

**PUBLIC ACCOUNTS COMMITTEE  
(1977-78)**

**(SIXTH LOK SABHA)**

**FORTY FOURTH REPORT**

**(MINISTRY OF EXTERNAL AFFAIRS)**

**[Paragraphs 29, and 52 of the Report of the Comptroller and  
Auditor General of India for the year 1974-75, Union  
Government (civil)]**

*Presented in Lok Sabha on 14-12-1977*

*Laid in Rajya Sabha on 14-12-1977*



**LOK SABHA SECRETARIAT  
NEW DELHI**

*December, 1977/Agrahayana 1899 (S)*

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CORRIGENDA

Corrigenda to 44th Report of Public  
Accounts Committee (Sixth Lok Sabha)

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\*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library).

PUBLIC ACCOUNTS COMMITTEE  
(1977-78)

Shri C. M. Stephen—*Chairman*

MEMBERS

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4. Shri Brij Raj Singh
5. Shri Tulsidas Dasappa
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*Rajya Sabha*

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*urf* Piare Lall Talib
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21. Shri Bezawada Papireddi
22. Shri Zawar Hussain

SECRETARIAT

1. Shri B. K. Mukherjee—*Joint Secretary*
2. Shri T. R. Ghai—*Senior Financial Committee Officer*

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\*Elected w.e.f. 23-11-1977 vice Sarva shri Sheo Narain and Jagdambi Prasad Yadav  
ceased to be Members of the Committee on their appointment as Minister of State.

## INTRODUCTION

1. I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Forty-Fourth Report of the Public Accounts Committee (Sixth Lok Sabha) on paragraphs 29 and 52 of the Report of the Comptroller and Auditor General of India for the year 1974-75, Union Government (Civil) relating to the Ministry of External Affairs.

2. The Report of the Comptroller and Auditor General of India for the year 1974-75, Union Government (Civil) was laid on the Table of the House on 26 March 1976. The Public Accounts Committee (1976-77) obtained written information from the Ministry of External Affairs on these paragraphs but could not finalise the Report on account of dissolution of the Lok Sabha on 18 January 1977. The Public Accounts Committee (1977-78) considered and finalised this Report at their sitting held on 7 December 1977, based on the written information already furnished by the Ministry of External Affairs. The Minutes of that sitting form Part II\* of the Report.

3. A statement containing conclusions recommendations of the Committee is appended to this Report (Appendix). For facility of reference these have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the commendable work done by the Chairman and Members of the Public Accounts Committee (1976-77) in obtaining information for this Report.

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

6. The Committee would also like to express their thanks to the Ministry of External Affairs for the co-operation extended by them in giving information to the Committee.

NEW DELHI ;  
*December 7, 1977*

*Agrahayana 16, 1899 (S)*

C.M. STEPHEN,  
*Chairman,*  
*Public Accounts Committee.*

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\*Not printed. One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library.

## CHAPTER I

### RESIDENTIAL ACCOMMODATION

#### *Audit Paragraph*

1.1. Order posting 'B' as First Secretary in a Mission abroad was issued by Government in December 1972. His predecessor 'A' vacated the post in January 1973. The house in which 'A' was staying was retained for 'B' who joined the post on 7th July 1973 as he was associated with important delegations in the meantime. The rent of the building for the intervening period of a little over 5 months was Rs. 14,441. The Ministry stated (October 1975) that "acquiring residential accommodation for new arrivals is a difficult and costly proposition than retention of the houses in occupation earlier, even if these houses have to be kept vacant for sometime."

1.2. The house which was 200 years old, was taken on lease by the Mission in 1967. The lease of the house was last renewed on 11th September, 1972 for one year from 5th September, 1972. While applying for sanction for additional accommodation for his maid servant in the same house, 'A' had informed Government in May 1971 that the house was very old. Some cracks noticed by 'A' in April 1972 were repaired by the owner, after that 'A' did not make any complaint about the house till he vacated it in January, 1973. The Mission had also recommended to Government on 18th January, 1973 retention of the House for 'B' and had enquired of Government on 1st May, 1973 whether the house might be retained. The Ministry stated (October 1975) that after repairs were done in April 1972, "the *prima facie* conclusion was that the house was in a state of good repair—fit for continued habitation. Based on this appreciation, the lease of the house was renewed in September 1972 for a further period of one year."

1.3. 'B' moved into the house on 7th July, 1973. He reported to the Ambassador on 20th July, 1973 that the building had developed large cracks and was dangerous to live in and sought permission to shift to a hotel immediately. A notice for premature termination of the lease from 31st July 1973 was issued to the owner of the building on 24th July, 1973; this was agreed to by the owner of the house on 27th July, 1973. On 24th July, 1973 the Mission also approached Government for approval to move 'B' to hotel. Government informed the Mission by telex on 1st August, 1973 that it did not approve the proposal to move 'B' to a hotel and asked it to arrange alternative accommodation for 'B'. Government also enquired whether the building had been declared dangerous by the municipal authorities. However, before Government's telex was received by the Mission on 2nd August, 1973, 'B' shifted to a hotel on 31st July, 1973 with the approval of the Ambassador and the house was vacated on that date. In October 1973, Government informed the Mission that as it had recommended vacant retention of the house, it was presumed that the house was in a habitable condition and observed that "for a three weeks' stay of the officer Government had to pay rent for nearly six months". Government also reminded the Mission to furnish reply to the query

whether the local authorities had declared the house dangerous for habitation; no reply to this has so far been given by the Mission (July 1975). Government stated (July 1975) that "the house remained locked up for over five months after the departure of Shri..... during which period the building appeared to have further deteriorated. Obviously due to lack of local technical knowhow it was not visualised that the building would deteriorate so sharply to such an extent as to make it altogether dangerous for habitation". Government also stated that "the Head of the Mission being on the spot and being the best judge did not think it desirable to spend substantial amount on the examination of the house either by the experts hired by the Mission or the municipal authorities.....".

1.4. Cash allowance is admissible for stay in a hotel on first arrival, if suitable accommodation is not available and if the hotel accommodation is not provided with kitchen or kitchenette or when kitchen facilities are provided, cooking is not feasible, when kitchen facilities can be used only partially, cash allowance is admissible at reduced rates. If an officer has lost his accommodation for reasons beyond his control he may also be allowed to stay in a hotel and paid cash allowance, if no other suitable accommodation is available. 'B' moved to a hotel on 31st July, 1973. At that time a house leased by the Mission for another officer of a lower rank was lying vacant but 'B' was not moved to this house although the rules prescribe that accommodation smaller than entitlement may be provided to an officer for avoiding heavy expenditure on hotel charges; this house was surrendered by the Mission on 14th September, 1973. Besides, the accommodation in the hotel had kitchenette facilities. For his stay in the hotel for 62 days from 31st July, 1973, Government had to pay him Rs. 20,533 more than what would have been payable had he not stayed in the hotel. *Ex-post-facto* sanction for this payment was issued by Government on 20th February, 1975.

1.5. 'B' remained in the hotel for 62 days upto 30th September, 1973. The hotel accommodation charges paid by Government for that period were Rs. 21,807 of which Rs. 2,537 were recovered from 'B' as breakfast charges. As against that the rent liability of the Mission for 62 days at the rate at which a new residence was arranged for 'B' on 1st October, 1973 would have been Rs. 10,891.

[ Paragraph 29 of the Report of C&AG of India for the year 1974-75, Union Govt. (Civil)].

1.6. Explaining the reasons for early departure of Shri 'A' and the delay in relieving Shri 'B' the Ministry of External Affairs informed Audit (July, 1975) as follows :

"Orders for the posting of Shri 'B' to Geneva were issued in December, 1972 after the approval of the minutes of the Foreign Service Board of the Ministry of External Affairs by the Foreign Minister. Shri 'B' was accordingly expected to relieve Shri 'A', his predecessor in March, 1973, but due to unforeseen developments Shri 'A' had to proceed to Bahrain *post haste* in January, 1973—much earlier than scheduled, firstly, because of the political imperatives following the upgradation of the Mission to the Embassy level and secondly,



because of the Foreign Minister's visit to Bahrain in January/February 1973 where the presence of Shri 'A' much before the visit of the Foreign Minister was necessary in protocol and political interests to organise matters locally. On the other hand, the departure of Shri 'B' to Geneva was also deferred thrice because of public considerations as he was associated with important delegations. It was only on the conclusion of these official assignments in July 1973 that he could be relieved to proceed to take up his appointment in Geneva. It was because of the unforeseen circumstances that Shri 'A' had to leave Geneva early than expected and the arrival of Shri 'B' at Geneva was also advanced by nearly four months that caused the house previously occupied by Shri 'A' to remain vacant for the period from 27th January 1973 to 6th July 1973 entailing an unavoidable expenditure of Rs. 14,441 under the changed circumstances over which none of the authorities had any control."

1.7. Asked about the dates on which the Mission in Bahrain was upgraded to Embassy level and the Foreign Minister's visit finalised, the Ministry stated:

"The Trade Agency in Bahrain was upgraded to the Embassy level on 12th October, 1971. After upgradation, it was under the concurrent jurisdiction of the Ambassador in Kuwait, with a Junior Officer of the rank of Registrar resident in Bahrain.

The Foreign Minister's visit was finalised on 27th January, 1973, and the Foreign Minister visited Bahrain on 9/10th February, 1973."

1.8. The Committee desired to know the particulars of the important delegations with which Shri 'B' was associated during the period between December, 1972 and July 1973. The Ministry in a note \*furnished the following particulars :

- (a) Preparatory/Conference work relating to the visit of the Indian Delegation to Sri Lanka from 12th February 1973, to 17th February, 1973 ;
- (b) Preparatory/Territorial work relating to the Prime Minister's visit to Sri Lanka from 27th April to 29th April, 1973;
- (c) Preparatory/Territorial work in connection with the visit of the Sri Lanka Delegation in June, 1973; and
- (d) Briefing during the stay at Headquarters in the U.N. Division dealing with the work of International Conferences and in other Ministries like Health, Labour, Rehabilitation, Defence and Planning, which had a bearing on his assignment in Geneva."

1.9. In reply to a question whether the Mission to which Shri 'B' had been posted was kept informed of these developments, the Ministry have stated:

"In response to the enquiries received from time to time, the Mission was kept informed of the position in regard to the likely date of arrival of Shri 'B' at Geneva."

1.10. The Committee desired to know how the Mission satisfied itself that the 200 year old house in which cracks were noticed in May 1971 and April 1972, was in "a state of good repair fit for continued habitation", before recommending on 18th January 1973 for its further retention, and whether any responsible officer of the Mission/experts actually inspected the house. The Ministry of External Affairs have stated in a note furnished to the Committee:

"When Shri 'A' left in January 1973, the Mission enquired from the Ministry about the likely date of arrival of Shri 'B' at Geneva. The Ministry in reply informed the Mission that Shri 'B' was likely to join in March, 1973. Since prior notice was required for surrendering the house and since Shri 'A' had to leave Geneva at short notice, the Head of the Mission considered it desirable to retain the house, the over-riding criteria being one of economy and the time-lag between Shri 'A's departure and Shri 'B's arrival within the parameter of the notice period. The Mission had stated that the cracks developed during the period the house remained unoccupied for a period of about six months. The cracks noticed in some parts of the house in 1971 and 1972 appeared to be minor in nature at that time and these were brought to the notice of the landlady. At the time of departure of Shri 'A' the house was inspected."

1.11. Asked whether the Mission ensured itself that the house was still fit for habitation before enquiring from Government in May, 1973 whether it might be retained the Ministry stated :

"Further inspection in May 1973 was not considered necessary by the Mission at that time".

The Ministry further informed the Committee :

"On joining in July, 1973 Shri 'B' reported about the deterioration in the condition of the house for habitation... Thereupon action was taken to request the landlady to undertake immediate repairs so that the house could be made habitable. In spite of repeated requests, the landlady did not react favourably.

In the absence of the landlady, her husband told Shri 'B' that it would cost Swiss Francs 100,000 to repair the old house; that they were not going to spend a penny on the house which, in any, case they were wanting to get rid of.

It was under the circumstances explained above that the Head of the Mission, after satisfying himself by personal enquiries surrendered the house. The landlady accepted the surrender of the house unconditionally".

1.12. According to the Audit paragraph, Government had asked the Mission on 4th August, 1973 whether the building had been declared dangerous by the Municipal authorities. Again in October, 1973 Government reminded the Mission to furnish a reply to their earlier query. The Committee enquired whether the Mission gave any reply to Government's query and if so what the reply was.

The Ministry have stated that the Mission replied on 24th January, 1974 that since the landlady accepted the contention of the Mission, the Head of the Mission did not consider it appropriate to spend Government money on the examination of the house by experts hired by the Mission.

1.13. Asked whether it was not necessary for the Mission to obtain prior approval of the Ministry for terminating the lease of the house particularly when it meant shifting of Shri 'B' to a hotel, the Ministry stated :

“Since the landlady did not undertake the major repairs to make the house habitable, the Head of Mission in terms of the Lease executed by him with the landlady was enabled . . . to terminate the Lease under his own powers.

Nevertheless, the Mission informed the Ministry on 24 July 1973 that a notice of cancellation of the Lease was being served on the landlady under the aforesaid Article of the Lease Deed because of the house being dangerous for habitation and of the prospect of rains further endangering the condition of the house seeking *inter alia* prior approval of the shifting of the officer to a hotel.”

In this connection paras 8(2) and 4(4) of Annexure X of the IFS (PLCA) Rules, 1961 reproduced below are relevant :

“Para 8(2)

If the lease of the accommodation arranged by the Head of Mission for an officer has expired or where the officer has otherwise lost his accommodation for reasons beyond his control and the Head of Mission is satisfied that no other suitable alternative accommodation is available even according to the provision of para 4(4), he may authorise the officer, his family and Indian servants to stay at hotels appropriate to their respective status for such period as may be necessary, subject to a maximum of 90 days at one time and six months during the total tenure of the officer at that station and subject to the scales of accommodation laid down by the Government.

Para 4(4)

Where the Head of Mission is satisfied that suitable accommodation for an officer cannot be found in reasonable time within rental ceiling prescribed by the Government under-sub-paragraph (2) he shall, with a view to avoiding heavy expenditure on hotel charges, arrange residential accommodation (even a smaller accommodation than the entitlement) for the officer within the rental prescribed for him even if it means taking a building with lesser accommodation than his entitlement.”

I.14. The Committee desired to know how the hotel accommodation was considered to be functionally more appropriate than the vacant accommodation available with the Mission. The Ministry stated :—

“The Head of Mission in view of the officer’s entitlement and requirements in terms of his representational obligations did not consider it appropriate to shift Shri ‘B’ and his family to the apartment of a former senior Research Officer which was lying vacant. . . . It was felt by the Head of Mission that the officer being accommodated in a hotel was in a better position to discharge his representational functions because of the service facilities available in the hotel.”

I.15. Asked whether it would not have been possible to find out alternative accommodation between 31st July, 1973 and 13th September, 1973 when vacant accommodation smaller than what Shri ‘B’ was entitled to, was available, the Ministry \*stated :

“The Mission on 27 July, 1973 requested the U.N. House Agency to find suitable accommodation for Shri B. It also inserted advertisements for leasing accommodation for him in local newspapers and U.N. Advertisement Boards, but the month of August being a holiday month all over Europe most of the regies (realtors) were out of town on holiday and consequently the response was very poor. The Mission again took action on 17 August 1973 to remind the Agencies. On 28th August 1973 the Mission informed that suitable accommodation for Shri ‘B’ on a rent of SF 2750 per month was available and sought Ministry’s sanction for leasing it. The approval was conveyed on 7th September, 1973, but in the meantime the house was taken over by another party. The Mission again sought approval on 15th September 1973 for leasing another house on a rental of SF 2850 per month ; necessary approval was conveyed on the 19th September, 1973 and the house was leased with effect from 1st October, 1973 for a period of 2 years.”

I.16. The Committee called for copies of all correspondence exchanged between the Mission and the Ministry on the subject. Copies of two important communications, one dated 19th October, 1973 from the Ministry to the Mission and the other dated 24th January 1974 from the Mission to the Ministry in reply, are enclosed as Appendices I and II respectively.

The following points emerge from the above correspondence :

(e) Audit were informed in October, 1975 that after repairs were done to the house in April, 1972 the primary conclusion was “that the house was in a state of good repair fit for continued habitation.” On the other hand in its letter dated 24th January, 1974 to the Ministry of External Affairs, the Mission *inter alia* stated : “Even earlier vide our letter No. 2(5)/67, dated 6th April 1972, we had requested the landlady to carry out certain repairs including cracks in the walls etc; which at that time were not that large but she had not bothered to do so”.

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\*Not verified in Audit.

(ii) In a most immediate telex message dated 24th July, 1973, the Mission had sought approval to move the officer to a hotel forthwith as the house had developed cracks all over making it dangerous for habitation and the rainy season may further endanger the life of the occupants. A reply was received to this message only on 1st August, 1974, after the Mission had already informed the Ministry through their telex message dated 31-7-73 that the house had been handed over and the officer shifted to a hotel. In their message dated 1st August, 1974, the Ministry disapproved of the proposal to shift the officer to a hotel and desired that alternative accommodation should be found for him.

(iii) The Mission had to forego accommodation which would have cost 100 Swiss Francs less than the accommodation actually hired because the Ministry's sanction did not come in time. A similar situation was stated to have arisen twice in case of another official of the Mission.

1.17. The Committee desired to know whether there were any other instances during the last three years, in other Missions, High Commissions, etc. where officers had been allowed to occupy hotel accommodation while regular accommodation, though smaller than their entitlement was available with the Missions etc. In a note the Ministry stated :

“Out of 122 Missions with about 2,000 India-based personnel, only six Missions have reported 9 cases in which hotel stay was arranged on first arrival during a period of 3 years where accommodation was also available. With the exception of three cases, in all other cases hotel stay had to be arranged as the residential accommodation available was not ready for occupation due to unavoidable reasons; the officers moved to regular accommodation within the period of 15 days from the date of arrival at the station. Only in two cases the officers of the First Secretary's rank had to be lodged in a hotel. In one case pertaining to Sofia, the local Government agency could not make available in the first instance accommodation as per the entitlement of the officer; the accommodation available was below his entitlement and was for a non-gazetted official (India-based Personal Assistant). The Mission reported that as per the local regulations in case the officer who was of the rank of First Secretary is accommodated in a lower scale accommodation the local Government agency would have deprived the officer of his regular accommodation as per his entitlement. In another case pertaining to Pyongyang even though accommodation was made available by the Local Government agency, the officer could not move into it due to the non-availability of furniture either from the local sources or from the residences of other members of the Mission, and had to be ordered from Hongkong. The officer on arrival in Pyongyang occupied the vacant accommodation of the Head of Mission to save expenditure on hotel stay but had to move out of the house later on the arrival of the Head of the Mission and shift to hotel. This development was for reasons beyond his control and the Head of Mission approved his stay in hotel.

Statement showing the relevant details is attached (Appendix III). In terms of personnel, the percentage of officers accommodated in hotels even though accommodation was available, is 0.15, while in terms of Missions, the percentage is 1.7, which are negligible if viewed in the context of the complex problems involved in administering Missions spread all over the globe and functioning under varying and difficult local conditions."

1.18. As regards the case relating to Kathmandu where the official concerned stayed in a hotel for as long as 55 days, the Ministry informed the Committee that the official joined the Embassy on 9 May, 1975 and had to be lodged in a hotel as his predecessor was allowed an overlap of 7 days till 15th May, 1975. Besides, his stay at the hotel became unavoidable as the house which was occupied by his predecessor, was dehiired and was to be vacated on 30 May, 1975 and it was only in early July, 1975 that suitable accommodation could be secured for him.

1.19. The Committee note that a two hundred years old house taken on lease by a Mission in 1967 remained vacant for over five months (27 January to 6 July, 1973) because Shri 'B' who was posted as First Secretary in the Mission in December, 1973 could not be relieved from the Ministry for administrative reasons. The Mission did not seek the assistance of any outside expert or undertake a critical examination of the house before recommending to the Ministry of External Affairs its retention in January, 1973. Again in May, 1973, when the Mission enquired from the Ministry whether the house may be further retained, they did not consider it necessary to inspect the premises. However, in July, 1973 after Shri 'B' had moved into the House, he reported that the building had developed large cracks and was dangerous to live in. He was given permission to move to a hotel and the building was surrendered to the owner after giving notice for premature termination of the lease. Government had to pay Rs. 14,441 as rent for about five months period although it was under the occupation of Shri 'B' for only three weeks. Government had also to bear hotel accommodation charges amounting to Rs. 19,270 for Shri 'B's stay there (with family) for 62 days. In addition, Government had to pay to Shri 'B' Rs. 20,533 more than what would have been payable had he not stayed there. The accommodation that was eventually hired cost 100 Swiss Francs (Rs. 185/- approx.) more per month due to delay on the part of the Ministry of External Affairs in conveying their sanction to an earlier proposal of the mission.

1.20. The Committee fail to understand how the building all of a sudden "developed cracks all over both inside and outside, on room ceilings and the side walls, making it dangerous for habitation". Indeed, as will be seen from Para 1.16, there is some contradiction between the information furnished to Audit in October, 1975 and that reported in the Mission's letter dated 24 January,

1974 addressed to the Ministry of External Affairs. This needs to be explained. Assuming that the house owner did carry out repairs in April, 1972 when the cracks had first been reported by Indian official living there the conclusion that the house was in a state of good repair fit for continued habitation was a facile one in the absence of any critical inspection as to the extent of repairs and the actual state of the house. Considering that the house was over 200 years old and cracks had been reported the mission should not have been complacent in the matter but taken measures to check the condition of the house as soon as it fell vacant in January, 1973 before recommending its retention to the Ministry to meet the future requirements of the new official. The Mission would have then realised in January, 1973 itself that the house was not fit for habitation and utilised the intervening period before the arrival of the new incumbent to search out suitable alternative accommodation at competitive rent.

1.21. The Committee fail to understand why Shri 'B' could not be accommodated in the vacant accommodation already available with the Mission on a temporary basis instead of allowing the officer to shift to a hotel without obtaining the prior concurrence of the Ministry and thus committing Government to unnecessary heavy expenditure.

1.22. The Committee deplore the delay on the part of the Ministry of External Affairs in conveying their sanction to the Mission's proposal to lease alternative accommodation asked for through their most immediate telex message of 28th August, 1973. Had the Ministry's sanction been conveyed at least then Government would have secured the appropriate accommodation at 100 Swiss Francs (Rs. 185 - approx.) per month lower than the eventual accommodation arranged by the Mission. That this inordinate delay in conveying approval was not an isolated case is also revealed by the Mission's letter of 24 January, 1974. This underlines the need for prompt processing and conclusive action being taken on communications from Missions abroad to the Ministry of administrative nature particularly those with financial implications.

1.23. The Committee note that out of 122 Missions with about 2000 India-based personnel, only six Missions have reported 9 cases in which hotel stay was arranged on first arrival of the officers concerned during the years 1973-75 even though accommodation lower than their scale was available. With the exception of three cases, hotel stay had to be arranged as the residential accommodation available was not ready for occupation due to unavoidable reasons. In the three cases pertaining to Sofia, Pyongyong and Kathmandu hotel stay lasted for 70, 68 and 55 days and the additional expenditure incurred was Rs. 19739.60, Rs. 3671.99 and Rs. 8272.57 respectively.

1.24. The Committee further note that in the case pertaining to Sofia, the local Government agency could not make available in the first instance accommodation as per the entitlement of the officer. In the other case pertaining to Pyongyong, even though accommodation was made available by the local Government agency, the officer could not move into it due to non-availability of furniture.

In the third case pertaining to Kathmandu the hotel stay of the officer concerned became unavoidable as the house which was occupied by his predecessor was to be vacated within fifteen days after his moving to the hotel.

1.25. As regards the cases pertaining to Sofia and Pyongyang, the Committee are of the view that when the Missions concerned knew that the accommodation of the prescribed scale was not available the matter should have been taken up in advance at a fairly high level with the foreign Government so that the requisite accommodation was secured and furnished before these officers arrived or soon thereafter so as to obviate the heavy expenditure incurred in putting them up in hotels. Similarly, in the case pertaining to Kathmandu, efforts should have been made in advance by the Mission there to search alternative accommodation, when it was known that the house had to be de-hired soon after the arrival of the officer.

1.26. The Committee would like to emphasise that the practice of putting up officers in hotels at considerable public expense may be avoided as far as possible. In any case, prior sanction of the Ministry of External Affairs may be obtained before committing Government to additional expenditure.



## CHAPTER—II

### DELAY IN SUBMISSION OF MONTHLY CASH ACCOUNTS OF INDIAN MISSIONS/POSTS ABROAD

#### *Audit Paragraph*

2.1. Out of 117 Indian Missions/Posts abroad under the Ministry of External Affairs 86 render their monthly cash accounts to the Accountant General, Central Revenues, New Delhi and Director of Audit, Indian Accounts, London, for incorporation in the accounts of the Union Government. The work of compilation of cash accounts of the remaining 31 Missions/Posts abroad is centralised in the Ministry of External Affairs. That Ministry renders these cash accounts to the Accountant General, Central Revenues, or Director of Audit, Indian Accounts, London, as the case may be. The Director of Audit, Indian Accounts, London adjusts the cash accounts in his books and sends classified abstracts for all Missions/Posts in Europe to the Accountant General, Central Revenues, for incorporation in the accounts of the Union Government.

2.2. The cash accounts are required to be received in the offices of the Accountant General, Central Revenues and the Director of Audit, London by the 15th of the month following the month to which they relate. The cash accounts received after 25th of the month following the month of account are not incorporated in the accounts of the month to which they relate. The number of such accounts excluded from the regular monthly accounts during 1974-75 was 1,049 out of total 1,404. The extent of delay was between 15 days to over six months as indicated below:—

No. of cash accounts received late by	Between 15 and 30 days	Between 31 and 60 days	Between 61 and 90 days	Between 91 and 120 days	Between 121 and 150 days	Between 151 and 180 days	More than 180 days
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(a) Accountant General, Central Revenues							
(i) From Missions/ Posts abroad	228	90	31	9	5	5	9
(ii) Through Ministry of External Affairs.	10	69	52	46	23	23	19
(b) Director of Audit, London							
(i) From Missions/Posts abroad	100	27	7	..	..	..	..
(ii) Through Ministry of External Affairs	3	27	32	26	11	6	3

2.3. Out of the 372 accounts for the year which were required to be received through the Ministry of External Affairs as many as 350 were received late. The delay ranged between 15 days to over 6 months.

2.4. Delay in receipt of accounts disrupts accounting schedule, results in belated adjustments of recoveries on account of general provident fund, motor car advances, house-building advances and delays account adjustments between various Missions, with other account circles and between various Accounts Officers. Due to late adjustment of accounts, monthly reconciliation of figures of expenditure as per departmental records with those in the Accounts Office is also adversely affected.

2.5. Government stated (December 1975) that the delay in submission of cash accounts was due to administrative difficulties, frequent changes in currency rates, late receipt of bank statement etc.

[Paragraph 57 of the Report of C&AG for the year 1974-75, Union Government (Civil)]

2.6. The Audit para shows that out of 1,049 delayed accounts in 1974-75, 861 were delayed by more than 15 days. The remaining 188 accounts were delayed by more than 10 days but less than 15 days. Accounts delayed for less than 10 days are usually adjusted and are not excluded from monthly accounts.

2.7. It has also been pointed out in the Audit paragraph that 619 cash accounts were received late by more than 15 days by Accountant General, Central Revenues during 1974-75 and of these 377 were submitted by Missions/Posts abroad and 242 by Ministry of External affairs. Out of another 242 cash accounts received late by more than 15 days by the Director of Audit, London during 1974-75, 134 were submitted by the Missions/Posts abroad and 108 by the Ministry of External Affairs.

2.8. At the instance of the Committee, the Ministry of External Affairs have furnished two statements showing late receipt of cash accounts for the subsequent two years *i.e.*, 1975-76 and 1976-77 (upto December, 1976). These are given in Appendix IV.

2.9. The following table sums up the position of receipt of accounts (delayed by more than 15 days) during each of the last three years *viz* 1974-75, 1975-76 and 1976-77 (upto December 1976) :—

No. of cash receipts received late by	1974-75	1975-76	1976-77
1	2	3	4
(a) Accountant General, Central Revenues			
(i) From Missions/Posts abroad . . . . .	377	772	401 (Up to Sep. 76)
(ii) Through Ministry of External Affairs . . . . .	242	407	212 ..
(b) Director of Audit, London			
(i) From Missions/Posts abroad . . . . .	134	204	90 ..
(ii) Through Ministry of External Affairs . . . . .	108	116	60 ..

	1	2	3	4
* (c) Controller of Accounts Ministry of External Affairs . . . . .		—	..	205 (Oct.— Dec. 76)
(i) Through Ministry of External Affairs . . . . .		..	..	79 ..
TOTAL . . . . .		861	1499	1047

\*(System of departmentalisation of accounts introduced w.e.f. 1-10-76).

2.10. Explaining the reasons for delay in submission of accounts by the Missions/Posts abroad to the Accountant General, Central Revenues/ Director of Audit, London, the Ministry in a note furnished to the Committees, stated as under :

“At present the Missions/Posts (except the centralised Missions) submit monthly cash accounts to Audit by the 15th of the month following that to which it relates. The accounts show the transactions both in local currency and in rupees head-wise and wing-wise; they are supported by the original vouchers and schedule of payments and receipts. The conversions of local currency into rupees are also made voucher-wise by the Missions themselves. This arrangement has not worked satisfactorily and there has been unavoidable delay in submission of accounts because of the following reasons :—

- (i) Bank statements which are essential for reconciliation of cash balances by Missions are received late from the local Banks thus resulting in delay in the reconciliation of cash balance in the bank column of the cash book of the Mission with that as per the Bank's books and as a consequence the compilation of accounts by the Mission is delayed. Also, the time schedule for despatch of Diplomatic bags which depends on Air India flights, may not synchronize with the date by which the accounts are to be sent and this occasionally affects the submission of accounts by due date.
- (ii) In the wake of currency float rates, accounting rates applicable to the accounts of Missions are required to be reviewed and the time-lag involved also affects the time schedule of compilation of accounts by the Missions. The revisions of accounting rates have also generated additional work in respect of updating rates of foreign allowance, local pay scales, pay authorities etc.
- (iii) Most of our Missions are small and their staffing is based on austerity standards; because of cost effectiveness there are no leave reserve posts. Besides, administering a chain of postings often poses difficulties in the movement of personnel.
- (iv) There are also other factors namely natural calamities (as in the case of Mauritius) and political disturbances (as in

the cases of Gangtok, Dacca, Saigon, Beirut etc.) Instructions have been issued from time to time to minimise the delay and the present system of compilation and submission of cash accounts by Missions is proposed to be simplified under the scheme of departmentalisation of accounts. Under the proposed arrangements Missions will send cash book extracts with supporting vouchers. Booking of expenditure will be done straightway from the accounts by the departmental Accounts Office thus doing away with time consuming procedure presently obtaining both in Missions and in Accounts Office without impairing the efficacy of the prescribed controls and checks”.

2.11. As regards late receipt of accounts required to be furnished through the Ministry of External Affairs, the Ministry have stated :

“Monthly cash accounts are compiled in the Ministry of External Affairs on the basis of extracts of Cash book, vouchers etc. sent by the Missions/Posts abroad. The extracts of cash book vouchers and other related documents are received late from the Missions.....Due to delayed receipt of cash book extracts and vouchers from Missions abroad whose accounts are centralised in the Ministry the compilation at the Ministry’s end is also delayed because of the need to scrutinize the cash book extracts with reference to vouchers including conversion of local currency, sterling drawal etc. notwithstanding the measures designed to obtain the relevant primary accounting documents. Suitable instructions have also been issued from time to time impressing upon Missions, whose accounts are centralised, the need for early despatch of the extracts of cash book and vouchers immediately after the close of the month.”

2.12. In the communication issued by the Ministry of External Affairs to all Missions/Posts abroad in October, 1975, it had been stated as under :

“Non-submission of these accounts by the due date is fraught with grave accounting and financial consequences. Firstly, delay in submission of accounts by the due date will upset the proceedings in the Audit and Accounts Office; secondly, it will lead to dilution of accounting and financial controls enforceable by the Missions and thirdly it may facilitate ‘window-dressing’ of accounts in such a way that detection of frauds and defalcations is rendered difficult.”

2.13. Instructions were again issued by the Ministry in December, 1975 and April, 1976 stressing the importance of timely submission of monthly cash accounts by the Mission/Posts abroad. Copies of the above communications containing the necessary instructions have been reproduced in Appendices V, VI and VII respectively.

2.14. The Committee called for a detailed note on the proposed system of departmentalisation of accounts indicating *inter alia* how far it would bring about an improvement in the existing system and minimise delays

and whether the revised system has been implemented. The Ministry of External Affairs in a note dated 13 July, 1977 have stated as under :—

“The scheme of departmentalisation of accounts has been introduced in all the Ministries/Departments of the Central Government during 1976-77 as a major reform in financial administration. Under the scheme, the external agency which was compiling and maintaining the accounts of the Central Ministries, namely, the Audit & Accounts Department, has been relieved of this function which has now been made the responsibility of the respective Ministries themselves. This scheme came into effect in the Ministry of External Affairs from 1-10-76.

Specifically, the scheme of departmentalisation of accounts of the Ministry of External Affairs provides that the Missions/Posts abroad (other than the Indian High Commission, U.K. and Indian Embassy, Washington) would be required to submit monthly a simple account of receipts and payments supported by the extracts of cash books and vouchers for detailed compilation by the Principal Accounts Office at the Ministry's Headquarters (Controller of Accounts). Hitherto, the Missions, other than 34 Centralised Missions, have been submitting cash accounts. In the case of the Centralised Missions, the cash accounts are being prepared and submitted by the Ministry. The preparation of cash accounts is presumably one of the factors responsible for delays in the submission of accounts by the Missions.

It however, needs to be noted that the Principal Accounts Officer had to be constituted by transfer of personnel from various organisations and many of them have had to familiarise with the Ministry's accounts. Even now (April 77) the Accounts Office is not fully manned. The innovation contemplated in the scheme could not, therefore be synchronised with the departmentalisation of accounts on 1-10-76. The question of fully and adequately manning the Accounts Office and relieving the Missions from the preparation of cash accounts is being implemented in a phased manner from 1-4-77.

It may be mentioned that the impact of departmentalisation of accounts is already evident from the improved trend in the submission of accounts by the Missions as may be seen from the following data:—

*Number of cash accounts received late from the Missions*

	By 15-30 days	By 31-60 days	By 61-90 days
Oct. 76 to December 76 . . . . .	83	106	16
Jan. 77 to Feb. 77 . . . . .	75	23	..

It may be seen that the delays in rendition of accounts mostly fall within a period of 2-4 weeks during January, 77 to February 77. With the implementation of the new arrangements from 1-4-77, it is expected that the delays would be and large be eliminated.”

2.15. The Committee observe that most of the Missions/Posts abroad "continue to submit their cash accounts late as a rule rather than as an exception." During the years 1974-75 and 1975-76 as many as 861 and 1,499 cash accounts, respectively, had to be excluded from the regular monthly accounts because of delay in their receipt the extent of delay ranging between 15 days to over six months. The position during 1976-77 appears to be no better in so far as 1,047 such cases had already come to notice upto December, 1976.

2.16. The Committee regret to point out that inspite of detailed instructions issued by the Ministry in October and December, 1975 to all Missions/Posts followed by another communication in April, 1976 stressing the need for timely submission of accounts, the position has hardly shown any improvement. As rightly pointed out by the Ministry, delay in submission of accounts by the due date apart from upsetting proceedings in the Audit and Accounts Office, leads to dilution of accounting and financial controls enforceable by the Missions and may even "facilitate 'window dressing' of accounts in such a way that detection of frauds and defalcation is rendered difficult."

2.17. The Committee cannot, therefore, too strongly emphasise the need for prompt rendering of accounts by the Missions, Posts abroad. The Committee note that Heads of Chanceries have been made responsible to ensure that the financial and accounting procedures/ instructions of the Government are strictly observed and enforced. The extant instructions also enjoin fixing of responsibility whenever submission of accounts by due date is delayed for reasons other than those beyond the control of the individual officials. The Committee would stress that these instructions should be followed in letter and spirit and the defaulting officials suitably taken up for their lapses, if any.

2.18. The Committee understand that the present system of compilation and submission of cash accounts by the Missions other than London and Washington has been simplified with effect from 1 October, 1976. Under the revised arrangements Missions are required to submit monthly a simple account of receipts and payments supported by the extracts of cash book and vouchers for detailed compilation by the Principal Account Office at the Ministry's headquarters (Controller of Accounts). The Committee have been informed on 13 July 1977 that the question of fully and adequately manning the Accounts Office and relieving the Missions from the preparation of Cash accounts is being implemented in a phased manner from 1 April 1977. The Committee hope that with the implementation of the new arrangements the delays in rendition of accounts would be reduced considerably.

2.19. In this connection, the Committee would like to draw attention to the following observations made by the Estimates

**Committee (1975-76) in their 98th Report on "Delegation of Financial Powers":—**

"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 made 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.

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 attach 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.

\* \* \* \* \*

5.34. It is imperative that the accounts are not only prepared and presented in time but that they are kept up-to-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."

The Committee stress that the Ministry of External Affairs should keep in view the recommendations of the Estimates Committee while rationalising and streamlining the system of maintenance of accounts by their Missions/Posts abroad in pursuance of the decision to departmentalise accounts. The Committee would like to be apprised of the precise action taken and the improvement effected in the timely submission and finalisation of the accounts of Indian Missions/Posts abroad.

NEW DELHI;  
December 7, 1977

Agrahayana 16, 1899(s)

C. M. STEPHEN,  
Chairman,  
Public Accounts Committee.

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## **APPENDICES**

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## Appendix I

*Copy of letter No. Q/Prop. I/861/167/67 dated 19 October 1973 from Ministry of External Affairs to the Mission at Geneva regarding renting of residential accommodation for First Secretary*

(vide para 1.16)

Please refer to our telex of 20th September, 1973 approving your renting of accommodation for Shri Prem Singh at France 2,850 per month, and your telex ANNIE 282 of August 27, 1973, regarding payment of daily allowance to the officer for the period of his stay in hotel.

2. The accommodation at No. 27, Chemin de la Paumiere, was retained by you for Shri Prem Singh after the transfer of his predecessor from Geneva in January, 1973. The house was kept vacant for a period of about 5 months. Shri Prem Singh stayed in this house for a period of about three weeks. Thus, for a three weeks' stay of the officer, Government had to pay rent for nearly six months. When you recommended the vacant retention of this house, we presumed that the house was suitable for an officer of First Secretary's status and that it was in habitable condition. If this were not so, you should have surrendered it immediately after Shri Malik's transfer from Geneva. It is difficult for us to believe that the house "developed cracks all over both inside and outside, on room ceilings and side walls, making it dangerous for habitation" all of a sudden. We had accordingly asked you in our telex of 1st August, 1973, to let us know whether the house in question had been declared dangerous for habitation by the local authorities. To this, we have received from you no reply so far. The result of all this has been that Government had to incur infructuous expenditure on the following:—

- (i) Vacant retention of the house for a period of about 5 months;
- (ii) Expenditure on hotel accommodation of the officer and his family, which is probably heavy; and
- (iii) Renting of a new house in a hurry at a monthly rental of twice that of the house occupied by the predecessor of Shri Prem Singh.

3. To enable us to examine this whole matter and to fix responsibility for heavy infructuous expenditure, which Government had to incur, please let us know in detail your reasons for not surrendering the house in time; for not looking for alternative accommodation for Shri Prem Singh in advance and for shifting the officer to hotel contrary to specific Government instructions on the subject. You are also requested to reply to our enquiry whether the local authorities had, at any time, declared the house in question as dangerous for habitation. Information on the following points may also please be supplied:

- (i) Expenditure incurred on hotel accommodation ;
- (ii) The amount of foreign allowance actually paid to the officer and the amount of daily allowance payable, if it is decided that he should get it.

## Appendix II

*Copy of letter No. GEN/2(5)/67/dated 24 January, 1974 from Mission at Geneva to Ministry of External Affairs regarding renting of residential accommodation for First Secretary*

(vide para 1.16)

Please refer to your letter No. Q/Prop.I/861/167/67, dated the 19th October, 1973 on the above subject.

From the correspondence on the subject it is clear that the Ministry was kept in the picture throughout. The details, in brief, of the case are as follows :

(i) After Mr. Malik left in January 1973, the Ministry was informed well in advance the difficulty of getting houses and the obtaining high prices in Geneva. However, the Mission had recommended retention of the house on the grounds of economy as Shri Prem Singh was expected to join immediately and in any case three months' advance notice for the cancellation of the lease was required. However, the Ministry, in spite of Mission's repeated letters, did not indicate that the officer will join five months after his predecessor's departure, in which case the Mission would not have recommended the retention of the House. The Ministry in their telex No. S-102 of 6th February, 1973 informed us that the officer was to join the Mission in the middle of March. Again the Ministry vide their telex No. S-175 of 11th May, 1973 informed the Mission that the Officer would now join by the end of May. In fact the officer actually joined on 7th July, 1973 only. Thus it was not possible for the Mission to anticipate over five months' delay in officer's arrival to Geneva in spite of Ministry's telexes referred to above. Unfortunately Mission could also not anticipate such rapid deterioration in the condition of the house during the five months that it remained closed.

(ii) After the officer moved into the house it was discovered that there were large cracks all over the building both inside and outside. The officer informally approached the landlady to undertake urgent necessary repairs. The landlady was not interested in the maintenance of the house as it would cost a good sum of amount to keep it in fit state of repair on account of the age of the house. The landlady informed the officer that it will cost her Swiss Francs 100,000 and that since she was old and had no children to look after, she wanted to get rid of the property. Even earlier vide our letter No. 2(5)/67, dated 6th April, 1972 we had requested the landlady to carry out certain repairs, including cracks in the walls, etc. which at that time were not that large, but she had not bothered to do so.

It was only on the 20th July, 1973 that the officer's servant refused to enter the kitchen because, as a result of the large crack in the middle of the ceiling, the ceiling convexed and looked dangerous. The officer again informally approached the landlady and asked her to do something about it but the landlady's husband (landlady being away) said that they were not prepared to spend a penny and that if the officer did not want to stay he could walk out of it. It was at this stage that a notice of

premature cancellation of the lease was issued to the landlady and the Ministry was accordingly informed vide Mission's Most Immediate telex No. Annie-107 GEN/2(5)/67 of July 24, 1973 to the landlady was also endorsed to JS(AD).

(iii) On 27th July, 1973 the landlady, apparently after having got the house examined by the experts, came to the Mission and agreed for the premature cancellation of the lease and taking over of the house on 31st July. Since the landlady accepted our contention, the Head of Mission did not think it proper to spend Government money on the examination of the house by the experts hired by the Mission. In spite of our most immediate telex No. Annie-107 of 24th July, 1973 (wherein it was stated that the house could be dangerous for the occupants and wherein the landlady had been asked to take over the house by 31st July, 1973) from the Head of the Mission to JS(AD), no reply was received from the Ministry and it was only after our telex No. Annie-141 of 31st July, 1973 (informing the Ministry that the house has been handed over and the officer had been shifted to a hotel) the Ministry replied the Mission vide their telex No. S-16 of 1st August, 1973, that the officer should not be shifted to a hotel, though approved finding alternative accommodation for him. It is, therefore, not correct to say that the officer was moved contrary to Ministry's instructions as Ministry's instructions did not arrive in time. In view of the condition of the house and the possible danger to the occupants, Head of the Mission had to use his discretion and moved the officer to a hotel. If Ministry had only sent a one line telex saying that officer should not be moved under any circumstances and, thereby accepting the responsibility for the safety of the officer and his family, Head of the Mission would have been saved the botheration of using his discretion. This would have avoided all unnecessary speculation in the Ministry.

(iv) As regards payment of cash allowance to the officer for the duration of his stay in the hotel, the matter is still pending with the Ministry. The details were forwarded to you vide our telex No. Annie-282 of August 27, 1973 with the recommendation of the Head of the Mission.

(v) Coming to the rent of the new house for the officer, Ministry is fully aware of the local conditions here. It is not the first time that the Ministry has agreed to such high increase in rent. Ministry had earlier agreed for accommodation at similar increases in rent in the case of the Head of the Mission and Shri Mangalmurti, Counsellor. Even as late as October 1973, the Ministry agreed for an increase of Swiss Francs 750/- per month for the same accommodation of Shri G. Shankar, Counsellor(G) in this Mission. If, however, Ministry thought that the rent of Shri Prem Singh's house was excessive, they should have refused to approve the proposal. Finding a house after vigorous search of two months cannot be considered hasty by any stretch of imagination. In fact there are cases in this Mission when we had to forgo accommodation at a lower rental because of lack of Ministry's sanction in time. Even in case of Mr. Prem Singh, the Mission had to forgo accommodation at Swiss Francs, 2750/- (Swiss Francs 100/- less than the present accommodation) because the Ministry's sanction did not come in time. Recently it has happened twice in case of Shri Om Dutt, P.A.

From the above it will be seen that the Mission has at all time kept the Ministry informed and could not have done better under the circumstances.

**Appendix III**

*Statements showing cases when India-based officers were accommodated in hotel on first arrival even though accommodation lower than their scale was available (during the years 1973-75)*

*(vide para 1.17)*

Name of Officer	Period of stay	Type of accommodation available and monthly rental	Cash allowance/F.A. for the period of hotel stay	Expend. on hotel stay	Addl. expenditure
(1)	(2)	(3)	(4)	(5)	(6)
1975 1. Shri R.C. NAIR Secretary E. I. ANKARA	6 days from 17-2-75 to 22-2-75.	A Four room apartment Rent TL 3000 or Rs.1560	TL 1785 or Rs. 928.20	TL 2070 or Rs. 1076.40	TL 180 or Rs. 93.60
1975 2. Shri N. N. BAKSHI Second Secretary (Cons.) E.I. RANGOON	11 days 21-1-75 to 31-1-75	A flat consisting of 3 rooms Rent Rs. 350 or Rs.470.40	Rs. 1033.84 or Rs. 1407.15	Rs. 838.53 or Rs. 1161.30	(a)-(b)=Rs. 1131.80 (b) (Rent + F.A.) =Rs. 1436.65 p.m. (a) Paid Rs. 2568. vide col. (4)+(5).
1975 3. Shri P. K. SINGH First Secretary E.I. SOFIA	70 days	Two bedroom apartment rented for personal assistant Rent Leva 310 p.m.=Rs. 1965.70	Rs. 10828/-(Cash allowance Leva 537.60= Rs. 3408.97) 7-11-75 to 27-11-75 (*)	Leva 3472.70 =Rs. 22020.75	Rs. 19739.60.
(*) For the remaining period the position is as follows :- Double rate of F. A.=28-11-76 Single rate of F. A.=6-1-76 to 15-1-76					
1974 4. Col. S.K. MATHUR MVC Mily. & Naval Attache. E.I. CAIRO	10 days 18-11-1974 to 27-11-74	4 room accommodation (in a state of disrepair) LE 14.400 p.m. or Rs. 240.00 p.m	LE 83.800 or Rs. 1396.68	LE 169.500 or Rs. 2825.00	LE 211.400 or Rs. 3523.33

1975	5. Gr. Capt. M. G. RAMA- CHANDRE AVSM, VM Air Attache. E.I. Cairo.	11 days 2-1-75 to 12-1-75	Do.	LE 81.308 or Rs. 1355.13	LE 90.365 or Rs. 1506.08	LE 131.019 of Rs. 1430.60
1974	6. Shri V.K. KUMAR First Secretary E. I. PYONGYANG.	70 days 10-10-74 to 18-12-74	Flat—Govt. rented accom- modation@ Won 394.12 p.m. (Rs. 1150.04)	Only F.A. at the prescrib- ed rates	Won 2178.00 (Rs. 6355.42)	Rs. 3671.99
1973	7. K. C. Lalvanga First Secretary E.I. Kathmandu.	2 days 13-3-73 to 14-3-73	Regular accommodation Rs. 1400/-N.C. p.m. The house required to be set- up in order.	Nil	Rs. 656.64	Rs. 656.64
1975	8. Shri M. C. Chowdhury Second Secretary E.I. Kathmandu.	3 days 12-4-75 to 14-4-75	Regular accommodation Rs. 1000/-p.m. (N.C. ). The house was to be set up in order as this was vacant for a long time.	Rs. 265.00	Rs. 351.00	Rs. 616.00
1975	9. Shri V.K. Grover First Secretary E.I. Kathmandu,	55 days 9-5-75 to 2-7-75	Regular Accommodation was available.	Rs. 4661.61	Rs. 10246.72	Rs. 8272.57

**APPENDIX IV**

*Statements showing the number of Cash Accounts received late by Accountant General, Central Revenues, Director of Audit, London and Controller of Accounts, Ministry of External Affairs for the years 1975-76 and 1976-77 (up to December 1976)*

(Vide para 2.8)

No. of Cash Accounts year received late by :-	Year	Between 15 and 30 days	Between 31 and 60 days	Between 61 and 90 days	Between 91 and 120 days	Between 120 and 150 days	Between 151 and 180 days	More than 180 days	
(a) Accountant General Central Revenues	<u>1975-76</u>	291	336	107	30	6	2	Nil	
	<u>1976-77</u>	119	183	77	17	3	Nil	2	5
up to	9/76								
(b) Director of Audit London .	<u>1975-76</u>	77	82	33	3	5	4	Nil	
	<u>1976-77</u>	25	52	13	Nil	Nil	Nil	Nil	
up to	9/76								
(c) Controller of Accounts, Ministry of External Affairs (from 10/76 to 12/76)	<u>1975-76</u>	..	..	..	..	..	..	..	
	<u>1976-77</u>	83	106	16	..	..	..	..	

No.	of Cash Accounts	Year	Between 15 and 30 days	Between 31 and 60 days	Between 61 and 90 days	Between 91 and 120 days	Between 121 and 150 days	Between 151 and 180 days	More than 180 days
(a)	Accountant General, Central Revenues.	<u>1975-76</u>	152	192	48	7	6	2	Nil
	(i) Through Ministry of External Affairs. up to	<u>1976-77</u> 9/76	107	89	11	5	Nil	Nil	Nil
(b)	Director of Audit London	<u>1975-76</u>	20	62	26	2	3	3	Nil
	(i) Through Ministry of External Affairs. up to	<u>1976-77</u> 9/76	9	42	9	Nil	Nil	Nil	Nil
(c)	Controller of Accounts Ministry of External Affairs.	<u>1975-76</u>	..	..	..	..	..	..	..
	(i) Through Ministry of External Affairs 10/76 to 12/76	<u>1976-77</u>	13	56	10	Nil	Nil	Nil	Nil

## APPENDIX V

*Copy of general instruction No. Q/BFIII/755/93/75 dated 17 October, 1975 issued by Ministry of External Affairs for timely submission of Cash Accounts by Missions/Posts abroad.*

(Vide para 2.13)

Audit has brought to the notice of the Ministry that despite clear and specific instructions of Government regarding timely submission of monthly cash accounts to Audit by the 15th of the month following that to which they relate, there has been no marked improvement in this sphere. Non-submission of these accounts by the due date is fraught with grave accounting and financial consequences. Firstly, delay in submission of accounts by the due date will upset the proceedings in the Audit and Accounts Office; secondly, it will lead to dilution of accounting and financial controls enforceable by the Missions, and thirdly it may facilitate 'window-dressing' of accounts in such a way that detection of frauds and defalcations is rendered difficult.

2. It is relevant to mention in this connection that the financial administration of Missions is so patterned as to ensure that adequate internal checks exist in Missions to prevent nugatory expenditure and possibility of committal of fraud/defalcation. One of the basic features of internal checks is that officials handling cash and accounts are not placed in a position which may tempt them to tinker with Government accounts and public funds. It is in this context that the importance of timely submission of accounts by due date may please be judged.

3. It has also been observed that Missions whose accounts are centralised at Headquarters do not send extracts of cash book, vouchers etc. by the prescribed time-limit to enable the Ministry to compile and submit the accounts to Audit by the stipulated date as mentioned above. In the case of centralised accounts, the Missions are only required to send extracts of cash book and other relevant prescribed documents to the Ministry as per the instructions on the subject. It is not necessary for them to send the monthly summary statement of receipts and disbursements, schedules etc. Centralisation of accounts provides for the specific functions to be performed by the Missions and the Ministry.

4. It is because of the above vital considerations that Heads of Chanceries have been made personally responsible to ensure that financial and accounting procedures/instructions of the Government are strictly observed and enforced. Notwithstanding the exhortations in the past in regard to enforcement of regularity of expenditure and financial/budgetary controls, it is regrettable to note that some Missions continue to ignore this basic accounting requirements which is intended to sub-serve the administrative/financial functioning of the Missions, the overall financial interest of Government and of the personal service interests Officers in charge of cash and accounts.



5. I am, therefore, directed to request you kindly instruct your Head of Chancery to review the existing accounting arrangements in the Mission and to ensure that in future the time schedule regarding submission of accounts is strictly observed. You may in the circumstances like to apprise them of the need to fix responsibility and accountability in future whenever submission of accounts by due date is delayed for reasons other than those beyond the control of the individual officials/officers.

## APPENDIX VI

*Copy of General instruction No. Q/BF-IV/754 (10)/75-(EA-I/75/1/58) dated 2 December, 1975 issued by the Ministry of External Affairs for preparation of Cash Accounts by Missions/Posts abroad in accordance with the relevant rules and various instructions issued from time to time.*

(Vide para 2.13)

Scrutiny of the recent Cash-Accounts received in this Ministry from Missions/Posts abroad has revealed that many Missions are NOT preparing the Cash-Accounts and supporting Schedules/Vouchers etc. in accordance with the relevant Rules and the various instructions issued from time to time in this regard. Consequently objections of practically of the same type and nature are being raised during audit of vouchers by the Audit Offices.

2. In the light of the defects pointed out by Audit from time to time, this matter has been reviewed and the following instructions are reiterated for guidance of all concerned :—

### I. CASH-ACCOUNTS

- (i) It should be ensured that the accounts of the Missions are submitted to the authorities concerned on due date i.e., so as to reach before 15th of the following month to which they relate, vide page 83 of the 'Booklet Financial Powers and Internal Finance Set up of the Ministry of External Affairs' and in EA-I/63/1/121—page 11 of E.A. Manual, 1963. The timely submission of Cash Accounts of the Mission shall be the personal responsibility of the Head of Chancery. In this connection instructions issued by this Ministry in letter No. Q/BF-III/755/93/75 dated 17th October, 1975 to Heads of Missions/Posts abroad may also please be referred to, and action taken accordingly.
- (ii) Before submitting the monthly Cash-Accounts, an independent monthly reconciliation of the bank balance as per the bank statement with the balance as per the Cash Book (Bank Column) must be conducted, as per para 3 of Ministry of External Affairs letter No. Q/BF-IV/551/11/74 (EAI/75/1/2) dated 17th January, 1975. The reconciliation statement alongwith Bank Statement may be attached with the Cash Accounts, as per instructions contained in EAI/57/I/251 (Pages 193-194 of E.A. Manual 1957), or sent to the authorities concerned, if the receipt of the statement from the Bank is delayed.
- (iii) Similarly, an independent monthly reconciliation should be made in respect of *Consular Receipts* desposited *daily* (with the Cashier in Chancery by Consular/Visa wing of the Mission)

with the amount shown in the Consular Fee Cash Book and the Reconciliation Statement appended to the Consular Stamps Monthly Statement (*Plus & Minus Memoranda*). It should also be verified that the Consular Fee Cash Book is closed regularly and the total receipts during the month as per *Plus & Minus Memoranda* tally with the amount shown in the Cash Account for the month concerned. The instructions as contained in EAI/59/348 (pages 151—154 of EA-Manual 1959) may also please be referred to in this connection.

- (iv) While submitting the monthly Cash Account, the following certificates may invariably be furnished as per EAI/57/1/251b (pages 193-194 of EA Manual 1957).
- (a) Certified that the Cash Balance in hand has been verified by actual count and it agrees with the closing balance as shown in the Account.
  - (b) Certified that the Cash Balance in the Bank as per Bank Statement has been reconciled with the closing balance shown in the cash Book.

The above certificates should also be recorded in the Cash Book at the end of each month and signed by the Drawing and Disbursing Officer. The Head of Mission and Head of Chancery, if he is not also the Drawing and Disbursing Officer, should also conduct surprise checks of Cash in Hand during the month as contained in this Ministry's letter No. Q/BF-IV/7340/2/71 dated 4th June, 1973.

- (c) Also certified that the amount towards collection of Consular Fees/Visa Fees as shown in the Cash Account *vide* Ministry of External Affairs, letter No. Q/BF-IV/551(7)/74 dated 11th August, 1975 and earlier instructions on the subject, tally with the total amount of *receipts* shown in the Plus & Minus Memoranda of Consular Stamps for the month concerned.

It may please be ensured that the details of closing balance are indicated in the Cash Accounts as follows.—

*Closing Balance :*  
 Cash in Hand  
 Cash in Bank  
 Grand Total.

- (v) The "*Grand Total*" figures under "Receipts" and "Disbursement" in the Cash Account may be reflected in the final sheet (in a line) wherein the details of closing balance have been given and certified by the Drawing and Disbursing Officer.
- (vi) So as to facilitate necessary adjustments being carried out by the A.G.C.R. or Director of Audit, London in respect of debits/credits pertaining to other Governments, Departments, etc., separate schedules (in duplicate) as embodied in EAI/7/50- (Page 28 of EA Manual 1947—56) may invariably be attached

with the cash account sent to the A.G.C.R., New Delhi, etc., in support of entries for credits/debits which are not adjustable against the budget grant of the Mission concerned. Such schedules should embody proper classification, Major Head, Minor Head, detailed Head, to which the expenditure is debit-able. Covering schedule in duplicate should be attached with the Cash Accounts *separately* for each Accounts Officer in whose books the charge is adjustable *viz.*, A.G., U.P., A.G., M.P., Controller of Defence Accounts etc. These schedules should indicate *inter alia* Gross debits, details of credits, net debits, or credits so as to facilitate accounting. A copy of the schedule may also be forwarded to the offices concerned against whom the amounts will actually be debited or credited.

- (vii) The total collections during a month on account of issue of Reserve Bank of India Drafts should be shown by the Mission on the Receipt side of the monthly Account as "Proceeds on account of issue of Reserve Bank of India, Drafts under Section U-Remittances : Remittances within *India RBI*". The Commission charges collected should be shown under "650—*Other Administrative Services*" on the Receipts side and on the Payment side the net amount paid in *local currency* should be shown in the *local currency* column and the amount paid by Reserve Bank of India Draft should be shown distinctly in the Cash Account.

The Missions should send with the monthly Cash Accounts, a schedule of all R.B.I. drafts issued during the month to the officers/staff of the Mission in the form given in Annexure I (as embodied in page 683 of EA Manual 1961). Particulars of the drafts issued on "*Government Account*" should be given in the form in Annexure II in duplicate (alongwith the cash account) (as embodied at page 684 of EA Manual 1961). It should be ensured that the schedules have been completed in all respects and signed by the drawing & disbursing officer of the Mission. While sending the schedules with the cash account, it should be ensured that the total shown therein are checked and reconciled completely with the total amount shown on the receipt side of the Cash Account, and also RBI Register maintained by the Mission.

## II. VOUCHERS

Besides the instructions issued in this regard as per S. No. 16—21 at pages 7—9 of E.A. Manual 1947—56 (and also EAI/3/49 at page 3 and EAI/8/50—pages 28—31 of EA Manual 1947—56) regarding the preparation and submission of vouchers alongwith the monthly account of the Mission, the following instructions are issued for guidance of all concerned:—

(a) *Pay Bill* : Instances have been brought to our notice wherein the total payments made in different currencies in the pay bill do not tally with the net amount payable as shown in the pay bill. Such lapses on the part of the Mission result in overpayments to officials which should be avoided.

In this connection, attention is invited to the instructions as contained in EAI/64/1/139 (pages 145—147 of E.A. Manual 1964) wherein the necessary illustrations have been given in regard to the entries to be exhibited in the "*Salary Bills*". It will be appreciated if the correct procedure

is followed by all concerned so that irregularities in this regard are avoided. The A.G.C.R. or Director of Audit, London, pay authority should be quoted at top of each pay bill of the gazetted officer.

(b) *Deductions in pay-bill-preparation of schedules* :—(i) To every bill, from which the postal life insurance premium or General Provident Fund subscription is deducted, a separate schedule in the Forms TR 57 and TR 56 respectively, should be attached in which full particulars of Account Number assigned to the subscriber, the name of the subscriber and the name of the *Accounts Officer in whose books* the account is maintained should be given, so as to facilitate necessary credits being passed on to the appropriate authorities.

(ii) Separate schedules of GPF should also be furnished in respect of Class I, II, III and IV officers separately for each account officer in whose books the credits are adjustable. These should *not be combined* and shown in a single schedule. In the case of the non-Gazetted bill, the GPF Account Number should be prominently shown below the name of each official.

(iii) It has been brought to the notice of this Ministry that the schedules attached to the pay bills of the gazetted officer on account of the refunds against the recoveries of motor car and house building advances are not generally prepared in Form TR-62-A prescribed for the purpose. This causes considerable inconvenience all round in maintaining the accounts and in settling the discrepancies in their balances. It is requested that the prescribed form reproduced at page 339 of EA Manual 1964 (EAI/64/II/123) may please be used invariably for making out schedule of these recoveries.

The specimen of the form is given below :—

Name & Designation	Amount of Advance	No. of the present instalment/total instalments	Amount recovered	Sanction No. & date	Name of the Accounts Officer who sanctioned the advance	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Incidentally, it may also pointed out that every schedule must be signed by the drawing officer.

(c) *Travelling Allowance Bills* :—(i) In Travelling Allowance Bills reference should also be made to the Government orders authorising the rates claimed in the event of the revision of rates of DA/Mileage allowance etc.

(ii) The designation of officers, their rate of pay and full particulars of the journeys performed, along with the purpose of journey, Ministry's orders in cases of transfer journey, temporary duty in India or outside the country of accreditation etc., the details of advances drawn etc., should be furnished in each bill.

(d) *Contingent Bill and Contingent Charges* :—(i) Instructions issued as per items 9—13 of EAI/3/49 (page 6-7 of EA Manual 1947—56) and in EAI/5/59 (pages 28—31 of EA Manual 1947—56) may please be followed in general.

(ii) A "Specimen Copy" of the contingent voucher is attached herewith for guidance.

(iii) Instead of endorsing certificates regarding contingent expenditure on each individual voucher and sub-voucher, the consolidated certificate has prescribed in EAI/2/55 (pages 74-75 of EA Manual 1947-56) may please be attached duly signed by the drawing and disbursing officer of the Mission with the "Proforma Contingent Bill" for the month Required to be sent alongwith the monthly cash account.

### III. Classification in accounts

It has been brought to our notice that the debit vouchers/credit schedules received from the Missions in support of payments/Receipts do not contain the full classification *i.e.*, Major Head, Minor Head, and detailed Heads etc. In the absence of full details, debits/credits are rejected by different accounting Sections/Account Circles/Controller of Defence Accounts etc. These rejected items have to be kept under 'Suspense' head and protected correspondence is to be done with the Missions and Accounts Officers concerned. It is, therefore, requested that full classification on each voucher should be recorded without fail. Attention in this connection is also invited to this Ministry's letter No. Q/BF.I/744/94/75 (EAI/75/I/42) dated 5th September, 1975.

In this connection instructions issued by this Ministry in Circular letter No. Q/BF.I/731/12/73 dated 19th April, 1974 are also relevant and may be kept in view which provides necessary guidelines and clarifications relating to the new accounting procedure. Incidentally, it is also pointed out that number and date of the authority letter on the basis of which the payment has been made or credit afforded in the monthly cash account should also be recorded on the voucher and schedules adjustable by other departments. As regards allocation of expenditure between different Wings of the Mission, attention is invited to the instructions as contained in EAI/62/I/178 (pages 39-41 of EA Manual 1962) read with EAI/65/I/45 (pages 44-45 of EA Manual 1955), and Q/BF.II/754(41)/67 (BF.III) dated 6th August, 1968, which may please be kept in view while classifying expenditure.

### IV. Monthly Progressive Expenditure Statement

In order to enable this Ministry to keep strick control over expenditure against budget grants of the Missions, the monthly progressive expenditure statements should invariably be sent alongwith the cash account both to the A.G.C.R., New Delhi and this Ministry. As this is also of great use in the reconciliation of expenditure figures as recorded in the departmental registers with those recorded in the books of the Accounts Officer and also in framing the Budget Estimates of the Missions abroad it would be the responsibility of the Head of Chancery to ensure that the progressive expenditure statements are despatched alongwith the monthly cash account. The monthly statement of progressive expenditure in respect of the Missions/Posts abroad, whose accounts are *not* centralised at Headquarters should send one copy with the Cash Accounts to A.G.C.R./Director of Audit, London (in case of European Missions), one copy to BF. III Section and one copy to BF. I Section alongwith the voucher-wise

statements in the prescribed proforma (a specimen copy of the voucher-wise statement is attached). Regarding the 'form' to be adopted for "Progressive Expenditure Statement", attention is invited to pages 151-152 of E.A. Manual 1960.

V. *Miscellaneous*

(i) The vouchers sent with the cash account must be complete in all respects.

(ii) wherever possible stamped receipts may be attached with each voucher, otherwise a consolidated certificate of payment may please be attached as per the procedure laid down in EAI/57/I/319 (pages 249-250 of E.A. Manual 1957).

(iii) Before sending the cash account it must be ensured by the drawing and disbursing officer that all the vouchers which are required to be sent with the monthly cash account have been attached duly supported by schedules.

(iv) The supporting schedules and vouchers should be arranged serially as reflected in the Cash Account.

(v) The Receipt and Payment sides of the Cash Account should as far as possible briefly indicate the nature of receipts etc. and nature of payment or on whose behalf payment has been made. A specimen copy of the Cash Account is attached for guidance. In this regard it is also requested that the details of amount (kept under Suspense) on account of remittances received from India or Embassy of India, Washington, the month to which the remittances pertain and the loss or gain in exchange involved due to remittances received from India/Washington, may please be specified invariably.

(vi) All other connected documents like Plus & Minus Memoranda of Consular Stamps R. B. I. statements, Bank reconciliation statement, Bank statement in respect of Bank account being maintained *in the name of the Mission*, etc., may please be attached with the Cash Account.

3. The instructions may please be brought to the notice of all [concerned in your Mission.

## APPENDIX VII

*Copy of General instruction No. Q/BF.III/755/25/75 dated 22 April, 1976 issued by Ministry of External Affairs for timely submission of Cash Accounts by Missions/Posts abroad.*

(Vide para 2.13)

I am obliged to bring to your kind notice that notwithstanding the specific instructions issued from time to time, impressing upon the Missions, the importance of prompt submission of the monthly cash accounts to the Accounts and Audit Offices by the due date, most of the Missions continue to submit the cash accounts late as a rule rather than as an exception.

2. The persistent violation of the instructions in this regard, has many adverse consequences both from the administrative and financial angles. It may kindly be appreciated that the efficacy and soundness of the accounting system depend mainly on the timely rendition of accounts to the concerned authorities in as much as timely adjustment of accounts relating to GPF, recovery of advances, inter-departmental adjustments between different audit circles etc. is ensured expeditiously and correctly. We do appreciate that Missions are sometimes confronted with the problems arising from circumstances beyond their control such as late receipt of bank statements changes in exchange rates etc. but the importance of the return warrants top priority being given to this important work of the Missions.

3. The frequent non-observance of the instructions in this behalf by the missions has lead the Audit to include a paragraph on this subject which will be examined by Public Accounts Committee when they consider the Audit Report for 1975-76. A copy of this para is enclosed for your information.

4. It needs no reiteration that Government attach considerable importance to the timely submission of the monthly cash accounts and that cooperation of the Missions in this joint effort is a basic necessity. I would, therefore, request you to kindly issue suitable instructions for review being undertaken of the existing accounting arrangements in your Mission and to bring home to the Head of Chancery that it is his personal responsibility for submission of cash accounts by the due date. It may be added that before the matter comes up for discussion before the Public Accounts Committee, we will have to have a "Position note". I am, therefore, to request you to kindly favour us with your advice as regards the remedial measures taken by the Mission in this matter.



## APPENDIX VIII

### *Statement of Conclusions/Recommendations*

S. No.	Para No.	Ministry Concerned.	Conclusions/Recommendations
1	2	3	4
1.	1.19	Ministry of External Affairs	<p>The Committee note that a two hundred years old house taken on lease by a Mission in 1967 remained vacant for over five months (27 January to 6 July, 1973) because Shri 'B' who was posted as First Secretary in the Mission in December 1973 could not be relieved from the Ministry for administrative reasons. The Mission did not seek the assistance of any outside expert or undertake a critical examination of the house before recommending to the Ministry of External Affairs its retention in January 1973. Again in May 1973 when the Mission enquired from the Ministry whether the house may be further retained, they did not consider it necessary to inspect the premises. However, in July 1973 after Shri 'B' had moved into the House, he reported that the building had developed large cracks and was dangerous to live in. He was given permission to move to a hotel and the building was surrendered to the owner after giving notice for premature termination of the lease. Government had to pay Rs. 14,441 as rent for about five months period although it was under the occupation of Shri 'B' for only three weeks. Government had also to bear hotel accommodation charges amounting to Rs. 19,270 for Shri 'B's stay there (with family) for 62 days. In addition, Government had to pay to Shri 'B' Rs. 20,533 more than what would have been payable had he not stayed there. The accommodation that was eventually hired cost 100 Swiss Francs (Rs. 185/- approx.) more per month due to delay on the part of the Ministry of External Affairs in conveying their sanction to an earlier proposal of the Mission.</p>

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2. I .20 Ministry of External Affairs The Committee fail to understand how the building all of a sudden “developed cracks all over both inside and outside, on room ceilings and the side walls, making it dangerous for habitation”. Indeed, as will be seen from Para I .16, there is some contradiction between the information furnished to Audit in October 1975 and that reported in the Mission’s letter dated 24 January, 1974 addressed to the Ministry of External Affairs. This needs to be explained. Assuming that the house owner did carry out repairs in April 1972 when the cracks had first been reported by Indian official living there the conclusion that the house was in a state of good repair fit for continued habitation was a facile one in the absence of any critical inspection as to the extent of repairs and the actual state of the house. Considering that the house was over 200 years old and cracks had been reported the Mission should not have been complacent in the matter but taken measures to check the condition of the house as soon as it fell vacant in January 1973 before recommending its retention to the Ministry to meet the future requirements of the new official. The Mission would have then realised in January 1973 itself that the house was not fit for habitation and utilised the intervening period before the arrival of the new incumbent to search out suitable alternative accommodation at competitive rent.
3. I .21 Do. The Committee fail to understand why Shri ‘B’ could not be accommodated in the vacant accommodation already available with the Mission on a temporary basis instead of allowing the officer to shift to a hotel without obtaining the prior concurrence of the Ministry and thus committing Government to unnecessary heavy expenditure.
4. I .22 Do. The Committee deplore the delay on the part of the Ministry of External Affairs in conveying their sanction to the Mission’s proposal to lease alternative accommodation asked for through their most immediate telex

message of 28th August, 1973. Had the Ministry's sanction been conveyed at least then Government would have secured the appropriate accommodation at 100 Swiss Francs (Rs. 185/- approx.) per month lower than the eventual accommodation arranged by the Mission. That this inordinate delay in conveying approval was not an isolated case is also revealed by the Mission's letter of 24 January, 1974. This underlines the need for prompt processing and conclusive action being taken on communications from Missions abroad to the Ministry of administrative nature, particularly those with financial implications.

5. 7.23 Do.

The Committee note that out of 122 Missions with about 2000 India-based personnel, only six Missions have reported 9 cases in which hotel stay was arranged on first arrival of the officers concerned during the years 1973—75 even though accommodation lower than their scale was available. With the exception of three cases, hotel stay had to be arranged as the residential accommodation available was not ready for occupation due to unavoidable reasons. In the three cases pertaining to Sofia, Pyongyang and Kathmandu hotel stay lasted for 70, 68 and 55 days and the additional expenditure incurred was Rs. 19739.60, Rs. 3671.99 and Rs. 8272.57 respectively.

6. 1.24 Do.

The Committee further note that in the case pertaining to Sofia, the local Government agency could not make available in the first instance accommodation as per the entitlement of the officer. In the other case pertaining to Pyongyang, even though accommodation was made available by the local Government agency, the officer could not move into it due to non availability of furniture.

In the third case pertaining to Kathmandu the hotel stay of the officer concerned became unavoidable as the house which was occupied by his predecessor was to be vacated within fifteen days after his moving to the hotel.

7. 1.25 Ministry of External Affairs As regards the cases pertaining to Sofia and Pyongyong, the Committee are of the view that when the Missions concerned knew that the accommodation of the prescribed scale was not available the matter should have been taken up in advance at a fairly high level with the foreign Government so that the requisite accommodation was secured and furnished before these officers arrived or soon thereafter so as to obviate the heavy expenditure incurred in putting them up in hotels. Similarly, in the case pertaining to Kathmandu, efforts should have been made in advance by the Mission there to search alternative accommodation, when it was known that the house had to be de hired soon after the arrival of the officer.
8. 1.26 Do. The Committee would like to emphasise that the practice of putting up officers in hotels at considerable public expense may be avoided as far as possible. In any case, prior sanction of the Ministry of External Affairs may be obtained before committing Government to additional expenditure.
9. 2.15 Do. The Committee observe that most of the Missions/Posts abroad "continue to submit their cash accounts late as a rule rather than as an exception." During the years 1974-75 and 1975-76 as many as 861 and 1,499 cash accounts, respectively, had to be excluded from the regular monthly accounts because of delay in their receipt the extent of delay ranging between 15 days to over six months. The position during 1976-77 appears to be no better in so far as 1,047 such cases had already come to notice upto December, 1976.
10. 2.16 Do. The Committee regret to point out that in spite of detailed instructions issued by the Ministry in October and December, 1975 to all Missions/ Posts followed by another communication in April, 1976 stressing the

need for timely submission of accounts, the position has hardly shown any improvement. As rightly pointed out by the Ministry, delay in submission of accounts by the due date apart from upsetting proceedings in the Audit and Accounts Office, leads to dilution of accounting and financial controls enforceable by the Missions and may even facilitate 'window dressing' of accounts in such a way that detection of frauds and defalcation is rendered difficult."

11. 2.17

Do.

The Committee cannot, therefore, too strongly emphasise the need for prompt rendering of accounts by the Missions/Posts abroad. The Committee note that Heads of Chanceries have been made responsible to ensure that the financial and accounting procedures/instructions of the Government are strictly observed and enforced. The extant instructions also enjoin fixing of responsibility whenever submission of accounts by due date is delayed for reasons other than those beyond the control of the individual officials. The Committee would stress that these instructions should be followed in letter and spirit and the defaulting officials suitably taken up for their lapses, if any.

12. 2.18

Do.

The Committee understand that the present system of compilation and submission of cash accounts by the Missions has been simplified under the scheme of departmentalisation of accounts introduced with effect from 1 October, 1976. Under the revised arrangements Missions are required to submit monthly a simple account of receipts and payments supported by the extracts of cash book and vouchers for detailed compilation by the Principal Account Office at the Ministry's headquarters (Controller of Accounts), thus doing away with the time-consuming procedures presently obtaining both in the Missions and in the Accounts Office, without impairing the efficacy of the prescribed controls and checks. The Committee have been informed on 13th July 1977 that the question of fully and adequately manning the Accounts Office and relieving the Mis-

sions from the preparation of Cash accounts is being implemented in a phased manner from 1 April, 1977. The Committee hope that with the implementation of the new arrangements the delays in rendition of accounts would be reduced considerably.

13. 2.19 Ministry of External Affairs.

In this connection the Committee would like to draw attention to the following observations made by the Estimates Committee (1975-76) in their 98th Report on "Delegation of Financial Powers":—

“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 made 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 wellknit organisations where the accent right from the very beginning is on quality and minimum staff. †

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 attach 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.

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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.”

The Committee stress that the Ministry of External Affairs should keep in view the recommendations of the Estimates Committee while rationalising and streamlining the system of maintenance of accounts by their Missions/ Posts abroad in pursuance of the decision to departmentalise accounts. The Committee would like to be apprised of the precise action taken and the improvement effected in the timely submission and finalisation of the accounts of Indian Missions/Posts abroad.

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