

# **TWO HUNDRED AND THIRTY FIRST REPORT**

## **PUBLIC ACCOUNTS COMMITTEE (1984-85)**

**(SEVENTH LOK SABHA)**

### **FINANCIAL REVIEW-CUM-COMMERCIAL ACCOUNTS OF THE CANTEEN STORES DEPARTMENT**



*Presented in Lok Sabha on 24 August, 1984*

*Laid in Rajya Sabha on 24 August, 1984*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*August, 1984/Sravana, 1906 (Saka)*

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**PUBLIC ACCOUNTS COMMITTEE**  
**(1984-85)**

**CHAIRMAN**

**Shri Sunil Maitra**

**MEMBERS**

***Lok Sabha***

2. **Shri Chitta Basu**
3. **Shrimati Vidyavati Chaturvedi**
4. **Shri Digambar Singh**
5. **Shri G.L. Dogra**
6. **Shri Bhiku Ram Jain**
7. **Shri K. Lakkappa**
8. **Shri Mahavir Prasad**
9. **Shri Jamilur Rahman**
10. **Shri Ratansinh Rajda**
11. **Shri Uttam Rathod**
12. **Shri Harish Rawat**
13. **Shri G. Narsimha Reddy**
14. **Shri Suraj Bhan**
15. **Shri Ram Singh Yadav**

***Rajya Sabha***

16. **Shrimati Amarjit Kaur**
17. **Shri Bhim Raj**
18. **Shri Nirmal Chatterjee**
19. **Dr. (Shrimati) Najma Heptulla**
20. **Miss Jayalalitha**
21. **Shri Chaturanan Mishra**
22. **Shri Ramanand Yadav**

**SECRETARIAT**

1. **Shri T. R. Krishnamachari—*Joint Secretary***
2. **Shri H. S. Kohli—*Chief Financial Committee Officer.***

## **INTRODUCTION**

**I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Two Hundred and Thirty-first Report on Financial Review-cum-Commercial Accounts of the Canteen Stores Department.**

**2. The Committee have considered the proposal made by the Controller General of Accounts Ministry of Finance (Department of Expenditure) for discontinuance of the practice of inclusion of Financial Review-cum-Commercial Accounts of the Canteen Stores Department in the Civil Appropriation Accounts. They have found force in the argument advanced by the Controller General of Accounts that there is hardly any point in including the Financial Review-cum-Commercial Accounts of the Canteen Stores Department as an Appendix to the Civil Appropriation Accounts when this is not being done in respect of 41 other departmentally-run undertakings, some of which are major organisations of Government, both in respect of outlay and realm of activities compared to the Canteen Stores Department. The Committee have, therefore, agreed to the proposal made by the Controller General of Accounts for discontinuance of the practice of inclusion of Financial Review-cum-Commercial Accounts of the Canteen Stores Department from the Civil Appropriation Accounts for 1983-84 and onwards.**

**3. The Committee considered the above-mentioned proposal made by Controller General of Accounts at their sitting held on 7 August, 1984. The Committee considered and Finalised the Report at their sitting held on 21 August, 1984. The minutes of the sittings form Part II of the Report.**

**4. For facility of reference, the conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions/recommendations have been reproduced in a consolidated form in Appendix-II of the Report.**

**5. The Committee would like to place on record their appreciation of**

the assistance rendered to them in this regard by the Office of the Comptroller and Auditor General of India.

NEW DELHI ;  
*August 22, 1984*  
*Shravana 31, 1906 (Saka)*

SUNIL MAITRA,  
*Chairman,*  
*Public Accounts Committee.*

## **REPORT**

### **PART I**

#### **FINANCIAL REVIEW-CUM-COMMERCIAL ACCOUNTS OF THE CANTEEN STORES DEPARTMENT**

The Appropriation Accounts (Civil) contains an Appendix incorporating a Financial Review-cum-Commercial Accounts of the Canteen Stores Department which is a departmental undertaking under the Ministry of Defence. This review has formed a part of the Civil Appropriation Accounts since 1977-78. Earlier the review was included in the Appropriation Accounts of the Defence Services. At that time, the expenditure of the Canteen Stores Department was being met out of their own funds ; and the proforma accounts were being appended as a special item in the Commercial Appendix to the Appropriation Accounts (Defence Services) since 1944-45, at the instance of the Public Accounts Committee.

2. In Paragraph 4-P of the Report of the Public Accounts Committee on the Accounts of 1943-44, it was recommended that :

“The War Department should consider the inclusion of the accounts of the Canteen Services (India) in the Commercial Appendix or if that was not possible, these accounts should be presented to the Committee in some form.”

3. In pursuance of the above recommendation, the accounts of the Canteen Services were included in the Commercial Appendix to the Appropriation Accounts of the Defence Services for 1944-45.

4. In para 10 of their 40th Report (Third Lok Sabha), (1964-65), the Public Accounts Committee *inter alia* observed as follows :

“All that they are anxious to ensure is that the constitutional irregularity in keeping the financial transactions of the Canteen Stores Department outside the Consolidated Fund of India should be rectified.”

5. In paras 2.51-2.52 of their 52nd Report (Third Lok Sabha), (1965-66), the Committee *inter alia* observed as follows :

“.....this matter should be finalised early, as the constitutional irregu-

larity in keeping the financial transactions of Canteen Stores Department outside the Consolidated Fund have been continued for several years."

6. In pursuance of the recommendations of the Public Accounts Committee contained in their 52nd Report (1965-66), Government informed the Committee in July 1970 that it had been decided that the Accounts of the Canteen Stores Department (India) would be brought into the Consolidated Fund of India and that further details for the implementation of the decision were being worked out. The Public Accounts Committee (1977-78), while recording their displeasure at the long time, well-nigh seven years, taken in setting the modalities of merger, took note of the fact that Government had finally decided to merge the accounts of the Canteen Stores Department (I) with the Consolidated Fund of India with effect from 1 April, 1977. Thus, on the recommendation of the Public Accounts Committee, the funds of the Canteen Stores Department were merged with the Consolidated Fund of India in 1977. A specific provision was then included in the "Scheme for payment and accounting of the Canteen Stores Department" introduced in the Government of India, Ministry of Defence letter No. 8(5)/77/13520D(MOV) dated 28.3.77 for incorporating Financial Review-cum-Commercial Accounts of the Canteen Stores Department in the Appropriation Accounts of the Ministry of Defence, which form part of the Civil Appropriation Accounts.

7. In a Memorandum submitted to the Public Accounts Committee, the Controller General of Accounts, Ministry of Finance (Department of Expenditure) has submitted that the question as to whether the Financial Review-cum-Commercial Accounts of the Canteen Stores Department should continue to be included as an Appendix to the Civil Appropriation Accounts has been under examination. The format of the Civil Appropriation Accounts which was last approved by the PAC in 1962 has a somewhat different pattern than that of the Appropriation Accounts of the Defence Services (as well as of the Railways and the Posts and Telegraphs Department). According to the Controller General of Accounts, the reasons for this are obvious. The Civil Appropriation Accounts covered 101 Grants and 4 Charged Appropriations during 1982-83, while the Appropriation Accounts of the Defence Services, the Railways and the P&T dealt 5, 16 and 3 Grants respectively. The Civil Appropriation Accounts being so voluminous already, have never included a Commercial Appendix as is the practice in respect of the Appropriation Accounts of the Defence Services. The C.G.A. has further submitted that Civil Ministries/Departments control 42 departmental undertakings, including major organisations like the All India Radio, the Overseas Communications Service, the Atomic Power Authority etc. Of these 42 departmental undertakings, 30 have

a substantially higher Government investment than the Canteen Stores Department. According to Controller General of Accounts, it would seem "anomalous" to include the Financial Review-cum-Commercial Accounts of the Canteen Stores Department as an Appendix to the Civil Appropriation Accounts when this is not being done in respect of 41 other departmentally-run undertakings, some of which are major organisations of the Government, both in respect of outlay and realm of activities compared to the Canteen Stores Department.

8. The Controller General of Accounts has also stated that the Comptroller and Auditor General's Audit Report contains a Chapter summarising the financial results of all the civil departmentally managed undertakings. This Chapter now includes the Canteen Stores Department also. In addition, the Comptroller and Auditor-General selects, annually, specific departmental undertakings for a detailed review and report.

9. In view of the above, the Controller General of Accounts, Ministry of Finance has made a proposal for discontinuing the practice of inclusion of the Financial Review-cum-Commercial Accounts of the Canteen Stores Department in the Civil Appropriation Accounts for 1983-84 and onwards for consideration of the Public Accounts Committee. According to him, the proposal will not in any way change the existing practice regarding the preparation of Financial Review-cum-Commercial Accounts of the Canteen Stores Department.

10. Audit to whom this proposal was sent for comments has observed as follows :

"As regards para 5 of the proposed memorandum (Appendix (I), it may be clarified that Chapter (VII) of the Audit Report (Civil) contains only a brief statement of summarised financial results of all civil departmentally managed undertakings including the CSD. Audit reviews of undertakings included in the Audit Report are on a selective basis. They are therefore no substitutes for detailed exhibition of the Commercial Accounts of CSD. As, however, the commercial accounts of no other departmental undertakings are included in the Appropriation Accounts, we have no objection to the proposal made by CGA provided the PAC agrees to the proposal, since the commercial accounts of the CSD were initially started to be included in the Appropriation Accounts as a result of their observation."

11. The Committee considered the above proposal at their sitting held on 7 August 1984. Minutes of the aforesaid sitting form Part II of this Report.



12. The Committee have given a careful thought to the proposal made by the Controller General of Accounts, Ministry of Finance (Department of Expenditure) for discontinuance of the practice of inclusion of Financial Review-cum-Commercial Accounts of the Canteen Stores Department in the Civil Appropriation Accounts. They see force in the argument advanced by the Controller General of Accounts that there is hardly any point in including the Financial Review-cum-Commercial Accounts of the Canteen Stores Department as an appendix to the Civil Appropriation Accounts when this is not being done in respect of 41 other departmentally run undertakings, some of which are major organisations of Government, both in respect of outlay and realm of activities compared to the Canteen Stores Department. The Committee also take note of the assurance of the Controller General of Accounts that discontinuance of the practice of inclusion of Financial Review-cum-Commercial Accounts of the Canteen Stores Department will not in any way change the existing practice regarding the preparation of the Financial Review-cum-Commercial proforma accounts of the Canteen Stores Department.

13. In view of the foregoing, the Committee agree to the proposal made by the Controller General of Accounts for discontinuance of the practice of inclusion of Financial Review-cum-Commercial Accounts of the Canteen Stores Department from the Civil Appropriation Accounts for 1983-84 and onward.

NEW DELHI ;  
August 22, 1984  
*Sravana 31, 1906 (Saka)*

SUNIL MAITRA,  
*Chairman,*  
*Public Accounts Committee.*

**PART II**

**MINUTES OF THE SITTINGS OF THE PUBLIC ACCOUNTS  
COMMITTEE (1984—85) HELD ON :**

**7 August 1984  
and**

**21 August, 1984**

**MINUTES OF THE ELEVENTH SITTING OF THE PUBLIC  
ACCOUNTS COMMITTEE (1984-85) HELD ON  
7 AUGUST, 1984**

The Public Accounts Committee sat from 1500 hours to 1730 hours on 7 August, 1984 in Committee Room No. 62, First Floor, Parliament House, New Delhi. The following were present :

Shri Sunil Maitra—*Chairman*

**MEMBERS**

2. Shri G. L. Dogra
3. Shri Bhiku Ram Jain
4. Shri Uttam Rathod
5. Shri Suraj Bhan
6. Shri Ram Singh Yadav
7. Shri Bhim Raj
8. Shri Nirmal Chatterjee
9. Dr. (Shrimati) Najma Heptulla
10. Shri Ramanand Yadav

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

1. Shri S. Sethuraman, ADAI (R)
2. Shri S.P. Gugnani, ADAI (Railways)
3. Shri M. Parthasarathi, DADS
4. Shri Shiv Subramaniam, DRA-II
5. Shri S.P. Joshi, DAP & T
6. Shri O.P. Goel, DACR
7. Shri R. Balasubramaniam
8. Shri Gopal Singh, JDAP&T

9. Shri N.R. Rayalu, JD(Defence)
10. Shri A.C. Das, JD(R)
11. Shri G.R. Sood, JD(R-P&T)
12. Shri K.H. Chhaya, JD(Rlys.)
13. Shri R.S. Gupta, JDA
14. Shri S.K. Gupta, JD

#### SECRETARIAT

1. Shri H.S. Kohli, *Chief Financial Committee Officer.*
2. Shri K.K. Sharma, *Senior Financial Committee Officer.*
3. Shri V. Jayaraman, *Senior Financial Committee Officer.*

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|----|----|----|----|----|
| 2. | ** | ** | ** | ** |
| 3. | ** | ** | ** | ** |

4. The Committee also considered the Memorandum containing a proposal from the Ministry of Finance (Deptt. of Expenditure—CGA) for discontinuing the practice of inclusion of Financial Review-cum-Commercial Accounts of the Canteen Stores Department from the Civil Appropriation Accounts. The Committee approved the proposal made by the Ministry of Finance (Deptt. of Expenditure—CGA).

5. The Committee also authorised the Chairman to finalise the Reports after incorporating therein certain minor modifications/amendments arising out of factual verifications by Audit and present the same to Parliament.

*The Committee then adjourned.*

**MINUTES OF THE THIRTEENTH SITTING OF THE  
PUBLIC ACCOUNTS COMMITTEE (1984-85)  
HELD ON 21 AUGUST, 1984**

The Public Accounts Committee sat from 1500 hours to 1700 hours on Tuesday, the 21st August 1984 in Committee Room No. 50, First Floor, Parliament House, New Delhi. The following were present :

Shri Sunil Maitra—*Chairman*

**MEMBERS**

2. Shri G. L. Dogra
3. Shri Bhiku Ram Jain
4. Shri Mahavir Prasad
5. Shri Jamilur Rahman
6. Shri Uttam Rathod
7. Shri Suraj Bhan
8. Shri Ram Singh Yadav
9. Shrimati Amarjit Kaur
10. Dr. (Shrimati) Najma Heptulla

**REPRESENTATIVES OF AUDIT**

1. Shri S. Sethuraman, ADAI (Reports)
2. Shri S.P. Gugnani, ADAI (Railways)
3. Shri S. Shivasubraman, DRA II
4. Shri K.H. Chhaya, JD (Rlys.)
5. Shri N.R. Rayalu, JD (Defence)
6. Shri S.K. Gupta, JD
7. Shri G.R. Sood, JD (R-P&T)
8. Shri R.S. Gupta, JDA (Defence Services)
9. Smt. Suman Saxena, JDA (P&T Audit)
10. Shri S.P. Joshi, D.A. CW&M

## SECRETARIAT

1. Shri H.S. Kohli, *Chief Financial Committee Officer.*
2. Shri K.K. Sharma, *Senior Financial Committee Officer.*
3. Shri V. Jayaraman, *Senior Financial Committee Officer.*

2. The Committee considered the following Draft Report and adopted it without any modification/amendment :

Draft Report on Financial Review-cum-Commercial Accounts of  
the Canteen Stores Department.

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3. The Committee also authorised the Chairman to finalise the Reports after incorporating therein certain modifications/amendments arising out of factual verification by Audit and present the same to Parliament.

4. *The Committee then adjourned.*

## **APPENDIX I**

*(Vide paragraph 10 of the Report)*

*Copy of Memorandum No. G. 25018/Gr.1/82-AA/1305 dated 26 April 1984 from the Controller General of Accounts, Ministry of Finance (Deptt. of Expenditure).*

The Appropriation Accounts (Civil) contains an Appendix incorporating a Financial Review-cum-Commercial Accounts of the Canteen Stores Department which is a departmental undertaking under the Ministry of Defence. This review has formed a part of the Civil Appropriation Accounts since 1977-78. Earlier the review was included in the Appropriation Accounts of the Defence Services. At that time, the expenditure of the Canteen Stores Department was being met out of their own funds ; and the proforma accounts were being appended as a special item in the Commercial Appendix to the Appropriation Accounts (Defence Services) since 1944-45, at the instance of the Public Accounts Committee.

2. On the recommendation of the Public Accounts Committee, the funds of the Canteen Stores Department were merged with the Consolidated Fund of India in 1977. A specific provision was then included in the "Scheme for payment and accounting of the Canteen Stores Department" introduced in the Government of India, Ministry of Defence letter No. 8(5)/7/13520D(MOV) dated 28.3.77 for incorporating Financial Review-cum-Commercial Accounts of the Canteen Stores Department in the Appropriation Accounts of the Ministry of Defence, which form part of the Civil Appropriation Accounts.

3. The question as to whether the Financial Review-cum-Commercial Accounts of the Canteen Stores Department should continue to be included as an Appendix to the Civil Appropriation Accounts has been under examination. The format of the Civil Appropriation Accounts which was last approved by the P.A.C. in 1962 has a somewhat different pattern than that of the Appropriation Accounts of the Defence Services (as well as of the Railways and the Posts and Telegraphs Department). The reasons for this are obvious. The Civil Appropriation Accounts covered 101 Grants and 4 Charged Appropriations during 1982-83, while the Appropriation Accounts of the Defence Services, the Railways and the P&T dealt 5, 16 and 3 Grants respectively. The Civil Appropriation Accounts being so voluminous already, have never included a Commercial Appendix as is the practice in respect of the Appropriation Accounts of the Defence Services. This is, in spite of the fact that Civil

Ministries/Departments control 42 departmental undertakings, including major organisations like the All India Radio, the Overseas Communication Service, the Atomic Power Authority, etc.

Of the 42 departmental undertakings referred to above 30 have a substantially higher Government investment than in the Canteen Stores Department *vide* Annexure 'A' to Chapter VII of the Comptroller and Auditor General's Civil Audit Report for the year 1982-83.

4. Now that the funds of the Canteen Stores Department have been merged with the Consolidated Fund of India, the expenditure incurred on this organisation is being reflected in the Appropriation Accounts of the Ministry of Defence, under a specific group head. It seems anomalous to include the Financial Review-cum-Commercial Accounts of the Canteen Stores Department as an Appendix to the Civil Appropriation Accounts when this is not being done in respect of 41 other departmentally-run undertakings, some of which are major organisations of the Government, both in respect of outlay and realm of activities compared to the Canteen Stores Department.

5. The Comptroller and Auditor General's Audit Report contains a Chapter summarising the financial results of all the civil departmentally managed undertakings. This chapter now includes the Canteen Stores Department also. In addition, the Comptroller and Auditor-General selects, annually, specific departmental undertakings for a detailed review and report.

6. The Comptroller and Auditor General has suggested that if it is proposed to discontinue the inclusion of the Financial Review-cum-Commercial Accounts of the Canteen Stores Department in the Civil Appropriation Accounts, approval of the Public Accounts Committee may be obtained.

7. Accordingly, the proposal for discontinuing the practice of inclusion of the Financial Review-cum-Commercial Accounts of the Canteen Stores Department in the Civil Appropriation Accounts for 1983-84 and onwards is submitted for the consideration of the Public Accounts Committee.

8. The Ministry of Defence and the Financial Adviser (Defence Services) have been informed that subject to the approval of the Public Accounts Committee, the Financial Review-cum-Commercial Accounts of the Canteen Stores Department will not be included in the Civil Appropriation Accounts. This will not, however, in any way change the existing practice regarding the preparation of the Financial Review-cum-Commercial proforma accounts of the Canteen Stores Department.

**This note has been seen by Audit.**



## APPENDIX II

(Vide Introduction)

### *Conclusions/Recommendations*

Sl. No.	Para No.	Ministry/ Department	Conclusions/Recommendations
1	2	3	4
1	12	Finance (Expenditure)	The Committee have given a careful thought to the proposal made by the Controller General of Accounts, Ministry of Finance (Department of Expenditure) for discontinuance of the practice of inclusion of Financial Review-cum-Commercial Accounts of the Canteen Stores Department in the Civil Appropriation Accounts. They see force in the argument advanced by the Controller General of Accounts that there is hardly any point in including the Financial Review-cum-Commercial Accounts of the Canteen Stores Department as an Appendix to the Civil Appropriation Accounts when this is not being done in respect of 41 other departmentally run undertakings, some of which are major organisations of Government, both in respect of outlay and realm of activities compared to the Canteen Stores Department. The Committee also take note of the assurance of the Controller General of Accounts that discontinuance of the practice of inclusion of Financial Review-cum-Commercial Accounts of the Canteen Stores Department will not in any way change the existing practice regarding the preparation of the Financial Review-cum-Commercial pro-

1	2	3	4
			forma accounts of the Canteen Stores Department.
2	13	Finance (Expenditure)	In view of the foregoing, the Committee agree to the proposal made by the Controller General of Accounts for discontinuance of the practice of inclusion of Financial Review-cum-Commercial Accounts of the Canteen Stores Department from the Civil Appropriation Accounts for 1983-84 and onwards.

