O.M.No. F.1(2)-E.II(A)/76, dt. 10-3-76 and para 3.42 of the 98th Report.

## APPENDIX XVII

[*Vide recommendation S. Nos. 22—24*]

No. F. 13(31)-E(Coord)/76

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

*New Delhi, the 12th August, 1976*

OFFICE MEMORANDUM

SUBJECT :—*Delegation of powers to executing agencies—recommendations in 98th Report of the Estimates Committee (1975-76).*

The undersigned is directed to refer to the recommendations of Estimates Committee (1975-76) contained in paras 3.50, 3.58, 3.59, 3.60 and 3.61 of their 98th Report (Copy enclosed) and to state that the Government has accepted these recommendations.

2. In order that the Plan projects are implemented with speed. It is essential that there should be not only substantial devolution of powers to the administrative Ministries/Departments but also to the actual executing agencies which have the primary responsibility of attaining plan targets within the financial limits set for them. The need for this was recognised and in the delegation orders issued *vide* this Ministry's O.M. No. F. 10(4)-E-(Coord)|62 dated 1-6-62, F. No. 10(3)E(Coord)|67 dated 18-10-68 and F. 10(13)-E(Coord)|75 dated 10-4-75 it was stated that the administrative Ministries should in their turn delegate to the maximum extent administrative and financial powers to Head of Departments and also to other subordinate authorities. It was emphasised in the O.M. dated 10-4-75 that the powers delegated to the Heads of the Departments and Head of Offices as mentioned in the Appendices are only the floor level delegations and that the Ministries could make good the additional requirement subordinate levels by further re-delegation. It was emphasised that in order to derive the benefit of the delegations optimally the Ministries should not only make full use of delegated powers but also further re-delegate powers to their subordinate organisations to match the latter's requirements.

3. The Department of Personnel & Administrative Reforms (Administrative Reforms) also in their O.M. No. K. 12011/14/75-Cy.D dated 4-9-75



requested the Ministries/Departments to bring about with the utmost expedition the optimal delegation of powers to the subordinate formations/levels. The Ministries/Departments were required to conduct within a period of 2 months a complete review of the additional financial and administrative powers required by Sub-Ministry formations/levels and to issue orders delegating to them the necessary powers. It has however, been noted that the progress in actual implementation of the various orders issued from time to time has not been satisfactory. Some of the Ministries have conducted reviews and made re-delegations while others have not done so. Similarly, the statements/schedules showing powers delegated to the subordinate organisations have also not prepared by all the Ministries/Departments as required.

4. In order that the powers are delegated to the actual executing agencies as envisaged in the Ministry's O.M. mentioned in para 2 above, the following decisions have been taken :—

- (i) All the Ministries/Departments should review the powers of the executing agencies, sub-Ministry formations/levels and re-delegate to them such additional powers as are considered necessary to match their requirements. In making the review the Integrated Financial Advisers/Internal Financial Advisers may be invariably associated. If the powers delegated have already been reviewed in pursuance of the Department of Personnel & A.R. O. M. dated 4-9-75, mentioned in para 3 above and necessary powers have already been delegated a further review by the Ministry concerned is not necessary unless the need for the same is felt. The other Ministries should complete the review and the action for delegating the additional powers to the executing agencies etc. within a time limit of 4 months.

*All the Ministries/Departments, including those who have already completed the review in pursuance of the Deptt. of Pers. & A.R. O. M. dated 4-9-1975 should send to this Department (Estt. Coord. Branch) by 30-11-75 at the latest a report on implementation of the above decision.*

- (ii) All Ministries/Departments should prepare complete and up-to-date schedules/Statements of powers delegated to the subordinate field organisations.

*A report to the effect that this has been done should be sent by all the Ministries/Departments to the Departments of Expenditure (Estt. Coord. Branch) by 30-11-1976.*

- (iii) The powers delegated to the executing agencies etc. should be reviewed in the month of May every years to see that the existing delegated powers suit the changed requirements. The first review may thus made in May, 1977.

A comprehensive review of the delegated powers should be carried out in the last year of the Five Year Plan to identify constraints and difficulties which may have come in the way of implementation of the schemes/projects. The annual review to be taken in May, 1977, should, therefore, be all comprehensive.

*A report to the effect that the comprehensive review of the delegated powers has been carried out should be sent by each Ministry/Department to the Department of Expenditure (Est. Coord. Branch) by 30th June, 1977.*

5. All Ministries/Departments are requested to note the above instructions carefully and to send their reports to this Deptt. by the stipulated date.

Sd/—

(J. P. DAS)

*Joint Secy. of the Government of India*

## APPENDIX XVIII

(Vide reply to recommendation at S. No. 25)

No. 13(36)-E(Coord.)/76

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE

Department of Expenditure

New Delhi, the 25th November, 1976.

### OFFICE MEMORANDUM

SUBJECTS :—*Exercise of delegated by the officers at various levels.*

The undersigned is directed to invite attention to the following recommendation in para 3.66 of the 98th Report of the Estimates Committee (1975-76) on the subject mentioned above :—

“The Committee emphasise that while it is essential that there should be adequate delegation of powers to avoid, delays, it is equally necessary to ensure that the powers delegated to various Ministries/Departments and subordinate offices are actually exercised by the officers at various levels. The unwillingness among officers to accept responsibility and to refer up the cases should be discouraged by the higher officers refusing to entertain cases where the lower authorities have adequate powers to take decision. The officers at all levels should be made to realise that they will not be allowed to play safe and shift the responsibilities on others but would have to take decision on matters falling within their jurisdiction. The Committee would like to point out that one of the ways to ensure that the delegated powers are actually exercised is to create a proper atmosphere for it. The delegation of powers should be in clear and precise terms and the officers should be consciously encouraged to develop initiative and take decisions. It is essential that the officers are installed with confidence that methodical and concientious carrying out of duties and exercise of powers entrusted to them, will bring

cognition and omissions and mistakes made *bona fide*, in the normal course, would not be held against them.

2. The recommendation has been accepted by Govt. It is proposed to include a Column in the Confidential Reports to provide for general comments among others, on the officer reported upon, on application of knowledge, delegated authority and conceptual and professional skills on the job. The officers concerned have to realise that they cannot play safe and shift the responsibilities on others but shall take decision on matters falling within their jurisdiction.

3. The Ministries/Departments are requested to create a proper atmosphere so that the delegated powers are actually exercised by the Officers concerned. The contents of the O.M. may be widely circulated amongst all concerned.

J. P. DAS,

*Joint Secretary to  
the Government of India*

## APPENDIX XIX

[Vide reply to recommendation at S. Nos. 29—31]

No. F. 13(25)-E(Coord)/76

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
Department of Expenditure  
New Delhi, the 28th July, 1976

### OFFICE MEMORANDUM

**SUBJECT:—***98th Report of Estimates Committee (1975-76) on Ministry of Finance (Department of Expenditure) relating to Delegation of Financial Powers—recommendations regarding the scheme of Integrated Financial Advisers.*

The scheme of Integrated Financial Advisers was circulated to all Ministries/Departments in this Department's O.M. No. F. 10(29)-E(Coord)/75 dated 6-10-75. The Estimates Committee (1975-76) were also informed of the new system. The Committee in their 98th Report has commented upon the system and made observations/recommendations in paras 4.30, 4.31(i), 4.31(ii), 4.31(viii), 4.34 and 4.35 of their 98th Report. The relevant extracts of the paras are enclosed. The following recommendations made by the Committee have been accepted by the Government :—

*Para 4.30 :* The Committee stressed that the Govt. should put to effective use the experience of the working of such schemes since 1958 and keep a contemporaneous and vigilant watch on the implementation of the new scheme of Integrated Financial Adviser so as to resolve speedily difficulties/problems which may be encountered in the interest of achieving the objectives underlying.

*Para 4.31 (viii) :* The Committee would like to stress that to make the new scheme of Integrated Financial Advisers a success, it should be ensured from the very beginning that the delegated power are fully exercised and making of unnecessary/references to the Ministry of Finance should be considered as a sign of unwillingness to shoulder the responsibility.

Secretary, Ministry of Commerce, etc. may kindly note the observations of the Estimates Committee for necessary action.

J. S. BAJAJ,  
*Deputy Secretary to the  
Government of India*

**APPENDIX XX**

(Vide reply to recommendation at S.No. 29)

*List of Officers appointed as Integrated Financial Advisers.*

S. No.	Name of IFA S/Shri	Designation	Service to which the officer belongs	Ministries/Departments to which posted
1.	A.C. Bhatla	Addl. Secy.	IA & AS	Communications
2.	A.P.V. Krishnan	-do-	C.S.S.	Industry & Civil Supplies
3.	Badal Roy	Joint Secy.	IA & AS	Tourism & Civil Aviation
4.	S.N. Achanta	-do-	I.A.S.	Supply
5.	G. Jayaraman	-do-	IA & AS	Information & Broadcasting
6.	Prem Nath	-do-	I.R.S.	Health & F.P.
7.	N.K. Rewari	-do-	IRAS	Works & Housing
8.	J. Innocent	-do-	I.A.S.	External Affairs.
9.	P.M. Belliappa	-do-	I.A.S.	Science & Technology
10.	A.B. Datar	-do-	I.A.S.	Shipping & Transport
11.	C. Venkatraman	-do-	IA & AS	Commerce
12.	R. Ganapati	-do-	IA & AS	Steel & Mines
13.	U. Vaidyanathan	-do-	I.A.S.	Rehabilitation
14.	S.P. Gugnani	-do-	IA & AS	Coal
15.	K. Padmanabhan	-do-	IDAS	Defence Production
16.	B.M. Prabhu	-do-	IDAS	Defence Supplies (R & D)
17.	R.R. Savoor	-do-	I.P.S. (Indian Postal Service)	Home, Personnel & Administrative Reforms, Justice & Official Language
18.	K.R. Baliga	-do-	I.A & AS	Labour
19.	Ramaswamy R. Iyer	-do-	I.A. & AS	Chemicals & Fertilizer
20.	R.K. Kaul	-do-	I.A.S.	Agriculture
21.	R. Krishnamurthi	-do-	IDAS	Revenue & Banking
22.	A.C. Tewari	-do-	I.A. & AS	Food
23.	J.A. Kalyanakrishnan	-do-	I.A.S.	Education
24.	S.L. Khosla	-do-	I.A.S.	Petroleum
25.	B.M.K. Mattoo	-do-	I.A. & AS	Irrigation
26.	V. Krishnaswamy	-do-	I.A.S.	Power

## APPENDIX XXI

(Vide reply to recommendation at S. No. 32)

No. F. 13(13)-E(Coord)/76

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE

New Delhi, the 13th December, 1976

### OFFICE MEMORANDUM

SUBJECT : *Monitoring the progress of Schemes.*

The undersigned is directed to state that the Estimates Committee have made the following recommendations/observations in their 98th Report (Fifth Lok Sabha) :—

#### **Recommendation No. 32, Para 4.31(iii)**

Suitable accounting and reporting system should be devised in each administrative Ministry to ensure sound financial management. The reporting system should be such that delays are reported for immediate attention and adoption of remedial measures. There should be an effective organisation for monitoring the progress of schemes to see that the actual progress made is in accordance with the targets therefor. In cases of variations, the reason should be analysed and bottlenecks, if any, removed. Performance appraisal techniques should also be devised to ensure that the results achieved are commensurate with the expenditure incurred.

#### **Recommendation No. 33, Para 4.31(iv)**

Quarterly reports should be submitted to the Ministry of Finance regarding the progress made in the execution of major schemes and expenditure thereon vis-a-vis the targets/estimates originally fixed therefor so as to keep the Ministry of Finance informed about the progress of the schemes both in physical and financial terms to enable them *inter alia* to have an overall view of public expenditure.



**Recommendation No. 44, Para 5.13**

The Committee also stress that the implementing agencies should also periodically evaluate their programmes/schemes to see whether the results achieved and benefits accrued are in accordance with the objectives aimed at and are commensurate with the expenditure incurred. With the introduction of Integrated Financial Advisers, it should be possible for the Secretary of the Ministry/Department to have periodical reviews, say once in a quarter but not less than once in six months, to see how far the physical progress made is in consonance with the flow of expenditure. For example, it should be possible to prepare a meaningful memorandum to bring out how cash, drawback of duties and other incentives given in the interest of stepping up export of manufactured and semi-manufactured commodities have resulted in actual increase (in physical as well as monetary terms) and how far the contribution made from the Exchequer to earn more foreign exchange is justified. To take another example, the price of different types of fertilisers has been varied from time to time by Government with a view to encourage its off-take in the interest of increased agricultural production and for ensuring balanced nutrient inputs for the soil. It should be possible by suitable accounting methodology to produce a flow chart showing the actual off-take, the burden borne by the public exchequer by way of subsidy and the results achieved by way of increased agricultural production so as to apply "on course" correctives without loss of time. The Committee stress that important schemes and projects should be so prepared and finalised, with the assistance of Integrated Financial Advisers, as to throw up identifiable parameters to judge the effectiveness of regulated expenditure and direction and enable the management to meaningfully monitor the actual progress made in the field and apply "on Course" correctives, as required.

The above recommendations have been accepted by Government. The importance of monitoring the progress of schemes to see that the actual progress made is in accordance with the targets therefor cannot be over-emphasised. The quarterly reviews as recommended in para 5.13 should be conducted by the Ministries/Departments in association with their Financial Advisers and "on course" correctives applied wherever necessary. The Financial Advisers should submit the results of these reviews to the Finance Secretary/Secretary (Expenditure).

**J. P. DAS,**  
*Joint Secretary to the Government of India.*

## APPENDIX XXII

(Vide reply to recommendation at S. No. 34)

No. F. 13(29)-E(Coord)/76

GOVERNMENT OF INDIA

MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE

New Delhi, the 8th September, 1976

OFFICE MEMORANDUM

SUBJECT : *Even distribution of expenditure throughout the year—98th Report of the Estimates Committee (1975-76).*

The undersigned is directed to invite attention to Ministry of Finance O.M. No. F. 10(3)-E(Coord)/67 dated the 18th October, 1968, regarding arrangements for budgeting and financial control. In Appendix I of the Annexure, it was stated that the Internal Financial Adviser will watch and review the progress of expenditure against sanctioned grants through maintenance of necessary control registers and to issue timely warnings to Controlling Authorities where the progress of expenditure is not even. It has been provided in Note 3 under GFR 69 that rush of expenditure particularly in the closing months of the financial year shall be regarded as a breach of financial regularity and should be avoided. In spite of these instructions the rush of expenditure in the closing months of the financial year is not showing any sign of abatement.

2. The Estimates Committee (1975-76) in paragraph 4.31(v) of their 98th Report has made the following observation/recommendation :—

“Suitable measures should be devised to see that the expenditure is evenly distributed throughout the year so that there is no rush of expenditure towards the end, which usually results in wasteful expenditure”.

3. With the introduction of the scheme of “Integrated” Financial Advisers vide this Ministry’s O.M. No. F. 10(29) E(Coord)/73 dated 6-10-1975, the responsibility of keeping post-budget vigilance to ensure that

there are neither considerable shortfalls in expenditure nor unforeseen excess has been placed on the integrated Financial Advisers. It is felt that with the separation of accounts from audit & each Ministry/Department being now responsible for maintenance of its own accounts, this function can be discharged by the Integrated Financial Advisers more effectively.

4. The Integrated Financial Advisers (Internal Financial Adviser where the integrated financial advice scheme has not been introduced) may, with immediate effect, conduct a review of progress of expenditure from month to month with reference to the sanctioned grants. This will ensure that the expenditure is evenly distributed throughout the year and that there is no rush of expenditure during the closing months of the financial year.

J. P. DAS,

*Joint Secretary to the Govt. of India.*

## APPENDIX XXIII

[Vide reply to recommendation at S. Nos. 42-43]

No. F. 13(21)-E(Coord)/76

MINISTRY OF FINANCE

DEPARTMENT OF EXPENDITURE

New Delhi, the 30th October, 1976

### OFFICE MEMORANDUM

**SUBJECT :** 98th Report of Estimates Committee (1975-76)—Recommendations regarding the review of the existing reporting arrangements for the Integrated Financial Advisers.

The undersigned is directed to invite a reference to para V of the Annexure to this Department's O.M. No. F.10(3)-E(Coord)/67 dated 18-10-68, according to which, the Ministries/Departments are required to furnish to the Associate Financial Advisers quarterly staff returns showing the sanctioned strength at the end of each quarter and the increases/decreases over the previous return, along with brief reasons explaining the variations. In addition, copies of the sanctions falling under the following categories are required to be furnished to the Finance Divisions :—

- (i) Contingent expenditure and miscellaneous expenditure above the limit of Rs. 2,500/- recurring per annum in each case and Rs. 10,000/- non-recurring in each case.
- (ii) Excess expenditure over the estimates of a scheme as accepted by the Finance Ministry.
- (iii) Re-appropriation of funds in exercise of the delegated powers.
- (iv) Introduction of a new item in a scheme even if it does not result in substantial variation of the scheme as accepted by the Ministry of Finance.

The above returns were prescribed as a corollary to the vesting of more powers in the Ministries. The returns when received in the Associate Finance Divisions were examined to see that the Ministries had not exceeded their delegated powers in creating posts and for incurring contingent expenditure re-appropriation of funds etc.

2. The Estimates Committee in paras 5.11 and 5.12 of their 98th Report have made the following recommendations/observations in regard to the existing reporting arrangements :—

“5.11 The Committee note that under the existing system the Ministries are required to submit periodically to the Ministry of Finance staff returns and copies of certain financial sanctions in regard to re-appropriation of funds, contingent expenditure etc. This elaborate system does not appear to have served any useful purpose. The Committee have been informed that after the introduction of the scheme of Integrated Financial Advisers, the reporting in such matters would be made to the Integrated Financial Adviser and not to the Ministry of Finance. The Committee consider that if the reporting system is to serve any useful purpose it should be such that the essential data on the financial as well as physical progress of the schemes/programmes is contemporaneously available to the administrative Ministries/Departments. The Ministries should evolve a system which would enable them to keep a special watch on crucial and strategic points and to take prompt remedial action.

5.12 The Committee further consider that a detailed review of the reports presently obtained from various tiers of management is called for so that standard formats as to the contents for reporting, frequency of reports and their originating and destination points could be laid out to meet the requirements of a developing economy.”

3. The above recommendations have been accepted by the Govt. Under the scheme of Integrated Financial Advisers, more effective and constructive role has been assigned to the Integrated Financial Advisers in the developmental activities, and for watching that the administrative Ministries exercise the delegated powers properly. As such a close watch will be necessary by the Financial Advisers on the additional expenditure on creation of posts in accordance with the various economy orders issued from time to time to avoid proliferation of staff. With necessary data, the Financial Advisers will be in a position to high-light the points regarding need for restraint in the matter in their reports or discussions with higher authorities in the administrative Ministries. It is therefore requested that the staff returns showing the sanctioned strength at the end of the quarter indicating the increase/decrease over the previous return giving details of posts created in relaxation of the ban whether with the concurrence of Expenditure Deptt. or with the approval of the Cabinet should continue to be sent to their Financial Advisers by the Administrative Ministries/Departments.

4. In consideration of the recommendations of the Estimates Committee, the procedure of endorsing to the Financial Advisers copies of the sanctions in respect of any of the four categories mentioned in para 1 above need not continue. However, in order that the Financial Adviser is kept informed of the excess expenditure over the estimates of a scheme as accepted by the Ministry of Finance and also of the introduction of new items in a scheme, a quarterly return may be sent to him in addition to the staff returns referred to in the preceding para, in such form as may be prescribed by the Financial Adviser to suit his requirements.

5. Ministry of Agriculture etc., may please note the above recommendations of the Estimates Committee and paragraphs 3 and 4 above for necessary action.

R. B. GUPTA  
Deputy Secretary (Coord.)

## APPENDIX XXIV

[Vide reply to recommendation at S. Nos. 45-46]

### *Monitoring, Plan Information and Evaluation Units*

Programmes approved under the Centrally Sponsored Schemes of Strengthening of Planning Machinery for Monitoring and Evaluation :

#### *States*

1. Andhra Pradesh
2. Assam
3. Gujarat
4. Maharashtra
5. Haryana
6. Karnataka
7. Kerala
8. Madhya Pradesh
9. Orissa
10. Punjab
11. Rajasthan
12. Tripura
13. Uttar Pradesh
14. West Bengal
15. Manipur
16. Meghalaya
17. Nagaland

Monitoring being attended to by the Planning Departments which have been strengthened.

## APPENDIX XXV

[Vide reply to recommendation at S. No. 45-46]

Copy of the Note regarding function of Monitoring & Evaluation Cells sent to Ministries of Petroleum & Chemicals/Steel & Mines/Heavy Industries/Industrial Development/Irrigation & Power/Railways/Transport and Shipping with Shri V. G. Rajadhyaksha's D. O. letter No. O-11018/1/73-MEO dated 10th Dec. 1973.

### MONITORING & EVALUATION (M&E) CELLS

#### *Objectives*

The main objectives of these cells would be to assist apex agencies, namely, the concerned departments of Government to implement the Plan particularly in regard to certain key industries and services. They should operate largely as service groups to the appropriate Secretaries to Government.

#### *Functions*

These would vary to some extent with the industry or service concerned but some of the tasks the cells could undertake would be—

- (a) To provide assistance to the operating implementing agencies in both public and other sectors to produce networks and the corresponding information systems for major projects, in sufficient detail to enable these cells to monitor progress. These networks should cover three types of activities .—
  - (i) Those required to optimise utilisation of existing capacity.
  - (ii) Those required to ensure that projects under implementation are completed and commissioned on time and within budgetted costs.
  - (iii) Preparatory work for projects included in the Plan to ensure that project preparation and approvals do not lead to delays. This would apply to advance action for the Sixth Plan.

In regard to public sector projects, the cells would work closely with the Bureau of Public Enterprises to ensure that there is



no unnecessary duplication of information to be supplied by implementing agencies.

- (b) On the basis of physical progress achieved or expected, to identify the actions and decisions that need to be taken by the department itself or by agreement between different agencies of Government regarding such matters as licences, financial approvals, senior appointments, setting up new implementing or other agencies. These cells should do the required preparatory work and provide the stimulus to the department to see that these steps are taken within the time constraints of the network.
- (c) To supplement the efforts of operational agencies in getting adequate supplies of scarce resources such as power, transport, steel, etc. Positioned as they are, they would be able to assess the aggregate demands of the industry, assist in evening out stocks, anticipate shortages that are likely to arise and suggest remedial actions. Similarly where there are conflicting demands by agencies under the same department of Government on scarce facilities such as indigenous machine or plant building capacity, these cells, being in close touch with the progress of different projects, would be able to provide guidance on which items of equipment need to be given priority.
- (d) Being aware of the action that is being taken by implementing agencies to minimise slippage to act as a bridge for transferring information and experience from one agency to another. This could cover such matters as new sources of supply of materials, equipment and components, operational techniques, repair facilities, the performance of consultancy and contracting organisations etc.
- (e) To build up case histories on project preparation, execution and operation so that weaknesses observed and corrective measures taken in such areas as streamlining procedures, raising production levels, achieving economies in the construction and operation of projects, rationalising organisation structures and delegation of authority are identified and documented and improved arrangements and realistic time schedules are developed for preparing, implementing and commissioning new projects.

- (f) To build up a detailed data base in the department on which annual plans and five yearly plans for the industry can be formulated.
- (g) To keep in touch with and provide the required information to the Monitoring & Evaluation Organisation in the Planning Commission.

*Manning of the M&E Cells*

Suggestions for the manner in which these cells should be manned have been indicated in the section on "Monitoring & Evaluation" in the Chapter on "Implementation" in the draft Plan.

## APPENDIX XXVI

[Vide reply to recommendation at S. Nos. 50, 52, 54]

F. 11(9)/76 S.C.

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

SPECIAL CELL

New Delhi, the 25th November, 1976

### OFFICE MEMORANDUM

SUBJECT : 98th Report of the Estimates Committee (1975-76) on Ministry of Finance (Department of Expenditure) relating to Delegation of Financial Powers—recommendation regarding the separation of Accounts from Audit.

In pursuance of the recommendations of the Cabinet Committee on Administration, the departmentalised accounting system by separation of accounts from audit is being introduced in the Ministries/Departments of the Government of India in three phases i.e. w.e.f. 1-4-76, 1-7-76 and 1-10-76.

2. The Estimates Committee in paras 5.30, 5.32, 5.34 and 5.35 of their 98th Report have made the following observations/recommendations with regard to rationalisation of accounting procedures etc., so that the separation of accounts from audit could lead to a better and effective resource management and direction.

*Para 5.30.* The Committee feel that this opportunity of separation of Accounts from Audit should be put to effective use by proceeding with the process of rationalisation, modernisation and mechanisation so as to make the accounting units result oriented and forward looking. In fact, the accounting units to be set up under administrative Ministries being the latest should be models of efficiency and compactness. These should be well-knit organisations where the accent right from the very beginning is on quality and minimum staff.

*Para 5.32.* The Committee note that Government have recently rationalised to a considerable extent the procedure and modalities for determining and effecting payment of salaries, allowances, increments, pensions, gratuities, provident fund, etc., to the staff. The Committee feel that there is

scope for similar rationalisation in other accounting procedures so as to provide significant flow charts which correlate expenditure to the actual physical progress made in the field, facilitate monitoring and help application of "on course" correctives.

*Para 5.34.* It is imperative that the accounts are not only prepared and presented in time but that they are kept upto date and exhibit a meaningful correlation of expenditure with the units of performance. It is only then that the head of the Department/Ministry would be able to exercise effective check on performance by comparing the quantum of anticipated work output with the financial provision asked for in the budget and identify the weaker links of the chain which need to be strengthened.

*Para 5.35.* In brief, accounting should become an effective aid to management of resources. The Committee would like to judge the success of the historical decision to separate the Accounts from Audit by the results achieved in better and more effective resources management and direction.

3. The above recommendations have been accepted by Government. The Ministries/Departments and the Integrated Financial Advisers are requested to ensure that the objectives underlying the separation of accounts from audit are fully realised by taking timely and appropriate action as recommended by the Estimates Committee.

M. K. VENKATARAMAN,  
*Deputy Secretary (Special Cell)*

## APPENDIX XXVII

[*Vide* reply to recommendation at S. No. 53]

No. 13(24)-E(Coord)/76

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

*New Delhi, the 25th November, 1976*

### OFFICE MEMORANDUM

SUBJECT : *Role of Financial Advisers.*

The undersigned is directed to invite a reference to para 5.33 of 98th Report of the Estimates Committee (1975-76) reproduced below :—

“The Committee need hardly recall that the objective of Integrated Financial Advisers is to get the best value for the public money expended. It is therefore, of the utmost importance that the modalities of work and procedures and accounting should be such as to subserve this objective by cutting out waste and effecting economies consistent with operational requirements.”

2. The Committee's recommendation has been accepted by the Government. All F.As. are requested to note the recommendation of the Committee for necessary action while working out the modalities of work, procedures and accounting.

(J. P. DAS)

*Joint Secretary to the Government of India.*

## APPENDIX XXVIII

[*Vide* Introduction]

*Analysis of the action taken by the Government on the recommendations contained in the Ninety-eighth Report of the Estimates Committee.*

### (FIFTH LOK SABHA)

(i) Total number of recommendations	58
(ii) Recommendations which have been accepted by Government ( <i>vide</i> Recommendations at Sl. No  1, 3, 4, 6, 7, 9, 11, 13, 16, 17, 19, 20, 22—27, 29—39, 44—46, 50—55.	
Number	38
Percentage to total	65.5
(iii) Recommendations which the Committee do not desire to pursue in view of Government reply. ( <i>vide</i> recommendations at Sl. No. 8, 15, 18, 28).	
Number	4
Percentage	7
(iv) Recommendations in respect of which replies of Government have not been accepted by the Committee ( <i>vide</i> recommendations Sl. No. 2, 5, 10, 12, 14, 21, 40—43, 47—49, 56—58).	
Number	16
Percentage	27.5