

141

P.A.C. 12-11

# **PUBLIC ACCOUNTS COMMITTEE**

(1956-57)

## **TWENTY-FIRST REPORT**

**[Excess over Voted Grants and Charged Appropriations included in  
the Appropriation Accounts (Civil), 1952-53]**

## **Vol. II--APPENDICES**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1957*

## C C R R I G E N D A

Page (i). line 2 *for* 'APPENDICFS' *read* APPENDICES'

APPENDIX XII line 3 *for* Appropriations' *read* 'Appropriation'

Page 2 line 13 *for* Naga Hills *read* Naga Hills

Page 6, line 8 *for* economics' *read* economies'

Page 8 line 5 from bottom *for* 'Suspense' *read* H-Suspense'

Page 11 line 14 *for* Excess( ) *read* Excess (+)

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## APPENDIX I

### MINISTRY OF FINANCE

*Note re: Excess over Voted Grants under Grant No. 39—Miscellaneous Adjustments between the Union and State Governments as reported in Appropriation Accounts (Civil), 1952-53 and Audit*

*Report, 1954—Part I.*

*Excess.....Rs. 70,084 (Voted)*

The excess is due to larger payments on the basis of increased receipts of fees realised under the Petroleum, Explosives and Arms Acts.

These Acts are administered by the State Govts. on behalf of the Union Government and under long standing agreements the fees realised thereunder are paid back to the States to cover their expenditure on the administration of these Acts.

In accordance with the accounting arrangements, the fees realised are first credited to the Central Government and thereafter paid back to the State Governments after taking a vote under this Grant. The estimates are based on the information given by the Accounts Officers. Any unanticipated increase in receipts causes corresponding excess in the expenditure also.

With a view to prevent such excess, in future, it has been suggested to the C. & A. G. that the adjustments should be restricted to the amount provided for in the Revised Estimates of the year subject to readjustment on the basis of actuals in the following year.

The Audit Department has seen.

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## APPENDIX II

### MINISTRY OF LABOUR

*Note re: Excess over Voted Grants under Grant No. 67-Civil Defence as reported in Appropriation Accounts (Civil), 1952-53 and Audit Report 1954—Part I.*

The expenditure relates to pensions and allowances paid under the War Injuries Scheme. The payments under the scheme are a statutory obligation of the Government of India and are normally made through the Post Offices. The expenditure during each year is reported to the Ministry through the returns submitted by the Deputy Accountants General, Posts and Telegraphs, Calcutta, Madras, Nagpur, Delhi and Kapurthala and the Deputy Commissioner, Naga Hills, Kohima. The budget estimates for any given year are usually based on the expenditure incurred during the previous year. A provision of Rs. 1,23,000|- was accordingly made in the Budget Estimates for the year 1952-53 for making payments under the War Injuries Scheme. As the provision was found to be somewhat insufficient, a sum of Rs. 1,000|- was reappropriated to this head and the final grant was thus raised to Rs. 1,24,000|-. But even the enhanced provision fell short of the expenditure by a sum of Rs. 2,855|-. The excess was partly due to an expenditure of Rs. 1,138|4|- pertaining to the previous years being adjusted in the accounts of 1952-53 and partly to more expenditure than anticipated. In respect of a scheme like the War Injuries Scheme under which payments have to be made to a number of persons and through various agencies, variations between the estimated and actual expenditure are inevitable.

NEW DELHI,  
*The 25th April, 1956.*

P. M. MENON,  
*Joint Secretary.*

### APPENDIX III

#### MINISTRY OF IRRIGATION & POWER

*Note re: Excess over Voted Grants under Grant No. 75—Multipurpose River Schemes as reported in Appropriation Accounts (Civil) 1952-53 and Audit Report 1954—Part I*

The Original allotment (under Major Head '51-B.—Other Revenue expenditure connected with the Multipurpose River Schemes') in Grant No. 75-Multipurpose River Schemes for the year 1952-53, was Rs. 41,08,000 as detailed below:—

SUB HEAD	AMOUNT Rs.
A.—Miscellaneous expenditure :	
A. 1.—Central Water and Power Research Station . . . . .	7,73,400
A. 2. - Investigation on Multipurpose River Schemes. . . . .	33,35,000
TOTAL . . . . .	41,08,400
<i>Rounding</i> . . . . .	(+)400
	41,08,000

Actual expenditure on the various items provided in the Grant, however, amounts to Rs. 51,45,177 resulting in an overall excess of Rs. 10,37,177. The excess in relation to the final allotment, after accounting for the surrender of Rs. 6,35,500 would, however, amount to Rs. 16,72,677. Details of the final allotment and expenditure incurred are as under:—

SUB HEAD	Final Allotment	Expenditure	Excess/ Saving
	Rs.	Rs.	Rs.
A. 1.— Central Water & Power Research Station . . . . .	7,58,400	7,54,632	(-)3,768
A. 2.— Investigation on Multipurpose River Schemes . . . . .	27,14,500	43,88,068	(+)16,73,568
A. 3.— Charges in England . . . . .	..	2,477	(+)2,477
	34,72,900	51,45,177	(+)16,72,277
ROUNDED TO . . . . .	34,72,500	..	(+)16,72,677

2. The saving under Central Water and Power Research Station and the excess under Charges in England is nominal.

3. The excess of Rs. 16,73,568/- under Investigation on Multi-purpose River Schemes is mainly due to:—

- (i) Provision for Suspense made for net expenditure after taking into account the position of both debits and credits to be received during the course of the year; and
- (ii) Similarly, provision for expenditure on Projects made for net expenditure after taking into account the recoveries expected from the various State Governments on account of their share of the cost of investigations.

It will thus be seen that the excess is mainly due to the fact that provision of funds was made on the basis of the net expenditure i.e. debits minus credits in respect of the share of the cost of the investigation on various Projects conducted by the C.W. & P.C. on behalf of the State Governments and Suspense items. Prior to the year 1952-53, it had been the practice to get the vote of the Parliament on net expenditure only. In view of certain later developments in regard to budgeting, it was decided that, in future, the demands to be presented to the Parliament should be for gross expenditure and should exclude all credits and recoveries which were hitherto shown as deductions in Demands. This was meant to increase the amount of the Demands but did not involve any increase in the actual expenditure. This procedure did not involve any changes in the accounts and recoveries were continued to be taken in reduction of expenditure so that there was no exaggeration of receipts and expenditure. Secondly, these recoveries were excluded from the Demands for the reason that the spending authorities might not utilise the anticipated receipts. This procedure came into vogue from August 1952 when the Demands for Grants for the year 1952-53 were voted by the Parliament in its First Session. The budget estimates for the subsequent years have been framed in accordance with the revised procedure. During the transitional period viz., 1952-53, the C.W. & P.C. were under the control of the Ministry of N.R. & S.R. when the original estimates were submitted and sanctioned. The control was transferred to the Ministry of Irrigation and Power, which was newly formed, after the passage of the budget by the Parliament. As such, this Ministry was not aware of the new procedure in time. The omission to regularise the demand, therefore, occurred inadvertently.

4. If the net expenditure after setting off the recoveries from the State Governments and the credits under 'Suspense' had been shown in the Appropriation Accounts, there would have been a saving and not an excess.

T. SIVASANKAR,  
Secretary.



## APPENDIX IV

### MINISTRY OF PRODUCTION

**Note re: Excess over Voted Grants under Grant No. 95—Ministry of Works, Production and Supply as reported in Appropriation Accounts (Civil) 1952-53 and Audit Report 1954—Part I**

#### C.— SECRETARIAT OF THE MINISTRY OF PRODUCTION

		Final Grants	Actual Expenditure	Excess + Saving—
C.— 1	Pay of officers. . . .	1,40,300	1,40,711	(+ )411
C.— 2	Pay of Estts. . . .	1,20,300	1,20,944	(+ )644
C.— 3	Allowances Hon. etc. . .	72,500	98,036	(+ )25,536
C.— 4	Other Charges. . . .	37,000	52,250	(+ )15,250
		3,70,100	4,11,941	(+ )41,841

At the time of framing the budget estimates for 1952-53 there was a combined Ministry of Works, Production and Supply. It was only in May, 1952 that a separate Ministry of Production was formed. An *ad hoc* provision of Rs. 2,75,300 (out of a total provision of Rs. 14,71,000 made for the Ministry of Works, Production and Supply) was placed at the disposal of the Ministry of Production to meet a major part of its expenditure. Since certain unavoidable expenditure relating to the additional staff, telephone, furniture etc. for the Minister of Production and his personal staff and also, for certain auxiliary Branches like administration, Cash etc. had to be met even though no specific provision was made for the purpose, a supplementary grant of Rs. 86,000 was obtained in November-December 1952 Session of Parliament. Although a new Ministry of Production was created in May, 1952, the Secretary of the Ministry of W.H.S. continued to be the Secretary of the Production Ministry also till November, 1952. Only in the middle of November 1952 was it decided to have a separate Secretary for the Ministry of Production. An approach was then made to the Ministry of Finance (I. & C. Divn.) for an additional supplementary grant of Rs. 40,000/-. The Ministry of Finance advised us to review the position later and to go in for the supplementary grant

in the Budget session if, at all necessary. The position was accordingly reviewed in the middle of January, 1953 and a proposal for an additional supplementary grant of Rs. 70,300 was submitted, to the Ministry of Finance (I. & C. Divn.). The proposal was not agreed to and it was held by that Ministry that the actual additional need should be only Rs. 40,000 as originally proposed by the Ministry of Production which should be met partly from the Savings from other Sub-heads and partly by exercising all manners of economics during the remaining two months of the year. The Production Ministry did its best to restrict the expenditure, but there is a minimum amount of funds which a Ministry depending on its size and nature of functions must have in order to carry on fairly efficiently or even to exist. It economised as much as possible but could not keep its expenditure within the sanctioned allotment and it fell short of the minimum required by Rs. 41,841. Finally the actual expenditure compared with the final allotment for 1952-53 is as follows:—

DEMAND NO. 95

C-SECT. OF THE MINISTRY OF PRODUCTION.

	Final grant	Actual expenditure	Variation
C.- 1 Pay of Officers . . . .	1,40,300	1,40,711	(+) 411
C.- 2 Pay of Estts. . . . .	1,20,300	1,20,944	(+) 644
C.- 3 Allowances, Hon. etc. . .	72,500	98,036	(+) 25,536
C.- 4 Other Charges . . . . .	37,000	52,250	(+) 15,250
	3,70,100	4,11,941	(+) 41,841

The reasons for variation are briefly as under:—

#### C-1. PAY OF OFFICERS

There was an actual excess of Rs. 11,590 due to the appointment of a separate Secretary for the Ministry of Production in November, 1952. The excess in question was met by reappropriation of savings within the grant to the extent of Rs. 8,800 and it was further reduced by Rs. 2,379 on account of misclassification of the expenditure. A nominal excess of Rs. 411 had been left uncovered.

#### C-2. PAY OF ESTTS.

The small excess of Rs. 644 was due to the fact that some posts were filled in by people transferred from other offices and drawing higher pay whereas the provision was made only at the rate of minimum of the scale.

### **C-3. ALLOWANCES, HON. ETC.**

The excess of Rs. 25,536 was mainly due to the fact that the provision for D.A., C.C.A. and H.R. allowances in connection with the newly created or vacant posts was based on the minimum rates and provision under T.A. was inadequate. It will be seen that while a Supplementary Grant of Rs. 53,000 was obtained under the Sub-heads C. I and C. 2, only Rs. 6,000 were provided under the Sub-Head C. 3-Allowances, Hon. etc. and this small provision was not found sufficient.

### **C-4 OTHER CHARGES**

The excess of Rs. 15,250 was due to the fact that adequate provisions could not be made for the increased expenditure on telephones, furniture, office equipment, etc. resulting from the constitution of the Ministry of Production as a separate Ministry in May 1952.

(Verified in audit—by D.A.G.P.C. & I. New Delhi *vide* his U.O. No. EBA3(7)/56-57/1088 dated 7-8-56 and concurred in by the Ministry of Finance (P.E.N. Divn.) *Vide* their U.O.No. B & C 3938 dated 10-9-56.)

B. S. GREWAL,  
*Joint Secretary.*

## APPENDIX V

### MINISTRY OF WORKS, HOUSING & SUPPLY

*Notes re: Excess over Voted Grants and Charged Appropriations under Grant No. 99-Other Civil Works as reported in Appropriation Accounts (Civil) 1952-53 and Audit Report 1954—Part 1*

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

- (i) Excess over Voted Grants Rs. 2,33,14,376/- and (ii) Excess over Charged Appropriations Rs. 34,345/-.

In connection with these excesses, the P.A.C. have desired to be furnished with a self-contained note giving the reasons leading to the excesses and why they could not be anticipated within the year and provided for in time. The information in respect of each of the above excesses is given below:—

- (i) *Excess over voted Grants.—Rs. 2,33,14,376/-*

The table given below shows at a glance the various sub-heads in the Grant, and the Final Grant, actual expenditure and excess/saving in respect of each of these sub-heads for 1952-53:—

Sub-heads	Final Grant	Actual Expenditure	(+) (-) Excess Saving
1	2	3	4
A.—Original Works-Buildings . . . . .	51,61,769	41,20,374	(-) 10,41,395
B.—Original Works-Miscellaneous . . . . .	44,700	33,895	(-) 10,805
C.—Repairs-Buildings . . . . .	2,29,77,294	2,20,50,635	(-) 8,86,659
D.—Repairs-Miscellaneous . . . . .	7,55,450	7,41,200	(-) 14,250
E.—Establishments . . . . .	1,71,36,582	1,70,73,149	(-) 63,433
F.—Tools & Plant . . . . .	13,15,957	10,76,651	(-) 2,39,306
G.—Grants-in-Aid, Contributions . . . . .	49,20,600	34,27,137	(-) 14,93,463
<i>—Suspense :</i>			
H. 1.—Stock . . . . .	3,11,78,486	4,01,05,339	(+) (-) 89,26,853
H. 1(1).—Charges . . . . .			
H.2.—London Stores . . . . .	43,000	41,295	(-) 1,705
H.2(1).—Charges in India . . . . .			

1	2	3	4
H.3—Other Suspense Accounts . . . . .	4,24,85,627	6,16,40,312	(+ )1,81,54,665
H. 3(1).—Charges . . . . .			
X.—Charges in England . . . . .	21,000	19,389	(—) 1,611
For Rounding . . . . .	200	..	(—) 200
Surrenders or withdrawals within the Grant . . . . .	14,315	..	(—) 14,315
TOTAL . . . . .	12,70,55,000	15,03,69,376	(+ )2,33,14,376

It will be seen from the figures given above that it was the excesses under the sub-heads "H.-Suspense—H.1(1)-Charges" and "H.3(1)-Charges" which were together responsible for the overall excess of Rs. 2,33,14,376/- under the voted grant, because, had there been no excess under these two heads, there would have been no overall excess in the Grant as a whole.

2. The two above mentioned excesses were due mainly to heavy construction programme. The stores were indented in bulk and it was not possible to anticipate the actual quantities of stores that would be received during the financial year 1952-53. Proper provisioning of funds, therefore, could not be made.

(ii) *Excess over Charged Appropriations.*—Rs. 34,345/-

Below is given a statement showing at a glance the sub-heads in the Grant, the final grants, actual expenditure and excess/saving in respect of each of these sub-heads for 1952-53:—

Sub-heads	Final Grant	Actual expdr.	(+ )Excess (—)Saving
1	2	3	4
A.—Original Works-Buildings . . . . .	77,181	73,582	(—) 3,599
C.—Repairs-Bldgs. . . . .	14,85,200	14,87,597	(+ ) 2,397
E.—Establishment . . . . .	21,800	22,114	(+ ) 314
F.—Tools & Plant . . . . .	9,300	7,170	(—) 2,130
<b>H.—Suspense :</b>			
H. 1—Stock.			
H. 1(1)—Charges . . . . .	2,00,000	2,25,113	(+ ) 25,113
H. 2—London Stores :			
H. 2(1)—Charges in India . . . . .	2,200	..	(—) 2,200

1	2	3	4
H. 3.—Other Suspense Accounts.]			
H. 3(1)—Charges . . . . .	2,27,800	2,58,769	(+ ) 30,969
For Rounding . . . . .	(—) 300	..	(+ ) 300
Surrenders & withdrawals within the Ap- propriation . . . . .	16,819	..	(—) 16,819
TOTAL . . . . .	20,40,000	20,74,345	(+ ) 34,345

3. It will be seen from the foregoing statement that it was the excesses under the sub-heads "H-Suspense: H.1(1)-Charges" and "H.3(1)-Charges" that were together responsible for the overall excess of Rs. 34,345/- in the charged appropriation; because, had there been no excess under these two sub-heads there would have been no overall excess in the charged appropriation as a whole. These two excesses are due to larger purchases for Rashtrapati's Estate of building materials and cloth materials and furnishing than anticipated, towards the end of the financial year when it was too late to provide for necessary funds to cover the excess.

The Note has also been vetted by Audit.

M. R. SACHDEV

*Secretary*

NEW DELHI;

Dated Sept. 22, 1956.

## APPENDIX VI

### MINISTRY OF WORKS, HOUSING & SUPPLY

*Note re: Excess over Voted Grants under Grant No. 101—Miscellaneous Departments and Expenditure under the Ministry of Works, Production and Supply*

In connection with the excess of Rs. 25,005 in the above mentioned Grant for 1952-53, the P.A.C. desired to be furnished with a self-contained note stating the reasons leading to the excess and why the excess could not be anticipated within the year and provided for in time. The information is given below.

2. The following table shows at a glance the various sub-heads in that Grant, and the final Grant, actual expenditure and excess/saving in respect of each of these sub-heads for 1952-53:—

Sub-head	Final Grant	Actual Expenditure	Excess (—) Saving(+)
	Rs.	Rs.	Rs.
B.—Explosives . . . . .	4,72,400	4,69,610	(—) 2,790
B.—Payments of net proceeds of the excise duty on Coal and Coke to the Coal Mines Stowing Board . . . . .	85,97,700	85,79,086	(—) 18,614
C.—Transfer to Coal Production Fund . . . . .	..	555	(+ ) 555
D.—Miscellaneous . . . . .	1,500	1,499	(—) 1
E.—Rents, Rates and Taxes . . . . .	13,09,800	13,55,666	(+ ) 45,866
F. 1.—Expenditure connected with German Reparations . . . . .	69,700	69,119	(—) 581
H.—Charges in England . . . . .	2,80,600	2,81,470	(+ ) 870
For Rounding . . . . .	300	..	(—) 300
TOTAL . . . . .	1,07,32,000	1,07,57,005	(+ ) 25,005

It will be seen from the above table that, as stated in Note 1 under this Grant on page 545 of the relevant printed Appropriation Accounts, the excess of Rs. 45,866 under sub-head "E-Rents, Rates and Taxes" was mainly responsible for the overall excess of Rs. 25,005 in this Grant.

4. The excess under sub-head "E-Rents, Rates and Taxes" is due to more expenditure than anticipated on water and electricity in the Central Government Office Buildings (Rs. 69,780) omission to make provision for Departmental Charges (Rs. 32,268) and installation fee of a telephone (Rs. 2,500) counterbalanced by non-receipt of Corporation Bills duly verified by the Manager of Estates, Calcutta (Rs. 56,852). Thus the main reason for the excess of Rs. 45,866 under this head is that more expenditure was incurred on water and electricity than anticipated. This excess expenditure was due to abnormal consumption of water and electricity towards the closing months of the year owing to weather conditions which could not be foreseen. The expenditure on this account during the second half of the year was Rs. 4,201,189 as against the first half figure of Rs. 3,08,222.

M. R. SACHDEV,  
*Secretary.*

NEW DELHI;  
*Dated August 16, 1956*



## APPENDIX VII

### LOK SABHA SECRETARIAT

*Note re: Excess over Voted Grants under Grant No. 103—Miscellaneous Expenditure under the Parliament Secretariat as reported in Appropriation Accounts (Civil) 1952-53 and Audit Report 1954—Part I*

Under Grant No. 103-Miscellaneous expenditure under the Parliament Secretariat (now Lok Sabha Sectt.) for 1952-53, provision was made for India's contribution to the Commonwealth Parliamentary Association, London and the Inter-Parliamentary Union, Geneva, amounting to £1,000 and 14,400 Swiss Francs respectively. The payment of the contributions was made by the High Commissioner for India in U.K., as authorised by the A.G.C.R., and requisite debits were raised by him subsequently. The adjustment of the debits (in Rupees equivalent) was effected by the A.G.C.R. in the accounts for March, 1953, when an excess of Rs. 110 was found over the Grant due to unforeseen variation in the rate of exchange. There was no time left to apply for additional funds to make good the excess.

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**APPENDIX VIII**  
**MINISTRY OF FINANCE**

*Note re: Excess over Voted Grants under Grant No. 114—Other  
Capital Outlay of the Ministry of Finance as reported  
in Appropriation Accounts (Civil) 1952-53 and  
Audit Report 1954—Part I*

*Excess.....Rs. 6,18,032.*

The excess was due to the following reasons:—

- (a) Material and Equipment under the T.C.A. Programme—  
Community Projects .....Rs. 4,15,665.

The Community Development Project was inaugurated in October 1952 and it was anticipated that no equipment therefor under the T.C.A. Programme would arrive from abroad during the year 1952-53. Accordingly no provision was made in that year for adjustment of expenditure in this regard. Towards the close of the year, however, a part of the equipment was, by special arrangement with the T.C.M., procured in India from the Ford Motor Co. on replacement basis against the Dollar Fund to meet the urgent requirements of the State Governments. Further the detailed procedure for adjustment of the cost of imported equipment had not been finalised till May, 1953. The cost of the equipment received towards the end of the year could, therefore, be adjusted only after the year had closed and this resulted in the excess.

- (b) Transfer of Net sale proceeds of food grains purchased  
from the American Wheat Loan .....Rs. 2,02,491.

Under the prescribed accounting procedure a sum equivalent to the sale-proceeds of the food-grains purchased from American Wheat Loan was required to be transferred to the Special Development Fund (to be utilised thereafter for advancing Development Loans to State Governments etc.) after deducting actual losses. Any variation in the estimated loss, therefore, inversely caused a variation in the estimated amount to be transferred to that fund. The final accounts in this connection, received from the Department concerned after the close of the year, revealed that the capital loss on Wheat Loan during 1952-53 was less than anticipated. This resulted in more transfers to the Fund. Hence the minor excess.

The Audit Department has seen.

H. S. NEGI,  
Joint Secretary.

**APPENDIX IX**  
**MINISTRY OF HEALTH**

*Note re: Excess over Voted Grants under Grant No. 119—Capital Outlay of the Ministry of Health as reported in Appropriation Accounts (Civil) 1952-53 and Audit Report 1954—Part 1.*

The excess of Rs. 33,39,509 in Grant No. 119—Capital Outlay of the Ministry of Health needs regularisation under Article 115 of the Constitution. This note sets forth the reasons for the excess and also why it could not be anticipated within the year and covered by additional funds.

2. The excess is mainly under the head B. (1) (5) (1)—Other Charges—(India) Rs. 31,98,766 and sub-head B (1) (5) (2)—Other Charges (England) Rs. 9,77,403 under B. Medical Store Depots and Factories offset by savings under other sub-heads. The reasons are given in the succeeding paragraphs.

**I.B.1 (5) OTHER CHARGES (INDIA)**

Name of depot	Sanctioned Grant	Actual Expenditure	Variation
M.S.D., Madras . . . . .	24,23,500	53,30,516	29,07,016
M.S.D., Bombay . . . . .	35,77,600	37,39,271	1,61,671
M.S.D., Calcutta . . . . .	20,01,500	20,21,298	19,798
M.S.D., Karnal . . . . .	13,07,000	14,17,281	1,10,281
	93,09,600	1,25,08,366	31,98,766

*M.S.D., Madras:*—Excess of Rs. 29,07,016 was due to (i) adjustment of large amounts for material purchased late in the year to the extent of Rs. 25,05,377, (ii) the debits from other M.S. Depots adjusted during the year consequent on decentralisation of accounts with effect from 1st April 1951 (Rs. 3,06,688) and (iii) arrear transportation charges (Rs. 94,951).

2. *M.S.D., Bombay:*—The excess of Rs. 1,61,671/- was due to unforeseen excess debits raised during 1952-53 (i) for purchase of medical stores made in the previous years, (ii) for Railway freight charges pertaining to previous years and (iii) D.D.T. purchased from the U.N.I.C.E.F.

3. *M. S. D., Calcutta*:—The excess of Rs. 19,798/- the expenditure on account of cart and cooly hire, packing charges etc. pertaining to T.C.A. transactions amounting to Rs. 21,448/- was erroneously classified against Demand No. 119 instead of under "Demand No. 52—Public Health".

4. *M.S.D., Karnal*:—The excess of Rs. 1,10,281/- was due to unforeseen debits for supplies made in 1951-52 but adjusted in 1952-53. B. 1 (5) *Other Charges (England)*

Name of Depot	Sanctioned Grant	Actual Expenditure	Variation
M.S.D., Madras . . . . .	16,50,000	15,58,112	(—) 91,888
M.S.D., Bombay . . . . .	12,50,000	23,92,637	11,42,637
M.S.D., Calcutta . . . . .	18,50,000	16,93,607	(—) 1,56,393
M.S.D., Karnal . . . . .	2,50,000	3,23,047	83,047
	<u>50,00,000</u>	<u>59,77,403</u>	<u>9,77,403</u>

1. *M.S.D., Madras*:—The saving of Rs. 91,888 was due to non-receipt of debits in full. The debits raised by the Chief Accounting Officer, U.K., London, against the Accountant General, Madras upto 11/52 and debits anticipated during the remaining months of the year, were Rs. 10,50,000/-. In addition a provision of Rs. 6 Lakhs was made for the purchase of D.D.T. from U.S.A. through the Deputy Accountant General (I & S), New Delhi in 1952-53. But the debits from the Chief Accounting Officer, London, and D.A.D.G. (I & S), were not raised in full in the accounts for 1952-53.

2. *M.S.D., Bombay*:—The excess of Rs. 11,42,637/- was mainly caused by (i) adjustment of unanticipated import duty to the extent of Rs. 3,61,750/- on stores received during the previous year as imports of D.D.T. were exempted from customs duty from 34-1-52 and (ii) a provision of Rs. 7,00,000/- was made for purchase of D.D.T. from UNICEF and USA but the actual debits received were for Rs. 14,61,051/-.

3. *M.S.D., Calcutta*:—The saving of Rs. 1,56,393 was mainly the resultant of non-receipt of debits in respect of (i) purchases for 1952-53 (Rs. 34,591-8-0) and (ii) purchases of earlier years (Rs. 53,698-5-0) and (iii) less expenditure on D.D.T. (Rs. 42,120-0-0). The balance of Rs. 25,984/- was due to less expenditure on customs duty and handling charges.

*M.S.D. Karnal*:—The excess of Rs. 83,047/- was due to adjustment of debits for supplies of 1951-52 during 1952-53.

The provision under Charges in England is made for stores to be ordered on the U.K. during the year but the supplies there-against are not generally received in the year. Adjustments of arrear debits are therefore, inevitable. This Directorate has, however, been ascertaining for the past two years from the Chief Accounting Officer, in U.K., London, the actual expenditure already incurred and the probable requirements of the remaining months of the year and preparing the Excess/Savings statement for the Medical Store Depots accordingly. The position is however upset by unanticipated debits. In order to overcome this difficulty necessary instructions have been issued to the Medical Store Depots by the Directorate General of Health Services in their memorandum No. 5/12/55-S.I., dated the 22nd October 1955 (copy attached). Where the date of delivery indicated in the accepted tenders falls within the financial year, but whose supply had not yet been received, it should be assumed that supplies of these stores would be received by the stipulated date and the necessary financial adjustment made during that year. The excess and savings statement is to be prepared on this basis.

V. K. B. PILLAI,

*Secretary.*

IMMEDIATE

No. 5/12/55—S.I.

DIRECTORATE GENERAL OF HEALTH SERVICES

New Delhi, the 22nd October, 1955

To

The Deputy Assistant Director General (Medical Stores),  
M.S. Depot, MADRAS/BOMBAY/CALCUTTA/KARNAL.

**SUBJECT:**—*Discussion in the Public Accounts Committee meeting held on the 27th August, 1955, on the Appropriation Accounts 1951-52 relating to the Ministry of Health regarding sub-head "K. 1(5) M.S. Depots and Factories A. 2(1) Other Charges—Material Purchases".*

MEMORANDUM

It appears from the Excess/Savings Statements and the actual adjustments made particularly in respect of the expenditure on "Material Purchases" that the amount provisioned for is neither expended nor surrendered at the close of the financial year as the depots are not in a position to know the amounts for which debits will be raised by the Accountant General. The Public Accounts Committee has drawn attention to these lapses and suggested that strict control of this expenditure should be exercised. It is, therefore, essential that detailed information on these accounts particularly the amounts adjusted and are likely to be adjusted during the financial year should be readily available in the depot.

In this connection your attention is invited to this Directorate Memo. No. 1/29/52-SI, dated 29-1-1953 (copy enclosed) wherein necessary instructions for the control of expenditure under different sub-heads has been given. These instructions should be strictly followed.

Since the annual requirements of the depots as estimated from the Provision Estimates should have financial cover, before indents are placed on the procuring authorities budget provision has therefore to be made under the head Material Purchases. In many cases it has been observed that supply of all the items and the quantities indented do not materialise within the financial year for which

budget provision has been made, large amounts therefore become surplus at the end of the year. In order that the progress of this expenditure can be maintained the register of Acceptance Tenders and the procedure of progress of payments for supplies mentioned in this Directorate letter of 29-1-53 quoted above will to a great extent help to indicate the expenditure incurred for the purchase of stores already received by the Depot.

The indents placed on the D.G.S. & D. can be classified into three categories *e.g.*, (a) items covered by A.T. supply against which are received within the financial year, (b) items covered by A.T. which are expected within the financial year but supplies are not received by the due date, (c) items not covered by A.T. It is in respect of the group (d) items that difficulty will be experienced for making a forecast of adjustment. It is suggested that where the date of delivery has been indicated in the A.T. as falling within the financial year, for purposes of preparation of the savings/excess statement it should be assumed that supply of these stores will be received by the depot by the stipulated dates and that payment will be adjusted for them during the year.

The amount to be expended during the year in this head should therefore comprise of the amounts already adjusted, the amounts to be adjusted for which supplies have been received and the value of stores which are expected to be delivered within the financial year. The amounts in excess of these should be considered for surrender.

It is presumed that a register of acceptance tender is being maintained by the Depots, please confirm.

It is, therefore, requested that these instructions should be strictly followed in the preparation of excess/saving statements and that for the year ~~1954~~ 1954-55 should be prepared accordingly.

Sd/- (A. S. SEN),  
for DIRECTOR GENERAL OF HEALTH SERVICES.

DIRECTORATE GENERAL OF HEALTH SERVICES

No. 1|29|52-S.I.

Dated. 29-1-53

To

The Manager,  
Government M.S. Depot, KARNAL.

SUBJECT:—*Control of Expenditure and Recoveries under allotments.*

MEMORANDUM

1. This subject has assumed great importance in view of the strict instructions on this subject which have been issued by the Ministry of Finance from time to time and of the Public Accounts Committee criticism on the slackness of control of expenditure. It is the duty of the Controlling Officer, who incurs the expenditure or who received stores or services to watch the progress of expenditure and see that the expenditure is accounted for promptly in the accounts of the year in which the expenditure is incurred and that no expenditure is accounted for in the subsequent years accounts without reasonable explanation.

2. The control of expenditure under the following budget head has not been satisfactory and this Directorate is put to the difficulty of explaining the excesses and saving over allotments to the Public Accounts Committee.

B-1 (5) OTHER CHARGES.

- (a) *Transportation charges.*
- (b) *Material purchases.*
  - (i) India, (ii) England.

B-1 (6)—DEDUCT—RECOVERIES FROM OTHER GOVT. DEPARTMENTS ETC.

3. The following procedure is, therefore, prescribed for adoption in the Depots.

(a) *Transportation:*

The expenditure under this head consists of cash payments and adjustments made by the As.G. in regard to Civil Railway Credits Notes issued by the depots. No attempt appears to have been made to link the Credit notes issued with the adjustments made by the



A.S. G. It is, therefore, suggested that register of credit notes issued be opened and all the particulars of credit notes issued during the month be entered therein. The month or months in which the debits for the Credit notes are raised by the Railway Accounts Officers and accepted by the A.G. be entered in the register against the entries of credit notes. If no adjustment is made within 3 months of the month of issue of credit notes, the Accounts Officer of the Railway who adjusts the credit notes should be addressed and asked to expedite the adjustment and the progress of adjustments watched. In the monthly statement of expenditure which is forwarded to this Directorate the total value of Credit Notes issued during the month and the value of adjustment made by the A.G. should be indicated. This will enable the depot to work out the actual savings and excesses and communicate the same to this Dte., to regularise the allotments.

(b) *Material Purchases (India):*

(i) The control of expenditure under this head has never been satisfactory for the reason that (1) some payments of bills for stores purchased locally are made by the Depot and are accounted for direct by the A.G. (2) Some payments of bills for Store purchased through the Regional controller of Supplies are made by the local D.A.G.I. & S. who it is presumed raises debits, against the A.G. (3) bulk of the payments relate to the Centrally purchased store (through D.G.S. & D., New Delhi) and are made by the D.A.G.I. & S., New Delhi and the debits for which are raised against the A.G. (4) for stores purchased through the D.G. disposals, debits are raised for the value against the A.G. concerned by the D.G.I. & S., New Delhi. As the responsibility for the control of the expenditure on stores is laid on the officers who received the stores, it has become necessary that the depot should maintain subsidiary records to enter therein all the un-adjusted receipt vouchers and to ascertain from the paying accounts officer the month or months in which the payments were made for the stores accounted for in the receipt vouchers. The following method is suggested for adoption:

(ii) A register of A.Ts. be maintained. This register should contain particulars of A.Ts. received in the depots and the receipt voucher No. on which the stores were brought to the stock. A separate page in the register be allotted for one more A.Ts. At the time of monthly reconciliation of expenditure figures with the booked figures of A.G. it should be seen for which of the A.Ts and receipt Vouchers the payments have been made and the debits for the stores have been raised by the D.A.G.I. & S. The nature of payments or

by adjustments should be indicated in the register against the respective A.Ts. In respect of A.Ts and receipt vouchers for which payments have not been made the paying accounts officer should be addressed and he should be asked to state the month of payment.

Register of disposal stores received

(iii) A register for the stores received through the Disposal Directorate should similarly be maintained for recording the particulars of sales letters, receipt vouchers on which the stores were brought to the stock and the months in which the debits for them were passed to the As. G. Through the help of this Register, a watch should be kept of the progress of the adjustment and timely action be taken to obtain these debits to avoid lapse of funds.

(c) *Material Purchases (England).*

Please see this Directorate letter No. 1/13/52-SI dated 30-1-53 in this connection.

(d) *Deduct—Recoveries from other Govt. Deptts. etc.*

These figures should be available from the monthly Schedule of debits for stores issued to indentors and sent to A.G. for raising debits against the Accounts Officer of the indentor. The payments made into Treasuries by Non-Govt. Institutions are passed on to A.G. for adjustment against the Depot. Where credits for such payments have been passed to A.G. the Treasury Officer concerned should be addressed to find out the month in which the credits were afforded to the A.G. Regular reminder should be issued to expedite the adjustment. Urgent action should be taken to expedite the adjustment especially during the months of January, February and March of each financial year.

Sd/- (A. S. SEN),  
for DIRECTOR GENERAL OF H.S.

## APPENDIX X

### MINISTRY OF FINANCE

*Note re: Excess over Charged Appropriations under Grant No. 33—  
Currency as reported in Appropriation Accounts (Civil),  
1952-53 and Audit Report 1954—Part I*

*Excess . . . . . Rs. 22,307 (Charged)*

The excess was mainly due to adjustment of more interest owing to increase in the mean capital at charge of the Currency Note Press.

In order to bring the working accounts of commercial departments in their proper perspective on commercial lines, interest at rates prescribed from year to year is recovered from such departments and taken credit of under the head 'Interest on debt and other obligations'. In the case of the Currency Note Press, which is a commercial department, the actual arrival of imported stores turned out to be more than what was anticipated at the time of fixing the final appropriation. This resulted in the increase in the capital-at-charge with a consequential increase in the amount of interest adjusted.

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## APPENDIX XI

### MINISTRY OF FINANCE

*Note re: Excess over Charged Appropriations under Grant No. 37—  
Miscellaneous Departments and Expenditure under Ministry  
of Finance as reported in Appropriation Accounts (Civil)*

*1952-53 and Audit Report—1954—Part I*

*Excess . . . . . Rs. 23,890 (Charged).*

The excess was due mainly to adjustment of loss on exchange in respect of 'Charged' items of sterling transactions debitable to the Consolidated Fund. These transactions are adjusted under the heads concerned at the conventional rate of 1s-6d to the rupee and the difference in the rupee equivalents at this rate and the actual rates of exchange at which remittance is made is adjusted to the head 57/XLVI 'Miscellaneous' accordingly as it is a loss or gain by exchange.

It is not possible to anticipate actual rates of exchange that would prevail from time to time during the year. The practice, therefore, is not to provide for losses on exchange in the original budget but to cover the actual loss, if any, by re-appropriation of savings within the grant or by taking supplementary grant or appropriation towards the latter part of the year. As the information about the loss of exchange on charged transactions came to notice after the close of the year, no supplementary appropriation could be asked for.

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

*Note re: Excess over Charged Appropriations under Grant No. 82—  
Grants-in-aid to States as reported in Appropriation Accounts  
(Civil) 1952-53 and Audit Report 1954—Part I  
Excess.....Rs. 73,95,500 (Charged)*

In the year 1950-51 payment of grants to States under the provisos to Art. 275 (1) of the Constitution was provided for as 'Charged' on the Consolidated Fund of India. Subsequently, however, it was held that as the provisos did not expressly declare the expenditure to be "Charged" on the Consolidated Fund of India so as to attract the provisions of Article 112 (3) (g), the expenditure could be treated as voted for so long as it was not specifically provided for in the law to be made by Parliament under the substantive portion of Article 275 (1) or pending that law, in the President's order under Art. 275 (2). The grants were accordingly provided for as 'Voted' in 1951-52.

Provision was made in 1952-53 also on the same basis. The Comptroller and Auditor General, however, suggested a review of the position as, in his opinion, the provisos to Article 275 (1) had to be read with the substantive provision of that Article and any grants paid thereunder should, therefore, be treated as 'Charged' on the Consolidated Fund of India. The view expressed by the Comptroller and Auditor General was accepted by Government and as the Budget for 1952-53 had already been passed by Parliament, it was proposed that the change might be introduced with effect from 1953-54.

The Comptroller and Auditor General, however, held that once the position was accepted that the item was correctly classifiable as 'Charged' it would be incorrect to let it remain as 'Voted'. His last reference was received in the Ministry on the 16th February, 1953, when it was too late to go in for a supplementary Appropriation.

The excess under the 'Charged' portion was thus due to the decision to treat the expenditure as 'charged' having been taken late in the year. It would be observed that the excess is covered by a corresponding saving in the provision voted by Parliament.

**APPENDIX XIII**  
**MINISTRY OF FINANCE**

*Note re: Excess over Charged Appropriations under Interest on Debt and other obligations and reduction or Avoidance of Debt as reported in Appropriation Accounts (Civil) 1952-53 and Audit Report 1954—Part I*

APPROPRIATION—INTEREST ON DEBT ETC.  
Excess . . . . . Rs. 3,20,80,312 (*Charged*)

The excesses mainly occurred under the following heads:

(i) *Interest on permanent loans.*—(Rs. 1,71,21,655)

The estimates are framed on the basis of the outstanding interest-bearing loans of the Central Government and those likely to be raised during the year. The interest on the Central Government share of Public Debt of Part 'B' States and interest on the transactions in the Cash Balance Investment Account are also accounted for here. Some of the transactions such as those relating to the Cash Balance Investment Accounts and the payment of arrears of interest cannot be accurately estimated in advance which largely account for the excess under this head.

(ii) *Interest on Railways Depreciation Reserve Fund* (Rs. 57,34,867).

The excess was largely due to unanticipated arrear adjustment for previous years on account of the taking over of the balances of ex-State Railways following their financial integration w.e.f. 1-4-50. A part of the excess was also due to less withdrawals from the Fund owing to slow progress of works, non-receipt of debits and supplies etc.

(iii) *Interest on Deposits of Excess Profits Tax etc.*—(Rs. 2,63,92,107)

Interest is payable at varying rates on the deposits made towards or in connection with the payment of "Taxes on Income". These deposits, on which interest is payable, are:—

1. Deposits towards payment of Income-Tax.
2. Deposits towards payment of Excess Profits Tax.
3. Provisional assessment of Excess Profits Tax.
4. Anticipatory Deposits in relation to Provisional assessment of Excess Profits Tax.

5. Compulsory Deposits of Excess Profits Tax.

6. Advance payment of Income-tax under Section 18A.

The excess was mainly due to larger number of arrear assessments pertaining to Section 18A collection which were completed unexpectedly at the end of the year. Further substantial amounts of E.P.T. Deposits were repaid for approved purposes such as purchase of Plant & Machinery, replacement of buildings etc. Payment of interest was thus larger than anticipated.

H. S. NEGI,  
*Joint Secretary.*

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## APPENDIX XIV

### MINISTRY OF FOOD & AGRICULTURE

*Note re: Excess over Charged Appropriations under Grant No. 118—  
Other Capital Outlay of Ministry of Food and Agriculture as  
reported in Appropriation Accounts (Civil), 1952-53 and  
Audit Report 1954—Part I.*

The excess of Rs. 10,78,754/- against 'Interest Charges' (Charged in the Appropriation Accounts in respect of 'Land Reclamation Scheme'—1952-53 is mainly due to the following reasons:—

1. *Extra requirement of funds could not be obtained through Supplementary Grant ... Rs. 5,27,000/*

A sum of Rs. 28,49,000/- was originally provided for in the Budget Estimates for 1952-53 against the head 'Interest Charges'. In addition to this a sum of Rs. 21,00,000/- for payment of Interest Charges was also included in the sum of Rs. 1,16,53,000/- under the head 'Other Charges'. As the amount of Interest Charges was a Charged item, the sum provided for under 'Other Charges' on account of interest viz. Rs. 21,00,000/- could not be utilised for meeting interest charges and was subsequently reappropriated for other purposes. The interest calculations were revised according to the data available at the time of preparation of revised estimates during early March, 1953, and it was proposed to obtain a supplementary Appropriation for Rs. 5,27,000/-. The permission to the withdrawal of this amount from the Consolidated Funds was necessary, but it was too late to obtain it. Thus no supplementary appropriation could be taken under 'Interest' and there was no alternative but to leave the excess uncovered. The failure to provide for this item was obviously the result of a procedural error.

2. *Increase in Interest Charges resulting from non-payment by the State Govts. of reclamation charges in full ..... Rs. 5,51,754/-*

The excess in the 'Interest Charges' occurred as the State Governments did not pay in full the reclamation charges due to the C.T.O. during the year 1952-53. Had they paid the dues in full, interest charges also would have been reduced. The payments of reclamation charges to the C.T.O. by the State Govts. were being delayed and it was therefore proposed that the State Govts. should be advanced loans from the Grow More Food Funds in order to enable them to pay their dues to the C.T.O., which was a commercial



organisation. It was anticipated that the above proposal would be finalised in time for the C.T.O. to get credit during the year 1952-53 for the full amount due from the State Govts. on account of reclamation charges. Unfortunately this procedure could not be finalised in the year and it was not possible to afford the necessary credit to the C.T.O., and the expected decrease in the interest charges could not be materialized.

The above notes have been seen and concurred in by Audit.

R. L. MEHTA,  
*Joint Secretary..*

