

**PUBLIC ACCOUNTS COMMITTEE
1959-60**

TWENTY-SEVENTH REPORT

(SECOND LOK SABHA)

[EXCESSES OVER CHARGED APPROPRIATIONS DISCLOSED IN THE
APPROPRIATION ACCOUNTS OF THE DEFENCE SERVICES FOR
THE YEAR 1957-58]



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1960

Chaitra, 1882 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE,
1959-60

CHAIRMAN

Shri Upendranath Barman*

MEMBERS

2. Shri T. Manaen
3. Shri Maneklal Maganlal Gandhi
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20. Shri Surendra Mohan Ghose
21. Shri Jaswant Singh
22. Shri S. Venkataraman.

SECRETARIAT

Shri V. Subramanian, *Deputy Secretary.*

Shri Y. P. Passi, *Under Secretary.*

*Shri Upendranath Barman was elected to serve as a Member of the Public Accounts Committee on the 10th September, 1959, (*Vice* Dr. P. Subbarayan, who ceased to be a Member of the Committee on his appointment as a Minister) and was appointed as the Chairman of the Committee on the 12th September, 1959.

**Ceased to be a Member of the Committee with effect from the 3rd April, 1960 consequent on retirement from the Rajya Sabha.

I

INTRODUCTION

1. The Chairman of the Public Accounts Committee, having been authorised to present the Report on their behalf, present this Twenty-Seventh Report on the Excesses over Charged Appropriations disclosed in the Appropriation Accounts of Defence Services for the year 1957-58. The Appropriation Accounts and Audit Report thereon were laid on the Table of the House on the 20th August, 1959. The Committee would present a separate Report on the other cases of irregularities, etc. included in the Appropriation Accounts and Audit Report.

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

II

APPROPRIATION ACCOUNTS (DEFENCE SERVICES), 1957-58

Excesses over Charged Appropriations—Page 6, Para 8

3. During the year 1957-58, there were three cases of excesses over Charged Appropriations as shown below:—

No. and Name of Appropriation	Sanctioned Appropriation	Actual Expenditure	Excess
	Rs.	Rs.	Rs.
9—Army	43,000	1,02,147	59,147
11—Air Force	—	7	7
106—Defence Capital Outlay	3,58,000	6,09,100	2,51,100

4. The above excesses were the result of payments made in certain cases in satisfaction of court decrees/arbitration awards which were initially booked erroneously as 'Voted' expenditure and subsequently classified as 'Charged' expenditure. The Committee understand (Appendix) that prior to the year 1956-57, through an over-

sight, payments in satisfaction of court decrees/arbitration awards, which should be correctly accounted for as 'Charged' expenditure were actually accounted for under the Voted portion of the Grants by the Defence Accounts Department. The decision to follow the correct classification was taken in October, 1956 but full implication of the change in classification of expenditure which for many years had been treated as voted was not clear to the various authorities, with the result that at the time supplementary grants were obtained from Parliament, all items of charged expenditure were not taken into account. Provision for these items of expenditure had, however, been made in the 'Voted' portion of the Grants. The Committee would like to draw attention in this connection to para 7 of their 16th Report (Second Lok Sabha) wherein excesses over Charged Appropriations in respect of the Defence Services Accounts for the year 1956-57 which occurred due to the same reasons, were reported. *They trust that the Administration will be more vigilant in future so that such misclassification of expenditure is avoided. Subject to these observations the Committee recommend that the excesses might be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.*

NEW DELHI;

Dated 18th April, 1960

Chaitra 29, 1882 (Saka).

UPENDRANATH BARMAN,

Chairman,

Public Accounts Committee.

APPENDIX

APPENDIX

Explanatory Note on Para 7 (iii) of the Audit Report, Defence Services, 1959, regarding Excesses over Charged Appropriations

In para 7(iii) of the Audit Report, Defence Services, 1959, the Comptroller and Auditor-General has pointed out the excesses over Charged Appropriations during the year 1957-58 which would require to be regularised by the Parliament under Article 115 of the Constitution.

2. The following table shows the Sanctioned Appropriation, Actual Expenditure and the excess over the Sanctioned Appropriation during the year 1957-58:—

No. and Name of the Approp- riation	Sanctioned Appropriation	Actual Ex- penditure	Excess
	Rs.	Rs.	Rs.
9—Army	43,000	1,02,147	59,147
11—Air Force	..	7	7
106—Defence Capital Outlay.	3,58,000	6,09,100	2,51,100

3. The above excesses are in respect of payments made in satisfaction of court decrees/arbitration awards.

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

5. The decision to follow the correct classification of expenditure as 'Voted' and 'Charged' from the accounts of the year 1956-57

was taken in October 1956. According to the practice then in vogue, no anticipatory provision for making payments relating to court decrees/arbitration awards etc. could be made in the Estimates and the payments were to be made initially by drawing advances from the Contingency Fund of India, which would be recouped by obtaining Supplementary Appropriations from the Parliament. Necessary instructions were issued prescribing that with effect from 1st April 1957, payments in respect of such transactions should be made only after sanction for drawing an advance from the Contingency Fund of India had been obtained. It was also laid down that details of such cases should be forwarded to Service Headquarters as and when they occurred. The Service Headquarters were, in turn required to initiate an application for an advance from the Contingency Fund of India in each case. Parallel instructions were also issued to the Controllers of Defence Accounts to ensure that payments were made only after sanction for drawing an advance from the Contingency Fund of India had been accorded.

6. As no anticipatory provisions for such expenditure could be made under the Defence Services Estimates for the year 1957-58, the procedure indicated above was followed in most of the cases and Supplementary Appropriations of Rs. 43 thousands and Rs. 358 thousands were obtained under Grant Nos. 9—Army and 106—Defence Capital Outlay, respectively during the year 1957-58, to cover such payments relating to court decrees and arbitration awards. However, apart from the cases for which Supplementary Appropriations were obtained from the Parliament, there were some other cases in which payments had been initially made out of the Voted portion of Grants, but were subsequently classified as 'Charged' expenditure.

7. The excesses over the Charged Appropriations during the year 1957-58 arose mainly due to the fact that the full implications of the change in the classification of expenditure which for many years had been treated as 'Voted' was not clear to the various authorities, with the result that at the time Supplementary Appropriations were obtained from the Parliament, all cases involving Charged expenditure were not taken into account.

8. Under Article 113 of the Constitution of India, the expenditure charged upon the Consolidated Fund of India is not to be submitted to the Vote of the Parliament, but this shall not be construed as preventing the discussion in either House of the Parliament of such estimates. The right of Parliament in regard to such appropriations is, therefore, limited to their discussion—a right which has, of course, also been secured by the inclusion of this provision for such excess

expenditure in the 'Voted' portion of the Grants and what is more, the expenditure was incurred under the authority of the Parliament when such authority was not needed. Viewed from this angle, the above excesses over the Charged Appropriations, can at the most be viewed as a technical irregularity. In this connection, extracts from para 7 of the Sixteenth Report of the Public Accounts Committee are reproduced below:—

“The Committee are aware that errors cannot always be ruled out in such a complicated system of accounts as Government accounts. The omission in the present case to make provision under 'Charged' head was *bona fide* error which by itself will be valid reason for recommending the regularisation of the excesses”.

The Director of Audit, Defence Services, has seen.

Sd./- R. P. SARATHY,
Additional Secretary.
16th October, 1959.

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2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad.	27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	51.	S. Krishnaswamy & Co., P.O. Teppakulam, Tiruchirappalli 1.
3.	British Book Depot, 84, Hazratganj, Lucknow.	28.	City Booksellers, Sohanganj Street, Delhi.	52.	Hyderabad Book Depot, Abid Road, (Gun Foundry), Hyderabad.
4.	Imperial Book Depot, 268, Main Street, Poona Camp.	29.	The National Law House, Near Indore General Library, Indore.	53.	M. Gulab Singh & Sons (P) Ltd., Press Area, Mathura Road, New Delhi.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.	30.	Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.	54.	C. V. Venkatachala Iyer, Near Railway Station, Chalakudi. (S.I.)
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9.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	34.	The Goods Companian, Baroda.	58.	The Imperial Publishing Co., 3, Faiz Bazar, Daryaganj, Delhi-6.
10.	Book Centre, Opp. Patna College, Patna.	35.	University Publishers, Railway Road, Jullundur City.	59.	The High Commission of India Establishment Deptt. Aldych, London, W.C.-2.
11.	J. M. Jaina & Brothers, Mori Gate, Delhi-6.	36.	Students Stores, Raghunath Bazar, Jammu-Tawi.	60.	Current Book Stores, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
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13.	The New Book Depot, Connaught Place, New Delhi.	38.	Allied Traders, Motia Park, Bhopal.	62.	K. G. Aseervandam & Sons, Cloughpet, P. O. Ongoli, Guntur Distt. (Andhra).
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15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	40.	Friends Book House, M. U., Aligarh.	64.	The Triveni Publishers, Masulipatnam.
16.	Lok Milap, District Court Road, Bhavnagar.	41.	Modern Book House, 286, Jawahar Ganj, Jabalpur.	65.	Deccan Book Stall, Ferguson College Road, Poona—4.
17.	Reeves & Co., 29, Park Street, Calcutta-16.	42.	M. C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12.	66.	Jayna Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi-5.
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19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.	44.	W. Newman & Co. Ltd., 3, Old Court House Street, Calcutta.	68.	Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi.
20.	The English Book Store, 7-L, Connaught Circus, New Delhi.	45.	Thacker Spink & Co.(1938) Private Ltd., 3, Esplanade East, Calcutta-1.	69.	Makkala Pustaka Press, Belamandira, Gandhinagar, Bangalore-9.
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73.	The New Book Company (P) Ltd., Kitab Mahal, 188-90, Dr. Dadabhai Naoroji Road, Bombay.	80.	Madhya Pradesh Book Centre, 41, Ahilya Pura, Indore City (M.P.)	88.	The United Book Agency, 48, Amritkaur Market, Paharganj, New Delhi.
74.	The English Book Depot, 78, Jhoke Road, Ferozepore Cantt.	81.	Mittal & Co., 85-C., New Mandi, Muzaffar Nagar (U.P.).	89.	Pervaje's Book House, Book Sellers & News Agents, Koppikar Road, Hubli.
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78.	Minerva Book Shop, The Mall, Simla-1.	85.	Mehra Brothers, 50-G, Kalkaji, New Delhi. 19.	93.	Sikh Publishing House (P), Ltd., 7-C, Connaught Place, New Delhi.
		86.	The Krishna Book Depot, Publishers, Booksellers, Stationers & News Agents, Main Bazar, Pathankot, (E.P.)		

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